

AustChamThailand

Business | Connections | Community



Business Survey 2015

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President's Foreword

It gives me great pleasure to present the results of AustCham Thailand's inaugural business survey. The strength of AustCham comes from its members and the survey illustrates we have a diverse membership that includes entrepreneurs and industry leaders in a variety of fields.

The great response to the inaugural survey provides valuable insight into the local business landscape and notably, despite recent domestic challenges, the business sentiment expressed by members remains positive. This is an important message for prospective business.

The survey provides a unique overview of business characteristics, growth drivers and challenges to business viability. AustCham intends to conduct this survey annually and we look forward to tracking the changes and growth in our business community.

Brenton Mauriello

President

Australian-Thai Chamber of Commerce

November 2015

Executive Summary

The 2015 AustCham Thailand Business survey was provided to the senior business representative of the 299 member companies of AustCham Thailand with a total of 98 responses received, an excellent response rate for an inaugural survey.

The survey aims to establish a benchmark for business in Thailand, giving greater definition to and understanding of business characteristics, identifying the strengths of the current business environment as well as key issues and challenges around doing business in Thailand and the broader regional environment.

The survey was conducted at the end of a membership renewal cycle and during a period of domestic tension with the 2015 Bangkok bombing occurring during the middle of survey administration. Despite this, the overall message from business remained cautiously optimistic for Thailand with the majority of respondents rating financial performance in 2015 as 'about the same to more profitable' and 61% of respondents viewing the business growth outlook in Thailand as positive.

Key Findings

The most significant challenges for respondents were:

Political stability.

Work permit and visa matters.

Wage Pressures.

Respondents identified key business growth drivers as:

Opportunity to grow sales.

Proximity to customers.

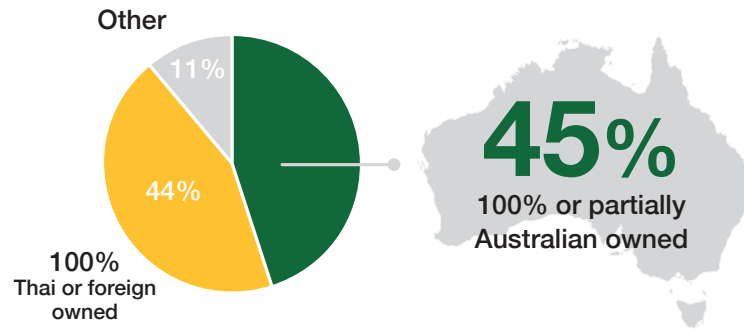
Thailand's position as a regional hub.

Interestingly despite the perceived potential of Thailand as a regional hub, and 68% of respondents anticipating increasing their level of investment in Asia in the short term, only a relatively small percentage of respondents (on average 10%) were currently conducting revenue generating activities in bordering countries.

Thailand Business Landscape

Business interests

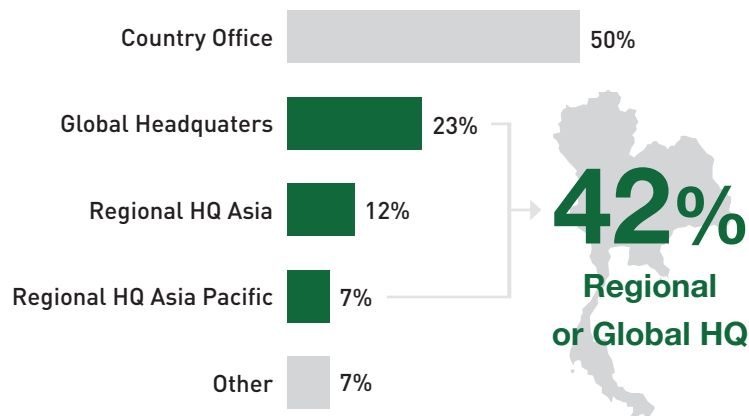
Almost half (45%) of respondents indicated their company had at least partial Australian ownership.



