

# Product Innovation and Digital Marketing Affecting Decision to Purchase OTOP Products

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## Abstract

This research aimed to 1) study product innovation affecting decision to purchase OTOP products of consumers, and 2) study digital marketing affecting decision to purchase OTOP products of consumers. A questionnaire was used as a research instrument to collect data from the sample of 384 consumers in Chumphon province. Multiple regression analysis was conducted to test the hypothesis. The findings of this study indicated that three product innovation areas could jointly predict and explain 29.4% of the variation in the decision to purchase OTOP products of consumers. The newness, uniqueness, and product of origin had a positive impact on the decision to purchase OTOP products of consumers in Chumphon province at a statistically significant level. The study of digital marketing affecting decision to purchase OTOP products of consumers found that the four areas of digital marketing could jointly predict and explain 36.3% of the variation in the decision to purchase OTOP products of consumers. Social media and content marketing positively affected the decision to purchase OTOP products of consumers at a statistically significant level. Web marketing and homepage did not affect the decision to purchase OTOP products of consumers.

**Keywords:** Product Innovation, Digital Marketing, OTOP Products, Purchasing Decision

## Background and Significance of the Study

One Tambon One Product or OTOP has been operating since 2001 with a focus on stimulating local businesses. The conceptual prototype comes from the successful One Village One Product project of Oita City, Japan. Thailand has implemented a policy to promote, support, and push OTOP products from the local market to the market through the process of community participation in the development of products, services, and tourist attractions from local identity and distinctive culture to become unique products produced and distributed locally in each sub-district in 7,255 sub-districts nationwide. At present, the One Tambon One Product project is an idea that will create prosperity for the community and enable them to improve the living status of Thai people. The project is the production or management of local resources into quality, distinctive, and unique products that are consistent with the local culture. Products can be sold in both domestic and international markets based on 3 basic principles: Local Yet Global, Self-reliance Creativity, and Human Resource Development. Operation of Thailand's One Tambon One Product Selection Project is a project based on the One Tambon One Product project policy implemented by the

Department of Community Development to create a database of producers, OTOP operators, and rate product development (1-5 stars) that will lead to product development and can be utilized in formulating promotion and development plans appropriately. Although there is continuous stimulation from the government, it still causes some community products to not reach their goals for many reasons. For example, the lack of communication of information about the product makes consumers have no information so they do not dare to buy, the quality of the product listed does not meet the expectations of the customer, there are no reviews or instructions for use from 3rd parties, the packaging is not good enough, so it does not attract attention, and most importantly, the distribution channel is not thorough. Upgrading OTOP product innovation under the Social Innovation Strategy to create change, differentiate, and create competitiveness for the development of innovation in the OTOP group with science, technology, and what is important is "Innovation", which is considered the key to success leading the way for more socially innovative enterprises.

Community product innovation is the creation of new value by using knowledge combined with creativity to create a differentiation that is a strength or selling point of a product, thereby raising the level of the product to be able to compete in the market, as well as being able to build on local wisdom and be able to implement sustainable projects. Product innovation based on the concept of Atuahene-Gima, 1995 and Denneels & Kleinschmidt, 2001 had newness, uniqueness, original, authentic, and special. The newness of the product can be divided into 3 types: 1) New products that have never been seen before in the market. 2) New improvement products by modifying and transforming existing products to be more innovative. 3) Counterfeit products by imitating competitor's products are new products for the company but are old in the market. Product identity is the identity or identity of a brand or other brand that represents the image, idea, and style associated with the consumer obtained from the brand. Uniqueness is therefore a strength that offers the single most important feature. Brand identity will make the customers remember and stand out from the competition. Product origin means a product that is the origin of the raw material, the manufacturing process, the form of the product, or the original and authentic product.

In addition, what will make OTOP products reach consumers under the current situation is undeniable to market through online channels called digital marketing. It is a process that can be effectively connected to build a relationship between marketers and consumers. It drives sales by utilizing technology to deliver immersive new marketing content that enables businesses to connect with people in more relevant and diverse ways. It is also about understanding consumers what technology they are using today in order to figure out how businesses can leverage consumer engagement effectively (Kingsnorth, 2016). Additionally, PR, creativity, brand direction, confidentiality, product development, bidding, and integrated marketing communications require a deep understanding of the process to be successfully applied (Heinze, Fletcher, Rashid & Cruz, 2017) through the form of marketing activities. The implications also include electronic marketing, online marketing, and internet marketing. Digital marketing consists of five elements: website, content marketing, e-mail, home page domination, and social media. Digital marketing based on the concepts of Chaffey (2013), Ryan (2016), and Bickle, Witzki and Schneider (2009) consists of social media marketing, content marketing, web marketing, and home page domination. Tanprasert (2016) found that digital marketing in website, content marketing, e-mail, home page, and social media influenced purchasing decisions among e-commerce business consumers in Bangkok at a level of statistical significance of 0.05. In addition, Supamongkol and Chaiprasit (2019) found that digital marketing was related to consumers' decision to buy condominiums in Pathum Thani, including web marketing and purchase decision, the type that Housing, purchase budget, data acquisition frequency, and data acquisition time were statistically

correlated with 0.05. Content marketing did not significantly affect consumers' decision to shop online in Chumphon Province.

