Marketing and Logistic Development

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The International Conference On Rising to the Challenge of Sustainable Development Goals (SDGs) through Sustainable Highland Development: The Royal Project Model
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Out line

1. Royal Project Alternative Development Model
2. Marketing under Royal Project Sustainable Alternative Development Model
3. Achievement from Marketing under Alternative Development
4. Way Forward
• Hill tribe communities had settled in remote mountainous areas in 20 provinces
• Forest land clearance by slash and burn farming
• Limited access to basic needs and infrastructure
• Extreme poverty
The Royal Project Alternative Development Approach for Sustainable Development in the Highland

King’s Philosophy

Sufficiency Economy Philosophy

Work Principle

Area approach Understand.. Access... Develop

- Eradicate opium poppy cultivation
- Building a better quality of life
- Rehabilitation and conservation of natural resources and environmental

Key program of operation
- Research
- development
- Marketing

The Royal Project Alternative Development Approach for Sustainable in the Highland

people-centric development

Intregeted Agencies
Key Programs for Sustainable Development

The Royal Project’s alternative development approach comprises of three interlinked programs intervention.

**Research**

“Research is imperative on what are not known”

Research on suitable crops with suitable cultivation and livestock have been conducted continuously.

**Development**

“Knowledge transferring”

Temperate crops with cultivation technology and livestock have been introduced to hill tribe farmers as sources of income generation.

**Marketing**

“Marketing” key part of sustainable development success

Marketing is an important part of success for crops replacement of opium poppy cultivation.
Marketing Establishment

Hill tribe people were unable to sell the produce by themselves due to

- Most communities were far from city.
- Transportation was in poor condition.
- Temperate crops were not known to the market.
- The marketing managed by private company was not properly functioned.

while “opium can be traded in the highland area.”
Establishing Marketing to support the sale of agricultural products for cash income

Marketing unit cooperated with 2 universities.
- 1981 Chiang Mai office in Chiang Mai University
- 1983 Bangkok office in Kasetsart University

Royal Project comprehensive marketing is a social and non-profit enterprise aiming at helping the farmers
Marketing Strategy of Highland Development Product

Various product types

Safety Product

Product identity

Niche market product

Research and Development support

Food sustainability

Friendly - environmental cultivation product
At the inception phase
Having “Doi Kham” as the product brand that means fertility mountain and being as valuable as gold.

Modification range
Doi Kham brand was replaced with the new brand called “Royal Project” that conveys the organization image and trust in high quality produce – freshness, hygiene and food safety.

At present
The Royal Project produce is certified by domestic and international food safety standard.
The Royal Agriculture Fair was organized firstly in Bangkok in 1980. At present, Royal Project Fair has been annually organized in Bangkok and Chiang Mai since 1989.
There are 17 Royal Project shops, in total 10 in Bangkok, 5 in Chiang Mai, 1 in Chiang Rai and 1 in Udorn.
Farming

- Zoning land use
- Soil & water conservation
- Production standard system
  - GAP
  - Global GAP
  - Organic
- Reduce chemical pesticides

Crop Planning

Extension program

Postharvest

- Pesticide residue analysis
- GMP/HACCP
- Pre-cooling system

Product processing

- Food processing
- Non-food processing
- GMP/HACCP

Distribution channels

- Food factory
- Modern Trade
- The Royal Project shops
- Hotel & Restaurant

Traceability

Research & Development

Basic infrastructure support from government agencies
Crop planning

- For reducing the marketable risk, crop planning follows marketing demand.
Zoning and Controlling farmer land use

Setting up the appropriate crop type to the area height

Promote hill tribe to cultivate crops with the concept of soil and water conservation system

Quality Management System – food safety and environmental-friendly production
Quality Management System – food safety and environmental-friendly production

Farm management

- GAP
- Global GAP
- Organic

Traceability system

- Pre-cooling system
- Cool chain truck

Postharvest
Quality Management System – food safety and environmental-friendly production

- Established Plant Protection Centre, setting up plant clinic and local plant doctor staffs.

- Research on IPM with bio-pesticide, botanical pesticide and chemical pesticides for controlling plant pests.

- Setting up pesticide residue central analytical lab and small lab at each Development Center

- Giving advice on how to use chemical pesticides correctly and safely

- The production house was build to expand bio-control agents production to serve the farmer requirement

- Using IPM management for reduction of pesticides use

Farm visit to give advice to the farmer
To meet the Food Safety Standard, the packing house both in Chiang Mai and Bangkok as well as at farm level have been developed.

Total of 47 packing house are certified;

11 stations are certified GMP/HACCP

36 stations are certified GMP by Ministry of Health
Quality Management System – food safety and environmental-friendly production

- **Pre-cooling system**
  maintain highland product quality, prolong product shelf live and reduce loss,

- **Postharvest training**

- **Research and development of Postharvest**

- **Traceability system**
Value added of processed product

**Past**

In 1972 His Majesty the King suggested to have Food Processing Plant at Chiang Mai university.

