

**HOW CAN SIAM@SIAM HOTEL INCREASE ITS CUSTOMER
BASE?**



**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2012**

COPYRIGHT OF MAHIDOL UNIVERSITY

Thematic paper
entitled
**HOW CAN SIAM@SIAM HOTEL INCREASE ITS CUSTOMER
BASE?**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management
on
January 30, 2013



.....
Mr. Peraporn Suwanchwee
Candidate

.....
Asst. Prof. Parisa Rungruang,
Ph.D.
Advisor

.....
Asst. Prof. Pornkasem Kantamara,
Ed.D.
Chairperson

.....
Assoc. Prof. Annop Tanlamai,
Ph.D.
Dean
College of Management
Mahidol University

.....
Mr. Kasarn Piyapimook,
M.B.A.
Committee member

ACKNOWLEDGEMENTS

This project couldn't be completed without the help of many individuals and organizations. I would like to take this opportunity to extend my sincere thanks to those who have helped me kindly throughout the project.

I am highly indebted to Siam@Siam for allowing me to be there intern, for their guidance and constant supervision as for providing necessary information whenever needed and their support in completing the project. The knowledge received and the connections I have made will be forever cherish and life-long benefitting.

Special thanks go to The Phornprapha's family; they welcomed me as one of their own, assisted me with all the problems and couldn't have treated me any better. Their friendship will always remain close to my heart

My gratitude extends to CMMU non-teaching staffs that pushed and supported me to complete this project. I will never forget their kindness.

My parents, without them I wouldn't be here today. I thank them for the endless support, for their love and kindness. No matter how busy they were they always had words of encouragement. They are my true inspiration and will drive me to success.

Last but none least, I would like to thanks my colleagues at Siam@siam and CMMU for helping me through the Consultant Internship and Master degree.

Peraporn Suwanchwee

HOW CAN SIAM@SIAM HOTEL INCREASE ITS CUSTOMER BASE?

PERAPORN SUWANCHWEE 5349309

M.M. (GENERAL MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE: ASST. PROF. PARISA RUNGRUANG, Ph.D., ASST. PROF. PORNKASEM KANTAMARA, Ed.D., MR. KASARN PIYAPIMOOK, M.B.A.

ABSTRACT

Tourism or hospitality industry in Thailand hosted over 30million people on annually basis. This contributes to over 10% of Thai GDP and increasing. Thailand is becoming one of the top destinations for tourists despite recent floods and political issues. There is potential that this sector will grow much further. This study and internship will take you through the micro level of the hotel business Siam@Siam where I undertook my internship.

Hospitality industry is a very competitive nowadays. Customers are seeking for a good lifestyle but yet value for money. Hotels cannot just compete only on prices anymore. They need to compete on the quality of the product, facilities and services. The purpose of this internship is to seek and help the chosen hotel to improve on all area if possible. The place of intern was Siam@Siam Bangkok. The internship was three months long and I was the understudy to the Managing Director, Khun Pratarnporn Phornprapha. The aim was to identify problems, fix, improve and made further recommendations.

KEY WORDS: Hospitality / Tourism / siam@siam

35 pages

CONTENTS

	Page
ACKNOWLEDGEMENTS	ii
ABSTRACT	iii
LIST OF TABLES	vi
LIST OF FIGURES	vii
CHAPTER I INTRODUCTION	1
1.1 Executive Summary	1
1.2 Background of Siam@Siam	2
1.3 Internship Details	2
CHAPTER II SWOT ANALYSIS	3
CHAPTER III DATA COLLECTION	8
3.1 Data Collection	8
3.2 Data Analysis	10
CHAPTER IV PROBLEM STATEMENT	11
4.1 Key Consideration	11
4.2 Problem Statement	12
4.2.1 Improve and expand marketing campaign	14
4.2.2 Expand Branches	15
CHAPTER V RECOMMENDATIONS	24
5.1 Rationale for Recommendation	24
5.1.1 Rationale for recommendation #1	24
5.1.2 Rationale for recommendation #2	25
5.1.3 Rationale for recommendation #3	26
5.1.4 Rationale for recommendation #4	26
5.2 The Result	27
REFERENCES	34
BIOGRAPHY	35

LIST OF TABLES

Table		Page
2.1	Product Analysis : Siam@Siam Design Hotel & Resort	3
3.1	Data Collection – occupancy rate in percentage	8
4.1	Expected Room rate	16
4.2	10 years fiscal plan for Siam@Siam Pattaya	18
4.3	Preliminary Budget	20
4.4	Preliminary Payment Schedule	21



LIST OF FIGURES

Figure	Page
2.1 Thailand : Tourist Arrivals from 1998 till Second Quarter 2013.	7
3.1 Data Collection – Occupancy rate in percentage	9
4.1 Issue Tree Analysis	13
4.2 Structure Analysis	22
5.1 The feedback on facebook page	28
5.2 Booking online through agoda and the rating and comments for Siam@Siam Bangkok	29
5.3 Shows expedia has given Siam@Siam 92% satisfaction rating	30
5.4 Shows Wendy Tour company market through Instagram and now has nearly 1000 followers	31
5.5 Shows the image of the newly built Siam@Pattaya hotel and its facilities	32

CHAPTER I

INTRODUCTION

1.1 Executive Summary

In order to increase the customer base for Siam@Siam brand, the company should consider following actions:

1. Siam@Siam needs to improve and expand their marketing channels. The online bookings have been relatively low comparing to tour booking. This means that Siam@Siam should find a way to communicate with their potential customer. They must make their hotel more accessible. The strategy would be partnership with existing online booking website, make use of existing customers details which can be useful with use social media.

Moreover, Social media will allow Siam@siam to gather feedback from customers. The data gathered can be used to improve the services provided. This will hopefully improve number of returning customers. Social media will also help promote other products within the hotel such as Spa Ten. La Vue (French restaurant), the Roof (roof top bar) and other events that hotel holds.

2. Furthermore, Siam@Siam should find a way to complement itself with other family businesses such as 3 golf courses in Pattaya for example. Since Siam@siam is also a consultant firm for hospitality businesses taking on new businesses partner is a must and allying itself with other family business has a great comparative advantage. Looking at other companies under Siam Kolakarn group, there are a lot of travelling and booking under a private Tour Company.

Siam@siam marketing department has actually been dealing with all kind of travelling agencies, airlines and other hotels for many years. They can capitalize on this if they expand their services to “tour level”. Therefore, it is advisable for Siam@siam to expand its marketing force.

A way in which Siam@Siam can boost its performance is to look after all travelling transactions within all the companies under Siam Kolakarn. In other words, all company have to do their travelling and booking through Siam@Siam. Lastly, KPI should be set up for customer satisfaction on all services.

1.2 Background of Siam@Siam

Siam@Siam was established in 2003 when the owner and CEO Phornpinit Phornprapha announced that he would turn a family-owned land into a hotel. His decision was basing on his love for traveling and his passion for service. He sees that Thailand and Thai people by nature are service-minded, he wants to bring the best out of the culture by mixing it with a hip industrial design, a blend of Thai culture with industrial modernization era. Siam@Siam is a family-owned business. Originally 200 million baht worth of capital was invested in 2003.

Siam@Siam is located at Rama 1 Road, Wang Mai, Patumwan, Bangkok 10330, Thailand. There are 203 rooms available in 4 different designs. The main theme of the hotel is an industrial hip hotel with a blend of Thai culture at the heart of Bangkok. The hotel consists of outstanding facilities such as Spa Ten, a newly invested 80 million baht restaurant “La Vue” and the roof sky dining. In 2010, the total assets of Siam@Siam are well over 600 million baht.

