

Key Success Factors for Driving Sustainable Local Economy by Adding Value to Local Products

ปัจจัยความสำเร็จที่สำคัญในการขับเคลื่อนเศรษฐกิจท้องถิ่นอย่างยั่งยืน โดยการเพิ่มมูลค่าให้กับผลิตภัณฑ์ท้องถิ่น

Methee Chanted¹, Kannika Bannasit¹, Sutiwat Soithong¹ and Natthakan Waenphech¹

เมธี จันทะ¹, กรรณิการ์ บันสิทธิ์¹, สุทิวัส สร้อยทอง¹ และ ณัฐกานต์ แหวนเพชร¹

¹School of Business Administration, Eastern Asia University

¹คณะบริหารธุรกิจ มหาวิทยาลัยอีสเทิร์นเอเซีย

Received: March 15, 2024

Revised: April 10, 2024

Accepted: April 11, 2024

Abstract

Community products or local products help create income opportunities for people in the community by taking wisdom or raw materials that are easily found in the local area and upgrading them to create more income as well as being part of building a strong community economy. Increasing the potential of community products by creating additional value through lifestyle, consumption, food, language, beliefs, and faith that exist in the community for customers and tourists, as well as raising the quality standard of products to be premium products will create a circular economy in the community and be able to compete in the world market. Guidelines for creating value in local products are: focus on improving the quality of local products with better ingredients, refining production processes by using innovation, or enhancing product packaging and presentation, creating unique selling points or features that distinguish your local products from competitors, developing a strong brand identity for local products that resonate with your target audience. Moreover, add value to a local product by creating emotional connections of storytelling, create a more compelling and differentiated offering to meet the diverse needs and preferences of your target with value-added services, and implement a strategic pricing strategy to create an aura of exclusivity and attract consumers willing to pay a premium for quality.

Keywords: Community product; Local product; Value adding; Sustainable Local Economy; Key Success Factors

บทคัดย่อ

ผลิตภัณฑ์ชุมชนหรือผลิตภัณฑ์ท้องถิ่นช่วยสร้างโอกาสสร้างรายได้ให้กับคนในชุมชนโดยนำภูมิปัญญาหรือวัตถุดิบที่หาได้ง่ายในท้องถิ่นมากระดับให้สร้างรายได้เพิ่มขึ้นพร้อมทั้งเป็นส่วนหนึ่งของการสร้างเศรษฐกิจชุมชนที่เข้มแข็ง การเพิ่มศักยภาพของผลิตภัณฑ์ชุมชนโดยการสร้างมูลค่าเพิ่มผ่านรูปแบบการใช้ชีวิต การบริโภค อาหาร ภาษา ความเชื่อ และความศรัทธาที่มีอยู่ในชุมชนให้กับลูกค้าและนักท่องเที่ยวพร้อมทั้งยกระดับมาตรฐานคุณภาพผลิตภัณฑ์ให้เป็นผลิตภัณฑ์ระดับคุณภาพสูงจะสร้างวงจรเศรษฐกิจในชุมชนและสามารถแข่งขันในตลาดโลกได้ แนวทางการสร้างมูลค่าผลิตภัณฑ์ท้องถิ่น ได้แก่ มุ่งเน้นการปรับปรุงคุณภาพผลิตภัณฑ์ท้องถิ่นด้วยวัตถุดิบที่ดีขึ้น ปรับปรุงกระบวนการผลิตโดยใช้นวัตกรรมหรือปรับปรุงบรรจุภัณฑ์และการนำเสนอผลิตภัณฑ์ สร้างจุดขายหรือคุณลักษณะเฉพาะที่ทำให้ผลิตภัณฑ์ท้องถิ่นนั้นมีความแตกต่างจากคู่แข่ง พัฒนาเอกลักษณ์ของแบรนด์ที่แข็งแกร่งสำหรับผลิตภัณฑ์ในท้องถิ่นให้ตอบสนองความต้องการของกลุ่มเป้าหมาย นอกจากนี้ เพิ่มมูลค่าให้กับผลิตภัณฑ์ในท้องถิ่นโดยการสร้างการเชื่อมโยงทางอารมณ์ของการเล่าเรื่องแล้วยังต้องสร้างข้อเสนอที่น่าสนใจและแตกต่างมากขึ้นเพื่อตอบสนองความต้องการและความชอบที่หลากหลายของเป้าหมายด้วยบริการเสริมที่สามารถเพิ่มมูลค่าให้ผลิตภัณฑ์และใช้กลยุทธ์การกำหนดราคาเพื่อสร้างความพิเศษและดึงดูดผู้บริโภคให้ยินดีจ่ายมากขึ้น

