

Handmade Porcelain Dolls Website

by

Ms. Phantipa Kongsri

A Final Report of the Three-Gredit Course IC 6997 E-Commerce Practicum

Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Science in Internet and E-Commerce Technology Assumption University

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Submitted in Partial Fulfillment of the Requirement of the Degree of Master of Science in Internet and E-Commerce Technology Assumption University Project Title

Thaicraft Handmade Porcelain Doll Website

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The Graduate School of Assumption University has approved this final report of the three-credit course, IC6997 E-Commerce Practicum, submitted in partial fulfillment of the requirements for the degree of Master of Science in Internet and E-Commerce Technology.

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ABSTRACT

The report begins with introduction to E-Commerce, its benefits and reason for going online. Existing situation Analysis was outlined through five force analysis and PEST Analysis in order to understand the underlying structure of the industry and business segment. The target markets are both Thai People and Foreigners who are interested in Thai Products and Porcelain Dolls, aged varied from 18-60 years old with moderate income and also people with respect to the Internet Technology. The author also conducts SWOT Analysis in order to be able to perceive all the current strengths, and weakness, opportunities and threats to the company. After that the proposed web site and its competitive advantage. Finally, it shows the web plan, control and support mechanism and feedback.

The website's domain name is www.thaicraft.co.th, which points to Thai products. Also, it shows that it is a Thai manufacturer by "co.th." The main profit is from selling the product online whereas additional services are provided to satisfy the customers.

The break-even point per month is 154 units and the average selling price is 210 Baht, so sales will increase 30% every year. Therefore, the extra profit from this new marketing channel will breakeven during the third year.

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I. INTRODUCTION

1.1 Internet and E-Commerce

The internet is a channel of Electronic Commerce (EC) that is part of electronic business not only selling or buying but also marketing, promotion and so on.

The Internet-Based Electronic Commerce is rapidly emerging as an entirely new method to conduct business and to interact with customers, suppliers and partners. E-Commerce also covers many operations within production processes. Some companies are using the Internet to make direct connections with their customers for the first time. Others are using secure Internet connections to intensify relations with some of their trading partners, and using the Internet's reach and ubiquity to request quotes or sell off perishable stocks of goods or services by auction. Entirely new companies and business models are emerging in industries ranging from chemicals to road haulage to bring together buyers and sellers in super-efficient new electronic marketplaces.

The Internet is helping companies to lower costs dramatically across their supply and demand chains, take their customer service into a different league, enter new markets, create additional revenue streams and redefine their business relationships

1.2 Why provides Thaicraft Handmade Porcelain Doll Website

According to the opportunity of Internet technology and the increasing rate of the internet users, we decide to provide "Thaicraft Handmade porcelain Doll Website" as our channel to promote Thai Handmade Products to the market and reach a large number of customers around the globe at low cost. The website will provide online transaction for the product. The customers can buy the products through the web site 24 hours at their convenience. Also, it can provide value-added service to make customers high satisfaction. It allows customers to track shipping status of their order. The market

positioning is the most preferred choice for Handmade Porcelain Doll Website, which offers excellent quality with competitive rates and exclusive Thai Style products. The superior quality of our products will assure that Thaicraft's Handmade Porcelain Dolls will be in the minds of customers.

1.3 Objectives

To create the website for an existing Thai Handicraft business to:

- (1) Enable customers to shop via the Internet 24 hours a day from almost any location
- (2) Expand existing business to the Thai market.
- (3) Catch the wider target customers especially foreigners
- (4) Emphasize on Thai Handmade Products
- (5) Provide customers with more choices
- (6) Generate revenue from selling Thaicraft Handmade Porcelain Dolls

1.4 Scope

- Analysis, PEST Analysis and a detailed Competitors Analysis both direct and indirect. Also design strategies to meet competition and show how implementation will be done.
- (2) Provide marketing plans and strategies to achieve goals.
- (3) Identify target market, market positioning and promotion mix to penetrate the market and compete with competitors.
- (4) Conduct Cost-Benefit Analysis
- (5) Implement and amintain a website effectively so as to allow users to find information easily.

1.5 Deliverables

Deliverables for this project will be as follows:

- (1) Introduction to Thaicraft Shop
- (2) Business Plan for an E-Commerce System
- (3) Design a screen of Thaicraft shop
- (4) A prototype of a website applying concepts of business models

1.6 The Benefits of E-Commerce to Handmade Porcelain Dolls

- (1) E-Commerce allows the company to expand marketplace to Thai market.

 The company can easily and quickly find more customers, suppliers and business partners.
- (2) E-Commerce decreases the cost of creating, processing, distributing, storing and retrieving paper-based information. The marketer can make changing information availability quickly, so they can change as many times as needed.
- (3) E-Commerce enables the company to gain competitive advantage by providing value-added service. The company can provide specific service to each customer according to his or her need and want.
- (4) E-Commerce enables the company to interact more closely with customers, even if through intermediaries, which helps promoting better CRM and increase customer loyalty.
- (5) E-commerce enables the company to advertise, promote and give special offer directly to customers at low cost.
- (6) E-Commerce benefits also include improved corporate image, improved customer service, reduced transportation cost, reduced cycle and delivery time and also increased flexibility.

1.7 The Benefits of E-Commerce to Customers, Distributors and Business

Customers

- (1) E-commerce allows customers to shop or perform other transaction 24 hours a day, from almost any location.
- (2) E-Commerce offers new purchasing channel where customers can have more choices with less expensive product and without going out to the shop.
- (3) Customers can locate relevant and detailed product information in seconds, rather than days and weeks.
- (4) E-Commerce allows better communication with suppliers, partner and customers.
- (5) E-Commerce offers opportunities for partnerships and alliances
- (6) Other benefits are rich information on the Web, convenient shopping and reduced time for search out, etc.

II. EXISTING SITUATION ANALYSIS

2.1 Industry Analysis

Five Forces Analysis:

Dr. Porter's Five forces model is a framework that describes how an industry grows, behaves and responds to five primary "external" and "internal" forces. The Porter 5 forces model is a framework for understanding the underlying structure of an industry or business segment, built around the five primary and dominating competitive forces that affect the short, intermediate and long-term effects of an industry's size, strength, vitality, and profitability.

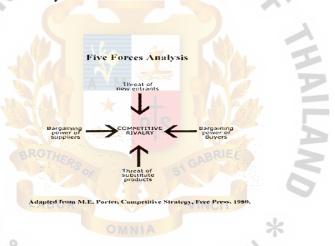


Figure 2.1. Five Forces Analysis

Five forces analysis helps ThaiCraft Handmade Porcelain Dolls to contrast a competitive environment. It has similarities with other tools for environmental audit, such as PEST analysis, but tends to focus on the single, stand alone, business or SBU (Strategic Business Unit) rather than a single product or range of products. Five forces looks at five key areas namely the threat of entry, the power of buyers, the power of suppliers, the threat of substitutes, and competitive rivalry.

Table 2.1. Entry Barriers.

Characteristics	High	Medium	Low
Economies of Scale		X	
Proprietary Product difference	X		
Brand Identity	X		
Switching Cost		X	
Capital Requirement		X	
Access to Distribution		X	
Absolute Cost Advantage		X	
Proprietary Learning Curve	X		
Government Policy		X	
Expected Retaliation		X	

Table 2.2. Rivalry Determinants.

Characteris <mark>tics</mark>	High	Medium	Low
Industry Growth		X	
Fixed Cost	X		
Value Added		X	
Product Differences	X	IE/	
Brand Identity	X		
Switching Cost		X	1
Number of Competitors ABOR	VINC	X	

Table 2.3. Determinants of Supplier Power.

Characteristics	High	Medium	Low
Switching Costs of Suppliers		X	
Presence of Substitute Inputs			X
Supplier Concentration		X	
Importance of Volume to Supplier		X	
Differentiation of Inputs			X

Table 2.4. Determinants of Buyer Power.

