

The Potential and Preparedness of Local Products in the Brand Building for Tourist Souvenirs, Luang Prabang, Laos PDR.

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Abstract

To increase tourist/consumer knowledge about local souvenirs, brands or labels are necessary. This research focuses on an empirical study of the actual production capacity of seven main production groups creating local products in Luang Prabang. The study investigates the current circumstances, potential of local products and preparedness of local entrepreneurs leading to brand creation and analyzes the five main constraints to brand building for local entrepreneurs. Qualitative research was applied. Data was collected through 40 in-depth personal interviews supplemented by participatory observation and content analysis of secondary data. The studied found that the status of the world heritage and the rich pool of cultural heritage benefited local producers, allowing them to improve and develop their authenticity of their souvenir handicrafts by applying indigenous knowledge. Furthermore, many tourists' souvenir products have the potential to be developed as local or community brand due to producers' skill and experience. Some of labels were created to reflect the personal, community and historical characteristics of the city. The Night Market as tourist landmark, play main a role in collecting and presenting the diversity of new locally invented tourist souvenirs into the market. The study also found that for Luang Prabang to create a local or community brand would involve many parties from related government and associations agencies in term of technical assistance and financial support. Producers also encountered with many challenges and difficulties. The study found that personnel resources and local producers' innovation is limited. there is a weakness in marketing knowledge and managerial skill competencies, lack of business vision, least in enthusiastic, and tendency to only produce on a self-sufficient basic. Moreover, they lack financial access, financial support and financial distribution for business expansion with related organizations, in order to develop products. Many types of product were not developed to reflect diversity in terms of tastes, flavored, shape and size. Applying new or modern technology is another main challenge. Finally, barriers to full entrepreneurship include a conservative mind-set and the unchanging thinking family based operations.

Keywords: Local Product, Brand Creation (Brand Building) Luang Prabang Souvenir, Five Components, Entrepreneurships, Tourism, Heritage

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Introduction

The World Travel and Tourism Council (WTTC) has declared that tourism is the world's largest industry, surpassing autos, steel, electronics, and agriculture. Tourist shopping is widely recognized as a niche market of tourism because it is one of the primary sources of tourist income. Souvenirs are associated with tourism, as a commercial product, to remind the purchaser of their experience (Nithipan, 2009). According to Tzuhui, David and Ching, tourists not only come to visit a location for its special local scenery or cultural activity, but sometimes for its special local products as well. Turner and Reisinger (cited in Tseng, Chang and Shen, 2009) indicated that tourist spent two thirds (2/3) of their budget on shopping when travelling domestically and one fifth (1/5) of the total spent went into shopping when travelling internationally.

The government of Lao PDR has addressed the importance of the tourist industry as a national priority scheme in the socio-economic developments. Since the government of Lao PDR opened door policy to tourism in 1989, the industry has grown consistently and has increased revenues to the nation. It is expected to continue to play an important role in Laos' economic and social growth and prosperity (Peter, 2011). According to the Lao Ministry of Information, Culture and Tourism (MICT), the number of tourist's arriving Lao reached 4.6 million and generated revenues of US\$ 752 million in 2015.

Currently, the demand of the market requires producers to manufacture tourist souvenirs differently. Unique of local community characteristics, in term of variety of shape, size, and quality can service the growing tourism industry. It can create domestic and foreign markets through tourist's purchasing behavior. Since "Visit Lao Year" in 1999, local products have been gradually developing, step by step, through change in producers' attitude, experience of past events and perceptions of tourist preference in term of style, shape and size selection.

Luang Prabang is a well-known tourist destination in Laos since UNESCO proclaimed the World Heritage City in 1995 (UNESCO, 2004). Many local products in Luang Prabang present the unique characteristics of indigenous knowledge mentioned above. Currently, local producers encounter issues with marketing activities issues because products available in the local market are not attractive to. Local producers lack the motivation or inspiration to become competitive and or unable to react to a changing market environment or to provide the quality standard that meet tourist expectation.

The recent research title "Thai Tourists Purchasing Behavior and Satisfaction towards Local Products in Luang Prabang" by Xayavong and Sirisack (2014) reported that uniqueness and beauty are the main factors influencing Thai visitors to buy local products. Many Thai visitors have known about local products prior travelling to Luang Prabang. The study indicated that the majority of respondents (65% out of 353 respondents) bought three or more local products. The accessories they bought were items made from silver (35.70%), Lao cotton cloth (35.45%), Lao silk cloth (35.45%), Porsa Paper Handicrafts (19.07%), river weed (15.89%) and Jeobong (dip) (13.20%). However, product warranty, sale promotions and well-known brands were ranked at a moderately significant level in this study.

