

**A Strategic Plan Proposed to S&P Syndicated Public Company Limited
For its Entry into the Japanese Market as a “Global Thai Kitchen”**

By

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Executive Summary

This Little Bangkok Thai Restaurant strategic plan is proposed to S&P or S&P Syndicated Public Company Limited, to enter into the Japanese market. By implementing this plan and strategic analysis, Little Bangkok is expected to be the first successful casual and contemporary Thai style restaurant in Ginza Street. This is due to the advantages of S&P's over 30 years of experience in Thai food and restaurant business, well-prepared strategic plan, and a recent boom of ethnic food.

At Little Bangkok, the full-flavor of deliciousness, freshness, high standards, premium quality, impeccable service, relaxing atmosphere, as well as reasonable prices are the restaurant's main selling points and unique competitive advantages.

Furthermore, by differentiating itself as a price leader and the first casual and contemporary Thai style restaurant in Ginza Street, Little Bangkok will generate a net income more than 70 million yen over the next three years. In addition, to follow the values and interests of its mother company and have maximum control over the management as well as earn above average return, Little Bangkok will apply a new wholly-owned subsidiary strategy to effectively establish its first restaurant.

This paper includes an executive analysis of the successful path S&P has taken until now, a proposed strategic plan and business strategies of Little Bangkok to penetrate into the Japanese market, and recommendations for its operating betterment in this new market, Japan.

Chapter I: Introduction

1.1 Background of the Study

For more than three decades, Thai food has gained renown as being very healthy for its use of many fresh vegetables, spices and herbs. This popularity of Thai food is due to its unique balance of the five fundamental taste senses: sweet, sour, salty, hot (spicy), and bitter. Besides the variety of these delicious flavors, the textures, colors and way that Thai food is presented make it becomes very exciting and extremely appealing on international tables.

Recently, with the boom in Asian food and health consciousness has boosted up the demand for Thai food in overseas markets. In 2009, refer to the survey by the Kellogg (K - news – people)¹ School of Management at Northwestern University in the United States, Thai food was ranked in fourth place among the world's most popular cuisines. Moreover, in 2010, according to Simply-Thai, there were approximately 14,500 Thai restaurants operating in 30 countries around the world. Among those gigantic numbers, less than half of them were being run by Thais. As the market of Thai food and restaurant business becomes very competitive and challenging, to survive and succeed by only serving the authentic Thai taste is not enough. Understanding Thai cuisine, adding up values and delivering beyond expectations are a must for today's Thai restaurants. S&P

¹ See <http://www.forbes.com/global/2009/0713/restaurants-thailand-entrepreneurs-let-them-eat-thai.html>

Syndicated Public Company Limited, or “S&P”, is one of the only top three Thai food and restaurant businesses (James, 2010)², who truly understands those essences and fits with Thai food lovers needs. At present, S&P is successfully operating restaurants and bakery shops nation-wide and 20 Thai restaurants in Singapore, Taiwan, United Kingdom, Switzerland, China and the Philippines. It is fairly surprising that Japan, the most prosperous neighboring country in terms of economics, population and culture, is currently not on the company’s list.

1.2 Objective of the Study

The primary objective of this study is to create a strategic plan in order to find out the most effective strategies for S&P-Little Bangkok to penetrate and establish its first restaurant in the Japanese market. Furthermore, in consequence of this strategic plan, it will indicate the possibility of whether or not Japan could fruitfully be the next potential market for S&P in the near future.

1.3 Questions

Based on the above mentioned background and the paper’s interest, the following questions have been posed:

- What are the secrets of success of S&P’s businesses in both Thai and international markets?
- Is it feasible for S&P-Little Bangkok to enter the Japanese market?

² See James, C. (2010,03 27). Top Three Thai Restaurant Chains in Bangkok. *The Insider for Local*

- What are the most effective entry strategies for entering the Japanese market?

1.4 Methodology

This strategic plan will apply a hybrid between primary and secondary data research methods.

- Theoretical frameworks and literature reviews will be used as secondary sources of data;
 - A large amount of time will be spent studying literature regarding company background and corporate information, to strengthen my understanding on S&P company's roots and its secret to success.
 - Furthermore, by reviewing the analysis of the food and restaurant industry, particularly in the Japanese market, it will help to gain some insight factors that determine the restaurant trend as well as major competitors in this new market.
- Questionnaires, observation at sites and interviews with S&P staff will be used as primary sources of data;
 - First, the questionnaire will be done in Thailand with S&P's customers to find out the real feedback and customer satisfaction at the restaurant site. In Japan there will be an observation of several Thai restaurants in major shopping arcades in Tokyo, which are Shinjuku, Shibuya and Ginza, to detect the real consumer behavior,

their expectations and to understand more about the market characteristics of their dining. By collecting and analyzing the results of these questionnaire and observation, later on it will help in plotting a strategic plan and action plan at a final stage.

- What is more, there will be an interview with S&P staff, a restaurant manager and his subordinates, to capture the real employee's opinions and their attitudes toward the company. By doing so, this will lead to the completion of two sides of perspectives, from customers and employees, which will help in diminishing this study's bias.

1.5 Significance of the Study

The result of this study will indicate the feasibility of expanding S&P's restaurant, Little Bangkok, into Japan for the first time. Moreover, since this study presents all necessary matters in opening a new restaurant in new market, thus, it will be a significant endeavor in encouraging other Thai food and restaurant businesses to spread their wings into the challenging international market. Furthermore, this study will also inspire those people who are interested in starting their own food and restaurant business. They will benefit from the past and present successful experiences of S&P as well as from the exclusive analysis and prospective strategic plan.

1.6 Structure of the Paper

This paper focuses on a strategic plan of S&P-Little Bangkok for penetrating into the Japanese market. The paper first presents the corporate background and corporate information: the missions, visions, corporate culture, business movements and achievements of S&P. This is followed by the analysis of its successful path in the food and restaurant industry, both in the domestic market and overseas branches. Then the strategic plan of Little Bangkok will be created and analyzed from the international management perspective, in order to see the feasibility of opening its first restaurant in Japan. Finally, a three year financial forecast and action plan, Little Bangkok's business advantages in the Japanese market and recommendations will be proposed for its future entrance.

Chapter II: Corporate Information and Corporate Analysis



Company Name	S&P Syndicate Public Company Limited
Industry	Food and Restaurant Business
Founded	1973
Headquarters	Bangkok, Thailand
Registered Capital	525,000,000 Baht, comprising 105 million ordinary shares with a par value of 5 Baht per share.
Number of stores	362 bakery shops and restaurants in Thailand and 20 restaurants in overseas (Dec 31 st , 2009)
Homepage	www.snpfood.com

2.1 Corporate Background

The legend of today's most successful and leading Thai restaurant, bakery shop and manufacturer of quality food products, "*S&P Syndicate Public Company Limited*" or "*S&P*", started back in 1973. The story began when the youngest sister of the Raiva family, *Khun Pantipa Raiva*, persuaded her eldest sister, *Khun Patara Sila-On*, to open a small ice-cream parlour together. Initially, the two sisters were ordinary housewives who wanted to open an ice-cream store just for a hobby. At the beginning, their store was serving only ice-cream, but after only one month of operation, there were many customers who requested for an easy meal. Since then, the store started to bake homemade bakery and served easy daily dishes that Thai people usually have at home. Within one year, S&P became very

popular among students, parents and career workers who lived nearby Soi Prasanmitr Sukhumvit 23, where the first S&P store was located.

Originally, the name of the store was “*The P&S*”. “*P*” stands for “*Prasanmitr*” and “*S*” stands for “*Sila-On*”, giving an honor to their first successful store and to the eldest sister. However, The P&S was difficult for Thai people to pronounce, thus, the name of the store was changed to “*S&P*”.

By chance in 1981, the full steam of S&P’s bakery and restaurant was started when the younger brother, *Khun Pravesvudhi Raiva*, suggested his sisters to open the second S&P branch at Siam Square, the most chic and popular shopping center in Bangkok during the eighties period. From that time, the two founder sisters, along with help from their brothers and sisters (in total of bonding five)³, began to seriously operate their million dollars business.

Throughout several years of improvement, development and always support from S&P’s loyal customers, presently S&P is operating over three hundred and sixty restaurants and bakery shops, plus four manufacturers located around the country. Moreover, the company has been very successful in introducing new brands such as Patara, Patio, Blue Cup, and Vanilla. In addition, S&P has also entered into overseas markets including Singapore, Taiwan, United Kingdom, Switzerland, China and recently the Philippines (see Appendix I for S&P and Its Milestone).

³ Khun Patara Sila-On, Khun Pantipa Raiva, Khun Varakorn Raiva, Khun Pravesvdhi raiva and Khun Kachorndej raiva

At the present, S&P offers full table service, ranging from Thai, Chinese to Japanese dishes, as well as delicious cakes, desserts, ice-creams and beverages.

In terms of its performance, for the second quarter of 2010 (PCL, 2010)⁴, S&P has registered capital of 523.4 million Baht (US\$ 14.9 million) and records half year revenues of 2,353.8 million Baht (US\$ 67.2 million). The company also currently employs a total of 4,400 employees.

2.2 Corporate Information

Over the last 30 years, the policies that the Company have always maintained are to offer good service and quality products as well as continuously develop and innovate new products to best respond to the customer's needs. Here are S&P's missions, visions, products and services, subsidiaries, productions and manufacturing, slogans and corporate culture, which at all times lead them to accomplish their goals;

a. Missions

To define its missions, S&P addresses these five classic questions to create a clear sense of purpose, direction and opportunity among its employees. These five simple but sounding questions are "*What is our business? Who are the customers? What is of value to the customers? What will our business be? and What should our business be?*" , below are the mission statements of S&P;

⁴ See http://www.sandp.co.th/investors_annual_download.php

- Extensive network of Thai restaurants worldwide/restaurant & bakery shops in Thailand
- Successful & high impact concept, process and product innovation
- High quality and cost competitive bakery and packaged food products
- Rapid growth and strong market position in retail business domestically and internationally
- Strong and sustainable financial returns
- Create a happy workplace where people work with passion and develop their full potential
- Do good for our community and our world

Moreover, S&P's mission statements will be at their best when they are guided and accompanied by its corporate visions.

b. Visions

- World leader in the Thai restaurant business
- Thai leader in the bakery business
- Thailand's most innovative food business & product creation

c. S&P and Its Products and Services

According to the Company 2009 annual report, S&P's products and services can be categorized into 7 major categories, which are restaurants and bakery shops chain, bakery products, frozen products, S&P branded snack products, catering

and home delivery services, Haagen Dazs ice-cream, and sausages, pasta and food coloring. Below are some explanations for each category.



- **Restaurants and Bakery Shops Chain**

Recently, there are about 362 branches of S&P Restaurants and Bakery Shops placed in Bangkok and major provinces. S&P Restaurants serve a diverse group of target customers, from families to career workers and students, depending on each branch's location. While, S&P Bakery Shops provide customers with the convenience of small outlets and counters for take-home purchases of S&P's fresh cakes, pastries, cookies, frozen meals and snacks. They are sited in locations such as supermarkets, office complexes and JET petrol stations.

- **Bakery Products**

For more than thirty years, S&P has been renowned for its fresh cakes and homemade bakery. Nowadays, S&P provides custom decorated cakes to suit every occasion, from birthdays to weddings, in a fancy variety of designs. S&P's bakery product line also includes pastries, breads and cookies. All of these delicious products are prepared with quality ingredients and guarantee the taste by their signature recipe. Besides that, the products are presented in an eye-catching package which has been recognized with several design awards for its creativity.

- **Frozen Products**

The “Quick Meal” brand of frozen prepared food is manufactured by S&P. The concept of this “Quick Meal” is *“like having a chef at home”*. Within five minutes, the customers can enjoy a tasty meal by simply warming the “Quick Meal” in a microwave. At the moment, these frozen food products are featuring one-dish menus, entrees, desserts, and vegetarian selections. Moreover, the products are very popular and well suited with modern customers who are not good at cooking or have no time to cook.

The Company also manufactures frozen foods as ingredients for use in its own restaurant branches. These include sauces, dipping sauces and curry pastes. Thereby, this helps to reduce final preparation times for its diners and adds the benefits to the maintenance of consistent recipes, quality and cost control.

- **The “S&P” Branded Products**

Products under S&P’s in-house brand comprise of prawn and fish crackers, roasted nuts, snacks, various Thai sweets and S&P drinking water. These product lines are available through S&P outlets, supermarkets and are exported to some overseas markets as well. Currently, a new series of canned Thai curry and soup broths have been developed to respond to the expansion of overseas markets’ demand.

- **Catering and Home Delivery Services**

The Company's outside catering service is ideal for many functions, from weddings to birthdays and seminars. The service is totally comprehensive and overseen by a team of specialists who are experts in arranging table settings, floral decorations and all kind of party arrangements. For catering, the catering menus are constantly being updated with new selections to offer clients with more choices. The catering's customers range from public sector agencies and state enterprises to private sector corporations and Embassies, who all trust S&P's high quality and professionalism.

In addition, the Company also offers customers the convenience of home delivery services by dialing through a hotline or by ordering via S&P's website at *snpfood.com*. Besides that, there is a Tiffin meals service, called "Pinto", with a wide rotating choice of menus. At present, there are 1,800 households in Bangkok who have become the regular customers.

- **"Haagen-Dazs" ice-cream**

The internationally well-known "Haagen-Dazs" super-premium ice-cream⁵ is 100% imported by HD Distributors (Thailand) Co., Ltd., a joint venture, 47% of the shares owned by S&P. Customers can enjoy Haagen-Dazs at 14 flagships and dipping stores in Bangkok and high-traffic tourist locations, such as Pattaya, Phuket and Chiangmai.

⁵ Häagen-Dazs (pronounced /'hɑːgəndɑːs/) is a brand of ice cream, established by Polish immigrants Reuben and Rose Mattus in the Bronx, New York, in 1961. Nowadays, Häagen-Dazs is selling in the United States and 54 other countries around the world, become the no. 1 in ice cream producer (Haagendazz, 2010)

- **Sausages, pasta and food coloring**

For many years, Seriwat Foods Co., Ltd., has provided sausage and ham deli items; frozen food; pasta; coloring and essences used in the food industry; including flavorings and ready to eat jellies, named “Jelio”, to S&P’s subsidiaries and outside trading partners. However, since October 2004, Seriwat Foods Co., Ltd. has transferred all of its production activities to S&P Syndicate Public Co., Ltd. Since then, the finest and delicate quality of sausages, pasta and food coloring are fully run and controlled by S&P.

d. S&P and Its Subsidiaries



Since the world consumption and demand for Thai food is growing, S&P and its subsidiaries have diversified its food and restaurant business into the following categories:

- **Domestic Restaurants and Bakeries**

Under S&P’s operations of domestic restaurants and bakeries, there are mainly 7 brands, which are the “S&P”, “Patio”, “Patara”, “Vanilla”, “Golden Dragon”, “Bluecup” coffee, and recently the “Grand Seaside”. For each individual brand, the target market and the way the Company positions itself are unique and different from one to another to better serve different groups of customers.

Table I: S&P and Its Domestic Restaurants and Bakeries Business

	Operated by	% holding by	Branches
S&P Bakery	S&P		229
S&P Restaurant	S&P		91
Vanilla Restaurant	S&P		5
Patio Restaurant	S&P		3
Patara Restaurant	S&P		1
Grand Seaside Restaurant	S&P		1
Total stores operated by S&P 100%	S&P		330
Pizza Patio Restaurant	S&Pizzanotti	100%	6
Haagen Dazs Cafe	HD Distributors	47%	26
Total			362

Source: S&P's 2009 Annual Report



S&P Restaurants – the origin of all S&P's subsidiaries offer full service with an extensive menu, as well as cakes, desserts, ice-creams and beverages. The restaurants' customer profiles are diverse and range from families, to students, career workers as well as other client groups.

www.snpfood.com

Patara – These restaurants are catering to an up-scale target customer group and foreign diners, with Thai cuisine and a contemporary presentation. The menu offers creative recipes amidst an ambience of quiet sophistication.

www.patarathailand.com





Patio – serves international dishes in a casually trendy setting. The menu reflects an individual touch and is presented with flair. Patio also offers home-made products such as salad dressings, soups, pasta and ready-made sauces. Moreover, the Patio brand includes PizzaPatio.
www.patiofood.com

Golden Dragon – is a contemporary Chinese restaurant with authentic taste. The restaurant is famous for its dim-sum delicacies and its traditional moon cake.



Blue Cup – the coffee counters offering premium quality coffee beverages. There are currently Blue Cup services available in 129 of S&P Restaurants, as well as the first flagship of “Blue Cup ebb and flo” outlet in Siam Centre. This café is appealing to customers who appreciate the premium quality taste of tea and coffee.

Vanilla – a new breed of restaurant and bakery, selling Western dishes and desserts. The restaurant interiors are a fresh interpretation of European sensibilities, striking a chord with a fashionable, young crowd. Vanilla also offers cooking classes for budding chefs. This Vanilla brand is also represented by the Vanilla Industry, Vanilla Restaurant and Vanilla Brasserie names.



Grand Seaside – is a seafood restaurant located in Laem Farn, Sri Racha District. The menu features the freshest seafood in a relaxed beachside view. The restaurant often caters for large parties

Besides the above 7 brands under S&P mother company, the “Delio”, “Royallee”, “SimplyThai” and “Jelio” are also new brands under the Company’s trademark. These four brands’ products are available at S&P Restaurants and Bakery Shops as well.

- **Overseas Restaurants**

For the international market, the Company proudly represents the cuisine aspect of Thai culture in foreign countries. As of December 31st, 2009, there are currently a total of 20 restaurants in six countries under the following brand names of “Patara”, “Siam Kitchen”, “Thai”, “Patio”, “Bangkok Jam” and the first licensed brand of “Thai-Patio”.



