

**THAI INVESTORS DECISION MAKING FOR SETTING UP
A FACTORY WITH INDUSTRIAL ESTATE AUTHORITY
OF THAILAND**



**A THEMATIC PAPER SUBMITTED IN PARTIAL
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A FACTORY WITH INDUSTRIAL ESTATE AUTHORITY
OF THAILAND**

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ABSTRACT

In general, foreign investors are the main target groups in Thai industrial estates (IE) but with recent circumstances that have had an impact on some foreign entrepreneurs moving their production bases to neighbouring countries which affect Thailand's overall economy. Nevertheless, there are a number of factories located in IEs that are owned by Thai investors who are also accounted as potential customers of Industrial Estate Authority of Thailand (I-EA-T). However, very few studies had explored the Thai investors preference on location selection in IEs that owned by I-EA-T. Therefore, the objective of this thematic paper is to identify the important factors that influence their decision making for setting up a factory with I-EA-T. This study implemented a qualitative method by using marketing mix strategy 4Ps; Product Price Place and Promotion which covers data collected from in-depth interviews with 10 Thai entrepreneurs from 3 specific industrial estates under I-EA-T's development within the past 5 years. The result represents that most important factors that influence Thai investors on the area selection for setting up their factories with I-EA-T are the location and connectivity, the readiness of public infrastructure and utilities, the price of land lease and land purchase, tax and non-tax incentives, followed by land lease and land purchase promotion respectively. This study can support I-EA-T's marketing plans to reach more Thai investors as their new target customer.

KEY WORDS: Marketing Mix 4Ps; Product, Price, Place, Promotion / Supply Chain / Incentives / Location

29 pages

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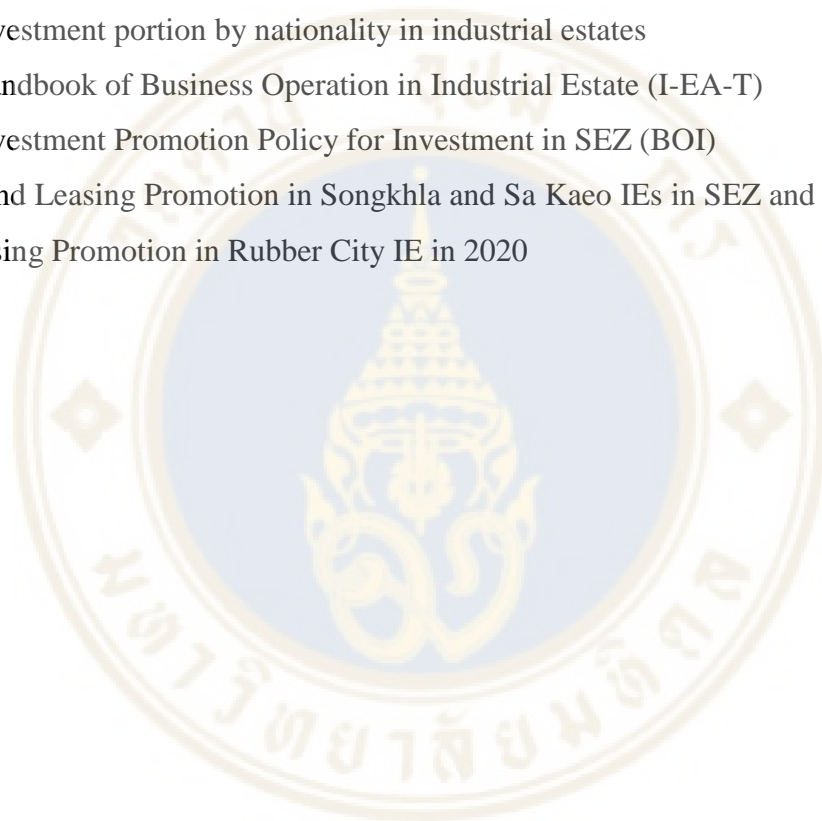
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CHAPTER I

INTRODUCTION

1.1 Background

Industrial Estate Authority of Thailand (I-EA-T) is a state enterprise under the Ministry of Industry which was established in 1972. I-EA-T is responsible for various tasks in industrial purposes under the I-EA-T Act which is ultimately called Total Solution Center (TSC). The roles of I-EA-T are to develop and establish industrial estates (IE), and to regulate factories located inside IE. As of 2021, there are 65 IEs and an Industrial Port in 16 different provinces in Thailand. 14 IEs and an industrial port in Thailand are owned and operated by I-EA-T, and the other 51 IE are invested and operated by the private land developer companies as shown in Figure 1.1.1 Each IE consists of industrial and commercial space with full facilities, public utilities, and infrastructure such as roads, drainage, central wastewater treatment, flood protection, electricity, water supply, and a telephone system to accommodate and deliver great service to factories and warehouses inside IEs. It is mandatory that all established I-EA-T's IEs are required to have Environmental Impact Assessment (EIA) approved by the Office of Natural Resources and Environmental Policy and Planning (ONEP) which would build more confidence in the investors and the surrounding society. In addition, I-EA-T Operation Center has a system monitoring all emergencies such as water level, emission, and covers all IEs in Thailand which the community can be relied on (I-EA-T, 2020).

