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A “SWOT ANALYSIS” ON BUSINESS OPERATORS IN THAILAND FOR THE HIGH-SPEED RAIL PROJECT: CASE STUDY OF PHITSANULOK PROVINCE

Abstract:

The High-Speed Rail (the “HSR”) Project is a development scheme initiated by the Thai government where the main purpose is to respond to and to accommodate the expansion of the city, the population growth, the domestic and international economics, and to reduce transportation costs. This research aims to analyze and evaluate the likelihood of the economic impact from developing a high speed intercity railway, using “Phitsanulok Province”, which is a mid-sized city, as a case study.

The objective of this study is to analyze the surrounding conditions and potentials and to render the SWOT Analysis and impacts of being an HSR station, and to provide recommendation in relation to business opportunities, adjustment and development to business entrepreneurs in Phitsanulok Province.

The methodology of this research framework in this project uses a combined method, namely, 1) documentary study, deriving from the compilation of primary information from researches of other countries which have HSR, 2) the survey research of the desire for HSR, and 3) an in-depth interview.

The results received from this study found the following:

1. This study aims to analyze and consider the pros and cons of implementing an HSR in the province and to look into the likely economic and financial consequences of such a development. The SWOT Analysis (Strengths-Weaknesses-Opportunities and Threats)

□2. The impact and potential effects which may occur to the business entrepreneurs can be divided into four groups:

- a) Those that may benefit,
- b) Those that may face some risks,
- c) Those that may need to adjust their core business
- d) New Businesses in relation to various services

Keywords:

High-Speed Rail, SWOT, Business Entrepreneur, Impact

JEL Classification: R11

1. Introduction

The High-Speed Rail (the “HSR”) Project is initiated by the Thai government principally to accommodate the city expansion, to encourage the economic, commercial and investment growth both domestically and internationally, to reduce transportation costs, and to facilitate mass transit, leading to an increase in the Gross Provincial Product (GPP) rate. According to a survey conducted by Thailand’s Ministry of Transport, the low-cost airlines have experienced a surge in passenger numbers during the past 10 years, and these increases are positively correlated to the GPP expansions in various cities in the provincial areas. The HSR Project will promote tourism and offer an alternative transportation system to deal effectively with the energy costs, especially the fluctuating cost of gasoline.

According to the Master Plan for Long-Term Rail System Development, the Bangkok-Chiang Mai HSR Project proposes the Bangkok-Phitsanulok distance of 382 kilometers to be covered in about 1.40 hours at the minimum speed of 250 kilometers/hour, and the second phase covering 363 kilometers from Phitsanulok to Chiang Mai.

Geographically, Phitsanulok Province is a connection hub acting as a gateway to the North as well as a pathway to the Northeast of the country and teeming with the ever readiness to be the center for transportation. Phitsanulok Province is now, to a certain degree, a center for commerce, transit, tourism, travelling and transportation. A survey of Thai and foreign tourists who visited Phitsanulok Province in 2011 classified by means of their transports revealed that the majority of the Thai and foreign visitors (59.15%) travelled by private cars, followed by: by bus (22.1%), by train (11.3%) and by airplane (7.4%) respectively. In addition, many regional government offices, educational institutes, shopping malls and tourist stops are located in Phitsanulok Province, enabling a continuity of business development. The existing businesses accommodating the city development are, for instance, those involving transportation, education, retailing, wholesaling and department stores, hospital, hotel and restaurant services, One Tambon One Product (OTOP), car rentals, food industry, agribusiness, real estate and construction, etc. (Office of Commercial Affairs Phitsanulok)

Figure 1: East – West Economic Corridor



Source: <http://www.learningstudio.info/asean-gms-economic-corridors/>

Setting up an HSR station in Phitsanulok Province will greatly benefit the province’s regional transportation strategy as well as elevate the status of Phitsanulok to a high-potential city. Furthermore, becoming the region’s geographical center will boost the province’s economy and facilitate the expansion of the tourism industry which will, in turn, benefit the business entrepreneurs. Also, the small business sector at the local level will be able to enjoy the higher speed and efficiency of the logistical system as a result of the HSR.

