

BUSINESS PLAN

**TROPICAL INTERNATIONAL
HEALTH RESORT**

BY

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WATTANAPON BURANAWITYAWUT



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Executive Summary

This business plan was prepared for Tropical Health Resort. The company was formed as corporation.

Vision

Vision of the company is, within ten years, we plan to be *“the finest health resort in an Asian region”*. The business is focused on the point that the trend of people concerning to their health has been sharply increased. Also, it focuses on the rising demand of Thai people for the kind of health resort. Right now, there is only one existing health resort named Chiva-som, which is right now facing excess demand for the services.

Mr. Wattanapon will responsible for the position of General Manager while the Board of Directors is Dr. Soonthorn Kaewlai. Mr. Wattanapon has profession and experiences in service industry. The resort will be located in Ao-Nang, Krabi, the Southern Part of Thailand. The customers will come from around the world and can approach to Krabi via Bangkok or Phuket international airport to Krabi international Airport.

Mission

We need to be *“the best health resort in Thailand”* within five years. In doing So, we must make our place well known and recognized. It is not only the quality of services we offer to customers but also the quality of our staffs.

Three main characteristics of service business are:

- Customers consume it right away
- There is no inventories
- Satisfaction can be judged suddenly

So, we must provide proper staffs to meet the customers' demand with qualified skills.

Since the direct competitor is only the Chiva-Som, the resort will be able to effectively compete with Chiva-Som because of our uniqueness in widely selection of health programs, food quality, services, facilities, and prices. The resort will provide the services as five star hotels in full function of accommodation. For the health caring services, we will provide the distinct standard service serving to all clients as the regulation of the Spas and Health Resorts Organization.

Type of Business

The business can be defined as the hospitality plus health caring services.

Hospitality services

As for hospitality services, it has the same function as hotel. We operate and use full functioned hotel standard. There are 100 rooms available plus room services.

Health caring services

We mainly focus on medical services, as it is our unique. We provide medical check-up program for customers. It is a thorough medical examination providing full history and a complete physical examination for the analysis of

health risk factors, disease control and prevention including urine analysis and blood testing. We also offer cleansing diet program, which is the very simple diet which contains only easy to digest foods. It provides our customers with extra energy, aids longevity, improves the condition of the skin, and gives bright eyes and shiny hair. It also helps with weight loss and provides greater health and vitality.

Company / Business Summary

This is a start-up business that will be organized as a business that to be owned by group of people at least 7-10 people according to the Thai's law, corporation regulation. However, the operation team is on the selection of the suitable persons. The company will provide services for complimentary and health caring services. The company will concentrate on both of services on nutrient foods and using natural alternative healing methods. Besides, we offer laboratory and blood testing, concentrating on cholesterol, glucose and uric acid. Understanding blood levels is important. The results come with a full explanation by a member of the Medical Department. One more medical service offering is Oxygen power fitness, which is a controlled exercise program enhanced with a combination of vitamin and mineral intake and the inhalation of oxygen under the supervision of a medical consultant.

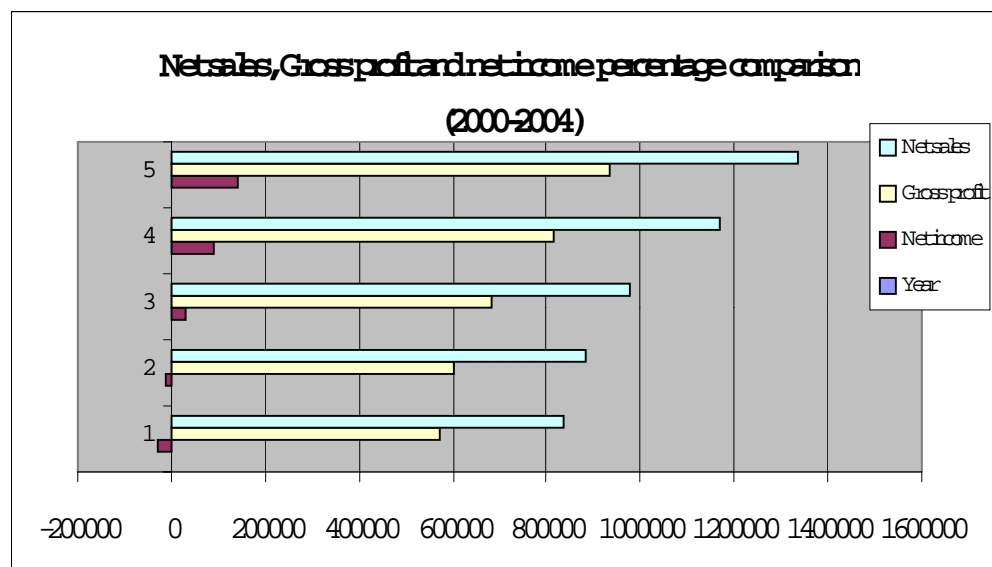
Financial Objectives

The financial plan analysis is one major part of the business plan. Information this section includes details of the projected operating results, financial position, and break-even point.

The chart below is financial summarized for the next five years planning period beginning in the year 2000.

Sales and Profitability objectives for five year period.

(All numbers in Baht 000)



Operating Performance highlights (all numbers in Baht 000)

	2000	2001	2002	2003	2004
Net Sales	836,900	885,012	977,117	1,168,396	1,333,939
Gross Profit	571,376	603,477	682,980	817,240	932,813
Net Income	(30,215)	(12,412)	29,596	89,875	140,983

Management Overview

The position of the general manager is now on searching for the suitable person. However, during the selection process Dr. Soonthorn Kaewlai will be in charge of this position. The cooperation between Dr. Soonthorn and his management team expertise will make the business run successfully and smoothly. Moreover, the main attraction and motivation to the customers is the health caring program that selects only the excellent ones.

