

# “Survey Relating to the Market Entry Objectives and Current Situation in Thailand and Myanmar”

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## METHODOLOGY

### Data Collection and Procedure

The survey questionnaire was originally developed in English and then translated into Thai and Burmese by a professional translator and then translated back into English by another professional translator. The questionnaire was cross-checked with three lecturers in business field to ensure the integrity of the translation and also improve the understanding of the questions. Data were collected from management level of the targeted firm using questionnaire-based surveys to match the nature of the inquiry with the relevant source of information. A survey team distributed the questionnaires to each participating firm throughout the country.

Survey in Thailand and Myanmar are generally receive a very low response rate, particularly about 10% response rate. Therefore, to achieve the high response rate, different strategies were used, such as making more contacts, a personalized cover letter, as well as a promise of confidentiality. The respondents were also contacted by phone and face-to-face to explain the objective and the significance of the study before permission was sought to collect the actual survey data. The surveys were sent to participants by many methods such as mail, fax, e-mail, or hand delivery; depending on relationships with each corporation and the method that thought to be the most suitable. The completed surveys were collected by many methods such as (1) mail, (2) fax, (3) e-mail, or (4) hand delivery. Alternatively, replies could be received by in-person, or phone interview. Of the 250 survey packages distributed, 224 were returned. Hence 103 usable questionnaires were obtained producing a response rate of 41.20%. A total of 103 usable questionnaires consisted of 73 respondents in Thailand and 30 respondents in Myanmar. On the other hand, 121 questionnaires were removed because of incomplete data with missing data more than 25%.

## ANALYSIS AND RESULTS

### Thailand's Organizational Profiles

Table 1 provides information on the organizational characteristics of the respondents. The total number of participant firms were 73 with annual sales of less than \$100,000 (31.51%), \$100,000-300,000 (16.44%), \$300,000-500,000 (13.70%), \$500,000-1,000,000 (8.22%) and more than \$ 1,000,000 (30.14%). Firm age was determined by the established year and thereby classified as startup (24.66%) and young (24.66%), moderate (8.22%) and old (8.22%). There were more small-sized enterprises (61.64%) than medium-sized companies (17.81%) and large companies (20.55%). The firms surveyed were distributed among the sectors as follows: food and canned food (22.22%), cosmetics and beauty products (11.11%), textile and clothing (11.11%), trading and distributor (8.89%), spa and health care products (8.89%), medicine (8.89%), agricultural products (6.67%), machinery (4.44%) and other sectors (17.78%).

In addition, the major export country of the sample firms were classified as Myanmar (8.33%), Cambodia (10.19%), Vietnam (10.19%), Laos (10.19%), other ASEAN countries (17.59%), Japan (8.33%) and Others (i.e. China, Europe, Australia, etc. 35.19%). Their main clients in those exporting countries were affiliated Japanese corporation (10.81%), non-Japanese foreign companies (35.14%), and local company (40.54%), Affiliated Non-Japanese Corporation (12.16%) and others (1.39%). The main import country of the sample firms were consisting of Myanmar (10.53%), Cambodia (15.79%), Vietnam (3.51%), Laos (7.02%), other ASEAN countries (28.07%), Japan (8.77%) and others (i.e. China, America 26.32%). And the firm's main supplies in those importing country were as follows: Affiliated Japanese Corporation (7.14%), Non-affiliated Japanese companies (18.59%), local company (52.86%), Non-local and Non-Japanese Corporation (18.57%), and others (2.86%).

Table 1: Demographic Characteristics of Respondents in Thailand (n=73)

Demographic Characteristics	Percentage
<b>Annual Sales</b>	
1) less than 100,000\$	31.51
2) 100,000-300,000\$	16.44
3) 300,000-500,000\$	13.70
4) 500,000-1,000,000\$	8.22
5) More than 1,000,000\$	30.14
<b>Number of Years established</b>	
1) 0-5 Years	24.66
2) 6-15 Years	24.66
3) 16-25 Years	6.85
4) More than 25 Years	8.22
5) Not Specify	35.62
<b>Major Export Country</b>	
1) Myanmar	8.33
2) Cambodia	10.19
3) Vietnam	10.19

Demographic Characteristics	Percentage
4) Laos	10.19
5) Other ASEAN Countries	17.59
6) Japan	8.33
7) Others	35.19
<b>Main Clients in Exporting Country</b>	
1) Affiliated Japanese corporation	10.81
2) Non-Japanese Foreign companies	35.14
3) Local company	40.54
4) Affiliated Non-Japanese corporation	12.16
5) Others	1.35
<b>Major Import Origin</b>	
1) Myanmar	10.53
2) Cambodia	15.79
3) Vietnam	3.51
4) Laos	7.02
5) Other ASEAN Countries	28.07
6) Japan	8.77
7) Others	26.32
<b>Main Clients in Importing Country</b>	
1) Affiliated Japanese corporation	7.14
2) Non-Japanese Foreign companies	18.57
3) Local company	52.86
4) Affiliated Non-Japanese corporation	18.57
5) Others	2.86

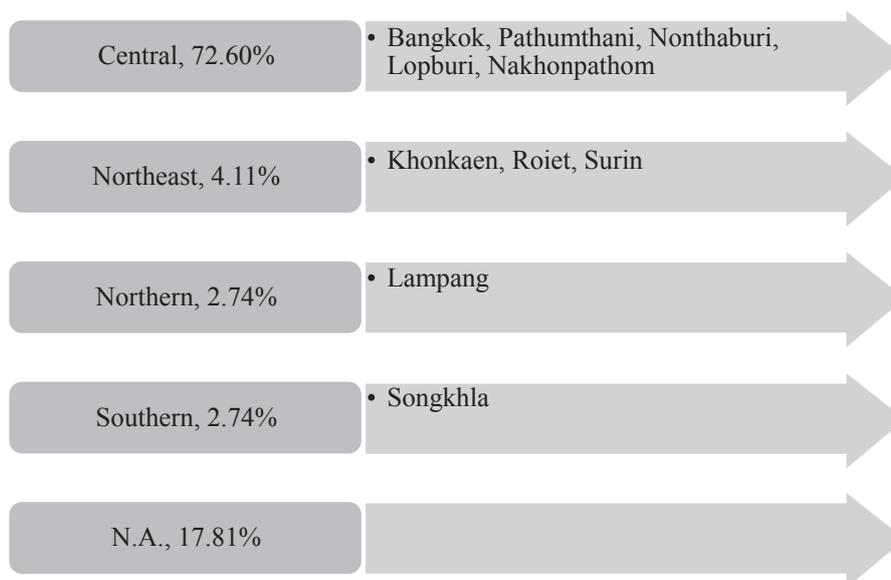


Figure 1: location of participant companies classified by region of Thailand

Figure 1 shows the of participant companies classified by region. Majority of the companies are located in Central of Thailand (72.60%), followed by Northeast (4.11%), and Northern and Southern have the equal number of participant companies (2.74%). The others 17.81% are not specified. The reasons why most companies are located in the central part of Thailand because all government offices and major transportations exported to overseas destinations are in the central of Thailand.

### Myanmar's Organizational Profiles

Table 2 provides information on the organizational characteristics of the respondents. The total number of participant firms were 30 with annual sales of less than \$100,000 (20.83%), \$100,000-300,000 (12.50%), \$300,000-500,000 (25.00%), \$500,000-1,000,000 (4.17%), and more than \$ 1,000,000 (37.50%). Firm age was determined by the established year and thereby classified as moderate (36.67%), startup (23.33%), young (20.00%), and old (3.33%). There were more small-sized enterprises (46.67%) than medium-sized companies (20.00%) and large companies (16.67%). The firms surveyed were distributed among the sectors as follows: trading company (30.43%), agricultural and food products (26.09%, manufacturing (13.04%), services and distribution (8.70%), construction (8.70%), IT/automobile (8.70%) and logistics and supply chain (4.35%).

In addition, the major export country of the sample firms were classified as Thailand (13.64%), Myanmar (27.27%), Vietnam (9.03%), other ASEAN countries (13.64%), Japan (9.09%), and other countries (i.e. Cambodia Laos China Taiwan, USA. 27.28%). Their main clients in those exporting countries were non-Japanese foreign companies (41.18%), and local company (58.82%). The main import country of the sample firms were consisting of Thailand (35.14%), Myanmar (8.11%), Vietnam (2.70%), other ASEAN countries (24.32%), Japan (21.62%), and others (8.11%). And the firm's main supplies in those importing country were as follows: Affiliated Japanese Corporation (10.71%), Non-affiliated Japanese companies (21.43%), local company (35.71%), Non-local and Non-Japanese corporation (25.00%), and others (7.14%).

