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Branding as the marketing strategy for organic products: A case study on Moral Rice

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Abstract

In 2006, the Dharma Ruamjai foundation's farmers (DRF) who grew organic Hom Mali rice, in Yasothron province, had experienced the rapid price slump. After engaging in the participatory action research (PAR) program which employs of the knowledge management method on the production and marketing, the development of channel distribution and branding. The participated farmers have agreed to adopt the moral conduct within the group by committing to give up on liquor, smoking and gambling and have used these moral codes in the new brand for their organic Hom Mali rice called "Moral Rice". During 2006-2009, there were 108, 82 and 160 farmers participated in the Moral Rice network program which have produced 168, 464 and 1,464 tons of rice paddy respectively. To date, the Moral Rice, which has successfully set the farm price 25% higher than the market price of organic Hom Mali Rice in the same area. Currently, the Moral Rice is developing its new distributing channels through various networks such as the Thailand Post (Yummy Post Project), leading department stores and direct sales. Moreover, the DRF farmers group has established and operate 16 Moral Rice learning centres across Yasothorn and nearby provinces for public knowledge sharing. Hence, strategic branding through PAR method can deliver the long-term solution for farmers to overcome the marketing problems and create brand attachment to the consumers in various distribution channels.

Keywords: composting organic fertilizers, aeration pile, turning pile and static pile

Introduction

Organic Thai Hom Mali Rice has recently become a popular alternative product among Thai farmers. This is mainly because farmers have expected an increasing premium value of this organic product, which are well produced and standardized. In 2006, organic Thai Hom Mali Rice is produced over 9 provinces of Thailand including; Surin, Roi-et, Srisaked, Buriram, Ubon Ratchathani, Yasothon, Chiang Rai, Amnatcharoen, and Phayao, with total land area of 807,737 rais, total grain products of 230,881 tons, and exported rice volume of 1,627 tons. Although the production in Yasothon province ranked 6th in volume compared to the other provinces in 2006, its exported rice volume was highest, accounting for 60% of the total exported volume of the country (see Table 1).

Table 1: The situation of organic Thai Hom Mali Rice production in 2006, Thailand

No.	Province	Total planting area	Grains produced (ton)	Producer/Group (people/group)	Number of rice mill	Exported rice (ton)
1	Surin	195,978	90,149	12,584	11	405
2	Roi-et	321,357	46,147	-	1	-
3	Srisaked	110,697	44,279	8,750	-	-
4	Buriram	102,659	23,000	200 groups	3	-
5	Ubon Ratchathani	25,160	16,064	1,261	1	240
6	Yasothon	36,886	9,952	1,676	5	982
7	Chiang Rai	5,800	3,480	658	-	-
8	Amnatcharoen	8,000	3,200	1,220	-	-
9	Phayao	1,200	600	42	1	-
Total		807,737	230,881	200 groups, 26,191	22	1,627

Source: Office of Commercial Affairs, Surin

Although farmer group in Yasothon province, who used to regularly export organic rice for many years, they have also suffered from the price slump in 2005/2006. At that time, selling price of grains was only at 6-7 baht per kilogram which was essentially equal to the selling prices of general Thai Hom Mali Rice in the market. Consequently, the leaders of the farmer groups under Dharma Ruam Jai Foundation network in Naso district, Yasothon province, and those in nearby provinces, contacted and asked for support from the Co-operative Academic Institute (CAI), Kasetsart University, in order to determine a long-term resolution to the problem. Eventually, the “Moral Rice” research project was unanimously agreed to be conducted in search of the long-term effective marketing solution for the farmers group under “The Co-operatives Movement and Fairtrade Development” research project of CAI. This Participatory Action Research (PAR) project, supported by Thailand Research Fund (TRF), has been ongoing for 3 years from the planning year of 2006-2007 to 2008-2009

This research project intends to extend the knowledge collection of “Value Network Connection” initiated in Patrawart (2006). This approach aims to encourage the alliance connection under the supply chain management through Branding and Marketing Channel of organic Thai Hom Mali Rice products and aims to find the resolution to the falling price problem as well as the long-term Value Creation practice for organic Thai Hom Mali Rice. This paper will illustrate how the strategic branding through PAR method can deliver a long-term solution for farmers to overcome the marketing problems and create brand attachment to the consumers in various distribution channels. The findings would be beneficial to those who

are involved in this research field, particularly farmers, entrepreneurs, practitioners and policymakers who can apply the idea to their responsible duties further. This paper is organized as follows; Section 2 addresses the conception framework while Section 3 demonstrates the data and the research methodology. The results and conclusions and recommendations to the study are presented in Section 4 and 5 respectively.