คำสำคัญ: ผลิตภัณฑ์ชุมชน; ผลิตภัณฑ์ท้องถิ่น; การเพิ่มมูลค่า; เศรษฐกิจท้องถิ่นที่ยั่งยืน; ปัจจัยแห่งความสำเร็จ



Introduction

Identity and culture are things that can indicate the knowledge and wisdom of local people or their nationality. It is important to note that these identities and cultures are not obsolete, but rather an indicator of identity and value that no one can own. Each local area has different resources. Some resources have been used to benefit the community for a long time and have become the wisdom of local people who use their knowledge and abilities to develop, adapt, expand, and create a product. Currently, local products are a result of wisdom. It has gained the attention of consumers, causing many community entrepreneurs to compete more in the market. A focus will be placed on developing local products to meet the needs of consumers in a better way. Some people still do not understand the importance of the product, which affects its quality. It also failed to attract the attention of consumers as it should. Therefore,

product entrepreneurs must turn their attention to developing products that can protect and prevent goods or products from being damaged and add value to consumers.

One problem that can be found in almost every community is that there is still the problem of product formats that are not yet desired by consumers. Product design is therefore an extremely important part of developing the quality of community products (Puangpanya et al., 2016). Putwatthana C. et al., (2021) stated that the creation of community products should be designed to suit the market or popular at that time by making good use of local raw materials. Unique beauty that creates emotional and psychological value for consumers. The product will be a great motivator for buyers. Most consumers look for products that have a unique identity that resonates with them, and the elements of the product influence the

consumer's purchasing decisions and are the first choice among consumers. Product formats can easily influence consumers to make purchasing decisions. Moreover, many products today still face product design problems due to a lack of product design experience and creativity to develop them. In terms of marketing promotion, entrepreneurs in different communities should pay attention to it because marketing promotion in the form of products to create a unique identity for the product they are interested in is one of the important factors in doing business. So, the study of adding value to local products will build resilient and vibrant communities by contributing to economic growth, preserving local culture and identity, fostering environmental sustainability, and promoting social connections among residents.

Local product definition

A local product typically refers to goods or services that are produced, manufactured, or sourced in a specific geographic region or community. The term “local” can vary in scope, ranging from products made in a specific neighborhood or city to products originating from a larger regional area (Eszterhai, 2014) and can be classified as follows:

Food and agricultural products refer to fresh produce, meat, dairy products, baked goods, and other food items grown or produced locally.

Crafts and artisanal goods refer to handcrafted items, artwork, textiles, pottery, jewelry, and other artisanal products created by local artisans and craftsmen.

Beverages refer to locally brewed beers, wines, spirits, and non-alcoholic beverages made by local breweries, wineries, and beverage producers.

Natural resources and materials refer to raw materials sourced locally, such as wood, stone, clay, or minerals used in manufacturing and construction.

Services refer to local services such as hair salons, repair shops, restaurants, cafes, and other businesses that cater to the needs of the local community.

Key characteristics of local products

The key characteristics that differentiate them from mass-produced or imported products which are:

Origin: Local products are typically produced or sourced from a specific geographic area, such as a city, town, region, or country. They may incorporate locally grown ingredients, materials, or resources.

Small-Scale Production: Local products are often associated with small-scale production methods, artisanal craftsmanship, or family-owned businesses. They may be produced in limited quantities and emphasize quality, uniqueness, and authenticity over mass production.

Community Connection: Local products often have a strong connection to the community in which they are produced or sourced. They may support local economies, create jobs, preserve cultural traditions, and contribute to the social fabric of the area.

Sustainability: Many local products prioritize sustainability and environmental responsibility by minimizing transportation distances, supporting local farmers and producers, and reducing carbon emissions associated with long-distance shipping.

Quality and Freshness: Local products are often perceived as being of higher quality and freshness compared to mass-produced goods that have been transported over long distances.

This is particularly true for perishable items such as food, beverages, and agricultural products.

Traceability and Transparency: Local products often offer greater traceability and transparency in their production processes, allowing consumers to know where their goods come from, how they were produced, and who was involved in their creation.

Support for Local Economy: Purchasing local products helps support local businesses, artisans, farmers, and producers, thereby keeping money circulating within the community and contributing to its economic development and resilience.

In summary, local products play an important role in promoting sustainable consumption, fostering community engagement, preserving cultural heritage, and supporting local economies. They offer consumers a unique and authentic alternative to mass-produced goods while contributing to the vitality and vibrancy of local communities.

