

A

Study of the Competitive Advantage of Thai Traditional Medicine and Herbal Products การศึกษาข้อได้เปรียบการแข่งขันของผลิตภัณฑ์และยาสมุนไพรไทย

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บทคัดย่อ

วัตถุประสงค์ของงานวิจัยครั้งนี้เพื่อศึกษาข้อได้เปรียบเชิงการแข่งขันของผลิตภัณฑ์และยาสมุนไพรไทย โดยการวิเคราะห์จากจุดแข็ง จุดอ่อน อุปสรรค และโอกาสของผลิตภัณฑ์ โดยใช้โมเดลการวิเคราะห์ของ Porter's Diamond Model ประกอบกับนโยบายของรัฐบาลในการให้การสนับสนุนผลิตภัณฑ์ดังกล่าว ระเบียบวิธีวิจัย เป็นการวิจัยเชิงคุณภาพ โดยเก็บตัวอย่างจากการสัมภาษณ์เชิงลึกผู้ประกอบการขนาดใหญ่ กลาง และขนาดเล็ก ในอุตสาหกรรมที่ผลิตและจำหน่ายผลิตภัณฑ์จากสมุนไพรไทยจำนวน 11 บริษัท ผลการวิจัย พบว่า การวิเคราะห์ปัจจัยภายในและภายนอกองค์กร สรุปได้ว่า จุดแข็งของอุตสาหกรรม คือ การเข้าถึงแหล่งวัตถุดิบ ผลิตภัณฑ์เป็นที่ยอมรับของลูกค้าในตลาดโลก รวมถึงได้รับการยอมรับจากองค์กรชั้นนำที่เกี่ยวข้อง โอกาสของผลิตภัณฑ์ยาสมุนไพรไทย เกิดจากการขยายตัวของตลาดทั้งภายในและต่างประเทศ รวมทั้งการรวมตัวของเศรษฐกิจของประชาคมอาเซียน จุดอ่อนของอุตสาหกรรมเป็นเรื่องคุณภาพของวัตถุดิบที่นำมาใช้ในการผลิต ประกอบกับการขยายตัวในตลาดต่างประเทศยังคงต้องพึ่งพาตัวแทนจำหน่าย จึงควบคุมได้ยาก อุปสรรคที่สำคัญของ

อุตสาหกรรมนี้ คือ มีการแข่งขันสูงทั้งในตลาดภายในและต่างประเทศ จากการวิเคราะห์ ในลักษณะพอร์ทเตอร์ ไดอะมอนด์ โมเดล (Porter Model Demand Condition) อุตสาหกรรมได้รับผลประโยชน์ โดยเฉพาะอย่างยิ่ง คือ ขนาดของตลาดท้องถิ่น (Size of Home Demand) อย่างไรก็ตาม ตลาดของอุตสาหกรรมนี้ยังได้รับการสนับสนุนที่ดีจากตลาดในเอเชีย ยุโรป รวมทั้งสหรัฐอเมริกา ส่วนโครงสร้างของการแข่งขัน (Rivalry) ยังคงเผชิญหน้ากับคู่แข่งที่แข็งแกร่ง โดยเฉพาะจีนและอินเดีย ในด้านนโยบายที่อุตสาหกรรมต้องการให้รัฐบาลสนับสนุน คือ การสนับสนุนทางการเงินให้กับธุรกิจขนาดเล็ก และการผ่อนปรนกฎเกณฑ์ต่าง ๆ ในด้านพระราชบัญญัติ การผลิตและจำหน่ายผลิตภัณฑ์ยาสมุนไพร จะเอื้อประโยชน์ให้กับอุตสาหกรรมขนาดใหญ่

คำสำคัญ: ข้อได้เปรียบเชิงการแข่งขัน การวิเคราะห์จุดแข็ง จุดอ่อน อุปสรรค และโอกาส นโยบายรัฐบาล พอร์ทเตอร์ ไดอะมอนด์ โมเดล

