

# พฤติกรรมการซื้อขายน้ำยางสดของพ่อค้าในท้องถิ่น

## Behaviors of Local Merchants in the Purchasing and Marketing of Rubber Latex

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### บทคัดย่อ

การวิจัยนี้มีวัตถุประสงค์เพื่อศึกษา (1) พฤติกรรมในการซื้อน้ำยางสดจากเกษตรกร (2) พฤติกรรมในการขายน้ำยางสดของพ่อค้าท้องถิ่นให้กับผู้ประกอบการรายใหญ่และ (3) ความคิดเห็นที่มีต่อการพัฒนาธุรกิจน้ำยางสด พ่อค้าท้องถิ่นที่ทำธุรกิจด้านนี้มีเป็นจำนวน 60 คน ทั้งหมดได้รับการสัมภาษณ์

ผลการวิจัยพบว่า ประมาณครึ่งหนึ่งของพ่อค้าท้องถิ่นได้ทำธุรกิจนี้ได้ทำธุรกิจมาเป็นระยะเวลา 1-5 ปี รวสองในสาม ซื้อน้ำยางสดในพื้นที่ที่มีจุดรวบรวมน้ำยางสดปริมาณน้ำยางสดอยู่ในช่วง 1-3 ต้นส่วนใหญ่จ่ายเงินให้กับผู้ที่นำมาขายทันทีทันใด เกี่ยวกับการขายน้ำยางสด ส่วนใหญ่นำน้ำยางสดไปขายที่บ่อน้ำยางและโรงรม โดยได้รับเงินในทันที ทันใดในวันนั้นและในวันต่อมา กำไรจากการดำเนินธุรกิจแต่ละครั้งอยู่ระหว่าง 3-5% ประมาณครึ่งหนึ่งให้ข้อคิดเห็นว่าเศรษฐกิจตกต่ำทำให้ราคาน้ำยางสดลดลง รายได้ลดลง และลูกค้ามีการกักเงินมากขึ้น ขณะที่เศรษฐกิจที่มีการเติบโตที่ดีจะส่งผลต่อรายได้ ทำให้รายได้เพิ่มมากขึ้น และทำให้ราคายางสดสูงขึ้น ข้อได้เปรียบของการทำธุรกิจนี้ คือการที่ทำให้มีรายได้อย่างต่อเนื่องและมีกำไรที่สูง ขณะที่ราวหนึ่งในสาม ระบุถึงข้อจำกัดในการดำเนินธุรกิจ คืออากาศมีการแปรผันมาก รวสองในสามเห็นด้วยกับการที่มีการประกันราคา กลุ่มลูกค้าที่ให้การสนับสนุนและความซื่อสัตย์ของผู้ประกอบเป็นปัจจัยที่มีผลสำคัญต่อการพัฒนาธุรกิจนี้

การวิจัยนี้สามารถประยุกต์ได้ว่าเว็บไซต์ที่เกี่ยวข้องกับราคาซื้อและขาย ควรมีการจัดทำให้เป็นระบบ สิ่งนี้เป็นข้อมูลและข่าวสารที่มีความสำคัญกับพ่อค้าคนกลางที่จะใช้ประโยชน์ได้

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## Abstract

This study aimed to investigate : (1) the latex purchasing behaviors from rubber growers (2) the marketing behaviors of local merchants, and (3) opinions about growth and development of the latex operation. A total number of the population of 60 was the sample of local merchants were interviewed.

About half of the respondents had engaged in this business for 1-5 years. About two-thirds (61.7%) bought the latex to specific latex purchasing locations or stations. The amounts bought varied from 1 to 3 tons, per visit to a collection site, and in most cases the producers/sellers were paid immediately. With regard to the latex middleman merchants, most (98.3%) sold their latex at the rubber pond and smoked factory. Most (91.7%) brought the latex to its destination at the rubber pond and smoked factories. Also, most (86.7%) received payment immediately in cash within the day of sales, or within the next day. The profit margin of a merchant varied from 3 to 5%. About one half responded that the economic downturn had been affected through lower latex prices, lower income, and the need to borrow money from customers, while with economic growth the merchant has shown a higher income, and the latex prices have increased. The main advantages of being in the latex business were perceived as having a continuous revenue and high profit. About one third mentioned that climate variation was a disadvantage to latex business. About two-thirds supported price interventions by the government. With regard to success in the business, the number of customer contacts and honesty were considered the main contributing factors.

