



A Study of Potential and Development of Community Products in Mae Hong Son Province

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Abstract

This research project aims to analyze the production potential and marketing of Mae Hong Son province's community enterprise, in order to develop its competitive abilities. The sample group in this study consisted of 150 entrepreneurs, community enterprises, suppliers, purchasers, government agencies and officers in Mae Hong Son province. The target group was created with a purposive sampling method. This study could be defined as qualitative research. In addition, this research employs Content Analysis, SWOT Analysis, PEST Analysis, Nine Cell Matrix, and TOWS Matrix as analytical tools. The research found that the overall potentials of Mae Hong Son province's community enterprise reflected on the average levels of inner strength and the environmental reaction. In terms of strategy for competitiveness, Mae Hong Son province's community enterprise includes the following: 1) Maxi-Maxi strategy which consists of strengthening Mae Hong Son province's community enterprise, promoting manufacturing and organic and environmental-friendly quality verification, encouraging participation in government's exhibition continuously, building and expanding the product distribution center, dispensing the products within and outside of Mae Hong Son province, supporting the cooperation among local wisdom and new technology. 2) Mini-Maxi strategy, which consists of networking with educational academies and government agencies in order to gain ideas and knowledge about technology, administration, marketing plan, and product development to differentiate community enterprise from the competitors, and creating public relations that raise the sales of Mae Hong Son products domestically and internationally. 3) Maxi-Mini strategy which consists of the study of consumer's demand and encouraging environmental friendly production, and 4) Mini-Mini strategy which consists of technological development for an increase in production processes with the cooperation among government agencies. Base on strategy formulation, it could be taken into developing the potential of community enterprises in Mae Hong Son province in order to create a competitive advantage for advance commercial product development.

Keywords: Community Enterprise, Community Enterprise Strategy, Internal and External Factor Analysis, Mae Hong Son Province

Introduction

Mae Hong Son province is located on the border of northern Thailand. The west of the city is connected to Myanmar. The geography of the city is in the high mountains and high density of the forest. Moreover, there are many spaces for significant agricultural plantations such as rice, garlic, soy, maize, cabbage, and chillies (Office of Agricultural Economics, 2018). Besides obtaining income from the agricultural products, the local community earns additional revenues from selling handicraft products and tourism services through the land being blessed with ecological diversity and attraction of hill tribes: at least seven tribes that includes the Shan (Thai Yai), Karen, Lahu, Lisu, Hmong, Lua, and Chinese Yunnan (Haw) whom all specialize in handicraft trade that is quite rare and interesting for travelers to see (National Statistical Office of Mae Hong Son Province, n.d.).

However, according to the Office of the National Economic and Social Development Board's index of development in Mae Hong Son, it appears that 39.21 per cent of the population are living under the condition



of poverty line which is considered as the lowest mean of Thailand with a high level of inequality (Office of the National Economic and Social Development Board, 2018a). With regards to the condition in Mae Hong Son, the issues can be divided as follows. 1) The average income of Mae Hong Son population is lower than the rest of the northern region and the country as a whole. Moreover, the ratio of the poor is the highest when compared to the other provinces due to restrictions on arable land and lack of adequate education in the highland. 2) The issues about low quality of life, in comparison to other provinces in the northern region, is due to an inaccessible state service as most of the population are hill tribes that reside in areas that are situated in the highland valley. 3) The issues about poor public transportation, especially in monsoon, are prone to landslides or road collapse during the monsoon which compromises safety and convenience for road users to go about their business. In addition, Mae Hong Son has terrible weather condition that negatively affects the visibility in navigation for flight transportation. 4) The issues about insecurity and the illegal immigration of people sneaking from the Myanmar side of the border (in the length of 483 kilometers with the geography of forest and mountains) have been ongoing incidents for the Thai border patrol to deal with. Moreover, the routes to the border are filled with difficult terrains for smooth mobile traveling. Also, the routes make it hard for the border patrol police to conduct a proper land check and efficient investigation; there is always an armed conflict along the border between the Burmese soldiers and hill tribes which causes instability for people trying to make an honest living and wanting to have peace in their livelihood. 5) The issues about the lack of public infrastructures such as public road, electricity and water supply have been imminent as government agencies have been lacking the resources and initiative to improve things for the local citizens (Office of the National Economic and Social Development Board, 2018b).