How local products create local economy

Local products play a significant role in supporting and strengthening local communities in several ways as follows:

Local product creation often involves small and medium-sized enterprises (SMEs) or individual artisans. As demand for local products increases, these businesses may expand and hire more employees, thus reducing unemployment rates and improving local livelihoods. Moreover, locally-produced goods often require local resources and labor, meaning that a greater portion of the revenue generated from sales remains within the community. This contrasts with purchasing imported goods, where a significant portion of the revenue leaves the local

economy. In terms of competitive advantage, the process of creating and marketing local products can spur innovation and entrepreneurship within a community. Entrepreneurs may identify niche markets or develop new techniques and technologies to improve product quality and competitiveness. So, supporting local product creation can contribute significantly to economic growth by stimulating employment, fostering innovation, retaining wealth within communities, and enhancing local identities and industries. (Thaiyuenwong, 2020).

Local products often reflect the cultural heritage and traditions. Local products may have historical significance, reflecting the legacy of past civilizations or historical events in the region. Many local products are made using traditional crafting techniques that have been passed down through generations. These techniques often embody cultural practices and values, preserving traditional craftsmanship and skills that represent the unique identity of a community or region, serving as a tangible expression of its cultural heritage. In summary, local products are more than just commodities; they are embodiments of cultural heritage and traditions. By supporting local products, consumers not only contribute to economic growth but also help to preserve and celebrate the rich cultural diversity of different communities (Srijongsaeng, 2018).

In terms of environmental impact and waste, local products typically have shorter supply chains, as they are produced closer to where they are consumed. Local products often come with reduced environmental impact compared to mass-produced goods, primarily due to shorter supply chains, lower transportation emissions, and often more sustainable production practices. Many local food

products come from small-scale or family-owned farms that prioritize sustainable farming practices including organic farming, crop rotation, minimal pesticide use, and soil conservation techniques. By supporting local agriculture, consumers indirectly promote more sustainable land management practices. Local producers may implement waste reduction and recycling practices, such as composting organic waste or reusing packaging materials. By minimizing waste generation and promoting recycling, local products help reduce the burden on landfills and contribute to a circular economy. In conclusion, supporting local products can have significant environmental benefits by reducing transportation emissions, promoting sustainable agriculture, conserving biodiversity, minimizing energy consumption, reducing waste, fostering community engagement, and potentially sequestering carbon (Pruksorranan and Batra, 2018).

Local products can significantly contribute to the tourism industry by enhancing the visitor experience, promoting cultural exchange, and supporting local economies. Local products often reflect the cultural heritage, traditions, and craftsmanship of a region. When tourists purchase and engage with these products, they have the opportunity to immerse themselves in the local culture, learn about traditional practices, and interact with local artisans and producers. Local food and beverages are integral to the tourism experience, offering tourists the opportunity to explore the unique flavors and culinary traditions of a destination. Local products such as specialty foods, wines, and traditional dishes can attract food enthusiasts and drive culinary tourism, thereby supporting local restaurants, markets, and food producers. Local products can differentiate a destination from others by

showcasing its unique identity, heritage, and offerings. Whether it's a local specialty or a traditional craft, these products add depth and authenticity to the tourism experience, making the destination more memorable and appealing to visitors. Overall, local products play a vital role in enriching the tourism experience, supporting local communities, and promoting sustainable tourism practices. By integrating local products into tourism offerings, destinations can create memorable and authentic experiences that attract visitors and contribute to the economic and cultural vitality of the region (Sricharoen pramong, 2020).

Local products have a unique ability to build community engagement and collaboration. When residents support and consume these products, they develop a sense of pride in their locality and its unique heritage, fostering a stronger sense of community identity. They can serve as focal points for community gatherings and events. Farmers' markets, craft fairs, and other local product showcases bring people together, providing opportunities for interaction, networking, and shared experiences. In summary, local products serve as catalysts for community engagement and collaboration by fostering pride and identity, creating shared experiences, supporting local businesses, encouraging collaboration, promoting social connections, inspiring volunteerism, and celebrating cultural diversity. By embracing and championing local products, communities can strengthen their social fabric and build a more resilient and vibrant local economy (Namdee, 2018).

The intense competitive environment is the main factor that makes it necessary for every business to give importance to product

development in order to create a competitive advantage and maintain the product's life for as long as possible. Jaisuetrong (2020) studied about developing community products into market competition and found that factors that are obstacles to community products are: products lack uniqueness, lack of distribution channels diversity, lack of marketing promotion, lack of production control and planning in various aspects, people in community lack the skills to develop new innovations, community is far from the city or economic sources, and community products cannot be used to add value. Moreover, community still lacks funds to procure quality raw materials, machinery that meets production standards and promotion from the government (Khantiwattanakul, 2016). So, entrepreneurs need to help create standards for products in their own communities that are acceptable to create a trend for using community products. It is considered to be the conservation of local wisdom along with the conservation of the environment.

