KNOWLEDGE MANAGEMENT CYCLE TO INCREASE CUSTOMER AWARENESS OF BEAUTY PRODUCT IN THAILAND

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ABSTRACT

This research aimed to study the possibility of collecting customer data to increase customer awareness by using new knowledge management from banking sector called 'Know Your Customer' method which was designed to manage customer's financial identification systematically. The research noted that if a company collected customer data in a more systematic way, it may have increased customer awareness in the product.

The in-depth qualitative interview was conducted with 25 participants working in beauty-related companies. Respondents had moderate to high level of work experience and understanding of the companies' products. The result showed that companies did not focus on the research framework but customer awareness raised by aesthetic needs and external factors. Moreover, customer data collection was restricted by the information legislation. Internal information management had only created systematic work for employees.

KEY WORDS: Knowledge Management/ Beauty Product/ Customer Awareness

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CHAPTER I
INTRODUCTION

1.1 Background

In the world where beauty makes people discriminate against individuals, people are becoming more concerned about their appearance. For this reason, cosmetics are products created to fulfill the needs of people. The history of cosmetics lastingly covers at least 6,000 years of human history (Khraim, 2011). At present times, it is normal when a person judges the first impression by outward appearance. Therefore, beauty products are instruments to improve the image of the modern generations. Beauty business is one of the activities that has generated much revenue and gained sustainable growth in many countries around the world. The image of the modern generations is not only gorgeous; they also have versatility in all areas. Thus, they need products that help them develop themselves and build confidence.

However, people are finding excellent ingredients to create products that enhance their appearance in every way. Many cosmetic manufacturers are unaware of the danger of using ingredients containing dangerous substances. Meanwhile, to create more reputation and profitability in a perverted way, bad sellers are concealing dangerous ingredients and raw materials under high price that creates a luxurious and credible brand image. Customers have no clue of knowing harmful ingredients unless abnormal reactions occur. From various researches, cosmetics have caused allergic reactions to approximately a tenth of total population. (Wolf et al., 2001). Over the past few decades, allergy to beauty products from internal and external factors has emerges. The government has set regulations on the notification of ingredients for substantiated cosmetics before going to the public. In Thailand, there is a revised Cosmetic Act by The Thai Food and Drug Administration (FDA Thailand) to comply with ASEAN Economics Community mandates (Thai Food and Drug Administration, 2012).

Cosmetics sellers are another factor which is important to the company. Salespeople are exceedingly significant in terms of middleman between companies and customers to provide accurate information on products. The characteristic of good salespeople is typically attention-to-detail that is put to use at kiosk touch points and online platform (Jain and Bhatti, 2009). Sellers should have sufficient knowledge of beauty products in case of any allergy or irritation may require explanation. In addition, providing customer information is more beneficial for product sales. Nevertheless, research by Fouss and Solomon (1980) has found that salespeople are provided with biased information from their customers. Distorted information can affect company's data and sales. Although many companies are applying the method of creating a membership system to manage customer data collection, most customers do not want to provide their information for salespeople due to difficulty. If the company has customer details, salespeople can recommend products to prevent errors from irregularity. In reality, customers may have various changes after using the company's or other products. Sellers will never know if there is no update from their clients since data is collected only once throughout the company membership period. So, the company should keep the data collection up to date in order to follow customer feedback.

1.2 Problem Statement

Since salespeople have often given information not relevant to product development and therefore beauty companies encounter problems in product promotion. Nowadays, there are only a few businesses that continuously collect customer information due to high costs and time consumption. In this paper, the researcher chose the concept of data collection methods from financial business sector called "Know Your Customer" which is a policy created under banking sector regulation for identifying customers, closely monitoring banking activities and the source of customer's finances. (Razzano, 1994). Financial institutions use the information provided by customers to check their viability. After the process, the company will assign operation staff to examine clients' transactions before delivering

services. This way, financial institutions inspect the customers and update database spontaneously.

The problem encountered today is that beauty product companies do not have formal data collection method or fixed regulations like financial institutions due to different seriousness. There are still sellers who intentionally misrepresent or create false information in order to deceive and sell products to consumers. Both company and customer may have exchanged information incorrectly. This paper wants to comprehend the possibility of Know Your Customer or KYC data collection process from the financial institutions that can help enhancing customers' perception towards beauty product companies. Especially, companies that have to sell products to fulfill consumer needs rather than essential goods like beauty product.

1.3 Research Question

How does the "Know Your Customer" method help company improve the performance of data collection on awareness of customers in beauty industry?

1.4 Research Objectives

1.4.1 Determine and understand forms of 'Know Your Customer' method that would help enhancing customer awareness.

1.4.2 Study the possibility of collecting customer information by using new knowledge management from the banking sector.

1.4.3 Explore method of collecting customer data in each department.

CHAPTER II
LITERATURE REVIEW

Knowledge management in an organization is essential for systematic work. The beauty business nowadays has continuously grown day-by-day and had different approach to manage internally. However, most beauty product companies focus on the purpose of increasing customer loyalty and product sales in order to build a foundation for business expansion. This study aims to understand the possibility of collecting data by using another effective data collection process to increase customers' awareness. In this chapter, interesting topics and theories are as follows:

2.1 Beauty Product

Beauty product is a fundamental part of everyday life. People need to develop good personalities and appearances constantly. There are many types of beauty products: for cleaning, protecting, and changing the appearance of facial or body skin; made from many kinds of herbs and natural ingredients. Beauty products can be classified into several categories, skin care products, fragrance products, hair care products, bath products, oral hygiene products, makeup products, personal cleanliness, and manicuring and pedicuring products (US Food and Drug Administration, 2017). In the Association of Southeast Asian Nations (ASEAN), Thailand's cosmetics market prevails against all odds (Jinachai et al, 2016). The cosmetic market in Thailand has less than 20% of domestic manufacturers of cosmetics and skin care products, the rest are foreign made (Bunyavaree et al, 2016). In 2016, Thai cosmetic market was separated into domestic consumption for 150 billion Baht and 100 billion Baht for the exportation. The total sum was 250 billion Baht (Euromonitor, 2015). From data collection via a list of importing markets for a product exported from Thailand (ITC, 2019), cosmetics are included in perfumes and

