ASSESSMENT OF E-COMMERCE AWARENESS AND READINESS TOWARD VETERAN'S HANDICRAFT PRODUCTS DEVELOPMENT AT VETERANS GENERAL HOSPITAL



A THEMATIC PAPER SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF MANAGEMENT COLLEGE OF MANAGEMENT MAHIDOL UNIVERSITY 2015

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was submitted to the College of Management, Mahidol University for the degree of Master of Management

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ABSTRACT

This paper examines the business development of veteran's handicraft products, produced by disabled veterans in the Veterans General Hospital. The research assesses two parts; the awareness in the potential of e-commerce to develop the current local business to an e-business, in terms of marketing, product, price, productivity and distribution channels, and the readiness of the overall organization to transforming to the e-business.

Qualitative research is conducted in the form of focus group discussions in each group of employees in different layers of operation and responsibility. The information collected is summarized and listed in each main theme; the awareness of e-commerce potential, the readiness to e-commerce business, factors that affect the e-commerce approach and other concerns.

The result from focus group discussions shows that, most of employees are aware and realize the potential of e-commerce in terms of market developments, penetrate new target group customers, and may create value added to the handicraft product, which has uniqueness and reflects the Thai traditional values. However, in terms of the readiness, the organization still lacks of many factors that are necessary for the development of an e-commerce approach, such as incompatible policy of payment process and delivery the product, the lack of productivity to serve increasing demand, and the lack of knowledge of e-business in the group of marketing staff.

This paper provides recommendations for the implementation of the e-commerce approach and policy to support e-business in the VGH, that can raise the income and morale of the disabled veterans in the VGH accordingly.

KEY WORDS: E-Commerce / E-Marketing / Veteran handicraft / Handicraft products

51 Pages

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CHAPTER I INTRODUCTION

1.1 The Effect of Electronic Commerce toward Businesses

As of present, the Internet creates unlimited boundary of the connection and worldwide telecommunication. The online world has been changing our living and the way we do business (Rao, 2001, Sharma and Mittal, 2009). Thanks to the benefit of e-commerce and new opportunities given by the Internet, many of newborn small and medium businesses have been initiated on online market areas every minute around the world, spread sales and gain revenue from worldwide transactions. In the same time, traditional businesses tend to realize its potential, and have been converting their business models to support e-commerce models in both sales and marketing plans.

Meanwhile, in many businesses and organizations, there are objections that hinder the efficiency of initiating the e-commerce strategy. For example: the organizational structure itself. Many of organizations get used to run the business in their traditional way, claimed that it is safer, more trust and more convenience to handle , as when we think about e-commerce in its context, we usually think of an online transaction which engages through the Internet, transfer money and deliver the good through couriers or via the postage.

Vanichvisuttikul and Jungthirapanich (2004) say that most of business operators in Thailand realize to the potential of e-commerce very well. However, due to lack of proper support, such as knowledge, management process, including external factors e.g. Internet penetration, and infrastructure network, may slow down the expansion rate of e-business locally.

1.2 Handicraft Products and Their Importance to Disabled Veterans

Veterans General Hospital, which has been in charge of the War Veterans Organization of Thailand, is a host for permanent and long-term of more than 80 disabled veterans. Besides of curing and disabled veterans, the one of most important duty of the hospital is providing profession training for those veterans in order to rehabilitate mental health, encourage them to create valuable products, which help them create income and recognize value of themselves. According to the annual report of 2014, at least half of admitted veterans in the hospital are able to help themselves and capable to attend the profession training in various kind of professions, e.g. Wood carving, Thai-Oshie handicrafts, ceramics painting, which are granted by the department of profession training. (Wongtao, 2015)

The organizational structure of the department of profession training is similar to a small business organization (Vesdapunt and Santipolvut, 2011). The department provides materials and training, finds markets and customers, and also records sales revenue. However, the main strategy and the development plan are still depended on the master plan launched by the War Veterans Organization of Thailand.

According to the result of revenue gained over previous years, shown that those products sales are lower than expected because lack of recognition of product from customers. Moreover, limitation of traditional distribution channels (e.g. traditional stores or local markets) caused lower income gained to the veterans (See Appendix C).



Handicraft products sales (pieces)

Figure 1.1 Sales record: amount and revenue of all handicraft products as of 2013 to 2015

In 2014, the War Veterans Organization of Thailand launched a new master plan to create value and expand the growth of overall revenue provided and from every sector of veterans' products, which including the veteran's handicraft products in the hospital. In order to achieve more revenue gained, finding new distribution channels and new groups of customer are become the essential part. Therefore, transforming into an e-business is concerned as an essential part to achieve the goal, but further feasibility analysis is yet to be revealed.

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1.3 Research Objective and Benefit

The purpose of this thematic paper is to finding out the relevant potential and obstacles of using the e-commerce strategy for the development of war veteran's handicraft products in the Veterans General Hospital, using qualitative data collection from the executive's viewpoint, and various layer of operations. Further, to assess the process to define which factors that could be beneficial to the development of ecommerce strategic plan, and point out factors that might hinder the achievement of a successful e-business strategy.

The research also studies on applying benefits from increasing of new technology of information and communication such as the Internet and online marketplace to enhance marketing opportunities and apply to marketing strategies, so that those products can be more reachable from online markets and can be recognized by customers in wider range.

This research will be beneficial for Veterans General Hospital and all of disabled veterans who participate in this project, in addition to increase awareness and readiness of e-commerce strategy. The research may be used to improve the further development plan to support e-business models in the future, which will become sustainable income to them and those who are related.

CHAPTER II LITERATURE REVIEW

To achieve the e-commerce development from the beginning and maintain the existence and expansion of online businesses, there are many factors that influence the way that strategies and procedures are leveraged to initiate successful e-business. However, those processes are not concrete and hard to grasp and apply to practical. This research tries to simplify those factors that enhance or hinder awareness and readiness of the potential of e-commerce to develop business and marketing strategies, to solve which factor can be emphasized to support initiation of going online business and to point out which factor may be the obstacle of developing existing business to become an effective e-business.

2.1 Marketing Development Strategies

Before applying marketing development strategies into the business, the fundamental theory about constructing a business and planning the successful business offering are needed to understand and clarify the right direction to develop products (Martin, 2014), to gaining attention and recognition from the right target groups and proposition of values and benefits of the product. Without marketing research strategies, there will be difficulties on developing products, setting price level, decision on place to sell and spending on advertising including Internet marketing (Kumar and Rajeev, 2013).