Chumkate (2017) stated that product development refers to the needs of manufacturers who want to create existing products with even more changes that can be extended to existing products. It creates more profits for the community in order to create competitive status and reduce the risk of marketing losing popularity among customers. It creates new opportunities to expand marketing channels even more. Moreover, Nuansara et al., (2021) studied about guideline for the development of OTOP and brand product to international standards Chiang Rai province and found that the key successes of local product development should develop products in terms of quality and standards to build trust with consumers by combining the local culture and wisdom of

each area to create stories and awareness., Develop packaging that helps wrap or protect the product inside from damage and must be in perfect condition until it reaches the consumer, and create a brand that is acceptable because the brand represents the product that is connected to the product in the eyes of consumers.

From literature reviews, both academic articles and research were found that adding value to local products can be crucial for supporting local economies, fostering community development, and creating differentiation in the market. Moreover, adding value to local products can enhance their appeal to consumers and increase their competitiveness in the market. Here are some strategies to consider:

Local entrepreneurs should focus on improving the quality of local products to meet or exceed consumer expectations. This may involve investing in better ingredients, refining production processes by using innovation, or enhancing product packaging and presentation. The producer may actively seek feedback from customers through tasting events, surveys, and social media engagement. They use this feedback to continually refine their products, incorporating customer preferences and suggestions into their product development process. To further enhance consumer confidence in their products, the producer pursues certifications and accreditations that demonstrate their commitment to quality and food safety. They undergo rigorous inspections and audits to ensure compliance with industry standards and regulations. By implementing these quality improvement strategies, the local producer is able to elevate the quality of their products, differentiate themselves from competitors, and attract a wider audience of discerning consumers who appreciate premium artisanal products.

Moreover, identifying unique selling points or features that distinguish your local products from competitors will gain more attention from customers. This could include emphasizing the use of traditional techniques, highlighting the local origin of ingredients, or offering specialty flavors or varieties. Invest in eye-catching packaging and branding that reflects the unique identity of your local product. Use distinctive colors, imagery, and messaging to convey the story, values, and personality behind your brand. Introduce limited edition or seasonal variations of your product to create a sense of exclusivity and urgency. These special releases can generate excitement among customers and encourage repeat purchases.

In the dimension of brand building and marketing strategies, entrepreneurs should develop a strong brand identity for their local products that resonates with their target audience. Effective branding and marketing strategies can help communicate the value proposition of your products and build customer loyalty. Begin by thoroughly understanding your product and identifying your target audience. Create a unique brand identity that reflects the essence of your product and resonates with your target audience. Leverage the fact that your product is local to differentiate it from competitors. Highlight the authenticity, craftsmanship, and local ingredients or production methods that make your product special. Create a complete marketing strategy that combines online and offline media to reach your target demographic. This may include social media marketing, content marketing, influencer partnerships, email marketing, local events, farmers markets, and collaborations with local businesses.

Storytelling can be a powerful tool for adding value to a local product by creating emotional connections, highlighting its unique qualities, and conveying its authenticity. Share how your product came to be. Highlight the inspiration behind its creation, whether it was a family recipe passed down through generations, a personal passion for local ingredients, or a desire to fill a gap in the market. Emphasize the dedication and craftsmanship that went into developing the product. Talk about the region's rich history, cultural traditions, and natural resources that influence the product's ingredients, production methods, or flavor profile. Share stories about the positive impact your business has on the local community. Whether it's creating jobs, supporting local charities, or participating in community events, highlight how your product contributes to the social fabric and economic vitality of the area. Share real-life experiences and testimonials from satisfied customers who have enjoyed your product, showcasing its value and impact on their lives. This builds social proof and credibility while reinforcing the emotional connection with your audience.

Value-added services are additional features or benefits that enhance the overall value proposition of a product for consumers. Incorporating value-added services into local products can help differentiate them from competitors, increase customer satisfaction, and foster brand loyalty. Allow customers to personalize their products according to their preferences. Provide convenient services such as home delivery, curbside pickup, or subscription services to make it easier for customers to access your products. Offer workshops or classes related to your product, such as cooking classes for a local food product or DIY workshops

for handmade crafts. Offer free samples or tastings of your product to allow customers to experience it before making a purchase. This helps build trust and confidence in the quality of your product. Provide excellent customer support and expert advice to assist customers with product selection, usage, and troubleshooting. This can be particularly valuable for products that require guidance or technical assistance. By offering value-added services alongside your local product, you can create a more compelling and differentiated offering that meets the diverse needs and preferences of your target audience, ultimately driving customer satisfaction and loyalty.

