



THE FEASIBILITY ANALYSIS OF A DECORATIVE  
CANDLE TRADING BUSINESS

by

Ms. Wantana Kitisopakul

A Final Report of the Six-Credit Course  
CE 6998 - CE 6999 Project

Submitted in Partial Fulfillment  
of the Requirements for the Degree of  
Master of Science  
in Computer and Engineering Management  
Assumption University

July 2002



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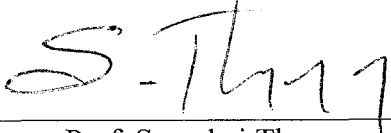
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The Graduate School of Assumption University has approved this final report of the six-credit course, CE 6998 – CE 6999 PROJECT, submitted in partial fulfillment of the requirements for the degree of Master of Science in Computer and Engineering Management.

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July 2002

## ABSTRACT

This project is a feasibility analysis of a decorative candle trading business, because this business is very popular at this moment for the new players to be the business owner with a small amount of capital budget. This project has to be studied in the feasibility to support the investors' decision making for their investment.

This project feasibility consists of three plans included the marketing plan, the operation plan and the financial plan. The marketing plan started from the marketing analysis including studying the business background, analyzing market trend, target market, demand behavior, forecasting the future trend and completion. After studying the analysis, we can find that the demand of Thai decorative candle products increase every year and the target markets are U.S.A., Japan, U. Kingdom, Italy, France, Singapore, Canada, Australia, Switzerland and Taiwan. Our company has a strong marketing strategy with five years for the clear operation plan which can lead the business successfully. From the financial analysis, our sales revenue at the fifth year is 7,640,010 Bahts with 423,725 Bahts in the total investment cost. The net present value is 398,341 Bahts and 40.99 percent of the internal rate of return which are very high positive, including two years eight months for the payback period, to prove that there is the feasibility for establishing this project.

The feasibility analysis is still only a guideline or reference for supporting the investor decision. There are the other factors that the investors have to be involved before making decision.

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## **I. INTRODUCTION**

### **1.1 Significance of Project Feasibility Study**

During the economic crisis, the problem of unemployment is increasing every day. Employees are forced to quit their jobs because their companies lose and cannot survive any further. Employees feel insecure and unstable because they don't know about their future. This is a main reason that influences the increasing of new investors. Another reason is the problem of unfavorable organization regulations, most employees are bored about their organization's regulations and strict rules. The best way to solve the above problems is to start their own business that enables them to enjoy freedom and not worry about the organization changes further. Although it is so easy that anyone can be an entrepreneur if he only has money, it is very difficult to keep on that business until success. There are many companies established in Thailand, but only a few of them could survive because a lot of investment is wasted through lack of experiences, many competitors, highly competitive products and so on. These are the main reasons that the investors should know before initiation. That is why the feasibility study needs to exist and help the investors eliminate those risks by supporting their decision making.

The importance of this feasibility study is help the investors who want to start their business, but do not know whether they should invest and keep on. When the investors decide to invest in a kind of business, the feasibility study will be a good consultant that identifies the essential methods to support the investors' decision making. Another importance of this study is that it may be the choice of idea selection for the new investors who do not make a decision to invest in which kind of business yet.



A feasibility analysis of decorative candle trading business, a project which is studied for the feasibility in establishing a decorative candle trading company, whether it should be invested following the studies of the business plan which are included in the marketing analysis, marketing plan, production plan, project management plan and financial plan. To establish a decorative candle trading business, feasibility has to be studied for the confidence of the investors and the reduction of the investment risks. This decorative candle trading company is a small trading company which acts as a wholesaler or exporter who buys products from the manufacturers or producers and sells to foreign countries directly or through the dealers. The decorative candle products include scented candles, jelly candles, fancy candles and floating candles.

However, the feasibility study is not enough to be a strong indicator to indicate that this project should be invested ; although, the result of this study is positive, because there are other factors which influence and cannot be controlled from both internal and external environment. So, the feasibility study is a guideline which can support the investors in decision making whether their project should be invested or not.

## **1.2 The Location Problem**

In establishing any business, almost all investors who desire to have their own business, always find out the reasons whether they should invest in that kind of business and how to start that business successfully. So, the method to gain confidence of the investors is Project Feasibility Analysis. By studying many plans for the investors' guidance, it mostly starts with the business plan, overview of business, conduct marketing and competition analysis, effective marketing plan, production plan, project management plan, financial plan and evaluation. This study is quite easy to understand and follow for a new investor. For a decorative candle trading business, we have to

study the feasibility of this project before deciding to establish in year 2003 as a guidance.

### **1.3 Project Objectives**

To study the feasibility of a Thai decorative candle trading business, is one which collects and analyzes all the information to support the investors decision making. The kind of business which this feasibility study is a Thai decorative candle trading business including :- scented candle, jelly Candle, fancy candle, and floating Candle. The size and type of business which this study is mainly a small business.

This project started from the study of a Thai decorative candle business structure by collecting the concerned information including using secondary data of the government publication, the commercial data, the competitor's web sites, and interviewing the suppliers and surveying the markets in Bangkok. After that, we have to analyze and determine the plans which are necessary for establishing a decorative candle trading business such as marketing, production, project management and financial plan. Then the collected information is applied to be simplified to conclude in a result to make the investors understand clearly and support their startup decision making effectively. This study targets a beginner who does not have any experiences in his own business before as a prime reader.

## II. MARKETING PLAN

Thai Candle is divided into two groups as Basic or General Candle and Decorative Candle. Entrepreneurs are both manufacturers and traders. The study of this project is focused on the decorative candle trading business only and the purpose of selling is mainly for export rather than domestic sales because the foreign demand is more than domestic demand. By observing from the percentage of export it is 70 percent when compare to the percentage of domestic sale that is only 30 percent (Department of Industrial Promotion). The characteristic of Decorative Candle export is 50 percent exported through the agents and another 50 percent are directing exported by the manufacturers (Department of Industrial Promotion). Therefore, we need to study trading business for export market. In studying the current Thai Decorative Candle Products market, we have to collect a lot of information which can support us for making the decision in setting up business. So we have to realize the business background for understanding well about Thai Decorative Candle Products. Then we continue to analyze the current demand by analyzing from the current export values annually in order to analyze the business trend and forecast the future finally. After that, we will analyze the target market by classifying it as Four Major Partner Countries and the other seven countries from Top-Twenty Countries which are the main targets of Thailand Exports according to Department of Business Economy. Because of lack of the current demand of Thai Decorative Candle, we have to use the current demand data of Whole Thai Candle Products to calculate the value of Thai Decorative Candle Product in analyzing current demand and target market, because the export values of Thai Decorative Candle Products are 40 percent of the export values of Whole Thai Candle Products according to the report of Department of Industrial Promotion. After



that we continue to analyze the competition of this business by using the Five Forces analysis and SWOT analysis. The results of these analyses will support us and other investors whether we should invest in this business by increasing the level of confidence. Besides, we can use this information as guideline for determining the target market according to the analysis.

Finally, the evaluation of each plan and conclusion with recommendation are the concluded information to support the investors decision making.

All of these plans are very important for the feasibility study because these will affect directly to the business successfully.

## **2.1 Thai Decorative Candle Business Background**

Nature of demand, it is used for giving the light or doing several ceremonies. But at the moment, the demands are for the daily use and decoration at the same time, and including giving candles as a present on several occasions. So, Candles are divided into two main groups as follows:

- (1) Basic or General Candle
- (2) Decorative Candle is divided into three categories as follows:
  - (a) Scented Candles

Candles with fragrance of perfume when candles are lighted.

Selecting the fragrance of candles depends on the utilization such as using the fragrance of Citronella to drive the insects, the fragrance of lavender or flower to refresh anywhere and so on.

- (b) Jelly Candles

Candles with a transparent appearance. The most popular jelly candles are poured in beautiful glasses.

(c) Fancy Candles

Candles with various shapes or styles such as cylinder, angle, including fruits, flowers, animals and so on.

(d) Floating Candles

Candles are made for floating specifically. Most floating candles are made as various kinds of flowers and used for decorating by putting in any beautiful ware such as a glass bowl or earthenware.

Accordingly the various styles of products provide the chance for a new player to invest in this market. 80% of the domestic market demand in Thailand are crowded in Bangkok and around its perimeter, and 20% is distributed to main cities of other provinces where there are the famous tourists attractions and people have more purchasing power such as Chiang Mai, Puket and so on. Decorative Candle seems to be luxury products for Thai people. These candles are not much in favor of Thai people when compared to Americans and Europeans. Generally, both Thai and foreign consumers purchase the decorative candles for daily use, home decoration, special gift and ceremony.

The exported value of Decorative candle market is 40% of total Candles market value. 70% of Decorative Candles is produced for the export sale and 30% for the domestic sale. For the domestic market, 80% are selling through agents and 20% are direct sale at the supermarket or weekend market and so on. For the export market, 50% are exported through agents and 50% are direct export by the entrepreneurs.

The production of Decorative Candles according to the report of the former Ministry of Commerce; 80% of materials are imported from foreign countries and 20% are from Thailand. The capital structure of raw materials used for production are divided into two groups as follows:

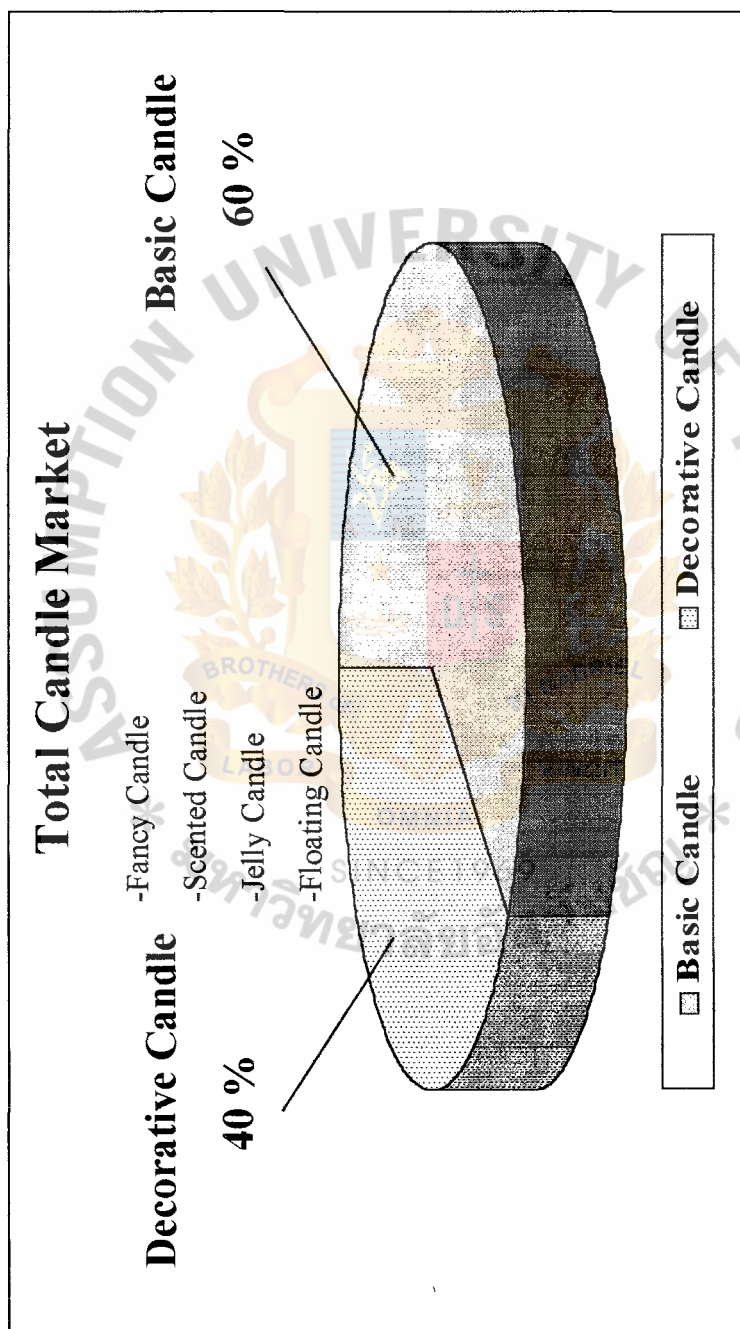


Figure 2.1. Total Candle Market.



#### Imported Raw Material:

Paraffin Wax	65%	the main composition for the production.
Micro Wax	5%	the qualification is to make the body of candles smooth and clean.
PE Wax	5%	the qualification is helped to set the candle.
Perfume	5%	

#### Domestic Raw Material:

Cotton String	15%	
Decorative Material	5%	including the ware and model

China is a main source of imported raw material such as Paraffin Wax, Micro Wax and PE Wax. The perfume is imported from America and Europe.

Now, the production of Decorative Candles are mixed in both Science and Art. So, the designed concept of producer is very important as a unique selling point. (Department of Industrial Promotion, [www.dip.go.th](http://www.dip.go.th))

## **2.2. Market Trend Analysis**

The study of the current exports of Thai Decorative Candle Products will present the probability of investment as the trend. If the trend of export values are increasing every year, it will show that there are the probability to invest in this business. If the trend is decreasing, we cannot conclude that this business should be invested before we find out the cause of decreasing trend.

### **2.2.1 Export Values of Thai Decorative Candle Products during 1997 – 2001**

As the export values of Thai Decorative Candle Products are 40 percent of the export values of Whole Thai Candle Products as in Figure 2.1, so, in analyzing the trend of export values of Thai Decorative Candle Products will be based on 40 percent of the export values of Whole Thai Candle Products data.

Table 2.1. Exports of Thai Decorative Candle Products during 1997 - 2001.

Description	1997		1998		1999		2000		2001	
	Value (Baht)	% Change	Value (Baht)	% Change	Value (Baht)	% Change	Value (Baht)	% Change	Value (Baht)	% Change
Whole Thai Candle Market	186,494,873	318.29	386,410,565	107.20	651,850,428	68.69	812,026,021	24.57	656,322,428	-19.17
Decorative Candle Market	74,597,949	318.29	154,564,226	107.20	260,740,171	68.69	324,810,408	24.57	262,528,971	-19.17

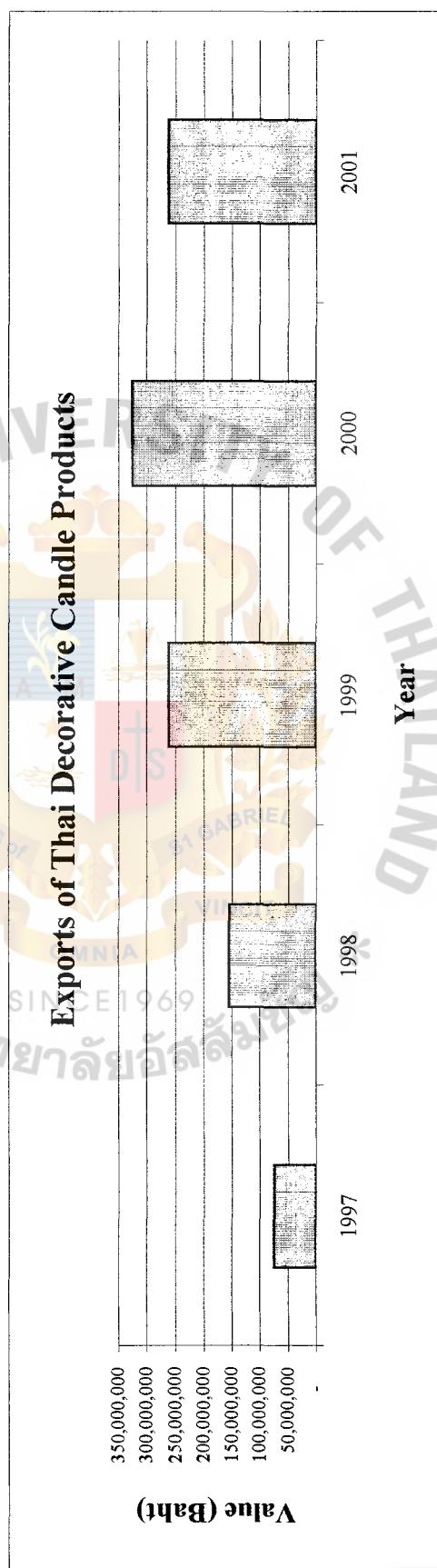


Figure 2.2. Exports of Thai Decorative Candle Products during 1997 - 2001.

From Table 2.1 and Figure 2.2 analysis, we can find that the export values of Thai Candle products has an increasing trend while the percentage changes has the decreasing trend continuously during the year 1997 to 2000. In 1997, the export values are 74,597,949 Bahts and 318.29 percent changing from 1996. In 1998, the export values are 154,564,226 Bahts and 107.20 percent changing from 1997. In 1999, the export values are 260,740,171 Bahts and 68.69 percent changing from 1998. In 2000, the export values are 324,810,408 Bahts and 24.57 percent changing from 1999. In 2001, the export values are 262,528,971 Bahts and -19.17 percent changing from 2000.

From the above, during 1997 to 2000, we can find that the export values trend continues to increase at the same time the percent changing trend continues to decrease. The export values trend represents the demand growth. That means there still is the demand in the world market and the percentage changing trend represents the percentage of demand growth. As the percentage changing trend is decreasing, it's means the demand growth rate of Thai Candle products are slowly increasing when compared to the first two years 1997 and 1998. The product life cycle, during 1997 to 2000, Thai Candle Products seem to be in the growth stage. This shows that there is probability for a new investor to enter the market.

Unfortunately, we also find that the export values are decreasing in 2001 when compared to 2000 about 62,281,437 Bahts. Now, we cannot conclude that there is probability to establish this business until we have analyzed an unexpected event. So, we have to continue to analyze the cause and effect of this decreasing values.

#### 2.2.2 The Cause and Effect of the Export Values in 2001

This analysis is to study the cause and effect that influenced the decreasing trend of export values. We do the analysis by considering both the export quantities and

Table 2.2. Monthly Exports of Thai Decorative Candle Products during 2000 - 2001.

Month	2000		2001		% Change	
	Quantity	Value	Quantity	Value	Quantity	Value
January	307,269	26,987,496	138,927	14,116,792	-54.79	-47.69
February	320,745	28,692,082	218,616	21,585,626	-31.84	-24.77
March	416,640	35,134,119	229,428	23,191,778	-44.93	-33.99
April	220,039	18,763,972	180,885	18,367,604	-17.79	-2.11
May	360,182	28,616,131	292,324	27,047,745	-18.84	-5.48
June	351,740	26,372,968	223,036	22,323,380	-36.59	-15.35
July	422,142	30,594,493	285,516	32,757,907	-32.36	7.07
August	406,944	39,460,376	196,002	25,444,168	-51.83	-35.52
September	354,785	30,561,677	157,140	17,121,020	-55.71	-43.98
October	183,634	18,196,114	134,940	14,305,515	-26.52	-21.38
November	181,369	18,298,044	152,792	22,338,848	-15.76	22.08
December	235,003	23,132,937	220,572	23,928,588	-6.14	3.44



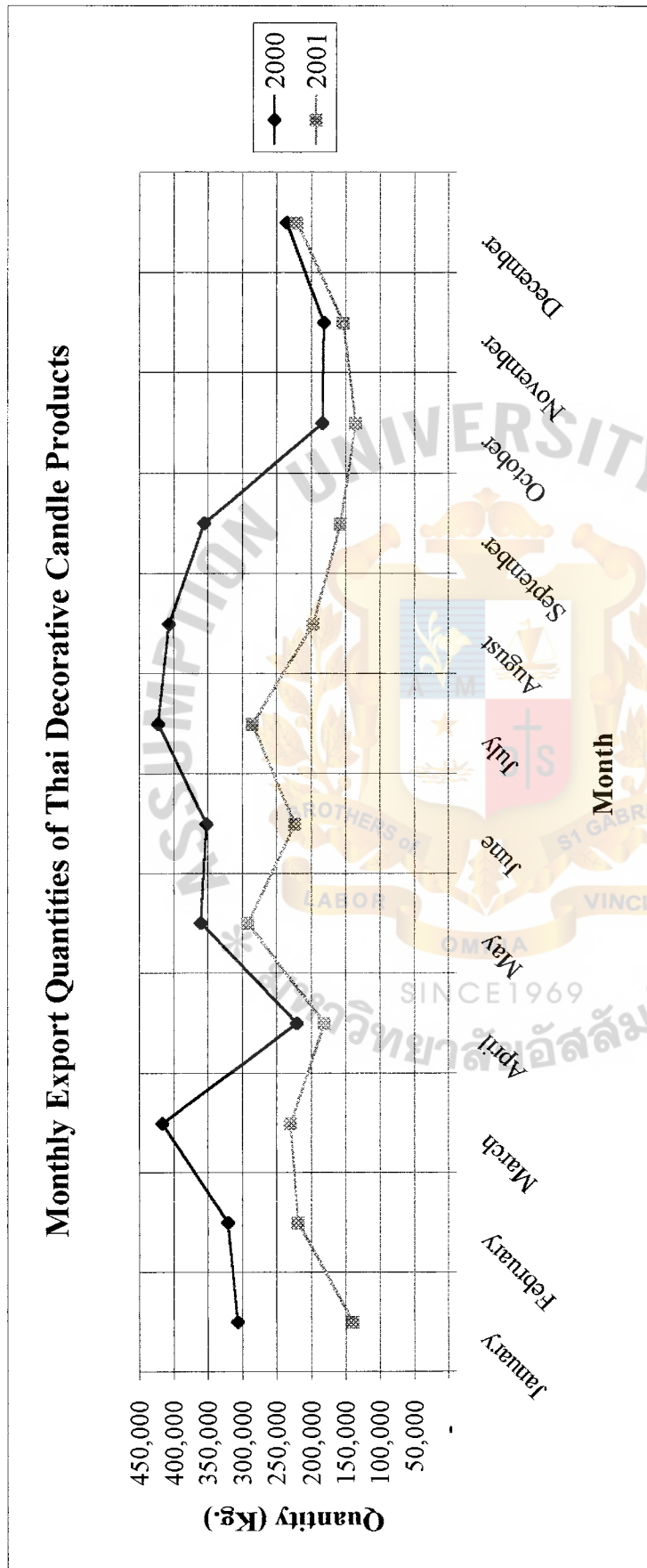


Figure 2.3. Monthly Export Quantities of Thai Decorative Candle Products during 2000 - 2001.

### Monthly Export Values of Thai Decorative Candle Products

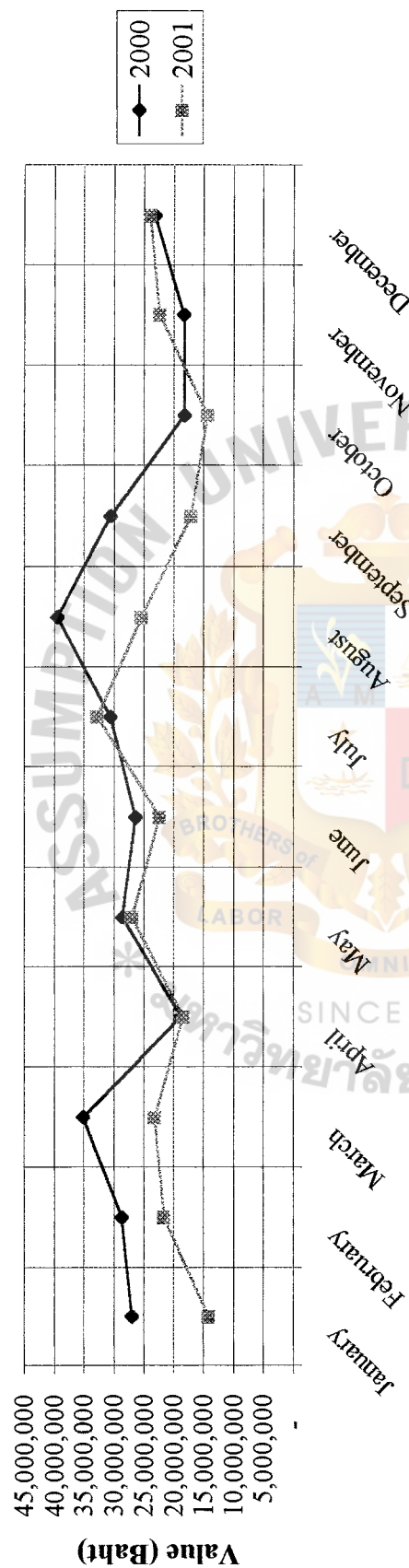


Figure 2.4. Monthly Export Values of Thai Decorative Candle Products during 2000 - 2001.

export values data during January to December in 2001 and compare to 2000. Furthermore, this information can support us to forecast the future trend.

From Tables 2.2, Figure 2.3 and 2.4, we can find that the export values in 2001 during January to October are almost decreasing, except in July. The export values are increasing again in November to December when compared to 2000. To consider monthly data in 2001, the export values are decreasing by 12,870,704 Bahts and -47.69 percent change in January, 7,106,456 Bahts and -24.77 percent change in February, 11,942,341 Bahts and -33.99 percent change in March, 396,368 Bahts and -2.11 percent change in April, 1,568,386 Bahts and -5.48 percent change in May, 4,049,588 Bahts and -15.35 percent change in June, 21,634,414 Bahts and 7.07 percent change in July, 14,016,208 Bahts and -35.52 percent change in August, 13,440,657 Bahts and -43.98 percent change in September, 3,890,599 Bahts and -21.38 percent change in October, 4,040,804 Bahts and 22.08 percent change in November, and 795,651 Bahts and 3.44 percent change in December.

