Organic food provision strategies of a niche market in Bangkok

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Abstract

Any increase in the level of sustainable food consumption in Bangkok requires both providers and consumers to change their behavior and strategies in a more sustainable direction. This paper focuses on provider’s side and examines the strategies that food providers in Bangkok use to reach the Thai consumers with their sustainable food offers. This paper looks at the “niche” specialized shops which are the first group of organic food provider and currently provide organic food to consumers in Bangkok. A focus group discussion was organized with representatives of the specialized shops in order to discuss and to assess a number of different strategies that could be applied when trying to sell organic food to consumers in Bangkok. The study found that the specialized shops in Bangkok are “small, specialized and beautiful”. The specialized shops in Bangkok form the “Green Market Network” to work together and empower individual shop owners. The major tasks of the network are to procure sufficient sustainable food from reliable sources for the individual shops, to improve their businesses by learning from each other’s experiences and to expand the market for their products. The specialized shops are not so much focused on certification but, instead rely on trust. The specialized shops communicate with consumers in an informal and friendly way, talking directly to them in the shop and organizing activities with them.

Keywords: Sustainable food provision, Organic food, Specialized shop, Provider, Strategy

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1. Introduction

To understand the practice of shopping for organic food, it is important to study both the system of organic food provision and consumer lifestyles. Providers possess the power to influence the level of consumption of sustainable food products by offering green foods to consumers. They play a powerful role in creating and expanding the market, because they can also influence and lead other actors, such as farmers and producers, in the supply chain (Konefal, 2007). Consumers also have an important role to play since they are able to make use of the green (food) alternatives offered to them by providers operating in the context of a specific system of provision for (also sustainable) food. This paper focuses on providers’ side because they are a more stable group and it is easier to use this group as a basis for developing strategies than to approach a large number of consumers, whose attitudes may easily change. This paper examines the strategies that food providers in Bangkok use to reach the Thai consumers with their sustainable food offers. The objective of this paper is to answer the research question: “what different strategies can be used to increase sustainable food consumption?” The paper evaluates different strategies that have been developed, and are planned, by providers. These strategies were revealed through a focus group discussion with representatives of specialized food shops and interviews with supermarket managers in Bangkok.

This paper focuses on “niche” market. The specialized shops were expected to target a special kind of consumer adhere to a “deeper” definition of “sustainable food” and approach their consumers in a labor intensive and personal way. This paper aims to explore the characteristics of providers in the niche market by looking in some details at their provisioning strategies, their views on sustainability, their ideas about consumer preferences, and about the considerations from consumers when buying sustainable food.

2. Methodology

A focus group discussion was organized with representatives of the specialized shops in order to discuss and to assess a number of different strategies that could be applied when trying to sell green food to consumers in Bangkok. The representatives of the specialized shops showed great interest in participating in this focus group as they were already very active in promoting sustainable food and were eager to learn more about possible future strategies for increasing the provision of sustainable food. They were actively seeking to use their position to make changes in the food provision system.

Calder (1977) categorized three different types of focus group: exploratory, clinical, and phenomenological. Each approach is appropriate for collecting specific types of information (Sinagub et al., 1996). The exploratory approach can be used to collect descriptive information in order to explain and understand constructs, generate hypotheses, and to test initial research ideas (Calder, 1977). This approach is often the first step before more ambitious efforts (Sinagub et al., 1996) and is normally followed by other qualitative research (Calder, 1977). The clinical approach can be used to detect the real causes of behavior (Calder, 1977). This approach can be used when researchers need to explore areas which are not open to self-reporting or direct observation (Byers and Wilcox, 1991). Since each individual has self-defense
mechanisms, real-life behavior often cannot be extracted from self-reporting. The clinical approach is useful in obtaining information for clinical judgment and therapy (Calder, 1977). The phenomenological approach is used to observe the natural attitudes of focus group members (Calder, 1977). These natural attitudes refer to the common behavior that people have been socialized into, exhibiting shared life experiences (Fern, 2001). This study employed the exploratory approach to generate ideas from the owners of specialized shops about how to increase sales of sustainable food. The rest of this section describes the participants in the focus group and the reasons for selecting them. The method of data collection and procedures of the focus group discussion are also explained.

The target number of participants for this focus group discussion was set at fifteen. As Merton et al. (1990) suggest, the size of the group should not be so large as to be unwieldy or to preclude adequate participation by most members, nor should it be so small that it fails to provide substantially greater coverage than an interview with a single individual. With some fifteen members, everybody can share their ideas with the other participants during the sessions. A second important reason for having this number of people in the focus group was to allow a division of the participants into sub-groups for a specific assignment. With fewer participants, this group work could not be arranged. Having a group that is too small also brings the risk of not having enough varied inputs - in terms of different points of view - and the possibility of a couple of individuals dominating the discussion. Most of the participants in the focus group were from specialized food shops in Bangkok but also included a few participants with different backgrounds: a supplier to these shops, a restaurant owner and an individual interested in opening a specialized shop in the near future.

