COOPERATIVE E-COMMERCE

by
Ms. Rungrusamee Intharam

A Final Report of the Three-Credit Course
CE 6998 Project

Submitted in Partial Fulfillment
of the Requirements for the Degree of
Master of Science
in Computer and Engineering Management
Assumption University

March 2003

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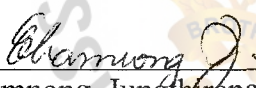Ms. Rungrusamee  Intharam

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The Graduate School of Assumption University has approved this final report of the three-credit course, CE 6998 PROJECT, submitted in partial fulfillment of the requirements for the degree of Master of Science in Computer and Engineering Management.
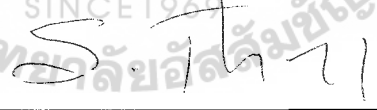
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# ABSTRACT

E-commerce is a very popular tool for posting the goods and services throughout the world and it is an easy way to buy or sell goods to the global market. Cooperative is one type of business to gain profit maximization by using a reasonable price strategy. Therefore, this project is combined with setting up cooperative E-commerce web site (www.thaicoopstore.com) to be a complement household product in OTOP (One Tambon One Product) and serve the needs of the market.

Thaicoopstore is built to handle the online advertising, online ordering both local and international area. This project studies the evolution and effect of Internet on household product in Thailand. The possibilities and benefits cooperative E-commerce are analyzed Marketing plan, such as SWOT analysis, target market and marketing mixes (4ps), with appropriate strategy is recommended to attract the foreign customer and achieve marketing objective. The design, development and implementation of front end of web prototype, which consists of product and price, cooperative news, term and condition, history viewing and e-mail contact functions, is also mentioned and demonstrated in the report.

Thaicoopstore is developed by HTML application. The structure and content in this web site is user-friendly. There are many key factors for successes in Thaicoopstore. Past customers are one of the key successes. Since they usually bought the goods from the local producers and they are convinced to use new tool for buying goods via Thaicoopstore. This will be the base customers for Thaicoopstore. The variety of goods that Thaicoopstore categorized by the type of goods and customers is other key to attract the customers to visit Thaicoopstore. There are three sections of products which can serve different types of customers. Moreover, the security of payment and product warranty are other keys to boost sales.

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# ACKNOWLEDGEMENTS

This project could not have been completed without the assistance of many people. I would like to thank them individually.

First of all, I would like to express sincere gratitude to my advisor, Dr. Chamnong Jungthirapanich, who initiated the idea of this project. He always devoted his time to give me useful information and advice when I encountered difficulties in doing the project.

Secondly, I would like to thank the staff members at the One Tumbol One Product (OTOP) office in Ayutthaya provinc who provided me with the Name List of household producer product locality.

Thirdly, I would like to thank all 25 household product producer who allowed me the opportunity to interview them and give me valuable information.

Finally, I would like to give special thanks to my family who encouraged me to complete this project. I am forever grateful to my parents whose willingness to invest in my future has enabled me to achieve my educational goal.

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## 1.1  Background of the Project

E-Commerce provides the new opportunity to small and medium-sized business in the world market, E-Commerce is the business on Internet network. The business can open the new market around the world by E-Commerce. So the business should understand the E-Commerce system and have equipments to support the E-Commerce system.

If the business would like to make money on the Net, They should prepare:

(1)  The web master to create and up-to-date the web site, when you have the new product or new promotion you must update the web site by the technician about web page.

(2)  The space on Internet server, you must upload your web site to the Internet server of ISP (Internet Service Provider). So it has the rent rate depend on the disk space.

(3)  In the Shopping cart system, customers can click for purchase of products from web page, this system will have the gap to fill the number of product and calculate total price.

(4)  The transportation, the business should have the good shipping to service the customer.

(5)  Secured payment system, on the web page the majority customer payment by credit card so the transfer information about credit card should have encryption to protect the information about credit card.

It is not too hard if you are a private company. The business can look for technology, equipment and person to support E-Commerce. The people of a

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neighborhood in Thailand have the power to produce interesting products for the world market but they don't have technology and knowledge to support E-Commerce. Cooperative E-Commerce is the center to collect products from members and distribute to the world market by web site. Cooperative E-Commerce provides the advertising, transportation, security and technology about E-Commerce for membership. The cooperative E-Commerce establishes to support Thai products in local areas of Thailand through a web site.

This project will collect information about products and procedure in local areas of Thailand, Ayutthaya. The project will create web site for advertising product to the world market, www.thaicoopstore.com and analyze the effect when this website is implemented

## 1.2 Objectives

The objectives of this project are as follows:

(1)   To create website for cooperative E–commerce.

(2)   To collect the Thai products in local areas of Thailand.

(3)   To increase revenue for people in the local areas of Thailand.

## 1.3 Scope

The project focuses on collecting and exporting products from local areas of Thailand, Ayutthaya. The project will create an E-Commerce website for distributing the products in the world, www.thaicoopstore.com.

## II.   LITERATURE REVIEW

### 2.1   What Is the Cooperatives?

The cooperative method of self-help and mutual help in conducting business has long term existed since the Babylonian and ancient Greek eras, or about 3,000 B.C. However, the word "cooperative" had just come in common use to reflect a special form of business organization which is organized, capitalized and managed by, of and for its member - patrons after the Industrial Revolution took place in the 15th century.

The revolution firstly took place in England and then spread all over Europe. Agricultural and communication improvements, development of capitalism and emergence of the modern factory using machines instead of labors were the key features of the Industrial Revolution. The revolution, on one hand, brought expanded production, lowered prices, increased consumption, and raised living standard. But, on the other hand, the modern factory system had led to exploitation of workers, creation of many socio-economic problems and hampering the traditional self-sufficient agricultural production.

Subsequently, economic cycles of inflation and deflation and unemployment occurred. Class conflicts, particularly between the capitalists and workers, became sharper and more violent. This led to various schools of thought, including the cooperative pioneers, aiming to find ways of problem solving caused by the said Industrial Revolution. Charles Fourier of France and Robert Owen of England were among the earlier famous cooperative pioneers. For Fourier, his idea was to organize communal associations, the utopian communities, covering three square miles each. Each association contained, among other things, social, educational and industrial

centers. Each member of an association had jointly ownership over the communal property.

Robert Owen had, at about the same time Fourier developed his idea in France, proposed the idea of "new harmonic colony" which was similar to the "utopian community" of Fourier. According to Owen, the ideal group or community should consist of 500 to 3,000 people placed on about 1,500 acres. All community members should have one large quadrangular building with public kitchen and mess-room and with separate apartments for each family.

The community should be mainly agricultural but should carry on other occupations for self-sufficiency. It should avail itself of the inventions, but without yielding to the factory system.

The self-help and mutual help concept implicitly implied by the idea of Fourier and Owen, despite of their failures in a number of experiments had formed a very important basis used in establishment of the realistic cooperative in the latter.

It was in 1844 that the 28 pioneers of Rochdale society in England, ranging from flannel weavers to shoemakers, organized themselves together as the first truly cooperative based upon the said self-help and mutual help basis on Toad Land to purchase supplies and consumer goods cooperatively.

Successful operation of the Rochdale cooperative had later induced to a worldwide expansion of cooperatives. Most of the Rochdale Principles (e.g. open membership, one man-one vote and membership education) also became the International Cooperative Principles.

As the Rochdale cooperative was specially designed as the model consumer cooperative, a German lawyer named Hermann Schulze - Delitzsch went further to develop credit cooperatives for urban people. His basic ideas were that: patrons should

control and capitalize their cooperatives, cooperatives should accept no charity and co-op growth should proceed slowly through self-help.

Schulze - Delitzsch's idea, on the other hand, has inspired Friedrich Raiffeisen to develop credit cooperatives for the rural poor. His main idea was that only people who belonged to the credit union/cooperative could borrow from it. That loans should be made only for provident and productive purposes, at low interest, and the members' characters were the most Important security for their loans. He also insisted that all the members should have a common bond of interest to hold them together.

This credit cooperative type, after proved of its success in Germany, had expanded to various countries including Thailand and often referred to it as the Raiffeisen credit cooperative.

The field of cooperative has then expanded to cover a wide area of operation with various cooperative forms and gaining more and more popularity. At present, cooperatives have played their significant roles in respective countries. It helps, for instance, to improve the people socio-economic conditions and providing to them a democratic school, (http://www.cpd.go.th).

2.1.1 Definition of Cooperative

A Cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise, (สมเกียรติ 2542).

2.1.2 Cooperative Values

Cooperatives are based on the values of self-help, self – responsibility, democracy, equality, equity, and solidarity. In their founders' tradition, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

2.1.3 Cooperative Principle

The cooperative principles are guidelines by which cooperatives put their values into practice.

1st Principle: Voluntary and Open Membership

Cooperatives are voluntary organizations which open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2nd Principle: Democratic Member Control

Cooperatives are democratic organizations which are controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote), and cooperatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including

governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5th Principle: Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

6th Principle: Cooperation Among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

7th Principle: Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members, (สมเกียรติ 2542)

## 2.2 E-Commerce

At present, the world trade system has largely changed from Barter System to Commercial Trade System, which uses money as medium of exchanging products. It later developed to Electronic Commerce, which buys and sells products through the Internet by using Electronic Money as medium for payment. Electronic Commerce can help businesses to expand the market globally. (วัชรพงศ์ 2544)

The Meaning of E-Commerce: It does not have one absolute definition; its exact meaning depends on the context where it is used:

(1) User View: The most popular view of E-Commerce is online shopping. This does not only mean purchases of merchandise such as books and CDs, but

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also financial transactions such as stock and bond investments, and also information transfer such as online electronic magazine subscriptions.

(2) Business View: The business view of E-Commerce is electronic commerce for inter-business transaction. One standard format is Electronic Data Interchange, or EDI, which defines business elements between trading partners to enable the transfer of information between companies.

(3) Government View: This view is a composite of the user and business views. The government view is of higher level. It is concerned more with enabling technologies, providing societal benefits, and the opening of global venues.

(4) Technology View: Hardware and software vendors are focused on the infrastructure needed to support E-Commerce. This includes the computers, networks, protocols, and software used to facilitate both online shopping and trading partner exchanges. (วีระศักดิ์ 2544)

2.2.1 Why E-Commerce?

The technology breakthrough allows the Internet to play an integral role in the electronic commerce. The communication devices such as facsimile and computer themselves have not been linked with digital system; meanwhile, the Internet can interconnect the network of computers systematically. Quite incredibly, the great thing about E-Commerce is that it can take you to anywhere you want in an instant. It's not the region, or the ultimate in high-tech, it's simply the best way ever to sell stuff.

In recorded history, there has never been a medium that has grown as fast as the World Wide Web. Internet usage had exploded from only 9 million users in 1995 to anywhere between 150 and 300 million users that are predictably by 2001, depending on the source.

2.2.2 Types of Electronic Commerce

In the most part, E-Commerce can be categorized into 4 types which are:

1st Types:  Business-to-Business electronic commerce (B-to-B EC)

In business-to-business electronic commerce, businesses use the Internet to integrate the value-added chain, which can extend from the supplier of raw materials to the final consumer. In other words, business-to-business electronic commerce is the use of computer networks to communicate, deal, and perform business transactions electronically. This new medium will allow companies, even in different parts of the world, to contact each other and continue dealing at any time.

