

## ESTABLISHING A LUGGAGE HANDLING SERVICE COMPANY



บทคัดย่อและแฟ้มข้อมูลฉบับเต็มของวิทยานิพนธ์ตั้งแต่ปีการศึกษา 2554 ที่ให้บริการในคลังปัญญาจุฬาฯ (CUIR)  
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การจัดตั้งธุรกิจรับฝากและขนส่งสัมภาระ



วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาวิศวกรรมศาสตรมหาบัณฑิต  
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อานันท์ ประเสริฐรุ่งเรือง : การจัดตั้งธุรกิจรับฝากและขนส่งสัมภาระ (ESTABLISHING A LUGGAGE HANDLING SERVICE COMPANY) อ.ที่  
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ธุรกิจขนส่งกระเป๋าสัมภาระนั้นไม่เคยเกิดขึ้นในประเทศไทยอย่างเป็นทางการ แม้ว่าธุรกิจดังกล่าวจะมีให้บริการแล้วในต่างประเทศเป็นเวลานาน แต่การที่จะเริ่มให้บริการนี้ในประเทศไทยนั้นอาจจะต้องมีการประยุกต์ ปรับแปลง โมเดลธุรกิจให้สอดคล้องกับสถานการณ์ในประเทศ

การจัดตั้งธุรกิจใดๆขึ้น อาจมีความเสี่ยงที่สูง ผู้วิจัยจึงต้องทำการศึกษาความเสี่ยงต่างๆที่อาจเกิดขึ้น และวางแผนเพื่อรองรับหรือป้องกันความเสี่ยงที่อาจเกิดขึ้นในการก่อตั้งธุรกิจดังกล่าว มากไปกว่านั้น การศึกษานั้นไม่เพียงแต่เป็นการศึกษาความเป็นไปได้ของธุรกิจ แต่ยังเป็น การศึกษาวิธีการดำเนินธุรกิจอย่างยั่งยืน พร้อมทั้งยังนำนวัตกรรมต่างๆที่มีอยู่เดิมแล้วในตลาด มาปรับใช้เข้ากับธุรกิจ ทำให้ธุรกิจสามารถเติบโตได้อย่างรวดเร็ว



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Luggage delivery service has never existed in Thailand officially but already established in another country such as Japan. However, this service has a potential to be a very good service as it could benefit to traveler which Thailand has welcomed more than 30m of them per annum but the model from another country could not be implement directly to Thailand. By developing the model, this service will fit to Thai's market.

There are many risks that researcher has to consider before starting the business to avoid or prevent risks into the business. Moreover, this study will not limit only the result as it feasibility but also its sustainability and scalability



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## Chapter 1: Introduction

### 1.1 Business Background

Four years ago, the researcher started to be a host of Airbnb which is a very new business model in Thailand, and it goes furiously in trend, as it can easily start with a very friendly business model and interface for users. Thai people start to be hosts and to use their spare or idle house and condominium for tourists. Airbnb is a very good solution by many factors as the followings:

1. Rate of stay is higher than long term rental. Normally the property owners can receive 10,000 Baht in average in each month for long term rental (yearly based contract) for condominium rental, but they can get 533 Baht per room night which is 15,990 Baht in total by hosting guest from Airbnb.
2. Hosts are not required to declare tax to government, and they could earn net from Airbnb transfer to his/her account directly.
3. The host doesn't need to own the property. The same as agency, they could find some of the property investors who invest on properties especially in condominium, and these people will always have a problem to sell or find tenants to rent their property.
4. The business has restrictions on age. In Thailand, there are many jobs that require the owner is elder than 20, 25 or even above. Though age limitation isn't a must, the social view on the business has hampered the teens to work on the jobs.

After working on the business for a year, the researcher became a popular host of Airbnb who has taken care of more than 10 rooms by himself. On the other hand, the researcher had faced a lot of problems need to support his guests on the convenience of traveling. However, there is one problem that researcher couldn't solve, the luggage handling problem. Many guests have asked to leave the luggage at the condominium which is not acceptable for them because doing Airbnb in Thailand is in the grey area, and the space at

lobby is not designed for luggage room as those in hotels. Though guests may leave the luggage in the room, the room is prepared for the next guest, and it's risky to leave belongings with strangers.

A year later, the researcher came up with the idea of self-service, electronic locker service in many locations such as shopping centers, hotel, Train stations or even in condominium itself. Lastly, he did establish the business of electronic lockers and focus on train station because there are a lot of people pass by every day. Researcher then formed the team of electronic locker company with another 3 co-founders and really established the first locker ever on train station in Thailand name "LockBox" which become very popular and well-known in Thailand in the later years.

By the end of year 2015, the founder and his team have found the other problem. The founders came out with the question "Why do the customer have to carry their luggage or belongings from hotel to the locker at each location?" It's not convenient for travelers and spends their time on the last day of travel. They must keep time to the locker to collect their luggage and go to airport as usual. The value of locker service is so least that it only provides travelers to deposit their belongings in a very short period. Besides, they still suffer on carrying their luggage from place to place. Lastly, the founders came up with the result to cut off the redundant journey of travelers. Traveler don't want to carry the luggage. They want to travel freely and have fun, such as having good cuisines, going sightseeing and spending time with family.

On 11th November 2015 the founders formed another company name "AIRPORTELS". AIRPORTELS vision is to revolt the behavior of tourists or travelers who travel with their luggage and have to carry luggage from airport to hotel and vice versa. AIRPORTELS introduce luggage delivery into the market in January and officially launched the service in February. Luggage delivery service is not firstly served by AIRPORTELS. Logistics suppliers in Japan, the UK, and the USA have provided the services for years. AIRPORTELS is the 8th provider in the global stage and Thailand then become the 5th in the world that offer this service in the market.