toilet preparations. In May 2019, export numbers rose to a record high due to the trade with China which had high purchasing power.
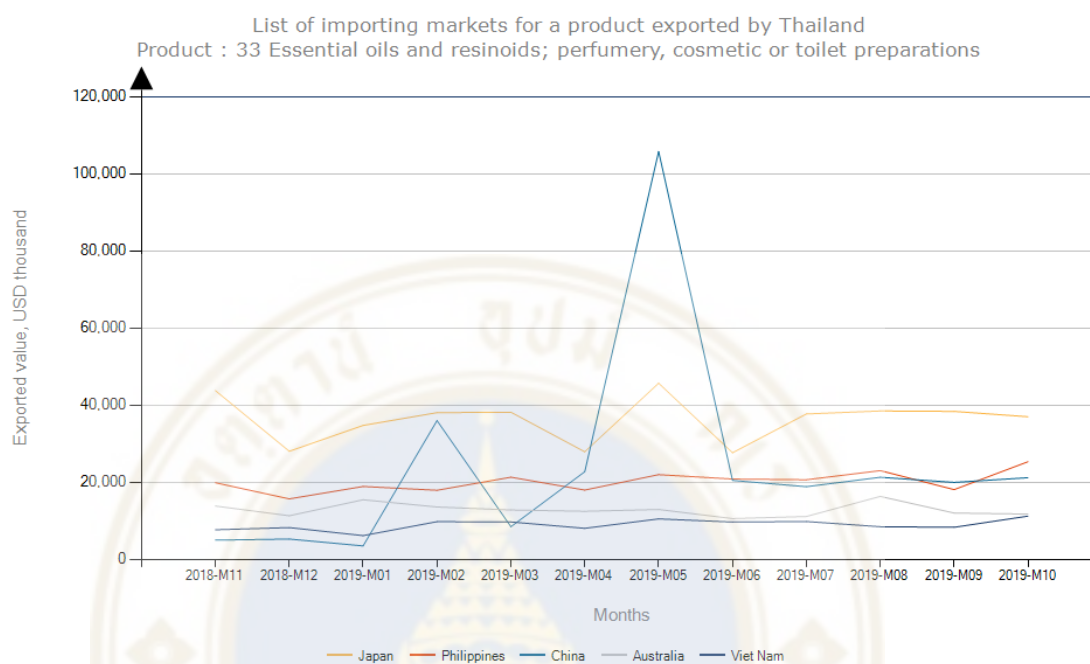
Figure 2.1 List of importing markets for a product exported by Thailand
Source: International Trade Centre (2019)

Before the 1990s, many people thought cosmetics were only for adult women. At the moment, the story is slightly different. Younger female consumers are the new target of many cosmetic companies (Kumar, Massie, & Dumonceaux, 2006). Beauty and cleanliness become the standard for a new generation. From Motivation Theory, Maslow believed that human motivation is based on hierarchy of needs (Maslow, 1943). The desire to be accepted by others is an incentive for people to pursue beauty. For women, beauty is one component that makes one more confident even though it is not an essential element of life. Apart from five-stage model in Maslow's hierarchy of needs in 1943, Maslow added three additional levels of needs during the 1960 and 1970.
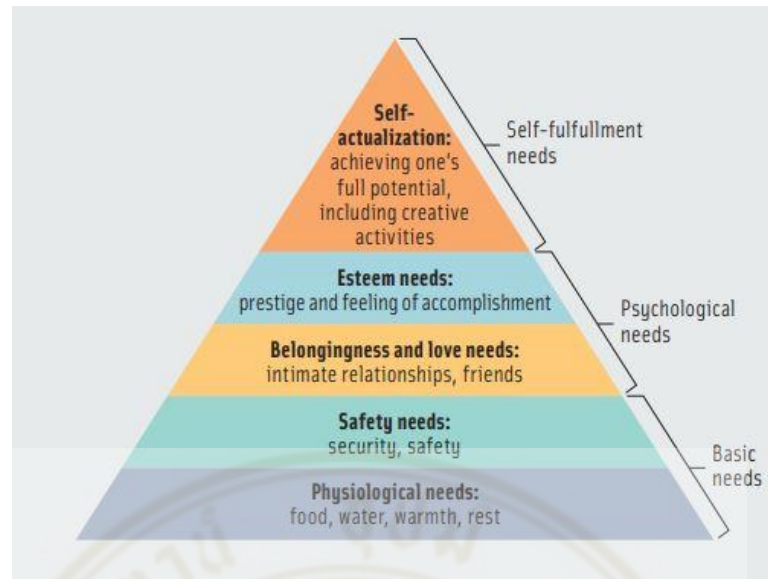
Figure 2.2 Hierarchy of Needs by Abraham Maslow

Source: Poston (2009)
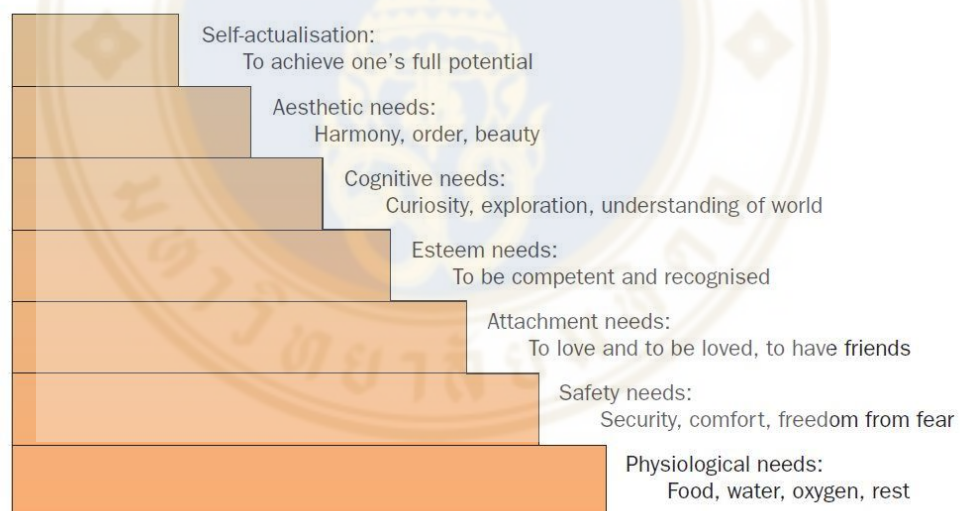
Figure 2.3 An eight-stage model of Needs by Abraham Maslow

Source: Martin, Carlson, & Buskist (2010)

The aesthetic needs are something that that can be satisfied through beautiful imagery, something new, and aesthetically pleasing. Maslow stated that some people have fundamental aesthetic needs. People who have feelings of hopelessness want beauty in life, whether in the environment, objects, or images

(Maslow, 1970). In other words, aesthetic needs are the needs that people see the beauty in their surroundings, and they feel edified. For this reason, beauty product companies bring consumer's wish to look good as the main selling point by creating advertisements to attract people. A manufacturer creates products with various ingredients to meet customer expectations but there is an issue hidden inside the product's ingredients, an allergy.