Nevertheless, the changes rendered by the HSR Project that make travelling faster and more convenient may not always yield positive impact to all businesses. Certain types of industry that used to be profitable prior to the advent of the HSR could be affected. A previous study of the HSR Project in Japan by Plaud (1977) found that the service businesses received the highest benefits. The service industries in Tokyo and Osaka, especially, became Japan’s economic centers. On the other hand, Nagoya, a city situated between Osaka and Tokyo experienced a 30% decrease in employment.

The HSR development in Japan affected an increase of the population in 4 cities, of GDP in 1 city, of the economy in 3 cities, and of the number of students in 3 cities.

In Germany, a study of the 12 cities in which the HSR stops were located showed that the HSR development affected an increase of the population in 4 cities, of employment in 1 city, of the economy in 2 cities, of tourism in 4 cities, and of land value in 4 cities. It was concluded that not all cities in which the HSR stops were located were equally benefited and that the beneficial impact of the HSR development depended on the economic factors of each city.

In France, it was found that the cities affected by the HSR implementation were mostly those of the starting station as well as of the destination station. The study in France revealed that the HSR development affected an increase of the population in 2 cities, of employment in 3 cities, and of the number of students in 1 city.

Taking into consideration all the findings mentioned above, the researcher proposed a study to make a SWOT Analysis of the business entrepreneurship in Phitsanulok Province based on the HSR Project to be developed in the near future. This is to raise awareness and understanding of the impact on the economy, commerce, investment, transportation and tourism among the entrepreneurs in Phitsanulok Province, those looking for startup business opportunities, existing business owners who might be affected by the HSR station development, and relevant organizations, so that they know of both the possible gains and the necessary business adjustments and become prepared to take advantage of potential new business opportunities.

2. Research Objectives

2.1 To make a SWOT Analysis to identify the Strengths, Weaknesses, Opportunities and Threats affecting the business entrepreneurs in Phitsanulok Province.

2.2 To analyze the impact of the HSR Station development on the business entrepreneurs in Phitsanulok Province.

2.3 To recommend business opportunities, business adjustments and business development as a result of the HSR Project.

3. Research Tools

3.1 Documentary Study

A documentary study was conducted to collect the fundamental information of the HSR Project as well as the economic data of the HSR operations in countries where the HSR was in use such as in Japan, etc. The statistical data were employed to compare various aspects before and after the implementation of the HSR

development. Moreover, economic statistics and strategic information of Phitsanulok Province were acquired and employed as a database on which the analysis, synthesis and comparison of the potential of Phitsanulok Province were based. The results were analyzed to make a SWOT analysis of the factors affecting the business entrepreneurs as shown below.

The documentary study of academic papers and research studies on issues related to the impact on the business sector from the implementation of the HSR in countries with the HSR experience can be summarized as follows.

1) The travelers' needs: If the HSR takes less than 3 hours per journey, it will be able to meet the demands of the passengers more effectively than if it takes longer than 3 hours per journey. This result came from a study of the market share model before and after the implementation of the Paris-Lyon HSR service in which the HSR gained 70% market share, as compared with the 40% market share of the regular rail service in the year before the HSR service was introduced. Moreover, the Madrid-Seville HSR service rendered a 40% increase in market share after its introduction. (Campos and Gagnepain, 2009) In Japan and South Korea, the HSR's market share increase, taking over from other means of land transportation such as roads, could be observed in the soaring number of HSR journeys and the falling number of bus services after the introduction of the HSR service between Seoul and other South Korean cities. The HSR market in Japan, however, is still smaller than that in Europe.

2) The impact of the HSR on the economic sector: The impact of the HSR development on the relevant cities in Germany, France and Japan was investigated in a study comparing cities with the HSR stops and those without (i.e. those with only the regular rail service) before and after the implementation of the HSR in order to discern the differences in the economic and social status of those cities. The results are shown in the table below.

