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**The Feasibility for Exporting "Power Painter" into Thailand**

**Submitted to:**

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**Submitted By:**

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**MIM 665 Graduate Project**

**Masters in International Management**

**Lynn University**

**March 27, 1995.**

### Abstract

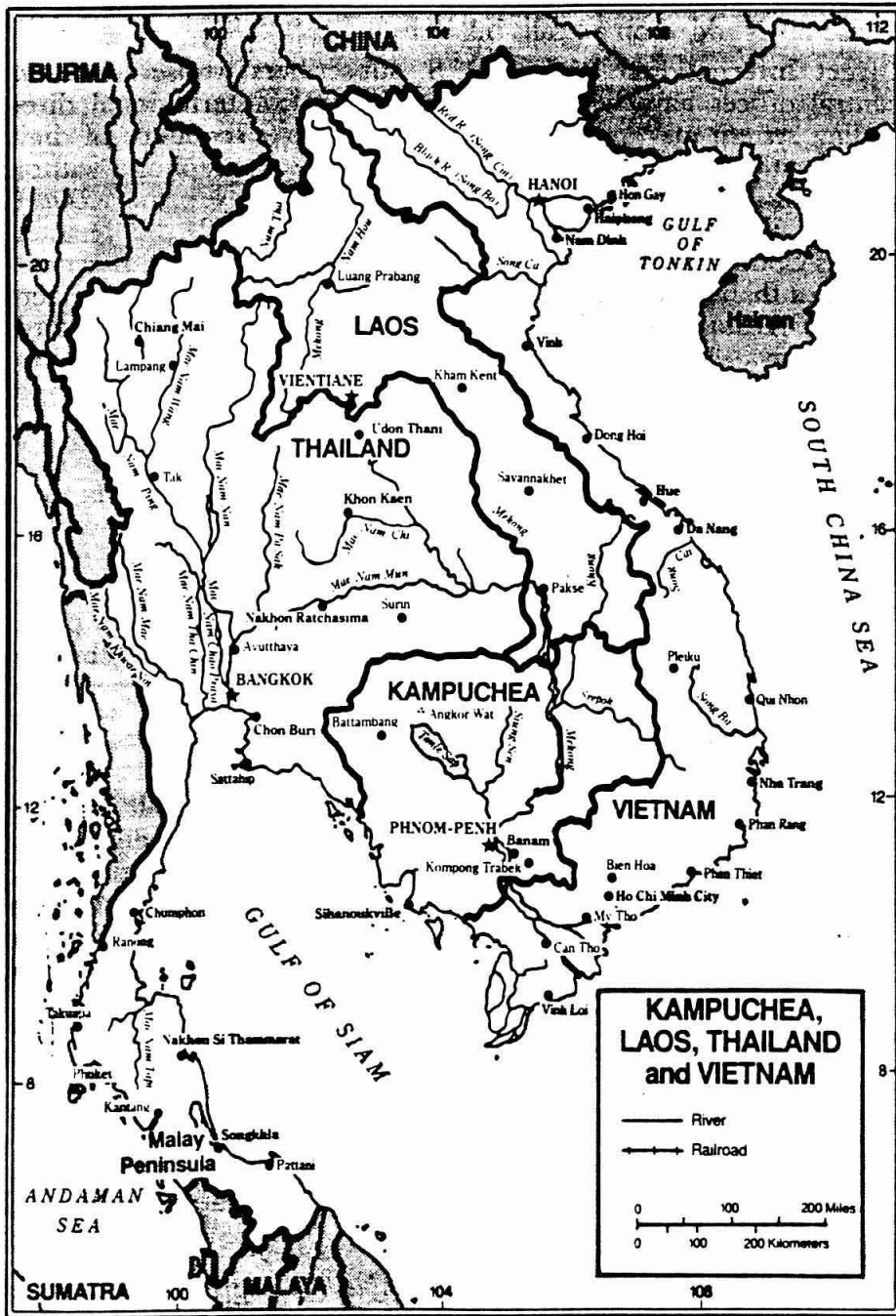
Recently, international business has become meaningful for international companies. It makes the business more profitable and interesting. Moreover, it has made an innovative and improvement for the world of business. This project will study the process of exporting and marketing of the "Power Painter", product of Wagner Spray Tech Corporation, into Thailand which is directly involved with international business. It will study both controllable and uncontrollable business factors. Finally, it will study the feasibility of exporting the selected product into the selected country.

However, the exporting and marketing the "Power Painter" into Thailand should be feasible.

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## Introduction

International trade creates value. Increased in international trade increases competition which leads to an improvement. Every country, to a certain extent, is involved in international trade transactions. More importantly, each country attempts to increase its exports, and prefers to have positive trade balance. As time has passed, international trade has become more and more important in the world economy. The amount and value of international trade transactions have increased over time. The world merchandise trade has increased from about US \$120 billion in 1960 to almost US \$3,000 billion in 1989: an approximately 82.8 percent annual growth rate (International Financial Statistics, 1993).

Trade between Thailand and its major partners has been in the same pattern as the world trade. For example, from 1969 to 1988, the bilateral trade between Thailand and the United States increased approximately 102.1 percent, from about US \$287 million in 1969 to US \$5,853 million in 1988 (International Financial Statistics, 1993; The Europa, 1994).

A number of international market research studies on feasibility of importing and exporting products and services have been conducted. Both experienced and novice importers and exporters have become aware of the higher risks occurring in international markets. It is important for them to conduct international market research before entering into the markets. This can be supported by

the following statement: "International marketing research is meant to provide adequate data and cogent analysis for effective decision making on a global scale" (Jeannet and Hennessey, 1992).

### **Justification**

#### **Country Selected**

Of more than 100 countries throughout the world, Thailand has been selected for this project because of:

a) The familiarity of the author with the constraints of the country, such as social and cultural, technological, economic, and political aspects. It is important for company that wants to enter into foreign market to learn controllable and uncontrollable factors of that country.

b) The economic growth and political stability of the country. From 1987 to 1990, Thailand was among the world's fastest developing countries with a Gross National Product (GNP) growth rate of approximately 10 percent (The Europa, 1994). It also expected to be the next Newly Industrialized Country (NIC) in the near future.

c) The high growth rate of construction sector, especially housing construction. In 1991 to 1992, the construction sector's value grew at an average 14 percent annually. In addition, the housing construction sector's growth rate was about 43.3 percent (NTDB, 1994). This means that the market segment of the product is large enough and has a good potential to prosper in the long run.



### **Product Selected**

According to the survey on December 20, 1994 at Home depot, "Power Painter" Model 220 HD was selected for this project because of:

a) The special characteristic of the product which is unique. The product is innovative tool for painting. It is used as general household tool to accomplish the propose of painting interiors and exteriors more conveniently and cost-effectively, as opposed to the conventional form of painting. With these features, the product will have a competitive advantage over similar product available. As a result, there will be a market segment for the products in Thailand.

b) Between 1989 and 1990, Thai spending on household furnishings increased by 64 percent (Asia's New Consumer, 1991). Moreover, do-it-yourself has recently become popular in Thailand because of the cost of hiring house painters is gradually becoming higher and higher.

### **Country Profile**

#### **Geography and Climate**

Thailand or the official name "The Kingdom of Thailand" was formerly known as "Siam" and took its present name in 1939. Thailand is located in the middle of the Southeast Asia. It is bordered on the northeast by Laos, on the southeast by Cambodia, on the west and north by Myanmar, and on the south by Malaysia. The

land area of the country is approximately 513,115 square kilometers or 198,114 square miles (The Europa, 1994).

