

MARKET ANALYSIS



MARKETING ANALYSIS

1. **Market**
2. **Marketing**
3. **Middleman**
4. **Marketing Function**
5. **Marketing Utility**
6. **Marketing Margins**
7. **Marketing Channel**
8. **Price Determination**



1 MARKET

- 1.1 *Marketing is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others* (Kotler. 1991 : 8).



MARKET DEFINITION

- What is the marketing
 - Shoppers purchasing groceries and all other household needs
 - Farmers selling their commodities
 - Handlers -storing a commodity, transforming the product into a form that consumers want, shipping it to retail outlets, promoting its sales



MARKET DEFINITION

- The point of production (the farm) is the basic source of supply
- Marketing process
 - Raw material (supply firm) to farm (farmer) to consumer via retailers or wholesalers
 - Marketing consists of those efforts that effect transfer of ownership



TYPES OF MARKETS

- **1) Place / no place**
- **2) Formal or informal market**
- **3) For buyer use, market can be categorized by**
 - **Consumer market**
 - **Industrial market**



CONSUMER MARKETS

- Consumer markets are the markets for products and services bought by individuals for their own or family use. Goods bought in consumer markets can be categorised in several ways:
 - **Fast-moving consumer goods**
 - These are high volume, low unit value, fast repurchase
Examples include: Ready meals; Baked Beans; Foods
 - **Consumer durables**
 - These have low volume but high unit value. e.g. fridge-freezers; cookers; dishwashers; microwaves, DVD players; games consoles; personal computers
 - **Soft goods**
 - Soft goods are similar to consumer durables, except that they wear out more quickly and therefore have a shorter replacement cycle.
Examples include clothes, shoes
 - **Services** (e.g. hairdressing, dentists, childcare)



INDUSTRIAL MARKETS

- Industrial markets involve the sale of goods between businesses. These are aimed directly at consumers. Industrial markets include
 - Selling finished goods
Examples include office furniture, computer systems
 - Selling raw materials or components
Examples include steel, coal, gas, timber
 - Selling services to businesses
Examples include waste disposal, security, accounting & legal services
- Industrial markets often require a slightly different marketing strategy and mix. In particular, a business may have to focus on a relatively small number of potential buyers (e.g. the IT Director responsible for ordering computer equipment in a multinational group). Whereas consumer marketing tends to be aimed at the mass market (in some cases, many millions of potential customers), industrial marketing tends to be focused.



2 MARKETING

- All activities for transferring goods and service from the origin (farmers) to final destination (consumer)



3. AGRIBUSINESSES (INTERMEDIARIES OR MIDDLEMEN)

- Are the various middlemen, firms or business structures in the marketing system.
- 1. Middlemen of Marketing: Firms involved in the flow of products from producers to consumers - include Cooperatives, Proprietors, Partnerships, Corporations
- Five (5) broad groups of Middlemen/Intermediaries
 - a. Merchant Middlemen: i. Retailers ii. Wholesalers
 - b. Agent Middlemen: i. Brokers ii. Commission men
 - c. Speculative Middlemen
 - d. Processors and Manufacturers
 - e. Facilitators Organizations



○ a. Merchant Middlemen

- They take title to & thus own the products they handle.
- i. Retailers: Buy for resale directly to final consumer
- ii. Wholesalers: Sell to retailers, & industrial users e.g. local buyers or assemblers who buy products from farmers & resell to processors (livestock buyers).

○ b. Agent Middlemen

- Are client representatives, sell services but not products, do not take title to, & thus do not own the products they handle. The product they handle is the market knowledge they provide. Receive their incomes in the form of Fees & Commissions. Are classified into Brokers & Commission Men.



- i. Brokers: Do not have physical control of the product, & follow directions of their clients, - grain brokers.
- ii. Commission Men: Handle product physically, arrange for terms of trade, collects & deducts his fees, & remit balance to clients - livestock commission men.
- **c. Speculative Middlemen**
- Buy & sell in order to profit from price changes. Do not handle the product & operate in the futures market - also called scalpers or spreaders
- **d. Processors and Manufacturers**
- Change product form (by processing & manufacturing), & act as wholesalers & assemblers for finished product



- **e. Facilitating Organizations:** Are facilitators, do not usually handle product, but provide physical facilities for product handling or bring buyers & sellers together, establish the 'rules of the game'- terms of sale e.g. stockyard firms, grain exchange markets.



