

# Management Framework for a High-Value of Agricultural Product to Increase Income for Farmers in Rural Area

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## ABSTRACT

This research aims to study how to manage a high-value agricultural product to be launched as alternative to generate income for rural farmers. Bresse chicken, a specialty variety of chicken originating in France, introduced to farmers in Thailand by the Royal Project Foundation is selected to be a case study as it has potential to help farmers increase income. In order to promote this type of chicken under the existing competitive environment, the understanding in the structure of industry and the strategies to compete in the market are needed. The attractiveness and competitiveness of Bresse chicken in the market are analyzed by employing Five Forces Model. The competitive strategies to deliver this product to market can be formulated and used as guidance to manage Bresse chicken effectively.

**Keywords:** High-value Crop, Farmer, Remote Area, Income, Five Forces Model, Competitive Strategy

## 1. INTRODUCTION

High-value crops could benefit poor farmers through the increasing in income and employment (Temu and Temu, 2005 [1]). The ratio of benefits to costs for high-value produce such as fruit and vegetable crops is twice as high as the corresponding ratio for cereals and pulses. Furthermore, when the natural resource factors are favorable with the collaborative technical and marketing supports to small farmers, the income of the typical small-farm family is more than trebled. Currently, farmers have more opportunity to gain from high-value crops as there is an increase in the demand for high quality produce in both domestic and export markets (International Fund for Agricultural Development [IFAD], 2008 [2]). The growth of demand for high-value crops in domestic market has been from the

expanding urbanization, changing dietary preference, and increased awareness of health and nutritional value as well as the growth of income. The free trade area policies among countries and regions have driven the growth of trade and demand for fresh produce from developed countries. There is an increase in the supplied fresh produce from developing countries to industrial countries since the comparative advantage of production costs as well as the differing agro-ecologies between suppliers and customers in different countries (Temu and Temu, 2005; and IFAD, 2008). Many farmers in rural areas in developing countries gain benefits from exported high-value agricultural products such in the case of farmers and fisheries in Sub Saharan Africa. The value of exported cut flowers from this region increased from US\$146 million in 1994 to US\$248 million in 2000. While the volume of marine fisheries and freshwater fish exported to Europe has increased more than double during 1982-2000. In Kenya, smallholders produce 60% of the exported vegetables and fruits, resulting in estimated direct benefits of US \$46 million (Xinshen, Dorosh, Rahman, Rosegran, Yanoma, & Weibo, 2003 [3]). In Asia, small-scale farmers in remote areas have involved in the high-value crops such as exported flowers to Hong Kong from China and exported tea from Vietnam (Williamson and Hassan, n.d. [4]). Likewise, Thai farmer have an opportunity to gain from an increase in the demand for quality agricultural products because of the growth in the number of modern trade outlets (McKinsey & Company, 2010 [5]), and changing in behavior of Thai consumers to focus more on convenience, health, wellness, and food safety as well as increasing income per capita of urban people. More opportunity has been found from the service sector, as there is a growth in the demand for raw materials supplied to restaurants managed by hotels. Since there is a high competition among hotels, they try to avoid price trapping by improving other services such as spas and beauty shops, luxury transportation service, as well as restaurants and buffet services (Analysis of five-star hotel in Bangkok, n.d. [6]). However, supplying high-value crops to middle or high-end markets to gain high prices is difficult for small scale farmers. In the market side, the high value crops often involve higher

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risk (Chowdhury, Gulati, & Gumbira, 2005 cited in Davis, 2006 pp. 12 [7]). Moreover, the small-scale farmers usually hold small and non-irrigated plots of land and do not have the ability to employ technology which cause the problems of low quantity and quality yields, and result in a high cost per unit. The potential of high-value crops might be high to increase income and better economic well-being; however, they help to return high farm profit when the quality of the produce has met customers' demand and market opportunity is fully taken into account (Tinsley, 2010 [8]). The tasks of linking small-scale farmers to upper market is much more challenging than traditional export crops since high quality, or uniqueness of high value crops, is important characteristics demanded by customers (Temu and Temu, 2005 [1]). These are the major disadvantages of small-scale farmers to compete and participate in high-value crop markets. In order to overcome the constraints, efforts to strengthen production of high-value crops for small-scale farmers and well participation in the markets are needed. Therefore this study has the main aim of proposing a management model to help farmers gain from the existing opportunity by linking farmers to high-value crop market which could result in an income increase for small farms.

