

Open Access**Key Success Factors, Marketing Opportunities and Challenges: A Case Study of Bonco Virgin Coconut Oil**Ing @Grace Phang^a, Jennifer Kim Lian Chan^b, Tze-Yin Lim^{c*}, Mia Bella R. Fresnido^d^{a,b}Faculty of business, economics and accountancy, Universiti Malaysia Sabah, Malaysia; ^cSchool of Business, Swinburne University of Technology, Sarawak Campus, Malaysia; ^dDepartment of Agribusiness, Central Bicol State University of Agriculture, Pili Campus, Philippines*Correspondence: tzlim@swinburne.edu.my**ABSTRACT:**

This study centres on the sustainability of the VCO (Virgin Coconut Oil) enterprise macroenvironment and the marketing strategy reactions of consumers amidst the backdrop of East Malaysia. To better illustrate the marketing complexities of the VCO enterprise, the study examines a small and medium VCO operator, Bonco VCO, and looks at its main elements for success and the chances and trials it faces in terms of marketing. The study adopted a qualitative approach and employed in-depth interviews to elicit information from VCO operators and customers. The results impart invaluable means of recognizing favourable circumstances as well as difficulties for marketing. The findings addressed several key success factors such as involvement with the community projects, operator characteristics, customers' concern about product quality and availability, and packaging size. Opportunities and challenges were identified, in which issues such as perceived price value, promotional, and new product development should be the focus for the VCO operators.

KEYWORDS: Virgin Coconut Oil, Marketing Strategies, Qualitative Research, Opportunities, Challenges

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INTRODUCTION

Coconut oil or coconut butter is an oil naturally derived from copra with versatile utilization (dela Cruz, 2010). It differs from defined coconut oil owing to the fact that undefined coconut oil or virgin coconut oil (VCO) is different from defined coconut oil, the undefined coconut oil or virgin coconut oil (VCO) is freshly obtained from the milk, meat or residue of coconut (CBI Market Intelligence, 2015). VCO normally does not go through refinement, bleaching, and deodorizing (RBD). Wet processing extends the shelf life of VCO for several years (dela Cruz, 2010). The same process does away with solvent extraction in the derivation of VCO (Marina, et al., 2009) through either chilling, freezing, thawing, fermentation, or enzymatic extraction techniques (Marina et al., 2009). Through these, the VCO remains in its natural form and still preserves the aroma and taste of fresh coconut. It should be noted that the two determinants of

VCO quality are moisture (<0.5%) and lauric acid content (45.1-50.3%). VCO should be uncoloured, free from impurities, possess a natural coconut aroma, and must neither taste nor smell rancid (CBI Market Intelligence, 2015). The VCO market has grown in demand, particularly with the European consumers eyeing VCO for its health benefits. (CBI Market Intelligence, 2015; DataIntel Report, 2019). Consumers seek vegetable-based oils, and naturally derived and minimally processed products are considered essentially healthy. Increasing usage for culinary use is another factor that encourages the demand for VCO (Agarwal & Bosco, 2017; DataIntel Report, 2019). Historically, coconut oil contains unhealthy saturated fats (German & Dillard, 2004 in Marina et al., 2009).

The benefits of the inclusion of VC in the diet have been stressed in health studies that have been conducted of late (Ng et al., 2021). The American certified nutritionist and naturopathic doctor, Dr. Bruce Fife, in his book series, *The Coconut Oil Miracle*, has further driven the demand for VCO as a functional food. Research indicates that it has moisturizing properties that inhibit dry skin, acne and enhances skin tone. It can make hair shiny and removes dandruff as it is rich in Vitamin E, minerals, and healthy medium-chain fatty acids (Che Man & Marina, 2006), VCO. As a food supplement, VCO can maintain blood sugar balance and normalize the secretion of insulin (CBI Market Intelligence, 2015), thereby helping control various heart problems, diabetes, and hypoglycemia. Coconut oil, a type of saturated fat, possesses anti-microbial properties and staves off the effect of various bacteria, fungi, and parasites (Wang & Johnson, 1992 in Marina et al., 2009).

