

# Thai SMEs Herbal Cosmetics in Elderly Market

*Sasaphon Moongvicha*

Rajamangala University of Technology Phra Nakhon, Thailand

E-mail: sasaphon.m@rmutp.ac.th

## Abstract

This research aims for study of Thai SMEs herbal cosmetics customers and their competitors that related to market situation in elderly market. Moreover this research is to analyst the relationship between customers, competitors and market situation. The 402 samples were drawn from 10,014,705 elderly whose samplings were calculated followed Taro Yamane method and all samplings were done using survey technique. Data were collected using questionnaire designed and analysis under SPSS for frequency, percentage, mean, standard deviation and distribution, the analyzing relationship using canonical correlation. The analysis of Thai SMEs herbal cosmetics in elderly market have tested the relationship between customer & competitors and the marketing factors, the outcomes were customer factors have related to herbal market situation in moderate range. Thai SMEs herbal cosmetics' competitors have related to its market situation in moderate range except the supportive from government has effected in high range. The relationship between elderly customers of Thai SMEs herbal cosmetics and its competitors have related to their market situation in moderate range.

**Keywords:** Thai SMEs Herbal Cosmetics, Elderly Market, Thai SMEs Herbal Cosmetics' Competitors

## Introduction

Thailand has facing aging society since 1960 (Knodel, 2014) when number of older population has increasing rapidly 7 times comparing within the past causing population proportion of young and middle-aged become lessen. In general population can be classified into 3 groups; young, who are below 15 years old; middle-aged, who are 15-59 years old and elderly; who are above 60 years old, but for accordingly to Thai society, elderly population are referred to people who are above 60 years old. Thailand has been reaching aging society with proportion of 47% elderly in 1990 and continued to be a completely elderly society in year 2050 with 70% elderly population, 20 years faster than other developed countries while they engaged aging society within 70-100 years. Among aging society, marketers may interested in wealthy elderly with high spending power spend their lives in modern life style and not deeply conservative thought but ready for changes.

In these recent years most elderly are baby boomer age who was born between 1946-1964 with the ages of 48-66 years old that expectedly to be approximately 13 million elderly all over Thailand. Wealthy elderly could have their incomes as high as 80,000 baht per month moreover elderly these days got longer lifespan from 50 to 80 years old, 21 times longer than within the past and might be even gone up to 100 years old. The longer lifespan causes human lives longer but with decadent both mind, body and skin, upon the appearance of wrinkle, wizened body that may cause by time, genotype or even UV effects. The rate of skin infected in elderly whose ages are more than 60 has continuing increase while the 650 out of 1,000 elderly found out 65 percent got one skin disease and 50 percent got two skin diseases effects within period of one year. Most cases of skin disease among elderly are the dryness and itching symptom due to wither and rash cause by sickness as of symptom effectiveness by diabetes, kidney disease, liver disease, anemia or even pill allergy. Most skin diseases in

elderly were found out in xerosis or the dryness and itching, skin allergy, lichen simplex chronic, skin infective, herpes zoster, psoriasis or silver scales, urticaria or hives, drug rash and interring.

The analysis in elderly found out that many elderlies seldom understand basic physical changes in generally especially for skin dryness and the dryness effected as a symptom cause by non-transmitted disease, such as diabetes, kidneys disease and etc. Many elderlies still using their normal skin product type as usual and lack of information for skin caring or therapy. Many institutions are such as hospitals, universities, companies and SMEs producers launch non-chemical or herbal skin-care product are such as Chao Phraya Abhaibhubate Hospital, Siriraj Hospital, Chulalongkorn Universities, Mahidol University, Chiang Mai University and various companies. Mostly producers aim for middle and/or upper class consumer market with moderate and/or high income but mainly of producers are from medium size manufacturers or SMEs herbal producers who manufactured herbal skin product under inherit local wisdom mixture but still required enhance for acceptable standard. Moreover SMEs still need to be more acknowledging on marketing strategies in order to persuade buyers together with clearly understanding about the benefits of local wisdom under herbal product that is less harmful compare with chemical skin product. Herbal extracts cosmetics or so called cosmeceutical which its effectiveness qualification is better than chemical cosmetics in term of moisture storing, UV protected against the sun and anti- wrinkle.