2.2 Allergy Symptoms

Because cosmetic products are a mix of ingredients or substance used for coating or applying on external parts of the human body (White et al, 2006), people may have an effect from the products that may cause irritation and it is called allergy. Allergic reactions are malfunctions of the immune system when the body is abnormally stimulated (Wasilewska and Małgorzewicz, 2019). Allergies can occur from surrounding substances. Sometimes, an allergic reaction may not mean that the person is allergic to the substance because the diagnosis of cosmetic allergy is not clinically suspected (Adams and Maibach, 1985). People may experience allergic reactions to a substance contained in various forms of enhancement products for no reason, although many types of research have been done to make people understand the substances that may cause allergies. However, some substances cannot be completely avoided in the daily life. Alternatively, even beauty-related product manufacturers cannot avoid consumer allergies. Therefore, it is necessary to specify the ingredients in the products. Majority of customers feel positive towards the absence of obscure ingredients in their products (Ozcan et al, 2018). It is the primary duty of an individual to be aware of the loopholes in the ingredients of these products. Knowledge about customers and side effects is something that the company should acknowledge. Salespeople who do not have enough knowledge may be able to cause misunderstandings and doubts regarding the company's products. Therefore, the company should have concrete knowledge management which makes customers aware of the company's existence.

2.3 Knowledge Management

Knowledge Management (KM) strategy is defined as a method of overall change process of organizational renewal within a result-based view of the firm which focuses on transmission, innovation, understanding, and application of new knowledge (Cohen and Levinthal, 1990). It can also be understood as a process for the collection, distribution, and efficient use of the knowledge resource (Davenport, 1994). The well-managed knowledge started with internal and external expertise to integrate and apply to problem-solving in organizations. Once a company has set goals consistent with knowledge management for its employees, these factors help the organization to grow in a sudden increase. Good knowledge management should start from communication to create systems for decision making (Forcadell and Guadamillas, 2002).

The knowledge which most companies acquire is internal knowledge and external knowledge. According to Nonaka and Takeuchi (1995), their Knowledge Management Theory is called SECI Model: knowledge management within the company is essential to simplify the information management system from customers. It is a relationship between the fusion of in-depth knowledge from an individual's experience, talent, or instinct (Tacit Knowledge) and knowledge that can be collected and transferred through various methods (Explicit Knowledge). The SECI Model is from the ongoing process of Socialization, Externalization, Combination, and Internalization of Knowledge. From theory, knowledge can be moved like a thing between the two extremes.
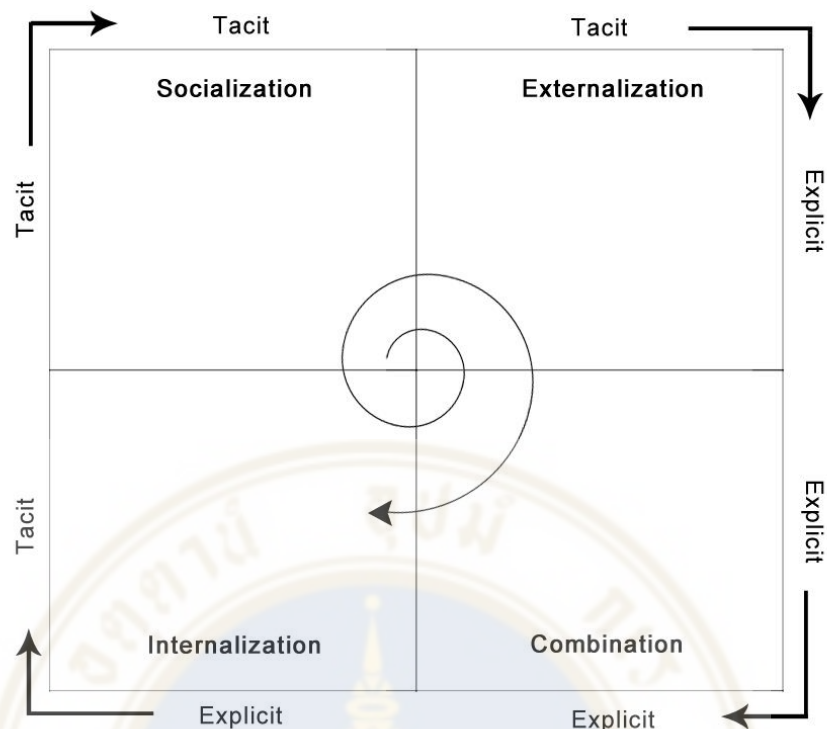
Figure 2.4 SECI Model of knowledge dimensions
Source: Nonaka (1990)

The SECI model starts with "Socialization" which is the sharing of personal experience from one person to another. People often share experiences, which is a tacit knowledge of the person. The second process is creating and sharing knowledge using materials available and distributed the writing. It is a conversion of tacit knowledge to explicit knowledge and called "Externalization." The next process is "Combination." It is the study of new knowledge from external knowledge in the form of documents and transfers that knowledge to the organization (explicit to explicit). Lastly, the "Internalization" is the alteration of knowledge into real experience which will turn into tacit knowledge of the person. A beauty product company can use the SECI model to manage data within a company as follows:

2.3.1 Socialization between Salesperson and Customer

Most salespeople use the personal experience they experienced in sales to help customers select products. Face-to-face interaction between customers and sellers

is normal during the decision-making process. Opinion seeking can be described as the process searching for advice from other people and information thoroughly (Chu and Kim, 2011). The exchange of opinions between buyers and sellers leads to a more efficient transfer of experiential knowledge.

2.3.2 Selling Method through Externalization

Companies commonly provide customers with product knowledge through brochures, advertisements, and salespeople. Each company has different product offerings, but the products are still similar and focus on the ingredients. Product presentations with pictures and diagrams give customers a better understanding of the product details such as pictures of honey and rose extract which help customers to know the product contains ingredients in the image.

