

## **Examining Resilience and Success in Navigating the COVID-19 Crisis**

### **Abstract**

This case study explores the resilience and success of a multinational Japanese corporation in Thailand amidst the challenging circumstances brought about by the COVID-19 pandemic. The study examines how this corporation effectively navigated the disruptions caused by the pandemic and implemented strategies that enabled it to not only survive but thrive in the Thai market. By employing a combination of proactive measures, adaptability, and innovation, the corporation was able to sustain its operations, maintain customer trust, and achieve remarkable business outcomes during this unprecedented crisis. It analyzes the specific actions taken by the corporation, such as supply chain management, digital transformation, product diversification, and customer engagement strategies. It explores the impact of these initiatives on the company's financial performance, market position, and customer loyalty. Moreover, the study sheds light on the key lessons and best practices that can be derived from the corporation's successful response to the pandemic, providing valuable insights for other businesses facing similar challenges. By examining this corporation's experience, this case study aims to uncover strategies and approaches that can help organizations not only survive but also thrive during times of crisis, contributing to the body of knowledge on resilience and business continuity in the face of adversity.

### **Learning objectives**

- Understand the challenges faced by companies during the COVID-19 pandemic: Learn about the unprecedented challenges and disruptions that businesses encountered because of the global pandemic, with a specific focus on the Thai market.
- Analyze the impact of effective crisis management strategies: Examine the proactive measures, adaptability, and innovation employed by a Japanese company in Thailand to navigate the challenges of the COVID-19 pandemic and their impact on the company's ability to survive and succeed.
- Analyze how the company diversified its product offerings and introduced innovative solutions to meet evolving customer needs and preferences, ensuring continued revenue generation and market relevance.

- Utilize the knowledge gained from the case study to develop strategies and approaches that promote resilience, business continuity, and long-term success in the face of future crises or disruptive events.

## Introduction

The Japanese company in this case study has been operating for more than one hundred years since its establishment in 1887. In 1964, it was officially established in Thailand as a manufacturer and has been a part of Thai society ever since. It is interesting to explore how this company's success during the COVID-19 pandemic in Thailand, and how it reacted to the situation, considering many companies faced losses during this period. Compared within the industry and company, this corporation managed to maintain its profit and sales. What adaptations did it make, and what operational changes did it choose in response to market conditions and design changes? There could be strategies that the company came up with and used to survive and succeed during COVID-19 that can be applied in other business segments. When COVID-19 hit Thailand, the number of infected people started to increase, and many shopping malls were forced to shut down to prevent, reduce, and control the spread of the coronavirus, thereby forcing people to stay at home under a restricted lockdown.

The adaptation due to changing needs and preferences of consumers during a pandemic demonstrates how this company in Thailand managed to turn a crisis into an opportunity for their business. The benefits that the reader will get from this case study are ideas and concepts of strategies that were used by this company before and after COVID-19 on how to manage and handle both internal and external perspectives. In the future, if a similar event occurs, other businesses or companies may learn and find the opportunity to make lemonade out of lemons, just as this company did.

## SWOT Analysis in Japan and Thai Markets

As a leader in the personal care and cosmetics industry in Japan, this company has achieved success in the Japanese market through its unique market strategy. There is evidence that market-centered learning and research abilities have a promoting effect on the sustainable development of enterprises with innovative market strategies.<sup>1</sup> At the same time, the level of R&D marketing integration should depend on the product development strategy, which enables cross-functional teams to promote marketing in a unified way.<sup>2</sup> This study will use SWOT analysis to analyze the strengths, weaknesses, opportunities, and threats faced by the company in the Japanese and Thai markets.

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<sup>1</sup> Weerawardena, J. (2003). The role of marketing capability in innovation-based competitive strategy. *Journal of Strategic Marketing*, 11(1), 15-35.

<sup>2</sup> Song, Y. M., & Dyer, B. (1995). Innovation strategy and the R&D-marketing interface in Japanese firms: A contingency perspective. *IEEE Transactions on Engineering Management*, 42(4), 360-371.