Table 2: Demographic Characteristics of Respondents in Myanmar (n=30)

Demographic Characteristics	Percentage
<b>Annual Sales</b>	
1) less than 100,000\$	20.83
2) 100,000-300,000\$	12.50
3) 300,000-500,000\$	25.00
4) 500,000-1,000,000\$	4.17
5) More than 1,000,000\$	37.50
<b>Number of Years established</b>	
1) 0-5 Years	23.33
2) 6-15 Years	20.00
3) 16-25 Years	36.67
4) More than 25 Years	3.33
5) Not Specify	16.67

Demographic Characteristics	Percentage
<b>Major Export Country</b>	
1) Thailand	13.64
2) Myanmar	27.27
3) Cambodia	4.55
4) Vietnam	9.03
5) Laos	4.55
6) Other ASEAN Countries	13.64
7) Japan	9.09
8) Others	18.18
<b>Main Clients in Exporting Country</b>	
1) Affiliated Japanese corporation	-
2) Non-Japanese Foreign companies	41.18
3) Local company	58.82
4) Affiliated Non-Japanese corporation	-
5) Others	-
<b>Major Import Origin</b>	
1) Thailand	35.14
2) Myanmar	8.11
3) Cambodia	-
4) Vietnam	2.70
5) Laos	-
6) Other ASEAN Countries	24.32
7) Japan	21.62
8) Others	8.11
<b>Main Clients in Importing Country</b>	
1) Affiliated Japanese corporation	10.71
2) Non-Japanese Foreign companies	21.43
3) Local company	35.71
4) Affiliated Non-Japanese corporation	25.00
5) Others	7.14

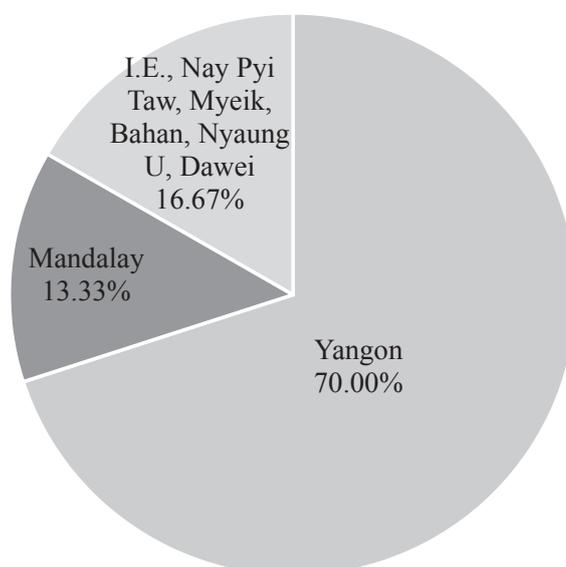
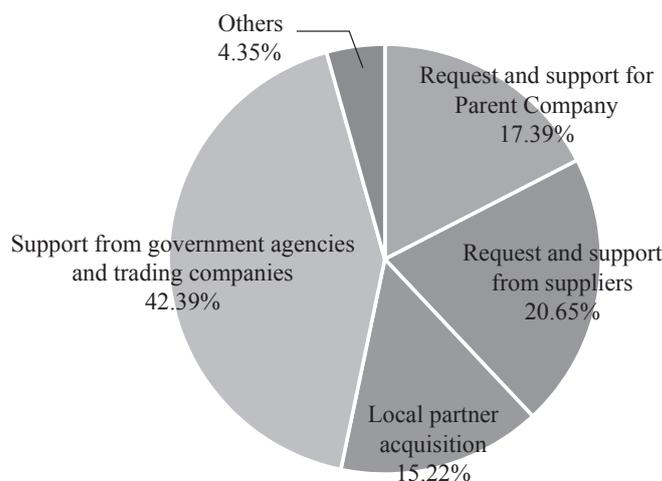


Figure 2: location of participant companies classified by region of Myanmar

Figure 2 shows the location of participant companies classified by region. Majority of the companies are located in Yangon, the Central of Myanmar (70.00%), followed by Nay Pyi Taw, Myeik, Bahan, Nyaung U, and Dawei (16.67%), and Mandalay (13.33%), respectively. The reasons why most companies are located in Yangon because Yangon is the main business center of Myanmar and Yangon Region has the main port Yangon. Yangon Region is located at the eastern extremity of the Ayeyarwaddy Delta area with Andaman Sea on the south-east.

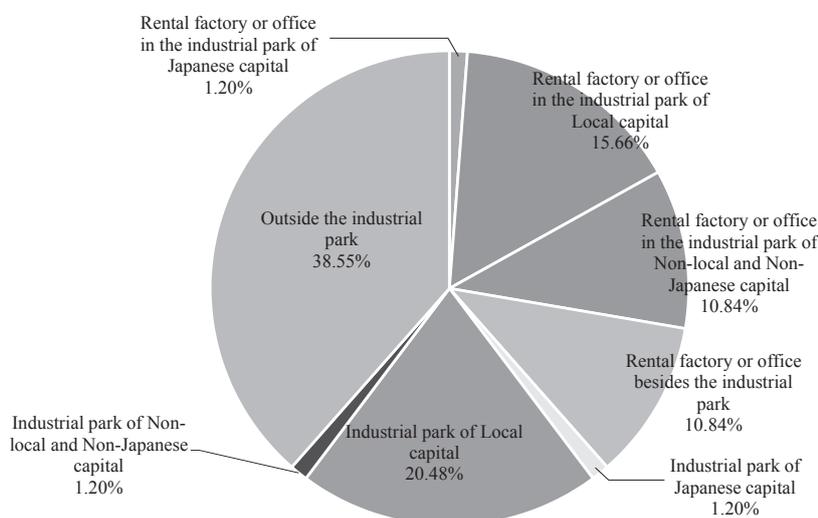
**Purpose Relating to the Market Entry Objectives and Current Situation in Thailand**

**1. Applicable decisive factor of entry into this country**



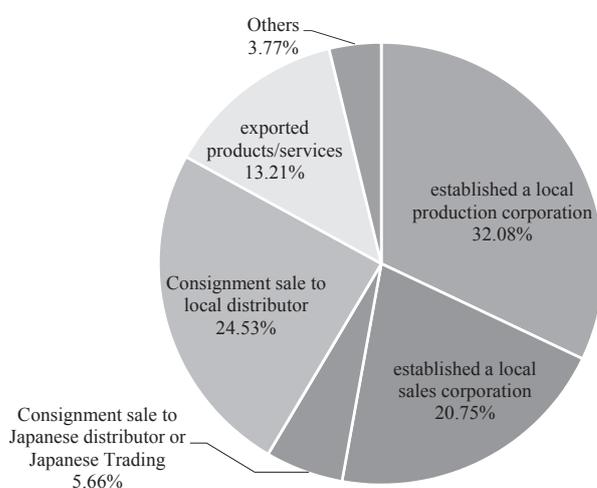
The result relating to applicable decisive factor of entry into this country showed that the majority of the reasons that the companies decide to entry into the other countries because of support from government agencies and trading companies (42.39%), followed by request and support from suppliers (20.65%), request and support from parent company (17.39%), local partner acquisition (15.22%), and others (4.35%) respectively.

**2. Development of production/service**



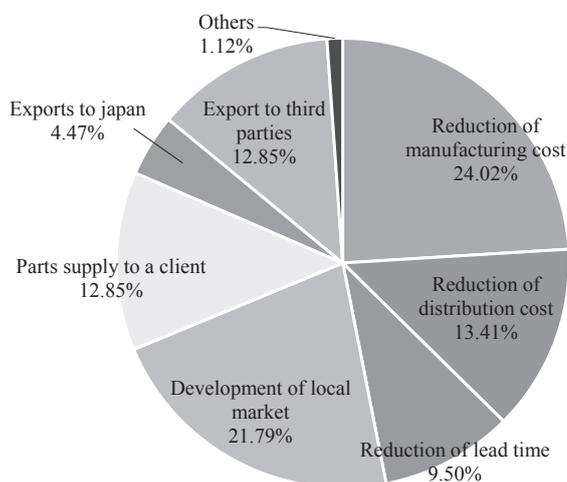
The result relating to development of the companies' production/service showed that the majority of the companies develop their production/service outside the industrial park (38.55%), followed by industrial park of local capital (20.48%), industrial park of Japanese capital (1.20%) and industrial park of Non-local and Non-Japanese capital (1.20%), and rental factory or office in the industrial park of local capital (15.66%), followed by factory or office besides the industrial park (10.84%), factory or office in the industrial park of Non-local and Non-Japanese capital (10.84%) and rental factory or office in the industrial park of Japanese capital (1.20%) respectively.