'Other' includes: Thai/Japanese, Thai/UK, Thai/USA and Thai/Singapore

Thailand as a regional hub

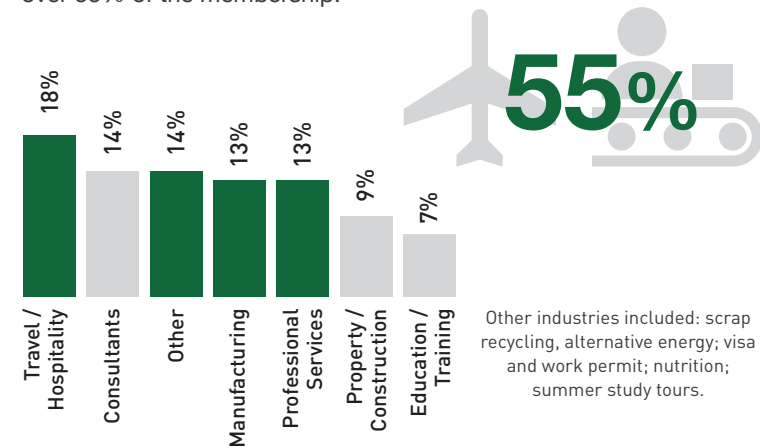
Over 42% of respondents indicated that their regional or global HQ is based in Thailand.



Thailand Business Landscape

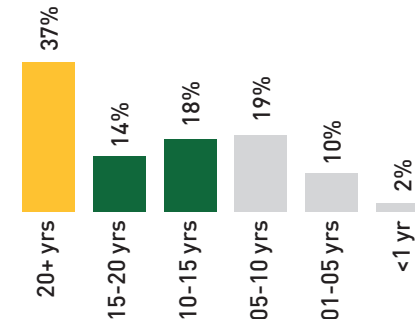
Industry groups

The spread of industry groups indicated by respondents is closely representative of the membership base of AustCham Thailand with the top four sectors: **Travel and Hospitality, Consultants, Manufacturing and Professional Services** accounting for over 55% of the membership.



Length of Thailand operations

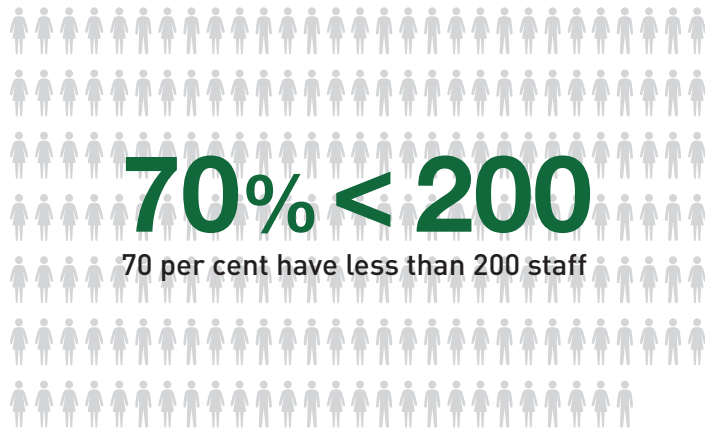
A large number of companies, almost 69%, have been in operation in Thailand for over 10 years. A very small percentage of businesses have established in the last 12 months which corresponds with the period of uncertainty arising from the domestic political situation.



Thailand Business Landscape

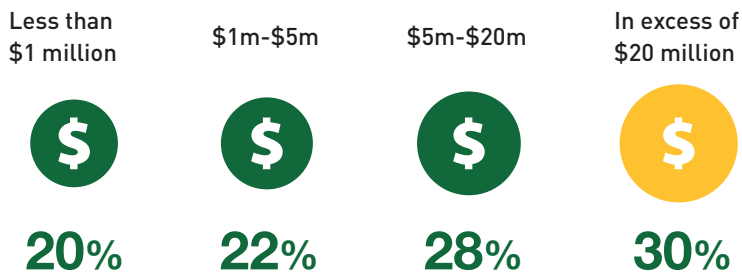
Size of business in Thailand

A large percentage (**over 70%**) of respondents have less than 200 employees which is reflective of the high ratio of Small to Medium Enterprises (SMEs) in AustCham Thailand's membership base. When SMEs are examined as a discrete group, the responses indicate the median SME employs 11-50 staff.



Annual turnover

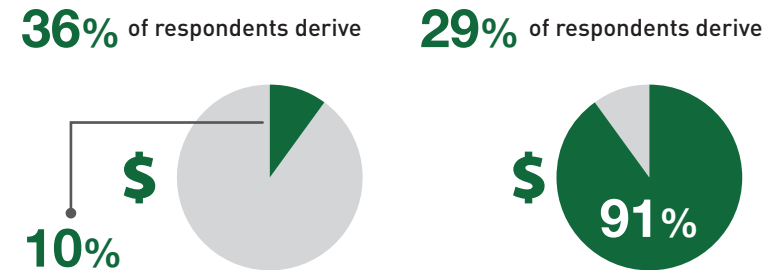
Over **30%** of member companies had an annual turnover in excess of **\$20million AUD** while **20%** had a turnover of less than **\$1 million**.