Abstract

The main objective of this study is to analyse the competitive advantage of the Thai Traditional Medicine (TTM) and herbal product industry using SWOT and Porter's Diamond model to find out the relevancy of government policies in this industry. In-depth interview of 11 business owners of SMEs in TTM and Herbal products industry is used in this qualitative research. The results found that strengths and opportunities in this industry are derived from a company's internal and external factors, which indicate the competitive advantage over potential competitors. The strengths are the accessibility to raw materials, wide acceptance among overseas consumers, and the accreditation by international organizations. The opportunities of TTM and herbal products are reflected by the increasing demand in both domestic and international markets and the integration of the ASEAN Economic Corporation. The weaknesses are explained by the high cost of production, quality of raw materials, and a strong dependency on overseas distributors. The threats to this industry were the intense competition from both local and international markets. With regard to the Porter model, Thai traditional medicine manufacturers have benefitted from favorable demand conditions, particularly the size of the home market. In addition, this industry has also gained substantial market shares in Asia, EU and U.S.A. as well. However, in terms of structure and rivalry, this industry faces high competition, especially from China and India. Adding to this, government policies, such as marketing and financial support and regulation/deregulation are most relevant to this industry.

Keywords: Competitive Advantage, SWOT, Government Policy, Porter's Diamond Model

Introduction

Under the 11th Thailand Economic and Social Development Plan, which has been in effect since 2012, fifteen industrial groups have been singled out as targets of its attempt to build up creative economy. These include advertising, animation, architecture, crafts, design, fashion, film, historical and cultural tourism, interactive software, performing and visual arts, Thai food and Thai traditional medicine. Creative Economy policies have been promoted at the regional and community levels in order to incorporate traditional knowledge and generate income. Thailand has experienced relatively much successes and gained global recognition in many of these creative industries but not all shared similar success (Thailand's Creative Industry, 2011: paragraph 2). Thai traditional medicine so far has outshone itself among the other creative industries. The global market of traditional medicine has been dominated by China and India (Lang, 2008: 30).

Thailand, being a later comer, is not able to benefits from the advantages as being the first-mover. The question now is how Thailand can capitalize on local resources and use creativity to make Thai traditional medicines and services transcend cultures and thrive in the global market. These unanswered questions have promoted the researcher to initiate a research on the National Competitive Advantage of Thailand Traditional Medicine

in the effort to provide an insight into the international competitive nature of the industry.

Significance of the Research

International competitiveness of countries is an ever-growing concern for governments, firms as well as academic scholars (Porter, Ketels and Delgado, 2006: 67). Evaluation of competitiveness became an important instrument for balancing the development process of the economy. For countries, especially the developing ones, evaluation has been an important tool for policy creation. Comparing the results with more developed countries provides developing countries with the right directions of development process (Staskeviciute and Tamosiuniene, 2010: 495). Likewise, this research on Thailand's national competitive advantage in traditional medicine and herbal products is crucial as it evaluates the country's competitiveness among other countries and more importantly, it provides essential information for policymakers, investors as well as other related industry manufacturers. Therefore, research and development on TTM is extremely significant for both the government and private sectors (Amornnimit, 2013: 207).

Thailand Traditional Medicine and Herbal Products

The Kingdom of Thailand has its own system of traditional medicine called "Thai

traditional medicine” (TTM). Originated during the Sukhothai period (1238-1377), it was developed in parallel with the country as a means of national health care until the early 20th century. The spread of modern medicine from the Western world to the East then led to a decline in the practice of traditional medicine in Thailand. As a result, modern medicine eventually replaced TTM and became Thailand’s mainstream health-care system. The revival of TTM began in the late 1970s (Chokevivat and Chuthaputti, 2005: 1) when Thailand’s Ministry of Public Health via its 4th Health Development Plan (1977-1981) promoted the use of medicinal plants in primary health care. The policy has continued until today as stated in the 5th-10th National Health Development Plan (2007-2011).

