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5 MARKETING ANALYSIS

5.1 Market Overview

Thai silk fabrics are specialty goods which are demanded by both domestic and foreign market. The types of Thai silk fabrics which are mostly distributed in the market are plain-colour silk fabrics, Phrae Wa patterns, Mud Mee patterns, Batik patterns, and printed silk fabrics, etc. Price is depended on quality of silk threads, decorative designs, patterns.

Thai silk market in Thailand is highly based on tourists. Domestic demand has less contribution to the total market. With great support from Her Majesty Queen Sirikit on Thai silk market, silk products become more aware to both Thai and foreigners. Thus, it raised the domestic and foreign demand for Thai silk.

5.2 Market Structure

Silk trading can divided into 4 parts which are Cocoon Trading, Silk Yarn Trading, Silk Fabrics Trading, and Silk Products Trading. We will concentrate to Silk Fabrics Trading and Silk Products Trading as they are main products of Jolie Femme:

5.2.1 Silk Fabrics Trading

Silk fabrics that are produced will be clustered into 2 parts:

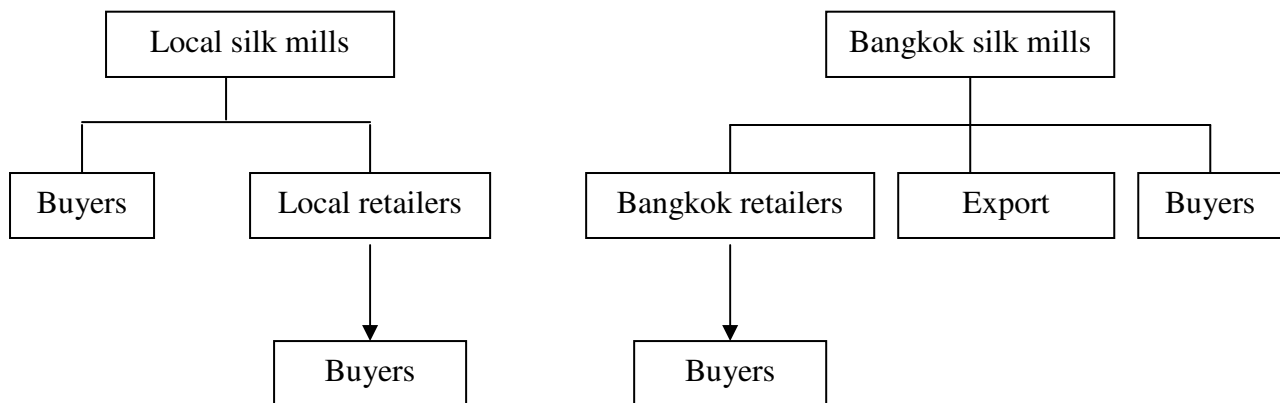
1. Thai silkworm rearers who are hauling the silk by themselves and weaving the silk yarn to get silk fabrics. Then, rearers will distribute to the market or silk mills to produce further.
2. Silk mills which are the large sources of trading will sell silk fabrics directly to domestic retailers and wholesalers in order to resell or export.

5.2.2 Silk Products Trading

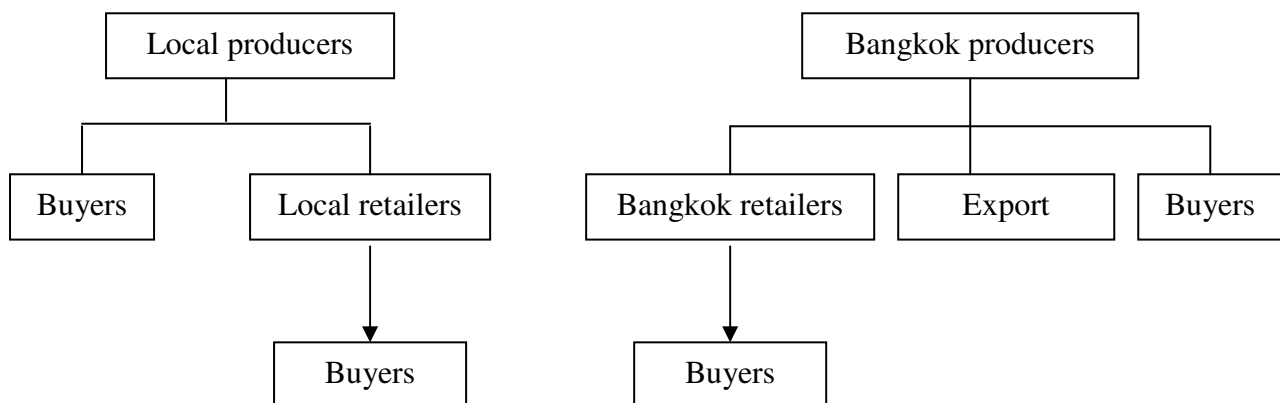
As same as silk fabrics trading, it will be classified into 2 parts:

1. The rearers bring silk fabrics to produce the silk products and then, sell to the market or wholesalers
2. Silk mills will produce silk products to sell to retailers, wholesalers and directly export.

Both of silk fabrics and silk products have the same characteristics of distribution channel are as follow:

Silk Fabrics

Source: Silk and silk products, Board of Investment

Figure 5- 1: Silk Fabric Trading Flow**Silk Products**

Source: Silk and silk products, Board of Investment

Figure 5- 2: Silk Product Trading Flow

Thai silk fabrics that are distributed in the world market currently can divide into 2 kinds that are hand woven silk fabrics and machine woven silk fabrics. Thai silk fabrics market can cluster into 2 types:

1. *Domestic market*: this market gain 2 of 3 market share of silk fabrics. The quality of silk yarn that is produced in domestic will be normal and lower. It will be sold for foreign tourists.
2. *Foreign market*: it is different from domestic market as the silk fabrics are from machine woven. High quality of silk yarn is required for weaving in mass production for export.

5.3 Marketing Strategy

The marketing strategies of Jolie Femme can be clustered into competitor analysis, market segmentation and target market, market positioning, marketing mix, and SWOT analysis. By adopting SWOT analysis into their strategies, Jolie Femme can know their strength, weakness, opportunity, and threat in order to develop and differentiate themselves from competitors. Furthermore, company can analyze both internal and external factors, which will affect company.

Jolie Femme focuses on product differentiation and always creates new decorative designs to supply the customer's demand. Moreover, they have adopted prestige-pricing strategy to price their products, as Hand woven Thai silk fabrics are the high value premium. Besides, Jolie Femme try to approach to the main target market via direct marketing by signing contract with many agency tours in order to persuade the tourists to visit their showroom and factory.

Jolie Femme has added value to their products by demonstrating the silk production process since the beginning until become finished goods. This procedure can create value of the products in customers' minds. They will perceive that silk fabrics from Jolie Femme are handicrafts that take long time to produce. Therefore, customer would be willing to pay such prestige price and it's worth for every Baht they pay.

5.4 Competitor Analysis

A hundred percent Thai owned, *Shinawatra Thai Silk* is the oldest silk factory in Thailand, which has been founded in 1911. Based on an age old tradition of craftsmanship in the ancient Kingdom of Lanna, Chiang Shinawatra and his family have introduced innovative technology and set ever higher standards of quality and consistency for this most precious of all materials.

5.4.1 The uniqueness of Shinawatra products

In the past still today, the motto of the Shinawatra family is “give priority to and control the quality of the materials used”

They constantly upgrade their fabrics and introduced sophisticated, up-to-date designs while maintaining bargain prices. This long-standing family policy coupled with creative designing has ensured that the Shinawatra brand has always been a leader in silk textile market.

5.4.2 Factory and Showroom

The Shinawatra factory and showroom is situated seven kilometers from Chiang Mai on the main road to Sankampaeng. The road is home to many handicraft shops and factories and passes through the famous umbrella village Bor Sang.

Three branches of Shinawatra showroom are opened in main area of Chiang Mai which are in Sankampaeng Road, K.M.7 in the name of “Sankampaeng Showroom”, Huay Kaew Road in the name of “S.Shinawatra Thai Silk Showroom”,

and Sankampaeng Road, Tambol Tasala in the name of “Kad Dara Dhavi Showroom”.

5.5 Market Segmentation

The market can be classified into 5 groups: individual and households, business market, reseller market, government market, and international market. As hand woven silk fabrics and various transformed silk products are high valuable, difficult to produce and also be favorite by middle to high income throughout the foreigners, Jolie femme focuses on an international market, normally will be the tourists, as this group has high purchasing power and fascinate in the magnificence of Thai silk.