Herbal cosmetics are cosmeceutical product which can restructure skin cell in term of moisture balancing, nourish storing better than normal chemical cosmetics. When using regularly, moisture will stay naturally even though users stop applying; moisture is still remaining naturally until cells deteriorate. Cosmeceutical can protect skin from UV and has the effectiveness of anti-wrinkle, against freckles, spot and pellicle. The component of cosmeceutical consists of herbal extracts and/or animal glycerin beside oil or other fatty acid, cosmetics ingredients, various herbals got cells structure similar to human body so many producers invented and applied herbal into cosmeceutical followed Thai traditional local wisdom style in order to distinct their formulas and recall lots of plant extracts.

Regarding to the fact that herbal has enormous benefits but still is lacked of product acceptance and trust in cosmetics market, inadequate market demand for both locally and international market. Moreover mostly herbal cosmetics are from local producers which manufacture under local wisdom with a difficulty following the pharmaceutical legal system; regulation and registration process are still unclear upon cosmetics and cosmeceuticle effectiveness standard precisely. SMES herbal producers are still lack of lab test results, supplies research and development, material standard and natural product pragmatically. Be realized that most SMEs are country's grassroots, have less investment, low education, require more for technology to drive and compete with other leading chemical manufactures. This research is trying to reflect herbal cosmetics market circumstances for elderly and the degree of acceptance in SMEs herbal cosmetics in order to either penetrate or access to the market. After gathering data, analyzing the outcome researcher believed that there are many possibilities to enhance herbal cosmetics into both local and international market which incurred benefits not only for SMEs producers but also elderly users as well.

## **Research Methodology**

This research aimed for study SMEs herbal cosmetics producers in elderly market in term of product attribute among current market situation and its competitors. Data are collected between October 2015 and September 2016. Tools using for finding the relationship were questionnaires, data were collected from 402 samplings out of 10,014,705 elderly populations

within Bangkok metropolitan, followed Taro Yamanae (1967) method after perform the IOC. Data were analysed and calculated by SPSS to find out mean, median distribution and applying canonical correlation method to test for the variables relationship between dependent variables and independent variables.

## Research Results

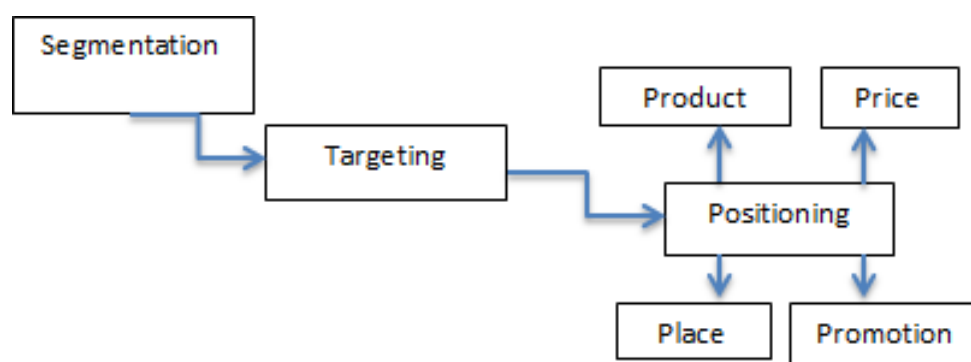
Marketing strategies by Rethink Marketing (2016) defined strategic analysis into 9 steps while the first part, market analysis part can be separated into 3 main steps, those are marketing analysis, competitive analysis and customer analysis, see below in figure 1 shown the whole process steps of marketing strategies. After marketing analysis then leads to product proposition and the implementation is the last step.



**Figure 1** Marketing Analysis steps

Source: Rethink Marketing (2016)