Global Market for Traditional Medicine and Herbal Products

Herbal medicines which formed the basis of health care throughout the world since the earliest days of mankind are still widely used, and have considerable importance in international trade. In 1991, the World Health Organization (WHO) cited herbal medicines as lucrative global commodities with a market value of about US\$ 43 billion (Christie, 2001: 691-692). And according to Inamdar et al. (2008: paragraph 1), the global market for herbal medicines in 2006 stood at over \$60 billion. The sale of herbal medicines is expected to

get an average annual growth rate of 6.4%. The positive market outgrowth was anticipated by Wang & Ren (2002: 47) that by 2010, market size is expected to boost to US\$ 400 billion level. Lang (2008: 23) anticipates sales to reach US\$ 5 trillion by the year 2050. The use of medicinal herbs is getting more popular day by day with gradual increase in the percentage of the people using herbal medicines (Sher, Alyemeni and Sher 2010: 1197; Sher and Hussain, 2009: 4067).

The distinctive turning trend among developed countries in recent times towards the use of traditional medicinal systems that involve the use of herbal drugs and remedies is another global driving force (Rath, 2005: 3). Among the importers of botanical drugs, Hong Kong is at the top, followed by Japan, Germany and U.S.A.

Market Competition

Countries such as India and China have purposively sought to develop the traditional medicine sector in order to strengthen their traditional medical heritage and at the same time also enable cost-efficacy in health care delivery to their people. It is also a response to capitalize on the economic opportunity arising from an increasing global demand for herbal products (Deloitte Touche Tohmatsu (Deloitte), 2010: 28). Interestingly, based on the research result of Schippmann et al. (2002: 2), even

though Thailand falls behind China, U.S.A., Indonesia, Malaysia and India in terms of plants species, it is ranked above Indonesia, Malaysia, Nepal, The Philippines, Pakistan and Sri Lanka in possessing medicinal plant species. It ranks fourth with 1,800 species among the medicinal herbal producing countries like China, India and the U.S.A. There is thus an enormous scope for Thailand to emerge as a major player in the global herb based medicines and products by developing its Research and Development capability. Nevertheless, the success of China and India in expanding strongly into the global market has enhanced the confidence of other countries including Thailand to develop their own traditional medicine so as to accelerate the integration into the global market (Chuthaputti, 2007: 3).

Research Objectives

1. To determine competitive advantage by using SWOT analysis (strengths, weaknesses, opportunities and threats) and Porter's diamond of Thai traditional medicine and herbal product industry.
2. To study the relevancy of government's policies toward Thai traditional medicine and herbal product industry.
3. To highlight the degree of distinctiveness of Thai traditional medicine and herbal products against its competitors in the global market.

Scope of the Study

The researcher gathered information from 2000 to the present date. The study includes a brief history of the development of TTM (Thai Traditional Medicinal) and herbal products and applies the concept of Competitive Advantage of Nations: Porter's Diamond Model. A questionnaire survey and an in-depth interview were carried out to gather detailed information from the manufacturers of the private sectors in Thailand. Quantitative method was applied for evaluating the relevancy of government policy.

Literature Review

SWOT Analysis

SWOT analysis is a classical strategy analysis tool based on four fields namely strengths, weaknesses, opportunities, and threats (Grant, 2010: 12; Dyson, 2004: 632). According to Isoherranen (2012: 26), SWOT is a good strategy fits between the external situation of a company and its internal qualities and characteristics. This definition influenced SWOT framework in a way that advances the search for this fit as its core idea. Barney (2002: 19) defines SWOT as internal resources and capabilities that add value for exploiting opportunities or neutralize threats; are not held by competitors; cannot be easily duplicated or substituted; and can be fully implement in the organization. Kotler (1994 cited in Clardy,

2013: 102) see the codified SWOT analysis as the critical second step to Kotler's seven-phase process of strategic planning. Kotler also recommended analyzing competitors in terms of their likely reactions to strategic action. This requires a competitive intelligence capability. Furthermore, in order to identify potential platforms for achieving competitive advantage, customer value analysis is also indicated that the analysis of strengths and weaknesses played an important role in the overall model of strategy (Porter, 1985 cited in Clardy, 2013: 102). As Porter puts it, "competitive strategy involves positioning a business to maximize the value of its capabilities that distinguish it from its competitors." Strengths would be those capabilities in which the firm enjoys some operating or performance advantage, Weaknesses are factors that can reduce entry barriers or that diminish bargaining power. Strategic opportunities essentially capitalized on a firm's competitive position while risks (threats) weaken any positional advantages (Clardy, 2013: 102).

