

## **BOOK REVIEW**

### ***Start-Up Thailand: The Entrepreneurs' Journey* Philip C. Zerrillo, Havovi Joshi, and Pannapachr Itthiopassagul Singapore: World Scientific, 2020. 171 pp. ISBN 978-981-121-618-3 (hardcover)**

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This book is a compilation of inspiring stories of Thai entrepreneurship behind successful Thai-founded enterprises which are, in part, representative of the entrepreneurial spirit of businesses in many emerging markets in the Southeast Asia region. Unlike most entrepreneurs in other nations, one of the common characteristics of the business owners included in this book is their “Jai Dee” or good heart approach to nosiness. The authors – Dr. Philip C. Zerrillo, Professor of Marketing (Practice) at Singapore Management University; Dr. Havovi Joshi, Director, Centre for Management Practice at Singapore Management University; and Ms. Pannapachr Itthiopassagul, Assistant Professor of Marketing at Thammasat Business School – draw on their great expertise in marketing and business practices in ASEAN countries. The twelve chapters of this book represent eleven Thai business cases, each of which exhibits its own unique way of becoming a prominent player or game changer in their respective industry. Many of the chapters portray the interesting journeys of the entrepreneurs, from the origins to their initial successes and ahead to their future challenges.

The book begins with a preface, acknowledgements, and an introduction chapter on Thai entrepreneurship. In the introduction (Chapter 1), the authors provide insightful details about Thailand as one of the largest economies in Southeast Asia, its geographical significance to the region, the deeply penetrated internet connectivity, and the origins of the country’s economic foundations in agricultural and traditional retail sectors. In terms of entrepreneurship, Thailand has been ranked among the most entrepreneurial nations in the world. Various reasons are given for this. According to the Global Entrepreneurial Monitor survey for 2016-2017, Thai businesspeople in general are not discouraged by the fear of their businesses failing, while another important consideration is that Thais mostly perceive entrepreneurs as having a high societal status. Although Thai entrepreneurs experienced rapid economic growth in the late 20th century, they have also been faced by several periods of crisis and uncertainty. Such highs and lows have shaped them to become resilient and smart. After the introduction, the authors present the selected Thai business cases in four main sections, each of which represents different aspects of the Thai entrepreneurial journey, ranging from the challenging growth paths faced by successors of Thai family businesses to the bold and passionate adventures of Thai start-up entrepreneurs.

The first section (Chapters 2-4) entitled “Entrepreneurship: A Family Business” features three stories of how the young heirs to family businesses were able to bring new perspectives into the original business models of their family ventures, namely Jubilee, Vichaivej International Hospital Group, and Sappe. In Chapter 2, the Jubilee case study contrasts the traditional nature of a Thai Chinese family-owned business and the impressive courage of its successors from the younger generation in taking over and growing this publicly-listed jewelry

enterprise. Having been founded in the old Chinatown area of Bangkok ninety years ago, Jubilee Enterprise PCL has established a respected reputation over many decades. In recent times, the company's new leaders from the younger generations have subsequently managed to grow the business from one jewelry institution in Bangkok to an operation with 125 retail outlets. To achieve this, the key strategies in the late 1990s included founding the Jubilee Diamonds brand, opening counters in department stores, commencing marketing initiatives (such as diamond price displays, the tactical use of colors in counters and uniforms, and cross promotions with financial partners to introduce payments by installment), expanding the business with franchising operations, and providing certification to win the trust and confidence of cautious prospects.

In the 2010s, Unyarat Pornprakit took the wheel of the family business from her father and set about taking the business to the next level with the daring change of the brand's signature color to black – which was a controversial decision for traditional Thai Chinese families at a time when black could be interpreted as being unlucky. The bold initiative involved changing the total look of the brand identity and its frontline staff. After the change, Jubilee gradually came to be regarded as a premium brand and the business was further expanded under two strategic brands: Jubilee Diamonds (the brand owned by the company) and Forevermark (the leading global diamond brand owned by the De Beers Group). From its humble beginnings as a small store in Chinatown, Jubilee Diamonds was listed on the Stock Exchange of Thailand in 2009 following a successful IPO. Jubilee's operating philosophy is rooted in a balance between company performance and the happiness of the employees.

