

Perceived OTOP Product Innovations Influencing Consumer Purchase Decisions

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ABSTRACT

Abstract—This research aimed to study the perceived OTOP product innovations influencing consumer purchase decisions. The sample group consisted of 350 consumers who have used Thai community products, selected from the population using cluster sampling method. Data was collected using the generated questionnaires with the validity and reliability tested. The statistics used in the analysis were mean, standard deviation, and Multiple regression analysis. The results of the research revealed that the respondents emphasized on product innovation and perceived brand. The respondents emphasized on product innovation and each aspect at moderate level. Including the respondents emphasized on perceived brand equity and each aspect at high level. In addition, the hypothesis testing revealed that the perceived brand equity in the aspect of brand awareness, perceived brand quality, brand loyalty and brand awareness have positively affected the purchasing decision of Thai community products which the variables can jointly forecast with significant at .05 and were able to explain the variance at 50.7 percent. The highest multiple regression coefficients were brand awareness, followed by perceived brand quality, brand association and brand loyalty, respectively. While product quality, product design, product utilization did not influence purchasing decisions of Thai community products.

Keywords— Community products, Perceived brand equity, Purchase decisions

INTRODUCTION

The rapid changes under globalization cause changes in the economic, social and technological environment to develop rapidly. Today's business operations must be adjusted according to changing circumstances, resulting in a change in business practices, as well as various strategies to be ready for the increasingly intense competition. In particular, producers of community in Thailand, which are cultural products, cannot avoid the impact due to the current intense business competition situation. The government has given importance to empowering communities and use the strengths of the cultural community way of life and wisdom to connect to the manufacturing and service sectors in order to build a brand and expand market opportunities even (Office of Small and Medium Enterprises Promotion, 2020). Therefore, community product manufacturers are affected by competitors and the competition conditions in the market are increasing.

Community products are intended for people in the community to use their existing wisdom to develop creative products to sell and generate income for themselves, their families and communities, which is one way to strengthen the community. The approach of community product development is to produce or manage the resources available in the community to become quality products, have their own identity and in accordance with the culture in each community (Bureau for Promotion of Local Wisdom and Community Enterprise, 2020). Governments should support and encourage communities to create marketable products, use technology and management to ensure that quality is acceptable and in demand in international markets. This is based on physical energy, creativity and the desire to primarily use locally available resources, as well as continuing the good culture of the locality to remain.

Data from the Bureau of Local Wisdom and Community Enterprise Promotion (2020) found that community products in the One Tambon One Product (OTOP) project in 2018 which had a sales volume of 1.9 hundred billion baht. When looking at in-depth information, it was found that there were more than 20,000 community products, but found That there are more than 40% of all community products that are unable to reach international standards or compete in the world market. If comparing community product sales with gross national product (GDP) in 2018, it would account for only 1.2%, which is still very low. pushing community products to be able to compete and step up to international standards (Bureau for Promotion of Local Wisdom and Community Enterprise, 2020).

However, community products have to face an increasingly competitive business situation at present including even though the community products are selected products and are quality products that originate from the brand community wisdom. But it has low competitiveness and is not accepted by consumers as it should be because it is a product that the communities produce (Rukkhachat, 2016). Therefore, consumers have a brand image that is of low quality. This makes it unable to compete in the market with products that have been processed by the factory, and creating the value of the product. Entrepreneurs need to learn to adapt to the competition by creating brand equity for brand awareness and developing innovative products to meet customer needs. In this situation, research was conducted to find a solution by developing the concept of brand equity, which is used as a strategy to keep the product above the competition. Thus, it is important for businesses to create attraction in their brands to be in better position than their competitors. This is evident that the consumers disseminate and always willing to acquire a product, so here the brand awareness is always a vital factor to manipulate the buying decisions and purchase intentions. Purchasing decisions are also influenced by perceived quality which is an aspect of brand value that causes consumers to pay for certain products or services (Aaker, 1991).

In this situation, community entrepreneurs need to learn to adapt to the competition by creating brand equity in order to gain brand recognition and develop innovative products to meet customer needs. Therefore, the researcher is interested in studying the brand equities that affects the purchasing decision of Thai community products. The purposes of this research were to study perceived brand equity that influence the purchasing decision of Thai community products. The results of the study will be empirical data on adjusting strategies to create brand equities of community products. This will increase competitiveness to be on par with other products that are generally sold and support community products to reach international standards.

LITERATURE REVIEWS

Product Innovation

The National Innovation Agency (2006) defines innovation as “The new thing arising from the use of knowledge and creativity that is beneficial to the economy and society”. There is a significant difference in meaning from the word “Invention”, which is the issue of commercial and social exploitation. Because it is only meant to make new ideas come true and tangible. The meaning of Innovation in economics is the introduction of new ideas or taking advantage of what already exists in a new way to bring economic benefits. As well as the narrow definition of innovation is the product of scientific and technological achievements combined with the dynamics of social activities. While in a broader sense, it refers to an idea, practice, or thing. that is new to the individual or the unit that adopts them incorporating activities that lead to the pursuit of commercial success.

