

**SUPPLIER SELECTION CRITERIA FOR THAI RICE EXPORTS
TO AFRICA THAT OVERCOME PRICE FACTOR**



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entitled
**SUPPLIER SELECTION CRITERIA FOR THAI RICE EXPORTS
TO AFRICA THAT OVERCOME PRICE FACTOR**

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ABSTRACT

Thailand has just regained our throne of number 1 rice exporter from India in quarter 3, 2014 thank to the cancellation of rice pledging scheme, allowing Thai rice price to float naturally. But before this, many Thai rice exporters almost died out from unrealistic high rice price. Thailand's exporting volume of rice was dropped from the first ranking to the third. From this situation, it could be seen that most Thai rice exporters purely rely themselves on the price. In this case, the author would like to find out other criteria that have impact on supplier selection of buyers more than price, aiming to find new aspects for the exporters to develop their business and compete in the global market. As different rice markets have different conditions, Africa market was selected by its highest region of importing Thai rice.

Past researches on supplier selections were studied. 9 top criteria from past studies and 2 lower criteria were selected from their relation to the topic. The criteria were rated the importance via online questionnaire by qualified respondents. The factor analysis was done and came up with 2 major criteria that hugely influence buyers' selection criteria on Thai rice exporters. The results of this study really gave new insight and will be really beneficial for Thai rice exporters to win in the global field.

KEY WORDS: Thai rice exporter/ Supplier selection criteria/ African rice market/
Low-price market

22 pages

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CHAPTER I

INTRODUCTION

Rice has been the life for Thai people for centuries. It is also well-known to the world that Thailand is the main rice exporting country. Although we lost our throne of world rice biggest exporter in 2012-2013, we now have regained our position as the highest rice exporters in the first half of year 2014 with the exporting volume of 4.263 million tons, 61.29% increase from the same period last year, followed by India (3.934 million tons) and Vietnam (2.67 million tons) (Thaipublica, 2014.) The main factor results in this returned glory is thanks to the cease of the rice pledging scheme (Agrimoney.com, 2014.)

With the rice pledging scheme, Thai rice price was unrealistic high at \$650 per ton, for the benchmark grade of 5% broken rice (Agrimoney.com, 2014), while the current price in Sep, 2014 is \$450 per ton. With this difference, it undoubtedly affects Thai rice export volume.

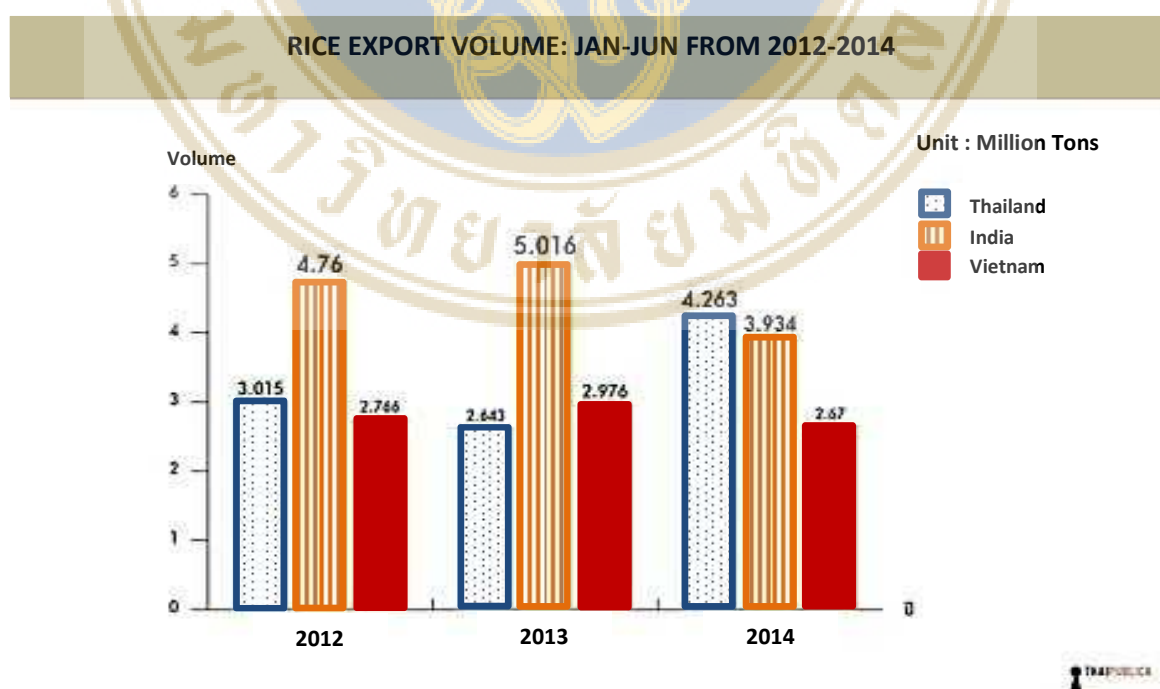


Figure 1.1 Rice Export Volume: Jan-Jun From 2012-2014

1.1 Problem statement

Now that the market returns to its natural mechanism, anti-clientelistic rice exporters are coming back to their familiar market and compete with one another to recover their long lost revenue. As rice is a homogeneous product, especially rice to Africa where premium or value-added rice is not in demand, most Thai rice exporters use price strategy and cost management as their core competencies in this market, trapping rice exporters in price war. While rice price can be fluctuated by many factors, ranging from domestic and international supply and demand, global rice price, competitors' rice price to the intervention by the government from time to time, Thai rice exporters leave most of their destiny on the flow of opportunities and threats rather than their own control. To unleash Thai rice exporters from this price war trap, the author would like to find out significant factors that influence the supplier selection criteria of rice buyers that are not just lowest price.