Table 1: The economic and social impact in Germany, France and Japan before and after the implementation of the HSR

Development/Country	Germany (12 Stations)	France	Japan	Average
Increase in the economy	2		3	1.9
Tourism	4	4		2.7
Increase in employment	1	3		1.3
Increase in GDP			1	0.3
Increase in the population	4	2	4	3.3
Number of students		1	3	1.3
Effect on land value	4			1.3

Source: Synthesized into the table format by the researcher from the data by Chalongphop Susangkarn, 2012

Regarding the economic impact from the HSR project in Japan, it was found that the service businesses received the highest benefits. The service industries in Tokyo and Osaka, particularly, became Japan's economic centers. On the other hand, Nagoya, a

city situated between Osaka and Tokyo experienced a 30% decrease in employment from 1955 to 1970 while the employment in Osaka, Kyoto and Kobe soared by 35% during the same period. Tourism also showed a statistically significant growth from 15% to 25% between 1964 and 1975. For the retailing industry, Tokyo was the most important city and received the highest benefits from the HSR project. (Plaud, 1977) As travelling between cities became more convenient and the HSR provided journeys with much shorter travelling time, business travelers stayed overnight at destination cities less frequently, especially in Tokyo and Osaka. (Hirota, R., 1985)

3) The impact on travelling and tourism: The HSR offers a new option for passengers who wish to make a long-distance journey in a short time. Since it is capable of competing with air travel both in terms of time and distance, the convenience of the routes and the length of the travelling time are factors affecting the passengers' decision for transport. Previous studies pointed out that the HSR was more advantageous than other types of transport within the distance of 100-500 kilometers or within the travelling period of 3 hours. Cars were also considered for a journey of 100-200 kilometers, and other means of transport were preferred in a journey of more than 200 kilometers. (Sands, 1993) A 1990 review of the impact of the Shinkansen's Tokaido Route in Japan revealed that the cities and regions offering the Shinkansen HSR service saw a higher increase in employment and a higher population expansion rate than those without the HSR stations. The growth rates recorded for the industrial sector (the service, banking and real estate businesses) and the higher-education institutes around the Shinkansen's Tokaido Station could be discerned in various forms as the number of trains from Tokyo and Shinagawa Stations attracted the global finances as well as business transactions. Supplementary business and relaxation business bloomed around the Shin-Osaka, Nagoya and Kyoto Stations. Moreover, despite the slow growth rate around Shin-Yokohama Station, its significance among the large-scale businesses in the suburban area of West Tokyo was perceptible and kept intact. Nevertheless, other mid-sized cities also boasting the HSR presence experienced a level of unemployment due to certain employment characteristics generally related to mid-sized cities at the most local level. In conclusion, the various aspects of economic impact and development in cities with the HSR stations can be summarized as shown in the table below.

Table 2: The comparison of various aspects of the impact from the HSR on large-sized and mid-sized cities in Japan

Japan	Pros	Cons
Large-sized cities	The highest benefits for service businesses	A drop of the overnight-stay rate
	Increase in the employment rate	
	Significant increase in tourism from 15% to 25%.	
	Benefits for the retailing industry, especially in the capital	
	Increase in the population	

	expansion rate	
	Benefits for service, banking and real estate businesses	
Mid-sized cities	Emergence of supplementary and relaxation businesses	A drop of the employment rate
	Increase in the population expansion rate	
	Increase in the expansion rates of service, banking, real estate and education businesses	

Source: The researcher's data collection

From the data above, it could be concluded that Japan, an Asian country, and France, a European country, projected similarities and differences in their HSR implementations as follows.

- Similarities: The capital cities and large-sized cities gained positive economic impact from the economic expansion of tourism and seminar business, service industry, real estate business, retailing industry, as well as the expansion of the employment rate, population growth, commerce and education, etc.
- The growth rate of the number of passengers was primarily dependent on the travelling distance since the train fares were not so much lower than the air fares. The most beneficial distance for a train journey was between 200-500 kilometers or no longer than 3 hours. It was also pointed out that an option of land transport such as a car might be preferred in a journey of 100-200 kilometers.
- The impact on other cities with the HSR stations, especially mid-sized and small-sized cities, was primarily dependent on the fundamental economic and social factors of those cities.
- In France, mid-sized and small-sized cities with the HSR stations gained benefits in the economy, commerce, service and seminar business if the stations were systematically connected to the airports in those cities.

3.2 Survey Research

A questionnaire was used to survey the needs for the HSR service in Phitsanulok Province and to analyze the possible impact on and opportunities for the business operators in the province. The sample group of 362 Thai and foreign tourists and business travelers was derived from purposive sampling based on Taro Yamane's formula, $n = N/1+N(e)^2$ (Yamane, T.1697. Elementary Sampling Theory, USA: Prentice Hall) in order to arrive at the Thai-foreign visitor ratio that was representative of the actual population group.

