

The Export Strategies for the Success of International Market Access of Thai Fruits

Chatcharin sadsoem

*Faculty of management science
Suan Sunandha Rajabhat University
1 U-Tong Nok, Dusit, Bangkok, Thailand
E-Mail: chatcharin.sa@ssru.ac.th*

ABSTRACT

This research aims to study the export strategies for the success of international market access of Thai fruits. The questionnaire is used as tool for collecting data and random sampling method is used to find the sample size. There are 30 Thai fruit (mango) export entrepreneurs are research sample. The statistics used such as percentage, mean, standard deviation, simple and multiple regression analysis. The research results show that most of the respondents are female, bachelor's degree graduated, the head of department position, and mango farmer/ factory. There is most of exports belong to Asia and other countries in which Thailand is main destination country of those exports, and Malaysia respectively. The results of hypothesis test show that export strategies have been significant and affects to a success of Thai fruits (mango) entrepreneurs. To consider in factors analysis is found that direct export strategy has been significant to the success of Thai fruits (mango) entrepreneurs, but indirect export strategy has not been significant.

Keywords - International market, export strategies, direct export, indirect export

INTRODUCTION

Thailand's agricultural system has changed production from traditional or subsistence farming systems that use local resources and rely on nature, with farmers cultivating a mix of both crops and animal husbandry. It was changed into a modern agriculture system or a monoculture that aims to produce for sale or commercial purposes with an emphasis on growing a single crop. It takes up a large area and requires a large investment. Modern machinery and technology, chemicals, and plant breeding are used in order to increase the amount of production per cycle to meet the market demand. In fact, it controls the price of the produce, but the current realities that occur agricultural prices tend to be lower, but the production costs are higher. Therefore, the price adjustment of the production factors that farmers cannot rely on themselves because of the land for cultivation deteriorates from use, low yields, seasonal droughts and a lack of ecological balance. There is also a shortage of working-age workers and the growing debt of farming families. Recently, Thailand's agricultural faces challenges in all aspects of the economic slowdown in the agricultural sector. The natural environment is destroyed. The society and culture that has adopted modernity as a way of life instead of the agricultural society. Agricultural production factors such as soil, water, fertilizers, agrochemicals, varieties and seeds, agricultural machinery, technology and farmers knowledge including other factors such as capital, etc. Nonetheless, it may happen those farmers can apply the existing inputs cost-effectively to increase production efficiency and reduce production costs. Because the production factors are watershed of the agricultural sector which are important and connected. However, the government policy that does not in accordance with the farmers requirements is major problem. The relevant departments and staff operations are not continuity communicated to farmers (Agriculture and

Cooperatives Commission National Legislative Assembly, 2020). In addition, farmers produce is being depressed by the middlemen which is another problem. Therefore, marketing and export problems that still have problems in terms of laws, rules, regulations, conditions, methods, thus unable to solve the problem of farmers' exports effectively.

In the best interests of mango, which is a fruit that Thai people are familiar with, it is planted for eating fruit. Due to favorable climate, Thai mangoes can grow very well. In Thailand, there are more than 170 species and species that are encouraged to be planted for eating raw, such as Khiao Sawoey, Rhino, Thong Kha, Nong Saeng, Fa Lan, etc. The Nam Dok Mai mango is the 1st mango variety that is eaten when ripe, which is very popular in Malaysia, Singapore and Japan. For exports, it is found that only 1.7 percent of mangoes were exported abroad and 98% is for domestic consumption only. In particular, Nam Dok Mai mango can be promoted as a fruit for export to enhance the country's value and income with international demand. In addition, the development of Thai mangoes to be able to be exported to international market countries in which the cooperation from both the public and private sectors is required in order to develop the quality according to the standards. Consequently, studying for more knowledge with the farmers themselves will lead to another step forward in international marketing.

From the above reasons, this research is interested in studying export strategies for success of international markets access Thai fruits (mango). To provide basic information for entrepreneurs' operations and apply the results to use in export strategies for the success international market access of Thai fruits (mangos) to suit their own business.