Most of customers from the international market are defined as French, Spanish, Italian, Belgium, USA, etc. Normally, this group will be the tourists who purchasing touring campaign from agency tours. This is the reason why Jolie Femme uses direct marketing as a channel to reach the international market.

5.6 Target Market

Jolie Femme divided their customers into main 2 groups, tourists and non-tourists. Each group will compose of entrepreneurs and end users.

5.6.1 Entrepreneurs

These groups will purchase in large amount and quantities or many kind of categories for resale. The company will maintain good relationship with them as they expect the repurchase from these groups.

5.6.2 End users

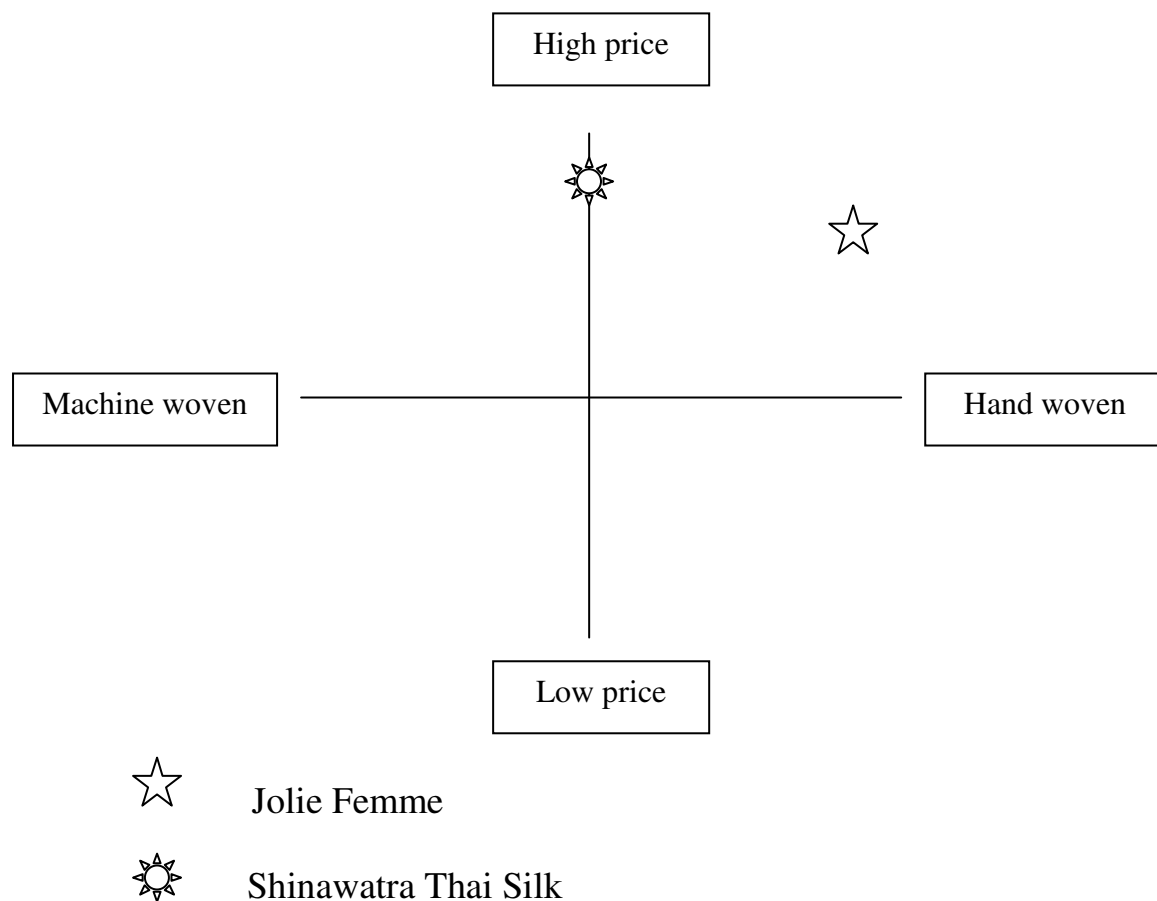
Both tourists and non-tourists and domestic or foreign people that purchase the products for their own purposes.

Jolie Femme focuses on the tourists group from traveling agencies, as it is the large proportion; about 80% when comparing to the non-tourists group.