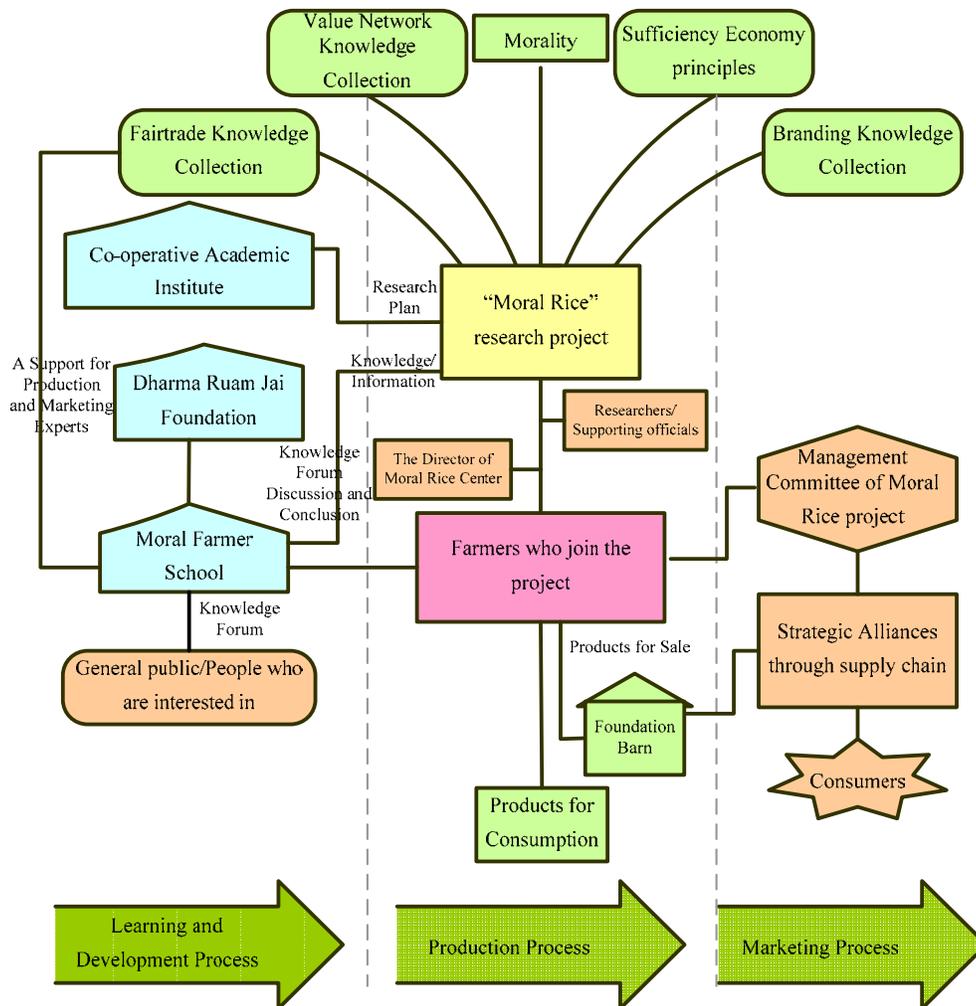
Conception Framework

The conception framework in this study has been adapted from “Value Network Connection,” initiated in Patrawart (2006), in order to connect the alliances under the supply chain. This comprises of 3 operational steps;

Step 1: Learning and Development Process, which was advocated by researchers from CAI through knowledge management process for farmers who participated in the project, including the Knowledge of Network Value Connection, Sufficiency Economy principles, Supply Chain Management, Branding, and Fair-trade.

Step 2: Production Process, which was operated by researchers of Dharma Ruam Jai Foundation, co-operative officers, and the Director of Moral Rice Center so that the process was in compliance with the common production model.

Step 3: Marketing Process conducted by management committee of the project under the agreed strategies (Picture 1).