The results of this study suggest that websites sharing concurrent information about selling and marketing prices would beneficially support the local merchants and the logistics of latex collection from rubber farmers to industrial use.

**Keywords:** purchasing, marketing, local merchants, rubber latex.

## Introduction

Rubber crops are important to the economy of Thailand. The rubber trees are grown mainly in southern Thailand, but nowadays also in other regions. In Thailand, the area with rubber trees is about 19.27 million rai (1 Ha = 6.25 rai), while the actual cultivation of rubber covers about 13.81 million rai. In 2012, the Thai rubber production was 3.78 million tons,

with an export value of 247,906 million baht. (Sinjaroenkul, 2013 : website)

At present, a number of rubber growers is increasing due to government policies encouraging rubber production. In the production chain, local merchants play a major role in the purchasing/collection of rubber and its marketing to larger scale operations. The rubber growers sell their rubber produce in various forms, primarily as rubber sheets, latex or cup

lump, depending on their economic considerations.

Corresponding there are three main types of local merchants. Normally the rubber growers would process the rubber latex into rubber sheets. However, some rubber growers engaged also in other occupations would process the latex into cup lump, and within about 2 to 3 days would deliver the cup lump to sell it at a store in a town. In addition, where a latex processing factory is established, some rubber growers might sell the latex as such without any processing. They would bring the latex to the collection sites of local merchants.

The questions posed in the current study were formulated as follows :

1. What were the characteristics of the latex purchasing operation by the local merchants? Did they buy at the collection site or at the farms? How was the buying price set? Was payment made immediately to the rubber growers or was it made perhaps 2-3 days later? Were there losses experienced in these transactions?
2. What were the characteristics of the trading locations, where farmers sold their latex? Were payments immediate or delayed?
3. How did the trading relate to the economic phase that could be upbeat or depressed? What are characteristic advantages and disadvantages of work as a local merchant? What did the merchants think about price interventions by the government?

## Objectives of the Study

The study aimed to investigate:

1. Purchasing behaviors of local merchants.
2. Marketing behaviors of local merchants.
3. Opinions about the development of the latex operation.

## Literature Review

We first reviewed empirical studies, and then a conceptual model was developed as a basis for the current study.

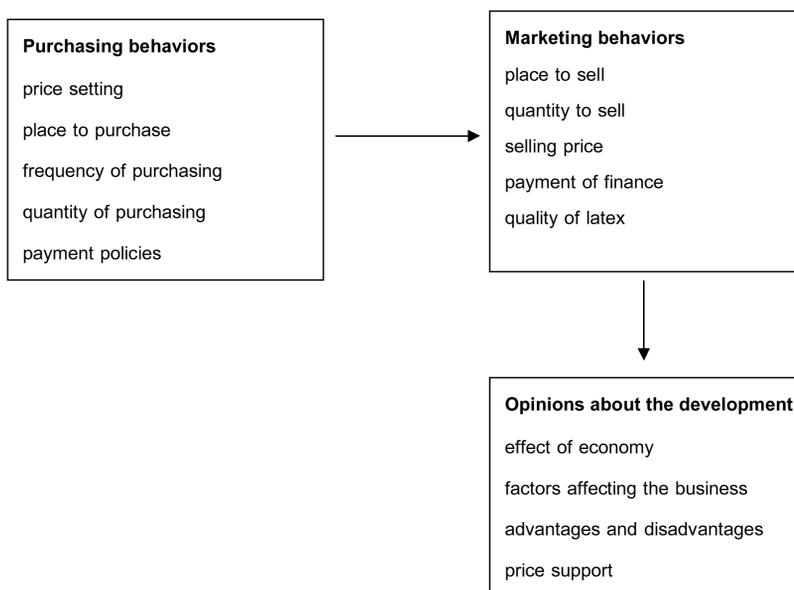
With regard to the production, Wannachat, Yothakhong, Keowan (2012:website) found that the RRIM 600 variety of rubber trees has been adopted by most rubber growers. The average age of cultivated rubber trees was 6.69 years. The average yield of rubber per rai was 224.33 kilograms. More than two-thirds was processed to cup lump and then sold to local merchants, by a group of producers jointly to gain bargaining power. Kunalasiri et al. (2007, website) found that rubber growers sell their produce in a variety forms: latex, sheets, and cup lump. The place of sales, the buying prices of rubber, the stages of processing, and the revenue from selling determine the choices between these options. In the case of latex, the owners of latex factories would set the selling price (baseline) while the local merchants would adjust their purchase prices accordingly to cover their costs.

