



“Why CLMV as a target customer?”

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Abstract

Tourism industry in Thailand has always been important sector that creates about 10% of GDP. Our project aims to concentrate on the neighbour countries which are CLMV countries that whether they can become our new target group for Thailand tourism sector or not.

Nowadays, CLMV countries have more potential to grow a lot better noticing from many aspects. For instance, the population or the total market size that is quite large. Also, the income growth rate is larger than the rest of ASEAN. We can see the tendency of tourists from CLMV to become Thailand's target group in tourism sector in this sense.

We use SWOT analysis to observe, analyze, and conclude the results to show that should CLMV tourists become our target group in tourism sector. The results shows that Thailand has both of similarity and disparity that makes CLMV easier to be attracted. For opportunity, there are cooperation among Thailand and CLMV which is a good chance for tourism sector. However, there are some of the internal weakness and threat from outside that Thailand need to concern and make some policies to cope with. Anyway, by weighing among SWOT, we think that the results from strengths and opportunities have exceeded from those weaknesses and threats. Composition with some suggestions, we find that CLMV tourists should become Thailand's new target group for tourism sector.

1. Introduction

The purpose of this chapter is to provide a general introduction to this research. After presenting the background to the project, it then outlines the research question, the aims and objectives, and the given reason behind why figure out this research .

Thailand has been known well as a sun, sand, sea, and sex destination for decades. Millions of tourists from different countries around the world will flock to Thailand for vacation or even to retire there forever. Some are old and some are young. There is no standard type of visitor, and they all come for different reasons. In the present, people are starting to focus more on tourism, and Thailand is one of the world's top tourist destinations. Several hundred million people approximately come to Thailand as a tourist in each year. Especially, one of the majority group of tourist are from CLMV countries. We are well aware that it is possible that the CLMV plays an important role in the Thai economy. Thus, we are thinking what if we attract tourists from the CLMV countries more. Thailand would have more funds or capital.

From the graph below, it shows the growth rate of the number of CLMV tourists. The growth rate of number of CLMV tourists is increasing relatively higher than the number of tourists from other countries.



FIGURE 1: GROWTH RATE OF NO. OF TOURISTS SOURCE: NSO

In addition, the reason we want CLMV country to be our target group. You can see from the figure below. Although CLMV are the developing countries, their economic growth has quickly increased and the growth is higher than the rest of ASEAN. Also, we know that the more people have high income, the more likely they travel abroad.

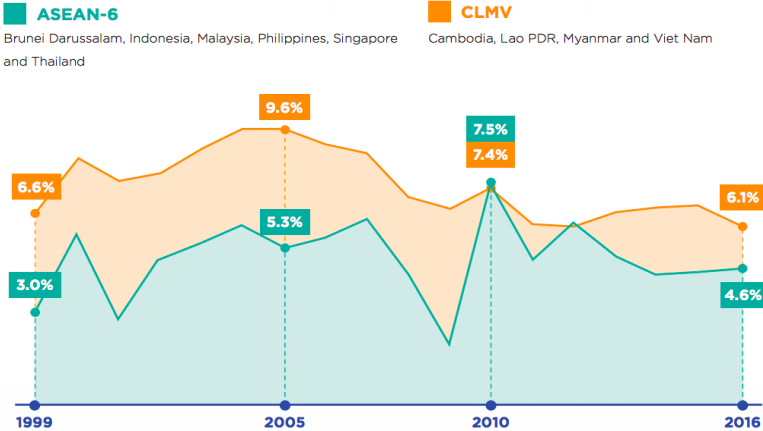


FIGURE 2: GDP GROWTH RATE OF CLMV COUNTRIES SOURCE: ASEANSTAT

To optimize Thailand utility, this study could help to broaden our horizons which the right sectors should be seriously invested and encouraged for the sake of Thailand that will be standardized to go the international stage.

2. Literature Review

The demand for travelling has been increasing significantly over the past decade and also has the potential to grow continuously. These related literatures can be separated by the purpose of the research into three groups.

1). Economic factors on Tourism sector

The studies of **Phannida Sangdang and Prasert Chaitip (2016)**, analyzed macroeconomic factors affecting tourism demand of foreign tourists in Thailand. As well as the studies of **Akarapong Untong (2015)**, he developed a model of the long-run demand for tourism in Thailand from nine countries in ASEAN. The aggregate tourism demand model was developed, and the elasticities were estimated. Moreover, **Pannatorn Anansiriprapha and Xiu Wu (2016)** aim to identify the demand of the tourist industry through three main objectives. The first one is focused in the numbers of the tourists that travel to Thailand. The second one is analyses each

country on their average income elasticity and the last one is the cross-price elasticity.

2). Challenges and Opportunities

John Walsh and Pawana Tachavimol (2007) investigated the nature of Chinese tourism and their satisfaction in Thailand by using qualitative and quantitative interviewing. Moreover, the study of **Sompong Amnuay-ngerntra and Hideki Sonoda (2013)** focused on the river tourism along Mekong river providing opportunities and concerns. The first research question is on challenges for river tourism development on the upper Mekong River and the second question is on collaboration on destination marketing. Another study from **Suthinan Pomsuwan (2015)** identified the key success factors of Thailand tour business.

3). Types of Tourism in Thailand

Mohamed Ali Sharafuddin (2007) identified each types of tourism emerging in Thailand. This study based on secondary sources of information composed from the official website of the Tourism Authority of Thailand.

3. Theoretical Framework

Consumer behaviour is the process of selecting, purchasing and using a product or service in order to satisfy one's needs and desires. While doing so, the consumer wants to maximize their benefits and minimize the time spent. There are several groups of factors that affect consumers. These factors are social (e.g. position in society and family), cultural (values, habits, attitudes ...), personal (gender, lifestyle, education, age ...), psychological (skills, perception ...), and economic (purchasing power, price ...) (Cobble, 2011).

From a marketing perspective, consumer behaviour most probably became an important field of study. Assael (1995: 5) emphasizes the influence of the marketing concept in marketing by stating that, according to the marketing concept, marketers first need to define benefits sought by consumers in the marketplace, followed by the drafting of marketing plans supporting the needs of consumers.

To be a successful seller of products and services, organisations need to understand consumer needs and behaviour and draft their marketing strategies to incorporate such behavioural needs of consumers.

Thus, our research will provide what CLMV need and lack of which Thailand can be able to provide. Moreover, we will provide other factors that influence or take CLMV tourists away from Thailand.

4. Data and Sources

In doing this research, we obtained the secondary data to analyze and to interpret. These are the sources of data that we obtained from.