4. AGRI-MARKETING FUNCTIONS

- There are 2 main agri-marketing functions.
- I. Functions in Production (Planning What to Produce): Are functions that occur before the product leaves the farm. They involve studying climate, soil capacity, equipment, market outlets, labour & government regulations. The goal is to produce the crop that will result in the greatest returns to the farmer.



- II. Marketing Functions: Are activities performed in accomplishing the marketing process. There are 3 major marketing functions performed in marketing process:
 - a. Exchange Functions:
 - i. Buying
 - ii. Selling
 - b. Physical Functions:
 - i. Storage ii. Processing iii. Transportation
 - c. Facilitating Functions:
 - i. Standardization ii. Risk Bearing iii. Market Intelligence iii. Financing



EXCHANGE FUNCTIONS

- Activities involved in transfer of title of goods - buying, selling & price setting
- a. Buying function: Finding out sources of supply, assembling products & purchases.
- b. Selling function: Includes price acceptance & merchandising - display of goods, decisions on place & time to sell products, promotion, ads. package.



PHYSICAL FUNCTIONS

- Handling, storage movements, & physical change activities. Involved in solving problems of when, what & where in marketing.



- a. Storage/Packaging Making products available at right Time. Attractive packages & labels are used for promotion & products are stored to protect quality & extend shelf life - e.g cucumbers may be preserved by pickling, packaged in attractive labeled jars, & stored in protective warehouses until delivered to supermarkets. (Identify state grown products that are packaged, labeled and stored to extend shelf-life).



- b. Transport/Distribution: Making product available at right place, i.e. transport, shipping, crating loading. Use transport such as trucks, railroads, ships. Right transportation must be selected to maintain product quality, e.g. freshly picked beans are kept cool in refrigeration before delivered to processing plants



- c. Processing: Making the product in the desired form -converting animals into meat, wheat into flour/bread Product nature as well as consumer demands influence the extent of processing that occurs.
- 3. Facilitating Functions: make exchange & physical functions perform smoothly
- a. Standardization Establishing quality & quantity measurement that makes selling & pricing possible. Grading involving sorting product attributes into uniform categories. e.g. eggs, apples, cotton,.



5.MARKET UTILITY

○ **Place Utility**

- Where the product or service is made available. For example, if it is a retail establishment, people should be provided with easy access. Mail order companies make it easy for customers to shop whenever they want and then have their purchases delivered to them.

○ **Form Utility**

- Enhancing the marketability of a product by changing its physical characteristics. For example, boxed detergent can be produced in liquid form, which may be more advantageous for certain consumer requirements.

○ **Procession Utility**

- Additional consumer value created by allowing easy transferring of a product's ownership. For example, various time payment, leasing, and credit purchase strategies can be important in making a product more attractive to a consumer.

○ **Time Utility**

- Enhancing a product's marketability by making it available at a convenient time. For example, a daily newspaper home delivered so that the customer has it available immediately when he/she awakes for the day.



6 MARKETING MARGINS

- Difference between prices at different levels of marketing system. Consumer/retail price and producer price/farmer price
- Marketing cost (the cost of transferring title and moving goods to the customer) and middlemen's profit



7 MARKETING CHANNELS

A marketing channel is
a set of independent organizations involved
in the process of making a product or service
available for use or consumption.



Marketing Channel = Distribution Channel = Trade Channel



Supply Chain

Links raw materials, components, and manufactured goods and shows how they are moved toward the final consumers



The company is looking at its suppliers' suppliers upstream and at its distributors' customers downstream

