

DAZH Mobile Application Concept Testing: A Purchase Intentions of Café Business Entrepreneurs in Nakhon Ratchasima Province, Thailand

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Abstract

The objective of this research is finding the raw materials purchasing behaviors variables which effect on purchasing behaviors of entrepreneurs in Nakhon Ratchasima Province, Thailand. The raw materials purchasing behaviors have been identified in 5 variables, business size, business model, business duration, number of employees and estimated income. The research found that the initial investment more than 24,000 USD is 47.7 percentage, initial investment 3,030-24,000 USD is 34.1 percentage and initial investment 1,000-3,000 USD is 18.2 percentage. Entrepreneurs have their own brands is 81.8 percentage and franchisee is 18.2 percentage. The business duration 1-3 years is 34.1 percentage and more than 5 years is 25.0 percentage. Number of employees at 1-3 employees is 60.5 percentage and 4-6 employees is 23.7percentage. Estimated monthly income less than 3,000 USD is 43.2 percentage and 3,001-6,000 USD is 36.4 percentage. DAZE mobile application purchase intentions of café business entrepreneurs, the café business entrepreneurs have an intention to purchase DAZE mobile application. The entrepreneurs found that the DAZE mobile application will give them on the purchasing time reduction, cost reduction and raw materials quality improvement respectively. The service charge acceptable rate is 1.01-3.00 USD/time which considered acceptable for café business entrepreneurs. If the service charge rate is going high, it will directly effect on their production costs.

Keywords: Concept testing; Purchase intentions; Purchasing behaviors; Entrepreneurs.



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1. Introduction

Increasing dynamic in market environment and technologies are accelerating the new product development (NPD) more important for entrepreneurs. The increasing competition from international and domestics, the new product launching and customer requirement changing give the new product development relied on marketing testing (Jaewon, 2016). The collaboration between suppliers and purchasers is very crucial for recent business operations as it will improve both cost management and quality enhancement.

Café business in Thailand has a value about 308 Million USD in 2018 and the growth rate is 2.3 % annually. Café business consists of small and medium entrepreneurs who considered as an independent business players. The café business has a limited branches as they are operating businesses by themselves. However, the entry barriers of café business are low then many new entries have enter café businesses. The growth rate of café business is significantly increasing due to consumer behavior changing that comes from new technology and internet developments.

Coffee business in Thailand is still growing which comes from consumer behaviors changing. The coffee business entrepreneurs are locating in both big cities and small cities that makes Thai coffee business still growing. The tendency of new generation coffee consumption is also playing a key important role for coffee business growing and the coffee business operators are a small business entrepreneurs as they are locating in small cities.

Raw material purchasing is a main problem of café business entrepreneurs as they are facing the difficulty on inventory management and fresh raw material supplies. The potential mobile application is really needed by café business entrepreneurs because it will help them on raw material demand and supply tradeoffs. Entrepreneurs have a balanced of their need to maintain an adequate raw materials inventory, pose to keep raw materials costs and quality keeping. The high raw materials holding levels are related with logistics and purchasing planning that directly effect on cost management.

The DAZE mobile application has been developed by 2 entrepreneurial students who incubated at Student Entrepreneurship Development Academy (SEDA), Suranaree University of Technology. As the raw materials purchasing job is quite difficult for café business entrepreneurs, the DAZE mobile application was initiated from the café business requirements and needs on raw material purchasing which required on time management and inventory management issues.

The functional objective of DAZE mobile application is focusing on the raw materials purchasing behavior of café business entrepreneurs who need the raw materials for their product productions. DAZE mobile application works as a mediator for raw materials suppliers and café business entrepreneurs. The service charge will be done on both raw materials suppliers and café business entrepreneurs and the service rate is not yet identified.

DAZE mobile application concept testing is the next steps of new product development which comes from idea generation and prototype creation steps. The concept testing about purchase intention of café business entrepreneurs is testing on the possibility of DAZE mobile application commercialization in the marketplace. The concept testing is focusing on café business requirements of raw material purchasing, purchasing behaviors, and demands for raw material. Finally, it will demonstrate on the possibility of DAZE mobile application for commercialization.