As various markets can have various preferences, the author chose to look into Africa market, which is the biggest importing region for Thai rice according to statistics consoled by Thai Rice Exporters association (Thai Rice Exporters Association, 2014) in Figure 1.2.

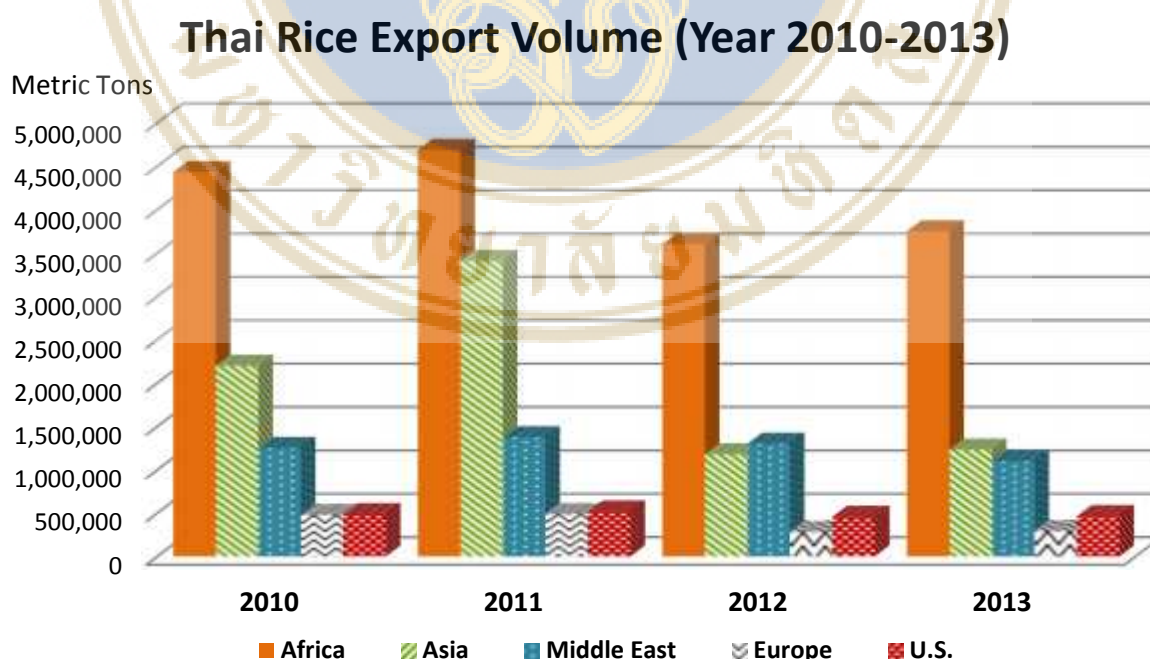


Figure 1.2 Thai Rice Export Volume (Year 2010-2013)

Source: Thai Rice Exporters Association

Although the orders are placed to Africa, more than 50% of the business is negotiated with traders in Hong Kong and Singapore, so this study focused more on Thai rice exporters' selection in international context rather than focusing on Africa culture, which is not direct counterpart for Thai exporters.

1.2 Background of Thai rice exporting business

For people who are not in rice industry, they may think of rice export as in branded bags or packages like most people see in the supermarket. This idea is also correct but partially. To have the same understanding and picture of the scenarios that this paper studied on, the author would like to explain the business scope and nature of the business in this section.

Rice exporting companies can have both of their own house brands and OEM branding, for which exporters pack based on their customers' requirements and print the brand as provided artworks and designed by customers. More conventionally, the exporters also can sell rice in bulk loadings without any packages but directly loaded in lighter vessels as in photos below.



Figure 1.3 Conventional Bulk Loading

Source: <http://cargooffers.blogspot.com/2012/10/6000-mt-10-bulk-sulphur-non-imo.html> & <http://forum.bulk-online.com/attachment.php?attachmentid=35199&d=1358722665>

As European and U.S. market that usually require new crops and /or premium grade of rice with premium price, rice exporters can offer various proposals to their clients to compete in the market. Unlike European and U.S. market, Africa market mainly demands for Thai Parboiled Rice, Thai White Rice and Broken Rice ranging, which is upper-middle to low grade with low price.



CHAPTER II

LITERATURE REVIEW

To find out the factors that supersede lowest price sourcing for rice in Africa market, supplier selection criteria studies in previous researches are examined.

