

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Ice cream is a popular dessert consumed by people at every age and gender because it helps people feel fresh, relaxed and happy, especially in hot weather. The overall ice cream market in Thailand is now worth more than 11,000 million baht (“ไอศกรีมพรีเมียม,” 2551). The ice cream market can be divided into 3 types; premium ice cream is worth 3,000 million baht with more than 10% growth rate, mass ice cream is worth 7,000 million baht with 3-5 % growth rate and low ice cream is worth 1,000 million baht.

The ice cream market in Thailand has a big potential for growth since only few Thai people consume relatively little amounts of ice cream, compared with other countries such as Malaysia, Japan, Australia and U.S.A. According to the research of Thai Farmer Research Centre (“ไอศกรีมปี 47,” 2547), Thais consume ice cream at 0.599 liters/person/year, Malaysians at 3.0 liters/person/year, Japanese at 7.0 liters/person/year, Australians at 18.0 liters/person/year and Americans at 24.0 liters/person/year. Moreover, Thailand is situated in the tropical zone where the weather is humid and hot, so one of the best choices for comforting people is eating ice cream.

Noppawan Arunplungsunti (2003, p.86) stated that the good taste of ice cream was the most influential factor for people when deciding to purchase their products (30.3%), followed by the cleanliness (11.2%), various flavors and products (9.3%), price (8.6%) and beautiful packages (7.6%). The most favorite flavor was chocolate (24.45%), followed by vanilla (17.72%) and coffee (11.80%). Regarding the place and source of distribution, consumers purchased ice cream at franchise shops most often (56.93%), followed by department stores (49.14%) and tricycles (36.14%). The research also showed that the group of people who consumed ice cream most often was teenagers of 15-17 years old (about 1-2 times/week) while other groups consumed ice cream less than 1 time/week. However, learning only attitude and behavior of

consumers cannot lead ice cream producers to success. To be a market leader, many companies are now seeking various effective strategies to meet their customers' satisfaction. Why do many companies that desire to be successful in their business need to satisfy their customers? This is because the customer is the most important part of the production line. Without someone to purchase the products, the whole plant might need to be shut down. Therefore, world class organizations see customer satisfaction as an important strategic weapon in achieving their various objectives such as to sell a million and a half automobiles this year or to have the leading market share in the disposable diaper category. Customer satisfaction is an invariable strategy to achieve these various objectives (McNealy, 1994). U.S. companies with excellent reputations for customer satisfaction include American Airlines, L.L.Bean, Hewlett-Packard, Marriott and Rubbermaid. The Japanese companies in the global automobiles market are also successful at keeping their customer happy such as Honda which demonstrates the value of high-quality products designed to satisfy buyer's preferences. Satisfying customers need close monitoring of their needs and wants so the companies need to identify the product and supporting service that buyers consider important when purchasing and using products.

The ice cream market in Thailand can be classified into three types: premium ice cream, mass ice cream and low ice cream. Premium ice cream is high quality and unique ice cream in order to attract customers' attention. The target group is high-income customers and tourists, so its price is quite high. The distribution channel is to open the shops in the main shopping complexes or in the provinces which are popular places for tourists. The well-known brands of this market are Haagen-daaz, Swensen's, Baskin Robbins and Bud's ice cream. Mass ice cream is produced in the huge factories and is varied. Since its materials are products found locally, its' price is not high. In order to reach the target group, ice cream companies use various kinds of distribution channels such as ice cream tricycles with their unique tunes and freezers spread throughout various main areas. The well-known brands of this market are Wall's, Nestle, Magnolia United and Cremo. Low ice cream is produced by small producers who use local materials with Thai taste such as coconut milk ice cream. The main target is people living in rural areas.

Among these three markets, mass ice cream has the highest market value and is the most competitive market because the producers are overseas giant companies which have large amounts of capital to invest in high technology and product development. There are many producers in this market but the top two brands that have the highest market share of mass ice cream are Wall's and Nestle.