A summary of the overall analysis of the questionnaire: Statistically speaking, the HSR Project will bring about a higher frequency of travelling but a lower tendency of overnight stays. This is in accordance with the World Bank's results from the study in January 2013 that investigated the impact of the Nanning-Guangzhou HSR on regional economy and city development. Similarly, ESTEBAN Martin (1998) conducted a study and found that cities with the HSR stations (HSTs) benefited from their enhanced accessibility.

The tourism and seminar business, in particular, was highly benefited although the travelling expense per head was reduced due to the drop in the number of tourists staying overnight. In addition, a group of visitors expressed uncertainty in their decision for the choice of transport primarily due to their doubt in the convenience of the transport network supporting a journey beyond the HSR station.

3.3 Qualitative Research

The researcher conducted in-depth interviews with business entrepreneurs and representatives of public and private sectors in Phitsanulok Province in order to find out about their businesses, concepts, relevancy to transportation, opinions on the likely changes from the HSR Project and business plans to prepare for the future changes. The information from the interviews was employed to make a SWOT Analysis of the factors affecting the entrepreneurs in Phitsanulok Province in order to initiate a process of brainstorming and to form a guideline for development that catered to everyone's needs.

4. The Potentials of Phitsanulok Province

The analysis of the economic and commercial potentials of Phitsanulok Province in this study focused only on the possible impact (Transport Business Benefits) on the entrepreneurs in the province as a result of the presence of the HSR Station. The researcher employed research tools to analyze the data retrieved from previous research studies, statistical documents issued by government organizations and other related articles, an analysis of which is as follows.

The Economy of Phitsanulok Province: In 2013, the Gross Provincial Product (GPP) of Phitsanulok Province was 95,000 million baht. The 2010-2013 statistical data showed a continual growth of GPP at 14%, 8.9%, 19% and 22% respectively. (www.klang.cgd.go.th) In 2012, the main source of revenue of the province came from the agricultural sector (37%), followed by the wholesaling business, retailing business and repairing business (12%), the administration of state affairs, construction and real estate services, rental services and education (around 10%), and transportation business and hotel and restaurant business (no more than 5%). In 2012, the revenues from tourism, including everything related to tourism such as car rentals, spa and Thai massage services, souvenirs, admission fees, and health services were estimated at around 4,314 million baht, or around 5% of the GPP (with

the hotels and restaurants generating around 800 million baht worth of revenue). Industrial products generated around 8% of the revenue, more than 80% of which was from the agricultural and food industry.

The Geography of Phitsanulok Province: Phitsanulok Province is situated en route between Bangkok and Chiang Mai, being 382 kilometers away from Bangkok and 363 kilometers away from Chiang Mai. An HSR journey from Bangkok would take around 1 hour 40 minutes, and an HSR journey to Chiang Mai would take around 1 hour 30 minutes. Statistics showed that Phitsanulok Province greeted more than 2.5 million visitors in the year 2012 alone, which was an increase from 2010 and 2011 by 15% and 17% respectively. Among the visitors, 91% were Thais and 9% were foreigners. 59% stayed overnight, decreasing from 2010 and 2014 by around 2.4%, and 41% did not stay overnight. 80% of the foreign tourists stayed overnight. 50% of the visitors arrived by private cars, the most prevalent mode of transport, 20% by train, and 10% by airplane. According to the information from the questionnaire survey, the purpose for the visit of the majority of the visitors was to travel, followed by to visit relatives/families and to do business. Other purposes for the visit included to study in school/to take tutorial lessons, to work/to contact government offices, to attend meetings/trainings/seminars, and to use the services at Phitsanulok Airport.

The preliminary data correspond with the vision for Phitsanulok Province to become “a city for economic and social services of the Indochina Intersection”, which gears towards turning Phitsanulok Province into a center for commerce, logistics and transportation, developing the marketing and management of agricultural products, promoting tourism, and becoming a center for education and health services. The analysis of the potential of Phitsanulok Province reveals that the province’s basic economy and potential lie in the agricultural sector including agriculture-related products such as agricultural and food industry which comprises around 43% of the GPP, followed by the wholesaling, retailing and repairing businesses, the administration of state affairs, and the construction and real estate services which comprise around 10-12% of the GPP.