2.1 Supplier Selection Criteria

From various literatures of supplier selection, over 60 criteria were cited to be used by procurement departments across industries (Kar, A.K. & Pani, A.K., 2014). Some past researches showed that three most important criteria are product price, quality, and delivery reliability (as cited in Voss, D., 2013). However, the classic study that was cited by many papers (Kar, A.K. & Pani, A.K., 2014; Benyoucef, L., Ding, H., & Xie, X., 2003) is Dickson's work in 1966. From Dickson's study, supplier selection criteria that had "Extreme importance" were product "quality", "on-time delivery", "performance history" and "warranties and claim policy" while "price" was considered to be less importance at "Considerable importance" level. The rank of criteria's importance can be found in Table 2.1 (as cited in Benyoucef, L., Ding, H., & Xie, X., 2003).

In more recent studies, new evaluation criteria like "culture", "communication barriers", "foreign exchange rates", "tariffs or customs duties", "trade restrictions", "environmental factors", and "electronic transaction capability" were added to the list. As time goes by, not only new criteria emerge but also has it been proved that the importance of each criterion can be changed due to the changing business context and across different industries. For example, the importance of geographical location criterion moved higher when Just-In-Time concept was introduced (Kar, A.K. & Pani, A.K., 2014). "E-transaction capability" would also not be added if we did not enter to information technology era.

Table 2.1 Dickson's supplier or vendor selection criteria

Rank	Criteria	Main rating	Evaluation
1	Quality	3.508	Extreme importance
2	Delivery	3.147	
3	Performance history	2.998	Considerable importance
4	Warranties and claim policies	2.849	
5	Production facilities and capacity	2.775	
6	Price	2.758	
7	Technical capability	2.545	
8	Financial position	2.514	
9	Procedural compliance	2.488	Average importance
10	Communication system	2.426	
11	Reputation and position in industry	2.412	
12	Desire of business	2.256	
13	Management and organization	2.216	
14	Operating controls	2.211	
15	Repair service	2.187	
16	Attitude	2.120	
17	Impression	2.054	
18	Packaging ability	2.000	
19	Labor relations record	2.003	Slight importance
20	Geographical location	1.872	
21	Amount of past business	1.597	
22	Training aids	1.537	
23	Reciprocal arrangements	0.610	

(as cited in Benyoucef, L., Ding, H., & Xie, X., 2003)

Kar, A.K. & Pani, A.K. evaluated over 60 supplier criteria to identify the essential criteria across Indian manufacturing industries, ranging from Iron and steel, automobile, Agro-based to Non-electronic machinery. Agro-based industry had relative weight of marketing cap. and sales at 8.9% and 17.3% respectively. The results show that the most important supplier selection criteria are still “product quality” and “delivery compliance” while “price” is on the third ranking. New significant increasing trend criterion that is worth anticipating for is “electronic transaction capability”. Other critical criteria that also have significant importance are “product capability”, “technology capability” and “financial position” while criteria that have less importance are “cultural difference”, “quality management systems”, “labor relations”, “foreign exchange rates” and “geographical location”. If focusing on only Agro-based products, the highest importance criteria are “product quality”, “price” and “delivery” respectively. (Kar, A.K. & Pani, A.K., 2014).

Another study that is more specific in rice industry is “Customer-supplier relationships in the UK trade of rice” by Hogg, A., Kalafatis, S.P., & Blankson, C., (1996). Hogg, A., Kalafatis, S.P., & Blankson, C., conducted surveys to see the importance of 16 variables towards the relationship of customer-supplier in the UK trade of rice. The questionnaire consisted of 5-point scales: 1 for “not at all important” and 5 for “extremely important”. The important variables that customers used to consider their rice suppliers in the UK ranked as Table 2.2.

Table 2.2 Perceived importance of relationship forming variables towards suppliers

Variables	Mean
Price	4.67
Trustworthiness	4.61
Reliability	4.44
Product consistency	4.40
Product quality	4.39
Responsiveness	4.17
Credit policy	4.11
Service	4.05
Flexibility	3.94
Privilege information	3.89
Personal relationship	3.89
Co-operative attitudes	3.80
Respectability	3.67
Empathy	3.29
Friendliness	3.28
Likeability	3.23

(Hogg, A., Kalafatis, S.P., & Blankson, C., 1996)

In an international business dimension, Min, H. broke down the detailed attributes of financial factor that had an impact on international supplier selection into cost, payment terms and freight terms in his journal on "International Supplier

Selection: A Multi-attribute Utility Approach" (Min, H., 1994). These attributes are the main issues that have to be negotiated in the contracts of Thai rice trade and should not be overlooked on how much they influence the supplier selections of the buyers.

From the mentioned studies above, the author selected highly cited supplier selection criteria and some interesting variables to study in this thematic paper to see how these criteria influence the Thai rice exporter selection for Africa market and identify the criteria that can overrule lowest price criterion.