Porter's Diamond Model

The most comprehensive and well known methods used for the national competitiveness estimation are namely "Diamond" model (Porter, 1990a: 72), "Double diamond" model (Rugman, 1991 cited in Weiping and Shubin,

2002: paragraph 1), and "Nine-factor" model (Cho and Moon, 2005: 1). For this research, the conceptual model will be based on Michael Porter's Determinants of National Competitive Advantage (1998).

Porter (1990b: paragraph 1) analyzed why particular industries flourish or decline in particular locations and how competitive advantages help a nation achieve international success in a particular industry.

At the national level, productivity can be increased when the industries in a particular country "upgrade" themselves to improve efficiencies (Porter, 1990a: 93). For instance, an increase in technology can boost productivity and at the same time, can facilitate the production of differentiated products with much added value for customers. By doing so, industries can compete in more sophisticated and international markets.

In order to maintain or improve this position, an industry requires a continual upgrading process. In other words, some industries, in a particular country, have strong diamonds, while others have weak ones. In addition to these four determinants of competitiveness, there are two indirect variables in the model: (5) chance and (6) government. Porter (1990a: 126) "Diamond Model" is shown in Figure 1.

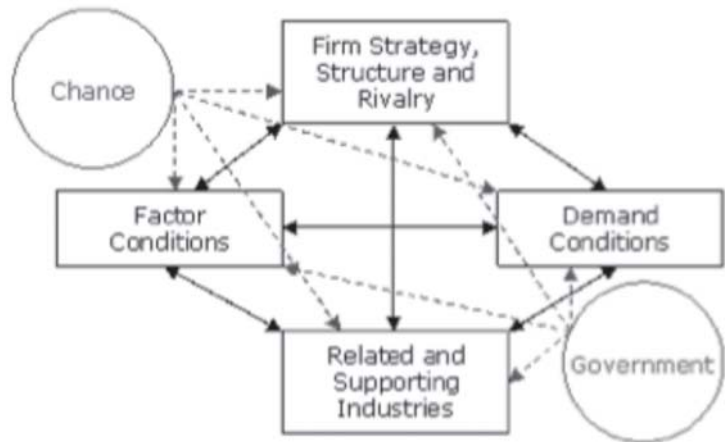


Figure 1 The “Diamond” Model

Source: Adapted from Porter (1990a: 127)

Porter (1990a: 70) states that a nation’s competitive advantage is not dependent on its natural resources alone; it depends on innovation and the capacity to upgrade its products and services, driven by domestic rivalry and aggressive local suppliers and customers.

In this study, the researcher applied the Porter’s diamond to Thai traditional medicine and herbal products industry. In order to develop Porter’s diamond theory further, it is necessary to understand the factors that contribute to a country’s competitiveness which included factor condition, demand condition, related and supporting industries as well as strategy and rivalry.

Factor conditions are the factors of production and infrastructure necessary to compete in a particular industry. They include the basic and advanced factors.

Basic factors such as unskilled labor, raw materials, climatic conditions and water resources, are inherited and require little or no new investment to be utilized in the production process.

Advanced factors are created and upgraded through reinvestment and innovation to specialized factors, which according to Porter form the basis for the sustainable competitive advantage of a country (Porter, 1990a: 77). In general, it is also expected that the advanced factors will provide a more sustainable source of competitive advantage than the first.

Demand Conditions

Demand conditions in a country are also perceived by Porter (1990a: 645) as a source of competitive advantage for a country. Demand as a factor explaining trade is not new. Linder (1961) referred in Smith (2010: 111) first introduced it to explain intra-industry trade. According to the Linder hypothesis, countries with similar per capita incomes will have similar spending patterns. In terms of the Linder hypothesis, these comparable demand conditions in countries lead to analogous demand structures, which enhance intra-industry trade.