In the past 5 fiscal years since 2016, I-EA-T had adopted the government policy and completed 3 new industrial estates development projects namely Rubber City IE, Sa Kaeo IE, and Songkhla IE. In 2016, Rubber City IE was developed on the area of 1,248 rai inside the Southern Region IE in Chalung subdistrict, Hat Yai district, Songkhla province. The concept of Rubber City IE development is to gather all rubber cluster industries and its supply chain to locate inside the IE in order to control all pollution easier.

This also aims to help Thai rubber farmers by impelling to increase the latex price. One of the reasons for developing Rubber City IE is to support the midstream and downstream manufacturers with quality raw materials surrounded by the area which will elevate and turn the Thai rubber industry from rubber latex producer into the rubber product manufacturer in order to gain competitiveness and to enhance the competency in Thai rubber industries. In 2018 to 2021, the following 2 IE development projects in the Special Economic Zone (SEZ) in Sa Kaeo and Songkhla provinces were completed which are Sa Kaeo IE and Songkhla IE. The main purpose is to distribute income and bring prosperity to low-income provinces by establishing new IEs to attract investment and expand community in the border areas. Therefore, it is very challenging for I-EA-T as a regulator to have an additional task as an executor with responsibility for conducting public relations, sales and marketing under the frame of the state enterprise (I-EA-T, 2020).



Figure 1.1.1: Industrial Estates and Industrial Port in Thailand (I-EA-T)

There are 3 main types of industrial land use for investors to select for setting up their factories and operating their businesses. First is the stand alone, the department of Public Works and Town & Country Planning is in charge of city planning. Therefore,

setting up a factory on the stand-alone land to be in line with city planning policy and the industrial zone is designated as a color code, purple zone used for industrial purposes. Second is the industrial land in the industrial zone or industrial park which is under the Department of Industrial Works authority. However, the entrepreneurs who made decisions on both of the first two types of land have to receive permission and licenses from many different government departments in Thailand. Lastly, industrial estates where the entrepreneurs can use public infrastructure systems, facilities and receive services under I-EA-T Act as one stop service. However, entrepreneurs who have factories located in those 3 types of land can register to receive the incentives from BOI (BOI, 2021).

Prior to settling a large amount of money into a piece of land to set up a factory, there are many factors that affect the decision-making and feasibility study is involved in the process (W Atthirawong, B MacCarthy, 2002). In addition, there are loads of paperwork preparation for permission and approval in each step of investment even before the business commencement and start operation. Since the government's policy of Foreign Direct Investment (FDI) in the 1970s, the majority investors in I-EA-T are foreigners as well as Thai investors who prefer convenient services and shorter process of permission (Kimura, Keola, 2016). Figure 1.1.2 shows the top 5 of investment portion by nationality in industrial estates are from Japan, China, U.S., Singapore, and Taiwan which can be interpreted that there are less Thai manufacturers located inside I-EA-T's IE.

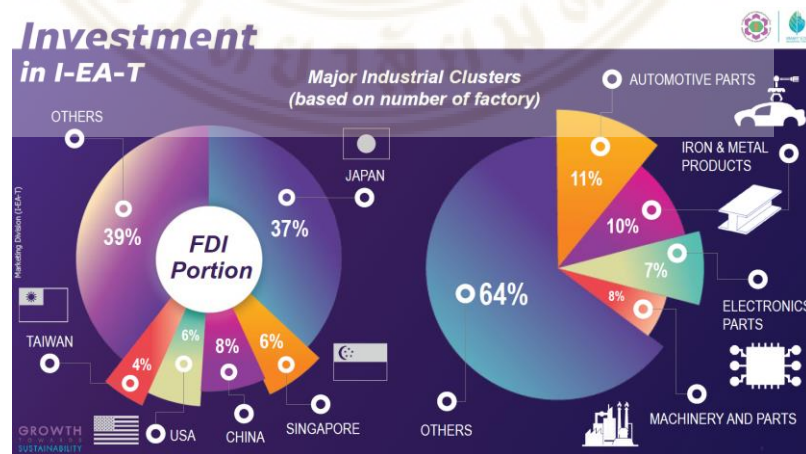


Figure 1.1.2: Investment portion by nationality in industrial estates

1.2 Problem Statement

According to the economic recession around the world which is also affecting the Thai economy especially during COVID-19, as shown in Figure 1.2, the overall Gross Domestic Product (GDP) was shown in negative at -6.1% in 2020 (Fiscal Policy Office, 2020). Reported by Krungsri Research as of June 2021, the pandemic had frozen most of the industries in Thailand caused by the government lockdown policy in order to control the spreading of virus infection which was a barrier for foreign investors managing the business trip to Thailand to view sites. Moreover, the CLMV countries who are Thailand's competitors in terms of FDI is another factor that increased more difficulties for Thailand to be the center of base production as used to as it came across to the cost of doing business comparison. According to Kasikorn Research Center, on the contrary, the medical devices such as medical gloves which are a part of rubber and medical industries turned out to have potential growth during COVID-19. In the circumstances with the I-EA-T's tasks and role, I-EA-T have to revise the business strategy and change the target customer to focus more on domestic investors. Therefore, this study will reveal the factors influencing Thai investors decision making for setting up a factory with the Industrial Estate Authority of Thailand.



