



Development of Distribution Channels and Creation of Added Value for Community Food Products in Songkhla Province

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Abstract

The purpose of this research was to: 1) study weakness, strength, opportunity, and threat of product and distribution channel for community food products in Songkhla and 2) to give guidelines for the development of distribution channels and the creation of added value for community food products in Songkhla Province. This qualitative research used in-depth interviews with 16 community food product entrepreneurs who had received Community Product Quality Certification in Songkhla Province. The results showed entrepreneurial strength in having certified, quality raw materials and continuous efficient production. On the other hand, there were weaknesses in excessively diversified distribution channels, insufficient labor and product branding, and uncertain sales channel. However, opportunities are available through promotion and support from government organizations, and the growth of online distribution channels. Threats included fierce competition and constant variation of raw material prices.

Regarding guidelines for distribution channels development and creation of added value, entrepreneurs can strengthen existing entrepreneurs through partnerships. The shop of community food products should be develop sorting and layout. Attractive community product centers are required to target tourists and other customers. Finally, the community food products must be quality assured with standardized products. Moreover, products should be unique, comply with customer requirements, and undergo constant development.

Keywords: Distribution Channels, Added Value Creation, Community Food Product

Introduction

The rapid change under the digital age. It is a challenge to drive all Thai entrepreneurs to learn and adapt to the change. To reduce the risk that may be a threat to business and find the business opportunity that succeeds. The community entrepreneurs should prepare innovation products for added value creation, packaging development and quality assurance with standardized products. Also the selection of the target market and distribution channels for coverage and lowest cost. The community entrepreneurs should adopt technology and information systems in the workplace. And they should find business partners in both production and distribution (Chiarakul, 2014). The community products should be developed in terms of modern marketing, production, and management to be applied for local wisdom in the community, with the goal of sustainable development, self-reliance and use of resources within the community to maximize benefits. The most community entrepreneurs have problems with the potential of management and business partners in both production and distribution. And they must develop products according with consumer requirements and added value creation (Kasornbua, 2013). The product development be applied for local wisdom in the community need to aware of the product values (Chemsriping and Petmee, 2017). The development of community food products requires a focus on delicious taste and consumer needs (Rattanaphan, Rattanaphan, and Sae-Wong, 2017). There are many community entrepreneurs who have the problems of marketing, the use of information technology, product design and added value creation for the product (Promsaka Na Sakolnakorn and Sungkharat, 2013). The marketing management of community products should be training about the added value creation and distribution channels to increase opportunities and channels to reach



consumers (Mukda, 2013). Their main distribution channels of community entrepreneurs are booths which the government sponsor. In addition, there are some community entrepreneurs' shops. It is necessary to develop a diversified distribution channel for strengthen and the community's self-reliance.

The researchers interviewed Songkhla provincial industry officer and Songkhla community development officer found that the most community products should develop more diversified distribution channels. There should be increase new channels for easily reach the target consumer and keep up the changes of the world. Community entrepreneurs have various added value for quality and standards of the products according with market requirements and the characteristics of each customer for appropriately customer satisfaction (Kotler and Armstrong, 2015). Product development to create value added and able to produce products according to customer needs. Entrepreneurs should develop new distribution channels for new products and develop a product model to be universal for create added value and expand the market (Leelasuwat, Boonchuai, and Teianchan, 2015). It should also develop products and distribution channels that are difference, modern, and according with constantly changing consumer behavior (Prayalaw and Manmart, 2015). This all leads to research issues for study product capability and distribution channels for community food products and to give guidelines for the development of distribution channels and the creation of Added value for community food products in Songkhla Province.

Research Objectives

1. To study weakness, strength, opportunity, and threat of product and distribution channel for community food products in Songkhla Province
2. To give guidelines for the development of distribution channels and the creation of added value for community food products in Songkhla Province.

Research Methodology

This research is a qualitative research methodology and participatory action research (PAR). The research unit consist of: Hatyai University and Songkhla Rajabhat University are primary researchers, and Songkhla Industry Office is co-researcher who selected the community entrepreneurs to participate in the project, set the research issues, participate the focus group, and discuss information. Moreover, the 16 community entrepreneurs are the key participants who collaborate for in-depth interviews, site visits, and discussion in the focus group forum.

Research Area

The 16 community food product entrepreneurs who had received Community Product Quality Certification in Songkhla Province, Thailand.

Population and Sampling

Population is the 31 community food product entrepreneurs who had received Community Product Quality Certification in Songkhla Province, Thailand.