2.3.3 Combination of Beauty Product and Customer Information

When the company recognizes customers' information from data collection, it may consider changing information management systems and product presentation methods to meet customer needs. Typically, the information received is not updated every time the sale is closed. The data collection of beauty products nowadays often occurs only the first time the consumers become customers of the company, resulted in employees only have basic information about customers. Therefore, companies should pay attention to updating the information to improve better products and services.

2.3.4 Implementation to create Internalization

The company implements knowledge into internal manual by collecting useful information from sales and customer data. In-depth information should become part of an individual's knowledge and will be assets for an organization. To put new knowledge into practice, an organization must provide a better way to collect the data first. The information received can be processed to improve the company's production and services. Finally, data collection will turn out to be a better sales process, and customers will know more about the company next time.

2.4 Know Your Customer Policy

Know Your Customer (KYC) proposal was unveiled on 7th December, 1998. The Know Your Customer policy basically is the requirement for banks and other financial institutions. The data will be filtered to monitor, audit, collect, and analyze their customers before engaging in the financial business (Byrne et al, 1995). Know Your Customer policy is required under laws which is designed and implemented harmoniously to collect customer identification. It updates every time the change has been made then notifies the customers as well as salespeople who can advise customers and, in turn, further develop sales and service. The Know Your Customer system uses technology to collect customer data and details to help the company know their financial status, revenue source and prevent possible money laundering (Byrne, 2000). Clients are required to fill in their information in order to become clients of financial institutions, and clients will receive appropriate advice when financial institutions are aware of their needs and transactions.

Beauty product manufacturers can also apply the benefits of Know Your Customer data collection to improve data quality. Collecting data is beneficial for both companies and customers. The company has customer information that can be used to help develop products and increase customer awareness of the company's image. Since today the customer information is only collected once when the sale starts. It is possible that customer data will be inaccurate in the future. This research aims to present a form of knowledge management in another field that is effective and adaptable.

2.5 Research Framework

This research has analyzed the possibility of the information obtained from a data collection process using 'Know Your Customer' process guideline to organize the details of customers' information. From figure 2.5, beauty product companies may make use of new data collection methods that increase the frequency and detail to keep up with customer perceptions. Moreover, adapting the desire for aesthetic in

advertising should elevate customer awareness of the company as people may purchase the products representing imagery of beauty.

| Beauty Product Company | New Knowledge Collection Method → | Benefits • Customer Awareness |
| Aesthetic Needs | → | |
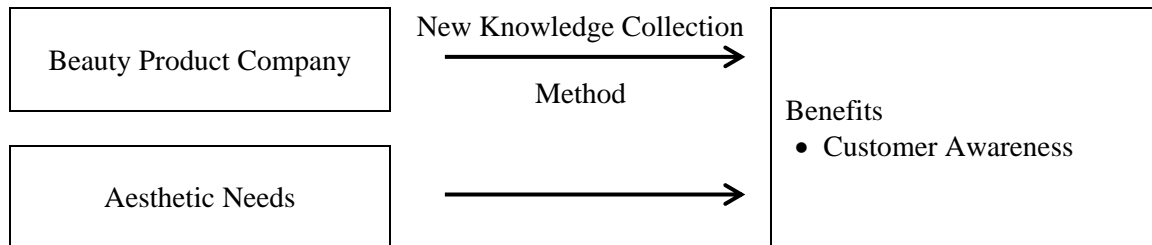
Figure 2.5 Proposed Theoretical Framework

CHAPTER III
RESEARCH METHODOLOGY

The research methodology is an important tool to indicate, identify, and understand how to manage information. The researcher uses a qualitative research design which is one of the most flexible of the various experimental techniques (Astalin, 2013). According to McMillan and Schumacher (1993, p. 479), qualitative research is defined as *"primarily an inductive process of organizing data into categories and identifying patterns (relationships) among categories."* The study also uses observation to understand and explore data collection in an individual employee.

3.1 Research Design

The study focuses on applying new knowledge management that may broaden the possibilities of customer data collection. Since the study emphasized the company's internal knowledge management, the researcher has aimed to study the internal staff of beauty product companies, especially the sales department. The interview questions are separated into two parts - demographic questions and interview questions. Demographic questions are focused on preliminary information of the interviewees and interview questions are open-ended specific questions that bring out their knowledge and experience.

3.2 Research Participant Selection

The research is designed to focus on beauty product employees who have knowledge in the products of the company. Utilizing purposive selection, the researcher uses a qualitative method to interview twenty-five employees ages between twenty-five and forty-five years old who work in beauty product industry. Most

interviewees are sellers of beauty product companies who commonly and directly contact customers due to salesperson's essential functions including gathering information about customers' needs and competitors' performance levels (Lambert et al., 1990). The participants are chosen from different companies and positions. Additionally, the diversity provides an opportunity to obtain information from people with different perspectives on product presentation method and understanding customer needs.

3.3 Research Instrument

Researcher uses in-depth interviews to access insights available in some professions. An in-depth interview is suitable for a small number of respondents and useful for exploring a participant's attitude and behavior (Boyce and Neale, 2006). When collecting information, the interviewer collects information from employees working within companies that sell beauty products. The organization should be creating knowledge management for employees so that employees can convert customer data to analyze the possible causes. Besides, it also includes updating customer information for current services that cover customer needs. In the interview, there are characteristics of semi-structured interview. The interviewer has not included personal bias and opinions to prevent the interviewee from being confused. The interviewer has inquired the basic information of the interviewees about work. However, if the interviewee has any doubt in the questions, the interviewer is willing to include additional information to help the 30-minute interview to end with useful information.

3.4 Data Collection

The researcher has prepared a set of questions related to some product knowledge to ask participants. Questions are an indicator of how participants understand their products and companies. To collect data, the researcher uses

telephone interview along with social media channel through Line application. The questions are as below;

3.4.1 Demographic Questions

1. Ask for age and gender.
2. What is your position in the company?
3. How many years have you been working in this position?
4. Do you use beauty products?
5. Are you allergic to any ingredient in cosmetics?