Figure 1.2: Thailand's Economic Projection for 2020 & 2021 (Fiscal Policy Office)

1.3 Research Questions

What are the factors influencing Thai investors decision making for setting up a factory with Industrial Estate Authority of Thailand?

1.4 Research Objectives

To identify the factors influencing Thai investors decision making for setting up a factory with Industrial Estate Authority of Thailand.

1.5 Expected Benefit

The result from this research study would benefit Thai investors, who are in the making decision on location selection in Thai IEs under the government policy, in 3 major areas. First, to understand more about the strategic location of IEs in Thailand and its world class infrastructures provided by I-EA-T under the government policy concept. Secondly, a strong economic and supply chain network of 65 industrial estates across the country that can ensure the prosperity of Thai investors. Last but not least, incentives for target industries to enhance competitive advantage.

In this study, the researcher will focus on the new developed IEs within 5 years and still have land available for purchasing and leasing which are owned and developed by I-EA-T under the government policy, namely; Sa Kaeo IE, Songkhla IE, and Rubber City in Southern Region IE by using the marketing mixed strategy to support the analysis.

The research result will also reveal the most important factors influencing Thai investors on investment in Thai industrial estate which will be knowledgeable for the investment promotion officers of I-EA-T in the marketing department to adopt the investors perception and implement further marketing strategy. Therefore, the understanding of Thai investors' perspective especially during their decision-making process of location selection for their new factories will lead to the growth of the industrial estate sector.

CHAPTER II

LITERATURE REVIEW

Marketing Mix

According to Kotler & Keller 2007, 4Ps of Marketing Mix strategy consists of Product, Price, Place, and Promotion which can lead to customer's decision making. In the case of this research, I-EA-T has investors as their customers. Referring to the research result of Nuseir, Madanat, 2015, the organization needs to have a marketing strategy in order to achieve the goal success that can generate more business growth from customer loyalty and satisfaction which the 4Ps method is the pillars of each factor that help influencing them for the decision making.

2.1 Product

Products and Services which are in the market for consumption and usage by the customers which are produced or conducted to be served to complete the customer satisfaction (Armstrong & Kotler, 2006). For this research, Product and Service of 3 Industrial Estates; Sa Kaeo IE Songkhla IE and Rubber City IE which are the land for industrial and commercial purposes along with public infrastructures as well as the service under I-EA-T act.

2.1.1 Industrial Land, Infrastructure and Utilities

I-EA-T have invested in the public infrastructure and utilities to be ready to support all the manufacturing industries. In this study, the researcher is focusing on the industrial estates where land is available and are owned and managed by I-EA-T. There are 3 places namely, Rubber City IE, Sa Kaeo IE, and Songkhla IE.

2.1.2 Services provided by I-EA-T

As shown in Figure 2.1.2, there are very convenient in terms of service provided by I-EA-T throughout the permission process which consolidates in the website and each procedure is described clearly for business operators and entrepreneurs to follow step by step. The convenience covers from making an appointment to have a site visit to industrial estates to the whole process of applying for land licenses with I-EA-T. It is faster under I-EA-T's Act so called the Total Solution Center (TSC) providing online services for investors as a one stop service. All license approval can be processed online. There are 3 major steps of getting licenses; land use license, construction license, the test-run for machinery and the operation license. The whole process will take approximately 10-15 months including time consuming on the building construction.

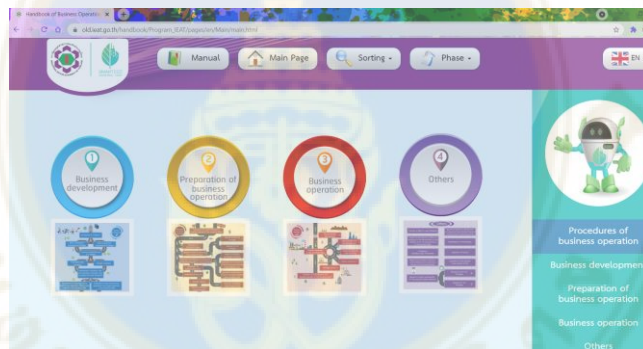


Figure 2.1.2: Handbook of Business Operation in Industrial Estate (I-EA-T)

2.2 Price

The price of products can be the first priority in any customer decision making which can be labeled as the quality of that product or services as well (Singh, 2012).

The Price of land leasing in Rubber City IE, Sa Kaeo IE, and Songkhla IE ranged from THB 170,000 per rai per year to THB 420,000 per rai per year. The price of land purchasing in Rubber City IE ranged from THB 2,700,000 per rai to THB 3,500,000 (I-EA-T's notification 59/2563, 60/2563, 62/2563).

2.3 Place

Places or the location of the firms where they can access connectivity for business operators to contact their suppliers in their supply chain such as distribution channels, warehousing facilities (Singh, 2012). In this study, the place can refer to the location of industrial estates that can support the connectivity to business supply chains.

2.3.1 Location

According to Arauzo-Carod, Liviano-Solis, & Manjón-Antolín (2010), the best location is one of the critical decisions making for creating a new venture which contains determinants of all costs of doing business including taxes, wages, raw materials in the potential location and ultimately can be led either to the failure or success.

