

Creative Product Marketing Strategies in Herbal Cosmetics of Thai SME in Bangkok Metropolitan

Sasaphon Moongvicha *

Abstract

This paper is focusing on "Creative Product Marketing Strategies in Herbal Cosmetics of Thai SME in Bangkok Metropolitan" aims for study factors that influence model of marketing strategies which comprise of independence variables and dependence variables. Independence variables referred to creative product variables such as: 1.demand condition 2. firm structure 3.factors condition while dependence variables are supporting industries or as marketing strategies. Demand condition composes of product design that relevant to market, product and consumer circumstances. Firm structure are product design policy whether company choose to be a leader, follower, benefits or production oriented when compete in the market. Factors condition are the classification of SME herbal cosmetics, those are OTOP categories A, B, C or D. The intervening variables are chances; here refer to specific of health issues in trend of health awareness that can effect to change in marketing strategies, when extraneous variables are government support while government policy or staffs in administrative level may change with times. Research methodology using gathering and composing data from literature reviewed, summarized and analyst relationship variables from strategic plan, depth-interview and special lecture.

Keyword: Creative Product, Marketing Strategies, SME Herbal Cosmetics

Introduction

Currently, the trend in popularity of cosmetics consumption are towards on natural based ingredients product, cosmetics producers launch plenty of varieties in herbal cosmetics such as skin care, hair care, toothpaste and other body care product. Herbal cosmetics market values worth up to 48,000 million baht annually, whereas its growth rate is 30 percent higher every year. The situation is similarly to global market where direction of expanding is on health-care product, natural cosmetics penetrate to not only Asian market like Japan, Singapore, Hong Kong, India but also thru Middle East countries like South Africa, US and European countries as well. Moreover the sales of natural cosmetics are against economic downturn due to the rising in health awareness wide spread, for this reason producers should provide trustfulness with high quality standard natural cosmetics to consumer.

The world herbal market was worth 4.4 million baths while Thai herbal market was worth only 48,000 million baths even after Thai has joined FTA since year 2008. Lately Thailand was found out its loss in trade deficit upon herbal market while Thai has to import raw herbal from Australia, China and India but the using of herbal is still kept raising in year 2012, herbal market was worth up to 60,000 million baths (Anuratpanich, Sudtisung, Wasri and Pasantanatorn and et

* Assistant Professor; Faculty of Business Administration, Rajamangala University of Technology Phra Nakhon; E-mail: varapun.m@rmutp.ac.th

al., 2011). The use of herbal product considered most popular herbal using are for cosmetics worth 18,000 million baths, supplement product 13,000 million baths, beverage 11,000 million baths and the rests are for medical, massage and steam press usages (Ministry of Public Health, 2012).

Herbal cosmetics can be classified into 4 categories those are: 1. facial care 2. body care 3. hair care 4. fragrances. Facial care means facial lotion, facial cream, facial cleaning and cleaning soap bar. Body care means body lotion, body cream, hand cream, nail cream, slimming lotion, toothpaste, skin care, sun protection and foot care. Hair care means hair care product include shampoo, conditioner, hair colour treatment, leave on, before & after hair cleaning and tonic etc.. Fragrances mean oil massage, extracts and via product aimed enhance for scents. Herbal cosmetics can be classified into 3 categories; according to Food and Drug Administration, those are 1. generic cosmetics 2. under controlled cosmetic 3. under special controlled cosmetics while manufactures that produce for all categories must declared to Food and Drug Administration. Thailand can be benefits from a rich nature land herbal plant and also contain of local wisdom inherit generation thru generation. Under the National Social and Economic Development Plan no. 11 (year 2012 - 2016), the strategic management upon natural resources and environmental sustainability recognized the importance of increasing revenue from natural resources and biodiversity in order to promote the economic development from genetic resources and biodiversity for value added plus the Thai style of uniqueness in pharmaceuticals, cosmetics, herbal and natural products in term of growth, competitiveness support for liberal, middle class income countries, medical hub of Asia in order to provide for health services in this region.

