

## Chapter 4

### Online Agricultural Market System Management in Thailand

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#### **Abstract:**

This chapter illustrates a field survey of online marketing system management in Thailand. The objectives of this study are to analyze online agricultural market system management and propose guidelines for managing agricultural online market systems. The results reveal that two types of farmers: 1) Those who can sell on a personal platform who are good at production and marketing, are young or lifelong learners, and quickly adapt to changing circumstances. Thus, they need to develop and advance their skills and knowledge. The government and platform owners can support such training. 2) Those who are ready to sell on a general platform and are competent at production but need to develop marketing skills. In this case, the government or platform owner could support a user-friendly system and training. The results also found that farmers' competencies in online markets include interpersonal, precision production, and planning skills; precision harvest planning skills; trimming, sizing, and packing skills; logistics and delivery skills; production system and controlling skills; understanding online marketing systems; readiness to develop and process marketing plans; and pricing and risk management skills.

**Keywords:** Online marketing, Agricultural marketing, Thailand

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## **1. Introduction**

In 2020, the COVID-19 pandemic caused a lifestyle disruption and forced people to adapt to a new way of life, known as the “new normal.” People had to maintain social distance and they paid more attention to their health. Moreover, purchasing behavior transformed to online, through social media and other platforms. Marketing also changed from offline to online marketing. New marketing concepts emerged to serve human needs for comfort, impression, and participation in an organization (Yotkaew, 2021). The agricultural sector is also a sector that had to change; however, farmers need time to adapt to new protocols of production concerning food safety and online marketing. It is important to investigate the guidelines for farmers to transform; thus, this research aims to analyze online agricultural marketing system management and propose guidelines for managing agricultural online market systems.

## **2. Research Methodology**

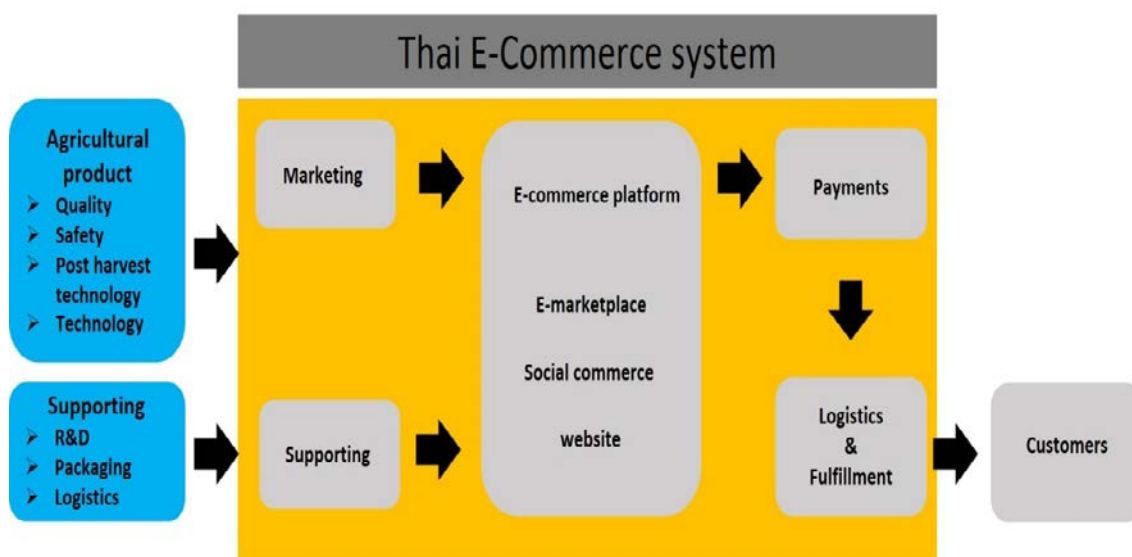
The research was conducted using an interview survey of five farmers who engage in online marketing from five farms (one farm in the east, one farm in the west, one farm in central Thailand, and two farms in the south). The data were collected online using the Zoom platform during October 5 to November 28, 2021. The researchers used an online questionnaire to collect the data.