1.3 Internship Details

I was assigned to work under Miss Pratarporn Phornprapha, a young enthusiastic manager, who graduated from a leading school in Hotel Management from Switzerland. She is a daughter of the owner and CEO, Mr. Pornpinit Phornprapha. She is the project development manager as well as a director. I had a pleasure of joining her for a little over 3 months starting in October 2011 and ending my internship in January 2012.

I worked with her in the project development as well as overseeing the hotel operation. I was lucky enough that the owner allowed me to look into any part of the hotel operation that I wish. The aim of internship was to improve the corporate in

any way that I was involved with. The daily work includes looking at the day-to-day operation of facilities and how it runs; try to take notes on both problem and opportunity.

As time went by I also interacted with other staffs from their family businesses which really amaze me on how big the family business really is. They have Nissan, Komatsu, SBrand, Daikin, Yamaha music school and Siam country club and many more businesses in their portfolio.



CHAPTER II

SWOT ANALYSIS

The SWOT analysis addresses the strengths and weakness within Siam @ Siam Design Hotel & Resort and the opportunities and threats that exist in our market. This analysis highlights areas to be leveraged and points out where we must plan within the firm and within our Thai industry hotel.

Table 2.1 Product Analysis : Siam@Siam Design Hotel & Resort

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Central location for business and major shopping Center • The doorstep of the Skytrain and all major transit links. • Awarded “Spa10” with product range Dermalogica. • Outstanding concept of “Party House” offering value for money. 	<ul style="list-style-type: none"> • Image due to market perception • No banquet facilities • No variety of outlets (F&B) • Limited reservations network / system • Limited parking space
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Growing market awareness of hotel and new facilities. • Opportunity to accommodate customers from new “Royal Paragon Hall” at Siam Paragon when they have big event. • High-profile special events to create traffic into hotel from target market • Recognition and Rewards Programs for Repeating Guests” and “Bookers” 	<ul style="list-style-type: none"> • Continuing effects of world economic crisis. • Political instability of Thailand. • Oversupply of hotel rooms in Bangkok. • Rampant rate under-cutting among hotels.

According to Product Analysis Table, Siam@Siam hotel's location is considered as its strength. It's ideally located for business center and shopping in the main large malls such as Siam Paragon, Siam Center, Siam Discovery, Siam Center and MBK. It is doorstep with the skytrain and all major transit links which means getting around is easy. Furthermore, it is only a short journey going by taxi to all the major sites. Spa 10 is one of its strength. It is the unique massage and spa environment at Siam@Siam. Located high above the busy street life of Bangkok, it is a serene place to revitalize body and mind with tailored treatments. The product used at spa 10 is on the international product range Dermalogica which is the skin care system researched and developed by The International Dermal Institute. The other strength of Siam@Siam is Party House which is an outstanding conceptual bar and restaurant offering value for money. It is designed in a concept deriving from an atmospheric city dining versus home kitchen. This venue mixes the contrast of its home style décor with industrial designs and audio visual entertainment. .

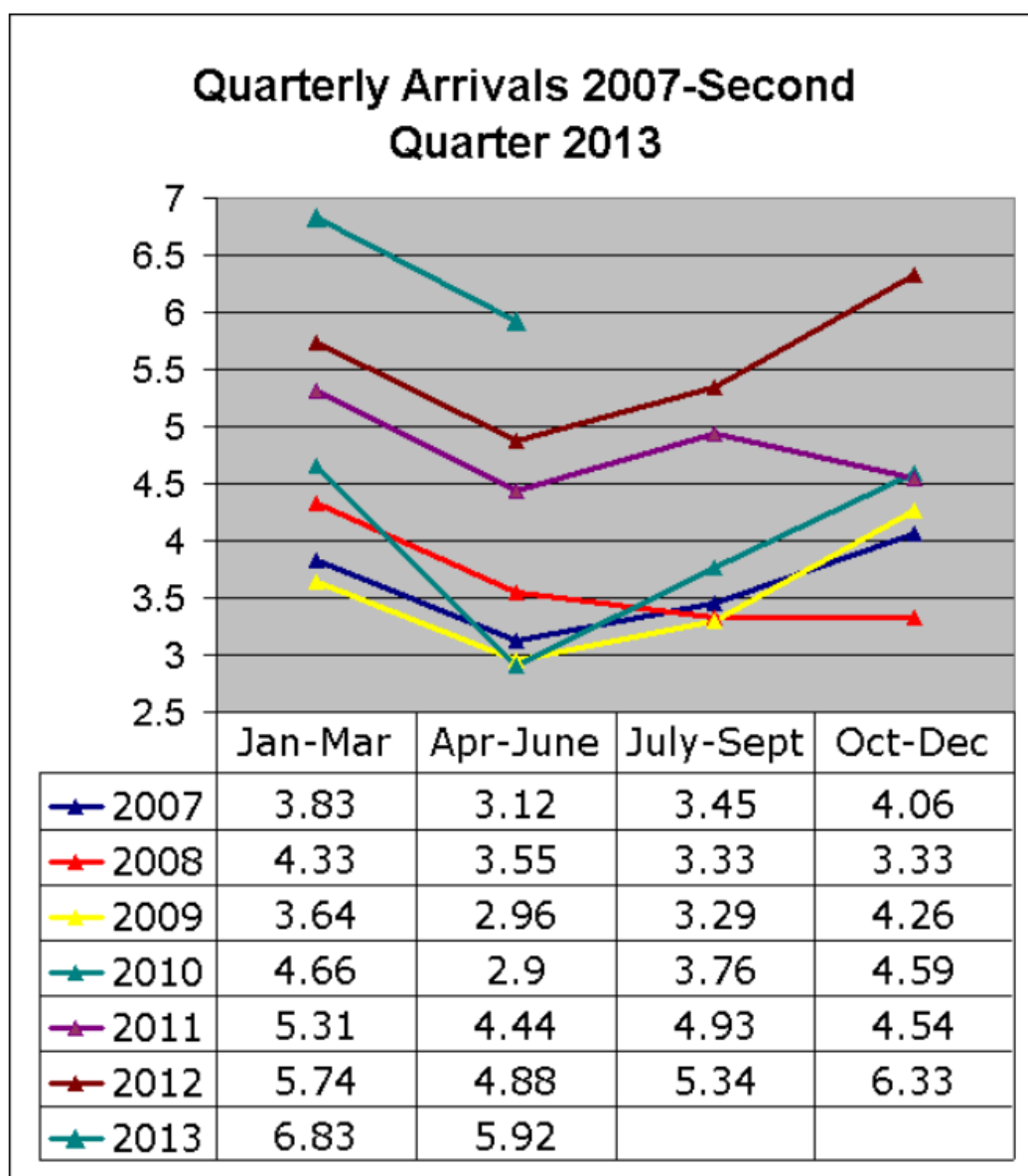
On the other hand, Siam@Siam has its weaknesses. Its image of design does not align with customer perception. Customer familiars with certain designs such as luxury or boutique design but the design of Siam@Siam is based on a factory character, which makes the hotel looks like an industrial hip design hotel. The customer may not be familiar with its unique design. No banquet facility at Siam@Siam is one of its weaknesses .Hotel has no special space to held the banquet ,it will adjust Bar10 to held the event and will support 160 attendees at maximum, thus the hotel also lose the opportunity from the attendee that always stays at the banquet venue. Regarding to food and beverage department, food and beverage outlet is not various. There are two restaurants and three bars while other competitors have at least 5 restaurants. The limited online booking is also considered as its weakness. There are two ways to book online on its website and agoda website. The other weakness of Siam@Siam is limited parking space which is inconvenient to customer.