The location and connectivity can provide convenience for doing business in terms of shortening time for traveling and transportation to the business routes namely; air, railway, and road or even close to the border is one of the ideal for decision making to setting up factories in Special Economic Zone. The closer, the more saving on transportation cost. According to the findings from the research of Yamsrual, Sasaki, Tsusaka, Winijkul, 2019, indicated that good location of factories that settled inside the eco-industrial estates can improve the nearby community well-being where employees can enjoy their lifestyle on their day-off and have a better quality of life.

2.3.2 Supply Chain

A supply chain is the activities or the sequence among the companies cooperation including parts and finished goods from the production process throughout the distribution channels (Stevens, 1989). According to Vanichchinchai, A. 2019, the research indicated that the supply chain should consist of 3 key stakeholders namely an organization, its customers, and suppliers. Each company must perceive to gain benefit from the business relationship.

With 65 IE and over 5,000 factories across the country of I-EA-T, this will allow Thai enterprises to have more options in obtaining raw materials or parts from supply

chains for their productions. This is the reason why in the past there are many companies consider Thailand as their production hub as it provides connectivity between entrepreneurs and their supply chains who located in the same area especially inside the industrial estate (Reeveerakul, Derrouiche, Chakpitak, Ouzrout, Harnpornchai, Bouras, 2018).

2.4 Promotion

According to the research of Hou 2018, promotion is one of the strategies that call customer's attention in order to increase the sales volume as well as it can create the brand awareness of the organization. In this research, the promotion can refer to Tax incentives, non-tax incentives granted by BOI, and land purchase and land lease promotion offered by I-EA-T.

2.4.1 Incentives

The incentives in terms of the industrial sector include corporate income tax exemption, tariff reduction. The incentives are a tool under the industrial policy to drive a country's economic growth which mainly target the foreign direct investment (FDI) (J Jongwanich, A Kohpaiboon, 2020).

According to BOI promotional investment incentives 2021 edition, there are 2 main types of incentives which are tax incentives and non-tax incentives. Incentives for target industries will enhance competitive advantage. Investors are given various types of incentives for their investment in Thailand as follows ;

These **Tax Incentives** granted by BOI are:

- Exemption of corporate income tax (CIT) for 8 years plus reduction of CIT by 50% with maximum of 5 years (may vary depending on conditions of each activity)
- Exemption of import duties on machinery.
- Exemption of import duties on raw materials used in production for export.
- Exemption of import duties on items used for R&D projects.

Non-Tax Incentives such as:

- Permission to own land in an industrial estate,
- Permission for foreign technicians and experts as well as their spouses or dependents to stay in the country
- Permission to remit foreign currency abroad

There are many promotions to the target industries which will be considered and granted by BOI who will select the best matched and most profitable to the entrepreneurs' businesses (BOI, 2021). In this study, the researcher focuses on the incentives for businesses in the Special Economic Zone (SEZ) as shown in Figure 2.4.1.

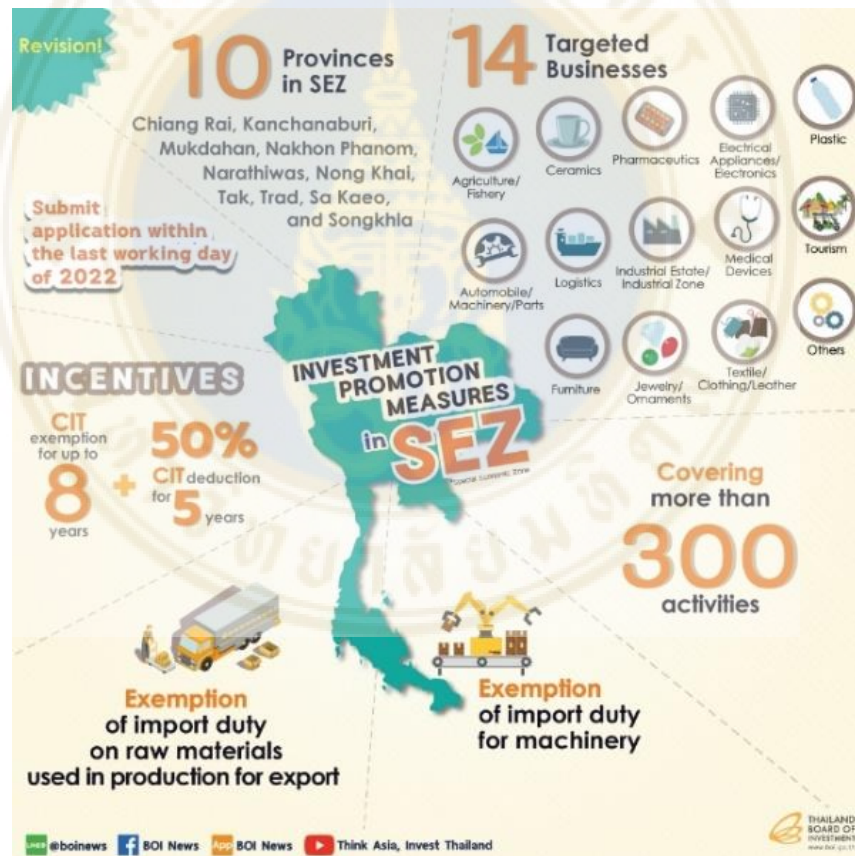


Figure 2.4.1: Investment Promotion Policy for Investment in SEZ (BOI)

2.4.2 Land lease and land purchase promotion

Beside the promotional investment incentives launched and granted by BOI, I-EA-T also launched land leasing promotions in the existing Industrial Estates in Special Economic Zone (SEZ) which is located in Sa Kaeo and Songkhla provinces in a certain period of time. Therefore, to stimulate the local and overall economy in Thailand during the COVID-19 situation as shown in Figure 2.4.2.