In the marketing process, brand is considered a very critical as a product symbol (Kotler and Keller. 2012). Brand creation or brand building will create impact or lasting impression from buyers, who have seen, heard about experienced about in Luang Prabang. In order to increase the sale of local products to tourists, it is needed to "brand" them under a local characteristic. Brand recognition enhance the ability of local products to become well known, increase creditability, increase sales to tourists or other purchasers and helps producers to develop local products (Xayavong and Sirisack, 2014).

Based on the background, this study explores the possible ways of linking local

products to brand creation and how local government involvement, by boosting local entrepreneurs in brand building for tourist shopping might operate. Hence, the objectives of the study are the following. First of all, the study investigates the current circumstances, the potential of local products and the preparedness of local entrepreneurs to brand creation. Secondly, the study analyzes what are the main constraints to brand building.

Literature Review

Brand

Kotler and Keller (2012), defines a brand as “a name, term, sign, symbol or design, or combination of them which is intended to identify the goods and services of one seller and to differentiate them from those of competitors”. A brand is thus a product or service differentiated it in some way from other products or services designed to satisfy the same need. Bowbrick (1992 cited in Boomsma and Arnoldus, 2008: 2) added that a brand is intended to persuade the consumer about the quality, reliability, social status, value or safety of a product.

A brand with a high brand awareness and positive image can help the seller to obtain a higher price for their product, as consumers with a strong and favorable brand attitude are more likely to be willing to pay premium prices for a product Starr and Rubinson (1978 cited in Boomsma and Arnoldus, 2008) suggest a strong brand make sales less sensitive to price increases (Keller,1993), increase sales volumes, through increasing the probability of brand choice, establish loyalty with customers and retailers, and decreases vulnerability to the competitors’ marketing action and the entrance of new competitors (Keller, 1993). Furthermore, people are more likely to actively search for a product with a positive brand image (Simonson, Huber and Payne, 1988).

Branding and its significant is also an important concern now a day (Khalid, 2009). The witnessed from Gilmore et al (2001 cited in Carson, 1990) show that SMEs have special unique characteristics that differentiate them from conventional marketing by large organizations when building a brand. These characteristics may be determined by the inherent limitations and behavior of the entrepreneur. Such limitations can be summarized as: limited resource (such as finance, time and marketing knowledge); lack of specialist expertise (owner-managers tend to be generalist rather than specialists); and potential impact in the marketplace. They suggest basic requirements for building a brand should include: financial resources, personnel resources, product differentiation, quality and innovative product and advertising and promotional resources.

Tourist Souvenir

Tourist souvenirs are a particular kind of commemorative merchandises which are associated with tourism. They are merchandise with geographic information or commemorative associations. They may be used as gifts, form part of collections, aid in interior decoration and or many other uses. They commonly are concentrated in traditional cultures and folk customs of an area and reflect local culture and characteristics (Min and Baishou, 2006).

Guo, Pei, Ye, Chen, Wang and Chan (2009) mentioned that shopping is an important tourist activity and its contribution to the economy. Visitors feel they cannot return home buying something. Nomura (2002 cited in Gorden, 1986; Littrell 1990; Smith, 1979) stated the souvenir is a tangible symbol and reminder of an experience that differs from the daily routine and represents that which otherwise would remain intangible, such as memories of people, places, and events. Guo (2009 cited in Dimanche, 2003) further suggested that tourists not only buy souvenirs, but also purchase the products which are unavailable in their

own countries when they go shopping in their holiday destination. His statement is also supported by Nomura (2002). Purchasing behavior is an exciting experience for many tourists. He agreed that the souvenir is the thing that tourists can bring back home to symbolize memories of a tourism experience, and it may be a lifelong treasure. Souvenirs may sometimes be local art, and sometimes be handicrafts. To satisfy tourists, gifts and souvenirs on sale preferably should be handicrafts or manufactured in the country or region where the purchase is made. This can be the key to developing and/ or improving the tourism industry (Nomura, 2002).