3.4.2 Interview Questions

1. What is your best-selling product?
2. How does the company measure performance of the product?
3. What methods does the company currently use to collect customer information?
4. Do you think that knowledge management is necessary for people of all professions?
5. Do you think that if the company keeps customer information up to date every 6 months; will it increase sales performance and customer awareness?
6. What trends or global changing events is related to the process of collecting customer awareness to maintain the company performance?
7. How do you think the knowledge data collection in your company will change in the next 5 years?

These questions help the researcher understand and analyze the operating system, data management, including the use of information to improve customer awareness. However, the actual interview is not limited to time for unexpected responses from interviewees.

CHAPTER IV

DATA ANALYSIS

This chapter analyzes the interview data regarding customer information management within organizations. The data collected from semi-structured interviews requires the flexibility of the issues and questions for data collection. In the research, the interviewer had asked about the forms of customer data collection in order to know the possibility of adding new ways of collecting customer information. Researcher interviewed twenty-five participants who work in beauty product industry. The analysis is summarized through Nonaka and Takeuchi's knowledge management theory (1995) and Aesthetic needs from Maslow's eight-stage model of Needs (Maslow, 1970), categorized according to the research framework, and discussed. The findings show how employees collect customers' data and what method transforms information to be useful for selling products.

4.1 Observation Findings

Most of knowledge management that companies provide to employees is in the form of employability skills and marketing strategy monthly. From the researcher's observation, large companies ask for necessary information such as names, emails, or telephone numbers from customers. The companies use the information to create engagement and advertise beauty products. Another way to collect data is when customers purchase products according to promotions specified by the companies, they receive a free membership program in which they have to fill out more personal information.

Customers expect the benefits of the products to be as fruitful as the advertisements suggest. Most customers want to change for the better including being accepted by others. Maslow's aesthetic desires (1970) may have led humans to escape their hideousness by wanting to find something beautiful. The aesthetic needs are

classified into the category of self-improvement. Humans want beauty to uphold their minds and want to develop themselves to be more beautiful as well. If humans could only perceive basic needs, these beauty companies would never appear. The aesthetic needs of customers are a great source of information that encourages companies to develop their products to gain market share. Also, each society has different beauty standards. The companies should consider the needs of customers as it is the only factor that makes an organization grow.

Each company has a variety of data collection depending on the techniques offered to customers such as surveying the needs of customers through online channels, collecting information on customer concerns, creating games and rewards by exchanging small data, etc. Whereas if the product is sold through a distributor, there is no information collected, except number of products sold and sales. Finally, customer data collection is a way to enhance beauty needs and is the database that helps companies continue to increase customer awareness.

4.2 Demographic Profile of Research Participants

The researcher interviewed twenty-five employees from various beauty product companies. All participants are in early adulthood (Ages 20-40). The youngest participant is 22 years old and has worked as an intern for only two months, while the oldest is 37 years old and has six years of work experiences. There are only two male participants. Twelve participants are working in the entry level and nine participants in the middle level. Researcher also interviewed three business owners and one senior officer. Most of the interviewees works in the sales department which meet the requirement. All participants use beauty products and nine participants are allergic to some ingredients. The products most interviewees sold are in the category of facial beauty products, followed by makeup products, bath products, and body care products. Table 4.1 shows demographic details in each participant.

Table 4.1 Participants' Biography

No.	Position	Age	Allergic in Beauty Products		Best-selling Products
			Yes	No	
1	Brand Manager	31	✓		Makeup Products
2	Assistant Product Manager	28		✓	Facial Beauty Products
3	Trade Executive	27	✓		Facial Beauty Products
4	Business Owner	30		✓	Makeup Products
5	Store Manager	26	✓		Bath Products
6	Chief Financial Officer	34	✓		Makeup Products
7	Managing Director	27		✓	Facial Beauty Products
8	Administration Officer	28		✓	Makeup Products
9	Business Owner	30		✓	Makeup Products
10	Beauty Advisor & Sales	23		✓	Facial Beauty Products
11	Dealer	27	✓		Dietary supplements
12	Online Trader	28		✓	Dietary supplements
13	Marketing Officer	32		✓	Facial Beauty Products
14	Manager	28		✓	Body Care Products
15	Accountant	29	✓		Makeup Products
16	Manager	37		✓	Facial Beauty Products
18	Digital Marketing	32		✓	Makeup Products
19	Marketing Officer	29	✓		Makeup Products
20	Beauty Advisor	32		✓	Facial Beauty Products
21	Beauty Advisor	28		✓	Makeup Products
22	Internship in R&D	22		✓	Facial Beauty Products
23	Marketing Executive	29		✓	Makeup Products
24	Graphic Designer	35		✓	Bath Products
25	Product Developer	29	✓		Facial Beauty Products

4.3 Data Analysis

The researcher received information regarding knowledge management in the organization directly from those working in the beauty industry. From SECI model, the data collected has circulated between tacit knowledge and explicit knowledge through four processes. Tacit knowledge has created its personality and hard to communicate and formalized, whereas explicit knowledge is transmittable with a systematic language (Nonaka, 1994). From the interviews, most of the interviewees use their knowledge and experience rather than using knowledge obtained from other sources. The study found four interesting topics in four processes of the SECI model to collect customers' data and transform into sales development.

4.3.1 Socialization: knowledge from work experience

Mostly, marketing officers have similar tacit knowledge which is knowledge from experience. The duties to meet customers depend on each seller's personal experience more than the knowledge gained from the company because salespeople need to meet diverse customers and different situations. Services for customers with different personalities tend to use more experience than the knowledge from company guidelines. Most sellers are primarily responsible for selling products to meet the company's goals under a period assigned. The knowledge from the company is usually only the product's basic features and characteristics rather than the knowledge about the customer.

"As a marketer, we don't collect customer information because our product has a mass-market." - Participant 2

"For me, knowledge management is not necessary for people of all professions. Some require real experience. We should have knowledge and understanding of the actual work, aside from data collection." - Participant 9

From the interviews, salespeople are aware of knowledge management that uses experience as a work factor. This acquired knowledge coincides with Nonaka's

first process, Socialization. Most of the interviewees are people with more than one year of work experience as sellers. Participants know how to approach customers, both corporate and general customers. Sales are one of the professions that the person needs to learn from real experience. Although there is a sales strategy for the company, employees should meet customers to learn the real experience. Customers believe that they have received high-quality service when their expectations are met or exceeded (Wall and Berry, 2007). Customer may make a purchase with satisfaction on the image of the product or purchase products due to the ability of the seller.