5. An Analysis and Synthesis of Related Studies

From the studies of other countries in which the HSR was implemented, mid-sized cities in 3 countries – Germany, France and Japan – that featured the HSR stations were compared and the impact of the HSR presence was investigated. It was revealed that the effects on the mid-sized and small-sized cities were primarily dependent on the cities’ own basic economic factors and resources. In France, mid-sized and small-sized cities with the HSR stations received benefits related to the economy, commerce, service and seminar business, population expansion, and banking and real estate business expansion. This was credited to the system that connected the HSR stations and the airports in those cities. Nonetheless, other mid-sized cities with the HSR presence experienced a level of unemployment due to

certain employment characteristics generally related to mid-sized cities at the most local level.

Therefore, it could be concluded that Phitsanulok Province is a mid-sized city with the foundations of economy likely to gain economic benefits primarily from the retailing industry including the service, meeting and seminar, real estate and education businesses. The tourism-related businesses will become integral to the province's economy as Phitsanulok Province has a huge geographical advantage of being located between Bangkok and Chiang Mai and situated on the East-West Economic Corridor that also opens to the Northeast as well as the West of the country. The results from the questionnaire survey suggest that most of the visitors are willing to make a trip to Phitsanulok Province using the HSR service and to make a visit more frequently. Taking into consideration the research results from other countries indicating that the HSR service was preferred in a trip that lasted less than 3 hours and that covered the distance of more than 200 kilometers, it could be said that, with the HSR presence in the province, Phitsanulok Province will see an increase in the number of tourists as well as in the frequency of their visits, but at the same time it will see a drop in the percentage of tourists staying overnight, a trend that is already present albeit at a low rate. In general, it is expected that the HSR presence will generate more incomes for the local businesses, a higher rate of employment, a higher level of demand for housing (benefiting the real estate development business) and a broader group of consumers for the retailing business.

6. CONCLUSION

6.1 A Summary of the SWOT Analysis

The researcher conducted a field study in order to collect the data from interviewing representatives of the business operators, of the public sector and of Phitsanulok Trade and Industry Association who played a part in setting the policy for trade and investment and were knowledgeable and involved in doing business. The data were used to make a SWOT Analysis to identify the Strengths, Weaknesses, Opportunities and Threats, to assess the effects on the entrepreneurs in Phitsanulok Province, and to provide recommendations regarding business opportunities, adjustments or development/transformation. The details of each aspect of the analysis are as follows.

Table 3 : A summary of the SWOT Analysis

1. Strengths
1) There are strong bodies of associations for entrepreneurs in Phitsanulok Province, such as Tourism Business Association and Trade and Industry Association, that promote the cooperation among business operators to enhance their products and services.
2) The Labor Productivity is high and the rate of labor mobility is low due to the government's enforced policy of the 300-baht daily wage in all parts of the country.
3) The educational institutes in the local area offer associate degree programs as well

as degree programs and are able to produce graduates to serve the business sector sufficiently in both quantity and quality.

2. Weaknesses

- 1) There is pronounced insufficiency in the cooperation between the public sector and the private sector, in Research & Development and Innovation, and in Venture Capital Funds.
- 2) There is a lack of the skill for product design and development, especially for local products such as OTOP products.
- 3) There is no R&D center or coordinator to provide information and knowledge to the entrepreneurs.
- 4) The data related to the industry and tourism are insufficient to serve effectively as a database.
- 5) Most of the entrepreneurs do not receive enough government support to continually develop their products and improve the effectiveness of their production. Also, there are not enough personnel to provide advice on product development.
- 6) The projects administered by the (local) public sector are not managed with efficiency, resulting in the products and services not being promoted and developed to meet the real needs of the consumers.