The tourists group normally will consist of French, Spanish, Italian, Belgium, etc. For 20% of the non-tourists group are from Bangkok, local people, and customers who live in the other part of Thailand who know about Jolie Femme from website or word-of-mouth.

5.7 Market Competitors and Positioning

There are many competitors in silk market but the main and important competitor of Jolie Femme is Shinawatra Thai Silk as it is located in the same area and provides the same product to the customers.



Source: Marketing Analysis

Figure 5- 3: Positioning

Jolie Femme positions itself in high price, as hand woven silk fabrics are premium products but price of each items are slightly lower than Shinawatra Thai Silk because Jolie Femme is a follower in silk business as Shinawatra Thai Silk has been established for longer.

5.8 Marketing Mix 4Ps

Marketing mix is an important element in running marketing activities. It consists of Product, Price, Place, Promotion or we can call it “4 Ps”. Each P is interrelated and is equally important. To set the marketing strategies, marketing mix has to been appropriately planned. However, it depends on the management to emphasis on which P in order to satisfy needs of customers.

5.8.1 Product

Plain-colour, smooth-texture silk fabrics can be divided into three categories according to their thickness: one-ply, two-ply, and four-ply.

One-ply

This kind of fabric uses weft and warp yarns for weaving one thread at a time. The fabric is the lightest in comparison with two-ply and four-ply fabrics. Therefore, it is mostly used for men's shirts and ladies' blouses.

Two-ply

This kind of fabric uses weft and warp yarns for weaving two threads at a time. The fabric is light and ideal for different types of clothing, including shirts, ladies' blouses, and evening dresses.

Four-ply

This kind of fabric uses weft and warp yarns for weaving four threads at a time. It is a good material shirts, blouses, and evening dresses.

Plain-colour, rough-texture silk fabrics, or six-ply silk fabrics, are woven with sets of thick, firm yarns. The weft and warp yarns consist of six threads. Therefore, the fabrics are thick and contain silk waste, a quality which clearly distinguishes silk from other types of fabrics.

Six-ply, plain-colour, silk fabrics can be used for different types of clothing, furniture decoration and upholstery purposes. They are also goods as curtains, comforters, and table cloth.

Type of Thai silk that is normally distributed into the market

1. Plain-colour silk fabrics
2. Phrae Wa pattern silk fabrics
3. Mud Mee pattern silk fabrics
4. Batik pattern silk fabrics
5. Printed silk fabrics
6. Teen Jok pattern silk fabrics

Jolie Femme's products are classified into main six categories:

Product categories	Type of products
1. Silk	Thai silk dress, The Sabai Brocade Silk, Beautiful Thai Silk
2. Silk Fabric for Furniture and Curtain	Various decorative designs
3. Silk Fabric for Garment	Various decorative designs
4. Silk Product	Necktie, Pillow Cover, Bag, Picture Frame, Cushion, Handkerchief, Scarf, Table cloth, Bed linen, Quilt, etc.
5. Garment for Man	Silk Jacket, Silk Cloak, Shirt long sleeve, Shirt short sleeve, Jacket suit, Boxer Shorts, Trousers, Slack, etc.
6. Garment for Woman	Skirt, Cloak, Blouse, Shirt, Dress, Jacket, Trousers, Wedding Dress, Underwear, Pajamas, etc.