The next story of Vichavej International Hospital Group (Chapter 3) highlights a landscape of succession challenges faced by the company's second generation during the transition of ownership from the founders. Patcharapan Vanadurongwan, the daughter of the founders, was born after Samyaeckfaichai Poly Clinic, the first hospital branch, had been established. Her father, who was a well-known orthopedist, started Srivichai Hospital and recruited a small team informally called the 'generals' who had to do virtually everything for the hospital with a strong entrepreneurial spirit. After expanding to include four general hospitals (with expertise in orthopedics) operating to international standards and targeting middle to high-income patients, the business was rebranded as Vichavej International Hospital Group upon being listed on Thailand's stock exchange market. Patcharapan, as the youngest daughter, prepared herself for the succession by acquiring key knowledge and cultivating a network from her graduate school before taking the leadership role in marketing and developing an e-commerce platform for the hospital while being mentored by her eighty-year-old father. As part of the business's second generation, she had to overcome the challenge of developing a more professional culture and building trust among the staff in order to take the publicly-listed business group in a different direction than it had followed under the preceding generation.

Focusing on Sappe Public Company Limited (Chapter 4), the third entrepreneurial journey in this section clearly demonstrates the importance of an innovation-driven culture led by the family in transforming and diversifying its original business model to thrive in the ever-growing dynamics of its market. The company was founded by the first generation as a small-scale traditional snack manufacturer. Originally, its main product was 'KrongKrang', a traditional crunchy Thai snack sold to traditional trade retailers. In the late 1990s, the Southeast Asian financial crisis impacted the traditional 'mom and pop' outlets who represented their major distribution outlets. To sustain the business, this small traditional manufacturer took the bold move of listing its products in the large-scale modern trade store network of 7-Eleven, which presented the huge challenge of serving the rapidly growing nationwide network of convenience stores. A few years later, the company discontinued its snack line due to the difficulty of manufacturing traditional snacks at a very large scale and decided instead to begin

a new beverage product line instead. At that time, the elder son of the founder with a background in food science discovered nata de coco, a chewy high fiber material produced from coconut water fermentation, and used it in the new beverages. After achieving several manufacturing certifications, the family placed their focus on innovation under three main pillars: the mind-set of the people, creative and fun process, and the 'Inno Studio' funding to support innovative projects. After the initial success of its beverage business launch, the company changed its name to Sappe Public Company Limited and listed on the Stock Exchange of Thailand in 2014. The business later successfully introduced a range of functional drinks to enhance beauty, e.g. Sappe Beauti Drink, Sappe Beauti Shot, and St. Anna. On the challenges of going public, Sappe still needs to put its best efforts into creating constant innovations for its four product categories: functional beverages, fruit juices, functional powders, and ready-to-drink products. In parallel with this, the company also launched a franchise model for its coconut café business. Having started as a traditional snack business, Sappe in 2018 generated sales revenues not only from Thailand, but also from many other international markets, including the European Union, the United States, and the Middle East.

Covering Chapters 5-6, the second section of the book is entitled "The Female Founders: The Power of Mom" and is dedicate to two businesses founded with strong passion by Thai moms, namely Lamoon and Waraporn Salapao, both of whom resonate the key roles of a mother in an oriental family. Telling the story of Lamoon (Chapter 5), Thailand's leading organic baby care brand, the fourth case affectionately represents the origin of business innovation driven by the passion of a new mother whose son had suffered from a skin allergy. A former product development manager and a new mom, Nednaphit Rungthanakiat working on her own initiative created a new soap especially for her son to ease the pain from his severe skin allergy. She then further developed the soap with a group of three of her old classmates who were experienced in the field and shared her passion for helping other parents with a similar problem, and together they established their business venture in 2011. The success of their product development initiatives were largely attributed to Nednaphit's real insights as a mom herself. Once established, the Lamoon Baby brand offered a range of organic baby products with a clear position, i.e. baby products with no chemicals, no fragrances, and no parabens.