Thailand has a short coastline on the Indian Ocean, and a long Pacific coastline on the Gulf of Thailand. It is divided into six regions: Bangkok Metro area, Central, Eastern, Western, Northeastern, and Southern. The central region is dominated by Thailand's most important river, the Chao Phraya River. The northeast region consists of a large plateau rising about 305 meters above the central plain.

Bangkok is the capital of Thailand and also the center of commerce and industry. It is by far the largest city in Thailand, a large sprawling metropolis of some nine million people.

Thailand climate is generally tropical with a high degree of humidity. There are three seasons: summer (March to May), rainy (June to October), and winter (November to February). The average annual temperature is 29 C (85 F), in Bangkok are generally between 20 C (68 F) and 35 C (95 F). Weights and measures are parts of the metric system (The Europa, 1994).

### **Population and Language**

The current official estimate of the Thai population by the end of 1992 was about 57.8 million. Total population in 2010 is expected to be 70.7 million. Life expectancy for male is 63.82 years and female is 68.85 years (The Europa, 1994). As a general rule, the Thai dominate agricultural activities while the Chinese ethnic tend to be heavily involved in business sector.

Thai language is the official language. However, Chinese language remains dominant in business as well as English is spoken by many younger people, top executives, and ranking government officials.

### **Culture and Education**

Buddhism is the predominant religion, accounting for more than 95 percent of the Thai population. About four percents are Muslims, being ethnic Malays, mainly in the South. Thai people are friendly, relax, and congenial. Even so, Thai social structure is codified and sophisticated, with many precise and subtle gradations.

Education is officially compulsory for six years and undertaken between seven and fifteen years of age. Accounting to UNESCO estimates, the average rate of adult illiteracy in 1990 was only 7.0 percent. Budgetary expenditure on education by the central government was estimated at 109,248.9 million baht (19.5 percent of total spending) in the financial year 1992/1993 (The Europa, 1994).

### **Government and Political**

The government of Thailand is a constitutional monarchy. The King is Head of State and Head of the Thai Armed Forces. The King appoints the Prime Minister, on the advice of the National Assembly, and the Council of Ministers. The bicameral National Assembly comprises a House of Representatives, containing 357 members elected by universal adult suffrage for four years subject to dissolution), and a Senate appointed for a six-year term by the

King on the recommendation of the incumbent Prime Minister.

## **Economic Environment**

### **Current Economic Condition**

From 1988 to 1990, Thailand's economic growth rates were among the highest in the world. With strong trade and investment, Thailand's economy expanded by 10.8 percent and 12.0 percent in 1988 and 1989, respectively. Since 1988, tourism has become the highest earning segment. Unfortunately, the high level of growth with breakneck expansion generated certain problems: inadequate infrastructure development, a shortage of highly-trained technical personnel as well as competent middle managers, rising inflation, inequality of income distribution, and severe environmental damage suffered by several parts of the country. Poor planning has also left some areas over industrialized and others woefully underdeveloped.

Economic slowdown began in 1990. The GDP growth rate dropped from 12.0 percent in 1989 to 10.0 percent in 1990 and to 8.2 percent since 1991 (Appendix 2, section 1). GNP, measured at average 1990-1992 prices, was US \$106,599 million, equivalent to US \$1,840 per head (The Europa, 1994). A military coup, even though a bloodless one, on February 23, 1991 made Thailand's economy worse with declining tourist trade. Military group had remained the real power and influenced one temporarily set up government and one elected government until May 1992 when the bloody protest of people

against the influence of army started. Shortly, the army's influence was greatly reduced. However, Thai economy fell down comparing to the time before that coup.

The new government, which took office following free election in September 1992, has maintained the general direction of economic liberalization, making modest additions in some areas. The new plan emphasizes on private sector development, industry, service sector, especially, and calls for further deregulation in trade, finance, and industry with tax revision added to encourage domestic competitiveness. It calls for national policies on environmental protection and pollution. Land reform, improved education, and government decentralization are also part of the plan.

However, the Thai economy remains fundamentally strong. With the strong intentions of Thai people along with government's to resolve the current problems, Thailand's economy has a potential to sufficiently recover.

### **Balance of Trade**

The Thai's trade deficit is forecasted to ease slightly in 1995 to \$6.0 billion from the heavy \$7.2 billion in 1994 (Appendix 2, section 2), with the further gradual improvement in the year ahead. Rising exports as a result of an expected recovery in the world trade in 1995-1999, and a gradual tailing off import growth as consumer demand settles, will contribute to a projected narrowing of the average current-account deficit to \$6.0 billion in 1995 to 1999, from \$6.7 billion in 1993 and 7.2 in 1994 (Appendix

2, section 2). A small surplus forecast for the invisible account will also help make this possible.

### **Currency and Foreign Exchange Rate**

The Thai unit of currency is the Baht (Bht.). The exchange rate of the baht is determined on the basis of a weighted basket of currencies of Thailand's major trading partners. As of February 28, 1995, the baht was quoted as 24.94 to the U.S. dollar (The Wall Street Journal).

### **Exchange Control**

Prior to 1990, almost all foreign exchange transactions required approval from the Bank of Thailand, Thailand's central bank. In May 1990, however, the government relaxed exchange control procedures markedly to comply with the International Monetary Fund's rule on the liberalization of the exchange controls. As a result, many foreign exchange transactions that formerly required central bank approval now require only sanction by a commercial bank on presentation of supporting documents. Therefore, the transfer of funds to U.S. is very simple with no restrictions.

### **Method of Financing**

U.S. firms doing business in Thailand use various methods of financing including wire transfer, drafts, letter of credit and collections. Their choice of a particular method depends essentially on credit worthiness, cash flow considerations and how

quickly the U.S. firm wants to receive payment.

### **Culture Environment**

Culture is the human aspect of a person's environment; it consists of beliefs, morals, customs and habits learned from others. Culture is embedded in elements of the society such as religion, language history and education. These elements of the society give direct and indirect messages to customers about the selection of goods and services.

Normally, international Thai markets require a keen awareness of how Thai religion can influence business. They need to search activity for any such possible influences even when the influences are not very apparent. Developing an initial awareness of the impact religion has on one's own culture is often very helpful in developing cultural sensitivity.

Thailand is increasingly becoming Westernized population which come a change in the traditions, including life-style. Moreover, Thai people like American products, especially brand-name home appliance and etc. They like to buy American and consider U.S. home appliances in particular to be superior. The target group for this product (middle class and upper) seeks high quality and diversity in the choices, especially in the areas of home improvement. So that, "Power Painter" is possible to be sold in Thailand.

Although the American influence in advertising dominated until the late 1970s, Thai value and appeal are becoming stronger. Their customers are not easy to please, "connecting" with them needs a special art because of their rich cultural and sense of community. There are at least five keys to connecting process:

- a) visual matter more than logic,
- b) brand name is important; loyalty is strengthened by an easy-to-remember name,
- c) Thai language is less complex than English; aim to be directed,
- d) the rural population will react differently to that of Bangkok, and
- e) quality is appreciated, and worth the greater cost.

### **Legal Environment**

Thailand legal system is based on the civil law system with influences of common law, yet it has not accepted compulsory ICJ jurisdiction.

Thailand is classified by U.S. customs as a "V" class nation where no prohibition or restriction obstruct the export of "Power Painter." Thus, "Power Painter" can be imported freely into Thailand. However, in order to import "Power Painter", all of the following legal barriers must be considered.



### **Import Licensing**

In general, items under import licensing may be divided into three interrelated categories: goods whose import is restricted to protect local industries; goods whose purchase is subjected to a requirement for concurrent purchase of similar domestically produced goods; and goods whose import is controlled for health, security, and other reasons.

