

From JETRO's experience of contributing to OTOP policy of Thailand

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One Village One Product(OVOP) movement in Oita prefecture, Japan

◆ The experience by Oita

In 1979, Mr. Hiramatsu, Governor of Oita, took the initiative in starting "OVOP" movement.

He had the simple but powerful idea of encouraging villages or local areas to concentrate on one product that they did very well and then work to market that product abroad. The One Village One Product concept grew out of this.

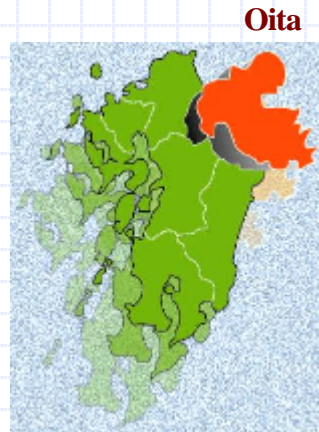


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The background of OVOP

The population shift from rural areas to major cities and the loss of vitality in various regions of the prefecture. It was necessary to create new industries to regional areas.

It was necessary to reduce over-dependence among business on local government.



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OVOP movement in Oita

◆ Slogans of OVOP in Oita

Being local and global simultaneously (Glocal)

- The idea was to make products that represented local areas/regions but that could also be competitive in global markets.

Independence and new ideas.

- Villagers themselves were encouraged to decide which product(s) should be chosen as OVOP products; local governments were intended only to provide technical assistance.

Human resource development

- OVOP would stir innovation and creativity and also encourage people to improve or hone their skills.

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Successful Case of OVOP :Oyama town in Oita

- ◆ Oyama is called the origin of OVOP. A reform called NPC movement was implemented.
- ◆ The 1st NPC(New Plum and Chestnuts)movement
 - For more income
 - There was a time when rice farming and stockbreeding was dominant. Oyama farmers shifted to planting plums in old rice fields and chestnuts in former vegetable fields.
 - In a limited area they sought to do “high dimension agriculture”, in which profitably and the turnover rate of land are taken into account.

Successful Case of OVOP

:Oyama town in Oita

- ◆ The 2nd NPC(Neo Personality Combination) movement
:For the creation of “wealthy people”
- Movement for the creation of “wealthy people.” town is not only the increased income but also the way of living that people can live with rich culture. This is not to say the people of Oyama wanted to make all of its citizens rich; it was more the concept that a “rich” city is one that has a strong economy but also is rich in culture. Based on these concepts, educational trips to domestic and overseas destinations and international exchange with countries such as the US (Hawaii), China and Israel were implemented.

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Successful Case of OVOP

:Oyama town in Oita

- ◆ The 3rd NPC(New Paradise Community)movement
:For the creation of comfortable living environment
- They wanted to examine why young people were still moving to big cities, despite the success of the first two NPCs.
- The third NPC tried to narrow the gap in culture and entertainment between cities and rural areas. Specifically, they sought to spread more information to the whole town by such means as a cable television network run by the town authority.

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Successful Case of OVOP

:Oyama town in Oita

- ◆ “Kono Hana Garten”(A place operated by farmers’ cooperative, in which products from local farmers were sold directly to consumers)
- Most villages are good at producing but have difficulty selling. The farmer’s garden co-op also has a restaurant, which was set up as an annex to the shop and is today famous and attracts visitors from all over.

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Successful Case of OVOP

:Oyama town in Oita

- ◆ “Kono Hana Garten”: 3 distribution channels for the agricultural products.
- through consumer markets as ordinary commercial products.
- through business-to-business channels: products are sold to food processing factories.
- through this “Kono Hana Garten” shop, in which products made by village elder and women are directly sold to consumers.



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JETRO's activity on OTOP in Thailand

- ◆ The 1st stage: The assistance for the products development to villagers.

Japanese expert team's visiting to 21 provinces[May 2002]

- Collecting prospective products. (600 goods)
- Suggestion for the product development
- Holding seminars to introduce Japanese market



Development of prototype[Apr-Sep 2002]

- Development of new product based on the design by Japanese experts[38 goods]

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JETRO's activity on OTOP in Thailand

Holding OTOP exhibition in Tokyo[Sep 2002]

- Showing the prospective product(600 goods) and proto types(38 goods)
- The monitoring survey was done to the Japanese buyers – They showed strong interests.