2.2 Conceptual Framework

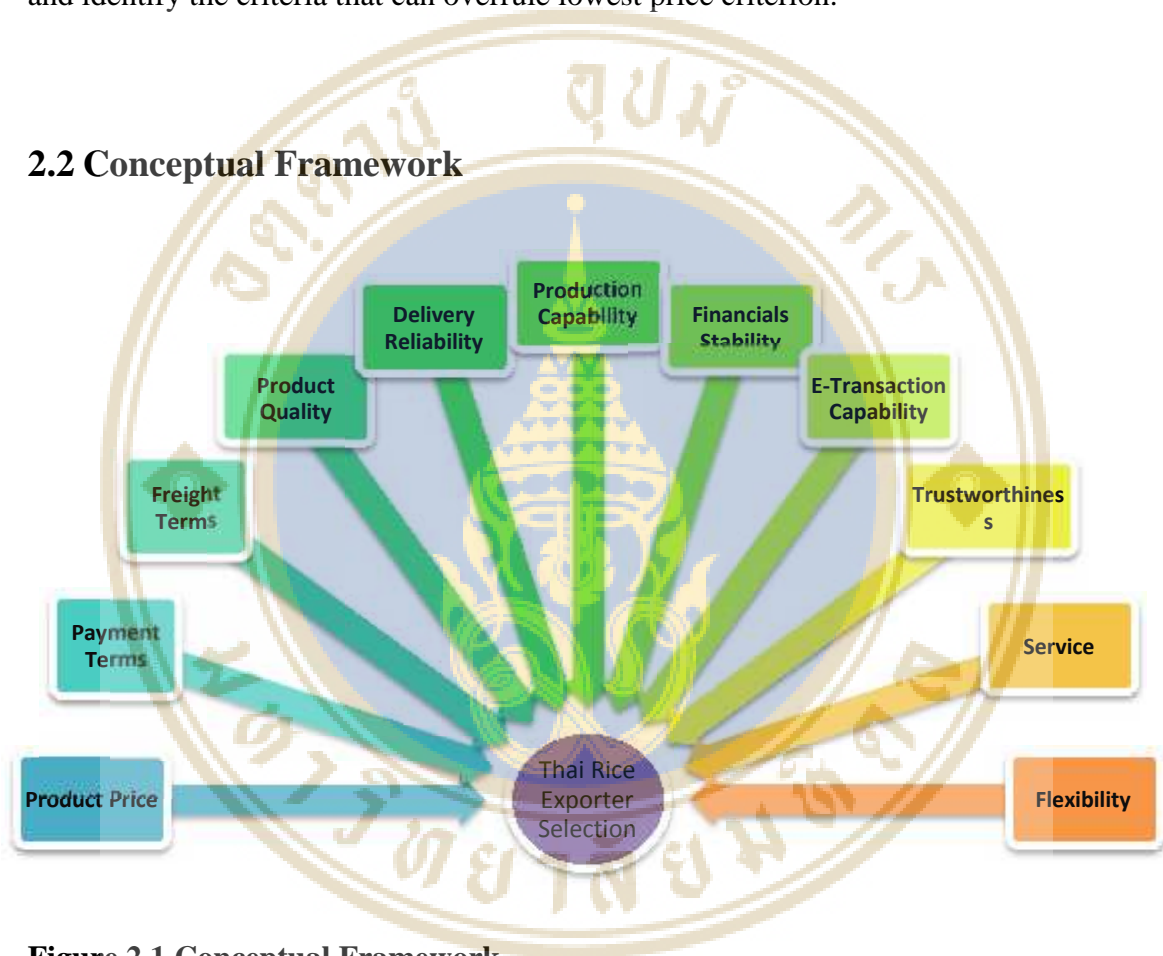


Figure 2.1 Conceptual Framework

The selected variables and their scopes in this study will be explained in this part. The selection of these variables are based on their high-ranking importance on supplier selections from the literature review while some less cited variables are included based on their relation to Thai rice trading, aiming to gain some new insights in this unexplored context.

2.2.1 Product Price

In this study, the author focuses on normal price situation when Thai rice prices are fluctuated based on supply and demand in the market and the competitors' situation without the intervention of price rice policy by the government.

2.2.2 Payment Terms

Similar to general international business, there are many choices of payments terms to be used with different security level and fees. The terms that are widely used are L/C, D/P, D/A, and tele transfer. The choice of payment terms is agreed based on trust and risk-aversion of the buyers and sellers.

2.2.3 Freight Terms

As rice trading to Africa requires international delivery, freight terms, like Ex-work, CIF and FOB, is one of the key issue to specify even before quotation to define the ownership of goods, responsibility of buyers and sellers during transportations and total costs for sellers.

2.2.4 Product Quality

In Africa market, the rice types that are in demand are parboiled rice, white rice with various specifications, ranging from 100%, 5% broken, 10% broken to 25% broken and broken rice. The specifications set by the ministry of commerce must be complied by exporters. However, these specifications have some range that can differentiate the quality of one exporter to another in Table 2.3.