The World Coconut Oil Exporters and Malaysian Virgin Coconut Oil Market

In 2019, the top exporters of coconut oil were Indonesia, the Philippines, Malaysia, the Netherlands, and Thailand. The export volume of VCO was recorded at USD 4.73 billion, compared to 2018, when the export of coconut oil was at 6.6 billion, a growth rate of -28.4% (OEC.world, 2022). Malaysia recorded inconsistent export performance for coconut oil in the early years. The period 2005-2015 was mostly marked with dips in export performance rates, with the exception of recorded increases in 2009, 2010 and 2013 (United States Department of Agriculture, 2016). According to OEC.world, in 2019, Malaysia became the third exporter of coconut oil in the world, with total exports of USD 728 million. Between September 2019 and September 2020, Malaysia's coconut oil exports increased by MYR 134 million (59.1%), while imports increased by MYR 22.5 million (17%) from MYR 132 million to MYR 155 million. Coconut oil is ranked the 60th most exported product in Malaysia and is mainly exported to the Netherlands, China, the United States, Turkey, and Brazil. Facing fierce competition from fellow ASEAN members such as Indonesia, Thailand, and the Philippines, it is critical for all the stakeholders involved to have a good product and to better understand the market and relative strategies.

The global VCO market recorded USD 0.63 billion in 2019 and is projected to grow at a CAGR of over 9.8% during the forecasted period, expected to reach USD 1.1 billion by 2026 (DataIntel Report, 2019). While the future for VCO looks promising, this commodity is usually outperformed by other oils, such as conventional coconut oil, in the trade market (CBI Market Intelligence, 2015). Sales are mostly made through channels direct to the end-users, with the manufacturing and packaging processes taking place in the country of origin via small and medium-scale production. The consumer market and the food industry comprise two major market segments for VCO in Malaysia, with individual end-users normally buying VCO in retail channels such as minimarkets and supermarkets. On a limited scale, some food manufacturers utilize vegetable oils such as VCO as a component for food items specially produced for niche markets, e.g. food products for diabetics.

VCO, as a relatively new inclusion to the coconut product portfolio, will create socio-economic impacts as its export value is higher by about 400%-500% compared to coconut oil derived from copra. (Bawalan & Chapman, 2009). Scientific data on VCO to date is perceived as insufficient as research is conducted mostly within laboratories and thereby lacking a real-world perspective. Consumer-based research, which focuses on both the consumer and producer's points of view, is scarce, especially in Malaysia; Published research highlighting critical determinants for success, opportunities and issues that Malaysian VCO operators need to address is lacking.

Bonco VCO: A Case of Malaysia VCO operator

The founder of Bonco Virgin Coconut Oil (Bonco VCO), Mr. Ronnie Onginjian, is a coconut planter from Kimihang Village, a Rungus village of 49 households. Mr. Ronnie was troubled by various health problems, including gout, hypertension, diabetes, and high cholesterol. Mr. Onginjian decided to dedicate his five-acre coconut plantation to VCO production after the efficaciousness of VCO was proven to him by a friend. The Sabah State Government and the BEST (Borneo Ecotourism Solutions and Technologies) Society, a well-known non-profit organization based in Sabah helped him in his shift from coconut producer to VCO manufacturer.

He initially bought the necessary equipment and subsequently constructed his VCO processing centre on his plantation with funds sourced from GEF SGP (Global Environment Facility Small Grant Program). Under the Kimihang VCO project, BEST trained and assisted Mr. Onginjian on marketing strategies such as packaging, labelling, and the creation of other promotional materials. The BONCO VCO was initially rolled out in March 2010, and thereafter VCO production has grown notably with the assistance of BEST. Before the onset of the COVID-19 pandemic, workshops were conducted to present downstream products to local businessmen under the Kimihang VCO project, including extracting virgin coconut oil, making soap, lotion, lip balm, shampoo, candles, and massage oil. Before the onset of the COVID-19 pandemic, workshops were conducted to present downstream

The Kimihang VCO project was a part of the greater Kimihang Environmental Conservation and Community Capacity Building Project, which aspired to bring about socio-economic and environmental merits. The VCO project facilitated job creation, opened entrepreneurial windows, and upgraded the skills and capacity of local community residents. The project likewise enhanced coconut production through automation, technologies, and optimal utilization of scant resources. It enabled participation among local residents in tourism planning and decision-making regarding future tourism development by involving them in consultations with various stakeholders. Lastly, it also improved landscape quality and the sustainable management of natural resources such as coconut oil.