Porter (1990a: 465) however, focuses more on demand differences than on similarities to explain the international competitiveness of countries. According to him, it is not only the size of the home demand that matters, but also the sophistication of home country buyers. It is the composition of home demand that shapes how firms perceive, interpret and respond to buyers' needs. This forces home country firms to continually innovate and upgrade their competitive positions to meet the high standards in terms of product quality, features and service demands.

Related and Support Industries

According to Porter (1998: 143; 2000: 25) it is the external economies of related and support industry clusters, such as networks of

specialized input providers, institutions and the spill-over effects of local rivalry, that become the true source of competitive advantage (Porter 2000: 22; 2003: 560).

Firm Strategy, Structure and Rivalry

A fourth determinant of national competitive advantage, according to Porter (1990a: 657), is firm strategy, structure and rivalry. The main emphasis here is that the strategies and structures of firms depend heavily on the national environment and that there are systematic differences in the business sectors in different countries that determine the way in which firms compete in each country and ultimately their competitive advantage. Porter (1990a: 662) identifies rivalry as the most critical driver of competitive advantage of a country's firms. He believes that domestic rivalry forces firms to be cost competitive, to improve quality and to be innovative.

Related Research on Thailand Traditional Medicine and Herbal Products, Porter's Model and Government Policies

The early practice of traditional medicine in Thailand provides an excellent foundation for the recognition of the profound knowledge and indigenous wisdom in alternative medicine. Thais have accepted traditional medicine and acknowledged the effective and preventive

quality of medicinal herbs. Several researches conducted in Thailand showed this readiness in acceptance. Thongruang (2008: 195) interestingly highlights that it is the product and not the advertisement or the ease of purchasing that drives the demand for traditional medicine in Thailand. This implies that the confidence on traditional medicine is relatively high and it is not just the desire to support traditional medicine but rather it is a fact of life.

Traditional medicine doesn't separate itself from religious beliefs, human relationships and the environment. It views illness as a sign of imbalances in the body and mind and seeks to restore a person's physical, mental and spiritual harmony (Uppakara Pattanakij - Thailand's 1993 Cultural Outstanding Person Award recipient). Considering this aspect, the dynamic Thai market with its 65 million populations is indeed a strong domain market for Thai traditional medicine. Thai FDA states that capital spending on local traditional medicine products for human use in Thailand increased from ฿207.91 million to ฿2,543.15 million while imported products rose from ฿45.47 million to ฿330.62 million. Similar trend was found in traditional drugs registered which revealed five-fold increase during 1983 and 2009. It was reported likewise that from 1994 to 2001, the registration of locally produced traditional medicines for humans increased and the production value increased from

฿414.86 million to ฿736.91 million. This reflected the popularity of the using or consuming of the natural products (Chokevivat, Chuthaputti, and Khumtrakul, 2005: 12). Thailand is rich in natural resources. The lush teeming rain forests that still cover areas of Thailand are a storehouse of botanicals that have been used for medicinal purposes for centuries (Smith Naturals, 2013: 7).

Therefore, there is an abundant supply of herbs needed for traditional herbal medicine, native cuisine, salutary beverages, and cosmetics.

According to the poll conducted by Kasikorn Research Center Co., Ltd., it estimated that the total expense on all types of herbal products in 2005 was about ฿47,520 million (US\$1,200 million). Out of this amount, ฿8,810 million (US\$220.2 million) was the expense on herbal medicines based on traditional medicine knowledge or registered as traditional medicines. Interestingly, the survey illustrated strong consumer demand for herbal medicines in not only the central and northeastern region of Thailand, but also the metropolitan capital of Bangkok (Chokevivat, Chuthaputti, and Khumtrakul, 2005: 12-13). The strength of several related and supporting industries in the country spur the growth and rapid progress of the Thai traditional medicine industry. These industries comprise herbal cosmetics, medical tourism, Thai spa and massage, and biotechnology. The market for herbal cosmetics