Each company can link with their suppliers through a computer network and place orders online when they want products. This reduces the need for companies to stock products for long periods, thus reducing inventory costs and helping companies have better cash flow.

Actually, electronic links between businesses are not new. They have existed for decades, in the form of electronic data interchange (EDI) supplied by value-added networks (VAN) operated over leased telephone lines. Adoption of Internet protocols and use of the Internet infrastructure are expected to transform EDI from a set communication system, based on dedicated leased lines, between large firms with an established relationship to a flexible system that draws in a much wider range of firms, many of whom may not know each other. EDI over the Internet costs about one-tenth that of a VAN and greatly lowers the barriers to adoption.

In addition to EDI over the Internet, there are three other major forms of business-to-business E-Commerce:

(1)  Use of the Internet, WWW pages and browsers;

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(2) Deployment of "intranets" (networks internal to the firm that the IP protocol), which streamline the firm's internal "business" functions; and

(3) Extension of a firm's Intranet to select business partners ("extranets"). While all three are important aspects of business-to-business electronic commerce, estimating their impact on sales or economic growth is difficult. Furthermore, their greatest effect is often on transaction costs, firm organization, employment, and product quality.

In business-to-business E-Commerce, three factors are likely to lead to quick adoption of E-Commerce:

(a) A reduction in transaction costs and improvement of product quality/customer service;

(b) A defensive reaction to competitors engaging in E-Commerce; and

(c) Insistence by large businesses that all of their suppliers link into their E-Commerce system as a condition of doing business. There will be a significant increase in business-to-business E-Commerce as it draws in smaller second- and third-tier suppliers.

The largest impact of business-to-business E-Commerce is likely to be on small and medium-sized enterprises (SMEs), because many large businesses already have EDI systems in place. The accessibility of the Internet makes electronic commerce a realistic possibility for SMEs and is likely to lead to its widespread diffusion. As businesses move to "build-to-order" processing and just-in-time inventories, a premium is placed on timely, accurate inbound and outbound logistics. In addition, there is greater demand by final consumers for fast order fulfillment and the ability to track an order as it is being processed and delivered.

2$^{nd}$ Type:    Business-to-consumer electronic commerce (B-to-C EC)

Although business-to-business electronic commerce represents the bulk of all electronic commerce, most attention and speculation about E-Commerce has focused on the business-to-consumer segment. With household transactions typically accounting for over half of all domestic final demand, this is not surprising.

Moreover, as business PCs and networks are saturated, it is natural for the focus of attention to turn to the household. The popular press has largely focused on E-Commerce merchants that sell tangible products (*e.g.* books, wine, flowers, computers). However, with the possible exception of computers, the largest segments involve intangibles (*e.g.* entertainment, software). However, we can divide the type of products transected via this B-to-C into:

(a)    Intangible Products

The largest segment of business-to-consumer E-Commerce involves intangible products that can be delivered directly to the consumer's computer over the network. It is composed of five broad categories: entertainment, travel, newspapers/magazines, financial services, and e-mail.

(1)    Entertainment includes adult entertainment, online games, music and video is the largest category of products sold to consumers.

(2)    Travel services, particularly airline reservations, are another    major category of business-to-consumer E-Commerce.

(3)    Newspaper / magazines.

(4)    Financial services are an important business-to-consumer category. Because many firms engaged in online activity also provide traditional financial services.

(5)    E-mail.

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(6)　Computer software.

(b)　Tangible Products

To date, the main tangible products sold electronically have been electronics (including computers), books, clothing and food-drink. Traditional retailers that have established electronic commerce operations dominate many of these categories. Behind these broader categories are specialty-item merchants (books, flowers, and music CDs) that add value by providing a wider selection, more information about a product, or convenience.

Factors influencing growth in business-to-consumer electronic commerce differ significantly from those that affect business-to-business electronic commerce. They are more likely to limit its growth and to hold it to 10-20 per cent of the overall total in the near term. While competition may force businesses to engage in business-to-business E-Commerce, the business-to-consumer segment faces barriers such as concerns about security of payment, potentially fraudulent merchants, privacy of personal data, and difficulty and expense in accessing E-Commerce merchants.

In addition to these legal and psychological barriers, three economic factors will have a large impact on the growth of business-to-consumer electronic commerce, ease and cost of access, convenience, and the appeal of mass customization.

(1)　Ease and Cost of Access

Many observers feel that the cost and complexity of the PC, which is currently the primary access device, is a key factor shaping the demographics of the E-Commerce consumer (IDC,1997b). In

addition, there is the cost of getting on line and finding the site with the products of interest. Even when the site is located, navigating it can be a challenge even to the experienced user. It may be that only when there is a very simple – what John Landry of Lotus calls a "brain-dead easy" – access device, something like a TV with very simple controls, will business-to-consumer E-Commerce reach massive scale. While such devices are available now and are being refined (*e.g.* Web-TV), it remains to be seen whether or not a broad spectrum of households will quickly adopt E-Commerce. Even then, the economic impact may not be large, as the current demographic profile of E-Commerce shoppers – high disposable income, young, well-educated – is what most retailers target and the profile attributed with generating most sales. Nonetheless, a simplified access device should stimulate E-Commerce shopping. The finding that the longer shoppers use the Internet, the more likely they are to buy online and the less likely they are to shop in traditional stores, supports this view (Active-Media1998)

(2)  Convenience

Once consumers have access, the main drivers of business-to-consumer electronic commerce appear to be convenience, choice, personalization, amusement, and savings. Of these, the near-term importance of convenience is frequently singled out.

(3)  Mass Customization

After convenience, a characteristic frequently cited as a spur to business-to-consumer E-Commerce is the possibility of forming a one-to-one relationship between merchant and consumer which allows

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products to be customized. Current examples include the PC configuration, custom stock portfolios, personalized greeting cards, made-to-measure jeans, and custom-made CD compilations. Many e-merchants that do not offer customized products provide a huge variety of products with niches so small that they begin to approach custom-made products: bookstores offering millions of titles, general merchandise sites offering 90 percent of all household needs, and car sites with links to every major manufacturer.

This increased choice is a feature that consumers value, especially for locating specialty or hard-to-find items. Likewise, well-designed sites guide the user, remember consumer preferences, and in some cases reconfigure themselves to reflect past behavior.

3rd Type:   Business-to-Government Electronic commerce (B-to-G EC)

It involves the government and business communications (such as licensing vehicle fleets, submitting VAT claims, electronic procurement). It also exists to reform the government's bureaucratic system. The government needs to have information to take action in the trade negotiations with other countries.

4th Type:   Consumer-to-Consumer Electronic Commerce (C-to-C EC)

This kind of commercial transactions that take place in the Internet include selling and buying the second-hand products, auction, exchanging the goods among the consumers themselves. So as to ameliorate the C-to-C activities, cyber-specific companies thereby exist to act as the intermediary, creating the web pages for distributing and publicizing related news, announcements, notifications, advertisements, sales of the used or second hand merchandise and the like.

2.2.3 Main Instruments of E-Commerce (Durongkaveroj Pichet Dr., "Thai E-Commerce-From Dream to Reality," seminar, Jumpojpantip Room, Chulalongkorn University, January 19, 2000.)

The entire E-Commerce system requires critical mechanisms as;

(a)   User Interface

(1)   Computer: This is the most common tool used in E-Commerce, for the intermediate between the customers, Website, bank and e-trader.

(2)   Television: In the communications, information, and content technologies, consumers currently are able to roam the cyberspace via Internet not only through PCs but also through the evolving medium which is called WebTV. It requires fewer installation devices. With its internal modem, telephone socket for dialing into the Internet, and set-top box, consumers can access the Internet; browse the Web with text and graphics as they do on the PCs.

Internet: The Internet is a key means of helping e-merchants reduce operating costs. It now is used to communicate with customers and suppliers, helping to reduce communication costs by around 90% while getting responses much sooner.

Telephone: The telephone especially the fixed line one is still the indispensable infrastructure interconnected to the cyberspace.

Fax:   Facsimile will remain a major tool for order confirmation

(b)   Payment Technology

Electronic Payment and Transfer: any of several payment schemes that allow a person to pay for goods or services via Internet including e-cash

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and credit card, electronic wallet, electronic check and so forth. Electronic transfer includes computerized systems that process financial transactions and information about financial transactions; specifically, the exchange of value between two financial institutions.

(c)  Security System

(1)  Electronic Data Interchange (EDI): EDI is a common document structure designed to let large organizations transmit information over private networks. EDI is now finding a role on corporate Web sites as well.

(2)  SSL (The secure sockets layer): the encryption process has been normally used from E-Commerce websites throughout the world.

(3)  SET (Secure Electronic Transaction) is secured online payment system standard developed by a group of international financial institutions, including VISA, MasterCard and American Express. The standard is designed to support secured Web-based transactions between sellers and buyers. S.E.T. will enable merchants to verify the identity of buyers. It will also protect buyers by providing a mechanism for their credit card number to be transferred directly to the credit card issuer for verification and billing, without the merchant being able to see the number.

(d)  Delivery System

This is the most important instrument of E-Commerce process. In online merchandising, it is a company's responsibility to send products to customers, once the consumers are making purchase. Therefore, e-business

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company should take this big issue into consideration, which types of delivery suit products at the lowest cost.

2.2.4 E-Commerce Transaction Process

The purpose of conducting business is to make a profit. The way to make a profit is to stimulate demand for a product and facilitate the exchange of goods to increase profit margins. This is where E-Commerce steps in. E-Commerce puts entrepreneur's products at his/her customers' fingertips. Buying online is a growing reality in today's markets. The company's E-Commerce site is its online store, where customers can browse a virtual store and decide on a purchase directly instead of relying on hard copy catalogs or resellers.

