



UNIVERSITY
OF WOLLONGONG
AUSTRALIA

University of Wollongong
Research Online

Faculty of Business - Papers

Faculty of Business

2012

Exploring the role of marketing strategy and new product development in long-term success of market acceptance: a case study of a local product in Thailand

Pensri Jaroenwanit
Khon Kaen University

Uraiporn Kattiyapornpong
University of Wollongong, pingk@uow.edu.au

Publication Details

Jaroenwanit, P. & Kattiyapornpong, U. (2012). Exploring the role of marketing strategy and new product development in long-term success of market acceptance: a case study of a local product in Thailand. Annual International Conference on Enterprise Marketing and Globalisation (EMG 2012) Singapore: Global Science & Technology Forum.

Research Online is the open access institutional repository for the University of Wollongong. For further information contact the UOW Library: research-pubs@uow.edu.au

Exploring the role of marketing strategy and new product development in long-term success of market acceptance: a case study of a local product in Thailand

Abstract

This paper aims to present the exploratory study of the role of marketing strategy and new product development in achieving long-term success of market acceptance in the context of a local product in Thailand. It is part of a large project, only qualitative study is included in this paper. The research methodology comprised documentary research, focus group discussion, and in-depth interview. Participants included local business representatives and customers who live in the regional area and have purchased and consumed the regional products in the last twelve months. The exploratory findings showed the importance of understanding the role of marketing strategy and product development resulting in the long-term success of market acceptance. The main marketing strategy problems were product designs to respond to customers' wants. Furthermore, product attributes including product style, pattern, and luxury image were dissatisfied when compared to competitors' products. The urgent need in improving market acceptance toward marketing strategy and product development were addressed. Further studies in generating new product ideas, screening and evaluating new product ideas were recommended.

Keywords

long, development, product, strategy, marketing, role, term, success, case, thailand, exploring, local, study, market, acceptance

Disciplines

Business

Publication Details

Jaroenwanit, P. & Kattiyapornpong, U. (2012). Exploring the role of marketing strategy and new product development in long-term success of market acceptance: a case study of a local product in Thailand. Annual International Conference on Enterprise Marketing and Globalisation (EMG 2012) Singapore: Global Science & Technology Forum.

Exploring the Role of Marketing Strategy and New Product Development in Long-term Success of Market Acceptance

A Case Study of a Local Product in Thailand

Pensri Jaroenwanit
Faculty of Management Sciences
Khon Kaen University
Khon Kaen, Thailand
penjar@kku.ac.th

Uraiporn Kattiyapornpong
School of Management and Marketing
University of Wollongong
NSW, Australia
pingk@uow.edu.au

Abstract— This paper aims to present the exploratory study of the role of marketing strategy and new product development in achieving long-term success of market acceptance in the context of a local product in Thailand. It is part of a large project, only qualitative study is included in this paper. The research methodology comprised documentary research, focus group discussion, and in-depth interview. Participants included local business representatives and customers who live in the regional area and have purchased and consumed the regional products in the last twelve months. The exploratory findings showed the importance of understanding the role of marketing strategy and product development resulting in the long-term success of market acceptance. The main marketing strategy problems were product designs to respond to customers' wants. Furthermore, product attributes including product style, pattern, and luxury image were dissatisfied when compared to competitors' products. The urgent need in improving market acceptance toward marketing strategy and product development were addressed. Further studies in generating new product ideas, screening and evaluating new product ideas were recommended.

Keywords-case study, market acceptance, marketing strategy, product development, local products, Thailand

I. INTRODUCTION

To be able to survive, sustain and grow in the current competitive market, businesses have to understand the markets, especially in demand and supply. It is not only being to produce the products, but the businesses must also apply marketing strategies in order to achieve market acceptance from their target consumers and develop new products to satisfy changing needs and wants in order to survive, sustain and grow in the challenging world.