## 1.2 Statement of Problems

Researcher found the problem of luggage handling exists worldwide when people travel. The problem comes with their luggage, but people can't travel without luggage in abroad, they need cloths and personal items during their trip. Lacking appropriate solutions for travelers is one of the problem. The locker and deposit services are existing worldwide for a very long time, but some places are out of service. At some places, only few lockers are available, or the deposit service is only with limited capacity.

Thereafter, researcher has studied the journey of locker's customer with several questions to reveal the true requirements and optimize the service.

- Why do they want to use the locker?
- Which size of luggage they use the most?
- How long they usually deposit their luggage?

Finally, founders found that the pain point is not lacking locker or luggage deposit service. Travelers are looking for the place to deposit their luggage just because they don't have other option, or they don't have any other options in their mind. They never think about having someone to take care of their luggage and delivery between place to place, as the service is usually available only for VIP or the service from premium or luxurious hotel. Moreover, they don't trust strangers to take care of their luggage. In foreign countries, it's very risky to have others to hold your personal belongings, as it may come with theft, framing, and dangers.

On the other hand, some people have pain on managing their time after arrival. For example, business travelers who aim at visiting the convention or business meeting after landing have issues with their luggage arrangement. Usually, they have only 2 choices at hands. They carry luggage with them to convention or business meeting, or they have to carry luggage and leave it at the hotel first. It is very obvious that handling luggage has wasted them not only the time when they carry the luggage to hotel but also the transportation expense of traveling back and forth to hotel and destination.

Bangkok is one of the good examples for service examination. This city has welcomed millions of travelers, and the number of visitors has increasing

every day. Back to the time, travelers in the city have only few choices such as free deposit service at shopping malls, such as MBK Center, Siam Paragon, and Central World, which is far away from the residence or hotels. Thailand is still not ready with her infrastructure in order to welcome more travelers.

Bangkok has become the city with the most serious traffic congestion in the world in year, 2017. The local taxi fare is relatively cheap, starting from 1 USD. However, people in the city have to waste much time on the traffic congestion and traveling between places. People need improved public transportation system or good transportation solutions which they could spend similar on traveling or even cheaper and could control their time easily.

The solution that founders focus is not to solve traffic congestion problem or develop Thailand's infrastructure but to provide luggage delivery. By eliminating some factors that make people choose not to travel with public transport and to ease travelers to travel easily and more convenient when they choose public transportation. When travelers plan to travel by bus, they are going to face to a tiring experience. Taking bus with luggage is very troublesome because buses are always crowded with people. Most of the time travelers have to stand in the bus one hand with their luggage and another hand with hanger. Moreover, payment is made by cash on the bus during traveling. Lastly, terrible traffic congestion might make traveler stuck on the bus longer than 2 hours.

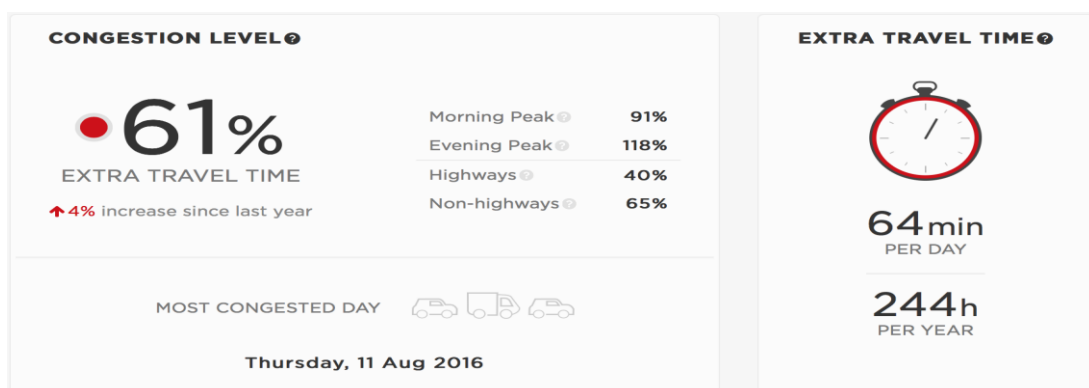


Figure 1 Conclusion of Bangkok's congestion (BV, 2017)

In the figure 1, travelers have to spend extra time up to 61% on car transportation. That means they have to spend around 2.15 hours on car when traveling from Bangkok city to airport. However, time spending on the road could become even higher when they travel in the peak time as in morning and evening which is 91% and 118% accordingly.

However, traffic congestion is only one of the biggest problems when traveler travel in Thailand, especially in Bangkok. The other concern is the difficulty of getting any taxis in Bangkok. Taxi service in Bangkok is an unstable service. Local taxi drivers aren't well-educated and can refuse to take customers if the destination isn't desired by the driver. Traveler could get taxi very fast by trying few pull-over, but they can't get the taxi especially in the rush hour when travelers need the taxi the most. Furthermore, getting taxi to go by meter is also difficult because most of taxi drivers have hard time of making living with high expense in the city. They are eager to get more income from the foreigners who aren't familiar with local issues. Such drivers think they can get a bigger money when they negotiate with foreigners. They normally ask for 500 Baht or even 1,000 Baht per trip if they saw the foreigner is in hurry. Travelers will be upset and depressed with such phenomenon and scared to take taxi service in the city. Once travelers travel without luggage then they have pretty much of time and alternatives to travel with, such as taking motor bike, sky train, subway or even bus. Beside the problem of traveler, there are many more people have problem with luggage handling. Hotels, hotel concierge, shopping center, attractions, or where the places travelers and tourists visit.

Hotel have luggage handling problems because the guests will always ask for luggage deposit during the last day staying. Thus, hotel has to prepare the luggage room, an additional space and management for the topic. In the figure 2, there are approximately 150 luggage at the concierge service. The number of luggage has exceeded the capacity of it of the hotel. Some hotels in Bangkok have more than 700 rooms with occupancy at 70%. These properties will have at least 980 guests in their hotel and may have more than 1,500 luggage. Luggage delivery service can reduce the demand of guest to drop luggage at



hotel. Therefore, the hotel can apply such space, human power, and resources for the other usage.