Funds Requested

Total fund requested is 1,800,892,000 Baht, dividing 57.2% from our own equity, which is accounted for 1,030,077,000 Baht and 42.8% from loan, totaled 770,815,000 Baht. We also put cash collateral in the three banks we need to borrow money that are SCB, TFB and BBL altogether 963,519,000 Baht. As the only one way we can borrow money nowadays, during the crisis is to have collateral with the banks and the money we can actually borrow is 80% of the collateral values. More detailed of fund components is presented in **Figure 2, Appendix B**.

Company Background

Business History

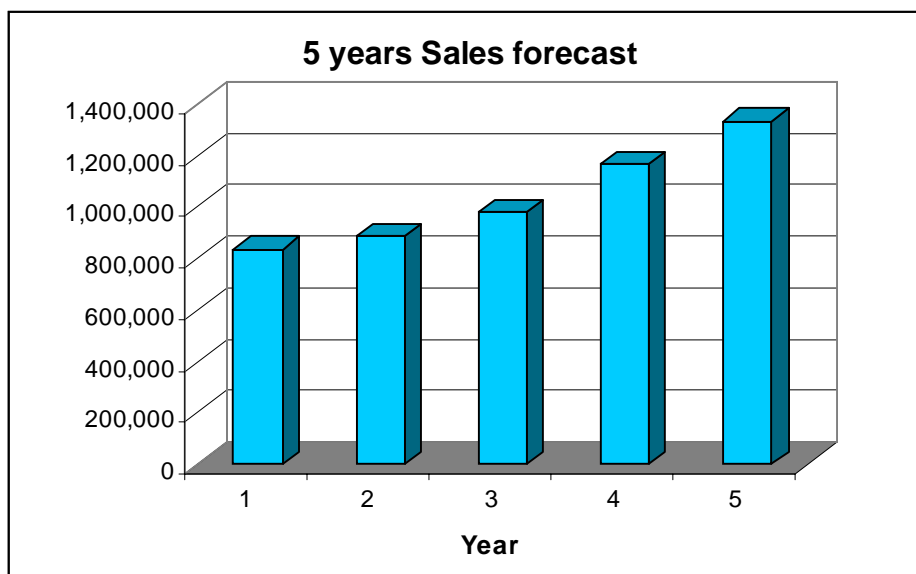
A & P corporation was founded in July 1997 with the initial capital amounted 1,030,077 Baht. The office is located on 15th floor, Rasa Building, Ladprao. Type of business includes investment and service provision in hospitality industry. Tropical Health Resort is the first project we established.

Business Projection

The natural alternative service offerings such as health club, sports club is growing rapidly due to the trend of effectively natural product usage for health. Many of health resorts and spa in Western Country is very popular but in Thailand there is only the Chiva-Som. However, the number of Thai people who are interested in this accommodation is increasing. Therefore, this market of this business is still growing and far from frustration. After one and a half-year of construction, we plan to have six months for soft opening (pre-running). After that, one year for grand opening will be fully operate after that.

Growth and Financial Objectives

These charts below are summarized for the financial objective for the next five years planning period beginning in 2000.



Legal Structure and Ownership

The company is organized as a corporation in Krabi by Thai law. Ms. Daungphat and Mr. Wattanapon's decided to organize as a corporation because of the possible tax benefits and corporate advantages such as limited liability. Both of them have filed all necessary paperwork to construct a resort and license has now granted.

Company Location and Facilities

The company has two offices. One is located in Bangkok at Rasa Tower, Phaholyothin Road. Another one is a base operation located in Ao- Nang

Beach, Krabi. Both offices will operate effectively for reaching the ISO standard. The location of Ao-Nang is attached in **Appendix C, picture 1.**

Krabi in brief

Krabi is located 170 km south of Phuket and 800 km from Bangkok and best known for its Phi Phi islands and the Susan Hoi Seashell graveyard which is the only one of its kind in Southeast Asia and its age reaches more than 75 million years old.

Krabi's climate is sunny and dry from December to March, rain and sun from May to September and monsoon season from September to November. The best period to visit and stay in Krabi should be in the first four months and also sunny period from May to September.

Information about Ao-Nang

Ao-Nang is Krabi mainland's most popular beach. It is a pleasant laid-back beach of great charm and spectacular sea views. New restaurants, scuba diving services, shops and day tours are being established all the time. Ao-Nang Sea is shallow, so it is suitable for children also. The eastern end of the beach is more relaxing due to better tree shade and a greater distance from longtail boats.

Getting to Krabi and Ao-Nang

To Krabi by air: Daily flights from Bangkok to Krabi and also daily flights from Bangkok to Phuket, Surat Thani, Hat Yai or Trang

To Krabi by train: Night train (sleeper) from Bangkok to Surat Thani

To Krabi by bus: VIP air-conditioned bus to Surat Thani

To Krabi from Phuket, Surat Thani, Hat Yai and Trang: There are daily bus services

To Ao-Nang from Krabi: Bt 15 for a white 'songtaew bus' from town center

Picture 2 and Picture 3 in Appendix C give you clearer pictures of passenger routes to Krabi.

Accommodation in Krabi

There are 11 hotels and resorts at Ao-Nang Beach, which are Sand Sea Bungalow, Dream Garden House, Krabi Resort, Ao-Nang Villa Resort, Krabi Beach Terrace, Peace Laguna, Lai Thai Resort, Pranang Inn, Ao-Nang Royal Resort, Palm Hill Valley Resort and Ao-Nang Beach Bungalows. All of them are in small sizes. We assure to be the pioneer in this area that offer all kind of health caring programs and healthy food and hope that it is a new attraction point for tourists in the future.

Plans for Financing the Business

Ms. Daungphat and Mr. Wattanapon have contributed 5,000,000 Baht of their personnel saving to get the business off the ground. They also try to contribute the amount of 1,000,000,000 Baht from their families and relatives. In addition, both of them estimates that another 770,815,000 Baht, in the form of a five-year loan will be properly launch the business.