Picture from the OTOP exhibition in Japan.

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JETRO's activity on OTOP in Thailand

The development of new products by the Japanese expert and the villagers. [Oct 2002 ~ Mar 2003]

- Villagers produced the new products under the guidance of the Japanese expert dispatched by JETRO.
- Participating to Bangkok International Gift Fair(BIG2003)



- OTOP products by the design of the Japanese expert (BIG2003)
Combination of Japanese materials and the tradition, materials and technique of Thailand.

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JETRO's activity on OTOP in Thailand

The promotion of OTOP in Japan

Through various exhibitions, information was dispatched on OTOP to Japanese markets. The result is in the establishment in the markets.

- Large sales of OTOP were made in the department stores and TV mail order program.
- Famous fashion magazines dealt with OTOP.
- OTOP were sold in the High-end boutiques in Roppongi, which is one of the fashion centers in Japan.

OTOP is now being accepted commercially in Japan. The market is still keeping expanding.

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JETRO's activity on OTOP in Thailand

- ◆ The problem in the 1st stage
OTOP were introduced to Japanese market through various media, which made clear the following problem
 - Even if there is a Japanese buyer who wants to deal with OTOP, it is hard to make a deal because they have to negotiate with villages directly.
 - There is no supply system which can respond to the large quantity order.

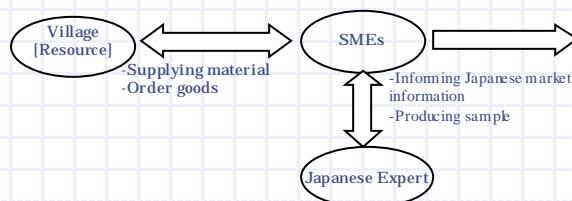
(How to solve these problems)

- ◆ The 2nd stage: Support OTOP through SMEs
The problem which was made clear can be solve by using SMEs between the market and villagers.

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JETRO's activity on OTOP in Thailand

- ◆ The 2nd stage: Support OTOP through SMEs
Products were developed through cooperation with the Japanese expert, SMEs and villagers. In most case middlemen, who usually work for SMEs, order goods from villagers and supply materials to them. Japanese experts helped SMEs gain know-how on product development and marketing, and understanding of Japanese consumer needs.



From BIG 2004
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JETRO's activity on OTOP in Thailand

- OTOP changed through instruction by the Japanese experts, especially in the 2nd stage working with SMEs. Very new OTOP which can never be seen were introduced to the market.

[In case of textile]

Prospective OTOP

(Materials)

Prototype

(Processing the materials to be products)

High value added OTOP

(SMEs make the fashion products)



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The challenges hereafter

-From the experience of a Japanese buyer-

- ◆ “500 trays were ordered but the quality of the 1st and the 100th item was completely different.”
- ◆ “The delivered products were of different color and size from the order.”
- ◆ “Quality and quantity deteriorate during the farmer's busiest season. Also, as natural rubber prices soar, farmers are preferring to tap rubber trees, which is more profitable, to producing OTOP products.”

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The challenges hereafter

-From the questionnaire in BIG2004-

Q: How can OTOP be improved ?

Stable quality : 31%

Supply system : 27%

Better design : 20%

- ◆ On the other hand, only 10% replied that low quality and the price should be improved. We can say that the problems with OTOP, seen from the market's perspective, are establishment of supply systems, including the more stable quality, and product development based on marketing.

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The challenges hereafter

-The solutions to the problem with OTOP-

- ◆ The establishment of supply system from villages by local SMEs.
 - Management in quality control, order control and production control between the villagers and the market should be done by the SMEs.
- ◆ The product development through the training of young designers
 - Material used for OTOP is good, but it has not been fully utilized. So, young designers should be trained in a design center for the development of the OTOP brand.