In the analysis of export quantities data, we also find that the export quantities are decreasing through the year 2001 when compared to 2000 as shown in the following data: in January, decreasing 168,342 Kg. and -54.79 percent change, 102,129 Kg. and -31.84 percent change in February, 187,212 Kg. and -44.93 percent change in March, 39,154 Kg. and -17.79 percent change in April, 67,858 Kg. and -18.84 percent change in May, 128,704 Kg. and -36.59 percent change in June, 136,626 Kg. and -32.36 percent change in July, 210,942 Kg. and -51.83 percent change in August, 197,645 Kg. and -55.71 percent change in September, 48,694 Kg. and -26.52 percent change in October, 28,577 Kg. and -15.76 percent change in November, and 14,431 Kg. and -6.14 percent in December.

From the analysis of both export quantities and values as above, both data continue decreasing and is very serious on September due to the highest negative percent changing. After that, both data increase again. So, we can identify that the decreasing trend in the year 2001 is an unusual event exactly when compared to the last four years.

As the report from Department of Business Economy shows, the situation of World Economy has slowed down, effected by the economic situation of International Trade in 2001 during January to September, especially, in the export sector. During January to November in 2001, Exports of Thai products are in crisis because the export values are decreasing by about 60,222.7 Million dollar(\$) with -5.8 percent change when compared to 2000. In addition to the four major partner countries of Thai export products are decreasing with -5.9 percent change when compared to 2000 as follows: the percent change of U.S.A. is -10.8 percent, ASEAN is -5.5 percent, EU is -3.0 percent and Japan is -2.3 percent. (Department of Business Economy [www.moc.go.th](http://www.moc.go.th)) Regarding the slow down of economic situation, World Trade and the target markets of Thailand exports such as America, Europe and Japan affect strongly to Thailand economic situation in both Import and Export sectors at the end of 2000 and continue to 2001. The importers hold on import products from Thailand because they have the inventory on hand which cannot be sold out in 2000. So, it's unnecessary to import from exporters at this time, in addition to the strong competition of the world market in various products, especially, the pricing competition with ASEAN. This caused the price reduction of Thai export products so, the export values also decreased. Furthermore, the poor situation of sabotage in America affects directly to Thailand's import and export sector. These are the causes and effects which affect directly to Thailand in both sector. After we have completed the unexpected trend analysis, we find



that Thai Candle Business is growing very fast during 1997 to 2000 and slowing down in 2001 during January to September due to the economic crisis.

In analyzing the probability to establish Thai Decorative Candle Trading Business, we can find that the decreasing trend in 2001 showed that this business should not be invested in at this moment. But normally, the economic situation problems affect almost all business areas. However, this is caused by the unexpected situation in the short run. there is probability for the investor, if the investor has a good strategy to survive under this situation.

After this analysis is completed, we continue to analyze the target markets. Under this situation, the target markets analysis is very important for the investor to find out the real target markets and their purchasing power situation.

### **2.3 Target Markets Analysis in Four Major Partner Countries**

The exports of Thai Candle Products are classified by Four Major Partner Countries according to The Customs Department. The analysis of the target markets of Thai Decorative Candle Products will be focused on Four Major Partners Countries including ASEAN, EU, Japan and U.S.A. according to The Customs Department. Besides, the analysis will be focus on other seven countries whose export values are in the Top-Twenty level. They are Canada, Australia, Switzerland, Taiwan, Hong Kong, U. Arab Emirates and South Africa.

Table 2.3 and Figure 2.5 shows, the export values analysis of Four Major Partner Countries during 1997 to 2001. We find that the total values of U.S.A. are the first priority country about 859,402,026 Bahts with 79.78 percent of market share. The second country is EU about 100,897,527 Bahts with 9.37 percent of market share. The third is Japan about 12,018,948 Bahts with 1.12 percent of market share and the fourth

Table 2.3. Exports of Thai Decorative Candle Products Classified by Commodities during 1997 - 2001.

No.	Year	1997		1998		1999		2000		2001		Total Value (Baht)	Total % Share (%)
		Value (Baht)	%Share	Value (Baht)	%Share	Value (Baht)	%Share	Value (Baht)	%Share	Value (Baht)	%Share		
	<b>World</b>	<b>74,597,949</b>	<b>100.00</b>	<b>154,564,226</b>	<b>100.00</b>	<b>260,740,171</b>	<b>100.00</b>	<b>324,810,408</b>	<b>100.00</b>	<b>262,528,971</b>	<b>100.00</b>	<b>1,077,241,726</b>	<b>100.00</b>
1	Asean	1,164,054	1.56	1,231,851	0.80	2,101,655	0.81	1,828,434	0.56	1,613,246	0.61	7,939,240	0.74
2	EU	3,826,848	5.13	9,414,587	6.09	28,600,269	10.97	27,027,209	8.32	32,028,614	12.20	100,897,527	9.37
3	Japan	1,370,839	1.84	1,616,908	1.05	1,606,616	0.62	3,147,666	0.97	4,276,919	1.63	12,018,948	1.12
4	U.S.A.	65,156,813	87.34	129,290,765	83.65	201,007,503	77.09	258,204,950	79.49	205,741,996	78.37	859,402,026	79.78
5	Others	3,079,396	4.13	13,010,115	8.42	27,424,128	10.52	34,602,149	10.65	18,868,197	7.19	96,983,985	9.00

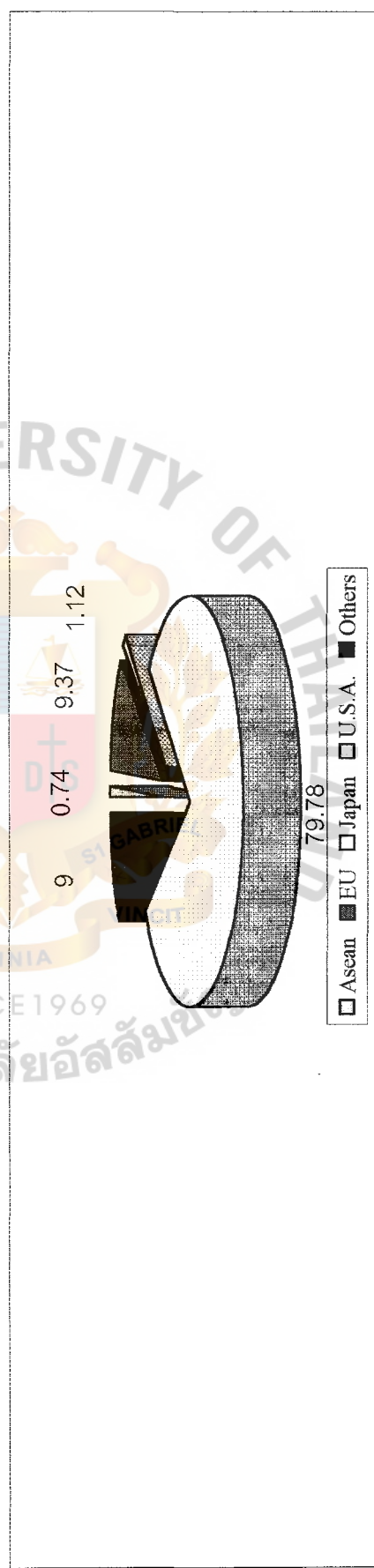


Figure 2.5. Exports of Thai Decorative Candle Products Classified by Commodities during 1997 - 2001.

is ASEAN about 7,939,240 Bahts with 0.74 percent of market share. For countries other than four major partner group is 96,983,985 Bahts with 9 percent of market share.

After this analysis, we can arrange the priority partner as U.S.A, EU, Japan and ASEAN. Then, we will continue to analyze each partner by focusing on the export values and selling prices of each country. From the above analysis, we can identify that U.S.A and Japan are the target markets so, there are two partners, EU and ASEAN that we need to analyze by each country because we don't know how many countries in these groups. After that we will analyze the other seven countries, that have export values in the Top-Twenty level.

#### 2.3.1 Target Markets in EU

Regarding to EU as the second priority of Four Major Partner Countries which imports the candles from Thailand, we have to go on analyzing the countries of EU in order to know which countries are our targets. There are Germany, United Kingdom, Netherlands, France, Belgium, Italy, Spain, Sweden, Denmark, Finland, Austria, Portugal, Greece, Luxembourg and Ireland.

We divide the groups of country according to the export values of each year. From Table 2.4 and Figure 2.6, we can find that there are two groups of countries. The first group is the countries that have the export values more than 1,500,000 Bahts, which includes U. Kingdom, Italy, Germany, France, Netherlands, Spain and Ireland. The second group is the countries that have the export values less than 1,500,000 Bahts, which includes Belgium, Spain, Sweden, Denmark, Finland, Austria, Portugal, Greece and Luxembourg. So, the target group of our business is the first group. Then we continue to analyze the estimated selling price per unit of each country, the three groups of countries can be divided following the estimated selling price per unit according to Table 2.5 and Figure 2.7. The first group is the countries that have estimated selling

Table 2.4. Export Values of Thai Candle Products Classified by EU during 1997 - 2001.

COUNTRY	YEAR	1997	1998	1999	2000	2001
GERMANY		641,348	1,695,106	4,181,654	3,890,640	2,427,309
U. KINGDOM		1,346,302	2,430,938	13,371,126	10,074,671	12,832,730
NETHERLANDS		0	163,854	2,010,060	164,470	520,332
FRANCE		506,494	517,648	3,572,726	3,955,563	3,488,366
BELGIUM		24,459	8,818	84,904	23,620	40,658
ITALY		69,515	424,906	2,432,412	5,446,265	4,813,080
SPAIN		11,324	792,367	1,525,214	1,861,971	1,075,222
SWEDEN		266,612	1,510	83,502	819,129	551,951
DENMARK		0	1,278,473	279,647	180,134	1,248,336
FINLAND		0	979,204	792	0	552
AUSTRIA		0	28,103	159,048	123,124	635,422
PORTUGAL		960,794	1,093,660	898,868	107,539	58,016
GREECE		0	0	37	154,268	294,555
LUXEMBOURG		0	0	0	0	2,780
IRELAND		0	0	280	225,816	4,039,306



## Exports of Thai Decorative Candle Products Classified by EU

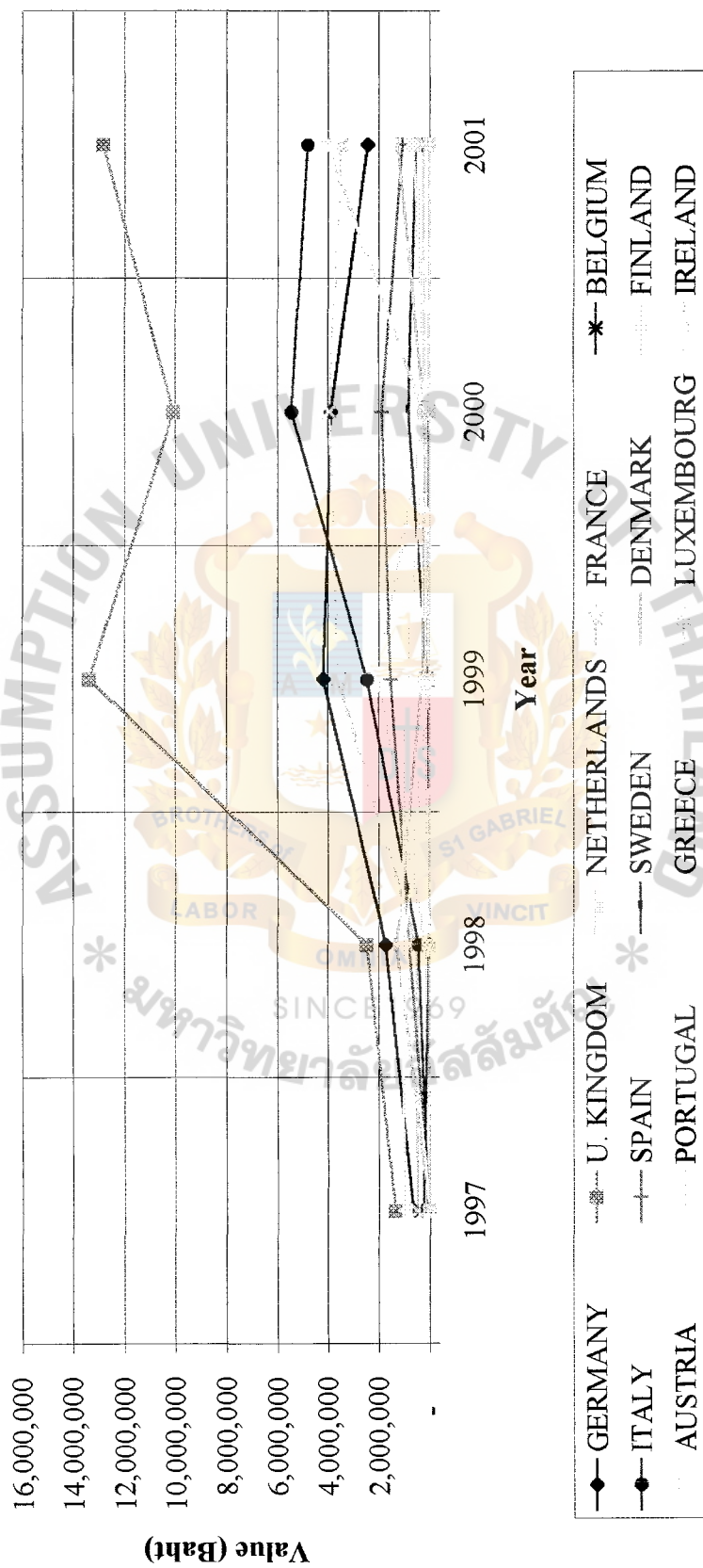


Figure 2.6. Export Values of Thai Candle Products Classified by EU During 1997 - 2001.

Table 2.5. Estimated Selling Price per Unit of Thai Candle Products Classified by EU during 1997 - 2001.

COUNTRY	YEAR	1997	1998	1999	2000	2001
GERMANY		214.58	126.14	142.39	236.76	200.07
U. KINGDOM		165.72	133.19	132.48	167.65	200.58
NETHERLANDS		0	425.82	93.85	167.7	144.62
FRANCE		120.14	114.56	144.49	163.29	182.07
BELGIUM		63.5	76.82	231.22	96.45	141.37
ITALY		124.76	177.37	156.74	117.69	155.22
SPAIN		398.72	120.47	114.09	114.81	126.02
SWEDEN		184.63	75.5	134.94	131.79	139.27
DENMARK		0	116.03	150.32	745.04	111.24
FINLAND		0	116.22	99	0	40.59
AUSTRIA		0	240.61	102.64	117.24	112.16
PORTUGAL		146.06	184.93	116.44	264.23	184.76
GREECE		0	0	92	179.45	327.57
LUXEMBOURG		0	0	0	0	0
IRELAND		0	0	233.33	0	234.13

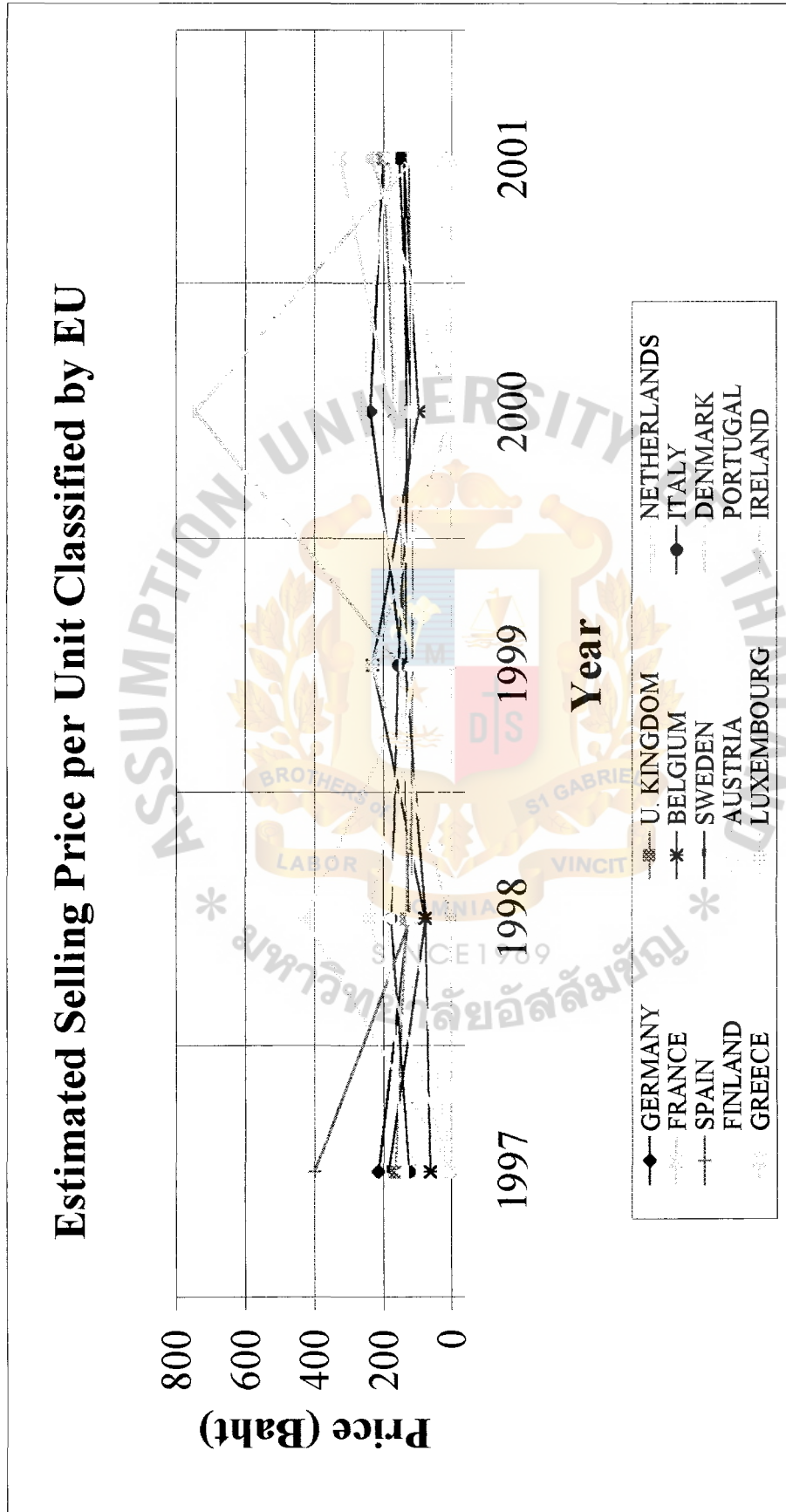


Figure 2.7. Estimated Selling Price per Unit of Thai Candle Products Classified by EU during 1997 - 2001.

price per unit less than 150 Bahts, including Finland and Luxembourg. The second group is the countries that have estimated selling price per unit over 150 Bahts but not over 200 Bahts, including France, Italy and Sweden. The third group is the countries that have estimated selling price per unit more than 200 Bahts, including U. Kingdom, Germany, Netherlands, Belgium, Spain, Denmark, Austria, Portugal, Greece and Ireland. From the estimated selling price analysis, our target is the second group. From both analysis, we can find that the export values of Germany, Netherlands, Spain and Ireland are more than 1,500,000 Bahts but the estimated selling price per unit through five years are highly elastic so, it's very difficult for us to control and plan our business strategy. So, we can conclude that our targets are three countries, U. Kingdom, Italy and France. The export values of U. Kingdom are very high and still increasing in this economic situation, although it decreased a little in 2000. In Italy and France, the export values have the increasing trends during 1997 to 2000 and become decreasing in 2001 due to the economic situation problem. However, there still has a chance to invest in Italy and France because the export values in 2000 are very high when compared to others. In addition the estimated selling price per unit of three countries are not too different when compared through the five years. That's easy for our business planning. However, we should keep considering the others for the future plan.

### 2.3.2 Target Markets in ASEAN

After we analyze EU partner, we continue to analyze ASEAN partner which is the fourth priority which includes Singapore, Malaysia, Indonesia, Philippines, Vietnam, Myanmar, Brunei, Laos and Kampuchea.

From Table 2.6 and Figure 2.8, we can find that there are two groups of countries which are divided by the export values. The first group is the countries that have the export values over 500,000 Bahts, including Singapore and Laos. The second group is

Table 2.6. Export Values of Thai Decorative Candle Products Classified by ASEAN during 1997 - 2001.

COUNTRY	YEAR	1997	1998	1999	2000	2001
SINGAPORE		54,817	437,874	1,527,253	1,237,604	923,723
MALYSIA		107,632	123,192	99,384	336,890	301,940
INDONESIA		-	102,439	-	634	1,301
PHILIPPINES		4,680	-	-	85,308	184,556
VIETNAM		-	2,226	-	-	5,284
MYANMAR		87,638	157,960	11,768	10,324	28,631
BRUNEI		6,844	6,248	-	656	10,408
LAOS		899,322	401,912	463,250	146,501	105,806
KUMPUCHEA		3,120	-	-	10,517	51,596



## Exports of Thai Decorative Candle Products Classified by ASEAN

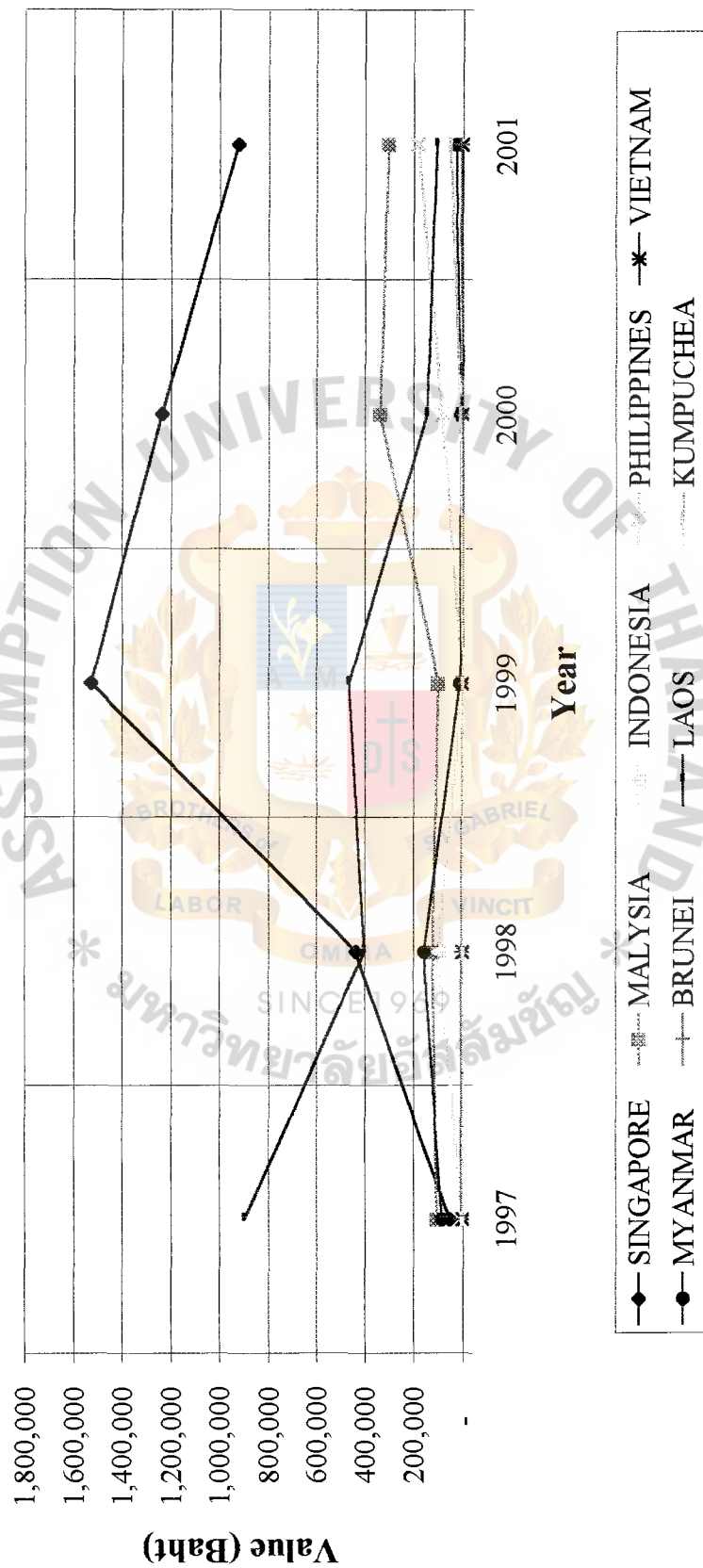


Figure 2.8. Export Values of Thai Decorative Candle Products Classified by ASEAN during 1997 - 2001.

Table 2.7. Estimated Selling Price per Unit of Thai Decorative Candle Products Classified by ASEAN during 1997 - 2001.