### 3. The Sale development



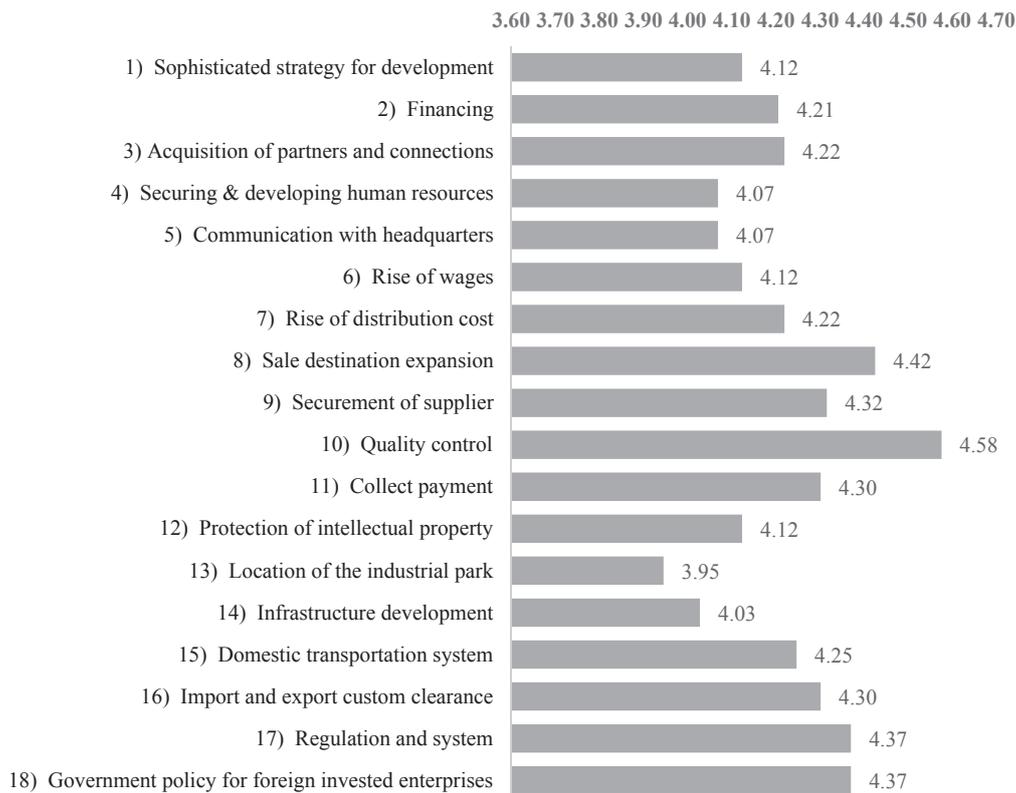
The result relating to the companies' sale development showed that the majority of the companies develop their sale by establishing a local production corporation (32.08%), consignment sale to local distributor (24.53%), followed by establishing a local sales corporation (20.75%), all products/services are exported (13.21%), consignment sale to Japanese distributor or Japanese Trading (5.66%), and others (3.77%) respectively.

### 4. The important reasons for the production of products or services in this country



The result relating to the important point of production of products or services in this country revealed that the majority of the reason why companies decide to produce their products or services in the country because of reduction of manufacturing cost (24.02%), followed by development of local market (21.79%), reduction of distribution cost (13.41%), parts supply to a client and export to third parties are equally selected (12.85%), reduction of lead time (9.50%), exports to Japan (4.47%), and others (1.12%) respectively.

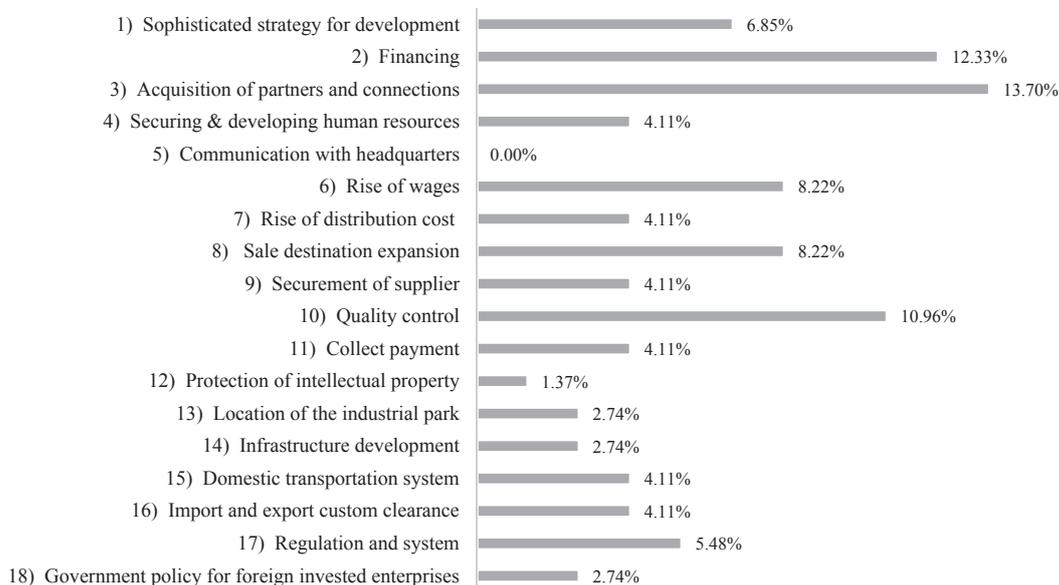
## 5. The Level of Importance on management problem in this country



The finding related to the level of importance on management problem in this country showed that all factors are ranged from 'importance' to 'very importance' for the sample companies. The most important management problem is quality control (4.58), followed by sale destination expansion (4.42) and regulation and system as well as government policy for foreign invested enterprises are equally important (4.37) respectively.

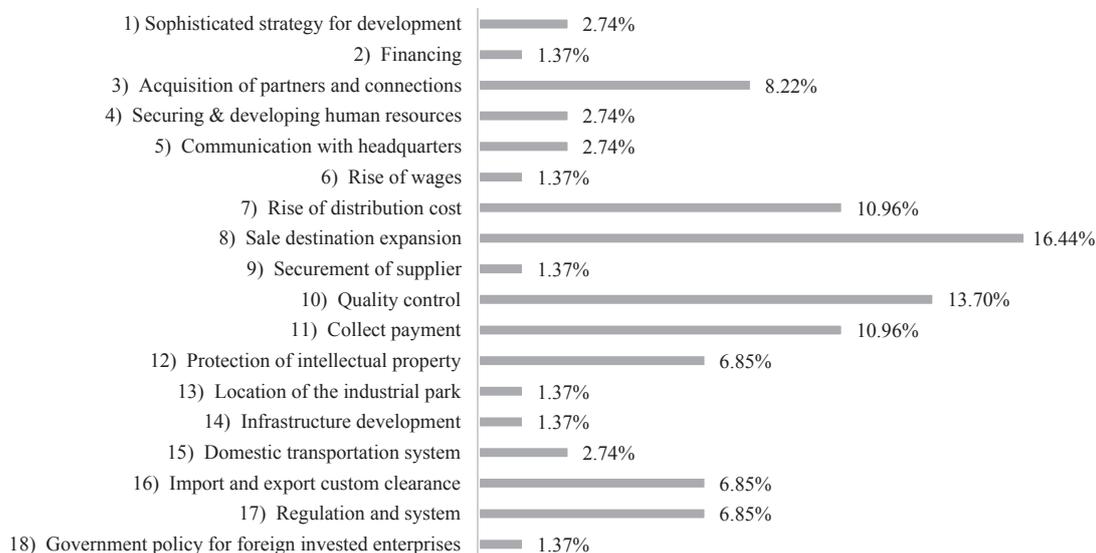
## 6. The 3 highest risks of management problem