Figure 2.4.2: Land Leasing Promotion in Songkhla and Sa Kaeo IEs in SEZ and Land Purchasing, and Leasing Promotion in Rubber City IE in 2020

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

According to the problem statement, this research aims to Indicate the Factors Influencing Thai Investors Decision Making for setting up a Factory with Industrial Estate Authority of Thailand (I-EA-T) for new established industrial estates owned and operated by I-EA-T namely Sa Kaeo IE, Songkhla IE and Rubber City IE. The suitable methodology for this finding is the Qualitative research which will enhance the better understanding on how Thai entrepreneurs make decisions and what are the factors that influence their decision making for setting up a factory with I-EA-T. The researcher will be collecting data by one-to-one in-depth interview with the questions that can be related to the marketing mix 4Ps method; Product, Price, Place, and Promotion. Therefore, the finding can be indicated to structure a new sales and marketing strategy for the I-EA-T to adopt for implementation in the future plans.

3.2 Sampling Frame

The questionnaire will be provided into 2 groups

1. Thai Entrepreneurs who already signed the land lease agreement with I-EA-T in Sa Kaeo Industrial Estate, Songkhla Industrial Estate, and Rubber City Industrial Estate (5 participants) coded with SGP1 – SGP5
2. Thai Entrepreneurs who are still in the consideration stage or have intention on investment in Sa Kaeo Industrial Estate, Songkhla Industrial Estate, and Rubber City Industrial Estate (5 participants) coded with PGP1 – PGP5

Sampling Size: 10 respondents

Qualification: Entrepreneurs with CEO or MD position in Sa Kaeo Industrial Estate, Songkhla Industrial Estate, and Rubber City Industrial Estate.

Interview tool: Virtual meeting online platforms such as Zoom or any applications that convenient interviewees

3.3 Interview Question

To understand the first prioritized subject for making decision on location selection based on 4Ps strategy which consists of Product Price Place and Promotion. Insight needs of selecting location for setting up a factory are included in the interview questions to find a deeper understanding of the decision making and further requirements from the entrepreneurs.

Table 3.3 Interview Question

Topics	Questions
<p>General Question</p> <p>To understand the company's background and to understand the investor behavior in purchasing /leasing land in Industrial Estate that developed by IEA-T under the government policy</p>	<ol style="list-style-type: none"> 1. Please introduce yourself and your position in the company. 2. What is the nationality of your business partner? 3. Does your company have factories located in Thailand? 4. What type of business are you operating in an industrial estate? 5. What is your investment timeline? 6. How do you make decisions on area selection? 7. How many people are involved in making this decision and how long does it take since the project starts, please explain. 8. What are your most important major factors for setting up a factory in an Industrial Estate under the government policy?

Table 3.3 Interview Question (cont.)

Topics	Questions
Products (and services)	<ol style="list-style-type: none"> 1. Do you think the Free Zone is important for the factory located in Industrial Estates? Why / Why not? 2. Please rank the convenience of permission steps provided by I-EA-T from the easiest to the most difficult process. Please describe. 3. Do you prefer to purchase or lease the land? Why? 4. Do you feel more secure to select the factory location in the Industrial Estate? 5. Please describe your ideal factory.
Price	<ol style="list-style-type: none"> 1. Does the overall economy situation matter to your business industry and your decision making on investment in setting up a factory? Please explain. 2. What is your budget for leasing a plot of land?
Place	<ol style="list-style-type: none"> 1. Who are your supply chains and where are their locations? 2. If there will be more Industrial Estates in the Special Economic Zone in other provinces developing in the future, which provinces are your most preferable? 3. What is the most important part of running business in the border area? Please explain.
Promotion	<ol style="list-style-type: none"> 1. Does your business match to the target industries that have tax-incentives offered by BOI? Is the promotion offered by BOI important? Why? 2. Do you think promotional land lease that is offered by I-EA-T is an important factor for decision making? Why / Why not?

CHAPTER VI

RESEARCH FINDINGS

According to the methodology, the researcher interviewed 10 respondents who are Thai entrepreneurs positioning in CEO and MD in Sa Kaeo IE, Songkhla IE, and Rubber City IE; 5 of them have already signed the land purchasing or land leasing with I-EA-T and the other 5 are also Thai Entrepreneurs but still in the consideration stage. The questions are focused on the 4Ps pillar of the marketing mix method which has the main factors inside. Due to the COVID-19 situation, the interview was conducted on virtual meeting online platforms such as Zoom application, VDO call via LINE application, and telephone call which vary to the interviewees conveniently.

