

## Farmer Shop Project

By Associate Professor Juthatip Patrawart and Team  
 Co-operative Academic Institute, Faculty of Economics, Kasetsart University  
 Supported by Thailand Research Fund  
[www.cai.ku.ac.th](http://www.cai.ku.ac.th), [cai\\_coop@yahoo.com](mailto:cai_coop@yahoo.com)

Agricultural sector has played an important role in Thailand's economy. The revenue from the agricultural sector contributes 9 percent to the total Gross Domestic Product (GDP) of the country. Agricultural labor is the highest proportion in Thai labor force accounting for 38 percent of the total. Due to the recent inflationary cycle of global food commodities, not only have the agricultural products been vital for domestic consumption, the agricultural products have been the key to Thailand economic growth. Thailand is ranked eighth worldwide in the export of agricultural products. Major exported goods are rubber, rice, cassava, shrimps, and chicken. Although the exporting agricultural products is increasing in values, Thailand has encountered high competition in the market resulted from the implementation of non-tariff barriers (NTBs), sanitary and phytosanitary (SPS), and other quality control measures.

However, the producers of the agricultural at the start of supply chain are often suffered from various problems due to fluctuation in commodities price and natural disasters which force them seek help from the government. At a number of times, these agriculturist problems in terms of unusual debts, land ownership, and poverty, are discussed on the national agenda.

According to the agricultural development plan points out that the costs of agricultural products of Thailand are higher than other countries. This is because Thai producers are small farmers who are in short of the investment in physical capital, R&D, and are unusually in debts. Therefore, it is difficult for them to access appropriate technologies which increase the productivity of their production. Moreover, there is no supply chain management that could help enhance their competitiveness. Most of the agricultural products are sold as raw materials or initially processed products.



Figure 1 model of the farmer shop

The results from the “Co-operative movement development and Fairtrade Project, 2010” outlined the problems and limitations of local products, co-operative products, and processed agricultural products all of which have faced the lack of marketing channel to customers and the unbearably high marketing margin to distribute the products in hyper marts. These problems need to be solved immediately in order to help create the marketing channel for the entrepreneurs of Thai processed agricultural products to operate their business sustainably.

The concept of the future farmer shop defined in the research questions is “**a retail store mutually owned by the producers and the consumers**”.



This can be said to be an inspiration for the associates participating in the development of the farmer shop to help solve the current structural problems with which cannot be effectively dealt by an individual group. The brand ‘Farmer Shop’ would be a tool to create good image for alternative retail stores with certified goods so that the consumers would trust and support Thai products.

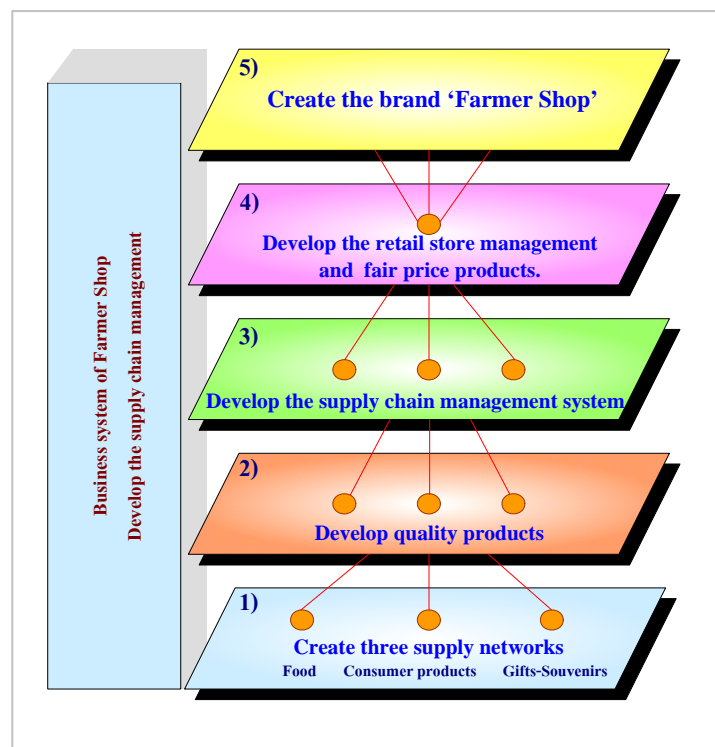
The brand ‘Farmer Shop’ would be used as a guarantee of products and services of good quality, high standard, fair prices, and which are produced by Thais. Should the campaign to encourage Thai people to buy Farmer Shop products be successful, the Farmer Shop stores will be branched out to communities to increase more options for the owners of Thai processed agricultural product stores, to lessen the deficit, as well as to solve the pricing problem from fair business operations.