Thailand Business Landscape

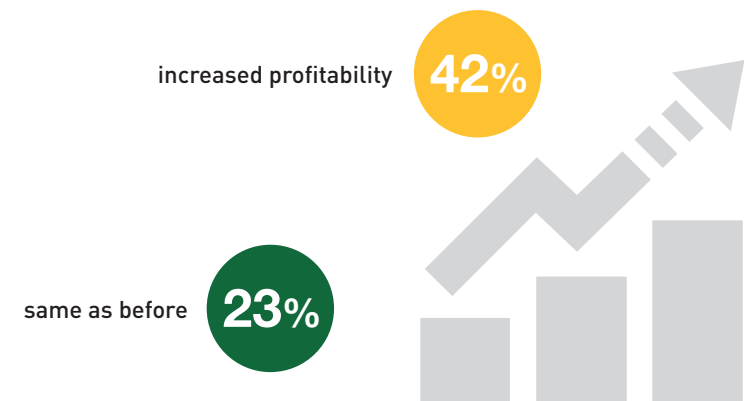
Contribution of Thailand operations

A significant number (**36%**) of respondents derive less than **10%** of their revenue from their Thailand activities while an almost equally large number (**29%**) derive more than **91%** of their revenue from Thailand.



Company financial performance

42% of respondents reported increased profitability for their company in 2015 as compared to 2014.



Thailand Business Landscape

Business growth drivers



MOST IMPACT

Opportunity to grow sales.

Proximity to customers.

Thailand as a regional hub.

LEAST IMPACT

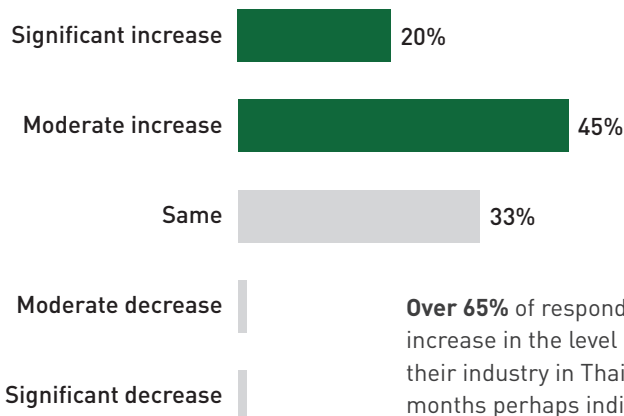


Market entry incentives.

Tax benefits.

Ease of establishment of doing business.

Industry competition



Over 65% of respondents reported an increase in the level of competition in their industry in Thailand in the last 12 months perhaps indicative of a slowing Thai economy over this period.

Thailand Business Landscape

Challenges to business viability in Thailand

Political stability was the most important challenge on the future viability of companies in Thailand and ranked by 55% of respondents as extremely important and moderately important by a further 30% of respondents.

70%

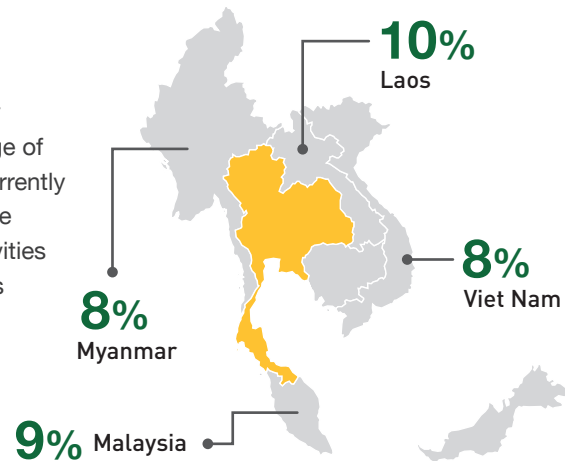
Over 70% of respondents rated work permit and visa arrangements as moderately to extremely important.