Regarding to its opportunities, firstly, market awareness of hotel and new facilities is growing. The visitors, attending Thailand tourism exhibitions hold in both Thailand and overseas, are increasing. Wonderful Thailand Wonderful World 2012, the Thai domestic tourism fair held at Impact Arena, had 250,000 visitors both Thai and foreigner while having 190,000 visitors last year. Thai Fest 2012 held in Tokyo,

Japan had 30,000 visitors which is more than last year for 10%. Secondly, Siam@Siam has an opportunity to accommodate the customers who attend the event at Siam Paragon Hall which is the hotel's neighboring venue. Siam Paragon Hall is occupied for 10-12 events a month which has the attendee for 500-80,000 in each event. Besides that, Siam@Siam created its own high-profile events which align with the hotel target market to recruit the customer into the hotel such as International Underground DJ's Monthly at Party House One, The Returner Exclusive Cocktail Session with Toshiaki Aizu, TV Champion Winner Bartender @ Bar Eleven.

Siam@Siam's threats were caused by these reasons. Firstly, the continuing effects of world economic crisis which decreased the customer power purchase. The political instability of Thailand is also considered as its threat because it reduced Thailand creditability. Furthermore, Siam@Siam's is located nearly Rajaprasong where is the main location of the political protesters which might cause the customer unsecured. Another threat is the oversupply of the hotel room in Bangkok. The city's supply was expanded 2,000 rooms last year. Presently, mid-scale hotel rooms of 19 international and local chains total 6,037 with average occupancy at 59.8% and a daily room rate of 2,235 baht. This oversupply may reduce the occupancy and come another threat which is the price war among the hotel to make them more competitive.

In conclusion of product analysis, Siam@Siam has its strength on the strategic location where is the hearted area of Bangkok but needs to concern the critical threat which is the oversupply of hotel room in the same area which may come the price competition.



Numbers show number of tourist arrivals (in millions).

Dates of political unrest and untoward events :

2009 : most negative events 11-12 April

2010 : most negative events : around 19 May

2011 : flooding of Central Thailand and part of Bangkok Oct-Dec

Figure 2.1 Thailand : Tourist Arrivals from 1998 till Second Quarter 2013.

CHAPTER III DATA COLLECTION

3.1 Data Collection

Table 3.1 Data Collection – occupancy rate in percentage

	2009	2010	2011
January	79.15	88.83	85.33
February	80.93	87.91	90.04
March	84.44	86.11	82.63
April	66.45	57.13	78.01
May	55.25	14.95	62.31
June	54.25	23.05	63.73
July	66.85	51.80	86.40
August	80.14	56.41	85.11
September	79.49	62.36	85.70
October	84.95	69.98	76.86
November	90.95	84.20	73.05
December	82.01	71.86	77.10
Annually Average	75.39	62.75	78.81

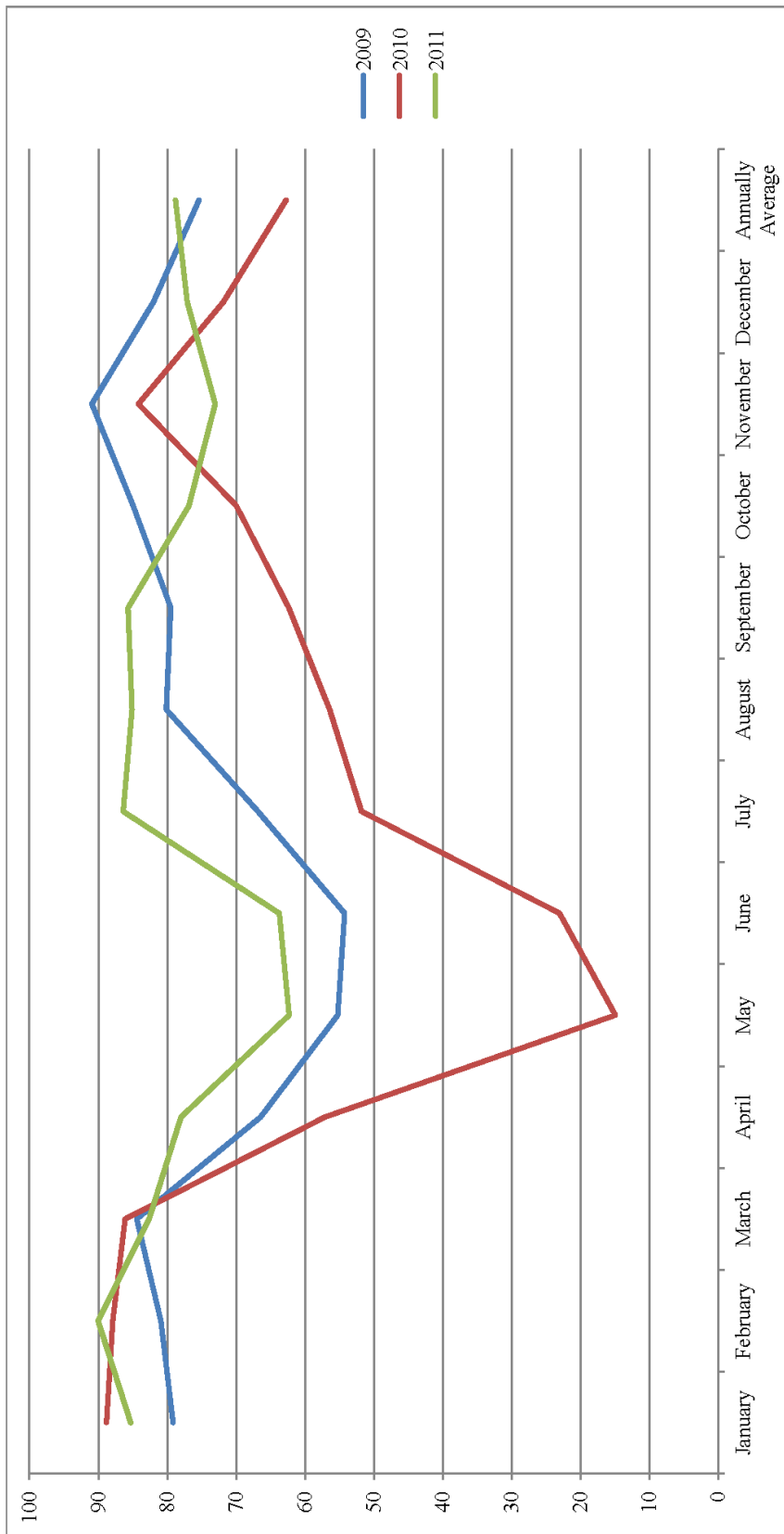


Figure 3.1 Data Collection – Occupancy rate in percentage

3.2 Data Analysis

Data from figure 1 is the graph that was created from table 2. The data was gathered from Siam@Siam customer record database. From the data collected on room occupancy rate. It is clear that during April to July, Siam@Siam hotel and Spa occupancy rate is at its lowest. This pattern has been continuing for the last three years and it has become a concern to management team. However, once we look deep into the problem we can clearly say that low occupancy rate was out of our control. External factors have been affecting the tourism of Thailand overall. From appendix 1, the data coincide with the data from table 2 and figure 1.