Table 2.3 Thai Rice Standard

Grades	Grain composition					Size of Head rice (parts)	Size of Broken (parts)
	Whole Kernel Head Rice	Broken and Small broken C1			Total		
		Broken ¹	Small broken C1				
100% Super J	≥ 81%	-	≤ 4%	≤ 1.5%	≤ 0.1%	≥ 8 J	≤ 5 L - ≤ 8 L
100% Super	≥ 81%	-	≤ 4%	≤ 1.5%	≤ 0.1%	≥ 8 J	≤ 5 L - ≤ 8 L
5% Super J	≥ 81%	-	≤ 7%	≤ 1.5%	≤ 0.1%	≥ 7.5	≤ 3 F - ≤ 7 F
5%	≥ 80%	-	≤ 7%	≤ 0.5%	≤ 0.1%	≥ 7.5	≤ 3.5 F - ≤ 7.5 F
100% Super C	≥ 75%	-	≤ 12%	≤ 0.7%	≤ 0.3%	≥ 7 J	≤ 3.5 F - ≤ 7 C
100%	≥ 75%	-	≤ 12%	≤ 0.7%	≤ 0.3%	≥ 7 J	≤ 3.5 F - ≤ 7 C
5%	≥ 75%	-	≤ 13%	≤ 1%	≤ 1%	≥ 6.5	≤ 3 L - ≤ 6.5
5%	≥ 61%	-	≤ 14%	≤ 10%	≤ 1%	≥ 6.1	≤ 3 L
Broken rice C1					≤ 1%		≤ 1

¹Including broken not passing through sieve n°7 & C1

²Not including the minimum specified parts and the basis will round seven (7)

Source: <http://www.ricelandgroup.com/Quality.html>

2.2.5 Delivery Reliability

This variable derives from the “delivery compliance” criteria of Kar, A.K. & Pani, A.K. and “reliability” from the study of Hogg, A., Kalafatis, S.P., & Blankson, C. As the word “reliability” is quite broad, the author focused on the reliability in goods delivery to be more specific and avoid different interpretations. Delivery, though with different wordings in different study, was frequently found as in the top 3 of the most importance criteria for supplier selections, so this criterion should not be overlooked but scrutinized in this different context.

2.2.6 Production Capability

As rice trade business usually involves bulky volume, product capability of suppliers in this context refers to the capability or capacity to cater the volume as customers’ request within the promised delivery period. The capacity of the exporter is one of the concerns for big clients. Also this criterion was proven to have significant importance in supplier selections in earlier study (Kar, A.K. & Pani, A.K., 2014).

2.2.7 Financial Stability

To avoid business disruption and some risks, buyers also consider financial stability of the suppliers, especially when huge amount of money involved before receiving the goods like advance payment. This factor was also considered as one of the significant important criteria in selecting suppliers in earlier study as well

(Kar, A.K. & Pani, A.K., 2014), so it is worthy studying how much it impacts Thai rice exporters in this case.

2.2.8 E-Transaction Capability

E-Transaction capability is a new criterion that is gaining more importance in choosing suppliers for some clients (Kar, A.K. & Pani, A.K., 2014). This makes it an interesting factor that we should try proving in Thai rice trade context.

2.2.9 Trustworthiness

Trustworthiness is the second highest important in gaining relationship from customers in the UK rice trade (Hogg, A., Kalafatis, S.P., & Blankson, C., 1996). Although Africa market usually focuses on low price, the author would like to study how much importance the buyers place on the trustworthiness, comparing to the UK rice market.

2.2.10 Service

Service is usually one of the attribute that creates value-added to the business and gain more margin, so the author would like to find out how the service works in this commodity business. Service in this context will cover various packing solutions for customers, documentation service, responsiveness to customers' inquiries, hospitality and friendliness of sales persons and customer services agents.

2.2.11 Flexibility

Flexibility, in this case, means the ability to serve what customers request beyond companies' standard procedure and adjust companies' process to be aligned with customers' requirements. Flexibility can cause more complexity to the company, so the author would like to examine if it is really worthwhile for Thai rice exporters to allow more flexibility in their business process and how important it is to buyers' decision in doing contract with the company

CHAPTER III METHODOLOGY

3.1 Sampling Size and Qualifications

The target respondents for this study were procurement executives who involve in selecting Thai rice exporters in any enterprises that regularly trade and/or purchase Thai rice for Africa market. The companies do not have to be located in Africa as many of the buyers are traders in Hong Kong and Singapore, which are the hub for commodity traders around the world.

There were 6 respondents completing online questionnaire out of 25 invitations that had been sent out. The questionnaire was opened during October 20-31, 2014.

Table 3.1 Respondents' Qualifications

Respondents	Involve in supplier selection	Final decision-maker	Monthly Purchased volume from Thailand	Type of Company
A	Yes	No	Less than 500 tons	Trader
B	Yes	Yes	More than 5,000 tons	Distributor
C	Yes	No	Less than 500 tons	Distributor
D	Yes	Yes	1,001 – 2,500 tons	Trader
E	Yes	Yes	501 – 1,000 tons	Trader
G	Yes	Yes	1,001 – 2,500 tons	Trader

Four respondents were the deal breakers in selecting rice exporters while two respondents were involved in selecting rice exporters but not deal breakers. One respondent purchased rice from Thailand more than 5,000 tons per month, two respondents purchased 1,001-2,500 tons per month, one respondent purchased 501-1,000 tons per month and two respondents purchased less than 500 tons per month.

Four respondents worked in trader companies while two respondents were in distributor companies that were closer to end-consumers.

