

CHAPTER I

INTRODUCTION



1.1 Rationale

Dietary Supplements have become a major consumer product category in many countries around the world including Thailand. The worldwide market size estimation (Roche Vitamins, 2001) was 20 billion CHF (660 billion baht) in 2001 and 60.2 billion US\$ in 2005 (Simon, 2006). The supplement products could be categorized into many subgroups such as by active ingredients e.g. Vitamins, Minerals, Phytochemicals and others. They could also be classified by health benefit such as for the slimming and beauty, for heart health, for bone and joint health and others. Slimming and Beauty supplements are now getting more popular around the world especially among the women population. The market size of this group of supplements is estimated at 3.5 billions Euros (177.45 billion baht) worldwide and represented 9% of food supplements market while the growth rate is 15% per annum (Marketing Intelligence Inc., 2003). The major reason for the acceptance of dietary supplements worldwide concerns with its benefits in improving consumers' general or specific health condition such as for cognitive benefits (Grodstein et al, 2003).

Dietary Supplement industry in Thailand is growing quite fast. The numbers of this product group registered with Thai FDA during 1996-2003 were almost 5000 formulations (EconNews, Dec 2003) and reached 7362 items by November 2005 (Thai FDA, 2006). The turnover of the industry could be estimated at more than ten billion baht per annum and is backing up with significant growths for many consecutive years (Post Today, June24, 2004; Bangkok Post, June23, 2004). Dietary supplement products comprise of Vitamins and Minerals and other food supplements. Nevertheless, the biggest contributor of this substantial growth in Thailand is the slimming and beauty supplements subgroup. The products cover various ingredients indirectly claimed for this slimming and beauty purposes such as CLA

(Conjugated Linoleic Acid) which is well supported by scientific evidences on slimming effect (Gaullier J-M, 2004; Lenz, 2004), Green Tea Extract and Antioxidant vitamins such as Vitamin C and E and other antioxidants such as Coenzmye Q10 and others.

To promote general health of consumers through dietary supplement, it is important to understand what factors affect the attitude and behavior toward dietary supplements.

It is generally accepted that the marketing effort by companies selling dietary supplements plays an important role in increasing the consumer's acceptance of dietary supplements. Marketing activities, comprising of the Four Ps of Marketing Mix concept (McCarthy, 1996) i.e. product, price, place (distribution) and promotion (communication) have been claimed to contribute to this market growth. The examples of these activities are the advertisement and distribution channel. The advertisement spending in 2002 for Vitamins and Slimming supplements was recorded at 370 million baht (Econ News, Dec 2003) covering various types of media such as TVs, radios, newspapers, magazine and others. This substantial spending signified the high potential and competition of the industry. The channel of distributions have been changed to accommodate the consumer trend that the health food and modern chain drug stores are now getting more popular among Thai consumers.

1.2 Why do we have to measure the consumer perception?

Consumers do not pay attention to the company strategies, they; in fact, conceive the perception toward the impact of these strategies instead. Thus, we have to measure the consumer perception so to understand the influences of these strategies, program, activities and marketing mix related aspects.

1.3 The Selection of Slimming Dietary Supplements as the main interest

Slimming dietary supplements are of high interest since they are registered with Thai FDA as foods items, therefore, all types of marketing activities could be implemented. Besides, there are many groups of products available for consumers to choose but indications are based on the same direction, the slimming purpose. The recently scientific back up for the products such as CLA and EGCG for weight controlling purpose is enhancing the growth of this supplement group. And CLA, in particular, is well back up with sciences as well as the popularity as the top ten products for weight controlling purpose (CLA 600 and CLA Advance as number two and three respectively), just seconded to L.C.H. brand only (Tiemkeerakul, 2004).

1.4 Statement of the Problem

Slimming Dietary supplement products are gaining popularity among Thai consumer. Marketing activities that are implemented toward the consumers should have a high impact to this consumption and popularity. The influences of Marketing Mix will affect the attitude toward the products for the consumers together with the influences of non-marketing activities. This attitude toward the products will then influence the consumer further on the behavioral intention such as to continue to use or to consider using the products in the future. The knowledge of the influences of these Marketing activities on the health product like slimming Dietary Supplement is then worth studying since the local available study is still limited. However, since there are many slimming DS available in Thai market and to recruit all items into the study might need high resources and time spending, so, we have scoped down to one product only. We have selected the CLA 600 and/or CLA Advance from the reasons described next.

1.5 The reasons why we select CLA as the product for this study

- 1.5.1 Among many weight management DS, CLA is one of a few that is well backed up by scientific data (Lenz, 2004; Gaullier, 2004)
- 1.5.2 Market value of CLA is substantial worldwide and the growth rate on consumption is on the rise (Cognis, 2003). This is also the case happened in Thailand.
- 1.5.3 Although there are so many weight management DS in Thailand, CLA is still considered as the high ranking product in term of popularity (Tiemkeerakul, 2004).
- 1.5.4 Thai local company (Mega Lifesciences Pty Ltd.) who commands the largest portion of CLA sales was interested to give the cooperation to the study. They considered that the study detail would enable them to understand Thai consumer better. (Thansetakij, 2005)
- 1.5.5 From the fact that this local company is the largest player for CLA business, therefore, their users data base is substantial and will be workable for the study

1.6 Research Question

Which marketing and non-marketing activities affecting the attitude toward and behavioral intention to continue to use the Slimming dietary supplement?

1.7 General objectives

The objective of this study is to explore the role of the company's marketing programs on consumers' attitude toward the slimming dietary supplements and intention to continue to use the products. Specifically, the role of marketing mix (product, price, distribution, and communication) on the consumer's attitude toward the slimming dietary supplements and intention to continue to use the

products will be focused and empirically explored.

1.8 Specific objectives

1. To examine the influences of Marketing and Non-Marketing activities on the attitude toward Slimming Dietary Supplement.
2. To examine further on the influences of attitude on behavioral intention to continue to use Slimming Dietary Supplement.
3. To describe the characteristics and perceptions on the Marketing activities of this specific supplement group users.

1.9 Expected Benefits:

1. The knowledge of the impact from the tools in marketing management concept (marketing activities, marketing mix) will be useful for the industry to develop more effective marketing policy, program and activity.
2. The information of characteristics of slimming dietary supplement users in Thailand can be further utilized by relevant stakeholders such as the regulator, academic, the industry and the consumer.
3. The knowledge of the impact of the attitude toward the slimming dietary supplement on the intention to continue to use the products will provide the consumer behavior knowledge for this interesting health related products industry.