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Chai Lao project in Lao P.D.R

◆ The establishment of Laos national brand

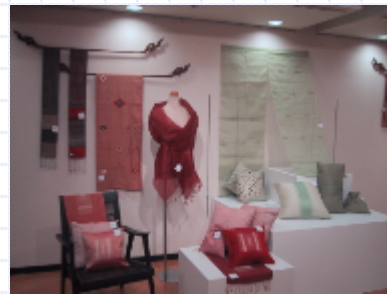
- In 1998, JETRO dispatched a Japanese expert to Laos to help the country develop its export industries. We held an Indo-China exhibition in Japan that displayed selected products chosen by the expert. Laos's textiles were highly valued in the exhibition.
- Because of the high interest in Laotian textiles, we sent the expert back to Laos a total of five times to work on building up this industry.
- Textiles from Laos, we discovered from a monitoring survey, were virtually unknown in Japan. Therefore, the establishment of a national brand was proposed as a way to promote Lao textiles abroad.
- Based on the suggestion by the expert, the brand name "Chai Lao" (Heart of Laos) was created.

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Chai Lao project in Lao P.D.R

◆ Picture from "Chai Lao" exhibition

- "Chai Lao" exhibition was held in Tokyo and Fukuoka from Aug 2003 to Sep 2003.



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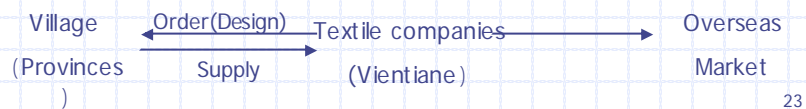
Chai Lao project in Lao P.D.R

◆ The difference from OTOP project in Thailand

- ◆ “Chai Lao” project is focusing only 10 prospective companies.

[Reason]

- In Laos, the exist local products were not so many We therefore needed to focus on a limited range of products that had potential in the Japanese market.
- In order to maintain the quality and the image of the brand name, only those companies which satisfy certain requirements were allowed to join.
- ◆ Many of the prospective companies are concentrated in Vientiane and they have a contract with villagers for purchase of weaving items and thread. As a result, they are strongly connected with the villagers.



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Chai Lao project in Lao P.D.R

◆ The challenges for Chai Lao project

- ◆ Instituting quality standard for Chai Lao.

First, 10 prospective companies used brand name of “Chai Lao.” But there is no clear standard by which company should be allowed to use “Chai Lao” brand.

(How to solve this problem)

- ◆ To maintain quality standard for “Chai Lao”, JETRO dispatched Japanese experts on July 2004 and Nov 2004 to implement various activities geared towards the preparing “Chai Lao” products for the Japanese market.

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JETRO's activity on OROI Policy in Malaysia

(OROI policy in Malaysia)

PM, Mr. Mahathir started "One Region, One Industry Policy to develop the local area in Malaysia in 1992.

Policy of Mr. Abdullah, new PM : Building on One Region, One Industry Policy

- Supporting the agriculture industry, and primary products
- Supporting SMEs and farmers
- Developing villages and expanding economy

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JETRO's activity on OROI Policy in Malaysia

Feasibility study by the expert

To identify products that might have potential in the Japanese market.

To visit manufacturers, investigate obstacles to exporting products to Japan, and offer insight on the Japanese market

To exchange views with persons from related organizations and industrial circles and share awareness on various issues.

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JETRO's activity on OROI Policy in Malaysia

The result of the F/S

Among Malaysian handicrafts, products for the Malaysian domestic market should be clearly distinguished from those for export.

Silver products, textile products, and beads had high potential in the Japanese high-quality product markets.

There were several obstacles to successful exports to Japan of such products—namely that a concrete marketing plan and product development were needed.

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JETRO's activity on OROI Policy in Malaysia

Participation in Tableware Festival 2006

(February 4-12, 2006)

Result of questionnaire survey to the visitors

Interest to Malaysia:
increased very much(53%)
increased(47%)

Acknowledgement to
Malaysian Products:
Increased very much(62%),
increased(38%)



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JETRO's activity on OROI Policy in Malaysia

Participated in Interior Lifestyle Exhibition
(June 14-16, 2006)

Malaysian Products were very popular.

Problems to be solved.

Prices have to be reevaluated.

They should establish
sales system.

They should construct
independent marketing system.