Figure 2.1 The combination of McCarthy's 4P Marketing Mix model (Lünendonk, 2014)

3 3 10 8

According to the study about local handicraft product improvement of Giron, Hernandez and Castaneda (2007), which analyze the most overwhelming factors and summarized those factors in four groups of 4Ps marketing mix, then described how each factor affects the marketing strategies in 4P matrix:

343



Table 2.1 Operationalization of Market Strategies(Giron, Hernandez and Castaneda, 2007)

Marketing Mix Factor Indicator **Measurements Product** - What is your selling - Materials product category? - Production - How about the product - Design - Value added design? - What is the value added of the product? **Price** - Which factors are used to - Quality - Cost define appropriate price? - What is the pricing - Demand strategy to use, and does it - Profit fit to the existing business? - Competition in market segment - Substitute goods Place - Where will the product - Amount of sales provided be sold? (to middle man or final - What are distribution customer) - Amount of channels (or middlemen) that support the product available product on stores sales? - Supports from distribution channel (e.g. packaging, transport, distribute and suggestions and feedbacks for product improvement) **Promotion** - How to create suitable - Advertising channels (e.g. value proposition? Television, newspaper, - How much you leaflets, Internet, recommend the product to expositions) your friend? - Customer communication - Customer recognition of product - Value proposition

2.2 Product Development and E-Commerce Marketing Strategies

In terms of product, which considered as both tangible goods and intangible services, the process of product life cycle starts from acquiring materials, design, production and finishing. Each product is made to fit the targeted customers' needs, and to suit the existing distribution channel. (Martin, 2014) However, when the model of business is changed, the product life cycle and its process need to be adjusted in order to meet new customers' demand, new distribution channels and new way to sustain its value proposition for the product itself (Cadden and Downes, 2013).

When it comes to an e-commerce based business, there are more challenging in terms of business management. The customization level on products demanded by customers is an important factor in terms of growth and competitiveness of small and medium businesses, due to wider range of consumer penetration and awareness, and also benefits of the way of communication established by online channels (Quayle, 2002). This helps increase level of competitiveness in overall business sector, and leaves the question to be solved by product makers and distributors how to improve their products to fit the different needs from various groups of customers.

Vesdapunt and Santipolvut (2011) point out factors which have noticeable effect on the potential of leading OTOP (One Tambon One Product project, supported by the government to develop the quality of local and traditional products from every region of Thailand) business ventures to retain their competitiveness includes: having obvious group development plan, maintaining good relationship with suppliers and distributors, having customer relationship database and developing cooperation among social level. Moreover, extrinsic factors that stimulate business growth and development are: providing appropriate production technology, supporting funds and helping discover potential markets.

Giron, Hernandez and Castaneda (2007) provide interesting findings in their research about marketing strategies of traditional handicraft products. As of the result, most of the product makers and artisans are usually influenced by culture, practice and tradition, which include traditional and limited improvement and oldfashioned marketing schemes. Moreover, those artisans may not concern of true value and may not know how to improve their products in terms of marketing strategies. Actually, there are many ways to adjust some minimal changes into details and create value added into those products, even use benefits of being the only organization which or defining suitable and unique marketing schemes; such as branding, styles, packaging and product design. In order to make it happen, the middleman takes these important roles to help them in particular development as it is hardly to be done by product makers themselves.

Nagori and Saxena (2012) mention that handicraft products play important role in the market sector, but due to the organization structure of local handicraft makers which mostly run in small business and unorganized, they lack of access to bigger market sectors. Finding the right place to distribute their products is also limited due to their places of living in rural areas, and those are the main obstacle that limits their sales and customers' recognition. Therefore, the need of e-business model is very crucial because there is unlimited place to sell when it comes to an online marketplace that allows everyone to access anytime. With the potential of ecommerce, sales and market accessibility increase significantly.

2.3 Awareness and Readiness for Business Development to Become an E-Business

The Internet has become a great evolution for our way of living. It creates wide range market opportunities, provides benefits for businesses e.g. increase sales and lower costs, reduce time to processes, and bring specific products to targeted customers. It is also an efficient way to expand businesses into worldwide level (Quayle, 2002, Kumar and Rajeev, 2013).

Yang et al. (2001) mention that the Internet transaction model provides a strong connection between individuals' value chain, creates independent information product and enhances socialization via online communities. This can reduce limitations such as accessibility, sales availability and information according to needs, or requirements.

Since the widely expansion of Internet and social media users along the decade, lower operational cost and more penetration to every level of population (Kumar and Rajeev, 2013), ASEAN region is considered one of the most expansion of

Internet accessible users in Asia, especially in developing countries like Malaysia, Vietnam and Philippines.

ASEAN Countries	Population (2014 Est.)	Internet Users, (Year 2000)	Internet Users 30-Jun-14	Penetration (%Population)	Users % Asia	Facebook 31-Dec-12
Brunei	422,675	30,000	318,900	75.4 %	0.0 %	254,760
Darussalam	11		SVN			
Cambodia	15,458,332	6,000	927,500	6.0 %	0.1 %	742,220
Indonesia 🥖	253,609,643	2,000,000	71,190,000	28.1 %	5.1 %	51,096,860
Laos	6,803,699	6,000	<mark>8</mark> 50,425	12.5 %	0.1 %	255,880
Malaysia	30,073,353	3,700,000	2 0,140,125	67.0 %	1.5 %	13,589,520
Myanmar	55,7 <mark>46,25</mark> 3	1,000	<mark>668</mark> ,955	1.2 %	0.0 %	n/a
Philippines	107,668,231	2,000,000	44,200,540	41.1 %	3.2 %	29,890,900
Singapore	5, <mark>567</mark> ,301	1,200,000	4,453,859	80.0 %	0.3 %	2,915,640
Thailand	6 7,7 41,401	2,300,000	20,100,000	29.7 %	1.5 %	17,721,480
Vietn <mark>am </mark>	9 <mark>3,4</mark> 21,835	200,000	41,012,186	43.9 %	3.0 %	10,669,880

ASEAN INTERNET USE, POPULATION DATA AND FACEBOOK STATISTICS

Table 2.2 The total number of Internet use within ASEAN and Facebook users(Internet World Stat, 2014)

The table shows the amount of Internet users in Thailand is about 20.1 million people, calculated as 29.7 per cent of total population, which is the 5th place comparing to other ASEAN countries. As of previous studies, the growth of the Internet users in Thailand is slightly slow comparing to neighbor countries (Vanichvisuttikul and Jungthirapanich, 2004, Mansor and Abidin, 2010). In contrast, the total of Facebook users in Thailand is clearly comparing to the Internet users, which show that Thai people pay highly attention into communication via social networks e.g. Facebook and LINE chat program. According to the information, implies that the social marketing strategies can be applied to use efficiently as a marketing tools for specific purposes.