Although plenty of marketing research was conducted to understand and find out about the ultimate outcomes of being consumer's choice of purchase, the studies of direct, indirect and overlapping relationship of market acceptance, marketing strategy and product development still exist.

From the past operation, although local products in Thailand have created a lot of incomes for communities and the people, the business of these products still have weaknesses. Most

importantly, there is no plan for marketing direction, resulting in the local products not being able to sustain in the market [1]. The most vital problem of local products in Thailand lies in some non-standardized products and iterated and/or copied products. In addition, packaging does not meet the standard and is not adequately outstanding to attract customers' attention [2].

The process-based concept brings about problems and failure. Hence, the conceptual concept should be changed into one emphasizing more marketing. This begins by looking at market demand and producing a product to respond to the demand-a better way towards success [3]. A product that meets the market needs and is accepted in the target market must be a quality product [4]. A business organization therefore needs to regularly develop new products and build values to respond to customers' demand, resulting in flexibility of the market competitive reaction.

A. Market Acceptance

Market acceptance relates to the company status of having the right products for the right markets which those products are necessary responding to the dynamic and changing needs of consumers and competitive and challenging forces from competitors [5].

Having the products with market acceptance not only assists companies in higher return on investment including accelerating and increasing revenue, but also reduces unnecessary costs and wastes [5].

B. Marketing Strategy and New Product Development

Many researchers emphasize on the success of introducing new products to the markets as they believe it is the way to maintain the customer loyalty and to restore the old product life cycles [5, 6, 7, 8].

The importance of focusing on market acceptance was highlighted and also pointed out that customers are the best product designers as they can define and solve their wanted product problems [5]. Therefore, obtaining local business

representatives and customers' opinions towards the local products is invaluable insight into developing marketing strategy and product development.

Thailand, one of developing countries, has performed significantly well in economic development in the past decade. It, however, has not performed to its most capacity and capability due to many parts of the country, especially; regional economic developments are still under performed. In the past decade, regional products have generated incomes to local communities. However, these regional producers still have weaknesses in production and marketing as there is no marketing plan, resulting in the local products are not able to sustain in the current competitive market and enjoy the long-term growth and profitability in the future. The process-based concept has proved the significant problems and failure in competing in the current market. Hence, the conceptual process should be altered into an emphasis of marketing. This process begins by examining the market demand and producing a product to respond to the demand which is a better way to the business success. A product that meets the market needs and is accepted in the target market must be a quality product. Local producers, therefore, need to understand the current market, regularly develop new products and build values to customers' demand, resulting in competitiveness and flexibility of the market competitive reaction.

Khon Kaen province is one of important regional provinces in Thailand, located in the upper Northeastern area. It is famous for local clothes and clothing articles, utensils, decorating items, art and handicraft, and hand-made souvenirs. Community and local products have little by little entered both domestic and foreign markets, for example, woven cloth and cloth products such as scarves, clothes, wickerwork items from natural fibers, woven products from cloth and fibers, earthenware, imitated flowers, woodenware, sandalwood products, and products from mulberry paper.

In order to increase market opportunity, it is vital to study the market acceptance towards marketing strategy and product development of community products. This will enable community and local products to compete potentially in regional, national and international markets in the future.

The objective of this paper is to present the exploratory study of long-term success in market acceptance toward the role of marketing strategy and new product development in the context of a local product in Thailand. This study includes analyzing the role of market strategy and product development by analyzing the opinions of local business representatives on the role of marketing strategy, and studying the satisfaction and opinions of customers towards the selected products and opinions of customers towards wanted products in order to understand the demand of wanted product concepts and to develop the new product concepts.

II. RESEARCH METHODOLOGY

The research methodology comprised documentary research, focus group discussion, and in-depth interview. Participants included 100 consumers who live in the regional area and have purchased and consumed the selected regional products (women handbags) in the last twelve months.

Qualitative research method was applied including documentary research; focus group discussion on customers' opinions towards selected products, the analysis of marketing problems and the selection of suitable products; and in-depth interview with knowledgeable and skillful producers, distributors, representatives from relevant governmental and private organizations, and customers for satisfaction and opinions towards the selected products and the wanted products.

