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Localization Strategy, Digital Marketing, and Consumer Perceptions Affecting Brand Performance of Hot Pot Businesses in Thailand

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ABSTRACT

The Thai hotpot industry is increasingly competitive; however, limited qualitative research has examined how localization strategies and digital marketing shape brand performance through culturally embedded consumer perceptions. This study explores the cultural and psychological mechanisms influencing Thai consumers' evaluations of international and local hotpot brands. A qualitative case study approach was employed, using in-depth, semi-structured interviews with 10 key informants, comprising brand managers, marketing practitioners, and business owners from international and local hotpot businesses. Data were analyzed thematically to identify recurring cultural and psychological patterns.

The findings reveal five major themes: (1) Authentic Culinary Anchoring and the Necessity of Sanuk; (2) Digital Proxy Validation and the Mandate of Trong Pok; (3) the Psychology of Khum Kha; (4) the Sociocultural Norms of Raksa Na; and (5) Digital Tribalism through LINE Official Account (LINE OA). These themes demonstrate that consumer evaluations are shaped by the interaction between culinary authenticity, culturally relevant experiences, perceived value, social expectations, and digital engagement. Thai consumers appreciate authentic Chinese flavors while expecting localized experiences that resonate with Thai cultural values and consumption practices. The study concludes that sustainable brand competitiveness requires a strategic balance between preserving core brand identity and integrating local cultural expectations. It recommends adopting culturally responsive localization, ensuring transparent and credible digital communication, prioritizing consumer perceptions, and integrating localization with digital marketing to strengthen brand trust, engagement, and long-term competitive advantage in Thailand's hotpot industry.

Introduction

The Thai foodservice industry, particularly the hotpot, shabu-shabu, and suki dining segments, has evolved into one of the most saturated and fiercely contested commercial arenas in Southeast Asia. Despite macroeconomic headwinds, the full-service restaurant category alone is valued at over 5.4 billion USD.The hotpot market has witnessed explosive growth over the past five years, driven by an influx of international giants and agile domestic boutique brands all vying for the same experiential communal dining consumer base (Koponen & Mustonen, 2022) Traditional competitive advantages such as ingredient quality or standardized broth recipes have become insufficient for long-term survival. Contemporary Thai consumers no longer dine out merely for sustenance; they actively seek experiential resonance, cultural authenticity, service innovation, and holistic value propositions (Kandampully et al., 2023)

In this context, brand performance has emerged as a multidimensional construct measuring corporate viability. Existing literature points to two primary strategic drivers: localization strategy and digital marketing. Localization is defined as the systematic adaptation of the marketing mix to align with local cultural, economic, and sensory expectations (Stefani et al., 2006) Digital marketing, leveraging Thailand's highest-in-region social media penetration, has become indispensable for brand communication.

However, a critical theoretical gap remains: how do these two stimuli interact and align to produce sustainable brand performance? Most conventional models have erroneously assumed a direct linear relationship between strategic inputs and financial outputs, thereby ignoring the psychological processes that convert external stimuli into behavioral responses. The Stimulus-Organism-Response (S-O-R) paradigm offers a compelling alternative: external firm stimuli influence behavioral outcomes only through the consumer's internal psychological state (Schmitt, 2012) While quantitative studies have established statistical relationships among these variables, limited qualitative research has explored the underlying cultural and psychological mechanisms.

This study addresses this gap by asking: In the context of Thailand's highly competitive hotpot industry, how do localization strategy and digital marketing influence brand performance through the mediating mechanism of consumer perceptions? More specifically, the study employs a qualitative approach to uncover the cultural logic and psychological processes through which Thai consumers decode and evaluate brands' localization and digital marketing efforts.

Literature Review and Theoretical Framework

Localization Strategy

Localization strategy refers to the proactive adaptation of a company's products, services, and operational processes to fit the unique cultural, social, legal, and economic environment of a foreign target market. Its theoretical underpinnings draw from Hofstede's Cultural Dimensions Theory (Findley et al., 2021) and the Resource-Based View of the firm. In the Thai context, localization involves four interconnected dimensions: product adaptation, price adaptation place adaptation, and promotion cultural adaptation (Maafs-Rodríguez et al., 2022)

Digital Marketing

Digital marketing encompasses all organizational activities that use digital technologies and platforms to promote products, services, and brands, and to engage with current and prospective customers (Jacobs et al., 2021) In Thailand, 85% of consumers rely on social media for dining recommendations, making digital marketing particularly indispensable. This study operationalizes digital marketing through five dimensions: social media marketing, content marketing, influencer marketing, online advertising, and engagement and community building.