This study used purposive sampling that selected from the 31 community food product entrepreneurs who had received Community Product Quality Certification in Songkhla Province, Thailand. The sampling selection conducted between researcher and product standard specialist of Songkhla Industry Office that were taken 16 community food product entrepreneurs who had received Community Product Quality Certification and have potential for development.



Material and Data Collection

This study used structured interview to collect the primary data, characteristics, operation condition about product and distribution channel, and added value of community products. To study weakness, strength, opportunity, and threat of product and distribution channel for community food products in Songkhla Province. The study used focus group for guidelines for the development of distribution channels and the creation of Added value for community food products in Songkhla Province. The focus group participants consist of: 37 representatives of 16 community food product entrepreneurs, a product standard specialist and a head of promote department of Songkhla Industry Office, a director of Songkhla OTOP Network, and 2 marketing lecturers.

Data Analysis

This study used content analysis method with data from interview, focus group, and literature review.

Research Process

- (1) Literature review.
- (2) Create structured interview to collect the primary data, characteristics, operation condition about product and distribution channel, and added value of community products.
- (3) In-Depth interview the 16 community food product entrepreneurs who had received Community Product Quality Certification in Songkhla Province to study weakness, strength, opportunity, and threat of product and distribution channel for community food products in Songkhla Province.
- (4) Analysis of in-depth interviews with community entrepreneurs by content analysis method.
- (5) Focus Group to analysis guidelines for the development of products and distribution channels for community food products in Songkhla Province.
- (6) Used data from (4) and (5) to give guidelines for the development of distribution channels and the creation of added value for community food products in Songkhla Province

Research Results

The research results can be summarized as follows:

1. The weakness, strength, opportunity, and threat of product and distribution channel for community food products in Songkhla Province.

The results from in-depth interview the primary data of community food product entrepreneurs and operation condition about product and distribution channel, and added value of community products found that the strength of community food product entrepreneurs were quality product, products had received community product quality certificate, high quality raw materials, potential for production, continuous development, and ready for development. The weakness of community food product entrepreneurs were distribution channels are not diversified, online channels are not pronounced, labor for production is not enough, lack of serious branding, sales channel is still uncertain that focus only exhibition which supported by the government. The opportunity of community food product entrepreneurs were promotion and support from government organizations, and the trend of online channels is getting more popular. Finally, the threat of community food product entrepreneurs were direct and indirect high competition, raw material prices are constantly changing, and economic fluctuations.

The suggestions for the development of community food products include: community food products should develop cleanliness, freshness, rich taste, long-term storage, focus on healthy. Price should be appropriate to the volume and based on quality. The distribution channel should increase the place of distribution, increase modern



trade channel or online channel. The marketing promotion should be more variety promotions, focus on advertising through online media, there are more variety exhibits and launch variety public relations.

2. Guidelines for the development of distribution channels and the creation of added value for community food products in Songkhla Province.

The research results from in-depth interview and focus group found the guidelines for the development of distribution channels and the creation of added value for community food products in Songkhla Province that consists of 2 parts as follows.

2.1 Guidelines for the development of distribution channels for community food products in Songkhla Province consists of the following issues:

2.1.1 Friend to Friend Helping project. It is a process in which the community entrepreneurs with potential distribution channels provide assistance to other community entrepreneurs. It is the main channel and an important channel for food community entrepreneurs in Songkhla. There are 2 types operations; 1) Stable market is main customer that constantly buys products. A group of community entrepreneurs that have regular delivery channels will also select other group who have potential for bring the product to those channels. In addition, have to make a shelf in community entrepreneurs' shops that have capacity for display products from other community entrepreneurs who do not have their shop, and 2) Temporary market is the customers who buy the products sometimes such as exhibition. Therefore, Songkhla OTOP network will organizes more events and joins walking street markets or other markets

2.1.2 The community entrepreneurs who have their own shop should develop the shelves of product placement to stand out, place product in categories, clearly visible, and convenience to buy.

2.1.3 One Tambon One Product Distribution Center usually sell only OTOP products that most people do not buy it. OTOP Center should change to the distribution of various products. There are many products for selling to attract more customers or tourists, and choose right location or joint activities with communities and attractions. Such issues, the head of the OTOP Songkhla network will coordinate with the responsible agencies.

2.1.4 Convenience store channel, if community entrepreneurs are interested in this channel, they must focus on ready-to-eat products. The entrepreneurs must consider the conditions carefully, consider their potential and readiness, and consider the both inside and outside limitations.