However, the topic concerning awareness and readiness of becoming an ebusiness society in Thailand has been vastly discussed due to its ambiguous definition and its efficiency to regulate domestic e-commerce transaction, such as transactional process management, logistics, warranty etc. Even though the **Computer Crime Act B.E 2550 (2007) has been enforced to regulate any crimes acted via computer networks and the Internet, but the part about e-commerce business is still roughly written. Meanwhile, doing domestic online transaction often depends on trustworthy and previous reputation due to lack of standardized legal regulation and mutual acceptance between sellers and buyers sides. Therefore, further studies have to be to find relevant benefit and potential of the Internet and e-commerce to understand more clearly how the e-commerce gives us benefits or how it changes our way of living (Rao, 2001).**

According to the study of Vanichvisuttikul and Jungthirapanich (2004) about e-commerce awareness in the group of highly valuable traditional products in Thailand, the study found that most of traditional business owners' awareness of the potential of e-commerce is relatively high. Even though, factors that obstruct accessing and utilizing the Internet are lack of proper wisdom of new business models, such as B2B, B2C and B2G (Turban et al, 2000). Other factors include low penetration rate of the government's infrastructure and the cost of accessing the Internet, and also funding for implementation of the new e-business online. Regarding to the study, government level need to provide sufficient knowledge transfer to whom they need, and expand the Internet network to cover more rural areas.

All in all, transforming from a traditional business to an e-business needs more than understanding the objective, and sufficient knowledge. It becomes more challenging to measure the efficiency, specifically when it happens in the organization which still has been running most of its business using traditional structures like Profession Training department for disabled veterans.

Besides of encouraging process changes in every level of the business, and pointing out what benefits will be gained from transforming to e-business, most of studies found that the awareness of the potential of e-commerce and readiness of change to become an e-business from inside the department and sufficient support from external are the essential parts to drive the transformation. These factors take the business into the right way, which will lead to applying the proper e-marketing development plan, and leveraging appropriate strategies and resources in each step along the way of changing.

Therefore, by using synthesized information from those previous studies, it becomes easier to define which factors should be especially focused on, and which factors tend to be more interesting or more problematic toward development of the business. This will help to shape the scope of the research and conduct the data collection method appropriately, which will be mentioned in the next chapter.



CHAPTER III RESEARCH METHODOLOGY

3.1 Research Approach and Design

In order to acquire information from groups of respondent, the qualitative approach is applied to conduct the data collection. This process can be achieved through formal interview and focus group techniques.

3.2 Data Collection

According to the data collection in term of qualitative approach, getting information through conducting focus group discussion are considered as the best way to let the group of respondent express and reflect their thoughts. In contrast to the personal interview, each respondent in the group is allowed to share ideas or discuss with others in the group (Bertrand et al., 1992).

To achieve the data collection process, the research approaches its goal by conducting a focus group in each group of respondents, with 4 people per group, the respondents are selected by their and the relationship to the specific objective of the research.

However, managing conversations in a group of many people is such quite challenging, as the conductor needs to control the environment of conversation and encourage atmosphere of sharing thoughts without biases. Controlling the direction of information acquired while conducting the focus group discussion is the essential point to be concerned, as the conductor must be aware and careful of running out of the scope of the research to prevent overrunning of unrelated information. (Kokemuller, 2013) Information acquired from focus groups is facilitated and synthesized. To prevent confusion and overlapping of information, information from each focus group will be concluded as one summary and concluded in the part of research findings.

3.3 Study Samples

According to the scope of the research, the study focuses only on the collaborative groups of people who are related to the development of disabled veteran's handicraft products. In order to acquire appropriate information from each layer of operations, the respondents are divided into 4 groups, discriminated by their tasks, responsibilities and their fields of knowledge.

Respondent Group 1 Disabled veterans who make handicraft products in the VGH, and who related to handicraft production processes, to measure awareness and understanding of the potential of the Internet and its e-commerce function, seeking factors that reflect to the readiness into product development to fit the new distribution channel provided by the Internet and e-commerce channels, and pointing out relevant factors that may affect to production processes toward the new e-commerce strategy.

Respondent Group 2 Staff, sales representatives and supervisors of the department of profession training, to measure the awareness and readiness of the department in term of e-commerce as new marketing opportunities to help and initial understanding of the e-commerce function. Additionally, to point out intrinsic and extrinsic in existing processes which may enhance or hinder the successful of e-commerce strategy.

Respondent Group 3 Management and executive level, to measure the readiness in the level of policy making toward e-commerce strategy, and to point out which factors and policies can be applied in order to support the e-commerce strategy.

Respondent Group 4 IT related people, to measure the readiness of the existing system, the plan to be applied to utilize more benefits of e-business. Additionally, to find out factors that need to be supported from the higher management level regarding to enhance effectiveness from e-commerce approach in the organizational level.

3.4 Question Design

To acquire relevant results for measurement and penetrate deeper in specific information from each focus group, which consists of respondents from different departments and backgrounds, questions are grouped and separated in terms of marketing mix, and the awareness and readiness of e-commerce business. This method is to verify the perception of e-commerce, the awareness of the potential of e-commerce business and the way it affects to the current process (Vanichvisuttikul and Jungthirapanich, 2004).

Questions for disabled veterans who create the handicraft products:

Topics

Product

- What is the motivation to produce that work?
- What is the strength point of the product?
- How much of productivity currently? Is it fit to the current demand?
- If the organization starts up an e-commerce business for the product,

can you change something in term of production or development to support the policy?

Price

- Are you satisfied with the current product price?

- Do you think is it proper to stick with the current price, or should it

increase, if the organization starts up an e-commerce business for the product?

Questions for Marketing staff and Training supervisors

Topics

Product

- How many of products have been sold in previous period?
- How about size, details, and pricing level vs production time?
- What is the strength point of the product?

