

Chapter 6

Conclusion and recommendations

An increasing in demand of import faucets during the past 5 years reflected that the local faucets did not fully satisfy the need of market. Even the import faucets are variety but many of them are in form of single lever mixer, therefore the study is conducted in order to be a guideline for people who interested in setting a single lever mixer factory in Thailand.

From demand forecasting in marketing study, the demand of single lever mixer for the year 1999-2003 is as follows.

Year	1999	2000	2001	2002	2003
Expected sales (set)	96,317	102,078	109,447	120,744	133,447

According to the above sales, the most suitable process for setting up a single lever mixer factory is Polypropylene (PP) with injection molding process because it requires low investment and the process is available for wide range of production volume.

After considering on the expected sales and the selected production process, we found out that there is no optimum capacity for this project since demand of single lever is not sufficient to consider the differences if the factory operate in capacities.

However, the suitable production volume can be determined by the capacity of injection machine because injection machine is the key and the most expensive item in production process. The capacity of the smallest injection machine (50 tons) for the production of single lever mixer is around 130,000 sets per year, therefore the suitable capacity for this project is 130,000 sets per year.

The results from financial study show that the project required 34,071,567 baht for capital investment. And due to high figures of IRR (42.18%) and short payback period (2 years), therefore, we can conclude that the project is worthwhile for investment.

Finally, there are some recommendations that should be accomplished in the future such as;

1. Design and quality of actual faucet must be able to compete with import faucets.
2. Marketing study on new markets should be done for reducing the risks, through increasing the sales of project.
3. The study on replacement of import parts with local parts should be proceeded because cost of import parts (i.e. cartridge and aerator) is 90% of total raw material cost. The lower raw material cost lead to more profitability.
4. Application for BOI promotion is recommended in order to obtain many privileges such as the exception on income tax for 3-8 years or the exception on import duty of raw materials, etc.