Besides being a convenient for many customers, E-Commerce tackles real-time transactions and reduces the time it takes to go through a business cycle, from ordering to selling. Finally, E-Commerce can be tied to an electronic mail system to support transaction tracking and notification.
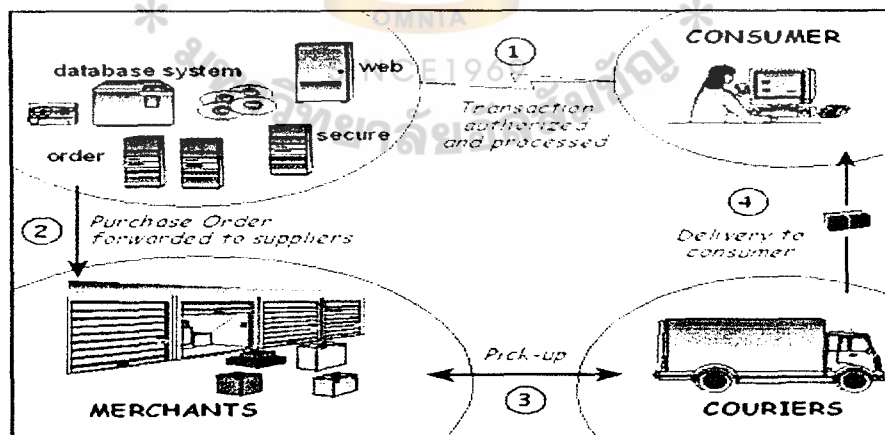


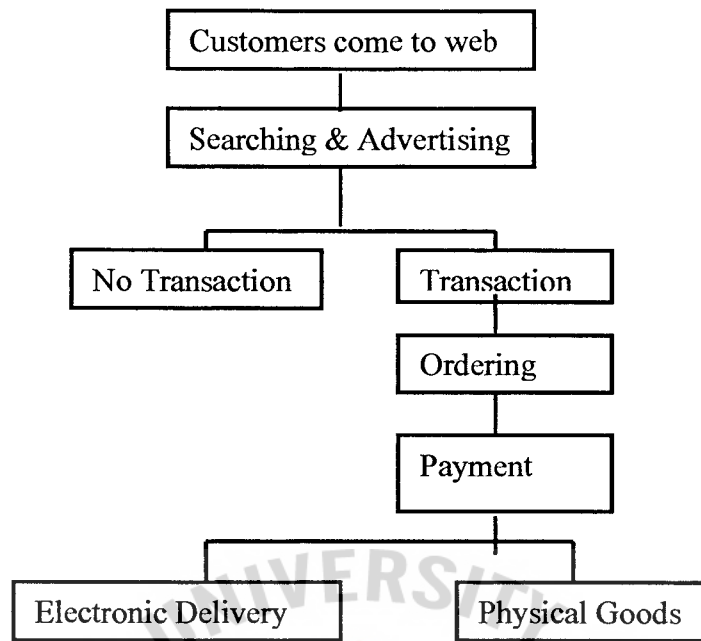Figure 2.1.    E-Commerce Transaction Process.

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Figure 2.2. Purchasing Transaction Process.

(a)     Consumers come to the Web Site

(b)     Search for a product and

(c)     Make an order by adding it to their shopping cart

The shopper fills out forms and clicks Check-out. Purchases are totaled, shipping charges are calculated, taxes are levied, and the total bill is presented.

(d)     Payment Shopper approves the purchase;

The credit card is authorized, is checked against a fraud database. If card is approved, transaction continues, if it is denied, message is sent to consumer for further action. Consequently, order is sent to supplier, confirmation is sent via e-mail to the consumer and the order is sent to the supplier for fulfillment.

(e)     Delivery Digital and non-digital item is shipped to consumers

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2.2.5 The Advantages and Disadvantages of E-Commerce

(a)   Advantages for E-Commerce Entrepreneurs

Every single day, hundreds of new businesses are launching onto the Internet aiming to win new customers and new global markets. These are a few of the benefits that this business can exploit utilizing the few of the benefits that this business can exploit utilizing this powerful new medium.

(1)   Attract new customers: Online trading allows the entrepreneurs expanding their customer base. That means they do not target the customers only domestically but with the technology breakthrough of the Internet, the entrepreneurs can knock the customers' doorsteps no matter where they are. Hence, it is no wonder that the e-merchant can use the new channel of seamless cyberspace to access new customers.

(2)   Improve Customer Service: e-traders are easily able to interact with customers via their web sites; e.g. By providing customer specific information, technical support, newsletters, product updates, questionnaires and e-mail - again 24 hours a day, seven days a week. This helps maintain a long-term automated relationship.

(3)   Penetrate new markets: The electronic trade creates opportunities for the large-, medium-, and small- sized entrepreneurs to expand their distribution channel into new marketplace around the world. In particular, the more you can differentiate your products, the easier and more advantageous to grab new target market.

(4)   Boost sales: With over 260 million internet users at your virtual doorstep, an E-Commerce site enables you to market and sell more of

products and services to a greater number of customers at a much lower cost 24 hours a day.

(5) Cut costs of transactions and overheads: Applied intelligently, E-Commerce can reduce the costs of many business processes, ranging from the obvious such as advertising and marketing to printing and transaction processing.

(6) Ability to be open 24 hours: Time zone is not a barrier for the cyber-merchants to make the transaction with their customers. The traditional store has opening and closing hours, meanwhile the virtual stores on the Internet allow them to trade timelessly without wasting their money to hire employees; only the E-Commerce infrastructures that they want.

(7) Sell more products: In the web site it can display thousands of products with detailed descriptions and prices - much more than can be advertised in a newspaper or magazine ad, TV commercial, Radio spot or even a paper based catalogue.

(8) Respond to Market Conditions: E-merchants can quickly, easily and cost effectively communicate and update information through their web sites. This could be anything from new prices to new product launches, or simply a good news story.

(9) Improved Competitive Positioning: An E-Commerce enabled web site will give e-trader that vital edge over the competitors - and positions firm on a level playing field with the largest companies in the world.

(b) Disadvantages for E-Commerce Entrepreneurs

(1) Conflict with investment in physical stores: The so-called "cannibalization" possibly takes place when traditional merchant sells

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identical products as he does on the Net. Sometimes the entrepreneur needs to be aware of this issue. Do not forget that price of the products sold on the Net have to be added with that of delivery. If customers perceive that they can buy this item from the traditional shop with the cheaper price, E-Commerce is meaningless. For this reason, the e-merchant should be cautious in selecting products to sell. The company may pick up the products that complement the company's ones. For example, if the company sells computer hardware at its physical store, it may sell computer software or peripherals as well as digitized products.

(2)    Some products are not appropriate for online sales this is of also prime concern for the e-trader who would like to run business online. If the product sold is light-weighted and small-sized, such as book or CD-Rom, e-trader will not face with the problem of delivery costs. On the other hand, if e-trader aims at selling the products such as antiques, furniture or household items, e-merchant has to carefully study the possibility of his e-project and conduct business plan before deciding to sell it.

(3)    Lack of technology: Technology seems to be the significant impediment for the merchant who wants to set up e-business. At this moment, Thailand lacks the people who can develop the right technology to match with the existing e-business. That is why e-businesses in Thailand lags behind the foreign ones. Currently, technological infrastructure in Thailand is not ready and full-

implemented. These cause Thai businesses occasionally have acquired the technology from abroad, which requires much capital investment.

(4) Lack of distribution network: Distribution network is acutely necessary for the online businesses that makes a lot of transactions annually. Having own logistics system will reduce cost of delivery a lot in the long term when comparing with sourcing out delivery service company. However, due to the fact that, at present, not many businesses' revenues do not meet the expectation at the desired level that the companies can establish the distribution channel by their own, a few e-investors are hardly to invest a lot in setting up the distribution network.

(c) Advantages for Consumers

(1) Variety of products over the Internet: Due to the fact that the cyber-traders competing among one another on the basis of the uniqueness in order to conquer, the exclusive beneficiary falls into the consumers. Just winking, they can enjoy an array of products and services.

(2) Comparative shopping with little efforts: In case that many online shops offers some identical products, the consumers can find the best virtual store giving them the most reasonable price through just one "click".

(3) Lower prices: The more value chains cyber trader can bypass, the more reasonable price of goods consumers can garner.

(4) Convenience, lack of need to travel: Simply thinking, if you are occupied with your work in front of the computer monitor or are looking for some scarce books that you cannot find at the offline

stores, you will be able to order the food via Internet as well as select your favorite books without traveling to those places.

    (5)    24-hour shopping: With its easiness to access, customers can visit your site, read your published information, buy your products, pay you, check up on orders and even send you letters and documents 24 hours a day, 365 days a year.

(d)    Disadvantages for Consumers

    (1)    Cannot see the product before purchasing: The conspicuous pitfall of online purchasing is that consumers cannot touch the product quality and perceive its freshness especially in case of the non-consumer and strange ones. The consumers see only one-dimension thumbnail picture, perhaps nothing; therefore, they may get more risk buying these goods.

    (2)    Perceived risk of sending credit card information over the Internet: Convenience can convert into insecurity at the same time. Frankly speaking, even in the traditional stores, no security measures guarantee the customers using credit card, neither does their online purchasing. Deprivation of clear-cut security and law protecting consumers' rights deter them from purchasing decision.

    (3)    Not enough product information:  Due to the limited allocation of space and too much concentration on technology without considering the marketing plan that must be applied to the electronic business, a lot of netrepreneurs overlook the product features and contents, core mechanisms spurring their sales. Only attractive pictures, graphics and price tags cannot lure customers interests. Thousands of  stores act as

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virtual retailing stores on the web, with no actual front stores; in other words, they are like "mirage". The customers thereby have to know as much as information about the potential products in order to complement their decision to buy these goods.

(4)  More choices, less decisive to buy: The premium placed on convenience can work against strategies that emphasize choice as making decisions takes time. While E-Commerce sites are helpful for finding the proverbial "needle in the haystack", too much choice can confuse and irritate customers. As choice increased so did the possibility that consumers would not buy anything. If consumers are asked to make too many trade-offs they become anxious.
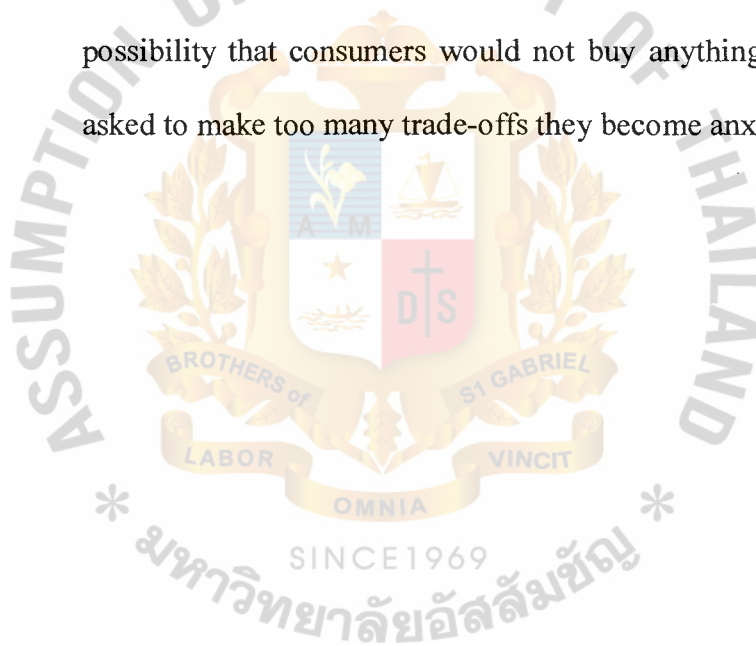
# III. STRATEGIC AND MARKETING ANALYSIS

## 3.1 Keys to Success

The cooperative e-commerce have keys to success as follows:

(1) The web site has to be as easy to use and quickly viewable. The customer satisfaction is an ultimate priority.

(2) Payment system safely, securely, and conveniently which customer can pay by credit card.

(3) The shipping must be Reliable, Guaranteed, Efficient, Traceable and Insurable.

## 3.2 SWOT Analysis

Strengths

(1) High quality of product with lower cost

The cooperative provides high quality handmade product. The handicraft product with low price and high quality made from natural and sells to customer in Thailand or abroad with low price. Using the Internet, which is the communication method much cheaper than the other communication method, can help the cooperative to save communication and transaction cost and reduce the product's mark up cost. So the cooperative E-commerce and offer the lower price to business customer and individual customer.