As stated above, many government agencies have tried to solve the problems in Mae Hong Son, especially on a poverty solution plan. The institution has come up with the idea of a community enterprise for the livelihood benefit for the locals; this idea is known as OTOP (One Tambon One Product) and served as a form for local community wisdom and resources to develop local products, services, management, quality control, and value-added product for buyers. However, the community enterprise of Mae Hong Son is not considered to be outstanding without having sufficient developing potential, particularly in terms of production and marketing that are lacking in creativity, standard, knowledge, innovation, and technology that could generate some value-added ideas.

Therefore, this research, aims to study and develop the community enterprise by emphasizing on the overall potential of production and marketing in Mae Hong Son, conducting a business model, and building a strategy for product development in the future.

Objectives

1. To analyses the potential of community enterprise production and marketing in Mae Hong Son province
2. To build potential development strategies for competition in the Mae Hong Son community enterprise

Scope of Study

In this study, the Mae Hong Son province has been chosen because there are community enterprises that need to be developed with a value-added concept to raise the income of the community, stakeholders, and those who



are involved in the production and marketing processes, domestic consumers, and government agencies. This research was conducted on a period of five months for seeking the best way on putting Mae Hong Son community enterprise product to make progress.

Literature Review

Business Model for Community Enterprise Strategy Development

The business model is the basis for all business units providing the effective ways to understand, analyze, communicate, and manage strategic choices and innovation goals (Al-Debei and Avison, 2010; Osterwalder and Pigneur, 2010). As well, it is used to systematically describe for how to create, capture, and deliver value from business to business or customers (Teece, 2010; Zott and Amit, 2010; Kavadias et al., 2016). This concept is the best explanation covering four key business-related factors such as customers, selling prices, infrastructure and financial capabilities. Nowadays, the business model concept is widely implemented for building competitive strategies of enterprises and firms. For example, Atchaiyabud et al. (2006) employed the business model canvas (BMC) for studying the management of spa business in Phuket, Phang-Nga, and Krabi provinces. Grassl (2012) and Portales (2019) used business model for establishing the social enterprises whereas Joyce and Paquin (2016) and Karlsson (2019) applied the business model as a tool for designing the sustainable businesses. All of the studies mentioned aim to create the value and attempt to deliver it to the customers or users. Moreover, the principle of business model is useful for the small and medium enterprises in planning strategies and improving their business operations (David, 2000; Hutanuwat and Hutanuwat, 2008; Inthasang and Atnawung, 2012; Brahmane, 2014). Consequently, the small and medium business can utilizes business model canvas as one of the strategies in facing the competition (Osterwalder and Pigneur, 2010).

Osterwalder and Pigneur (ibid.) have developed and published a one-page strategy or business plan model as called business model canvas (BMC). The constituent factors of business model canvas can be mainly divided into nine blocks consisting of: 1) customer segment involving in one or several customer groups served by the firms; 2) value proposition concerning the value of products, services, and processes of them to solve customer problems and satisfy customer needs; 3) channel dealing with value propositions delivered to the customers through communication, distribution, and sales channels; 4) customer relationship associating with building and healing of the good relationship with each customer segment; 5) revenue stream generated from the customers and resulted from value proposition successfully offered to customers; 6) key resources constitute the basis required to create the value; 7) key activities performing the primary processes in order to create value for the customers; 8) key partnership regarding outsourced and some resources acquired outside the enterprise; and 9) cost structure reflecting all costs generated through the other building blocks (Osterwalder and Pigneur, 2010; Osterwalder and Pigneur, 2010; Choi et al., 2014; Urban et al., 2018).

Community Enterprise Potentiality

The potential development is important for the community enterprises to learn by themselves in many aspects, such as community enterprise directory, operational planning, marketing management, knowledge and data management, goods and service management, and community enterprise member and customer management (Kotler, 2003; Jaroenwanit and Deeboonmee, 2015). The key tool used for evaluating the potentiality of community enterprises is the analysis of internal and external environments. Many researchers have applied the SWOT analysis to measure the internal factors, as seen in the studies of the potential development of community



enterprise of Wailum village (Imruang and Mongkolsrisawat, 2011), the guidelines for developing the good potential management of community enterprises in Kalasin province (Duanguppama, 2014), and the development of community enterprise in lower central provinces region 1 to enhance its competitiveness (Jensantikul, 2019).

