

CHAPTER II

DETAILED PLAN

Business structure

The commercial area development of the two new BTS stations operates as a sole proprietorship for the following reasons:

- The owner of the two new BTS stations is the Thailand Government, so the business income will be received 40% to the Thai Government and 60% to the management company.
- Thailand Government can have full autonomy with regard to business decisions.
- All the profits of the business belong to public fund.

The commercial area developments of the two new BTS stations were also registered to the websites www.bangkoksmiletrain.com for the purpose of promoting and advertising the business.

The business will be continuing according to the current strategy unless the business falls below 50% of the target for six consistent months. At this point the business will adjust the strategy.

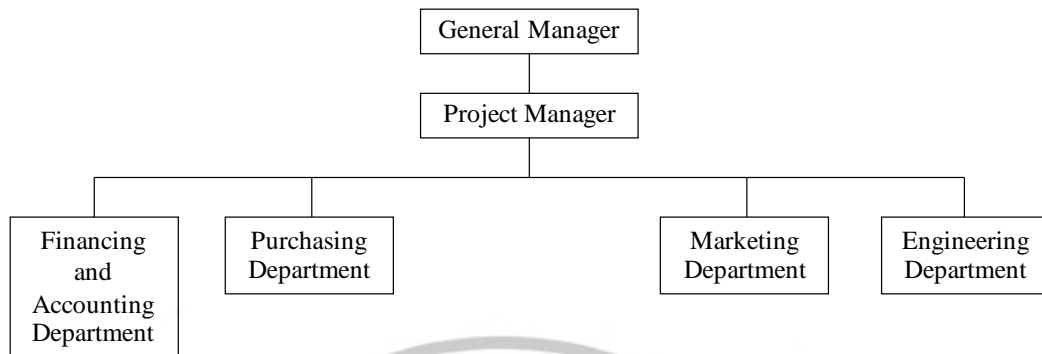
Management & Ownership

Project framework

1. Project process and management practice

Organization breakdown structure The project is divided to four major teams such as financing and accounting, purchasing, marketing, and engineering. All four major teams will be controlled and monitored by the project manager and the project manager will present all result to the responsibility manager.

Organization Breakdown Structure



Figures 3 Organization Breakdown Structure

Task structure

According to the table below, it shows that there are six experts who will be responsible to the teams they are:

Director – Gorapop Jiravichitchai

- Controlling the management of organization.
- Being the last to monitor before submitting reports to the committees.
- Being the chairman of the project teams and make the policy for the organisation.
- Present all the results to the committees.
- Being the coordinator between high level and implementation level.

General Manager - Alex Zander

- Controlling and summarizing all tasks of developing commercial area
- Assign the tasks to each teams or departments
- Being the leader in problem solving and present all the results to the general manager
- Being the leader of the all teams

Project Manager – Nancy Wong

- Controlling and summarizing all tasks of developing commercial area
- Assign the tasks to each department

- Being the leader in problem solving and present all the results to the general manager

- Being the leader of the team

Financing and Accounting Manager - Grung Ratanasawat

- Making the policy and controlling financial and accounting works in the organization.

- Being the coordinator to make plan of works in order to control the budget.

- Planning the processes of cash flow.

- Being budget controller.

- Managing process of payment.

Engineering Manager - Ratapon Raltherdvilai

- Study and develop layout of commercial area

- Sourcing the right construction supplies

- Controlling all tasks of constructions

Marketing Manager - Anny Chongkit

- Responsible to all marketing and advertising tasks.

- Designing advertising tools.

- Study market demand by doing survey.

- Developing marketing plans

- Evaluation of all the results

Purchasing Manager- Nutty Chin

- Controlling all purchasing tasks

- Sourcing the right suppliers for all department

- Responsibility of all project's assets

Key Objectives

The objectives for the commercial area developments of the two new BTS stations are:

- Identify priority tasks and requirements

- To increase **5%** of passenger traffic in year 2009

- Develop and promote the establishment of commercial area in Krung Thonburi and Wongwianyai stations.

Market Analysis

The commercial area developments of the two new BTS Stations have undertaken extensive passenger surveys and have information from BTS Co. Ltd, about business type and cost of operation.

According to information from BTS Co. Ltd with the rapid growth of public transportation demand combined with increasing price of gasoline in Thailand, the demand of being able to shop in a convenience store in the train station is very high. The commercial area of BTS stations proposed for providing passengers comfortable life styles by making it easy for them to buy things on their way to and from the train station.