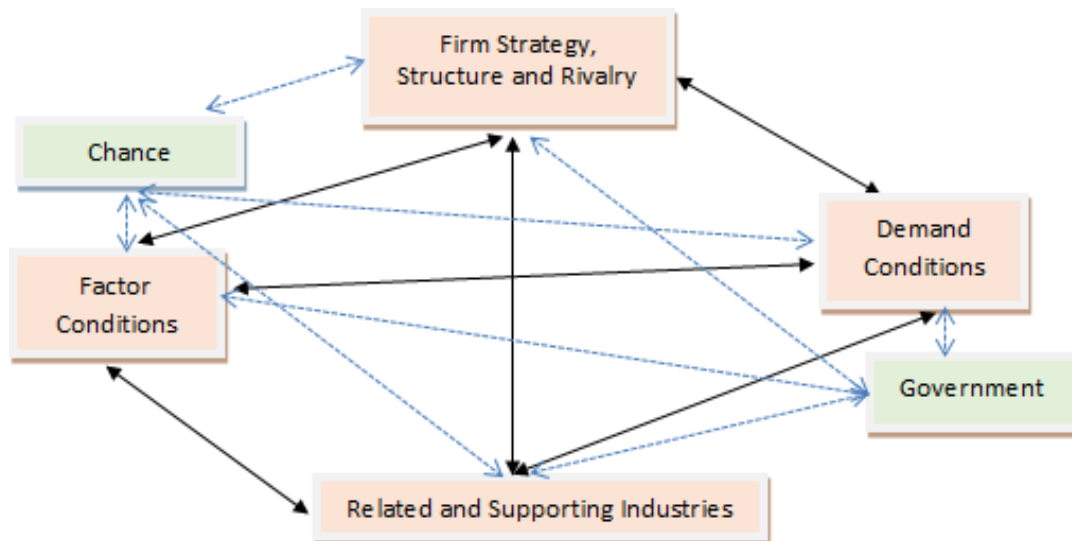
SMEs herbal market can applied marketing analysis in term of STP-segmentation, targeting and positioning (Phillip Kotler, 2009), shown in figure 2 as illustrated below.



**Figure 2** Marketing analysis by STP-segmentation, targeting and product positioning

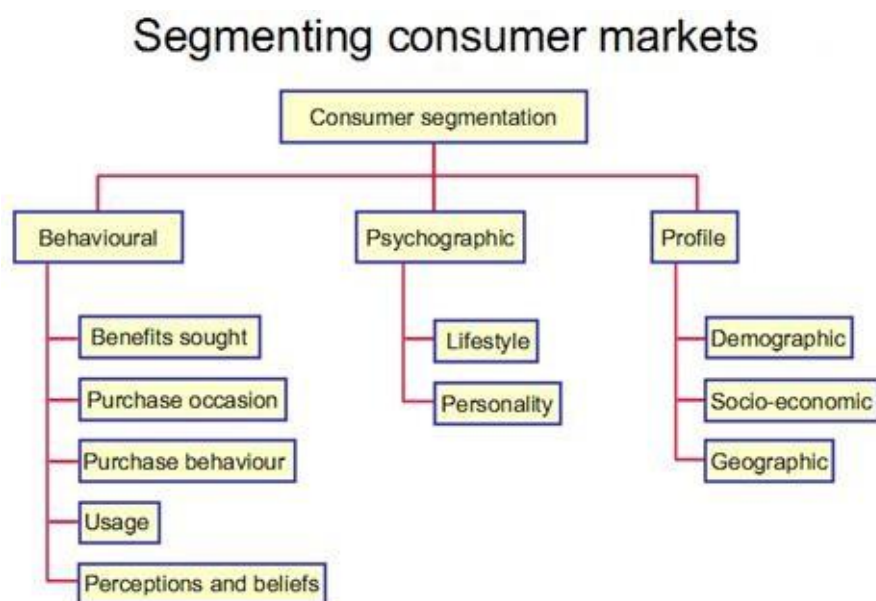
Source: Kotler (2009)

Under competitive analysis, Diamond Model by Michael E. Porter was applied to analyst in details, see figure 3 below. Diamond Model reflected the supportive from government and the supportive within industries, demand condition, factors condition and firm strategies.



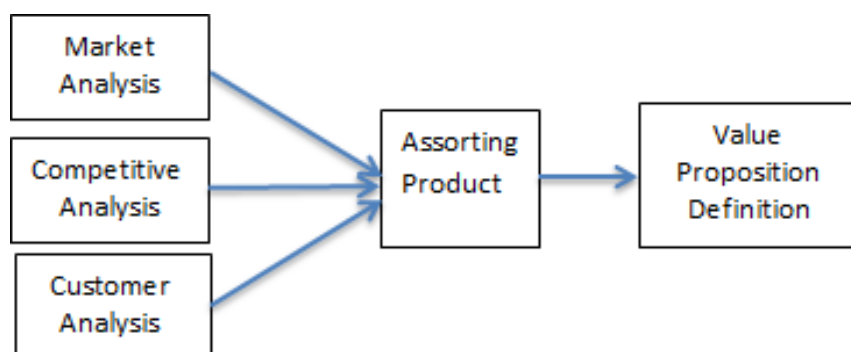
**Figure 3** Competitive analysis  
Source: Porter (1990)

Under customer analysis can be viewed as segmenting consumer market shown in figure 4 below while customer analysis could be segmented into behavioral, psychographic and their profiles. Customer segmentation by behavioral segmentation are classified by initiative purchasing, psychographic segmentation are classified by life style and personality while profile segmentation are classified by demographic, socio-economic and geographic (Jopper, 1998). This research studied upon the causes of buying and the factors relevant when buying herbal cosmetics.