**Table 1: SWOT Analysis of Japanese Market**

	Helpful	Harmful
Internal Origin	<b>Strengths:</b> 1.Widespread brand recognition and a strong reputation in the Japanese market 2.Product quality and innovation 3.Retailer and distributor relationships	<b>Weaknesses:</b> 1.High costs 2.Market competition
External Origin	<b>Opportunities:</b> 1.Growth potential in the high-end and innovative product segments. 2.Market segmentation	<b>Threats:</b> 1.Emerging competitors 2.Economic fluctuations

**Table 2: SWOT Analysis of Thai Market**

	Helpful	Harmful
Internal Origin	<b>Strengths:</b> 1. Brand recognition as an international brand globally 2.Product quality and innovation	<b>Weaknesses:</b> 1.Cultural differences 2.Market competition
External Origin	<b>Opportunities:</b> 1.Growth potential in the high-end and innovative product segments. 2.Market expansion with local retailers and distributors.	<b>Threats:</b> 1.Local competitors 2.Economic fluctuations influence purchasing power and decisions.

In summary, the company faces some common and specific challenges and opportunities in both the Japanese and Thai markets. To maintain competitiveness and achieve growth, it needs to continuously improve product quality and innovation capabilities, adapt to local market demands, establish close partnerships with retailers and distributors, and closely monitor changes in market competition and economic fluctuations.

## Marketing strategy that Contributes to the Company's Success before Covid-19

Before COVID-19, from Table 3 we find that sales increased by 6.3% compared with FY2018 to 1545.6 billion yen. The main strategies for this success are as follows:

## 1. Building an advanced supply chain

The company has built a supply chain based on an integrated framework incorporating every stage from procurement through to production and sales, with close collaboration between related divisions and centralized management of information, allowing demand to be forecast at the level of individual products.

## 2. Creating strong and distinctive brands

Specifically, the company has defined 11 global strategic brands, referred to as 'G11', which include a new brand scheduled for launch in 2020, and 8 regional strategic brands, referred to as 'R8'.

## 3. Reorganization of counseling and self-selection brands

The company reorganizes its existing brands into counseling brands, which are sold via beauty consultants who have received specialized education, and self-selection brands, revising how the brands are designed and sold.

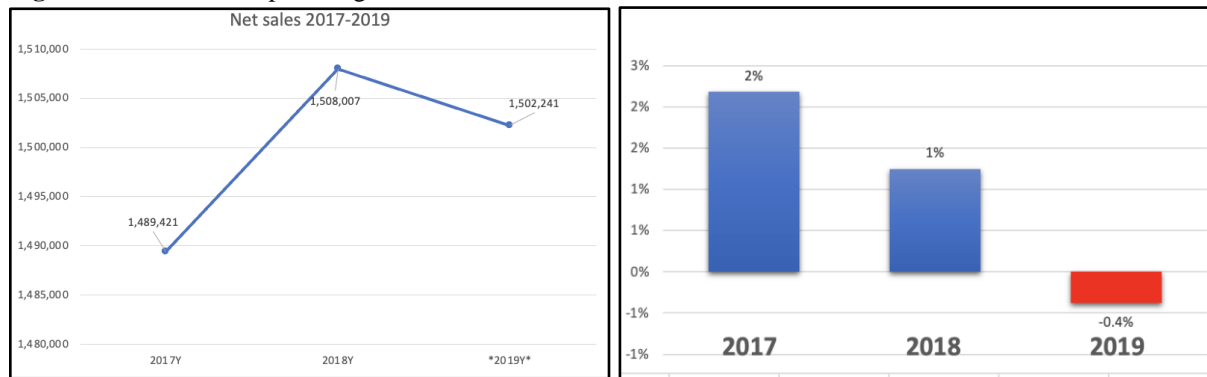
**Table 3: Summary of Segment Information**