Price

How much of cost of production?

How much of recent sales and revenue?

Place

- Where is the current market?
- Who is the target audience, customer and distribution channel?
- Is the product fit the current customer demand? What if selling via e-

business?

Marketing / Customers

Who is the current customer / target audience?

- If it comes to e-commerce, which target customer will you choose?

Will it still be the same?

- How to promote products via market channels, current situation and emarketing situation?

- How to manage strategy on sales? How to manage for high competition situation in online marketplace?

- How to create recognition and gain reputation for the product?

Questions for Management Executive

Topics

Policy and Vision

- Previously, is there any policy to support initialization of e-commerce business in term of veteran's handicraft products? How about that policy?

- If there will be a development of e-commerce system for sales of handicraft products, how much of costs will be spending for initiate the whole system?

- Will the return from revenue cover the spending cost for the system?

- Is there any external support from outside the organization in term of marketing, distribution channel or middlemen?

Questions for IT department staff

Topics

Readiness of system

- How about the existing system? Can it support the e-commerce function?

What is suggested implementation procedure?

Knowledge management

- Is there knowledge element of e-commerce approach that IT department staff hold recently? Have IT department staff ever been experienced or influenced about e-commerce business?

- How can IT department contribute the knowledge of creating knowledge element to the department for achieving a successful e-commerce business in the organization?

Questions about the awareness and readiness of e-commerce business approach Topic: Awareness of the potential of e-commerce

- What is the difference between online sales and traditional sales?

- What is the advantage gained if the organization starts up an e-commerce business?

- What is the concerning criteria if the organization starts up an e-commerce business?

Topic: Readiness of e-commerce approach

- How about recent knowledge resources of e-commerce business in people of the department, and each layer of operations?

- Has the organization prepared the plan to develop human resources for starting up an e-business?

- How to manage changes in terms of products and marketing to suit the e-commerce approach?

Topic: Factors concerned toward developing of e-commerce approach

- What is the current problem against the development of the ecommerce business approach in the organization?

- In your opinion, which elements are necessary and needed to create a successful e-commerce business approach in the organization?

In addition to making the results of the study more broad in its coverage, and to create more collaborative environment and connectivity of problem solving between each focus group discussion from different layers of operation, useful shared ideas and suggestions, including relevant problems pointed out from lower layers are passed to the higher layers employee groups consequently. The result is summarized as concerning topics to be discussed into higher layers, to find out whether they have plans to cope with those problems or not, and to find out how they think about those problems. The diagram shows the manipulation of topic proposition from different focus group discussions.







3.5 Analyzing and Measuring Awareness and Readiness

After the data collection process, information acquired from each focus group is summarized into each point of view regarding to the awareness and readiness of e-commerce development from the current situation to the e-commerce business approach.

- Motivation, inspiration in production of handicraft products.
- Current process and operation, from the beginning of production to

sales.

- Productivity compared to market demand.
- Current sales and revenue.
- Current problems regarding the process.

Awareness and Readiness of e-commerce business

- Understanding of e-commerce structures and processes.

Awareness of the potential of the e-commerce business and able to apply to develop the existing processes appropriately.

- Flexibility of changes in terms of the process development to support e-commerce approach.

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Factors that support or obstruct the e-commerce business approach

CHAPTER IV RESEARCH FINDINGS

After conducting of four focus group discussions in each group of employees with different background, consists of two management directors who in charge of strategy and policy of veterans' profession training, disabled veterans group, three staff from the profession training department, three IT staff who respond the hospital information system information gathered can be summarized according to the following main themes:

1) Current Situation, which describes the current process and

2) Awareness to the potential of e-commerce, to develop new marketing strategies for veteran's handicraft products.

3) Readiness to e-commerce approach in the structural level, e.g. people, system, and policy.

4) Factors that support, or hinder the development of e-commerce approach in case of veteran's handicraft products.

4.1 Current Situation

Currently, there are about twenty of disabled veterans who are able to produce at least one kind of artwork. They all are disabled veterans who need to be continuously cured and rehabilitated within the hospital in the long term. While staying at the hospital, attending the profession training provided is one of many activities to help them improve their ability to cure their physical illness, such as improving hands and fingers' movement. Moreover, attending the training course may help them in improve concentration, cure mental illness while resting at the hospital for long time, and take an opportunity to train new skills, create value and also to provide income to them.

According to the profession training department, there are five staff-incharge who are responsible for acquiring materials, training skill to veterans, designing artwork, managing inventory, and distributing work load to each veteran, their responsibility includes sales, marketing and financial management.

The management executives provide proper policies and the direction of development and budget to support production and training procedures to the department of profession training.

The IT department is separated into two groups. Mainly, they are responsible of overall hospital information systems, but in the meantime, they are responsible of the public relation, including hospital advertisement as well. Due to their responsibility, sometimes they need to cross over and manage the information technology and information of public relationship in the same time.

4.1.1 Products

According to products, the department of profession training provides training programs on various kinds of handicrafts and artworks.

However, most of training program are only in the preliminary phase. For example: Ceramics painting, Decoupage artwork and herbal soap. Only two handicraft training programs which have obvious training course and schedule from the beginning to final, and have sufficient makers to produce them and make them available for sale: e H B

Thai-Oshie handicraft product

This kind of handicraft product is inspired from the Japanese traditional handicraft called 'Oshie', made of pieces of fabricated put together in one frame of picture. In addition to make it more realistic, artistic paintings are applied on the background of the picture after the pieces are put together in the picture. Traditionally, this kind of artwork is made in Japanese style, but in term of Thai-Oshie artwork, it represents Thai cultural style in the form of traditional Oshie artwork.

Because of the order from Her Majesty Princess Mahacharkri Sirinthorn, who established the training of this kind of artwork by appointing the Japanese master to instruct the veterans, this kind of handicraft artwork is exclusively preserved only for disabled veterans at the VGH to have rights to attend the training, produce the artwork and sell in the market (Wongtao, 2015).

Wood carving artwork

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Another famous product provided by disabled veterans is carving pieces of wood to create Thai traditional art style. This outstanding piece of artwork are very popular Veterans gain benefits from creating this artwork in terms of concentration improvement, mental rehabilitation and improve ability to control their hands and fingers.