To promote herbal cosmetics producers need to assure and encourage the trust from all users herbal product includes pharmaceutical, healthy food, herbal beauty product, beverage, spa or product relevant. Quality standard must be guarantee and reassure for herbal in process, product since upstream to downstream, herbal as an agricultural product, herbal process in production, herbal for trade, distribution, manufacturer, suppliers and buyers. Currently marketing strategies are now facing 4.0 era, the integrated of online-offline marketing, sensational marketing, e-commerce while selling thru digital world needs to attract buyers with trendy designs follow up with customer nowadays consume product among the world of competitiveness from opened sources society here in digital world.

Purposes of the study

The purpose of this research is to study for market opportunity and market strategies for creative herbal cosmetics of Thai SME producers by:

1. Analyst for factors of independence variables and dependence variable effect to market opportunity in creative herbal cosmetics of Thai SME.
2. Examine for level of factors affected to market opportunity in creative herbal cosmetics of Thai SME.
3. Synthesize for market strategies in creative herbal cosmetics of Thai SME.

Methods

Population, Sample, and Sampling

The population of this research data derived from 3 groups; they are 1. government agents 2. producers 3. buyers. Group of policy makers are from government agents who mentioned

theories behind country's strategies, divisions involved entrepreneurs both small and medium business enterprises, and the buyers. Samples are from government staffs, producers, distributor and buyers who done with depth-interview, theories and strategies mainly collected. Details are as listed:

1. Division of Support for Small and Medium Enterprises focus on Thai herbal product, Community Development Department, Ministry of Interior
2. Sector of Employers, Bureau of Promotion for local Wisdom Communities and Enterprises, Community Development Department, Ministry of Interior
3. Department of Promotion of Non-Formal and Informal Education, Ministry of Education
4. Producers and distributors
5. Buyers.

Data collection Procedures:

1. Depth-interviews Panel of experts from government agency: Community Development Department, Ministry of Interior, Ministry of Education
2. Special Lecture in topic of The sustainability of Thai Traditional Medicine in Health Care Systems, The 12th Annual National Exhibition of Thai Traditional & Complementary & Alternative Medicine, on September 6, 2558
3. Strategic information gathering from government agencies.

Data Analysis

Qualitative analysis from depth-interview after reviewed from tape recorder and meeting with manuscript, special lectures from traditional medicine conferences. Categorization and content analysis in order to relate relationship between variables to form the model, analyzed relationship method of variables which will further test by canonical method.

Results

The model function which derived for relationship of independence and dependence variables of "Creative Product Marketing Strategies in Herbal Cosmetics of Thai SME in Bangkok Metropolitan" was summarized from theories those were applied behind government strategic plan, they are product concept, marketing strategies for Thai herbal product, creative product in SME of Thai herbal cosmetics, product design research methodology and product design policy.

Product Concept

Product components or product attribute can be viewed its elements into either 3 or 5 components as the figure 1 shows the comparison between **3 levels** and **5 levels** of product component (Kotler, 2016). Product component of **3 levels** composes of:

Core component: **1st** layer of product component composes of product platform, design, feature and function legal and was also known as product utilities.

Packaging component: **2nd** layer of the covered product composes of price, quality, style, brand and trademark and was also known as tangible component.

Supportive services component: 3rd layer of extra services component, composes of warranty, delivery, repair maintenance, installation, instruction and other related services, also was known as augmented product.

Product components of 5 levels can be viewed also in figure 1, which is different in term of client expectation. The 5 components are core benefit, generic product, expected product, augmented product and potential product, details are as:

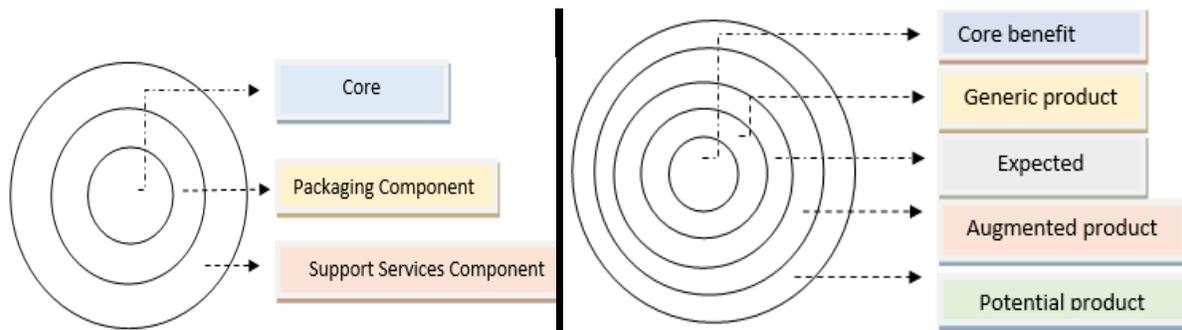


Figure 1 shows 3 and 5 levels of product component (Kotler, 2016)

Core benefit: 1st layer of product component composes of product utilities.

Generic product: 2nd layer of product component composes of product appearance include quality, feature, design, packaging and brand.

Expected product: 3rd layer of product component composes of expected attribute such as durability, lifelong usage, accurate, reliability, luxury, dazzling, fancy look, good taste, best favor, be admirable, precisely, punctual, exactly or correctly.

Augmented product: 4th layer of product component which is the additional to the main component composes of services such as after-sales services, warranty, zero interest rate, no endowment, free services charges, free spare part or other services.

Potential product: 5st layer of product component composes of product specification, product qualification, product property, attribute those are such as capacity, product performance, function that product can capable to perform.

Moreover product can be classified in term of product item, product class, product family, product line, product assortment and brand. This research has selected data, organized the priority and the relationship in order form marketing strategies in term that relevant most.

Marketing Strategies

This research has performed depth-interviewed from entrepreneurs who are OTOP producers and distributors that are supported and registered with Community Development Department, and also government agencies themselves have set strategic alliances that are plenty of government agencies support and create competitiveness for SME. In order to evaluate competitiveness outsider environment, Five Forces Model of Michael E. Porter was adapted for this research to evaluate the relationship, the combination of 5 forces are as: 1.rivalry among competing firms 2.bargaining power of buyers 3.bargaining power of suppliers 4.threat of new entrants 5.threat of substitute product.

After reviewed surrounding supportive from government sectors, SME is under main supporting of Department of Supporting for small and medium business enterprise that coordinate with various government agencies in order to coup with the start-up SME in order to go oversea competing with global standard. Five Forces model in term of Diamond model are

applied in this case of analyst among competition with MNC and other herbal cosmetics rivals, see picture in figure 2.

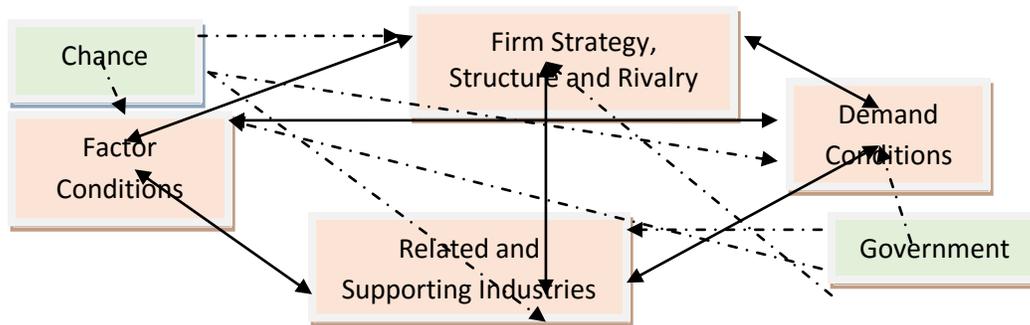


Figure 2 shows Diamond Model (Porter, 1980)

Marketing Strategies for Thai Herbal Product

Under Department of Supportive for Local Wisdom and Community Enterprises, Community Development Department has set strategies for OTOP roadmap that can describe into 3 phases; those are OTOP 1.0, OTOP 2.0 and OTOP 2016.

OTOP 1.0 create generic brand, networking, set up registration system, screening, establish OTOP premium, search for provincial star OTOP, product standard, OTOP village, curriculum in smart OTOP and smart OTOP village and arrange for OTOP outlet, OTOP City fair and other channel distribution.