In 2009, there was a red shirt riots throughout Bangkok during “Songkran” period, causing many countries to announce that Bangkok was not a safe zone to travel to. This was the start of the spiral. Throughout 2009 to 2011, the political situation in Thailand has been very unstable. In 2010, once again during the “Songkran” period, red shirts moved toward Bangkok and close down Ratchaprasong junction. The event lasted for 2 months and caused over 2000 casualties and 91 deaths.

This shows that external factor has a great consequence with the occupancy rate of the hotel. The political instability really hindered tourism within Thailand

CHAPTER IV

PROBLEM STATEMENT

4.1 Key Consideration

Problem Statement: “How can Siam@Siam improve number of customers?”

- There are a few areas in which Siam@Siam can improve on and certain things that can be bring in to add on to the existing services.

Perspective/Context: Strong competition from other hotel chains.

- Despite being in a great location with BTS located nearby, Siam@Siam is surrounded by other hotel chains which are very competitive.

Criteria for success: Increase customer base, Use connection within Siam Kolakarn group, external factor which is government policy which encourage tourism.

- Tourism relies heavily on government policy and politics. If Thai politics become more stable then tourism should recover.

- Within Siam Kolakarn there are many companies if all the inbounding guests could be listed as customers then the customer database would increase not to mention the increase in awareness as well.

Key Stakeholder: Owner, Director, Customer, Competitors, Tour Company, Web Reservation Company.

Constraints within connection space: Try to separate hotel business with other family businesses.

Scope of solution space: Focus on how to gain more customers without interfering too much with daily hotel operations

4.2 Problem Statement

“How can Siam@Siam improve number of customers?”

Defining Customer group for problem statement and recommendation

1. Primary focus on **Medium Level Tourist** from Europe and Asia Pacific who would like to plan their own trip with room reservation through Web site and receive the least effect from the economic crisis; such as honeymooners and medium income earners. These are the people who plan and organize their own trip including booking flights and hotels. We need to make the hotel more accessible to them so that they are aware of our services, location and price range.

2. Secondary focus on **General Tourist Group** who need well organize schedule with fixed period i.e. Package Tour. These are the group of people that purchase their holiday via tour service. We need to maintain our close ties with Tour companies or have our own services which can organise group tour from abroad. These will expand our customer base.

Corporate clients from **International Businessmen** or owning company from medium and small business. We want to be the preference destination for businessmen who are looking for a high quality service hotel and facilities for a relatively cheap price in the prime area of Bangkok. We need to make our hotel more accessible and introducing more partnership (such as golf courses) or more destination (see recommendation in building a hotel in Pattaya).

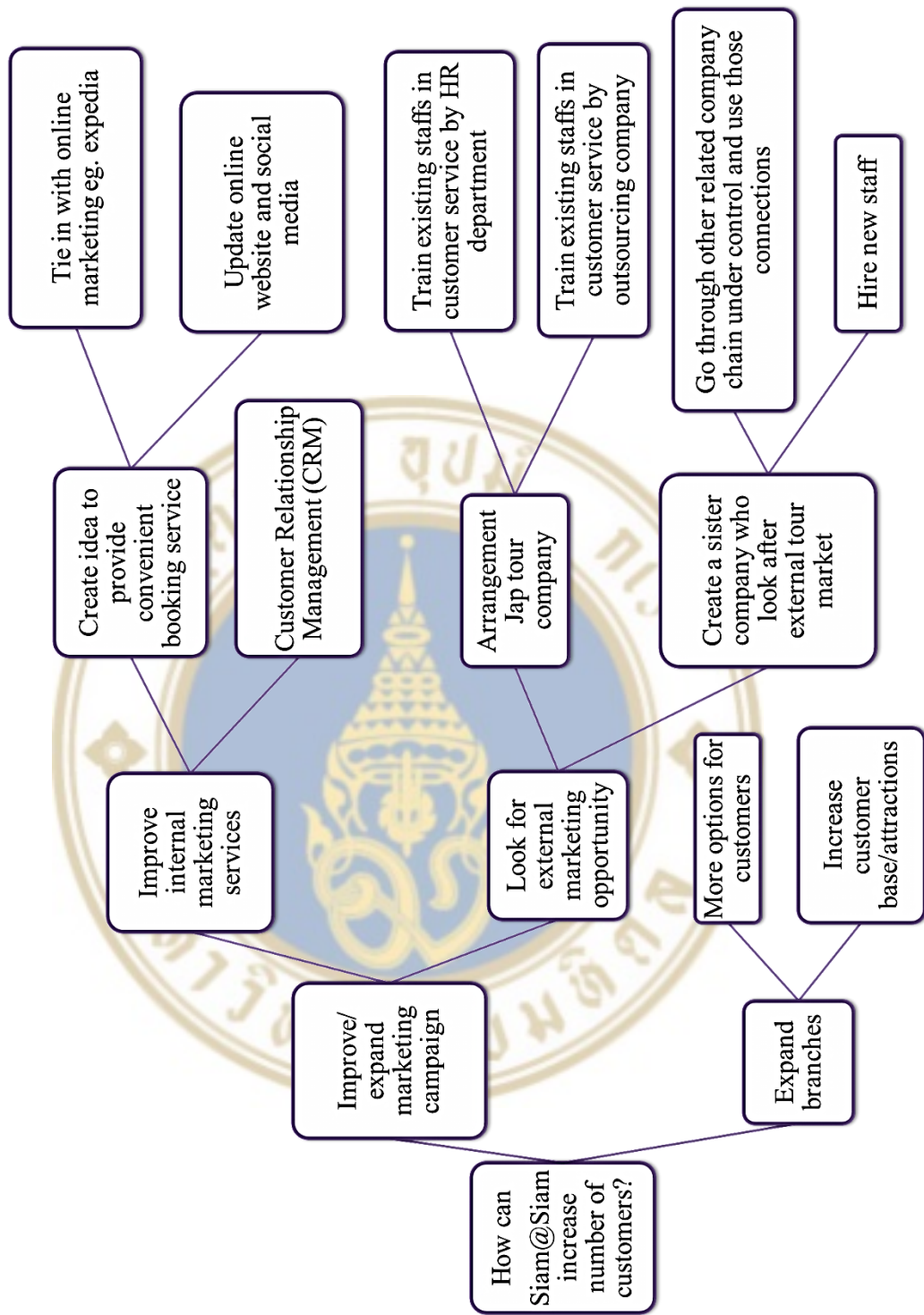


Figure 4.1 Issue Tree Analysis

The Issue Tree Analysis chart shows the approach to solve the problem statement **“How can Siam@Siam increase number of customers?”**

According to the problem statement, there are two approaches that are suggested in order to solve it as shown below.

4.2.1 Improve and expand marketing campaign

Using the integrated marketing communication can build more brand awareness to customer, attract customer by the interesting offer. It can be occurred by doing as below.

4.2.1.1 Improve internal marketing services

To implement this can do by

1) Creating idea to provide convenient service for example tie in with online marketing such as expedia or update online website and social media such as facebook.com twitter, tumblr.

Creating facebook page is highly recommended for initiating social media. Facebook is no cost marketing that can post photo, message and other medias such as video easily. The company can have interactive communication with customers by posting comments on the company’s wall that can make the company know better about the customers.

2) Using customer relationship management (CRM) is the way to make the customers feel that they are still the important persons to the company. Using CRM can do by sending an email or card on the customer’s birthday or special occasion or open free space on company’s website or facebook that customer can share their comments or photo taken while they were staying at the hotel.

4.2.1.2 Look for external marketing opportunity

To implement this can do by

1) Arrangement Japanese tour company thus the company should provide training for the existing staff in customer service by Human Resource department or outsourcing company. To make arrangement happen, the company may creat the event such as golf competition and invite them to have a meal after match finish.