- Strengths and weaknesses of Thailand (Source: Investdiary)
- Travel and Tourism Competitiveness Index 2017 (World Economic Forum)
- Composition of tourism industry in Thailand (Source: Suan Sunandha Rajabhat site)
- Total visits to ASEAN and Income growth rate comparison among ASEAN (Source: ASEANSTATS)
- Thailand's English literacy and skills (Source: Bangkokpost, Investvine, Nationmultimedia)
- General information of safety and security in Thailand (Source: United Kingdom public sector information)
- History and flagship plans of Greater Mekong Subregion (Source: Mekong Tourism, TAT Tourism Journal, Department of Tourism)
- Greater Mekong Subregion Cross-Border Transport Facilitation Agreement (Asian Development Bank)
- ACMECS summit and Master Plan (Ministry of Foreign Affairs)
- Medical tourism information and main countries coming to Thailand for medical care (SCBEIC)
- Number of Low cost carriers (CAPA Fleet Database)

- Comparison of RPK growth and EBITDAR margin between low-cost airlines and full-services airlines in Thailand (SCBEIC)
- Thai One Health Network information (Ministry of Public Health)
- Southeast Asia tourism destination (Source: World Economic Forum)
- Natural Disasters in Thailand(Source : United Kingdom public sector information)
- Consumer behavior (Source: Issuu, Inc.)
- Comparison between Thailand and Malaysia's tourism sector (Source:Quora, Tripadvisor)

5. Methodology

Our project uses the framework of SWOT analysis along the project to analyze whether CLMV countries should be appropriate to become our new target group for tourism sector in Thailand or not. SWOT stand for Strength, Weakness, Opportunity, and Threat. Both strengths and opportunities refers to the helpful factors that can make us achieve an objective.For the other two,weaknesses and threats refer to harmful factors to make us harder to achieve an objective.

For the first one, strengths which is positive internal origin factor. We try to find the the competitive advantages that Thailand has over other nearby countries in order to attract tourists from CLMV countries.

The second is weaknesses, referring to the negative internal factors. We can see that Thailand still has many flaws that can discourage the tourists from other countries as well as our neighbor countries like CLMV countries. For the opportunities which are positive external origin factors that can support and stimulate the tourism industry in Thailand, especially from the CLMV tourists. The last one is threats, referring to negative external origin factors that can discourage and weaken Thai tourism sectors. Further than SWOT analysis, we also need to make policies recommendation to cope with the weaknesses and threats in order for Thailand to assure that CLMV tourists would become one of our main focused tourist segment.

6. Result

We separate the results into 4 parts by SWOT analysis which are strengths, weaknesses, opportunities, and threats. In addition, we provide the comparison between Thailand and its competitor, Malaysia.

Strengths

Thailand has some comparative advantages over other ASEAN countries. According to competitive index, Thailand has been doing great so far. However, the overall ranking in tourism for Thailand is in third place among ASEAN countries. The first place is Singapore, followed by

Malaysia and Thailand. The T&T Competitiveness Index measures four broad factors of competitiveness such as Enabling environment, T&T Policy and Enabling Conditions, Infrastructure, and Natural and Cultural Resources. These factors are organized into subindexes, which are further divided into 14 pillars but we have selected only 9 pillars which we think they have major impact on tourism. They are Prioritization of Travel & Tourism, Price Competitiveness, Human Resources, Health and Hygiene, Safety and Security, Air Transport Infrastructure, Ground and Port Infrastructure, Tourist Service Infrastructure, and Cultural Resources. The graph below shows the comparison of 9 pillars among ASEAN countries in 2017.

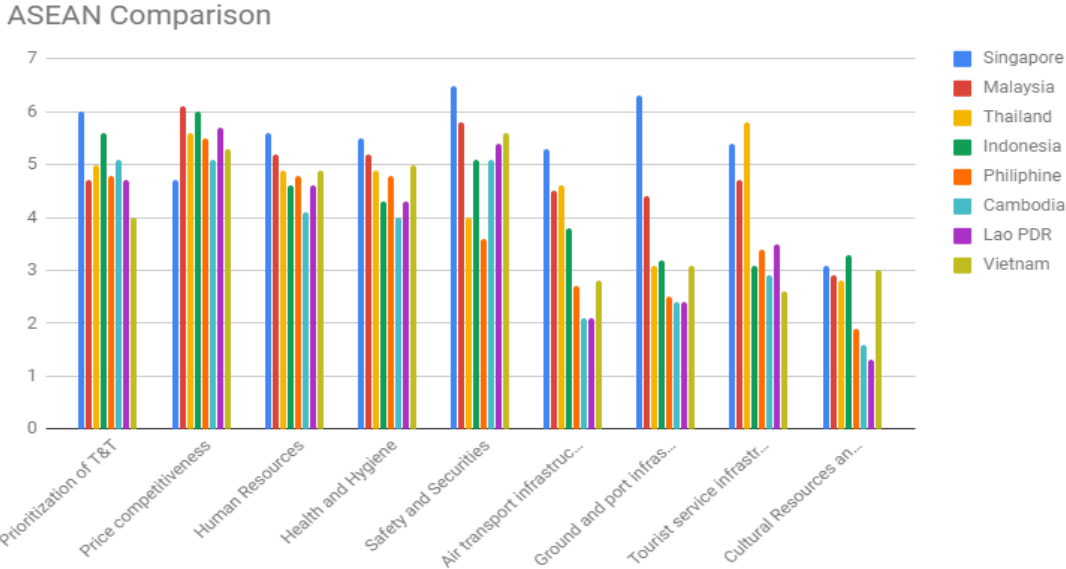


FIGURE 3: COMPETITIVENESS INDEX 2017

SOURCE: WORLD ECONOMIC FORUM

Air Transport

Air transport acts like the heart of global business and tourism. With convenience available to tourists would attract more of them to come to Thailand. Thailand is in the second ranking in air transport infrastructure below Singapore with the score of 5 over 7. Our quality of air transport infrastructure is better than most of countries in ASEAN. Suvarnabhumi airport was ranked globally in 36 place by Skytrax. It can accommodate 45 million passengers a year. Moreover, there are 122 operating airlines available in Thailand.

Price Competitiveness

Malaysia, Indonesia, and Lao PDR have more advantage over the price competitiveness. Malaysia is considered to be one of the most important competitors.

The picture below displays cost of living index in 2018 conducted by NUMBEO. which these indices are relative to New York City (NYC). Cost of Living Index is a relative indicator of consumer goods prices, including groceries, restaurants, transportation and utilities. Cost of Living Index doesn't include accommodation expenses such as rent or mortgage. Malaysia is fresh green, Thailand is light green, and Singapore is red which implies they are all less expensive than NYC. The cost of living index shows that among 3 countries (Singapore, Malaysia, and

Thailand), Thailand is better than Singapore but has a slightly different value of index, 48.91 for Thailand and 44.73 for Malaysia.

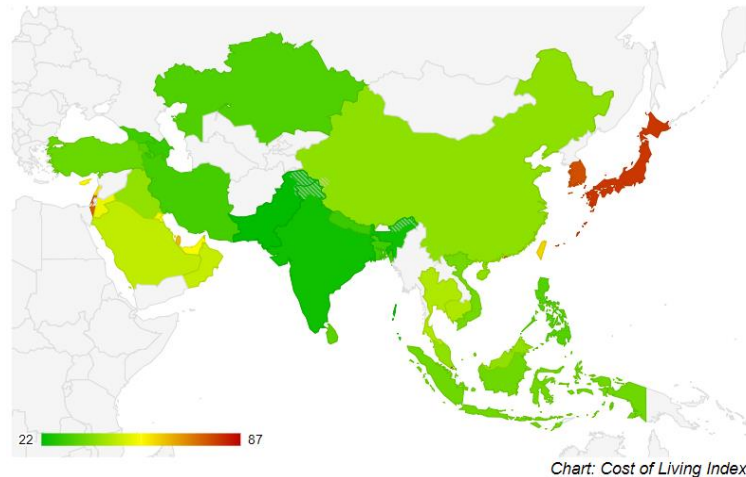


FIGURE 4: COST OF LIVING INDEX SOURCE: NUMBEO

Even those countries have higher price competitiveness, some costs in Thailand are cheaper than other places. For example, plane tickets are a lot cheaper. One of the factors is that Thailand's location is in the middle of CLMV countries and also center of ASEAN. The table below shows the cost for Air Asia plane ticket for one trip for CLMV to travel to other ASEAN countries. CLMV income is very low so cost-saving is important to them. Also, CLMV customers who has time limitation, they will likely to travel aboard to a near destination. Thailand would be a good spot to go!