Literature and Theory

2.1. Export strategic into the international market concept

There are different levels of operations in international-related businesses, such as exporting goods to overseas customers or foreign direct investment (FDI). There is depend on both internal and external factors of businesses. Especially, the factor in which the country to be invested. However, exporting to overseas is the most basic method of international business operations and is a low-risk method because it only ships products to resale in international markets. Overseas is not an investment in building a factory or a production base which requires a period of time to get the investment (Sudaporn Kunthalbutr, 2019).

2.1.1. International marketing

Mode of Entry to International Marketing (Sudaporn Kunthalbutr, 2019), exporting occurs by exporting products that are sold in the country to oversea countries. To find oversea customers as follows:

- 1) The embassy or consulate information
- 2) Internet information
- 3) The business website
- 4) Participation in international fairs
- 5) Various sources

Global market entry strategies, exporting is a market entry method where businesses in one country export products to oversea customers. The customers may be consumers, business sectors or include governments of international countries. Thus, exporting is the starting method for domestic companies to enter the international market (Wajana Phuphanee, 2020).

International markets entry method, export is the default method for international business operators, but this method has disadvantages such as high transportation costs and may be discouraged trade from importing countries. It may also be a problem that dealers do not take care of the products as the business needs (Supanee Saritwanich, 2019).

2.1.2. Indirect exporting

Indirect exporting means giving to others or other businesses to export products to customers in international countries (Sudaporn Kunthonbut, 2015). Indirect exporting is also an export in which the company uses agents or intermediaries within the country to contact international buyers. In other words, it means entering the global market by promoting and selling products through marketing intermediaries (Vachana Phuphanee, 2015). Indirect exports are commonly exported through middlemen, which are 4 types as follows:

1) Domestic export merchant, being a middleman or an export businessman who looks like a wholesaler within the country by purchasing goods from the manufacturer and reselling to the target country market. The person who receives compensation in the form of profit from business operations.

2) Domestic-based export agent or international trading company, which acts as a broker to contact domestic sellers and buyers abroad to meet and negotiate trade.

3) An export organization is a government or private organization or agency that jointly carries out export business activities. For many types of products, there is a common control and administration, commonly used for agricultural products and processed foods such as the foreign rice exporters association, Thailand frozen foods association (TFFA), etc.

4) Export management company is that specializes in exporting products to international countries. The Export management company is an independent exporting company that acts as an exporter for the business.

For, advantages of indirect exporting are a low-risk export and uses very little resources for the owner's business. There is not waste which indirect exports are suitable for businesses that are not ready and have no knowledge ability to export. On the other hand, disadvantages of indirect exports are low control over the product owner and contact with oversea customers is less. Therefore, the business owner less learns about doing business in international markets.

2.1.3. Direct exporting

Direct exporting refers to the manufacturer's exports to oversea countries by themselves. Direct exporting is also an export in which the seller or manufacturer contacts international buyers directly. There is no need for middlemen in the country. The export decision is made by itself that can get higher returns than indirect export (because there are no costs from middlemen), but high investment costs and high risk is handled. There are several direct exporting methods:

1) Domestic-based Export Department, directly responsible for marketing activities for oversea customers.

2) Traveling Export Salesman, goes out to meet international customers themselves.

3) Foreign-based Distributors, in this case, the company will appoint overseas distributors to distribute the products. It may be granted solely to a specific company as a distributor or grant permission to be multiple distributors.

Advantages of direct exporting is ability to control and communicate. The business is fully operational and can extend the release period for in case the product is not yet the right time to be available or can speed up the distribution time as needed. On the other side, disadvantages of direct export are the cost may be high because the direct export business requires resources such as capital and human resources for export processing or direct export. It is necessary to create units and sub-business units for export. There is high risk in the event that the business does not have expertise in export methods, there is also a high risk if the business does not have knowledge of the local market to reach customers.