Tourists' Shopping Behavior in Luang Prabang

There are many researchers who have conducted studies about Luang Prabang. However, there are some studies concerning local products. For instance: Xayavong and Sirisack (2014) studied Thai tourists' behavior when purchasing local products in Luang Prabang. The study found that offering products to international community that produces is a way to support rural people; the profit earned from the goods they produce serves as a base for local development with benefits that can be shared by all. The result demonstrated that the variety of souvenirs in Luang Prabang had a major positive impact on overall satisfaction of Thai tourists. However, advertising is a weak point of the souvenir producers and sellers. Xayavong and Sirisack suggested that to increase sales, producer should improve or create a range of souvenirs that match the need of Thai visitors. An actively advertising campaign to promote local products would increase the knowledge of foreign tourist about products, and leads to more purchase. The promotion should use a varieties formats, such as international magazines, websites (including, the website of the Lao National Tourism Administration), guidebooks, YouTube, TV, social media (Facebook, Twitter, etc.).

Putachote (2013) mentioned that the majority of Thai tourists purchased local handicrafts, clothing and cotton. The main reasons for buying were for personnel use and gifts. However, the study recommended that traders in the Luang Prabang Night Market should improve product quality, show price tags and improve product promotion in order to better satisfy customer.

Pengchai et al (2013) reported on the potential and preparedness in the ASEAN Economic Community (AEC) of handicraft souvenirs in Luang Prabang. The study applied a qualitative approach to investigate five key souvenir village producers including Phanom textiles, Chan Neua pottery crafts, Xangkong Sa Paper, Silver and Wicker Handicrafts. The study focused on five issues, including creation, production and material, intellectual and creative development, distribution and preparing for the ASEAN community. They found that some products have high potential for creation, production and intellectual and creative development, however, distribution channels and preparedness of product development for the ASEAN community is very limited and therefore producers are unable to compete in the wider ASEAN market.

Southiseng and Walsh (2010) addressed competition and management issues of SMEs in Vientiane Municipality, Savannakhet and Luang Prabang. The studied noted that SMEs in Laos found it difficult to accomplish their development goals because several constrained exist such as the lack of capital, limited demand in market, and a highly competitive environment. There are many substitutes' products/ service and numerous competitors, lack of modern technology. They suggested that SMEs need to obtain business knowledge, marketing and management skill in combination with personal ethics and leadership competencies in order to be more sustainable and competitive.

Methodology

This research based on field study, as a qualitative approach is best suited for this study. Qualitative research is an appropriate for research method for researcher who is interested in insight, discovery and interpretation rather than hypothesis (Nor, 2008). The three districts of Luang Prabang, Pakou and Chomphet were selected as a case study where major local products are produced. With 40 key informants representing government, associations and producers, it is believed that it contains information that does represent the potential and examines local products and the preparedness of producers in brand creation for tourist souvenirs. This research used semi-structured survey questionnaires for purposive sampling with face-to-face interviews. The interviews were conducted from September to November 2015.

Primary data was obtained from face-to-face interviews, observation participants and audio (voice recording) and visual material such as photographs. Voice recorders were the main tool to record the dialogue in interviews, and digital cameras were also used to take pictures of some important research sites and the types of local products. Secondary data were collected from documents such as various sources of books, journals, annual reports and annual statistics.

Result and Discussion

Key Informant Profiles

The interviewees were categorized into three main groups, government officials, associations and local entrepreneurs. The total number of interviewees amounted to forty participants. There were twenty men and twenty women (nine government officials—three working at ministry level and six at provincial level, four from associations and twenty-seven from local entrepreneurs—five men and twenty-two women). One held a Ph.D degree, three held master degrees, eight held bachelor degrees, two held diploma degrees; one held high school certificate and the rest completed secondary school. Two entrepreneurs/producers had received One District One Product (ODOP) awards from government and two are under consideration. There are three entrepreneurs/producers who have an official trademark or label. For government officials, most of the interviewees were full-time employees. Their positions varied from academic staff to vice head of the Provincial Department. For associations representatives were the head of handicraft association, head of the hotel and guesthouse association, vice head of Luang Prabang commerce and industry and vice secretary of Lao National Commerce and Industry Association. For local entrepreneurs, we were interviewed mulberry paper, textile, silver, riverweed, lacquer and pottery entrepreneurs/producers and retailers of souvenir stalls in Luang Prabang selling cake flour, coconut (Kao Nom KueNou) and Lao alcohol).