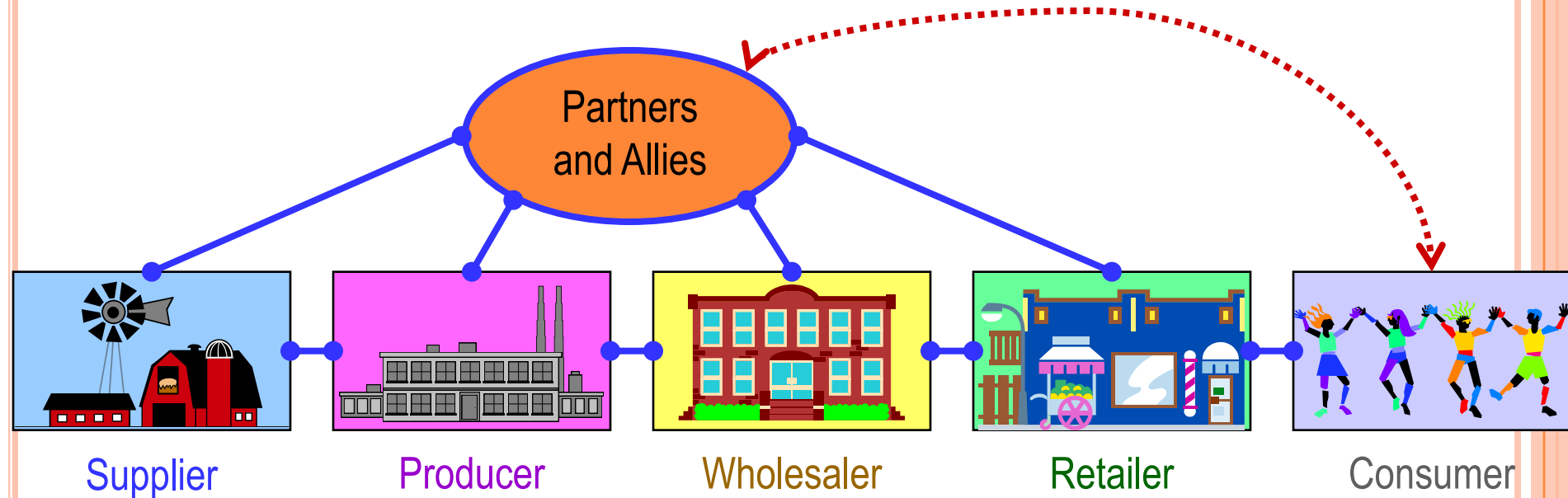
Demand Chain

The planning starting point would be a customer segment with certain needs, to which the company responds by organizing resources.



A new concept that explains the 'supply chain' reversedly





Value Network

A system of partnerships and alliances that a firm creates to source, augment, and deliver its offerings

Network Manager



8. PRICE DETERMINATION

- 1) Individual negotiation
- 2) Organized or formal markets
- 3) Administered prices
- 4) Group bargaining



1) INDIVIDUAL NEGOTIATION

- **Buyers and Sellers make an agreement for the price considered with quality and quantity**
- **Disadvantages**
 - **(1) Time consuming**
 - **(2) Higher Marketing costs**
 - **(3) Depend on the power of each party**



2) ORGANIZED OR FORMAL MARKETS

- **Formal market is a market that functions to determine conditions and rules for buyers, sellers and products**
 - **Determining product types**
 - **Determining standardisation and grading**
 - **Determining minimum trading**
 - **Determining time**
 - **Facilities and services : plastic boxes, storages, weight measurement and payment**
- **Ex.. Auction**



AUCTION



3) ADMINISTRATORS

- **Government supports consumer/farmers**
- **For consumer, they control to decrease the price of product increasing**



For farmers

a **price support** may be either a subsidy or a price control, both with the intended effect of keeping the market price of a good higher than the competitive equilibrium level.

In the case of a price control, a price support is the minimum legal price a seller may charge, typically placed above equilibrium. It is the support of certain price levels at or above market values by the government.

A price support scheme can also be an agreement set in order by the government, where the government agrees to purchase the surplus of at a minimum price. For example, if a price floor were set in place for agricultural wheat commodities, the government would be forced to purchase the resulting surplus from the wheat farmers (thereby subsidizing the farmers) and store or otherwise dispose of it.