### 6.1 1st Rank



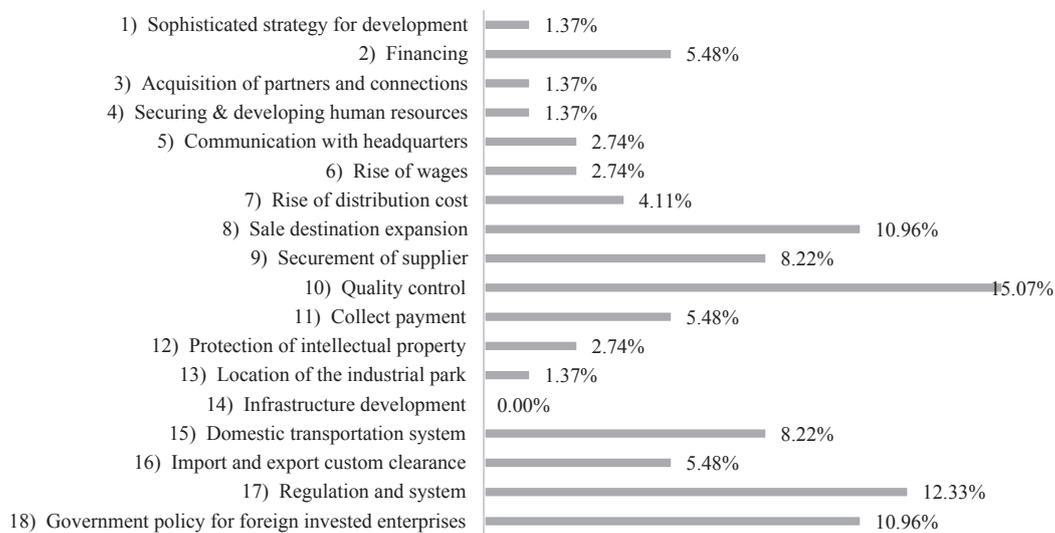
The result relating to the 1<sup>st</sup> place of the risk influence factor in the country revealed that acquisition of partners and connections is the highest ranking of 1<sup>st</sup> place of risk influence factor (13.70%), followed by financing (12.33%), quality control (10.96%), rise of wages and sale destination expansion are equally important (8.22%), sophisticated strategy for development (6.85%), regulation and system (5.48%), securing & developing human resources, rise of distribution cost, securement of supplier, collect payment, domestic transportation system and import & export custom clearance are equally important (4.11%), location of the industrial park, infrastructure development and government policy for foreign invested enterprises (2.74%), and protection of intellectual property (1.37%) respectively.

### 6.2 2nd Rank



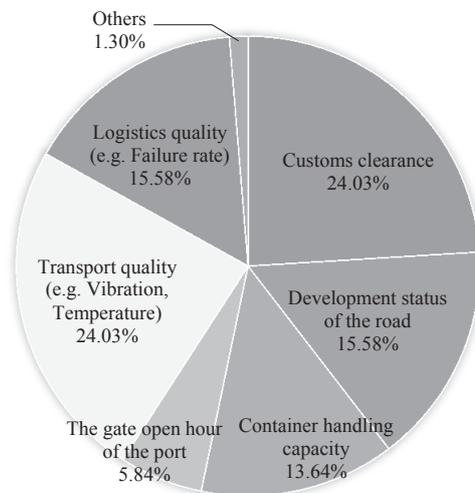
The result relating to the 2<sup>nd</sup> place of risk influence factor at the site revealed that sale destination expansion is the highest ranking of 2<sup>nd</sup> place of risk influence factor (16.44%), followed by quality control (13.70%), rise of distribution cost and collect payment (10.96%), acquisition of partners and connections (8.22%), and then protection of intellectual property, import and export custom clearance as well as regulation and system are equally important (6.85%), followed by sophisticated strategy for development, securing & developing human resources, communication with headquarters, domestic transportation system are equally important (2.74%), and finally financing, rise of wages, securement of supplier, location of the industrial park, infrastructure development and government policy for foreign invested enterprises are equally important (1.37%).

### 6.3 3rd Rank



The result relating to the 3<sup>rd</sup> place of risk influence factor at the site revealed that quality control is the highest ranking of 3<sup>rd</sup> place of risk influence factor (15.07%), followed by regulation and system (12.33%), sale destination expansion and government policy for foreign invested enterprises are equally important (10.96%), securement of supplier and domestic transportation system are equally important (8.22%), and then financing, collect payment and import and export custom clearance are equally important (5.48%), followed by rise of distribution cost (4.11%), communication with headquarters, rise of wages and protection of intellectual property are equally important (2.74%), and the last 3rd place of risk influence factor are sophisticated strategy for development, acquisition of partners and connections, securing & developing human resources and location of the industrial park are equally important (1.37%).

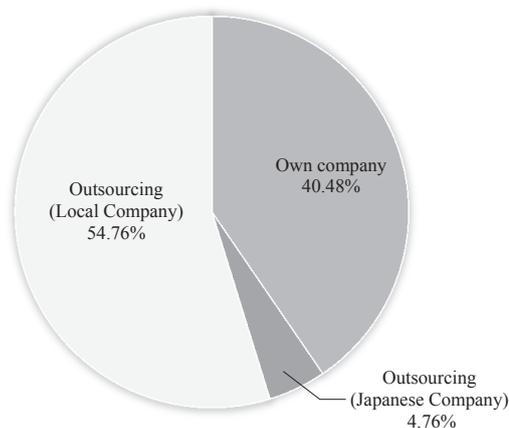
## 7. The logistics problems applicable to company



The result relating to the problem of logistics indicated that the majority of the companies encounter logistics problem, followed by customs clearance and transport quality (e.g. Vibration, Temperature) are equally selected (24.03%), then development status of the road and logistics quality (e.g. Failure rate) are equally selected (15.58%), container handling capacity (13.64%), the gate open hour of the port (5.84%), and others (1.30%) respectively.

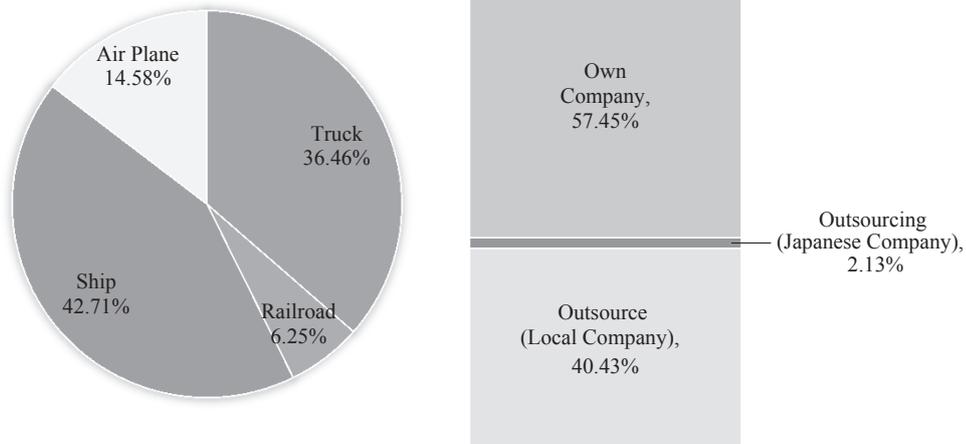
## 8. Mode of transportation

### 8.1 Domestic



The result relating to the mode of transportation logistics (domestic) indicated that the majority of the companies outsource their transportation service to local company (54.76%), followed by running their own transportation system (40.48%), and outsourcing the transportation service to Japanese companies (4.76%) respectively.