3. Opportunities

- 1) Phitsanulok Province has a geographical advantage of being situated in the middle between Bangkok and the North, and of being a pathway connecting to the Northeast. The province teems with readiness to be a regional center for transportation, production, distribution and export. Moreover, the location of Phitsanulok Province is strategically connected to Myanmar, Vietnam, Laos, and China.
- 2) Visitors will increase their frequency of visit to the province through the HSR service.
- 3) Phitsanulok City Municipality has a clear plan and policy to develop the public utility and transport system in order to meet the demands of the future HSR Project, and to look for and develop new products for tourism in order to raise the number of visitors staying overnight and increase the revenues from tourism.
- 4) There is a plan to build a convention center in Phitsanulok Province.
- 5) There is a transportation advantage because Phitsanulok Province can be reached by car, by train and by airplane.

4. Threats

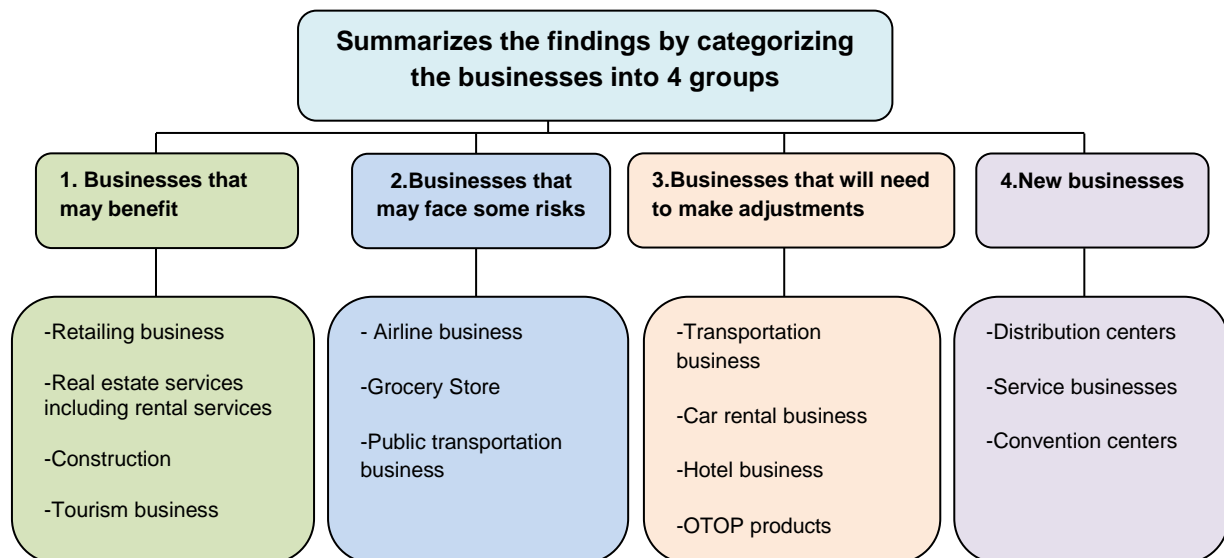
- 1) A specific government organization is assigned to set the policy and measures for the operation, particularly the management, of the HSR Station.
- 2) The policy on city planning contains legal regulations that are unaccommodating to investments, especially in the industrial sector.
- 3) There is no clear indication as to where the HSR Station will be located.
- 4) The roads in the city area are small and narrow. There is a shortage of parking spaces especially in Phitsanulok city center and the area around the train station, which is likely to be used as an HSR stop for passenger transfer.
- 5) The City Planning Laws impose limitations to the promotion of investments in Phitsanulok Province.

- 6) There is a lack of the operation and development plan to concretely improve the logistical activities.
- 7) There is no clear direction, cooperation and preparation for the industrial groups and continuous industries to drive forward together. There is a lack of cooperation between the public sector and the private sector.

Source: *The researcher's analysis and synthesis*

6.2 A summary of the likely impact of the HSR Station on the business entrepreneurs in Phitsanulok Province

Figure 2 : A summary of the likely impact of the HSR Station on the business entrepreneurs in Phitsanulok Province



Source: *The researcher's analysis and synthesis*

Combining the results of the SWOT Analysis, based on the statistical data from the studies in Thailand, and the research results and statistical data from the studies abroad, the researcher summarizes the findings by categorizing the businesses into 4 groups as follows.