4.3.2 Externalization: knowledge in performance of products

Product knowledge improves sellers' credibility. Most customers ask for basic information of the product before purchasing. The knowledge that the salesperson receives is in the form of a script referred to organized knowledge. Within those manuals, appropriate events or activities are described suiting the particular situation (Schank and Abelson, 1977). Sales are characterized by their ability to influence using the art of selling. More than that, the seller should have knowledge of selling products to which they are assigned to. Therefore, the seller has many qualifications and knowledge such as the basics of direct sales operations, the psychology of adapting to customers, preparation before sales operations, and after sales services.

"It is necessary because we need to transfer knowledge to customers for credibility. Our products come from natural ingredients and designs that are colorful and eye-catching. Moreover, our products are both general products and products that can be stored in a short time. If we are unable to manage knowledge for our employees, customers will lose confidence and spread negative aspects of our service." – Participant 5

4.3.3 Combination: knowledge of systematic customer data collection

Each interviewee has different ways to collect customer data. Most participants provided information on companies that tended to use a survey to collect

customer data. A survey is collected by the company itself or an outsourced data analytics company. Other methods of collecting the information that participants referred to varies. For instance, online platforms (Facebook page, Instagram, Twitter, Google platform), salesperson inquires directly from customers and customer service departments which established to take care of customers. The interviewees said the similarity is that the companies collect customer data systematically. For individuals, knowledge can be a strategic asset to learn about transformation, creation, and information distribution of the product (Dimitrova et al., 2009). The systematically collected data helps the work of other departments develop the information easier.

"We use data collection methods from large data processing companies such as Nielsen. Our parent company believes that using data obtained by a data collection specialist company will be more efficient and accurate than doing it yourself. On the contrary, there are different opinions about data collection." - Participant 3

"Filling questionnaire pages, sales department inquiring. We ask our customers to take a questionnaire, and we also receive sales information from the sales department. Since we are a cosmetic manufacturing company that mainly follows the needs of our customers, we have received the data directly." - Participant 7

4.3.4 Internalization: new knowledge management for company in the future

Data management in the future is a prediction based on information currently available. Most interviewees talked about development within their company that there was a need for new technology and cloud storage. To create cloud storage, the company has to use the internet to connect computing resources and storage resources of cloud computing (Wang et al, 2020). Management within the company affects the work of each department. The company should consider the information circulating within the organization. The distributed information is subjected to

validation and consistent standards because the staff receiving the information will transform it into personal experience.

"There are more resources available for us to develop, including those that can help the company handle new customers. We will have data sources from many areas and platforms, which are good for the next sales calculation." – Participant 3

"Brand applications, as we create forms to collect customer data and provide space for accumulating points in the time that customers purchase products from the company. In the application, customers can check their information, reward points, and several of information if they need more knowledge." – Participant 10

4.4 Additional Drivers

Aside from data management within the company, the interviewees had explained factors affecting sales and customer perceptions. The interview questions were designed to explore beyond the opinions and facts of people who work in the beauty industry. The mentioned factors all have an impact on the companies. There are five factors mentioned for example: Economy, Epidemic (COVID-19), Competitors, Politics, and Word-of-Mouth as shown in figure 4.1.
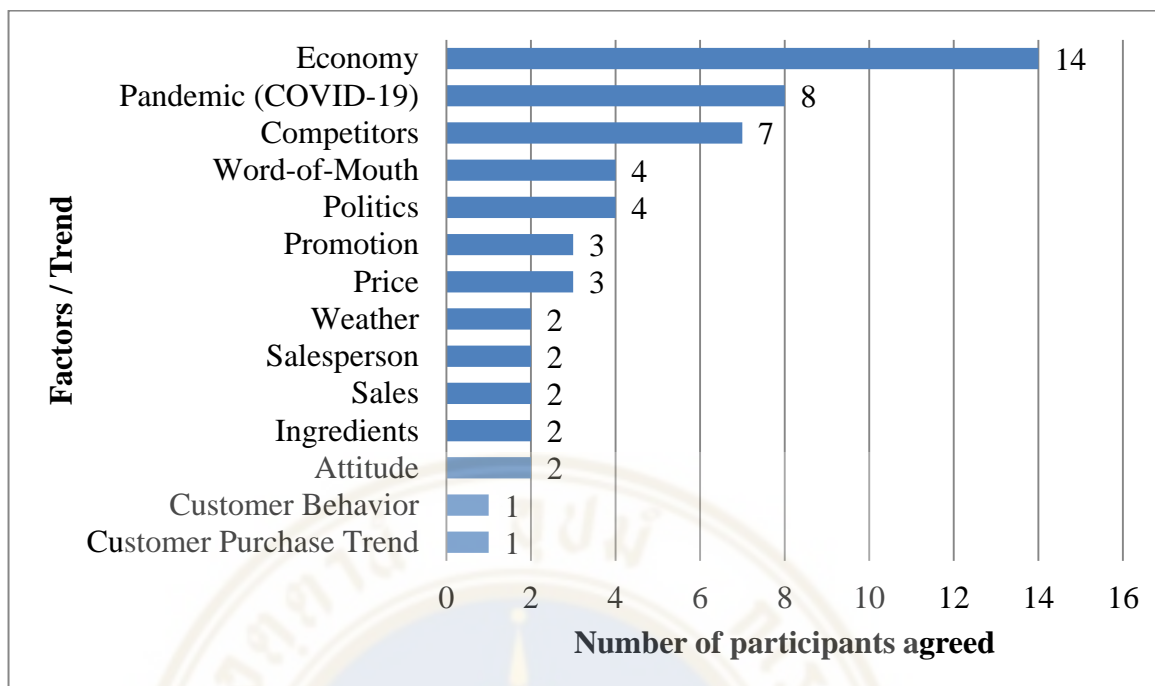
Figure 4.1 Fourteen drivers that interviewees referred

Economy

It is clear that the economy is the main factor mentioned by fourteen interviewees. The economy is creating change for customers and sales. Today's economy is linked to many countries due to cross-border trade. An unexpected phenomenon has occurred and directly affected the economy which is Coronavirus disease 2019 (COVID-19). The virus can be transmitted from human-to-human. The government, therefore, has measures to control the pandemic by closing various locations in order to prevent people from traveling freely. The protracted outbreak is testing the ability to control the crises of the governments and banks of various countries. Some people need to work from home or may be dismissed suddenly. When income decreases, expenses also decreases. They don't have to buy cosmetics products which are not the essential products for living. People need to save money to buy things that are essential to life instead. Even though customers receive many advertisements from the company, they may not make the customers want the products enough to buy them.

