

## Executive Summary

### The Development of Farmer Shop Model Project

The research project aimed to initiate the operating system of the alternative retail store using the integrated supply chain management. This system consist of supply chain network, the development of products' quality and packing, the procurement and feedback systems, the retail store management, fair allocation of benefits and the Farmer Shop branding. The Farmer Shop is expected to be an alternative solution for the people in the community, co-operatives to solve the problems and limitations that affected from free trade agreement and current competitive impact of hypermarkets.

The research project was a 5-year continuous operation divided into 3 stages; the establishment stage, the incubation stage and the integration stage.

The establishment stage produce the following outputs;

- The selection of participant members; there were altogether 127 co-operatives, social enterprises, SMEs and OTOP selected.
- The selection of the products; there were 215 products selected.
- The product and packaging development; The "*Garcinia cambogia*" product from Yala agricultural product processing group has been selected to be a pilot product for this part. It is now under the process of coordination with Food Institute, Kasetsart University.
- The supply chain management development; the material requirement and purchasing system of the pilot products, which are lady finger banana and Market chili paste products, were developed based on the supply chain network with farmer groups. The network was done through co-operatives and communities. This was to help solve the material shortage problem and control quality of the materials.
- The development of distribution channels; There were 8 road-show events held to promote the market channels for Farmer Shop project. The events were well recognized by the consumers with total sales of 582,607 baht. There are now 2 outlets of "Farmer Shop" at the Electricity Generative Authority of Thailand Consumer Co-operatives Ltd. And Rai Suwan Shop, Kasetsart University.
- The development of retail store system; the project, as a participatory action research, resulted in the designing of the retail store system which the details are;
  - ▲ Slogan : not for profits but to maintain customers Royalty
  - ▲ Vision : a retail store mutually owned by the producers and the consumers.

#### ▲ Missions

- Encourage the members to work cooperatively in the agricultural product processing business through supply chain management, procurement of the factors of production, marketing and product distribution based on Fairtrade system.

- Raise the Farmer Shop brand's recognition to the target consumers who prefer quality products and buying Thai products in fairness system.

#### ▲ Business plan

The plan for the Farmer Shop store is to build an 80-square-meter store at the Faculty of Economics, Kasetsart University, with the working capital of 3 million baht. The expenses and net profit from the first 2 years of operation (October 2011 – August 2013) are expected to be 4 million baht and 200,000 baht respectively. Moreover, this will provide the knowledge of the alternative retail store management to be applied for other communities that are interested in the project.

#### ▲ "Farmer Shop" branding

The feedback from the customers was "good" and they believed the products of "Farmer Shop" brand are good quality and fairtrade system.

The results showed that the cooperation in driving the Farmer Shop can help enhance the power of negotiation of the members and reduce the marketing cost by 15-20%. In addition, it can create more opportunities and market channels for SMEs and farmer enterprises. This proves a turning point from the traditional supply chain to the value chain created by business plan that is based on supply chain management system. It can also be said that this is in line with the strategies of the 11th National Economic and Social Development Plan.

The second stage is the incubation of the Farmer Shop model at Kasetsart University. This will take 2 years for business incubation, establishment of administration and management system, employee training, business network development, sales promotion, branding, as well as the preparation for the extension of the project to other communities and those interested.