In terms of external environmental assessment of community enterprises, the popular method is the PEST analysis. For instance, Kesornbua (2015) used the PEST analysis for increasing the marketing competitiveness for new entrepreneurs whereas Dararuang (2017) applied it for planning the marketing strategies for the community enterprises. Considering the external environmental aspect, the major factors lead to the directions and strategies for management and operations to achieve the business goals consist of economic, social, and technology perspectives (Harrison and St. John, 2004). Certo and Certo (2009) described that the internal environmental analysis associates with specifying the strengths and weaknesses of the firms for seeking the comparative advantage. Whereas the external environmental analysis involves in determining the opportunities and threats affecting the performances, the pairwise analysis of strengths, weaknesses, opportunities, and threats, known as TOWS matrix, brings about many choices of the strategies which can implement in both institutional and business levels (David, 2000).

Thus, this research concerning with the study of the community enterprise potentiality in Mae Hong Son province employs the business model concept, SWOT Analysis, PEST Analysis, and TOWS matrix for enhancing and strengthening the community enterprises, reducing disadvantages in the business operations, and setting the directions of sustainable development of the community enterprises in the province.

Methods and Materials

The 150 samples are selected by the purposive sampling methods which consist of 45 entrepreneurs and community enterprises, 55 local suppliers, 25 buyers, 25 government officers and relevant institution officers. The in-depth interview is used as a tool for data collection.

Analytical tools applied in this study were Content analysis, PEST Analysis (Porter, 1985), SWOT Analysis, and TOWS Matrix (Wehrich, 1982; David, 2000) with the followings research methods:

1. Data collection from the relevant documents, researches, and primary data collection from an in-depth interview with community enterprises, distributors, and government agencies include data of production process situation, marketing, quality verification, and overall potentials and abilities of community enterprises in Mae Hong Son
2. The focus group and group interview with the stakeholders that are involved with the production processes, integration, and marketing of Mae Hong Son community enterprises were conducted for the brainstorming, developing ideas about the potentials, production, the marketing, and developing a business community model that was based on the Lean canvas model (Maurya, 2012; Osterwalder & Pigneur, 2010)
3. The analysis of production potentials and marketing of overall community enterprises were conducted through a lesson learned meeting from those who were involved with the in-depth content analysis. After that, the result was analyzed in-depth with the SWOT analysis which considered on Microdata or the context by using a PRIMO-F Analysis model, and PEST Analysis that consists of the Political, Economy, Social, and Technology aspects.



4. The analysis of internal factors and external factors was managed by using the weight under the decimal range of 0 (least significant) to 1 (most significant) to weight the internal factors of each item on the list. The total weight would always equate to 1. Then, the consideration of potential score rating in each item on the list would be rated from 1 (the lowest ability to react) to 5 (the highest ability to react). After that, all the weight numbers would be multiplied with the potential score rating, called Weight score (Dararuang, 2016), and then be calculated to reach the total sum of weight score for both internal and external factors to illustrate the group potential score rating. Next, the group potential score rating would be used to analyze the investment attractiveness based on the Nine Cell Matrix (Jurevicius, 2014)

5. Strategy building for Mae Hong Son community enterprise is conducted with the TOWS Matrix technique.

Results

According to Lean Canvas for the Mae Hong Son community enterprise business model, nine tools of business model that are considered to be helpful for doing business includes the following: 1) Customer Segments, 2) Problems or Demands of Customers, 3) Unique Value Proposition, 4) Solution, 5) Channels, 6) Revenue Streams, 7) Cost Structure, 8) Key Metrics, 9) Unfair Advantage (see Table 1).

The result of the business model analysis shows that the customer segment 1 category B2C consists of tourists, travelers, workers, and teenagers, while the customer segment 2 category B2B consists of the company that makes a direct purchase. In terms of problems or the demand of the customers that community enterprise faces, they are the new alternative and convenience to use or consume with the standard approval, environmental friendliness, and concern for consumer safety. In terms of Unique Value Proposition, the community enterprise offers attractive packaging, using quality local items to be an input and standard approval. The customers are able to ask for detail and production processes of the product, product insurance in case of packaging or transportation damages, and supporting and income distributing to the local farmers. In terms of solutions, the community enterprise offers packaging that comes in the right size and capacity to keep the goods for a long time, including shipping and transportation to deliver on time, internet banking, and transferring payment allowance. For other channels, the community enterprises allow customers to reach them via telephone or social network such as Line and Facebook. This includes direct sales through various trade shows organized locally and in other provinces, souvenir shops and walking street markets, plus shipping through post offices and services by Kerry. The cost structure includes inputs, wages, machinery and tools, maintenance, transportation, whilst the key metrics come from regular customers and the words of mouth that generated continuous demands, alliance network of farmer customers and other institutes e.g. National Food Institute, Chiang Mai Rajabhat University, Community Development Office, etc. For Unfair Advantage, the community enterprise takes the advance order and prepares them to the customer, building relationship by making regular contact about the product information on demands.