Patara Fine Thai Cuisine – is a Thai restaurant that focuses on the upper-end of the market with an emphasis on exquisite presentation, authentic tastes, refined service and a sleek ambiance. Patara maintains the diversity of genuine Thai recipes, even though the majority of its clients are foreign diners. In 2005, the London branches of Patara were honored with the proud distinction of the PM Award 2005 (The Prime Minister’s Export Award 2005) for Best Service Provider. The restaurants have also been voted by leading magazines as the best Thai restaurants in London. Presently, there are 7 Patara Fine Thai Cuisines: 1 branch is in Singapore; at Raffles City Plaza, 4 branches are in the United Kingdom; at Fulham, Beauchamp PL., Maddox St., and Soho-Greek St.; another branch is in

Geneva No.13, Switzerland; and the most recent Patara Fine Thai Cuisine is operating in Beijing, China.

Siam Kitchen – a casual Thai restaurant concept was created for the Singapore market. The menu concentrates on single-dish items for quick and convenient dining. The outlets are usually located in suburban shopping malls such as at Causeway Point, Lot 1 Shoppers' Mall, City Square Mall, and Parco Bugis Junction, for a better way to reach target customers. The Siam Kitchen formula has expanded rapidly and gained strong acceptance among the Singaporean market. The restaurants have also received Halal certification, which has earned the trust of the large Muslim population in Singapore.

THAI – a contemporary Thai restaurant in Geneva, Switzerland. The menu reflects a harmonious blend of Thai and Western influences. The interior design speaks of a modern design with a distinctive Thai motif through a careful selection of materials.

Patio – *Patio-Taipei* is the first branch of Patio in the Taiwanese market. The restaurant is set in a stylishly relaxing atmosphere. The menu deftly mixes contemporary culinary trends with updated, well-loved Thai favorites. The restaurant interiors are contemporary with Thai design references to impart an oriental warmth.

Bangkok Jam – represents a Thai and Pan Asian cuisine bistro which is targeting those young and active life style professional groups in Singapore.

Thai-Patio - is the first S&P franchise restaurant in an overseas market. It fairly recently opened in Greenbelt 5 in Manila, Philippines. The restaurant serves genuine home-cooked Thai dishes in a contemporary Thai modern style atmosphere.

The following table II illustrates all of the 19 overseas restaurants and 1 franchise restaurant brand in 6 countries.

Table II: S&P and Its Overseas Restaurants Business

	England	Switzer- land	Singapore	Taiwan	China	The Philippines	Total
Patara	4	1	1		1		7
Thai		1					1
Patio				4			4
Siam Kitchen			6				6
Little			1				1
Bangkok Thai Restaurant						1	1
Thai-Patio*							
Total	4	2	8	4	1	1	20

*Licensed brand/ Source: S&P's 2009 Annual Report

e. S&P and Its Productions and Manufacturing

Presently, S&P has 4 manufacturers. Among these four, three of them are manufacturing bakery products, and another manufacture is producing frozen food. Sukhumvit 62, Bangna, Chiangmai and Lad Krabang are the citadel factory points for the Company.

Sukhumvit 62

This manufacturer is producing fresh cakes, frozen cake, breads, pastries, cookies, Thai sweets, moon cakes and drinking water 365 days a year. The products are distributed through the Company's own restaurant and bakery outlets, outside supermarkets and via export channels to overseas markets as well.

Bangna

The main production of Bangna's manufacturing is frozen dough and cookies, all under the "S&P" and "Delio" trademark. Similar to the chief manufacturer, Sukhumvit 62, the products are distributed through the Company's own restaurant and bakery outlets, outside supermarkets and via export channels.

Chiangmai

The only manufacturer of S&P in the northern part of Thailand, Chiangmai produces fresh cakes, breads & pastries. The products are distributed through the Company's own restaurant and bakery outlets in the Chiangmai area.

Lad Krabang

Lad Krabang manufacturer mainly produces all formulas of sausages and frozen food for the Quick Meal brand and frozen sauces for in-house restaurant usage. The products from this manufacturer are also distributed through the Company's own restaurant and bakery outlets, outside supermarkets and via export channels.

As a whole, all of S&P products and its brands have been well-recognized both nationwide and worldwide as being premium-quality food. S&P's Bakery

Factory/Manufacture has received Hazard Analysis Critical Control Point (HACCP) Certification by the Ministry of Industry, Thailand. This HACCP recognition is a globally accepted production standard for the food industry and it is an essential tool for securing credibility in foreign export markets. Additionally, S&P's export products also have been awarded the prestigious "Thailand's Brand Mark" from the Department of Export Promotion in 2005.

f. Slogans

To capture every need, preference and lifestyle of customers, S&P has diversified its business into various areas. For each business area, the Company has created a simple but impressive slogan that best signifies each store's character. These are;

- S&P Restaurant and Bakery – *Simply Delicious*
- S&P Bakery Shop – *Fresh Baked Everyday*
- Patio – *Joy of Eating*
- Grand Seaside – *Great Seafood...Good View*
- PizzaPatio – *The Unique Italian Taste*
- Bluecup Coffee and Tea – *Brewing New Ideas*
- Caterman – *Leave the Details to Us*

Just like the slogan "Simply Delicious", every dish on S&P Restaurant and Bakery's menu is so simple that Thai people can find them everywhere. But the major difference is the authentic delicious taste that S&P offers, the genuine taste that can only be found at S&P Restaurant and Bakery.

g. Corporate Culture

The word “Family” is the key that has been well shared and guided among S&P’s employees. From the Board of Directors (see Appendix II for Board of Directors and Appendix III for Organization Chart) to the temporary employees, everyone work together as one big family.

“Without good support from co-workers, great effort from subordinates and marvelous trust from our shareholders, our Company could not come this far. Together we will move forward to prosperity and maintain our established reputation for many years to come”

Khun Patara Sila-On

S&P’s Chairman of the Board of Directors

These are the valuable words that the Chairman of the Board of Directors gave at the 2009 S&P annual meeting. Moreover, these two simple phrases of *“Just do what we think are the best for our loves and always give them a smile”* are the two familiar phrases that every S&P staff member takes as a norm.

Generally, a degree from a cooking and culinary school or majoring in hospitality could positively be a good passport to work in the food and restaurant industry. However, for S&P, degrees and experiences are not the most important factors. To become one of S&P’s employees, passion and eagerness to learn and a mind for service are raw natural characteristics that S&P is looking for in employees. After new employees have been hired, there will be a training session. For

example, to become S&P's chef, the trainee has to spend two to three months in the kitchen, learning from a real chef how to select premium quality meat, vegetables, fruits and all kinds of ingredients and nutrition. Next they learn how to prepare, cut, clean and keep them in good temperature, after which they then start tasting the food and learn how to cook each dish. Finally, they master the art of plate decoration. In every single step, the trainee puts his or her mind, thoughts and heart in with a high expectation to receive a smile back from the customers.

In addition, S&P is not 100% profit oriented. For many years, the Company has been continually supporting charitable foundations and providing funding for underprivileged children's organizations. S&P tries its best for the betterment of Thai society. What is more, S&P also provides Learning Centre grants scholarships and free regular vocational classes in retailing business and home economics for its staff and outside students. These opportunities are for those who lack the means to further their education and career.

Therefore, community unity, full of effort and hard working staff, and a social oriented mind are at the hub of S&P's corporate culture.

2.3 Business Achievements and Financial Highlights

Conducting business in Thailand during the year 2009 was in the midst of difficulties and challenging because of the impact of low domestic spending, a sluggish economy, political uncertainty, rising costs brought by soaring oil prices, and foreign exchange rate volatility. Therefore, S&P reviewed their strategies and

worked extremely hard and planed throughout the year to cope with this changing environment and kept a close watch on it.

Consequently in 2009, total revenue increased by 7.37% to 4,763 million Baht, which consisted of sales and services revenue amounting to 4,700 million Baht and other revenue of 63 million Baht. While sales and services revenue increased by 7.35%, the Company achieved 293 million Baht in net profits, which increased by 67 million Baht or about 30.15% compared to the previous year. The following table demonstrates the highlight for S&P's past five years financial performance.

Table III: S&P and Its Five Years Financial Highlights

Operating Performance (Units: Thousand Baht)	2009	2008	2007	2006	2005
Revenue from sales and services	4,700,144	4,378,167	4,013,841	3,727,256	3,361,307
Other income	63,557	58,450	61,934	72,739	53,805
Total revenue	4,763,701	4,436,617	4,076,775	3,799,995	3,415,112
Gross profit	2,058,781	1,860,714	1,696,261	1,606,538	1,428,276
Net profit (loss)	293,040	225,149	181,774	226,793	203,601

Financial Status (Units: Thousand Baht)	2009	2008	2007	2006	2005
Current assets	1,461,843	1,212,737	1,100,004	1,001,717	777,585
Total assets	2,754,049	2,521,823	2,517,514	2,398,461	2,084,535
Total liabilities	710,032	555,931	556,829	507,309	511,853
Shareholder's equity	2,044,017	1,965,892	1,960,685	1,891,153	1,572,682
Paid up capital	523,431	523,431	523,431	502,303	434,769
Net cash provided by operating activities	579,844	489,923	473,088	421,267	415,630

Financial Ratios (Units: Percent)	2009	2008	2007	2006	2005
Return on investment	11.1%	8.9%	7.40	10.10	10.6
Return on equity	14.6%	11.5%	9.4	13.1	14.2
Net profit margin	6.2	5.1	4.5	6	6
Debt to equity	0.3:1	0.3:1	0.3:1	0.3:1	0.3:1

Growth Rate (Units: Percent)	2009	2008	2007	2006	2005
Total revenue growth	7.4	9.1	7.7	10.9	12.2
Net profit growth	30.2	23.9	-19.9	11.4	11.1
Total assets growth	9.2	0.2	5.0	15.1	19.2

Source: The Company Annual Report 2009

To breakdown these revenues, the domestic restaurant and bakery shop contributed 75% of total revenue to S&P Syndicated Public Company Limited. Other 15.2% was from packaged food and bakery trading. These include ready to eat meal, frozen food and bakery products. The remaining 0.9% was from overseas restaurant and 0.1% was from other business activities, such as catering service, home delivery and pinto service.

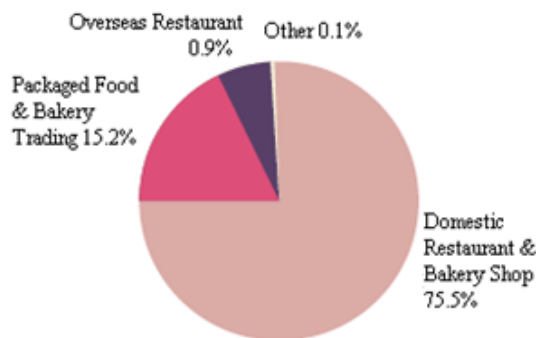
For domestic restaurants and bakery shops, in the year 2009, revenue accounted for three fourths of total sales and services revenue. This resulted from sales growth of existing outlets and new outlets that opened. This year, the Company opened 42 new outlets, 8 of which are restaurants and 34 are bakery shops.

For packaged food and S&P's bakery trading business, this year, the "S&P Brand" and "Quick Meal Brand" has been distributed through all Lotus Express convenient stores. Due to continuous expansion of all modern trade branches, the

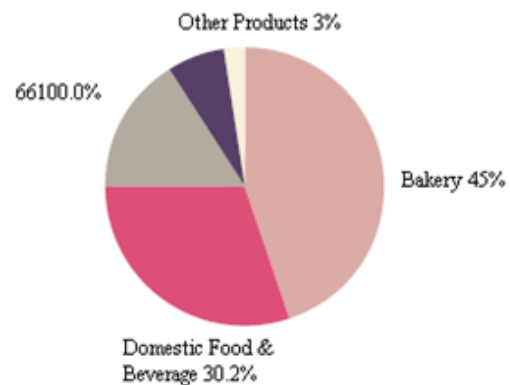
products are now placed throughout the country. Furthermore, advertising and promotion also boosted up the sales for these products categories.

Last but not least, for overseas restaurants, the global economic recession and slow down in consumer spending caused a decrease in sales revenue. In addition, the appreciation of the Thai Baht against some foreign currencies also had an impact on transactions of sales revenue. The graphs below illustrate S&P's major business achievements in 2009.

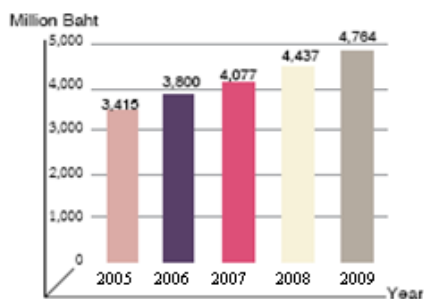
Graph I: Revenue Breakdown by Distribution Channel 2009



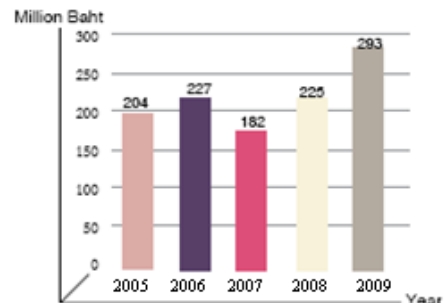
Graph II: Revenue Breakdown by Product 2009



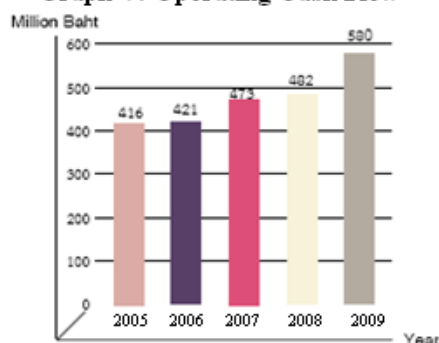
Graph III: Total Income



Graph IV: Net Profit



Graph V: Operating Cash Flow



Graph VI: Dividend Per Share



Source: The Company 2009 Annual Report

2.4 Future Business Movements

In October 2009, the Company celebrated its 36th Anniversary in the food and restaurant business. The Company's success is clearly illustrated in its ability to maintain an annual revenue growth of 7.4% or 4,700 million Baht in total sales during the mid global recession and local political uncertainty (The Company 2009 Annual Report). Globally, S&P opened another Siam Kitchen store in Singapore and a flagship Patara Fine Thai Cuisine in Beijing, China.

Locally, the Company opened 42 S&P Restaurants and Bakeries, focusing on major provinces in Thailand, in order to reach out to all potential customers.

On product development, S&P worked harder to bring more varieties to existing lines of frozen meals, bakery, and meat products. Organic, natural and locally available ingredients are introduced to create a wider range of menu offerings. Therefore, the Company's current goal is to provide a modern lifestyle that is more conscious to health and environmentally friendly products.

Below is a summary of S&P's future plan, outlets expansion and manufacturing quality development to congregate with the goals.

a. Future Plan

- First, innovation and creativity has always been a key vision of S&P. During 2010, the Company will emphasize the need for its management and staff to be more innovative and creative in the way they think, work and do things in order to raise performances in all areas of operation.

- Second, to maintain growth domestically, the Company intends to open new restaurant, bakery and coffee corner branches, concentrating on major provinces and high potential towns outside Bangkok. This is in line with the Company's aim to strengthen its presence throughout Thailand.

- Third, the Company's mission is to be the number one restaurant and bakery brand within each community where they operate. This can be achieved by providing high quality products, meals and services, making S&P synonymous with "Quality and Tasty". The Company will continue to improve the performance of all outlets, ensuring efficient operations, high standards of friendly service and the very best food products and meals.

- Fourth, to raise outlet performance, the Company will continue to emphasize its training schemes during the year and add in special courses to improve management skills at all levels.

- Fifth, over the next three years, the Company will make overseas expansion one of its main priorities. Its aim is to open more restaurants in Europe

and explore new markets in Asia and Australia with a view to establishing new restaurants through new joint venture partnerships.

- Finally sixth, to take advantage of the popularity of ready-made Thai food in overseas markets, the Company will look into the possibility of establishing food manufacturing facilities in other countries, particularly within Europe. In addition, the Company will explore new markets for the export of Thai food made in Thailand.

b. Outlet expansion

In 2010, the Company plans the expansion of new branches to approximately 50 outlets in Bangkok and its outlying areas including important provinces. These outlets include restaurants and bakery shops which may be located in leading department stores, supermarkets, discount stores, hospitals, office buildings, as well as petrol stations, or stand alone outlets in populated areas. Consideration in choosing the outlet's category at the point of sales, as well as the suitability of locations, depend mainly on easy access and population of the community as deciding factors. Moreover, the Company plans to consistently improve management operations in all outlets with standard quality GMP⁶, and with contemporary designs in accordance with target group in each location.

⁶ GMP refers to the Good Manufacturing Practice Regulations promulgated by the US Food and Drug Administration under the authority of the Federal Food, Drug, and Cosmetic Act. These regulations, which have the force of law, require that manufacturers, processors, and packagers of drugs, medical devices and some food take proactive steps to ensure that their products are safe, pure, and effective. GMP regulations require a quality approach to manufacturing, enabling companies to minimize or eliminate instances of contamination, mix ups, and errors. This in turn, protects the consumer from purchasing a product which is not effective or even dangerous (ISPE, 2010).

On the international restaurant business, apart from the plan to expand the Thai restaurants in existing oversea countries, new markets in which the Company has no presence such as Asian countries, Australia and the countries in the Middle East are also registered in the new plan. The Company has projected plan to open not less than 2 international restaurants in 2011.

c. Manufacturing Quality Development

During the past year (2008), the Company has put a lot of investment to increase production capacities at the 2 manufacturing sites, Bangna and Lad Krabang, which consist of:

- The construction of a new building for the production of salted and sweet bakery fillings in the bakery factory at Bangna site, with a usable area of 1,300 square meters.
- The construction of a new building for frozen prepared meals for export in the food factory at Lad Krabang Industrial Estate, with a usable area of 6,000 square meters.