OBJECTIVE

Despite its excellent start, its promising sales data, and the governmental and private sector assistance, there were instances when BONCO VCO, like any other SMEs, floundered, particularly in the areas of finance, marketing, and production facilities. Constraints on financial resources suppressed the augmentation in VCO production and further limited the supply of VCO despite its high domestic requirement. Marketing and promotion strategies leave room for much improvement. Furthermore, published research is scant to support the beneficial claims of VCO, thereby resulting in a lack of information that will serve to sway

consumers to patronize it. Hence, a thorough assessment of the effectiveness of current marketing strategies is essential to pinpoint opportunities and challenges in the VCO market.

The existing literature indicates that most Malaysian coconut-related studies cover the fields of food science (Marina et al., 2009), bio-chemistry (Soliman et al., 2018) and healthcare (Ibrahim et al., 2016), and little has been focused on issues related to the formulation and development of marketing strategies. Furthermore, recent studies specifically addressing coconut oil marketing strategies are mostly qualitative studies conducted in mainly exporting countries such as Indonesia (Ginanti et al., 2021; Laksmi et al., 2022). Fattah et al. (2017), for instance, addressed several marketing-related issues faced by the VCO project in a village at Bangkalan Manduru, Indonesia. Past studies argued that the VCO is still restricted to local markets due to minimal promotional efforts and limitations in terms of production capacity, market penetration, and low sales turnover (Fattah et al., 2017; Mangku et al., 2021). New product development is almost non-existent, and there is neither product nor business diversification for the local operators. Researchers hence suggest the local operators improve their design capabilities and promote the website to highlight and expand the marketing efforts of VCO.

Similarly, Ginanti et al. (2021) highlighted marketing-related issues such as customer service, promotion, and distribution. Laksmi et al. (2021) also highlighted the need for local farmers to improve the product packaging to ensure product safety and ease of distribution. Other issues such as availability and insufficient promotional efforts were also mentioned in the study. Customers have less idea about the production process and are less assured of product quality. These studies address a common issue among the VCO producers in exporting countries such as Indonesia, Malaysia and the Philippines, where most of them are local small-scale farmers. These operators seem to lack adequate knowledge in terms of effective planning and implementation of marketing mix strategies.

Marketing Mix Strategies and Agricultural Marketing

The literature has indicated that a company needs to properly communicate a product or service to the target market to address the needs of the consumer and satisfy them by creating values (Solimun & Fernandes, 2018). Past studies have addressed the importance of marketing mix strategies (namely price, product, place, and promotion) to serve the customers and remain competitive in the market (Ing, Osman & Lim, 2020; Kotler & Keller, 2015). The level of satisfaction among customers is determined by evaluating product performance and customer expectations. Any tangible or intangible products that customers are willing to pay for in the market are defined as “products”. In the same vein, the distribution of products and selection of channels are related to “place”. Price is defined as the exchange value of the products available (Sudari, Tarofder, Khatibi & Tham, 2019). The communication mix (promotion) refers to the activity and strategy to influence, persuade, and acknowledge (Kim & Lee, 2020).

Agricultural trade is challenging and complicated since the products are perishable, requiring attention to distribution channels, storage, product safety, and quality (Vasylieva & Harvey, 2020). Hence, agricultural marketing, which serves as a tool to stimulate the sector, is essential. Previous literature has addressed the contribution of marketing toward agricultural activities from the perspectives of the customer level, product level, and future trends of international agricultural business (Morgan, Feng, & Whitler, 2018). In short, the components of marketing mix strategies generate opportunities in the competitive and dynamic market for agricultural products (Babenko et al., 2019).

RESEARCH METHODOLOGY

Research Design

This study employed qualitative research methods to compare how the operators and customers think about VCO. A total of twenty Bonco customers were surveyed and interviewed to examine their reactions to Bonco VCO marketing mix strategies. Next, separate interviews were conducted with the operators to examine various marketing mix issues that are essential to Bonco VCO. The qualitative research design covered interviews, focus groups, participant observation, and document review (Tracey, 2019).

Data Collection

It is not new that most qualitative researchers utilize interviews as a powerful approach to obtain information from participants. Interviews provide a platform for the researcher and participants to communicate, reflect, discuss and interact with each other in a way that is authentic, adaptive and energizing (Lim et al., 2021; Fusch & Ness, 2015). To determine the competitive stance of Bonco VCO vis-a-vis other brands, interviewees were asked about the determining factors causing them to choose a particular VCO. The frequency counts of the factors show that consumers chose VCOs based on 'price', followed by 'its effectiveness', 'size and packaging form', 'product safety', 'aroma', 'provenance', and 'ease of obtainability' based on their purchase experience.