Based on the said background, the researcher is interested in studying product innovation and digital marketing affecting decision to purchase OTOP products of consumers in Chumphon Province in order to study product innovation and digital marketing affecting decision to purchase OTOP products of consumers in Chumphon Province to bring research results that has been used to improve product innovation, OTOP products to be new, differentiate products and services, generate interest to consumers, and use information to formulate digital marketing strategies of the OTOP operator group until it can reach consumers and affect consumers' purchasing decisions.

## Research Objectives

- 1) To study product innovation affecting decision to purchase OTOP products.
- 2) To study digital marketing affecting the decision to purchase OTOP products.

## Research Methodology

**The population and sample:** The population used in the research was 239,957 people living in Chumphon, aged 15 years and over (Source: People's Quality of Life Report, Chumphon Province, 2019). The sample size was calculated using the Krejcie & Morgan formula at a margin of error of 0.05 and a sample size of 384 samples was obtained.

**Research instrument:** This research used a questionnaire generated from literature review as a data collection instrument which was divided into 4 parts as follows: 1) Personal factors include gender, age, income, education, and product type. 2) Opinions about product innovations of OTOP products include newness, uniqueness, and product of origin. 3) Digital marketing opinions include social media marketing, content marketing, web marketing, and home page domination. 4) Comments on the decision to purchase OTOP products of consumers.

**Instrument quality inspection:** 1) Content validity was tested by 3 experts. The conformity index was then determined using the IOC (Index of Item-Objective Congruence) technique. It was found that each side had a value between 0.67-1.00, which was considered consistent and usable (Rovinelli & Hambleton, 1976). 2) Reliability was found to be 0.89, which is greater than 0.70 and is acceptable (Hair et al., 2006).

**Statistics used in data analysis:** This study used statistics as follows. 1) Multiple correlation analysis to find the degree of correlation between multiple independent variables according to the research conceptual framework. 2) Multiple regression analysis to find the relationship of the source variable that affects the variance of the dependent variable. The analysis was used to create a forecast equation. This research is a social science research, therefore, the level of statistical significance is 0.01 (1%) or 0.05 (5%), which can be written as an equation as follows:

Equation 1: Product innovation affecting decision to purchase OTOP products

$$\text{DOTOP} = \beta_01 + \beta_1\text{NP} + \beta_2\text{UP} + \beta_3\text{OP}\epsilon$$

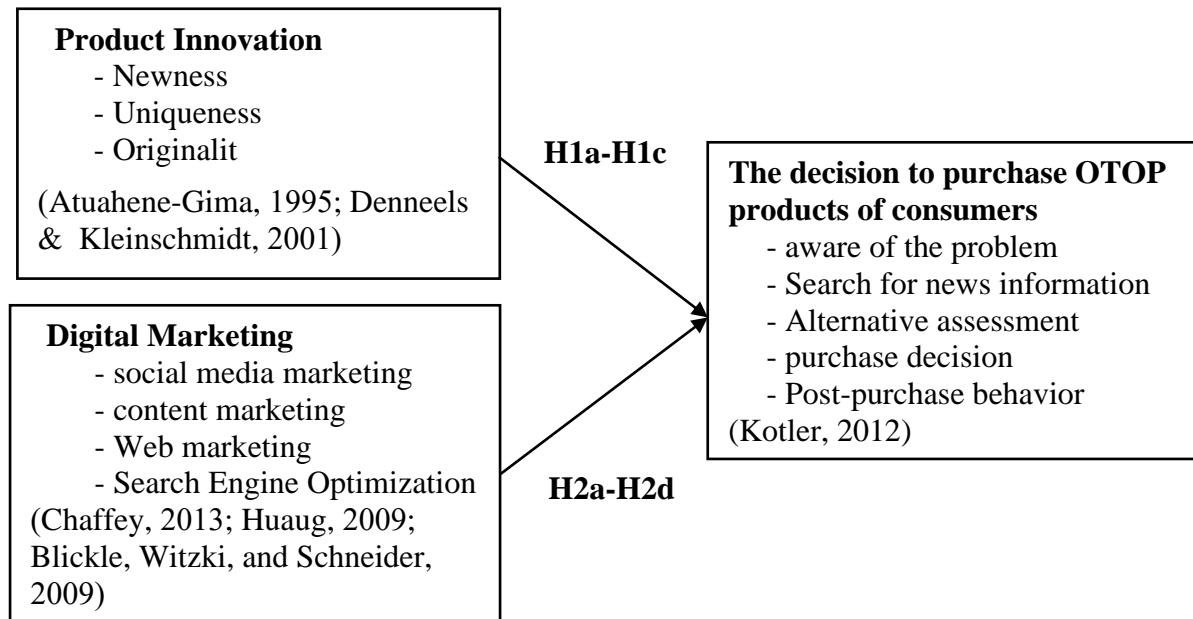
Testing the impact of product innovation on product newness, product uniqueness, and product origin influencing the decision to purchase OTOP products based on Hypothesis 2a - 2c.