When these two constructions are completed, the production capacities will match and be able to serve varieties of demands from the outlets expansion for the next 5 years.

From then on, the Company plans to concentrate on developments and improvements on production processes, and quality control systems in each

production line. Hence, this will generate maximum efficiency and operational results for the above investments.

2.5 The Secrets of S&P's Success

With fully-integrated operations ranging from production, packaging, retailing, to delivery, S&P stands out as one of the country's flagship leaders in restaurant and bakery businesses⁷. Moreover on international shore, according to Martens 2009⁸, S&P has also become the world's biggest group of full-service Thai restaurants, with over 350 company-owned domestic outlets as well as a growing collection of 20 famous splendid Thai restaurants abroad.

Behind these remarkable achievements, based on my analysis, what are the strengths and major determinants for S&P's success in both domestic and overseas market will be exemplified and analyzed in the following paragraphs.

a. The Secrets of S&P's Success in the Domestic Market

• Long history with well establishment

The long history with well establishment of the Company is the first secret of S&P's success. Throughout 36 years of its operation, from a small ice cream parlour to business worth millions of dollars, S&P has long been committed to

⁷ Domestically in 2009, S&P had only a 1.5% share of Thailand's \$3.5 billion market for full-service Asian restaurants, but that gave the Company becomes the biggest group in Thai cuisine, according to Euromonitor research. Those bigger four players are the MK, led by the 285 branches of MK Restaurants, with a 9.8% share. However, MK serves a Chinese-influenced hot pot, not Thai food, while the other three are specialize in Japanese dishes.

⁸ See Martens, B. (2009, 07 13). Let Them Eat Thai. *Forbes Asia Magazine*.

well-selected ingredients brought into the best production to create high quality products and services, and to serve the best to its customers. Today, the Company is renowned and well-respected for its culinary history, delicious recipes and has become the most distinguished outdoor kitchen for both Thais and foreign diners.

- **Good food, great taste with high quality standards**

As one of S&P's goals is to be recognized as the best restaurant and bakery shop for good food, great taste with premium quality, for many years of efforts, the Company has accomplished this goal and it becomes the second strength for S&P's success.

Said by Cassandra James, a famous food journalist in Asia Travel Examiner; *"I like S&P because it serves top quality and delicious Thai food at a reasonable price."*, this statement is a good confirmation for the outstanding taste with premium quality food offered by the restaurant. Furthermore, in her article, she also mentioned S&P as one of the finest Thai restaurant which everyone must try while visiting Thailand.

Moreover, in proportion to the result of the questionnaire (see Appendix VI and VII for S&P Customer Satisfaction Questionnaire and Its Result) from 50 respondents, the "good food, great taste with high quality standard" proved to be an important factor for its business's success. Since the cleanness, delicious taste and the quality of food/freshness are ranked as the top 3 reasons for dining grounds at S&P Restaurants.

- **Numerous awards guarantee**

The success over the past 36 years, including various awards that the Company has won, serves as a sign of affirmation of customers' confidence and recognition towards S&P.

To mention some, in 2008, the Company obtained quality certification under the Codex Good Manufacturing Practice (GMP) standard for 5 points of sale from the Thai Industrial Standards Institute, the Ministry of Industry. In addition, the Company's factories have maintained and developed the scope of quality standard certification to an international level, that is food safety (Codex Food Hygiene), including Good Manufacturing Practice and many high qualifying standards under the ISO/IEC 17025 : 2005, ISO 9001 : 2000 and ISO 22000 : 2005.

Likewise, for the bakery production and the food manufacturing lines, they were also awarded certification by both the Ministry of Agriculture and Cooperatives and the Ministry of Public Health for "Food Safety Mark". Meanwhile, the branch operations line earned the coveted "Clean Food, Good Taste" plaques and the "Healthy Menu" signs from the Department of Medical Science, the Ministry of Public Health. Last but not least, S&P's production processes were recognized with the GMP and Hazard Analysis and Critical Control Point (HACCP) certification from the Thai Industrial Standards Office.

These achievements of official certifications and awards are not only the Company's strength and source of competitive advantage, but they are also a

pride for the Company that reflect the efficiency of its operations, while serving as inspiration for a further development to the next upper levels.

- **Diversification of product and service lines and multi-brand extensions**

Presently, the Company underpins its strengths in a variety of products, services and meal choices under various brands, for a better reach to different groups of customers. For example, the main S&P Restaurant offers full extensive services, ranging from food, desserts, bakery and beverages. Its target customers are diverse and vary from families, to students, career workers as well as other client groups. On the other hand, the Vanilla, a new breed of S&P's restaurant and bakery, serves mostly western dishes and desserts, which the restaurant chiefly focuses on a fashionable, young crowd of customers.

By offering various products and services in many different brands, this fruitfully helps the Company to diversify its business risks, contributes to a healthier financial performance through greater sales volume and at the end it hits a bigger success as the Company becomes the leader in food and restaurant business in the Thai market.

- **Continuous in research, development and innovation**

Currently, the Company has consistently pursued a policy of active product development. For instance, the Company creates an outstanding packaging particularly for special seasons and launches new healthy menus especially for

dietary customers. What is more, S&P's R&D team has put a lot of efforts in eliminating unnecessary wastes for building a competence in efficiency issue and adapting "Going Green" concept throughout its production processes. In correlation to this, the Company presently employs 18 technicians who specialize in food science, food engineering, product development and packaging field, to facilitate the process and make sure that every step is under control, safe, and that the final product also satisfies and suits well with customer needs and wants.

Altogether, with nonstop creativity and innovation, the Company has proved itself to be strong and the leader in this business area.

- **Good leaders with global vision**

The success and failure of any business depends very much on the efficacy and the ability of the leader. By having a good leader, it always means a goal is half way reached and clearly sees a victory. In case of S&P, it is undeniable that part of its tremendous success comes from having good bosses.

Much credit for many advances and the Company's successes are given to the five founders and members of Sila-On's and Raiva's families. These days, at least 14 of their siblings; children, in-laws, nieces and nephews, have joined the Company. *"When relatives graduated from abroad, they each have fresh ideas, so the Company gets new brands and introduces new products, which the results are beyond our expectations"*, said Khun Phailin Nimityongsakul, the Vice President for Research and Development.

Moreover, all of S&P's Board of Directors and the management team have unique characteristics of good leaders. These are self-knowledge, high commitment, very supportive, dynamic to any changes, and open minded. Furthermore, they also have a global vision to step into new markets, be able to take risks, as well as yearning for the betterment of the society. Lastly, the award of "Top 15 Female Entrepreneurs in 2006" given by "Leading Women Entrepreneur of the World" or "LWEW" to Khun Patara Sila-On, the Chairman of the Board of Directors, is another guarantee for her great leadership and that is certainly another secret of S&P's success.

- **Good corporate governance and unity of corporate culture**

The positive effect of good corporate governance on different stakeholders is ultimately a strength toward the company prosperity. For S&P, the Company works extremely hard and tries its best to ensure that all of its stakeholders, including shareholders, customers, suppliers, creditors, employees, society, and even competitors, are contented to do the business together (see Appendix VIII for S&P and Its Corporate Governance). In addition, with a strong in unity of corporate culture, it builds up a closer bond among the Company's members. This statement is very true, according to an interview with Khun Kovit Muangnakum, the manager of S&P Restaurant and Bakery shop at Chonburi Branch. Khun Kovit confirmed that in all 8 years of his experiences working at S&P, the good corporate governance and unique corporate culture have contributed countless values to their achievements and enriches the Company's future (see Appendix IX for S&P and Its Employee Interview).

- **Right business strategies**

In the beginning of its operation, the Company had long been applying the “*Conservative Strategy*” for its food and restaurant business. During that time, the Company followed one famous idiom of “*Slow but Sure*”, to gradually grow in sustainable way. However, when time passed, the marketplace became aggressively competitive and customer preferences also rapidly changed. It was time for S&P to make a shift. With careful consideration, the Company determined to go for the best combination of old meets new, by applying a conservative strategy with a progressive strategy. Unlike before, in 2006, S&P opened a new business chapter by inviting the Minor International PCL Thailand⁹ to become its new business partner (Investments, 2010)¹⁰. Through their merger, both companies are enjoying win-win benefits with a huge access to new business channels.

Overall, S&P has an excellent business instinct and truly understands its competencies. The Company knows exactly when to invest or to divest, what the right game is for them to play, where the potential markets are and how to segment, target and position its products and services in those markets. Without utilizing the right business strategies, S&P could not come this far.

⁹ Minor International PCL, Thailand is one of the largest hospitality and leisure companies in the Asia Pacific region with over 1,000 restaurants and 27 hotels and resorts. Complementing to its resort and hotel operations, the Pizza Company, Swensen’s, Sizzler, Dairy Queen, Burger King, the Coffee Club and Thai Express, are the food and restaurant brands under the Group’s operation (PCL M. I., 2006).

¹⁰ See Investment, L. (2010). *S&P Syndicated PCL*. Retrieved 11 27, 2010, from Lombard Investment: http://www.lombardinvestments.com/portfolio_comp.shtml#S&P

b. The Secrets of S&P's Success in Overseas Markets

- **Good reference from domestic success**

Besides many years of experiences in the food and restaurant business, lots of awards, good leaders, and great teamwork, the success of S&P in the domestic market is another important strength that leads to the boom of its overseas branches.

Back in 1990 at Fulham Road, London, the first S&P's international branch was established¹¹. In those days, the restaurant was hardly recognized by the local people. The business was profitable but slowly growing. However there was a turning point, when the local newspaper wrote an article about the origin of this restaurant and credited its authentic Thai taste with superb services to the big success of its mother company S&P in Thailand. Since then, many local customers as well as travelers come to dine at the restaurant more and more. Therefore, great backup and good references from domestic success are certainly one crucial part for S&P's affluence in overseas markets.

- **Truly understand the markets**

“Know yourself, know the market, know the customers and know the competitors”, these are a marketing recipe that the Company masters in understanding the market. In fact, the Company truly understands each market characteristic with each customer's nature, such as to be successful in Singapore market, the Company has to create an image of casual and contemporary Thai

¹¹

Patara Fine Thai Cuisine London

style restaurant for quick and convenient dining. This is mainly due to the unique character of Singaporean customers of active lifestyle, while the time is money for them. In contrast, for a different market like the United Kingdom, the Company has to define itself as a high-end Thai restaurant with exquisite presentation, since its target customers have a distinctive dining culture of good-manner, very traditional, peaceful and calm. Hence, penetrating into new marketplace is definitely not a difficult issue or big obstacle for S&P's success.

- **Good relationship with local community**

S&P Global Co., Ltd., the operator of S&P's restaurant businesses abroad, is an active and good contributing member of the local community. Since 2000, the Company has been participating in as many as 50 local projects, including many local charity activities and open booths to promoting Thai food and Thai culture at Thai Embassy and several at local events. By doing so, each S&P's international branch becomes an integrated part of the local community. What is more, the local people, also feel that those S&P's restaurants are their restaurants, and there is no room for an outsider anymore.

- **Thai Government support**

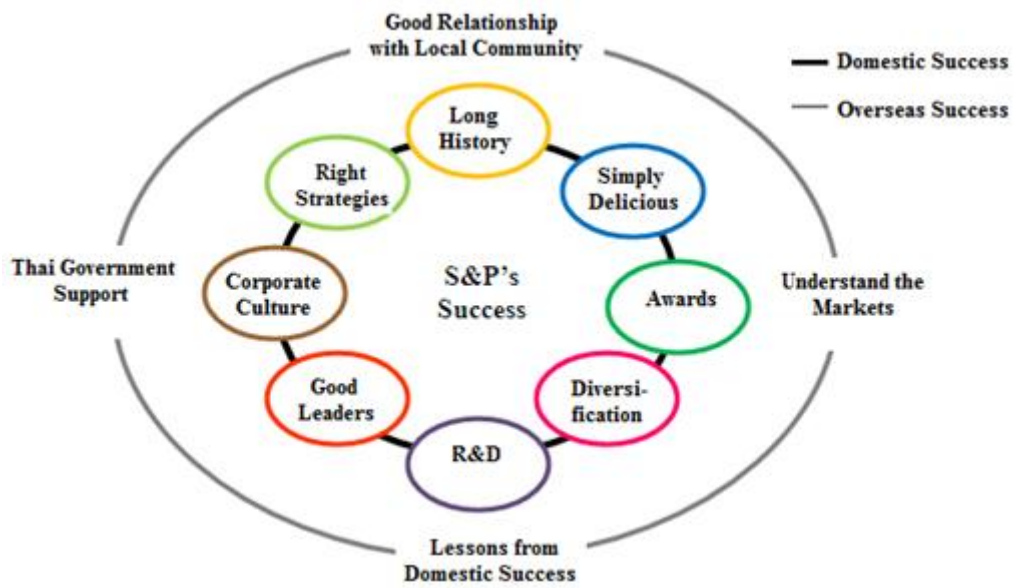
Thanks to the Thai government's attempt in promoting Thailand as the "Kitchen of the World", the Company is now enjoying generous governmental support in facilitating its overseas expansion and many food trade incentives. The goal of this project is to increase the number of Thai restaurants in overseas markets to 20,000 restaurants by 2014. In order to reach this goal, the government

encourages Thai investors to invest more in Thai restaurants overseas and provides support in the forms of training, information, finance, and some raw material trade incentives. In 2003, there were approximately 6,000 Thai restaurants in overseas market. However, after this project was activated in April 2004, the numbers of Thai restaurant abroad were increased dramatically and reached 10,000 restaurants in 2007 (Bank of Ayudhya Monthly Magazine, August 2008). S&P is also one of those restaurants that benefits from the government support and the growth opportunities in overseas markets. Since 2004, the Company has been adding 4 more restaurants in 4 countries: Singapore, Taiwan, the Philippines and China.

As a whole, there are many factors that contribute to the Company's success. However, without continuous support and a good response from the customers, both domestically and internationally, S&P could not come this far.



The following diagram shows the summary of the strengths and major determinants for S&P's success in both domestic and overseas markets.

Diagram I: the Secrets of S&P's Success



Chapter III: A Strategic Plan for S&P to Enter the Japanese Market

3.1 Country Analysis

	Capital city	Tokyo	
	National language	Japanese	
	Ethnic groups	Japanese 98.5%	
		Korean 0.5%	
		Chinese 0.4%	
		Others 0.6%	
	Area	377,944 km ²	
	Population	127,360,000 (2010)	
	GDP	Total \$4.267 trillion (2010) Per capita \$ 33,478 (2010)	
	Currency	Japanese Yen (¥)	
	Religions	Shintoism 83.9%	
		Buddhism 7.14%	
		Christianity 2%	
		Others 7.8%	

Source: National Encyclopedia

Japan, an island nation in East Asia, is an archipelago located east of the Korean peninsula. Its name “Japan” or “Nippon” or “Nihon” means “Sun-Origin”, which is sometimes the country is referred to the “Land of the Rising Sun”. It has an area of 377,944 square kilometers which makes the country slightly smaller than the state of California. Historically, right after WWII had ended, Japan was devastated. All the large and important cities, industries, infrastructures and transportation networks were severely damaged. However, only within a few decades, Japan could develop and transform itself from an isolated to civilized country. This was mainly owing to the government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation. Today, Japan has the world’s tenth-largest population, with over

127 million people. Tokyo, the capital city, is also the largest metropolitan area in the world.

Economically, as of 2009, Japan is the second largest economy in the world, after the United States, at around US\$5 trillion in terms of nominal GDP and third after the United States and China in terms of purchasing power parity. Moreover, Japan has a large industrial capacity and is home to some of the largest, leading and most technologically advanced producers of motor vehicles, electronic equipment, machine tools, steel and nonferrous metals, ships, chemicals, textiles and processed foods. The service sector also accounts for three quarters of the gross domestic product (CIA, 2010)¹². Even though in 2009 and 2010, the real growth rate of gross domestic product of Japan experienced negative growth for the first time after the five years economic upbeat, but in 2011, the real growth rate is projected to reach 1.75%. This is a good sign for economic recovery and new investment. However, in the long-run, aging and a shrinking population are the two major problems for advancing its economy.

For societal and cultural background, Japanese society is linguistically and culturally homogeneous with small populations of foreigners. Zainichi Koreans, Zainichi Chinese, Filipinos, Japanese Brazilians, and Japanese Peruvians are amongst small minorities resident in Japan. Furthermore, as the influence from Shinto and Buddhist religion, the country is truly the land of peace and harmony that continues to evolve in a positive unification of tradition and

¹² See http://www.indexmundi.com/japan/economy_overview.html

modernization. As a result of that, it is also reflecting on the Japanese cuisine, which the texture and color of Japanese food are well displayed and expressed the five fundamental senses of taste, touch, sight, sound, and smell. Overall, with its elaborate and colorful history and culture, Japan has formed a distinct model of hierarchy, honor and etiquette which is still manifested in today's society and business practices.

As for business climate, for hundreds of years Japan has been a traditional society with strong social and employment hierarchies. The lifetime employment and seniority-based career advancement are relatively common in the Japanese work environment. In addition, Keiretsu¹³ enterprises, the nemawashi¹⁴, the nenko system¹⁵, and the salary man, also play important roles in the Japanese variant of capitalism. But recently, these traditions are under pressure as the young generation is more in tune with Western management style and is trying to move away from these traditional norms. According to the Index of Economic Freedom, nowadays, Japan is the 5th most laissez-faire¹⁶ among 30 Asian countries and was ranked as 12th place out of 178 countries in the world for the "Ease of Doing Business Index 2008".