Organization

The organization of the resort is structured, breaking into many detailed functions. However, the organization of the resort can be expressed as the job functions by the chain of command. In each department is consisted of their own subordinates and is figured as responsibility accounting, meaning that each one has to responsible of their own department and profitability is measured individually. Team Members

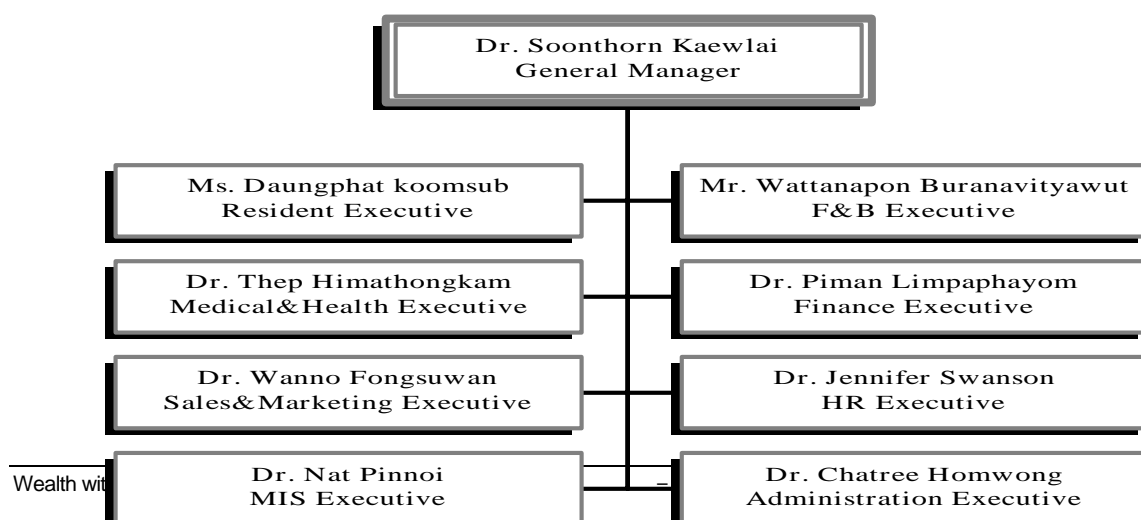
Team members

The management team of Tropical resort contains the lists of specialists in each field of professions. All members have intensely and particularly experience for more than ten years, both in Thailand and overseas.

1. Dr. Soonthorn Kaewlai, Ph.D., is responsible for a position of General Manager.
2. Dr. Wannong Fongsuwan, Ph.D., is responsible for a position of Sales and Marketing Executive.
3. Dr. Piman Limpaphayom, Ph.D., is responsible for a position of Finance Executive.
4. Dr. Thep Himathongkam, Ph.D., is responsible for a position of Medical and Health Executive.
5. Dr. Jennifer Swanson, Ph.D., is responsible for a position of Human Resources Executive.
6. Dr. Nat Pinnoi, Ph.D. is responsible for a position of MIS Executive.
7. Dr. Chatree Homwong, Ph.D., is responsible for a position of Administration Executive.
8. Ms. Daungphat Koomsub is responsible for a position of Resident Executive.
9. Mr. Wattanapon Buranavityawut is responsible for a position of Foods and Beverages Executive.

Organizational Chart

The organization of the resort are comprised of the General Manager is the top executives.





These organization charts consists of the Department of Resident, the Foods and Beverages Department, Sales and Marketing Department, the Department of Finance and Administration, and the Human Resources Department. Each department is also of their own subordinated that operate by using the chain of command.

Other Key Employees

The company has some key persons in the board of director. Those people act as the honorary committees who take control and comment suggestions to the management team of the resort. The committees are comprised of the high education people and experienced people. They are also the policy maker and act as the representative of the resort to society.

Market Analysis

Summary

The hospitality and health caring services are the main services of the company that serve the customer's satisfaction. The resort itself has to clarify health and hospitality program to all clients. The company segments market by using many indicators that involved designing the best thing to satisfy the customer needs in any segment.

Industry Analysis

According to Bangkok Post year-end economic review 1998 of the Tourism industry, The bargain Baht and stable political and social conditions relative to other countries have helped the Amazing Thailand campaign live up to expectations and get the country's tourism industry back into full gear.

Although the regional economic crisis has depressed arrivals from Asian countries that play a very important role in the industry, they have been more than offset by a huge surge from Western markets, especially Europe.

Tourism industry executives believe the positive trend can continue for at least two years as long as Thailand is able to maintain its price attractiveness and service standards. The results can be seen in the current high season, with travelers packing resorts to capacity. Instability and image problems in other countries in the region have also worked to Thailand's advantage.

And Bali, a direct competitor to resorts such as Phuket and Samui, has been affected directly by political instability in Indonesia, even though incidents on the Resort Island itself have been very limited. Malaysia has become less attractive because of the strict currency controls that took effect in September. Hong Kong has lost some of its appeal since the Hanover to China, while reports of price gouging of Japanese tourists also took their toll.

In the region, only Thailand, the Philippines and Korea have recorded increased foreign tourist arrivals this year.

Thailand recorded growth of 6.4% to 5.6 million arrivals in the first nine months of 1998 compared with the same period last year, despite the drop in Asian visitor totals while the East Asian market was off by 3.3% in the first

nine months to 3.11 million tourists. Arrivals from Japan fell by 1.4% to 735,590, Indonesia was down by 40.8% to 42,905, and Korean arrivals plunged by 59.5% to 135,353. The number of visitors from Malaysia, Thailand's biggest source of tourists, dropped by 6.9%.