There are several classifications of innovations based on their classification as the target of innovation, the degree of change, and the area of impact (Gopalakrishnan & Damanpour, 1997; Smith, 2006; Schilling, 2008). The Target of Innovation classification is divided into Product Innovation and Process Innovation. This will only talk about product innovations. National Science and Technology Development Agency has given the meaning of product innovation as product innovation is to develop and introduce new products, whether in technology or how to use it as well as improving existing products to have better quality and efficiency. Product innovation is considered as the outputs of an organization or business. It may be in the form of goods or services (Schilling, 2008). There is a crucial role of marketing strategy, product innovation, and product quality to capture a big share of the market in a sustainable environment where the global supply chains are creating challenges for local businesses (Sittisom et al., 2022).

Brand equity

Brand means a symbol, identity and assets that are related to the brand. The brand can help to continuously add positive value to the brand owner and consumers (Kotler & Armstrong, 2017). The general product properties can be perceived externally such as product packaging, property label and the benefits of the product, etc., It also creates financial value to occur between the brand owner and the consumer.

Brand equity is value that can be perceived by consumers, users and purchasers. It makes the importance of the brand happen and results in positive consumer behavior. Consumers perceive that brand equity will have a positive effect on that product as well (Keller, 2013). Brand equity is an important marketing tool for building a strong brand which is necessary for marketers to study and use as a guideline in formulating a strategy to make the product different and unique characteristics that meet the needs of consumers. In addition, branding is an

important marketing strategy for building relationships and brand engagement with consumers as well. Consumer perception of brand equity consists of 4 components (Aaker, 1991) as follows.

Brand awareness means that the target consumers can remember, or remember any brand and can link the relationship between product categories and those brands. Because when consumers become aware of the brand, consumers will become familiar with that brand, make the product trustworthy or reliable, credible and reasonable quality, Brand awareness is a strength that arises in the minds of consumers.

Perceived brand quality refers to how consumers perceive the overall quality of the target consumer towards the product. The perception of quality will lead to financial success and business strategy execution including other marketing activities of the brand as well. It is determined by the purpose or functional properties of the product and perceived quality is measurable but intangible because it is the overall feeling towards the consumer's brand (Aghaei et al., 2014).

Brand association refers to the ability of target consumers to associate a brand with images, activities, or symbols of the brand which connects components of the brand to the memories of consumers. This relationship will help create a positive attitude for the brand and become a link between consumer sentiment and that brand (Keller, 2013).

Brand loyalty means commitment, confidence, popularity mania and the integrity that consumers have with any brand, resulting the consumer using the same brand repeatedly or forever. Brand loyalty is also related to the purchase and experience of using the product (Kotler & Armstrong, 2017). It also helps reduce marketing costs, build bargaining power, attract new customers, make consumers buy again, reflect the market potential of that product as well as helping to protect from the threat of customer loyalty to competitors.

Purchase decision

Purchase decision is the thought process that leads a consumer from identifying a need, generating options, and choosing a specific product and brand which each product has a different decision-making process. For very complex products, consumers will need to search data and evaluate their decision-making options rather than the slightly more efficient and complex products that can be explained by the consumer's purchasing decision-making process (Kotler & Armstrong, 2017). The purchasing decision process begins with the awareness of consumer problems that are driven by intrinsic motivation, such as a desire or perhaps a desire driven by an external motivation such as advertising. When stimulated by these factors, it creates demand. The purchase decision sometime occurs after evaluating the choice of consumers who intend to purchase the product and later behavior purchase and use of the product for a period of time. Consumers compare their expectations with the performance they expect. If the efficiency is higher than the expectation, it will satisfy the consumers. When consumers are satisfied the products, there will be a process of satisfaction which is like referrals, repeat purchases, etc. Therefore, post-purchase behavior will vary according to personal preferences and characteristics. But if consumers are not satisfied, consumers may stop buying the product next time and this can hurt referrals, causing them to buy less as well (Kotler & Armstrong, 2017).

METHODS

The target population used in this research were consumers who have used Thai community products which cannot determine the exact population. The sample of 350 was conducted to collect data by using cluster sampling method from groups of social media users such as Facebook, Line, etc. An invitation to fill up the questionnaire was sent to members of the group who have used or purchased Thai community products by using convenience sampling methods until the required number of samples is reached.

Tools used in this research is a questionnaire created by the researcher and in accordance with the definition of operations according to the characteristics to be measured, divided into 3 parts, consisting of demographic data, perceived brand equity opinions and purchase decisions for community products. The estimation scale type of questionnaire was 5-level Likert's scale. The generated questionnaires were used to test the validity and reliability of the questionnaires before collecting data in order to obtain accurate research results and achieve the stated objectives. In this regard, the researcher will arrange for a pre-test with preliminary questionnaire of 40 sets. The results of the confidence check were the confidence values of each question were between 0.7-1.00 and got the total confidence of 0.886, which passed the reliability criteria (Hair et al., 2010). Additionally, the questionnaires generated were subject to content review from the advisor already. Therefore, it was concluded that the

questionnaires could be used to collect data. The empirical data of 350 valid responses was collected through an online survey from consumers who have purchased a Thai community product.