Data Analysis

The current research employed coding analysis to analyze the textual data obtained from the transcripts. Codes and categories have been developed through three stages of coding evaluation. The final coding stage involves the formation of themes and properties and is supported by team coding and member checking (Aduce et al., 2021; Saldana, 2021). Quirkos data analysis software was utilized in sorting and managing the codes and themes that surfaced from the textual data (See Figures 1.0 and 2.0).

Quirk Title	Parent	Grandparent	Description	Author	Date	Total Codes
Quality of VCO						
Market Demand	Success Factors	Bonco Virgin Coconut Oil				3
Benefits of VCO	Success Factors	Bonco Virgin Coconut Oil				3
Involvement of Stakeholders	Success Factors	Bonco Virgin Coconut Oil				4
Promotional Strategies	Success Factors	Bonco Virgin Coconut Oil				3
Distribution Strategy	Success Factors	Bonco Virgin Coconut Oil				6
Community Project	Success Factors	Bonco Virgin Coconut Oil				7
Challenges	Bonco Virgin Coconut Oil					1
Lack of financial support	Challenges	Bonco Virgin Coconut Oil				1

Lack of Marketing activities.	Challenges	Bonco Virgin Coconut Oil				10
Lack of Research and Development	Challenges	Bonco Virgin Coconut Oil				2
After sales services	Success Factors	Bonco Virgin Coconut Oil				1
Lack of distribution partners	Challenges	Bonco Virgin Coconut Oil				1
Price Strategy	Success Factors	Bonco Virgin Coconut Oil				8
Competitors	Challenges	Bonco Virgin Coconut Oil				3
Lack of training for staff	Challenges	Bonco Virgin Coconut Oil				1
Country of Origin						
Low brand awareness						
Success Factors	Bonco Virgin Coconut Oil					
Product (merged) (merged) (merged)	Success Factors	Bonco Virgin Coconut Oil				21
Bonco Virgin Coconut Oil						
TOTAL NUMBER OF CODES	86					
TOTAL NUMBER OF QUIRKS	18					

Figure 1.0: Quirkos Summary



Figure 2.0: Quirkos Canvas

RESULTS

Marketing of Bonco Virgin Coconut Oil: VCO Operator's Insights

Place and Promotion Strategies

The operator strongly believed that his VCO satisfied the needs of his consumers by making his product available and his after-sales service, which further encouraged his clients to patronize his VCO. Direct and indirect channels were adopted in terms of distribution. They were also available in limited supply through designated agents such as souvenir shops, supermarkets and pharmacies. The designated agents paid Bonco in cash with the stipulation that expired products may be exchanged. There was an attempt in 2015 to sell the oil to markets in Peninsular Malaysia; however, shipping problems resulted in deterioration in oil quality which particularly affected the product's colour and appearance. This significantly constrained market expansion. In recent years, some online retailers have started to sell Bonco VCO via third-party marketplace platforms such as Shopee. However, Bonco does not have a formal account in the third-party marketplace and does not sell directly to its customers via these platforms. Social networking sites such as Facebook are utilized to promote rather than sell on Facebook Marketplace.

Self-assessing the marketing strategy reflected that it needed improvement in terms of efficiency, particularly in its promotion and distribution strategies. The initial promotional effort was characterized by passivity and was largely held in the processing centre. No organized training and support was provided for third-party distribution centres like supermarkets and souvenir shops. In addition, Bonco VCO was only able to serve the local market that had relatively lower demand compared to the unlimited opportunities in the overseas market. Bonco has created its own Facebook accounts to create awareness and enhance customer engagement. A further examination of the company's Facebook indicates that the company's Facebook page has yet to successfully gain awareness, with a total of 911 accumulated likes dated as of 23 March 2022. The company only had 10 postings on Facebook in 2021 and 9 postings in 2020, recording events such as visits to Bonco VCO Kimihang and season's greetings. The promotional material stressing the benefits of VCO and the points of differentiation for Bonco VCO was not sufficient.