Later, the company extended its product offerings to other organic baby accessories and products. The brand became famous when Lamoon started selling its products online and Thai celebrities began using them. Building on this fame, Lamoon started partnership collaborations with famous Thai and international brands. For the company to make organic baby products more mainstream, the next challenge involved: 1) acquiring an organic product certification from the Thai FDA, 2) reformulating its all-natural products for longer shelf life, 3) finding manufacturers who accepted small order quantities, and 4) positioning its brand to be different from mass and imported organic products. Lamoon is now planning for its international expansion and looking for potential acquisitions if it identifies opportunities that fit its vision and uncompromising level of quality.

Waraporn Salapao (Chapter 6) is another clear example of an entrepreneurial success originating from the vision and drive of a mom from a traditional Chinese Thai family. Waraporn Suthanya created her own recipe to make Chinese-style steamed buns, called 'Salapao', for her children to eat after school. As the savory buns became famous in the neighborhood, the family started to sell them from a small kiosk in front of their house, and hence the name, Waraporn Salapao. After a few years, Waraporn and her children grew the business together as a family and expanded their outlets into many malls in Bangkok. The family company then began selling dim sum and rice dishes through a small restaurant format, which grew into a chain of 78 outlets mostly in Bangkok where snacks and dishes made with

the brand's original recipe are sold at competitive prices. The family has a future expansion plan to cover other key provinces and potentially other Asian markets. One big hurdle to cross is to elevate the consumer perception about a bun to be more than an inexpensive street food choice. As the bun business is scaling up, the other internal challenge is how this family company founded by the mother could be run together with her children, all of whom have grown up and become the company's management.

The third section (Chapters 7-11) entitled "The Start-up Entrepreneur" is a compilation of five Thai start-up success stories in which most of the founders fruitfully seized great business opportunities without their family support. The companies covered in this section are Priceza, Wongnai, At Vantage, Alto Coffee, and Thai Habel Industrial. Chapter 7 presents the story of Priceza, a Thai tech start-up providing price comparison and shopping search engine services for online bargain-hunters. The case of Priceza underlines the crucial development capability of start-ups of being able to keep up with a fast-changing market and to make and learn from mistakes. Founded by three computer science graduates, Priceza is an online business that was launched in the age of relatively low internet penetration in 2010. During the early years of trial and error, one of the big mistakes was the decision to outsource the core technology programming which later crashed and limited the company's ability to modify or fix the software. Having learned from their mistakes, the team focused their efforts into gathering insights from potential customers before relaunching a slimmed-down version. Many years later, Priceza has had millions of active users accessing the site through multiple platforms (mostly smartphones) from countries across Southeast Asia. The original service of Priceza focused on online price comparisons.

In the company's later evolution, more shopping comparison features, such as payment and delivery options, were introduced. There are two main performance-based business models, i.e. cost per click and cost per sales commission. Its revenue comes from selling online display ads and insights. Priceza attracted external investments in the form of Series A funding (CyberAgent Ventures) in 2013 and Series B funding (Burda Principal Investment) in 2016. The company has become an e-commerce distribution platform and is passionately evolving toward the leadership role in the industry. Chapter 8 is the story of Wongnai, which means 'insider' in Thai. Wongnai is a lifestyle platform featuring details and reviews of restaurants, salons, spas, etc. This is a Thai online start-up business case which dares to explore beyond its original scope. The co-founder and CEO, Yod Chinsupakul, is one of the Thai start-up exemplars who inspires his young tech savvy team to drive the company's relentless innovations. Wongnai was founded as a location-based restaurant review guide service in the years of 3G technology.