Formal Bodies responsible for the Promotion of Product Development as a Brand in Luang Prabang

The promotion of local product production (LPP) (to build a brand) for tourists is the responsibility of many different party bodies namely: Provincial Department of Industry and Commerce (PDIC), Provincial Department of Science and Technology (PDST), Provincial Department of Information, Culture and Tourism (PDICT), Luang Prabang Chamber of Commerce and Industry (LPB CCI), and Luang Prabang Handicraft Association (LHA). These institutions are closely coordinated and cooperated in terms of product improvement, development and branding. Of these, the PDIC has a vital role in supervising, monitoring and supporting the establishing of business units, particularly, the Promotion and Product

Development Division (PPDD) has key role in suggesting and supervising the promotion of existing potential product development that lead to brand creation; the promotion of project management and marketing activities; selecting business units to attend trade fair and exhibitions in internal, regional and international context. After a product has become widely known and becoming popular among local residents and domestic consumers, the Government of Laos (GoL), will consider and promote as one ODOP. PDIC will suggest and advise local producers on creating a brand with personal characteristics and so on. According to the roles and regulations, there is an institution that co-operate with PDIC to regulate and supervise the performance of brand creation. This is the PDST which has main functions in regulating trademark, logo, brand and issues the certificate of origin (CO) registration for all legally registered business units. The other institutions playing significant roles are the Lao National Chamber of Commerce and Industry (LNCCI) and LPB Chamber of Commerce and Industry (LPB CCI). These institutions that stimulate and support SMEs as well as representing local product producers who are not registered as small medium entrepreneurs (SMEs). They act as a representative of that business sector in managing business clusters; gathering business associations, and small business units. Furthermore, their roles are to promote local products; acting as GoL representative for trade negotiations, finding markets, stimulating foreign direct investment, and conducting business services with foreign investors according to regulation.

Finally, there is an association that is responsible for supervising the performance of the promotion of local products by producers who registered as LPB CCI members, which is the LPB LHA as LPB LHA members.

Characteristics of an Existing Brand or Label Available in the Market

According to the survey, there are two groups which already had a label. These are textiles (*Oct Pob Tok* and Luang Prabang handicraft label) and food and beverage (Cake flour coconut, dip, river weed, Lao alcohol). Their labels were named to reflect their particular local characteristic and values. However, it is noticed these brands or labels neither represented core competencies of the products/services, nor sent clear brand messages to customers. They have not followed any particular set rules when creating product labels in terms of good designed, except for the textile group *Oct Pob Tok*. Product labels are created and designed as simply message, in which the main characteristic is a description of the product's name, logo, producer's picture, contact number and price. Generally, these labels are then printed out on very simple paper and put into the plastic bag as a logo or trademark. Most products are normally named after owner or representative of a group name such as: Bouakham Dip, Mouangkham River Weed, Xanghai Alcohol, Luang Prabang handicraft and so forth. A few respondents recognized that more sophisticated branding would increase the value of the products and raise customers' recognition. Some also thought that the purpose of branding is to make an easier contact for the next act of purchasing. However, in term of food and beverage producers, the current packaging is still lack the product name, ingredients, metric weight/scale, weight and size, manufacture date, expiry date and -nutrition and energy provided. The label is also does not provide appropriate safety information.

For textile group, the handicraft label is created for handicraft producer in Luang Prabang only and Phanom village weavers are tagged made in "Luang Prabang Handicraft label". The label is a circle shape in dark red and gold colors. The label was supported by the regional government including the Provincial Governor Office (PGO), PDIC, PDST, PDICT, Department of Heritage (DoH), Luang Prabang District Office of Industry and Commerce, Phanom Handicraft Centre and Night Market Authority. The international trade centre (ITC), provided the initial budget and technical support through the framework of the "Enhancing Sustainable Tourism Clean Product and Export Capacity in Lao PDR. Funded by

Switzerland's State secretariat for Economic Affairs (SECO), the Luang Prabang Handicraft Label is registered as a trade mark (TM) with Ministry of Science and Technology and is now owned by the Luang Prabang Handicraft Association (LHA).