As today the commercial areas of Krung Thon Buri and Wongwian Yai stations have not been developed, it is expected the shops to be established in the areas as some passengers are asking for them already. However, there are problems in developing commercial areas as the management of the two new stations belong to Thai government and the pervious stations were managed by the private company. Therefore it will be very difficult to compete with the company that is operating this business according to the competitive advantage that it allows the tenants to rent the area with packages such as advertising tools. Because of this reason, the shopping areas of the two new stations have not opened yet and it is losing the opportunity and costing many investors and are now getting out, investing their businesses in other areas as the opening of the commercial area has been delayed over eight months already. Now Thai Government is trying to find the best way to operate the commercial areas of the two new stations to get the best results and best return on the investment.

According to the research that The Krungthep Thanakom Co., Ltd. has done, it showed that 89 percents of residents who live in the area want the service to start operating as soon as possible. The evaluation showed that there will be at least 50,000 passengers per day who will use this kind of service after it opens.

1. University students

The commercial area developments of the two new BTS stations have undertaken extensive research through passenger surveys and found the following factors that will attract this market.

2. Result of the study of passengers' demand

- Demand forecast of service needed from the passengers

3. Objectives

This research examined the attitude of passengers toward the available services they need to have on the stations. Moreover this research studied the demographics of sampling people according to age, gender, income and education

4. Benefits of study

- Be able to apply concepts learned to develop commercial areas of the two new stations.
- Exploring and preparing for future service demand.
- To be able to understand needs of the passengers.

5. Research instruments or questionnaire

The study used questionnaire to gather the information from the 400 respondents. The questionnaire was designed to measure the service demand of the passengers, which were conducted by Soung Dusit Pol.

6. Pre-test

After designing the questionnaire, pre-testing was needed in order to test the reliability of questionnaire with group of 30 respondents. The pre-testing was to ensure that all respondents clearly understand the wordings in the questions.

7. Methods of research used

This research is a descriptive research to collect the data in order to find out the service demand of the passengers. This research study used survey as a research technique. This survey technique gathers information from people by use of questionnaire for the primary purpose of describing or predicting some phenomena.

8. Respondents and sampling procedures

Target population

The target populations in this research are the respondents who are the users of sky train stations of Krung Thon Buri and Wongwian Yai stations. The respondents were asked to fill out the questionnaire right after asking for their time to make sure that the answers were accurate.

Sampling unit

Sampling units were both male and female who were living in Bangkok for at least six months and of Thai nationality. In addition, one sample is an individual population.

Sampling procedure

There were two main techniques in the sampling procedure they were the probability and non-probability. This research uses combination of these two techniques in sampling procedure. The steps are as follows:

First, judgment technique (non-probability) was used in selecting the users of sky train stations of Krung Thon Buri and Wongwian Yai stations to investigate the service demand of the passengers.

Second, quota sampling (non-probability) was used to find out the number of respondents per area. Therefore, this study has 400 samples size and focused on two areas, and then there are 200 respondents for each area.

Table 1 Intension Survey

No.	List	Views (%)	Gender		Ages Age below 25	26-35	36-45	Age above 45	Stations	
			Male	Female					Krung thunbure	Wongvenyai
1	coffee shop	27.15	24.33	29.03	28.28	28.33	22.96	25.67	27.79	26.48
2	Bank	22.96	22.99	22.94	20.2	24.91	29.63	20.32	21.47	24.51
3	Restaurant	14.38	14.97	13.98	17.85	11.95	9.63	16.04	12.84	15.97
4	Post shop	11.48	11.23	11.65	8.75	11.26	14.81	13.37	12	10.94
5	One Stop Services	11.27	12.3	10.57	10.1	12.29	12.59	11.23	12.42	10.07
6	Gift shop	6.65	7.49	6.09	10.1	5.12	2.96	5.88	6.74	6.56
7	Toilet	1.82	1.6	1.97	1.35	2.05	1.48	2.67	1.89	1.75
8	Book store	1.07	1.34	0.9	0.67	2.05	-	1.07	1.26	0.88
9	A.T.M.	0.75	0.8	0.72	0.67	0.34	1.48	1.07	1.05	0.44
10	Convenient store / 7-Eleven	0.54	0.53	0.54	1.35	-	0.74	-	0.63	0.44
11	Rest area	0.54	1.07	0.18	-	0.68	0.74	1.07	0.21	0.88
*	Others	0.32	0.27	0.36	0.34	0.34	-	0.53	0.42	0.22
*	Not inform	1.07	1.07	1.08	0.34	0.68	2.96	1.07	1.26	0.88

According to the study of Suan Dusit Poll, it showed that most passengers need to buy products or services in the morning when they travelling to work. The second reason is it is easy to access the shops to buy products or services as using BTS transportation system is the main transportation system in Bangkok. This showed that the potential customers were very concerned on time to access the shopping place to buy products or services.