Table 1. Value of Overall Ice Cream Market in Thailand

Market Value (million baht)	Year			
	2005	2006	2007	2008
Overall market	9,850	10,300	10,815	11,356
Premium Ice cream	1,000	1,200	1,600	1,800
Mass Ice cream	8,000	8,200	8,265	8,456
Low Ice cream	850	900	950	1,100

Note. From Business Analysis, by Krungthai Bank Public Company Limited, 2007, Bangkok: Krungthai Bank Public Company Limited. Retrieved June 23, 2007, from http://www.ktb.co.th/ktbweb/public/th/data/invest_research/invest_eco_bus/eoarticles/media/res1050.pdf

Table 2. Comparison of Market Share Between Wall's and Nestle Ice Cream

Brands	2002	2003	2004
Wall's	45%	50%	43-44%
Nestle	26%	30%	40%
Others	29%	20%	16-17%
Total	100%	100%	100%

Note. From Nestle Market Share, by Marketeer Magazine, 2005, Bangkok: Marketeer Magazine. Retrieved June 23, 2007, from <http://www.positioningmag.com/Magazine/Details.aspx?id=44399>

Wall's ice cream was first launched into the Thai market by Unilever in 1989 after it purchased the ice cream business from Foremost. Those who like eating Foremost ice cream would be familiar with Wall's ice cream because their recipe is

the same. For many years, Wall's has been the ice cream market leader because it has a large marketing budget to launch many marketing campaigns for its new products. Moreover, Unilever tries to reach the consumers as much as possible by distributing ice cream through various channels such as tricycles and freezers spread in supermarkets, convenience stores such as 7- Eleven and gasoline stations.

Nestle ice cream was launched by Nestle (Thai) Ltd. which started its business in Thailand in 1996. Although entering the market many years later than Wall's, Nestle has now become one of the most popular brands in the mass ice cream market due to its huge budget for developing new products, implementing marketing strategies such as blue mission strategy in 2003, and expanding its distribution channels. Nestle ice cream is now distributed through several channels such as tricycles and freezers placed in schools, supermarkets, and subway stations. Furthermore, Nestle has tried to reach its target group by using new distribution channels such as Siam Ocean World and VCD rental shops in big shopping complexes.

Although Nestle has the potential to be the leader in the ice cream market due to its huge budget for innovative marketing strategies and various distribution channels which are not much different from Wall's, its highest position in the ice cream market is only second to Wall's. Moreover, Noppawan Arunplungsunti (2003, p.85) stated that the ice cream that people consumed the most was Wall's ice cream, which accounted for 59%. Therefore, it is interesting to study the satisfaction level and the key factors of teenagers' satisfaction with Wall's and Nestle ice cream.

Due to its importance, the investigator surveyed the satisfaction of teenagers in eating these two brands of ice cream because youths are more likely to try new things when compared to the other age groups. Moreover, they are able to make the decision to buy ice cream without asking for their parent's permission. The results from this study may be useful and beneficial for both companies in developing their products to meet customers' satisfaction. Furthermore, feedback from teenagers may help the producers to realize their strengths and weaknesses, which will help them plan their marketing strategies more appropriately so that they can improve their sales performance and increase their market share.

1.2 STATEMENT OF THE PROBLEMS

This study aims to measure the degree of teenagers' satisfaction with Wall's and Nestle ice cream and also gather opinions of teenagers toward these two brands of ice cream. Therefore, the following problems are to be studied:

1.2.1 What are the degrees of teenagers' satisfaction towards Wall's and Nestle ice cream?

1.2.2 What are the key factors that make teenagers satisfied with Wall's and Nestle ice cream?

1.2.3 Do teenagers have any feedback or suggestions for further improvement of the products from these two companies?

1.3 OBJECTIVE OF THE STUDY

This research has the following objectives:

1.3.1 Main Objective

To look at the degrees of teenagers' satisfaction with Wall's and Nestle ice cream.

1.3.2 Sub-Objectives

1. To investigate the key factors that make teenagers satisfied with Wall's and Nestle ice cream.

2. To obtain teenagers' feedback and suggestions about Wall's and Nestle ice cream that can be used for improving their products in the future.

1.4 DEFINITIONS OF TERMS

The definitions of the terms of this study are as follows:

1.4.1 **Teenager** refers to male or female who are aged between 15-18 years.