(4) FORMULA PRICING

○ Sugar cane Farmer : Factory 70:30

○ $PC = 0.7(R1 + R2) / QC$

○ PC = fundamental sugarcane price (baht/tonnes)

○ $R1$ = net revenue from white sugar income (baht)

○ $R2$ = net revenue from raw sugar export (baht)

○ QC = Sugarcane quantity selling (tonnes/year)



5) GROUP BARGAINING

- **Farmer's bargaining power for the price depends on**
- **(1) Group should be large enough and control the price and can control others to offer the lower price**
- **(2) Less buyers**
- **(3) Less elasticity for demand**



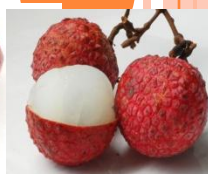


VEGETABLE MARKETING IN THAILAND

PRODUCTION OF VEGETABLES AND FRUITS IN THAILAND (2015)

Vegetables and Fruits	Tons
Pineapple	1,733,677
Longan	872,122
Durian	601,884
Rambutan	317,268
Baby corn	241326
Mangoesteen	199,911
Lime	143,935
Shallots	129,741
Potatoes	125,663
Tomato	119,049
Garlics	73,626
Lychee	55,977

http://www.oae.go.th/ewt_news.php?nid=13577



VEGETABLE AND FRUIT CONSUMPTION IN THAILAND (2011)

Age (years)	Consumption (g/head/day)		Fiber (g/day)
	Veggies	Fruits	
1-3	33.4	55.5	2.8
4-8	32.9	43.2	3.4
6-8	48.2	70.6	4.5
9-12	79.5	96.8	6.0
13-15	77.0	75.7	5.4
16-18	112.9	109.3	7.6
19-30	151.8	80.2	7.7
31-50	174.9	110.9	8.5
51-59	176.0	112.45	10.2
60-69	162.6	101.5	7.7
70-79	140.8	109.4	7.4
>80	123.9	90.7	6.7



VEGETABLE MARKETING

- Growing vegetable is not only for living but it is for commerce and industry
- Problems of growing vegetable in Thailand are to increase output with low investment not a lack of technology



VEGETABLE MARKETING

- Farmers need to have knowledge how to grow , how to sell, what the market want and how to plan vegetable production from existing information
- “Marketing leads production”



VEGETABLE PRICE

is vegetable value in terms of money that is uncertain and unexpected



FACTORS FOR DETERMINING PRICE

- **Market need and consumer need**
- **Output quantity**
- **Production costs**
- **Middle merchant**
- **Quality**



VEGETABLE PRICE LEVEL

- Depends on
 - 1. Wholesale price determination in Thai market comes from Bangkok market
 - 2. Information from local merchants and gardeners
 - 3. Previous price
 - 4. Experience and Expectation



THAI MARKET SYSTEM

Four Characteristics

1. Farmer as direct seller

- Local market
- Field, Farm, Garden



2. FARMERS SELL IT TO MIDDLEMEN

- Sell output from farm and middlemen harvest by themselves**
- Farmers harvest and pack for selling middlemen at farm**
- Farmers transfer output to middlemen at the market**



3. GROUP BARGAINING

- Collecting, Grading, Sizing, quality, packaging, transporting by collectors/coop**
- Trademark by cooperatives**
- Quality guarantee**



4. CONTACT FARMING

- **Contract farming** is agricultural production carried out according to an agreement between a buyer and farmers, which establishes conditions for the production and marketing of a farm product or products



MARKET LEVEL TO CONSUMER

Four levels

1. Market at farm

- Selling vegetable produced by farmers

2. Wholesale markets

- Local markets
- Bangkok markets



3. Retailing market

4. Exporting market

- Neighbour countries: Singapore, Malaysia, Hongkong, Japan
- Middle East and EU





- UK, Germany, Switzerland, Canada, Japan, Singapore, Malaysia and Hong Kong
- Standard length 6-9 cm. width 1.5 cm, 120-160 pieces/kg





- UK, France, Germany, Switzerland, Belgium, Saudi Arabia
- No require standard





- Canada, UK, France, Germany, Switzerland, Australia, Belgium, Sweden, Hong kong, Singapore, Korea, Saudi Arabia
- Require red or green Bang Chang chili / long fed pepper, constant size and clear peel (no black spot)