2.2. Business success concept

Success in entrepreneurship means the ability to run a business to achieve satisfactory results or achieve the organization's goals. Besides, it also refers to the business ability to achieve its goals such as plan, manage, implement the plans by using resources efficiently until the goals are effectively achieved (Ahmad Bakri, A., Rosman, S. H., & Ismail, S., 2021). Moreover, Thai fruit (mango) export business can be indicated in terms of five key success business indicators concept as (1) financial condition, the best indicator is profit which reduce costs to minimum, but still keep quality products and services. (2) To meet customer needs, therefore, customers are an indicator of business success, which must be considered satisfied with the customer's products and services. Production and service are continually improved and developed. (4) Promoting innovation and creativity, which always try to find new technique to meet the customer's needs. (5) Employees loyalty and engagement, encourages employees to use their knowledge and skills, and make them take pride in their work. Therefore, causing work attention that make a business successfu.

2.3. Fruits agro-industry (mango) concept

The mango entrepreneur's groups set production schedule for any members to meet the exporter's demand. Therefore, chemical stock is purchased directly from the same as chemical companies and distribute to members. The mango entrepreneur's groups manage their organization like a cluster by sharing about input resources, production planning, packing, the markets place, etc. Agricultural experts have trained the members on how to manage the orchards including tree pruning, fruit wrapping, harvesting, grading, packing and chemical spraying.

2.3.1. Quality assurance

Quality-certified mangoes that give more confidence in purchasing decisions than un-certified mangoes or other fruits in the market. Therefore, mangoes with quality certification can confidently be in demand by consumers both in the domestic and international markets which leads to high market demand (Saeed, F., Afzaal, M., Hussain, M., & Tufail, T., 2021).

2.3.2. Production planning in accordance with the needs of the mango market

Producing mangoes to meet the market quality and high returns. Consequently, farmers need to have an advance marketing plan on what mango types are produced, which markets are sold and what technologies are used to produce good quality mangos (Moysiadis, T., Adamides, G., Stylianou, A., Zotos, N., Giannakopoulou, M., & Alexiou, G., 2021).

2.3.2. Agricultural Product Standard

The Department of Agriculture (DOA) has provided a guideline for good agricultural practice (GAP). Therefore, the use of agrochemicals is particular concern which the farmers use only those which are

recommended in order to satisfy the overseas customers' requirements. The DOA has certified the orchards that practice GAP. It also registers the mango exporters for international markets (Agriculture, 2021).

2.3.3. Mango exporters' role

The mango entrepreneur's exporting provides guidance to the growers, especially the chemicals are applied and the chemicals list and application method for each period of growth of the mango plants. This information has to be shown to the DOA.

2.3.4. Agrochemical for mango's plant companies' role

Since there is a very strict regulation on the use of agrochemicals to be applied to mangoes, the agrochemical companies must provide the positive list of chemicals to the DOA. The quality chemicals manufacturers are fully trusted by the mango farmer 'groups in choosing those chemicals for using in orchards.

Related Works or Discussion

Bhrammanachote, W. (2021) focused on the relationship of modern marketing strategies affecting the competitive advantage of local business towards the holding of the Chinese investors. The objectives were (1) to study the opinions towards the competitive advantage creation of local business in Chiang Mai province. (2) To analyze the factors affecting the competitive advantage creation of local business towards the holding of the Chinese investors. The quantitative research was used as research method in which a questionnaire was used as the tool for collecting data. 393 entrepreneurs in Chiang Mai province were sample size. Data were analyzed by using the descriptive statistics and inferential statistics of multiple regression analysis. The results found that: (1) for the 1st objective, the opinion toward the overall competitive advantage creation of local business was at the high level. (2) For the 2nd objective, factors affecting the competitive advantage creation of local business in Chiang Mai province composed of two dimensions: the positive factors affecting the competitive advantage creation were the customer satisfaction, the modern marketing, and the entrepreneurial potential, respectively. On the other hand, the negative factor affecting the competitive advantage creation was the ability to compete.

