

A Research Model of Influencing Factors for Digital Marketing Application of Ocop Products in Thai Nguyen Province, Vietnam

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Abstract - No matter how good the product is, if the business does not have an effective marketing strategy and method, it is difficult to be known by consumers and bring high revenue and profit to the business. With the development of the scientific and technological revolution, digital marketing plays an important role for each business in promoting and marketing products to customers. Understanding the factors affecting the application of digital marketing to OCOP products will help OCOP entities be proactive and ready with facilities, human, and material resources to effectively apply digital marketing to their products. The focus of this study is an overview of research models on the application to digital marketing of products and services. Based on the unique practical characteristics of the OCOP production of business subjects in Thai Nguyen province, the article proposes a model to study factors affecting the application of OCOP product digital marketing in Thai Nguyen province.

Keyword - Digital marketing; OCOP; marketing; customer; product.

I. Introduction

Nowadays, digital marketing is widely utilized by companies to promote products or services to customers. Especially since 2019, the COVID-19 pandemic has had severe impacts on the global economy. Consumers' habits and shopping behaviors have shifted toward online channels to minimize community exposure. Digital marketing has become the most effective method for reaching customers.

OCOP (One Commune One Product) is a rural economic development program that leverages local resources and enhances value to increase rural residents' incomes and contribute to new rural development in Vietnam. In some countries, although OCOP products have been officially recognized, their sales remain modest, and the products are not widely known (Santy et al., 2020). Additionally, marketing remains a weak link for OCOP entities due to limitations in budget, knowledge, and skills (Randi, Yulasteriyani, 2022). Therefore, OCOP entities need to make effective use of digital marketing to promote products and boost sales.

Thai Nguyen, a central province in the northern mountainous region, has ideal conditions for developing, promoting, and distributing goods in general, and OCOP products in particular. After five years of implementing the OCOP program, Thai Nguyen has achieved certification for 240 products meeting OCOP standards. However, most OCOP entities in Thai Nguyen, such as cooperatives, collaborative groups, and small business households, lack specific digital marketing strategies for their products. Moving forward, effective product promotion will require the support of local authorities and proactive participation from OCOP entities. This article synthesizes factors influencing the adoption of digital marketing for products and services from previous studies, thereby proposing an analytical framework for researching OCOP products in the context of Thai Nguyen province.

II. Methodology

The article employs qualitative methods, combining a review of relevant literature with practical analysis in the context of Thai Nguyen province. Based on this approach, the author has synthesized and developed an analytical framework outlining the factors influencing the adoption of digital marketing for OCOP products in Thai Nguyen.

III. Terminology

3.1. Digital Marketing and its Applications

The concept of digital marketing has been defined in various ways, but most definitions converge on two key aspects: first, it is a component of marketing plans and strategies; second, it involves leveraging the Internet to reach potential consumers more effectively. In this article, the author defines digital marketing as the practice of promoting products or services using digital technologies, primarily through Internet-based platforms, to meet customer needs.

Studies addressing the adoption of digital marketing often discuss aspects such as tools used, levels of adoption, and methods of implementation. Among these, digital marketing tools are frequently highlighted, and a wide range of tools has been proposed by various authors. Within the scope of this article, the author defines the adoption of digital marketing as the activity of marketing products or services using digital technologies, primarily via Internet platforms, to meet customer needs through digital marketing tools. To keep pace with advancements in science and technology, the author aligns with the classification by Hien & Nhu (2022), which identifies digital marketing tools as including search engine marketing, content marketing, social media marketing, and email marketing.

3.2. OCOP Products

Inspired by Japan's "One Village One Product" (OVOP) movement initiated in 1979 and Thailand's "One Tambon One Product" (OTOP) program launched in 2001, the Vietnamese government has gradually implemented the "One Commune One Product" (OCOP) program in Vietnam. The OCOP program focuses on developing agricultural, non-agricultural, and service products that leverage the advantages of each locality, following a value chain approach and driven by private economic entities (businesses and production households) as well as collective economic organizations. According to Decision No. 3485/QĐ-UBND dated October 28, 2019, issued by the Chairman of the Thai Nguyen Provincial People's Committee regarding the implementation of the "One Commune One Product" project in Thai Nguyen Province for the 2019-2025 period, OCOP products are categorized as products of economic organizations (businesses, cooperatives, collaborative groups, and production households with registered business operations). These products fall into two groups: Commodity products, including agricultural and non-agricultural items. Service products, such as tourism services and sales services.

