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Marketing Strategies of Imported Herbal Cosmetic Products in Thailand

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Abstract: This research investigated the factors that influence marketing strategies of imported herbal cosmetic products in Thailand. The study is qualitative research using in - depth interview to collect primary data and use content analysis to analyze the obtained data. The facial herbal cosmetics products using in this study were moisturizer, whitening lotions, creams, powder, toner, make up cleansing, mask, cleansing oil, soap bar, anti-aging lotions and creams which imported from Australia and the USA. Findings from the study found that product A positioned itself as a premium biodynamic natural plus innovation technology product using the greenhouse concept. The shops were decorated using recycle woods. The products' packaging give customers a sense of the source, herb images grow around the boxes and bottles, whilst the text grows with the image, creating a sense of energy. Product A conscious of the environment and strive to source and use the most environmentally aware materials where possible. The retail price strategy depends on local marketing promotions. It has the stand-alone shops plus day spa and counters in department stores. The advertisement media strategies focus on magazine, direct mail, social network advertisement; facebook. Product B sets the position as an innovative organic beauty solution using pure certified organic ingredients without paraben, petroleum, and silicones. Recycled materials were used to make packaging and printed using soy ink. It has shop online and 12 counters in department stores. The local price strategy is discount on vocation. The promotion strategies focused on premium product and cash discount. The advertisement strategies of product B focused on magazines, direct mail, social network advertisement; facebook and popular brand ambassadors. Product C set position as ancient herbal product. The product's formulations have made with the unique natural ingredients, effective botanical extracts with the latest innovations from around the world since a 160 years old formula. The products avoid using of preservative and perfume. It has 8 counters in department stores and used the recyclable packaging so that product C concentrate the efforts and cost on the substance and quality of products which reflex selling price. The advertisement strategies focused on brochure and social network advertisement (facebook and twitter) while selling promotion strategies of the product are free premium sampling, customers refer friends, and 28 days satisfaction guarantee for refund.

Keywords: *Cosmetic, Herbal, Import, Marketing Strategy, Products, Thailand*

1. Introduction

Thailand's cosmetic product market has a very strong group of potential customers' base of 18 million females' age between 15 to 50 years old. (Cosmetic Products Market in Thailand, 2009) Thailand is a target market for herbal cosmetic products from Australia and USA. Imported herbal cosmetic companies invest the money in extremely marketing campaigns to inform their consumers of benefits, value of the products, pay premium products and advertisement using various types of medias such as printed ad, event advertisement, direct mail, television, magazine, and brochures. This research compared the marketing strategies of three imported herbal cosmetic products in Thailand.

The biggest multinational cosmetics companies in the world such as Avon, Procter and Gamble, Estee Lauder, Nivea, and L'oreal are very much interested in the market (Ergin et al., 2005). The market value for cosmetics and skincare in 2009 was US$408 million. International brands such as Lancome, Estee Lauder, Clinique, Shiseido, Christian Dior, Giorgio Armani, Bobbi Brown and Clarins, play significant role in the high-end market of Hong Kong. Mid range brands such as Revlon, Max Factor, L'Oreal and Olay are also popular. Recently, newer brands from Japan and Korea such as DHC, Fancl, HABA, Mioggi, Skin Food.The cosmetics with natural ingredients such as Origins, Jurlique, Kiehl's are playing more roles in the cosmetic markets. This could present that the consumers are turning to premium brands and products made from natural ingredients. There are some new comers which just entered the market and wait for the good time to take portions in the cosmetic markets namely Melvita, Amala, Primavera, Botani, Huiles & Maumes, Thalgo, 100% Pure, Oliver's & Co, Hanskin, The Natural Source, and Do Organic. The cosmetics industry is regionally based, with firms based in North America and in West European countries each accounting for approximately 43% and Firms based in Japan and South Korea have substantial market share at 14%

Firms in the largest five countries (the United States, U.K., France, Germany) make up 93% of sales. Regional multinational based on intra and inter-regional sales, only 16% of cosmetics MNES (Multinational Enterprises) actively participate in at least one Foreign triad market(Oh et al.,2007).The 100 different ingredients derived from plant sources are being incorporated into cosmeceutical and skin care products.