"Power Painter" is not classified in any of the above three categories, so it can be imported freely into Thailand.

### **Customs Duties and Procedures**

Thai Custom uses the Brussels Tariff Nomenclature. Duty rates apply on the same basis to all countries. Duties are levied on Ad Valorem basis or at a specific rate, whichever is higher.

In case of "Power Painter", import duties are levied on Ad Valorem basis about 10%-20%. Moreover, import duty surcharges must be levied on 0.5% of the C.I.F. value of importing (Export's Encyclopedia, 1993).

### **Value for Duty**

The basis for Ad Valorem duty assessment is the "wholesale cash price (exclusive of import duty) for which goods of like kind and quality are capable of being sold without loss at the time and place of importation, without deduction or abatement."

For "Power Painter" subject to Ad Valorem rate of duty, the Director-General of Customs may, from time to time, notify the

average market value for the category of goods. Such value shall be deemed the value for assessment of duty on the notified category of goods instead of the actual market value as from the date of notification unit cancelled or modified by subsequent notification. The notification shall be made in the Government Gazette (Export's Encyclopedia, 1993).

### **Import Quota and Permit**

The "Power Painter" is subjected to no quotas as an imported product into Thailand and no other restrictions apply.

There are no permits required. The product does not affect to Thai culture, Thai law, Government Policies. Anyone can export to Thailand. Under the free economic system; exporting transactions to Thailand are allowed. However, there are certain products subject to the government import regularity. Thailand continues the pattern of a relatively stable political situation. The monarchy is strong and unifying despite an occasional "surface" coup.

### **Patent**

Patents may be granted or recognized in Thailand only if the invention is new, involves and innovative step (defined as something not obvious to a lay person), and is capable of industrial applications. An invention is considered new if it does not form part of what it described as the state of art, defined in the act as follows. An invention widely known or used by others in the country before the date of the patent application; and

invention the subject matter of which was described in a document or printed publication, displayed or otherwise disclosed to the public in Thailand or abroad before the date of the patent application; an invention that was already patented in Thailand or another country before the date of patent application, or one that had been applied for, though not yet granted, more than 12 months before the date of application; and an invention for which a patent had been applied for in Thailand but which application had been abandoned in the last case, however, a joint invention may still apply to protect his rights.

### **Political Stability**

After the high political stability under the government of Prime Minister Gen. Prem Tinsulanonda during 1980-1988, Gen. Chartichai Choonhavan was appointed Prime Minister on August 4, 1988 and a new council of ministers was formed. Gen. Chartichai assumed an active role in foreign affairs on improving relations with Laos, Vietnam, and Cambodia. The open-policy for foreign investment and tourism brought Thailand the high growth rate in the late 1980's. However, the condemnation of government corruption also happened more and more. Popular support of Gen. Chartichai declined toward by the end of 1989. The government's response to damage caused by a typhoon in November was widely perceived as inadequate, and compounded allegations that Gen. Chartichai had been preoccupied with foreign affairs to the detriment of domestic

issues.

In early 1990, the government's public image was further damaged by corruption scandals and labor unrest. In November 1990, Gen. Chartichai demoted Mr. Chalerm Yoobamrung, an outspoken critic of the armed forces who was believed to represent the views of the Prime Minister. The armed forces had sought Chalerm's dismissal, threatening unspecified intervention if government changes did not take place. On February 23, 1991, Gen. Chartichai's government was ousted in a bloodless military coup. Gen. Sunthorn Kongsompong, the Supreme Commander of the Armed forces, assumed administrative power as the Chairman of the Newly-Created National Peace-Keeping Council (NPC). The NPC was actually dominated by the effective head of the armed force in Thailand, Gen. Suchinda Kraprayoon.

The NPC subsequently invited Mr. Anand Panyarachun, a business executive and former diplomat, to act as interim Prime Minister. Mr. Anand appointed a predominantly civilian 35-member interim council of ministers, comprising respected technocrats and former ministers and including eight members of armed forces. The NPC also appointed a 292-member National Legislative Assembly, which included 149 serving or former military personnel as well as many civilians who were known to have connections with the armed forces.

However, Anand's interim government under the influence of armed forces was in the power for only short time. In early 1992, the whole-country election for house representatives was carried out. Gen. Suchinda, who had refused to be a Prime Minister, was appointed Prime Minister and formed up new government's cabinet-

council which comprised almost old members from Gen. Chartichai Government.

In May 1992, the people dissatisfaction brought the bloody protest against the new government and armed forces. Fortunately the King, the center of Thai people's faith, stopped that cruel event. Mr. Anand was again invited to form up interim government before the new election on September 13, 1992. Former top persons of the army during the bloody protest were all transferred to less important positions (The Europa, 1994).

Political instability of Thailand from 1990 to mid 1992 was one of the problems which created the falling of Thai economic growth. However, on September 23, 1992, Mr. Chuan Leekpai became the first Thai Prime Minister who had neither served in the armed forces nor had links with aristocracy. This could be started to make things recover or better.

### **US-Thai Relation**

Official US-Thai relations date from 1833, when two countries signed the treaty of Amity and Commerce, the first US treaty with an Asian country.

Since World War II, the United States and Thailand have developed close relations in many fields, as reflected in several bilateral treaties and both countries' participation in many multilateral activities and arrangements under the UN aegis. The principal bilateral agreement in force is the Treaty of Amity and

Economic Relations signed in 1966. Other important agreements cover air transport, civil uses of atomic energy, sales of agricultural commodities, investment guarantees, and military and economic assistance.

While numerous areas of agreement exist and serve to strengthen understanding and cooperating between the United States and Thailand, US calls for Thailand to play a role in the world economic structure commensurate with its industrial diversification and growing economic importance have given rise to trade frictions and strains on otherwise very good bilateral relations. Particularly since 1985, the US Government has sought improvements in Thai regime for protecting US intellectual property comparable to those standards achieved in other East Asian countries. Progress has been made, but further efforts are required. The United States also initiated dialogue with Thailand on promoting worker rights in response to recent US legislation linking these rights with US trade policy. The United States also continues to seek improved access for US products and services in Thai market.

### **Product Analysis**

#### **Product Description**

The Wagner "Power Painter" is a precision built "airless" paint sprayer that is better, much faster, and easier to use than a brush or roller and it does all without a compressor. It is especially designed for big and difficult jobs, such as houses,

indoors and outdoors, garages, fences, and decks. It is also great for shutters, louvered doors, wicker furniture, and other tough-to-paint smaller objects.

The "Power Painter" uses proven Wagner "airless" technology to electro-mechanically atomize paint and apply it into a surface. All paint pumping parts are self-contained in the housing. Its working parts are made of tough hardened steel and tungsten carbide. All plastic parts are of impact- and solvent-resistant polymers. The "Power Painter", in many cases, can do a better job than brush or roller because it forces paint into hard-to-fill cracks and crevices that would otherwise require extensive reworking. It also leaves no brush strokes and lap marks.

It can spray latex and oil-based paints, stains, vanishes-in fact, virtually any liquid, including garden sprays, insecticides, fertilizers, even lubricants and solvents. Unlike old-styles sprayers, Wagner Power Painter does not mix paint with air. So, there is much less over-spray. It serves time over brush or roller painting. During stoppages in a job, simply spraying water or recommended solvent through gun. For long-term storage, some simple disassembly and washing is required.

### **Competition**

There is no identical products had been imported to Thailand before. Typical painting tools are largely manufactured domestically and the import of these types of products is relatively small, compared to consumption within the country.