Characteristics	High	Medium	Low
Bargaining Leverage	X		
Buyer Volume		X	
Buyer Switching Costs relative to		X	
Firm switching cost			
Substitute Products		X	
Price Sensitivity			X
Product Difference	X		
Brand Identity	- X//		
Impact on quality of Products	X		

Table 2.5. Determinants of Substitution Threat.

Characteristics Characteristis Characteristics Characteristics Characteristics Characteristics	High	Medium	Low
Relative price performance	X GABI	(IET)	
of substitute			
Switching Cost	INIA	X	***************************************
Buyer Propensity to Substitute	E1969	X	

To Summarize the Handmade Porcelain Doll Industry:

- (1) Entry Barriers- In the Analysis above, it is found that Entry Barrier is not high. We could say that it is medium entry barrier and medium exist barrier (Political Effect).
- (2) Rivalry Determinants- Rivalry is quite high in this industry they see that the opportunity of industry growth. Therefore, there are few main rivalries

- that emerge in the market and reflect by competitive tactics such as lower prices, increase customer services.
- (3) Determinants of Supplier Power- Low because we have very close relationship with our main supplier and we are a large buyer.
- (4) Determinants of Buyer Power- Moderate because the product is designed to be differentiated and exclusive so it will not impact on price sensitivity.

 On the other hand, customers may shift to other substitute product because the switching cost is not high.
- (5) Determinants of Substitution Threat-Somewhat high because there are numbers of substitute products in the markets. For example, the customers might shift to the other products that are cheaper than the industry's product.

Overall this would be an industry in which we could expect reasonable profitability in the medium term because we are already a part of it. In the long run, innovation is a very significant factor that will create competitive advantages to the company.

PEST Analysis

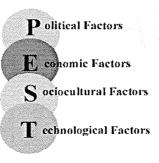


Figure 2.2. PEST Analysis.

Political Factors:

The political arena has a huge influence upon the regulation of businesses, and the spending power of consumers and other businesses.

Thai Government supports Thai exporters and encourages SME to provide products and services. They also give SME business large capital for loaning and provide free of charge advice service about doing business on the Internet.

The framework for Thailand's trade practices is formed by its membership in the World Trade Organization (WTO) and the Association of Southeast Asian Nations (ASEAN). Membership in both of these organizations commits Thailand to the reduction and eventual removal of tariffs, duties, and non-tariff barriers to trade in an agreed upon timeframe. Other trade agreements that Thailand has signed deal with the movement of specific goods like garments and textiles, or the movement of goods between specific countries. It is good for the company to export the products in the near future.

Economic Factors:

Marketers need to consider the state of a trading economy in the short and longterms. This is especially true when planning for international marketing.

The development in economic factor is the positioning of Thailand's ceramic products, which has moved towards the upper-segment of the market. Previously priced as low as US\$.50 - 4, adding value through design, innovation and effective marketing have seen prices rise to US\$ 10- 14 per piece when exported onto the global market.

Thailand registered ceramic exports of US\$ 196 million in 1999, up 18% over 1999. Over the first eight months of the year, ceramic shipments from Thailand jumped 19%, on pace to reach US\$ 233 million for the year. The leading markets for Thai ceramic exports are the United States, Japan, Hong Kong, and Australia.

Thai exports have grown solidly in the year 2003, and the country is the seventh biggest exporter in Asia. Thailand's GDP growth is likely to top 6 per cent according to all recent economic indicators, particularly in the export and manufacturing sectors

Thai economies for 2002 and 2003 are projected to grow at 4.9, 3.5-4.5 percent respectively. This was due to continually expanded domestic demand and export improvement.

Table 2.6. Thailand's Export of Ceramic Products
Figures in millions of U.S. dollars

COUNTRY	1996	1997	1998	1999	*2000
UNITED STATES	40.7	45.4	46.5	55.6	49.6
JAPAN	20.3	23.0	16.8	17.8	16.4
HONG KONG	17.1	18.9	18.7	19.9	11.5
AUSTRALIA	10.6	8.7	8.5	11.5	7.5
UNITED KINGDOM	LAB 6.5	5.9	VINC 6.1	7.8	6.3
MYANMAR	4.9	3.0	4.2	4.4	5.9
GERMANY	12.6	7.4	5.5	7.3	5.3
LAOS	8.9	7.5	5.3	5.0	5.2
CANADA	1.1	1.3	1.8	4.6	4.7
CAMBODIA	5.0	4.3	6.5	8.6	3.8
TOTAL 10 COUNTRIES	127.7	125.3	120.0	142.5	116.1
OTHERS	54.9	49.1	47.2	53.4	39.8
TOTAL EXPORTS	182.6	174.4	167.2	195.9	155.9

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Source: Department of Business Economics

* Figures for 2000 are from January to August

Sociocultural Factors:

The social and cultural influences on business vary from country to country. It is

very important that such factors are considered

Nowadays, Customers' Taste and Preference have changed. They tend to have

good attitudes to the products that represent different culture and tradition. They spend

more time to choose the product according to their preferences. Dolls have served a

variety of purposes, from religious representations to simple play dolls. Some people

collect dolls as a hobby. They reflect remarkably and accurately the social and cultural

history of their makers and their countries of origins.

Technological Factors:

Technology is vital for competitive advantage, and is a major driver of

globalization.

Thai government encourages investment in research and development and

develops technology that will give the country the competitive edge.

The Internet Infrastructure is having a profound impact on the marketing mix

strategy of the business to ensure the delivery on promise. This technological revolution

means a faster exchange of information beneficial for business as the company can react

quickly to changes within the operating environment

2.2 Situation Analysis (SWOT) of Thaicraft Handmade Porcelain Doll

Thaicraft has analyzed both internal and external analysis by listing all the current

strengths and weaknesses of the company and all the future opportunities and threats

that the company perceives in the environment.

Strengths:

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The company's strengths are resources and capacities that can be used as a basis for developing a competitive advantage.

- (1) Product Innovation skills: Thaicraft adds value to the product to its customers by providing superior quality of product, exclusively designed with reasonable prices.
- (2) Ahead on experience curve: Thaicraft has marketing expertise, well trained staffs that can manage and select high quality of raw materials to use for production.
- (3) Cost advantages from proprietary know-how: The Company gains economies of scales according to huge production capacity and excellent quality with competitive rates.
- (4) Better manufacturing capacities: The Company has huge production capacity and excellent quality so the company can ensure that the manufacturing process will be effective and efficient.
- (5) Good reputation among customers: Our company is one of Thailand's largest companies that make handmade porcelain dolls so the customers can ensure the quality of the company's product.
- (7) Favorable access to distribution networks: Thaicraft distributes the product to its own retailers and distibutors in the Bangkok area. The company considered The Internet as an effective channel to distribute products.

Weaknesses:

The absence of certain strengths may be viewed as a weakness, each of the following are considered the company's weaknesses:

- (1) Too narrow a product line: Since the company produces only handmade porcelain dolls, although the company plans to expand the product line in the near future.
- (2) High cost structure: In order to run the business smoothly, it requires high investment cost in production, product design and quality control to deliver the superior quality of product to customers.

Opportunities:

The external environmental analysis may reveal certain opportunities for profit and growth.

- (1) Faster Market growth:
- (2) Developing of Internet Technology: Internet Technology in Thailand is developing very fast such as hardware, software and the speed of broadband.

 As a result, product display is available in the Internet as live presentation.
- (3) Attractive Foreign Market: Due to the increasing demand of Thai product and removal of International Trade Barriers, we plan to expand the business to International market in the near future.
- (4) Government Support: A few years ago, Thai government has set up the policy to support small business by providing information and channel to operate business, therefore, this is an opportunity to improve and expand the business.
- (5) Moving into new market segments that offer improved profits
- (6) Changing buyers' needs and lifestyle

Threats:

Changes in the external environmental also may represent threats to the company.