Unlike the Thai-Oshie handicraft, much less veterans are interested in the training, because this requires highly skill to create a good piece of work. Furthermore, it takes very long time training and much more contribution into skill mastery. Due to lack of skilled craftsman nowadays (currently four veterans available) and limitation of materials, no wood carving artwork is available for sale to public, People who are interested in this artwork need to purchase in advance at least one or two months as well as submitting the design to the VGH.

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Figure 4.1 The veteran's handicraft product: Thai-Oshie handicraft artwork (Picture (1) and (2)) and wood carving artwork (Picture (3))

(2)

4.1.2 Productivity

(1)

Currently, the VGH has around twenty veterans available in production of handicraft products, ten veterans in Thai-Oshie handicraft, four veterans in wood carving artwork, and six in other related products and support.

Each of artwork is divided and administrated to each veteran's responsibility equally. The staff from the department of profession training will assign each task to each veteran.

Every year, there is an important project to create a set of presentation artworks, in order to present to His Majesty The King Bhumibhol on the occasion of the King's birthday anniversary. Due to this occasion, it is normally that every veterans in the VGH need to help together providing presentation artworks once a year, and halt any other artwork tasks until the project is finished. The period of creating presentation artworks takes around two months before December.

The duration of production is different, depends on the size of artwork and its complexity. Currently small size Thai-Oshie handicrafts may take 3 - 5 days to create a piece of artwork, while larger size of artworks may take up to a month to create. The wood carving artwork takes much longer time than that, some of them may

(3)

take up to two months to become a complete artwork. Therefore, it is quite hard to define certain time to finish a piece of artwork.

4.1.3 Target Market and Customer

Current customer

The main target of the handicraft products currently are:

- Walk-in hospital patients, who may be interested in the products through the store in the hospital.

- Visitors who occasionally come to visit the hospital, they may be interested in the products while visiting the profession training department and disabled veterans. According to visitors, estimated that in each year, there are more than 100 groups of Thai and foreigner people from outside the country, which each time of visit may create huge revenue to the department and the hospital.

- Government organizations that related to Ministry of Defence, or other military offices, such as Headquarter of Royal Thai Armed Force and other departments. However, the purpose of purchasing these handicraft products is mostly for souvenirs, and sometimes for decoration.

- Some of individual who may be really interested in this kind of artwork, or may know from advertising or by word of mouth from others. They may order to make specific artwork for some purposes.

Distribution channel

Currently, the VGH distributes handicraft products through these following channels:

- In hospital sales: there is a showroom at the department of profession training to exhibit finished artworks for visitors, and there also is a store in the hospital area for patients.

- OTOP Veterans stores: there are three main stores which support sales of veterans' products from around the country. However, OTOP Veterans stores are available only in Bangkok.

- Exhibition: every year, the VGH gets to many exhibitions that take place in Bangkok and other countries, such as; The King and The Queen's royal annual exhibitions, OTOP and Thailand's traditional product exhibitions. On the average, there are four exhibitions per year that the VGH take part in those exhibitions.

In the opinion of veterans and marketing staff, the main distribution channel which creates most of income is from sales in the hospital, because when visitors come to see the production of these products by themselves, they tend to buy some artworks in order to help the hospital and those veterans. Seeing how they make these artworks encourages them to be aware of their effort and contribution of veterans to create pieces of artwork, despite their disabilities.

4.1.4 Pricing

Because the pricing strategy has been regulated by the War Veterans Organization of Thailand, from the official discussion, disabled veterans and the profession training department are not able to define the price of the artwork themselves. The current price has been set since 1995.

In the late of 2014, the profession training department had requested to the War Veterans Organization of Thailand, to adjust the price of the artwork, in order to consistent with the current situation. The status of the request is now pending (See Appendix A, B).

Fixed price level for each size and type of Thai-Oshie artwork, including adjusted price request are shown in this table:

1
No.	Size of frame	Current	Current price (\$)			
		No frame	Framed			
1.	7.5" x 8.5" (Thai children's traditional pla	200 ay)	-			
2.	7.5" x 8.5" (Thai novelty figures)	400	-			
3.	8" x 10"	900	300			
4.	11" x 20"	2,500	500			
5.	13.5" x 17"	2,500	500			
6.	14.5" x 23.5"	4,250	750			
7.	19" x 24"	6,150	850			
8.	19" x 31"	7,100	900			
9.	21.5" x 3 0"	7,100	900			

 Table 4.1 The price chart of Thai-Oshie handicraft products and frame – For sale purpose

In case of government official trading, or for souvenir purpose, the price is slightly lower than sale purpose (See Appendix B)

For wood carving artwork, it requires skillful craftsmen, and takes much longer than Thai-Oshie handicraft artwork. The price may be vary, depends on how complexity of the artwork. Since most of them are made-to-order artwork, the department of profession training is responsible to define the price of each work.

The veteran will earn the sales income of his artwork in the proportion of 80 percent, the rest will be earned to the VGH.

4.2 The awareness of the potential of the e-commerce business

As of result from focus group discussions, found that every group concerns that e-commerce has the potential to develop the business in positive way, as it is a new popular trend in Thailand, since many businesses have been tapping into this way to capture the opportunity to earn a huge income with less investment.

4.2.1 E-Commerce toward Product

Diversification of product

Regarding to marketing staff' opinion, e-commerce will help to create opportunities for product development, to serve the growth of the market and to fit the need of customers.

Demand increasing

The executives mention that the e-commerce business should help broaden the market and get attraction from a wider range of customer groups, while the Internet accessible users have been expanding over years.

Cost Reduction

When there is more demand for the product, the production should be more concisely planned in advance. If support staff from department of profession training have ability to estimate material purchasing efficiently, it could reduce the overhead cost significantly.

Meanwhile, e-commerce is concerned as a very potential tool to raise attention for the product with less cost of advertising. People can reach the product with less effort, thanks to existing search engine network technology at present.

4.2.2 Roles of E-Commerce Toward Target Market and Price

According to opinions toward e-commerce, selling the penetration to specific target groups of customer directly may stimulate gross sales and reveal the real value of this kind of artwork.

As of result from the executives focus group, the organization currently has been trying to find out new segments of potential customers, which would gain benefits from using e-commerce approach and online sales scheme, for instance;

Potential target customers

According to the result of marketing staff and the executives, they give information that e-commerce business will help to scope larger customer segment, and penetrate to more precise target group. For example:

- Foreign customers, because of their preferences for Thai traditional artworks and the customer groups from embassy related organizations is the most potential customer group to promote, since the VGH has widely relationship with government organizations internationally. In order to gain benefits from e-commerce, customers may view the photo of existing artworks in the VGH website, then make a contact for purchase directly to the VGH.