Therefore, the "Power Painter" has both direct and indirect competitors. The major competitors are typical spray, brush, and wallpaper companies.

Direct competitor: Typical Spray

Indirect competitor: Typical Brush and Wallpaper

In Thailand, there are many hardware stores in every city. They sell both high quality (high price) and low quality (low price) painting tools. Due to the nature of the "Power Painter", the real competitors will be the high quality products.

#### **Defects of Current Supply and Potential for the Product**

Defects in the current and overall supply are at a minimum. Based on the nature of the products and the market, the companies selling painting tools are in very competitive market. In order to understand more about the product, an analysis of the disadvantages of current competitive products and the advantages of the "Power Painter" are discussed.

Painter: A typical painter needs an air compressor to pump air up to spray. The sound of the compressor is very loud and the size is also large making it hard to move. In addition, a typical container usually contains only one quart of paint, which is not suitable for the large job. On the other hand, the "Power Painter" allows users to connect a suction tube to the paint can which will save time on refilling the paint container. At the same time, this eliminates the dripping and mess which occurs when refilling the paint container. Moreover, all products manufactured by Wagner



Spray Tech Corp. are warranted against defects in material and workmanship for one year following the date of purchase if the products are operated in accordance with Wagner's painted instructions and recommendations.

### Price Analysis

In order to enter into a new market, price of the product is one of the important factors to be considered whether competitive and reasonable. Based on Appendix 3, the detail on the retail price of "Power Painter" in Thailand can be calculated as follow:

Particulars	Unit Price (US \$)
Retail Price (U.S.A.)	85.00
Less 30% margin for retailer	25.50
Wholesales Price (U.S.A.)	59.50
Plus Freight and Insurance (Appendix 4)	0.73
C.I.F., Bangkok Port	60.23
Plus Import Tax and Surcharge (13%)	7.83
Unit Price After Custom Clearance	68.06
Plus 25% Margin for Wholesaler	17.02
Wholesales Price (Thailand)	85.08
Plus 15% Margin for Retailer	12.76
Retail Price (Thailand)	97.84
Plus Miscellaneous Expenses*	2.16
Final Retail Price (Thailand)	100.00

\* Since some expenses will also be incurred when the shipment arrives at the Bangkok Port, such as custom clearance expense, delivery expense from the port to warehouse, and printing expenses on product-related documents and warranty certificates in both English and the Official Thai languages, etc., US \$2.16 per unit is assumed to be the cost.

Based on the price computation, the final retail price per unit of "Power Painter" in Thailand would be about US \$100.00. By using the exchange rate of US \$1.00 equals to 24.94 Baht, the final retail price per unit in Thai currency would be 2,494 Baht, which is considered lower than the typical spray painter where a compressor is required. Compared to the duration and efficiency of the product, the "Power Painter" is expected to be succeed with this price.

Remark: Cost of spray gun in Thailand is about 750 Baht per unit.

Cost of compressor (3/4 HP) is about 3,000 Baht per unit.

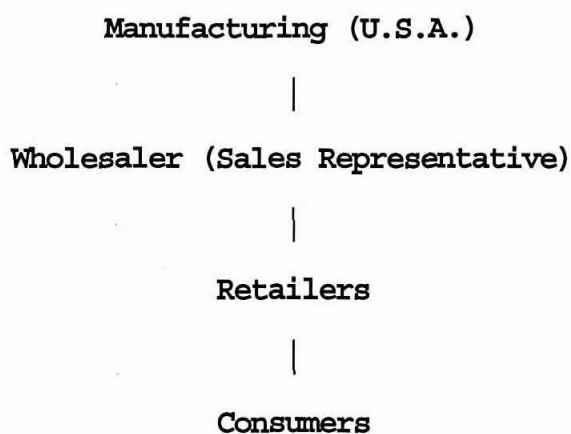
#### **Product Cost**

Since the Wagner Corporation does not disclose the information on the product cost, the cost of the "Power Painter" is assumed to be 35 percent less from the wholesale price (U.S.A.) which is US \$38.67 per unit.

## **Place Analysis**

### **Channels of Distribution**

A number of studies on international distribution channels have been conducted. International channels of distribution normally have more layers of channels than those of domestic distribution channels. The two most common distribution channels are sales representative and export distributors. The most famous case regarding international channels of distribution is probably that of the Japanese. After considering the six C's: Control, Coverage, Cost of Customer, Company Objectives, Customer Needs, and Competition (Jeannet and Hennessey, 1992), the international distribution channel of "Power Painter" is designed as shown below:



The distribution channel for this project will start with the shipping products from manufacturer in U.S.A. by Wagner Spray Tech Corp. to the wholesaler in Thailand. Then the product will be distributed to retailers who can place orders either directly to

company or through sales persons. Since the "Power Painter" has special features, a relatively high price, and a need for sales demonstration and service after sales, retailers of "Power Painter" are confined to shopping centers and major hardware stores in Bangkok and other cities.

By doing this, Bangkok will act as a wholesaler. This will cut the layers and the costs of the distribution channels, which, to a certain extent, increase the speed of distribution and lower the final price of the product.

One of the major problems in importing products to Thailand is clearing customs at Klongtoi Port. It is more time-consuming and expensive if one does not know what he/she should do. Therefore, hiring a freight forwarding company is highly recommended. The service charge is US \$80/time.

#### **Destination, Transportation, and Cost**

The product will be transported from Minneapolis, Minnesota, U.S.A. to one of the major West Coast sea ports to the Port of Entry at Klongtoi Port, Bangkok, Thailand. From the port, the product will be delivered to the company's warehouse, located in Bangkok, by truck.

The company will send the product by ship because of the cheaper cost than sending by air freight. According to the information from Lanna Overseas Shipping, Inc. (Tel: 1-800-354-0010), the freight charge of the product from Minneapolis to Bangkok Port is approximately US \$2,400 per twenty-foot container

(including a train freight to one of the sea ports at San Francisco, Long Beach, or Oakland). It will take about 33 days from Minneapolis to the destination. In addition, insurance is imposed at two percent of the freight, normal rate.

### **Promotion Analysis**

#### **Advertising**

At present, there are many ways to advertise and promote in Thailand. Between 1982 and 1986 the total advertising expenditure had increased from US \$140.6 million to US \$215 million, an approximately 53 percent increase during that period. With high economic growth rates from 1988-1990, Thailand's advertising industry has been the largest among Southeast Asian Countries (SEAs), with an estimate expenditure of US \$400 million in 1990 (Outdoor Media, 1991).

It is widely accepted that advertising has played an important role in competitive markets. It is imperative to use the English, Chinese, and Thai languages, when advertising in Bangkok, while the statement in Exporters' Encyclopedia (1993) supports uses of English language that:

"Although the English-language media reach only a small audience, they do reach the most influence and influential segment of the Thai population. Thus, advertising...in the English-language media in Thailand is probably well advised." (p. 1341)

However, the author feels that English and Thai languages are sufficient and appropriate for advertising the product. In addition, hiring an advertising agency is recommended. The agency will assist the company, arranging all advertising strategies and planning. This will eliminate problems in advertising for the company. For example, due to the increasing demand and the government regulations which allow only a certain amount of advertising per hour, it has recently been difficult and costly to advertise on air. According to Exporters' Encyclopedia (1993), the advertising agency commission ranges from 15 to 18 percent of gross billings.

