

Development of Innovation Management Strategies and Success of Thai Dessert Business in Central Region of Thailand

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Abstract

This study aimed to determine the features of Thai dessert business, features of innovation management strategy, and find an innovation management strategy development and the success of Thai dessert business in Central Region of Thailand. This study is a qualitative research where data collection was done by in-depth interview with key informants from Thai dessert entrepreneurs, using random sampling. The Thai dessert entrepreneurs selected were three types: Exporters, Entrepreneurs who have won in the entrepreneur community enterprises, Franchisees of Thai dessert business in four provinces with a total of 90 persons selected. Twelve persons in the group of commercial academicians or specialists in Thai dessert business were selected. Data was analyzed using content analysis. The results indicated that various Thai dessert business were incorporated to the exporters, entrepreneurs who have won in the entrepreneur community enterprises, Franchisees of Thai dessert business used innovation management strategy such as marketing innovation like 1) segmentation of target market to achieve the most growth, 2) product improvement, 3) to increase the value of a current product or create something brand new. Exporters of Thai dessert business used the growth strategy, the entrepreneur community enterprises used the product development strategy and the franchisees of Thai dessert business focused on product identity enhancement. Innovation management strategy development of Thai dessert focused on marketing communication management of the brand using innovative communication technology from channels to match the target group of the product and to be clear, distinctive, different from other brands to remember that is in the mind of the buyer or the target customer. The process of marketing management, for example, tells the history of each Thai dessert to consumers, the value of Thai desserts on packaging, quality raw materials are procured from local distributors, businesses are expanding in franchise style and export. This will optimize competitiveness of Thai dessert business. The research found that the business had increased continuously, the company has the most inventive products on the market, and a network of the franchise.

Keywords: innovation management strategy development, business, Thai dessert business

Introduction

Background and Rationale

The 12th National Economic and Social Development Plan (BE 2560-2564) continues to focus on community economic development as a basis for sufficiency economy development, by promoting knowledge and local wisdom, create revenue, develop management capabilities. The problem of development of potential and business adaptation of community enterprises is that business entrepreneurs still do not consider the value and importance of spirit of dynamic community enterprise group, but only deem that community enterprise is the matter of raw material, production process, cost and profit, which affects the integration of organizations and societies. It becomes a society adhered to industry that takes advantage and interest from disadvantaged persons. It becomes a society of consumption full of materialism competition, with very little cooperation for development. Therefore, the paradigm for new small and medium enterprises development must try to understand community enterprise development holistically, to understand nature of community enterprise systematically or the method that can be used as tool for to make the system in self-reliant, to create an economic system of community enterprises by using sufficient economy philosophy (Wajirum & Inwang, 2018).

The basis of efficient innovation management is a situation in which every manager is aware of the importance of knowledge, innovations and their mutual relations and knows the basic categories of innovation and their sources, knows the meaning of strategic innovations. The essence of strategic innovation management is the impact of innovations on the improvement of the economic and non-economic parameters of an organization, competitive position and the ability to satisfy clients' individual abilities. This publication answers these questions as the following issues have been explained: the essence of strategic approach to innovation management, the essence of strategic innovations and the role they play. The success of every organization requires managers to create a vision of development and create paths leading to these visions in a methodical way. One of such paths may be management based on strategic innovations. The strategy of innovation as a category of strategic innovation management covers the following activities (Baruk, 2006, p. 139–141): 1) choice of innovation 2) acquiring innovation 3) using innovations. Strategic success requires rational combination of management with the acquisition of external and internal knowledge, systematic organization, updating, coordination and socialization of this knowledge, as innovations appear as a result of mutual influence of hidden and available knowledge. Such activities are accompanied by the processes of learning focused on three elements of strategic innovation: renewed conceptualization of the business model, transformation of the existing markets,

substantial improvement of the value for clients (Gebauer, Worch and Truffer, 2012, p. 58).