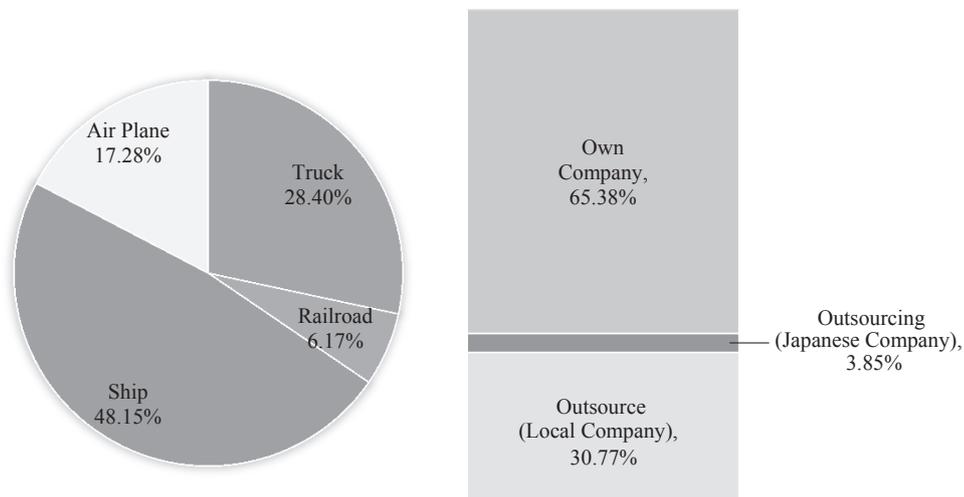
## 8.2 Mode of Transportation [Export]



The result relating to the mode of transportation logistics (export) indicated that the majority of the companies transport their products by ship (42.71%), followed by truck (36.46%), air plane (14.58%), and railroad (6.25%) respectively.

According to the use of truck as the mode of transportation for export, the findings showed that the majority of companies run their own transportation system (57.45%), followed by outsourcing transportation services to local company (40.43%), and outsourcing transportation services to Japanese companies (2.13%) respectively.

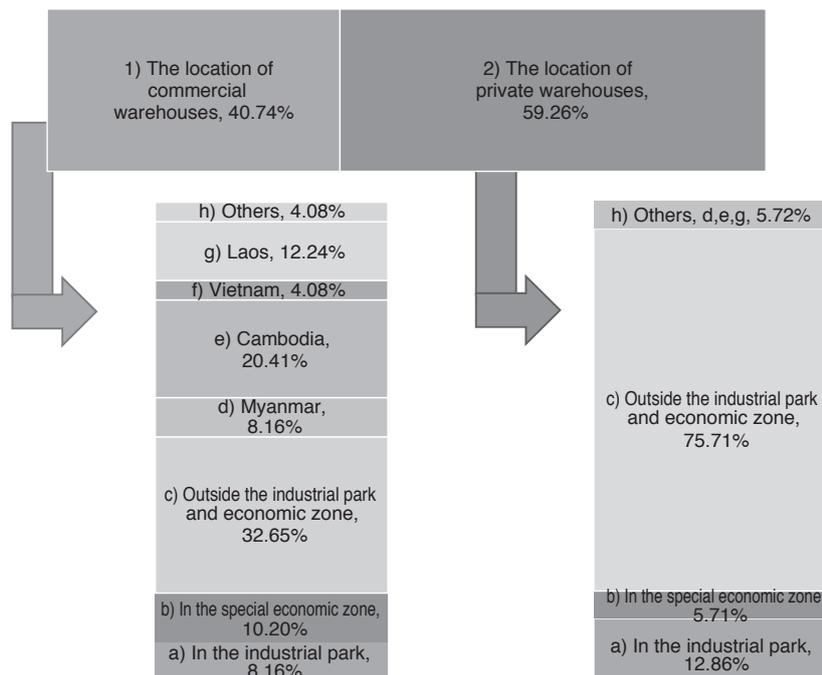
## 8.2 Mode of Transportation [Import]



The result relating to the mode of transportation logistics (import) indicated that the majority of the companies transport their products by ship (48.15%), followed by truck (28.40%), air plane (17.28%), and railroad (6.17%) respectively.

According to the use of truck as the mode of transportation for import, the findings showed that the majority of companies run their own transportation system (65.38%), followed by outsourcing their transportation system to local company (30.77%), and outsourcing the transportation system to Japanese companies (3.85%) respectively.

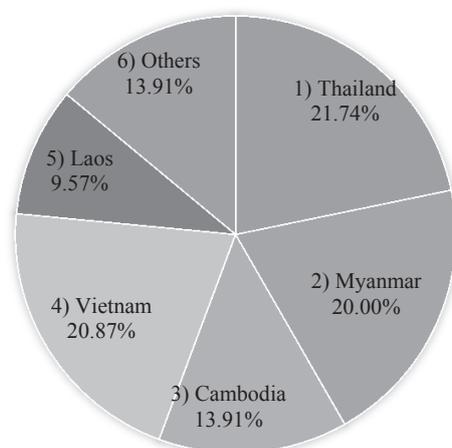
## 9. Warehouse and location of local subsidiary



The result relating to the location of commercial warehouses indicated that the majority of the companies have their commercial warehouse outside the industrial park and economic zone (32.65%), followed by Cambodia (20.41%), Laos (12.24%), in the special economic zone (10.20%), in the industrial park and Myanmar are equally Selected (8.16%), Vietnam (4.08%), and others (4.08%) respectively.

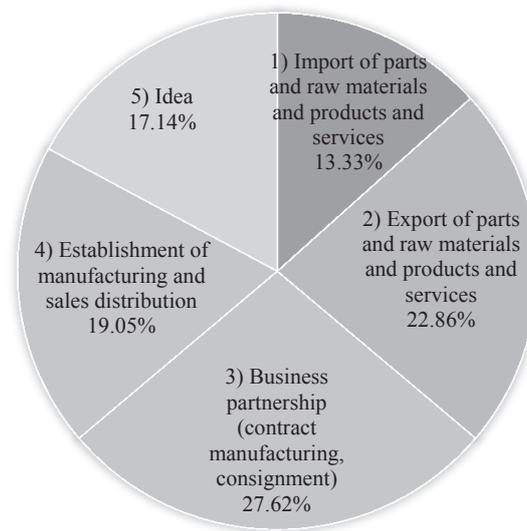
The result relating to the location of private warehouses indicated that the majority of the companies have their private warehouse outside the industrial park and economic zone (75.71%), followed by in the industrial park (12.86%), in the special economic zone (5.71%), and other i.e. Myanmar, Cambodia, Laos (5.72%) respectively.

## 10. Future destination



The result relating to the countries and regions of interest as the future of the destination indicated that the majority of the companies are interested in Thailand (21.74%) as the future destination market, followed by Vietnam (20.87%), Myanmar (20.00%), Cambodia (13.91), Laos (9.57%), and others (13.91%) respectively.

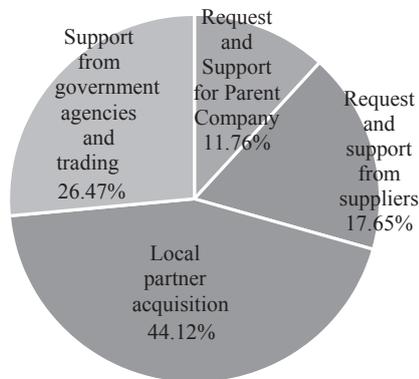
#### 11. The form for developing production/service in the future of the destination country



The result relating to the form when developing production/service in the future of the destination country indicated that the majority of the companies develop their production in the form of business partnership (contract manufacturing, consignment) (27.62%), followed by export of parts and raw materials and products and services (22.86%), establishment of manufacturing and sales distribution (19.05%), ideas (17.14%), and import of parts and raw materials and products and services (13.33%) respectively.

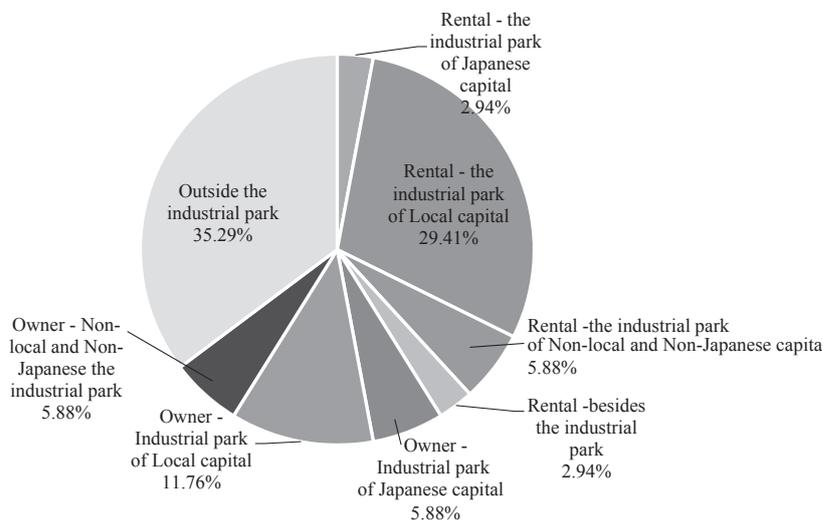
## Purpose Relating to the Market Entry Objectives and Current Situation in Myanmar

