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The Influence of Marketing Mix to Export of Automobile Tire in Thailand

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Abstract: This research aims to study the influence of the marketing mix or the 4Ps of marketing factors toward export of automobile tire industries in Thailand. The 384 samples used in the study were collected from executives, department heads, and operation staff who dealt with the automobile tire industry. The statistics used for data analysis comprised of frequency, percentage, mean, standard deviation, and regression. The results showed that there was a relationship between 4Ps of marketing, with the export of automobile tires industry. The result of multiple linear regression analysis showed that 4Ps of marketing influenced on the export of automobile tire industry. The practical contribution of the research is that it provides much needed empirical data on the influence of marketing mix to the export automobile tires. Keywords: Marketing mix, Export, Automobile Tires

INTRODUCTION

Over the decade, the tradition of marketing management has dramatically changed to the globalisation era which companies and organisations have concerned about customers' loyalty and embracing marketing strategies to assess the strengths and weaknesses of current and potential competitors. Marketing strategies provide activities directly to companies' goals and objectives which such activities could advance business interests and a successful business (Smith and Petty, 1994). Marketing strategies helps in developing goods and services in order for companies to have best profit making potential. Also it represents the tools that the company can effectively use to gain market share and compete with others. It can be said that marketing strategies explains the achievement of the company vision, mission and objectives.

Industries and companies confront a challenge to produce products to attract new customers and keep existing customers. The economic structure of countries in the world has changed dramatically. Most of the country's farmers changed to the industrialised countries because of the globalisation (The Observatory of Economic Complexity, 2015). As a result, there is a demand for goods and services from abroad that a

country needs from other countries which is called “International Business” (Chaiprasit ,2016). Thailand has potential to produce various types of products because of the plenty of resources which leads Thailand becomes a country that pay an important role to export agricultural products including the processing of agricultural products, such as several types of rubber tire production (The Observatory of Economic Complexity, 2015). Table 1 presents the volume of export sales which rubber product exports ranked second in Thailand’s Agricultural Exports (Department of Trade Negotiations, 2013).

Table 1
Top 5 Thailand’s Agricultural Exports

<i>Items</i>	<i>2018 (Million Babt)</i>
1. Rice	172,778
2. Natural rubber	193,938
3. Cassava	115,889
4. Fruit	106,184
5. Sugar	98,309

Source: Office of Agricultural Economics

Thailand has been praised by the international world that has the potential to produce high quality rubber. This makes the country’s exports of natural rubber in first ranking in three of the world (Wachiradetwong, 2011). The place that can produce high quality of rubber is located in the South of Thailand. However the support from Thai government helps to expand rubber plantations in different regions across the country.

PROBLEM STATEMENT

The report of Thailand’s export showed a high competition in export tire (Thailand Development Research InstituteFoundation, 2010). Product differentiation and low cost are the strategy that is concerned by firms. It cannot be denied that Thailand has low labor cost and plenty of raw materials to produce tire production which attracts investors in tire industries. A number of foreigner investors interested in the industrial tire manufacturer in Thailand has increased dramatically such as Bridgestone Co., Ltd. (Japan), a group of Michelin Siam Co., Ltd. (US), Goodyear (Thailand) which leads to a high competition in the tire industry.

One of the most popular aspects of marketing strategy relates to business opportunities by utilising marketing mix. The term of marketing mix was introduced by Culliton’s (1948). Later, Borden (1965) has defined “marketing mix” into 12 elements: product planning, pricing, branding, channels of distribution, personal selling, advertising, promotion, packaging, display, servicing, physical handling and fact finding and analysis. However, there are a numbers of authors tried to define the term of marketing mix. McCarthy (1964) has refined Border’s concept and regrouped Borden’s12 elements to 4 elements: product, price, place and promotion.

In order to strengthened market’s tire industry, researchers are interested to study the marketing mix factors that affect the tire export opportunities industry in order to help the tire industry to have advantages than the competitors and to produce tire for exporting efficiency.