### **Media Selected and Expenses**

Selection of the media is one of the most important decisions in developing an advertising strategy. Although the number, type, availability, characteristics, and effectiveness of media vary widely from one country to another, there are no major constraints in advertising in Thailand. Various media are provided both indoor and outdoor. The daily newspaper is the most effective in Thailand, while television has gained more and more recognition over time. However, T.V. is currently the champion of all advertising media in Thailand (Outdoor Media, 1991). According to the information from the survey in 1985, nine out of ten Bangkok households have at least one television set (Outdoor Media, 1991). In addition, the growth rate of television, from 1986 to 1988, was almost ten percent annually (The Europa, 1994).

Recently, due to the decrease in the rate of illiteracy and the increase of interests in magazines, the number of magazines published has increased in Thailand. A magazine, named "Furniture" is one alternative for advertising the product. Although direct mail has been successful in the United States and Western Europe, it has just begun to be used in Thailand. This may be because of the high rate of service charge, and the slow speed of mail service.

Outdoor media has also gained momentum in Thailand. It has proven to be effective as a supplementary media and is gaining ground steadily. Familiar outdoor advertising media includes billboard, cutout, bus-side, bus-back, taxi, transportation-terminal, bus-shelter, and balloon ads. Billboards and cutouts surpass any other outdoor media in term of attraction toward target groups. However, the land rent for setting up the media has become increasingly expensive, ranging from US \$400 to US \$2,800 per month. Taxi, bus-side, bus-back, and bus-shelter advertising have gained more and more interest in the past few years (Outdoor media, 1991). This may be because the rates of advertising are relatively cheap compared to the rates of other media.

Additionally, bus-sound has become a popular advertising media. this form of advertising is commonly found on Bangkok Mass Transit Authority (BMTA) buses, where it has been used since 1989. The most expensive rate, during rush-hour, is only US \$40 per 30 seconds. However, those people who use buses as a means of transportation are not likely to be the target for "Power Painter."

Also, in advertising the product, pictures need to be used in order to attract an audience. Therefore, the media selected are as follows: Newspaper, television, bus-back, and cinema.

### **Newspaper**

Due to the characteristics of "Power Painter" that need visual advertisement to attract the audience, advertisement will be more attractive and more suitable if a full page, four color coverage is used when advertising in newspaper.

### **Daily Newspaper**

#### **1. Thai Language**

More than ten Thai-language daily newspapers are taken into consideration when attempting to cover the markets in both metropolitan and suburban areas. For example, Thai Rath, the biggest and probably the most influential newspaper in Thailand, has a good distribution system and is sold all over the country, while Matichon focuses on the educated people in Bangkok and the big cities. According to The Europa World Yearbook (1994), these two newspaper circulate 800,000 and 234,000 copies daily, respectively.

According to the information surveyed (February 6, 1995), the rates of advertising (full page and four colors) for Thai Rath and Matichon are US \$24,898 and US \$4,456, respectively. With the high advertising rate of Thai Rath, Matichon is the only daily newspaper selected.



## 2. English Language

English language newspaper in Thailand have a target market of well-educated and influential members of Thai society. At present, there are two major English newspapers: Bangkok Post (52,000 copies daily) and The Nation (46,500 copies daily) (The Europa, 1994). Though selling 5,500 papers a day more than its competitor, Bangkok Post is selected because of its popularity in Bangkok and other major cities where the sale of "Power Painter" is focused. The advertising rate is about US \$5,300 per issue.

### Business Newspaper

Recently, with a prosperous economy, business newspapers have become popular in Thailand. Two major business newspapers are chosen: Prachachart Thurakij (meaning: nation's business) and Thansettakij (meaning: economic base). These two newspapers are selected because they are the two most popular business newspapers in the country and they both provide a construction and real estate section, where the product should be advertised.

-Prachachart Thurakij is a biweekly business newspaper. According to the information surveyed on February 20, 1995, the full page and four colors advertising rate is US \$5,128 per issue.

-Thansettakij: According to the information via telephone [REDACTED] and [REDACTED] and facsimile [REDACTED], dated February 20, 1995, Thansettakij, a weekly newspaper, circulates 110,000 copies. The full page and four color advertising is US \$5,320 per issue.

## **Television**

At present, there are five major television channels broadcasting in Thailand:

- Channel 3 (Bangkok Entertainment Company Ltd.)
- Channel 5 (The Royal Army Television HSA-TV)
- Channel 7 (Bangkok Broadcasting & TV Company Ltd.)
- Channel 9 (The Mass Communication Organization of Thailand)
- Channel 11 (The Television for Education).

The first four channels are privately-owned. Each of these channels covers almost all areas of the country. Recently, with the revolution and new presentation of evening news on television (pioneered by Dr. Somkiat Onwimol), Thai people have become more interested in the evening news. Advertising on Channel 5, where Dr. Somkiat now works, and Channel 7, the most popular channel are selected. The rates of advertising are US \$1,200 and US \$1,880 per 30 seconds, respectively.

## **Bus-Back**

The rates of advertising for bus-side, bus-back, and bus-shelter vary widely from one route to another (in case of bus-side and bus-back) and one location to another (incase of bus-shelter). Including production cost, bus-back, bus-side, and bus-shelter ads range from US \$54-70, US \$84-176, and US \$140-400 per month, respectively (outdoor media, 1991). Since all three of these aim at the same targets (middle and lower level consumers), only bus-back ad is selected because the rate of advertising is the lowest,

compared to those of bus-side and bus-shelter.

### **Cinema**

Seventy percent of the people in Bangkok and fifty percent of those in other cities reportedly attend a movie about once a week. Cinema advertising, therefore, becomes a basic form of advertising and is considered an effective means (Export's Encyclopedia, 1993). The rate of advertising in Siam Square theater averages about US \$800 per month.

### **Frequency of the Advertising Campaign**

Basically, an advertising budget is imposed as a certain percentage of total sales. The percentage varies from one product to another. Since the product is relatively new to the market, T.V. and newspaper are planned to be advertised at least once a month, while bus-back and cinema will be used for a whole year (one-year contract) in the first year of operation. In the second year and third years, the advertising budget will be limited to 25 and 20 percent of net sales, respectively. Then the total advertising expenses for the first year will be as follow:

**Selected Advertising Media and Expenses**

Category	Cost per unit (\$)	Total Cost (\$)
<b>Newspaper</b> (Once a month)		
-Maticchon	4,456	61,536
-Bangkok Post	5,300	53,472
-Prachachart T.	5,128	63,600
-Thansettakij	5,320	63,840
<b>Television</b> (Once a month)		
-Channel 5	1,200	14,400
-Channel 7	1,880	22,560
<b>Bus-back</b> (Full year)	60	720
<b>Cinema</b> (Full year)	800	9,600
<b>Total</b>		<b>289,728</b>

The total advertising expenses for the first year of operation will be US \$289,728 or US \$290,000. Since the promotion costs are relatively high, Wagner Corporation and wholesaler in Thailand should agree to share these costs. Then advertising expenses are assumed to be paid by Wagner Corporation and Thai wholesaler with the rate of 60 and 40 percent, respectively.

### **Demand Analysis**

In the late 1980's Thailand's economy boomed. The construction industry also followed the same direction of the country. Most of Thai people in the middle class and those who have higher income were looking to have their own houses at that time. Though the falling economy has now caused a slump in the construction industry, a lot of construction projects are being completed and many had been already transferred the ownership to the buyers.

Based on the Appendix 5, home owners are the most likely to spend money on do-it-yourself repairs and large-ticket items. In addition, 85.5 percent of the housing tenure for the whole kingdom of Thailand in 1993 was the category of the owner or hire purchase, which is the main target market for this project. Due to the lack of the up-to-date information, the annual growth rate of housing expenditure between 1995-1999 are estimated based on the information on Appendix 6, which is about 3 percent.

