

CHAPTER VII

SWOT ANALYSIS

One of the aims of the Royal Project is developing farmers' living standards by supporting all input used and purchasing all promoted products from the farmers. The Royal Project has provided income to the farmers as well as acted as the price supporter in those areas. At present the supply of temperate vegetables in the market has been increasing, as well as the products and farmers of the Royal Project. There is high competition of temperate vegetables in the market. In order to compete with the other firms in the market, the Marketing Division of the Royal Project needs to consider the internal and external environment to plan their strategies to cope with the present situation. The analysis of both internal and external environment is necessary in order to understand the current situation facing the organization, and perhaps more importantly, the trend and change in these internal and external factors which may affect the organization in the future. The SWOT analysis is used to develop strategies, which build on identified strength, weakness, opportunity, and threat. The essence of effective strategic marketing is achieving a strategic fit between the organization (that is, the strengths and weaknesses) and the environment (that is, the opportunities and threats) (Massingham, 1996).

7.1 Strength and Weakness

Marketing practices of the Royal Project have been changed over several years and, the analyzing of strength, weakness, opportunity, and threat of their marketing will guide them to better marketing strategies, as well as to increase income of the farmer under the project. The Royal Project Foundation was established in 1969, Its products have the brand name, "Doikham" and are accepted to be the good quality and hygienic products. In the supply side, The Project promotes various crops and supports all input

used by the farmer. There are 36 stations scattered on the highland, these guarantee the steadiness of the raw materials. The quality of products is controlled by Grading, and Packing section of the Project. The Project has cooling room to preserve products, this allows the short-term supply more elasticity. With financial support from government, they do not have pressure to make profit from the business, this can provide opportunity to the project to act as price supporter in the project area. Research and development are the priority tasks of the Project in order to improve product quality and protect the environment on the highlands. Those are the strength of the organization.

Some difficulties of the Project marketing practices are, such as, having no market analysis. Moreover the Project has changed the marketing practices in recent years as mentioned earlier. These cause the difficulty in practicing competition in both selling and collecting commodities. The bidding price of the Project sometimes could not compete with the price offered to the Project farmers by merchants in some production areas, especially when high competition exists in the lower supply seasons. This causes the problems of product uncertainty and marketing planning. The products of the Project are specific to a small group of customers, those are the people who have high income and are familiar with western food. Eventhough the Project has stations scattered in the highlands, the ability to produce at the expected amount and time are still difficult to meet the order of customers. Since the Project has developed from a non-profit development organization, personnel of the marketing section have never been competition situation. Furthermore the Project has no policy to pay remuneration for the sales officials and the extension personnel as the motives for increasing sales volume and amount of assembled products, while this is practiced by other firms. Strengths and weaknesses of the Project summarized in Table 7.1.

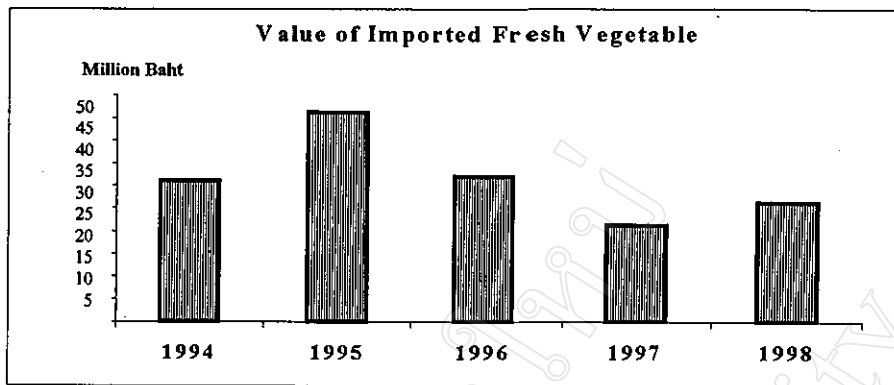
Table 7.1 Strengths and Weaknesses of the Royal Project Marketing Section

Strength	Weakness
<ul style="list-style-type: none"> ▪ Good brand name image ▪ Ability to supply off-season vegetable ▪ Good quality control, packaging, storage, and grading ▪ Product differentiation and variation ▪ Non- chemical residue vegetable ▪ Production area ▪ Product development ▪ No capital pressure ▪ Advantage in accessing raw materials ▪ Good relationship between farmer and extension worker 	<ul style="list-style-type: none"> ▪ Weak marketing plan ▪ Weak market analysis ▪ No remuneration for sale people ▪ Slow process of price negotiation ▪ Inefficiency of product distribution ▪ No market segmentation ▪ Limit of marketing ▪ No marketing personal development and training ▪ Inability to produce on time ▪ Inability to produce the expected amount ▪ Inefficiency of processing plant to process surplus supply ▪ No pressure to make profit