The marketing mix

Marketing Association of the United States (American Marketing Association (AMA)), defined market as a business process that delivers goods and services from the manufacturer to the consumer or to the industry. Market structure is an important strategic environment of the production unit which influence the behavior and performance of production units. Kotler and Armstrong (1989) defined marketing mix as “the set of controllable marketing variables that the firm blends to produce the response it wants in the target market” (Kotler and Armstrong, 1989, p. 45). Grönroos (1994) argued that 4Ps or marketing mix helps managers to plan for marketing strategy in non-service based industry. Doyle (1995) described marketing mix as a tool that marketing managers should develop a systematic plan to deliver product or sell to the customers after selecting a target market in order to make long-term relationships with customers. Goldsmith (1999) claimed that the marketing mix consists of decisions about product, place, promotion and price. Palmer (2004) agreed that marketing mix is a tool to help management to offer products to target customers and to expand short and long term marketing strategies.

Later on Armstrong and Kotler (2007) claimed that marketing mix can be classified into four groups which can be called the 4Ps of marketing. They are product, price, place and promotion. (Armstrong and Kotler, 2007 p.53). On the other hand, it was the influence of behavior and results of operations of units in the market (Tansakul, 2008).

Kotler and Keller (2009) provided the definition of market mix as

“the process by which an organization relates creatively, productively, and profitably to the marketplace, Marketing is the art of creating and satisfying customers at a profit and Marketing is getting the right goods and services to the right people at the right places at the right time at the right price with the right communications and promotion.”

This definition implied causing the satisfaction of both consumers and businesses. Kotler and Keller (2009) suggested that the 4Ps of marketing or marketing mix are divided into four categories: products (Product), Price (Pricing), distribution (Place), promotion (Promotion). The 4 Ps of marketing is a tool to stimulate consumer awareness for the assessment of alternatives and the decision to purchase and post-purchase evaluation which is called the process of making a purchase (Tansakul, 2008). marketing mix is designed to meet the company’s marketing objectives by providing its customers with value. The marketing mix combine to establish the position of product within its target markets Kotler (2005).

Although there are a number of advantages of marketing mix; however, there are some criticism of marketing mix from the researchers. Rafiq and Ahmed (1995) argued that the 4Ps framework have been proposed in the considerable academic and industry attention, therefore it may not apply to the services marketing area. For example, services are not specifically mentioned, though they can be classified as products (Constantinides, 2002).

PREVIOUS RESEARCH

Waiyawutkiat (2000) analyzed the factors in tire exports. The analysis showed factors that affect exports of tires, the suitable time to export tires. He found that the economic factors affecting the price of goods such as inflation, oil prices, rubber and fuel oil prices. These factors were the most significant factors influencing on the value of exports of tires, followed by gross domestic product, exchange rate baht to the US dollar, price of synthetic rubber and a minimum wage of Thailand in Bangkok. And the factors that less affected

to the value of exports of tires were the confidence on the business of export and import, the economic confidence index, bank interest rates for export and import of Thailand, and freight of Thailand to Japan.

Sapwara (2007) studied factors affecting Thailand's export volume of the furniture market to Japan. She agreed that the 4Ps of marketing influenced the export opportunities and it could help management to make a decision for manufacturing to compete in the global market. She claimed that the 4Ps of marketing maximizes a company's chances of achieving stability and success in its performance. A marketing mix improved companies maintained responsible to their customers.

METHOD OF RESEARCH

The data were collected through self-administered questionnaires. Samples were a total of 384. The researchers sent a questionnaire to the companies tire industry through mail and to fill in a questionnaire to complete and return them to the researcher. Distributing process was set out to various participants corporate executives, head of Marketing department personnel or operation staff, including workers in the production department. Participants were selected based on their involvement in and ability to influence planning and operating in tire exporting.

Of the 400 questionnaires that were distributed, 384 or 96 percent were returned and usable for analysis.