3.2 Data Collection Method

The data gathering method for this study was a quantitative questionnaire via online channel. The questionnaire consisted of 4 main sections, which are screening questions, general questions, specific questions and demographic questions. Selected 11 variables in the conceptual framework were represented in statements in specific questions as one variable, one question. The respondents were asked to grade the importance of each variable on interval scales of 10-degree of importance. The questionnaire was designed to use large scale to clearly see the different level of importance rated to each variable. 1 represented least important and 10 represented highest importance. The significant variables should have mean score at 7.0 or higher. The questionnaire also opened for respondents to add their own attributes that they thought those are important but were not included in the questionnaire to explore possible other criteria.

The questions for each variables or criteria were as below.

1. I select Thai rice exporters who offer lowest price.
2. I select Thai rice exporters who offer good payment terms.
3. I select Thai rice exporters who offer various freight terms: CIF, FOB, etc.
4. I select Thai rice exporters who offer quality rice of its type.
5. I select Thai rice exporters who can load the cargo on the given schedule and/or deliver the good to the destination on time.
6. I select Thai rice exporters who have huge loading capacity.
7. I select Thai rice exporters who have financial stability.
8. I select Thai rice exporters who have electronic transaction capability ex. EDI.
9. I select Thai rice exporters who are trustworthy.
10. I select Thai rice exporters who provide good services.
11. I select Thai rice exporters who can be flexible for you.

12. Other criteria that are important in selecting Thai rice exporters.

(Please specify score of importance as well. For example:
“Friendliness – 6”, “Variety of rice – 7”)

Six questionnaire results from the qualified respondents were processed in SPSS using factor analysis method to analysis the significant variables and synthesize for key factors that have influence on the buyers over lowest price. To look into deeper details of each variable, mean scores of each variable were also examined and discussed.



CHAPTER IV

RESEARCH FINDINGS

4.1 Results and Analysis

From SPSS output, mean scores of each variable show as in Table 4.1. There are 7 significant variables for selecting Thai rice exporters for Africa market, whose mean scores are higher than 7.0.

Table 4.1 Mean scores of each criterion

Descriptive Statistics	
	Mean
Trustworthiness	9.83
Rice Quality	9.67
Services	9.5
Flexibility	9.33
Low Price	7.83
Financial Stability	7.67
Delivery Reliability	7.5
Payment Terms	6.5
Freight Terms	5.67
Capacity	4.67
E-Commerce	2.83

From the results, it was quite surprised to see that “Low Price” that had been the main discussion in Africa rice market was on the fifth rank below “Trustworthiness”, “Rice Quality”, “Services” and “Flexibility”. This is due to various grades of rice for the Africa market. Concerning on just lowest price, there is high possibility to get the unmet qualifications of the rice. In this case, buyers have to consider other criteria along with the price instead of just sourcing for lowest price exporters, so the mean score of “Low Price” was not as high as expected.

The highest mean score variable was “Trustworthiness”, whose score was at 9.83 out of 10.0. This showed that “Trustworthiness” was a very important criterion

for low-price market. This is even higher than in U.K. market that trustworthiness was in the second rank below “Price” (Hogg, A., Kalafatis, S.P., & Blankson, C., 1996) while “Trustworthiness” was in the first rank for Africa market, beating “Low Price” criterion. From this result, building company profile and trust towards new customers was the first priority that Thai rice exporters should focus on instead of just offering remarkably low price to attract customers as it is actually the highest concern for almost all of the buyers for Africa market. Sales and marketing department are crucial functions in this part, so it is important to recruit well-qualified and professional people to take these roles to build trust for new customers and increase more potential to gain new long-term business. The company profile, well-known customer portfolio, regular communication and factory or warehouse site visit can contribute a lot in building trust for new clients as well.

“Rice Quality” was a runner-up with a very high score at 9.67 out of 10.0. This outcome surprisingly contrasted to general understanding that as a low-grade and low-price type of rice, price was believed to be the major factor and quality was not much concerned to the buyers. From this result, we can identify the room for Thai rice exporter to add value to their products and services. Thai rice exporters will have to change their perception and focus more on the quality of the rice to increase their competitive advantage in the market instead of just cutting the price and slimming their own revenue and profits that can actually be raised.

“Services” and “Flexibility” also had high mean scores at the third and fourth ranks with mean scores at 9.5 and 9.33 respectively, winning the “Low Price” variable. “Services” and “Flexibility” are another important criteria that Thai rice exporters should concern more as these criteria have a lot of influences on selection criteria of buyers, much higher than the price, seeing from their significant higher mean scores at 9.5 and 9.33 compared with mean scores of “Low Price” at 7.83. Although increasing service level and flexibility is not an easy task to change as it involves with changing personnel attitude and behaviors and requires extra complexity and work-around process to serve various requirements from customers. However, from the significant difference that the results have shown, it is worthwhile for the exporters to start to change their personnel attitude and form the organization to higher level for the development of Thai rice exporting future in the global market.