Botanicals used for medicinals, flavorings, or fragrances are known as herbs or herbal (Draelos et al.,2009) The organic cosmetics and toiletries (OCT) manufactured from herbs and plant extracts has been popular in many developed countries. The organic constituents in the cosmetics categorically place them as ecological products and the process of marketing such products may be explained as green marketing. Marketing organic cosmetics is relatively recent outgrowth in the business and it is largely being encouraged by the growing environmental consciousness on the part of citizens(Rajagopal,2007).The 'Organics' in the company captures the essence of the company values and philosophy, and its unique selling proposition (USP), its 100% organic certification from the Soil Association. The products are made without adding any water or chemical at all. The products have high concentration ingredients where the users need to use only little amount. The statements of the production process and its characteristics include environmentally friendly, high quality, and hand made. This emphasis on process is unusual in the cosmetic industry, where the focus is usually on the qualities and packaging of the finished product. In other words, the emphasis placed on these values in the mission statement through branding and marketing communications highlights the core product. The web site has provided an additional channel, through which transactions and communications can be executed. There is scope for further work on SME's engagement with relationship marketing in online environments (Rowey & Spiezia, 2006).

The largest product categories cosmetic markets are facial moisturizers, anti-aging products, makeup foundation, lipsticks and eye makeup (New Zealand Trade and Enterprise, 2010) The marketing strategy inspired by the founder, Estée Lauder, is to provide high-quality service and products as a foundation for a solid and loyal consumer base. The marketing efforts focus primarily on promoting the quality and benefits of each product. Each brand is being positioned distinctively, meaning that it has to have a single global image, logo, packaging, as well as advertising. This allows Estée Lauder to be a truly global company. Major reason for the creation of a unique and distinct image of each brand is that they want to be different from other existing brands, especially the ones that come from competitors, to reach their target groups. In addition, the company has separate web sites between the two brands. For Avon, its major marketing communication tool is brochure. The brochure clarifies detail of each brand of the company's products, as well as the sales promotion campaigns. The brochure also aims to help the sales representatives educating their customers about existing and new products launched by the company. Avon is able to expand its global advertising presence and communicate a more unified brand image throughout its international markets.

The company is leveraging their unique competitive advantage of direct-to-the-consumer relationships through their sales representatives in many new ways including internet technology.Due to cosmetic products life cycle are different from country to country. The companies could increase profitability through international sales because the same item often fetches a higher profit elsewhere, due to the differences in life cycle. Products with long life cycles are soaps, facial cleansing systems, and deodorant whereas short life cycles usually contain products based on color, such as lipstick and nail polish. Long life cycles present obvious advantages and commensurate challenges, which is due to product performance improvement packaging innovations, and of course the lower costs are conventions routinely applied to increase market share(Sameer et al.,2006). The buying behavior refers to the decision processes and actions of people who purchase and use products.It include the behavior of both consumers purchasing business use.(Ferrell & Hert,2009).The brand perception is associated with a higher level of consumer emotional response, higher levels of consumer trust and loyalty, higher consumer preference and usage, more self-expression and improved product differentiation. Brand personality influences consumer attitudes towards a brand while brand attitude describes the positive or negative feelings consumers hold toward a specific brand (Guthrie & Kim,2009)

Th marketing effort was the greater amount of marketing resources a firm invests in the development and the launch of a new product, the higher its probability of success marketing efforts for the new product accelerate the diffusion process, and speed up the adoption rate of the new product (Sun & Hwang,2005). The direct effectiveness selling is that the product manufacturer or importer, through the catalogue, broadcasting, TV channel, internet, etc., transfer the product and service information to the consumer, and the consumer then reply through mail or answer through telephone emergence of network marketing (Jui

et al.,2008). Marketing personnel are constantly analyzing the patterns of buying behavior and purchase decision.The consumption and purchase related decision as basic purchase or consumption decision,brand purchase or consumption decision;channel purchase decision and payment purchase decision.Understanding behavior of consumers is a key to success of herbal cosmetic business organization(Jalalkamali & Nikbin,2010). The objectives is to study and compare the marketing strategies of three imported herbal cosmetic products (one from Australia, two from the USA) being sold in Thailand.

2. Methodology

This study focused on marketing strategy of 3 imported facial herbal cosmetic products in Thailand. Product A is imported from Australia, product B and C are imported from the USA. This study is qualitative research using an in- depth interview to collect primary data from the three brands' managers and used content analysis to analyze the obtained data. The facial imported herbal cosmetics products included in this study were moisturizer, whitening lotions, creams, powder, toner, make up cleansing, mask, cleansing oil, soap bar, anti-aging lotions and creams. The open questions were to gain the feedback on marketing mix strategy of the companies' products.

Population and Sample size: Due to limitation in time, budget, etc. only three cosmetic companies were willing to participate in this study.