Consumer Perceptions and Brand Performance

Consumer perception is conceptualized as the mediating organism within the S-O-R framework, encompassing the complex internal cognitive and affective appraisal processes through which individuals select, organize, interpret, and internalize external strategic stimuli to construct a meaningful psychological evaluation of a brand. This study understands consumer perceptions through six dimensions: perceived local fit, perceived value, perceived quality, perceived brand credibility, brand engagement, and satisfaction. Brand performance is a multidimensional construct measuring the effectiveness of a brand in achieving its strategic objectives (Mosmans, 2022), encompassing repurchase intention, brand loyalty, word of mouth, market share, and financial performance.

Theoretical Framework: The S-O-R Paradigm

The S-O-R framework, originally conceptualized by Mehrabian and Russell, posits that environmental stimuli trigger internal cognitive and affective states within the individual, which subsequently shape behavioral responses. In this study, localization strategy and digital marketing constitute the Stimuli (S), consumer perceptions constitute the Organism (O), and brand performance constitutes the Response (R). Qualitative methods are particularly suited to reveal the how and why of the transformation mechanisms between each link, providing cultural depth that quantitative approaches alone cannot capture.

Objectives

1. To examine how Thai cultural values, consumer expectations, and perceived authenticity influence hotpot brand evaluations.
2. To investigate how localization strategies and digital marketing shape consumer perceptions, trust, perceived value, and engagement.
3. To explore how integrated localization and digital marketing enhance sustainable brand performance and competitive advantage in Thailand's hotpot industry.

Methodology

Research Design

This study employed a qualitative case study design (Yin, 2018) to conduct an in-depth investigation into the mechanisms through which localization strategy and digital marketing influence brand performance via consumer perceptions in Thailand's hotpot industry. The case study design is appropriate for exploring how and why questions, enabling the revelation of psychological mechanisms and cultural logic underlying complex commercial phenomena.

Participants

The study adopted purposive sampling (Shen et al., 2024), selecting brand managers and marketing practitioners with direct experience in localization strategy and digital marketing for foodservice brands in Thailand. A total of 10 professionals were selected, covering multiple dimensions including international chain brands and local brands, brand management and operational practice, and traditional marketing and digital marketing. All respondents had more than 4 years of industry experience and had directly participated in or managed localization strategy formulation, digital marketing campaign execution, or brand performance evaluation.

Table 1 Qualitative Interview Respondent Information

Code	Position/Role	Industry Experience	Company Type
MP01	Brand Manager	8 years	International Hotpot Chain
MP02	Marketing Director	12 years	Local Hotpot Chain
MP03	Digital Marketing Manager	5 years	International Hotpot Chain
MP04	Operations Director	10 years	Local Hotpot Chain
MP05	Brand Strategy Consultant	15 years	Foodservice Consulting Firm
MP06	Social Media Manager	4 years	Local Hotpot Chain
MP07	Regional Marketing Manager	7 years	International Hotpot Chain
MP08	Product Development Director	9 years	Local Hotpot Chain
MP09	Customer Experience Manager	6 years	International Hotpot Chain
MP10	Founder/CEO	11 years	Local Boutique Hotpot Brand

Data Collection

Data were collected through semi-structured in-depth interviews, with each participant undergoing one interview lasting 45-60 minutes. The interview guide comprised 12 core open-ended questions organized into five thematic sections, strictly anchored to the S-O-R framework: (1) localization strategy implementation; (2) digital marketing practices; (3) consumer perception formation mechanisms; (4) brand performance outcomes; and (5)

recommendations and challenges. All interviews were audio-recorded with explicit consent and transcribed verbatim. Interviews conducted in Thai were translated into English using a double translation procedure to preserve meaning and nuance. Participants were anonymized with codes (MP01-MP10). Data saturation was achieved after the 8th interview, but all 10 interviews were completed to ensure adequacy.