OTOP 2.0 integrates and reorganizes management system, emphasize on community rather than individual, aims for young generation, OTOP university, network with education institution.

OTOP Roadmap 2016 direct for 1.reorganize management system 2.community strengthen 3.young (next generation OTOP) product creativity from community level 4.innovative & creative OTOP provide for all segmentation, encourage for product & packaging design, branding include the story behind 5.OTOP University by pulling education, special research institution, excellence center involve, stimulate science to bring back OTOP standard 6.increase channel distribution under academic network in each region to be distribution center, effective channel distribution since community market, roadside station, online marketing, be market thru region governor.

Creative Product in SME of Thai Herbal Cosmetics

To define term of creative product of Thai SME herbal cosmetics in this research, creative product can be classified into 3 terms; those are 1.product innovation 2.process innovation 3.business innovation. **Product innovation** means to invent the product itself in term of Thai herbal cosmetics mean to invent new formula, apply more of local wisdom, new technology that was derived locally. **Process innovation** mean to change industrial innovation or production process, offering difference services style, innovate business to be known as difference services style that make prominent difference from rivals. **Business innovation** means innovate in term of creative marketing and management innovation.

By the various supportive agencies such as Office of Prime Minister, The Government Public Relations Department, Thailand Board of Investment, Ministry of Finance, Department of International Economic Affairs, Ministry of Foreign Affairs, Department of International Economic Affairs, Ministry of Tourism and Sports, Department of Tourism, Ministry of Agriculture and Cooperatives, Department of Agriculture, Ministry of Commerce, Department of Exported Promotion, Department of Foreign Trade, Thai Chamber of Commerce, The Federation of Thai Industrial Bank of Thailand, etc., SME herbal product was formed and classified SME herbal product into 4 groups; they are 1.**group A**: stand for “**Star**” with international herbal standard, product are well perform under professional management team, stand for high quality product standard and incur best sales in market 2.**group B**: stand for “**Outstanding**” with distinguished and splendid product design worth with local wisdom 3.**group C**: stand for gain some “**Competitiveness**” can be sold in market but still need more channel distribution to go for 4.**group D**: stand for “**Question Mark**” underperform product standard, small size family business, unable to compete in worldwide market or even local.

Product Design Research Methodology

According to research methodology for product design, proper data needs to be selected and in order to design the product there are 3 aspects to be concluded about those are:

1. Market data
2. Consumer characteristic
3. Product specification.

There are 2 types of data while gathering for product design, generic data and specific data. To support for product design, information that need to conclude are human behavior, product characteristic, behavior toward product and documentary history data. To link the design, the best way to do is to bring out historical data and survey for descriptive studies for support or verification. **Market data** includes 1.market segmentation of herbal market, age, social behavioral, scent, consumer dwelling, packaging and other variables relevant in this segmentation such as symptom need be cure in certain market 2.chanel distribution, situation in current market; for example influence of advertising upon leader brand, culture, conflict within channel distribution and rivals 3.consumer needs and the timing 4.variables of consumers need such as buying frequency, how urgently when buying product. **Product specification** can be separate into 2 types, 1.new to the market 2.placing in current market but need to analyst for users, usages and others. **Consumer characteristic** divided by segmentation that can be demographic, consumer behavior, social class and others the combination are illustrated as shown in figure 3.

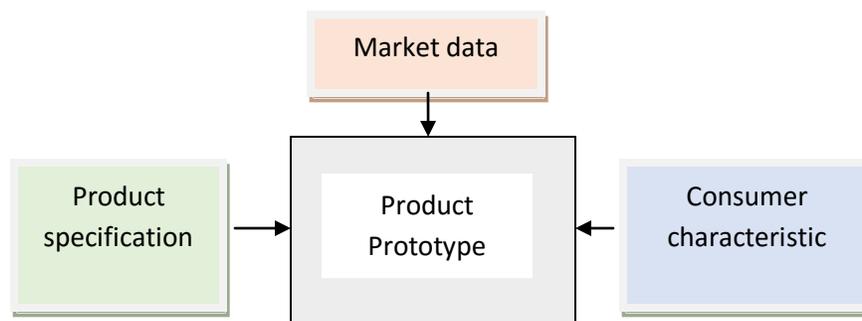


Figure 3 shows combination product design prototype (Wongsingthong, of 2002)