For “Financial Stability” and “Delivery Reliability”, their mean scores were lower than “Low Price” but they still have significant importance to the selection of Thai rice exporters with the mean scores at 7.67 and 7.5 respectively. With these significant high scores, these criteria should not be overlooked. It is also important that Thai rice exporters show their financial stability and present their ability in managing cargo readiness and reliable delivery lead-time as promised to new clients, persuading new customers walking into their door even more comfortably and reinforce buyers to sign a contract with the rice exporters more confidently.

After doing cross loading in SPSS, the significant variables could be grouped into 2 components or factors, contributing 97.673% of the total information as in Table 4.2.

Table 4.2 Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
	1	3.011	60.214	60.214	2.979
2	1.873	37.459	97.673	1.905	38.091
3	.088	1.751	99.425		
4	.029	.575	100.000		
5	8.422E-16	1.684E-14	100.000		

From Table 4.3, component 1 consisted of three variables, which were “Delivery Reliability”, “Trustworthiness” and “Financial Stability”. As these three variables are related to reliability and security issue, the author named this component as a “Credibility” factor, covering all activities that affect the credibility and trust of the companies towards customers’ perceptions. Component 2 consisted of two variables, “Services” and “Flexibility”. The author named this component as “Flexible services” as flexibility is a characteristic of services.

Table 4.3 Rotated Component Matrix**Rotated Component Matrix^a**

	Component	
	1	2
Credibility		
Flexible Services		

Extraction Method: Principal Component Analysis.

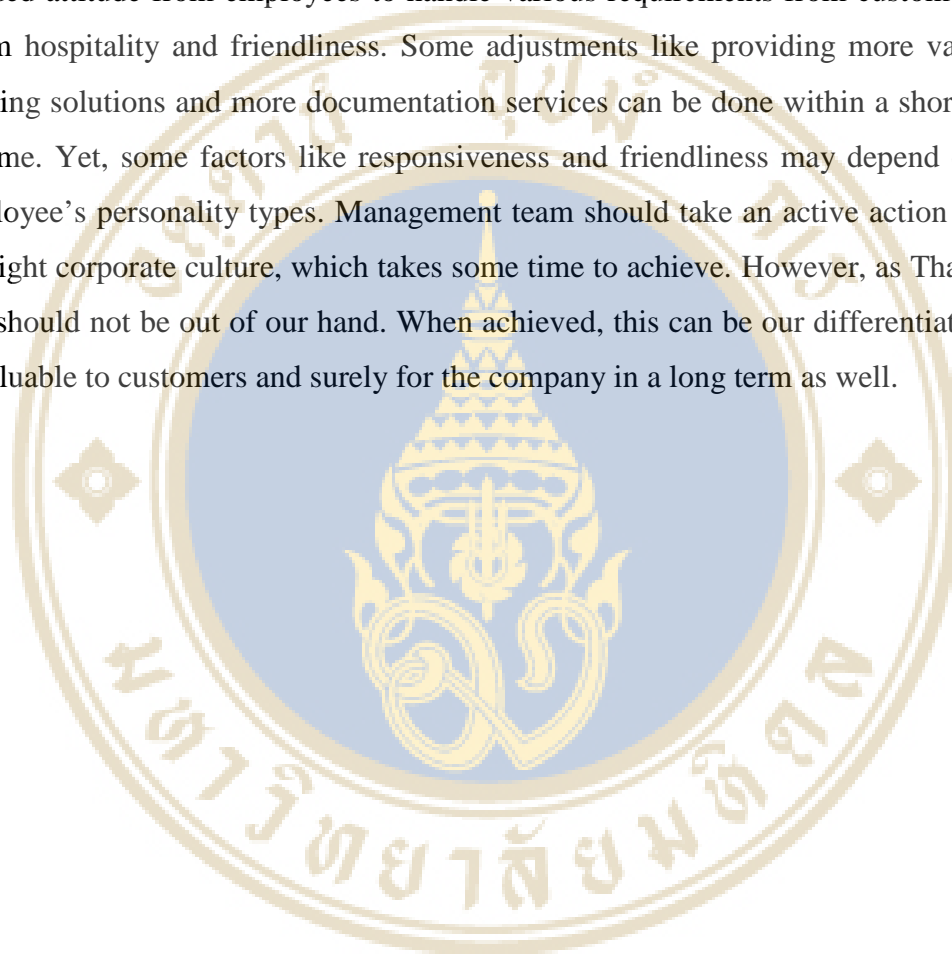
Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 3 iterations.

In Table 4.2, the component 1, “Credibility”, contributed 60.214% of the total information. This shows tremendous influence of “Credibility” towards the buyers’ selection criteria on Thai rice exporters. This finding really gave a new insight as the general understanding for low-price market was that the price should be the most important factor for the buyers. The exporters usually let their destiny flow along with the up and down stream of rice price and surrender to the competitors who can offer more competitive price, hoping for the turn that Thai rice price will go down and be competitive again. However, this result showed differently with high degree of importance of “Credibility” towards Thai rice exporters selection for Africa market. With this high weight, it is a must that Thai rice exporters work harder in building credibility for their own company as the first priority, pushing up their credibility as an opening value proposal to their customers and building their company name as a guarantee brand that foreign buyers can trust. This value creation will augment Thai rice market up from just perfectly competitive or commodity market, polishing Thai rice market up to higher level above running-up competitors in India and Vietnam.