To recruit the participants, the researcher participated in the monthly meetings of the Green Market Network. During one of the meetings, the researcher informed the group about a plan to set up a focus group discussion with representatives of the specialized shops in Bangkok and invited them to participate. Some owners, who were looking for ways to improve the sales of their products, expressed an interest, while others were too busy to join in. Since the Green Market Network could not deliver the required fifteen participants, the researcher approached a number of representatives of specialized shops on an individual basis to obtain the desired number of participants.

The sequence of focus group discussion was divided into four sub-sessions: (1) a general (plenary) discussion about sustainable food provision and consumption in Bangkok, (2) a presentation by the researcher about provision strategies for green food in some other countries, (3) a phase of group work with teams working on an assignment and (4) plenary discussion. Each session had a specific purpose. At first, the researcher asked leading questions about sustainable food in Bangkok to lead the participants towards the topic. Later, main research questions were used for the group assignment, which aimed to develop strategies for selling more sustainable food.

The participants were randomly divided into three equally sized sub-groups and each group was assigned with the task of developing strategies to expand the market for sustainable food. Between them they identified four major strategies, related to: the target groups of consumers, information provision, connecting providers and consumers, and price. Some of these strategies were already applied by some of the
specialized shops, while others were beyond their capacity and would need support from other stakeholders, such as the government or food producers.

3. Result of focus group discussion with representatives of specialized shops in Bangkok

The specialized shops recognized the need to increase the number of consumers of sustainable food. At present sustainable food is mostly popular among patients and old people who have health problems and want to keep healthy and recover from illness. This locks sustainable food into a small niche market for a limited group of people. The participants thought that sustainable food is good for everybody and it is important that all age groups keep themselves healthy, not just when they become ill. But promoting sustainable food to teenagers requires a different approach. It needs to be done in a more fashionable way. For example, teenage consumers could be made to believe that consuming sustainable food is trendy and it is unfashionable to consume conventional food. This could be done by developing brand names. Young people are attracted to well-known brands such as: Coca-Cola, Pepsi, Lays, etc. If the producers of sustainable food could create a brand and establish it in the market, the sale of sustainable food would increase among all age groups.

Information dissemination is one way to improve the sale of sustainable food. This involves giving consumers more information about the benefits of eating sustainable food. The specialized shop owners thought that the health issue was the most important aspect in Bangkok. Consumers respond more to the health benefits of sustainable food than to its other benefits. Information dissemination to the consumers could be done via magazines, television, newsletters, and websites, which most Bangkok residents have easy access to. Television seemed to be the best source of information because it can be accessed by most consumers and the message presented in various creative ways such as short advertisements, documentaries and cartoons. However, the specialized shops cannot afford to pay for television broadcasts and thought that the government should assist them in promoting the consumption of sustainable food by sponsoring short advertising spots on free television channels. The specialized shops have formed a network called the “Green Market Network”, which was proving useful in bringing together green shops.

The network exchanges knowledge, inspects products and aims to set common standards within the group. The network also communicates with its members about sustainable food products, labeling and standards. Participants felt that they needed to better communicate the other strengths of green shops (delicious food, good service) to consumers. They also thought that they were bound to only sell high quality food products, and to consume these themselves so they could communicate about the benefits with the consumers. This allows the providers to share their own experiences with consumers, making their communication more trustworthy.

Certification is another method identified to guarantee the safety of products on the shelves. Standard certification gives a seal of authority that is more reliable than a storyline in the advertising or on the package. Publishing information will also increase the number of sustainable food consumers. Raising awareness of social sustainability could also be used to promote sustainable food consumption. Many
consumers are willing to buy products made from a local community such as OTOP\(^1\) because they want the local people to also enjoy a good quality of life. Making consumers aware of these significant advantages would encourage them to change their shopping and eating behavior and at least decide to try sustainable food.

Connecting providers and consumers could be achieved by developing more distribution channels to make things more convenient for consumers. There is need for more outlets for sustainable food, and this could be realized by expanding the ways of selling sustainable food. The specialized shops claimed that the Green Market Network was already finding new ways of selling sustainable food and attracting more consumers. The Green Market is regularly open on Thursdays at one building in the business area of Bangkok. Specialized shops and restaurants bring their food products to the ground floor of the office building to sell. The consumers at this open market include people working in the building and its vicinity, a target group with a high potential to buy sustainable food. This is the first open market set up by the Green Market Network, which was looking for possibilities to open more of such markets in the future. At the moment, only regular consumers go to the specialized shops. This strategy is a way of actively finding new customers and expanding the customer base. Business at the market was slow in the first couple of weeks, but increased as the word spread and it now attracts a core group of regular consumers, some of whom go to buy food at green shops during the week.