To provide luggage handling service, hotels have to hire many concierges to support guests. Besides, by increasing the no. of travelers in the region and turnover rate in the property, they will always lack of people during the peak time and have too many spare forces during the off-peak time. In addition, the work increases workload and responsibility of the management. Hotel has the duty to take care of the luggage during the storage. This requires a lot of effort and works to serve hotel's guest. Luggage delivery service will not increase hotel's concierge works but reduce the works of hotel's concierge, as it helps the hotel management and concierge to get rid of handling the luggage at the place.



Figure 2 Luggage at concierge of Baiyok sky hotel

### 1.3 Market Need or Want

After the team provided locker service (Luggage Deposit Service) for a certain period, they got the insight of customer needs as mentioned in the section of “The State of Problems”. Most of the customers who use luggage deposit service don’t concern much on where they deposit their luggage, hotel, shopping mall, lockers or at the airport, as they only need a place to temporarily drop their belongings during traveling. “Hands free travel” is what they want. If they had an option to deposit, they will deposit. If they have a better option such as delivery service, they also prefer to use. However, this is only the assumption from the investigation. After all, AIRPORTELS did customer focus group which shows that more than 70% of them prefer to use the service, while only 20% of customers who prefer to use the service actually did purchase the service. The reason why rest of the group didn’t purchase are as the followings.

Unsatisfied travelers, this group can’t use the service as the delivery schedule doesn’t match to their requirements. Travelers have only few hours on the last day before flying back. They prefer to use the service on the next visit. Some of them also arrive the airport in a very late time on the first day of their trip. They prefer to go to hotel directly and get some sleep. They would purchase the service whenever time is proper for them to use.

Conservatives, this group of people have seen the benefit they will get when use AIRPORTELS luggage delivery service. However, they are struggling on whether to use the service or not. The company call this kind of traveler as “What if group” because most of the time they ask in the same way of question “What if my luggage has been delay or even lost”. This group of people actually are “Late Majority” refer to adoption curve of Everett Rogers which can be acquired after the service become general in travel journey, it might take 3-5 years to develop traveler behavior to the stage.

Unaffordable, the group of people the company call “Calculator”. They compare the service fees to cost of taxi, limousine or any other alternative solutions. As the company has seen this group of people who clearly

understand about AIRPORTELS service value. The value of luggage delivery service is to provide traveler to travel separately from their luggage. Such effect can save time of travelers and trouble on luggage arrangement.

Since beginning, AIRPORTELS keep testing the market gradually to get customer insight. AIRPORTELS charge customer the cost of luggage delivery by weight at the very beginning and found that customer always get confused about the service fees. Some of them don't want to use the service just because AIRPORTELS can't clarify to customer before using the service that how much the service fee will be. Charging customer by delivered luggage size also gets the same result as pricing by weight. Thus, AIRPORTELS come up with one price fits all solution. AIRPORTELS provide the service with one price for all size and weight of each luggage and only limit the maximum dimension and weight. Besides pricing, AIRPORTELS improve operation to fit customer needs.

Customers want to get updated and know where their luggage is during the journey. Naturally, most of the consumers worry on using AIRPORTELS luggage delivery service. As the service was firstly introduced in the market and region, most of the travelers are the first-timer to use luggage delivery service. AIRPORTELS actively update customer delivery status during the service via e-mail or customer preferred channels. This feature has become of the most important advantages and competitiveness of AIRPORTELS in the market.

Due to local infrastructure and destination, most of the travelers in Bangkok visit shopping malls before leaving the city. To secure the market, AIRPORTELS start to study on this behavior of customers. On the other hand, most of the travelers have cash left during traveling and would like to spend them all rather than having the currency back to home as the amount is relatively little. Besides, to control the schedule and time easily, travelers will choose places where easy to access and leave for airports before taking flights. In Bangkok, most of the popular and famous shopping malls are attached or very close to public transport system such as MRT and sky train. On 5th October 2016, AIRPORTELS firstly provide both luggage deposit and luggage

delivery service at shopping mall. The customer can start experiencing hand-free shopping and even can use AIRPORTELS luggage delivery rather than carrying luggage from the mall to airport after the visiting. This business model has proved that there are many travelers carry their luggage to the shopping center.

However, the result is not very admirable for the business of delivering luggage. Travelers still aren't ready to accept the new way of traveling and hand their belongings to local service suppliers. Furthermore, most of traveler who carry luggage to the shopping mall will think that they better use the service from hotel to airport. It means it's too late for them to use and they think they have carry the luggage for a half way already. Most of them decide not to use the service. AIRPORTELS get this insight from customer focus group. Questionnaires are also applied in some of campaigns. In Q3 2016, AIRPORTELS provide the service with a half of original price. Number of customers using AIRPORTELS luggage delivery service from shopping center to airport increased significantly. As travelers have carried their luggage to shopping mall, they are easier to accept the lower price to deliver from mall to airport than from hotel to airport. In addition, they have more confidence to send from the company branch to another destination than expecting an unknown courier to come to collect luggage at the hotel.