	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippine	Singapore	Thailand	Vietnam
Cambodia	-	6034	-	4673	4639	6731	6973	2860	9138
Myanmar	4569	5406	4360	2616	-	6662	5787	1674	7952
Laos	-	8824	-	6034	4534	10,080	8371	2406	8685
Vietnam	6383	87200	-	5929	5615	9766	8266	3488	-

FIGURE 5: AIR ASIA PLANE TICKETS SOURCE: AIR ASIA (27/07/2018)

Government Support

Currently Thailand is using “Thailand 4.0” economic concept that aims to unlock the country from several economic challenges resulting from past economic development models. It is focusing on 5 main sectors which are Agriculture and Biotechnology, Health and Medical Technology, Intelligent Robotics and Mechanical Systems, Digital Technology and Internet Connection, and Creative Industries, Culture and High Value Services. Thus, Creative Industries, Culture and High Value Services sector is associated with Tourism. The concept is to use a technology used to help industries that use wisdom, culture, and creativity to design, develop products and services. Thailand will promote its culture to be more modern and improve the quality of creative cultural-represented products by using technology as a helper. Moreover, Traveltech will create accessibility for tourists to be able to know more about Thailand and can be able to plan for the trip. The figure below show the internet penetration by country in Southeast Asia in 2017. About 50% of Vietnamese and Cambodian can access to internet

but for Myanmar and Laos, internet penetration is still low. The rich people in Myanmar and Laos are the ones who have the purchasing power so they are Thailand's target customer. Thus, this will be useful for Thailand to attract more customers from using internet.

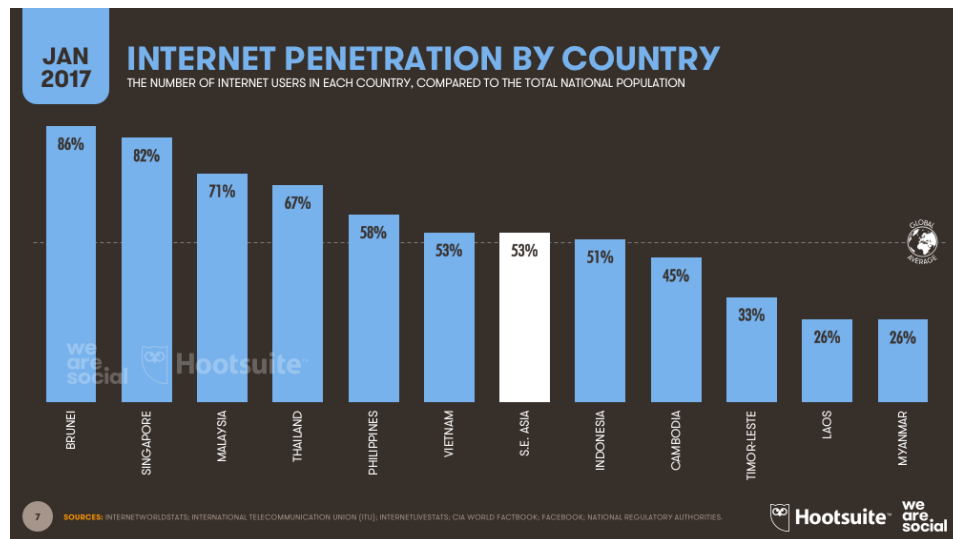


FIGURE 6: INTERNET PENETRATION BY COUNTRY

Furthermore, government has been supporting “Amazing Thailand” campaign with the objective aiming Thailand tourism to become a quality tourism destination and also increase the tourism competitiveness. Quality tourism destination encompasses a destination with high standard and value-added tourism offerings. Government is focusing on promoting 7 main activities in Thailand which are Sport Tourism, Gastronomy Tourism, Marine Tourism, Wedding & Honeymoon Tourism, Medical and Wellness Tourism, Community Based Tourism, and Leisure Destination.

Thailand's Location

As stated before that, Thailand is in the middle of CLMV countries and also center of ASEAN. The geography of Thailand features many natural borders with neighboring countries: a mountainous border with Myanmar (Burma) to the north and west; a long stretch of the Mekong River separating Thailand from Laos to the north and east; and the Mekong River and the Dongrak Mountains delineating the border of Cambodia to the east.

There are a lot of activities in Thailand, many attractions to see, sports to watch or even participate in, and plenty of amazing nature and wildlife to experience. There are challenging activities which adventurous travellers should not miss out such as paramotor trip, a hot air balloon tour and soak in the magnificent view, ziplining, mountain climbing, and bungee jumping. There are also a variety of water activities such as river and white water rafting, scuba diving, and snorkeling to see some of the world's top-ranked amazing underwater vistas. These water activities may mostly attract tourists from Laos PDR because Laos PDR is a landlocked country. They do not have these kind of activities so they need to go to other places to try these activities. With the uniqueness of sightseeing in each country, Thailand is also well-known to be one of the most beautiful place to travel. It is fascinating to change view and enjoy new environment and beauty of nature.

Thai Arts, Cultures and Traditions

Everyone knows that the cultures and tradition in CLMV and Thailand are quite similar because they shared the same influencer. Nonetheless, similarities between CLMV countries and Thailand can be a great strong point for Thailand. We may find difficulties in staying where there are different cultures, food, and lifestyle. Food is of course the most important factor. If tourists are not satisfied with their daily food during the trip, this may encourage them to not return to this country again. Thus, similar taste of food can be a great attraction for CLMV tourists. Also, Thailand is well-known to be a food heaven. CNN ranked Thailand to be 8th most delicious food in the world.

Cambodia, Laos PDR, and Myanmar are Buddhism countries. Buddhism plays an important role for their daily life, It is what makes them united. Thailand is also Buddhism country where a lot of temples exist. Thai temples are famous for their beauty. On the other hand, Vietnam is a Christian country. They would be interested in new perspectives and enjoy the beauty of Buddhism. This could be a tourism attraction for CLMV tourists.

Thai dramas are very popular in the neighbor countries. They even have Thai channels on TV and also created the fan page for these dramas.

They look up to Thai superstars like Thais look up to Korean superstars.

LGBTQ+ Community

Thailand is very welcoming the third gender. LGBT people are treated equally and being accepted in Thai society. We can see from the entertainment; third gender people are popular. Comparing to Thailand's competitors, Malaysia and Singapore, they have some issues in this topic. Malaysia is an Islamic country which homosexual acts are forbidden. Moreover, Singapore is still a conservative city, just like many conservative cities in the world as well such that the LGBT is not well received and accepted throughout.