1.4.2 **Daily Allowance** refers to amount of money students receive daily from their parents for buying goods or using services from other sources.

1.4.3 **Satisfaction** refers to a student's feeling of pleasure when eating and experiencing the product and service of Wall's or Nestle ice cream.

1.4.4 **Sex** refers to biological sex determined at birth.

1.4.5 **M.6 Student** refers to male or female who is studying at the highest educational level of the following high schools: Satri Watrakang School, Chinorotwittayalai School, Suwannaram Wittayakom School, Watdusitaram Secondary School and Suananant School.

1.4.6 **Wall's** refers to the brand name of various styles of ice cream which Unilever produces and distributes in Thailand through different channels of distribution such as freezers, tricycles, shopping complexes and convenience stores.

1.4.7 **Nestle** refers to the brand name of various styles of ice cream which Nestle (Thai) Ltd. produces and distributes in Thailand through different channels of distribution such as freezers, tricycles, shopping complexes and convenience stores.

1.5 SCOPE OF THE STUDY

The investigator surveyed the satisfaction degrees of teenagers in eating Wall's and Nestle ice cream because youths are more likely to try new things when compared to the other age groups. Moreover, they are able to make the decision to buy ice cream without asking for their parent's permission. Five institutes in the Bangkoknoi area were chosen as research sites for comparing the satisfaction degrees of students in eating these two brands of ice cream. The institutes consisted of Satri Watrakang School, Chinorotwittayalai School, Suwannaram Wittayakom School, Watdusitaram Secondary School and Suananant School. Due to time constraint and limited resources, the sample size was 250 students, represented by 50 students from each school. The questionnaires were distributed to M.6 students of these five schools. It consisted of three parts with closed-ended questions and opened-end questions asking about demographic data, behavior in eating ice cream, satisfaction level with Wall's and Nestle ice cream in three areas including brand acceptance, brand image and marketing strategies and the suggestions.

1.6 SIGNIFICANCE OF THE STUDY

This research is conducted with the academic purpose of strongly focusing on measuring the level of teenagers' satisfaction with Wall's and Nestle ice cream. The result of this research is beneficial not only for ice cream producers, but also for their suppliers and consumers.

Although both companies have huge budgets for marketing investment, they cannot be successful in their business and cannot be market leader if they are not interested in their customers' satisfaction levels with their products. Therefore, this study is aimed to obtain the satisfaction degrees of their teenage consumers. Furthermore, the result of this study can show both companies what the key factors making teenagers satisfied with their brand and competitor's brand are. Understanding the key factors of teenagers' satisfaction is critical because it may be useful and beneficial for both companies in developing their products to meet customers' satisfaction. Moreover, feedback and suggestions from teenagers may help the producers to realize their strengths and weaknesses, which will help them plan their marketing strategies more appropriately so that they can improve their sales performance and increase their market share. In addition, the result of this research may be able to assist the suppliers of Wall's and Nestle ice cream to understand consumers' views in order to plan their selling strategies. This study can indirectly benefit the consumers of Wall's and Nestle ice cream as well. When the producers know their consumers' opinions, they must try hard to develop their products to meet consumers' requirements in order to attract them and increase the number of consumers by launching attractive and competitive marketing strategies. As a result, consumers have more choices in selecting the products and gain the better benefits with competitive price offers such as more promotions, more discounts, more variety of products, etc.

1.7 ORGANIZATION OF THE STUDY

The study of “Comparison of Teenagers’ Satisfaction with Wall’s and Nestle ice cream: A Study of M.6 Students at High Schools in the Bangkoknoi Area” is divided into 5 chapters.

The first chapter introduces the background, statement of the problems, objectives of the study, definition of terms, scope of the study, significance of the study and organization of the study. Then, the review of literature and other relevant research studies are provided in the second chapter. Next, the third chapter elaborates on the research methodology which includes subjects of the study, materials, procedure and data analysis. The fourth chapter covers the results of the study. Lastly, the fifth chapter summarizes all details of the study and findings and provides discussion, conclusion and recommendations for further research.