2. Literature Reviews

2.1. Business Size

Raw materials purchasing considers as a one activity of supply chain management, the supply chain optimization problem is caused with the objective of cost minimization and selling opportunity maximization. A production gives the upper and lower of inventory levels of materials keeping. The purchasing lot sizes have an influenced on cash flow management and the optimal value of economic order quantity provides the effective cost management (Gyeongbeom and Gintaras, 2018). In Egypt, microenterprises lack effect of largely investment in inventories and raw materials holding and they are willing to invest in irreversible investments such as equipment. The challenges of introduction an innovative insurance products are particularly in the second approaches as the microenterprises have a little insurance exposure (Groh and McKenzie, 2016). A careful planning which has a closely work with other functions, has a compressed transit times, raw materials inventory level reduction and finished good reduction. The maximization of production time and meet customer needs, the manufacturing adapt the JIT practices to its logistics operations by using the effective communication with suppliers and management systems (Bradley, 1993).

2.2. Business Model

Many studies have proposed and evaluated the positive link between customer loyalty and purchasing behavior, the customer develops retail shop loyalty, and it extremely creates the positive link between loyalty and purchasing intention. The emergence of social networking has dramatically changed the customer interaction with others and creates social ecommerce (Wang *et al.*, 2015). Social commerce, a combination of customer-oriented technologies and commercial features, is having an influence on e-commerce and providing substantial economic benefits. The social ecommerce, customer experience and learning and training constructs have a positive effect on customer's perceptions of e-commerce using which enhancing customer's trust and purchasing intention (Hajli *et al.*, 2017). The demand-side strategy and the business model concept should jointly develop a better understanding of purchasing strategy formulating by relying on the distinctive competencies from each concept. The effective creation of both concepts improves the value propositions and business models which considered as a resource-based strategy (Priem *et al.*, 2018). Word-of mouth strategy is a crucial strategy for business model success because this strategy boost new customer recruitments and strengthen the loyalty of existing customers. The customer behavior in e-commerce and the value applying for individual retention strategies have more benefits than generic strategies or customer acquisition strategies which created long term profitability (Ballestar *et al.*, 2018). Family business ownership has emerged as the one most importance of business strategic choice, particularly on decision-making. Family ownership with specific characteristics may influence not only resource utilization but also strategic decision (Jaeyoung and Jangwoo, 2017).

2.3. Business Duration

Most of the business organizations aspire to running business for long, but some of them manage to survival for a few years. The business duration is a clear indicator of business success. The new process development is considering as an innovation that has a positive influence to the profitability of business survival. The number of product patents have a high survival profitability for manufacturing organizations and the organizational size seems to increase the business duration (Ortiz-Villajos and Sotoca, 2018). The internet helps purchasers and suppliers to have a reliable, flexible and cost reduction. There is a need to accept the internet as a tool for effective communication and information sources for purchasers and suppliers. The perceived internet skills and suppliers support have a huge effect on effective communication and the communication convenience has a direct effect on industrial purchasing. The purchaser and supplier need to enhance communication convenience to encourage industrial purchasers to adopt the internet in their purchasing activities (Shook and Siohong, 2017). The industrial purchasing process of innovative products has a various decision processes as the purchasers evaluate the attractiveness of producers' offerings. The stage of purchasing process mainly considers on value proposition. Manufactures should focus on distinctive product and supplier-related value elements which improves purchasing processes (Lindgreen *et al.*, 2009).

2.4. Number of Employees

Generally, small and medium enterprises (SMEs) have a disadvantage of resources utilization as they have a limit investment funds. The size of small and medium enterprises is measured by employee number, has an influence on their resources utilizations (Flynn *et al.*, 2015). The purchasing complexity level is widely between organizations

even within specific industries. The effective purchasing organizations trend to have more people working in the purchasing activities than low purchasing development organizations. They have the positive relationship between level of purchasing leverage and the level of purchasing development in small and medium enterprises (SMEs) (Adams, 1979). The organizations are more successful with their total quality management (TQM) efforts, will have a purchasing personal who show a greater sense of empowerment than organizations with less successful total quality management efforts. The successful organizations emphasize on personal performance evaluations more than less successful organizations (Carter *et al.*, 2000).