The executives give the opinion that, firstly, reaching to foreign tourists is still hard to achieve because of lack of information. Nevertheless, if the organization can create product awareness through embassy related segment, it could be easier to get attention from other groups of foreigners consequently.

- Private organizations, in case that they need souvenirs or for social campaigns, for example: help to promote veteran's handicraft products through organizational CSR (Corporate Social Responsibility) campaigns.

- Private sectors, including people who are interested in unique Thai art, but never know about the VGH and the story of disabled veterans here before.

Pricing strategy to support e-commerce approach

As the price of the product has been set by the War Veterans Organization of Thailand as a reference price for countrywide veteran's products, even though there are more market demands due to the benefit of e-commerce, the price of the artwork remains the same, except wood carving artwork, which the price is defined by the complexity of each work.

However, if the department realizes that the price adjustment should be complied in order to be consistent with costs, budget and market situation, the department can request to the War Veterans Organization of Thailand, to change the policy to support the price adjustment reasonably.

4.2.3 E-Commerce Drawbacks

On the other hand, e-commerce does not have only benefits for business owners, here are some drawbacks discussed by the different focus groups:

Inconsistent customer's perception

In case of artwork, viewing the actual one is really important for customers as one of the factors before making the decision to buy. This may be quite different when it comes to the virtual world in the Internet.

In some cases, viewing pictures of products through the Internet may have limitations, because of many factors that make differences from actual product and online display product. For example: the picture of the product may render different colors from actual, this maybe caused from inappropriate lighting in photography process, different picture settings, display settings etc. Therefore customers may receive inconsistent product from their expectation.

Competitiveness in online market

The online market is considered as one of the most competitiveness place, since there is no exclusion and barrier against new ventures, so anyone who can reach the Internet marketplace can set up their own business without complicated authorizations and procedures like a traditional business. This increases risks from competition with the same market segment (for example: OTOP products and other similar artworks).

Payment and shipment process

As mentioned by marketing staff and executives, the payment process via e-commerce business in Thailand is currently quite ambiguous in terms of policies and regulation. The policy of payment in the VGH dependeds on cash payment, which is the safest and most reliable way. Payment via other ways such as credit card or online payment is not yet accepted.

4.3 The Readiness of E-Commerce Approach in the VGH

4.3.1 Policy and Organizational Readiness

From the viewpoint of management given by the executives, there were many discussions about the initiation of e-commerce as a channel to sell and create recognition of veteran's handicraft products in the VGH previously. As of result, the research found that everyone realizes that e-commerce would boost up sales and income to this business segment. Moreover, it would bring up the morale to disabled veterans who create those artworks, and create public awareness of values and bravery those veterans have done for the country, using their artworks as a medium.

However, the executives raise that since there are many difficulties within the organization that should be managed before initiating such policy. For example; knowledge of e-commerce structure of responsible staff, the skill of artwork producers that should be more advanced, and the inconsistency work process and lack of collaboration among departments into the organization. They consider that these problems should be and clearly pointed out, and corrected in the positive way, before creating e-commerce approach and develop to become an organizational policy efficiently.

4.3.2 Human Resource Readiness

As of result, the research found that most of people who work related to the production, training, sales and other related departments are still lack of ecommerce advanced skills to manage the whole process of e-business, even though some of them are familiar with e-commerce through many leading websites in Thailand, such as Kaidee.com and other online marketplace websites in Thailand.

The urgent agendas that marketing staff and the executives consider is that knowledge and procedures of e-commerce approach should be provided properly, as well as learning to find strengths and competitive advantages of the product.

4.3.3 System Readiness

According to the focus group result from IT department, currently the hospital does not have available system to support e-commerce business directly. The organizational payment process still relies on regular transactions, that means there are many parts to be developed for creating e-commerce readiness in the VGH.

In order to solve the problem, there are efforts to develop the promotional webpages to promote veteran's handicraft products into the official website of the VGH (http://www.vgh.go.th/) and the official of the War Veterans Organization of Thailand (http://www.thaiveterans.mod.go.th/). These websites will act as an online showcase for veteran's products, to create awareness of veteran's handicraft products to public. However, since the development has been in progress and not completed yet, the traditional payment process is still necessary (not fully e-commerce driven, such as bank transfer, cheque, local pickup for customers in Bangkok).

The benefit of picking up the product locally is to guarantee that customers see the actual product before buying and taking it, so that they can share their opinion to the product, prevent dissatisfaction from perception problems. Moreover, they may see how the disabled veterans here create handicraft products and feel like helping them to improve their livings.

4.4 Factors that Support or Obstruct the E-Commerce Business Approach

4.4.1 Internal Factors

Strength of the Product

Considering as artwork, in case of veteran's products, they have uniqueness in themselves (the veterans mention that "Unlike others, and never be alike") since it has been invented to be unique. Therefore, they may be able to retain their competitiveness into online marketplace (as the decision to buy an artwork is from individual's preferences).

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Strategy and Policy Support

The clear strategy in terms of marketing and organizational direction is the most concerned in every layers of operation, there are many factors mentioned, for example:

- Implementing an e-commerce based website to support veteran's handicraft products.
- Applying a marketing research program to find out more target customers.
- Appointing a work team to look after the part of e-commerce business specifically.

Replied by the executives, the strategy of transformation to the ecommerce business in the VGH had actually been discussed with the director of the War Veterans Organization of Thailand. However, until clear transaction processes via online system and delivery processes are defined, the full e-commerce business may be a topic to be discussed further.

Productivity of the Disabled Veterans

In terms of productivity, nowadays the number of disabled veterans who participate in the training program is only around 20 people. The executives mention that the cause of lack of incremental productivity comes from the decreasing rate of the discharged soldiers from Royal Thai Armed Force (since the veterans who can admit to the VGH must be officially discharged from the Army before).

Apart of the lack of new veterans, another factor comes from the readiness of the veterans. Due to their disabilities, continuous medication treatments are necessary for curing their illnesses. While they are in treatment processes, they produce artworks in limited numbers. Some of them may need to take the rest for several weeks, depends on their medical order, that cause them unable to produce any artwork while the resting period. That means that the progress of artwork must be stopped until the veterans are able to back to their works. This problem may affect to the work delay and uncertainty of delivery time.