**Present**

- There are more than kinds of processing products produced by Royal Project Factory.
- Royal Project Foundation
  - Herbal care

Doi Kham
Food Products Co., Ltd.
**Logistic development stage**

**Separated transportation**

1. CM: Chiang Mai
2. 
3. 
4. 
5. 
6. 
7. 
8. 

**Grouping transportation**

1. Sub center
2. 
3. 
4. 
5. 
6. 
7. 
8. 

1. Main center
2. 
3. 
4. 
5. 
6. 
7. 
8. 

**Directly from farm to customer**

1. Sub center
2. 
3. 
4. 
5. 
6. 
7. 
8. 

1. Major center
2. 
3. 
4. 
5. 
6. 
7. 
8. 

Royal Project Development Center

Packing House in CM

Packing House in Bangkok

Royal Project Development Center

Royal Project Development Center

Packing House in Bangkok

Royal Project Development Center

Packing House in Bangkok

Royal Project Development Center

Packing House in Bangkok & customer

Royal Project Development Center

Packing House in CM

Directly from farm to customer
Cluster system purpose

- RPF Center grouping is made to strengthen the supply chain management for the highlands.
- Promote efficient use facilities.
- Provide knowledge exchange and sharing among communities.
Marketing Development Stage

**Phase 1**
(1969-1978)
- Focused on infrastructure development for transportation
- Research on market opportunity of agricultural produce

**Phase 2**
(1979-1988)
- The Marketing Unit facilitated marketing for farmer, regular promotion of agricultural produce

**Phase 3**
(1989-1998)
- Registered to be Foundation, more effective execution and refined marketing programs

**Phase 4**
(1999-2008)
- Launched production standard system including promotion in international markets
- Production cost efficiency is enable to improve its competitiveness.
- High end market and niche market are the most favorable ones.

**Phase 5**
(2009-present)
Achievement of Royal Project Marketing under Alternative Development Approach

• Marketing supported the success of elimination of opium poppy cultivation.

• Marketing create a stable and endure career either the Royal Project’s hill tribe farmers and other highland farmers.

• Model of comprehensive and complete agriculture in the highlands is focused on food safety and environmental-friendly.

• Causing the highland economic circulation based on fair price.

• Alternative crops to opium become economic crop of Thailand and can be substituted imported products.
Role of Marketing in Alternative Development approach on the success of holistic development in the Royal Project areas

- Generating income from opium substitute crops

Research for appropriate crops/livestock and cultivation method

Research knowledge extend to the hill tribe farmers

Creating market channel for the opium replacing crops for income generation

Opium poppy elimination

Improve livelihood

Restore and conserve natural resource

- Control land use
- Reforestation
- Soil & water conservation

Safety produce

- Reduce chemical pesticide use
- Using GAP/Organic production
- Testing pesticide residue
# Farmer Income

<table>
<thead>
<tr>
<th>Categories</th>
<th>Income (Baht)</th>
</tr>
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<tbody>
<tr>
<td>1 Vegetables/Herb</td>
<td>524.36</td>
</tr>
<tr>
<td>2 Processed Food</td>
<td>42.98</td>
</tr>
<tr>
<td>3 Processed Herb</td>
<td>13.6</td>
</tr>
<tr>
<td>4 Coffee/tea</td>
<td>36.48</td>
</tr>
<tr>
<td>5 Fruit</td>
<td>94.77</td>
</tr>
<tr>
<td>6 Flower</td>
<td>39.64</td>
</tr>
<tr>
<td>7 Rice and upland crops</td>
<td>9.62</td>
</tr>
<tr>
<td>8 Livestock/Fishery</td>
<td>9.76</td>
</tr>
<tr>
<td>9 Mushroom/Processed mushroom</td>
<td>21.12</td>
</tr>
<tr>
<td>10 Others</td>
<td>1.96</td>
</tr>
<tr>
<td><strong>Total (Royal Project)</strong></td>
<td><strong>794.28</strong></td>
</tr>
<tr>
<td>Product from other Royal patronage</td>
<td>164.53</td>
</tr>
<tr>
<td><strong>Royal patronage</strong></td>
<td><strong>958.81</strong></td>
</tr>
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![Pie chart](chart.png)
The Royal Project Marketing Goal

- Helping hill tribe farmers to earn steady income based on correct farming and conservation of environment

Maintain Production standard

- Maintain the produce at marketing standard quality, sustainable development and efficiently supply chain

Build upon Sustainable Marketing

- Enhance the competitiveness of highland agricultural produce to be resilient for economic, social and climatic change and disruptive technology
Way Forward

- Sustain high quality product from food safety production standard and environmental-friendly
- Create new product to meet customer need
- Create value added products with standard food processing
- Boost marketing channels and market share through premium product positioning in niche market
- Develop online marketing channels to create competitiveness
- Maintain good relationship across supply chain.

- Reduce production cost throughout supply chain to enhance its competitiveness
- Apply premium pricing strategies to maintain premium product positioning
- Value creation through marketing communication activity.
- Enhance young smart farmers with rural entrepreneurship
- Foster the RPF Development Centre and communities in highland to be a leading learning centres of social enterprise.

Product

Price

Place

Promotion

People
Conclusion

• Opium poppy disappeared from Thai highland areas due to income generation from alternative crops.

• Marketing is an important basis of alternative development success.

• However, income generation from agricultural production must be balanced to natural resource and environment conservation and social community.

• The Royal Project Model is the best process for balancing in all dimension.
Thank you