Thai desserts are an important community product because they are locally produced and well-known in the community. They have the characteristics of applying local wisdom to produce it before being a provincial product that can attract tourists, both domestic and international. Value is added to the product if Thai dessert are made better with a creative concept. (The National Bureau of Agricultural Commodity & Food Standards, 2016) Most Thai desserts originate from household businesses that have the knowledge, skills and techniques of production and are constantly developing by finding new products, flavors and product forms to differentiate from other brands. However, Thai dessert business needs to adapt to survive and be competitive by creating quality products, discover new raw materials, accurate production process, and use natural materials. In addition, the distribution channel to reach the target group is very important. Promotion of small and medium enterprises created improvement of the quality of Thai dessert products to meet the standard. Over the past 10 years, Thai desserts have been exported to other countries such as Singapore, Malaysia, Vietnam and the United States.. As a result, the competition has increased as well. (Klankhumson, 2010) At the same time, people in Thailand pay more attention to foreign desserts because of the variety of imported desserts, which Thai dessert operators need to adapt to survive the business by reaching the target. The Thai dessert business executives are trying to find out how to use marketing strategies, using production innovation to be effective and efficient. Research on the use of Thai dessert production machinery faster and better packaging are also being done. Operators can learn the production management to reach the standard.

Based on the concepts and theories and relevant research, it can be concluded that the adoption of appropriate innovation management increases a firm's competitiveness which in turn contributes to its market and financial performances and long term sustainability. Key factors threatening the long term survival of many firms include the growing international competition initiated by major global business firms; shifting market demands; the rapid changes in technology; the rapidly increasing popularity and adoption of the internet which has fueled the dramatic growth of e-commerce; changes in logistics; and the progressively decreasing trade regulations (Carbone, 2011; Saigosoom, 2012).

The research determines the features of innovation management strategy and the key success factors of Thai dessert.

Research Objectives

1. To explore the features of Thai dessert business
2. To determine the features of innovation management strategy in

Central Region of Thailand.

3. To determine the innovation management strategy development and success of Thai dessert business in Central Region of Thailand.

Review of Literature and Conceptual Framework

Innovation Management

The role of innovation in increasing the chance of success for new products and in improving business performance has received much attention from academics and practitioners from different disciplines in the last few decades. The competitive advantage of firms is achieved through innovation in new products (Carbone, 2011). Saigosoom (2012) has found that product innovation and process innovation are two of the most important factors for small and medium enterprises, ahead of marketing innovation and organizational innovation. Other researchers, such as Goedhuys and Veugelers (2012), only examine the innovation strategies relating to the internal development of technology and external acquisition of technology. One of the main goals of contemporary organizations is co-creation of value. The implementation of such a goal requires a new view of strategic management and strategy, which is becoming a process of continuous experimenting, minimizing investments and maximizing the impact on the market. Strategy is becoming an innovative process based on the common access to network resources (Wajirum & Inwang, 2018). In the area of innovation in several countries, has come up with a list of types of innovation that has been widely referred to in current literature that divides innovation into two main categories: (1) technological innovation, and (2) non-technological innovation. There are two types of innovation under technological innovation, namely, product innovation and process innovation. In a similar manner, there are two types of innovation under non-technological innovation, namely, marketing innovation and organizational innovation. Rational approach to innovation management focused on the future of an organization and on individual clients has a direct impact on the growth of the organization's ability to shape and use own innovative potential, clients and other organizations, (Tepic, Kemp, Omta and Fortuin, 2013, p. 521).

To formulate the perfect innovation management strategy is to identify a strategy that engages all stakeholders, and that accomplishes the desired results. The problem is that most innovation management strategy happens randomly. It's unpredictable. This is a problem especially for large, public companies that have an obligation to their stockholders to grow each year at a respectable and predictable rate. A company that is able to make innovation predictable would be able to promise stockholders reliable growth, and that would put the company in a very special category. There are three paths a company can take to grow its revenue organically 1) it can grow its existing markets by selling more of the products it already sells, 2) it can grow its existing markets by replacing products that sell poorly with better-selling ones, or 3) it can enter and grow

new markets with new products. This means that to grow, a company has to excel at two types of innovation: product improvement and new product creation. There are two prerequisites for success: (1) the company must have a team that is devoted solely to new product creation, and (2) that team must have access to an innovation process that results in effective new product creation decisions. Few companies have even one of these prerequisites, and even fewer have both.

An innovation management strategy is about creating winning products, which means products that are in an attractive market, target a profitable customer segment, address the right unmet needs, and help customers get a job done better than any competing solution. An innovation management strategy is essential for companies that want to gain competitive advantage. An effective innovation management strategy should be inspiring and add something unique to the product or service being developed. To formulate an effective innovation strategy, a company must know all its customers' needs, which needs are unmet, and what segments of customers exist with different unmet needs. Given this situation, there is no way they can successfully formulate an innovation strategy that will help customers get a job done better. The truth is, competitive advantage and differentiation are derived from choosing the right unmet customer needs to target. To do this, all the customers' needs must be known. Our approach to formulating an innovation strategy works because it is built around a solid definition of what a customer need is, and our approach reveals all the customers' needs. It is the only process to do so. (Damanpour, 2014).