Time of delivery is one of the most important factors for customer to decide on using the service. AIRPORTELS start to provide the service by on demand delivery service because they want to know when their customer often left luggage at origin and pickup at destination. After they gathered records from more than 5,000 orders, they got the time that most of the traveler drop at hotel or origin and time to pick up their luggage at the airport. Knowing this insight helps AIRPORTELS plan for their operation as they become with the idea to have their customer delivery the luggage in schedule. However, changing the service feature from on-demand become schedule time using on their service is sensitive so they decide to make a trial again. AIRPORTELS publish new promotion for customer in a certain period of time, customer could get only a half price of original delivery cost by drop and pickup in the

schedule time AIRPORTELS create which the schedule has been created from customer behavior, so the customer might be happy to get a better price without need to amend their travel plan

Luggage delivery from Bangkok to another province in Thailand seems not often but is often asked by customers. AIRPORTELS provide this service only to the person reach to the team and ask for this kind of delivery rather than working as standardized service. The quality of delivery can't be controlled. Besides, the company doesn't have the support in a national wide scale. AIRPORTELS have delivered more than 50 orders to the other provinces and learned that the service is very potential in the future because the cost of checked baggage for LCCs, low cost carriers, is relatively expensive.

#### 1.4 Design for a Unit Prototype

At the beginning AIRPORTELS co-founder team have discussed on what features should they start the business with as the following list.

- 1.4.1 Team building, and human resources are the very first requirements to start the business. AIRPORTELS start with the idea of two co-founders during discussion of problems and journey when people travel. After the solution becomes solid, they list the person could contribute into the company. This technician full fill the team with his experiences in digital and solve the issues in both hardware and software for more than 10 years. This person eventually becomes the company's CTO. Another person is co-founder's friend from Taiwan who has been studied and run the business together with the co-founders with the locker business. This person has an advantage on working specifically and in details and is very good at-risk management. He could see the problem in advance and prevent risk to happen. Currently, he become COO and support his CEO on big picture of operations of the business. Four co-founders are enough to start the business but not good enough to start a sustainable business. They went to two advisors and convinced them on AIRPORTELS business and lastly the team were reinforced by an expert of logistic and expert of business executive. After the co-founding team have set,

they started to hire employees to support daily operation. Receptionist is the word AIRPORTELS call their staff who take care of customer and sale the service to customer at the very front-end. Receptionists stay at the hotel which collaborate with AIRPORTELS and at the counter in the airport, as the destination of delivery. The problem AIRPORTELS found is their service will operate in a 7-day base. Thus, they have to hire one or two more receptionists to rotate in shifts at beginning.

1.4.2 Counter service in the airport. AIRPORTELS need the counter service in the airport to be the fixed location to receive luggage from customer or wait for customers to collect their belongings. On the other hand, AIRPORTELS have planned to work on the prototype with a couple of hotels. Hotels will not provide this service to their guests if AIRPORTELS don't have a proper counter service in the airport. Moreover, AIRPORTELS have predicted the traffic of customer would increase fast so they should have a proper counter service and space to keep luggage. Besides, it will be very risky in case that luggage gets lost. The business can also get suspended by the airport authorities. Therefore, AIRPORTELS rent the space in the basement in the airport where next to Airport Rail-Link station, the public train transfer system from international airport to the downtown area in Bangkok. The space is managed by Airport Rail-Link and is far cheaper than the space upstairs in the airport which managed by Airport of Thailand or King Power, the largest duty free in Thailand. However, AIRPORTELS didn't rent only the space for counter service but also the space for luggage storage room with size of 150 square meter. The large space becomes the advantage and competitiveness of the business to consume further growth of the number of customers and enough capacity to grow the business.

1.4.3 Fleet or delivery truck, AIRPORTELS did a feasibility model for this business and have seen many options on having a fleet of vehicles to deliver the luggage. They could have their own cars, rent the cars from car leasing company, or have TPL (Third party logistic). AIRPORTELS go for the third option because they have found the bottle neck when they provide on demand service. Customer will place the order at any time. The location to pick up

luggage may be far away from each other in the city. To provide ideal services, the company limited in the capacity which they plan to growth at 2 digits in the following months. Having own cars is very troublesome with the following topics.

- 1.4.3.1 Investment, huge costs are generated when company owns vehicles or rent vehicles. As a startup, the company can't afford on this large amount of initial investment and chose another option with little investment and test the market gradually.
- 1.4.3.2 Parking, having own cars mean they have to prepare the proper space to park their cars, the place should be safe under security system, the place should locate close to the city or in the center of business district of Bangkok because many hotels are located in this district and surely the space cost them a lot every single month.
- 1.4.3.3 Driver and couriers are the most important parts when it comes to having own fleet. Driver is the person who drives and manage vehicles on the daily base. Many companies have problems of losing gasoline because driver steals and make money on selling it. Nowadays, it is very difficult to find drivers in good moral. Besides, the number of driver AIRPORTELS require is many, as it can increase significantly month by month. This issue can become a barrier to scale the business up.

After getting the team to contribute to the business, counter service at the airport, fleet to deliver the luggage, receptionists to meet and greet customer at the airport then they channel AIRPORTELS start the services. AIRPORTELS aim to sell the service in both offline and online channels. They sell offline by collaborating with hotels to introduce the service to hotel's guests, while online channel is to have online booking gateway by owning website. AIRPORTELS decided not to develop their own booking website to try the market in the first stage to stay lean. Therefore, available booking platform and solutions are applied in the beginning to serve the customers and get feedback.

After AIRPORTELS have been prepared all the things that required to start the sustainable business, they considered on operations and process to

deliver customer's luggage perfectly. The process starts when AIRPORTELS get customer request on luggage delivery service, customer will be requested with more detail on delivery to make sure place and time to be delivered, and payment at service request. After order has been finalized and service fees have been charged, AIRPORTELS will order the car to pick up luggage from origins and deliver to the destination. AIRPORTELS committed their customer as within 4 hours delivery. After AIRPORTELS get the request, AIRPORTELS will have only two hours to bundle more order to be delivered together as a group to maximize the utilization the vehicle on delivery customer's luggage to airport. Finally, the process at airport counter when customer request on pickup their luggage. Customer have to get verified by showing passport to AIRPORTELS receptionist when pick up the luggage at the airport to ensure AIRPORTELS hand luggage to the right person. Rest of the processes including emergency plan will be designed later when the service has been provided. In addition, standardization is important and useful to grow the business in scale.