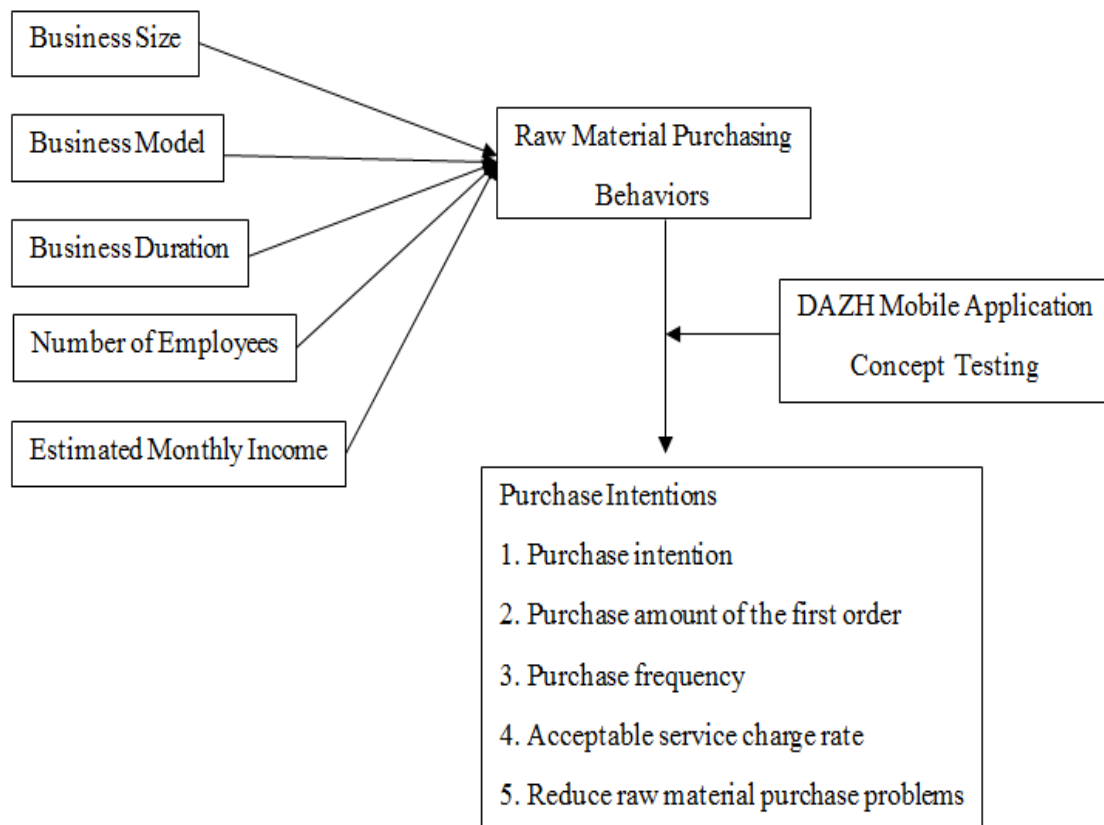
2.5. Estimated Monthly Income

Purchasing decision is the process that leads the customer from identifying a need, options and specific product choosing. Purchasing decision includes many aspects such as internal factors perception, attitude, knowledge and personal income (Salem, 2018). For sustainable growth of local food, it is considerable to establish a suitable price system to meet customer’s need. The demographic factors and income have an importance factor for purchasing intention of local food. The high income purchasers trend to buy the high quality and price of local food that emphasized on food quality (Joon-Ho and Seonghuyk, 2016). Young consumers prefer online shopping due to low price, convenience and more choices. Monthly income and attitudes have a significant influence on online shopping behavior (Simanjuntak and Musyifah, 2016).