Therefore, the importance of innovative management strategy of Thai dessert business to create popularity for consumers. By adopting the concept of business management innovation as a strategic activity, it can bring about benefits and affect the value of Thai desserts in the eyes of consumers. The success of the Thai dessert business in terms of product, marketing, service, variety of products, including the value dimension and quality of the economy. Thai society and culture using inputs, business process and results, as well as creative thinking are the basis of business ideas to become a global challenge.

Success of Thai Dessert Business

Successful small business development inevitably requires some measurement of workforce training and/or human resources services. Business start-ups require a host of services beyond what the staff of most small business development organizations can provide on their own (Dowpiset and Inwang, 2011). In my conceptualization, the feature of business agricultural machinery provides a platform to mainly use technology raw materials, use necessary for product production, using resources with value appreciation. The business strategy of entrepreneur provides a platform to potential in business

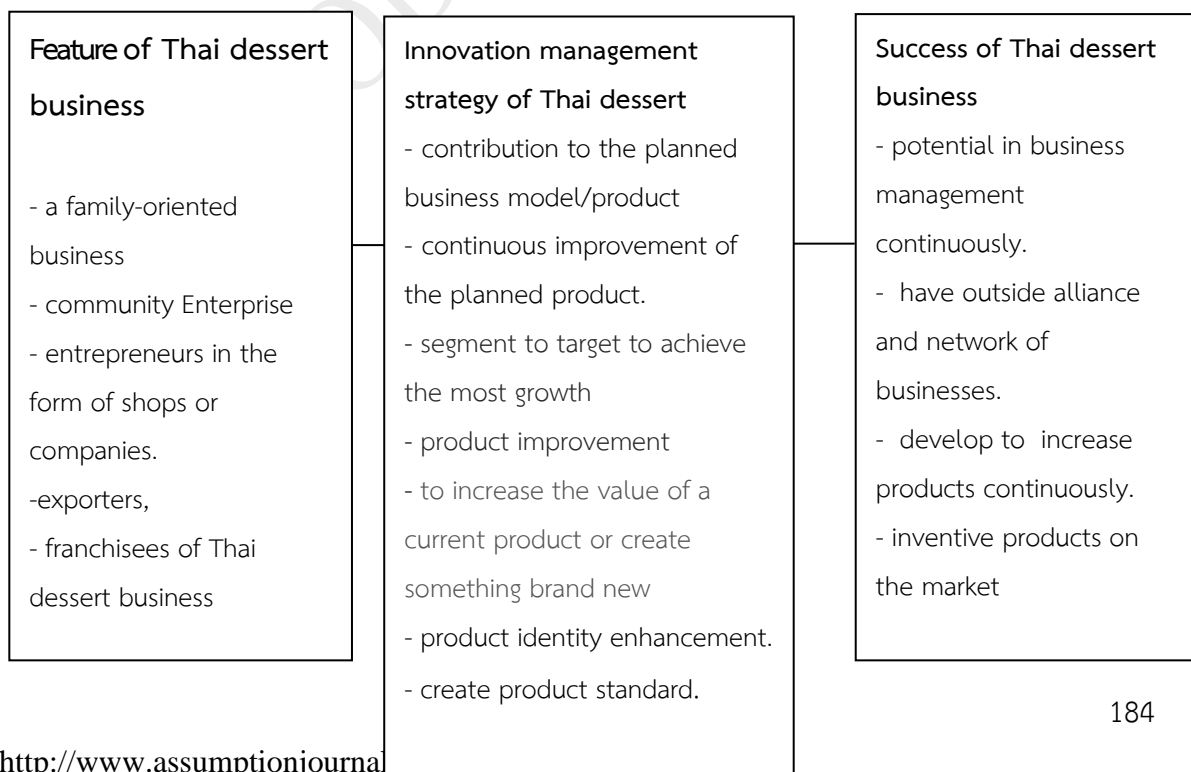
management continuously, have outside alliance and network of businesses, develop to increase products continuously. (Wajirum, and Inwang, 2018).