(1) Rising sales of substitute products

- (2) Traditional Purchasing: Most people still like the traditional way of shopping because they can feel the quality of product and ask question immediately at that time.
- (3) Economic Effects: The September 11th U.S. Attack forced Thai economy to go down. Therefore, Thai government has to reduce its spending and pause some projects including the infrastructure and government support. This would discourage the exporter and increase in cost of production.

2.3 Competitor Analysis

In Thailand, there are both direct and indirect competitors in the Porcelain Doll Market. Design and Quality of product together with price are important factors that influence the customers' purchasing decision. Porcelain doll market growth rate tends to increase in the future. This makes us interested in this market.

We are one of the few producers that provide the product online. Although there are some direct competitors, our products gain competitive advantage over competitors due to superior quality of product, that are exclusively designed with reasonable prices. Indirect competitors are gift products that include the products made from porcelain that satisfy the same needs to customers. Our product competes with indirect competitors by quality and price.

Strengths:

- (1) The products are exclusively designed
- (2) The Company has huge production capacity and excellent quality
- (3) The products express well about Thai culture, which appeals to both Thai people and foreigners.
- (4) The company gains benefits from selling products through E-Commerce
 Technology

Weaknesses:

- (1) Competitors' products are low quality compared with our product
- (2) The customers need to take travel time and cost to buy the products
- (3) There is increasing trend to move towards the Internet.

2.4 Demand Analysis and Target Market

Thailand registered ceramic exports of US\$ 196 million in 1999, up 18% over 1999. Over the first eight months of the year, ceramic shipments from Thailand jumped 19%, on pace to reach US\$ 233 million for the year. The leading markets for Thai ceramic exports are the United States, Japan, Hong Kong, Australia and the United Kingdom. The Industrial Promotion Department believes that Thailand's ceramic industry has the highest potential for expansion and export growth among small to medium enterprise (SME) industries. Further efforts by Thailand's ceramic producers to improve product quality, technology and marketing efforts should continue the success of the industry over the next 50 years.

Understanding target market is the major factor that the company can gain relatively high marketing efficiency. The company's target markets are both Thai People and Foreigners who are interested in Thai Products and Porcelain Dolls, aged varied from 18-60 years old with moderate income and also people with respect to the Internet Technology.

Market Segmentation

To compete successfully in today's volatile and competitive business markets, marketer must attack certain segmented markets that exhibit unique needs and wants. Market segmentation is therefore necessary for today's competitive business market environment. The objective of market segmentation of Thaicraft Handmade Porcelain

Doll is to improve our competitive position, better serve the needs of our customers and also enhance the company's image.

The general based employed to segment include:

- (1) Demographic: The Company targets both Thai people and foreigners aged between 18-60 years old. Their income should be moderate.
- (2) Geographic: The Company segments the market by country. We select Thai market because the product is well known by Thai people and the product origin is from Thailand. Variable costs such as Transportation and communication will be minimized.
- (3) Psychographic: The Company targets people who are interested in Thai products that expresses Thai culture, and high quality of Porcelain Doll. People who enjoy buying products through the Internet are also considered as our target group.

Target Markets

Thaicraft focuses on 2 specific groups of customers, which are:

- (1) B2C:
 - (a) Country: Thailand
 - (b) Target customers: Thai and foreigners
 - (c) Age: 18-60 years
 - (d) Life Styles: Care for superior quality of product and design, those who are interested in collecting dolls.
- (2) Distributors:

2.5 Market Positioning

The positioning of our product is "Superior quality of product and exclusive design with reasonable price."

We position our product by choosing among several differentiating product factors, processes and promotions. As regards product factors, we emphasize the QUALITY and PRICE of the product.

The strategy employed by Thaicraft Co., Ltd. is that, we attempt to change the market's and customer's perception about the company's product by emphasizing the quality and price that differentiate out product from other local brands of Handmade Porcelain Dolls. We anticipate that our product will create better customers' perception of our product in relation to the competitors in terms of quality.

To better understand our positioning, it is useful to illustrate it through "positioning map" that allows the company to compare the product with other competitors in terms of price and quality.

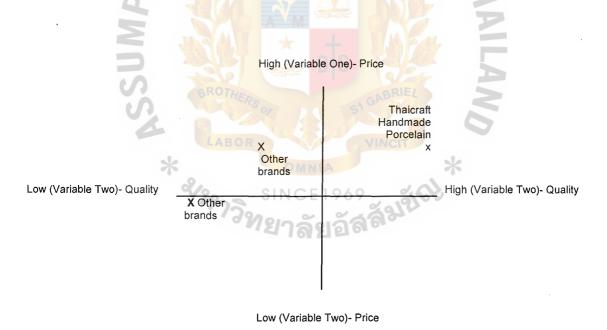


Figure 2.3. Marketing Positioning Map of Thaicraft Handmade Porcelain Dolls.

From the diagram, Thaicraft handmade porcelain doll is positioned as high quality and reasonable priced product. While the other competitors are positioned as low quality products and the prices are varied. Some are in the same range of our products but some are lower than our products' price.

ThaiCraft offers many styles of Porcelain dolls. Customers can have more opportunities to select the product in our website. The company adds value to the product by providing services which we differentiate from the others in terms of ordering and delivery service. As the company provides the website, customers can place order via the Internet. Then, the products will be delivered right to the customer's doorstep.

2.6 Factors Effecting Customers' Purchasing Decision Making

- (1) According to Thai government policy to promote Thai product such as OTOP Campaign and the products that represent Thai's culture, so people tend to buy more products that support the policy.
- (2) Nowadays, the number of tourists in Thailand is increasing. They are interested in different products that they have experienced while they are traveling in Thailand or buying as souvenir.
- (3) Thaicraft handmade porcelain doll can serve customers a variety of purposes, from religious representations to simple play dolls. Some people buy handmade porcelain doll as a collectible. They reflect remarkably accurate the social and cultural history of the makers and the countries of origin.
- (4) Thaicraft handmade porcelain doll has been designed exclusively to appeal to customers for superior quality.

III. HANDMADE PORCELAIN DOLL WEBSITE

3.1 Total Customer Value Analysis

- (1) Product Value: Thaicraft Handmade Porcelain Doll Website emphasizes on excellent quality with reasonable price. The products are originally designed and crafted by our designers, and are copyrighted. Thaicraft Handmade Porcelain Dolls can represent well about Thai Culture in many styles to both Thai People and Foreigners who are interested in Thai Products. We have various kinds of products that suit customers'need and wants. We also guarantee the quality of products and if the product shows defects during delivery, we will be pleased to give them refunds.
- (2) Service Value: The Web site provides value to both customers and middlemen. The distributors and wholesalers can order the products at their places, so the process of ordering is faster and also reduces error. The web site provides rich information and up-to-date detail of our product so that the customers can know what we are offering and also inform them about new collection products. The company provides Shipping service of EMS to customers when they order the products. Once customers have any inquiry, they can send email to our company at their convenience.
- (3) Image Value: Thaicraft Co.,Ltd is a manufacturer and exporter of fine quality porcelain figurines and gift items. Our company is one of Thailand's largest companies that make handmade porcelain dolls. This can ensure the customers about the superior quality of our product. Moreover, the design of the web site is quite comprehensive and easy to use, so the users can be satisfied and rely on the web site.

(4) Personnel Value: Our web site provides personnel value by going responsive real time interaction. In addition, we have people on standby ready to answer any questions. Our staffs will be trained and skilled continuously, so all this would raise the personnel value.

Customer Cost:

- (1) Monetary Cost: It is free of charge of value-added services and information. The distributors and customers can save transportation cost due to ability to search information and use services online.
- (2) Time Cost: Internet could reduce traveling time cost since customers can search for information and use services at their places anywhere anytime. It also saves searching time cost due to our design as a user-friendly web site.
- (3) Energy Cost: It is low energy cost because our web site design is user-friendly, so it is easy to get information about the products. It is also low energy cost from traveling because the customer can visit the web site anywhere at their convenience.
- (4) Psychic Cost: There are reliable payment options for the customers to choose for their convenience, which are credit card payment (VISA, MASTER CARD etc.) and Transfer Payment. This could help to reduce psychic cost that might occur when the customers shop online.