More Modern

Comparing the best department stores among CLMV countries and Thailand, we can clearly see that Thai malls are decorated meticulously and very elegant. The rating voted by Travel Advisor shows that the rating for Thai mall, Paragon, is round 4.4 over 5 while 3.5 for Vientiane Center Lao, 4 for Myanmar Plaza, 4 for AEON Mall, and 3.5 for Vincom Center.

As the authors experience travelling to Myanmar, Myanmar malls are lacking of luxury brands. There are only few brands which the price is relative lower than other luxury brands. In Paragon and other malls in

Thailand, there are plenty of luxury brands for customer to choose from. As we target for upper-middle income to high income customer, this would attract some groups of people who interesting in shopping luxury brand.

Medical Tourism

Thailand become a major destination of medical tourism, once the traditional restraints on the commodification of medicine had been overcome. Thailand has a long history of traditional medical lore, based on herbal medicines and massage treatments.

CLMV countries closed in country for a long period so they developed slower than other countries in ASEAN. The quality of hospitals, doctors, and medical care do not meet with the international standard. These countries seek for somewhere where the quality of medical care is good and the price is reasonable. With the international standard quality of doctors, Thailand is suitable for CLMV countries to be the medical hub. Moreover, the cost comparing other countries in ASEAN, Thailand costs lower than other countries with the same quality of treatment. Singapore has better technology than Thailand. However, the cost is a lot higher as well. Medical tourists can save their cost by travelling to Thailand instead. Thailand hospitals also has the Joint Commision International (JCI) which guarantee the quality of hospital

according to the standard quality of hospital in USA. Furthermore, the government also support this activity so Thailand will keep on improving and try to be the best in medical tourism in ASEAN.

The graph below displays the number of foreign patients to Thai hospital. The trend of foreign patient continues to grow every year. Medical tourism is the activity that should not be neglected.

“1st in Top Destinations for Medical Tourism*”

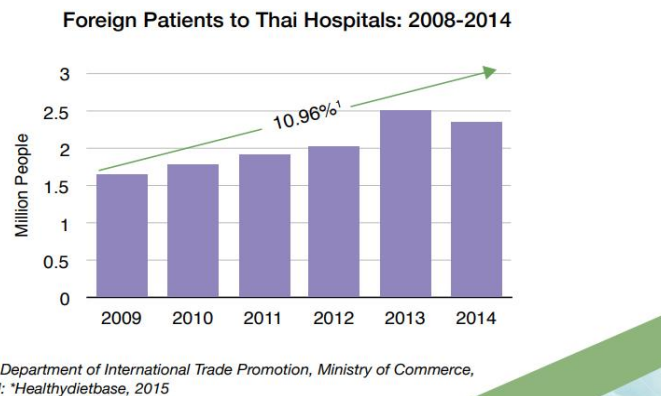


FIGURE 7: FOREIGN PATIENTS TO THAI HOSPITALS

Weaknesses

In contrast to the strengths, weaknesses are negative internal elements, which are controlled by the organisation, and for which key improvements can be made. Thailand has many problems in many aspects. There are four big problems, which has been still not eliminated such as Thailand transportation, impact of tourist, safety and security, and English proficiency respectively.

Thailand Transportation

Thailand has a vast road network compared to its ASEAN neighbors, however, a lot of things have not been ready to efficient service to that extent. Thailand traffic has been such a big issue in Thailand. Roads are the dominant form of infrastructure. It is well-known as a terrible gridlocked road in almost top of the world. Sometimes, typical vehicles are not the best option way to go. Especially, using GPS to guide the way may not give the right direction due to the complicated road. In addition, the unfair charge is internationally unacceptable. Moreover, shuttle buses are not available to serve on time schedule. All of them are very dirty and scary. No one knows when those shuttle buses will come. On the other hand, skytrain, and subway are different. Both of them use higher technology system, which tells what time these trains will arrive. They are one of all the best choices for tourists to choose. Although, they are the transportation choice for a bunch of people wherever their destination is. Some they work, study, or other else. Under the Thai Transport Infrastructure Development Plan, single tracks will be upgraded or transformed into double tracks. Some station, Skytrain and another one come at the same time. One of two need to wait for another Skytrain goes, according to, there is only one single track.

Furthermore, ground and port infrastructure still are unacceptable to the rational world. As a diagram below, Thailand has been done better

than CLMV countries, while it has been the lower standard than Singapore and Malaysia. In reality, infrastructure in Thailand had been developed in only Bangkok but many countrysides and suburbs are still like dirt tracks or even port has still all the same technologies.

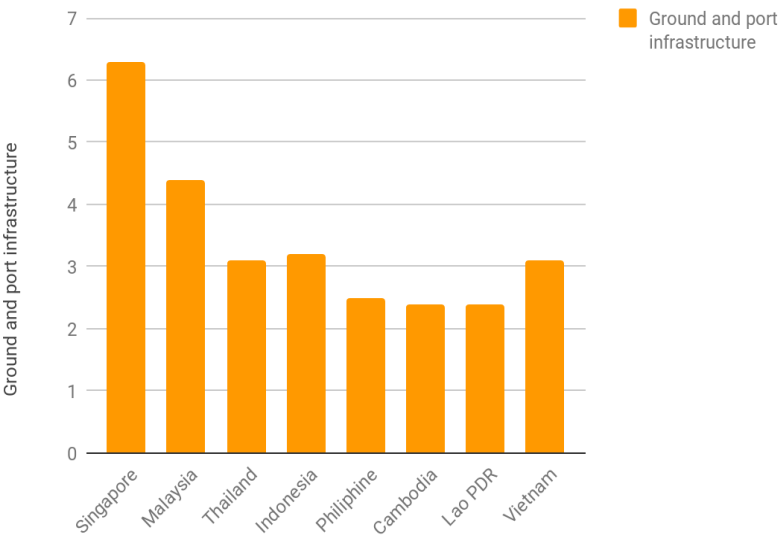


FIGURE 8 : GROUND AND PORT INFRASTRUCTURE

SOURCE: WORLD ECONOMIC FORUM

Safety and security

This safety and security part is one of controversial issues in Thailand. A lot of sequences come from many factors. As a diagram below, it is taken into account on business costs of crime and violence, reliability of police services, business costs of terrorism, index of terrorism incidence, and homicide rate. Safety and security of Thailand

has the almost lowest level. Our country has been improved a lot if compared with other.