Source: Jolie Femme Brochure

Table 5- 1: Product Categories***Silk***

Source: Jolie Femme Brochure

Figure 5- 4: The Sabai Brocade Silk and Beautiful Thai Silk

Source: Jolie Femme Brochure

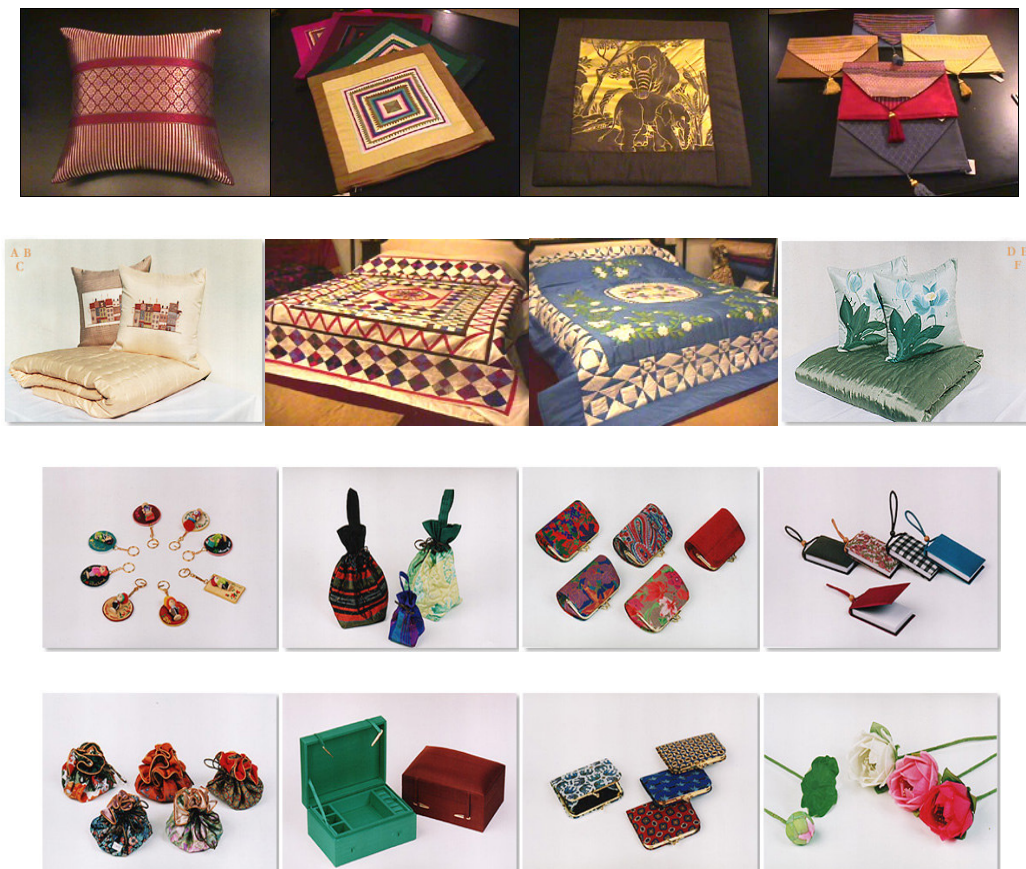
Figure 5- 5: Silk Fabric for Furniture and Curtain



Source: Jolie Femme Brochure

Figure 5- 6: Silk Fabrics for Garment

Silk Product



Source: Jolie Femme Brochure

Figure 5- 7: Various Silk Products



Source: Jolie Femme Brochure

Figure 5- 8: Garment for Man



Source: Jolie Femme Brochure

Figure 5- 9: Garment for Woman



Source: Jolie Femme Brochure

Figure 5- 10: Silk Color

Over 18 years in silk fabrics market, Jolie femme tries to differentiate themselves from competitors by emphasizing on design. Every piece of hand woven silk fabric is a unique work of art from hand of a rural Thai woman. They realize that the artwork produced by human will carry an imprint of character, thoughts, emotions, feelings, spirit, and life of the weaver. Although the machine woven silk fabric is perfect, mechanical, and mass-produced, it's heartless. This is the reason why they decide to weave by hand instead of machine. Moreover, they believe that customers deserve much more than an ordinary products; this stimulates them to always introduce newly design of fabrics, garments, furniture decorating fabrics, and other luxury household wares.

With numerous stylish collections and various design, Jolie Femme guarantees that customers will be more satisfied with the exquisitely merchandise. No matter what their style would be, whether it is contemporary, oriental, classic or even country, they can create their own style that will surely match their need. With state-of-the-art technology, Jolie Femme's fabrics are carefully manufactured from high quality natural silk.

Furthermore, all of products are also carefully impregnated with top quality over 500 colours to ensure a long lasting as well as ravishing colours. Since the textiles are delicately woven by hand, the finest fabrics by Jolie Femme possess very uniquely firm as well as flexible texture.

5.8.2 Price

Price is one variable that can affect consumer behaviour and can have positive or negative impact on consumers. Thai silk fabrics are defined as "Tangible products" that consumer can acquire. The strategy that has been applied in pricing Thai silk fabrics is prestige pricing as silk fabrics are the premium products or specialty goods.

