

# Different in Factors of the Distributor Selection for Food and Non-Food OTOP Entrepreneur in Thailand

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**Abstract**—This study has only one objective which is to identify the different in factors of choosing the distributor for food and non-food OTOP entrepreneur in Thailand. In this research, the types of OTOP product will be divided into two groups which are food and non-food. The sample for the food type OTOP product was the processed fruit and vegetable from Nakorn Pathom province and the sample for the non-food type OTOP product was the court doll from Ang Thong province. The research was divided into 3 parts which were a study of the distribution pattern and how to choose the distributor of the food type OTOP product, a study of the distribution pattern and how to choose the distributor of the non-food type OTOP product and a comparison between 2 types of products to find the differentiation in the factor of choosing distributor. The data and information was collected by using the interview. The populations in the research were 5 producers of the processed fruit and vegetable from Nakorn Pathom province and 5 producers of the court doll from Ang Thong province. The significant factor in choosing the distributor of the food type OTOP product is the material handling efficiency and on-time delivery but for the non-food type OTOP product is focused on the channel of distribution and cost of the distributor.

**Keywords**—Distributor, OTOP, Food and Non-Food, Selection.

## I. INTRODUCTION AND BACKGROUNDS

THAILAND is the geographical heart of South-East Asia. The infamous golden triangle, located at the nation's northernmost point, is where Thailand's borders meet those of both Laos and Myanmar (Burma). The border with Myanmar continues to the west and then south as far as the Malay Peninsula, much of which is occupied by Thailand. On the east, the border with Laos meanders southeast along the Mekong River until it reaches Cambodia, which is due east of Bangkok, the Thai Capital. In the south is the Gulf of Thailand. Thailand is composed of six main regions which are Northern region, North-East region, Central region, Southern region, East region and West region. Thailand is mainly the agriculture country which means that the main product which was produced from Thailand is the mainly fruit and vegetable and the main income is also from the agriculture products so there are lots of OTOP products which made from/by agriculture products.

OTOP policy was introduced to Thailand in 2001 by Prime Minister Thaksin Shinnawatra while Thailand and many people confront economic problems and the most important problem is poverty. Government announces "poverty war" and

made policy to promote The One Tambon One Product. The idea of OTOP was come from the OITA Province's policy (OITA is a province of Japan). A governor of OITA Mr. Morihiko Hiramutsu explores One Tambon One Product to succeed and to know all over the world. People in OITA used to be poor and outdated because 10 percent is an undeveloped agriculture areas and the development in the manufacture industry is also less than other province. Mr. Morihiko Hiramutsu tried to plan and launch the "One Tambon One Product" policy and encourage each tambon to find its unique strength and produce the product from the unique local raw material. As in each village, the villagers use only local knowledge for developing products so the government must completely lends a hand in new technology and administers to link the product from village to domestic and international market by passing a store network system and internet to promote and support local development process. Prime Minister of Thailand and government made a policy in 2001 to promote OTOP.

Ang Thong province is located in the central part of Thailand. The distance from Bangkok, which is the capital city of Thailand is 105 kilometers by road transportation and 120 kilometers by water transportation. Ang Thong means "Golden Bowl" in Thai due to the agriculture and the rice field in the province. Ang Thong court doll's OTOP producer is the population of the Non-Food type in this study.

Nakorn Pathom is the province in the west region of Thailand which has the capability to produce and export vegetable because it still has high natural resource and the good irrigation system. That makes Nakorn Patom is the province that be able to grow the vegetable all year long. It is the location of several vegetable exporting companies and also close to Bangkok which makes the transportation is very efficient. Nakorn Pathom OTOP. Nakorn Pathom fresh vegetable's OTOP producer is the population of the Food type in this study.

## II. LITERATURE REVIEW

### A. Supply Chain Management Definition

There are so many definition of supply chain management such as supply chain management encompasses materials/supply management from the supply of basic raw materials to final product (and possible recycling and re-use). Supply chain management focuses on how firms utilize their suppliers' processes, technology and capability to enhance competitive advantage [1]. It is a management philosophy that extends traditional intra-enterprise activities by bringing

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trading partners together with the common goal of optimization and efficiency, network of organizations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services in the hands of the ultimate consumer and etc [2]. But for the fresh vegetable supply chain definition there still have no specific definition for. This research is based on the supply chain definition not by the fresh vegetable supply chain definition.

#### *B. Related Research*

Reference [3] has concluded that the major problems of the community products are marketing channel and the public relation with their customers, lack of government support, transportation problem and packaging issue. So the researcher has suggest the new distribution channel which is via the post system or open the special kiosk in the department for the community product without the fee

Reference [4] found that logistics and supply chain management has a major effect to the OTOP business and also increase the competitiveness of the products. The better of the supply chain strategy will give the better change for the OTOP manufacturer to increase the sale and income.

Reference [5] and [6] noted that the significant factor for the customer to purchase the OTOP product is the quality of the product, price of the product and distribution channel aspect. So the manufacturer and the retailer should pay more attention to those aspects in order to increase the distribution channel and expand the market.