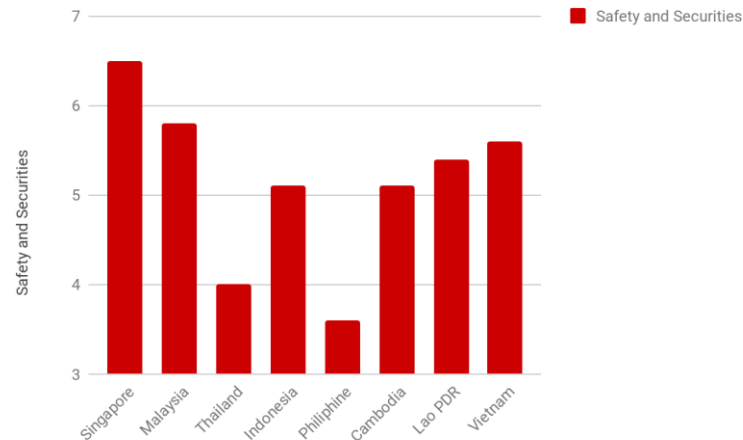


FIGURE 9: SAFETY AND SECURITY

SOURCE: WORLD ECONOMIC FORUM

Impact of Tourist

Thailand is the favorite destination of many tourists. A huge of tourist travel to Thailand every year. There have been many problems with mass tourism, which raise our concern about the mass tourism. Mass tourism means large and uncontrolled numbers of tourists. With the development of the economy and the growth in the living, standard, tourism is booming. It is obvious that tourists enhance the development of hotels and shopping facilities. It makes the contribution to our society, meanwhile, do harm to our environment if the number of tourists is uncontrolled. Some would cause more pollution. For instance, air pollution, water pollution, others. With so many visitors crowding into

the tourism city, there is an increasing demand for different means of transportation, such as buses, cars, metros, etc. With many travelers flocking to different destinations, the problem of water pollution is also acquiring attention. Many people who visit a Buddhist area are sometimes careless in their manner. Moreover, the overcrowding will threaten the protection of tourist sites that some of them are natural heritage such as some mountains or sea, where has unique feature, which appeal to a mass of tourists. The mass tourism could result in damage to the local environment. Some natural and antique attractions are priceless. Nothing can replaceable.

Low English proficiency

Thailand has never been colonized. It is undeniable the majority of Thais cannot speak English or know only a few English words. With all things, everything has changed with the time. All countries have an ambitious development plan to tackle every single sector to gain a huge capital for their country. Especially, the Thai government has intentionally encouraged domestic and international tourism industry. As all we see, the Thai government attracts the quality of tourist and policy to end Zero-dollar tours from China. It will be forecast that those revenues can cover for the future. Certainly, English skill is required to communicate. Even though, the Thai government has expanded more

English hours period with an ambitious nationwide program to teach English at least once a week in all state schools as part of the new. Moreover, the Thai government urged to boost the campaign to educate fear in communicative skill. The government runs language program to focus on rote learning that makes for poor improvisation when it comes to having conversations in the real world.

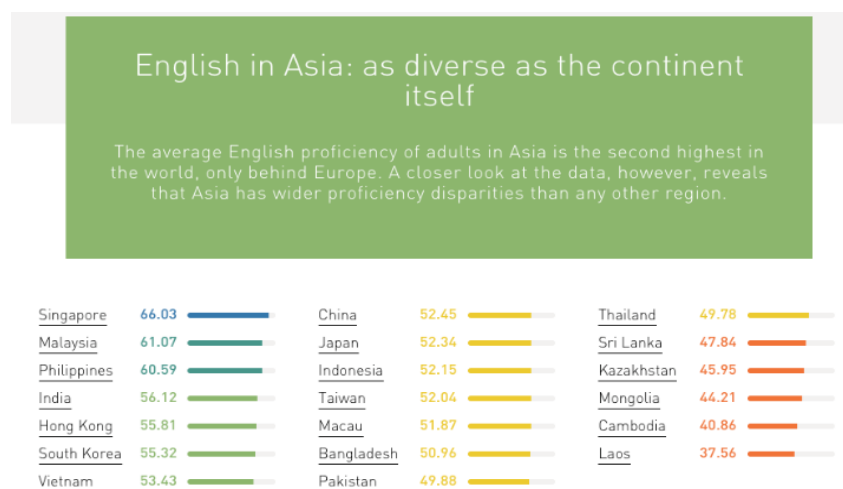


FIGURE 10: ENGLISH PROFICIENCY AMONG COUNTRIES

SOURCE: EDUCATION FIRST (EF)

Opportunities

Opportunity can refer to favorable external factors that Thailand can use to give us the competitive advantage to attract more tourists from CLMV to our country. For the opportunities of Thailand to become destination for CLMV tourists. We think the the main opportunities could be these following.

Greater Mekong Subregion Connectivity

The first one is the opportunity grasped from Greater Mekong Subregion which is the cooperation among six countries: Thailand, Cambodia, Myanmar, Laos PDR, Vietnam and China (Yunnan and Guangxi Zhuang). Anyway, we are going to focus on the relationship between Thailand and CLMV group. Greater Mekong Subregion or GMS incurs the objectives of economic cooperation among members in many fields. One of the main objectives is to increase the prosperity of tourism sector of the members so GMS should be the great opportunity for Thailand to make more tourists target from this region as well. We can see from both figures that there are many routes including airports that connect transportation among the countries in this region.

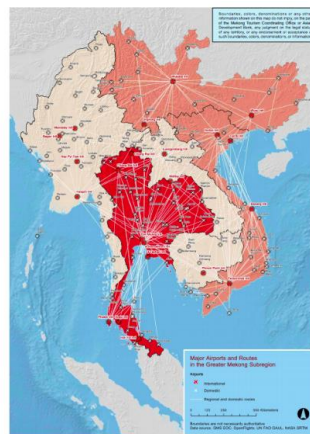


FIGURE 11: GMS TRANSPORT CORRIDOR **FIGURE 12: MAJOR AIRPORTS AND ROUTES IN GMS**

SOURCE: GREATER MEKONG SUBREGION (GMS)

Nowadays GMS become one of the world's most famous tourist destinations that offers outstanding tourist attractions. Aiming to make

both public sector and private sector in GMS be more concentration and cooperation in the tourism sector. The Tourism Authority of Thailand (TAT), Pacific Asia Travel Association (PATA), Asian Development Bank (ADB) and also UNESCAP agree to have the Mekong Tourism Forum or MTF in order for the countries within the region to be able to communicate and cooperate with each other in order to improve and promote the tourism sector of the Greater Mekong Subregion. There are many important plans using as instruments to support and develop several fields of cooperation including tourism sector. The examples of the flagship programs are like: North-South Economic corridor, Facilitating Cross-Border Trade and Investment (CBTI), GMS Cross Border Transport Agreement (CBTA), Developing Human Resource and Skills Competencies, including the GMS Tourism Sector Strategy (GMS-TSS) and so on. Therefore, we can see that there are several programs that does not directly aim at the tourism sector development like economic corridor or trade and investment programs. However, as we know that any economic development project aim to make the progress in terms of trade and investment that can result in better economic development among CLMV countries. And we know that the more improvement in economic sector in any particular country, the more income per capita for the country as well. So that, in general, the economic cooperation among countries in our region could indirectly support the tourism

sector itself undoubtedly. Additionally, the fact that Thailand is the center of Southeast Asia can even make it easier to attract the tourists from CLMV countries. These are the reason why we think that these programs could somehow makes the positive impact on Thailand's tourism sector as well. For the policy that we think it is the most important one is the GMS Cross Border Transport Facilitation Agreement which has the objective to Facilitate Cross-Border Transport of Goods and People among the countries in the region. This agreement includes many articles like Road and Border Crossing Infrastructure, Crew and passengers whose content is to make the minimum services, facilities, and personnel available for crew and passengers. This is the objective for searching travelers, rest areas, sanitary equipment, and medical first aid. Therefore, we think these can make the cross-border travelers easier to be attracted to our country.