The Bresse chicken, a high-value breed promoted by the Royal Project Foundation is selected to be a case study as it has potential of providing high profit to rural farmers but there are some limitations to launching to markets. The Royal Project Foundation is a non-profit organization, established in 1969, by His Majesty King Bhumibol to help high-land farmers in the north of Thailand. Temperate cash crops have been introduced to farmers on highland to help farmers increase income (The Royal Project Foundation, 2010 [9]). The promoted crops such as fresh fruits, vegetables and flowers are packaged and transported for sale to retail outlets, supermarkets and hotels. A stable income for farmers under the project is currently being maintained from fruit and vegetable production. Bresse chicken is one of the products that has been promoted to farmers to achieve high margin (Tungtawevieat, 2006 [10]). It is a specialty variety of poultry given to the Royal Project Foundation in 1991 by the Bresse Chicken Association, France, with restricted conditions to prevent other Thai organizations from producing it. It is one of the agricultural products that have been controlled by its designation of origin (Bresse chicken association. n.d. [11]). This causes a unique selling point of Bresse chicken managed by the Royal Project Foundation. The project has been promoting this breed commercially for more than 10 years and this chicken provides high margin per kilogram to farmers (about 80 Thai baht per kilogram). However, the amount of the chickens supplied to the market has been limited compared to the others crops managed by the project. The amount of Bresse chicken which has been sold was just about 1,000 Kg, in 2010. During October 2008 to September 2009, only 150 Kg of fresh Bresse chickens were marketed while 13.65%

of the total production was surplus supply and was processed and sold as smoked chicken at a loss. During October 2009 to September 2010, the amount of fresh Bresse chicken supplied to the market by the project increased to 1,055.73 Kg; however, there was still a surplus of 444.55 Kg (The Royal Project Annual Report, 2010 [12]). The peak sale amount is during December to January which is related to high tourism season in Chiang Mai.

The natural resource factors to produce this chicken are favorable since Bresse chicken is an exotic type of chicken and marketing supports to small farmers by the project are well developed. However, the potential of Bresse chicken to achieve high profit and increase income to rural farmers is not currently being met by the Royal Project Foundation. Eventhough the project has a long relationship with the target customers by supplying them the various temperate crops and the price of the project's Bresse chicken is cheaper than the imported one. As a nonprofit organization, expanding a high-value crop market which can return high profit to farmers, Bresse chicken is one of the alternatives. Therefore the proposed management model in this study aims to answer the key question of how Bresse chicken can be managed to respond to the emergent market. The results of the study can be used as a framework to manage this product effectively and could be used as a well prepared response to the regional ASEAN Economic Community (AEC) policy. Since demand for Bresse chicken is directly related to the tourism sector, an important factor to create opportunity for supplying more Bresse chicken is to focus on promoting tourism of Thailand when the policy has been launched in 2015[13].

## 2. LITERATURE REVIEW

### A. Five Forces Model

As mention above, farmers in remote areas can get high profit from selling Bresse chicken managed by the Royal Project Foundation. The project can also encourage local farmers to develop high quality and quantity Bresse chickens to meet the demand of customers with the academic support from the experts working as volunteers for the project. Moreover, the prices of domestic products are cheaper than the imported chicken. However, the amount of Bresse chicken has not been launched to markets as much as expectation of farmers. To help farmers generate additional income by promoting this product, relying only on the strength of the production side is not sufficient. The market attractiveness of this chicken has to be illustrated because it helps the project make a decision whether this product should be further promoted to farmers.

Determining the intensity of competition and profitability with each other is considered to determine the strategy for mobilizing products in the market. In order to assess competitiveness of products and the market attractiveness, Porter's Five Forces model was employed. The Five Forces model helps to

explore competition among small numbers of firms and provides information about the industry's structure as well as being a strategic tool. It is a tool used to determine existing opportunities and threats, which impact firms at an industrial level. This framework helps to provide information to understand the underlying forces of competition which determines the attractiveness of industries and the requirements to compete (Porter (1998 [14]). The framework can also be used to analyze and understand the environment in the context of an organization and its strengths and weaknesses of the competitive forces within the market. This helps the organization to formulate current and future environment which leads to a proper decision making (Porter, 1980 cited in Hackett, 1996 [15]). Porter (1998 [14]) has suggested that the entity of competition in an industry depends on five basic competition forces, which are: the threat of new entrants, threat of substitutes, bargaining power of buyers, bargaining power of suppliers, and rivalry among the existing competitors. The strength of these forces determines the profit potential of an industry.

