

ABSTRACT

Abstract of thesis submitted to the Graduate School Project of Maejo University in partial fulfillment of the requirements for the degree of Master of Science in Agricultural Economics

THE STRUCTURE AND PROCESS OF VEGETABLE SEEDS MARKETING IN CHIANG MAI PROVINCE

By

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SEPTEMBER 2001

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The objectives of this thesis were to study the different structures and processes of vegetable seeds marketing in Chiang Mai and to analyze the efficiency of the vegetable seeds markets to serve as guidelines to develop the structure and process of vegetable seeds marketing in Chiang Mai province.

The method of quantity analysis was used to study the structure of the market through market concentration analysis or Concentration Ratio (CR) and Herfindahl Summary Index (HIS) which were measured from the size of the business of vegetable seeds marketing in Chiang Mai province.

The results of the study on marketing structure revealed that shops selling vegetable seeds usually practice open trading whereby seeds are received from dealers and then directly sold to the farmers. On the other hand, CR results showed high concentration value for seed dealers in Chiang Mai, indicating market monopoly in nearly every district except in Muang and Jomthong where medium concentration is shown, implying an oligopoly market. This was in correlation with HIS result which showed that vegetable seed market dealers in Chiang Mai are either monopolistic or oligopolistic with slight competition. Therefore, seed dealers have to use

marketing techniques to provide varying products and services among vegetable seeds in order to set up differing seed prices. The results of the study also showed that buying decision of seed retailers was usually based on the reputation of seed company, seed breed characteristics, seed quality and consumer demand. The results also showed a high difference among the seed trademarks wherein each trademark is more preferred by farmers in a particular site. This causes difficulty for competitors to share the market. The seed company usually sets up demonstration farms in order to increase its share of the market even though this method might more be time-consuming and expensive for the company. In areas where the competition for marketing promotion is high, farmers tend to have better knowledge of the seeds.

As for the study of marketing margin, the results showed that seeds market in Chiang Mai has an estimated margin of 32.65% with the highest margin between the seed company and the wholesaler (about 11.81%) while estimated marketing margin between wholesaler and retailer in each district was 9.47%. On the other hand, the estimated marketing margin between retailer in each district and consumers and between retailer in each district and local fresh vegetable dealers were 7.95% and 3.42%, respectively.

Since the market behavior of seed industry in Chiang Mai showed both monopolistic and oligopolistic characteristics, seed companies dictate the prices. However, in some cases, Chiang Mai wholesalers would set up the prices again based on their capital buying investment, consumer demand and competing market seed prices. Hence, the vegetable seed company has to emphasize seed quality and genetic lines, price of breeding lines, services provided by the seed company and technical advantages. The seed retailer usually gives technical advice and information about diseases and pests, discounts and premium, as part of its customer service.

From this research, it is recommended that: 1) the government should support the conduct of more studies on breeding improvement of vegetable seeds for higher seed quality; 2) the government should provide forecast of future seed supply and should allow more seed imports to increase seed market competition leading towards price stability and more farmers' benefits; and, 3) the government should supervise and set up the quality and standard of vegetable seeds being sold to the farmers besides actual legal implementation of seed control.

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