(2) Availability of cooperative store 24 hours per day:

Normal business hours time constraints do not exist any more with online business. A web server is usually online 24 hours per day. So customer can visit www.thaicoopstore.com and place order every time.

Weaknesses

(1) Lack of online business experience:

Even if the member has experience in the traditional business but not in the online business which has some difference from the traditional business it is a new avenue for them. So we are like a new comer, lace online business experience and face with new environment.

(2) Lack of programming experience:

In terms of programming and making web pages, we do not have experience and are not professional This is one of major weaknesses in doing online business.

(3) Lack of volume control

Cooperatives collect a number of products from members so it is difficult to make volume of product.

Opportunities

(1) Popularity of Internet

Internet has become popular for both personal and business use. Many business have seen a lot of benefits of the Internet and are rapidly moving toward electronic communication via the Internet in order to improve business-to-business interaction.

(2) Low communication and transaction cost:

Internet commerce has a low entry cost compared to other solutions such as EDI. By using the Internet, the cost of communication and transaction for both our cooperatives and customers can be saved.

(3)  New sales opportunities:

The internet operates around the globe. By using the Internet, the cooperatives can reach out to new markets (both locally and globally) that cannot be reached effectively with a traditional sales force or through advertising campaigns.

Threats

(1)  Poor Internet knowledge of membership

The Internet knowledge of membership is still poor.

(2)  Online channel is new for our customer

Most of our members still use the traditional communication such as by phone or fax. And the Internet is a new tool for them. So the membership lack experience to use this new online channel.

**3.3  Marketing Mixes (4Ps)**

Product Strategies

(1)  Products

Objective: Explore Thai handicrafts and hand-made products from OTOP to the world market

Since Thaicoopstore has a variety of products to offer to the customer all over the world, therefore, Thaicoopstore will be the one stop shopping store paradise for the customers who count time as a gold.

The products classification of Thaicoopstore are as follows:

(a)  Household Products

Thaicoopstore combines many products from various tambols that people can use it daily such as a knife, thai musical instruments, fabric bag, etc.
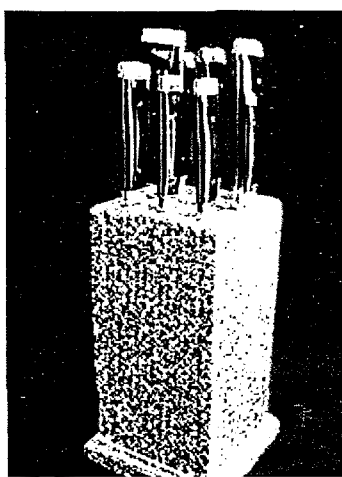
Figure 3.1.    Knife from Aran-yig Knife Group.
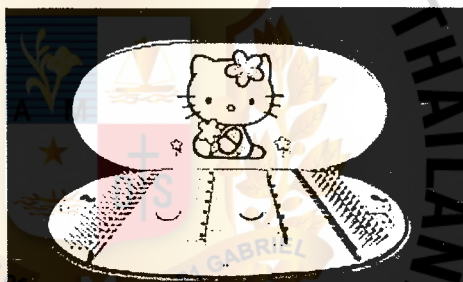


Figure 3.2.    Thai Musical Instruments.



Figure 3.3.    Fabric Bag.

(b)    Gift, Decorative Items & Handicrafts

Among a variety of goods, some goods are special for one group of customers such as artificial flowers, boat model, fish mobile, gazebo, etc. The customer will be a person who like to decorating house or create gift set for celebration.



Figure 3.4.   Artificial Flowers.

(c)    Food & Beverages.

Most of goods in Thaicoopstore are made from natural resources including food and beverages which are made from fruits in Thailand. The wine from roselle can make the good health and can be used for beverages for celebration.

With Hand-made products and uniqueness, these can attract the western customers to make a purchase of products from Thaicoopstore Together with the standard quality products, Thaicoopstore carefully takes care from the original products to the finished products. We also have a quality guarantee certificate for all goods we deliver to the customers.

<u>Pricing Strategies</u>

Objective: To set a price to maximize sales revenue

Through most of the history, price has operated as the major determinant of buyer choice. In addition, nonprice factors have become relatively more important in buyer-choice behavior in recent decades. To set a price to maximize sales revenue, it will lead to long-run profit maximization and market-share growth. Therefore we put price as a big concern for our growth rate. In the first phase, we will use a reasonable price to attract the customers all over the world who access to our web-site. We will mark up only 50% in order to cover the operating cost of the website and the cooperative and it will depend on the fluctuation of exchange rate.

By the way Thaicoopstore distributes product to business customers with high volume in each order. We offer a discount to our business customers and discount will be based on the volume and value of each order. Business customer who orders high volume and value per order will be offered higher discount than business customer who orders low volume and value per order. The main pricing strategy is high volume and value per order will get high discount. The net price is not including the delivery fees which depend on the weight of goods, delivery point and type of delivery.

<u>Distribution Strategies</u>

Objective: Easy to access from everywhere in the world

Thaicoopstore is the cooperative E-Commerce. It is easy to access from everywhere in the world. This will be a chance for Thai handicrafts to explore to the global market and this will increase target group to other countries especially foreigners

Since we gather the group of One Tambol One Products (OTOP), in each tambol we also display products in each tambol in order to increase the accessibility to our product. This will lead to expand our customers to the nearby community, especially

customers who are not convenient to use electronic payment. Payment security through the Internet, customer can ordering through fax or phone.

Promotion Strategies

Objective:

    (1)    To increase sales revenue

    (2)    To attract customer from Internet

    (3)    To build and develop relationships with customers and cooperative

The website promotion. It may be from mass media that will promote the website successfully. The Thaicoopstore.com use online advertising and promoting to impact customer as follows:

    (a)    Banner advertising

Banner advertising is the type of relation or advertising on Internet that easiest to see. The general of banner advertising will present the name of company, slogan or important information of product and service of company and to show picture in sometime. It will present on the top or the bottom of web page.

Banner advertising of www.thaicoopstore.com have size 468 x 60 pixel and show in web page both in Thailand and International show in Figure 3.1 and Figure 3.2.
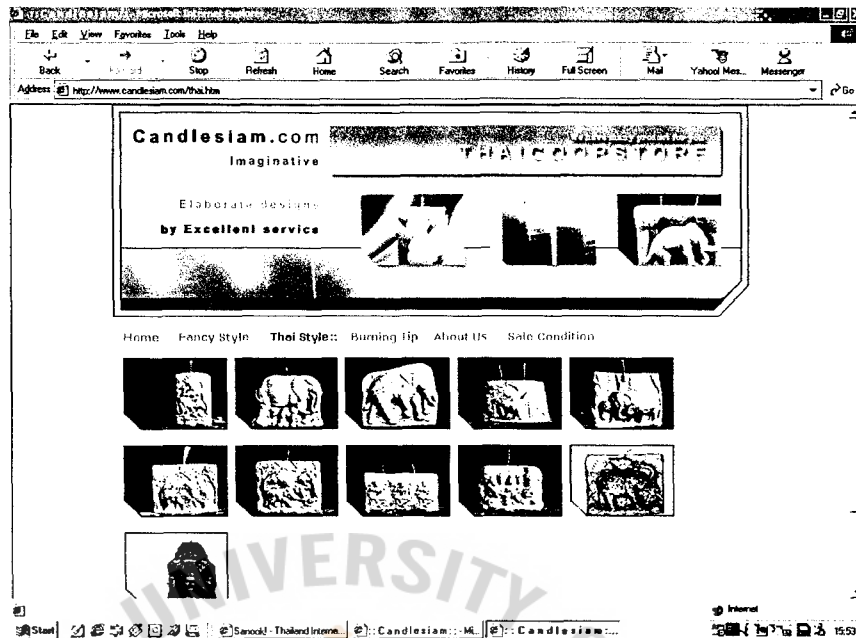
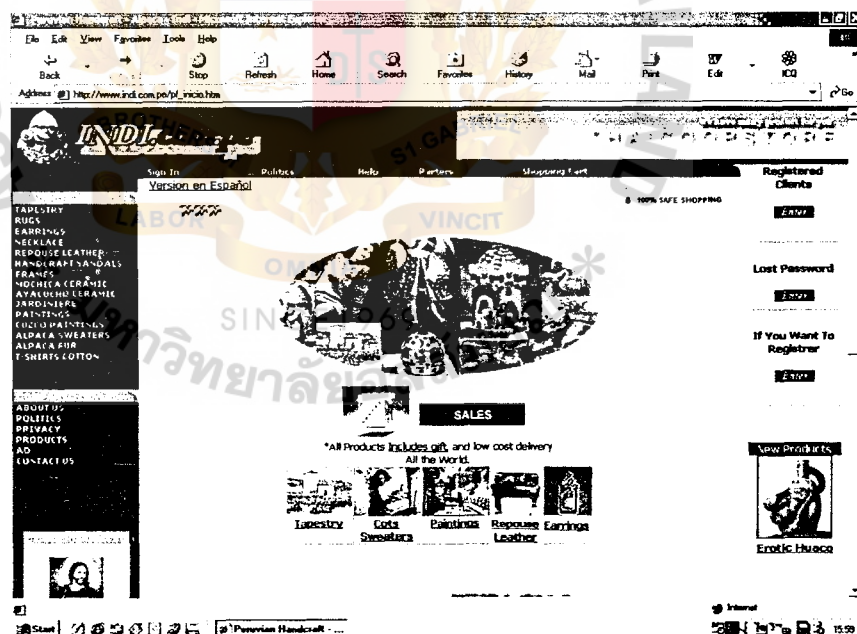Figure 3.5.    Banner Thaicoopstore on www.candlesiam.com.



Figure 3.6.    Banner Thaicoopstore on www.indi.com.

(b) Search Engine

Search Engine is the website that is more influential to industrial website on Internet. Search Engine is responsible like a yellow pages book. It can find the place of product or service that are needed. It is the main tool that users of Internet use for searching many thing on Internet to find the information of product and service.

The search engine register and key word of www.thaicoopstore.com is show in Figure 3.3.
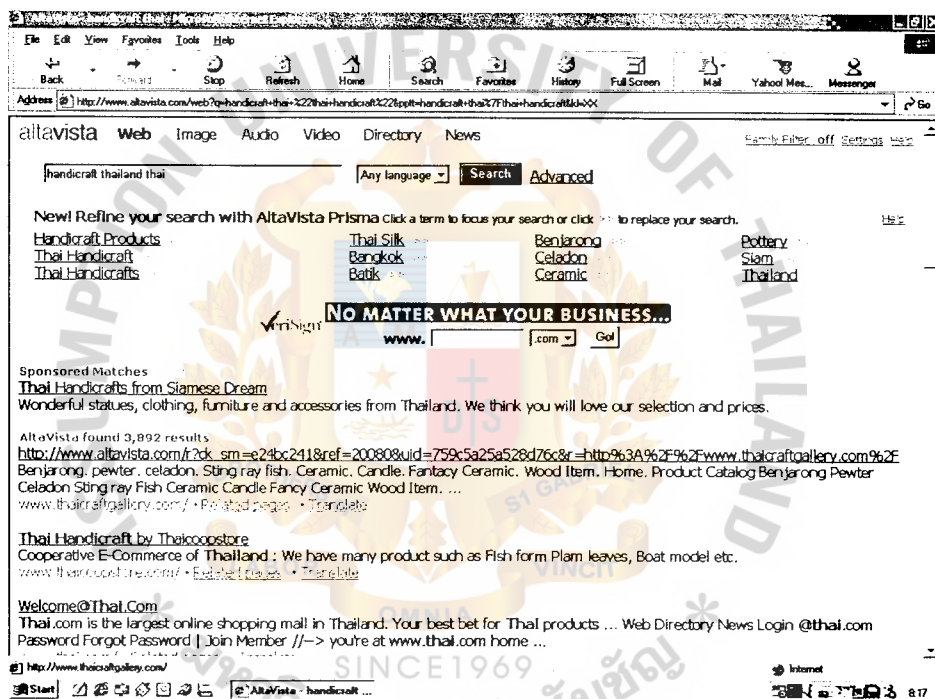


Figure 3.7.    Search Result When Use the Word Thai Handicraft.