Asparagus

- US, Japan, France, Netherland, Australia, Hong kong and Korea



Cassava

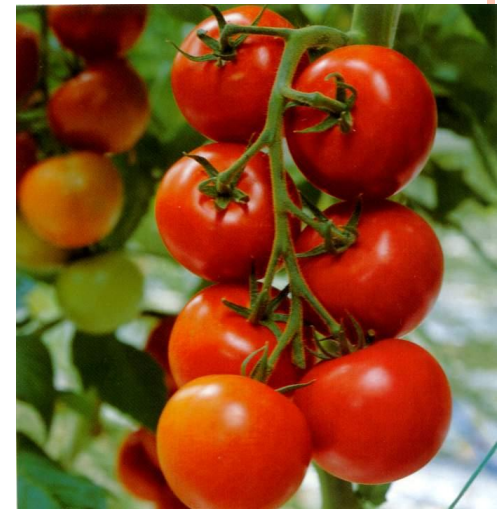


- Hong Kong and Singapore
- 0.8 kg/head



Tomatos

- Hong Kong, Korea, Singapore, Korea,
- Saudi Arabia and Brunei



Yard Long Bean

- UK, France, Germany, Switzerland, Canada, Hongkong, Singapore, Korea, and Saudi Arabia
- Length 14-15 inches fresh, clear peel, complete shape



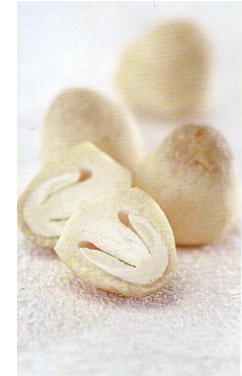


- English, France, Canada, Germany, Switzerland, Sweden, Singapore, Hongkong, and Saudi Arabia

Chinese morning glory



Mushroom



- **US, France, Australia, Japan, Singapore, Lao, Oman, Brunei, and Saudi Arabia**

Okra

- **France, Germany, Japan**
- **Straight, constant**



MARKET CHANNEL



STANDARDISING FOR VEGETABLE

1. Definition

- Types
- Characteristic

2. Basic determination

- Hygiene
- Odorless, flavourless and adulterated thing



3. Grading

- Colour
- Regularity
- Without chemical contamination

4. Size or weight

5. Packaging

6. Trademark

- Source of vegetable



BENEFITS FROM STANDARDISING

- Convenience for market operation
- Enhance to technology development
- Easy to determine quantity of output for selling in anywhere
- Easy to record reliable vegetable price
- Increase in demand



WHAT VEGETABLE DO CONSUMER WANT?

1. Taste and Texture

Depend on

- **Seasonal**
- **Satisfaction**
- **Cross Culture**
- **Experience**
- **Nutrition ingredient (sugar, salt, colour)**