2) Creating a sister company who look after external tour market, the company can go through other related company chain under control and use those connection. Hiring new staff is also needed.

4.2.2 Expand Branches

Building new branch can increase more options for customer, customer base and customer attractions. Tables below are the feasibility for the potential new hotel in Pattaya.



Table 4.2 10 years fiscal plan for Siam@Siam Pattaya

Description	2014		2015		2016		2017		2018	
	Bht.	% I US	Bht.	% I US	Bht.	% I US	Bht.	% I US	Bht.	% I US
Room Available	97,820		97,819		97,819		97,819		97,820	
Room Sold W/Comp	69,616		70,430		72,386		75,321		75,321	
Room Sold L/Comp	67,138		68,473		70,430		73,364		73,365	
Occupancy W/Comp	71.17		72.00		74.00		77.00		77.00	
Occupancy L/Comp	68.63		70.00		72.00		75.00		75.00	
Average room rate W/Comp	2,484	99.37	2,504	100.18	2,707	108.28	2,927	117.06	3,161	126.43
Average room rate L/Comp	2,576	103.04	2,576	103.04	2,782	111.28	3,005	120.19	3,245	129.80
Number of Guest	130,045		131,585		135,219		140,701		140,703	
Double Occupancy %	86.80%		86.80%		86.80%		86.80%		86.80%	
REMARK: ARR, incid of Blast										
Revenue	217,790,127		218,385,355		238,695,809		270,136,682		293,371,554	
Operation Expenses	127,240,321	58.42	129,066,982	59.10	135,414,213	56.73	144,666,458	53.55	153,329,134	52.26
Gross operation profit	90,549,807	41.58	89,318,373	40.90	103,281,595	43.27	125,470,224	46.45	140,042,420	47.74
FF&E Reserve	6,533,704	3.00	6,551,561	3.00	7,160,874	3.00	8,104,100	3.00	8,801,147	3.00
Profit before Tax & Oth. Exp.	84,016,103	38.58	82,766,812	37.90	96,120,721	40.27	117,366,124	43.45	131,241,274	44.74
Land leasing 30Year(50M/30)	1,666,667	0.77	1,666,667	0.76	1,666,667	0.70	1,666,667	0.62	1,666,667	0.57
Land rent (250000/Mth)	3,000,000	1.38	3,000,000	1.37	3,000,000	1.26	3,000,000	1.11	3,000,000	1.02
Property Tax	2,177,901	1.00	2,183,854	1.00	2,386,958	1.00	2,701,367	1.00	2,933,716	1.00
Provisional Tax	359,033	0.16	363,066	0.17	405,783	0.17	459,232	0.17	498,732	0.17
Property Insur. / Risk(S.270)	3,000,000	1.38	3,090,000	1.41	3,182,700	1.33	3,278,181	1.21	3,376,526	1.15
Profit before Interest	75,479,168	0.00	74,129,893	33.94	87,145,280	36.51	107,927,343	39.95	121,432,300	41.39
Interest on loan	48,750,000	0.08	48,750,000	0.08	45,337,500	0.08	41,925,000	0.08	37,050,000	0.08
Profit less Interest on loan	26,729,168	12.27	25,379,893	11.62	41,807,780	17.52	66,002,343	24.43	84,382,300	28.76
FF&E Reserve	6,533,704	3.00	6,551,561	3.00	7,160,874	3.00	8,104,100	3.00	8,801,147	3.00
Next cash flow before Depre.	33,262,872		31,931,454		48,968,654		74,106,444		93,183,447	
Less Depre. 20 years	20,520,004		20,520,004		20,520,004		20,520,004		20,520,004	
Less Depre. 10 years	27,317,671		27,317,671		27,317,671		27,317,671		27,317,671	
Less Depre. 5 years	12,836,790		12,836,790		12,836,790		12,836,790		12,836,790	
Taxable Income	-27,411,593		-28,743,011		-11,705,810		13,431,979		32,508,982	
Income Tax 30%	0		0	0.00	0	0.00	4,029,594	0.01	9,752,695	0.03
Net cashflow after tax	-27,411,593		-28,743,011		-11,705,810		9,402,385		22,756,287	
Non Cash Revenue	67,208,169		67,226,025		67,835,339		68,778,565		69,475,611	
Balance forward	39,796,576		39,796,576		32,779,590		43,409,119		56,590,070	
Loan at beginning period	-650,000,000		-650,000,000		-650,000,000		-559,000,000		-494,000,000	
Service loan	0		45,500,000		45,500,000		65,000,000		65,000,000	
Loan at end of period	-650,000,000		-604,500,000		-559,000,000		-494,000,000		-429,000,000	
Year:	1		2		3		4		5	

Table 4.2 10 years fiscal plan for Siam@Siam Pattaya (cont.)

Description	Siam@Pattaya Pop Art Resorrt Ten Years Business plan 20124 > 2023									
	2019		2020		2021		2022		2023	
	Bht.	% I US	Bht.	% I US	Bht.	% I US	Bht.	% I US	Bht.	% I US
Room Available	97,819		97,819		97,819		97,819		97,820	
Room Sold W/Comp	75,321		75,321		75,321		75,321		75,321	
Room Sold L/Comp	73,364		73,364		73,364		73,364		73,365	
Occupancy W/Comp		77.00		77.00		77.00		77.00		77.00
Occupancy L/Comp		75.00		75.00		75.00		75.00		75.00
Average room rate W/Comp	3,414	136.54	3,687	147.47	3,982	159.26	4,300	172.01	4,644	185.77
Average room rate L/Comp	3,505	140.19	3,785	151.40	4,088	163.51	4,415	176.59	4,768	190.72
Number of Guest	140,701		140,701		140,701		140,701		140,703	
Double Occupancy %		86.80%		86.80%		86.80%		86.80%		86.80%
Remark: ARR Includ of Bfast										
Revenue	318,540,024		345,810,311		375,351,575		407,349,962		442,011,251	
Operation Expenses	162,540,100	51.03	172,336,925	49.84	182,758,390	48.69	193,846,327	47.59	205,645,986	46.53
Gross operation profit	155,999,924	48.97	173,473,386	50.16	192,593,185	51.31	213,503,635	52.41	236,365,265	53.47
FF&E Reserve	9,556,201	3.00	10,374,309	3.00	11,260,547	3.00	12,220,499	3.00	13,260,338	3.00
Profit before Tax & Other Exp.	146,443,724	45.97	163,099,077	47.16	181,332,638	48.31	201,283,136	49.41	223,104,928	50.47
Land leasing 30 Year (50M/30)	1,666,667	0.52	1,666,667	0.48	1,666,667		1,666,667		1,666,667	
Land rent (250000/Mth)	3,000,000	0.94	3,000,000	0.87	3,000,000	0.80	3,000,000		3,000,000	
Property Tax	3,185,400	1.00	3,458,103	1.00	3,753,516	1.00	4,073,500		4,420,113	1.00
Provisional Tax	541,518	0.17	587,878	0.17	638,098	0.17	692,495	0.17	751,419	0.17
Property Insu. / Risk(S@S ,270)	3,477,822	1.09	3,582,157	1.04	3,689,622	0.98	3,800,310	0.93	3,914,320	0.89
Profit before Interest	136,238,983	42.77	152,470,939	44.09	170,251,403	45.36	189,716,831	46.57	211,019,077	47.74
Interest on loan	-32,175,000	0.08	-26,081,250	0.08	-19,987,500	0.08	-13,650,000	0.08	-7,312,500	0.08
Profit less Interest on loan	104,063,983	32.67	126,389,689	36.55	150,263,903	40.03	176,066,831	43.22	203,706,577	46.09
FF&E Reserve	9,556,201	3.00	10,374,309	3.00	11,260,547	3.00	12,220,499	3.00	13,260,338	3.00
Next cash flow before Depre	113,620,184		136,763,999		161,524,450		188,287,330		216,966,914	
Less Depre. 20 years	20,520,004		20,520,004		20,520,004		20,520,004		20,520,004	
Less Depre. 10 years	27,317,671		27,317,671		27,317,671		27,317,671		27,317,671	
Less Depre. 5 years		0		0		0		0		0
Taxable Income	65,782,509		88,926,324		113,686,775		140,449,655		169,129,239	
Income Tax 30%	19,734,753	0.06	26,677,897	0.08	34,106,033	0.09	42,134,896	0.10	50,738,772	0.11
Net cashflow after tax	46,047,756		62,248,426		79,580,743		98,314,759		118,390,467	
Non Cash Revenue	57,393,876		58,211,984		59,098,222		60,058,174		61,098,013	
Balance forward	83,821,968		106,013,600		145,224,011		199,402,976		273,275,908	
Loan at beginning period	-429,000,000		-347,750,000		-266,500,000		-182,000,000		-97,500,000	
Service loan	81,250,000		81,250,000		84,500,000		84,500,000		97,500,000	
Loan at end of period	-347,750,000		-266,500,000		-182,000,000		-97,500,000		0	
Year:	6	7	8	9	10					