"I think it's about the economy and government measures. My company started to export products to foreign countries. So we need to study both domestic and international regulations. The external economy is also essential." – Participant 25

"I think it comes from external factors such as pandemics, economy. Economy is always the main thing because people need to have income in order to spend. The economic slowdown also means that the company's sales also decreases." – Participant 3

Pandemic (COVID-19)

In March 2020, there was an announcement of the Bangkok Metropolitan Administration (BMA) Subject: Order of Temporary Closure of Premise (No.4) launched to control the spread of the COVID-19 (BMA, 2020). The announcement page 1 stated *"Due to the fast-paced spread of Coronavirus Disease 2019 (COVID-19), consider to be a dangerous communicable disease by the Announcement of the Ministry of Public Health on Names and Presenting Symptoms of Dangerous Communicable Diseases (No. 3), B.E. 2563,..., there shall be of Regulation issued under Section 9 of the Emergency Decree on Public Administration in Emergency Situation B.E. 2548 (2005) (No. 1) dated 25th March 2020 to have additional premises posing risk of disease contagion temporarily closed."*

The interviewees told the researcher that the companies' stores were located in department stores and most were brick-and-mortar. Some company is faced with the difficulty of bringing products online for sale because they have to bear the cost of packaging and transportation. If the cost is higher, the marginal profit is reduced. Many companies use various promotions to entice customers during which beauty products are seen as luxury goods. Advertising contributes to customers' interest in the product but contagious disease makes people less likely to experience the real product and tend not to support the beauty products.

"The current effect is the discontinuing of storefronts. Products that my company sells are not essential products for living. Customers may choose to buy more needed products than my product. Another issue that is affecting my sales is the new law regarding customer data collection. Both of those factors compelled me to calculate the company's cash flow in detail." - Participant 6

Competitors

Many interviewees said their companies' products are being sold without targeting a specific or mass market. Company doesn't have to rely on customer perceptions but instead have to focus on the advertisements of new products and create higher market share than competitors. When the market value is high, the competition in the beauty and cosmetics market is also highly competitive. Most cosmetics have similar features and only vary between components and brands. Consumers have the rights to choose the product they like the most so the interviewees talked about this factor often. In addition to domestic competitors, Thai companies also face with strong and substantial foreign competitors. Some interviewees spoke of importing raw materials not available in the country to influence consumers on how the company has high-quality raw materials over the competitors.

"Nowadays, the trend of cosmetic and skin care market has changed rapidly. When some new ingredients or directions come up, brands are therefore rushing to launch new products to gain a competitive advantage for themselves." – Participant 1

Politics

Politics is another unexpected factor that the interviewees mentioned. Politics is about setting up a government that works for the nation, making policies and taking good measures for citizens. The interviewees believed that having a stable government makes the country's administration smooth and credible towards other countries. Politics is directly related to the economy, finances, and livelihood. In the

case of Thailand, political instability can take many forms such as the dissolution of parliament, elections, protests, constitutional amendments, and the coup that does not follow the democratic system.

> *"I think it is a matter of politics and economy because it is a factor that is related to life."* – Participant 23

Word-of-Mouth

According to the data collected, many interviewees said that word-of-mouth was one of factors that could have an incredible impact on the company. Word-of-mouth is defined as a powerful persuasive force among the consumers about goods and services (Dean and Lang, 2008). In a society in which people form groups of collectivism, word-of-mouth is a significant influence to make a brand be renowned or out of the market. Word of mouth is a reliable way for customers who try the product themselves and create useful suggestions for others. From the interview, the researcher found that some customers who had experienced the product may have created misunderstandings for other customers.

> *"It may be unbelievable but my company's influencers gave our products to their acquaintances. Some customers mistakenly believed that our company was giving away free products. More than that, the rumor spread widely. That was a massive impact on us."* - Participant 15

On the other hand, Customers may misunderstand if there are negative rumors about the product. The interviewee once described a product which sounded familiar to the one that induced a customer allergic reaction before. However, the product was not from the company but it was the same type. This issue caused the company to be affected by the misinformation.

> *"The thing that has affects our sales the most is the rumor. Our company sells beauty and skincare products. That means if there is negative*

news in the same business group, we will be directly affected. Brand owners
need to come out with a confirmation to restore the confidence of customers.” -
Participant 11

All of these factors are impactful on product sales. Nevertheless, knowledge management is most useful for employees, especially salespeople who need knowledge to deal with customers. As customers now gain easy access to the information from the internet and word of mouth, the reputation of a product due to its ingredients or the company that makes it can also raise customers' optimism towards the product.
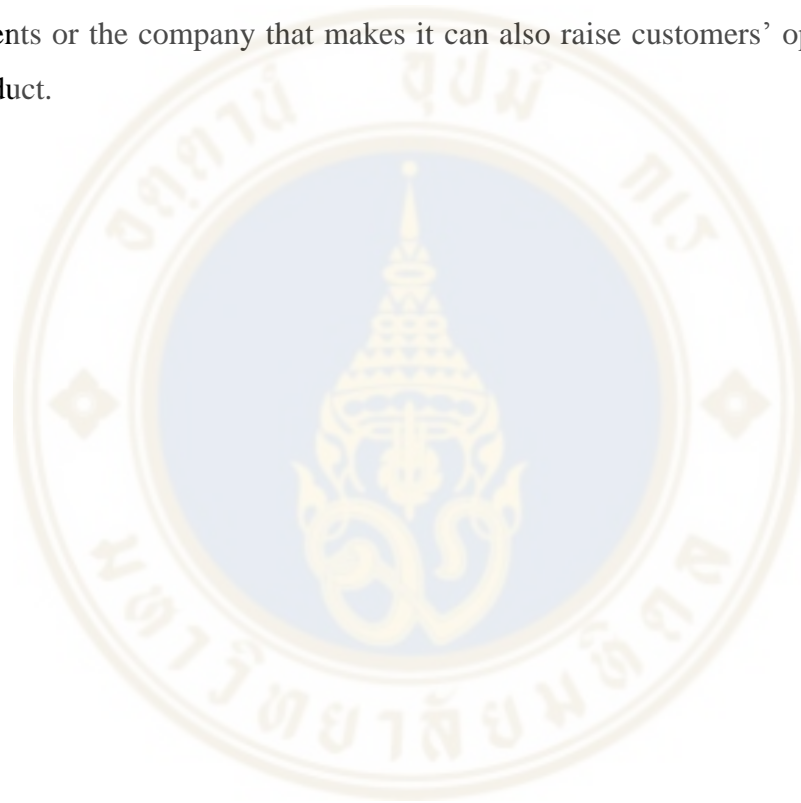
CHAPTER V
CONCLUSIONS AND RECOMMENDATIONS

This part summarizes the main idea regarding the use of new knowledge management to develop customer information. Interviews with several employees from beauty product companies have led the researcher to find useful information for future research. This chapter is divided into theoretical contributions and managerial implications. Besides, there are limitations and loopholes for future research.