Picture 1: Conceptual framework of Moral Rice research

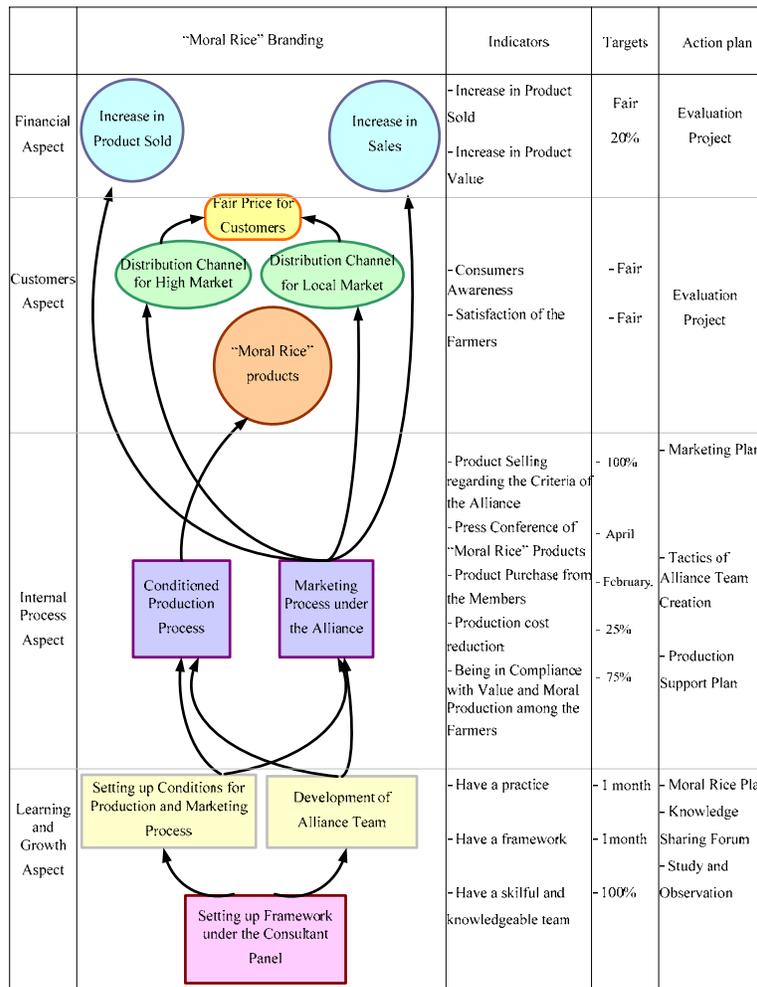
Data and Research Methodology

Under the Participatory Action Research which was continuously conducted for 3 years during the cropping years of 2006-2007, 2007-2008, and 2008-2009, there were 108, 71, and 160 participating farmers; with grain production of 168, 464, and 500 tons through the project with farmer price of 10.50, 10.50 and 16 baht per kilogram, respectively. This was higher than general farmer price in the market during the same time period.

Table 2: Information of the research project from the planting year of 2006-2007 to 2008-2009

Planting year	Agriculturists participating in the project (people)	Grains product gathered through the project (tons)	Grains purchase price of the project (baht/kg)	Grains purchase price in the market (baht/kg)
2006-2007	108	168	10.50	8.00
2007-2008	71	464	10.50	8.00
2008-2009	160	500	16	15.00

The research procedures were in compliance with the agreed strategies in order to achieve “Moral Rice” Branding (see Picture 2). This was comprised of 4 aspects of the strategic plan: Learning and Growth, Internal Process, Customers, and Financial, which were value creation to organic Thai Hom Mali Rice products (Picture 2).



Picture 2: Research methodology

Results and Discussion

The research outcomes could be summarized as follows:

The Creation of Moral Conduct in Organic Thai Hom Mali Rice Production

The results from knowledge management process for farmers under Dharma Ruam Jai Foundation network, which now has 160 members, was an establishment of the moral conditions of Moral Rice growing. The participated farmers have agreed to adopt the moral conduct within the group by committing to **giving up on Liquor, Smoking and Gambling altogether** and have used these moral codes in the new brand for their organic Hom Mali rice called “Moral Rice”.

Furthermore, the farmers’ declaration has been set up in 8 aspects as follows:

- 1.) To recognize the organic agricultural standards based on self- reliance
- 2.) To exchange knowledge amongst the members once a month
- 3.) To conduct knowledge sharing forum continuously

- 4.) To develop the knowledge collection of the procedures after harvesting
- 5.) To develop 2 distribution channels of rice and grains
- 6.) To grow grains to achieve the minimum standards of 38 grams
- 7.) To respect the five Buddhist precepts and deny the three vices (no gambling, no smoking, no liquor)
- 8.) To determinedly create 'The Moral Rice' to be a publicly remarkable brand

The establishment of Moral Rice Brand

After establishing the "Moral Rice" brand for the Dharma Ruam Jai Foundation network's organic Thai Hom Mali Rice, the product has been widely accepted by customers and business alliances throughout the supply chain, generating Brand Equity (see Table 3) of the organic Thai Hom Mali Rice products produced by the Moral Farmer network of the Foundation. The keys to success of this new branding involve (1) creating awareness of the products among the general public; (2) creating the uniqueness value of the products; (3) creating positive attitude to the product, (4) creating competitive advantage to the product. These value creations have enabled the farmers to sell grains with much higher prices than the general organic Thai Hom Mali Rice. In addition, the customers were very pleased to pay for that margin, as they gladly wanted to support quality people and help lifting up the farmers' quality of life. Moreover, different selling prices could be differently set up through the differentiation of the distribution channels (Table 3).