Fiscal year ended december 31	Net sales			Operating income			Operation margin (Billion of yen)		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Cosmetics business	301.5	279.6	586	41.4	27.7	57.6	13.70%	9.90%	9.80%
Skin care and hair care business	340.8	341.4		49.5	48.8		14.50%	14.30%	
Human health care business	255.2	267.7	294.3	17.2	27.9	38.7	6.70%	10.40%	13.10%
Fabric and home care business	359.5	344.1	335.7	71.8	71.2	76.1	20%	20.70%	22.70%
Chemical business	385.9	312.8	310.3	30.8	30.6	30.3	10.80%	9.80%	9.80%
Total	1642.9	1545.6	1526.3	210.7	206.2	202.7	13.6%	13.5%	13.3%

Source: Company Integrated Report 2017, 2018, 2019

In the Cosmetics Business, the new strategy undertaken in 2018 generated strong performance, achieving the K20 plan of net sales of 301.5 billion yen and an operating margin of 13.7% one year ahead of schedule. In the Thai market, the revenue from sales and services in 2020 was 13.18 billion Baht (53.31 billion yen), compared to 9.87 billion Baht (39.93 billion yen) in FY2017, reflecting an increase of 33.5%.

**Figure 1: Net sales and percent growth 2017-2019**



Source: Company financial report 2017-2019

## How the FMCG Market in Asia was Affected During COVID-19

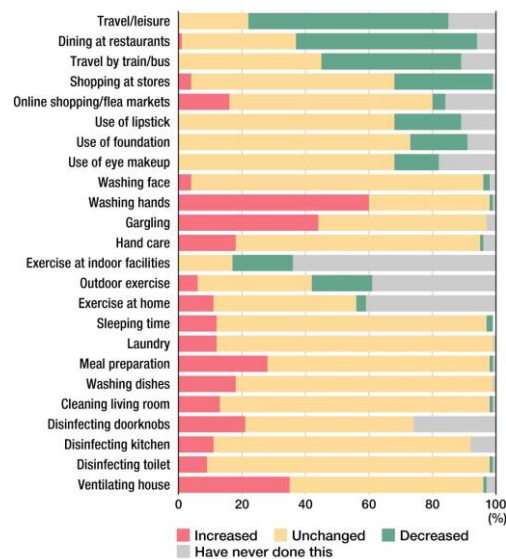
The COVID-19 pandemic had a significant impact on the fast-moving consumer goods (FMCG) market in Asia. Here are the main points that occurred in the FMCG market:

1. **Shift in Consumer Behavior:** The pandemic brought about a change in consumer behavior as people focused more on essential items and hygiene products. There was a surge in demand for products such as hand sanitizers, disinfectants, personal protective equipment (PPE), and packaged foods.
2. **Focus of Hygiene and Safety:** The importance of hygiene and safety became paramount during the pandemic. Consumers sought products that were perceived as safe and effective in preventing the spread of the virus. This led to increased demand for products like hand sanitizers, soaps, surface disinfectants, and cleaning supplies. The FMCG market in Asia maintained growth of 3.1% in 2020, a slight slowdown from the same period in 2019 (4.8%). The slowdown was more apparent in North and Southeast Asia.
3. **Online shopping for FMCG products thrived everywhere:** E-commerce became the fastest-growing channel, gaining a larger share of the total retail landscape across markets from North to Southeast Asia. Each market in the region displayed different growth rates for FMCG as a whole and across sectors. This variation aligns with the impact COVID-19 had on movement, market trade structures (such as e-commerce), and the purchasing power of consumers in respective markets.

In Thailand, convenience stores grew in the in-home FMCG market due to their proximity, promotions, and convenient shopping experience. Conversely, local channels, which benefited from government subsidies during COVID-19, lost some share to hypermarkets. In 2020, a company announced that it would increase production of alcohol disinfectants, which were in short supply due to the demand to prevent infection with the coronavirus. The company stated it would be able to produce more than 20 times what it produced in 2019. The company also surveyed women about how their daily lives had changed amid the COVID-19 crisis. The results showed that while they were purchasing more items for cleaning and disinfecting, they were buying fewer cosmetics. With more people working from home and

the customary use of masks when running errands, there was a trend toward doing things without makeup.<sup>3</sup>