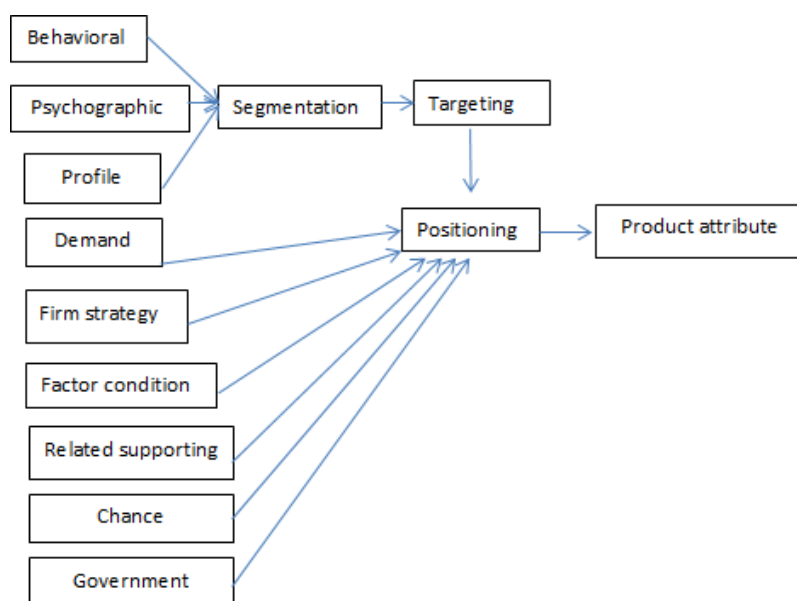
**Figure 4** Customer analysis  
Source: Jopper (1998)

The composition of all concepts could link to an analysis as a framework of Thai SMEs herbal market as shown in figure 5 below, when market analysis composition of market analysis, competitive analysis and customer analysis combine with the product STP concept.



**Figure 5** Framework for The analysis of Thai SMEs herbal market

With all variables in this conceptual framework could lead to the Marketing Strategies for Thai SMES herbal cosmetics in elderly market as shown in figure 6 below as shown the relationship in details.



**Figure 6** Conceptual framework of Thai SMES herbal cosmetics in elderly market

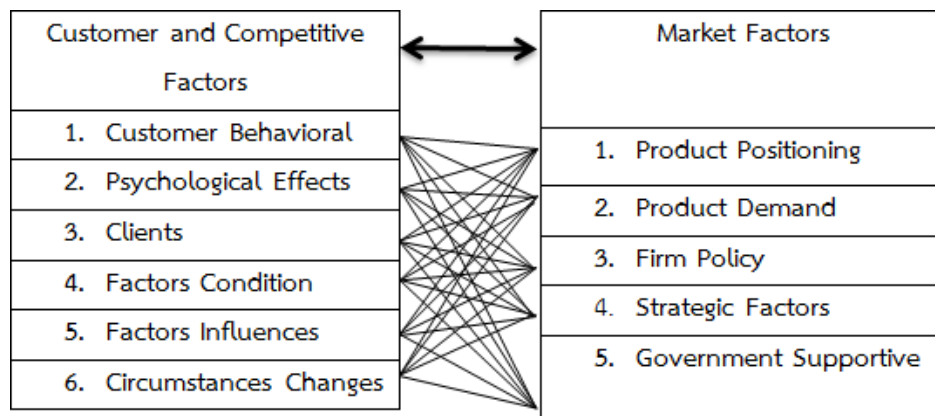
## Discussion

Referred to this research, independent variables are elderly Thai herbal cosmetics customers & competitors while dependent variables are SMEs market factors, the mediator variables are government policies and their supportive in entering herbal cosmetics market. The studied elderly populations are group whose ages are above 45 years old even though Thai elderly are defined as the group age of 60 and above but according to the fact that retired elderly has less income and live their lives depend on their children supportive with few pensions. Many elderlies have weak purchasing power, left for some percentages who are business owners that can earn themselves of living with adequate earnings but the self-supported figure is still in low number. While 45 years old group has more purchasing power, they need to maintain their health, beauty and body, proper in family life cycle while they still in working class who