Most of the two-to five-star hotels on Krabi, representing 40% of the island's 8,000 rooms, had occupancy levels of 80% or more during the low season, and many are now overbooked for the high season. There is no sign at all that Krabi and Phuket will lose their shine anytime soon, with rooms in very short supply despite higher announced rates for next season.

Messages from vice president of the Thailand Tourism Society, Suchada Yuvaboon, described that as long as there are no major changes, Thailand will remain a desirable destination for at least two more years. However, this kind of opportunity will not last so long. So other destinations besides the well-known ones such as Samui and Phuket should be promoted. The Tourism Authority of Thailand is also looking to grasp a golden opportunity. The agency's overseas offices have begun actively promoting other beach destinations such as Rayong, Trat, Cha-am, Hua-Hin, Prachuab Khiri Khan, Krabi and Chumphon.

As stated above, we are in the growing market. A number of the foreigners who are coming to Thailand are increasing according to . People more health conscious. We expected the market would grow up to 5% in the first year and 10% in the second year, 15% in the third year and 20% for every next year.

Target Market

The target can be categorized into three primary targets:

1.) The foreigners

- Highly focused on the Japanese Market. As we see Japanese people have high purchasing power. Also, health spa resort is popular in Japan. Moreover, the time flying distance between Japan and Thailand is approximately 6 hours. Also European people is our large target market size, as European people like to travel during wintertime to Asian countries.
- Embassy and Foreign Department executives.
- Expatriates.

2.) Company

- For Seminar and Conference.
- Top executives

3.) Retirees. As people in this age are absolutely health conscious and like nature. They have high savings deposit. Moreover, these people were born in 'baby boomers' period in which they like to have high standard of living and innovative.

Customer Profile

The expected customers can be defined as the people who are health conscious and value body fitness. The customer will be the one who wants health recovery in an excellent atmosphere and needs for high quality services. Our customers are likely to have high purchasing power and live in certain level of society for Thai people. And for foreigners, we focus on people who have high level of income.

Major competitors and participants

There are two primary competitors in this business area. First is Chiva-Som, our direct competitor and the rest are other spas, fitness centers, sports club, health clubs, as indirect competitors. Therefore, only one direct competitor can explain that this market is not saturated but is growing. Chiva-Som is now coming into the growing stage of the product life cycle. There are a few barriers to entry into this health resort market. One distinct barrier is the nature of the business, highly invested. This type of service is owing to the recognition of the consumers and connection to clients. We use travel agency for connection with clients and Chiva-Som mostly uses word of mouth and direct sales forces in terms of marketing.

Market Segmentation

We can categorize the market segment by using demographic of the target market. Segmented market by the income is another way to reach an exact market.

Market segmentation by demographic:

Demographic	Target Market
Ages	27 – 75
Sex	Male, Female
Status	Single and Married
Income	60,000 per month or above
Education	Educated
Lifestyle	❖ H e a l t h conscious ❖ Like nature

Market segmentation by income:

Our target group has high income so that they can travel by plane extensively due to the resort location in Krabi. Clients can travel by both of airplane- land at Krabi Airport and vehicles.

Projected market growth and market share objective

Because our business is new so the statistics may not be available with the correct number but we can see the growth of the market by looking at the overbooking reservation of Chiva-Som as a record. Moreover, we are also in the fortunate situation of the travel atmosphere and health concern era. Therefore, we can enjoy and concentrate with the inbound tourist more and selecting the suitable health caring program. Our expected market growth is 5% for the first year, 10% for the second and third year, and 20% from the fourth year on.

Service Offering

Service Summary

The Resort provides many facilities and services for all level of customers, registered and non-registered. Facilities and services can be categorized into two terms. The first is the general resort or hotel services and facilities such as rooms, foods and beverages, business office and sport facilities. The second is health caring services such as body treatment, traditional Thai massage, spa, hydrotherapy and so on. All services and facilities are provided under control of experts and specialists. The services and facilities in the resort will concentrate firstly on the health and safety of the clients. We will provide only the healthy food under the control of dietician with excellent serving services by experienced waiters and waitresses.

Service Uniqueness

The health resort differentiates the services by uniquely types of services. The services are different from other competitors, hotel, by *adding up the health caring services into the programs of the resort*. We aim to provide the best “recovery program” that are medical services. The resort can accept the customers who join in the fully plan of health caring program only. Moreover, the services of the resort are considered that it must be served the highest satisfaction of the customer’s need for health and body. We can assure high quality of our staffs as we conduct training program annually both on-the-job training and off-the-job training. And also, we provide overseas training to our staffs to many well-known hotel management school in Switzerland, United States and other famous hotel chains in western countries.

About medical program

The nature of the medical programs includes biological and non-toxic and developed and practiced in Europe for many years. They can be related in many aspects to some forms of Traditional Chinese Medicine. The main goal of the new spa philosophy is the prevention of illness complimented by the idea, of allowing the body to heal itself, when illness is present.

To this end, our medical programs add a new dimension to the quest for a better quality of health and a better quality of life, one lived with more energy

and greater vitality and an increased ability to cope ever more successful on the physical level with the myriad pollutants in the environment.

On arrival guests receive a private consultation to determine their current state of health to advise an appropriate treatment and activity schedule, suited to their individual requirements and personal goals. A fully qualified team of doctors, nurses and program consultants, nutritionist, exercise and fitness staff and other professionals are on hand to provide specialized advice and guidance. Many of the programs are effective in combating certain ailments, stress-related illness, and cardiac rehabilitation and assisting guests to stop smoking. Tropical also offers the latest treatments aimed at improving the efficiency of the immune system, rejuvenation and anti-aging.