**Changes in Behavior Amid the COVID-19 Pandemic**

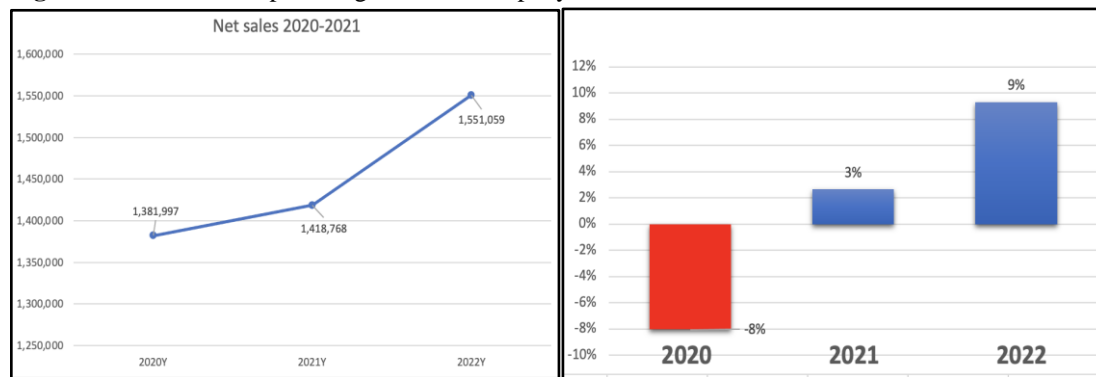


After COVID-19, the strategy that the company developed focused on online shopping by investing in e-commerce platforms and digital marketing strategies. This approach helps the company reach customers who are spending more time shopping online. The company can adapt to changing consumer behaviors following the pandemic. With shifts in consumer preferences after COVID-19, the company can adjust to meet customer demands. For example, the demand for hygiene and living care products increased in 2020 and then decreased in 2021 due to competition.

<sup>3</sup> Das, D., Sarkar, A., & Debroy, A. (2022). Impact of COVID-19 on changing consumer behaviour: Lessons from an emerging economy. *International Journal of Consumer Studies*, 46(3), 692-715. <https://doi.org/10.1111/ijcs.12786>

Carrasco, F. (2020). Positive growth for FMCG across Asia in Q3 2020. Kantar. Retrieved July 11, 2023, from <https://www.kantar.com/inspiration/fmcg/positive-growth-for-fmcg-across-asia-in-q3-2020>

**Figure 2: Net sales and percent growth of Company 2020-2022**



Source: Financial report 2020-2021

Figure 2 depicts growth in overall net sales from fiscal year 2020 to 2022, with the majority of the increase coming from fabric and home care business sales, which increased by 4.1% and are predicted to grow further in the future.

Three years have passed since the COVID-19 pandemic began. While the price of raw materials has begun to fall, rising energy costs and global inflation are dampening consumption, leading to a tough and uncertain business environment. Under these conditions, the company will pursue a plan based on three policies: transitioning to a robust company structure independent of market conditions, strengthening and expanding strategic businesses globally, and generating profits from rapidly growing businesses by anticipating change. The company forecasts a 1.9% increase in net sales, a 9.0% increase in operating income, a 7.6% increase in operating margin, a 4.4% increase in income before income taxes, a 2.3% increase in net income, and a 3.3% increase in basic earnings per share to 189.

The Hygiene and Living Care Business offers fabric care, home care, and sanitary products to enhance people's daily lives and society by making lifestyles more pleasant. As a result of these efforts, the company anticipates that like-for-like sales in this business will climb 1.8% year-on-year.

## Other factors that contribute to business success during covid-19

The corporation has a complex and extensive supply chain that involves sourcing raw materials, manufacturing products, and distributing them to various markets. Here are the factors that lead to its success:<sup>4</sup>

1. **Raw Material Sourcing:** The company sources raw materials from suppliers globally, including chemicals, natural ingredients, packaging materials, and other components required for their product manufacturing processes. Emphasis is placed on responsible sourcing, ensuring the quality, safety, and sustainability of these materials.