ACMECS Connectivity

The second one is the cooperation from ACMECS or the Ayeyarwady-Chao Phraya-Mekong Economic Cooperation Strategy. This is not much different from GMS in terms of analysis. ACMECS is the cooperation focused mainly on economic sector among five countries which are Thailand, Cambodia, Laos PDR, Myanmar, and Vietnam. Thailand was the host country to the latest summit, the 8th summit

which held in June 15-16 under the tag “Toward an Integrated and Connected Mekong Community”. ACMECS was established under the propose of Thailand to especially concentrate on economic development for CLMV countries and reduce the development gap between Thailand and CLMV countries. Because if we as the whole region own the similar efficiency and performance, it would be easier for us to cooperate with each other in several fields. Of course, including the cooperation on tourism sector.

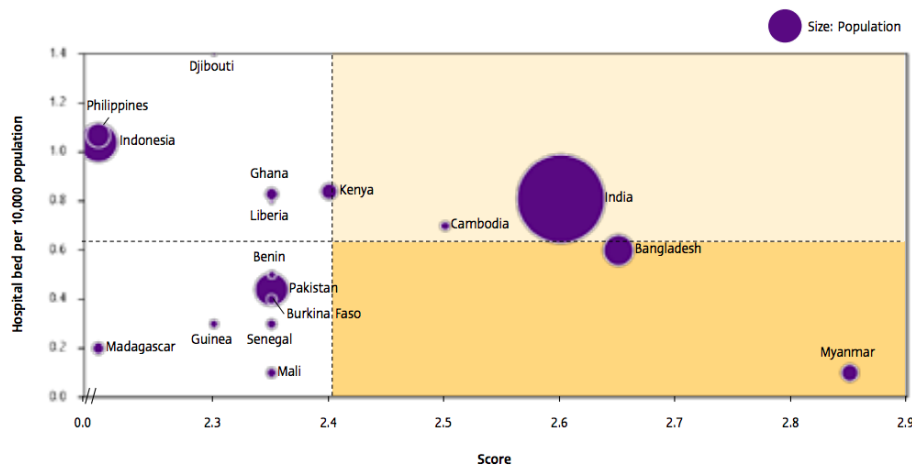
The thing we would like to focus on is about the ACMECS Master Plan from the Bangkok declaration of the 8th ACMECS summit. We adopt the Master plan in which ACMECS cooperation would be fulfilled for the three pillars which are the followings. The first one is Seamless ACMECS that support and promote the connectivity from transport links like rails, roads, bridge, air and so on. Including infrastructures for digital connectivity and energy infrastructure. Moreover, it also emphasize to complete the railway links in order to improve the operations for sub-regional railway network. Especially, the East-West Economic Corridor and Southern Economic Corridor. These can be called as promoting hardware structure. The second one is Synchronized ACMECS to promote software connectivity. Basically, it includes the agreement and regulation that help facilitating the hardware usage. Furthermore, there also has trade and investment cooperation focusing on ACMECS policy in

order to harmonize and simplify the rules to facilitate the flows of goods, services, investment and people. The third one is Smart and Sustainable ACMECS promoting the human capital development in areas of agriculture, education, medical services and tourism sector. And also promote cooperation in terms of environment like sustainable water management, disaster risk management and etc.

We think that these cooperation should be the good opportunity and can give some positive effects on Thailand tourism sector as well as the tourism sector inside CLMV countries. Since we know that one of the ACMECS' purpose comes from the 'Prosper-thy-neighbour' idea. So, in these logics, Thailand try to find the way to be able to make more inclusive growth inside the ACMECS cooperation that can help making the people in neighbour countries achieve more economic growth which could benefit Thailand in terms of tourism sector. From the Master Plan we see above, we can see that the cooperation also try to promote the connectivity among region as well as the point on human capital development. Therefore, we think that this could make the progress more on Thailand tourism sector in the long term.

Expansion of medical tourism

The next one is the trend of expansion for alternative tourism. The focused one on Thailand is the medical tourism. We can already see from the Strength above that Thailand become a major destination of medical tourism for many countries including CLMV countries. For CLMV countries, the main reason is because they try to seek for better healthcare. Cambodia and Myanmar are found to be the most two countries coming to Thailand in purpose for medical treatment among CLMV countries.



Note: Scoring from 5 attributes: 1) Ratio of hospital beds to 10,000 population, 2012, 2) GINI Index 2014, 3) GDP growth forecast, 2016-2021, 4) Per capita healthcare cost growth, PPP, 2009-2014, 5) Distance to Thailand
Source: EIC analysis based on data from World Bank

FIGURE 13: COUNTRIES WITH AFFLUENCE PATIENTS SEEKING BETTER TREATMENT ABOARD

SOURCE: SCBEIC

From the figure above, we can see that, not only Cambodia and Myanmar but there are many developing countries from other continents that come to Thailand for medication. Main reason is because the quality of services and medical infrastructure in these countries is

quite poor. As we listened to the lecturer when we went to Yangon that in Myanmar, many students who graduated from faculty of medicine and become doctors there, most of them do not cure the patients in the efficient and practical way. Although, the income per capita of their countries is still low. Anyway, these countries were known to have lots of affluent people who can go to hospitals abroad. For CLMV countries, especially Myanmar, Burmese people has quite trust in Thailand in many perspectives including the medical care. Moreover, nowadays, CLMV countries incur the rapid economic growth more and more. Also, from many cooperation with Thailand, in which we suppose that they could make more economic development for their countries. To say, we can conclude that this trend could make number of tourists in Thailand from CLMV countries increases along time.

Expansion of Low-cost airlines

Low cost airlines or low-cost carriers make important roles to make seamless connectivity nowadays. Base on the location between Thailand and CLMV countries which is quite near to each other. Therefore, to travel, if not by cross-border. The low-cost carriers would be another alternative. We know that most people would not cross across Myanmar to Thailand by the full services carrier. It does not worth that much.

Thailand LCC fleet size (number of aircraft in service) by airline: past five years

Airline	30-Apr-2013	30-Apr-2014	30-Apr-2015	30-Apr-2016	30-Apr-2017	30-Apr-2018
Thai AirAsia	28	37	43	48	53	59
Nok Air	14	17	24	29	30	28
Thai Lion Air	N/A	5	10	20	25	32
Thai AirAsia X	N/A	N/A	3	6	6	7
NokScoot	N/A	N/A	2	3	3	5
Thai VietJet	N/A	N/A	1	1	3	5
LCC Total	42	59	83	107	120	136
Overall Thailand Total	200	241	246	272	279	304

Source: CAPA Fleet Database.

