

Factors Affecting the Success of OTOP Products

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ABSTRACT: This study aimed to study the extent to which strategic marketing factors affected the success of different types of OTOP (One Tumbon One Product) products. The data were collected from 250 entrepreneurs from the product categories including food, beverage, clothing, herbs and decorating items. A structured survey questionnaire was used the main research instrument and mean, standard deviation and multiple regression analysis were used to analyze the data

The research findings revealed that OTOP entrepreneurs utilized 7 P's as the main marketing strategy at high level. Product servicing staff, marketing promotion and pricing altogether were able to explain how the success of OTOP products was affected ($R^2 = 0.421$) particularly product and product servicing staff predominantly affected the marketing success of OTOP ($R^2 = 0.524$) significantly.

Keywords: marketing factor, success, OTOP products

1. INTRODUCTION

One Tumbon One Product (OTOP) Project has been one of the urgent policies to solve the poverty problem of people with low income and thus helps increase effectiveness in the manufacturing sector and increase the indigenous value to the community. Moreover, this will reassure job stability and sustainability of the community.

The OTOP project has been proceeded with the following objectives: (1) To create jobs and generate incomes for the community, (2) To enhance the community's strength by providing know-how, (3) To promote indigenous knowledge inherited from the long history of development, (4) To develop human resources with knowledge, skill and expertise and (5) To encourage creativity within the community in accordance with culturally embedded way of living (Community Development Department., 2012).

OTOP shops are shops that have been established through a collaboration between groups of villagers. The idea evolved when the villagers helped each other develop the samples and converted the samples to the lines of products under OTOP brand name. Initially, the market was relatively niche in nature but the characteristics of the shops have later been expanded into branches and outlets. The heart of the success involved close relationship with the customer with the right unique selling point which mainly are convenience and speed of service. However, most community groups did not know much how to market their products. They did know how to develop a marketing plan: neither target customers nor segmentations made any sense to them. All they knew was to develop products out of the local materials they had which many times did not satisfy the real need of the market. As a result, merely low sale volumes were achieved. Yet, the business was managed poorly and many entrepreneurs had to go out of the business.

Accordingly, there was a strong need for a study of OTOP products so that the large public who were interested in doing a business in relation to OTOP could use as a guideline for their best business outcomes.

The OTOP entrepreneurs will gain competitive advantage and thus can penetrate both local and international market in a sustainable manner.

2. Objectives of Research

- (1) To study the extent to which strategic marketing factor affects the success of OTOP product
- (2) To study the extent to which strategic marketing and marketing communication factors affect different categories of OTOP products.

3. Conceptual Framework

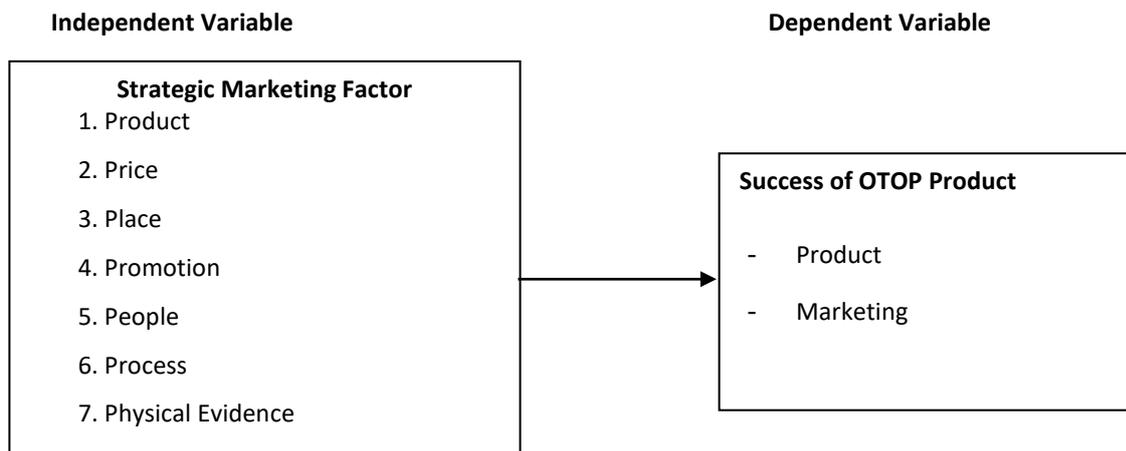


Figure 1 Conceptual Framework of the Research

4. Concepts, Theories and Related Researches

4.1 Theory of Strategic Marketing (7Ps)

According to Kotler and Keller (2016) 7 P's marketing mix consists of the following components: (1) Product – This refers to products or services including core and augmented products that offer benefits the customers want which maintains competitiveness, (2) Price – This refers to the amount of money that needs to be paid to get the product or service or company's offering that the customer is aware of and expects the benefits and value for money from usage of the product or service; (3) Place – This refers to how, when, where and how much time the product or service is delivered; (4) Promotion – This refers to activities in which marketing is communicated and the customer is persuaded and satisfied; (5) People – This refers to the effort made for personnel recruitment selection and human resource development as well as how the workforce can be motivated; (6) Physical Evidence – This refers to the place and environment of different components that are tangible and help facilitate the customer who uses the service and (7) Process – This refers to a process of producing and delivering the products using appropriate design and process effectively.

