

ONLINE MARKETING STRATEGY FOR THAI COSMETICS IN CHINA

กลยุทธ์การตลาดออนไลน์เพื่ออุตสาหกรรมเครื่องสำอางไทยในสาธารณรัฐประชาชนจีน

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Abstract

This study aims to study the online marketing strategy for Thai cosmetic in China. With China's rapid economic development, the cosmetics market becomes important parts of consumer markets. Thai cosmetic products are a new player in the Chinese online cosmetics market. Thus the research attempted to study the factors influencing consumer's purchasing preference for Thai cosmetics from the online market in China. Through a basic descriptive statistics as well as multiple regression analysis model, the results reveal that the 4Cs marketing mix factors are significant in online marketing strategy for Thai cosmetics in China.

Keywords: Online marketing strategy, Thai cosmetics, China

บทคัดย่อ

การศึกษานี้มีจุดประสงค์เพื่อศึกษากลยุทธ์การตลาดออนไลน์เพื่ออุตสาหกรรมเครื่องสำอางไทยในสาธารณรัฐประชาชนจีน ซึ่งปัจจุบันเศรษฐกิจในประเทศจีนเติบโตไปอย่างก้าวกระโดด และตลาดเครื่องสำอางได้กลายเป็นส่วนสำคัญของตลาดผู้บริโภค เครื่องสำอางไทยเป็นผู้เล่นใหม่ในตลาดเครื่องสำอางจีน โดยส่วนใหญ่จะใช้การตลาดออนไลน์ในการเข้าหาลูกค้าคนจีนเป็นหลัก งานวิจัยนี้จึงศึกษาเกี่ยวกับปัจจัยที่เอื้อต่อการซื้อของลูกค้าคนจีนต่อเครื่องสำอางไทยในตลาดออนไลน์ โดยจะทำการเก็บข้อมูลจากแบบสอบถามในประเทศจีนและนำมาวิเคราะห์ผลทางสถิติ ซึ่งปัจจัยที่ส่งผลต่อกลยุทธ์การตลาดออนไลน์จีนโดยเครื่องสำอางไทย คือ ราคาและคุณค่าของผลิตภัณฑ์ที่ลูกค้าจะได้รับและความสัมพันธ์ระหว่างสินค้าและลูกค้า

คำสำคัญ: แผนการตลาดออนไลน์ เครื่องสำอางไทย จีน

Introduction

With China's rapid economic development, the cosmetics market, which is one of the most important consumer product markets, has been growing quickly. IR research data show that in 2012 the market size of China's cosmetics online consumption has reached 57.66 billion yuan with an increase rate of 54.8 percent, compared with 37.26 billion yuan in 2011 (IR research, 2013).

In the China, there are a variety of cosmetic products that constitute cosmetics market (Euromonitor). According to NBS (NBS, 2015) data show that in 2014 the market value of skin care products has reached 142 billion yuan with an increase of 8.0 percent. At the same time, make up products which are the important part of cosmetics market shown high marketing volume. In 2014, the market value of make-up products has reached 21 billion yuan with a growth rate of 9.4 percent. Skin care products and hair care products hold over half of the market share. Make-up products are popular in rural area and large cities. As Eco-friendly life style is becoming popular in China, and the awareness of personal health among customers, more and more Chinese customers willing to choose green and natural cosmetic products (Li, 2012). Other products, such as Anti-aging products that help customers who want to stay youthful and fight aging have become popularity in recent years

In China's cosmetics market, females are the main customer group. According to IR research shows that cosmetic products are the

second major consumer product that are purchased by females (IR research, 2015).

For marketing competition, the data from FUNG group research show that nine out of the top 10 market players being foreign companies. Procter & Gamble (P & G), L'Oreal and Shiseido are top three players in Chinese cosmetics market which are more than 30% of market share value in 2012 (Fung, 2013). Domestic players obtain almost 20 percent of market share and foreign company and Joint Venture Company took up 80% market share in China. However, the market share of domestic brands is growing rapidly, in lower tier cities (Wong, 2015).

According to IR research (IR research, 2013) show that transaction value of Chinese online cosmetics market is 57.66 billion yuan in 2012, with an increase rate of 54.8 percent, compared with 37.26 billion yuan in 2011. The data from CNNIC (CNNIC, 2015) reveals that most of young generation are purchasing cosmetics product from online platform, 80 percent of online cosmetic customers' age between 20-39 years old. Also, more than 90 percent online cosmetic customer are female.