Oct Pop Tok, the brand translated as East meets West in Lao, was started by two women (one Lao and the other a Westerner). It is an initiative to provide livelihoods for artisans weaving silk in the area of Luang Prabang and the peripheral area as a way to help the survival of hill tribe village textiles through appropriate marketing and education. The brand now has three stores in Luang Prabang and stocks fabrics from many different hill tribes (all in their own unique patterns and characteristics) as well as textiles woven by the onsite weavers group. A well-known brand among local and foreign tourists because the product adds to its brand value by describing which particular ethnic minority produced each article on the labels (Figure 1).

In term of river weed, an example of packaging is made by The Agro-Biodiversity Initiative (TABI) supervised by the Luang Prabang Women' Union. The packaging made by soft plastic bag written the name of "Mouangkham River Weed Group in Lao). The packaging also includes the producers' contact numbers, ingredients, and source of material and production methods.

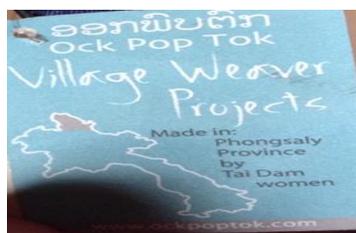


Figure 1 Photo taken at OCT POB TOK Boutiques on October 9th, 2015



Figure 2 Photo taken at Boukham Shop on September 29th, 2015



Figure 3 Photo downloaded from www.luangprabanghandicraft.org

Policy Fostering Local Product Promotion and Development

Since the government launched the ODOP policy in 2009 to stimulate and promote small local businesses and thereby to improve the livelihood of local residents, local product development is improving and growing in line with socio-economic development growth targets. ODOP movement can be an effective approach to revitalize local businesses and promote potential products for export and is one measure to improve livelihood in local areas. At present, eighty units, making three hundred products have been officially registered under the ODOP label from Ministry of Industry and Commerce (MCI). These units are located over fourteen provinces, and include eighty villages and forty eight districts nationwide. Luang Prabang local product (LLP) of lacquerware and mulberry paper work received two ODOP in line with guidelines from MCI's supervising and monitoring division; Luang Prabang Local Product has increased in popularity among local and domestic tourists and still has the potential to develop further merchandise, such as Bouakham Dip (Jeobong) under the ODOP brand. These local products, if covered by the ODOP brand can be more easily exported in the region. Manufacturers still need to further improve their capacity in terms of idea screening, business analysis, product development, market testing and commercialization.

Challenges Facing in Introducing Products into the Market and Issues for Brand Creation for Local Producers

Personnel resource: The weaknesses in human resources are the main problems producers encounter. These weaknesses include lack of entrepreneurial interest, limited knowledge of business, foreign language communication, lack of knowledge or experience in

international trade, international logistical barriers, poor in marketing lack of managerial competency, lack of enthusiasm and the failure to think of self-sufficient product. Outsourcing skilled worker is rare, and there is a lack of handicrafts training centre and vocational school to replace an aging workforce. Some producers have many workers but those who are excellent, intensely interested, and highly skilled are rare. All of them have to plan for the replacement of their workforce in the future. Worker shortage reduces production and means managers cannot expand their business, nor can they attend short training programs that the government offers them. Furthermore, as most producers are older women and men who had lacked educational opportunity, they themselves are weak on business and managerial knowledge, have inadequate or ad-hoc management skills, and do not know how to manage their business budgets. These obstructions mean it is difficult for manager to realize how hard brand creation is, and they have no time to research the further information they need to legally establish their product's brand. Some confirmed that producer's lack of vision and in any case are face with business challenge from competitive new entrants to the marketplace, while still trying to run the day by day operation of their business. Finally, identified barriers include a conservative mind and tradition of operating as a family-based self-sufficient business. While proud of their self-sufficiently, this tends to reinforce unchanged thinking, lack of risk taking and the ordinary difficulty of increasing competition among producers.