COUNTRY	YEAR	1997	1998	1999	2000	2001
SINGAPORE		127.01	118.47	143.99	141.76	149.89
MALAYSIA		25.71	21.3	231.13	82	104.41
INDONESIA		-	16.01	0	198.13	87.89
PHILIPPINES		585.05	0	0	93.91	73.12
VIETNAM		-	222.56	0	0	13.28
MYANMAR		43.71	39.77	43.65	109.36	146.08
BRUNEI		134.73	47.33	0	45.56	62.55
LAOS		46.06	36.27	58.9	51.24	43.45
KUMPUCHEA		185.71	0	0	1,011.27	213.21

## Estimated Selling Price per Unit Classified by ASEAN

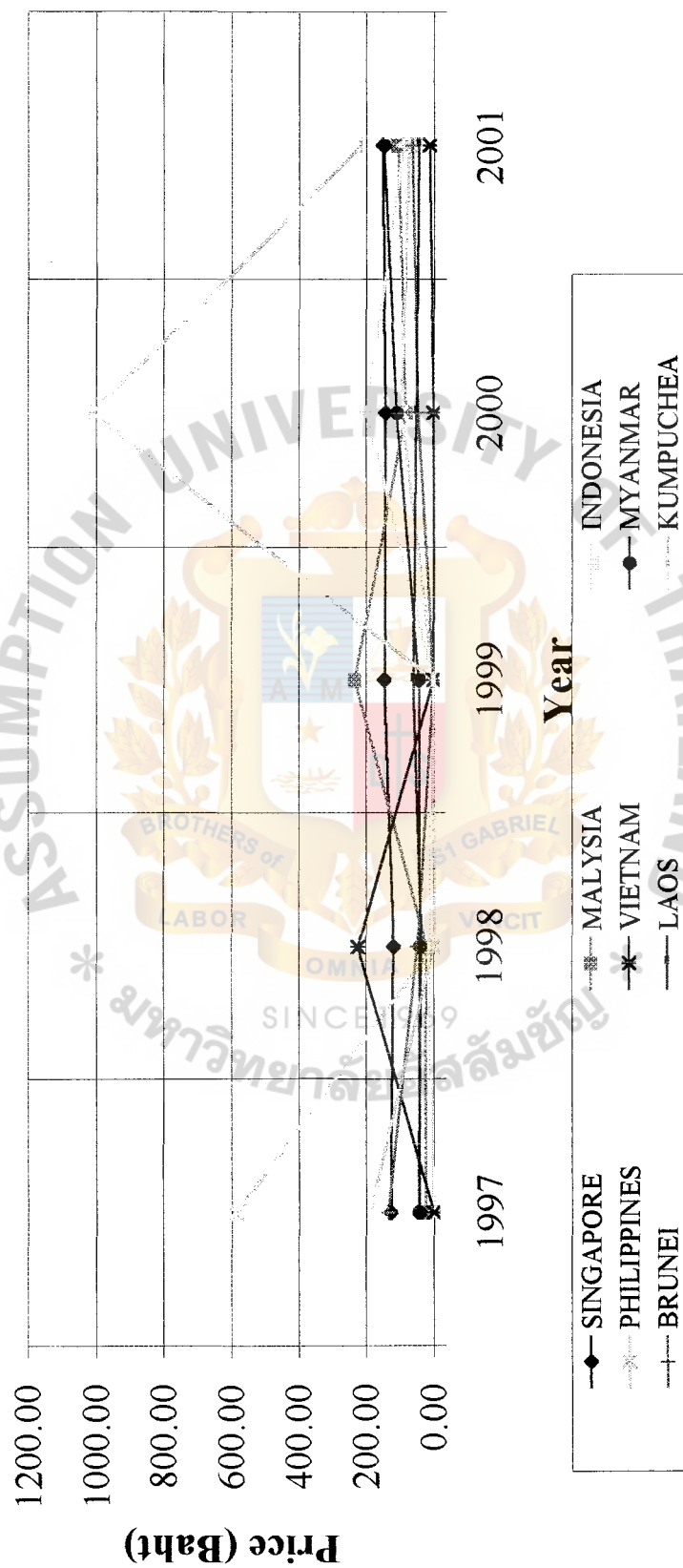


Figure 2.9. Estimated Selling Price per Unit of Thai Decorative Candle Products Classified by ASEAN during 1997 - 2001.

the countries that have the export value less than 500,000 Bahts, including Indonesia, Philippines, Malaysia, Vietnam, Myanmar, Brunei and Kampuchea. So, our target is the first group. From the analysis of estimated selling price per unit in Table 2.7 and Figure 2.9, there are three groups of countries. The first group is the estimated selling price per unit is less than 100 Bahts, that includes Laos. The second group is the estimated selling price per unit is over 100 Bahts but not over than 150 Bahts, including Singapore, Myanmar and Brunei. The third group is the estimated selling price per unit is over 150 Bahts, including Malaysia, Indonesia, Philippines, Vietnam and Kampuchea. So, our target is the second group. From the above analysis, Singapore is main target because the export values during 1997 to 2000 are highest, although the export values in 2000 will decrease a little. Besides, the estimated selling price per unit during 1999 to 2001 seem to be standard prices when compared to others. So, we can conclude that ASEAN target is Singapore. However, the others will be considered for the next plan.

### 2.3.3 Target Markets in Other Regions

We have to analyze these countries because they have the export values in the Top-Twenty level, although they are out of Four Major Partners. There are seven countries including Canada, Australia, Switzerland, Taiwan, Hong Kong, U. Arab Emirates and South Africa.

From Table 2.8 and Figure 2.10, we find that there are two groups of countries that can be divided by the amount of export values. The first group is the countries that have the export values over 1,000,000 Bahts, including Canada, Australia, Switzerland, Taiwan and Hong Kong. The second group is the countries that have the export values less than 1,000,000 Bahts, including U. Arab Emirates and South Africa. Our target is the first group. From the analysis in Table 2.9 and Figure 2.11, there are two groups of countries which are divided by estimated selling price per unit. The first group is the

Table 2.8. Export Values of Thai Decorative Candle Products Classified by Other Regions during 1997 - 2001.

COUNTRY	YEAR	1997	1998	1999	2000	2001
CANADA		1,794,266	7,300,953	14,555,391	20,658,422	3,907,550
AUSTRALIA		315,480	1,153,858	2,940,100	2,841,868	3,772,503
SWITZERLAND		20,958	561,496	1,966,220	2,572,484	2,147,580
TAIWAN		508,771	17,370	101,091	2,144,058	3,132,038
HONG KONG		308,442	419,952	2,079,608	887,760	2,209,904
U. ARAB EMIRATES		227	248	63,875	804,330	635,842
SOUTH AFRICA		0	701,574	512,339	674,046	272,988



## Exports of Thai Decorative Candle Products Classified by Other Regions

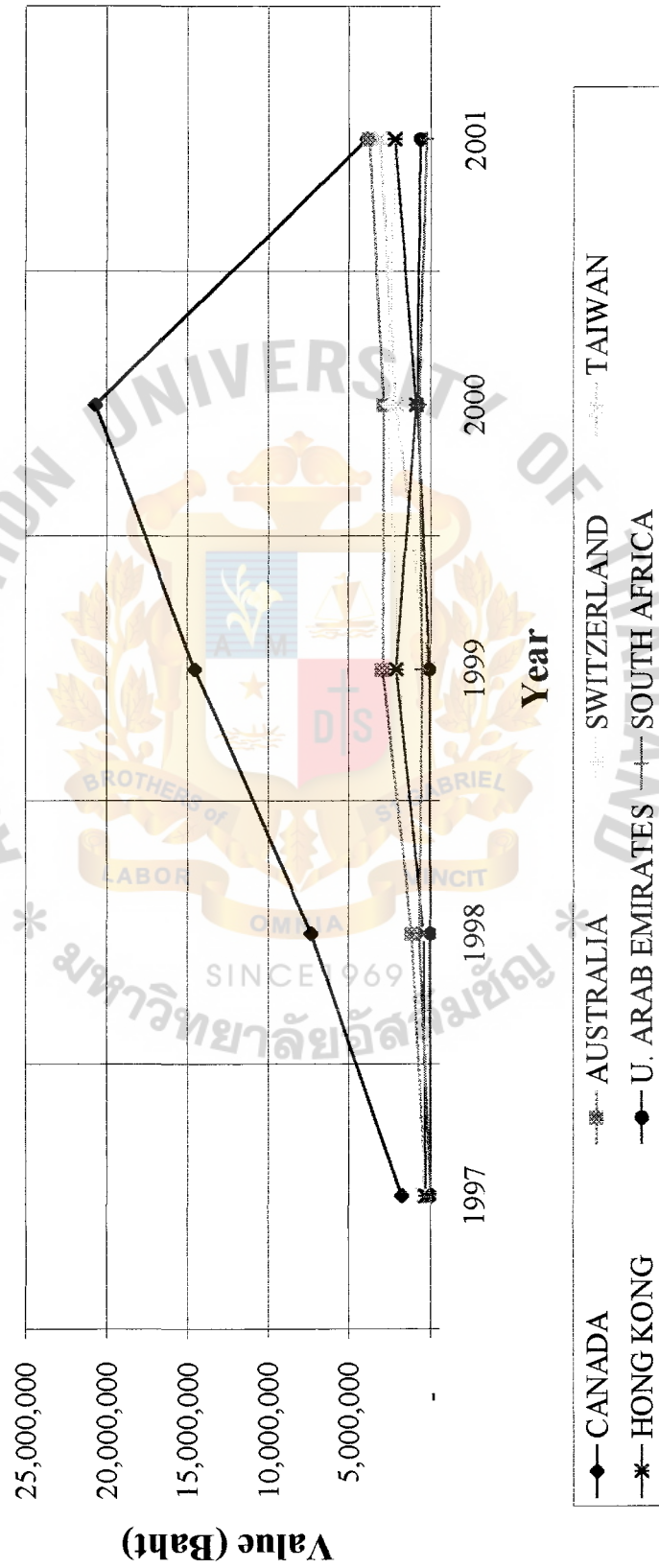


Figure 2.10. Export Values of Thai Decorative Candle Products Classified by Other Regions during 1997 - 2001.

Table 2.9. Estimated Selling Price per Unit of Thai Decorative Candle Products Classified by Other Regions during 1997 - 2001.

COUNTRY	YEAR	1997	1998	1999	2000	2001
CANADA		120.04	142.11	105.42	117.31	181.63
AUSTRALIA		66.95	138.33	120.22	126.67	134.21
SWITZERLAND		59.81	147.95	110.98	121.36	146.68
TAIWAN		123.91	106.7	169.27	132.37	169.08
HONG KONG		35.91	56.5	102.83	214.25	160.94
U. ARAB EMIRATES		94.5	9.84	119.35	131.04	162.49
SOUTH AFRICA		0	109.48	168.62	160.43	184.70

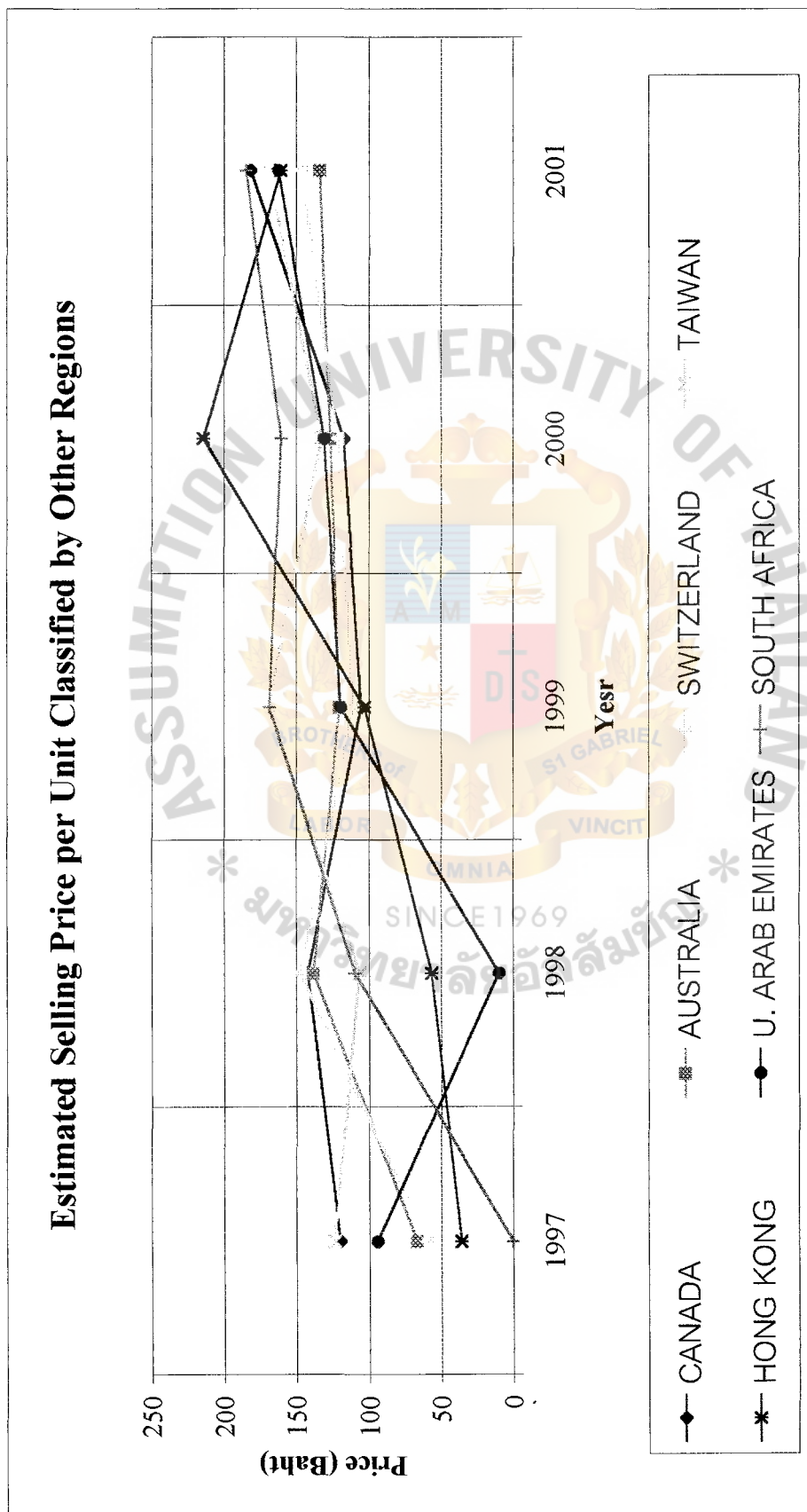


Figure 2.11. Estimated Selling Price per Unit of Thai Decorative Candle Products Classified by Other Countries during 1997 - 2001.

estimated selling price per unit is less than 200 Bahts, including Canada, Australia, Switzerland, Taiwan, U. Arab Emirates and South Africa. The second group is the estimated selling price per unit is over 200 Bahts, there is only Hong Kong. So, our target is the first group. After we analyze in detail, the export values of Canada and Switzerland during 1997 to 2000 have increasing trends and decreasing in 2001, caused by the economic situation. However, the export values of Canada and Switzerland are still high at 3,907,550 Bahts and 2,147,580 Bahts. Australia, the export values trend during 1997 to 2000 seem to increase, only in 2000 and decreased by a little amount by 1999. However, the export values in 2001 are increasing from 2000. Taiwan, the export values in 1998 decreased but in 1999 to 2000 is increased. Focusing on the percentage change of Australia and Taiwan are 32.75 percent and 46.08 percent, this means that they still have the purchasing power and the opportunity in market growth. In addition the estimated selling per unit of four countries during 1997 to 2001 are not much different. Hong Kong, regarding the export value and estimated selling price per unit is unsteady so, we do not consider it because it's difficult for our business plan, although the export values and the percent changing are increasing in 2001. Therefore, our target should be Canada, Australia, Switzerland and Taiwan. However, we will consider the other countries for future target market.

From the information we get from the analysis of market trend and target market, the candle markets are booming and continue growing if no economic crisis. Normally, almost all countries are effected from the economic recession in 2001. However, they still have some purchasing powers in some countries according to the analysis. The chance of the investor to penetrate this market depends on the investor's strategies. The target market analysis from Four Major Partner Countries, the main target is U.S.A. due to highest market share in the global decorative candle market, although, they are most

suffered strongest from the economic recession. Japan is also our main target because the export values continue increasing even in 2001, that means the candle market in Japan has not suffered from the economic crisis. Regarding the EU partner, the main targets are U. Kingdom, Italy and France. The export values analysis shows that the economic problem has not influenced the decorative candle market in U. Kingdom because the export values are increasing in 2001. Italy and France are not much effected from the economic recession because their export values decreased very little. ASEAN partner, Singapore is our target because both export values and selling price analysis seem to steady except in 2001 due to the economic problem. The last target market we consider is in the other regions, Canada, Australia, Switzerland and Taiwan are our targets because these countries are in the Top-Twenty level of the biggest importer list according to the Customs Department's statistic. Besides, the export values of these countries are still high in this situation when compared to others. However, the other countries should be considered for future plans.

From all the information, we can apply it to estimate the feasibility of establishing the decorative candle business, although, this information shows that the candle market in each country is affected by the economic problem. To make sure in entering this business, we have to find out other information to support the feasibility study of this business by studying others.

## **2.4 Demand Behavior Analysis**

In this analysis, we will analyze the demand behavior of our target markets by observing from the time period that they import Thai decorative candle products from Thailand. This study can support the investors in the market planning.

The economic slow down and the sabotage event in America on September 2001, caused the unusual export trend. So, we are afraid that it may cause the incorrect



demand behavior analysis. We decide to use the export quantity data of Thai decorative candle products during January to December, 2000 for analysis.

Initially, we start to study the demand behavior of the global markets and our target markets by dividing the time period into four quarters and determining which quarter and which months in each quarter have highest export quantities of Thai decorative candle products.

#### 2.4.1 Global Market Demand Behavior

From Table 2.10 and Figure 2.12, we can find that the demand of export quantities of Thai decorative candle products in the first quarter are 1,044,654 Kg. and the highest exports are in March. The second quarter are 931,961 Kg., the highest exports are in May. The third quarter are 1,183,871 Kg., the highest exports are in July. The fourth quarter are 600,006 Kg., the highest exports are in December. This information can be arranged in order of the highest percent of the total export quantities as: the third quarter is 31 percent, the second quarter is 28 percent, the second quarter is 25 percent and the fourth quarter 10 percent.

#### 2.4.2 Target Market Demand Behavior

From Table 2.11 and Figure 2.13, we can find that there are 1,021,166 Kg. in the first quarter and the highest exports are in March, 908,061 Kg. in the second quarter and the highest exports are in May, 1,151,258 Kg. in the third quarter and the highest exports are in July, and 576,133 Kg. in the fourth quarter and the highest exports are in December. This information can be arranged in order of the highest percent of the total export quantities as follows: 31 percent in the third quarter, 28 percent in the second quarter, 25 percent in the second quarter and 10 percent in the fourth quarter.

From this analysis, we can see that the demand behavior of our target markets are similar to the global markets. This shows that the export demand trend of our target

Table 2.10. Export Quantities of Thai Decorative Candle Products Classified by Global Markets during January - December 2000.

January	February	March	April	May	June	July	August	September	October	November	December
307,269	320,745	416,640	220,039	360,182	351,740	422,142	406,944	354,785	183,634	181,369	235,003

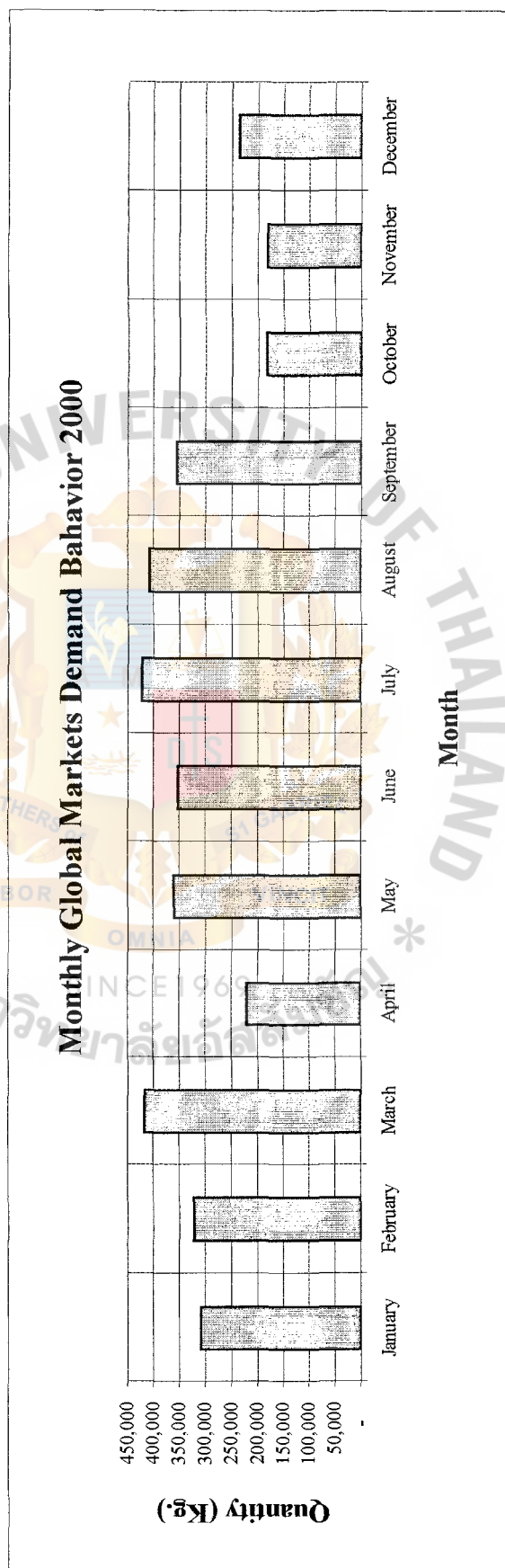


Figure 2.12. Export Quantities of Thai Decorative Candle Products Classified by Global Markets during January - December 2000.

Table 2.11. Export Quantities of Thai Decorative Candle Products Classified by Target Markets during January - December 2000.

January	February	March	April	May	June	July	August	September	October	November	December
304,215	313,374	403,577	209,697	350,648	347,716	408,938	394,909	347,411	170,282	174,671	231,180

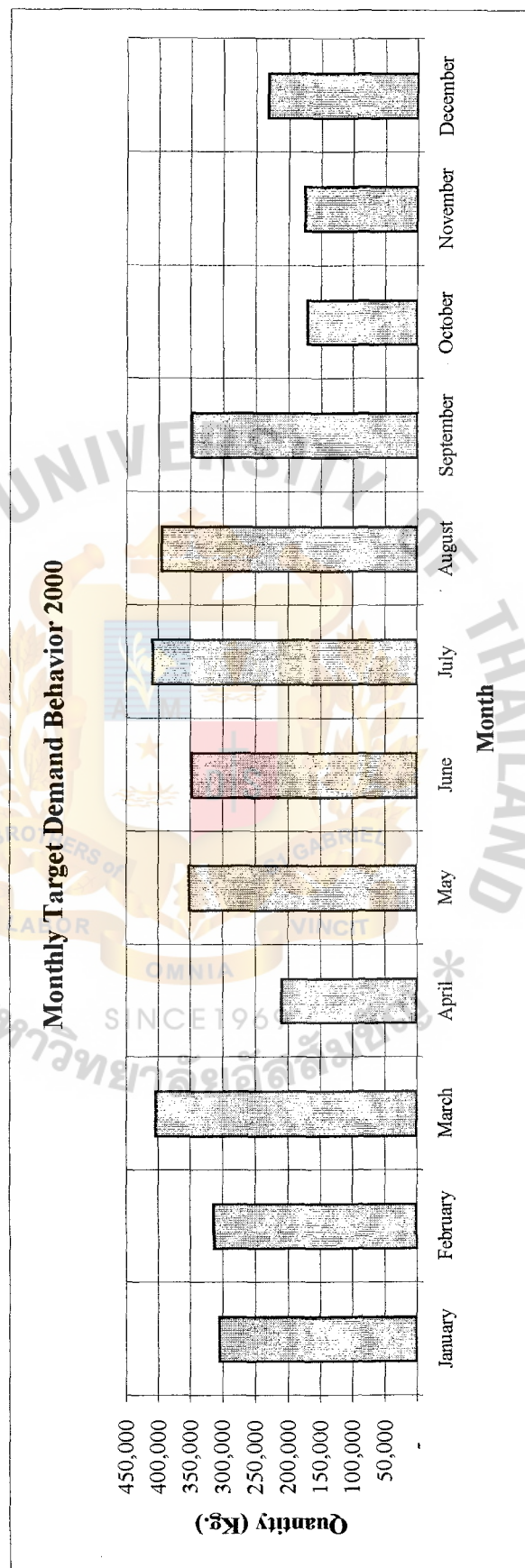


Figure 2.13. Export Quantities of Thai Decorative Candle Products Classified by Target Markets during January - December 2000.

markets are dependent on the global markets demand. That means if the global markets slow down, it will affect our target markets. This information can support us in arranging and setting the marketing plan which are suitable for each quarter.

## **2.5 Market Demand Forecasting**

From the statistic of export values of Thai decorative candle products, it can prove that Thai candle products are very popular in the global market and the economic problem is the major factor that influenced this business. After we have known the past information, we have to forecast the market demand trend of this business in order to know the future trend. The investor can apply this information to support the decision to establish the decorative candle trading business in order to reduce the risk. So, we conduct the linear regression method by using the export values of Thai decorative candle products data from the last five years to forecast the market demand trend in next six years.