¹³ Keiretsu refers to a uniquely Japanese form of corporate organization. A keiretsu is a grouping or family of affiliated companies that form a tight-knit alliance to work toward each other's mutual success. The keiretsu system is also based on an intimate partnership between government and businesses (Searchcio-midmarket, 2001).

¹⁴ Nemawashi is the building of support for a project through advance communication and consensus, by talking to the people concerned, gathering support and feedback, in order to make the project go smoother and shortening the decision making time (Miller, 2007).

¹⁵ Nenko or seniority-wage system is the Japanese system of promoting an employee in order of his or her proximity to retirement (Konnichiha-Japan, 2009).

¹⁶ In economics, laissez-faire describes an environment in which transactions between private parties are free from state intervention, including restrictive regulations, taxes, tariffs and enforced monopolies (Investopedia, 2010).

In consequence of this friendly business environment plus many optimistic in economic and cultural factors, Japan is a land of opportunity in the Asia region.

3.2 Market Analysis

After years of importing American lifestyles and food service, nowadays Japan has 12 times more restaurants per capita than the United States, 1 restaurant or joint food store to 88 people in Japan (Martin, 2007)¹⁷.

Over the last two decades, Japan's restaurant landscape has been profoundly reshaped by the nation's phenomenon of industrialization and promising affluence. This escalating number of restaurants in Japan is an outcome of demographic shifts, including smaller households and more working women. Moreover, the *nomikai*¹⁸ and workaholic culture have also massively contributed to this dining-out boom. Furthermore, as living standards and disposable incomes have soared, the restaurant and already-prepared food industry have gained a vital role among the Japanese. According to recent figures, the food and restaurant market in Japan grew nearly 65 percent during the past 30 years, from 15.8 trillion yen, or \$70 billion, to 24.4 trillion yen, or \$170.6 billion in 2008 and Japan is also the biggest

¹⁷ See Martin, R. (2007, 11 07). *Food Service Boom in Japan*. Retrieved 12 2, 2010, from Nation's Restaurant News: http://findarticles.com/p/articles/mi_m3190/is_n45_v22/ai_6810574/

¹⁸ A *nomikai* is a drinking party phenomenon particular to Japanese culture. *Nomikai* are a part of the culture of most places of employment, from schools to nightclubs. Welcome party, project completion, farewell party and other events, these are occasions for *nomikai* to bond and to get everyone to know each other (Japan.Inc, 2007).

market for food and restaurant businesses in Asia (Association, 2009)¹⁹. So, it is not surprising that there are 724,295 food stores, 160,000 restaurants in Tokyo alone, operating in Japan (Statistical office, 2006)²⁰.

As Japanese lifestyle has changed to become more Westernized, Japanese people consider dining-out as their first choice of leisure activity. This popularity of dining-out might be due to spending less time and money for their pleasure and it is easy to find a place for their enjoyment. The following table exhibits the leisure activity for the Japanese people in the year 2003.

Table IV: Leisure Activity

Rank	Activity	10,000 Persons
1	Dining-out (excluding Daily meal)	7,750
2	Tourist travel within Japan	6,310
3	Driving	5,940
4	Karaoke	4,950
5	Video watching	4,790
6	Lottery ticket	4,500
7	Music listening (CDs, records, tapes, FM radio, etc.)	4,440
8	Zoo, botanical garden, aquarium, museums	4,270
9	Personal computers (games, hobbies, etc.)	4,230
10	Movie (excluding television movies)	4,080

Source: 2003 White Paper on Leisure, Japan Productivity Center for Socio-Economic Development

¹⁹ See Association, J.F. (2009) *Food Service in Japan*. Retrived 12 2010, from http://www.jfnet.or.jp/data/y/data_c_y2009_reki.html

²⁰ See <http://www.seriousseats.com/2008/02/japanese-michelin-guide.html>

What is more, in term of Japanese consumption expenditure, the food and non-alcoholic beverages category accounted for 14.7% in 2007, ranking as number two behind the housing and utilities expenditures (see the table below). Consequently, almost 15% or one sixths of a typical Japanese family's income is spent on food and dining.

**Table V: Japanese Consumption Expenditure by Product Category
as % of Total Expenditure in 2007**

Rate of household equipment

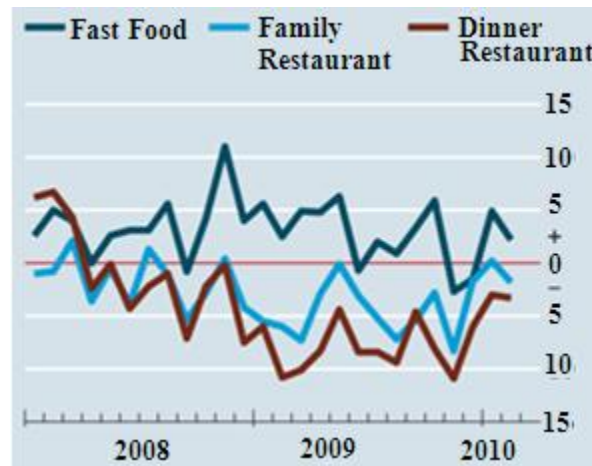
Food and non-alcoholic beverages	14.7%
Alcoholic beverages, tobacco and narcotics	3.1%
Clothing and footwear	3.5%
Housing, water, electricity, gas and other fuels	24.5%
Furnishings, household equipment and routine maintenance of the house	3.7%
Health	4.1%
Transport	10.9%
Communication	3.1%
Recreation and culture	10.4%
Education	2.2%
Restaurants and hotels	7.8%
Miscellaneous goods and services	11.4%

Source: UN Data, latest available data

Besides that, by taking a closer look at direct determinants for the restaurant industry in Japan, although the numbers of family restaurant and dinner restaurant have fallen since 2007, the market for fast food has almost doubled, there is still room for growth and improvement for these two types of family and dinner restaurants (see the following graph and Appendix X for Japan's restaurants sale % change on a year earlier), since the Japan's food and restaurant market size

has predicted to be favorable, driven by a 100.2% increase in customer numbers and 100.3% increase in average spending per customer, compared with the previous year of 2009 (Japan Food Service Association, 2010)²¹.

Graph VII: Japan's Restaurants Sale % Change on a Year Earlier



Source: Japan Food Service Association

Taken as a whole, with the positive trend in market growth for both size and share, and increasing numbers of customers as well as their expenditures, without doubt, Japan is certainly the bright market for the food and restaurant business.

3.3 Consumer Behavior Analysis

Generally, Japanese consumers have always been more aware of the quality, the renown of the brand name and the features of a product. But recently with the poor performance of economic conditions, the issue of price is becoming a more and more sensitive factor for their purchasing choice. Moreover, the customer

²¹ See http://www.jfnet.or.jp/data/y/data_c_y2009_reki.html

service, such as extra technical explanations, keeping to delivery dates, giving special care for after sale service etc., is another important element and essential technique which helps to win Japanese consumer's hearts. Furthermore, Japanese consumers are rich and generous, sophisticated and highly diverse in their interests and tastes, going from traditional needs to Westernized desires. They value very much on comfort. They like goods and services to be meticulously presented, and to have exquisite packaging and very detailed instructions for use.

However, to be more specific in food and dining's consumer behavior; Japanese people traditionally have rice with their meals, fish and vegetable also play a major role for their healthy diet. Indeed, Japanese people love their food to be fresh, made by seasonal ingredients, presented in an artistic way, and obviously the taste must be delicious. In addition, the beautiful of nature and harmony also have great influence on their dishes.

For centuries, the country has imported many food and dining cultures from neighboring countries and trade partners. For instance, during the development of Japan, the Chinese introduced soy sauce, tea and chopsticks to Japanese food culture. Then in the sixteenth century, the Portuguese, followed by the Dutch, introduced fried foods, bread and meat into Japan. Besides that during the last few decades, Japan has also opened the door for fast food from the Westerners.

Japan seems to be the right market that can adapt and adopt well, especially in the food and dining culture. This is also including the exotic features of ethnic cuisines.

In Japan, the hotter, crispier and sharper flavors are growing in popularity, and the spicy flavors like red peppers, chili, paprika, ginger, and garlic are scoring huge gains in the marketplace. In 2008, consumption of red pepper, and ginger, in Japan, grew by an exorbitant 23.5% and 45.7% respectively, in comparison to other spices (Inc, 2008)²². Thus, with Japanese consumer preferences inclining towards hotter, spicier, more pungent-flavored foods, healthier ingredients, and economically friendly, the ethnic foods and restaurants, particularly Thai food, appear to be the right choice for them.

3.4 Competitor Analysis

Sushi, dim-sum, pasta, pizza, BBQ, curry, steak, burger, taco, foie-gras, chili, just name it, Japan's food and restaurant market has it all. In Tokyo alone, there are approximately 160,000 restaurants around the city (Statistical office, 2006)²³, and all types of these restaurants are considered as indirect competitors for S&P. However, for the direct competitors, the ethnic restaurants, especially Thai restaurants, are the straight opponent.

²² See Inc, G. I. (2008, 2 25). *PRWeb Online Visibility on Focus*. Retrieved 12 4, 2010, from World Spices and Seasonings Market to Reach 4,094 Million Pounds by 2010: http://www.prweb.com/releases/spices_and_seasonings/mustard_cinnamon_pepper/prweb707883.htm

²³ See <http://www.seriousseats.com/2008/02/japanese-michelin-guide.html>

Year after year, Thai cuisine has enjoyed its great pie of share in the international food and restaurant market. However, Thai cuisine has not remained unscathed from the influences of other Asian nations. In contrast, it has been able to remain distinct in its unique identity of hot, spicy, healthy and delicious taste of its own.

In Japan, Thai food and restaurants are located in all major cities: Fukuoka, Osaka, Nagoya, Tokyo, Hokkaido, Kyoto, Okinawa and so on. In proportion to e-food.jp, 2010, there are at least 350 Thai restaurants operating in Japan, and about 67% of them or 236 Thai restaurants are in Tokyo. Even though there are already large numbers of Thai restaurants operating in Tokyo, only 7 of them have been recommended as top-rated restaurants by the Tokyo diners. These are “*Erawan, Mango Tree, Ban Thai, Pikinu, Siam, Chan Pha, and Bangkok Kitchen*”. Additionally, according to my observation of Erawan Restaurant at Shinjuku and Chan Pha Restaurant at Shibuya on December 24th-25th, 2010, most of them serve authentic Thai cuisine, offer more than fifty mouth watering menus, with exquisite presentation, and there are also some of them (Mango Tree Restaurant and Bangkok Kitchen Restaurant) that revamp their flavors to suit with Japanese tastes. However, all of their prices are quite expensive, ranging from ¥1,000 per side dish to at least ¥3,000 yen per course.

At Ginza Street, the most famous and luxury shopping arcade in Tokyo, there are only 3 Thai restaurants. These are *Jim Thompson's Table* - the sophisticated Thai restaurant, *Siam The* – the standard and classic Thai restaurant offering a buffet, and *Tinun* - Thai ramen and Isan style of barbecue dishes. It is quite surprising

that none of these three Thai restaurants have been recommended by the Tokyo diners, but this might be due to them not capturing and fulfilling the customers' needs and wants.

For these reasons, there are plenty of opportunities for S&P to open its first casual and contemporary Thai style restaurant in Ginza Street, Japan.

3.5 Key Success Factors

In accordance with the above analysis, there are five main reasons for S&P to penetrate into the Japanese market. First, the comparable food culture, as it has been mentioned before that Japanese food is rice based with a high concern about taste, appearance, and nutrition. For Thai food as well, all Thai dishes are full of flavor, delightful in presentation, very healthy, and always serve with rice. So, for these analogous characteristics, Thai food seems to be a perfect fit for Japanese diners. Second, there is high potential in both market growth and market share, especially for ethnic restaurant, especially Thai restaurant. This is due to the recent boom in ethnic cultures, including clothing, fashion, as well as herbal and spicy cuisine. In Japan, Thai food is ranked as the top three most popular ethnic restaurant destinations besides Korean's BBQ and Italian's pizza and pasta (Navigator, 2010)²⁴. Third, since the cost of living in Japan is rising, there are big demographic shifts in smaller households and more independent working women, Japanese people tend to be very price-sensitive and dining-out more. Hence, by

²⁴ See Navigaor, F. (2010). *Ethnic cuisine a boom for spice giant*. Retrived 12 17, 2010, from Financial & Industry: <http://www.foodnavigator.com/Financial-Industry/Ethnic-cuisine-a-boom-for-spice-giant>

offering authentic Thai taste at a reasonable price and differentiating itself to be a first casual and contemporary Thai style restaurant in Ginza shopping arcade, S&P is certainly the right value for the Japanese customers. Fourth, by opening the first S&P's restaurant branch in a new market, Japan, this will help the Company to strengthen its business presence in the Asia region, to be a truly global Thai restaurant serving in 6 Asian countries: Thailand, Singapore, Taiwan, the Philippines, China and Japan. Finally, with more than 30 years of experience in the food and restaurant business, very delicious signature dishes with high standards and friendly services, fruitful profits are waiting for S&P to enter. Taken as a whole, with the advantages of cultural factors, a highly profitable marketplace, price leader, differentiation, market expansion, and its uniqueness in food and restaurant business competencies, S&P is predicted to be successful in the Japanese market.

3.6 Strategic Plan

In this part, the strategic plan and business strategies will be proposed to S&P Syndicated Public Company Limited for its future entrance into the Japanese market.

a. Little Bangkok Thai Restaurant's General Business Information

- About Little Bangkok**

Little Bangkok is the name of the first S&P's restaurant branch in Tokyo, Japan. On February 12th, 2012, the restaurant is scheduled to open at the heart of Ginza shopping street, where 300 diners can daily experience the premium quality,

casual and contemporary atmosphere, and above all mouth watering authentic Thai taste at a reasonable price.

At Little Bangkok, the customers will fall in love with the restaurant's refreshing take on Thai dining – from its modern bistro-styled interior to its cosmopolitan treatment of Thai traditional culture. With classical and spiciness of Thai spices, herbs and signature recipes, these make all of Little Bangkok's dishes very healthy and incredibly delicious.

At a glance, the prototypes of Little Bangkok will be:

- Location: an upscale location at the Ginza shopping arcade
- Design: clean, relaxing, casual and contemporary Thai style restaurant
- Size: 800-1,200 square feet.
- Employees: six to eight full time, including chefs and a restaurant manager.
- Seating: 35-40.

- **Mission**

Here are Little Bangkok's mission statements:

- To offer delicious and remarkable food and drinks at value price. All the food and drink we sell meets the highest standards of quality, freshness and seasonality with a great combination of both modern-creative and Thai traditional styles of cooking.

- To consistently provide our customers with impeccable service by demonstrating warmth, graciousness, efficiency, professionalism, with integrity.
- To have every customer who comes through our doors leave with happiness, a good impression and excitement to come back again.
- To create and maintain a restaurant that is comprehensive and exceptional in its attention to every detail of operation.
- To provide a friendly, cooperative and rewarding environment, which encourages long-term, satisfying, growth employment for all of Little Bangkok's staff.

- **Vision**

Little Bangkok has a clear vision to stand out as a leader of the Thai food and restaurant business in the Japanese market.

- **Marketing Objectives**

There are three main marketing objectives for Little Bangkok, which are:

- To maintain positive, steady growth each month.
- To experience an increase in new customers who are turned into long-term customers.
- To realize a growth strategy of one restaurant per year.

b. Marketing Strategies

The goal of this section is to position Little Bangkok as the premier Thai restaurant in Ginza shopping street and to become the first choice of Thai

restaurant on customers' mind and expand its market share within the next three years. The marketing strategies will seek to first create customer awareness regarding the restaurant's products and services offered, develop a customer base, and work toward building customer loyalty.

- **SWOT Analysis**

SWOT Analysis is a tool for auditing a business and its environment for finding competitive advantages within the company. In this case, SWOT analysis helps Little Bangkok to focus on its good points and improve on bad points. The following diagram highlights the overall evaluation of Little Bangkok's strengths, weaknesses, opportunities and threats in this new market, Japan:

Diagram II: S&P and Its SWOT Analysis in the Japanese Market

Strengths	<ul style="list-style-type: none"> - Simply delicious, authentic Thai taste at a reasonable price - Very strong signature recipes - Premium quality, high standard, friendly service - Biggest group of full-service Thai restaurants in the world - First casual and contemporary Thai style restaurant in Ginza
Weaknesses	<ul style="list-style-type: none"> - Late comer - Variety of the menu items
Opportunities	<ul style="list-style-type: none"> - Growth potential of food and restaurant market in both size and share - Demographic shifts - Boom of ethnic cuisine and health consciousness - New market expansion
Threats	<ul style="list-style-type: none"> - High competition from both direct and indirect competitors - International exchange rate risk - High imposing costs for imported raw materials

To be successful in long run business, the strengths and opportunities are very important for Little Bangkok. According to the above SWOT analysis, by offering premium quality and serving authentic Thai taste at reasonable good price with high standards and friendly service, Little Bangkok can surely win the customers' hearts. Moreover, with many delectable recipes, such as "*Pad Thai with vermicelli noodle*", "*Green Curry Spaghetti*", and, "*Kao Pad Num Prig*", all of these dishes will certainly make big sales for the restaurant. Furthermore, with S&P's strong brand identity and its reputation as the biggest group of full-service Thai restaurants in the world, the customers are ensured that their dining experiences will be very enjoyable and satisfying. In addition, by positioning itself to be the first casual and contemporary Thai style restaurant in Ginza Street, this will differentiate Little Bangkok from the competitors as well as offer new value to the diners. What is more, with a bright prospective growth of food and restaurant market in Japan, a recent boom in ethnic cuisine and healthy food trend, and demographic shifts in smaller size of household, these are the opportunities for Little Bangkok to penetrate into this new market.