The operating process of the Farmer Shop Project is designed based on the participatory action research (PAR) supported by Kasetsart University and Thailand Research Fund. The process consists of 5 steps as follows.

Step 1: Create three supply networks for food, consumer products, and gifts and souvenirs.

Step 2: Develop quality products and packaging in cooperation with National Food

Institute and Institute of Food Research and Product Development.



Step 3: Develop the supply chain management system (production-supply-delivery-tracing back systems)

Step 4: Develop the retail store management and administration system to provide fair price products.

Step 5: Create the brand 'Farmer Shop' based on the concept of "alternative stores full of quality products with fair price, and Thai-made products", not to mainly focus on profits but to maintain customers.

**The Farmer Shop has been officially introduced in the following events:**



Farmer Shop in the academic forum held at Saranites Building, Kasetsart University



Farmer Shop at Suk Jai market, Rose Garden Hotel, Nakhon Pathom



Farmer Shop at Agriculture Day Fair, Faculty of Economics, Kasetsart University



Farmer Shop at the 30<sup>th</sup> Anniversary of EGAT CO-OP, at EGAT of Bang Kruai sub-branch, Nontha Buri



Farmer Shop at Kaset Fair, Kasetsart University

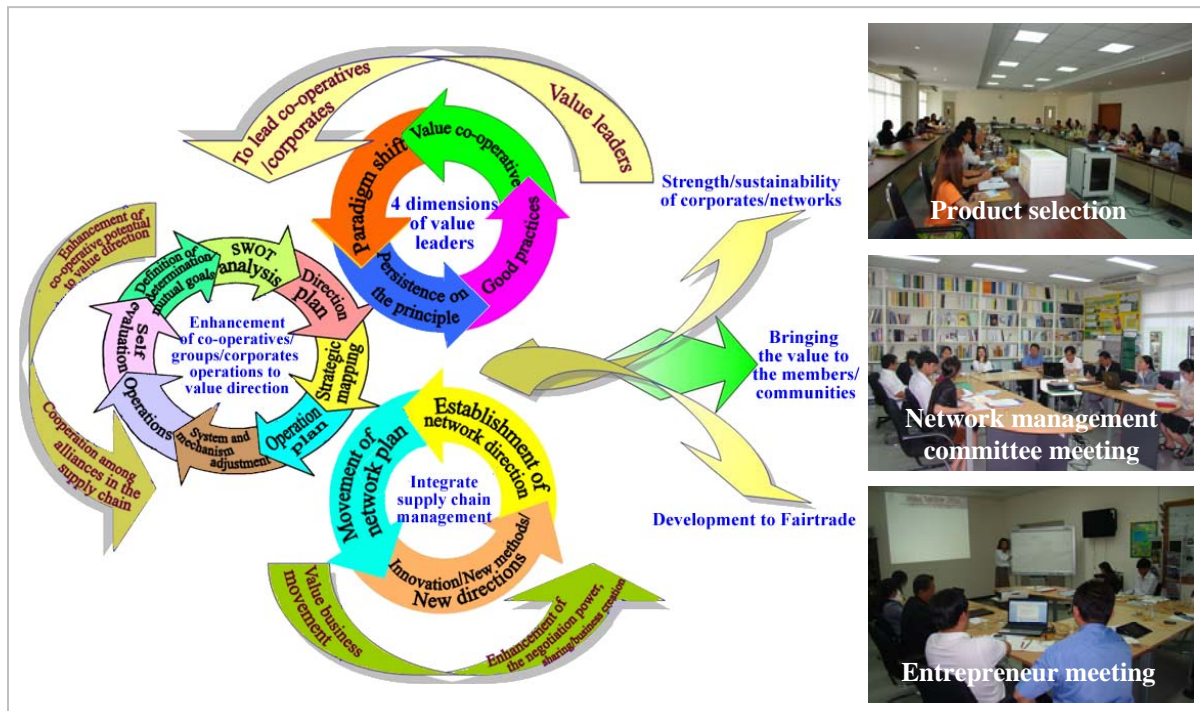


Moral Rice – Koet Bun rice - at Kaset Fair, Kasetsart University



## The movement of Farmer Shop development

The Farmer Shop Project has been operated for six months. There are 106 cooperative entrepreneurs and agricultural institutes joining as members and more than 417 products selected. The Farmer Shop management committee is developing the management system by using the learning process based on the Value Network & Fairtrade Platform which is the result from continuous research conducted by Co-operative Academic Institute.



## The expectation

The Farmer Shop, which is an alternative retail store, will help raise the standard of quality in Thai processed agricultural products. It introduces the modern management and administration system to improve consumer satisfaction and to provide the fair price products. Moreover, the Farmer Shop will be the place for mutual learning for producers and consumers.