Equation 2: Digital marketing affecting decision to purchase OTOP products of consumers

$$\text{DOTOP} = \beta_02 + \beta_4\text{SMM} + \beta_5\text{CM} + \beta_6\text{WL} + \beta_7\text{SEO} + \epsilon$$

Testing the impact of digital marketing on web, content marketing, first page domination, and social media affecting decision to purchase OTOP products of consumers according to Hypothesis 1a-1d.

## Conceptual Framework



**Figure 1:** Conceptual Framework

## Research Results

The correlation coefficient analysis to examine the correlation between the independent variables used in the study revealed that the value ranged from 0.197-0.734, which did not exceed 0.80 (Cooper and Schindle, 2006). It was shown that the variables are not related to each other and can be used in forecasting. Additionally, the Variance Inflation Factor (VIF) to test Multicollinearity of the independent variables was between 1.241-2.796, with values less than 10 without multicollinearity as shown in Table 1.

**Table 1:** correlation between variables analysis

Variable	NP	UP	OP	SMM	CM	WL	SEO	VIF
<b>Mean</b>	3.29	3.75	4.00	2.79	2.87	2.83	2.94	
<b>S.D.</b>	0.661	0.672	0.671	0.72	0.734	0.791	0.785	
NP								1.241
UP	0.436**							1.932
OP	0.334**	0.655**						1.761
SMM	0.371**	0.364**	0.353**					2.463
CM	0.288**	0.323**	0.334**	0.734**				2.655
WL	0.293**	0.296**	0.307**	0.674**	0.706**			2.796
SEO	0.240**	0.197**	0.236**	0.576**	0.581**	0.697**		2.044

\*\* statistically significant at .01, \* statistically significant at .05

A multiple regression analysis of product innovation affecting decision to purchase OTOP products of consumers to test Hypothesis 1 (H1a-H1c) found that the three areas of product innovation, namely newness, uniqueness, and product origin, influenced the positive impact on decision to purchase OTOP products of consumers in Chumphon province that was statistically significant ( $\beta = 0.220$ ,  $p < 0.01$ ), ( $\beta = 1.473$ ,  $p > 0.01$ ), and ( $\beta = 6.453$ ,  $p < 0.01$ ), respectively. In this regard, the independent variables of service innovation in all three areas were effective in predicting and explaining the variables according to the decision to

purchase OTOP products of consumers in Chumphon Province by 29.4%. The details are as in Table 2.

**Table 2 :** Multiple regression analysis of product innovation affecting decision to purchase OTOP products of consumers

<b>Independent Variable</b>	<b>Dependent Variable</b>
	<b>The decision to purchase OTOP products of consumers</b>
Newness	0.192** (0.042)
Uniqueness	0.076** (0.051)
Originality	0.303** (0.047)
Adjusted R <sup>2</sup>	0.298
Maximum VIF	1.932

\*\* statistically significant at .01, \* statistically significant at .05

The results of multiple regression analysis of digital marketing affecting decision to purchase OTOP products of consumers to test Hypothesis 2 H2a-H2d found that digital marketing, social media marketing, and content marketing positively impacted the decision to purchase OTOP products of consumers statistically significant ( $\beta = 0.291$ ,  $p < 0.01$ ) ( $\beta = 0.210$ ,  $p < 0.01$ ). Web marketing and search engine optimization did not significantly affect the decision to purchase OTOP products of consumers ( $\beta = 0.073$ ,  $p > 0.05$ ) ( $\beta = -0.016$ ,  $p > 0.05$ ). The four independent variables in digital marketing were 36.8% effective in predicting and explaining variables based on the decision to purchase OTOP products of consumers. The details are as in Table 3.