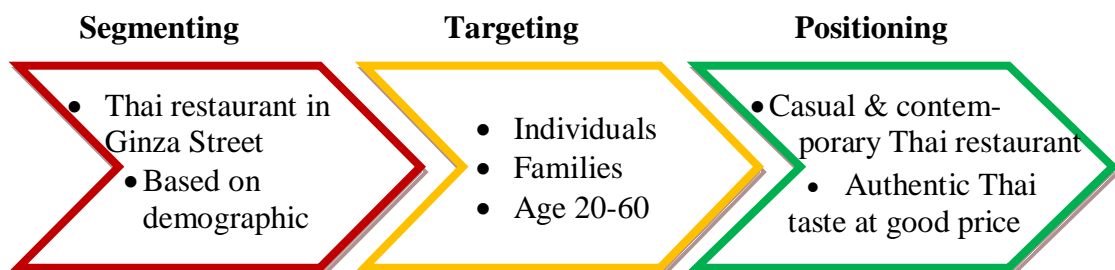
On the contrary, the weaknesses of a less variety of menu item and its entering as the late comer, these two weak points require improvements. Little Bangkok has to pay more attention to its marketing strategies in promoting and advertising the restaurant to the locals and also focus more on total management control for eliminating unnecessary costs in order to compete with the rivalries.

What is more, threats can be a major obstacle for Little Bangkok. Since Little Bangkok and other Thai and ethnic restaurants play in the same industry and mostly focus in the similar target market, this high competition could give a hard time toward Little Bangkok and minimize the Restaurant's profitability. Moreover, the risk from the international exchange rate and imposing costs for imported raw materials are another uncertainty that Little Bangkok cannot avoid.

- **Creating Value by Using STP**

The processes of segmentation, targeting and positioning will enable Little Bangkok to strategically place the right products and services into the right market and gain competitive advantages in the Japanese market.

Diagram III: S&P and Its STP in the Japanese Market



Segmentation and Target Marketing

S&P carefully segments its first business in Japan by introducing Little Bangkok, a Thai restaurant in Ginza Street. Little Bangkok's target market can be segmented into two target populations, which are:

- Individuals: customers that dine in alone.

- Families: a group of customers, either friends or a group of nuclear relatives dining together.

The main Little Bangkok's customers are the families whose age is between 20 to 60 and this makes up 87% of its target group, while the individuals account for 13%. Furthermore, another important defined characteristic of Little Bangkok's target market is income. Even though Little Bangkok is planned to operate in a high traffic business and shopping area, the Ginza arcade, in correlation to its differentiation strategy of price leader, thus, all middle income to high income customers are the core target market for the restaurant.

By combining several key demographic factors together, the primary customer profile of Little Bangkok is stated as follows:

- Middle income to high income families and individuals who age between 20 – 60 years old and willing to experience real Thai delicious taste
- Young professionals who work near by the restaurant's location
- Shoppers and tourists who patronize Ginza Street

Positioning

Little Bangkok will position itself as a casual and contemporary Thai style restaurant at a reasonable price. The consumers who appreciate high quality food with authentic Thai taste will be satisfied and enjoy the unique value that Little Bangkok offers.

The products and services of Little Bangkok are positioned as followed:

- **Products:** All Little Bangkok's food and drink will have the freshest ingredients including homemade sauces and pastes, imported Jasmine rice and raw materials, organic vegetables, and top-shelf meats. Moreover, the food is carefully prepared by skillful chefs and is also presented in an artistic way. Every Little Bangkok's dish will be aesthetically pleasing.
- **Service:** Customer service is the restaurant's priority. All of Little Bangkok's employees will ensure that the customers are having the most pleasant dining experience. All employees will go through an extensive training program in order to serve the best for their customers.

By offering superior products, coupled with superior services, Little Bangkok will excel relative to the competitors. The below diagrams illustrate overall Little Bangkok's position in the food and restaurant market in Japan, and its positions among competitors at Ginza Street in different dimensions;

Diagram IV: Little Bangkok's Position in Food and Restaurant Market, Japan

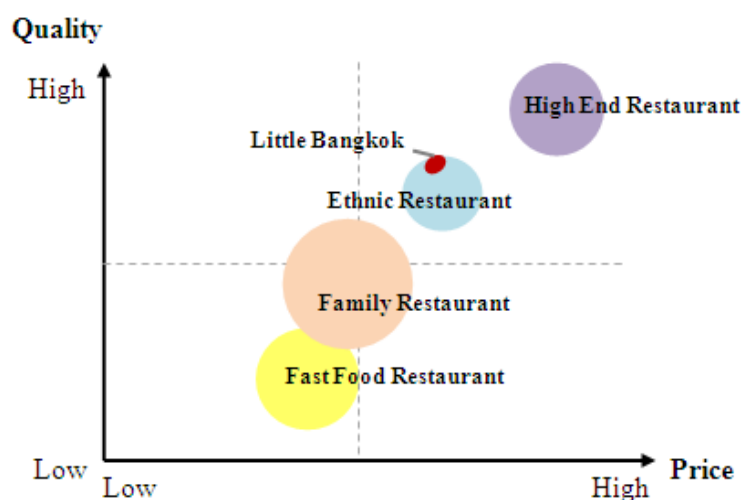
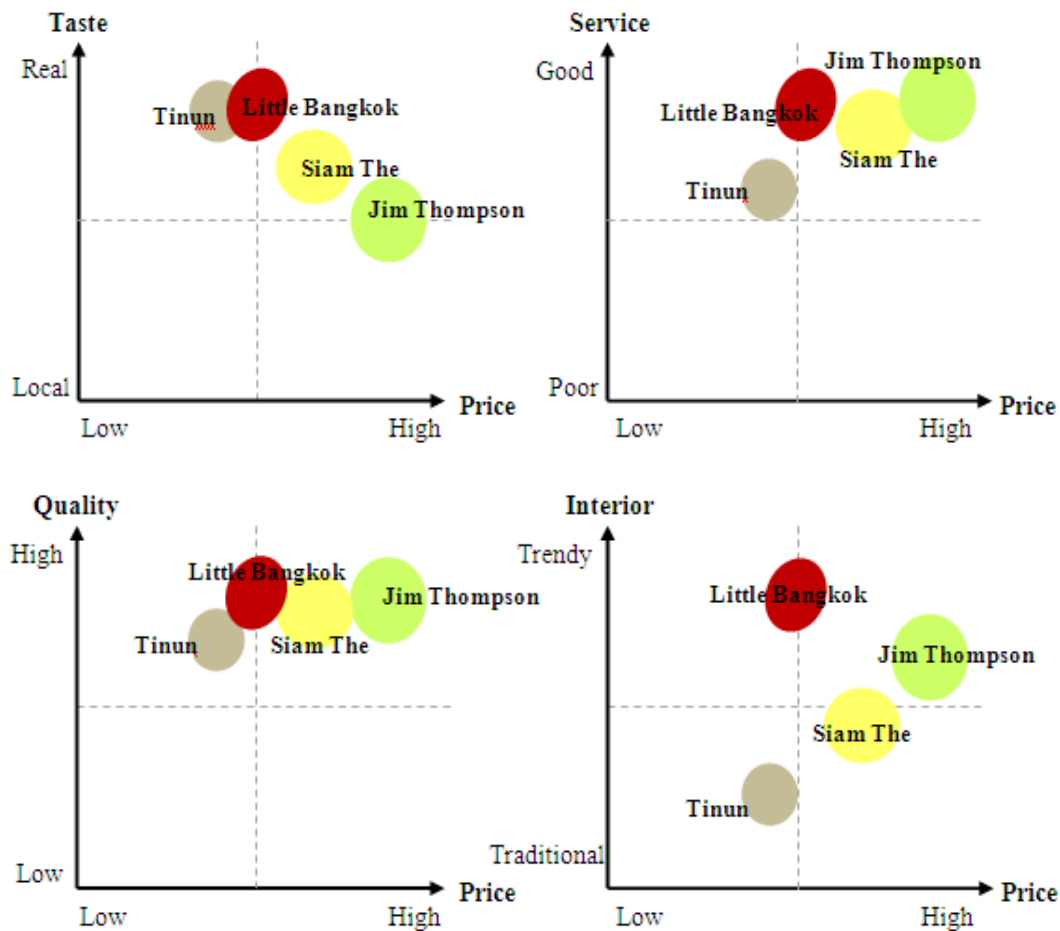


Diagram V: Little Bangkok's Positions among Competitors at Ginza



The round red circles represent where Little Bangkok will stand after its operation. Little Bangkok is projected and determined to expand its market share by shifting higher on the quality, taste, service, and interior ladder while maintaining a relatively reasonable price structure. That is the longer shape of the round red circle.

Considering the food and restaurant market in Japan, Little Bangkok is categorized as a subset of ethnic restaurants where its position is at a higher quality and more expensive price than fast food and family restaurant. However,

Little Bangkok is still located at a lower position than the high end restaurants for both quality and price.

On the other hand, at Ginza Street, Little Bangkok is very capable of competing with Jim Thomson's Table, Siam The, and Tinun for its authentic Thai taste, fine service, premium quality, and trendy atmosphere at a reasonable price.

Hence, it is obvious that Little Bangkok should position itself to be an upscale casual and contemporary Thai style restaurant and intends to expand its future market share by maintaining its strong competitiveness on price while offering higher value added to the customers.

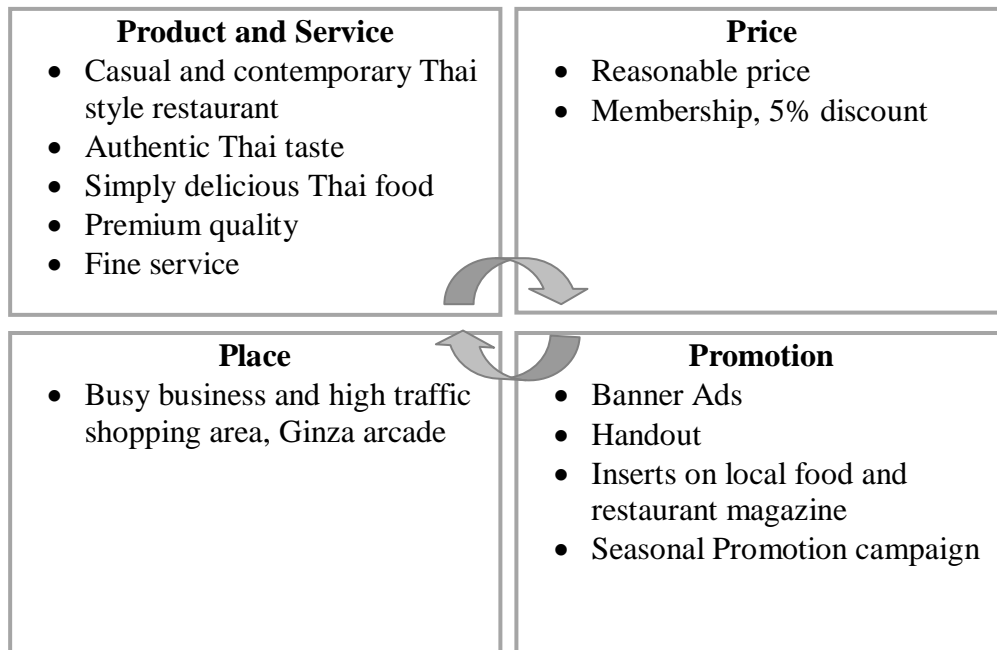
- **Capturing value by using 4P's, the Marketing Mix**

After segmenting the market, finding the target segment and positioning itself, Little Bangkok comes up with unique offers by applying 4Ps.

The marketing mix also known as 4Ps is a combination of marketing tools that Little Bangkok uses to satisfy its customers and accomplish restaurant objectives.

The marketing mix of Little Bangkok is portrayed in the following diagram;

Diagram VI: Little Bangkok's Marketing Mix



Product: Little Bangkok daily serves mouth watering authentic taste of Thai dishes that are distinct and superior to the competitors. Customers can taste the quality and freshness of the product in every bite. Here are the characteristics of Little Bangkok's products:

- All Little Bangkok's sauces and curry pastes are secretly homemade with a family recipe.
- Jasmine Rice and many raw materials are directly imported from Thailand.
- Vegetables are organic and fresh with three shipments per week.
- Meats are all top-shelf varieties, safely screened and delivered directly from farms.

At Little Bangkok, food is the restaurant's product whereas the experience of dining is the restaurant's service. Little Bangkok prides itself on providing service that is on par with fine dining. This is accomplished through an extensive training program for all employees and only hiring skillful Thai chefs.

Price: To respond to customer needs and wants during the economic down turn and to capture a big target market of middle income to high income customers, Little Bangkok will position itself to be a price leader. The restaurant pricing scheme is that the product cost is about 40% of the total price and ranges from ¥700 - ¥1,200 yen for side dishes and ¥800 - ¥1,200 yen for main dishes. This price leadership strategy makes Little Bangkok become very attractive for the customers as well as strongly competitive with the competitors. Moreover, Little Bangkok will also introduce a membership card so that every time when the customers dine in they will get a 5% discount. With this membership program, Little Bangkok aims to give reward back to its loyal customers.

Place: Little Bangkok will be opened at a busy business and high traffic shopping area of Ginza Street, Japan. Being in a noticeable and hectic business location, Little Bangkok will gain a location competitive advantage.

Promotion: The message that Little Bangkok seek to communicate to its potential customers is *"Simply Delicious Authentic Thai Taste at a Reasonable Price"*. This message will be communicated through a variety of methods. The first will be handout. The handout is a way to communicate directly with the

customers. Furthermore, Little Bangkok will also use banner ads and inserts in local magazines, such as Tokyo Walker. This method is expected to be particularly effective because the Tokyo Walker is the most popular magazine for restaurant and cultural activities in Tokyo that is always referred to when Japanese people as well as travelers are looking for new dining places and things to do. What is more, on seasonal occasions, Little Bangkok will create new dishes and new promotional campaigns to share the best and let customers enjoy the maximum of the seasonal blooms.

- **Market Entry Mode: New Wholly Owned Subsidiary Strategy**

So far, all 19 of S&P's international restaurants in 6 countries are 100% owned and invested by the Company. Similarly to the case of Japan, the new wholly-owned subsidiary, namely Little Bangkok, would be the most appropriate entry strategy for S&P, since the business climate is identical and unfamiliar for the Company. Moreover, by exercising this new wholly-owned subsidiary strategy, the Company can have maximum control over the management and can earn above average returns.

In addition, S&P will also apply the ethnocentric predisposition through managing Little Bangkok Restaurant, Japan, whereby the values and interests of its mother company will always guide the strategic decisions there.

As a whole, Little Bangkok will be mainly utilizing integrated price leadership and differentiation strategies to establish its first restaurant in Ginza Street and exploit its competitive advantages in this new market.

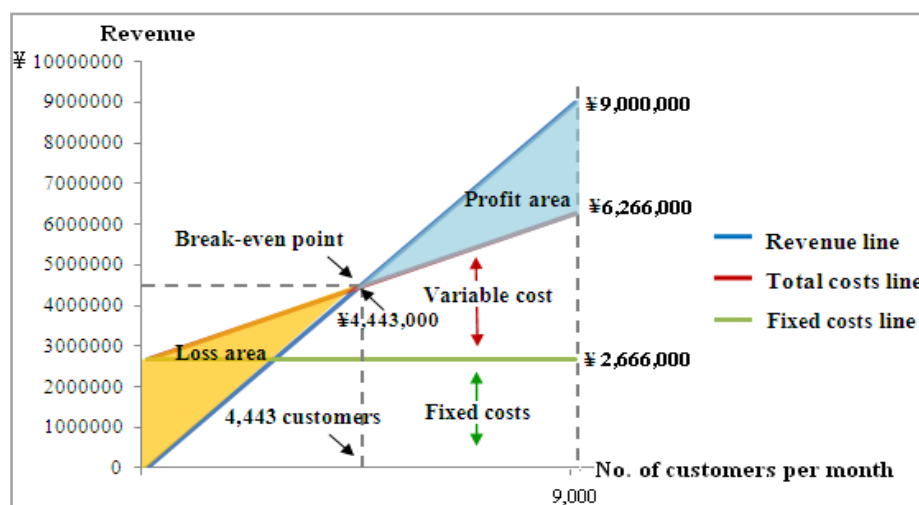
c. Financial and Budget Forecasts

This section will offer a financial overview of Little Bangkok as it relates to marketing activities. It will address Break-even Analysis, sales forecast, expense forecast, income statement forecast and how those forecasts link to its marketing strategies.

- **Break-even Analysis**

A Break-even analysis is used to determine how much sales volume of a business needs to be achieved in order to make a profit. The following graph indicates that at least ¥6,266,000 will be needed in Little Bangkok's monthly revenue in order to reach the break-even point.