With reference to latex purchase, Pongchompu and Pakdee (2011:236) found

that the local merchants had two distinct purchase policies. Some local merchants paid the rubber growers immediately when a transaction was executed, while others paid 3 to 4 days later, or once a week, after testing the concentration of liquid latex and weighing the amount of liquid latex. Arunoparyoth (2011, website) found that most latex merchants had a 2-3 person support staff in their business. Their operation was partly self-financed, but they also needed loans from commercial banks, so that some merchants were in debt. Most rent the land used as latex collection site, in a suitable place located near roads and close to the community of producers. They spent five hours per day for the collection of latex with an average 37 customers per day. The two methods commonly used to determine latex quality were drying and metrolac. The average profit during the high season for latex production was 2,900

baht per day, while in the low season the profit was 1,429 baht. The local merchants would adjust their purchase prices according to their selling price determined by the latex factory. Most local merchants preferred to deliver latex to sell at the rubber pond of a processing plant. The typical distance between the collection site and the selling site was about 15-16 kilometers, with about 30 minutes transportation time. The fluctuations in selling price were mentioned as a major problem in this middle-man operation for latex collection, and there was intense competition affecting the price.

With regard to the local merchants selling collected latex, Boonsak and Kongsuk (2008, website) found that the transaction price is affected by latex quality and the quantity sold. The merchants received 25% of the sales price on the day of transaction.



**Figure 1.** The conceptual model in the study

From the articles reviewed, a conceptual model of the process studied was developed (Figure 1). The model consists of three blocks. The purchasing behaviors of local merchants are associated with price setting method, the quantity purchased, the frequency of purchasing, and the payment policies. The marketing behaviors relate to price setting, methods of marketing, quantities marketed, frequency of transactions, and payment policies.

The final block modeled deals with the effects of economy, factors affecting the business, the advantages and disadvantages perceived, and price support by the government.

The prices at the latex factories fluctuate because they adjust to market demand. In most cases, after the measurement of dry matter, the transaction payment to the local merchants would be on the next day.

## Methodology

### Selection of the Study Area.

The district of Sikao, Trang province, was selected as the study area, because it has many local rubber latex merchants. This area also has good infrastructure in terms of roads. Coupled with this, the research team had previously established contacts in this area, facilitating the collection of survey data.

### Background of the Study Area

The district of Sikao has an area of 5618 square kilometers or about 341,875 rai (1 Ha = 6.25 rai) In March 2010 its official total population was 32,467 (16,387 males and 16,080 females). The major occupations were with rubber plantations, oil palm plantations

and fisheries, while animal raising and tourism are regarded as minor occupations. It has one university campus, one secondary school, six temples, one Christian church, and 11 mosques. The topography is hilly and mountainous with coupled mangrove forests. The average annual rainfall is 2000 millimeters.

### Population and Sampling Procedure

A total number of local merchants were unknown. There were no records in this aspect. The survey was undertaken in November 15-17, 2013 to collect the data concerning a number of local merchants by asking some local merchants, and rubber growers. It was that the total number was 60. As the number was limited all population were used without sampling.

### Research Tool

In the study, data collection is in-depth interview. The questionnaire was consisted of three parts. Part A was associated with the general information of the respondents. Part B was dealing with purchasing and marketing activities of local merchant while Part C was associated with the opinions of business development and associated problems. After drafting the questionnaire, the proposal and the questionnaire were then given to two judges to criticize. The result was that it was clear and relevant to the context of rubber business and development. The pretest of the questionnaire was undertaken with five local merchants in November 15-17, 2013. It was found that some questions especially the opened questions were misunderstood by some local merchants. Improvements were then undertaken for a precise research tool.

### **Data Collection and Analysis**

Personal interviews were undertaken in January 2014. The 60 local latex merchants were interviewed. After completing the field survey, the questionnaires were checked and found to be completed correctly. Coding and a code book were then prepared. The analysis of data was undertaken by using the Statistical Package for the Social Sciences (SPSS). Descriptive statistics were used to gain insights from these data.