ANALYSIS AND DISCUSSION

The analysis of data for companies in the tire industry. A total of 384 samples from the general characteristics of the sample that can be classified by type of business, period of the establishment of the company and capital are as follows.

Table 2
The percentage of Companies in Tire Industries

<i>Item</i>	<i>Quantity</i>	<i>Percentage</i>
Type of business		
Company Co LTD	346	90.1
Public Company	38	9.9
Total	384	100
Period of the establishment of the company		
Less than 5 years	-	-
5 – 10 years	3	0.8
10 - 15 years	-	-
More than 15 years	381	99.2
Total	384	100
Capital		
Less than 10 million baht	-	-
10 - 50 million baht	2	0.5
50 - 100 million baht	-	-
Over 100 million baht	382	99.5
Total	384	100

Table 2 showed that 90.1% was companies Co LTD and only 9.9 was public companies. A period of establishment of companies more than 15 years was 99.2% or 381 cases and the period of establishment of companies between 5-10 years was 0.8%. Company's authorized share capital over 100 million baht represented 99.5% and the capital between 10-50 million baht was 0.5%

Table 3
Mean and Standard Deviation of Marketing Mix

<i>Marketing Mix</i>	\bar{X}	<i>SD</i>	<i>Result</i>
Marketing Mix	4.38	0.35	Highest

Table 3 indicated the mean of marketing mix was 4.38 with the standard deviation of 0.35. Marketing mix had a highest relation to the export opportunities tires.

Table 4
Relationship between the marketing mix 4Ps to export opportunities tires

<i>Marketing mix factors has relationship with the opportunity to export</i>	<i>Export of Tire</i> <i>r</i>	<i>Sig.</i>	<i>Level</i>
Marketing mix	.309**	.000	Moderate

Table 4 explained the Hypothesis assumptions for 4Ps marketing mix factors that correlated with tire export opportunities industry were:

H_0 : *the 4Ps of marketing has no relationship with the opportunity to export.*

H_1 : *the 4Ps of marketing has relationship with the opportunity to export.*

Considering the number of variables in the marketing mix 4Ps was associated with export opportunities in the tire industry, it was also found that 4Ps of marketing significantly related with export opportunities tire industry at the level of 0.000.

DISCUSSION

According to the study, this study found that the internal organization factors of the tire industry such as labor and raw material costs affecting the volume of exports regarding to the work of Saphirun (2007). The study also found that the 4Ps of marketing or the marketing mix influences in the business. The organization needs to adapt to fit in the corporate environment which can be confirmed with the research of the Polwichit (2006) agreeing that the 4Ps of marketing is an important initial strategic environment of the production unit in order for the export opportunities tire industry. It is important to point out the marketing mix to create the efficient marketing mix such as making a good feature of product, price differentiation, suitable place and time for product and effective promotion options. Furthermore, the marketing mix helps firms define marketing in terms of product, place, price and promotion toward the model of planning a new venture, or evaluating an existing offer, to optimize the impact with their target market. It is important to point out the marketing mix to create the efficient marketing mix such as making a good feature of product, price differentiation, suitable place and time for product and effective promotion options.

CONCLUSIONS

The marketing mix 4Ps is correlated with export opportunities in the tire industry and it influences in the business moderately. It is suggested that as Thailand is one of the biggest tire manufacturer in the world, the tire industry should study the strategic environment of the manufacturing market to influence consumer behavior. This will help the organization to deal with the competition from overseas.

This research explores to respond to the research questions related to how marketing mix factors is understood. The main aim in this study is to address a few research evidence on the effect of marketing mix to the export automobile tires in Thailand. The practical contribution of the research is that it provides much needed empirical data on the influence of marketing mix to the export automobile tires. The theoretical implication, the research is generated useful conceptual framework which given the statistical analysis of data. It is suggested that the future research can be extended in in-depth sampling strategy focused on exploring the five forces model of Michael E. Porter.

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