According to the study of BTS expansion commercial area, it showed that there are demands of shopping areas on the two new BTS stations. The most popular demand is for refreshment such as soft drinks and coffee shop which was rated at 27.15%. The second popular demand was snacks rated about 22.96%. The third popular demand was restaurant which was rated at 14.38%. This showed that there are opportunities to establish the shopping areas on the two new BTS stations.

Segmentation

The company will focus on the group of passengers who travel using BTS transportation system. This segment usually uses BTS transportation system to go to work or study. They have limited time to visit convenience store to buy food or drink in the peak hours. This segment has demanded to buy things at the stations. So the target customers will be focused on beverage businesses.

1. Demographic factor

According to BTS survey, most of the passengers who use BTS system were:

- Age between 14 to 45 years old.
- Income between 10,000 to 40,000 Baht/month
- Social class at middle income-and lower income level
- Occupation, students and working people

2. Geographic

- Density: Krung Thon Buri and Wongwian Yai stations

3. Psychographic

- Lifestyle, healthy and time concerned
- Individual decision-making.
- Public transportation user

Characteristic

This group is the combination group between teenagers and office workers. The customers in this group are usually using public transportation for travelling. The group in this stage were characterised with different types of mind-set. In this group, some customers are quite influenced by the advertising and friends such as teenagers and some customer are influenced by their parent, father and mother such as children. We can conclude that children and adults may be influenced by parents and teenager may influenced by friends and advertising.

Table 2 Pros and cons of target group

Pros	Cons
1.They tend to follow their friend or opinion leader	1. Some teenager can't earn money by themselves
2. High awareness of media	2. Decision making depend upon someone else Ex. Parents or friends
3. High money support	
4. Innovative in purchasing	

The competitor

In order to analyse the competitors, the company has divided the competitors to two main parts:

- Direct Competitor: Metro Mall
- Indirect Competitor: The Mall, Shopping Centres, and Public Shopping Centres.

Assuming that the commercial area development of the two new BTS stations main competitor is Metro Mall. This competitor is managed by MRT system. Its business accesses the same target group as the chosen market segments. However it does not seem to affect the business as the commercial area of BTS station seems to be much more popular.

**Figure 4 Commercial Area Development**

The indirect competitors refer to the area which operates for shopping. These competitors are in area within two kilometres of the stations such as The Mall, and Public Shopping Center.

According to the main competitor and indirect competitors, the company has carefully planned the business to ensure that the company offers the most competitive prices and effective business.

The commercial area developments of the two new BTS stations will compete against its main competitors in the following ways:

- The commercial area developments of the two new BTS stations will offer a government service called one-stop-service centre. This service will help people to access government services at the BTS stations instead of going to the government offices.
- Offering the competitive price. The prices will be reasonable which the customer and the company will be able to benefit together.

Product and service

Services

The company will provide quality areas for the beverage customers, government service centre, and bank to serve the passengers or general consumers.

Images

The existing shopping areas of BTS stations have created good image to the passengers/consumers that have gained profitability as shopping venue for over 10 years.

Relationship

The management team has very good relationship to the passengers as they have to operate the train system which serves the passengers every day.

Product or service production

Service

The commercial area developments of the two new BTS stations will be operated through the following options:

1. First alternative

To manage the commercial areas of the two new BTS stations by Krungthep Thanakom Co. Ltd.

This would be difficult for the company as they are lacking human resources and knowledge and experience in this type of business.

Table 3 Pros and Cons of Alternative One

Pros	Cons
1. All managements will be under centralised control.	1. Lack of knowledge and experience of business management.
2. Better awareness and understanding of passengers' demands.	2. Shortage of manpower.
3. Better relationship to Thai Government.	3. High cost of management.
4. Providing good image as it will help passengers for easy access to shopping place.	4. Getting bad image if the management will not meet the passengers' demands.
5. To be able to help the passengers who have difficulty to buy things.	5. Need years to learn the business.
6. Being the alternative choice of shopping venue for the passengers.	6. Need years to be remembered by passengers.
7. Better relationship to the residents around the area.	
8. Be able to control the type of shop in the station area.	

This would be difficult for the company as they are lacking human resource and knowledge and experience in this type of business. .

2. Second Alternative

Managing the commercial area of the two new stations by BTS

Table 4 Pros and Cons of Alternative Two

Pros	Cons
1. High knowledge and experiences of business management.	1. Unable to control the type of shop in the station area.
2. More effective to run the business as BTS co.,Ltd. manages the stations, so it can control all functions.	2. Loss of internal business information.
3. Reduce need of manpower.	3. Limited management control.
4. Reduce cost of management.	4. Getting bad image if the services will not match to the demands.
5. Gaining knowledge of business management.	5. They will use another company to manage the areas..
6. Providing good image as it will help passengers to assess to shopping place.	6. Getting bad image if the management will not succeed to the demands.
7. To be able to reach the passengers who are inconvenience to buy things.	
8. Being another choice of shopping for the passengers.	
9. To be better relationship to the residents around the area	

This would be a good way to allow BTS co., ltd to manage the shopping area. However BTS co., ltd. has already managed the train system of the two new stations, if the company allow BTS co.,ltd. to handle the business, the company might loss all abilities to manage the stations in the future.