In the long run, AIRPORTELS knows that during the period of 2016 to 2019 is an initiative of the market. This means that they shouldn't spend much money to acquire customers but to slowly build trust between company and innovators who try the service in the very first stage. Both the company and innovators will create the context for others to study and follow. What AIRPORTELS should focus is to develop themselves by business and operation.

Business development will consider about business expansion or diversification that can make competitive advantages or become dominant among competitors. AIRPORTELS have a strategy to expand the service into not only airports but shopping malls, as it is a touch point of travelers in the city. AIRPORTELS expand to one of the most popular mall in Bangkok for traveler. In the heart of city center, MBK shopping center has collaborated with AIRPORTELS to provide luggage deposit and delivery to visitors, travelers and shops in the mall. In August 2017, they continue their expansion to Terminal 21 in the other popular area of Bangkok. The move gained them a



lot of awareness when travel expert or bloggers start to write the useful information to their social society or community. Moreover, by the end of year 2017 AIRPORTELS target to expand to another 2 shopping malls in Bangkok and expand the service to another province such as Phuket and Chiang-Mai in 2018.

Business diversification is one important strategy to be concerned. At the very first period, business will not return much on revenue, and company might get a problem about liquidity because running business takes time to aware or educate the market. Business diversification is to utilize company's resource in a proper way to get kind of revenue or awareness. AIRPORTELS did a very good job on this strategy as they have noticed about capacity they have at Suvarnabhumi Airport which is over 150 square meters, in which place that more than 2,000 pieces of luggage can be kept. AIRPORTELS bather with Airport of Thailand to provide free luggage deposit to Airport of Thailand's passengers and exchanged with awareness which they could be shown in airport WIFI login. Another good example is AIRPORTELS tried to capture Thai's market. Thai travelers might not pain about luggage problem because they mostly stay in home or condominium which they are not required AIRPORTELS to deliver their luggage to their home or condominium. Thai passenger not really need AIRPORTELS to save their time, but they want to save their money. AIRPORTELS become with Golf bag or Bicycle to be delivered to anther province and this service could be used to penetrate to Thai's niche market at the first place before adding up another service to Thai traveler.

### 1.5 Company vision and mission

AIRPORTELS has a mission to revolt how people travel in general. The company has seen a better way of travel that could save traveler a lot of time and money on traveling back and forth between hotel and airport. However, the word "revolt" might make the feeling of change in immediately, but company's vision is not to suddenly change traveler behavior. Changing behavior is not easy and requires a lot of effort so company meaning on

“revolt” means the company will enhance traveler to aware the service, support them to use service easily, and make them fall in love with the service as its slogan “Traveling will be more convenience than ever”.

The company’s vision is “The most reliable luggage delivery, dedicate to world class standard and customer service focused, and enhance with digital solutions making the most out of customer ’s experiences with smiles”. The company knows that customer won’t use their service if the service is not good, and the business is not going to be sustainable even the company have the best marketing. Thus, the company’s mission is to create the best of luggage delivery service which requires best standard and service mind. The company aims to become the most reliable luggage delivery service provider by the best standard which not created from AIRPORTELs assumption but from customer needs or insight as the founders direct the company by customer focused. However, to provide the service to a big group of people but maintain the service quality, the company needs to enhance the service system by technologies to automate the works and processes and optimize the operation processes.

#### 1.6 Purpose of Research

Establishing luggage delivery service company with sustainability and scalability. Researcher have seen the opportunities of the business to provide luggage storage and delivery service not limited in Bangkok or Thailand but Globally. However, doing business is taking risk. Firstly, researcher would like to study on the metrics that impact to the business getting an idea of risks that could be reduce or avoid. Secondly, researcher would study the business model and strategies that will be implemented and developed. Lastly, improvement or development would be also in the scope of research after the business has been established.

This thesis has been developed and researched in Thailand and this will best fit for Thailand tourism, applying to another market might be different in terms of business model.

## 1.7 Scope of Study

Researcher would start the study by product and service analysis. There would be explanation of service which is “Luggage Delivery and Storage” service its strengths, weakness, threat and opportunities also the business industry and environment. After the services analysis then it would be a creation of business model with explanation and business’s timeline also implementation before gathering feedback and development the business model.

## 1.8 Expected Outcome

As a result, the service could be established in Thailand and scale up to Regional and Global. This service would become successful business in many aspects as it solves traveler pain and impact widely. Moreover, there are some of useful information that could help another provider around the world establish the service supporting their tourism industry in term of these following issues.

- 1.8.1 Analysis of service, in term of problems that service would solve including the business model that suitable for this service to deliver the value to customer properly with sustainability and scalability in the future, and the critical factors that might fail the business and the requirements to establishing this service.
- 1.8.2 Technologies and solutions that applied into the business, pros and cons of them if available.
- 1.8.3 Market analysis, getting much clearer understand about the market of luggage delivery and storage service both in macro and micro view, but mostly will be done for Thais market as the company majority.

## Chapter 2: Literature Review

### 2.1 Introduction

Currently, the solutions in tourism market are saturated that only innovation and new change in the infrastructure bring opportunities and change tourist behavior during traveling. For example, technology advancement such as wide coverage and stable 4g signal and innovation in the software and apps has changed the way of searching information and traveling. Language barrier has been reduced that communication between cultures isn't hard as it was in the past. However, the transparency and rapid information flow have enhanced the competitiveness in the saturated market. End-users and customers are looking for faster, smarter, and easier solutions for their problems. Therefore, by improving the current solutions and coordinating with cross industrial knowledge can bring new sights and chances under various perspectives.