### 1. Applicable decisive factor of entry into this country



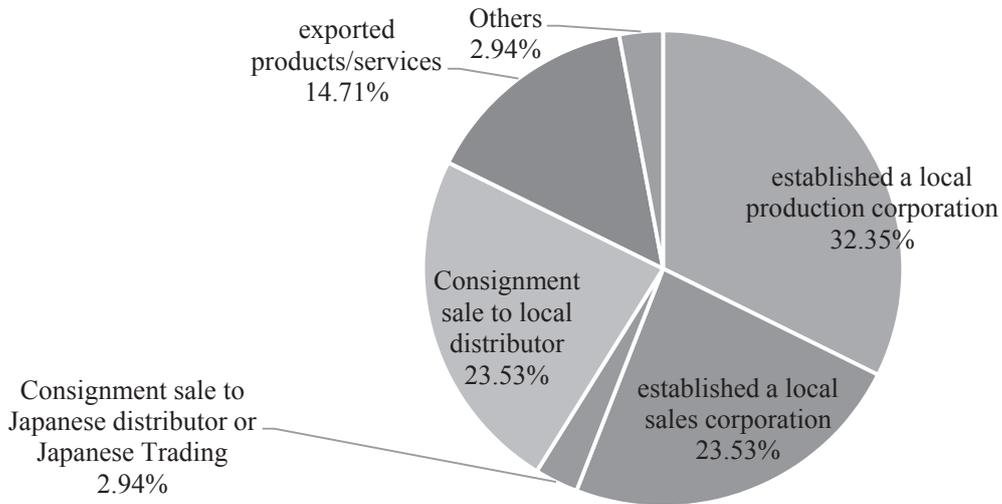
The result relating to applicable decisive factor of entry into this country showed that the majority of the reasons that the companies decide to entry into the other countries because of local partner acquisition (44.12%), followed by support from government agencies and trading companies (26.47%) as well as request and support from suppliers (17.65%), and request and support from parent company (11.76%) respectively.

### 2. Development of production/service



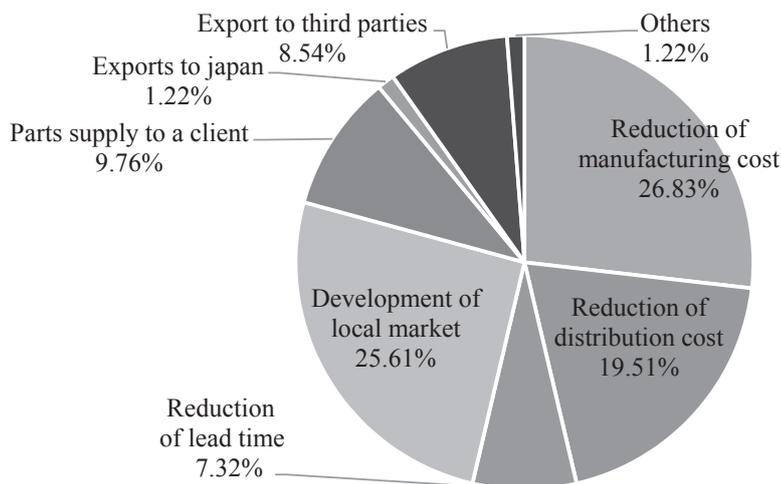
The result relating to development of the companies' production/service showed that the majority of the companies develop their production/service outside the industrial park (35.29%), followed by industrial park of local capital (11.76%), industrial park of Japanese capital and Non-local and Non-Japanese capital are equally selected (5.88%), then rental factory or office in the industrial park of local capital (29.41%), followed by rental in the industrial park of Non-local and Non-Japanese capital (5.88%), and rental in the industrial park of Japanese capital and besides the industrial park are equally selected (2.94%) respectively.

### 3. The Sale development



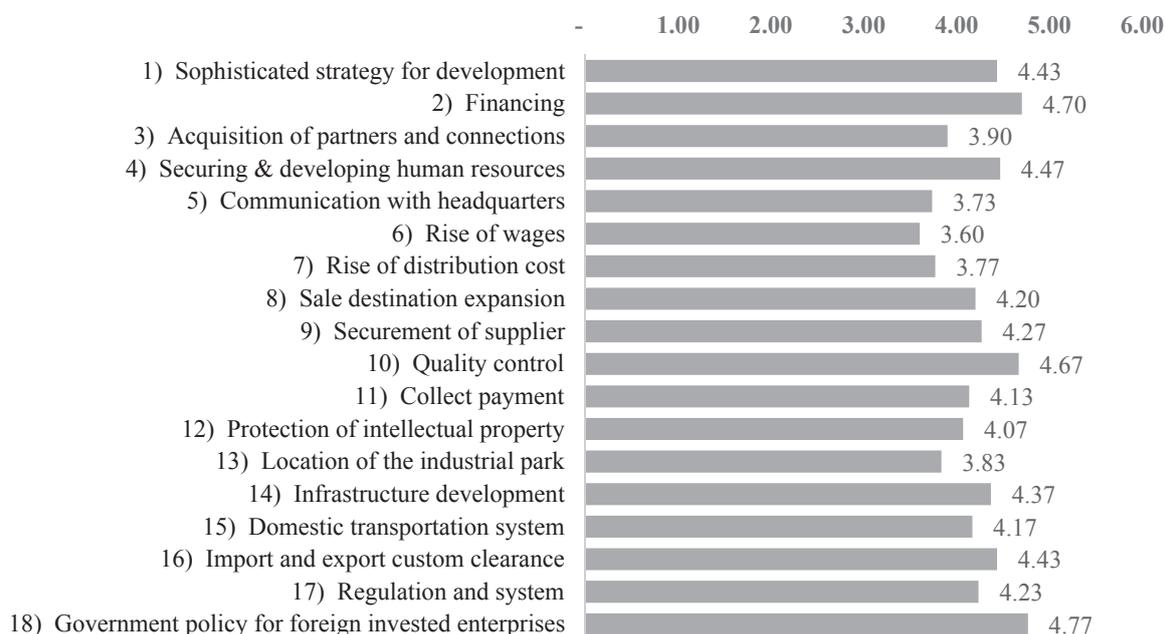
The result relating to the companies' sale development showed that the majority of the companies develop their sale by establishing a local production corporation (32.35%), followed by establishing a local sales corporation and consignment sale to local distributor are equally selected (23.53%), then all products/services are exported (14.71%), and lastly, consignment sale to Japanese distributor or Japanese trading as well as others are equally selected (2.94%).

### 4. The important reasons for the production of products or services in this country



The result relating to the important point of production of products or services in this country revealed that the majority of companies decide to produce their products or services in the country because of reduction of manufacturing cost (26.83%), followed by development of local market (25.61%), and then reduction of distribution cost (19.51%), parts supply to a client (9.76%), export to third parties (8.54%), reduction of lead time (7.32%), and lastly exports to Japan and others are equally selected (1.22%).

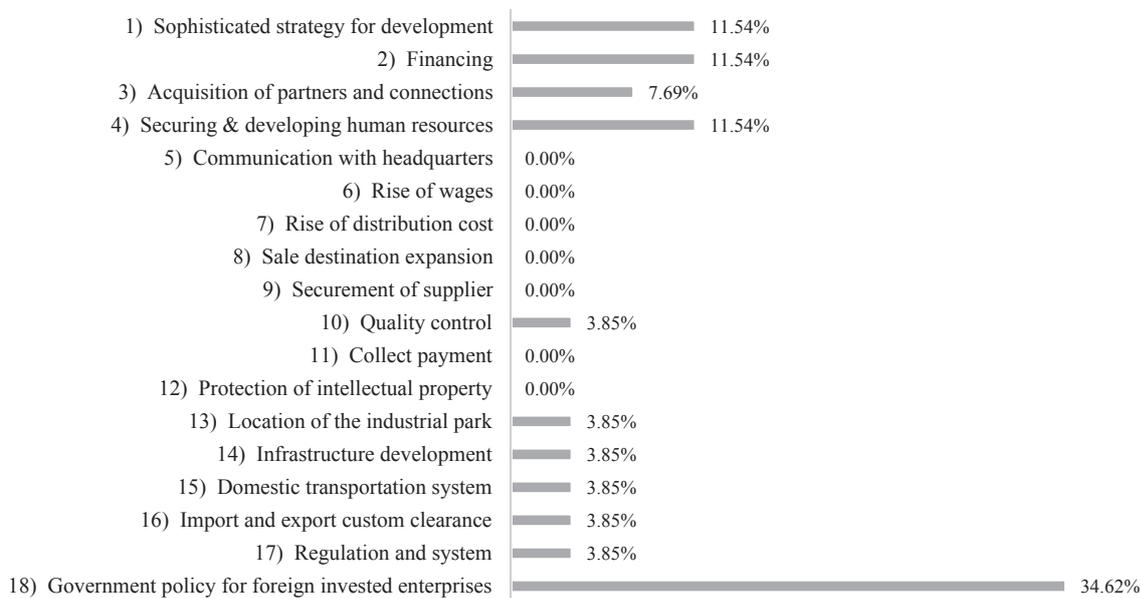
## 5. The Level of Importance on management problem in this country



The finding related to the level of importance on management problem in this country showed that all factors are ranged from ‘importance’ to ‘very importance’ for the sample companies. The most important management problem is government policy for foreign invested enterprises (4.77), followed by financing (4.70), and quality control (4.67), respectively.