**Table 1** Lean Model Canvas of Community Enterprise in Mae Hong Son Province

| ② Problem: P | ④ Solution: S | ③ Unique Value Proposition: VP | ⑨ Unfair Advantage: UA | ① Customer Segmentation: CS |
|---|---|--|--|---|
| <ul style="list-style-type: none"> - being the new alternative - convenient to use - the standard approval - environmentally friendly with concerns about the consumer safety | <ul style="list-style-type: none"> - packaging that comes in the right size and capacity to keep the goods for a long time - shipping and transportation to deliver on time - the internet banking and transferring payment allowance | <ul style="list-style-type: none"> - attractive packaging - using quality local items to be an input - standard approval - the customers are able to ask for detail and production processes of the product - product insurance in case of packaging or transportation damages - supporting and income distributing to the local farmers | <ul style="list-style-type: none"> - takes advance order and prepare them to the customer - building relationship - regularly contact about the product information on demands | <ul style="list-style-type: none"> <i>the customer segment category B2C 50%</i> - tourist group - traveler group - worker group - teenager group <i>the customer segment category B2B 50%</i> - the company that makes a direct purchase |
| | ⑧ Key Metrics: KM <ul style="list-style-type: none"> - regular customers throughout the year - the words of mouth that generated continuous demands - alliance network of farmer customers and other institutes e.g. National Food Institute, Chiang Mai Rajabhat University, Community Development Office etc. | | ⑤ Channels: CH <ul style="list-style-type: none"> - telephone - a social network such as Line and Facebook - direct sales through various trade shows organized locally and in other provinces - souvenir shops and walking street markets - shipping through post service e.g. post office, Kerry, etc. | |
| | ⑦ Cost Structure: C\$ <p>Main cost structure consists of 50% inputs, 20% wages, 20% machinery and tools, 5% maintenance cost, and 5% transportation cost</p> | | ⑥ Revenue Streams: R\$ <ul style="list-style-type: none"> - 50% regular customers - 45% online customers - 5% trade show customer | |

Source: Author Analysis

According to the result of the internal analysis of the community enterprises in Mae Hong Son province which applied the PRIMO-F Analysis model, it is found that **P – People:** Overall, the average years of experience of the entrepreneur is 8.72 years. The entrepreneurs or the leaders of the community enterprise have a leadership characteristic and are able to lead the team, make a decision, and make a production plan. Moreover, community enterprises are ready to adapt and develop in terms of production and inputs. However, there is a lack of knowledge about strategic marketing planning and adding value to the products. In addition, there is the issue of the inadequate inheritor of the local wisdom as the majority of the members are matron and elderly. **R – Resources:** Most of the inputs employed in the community enterprises come from the local and nearby which leads to cost saving. Still, some of the inputs are rare to find thus causing the difficulties to produce in a mass amount. Besides, some of the materials could not be found locally which tend to be expensive and need to be shipped from the bigger city. **I – Innovations and Ideas:** There are many different community enterprises with different identities based on their local wisdom and local cultures in each area. The majority of

the community enterprise development comes from using local wisdom in manufacturing and brainstorming among members which are different in each enterprise. However, the processes show a lack of creativity to develop new products and transcending towards an up-to-date technological application. **M – Marketing:** The results found that there are many similar goods in the market but possess different kind of selling points, marketing strategy, and target customers. Nowadays, there is an increase in the sale between different provinces. Still, the main selling area is in the Mae Hong Son province along with the city tourist promotion. Apart from that, there are many institutions supporting the community enterprise with the trade shows allowing the community enterprise to meet with more customers. In terms of issues in marketing, the community enterprise's products are not widely known due to a lack of public relation, approach strategy, the relationship among the customers is not strong enough, a small amount of customers, the customer base is not quite obvious, and the absence of the marketing plan. **O – Operations:** For the overall administration, the leader of the community enterprise would be the one who plans the production and quantity control with the cooperation of the relevant institutions in the province. However, there are some problems arising from the administration which consists of failures from an unsystematic administration and led to the high cost of inventory as the maintenance cost for some items are high due to weather influence. Moreover, there is a lack of knowledge management to gain any information. **F – Finance:** The community enterprises apply a common account system except for some enterprises that use their special form. In addition, the working capital in production was generated through fundraising activities among members. However, if there is a need to do mass production that requires lots of capital, the enterprise tends to lean on the financial institutions' loan which unfortunately complicates the process and require collateral. The other issue is that there is a lack of funding to run the community enterprise continuously and the community enterprises have a devoid of knowledge when managing the fund.