Price Strategy will create the competitive advantage in business. Implementing a strategic pricing strategy can effectively add value to a local product by influencing consumer perceptions, enhancing competitiveness, and maximizing profitability. Position your local product as a high-quality, premium offering and set a price that reflects its superior value. Emphasize the unique features, craftsmanship, or ingredients that justify the higher price point. This strategy can create an aura of exclusivity and attract consumers willing to pay a premium for quality. Highlight the benefits, convenience, or unique attributes of your product that resonate with consumers and justify the price. Offer bundled packages or value packs that combine your local product with complementary items or services at a discounted price. This encourages customers to purchase more and provides additional value while increasing the average transaction value.

Set prices just below round numbers (e.g., \$9.99 instead of \$10) to create the perception of a lower price and increase the perceived value of your product. Offer temporary discounts, promotions, or limited-time offers to incentivize purchases and create a sense of urgency among customers for boosting sales during slow periods, clearing excess inventory, or introducing new products to the market. By implementing a well-planned pricing strategy tailored to your local product and target market, you can effectively add value, maximize profitability, and maintain a competitive edge in the marketplace. Regularly monitor market dynamics, customer feedback, and competitors' actions to refine your pricing strategy and adapt to changing market conditions.

Conclusion

In summary, bringing cultural capital to add value to create economic and social benefits for communities and citizens must be a collaboration from both the public and private sectors that are interested in creating products that are unique to the community. All sectors must come together to think together to act seriously with the same goal of preserving traditional arts, culture, and identity. It is therefore very important to preserve historical stories about product components and cultural heritage sites because this is not only academic knowledge, but also an important part of creating an appreciation of the cultural heritage of a community and making sustainability in the community economy.



References

- Chumket, J. (2016). *Recognition and development of management according to the social entrepreneurial approach of community enterprises in the western region of Thailand, Phetchaburi Province*. Phetchaburi: Information and Research Campus Development Fund. (in Thai)
- Eszterhai, I. (2014). *Local product manual*. Somogy county entrepreneurship center public foundation, Kaposvár University.
- Jaisuetrong, N. (2020). The community product development towards market competition Ban Somchai, Jaidee Sub-district, Khukhan District, Sisaket Province. *Journal of management science review*, 22(2), 121-130.
- Khantiwattanakul, S. (2016). Problems and solution for products marketing development of professional group in Chatuchak District in order to develop a sustainable business. *Srinakharinwirot business journal*, 6(1), 69-80.
- Namdee, W. (2018). *Community participation in cultural tourist attraction management policies: Case study: Ban Chiang, Udon Thani Province*. Bangkok: Srinakharinwirot University.
- Nuansara, M., Teypinsai, N., & Chutinathuwadon, C. (2021). Guideline for the development of OTOP and brand product to international standards Chiang Rai Province. *Dusit Thani College journal*, 15(1), 119-132.
- Pruksorranan, P., & Batra, A. (2018). Coconut-based low-carbon culinary tourism on Samui Island, Thailand. *Dusit Thani College journal*, 12, 231-238.
- Puangpanya, B., Kenaphum, S., & Yuphas, Y. (2016). Management guidelines for upgrading cultural products. *Bailan journal Ubon Ratchathani Rajabhat University*, 1(1), 80-101.
- Putwatthana, C., & Rukumnuaykit, P. (2021). Approaches to local product development for secondary provinces through branding, packaging, and storytelling to promote tourism: A case study on a provincial cluster in Lower-Northeastern Thailand (Yasothon, Sisaket, and Amnat Charoen). *Thai journal of public administration*, 19(2), 71-94.
- Sricharoenpramong, S. (2020). Local product development guidelines in connection with tourism of Bang Kacha community, Chanthaburi Province. *Rajabhat Chiang Mai research journal*, 21(2), 165-166.
- Srijongsaeng, S. (2018). The development of tourism souvenir for community based tourism in Bakchum Village, Nonkor Subdistrict, Sirintorn District, Ubon Ratchathani Province. *Journal of humanities and social sciences*, 9(2), 20-38.
- Thaiyuenwong, S. (2020). *Creative economy for adding value to community products (OTOP) from local agricultural products with a mechanism to drive a new value chain Nakhon Pathom and Prachuap Khiri Khan Provinces Rajamangala University of Technology Rattanakosin*. Retrieved from <https://pmua.or.th/research/a13f630009/#>