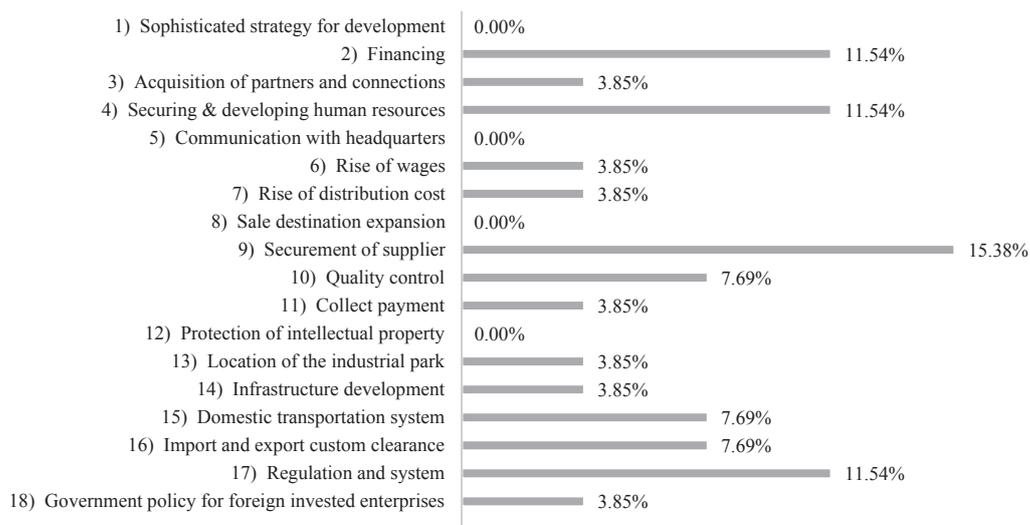
## 6. The 3 highest risks of management problem

### 6.1 1st Rank



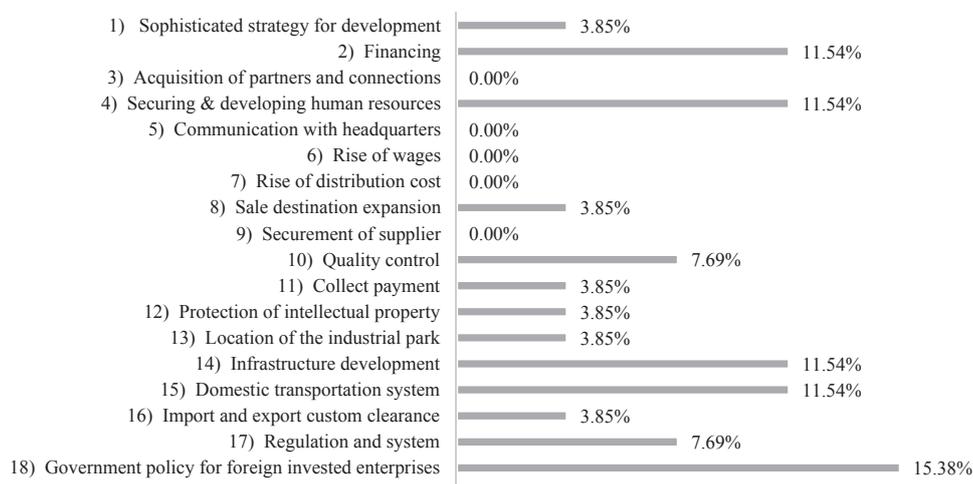
The result relating to the 1<sup>st</sup> place of the risk influence factor in the country revealed that government policy for foreign invested enterprises is the highest ranking of 1<sup>st</sup> place of risk influence factor (34.62%), followed by sophisticated strategy for development, financing and securing & developing human resources are equally important (11.54%), acquisition of partners and connections (7.69%), and finally quality control, location of the industrial park, infrastructure development, domestic transportation system, import and export custom clearance and regulation and system are equally important (3.85%).

## 6.2 2nd Rank



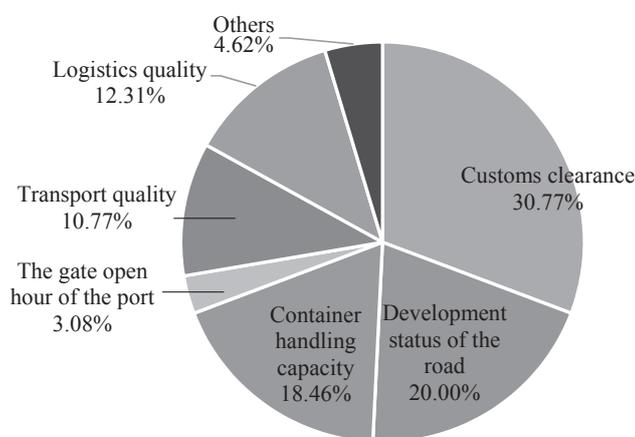
The result relating to the 2<sup>nd</sup> place of risk influence factor at the site revealed that securement of supplier as well as regulation and system are the highest ranking of 2<sup>nd</sup> place of risk influence factor in the country (15.38%), followed by financing, securing & developing human resources as well as regulation and system are equally important (11.54%), and finally acquisition of partners and connections, rise of wages, rise of distribution cost, collect payment, location of the industrial park, infrastructure development and government policy for foreign invested enterprises are equally selected (3.85%).

## 6.3 3rd Rank



The result relating to the 3<sup>rd</sup> place of risk influence factor at the site revealed that government policy for foreign invested enterprises is the highest ranking of 3<sup>rd</sup> place of risk influence factor (15.38%), followed by financing , securing & developing human resources, infrastructure development and domestic transportation system are equally important (11.54%), then quality control and regulation and system are equally Important (7.69%), and lastly sophisticated strategy for development, sale destination expansion, collect payment, protection of intellectual property, location of the industrial park and import and export custom clearance are equally important (3.85%).

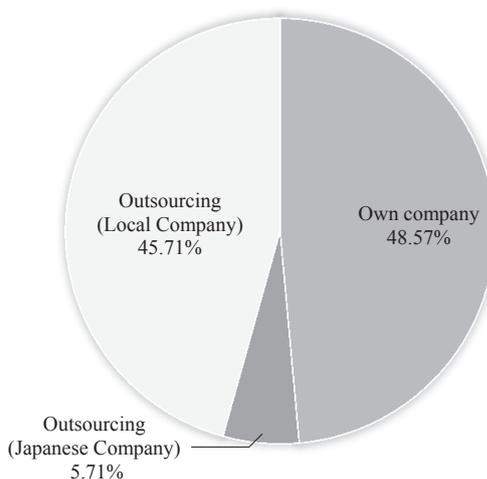
## 7. The logistics problems applicable to company



The result relating to the problem of logistics indicated that the majority of the companies encounter problem concerning customs clearance (30.77%), followed by development status of the road (20.00%), container handling capacity (18.46%), logistics quality (e.g. Failure rate) (12.31%), transport quality (e.g. Vibration, Temperature) (10.77%), the gate open hour of the port (3.08%) and others (4.62%) respectively.