3.2 SWOT Analysis

Strengths:

(1) Good name: <u>www.Thaicraft.co.th</u> is the name of our website. It is easy to remember, meaningful and correspond to the products. Therefore, people will not be confused what the web site is offering. The potential customers

who are interested in the product can log on to the web site. Moreover, they can easily recognize that it is Thai's web site because of the URL ends with .th. Therefore, this can encourage people who are interested in Thai Product to visit the web site.

- (2) 24 Hour Service: Customers can visit the shop and buy the product anytime and anywhere at their convenience.
- (3) Virtual Shop: The web site acts as one stop shopping because people can buy the products, get the services and obtain useful information about the products they are looking for at their convenience.
- (4) User-Friendly: Our web site is designed to be easy to use and search for information. We design the order process to be fast and easy in order to satisfy the customers.
- (5) Update Information: We provide update information frequently and inform customers about new collection of products.
- (6) Flexible Payment Option: There are 2 options for Payment method for customers to choose. They can choose either by credit card or transfer payment according to their convenience.
- (7) Knowledgeable Staffs: Our staffs are ready to answer the question and give advice about our products and services.

Weaknesses:

- (1) Unable to feel the products for quality: Some customers like to see and touch items, to know exactly what they are buying.
- (2) Privacy of personal information: It is a very difficult task to convince the customers that online transaction is very secure.

(3) Unknown Web Site: Potential customers may not know our website at the beginning when compared to conventional brand provider.

Opportunities:

- (1) Able to have access to broader market: Internet is an effective channel to reach broader customers because it connects worldwide. People can easily order the product regardless of where they are, at anytime at their convenience. Therefore, through Internet, the company can accomplish geographical coverage.
- (2) Internet Trend: The number of Internet users is increasing continuously and people tend to change their way of purchasing, seeking information and using service from physical to cyber.
- (3) Government Support: Thai Government supports and encourages SME to provide products and services online by creating E-Commerce infrastructure. They also give SME business large capital for loaning and provide free of charge advice service about doing business on the Internet.
- (4) Value-Additional: Internet Technology allows us to be very competitive by being able to provide value added service to make customers and related parties get more satisfaction than conventional ways.
- (5) Update Information: We can update information on the web site frequently at lower cost.

Threats:

(1) Insecure electronic system: People do not trust online payment because of fraudulent credit card problem and not be able to see and touch the physical products so that they are reluctant to buy the products online. However, we provide transfer payment as another way of payment.

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- (2) High Competition: There are a lot of cyber competitors as well as the physical competitors.
- (3) Without E-Commerce Law Support: Thailand does not have enough cyber law to support the business transaction of E-Commerce. However, the government considered this law and encouraged the law to be issued soon.

3.3 Strategy Formulation

Business Models

Thaicraft Handmade Porcelain Doll Website is provided for both middlemen and final customers. The website will provide information about the product, price, shipment method and also promotion. The information and services will be provided at a lower cost than traditional means. The customers can easily place an order via our website and get the product at their place.

Effective marketing strategies will be used to introduce and promote the product to the international market. Internet Technology assists us to learn customers' need and preference. We can use their database for marketing research and marketing plan. However, technology is changing so fast. Therefore, our marketing plan would be very flexible with a fast increasing trend. The plan would be covered for one year and emergency plan would be provided every six months to cope and solve any problem immediately.

Marketing Mix

Product:

Objectives

- (1) To build customer loyalty for successful brand
- (2) To create brand identity of the product, which increase profit by enhancing the perception of quality

- (3) To legally protect the product name
- (4) To offer superior quality of product to customers

Strategies

- (1) Thaicraft Handmade Porcelain Doll is superior quality and exclusively designed.
- (2) The products are originally designed and crafted by our designers.
- (3) Thaicraft Handmade Porcelain Dolls can represent well about Thai Culture in many styles.
- (4) The products are suitable collectibles as a souvenir.
- (5) We have various kinds of products that suit customers' needs and wants.
- (6) The package of the product is environmental friendly because we use recycled material.
- (7) The product is satisfaction guaranteed; there will be refund for defective product.

Price:

Objectives

- (1) To increase sales volume at the rate of 30% per year
- (2) To maximize long term profit.
- (3) Develop a reputation for being fair to middlemen and customers

Strategies

(1) The company focuses on non-price competition by using superior quality of product, along with well promoted and distributed to compete against other brands. It is far more difficult for competitors to directly counter a strong brand image with unique product feature than to counter a price change.

- (2) The price of the products is set to be at reasonable prices in order to gain market coverage. The price of the product is not too low to degrade the quality of the product in the customer's perception.
- (3) Fixed-price policy is applied by offering the same price to all customers (In Bangkok Area and other provinces) who purchase products under essentially the same conditions and in the same quantities. It can maintain and generate goodwill among customers.
- (4) We will provide quantity discounts for middlemen to attract them to purchase more
- (5) To implement our pricing strategy, we use CIF (Cost, Insurance and Freight) price quotation because we need to be responsible for our product.
- (6) We will have to make agreements on pricing by signing a contract stating that any changes in the final prices for final customers will have to be done by our company.
- (7) Non-cumulative discounts Method will be applied.

Distribution:

Objectives:

- (1) To gain market coverage in Thai Market.
- (2) To be able to choose the right distribution channel
- (3) To understand customers' buying behavior

Strategies:

Our company strategy's channels of distribution

(1) <u>Traditional Distribution:</u>

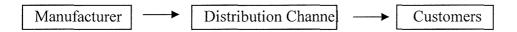


Figure 3.1. Traditional Distribution Channel.

(2) Online Marketing Channel:

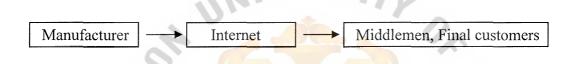


Figure 3.2. Online Distribution Channel.

We are going to have two types of distribution channels to distribute our product.

The selected distributors should be efficient in doing their jobs. We have to motivate them to sell our products as much as possible as to increase the sales volume.

We also use website to be another channel to reach more customers and related partners. The Internet is an increasingly significant medium for communication, information and trade. According to the technological advance, our company uses its benefits to promote the products and serve customers' need.

The following are strategies we provide with E-commerce:

- (1) Domain name is easy to remember and get to the point what we are offering.
- (2) The website acts as communication link and collaboration between producers, distributors and final customers by offering online contents, transaction with additional services.

- (3) Being online allows customers to find information 24 hours a day at their convenience.
- (4) The website provides delivery service to customers thus they can get the product at their place by reliable shipping service.
- (5) The website communicates what we offer by providing online content, additional service and transaction, which can help to reduce energy and time cost.
- (6) The website can evaluate the performance by the number of purchases.

Promotion:

Objectives:

- (1) Create awareness of Handmade Porcelain Doll to Thai Markets.
- (2) Increase sales of Thaicraft Handmade Porcelain Dolls to the market.

Strategies:

The entire promotion program-objectives, creative content of message and format, selection of delivery vehicles and budget-should follow directly from marketing objectives and help achieve them. In this way marketing plan ensures that promotion is coordinated with marketing strategy.

(1) Advertising:

- (a) Banner Exchange with search engines and portals like Yahoo, Alta Vista, Lycos, Sanook, etc. The message strategy in the banner is short and attractive because it shows only logo and slogan.
- (b) Email is used as a marketing channel that affords cost-effective implementation and better, quicker response rates. The company can send information about new product collection, design and also company's news to the company's members.

(2) Sales Promotion:

For Distributors

- (a) We will use trade promotion to attract the distributors
- (b) We will provide non-cumulative quantity discounts for middlemen if they buy a certain amount of products listed below:

Table 3.1. Trade Discounts for Distributors.

