

CHAPTER IX

CONCLUSIONS AND RECOMENDATIONS

The task of the Royal Project in terms of providing income to the farmers was fulfilled due to the farmers gaining benefit from selling their products to the Project, and the trend of income providing has been increased. While the ratio of output and input of vegetable marketing of the Project were equal to 1.08, this proportion as a non-profit organization could sustain the Project. However at present the farmers under the vegetable program of the project are increasing whereas the competition in the market is also high. Since the project is a development organization, whose the aims are helping farmers into highlands, if the marketing practices are appropriate, it will guide the Project to be a better trader and could provide more income to the farmers. In order to handle such situations, the Project has to change some practices as follows:

Cost Reduction

Lowering of marketing costs potentially provides the most efficient and sustainable short-run means of addressing the dilemma between producers' desire for higher and consumers for lower, food prices. The lower marketing (and production) costs would lead to reduce food prices: increase production of and demand for inputs. In term of production costs for each selected vegetable of the Royal Project, those fifteen vegetables can be classified into two groups, which are trimming and less trimming of vegetable. Some vegetables need to be trimmed such as lettuce, cabbage, celery, or michilli, and is found that costs of loss from trimming are very high compared to the other costs. The good management of transportation and pest control in the field will lead to the reduction of damage and trimming.

Further the characteristics of vegetables that meet the different demand of each group of customers need to be considered, to distinguish the products. Therefore the selling price of each product in the markets are almost the same, and the policy of the

Project, which purchases at high prices from farmers, and sells at reasonable prices to consumers, has to reduce their costs in order to compete with the other firms.

Market Segmentation of the Project Product

In 2000, only 40.10% of the total amount of vegetable purchased by the Project was assembled to Bangkok. While the retail prices in Bangkok were much higher than in Chiang Mai they can cover the costs of Bangkok sales section vegetables. The Project has to distribute more vegetables for selling at Bangkok sales section. Basically the Royal Project can take advantage from their existing facilities, such as good cooling storage and trucks, and good management of quality control and grading for distributing the products to various level of marketplaces.

However the emphasise of the differentiated quality of product in each marketplace is important in order to produce the products to meet the demand of consumers. In the foreigner-business-area supermarkets, where the consumers are the higher income levels and there are plenty of good quality imported products, the extra quality of vegetable with English labeling on the package should be addressed for the competition. The retail prices in supermarket in Bangkok is also higher than in Chiang Mai, and most of the wholesalers who purchase vegetables from Chiang Mai sales section distribute products to Bangkok. The Project has to expand their market to the organizational buyers that can absorb the large amount of the increasing products and reduce the loss of left products.

The Project's products can be graded and trimmed in Chiang Mai and sold to the customers in Bangkok by Bangkok sales section. This will lead to "bypass the middle man" and increasing selling prices, providing more income to the farmers. However some practices of the Project have to be improved, such as the accuracy information from the stations and Chiang Mai sales section in terms of the certainty of quality and quantity of products for decision making in Bangkok.

Quality Adjustment

Not only the marketplace but also qualities of some the Project's products have to be improved to compete with the local and imported products, such as weight per unit, meat thickness, and color.

Purchasing Price and Retail Price of the Project's Product in the Market

According to the results from hedonic the price model, it was found that retail prices of four vegetables in the Project, which are celery, carrot, baby carrot, and celery are higher than other brand names. Considering the cost of these vegetables it was found that: (i). apart from vegetable cost, the value of loss from trimming of celery is higher than the other costs, in order to compete with the other brand name by using price competition, the reduction of this loss will lead to reducing the selling price in the market, (ii). for carrot and baby carrot almost of the cost is purchase price from the farmer, if the Project could not reduce the vegetable cost, they have to distribute more products to Bangkok to receive the higher selling prices.

The retail prices of the Royal Project's vegetables, i.e., common tomato, Japanese cucumber, Chinese cabbage, michilli, head lettuce, snap bean are less than other brand names in the market. The Project may maintain the lower price than other brand names to compete in the market or may increase the selling price and provide more income to the farmers.