Successful small business developers analyze their prospective markets and develop products or services that offer a clear competitive advantage. Developers embody their vision in business plans that articulate, among other things, the size and growth rate of the market, the purchasing practices of the customers, why customers will choose the new business over others, what financial resources are required to start and maintain the business, and where those resources will come from. Successful small business development inevitably requires some measure of workforce training and/or human resources services. Business start-ups require a host of services beyond what the staff of most small business development organizations can provide on their own (Dowpiset, 2011).

Framework of Study

Concepts, theories and research papers were used to create framework of the research. The researcher applied the concept on innovation management strategy of Carbone (2011), Saigosoom (2012), network business (Drucker, 2001) theory of innovation management (Smith, 2006; Schilling, 2008. Hatten, 2006), and business success, (Schiff and Kanuk, 2009) .

Conceptual framework of the Research



Research Methodology

This study is a qualitative research . data collection was done by in-depth interviews with key informants who were three types of Thai dessert entrepreneurs, namely : Exporters, Entrepreneurs who have won in the entrepreneur community enterprises, Franchisees of Thai dessert business from four provinces(90 persons). A group of twelve commercial academicians or specialists in Thai dessert business were also included. Data analysis was done by content analysis.

Research Tools

This research used data collection tools as follows: documentary study, review of concepts, theories, and research papers concerned with concepts and theories of innovation management strategy , concepts and theories of success of business and Thai dessert, and concerned researchs which can be further used as the method of in-depth interview.

The researcher used the documentary study as guideline for interview structure. The questionnaire was submitted to three specialists comments The researcher further used the approved version to interview the informants . The interview form is in semi-structured model, the questions are open-ended question type .

Data Collection Method

This study is qualitative research using in-depth interview. Method of data access and data collection has two parts, data collection from documents (Review Data) and from the field (Field Data).

1. Review data was collected by gathering and searching for secondary data from handbooks, texts, theses and research works related to business strategy development found in research centers of different universities in the country and from electronics media.

2. Field Data

Data was collected through in-depth interview with group of key informants by using semi-structured interview forms. The interview was informal, by setting questions

into issues that cover and correspond with the research subject. All key informants refused the recording of their interview, as they disliked the idea of being recorded, even though they were promised full anonymity. This study is qualitative research, the researcher conducted the trustworthiness of data received from in-depth interview by taking the received data of the interviews back to the key informants to confirm that the data given in the interview are correct and real (Supang Chantavanich, 1997, page 24-36).

Data Analysis

Secondary data were analyzed using content analysis method, along with data table form of data searched from the concerned theories, documents, evidences and research works, through data correctness audit conducted by research advisor. Primary data collected by in-depth interview with key informants was combined with all types of data collected from documentary study and in-depth interview and were analyzed and synthesized for interpretation of data .

Research Results

The results indicated that various Thai dessert business were incorporated to the exporters, entrepreneurs who have won in the entrepreneur community enterprises, franchisees of Thai dessert business. In operation Thai dessert business as a group of small business which produce local products needs to define strategies for survival. It is found that most of the producers of community enterprise group apply sufficient economy philosophy, and also found that small business group has made business networks inside and outside community for their business survival.

The innovation management strategy used marketing innovation such as 1) segment the target to achieve the most growth, 2) product improvement, 3) increase the value of a current product or create something new. The study found that exporters of Thai dessert business were use by the growth strategy, the entrepreneur community enterprises used product development strategy and the franchisees of Thai dessert business focused on product identity enhancement.

In terms of the development of innovation management strategy of Thai dessert, entrepreneurs focused on marketing communication management of the brand using innovative communication technology from channels to match the target group of the product to be clear, distinctive, different from other brands in order to make customers remember the products. The process of marketing management includes telling the history of each Thai dessert to consumers, the value of Thai desserts on packaging, processing quality raw materials procured from local distributors, and businesses are expanding through franchising and exporting .

The study found that the business had increased continuously, contributes to the planned business model and product, continuous improvement of the planned product, segmenting the target to achieve the most growth, increasing the value of a current product or creating something new, product identity enhancement, and creating product standard.

Discussion of Results

The research discovered found that newly developed product innovation, is applied because small business strengthens community and culture, which corresponds with Wajirum & Inwang (2018) who determined the methods of development of business strategies of community enterprise entrepreneurs group that involves the development of the group of entrepreneurs and employees for the improvement of production techniques and skill, in order to support local products exported to foreign markets.