3. Methodology

This is an exploratory research which focuses on the key elements of raw materials purchasing behavior and purchasing intention. The research has been explored the degree to which each key elements of raw materials purchasing behavior and purchasing intention have an impact on DAZE mobile application acceptance. Research has been applied by quantitative methods through using questionnaires for qualitative contextual tools. A secondary data have been taken on literature’s review and have been reconfirmed of research finding. Research process were started with a literature reviews. Based on the literature review, a parameters’ measurements of key success related factors were created, which need to consult with supervisors and experts, before starting conducting the initial surveys with the entrepreneurs. The measures have been certainly applied to the results of the final survey version. The survey results were analyzed by using a mean and SD model. The conclusions were drawn from the study’s findings. The exploratory research had been focus on 44 café business entrepreneurs who are currently doing the café business by using the final questionnaires. The questionnaires have been separated in 3 parts which depends on the research parameter measurements.

4. Conceptual Framework



Based on conceptual framework of this study, the 5 independent variable have an influence on raw materials purchasing behavior. The DAZE mobile application concept testing will measure the purchase intentions of café business entrepreneurs.

5. Results

Table-1. The percentage of variables for raw materials purchasing behavior

Variable	Number of entrepreneurs	Percentage
Business Size		
1. Initial investment 1,000-3,000 USD	8	18.2
2. Initial investment 3,030-24,000 USD	15	34.1
3. Initial investment more than 24,000 USD	21	47.7
Business Model		
1. Owner brand	36	81.8
2. Franchisee	8	18.2
Business Duration		
1. Less than 1 year	8	18.2
2. Duration 1-3 years	15	34.1
3. Duration 3-5 years	10	22.7
4. More than 5 years	11	25.0
Number of Employees		
1. 1-3 Employees	23	60.5
2. 4-6 Employees	9	23.7
3. 7-9 Employees	3	7.9
4. More than 10 Employees	3	7.9
Estimated Monthly Income		
1. Less than 3,000 USD	19	43.2
2. 3,001-6,000 USD	16	36.4
3. 6,001-9,000 USD	5	11.4
4. More than 9,000 USD	4	9.1

Table-2. DAZE mobile application purchase intention of café Business Entrepreneurs

Variable	Number of entrepreneurs	Percentage
Purchase Intention		
1. Intention	30	68.2
2. Less intention	14	31.8
Purchase Amount of the First Order		
1. Less than 60 USD	18	40.9
2. 60.1-150 USD	8	18.2
3. Do not fix	18	40.9
Purchase Frequency Per Week		
1. 1-2 Times	11	25
2. 3-6 Times	16	36.4
3. Uncertain	17	38.6
Acceptable Service Charge Rate		
1. 0.30-1.00 USD/Time	9	20.5
2. 1.01-3.00 USD/Time	21	47.7
3. More than 3.01 USD/Time	14	31.8
Reduce Raw Material Purchasing Problems		
1. Purchasing time reduction	19	43.2
2. Cost reduction	15	34.0
3. Raw materials quality improvement	10	22.8

From Table 1, the results from 44 café business entrepreneurs' survey found that business size, café business entrepreneurs have an initial investment more than 24,000 USD is 21 entrepreneurs which is 47.7 percentage, initial investment 3,030-24,000 USD is 15 entrepreneurs which is 34.1 percentage and initial investment 1,000-3,000 USD is 8 entrepreneurs which is 18.2 percentage. Business format, café business entrepreneurs have their own brand is 36 entrepreneurs which is 81.8 percentage and franchisee is 8 entrepreneurs which is 18.2 percentage. Business duration, café business entrepreneurs have a business duration 1-3 years is 15 entrepreneurs which is 34.1 percentage, business duration more than 5 years is 11 entrepreneurs which is 25.0 percentage, business duration 3-5 years is 10 entrepreneurs which is 22.7 percentage and business duration less than 1 year is 8 entrepreneurs which is

18.2 percentage. Number of employees, café business entrepreneurs have an employee 1-3 employees is 23 entrepreneurs which is 60.5 percentage, number of employees 4-6 employees is 9 entrepreneurs which is 23.7 percentage and number of employees 7-9 and more than 10 employees are 3 and 3 respectively. Estimated monthly income, café business entrepreneurs have an estimated monthly income less than 3,000 USD is 19 entrepreneurs which is 43.2 percentage, estimated monthly income 3,001-6,000 USD is 16 entrepreneurs which is 36.4 percentage, estimated monthly income 6,001-9,000 USD is 5 entrepreneurs which is 11.4 percentage and estimated monthly income more than 9,000 USD is 4 entrepreneurs which is 9.1 percentage.