3. Third alternative

Managing the commercial area of the two new BTS stations by a third party. This would be the best way to manage the area. The company will not have to involve more in the operation. The third party will be responsible in marketing duties such as advertising, selling, constructing the area, and financing. However the company will loss all the operation and management control of the business.

Table 5 Pros and Cons of Alternative Three

Pros	Cons
1. Intensive knowledge and experiences of business management.	1. Unable to control the type of shop in the station area.
2. More effective to run the business.	2. Loss of internal business information.
3. Reduce need of manpower.	3. Limited management control.
4. Reduce cost of management.	4. Getting bad image if the services will not meet the passengers' demands.
5. Gaining knowledge of business management.	
6. To achieve growth rate quickly	
7. Easy to build awareness	
8. Easy to create good image to this market	
9. Be able to reach the higher market share according to the needs of service	
10. Providing good image as it will help passengers to access easily to shopping place.	
11. To be able to reach the passengers who have difficulty to buy things.	
12. Being alternative choice of shopping for the passengers.	
13. Better relationship to the residents around the area	

This would be the best way to manage the area. The company will not have to involve more in the operation. The third party will be responsible in marketing duties such as advertising, selling, constructing area, and financing. However the company will loss all the operation and management control of the business.

Selecting the alternatives

According to the alternatives of commercial area development of the expansion BTS stations, using third party seems to be the best alternatives as the company has no experiences and knowledge in this business field. Using outsourced management to operate the business will help the company to gain knowledge and create effective images and awareness to the potential customers. Moreover the company will be able to learn the business and take the control back in the future. The team outsourced management should use the same company as the management company of commercial area of BTS stations, so the management and operation will be the same.

SWOT analysis

According to the current situation of BTS commercial project, internal and external factors seem to be very important in the analysis and evaluating the risks of the project and making appropriate marketing strategies.

SWOT Analysis

SWOT Analysis of BTS Commercial Area Expansion Project	
Strengths <ol style="list-style-type: none"> 1. Images of BTS commercial area succeed in pervious project 2. Be able to work close with the Bangkok Government and Suppliers 3. Be able to control the suppliers 4. Be able to support the main BTS system 5. Providing parking lots for passengers of shoppers 6. The customers are already existing. 7. Efficiency management as using outsource expertise team management 8. There are existing demands for the BTS commercial area stores. 	Weaknesses <ol style="list-style-type: none"> 1. Lack of team management 2. Limited control as using outsource management 3. Lacking supporting fund from the Bangkok Government 4. The supply of shop may not match to the passengers' demand 5. Number of employee turnover is very high. 6. The controlling organization of the project is not the organization that controls the pervious project. 7. The areas are suit only some business types. 8. The area rental is expensive.
Opportunities <ol style="list-style-type: none"> 1. New source of fund for expanding the BTS project in the future 2. There are existing demands for the BTS commercial area stores. 3. Bring customer satisfaction as addition service of using BTS System. 4. Creating image of convenience shopping center for the passengers 	Threats <ol style="list-style-type: none"> 1. Making more traffic problem in short-term 2. Changing team mangement every 4 years 3. Increasing of gasoline prices 4. Lack of supporting from the main government 5. Increasing of service fee operation 6. The government's policies and economic condition are not matched.

Figure 5 Swot Analysis Of BTS Commercial Area Expansion Project

Analysis Factors	Strengths	Weakness	Opportunities	Threats
1. New Business	1. Successful in image of pervious project.	1. Lack of knowledge and experience in the business.	1. New source of income to the company.	1. Lack of support from the Bangkok Government
2. Relationship	2. As the company has been assigned to manage many projects of Bangkok Government, The company has high relationship to the Bangkok Government.	2. Limited management control in the project.	2. Bangkok Government may assign new project, if the company can make the project successful.	2. Loss of new project if the project fails.
3. Area Controlling	3. The company has authorities to manage the two BTS stations.	3. As the company hires BTS to manage the two new stations, the company may not be able to work close or control all duties to the suppliers.	3. Be able to find new business opportunities.	3. Loss of control in the business.
4. Knowledge and experience	4. -	4. Lack of knowledge and experience in this tpe of business.	4. Be able to gain knowledge and experience from the new business.	4. May create bad image if the project is failed.

Figure

Figure 6 Swot Analysis Of BTS Commercial Area Expansion Project