Data Analysis

Thematic analysis was conducted using NVivo 14 software following the six-step procedure established by Braun and Clarke (2022): (1) familiarization with data; (2) generating initial codes; (3) searching for themes; (4) reviewing themes; (5) defining and naming themes; and (6) producing the report. Multiple strategies were implemented to ensure trustworthiness (Lincoln & Guba, 1985): data triangulation (comparing findings across participants), member checking (inviting a subset of participants to review identified themes), peer debriefing (regular discussions with the thesis supervisor), and maintaining a reflexive journal.

Results

Through thematic analysis, the study identified five core themes that reveal the deep cultural and psychological mechanisms underlying Thai consumers' evaluation of hotpot brands.

Theme 1: Authentic Culinary Anchoring and the Necessity of Sanuk

Thai consumers evaluation of hotpot brands is first anchored in authentic Chinese flavors, yet they simultaneously demand that brands incorporate Sanuk a culturally specific Thai value. This dual demand for both authenticity and fun constitutes the core tension of localization strategy. MP01 (Brand Manager, 8 years, International Chain) stated:

Thai consumers are very smart; they can tell if you're 'pretending' to be a Chinese hotpot. If you change the flavor beyond recognition, they'll think it's neither here nor there. But if you make no adjustments at all, some will find it too spicy or too numbing. The key is finding the balance preserving the soul while adjusting the expression.

MP10 (Founder/CEO, 11 years, Local Boutique Brand) added from a Thai cultural perspective:

For Thai people, eating is not just about being full; it's a social activity, a form of entertainment. 'Sanuk' means you have to make customers feel 'happy.' Our staff interact with guests, joke around, help them take photos, and sing birthday songs. This isn't a service procedure; it's a Thai way of life.

This theme reveals that successful localization requires maintaining authentic Chinese flavors as a quality benchmark while embedding Thai cultural values into service delivery. The concept of balance is critical excessive adaptation risks losing brand identity and consumer trust, while insufficient adaptation fails to resonate with local cultural expectations.

Theme 2: Digital Proxy Validation and the Mandate of Trong Pok

In Thailand's highly digitalized consumer environment, consumers engage in proxy validation before physical experience they first evaluate whether a brand is worth visiting through digital content such as social media and influencer videos before deciding to visit the restaurant. The principle of Trong Pok (truthfulness/consistency) requires that the experience promised in the digital world must be highly consistent with the actual offline experience. MP03 (Digital Marketing Manager, 5 years, International Chain) explicitly warned:

Thai consumers' trust is fragile. If I see a hotpot on TikTok that looks incredibly appealing but find something completely different upon arrival half the portion size, stale ingredients I will never trust that brand again. 'Trong Pok' means what you say and what you do must be consistent.

MP06 (Social Media Manager, 4 years, Local Chain) explained their approach in detail:

We place great emphasis on content authenticity. Our KOL collaborations have clear requirements: they must genuinely show the dining experience without excessive filters or beautification. We even ask KOLs to order randomly upon arrival, not just film the dishes we've prepared in advance. Because we know that once consumers discover 'photo fraud,' the consequences are devastating.

This theme demonstrates that digital marketing effectiveness is contingent upon authenticity and consistency. Without authenticity as a foundation, even substantial digital marketing investment may be counterproductive.

Theme 3: The Psychology of Khum Kha

Khum Kha (value for money) is a core psychological principle in Thai consumer decision-making. It transcends simple price comparison, representing a comprehensive value judgment consumers evaluate the total of price, quality, environment, service, brand image, and social benefits, then compare this with the money they spend. MP08 (Product Development Director, 9 years, Local Chain) explained:

Thai consumers are price sensitive, but they're not just looking for the cheapest option. They're willing to pay more for an experience that's 'worth it.' If your soup base is genuinely delicious, your ingredients are fresh, and your service makes people happy, they'll feel it's 'Khum Kha.' This feeling can't be measured by money alone.

MP07 (Regional Marketing Manager, 7 years, International Chain) shared from a pricing strategy perspective:

Our pricing strategy is 'perceived value driven' we study 'how much consumers think this experience is worth,' not just 'what our costs are.' By enhancing the environment, service, and brand image, we make consumers perceive value higher than the actual price.