#### **Term Definitions**

A "collection site" refers to a place where a local merchant collects latex from producers, usually about 1-2 tons of latex per visit.

A "rubber pond" refers to a place for collecting latex from local merchants for use by industrial scale operations.

## **Results and Discussion**

### **Characteristics of the Respondents**

About half (56.7%) of the respondents were male, and most respondents (90.0%) were married. About one half (48.3%) had obtained formal education at Grade 6 and about one-fourth had received the education at Grade 12. Most (98.3%) were Buddhists, and the remaining 1.7% were Islamic. Of the population, 40.1% had an income in excess of 20,000 baht per month, and 30% received 5,000-10,000 baht per

month. Most operated the business in the form of a sole proprietor, and the remaining cases were partnerships and group associations. The local merchants with lower education levels received also lower income, and some were employed also at rubber plantations. As shown in Table1, about one half (53.4%) had been engaged in this business for 1 to 5 years.

### **Purchasing Behaviors of Local Merchants**

The merchants set their buying price according to their selling price, namely the factory price. Most (61.7%) bought the latex at the latex collection site. All bought the latex from rubber growers daily. The amounts bought varied from 1 to 3 tons. The latest buying prices per kilogram varied from 39 to 62 baht. Most (98.3%) sold the latex to industrial entrepreneurs, while one local merchant process the latex into rubber sheets.

Measurement of the latex concentration was by the drying method. Most used a crane scale to determine weights. Most (98.3%) sold the collected produce immediately, without use of intermediate accumulation in storage. Most (93.3%) received the payment for their sales immediately in cash. About two thirds (68.3%) had experienced losses in their business, in about 5-10 of their first 100 transactions, due to lack of experience, but reported no recent losses (Table1).

**Table 1.** Purchasing behaviors of local merchants.

Attribute	Number(n =60)	Percentage
Experience with running a latex business		
1-5 years	32	53.3
6-10 years	19	31.7
11-15 years	6	10.0
More than 15 years	3	5.0
Net income per month		
5,000-10,000 baht	18	30.0
10,001-15,000 baht	10	16.6
15,001-20,000 baht	14	13.3
More than 20,000 baht	18	40.1
Place to buy the latex		
Collection site	37	61.7
At home	23	38.3
Quantity to buy at a time		
1 ton	24	41.2
2 tons	19	32.7
3 tons	13	22.7
More than 3 tons	4	3.4
Latest buying price per kilogram		
55 baht per kilogram	11	18.3
56 baht per kilogram	7	11.7
57 baht per kilogram	7	11.7
60 baht per kilogram	17	28.3
Other	18	30.0
Process to do after buying		
Sell to entrepreneurs	59	98.3
Process into rubber sheets	1	1.7
Weight measurement		
Crane scale	50	83.3
Spring scale	10	16.7
Collection of the bought latex		
At home	1	1.7
Sell it immediately without collection	59	98.3
Loss in the business		
Never	19	31.7
Ever	41	68.3
Payment on purchase *		
Immediately in cash	56	93.3
Immediately in check	4	6.

\*Quoted from more than one source.

### Marketing Behaviors of Local Merchants.

As shown in Table 2, most local merchants (75.5%) sold the latex at the rubber pond. The major reason was convenience, and availability close to home. About half (41.7%) sold one ton, and a third (33.3%) sold 2 tons at a time. Most (91.7%) brought the latex to its destination at the rubber pond and smoked

sheet factories. Most (83.3%) received a price dependent on the latex quality. Most (86.7%) received the payment "immediately" in cash, either on the same day or on the next day. The profit varied from 3 to 5%. About a third (33.3%) received 62 baht per kilogram at the latest sale, while the range of selling prices was 55-70 baht (Table 2).