- 1) The threat of entry; The new entrants always bring new capacities. They come with the demand to gain market share which causes the pressure on prices, costs, and the rate of investment. The threat of entry in an industry depends on the high level of entry barriers. There are seven major sources of barriers to entry which are supply-side economies of scale, demand-side benefits of scale, customer switching costs, capital requirements, incumbency advantages independent of size, unequal access to distribution channels, and restrictive government policy.
- 2) The power of suppliers; The suppliers influence on the costs of material by increasing the material prices, limiting quality or services, or shifting costs to industry participants.
- 3) The power of buyers; Contrary to the power of suppliers, the customers can drive down the selling prices, require for the better quality or more service, and generally playing industry participants off against one another. The buyers have more power when they have negotiating leverage relative to industry participants.
- 4) The threat of substitutes; The substitutes can be in the form of the same or a similar function as an industry's product. It is easy to overlook the substitutes, especially when they are in the different form of the products. The threat of a substitute is high when it has the better value; the cost of switching to the substitute is low and when firm cannot see signals because of the lacking of familiarity with one another
- 5) Rivalry among existing competitors; There are various forms of rivalry among existing competitors such as price discounting,

advertising campaigns, or service improvements. The high rivalry deducts the profit of an industry. The intensity of rivalry is significant when there are numerous competitors, or the growth of industry is slow. The rivalry will reduce the profitability if there is a price competition.

#### *B. Competitive Strategy Determining*

The firms can figure out their positions for the better-off by illustrating the sources of the five competitive forces, weaknesses and strengths and formulate competitive strategy from position finding. A firm can defend itself against the above five competitive forces. The strategies for each firm in coping with the competitive forces, to get the highest or acceptable return on investment are classified into three generic strategies which are over cost leadership, differentiation, and focus which can be used one or more than one strategies to create their defendable positioning in the long run (Porter (1998[14]).

The first strategy, the overall cost leadership will be achieved when a firm can minimize its costs through the experience, research and development, avoidance of marginal customer accounts as well as implementing a set of tight policy to reduce costs. By implementing this strategy, the firm can earn above average return and can defend itself against all five forces. If the cost is lower, the firms can compete against each other since they will still receive profit even though there is rivalry. The low costs of the firms also provide a defensive powerful buyers and suppliers. The buyers can influence only when they can drive down the prices to the level of competitors next to them, however when the cost is low; the firms still have ability to compete. With the same reason, the firms have more flexibility to cope with increasing in the prices of material supplied by suppliers. These result in the high barrier to the new entries. The major risks of implementing cost leadership strategy are high start-up losses to build market share and it requires high investment to mass products. The differentiation is the second strategy suggested by Porter. It is a strategy to create uniqueness of the products or services which help the firm against competitors via customers' loyalty and gain the high margin. The product uniqueness helps to prevent the switching to buy substitute products and this results in the customers' loyalty, defensive competitors and high barriers of entry. The images of differentiation is always exclusive and high prices, which cause the lower share of market as not all customer are willing to pay premium prices. In order to produce unique products, the firms have to pay for the costs as extensive research, high-quality raw materials or product design.

The focus strategy aims at effectively and efficiently serving the target customers. The attention paying to customer has to be more satisfied to target customers than competitors since it leads to the differentiation in terms of meeting the demand of a particular target or lower costs of serving narrow target. The focus strategy can be either in the form of

differentiation or cost-leadership. The major aim of this strategy is to serve a particular target that the firm has ability to do more effectively or efficiently than its competitors. The products or services can be served as substitutes to the selected customers or where there is a weakness of the competitors. The limitation of this strategy is low market share (Porter, 1998).