III. FINDINGS

A. *Marketing strategy analyses*

The main problem of selected products included the lack of development and design of new products, product variety, brand names and details, and product advertising; and local product material allergy.

B. *Customers' attitudes and satisfaction towards selected products*

Customers did not like the out-of-date and unattractive products without standard forms. The main weakness of selected products came from their irritating hairs, low material quality, mildew, easy distortion, out-of-date patterns and forms, inconsistent weaving workmanship, no zipping on the bag, no lining, and no partitions inside. Satisfactory traits included natural colors, various size options, and modern styles for teenagers and local identity. Suggestions for new product improvement were modernizing patterns and forms to suit teenagers and young working women, designing more models, making neat bag covers, adding more partitions inside, adding values by lining, adding zips, designing other products such as rucksacks. attractive design, using natural colors, decorating and making the products modern and luxurious, adding value by lining the bags, adding inside partitions, zipping, and wrapping with plastic.

C. *New product ideas to meet the demands*

The customers' satisfaction and opinions on selected product were applied in assigning characteristics and major traits formation including three customer-related "product ideas", namely, 1) a limited collection of designed teenagers' handbags, 2) luxury-look working women's handbags or shoulder bags, and 3) modern teenagers' durable rucksacks.

IV. RECOMMENDATION AND FURTHER STUDIES

Product concept development, the obtained product ideas should be developed as the following product concepts:

1) The product concept of a limited collection of designed teenagers' handbags. The new designs should be launched every 6 months, but retain the local material identity with adding other matching natural materials in decoration such as leather or metals. The bags should be internally lined with sponge and good quality cloth that matched with the bags' styles and patterns. Additional inside partitions will be add to the product usage and add products' value. The handles should be designed with suitable materials. Target customers are teenagers aged 15-25 years who prefer modern and new things with different and outstanding traits.

2) The product concept is formed around stylish, modern, and luxurious handbags of big sizes for working women. Special materials are used (e.g. wood or metals) in order to add value to the products as well as increase the price. The women bags' patterns and forms should be rigid and their colors should not be faded. The bags' frames should be made of steel or canes. They should be lined with sponge and covered with local silk that matched with the bags and added inside partitions. The brand label should not be hung but sewn on the bag. Target customers are working women aged 25 years and over who like new, attractive, luxurious, and various kinds of products.

Product concept testing, the new product concepts should be transformed into product images and undergone with product concept testing by asking target customers' opinions and their intention to buy the products if sold in the market.

REFERENCES

- [1] Business Thai. "Kosit Took Only Premium Grade Local Products to Meet the Buyers" vol. dated 6th June 2006.
- [2] S., Weerapat and etal. The Research Project of Local Products Quality in Khon Kaen Province, Thailand. 2005.
- [3] Kotler, Philip. Marketing Management. International ed. Upper Saddle River, New Jersey. Prentice Hall International Inc. 2000.
- [4] Etzel, Michael J., Walker, Bruce J., Stanton, William J. Marketing International ed. New York. McGraw-Hill Inc.
- [5] A. Soni, "How to accelerate time to market acceptance", Handbook of Business Strategy, Emerald Backfiles, 2007.
- [6] M., Salamoura, V., Angelis, J., Kahagias, C., Lymperopoulos, "Investigating the "new product acceptance function" in Greek enterprises, The quality-accessibility relationship", Managing Service Quality, vol.18(5), pp. 425-441, 2008.
- [7] P. Suomala, I. Jokioinen, "The patterns of success in product development: A case study", European Journal of Innovation Management, vol. 6(4), pp. 213-227.
- [8] J-S. C. Lin and Y-C. Chang, "Retailers' new product acceptance decisions: incorporating the buyer-supplier relationship perspective", Journal of Business and Industrial Marketing, vol. 27/2, pp. 89-99, 2012.