5.1 Conclusion

The necessary information received from the interviewees is able to be concluded that participants do not think of allergies as a matter that would help them show more attention or help them understand customers better. The research framework has shown the importance but not related to customer awareness because the companies do not value focused on allergies since it is individual and uncontrollable factor.

Another suspicion is to study the possibility of collecting customer data by using 'Know your customer' policy from the banking sector. The result of an interview is slightly different from initial expectation. One of the interviewees informed the researcher of the Personal Data Protection Act or PDPA which directly related to customer data collection. The essence of the Personal Data Protection Act is to protect all personal data such as educational background, financial status, health record, criminal record, work record, and other personal data like fingerprints, voice records, identification card number and numerical data of other documents. For this reason, the researcher refutes the question of the study about whether the company is able to collect data from the bank to collect customer data; the customer has the rights to refuse request from the company. Companies may need to rely on obtaining data from other sources than collecting personal data directly from customers.

From observation and interviews, the researcher found that organizations would not be able to collect data by asking for consumer personal information like Know Your Customer policy. Initial data collection using Know Your Customer policy screening method is only for financial clients and well designed to be suitable for financial transactions. Currently, cosmetics are already regulated goods under the Food and Drug Administration. Beauty product companies cannot create any rules to collect more customer information. Moreover, collecting more data cannot guarantee that the company will increase customer awareness.

In summary, most of the interviewees are interested in the management of external data rather than personal data of customers. In which participants think external factors can affect the company's appearance through the public. Cosmetic companies want customers to be more aware of better products than those with negative rumors. Since cosmetics are products that affect users and buyers, there is no way of knowing whether a good or bad effect occurs when using the product.

5.2 Theoretical Contributions

It can be seen that aesthetic needs act as one of the drivers of the desire to improve human appearance. Beauty products are not the four basic factors of life but it is for humans to fulfill their needs in another way. In this research, it has found that aesthetic needs are necessary for humans, both the beauty outside and inside. To achieve functional goals, customers performed themselves as problem solvers which they come to the solution by consuming products and services (Ramkumar et al, 2018). When a person is accepted, that means people are attracted by charming appearance and ideas. Before getting to know the opinions, people judge others by their physical appearance. For this reason, customers solve beauty problems by finding beauty products.

According to the study of "Knowledge management cycle to increase customer awareness of beauty product in Thailand," knowledge management within an organization should have a systematic pattern. The result shows that each company stores different data sources. Knowledge management only makes the company more

systematic. The company does not have to rely on data collected which is an internal factor and should rely on external trends that affect consumers. Acquiring and keeping up with local and international news will help the company reach more customers, especially the use of online media.

5.3 Managerial Implications

Data from the interviews revealed that collecting data from customers is a part of raising customer awareness to buy beauty products but the information received is not enough for sales prediction. Beauty product companies should pay attention to customer data management and external data management.

First, good data sets should be collected from real users. The company has to share opinions with customers that mean the customer service department and sales department who are most likely to get in touch with customers. In addition, small details that easily slip away should be kept in an orderly manner.

Second, the external factors are the remaining components that will gain the seller insights into the customer behavior. An organized knowledge awareness perceptive personnel would achieve more methodical procedure in tracking existing organizational information strengths (Streatfield et al, 1999). Consequently, knowledge management can be a significant solution to an organization in developing, improving and making an investment decision.

Automation is a technology that can assist the data collection process such as filtering messages, data analysis, and exporting data. The initial database is essential to the system because it helps develop the system in a better direction and to see system's faults. When the company is able to provide information beyond what customers want, the company should have the ability to manage and analyze customer data in order to present the exact product to customers. Another interesting strategy is to create a specific application to separate the target customers. To make data collecting easier, narrowing the scope of information and knowing exactly what company wants help reduce the time by skipping unnecessary data. Technology makes data management more systematic and efficient. Partially collecting customer data

helps the company know the trends of customers' needs; meanwhile, increasing awareness requires other relevant factors.

The interviewees said that the changes in development of the data in the company are from external factors rather than internal factors. If the company keeps collecting customer data, it will extend the database. But in order to stimulate customers' urge to purchase, various external factors are still required.

5.4 Limitations and Future Research

Due to the limitations of qualitative research, using in-depth interview as a method for understanding means this study is not consisted of statistical hypothesis testing. The qualitative approach can only answer some questions and the answer is the researcher's understandings of attitudes that the interviewees. This does not mean the data is statistically accurate. The Coronavirus outbreak make discussions more difficult due to social restriction. Telephone interviews and Line application may have caused communication discrepancies during interactions between interviewer and interviewee. Also, the sample size was only twenty-five participants which was small and probably could not represent Thailand's beauty product industry. The time spent on the interviews was only seven weeks, including the trends of the products circulating in each period. Still, employees working in beauty-related companies had a certain level of basic understanding of their brands. Collecting initial data from real salespeople was not an easy task. The interviewees did not understand some questions and they required more explanation which further demonstrated the researcher with more different answers. Taking the Know Your Customer policy into discussion caused some problems: the interviewees had never known of Know Your Customer policy before and they mistook Know Your Customer for an exclusive policy for financial sector.

The current target group is not diverse enough. Studying such a small group of participants made it misleading. Future research should seek out more miscellaneous group of interviewees. Also, the scope of the research came to an end when the law was involved. Personal Data Protection Act requires companies to find

new methods in operation to build a reliable approach to increase more sales. Data collection is one way to help companies manage activities within the organization efficiently. Further research can collect information from customers for more comprehensive picture of the work.

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