Reference [7] shows that the supply chain management of fresh vegetable in Nakorn Pathom Province is started from the farmers to the factory and to the market place. It also showed that the supply chain of the fresh vegetable can be divided into 2 types which are the original supply chain and the exported supply chain. The research also found out that the most concerned issue of the fresh vegetable supply chain is the price of the crop. And the suggestion from this research is to promote the co-operative between the farmers and educated the farmer about the agricultural technology and marketing because nowadays it is very essential for the farmers to be educated about the technology and marketing.

Reference [8] found out that the logistics cost of the pineapple agriculturist in the case that the transportation is done by the agriculturist himself is 0.723 baht per kilogram which is accounted to 18.66 percent of the total cost. But if the transportation is outsourced, the logistics cost will decrease to 0.245 baht per kilogram which is accounted to 7.2 percent only. And it was found that the highest logistics cost is not the transportation cost but the order processing cost which is accounted to 28.41 %.

### III. RESEARCH METHODOLOGY

This research is the descriptive research and exploration research which is objected to study the different in the factors of the distribution selection for food and non-food OTOP entrepreneur in Thailand. This research can be separated into 2

parts which are the study of the distributor selection for food OTOP entrepreneur and the study of the distributor selection for the non-food OTOP entrepreneur. The populations for the food OTOP entrepreneur are 5 producers of fresh vegetable's OTOP producer in Nakorn Pathom and the populations for the non-food OTOP entrepreneur are 5 producers of court doll's OTOP producer in Ang Thong.

In this research, the fixed-response interview is used. The population of this research is 5 producers of court doll's OTOP producer in Ang Thong and 5 producers of fresh vegetable's OTOP producer in Nakorn Pathom selected by using the purposive selection.

The question in the interview is developed by study the related information of the objective and literature review then created the drafted question in the interview and sent to the 2 veteran researchers for correction. The interview question can be divided into 2 parts which are the general information and the research question.

### IV. RESULT

There are 5 main factors which are significant in the distribution process which are material handling efficiency, transportation efficiency, on-time delivery, channel of distribution and cost. Both food type and non-food type entrepreneur is using these main factors to answer the interview.

#### *A. Food OTOP Entrepreneur*

First of all, every population are also concern and realize that all of the 5 factors of distribution which are material handling efficiency, transportation efficiency, on-time delivery, channel of distribution and cost are important and significant. But the least significant factor of selecting the distributor is the channel of distribution because in the food OTOP industry, the customer or retailer is mainly choose by the producer or the customer/retailer themselves. So the distributor is less likely to take a place in this factor.

About the cost and transportation efficiency, the producers of OTOP vegetable in Nakorn Pathom are pay attention to these factors but in the food type distributor they think that the other 2 which are the material handling and on-time delivery are much more significant that those 2 factors. As in the food distribution if the products or the finished goods do not delivery to the customer on-time, there is the change of rejection of receiving from the customer and also the material handling which is the most concern by the producer as the quality and price of the OTOP product is rely on each other. If the food type OTOP product can be delivery and distribute to the customer in a good quality, the profit of the producer will be increased and also the reputation of the producer will increase then there might be the change to export the product to the international market but the product must go through the quality control process and etc. in order to have a change to export.

#### *B. Non-Food OTOP Entrepreneur*

The non-food OTOP entrepreneurs also take those 5 factors

seriously and concern that those factors are important and significant to the selection of the distributor. The most significant factor of selecting the distributor of the non-food OTOP entrepreneur is the channel of distribution. Because of the non-food product has a longer expiry date than the food OTOP product and some of the non-food product is not a perishable product so the shelf life of the product is very long. Then if the channel of distribution is proper with the product, the sale and product recognition will increase and the reputation of the product will be increase as well. The second most significant factor is the cost of the distribution, as the product can be put on the shelf for a very long time so the change of the product to be perished is minimal and the price will come as the option. If the cost of the distribution is reasonably low, the profit of the producer will be increase and there will be the change of using the profit to improve or develop the product to meet the customer demand.

The material handling also has a significant to the non-food OTOP entrepreneur but the significant level of the material handling is lower than the channel of distribution and cost. Because the quality of the product is still the important but the reason that this factor does not significant for the non-food OTOP entrepreneur as for the food OTOP entrepreneur is the product is less likely to perish then the factor to be control while handling the material is reduced such as the temperature, air and etc. The lowest significant factors for the non-food type OTOP entrepreneur are transportation efficiency and on-time delivery. It is not because these 2 factors are not important but there are some reasons. For the transportation efficiency, the producers do not pay attention to this factor as the transportation issue is likely to be too far from the producer aspect and for the on-time delivery factor, the producers also concern about this factor but as the products of the non-food is not perishable the on0time delivery is less important than the material handling and the cost.

#### V.CONCLUSION

For the conclusion of this research, the food and non-food OTOP entrepreneurs are also having the 5 main factors same as each other which are material handling efficiency, transportation efficiency, on-time delivery, channel of distribution and cost. But there are the different in the significant level of each factor between those 2 types of OTOP entrepreneur.

The significant factor in choosing the distributor of the food type OTOP product is the material handling efficiency and on-time delivery but for the non-food type OTOP product is focused on the channel of distribution and cost of the distributor.

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