Graph VIII: Little Bangkok's Break-even Point for Year 2012, Monthly



Break-even Analysis

Monthly revenue Break-even ¥4,443,000

Assumption:

Average percentage variable costs 40%

Estimated monthly fixed costs ¥2,666,000

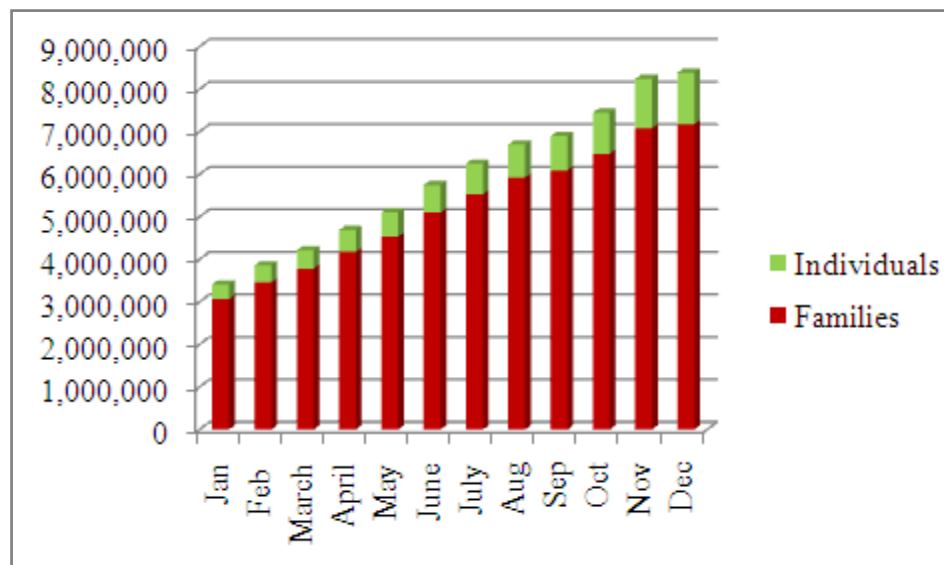
For the variable costs, this includes direct labor cost, direct materials cost, and variable operating and administrative expenses, which in total are estimated to cost about 40% of the total sales revenue. On the other hand, the administrative salaries, insurance, depreciation and advertisement fees are counted as the fixed costs.

Therefore, if Little Bangkok is able to operate at its monthly capacity of 9,000 customers per month or about 300 customers per day, its monthly operating income will amount to ¥5,974,000 (9,000,000 in revenue, less ¥3,026,000 in total costs).

- **Sales Forecast**

The first two months, February and March, will be used to get the restaurant up and running. By month three, April, things will get more organized and busier. Sales will gradually increase with profitability being reached by the beginning of year two and continue through prosperity in year three.

Table VI: Little Bangkok's Monthly Total Sales Forecast for Year 2012



Families are the major group of customers who will contribute about 87% to Little Bangkok's total sales. This is mainly due to the restaurant's location advantage at the shopping arcade, where most of the target customers usually come as a pair or group. Furthermore, a stylish and relaxing atmosphere also gives a blossom boom for chic and chat which very well suits these target customers.

The table below shows the total sales and subtotal directing cost of sales from year 2012 through 2014.

**Table VII: Little Bangkok's Three Year Sales and
Direct Cost of Sales Forecasts**

	2012	2013	2014
Sales			
Individuals	¥7,644,000	¥10,402,500	¥16,425,000
Families	¥51,156,000	¥58,947,500	¥74,825,000
Total Sales	¥58,800,000	¥69,350,000	¥91,250,000
Direct Cost of Sales			
Individuals	¥3,763,200	¥3,952,950	¥6,387,500
Families	¥20,344,800	¥22,400,050	¥25,550,000
Subtotal Direct Cost of Sales	¥23,520,000	¥26,353,000	¥31,937,500

- **Expense Forecast**

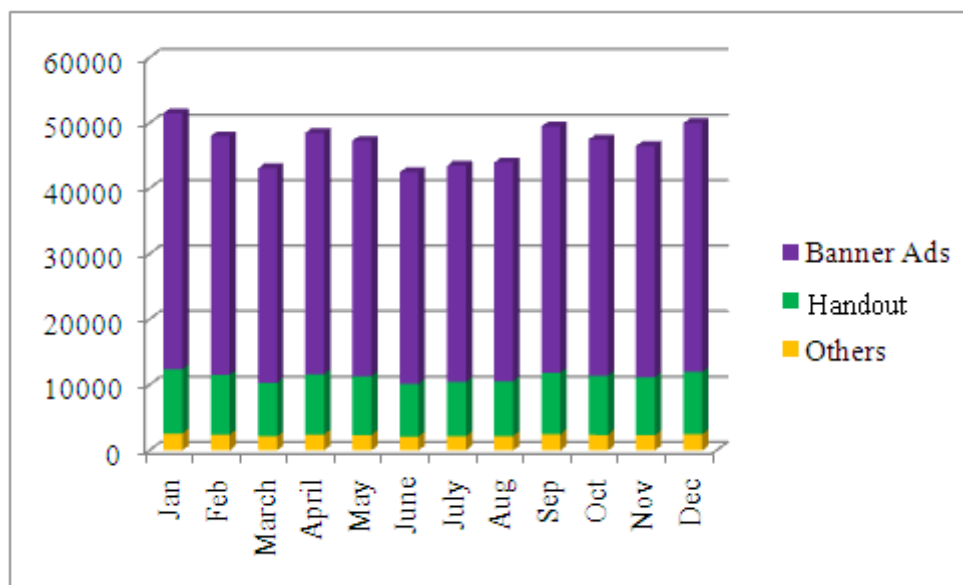
Marketing expenses such as advertising and promotion campaign are to be budgeted. So for the first year, the marketing activities will begin in January, a month earlier before the official opening in February for advertising and promoting this new casual and contemporary Thai style restaurant to local customers as well as tourists. Moreover, since it is the first year for Little Bangkok to be operating in Japan, these marketing activities will actively continue until the end of the year. However, for the second year and onward, the marketing expenses will be ramped up, especially during the month of holiday periods such as New Year, Golden Week²⁵, Obon festival²⁶, Christmas and etc.

²⁵ The Golden Week is a collection of four national holidays within seven days. In combination with well placed weekends, the Golden Week becomes one of Japan's three busiest holiday seasons, besides New Year and the Obon week (Keigetsu, 2007).

In general, restaurant businesses in Japan do well all year round, thanks to the charm of four beautiful seasons. During the high seasons of summer, spring and fall when the weather is very nice, Japanese people tend to dine out more, and there are a large number of tourists who are always exploring Japan and the Ginza Street as well. However, during the winter when the weather is very cold and gets dark early, the restaurant business slightly slows down. Thus, from December through February the marketing expenses will slightly increase in order to boost up the sales.

The following graph and table illustrate the restaurant's expense forecast and its marketing expense budget for the first year;

Graph IX: Little Bangkok's Expense Forecast for Year 2012



²⁶ The Obon Festival is held as a celebration of the return of the spirits of our ancestors, featuring food, games, farmers market, flower market, tea ceremony demonstrations, big bargain sale, traditional Bon Odori Dancing, and various types of entertainment (Mishima 2009).

**Table VIII: Little Bangkok's Marketing Expense Budget
for Three Year Plan**

	2012	2013	2014
Banner Ads	¥1,075,400	¥1,078,364	¥1,983,410
Handout	¥268,850	¥269,591	¥495,582
Others	¥70,750	¥70,945	¥130,487

Total Marketing Expenses	¥1,415,000	¥1,418,901	¥2,609,750
Percentage of Sales	2.40%	2.04%	2.86%

• **Prospect Income Statement**

The following income statement will simply summarize the profitability of Little Bangkok for the first three years, from 2012 through 2014.

**Table IX: Little Bangkok Thai Restaurant, Ginza-Japan
Prospect Income Statement
For Three Year Plan**

Item	Millions of Yen		
	2012	2013	2014
Net sales	58.80	69.35	91.25
Less: Cost of goods sold	23.52	26.35	31.93

Gross profit on sales	35.28	42.99	59.31
Less: Operating expenses:			
Selling expenses	3.88	4.72	6.52
General and administrative expenses	3.52	4.29	5.93
Total operating expenses	7.40	9.02	12.45

Operating income	27.87	33.96	46.85
Less: Interest expenses	0.55	0.67	0.93
Income before income taxes	27.31	33.28	45.91
Less: Income tax expense	8.19	9.98	13.77
Net Income	19.11	23.30	32.14

*All amounts relate to continuing activities.

There is an increase in net income year by year and no result for a net loss. In 2012, the total sales of Little Bangkok estimate to be ¥19,119,643 Million. Although this number is quite small due to many expenses for its first year of operation, by looking at year 2013 and 2014, the net income is increasing at a very satisfying rate. These growing numbers in net income are mainly due to the improvement in management's ability in controlling costs as well as expenses, more efficiency in marketing activities and operating at almost full capacity.

Moreover, in term of profitability evaluation, the restaurant's gross profit rate is yielded at 0.6, 0.62 and 0.65 for year 2012, 2013, 2014 respectively. Besides that by considering the growth rate or the percentage changes in net sales and net income, for year 2012-2013, its growth rate is projected to be 17.94%, whereas for 2013-2014, it is estimated to be 31.58%.

Therefore, with big positive digits in net income, gross profit as well as growth rate, these are another good measurement of Little Bangkok's success in the Japanese market.

d. Action Plan

In this part, the action plan is set in advance before the actual operation and it will be implemented according to the plan. It is very important to accomplish each activity on time and on budget as well. The following table identifies the key marketing activities of Little Bangkok for its first three years of operation.

Goals	Activities	Start Date	End Date	Budget	Assign for
To establish first S&P's restaurant, "Little Bangkok", in the Japanese Market	<ul style="list-style-type: none"> - Analyzing the market and brainstorming strategic plan - Creating restaurant concept - Location finding - Hiring and training new employees - Decorating restaurant - Appointing restaurant manager 	01/05/2011	31/12/2011	¥10,000,000	Khun Pravesvudhi Raiva and Global S&P management team
To promote and advertize Little Bangkok to the locals	<ul style="list-style-type: none"> - Advertizing through banner ads, handouts, and inserts in local press - Developing restaurant website and e-newsletter* 	15/12/2011	31/01/2012	¥600,000	Global S&P management team and Little Bangkok Ginza branch's restaurant manger
To increase net sales to 7 million yens in average per month in 2013	<ul style="list-style-type: none"> - Launching seasonal special dish and campaign - Developing new product line such as bakery - Introducing Wednesday night, additional 10% discount for select menu items 	01/10/2012	31/01/2013	¥350,000	Global S&P management team and Little Bangkok Thai Restaurant Ginza branch's restaurant manger, and chef team

Goals	Activities	Start Date	End Date	Budget	Assign for
To expand second Little Bangkok branch in Shinjuku area at beginning of 2014	<ul style="list-style-type: none"> - Doing marketing research and plotting marketing plan - Promoting new branch through PR, banner ads, handout and inserts - Adding new restaurant info to main restaurant's website 	01/05/2013	30/11/2013	¥7,000,000	Khun Pravesvudhi Raiva, Global S&P management team and Ginza branch manager
To become the top three leader of Thai restaurant in the Japanese market by 2015	<ul style="list-style-type: none"> - Always focusing on its core competencies of premium quality, authentic taste, freshness, fine service, reasonable price and contemporary Thai style - Expanding third restaurant branch in new traffic spot, Osaka - Creating new dishes with more healthy menus - Participate in local events 	01/05/2014	31/10/2015	¥8,000,000	Global S&P management team and all Japanese Little Bangkok branch managers

* To further explain one of Little Bangkok's advertizing activities, the web development, the restaurant website has the dual goal of encouraging visitors to sign up for Little Bangkok's e-newsletter and to visit the physical restaurant. While visiting the website, the products cannot be purchased or pre-ordered over the site, but a menu with images of all items will be included as well as promotional items such as special dishes for the month and discount coupons.

The Little Bangkok website's main pages will include:

- Menu, including monthly specials
- Location (including map) and operating hours
- Contact information (with form for questions and comments)
- Jobs page with open positions at Little Bangkok, Japan
- Business page with information on the business referral program
- Archived newsletters with articles on Little Bangkok and Thai food topics and recipes

By having the restaurant website and e-newsletter, Little Bangkok hopes that these prospective activities will make an impression and encourage all the web visitors to visit Little Bangkok when they are at Ginza.

e. Contingency Plan

While careful planning was involved in setting this strategic plan for Little Bangkok, it may be that these plans will not be met. This may be due to some difficulties, risks and uncertainties.

Here are possible risks that Little Bangkok might face during its operation in the Japanese market:

- Risk from overly aggressive and debilitating actions by competitors
- Risk associated with volatility of foreign currency exchange
- Risk associated with rental contracts and regulations
- Risk associated with rising production costs
- Risk associated with economic factors

However, by having a comprehensive back up plan, this will help Little Bangkok pass through these difficulties and beyond that, Little Bangkok will also have the ability to speedily and cost effectively respond to significant changes in the market environment.

In accordance with Little Bangkok's marketing strategies, financial forecasts and action plan, here are 3 examples of contingency plans for 3 different situations.

They are exemplified as follows:

Situation 1: Unsuccessful in strongly establishing a second Little Bangkok branch at Shinjuku area.

Cause – High Competition Risk: This difficulty is concerned with the severe competition between Little Bangkok and already existing competitors, such as Erawan and Bangkok Kitchen.

Alternative Strategies:

- **Differentiation:** Little Bangkok has to differentiate itself by creating a new menu, new taste, and new special campaign which add up new value for the customers.
- **Focus Target Market Segmentation:** As these two major competitors, Erawan and Bangkok Kitchen, focus on the high end market, by focusing on middle to high income customers and the younger generation, Little Bangkok has a wider target of customers and that could result in better sales.
- **Market Penetration Pricing:** Since all Little Bangkok dishes are very reasonably priced, cheaper by comparing to competitors, therefore, everyone can enjoy the authentic delicious Thai taste and relaxing atmosphere at Little Bangkok.
- **Push Promotion Strategy:** Little Bangkok in hands with local advertising agency create monthly promotion, campaign and many marketing activities in order to build up Little Bangkok's brand awareness among the customers.

Situation 2: Unsuccessful to earn net sale of 7 million yen per month during 2013.

Cause - Macro Environmental Risk: This failure is concerned with economic factors, rising production costs and the ineffectiveness of the restaurant's management and marketing activities.

Alternative Solutions:

- **Promoting Special Campaign:** Introducing new lunch/dinner set, lady set, Wednesday night 10% discount campaign, membership card, and special campaigns during holidays. All of these activities could positively boost up Little Bangkok's sales.
- **Applying Balanced Scorecard:** This balanced scorecard will help Little Bangkok to be more strategically focused on operational control. Moreover, it will also encompass financial, customer, internal, learning and development issues of the restaurant.

Situation 3: Uncertainty of economic and financial crisis that lead to yen depreciation.

Cause: Foreign exchange rate risk

Alternative Solution:

- **Exercising Forward Foreign Exchange Rate:** This exchange rate tactic allows Little Bangkok to exchange Japanese yen to Thai baht for settlement on a predetermined future date. By doing so, Little Bangkok could avoid uncertain exchange rate risk from yen depreciation.

Chapter IV: Recommendations

In this final chapter, my recommendations will be presented to S&P for a fruitful establishment and future improvement of its first restaurant, Little Bangkok, in the Japanese market. These recommendations are;

- **Creating a Sense of Organizational Unity**

By having a strong organizational unity, this will help Little Bangkok Thai Restaurant smoothly operate and at last result in a better business performance.

In accordance with S&P's core values of "*Passion - Love to work, Action - Set out to work, Teamwork - Work as a team, Ambition - Be determined to move to excellence, and Responsibility - Do right things; be responsible for the organization, society and customers*", these values are very important and must be shared among the workers. So that every worker understands the same goal, feels comfortable while working at the Restaurant, can enhance their knowledge and ability toward their future careers and in the end for the total success of entire organization.

- **Developing New Advertising Channel through Facebook and Twitter**

A Facebook account, another mirror page for Little Bangkok's site, will be a new venue to promote the e-newsletter to those who sign up as Little Bangkok Restaurant's fans. Basically, the Facebook page will have the same goal as the website: to encourage prospective customers to visit Little Bangkok in person.

However, this Facebook page will have an additional goal of deepening the connection between existing customers and the restaurant by providing a means for them to interact with Little Bangkok beyond their visits to the physical restaurant. For example, the customers will be encouraged to post discussion topics about food and health, their dining experience and photos of themselves while they dine at Little Bangkok, and some comments or suggestions for Little Bangkok's future improvement.

Likewise, a Twitter account will also be utilized. Tweets will be sent out when fresh and new menu items are released, special discounts are available, and it will be used to encourage followers to tell their friends.

By having Facebook and Twitter, Little Bangkok can extend and increase its future customers at relatively low advertisement cost.

- **Introducing Gift Voucher Promotion Campaign**

There are many common offers for food and restaurant businesses, such as "2for1 on Main Meals", "Get a Free Appetizer" or "Free Dessert". However, if the target customers are families, giving away discount coupons or gift vouchers could be a good idea that motivates them to take their family and friends to dine out.

When a customer redeems a discount coupon or gift voucher for meal, they usually come with at least one other person. It could be their friends, relatives or family members. Chances are some of these people have not been to the

restaurant before, so if Little Bangkok does a great job of impressing these new customers, they will turn to be its loyal customers in the future.

Thus, with discount coupons and gift vouchers, these promotion techniques could generate more turnover rate and more sales.

- **Expanding Market to High End through Patara Fine Thai Cuisine**

After several years of Little Bangkok's success in the Japanese market, it is time for S&P to introduce Patara Fine Thai Cuisine for a high end market. Patara Fine Thai Cuisine aims for the upper-end of the market with an emphasis on exquisite presentation, authentic tastes, refined service and a sleek ambiance. By establishing Patara Fine Thai Cuisine, S&P could positively expand its food and restaurant business in the Japanese market and become the new leader in this industry.

Therefore, to conclude, with the advantages of a highly profitable marketplace in both size and share, a bloom of ethnic food, a well prepared strategic plan, positive financial forecasts, strength in price leader and differentiation, expertise in Thai food and the restaurant business, and useful recommendations, S&P - Little Bangkok is predicted to be very successful in the Japanese market.