**Table 3:** Multiple regression analysis of digital marketing affecting decision to purchase OTOP products of consumers

<b>Independent Variable</b>	<b>Dependent Variable</b>
	<b>The decision to purchase OTOP products of consumers</b>
Social media marketing	0.291** (0.055)
Content marketing	0.210** (0.054)
Web marketing	0.073 (0.053)
Search engine optimization	0.016 (0.048)
Adjusted R <sup>2</sup>	0.368
Maximum VIF	2.796

\*\* statistically significant at .01, \* statistically significant at .05

## Discussion and Conclusion

The results of a multiple regression analysis of product innovation affecting decision to purchase OTOP products of consumers found that the three product innovation areas could jointly predict or explain 29.3% of the variation in the decision to purchase OTOP products of consumers. Product innovation of newness, uniqueness, and product of origin had a statistically significant positive impact on the decision to purchase OTOP products of

consumers in Chumphon Province. This corresponded to Atuahene-Gima (1995) who said that product innovation was essential to the success of a product. This was highly relevant to sustaining business success. Product innovations present great opportunities for businesses in terms of growth and expansion in new areas. Product innovation, often referred to as the newness or uniqueness of the product, includes a dual perception from both the consumer's point of view and the company's point of view. When considering the suitability of a new product that was seen as beneficial to the consumer, some of these were key features of product innovation. This was also consistent with Boonrawd and Sukanthasirikul (2019) who found that innovative products ( $\beta = 0.35$ ) and process innovation ( $\beta = 0.38$ ) positively affected the marketing performance of 3-4 star hotels in Thailand. It was also consistent with Suwannaput and Chayomchai (2018) who have studied innovations and their impact on the performance of One Tambon One Product (OTOP) businesses in Thailand. It was found that product innovation, innovation, process, and management innovation had a significant positive effect on all aspects of non-financial performance.

The results of a multiple regression analysis of digital marketing affecting decision to purchase OTOP products of consumers in Chumphon province found that all four aspects of digital marketing could jointly predict or explain 36.8% of the variation in the decision to purchase OTOP products of consumers. Social media digital marketing has a statistically significant positive impact on the decision to purchase OTOP products of consumers ( $\beta = 0.291$ ,  $p < 0.01$ ). This was consistent with Tanprasert (2016) who has studied the influence of digital marketing on the purchasing decisions of consumers in e-commerce businesses in Bangkok. It was found that social media marketing influences purchasing decisions among e-commerce business consumers in Bangkok at a statistically significant level of 0.05. Content marketing had a statistically significant positive effect on the decision to purchase OTOP products of consumers ( $\beta = 0.210$ ,  $p < 0.01$ ). It was also in line with Sophonthanakij (2017) who studied the content marketing of publishers on the effects of satisfaction, purchase decision, and loyalty of the reader: A book Publishing and Salmon Books. It was found that the satisfaction of the readers with the content marketing of A book Publishing and Salmon Books was related to the purchase decision and the loyalty of the readers to the publisher. Web marketing did not significantly affect the decision to purchase OTOP products of consumers ( $\beta = 0.073$ ,  $p > 0.05$ ). However, this is inconsistent with Tanprasert (2016) who found that digital web marketing influenced purchasing decisions among e-commerce business consumers in Bangkok at a statistically significant level of 0.05. This was inconsistent with Supamongkol and Chaiprasit (2019), who found that digital marketing has a correlation with consumers' decision to buy condominiums in Pathum Thani. There was a statistically significant correlation between website marketing and purchasing decision, housing type, purchase budget, frequency of information search, and time of research. This may be due to the fact that most OTOP products are not marketed through their own website. Most of them will be marketing through social media such as Facebook, Line@, and through trading platforms such as Shopee, Lazada, etc. The first page dominance did not significantly affect the decision to purchase OTOP products of consumers ( $\beta = -0.016$ ,  $p > 0.05$ ). This was inconsistent with Tanprasert (2016) who found that first page digital marketing influenced purchasing decisions among e-commerce business consumers in Bangkok at a statistically significant level of 0.05. This may be due to the fact that most OTOP products have not been marketed through the first page.

### Suggestions

**Suggestions from research** 1) There should be support for product innovations for OTOP products that will affect consumers' purchasing decisions by developing products that have newness, uniqueness, and product of origin. 2) There should be support, promotion, and education in digital marketing for OTOP product operators or community entrepreneurs

because digital marketing affects the decision to purchase OTOP products of consumers, especially through Social Media marketing and content marketing promotion.

**Suggestions for the next research** 1) the researcher for the next opportunity. Should study with products and samples in other areas. To expand the results of the study. To bring the results to compare to get more extensive knowledge, which will be the summary is an overview of the OTOP product in a variety of ground. Clearly added to the case. 2) should consider other types of research techniques such as using quality research techniques. For the following benefits, including the accuracy of the results, whether the result is consistent or not. In accordance with the concept The theory and research that had before that and to find in-depth reasons for the reason for the study some issues are not consistent with the concept. Previous theories and research.

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