At the first time of entry into the silk market, Jolie Femme had to face with main important competitor; Shinawatra Thai silk which is established for over 94 years. To compete with the existing competitors, Jolie femme priced their products slightly lower than Shinawatra Thai silk in order to gain market share.

Price will be calculated by adding cost per unit with the desired profit per unit. Cost will include raw material cost, labour cost, administrative and operating cost but exclude packaging and transportation cost. The transportation cost will occur in case of order is made via telephone or internet. As Thai silk fabrics and products are handicrafts, we can't set absolutely fixed price to the products.

However, price will depends on patterns, designs, and silk thread, etc. The more difficult decorative designs, the higher price.

There is no mark up price for foreign customers. They will pay at the same price as Thai pay for the same products. Besides, Jolie Femme provides more convenience to foreign customers by allowing them to pay in Baht, USD, Yen or Euro as they want. And the price will be converted from Baht to foreign currency by the rate of Bank of Thailand in that day.

5.8.3 Place

During the beginning of business, Jolie Femme found that penetration through the market; both domestic and foreign market, was very hard. Since the nature of silk has to be done with extremely care, especially during the transportation otherwise the damage may occur. This is why transportation of silk to the exhibition is not considered at Jolie Femme. This is the reason why Jolie Femme will not consider to the exhibition.

To avoid these problems, Jolie Femme decided to select the direct-marketing channel to distribute their products to the ultimate consumers. They presented themselves to the travel agencies in order to approach the foreign tourists.

Once the brand is well-known and accepted, Jolie Femme was selected by the travel agencies as one of the events in touring program that customers can visit and shop. By using word-of-mouth strategy, Jolie Femme becomes well known among the foreign tourists in many countries including in the Northern region of Thailand within short period.

Nowadays, Jolie Femme has only one showroom which is located in the same location of its factory at Sankampaeng, Chiangmai. Each day travel agencies will bring the tourists to visit the procedure of raising cocoon, creating silk threads, and finally producing finished products. By this strategy, Jolie Femme doesn't need to sell their products through wholesaler or retailer.

Ordering process:

The customers can purchase the products directly from the showroom or another channel; by phone or internet. After selecting the pattern, style, size, and color, Jolie Femme will send the products to customers once they have transferred the money into the specified account. If the amount is less than 50,000 Baht, balance should be paid in full amount at once. If it's more than 50,000 Baht, customers can negotiate on a term of credit payment.

Terms & Conditions:

The product will be delivered by DHL or EMS as customer's desired. Normally they will ship within 2 weeks once they received the order. If any items are not in stock, they will advise customers when to receive it unless customers notify them to do otherwise. Jolie usually quote in FOB, they will provide customers the delivered charge once the order is placed. Customers can check total cost before

ordering the product as shipping cost is automatically calculated.

Any order can be returned if customers are not satisfied and a refund will be credited to your credit card account. Shipping costs will only be refund when an error has been caused by company, all return must be sent within 7 days of receipt and in original packaging.

5.8.4 Promotion

Jolie Femme entered to the market with low promotion in the beginning period as the budget was low. Once they become well known among domestic and foreign people, they try to adopt promotion mix into marketing strategy in order to increase aware and interest from customers and also to gain more market share and profit. The promotional instruments which have been used are as follow:

Personal Selling

It is a direct communication between sellers and consumers. Jolie Femme provides salespersons who able to speak more than native language to service their customers especially the foreigners. Personal confrontation can help the company to closely observe the need and action of customers and response them immediately. Moreover, the cultivation from salespersons can induce the customers to make buying decision and have long term relationship with Jolie Femme.

Sales Promotion

In November to February is the low season of Jolie Femme, the company tries to launch the promotion to maintain sales and profits by

- Sending 30% discount coupon to VIP customers and group of people in Lion and Rotary club, bureaucratic places in Chiangmai as they have high purchasing power.
- Offering 40% discount to retailers who buy in large amount (over \$9,000)
- Giving the premium products to the foreign customers once they buy in large amount

Public Relation

Jolie Femme realizes that to build customers' good attitudes towards company can generate awareness, create company's image and finally, profit margin to the company. They promote themselves by

- Joining an exhibition that would be held by Department of Domestic Trade at Queen Sirikit Convention Hall
- Holding fashion show to the big group of tourists from agency tours at the hotel in Chiangmai

Advertising

Advertising is one of promotional instrument that can create Awareness, Trial, Action, and Repeat purchase. Jolie Femme present themselves to the public by

advertise themselves in magazine to Chiangmai, Chiangmai Guidelines, etc. Moreover, the company provided website www.joliefemme.com for approaching customers around the world.