4.2 Concepts and Theories of Business Administration

Today, business administration faces challenges due to unpredictable changes and aggressive competition from ongoing new entrants to the industries. Within a particular sector, there are: (1) existing businesses, (2) newly established domestic businesses and (3) newly entrant foreign businesses. Besides, the economy also faces external factors including politics, technology and society. To elaborate, external factors that may affect the businesses and economies can be described as follows.

- (1) **Human Resources Management** – The management must understand the significance of the interdependence and interrelation within the organization (Purce, 2014) Theoretically, people are different because they come from different backgrounds and thus it is not very easy to select those who are suitable for working in a particular organization.

- (2) **Marketing** – Marketing is the most important factor that makes a great impact on business performance (Asley and Tuten, 2014; Huang and Sarigollu, 2014) Especially the brand, marketing helps create direct effects on the customers. It builds relationship between the brand and the consumers owing to the brand awareness leading to consumer trial, which in turn helps formulate the right marketing mix for the market.
- (3) **Manufacturing** – Manufacturing involves a clear process that helps increases manufacturing effectiveness (Hitt, Carnes and Xu, 2016) According to Resource-Based View or Contingency Theory, manufacturing management is an important part of the company at business or corporate level.
- (4) **Accounting and Finance** – It is a management process that is widely accepted as the most important part of the business especially for medium and small businesses (Lopez and Hiebl, 2014) Most businesses went out of business due to a lack of proper accounting and financial systems.

4.3 Concepts and Theories of Product Differences

Porter (1985) invents Competitive Strategy that emphasizes that running a business successfully depends upon how well the business can cope with five forces namely Porter's Five Forces (Porter, 1980) as follows.

- (1) Rivalry Among Existing Firms,
- (2) New Entrants,
- (3) Substitutes,
- (4) Suppliers and
- (5) Buyer's Bargaining Power.

5. Research Methodology

(1) Research Method

A study of factors affecting the success of OTOP products was quantitative in nature using descriptive statistics as the main analytical technique.

(2) Population and Sample of the Study

The population used in this research consisted of five categories including food, beverage, clothing, herb and decorating item all of which were registered as an official OTOP product with Community Development Department.

The sample used in this study was 250 entrepreneurs of five categories of OTOP products in total: 50 entrepreneurs of decorating items, 50 entrepreneurs of foods, 50 entrepreneurs of beverages, 50 entrepreneurs of clothing and apparels and 50 entrepreneurs of non-edible herbs. These entrepreneurs were selected using convenience sampling technique.

(3) Research Instrument/ Data Collection Technique

Data Collection - The main research instrument used to collect data was a structured survey questionnaire using close-ended questions and rating scale. The data were collected from the entrepreneurs of food, beverage, clothing and apparel, herb and decorating item in Chon Buri and reliability and validity of the questionnaire were reassured. The questionnaire had a reliability value of 0.91.

Data Analysis – The study used descriptive statistics which included percentage, mean and standard deviation, while inferential statistics included multiple regression analysis.

7. Research Findings

Research findings from regression analysis of marketing strategy factor that affected the success of OTOP products in relation to Product and Marketing are shown in Table 1 below.

Table I Mean and Standard Deviation of Marketing Factor in Overall

Marketing Strategy (7 P's)	Mean	S.D.	Level of Purchase Decision Making
1. Product	3.84	1.06	High
2. Price	3.65	0.96	High
3. Place	3.64	0.97	High
4. Promotion	3.73	1.03	High
5. People	3.95	1.00	High
6. Process	3.23	0.95	High
7. Physical Evidence	3.55	0.89	High
Total	3.66	0.98	High

According to Table 1, the mean and standard deviation of marketing strategy of OTOP products in overall was high (Mean = 3.66, Std. = 0.98). Service staff, product promotion, price, place, physical evidence and process were all rated at high level.