Delivery service was another strategy discussed in the working groups. The participants proposed that a delivery service should offer different types of food and be frequent enough to accommodate consumers who did not have the time to buy good food. The specialized shops also offer gift baskets for special occasions like the New Year, birthdays, and births. These gift baskets not only emphasize the value of sustainable food but also widen the consumer base. In Thailand, younger people normally provide gifts to the elders on special occasions to show their respect. The specialized shops see the potential for giving a sustainable food basket, which shows that young people care about the health of their elders.

Besides providing more distribution channels, some specialized shops also set up activities with their customers. These activities are related to health and safety issues and likely to benefit both the shops and the clients. Farm visits are an example. When consumers visit a sustainable farm, they see how sustainable foods are produced and this can strengthen their trust. Another activity proposed by the specialized shops was an informal meeting to discuss issues of common interest. One specialized shop owner had started a forum to share experiences with taking care of cancer patients. Some former patients and relatives of current patients attended the discussion. The specialized shops also thought other activities, such as yoga and cooking classes, might attract more consumers.

On the price of sustainable food, the participants thought that the high price of sustainable food made consumers reluctant to change their buying behavior and move towards sustainable food. It is obvious that the price of sustainable food is higher than for conventional products and that discounted items will attract

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\(^1\) OTOP (one Tambon - one product) refers to local products produced from local materials in the community aimed at improving incomes in village communities to help eradicate rural poverty
consumers. However, the participants argued that sustainable farmers had higher labor requirements and that this meant that sustainable food was more expensive. The participants thought that government agencies should support farmers who are involved in sustainable farming. Such support could involve: acknowledging the importance of sustainable farming, providing national standards and certification for free or for a low cost, as well as promoting sustainable food to Thai consumers. More awareness about the benefits of consuming sustainable food would increase sales and production and thereby the economies of scale would bring down the prices.

In conclusion, the specialized shops have developed and are serving a niche market for sustainable food, doing the best they can to provide sustainable food from reliable suppliers to a core group of consumers. To expand their reach they are working together in the Green Market Network. They are expanding their markets by opening outlets in hospitals and meet with selected groups of consumers: patients and health conscious consumers. They are looking to develop more convenient and creative ways of buying sustainable food, such as deliveries and gift baskets. Other possibilities for improving their services are currently beyond their competences and would need outside help to be further developed. More publicity should be given to sustainable food and make it well-known to expand the demand for it. The government should launch advertisement campaigns in the media to educate people and help them recognize sustainable food and its benefits. The government should extend the national organic regulations to a wider range of food products. Moreover, the price of sustainable food could be reduced by providing subsidies to organic farmers.

4. Discussion and conclusions

The niche markets of sustainable food in Bangkok are primarily specialized shops, which network together. The organization of the specialized shop network is primarily informal. The shop owners have realized that one shop has no substantial power to negotiate with the other actors in the supply chain. A single individual, acting independently, runs the risk of being ruined in a capitalist world. Thus they regard the other specialized shops as allies, rather than business enemies. This has led them to form the “Green Market Network” to work together and empower individual shop owners. A few successful specialized shops took the lead in the organization, supported by the others. The major tasks of the network are to procure sufficient sustainable food from reliable sources for the individual shops, to improve their businesses by learning from each other’s experiences and to expand the market for their products. Their main task is to locate reliable suppliers to supply real sustainable food to the shops in the network. The specialized shops are not so much focused on certification but, instead rely on trust: going to the farms and seeing their way of producing with their own eyes. As a result, they are confident about the products they sell and can pass this trust on to their customers. This trust in sustainable food is primarily generated by personal interactions. They also give each other advice about feasible forms of shop management, reliable suppliers, best-selling items, etc. Learning from successful shops is better than trying new things by itself, especially for shops that have recently opened. They also seek to find new markets by entering “open markets” in hospitals in order to introduce sustainable food to the patients and to people who care about their personal health. There is little
distance between the specialized shops and their consumers. The specialized shops communicate with consumers in an informal and friendly way, talking directly to them in the shop and organizing activities with them.

The specialized shop owners expect that their consumers are willing to learn more about sustainable food and prepared to buy sustainable food based on trustworthy information about sustainability that they offer. This makes the specialized shops proactive in giving information to consumers, as witnessed by their efforts to organize events such as fairs and open markets. The specialized shops regard themselves and their organization as well-defined and well-established. They believe that they do what they have to do energetically and do not compare themselves to the mainstream retailers. They do not feel that they are behind the supermarkets which are offering modern, imported, certified, sustainable, food. They are self-confident about their own way of realizing (green) growth. Instead of growing in terms of quantity, the specialized shops would rather follow the "small, specialized and beautiful" concept and develop their network. They agreed in principle that other, more mainstream strategies such as mass media dissemination and price reduction could be effective in enlarging and diversifying their consumer base, but indicated that such strategies are beyond their capacity to organize. They believe that outside support from producers and the government is necessary if they are to become a more mainstream channel for green and healthy food provision. This analysis of the present position and the strategies of the specialized shops suggests that they will continue to play a role in providing sustainable food but are likely to remain niche market actors for the foreseeable future.

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