has seen a steady growth. Herbal cosmetics are increasingly popular among teenagers and working women. Total value of the domestic market amounts to about ฿2 billion. The rate of growth has been about 30 per cent a year. Regarding export, significant outlets for Thai herbal cosmetics are mostly in Asia -- Japan, Hong Kong, India, Singapore and countries in the Middle East. In addition, the U.S.A. and China are two new markets with strong potential (Thailand's Herbal Products, 2011: 2). As for related industry, Thailand's spa industry collectively generated revenue of ฿8.3 billion (US\$263 million) in 2007, an increase of over 200% since 2002. To response to an increase in demand, spa industry has to be developed in terms of its human resources to encourage a number of massage and spa training centers, salon training schools and freelance trainers offering spa training and recruitment services. (Kajonborrirak, 2013: 3).

For relevancy of government policies, Robinson and Kuanpoth (2009: 396) cites the importance of governmental support to all industry, particularly in the developing countries like Thailand. Kuanpoth highlights that entering foreign markets for tradition medicine and herbal product particularly need high support from the government sector. As such, the Thai government has responded and set some policies for these products to make them more competitive in global market. Moreover,

the government has ensured that traditional medicines, texts, traditional medical formulas, medicinal plants and herbs are protected in terms of intellectual property. The government also launched One Tambon, One Product campaign to promote Thai local products of quality and standards to the world markets to provide sustainable development. Noknoi et al. (2012: 96) studied 220 small business entrepreneurs in the South Pacific region and listed nine factors that would contribute to the success of small businesses. The most critical factors were good management, access to financing, personal qualities and satisfactory government support. Yusuf 1995 cited in Kader, Mohammad and Ibrahim, 2009: 151) finds that government assistance is more critical for the success of small indigenous entrepreneurs than the non-indigenous ones. According to Sinha and Bharti (2012: 8), evaluation can be an excellent learning tool as well as a means to improve program performance and demonstrate accountability. Effectiveness of the government policy can ensure four key benefits. Firstly, it improves management of programs, projects and supporting activities to ensure optimum use of funds and other resources. Secondly, it improves the relevance, methods and outcomes of the cooperative programs. Thirdly, it strengthens the capacity of co-operating government agencies, non-governmental organizations (NGOs) and local communities

in terms of monitor and evaluation. Fourthly, it meets the requirements of donors who are to see whether their resources are being used effectively, efficiently and for agreed upon objectives.

Research Methodology

Research Method

Qualitative approach was used in this research. In-depth interviews with industry experts were employed in this study. In-depth interview is considered to be the most valuable data collection method allowing respondents freedom in giving their answer as much as possible (Blyer and Sfetsiou, 2008: 1152). In addition, qualitative method gives a useful detail for understanding viewpoints, allowing the researcher to gain better understanding of the problems (Ngamkroekjoti, Speece, and Dimmitt, 2005: 291).

Sampling

Purposive sampling was applied in order to focus on business owners in the industry of TTM and Herbal products. The sample for this research was selected from large and small enterprises, certified by GMP, together with very small businesses like spa and herbal product retailers. Content analysis was deployed to analyze the data. The questions consisted of three parts. Part one enclosed the company's SWOT in sequence. Part 2 covered Porter's

model relevant to TTM and herbal products, and part 3 included the government policies relevant to the industries.

Data Collection

This research was carried out in the Bangkok Metropolitan city and other provinces: Samut Prakarn, Samut Sakhorn, Nakorn Pathom, Nonthaburi, Ayutthaya, Pathum Thani, and Prachuab Kirikhan.