Service Descriptions

- The services that the resort is offering to the clients are accommodations, foods & beverages, health caring services.
- The accommodation can be categorized in type of rooms as following:
 - *The Ocean View*- for people who like fresh air from the sea.
 - *Thai Pavilion*- for garden lovers.
 - *The Herbal Suite*- for nature lover.
 - *The Fragrance Suite*- dedicated for one who likes flowers.
 - *The Rainforest Suite*- decorated with natural forest sense.
 - *Golden Bo Suite* - for person who prefers privacy and peacefulness.

The rate is subjected to 17% service charge and V.A.T. And the nightly rate includes the following daily package:

- Accommodation, 3-spa cuisine meal per day, meditation, health, and beauty consultations, choice of daily massage, and recreation in fitness & activity programs.
- The foods and beverages that provided to both of resident and non-resident will be the nutrient foods and nutrient beverages, low fat material and non-alcoholic beverages.

Health caring services are the programs that can be said as the mainly focus of the resort services. The health caring services can be expressed as following:

1.) Spa Services

- Facial Treatments

We offer a complete range of facial treatments for both men and women. To ensure that the care and pampering continue on the customer's home, our beauty therapists are pleased to offer skincare advice and product recommendations for the continued attention to each person complexion.

➤ Perfector

For a smoother, firmer and younger looking face, tauter body and a distinct lessening of cellulite, all without pain, only relaxation. The non-surgical alternative to cosmetic surgery. Using micro current therapy, this is a low current that sends tiny electrical impulses to the muscles, stimulating them which in turn leads to cell regeneration, lymph cleansing, toxin removal and more toned and firmer skin and muscles.

➤ Body Treatment

Includes traditional Thai message, full Swedish body massage, Back & Shoulder Swedish massage. The method of massage was formerly administered only in temple grounds by masters versed in healing. By force on pressure points, muscles and ligaments, stretching and bending and manipulations administered by professional Thai therapists, the spine is elongated and relieved of tension, joints stretched and the whole body decompressed. The sense of well being, energy and flexibility brought back into customer's body is extraordinary, and should be part of our experience.

➤ Hydrotherapy

We offer Deluxe Hydrotherapy with essential oils by using the deluxe Niagara hydro bath, this treatment features stimulating underwater massage with 180 jets in combination with essential oils to speed up the elimination of fatty deposits. Aside from promoting weight loss, other benefits are improved circulation, general detoxification and increased muscle tone.

➤ Body Wraps

We offer mud envelopment which is a therapeutic treatment ideal for aches and pains and superficial skin problems using marine mud rich in trace minerals. Includes a full body exfoliation and scalp treatment to help ease tension. Also, we offer Duo firming mask. Once the detoxifying mask has eliminated toxins, this treatment helps to improve microcirculation, which will encourage good oxygen exchange within the body. This will have a rejuvenating effect on the skin cells, which will naturally firm the tissues of the body. The course of treatments is recommended for maximum results.

➤ Hair Salon

We offer using environmentally friendly products that are in keeping with our own philosophy and concept. These products are Shampoo for men and women.

2.) Medical Services

➤ Medical Check-Up.

A thorough medical examination providing full history and a complete physical examination for the analysis of health risk factors, disease control and prevention including urinalysis and blood testing.

➤ Laboratory and blood testing

Our sophisticated equipment is able to do a full, routine blood test, concentration on cholesterol, glucose and uric acid within minutes. Knowing and understanding blood levels is an important stage in understanding person's body. The results come with a full explanation by a member of the Medical Department.

➤ Oxygen power fitness

A controlled exercise program enhanced with a combination of vitamin and mineral intake and the inhalation of oxygen under the supervision of a medical consultant. The program is designed for use by men and women of all ages and at all levels of fitness. It also involves improvement of cellular functioning such as repairing and building tissues, energy storage and metabolism.

➤ Cleansing Diet

A very simple diet which contains only easy to digest foods. We only use "cleansing foods" i.e. fruit juices, vegetables, herbal teas, which aid in detoxifying the body while still providing the necessary nutrients. The cleansing diet provides us with extra energy, aids longevity, improves the condition of the skin, and gives us bright eyes and shiny hair. It also helps with weight loss and gives us greater health and vitality.

3.) Fitness Services

➤ Fitness and Health Evaluation

Our fitness and health evaluation is recommended at the start of any exercise program to establish our fitness capabilities and goals. The evaluation involves a review of each person's current lifestyle, physical condition and a body composition analysis. Based on customer's results and goals, our health and fitness specialists will design a personalized and progressive program.

➤ Yoga

Yoga is an ancient method of mind/body/spirit practice, which results in physical conditioning, relaxation and a sense of stillness. Private tuition ensures correct postures are integrated in a caring and supportive environment and allows each person to get the most from the practice.

➤ Personal Fitness Training

Our experienced and professional fitness specialists work with each person individually to provide expertise, support and motivation to assist each person in achieving the personal health and fitness goals.

Not only the products that produced from the resort but also included to the services. All of the thing that provided to clients can be said it is highly concerned to the nature and environment. In the part of the products we used only the material from the nature and also exactly non-toxic material, such as vegetable with toxic free. We are highly considered in everything for our clients. The consequences that we made are affect to the concept of health of human and environment in the positive results.

4.) Outside Activities

- Sea canoeing. Sea canoe Krabi has a reputation for high standards. We provide sea canoeing to Krabi Canyon, AO-Luke, Krabi River, Oh Hong.
- Scuba diving. We offer scuba diving through Ao-Nang area.
- Snorkeling
- Mountain Biking
- Fishing
- Phi Phi Island daytrip. Traveling by Ao-Nang Princess boat
- Other trips. Such as long tail boat tours to Krabi River, Ao-Luk waterfall & caves, Panyi village and Pingan “James Bond” Island.

Competitive Comparisons

The table below is the products and services analysis of our resort and the main competitor Chiva-Som in vary term of competitive conditions. In addition, we compare with The Spa, at Lamai Beach in Samui Island. The Spa also offers health caring programs like Chiva-som, but the size is smaller and target group is not exactly the same.