Pricing and Packaging

Bonco VCO was successful in attracting customers because of its pricing and packaging strategies. Bonco VCO is available in four package sizes: 400ml, 200ml, 130ml and 100ml. The selling prices were pegged on the total production costs instead of leveraging against prevailing market or competitor prices or even perceived value pricing. The average production costs for one litre of VCO p was RM25 which accounted for coconut copra, machines and utilities, labour, packaging and labelling, transportation, and operation costs. The normal production cycle could take up to 2 days to produce one litre of VCO, and besides VCO, Bonco also sells massage oil mixed with ginger or citronella, both packed in a 17 ml size. The operator strongly believed that most of the customer's perception was that the product was cheap and they were satisfied with the oil.

The initial batches of Bonco VCO were sold to the community residents in ordinary plastic water bottles without proper labels. BEST guided the company to improve the packaging, which was switched to imported glass bottles in 2011. This packaging came with specially designed labels containing information such as brand name, manufacturing information, barcode and nutritional facts. A bilingual brochure was created to increase consumers'

awareness of Bonco VCO health benefits. The brand name, Bonco, was the acronym for Borneo Natural Coconut Oil and pinpointed the origin of the product. The operator hoped that the simplicity of the brand's name would facilitate customer recall.

Competitors

VCO brands from the Philippines, Indonesia, and Thailand were the main competitors of Bonco. The Philippine brands were sold at lower prices however, they were of lower quality. They were also generated on a higher unit volume and therefore had the advantage of the economics of scale. Unlike its competitors, Bonco VCO valued hygiene and sanitation in processing and quality of raw materials, e.g. meticulous choice of copra. Cognizant of consumer needs, the company prepared to widen its market reach by developing new products and beefing up its product lines. The adoption of a new VCO oil expeller in 2021 has greatly improved the production efficiency of VCO.

Marketing of Bonco Virgin Coconut Oil: Customer Insights

A majority of the interviewed Bonco VCO consumers were Bumiputera Sabah and Sarawak males (80%) aged between 18-36 years old (70%). Most of them came from the neighbouring Kudat towns (55%), Kampung Bangau (20%), Kampung Marudu (5%) and Kampung Api (5%). Almost all of them make monthly purchases of VCO in small quantities for personal consumption. They have poor brand recall even though most of them were repeat purchasers of VCO. Most stated that brand was of prime consideration in VCO purchase decisions, citing price and country of origin instead as their main influencers. For Bonco VCO, a greater number of the respondents were trying the product for the first time after hearing about it from friends and relatives. Despite being content with the brands that they previously purchased, they claim that they felt more satisfied with Bonco VCO. More than half of them declared that they would continue to purchase Bonco VCO in the future. The respondents affirmed that VCO was suitable for use by homemakers, children, senior citizens, and persons with health concerns.

More than 50% of the respondents were found to have problems with brand recall despite the fact that they were multi-brand users. Country of origin (e.g. from the Philippines or locally produced) had a stronger recall. Among the brand names that were recalled included D'Herbs, Tropika, Al Gjib, Pamago, and Vasna.

Product Strategy and Place Strategy

In terms of Bonco VCO, 'product effectiveness' was the main factor that pushed respondents to buy Bonco VCO. This was followed by 'price', 'size and packaging', 'aroma', and 'product safety'. This indicates that while price is one of the considerations, it is not the primary factor in the purchase decision. In other words, a VCO enterprise must communicate and convince its target market by selling the combined ideas of 'product effectiveness', 'desired size and packaging', 'aroma' and 'product safety' instead of stressing 'price' alone. To delve deeper into matters concerning product design and packaging, most of the respondents adjudged the existing packaging sizes for Bonco VCO as 'suitable', with comments such as "ease of portability", 'easy to use', 'attractive', 'packaging transparency', 'safe' and 'simple and nice'. The factory in Kampung Kimihing seems to be the most accessible in terms of location and product availability, with the majority of the respondents making their purchases there. This ease of location access was followed by retail outlets such as supermarkets and minimarkets, friends and other villages. More than half of the total respondents affirmed that these purchase locations are 'suitable' and described them as 'nearby', 'easy to locate', 'highly visible, and 'accessible'. However, there were some who also found them convenient and described them

as 'far', 'suburb', and 'limited space'. It seems safe to say that the place of residence or origin of the customers defined their perception of whether the location is convenient or not.