As mentioned in the previous analysis, the weight rating of the ability of the community enterprise appeared to be in the average level of 3.38 (see Table 2)

Table 2 Internal Factors Analysis Summary: IFAS

| Internal Factor | Weight | Rating | Weighted Score |
|---|--------|--------|----------------|
| Strengths | | | |
| S1 The leaders of the community enterprise have leadership skill and being able to improve the enterprise | 0.09 | 5 | 0.45 |
| S2 The community enterprises are ready to adapt and develop production aspect | 0.06 | 3 | 0.18 |
| S3 The factors of production's sources are local community and nearby communities | 0.07 | 4 | 0.28 |
| S4 The products have different identities | 0.06 | 3 | 0.18 |
| S5 the product improvement was generated from the local wisdom base on brainstorming | 0.03 | 2 | 0.06 |
| S6 the main selling area is in Mae Hong Son province along with the city tourist promotion | 0.06 | 3 | 0.18 |
| Weaknesses | | | |
| W1 There is a lack of knowledge about strategic marketing planning and the value-add of the products | 0.09 | 3 | 0.27 |
| W2 Lack of creativity to develop new products and up-to-date technological application | 0.10 | 4 | 0.40 |
| W3 The products are not widely known | 0.09 | 4 | 0.36 |
| W4 Lack of public relation and approach strategy | 0.10 | 4 | 0.4 |
| W5 Small amount of customers and the customer base is not quite obvious | 0.05 | 3 | 0.15 |

**Table 2** (Cont.)

| Internal Factor | Weight | Rating | Weighted Score |
|--|-------------|--------|----------------|
| W6 Lack of funding to run the community enterprise continuously | 0.05 | 2 | 0.10 |
| W7 The community enterprises have devoid knowledge to manage the fund. | 0.04 | 3 | 0.12 |
| W8 Lack of knowledge to apply the technology efficiently | 0.03 | 3 | 0.09 |
| Total | 1.00 | | 3.38 |

Source: Author Analysis

According to the results from the external analysis of Mae Hong Son community enterprise using PEST Analysis consists of followings; **P – Politic**, it is found that the government priorities the competitiveness escalation and creation by promoting activities enhancing the potential of entrepreneurs by using local identity to create added value for the products and strengthen market opportunities both at home and abroad. In addition, in the provincial level, Mae Hong Son province also has a strategic development plan to promote and escalate the products and enterprise innovation to meet standards in order to increase value and strengthen enterprise. This is done by having the community engagement, as well as supporting and developing products and entrepreneurial skills in the Mae Hong Son Province. The idea is to gain potential to compete by promoting, supporting, developing and escalating product innovation and standards in order to be able to compete and develop the potential to compete on part of the entrepreneurs. **E – Economic**: The finding shows that tourism in Mae Hong Son province has tended to increase. According to the tourism statistics, there were 834,477 tourists in 2016: increasing 4.36 per cent from the previous year which generated a total revenue of 4,005.94 million Baht increasing to 5.65 per cent from the year before (Official Statistic Thailand, n.d.). Fascinatingly, Mae Hong Son province is a place of interest to both Thai and foreign tourists, particularly for the natural attractions. Unfortunately, Mae Hong Son province is facing serious and hazardous smog problem which affects the tourists' journeys. Other than that, during the low season, the number of tourists decreases drastically, thus causing the consumption and tourism revenue to drop drastically (Mae Hong Son Provincial Office, Ministry of Industry, 2017). **S – Social**: The result shows that the consumers' current consumption behavior emphasizes on quality, healthy and environmentally friendly products. Consumers seem to have continuously set more on being health-conscious and with safer trends. Apparently, organic products or clean food have become more popular and the packaging is designed to be more suitable for the urbanites' lifestyle. (Department of Industry Promotion, n.d.) In addition, nowadays marketing communication via social media has become highly popular in Thai society. Thai people rely heavily on online media tools to trade both goods and services (Electronic Transactions Development Agency, 2017). However, some community enterprises still encounter difficulties in making the adjustment. Alternatively stated, some community enterprises remain to use conventional methods in production and are still lacking the approach of offering a better product design for satisfying the consumer needs. **T – Technology**: The findings suggest that at present, there are technologies that are accelerating the modern food processing. The innovation and modern technology that respond to production and customer groups, which some community enterprises have applied technology to develop the production process to meet the needs of consumers, which are mostly supported by the government agencies. In addition, various communication technologies are used to make contact with customers easier. However, the community enterprises still lack the tools, machines, and equipment for modern production processes. Moreover, there is still a problem of accessing