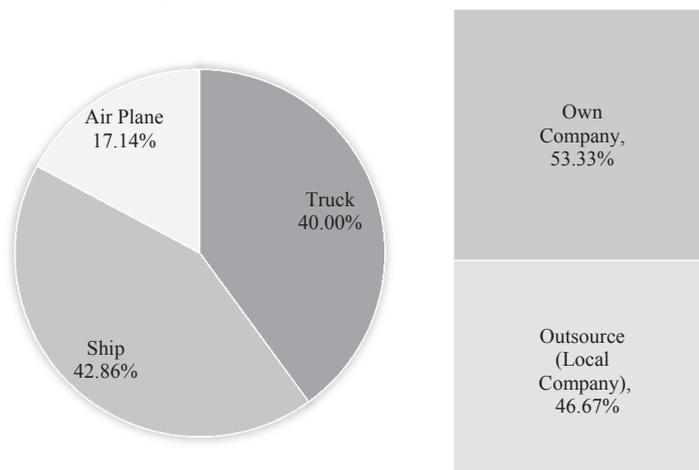
## 8. Mode of transportation

### 8.1 Domestic



The result relating to the mode of transportation logistics (domestic) indicated that the majority of the companies run their own transportation system (48.57%), followed by outsourcing their transportation service to local company (45.71%), and outsourcing the transportation service to Japanese company (5.71%) respectively.

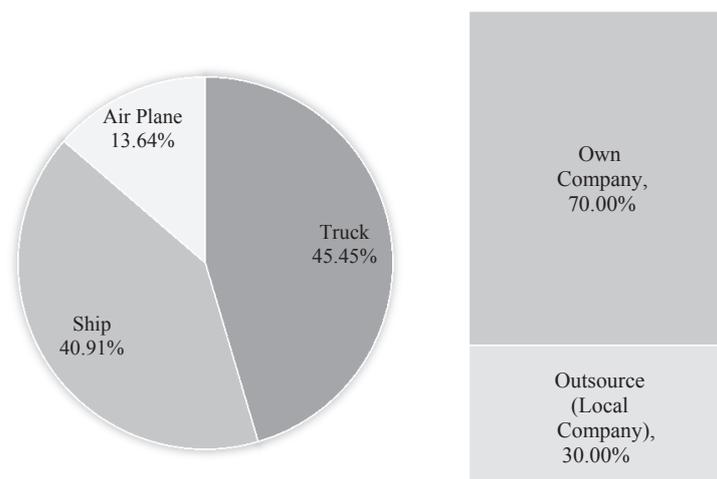
## 8.2 Mode of Transportation [Export]



The result relating to the mode of transportation logistics (export) indicated that the majority of the companies transport their products by ship (42.86%), followed truck (40.00%) and air plane (17.14%) respectively.

According to the use of truck as the mode of transportation for import, the findings showed that the majority of companies run their own transportation system (53.33%), followed by outsourcing the transportation service to local company (46.67%) respectively.

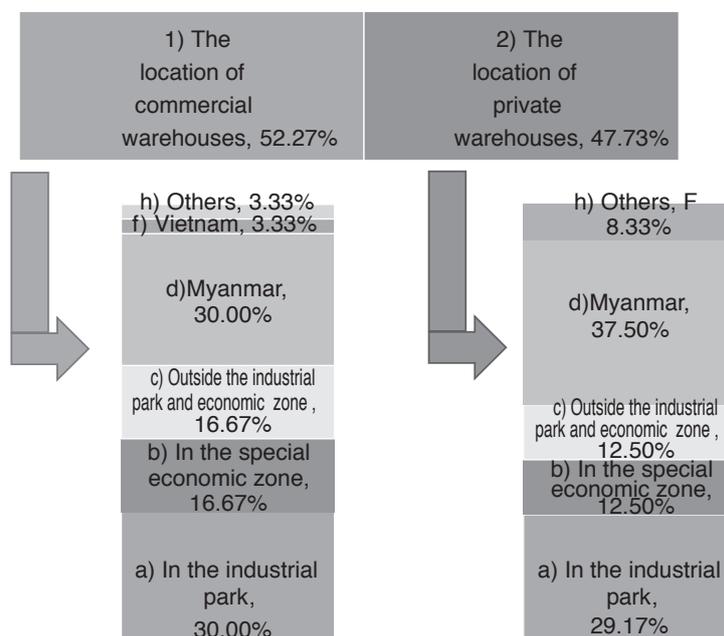
## 8.2 Mode of Transportation [Import]



The result relating to the mode of transportation logistics (import) indicated that the majority of the companies transport their products by truck (45.45%), followed by ship (40.91%), and air plane (13.64%) respectively.

According to the use of truck as the mode of transportation for import, the findings showed that the majority companies run their own transportation system (70.00%), followed by outsourcing transportation services to local company (30.00%) respectively.

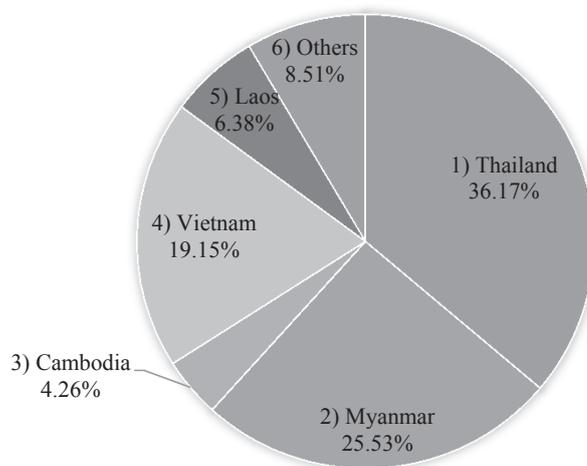
## 9. Warehouse and location of local subsidiary



The result relating to the location of commercial warehouses indicated that the majority of the companies have their commercial warehouse in the industrial park and Myanmar are equally selected (30.00%), followed by in the special economic zone and outside the industrial park are equally selected (16.67%), and Vietnam and others are equally selected (3.33%) respectively.

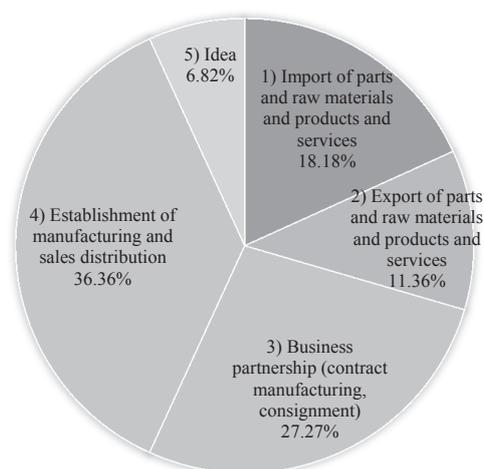
The result relating to the location of private warehouses indicated that the majority of the companies have their private warehouse in Myanmar (37.50%), followed by in the industrial park (29.17%), in the special economic zone and outside the industrial park are equally selected (12.50%), and others i.e. Vietnam (8.33%) respectively.

## 10. Future destination



The result relating to the countries and regions of interest as the future of the destination indicated that the majority of the companies are interested in Thailand (36.17%) as the future destination market, followed by Myanmar (25.53%), Vietnam (19.15%), Laos (6.38%), Cambodia (4.26%), and others (8.51%) respectively.

## 11. The form for developing production/service in a country



The result relating to the form when developing production/service in the future of the destination country indicated that the majority of the companies develop their production in the form of establishment of manufacturing and sales distribution (36.36%), followed by business partnership (contract manufacturing, consignment) (27.27%), import of parts and raw materials and products and services (18.18%), export of parts and raw materials and products and service (11.36%), and ideas (6.82%) respectively.

### The remark findings

1. There are some similarities in both Thailand and Myanmar in terms of the export and import destination countries. Their main import and export markets are among ASEAN countries. The findings from the survey shows that one-third of total number of imported products of Myanmar are from Thailand.
2. Regarding to countries and regions of interest as the future of the destination, ASEAN countries are the main focus of import and export investments for the companies in both Thailand and Myanmar. Thailand is continuing to be the first targeted market for Myanmar.
3. The issues concerning to barriers of doing business in Myanmar is the regulation regarding to foreign investments. The regulations and laws are changeable. Political intervention, corruption, and centralized state control continue to hamper investment in some economic sectors. Detailed information on new legislation or implementing regulations is opaque and often unavailable. Therefore, trading partners with local businesses is one of the main mode of market entry in Myanmar.
4. The issues concerning to the importance of the management problem in Thailand is QC (Quality Control) due to the majority of the companies operating mainly in food and beverage as well as food cans sectors. Thus, they need to focus on product quality control.