Prosperous in its culture and rich in natural resources, such as beaches and mountains, Thailand has various advantages to generate benefits and bring opportunities to local market. Thailand has rapidly grown in its tourist market and has chosen to be the most popular destination in past few decades in Southeast Asia, especially on China-Indo continent. In 2016, more than 30 million foreign tourists visited Thailand, while more than 60% of them visited Bangkok, capital of Thailand, as the center of transportation and transfer. By evaluating the behavior of traveling, current solutions for tourists, and infrastructure, opportunities are discovered to bring further profitable businesses and insights for niche market in current market segments.

By evaluating the market in different point of views, new customer requirements and demands can be discovered. Understanding the real and core

requirements is the critical successful factor for any business. As the current dynamic and fast changing in the market, the developer or executives should be sensitive to market changes and trend. The core value should hit the most painful and critical needs in the market where the business owners are in. After gathering up the critical information, channels should be evaluated to deliver such values and benefits to its end-users or customers in the most effective and efficient way (Wind, Douglas, & Perlmutter, 1973). Localization and insights of markets are important to succeed in the specific market segments and needs.

Business strategies are essential to sustain competitiveness and bring advantages among the competitors in the market. With a clear path and plan, the managers can deploy and arrange resources accordingly and effectively that secure key resources and activities that support the business to survive and win the market. Current business models can be referenced and optimized to support the new solutions and managers to make decisions.

To achieve the targets, key activities and resources are required to acquire the admired benefits and satisfy the business model. Key resources such as partnership with aligned businesses and industries should be gathered carefully and protective activities such as contracts and official documents are essential to be prepared. Nonetheless, the critical demands to produce service product and secure its quality should be evaluated carefully and deployed effectively. Aligned to the business nature, several parts and departments will be investigated and coordinated to realize the organized output. Thus, as the key resources and targets are gathered, the business should be able to generate and sustain its benefits to bring profits to its stakeholders.

## 2.2 Market Overview

### 2.2.1 Thailand tourism

The number of visitors has been increased yearly, and it is continuing in 2018. As it shows in increasing last year at 35.38 million visitors compare to the previous year at 32.59 million, a growth by 8.5%. For the past 16 years

it has been a huge improvement in this industry. In 2001 Thailand had welcomed 10.13 million, while in 2017, the number went up to 35.38 million within 16 years (Vanhaleweyk, 2018). The recovery after the military coup in November 2013 has not yet completed. Traveling industry take longer than 3-4 months that happened after the previous events. In long-term, tourist will have more options on their travel as emerging market will become more intense on competition in this sector and Thailand has to secure their competitiveness among others in the region. According to EIC analysis based on data from World Economic Forum 2013, the records show that Thailand have to improve in 7 factors such as, policy rules and regulations of government, sustainability of environment, safety and security, health and hygiene, ground transportation infrastructure, ICT infrastructure, and human resources to attract more traveler in a long run (Charoenphon, 2014). 32 million tourists visited Thailand in 2016 and it made THB 1,292.5 billion as 9.2% of GDP. According to WTTC (2017), recent estimation with forecast in 2017 to increase 9.3% to THB 1,412.2 billion. 12 million travelers in the first four months bring the possibility of 37 million tourists in 2017 (LANGUEPIN, 2017)

### 2.2.2 Congestion in Thailand

The worst experience driving in Thailand is driving during peak hours in Bangkok. Thailand has the highest average hours spending in congestion's peak at 61 hours in 2016 and its capital ranked at number 12<sup>th</sup> with 64.1 average hours stuck in the congestion under the policy of government to spike the sale in 2011, waving the tax of the first car which sold in total at 3 million cars (Lee, 2017). Thailand has the world's worst road congestion, not limited in Bangkok only but also in Phuket and Chiangmai as a main city especially in rush hour around 5pm (Real life Phuket, 2017).

### 2.2.3 Customer Behavior

Consumer behavior is the study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services, including the consumer's emotional, mental and behavioral responses that precede or follow these activities. According to Kotler (2012), the field of consumer behavior studies how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and desires. Understanding consumer behavior is never simple, because customers may say one thing but do another. They may not be in touch with their deeper motivations, and they may respond to influences and change their minds at the last minute. The marketer or service provider aims to the timely demands when consumers require it. On the other hand, as corporates have only limited time and resources, it is critical to effectively and efficiently deploy the resources and implement the exercise (Johnson, 2010). The dynamic and competitive environment has significantly increased the difficulties in current business environment. To understand the factors, tools such as service blueprint (Lovelock & Wright, 2002) can support developer and organizer mapping out the roadmap from the top to the end. The clear vision can support planner identify new opportunities and optimize the current process to get consumers more enjoyed (O'Sullivan & McCallig, 2012).

The prosperity of airline industries has made travelling much easier. Besides, the mutual agreement between countries and formation of ASEAN, Association of South-East Asian Nations, motivate the cooperation and communication among the partners. With multiple choices from LCCs, low cost carriers, and privilege, people in AEC, ASEAN Economic Community, can travel in the region freely. Besides, the strong growing and reviving after the worldwide, economy crisis in 2008 has brought and grown the wealth to Asian people. On the other hand, people from the leading countries in Asia such as Japan, Korea, China, and Singapore are facing the high price and expenses in the big cities. With the relatively high income, these travelers can easily enjoy traveling in the developing countries with a stronger purchase power. Chinese travelers are also changing from the satisfaction from materials, such as purchasing brand-name products, to experiencing cultures and spiritual fulfillment. On the other hand, the protective policies of import and commerce in China has deterred the imported good to a very high price.

With numerous natural resources and relatively complete traveling infrastructure, Thailand has welcomed more tens of million travelers in the last decade. The unique culture and efforts, such as traveling introductions and campaigns, has impressed all the foreign visitors. The affects from seasonality to tourism in Thailand is relatively little as the land seldom has natural disaster and the weather are usually good enough to attract travelers. With multi-countries coverage, Asians can visit the country in a whole year, while Europeans, Americans, and Oceanians will come during winter time. With the current advancing technology, information can be spread instantly and widely. With the efforts from Thai government and improving transportation system and infrastructure, the overall tourism market in Thailand is still booming.