In this part, we will do the forecasting of both global markets and our target markets by forecasting on both export values and quantities. This information will support our marketing planning.

### 2.5.1 Global Market Trend Forecasting

Table 2.12. Export Values of the Global Market during 1997 – 2001.

Year	Value (Baht)
1997	74,597,949
1998	154,564,226
1999	260,740,171
2000	324,810,408
2001	262,528,971

Table 2.13. The Calculation of Export Values of Global Market Forecasting.

Year	x	x <sup>2</sup>	Value (Baht) (y)	xy
1997	1	1	74,597,949	74,597,949
1998	2	4	154,564,226	309,128,452
1999	3	9	260,740,171	782,220,513
2000	4	16	324,810,408	1,299,241,632
2001	5	25	262,528,971	1,312,644,855
<b>Total</b>	<b>15</b>	<b>55</b>	<b>1,077,241,725</b>	<b>3,777,833,401</b>

$$\bar{x} = 3$$

$$\bar{y} = 215,448,345$$



$$b = \frac{\Sigma xy - n \bar{x} \bar{y}}{\Sigma x^2 - n \bar{x}^2} = 54,610,823$$

$$a = \frac{\Sigma y - b \Sigma x}{n} = 51,615,876$$

$$y = a + bx = 51,615,876 + 54,610,823 x$$

To obtain the forecast values for year 2002, 2003, 2004, 2005, 2006 and 2007, substituting x with 6, 7, 8, 9, 10 and 11 as results in:

$$y = a + bx ; 51,615,876 + 54,610,823 (6) = 379,280,814$$

$$y = a + bx ; 51,615,876 + 54,610,823 (7) = 433,891,637$$

$$y = a + bx ; 51,615,876 + 54,610,823 (8) = 488,502,460$$

$$y = a + bx ; 51,615,876 + 54,610,823 (9) = 543,113,283$$

$$y = a + bx ; 51,615,876 + 54,610,823 (10) = 597,724,106$$

$$y = a + bx ; 51,615,876 + 54,610,823 (11) = 652,334,929$$

Table 2.14. Forecasted Export Values of Global Market during 2002 – 2007.

Year	Value (Baht)
2002	379,280,814
2003	433,891,637
2004	488,502,460
2005	543,113,283
2006	597,724,106
2007	652,334,929

Table 2.15. Export Quantities of Global Market during 1997 – 2001.

Year	Quantity (Kg)
1997	1,013,406
1998	1,953,733
1999	3,470,701
2000	3,760,492
2001	2,430,180

Table 2.16. The Calculation of Export Quantities of Global Market Forecasting.

Year	x	x <sup>2</sup>	Quantity (Kg) (y)	xy
1997	1	1	1,013,406	1,013,406
1998	2	4	1,953,733	3,907,466
1999	3	9	3,470,701	10,412,103
2000	4	16	3,760,492	15,041,968
2001	5	25	2,430,180	12,150,900
<b>Total</b>	<b>15</b>	<b>55</b>	<b>12,628,512</b>	<b>42,525,843</b>

$$\bar{x} = 3$$

$$\bar{y} = 2,525,702$$

$$b = \frac{\sum xy - n\bar{x}\bar{y}}{\sum x^2 - n\bar{x}^2} = 464,031$$

$$a = \frac{\sum y - b\sum x}{n} = 1,133,609$$

$$y = a + bx = 1,133,609 + 464,031 x$$

To obtain the forecast quantities for year 2002, 2003, 2004, 2005, 2006 and 2007, substituting x with 6, 7, 8, 9, 10 and 11 as results in:

$$y = a + bx ; \quad 1,133,609 + 464,031 (6) = 3,917,795$$

$$y = a + bx ; \quad 1,133,609 + 464,031 (7) = 4,381,826$$

$$y = a + bx ; \quad 1,133,609 + 464,031 (8) = 4,845,857$$

$$y = a + bx ; \quad 1,133,609 + 464,031 (9) = 5,309,888$$

$$y = a + bx ; \quad 1,133,609 + 464,031 (10) = 5,773,919$$

$$y = a + bx ; \quad 1,133,609 + 464,031 (11) = 6,237,950$$

Table 2.17. Forecasted Export Quantities of Global Market during 2002 – 2007.

Year	Quantity (Kg)
2002	3,917,795
2003	4,381,826
2004	4,845,857
2005	5,309,888
2006	5,773,919
2007	6,237,950

## 2.5.2 Target Market Trend Forecasting

Table 2.18. Export Values of the Target Market during 1997 – 2001.

Year	Value (Baht)
1997	71,144,256
1998	143,752,717
1999	243,080,436
2000	310,283,551
2001	245,036,484

Table 2.19. The Calculation of Export Values of Target Market Forecasting.

Year	x	x <sup>2</sup>	Value (Baht) (y)	xy
1997	1	1	71,144,256	71,144,256
1998	2	4	143,752,717	287,505,434
1999	3	9	243,080,436	729,241,308
2000	4	16	310,283,551	1,241,134,204
2001	5	25	245,036,484	1,225,182,420
<b>Total</b>	<b>15</b>	<b>55</b>	<b>1,013,297,444</b>	<b>3,554,207,622</b>

$$\bar{x} = 3$$

$$\bar{y} = 202,659,489$$

$$b = \frac{\sum xy - n\bar{x}\bar{y}}{\sum x^2 - n\bar{x}^2} = 51,431,529$$

$$a = \frac{\Sigma y - b \Sigma x}{n} = 48,364,902$$

$$y = a + bx = 48,364,902 + 51,431,529 x$$

To obtain the forecast values for year 2002, 2003, 2004, 2005, 2006 and 2007, substituting x with 6, 7, 8, 9, 10 and 11 as results in:

$$y = a + bx ; \quad 48,364,902 + 51,431,529 (6) = 356,954,076$$

$$y = a + bx ; \quad 48,364,902 + 51,431,529 (7) = 408,385,605$$

$$y = a + bx ; \quad 48,364,902 + 51,431,529 (8) = 459,817,134$$

$$y = a + bx ; \quad 48,364,902 + 51,431,529 (9) = 511,248,663$$

$$y = a + bx ; \quad 48,364,902 + 51,431,529 (10) = 562,680,192$$

$$y = a + bx ; \quad 48,364,902 + 51,431,529 (11) = 614,111,721$$

Table 2.20. Forecasted Export Values of Target Market during 2002 – 2007.

Year	Value (Baht)
2002	356,954,076
2003	408,385,605
2004	459,817,134
2005	511,248,663
2006	562,680,192
2007	614,111,721



Table 2.21. Export Quantities of Target Market during 1997 – 2001.

Year	Quantity (Kg)
1997	966,275
1998	1,840,902
1999	3,319,772
2000	3,656,618
2001	2,314,791

Table 2.22. The Calculation of Export Quantities of Target Market Forecasting.

Year	x	x <sup>2</sup>	Quantity (Kg) (y)	xy
1997	1	1	966,275	966,275
1998	2	4	1,840,902	3,681,804
1999	3	9	3,319,772	9,959,316
2000	4	16	3,656,618	14,626,472
2001	5	25	2,314,791	11,573,955
<b>Total</b>	<b>15</b>	<b>55</b>	<b>12,098,358</b>	<b>40,807,822</b>

$$\bar{x} = 3$$

$$\bar{y} = 2,419,672$$

$$b = \frac{\sum xy - n\bar{x}\bar{y}}{\sum x^2 - n\bar{x}^2} = 451,274$$

$$a = \frac{\sum y - b\sum x}{n} = 1,065,850$$

$$y = a + bx = 1,065,850 + 451,274 x$$

To obtain the forecast quantities for year 2002, 2003, 2004, 2005, 2006 and 2007, substituting x with 6, 7, 8, 9, 10 and 11 as results in:

$$y = a + bx ; \quad 1,065,850 + 451,274 (6) = 3,773,494$$

$$y = a + bx ; \quad 1,065,850 + 451,274 (7) = 4,224,768$$

$$y = a + bx ; \quad 1,065,850 + 451,274 (8) = 4,676,042$$

$$y = a + bx ; \quad 1,065,850 + 451,274 (9) = 5,127,316$$

$$y = a + bx ; \quad 1,065,850 + 451,274 (10) = 5,578,590$$

$$y = a + bx ; \quad 1,065,850 + 451,274 (11) = 6,029,864$$

Table 2.23. Forecasted Export Quantities of Target Market during 2002 – 2007.

Year	Quantity (Kg)
2002	3,773,494
2003	4,224,768
2004	4,676,042
2005	5,127,316
2006	5,578,590
2007	6,029,864

The above analysis shows that the forecasting of both export values and quantities of Thai Decorative Candle Products are in increasing trend of both the global markets and the target markets each year. We can conclude that it is possible for new investor to

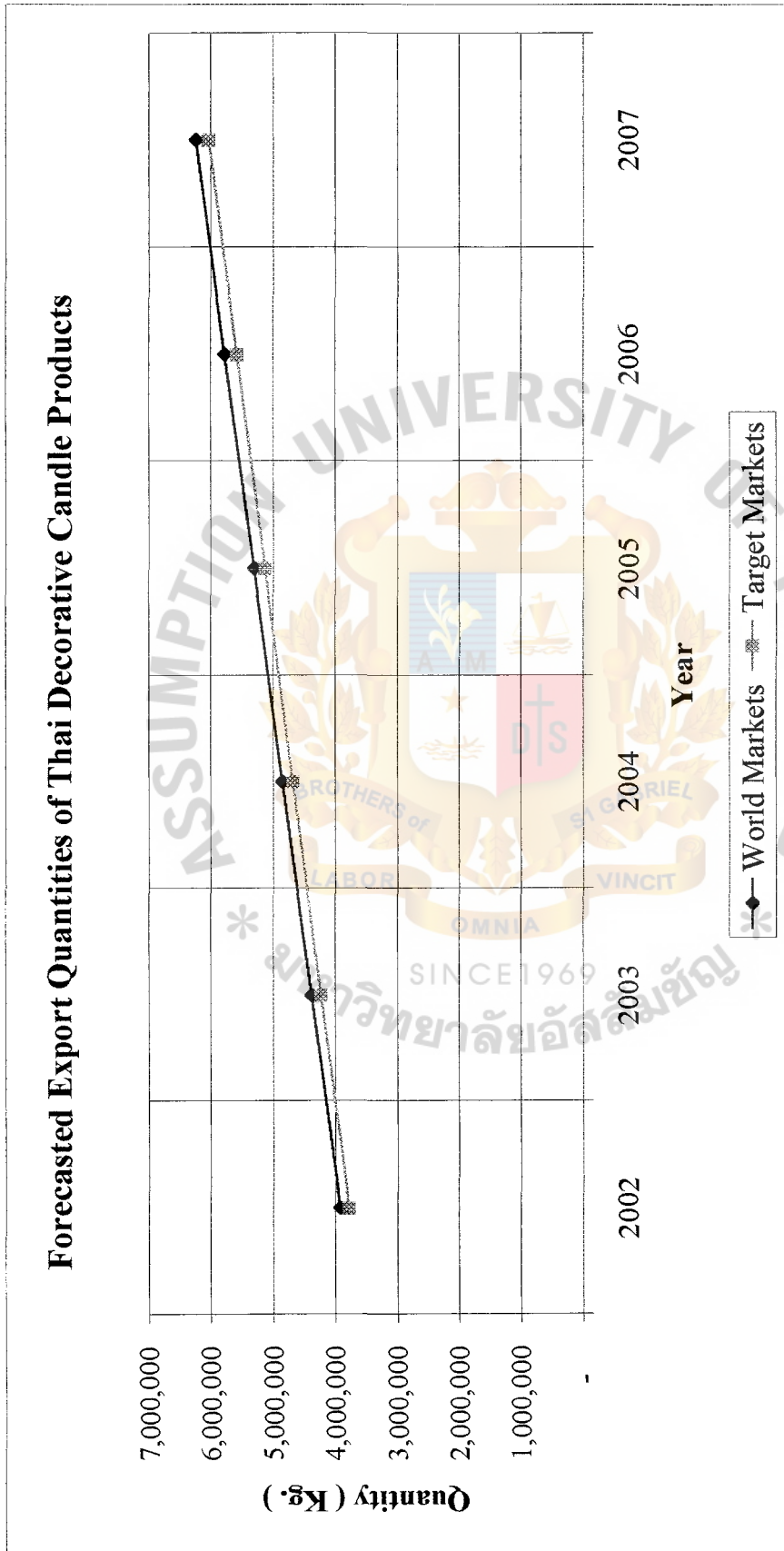


Figure 2.14. Forecasted Export Quantities of Thai Decorative Candle Products during 2002 - 2007.

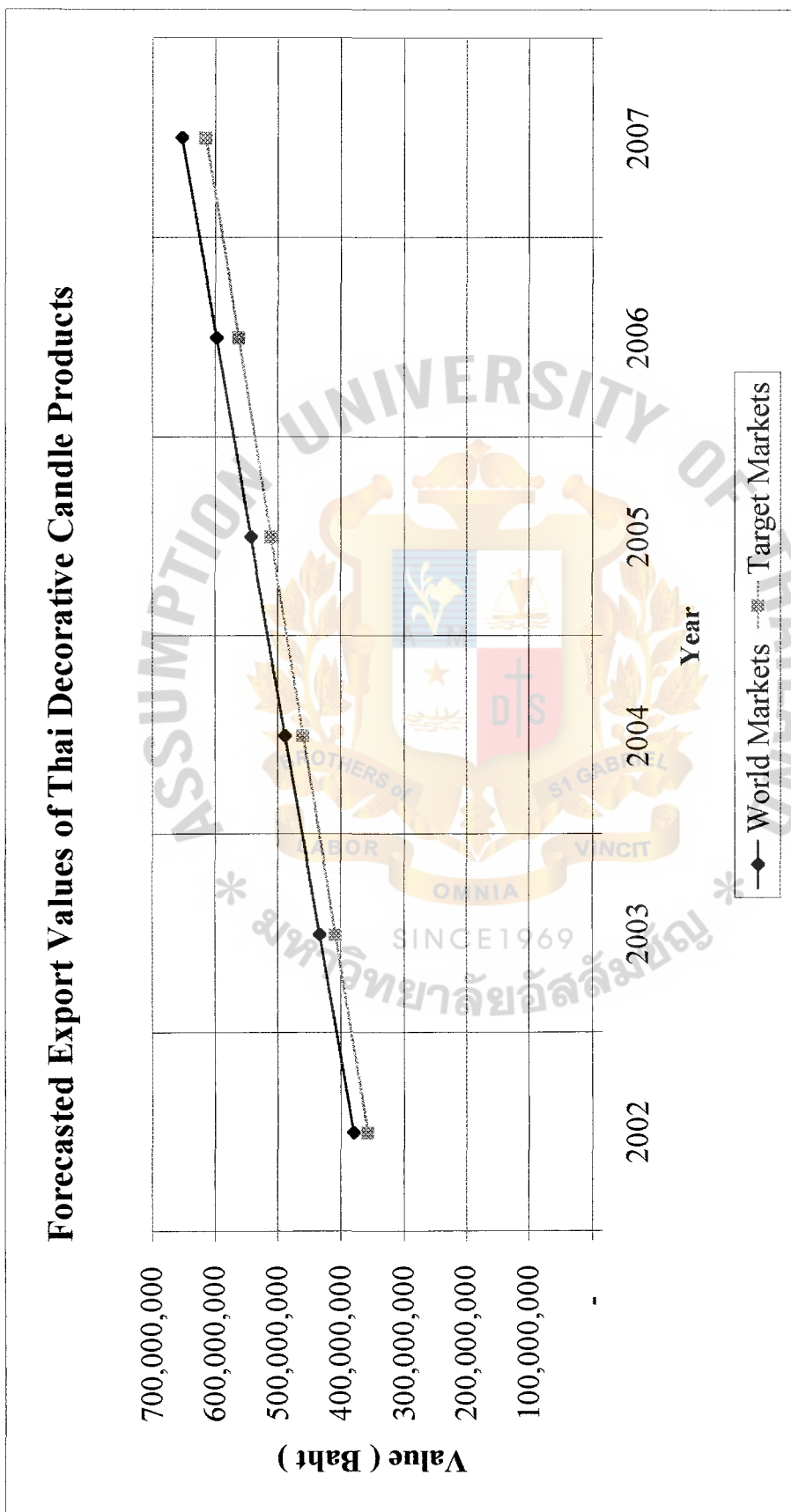


Figure 2.15. Forecasted Export Values of Thai Decorative Candle Products during 2002 - 2007.

establish the decorative candle trading business at present because the market demands increase every years.

## **2.6 Competition**

According to the information of Department of Industrial Promotion, Department of Export Promotion, the Ministry of Commerce and the name list of gift and decoration membership shows that there are a total 60 entrepreneurs in the year 2001. Most entrepreneurs are Thai people, 25 entrepreneurs are located in Bangkok due to the convenience of running business process such as procurement, transportation and so on. The 17 entrepreneurs are located in the perimeter and 18 entrepreneurs are located in other provinces. The main competitor is a Chinese who is the leader of candle export market. Because China has the main source of raw materials and the labor cost is lower than Thailand. (Department of Industrial Promotion, [www.dip.go.th](http://www.dip.go.th))

For the competition analysis, we have to analyze any threat and opportunity that affects our business before setting up by using the five forces analysis and SWOT analysis.

### **2.6.1 Five Forces Analysis**

Today, Thai Decorative Candle market has strong competition so, we have to study the five forces that affect to our sale volumes and profits as follows:

#### **(a) Threat of intense segment rivalry**

At this moment, there are strong competition in Thai Decorative Candle market. However, it depends on each company's strategies to capture demands in this market because candle is not only a shopping good but also a necessary good for some countries. The intent in doing business online of this type of business are very few so, there is a chance for our company to use it as a tool to pull the demands.



(b) Threat of new entrants

This type of business requires a small amount of investment so, it is easy for a new player to enter. However, it is difficult to run the business successfully if a player lacks experiences in management, marketing, financing and so on. In addition the risk occurred from the unstability of economy is a factor that a new player has to pay more consideration before entering this business.

(c) Threat of substitute products

Normally, a candle is used for giving light and warmth. A decorative candle not only is used for lighting but for decoration and mood creation with relaxation by adding scent and design. So, it depends on the buying objectives of buyers, if they need to buy for decoration and mood creation, there are substitute products such as incense sticks, incense cones, dry flowers and so on. If they need the light and decoration at the same time, they have to buy decorative candles. JJ weekend market, a popular place for all people including foreigners go to shop at Thai Handicraft Product including decorative candles.

(d) Threat of buyers' growing bargaining power

Even if there are strong competition in this market the buyers' bargaining power will be reduced if the company can offer the quality of product as standard, feature and value-added capabilities for differentiating product from competitors.

(e) Threat of suppliers' growing bargaining power

The suppliers' bargaining power is an important factor for the trading company because the price and quantity of supplies from suppliers affect

the trading company's cost, product price, market demand and so on. So, our company decides to use many suppliers and try to build good relations with them to overcome this problem.

#### 2.6.2 SWOT Analysis

Our company has to analyze our Strength, Weakness, Opportunity and Threat before creating the marketing plan because this information are useful when doing the marketing plan and marketing mix to succeed in the competitive market.

##### (a) Strength

There are high competition for Thai decorative candle product in Thai market because this product is very popular for new investors now due to low capital of investment. However, our marketing strategies such as minimum order setting, product offering, the competitive price with high quality of product, promotion discount including service, give the company confidence. Furthermore, the excellent distribution channel, E-Commerce or Online channel through the gateway of Thailand.com/Meet World Trade web site, a professional Web-tools of International Trade which provides us a professional marketing strategy and service to reach the global market. These are our strengths that have an advantage over competitors.

##### (b) Weakness

Our company is newly established and lack experience in management, distribution and marketing. We face the difficulty in dealing with both suppliers and dealers to supply and distribute our product as a newcomer. The limited capital for doing promotion and holding the inventory to create brand awareness and maximize sale volumes, is another point of our company's weakness due to the uncertainty of economic

situation. We have to save costs of running business. To start any business at the introduction stage usually faces many risks because we are a newcomer, and do not have any experience in that business before.

(c) Opportunity

From the current export market analysis, Thai Decorative Candle Product is started to boom in 1997 and continue growing if there are no problems of economy. At this moment, Thai Decorative Candle Product has passed the introduction stage and is going to the growth stage in Product Life Cycle due to the fact that everyone is aware about it and high competition between suppliers. However, there are more demands in the global market because the candle is a necessary product for the foreigners to use as daily use due to their weather and culture. At this time, we can see that foreigners need various styles and scents for home decoration and mood creation including relaxation. So, we can use these factors to penetrate the market as our opportunity. That means we create the demand by differentiating our product design and value-added from competitors. All of these reasons will create the opportunity for the company to stay in this type of business.

(d) Threat

The demand of Thai Decorative Candle Product decreased due to the effect of economic recession. So, the unstability of global economy is the highest risk in running business. In the economic crisis situation, if there are less customers' purchasing power, products could not be sold even with high demand. The economic problem not only affects this market but to almost all business sectors. The above risk we cannot control. Another

threat is the risk of dealing business online or E-Commerce due to no support of E-Commerce law. Our company must take more consideration about customers' credits verification because we don't know their status well. The above reasons can be risks for us to run business.

## **2.7 Marketing Strategy**

Our business type is a trading company that buys the manufacturer's products and sell them to our target markets. Our mission is to be a leading Thai decorative candle trading company and provide the quality products and attaining customer satisfaction. Our expected market is mainly export market. To enter the export market, we decide to enter by direct and indirect exporting. We will sell 70 percent of our products directly from our company through our web site and exclusive shop, and 30 percent through the local dealers. In the first startup, we need to gain some market share in the export market. To maximize market share and create the brand awareness are our marketing objectives, as we can observe from customers' inquiries and sales volume. Moreover, we will create brand preference by offering new innovative designs over competitors with quality and reasonable price to satisfy customer requirement, as we can observe from the increasing of sales volume and repeated customers. From the target market analysis as the part of analysis, we segment our target by geography following Four Major Partner Countries and other Top-Twenty Countries; these are U.S.A., Japan, U. Kingdom, Italy, France, Singapore, Canada, Australia, Switzerland and Taiwan. Our main customers' business types are importers who are wholesalers, distributors and retailers. In selecting target segments, we decide to use the product specialization strategy in the first startup because we need to specialize in our product by offering only Thai decorative candle products to several segments in order to study their feedback or requirements. Then we adapt our products to satisfy their requirements or keep it as a

record for launching new products in the future. In addition, we differentiate our market offering from competitors' offerings to achieve competitive advantage such as offering the differentiation of product, service, personnel, channel and image. For our marketing strategy in the first launching or in the introduction stage, we decide to use the slow penetration strategy because the export market of Thai decorative candle products is large and also highly aware of the product including the price sensitivity according to the analysis. However, there are opportunities for new player due to the price sensitivity of the product, we can use this point to penetrate this market by launching our product at equal or lower price than competitors when compared to the quality, service including the various product offerings. As we are a small business and had just startup; we do not pay more attention for doing the promotion because the market is aware of this product for a long time. We may need some channels or tools which can reach the global market with low cost to create our brand awareness and inform our quality and new design such as creating web site, sending direct-email and so on.

(a) Marketing Objectives

- (1) To create brand awareness of our decorative candle products by introducing our quality products with competitive prices to markets.
- (2) To create brand preference of our products by offering an innovative design to satisfy customers' requirements.
- (3) To gain the decorative candle market share at 0.25 percent from total forecasted decorative candle sales volume of our target markets in 2003 by 70 percent direct exporting and 30 percent exporting through local dealers.
- (4) To gain the decorative candle market share at 0.25 percent from total forecasted decorative candle sales volume of our target markets in



2004 by 70 percent direct exporting and 30 percent exporting through local dealers.

(5) To gain the decorative candle market share at 0.3 percent from total forecasted decorative candle sales volume of our target markets in 2005 by 70 percent direct exporting and 30 percent exporting through local dealers.

(6) To gain the decorative candle market share at 0.3 percent from total forecasted decorative candle sales volume of our target markets in 2006 by 70 percent direct exporting and 30 percent exporting through local dealers.

(7) To gain the decorative candle market share at 0.35 percent from total forecasted decorative candle sales volume of our target markets in 2007 by 70 percent direct exporting and 30 percent exporting through local dealers.

(b) Sales Forecasting

Form the part of Market Demand Forecasting, we can mention the total forecasted decorative candle sales volume of our target markets as follows:

- (1) Sales volume forecasting in year 2003 are 4,224,768 Kg.
- (2) Sales volume forecasting in year 2004 are 4,676,042 Kg.
- (3) Sales volume forecasting in year 2005 are 5,127,316 Kg.
- (4) Sales volume forecasting in year 2006 are 5,578,590 Kg.
- (5) Sales volume forecasting in year 2007 are 6,029,864 Kg.

So, we can calculate our sales volume forecasting in order to achieve our marketing objectives as follows:

(1) Sales volume forecasting in year 2003 are 10,562 Kg. or 52,810 units.

Direct exporting	36,967	units
------------------	--------	-------

Indirect exporting- through dealers	15,843	units
-------------------------------------	--------	-------

(2) Sales volume forecasting in year 2004 are 11,690 Kg.or 58,450 units.