Considering to this problem, the staff that take care the task of each veteran need to manage the time schedule quite well, to prevent the discontinuing of artwork production. The corrective method used, such as passing unfinished works to other veterans, or continuing the work by themselves.

Motivation and Willingness

From the point of view of disabled veterans and marketing staff, handicraft product training programs in the VGH were established in order to be a part of the treatment and improvement of the ability of disabled veterans, so it is open and accepts veterans, who want to learn voluntarily. If the veterans do not want to participate in handicraft production after finished the training program, they may do something else. Although they quit the training halfway, the department of profession training has to be responsible for the cost used for training and materials.

Encouraging those disabled veterans to have more commitment in the production is considered highly important for marketing and training staff, the attempt to increase the price to make it more appropriate with current situation is one of those efforts to improve morale and create motivation in the group of veterans (See Appendix A, B)

Moreover, when it comes to fully e-commerce business for veteran's handicraft products, the awareness from the online society may increase significantly and could bring more willingness to create more artworks.

4.4.2 External Factors

Government Support

Because of the royal's patronage and exclusively preserved, every fiscal year, the VGH earns support budget from the government in order to acquire materials, training cost, and other overhead cost. The hospital is responsible for excessive spending, such as equipment maintenance cost and other necessary spending.

The table shows the rate of budget supported by the government (through Ministry of Defence) per fiscal year:

Fiscal	Support budget (8)	Increment from previous year		
Year		(\$)		
2012	135,000	N/A		
2013	140,000	5,000		
2014	143,000	3,000		
2015	150,000	7,000		

Table 4.2 Support budget from the government per fiscal year

From this granted support condition, the disabled veterans can make sustainable income, and create significant competitiveness toward other groups of handicraft products without getting supported.

However, since the situation has been changed at present, the supporting budget received from the government is still considered lower than it should be, compared to the increasing spending every year. From the point of view of marketing and training staff, the government should support more budget in order to be used in training programs and for product materials.

4.5 Other Concerning Issues

4.5.1 Focus Group of Disabled Veterans

Material Quality

In order to gain competitive opportunity against huge amount of competitors in e-commerce business, the quality of product is highly concerned. In many cases, selecting high quality of materials helps to reduce overhead costs and improve reliability of the product.

Product Design

Nowadays there are few designs available for Thai-Oshie handicraft, except the wood carving artwork that is only made-to-order. The veterans consider that, more diverse of products and designs will help improving product attractiveness, which attracts online customers better than existing design.

Training and coaching

In addition, the veterans commented that, one cause of the lack of productivity to compete into the modern market is the lack of adequate training hours for new veterans who want to attend. As of present, the training course has not been proposed properly. Sometimes new veterans have to learn the skills from old veterans who have experience in the production. Most of the time, learning happens in the form of coaching system, which the staff and experienced veterans teach some basic skills and give simple tasks to new veterans to practice as exercises. When they have more skills, the task increases complexity, until they are assigned the real pieces of artwork when the staff see they have sufficient ability to create the whole of them.

4.5.2 Focus Group of Marketing and Training Staff

Cooperation with similar SMEs or local businesses with e-commerce

As of present, there are many online communities of handicraft productions that collaborate in commercial and product development with the veteran's handicraft products. That would be better if the handicraft products from veterans will be placed on those websites. The purpose is to bring out the products to public channels, to create awareness from target groups of customer.

4.5.3 Focus Group of the Executives

Policy support to gain more productivity

Apart from the plan to develop new designs and adequate training courses, adjustment of existing policy in terms of handicraft product sales and commercial should be revised to be more supportive to the coming of e-commerce business era.

Self-development process for disabled veterans

In order to create unique artworks and online marketing, those veterans should be free to learn how to improve their works by putting their creativity into their works. Although, it should retain the main theme of being products from disabled veterans, because this makes product unique and help increase the pride and honor of being veterans.

4.5.4 Focus Group of IT Staff

Creating knowledge of e-commerce in every layers of marketing and training staff

As of the result of e-commerce core knowledge in the group of direct in charge people of the business does not meet the satisfaction, learning how to manage e-commerce business effectively must be provided, to prepare them to the transformation to the e-commerce business. This will create sustainability in management process for online marketing schemes in the near future.

CHAPTER V CONCLUSION

The research studies the awareness and readiness for e-commerce business approaches in the veteran's handicraft products business in the VGH, including pointing out the possible factors that may support or obstruct the transformation from the local business to e-business. The research achieves the goal through conducting four focus group discussions with groups of employee from different layers of operation: the executives, marketing and training staff, disabled veterans and IT staff members. The results summarized from each group are listed and summarized below.

5.1 The Awareness of the Potential of the E-Commerce Business

Based on the result from every focus group, the same information about the potential of the Internet and benefits of e-commerce is described. It can be concluded that everyone is aware of the potential of the Internet and e-commerce in term of marketing development as following:

- 1) Expand wider market and penetrate to the target group around the world, in this case, the potential target, which are foreigner art collectors, may see the product from any place in the world. This point is important because since the target group who are concerned as foreigner, who are interested specifically in Thai handmade arts like wood crafting and Thai-Oshie handicrafts. Because of traditional Thai style of art, they tend to pay more for this kind of handicraft product.
- Enhance repurchasing of existing customers, e.g. government offices and military related organizations, may buy more without coming to the hospital to see new products.
- 3) Increase of sales online may increase the disabled veterans' morale through the reputation gained through online marketplaces.

5.2 The Readiness of E-Commerce Business and Factors to Success

Even though they see opportunities to increase overall income through e-commerce business, the department of profession training has no experience in e-commerce business before, the main target customer comes from visitors and patients who come to the hospital, other than that, some government organizations buy those veteran's handicraft products as a souvenir purpose. The staff lack good understanding about e-commerce business management. Therefore, providing knowledge and e-business model to them is the first thing to do.

The most concerning problem is the productivity of the disabled veterans themselves. Absences for necessary reasons, such as medical treatment, or low commitment of the work, may disturb the regular productivity of the artwork. When it comes to e-business, the productivity may not meet the increased market demand.

The current policy of product sales is one of factors that obstruct the development of e-commerce approach, since there are many regulations on the payment and product delivery process.