4.1 Respondent Profile

Table 4.1: Shows the 10 Chief Executive Officer (CEO) and Managing Directors (MD) who participated in the interview and provides their companies general information.

Code	Position	Business in IE	Foreign Shareholder (%)	IE Location
5 Thai entrepreneurs who already signed the land lease or purchase agreement with I-EA-T				
SGP1	CEO	Manufacture cleaning liquid	10% German	Sa Kaeo IE
SGP2	CEO	Assembly box paper crate for logistics industry	10% Malaysian	Songkhla IE
SGP3	MD	Distribution center and ready-built factories in IE	49% Myanmar	Songkhla IE
SGP4	CEO	Gas Station in IE	-	Songkhla IE

Table 4.1: Shows the 10 Chief Executive Officer (CEO) and Managing Directors (MD) who participated in the interview and provides their companies general information. (cont.)

Code	Position	Business in IE	Foreign Shareholder (%)	IE Location
SGP5	CEO	Manufacture medical gloves	-	Rubber City IE
5 Thai Entrepreneurs who are still in the consideration stage or have intention on investment in I-EA-T's IEs.				
PGP1	CEO	Trading and warehouses	-	Songkhla IE
PGP2	CEO	Manufacture fruit processing	49% Malaysian	Songkhla IE
PGP3	MD	Warehouses and logistics	-	Songkhla IE
PGP4	CEO	Manufacture nitrile examination gloves	-	Rubber City IE
PSE5	CEO	Small power plant from biomass energy	-	Rubber City IE

4.2 Research Finding

4.2.1 Product

4.2.1.1 Industrial Land, Infrastructure and Utilities

All of the interviewers think that the readiness of standard infrastructure and utilities inside the IE such as road, wastewater system management, waterwork, electricity, telecommunication system, and security system is the most important factor. However, 2 out of 10 which are the first entrepreneurs in the SEZ IEs experienced some struggle problems at the beginning period which brought some difficulties to their business operation.

“The readiness of all infrastructure for the factory is the most important factor to our business. It is the foundation that our factory can be relied on which can keep the production line stable and consistent.” (PGP2)

“I think the readiness of the IEs public infrastructure and utilities should be in place at the first day we were announced to move-in, as we are the first entrepreneurs in the industrial estate and it is our first experience investing in IE in SEZ, I-EA-T should pay more attention to the first customer in order to impress them which can lead to the repurchasing in the future.” (SGP1)

4.2.1.2 Services provided by I-EA-T

All of the entrepreneurs think that the services provided by I-EA-T such as customer investment consultation throughout the administrative part is the top priority factor that they have considered. However, 1 out of 10 which are the first entrepreneurs in the SEZ IE experienced some struggle problems at the beginning period and suggested I-EA-T and other concerned government agencies to integrate information which would bring more convenience for the entrepreneurs. Especially I-EA-T is the state enterprise which is the organization with trustworthy and they can rely on the process of management. They also mentioned that as I-EA-T is under the Ministry of Industry, they can be supported in the unexpected scenario like COVID-19 that all of the rent fees can be negotiated. Another important factor which is an additional one that they mentioned is the community nearby the IEs which they have no worries on this point as I-EA-T has a CSR team to support when something wrong happens.

“We trust in the world standard infrastructure, and the environmental monitoring system of I-EA-T can protect the pollution from our factories and the surrounding community. Our business has high risk to be located outside IEs, with all I-EA-T operation centers can release our stress from unexpected situations”. (PGP5)

“As mentioned previously that our company is I-EA-T’s first customer in SEZ IE, we trusted in the ease of doing business under I-EA-T’s act. However, we had struggled in the stage of receiving promotion from BOI. The misunderstanding with clarification on the type of target industries lead to the failure of receiving promotion from BOI. It is not as easy as we thought it should be.” (SGP1)

4.2.2 Price

From the interview, the question of budget to lease or purchase a plot of land are acceptable. All of them understand that I-EA-T as the land developer have to make investment on the infrastructure and utilities to meet the standard and to support manufacturers inside IEs. They understand that the prices in each location have different land appraisal prices and with full infrastructures they are willing to pay as long as the price is in the average that other industrial estate in the market has set the prices.

One CEO said that the price of land does not make a potential decision making as it is very little compared to other parts of investment cost such as the fixed cost like building a factory and purchasing machinery. The variable costs such as electricity, water, labor wages and raw materials are more considerate if compared to the land price.

“I have changed my investment strategy after my businesses received a direct impact from COVID-19 recession. First, purchasing land was more valuable than leasing in my previous opinion due to the land ownership and the appraisal land price will be multiple valued in the future. However, after COVID-19, I think leasing land is more flexible in terms of financial as the large amount of money can be utilized in other variable costs and other spending.” (SGP4)

In contrast, in COVID-19 situation, one CEO runs a business in medical devices that has potential growth. He mentioned,

“At the beginning stage of investment, the company should save more on the fixed cost. For instance, instead of purchasing the land, leasing

land or leasing ready-built factories to shorten the factory building construction time and cost. Once the company has profits, the capital will then be used in purchasing land, developing and upgrading machinery later on.” (SGP5)

4.2.3 Place

4.2.3.1 Location

Even though I-EA-T did not select the IEs locations that owned and developed by themselves, all of the interviewees provided the same opinion that the reason why they are interested and willing to invest in these 3 IEs is the location which is the top priority. They consider the location to set their factories which are required to be closed to their customers, suppliers and raw materials. Also, those locations need to fulfil their requirement with the world standard of infrastructure that they can run the production line and business smoothly.