	Tropical Health Resort	The Spa	Chiva-Som
Accommodation	100 units	18 units (bungalows)	57 units
Price (Baht/person)	From 6,500 to 21,200 Baht	From \$5.25-\$14.50	From 8,250 to 27,500 Baht
Image	<ul style="list-style-type: none"> ❖ Thai + European Style ❖ Health recovery place in resort format ❖ One stop point 	<ul style="list-style-type: none"> ❖ International Style ❖ Family leisure over the weekend 	<ul style="list-style-type: none"> ❖ Thai Style ❖ Health recovery place ❖ One stop point
Target Groups	<ul style="list-style-type: none"> ❖ Foreigners (Japanese and foreign Executive). ❖ Retirees ❖ Expatriates 	<ul style="list-style-type: none"> Family Group tour Foreigners 	<ul style="list-style-type: none"> ❖ Foreigners ❖ Local people

	Tropical Health Resort	The Spa	Chiva-Som
Distribution	<ul style="list-style-type: none"> ❖ Travel Agents ❖ Hospital ❖ Corporate Sales ❖ Internet 	<ul style="list-style-type: none"> ❖ Travel Agents ❖ Word-of-mouth 	<ul style="list-style-type: none"> ❖ Travel Agents ❖ Sales representatives (top executives and upper level class people) ❖ Word-of-mouth
Warranty	<ul style="list-style-type: none"> ❖ 70% of all expenses of any damages from services. 	<ul style="list-style-type: none"> ❖ Not available 	<ul style="list-style-type: none"> ❖ Not Available
Promotion	<ul style="list-style-type: none"> ❖ Golden package from May to October. ❖ Silver package during the family day, April 14. 	<ul style="list-style-type: none"> ❖ Package tour 	<ul style="list-style-type: none"> ❖ Special package from May to September. ❖ Domestic Promotion

Research and Development

The resort is considering in keep on working in the field of health, medical information, and hospitality up to date all the time. As the objective of the resort that is to be the number one of World Health Resort in the next ten years, therefore we decided to use the long term plan for all operations in any services areas. Also joining in the world spa and health resort organization for acknowledgement. However, we have to keep on watching the Chiva-Som behaved to catch up with them all the time. The Chiva-Som is accepted to be one of the best Spa resorts in the world. Therefore, we decided to spend much of money in any renovation that needs to be the main competitor and to complete with them in next ten years.

Authorization

The resort will have fully license in using the name and copyright under the law of Thailand and international law. The name of the resort will be prohibited for anyone who used the name of the resort for his or her own business that related to the name of the resort. The name is accepted as an asset of the company only. The used of this name by non-permission form the company will be prohibited and will be sued.

Marketing Plan

Creating and Maintaining Customers

Attracting and maintaining customers is the key goal of our business. Customers see us as a new venture of the century with uniqueness staffs and professionals in medical and health fields. Quality of food and service are of the high edge. Since we are the second health resort in Thailand, we are able to make first impressions to our potential customers and build customer's loyalty easily.

Service Pricing Strategy

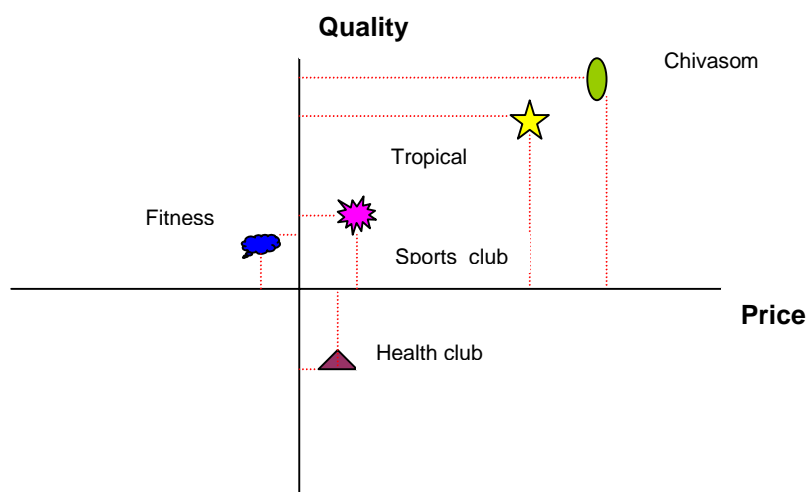
Type of accommodation	Occupancy	Night Rate	3-nights	7-nights	10-nights	14-nights
	Thai Baht	Thai Baht				
Ocean view	Single	8,450	25,300	55,000	74,500	98,200
	Double	6,400	19,000	41,300	55,800	73,700
Thai Pavilion (Garden view)	Single	10,200	30,500	66,000	89,300	117,800
	Double	8,000	24,100	52,300	70,700	93,300
Herbal Suite (Ocean view)	Single	13,600	40,600	88,000	119,000	157,100
	Double	11,500	34,300	74,300	100,400	132,600
Fragrance Suite (Ocean view)	Single	15,300	45,700	99,000	133,900	176,700
	Double	13,100	39,300	85,300	115,300	152,200
Rainforest Suite (Ocean View)	Single	16,900	50,700	110,000	148,700	196,400
	Double	14,800	44,400	96,300	130,100	179,500
Golden Bo Suite (Ocean/Garden View)	Single	21,200	63,400	137,500	185,900	245,500
	Double	19,100	57,100	123,800	167,300	220,900

Product pricing is a major consideration in our plan since it has a significant impact on our profitability objectives. We price our resort by using competitive comparison basis, say, 20% lower than our major competitor, Chiva-som. We act now as a market follower, to capture interest and some excess demand from Chiva-som.. Since we have very high quality and qualified staffs so we cannot charge low price. We believe our customers are not price sensitive since they consider our service as luxurious one.