People Strategies

Objective: Encourage local community to learn more on Information Technology

Local community within the cooperative is one factor to run Thaicoopstore to be succeeded. Although Information technology is the advance technology for the local community, we let them know the basic understanding using the Internet.

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Moreover, to help Thaicoopstore to survive in the competitive world, visitors who access to our website are an important part of our business. We have a counter to count the number of visitors who visit our website. The average number of visitors is 465 persons per month which is gradually increasing everyday.

# IV.  COOPERATIVE E-COMMERCE IMPLEMENTATION

Cooperative E-Commerce is the assembly of product from the household in the locality which producehs the product to sell abroad by using Internet and website as the intermediary to apply the membersip of cooperative.  It can make the cooperative has enough production for the demand of marketing abroad.  The basic purpose of cooperative ecommerce is helping the membership to advertise their product around the world  by using website www.Thaicoopstore.com to service the membership about showing the product by website, settling the customer's account by credit card service from abroad, transportation of product to customer, Guarantee product.  The last purpose is the rising of product's level and knowledge about IT, Export to members has more knowledge.

## 4.1   The Ideology of Cooperative E-Commerce

(a)   The co-operation

Helping oneself and together of cooperative E – commerce establishes from the response of using Internet as the chance of dispense the product around the world. The dispenses the product of using Internet is once chance that able making income to the community and the revolving fund into the country.   The population of most of the community people lack the knowledge and understanding of information technology that just has more new rules. Someone does not enough money and budgets to manage the process that can miss the opportunity of dispense the product by using electronic machine. It is necessary for co – operation together between the locality's product producer, Internet's knowledge expert and E – commerce for taking the product in the advertisement on the Internet.  It has to self-help

and mutual help of the locality's product producer to have more power to produce for responding with the worldwide customers.

(b)   The service and benefit to customers

The purpose of establishment of cooperative E – commerce to providing and service to the customer. Because of the cooperative E – commerce to membership for membership. Therefore, it is necessary to perform all processes to get more benefits to membership such as attempt to provide the way of transportation product to customer correctly and safety. Training of membership to have more knowledge about the dispensation of product by using Internet.

(c)   Not turn the benefits

The main point of cooperation E – commerce is the cooperative E – commerce that is not pointed to turn the benefits but service the benefits to the membership. The demand of customer in the total of export product in high price from the increasing of opportunity to the dispensation. Therefore, increasing of income to the membership as making of good health and live well to the membership.

(d)   Open Membership

To open the opportunity to someone who has more chance to apply for membership but that person has good character and is interested in applying to be the member sincerely and honesty.

(e)   Democratic Control

By each member has real right to vote one men, one vote for control the cooperative process as the benefit to the membership actually.

(f)    Membership Education

The important and necessary things to develop the cooperative work. The advance or withdraw of cooperative depend on the standard of education of all membership. Cooperative takes refuge of training & education to all member, councils and cooperative officers as the main work.

This training of education, cooperative E – commerce gives the knowledge about computer, Internet, information technology and E – commerce to all members to have more knowledge and ability for living.

## 4.2    The Principle of Apply the Membership

Cooperative E – commerce is the organization. The organization must have membership. The membership must understand the purpose of organization. It can make the cooperative have more benefit. Cooperative E – commerce is the organization of person who lack the knowledge about Internet and E – commerce. The co – operation can make the power but it should have the rule to control work have more efficiency. Therefore, apply the membership can divide into 3 items.

4.2.1 The Minimum of Membership

The cooperative economic system is the cooperation between person that shows there are many memberships. That person usually lacks the knowledge about Internet and E – commerce. The co – operation can raise the standard of memberships to have more power and get more successful. If we see the management of cooperative business in economical way that shows "the minimum of membership should be the minimum amount that the cooperative can perform in efficiently. " About law, as follow the act of cooperative in 1968, the status 11 "Group of people who have not less than ten person will register as the cooperative limited as follow the status 7 (1) that have to:

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(a) There is the cooperative business as the kind of cooperatives that request to register and perform the business together that has same purpose for helping each other together.

(b) As the person who become of age as follow the agreement who earn the living as the announcement of minister and agree to be the membership of the cooperative.

(c) There is some fund that divide as the share equally. The membership is the shareholder their share at least one of it bot not more than five of all shares.

By the way, the law determines the amount of membership in low step. It is not the impediment to establish the cooperative E – commerce anyway. Because of the cooperative want to have many memberships for can production the product enough to the demand of market. The memberships of cooperative E – commerce have many memberships in both of same product and different product that can show the product category in three group of product category as follow

(1) Household Product

(a) Aran-yig knife group

162/3 Moo7 Tumbon Thachang Amphur Nakornluang Ayutthaya 13260

(b) Thai musical instruments group

63/3 Moo2 Tumbon Bankoh Amphur Phanakornsriayutaya Ayutthaya 13000

(c) Fabric bag group

4/1 Moo3 Tumbon Jampa Amphur Tharuew Ayutthaya 13160

(2)   Gift, Decorative Items & Handicrafts

   (a)  Artificial Flowers group

      23/2 Tumbon Phrakaew Amphur Phachee Ayutthaya 13260

   (b)  Miniature Boat group

      47/1 Moo7 Tumbon Krongtakean Amphur Pranakornsriayutthaya
Ayutthaya 13000

   (c)  Fish Mobile group

      8/7 Tumbon Thawasukri Amphur Pranakornsriayutthaya Ayutthaya
13000

   (d)  Gazebo group

      17 Moo7 tumbon Klongtakean Amphur Pranakornsriayutthaya
Ayutthaya 13000

(3)   Food & Beverages

   (a)  Fruit Wine group

      20 Moo7 Tumbon Pakthun Amphur Bangrajan Singburi 16130

4.2.2 The maximum of membership

  As follows the principle of cooperative that is not determined about the maximum of membership. Cooperative E-commerce opens to apply the membership as open membership that is not limiting the amount of membership but it realizes about the quality of membership only.

  The amount of membership has to relate with the quantity of business and the quantity of business has to relate with the expense. In each cooperative have many businesses. The general expense will reduce too. There are many memberships as the opportunity of many quantity of business that can make the cooperative to proceeded efficiently.

4.2.3 The quality of membership

The quality of membership before the cooperative applies someone as a member. It has to select and check the behavior and the status of society and economic enough. The co – operation of cooperative has to work with spirit. When there are some activities to work together. All member have to help each other or to do together, do not wait for the benefit if do not do anything that is exploitation.

Cooperative E – commerce is the place for same people and product that the cooperative chooses and need to spread the marketing of product. Cooperative E – commerce that establishes in the group of the household in locality for selling many products and getting more benefits because put the middleman out of the way. The characteristics of cooperative E-Commerce's member has to be the producer the product which the cooperative E – commerce has chosen as the product of cooperative already.

**4.3    The Principle of Investment**

Cooperative E – commerce emphasizes about the combination of people who intend to spread the opportunity of marketing, sacrifice and honesty more than investment. Although the fund is very important for investment of business but the process of cooperative E – commerce that is not investment for too much money. For the important thing the members are interested and co – operated in the detail of product and study about the way of commercialism by Internet and the cooperative E – commerce only.

The way of how to find the fund of cooperative E – commerce can be divided into three ways as follows:

(a)   Gathering of membership fee such as the first incoming application fee and yearly membership fee.

Cooperative E – commerce will keep the first incoming application fee and yearly membership fee about 100 bath for continue the communication, information of cooperative to all memberships and show about the intention of membership in co – operate with cooperative's job.

(b)   The supporting from project owner about website fee.

The project owner who supports to design   cooperative E – commerce website site, domain registration  www.thaicoopstore.com and web hosting free for all.

(c)   The fee of income from trade the product by cooperative E-Commerce

Cooperative E – commerce will perform to keep the fee from trade about one percentage of the total of income that trade by the electronic store of cooperative for performing of all cooperatives' jobs. When showing of the income accounting, the cooperative has to share the profits to all members.

## 4.4   The Principle of Sharing the Profits

The ideology of cooperative E – commerce is the organization that does not turn things to account only. In fact about accounting the cooperative must perform as same as other businesses around 12 months (one year) as the period of instruction of cooperative E – commerce. When opening an account and there are some profits to share the profits go to all memberships and cooperative committee as the executive management of all cooperatives and share to the officer who is the deputy of executive management. For one thing is the coope4rative turn the profits back to accompany as

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the fund for spreading of membership's management in the future. It is direct to the plan in the future. At the first time of establishment of cooperative maybe has a small of fund but it can become bigger in the future that can affect the cooperative to become the large organization.

## 4.5 The Principle of Equality

Cooperation E – commerce is the organization that adheres to the democratic principle. In the cooperation all memberships nave more qualities.

The quality can divide into two cases as follows:

(a) The quality of management in the cooperative

All members have the real right to co – operate with showing their opinions and advice or complain about the cooperative process. In the cooperative management all memberships may be able to not manage direct to them because all memberships may do for a daily living and con not spend too much times for management. Cooperative E – commerce may give the conference to choose the management committee or Board of director. When there is the management of cooperative in each year will choose the new committee again and all people have the right to be the committee.

(b) The principle of equality to get the assistance of cooperative

All memberships of cooperative E – commerce all memberships have equal the real right as get the assistance of cooperative.

## 4.6   www.thaicoopstore.com

Thaicooppstore.com is the Web – site that collects the native products form Ayutthaya province. It is the promotion of product from the producer direct to the consumption. Therefore it can make the price of product lower  than the competition. The price, which is on the Web page is the total of price that already, includes the transportation cost. It can make the customer know the real price certainly and making decision to buy the product easily.

Thaicoopstore Web-site emphasizes the representation as an easy system, can put the detail nicely and fair and easy to find something customer needs. In the world of Economy of speed we need it easy and fast. The web – site design must always add and improve all things on web – site. It can show www.thaicoopstore.com/ Domain. Name that perform and there are some activities on Internet consecutively.