Pricing Strategy and Promotion Strategy

In terms of pricing strategy, more than half of the total respondents stated they were not priced sensitive. For instance, based on the packaging of 100ml VCO (estimated to be sold at a retail price of RM11.50), most of them expressed their willingness to shell out RM12 or higher. Some were even willing to give more than RM40-50/100ml. The findings suggest that the current product was underpriced, as the selling price was lower than the willingness to pay the price. A look at the promotion strategy showed that a bulk of the respondents heard about Bonco VCO from friends. A minority first heard about Bonco VCO via social media platforms and newspapers. The interviewees asserted that Bonco VCO brand had 'low consumer awareness because of minimal promotion', 'low social media penetration' and 'limited promotion to nearby villages only'. A larger part of the respondents professes that Bonco VCO needed to boost its promotional effort.

Identification of Key Success Factors, Opportunities and Challenges

Key Success Factors of Bonco VCO

The comparison between operators and customer findings presented interesting insights. Foremost of these pertain to the key success factors of Bonco VCO. Initially part of the greater Kimihang Environmental Conservation and Community Capacity Building Project, the Kimihang VCO project has the goal of bringing about economic, social and environmental benefits. The project encourages employment generation and entrepreneurial opportunities and develops & strengthens skills and capacity among the local residents. The local operator, Bonco VCO, is coached and supervised by the State Government of Sabah and BEST (Borneo Ecotourism Solutions and Technologies), especially in production, packaging, labelling, and promotional issues. The project considers the community residents as stakeholders, hence they form part of the consultation process and are allowed to have a voice in planning and decision-making involving the future tourism development of the area.

Finally, the project also helps in the quality enhancement of the environmental and business landscapes and the continued viability of natural resources such as coconut oil. With the valuable inputs of BEST Society and the local government, Bonco VCO likewise actively collaborates through the conduct of workshops to present derivative products to local entrepreneurs under the Kimihang VCO project, including virgin coconut oil extraction, making oil byproducts such as soap, lotion, lip balm, shampoo, candle, and massage oil. To a large extent, the tutelage of the company under the Kimihang VCO project elicits a positive image for both the company and its products. These favourable brand associations include all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, and attitudes associated with the brand node (Kotler, Armstrong, Ang, Leong & Tan, 2013, p. 202) and may sway consumer choices and purchase intention the moment they are stimulated by marketing mix strategies.

The second key success factor is the operator himself, Mr. Ronnie Onginjian. Mr. Onginjian is highly self-driven and keen on the VCO business. To date, he has persuaded four families in Kimihang Village to engage in VCO production. He genuinely believes in the efficacy of VCO and has vast experience in the VCO business. As a dedicated operator, he has profound comprehension regarding his customer's requirements. For instance, both Mr. Onginjian and his customers concur on the value of 'product effectiveness' in swaying consumer selection.

He continuously interacts with his market base; hence he is confident that they are loyal to his brand owing to the high quality of his products.

Nonetheless, the findings from customer interviews show conflicting results between secondary and tertiary choice criteria. 'product availability and 'packaging size' are respectively perceived to be the next considerations after product effectiveness by the operator, while the clients opined that factors such as 'price' and 'size and packaging form' respectively as being the factors considered after product effectiveness. Though 'price' is not the top-weight consideration in Bonco VCO's opinion, and customers assert that they are not likely to be swayed by price, it is unquestionably a frequently mentioned factor by customers. This emphasis on price may impact the client's purchase intentions. Therefore, it is still noteworthy to take into consideration the customers' willingness to pay the price and how it plays on the perceived value and quality of the merchandise.

Cross-checking the data on customer's willingness to pay revealed that the existing customers were willing to pay a higher price than the current selling price. As an example, customers were inclined to pay RM12 or more for the current selling price of RM11.50 for a 100ml bottle. Interestingly, some consumers were even willing to pay as high as RM40-RM50. A price check of the competitors' VCO in the local market revealed higher selling prices among competitor brands (e.g., D' Herbs vis-a-vis Bonco VCOs). This corroborates Mr. Onginjian's statement that almost 70% of his customers think Bonco VCO is cheap, thereby illustrating that Mr. Onginjian truly knows his customers. It can also be deduced from this that Bonco VCO is price clearly undercalculated. As a corollary, past literature states that 'customer perceptions of the product value set the ceiling for prices' (Kotler, Armstrong, Ang, Leong, Tan & Yau, 2012, p. 320). The same authors further aver that the selling price should be concordant with the perceived benefits that the customer will get at that price. The pegging of an appropriate selling price will be instrumental in attracting the target market and will cement brand quality perception among its users as well as have a positive effect on the profit of the producer. Therefore, it is vital to bear in mind that good value does not necessarily mean low price (Kotler et al., 2012, p. 321). Pegging the price below that which conforms to a customer's value perception could undermine product positioning and brand building in the long run.