Table 7.2 Opportunities and Threats of the Royal Project Marketing Section

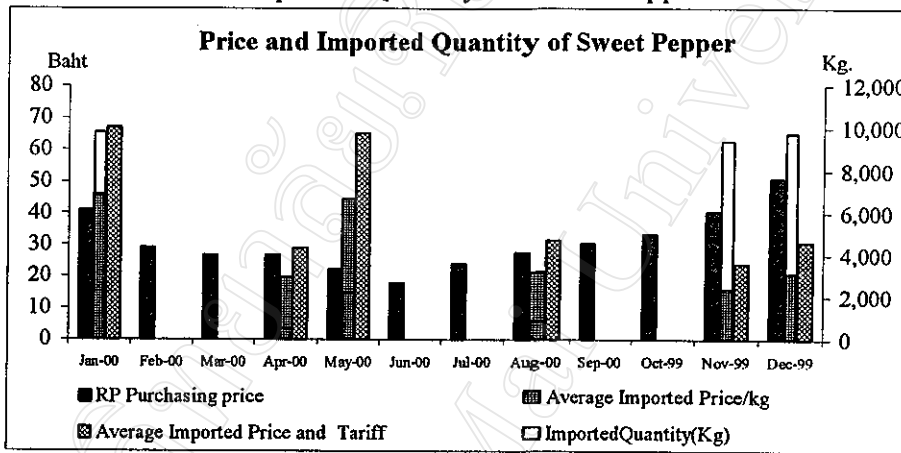
Opportunity	Threat
<ul style="list-style-type: none"> • Demand for non-chemical residue vegetable increasing • New technology to support non-chemical residue vegetable Supported by government • Demand for temperate vegetable increasing • Less supply of some vegetable in the market 	<ul style="list-style-type: none"> • Environmental awareness • Better quality and low price of imported vegetable • Increasing temperature vegetable suppliers • Lower price of traditional substitute vegetable • Small group of consumers due to the characteristics of product