Direct exporting	40,915	units
------------------	--------	-------

Indirect exporting- through dealers	17,535	units
-------------------------------------	--------	-------

(3) Sales volume forecasting in year 2005 are 15,382 Kg.or 76,910 units.

Direct exporting	53,837	units
------------------	--------	-------

Indirect exporting- through dealers	23,073	units
-------------------------------------	--------	-------

(4) Sales volume forecasting in year 2006 are 16,736 Kg.or 83,680 units.

Direct exporting	58,576	units
------------------	--------	-------

Indirect exporting- through dealers	25,104	units
-------------------------------------	--------	-------

(5) Sales volume forecasting in year 2007 are 21,105 Kg.or 105,525 units.

Direct exporting	73,868	units
------------------	--------	-------

Indirect exporting- through dealers	31,658	units
-------------------------------------	--------	-------

Remarks: Computed at an average weight 0.2 Kg. or 200 g. per 1 unit  
from Table 2.26.

#### 2.7.1 Marketing Mix

After analyzing the marketing analysis, we will have more information to create a strong marketing plan that will help the company to sell the products successfully. We use Marketing Mix to explain how we plan to sell to our market.

##### (a) Product

Regarding Decorative Candle is one of the shopping goods classification which are goods that the customer, in the process of selection and purchase, characteristically compares on such bases as suitability,

quality, price, style and design. So, our products should be offered to the markets to satisfy the customers' needs.

Normally, there are two groups of end users in the market. The first group is a buyer who buys a decorative candle for the daily use. Another group is a buyer who buys a decorative candle for the occasion as gifts.

For our product planning for both local and export markets, we need to serve both groups of end users so, we must attend to the quality of product and product offering. In offering products to satisfy and delight customers, we decide to use a product mix because we can offer wide varieties of products to meet different customer requirements. Besides, using a product mix can support us in managing and planning smoothly because we can know the sales and profits of each item in each line clearly when doing the product line analysis. Furthermore, a product mix can support us the information for launching new products or adapting current product to suit the market.

(1) Product Objectives

- (a) To create brand awareness and brand preference over the other brands by offering the quality products with competitive prices in the market.
- (b) To emphasize on the quality product.
- (c) To introduce a new and innovative design that is different to serve the user requirements.

Table 2.24. Product Mix.

Product Mix				
Item No.	Scented Candle	Jelly Candle	Fancy Candle	Floating Candle
1	Pillar shape	Four hearts	Engine	Lotus
2	Box shape	Two hearts	Bulp	Lotus in coconut shell
3	Triangle shape	Heart circle	Animals	Two flower candles
4	Cone shape	Flower	Sparking Stick	Rose
5	Pyra-mid shape	Colorful glass	Stand	Four floating candles
6	Circle shape	Starfish	Hens	Mix set
7	Heart shape	Squre	Herricane	Rose with Incense set
8	Octagon shape	Tub	Cupid	Ten flower candles
9	Hexagon	Sink	Coconut with basket	Flower candle with silk box
10	Spiral shape	Messure glass	Bamboo	Flower candle with sapaper box

## (2) Product Positioning

Our product positioning is to create the superior image by offering high quality products with the competitive prices over the others.

In the first startup, our company's product mix consists of four strong product lines: Scented Candle, Jelly Candle, Fancy Candle, Floating Candle as Table 2.24.

From the above, there are four product lines with ten length of each line. Not only that, there are the depth of each line by size, color, and scent.

Regarding the time preparing for customers' ordering, suppliers' producing, and shipping. We have to plan the product planning in advance. For our product planning, we plan to launch 10 new designs of each line every three months by launching at January, April, July and October as Table 2.25.

Table 2.25. Product Planning.

Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Summer Design			Free Style Design			New Year Design			Valentine Design		

In addition to offering various styles of primary package to attract customers, we believe that well-designed packages can create the promotional value of product and differentiate from others to create



company's image. Not only that, we offer special sets of products and accessories such as ceramic tray, wood or bamboo tray, glass tray, etc.

In the future plan, we have to plan to expand product line by introducing new product lines which are related to our decorative candles such as the accessory line, these are candlestick, stand, tray including refilled candles for some designs.

According to the market competition, we decide to sell products under our own brand name because brands can create comparison among sellers. We need to use a brand to differentiate our product from others and contribute our product quality to customers. At the startup period, we use "Blanket family name" strategy to manage our brand name policy because we need to run our business step by step by starting to create only one brand name to represent our product quality until it becomes a strong brand name. All product lines using the same brand name have less development cost to create brand name recognition and easy to introduce a new product if we succeed in building this brand name. However, the policy can be changed according to the market expansion.

Furthermore, labeling is very important to promote our company's image and product brand name. We have two labels, a label describes the product such as how it is to be used, how to use it safely, when it is made, what it contains and who are the distributor. Another is the brand name label to create brand awareness. These two labels are made by the suppliers as suppliers' service. However, the policy of labeling can be changed depending on the customer requirements.

Although our products are direct export and export through dealer, our market is export market. So, our company uses the same product policy for both markets.

(b) Price

In setting the price of our product, the company has to know the pricing objective, market demand, company's costs, competitors' prices and other factors which affect price changing so that the company can set the smart price. So, our company must first select the pricing objective because it can help the company ease to set the price.

(1) Price objective

As our company's marketing objective is to maximize the market share so, our pricing objective must correspond with it. That means our pricing objective is to maximize the market share because we cannot expect to maximize profit in the first startup. So, to create brand awareness and gain some market share in the decorative candle target markets is our company's first success as mentioned:

- (a) To set the price that can cover the company's total costs.
- (b) To offer the most reasonable price that match product's quality.

(2) Pricing Strategy and Tactic

In the first startup, our company decided to use the markup pricing strategy by adding a few markup for profit and cover our costs. However, our price should be equal price or a little cheaper than competitors when compared to the quality, design, package and service. We use this strategy because we need to create brand awareness and maximize market share. However, our competitive

price must cover our costs and should not be too low because it will affect our product and company image.

After our customers know our brand name and have trust in our product quality, we will charge a little higher markup into a new product launching, including the season period in order to create brand image and the return on investment.

Here are the major factors that influenced the price setting:

(a) Demand Factor

Normally, demand and price are inversely related, the higher price, the lower demand. To study the price sensitivity of customers and the price elasticity of demand, our company believes that our product quality and unique value added can reduce the level of price sensitivity and elastic demand of them.

(b) Estimating Costs

We must concern about our company's costs before setting the price of product. There are two forms, fixed and variable. As we are a trading company, we buy the completed products including label, company brand name, primary and second package from suppliers. So, all fixed and variable cost are the cost of sale and management. Our company's fixed cost is rental fee, salaries, employee's social security, utility supplies, loan's interest and so on. The variable cost is transportation, marketing costs, communication, and so on. All of these costs will be mentioned in detail in the financial plan.

(c) Competitors' Costs and Prices

As our company is a newcomer and lacks experiences in running this type of business, it is difficult for us to manage the costs effectively when compared to competitors. That means if we need to set the equal price or less than competitors, we may possibly lose because competitors may dump their price down to compete with us. This is the major barrier in setting our product pricing.

(3) Price Set-Up Method

As there are various products and prices, we have to find an average price and weight for setting up our selling price and estimating sales volume. From Table 2.26, we can find an average price as follows:

$$\begin{aligned} \text{Mean of Price} &= \frac{\text{Sum of the price values}}{\text{Total number of product items}} \\ &= \frac{(55+50+30+30+35+40+30+60+25+25+25+35+20+20+25+15+40 \\ &\quad +40+45+35+75+75+95+95+100+100+65+60+60+45+65+75+85)}{33} \end{aligned}$$

$$= 1,675.00 / 33$$

$$= 50.75 \text{ Bahts / unit}$$

$$\begin{aligned} \text{Mean of Weight} &= \frac{\text{Sum of the weight values}}{\text{Total number of product items}} \end{aligned}$$

Table 2.26. Initial Cost and Weight of Products.

Variety	Size	Weight (g.)	Price/ Unit (Baht)
<b>Jelly Candles :</b>			
Four Hearts	-	105	55.00
Two Hearts	-	85	50.00
Heart Circle	-	50	30.00
Flower	-	50	30.00
Colorful Jelly	-	90	35.00
Starfish	-	120	40.00
Square	-	85	30.00
Tub	-	120	60.00
Golden Sink	-	30	25.00
Measure Glass	-	30	25.00
<b>Fancy Candles :</b>			
Engine	-	260	25.00
Bulb	-	40	35.00
Animals	-	78	20.00
Sparkling Stick	-	36	20.00
Stand	-	120	25.00
Hens	-	40	15.00
Herricane	-	70	40.00
Cupid	-	140	40.00
Coconut with basket	-	170	45.00
Bamboo	-	70	35.00
<b>Floating Candles :</b>			
Lotus	-	270	75.00
Lotus in Coconut Shell	-	400	75.00
Two flower candles	-	420	95.00
Rose	-	390	95.00
Four Floating Candles	-	370	100.00
Mix Set	-	570	100.00
Rose with Incense set	-	250	65.00
Ten Flower Candles	-	200	60.00
Flower Candle with Silk Box	-	170	60.00
Flower Candle with Sapaper Box	-	170	45.00
<b>Scented Candles :</b>			
Pilar, Box, Triangle, Cone, Pyra-Mid,	S	390	65.00
Circle, Heart, Octagon, Hexagon,	M	450	75.00
and Spiral shape	L	750	85.00
<b>Remarks:</b>			
-There are Ten shapes and each shape has three sizes.			
-There are the same price of each shape and size.			
<b>Total</b>		<b>6,589</b>	<b>1,675.00</b>



$$\begin{aligned}
 &= (105+85+50+50+90+120+85+120+30+30+260+40+78+36+120 \\
 &\quad +40+70+140+170+70+270+400+420+390+370+570+250+200 \\
 &\quad +170+170+390+450+750)
 \end{aligned}$$

---

33

$$= 6,589 / 33$$

$$= 200 \text{ g. or } 0.2 \text{ Kg.}$$

Our Decorative Candle Trading business has the following costs

and sales expectations:

Expected unit sales (in the first year)	52,810.00	units
---	-----------	-------

Estimated Fixed Operation Costs:

Salary	480,000.00	Bahts
Social Security	12,600.00	Bahts
(Computed at 3% of Salary)		
Utilities (water & electricity)	36,000.00	Bahts
Office rental	96,000.00	Bahts
* Web site fee	48,000.00	Bahts
Internet fee	12,000.00	Bahts
Miscellaneous	36,000.00	Bahts
Depreciation	<u>84,745.00</u>	Bahts
Total	<u>805,345.00</u>	Bahts

Estimated Variable Costs:

Initial cost of product	2,680,108.00	Bahts
(Computed at an average price 50.75 Bahts/unit)		
Telephone	38,234.00	Bahts
Transportation	52,810.00	Bahts

Marketing cost 57,352.00 Bahts

Total 2,828,504.00 Bahts

So, we can find the variable cost per unit by:

$$\begin{aligned}\text{Variable cost / unit} &= \frac{\text{Total estimated variable costs}}{\text{Expected sale units}} \\ &= 2,828,504 / 52,810 \\ &= 54 \text{ Bahts / unit}\end{aligned}$$

Our Decorative Candle Trading business's unit cost is given by:

$$\begin{aligned}\text{Unit cost} &= \frac{\text{variable cost} + \text{fixed costs}}{\text{Unit sales}} \\ &= \frac{53 + 805,345}{52,810} \\ &= 69 \text{ Bahts per unit}\end{aligned}$$

We divide the percent mark up by 5 percent mark up for our direct exporting customers and 3 percent mark up for selling through dealers. Our markup price is given by:

$$\text{Markup price} = \frac{\text{unit cost}}{(1 - \text{desired return on sales})}$$

Selling price for direct export customers:

$$\begin{aligned}&= \frac{69}{(1 - 0.05)} \\ &= 73 \text{ Bahts per unit}\end{aligned}$$

Selling price for dealers:

$$\begin{aligned} &= \frac{69}{(1 - 0.03)} \\ &= 71 \text{ Bahts per unit} \end{aligned}$$

So, our selling price is 73 Bahts per unit for direct export customers and make a profit of 4 Bahts per unit, and dealers' selling price is 71 Bahts per unit with 2 Bahts per unit for profit. These selling prices are prices at minimum order and exclude the shipping cost. The product's selling price will be used to analyze the financial projection plan for five years.

For our pricing policy, we can not charge high percent mark up for high profit due to the competitive price in this market. In addition our objective is to penetrate this market by maximizing market share so, our selling price should be equal or cheaper than competitors. Our company decide to set a few different selling price for local and export markets to avoid price dumping and preventing mark-up too high from dealers, including to protect the company image. For the five years planning, we try to sell more volumes with these same prices through the five years analysis.

(c) Distribution

(1) Distribution Objectives

- (a) To distribute products covering our target markets with lowest costs but highest efficiency.
- (b) To distribute products covering around Bangkok area within the first year of operation.

- (c) To expand the distribution covering all travel cities in Thailand within the next five years.

In the first year of distribution planning, we would like to test the market acceptance of Thai Decorative Candle product in our target markets. In addition to our limited capital, so we have to select the best distribution channel that can reach our target customers with the lowest cost. From our survey there are two distribution channels where can reach foreigners' demands. The first channel is to open a shop at JJ market, a favorite shopping place for foreigners. The second channel is to open a shop on web site or doing E-Commerce. The percentages of Internet users are increasing rapidly with more benefits of Internet such as no limitation of time and place, reducing administration expenses and so on. For doing web site, we have to decide that we will create our web site by our company or rent the space from the professional web server. Before making the decision we have to consider the cost of each distribution channel as Table 2.27.

From the cost of each channel as above, we decide to do business online with Thailand.com/Meet World Trade because of cheapest investment with highest benefits. Thailand.com/Meet World Trade is web gateway of exporter and enables Thai exporters to promote the products rapidly and effectively. It provides one-stop source for information and services such as Enterprise storefront, Negotiation platform, Training, Customer service and E-trade services integration as Appendix A.

As our company is a new player in this market, it is very important that the company should find the potential dealers to carry our products. This can help the company easily penetrate the market. So, we plan to sell

Table 2.27. Distribution Channel Consideration.

<b>Description</b>	<b>A</b>	<b>B</b>	<b>C</b>
Place	To open shop at JJ Market	To create own web site by hiring others	To open shop by create own web site at Thailand.com/Meet World Trade
Rental Fee	15,000 - 20,000 Bahts (for the good location)	As mention below	4,000 Bahts (for 5 product displays)
Domain Name Registration	No	750 - 800 Bahts / year	Free
Web Hosting	No	600 - 1,500 Bahts / month (depend on the space requirement)	Free
Web Design	No	2,000 - 2,500 Bahts / page	Free
Web site Promotion	No	4,000 Bahts (for 200 Search Engine Submission on both Thai and Oversea)	Free

Remarks: This price is excluded VAT 7%



our product through the potential dealers who can help the company reach our targets.

For selecting the target dealers in the first year planning, we specify an area in Bangkok only due to the limited budget and the lose control protection. Moreover, we would like to test the market acceptance. By the nature of product, is shopping good, we select the department stores and the souvenir shops, located in the hotels as our target dealers by observing from their customers' nationalities and location as significance. Here are our target dealers as follows:

(a) Department Stores:

- (1) Central Department Store : Branches: Ladprao, Chit Lom, Zen, Rama III
- (2) Siam Discovery: Pathumwan Rd.
- (3) Sogo: Pern Jit Rd.
- (4) Tokyu: Pathumwan Rd.
- (5) Emporium: Sukumvit Rd.

(b) Hotels:

- (1) Hotels which are located at the business roads such as Pechaburi Rd., Sukumvit Rd, Rama IV Rd, Silom Rd, Sathorn Rd., Charoen Kung Rd, Pathumwan Rd., etc.

In the third year planning, our company plans to open our exclusive shop at JJ market or other markets which can reach our targets in order to serve the wholesale customers. The main reason for opening a shop is, to be our product showroom, to survey the competitors' progresses, the trend of product and market changing.

In the future expansion, we would like to expand the business to major up-countries which offer main tourism, after the company has achieved target sales volume from the dealers in Bangkok area. We plan to distribute our products by setting up a distributor in each region. The distributors will distribute our products to the potential dealers. Here are the regions where we plan to expand our products during the third year as follows:

- (1) Northern region: Chaing Mai
- (2) North-East region: Nakorn Rajchasi
- (3) Middle region: Karnchanaburi
- (4) Eastern region: Rayong
- (5) Southern region: Puket

However, in some region the prices of decorative candle products are very competitive because there are cheaper costs of production such as Chaing Mai so, we have to consider our price, product and promotion strategy in order to deal with the current market.

For the distribution channel, although our target market is mainly export market, it is necessary to have local dealers to push our product to those markets. So, we decide to use two distribution channels to reach our target markets. They are web site or E-commerce as the export distribution channel and local dealers at the department store and hotel souvenir shops in Bangkok and up-countries areas, including opening a shop as the local distribution channel.

(d) Promotion

(1) Promotion Objectives

- (a) To create brand awareness of our decorative candle products to our target markets by introducing the quality products with competitive prices.
- (b) To create the demand for our products by 0.5 percent from total forecasted decorative candle sales volume of our target markets in the first year.
- (c) To motivate the dealers to push our products to the customers.

In the first year planning, our company focuses on online selling because we open a shop at the professional web server, Thailand.com/Meet World Trade which is already doing marketing and advertising, in addition to using the direct e-mail sending and catalog online as tools to introduce our company and products to our target markets to both local and export markets due to the limited capital.

Moreover, our company offers pricing discount for more volume purchases and off-season buying as our sale promotion for importers and local dealers as follows:

(1) Importers

- (a) 5% discount for ordering 5,000 pieces per style (100 pieces : color : size : scent).

(2) Local Dealers

- (a) 5% discount for ordering 500 pieces per style (50 pieces : color : size : scent).

Normally, our buying condition for importers is 1,000 pieces per style as minimum order with 30% deposit when placing order and pay the rest when receiving completed products. For local dealers, 100 pieces per style as minimum order 30% deposit when placing order and 30 days credit term for the rest payment.

In the future expansion during the fourth and fifth year, we have a plan to do both local and oversea trade show exhibits with the Department of Export Promotion as follows:

- (1) Thailand International Trade Fair Programs
  - (a) Bangkok International Furniture Fair ( BIG ) on April.
  - (b) ASEAN Trade Fair ( ATF ) on October.
- (2) Oversea Trade Fair Programs
  - (a) NY International Gift Fair on January at New York, U.S.A.
  - (b) Maison & Objet on September at Paris, France.
- (d) Service Policies

Our company uses these service policies for both local and export customers to protect unexpected situation.

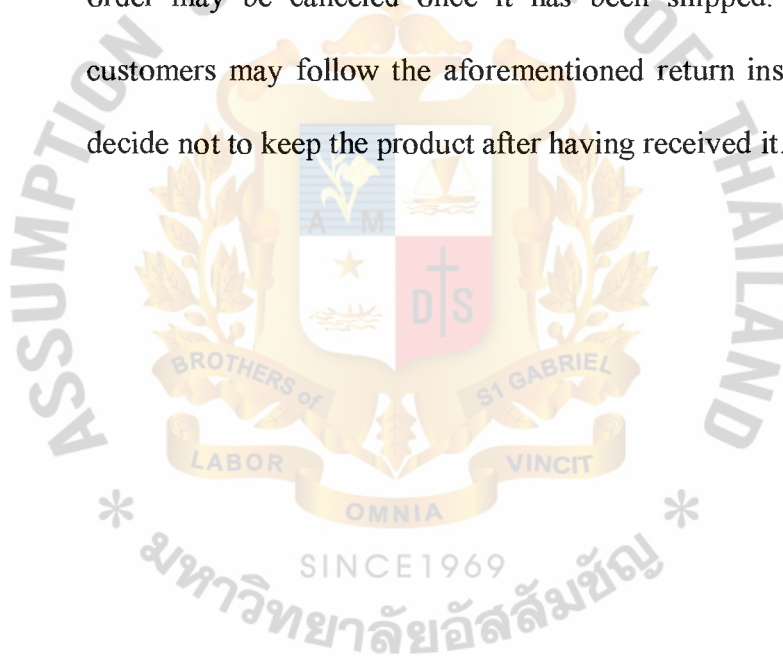
- (1) Damaged/ Incorrect Products or Incomplete Orders policy

At our company, we are focused on pleasing customers. If customers have received a damaged or incorrect item or missing some part of order, we will be happy to replace any damaged items, or a comparable replacement is available, or provide customers with a full refund, including all shipping costs, before two weeks or fourteen days after the products had shipped. Our customers must sent us a

claim letter from customers indicating their name, order number, and address provide as much detail as possible about the situation.

(2) Canceling an order policy

Once customers have placed an order, the request is promptly sent to our suppliers. Therefore, it is generally not possible to cancel an order once it has been submitted. However, if their order has not yet been shipped and they need to cancel it, we will determine if it will be possible to half the fulfillment of the order. Please note that no order may be canceled once it has been shipped. In those cases, customers may follow the aforementioned return instructions if they decide not to keep the product after having received it.





### **III. OPERATION PLAN**

#### **3.1 Production Plan**

Production plan included the demand and capacity management, the inventory management, the location selection, the purchasing process, the control system and standard quality product.

##### **3.1.1 Buying Decision**

Normally, most trading companies are buyers, not makers. Our company is a buyer who buy the products from the manufacturers or producers for selling. We decide to be a buyer rather than a maker because we are a small business and a new startup. So, buying is a cheaper way for our limited capital. Buying can make us flexible for ordering in case of low season or high season. It is not a request for more skills and experiences including reducing the risk for long term investment.

##### **3.1.2 Management's Policies for Buying**

###### **(1) Demand**

As our product is a handicraft product offer various styles, sizes and color, we will order products according to customers' orders. So, "Back Orders" is suitable for our company to manage the demand because we do not need to hold the inventory. The production lead time depends on the quantity and designs of products.

###### **(2) Capacity**

Our company uses many suppliers to supply products because we will have wide product varieties and can get the best condition of price, quality and service from them. Besides, we can know the market price of suppliers. We select suppliers by focusing on the product quality, minimum order

required, maximum productive capacity, company location, services provided and credit terms as follows:

(a) The product quality

In selecting the suppliers, their product quality must be up to the export product standard. We will ask them to send us the product sample to test. Moreover, the details of product are also important because a decorative candle is a handmade product.

(b) The minimum order requirement

Because we are a new startup company, the minimum order requirement is important to help us in the order flexibility.

(c) The maximum productive capacity

This factor can ensure that there is low risk of shortage problem.

(d) The supplier location

Our suppliers should have the offices or factories located in the Bangkok area because we need the convenience for the connection and transportation such as a urgency case. Besides, we can reduce occurring costs.

(e) The production specialization

Normally, all suppliers can make all kinds of decorative candles. But all of them must specialize in some kind by observing from their high sales volume. It can ensure us that there is no product quality and packing problem of that kind of decorative candle.

(f) Price

There is a wide range of product selling prices due to the design and material used. However, using many suppliers can help us to find the cheapest product.

(g) Term payment

This is very important to increase the company's liquidity. As the nature of this business is only cash selling by paying the deposit when placing an order, and paying the rest when that order is completed. So, we have to consider the minimum deposit amount in order to extend our liquidity of cash payment.

(h) Services

The services of suppliers are also important in our consideration. Because we need the completed products with label, package and packing.

At this moment, our company has the connection with five suppliers as Table 3.1. From the above, our company selects the suppliers whose product is up to standard and their companies are located in Bangkok area as preferable. At our investigation, actually, all of them can do all kinds of decorative candles so, our orders are flexible to all of them based on their price offering and minimum order requirement.

### 3.1.3 Inventory Management

Our demand management policy is “Back Orders” or “Made to Order”, because this product is made under the customers' requirement, and the requirement of each customer is different. In addition the company policy is need to save the cost of inventory holding and avoid the dead stock. So there is no inventory in our company.

Table 3.1. Suppliers' Details.

Description	Suppliers				E
	A	B	C	D	
Product Quality	Standard	Standard	Standard	Standard	Standard
Location	Bangkok	Bangkok	Bangkok	Bangkok	Bangkok
Product Capacity per month (pieces)	50,000	30,000	20,000	30,000	30,000
Average minimum order (pieces)	100	100	100	100	100
Production Lead Time	Depend on the quantity of order				
Production Specialization	Scented Candle	Scented Candle	Floating Candle	Jelly Candle	Fancy Candle
Price Ranking	Low	Average	High	Average	High
Term of Payment	30% deposit when placing order, 70% when receiving completed products				

#### 3.1.4 The Selection of Location

In selecting the company location, it should be the center area between all supplier and transportation. In case of exporting, normally, this product is exported by sea. So, the company location should be located at the center of suppliers and seaport in order to reduce the transportation costs. In this project, we use a shareholder house which is located at Sathupadit Road to be an office.

#### 3.1.5 Purchasing Process

Our purchasing condition is 30 percent deposit when placing an order and 70 percent for the rest payment when completed order. The minimum order for direct customers are 1,000 pieces per style (100 pieces / color / size / scent), and 100 pieces per style (50 pieces / color / size / scent) for local dealers. The purchasing process is shown as a summary in Figure 3.1.