The business gradually introduced additions to the platform, such as e-vouchers, but it was not easy to raise funds during that time. Then the founders identified how the platform could be monetized via banner advertising. With the founders' ambition, the company reached Pre-series A funding from Japan's Recruit Group and also learned from its new shareholder to improve the revenue stream to be more effective. Subsequently, the first ever series B investment in a Thai start-up from Intouch Group fueled the business to expand its scope into other lifestyle verticals and it turned profitable in 2017. With its belief in a team-based approach, the business did not stop at being a dining-related app; instead, it later introduced new platforms for beauty parlors, hair salons, spas, and clinics, with potential for expanding to cover pet food providers or schools. Wongnai also started a cooking portal with original video contents which impressed the advertisers of the ingredients and kitchen appliances used in the videos.

Wongnai positions itself to be the ‘wisdom of the crowd’ platform and considers Instagram as an important social media source of food and lifestyle inspirations. At Vantage Co. Ltd. (Chapter 9) is characterized as an individual Thai market research agency which was able to succeed in the marketing research industry that was dominated by large international players. The key success factor for the business was based on its service differentiation in providing more customized, well-crafted insights delivered by its dedicated team of experts in tandem with the latest technology. Suttipan Sutas Na Ayuthaya, together with his team members and his former marketing professor, founded this research company with his practical marketing research experience and the conjoint analysis skills he acquired while studying for his master’s degree. Once a customer of big international research firms, Suttipan found his way to provide alternative solutions to the typical ‘cookie cutter’ reports from the research giants. Coupled with a deep statistical analysis,

At Vantage also started to offer its customized research reports with data visualization and graphics. It was a new solution that helps to make complex data look clear and easy to understand so that the users are able to make more informed decisions. As the business grew to a certain point, the founder realized the need to mitigate the risk of losing revenues in the long-term by creating a cost-effective platform, rather than working on a one-by-one basis. The founder thus commenced his new pathway to profitability in three stages, starting with establishing a client services department, improving the use of automation and the ability to scale up using research panels, and starting the company’s own software development unit. Since undergoing this significant transformation, At Vantage has turned out to be a cost-effective marketing intelligence firm powered by a team of experts and its proprietary technologies.

The story of Alto Coffee (Chapter 10) takes the readers through a Thai entrepreneur’s journey of courage and perseverance as he explores his path and learns from his failures to make it in the specialty coffee business. After the closure of an unsuccessful pasteurized soy milk business venture that he embarked on with his brother, Patthrapon Ruangsuteerakit started a new experiment by opening three new café outlets in a row but with different price points, menu names, cup sizes, promotion offers, and packaging designs in the central Bangkok area. In the 2010s, the café market in Thailand’s urban cities grew significantly, which also meant an increase in the number of key competitors’ outlets like Starbucks, Café Amazon, or Black Canyon. Patthrapon later learned from the vast variations of the marketing elements that most of his customers were price sensitive but also skeptical whether a value-priced coffee was of a very high quality. After his period of experiment, he closed down all initial outlets and replaced them with the new café chain, Alto Coffee, a premium boutique café that also offered premium coffee beans, brewing equipment, and coffee knowledge from his well-trained people in the showroom.

The word ‘alto’ means “high” in Italian which connotes the higher altitudes where good coffee is typically grown. Beverage prices at Alto Coffee are generally 10-15% lower than other international brands. His loyal customers gradually became more educated and willing to spend more for higher graded specialty coffee choices. The owner regularly spends time observing his staff so that he can then give necessary direct feedback to his frontline employees. The business also worked with upstream suppliers who were coffee farmers in the Northern provinces of Thailand. Alto buys good coffee directly from these local farmers at a 25-30% premium in order to improve their standard of living. The founder also focused on his wholesale operations and used cost-based pricing per kilogram for this different group of customers who were more price-sensitive. This wholesaling business also sources beans for other café owners who, therefore, do not see Alto as their competitor.