Table 4.3 Preliminary Budget

Siam at Pattaya Project

Preliminary Budget

No. B-01/11

Date : August 31, 2011

A	Total Project cost	Baht	Depreciation	Estimated Depreciation/Yr	Remarks
1	Land	153,000,000	-	-	
2	Building	338,400,000	5%	16,920,000	
3	Infrastructure, M&E	154,300,080	10%	15,430,008	
4	Interior	142,000,000	10%	14,200,000	
4.2	Landscape	2,000,000	10%	200,000	
5	Design& Profess. Fees	21,850,000	10%	2,185,000	
6	FF&E-1	14,496,800	10%	1,449,680	
6.1	FF&E-2	52,242,949	20%	10,448,590	
7	Project Management	7,109,590	20%	1,421,918	
8	Pre-Opening(Inventory)	24,791,519	20%	4,958,304	
		757,190,938		67,213,500	
9	Vat 7%	51,188,902	Refund		
10	Contingency	-			
	Total Project Cost Exc. Land	808,379,840			
	Total Project Cost	961,379,840			

B Project Financing:	Bt.
Equity	250,000,000
Term Loan	650,000,000
Bridge Loan	61,400,000
	961,400,000
Debt:Equity	2.85
Cost of Debt	

Table 4.4 Preliminary Payment Schedule

Siam at Pattaya Project No. P-01/11 Date : August 31, 2011

Preliminary Payment Schedule Million Bt. >>>

A	Total Project cost	Baht	Depre.	Estimated Depre/Yr	2011				2012				2013				2014		Total
					Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
1	Land	153,000,000	-	-	153,000	-	-	-	-	-	-	-	-	-	-	-	-	-	153,000
2	Building	338,400,000	5%	16,920	-	10,080	15,120	44,400	79,200	-	-	-	-	-	-	-	-	-	338,400
3	Infrastructure, M&E	154,300,080	10%	15,430	-	-	-	10,523	31,569	-	-	-	-	-	-	-	-	-	154,300
4	Interior	142,000,000	10%	14,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	142,000
4.2	Landscape	2,000,000	10%	0,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000
5	Design& Profess. Fees	21,850,000	10%	2,185	8,740	3,278	2,185	2,185	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	2,185	21,850
6	FF&E-1	14,496,800	10%	1,450	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,497
6.1	FF&E-2	52,242,949	20%	10,449	-	-	-	-	-	-	-	-	-	-	-	-	-	-	52,243
7	Project Management	7,109,590	20%	1,422	-	0,711	0,711	0,711	0,711	0,711	0,711	0,711	0,711	0,711	0,711	0,711	0,711	1,066	7,110
8	Pre-Opening	24,791,519	20%	4,958	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,792
9	Contingency																		
10	Vat 7% (Exc. 7, &8)	757,190,938		67,213	8,740	14,068	18,016	57,819	112,573	112,573	18,016	57,819	112,573	112,573	156,552	171,350	138,021	62,689	757,191
	Total Project Cost Exc. Land	808,379,840			0,612	0,935	1,211	3,998	7,830	7,830	1,211	3,998	7,830	7,830	10,735	11,684	9,351	3,793	51,189
	Total Project Cost	961,379,840			171,092	29,072	37,243	119,636	232,976	232,976	37,243	119,636	232,976	232,976	323,839	354,385	285,393	129,171	961,380

