



## MARKETING STRATEGIES OF AGRICULTURAL VEHICLES (E TAN) OF THE ST AUTO TIRE CO., LTD., CHUMPAE DISTRICT KHON KAEN PROVINCE

Supattra Jantarayota<sup>1</sup>

Ruchirat Patanathabutr<sup>2</sup>

<sup>1</sup> *Master student, Master of Business Administration Program, College of Graduate Study in Management, Khon Kaen University*

<sup>2</sup> *Assistant Professor, College of Graduate Study in Management, Khon Kaen University*

### Abstract

The objectives of this study were to explore the environment of management, the opinions of business owners about the marketing mix, the levels of opinions of farmers' opinions on the marketing mix and to develop the marketing strategies of the agricultural vehicles (E Tan). According to the result, farmers who want to purchase the agricultural vehicles (E Tan) pay attention to quality, materials and equipment, modern and practical designs, supplier's reputation, and advantages of the vehicles. Regarding the marketing mix of ST Auto Tire Co., Ltd., the level of respondents' opinion was found at the strongly agree level in terms of price, products, place or channels of distribution and promotion, respectively. Respondents of different service use history, districts of residence, genders, age groups, education levels, annual household income levels and household debt levels share the same level of opinion on the marketing mix of ST Auto Tire Co., Ltd., with a significant statistical difference at 0.05. The marketing strategies of ST Auto Tire Co., Ltd., Chumpae District, KhonKaen Province, consist of 3 projects, including a project on "Easy Installment Pay for BAAC Customers" for the S-O strategy, Chai Khao Chai Rao project for the W-O strategy, and a project on "Patent Registration" for the S-T strategy, with the estimated budget is 108,200 baht. After the implementation of these projects, it is expected that ST Auto Tire Co., Ltd., will receive more orders of the agricultural vehicles (E Tan) from the customers of the Bank for Agriculture and Agricultural Co-operatives. In addition, the staff at ST Auto Tire Co., Ltd., will be high spirited at work. The problems about product rotation will be solved and the agricultural vehicles (E Tan) will be manufactured in time for the customers.

**Keywords:** agricultural vehicles (E Tan), ST Auto Tire Co., Ltd., KhonKaen Province

## Introduction

Kittichoke Auto Tire is a family business selling tires for all cars and agricultural vehicles. The business started in 1977 in Chupae District, KhonKaen Province. Being in the tire business for a long period of time, Kittichoke Auto Tire is well known among customers in Chumpae District and nearby provinces.

In 2012, a new branch was opened under the name ST Auto Tire Co., Ltd. It is a 2-unit commercial building, located at 100-101 Maliwan Road, Non Han Sub-district, Chumpae District, KhonKaen Province. The shop sells tires for all vehicles, including agricultural vehicles, and offers one-stop automotive services. Later, in 2014, SirichaiSuwansarn, who is the eldest child in the family, saw the potential to expand the agricultural vehicle business and, as Chumpae District is an important agricultural center, ST Auto Tire Co., Ltd., decided to start the business about the agricultural vehicles (E Tan).

In general, the vehicles used in agricultural activities are small and medium trucks. They are mainly used to transport 1-4 tons of agricultural goods. These vehicles are manufactured in Thailand and most of them are made from used spare parts or second-hand parts of trucks with a single cylinder diesel engine. The speed limit is between 40/60 kilometers per hour. It is widely used among Thai farmers because of its cheap price between 80,000-300,000 baht and designs.

According to the aforementioned facts, the researcher who is one of the business owners can see that there is a growth potential for the business about the agricultural vehicles (E Tan) in the near future. As the minimum wage has been increased, farmers have also changed their working style from using labor to using more labor-saving devices. Therefore, the researcher gathered the general information about farmers in Chumpae District, Khonkaen Province, and their behavior towards the agricultural vehicles (E Tan) and, with this information, the researcher has created marketing strategies for becoming the leader of the agricultural vehicles (E Tan) business in the future.

## Research Objectives

The objectives of this study were to examine the environment of management, the opinions of business owners about the marketing mix, the levels of opinions of farmers on the marketing mix and to offer the marketing strategies of the agricultural vehicles (E Tan).

## Methodology

This applied research adopted descriptive social science research methodology to interpret, analyze and assess the data and used descriptive analytical method to present the research [1]. In addition, descriptive statistics were used to explain dispersion of the data, frequency, mean value and differences of variables. Inferential descriptive statistics were also employed to explain relations between the data and hypotheses and the method of inference was used to come to conclusions about the population [2].



