The factors that influence building a Thai global brand: A demonstration of a mixed methods approach

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Abstract

The objective of this study was to study the causal relationship of factors that affect building Thai brand and turning them into a Thai Global brand (TGB) defined by GBS, SBN, INT and HBV. Researcher has found 12 factors which correspond to 3 theories: 1) values-based marketing (VBM) defined by VI, MI and VS, 2) global brand equity (GBE) defined by PQ, BA, BS, BL and BF and 3) corporate social responsibility (CSR) defined by ER, LR, TR and PR. The mixed method – sequential explanatory research strategy has been deployed. The sample consisted of 453 respondents in 19 public companies listed in SET were surveyed, and in-depth interviews from 12 executives. The results indicated that 1) VI, MI and VS have no influence on GBS, SBN, INT and HBV, but have correlation with PQ, BA, BS, BL, BF, ER, LR, TR and PR; 2) PQ, BA, BS, BL and BF have significant influence on GBS, SBN, INT and HBV; and 3) ER, LR, TR and PR have influence on GBS, SBN, INT and HBV.

Keywords: Thai global brand, global brand building, values based marketing, global brand equity, corporate social responsibilities

1. Introduction

The Office of The National Economic and Social Development Board (2016) reported that the Gross Domestic Product (GDP) of Thailand in 2015 was approximately valued at 13.54 million baht, 91% of income came from the non-agriculture sector, with exports accounting for 69%. In addition, National Industrial Development Master Plan, 2012-2032, long term goals stated that “as well as it is a guideline for Thai entrepreneurs to build the image of Thailand on strong branding that can create identity in markets and can expand the solid customer base, has production network in region that is acceptable in global markets and Thai industries are accepted by having economic, social, environmental and human resource balance. Thai entrepreneurs start being leading global company and having well-known brands and distribution network in several countries.” [1]. However, an empirical study of the factors influence building Thai global brand nor a guideline for building Thai global brand was not found.

2. Research objective

The research aims to examine the influential factors and preferred characteristics of Thai global brands in Stock Exchange of Thailand.

3. Related literature review

Currently, there is no definition or characteristics of a global brand that is obvious and universal or generally accepted officially even if Levitt has presented this concept since 1983, “Global organizations operate around the world or main region by using the same name in distributing same product with same method in everywhere” [2]. Researcher synthesized four factors of Thai global brand from the literature review which are 1) Global Brand Strategy (GBS) [3, 4, 5, 6], 2) Single Brand Name (SBN) [2, 4, 7, 8, 9], 3) Internationalization (INT) [8, 10, 11, 12, 13] and 4) High Brand Value (HBV) [12, 13, 14].

Brand Building is a marketing activity that includes a marketing strategic plan, brand architectural design, brand name assignment, brand positioning, determining brand characteristics and image, marketing communication, creating an impressive experience of the brand to consumers, creating and expanding markets, monitoring and evaluating the effectiveness of marketing activity. The actual power of branding is not based on information content but includes the capacity of emotional stimulation [15] and building adhesion with consumers [16]. It’s the process that dedicates products, or services, to have a cumulative advantage for strong branding such as increasing loyalty, high price, etc. [3].

Values Based Marketing or Marketing 3.0 emphasizes making a better and livable world from
new wave technology, especially online social networks. Entrepreneurs regard consumers as mankind’s world mate who has mind, heart and spirit. The main concept on marketing has focused on value creation with 3 factors consist of 1) Vision (VI), 2) Mission (MI) and 3) Values (VI), in order to respond to consumer’s needs which are functionality, emotion and spirit; including having good relationship with consumers with many to many collaborations [9, 17, 18].

Brand Equity is one of main stream brand building model refers to “added value of any brand name given to the product” [19]. Contents and definitions of brand equity have been discussed in several ways [20]. The Global Brand Equity (GBE) has developed “to assess the value of the brand and show the sources of value with a financial analysis technique” [21]. Literature review found 5 factors of global brand equity consist of 1) Brand Awareness (BA) 2) Perceived Quality (PQ) 3) Brand Associations (BS) 4) Brand Loyalty (BL) 5) Brand Financial Performance (BF) [5, 22, 23].