Clearly illustrating the competitive forces and their causes, help to explore the roots of the current industry profit. The five forces in each industry differ from that of the aircraft industry where the strong forces rival between large producers (Airbus and Boeing) and the bargaining power of the airlines who are customers. The threat of entry, and the threat of substitutes are not significant factors in the industry. In the movie theater industry, the substitutes such as other forms of entertainment are important. An understanding structure of the industry is useful to figure out proper firms' strategic positioning and their defense against the competitive forces. Porter, 2008 argues that the profitability of an industry is determined by the strongest competitive force, and it is a significant factor that is used to formulate the strategy (Porter, 2008[16]). The Five Forces Model has been applied to determine strategies in various industries, and it helps to understand the structures of those industries as well as to figure out the strategies to compete for the companies. In order to draw the attractiveness and competitive strategies by employing the five competitive forces, Hopkins (2008) found that the robotics industry is a moderately attractive industry and one of the possible strategies for a robotics firm is to focus on non-automotive buyers. The result also shows that buyers are the strongest force. This awareness helps to figure out how to handle different buyers and come up with a number of options such as developing a strategy to focus on non-automotive buyers; building up switching costs in order to avoid customers switching to competitors; using long-term contracts and developing a lower cost structure or more differentiated product to make it more difficult for buyers to switch to competitors (Hopkins, 2008 [17]). Since the E-commerce changes the way business is conducted, Shin (2001 [18]) identifies strategies for Internet companies by using both McCarthy's four marketing mix model and Porter's five competitive forces model. The study concluded that the proper strategies to meet the unique challenges of e-business can be created from understanding competitive forces in this industry and illustrating impacts of Internet on marketing mix. The results can help the e-business managers to analyze and develop strategies to manage problems of doing business online.

Some studies use the five competitive forces just for illustrating the structure and it complexity of the industry which can be used in maximizing the relationship among all stake holders in the industry as in the case of a health service. As emergency medicine has played an essential role in the health care in the United States, Porters' five forces model has been used as a framework to understand the

insight into the economics and the relationships among stake holder of emergency care as well as provides information how all five forces affect emergency medicine. The information explored by the Five Forces Model offers opportunities for technician staff as groups of physicians, and the individual emergency physician to maximize the relationship with other market players (Pines,2006 [19]). The competitive strategies have been drawn from analyzing an organization's competitive forces to explore the competing in the message market as Laudon and Laudon (2009) (Laudon and Laudon (2009) cited in Tolhurst and Williams, 2009 [20]) identify basic competitive strategies adopted by Wal-Mart, Google, e-Bay, Apple, Hilton Hotels. The results show that Wal-Mart uses low-cost leadership strategy by using information systems to produce products and services at a lower price than competitors. Google, e-Bay, Apple create differentiate product by using information systems. The focus on market niche strategy was employed by Hilton Hotels to enable a focused strategy on a single market niche.

In the case of Bresse chicken which is a high-value product that aims to be used to enhance opportunities for small-scale farmers by accessing in high-value markets, initial questions should be whether this product is sufficiently attractive in the market and what is a strategy to launch this type of poultry to market efficiently under the existing competitive industrial environment. The study employs the Five Forces Model to be as a framework to answer the first question and the results from the five competitive forces are used to formulate the strategy to deliver this product to market.

### 3. METHODOLOGY

In this study, the Five Forces Model was employed to explore the capability for competition of the Royal Project Foundation as well as provide information about the industry's structure and market attractiveness. This tool is used to determine existing opportunities and threats as well as to design a framework to understand underlying forces of competition in industries. In addition, it helps to provide information to understand the requirements for successful competition. This could guide the project to make decisions on whether to promote this product to be a source of additional income for farmers and can be used to determine the products' strategies, which will allow the project to compete in the markets.

#### A. Methods

The method used to explore the competition in an industry depends on five basic competition forces, which are:

##### 1) Threat of new entrants

To analyze the threat of new entrants, this research used five criteria to assess how difficult it might be for a new competitor to enter the market. The five criteria were; switching costs, economies of

scale, product differentiation, access to distribution channels, and government policies. Product differentiation was revealed via the existing customer loyalties. The degree of product differentiation within the Bresse chicken industry was measured by surveying customers to ascertain their preference for imported Bresse chicken, versus domestically produced Bresse chicken. In addition, customer loyalty was taken as a proxy for product differentiation and assessed by checking volume of sales to individual Bresse chicken customers of the Royal Project. Switching cost refers to the total cost of a buyer changing to a new competitor. In this study, switching cost was measured by simply comparing the buying price of imported Bresse chicken with the buying price of that which is domestically produced. Access to distribution channels refers to the ease with which a new entrant could gain access to distribute their products or services. This was assessed by observing the length of the relationship between buyers of Bresse chicken and the Royal Project (a supplier) as well as the level of vertical integration. Finally, the impact from government policies was revealed by assessing taxation applied to imported Bresse chicken and the tax exempt status of the Royal Project.