Table 3: Selling prices of Moral Rice based on each distribution channel

No.	Distribution channel	Selling prices (baht/kg)
1	Siam Paragon	48.00
2	The Mall Groups	47.00
3	Thailand Delicious Food Project by Thailand Post	38.00 (postal excluded)
4	Others	28.00

Remark: Information surveyed in June 2009

The Trademark Registration of Moral Rice

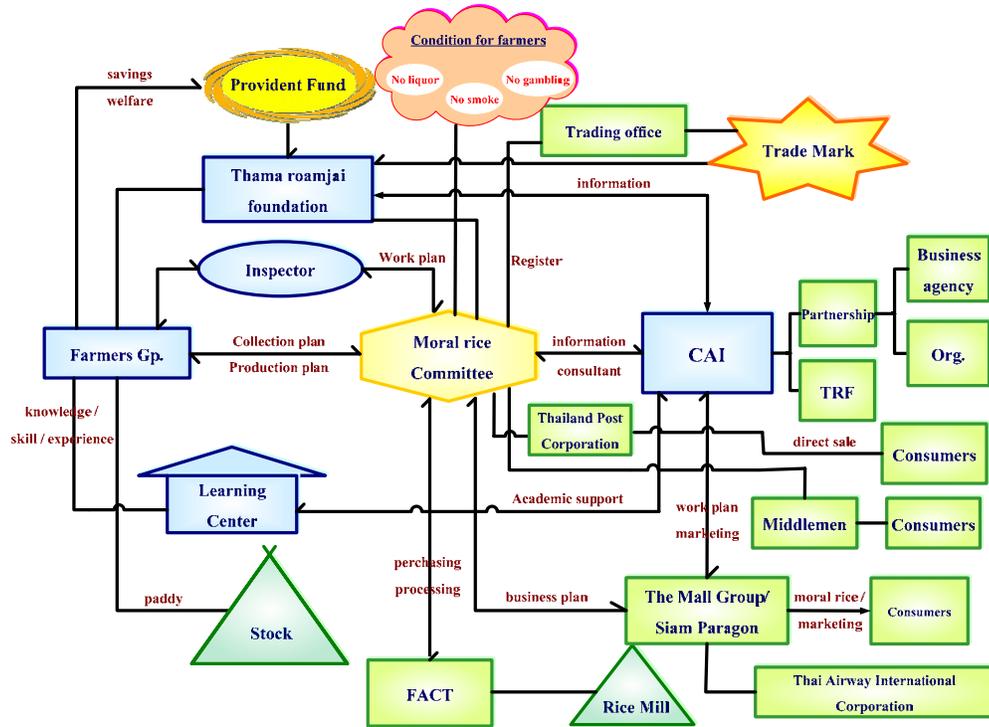
"Moral Rice" brand has registered its trademark with the Ministry of Commerce of Thailand on behalf of Dharma Ruam Jai Foundation. (Petpha, 2009)



Picture 3 : Trademark of Moral Rice

Value Chain Establishment

"Value Chain" of business under the Organic Thai Hom Mali Rice Supply Chain has been established in order to solve the falling price problem of Thai Hom Mali Rice based on reliance and co-operative values (see Picture 4).



Picture 4: Value Chain of business to solve the falling price problem based on reliance and cooperative values

Conclusions and Recommendations

The strategic branding of “Moral Rice” by the Farmer Network under Dharma Ruam Jai Foundation can be considered as a good example of a successful marketing strategy to overcome the price fluctuation problem in organic Thai Hom Mali Rice. This approach can be considered as a solution based on the principles of reliance and cooperation among the farmers and independent from the support of the government. Moreover, this is a long-term resolution to the problem since it generates Brand Equity and Brand Attachment to the organic Thai Hom Mali Rice products and its customers.

For the participated farmers, they could sell their products in higher price than the market price throughout the 3-year period during the research project. Also, according to the evaluation survey, most respondents report that they were pleased to pay for Moral Rice at a higher price than other organic Thai Hom Mali Rice products because they wanted to support moral farmers. Additionally, Moral Rice is also a good product for giving to other people as souvenirs or for making merit. Furthermore, the innovative moral practices of Moral Rice farmers has, apart from effectively and remarkably increased the selling price of rice, but has also developed the farmers’ lives to be an excellent model of “**moral, skilful, and knowledgeable**” farmers. These unique practices have widely attracted the attentions from students, government officials, the Thai public and foreigners to learn from this process.

The case study on “Moral Rice” is an interesting concept for policymakers in establishing a new policy in solving agricultural products’ price fluctuation problems based on reliance and co-operative values instead of involving the government’s interventionist policy which requires considerable budget and opens to corruption problems. Not only can this approach solve the falling price problem in agricultural products, it also encourages farmers to apply Sufficiency Economy principles to their lives which will eventually lead to the development to the Fair-trade system.

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