5.9 SWOT Analysis

Strength

- Every piece of silk fabric is hand woven from Jolie Femme will reflect the uniqueness and beauty in itself. It is totally different from the machine woven one. Moreover, there are various types of products that serve customers' need.
- Jolie Femme has been established for 20 years; they gain high reliability and credibility from their customers.
- Jolie Femme's management and designers always follow the fashion trend, especially foreign countries trends in order to design new patterns, style, decorative designs, and types of products to be up-to-date and always be demanded by the market.
- In case of made to order products, Jolie Femme will ship the products to customers within 2 weeks after placed the order. If the products are on shelves, the products could be shipped within 1 day. If customers are dissatisfied with products, the re-customization will be served without any expenses.
- Salespersons in showroom are able to speak more than a native language such as French, Japanese, Mandarin, German, etc.

Weakness

- A few salespersons those are able to speak many languages. Therefore, in high season, the skilled salespersons are inadequate.
- Since the silk products need to be carefully cared, the transportation in a long distance for exhibition or any purposes is rarely considered by Jolie Femme. Thus, most of Thais are not familiar with brand "Jolie Femme".
- The website is not up-to-date.

Opportunity

- Her Majesty Queen Sirikit has convinced Thais in using and purchasing Thai silk fabrics and products and also mentioned about the various products which are made from Thai silk such as garment for man and woman, handbags, and shoes, there are many rural people gain more income in raising cocoon, creating silk threads, and weaving.
- Her majesty Queen Sirikit also promoted the uniqueness and beauty of Thai silk throughout the world. Consequently, foreigners realize on the value and tend to use Thai silk more and more.
- The government has continuously supported tourism in Thailand this consequence in attracting foreign tourists to travel in Thailand. From the increasing of number of tourists, the sales volume of silk increase as well.

Threat

- There are not enough skilled designers to create the pattern, style or decorative designs of silk fabrics to satisfy the market demand.
- From the point of view of teenagers that cloth made from silk is should be worn only in the official ceremony and it is suit for older. So, silk has not fit into the teenagers' fashion.
- The number of tourists visiting Jolie Femme will vary proportionally to the travelling seasons and travel agencies that the company has signed contact with. During high season of travelling, Jolie Femme enjoys the flow of tourists to the showroom and vice versa.
- There are many competitors in the market and some are quite strong such as Jim Thompson, Shinawatra Thai Silk.

5.10 Conclusion and Recommendations**5.10.1 Conclusion**

Jolie Femme is silk company which has been established for 20 years in Chiang Mai without any branches. They focus on hand woven Thai silk fabrics and products rather than machine woven fabrics as handicrafts are human works that will carry an imprint of character, thoughts, emotions, feelings, spirit, and life of the weaver and have high valuableness. They try to differentiate themselves from competitors by emphasizing on design and providing various product lines to satisfy customers' needs. The price of products are set according to market price but slightly lower than main competitors.

Target groups of company are tourists. Jolie Femme has a contract with agency tours in order to reach and attract the tourists to visit and purchase their products. The company provides the discount for large amount of purchasing and also offers some premium products to the foreign customers. The weak point of Jolie Femme is lacking of branches because they think that it would be required high cost of investment. Besides, they have little number of manpowers and they're satisfied with current profits and amount of customers.

5.10.2 Recommendation

Jolie Femme can set the price as same level as the other competitors as they have been established for long times and could gain reliability and credibility from customers. Furthermore, their products are handicrafts with high qualities and different designs. From these strong points, the price of each product can be increased.

Although hand woven Thai silks are the uniqueness of Jolie Femme, they should provide machine woven Thai silks to be other choice of customers. They will gain more market share and higher profits

To sign contract with only agency tours is not good method because Jolie Femme will get the limited types of customers. They should expand the distribution channel

by adding more advertising in order to be better known and create image. Besides, they should be the member of government organization more than one association in order to get more privilege from government section and gain more credibility from customers

Jolie Femme should make their website up-to-date all the times, as it's the important channel to approach customer around the world.

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