**Annual Housing Expenditure**

Year	Housing Expenditure (US \$'000,000)
1992	1,926.9
1993	1,992.2
1994	2,052.0
1995	2,113.6
1996	2,177.0
1997	2,242.3
1998	2,309.6
1999	2,378.9

Applying 85.5 percent of the owner category for housing tenure to the above information, the housing expenditure spent by the expected main target market can be estimated as follow:

**Annual Housing Expenditure of the Target Market**

Year	Housing Expenditure Spent by the Owner Category (US \$'000,000)
1995	1,807.1
1996	1,861.3
1997	1,917.2
1998	1,974.7
1999	2,034.0

However, not all the owners of the houses can afford in buying the "Power Painter", positioned as high quality (high price) product. Therefore, the prospects are expected to be only household with monthly income are US \$400 or more. Appendix 7 shows the income distribution in Thailand, the household with monthly income of US \$400 or more account for 39.6 percent. In addition, it is assumed that total consumption on painting tools accounts for 0.1 percent of the expenditures on household goods and services. Then the size of the market can be calculated as follow:

Size of the Market = Housing Expenditure X 0.1% X 39.6%  
of Painting Tools

#### Expected Market Size

Year	Market Size (US \$)
1995	715,623.4
1996	737,709.1
1997	759,199.3
1998	781,981.2
1999	805,464.0

Target group of the company are mainly on:

1. homeowners (85 percent),
2. construction companies as condominiums, flats, and houses

(10 percent), and

3. Construction projects of the government to improve the country's infrastructure (5 percent).

**Remark:** Construction companies and construction projects are the minor target market groups.

### Feasibility

#### Estimated Three Years Sales and Advertising Costs

Year	Market Size* (\$)	Expected Units Sale	Total advertising Costs (\$) **
1995-1996	720,000	7,200	290,000
1996-1997	740,000	7,400	185,000
1997-1998	760,000	7,600	152,000

\* Figures for market sizes are changed to an full amount despite of easier calculating and understanding.

\*\* Advertising costs are taken from advertising section: first year is US \$290,000 and second year and third year are 25 and 20 percent of the net sales, respectively.



**Revenues, costs, and Profits (Wagner Corp.)**

Year	1995-1996	1996-1997	1997-1998
Expected units sale	7,200	7,400	7,600
Revenue*	428,400	440,300	452,200
Product costs**	(278,424)	(286,158)	(293,892)
Advertising costs	(174,000)	(111,000)	(91,200)
Profit	(24,024)	43,142	67,108

\* Revenues are calculated based on the selling price to the Thai wholesaler minus freight and insurance and import tax and surcharge (U.S.A. wholesale price).

\*\* Product costs are calculated by multiply 38.67 to the expected units sale.

Remark: Numbers in the parentheses mean loss

**Conclusion and Recommendation**

Thailand is a potential country to do business with because of the high rate of economic growth and the political stability of the country. From 1987 to 1990, Thailand was among the world's fastest developing country with Gross National Product (GNP) growth rate approximately 10 percent annually. In addition, Thailand has the low import tariffs which means only few restrictions on importing

the "Power Painter" into Thailand.

American executives exporting to Thailand should scan a common core; both controllable and uncontrollable factors in order to examine the feasibility of exporting and marketing the product in this country.

From this project, based upon the assumption made, "Power Painter" has the possibility to enter into the market of painting tools in Thailand. If the Wagner is successful in Thai market, the company could expand to other product lines such as "Power Brush" and "Glass Mask." Moreover, Wagner can expand its sale into Myanmar, Laos, China, and the Thai's neighbors after reaching Thai market because there are links between these countries such as Golden Quadrangle. The so-called Golden Quadrangle is a fairly simple sub-regional plan loosely agreed to by Thailand, Myanmar, Laos, and China. In essence, it amounts to building a road from northern Thailand via Myanmar or Laos to the Yunnan province in southern China. Yunnan has the most to gain from the road link, which would give it access to a deep sea port. After we get into Thailand the study of possibility of marketing "Power Painter" in these countries is recommended.

### Annotated Bibliography

Anonymous., "Asia's New Consumers: Pamper Them.", Economist.,  
Vol: 318, 7694., February 16, 1991. p. 56-57.

Rising incomes in many Asian countries are creating new and rapidly expanding markets for consumer products. Thai people, same perception, are getting more income which cause the Thai people to consume more.

Anonymous., "Chiang Mai's Wiser Approach.", Asian Business.,  
Vol: 28, 6., June, 1992., p. 50-51.

"Over the past 3 to 4 years, Chiang Mai's cultural charm has spread a construction boom in hotels, condominiums, and housing developments." This statement is an another indicator to show that Thailand's construction is getting boomed and providing an opportunity for selling the painting tools.

Anonymous., "Kingdom of Thailand: Fact Sheet.", Political Risk Service (IBC USA)., August 1, 1994., p. 1.

This report provided me the statistics of the Thai economy. It gave me a picture how interesting Thailand is, in the view of economic condition.

Anonymous., "Outdoor Media: Supplemental Media Gaining Momentum.", Thailand Business., Vol: 13., 1991., p. 41-44.

A lot of information in this publication has been used in this project. The common media that are used in Thailand such as television, newspaper, bus-side, bus-back, bus-shelter, and etc. have been shown including their costs.

Anonymous., "Thailand-Geographic Report.", Political Risk Service (IBC USA)., December 1, 1993., p. 1-30.

This report also provided me the statistics on the Thai economy. It gave a brief Thai economic data, average between 1989 to 1993. In addition, it gave me an economic forecasted data between 1994 to 1999 which helped me on making decision whether or not this project can be done.

Bow, J. J., "Better Buy in Bangkok.", Daily News Record., Vol: 24, 248., December 30, 1994., p. 5(1).

This article shows me that reductions in import duties for goods exported to Bangkok are resulting in a broader selection of quality apparel products in apparel stores. An improvement in merchandises is making imported goods attractive to Bangkok residents. There are numbers of department stores that likely prefer to sell the imported goods in Bangkok. Central Department Store, for example, forecasts about \$2.4 million in business for its new flagship Chidlom outlet.

Export's Encyclopedia., 1993., Baltimore: Dun's Marketing Services.

Import restrictions and advertising sections in this book are used for doing this project. English language advertising is needed for promoting "Power Painter" in Thailand because it can reach the most influential segment of Thai people, although it can reach only small audience.

Handley, P., "Property 1992 - Thailand: Bloom Is Off the Orchid.", Far Eastern Economic Review., Vol: 155, 17., April 30, 1992. p. 44-45.

The housing and office rental rates in Thailand peaked in 1991. By 1994-1995, we could see sharp drops in the land costs. Since Thai people are getting more income, they tend to have their own homes in the near future. Then, this could be a good chance for the "Power Painter."

Handley, P., "Thailand: Trade and Investment-Off the Boil but Still Hot.", Far Eastern Economic Review., Vol: 155, 33., August 20, 1992., p. 38-40.

The military's massacre of protesters on Bangkok streets in May 1992 does not seem to have had any lasting effect on the country's economy. In addition, the rate of export expansion is a solid indicator of sustained growth on the external side, and statistics through May suggest that consumer spending was expanding at about 5 percent.

Handley, P., "Thai Property: Choice Pickings.", Far Eastern Economic Review., Vol: 155, 16., April 23, 1992., p.48.

This article gave me an idea that the target market for painting tools in Thailand has a chance to grow. The situation in Thai housing market has encouraged people to have their own houses because the residential housing market has peaked, while selling prices are coming off their highs.