The component 2, “Flexible Services”, contributed 37.459% of the total information based on the data in Table 4.2. If compared with “Credibility”, the percentage of “Flexible Services” was much lower. But if compared with its following

rank component, which was only 1.751%, “Flexible Services” was much higher. Its eigenvalue was 1.873, which is significantly high. In this case, it can be concluded that “Flexible services” is also a high significant factor for selecting Thai rice exporters, which should not be missed out from the exporters’ strategy. Thai rice exporters should look into their services level as a second priority or along with building “Credibility”. Providing “Flexible Services” requires a lot of efforts and service-minded attitude from employees to handle various requirements from customers with warm hospitality and friendliness. Some adjustments like providing more variety of packing solutions and more documentation services can be done within a short period of time. Yet, some factors like responsiveness and friendliness may depend on each employee’s personality types. Management team should take an active action to form the right corporate culture, which takes some time to achieve. However, as Thai value, this should not be out of our hand. When achieved, this can be our differentiation that is valuable to customers and surely for the company in a long term as well.



CHAPTER V

DISCUSSION & CONCLUSION

5.1 Conclusion

From the questionnaire results, it can be concluded that “Product Price” is important to buyers. However, there are many criteria that are more important for buyers to consider when making decision to select Thai rice exporter for Africa market, which are “Credibility” and “Flexible Services”. These criteria hugely have impact on buyers’ decisions for 97.673%, which totally supersede lowest price offer. This result really give great sign for Thai rice exporting business that they have many rooms to perform to run out of the price games and improve or add value to their business.

5.2 Recommendation

5.2.1 Building company name:

As “Credibility” is 60.214% importance for selecting Thai rice exporters for Africa market, it is very crucial for Thai rice exporters to build their credibility in the rice market. The author would separate this activity into two phases.

5.2.1.1 *Pre-purchase period*: The target audience of this phase is new customers. The department which takes main role in this period is sales and marketing department as they are like to frontline and ambassador of the company. In this case, it is very important that sales and marketing people are professional and have high experienced in the field to build trust towards new customers. The company profile should be well and neatly developed and showing credible information on company background, financial turnover, capacity, facilities, experience, referent customer portfolio, company value, competitive advantages and any information that create trust for new customers. Additionally, for customers who tend to be interested

in the company, factory and warehouse visit to see company's real capacity and facilities and instill customers' confidence and close the deal easier.

Marketing department should focus in promoting company names as the names that customers can trust globally, turning the name of the companies to be guaranteed logos for credibility and trustworthiness. This can be done through overseas exhibitions. However, this takes many years to accomplish with constant promoting through exhibitions, creating more brand awareness and credibility of companies' long-term services in global market.

5.2.1.2 Post-purchase period: After the companies have secured new customers, it is also very important to keep our credibility as presented in the front door to maintain customers with the companies. The stakeholders who involves in this phase, additional from sales and marketing are customer services department who handles the operation and document process. All the sales representatives and customer services agents have to ensure that everything they promise can be delivered in timely manner and take trustworthiness and professional as their value proposal to their customers. This will help keeping companies' credibility to customers in a long-run, which is very important for building companies' credibility as happy customers can be other references to accumulate companies' fame.

5.2.2 Increasing service level and flexibility

The rice exporters should pay more importance on services and flexibility. They have to ensure that their services can satisfy customers and covers customers' requirements. Besides, being responsive, service-minded, friendly and having empathy is also very important for providing good and flexible services. These qualifications can be formed up as uniqueness and selling points of Thai rice exporters, different from exporters in other countries.

The company should start to take actions on tangible activities that can be effective immediately first like providing more sizes and types of packaging, various modes of transportations, good documentation services. For the intangible factor like responsiveness, service mind, friendliness and empathy, this is the value that the management team should create in the organization, which may take some times to result, depending on the employees. The management should start creating this

corporate value as soon as possible. However, the outcome may take some times and requires consistent work to result.

All of these actions are very essential in pushing up Thai rice exporters to be recognized rice exporters in the market, differentiating Thai enterprises from other increasing competitive competitors. This will help augment Thai rice exporter up from perfectly competitive market and provide value-added proposal to the commodity market that has been using price strategy for all along as the results of this paper have shown that “Credibility” and “Flexible services” are much more importance for Thai rice exporter selection criteria for Africa market than “Product price”.

5.3 Limitations

In this study, there are some limitations on the sampling size and information collection. As the qualifications of the respondents to the survey is limited to people who involve in decision making of selecting Thai rice exporters for rice to Africa market, it was very difficult to find the qualified respondents. Moreover, all qualified respondents are not in Thailand, so it was quite difficult to follow up for the response to the online survey that the authors had sent to. The author sent the survey to approximately 25 people but got responses from 6 people only.

Additionally, as all the qualified respondents live overseas, they were not convenient to give the detailed interviews, so the author could not gain much in-depth information from the qualified respondents. However, the results from the questionnaire can give us new insight on buyers' criteria in selecting Thai rice exporters and the author hope that this information is useful for all the related stakeholders and can be used for further study in more in-depth dimension in the future.

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