#### *2) Threat of substitutes*

Substitutes limit the potential returns of an industry and in this research threat of substitute was accessed by observing the number of substitutes that can be used to fulfill the same demand for customers as well as the price of substitute products to generate the switching cost associated with changing from Bresse chicken. The image of the Royal Project was also considered within the remit of the threat of substitutes.

#### *3) Bargaining power of buyers*

Buyers compete in an industry by forcing down price, bargaining for higher quality or increased levels of service, and competing against one another. Measurement of the buyers' bargaining power was conducted by analyzing the concentration of purchase volumes relative to seller sales. If Bresse chicken represents a significant fraction of the buyer's costs or purchases, the chicken is undifferentiated and the buyer has full information. This would give the buyers potential bargaining power.

#### *4) Bargaining power of suppliers*

Bargaining power can be exerted on participants in an industry by suppliers who threaten to raise prices or reduce the quality of purchased goods or services. The level of vertical integration was used in this study to determine the degree of production autonomy for Bresse chicken with the implication that a high degree of autonomy will lead to control over the supply chain resulting in a greater bargaining power of the Royal Project as suppliers.

#### *5) Rivalry among the existing competitors*

Rivalry among existing chicken suppliers was analyzed through three criteria. The first criterion

was market concentration associated with government regulation such as protective tariff of Bresse chicken. The second criterion was the cost to exit the industry which was determined through a qualitative assessment of the likely costs. The risk of competitor rivalry measured from the growth of industry was the third factor.

#### *B. Data Collection*

The data was obtained through observation of the relevant markets and interviewing participants. The primary data was collected by using semi-structured questionnaires to interview the project's staff, which consists of the production unit, purchasing unit and sales manager as well as experts from academic organizations who worked in the project as volunteers. The production staff and an expert who was the leader of the production unit of Bresse chicken were also interviewed. Other interviewees representing the marketing side included a manager and staff of the purchasing unit, and the sales managers from the Bangkok and Chiang Mai sales units. Current customers who purchase Bresse chicken such as the chefs in the five star hotels were interviewed to collect the data on customers' demand. The customers who were interviewed were chefs in five-star hotels accounted for more than 50% of product sales value. The secondary data employed in the study was collected from the project's report and the statistics database of government organizations. The questionnaires were designed for each group and tool followed by semi-structured interviews to collect data from each group of stakeholders.