Research Result

The research findings highlighted several important strengths of the traditional medicine and herbal products industries. They are knowledge of Thai wisdom in traditional herbals, expertise in organic production, good reputation and image, extensiveness of scientific researches, skills and technology for extraction, raw materials sourced locally and overseas. The weaknesses comprise such factors as high cost of production, quality of raw materials, shortages of raw materials, especially in the low harvesting periods, high dependency on overseas distributors, and weak international marketing promotional strategies. Opportunities in the industry are increasing demand in both domestic and international markets, greater awareness of Thai traditional medicine and herbal products, especially with the trend of "Back to the nature" and preference for organic products consumption. The integration of

ASEAN Economic Corporation and supportive policies of the government and local administrative office also create better opportunities. Several factors attributed to the threats in this industry include strong competition from both the local and international markets, weak distribution channels, weakening global economy, the country's political problems and shortages of raw materials. In terms of relevancy of government policy in the industry, large enterprises see governmental policies towards regulation and deregulation as most relevant. On the other hand, the SME enterprises perceived both marketing and financial support and deregulation as most relevant. Family business perceived marketing and financial support as most relevant. Based on the Porter model, many of the Thai traditional medicine manufacturers indicated that the industry has benefitted from favorable factors such as access to raw materials which allowed for quality and standard assurance of raw materials. The study also found that the industry was still dependent on the domestic market and the regulations of exporting medicine were still main barriers to enter some new markets.

Conclusion, Discussion and Recommendations

Conclusion

Strengths and opportunities in this industry are derived from internal and external

factors of their companies which indicated the competitive advantage over potential competitors. The result showed that strengths are accessibility to raw materials, wide acceptance among overseas consumers, and accreditation by international organizations. The opportunities of TTM and herbal products were composed of increasing demand in both domestic and international market and the integration of ASEAN Economic Corporation. Weaknesses are explained as high cost of production, quality of raw materials, and strong dependency on overseas distributors. Threats in this industry related to intense competition from both local and international markets. With regard to Porter model, Thai traditional medicine manufacturers have benefitted from favorable demand conditions, particularly the size of home market. Nonetheless, this industry has also gained substantial market shares in Asia, EU and U.S.A. as well. However, in terms of structure and rivalry, this industry faces high competition. Adding to this, government policies, such as marketing and financial support, and regulate/deregulate are most relevant to this industry. As for related industries and supporting industries, the study reveals that many of these companies have positive influences on supporting industries of the Thai traditional medicine and herbal products.

Discussion

Noknoi, Boripunt and Lungtae (2012: 96)

found in their research that the Thai government launched One Tambon, One Product campaign to promote Thai local products of quality and standard to the world markets to provide sustainable development for this industry. In this research, small enterprises agreed that the OTOP project has vital impact on their business, particularly the competition in a local market and marketing and financial support from the government. In addition, as cited in Kader, Mohammad and Ibrahim, (2009: 157) and Yusuf's (1995) studied small business entrepreneurs in the South Pacific region and found a list of nine factors that would contribute to the success of small businesses. However, the most critical factors were good management, access to financing, and satisfactory government support. This research also indicated that parallel small businesses appreciated this policy. For potential competitors, the 2010 Global Manufacturing Competitiveness Index ranked Thailand 12th among the world top manufacturing countries with China and India topping the ranking (Deloitte Touche Tohmatsu (Deloitte), 2010: 28). Similar to this study, both countries remain Thailand's strongest competitors in the global market. The study also revealed that many of these companies, especially the traditional herbal producers realized the positive influences of supportive measures to boost the growth and development of Thai traditional medicine and herbal products.

Recommendations

To deal with the industry weaknesses, the researcher suggests that the industry has to enhance its strengths by building up core competencies of the industry. The strengthening will help to protect the threatening from competitors, especially in global market. In order to get better results for the next research, future research should focus on consumers' buying behavior, particularly in the domestic market. As competition in the industry is very high, a study on consumer satisfaction of herbal product should be conducted too. Since the qualitative approach has been used for this research, the quantitative should be implemented in the next research in order to confirm the reliability of the finding that the Thai traditional medicine and herbal products have competitive advantage in the global market. The researcher also recommends a study on the overseas competitors' products and strategies. In so doing, Thai TTM and herbal producers will be in a better position to evaluate the industry's competitive advantage in the global market.

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