“The strategic location is one of the most important factors for our decision making for investment. We see the potential trading business across borders here and the pioneer is the one who takes the most benefits from choosing location. That’s why we rush to settle business here in SEZ IE.”
(SGP3)

4.2.3.2 Supply Chain

All of them are concerned about the supply chain which is one of the important factors of selecting location for their factories as it is the overall factor for running the business. They mentioned that if they are located in the IEs, there will be more opportunities to have more connectivity to find more business inside IEs.

“As we are running a trading business, the location near the border is very important to our business which gives more advantages and it provides more opportunities to find partners inside IE in the future.” (PGP1)

“As a manufacturer that supports logistics business, having a factory inside IE located next to our supply chain is very convenient and it is a cost saving for our company. It is also easier to connect with our business relationship inside IE as well.” (SGP2)

4.2.4 Promotion

4.2.4.1 Incentives

All 10 people confirm that Incentives for both tax and non-tax are very important factors. It is a tool for the business cost reduction which will help them gain more profit especially at the beginning of the business operation.

“All incentives provided by government agencies can help us save more costs from taxation. Also, the non-tax privileges provide much easier for administrative part which we can rely on the I-EA-T service and spend time on other important issues in the company.” (PGP2)

However, one of the interviewers think differently, he mentioned

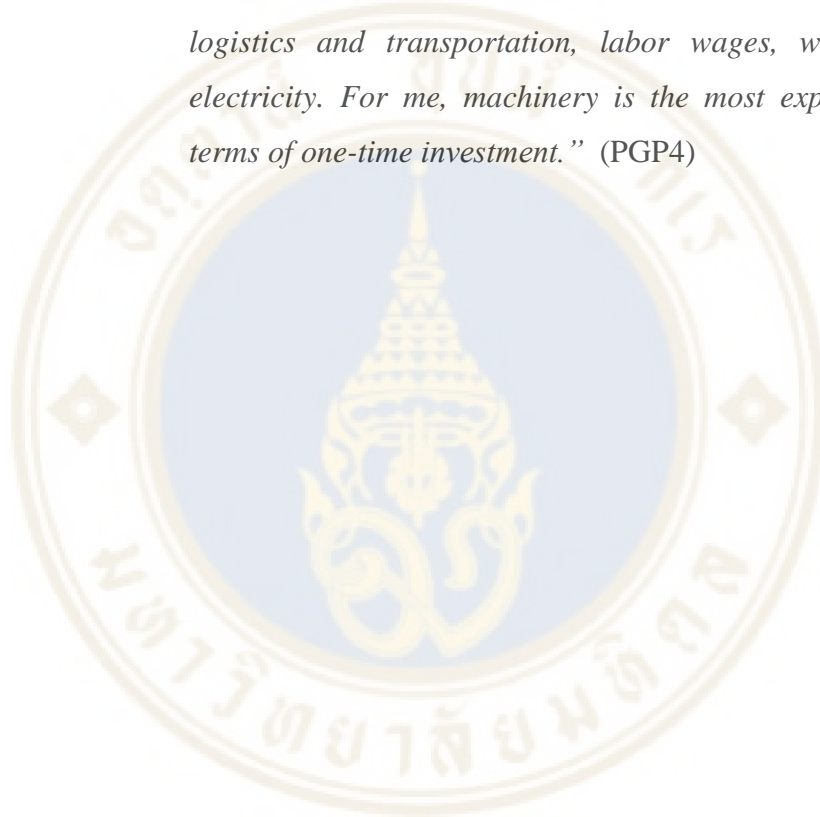
“In my opinion, in the long run, the incentives might be the minority as it has a time limitation which is set by the government policy and considered by BOI. I think promotion is a good marketing tools that can attract more investment in IEs.” (SGP5)

4.2.4.2 Land lease and land purchase promotion

From the interview, the answers are quite similar to the question of price that the land price or the promotion of land leasing and purchasing is not attractive as much as other factors due to it is the one-time investment at the beginning of the process. However, 3 out of 10 which are more price sensitive who mentioned that anything that can reduce the cost in any process will do and will be much appreciated if I-EA-T can offer promotional land leasing and land purchasing more often.

“Everything is perfect in my opinion but we are waiting for the upcoming new promotional period. We missed the latest promotion. We are the SMEs; we save every bit as we can. We would be happy if there are supports from I-EA-T side”.
(PGP3)

“Cost of land price is only one time investment, I would pay more attention on variable cost such as raw material, logistics and transportation, labor wages, waterwork, electricity. For me, machinery is the most expensive in terms of one-time investment.” (PGP4)



CHAPTER V

DISCUSSION & CONCLUSION

5.1 Conclusion

According to the research objectives, this thematic paper explores and indicate the most important factors influencing Thai investors decision making for setting up a factory with Industrial Estate Authority of Thailand for new established industrial estates owned and operated by I-EA-T namely Sa Kaeo IE, Songkhla IE and Rubber City IE. This study uses marketing mix with 4Ps strategy; Product, Price, Place, and Promotion to conduct the qualitative research.