This theme indicates that Thai consumers' value evaluation is a multidimensional comprehensive psychological process, not a simple price calculation. When consumers feel its worth it, behavioral responses repurchase, loyalty, and word of mouth naturally emerge.

Theme 4: The Sociocultural Norms of Raksa Na

Raksa Na (face/maintaining social image) is a deep normative influence on consumer behavior within Thai socioculture. Consumers' brand evaluations expressed in public settings

whether online sharing or offline recommendations are driven not only by personal satisfaction but also by the motivation to maintain one's social image. MP09 (Customer Experience Manager, 6 years, International Chain) observed:

Thai people care a lot about how others perceive them. If I share a hotpot restaurant on social media, it has to be one I think is 'worth sharing' it needs to look high-end, have a good environment, be photogenic, and taste authentic. This isn't just sharing food; it's saying, 'I'm a person with good taste.'

MP02 (Marketing Director, 12 years, Local Chain) added from a restaurant design perspective:

That's why our restaurant design places great emphasis on 'photogenic quality' soft lighting, elegant tableware, artistic plating. Because every photo that customers take and share online is free brand promotion. We even designed a few 'check-in corners' in the restaurant where customers naturally go to take photos.

This theme explains why word of mouth and brand loyalty score high among brand performance dimensions. Thai consumers share not only out of satisfaction but also to maintain face by sharing consumption experiences that enhance their social image.

Theme 5: Digital Tribalism via LINE OA

In Thailand, LINE Official Account has transcended its functional tool status to become a core platform for establishing digital tribe connections between brands and consumers. Consumers no longer view LINE OA as a channel for receiving promotional messages but as a means to establish personalized emotional connections with brands. MP04 (Operations Director, 10 years, Local Chain) detailed their practice:

LINE is not just a communication tool. For Thai people, it's a lifestyle itself. Through LINE OA, we've built a community of over 500,000 people. This community isn't a cold subscription list; it's a 'digital home' that we and our customers have co-constructed. We run exclusive member activities, birthday greetings, and new product voting within it customers genuinely feel like 'I'm part of this brand.'

MP03 added from a data perspective:

Our LINE OA conversion rate is many times higher than email marketing. Thai people barely check email, but they read LINE messages. More importantly, they're willing to interact with you within LINE responding to your polls, participating in your events, giving you feedback. The emotional connection created by this two-way interaction is something one-way push notifications cannot achieve.

This theme reveals that the effectiveness of digital marketing in the Thai market is highly dependent on the matching of platform characteristics (LINE's community attributes) and content quality (authenticity and trustworthiness). The concept of digital home translates the abstract notion of community belonging into a tangible emotional experience for consumers.

Discussion

Theoretical Implications

This study makes significant contributions to the S-O-R framework by revealing the cultural and psychological mechanisms through which strategic stimuli translate into behavioral responses. The five core themes collectively reveal that Thai consumers, as the Organism in the S-O-R framework, process external stimuli through culturally specific filters Sanuk, Trong Pok, Khum Kha, Raksa Na, and LINE OA digital tribalism before generating brand performance outcomes. This confirms the central proposition of the S-O-R paradigm: environmental stimuli possess no inherent commercial value until they are cognitively decoded, affectively evaluated, and integrated into the consumer's belief system (Jahari et al., 2022).

Second, the study reveals the complementary mechanism between localization strategy and digital marketing. Themes 1 and 3 demonstrate that localization strategy builds consumers' comprehensive value perception through cultural embedding of products and services (maintaining authenticity while incorporating Sanuk). Themes 2 and 5 demonstrate that digital marketing builds consumer trust and belonging through content authenticity (Trong Pok) and platform community building. Both pathways converge in consumers' holistic psychological evaluation of the brand, jointly driving brand performance.

Third, by identifying and integrating four Thai-specific cultural constructs Sanuk, Trong Pok, Khum Kha, and Raksa Na this study demonstrates that universal theoretical models must accommodate indigenous consumer psychology when applied in culturally distinct markets. As Cleveland and Laroche (2007) noted, cultural sensitivity is particularly important in highly culturally embedded product categories such as food. Thai consumers' brand evaluations are not based on a single rational calculation but represent a comprehensive psychological process integrating emotional pleasure, social identity, and community belonging.