Amount purchase (Baht)	Trade discount received (%)
5,000-10,000	15%
10,001-20,000	20%
20,001-30,000	25%
More than 30,000	30%

(c) We also plan to promote the best performance distributors to be our partner in joint venture for doing marketing activities for our company. This approach helps to establish our business firmly in the Market and has strong marketing strategy with cost saving.

For customers:

- (1) We will set up promotion depending on special events. For example, New Year Party, this promotion will occur in January.
- (2) The company also provides the value set of products; also some products will be discounted; depending on the volume of the product.

(3) Public Relations:

(a) The materials used in packaging of the company's products are recyclable so that it can help to create a good image and credibility to the company.

(b) We will participate in international trade shows or exhibitions supported by government agencies such as Department of Industrial Promotion, Department of Export Promotion and Ministry of Commerce to promote our company.

3.4 Risk Associate

Refuse Order Risk:

The risk of refused order by buyers can occur in case the order receipts are not confirmed by the seller. Therefore, customers can cancel the order once the product arrive at their place. The way to protect is to confirm the order that includes purchaser's name, address and some important information via phone call or e-mail. Moreover, Thaicraft will send out documents that list all information including customers' name, address and contact number and delivery staff to buyer.

Hardware Breakdown Risk

Hardware is important to operate online business. Thai craft has to prevent the hardware breakdown by using backup solution such as providing the server and database server in order to keep customer data, in case of hardware breakdown.

3.5 System Security

The important thing of shopping online is security. Thaicraft pays a lot of attention to the security system. Customer privacy is much concerned. The information which company gets from ordering process will be used for processing order. Moreover, the company uses this information for analyzing customer behavior in order to improve the products and service which meet their requirements. However, they do not have to worry about receiving a barrage of unexpected e-mail since the company will keep the customer information a secret. Other companies will be unable to access to the company's customer information.

IV. WEB DEVELOPMENT

http://www.Thaicraft.co.th will act as a channel for the company to sell products online and provide additional services to satisfy customers. The website would be designed to process the following factors:

- (1) The website would act like one stop shopping.
- (2) The design of the website should be easy to use
- (3) The website should be able to response quickly to customers' request and also provide convenience.
- (4) The website will provide a secure system in order to create customers' confidence.

4.1 Mission:

To be the most preferable choice online Handmade Porcelain Doll for anybody who seeks superior quality of porcelain doll, exclusively designed with reasonable price.

"Express Thai culture" is our slogan of our shop because we believe that our high quality of handmade porcelain products can represent well about Thai Culture in many styles to both Thai and foreigners.

Objectives:

- (1) To promote Thaicraft Handmade Porcelain Doll to the market.
- (2) To provide superior quality of porcelain dolls, exclusively designed with reasonable prices.
- (3) To provide customers with more choices.
- (4) Enables customers to shop via the Internet 24 hours a day from almost any location.
- (5) To share responsibility in society by using recyclable package.

4.2 Site Content Design

The critical success factors in building a good website, site content also plays a major factor that can create either negative or positive impressions of the site. Same as other web page, the content of Thaicraft consists of text and images.

To help the users to find the required information easily our main content is grouped and labeled into categories as follows:

- (a) Home
- (b) About us
- (c) Product
- (d) Promotion
- (e) Enquiries
- (f) Disclaimer
- (g) Order Information

Virtual Design

Thaircraft extensively uses such as virtual design as colors and graphics to provide audiences with a sense of place. Thaircraft believes that the first time audiences visiting our website should have positive impressions in the great design. We save the image as a GIF or JPEG that will make the file size smaller and load into the web browser to test how it would look within a typical environment.

4.3 Site Navigation

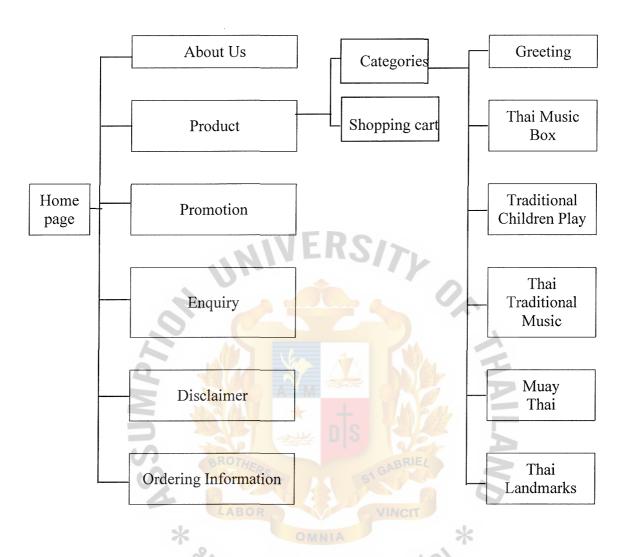


Figure 4.1. Site directory of Thaicraft Handmade Porcelain Doll Website.

The following are some features of www.Thaicraft.co.th:

- (1) Homepage: The first page will provide information about the comapny and products. Also our mission and slogan of the company will be shown in this page. There is the link-menu to homepage, about us, product, enquiry, disclaimer, order information and promotion. The users can also directly select product category from this page.
- (2) About us: Background about company will be provided in this section in order to let the customers and business partners know more about our company.
- (3) Product Categories: Our website provides ranges of product categories to suit customers' need. They can go directly to the particular category in order to find the product easily.
- (4) Translation Service: We have added value service to the website by having translation service. The user can feel free to translate from English into their languages.
- (5) Information Provided: The up-to-date information about what we are providing and related information including new product collection will be provided in our website.
- (6) Ordering Information: This page will provide information about Shipping provider, return policy, satisfaction guarantee, term of payment and also payment methods.
- (7) Promotion: This section will contain all updated information on what promotion we are offering. What we do for the society or which and where of events we provide.

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- (8) Enquiry: This link allows the user to ask any question about product or service or give any feedback and comment to us by filling out the given form. This way the company can know what the special request from customers is. This service is to show how much we care our customers. We will correct all problems they have and listen to what they like or do not like in order to improve our products or services.
- (9) Quantity Discount: It would be offered to anyone who purchases product in a large volume.
- (10) Refund Policy: Our products are total satisfaction guaranteed which customers can choose to get a refund or change product when they have found defective products.
- (11) Flexible Payment Option: We provide both online and traditional means.

 Anyone who does not feel comfortable with online payment can choose to pay by transferring payment via bank.

4.4 Online Preparation

Our company decides to use the service of e-commerce provider that is EcomBot.com. It provides total solutions of Instant E-commerce including:

- (1) Web Page or Store Front: With eComBot tm you can build your e-store in 5 styles. Each of them will be suitable for different products/ strategies. To use it, simply fill out product information form and submit it to activate robot to generate standard E-Commerce file. After that you can update it whenever you want. It gives you many editorial pages which you can call up from their database system to correct or update information via your browser.
- (2) Web Hosting: Among the web hosting investigation, we found that eComBot is one of the reliable and price competitive ones compared to other web

hostings in Thailand. It allows you to store up to 40 products and more. You can add more products if standard package is not enough to serve your estore. A network system enhances productivity in conducting business online as well as the capacity to reach customers through a strong online presence.