relevant agencies to support technological development and the members still lack the knowledge on how to use technology effectively.

All in all, from the mentioned external analysis using the PEST Analysis, the weight score rating of the external factors analysis summary attested that the response to the external environment is in the moderate level which is equal to 3.25 (see Table 3).

Table 3 External Factors Analysis Summary: EFAS

| External Factor | Weight | Rating | Weighted Score |
|--|-------------|--------|----------------|
| Opportunities | | | |
| O1 There is government policy to push for more competitive development. | 0.15 | 4 | 0.60 |
| O2 Increasing trends of the number of tourists in Mae Hong Son province. | 0.10 | 3 | 0.30 |
| O3 There is a government agency to promote the exhibition. The community enterprise group Have more opportunities to meet customers. | 0.15 | 3 | 0.45 |
| O4 The trend of consumption of organic products or products that are more environmentally friendly. | 0.08 | 3 | 0.24 |
| O5 Modern technology is used more to manage resources. | 0.09 | 3 | 0.27 |
| O6 Various communication technologies progress makes contact with customers easier. | 0.09 | 3 | 0.27 |
| Threats | | | |
| T1 During the low season, the number of tourists in restaurants and tourist spots decreased causing the demand to decrease | 0.12 | 3 | 0.36 |
| T2 Smog problems affect travelers' decision to travel. | 0.12 | 3 | 0.36 |
| T3 Lack of technology tools used in production. | 0.10 | 4 | 0.40 |
| Total | 1.00 | | 3.25 |

Source: Author Analysis

Based on the analysis of the PRIMO-F Analysis and PEST Analysis model, the results were used to analyze the investment implication with the Nine Cell Matrix. It was found that the Mae Hong Son community enterprises had a moderate investment interest. This is shown in Figure 1.

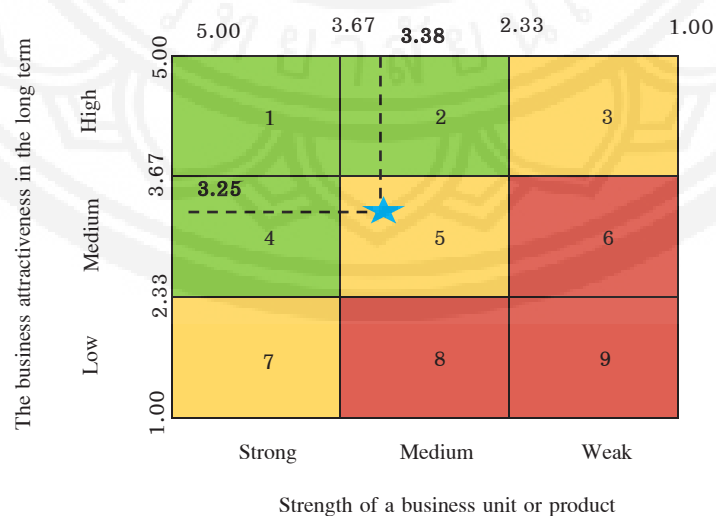


Figure 1 Investment Implication using Nine Cell Matrix



The results of the strategy for developing the competitiveness of Mae Hong Son Province community enterprises with the TOWS Matrix technique (Table 4).