FIGURE 14: THAILAND’S NUMBER OF LOW-COST AIRCRAFT IN SERVICES IN 2013-2018

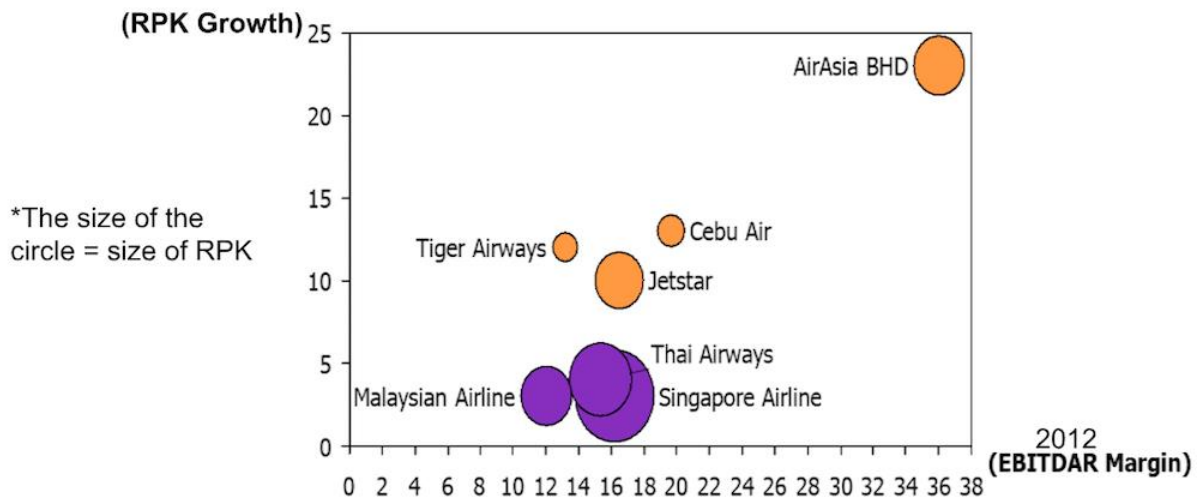


FIGURE 15: THE COMPARISON OF PASSENGER GROWTH AND PROFIT MARGIN (EBITDA)

SOURCE: SCBEIC

The two figures above show the number of low-cost carriers which expand a lot from 42 to 136 from only five years and earnings margin with the market share of the low-cost airline, respectively. We can see the market share for the low-cost airlines are quite large and earnings or EBITDA margin is relatively high. These can indicate the better chance for the airlines to support more tourism from other countries in the region

and also nearby continents. This could be count as one of the better infrastructures encouraging the tourism sector in our country.

Cooperation in Disease Surveillance and Prevention

The cooperation in disease surveillance and prevention is another opportunity that we think it could make incentive and more confidence for tourists who come to Thailand. And make more trust to Thailand image as the tourist destination from CLMV countries' sight.

There are many cooperation related to this issues. The focused example is Thai One Health Network. It is the national cooperation among eight ministries of Thailand in order to prevent and control the diseases from every sector. This also provide approach to public health. There are many diseases in the past that circulate across border. So that Thailand and CLMV which are the neighbor countries have high potential for infectious diseases to spread through each other.



FIGURE 16: THE EXAMPLE OF THE ONE HEALTH PLAN SOURCE: MINISTRY OF PUBLIC HEALTH

Moreover, this Thailand One Health Network also cooperate with other international organizations. For example, the cooperation between Thailand MoPH and US.CDC, and also with World organization of Animal Health, World Health Organization and so on. These are for the purpose to strengthen One Health Coordination and networks, and building policy advocacy. These cooperations can facilitate Thailand to cope with diseases and make trust in tourism sector.

Threats

Threats can refer to external factors as restrictions resulting from the external environment affecting businesses, such as higher oil prices, higher interest rates. During economic slowdown, entrepreneurs need to adjust marketing strategies, consistent, and try to eliminate the various obstacles that occurred.

Natural disasters, climate change and plague

In the last half-century, Thailand has been ravaged by its share of natural disasters that have killed and injured countless thousands and destroyed trillions of baht worth of property and infrastructure. Natural disasters have occurred to humans had counted, property and buildings that causing various deal.

By the location and climate of Thailand, natural disasters occur less

frequently and usually do not have much violence. Mostly, Thailand has been facing flood problem. However, there are still other natural disasters such as wildfire, drought, and thunderstorm.

If these natural disasters occur, Thailand can not avoid the reduction of the incoming tourist. Tourists would be aware of their safety and find other places to go instead.

Lower in currency

Some countries near Thailand have lower value of money or lower currency such as Malaysia, and Indonesia so this would cause the decrease in market share for Thailand's tourism. Tourists may choose these countries instead of Thailand.

Higher Competitiveness

Thailand is well-known for tourism services. However, the ASEAN countries also aim to promote their tourism as well. If the tourism activities provided in Thailand are popular, they will result in a higher competition. Other countries may see the opportunity to promote these activities in their home country and steal Thailand's market share. The service provider need to figure out a way to retrieve the customers to come buy services themselves.

Moreover, it is impossible to slow down the countries that has further development and has better technology. Just like Thailand, it is difficult to them to be as developed as Singapore. Singapore is better than Thailand in many ways and they will keep on improving. They may invent something new or promote something that no one has never invented before to attract more tourists. Thailand may find difficulty in finding the ways to compete with them.

Promote Tourism from Other Countries

Promoting the country's tourism is an important part in attracting tourists to come in more and more. That is, each country would love to promote itself to attract tourists. If there is more than one promotion service providers, the tourists will have other choices to choose from and Thailand may not be the choice.

Fluctuated economy

When the global market changes, the economy of Thailand and CLMV country are affected. For example, if the USA is facing the economic crisis which makes its economy suffered, other countries such as CLMV and Thailand also receive the effects from this as well. The reason is because these countries are the exporting countries which they are depending on big economy countries. If the export is facing problem,

the national income of exporting country will decrease. People will have less money to spend. As tourism is a luxury goods, with less money or less purchasing power people will spend on tourism less.

Counterfeit goods

Thai-brand products have reputation on the quality. These products catch the eyes of the imitators. If the quality of the imitated goods is the same as the authentic Thai goods, people will buy the imitated goods instead because of the relatively cheaper price.

If we think about the cultural or traditional products which are available on in Thailand but then they just appear in other countries as well. Thailand will not only lose its identity and also lose the revenue that should have gone to Thailand.

Moreover, if the imitator claimed that the imitated products are from Thailand but the quality is much lower than the standard quality of Thai goods and also the ingredients are hurting the consumers. Thailand will lose the reputation and trustworthiness from other countries consumers and tourists. They will doubt about the safety in consuming the product and lose confidence in going to Thailand. Thailand should be able to prevent copyright infringement.

Example of Thailand's Competitor

Malaysia is the one of the world most popular for coastal tourism, mixed food heaven, being the southernmost of Asia and Europe continent, and so on. However, in the past decade, Malaysia faced problems in tourism.

In 2014-2015, Three Malaysian air disasters were one of the major impact which reduced the number of tourists a lot. This raised questions on whether travelling to Malaysia is actually safe for travelling. It caused the reduction of customer confidence and trustworthiness of the Malaysian airlines.

"I think something is lacking from the tourist arrival numbers, which is way below the target for last year," said Socio-Economic Research Centre (SERC)'s executive director Lee Heng Guie. Moreover, Lee said the Malaysian tourism sector could have been hit by a lack of advertising and promotional activities, as reflected by the lower budget allocated for 2016 and 2017.