Since our business is seasonal, we have high season and low season in cyclical time over the year. So it requires pricing variation. We plan to offer promotions such as sales force, direct mail for potential customers, which will be described in detail at the promotional strategy.

break-even analysis shows that during the first and second year, we cannot break-even. Reason is we have relatively small amount of customers. Reference in break-even calculation is shown at the back of the plan in the appendix.

Positioning





Our health resort is considered slightly exclusive distinction in excellent condition. The consumer will view our services of a great value because of our remarkable high quality of health programs, healthy and all-natural and original food, qualified staffs and tranquil location. We will allow consumers to maximize their activities program and potential consumption utilization while living within their budgets.

To maintain the best positioning for our health resort is : *“privilege to enjoy the uniqueness to customize your satisfaction”*.

Sales and Distribution Plan

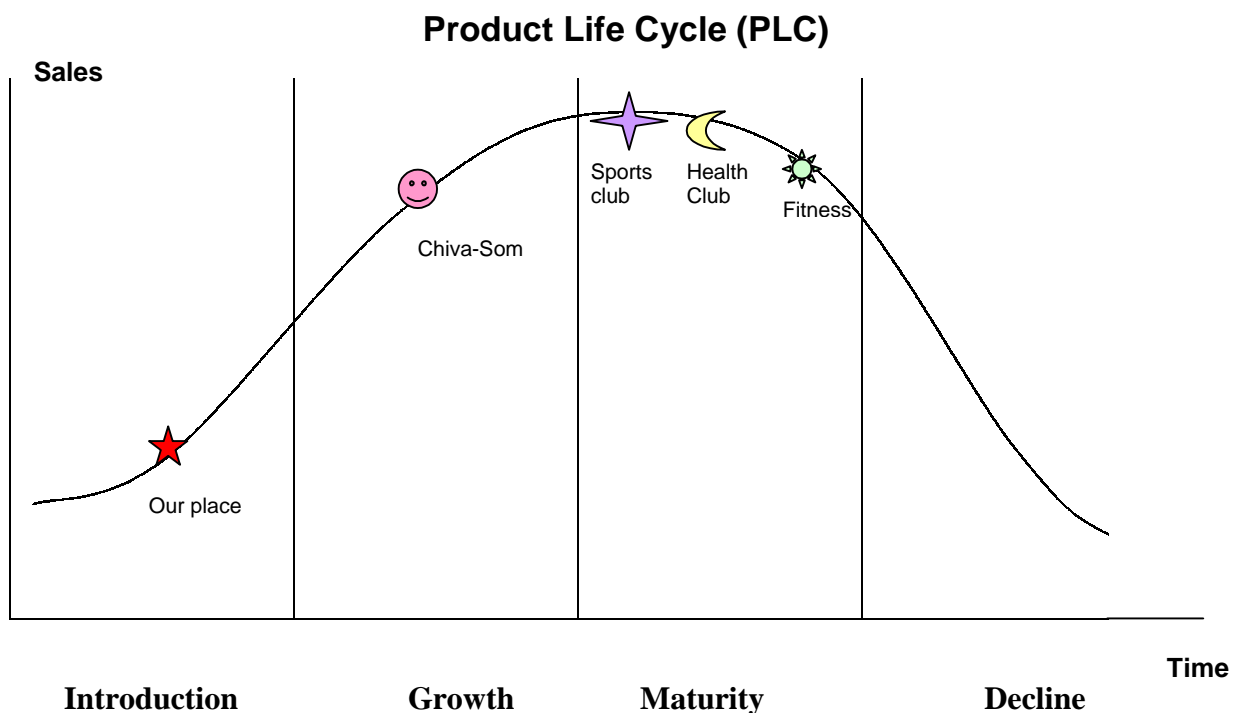
The sales and distribution of our services will be strictly through the travel agency. Statistics showed that travel agency is the most productive distribution channel. It can bring the exact target market and customers who have ever been recommended by travel agency have the relatively high chance to repeat the service consumption again.

We also provide catalogue through credit card members. These targets have high purchasing power. Also, a sale force is eventually used.

Store front (walk-in) customers are the main channel. We locate head office in Bangkok, Rasa Building, Phaholyothin Road, Ladprao. Our head office is nearby Central Department store, Ladprao. Besides, there are further corresponding numbers of walk-in customers at our health resort in Bangkok.

We plan to use Internet as our advertising media since it reaches people globally and number of Internet users has increased correspondingly year by year. Moreover, cost is low.

Promotional Strategy



We try to put our promotion on both domestic people foreigners. For advertising as our marketing media. Our policy for advertising is 3% of total sales yearly.

Year	2000	2001	2002	2003	2004
Sales					
(Baht 000)	836,900	885,012	977,117	1,168,396	1,333,939
Advertising budget					
Travel agency	7989	8448	9327	11153	12733
Sales force	6847	7241	7995	9560	10914
Direct mail	4565	4827	5330	6373	7276
Internet	3424	3621	3997	4780	5457
Total	22,825	24,137	26,649	31,865	36,380

Sales promotion is another media we plan to use. During the low season, we plan to offer packages with full courses (fitness program + food & beverages + room). Also, regularly, we have special promotion for group rates, 40% reduction from full prices. This way, we will use travel agency to run our promotion, word of mouth. Internet advertising is a useful method to reach people globally. Personal sale force will be suitable for prestigious potential customers such as top executives, presidents and company owners. Direct mail is good for credit card owners and travel agency customers.

Financial Plan and Analysis

Start-Up Costs

We need 1,800,892,000 Baht for the start up operation. Majority of costs comes from costs of construction and decoration, including building, furniture and equipment. Cost of construction comprises of 83% of total one-time costs needs. Estimated start-Up costs is enclosed in page, **Appendix A**.