Hotchkiss, C., International Law for Business., 1994., U.S.A., McGraw-Hill, Inc.

The study of the international legal environment of business is an integral part of the study of global markets. Law provides the ground rules for international trade and investment in goods, services, and technology. An understanding of the ground rules for that trade and investment shows managers to compete successfully in the most comparative international markets. Then, this is the reason why this project, a study of marketing product across the country, took legal environment into consideration.

International Financial Statistics., U.S. Department of Commerce, Economics and Statistics Administration, Office of the Chief Economist., June, 1993., Washington., p. 119-125.

International trade plays more important role in today's world economy than in the past. The statistics of an international trade transactions are shown, especially between the trading partners in this project, United States and Thailand.

Janssen, P., "China: Forging a Route to the Sea.", Asian Business., Vol: 29, 11., November, 1993., p. 8-9.

If the "Power Painter" is successful in Thailand, it will have a good opportunity to expand into the neighborhoods of Thailand, such as Myanmar, Laos, China, and so on. There are numbers of agreements among these countries in order to have freer trade by reducing duties and barriers. Golden Quadrangle, for example, is the agreement of the free trade among Thailand, Myanmar, Laos, and China.

Janssen, P., "Surprise Boom Masks Flaws; Confidence Hits Four-Year High; Time to Invest in People.", Asian Business., Vol: 30, 2., February, 1994., p. 24-32.

This article also confirms that Thai economy is really attractive for investment. Short-term performance is likely to remain strong with GDP growth expected to soar above 8 percent. However, long-term prospects will depend on the management of both private sector companies and the government. For the government, since the new government took charge at the end of 1992, the high economic growth has been maintained and, somewhat, improved. Thai businessmen gave their country a confidence index rating of 77 in 1994, the best score since 1990. This can be seen as an opportunity to do business in Thailand.

Janssen, P., "Thailand: A New Sense of Stability.", Asian Business., Vol: 29, 2., February, 1993., p. 28-37.

Despite the fact that most other countries in the region were experiencing an economic slump and despite the domestic violence of May in 1992, Thailand enjoyed a healthy growth. Some of the credit for Thailand's improved political-economic package goes to former prime minister Anand Panyarachun and his team of technocrats. Under the leadership of progressive Chuan Leekpai, a major goal has been to distribute more wealth.

Jeannet, J. P., and Hennessey, H. D., Global Marketing Strategies (2nd. Edition)., 1992., MA: Houghton Mifflin Company.

This book helps me design the distribution channel which is affected by six C's. More importantly, in order to do business across the country, it provided me all factors that I have to consider in addition to basic marketing such as political, cultural, and legal environments.

Knecht, G. B., "Bust Threatens Bangkok's Property Boom.", Barron's., Vol: 73, 26., June 28, 1993., p. 58.

Of the world's major urban centers, few are growing faster than Bangkok. With more than 1/3 of its high-rise buildings now under construction, development is proceeding at an astonishing rate. Commercial real estate development in Bangkok, Thailand, is exceeding demand and driving real estate prices down. This can indicate that number of Thai people who own the houses trend to be increasing. Since the prices of real estate fall down, the people housing purchasing power will rise.

Kotler, P., Marketing Management (7th. Edition)., 1991.,  
New Jersey: Prentice-Hall, Inc.

Today many companies focused their attention on the investment market not on the real market. They failed to define their target market carefully and study their needs. They relied on selling, not marketing. A lot of ideas have been taken from this book for doing this project. The heart of marketing is the Four P's or the marketing mix analysis. This book Provided me the whole concepts on the marketing mix.

Levin, M., "Bangkok Backs Big Gamble.", Asian Business.,  
Vol: 28, 3., March, 1992., p. 30-34, 38-41.

This article tells me that Thai's economy is strong. The expected rise in minimum daily wage and higher international prices for traditional Thai export crops, such as rice, affect the higher buying power of Thai people.

National Statistics Office, Thailand., Report of the Labor Force Survey (Whole Kingdom)., August, 1993.

This report provided me the most important information for demand analysis., It gave me the percentage of type of tenure on Thai housing, spending on household goods and services, and the distribution of income of Thai household. Based on these information the target market can be viewed.

The Europa World Year Book: Vol II (35th. Edition)., 1994.,  
Europa Publications Limited., London, England.

This is an important source of information. It provided me a lot of information such as country's history, economic condition, political form, statistical survey, and so on. Thailand is one of the most attractive country in term of dealing business with. With the real growth rate and the forecast growth rate are so impressively high, an average of 8 to 10 percent annually, while the inflation rate is relatively low at the average 5 percent. In addition, Thailand's rapid economic growth since the late 1980's has generated certain problems, for example inadequate infrastructural development. Thus, these can indicate that Thailand's construction sector will be a huge industry sector. Besides, with the annual growth of the population by an average of 1.7 percent, we can strongly agree that the "Power Painter" possibly be sold in Thailand.

U.S. Department of State., "Economic Policy and Trade Practice: Thailand.", NTDB., September 27, 1994.

This report provided me on the Thai construction information, barriers to U.S. exports into Thailand, and the country profile. The information on this report has been taken from the U.S. Department of Commerce, Bureau of Economic Analysis.

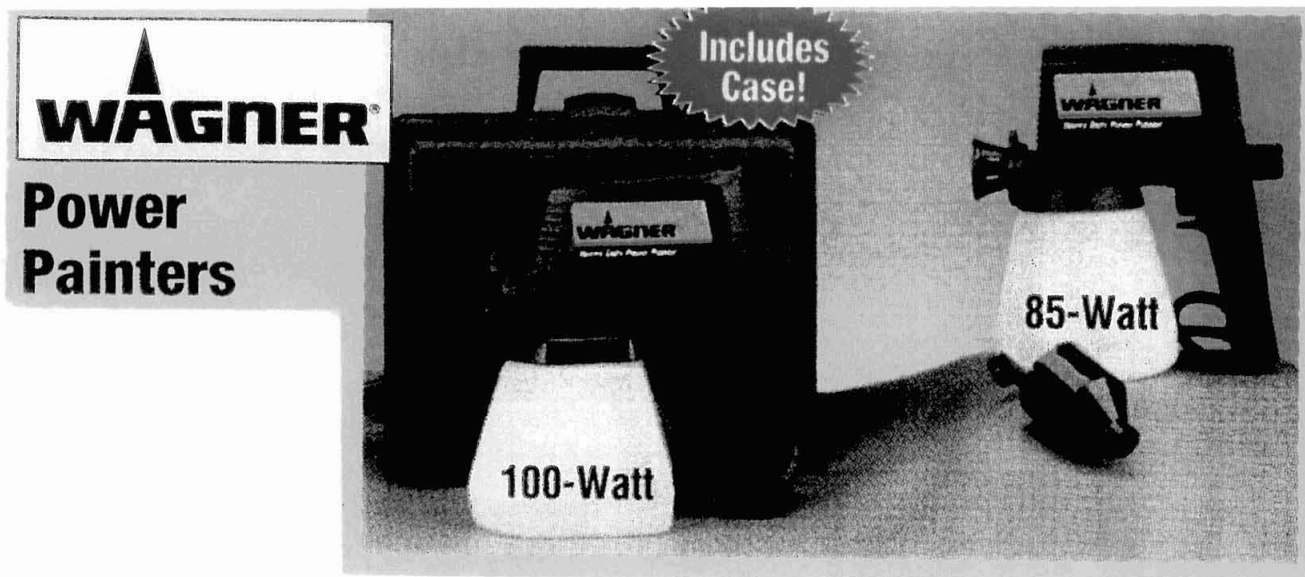


**Additional Sources of Information**

- Bangkok Broadcasting & TV Company Ltd. (Television Channel 7)
- Damark International, Inc.
- Home Depot.
- Lanna Overseas Shipping, Inc.
- Matichon Co., Ltd. (Matichon Newspaper)
- Prachachart Turakij Co., Ltd. (Prachachart Turakij Newspaper)
- Thansettakij Co., Ltd. (Thansettakij Newspaper)
- The Post Publishing Public Co., Ltd. (Bangkok Post Newspaper)
- The Royal Army Television HSA-TV (Television Channel 5)
- Wagner Spray Tech Corporation.
- Watcharaphol Co., Ltd. (Thai Rath Newspaper)