As described in Chapter 11, the story of Thai Habel Industrial Co. Ltd. portrays the admirably strong will and grit of the family who were able to bring their appliance manufacturing business back to be even greater after suffering a devastating factory fire. The company was one of the first manufacturers of old technology television displays. After the business had grown as an OEM supplier for major modern trade and online retailers, the company's factory was destroyed by nine-hour fire in 2015, resulting in US\$60 million of damage. Narindej Thaveesangpanich left his professional marketing career and returned to help his family salvage their damaged business. As a condition for him to quit his well-paid job, he insisted that the family start an export business to improve its post-crisis cashflow situation quickly and develop its own branded products to improve its margins. The company successfully underwent a big turnaround process after the crisis involving reorganization, market diversification, and cost-cutting efforts.

As part of the organization changes, the business launched its own brand, Altron, of high-quality LED televisions distributed through modern trade channels and targeting middle income households. The brand image was proudly communicated as being "Made in Thailand" with a modern design, user-friendly functions, a warranty, and nationwide service centers. Third-party endorsements from reputable institutions, including the Thailand Trust Mark from the Ministry of Commerce and the Prime Minister's Award for export, were highlighted to ensure the brand credibility which is paramount to success in both domestic and export markets. The company is now planning for a strong expansion into the regional market.

The fourth section (Chapter 12) entitled "Making it big: Success against all odds" simply showcases the huge business success of the Minor Group and its iconic founder, William Heinecke. The multi-billion-dollar success of Minor International is evidence of the passionate entrepreneurial journey of Heinecke, an American-born entrepreneur who came to Thailand as a teenager and started his own office cleaning and advertising companies soon after. His company became Minor Holdings which then entered the hotel business. Heinecke also took the opportunity to expand into the field of restaurant franchising under the Minor Food brand, beginning with Mister Donut followed by other American dessert franchises, Swensen's and Dairy Queen. In 1998, there was a famous pizza business conflict which was made public when Minor's Pizza Hut franchising license was surprisingly terminated by the master franchisor, Tricon. In spite of the significant impact on Minor's stock price, the company built its own competing brand, The Pizza Company, with its experienced team from the terminated franchise and quickly regained its share of the pizza business.

With visionary leadership, Heinecke collectively developed his hospitality and food service empire to withstand the Asian financial crisis, the 2004 tsunami in Thailand, the outbreak of bird flu and political upheavals. After experiencing this series of crises in its domestic market, Minor then expanded its investment into various overseas markets, e.g. AVANI Hai Phong Harbour View in Vietnam and The Pizza Company in Kuwait, the UAE, Cambodia, and the Philippines, to create a more balanced business with geographical diversification. After decades of accomplishments, the company continues to seek new opportunities and acquisitions, with the founder believing that the company's strong leadership team and culture have been crucial in driving fast-paced growth.

Overall, this book is recommended for entrepreneurs and marketers who have business operations or are inspired to start new business ventures in Thailand or its other Southeast Asian neighbors. Most of the case studies can also be used to complement the teaching and study of business- and marketing-related courses as they provide practical and inspiring examples as well as real-world cases that promote further discussion on a variety of management challenges. The sectional themes make the book more emotionally inspirational

and easier to digest for readers who do not have a business background. On a side note, it would be even more helpful for some readers or students if the book could provide relevant illustrations of each case, for instance, photos comparing the businesses in the past and in the present, as well as the photos of their current product offerings. Similarly, some additional key figures or graphics, such as charts of market shares or sales growth, could be helpful for readers to analyze the context of each individual business more deeply. Above all, just as the authors indicate on the back cover, this book serves as a source of inspiration and hands-on insights that could be appreciated by those who are planning to become entrepreneurs or potential Thailand investors.

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