##### (1) Receipt of a purchase requisition

We have to understand the details to put in a purchase requisition before placing a purchase requisition to suppliers, when we receive a purchase order with 30 percent deposit payment from customers. A purchase requisition should be a simplified format and cover all details such as date of order, payment condition, product volume, product code, product description, price per unit, total payment, receiving date, name of order maker, signer of manager and so on. Finally, we should make a duplicate document for our reference.

##### (a) Selecting suppliers and issuance of a purchase order

Then we investigate and select suppliers from the above Table and prepare and issue a purchase order and pay 30 percent deposit to that supplier.



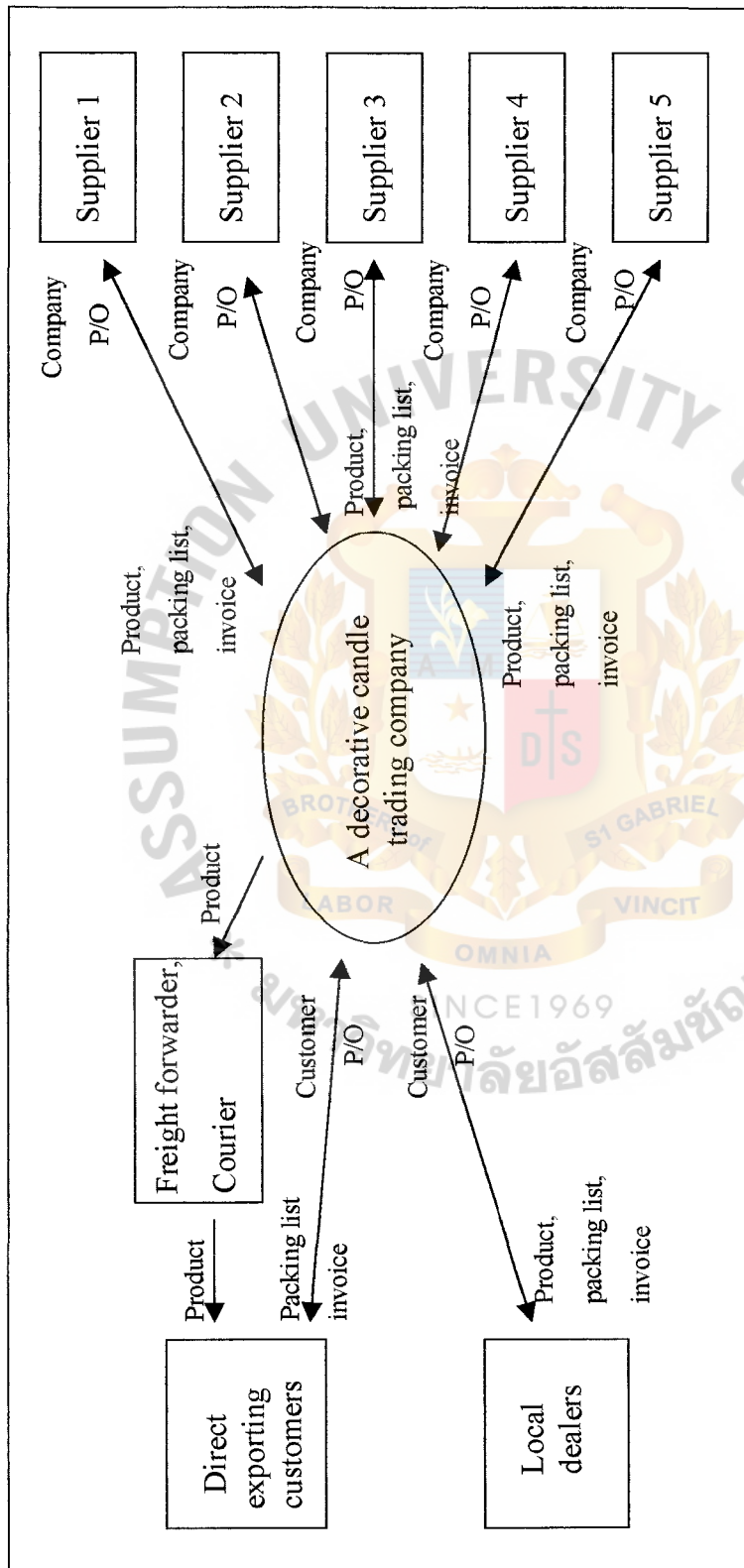


Figure 3.1. The Purchasing Process.

(b) Follow-up of a purchase order

This process is made to make sure that our order will be completed on time.

(c) Verification of receipt products

After we receive products, we have to inspect whether the products are completed as our purchase order. The suppliers will send the completed products with packing slip and invoice. We can verify products by comparing the supplier's packing slip to our purchase order. If the products are not correct, we must inform the supplier by letter as fast as possible.

(d) Completing the order

After the order is completed, we pay 70 % for the rest payment according to the suppliers' invoices. Then we confirm the delivery date and issue our invoice, packing slip to customers in order to collect the rest of payment.

\* In case of direct exporting, we will do the export process by 5 – 10 percent service charge from the freight agent's invoice.

### 3.1.6 Control System

Before we make the transaction with our suppliers, we need to make an agreement about unexpected problems such as the damaged products, the delay of delivery and so on. We must commit our requirements clearly in our orders. Besides, we have to build a good relationship with our suppliers for working smoothly and better controlling including long term benefits such as bargaining power, good service provided and so on. To control the standard of product quality, we request suppliers a sample of product

for testing by lighting after we have placed an order. Then we make a final checking after an order is completed before sending to our customer.

#### (1) Quality Product Requirement

The surface of candle must be glinted, bright color and no bubble. A candle must have a good scented oil and is packed completely to protect the scent evaporation and candle. A candle must have low smoke, no low dripping and slow burning while it is lighting. A good candle can be lit for long hours. We show an example of our product quality standard for scented candles as Table 3.2.

Table 3.2. Company Quality Product Requirement.

<b>Size (inch)</b>	<b>Burning Time (hr.)</b>	<b>Weight (g.)</b>
3 x 3	30	340
3 x 4	50	460
3 x 6	70	700

### 3.2 Project Management Plan

The project management plan should be conformed to the operation plan of our Decorative Candle Trading Business which has ten years operation plan. The purpose of this project management plan is to determine the managing business activities and costs which are important for establishing the company.

### 3.2.1 Managing Business

For the part of managing business, it's very important that every company should have the organization structure to indicate the flow of communications and the delegation of responsibilities, and use the job description to describe each employee's job and the duties assigned. It can eliminate the problem of repetitive tasks.

Although, the study of Decorative Candle Trading business is a small business, a simple organization structure is also very important to help a small businessman arrange his employees suitable position and easy to monitor and control them.

For our business, we see human resources as very important. Without them, our business cannot run successfully in the present situation. Because our trading business is a small business, we need to design our organizational structure to suit the size of business and budget in order to manage easily as follows:

#### (a) **Organization Structure**

##### Manager

Normally, the owner of a small business is the manager who sets the policy and do all functions of management including planning, organizing, staffing, directing and controlling.

##### Finance & Accounting Section

A Finance & Accounting Officer works as an assistant of the manager to assist in the finance and account processes such as setting financial planning, controlling income and outcome account, contacting Revenue Department, making finance and account documents and reports, including making payroll and administrative works.

### Marketing Section

A Marketing Officer works as an assistant of the manager to assist in sale and marketing process such as contacting customers, suppliers and freight forwarders, doing sale and marketing document and report including inspecting product before shipping.

#### **(b) Criteria of Recruiting**

##### Finance & Accounting Officer

- (1) Bachelor's degree in Accounting or Finance.
- (2) Thai national, Female, age between 25 - 30 years.
- (3) Mature & self-motivated with strong analytical & problem solving skills.
- (4) Experience in either accounting, cost controlling or finance will be an advantage.
- (5) Fair command of written and spoken English.
- (6) Good knowledge of PC usage:- MS Office.

##### Sales & Marketing Officer

- (1) Bachelor's degree in Marketing.
- (2) Thai national, Male or Female, age between 22 - 25 years.
- (3) Working experience is not necessary.
- (4) Good command in both written and spoken English.
- (5) Good knowledge of PC usage: MS Office, Internet.
- (6) Responsible, initiative and enthusiastic.
- (7) Strong interpersonal skills.



**(c) Human Resource Allocation**

The human resource allocation of our business consists of 1 Manager, 1 Finance & Account Officer and 1 Marketing Officer as the Table 3.3.

Table 3.3. Description of Human Resource Allocation.

Position	Number of Staff	Salary (Baht/Month)
1. Manager	1	20,000
2. Finance & Accounting Officer	1	10,000
3. Marketing Officer	1	10,000
<b>Total</b>		<b>40,000</b>

From the allocation of our human resources, our company has to pay 40,000 Bahts per month or 480,000 Bahts per year for employees' salaries. This value will be used in the financial analysis.

In the future expansion, our company will employ a new sales & marketing officer to support our business expansion, and increase salaries with positions for the current employees as Tables 3.4, 3.5. However, the salary increasing policy depended on the sales revenue of company.

Table 3.4. Description of Human Resource Allocation for the Future Expansion.

Position	Number of Staff	Salary (Baht/Month)
1. Sales & Marketing Officer	1	10,000
<b>Total</b>		<b>10,000</b>

Table 3.5. The Description of Salary Increasing Policy.

No.	Description	2003	2004	2005	2006	2007
1	Manager	-	5 %	10 %	10 %	15 %
2	Asst. Finance & Accounting Manager	-	5 %	10 %	10 %	15 %
3	Asst. Sales & Marketing Manager	-	5 %	10 %	10 %	15 %
4	Sales & Marketing Officer	-	-	-	10 %	15 %

From the above information will be calculated in the financial plan.

**(d) Equipment and Office Automation Procurement**

Regarding the Decorative Candle Trading business set up and work by three officers, there are a few number of equipment and office automation

requirement which are necessary for the operation only. This can help an investor to save cost of investment. So, the equipment and office automation should be the telephone, facsimile, computer, copier, etc.

Table 3.6. Description of Equipment and Office Automation.

Item No.	Number of Unit	Cost (Baht)
1. Telephone	3	3,600
2. Facsimile	1	7,000
3. A set of computer including Internet modem, printer.	3	105,000
4. Copier	1	40,000
5. Air conditioner	1	40,000
6. Furniture		80,000
<b>Total</b>		<b>275,600</b>

The above information is the fixed cost of investment which will be used to compute in the financial analysis with 20 percent depreciation per year for five years.

**(e) Pre-Operation Expenditures**

Not only the above that we should consider for planning the project management plan of establishing the company, we should not over look the expenditures of activities which are occurred before establishing or pre-

operation expenditures. Almost one year of pre-operation activities including studying the project feasibility, selecting the site for the company location, company registration, searching the shareholder, earning the capital from shareholder and loan, recruiting human resources, and providing the operation equipment. We can summarize the costs and estimated times of pre-operation activities as Tables 3.7 and 3.8.

Table 3.7. The Pre-Operation Cost.

Activity	Cost (Baht)
1. The Project Feasibility Study	30,000
2. Company Registration	20,000
3. Personnel Recruitment	50,000
4. Other Expenses	20,000
5. Pre-Operation Loan Interest	28,125
<b>Total</b>	<b>148,125</b>

Our purpose is to study this business as a small business that suits for investors who are unemployed or need to have own business with limited capital budgets. The investors can use their resources to reduce the cost of investment by using their house to be an office. In this project, we need 40 – 60 square meters for our office so, we decide to use own house to be an office by paying monthly rental fee. So, we include the cost of site selection,

shareholder selection and capital concentration in other expenses part to a very small amount.

These expenditures which have the total of 148,125 Bahts will be analyzed at the part of financial plan with 20 percent depreciation per year for five years.

Table 3.8. The Operation Time of Pre-Operation Activities.

Activity	Time (day)
1. The Project Feasibility Study	120
2. Site Selection	15
3. Shareholder Selection	30
4. Capital Concentration ( Shareholder & Loan )	30
5. Company Registration	30
6. The Office Equipment Providing	30
7. Personnel Recruitment	60

From the above information, we can show the activities and time of each activity during the pre-operation period in the form of Gantt chart which is easy for monitoring and controlling as Figure 3.2.

Activity	Time (day)	Dec.'01	Jan.'02	Feb.'02	Mar.'02	Apr.'02	May.'02	Jun.'02	Jul.'02	Aug.'02	Sep.-Dec.'02
1 .The Project Feasibility Study	120										
2 .Site Selection	15										
3 . Shareholder Selection	30										
4 . Company Registration	30										
5 . Capital Concentration	30										
6 .The Office Equipment Preparation	30										
7 .Personnel Recruitment	60										

Figure 3.2. Gantt Chart Shown the Pre-Operation Activities with Estimated Time.



## IV. FINANCIAL PLAN

Our financial analysis include revenue analysis from our expected sales volume, expenditure analysis. Finally, we have to analyze the net present value (NPV) the internal rate of return (IRR), and the payback period, to ensure whether this business is feasible to.

### 4.1 The Sales Revenue Analysis

Our company revenue is analyzed from our sales volume forecasting during 2003 to 2007. We divide our expected sales volume by 70 percent for direct exporting customers with 73 Bahts selling price per unit and 30 percent selling through dealers with 71 Bahts selling per unit. The description of expected sales volume, selling price and total revenue as shown in Table 4.1.

### 4.2 The Expenditure Analysis

Our company expenses are consisted as fixed investment cost, pre-operation expenditure, operation expenditure and other expenses.

#### (a) Fixed Investment Cost

Most fixed investment costs are the equipment and office automation expenses which includes:

(1)	A set of computer	3 sets	105,000	Bahts
(2)	Facsimile	1 unit	7,000	Bahts
(3)	Copier	1 unit	40,000	Bahts
(4)	Air conditioner	1 unit	40,000	Bahts
(5)	Furniture & Equipment		80,000	Bahts
(6)	Telephone	3 units	<u>3,600</u>	Bahts
	<b>Total fixed investment cost</b>		<b><u>275,600</u></b>	<b>Bahts</b>

The description of total investment cost is shown in Table 4.4.

**(b) Pre-Operation Expenditure**

Our pre-operation expenditure is set for the pre-operation estimated one year as including:

(1)	Study the project feasibility	30,000	Bahts
(2)	Company registration	20,000	Bahts
(3)	Personnel recruitment	50,000	Bahts
(4)	Other expenses	20,000	Bahts
(5)	Pre-operation interest	<u>28,125</u>	Bahts
	<b>Total pre-operation expenditure</b>	<b><u>148,125</u></b>	<b>Bahts</b>

The description of pre-operation expenditure is shown in Table 4.5.

**(c) Operation Expenditure**

All operation expenditures include the administration costs and marketing costs.

**(1) Salary**

\* Our salary expenditures are computed according to the company policy. Our salary expenditure is shown in Table 4.2.

**(2) Social Security**

Social Security is computed at 3% of salary as follows:

Salary is not more than 15,000 Bahts per month, is computed at 3% of salary.

Salary is equal or more than 15,000 Bahts per month is computed at 450 Bahts per month as the maximum rate.

The social security expenditure is shown in Table 4.3.

- (3) Office Rental
- |                                  |         |       |
|----------------------------------|---------|-------|
| (a) In the first and second year | 96,000  | Bahts |
| (b) In the three and forth year  | 216,000 | Bahts |
| (c) In the fifth year            | 240,000 | Bahts |
- (4) Web site fee
- |  |        |       |
|--|--------|-------|
| (a) this price for five products display | 48,000 | Bahts |
|--|--------|-------|
- (5) Internet fee
- |  |        |       |
|--|--------|-------|
|  | 12,000 | Bahts |
|--|--------|-------|
- (6) Utility Supply (Water and Electricity)
- |  |        |       |
|--|--------|-------|
|  | 36,000 | Bahts |
|--|--------|-------|
- (7) Telephone
- |  |        |       |
|--|--------|-------|
| (a) Telephone is computed at 1% of Sales revenue |        |       |
|  | 68,231 | Bahts |
- (8) Transportation
- |  |  |  |
|--|--|--|
| (a) Transportation is computed at 1 Baht for a unit. |  |  |
|--|--|--|
- (9) Miscellaneous
- |   |        |       |
|---|--------|-------|
| (a) Miscellaneous is set for administration equipment such as stationery. | 36,000 | Bahts |
|---|--------|-------|
- (10) Marketing Cost
- |  |  |  |
|--|--|--|
| (a) In the first three years, marketing cost is computed at 1.5% of Sales revenue. |  |  |
| (b) In the fourth year, marketing cost is computed at 2% of Sales revenue.         |  |  |
| (c) In the fifth year, marketing cost is computed at 3% of Sales revenue.          |  |  |

The description of operation expenditures are shown in Table 4.8.

### 4.3 Depreciation

The depreciation of office automation and pre-operation expenditures would be computed at 20% per year for five years life.

(1)	A set of computer	3 sets	21,000	Bahts
(2)	Facsimile	1 unit	1,400	Bahts
(3)	Copier	1 unit	8,000	Bahts
(4)	Air conditioner	1 unit	8,000	Bahts
(5)	Furniture & Equipment		16,000	Bahts
(6)	Telephone	3 units	720	Bahts
(7)	Pre-Operation expenditure		<u>29,625</u>	Bahts
	<b>Total annual depreciation</b>		<b><u>84,745</u></b>	<b>Bahts</b>

The description of annual depreciation is shown in Table 4.7.

### 4.4 Source of Fund

This project is registered at 1,000,000 Bahts as the capital registration. Debt / Equity ratio of this project is determined by 1 : 1. The capital paid up at 250,000 Bahts from shareholder and 250,000 Bahts from short-term loan. The interest of short-term loan is computed at  $MRR + 2\%$ . For this project, we use the maximum rate 11.25% ranging from 9.75% to 11.25% due to avoid changing of MRR.

### 4.5 Dividend Payment

The dividend payment policy is payment at 10% of profit after tax.

### 4.6 Working Capital

As this project is a trading business, the selling and buying policy are deposit when order is placed and pay the rest when order is completed. So, the process of selling and buying are made by cash only.

#### 4.7 Income Tax

The income tax of this project is 30%.

Table 4.1. Total Sales Revenue during 2003 - 2007.

Year	Description	Quantity (unit)	Price/Unit (Baht)	Total (Baht)
2003	Direct Export	36,967	73.00	2,698,591
	Indirect Export - Selling through dealers	15,843	71.00	1,124,853
	<b>Total Expected Unit Sales</b>	<b>52,810</b>		
	<b>Total Annual Sales Revenue 2003</b>			<b>3,823,444</b>
2004	Direct Export	40,915	73.00	2,986,795
	Indirect Export - Selling through dealers	17,535	71.00	1,244,985
	<b>Total Expected Unit Sales</b>	<b>58,450</b>		
	<b>Total Annual Sales Revenue 2004</b>			<b>4,231,780</b>
2005	Direct Export	53,837	73.00	3,930,101
	Indirect Export - Selling through dealers	23,073	71.00	1,638,183
	<b>Total Expected Unit Sales</b>	<b>76,910</b>		
	<b>Total Annual Sales Revenue 2005</b>			<b>5,568,284</b>
2006	Direct Export	58,576	73.00	4,276,048
	Indirect Export - Selling through dealers	25,104	71.00	1,782,384
	<b>Total Expected Unit Sales</b>	<b>83,680</b>		
	<b>Total Annual Sales Revenue 2006</b>			<b>6,058,432</b>
2007	Direct Export	73,868	73.00	5,392,328
	Indirect Export - Selling through dealers	31,658	71.00	2,247,683
	<b>Total Expected Unit Sales</b>	<b>105,525</b>		
	<b>Total Annual Sales Revenue 2007</b>			<b>7,640,010</b>

Table 4.2. Total Annual Salary Payment.

Employee No.	Description	Period				
		2003	2004	2005	2006	2007
1	Manager	20,000	21,000	23,100	25,410	29,221.50
2	Finance & Accounting Officer	10,000	10,500	11,550	12,705	14,611
3	Sales & Marketing Officer	10,000	10,500	11,550	12,705	14,611
4	Sales & Marketing Officer			10,000	11,000	12,650
<b>Total Monthly Salary Payment</b>		40,000	42,000	56,200	61,820	71,093
<b>Total Annual Salary Payment</b>		480,000	504,000	674,400	741,840	853,116



Table 4.3. Total Annual Social Security Payment.

Employee No.	Description	Period				
		2003	2004	2005	2006	2007
1	Manager	450	450	450	450	450
2	Finance & Accounting Officer	300	315	347	381	438
3	Sales & Marketing Officer	300	315	347	381	438
4	Sales & Marketing Officer	-	-	300	330	380
<b>Total Monthly Social Security Payment</b>		1,050	1,080	1,443	1,542	1,706
<b>Total Annual Social Security Payment</b>		<b>12,600</b>	<b>12,960</b>	<b>17,316</b>	<b>18,508</b>	<b>20,474</b>

Table 4.4. Total Fixed Investment Cost.

Description	Construction 2002	Period				
		2003	2004	2005	2006	2007
Computer	105,000	-	-	-	-	-
Telephone	3,600	-	-	-	-	-
Facsimile	7,000	-	-	-	-	-
Air conditioner	40,000	-	-	-	-	-
Furniture	80,000	-	-	-	-	-
Copier	40,000	-	-	-	-	-
<b>Total</b>	<b>275,600</b>	-	-	-	-	-

Table 4.5. Total Pre-Operation Expenditures.

Description	Construction 2002	Period				
		2003	2004	2005	2006	2007
Study the project feasibility	30,000	-	-	-	-	-
Company registration	20,000	-	-	-	-	-
Personnel recruitment	50,000	-	-	-	-	-
Other expenses	20,000	-	-	-	-	-
<b>Total pre-operation expenditure (interest excluded)</b>	<b>120,000</b>	-	-	-	-	-
Pre-operation interest	28,125	-	-	-	-	-
<b>Total</b>	<b>148,125</b>	-	-	-	-	-

Table 4.6. Total Investment Cost.

Description	Construction 2002	Period				
		2003	2004	2005	2006	2007
1. Total fixed investment cost	275,600	-	-	-	-	-
2. Total pre-operation expenditure	148,125	-	-	-	-	-
Interest excluded	120,000	-	-	-	-	-
Interest	28,125	-	-	-	-	-
<b>Total</b>	<b>423,725</b>	-	-	-	-	-

Table 4.7. Total Annual Project Depreciation.

Description	Construction 2002	Period				
		2003	2004	2005	2006	2007
Computer	105,000	21,000	21,000	21,000	21,000	21,000
Telephone	3,600	720	720	720	720	720
Facsimile	7,000	1,400	1,400	1,400	1,400	1,400
Air condition	40,000	8,000	8,000	8,000	8,000	8,000
Furniture & Equipment	80,000	16,000	16,000	16,000	16,000	16,000
Copier	40,000	8,000	8,000	8,000	8,000	8,000
Pre-Operation Expenditure	148,125	29,625	29,625	29,625	29,625	29,625
<b>Total</b>	<b>423,725</b>	<b>84,745</b>	<b>84,745</b>	<b>84,745</b>	<b>84,745</b>	<b>84,745</b>

Table 4.8. Total Annual Costs of Products Sold.

Description	Period				
	2003	2004	2005	2006	2007
Initial product	2,680,108	2,966,338	3,903,183	4,246,760	5,355,394
<b>Cost of Initial Product</b>	<b>2,680,108</b>	<b>2,966,338</b>	<b>3,903,183</b>	<b>4,246,760</b>	<b>5,355,394</b>
Salary	480,000	504,000	674,400	747,840	860,016
Social Security ( 3% )	12,600	12,960	17,316	18,688	20,681
Office Rental	96,000	96,000	216,000	216,000	240,000
Web site fee	48,000	48,000	48,000	48,000	48,000
Internet fee	12,000	12,000	12,000	12,000	12,000
Utility supply ( Water & Electricity )	36,000	36,000	36,000	36,000	36,000
Telephone	38,234	42,318	55,683	60,584	76,400
Transportation	52,810	58,450	76,910	83,680	105,525
Miscellaneous	36,000	36,000	36,000	36,000	36,000
Depreciation	84,745	84,745	84,745	84,745	84,745
Interest	14,063	-	-	-	-
<b>Cost of Operation</b>	<b>910,452</b>	<b>930,473</b>	<b>1,257,054</b>	<b>1,343,537</b>	<b>1,519,367</b>
Marketing cost	57,352	63,477	83,524	121,169	229,200
<b>Cost of Selling</b>	<b>57,352</b>	<b>63,477</b>	<b>83,524</b>	<b>121,169</b>	<b>229,200</b>
<b>Total Annual Cost of Products Sold</b>	<b>3,647,911</b>	<b>3,960,287</b>	<b>5,243,761</b>	<b>5,711,466</b>	<b>7,103,961</b>



Table 4.9. Total Annual Variable Costs of Products Sold.