Finally, Bonco VCO enjoys positive customer perceptions. Most customers regard the product to be of good quality. They are more satisfied with Bonco VCO compared to the brands that they previously used. More than 50% affirmed that they intend to repurchase BONCO VCO shortly. In short, with customers willing to pay beyond the existing price and the favourable perception of product quality, it is not surprising that Bonco VCO will perform well in the market.

Challenges and Opportunities of Bonco VCO

Customers were concerned about marketing mix strategies laid out to pinpoint market opportunities and challenges. Product-related concerns are frequently mentioned are issues regarding the product itself. For instance, customers preferred that Bonco 'improve in terms of product variation and packaging', to 'increase production', and to 'have more attractive product packaging'. Other comments concerned promotion strategy such as 'enhance promotion' and lastly, a comment on the distribution strategy to 'improve product availability. These issues imply challenges to be handled that may be benchmarked against competitors to optimize market opportunities.

The competitor analysis reveals low brand equity and loyalty among VCO buyers. More than half of the respondents have low brand recall concerning competitor brands. Instead,

descriptive information such as country of origin and 'locally manufactured' to recall these brands. The results imply both opportunity and threat to Bonco. Low brand recall due to low brand loyalty may be an opportunity for switching to Bonco. Nevertheless, this could also hinder in differentiating between products and creating brand awareness, and establishing loyalty when different points are almost indistinguishable. Bonco, therefore, needs to highlight the essential choice criteria and brand-building effort to reinforce product and brand differentiation.

It is critical to embark on more aggressive and structured promotion strategies. There are findings regarding low brand awareness and low product accessibility for Bonco VCO. The existing customers owe their awareness of Bonco brand mainly due to word-of-mouth (WOM) via friends and social media. Despite the low cost and high credibility as marketing tools, peer reviews and WOM are passive marketing strategies and signify non-participation from the company itself. It is pressing for Bonco to generate a targeted effort to beef up its WOM or eWOM through a wider reach of its social media endeavors on platforms such as YouTube, Instagram, and blogs. Raising interest through eWOM among actual and potential customers can be a marketing approach for small and medium enterprises like Bonco VCO at a minimal cost (Kotler et al., 2012).

A recent report by Frost & Sullivan predicted that Malaysia's social networking users will double to a total of 25.6 million in 2025, and internet economics (iGDP) is anticipated to contribute 16% (or USD 90 billion) to GDP, an increase from 4.3% in 2010 (Frost & Sullivan, April 15, 2015). Furthermore, social networking (SNS) platforms such as Instagram are excellent promotional alternatives to reach younger consumers. It is essential to enhance the current promotional efforts on Facebook, as the TNS survey revealed that 94% of Malaysians heard about products and brands on Facebook, with a purchase discovery of 62% (The Star Online, 05/05/2016). As such, the enabling of the live video function on Facebook and the video upload ability of YouTube and Instagram should be employed to advertise the product quality, effectiveness, and alternative usage of VCO. Audio-only placement is revealed to be more effective than a visual-only placement (Gupta & Lord, 1998; Brennan & Babin, 2004). Consumers can also have a better and clearer grasp of the product's effectiveness through video sharing.

Another promotional endeavour would be involved in local community activities or events such as Pasar Tani, Pesta Kaamatan, Bazaar Ramadan, or other government-organized events. These activities entail minimal cost and are effective in sparking interest, increasing product awareness, strengthening consumer perceptions, and articulating a commitment to community issues aside from increasing sales. Stealth marketing is another initiative to consider. While stealth marketing is a highly disputable move, Bonco can invite opinion leaders or gather customer testimonials in print to educate new customers on the benefits of VCO.