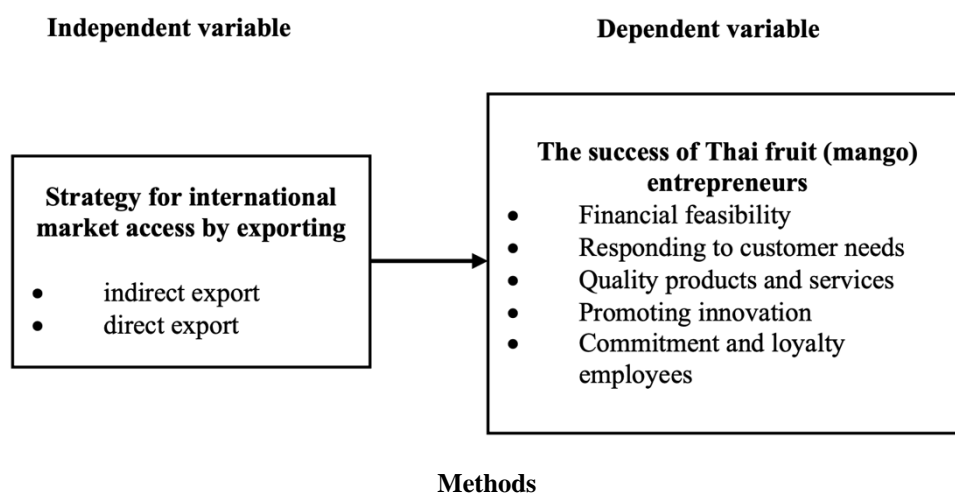
Traoré, O. Z., and Tamini, L. D. (2021) presented African trade of mangoes to OECD countries: disentangling the effects of compliance with maximum residue limits on production, export supply and import demand, which was theoretically and empirically disentangles the effects of maximum residue limits (MRLs) for pesticides on production, export supply and import demand. The modelling was applied which based on the costs and benefits correlated with food safety standards and the empirical net effects of MRLs concept was used. They also gave production technology to produce standard-compliant products and showed the net effects of the MRL gap on bilateral trade can be positive, zero or negative depending on the effects of consumers' perceived quality (positive), trade costs (negative) and standard-compliant production cost (negative). The 12 African countries were used for data crossing sectional. This research found that the net effect of MRLs was positive for the level of standard-compliant mango production and negative for the probability of producing. On the other hand, the mango trade between African and OECD member countries were positive. This result highlight that the tightening or imposition of strict MRLs for pesticides in developed countries may be trade promoting, while they severely impede production in African countries.

Wongkaew, M., Sangta, J., Chansakaow, S., Jantanasakulwong, K., Rachtanapun, P., and Sommano, S. R. (2021) studied volatile profiles from over-ripe purée of Thai mango varieties and their physiochemical

properties during heat processing. Descriptive sensory analysis is research method used. Overripe fruits of three varieties were analyzed for the ripening stage using specific gravity as well as firmness and the physiochemical properties were also reported. This study showed that aromatic profiles could be used as true representative to describe Thai mango identities of each variety. A simple and straightforward heat treatment had differing effects on aroma characteristics and those effects were dependent with mango varieties. They proved that the over-ripe mango's manufacturing move to high market value products, varieties selecting is vitally important based on the specific aroma characteristics before and after processing.

According to literature review can be summarized research conceptual framework as showed in figure 2.1

Figure 2.1. Research conceptual framework



This research is quantitative research by using questionnaires as a tool to collect data. As well as conceptual framework, hypotheses, research methods, concepts and theories are studied in this research that is consistent with the research to be used as a guideline for conducting the study.

3.1. Population and sample

Thai fruit exporters (mango) who are stakeholders in mango production and export are population in this study. The sample group consisted of farmers who grow mangos for export which certified by officials and qualified farmers that have the potential to export for international market. There are 30 samples through multi-stage sampling and other stakeholders is select a specific sample group.

3.2. Data collection

1) Primary information, a total 30 questionnaires are distributed for collecting data. After all the information is collected manually then the completed questionnaire is checked for completeness of all items. Lastly, the data is converted to be tested to analysis the statistics.

2) Secondary data, it can be obtained by studying and researching information from relevant electronic media sources such as academic documents, research, thesis, journals, and websites to use as research information.