Description	Period				
	2003	2004	2005	2006	2007
Initial product	2,680,108	2,966,338	3,903,183	4,246,760	5,355,394
<b>Cost of Initial Product</b>	<b>2,680,108</b>	<b>2,966,338</b>	<b>3,903,183</b>	<b>4,246,760</b>	<b>5,355,394</b>
Salary	-	-	-	-	-
Social Security (3%)	-	-	-	-	-
Office Rental	-	-	-	-	-
Web site fee	-	-	-	-	-
Internet fee	-	-	-	-	-
Utility supply (Water & Electricity)	-	-	-	-	-
Telephone	38,234	42,318	55,683	60,584	76,400
Transportation	52,810	58,450	76,910	83,680	105,525
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Interest	-	-	-	-	-
<b>Cost of Operation</b>	<b>91,044</b>	<b>100,768</b>	<b>132,593</b>	<b>144,264</b>	<b>181,925</b>
Marketing cost	57,352	63,477	83,524	121,169	229,200
<b>Cost of Selling</b>	<b>57,352</b>	<b>63,477</b>	<b>83,524</b>	<b>121,169</b>	<b>229,200</b>
<b>Total Annual Variable Cost</b>	<b>2,828,504</b>	<b>3,130,582</b>	<b>4,119,300</b>	<b>4,512,193</b>	<b>5,766,519</b>
<b>Variable Cost / Annual Products Sold</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>55</b>

Table 4.10. Total Working Capital.

Description	Construction 2002	Period				
		2003	2004	2005	2006	2007
1. Account receivable	-	-	-	-	-	-
2. Cash in hand	76,275	149,049	298,839	588,034	891,368	1,313,824
Current Asset	76,275	149,049	298,839	588,034	891,368	1,313,824
3. Account payable	-	-	-	-	-	-
Current Liability	-	-	-	-	-	-
Total Working Capital	76,275	149,049	298,839	588,034	891,368	1,313,824
Increase In Working Capital	76,275	72,774	149,790	289,195	303,334	422,456

Table 4.11. Total Debt Payment.

Description	Construction 2002	Period					Total
		2003	2004	2005	2006	2007	
<b>Short-Term loan</b>							
Loans	250,000	-	-	-	-	-	250,000
Loan repayment	-	125,000	125,000				250,000
Retained liability	250,000	125,000	-	-	-	-	
Interest payment (11.25%)	28,125	14,063	-	-	-	-	42,188
<b>Total Loan</b>							
Loans	250,000	-	-	-	-	-	250,000
Loan repayment	-	125,000	125,000	-	-	-	250,000
Retained liability	250,000	125,000	-	-	-	-	-
Interest payment (11.25%)	28,125	14,063	-	-	-	-	42,188

Table 4.12. Flow of Financial Resources.

Description	Fund	Construction 2002	Period				
			2003	2004	2005	2006	2007
1. Shareholder Equity							
Ordinary equity	250,000	250,000	-	-	-	-	-
2. Sort-Term Loan							
Commercial bank loan	250,000	250,000	125,000	125,000	-	-	-
<b>Sort-Term Cash Flow</b>	<b>500,000</b>	<b>500,000</b>	<b>125,000</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Flow of Finance</i>	<b>500,000</b>	<b>500,000</b>	<b>125,000</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 4.13. Cash-flow for Financial Planning.

Description	Construction 2002	Period				
		2003	2004	2005	2006	2007
<b>Total Cash Inflow</b>	<b>500,000</b>	<b>3,823,444</b>	<b>4,231,780</b>	<b>5,568,284</b>	<b>6,058,432</b>	<b>7,640,010</b>
1. Source of finance						
Equity	250,000	-	-	-	-	-
Short term loan	250,000	-	-	-	-	-
2. Operation income						
Sale revenue	-	3,823,444	4,231,780	5,568,284	6,058,432	7,640,010
3. Other revenue	-	-	-	-	-	-
<b>Total Cash Outflow</b>	<b>423,725</b>	<b>3,835,415</b>	<b>4,166,735</b>	<b>5,363,834</b>	<b>5,839,843</b>	<b>7,302,299</b>
4. Increase in fixed asset						
fixed capital	275,600	-	-	-	-	-
Pre-operation expenditure (excluded tax)	120,000	-	-	-	-	-
5. Cost of operation	-	3,590,559	3,896,810	5,160,236	5,590,297	6,874,761
6. Marketing cost	-	57,352	63,477	83,524	121,169	229,200
7. Tax	-	48,441	81,448	97,357	104,090	160,815
8. Interest repayment	28,125	14,063	-	-	-	-
9. Loan repayment	-	125,000	125,000	-	-	-
10. Dividend	-	-	-	22,717	24,288	37,523
<b>Cash Flow for Financial</b>	<b>76,275</b>	<b>-</b>	<b>65,045</b>	<b>204,450</b>	<b>218,589</b>	<b>337,711</b>
<b>Accumulated Flow of Finance</b>	<b>76,275</b>	<b>64,304</b>	<b>129,349</b>	<b>333,799</b>	<b>552,388</b>	<b>890,099</b>

Table 4.14. Net Income Statement.

Description	Period				
	2003	2004	2005	2006	2007
1. Income	3,823,444	4,231,780	5,568,284	6,058,432	7,640,010
Sale revenue	3,823,444	4,231,780	5,568,284	6,058,432	7,640,010
2. Variable cost subtracted	2,828,504	3,130,582	4,119,300	4,512,193	5,766,519
<b>Income after subtract variable cost</b>	994,940	1,101,198	1,448,984	1,546,239	1,873,491
(percent of total revenue)	26.02	26.02	26.02	25.52	24.52
3. Fixed cost subtracted	819,408	829,705	1,124,461	1,199,273	1,337,442
<b>Income after subtract operation cost</b>	175,533	271,493	324,523	346,966	536,049
(percent of total revenue)	4.59	6.42	5.83	5.73	7.02
4. Financial cost subtracted	14,063	-	-	-	-
<b>Profit</b>	161,470	271,493	324,523	346,966	536,049
5. Other cost subtracted	-	-	-	-	-
<b>Profit before tax</b>	161,470	271,493	324,523	346,966	536,049
6. tax (30%)	48,441	81,448	97,357	104,090	160,815
<b>Profit after tax</b>	113,029	190,045	227,166	242,877	375,234
7. Dividend (10%)	-	-	22,717	24,288	37,523
<b>Net Profit</b>	113,029	190,045	204,450	218,589	337,711



Table 4.15. Project Balance Sheet.

Description	Construction 2002	Period				
		2003	2004	2005	2006	2007
<b>Total Asset</b>	<b>500,000</b>	<b>488,029</b>	<b>553,074</b>	<b>757,524</b>	<b>976,113</b>	<b>1,313,824</b>
1. Current asset	76,275	149,049	298,839	588,034	891,368	1,313,824
Cash in hand	76,275	149,049	298,839	588,034	891,368	1,313,824
2. Fixed asset (not of depreciation)	423,725	338,980	254,235	169,490	84,745	-
Fixed capital	-	275,600	275,600	275,600	275,600	275,600
Construction in progress	275,600	-	-	-	-	-
Pre-operation expenditure	148,125	148,125	148,125	148,125	148,125	148,125
Accumulated Depreciation subtracted	-	84,745	169,490	254,235	338,980	423,725
<b>Total Liability</b>	<b>500,000</b>	<b>488,029</b>	<b>553,074</b>	<b>757,524</b>	<b>976,113</b>	<b>1,313,824</b>
3. Net current liability	-	-	-	-	-	-
Account payable	-	-	-	-	-	-
4. Short term loan	250,000	125,000	-	-	-	-
Bank commercial loan	250,000	125,000	-	-	-	-
5. Shareholder equity	250,000	250,000	250,000	250,000	250,000	250,000
Ordinary equity	250,000	250,000	250,000	250,000	250,000	250,000
6. Reserved, retained profit Brought forward	-	-	113,029	303,074	507,524	726,113
7. Net profit after tax	-	113,029	190,045	227,166	242,877	375,234
Dividend	-	-	-	22,717	24,288	37,523
Retained Profit	-	113,029	190,045	204,450	218,589	337,711

## **V. EVALUATION OF THE PROJECT PLAN**

### **5.1 Marketing Evaluation**

From the result of current market demand analysis, we can find that the export values and quantities are increasing every year, if there is no economic problem. However, the economic problem is the main factor that influenced all business areas. After analyzing the target market, we can find that the economic problem did not effect the decorative candle product demands in some countries, including the increasing demand from the result of the future demand forecasting. Let us say that there are opportunities for new investors to invest in this business. In addition to the demand behavior analysis, it can support the investors in marketing strategy and inventory planning for each quarter. In market competition, the marketing strategy is very important to capture the market from the existing competitors.

Therefore the marketing analysis can support the feasibility analysis that we should invest in this decorative candle trading business.

### **5.2 Operation Evaluation**

The operation plan analysis includes the production plan and project management plan:

- (1) Production plan analysis analyzed the demand and capacity management decision and processes including the standard quality product and control system.
- (2) Project management plan analysis analyzed the task which the investor has to operate including managing business activities and costs which are necessarily operated for establishing the company.

- (3) Concerning the above evaluation, the operation plan analysis can support the investors in setting the approximate operations that lead the business successfully.

### 5.3 Financial Evaluation

#### 5.3.1 Financial Statement

There are three important statements for planning and attracting start up or expansion capital, and help to form a business plan that will guide the company business. Those are the income statement, balance sheet and the cash-flow statement. From this analysis, we can calculate the net present value (NPV) of this project at 398,341 Bahts with 40.99 percent of the internal rate of return (IRR) which is a very high return as Table 5.1.

(a) The net present value (NPV)

NPV is the result of the project's expected annual cash inflow for the whole life subtracted by cash outflow. Regarding the net present value approach, the expected cash flow will be discounted by the cost of capital rate ( $I = 12\%$  when compared to the loan rate).

$$NPV = \sum_{t=1}^n \frac{ACF_t}{(1+k)^t} - IO$$

The net present value criteria that will assure the project feasibility is positive NPV or at least  $NPV = 0$

From the calculation Table 5.1, the project's NPV is 398,341 Baht therefore it is found that the project feasibility is very acceptable.

(b) The internal rate of return (IRR)

IRR is the discount rate that affects the net cash flow for the whole life of the project equals to zero or the cash inflow deducted by cash outflow equals to zero.

$$IO = \sum_{t=1}^n \frac{ACF_t}{(1+IRR)^t}$$

From Table 5.1, the project's IRR for the five years of project life is 40.99 percent which is more than cost of capital so the project is possible to invest.

This project is a trading business in which the total fixed investment cost and operation expenditures are quite low when compared to the other businesses. These causes affect this project which has very high return.

### 5.3.2 Ratio Analysis

Ratio analysis determine the stability of various financial aspects of the project operation, enabling the investors to judge their businesses' financial strength and weakness. In this project, the ratio analysis included Turnover ratio, Financial ratio and Efficiency ratio which can be calculated and analyzed as Tables 5.3, 5.4 and 5.5.

(a) Turnover Ratio

- (1) Fixed asset turnover or the ratio between net income and fixed asset which the value of this ratio increases every year. It means that this project income is at the high worth when compared to the fixed asset.
- (2) Total asset turnover or the ratio between net income and total fixed asset in which the value of this ratio is positive. It means that this project income is at the accepted range when compared to total fixed asset.

(b) Efficiency Ratio

- (1) Gross profit to sale ratio is more than 1.0 which means that the gross profit is very high when it is compared to the sale revenue.
- (2) Net profit to sale ratio is over 1.0. It means that the net profit is still high when compared to sale revenue.
- (3) Net profit to equity ratio is very high for the five year plan. It means that the net profit makes high return to the shareholders when compared to their equity.
- (4) Net profit and interest to investment ratio is the ratio of gross profit behind subtracting tax and interest and total investment cost. The value of this ratio is very high. It means that high return can be made by low investment.

(c) Financial Ratio

- (1) Equity/Liability is decreased every year because of less liability than equity.
- (2) Debt/Net worth is zero less than 1.0. It means that no debt.
- (3) Capitalization ratio or the ratio between loan and fixed investment cost is zero less than 1.0. It shows that no loan for this project.
- (4) Debt/Equity is zero less than 1.0. This shows that no debt when compared to the shareholder equity and low risk in this project.

In analyzing the five years financial plan of this project as above, this shows that this project should be invested because high positive value of the net present value (NPV) and the internal rate of return (IRR). In addition to the high return for investor, high net profit and low risk are identified from above ratios.

### 5.3.3 Breakeven Analysis

Breakeven point is the point that total revenue is equal to total cost. So, the breakeven analysis of this project will let the investors know the level of sales volume which does not make them gain or loss as shown in Table 5.6. This is very important for the investor for the business planning.

The sales revenue at the breakeven point during the five years operation, we can calculate to find the sales volume for direct exporting 70 percent and selling through local dealers 30 percent as Table 5.7.

Figure 5.1, can monitor that if the investors can sell more than the breakeven point, the investors will gain. Moreover, in case of the price is constant, but the fixed and variable cost are increasing, it shows that the increase of fixed cost and variable cost influenced the changing of breakeven point. From this analysis, the investor can apply to use their business.

### 5.3.4 Payback Period

In this analysis, the investors must set the preferable payback period which cover their initial investment to measure with the result of analysis. From this project, the payback period is set for 3 years. The result of payback period of this project is 2 years 8 months as shown in Table 5.8. It shows that the payback period of this project is faster return than the expected period, so we can conclude that this project should be invested.



Table 5.1. Discounted Cash Flow-Total Capital Invested.

Description	Construction 2002	Period				
		2003	2004	2005	2006	2007
<b>Total Cash Inflow</b>	-	3,823,444	4,231,780	5,568,284	6,058,432	7,640,010
1. Operation income						
Sale revenue	-	3,823,444	4,231,780	5,568,284	6,058,432	7,640,010
2. Other revenue	-	-	-	-	-	-
<b>Total Cash Outflow</b>	395,600	3,696,352	4,041,735	5,341,118	5,815,555	7,264,776
3. Increase in fixed asset						
fixed capital	275,600	-	-	-	-	-
Pre-operation expenditure (excluded interest)	120,000	-	-	-	-	-
4. Cost of operation	-	3,590,559	3,896,810	5,160,236	5,590,297	6,874,761
5. Marketing and advertising cost	-	57,352	63,477	83,524	121,169	229,200
6. Tax	-	48,441	81,448	97,357	104,090	160,815
<b>Net Cash Flow</b>	-	127,092	190,045	227,166	242,877	375,234
<b>Net Accumulated Cash Flow</b>	-	268,508	78,463	148,703	391,580	766,814
<b>Net Present Value (I=12%)</b>	-	113,475	151,503	161,693	154,352	212,918
<b>Accumulated Net Present Value</b>	-	282,125	130,622	31,070	185,423	398,341
<b>NPV</b>	398,341					
<b>Internal Rate of Return (IRR)</b>	40.99%					

Table 5.2. Discounted Return on Equity Capital Invested.

Description	Construction 2002	Period				
		2003	2004	2005	2006	2007
<b>Total Cash Inflow</b>		-	65,045	227,166	242,877	375,234
1.Total cash flow of finance	76,275	11,971	65,045	204,450	218,589	337,711
2.Dividend	-	-	-	22,717	24,288	37,523
<b>Total Cash Outflow</b>	250,000	-	-	-	-	-
3.Shareholder equity	250,000	-	-	-	-	-
<b>Net Cash Flow</b>	-	11,971	65,045	227,166	242,877	375,234
<b>Net Accumulated Cash Flow</b>	-	185,696	120,651	106,516	349,392	724,627
<b>Net Present Value (I=12%)</b>	-	10,688	51,854	161,693	154,352	212,918
<b>Accumulated Net Present Value</b>	-	184,413	132,560	29,133	183,485	396,403
<b>NPV</b>	396,292					
<b>Return On Equity (ROE)</b>	52.70%					

Table 5.3. Turnover Ratios.

Description	Period				
	2003	2004	2005	2006	2007
Total cost of product	57,352	63,477	83,524	121,169	229,200
Sales revenue	3,823,444	4,231,780	5,568,284	6,058,432	7,640,010
Fixed asset	338,980	254,235	169,490	84,745	-
Total Asset	488,029	553,074	757,524	976,113	1,313,824
Fixed Assets Turnover	11.28	16.65	32.85	71.49	-
Total Assets Turnover	7.83	7.65	7.35	6.21	5.82

Table 5.4. Efficiency Ratios.

Description	Period				
	2003	2004	2005	2006	2007
Sales revenue	3,823,444	4,231,780	5,568,284	6,058,432	7,640,010
Gross profit	161,470	271,493	324,523	346,966	536,049
Net profit	113,029	190,045	227,166	242,877	375,234
Cost of interest	14,063	-	-	-	-
Accumulated cost of capital	224,400	297,174	446,964	736,159	1,039,493
Shareholder equity	250,000	250,000	250,000	250,000	250,000
Gross profit to sale ratio	4.22	6.42	5.83	5.73	7.02
Net profit to sale ratio	2.96	4.49	4.08	4.01	4.91
Net profit to equity ratio	45.21	76.02	90.87	97.15	150.09
Net profit and interest to	56.64	63.95	50.82	32.99	36.10

Table 5.5. Financial Ratios.

Description	Period				
	2003	2004	2005	2006	2007
Shareholder equity	250,000	250,000	250,000	250,000	250,000
retained profit	113,029	190,045	204,450	218,589	337,711
Net worth	250,000	363,029	553,074	757,524	976,113
Long term loan	125,000	-	-	-	-
Total debt	488,029	553,074	757,524	976,113	1,313,824
Equity/Liability	0.51	0.45	0.33	0.26	0.19
Debt/Net worth	0.50	-	-	-	-
Capitalization Ratio	0.33	-	-	-	-
Debt/Equity	0.50	-	-	-	-

Table 5.6. Breakeven Analysis.

Description	Period				
	2003	2004	2005	2006	2007
Sales revenue	3,823,444	4,231,780	5,568,284	6,058,432	7,640,010
Variable cost	2,828,504	3,130,582	4,119,300	4,512,193	5,766,519
Profit after subtract variable cost	994,940	1,101,198	1,448,984	1,546,239	1,873,491
Fixed investment cost	819,408	829,705	1,124,461	1,199,273	1,337,442
Profit after subtract variable cost/ variable cost/fixed cost ratio	1.21	1.33	1.29	1.29	1.40
fixed investment cost/ Profit after subtract variable cost	0.82	0.75	0.78	0.78	0.71
Sales revenue at breakeven	3,148,891	3,188,463	4,321,177	4,698,957	5,454,026
Percent of service	51.98	52.63	71.33	77.56	90.02



Table 5.7. Sales Volume at Breakeven Point during 2003 - 2007.

Year	Description	Expected Sales Volume (unit)	Breakeven Sales Volume (unit)
2003	Direct Export	36,967	30,195
	Indirect Export - Selling through dealers	15,843	13,305
	<b>Total Unit Sales</b>	<b>52,810</b>	<b>43,500</b>
2004	Direct Export	40,915	30,574
	Indirect Export - Selling through dealers	17,535	13,472
	<b>Total Unit Sales</b>	<b>58,450</b>	<b>44,046</b>
2005	Direct Export	53,837	41,436
	Indirect Export - Selling through dealers	23,073	18,258
	<b>Total Unit Sales</b>	<b>76,910</b>	<b>59,694</b>
2006	Direct Export	58,576	44,826
	Indirect Export - Selling through dealers	25,104	19,752
	<b>Total Unit Sales</b>	<b>83,680</b>	<b>64,578</b>
2007	Direct Export	73,868	52,021
	Indirect Export - Selling through dealers	31,658	22,923
	<b>Total Unit Sales</b>	<b>105,526</b>	<b>74,944</b>

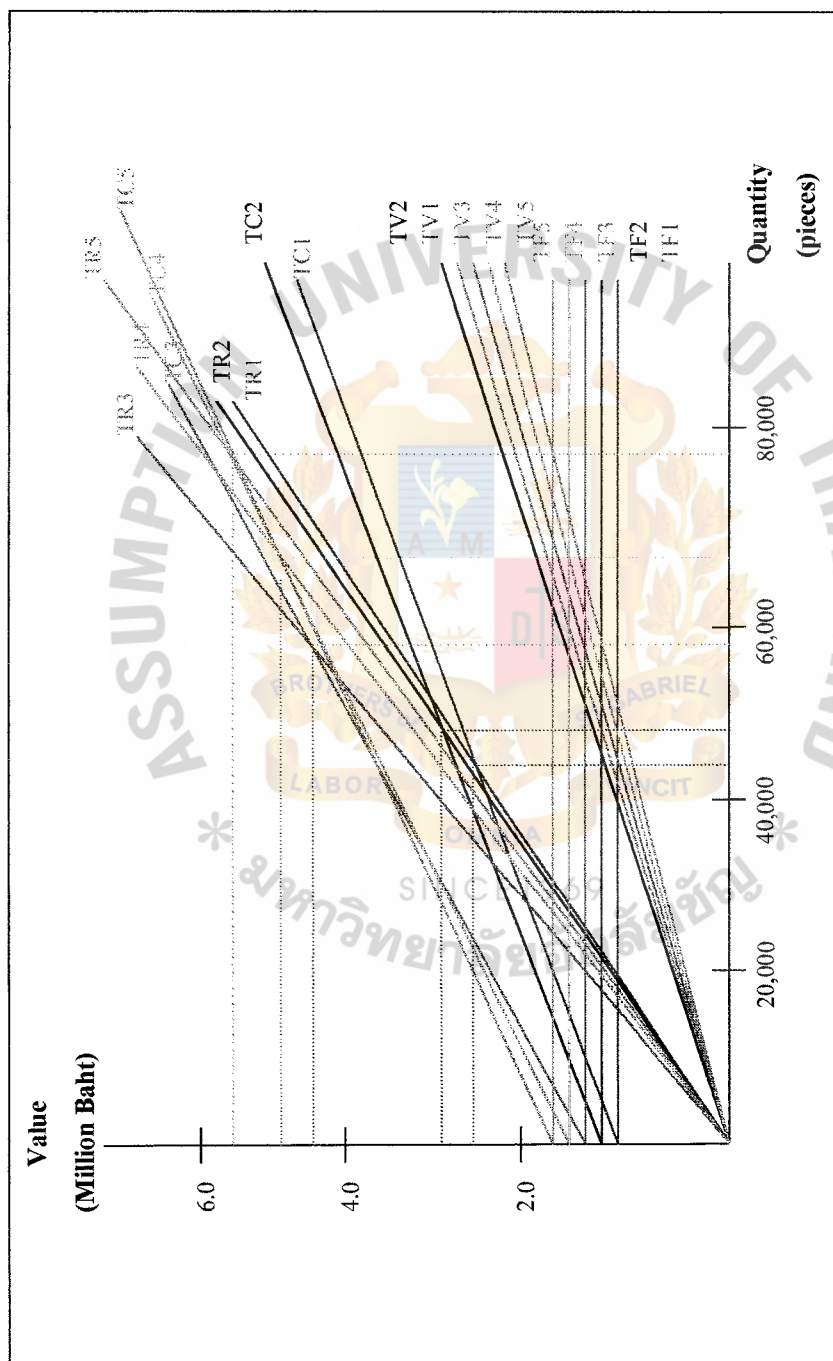


Figure 5.1. Breakeven Analysis during 2003 - 2007.

Table 5.8. Payback Period.

Description	Construction 2002	Period				
		2003	2004	2005	2006	2007
NPV (I=12%)	-	113,475	151,503	161,693	154,352	212,918
Accumulated NPV	-	282,125	130,622	31,070	185,423	398,341

Payback Period = 2.8 years

## VI. CONCLUSIONS AND RECOMMENDATIONS

At the conclusion and recommendation of this project, the feasibility analysis of a decorative candle trading business, can be divided to project summary and project recommendation.

### 6.1 Conclusions

The feasibility analysis of the decorative candle trading business project which studied the feasibility with the marketing plan, the operation plan, the financial plan and the evaluation plan can be concluded as:

Project	:	A decorative candle trading business.
Project revenue	:	7,640,010 Bahts at the fifth year.
Initial investment	:	423,725 Bahts can be divided into 275,000 Bahts as total fixed investment cost. 148,125 Bahts as total pre-operation expenditure.
Number of officer	:	4 officers at the fifth year.
Project life	:	5 years
Project starting year:		2003
Project ending year:		2007
Commercial profitability:		
NPV	:	398,341 Bahts
IRR	:	40.99 percent
Payback period	:	2 years 8 months

### 6.2 Recommendations

From all analysis in his project, we can conclude that it is feasible to establish a decorative candle trading business because of high positive NPV and IRR. In addition

to the result of ratio analysis and the early payback period are supported there are high return for investor, high net profit and low risk for the investment in this project. Starting a business with the low investment cost and good business plan, are a competitive advantage of trading business. So, we can recommend that it is feasible to establish a decorative candle trading business.

However, there are many factors that effect this trading business, and a decorative candle trader should be careful. Because this product is selling the design, so it is easy to make a copy from competitors. A decorative candle trader should provide a plan to prevent this problem. Suppliers are also important for the trading business because the trader must purchase products from them. So, the trader has to build a good relation with them to protect the problem of delayed products and uncompleted products due to handmade products. In addition to packing problem, this is very important to protect from damage products during transportation because these products are sensitive to high temperature. That means it is better if the trader can control the suppliers. Besides, there are unexpected problem from the economic changing problem such as increasing product price from suppliers, price cutting from competitors, increasing transportation cost, decreasing demand and so on. So, the investors should have plans to protect these unexpected problems. The management problem in the organization can cause the delayed jobs, the repetitive jobs and increasing cost of operation. The investors should have a clear management policy for the work efficiency.

The feasibility analysis of a decorative candle trading business is a guideline and consultant in increasing the confidence to the investors in deciding to establish a decorative candle trading business. Although the result of this project is quite good, there are a lot of factors, both internal and external factors in the real time operation that the investors have to consider such as the economic situation, the competitors, the

suppliers, the organization management and so on. So, the investors have to consider these factors involved with the feasibility study before deciding to invest in any project.