6.2.1 Businesses that may benefit from the HSR Station in Phitsanulok Province

- Retailing business
- Real estate services including rental services
- Construction

- Tourism business

Retailing business, real estate services including rental services and construction: These are the industries with an economic basis that is likely to reap the benefits of the economy based on retailing, service and seminar business, real estate business and education. Currently, the GPP of this business sector is 10%. The ideal location of Phitsanulok Province that serves as a connection hub to Bangkok, the North, the Northeast and the West, the potential and readiness to be a center for trade as well as retailing and wholesaling distribution of agricultural products will suitably accommodate the economic expansion. This is in accordance with a study by Hirota (1985) who indicated that an HSR project brought about an economic impact on the expansion of employment, retailing, wholesaling, industry and construction, as well as an increase of land value.

Tourism business: Phitsanulok Province is situated between Bangkok and Chiang Mai and serves as a convenient route to other regions of the country – the Northeast and the West. The results from the questionnaire survey suggest that most of the visitors are willing to make a trip to Phitsanulok Province using the HSR service and to make a visit more frequently. Taking into consideration the previous research results from other countries indicating that the HSR service was preferred in a trip that lasted less than 3 hours and that covered the distance of more than 200 kilometers, it could be said that, with the HSR presence in the province, Phitsanulok Province will see an increase in the number of tourists as well as in the frequency of their visits, but at the same time it will see a drop in the percentage of tourists staying overnight, a trend that is already present albeit at a low rate and that is likely to affect a slight change. This is in accordance with the study of Esteban (1988) who found that cities with the HSR stations (HSTs) benefited from their enhanced accessibility, especially in the tourism and seminar business. The travelling expense per head, however, was lowered due to the drop in the number of tourists staying overnight. In addition, the TDR Report, Volume 96, in October 2013 stating that “the rail system will be used to connect with neighboring countries to make Thailand a regional center for economy and tourism” estimates that the Bangkok-Phitsanulok HSR will gain 20.61% market share for transportation. If the Tourism Association is to implement extra activities, especially at nighttime, it could lead to a higher number of visitors staying overnight; for example, organizing a cultural street, encouraging producers to develop products that meet the demands of the tourists, and creating new and interesting tourism destinations in neighboring provinces such as in Phetchabun Province.

In overall, the local entrepreneurs and small business owners will be enabled to generate more incomes leading to a higher rate of employment that will affect the demand for housing. This will consequently benefit the real estate and retailing businesses.

6.2.2 Businesses that may face some risks from the HSR Station in Phitsanulok Province

- Airline business
- Grocery store
- Public transportation business such as Bangkok-Phitsanulok bus and van services

Airline business: According to the research results of Campos and Gagnepain (2009), the HSR was considered a choice transport catering to the passengers' needs when the journey took less than 3 hours. The journeys by rail and by air combined made up 60% of the transport market share. The HSR market share dropped where an HSR journey took more than 3 hours. A study of the market share model before and after the implementation of the Paris-Lyon HSR service showed that the HSR gained 70% market share, as compared with the 40% market share of the regular rail service in the year before the HSR service was introduced. Moreover, the Madrid-Seville HSR service rendered a 40% increase in market share after its introduction. This affected a drop in the number of airline passengers after the HSR implementation; a 25% drop in the Paris-Lyon route, a 32% drop in the Madrid-Seville route, and a 4% drop in the Hamburg-Frankfurt route. In the present study, the majority of the respondents expressed their wish to opt for the HSR service as their first option of transport at the completion of the HSR Project.

Grocery store: The grocery business is already facing daunting risks from the competitive retailing business in the forms of department stores and convenience stores that have opened branches all over the city area and the suburban area of Phitsanulok Province. These commercial groups have already initiated their investments to prepare for the advent of the HSR Project. Their aggressive business strategies impose increasing threats to the local grocery business as they are replacing local stores and integrating into local communities.

Public transportation business such as Bangkok-Phitsanulok bus and van services: This group of business is at risk because they will need to compete with the HSR that provides a faster and more convenient journey at the same distance. A Bangkok-Phitsanulok journey on a bus or a van usually takes around 5 hours whereas a HSR journey takes only 1.40 hours. This is considered a big gap in the travelling time.