Acquisition of new product forms or patents is the common alternative for a firm to develop new products internally. (Kotler et al., 2013). One possible opportunity for Bonco VCO would be to extend its product line, either through line stretching or line filling. Line stretching could be done through additional product lines to the existing product range, either upward or downward, while line filling could be realized through additional items to the current product line (Kotler et al., 2013). The product line simply involves introducing variations in taste, colours, packaging, and forms.

The company increases the probability of penetrating the high-end market by upward stretching, i.e. rolling out high-end products at premium prices. The firm can do this by itself or by teaming up with a renowned brand to facilitate market penetration. Either way, extending the product line necessitates systematic assessment and a thorough review of the actual product mix. By

scrutinizing both the width and depth of the product mix, Bonco would be able to identify the best products and product variations to offer to their customers. For instance, a variety of body care products such as massage balm, baby balm, aftershave balm, body scrub, baby oil, and sensual oil could be created. Pet care products may also be considered to include pet oil and pet shampoo.

Packaging is another crucial element. Packaging development involves designing and producing the container or wrapper that a product comes in (Kotler et al., 2012, p. 256). The function of packaging has evolved beyond just holding in or protecting the product; it now takes on many sales tasks (e.g., attracting customers' attention, describing products, and even making a sale (Kotler et al., 2012). Since its first launch, the product packaging of Bronco VCO has shifted from plastic to glass bottles (even though plastic bottles are still utilized for the 130 ml package). However, the label print is deemed of low quality, and the overall look is not considered attractive. An attractive and unique design can be an advantage over the competitors and further boost sales (Kotler et al., 2012, p. 256).

Hence, it is vital for Bonco VCO to examine the VCO brands in overseas markets and test what they can incorporate in their packaging designs. East Asian consumers prefer complexity and decoration in the display of multiple product forms, shapes, and colours in the packaging (Kotler et al., 2012). Bonco should not only focus on the primary packaging but should also concern itself with secondary packaging. Not only restricted to the primary packaging (e.g., bottle or glass), Bonco should look into the issue of secondary packaging (e.g. shipping packaging). A well-designed primary and secondary packaging could address product quality deterioration concerns during transport, one of the hindrances to Mr. Onginjian's market expansion plan.

Alternative product usage or novel and innovative products should also be explored. For instance, paint is "*usually formulated with a binder using linseed, soya, and safflower oil or refined coconut oil*" (dela Cruz, 2010, p. 1). VCO can be used as a probable binder in the manufacture of white lacquer and clear gloss lacquer enamel paint as laboratory tests on density, viscosity, fineness of grind, and hiding power prove its feasibility as a binding alternative. In fact, VCO is found to be as effective as refined coconut oil as a paint mixer (dela Cruz, 2010, p. 1). Both products can be used in appliances, transportation vehicles, repair shops, furniture, handicrafts, and home fixtures. Novel applications or new usage of VCO could also be introduced among existing users. One example is oil pulling which is a traditional dental technique that involves imbibing oil to strengthen oral and general health. The company can produce a video showcasing oil pulling benefits using Bonco VCO and upload it to social media platforms to boost product visibility and increase sales.

IMPLICATIONS

The current study offered several practical implications. It is crucial to address the needs of marketing mix strategies from the perspective of both operators and customers. A product strategy that emphasizes the availability of goods and customer services is essential to maintain customer loyalties to the products. Also, the depth and width of the product assortment also impact the product's sales in the market. Such a strategy allows the company to target broader audiences and mitigate the risk of losing customers through pricing decisions. In addition, the operators and business owners must also employ integrated marketing communication approaches to create brand awareness to reach out to the international market. Following the current post-pandemic marketing trends, it is wise to employ online marketing channels (E-Commerce and M-Commerce) to connect and communicate with potential customers. Another

important note is that involving community work enables firms to increase brand values from the customer perspective. Such brand association practice allows brand-related thoughts and influences consumer buying behaviour.

CONCLUSION

This study presents empirical results from the points of view of the VCO operator and the customers. Marketing mix strategies have been scrutinized, and several marketing challenges and opportunities have been determined and evaluated. The study has also identified several essential success factors for the VCO operator, in this case, Bonco VCO. These comprise support and aid from local government and the BEST Society, good product quality, operator's self-motivation, interest in the product and business, and vast experience in the VCO business. The final part of the chapter discusses several marketing mix suggestions that could be favourable to the promotional outcomes of Bonco VCO. The study concludes that VCO operators need to fully comprehend their key success factors while recognizing marketing opportunities and challenges.

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