- page so that people can click to do online shopping. You can also register your own domain name and link it to this URL. The basic e-store you get is www.ecombot6.com/storenumber. You can also have your own domain name (www.yourstore.com, for example) mapped to the basic e-store name with their site redirection technique. We decide to register our own domain name as www.Thaicraft.co.th because the customers can recognize it easily. We decide to use .co.th as our domain name because we are Thai product manufacturer. This allows us to be well-known easily and enable the company to sell to international market in the near future because Thai products are famous in the world market. With the use of our domain name, we use forwarding service at www.Thainic.net which is directly responsible for this registration function. Then we link our domain name with e-Store address of eComBot that is ShoppingThai.com, which is big electronic mall.
- (4) Shopping cart system: There are 5 different styles of shopping carts which can be customized to fit each of your product varieties or your customer buying behavior.
- (5) Secure Payment System: Verisign, CryptBot™, Visa, Master, Amex, JCB, SCB and Transfer payment Support. You do not need to have any account with any bank. The Real-Time system is supported by SIPS (Secure Internet Payment System) of Siam Commercial Bank from which you will

- be informed about credit card approval within 1-2 minutes. They are world standard security systems. Moreover, they support transfer payment.
- (6) Order Tracking System: It allows the customers to track their order status. It provides transportation tracking system. The buyer will get a URL with a login, a password and transaction number after the payment step is completed. eComBot to provides you with a facility to update status of your transaction records.
- (7) Special Promotion Handling Software: This allows you to play with sales promotional activities such as volume discount, point accumulation etc.
- (8) Transportation System: Currently there are 6 types: DHL, FedEx, TNT, UPS, EMS, Airmail and Single World Wide Rate. They provide dual system of shipping cost calculation (show price included shipping cost or calculate it after shopping). In Thailand, shipping service from EMS is used.
- (9) Sales Report and Statistics: This allows you to make or audit sales volumes, product quantity, transaction report etc.
- (10) Translation Service: This service allows the users to translate from English into their languages.

With www.eComBot.com service, we can create effective website very conveniently at a low cost and avoid up-front and back-end costs of investing, upgrading and scaling a software system. In addition, this also saves us time and cost associated with keeping our IT staff up-to-date on the constantly evolving field of online store developing or special system.

4.5 Benefit-Cost Analysis

Cost and Benefit Analysis is important to set up the business. This projected model helps to estimate the cost and the benefit that will be in the real business.

(1) Investment Cost (Website)

Investment Cost (Initial Investment)

Hardware	50,000
Real time payment system set-up	4,000
Leased line	18,000
Miscellaneous	30,000
Total Investment	102,000

(2) Operating Cost

Investment Cost (Operating Expenses)

Table 4.1. Operating Cost.

Operating Expenses (Per Year)	Year1	2	3	4	5
Domain Name Fee Expense	990	990	BR 990	990	990
eComBot Package 490B@12Months	5,880	5,880	5,880	5,880	5,880
Advertising Expenses	60,000	60,000	60,000	50,000	50,000
Utility Expenses	40,000	40,000	40,000	45,000	45,000
Salary Expenses	216,000	228,000	240,000	252,000	264,000
Administrative Expenses	180,000	200,000	220,000	220,000	220,000
Hardware Depreciation Expense	10,000	10,000	10,000	10,000	10,000
Total Expenses	512,870	544,870	576,870	583,870	595,870

(3) Production Cost

For break-even Analysis, Thaicraft can have 40% profit of goods and the growing rate at 30%. Therefore, we can calculate break-even analysis by using average pricing

of all products. The average price range of Thaicraft's product is 210 baht. Therefore, the break-even can be as follows:

Table 4.2. Production Cost.

Monthly unit break-even	154
Monthly sales break-even	32,340
Assumption	R.o.
Average revenue per unit	210
Average variable per unit	80
Average fixed cost per unit	20,000

Estimate Income Statements

Table 4.3. Income Statement.

Income Statement	Year1	2 OMNIA	3	4 💥	5
Sales (Units)	4,800	6,240	8,112	10,546	13,710
Income (Units*S.P)	1,008,000	1,310,400	1,703,520	2,214,660	2,879,100
Cost of goods sold	604,800	796 240	1 022 112	1 229 706	1 727 460
(60%)	004,800	786,240	1,022,112	1,328,796	1,727,460
Total Income	403,200	524,160	681,408	885,864	1,151,640
Operating Expenses					
Domain Name Fee	990	990	990	990	990
Expense	990	990	990	990	990
eComBot Package	5,880	5,880	5,880	5,880	5,880
Advertising Expense	60,000	60,000	60,000	50,000	50,000
Utility Expenses	40,000	40,000	40,000	45,000	45,000
Salary Expense	216,000	228,000	240,000	252,000	264,000
Administrative	180,000	200,000	220,000	220,000	220,000
Expenses	160,000	200,000	220,000	220,000	220,000

Table 4.3. Income Statement (Continued).

Income Statement	Year1	2	3	4	5
Hardware Depreciation Expense	10,000	10,000	10,000	10,000	10,000
Total Expense	512,870	544,870	576,870	583,870	595,870
Net profit before tax	(109,670)	(20,710)	104,538	301,994	557,770

From the information above, the company can make profits from this new marketing channel at the third year plan. It will use this website as a communication medium to create awareness, company image, and trust to its customers, and believe that this project will be successful and acceptable to proceed further.



V. IMPLEMENTATION AND CONCLUSIONS

5.1 Support Mechanism

- (1) Service: Online purchasing, FAQs, Webpage, E-mail communication.
 - (a) Tracking system of product delivery
- (2) Logistics: Efficiency transportation channel and handling equipments
 - (a) Responsible reliable shipping provider: EMS
- (3) Payment: L/C (Letter of Credit) or Bank payment gateway online
- (4) Internet
 - (a) Extranet using for automatic link between network of supplier and customers with company (connecting database and online transaction)
 - (b) Internet using for effective and fast communication within company.

5.2 Monitoring/Feedback

- (1) Evaluate and reassess the company performance to flexible and suitable to the environment to increase customers' satisfaction
- (2) The customers can share opinion by web page, email or a questionnaire.
- (3) Researching and tracking the customers' satisfaction of the product and service.
- (4) Encouraging the customers and employees to give feedback and opinion.
- (5) Review and improve web site every six months.
- (6) Improve the quality of employees and set the standard of performance.

5.3 Implementation Plan Time-Table

Table 5.1. Implementation Plan Time-Table.

	Mar- May	Jun- Jul	Aug- Oct	Nov	Dec	Jan 2003	Feb	Mar	Apr	May	Jun	Jul
Find the possible market	X											
Study Analysis the possible market	X		U	41	JE	R.	S/	7				
Choose Target Market	X									A		
Find and analyze possible distributors	SUMP	X			**					MALLAN	NIIA	
Web Development	S	X	LAB	ERS OF			SA GI	VCIT		OA		
Choose Distributors		* &	X	S	INC	NIA E 19	69	2181	er)	Κ		
Export Product				х	X 6	x	x	х	х	X	x	X
Sales Promotion						х	х	х	х	х	х	X
Advertising				х	X	х	х	х	х	x	х	X
Public Relation								x	х	х	х	х
R&D Product		_			_			Х			X	
Feedback					X			Х			х	

5.4 Future Plan

- (1) Add more product lines to provide more choices for customers.
- (2) Create one page for introduction of Thai products that express culture and tradition to increase product awareness to foreigner customers.
- (3) Open a forum for related parties to express their views and share their thoughts with us on the site.
- (4) Sell the products into international Market

5.5 Conclusions & Recommendations

The number of internet users in Thailand was around 6,031,300 people in year 2003 and the forecast of internet users will grow in the next year. Therefore the internet is becoming the new channel to operate the business online. Furthermore, the positioning of Thailand's ceramic products, have moved towards the upper-segment of the market.

Thaicraft has been providing customers with the finest quality of product via the website. The company tries to change the traditional way of purchasing the porcelain doll online. In addition, it provides convenience to the customers according to door to door delivery service provided.

For marketing analysis, Thaicraft tries to select the target that suits its products. Its marketing plan is designed in order to make customers recognize the website. Moreover, Thaicraft will use its marketing plan as a mean to achieve customer satisfaction. SWOT Analysis helps the company to enhance the strong points and also make use of opportunities in order to provide superior products and services to the customers. Furthermore, the firm provides the new channel for customers to buy porcelain doll.