Financial Highlights

Key financial ratios have been calculated for the five-year planning period and are shown in this section. Not that liquidity ratios for our resort is very liquidated. Also, Debt/Equity ratio keeps our leverage more safety over time. However, Time interests earned during the first and second year is prone due to highly borrowing costs. Altogether with profitability ratios for the first and second year are negative, due to highly investment on fixed assets, which take longer time to break even.

5-Year Income Statement

The projected operating results for the five-year planning period are shown in this section in the pro-forma income statements. Net profits range from – 30,215,000 Baht for the first entire year of operation to 140,983,000 Baht by

the fifth year. More detailed income statement is shown in **page, Appendix A.**

Sales forecast

1. Rooms. We have 100 rooms available for our customers, breaking up by 6 types of accommodation which are Ocean View- for people who like fresh air from the sea, Thai Pavilion- for garden lovers, Herbal Suite- for nature lover, Fragrance Suite- dedicated for one who likes flowers, Rainforest Suite- decorated with natural forest sense and Golden Bo Suite- for person who prefers privacy and peacefulness. Average night rate for room is 14,220 Baht. We estimate to have 60% occupancy rate for the first year, like our competitor- Chiva-som and expect this number to increase yearly in the next four years. And we assume each customer will spend at least three days in our resort for basically health improvement program.

According to Immigration Bureau, Police Department, The international tourist arrivals from East Asia, Europe, America, South Asia, Oceania, Middle East and Africa during January-March 1999 totaled 2,279,122. We expect at least 1% of them to come and visit our place for the first year, which are 11,395 people. Also, we expect the main customers who are expatriates in Thailand and overseas to come. Expatriates in Thailand are in number of 50,000 people. Totally customers who visit Tropical health resort should be 22,790 for the first year. as for an average price of the room 14,220 Baht per night, total room revenue for the first year is 836,900,000 Baht. Occupancy for the second year will increase by 5% from the first year, for the third year increased 10% for the second year, for the fourth year increased by 20% from the third year. Occupancy for the fifth year will increase by 20% from the fourth year.

2. A-la-carte program. We offer different A-la-carte programs, totally 25, categorized in 5 categories according to individuals' needs. Each five categories are Beauty program, Medical and Paramedical services, Fitness, Physical body conditioning and leisure activities. Each program provides 15 minutes to one-hour service on average, and average charge is 500 Baht per hour. We expect our customers will spend their time at least five hour/day to take this special A-la-carte programs. So, A-la-carte service for the first year of operation should be roughly $22,790 \times 500 \times 5 = 56,975,000$ Baht.
3. Food & Beverages. We provide wide selection of food and beverages, which are low calorie and provide health recovery. Each customer spends around 250 Baht per meal, altogether 3 meals a day.
4. Banquet. Banquet includes conferences with food. Usually, Banquet has popularity of 50% occupancy. For the first year it will have 180 banquets available. Average price for Banquet is 80,000 Baht
5. Laundry. Expected laundry service charge is 2% of the room sales.
6. Telephone. Expected telephone charge is 2% of room sales.
7. Other revenues. Expected to be 1% of revenues from rooms, food & beverages banquet laundry and telephone.

Sales forecast is shown in **page, Appendix A.**

Cost of sales

1. Room. Room itself has no cost. Since it is one factor of building construction, an investment part and furniture and fixture in room are also an investment. Room vacancy cost nothing but it is our responsibility to try to fill up the number. If we are to think of cost comprises the room sales, one thing that happen regularly can be water and electricity usage, which are very small number. About 10% of sales.
2. A-la-carte program. Costs concern with A-la-carte program is so small, as mostly costs occurred belong to cost of hiring staffs and supervisors, which are our expenses not costs. Cost concerns with these programs can be like training costs for these staffs to be ready to service customers. We expect this training cost to be 40% yearly comparing to A-la-carte sales and expect training costs not to be changed during the five years costs projection. Another cost is water and electricity, 3% of sales.
3. Food & Beverages. Food & Beverages costs are considered two main factors:
 - 3.1 Major costs. Like all kind of meats and vegetables. Major costs are 35% of total sales of this category because we have close relationship with suppliers and we order raw materials by using EOQ procedure. So, food qualities can be guaranteed all fresh.
 - 3.2 Component costs. Like ingredients (sauce). Component costs composed of 5% of overall food & beverages sales.
 - 3.3 Water and electricity, comprises 1% of the sales.

A total cost in this category is 41% of its sales. By the way, in the year 2002 and so on, we expect cost reduction by 8% due to the availability of supplies and our power of price negotiation. So, costs of food & beverages in 2002-2004 are 33% of total sales in its category, bringing profit margins up to 67%.
4. Banquet. Banquet cost comprises 43% of banquet sales. Main costs in this category are raw materials (meats, vegetables and ingredients) 40% and electricity and water usage, totally 3%. However, in third year of projection, 2002 and so on, like we expect food & beverages costs, they will be decreased by 8%.
5. Laundry. Laundry costs include water & electricity 29% and washing ingredient 28% of sales.
6. Telephone. Telephone costs concerning electricity, which is a major cost. Because electricity is the main thing to let telephone usable. Electricity cost is 40% of the telephone services.
7. Others. Other costs accounted roughly 50% of other sales.

Detailed cost of sales is shown in **page, Appendix A.**

**5-Year Balance Sheet**

The projected financial position as of the end of each fiscal year in the planning period is shown in this section. Notice that at the end of the fifth year, the amount of long term liabilities are zero. This is because of the maturity of all long-term liabilities. Detailed balance sheet for five years is shown in **page, Appendix A.**

Break-even Analysis

The monthly break-even point of about 1,450 occupancy rooms translates to about 17,400 occupancy rooms annually. According to income statement projections, our resort will operate above the break-even point in the third year up to the fifth year. Break-even analysis is shown in **page, Appendix A.**