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<sup>4</sup> Usui, A. (2020, April 15). Why rush to increase production of "disinfectant", which is in short supply, by more than 20 times. *Toyokeizai.net*. Retrieved July 11, 2023, from <https://toyokeizai.net/articles/-/344121?page=2>

2. Supply Chain Management: The company places great importance on effective supply chain management to optimize efficiency, minimize costs, and enhance customer satisfaction. Advanced technologies and software systems are utilized for demand forecasting, inventory management, order processing, and tracking shipments. This enables streamlined operations and quick responses to market demands.

3. ESG Strategies that Focus on Sustainability: The company's ESG strategies are designed to meet people's needs, behaviors, and desires to live greener lifestyles, contributing to a sustainable world, a.k.a. Kirei Lifestyle. This is encapsulated in their lifestyle plan, through which they strive to create positive, long-lasting impacts on society. The plan focuses on innovation and imagination to enrich lives, helping people worldwide, especially in Thailand, to live sustainably.

## **How to maintain success in terms of market share**

In today's competitive business environment, organizations in Thailand must constantly explore opportunities to preserve and enhance their market share. Several important techniques are essential for achieving long-term success.

Investing in extensive market research and consumer insights can help organizations comprehend changing client wants and preferences. This intelligence can then be used to create personalized goods and refine marketing tactics to efficiently target specific market segments. Innovation and differentiation are also crucial; investing in research and development can lead to the introduction of high-quality goods with environmentally friendly features.

Being at the forefront of technological advancements enables organizations to stand out from the competition and attract environmentally conscious clients. In Thailand, competitors have already launched new product lines for pets, presenting an opportunity for expansion or attracting a new target group of customers. Keeping track of rivals and industry developments is critical. Organizations can detect market gaps and respond to new opportunities by staying informed about competitors' strategies, product developments, and marketing activities. If the company is concerned about the cost of creating new products or advertising, strategic partnerships and collaborations can be a solution. Participating in collaborative marketing initiatives, co-branded goods, and cross-promotional activities with similar brands or organizations can extend its reach and attract new consumers.

Another important technique is expanding distribution channels. Working with online retailers, supermarkets, and beauty specialty stores can boost product awareness and accessibility. Evaluating foreign expansion options and exploring export markets can further expand the client base. In the digital era, customer engagement and personalization are essential. Building a solid online presence and utilizing digital marketing avenues allows for engaging with customers through personalized experiences such as product recommendations. Implementing customer relationship management approaches can provide useful information to improve marketing tactics and fortify client relationships.



By putting these suggestions into practice and remaining flexible in response to market changes, organizations in Thailand can sustain their success and expand their market share in the personal care and beauty sector.

## **Conclusions**

The company benefits from worldwide brand awareness and product quality in the Thai market, but cultural differences and market competitiveness pose challenges. Similar prospects for development exist in high-end and innovative product areas, as well as market expansion through local retailers and distributors. Local competition and economic swings affecting purchasing power are examples of threats. The company's success was credited to numerous techniques prior to the COVID-19 pandemic. Building an advanced supply chain, generating strong and distinct brands, and reorganizing counseling and self-selection brands were among them. These strategies aided in increasing sales, meeting objectives ahead of time, and adapting to market expectations.

During the COVID-19 pandemic, the FMCG market in Asia experienced significant shifts in consumer behavior, with a focus on essential items and hygiene products. The company responded by boosting alcohol disinfectant manufacturing and adjusting to shifting consumer expectations. To reach clients who spent more time online, the firm invested in e-commerce platforms and digital marketing. Despite hurdles such as lower cosmetics demand, the company's fabric and home care sales improved, while the chemical business profited from client industry recovery.

Responsible raw material procurement, excellent supply chain management, and ESG initiatives concentrating on sustainability have all contributed to the company's success over this period. The emphasis on quality, efficiency, and customer satisfaction, as well as dedication to a sustainable lifestyle, have helped the firm navigate through adversities and maintain a competitive advantage.