**Table 2.** Marketing behaviors of local merchants.

Attribute	Number(n =60)	Percentage
Places to sell the latex		
Rubber pond	45	75.5
Smoked factory	7	11.7
Village rubber cooperative	4	6.1
Processing factory	3	5.0
Central market	1	1.7
Reasons to sell at that place*		
Convenient	32	53.3
Closed to home	29	48.3
High price	14	23.3
Immediate payment	7	11.7
Other	14	23.4
Quantity to sell at a time		
1 ton	25	41.7
2 tons	20	33.3
3 tons	11	18.3
More than 3 tons	4	6.7
Transportation of latex		
Truck is provided by buyers	5	8.3
Bring latex to its destination	55	91.7
Criteria to set the selling price		
Depends on the quality of latex	50	83.3
Bid price	4	6.7
Added after weighting	3	5.0
Market price	3	5.0

**Table 2.** (Con't)

Attribute	Number(n =60)	Percentage
Payment mode		
cash on next day	27	45.0
cash on same day	25	41.7
check on same day	6	10.0
Transfer to bank account	2	3.3
Profit from sale		
3 %	16	26.7
4 %	26	43.3
5%	18	30.0
Latest selling price per kilogram		
57 baht	10	16.7
58 baht	10	16.7
62 baht	20	33.3
Other	20	33.3

### Opinions About the Latex Development.

As shown in Table 3, about one half (53.3%) responded that the economic recession had affected by lowering prices of latex, lowering income, and causing the need for taking loans. In contrast as the economy had improved, about one third (35.0%) mentioned that they had received a higher income, and the latex prices had increased. The main advantages of being in the latex business were due to continuous revenue, high profits and routine work. About one third (38.3%) mentioned that climate variation was a disadvantage to latex business. When asked about support by the

government, all respondents felt there was a lack of action by the government. With regard to price interventions, about two thirds supported them while the rest (31.7%) did not, suggesting that such interventions would only benefit large entrepreneurs. About three quarters (73.3%) responded that rubber sheets gave higher returns than latex, while about one third held the opposite view. This is because rubber sheet prices fluctuate more than latex prices. However, latex business is daily while rubber sheets are not available daily. With regard to success in business, contributing factors include the number of customers and honesty, as the main factors mentioned (Table 3).

**Table 3.** Opinions about the development of latex business.

Attribute	Number(n =60)	Percentage
Effects of economic recession		
No effect	28	46.7
Lower price	14	23.3
Lower income	10	16.7
Need to take a loan	8	13.3
Effects of economic growth		
No effect	39	65.0
Higher income	13	21.7
Increasing price	8	13.3
Advantages to latex business		
Continuous revenue	19	31.7
High profit	12	20.0
Routine work	8	13.3
Long time to relax	5	8.3
Other	16	26.7
Disadvantages to latex business		
Climate variation	23	38.3
Intense competition	8	13.3
Withdrawal of finance by customers	6	10.0
Other	6	9.9
No response	17	28.5
Opinions about rubber price intervention by the government		
Support such measures	41	68.3
Opposed to such measures	19	31.7
Which form of product gives higher returns?		
Sheets gave higher returns than latex	44	73.3
Latex gave higher returns than sheets	16	26.7
Factors contributing to success in business		
The number of customers	25	41.7
Honesty	12	20.0
Diligence	5	8.3
Support by relatives	4	6.7
Other	14	23.3

### Conclusions and Recommendations

This survey study of local latex merchants (n=60) found that about half (53.4%) had been in the business between 1 and 5 years. Most (61.7%) bought the latex at a latex purchasing location. The amounts bought daily

varied between 1 and 3 tons. Most (98.3%) sold the latex to the entrepreneurs, and most (93.3%) received the payment immediately in cash. Most (75.5%) sold the latex at the rubber pond, and most (91.7%) brought the latex to its destination at the rubber pond and smoked

factories. Most (86.7%) received the payment "immediately" in cash, either on the same day or the next day. The profit was from 3 to 5%. About one half (53.3%) responded that the economic recession had an affected lowering the price of latex, lowering income, and causing a need to take loans. The main advantages of being in the latex business were continuous revenue, high profits and routine work. About one third (38.3%) mentioned that climate variation was a disadvantage to latex business. About two-thirds were supportive of government interventions to control prices. About three quarters (73.3%) responded that the rubber sheets gave higher returns than the latex. With regard to success in the business, the number of customers and honesty were considered the main contributing factors.

Based on the research findings, we recommend the following guidelines.

1. Local merchants should not sell the latex at location chosen for convenience or closeness to home, but should pay more attention to the price offered.

2. Those local merchants with a low income level should save to have a reserve for use during economic downturns, as latex price fluctuations pose a risk during such times.

3. The local merchants in general feel that the customers play a major role in the success of the business. Efforts towards personal friendships might also be worthwhile.

4. A comparative study between rubber latex and rubber sheets should be undertaken to clarify rational choices between these two options.

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