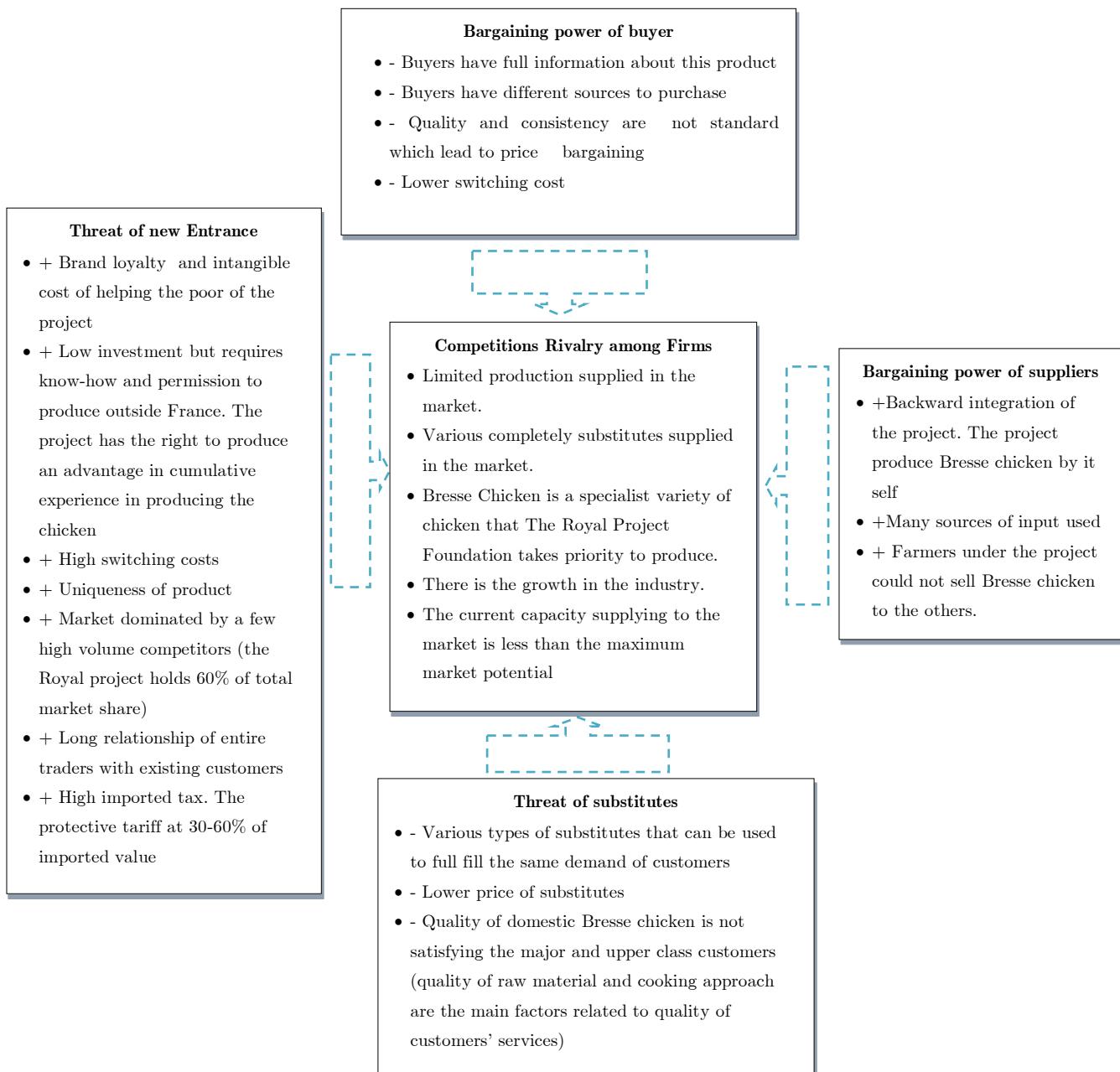
## 4. RESULTS

#### *A. Five Forces Model Analysis*

The results of Five Forces Model obtained from analyzing the threat of new entrants, threat of substitutes, bargaining power of buyers, bargaining power of suppliers, and rivalry among existing competitors are shown in the Figure 1 and the following is the details of the analysis.

#### *1) Threat of new entrants*

The threat of new entrant is high due mainly to the fact that the project had an advantage in all factors; a high switching cost, economies of scale, product differentiation, access to distribution channels, and the high protective tariff at 30-60% of imported value. Bresse chicken is a specialty variety of poultry that the Bresse chicken Association, France, gave to the Royal Project Foundation with a commitment to restrict the production of the chicken by any other organizations in the country. Therefore the new entrants of Bresse chicken in Thailand are importers. The price of imported Bresse chicken is higher than domestic products therefore the switching cost is high. It was found from the interview that chef



**Figure 1** Five Forces Model of Bresse Chicken

purchased imported Bresse chicken at about 1,200 Thai Baht per kilogram compared to about 400 Thai Baht per kilogram of the domestic product. Customers will bear the higher cost of changing supplier from the Royal Project to other suppliers. The higher price of raw material is a concern for customers because it causes a direct increase in the price of meals served in their restaurants and might in turn negatively impact their competitiveness.

In terms of the advantage on cost saving, the Royal Project produces and distributes various types of agricultural products and could share both operational and functional costs of production and distribution. Some tangible costs such as

transportation, management, promotion, and processing of Bresse chicken can be coincidental with other products. Furthermore, the intangible assets such as brand names and know-how can be shared with other business within the project. This results in lower costs of management and promotion for the Royal Project Bresse chicken and ultimately allows the Royal Project to remain competitive.

Bresse chicken is a unique type of chicken which has an image of premium quality and is sold at a premium price while close substitute products such as traditional chicken do not have this intangible image. Furthermore there is an existing customer loyalty to the chickens supplied by the project because the

image of the project's brand name has a positive impact on customer service. The products supplied by the project have been trusted as safe, clean and traceable. Customers value its image as a non-profit organization with the aim of helping poor farmers. Customer loyalty can be revealed from the rise in the sales value. The sales percentage of the project increased dramatically with an average at 20 % across three years, from 125 kilograms in 2009 to 1,200 kilograms in 2010.