Financial resource factor: Financial matter acts as barrier in a number of areas. There is a lack of financial accessibility for business expansion, financial support, problem with financial distribution from relevant authorities, for instance to obtain funds to develop products or create packaging. Access to funding is also needed to put in place measures to ensure reliable product quality and hire expert staff to advice on product development. Manager do not have the training in the allocation of their accumulate budget for workplace improvements, for instance by renovating production areas to be more comfortable, clean and safe, let alone to create and develop brand advertising and packaging. Manager lack of the confidence to borrow funds, as they fear becoming creditors to banks the risk of being unable to return bank interest punctually and that they must use a fixed asset as a guarantee. The study is consistent with Nittana and Wales (2010) that businesses in Lao are likely to be a family based s with low capital investment. Their level of operation mean they have inadequate finance for expansion or improved business operation, they lack the ability to access financial source, there is unfair support from relevant authorities and no application of modern technology. One Tombon One Product (OTOP) producers in Thailand are also faced with financial constraints and low capital investment due to they lack of financial management skills. They do not have accurate accounting recording with accurate income-expense system. Most of OTOP in Thailand has a small production scale, they cannot find low cost financial investment for business expansion and they have to request government support from financial institution (Jiarakoun, 2014). Hence, there is a need to involve all the concerned organization in this industry in particularity, cooperative and coordinated approach to provide an appropriate budget to foster the construction of a stronger SMEs handicraft community. It may take leader who has a broad vision and one who is prepared to address systemic barriers and to seek for improve investment opportunities.

Product differentiation factor: The ability to differentiate products differs from industry to industry. Some products can offer a range of alternative pattern. Others are simple intrinsically not diverse, and so cannot be varied much in terms of taste, flavor or size, for instance river weed, dip, cake flour coconut. Other products are limited by available master craftsmen and the time it takes to make each individual item. For instance silverware, lacquer ware and some difficult weaving textile patterns can take more than a month to complete a single piece. Decorative patterns and designs require not only levels skill in production

techniques, but these skills can only develop after training and practice over many years. Some products such as silverware and lacquer ware were previously marketed to higher class customers, merchants and the royal family for instance, because of their high values.

Product quality and innovative product: Most local production uses simple equipment, occasionally invented by the workforce itself, although some manufacturing tools are available locally. Some producers cannot afford to upgrade their equipment, while in other cases; machinery cannot replicate the unique designs and detailed patterns of traditional items. Skilled labor shortages exist, so most local producers rely on the capacity of family members. For those items made of natural material, supply is often seasonal and is impacted by environment change. In addition, there is natural variation in quality, so that consistently level of taste and flavor cannot be controlled. Innovative ideas or new products are rare, including new designs or pattern, and so some producers copy other ideas rather than develop their own. Our study match Jiarakoun (2015), who found OTOP producers are constraints by production methods and techniques as they lack new modern technology and production management skills, material is low and quality is always changing.

Advertising and Promotional Resource: In terms of marketing and sale promotion, they study revealed that producers lack of knowledge to market effectively both locally and in the national domestic market. Innovation product can be exported are rare. Most local products are not packaged, because of difficulties in meeting the conditions of the relevant packaging standard and obtaining certification. Many producers failed to understand the importance of advertising, seeing it as simply an additional capital expense, while relying on guest visits from WOM, cultural tourism promotion and documentary tourism films. Their distribution channels are limited, even though nowadays they all use social media fairly. This is consistent with the report of the Institution Research and Academic Service (2005) found that OTOP in Thailand also had undeveloped packaging design and limited distribution channels, particularly e-commerce channel.

Conclusion

This is an empirical study focusing on the real life production capacity of seven main group producers nominated as local product in Luang Prabang. The study found that the richness of local cultural heritage benefits to local producers particularly foster them to improve authentic of handicraft by applying existing indigenous knowledge. The World Heritage status and reputation of Luang Prabang also plays a significant role in influencing local resident to become involved in producing variety of local products which have become popular with tourist.

Some of these traditional products have the potential to be improved and developed as community branded local handicrafts or products, given the existing skills and experience of many producers. Some labels were created when Luang Prabang was the proclaimed of World Heritage city and they reflect the personality and characteristics of the city. In term of an overall brand creation approach, the existing brands or labels have been created to emphasize three characteristic product identify, community identify and the identity of the historical city. Why branding has been unsuccessful among some producers is the lack of network, either as an informal group or through an association. Converting group producers to an association will bring advantages, allowing them to obtain and share up to date information from related and relevant agencies, and increase their opportunities to introduce their products into the marketplace.