Thai cosmetics as new face which attract attention of customers in Chinese online market place, because Thai cosmetic product, especially Thai herbal with natural ingredients cosmetic products which match to some Chinese customer life style which is an eco-friendly life style (Thai Trade Center Los Angeles, 2015). The data from IR research show that the sale volume of Thai cosmetics ranks sixth in

Chinese online cosmetic market. In taobao.com, the category of Thai cosmetic product store more than 1,000, and the number of shop which sell Thai cosmetics more than 1,900 (NNT, 2015).

Research objective

The study focus on researching marketing factors that influence Chinese customer purchase Thai cosmetic products in Chinese online marketing channel by having one relevant objective as follow:

To study the influencing factors of buying Thai cosmetics in Chinese online market.

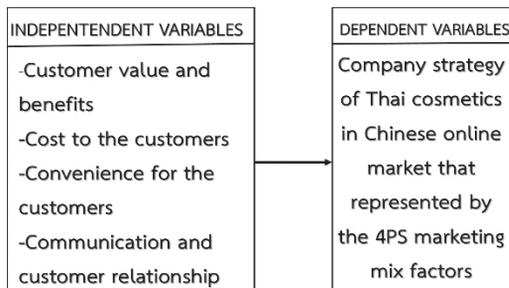


Figure 1 Research Framework

Literature Review

There are two main pieces that put together in this study which are: 1) the 4Ps of the marketing mix (products, price, place, promotion); 2) The 4Cs of marketing mix (customer value, cost, convenience, communication and customer relationship).

1. The 4Ps of the marketing mix

The marketing mix is defined as a tool that can help marketers to make their offerings to suit customers' demand. According to the

marketing mix, both short-term strategies and long-term tactical programs can be used to expand in the business environment (Palmer, 2004). At first, marketing mix comes from the single P (price) which is a concept coming from microeconomic theory (Chong, 2003). The concept of the "marketing mix" was developed by McCarthy (McCarthy, 1964). It has helped marketers to translate market planning into practice (Bennett, 1997).

The research from Möller (Möller, 2006) said that the 4Ps of marketing mix are used in five marketing management sub-disciplines which are consumer marketing, relationship marketing, service marketing, retail marketing and industrial marketing, and E-commerce marketing. The definition of the 4Ps are referred to as 4 marketing elements by McCarthy (1964) which are product, price, place, and promotion.

2. The 4Cs of the marketing mix

The 4Cs model aims to understand a marketing problem from the customer perspective. According to Lauterborn (1990), it implies more emphasis on customer demands and concerns than do the 4Ps. The 4Cs refer to convenience for the customer derives from place, and customer value and benefits derive from product, and the cost for the customer derives from price. Finally, communication and customer relationships derive from promotion.

Research Methodology

In this research, the One-way ANOVA testing was used to illustrate that the 4Cs marketing mix factors in Chinese online market which

reflect the level of customer satisfaction with 4Ps marketing mix factors of Thai cosmetics products. Moreover, the multiple regression testing were applied to reveal that relationship of independent variables and dependent variables.

Result and discussion

This research consists of three parts. The first part show that demographic influence factors. The second part and third part are reveal that the One-way ANOVA testing and multiple regression testing result.

First part of the questionnaire revealed respondents personal information. In terms of gender, 78.5 percent of respondents are female and another 21.5 percent are male. From the result, more than half of the respondents

(61.75 percent) are between 21 and 30 years old, and another 17 percent are between 31 and 40 years old. Moreover, 59.75 percent of the respondents' marital status is single and 36.5 percent of the respondents' are married and 3.75 percent of respondents are divorced or separated. In terms of education, about half of respondents (56 percent) have a Bachelor's degree and 28 percent of respondents have education lower than Bachelor's degree. For the remaining 16 percent of respondents have education higher than Bachelor's degree. Finally, result from the table show that most respondents' income per month is around 2001 and 5000 yuan (45.75 percent). The 21.5 percent of respondents' income per month less than 2000 yuan, and the rest is higher than 8001 yuan.