These products are derived from local specialties with high potential and strengths for development, added value, and market competitiveness. They are evaluated and ranked by district, provincial, and national councils according to the central OCOP criteria.

3.3. Digital Marketing for OCOP Products

Heini Maarit Taiminen (2022) defines agricultural marketing as a series of activities undertaken to explore, create, and deliver products that meet the needs of the agricultural product market. According to Bose and Kiran (2021), digital marketing in agriculture involves the application of digital technologies in marketing and includes promoting agricultural products or brands through one or more forms of electronic communication. Thus, in the context of OCOP products, digital marketing can be understood as the use of digital technologies, primarily Internet-based platforms, to market goods, services, information, and ideas related to OCOP products.

IV. Findings

4.1. Research Model Foundation

The Digital Marketing Adoption (DMA) model by H. El-Gohary and Eid (2012) serves as a foundational framework for this article, providing a critical scientific basis for the author to develop and propose a research model and select factors influencing the adoption of digital marketing for OCOP products in Thai Nguyen province. Meanwhile, the Technology Acceptance Model (TAM) is a significant theoretical foundation for studying the factors affecting digital marketing adoption for OCOP products. OCOP entities are predominantly small businesses with minimal managerial hierarchies. The adoption of digital devices and Internet-based marketing activities largely depends on the intentions of the managers. Given that most OCOP business managers come from farming backgrounds with limited educational levels, their perceptions of the usefulness and ease of use of digital marketing become crucial determinants of whether they adopt it. In addition to TAM, applying the Technology-Organization-Environment (TOE) framework to the adoption of digital marketing in OCOP enterprises is essential. The TOE framework supplements the internal and external factors that TAM overlooks. By examining its components technology, organization, and environment it offers a comprehensive view of the factors influencing the adoption of digital marketing within an organization. Although the TOE

framework effectively addresses the technological, organizational, and environmental factors impacting technology adoption, institutional theory adds another layer by incorporating external environmental pressures. These include competitive pressure, customer demands, and pressures from trade partners, which are significant factors influencing businesses' adoption of digital marketing.

4.2. Research Model

After studying the unique practical characteristics of OCOP production and business entities in Thai Nguyen province, combined with a review of relevant literature, the author built upon the DMA model and integrated it with other frameworks to propose a model identifying the factors influencing the adoption of digital marketing for OCOP products in the province. Based on the distinct characteristics of OCOP products in Thai Nguyen, the proposed research model includes six influencing factors: Government support, competitive pressure, skills and support from owners, organizational resources, perceived usefulness, and perceived ease of use. Additionally, according to the DMA model, the size of an organization impacts its adoption of digital marketing. Therefore, the author incorporates organizational size as a control variable to explore how it influences the adoption of digital marketing for OCOP products in Thai Nguyen.

The Research Model:

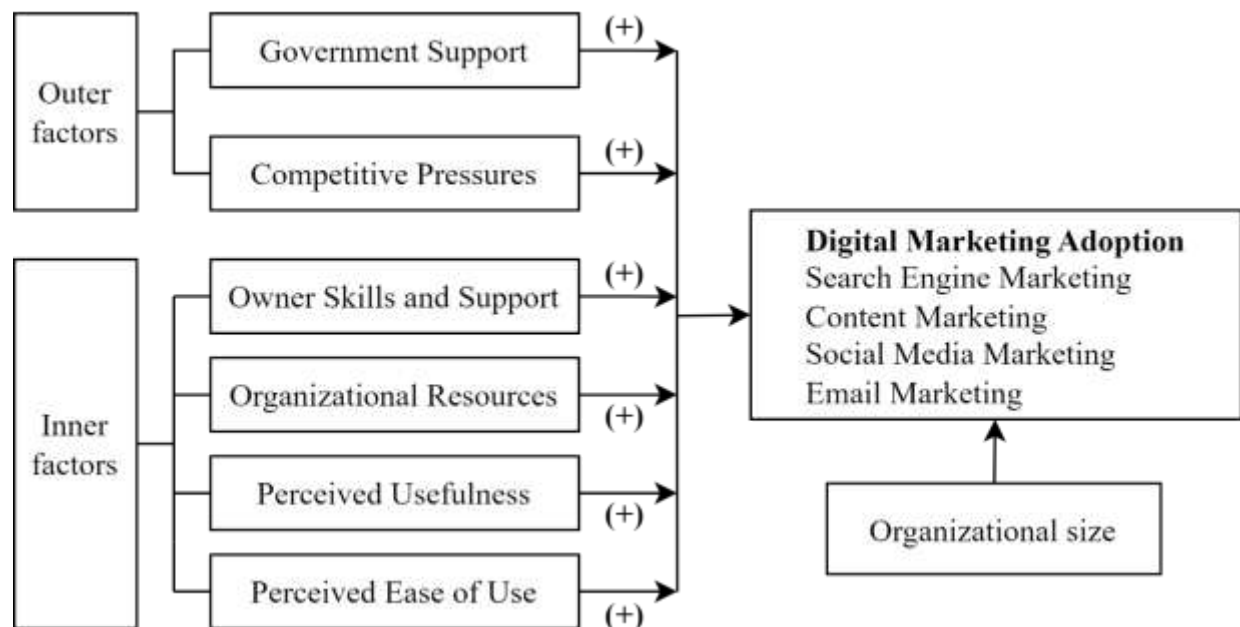


Figure 1. Research Model

(Source: The author)

Hypotheses in the Model

Government Support

Government support is crucial in convincing decision-makers to implement technology in their organizations. Laws, regulations, incentives, and programs promoting new technology usage are referred to as "government support" (Van Huy et al., 2012). Training and educational programs backed by the government encourage businesses to adopt technology, significantly impacting technology application. Furthermore, according to Dlodlo and Dhurup (2013), one of the biggest challenges for small and medium-sized enterprises (SMEs) in adopting technological advancements, especially in developing countries, is the lack of IT infrastructure. IT infrastructure is a necessary condition for implementing digital marketing, requiring significant government support.

In Thai Nguyen province, most OCOP (One Commune One Product) entities are small-scale businesses, households, or cooperatives. They traditionally operate through methods passed down through generations. If the government provides support in the form of policies, mechanisms, training programs, and particularly IT infrastructure, this will serve as a valuable resource and a compelling incentive for these entities to proactively adopt digital marketing for their OCOP products. Based on this argument, the author proposes the following hypothesis:

H1: Government support positively influences the adoption of digital marketing for OCOP products in Thai Nguyen province.

Competitive Pressure

This factor refers to the company's obligation to change to maintain or increase its market share. Competitive pressure is a powerful driver for adopting new technologies (Majumdar et al., 1992). It includes the entry of new competitors, the threat of substitute products and services, consumer pressure, and supplier services (Patil et al., 2022). Competitive pressure from various sources underscores the necessity for companies to adopt new technologies. When competitors use new technologies, it creates a "mimetic pressure" on companies (DiMaggio & Powell, 2010). Customer demands for online communication with companies further increase pressure (Ifinedo, 2011). Local and global market trends also influence the adoption of e-marketing (El-Gohary, 2012).

As of the end of 2023, tea products account for a significant share (64.17%) of Thai Nguyen's OCOP products due to the province's favorable natural conditions for tea cultivation. Multiple entities involved in tea production and sales face intense competition, necessitating effective digital marketing strategies to enhance competitiveness. Other products also demand a shift from traditional to digital marketing to meet consumer needs. Therefore, regarding competitive pressure, the author proposes:

H2: Competitive pressure positively influences the adoption of digital marketing for OCOP products in Thai Nguyen province.