However, producers encounter many challenges and difficulties in brand creation for local products. This study shows that **financial sources** they had small amounts of accumulated capital available for investment or expansion, they lack of financial access and

financial support for business expansion from related organizations, and they concerns about borrowing money. They are reluctant to put more capital into important business activities such as product development, to hire expert and skilled academic, advisor, to purchase new modern technology. There is a general level of weak management. **For personnel resource**, capacity for innovation is limited; marketing knowledge is poor, as is competent managerial skill. Managers lack business vision is unenthusiastic and satisfied to remain at a largely self-sufficient production. Many of them are faced with a shortage of artisan or master craft workers in areas such as silver smith, pottery, and weaving. Many recruited workers remain family members or relatives. There is a tendency to be conservative in their thinking, and rather than being entrepreneurial, they tend to remain as family based, small scale operation following traditional practice. It is difficult to obtain training for skilled workers outside the existing family based system. Vocational handicraft training center, particularly, in weaving, silver smith, and pottery are not in Laos. **In term of product differentiation**, many types of product cannot be developed to produce diversity in term of taste, flavor, shape and size. Some products take a very long time to complete a piece and cannot supply a high level of market demand, particularly some textile, silverware and lacquer ware. **For quality and innovation product** by local residents remains common in production. Some producer cannot afford new equipment while some simple have not purchased modern technology, and in other case modern technology cannot support the unique pattern of art, design and production. Some local product is seasonal; raw materials sourced from nature so that product quality is always changing and constant levels of taste and flavor cannot be guaranteed. Indigenous innovative products are rare, new patterns and lack of creative design; new pattern are likely to copy other ideas. **For advertising and promotional resource**: This study shows that generally producers lack the necessary marketing knowledge to introduce a product both in local and or domestic markets; Innovative products that are able to be exported are rare and none have suitable packaging, as no producers have the knowledge of finance to meet terms and conditions of Lao or international packaging standards, nor were they certified by any organization. Producers remain ignorant of the significant of advertising, or are not prepared to invest the capital needed while they can depend on advertising based in tourist visited generated by WOM, cultural tourism programs and documentary films about cultural tourism. Distribution channels used are also limited even though social media is widely used nowadays and could be exploited.

Hence, in order to create a brand for local product or local community brand in Luang Prabang. There are five components to the barrier for improvement. Collaboration of many agencies including government, associations and local producers is needed. Not only specific policy and legal framework to stimulate the increase of SMEs or local product should be issued, but also some appropriate budget to support the development of the stronger and wider vision among community leaders should be provided; funding to improve to the marketing knowledge for producer is also necessary.

Implication

Implications for the Producers

Producers have vital roles in stimulating the growth of local economies and can generate income if local products are created, improved and developed to meet tourist/purchaser expectations as souvenirs. Producers should be encouraged to have the confidence to take risks in investment, improve their products to be better able to compete in the market, to develop product's which will continue to draw tourists' purchasing. To successfully make local brands for tourist souvenirs and business expansion, the producers are required to obtained knowledge of entrepreneurship in term of marketing and managerial.

Business successes require understanding of the changing market place in order to guide strategy, understand customers and create and modify products/services. Customer satisfaction should be prioritized by producers/ entrepreneurs as it helps to increase sales because product accepted and this lead to repeat customers (Nittana and Wales, 2010).

Implications for the Government and Associations

The government and association play vital roles in stimulating the growth of the private sector. Without a legal framework or enforceable contracts, private business activities would not work properly. Most producers are women and older people who have had the least chance of a good education, and are consequently weak in management. Despite their educational disadvantage, they are competent producers in terms of experience and skill, often running production processes for decades. Their conservative mindset means, they are afraid to confront business challenge. This makes it difficult for them to accept other related recommendations in attempt to promote and foster their product. To deal with these problems, the government and association agencies should address and remedy their weaknesses. The government should put some funds towards unleashing hidden community potential through education and provide some appropriate budget to community producers by releasing small and medium project or to procure expert, academic, and marketer leader to help design and plan their business model. Also, not only specific policies, strategic plans and a regulatory framework need to be were issued to stimulate SMEs, Specific measures and regulation to foster community products and construct the strengthening of community in provincial, district and village level is also needed. Related organizations should considered the establishment of technical schools or training centers in order to support sustainable human resource development and address the issue of replacement workers for the rapidly aging or disappearing currents workforce. Moreover, the government should keep up regular monitoring, inspecting and support programs for local products to ensure regular producers and entrepreneurs follow the law by registering their products or businesses legally. Government needs to encourage them to develop their products by creating brands or labels and shifting from normal printed paper to more durable label material. Creating brands or labels needs to follow trademark instructions in order to the enhance purchaser's perception of product quality to assist in upgrading souvenir products to be more valued and trusted.

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