Table II Regression Analysis of Marketing Strategy Affecting the Success of OTOP products in relation to Product

Variable	b	β	t	P
Constant	0.955	-	- 3.928*	0.000
1. Product	0.088	0.088	0.916	0.361
2. Price	0.198	0.204	2.276*	0.004
3. Place	-0.035	-0.035	-0.381	0.703
4. Promotion	0.338	0.336	3.652*	0.000
5. People	0.180	0.112	1.056	0.292
6. Process	0.086	0.115	1.279	0.203
7. Physical Evidence	-0.070	-0.087	-0.874	0.383

***P < 0.01, 0.05

R = 0.648 R² = 0.421 F = 19.907* Sig = 0.000

Table 2 shows that Promotion and Price affected the success of OTOP products in relation to Product at significance level of 0.05. In detail, it was discovered that: promotion affected the success of OTOP product the most with the coefficient of determination of 0.338; price with the coefficient of determination of 0.198; and service staff; price with the coefficient of determination of 0.180 respectively.

Table III Regression Analysis of Marketing Strategy affecting the success of OTOP Product in relation to Marketing

Variable	b	B	t	P
Constant	0.354	-	1.435	0.151
1. Product	0.662	0.591	6.814*	0.000
2. Price	-0.053	-0.052	-0.625	0.541
3. Place	0.059	0.050	0.624	0.543
4. Promotion	0.115	0.139	1.669	0.098
5. People	0.208	0.223	2.298*	0.025
6. Process	-0.158	0.031	-0.381	0.704
7. Physical Evidence	-0.159	0.0179	-1.968	0.052

R = 0.725 R² = 0.524 F = 30.135* Sig = 0.000

* p < .05

Table 3 shows that Product and Service Staff affected the success of OTOP products in relation to marketing at significance level of 0.05. It was discovered that product affected the success of OTOP products in relation to

marketing the most with the coefficient of determination of 0.662; service staff had the coefficient of determination of 0.208 and promotion had the coefficient of determination of 0.115 respectively.

8. Research Discussion

The research findings revealed that marketing strategy factor affected the success of OTOP products as follows.

- (1) Product – Product strategy should be a strategy that OTOP entrepreneurs used to create value for the products and different their products from other products. This is a unique selling point. (Pinaisup and Kamphan,2006) studied about an OTOP product and found that to gain success from selling an OTOP product, the entrepreneur had to rely on supports from the mechanism of public and private sectors such as product development standard and product selection contest. This in in congruence with a study of Ashley and Tuten (2015) and Huang and Sarigollu (2014)[10,11] who found that product was not only important as a product item per se, but also a process of cognition, service, natural resources and environment conservation, indigenous knowledge inheritance, tourism, exchange of knowledge and creation of unique products that can become well-known to the world.
- (2) Price – Pricing strategy was related to how the price can be seen as being worth value for money. Product development should comprise unique service quality and add new value to the market (Smith and Tubsree, 2016): it was discovered that expanding the product line helped increase sale volumes, sale network and number of customers. (Kumtuan, 2016) found that the main reasons why tourists visited four-star hotels in Pattaya were (a) product or service, (b) price, (c) service channel, (d) promotion, (e) service staff, (f) physical environment and (g) service process.
- (3) Place – Place is highly important for OTOP product entrepreneurs. It was found that selling or distribution channels included both direct and indirect channels. Especially for indirect channel, most manufacturers did not distribute their products directly to the consumers but through some intermediaries. Most entrepreneurs tended to select good prospect representatives or distributors who could distribute their products via as many channels as possible and to as many consumers as they possibly could. (Smith and Tubsree, 2016., Mukda,2014) describe that it is important for entrepreneurs to expand their product distribution channels or networks in order to reach the wider range of consumers. (Thu, 2013., Mukai and Fujikura, 2015) add that OTOP products may be distributed via social networks such as Facebook and Line app.
- (4) Promotion – Promotion is another important factor that affected the success of OTOP products (Community Development Department, 2012). Even the Community Development Department had to organize different projects and activities to help promote OTOP products such as OTOP Delivery, OTOP Mobile to the Factory and OTOP City projects. The government also emphasizes the availability of OTOP products regularly (Jeerakul, 2013).
- (5) Service Staff – Service staff was rated high as an important factor that affected the success of OTOP products. The staffs who dealt with the service should come from the local community. They should involve in producing products, running the business and employing human resources with skill and expertise. This is because local people loved and engaged with the community and the OTOP products truly. Indeed, it was discovered that quite a few businesses went out of the business simply because local people were not employed (Ploydee, 1997).
- (6) Service Process – The service must be punctual and timely which is in line with (Naiyajit, 2005): most consumers tended to purchase OTOP products at OTOP exhibitions and OTOP shops. The primary reason that most consumers considered before they actually purchased the products was how well the business was handled and good speed of service as well as the cleanliness of the shops and how organized the products were properly shelved in the shops. Above all, knowledgeable staff should stand by to provide customers with proper advices they need.
- (7) Physical Evidence – Physical evidence was rated high as an important factor that affected the success of OTOP products. Especially, building brand image really determined the OTOP success. This is congruent with (Lapirattanakul, 2010) that good brand image makes the product stand out and makes it easier to gain acceptance from the market.

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