With prompt and easy-accessing information, number of individual travelers have significantly increased. People are enjoying the satisfaction of self-fulfillment as that from DIY products, which now can be easily shared via social media. The attractive media, photos, videos, and information have been insanely spread and acquire more and more attentions to the travelers. Freedom, the chance of self-controlling, and transparent information have



encouraged people changing from joining group tour, which is organized by traveling agencies with standardized tour package and usually has more than 10 people in the same group, to traveling individually or as smaller groups.

For hospitality, due to the previous economy crisis and familiarity of smartphones, the rise of new startups such as Uber and Airbnb have brought up new business model and sharing economy to the market, which significantly increased the capacity of treating travelers. Accommodation and transportation have been greatly eased. The barriers of entrance become very weak that the large ones have to apply multiple solutions and strategies to secure their market shares. However, new problems and challenges have been brought to the service providers with a dynamic change. The limitation from the new industries brings new opportunities to the market.

Though with the easiness of app solution on smartphones and popularity of learning second language, language barriers have hampered the communication between people from different countries and background. Furthermore, current law and authorities can't effectively rule the companies under new business model and thus causes misunderstanding and risks in the market. Airbnb short-term rentals and accommodation have greatly turned the hospitality industry upside-down. However, its natural limitation which have no regular services in hotels such as no reception, room services, and inconvenience in different sectors has introduced new solutions to fulfill the gap. During the beginning of 2010s, Bangkok, capital have no enough, or easy-accessing storage service covered in the city. Besides, the unfriendly design of public transportations and infamous traffic congestions have brought the opportunities to the aligned business.

## **2.3 Business Overview**

### **2.3.1 Value Proposition**

The value proposition has been described as the value that customer willing to pay for purchasing products or services. Not just create the product or service that valuable to customer can make the company success but it

should be delivered to customer at the right moment that customer want it which mean company has to be clear about customer's journey then they could offer product or service at the right touch point (Anderson, Narus, & Van Rossum, 2006). Designing the value proposition of the business could save entrepreneur on wasting the time in frustrated by unproductive or offering a wrong products and services to the market. Good design of value proposition make company understand the pattern of value creation, avoiding creation of unfit products to the market and make the most effective to the team (Chen, Wang, Huang, & Shen, 2016). The business model canvas has been present in the book as it show how the value be delivered to customer in a specific customer segment and another factors that should be considered as they involve to the product's value proposition such as key partner, key activity, customer relationship, key resource, sale channel, cost structure and revenue streams (Kirchmer, 2004). After the value proposition has been set then company will be able to test the products with a group of potential customers which they might be the person nearby. There is three kinds of fit, Problem-Solution fit mean jobs, pain and gain of customer has been match on paper, Product-Market fit mean there is an evidence that the product or service is pain reliever, gain creator and actually create the traction of customer, Business Model fit mean the product or service have an evident that it make profit from the market and it could scale further in the future. Prototyping of the business is the activity of making quick and rough model of product or service to explore that it possible to fit into the market before creation of the real product or service which will cost entrepreneur more time and resources. The prototype should be visual and tangible, simple, adoptable and monitored because it is not the real product that offering to customer yet but the product that could make company to the real and final one faster (Febrianti & Ariffin, 2013). Lastly, will be a test without bias which there are many tools that work in this area to gather the useful feedbacks and back to the products and service that company created then develop it into the model that make the most satisfy to customer. As conclusion trying to make the create the right product or service which bring the most value to customer will reduce risk of doing

business which is the job that entrepreneur have to do (A Osterwalder, Pigneur, Bernarda, Smith, & Papadakos, 2014).

### 2.3.2 Startup

Innovation and startups could drive the nation's economy and they are also could apply in a giant company that will bring great value to company as well. Pitching is a skill of communication that could lead new startup to success in fund raising, partnering to new alliance and acquiring more market share. Raising a fund in terms of business development and expansion will success or not might be considered in these area of interest, expertise of founder to the business they are running, the size and scale of marker, management team and talent in the company, valuation and previous fund or capital in the business. The stage of funding could be separated as bootstrap, the first round of capital which might be founder's saving cash or the money injected from friends and family, angel investor, mostly come as an individual investor in the early stage of investment and they could contribute to company significantly in term of market penetration or product/service development and the venture capitalists as a giant investor that come since a very first stage as seed stage to a very big round of investment such as round C or D and above before IPO. Startup mindset is to work on their business model in a bigger stage than local or national but global. Business model often created as a platform that help business to scale fast in the future after the market has been fit and investment has been injected, moreover than a business model that startup has to consider are as following issues, money transferring as doing business global this should be a big concern when the business receiving money from the opposite side of the world, regulations in each country that might be different and culture different (KPMG LLP , 2013). Entrepreneurship could be identified in to three characteristics such as innovation, doing business and risk taker. Innovative person is the character that show entrepreneur bring a new solution to the market or old product to the new market which mostly will also applied with technology. Running business is to produce a good product or service that could solve customer's problem neither

it will be profitable nor unprofitable, but it should be sustainable. Risk taking as one of the character of entrepreneur because this show these people not fear their failures they just fail and learn then they will know how it fail and applied to the next try, risk make them learn faster and progress faster as it also be a factor that will pressure entrepreneur work more efficiencies. There is a tradeoff to entrepreneur who want to have their own business as shown in advantages they will gain once they become business owner for example, independence as they could make their own policies which match to their own life style and mostly entrepreneur could make their own decisions in and outside the company, rewarded in financial as entrepreneur would have chance to generate more money than being an employee, high learning curve as running their own business will have them to involve to many aspects, however, there are also disadvantages entrepreneur will bear for example, financial risk as entrepreneur might need to bet with their all saving cash into the company without any guarantees of their money will return even a part of them, stress from running the business as it will bring entrepreneur many issues to be considered which somehow is impossible to find the solution, time commitment which is totally different from what other see entrepreneur as they have their freedom and can manage the time themselves, in fact especially they have to be reachable as always and they will spend most of the time with their business to make it survive. However, running a business is trying to prevent the risk that exist and can foresee. Study the failure of other startups would be a good option and these are the example of the factors made them failed on starting up the business (Skripa, 2016)

1. Bad business idea if the value proposition is not deliver to the right customer then entrepreneur is confirmed to failed.
2. Run out of cash as many businesses are underfunded. It might take for certain amount of time to entrepreneur to learn, fail and develop but if cash in the bank is not enough then the game of startup will be over.