Previously Foreign investors take the majority on investment value in Thai industrial estates (IE) but with recent economic conditions worldwide that have had an impact on some foreign entrepreneurs moving their production bases to neighboring countries effects to Thailand's overall industries. However, Thai investors who are also a group of potential customers of I-EA-T. The sample respondents are 10 Thai entrepreneurs from 3 specific industrial estates under I-EA-T's development within the past 5 years. As shown in the Table 4.1, profile of respondent has effect on the decision making as some of the larger enterprises have foreign shareholders with larger amounts of capital investment. Table 5.1 shows the result of most important factors that influence Thai investors on the area selection for setting up their factories with I-EA-T are the location and connectivity, the readiness of public infrastructure and utilities, the price of land lease and land purchase, tax and non-tax incentives, followed by land lease and land purchase promotion respectively.

Table 5.1 Summary of the most important factors influencing Thai investors decision making for setting up a factory with Industrial Estate Authority of Thailand

Marketing Mix Strategy (4Ps)	Most important factors mentioned by the interviewees which had an effect on their decision making
Place	The location is the most important factor out of other subjects due to it can enhance their business competitiveness such as connectivity to their supply chain. Location of IEs are depending on the purpose of investors' business to have the most cost efficient in a long run business such as nearby their customers, raw materials, logistics and transportation.
Product	The readiness of standard public infrastructures, utilities and the permission procedures are the standard product and service that I-EA-T should have as standard practice. Therefore, it is the reason why investors make the decision to set up factories inside industrial estates. In Addition, the investors feel they can rely on the organization as I-EA-T is a state enterprise.
Price	The price of land lease and land purchase are acceptable on the market range. They feel that these 3 industrial estates have reasonable land prices compared to those IEs in other regions in Thailand.
Promotion	Promotion plays a very important role to the smaller size of enterprises. The small enterprise is more price sensitive which can motivate them to make decisions to purchase or lease land within the time frame of promotion.

5.2 Recommendation

In order to increase Thai investors to set up factories in I-EAT's IEs, the IE operators and management team should focus their requirement that effect on their decision making on location selection. The satisfaction of investors and entrepreneurs will result to the repurchase intention in the future opportunity from both Thai and foreign investors which can increase the country's overall GDP.

The first recommendation is for the I-EA-T Management team. For the next IE development projects, referring the result of the study, the most important factor that Thai investors make decision for their factory is the location of IE. Therefore, I-EA-T should focus on the strategic location with connectivity to support entrepreneur supply chains. The readiness of infrastructure and utilities in IEs is the second most important factor, to facilitate and enhance their advantages in doing business, I-EA-T should manage to develop IEs to be ready at the very beginning since the entrepreneurs start building construction.

Secondly, for the marketing team, all information from concerned departments and other government agencies should have integration and coordination system in order to provide the correct guidance to the investors which will enhance the effectiveness of all services including approval procedures especially the information of incentives that should be clarified in all conditions at the very beginning.

Lastly, the promotion in both land price discount or free land rental in a certain period or promotion of tax exemptions should be provided to the entrepreneurs who have factories located inside IEs with location in rural areas with higher privileges than other IEs. This is due to the cost of doing business being higher with its far destination and less connectivity in its neighborhood. Therefore, in order to gain more investors both Thai and foreigners, the IEs operators and Promotion officers should pay more attention to these areas to let them have more competitiveness in the international market.

5.3 Limitation

There are important limitations to note in this thematic paper. The first limitation is the amount of qualitative data collected which is quite small; only 10 Thai people from 3 industrial estates were interviewed due to the time constraint which led to the difficulty to make appointments with CEOs who have decision making authority. In addition, this study has focused only on Thai entrepreneurs in 3 industrial estates developed within 5 years. The 3 chosen industrial estates were developed under the government policy in order to distribute income to other provinces rather than in full capacity in Eastern Economic Corridor (EEC) area. Therefore, the chosen 3 new developed IEs locations are less popular than IEs in the Eastern part of Thailand. This can refer to a smaller sample group of interviewees. Currently, in Sa Kaeo IE, there are 4 out of 7 or 43% of the total entrepreneurs are Thai. In Songkhla IE, surprisingly 4 out of 4 are Thai entrepreneurs. In Rubber City 3 out of 8 or 38% of the total entrepreneurs are Thai and most of them are small and medium enterprises (SMEs). Therefore, the result might not be relatable to every case such as other IEs in different criteria, investment climate, target industries, or purpose of development.

5.4 Future Research

For future research, researchers should conduct both quantitative and qualitative research to be more accurate on the final result and to be applicable in the related fields. The questions asked to Thai entrepreneurs should be categorized into tiers of capital investment for more various necessity in different investors' perspectives and requirement that they might have some different influential factors. The interview sample should not only focus on CEO or top management but should include specialists in the specific fields for instance project engineer, Chief Financial Officer (CFO) who can give more information regarding the feasibility in details. Focus group interview technique is another option that is recommended in order to understand more on investor perspective for the future research.

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