Figure 7.1 Value of Imported Fresh Vegetable



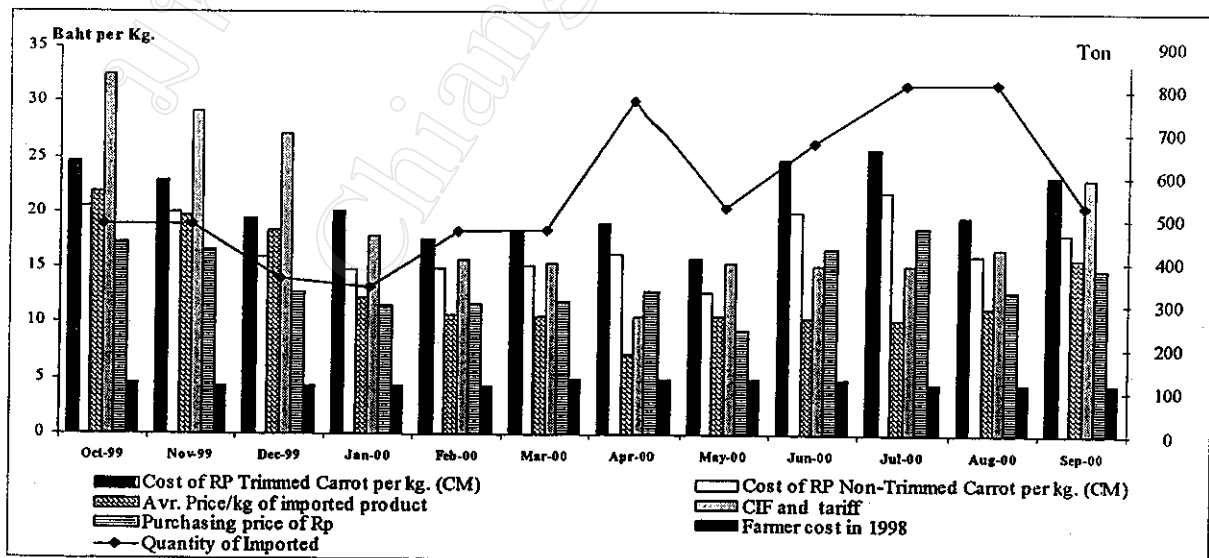
Source: The Customs Department, 1999

Figure 7.2 Price and Imported Quantity of Sweet Pepper



Source: The Customs Department, 1999
The Royal Project Foundation, 1999/00

Figure 7.3 Cost Comparison of The Royal Project Foundation and Imported Carrot



Source: The Customs Department, 2000

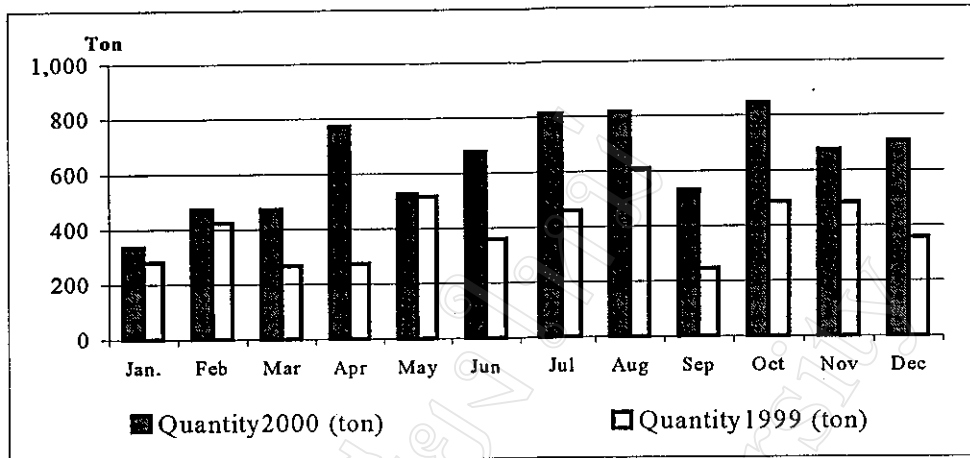
The Royal Project Foundation

RP = The Royal Project Foundation

CIF = Cost, Insurance and Freight

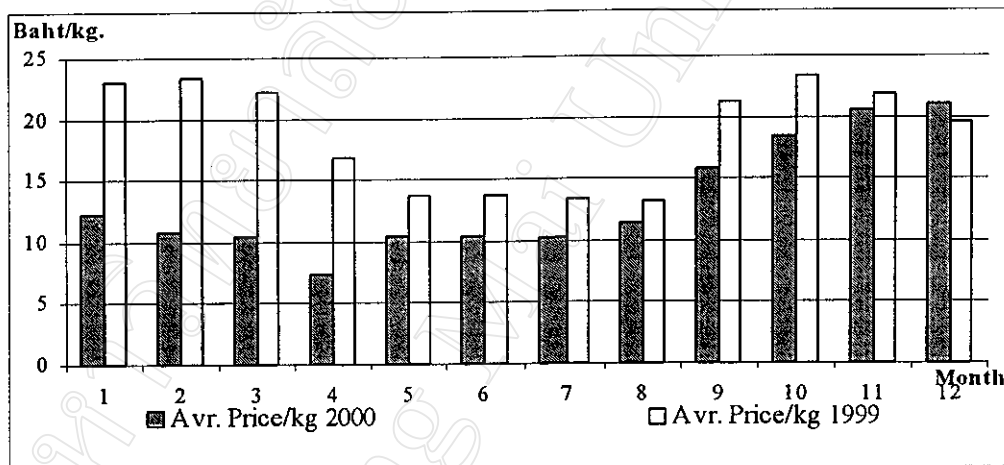
Tariffs = 48% in 1999, 46% in 2000

Figure 7.4 The Amount of Imported Carrot



Source: The Customs Department, 2000

Figure 7.5 Average Price per Kg. of Imported Carrot



Source: The Customs Department, 2000

Not only imported vegetables, but domestic product of other firms are also being the competitors. In the supermarket there were various brand names of temperate vegetable sold, especially in Bangkok (Table 7.3). Ten brand names of non-residue and five brand names of temperate vegetables were found. The number of brand names found in Chiang Mai is less than in Bangkok, only 4 brand names and the own brand name of each supermarket such as Makro, Auchan, and Tops, there the non-packaged products, were found. The Project's products are dominant in Chiang Mai, while there is no brand name of temperate vegetables dominant in Bangkok. The market for temperate vegetables is attractive, the Project is facing high competition in Bangkok. Further the

group of temperate vegetable consumers is small and its price is also higher, compared to other native vegetables. Those are the threats of temperate vegetable marketing.