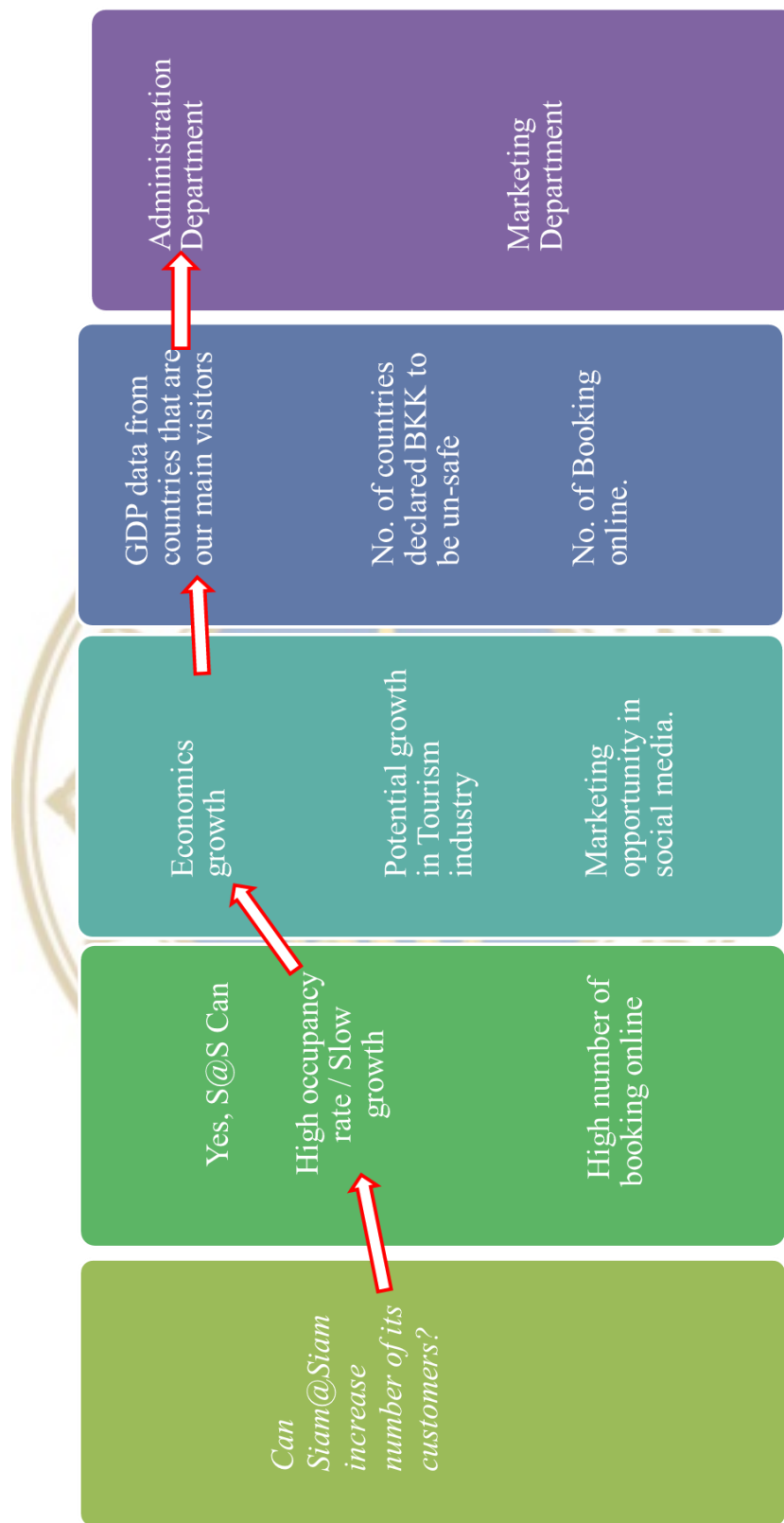


Figure 4.2 Structure Analysis

According to Structure Analysis, it is possible that Siam@Siam hotel can increase number of its customer. There are two hypothesises that should be considered.

GDP performance has been relatively low considering the potential that the country can achieve. The politics situation and the natural disaster affected all industries. Countries from all over the world have declared Bangkok to be unsafe. However, even with the low GDP, unstable politic situations and natural the disasters, Table 3.1 suggested that the hotel performance (based on occupancy rate) is still very good. The occupancy rate is still high. This means that once everything returns to normal there is a potential growth that the hotel can achieve.

Moreover, tourism hasn't grow as expected and is bound to recover to meet the expected growth. Bangkok hasn't been the tourist destination as it used to be due to the unrest. Therefore, other location such as Pattaya, Samui and Phuket are the tourist alternatives. Tourism in Pattaya has grown over the years and the average spending is higher than other places. The feasibility above showed why Pattaya potentially could be where Siam@Siam opens the second branch.

Secondly, the trend today is online. Siam@Siam should exploit the potential that online marketing and social media has to offer. Partnering with website such as Agoda and travel advisor can assist Siam@Siam to explore the potential market online.

CHAPTER V

RECOMMENDATIONS

1. The company is recommended to establish the use of social network such as facebook or twitter to keep in touch and update with customers. The social network increase more brand awareness and the traffic to hotel's website. The two-way conversation can be built on social network thus the team can receive and reply the customer's request within 24 hours before they make decision to choose their accommodation.

2. The company should expand online marketing through agencies such as compass hospitality, expedia, lastminute.com. Certain customers favor to use the travel agency service that can provide them entirely for the trip. Travel agency's website is the source of information for tourists and also the channel that they select their accommodations.

3. The company should create its own tour company in order to provide the entire service.

4. To increase the amount of customer, the company should build the second branch of the hotel in different destination. New targeted market for new branch in new destination increases the total amount of customer consequently.

5.1 Rationale for Recommendation

5.1.1 Rationale for recommendation #1

“Establish the use of social network through facebook and twitter to keep in touch and update with customers”

1. Social network is the way to interact with existing customers. Communication between company and customer happened easily and quickly interact.

2. Social network can keep track on customer activity and interests through their posts and subscriptions.

3. Social network is easy and cheap way to communicate due to being free software and ready to use.

4. Social network is the fastest way to mass communicate and marketing new promotions.

Implementation

1. To initiate social network effectively, the company should hire one administrator to look after the hotel social network.

2. To make people knowing company's facebook, IT team can link facebook page with company's website which is searched easily by search engine.

3. To make facebook interesting ,team should always activate the page to make facebook is always dynamics by posting message, promotion, picture or other media such as video clip and always interact with customers who post message or comment on the wall.

4. To measure how it is effective, it can be measured by quantity of friends on facebook, quantity of like, the frequency of the comments and track down the customer profile who know the company by facebook.

5. The hotel social network must offer the service in variety of languages in order to respond the various targets. Company should hire the staffs that can speak various languages to serve the customers.

6. Estimate cost is around 20,000 baht per month.

5.1.2 Rationale for recommendation #2

“Expand online marketing through agencies such as compass hospitality, expedia, lastminute.com”

1. It is an easy way to access potential market. People who surf the agency's website have highly potential to travel. An interesting offer should be shown up there.

2. There are hundred millions of users worldwide.

3. Agency such as Compass Hospitality will give access to domestic market while others give access to international market. Contact with agency will cover both groups.

Implementation

1. Company should look for domestic agency that meets our target group and apply to international organisation such as expedia
2. Cost is normally around 3-5% from the revenue they bring (according to S@S marketing department)

5.1.3 Rationale for recommendation #3

“Create its own tour company”

1. There are many ongoing travelling and interactions within family businesses with associate from Japan.
2. The company should capitalise on their connection with their Japanese counterpart.
3. Siam@Siam can offer the incentive tour package to customer to stay at Siam@Siam and reduce the commission cost which has to pay to the external tour company. Besides that, Siam@Siam can benefit on partner company being potential customers.

Implementation

1. The company should establish the connection with Tourism Authority of Thailand.
2. The company should do marketing through family business chain whether its seminar, guests from abroad etc.
3. Take over the CRM data from S@S

5.1.4 Rationale for recommendation #4

“Build second branch of the hotel”

1. Siam@Siam hotel financial position is strong.
2. Building more branches can offer variety of attractions such as golf course, etc.
3. Pattaya or Phuket are targeted area as tourism keeps increasing every year.
4. Siam@Siam hotel already have its own Interior and architecture. Moreover, they are now experienced in running hotel and their reputation has increased over the years.

5. K-Bank and SME bank are already willing to loan money at only 5.25% due to personal credit. (current mlr 6.25)

6. Siam@Siam hotel has experienced staff of running hotel and if they decide to build they can get the hotel up and running in no time.

Implementation

1. The company scouts out potential area for the second branch by 2 months.
2. Architecture design a rough sketch should be happened in next 3 months.
3. In the next month, the company should process EIA and other official procedure
4. Financial procedure will be processed within 1 month
5. The construction will be finished in 24 months.
6. Within 2 years of opening second branch – should we start considering the 3rd branch.
7. Some data such as revenue or S@S bank balance were not shown because of confidentiality
8. All data used are from Siam@Siam

5.2 The Result

Recommendation 1, suggest that Siam@Siam should look into the application of social media and viral marketing. The hotel looked at the idea and decided to experiment the recommendation with Party House one (The restaurant on the ground floor). This is where small concerts and events are usually held. The feedback on facebook page looks encouraging with around ten thousands followers. However, Siam@Siam chose not to adapt this marketing strategy for the hotel as a whole. The management thought that with other marketing tools such as booking online website are more effective ways to do the business. They are more specializes in this field that is why the management team decided to only use social media for hotel facilities (spa, bars and restaurant) rather than the hotel.



Figure 5.1 The feedback on facebook page

Recommendation 2, suggested that Siam@Siam should look into expanding into online market via using experienced marketing agency such as Expedia and Agoda. Siam@Siam has joined Agoda and it has worked relatively well with booking online increased by nearly 7% after joining. Siam@Siam Pattaya also has joined up with agoda and over 30% of booking prior to the grand opening of the hotel was from foreigners via online marketing agencies. This proved successfully and the board is looking to build on this strategy.