4.6.1 Why www.thaicoopstore.com and Domain Name Registration

Domain. Name that refers the address on Internet. It forms the national organization which is responsibe for  care and control but there is no same Domain. Name. If compare with Domain. Name as the telling of address on website. On web – site maybe not necessary record Domain. Name. You can use the area of other web – site that services Free web hosting such as Geocities, Hypermart, Angelfire. When apply website and get Domain. Name that has the characteristic as follows. http://your_shop.hypermart.com,       http://www.geocities.com/thailand/yourshop.htm. These webssite will service about deposit or give the area of memory for your website. Something that these web – site get the benefit is Banner in the advertisement on website. They can get the income from the sales of advertisement to the person who wants to show the advertisement by those webssite. Our webssite and webs page are determined to collect in Sub Domain that service maybe free or spend at least money

than recording our Domain. Name. If you need to make some businesses about E – commerce on Internet you should record Domain. Name with the web – site at first such as www.thaicoopstore.com. Because of it can make the assessment of web – site in business process and the customer can easy to remember the web –site that effects to web – site has more successful.

Domain Name Registration

www.thaicoopstore.com was registered at Net work Solutions, in the beginning of Internet, Internic is the organization that establishes for taking care of all domains. By being monopolized about trade of Domain name with NSI (Network Solutions) only. That means in the past if want to buy or record Domain name that uses (.com, .net, and .org). It has to buy from NSI, an ally web – site or partner with NSI only. Therefore, the normal price is about 70 dollar twice years or 2,800 bahts twice years (one baht per one dollar).
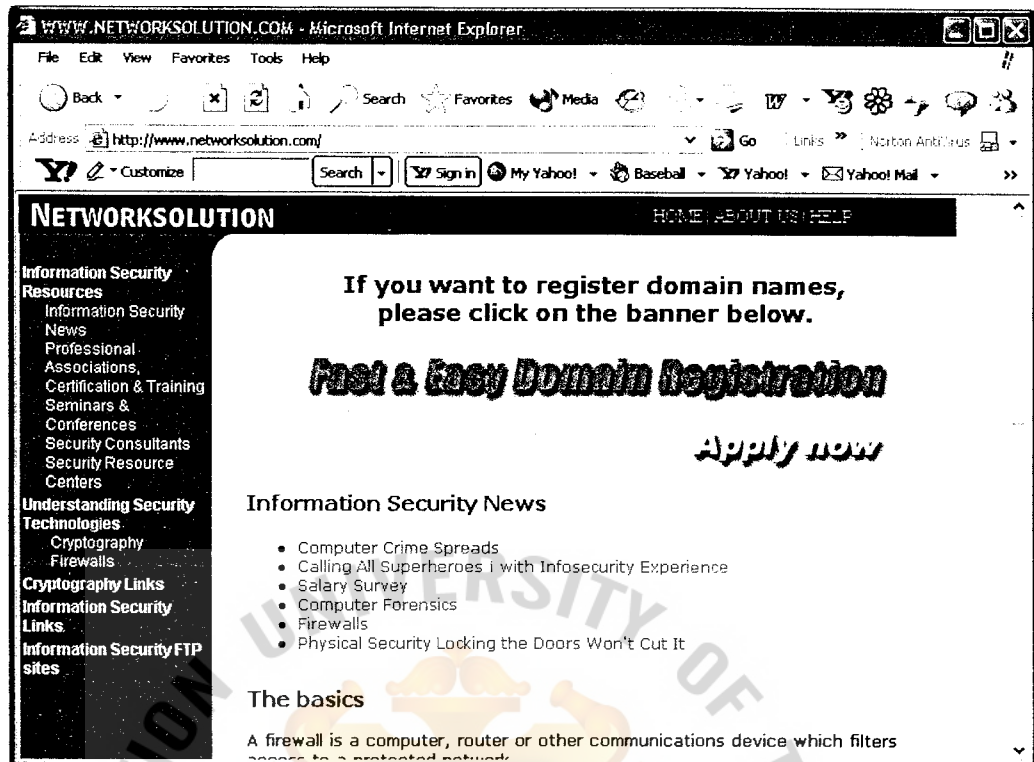
Figure 4.1.  Network Solution Website.

In the present, the principles of free trade. It can make Internet come under the might of ICANN (The Internet Cooperation for Assigned Names and Numbers, www.Icann.org) as the organization that does not turn things to account from America government and ICANN. It is not responsibility for trade Domain name but there is the agent which responsibility to take care of trade of Domain name. When everything does not monopolize as the past. Nit can make trade website in the low price and more service that is better than NSI.

Moreover  domain name .tv, .cc, .ws can register at www.register.com web – site.
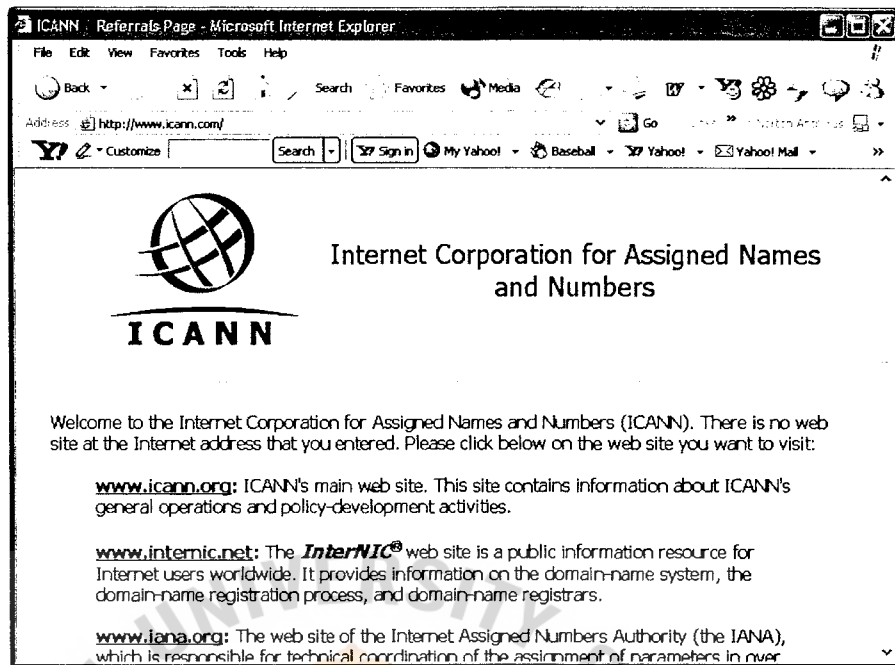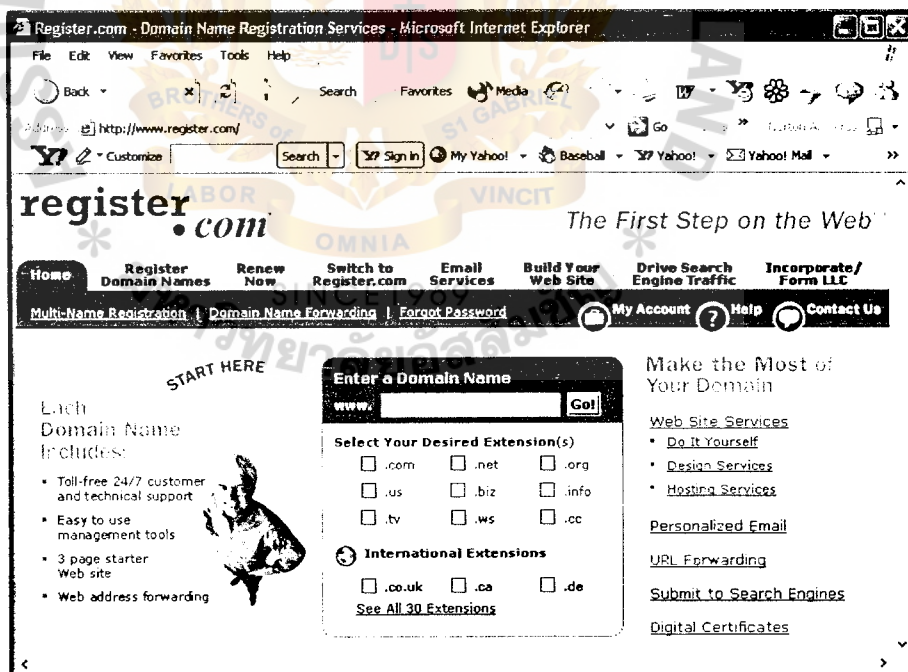
Figure 4.2.   ICANN Website.



Figure 4.3.   Register.com Website.

4.6.2 Hosting

Hosting is the disk space on server that provide by ISP (Internet Service Provide) for rent. It can make your web – site can link with Internet system.

www.thaicoopstore.com use hosting with Asianet Ayutthaya Subnode Internet Service Provider for 20 MB and link with Internet system.

Why Asianet?

(a)  Customer service

It is sure that We do not want to have the problem for our web – site business. We have to choose to use the service of hosting that takes care of the  website very well. When there is the problem we can contact or cooperate to solve the problem fast. If our web hosting that we use have some problem. It can make our customer can not come to use the service of our web – site. By the way the web hosting does not intend about our problem. The damage that we get that does not lose the benefit at that time only. It maybe loses the customer who does not believe to the web – site.

(b)  Technical support

If our web – site is large or service the customer by function or special characteristics. We have to choose to use the service of web hosting that has more ability and can stand by the complex job of our web – site because we will be loser. That is we can not service to customer of your web – site efficiently. It is the effect to our business.

(c)  Reliability

Reliability of link to web hosting system with external Internet means server of web hosting must often down or can not come to visit the website. That is the server, which uses UNIX system. There is the problem of server

that is less than Windows NT system. If our website that deposit with server that often down, the customer who use the service can not visit web – site, maybe boring and turn to use other website.

(d)  Speed of access

Speed of access of web – site is the important factor to service the customer. It means the successful web – site. Suppose that there are people who visit our web – site (at the first time). If our web – site have something that they need and can load web page very fast. First impression of them is effected to the decision to use the service from our web – site again.

4.6.3 Web Prototype Objectives

There are three web prototype objectives which create on www.thaicoopstore.com as follows:

(1)  To publish about cooperative and products.

(2)  To provide convenient tool with lower cost and timely communication to customers.

(3)  To support marketing strategy.

4.6.4 Key to Success of Website

The key to success of this project are as follows:

(a)  Load fast

If the homepage or web page of website takes a long time for opening (load) It maybe makes the customer bored and may not come to visit that. It spends too much time for the customer and Internet user in the present. Therefore, if you do not want to lose the customer, you have to recognize this factor.

(b)     The principle and purpose of web – site

If the Internet user can not understand the details of website to present immediately. When someone visits this website, it can make that website loses there interesting of customers. That is the big mistaken of web - make design. If you visit some website and you can not understand and know about what is the detail of website? You will be confused as to why did you visit this website? When you do not know the answer, you will exit from this website certainly. Therefore, the presentation of detail or something in website have to make them easy to understand. It means it has to be the main point or special characteristics of website what does it show? For example, suppose that website offers accessories. There are thousands of products. website has to try to offer the customer to understand that this website offers about accessories. Though there are many products. The customer won't confuse because something which, they will think as website or you have many accessories or almost kinds of product to service.