There is a non-price cost associated with changing supplier in terms of intangible costs such as losing the image of being ethical. Even though the quality of imported chicken is better than domestic produce, the compensation of domestic quality is its lower price. Instead of purchasing the imported product, the chefs solve the quality issue by ordering only the poulard (female bird) because its weight is higher than that of the cock. Furthermore, not only does the quality of chicken meat affect the quality of meal served to customers in the restaurants, but also the cooking approach was another factor that would have an impact on the satisfying dishes served to their customers. If chefs know how to prepare and cook domestically produced Bresse Chicken, they can use the domestic chicken rather than the imported ones.

A long relationship with customers and vertical integration are factors affecting access to distribution channel of competitors. Since the project has been a main source of temperate agricultural products for more than 40 years, it has a long relationship with customers and Bresse chicken is one of the products that gains from this incident. The project has organized the vertical integration for their supply chain of all produce, which includes operating in stages of production and distribution. The Royal Project has promoted and supported inputs for raising Bresse chicken to the farmers under the project and bought all of the chickens from them to distribute to market. This creates forward and backward integration within the Royal Project. The project has an advantage from forward integration to access distribution channels. Besides this the backward integration provides an opportunity to the project to gain a good profit margin due to their control over the amount of Bresse chicken supplied to markets as well as price setting. A diverse, vertically integrated business with market dominance causes high barriers to entry for new market entrants in accessing raw materials and a distribution channel.

The protective tariff at 30-60% of imported value of Bresse chicken limits entry into the industry which results in the higher selling price of imported products.

## 2) Threat of substitutes

Bresse chicken can be easily substituted by other types of meat. It would be easy to change the type of cooked food served in the restaurants by using other types of raw meat to fulfill the same need for customers. It is likely that the chefs will switch to purchasing alternative raw materials such as seafood, lamb, and fish when the quality of Bresse chicken

does not meet requirements. Major factors leading to the low threat of substitutes are the lower price of some substitute products such as local varieties of chicken, pork, and seafood. Major factors leading to the low threat of substitutes are the lower price of some substitute products such as local varieties of chicken, pork, and seafood. This causes a direct lowering of the switching costs. In addition, the chefs usually create new menus every four months, depending on the season and availability of raw materials and the hotels' guests. Therefore the opportunity of switching from Bresse chicken to another type of meat is high. However, the project has an advantage on its brand image and accessing of the distribution channel. The brand of the project is a non-price cost that restaurants have to pay when they switch from the project.

## 3) Bargaining power of buyers

The project distributes Bresse chicken via five distribution channels; restaurant (37.95%), modern trade (3.93%), project's outlet (0.17%), project's fair (45.86%), and other types of customers (12.10%), whereas the highest proportion of sales value of the restaurant was highest (44.2%) and selling price of Bresse chicken supplied to the restaurants is 16.47% higher than the average selling price in 2010. Therefore, the group with the highest potential in terms of average price per unit is restaurants.

It could be concluded that the bargaining power of buyers is high even though Bresse chicken is a unique type of chicken because there is a concentration of buyers and various different products can be used to fulfill the same customer demand. Moreover, potential buyers such as chefs in the restaurants have full information about these products. Since there are very few importers of Bresse chicken, the chefs have full information about the imported product and understand the product very well and often ask for higher quality at the same price. However, the quality and price of raw materials as well as services from suppliers (such as consistency of quantity, and quality as well as the flow of information) are the major factors that impact the decision making to buy the products. This leads to a high bargaining power of buyers. Presently, the quality of the chickens produced by the farmers under the project is required to be improved. The customers require larger birds, increased tenderness and better flavor of chicken meat from the product supplied by the project as well as the consistency of the quality and quantity of products from the project.

## 4) Bargaining power of suppliers

The major inputs used to raise Bresse chicken such as chicken feed, and vaccinations are in abundance and homogeneity in the market. The raw material supplier groups are not differentiated and they have not built up switching costs. Therefore bargaining power of suppliers is low.

## 5) Rivalry among the existing competitors

The industry is concentrated since there are few firms in control of the market share. There is limited

production of Bresse chicken in the market because the chicken is a specialty variety that only the Royal Project Foundation takes priority to produce and there are a few competitors in the market due to the protective tariff (30-60% of value) which causes the high price of imported Bresse chicken. Therefore the project has protection from competitor rivalry. On the other hand, the barrier to exit is low because it is easy for the project to leave the market or switch from raising Bresse chicken to be other types of chickens by farmers, or importers can import other types of products. Besides this, there is a growth in demand in the market, so the risk of competitor rivalry is not high.