In terms of innovation management strategy, the found that marketing innovation marketing communication management of the brand uses innovative communication technology from channels to match the target group of the product for clarity, distinctiveness and to be different from other brands This corresponds with the research by Inwang S. and Inwang k. (2015) on the Methods of development of network of community enterprise leader group of agricultural products in Phitsanulok Province. The research results found that the important feature of community enterprise is that community is the owner of the business, products come from processes that community has initially created as innovation of community-based local intelligence mixed with international intelligence, having operation in form of integration connecting different activities systematically, having learning process as the key factor. This corresponds with Carbone, (2011; Saigosoom, (2012) who found that the key factors threatening the long term survival of many firms include growing international competition initiated by major global business firms; shifting market demands; the rapid changes in technology; the rapidly increasing popularity and adoption of the internet which has fueled the dramatic growth of e-commerce; changes in logistics; and the progressively decreasing trade regulations.

In terms of the of success of Thai dessert business in lower Central Region 1, results show that the business increased continuously, the company has the most inventive products on the market and network of the franchise. This corresponds with Wajirum & Inwang (2018) who determined the methods of development of business strategies of community enterprise entrepreneurs group in a case study on herbal product business. They stated that local products should be ready for trading competition by

promoting according to the declaration of cabinet policy by General Prayut Chan-o-cha, Prime Minister, (Department of Industry Promotion, 2015), which mentioned about operation plan of increasing ability of small and medium enterprise entrepreneurs to compete efficiently by improving the production process, product and service development in order enhance the management in organization, adjust support structure and move small and medium enterprises to be more systematic and unique, accessibility of sources of capital and services of finance and investment for small and medium enterprises. This includes creating opportunities for both domestic and international markets. Saengthong (2010) explained that community enterprises should conduct product design, such as logo and packaging to attract consumer . The average cost of each purchase was less than 100 baht. They bought Thai desserts twice a month. The place of purchase was at the market. They received information for making their choices from Thai dessert vendors. The most popular desserts were those boiled in syrup. The research provides a platform on the use local raw materials, the use of technology necessary for product production, the use of local labours and local area, using resources with value appreciation. This research provides a platform to create networks with Thai dessert businesses, seek products for distribution to markets continuously, conduct public relation in all channels continuously, business plan systemically done with clear target , and create alliances and networks .

Research Recommendations

The research recommends variety of dessert products. The opportunity of learning Thai dessert should be available at Thai dessert shops. The marketing promotion should be accessed by social networks for product advertisement and public relations to promote the uniqueness of Thai desserts, including the use of comics on Thai desserts. With regards to innovation management strategy , the study found that strategy of making differences, strategy that emphasizes on growth, marketing strategy for creating product identity can be furthered by making strategic plans for the development of products. Entrepreneurs should place importance on quality, standardization of Thai desserts, differentiation by using strategies for product promotion.

This research also recommends that entrepreneurs should place importance on quality, identity, to be different and distinguished by using strategies through marketing innovation, increasing online marketing to increase sales volume of different products, such as processed Thai desserts from herbs for health towards product trustworthiness. Besides, entrepreneurs should provide training on different Thai desserts. Entrepreneurs should prepare information materials for better product knowledge, in order to increase value and quality of dessert Thai using herbs.

From the research result on processes on Thai dessert, government and authorities concerned with publicity of information on Thai dessert must clear product brand image of Thai dessert business for consumers to learn through presentation in different media forms and to access all levels of consumers. Thai dessert product business entrepreneurs in lower Central Region 1 should conduct public relations through several channels. The authorities concerned should support websites of Thai dessert product groups in lower Central Region 1, to publicize in online market continuously, systematically and substantially. Authorities concerned should ensure quality control by certifying products that meet standards and should develop Thai dessert business to be sustainable by creating business network.

Recommendations for Future Research

As this research has not indicated details of innovation management tools and techniques, therefore the next research should additionally study the details of innovation management tools and techniques of Thai dessert business. Furthermore, the diagnostic tool, as well as the identified innovation management tools and techniques, could be more thoroughly analysed and structured. Therefore, one direction for future research could lie in the development of a more comprehensive diagnostic tool and on exploring the use of innovation management tools and techniques to support the management of innovation in business.

This research has not indicated about community enterprise network development. Therefore the next research should study network connection and development, especially networks of learning, production and marketing, including alliance members.

This research is A qualitative study by interview, therefore the next research should conduct participatory action research, to be aware of real conditions and potentials of Thai dessert business.

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