(c)     Believable

You have to show the credit or the trust with the customer. Something that you or your website is believable and build the trust of customer. It is the main points for succeed of E-Commerce. Do not promise or offer the impossible agreement, which you or website can not follow or perform it. The way of presentation of detail on website has to emphasize about what does the customer get from your product or service? It has to present upon the standard of concrete truth that can make the customer to understand. Although the product or service are good but on one does not understand. It does not have any benefit. The most important thing it has to lie the

customer because the untruth or the offense of agreement just only one time that means the end of website business.

(d)    Guarantee

  In consideration, there are many web - sites that open every day.   It can make website or other details on Internet reduce their believable because do not know that lies or not. The famous way and popular to use for businessman does not always hope to lie to the Internet user only. The guarantee of product and service such as giving money back to the customer when they do not satisfied about product and service. Exchanging the product free if the product, which the customer bought that, had some problems. This action that can make the customer dare to buy the product and service.

(e)    E-mail address collecting and Communication way.

  You have to try to collect E-mail address of the visitors who visits your website when there is too much time to do it. In Homepage or main web page of website have to try to give the reason or the necessary or the benefit from the person who give E-mail with you such as new modern information or Free Newsletter service or other information service that make them interested free. It is easy to say that when present or offer something depends on what they needed. Then they will give their E-mail for contacting back later. However sending E-mail to the customer or visitor have to allow from them first. If they do not want to get E-mail from you, they may do not satisfied or thinking in the bad way of your website. That means you will lose that customer absolutely.

(f)     The limit of customer's choice

Do not give the customer's choice to choose something in Homepage or main web page. If you are selling product or service, you should take the customer into product and service that customer needed immediately. You have to try to offer the customer's decision. Do not give more choices on your web - page because it maybe makes customer hesitated or can not make decision. If there are a few choices on web page, it can make the customer can make decision for buying the product or service easily.

(g)     Easy to use

Web – site has easy to use because there are many times that website has the complex structure. It is hard to understand. It can make the visitor can not approach or find something that they needed. That can make their boring and escape from that website. Moreover each website does not have a long information because it can make the user has to shift Scroll bar that is uncomfortable to use website. One more thing the setting of the place of button to click that does not put on the corner which is hard to press. In summary the website design has to make the user who can approach or get something that they needed easily, comfortably and fast.

(h)     Regularity and consonance of website

Each page of website design should have the regularity and same pattern such as painting of background like light blue. It should use light blue as the background of each web page. If there is Navigate link that should set in the same place, same color band same pattern in every web - pages. It can make the customer does not confuse such as if there is Navigate link on left-hand side in the first page. The second page has to set

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Navigate link on topside. It maybe makes the user too confuse or can not find it. If the customer confuses or can not use website as their objective. They maybe stop to use the service of website. Therefore it has to design website in regular pattern of each web page. It is easy to use and protect the confusion.

(i) Appropriate color of front

Using color of front points that message as Link such as normal link has to use light blue. Using more colorful is difficult to read and maybe confusing. The important characteristic of using color on web page to have a whirling sensation. It is not professional.

(j) Appropriate color of background

Do not use more colorful, fantastic color or whirling sensation color to use as the background of web page. It is maybe look good and beautiful in your computer but it is not good in other computer of your customers. Especially, the customer uses other browser as you such as Internet Explorer (IE) with Netscape. One thing do not do that is using light color as the background and using adjoining color as the background because it is difficult to read. Therefore, the front color will consort with the background color. It has to remember that is using other browser and it gives different color. If some users set their computer's screen to have color about 16 or 256 colors. It can make color is slightly different. So, you have to careful about the mixing and choosing color to use especially the front color and background color. Sometime, using white color as the background and the front is black color. It is the appropriate way though it like boring and no colorful but at least everyone can read you web – site easily.

(k) Small size of picture file as possible

You should make all pictures to have small size. It can download fast. You can control the size of pictures by reducing use of.

(l) Headline

Headline is the important part of Sale Copy. It should test to make sure that can attract the interest of customers.

(m) Link

Link of website can attract to many people to click for visiting. At the same time, it can make someone so boring too. Link can destroy the interesting of your website or it can make your website is more attractive too. So, you have to careful about how to use link.

(n) File name

Using file name that has the meaning and easy to understand. Your file name is not shown in searching only. It has to show in front of browser part and in bookmark of customer such as the comparison of www.bigsite.com/48494940/New?? You will remember what name is easy and if you must remember which one do you choose?

(o) Java, Animation and Wild Graphics

It does not tell you about do not use all these things. But do not use it for several times. If you are selling Vitamin or special food, you have to write the program of your vitamin product as movement picture or cartoon or not? It depends on who is your main target? What do you want to show? If you use all these things show about your professional, it does not have any problem. You have to be careful because if you choose to use all these things

inappropriately, it maybe has disadvantage more than advantage to your website and product.

(p)   Announcement with customers

Announcement with customers such as for the customer or visitor who visit website. It does not have anything too bad more than it can not find the way how to contact the own website. Giving information of whom is the owner and how to contact? For example real telephone number, present address, real name can make the faith of your website and you very much. Because of web building is easy to make. It can make the customer does not sure that website is lying or not? Giving address and introduction in formally can make website as the real certainly. It can contact all times when the customer has the problem or confusion, which can make website give the faith and the belief of customer service.

(q)   The stratagem of Sales

Suppose that you are selling product or service. You should not give your customer the information that they do not interesting. You should take your customer through something that they need as soon as possible because if they can get something that they need fast, they will impress and can be your customer for a long time. If your web – site services the information in the end of information that customer's interesting should link into consecutive information. This method can help your customer is still on your web – site and they do not turn or change to use other web –site.

(r)   The comfortable collecting money

You should design Website that customer can buy product or service easily, comfortably and fast. Most people often buy products from Internet.

They will hope for something easy and fast. So, the system and structure of sales and service should easy to understand. If you build website like Automatic Real - time that is work at the present automatically. The payment system by credit card, it can help the customer buys the product immediately. It should set safety system of information such as secure page for the customer fills the information and credit card code. If website has many products, it maybe has shopping card credit. It should make sure that that system is easy all steps and the customer could use easily and no confuse. One more thing is the opening of opportunity to the customer who orders the product in offline. The customer can call to order the product. It has to try to give the way of ordering the product of customer more and more.

(s)     Do not have link that is useless

On web page does not have link that is useless because when the visitor visits and presses link and can not get the aim of that link. It can make the customer does not impress or believe the quality of website. In case you have many web pages and links it is impossible that you will check all links by yourselves because it takes time. These website that can check all your links such as www.cast.org/boboy/, www.linkalarm.com, and www.imagiware.com.

(t)     Main point

It has to adhere to the principle and the aim of web site. Many people who build website to get more benefit but they will forget that is why they build website for what and which way? Sometime they forget who are the main targets and which group? In final, website is failure, lose the main

character and main point. So, you have to realize about the aim of website clearly.

4.6.5 Web Prototype Components

(a)   Product and Price

Objective: To show the list of product and prices to customer

Anyone can see our products and prices. The price on the web page as the total of price that already includes the transportation cost. It can make the customer know the real price certainly and making decision to buy the product easily.

(b)   Cooperative News.

Objective: To publish about new condition and new promotion

Anyone can see new promotion by clicking on "Cooperative News" button, We use "High volume high discount" pricing strategy. The customer will see the different prices for each volume order.

(c)   Terms and Condition

Objective: To provide information about terms and conditions for customer who wants to trade with us.

We will have information about terms and conditions, such as how to order via our web site, how to get a credit term, and etc. This section will provide all necessary information for customer to make agreement between cooperative and customers clear.

(d)   E-mail Contact

Objective: To provide convenient way to communicate between the cooperative and customer

E-mail is used by customer to send any problem, question or suggestion to cooperative and by cooperative to send any news, promotion or information to customer. E-mail can help cooperatives to send any information to many customer at a time an also save time and cost.

(e)   About us

Objective: To publish information about cooperative

We will provide information about background and contact address of the cooperative to customer. The information will help customer to know more about us and make him/her feel trustful.

4.6.6 Web Prototype Structure

Home Page Structure
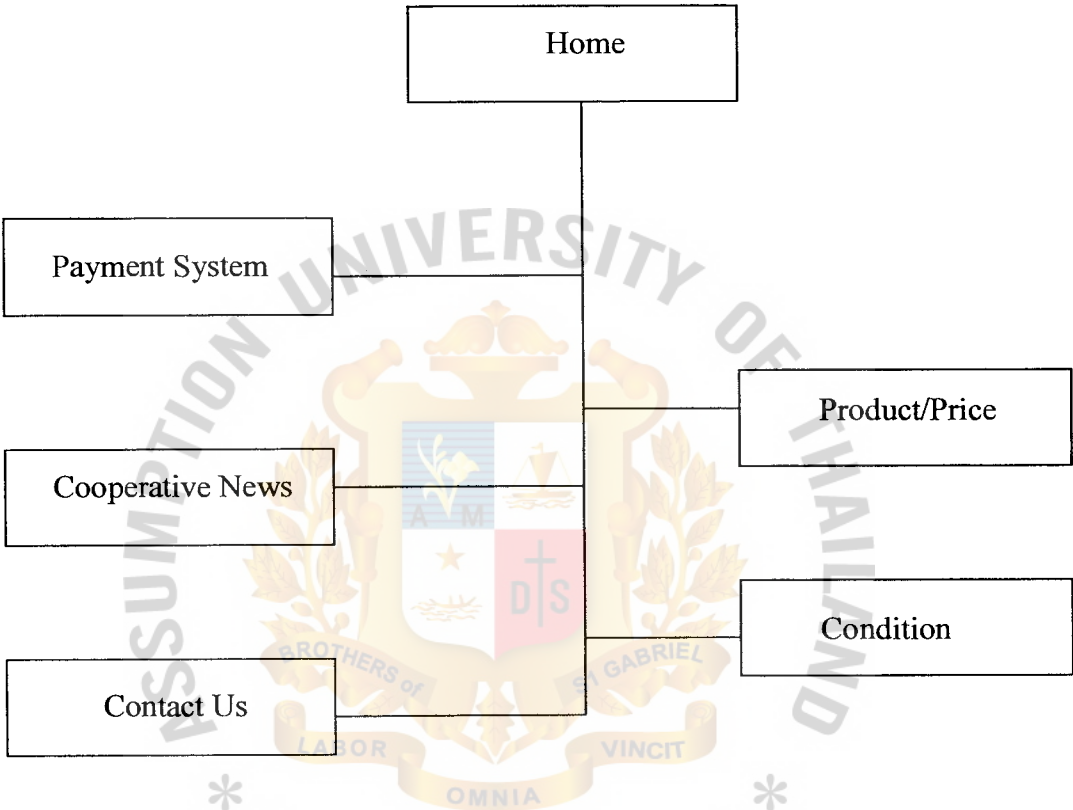


Figure 4.4. Home Page Structure.