Table 1 Influence factors of Customer values in Chinese online market which reflect the level of customer satisfaction with product of Thai cosmetics

| Elements of Customer value | F | P-value |
|--|-------|---------|
| - Product choices, style, uniqueness | 0.605 | 0.437 |
| - Customization of products to match the wants of customer | 0.015 | 0.903 |
| - Product display, such as, using HD photo to show product details, applying model's picture to show product size or style | 0.011 | 0.916 |
| - Product description, information provided clearly | 9.566 | 0.002* |
| - Online user community where customer can find useful information about product, and review other customer's feedback | 9.315 | 0.002* |
| - Others | 2.602 | 0.108 |

* Significant at the 0.05

From the Table 1, this indicate that the respondents of this research were more consider with the product detail and enough product information and useful online cosmetic product community when they purchase Thai cosmetic online. On the other words, Chinese online customer get used to learn more product knowledge before they make purchasing decision. Also, online user community as a

public internet social platform where many product's users show their personal using experience and discuss with other people. Most of information come from personal experience or feedback without any advertisement activity in online user community, so that customers may think that online user community as an information channel more trustful and reliable.

Table 2 Influence factors of cost in Chinese online market which reflect the level of customer satisfaction with price of Thai cosmetics

| Elements of cost to customer | F | P-value |
|--|-------|---------|
| - Affordable price/ Reasonable price | 0.289 | 0.591 |
| - Lower price | 7.876 | 0.005* |
| - Real cost which customer is willing to pay including taxes, carriage charges | 7.165 | 0.008* |
| - Others | 1.196 | 0.275 |

* Significant at the 0.05

As illustrated in table 2, the majority of the respondents under this research interest to buy Thai cosmetics products with lower price or real cost (cost include taxes, carriage charge). This shows that the lower price and real cost as elements of cost attributes affect the price of Thai cosmetic product in online

Chinese market. By looking for lower prices one is consequently trying to be saving money. By discussion the element "real cost" it showed that the customer interest to know overall cost not only product cost when they buy Thai cosmetic products online and it is important for them to understand that.

Table 3 Influence factors of convenience in Chinese online market which reflect the level of customer satisfaction with place of Thai cosmetics

| Elements of convenience to customer | F | P-value |
|---|-------|---------|
| - Can find website of shop from search engine easily | 0.166 | 0.684 |
| - Variety of payment channels | 11.47 | 0.001* |
| - Fast and reliable delivery | 0.231 | 0.631 |
| - Website design clearly and comfortable, easily purchasing | 0.256 | 0.631 |
| - Others | 5.977 | 0.015* |

* Significant at the 0.05

From the Table 3, after having investigated the attributes further, we found that the respondents had a more positive attitude towards variety of payment channels when they purchase Thai cosmetic products on line. This indicated that payment service was play important role in the respondents' online shopping processing. On Chinese online market,

there are different payment way were provided, such as E-bank, mobile payment, Ali-pay, WeChat-pay, credit card, and debit card. It should also be noted that the more payment channels can be chose, the higher shopping efficiency, for some customer who have no too much time shopping online were actively seeking this one.

Table 4 Influence factors of communication and customer relationships in Chinese online cosmetic market which reflect the level of customer satisfaction for promotion in Thai cosmetics

| Elements of communication to customer | F | P-value |
|---|-------|---------|
| - Online customer service such as online chat/response, solutions to problems | 1.237 | 0.267 |
| - After sales service such as track and trace, and return | 0.187 | 0.666 |
| - Advertisement such as banner ads, pop-ups, “click here” | 5.288 | 0.022* |
| - Web atmosphere such as music, visuals (3D display) | 1.542 | 0.215 |
| - Others | 2.234 | 0.136 |

* Significant at the 0.05

According to table 4, we found that the advertisement as an elements of communication give much influence to customer when they purchase Thai cosmetic product online. The respondents feel satisfaction with advertisement because it is very popular in internet environment i.e. banner ads, pop-ups, “click

here” which can found almost everywhere on website or searching engine. Customer already used to shopping with advertisement. Moreover, as social media developing, advertisement not only a tool for promotion product, but also a window to show branding effect and communication with customers.