However, Malaysia is still Thailand's one of the most important competitor. What makes Thailand outstanding from Malaysia are...

- 1). Thailand is a Buddhism country while Malaysia is a Islamic country. Some countries in CLMV such as Myanmar does not like Islam because of their ethics problem.

2). CLM countries have Buddhism as their main religion. They give a lot of respect and attention to religious place. Thus, Thailand can gain benefit to attract more CLM tourist in terms of religion. Most of temples in Thailand allows people to take photos. On the other hand, The Mosques in Malaysia aren't meant to be picturesque (with a few exceptions like Terengganu Crystal mosque and Kapitan Keling mosque in Penang).

3). LGBTQ+ in Thailand is very accepted and people are very open-minded but not so in Malaysia (Cultural issue).

4). Thailand's Tourist Service Infrastructure is the best among ASEAN countries.

5). Night entertainments in Thailand such as bars, clubs, sex districts, drugs, etc. while bars and clubs in Malaysia, the scene is not as developed.

6). Due to time limitation of CLMV tourists, short-distance trip is considered to be a new great choice for them since Thailand's location is the center of CLMV countries.

Therefore, from the reasons above, although Malaysia's price competitiveness ranking is better than Thailand. Anyway, we think that Thailand would be able to be more attractive as the destination for CLMV tourists.

7. Conclusion and Policy Recommendation

Summary

From our research, there are a lot of strong points which Thailand has to be able to attract tourists from CLMV countries. Cost of travelling to Thailand is relatively cheaper than travelling to other countries but more expensive than Malaysia. Thailand and CLMV countries have similar cultures which benefit Thailand because they can easily stay, enjoy travelling and has no worry about daily lifestyle. Also, there are cooperation among countries to help develop tourism and economy. However, there are still other things that Thailand need to improve such as safety and security, ground and port infrastructure, English proficiency, and deterioration of environment by tourists.

To sum up, by weighing among SWOT, we think that the results from strengths and opportunities have exceeded from those weaknesses and threats. Composition with some suggestions, We find that tourists from CLMV countries should become our new target group for tourism sector.

Policy recommendation

According to the Thailand's weakness in the present, we have tried to establish the policy suggestions that are able to cope with the recent weakness of Thailand tourism sector.

Strengthen laws and regulations

Thailand has been performing badly on safety and security. Some causes are weak law, unrespectfulness of law, and inefficient training for driving license. Overall, Thailand's legal system can be described as for sale cheap, especially for the wealthy. Bribery and collusion are rampant, from the lowest levels of 'beat cops' to the very top cops, legislators, prosecutors, and judges. The rich can get away with murder, literally. Thus, crime, murder, and terrorism can be occurred anytime.

The government should be strict with the law by made an example of a law breaker who committed a crime by giving him a full punishment. Also, government must eliminate the bribe money, so the law will become more respectful. Furthermore, there should be more policemen available on road or places where crimes are likely to be committed.

For safety on road, Thailand should also need to work on making people obeying the laws and the traffic lights. Moreover, they need to improve the driving training before getting the license. The quality of drivers seem to not be a good driver on road. The government can also set the regulation for drivers to install the camera in front of the car to record their performance on road.

More equal distribution of education in rural areas

We can see from the weaknesses stated above, in terms of English literacy. Thai school mainly not focus much on English in practical way. Also, many schools in rural areas lacks of teachers that are native speakers. Sometimes, they even use only one teacher for every subject. This is not good for students at all.

Therefore, we can see that one of the important problems in Thailand is the inequality distribution on education. Not only English language but we can see that the education systems between the schools in urban areas and rural areas are totally different.

For the way to cope with this. Firstly, on the English problems. We think that Thai schools should concentrate more on how students can adapt and use the English in their daily life. So, Ministry of education may should step in by making the common curriculum for Thai schools in order to make process be more efficient. For the unequal distribution between urban and rural education. Government should take a role by giving incentives for teacher to attract to rural areas like increase minimum wages for teachers and also check the quality of rural teachers by taking examination on both knowledges and emotional exam as well. These practices may require more government expenditure on education spending. But, if it's work, it would be able to develop Thai human capital in the long run.

Develop ground and port infrastructure

As we already mentioned above, Thai ground and port infrastructure are not good. The government should try to increase the budget for transport infrastructure since Thailand pay less attention in transport infrastructure. Only 5% of budget was spent on transport infrastructure.

Budget for transport infrastructure development (Fiscal Years 2003-2013)

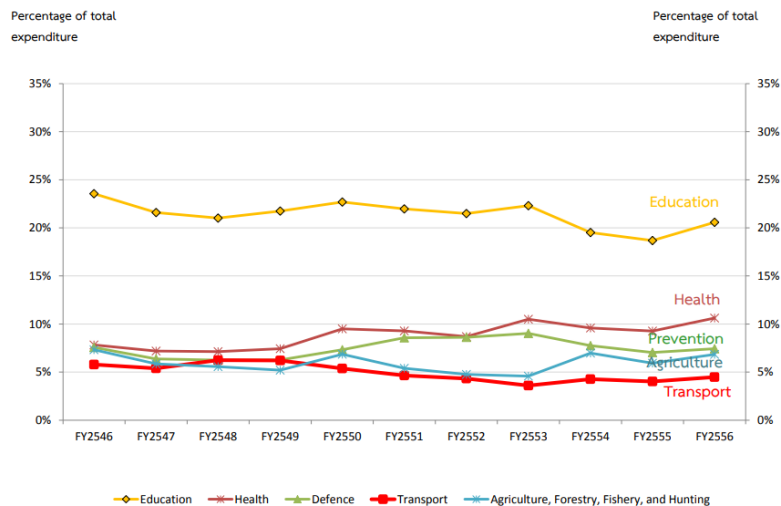


FIGURE 17: BUDGET FOR TRANSPORT INFRASTRUCTURE DEVELOPMENT

SOURCE: OTP

Furthermore, government should improve the quality of trains and railways by providing some budgets to renovate the them. Then, Thailand should further promote the train tourism to attract more tourists and gain more revenue to develop its ground and port infrastructure.

Creating Incentives for Tourists to Conserve the Environment

Nowadays, the behavior of tourists themselves are one of the main concerns for Thailand's tourism environment. For example, we can see from the news that many Chinese tourists, although we already have regulation that prohibit the tourists to go down to sea and step on the coral and anemone. In Stun province, we still found Chinese tourists who catch the clown fishes and deteriorate anemone which are the clown fish's habitat. This can both negatively impact on environment and Thailand tourism image.

In order to cope with the tourist's behavior is something challenging. We think that Thailand should have more strict system by having some penalty that is not only the one-time forfeit. We suggest that if we can catch the bad behavior of any particular tourists, there would be the system that will link the name-surname with the airline-entrance systems that will show every time that they are the non-environmentally friendly tourists. This would link to every airline. Besides, that person has to be fined for every time they go to Thailand. Although this policy can discourage those tourists to see Thailand as their destination. Anyway, we think that it may be better for us to not receive those kinds of people who not respect in our regulations in the first place. Also, this can raise more positive image for tourism sector in Thailand for those who respect and conserve our places.

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