The results of the strategy development of the potential development of community enterprises in Mae Hong Son Province in Table 3 consists of eleven strategies, namely **The Maxi-Maxi strategy (SO strategy)** consisting of 1) Development potential of community enterprises to be strong, 2) Promote production and certification of organic products or products that are environmentally friendly, 3) Continuously promoting the participation in trade shows with government agencies, 4) Create a distribution center in the province and expand distribution channels available in tourist attractions and other provinces, and 5) Promoting the use of modern technology together with local wisdom. **The Mini-Maxi strategy (WO strategy)** consists of 1) Networking with educational institutions or government agencies for the development of technology knowledge, management, and marketing plans, 2) Developing new products to make a difference from competitors, and 3) Publicize and promote the trading of Mae Hong Son provincial products both domestically and internationally. For **the Maxi-Mini strategy (ST strategy)**, there is 1) Studying consumer behavior and 2) Supporting environmentally friendly production processes. Finally, **the Mini-Mini strategy (WT strategy)** includes developing technology to increase production efficiency by collaborating with government agencies.



Table 4 Strategy Formulation using TOWS Matrix Techniques

| | | Strengths (S) | Weaknesses (W) |
|---|--|--|--|
| Internal Factors | | S1 The leaders of the community enterprise have leadership skill and are able to improve the enterprise | W1 There is a lack of knowledge about strategic marketing planning and the value-add of the products |
| | | S2 The community enterprises are ready to adapt and develop production aspect | W2 Lack of creativity to develop new products and up-to-date technological application |
| | | S3 The factors of production’s sources are local community and nearby communities | W3 The products are not widely known |
| | | S4 The products have different identities | W4 Lack of public relation and approach strategy |
| | | S5 he product improvement was generated from the local wisdom base on brainstorming | W5 Small amount of customers and the customer base is not quite obvious |
| | | S6 the main selling area is in Mae Hong Son province along with the city tourist promotion | |
| External Factors | | | |
| Opportunities (O) | | SO (Maxi-Maxi Strategy) | WO (Mini-Maxi Strategy) |
| O1 There is a government policy to push for more competitive development. | | S1 O1 Development potential of community enterprises to be strong | W1,7 O1 Networking with educational institutions or government agencies for the development of technology knowledge, management, and marketing plans |
| O2 Increasing trends of the number of tourists in Mae Hong Son province. | | S2,3 O4 Promote production and certification of organic products or products that are environmentally friendly | W2 O1 Developing new products to make a difference from competitors |
| O3 There is a government agency to promote the exhibition. The community enterprise group has more opportunities to meet customers. | | S4,6 O3 Continuously promoting the participation in trade shows with government agencies | W3,4,5 O3,4 Publicize and promote the trading of Mae Hong Son provincial products both domestically and internationally |
| O4 The trend of consumption of organic products or products that are more environmentally friendly. | | S6 O2,6 Create a distribution center in the province and expand distribution channels available in tourist attractions and other provinces | |
| O5 Modern technology is used more to manage resources. | | S5 O5 Promoting the use of modern technology together with local wisdom | |
| O6 Various communication technologies progress makes contact with customers easier. | | | |
| Threats (T) | | ST (Maxi-Mini Strategy) | WT (Mini-Mini Strategy) |
| T1 During the low season, the number of tourists in restaurants and tourist spots decreased, causing the demand to decrease. | | S6 T1,2 Studying consumer behavior | W8 T3 develops technology to increase production efficiency by collaborating with government agencies. |
| T2 Smog problems affect travelers’ decision to travel. | | S5 T2 Supporting environmentally-friendly production processes | |
| T3 There is a lack of technology tools used in production. | | | |

Source: Author Analysis



Conclusion and Discussion

1. The results of business model analysis of the prototype community products in Mae Hong Son province show that the customer segments are separated in five groups, namely tourists, passers, working age people, modern teenagers, and directly purchasing companies. Moreover, the findings stated that community products have responded the consumer demand in the aspect of the new choice products which is consistent with the study of Atchaiyabud et al. (2006). In terms of product characteristics, the ease of use and consumption, and the attention to environment and safety are important forms of products that consumers concern. The value proposition of Mae Hong Son products is beautiful with unique packaging design which is similar to the result of Suankramdee and Sukkumnoed (2015) who stated that the consumers paying attention in the environment prefer unique packaging design. Thus, unique package is the key factor for marketing strategic planning. In addition, local quality raw material selection, product standard, shelf life of products, just in time delivery, and convenient channels of payment are also important factors of modern marketing. For the channel delivering the value propositions to the customers, the findings are the same as the results mentioned in Kim and Lennon (2013). At present, there are many channels for communicating and selling products such as telephone, online, direct sale, souvenir shops, walking street market, as well as various product delivery ways such as Thailand post and Kerry express parcel service. These conveniences help keep the good relationship between customers and community enterprises, provide the significant information to the customers, and increase the channel of product pre-ordering which leads to the customer retention and product loyalty (Joyce and Paquin, 2016).