Product design Policy

Strategies in product design policies can separate into 4 policies: they are **1.leader** in designer **2.follower** in designer **3.usage or benefits oriented** **4.production oriented**. The leader in product design has to put heavy investment in research and development so do less in the follower. But for usage oriented, company has to spend budget for verify the product design that fit to small and medium business enterprise who suit to its limited market segmentation. Production oriented, company will emphasize on production process, cost control, using low price for competition.

Discussion

After review the relevant factors of “Creative Product Marketing Strategies in Herbal Cosmetics of Thai SME in Bangkok Metropolitan” factors model of the relationship are demonstrate as figure 4.



Figure 4 shown factors model relationship

The conceptual model of “Creative Product Marketing Strategies in Herbal Cosmetics of Thai SME in Bangkok Metropolitan” bases on diamond model is illustrated as shown in figure 5.

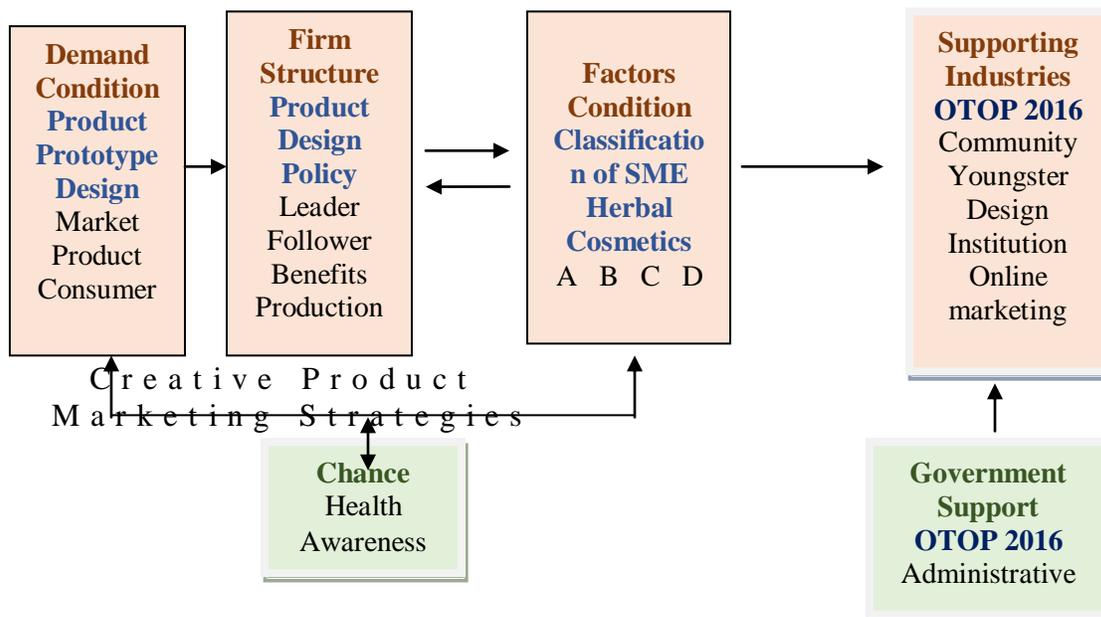


Figure 5 show conceptual model framework of “Creative Product Marketing Strategies in Herbal Cosmetics of Thai SME in Bangkok Metropolitan”

Suggestions

For conceptual framework of “Creative Product Marketing Strategies in Herbal Cosmetics of Thai SME in Bangkok Metropolitan” contains complicated relationship variables

between independence variable and dependence variables and also intervening variables and extraneous variables. In further sampling to get marketing strategies, sample need to be selected by based on classification of SME herbal cosmetics product A, B, C or D, which each product category would reflect difference marketing strategies and suit to its clients and market circumstances. Gathering research in multi-national market should provide marketing strategies support for group A or B while group C or D need to gear up and mentor more locally then open up to international market.

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