2.1.5 There are two groups of consumers for the community entrepreneurs consist of ultimate consumer and wholesale customers or dealers. The community entrepreneurs need to focus on wholesale customers to make stable and sufficient income. Wholesale or dealers have more expertise in marketing and sales than entrepreneurs. The community entrepreneurs have expertise in production. Most of the community entrepreneurs sell their products at own shop or the point of production and most of the revenue come from exhibitions. Some months the government has no exhibitions. The community entrepreneurs lack of income. Thus, the community entrepreneurs should sell their products through both wholesalers and retailers.

2.1.6 Expanding the market to the other areas. The community entrepreneurs must consider the features and characteristics of product such as product age, transportation, etc. Expanding the market is an opportunity to increase sales and economies of production. Therefore, the integration of food community entrepreneurs works together the Songkhla OTOP network.

2.1.7 Online channel. Creating a website or online shopping application. The university is a main organization for creating a web site and online shopping that gathering products of the community entrepreneurs



and distribute through the online shopping channel. To expand the market both domestically and internationally, so accord the Thailand 4.0 policy.

2.1.8 Creating a community entrepreneurs network to strengthen of the distribution, information exchange, and other cooperation such as production and marketing.

2.2 The guidelines of added value for community food products in Songkhla province consists of the following issues:

2.2.1 Research for product development such as longevity of bakery products, pickled fish ready to eat, Rice noodles in fish curry sauce with vegetables, tiliacora triandra green curry, date palm Chinese pastry, fit product, etc. The community entrepreneurs can set the topics of research or collaborate with the product development researchers of university such as faculty of Agro-Industry, Prince of Songkla University or other food research institutes.

2.2.2 Product design and packaging development based on the target market such as lower market, which has less buying power is a large market. So, packaging is not necessarily beautiful because of the low price. Upper market, which has high buying power. So, packaging should be beautiful because of the high price and suitable for souvenirs. Size of the packaging is reasonable and used local materials to preserve the identity of the community, and make a difference.

2.2.3 Product features must be visible, continuous improvement and clear distinction that can serve as a point of sale to reach the target customers and sustainable. It can analyze special features, nutrition, food safety, etc. for information to create a point of sale or labeling. However, the community entrepreneurs need to focus on copyright.

2.2.4 The operation of community entrepreneurs as a partner not competitor that can create sustainability for all entrepreneurs. The partner can diversify risk and share knowledge. The community entrepreneurs who have their shop will also receive goods from other community entrepreneurs. The community entrepreneurs who sell goods in superstore then bring products of the other community entrepreneurs to join. Further, the cooperation of transport and distribution.

2.2.5 Government boosts the development product, packaging, marketing channels, and community products network or partnership network. To develop potential entrepreneurs and ready for sustainable operations such as support of machinery used in the manufacture of goods or packaging, support for special features analysis, support for nutritional analysis, research to develop products and marketing channels, etc.

2.2.6 The key to creating added value for community food products is to have a clear target customer and split the target group into segments. Then study the needs of each customer segment to be able to create more value to meet the needs of most customers. Further, defining the target customer clearly is most important before product development or packaging.

2.2.7 The creation of added value for community food products must focus on quality, the standard of product, unique product, compliance with customer requirements, and continuous improvement consists of packaging design and processed according to industry standards, such as the development of steamed sticky rice in mangrove fan palm leaf packaging to help preserve the product life. It can be sent to the other provinces or expanded to foreign markets.



Discussions

The results of this research have important issues to be discussed as follows;

1. The strength of food community entrepreneurs in Songkhla were quality product, products had received community product quality certificate, and high quality raw materials. However, the community entrepreneurs should constantly evolve and create unique products. This is consistent with Kotler and Armstrong (2015) that the creation of added value for products must focus on product differentiation and (or) competitive differentiation. Moreover, the results show that the weakness of food community entrepreneurs in Songkhla were distribution channels are not diversified. The community entrepreneurs should sell both wholesale and retail, expand the market to increase the sales, request government or university is a main organization for creating a web site and online shopping, and create community entrepreneurs network. This is consistent with Rattanaphan, Rattanaphan, Mukdawijitra, Kulthirawong, and Kanchanamukda (2011) that the quality products development must accord with customer behavior and requirements, and technology should be increased. Further, the community entrepreneurs should expand the new market segmentation, and create various and modern distribution channels. It also corresponds to Leelasuwat, Boonchuai, and Teianchan (2015) who study approaches to develop OTOP products into universal standards found that the product models development to create added value and produce products according for customer needs. The entrepreneurs should develop new distribution channels through online channels, develop new products to the universal, increase the foreign market and expand the market.