6.2.3 Businesses that will need to make adjustments for the HSR Station in Phitsanulok Province

- Transportation business
- Car rental business
- Hotel

- OTOP products

Transportation business: The HSR will enable a fast and efficient “Just-in-Time” transportation system. This will help expand the customer base for the local entrepreneurs and small business owners. In addition, Thailand Post Company Limited projects a policy to promote the SMEs and OTOP business and provides the LTL (Less Than Truckload) service to deliver packages within 24 hours via the HSR service and the Feeder system. Furthermore, Thailand Post is planning to extend their service to transporting both unprocessed and processed foods. At present, there are discernable differences between the current (regular) rail service and that of privately owned companies: 1) Customers are required to fetch the packages by themselves at the destination rail station and to go through a complicated document process; and 2) The current rail service is often criticized for its lack of punctuality, but private companies tend to be more punctual in their service since their trucks normally arrive on schedule at the distribution centers. This gives the private sector an advantage over the (regular) rail transport. Also, in transporting construction equipment and supplies as well as other heavy loads, the private sector clearly has an advantage over Thailand Post.

The car rental business will also need to make adjustments. The services on the Phitsanulok-Bangkok route, in particular, will be affected by a decreasing number of passengers. It is suggested that the business owners adjust their services by increasing the services in and around Phitsanulok Province, reducing the Phitsanulok-Bangkok trips, and initially avoiding business expansion.

The hotel will see a drop in the number of visitors staying overnight with the increase of one-day trip takers. The hotel business owners are advised to cooperate with Tourism Association and other related organizations to enhance the quality of their accommodation and to initiate activities that meet the demands of the tourists in order to induce an increase in the tourists’ overnight stays. Moreover, the hotel business will need to adjust to accommodate a trend for a convenient accommodation to suit the new mobility of the visitors.

The local products and souvenirs or the OTOP products will benefit from the likely increase in the number of visitors as well as the higher frequency of their visits. However, in order to stay competitive when new producers attempt to take advantage of the enlarged market, the local producers must continue to make improvements on their products and packaging to increase the value added as well as to respond to the needs of the visitors.

6.2.4 New businesses as a result of the HSR Station in Phitsanulok Province

- Distribution centers
- Service businesses such as companies or teams of staff that provide public utility services and facilities including Events Marketing Business

- Convention centers

Distribution centers: The basic economy of Phitsanulok Province is founded on agriculture and agricultural and food industry, which total more than 30% of the GPP. The revenues from the agricultural sector derive from what the province can produce as well as what the province earns from acting as a trade center. The HSR Project will provide a faster and more convenient channel for business people to access. Distribution centers will also allow for a faster, more convenient and more efficient means for the transportation of goods that can effectively meet the consumers' timelines and demands. The distribution centers, moreover, will serve as meeting places where customers and sellers can engage in direct interactions and negotiations.

Service businesses such as companies or teams of staff that provide public utility, repair, cleaning and security services including real estate service business will increase, as seen in the experiences of other countries such as Germany and USA. The overall economic expansion will cause a shortage of skilled labors, especially in the service sector. As for the construction of a convention center, the project has already been included in the plan to enhance the potential of Phitsanulok City Municipality.

7. Recommendations

The recommendations for the public and private sectors to prepare the business operators in Phitsanulok Province for the HSR Station are summarized as follows.

1. Support new tourism destinations by allocating budgets for their promotion; for example, introduce traditional and cultural tourism routes to encourage tourists and visitors to take a night tour and stay for at least 1 night in order to generate more incomes from tourism.

2. Speed up the cooperation between the public and private sectors to construct international convention centers and distribution centers in response to the calls for transportation and activities as a result of AEC and to the HSR service, provided that these projects are preceded and affirmed by studies of feasibility and cost effectiveness.

3. Develop key elements of infrastructure such as the international airport to connect with countries in Indochina, build transportation networks and systems to link tourism with neighboring countries and other countries in the region, and facilitate the transport route between the airport and the HSR Station.

4. Amend the regulations to make them relevant to the present situations, enforce regulations that accommodate business operations, reduce conditions that pose as obstructions to the operations, set a clear measure for the private sector to follow in the planning of business operations, and design a city plan in consideration of the viewpoints of the people and the private sector.

5. Develop the business potential by enhancing the competitive edge of the business to perform well at the national level by increasing the exhibitions, expositions and business pairings, promoting models and tools for business planning, conducting marketing research, and employing marketing and statistical data in decisions for investment.

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