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Appendices

Appendix I: S&P and Its Milestone

1973	S&P story begins as a small ice-cream and bakery parlour in Sukhumvit Soi 23.
1981	New outlets opened in prime locations such as Siam Square and Central Plaza.
1984	The Company's bakery factory was inaugurated, specializing in the production of fresh cakes, breads and quality baked goods to feed growing market demand.
1989	The Company's listing on the Stock Exchange of Thailand. Investment in new outlet expansion.
1990	First international branch opened in London.
1991	Registered capital increased to 300 million Baht.
1993	Introduction of frozen, prepared; "S&P "Quick Meals""
1994	S&P unveils Haagen-Dazs super-premium ice-cream to Thai consumers.
1995	"Pataara Fine Thai Cuisine" upscale dining is introduced to Singapore.
1997	S&P Home Delivery Service offers easy ordering via the 718-7000 hotline.
1998	The Company initiated a corporate restructuring, leading to the cessation of 4 subsidiaries' activities and the transfer of all subsequent operations to the parent company. The objective was to streamline organizational efficiency and flexibility. S&P also proudly celebrated 25 years of serving Thai consumers.
1999	The new Lard-Krabang frozen meals and sausage factory opens. The Bakery Factory was awarded Hazard Analysis Critical Control Point (HACCP) Certification by the Ministry of Industry.

	<p>The Company premiered a new restaurant brand: “Patio”, featuring a contemporary took on Thai and international favorites, while expanding its network of "Patara" and "Siam Kitchen" restaurants overseas. The Geneva, Switzerland branch of "Patara Fine Thai Cuisine" opens to a warm reception.</p>
2000	<p>S&P’s export products are awarded the prestigious “Thailand's Brand” mark from the Department of Export Promotion, the Commerce Ministry, Guaranteeing the quality and standards of S&P products in the world market.</p>
2002	<p>The Company’s bakery production factory received GMP (Good Manufacturing Practice) certification for its production processes, while its laboratory facility gained the ISO-IEC 17025 certification.</p> <p>The Company began to unveil “Blue Cup” coffee counters in S&P restaurants.</p> <p>Creating a new restaurant concept – “THAI” - especially for the Swiss market.</p>
2003	<p>The Company launched its first line of popular “Delio” cookies</p> <p>“Patio” restaurant experienced to diners in Taiwan.</p> <p>The Company expanded its Lard-Krabang production facility with the acquisition of an adjacent factory for subsequent refitting and expansion of its frozen meals production capabilities.</p>
2004	<p>Introducing “Vanilla Industry” restaurant and bakery concept for style aficionados.</p> <p>Opening of a bakery shop in a Kasikornbank branch. New products of note included the packaged ready-to-eat “Jelio” range of flavored jellies.</p>

	<p>The food production line of the Lard-Krabang factory was awarded HACCP certification from RWTUV (Thailand) for its frozen meal products.</p> <p>The new bakery production factory on Bangna-Trat Road received GMP certification for several food product categories from the Thai Food and Drug Administration.</p> <p>The Company's restaurants also garnered official recognitions such as the "Clean Food, Good Taste" and "Food Safety" plaques for 70 of its restaurant and bakery branches by the Ministry of Public Health. A further 5 restaurant branches were awarded GMP certification by the Thai Industrial Standards Institute Ministry of Industry.</p> <p>In 2004, the Company has total paid-up capital of 374.27 million Baht.</p>
2005	<p>The year for restaurants expansion, with 1 new branch of Vanilla Industry and the opening of a "Grand Patio" in Taiwan. Also in the global marketplace, the London branch of "Patara" received the distinction of the PM Award 2005 (the Prime Minister's Export Award 2005 in the category of Best Service Provider. This underlined the Company's status as a pioneer of Thai restaurants abroad. The Company also received the "Super Brands Thailand 2005" award, recognizing S&P's favored status as a "top of the mind" brand name amongst Thai consumers.</p>
2006	<p>In 2006, Khun Patara Sila-On, the Company's Chairman, had been selected as "The Leading Women Entrepreneurs of the World 2006" which was an award credited and honored to business woman who accomplished outstanding benefits to business world and was well acceptance in society. The bakery factory which produced cookie products became the first bakery business in Thailand to receive the ISO 22000:2005 certification. It also participated in the BRC (British</p>

Retail Consortium) quality system to qualify for exporting products to the UK market.

The food factory had been certified with “Thailand Number 1267” certificate from the Department of Fisheries for exporting frozen sea food products to the EU countries.

The Company had a joint venture partnership with Zanotti (Thailand) to establish S & Pizzanotti in conducting pizza home delivery service under the brand name “Pizzanotti” through telephone number 1344.

Source: http://www.sandp.co.th/profile_milestone.php

Appendix II: Board of Directors

- 01 Mrs. Patara Sila-On
(Chairman of the Board of Directors)
- 02 Lt. Varakorn Raiva
(Vice Chairman of the Board of Directors)
- 03 Mr. Pravesvudhi Raiva
(President)
- 04 Mr. Kachorndej Raiva
(Director)



- 05 Mrs. Kessuda Raiva
(Director and Company Secretary)
- 06 Ms. Sophavadee Uttamobol
(Independent Director and Audit Committee)
- 07 Mr. Dusit Nontanakorn
(Independent Director and Audit Committee)
- 08 Ms. Cattleya Saengsastra
(Independent Director and Chairman of the Audit Committee)

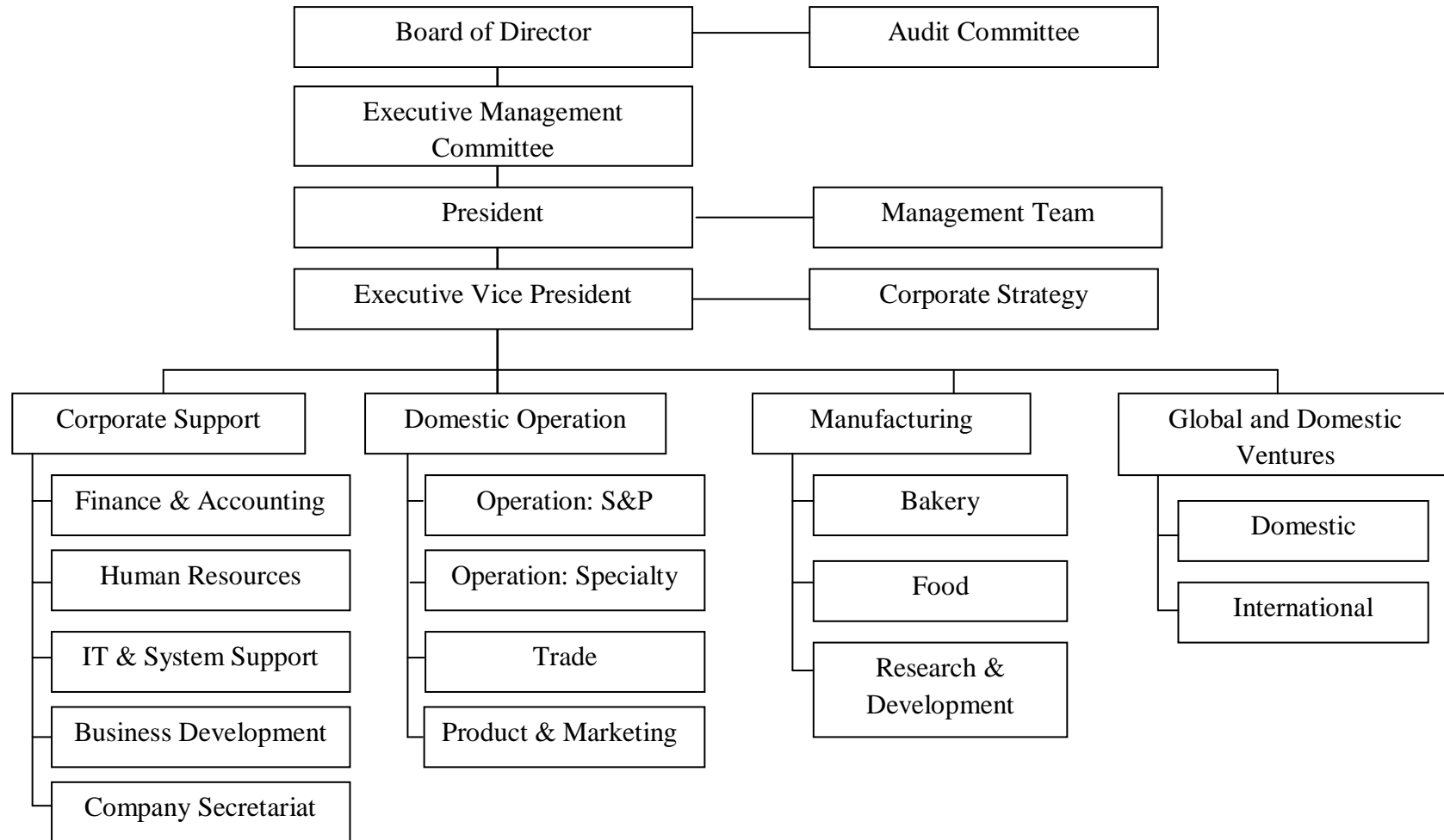


- 09 Mr. Pote Videtyotrakich
(Director)
- 10 Mr. William Ellwood Heinecke
(Director)
- 11 Mrs. Pratana Mongkolkul
(Director)
- 12 Mr. Vitoon Sili-On
(Director)



Source: The Company 2009 Annual Report

Appendix III: S&P and Its Organizational Chart



Source: The Company 2008 Annual Report

Appendix IV: Financial Highlight

	2009	2008	2007	2006	2005
Income Statement (Unit: Thousand Baht)					
Sales and Services Income	4,700,144	4,378,167	4,013,841	3,727,256	3,361,307
Total Income	4,763,701	4,436,617	4,076,775	3,799,995	3,415,112
Gross Profit	2,058,781	1,860,714	1,696,261	1,606,538	1,428,276
Net Profit	293,040	225,149	181,774	226,793	203,601
Balance Sheet and Cash flow (Unit: Thousand Baht)					
Current Assets	1,461,843	1,212,737	1,100,004	1,001,717	777,585
Current Liabilities	692,419	554,272	554,852	504,988	509,960
Fixed Assets	997,218	1,021,325	1,137,998	1,090,448	1,022,587
Total Assets	2,754,049	2,521,823	2,517,514	2,398,461	2,084,535
Total Liabilities	710,032	555,931	556,829	507,309	511,853
Shareholders' Equity	2,044,017	1,965,892	1,960,685	1,891,153	1,572,682
Paid-up Capital	523,431	523,431	523,431	502,303	434,769
Retained Earnings	762,223	694,259	652,310	652,423	604,269
Net operating Cash Flow	579,844	489,923	473,088	421,267	415,630
Financial Ratio					
Liquidity (Times)	2.1	2.2	2.0	2.0	1.5
Profitability Ratio					
Gross Profit Margin	43.8%	42.5%	42.3%	43.1%	42.5%
Net profit margin	6.2%	5.1%	4.5%	6.0%	6.0%
Return on Equity	14.6%	11.5%	9.4%	13.1%	14.2%
Operating efficiency					
Return on Assets	11.1%	8.9%	7.4%	10.1%	10.6%
Return on Fixed Assets	29.0%	20.9%	16.3%	21.5%	21.3%

Debt to Equity Ratio (Times)	0.3:1	0.3:1	0.3:1	0.3:1	0.3:1
Growth Rate					
Sales and Services Income Growth	7.4%	9.1%	7.7%	10.9%	12.2%
Gross Profit Growth	10.6%	9.7%	5.6%	12.5%	13.6%
Total Income Growth	7.4%	8.8%	7.3%	11.3%	12.2%
Net Profit Growth	30.2%	23.9%	-19.9%	11.4%	11.1%
Total Assets Growth	9.2%	0.2%	5.0%	15.1%	19.2%
Per Share Data (Unit: Baht per Share)					
Book Value per Share	18.78	18.78	18.73	18.82	18.09
Earnings per Share	2.80	2.15	1.75	2.58	2.68
Dividend per Share	2.50	2.15	1.50	2.00	2.10
Dividend Payout Ratio	89%	100%	86%	86%	87%
Share Capital					
Par Value (Baht per Share)	5	5	5	5	5
Registered Share (Unit: Thousand shares)	104,686	104,686	105,000	105,000	105,000
Paid-up Share (Unit: Thousand shares)	104,686	104,686	104,686	100,461	86,954
Registered Share (Unit: Thousand shares)	104,686	104,686	103,633	87,825	75,941

Source: The Company 2009 Annual Report

Appendix V: S&P and Its Statement of Income

For the Six-Month Periods Ended June 30, 2010 and 2009

Baht: ‘000

	Consolidated		Separate	
	Financial	Statement	Financial	Statement
	2010	2009	2010	2009
Revenue from sales and services	2,353,883	2,080,113	2,013,003	1,789,756
Cost of sales and services	<u>(1,294,289)</u>	<u>(1,232,302)</u>	<u>(1,202,930)</u>	<u>(1,153,742)</u>
Gross profit	1,059,594	847,811	810,073	636,014
Other incomes				
Gain on exchange rate	-	8,235	-	4,137
Dividend income	255	820	255	820
Others	<u>29,560</u>	<u>26,193</u>	<u>20,830</u>	<u>21,323</u>
Profit before expenses	<u>1,089,409</u>	<u>883,059</u>	<u>831,158</u>	<u>662,294</u>
Selling expenses	(80,503)	(52,337)	(80,503)	(52,337)
Administrative expenses	(802,892)	(707,661)	(548,357)	(503,569)
Loss on exchange rate	<u>(8,864)</u>	=	(3,172)	-
Total expenses	<u>(892,259)</u>	<u>(759,998)</u>	<u>(632,032)</u>	<u>(555,906)</u>
Profit before finance costs and income tax expense	197,150	123,061	199,126	106,388
Finance costs	(1,219)	(22)	(10)	(4)
Share of losses on investments in associates	<u>(3,419)</u>	<u>(1,785)</u>	=	=
Profit before income tax expense	192,512	121,254	119,116	106,384
Income tax expense	<u>(60,014)</u>	<u>(32,779)</u>	<u>(52,997)</u>	<u>(27,694)</u>
Net profit	<u>132,498</u>	<u>88,475</u>	<u>146,119</u>	<u>78,690</u>

Source: The Company 2010 Quarterly Report

Appendix VI: S&P's Customer Satisfaction Questionnaire

Thank you for taking your time and continuous support for S&P. Your participation is much appreciated. Please note that this questionnaire is a part of MBA final independent report. It is intended for those who have been to S&P's restaurant in Thailand, in order to find out about your dining experiences and what S&P can do to improve their foods and services quality.

Please answer the following questions;

1. How did you know about this restaurant? (Multiple answers are welcome)
..... Family members Friends Newspaper/ Magazine
..... The company website Others (Please identify.....)
2. In what occasions, do you usually come to S&P?
..... Daily meal Friends gathering Special occasion
..... Quick meal (Bread, sandwich, dim-sum, sausage, drink and etc)
..... Others (Please identify.....)
3. How often do you dine at S&P? (Including buy the bakery)
..... Once a week Twice a week More than 3 times a week
..... Once a month Twice a month Once in a while
4. What are the main reasons for you to dine at S&P? (Please rank your preference; 10 is the most important and 1 is the least important)
..... Taste Price Cleanness
..... Service Staff attitude Quality of food/ freshness
..... Restaurant location Restaurant atmosphere
..... Popularity of the restaurant The variety of menus
5. How do you evaluate S&P on the following factors? (Please indicate your preference; 5 is excellence, 4 is good, 3 is average, 2 is below-average and 1 is poor)

	Poor				Excellent
	1	2	3	4	5
The location of S&P Restaurant was	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The atmosphere of S&P Restaurant was	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staffs' manner and their attitude were	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The variety of the menu was	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The serving time was	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The food looked	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The food tasted	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The quality of the food was	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The price was	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall, the food and service was	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Would you recommend S&P to your friends?

..... Yes

..... No

7. What improvements, if any, would you like S&P to improve?

.....

.....

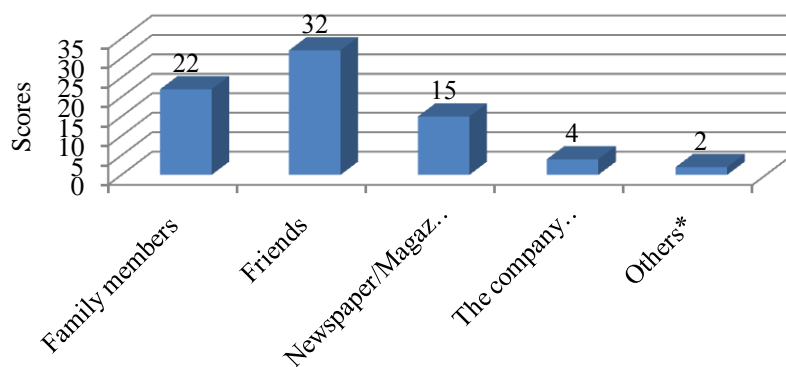
8. In simple words, how would you describe S&P to someone who has never been here?

Thank you very much for your cooperation

Appendix VII: The Result of S&P Customer Satisfaction Questionnaire

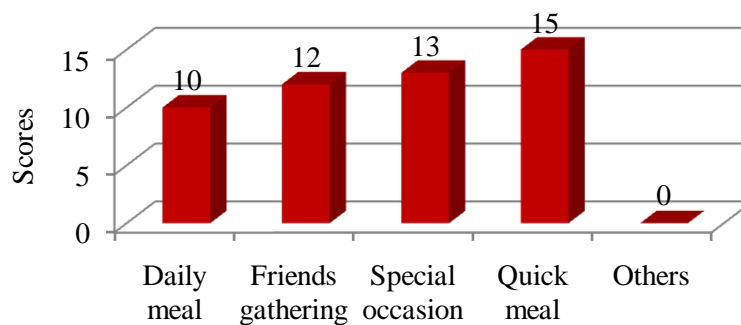
This “S&P Customer Satisfaction Questionnaire” was successfully done by 50 customers who dined at S&P Restaurant, Chonburi Branch. Below are the results of their dining experiences, their satisfactions, and the issues that S&P needs to improve.