need to maintain themselves looking attractive appearance, their buying decision are simple with social reasons. In age of 45 years old, many of them emerge to empty nest family life cycle with their children are growing up leaving some excessive to spend for themselves. The survey area were in Bangkok metropolitan due to the heavy usage behavioral are more in capital area after our first trial out, and also figure from national statistical office also shown that Bangkok metropolitan got lowest rate in elderly self-dependents compare with others provinces (Prachudmok, 1999).

The studies of SMEs Thai herbal cosmetics in Elderly market collected data from both male and female with composition of female 79.6 percent while male are 20.4 percent. The most ages of collected are between 45-55 years old with 30.1 percent, most are married by 66.2 percent. Most education back ground are in both M.3 and bachelor degree level in 29.1 and 22.6 percent, business owner considered to be the most data collected group with 27.4 percent. Most income ranges are in between 10,001-30,000 baht with 37.6 percent.

The relationship between elderly customer, competitors and the market situation for product positioning in term of consumer behavioral, psychological effects, customer profile, demand function and related factors, the canonical results came out as the relationship on psychological effects; the effectiveness after using has most affects for market factor. Product positioning upon packaging has highly factors affected upon market factors. The relationship between independent variables, customer & competitive factors and dependent variables, market factors are shown as the relationship in figure 7 below.



**Figure 7** Canonical model implication on Thai SMES herbal cosmetics in elderly market

While the testing hypothesis under the stated model had done under 5 hypothesizes using canonical data with the value of eigenvalues together with the canonical correlation in the set of data, the analytical are shown in the hypothesis 1-5 as the followings. The ranges of canonical correlation values are under E.II. Dennis and others, 1979:85 that referred to the canonical correlation factors as 0.00-0.30 means very low correlation, 0.31-0.50 means low correlation, 0.51-0.70 means moderated correlation, 0.71-0.90 means high correlation and 0.91-1.00 means very high correlation.

**Hypothesis 1:** the testing is between the relationship of independent variables those are customer & competitors and dependent variables that is product positioning which compose of price, packaging, brand, product standard, local wisdom and the product properties. The results came out as competitive factors in factors influence under word-of-mouth has effected to product positioning in product properties and product standard in moderate range. The analysis of hypothesis 1 is performed within the set of sampling under 0.01 significant levels with the outcome of eigenvalue and correlation values are 4.442 and 0.903 which means that

independent variables have 442 percent effects upon dependent variables in this set of samples. Dependent variables that have most effected from independent variables are product properties and product standard with -0.620 and -0.618 values of correlation while independent variable is word-of-mouth with the -0.614 values of correlation and the effect is in moderate range.

Competitive factors in factors influence upon word-of-mouth have effected to product positioning in the area of product properties and product standard in moderate range which can be described as in herbal product consumer still need to be assure from the word-of-mouth while they made purchasing in order to emphasize in its properties and standard.

**Hypothesis 2:** the testing is between the relationship of customer & competitors and herbal product demand which compose of group who have herbal educated background, skin-care therapy demand, personal usage history, traditional medicine demand, western medicine demand only and demand for both traditional and western medicine. The results came out as customer factor under psychological effects upon confidential in herbal product has effected to group of skin-care therapy patient in moderate range.

The analysis of hypothesis 2 is performed within the set of sampling under 0.01 significant level with the outcome of eigenvalue and correlation values are 0.936 and 0.695 which means that independent variables has 93.6 percent effect to dependent variables in this set of sample. Dependent variable that has most effected from independent variables is the group of skin-care therapy patient with 0.842 values of correlation while independent variable is the confidential in herbal product with -0.625 values of correlation and the effect is in moderate range.

Customer factors under psychological effects in term of product confidential have effected to product demand in term of clients who need skin-care therapy in moderate range which can be described as the group who demand for herbal cosmetics might be patient who have delicate or allergic skin group or clients who are specific to skin-care product.