Nevertheless, there are attempts to improve the readiness to e-commerce business, such as the request to increase the product price according to the current situation, collaborating with other handicraft businesses to penetrate new market segments, and raise the supporting budget from the government and related support organizations.

5.3 SWOT Analysis to the Veteran's Handicraft Product Business

According to the stakeholders with SWOT analysis (Morphy, 2015), the main themes from all focus groups regarding e-commerce approach in veteran's handicraft product can be described in the following table:

VGH Stababalderr	Strength	Weakness	Opportunity	Threat
Stakeholders Executives	- Know how in e-commerce strategic management and policy support	- Lack of organizational structure and collaboration within the organization	- Market opportunity support from government	 Obsolete policy of marketing Budget and cost to implement the system
Marketing and training staff	training products productivity niche mark - Market - Support penetration budget from strategy to the governmen right target - customer Collaborati from veteran's products sectors allo		budget from government - Collaboration from veteran's	Competitiveness level in e- marketplaces
Disabled veterans	 Expertise in production skills Prestige of royal artworks creation 	 Manpower decrease Productivity Training difficulties 	- Government support in training and materials	- Product competitiveness and 'copycat'
IT staff	- Knowledge of e-commerce Comprehensive IT systems	- Lack of e- commerce support systems currently	- New IT system development plan	- Procedures related to e- commerce

5.4 Recommendations for E-Business Development

Steps to increase the readiness for e-commerce business in veteran's handicrafts of the VGH

- The organizational strategy must be resolved and redefined to support the e-commerce approach. Any problematic processes for the e-commerce business, such as order receipt, payment and shipping method should be defined and concisely addressed. The vision and mission in development of e-commerce business should be more punctual and practical.
- 2) In terms of e-marketing, The VGH may collaborate with other groups that have more readiness in the e-commerce business, such as coordinating with local businesses that produce handicraft and traditional artworks and share online marketing area in the first phase.
- 3) In order to cope with the lack of productivity, the department of profession training should change the policy and qualification of people who want to attend the profession training, such as allowing non-disabled veterans, or veteran's families and relatives to learn how to create handicraft products, to increase productivity and redeem the manpower shortage.
- 4) Providing know-how to initiate efficient e-commerce business structure and system to the marketing staff. This will quicken the process of transformation to e-business as the marketing staff are the key people to take responsibility of the system.
- 5) In terms of development a new e-commerce system, the first thing that should be done is, implementing a new module of veteran's handicraft products in the official website of the VGH (http://www.vgh.go.th/) to create awareness from the public.

5.5 Recommendations for Further Studies

As this research is limited only to measuring the current awareness and readiness of the veteran's products in the VGH provided by the department of profession training, there are many aspects yet to be uncovered about details of e-business feasibility study, costs and benefits analysis and other related studies in the field of implementation of e-marketing strategy, such as how to use various kinds of Search Engine Marketing (SEM), Search Enging Optimization (SEO) and the effect of social media as distribution channels for the veteran's handicraft products to specific target markets in the online world (Strauss, 2009).

5.6 Scope and Limitation of the Research

This research studies groups of people and staff who participate in the development of veteran's handicraft products in the VGH, such as: veterans who make handicraft products and attend the profession training program, operational staff who are related to the project in various roles and responsibilities, management executives who define policies regarding to the project, and IT staff who look after the back-end support system.

Since there are many types of veterans' products from all military regions across the country, this research focuses only the department of profession training and its subsidiaries only in the VGH.

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APPENDIX A

The price chart of Thai-Oshie handicraft products and frame – For sale purpose – with estimated price adjustment

	Size of frame	Cur	rent	Adjusted Price		
No.		Price (B)	Framed (B)	Price (₿)	Framed (B)	Remark
1.	7.5" x 8.5" (Thai children's traditional play)	200		300	13	No frame
2.	7.5" x 8.5" (Thai novelty figures)	400		500		No frame
3.	8" x 10"	900	300	1,100	<mark>40</mark> 0	
4.	11" x 20"	2,500	500	2,900	600	
5.	13.5" x 17"	2,500	500	2,900	600	
6.	14.5" x 23.5"	4,250	750	4,800	1200	
7.	19" x 24"	6,150	850	6,700	1300	
8.	19" x 31"	7,100	900	7,500	1500	
9.	21.5" x 30"	7,100	900	7,500	1500	

APPENDIX B

The price chart of Thai-Oshie handicraft products and frame – For government souvenir purpose – with estimated price adjustment

		Cur	rent	Adjusted Price			
No.	Size of frame	Price (B)	Framed (8)	Price (B)	Framed (B)	Remark	
1.	7.5" x 8.5" (Thai children's traditional play)	150		240		No frame	
2.	7.5" x 8.5" (Thai novelty figures)	280		400	·	No frame	
3.	8" x 10"	500	400	880	400		
4.	11" x 20"	1,500	600	2,320	600		
5.	13.5" x 17"	1,500	600	2,320	600		
6.	14.5" x 23.5"	2,400	1,200	3,840	1,200		
7.	19" x 24"	3,000	1,300	5,360	1,300		
8.	19" x 31"	3,600	1,500	6,000	1,500		
9.	21.5" x 30"	3,600	1,600	6,000	1,500		
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APPENDIX C

The revenue recorded of the sales of veteran's handicraft products, including normal sales and souvenir purpose

As of January 2013 to July 2015

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Department of Profession Training, Veterans General Hospital

Year /	ar / 2013		2014		2015		
Month	Pieces	Revenue	Pieces	Revenue	Pieces	Revenue	Remarks
Monui	Sold	(Baht)	Sold	(Baht)	Sold	(Baht)	
January	3	9,000			11	24,100	
February	3	4,100		Í	3	1,500	
March	45	87,600	The second secon	1,700	8	9, <mark>42</mark> 0	
April	14	18,100	M	<u>w</u> - <u>v</u>	24	49 <mark>,52</mark> 0	- means no
May	10	18,100	78	45,900	16	15,740	sale in the
June	6	15,300			5	11,980	month
July	13	18,250	5	16,300	6	12,200	This data was
August	7	6,500	13	12,720	11	5	collected in
September	15	7,000	23	46,300	P		July 2015
October	-		12	3,600	\sim		
November	-	-	13	32,600			
December	-	-	-	-			
Total	116	183,950	145	159,120	73	124,460	