

# MARKETING DEVELOPING IN THAI COSMETIC PRODUCTS IN ASEAN ECONOMIC COMMUNITY

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## ABSTRACT

The conditions of high competition in high-end market to lower market of Thai cosmetic in ASEAN Economic Community due to a few Thai products can penetrate the market, because there were the global brands held the high-end market for a long time, Thailand's major competitors had the advantage of low labor costs in middle to lower market. The objectives of this research were studying the conditions of the developing marketing of Thai cosmetic products both inside and outside country. Research methodology were qualitative research via in-depth interviewing data of 20 cosmetic industrial entrepreneurs, analyze results with content analysis, the finding conditions were 1) raw materials 2) manufacturing technology 3) staffs 4) related and supporting industries and 5) structural strategies and rivalry between established firms.

**Keyword:** cosmetic products, marketing, ASEAN economic community

## INTRODUCTION

The market volume of beauty industries more than 500 billion Baht and Thailand was the no.1 leader in Asian cosmetic market, in addition Thailand was also the No. 1 exporter of hair products, no.12 of skin care exporters and no.17 manufacturers in the world. Marketing volume in Thailand was 250 billion Baht and annually continuing. Thailand was considered an important cosmetic manufacturing base, and exported to countries around the world. Year 2016 the overall market volume of cosmetic industries were 280 billion Baht, which were 120 billion Baht in exporting and 168 billion Baht in domestic, more than 97 percent of exporting were small entrepreneurs who were important cosmetic economical drivers to global (Academic group of Thai Cosmetic Manufacturers Association, 2016).

Data of Department of Industrial Promotion was indicated that cosmetic domestic market volume were 200 billion Baht, 80 billion in exporting caused Department of Industrial Promotion drove Thai cosmetic to be the list of 10 world ranking in 3-5 years with 10 percent growth. The important targets were ASEAN countries with 300 million powering purchasers

The quality of Thai cosmetic was compatible the products from South Korea or Japan while characteristics were suitable for the skin of people in neighboring Thailand who had likely skin in similar climate encouraging product development was the same direction and more suitable with their skin, these were the advantages of Thai cosmetic. However cosmetic exporting or foreign direct investment in ASEAN countries made the entrepreneurs should study market and consumer behaviors in each countries for encouraging meeting the correctly needs such as Cambodians had attitude about their appearance that having a good looking meant good financial status, 39 percent of Cambodians continually used skin care products, 21 percent of Cambodians daily makeup and 40 percent of Cambodians viewed visiting to a dermatologist was important, middle-income earners chose beauty salons and medical services

in Vietnam and high-income earners chose the treatment in Thailand or Singapore (Sunetra Chantaburi, 2017).

### **Objective**

To study the problems of marketing developing in cosmetic products both of domestic and outside Thailand.

## **LITERATURE REVIEWS**

The marketing developing was a study to do the business in order to firmly moving forward, because stability was very important for the middle or small business in developing marketing strategies. Entrepreneurs had to change their attitudes to view issues, focused on information including correctly and fairly assessed the conditions.

Marketing developing comprised 5 strategies that considered as following

1. Customer targets were the analysis about needs, wants and willing to purchase in each groups.
2. Products were things offered to market and responded to customer needs or wants which may be physical characteristics named goods and including services which were the activities or selling benefits.
3. Pricing strategies meant products had to be valuable that considering customer wants or price which customer purchased and customer satisfaction. Consumers decided to buy products or not if they considered the value of the product as well as the satisfaction with that product including the ability to pay, which meant the products price or products cost in consumers view.
4. Distribution strategies were the process of handling the movement, the rights in product (may include the product) from manufacturers to consumers which had channelled structures used to move products from business to middle market who were the firms that helped to promote and sell products to end buyers.
5. Promotion strategies were marketing promotion activities that contributed to stimulate interest, trial or the final step of customer purchasing and motivated customers or the middle (distributors) or sales persons the special value or products with the objective of generating sales.

In conclusion, marketing developing was activity that outside communicated to customers, encouraging purchasing of various products and services which comprised of 5 elements as a marketing process which began from determining and analyzing the needs of customers, the environment scanning, marketing mix planning, implementation and controlling according to the plan was considered a marketing process that applied to business conditions. Both of planning and control the most of the information obtained was usually derived from a model that used advanced business and marketing knowledge techniques, and then apply statistical knowledge to determine the relationship of data and testing reliability of the data as well the data from these models were be useful in deciding in planning and solving business conditions such as new product development, pricing, marketing planning, etc.

### **Factors affecting on business competition**

Factors affecting on business competition today were the following factors (Yuthasak Kanasawad, 2011)

1. Technology Advancement: Advancement of electronic and information technology affecting on more competition such as production capacities, production time, product varieties, service and convenient communication, factors caused from the technology advancement had a direct impact on competition, specially online business that focused on communication so

that customers can know the movement of the business or access to their online stores easily and various ways.

2. Economical conditions: The change of economical conditions affecting on positive or negative changes in consumer purchasing ability. Fast adaptive marketers were focus on studying trends of income, purchasing patterns and competitive marketing plan formulating.

3. Consumer behaviors: Changes in consumer behaviors was resulted from cultural and social changes affected the marketing policies which made more competition, such as the needs for easy used and more automated products, smaller size or lightweight products that were suitable for use, preserve and portables etc.

## **METHODOLOGY**

The samples of qualitative research were 20 industrial cosmetic entrepreneurs and selected a list of Thai cosmetic manufacturing companies that covered a wide range of cosmetic businesses without determining the size of the business in Bangkok and Bangkok metropolitan region. The samples were large enterprises and SMEs that had business expansion or were likely to expand into the ASEAN Economic Community (AEC). Collecting the data were in-depth interviewing method. Analyzed results with content analysis to use the information obtained prioritized according to the content.

## **FINDINGS**

The finding of cosmetic marketing developing conditions found problems in marketing developing as following 1) raw materials, due to Thailand had the manufacturers who produce only some part of raw materials, while some local raw materials were not met quality standard like importing 2) manufacturing technology, found that most of entrepreneurs had self-development or invention manufacturing techniques but new product developing formulas for customer responsiveness came from abroad 3) staffs, found that lack of skilled, knowledge and competent staffs and also the coordination among entrepreneurs and researching participants causing the opportunity to create new product extension were not smooth. 4) Related and supporting industries, found that Thai cosmetic industries faced many problems such as lack of raw materials, quality of raw materials, high import duties causing Thai cosmetic industries were not fully developed and 5) structural strategies and rivalry between established firms: the finding of the market structures found that there were approximately 700 manufacturers, most of them were global FDI joint ventures that having manufacturing in ASEAN countries, but the finding indicated that most of Thai entrepreneurs were small or medium enterprises.

## **RECOMMENDATION**

Thai cosmetic business had to thoroughly study each local market, because each country had different backgrounds, whether beliefs, economic, society and cross-culture including the production technology developing, staff and raw materials for efficiency and international standards achievement.

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