2. In terms of operational potentiality, the strengths of community enterprises in Mae Hong Son province are the leadership and development readiness of group leaders, the readiness to adapt and improve production, the use of raw materials in local and nearby community areas, the product identity developed from the local wisdom and member participations, and the linkage between products and tourism. These results are similar to the study of Kesornbua (2015) who indicates that the leadership of leaders helps strengthening the business operation and developing the new production. The study of Jaroenwanit and Deeboonmee (2015) mentions that creating a product identity and linking products with tourism will increase product selling points. Considering the weakness of the operation of the community enterprises, most of them lack the marketing strategy planning, the creation of value-added products, the creativity in developing new products, and the accesses of new technologies. Apart from the weak factors mentioned above, the lack of advertising and public relations lead to unknown product situation in the market and unclear customer groups. For the enterprise opportunity aspect, the government policies and supports, especially in product trade fair participation, are the significant driven factors increasing the competitiveness and market opportunities of the community enterprises. These findings are similar to the results of the study of Jensantikul (2019). However, the low season is a major obstacle to sales of community products. During the low season, the number of tourists traveling to restaurants and tourist sites has decreased, resulting in decreased consumer demand and low value of community product purchasing. As the studies of Brahmane (2014), and Inthasang and Atnawung (2012), their results point out that the important obstacle in the business operations of community enterprise is the low season. Thus, the way to encourage the community products in during the low season is the crucial issue to take into account.

3. There are four major strategies divided into eleven sub-strategies for developing the competitive potential of community enterprises in Mae Hong Son province. First, *the maxi-maxi strategy* consists of strengthening the



capacity of community enterprises, promoting production and certification of organic products or environmentally friendly products, continuously promoting the participation in trade fairs hold by government agencies, establishing product distribution center in Mae Hong Son province, expanding distribution channels in tourist attractions and other provinces, and promoting the integration of modern technologies and local wisdom which is consistent with the studies of Duanguppama (2014), Jaroenwanit and Deeboonmee (2015), and Kim and Lennon (2013). Second, *the mini-maxi strategy* is composed of establishing a network with educational institutions or technology development agencies, managing and planning of new product development to make the product differentiation, and doing the public relations and promoting Mae Hong Son products in both domestic and international markets. Third, *the mini-mini strategy* is the study of consumer behaviors and demand, as well as supporting the environmentally friendly production, which accord with the studies of Suankramdee and Sukkumnoed (2015), and Imruang and Mongkolsrisawat (2011). Finally, *the maxi-mini strategy* is developing technology to increase efficiency in the production process in collaboration with government agencies.

Suggestions

Policy Suggestions

1. There should be an encouragement for the community enterprises to use modern technology to connect with local wisdom to produce products and create product standards from the use of innovation and modern technology that responds to the production and new customer groups that have changed the demands for the Mae Hong Son province products.

2. Policy recommendation should encourage community enterprises to create a selling point for their own products by producing products that are unique to the Mae Hong Son province, which has characteristics that are different from general products, allowing the product to separate from the market in general and sustainable in the long run.

3. The public sector should encourage the community enterprise to create digital marketing for reaching more retail customers and reduce the wholesale cost.

4. Nowadays, there is the Act of Parliament that encourages Social Enterprise Promotion Act 2019 that mainly aims to increase employment and create mutual benefit for society. Therefore, the government of Mae Hong Son should support and encourage an increase in the local registration of social and community enterprise to stimulate employment and improvement for the local underprivileged citizens.

Suggestion for Future Research

1. It would be helpful to conduct a study on developing the links between community products and tourism in the Mae Hong Son province to support economic development from the foundation.

2. Further studies should be conducted in area of identities that differentiate the Mae Hong Son Province with the others through the stories of Mae Hong Son products in order to get a better grasp on the consumers' needs.

3. The linkages between consumers of community products and community groups in the Mae Hong Son province should be studied in the future to reduce the problems about the length of distribution channels and applying efficient methods for diminishing product distribution costs.



4. It is suggested that further study of social and community enterprises business operational pattern should be conducted in the context of Mae Hong Son to strengthen and sustain community enterprise in the future.

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