3. Results and Discussions

Product A uses ingredients from self-sustaining biodynamic farm in South Australia in its production. Product A able to maintain the highest nutrient value and assure the quality, consistency and efficacy of the formulas for the most transforming skin benefits. Product A has a unique precision science, instead of mass-produced artificial chemicals and synthetics. Product A has bio-intrinsic™ process utilizes a three-step extraction method to capture the highest concentration of nutrients from the entire plant – nourishing our skin with genuinely beneficial ingredients in dynamic formulas. The company believed that people today are more aware of what they put in, on and around their bodies, and it put itself as an alternative beauty company that believes beauty comes from beauty. The company also has its theme that the source beauty come from life, biodynamic beauty is from energy and balance beauty with beauty.

Product B's brand image is innovative organic beauty solutions imported products from the USA. The organic wellness innovators driving product B success are on a mission to bring pleasurable organic beauty solutions to people worldwide. The company used pure organic ingredients from a farm that uses a farming system that maintains and replenishes soil fertility without paraben, petroleum and silicones. The company also used a unique formulation method which is certified organic juice base.

Product C is imported from New York, the United State of America. The product formulations have made with the most unique natural ingredients, proven and effective botanical extracts from parts of the world by combining tried and true methods with the latest innovations more than 160 years. Product C mission is high performance skin care with good service mind.

Marketing Strategy of Product A: Product A set it position as a premium biodynamic natural plus innovation technology products. It has the stand-alone shops plus day spa and places it products in medium-high department stores such as Central department stores, Paradise Park, Mall, Siam Paragon and in Centrara Hotel (five stars hotel). The company's shops' are decorated with recycle woods and made retail environment captures the essence of the source, brings to life a greenhouse concept. The targets customers are all genders with are ages between 30 - 50 years old, medium to high-income levels. The packaging gives customers a sense of the source, herb images grow around the boxes, bottles, whilst the text grows with the image, creating a sense of energy. The conscious of the environment and strive to source and use the most environmentally aware materials where possible. The retail pricing strategies depend on local marketing promotion. The local price strategy is discount 10-20 percent on summer, Earth day, vocation and Mother's day. Product A has promotion strategies depend on calendar of product A, Australia and Hong Kong, which motivate every 6 months. The Advertisement strategies focus on magazine, direct mail, brochure and social network advertisement; facebook.

Marketing Strategy of Product B: Product B is the organic solution for healthy and radiant skin. It has online shop and 12 counters in department stores located in medium-high department stores such as Siam

Paragon, Central, Mall, Robinson. The target customers are every genders; female, male and third gender which every range of age. Product B focused on single and marriage customers. The packaging is Earth friendly packaging. The customers research is the important tool for create local marketing strategies of product B. The local price strategy is discount in occasion. The promotion strategies focused on premium product and cash discount. The advertisement strategies have popular brand ambassador, magazine, direct mail, social network advertisement such as facebook.

Marketing Strategy of Product C: Product C avoids preservative, perfume and recyclable packaging so that product C concentrates the efforts and cost on the substance and quality of products which appropriate selling price. The product has 8 counters in department stores in medium-high department Paragon, Emporium, Central, Paradise Park, and Siam Center. The product has guarantee campaign (satisfaction guarantee) in 28 days or the customers can refund their purchase. The advertisement strategies focused on brochure and social network advertisement (facebook and twitter). In service of local communities, product C remain the service of the patrons and to decades the mission of giving back to the communities and actively engaged in charitable initiatives such as HIV/AIDS education, prevention and research, protecting and nurturing the environment and children's well being.

4. Conclusion

The purpose of this research is to investigate the factors that influence marketing strategies of imported herbal cosmetic products in Thailand. Based on results of three imported herbal cosmetic products it is concludes that the product strategies of three imported herbal cosmetic products are promote the strength of their products e.g; products A set it position as a premium biodynamic and organic plus innovation technologies products,product B is certificated organic juice base,product C have made with the most unique natural ingredients, proven and effective botanical extracts from parts of the world by combining tried and true methods with the latest innovations more than 160 years. The retail pricing strategies of all three brands depend on local marketing promotion. The place strategies; product A have stand alone shops plus day spa and places it products in medium-high department stores,product B have the counters in medium-high department stores and online shop, product C have the counter in medium-high department stores. The Advertisement strategies of product A focused on magazine, direct mail, brochure and social network advertisement; facebook, product B have popular brand ambassador, magazine, direct mail, social network advertisement such as facebook,brochure and product C focused on social network advertisement; facebook and twitter. The promotion strategies of product A has pay premium sampling for new launching products,product B focused on premium product, cash discount and sales promotion strategies of product C are free premium sampling, customers refer friends. The product has guarantee campaign (satisfaction guarantee) in 28 days or the customers can refund their purchase.

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