4.6.7 Web Prototype Implementation

Web prototype was created to achieve the objective mentioned earlier. In order to reach our target market, the main contents in the web site are both Thai and English language.
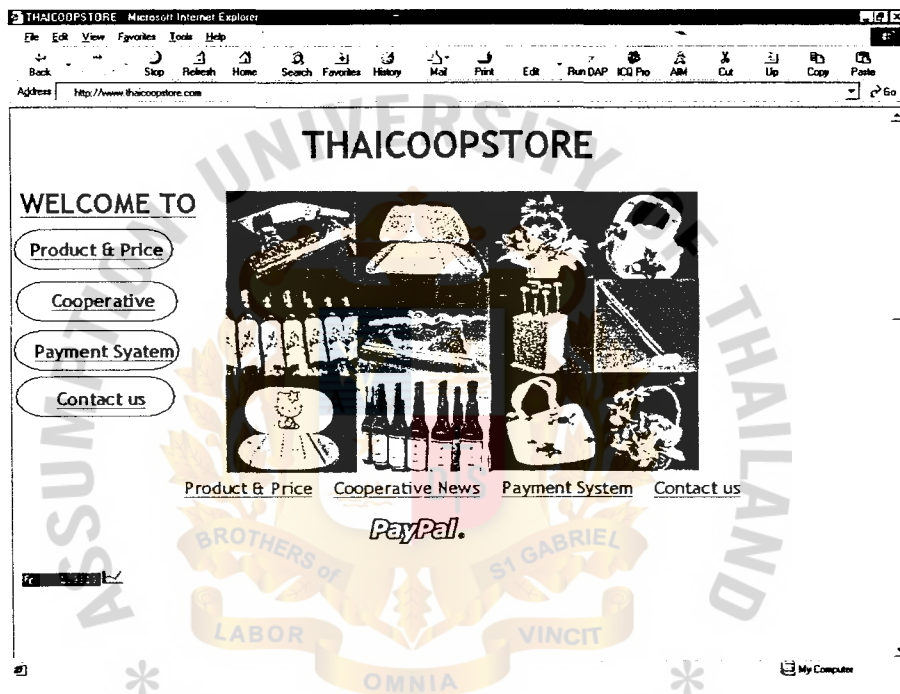
**Homepage**



Figure 4.5. Homepage.

Homepage is the first page when you visit www.thaicoopstore.com. Design on the page has to be attractive and induce the visitor to surf through the site. We use image to be an essential component on this page. Each image files are of small size in order to fast loading. Shade color is also an important factor in designing the web. This website uses blue color to be the main shade. This shade can help user to feel free and also present our products.
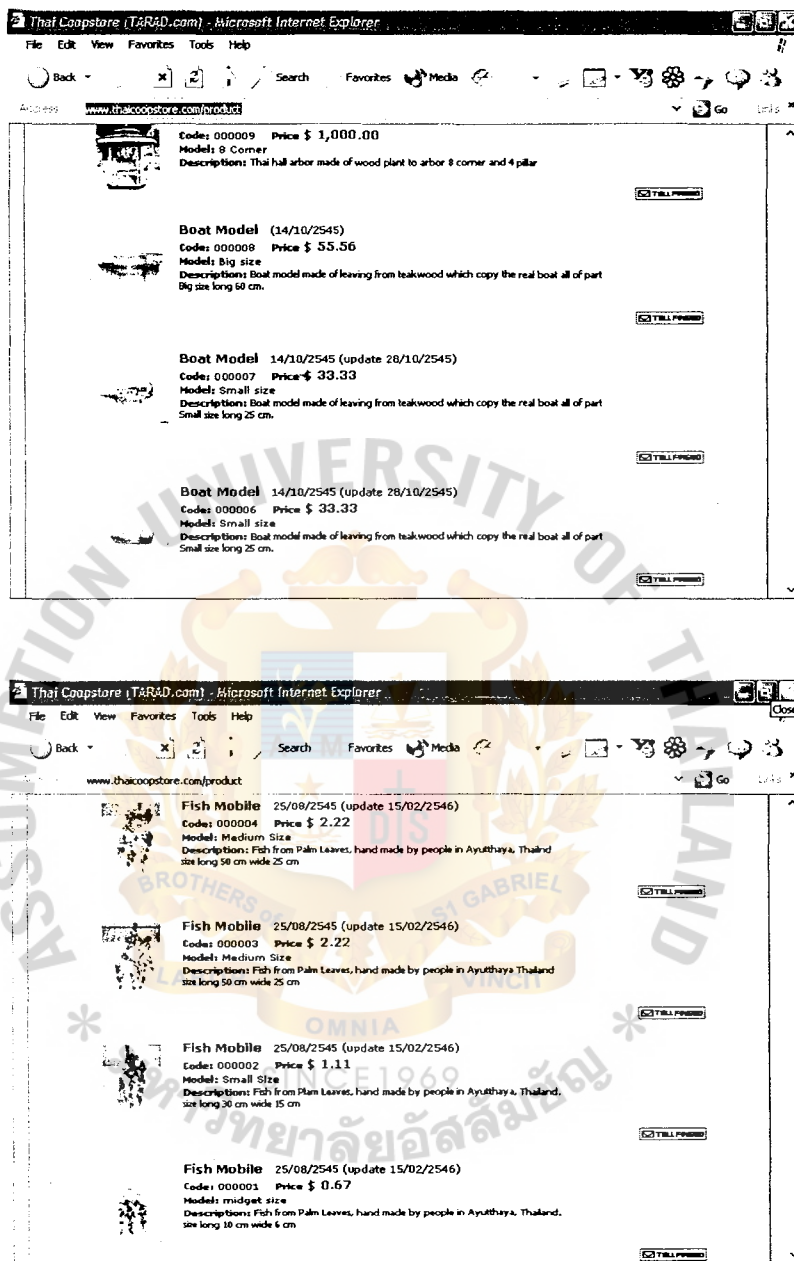
**Product/Price Page**



Figure 4.6. Product/Price Page.

The page will show a list of product and price. Data in this page can be easy to update and maintain the details of product and price.

**Contact Us**



Figure 4.7.   Contact of www.thaicoopstore.com.

E-mail is used by customer to send any problem, question or suggestion to cooperative

4.6.8 Payment System

For safety, convenience and choice, Thaicoopstore.com accepts payment from PayPal.com. We will quickly give you the basics on how to pay safely, securely, and conveniently using PayPal.

PayPal is a free account-based system that provides the most secure, instant and convenient online payment available today. To protect customer security and privacy, PayPal uses the latest technology and strict protocols to keep your personal information safe.

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After adding items into your shopping cart, simply click on the "Check Out" button and follow the "Continue" prompts until you reach the PayPal website. Please note that once you have checked out further items cannot be added to your transaction. If you are not already a PayPal member, once at PayPal you will need to complete their quick and easy registration. Please note that it is free to become a member of PayPal.

After you have checked out your items and signed up for a PayPal account, you will be taken to a transaction page. Here you will be able to review the details of your order, including the total purchase amount. You may pay for your purchase securely and instantly using funds from your PayPal account or you can send payment to PayPal via credit card (VISA, MasterCard, Discover & American Express), debit card, eCheck or bank transfer. Once payment is approved, PayPal will immediately notify us by email. Once your order is processed, we will ship your order to your door by the guaranteed 24-72 hour FedEx global delivery service. Once your order has been shipped, we will email you a tracking number so you can track your shipment at the FedEx website.

4.6.9 Shipping

We use the 24-72 hour FedEx Express global delivery service for our shipping because it is Reliable, Guaranteed, Efficient, Traceable and Insurable. Unfortunately, we cannot assume responsibility for shipping errors related to wrong shipping addresses, customs delays and agreements reached between the buyer and FedEx to forgo a signature on delivery.

# V. CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Conclusions

Cooperative E-Commerce (www.thaicoopstore.com) is established to be a complement online channel of OTOP (One Tumbol One Product) by opening the website www.thaicoopstore.com and attract customer by web promotion. There are many factors that do not support the cooperative E-Commerce, such as non-readiness of the membership, poor Internet infrastructure, or weakness of business itself. They are temporary negative factors. The membership will perceive the benefit of the cooperative E-Commerce, such as increase target group to other countries especially foreigners, easy to present product everywhere in the world, available 24 hours a day and etc., and try to adjust and improve themselves, the government will get more support in electronic commerce and time and experience will make cooperative E-Commerce stronger.

Cooperative E-Commerce targets on the customer all over the world who count time as a gold in the beginning stage and expands step by step. The main marketing objective is to build sales of a product distributed over the Internet. There are 3 kinds of product in the www.thaicoopstore.com, which are household product, Gift, Decorative items, Handicrafts, and food & beverages. Customer places an order via the website. Moreover, they will get volume discount. For non-readiness customer can still order via phone or fax. We use online promotion strategies such as banner, search engine and sales promotion to the target customer, to introduce and induce customers to click to www.thaicoopstore.com

For web prototype (www.thaicoopstore.com), the project concerns about the front end that consist of the following components:

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(1) Product and Price: to show the list of product and prices to customers.

(2) Cooperative News: to publish about new condition and new promotion.

(3) Terms and Condition: to provide information about terms and condition for customer who want to trade with cooperative.

(4) E-mail contract: to provide a convenient way to communicate between the cooperatives and customers.

(5) About us: to publish information about cooperative.

www.thaicoopstore.com accepts payment from PayPal.com, PayPal is a free account-based system that provides the most secure, instant and convenient online payment available today.

The main designs of web prototype are as follows:

(1) The website uses blue color to be the main shade in order to present the product.

(2) The main contents in the web site are both Thai and English language in order to reach the target group.

(3) Using text to display the contents in order to fast loading and easy to read

(4) Using a few images to decorate in order to make web site attractive and fast

## 6.2 Recommendations

Front end and back end system are important for any online business. For cooperative e-commerce, not only a good design for the front end, as mentioned in this project but also a good information of the back end is essential. The back end, such as terms and condition, has to be compatible, linked and supported the information system of the cooperative. It is necessary for any company, which would like to run business over the Internet, to have a good infrastructure, information and computer system. The security concerned could not be neglected. Moreover, the membership of the

cooperative is a very important factor in the cooperative e-commerce and should be trained to understand the e-commerce.

Internet links people and business around the globe. Cooperative e-commerce can reach not only local customer but also global customers. The cooperative can expand the target to international markets, such as neighbor countries, by providing English contents in the web site.

Since Thaicoopstore is already implemented to the world market, this is a good channel distribution with low operating cost which can be turned to higher profit to the business owner.

By implementing this project to other type of business, the stable production should be ensured since Thaicoopstore is gathered by many local producers which mostly made to order, not made to stock in a big volume and this maybe out of control.

Not only a good quality of products that we offered to the customers, services also the key factor for successful website. The security payment is a big concern for the customers. We have to ensure them that the payment via website is strictly secured. The delivery is the service after payment. This will create trustworthy from the customers. However, product warranty will also create loyalty to make them repeat customers.

To improve further on this project, there should be more local producers from other provinces throughout Thailand such as Gems from Jantaburi, Sa Paper Umbrella from Chiang Mai, etc. Since Thai handicrafts is well known on the beautiful and neatness to other countries, this will help boost sales for the collection purpose or as a gift for special occasion. To expand the product line in the website, Package tour is another scheme that can be added to world market. This is a way to welcome them to explore Thailand more than viewing from the website. Package tour can be chosen from the licensed member of Tourism Authority of Thailand. This will ensure the customers

that we will give them with the warmly welcome and reasonable price which is worth to pay.

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