**APPENDIX A**  
**THAILAND.COM / MEET WORLD TRADE**  
**THAILAND'S PREMIER E-MARKETPLACE FOR GLOBAL TRADE**





Figure A.1. Thailand.com.

## Adoption Curves for Media

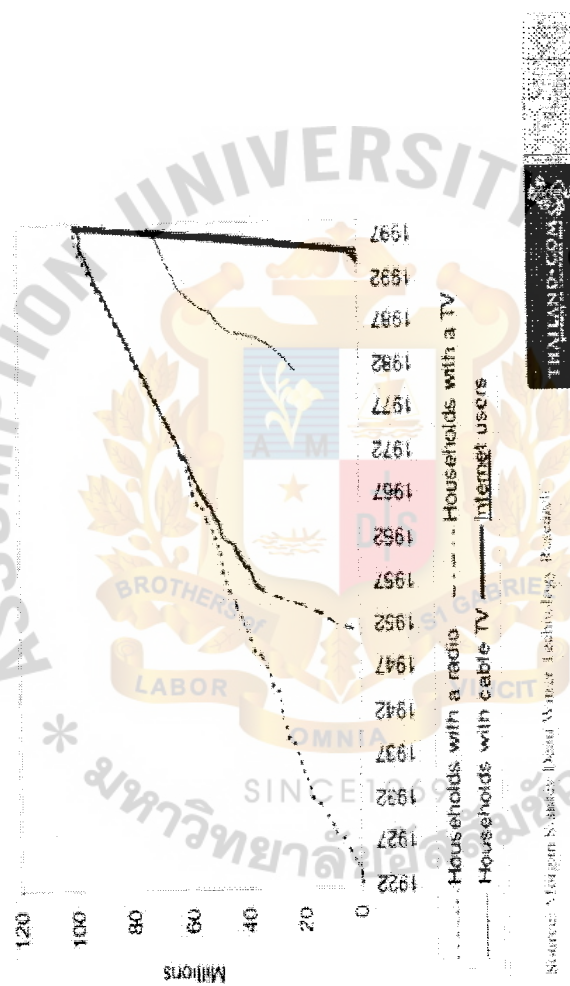


Figure A.2. Adoption Curves for Media.

## Worldwide Internet Usage

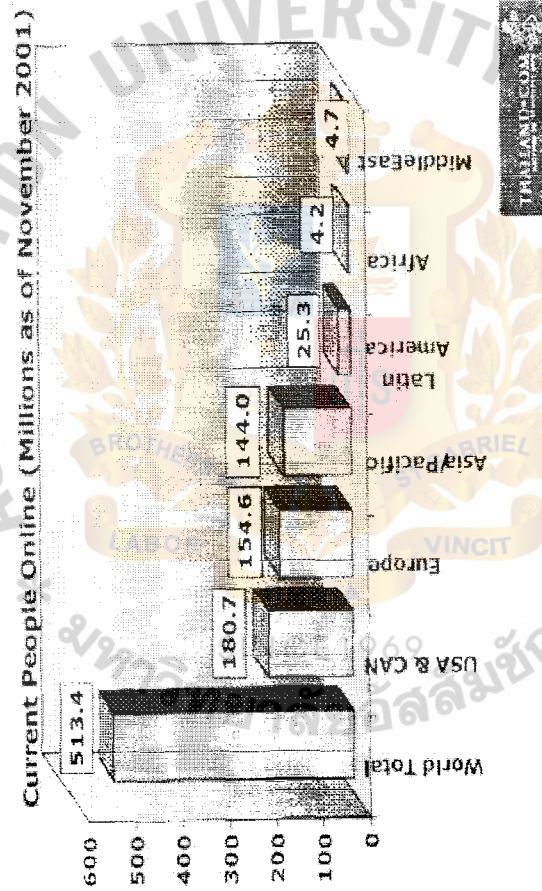


Figure A.3. Worldwide Internet Usage.

## The 2004 e-commerce market value forecast

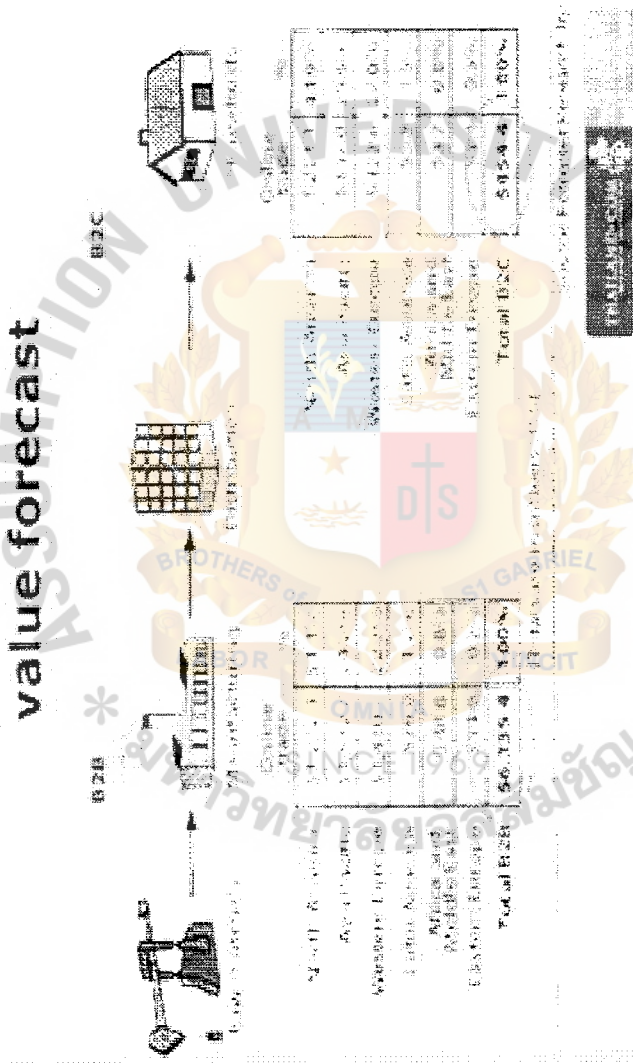


Figure A.4. The 2004 E-Commerce Market Value Forecast.

## thailand.com EXPORT

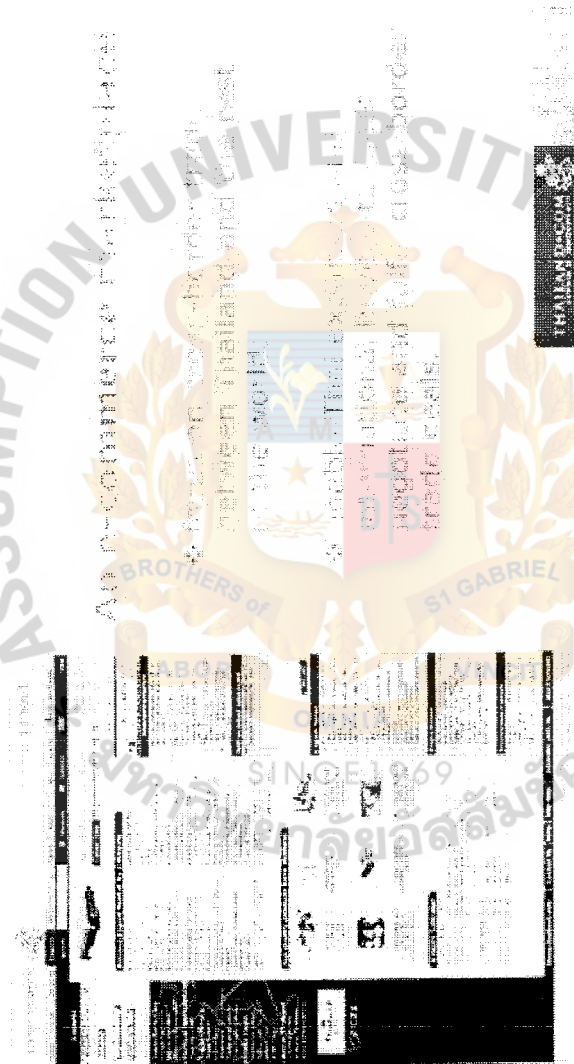


Figure A.5. Thailand.com Export.



## thailand.com EXPORT



Figure A.5. Thailand.com Export. (continued)



## Benefits to Thai Exporters

- Greater DRY volumes from around the world
- Reduced DRY handling cost with one-stop package
- Reduced DRY handling cost with one-stop package
- Gain you power from secure online trade negotiation platform
- Reduced DRY handling cost with one-stop package
- Gain you power from secure online trade negotiation platform

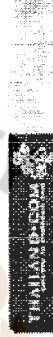


Figure A.6. Benefits to Thai Exporters.



## Benefits to Global Buyers

- Global buyers can connect with conveniently, potentially reducing the time and cost of finding suppliers
- Global buyers can connect with suppliers from different countries, increasing the range of products and services available
- Global buyers can connect with suppliers who are certified or accredited, reducing the risk of fraud or quality issues
- Global buyers can connect with suppliers who are experienced in international trade, reducing the risk of communication or cultural misunderstandings



Figure A.7. Benefits to Global Buyers.

## thailand.com web statistic (Oct-Dec 2001)

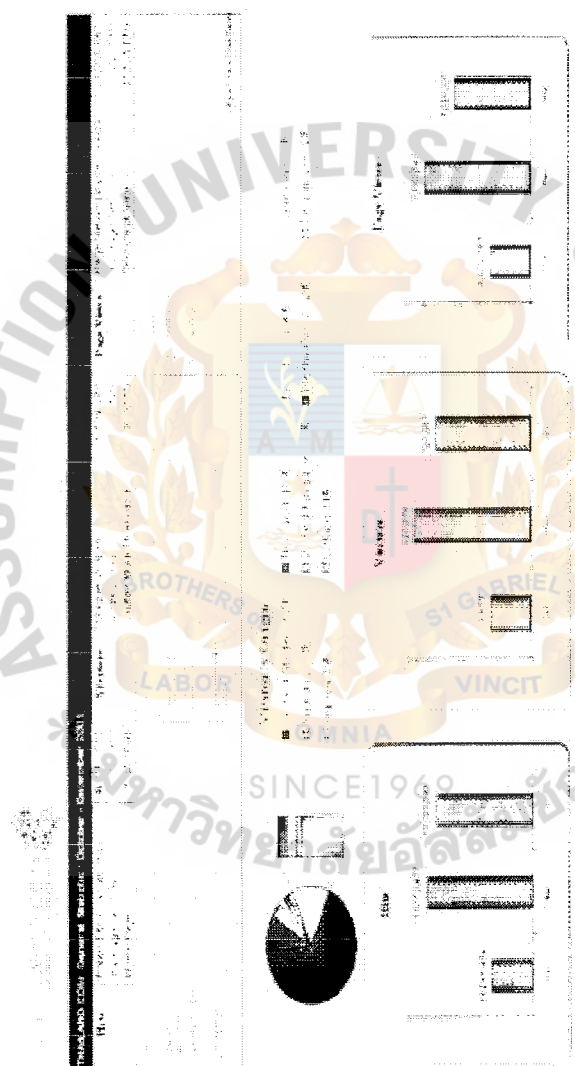


Figure A.8. Thailand.com Web Statistic (Oct. - Dec. 2001).

We are the number 1 web gateway to Thailand

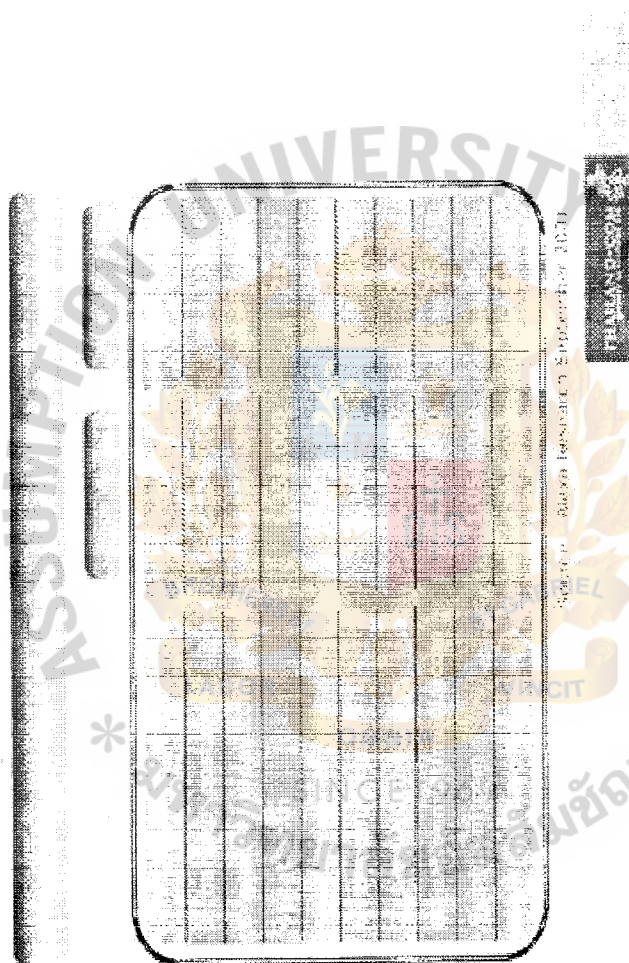


Figure A.9. Top 10 Thai Websites (English Content).

## Our Marketing Activities

### ❖ Offline Marketing

- 1. Promote the product through the media
- 2. Set up a booth at the trade fair
- 3. Hire a salesperson to sell the product
- 4. Distribute the product through the distribution channel
- 5. Hire a salesperson to sell the product

### ❖ Online Marketing

- 1. Set up a website to sell the product
- 2. Hire a salesperson to sell the product
- 3. Hire a salesperson to sell the product
- 4. Hire a salesperson to sell the product
- 5. Hire a salesperson to sell the product

Figure A.10. Marketing Activities.





## thailand.com EXPORT Print Ad



Figure A.11. Thailand.com Export Print Ad. (continued).

## thailand.com EXPORT Filler Ad in Nation Channel UBC 8

Theme: 2-Minute interview with our clients to  
promote their company and product with e-commerce



Apparel Avenue Co., Ltd.

*K. Kartchai Jankajornkeiat, President*



Siam Inter food and drink co., Ltd

*Vichai Seangprasert, Managing Director*



Srithai Food & Beverage Public Co., Ltd.

*Anan Jantararakul, Managing Director*



The Peace Canning (1985) co., Ltd.

*Wanlada Rachatsawan, Assistant Managing Director*



Figure A.12. Thailand.com Export Filler Ad in Nation Channel UBC 8.

## Seminar: One-Stop Online Exporting

With 200 Thai exporters and our trade service partners to promote online trade services including payment, insurance, inspection, and internet infrastructure.



Figure A.13. Seminar: One-Stop Online Exporting.

## Trade Fair



Figure A.14. Trade Fair.



Figure A.15. Trade Service Partners.



## Search Position in Search Engines

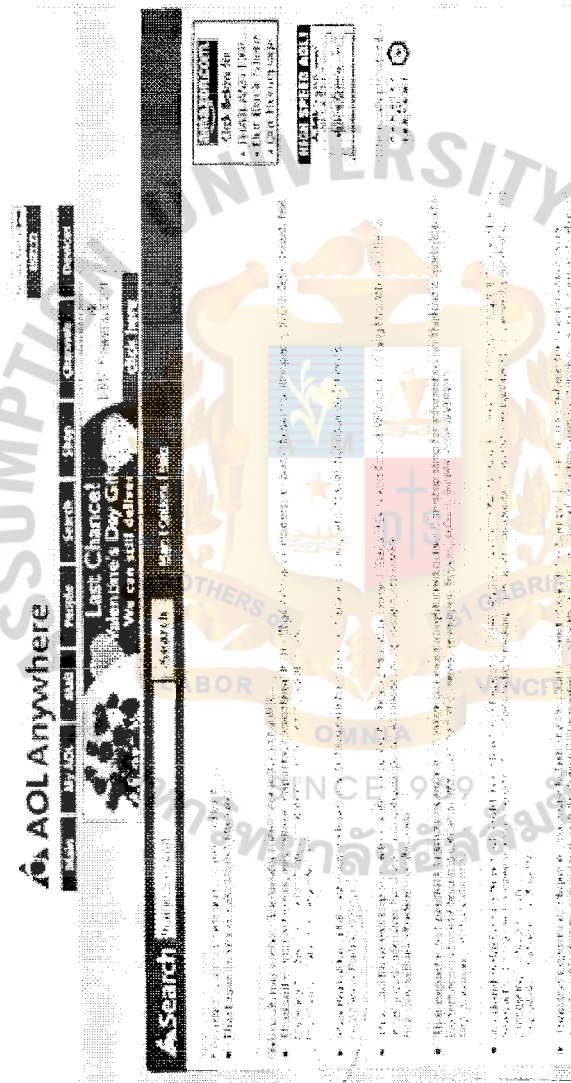


Figure A.16. Search Position in AOL Search Engines.

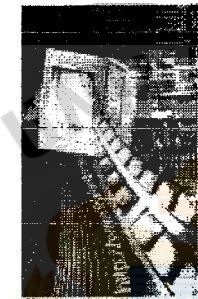


## Search Position in Search Engines



Figure A.18. Search Position in Google Search Engines.

## Product and Service



- \* Vol. 100000
- \* Online 100000 too
- \* Negotiation 100000
- \* Customer support 100000

Figure A.19. Product and Service.

## Web Storefront

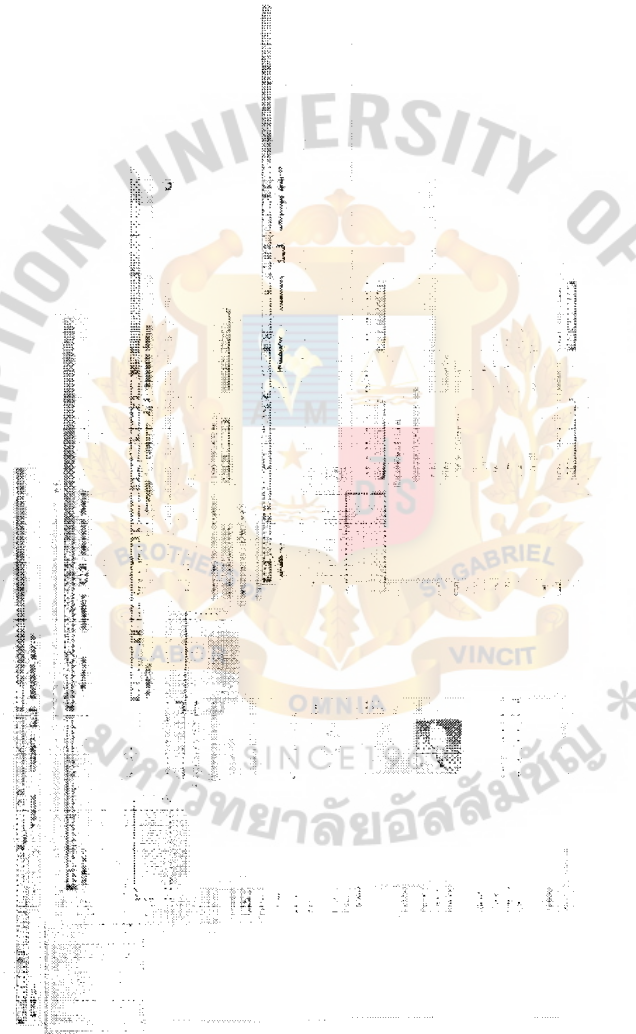


Figure A.20. Web Storefront.

## Online Do-It-Yourself tool

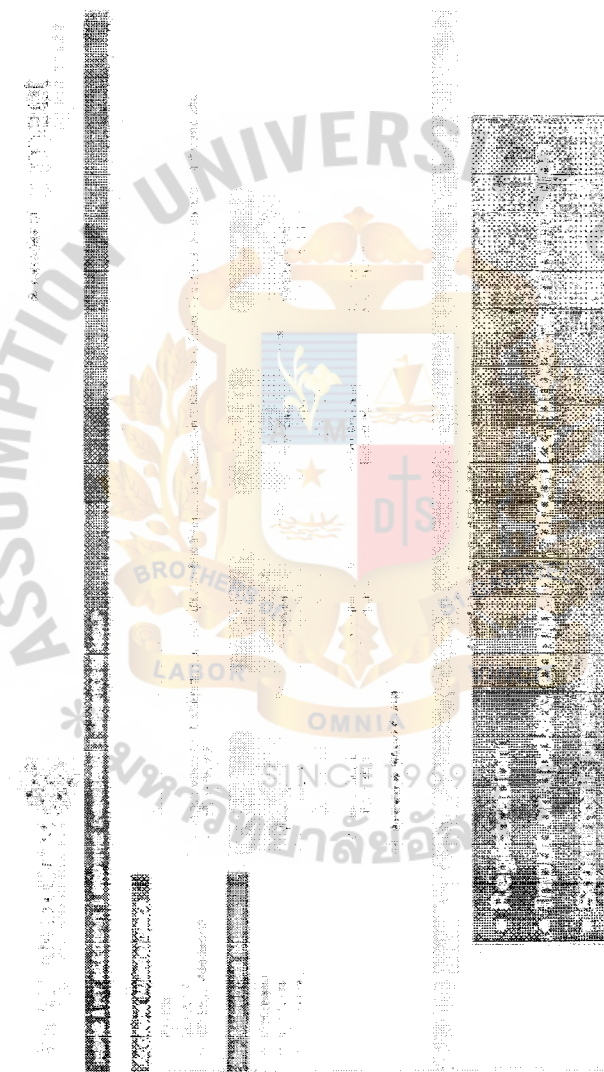


Figure A.21. Online Do-It-Yourself Tool.



# Online Do-It-Yourself tool



Figure A.21. Online Do-It-Yourself Tool. (continued).

## Negotiation Platform (Exporter)



Figure A.22. Negotiation Platform (Exporter).

## Negotiation Platform (Exporter)



Figure A.22. Negotiation Platform (Exporter). (continued).

ST-01001

Product, Suppliers, Advertisements

Respond

UNIVERSITY

AM

DIS

ABRIEL

CIT

SINCE 1969

ลัขณ์ลัษณ์

Figure A.22. Negotiation Platform (Exporter). (continued).

# Negotiation Platform (Exporter)

SEARCH >>>

Products Suppliers Advanced Search

**Accept Offer**

You indicated that you are ready to accept this offer. Click the button to accept the offer.

**Buyer:** [Redacted]

**Contact Person:** [Redacted]

**Company Name:** [Redacted]

**Address:** [Redacted]

**City/State/Zip:** [Redacted]

**Country:** [Redacted]

**Phone:** [Redacted]

**Fax:** [Redacted]

**Supplier:** [Redacted]

**Contact Person:** [Redacted]

**Company Name:** [Redacted]

**Address:** [Redacted]

**City/State/Zip:** [Redacted]

**Country:** [Redacted]

**Phone:** [Redacted]

**Fax:** [Redacted]

**Order Details Information**

Click here for a detailed view of the order.

Figure A.22. Negotiation Platform (Exporter). (continued).

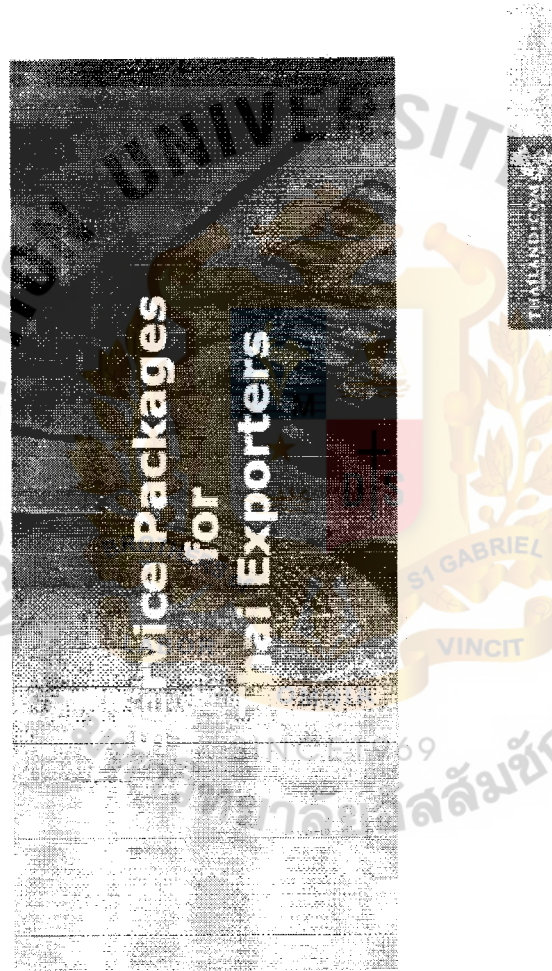
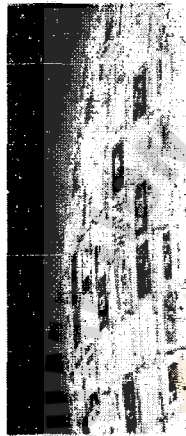


Figure A.23. Service Packages for Thai Exporters.





## Media Revolution

- Net population reaches critical mass faster than any other media from the world's history.
- The Internet enables people to access vast information from all over the globe.
- The vast applications of the Internet shake the news and media industry.



Figure A.24. Media Revolution.

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