In order to attract customers, keep them coming back and motivate them to tell their friends to visit the company website, Thaicraft has to continuously develop its website by updating its website more attractively, making it easily accessable to information, developing ordering process, promoting its URL in well known search engines, exchanging banners with well known websites and so on. Since, Thaicraft contacts customers by email or telephone to confirm the order, every document which is delivered to the audiences will state the company's URL name and its email address in order to make them recognize the company's website. For payment system, the company provides both online and traditional means. The company has secure payment system by using The Real-Time system, which is supported by SIPS. The company's website is used to support the way of doing Thaicraft Business. It not only increases the company's revenue but also makes the company to reach more potential customers.

Recommendation

To make the website more effective, Thaicraft has considered the following factors as important ones which are essential for doing business online

- (1) Using Advertisement
 - In the first period of operating business, it should spend more money on advertisement to promote the website. By spending on advertising, customers will recognize the company and its website.
- (2) Offering more promotion or setting the product in the form of a package

 The customers usually do not purchase high volumes of one product. Thus,
 the company should provide several products in one set. Moreover, the
 company should set the promotion or special offer for each event.

(3) Update Website

It should update all the information and design of website every day or every week. Moreover, it should increase the product lines, therefore, customers can have more choice with Thaicraft.

(4) Security

Thaicraft must consider the system security for customers when they purchase online.



APPENDIX A

WEB INTERFACE DES<mark>IGN OF THAICRAFT HANDMADE P</mark>ORECELAIN DOLL

WEBSITE

SINCE1969

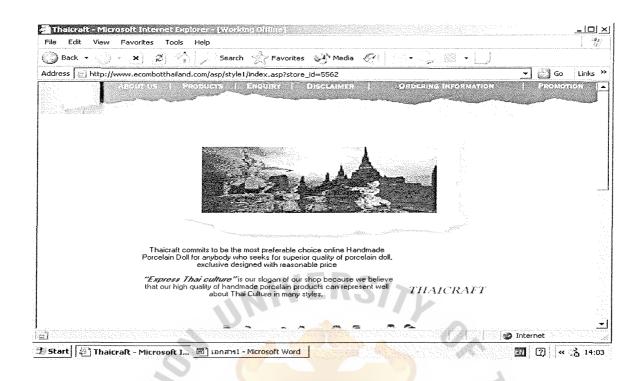


Figure A.1. Index Page of Thaicraft Handmade Porcelain Doll Website.

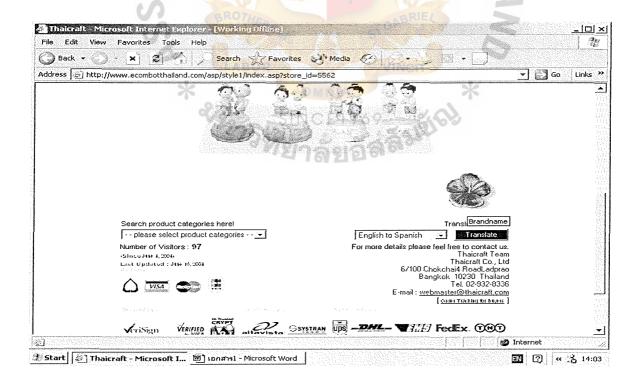


Figure A.2. Index Page of Thaicraft Handmade Porcelain Doll Website.

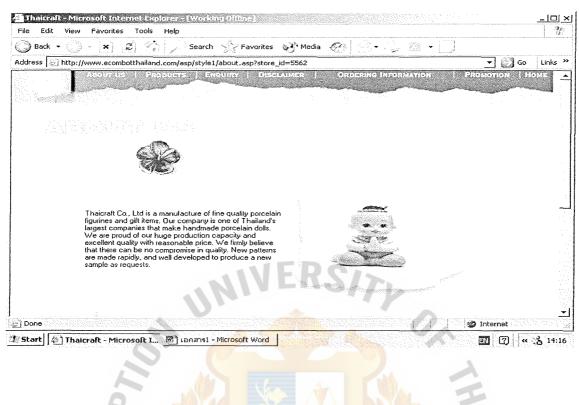


Figure A.3. About us Page.

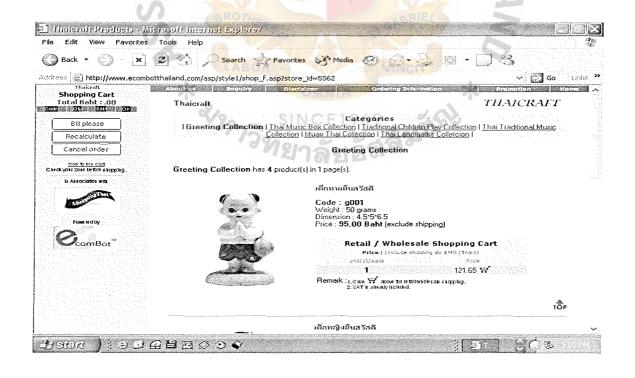


Figure A.4. Product Page (Greeting Collection).

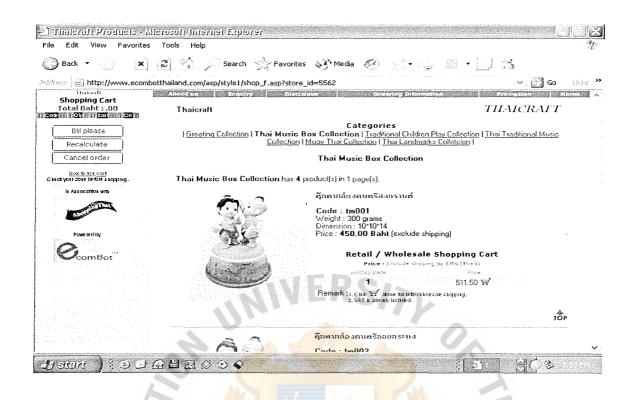


Figure A.5. Product Page (Thai Music Box Collection)

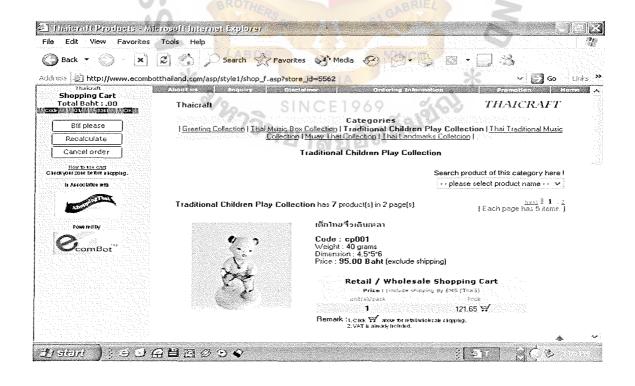


Figure A.6. Product Page (Traditional Children Play Collection).

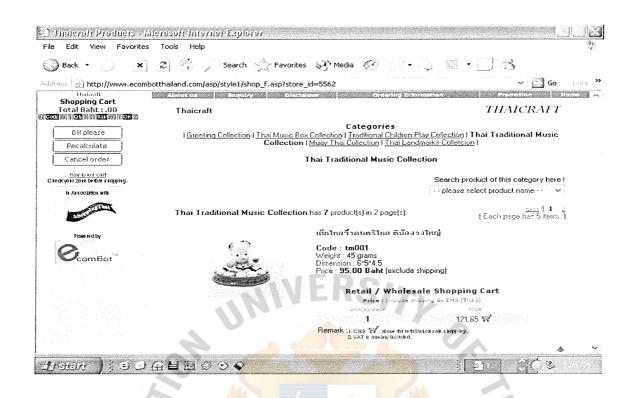


Figure A.7. Product Page (Thai Traditional Music Collection).