Practical Implications

Implement soulful localization. Managers should preserve signature broths and cooking techniques that define the brand's identity as anchors of authenticity while developing localized variants that appeal to Thai palates. At the service level, staff should be trained to incorporate Thai hospitality norms including playful interactions, attentive care, and genuine warmth embracing Sanuk rather than mechanically executing service procedures.

Invest in authentic digital marketing. Content truthfulness is a prerequisite for digital marketing effectiveness. Managers should establish content review processes to ensure all marketing materials truthfully reflect products and services, avoiding overly filtered or misleading images. When selecting influencers, priority should be given to authenticity and credibility rather than follower count. LINE Official Account should be developed as a strategic community asset creating exclusive member benefits, birthday programs, and interactive content to foster a sense of digital belonging.

Third, place consumer perceptions at the center of strategic decision-making. Managers should systematically understand Thai consumers' multidimensional value judgment logic and social image motivation, aligning restaurant design, service delivery, and brand communication

strategies with these cultural-psychological needs. Particular attention should be paid to perceived brand credibility, which scored lowest among perception dimensions.

Achieve strategic synergy between localization and digital marketing. The principle of Trong Pok demands that digital marketing promises align perfectly with the physical dining experience. Any inconsistency will trigger cognitive dissonance and erode consumer trust. Cross-departmental coordination mechanisms should be established to ensure synchronization between marketing and operations teams, with regular mystery customer audits to check consistency between digital promises and physical experiences.

Conclusion

This study demonstrates that a hotpot brand's market success in Thailand is not a direct output of strategic spending but a sequential outcome of corporate stimuli transformed through consumers' cultural-psychological validation. The study identifies five core cultural themes Authentic Culinary Anchoring and Sanuk, Digital Proxy Validation and Trong Pok, the Psychology of Khum Kha, the Sociocultural Norms of Raksa Na, and Digital Tribalism via LINE OA that collectively constitute the cultural-psychological framework through which Thai consumers evaluate hotpot brands.

Theoretically, this research extends the cross-cultural application of the S-O-R framework, revealing the central role of cultural constructs as processing mechanisms of the Organism. Practically, it provides actionable strategic guidance for hotpot brands seeking to navigate Thailand's culturally demanding and digitally saturated market. Future research should develop standardized measurement scales for the Thai indigenous cultural constructs identified in this study, enabling systematic investigation across different product categories and service contexts, as well as quantitative validation of the relationships proposed in this qualitative research.

Recommendations

Based on the findings, this study proposes the following recommendations in three dimensions:

New Body of Knowledge

This study develops a culturally grounded consumer evaluation framework that extends the Stimulus–Organism–Response (S-O-R) paradigm by integrating five cultural-psychological mechanisms: (1) authentic culinary identity and Sanuk; (2) digital authenticity and Trong Pok; (3) perceived value and Khum Kha; (4) social image and Raksa Na; and (5) digital community engagement through LINE Official Account. These mechanisms explain how localization strategies and digital marketing shape consumer perceptions and contribute to brand performance. The framework provides new theoretical insights into the integration of cultural values, consumer psychology, and digital engagement in Thailand's hotpot industry.

Practical Recommendations

Hotpot businesses should preserve their core culinary identity while adapting products, services, and customer experiences to Thai cultural preferences. Digital marketing should prioritize truthful content, credible influencer partnerships, and consistency between online communication and actual dining experiences. Businesses should also enhance perceived value through product quality, service excellence, and reasonable pricing, while leveraging LINE Official Account to strengthen customer relationships, community engagement, and brand loyalty. These strategies should be implemented through coordinated marketing and operational management to support sustainable brand performance.

Recommendations for Future Research

Future studies should develop and validate measurement scales for the five cultural-psychological mechanisms identified in this research. Quantitative research, particularly structural equation modeling (SEM), could examine the relationships among localization strategies, digital marketing, consumer perceptions, and brand performance. Comparative studies across international and local brands, different regions, and other foodservice sectors would further establish the applicability of the proposed framework. Longitudinal research could also investigate how cultural adaptation and digital engagement influence consumer loyalty and sustainable brand performance over time.

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