From Table 2 DAZE mobile application purchase intentions of café business entrepreneurs. The results showed that café business entrepreneurs have a purchase intention is 30 entrepreneurs which is 68.2 percentage, less purchase intention is 14 entrepreneurs which is 31.8 percentage. Purchase amount of the first order, café business entrepreneurs have a purchase amount of the first order less than 60 USD and do not fix the purchase amount are equally 18 entrepreneurs which is 40.9 percentage and purchase amount 60.1-150 USD is 8 entrepreneurs which is 18.2 percentage. Purchase frequency per week, café business entrepreneurs have an uncertain purchase time is 17 entrepreneurs which is 38.6 percentage, 3-6 times a week is 16 entrepreneurs which is 36.4 percentage and 1-2 times a week is 11 entrepreneurs which is 25 percentage. Acceptable service charge rate, café business entrepreneurs have an acceptable service charge rate 1.01-3.00 USD/time is 21 entrepreneurs which is 47.7 percentage, more than 3.01 USD/time is 14 entrepreneurs which is 31.8 percentage and 0.30-1.00 USD/time is 9 entrepreneurs which is 20.5 percentage. Reduce raw materials purchasing problems, café business entrepreneurs have a purchasing time reduction is 19 entrepreneurs which is 43.2 percentage, cost reduction is 15 entrepreneurs which is 34.0 percentage and raw materials quality improvement is 10 entrepreneurs which is 22.8 percentage.

6. Conclusions and Discussions

Raw materials purchasing behaviors depend on business size, business format, business duration, number of employees and estimated monthly income variables. Since the production gives the upper and lower inventory levels then it was influenced by business size. The purchasing lot size is also influenced by cash flow management and the optimization of effective cost management (Groh and McKenzie, 2016). Business model has an influential for purchasing behavior as the demand side strategy and business concept should jointly develop a better understanding of purchasing strategy (Hajli *et al.*, 2017). Business duration is a clear indicator of business. Business duration depends on the new business process development which creates an innovation and positive influence to profitability. Number of employees are also have an influence on raw material purchasing behaviors. Generally, small and medium enterprises (SMEs) have a disadvantage of resource utilization as they have a limit investment funds (Flynn *et al.*, 2015). Estimated monthly income has a direct effect on raw material purchasing behavior as a purchasing decision is the process that leads the customer from identifying a need, options and specific product choosing. Purchasing decision includes many aspects such as internal factors perception, attitude, knowledge and personal income (Salem, 2018).

DAZE mobile application purchase intentions of café business entrepreneurs, the café business entrepreneurs have an intention to purchase DAZE mobile application. The entrepreneurs found that the DAZE mobile application will give them on the purchasing time reduction, cost reduction and raw materials quality improvement respectively. The service charge acceptable rate is 1.01-3.00 USD/time which considered acceptable for café business entrepreneurs. If the service charge rate is going high, it will directly effect on their production costs.

The recommendation for DAZE mobile application is going for the next step of new product development cycle by go to the soft launch with selected café business entrepreneurs. The feedback form a soft launce will be used to develop DAZE mobile application to fit with customer needs.

7. Limitations Directions for Further Investigation

This research finds significant parameters for purchase intentions are purchase amount, purchase frequency, acceptable service charge and reduce purchase material problems factors. The next research or investigation needs to consider on the specific parameters such as enthusiasm for competition needs to investigate on social media communication plan or practice as the internet is becoming an influential factor for customer communication tool.

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