The successful businesses need a good society and good societies need successful businesses. If a business organization, or society, focuses on policies that have advantageous profit but it comes at the cost of another party it will erode the long-term prosperity of both parties [24, 25]. The relationship between a business and society should not treat business success and social prosperity as a zero sum game. Therefore, corporate social responsibility (CSR) benefits both society and business organizations in improving performance and reputation in society. Carroll’s CSR Model [26] which suggested that business organizations should have 4 aspects of social responsibility in a CSR holistic establishment including 1) Economic Responsibilities (ER), 2) Legal Responsibilities (LR), Ethical Responsibilities (TR) and Philanthropic Responsibilities (PR) [27]. It has been accepted by many scholars [28, 29, 30] as the Main Theoretical Framework in examining guidelines of CSR [27].

4. Research hypothesis

Based on the global brand building literature review and to achieve the research objectives, the hypotheses can be constructed as follows:

H1: VI, MI and VS have direct influence on GBS, SBN, INT and HBV.
H2: PQ, BA, BS, BL and BF have direct influence on GBS, SBN, INT and HBV.
H3: ER, LR, TR and PR have direct influence on GBS, SBN, INT and HBV.
H4: VI, MI and VS have correlation with PQ, BA, BS, BL and BF.
H5: ER, LR, TR and PR have correlation with PQ, BA, BS, BL and BF.

5. Research methodology

The mixed method – sequential explanatory research strategy was used to obtain a more complete understanding of the factors that influence Thai global brand building under a Thai context. Starting with a survey this was in order to determine the global brand building factors, according to 3 theories. After that, quantitative research results will be taken to collect qualitative research data with in-depth interviews.

5.1 The survey

The population of this study was employees of all public companies in the Stock Exchange of Thailand (SET), both recognized as global brands and non-global brands. The suitable sample size for estimating parameters with a maximum likelihood should be more than 400 respondents [31]. A survey was carried out through self-administered questionnaires which were distributed to the selected companies using purposive sampling.

The research instrument was developed by researcher comprised total of 16 factors derived from the literature review on global brand, VBM, GBE and CSR. A five-point Likert scale was used, ranging from “1 = strongly disagree” to “5 = strongly agree”. The validity of the instruments and scales were assessed by Thai experts with face validity and content validity. The calculation results found that all questions having an IOC score between 0.6 – 1.0. A reliability Cronbach’s alpha test was done with 40 samples in 2 public companies and Cronbach’s alpha for factors ranged from 0.933 to 0.937. Based on assessing validity and reliability, the values are acceptable as they were found to be greater than the recommended values of 0.70, and it can be claimed that the instrument is valid and reliable to be used in data collection.

570 questionnaires were sent out by registered mail to 19 public companies, 30 copies per company and by enabling an online survey system. Preliminary data analysis on the nature of the sample used descriptive statistics including percentage, average, standard deviation, skewness, kurtosis and Pearson’s product moment correlation coefficient with IBM SPSS V.22, followed by structural equation modeling, using LISREL 8.80.

5.2 In-depth interviews

In-depth interviews of 12 top executives from public companies that are recognized as a global brand, famed advertising and marketing professionals, by using semi-structured interview questions [32]. Data analysis of the in-depth interviews had been prepared together with data collection in order to obtain a clear image and be emphasized during the study [33], according to guidelines of qualitative research data analysis [34]. This research conducted an audit trail since the research was originally undertaken.
6. Analysis and hypothesis testing

Out of 570 questionnaires were issued; 453 questionnaires (79.47%) were filled and returned. Respondents of this survey consist of 64% female, 33% male and 3% not specify. Most respondents were from the service industry 24%, the financial industry 19% and the resource industry 17% respectively. The respondents’ total income of the company in the fiscal year 2014 were majority in more than 100,000 million Baht 45%, following by between 1,000 - 4,999 million Baht 28% and between 10,000 - 49,999 million Baht 24% respectively. Majority of the respondents 45% did not know how much income from foreign countries the company had.