3.3. Data analysis

3.3.1. Descriptive statistics

1) Percentage is used to describe general information and entrepreneurs' qualifications such as gender, age, status, education level and position in the organization.

2) Mean and standard deviation are used to describe opinions on exporting strategies for international market access, specifically: direct export, indirect export and information about the success of Thai fruit (mango) export business.

3.3.2. Inferential statistics

Inferential statistics are analyzed related to the variables studied, namely

1) An analysis of the influence between exporting strategy for international market access and the success of Thai fruit (mango) export entrepreneurs by using simple and multiple regressions.

Results

4.1. Analysis result

4.1.1. Demographic data of the respondents

The analysis results of the respondent's demographic found that the most respondents are 19 males (63.3%) with 10 respondents aged 31-40 years old equal to 41-50 years old (33.3%). There are 21 bachelor's degree graduates (70%) and 15 department/section head officer (50%). Therefore, 20 respondents have income less than 30,001 baht per month (66.7%) and 18 persons are single (60%).

4.1.2. Business data and international business activities analysis

There are 29 agriculturists for exporting (96.70%) and 25 respondents or 83.30% have registered limited company. The 23 businesses have been operating more than 5 years (76.7%) and 14 (46.7%) companies are exported in domestic market. Considering to international business model found that 10 respondents are used domestic distributors who purchase products for export, representing 33.3%.

4.1.3 Exporting strategy for international market access analysis

1) Indirect exporting opinion, the respondent's opinion level on exporting strategy for international market access is showed the total indirect exports are agreed ($\bar{x} = 3.38$). Considering each item, it can be said that the respondents give the most importance to the international business operations through an export management company to act as a distributor in which this able to make more customers. ($\bar{x} = 3.63$). Followed by an agent who receives a commission to export which will be convenient to export ($\bar{x} = 3.43$). Next, hiring a trade contact company for buyers and sellers to meet to negotiate a deal which can add more customers to the business ($\bar{x} = 3.43$). Then, exports cooperation which is exported by using a trader to make it easier for exporting ($\bar{x} = 3.23$) and indirect exports can also reduce the international market access risk ($\bar{x} = 3.17$), respectively.

2) Direct exporting opinion, the respondents have a high opinion level on the exporting strategy for international market access by direct exporting with a high agreement ($\bar{x} = 3.44$). Considering individually, it can be concluded that the respondents give the most agreement. Therefore, to expand the market by participating in trade shows, able to get to know/reach more customers ($\bar{x} = 3.53$). Following, more control overseas marketing due to the use of direct export ($\bar{x} = 3.50$) by using a web site as a tool to promote sales to reach more customers ($\bar{x} = 3.50$). Then, businesses set up dealers directly, which does not through any intermediaries that allow to expand more market share ($\bar{x} = 3.40$) and distributor by selling products to wholesaler for further retailing at retail prices, which increases the number of customers ($\bar{x} = 3.27$), respectively.

4.1.4. Success in Thai fruit (Mango) export business analysis

The respondents' opinion on the success of Thai fruit exporters (mango), in terms of financial condition in which the overall is agreeable ($\bar{x} = 3.37$). Considering in customer demand response, the overall is at the highly agreeable ($\bar{x} = 3.43$) as the same as promoting innovation and creativity ($\bar{x} = 3.78$). Therefore, creating quality products and services, the overall is at a very agreeable ($\bar{x} = 4.09$) and the employee engagement and royalty is high agreement ($\bar{x} = 4.11$).

Conclusion and Future Work

5.1. Research results summary and discussion

The purpose of this research is to study the relationship and influence between exporting strategies for international market access in which indirect export, direct exports and the success of Thai fruit (mango) exporters can be summarized as follows:

1) The exporting strategy for international market access influences on the success of entrepreneurs. This is because exports are the first step of the business and low risk method. Because it only ships products to sell abroad which is consistent with the concept of Poopanee (2015) shows that domestic-based export department is able to directly responsible for marketing activities for oversea customers.