### Framework

Regarding the research framework, there were 2 inputs in this study. The first input was a group of business owners who were interviewed on the issues of the environment of management. The result obtained from this group of respondents is the information about the environment of management. The second group includes both old and new customers of ST Auto Tire Co., Ltd., classified by service use history, districts of residence, genders, age groups, education levels, annual household income levels and household debt levels. The researcher carried the business data analysis and then used a questionnaire constructed based on the customer behavior theory, the decision process theory, the marketing mix theory and the management theory. Later, the results from the 2 groups were compared to the findings in other related studies. The results were also used in the brainstorming process to create the marketing strategies that are directly in line with the customer behavior.

### Hypothesis

Regarding the general information, customers of ST Auto Tire Co., Ltd., Chumpae District, KhonKaen Province, who have different service use history, districts of residence, genders, age groups, education levels, annual household income levels and household debt levels, possess the same level of opinion on the marketing mix of ST Auto Tire Co., Ltd.

### Scope of the study, population and samples

The population in this study is a group of customers in Chumpae District, KhonKaen Province, including 30 old customers and 390 new customers of ST Auto Tire Co., Ltd. The researcher received 420 questionnaires in total.

### Research instruments and validation

As for the instrument validation, the researcher used an index of consistency (IOC) to examine the quality of the research instrument [3] by asking 3 experts, including the owner of ST Auto Tire Co., Ltd., Chumapae District, KhonKaen Province, SirichaiSuwansarn, the owner of Wasan Auto Garage, Chumpae District, KhonKaen Province, WasanRaksasap, and an expert in marketing and management, Assistant Professor RuchiratPatanathabutr, Ph.D., criticize and revised the questionnaire. As a result, the IOC value showed that the questionnaire was reliable enough to be used in this study.

### Data collection

To collect the data, the researcher conducted a convenience sampling in April, 2015.

### Research conditions

The hypothesis testing was utilized to accept or reject the null hypothesis ( $H_0$ ). The null hypothesis was accepted when the computed significant value was 0.05 or higher and the null hypothesis was rejected when the computed significant value was less than 0.05.

## Results

Environmental analysis of ST Auto Tire Co., Ltd.

External environment (PESTE)

Considering the politics, administration and law, the long-term political problems caused

the agricultural business to slow down as most farmers did less agricultural activities and got together as a mob at different places. However, since the situation became better, the economy began to pick up again.

With regard to the economy, the first quarter economic and financial report of 2015 has reviewed that the economy is not strong. There is a decrease in exports and expenses of private sectors, resulting in a small increase in unemployment. Although the government has spent more money on investment, the low oil price and weak economy cause negative inflation rates and slow inflation rates [4].

Regarding the society and culture, Chumpae District, KhonKaen Province, is still an agricultural society, in which most members live normal lives and preserve old traditions.

As for the technology, its rapid and continuous development creates positive impacts on the lives of people in various aspects, including education, research and development, work and business.

With reference to the environment, climate change makes direct impacts on the lives of farmers.

#### **Competitiveness Analysis (Five Forces Model)**

On the subject of competitive rivalry in the industry, the manufacturing business of the agricultural vehicles (E Tan) in Chumpae District, KhonKaen Province, is not yet intensely competitive. This is because ST Auto Tire Co., Ltd., has the capabilities in terms of modern tools and adequate staff for manufacturing high quality and competitive products.

With regard to the bargaining power of buyers, the manufacturing business of the agricultural vehicles (E Tan) requires professional skills concerning the product designs, the fineness of the products, as well as a variety of color options and patterns; therefore, ST Auto Tire Co., Ltd., has the advantage over other competitors in terms of pricing the agricultural vehicles (E Tan).

Considering the bargaining power of suppliers, since the manufacturing business of the agricultural vehicles (E Tan) has been running for a short period of time, the shops still do not have direct contact with major suppliers, resulting in high and instable marginal cost.

Regarding the threat of new entrants, becoming manufacturers of the agricultural vehicles (E Tan) requires a high level of skill, expertise and experience. Going into this business is not easy; therefore, the threat of new entrants does not produce missive impacts.

In terms of the threat of substitute product, as the market of consumer goods is large, there are always new products or substitute products in the market. However, there is a limitation in that the agricultural fields are not accessible for general cars. Only the agricultural vehicles (E Tan) can work efficiently in the fields and they can transport agricultural products without expensive maintenance. These are the reasons why a large number of farmers prefer the agricultural vehicles (E Tan).

General information of respondents in Chumpae District, KhonKaen Province

According to the general information, most of the respondents are male farmers, aged 46-60, who have completed the primary education, and they have 3 members in the household with the annual household income of 100,000-140,000 baht and the household debt of less than 50,000 baht.