The image above shows the rating and comments for Siam@Siam Bangkok. As you can see Siam@Siam received a relatively high satisfaction rating at 8.4 out of 10.

The screenshot shows the Expedia.co.th website for the Siam@Siam Design Hotel & Spa. The main header includes the hotel name, address (865 Rama 1 Road, Opp. national stadium Wang mai, Patumwan, Bangkok, Bangkok 10330 Thailand 02 105 5728), and a 4.3 rating from 5. A large yellow banner indicates a 92% satisfaction rate. Below this, there are filters for room type (Leisure Class, Biz class, Adjoining, Grand Biz Class) and a section for reviews. The reviews section shows three user comments, each with a 5-star rating and a photo. The first review is titled 'short walk to the action!' and the second is 'GREAT LOCATION'. The third review is titled 'Funky Hotel'.

Figure 5.3 Shows expedia has given Siam@Siam 92% satisfaction rating

The image above is from Expedia. 92% of the website users that attended this hotel would recommend Siam@Siam to their colleagues. Siam@Siam also received 4.3 out of 5 rating from its customers.

Recommendation 3, suggested that Siam@Siam create a sister company or a travel agency. The board decided to create a company called “Wendy Tour”. Most of the inbound and outbound travelling via Siam Kolakarn group were arranged by Wendy Tour. As a result Siam@Siam hosts all of Siam Kolakarn clients during their stay in Bangkok which benefit both Siam@Siam and Siam Kolakarn group. Siam@Siam revenue increased slightly while cost of travelling for Siam Kolakarn decreased in the region of 5-6%.

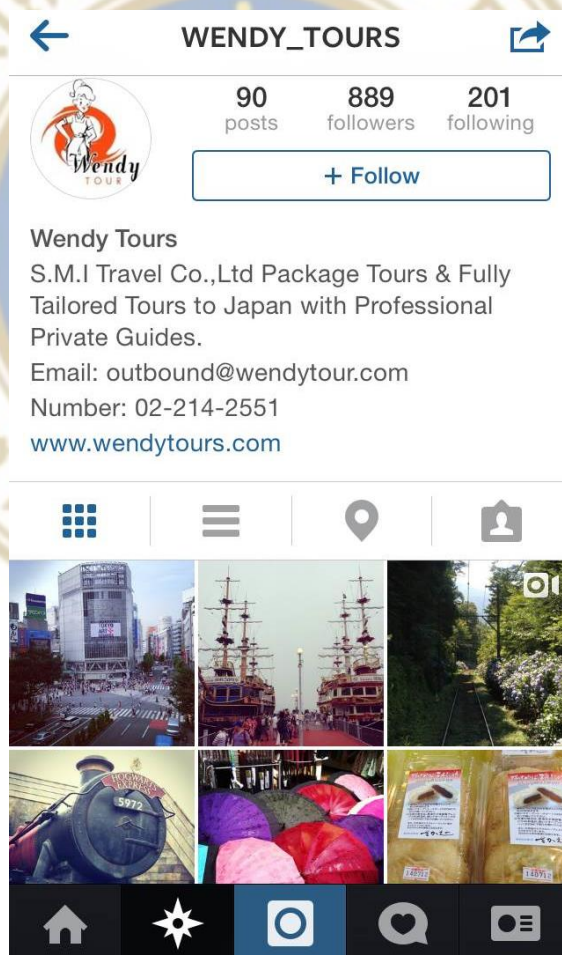


Figure 5.4 Shows Wendy Tour company market through Instagram and now has nearly 1000 followers

Recommendation 4, suggested that Siam@Siam should look to expand branches into other areas, suggested location were Phuket, Samui or Pattaya. The board took this recommendation into a serious consideration and they went ahead and built a hotel in Pattaya. Siam@Siam Pattaya was officially opened in May 2014. This location benefits Siam@Siam strategically. Siam Kolakarn has 3 world class golf courses within 30 minutes' drive from the hotel. These golf courses hold LPGA tour annually and well known worldwide. Siam@Siam has direct right into reserving time slot for the golf course which other hotels do not have. The 2 businesses implement each other significantly.

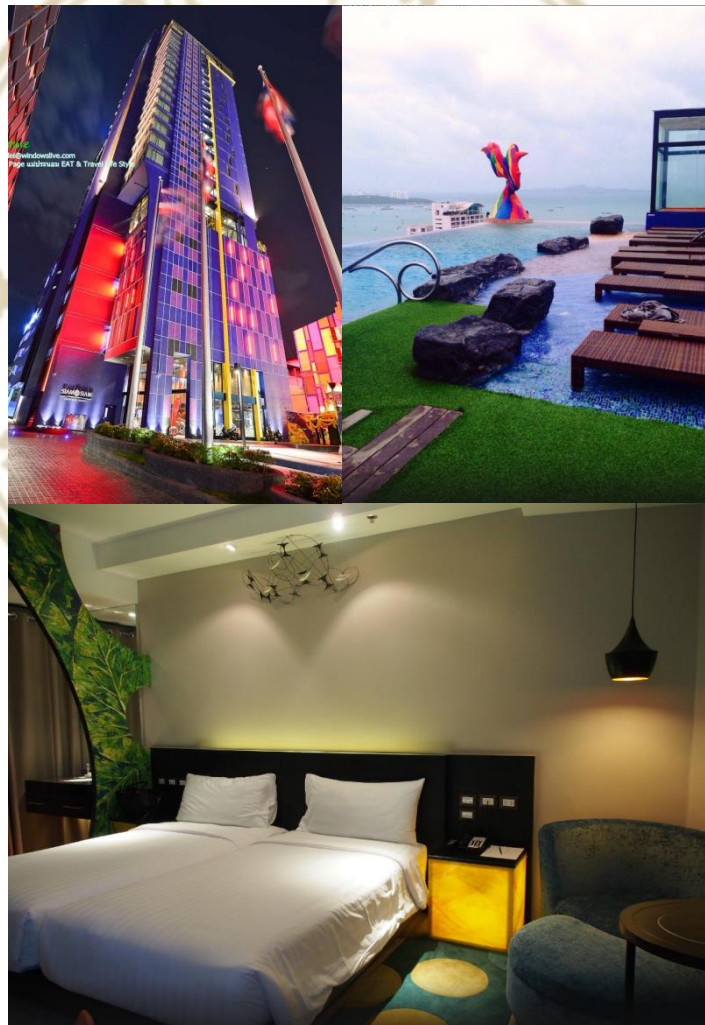


Figure 5.5 Shows the image of the newly built Siam@Pattaya hotel and its facilities

Secondly, with the second branch of the hotel, Siam@Siam has more products to offer. Siam@Siam Bangkok offers city life for both business and pleasures whereas Siam@Siam Pattaya offer vastly different aspect of Thailand such as beaches, water sports, leisure such as golf and entirely different atmosphere. Siam@Siam Pattaya during weekday has booking of around 50% at the moment. However, during the weekend, the booking rises up to over 80%. The board is fairly happy with the performance to date.



REFERENCES

- Bangkokpost. (2011). Hotel price war? (Online). <http://www.bangkokpost.com/learning/learning-from-news/248303/hotel-price-war>.
- Nation. (2012). Royal Paragon Hall woos more foreign exhibitors (Online). <http://www.nationmultimedia.com/business/Royal-Paragon-Hall-woos-more-foreign-exhibitors-30181731.html>.
- Thaiticketmajor. (n.d.). Thaiticket Major Travel (Online). <http://www.thaiticketmajor.com/wonderfulthailandwonderfulworld>.