2. Pigment

- Anthocyanins for health
- Carotenoids (yellow) especially β – carotene

3. Seedless

4. Life expectancy

5. Nutrition

○ Fully Nutrition

○ β - carotene

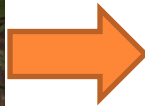
○ Decrease cholesterol

○ Fiber

6. Safe food



RICE INDUSTRY

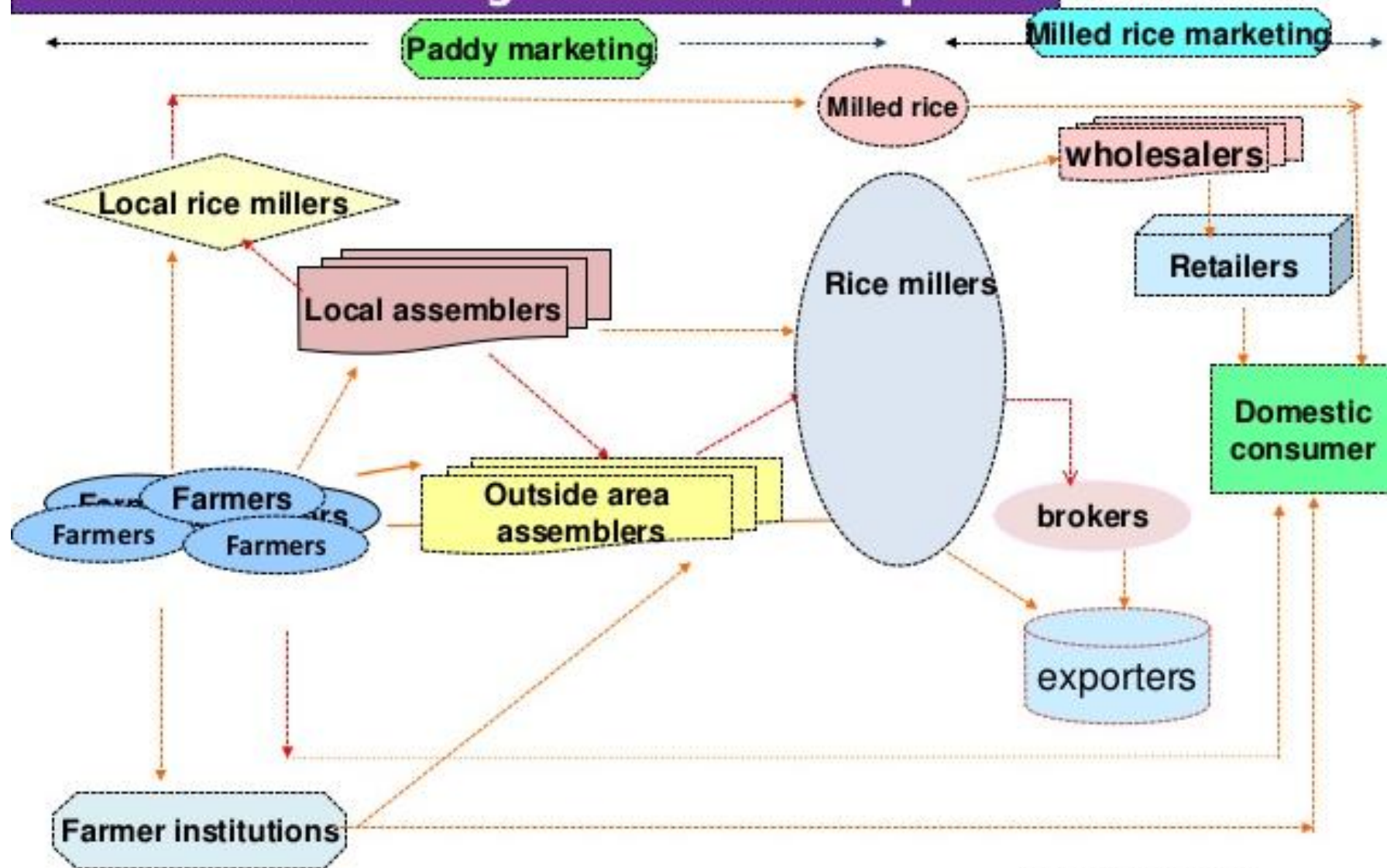


Paddy rice

Milled rice



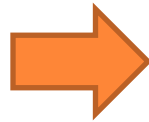
➡ The Rice marketing channels development