6.1 Descriptive statistics analysis

The descriptive statistics analysis results, which reveal that Thai public companies have implemented ER, LR, TR and PR (CSR) at a high level (\( \bar{x} = 4.18 \)), VI, MI and VS (VBM) at a high level (\( \bar{x} = 4.12 \)), PQ, BA, BS, BL and BF (GBE) at a high level (\( \bar{x} = 3.86 \)), and GBS, SBN, INT and HBV (TGB) at a high level (\( \bar{x} = 3.84 \)). Moreover, all the variables are left skewness (negative skewness) showing the data of variables has a higher than average score. For kurtosis, it was found that the distribution curve of most variables is below normal (negative kurtosis) showing that the data of most variables is much distributed.

6.2 Correlation coefficient of factors

The correlation coefficients of all 16 factors are statistically significant at 0.01 as shown in Table 1. Three pairs of factors that have the maximum correlation consecutively are 1) LR and TR \( r = 0.789 \), 2) BA and PQ \( r = 0.787 \), and 3) INT and HBV \( r = 0.778 \) respectively, as shown in Table 1.

6.3 Confirmatory factor analysis and structural equation modeling

For the purpose of testing five hypotheses, structural equation modeling was used in the two-step approach [35]. In the first stage, the measurement model was analyzed to ensure sufficient reliability and validity of the observed and latent variables. In the second stage, the hypotheses of the correlations between latent variables were tested as Figure 1 illustrates.

<p>| Table 1 Pearson's product moment correlation coefficient between 16 factors |</p>
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*Correlation is significant at the 0.01 level (2-tailed).*
The outcome of confirmatory factor analysis and path analysis found that observed variables VI, MI and VS successfully defined the latent variable VBM. The observed variables PQ, BA, BS, BL and BF successfully defined GBE. The observed variables ER, LR, TR and PR successfully defined latent variable CSR. The observed variables GSB, SBN, INT and HBV successfully defined latent variable TGB. The latent variable VBM has slightly negative influence on latent variable TGB at -0.7, where the latent variables GBE and CSR have significant positive influence on latent variable TGB at 0.40 and 0.42 respectively. In addition, the correlations between VBM and GBE 0.69, VBM and CSR 0.72, and GBE and CSR 0.59 respectively. The structural equation of this model as followed:

\[
TGB = -0.10\times VBM + 0.58\times GBE + 0.60\times CSR,
\]

(0.11) (0.079) (0.091)

\[
-0.91 \quad 7.42 \quad 6.66
\]

Errorvar. = 1.14, R² = 0.46

The goodness of fit indices of the model are RMSEA = 0.055, \(X^2 = 179.04\), df. = 80, \(X^2/df. = 2.24\), GFI = 0.95, AGFI = 0.91, NFI = 0.98, NNFI = 0.99, CFI = 0.99, IFI = 0.99, SRMR = 0.044 and RMR = 0.022. These results indicate an adequate fit [36].

6.4 Qualitative research results (in-depth interview)

The qualitative research results from grouping the data code from the transcribed similar interview results [34], used a grouping code according to Theoretical Coding [37]. This research reveals the preferred characteristics of all 16 factors under the Thai perception as shown in Table 2.

7. Discussion

7.1 VI, MI and VS (VBM) have no direct effect on GBS, SBN, INT and HBV (TGB)

This result is not in line with the hypothesis because VI, MI and VS are second process out of the our strategic management processes which is building a strategic formulation, not bringing a strategic plan to implement, evaluate nor control, so that the organization can achieve specified goals or desirable results [38]. The vision of the organization will only be realized if a message of the vision is embedded into the minds of all organization members as well as the objectives and strategies being made inherently clear [39]. Moreover, the co-ordination between the strategic vision and culture of an organization can be applied as a source of competitive advantage [40]. Both components existing in harmony result in a strong corporate brand with the strategic vision being strong in combining the existing perceptions about brands with the culture of an organization [41].
Factors Preferred Characteristics