EXTREMELY IMPORTANT	POLITICAL STABILITY
MODERATE IMPORTANCE	Work permit and visa arrangements
	Wage Pressures
	Protection of IP
	Licensing (obtaining required licences to business)
	Customs procedures (documentation costs, processing time)
	Cost pressures other than wage pressures (living/office costs)
	Corruption
	Access to skilled labour
	Access to low cost labour
	Access to digital infrastructure

Thailand Business Landscape

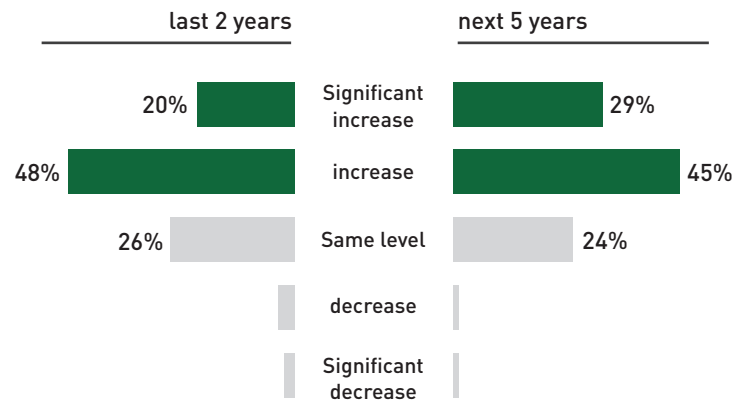
Regional operations

Only a relatively small percentage of respondents currently conduct revenue generating activities or joint ventures in neighbouring countries.



Level of investment in Asia

Respondent's displayed confidence in their company's ongoing level of investment in Asia with **67%** anticipating an increase in investment over the next two years and **74%** indicating investment growth over the next five years.



Thailand Business Landscape

Market entrance factors

The two factors rates as most significant were political stability (**87%** of respondents) followed by market size (**84%** of respondents)

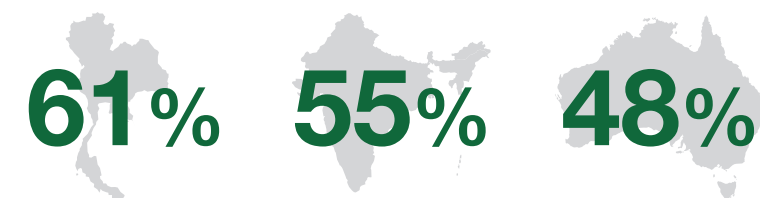


Decreasing order of importance ↓	Human resources development
	Economic indicators
	Ease of doing business
	Active trade agreements with Australia

Growth opportunities in the region

According to respondents **Thailand**, followed by **India**, then **Australia**, Vietnam and Indonesia have the greatest growth opportunities.

Top 3 countries for growth opportunities



Ownership Statistics

Characteristics of companies with full or partial Australian ownership.

42% FULL OR PARTIAL AUSTRALIAN OWNERSHIP

Key Sectors:

Manufacturing **24%**

Consultants **19%**



Business Characteristics in Thailand:

Average Length of Operations is 10-15 yrs

Employ 11-50 staff

Median turnover: 1-5 million AUD

Key growth factors:

Opportunity to grow sales

Proximity to customers

Economic conditions

Most important challenges:

Access to skilled labour

Work permit and visas

Wage pressures

43% derive less than **10%** of their global revenue in Thailand

26% derive **90-100%** of their global revenue in Thailand

50%
are a country office

17%
are an Asian regional HQ based in Thailand

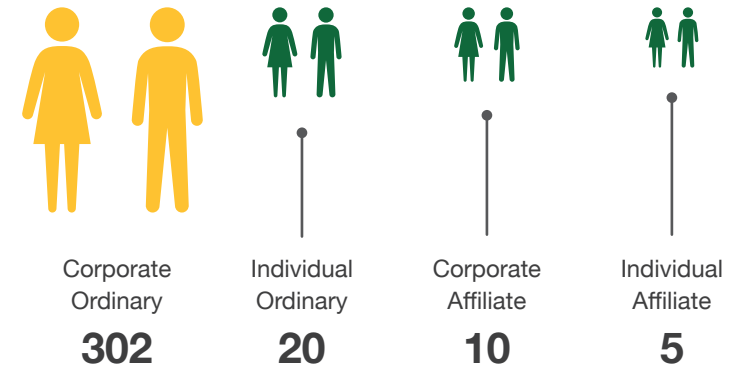
About AustCham Thailand

The Australian Chamber of Commerce Thailand (AustCham) is a not for profit organisation comprised of individuals and organisations wishing to develop and promote business relationships between Thailand and Australia. At the time of the survey AustCham Thailand had 337 members representing 299 companies covering a broad cross section of the Australian business community in Thailand.

If interested in membership, advertising or sponsorship opportunities with AustCham please contact office@austchamthailand.com

Snapshot of members

Members by type



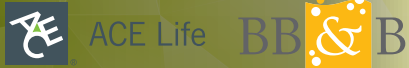
Total Members: 337

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