Statistics used in data analysis, the researcher used descriptive statistics to describe the demographic characteristics such as frequency, percentage, mean and standard deviation. As well as the inferential statistical analysis was used to test research hypotheses by using Pearson correlation coefficient analysis and Multiple regression analysis.

RESULTS

Descriptive results

The demographic information of the samples were consumers who had used Thai community products among the 350 samples. Most of responders accounted for 63 percent were female, 35.5 percent were aged between 31 and 40 years, 35.2 percent had marital status, and 31.5 percent had the highest level of education at the bachelor's degree.

The descriptive data on the product innovation consisting of product quality, product design, and product utilization, the overall aspects and each aspect were at a moderate level. The perceived of brand equity consisting of brand awareness, perceived brand quality, brand association, and brand loyalty, the overall aspects and each aspects were at a high level.

Hypothesis testing results

The analysis of the influence of perceived brand equity affecting purchasing decisions for Thai community product by using Multiple Regression Analysis. The result of multiple regression analysis revealed that brand awareness, perceived brand quality, brand loyalty and brand association can together predict consumers' decision to purchase community products with statistical significance at $F=62.526$. All variables can explain the variability of consumers' decision to purchase community products in Bangkok (R^2) accounted for 67.89 percent. The test results revealed that product quality, product design, product utilization, brand awareness, perceived brand quality, brand loyalty and brand association positively influenced purchasing decisions of Thai community products. When considering multiple regression coefficients in the form of a standard score, the aspect of brand awareness had the highest multiple regression coefficients ($\beta=.253$), followed by perceived brand quality ($\beta=.224$), brand association ($\beta=.169$), and brand loyalty ($\beta=.135$), respectively. While product quality, product design, product utilization did not influence purchasing decisions of Thai community products.

CONCLUSION AND FUTURE WORK

Conclusion and discussion

The results revealed that the respondents paid attention on the components of perceived brand equity as a whole was at a high level. When considering in each aspect, the respondents paid the high attention to brand awareness, followed by perceived brand quality, brand loyalty, and brand association, respectively. The result was consistent with the research of Rukkhachat (2016) which found that customers pay the most attention to brand awareness more than other aspects. Considering the indicators of brand awareness was found that the respondents were aware of the brand that it produced from local wisdom, made from natural raw materials, remember the brand of the community that they are using as well, know the brand of the community very well and be able to recommend the brand of community products used correctly to others. The results shown that consumers know community products very well. This may be because community products are government-sponsored products to increase the potential of the community and use the strengths of the cultural community and wisdom to create a symbol and expand marketing opportunities. However, from the previous research, it can be seen that the marketing communication cannot be communicated to consumers to be able to remember the community brand and cannot be linked between product categories and brands.

The results of the influence of perceived brand equity on purchasing decisions of Thai community products which this study aims to explore the effects the component of brand equity (brand awareness, perceived brand quality, brand loyalty and brand association) on consumers' decision to purchase Thai community products. The result was found that the perceived brand equity in the aspect of brand awareness, perceived brand quality, brand loyalty and brand association affected the decision to purchase Thai community products. The result was

consistent with the previous research of Grigaliunaite & Pileliene (2017), Junnapiya (2015), Nithichaowakul (2015), Phattana & Thipjumnong (2020) revealed that brand value in recognition of the unique quality of a product is a factor that drives purchasing decisions. As well as consistent with the research of Rukkhachat (2016) in the aspect of perceived brand quality and brand loyalty but not consistent in the aspect of brand awareness and brand association. Based on the results of this study, brand loyalty had the greatest effect on consumers' purchase intention. Consumers will also assess their perception of product quality based on their purchase experience and brand awareness, which in turn can build brand loyalty and lead to purchase intention.

Recommendations and future work

The results of related research show that consumers will be more willing to buy products. A marketer or brand manager must create brand equity in the product that will go to the market, such as creating quality in the branded product and brand awareness in the minds of consumers, as well as brand association can result in brand loyalty. These elements of brand equity building will ultimately lead to purchase intention. Recommendations obtained for applying the research results were that entrepreneurs should develop innovative products in terms of design and usability by developing innovative products, has a beautiful look and color, and attractive to see including awareness. As well as they should improve the appearance of the product in accordance with the needs of consumers and differentiate the design and functionality of the product to create a distinctive stand in the minds of consumers. Moreover, the marketers should be aware of creating brand equity for community products especially in terms of brand awareness and brand association. They should continually support advertising and public relations arouse consumer interest, convey the experience to consumers and make consumers remember the product until the relationship with the brand which affects the image of the product as well. In addition, marketing strategies should be formulated in order for consumers to have intent to buy, make a purchase decision and have brand loyalty. The marketers must build engagement, confidence and loyalty that consumers have for any community product brand. The consumer will use the same community product brand repeatedly and tell others to come and buy.

For further research should be studied in conjunction with other relevant or expected factors influencing purchasing decisions in order to gain more insights covering all dimensions such as factors of marketing mix, brand image, service quality and word-of-mouth marketing, etc. In addition, it should study in other population groups or other areas such as consumers in ASEAN countries.

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