Owner Skills and Support

The owner's skills refer to their management and operational expertise (El-Gohary, 2012). Skills such as technical expertise, passion, leadership style, educational background, and technological knowledge are critical in adopting digital marketing. In small businesses, most decisions are made directly by the owner based on their experience and skills (El-Gohary, 2012). Supporting this, Heini Maarit Taiminen (2015) argues that an owner's ability and experience are vital in determining the use of digital marketing channels. Differences in experience, analytical skills, and resources, along with trust and relationships between managers and employees, influence organizational decision-making (S Greco, J Figueira, 2016).

In Thai Nguyen, most OCOP entities are traditional farmers with limited skills and knowledge of new technology. However, if they make an effort to learn about laws and technology, their likelihood of adopting digital marketing increases. Therefore, the author proposes:

H3: Owner Skills and Support positively influence the adoption of digital marketing for OCOP products in Thai Nguyen province.

Organizational Resources

Resource availability is a critical factor in e-marketing adoption. These resources include financial, human, and technical resources (El-Gohary, 2012). A major obstacle to adopting digital marketing is the lack of resources (Heini Maarit Taiminen, 2015). SMEs often lack the resources to develop digital markets and struggle to keep pace with rapid technological advancements (Centobelli et al., 2016). Affordable and easy-to-use technologies, along with the benefits they offer, significantly impact the adoption of digital marketing in startups (Patil et al., 2022).

As a midland and mountainous province in northern Vietnam, Thai Nguyen has underdeveloped economic conditions. Financial, human, and technical resources are crucial for adopting digital marketing among OCOP entities in the province. Thus, the author proposes:

H4: Organizational resources positively influence the adoption of digital marketing for OCOP products in Thai Nguyen province.

Perceived Usefulness

This is an individual's perception that using new technology can make systems operate more efficiently and effectively (Davis, 1989). SMEs are more likely to adopt digital marketing if they believe it offers greater benefits than existing methods and aligns with their organizational culture and IT infrastructure (Shaltoni et al., 2018b). Many business owners recognize the importance of applying technology in marketing and the opportunities it provides, such as business growth, increased efficiency, and expanded customer bases (Alford & Page, 2015; Davis, 1989). Owners who lack computer literacy may not understand IT benefits, limiting their readiness to adopt technological advancements (Ullah et al., 2023).

If OCOP entities perceive digital marketing as unnecessary, they will not explore or adopt it. Therefore, raising awareness of its usefulness is crucial for encouraging adoption. The author proposes:

H5: Perceived usefulness positively influences the adoption of digital marketing for OCOP products in Thai Nguyen province.

Perceived Ease of Use

This refers to the extent to which an individual believes an innovation is easy to understand, learn, or operate (Davis, 1989). Studies by El-Gohary (2012) and Dlodlo & Dhurup (2013) show that perceived ease of use positively impacts e-marketing adoption. Conversely, Zhai (2010) and Wu & Chuang (2009) indicate that complexity hinders e-commerce adoption. Rogers (2003) argues that adoption is less likely when innovation is perceived as difficult to use.

OCOP products are primarily agricultural, produced through traditional methods for generations. Most OCOP entities are small-scale producers with limited capabilities and knowledge. If they find digital marketing complex, they are likely to reject it. Conversely, they will adopt it if they find it easy to understand and operate. The author proposes:

H6: Perceived ease of use positively influences the adoption of digital marketing for OCOP products in Thai Nguyen province.

V. Conclusion

Based on theoretical research and models related to digital marketing adoption, this study proposes an analytical framework for factors influencing digital marketing adoption for OCOP products in Thai Nguyen. The proposed framework includes six independent variables (Government support, Competitive Pressures, Owner Skills and Support, Organizational resources, Perceived usefulness, and Perceived ease of use), one dependent variable (Digital marketing adoption), and one control variable (Organizational size). This is a significant contribution as OCOP products are increasingly supported by the government and heavily invested in by businesses to boost rural incomes and contribute to rural development in Vietnam. Understanding these factors is crucial for proposing solutions to enhance digital marketing adoption for OCOP products in Thai Nguyen and across Vietnam.

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