Table 7.3 Supplier in Super Market

	Supermarkets in foreigner-business-area in Bangkok	Supermarkets in Bangkok	Supermarkets in Chiang Mai
Temperate Vegetable	<ol style="list-style-type: none"> 1. Atto Vegetable 2. Imported Product 3. Supply 4. Manee Thong Farm 5. Villa Market 	<ol style="list-style-type: none"> 1. Imported Product 2. Supply 	<ol style="list-style-type: none"> 1. Tops 2. Makro 3. Green Holland
Non Residue - Temperate Vegetable	<ol style="list-style-type: none"> 1. JPP 2. Boon Road 3. Pataramon Farm 4. Pong Yang 5. Watchamon 6. Nature Food 7. Nicken Food 8. A.M.Food Supply 9. Dioxis Fresh One 	<ol style="list-style-type: none"> 1. JPP 2. Doikham 3. Doctor 4. Watchamon 5. Pong Yang 6. Tops 	<ol style="list-style-type: none"> 1. Doikham 2. JPP 3. Mae Rim 4. Green Vegetable 5. Doctor

Source: Survey, 2000

At present the value of Thais on consuming western food has been increased. The evidence is the increasing of fast food franchises in Thailand. This leads to the increasing of temperate vegetable demand. As the non-chemical residue product of the Project, meets the increasing demand of consumers, it could provide the opportunity to expand the market. Apart from the Project's research, technology used to produce non-chemical vegetables is also supported by the government, which can guarantee to the consumer the quality of product of the Project. Several suppliers supply some vegetables such as baby carrot, cos lettuce, red cabbage, and celery in the market; the Project still has room for those products.

7.3 Implications of SWOT Analysis

Based on the Project's strengths and weaknesses, and opportunities and threats outlined above, some relevant strategies and specific measure are outlined in a matrix form (Table 7.4) for the processing unit as suggested by Smith (1994).

The finalized list of strengths, weaknesses, opportunities and threats provide the basis of issues for considering strategies to exploit opportunities by building on strengths, especially in areas where they match. Likewise overcoming threats by using the strengths of the Project, i.e. relate the identified threats to strengths (do they match?), and overcoming weaknesses by capitalizing on opportunities i.e. again, relate the identified opportunities and accordingly plan to handle urgently, those threats, which may exaggerate a weakness (Smith, 1994). The results of the SWOT analysis provides the basis for adjusting the present activities and planning for future developments, specially by tacking advantage of the strengths and opportunities by over coming the weakness and reducing the threats.

The most important strength of the Project is that there are 36 stations scattered on the mountains, this helps to assess raw materials. However, at the moment the ability to produce on time and the expected amounts of vegetable never reaches the plan. Thus increasing the accuracy of production planning, by using the advantage of raw material accessing and production area to increase the efficiency of producing on time and at the expected amount on the station, can overcome this weakness. And as mentioned earlier, the Project has developed from a development organization, which aimed to get rid of opium in the highlands. The task of marketing has played an important role just when the product is increasing. Therefore proper training for the marketing personal is needed in such a high competition market. The increase of processing plant efficiency, by using the advantages of research units and financial support from government, is needed to absorb surpluses of in-season vegetables.

For better quality of some imported vegetables and the lower prices of tropical products, the Project can compete by taking advantage of their own research unit to improve vegetable quality and reduce vegetable production costs.

The Project has to encourage non-chemical residue products to meet the increasing demand, by using the advantage of supported technology and production areas. Encouragement for some limited supply vegetables in the market such as baby carrot, cos lettuce, or zucchini by using the advantage of the variation and differentiation of the Project's product is needed.

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Table 7.4 Implications of SWOT Analysis

	Opportunities	Threats	Weakness
Strengths	<ul style="list-style-type: none"> ▪ Encourage non chemical residue products to meet the increasing of demand by using the advantage of supported technology and production area ▪ Encourage some limited supply vegetables in the market by using the advantage of the variation and differentiation of the Project's product ▪ Use the opportunity of new techniques of producing non-chemical vegetables to produce product 	<ul style="list-style-type: none"> ▪ Compete with imported vegetables by using the fresher product and take the advantage of using the research unit to improve products' quality ▪ Compete with the lower price of tropical vegetables and the increasing of suppliers in the market by using research unit to reduce production cost 	<ul style="list-style-type: none"> ▪ Provide proper training to marketing personnel due to the financial support from government to come over the weakness of personal development and training ▪ Use the advantage of raw material accessing and production area to increase the efficiency of producing on time and the expected amount ▪ Increase the efficiency of processing plant by using the advantage of research unit and financial support by government
Opportunities		<ul style="list-style-type: none"> ▪ Promote and expand vegetables as non-chemical residue by using the opportunity of the increasing of temperate vegetable demand 	