Vision (VI) challenging be focus
Mission (MI) differentiation continuous
Values (VA) determination professional
Brand Awareness (BA) high visibility use integrated marketing communication
Perceived Quality (PQ) world class standard deliver promises
Brand Associations (BS) institution/country of origin celebrity/brand story
Brand Loyalty (BL) premium price repeat purchase
Brand Financial Performance (BF) more outlets financial discipline
Economic Responsibility (ER) profitability high performance
Legal Responsibility (LR) compliance with the expectations of government law-abiding corporate
Ethical Responsibility (TR) good corporate citizen good governance
Philanthropic Responsibility (PR) take care local community preserve environment
Global Brand Strategy (GBS) aim to be an international brand supports from government
Single Brand Name (SBN) single brand same identity
Internationalization (INT) domestic leader AEC first
High Brand Value (HBV) brand strength high value

7.2 PQ, BA, BS, BL and BF (GBE) have direct effect on GBS, SBN, INT and HBV (TGB)

This result is in line with the hypothesis showing that being a strong brand, by building PQ, BA, BS, BL and BF will create GBS, SBN, INT and HBV, conforming to the results of empirical research by many scholars found that BA is one dimension of Brand Equity [42]. The depth and wideness of BA is specified by brand equity [43]. Several researchers found that PQ can provide satisfaction and value with maintaining quality constantly and be useful in responding to the needs and preference of quality for consumers and influencing the consumer’s decision to purchase a brand [44]. In addition, BL has the power to influence consumer’s decisions when purchasing the same product or brand and reducing the purchasing of competitors brands [45].

7.3 ER, LR, TR and PR (CSR) have direct effect on GBS, SBN, INT and HBV (TGB)

This result is in line with the hypothesis showing that ER, LR, TR and PR have a direct effect on GBS, SBN, INT and HBV. Conforming to several scholars found that worldwide consumers anticipated that global brands have a social responsibility [45].

Moreover, several scholars found that CSR has a positive correlation with financial performance of the organization [46]. While others found a negative correlation [47]. Therefore, the correlation between CSR and financial performance was “mixed” [48].

7.4 VI, MI and VS (VBM) are correlated with PQ, BA, BS, BL and BF (GBE)

This result is in line with the hypothesis showing that VI, MI and VS are correlated with PQ, BA, BS, BL and BF. Corresponding with scholars stated that core values can build the core of brand personality, positioning of brand presented in strategy and the culture of the organization [49]. In addition, executives should focus on differentiating their own branding from their competitors based more on unique emotions than functions or characteristics [50]. The brand’s emotional values were not communicated through not only advertising but also interaction of employees with various stakeholders [51]. Successful organizations focus on making their own values clear and assure that their employees acknowledge and apply together [52]. The shared values of the organization help employees to have guidance on desired behavior [53] and plays an important role in
building consistency on promoting brand perception and consistent activities both, within the team that is responsible for the brand, and across the organization, as well as it is communication tool of the organization to the outside world [52].

7.5 ER, LR, TR and PR (CSR) are correlated with PQ, BA, BS, BL and BF (GBE)

This result is in line with the hypothesis showing that ER, LR, TR and PR are correlated to PQ, BA, BS, BL and BF. In accordance with the research results which found that consumers anticipate a global brand to be a leader in social responsibility by applying the technology and resources of the corporation to solve problems of the world [54, 55].

8. Conclusion

This study confirms that the global brand equity and corporate social responsibility have positive impacts on building Thai global brand. Out of all factors, PQ and BS were found to have the most dominant effects, followed by BA, PR, TR, LR, BL, ER and BF respectively. The implications can be derived from the findings. Firstly, top management, marketing, product development, production and related departments in the corporation should concentrate their efforts on building perceived quality eg. Deliver its promise, use world class standard, and create brand associations eg. brand’s story, framed institutions, athletes or celebrities. Secondly, in-charged departments should collaborate with other departments on promoting brand awareness, brand loyalty, philanthropic responsibilities, ethical responsibility, legal responsibility, economic responsibilities and brand financial performance. By building the brand with these 9 factors will help the corporation to turn their brand into one that is recognized globally.

References