## **3. Thailand’s E-commerce Landscape**

Thailand’s e-commerce landscape consist of five parts: 1) Marketing search engine, shopping search engine, social media AD platform, email marketing, retargeting platform, AD network, alternative marketing, content marketing, and cashback; 2) Supporting include e-commerce enablers, training, finance for online sellers, and content development; 3) E-commerce platforms include e-marketplaces, social commerce, and websites; 4) Payments include payment gateways and e-wallets; and 5) Logistics and fulfillment include logistics agencies and shipping companies. These components work together as a system allowing sellers to procure customers on online platforms (Figure 4-1). In the agricultural sector, most farmers excel at production. It is then possible to move

from traditional marketing to online marketing by plugging themselves in with the e-commerce system. Thus, farmers must ensure that they produce a product that meets the standards of the chosen platform in terms of quality and quantity. To meet the standards of each platform, farmers must have knowledge about food safety and standards, post-harvest technology, longer shelf life packaging, and cool chain logistic for fresh food delivery.

Figure 4-1 Thai e-commerce system



Source: Adapted from Parchariyanon (2020).

#### 4. How to Access Agricultural Online Marketing

Agricultural online marketing starts with farmers preparing to access an online market system by producing a high quality product for which it is possible to expand the shelf life. The longer shelf life of the product is extremely crucial because the farmer must deliver the product to the customer, which can take 3–5 days. Moreover, farmers must ensure that they can meet the requirements of the platform in terms of quantity and standards. Another critical factor is consistency. Farmers must plan for year-round production (if possible). They must also deliver the product from the farm to the online market via each platform’s distribution center. Farmers must then engage in online marketing activities; however this step depends on each platform’s requirements. Some platforms require farmers to perform marketing activities, and some platforms do not.

Sakata, Shozo ed. 2022. *Development of Inclusive Food Value Chain in the Mekong Region*. BRC Research Report. Bangkok Research Center. JETRO Bangkok / IDE-JETRO.

Accordingly, farmers must study the conditions and requirements of each platform prior to initiating e-commerce activities (Figure 4-2).

Figure 4-2 Thailand's agricultural online market system



Source: Authors' compilation.

## 5. Agricultural Online Market Management

### 5.1. Farmers

Farmers must prepare to access online market systems by learning about processes and activities. Moreover, they must upskill for online business; for example, gaining skills and knowledge of branding, content marketing, and customer behavior. The farmers must adopt a business mindset in addition to being a farmer.

The skills required for farmers seeking to access online marketing can be separated into three parts:

#### 1) Upstream

Farmers must have the skill of planting and production protocols according to changed contexts. It could be a new protocol to ensure food safety during COVID-19 pandemic. Farmers must know about plant quality and plant health control, harvesting technology, post-harvest technology, and product packing.

## 2) Midstream

Farmers must know about the quality control of working with agricultural raw material, cleaning, processing, packing, storage, and delivery to ensure that customers can trust product safety.

## 3) Downstream

Farmers must assess their own performance and knowledge in dimensions of marketing, production, technology, and management. They must then examine the conditions of each platform before deciding to join. They must then learn how to process all activities according to the conditions of the chosen platform(s).

### **5.2. Online platforms for farmers**

Online platforms should provide explicit and fair online market policies for agricultural products, as such produce carries higher risk (in terms of shelf life, potential damage, and health protocols). Thus, the platform should be generous with farmers. Sometimes, online platforms can provide the training courses for farmers to gain online marketing knowledge and skills. Moreover, platforms should provide clear after sales service policies, particularly for product complaints and claims, as agricultural products have potential to be claimed by customers.

### **5.3. Online marketing activities for farmers**

Appropriate online marketing activities depend on the platform that the farmer chooses. There are two types of platforms, personal and general marketing platforms. For personal online marketing platforms, farmers must engage in activities such as 1) marketing analysis to select target groups and create content to post on the platform; 2) determine preordering processes; 3) receiving product orders; 4) preparing the product; 5) collecting money from customers; 6) product delivery to customers; 7) sending messages to confirm order and delivery process to customer; and 8) after sales service activity (i.e., product claiming, customer appreciation).

For a general online marketing platform, farmers must engage in activities such as 1) marketing analysis to select target groups and create content to post on the platform; 2) providing all information about the target customer and product for the platform to post

widely; 3) receiving product orders; 4) preparing the product; 5) delivering product to the platform distribution center or customer (depending on the platform's sales conditions); 7) sending messages to the platform to confirm order and delivery process; 8) after sales service (i.e., product claiming, customer appreciation); 9) receiving payment from the platform.

#### **5.4. Farmer competency to access online market**

Farmers who want to engage in online marketing must have these competencies (Figure 4-3).

##### 1) Interpersonal skills

Farmers must have a business character and be cheerful and positive when communicating with customers online. They must appeal to the customer.