**Hypothesis 3:** the testing is between the relationship of customer & competitors and its firm policies in the area of the effective from friends' or relatives' word-of-mouth, physician's word-of-mouth, sellers' word-of-mouth, internet selling, selling thru convenience store and low price policies. The results came out as customer factor that clients who are herbal educated and psychological factors of innovators or the trial groups have effect to firm policies in word-of-mouth by the sellers and selling thru convenience store in moderate range. The analysis of hypothesis 3 are performed within the set of sampling under 0.01 significant levels with the outcome of eigenvalue and correlation values are 3.094 and 0.869 which means that independent variables have 309.4 percent effected upon dependent variables in this set of samples. Dependent variables that got most effected from independent variables are word-of-mouth by the seller and the selling thru convenience store with 0.573 and 0.563 values of correlation while independent variable were the clients who are herbal educated and the innovator clients or the trail groups with the 0.522 and 0.519 values of correlation and the effects are in moderate range.

Consumer factors in clients who are herbal educated background and psychological factors in buyers for trail group are effected to firm policies in word-of-mouth from the sellers and the buying thru convenience store which can be described as the clients who are keen on herbal product has higher chances in buying herbal cosmetics than the group that are uninterested in herbal product especially the buying behavior that could be done thru various convenience store.

**Hypothesis 4:** the testing is between the relationship of consumer & competitors and strategic factors in the areas of client solution for skin problems, weight control, the awareness of product benefits, anti-wrinkle and the wisdom intelligent. The results came out as competitors

factor under factors influences in preserve the local wisdom have effects in marketing strategic factors under wisdom intelligent in moderate range.

The analysis of hypothesis 4 is performed within the set of sampling under 0.01 significant levels with the outcome of eigenvalue and correlation values are 2.744 and 0.856 which means that independent variables have 274.4 percent effects upon dependent variables in this set of samples. Dependent variables that has most effected from independent variables is the wisdom intelligent with 0.956 values of correlation while independent variable is the preserve of local wisdom with the 0.679 values of correlation with the effect is in moderate range.

Competitive factors in factors influence under the preserve for local wisdom have effected in marketing factor under strategic factors in wisdom intelligent in moderate range which can be described as Thai elderly customers concern about Thai traditional and want to preserve them but accordingly to its intelligent wise upon product properties for remedy against various diseases.

**Hypothesis 5:** the testing is between the relationship of consumer & competitors and the government supportive in the area of satisfaction in state clinic service provider, government assurance in term of herbal standard, government supportive in term of herbal research, therapy by Thai traditional medicine and the emerge of Thai traditional medicine system. The results came out as competitive factor under factors influence in preservative in local wisdom has effects the government supportive policies under the supportive in research and the satisfaction in state clinic services providers in high range.

The analysis of hypothesis 5 are performed within the set of sampling under 0.01 significant levels with the outcome of eigenvalue and correlation values are 1.483 and 0.772 which means that independent variables have 148.3 percent effects dependent variables in this set of samples. Dependent variables that got most effected from independent variables are the supportive from government in research and the satisfaction in state clinic services provider with 0.680 and 0.619 values of correlation while independent variable is the preserve for local wisdom with the 0.729 values of correlation with the effect is in high range.

Competitive factors under factors influence in the preserve of local wisdom has effected to government supportive policies in research and the satisfaction of state clinic services providers in high range which can be described as elderly consumer demand for officially herbal system in assurance standard.

## Conclusion

Those results can be concluded as in term of product positioning, the marketers need to exhibit for herbal properties and its standard precisely but the beliefs come by word of mouth. There are still be product demand in the clients who have delicate skin or are skin-care clinic therapy but still they need confidential in product quality. The company policies might be aim for elderly clients who have herbal educated background or Thai herbal cosmetics preservative group that can demonstrate herbal intelligence wise and sold under the persuasive by the word of mouth by the sellers or in general convenience stores. In order to promote herbal cosmetics widely, herbal cosmetics need to be assured by the government which need the supportive in research & development and their standard.

The analysis results of Thai SMEs herbal cosmetics in elderly market have tested the relationship between customer & competitors and the marketing factors, the outcome were customers factors have related to herbal market situation in moderate range. Thai SMEs herbal cosmetics' competitors have related to its market situation in moderate range except the supportive from government has effect in high range. The relationship between elderly customers of Thai SMEs herbal cosmetics and its competitors have related to their market situation in moderate range.



in future research the herbal product could be done by enhance for product properties and try to promote the usefulness of herbal to direct elderly and may have direct support from government in product warranty for the consumer belief.

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