Table 5 The coefficients of multiple regression

| | constant | Customer value | Cost to customer | convenience | Communication and customer relationship |
|-----------|----------|--------------------------------|--------------------------------|--------------------------------|---|
| Product | 1.414 | .304 (.000 ^{***}) | -.104 (.100 [*]) | .207 (.003 ^{***}) | .170 (.021 ^{**}) |
| Price | .972 | .039 (.556) | .526 (.000 ^{***}) | .100 (.133 ^{***}) | .223 (.001 ^{***}) |
| Place | 1.136 | .254 (.001 ^{***}) | .183 (.004 ^{***}) | -.017 (.820) | .191 (.005 ^{***}) |
| Promotion | .333 | .247 (.000 ^{***}) | .413 (.000 ^{***}) | .010 (.866) | .205 (.001 ^{***}) |

^{***} The mean difference is significant at the 0.01 level.

^{**} The mean difference is significant at the 0.05 level.

^{*} The mean difference is significant at the 0.1 level

According to Table 5, the coefficients of multiple regression show that customer value is significant and has positively impact of product dimension. Therefore, we can refer that customer who purchase Thai cosmetics online willing to get more value from product. For example, customer may want to get more product knowledge or purchasing with customization service when they buy Thai

cosmetics online. Also, the elements of convenience is significant and showed a positive attitude to product dimension. Convenience is an attribute from product, and have strong link to product. Customer may willing to make purchasing decision with an internet shopping platform where is high competitive market. Communication and customer relationship is significant and has positively impact of product.

It is could be illustrate that customer interest to know more knowledge not only product, but also branding or promotion information. The cost is significant and show a negative impact of product. This can be derived from fact that customer believe that the lower price of Thai cosmetics products the more suitable with customer's willing when they purchasing online. There are have four elements which all 4Cs marketing mix factors are significant and showed a positive impact with price. From the eyes of customer, customer value is a standard which help them to assess the price of Thai cosmetic product. Also, the cost, how much the pay for buying Thai cosmetics online will link to the price of Thai cosmetics product. The element of convenience also show positive influence to price, therefore, customer might accept that the element of convenience can be included by price of Thai cosmetic products in Chinese online market. Customer feel that good communication and customer relationship is a kind of brand premium that they will to charge. For place dimension, customer value, cost, communication and customer relationship are significant and show a positive influence without convenience. This is a logical conclusion that can be derived from that the factor when customer chose place to buy Thai cosmetic product from online they will searching a place where satisfied with these three elements. Above promotion, except convenience, other three elements are significant and show a positive impact to promotion. On the other words, how customer

think about company or product promotion is depend on what they got satisfaction with customer value, cost, communication and customer relationship.

Conclusion and recommendation

The result will discussed according the finding of the online marketing strategy which can be applied in Chinese online market for Thai cosmetic producer.

The customer value and benefits showed a significant impact on Thai cosmetics online marketing strategy. The finding suggests that factor of customer value should be involved in the marketing strategy with. The products must fully detail, the value of the product for the customers. A dedicated online community based on other customers past experiences which the Thai cosmetic products. These types of reviews are very credible and gives authenticity to brands that's can be difficult to gain from other channels.

According to our expectation, the cost to the customer was found to be an influences factor of Thai cosmetics online marketing strategy. Therefore, price of Thai cosmetics products should lower than in-store that when it is for sale in the online market. However, Chinese consumers of Thai cosmetic products not so price sensitive. Lower price, may lead to a negative perception of the product quality. The customers may be willing to pay a higher price if they believe in the value of the product.

Following with our expectation, the convenience for the customer was found to be

an influence factor of Thai cosmetics online marketing strategy. However it is show significant with product and price. Normally, Customer will think convenience that a kind of service from the online shopping platforms, and is not directed linked to the original producer or company. Therefore, Thai cosmetics producers need to be worry of who they form relationships with in China. Their sellers must be a place of satisfactory service where problems can be dealt with in the best way possible.

The communication and customer relationship showed a significant impact on Thai

cosmetics online marketing strategy. The finding suggests that offline advertising such as magazines and advertising section of newspapers can be integrated with online marketing communication. Whilst, building a “web atmosphere” is a useful tool that should be put into Thai cosmetics online marketing strategy. Therefore, traditional methods of promotion such as in the print media will help to build the brand image of these newly introduced Thai cosmetics. Using Thai imagery is a useful tool in promoting a uniqueness in the crowded Chinese cosmetics market.

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