2. The exporting strategy for international market access by indirect exporting has no influence on the success of Thai fruit (mango) exporters. Due to the high demand for Thai fruit (mango) in domestic customers then most operators focus on selling within Thailand. For indirect exports, it depends on the price that any operator gives the lower price. There has been a slight improvement in product manufacturing and quality to stay ahead of the competition all the time which accordance with the research of Pongsan Leelawongjuta and Lakkana Worasilapchai (2011) said that Thai SMEs must adapt to be able to access the AEC market with efficiency. By focusing on new competition strategies to stay in the AEC market, which is Porter's competitive strategy theory. In which it consists of product innovations, marketing innovation and innovative technology process in order to increase the 4 ways to access the international market. There is merger, acquisition, international partnership strategy and internet which is an important direct selling tool that is enable Thai SMEs entrepreneurs to compete in the global market sustainably.

5.3. Suggestions

1. Should conduct research on problems and obstacles in exporting other Thai fruits.
2. A study on the expansion of marketing channels into the business of exporting Thai fruits.

References

• For Journal Articles:

- Ahmad Bakri, A., Rosman, S. H., & Ismail, S. (2021). *Success factors of marketing strategy in real estate business*. ASEAN Entrepreneurship Journal (AEJ), 7(1), 20-26.
- Bhrammanachote, W. (2021). *The relationship of modern marketing strategies affecting the competitive advantage of local business towards the holding of the Chinese investors*. Panyapiwat Journal, 13(1), 1-17.

- Chomchalow, N., & Songkhla, P. N. (2008). *Thai mango export: a slow-but-sustainable development*. Assumption University Journal of Technology, 12(1), 1-8.
- Islam, R. T. (2021). *An empirical analysis of production and export of mangoes from india*.
- Moysiadis, T., Adamides, G., Stylianou, A., Zotos, N., Giannakopoulou, M., & Alexiou, G. (2021). *Use of IoT technologies for irrigation and plant protection: The case for Cypriot fruits and vegetables*. In Bioeconomy and Agri-production (pp. 175-194). Academic Press.
- Saeed, F., Afzaal, M., Hussain, M., & Tufail, T. (2021). Advances in assessing product quality. In Food Losses, Sustainable Postharvest and Food Technologies (pp. 191-218). Academic Press.
- Wongkaew, M., Sangta, J., Chansakaow, S., Jantanasakulwong, K., Rachtanapun, P., & Sommano, S. R. (2021). *Volatile profiles from over-ripe purée of Thai mango varieties and their physiochemical properties during heat processing*. Plos one, 16(3), e0248657.

• **Internet Sources:**

- Agricultural Economics, Office of Agriculture. (2021). Bangkok, Thailand. <http://www.oae.go.th>
- Agriculture, Department of Agriculture. (2021). Bangkok, Thailand. <http://www.doa.go.th>
- Agriculture and Cooperatives Commission National Legislative Assembly (2016). http://web.senate.go.th/w3c/senate/comm.php?url=home&comm_id=1542
- Pongsan Leelapasjutha and Leekana Wiratchai (2011). Criticism of the foreign market of entrepreneurs. SMEs http://www.bu.ac.th/knowledgecenter/executive_journal/oct_dec_21/pdf/aw013.pdf.
- Sudaporn Kunthalbutr. (2019). Entry into the international market. <http://www.sctt123.com/chanongkorn/wp-content/uploads/2020/06/Inter-Marketing-2019-3-6-ch4.pdf>.
- Supani Saritwanich. (2019). Methods of entering foreign markets. http://www.geocities.ws/dol_nida/Strategic_04.htm.
- Traoré, O. Z., & Tamini, L. D. (2021). African trade of mangoes to OECD countries: disentangling the effects of compliance with maximum residue limits on production, export supply and import demand. European Review of Agricultural Economics. <https://doi.org/10.1093/erae/jbab016>
- Vachana Phuphane. (2020). Strategies for entering the global market. <http://www.slideshare.net/kingkongzaa/5-gm-market-entry>.