Behavior of respondents in Chumpae District, KhonKaen Province

The respondents were divided into 2 groups, including a group of owners of the agricultural vehicles (E Tan) and a group of non-owners of the agricultural vehicles (E Tan). The respondents in both groups possess the same customer behavior. They themselves and their spouse had the influence on the purchasing decision making. They used the agricultural vehicles (E Tan) and cars in their agricultural activities. After placing an order, they had to wait 2-15 days to receive the agricultural vehicles (E Tan). Before making the purchasing decision, they had searched for the information about the products themselves. In their decision making, they considered the product quality and the materials and equipment. In their opinion, the price of the agricultural vehicles (E Tan) should be between 110,000-170,000 baht, excluding the engine. In purchasing the products, they wanted to receive a loan from the Bank for Agriculture and Agricultural Co-operatives, while the on-site services are optional.

Customer opinions and different levels of customer opinion on the marketing mix of ST Auto Tire Co., Ltd., Chumpae District, KhonKaen Province

The customer opinions on the overall marketing mix and the separate marketing mix factors of ST Auto Tire Co., Ltd., Chumpae District, KhonKaen Province, were found at the agree level and the strongly agree level, ranking from high to low mean scores as follows: price, products, place or channels of distribution and promotion.

Concerning the price, the customer opinion was at the strongly agree level with regard to appropriate and reasonable prices and clear price displays.

With regard to the products, the customer opinion was found at the strongly agree level in terms of supplier's reputation, quality of the agricultural vehicles (E Tan), advantages of the vehicles, materials and equipment, a variety of colors and patterns, modern and practical designs as well as efficient mechanics. In addition, their opinion was rated at the agree level regarding various designs of the agricultural vehicles (E Tan), waiting durations for the products, uniqueness of the products, assistance and after sales services, and on-site services.

Regarding the place or channels of distribution, the customer opinion was rated at the strongly agree level for the well-established shops and service centers and at the agree level for the product displays.

Considering the promotion, the opinion on this marketing mix factor was found at the strongly agree level regarding special discounts and lucky draw events offered to customers who have made purchases at the shop. In addition, at the agree level, the respondents think that the staff should provide customers with information about the products. News and information should be disseminated directly to farmers through advertisement and public relations events, including exhibition booths.

#### **Marketing Mix of ST Auto Tire Co., Ltd., Chumpae District, KhonKaen Province**

The marketing strategies of ST Auto Tire Co., Ltd., Chumpae District, KhonKaen Province, consist of 3 projects, including a project on "Easy Installment Pay for BAAC Customers" for the S-O strategy, Chai Khao Chai Rao project for the W-O strategy, and a project on "Patent Registration" for the S-T strategy, with the estimated budget is 108,200 baht. After the implementation of these projects, it is expected that ST Auto Tire Co., Ltd., will receive more

orders of the agricultural vehicles (E Tan) from the customers of the Bank for Agriculture and Agricultural Co-operatives. In addition, the staff at ST Auto Tire Co., Ltd., will be high spirited at work. The problems about product rotation will be solved and the agricultural vehicles (E Tan) will be manufactured in time for the customers.

## Discussion and Recommendations

### Conclusion

The results of this study agree with the objectives as the researcher has found that most of the respondents are new customers, male, aged 46-60, who are farmers with primary education, 3 members in the household, annual household income of 1000,000-140,000 baht and household debt of less than 50,000 baht. Their overall opinions on the marketing mix factors of ST Auto Tire Co., Ltd., Chumpae District, KhonKaen Province, were found at the agree level and the strongly agree level, ranking from high to low mean scores as follows: price, products, place or channels of distribution and promotion.

### Discussion

The findings of this study are in line with the objectives and the results have been discussed regarding the marketing mix factors as follows:

Considering the products, most customers rated materials and equipment of the agricultural vehicles (E Tan) and reputation of supplier at the most important level. If the supplier offers the agricultural vehicles (E Tan) of high standard and excellent quality, the supplier will earn good reputation.

As for the price, most customers rated appropriate and reasonable prices and clear price displays at the most important level, respectively. Therefore, ST Auto Tire Co., Ltd., should price the agricultural vehicles (E Tan) based on the quality as the prices affect farmers' incomes and expenses.

Regarding the place or channels of distribution, most customers rated well-established shops and service centers and the product displays in the shops at the most important, respectively.

In terms of promotion, most customers rated special discounts or lucky draw events for customers who had made purchases at the most important level.

### Recommendations

There should be a study on factors affecting staff performance, such as motivations and attitudes.

The sample group may also include farmers in nearby provinces to obtain the information about customer behavior and create guidelines on marketing mix accordingly.

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