##### 2) Precision production planning skills

Precision production planning skills are critical for meeting the conditions of a platform in terms of tear-round quality and quantity.

##### 3) Precision harvest planning skills

These skills are linked to production planning skills, to ensure that the farmers can supply the product to the platform according to the contract or conditions.

##### 4) Trimming, sizing, and packing skills

Most online platforms require good-looking products, and farmers must have skills to trim, size, and pack products as the platform requires, which may differ from usual processes.

##### 5) Logistics and delivery skills

Delivery processes must be careful, particularly for packaging to protect the product along the transit process of delivery. Another important consideration is packaging to expand products' shelf life.

##### 6) Production system and controlling skills

Production processes that meet standards and quality control are important for sustainable

business. If some products do not meet the standard, farmers can be removed from the platform.

7) Understanding online marketing system

Online marketing systems are not difficult to access and navigate; however, it is not easy to remain in the system since there is high competition. Thus, farmers must enhance quality and supply products that customers seek. In this step, the process of customer analysis is very important. If the farmer can produce precision results, then they can satisfy customers.

8) Ready to process the marketing plan

Farmers must have knowledge regarding marketing plans when supplying a product all year and for all special events. Thus, the quantity and character of the product will differ for each event. For example, for the New Year, customers seek gifts, and farmers could prepare their products in a festive New Year box.

9) Pricing skills

Farmers must have knowledge regarding appropriate pricing. The price should cover all costs since offline and online marketing have different expenditure needs.

10) Risk management skills

For online marketing, risk during delivery can often occur. Farmers should prepare spare product and add costs of risk management to total cost, also planning and budgeting for other risks and uncertainty.

Figure 4-3 Farmer competency to successfully navigate online market



Source: Authors' compilation.

## 6. Conclusion

There are two types of farmer: 1) Those who can sell on personal platforms who are competent at production and marketing, are young or lifelong learners, and quickly adapt to the changing circumstances. 2) Those who are ready to sell on a general platform and are competent at production but need to develop marketing skills. In this case, the government or platform owner could support a user-friendly system and training.

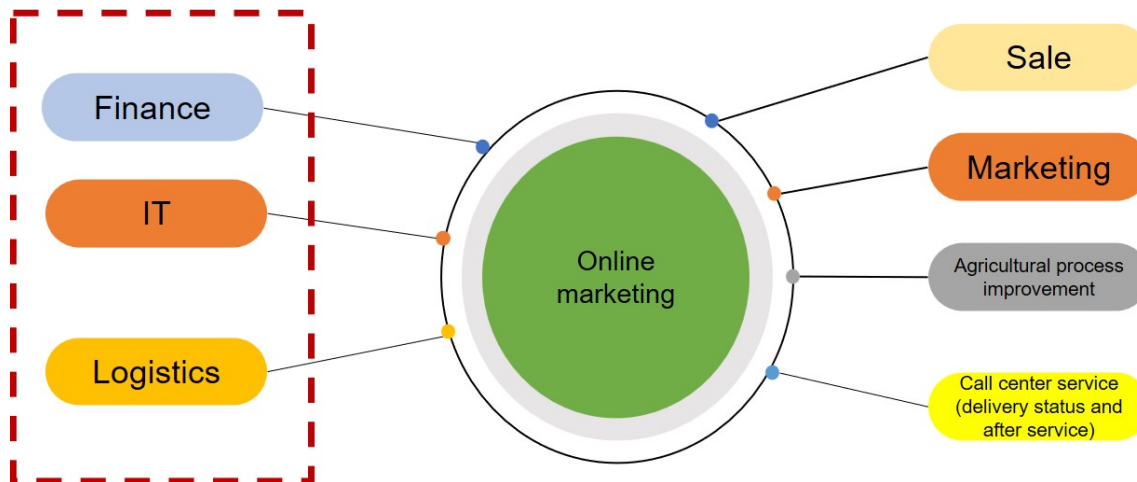
Both types of farmers always seek development in 1) production skills in product quality control and planting technology for product safety, and also 2) online marketing skills in product information content (differentiation, strengths, and information about how the product can solve a problem for the customer), platform management (backup data, advertisement, and data mining), online marketing, online tools, and applications (channels, creating media), and online marketing skills (developing and posting content, online sales and customer communication).

Platform owners should support all facilities for farmers, then farmer move more



expediently from offline to online marketing, as shown in Figure 4-4.

Figure 4-4 Platform owner support system



Source: Authors' compilation.

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