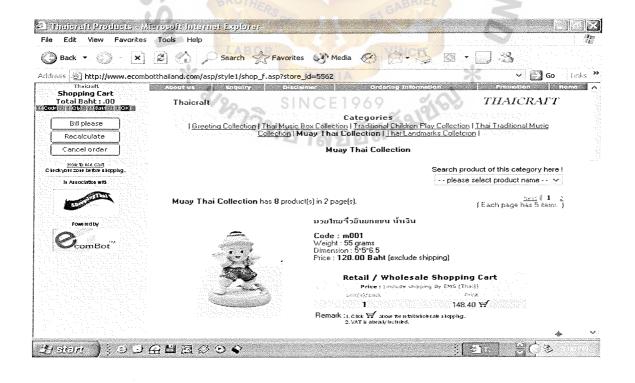


Figure A.8. Product Page (Muay Thai Collection).

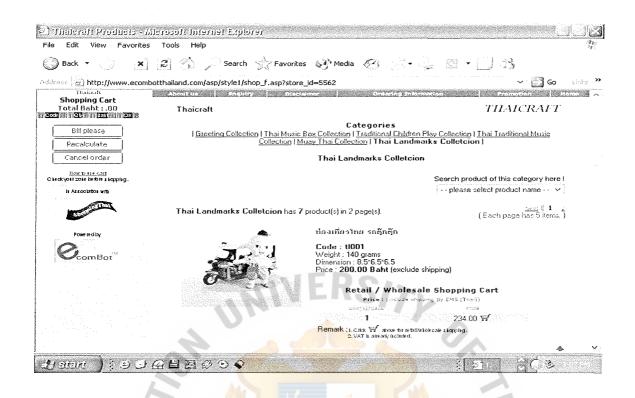


Figure A.9. Product Page (Thai Landmarks Collection).

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Figure A.10. Enquiry Page.

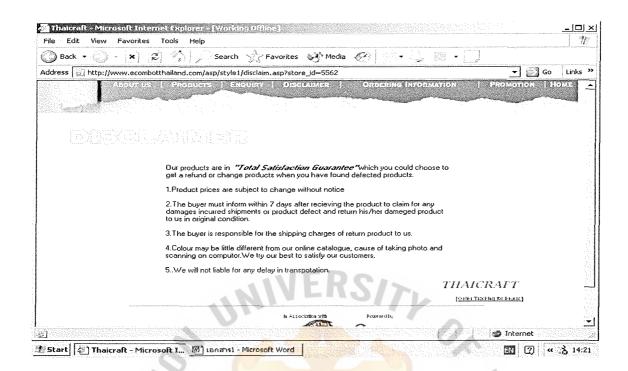


Figure A.11. Disclaimer Page.

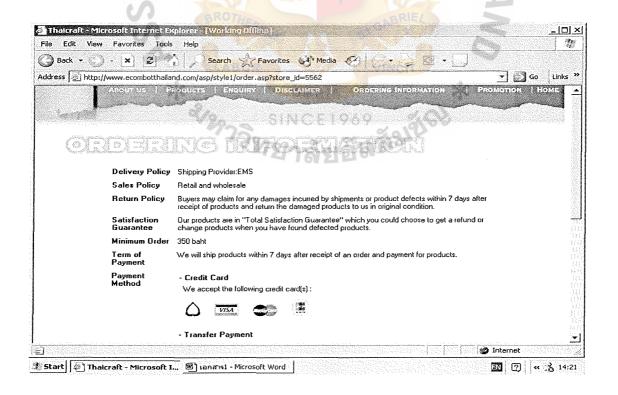


Figure A.12. Ordering Information.

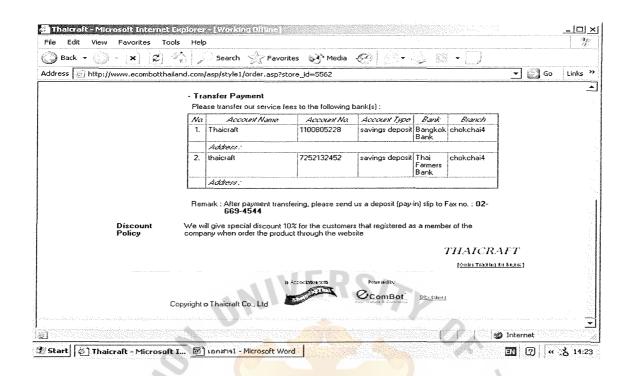


Figure A.13. Ordering Information.



Figure A.14. Promotion Page.

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Figure A.16. Shopping cart Page.

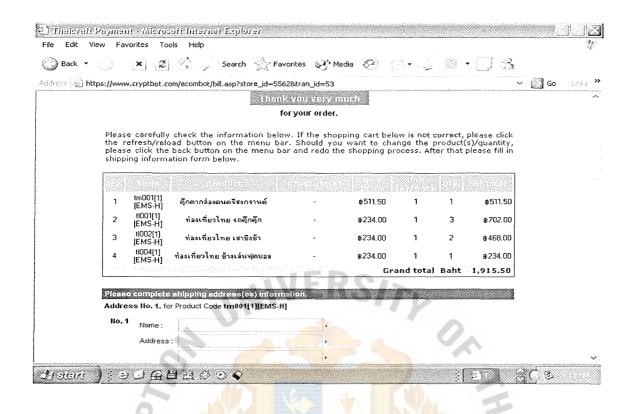
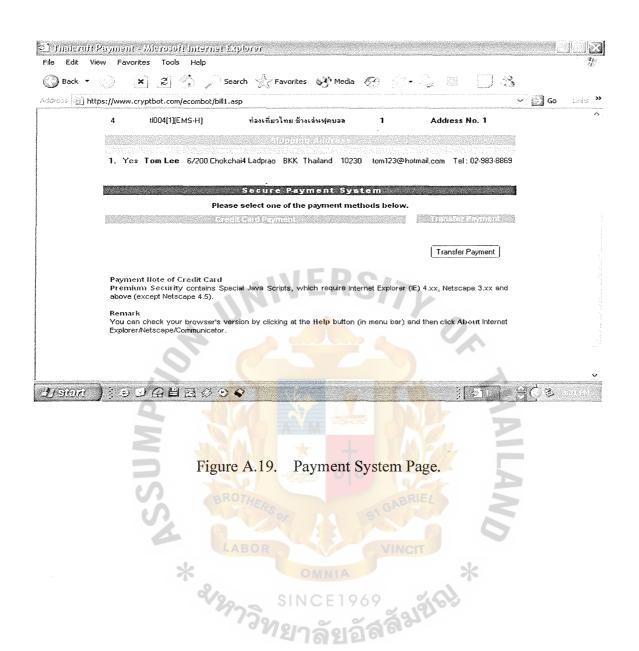


Figure A.17. Confirmation of order & shipping address.

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2	tl001[1] [EMS-H]	ท่องเที่ยวไทย รถตุ๊กตุ๊ก - \$234.00 1	3 в702.00	
3	t1002[1] [EMS-H]	ท่องเที่ยวไทย เขาซึ่งซ้า - \$234,00 1	2 \$468.00	
4	ti004[1] [EMS-H]	องเที่ยวไทย ช้างเล่นฟุตบอล - 8234.00 1	1 \$234.00	
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Figure A.18. Confirmation of order & shipping address.

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APPENDIX B WEBSITE OF ECOMBOT.COM AND SHOPPINGTHAI.COM SINCE 1969

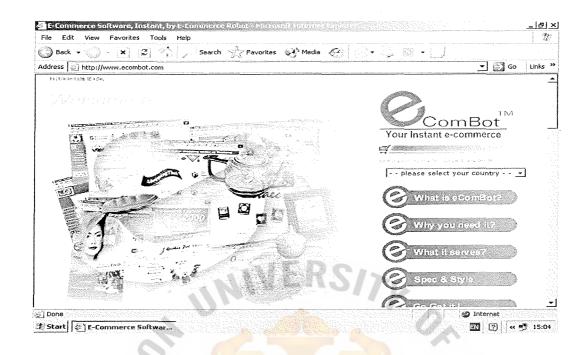


Figure B.1. Website of eComBot.com.



Figure B.2. Website of ShoppingThai.com.

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- 3. http://www.eComBot.com
- 4. http://www.pantip.com
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