### *B. Competitive Strategy*

The previous section has shown the structure of the particular industry drawn from the five competitive forces diagnosis. The specific strategies can be built upon in subsequent analysis. The suggested strategies can facilitate in meeting the organizations' primary targets. As the main objectives of the study is to increase income to farmers by accessing high-end markets, analytical and strategic attention will focus on factors related to the ability of accessing the target market.

The uniqueness of products and the image of the Royal Project Foundation are the advantages of Bresse chicken managed by the project that shape the strategic standpoint to differentiate strategy. Whereas the market of this product is narrow, the focus strategy can be employed for maintaining the market. The project also has the ability to create satisfying product and service, which are different from competitors via the support of many organizations. The strategy offers differentiated product or service to customers that help to isolate the project against competitive rivalry. The uniqueness of product also helps to reduce the bargaining power of buyers because they lack comparable alternatives and this might cause less price sensitivity. This leads to product loyalty. According to the existing high threat of substitute and narrow market of the product, the project should sacrifice some activities to achieve more customer loyalty than competitors to sustain their sales volume.

In order to gain high revenue from selling product, potential markets should be segmented and focused to serve target customers more efficiently or effectively than the competitors. Therefore a focus of strategy should be employed. Bresse Chicken should be distributed through upper-class restaurants because they can absorb high prices of raw materials, which results in high farmer income.

## 5. CONCLUSIONS

Since Bresse chicken was first introduced to the Royal Project in 1991, it has not been effectively launched to market. Therefore, it needs to be managed to achieve the aim of gaining benefits to farmers. The results from the Five Force Model provide information on the forces of competition and

attractiveness of market which help to explore the requirements for successful competition. These could guide the project to make decisions on whether to promote this product to be a source of additional income for farmers as well as to determine the strategies for making decision to market the products.

It could be concluded that this type of chicken is sufficiently attractive to promote to increase additional income for farmers in remote areas because of several reasons. First, there is an opportunity to expand market due to an increase in the demand for high quality agricultural products. Secondly, the project has advantages on new entrants, low rivalry among the existing competitors and low bargaining power of suppliers to compete in the market.

On the market side, being a producer in Thailand with the ability to access high-value supply chains relies on the brand image, behavior of customers, the uniqueness of the chickens, lower price of domestic production, and market integration. These are the factors that allow the project to overcome the threats of bargaining power of customers, and the threat of new entrants. Creating forward and backward market integration, brand image of the project, uniqueness of Bresse chicken and relationships with customers are the main factors that create competitive advantages for the project.

In order to meet the aim of earning high prices for the chickens, however; the major weaknesses to promote and market this chicken are that not all customers will be willing to pay a higher price for the chicken and it could be easily substituted by others. This causes the strategy to be built around serving a particular target by using focus and differentiation strategies for Bresse chicken. During initial market expansion of Bresse chicken, the project should focus on high-end restaurants as they have the current maximum market potential with customers who could afford the relatively high prices of raw materials which result in the ability to purchase higher-priced of raw materials. In order to serve the narrow target efficiently or effectively to achieve the highest level of product differentiation compared to competitors and other substitute products, the project has to match the buyers' particular needs with its relative capabilities, especially with regards to the consistency of product quality, flow of information, and follow-up from the project.

In terms of fulfilling the demand for a better quality of product to satisfy the need of high-end customers, affordability should be met by using the advantages in having the support of a pool of experts of the project. At the same time, upper market accessing for this product can be achieved by using the advantages of diversity of products supplied as well as long relationship to customers. The favorable accessibility to raw material and market distribution channels are advantages that allow the project to offer differentiated products and services to customers and create barriers to entry for new entrants.

In order to promote high-value crops to generate income to rural farmers by launching high-value agricultural products successfully in competitive

markets, evaluation of market attractiveness is important for decision making. The Five Forces model can be employed to explore the capability of competition which provides information to examine impacts of existing opportunities and threats to the products. The results of using this framework provide the appropriate strategy to market products as well as guide for planning to produce high-value crop to meet the demand of the target groups which could lead to an effective management to link farmers to market effectively and help increase farmers' income.

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