Q.1: How did you know about this restaurant?



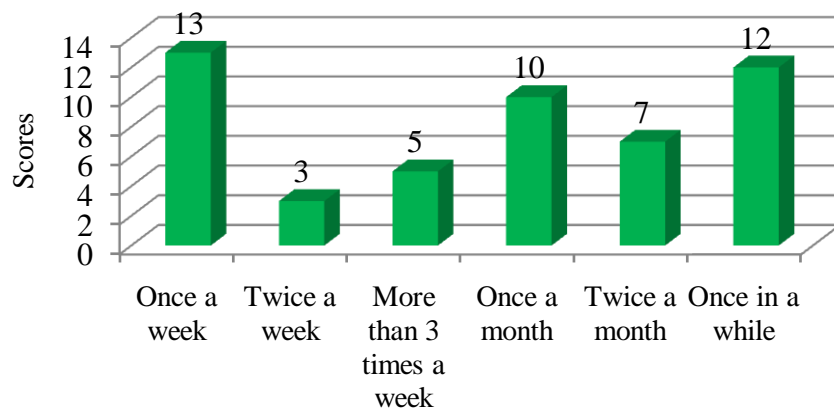
Out of 50 respondents, about 43% of them knew S&P Restaurant from their friends, 29% from their family members, 20% from newspaper and magazine and the rest 5% and 3% were from the company website and other sources. These other sources included the advertisement in leaflet and the TV commercial. Hence, the majority of S&P’s customers at Chonburi branch knew about S&P Restaurant by words of mouth.

Q.2: In what occasions, do you usually come to S&P?



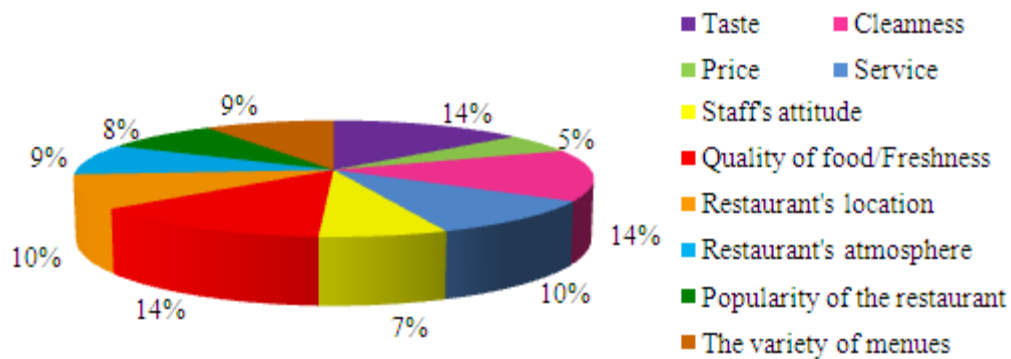
The Q2's graph shows the majority of S&P' customers, about 30% usually go to S&P for a quick meal. This includes buying or having bakery, sandwich, dim-sum, sausage, drink and etc. However, there were only small different results among these "Quick meal", "Special occasion", "Friends gathering" and "Daily meal". Therefore, S&P Restaurant seems to suit well for many dining purposes.

Q.3: How often do you dine at S&P?



26% of the customers said that they usually dined at S&P Restaurant once a week, 24% said once in a while and 20% said once a month. The result of this 26% of "Once a week" might be due to the Company's brilliant promotion campaign of "10% Discount on Every Wednesday", which helps to boost the sales up and increases the frequency time for the customer to dine at the Restaurant.

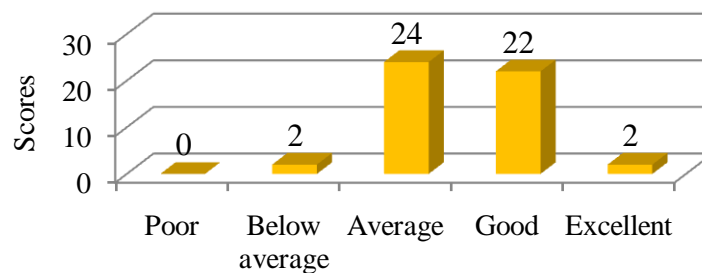
Q.4: What are the main reasons for you to dine at S&P?



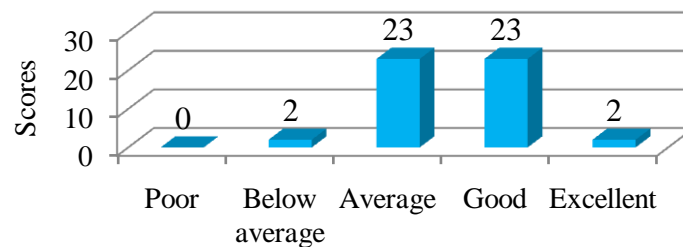
The cleanness, taste, and quality of food/freshness were ranked as the top 3 reasons for the customers to dine at S&P Restaurant. The other important determinants were the service, restaurant's location, the variety of menus, restaurant's atmosphere and popularity of the restaurant. However, for the staff's attitude and the price factor, they were ranked as the least influential determinants.

Q.5: How do you evaluate S&P on the following factors?

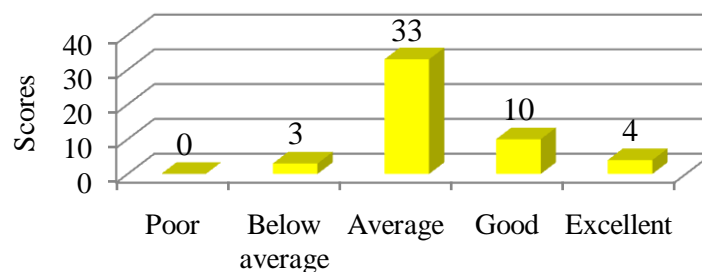
The location of the restaurant was...



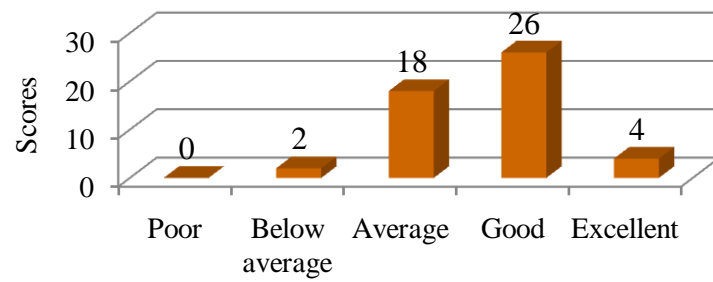
The restaurant's atmosphere was...



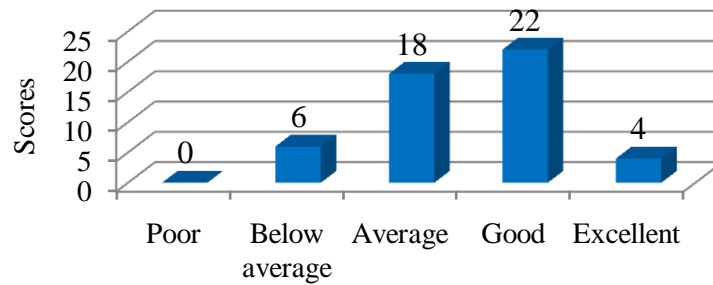
The staffs' manner and their attitudes were...



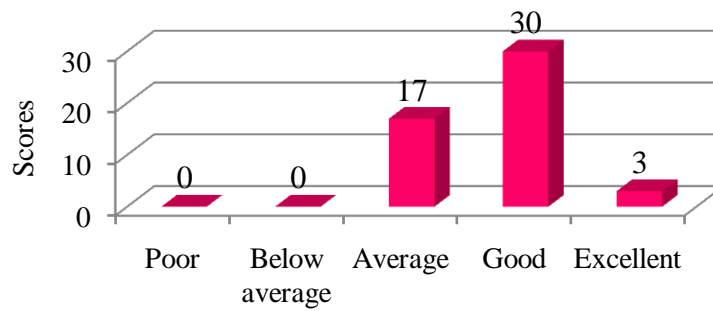
The variety of the menu was...



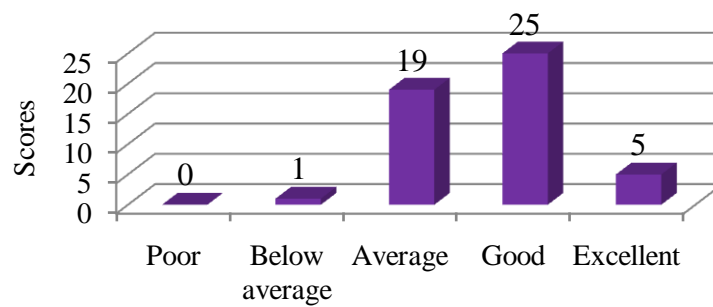
The serving time was...

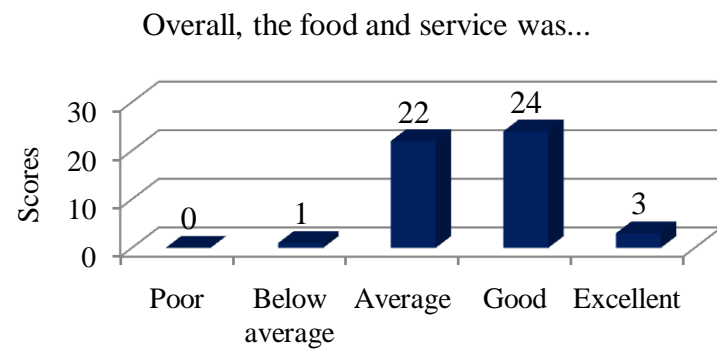
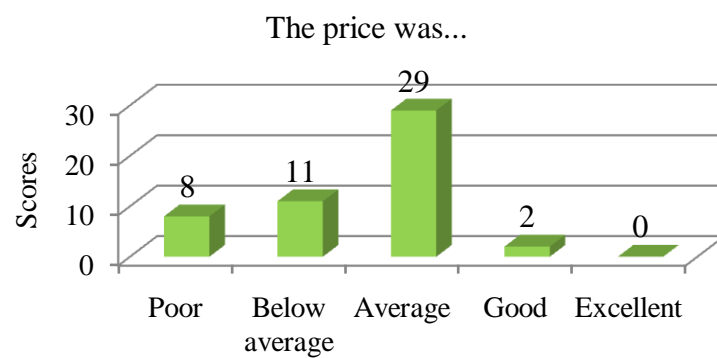
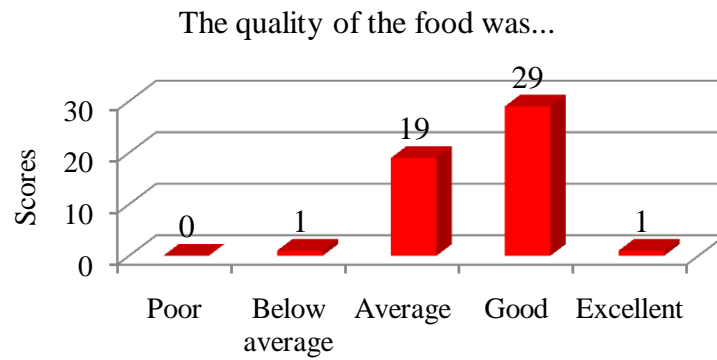


The food looked...



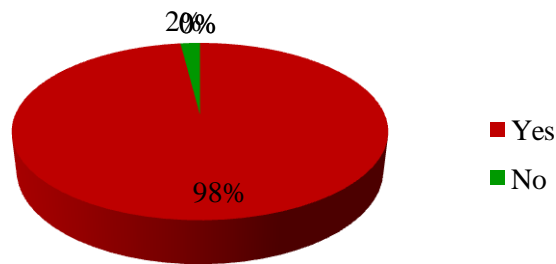
The food tasted...





Considering these 10 factors, the customers were satisfied with S&P's services, especially on the quality matter, the taste and the appearance or the image of the food. Nevertheless, there were 19 customers or about 38% of the respondents that graded the price as unsatisfactory.

Q.6: Would you recommend S&P to your friends?



49 respondents said “Yes” to recommend this Restaurant to their friends and only 1 person said “No”.

Q.7: What improvements, if any, would you like S&P to improve?

Here are the issues that S&P Restaurant needs to improve;

- Improve staff manner
- Make the food different from other restaurants
- Lower the price
- Provide more healthy food menus

Out of 50 respondents, only 15 of them answered this question, 31 respondents did not answer and 4 said nothing particularly need to be improved. However, for those who suggested for the improvements, nearly 50% of them mentioned about the price. They said the price was quite expensive, compared to other restaurants.

Q.8: In simple words, how would you describe S&P to someone who never been to the Restaurant?

Only 13 respondents answered this question and most of them described S&P Restaurant as “Good food with delicious taste”. Below are the simple words that the customers would use to describe S&P to someone who has never been to the restaurant:

- | | |
|--------------------------|-------------------------------------|
| • Family restaurant | • Simply delicious |
| • Good food, great taste | • A high end bakery you need to try |
| • Friendly and delicious | • Ready to go |

Appendix VIII: S&P and Its Corporate Governance

The Company attaches importance to the rights of all groups of stakeholders by complying with the rules and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, as well as with other laws relating to the protection of rights of these stakeholders so that they will be well cared for.

Shareholders

The Company is always well aware that it will conduct its business with transparency. It is determined to make its business prosper and yield good returns to the shareholders continuously in a long term.

Customers

The Company is determined to develop the quality and standards of its products and will pay attention to friendly services for its customers to their maximum satisfaction and will also make available a working unit or personnel performing the duty to accept customers' complaints so as to take action for the customers as soon as possible and the customers' secrets will be kept.

Suppliers

The Company will treat its suppliers fairly and equally, taking mutual benefits into consideration.

Creditors

The Company will treat its creditors fairly by complying strictly with the terms and conditions of the agreements and with the financial commitments.

Competitors

The Company will behave in accordance with international rules of competition and will treat its competitors fairly, avoid dishonest methods, and will not destroy the reputation of its competitors.

Employees

The Company holds that an employee is a valuable resource and must be treated fairly in terms of opportunity, benefit in return and potential development and must be assured of her/ his life quality and safety of work as well as suitable welfare.

Society

The Company is determined to conduct economically and Environment socially beneficial business and attaches importance to environmental care and preservation. To this, the Company has a unit performing the duty to take care and charge of society and to promote organizational cultures and evoke awareness in all individuals in the organization so that they take care of, develop and promote the environment and stakeholders in line with the sustainable growth of the Company.

Source: http://www.sandp.co.th/investors_corporate.php

Appendix IX: S&P and Its Employee Interview

Interviewer: Thank you very much for your time, first of all, could you please introduce yourself; how long have you been working here and what position you are now?

Khun Kovit: Well... my name is Kovit Muangnakum, I have been working here 8 years since July 2002. My job was started as the temporary restaurant and bakery shop staff at Asoke branch and now I am a branch manager. This year is my second years to taking care of Chonburi branch.



Interviewer: Wow!! You must be very proud of yourself. So, what are the main reasons you like to work here at S&P?

Khun Kovit: (with big smile on his face) I feel very comfortable and very happy while I work here. S&P is like my second home, all my bosses are very kind and nice to me and my family, not just about giving me a good job, but they are also taking a good care of my family, such as health insurance and scholarship to the kids (our kids) who have an excellence in academic merit. Moreover, the Company also holds many fun activities to tightening and creating good relationship between us (the Company and employees), and our family members.

Interviewer: Could you please explain more on that?

Khun Kovit: Ok... for example, twice a year, the Company organizes S&P Camp activities, like this year in June, the Summer Camp was held at Sukhothai to grow 70 teak trees for supporting global warming reduction campaign. I and my son pretty much enjoyed this activity. Moreover, two years ago, the Company has opened a meditation course at Ban Raiva, Amphoe Sri Racha, Chonburi province, for employees, families as well as for the third persons,

with the aims that we can have wisdom and consciousness and later on develop ourselves to be good people who can live happily in society.

Interviewer: So, in your opinion, do you think S&P has good corporate governance and unity of corporate culture, and to some extends, are they contribute to S&P's success?

Khun Kovit: Of course, (big smile again) our company is very strong in this. The good corporate governance, great teamwork and the unity of our big family, are the important driving force behind our success.

Interviewer: Thank you very much again for your valuable time....

Khun Kovit: You are very welcome.

* This interview was originally interviewed in Thai language and was translated into English

November 28th, 2010

**Appendix X: Japan's restaurant sales % change on a year earlier
January – December 2009**

		Sales	Number of stores	Arrivals	Average customer spend
		Year over year	Year over year	Year over year	Year over year
All		98.5%	99.9%	100.2%	98.3%
Fast Food	Total	102.5%	101.9%	102.7%	99.9%
	Western Style	102.0%	99.2%	101.5%	100.6%
	Japanese Style	99.6%	105.1%	99.7%	100.0%
	Noodles	112.9%	110.0%	115.4%	97.9%
	Take-out rice/Sushi	99.4%	99.4%	102.1%	97.3%
	Other	102.8%	103.6%	101.9%	100.8%
Family Restaurant	Total	95.3%	97.4%	97.6%	97.6%
	Western Style	96.4%	100.0%	99.1%	97.3%
	Japanese Style	91.1%	96.7%	91.7%	99.4%
	China BBQ	97.5%	90.2%	99.5%	98.0%
		95.8%	96.6%	97.0%	98.8%
Pubs/Bars	Total	94.2%	97.9%	95.1%	99.0%
	Beer Hall Pub	91.3%	89.3%	94.7%	96.4%
	Pubs	94.8%	100.0%	95.2%	99.6%
Restaurant Dinner (total)		92.1%	99.2%	93.5%	98.5%
Tea (total)		94.9%	98.8%	93.7%	101.2%
Other (total)		93.3%	97.3%	93.2%	100.1%

Source: Japan Food Service Association 2009