Appendix 1

Product: The "Power Painter"



## Appendix 2

## Thailand

## Key Economic Indicators: 1989-1993

## Section 1

	1989	1990	1991	1992	1993
GDP (\$ billion)	69.10	80.17	91.70	105.00e	124.18e
Per Capita (\$)	1,250	1,430	1,610	1,820e	2,115e
Real Growth Rate (%)	12.0	10.0	8.2	7.5	7.8
Inflation Rate (%)	5.4	5.9	5.7	4.2	3.5

Source: Political Risk Services (IBC USA), August 1, 1994.

## Section 2

Years	Real GDP Growth (%)	Inflation (%)	Current Account (\$bn)
1989-1993 (Avg)	9.0	5.0	-6.21
1994 (F)	8.0	4.0	-7.20
1995-1999 (F)	7.2	4.4	-6.00

Source: Political Risk Services (IBC USA), December 1, 1993.

### Appendix 3

#### Product Price

(Surveyed on January 5, 1995)

Product: Wagner Power Painter

Retail Price: \$85.00 (Home Depot)

Wholesale Price: \$59.99 (Damark International, Inc.)

### Appendix 4

#### Freight and Insurance Calculation

- Size of the 20' container = 9'x 9'x 19'  
Total volume = 108"x 108"x 228" = 2,659,392 inc.<sup>3</sup>
- Size of product package = 11"x 11"x 6.5"  
Total volume = 786.5 inc.<sup>3</sup>
- Then total units per container are approximately 3,380 units.
- Shipment cost = \$2,400 per container or 0.71 per package.
- Insurance cost = 2%
- Total freight and insurance cost is 0.73 per package.

## Appendix 5

## Thai Housing

Home ownership is higher in the kingdom in general than in metro Bangkok. Home owners are the most likely to spend money on do-it-yourself repairs and large-ticket items.

---

Type of Tenure	Whole Kingdom (%)	Bangkok Metro (%)
Owner, or hire purchase	85.8	58.3
Rent	7.5	31.7
Rent free because:		
part of salary	3.1	5.7
in-kind	3.5	4.3

---

Source: Key Statistics of Thailand, 1993., National Statistic Office.

## Appendix 6

## Spending on Household Goods and Services

---

Year	Expenditure (US \$'000,000)
1989	1,653.5
1990	1,812.7
1991	1,876.1
1992	1,926.9
1993	1,992.2

---

Source: Key Statistics of Thailand, 1993., National Statistic Office.

## Appendix 7

## Household Income by Region

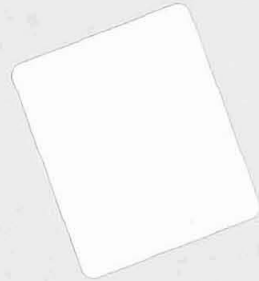
---

US\$ per Month	Bangkok	Central	North	Northeast	South	Average
< 160	8	13	17	16	12	13.2
161-280	24	26	40	34	37	32.2
281-400	15	14	13	17	16	15.0
401-600	19	18	12	12	14	15.0
601-1,000	13	8	8	6	9	8.8
> 1,000	7	9	6	6	5	6.6
Not disclosed	14	12	4	9	7	9.2

---

Source: Key Statistics of Thailand, 1993., National Statistic Office.

Graduate Project Proposal



[y] ✓ [i.d. Feasibility] Topic: The Feasible For Exporting "Power Painter" into Thailand

Submitted to: Dr. Patrick F. Butler

Submitted By: Nopparat Amornsrisuk



Lynn University

January 30, 1995.



## Background of The Author

I, Nopparat Amornsrisuk, am studying in the Master in International Management program. I have completed the following courses:

### Core Courses of The MPS Program

-MPS 500 Management & Administration I	3 Credits
-MPS 505 Research Method	3 Credits
-MPS 510 Legal Aspects	3 Credits
-MPS 515 Management & Administration II	3 Credits
-MPS 520 Marketing	3 Credits

### International Management Concentration

-MIM 590 International Business	3 Credits
-MIM 591 International Marketing	3 Credits
-MIM 592 International Finance	3 Credits
-MIM 593 Comparative Economic System	3 Credits
-MIM 594 International Law and Organization	3 Credits

Subtotal 30 Credits

In order to complete the program, I am taking the following courses (6 credits) in this semester:

-MIM 620 Investment in International Market (Elective)	3 Credits
-MIM 665 Graduate Project in International Management	3 Credits

Subtotal 6 Credits

Total 36 Credits



## Project Proposal

Since the author is finishing the Master Program in the major of International Management, the research project will be directly involved with international business, in the area of import and export. It will study the possibility of exporting and marketing the "Power Painter" into Thailand. "Power Painter", a product of Wagner Spray Tech Corporation, is an innovative spray painter to be used as a general household tool. The study will attempt to be as practical as possible.

It will start by giving the reasons why particular country and product are selected for this research. Then it will brief a profile of the selected country, Thailand, and study the uncontrollable business factors which are economic environment, political environment, political risks, legal environment such as import licensing, cultural environment, and government regulation for business.

However, the primary consideration in this research will be based on the controllable factors which are four P's or marketing mix:

-**Product:** It will brief the overview of the company which manufactures a selected product and a product description. Then, it will study competition condition and defects of current supply and potential of the product.

OK

-**Price:** Since the company does not disclose information on product cost, the selling price in Thailand will be calculated by using retail and wholesale prices in the US. including shipping expenses, custom expenses and percent mark-up in the Thai market. The retail's and wholesale's selling prices in the US. will be collected by survey.

-**Place:** In this section will show distribution channel for the product and how the products are transferred from manufacturer in the US. to the distributors in Thailand.

-**Promotion:** There are so many ways to promote the product. In this research the major promotion will be on advertisement. There are a lot of choices for advertising medias in Thai market, for example, newspapers, magazines, televisions, cinemas, and bus-back. This research will show the selected medias and all expenses required for each item of these medias.

In addition, it will analyze the current and potential market such as demand analysis and three years projection of market share. Finally, it will syudy whether the project is feasible by summarizing and analyzing revenues, costs and expenses, and return on investment (ROI).

### Hypothesis

According to the innovative characteristic of the product and the high demand of the market, exporting "Power Painter" into Thai market should be profitable and feasible. ✓

## Possible Sources of Information

- Anonymous., "A Sea of Sharks.", Business Review., May-June, 1990., p. 15-18.
- Anonymous., "Asia's New Consumers Pamper Them.", The Economist., February 16, 1991., 318, p. 56-57.
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- U.S. Department of State., "Economic Policy and Trade Practice: Thailand.", NTDB., September 27, 1994.

OK

## **Additional Sources of Information**

Damark International, Inc.

Home Depot

Thai Journals

Wagner Spray Tech Corporation.