2. Guidelines for community food products development, the community entrepreneurs should focus on delicious products and accord customer needs. This is consistent with Prayalaw and Manmart (2015) show that the food products development should be exotic, accord customer needs and can make the customer satisfaction (Kotler and Armstrong, 2015). The creation of added value for products must be consistent with the needs and behavior of the consumer. (Promsaka Na Sakolnakorn and Sungkharat, 2013). Furthermore, the result show that consumer buying decisions by themselves and buy it for the family consumption. The consumer buys community products from the souvenir shop, and OTOP trade shows / exhibitions. It also corresponds to Prayalaw and Manmart (2015), and Jindavong (2015) found that the consumers will decide to buy immediately at the point of sale without any planning or preparation in advance. It can be a reason or emotion motivation (Schiffman and Wisenblit, 2014). Therefore, the development of distribution channels and creation of added value for food community products in Songkhla province. The community entrepreneurs should carry out the friend to friend helping project. It is a process in which the community entrepreneurs with potential distribution channels provide assistance to other community entrepreneurs. In addition, the community entrepreneurs should create a community entrepreneurs network, partnership, develop the shelves of product placement to stand out, and establish a community products center for sells a variety of products and attract more customers or tourists. This is consistent with Prayalaw and Manmart (2015) show that the display and decorate the shelves should show identity and enhance the products. Distribution channels no need to be in the mall or department store but the location of the store must be easy to access, convenience, and expand more the distribution channels to increases opportunities and to reach more consumers (Mukda, 2013).

3. The development of distribution channels and creation of added value for community food products in Songkhla province. The community entrepreneurs need to support from government and university for operation and networking centre, partnership creation, and website or online shopping application creation. It is a strength of distribution. Moreover, the community entrepreneurs should research for product development and quality



product to create a product standard, make a difference and meet the need of customers. It also corresponds to Leelasuwat, Boonchuai and Teianchan (2015) found that the entrepreneurs should develop new distribution channels through online channels, develop new products to the universal, increase the foreign market and expand the market. This is consistent with Jindavong (2015) who study guidelines for development the marketing mix of OTOP products for promoting tourism in Hatyai, Songkhla province found that government and other related organizations should support the training of personnel development on product design and creative packaging, support budget for packaging development, support creating a web site and online shopping, support and promote OTOP exhibitions and OTOP center, and support the community entrepreneurs networking.

Suggestions

The suggestions of this research was divided into 3 parts as follows.

1. The Suggestions for the Community Entrepreneurs

1.1 The creating distribution networks and product development is essential for community entrepreneurs to avoid competitive barriers and strengthen organization, self-reliant, and grow continuously.

1.2 The community entrepreneurs must continuously development and create difference products as a point of sale to reach the target customers and sustainable. It can analyze special features, nutrition, food safety, etc. for information to create a point of sale or labeling. However, the community entrepreneurs need to focus on copyright.

1.3 The creating added value for community food products is to have a clear target customer and split the target group into segments. Then study the needs of each customer segment to be able to create more value to meet the needs of most customers. Further, defining the target customer clearly is most important before product development or packaging. For example, the original product which is sold in the lower market up to the upper market which has the potential to buy with the development of a new design or luxury packaging and there is more value. The product development should focus on different and unique that meet the needs of customer and can set higher prices than competitors. This may lead to increased profits for entrepreneurs

1.4 The creation added value for product and distribution channel such as packaging design, product development, and product processing should be accordance with industry standards and meet to the market needs. The community entrepreneurs must create difference products, unique products, quality products, and it has standard.

2. The Suggestions for the Government

2.1 The government should promote and support for distribution channel of the community entrepreneurs. It is the operator and a main of creation the community entrepreneur's network, establishing distribution partners, and creating a website or online shopping application.

2.2 The government should more support for product development, packaging, and distribution channel according the needs and potential of the community entrepreneurs such as support the machine for production, support the special features and nutrition analysis, support budget for product and distribution channel researches, etc.

2.3 The government should be integrated and interlinked the guideline for supporting the community entrepreneurs in the same direction for maximum efficiency of entrepreneurs.

2.4 The government should have a cluster of community food products in Songkhla province for the strengthen distribution channel of the community entrepreneurs.



3. The Suggestions for the Researcher

3.1 The development of distribution channels and added value for community food products in Songkhla province should be introduced and study more about marketing strategies.

3.2 There should be study about development of distribution channels and creation added value for other community products and bring the results to integrate for strengthen the distribution channel.

3.3 There should be study possibility of preparation and management of online distribution channels for community products.

3.4 There should be study possibility of matching business for the community entrepreneurs to create wealth, stability, and prosperity.

3.5 There should be study potential and capacity of the community entrepreneurs for Thailand 4.0 policy. This will be used to further develop distribution channels and added value for community products.

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