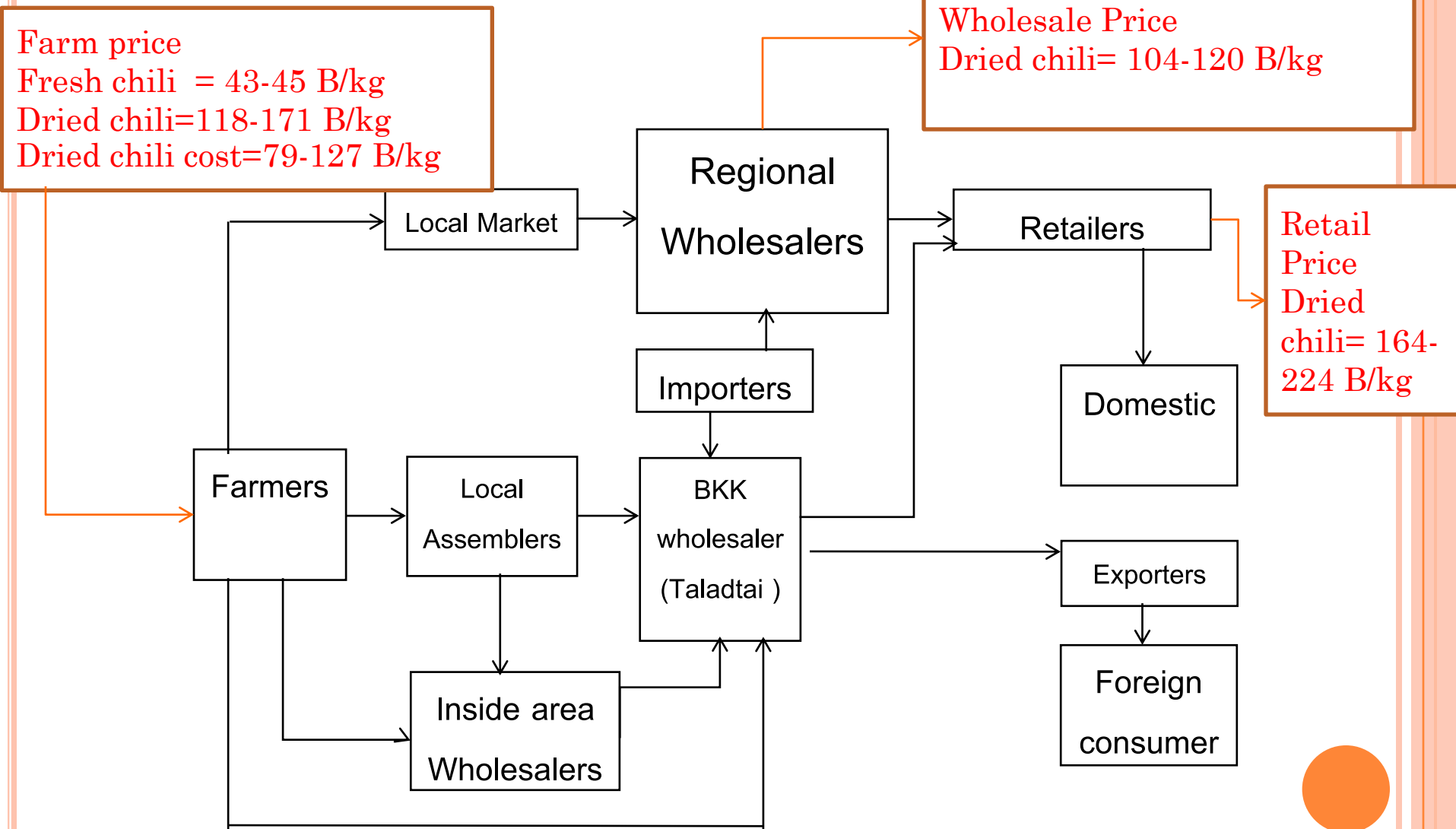
Source: Jutatip (2004)

Source: Somporn (2012)





DRIED CHILI INDUSTRY



DRIED CHILI IN THAILAND



FOOD STANDARDS IN THAILAND

1988	First national GAP scheme introduces	
1995	Organic Agriculture Certification Thailand established	
2000	Organic crop production defined	
2002	Establishment of the National Bureau of Agricultural Commodity and Food standard	
2004	Q-GAP by Ministry of Agriculture and Cooperatives: MoAC	
2005	ThaiGAP (Private Standard)	
2006	AseanGAP standard	
2010	ThaiGAP standard harmonized with Global GAP	
2012	Q-GAP standard supposed to be harmonized with AseanGAP	

รายงานผลการเฝ้าระวังผักและผลไม้ปนเปื้อนสารพิษ ครั้งที่ 2 ปี 2559

ผักและผลไม้เกินครึ่งไม่ปลอดภัย

เปรียบเทียบจำนวนตัวอย่างผักและผลไม้ที่มีสารตกค้างเกินค่ามาตรฐาน (MRL)



จำนวนชนิดสารพิษที่พบในผักผลไม้



■ พบตกค้างเกิน MRL
■ พบแต่ไม่เกินค่า MRL
■ ไม่พบการตกค้าง



จากการเก็บตัวอย่างผักและผลไม้ 158 ตัวอย่างระหว่างวันที่ 23-29 สิงหาคม 2559 ส่งตรวจห้องปฏิบัติการที่ได้รับรอง ISO/IEC 17025:2005 ซึ่งตรวจสอบได้กว่า 450 ชนิด

**Think about your vegetable in your
local market**