3. Lack of management skills will bring startup into trouble as their employees couldn't work effectively plus high turnover rate which mean they will be spent a lot of time to hiring new people and teach them.

### 2.3.3 Business Model

According to (Mintzberg, Ahlstrand, & Lampel, 2005), deliberate-planned strategy has clear direction, purpose, and objective. Executives can easily deliver their idea of the strategy to inferiors or implementers. It also imposes stability of a company. Strategists are doing as architectures to follow formal procedure and outline to formulate strategy which is based on rational thoughts and facts. For instance, a number of tools, such as PESTLE and SWOT, can be used to analyze both internal and external factors. Thus, the approaches that are included in strategies can catch the opportunities that are predicted by the strategists and evade or prepare for the threats. Strategists in this school focus on the process of strategy development.

However, Strategies might blindly follow the rules of formal strategy formalization and not realize the critical factors of the business environment (Mintzberg, 1994). Thus, the company will hardly be able to deal uncertainty that is not predicted before. Besides, frontline employees or inferiors may not be involved in the planning process. The strategy can be disconnected to practical issues and with bias of strategists. The final product or service is unattractive or useless to end-users. Sometimes new product utilization or new function demand can be discovered by salesmen when they interact with customer directly

According to Alexander Osterwalder and Pigneur (2010), mentioned about the game changing in term of business model that disrupting the world and big player. There is the business model canvas that will explain the relationship between stakeholder start by customer segments and value propositions of service/product that should be aligned. The market can be defined by niche market or mass market, B2B or B2C which match to

service/product company is going to develop (Lovelock & Yip, 1996). Value propositions are things company is going to offer to the segmented customer, the area of considerations are performance and quality of product/service, new to the market making different to old brand service/product, unique or customized to the customer, price that reasonable to customer, helping customer get their job done, attracted brand, make the most effective to customer job or reduce their cost on getting the job done, easily access to the service or reduce risks of getting things done. The third piece of jigsaw is the bridge between the first two is channel to deliver service/product from company to their customer. The type of channel could be separated in two majors as direct and indirect but they all will have a timeline and phase of channel utilization. The term of channel in this book describe the relation between customer and company, it starts from awareness which company start to create the information to deliver to customer make them notice about brand and service/product then will be the evaluation of customer to company's service/product that value to them and worth their exchange, in this step customer will start to compare to another offer that exist, gather more information, reading the reviews or asking their friends and family before the next step is purchasing. Company have to ensure this step is easy and simple to customer include any promotions or offers that could make customer easier in term of decision making or keep them longer in the service/product life cycle. After customers have been purchased the service/product, company will deliver it to customer as committed or additions also allowed. And lastly, after sale works will keep customer stick to company's service/product increasing retention rate to company also make new acquisition as they could become loyalty customer that will recommend their friend and family to test and become our customer which this way of acquisition is the most effective nowadays. There are few examples of customer relationship to company's service/product such as personal assistant that base on human interaction which this mostly occurred at site selling point, self-service that company maintains no direct relationship with customer but to provide all necessary to customer to handle themselves, communities that create in between customers

and company which this could best utilized company's facilities and understand customers. Revenue stream is the next piece of business model that very important, its show how the company bring the most out of matching customer with company's offer. Customer might have several methods of payment refer to the type of customer segment and company's strategy such as asset or product purchasing which is very general as will occurred time by time the customer want to get company's product/service, usages fee as customer will pay upon their use for example telecom service or electricity, subscription fees that mostly generate from continuing service like a member of gym or using the software as a service or advertising fees which company might provide a free product/service exchange to the journey of customer to touch and try the service/product. Pricing is one of the concern in this particular piece of business model which should be match to the business model and the strategy company is taking. There is tow price mechanism as fixed menu pricing that created by the statistic and some variables offer to market and dynamic pricing that changes base on market situation or trend. Dynamic pricing is mostly applied to the product or service that tailor made to its customers or offer to a niche markets this will consume a lot of effort on pricing and it requires rapid changeability or adjustability for example negotiation between parties bringing the most out of each deal which often occurred in a bigger size of purchasing with good negotiation skills, yield management that increase or decrease upon demand and supply level in specific time to maintain the attractiveness of offers among its competitors and effectiveness of company's resources utilization. Fixed menu pricing is generic pricing strategy such as list pricing show various of price refer to different products/services that have different value propositions, product feature dependent describing service/product price that rely on quality or performance customers are looking as some of customer willing to pay less as they will not use all the features that provide or available on each product/service then they would love to have less features products with more friendly price, volume dependent is the strategy of price decreasing upon the number or quantity of product/service that customer is going to purchase

which this strategy could convince customer to purchase more in term of getting more reasonable price that customer would remain their benefits in term of economic of scale. Key resource has to be considered in term of capacity and scalability. The key resources could be physical asset, financial, platform, frameworks or human resources. Physical is the facilities company must have to run the business such as office included warehouse, logistic infrastructure. Financial is not limited to company's capital only but also the equities that distributed to all stakeholders that contribute to the company, this seems to be a very important issue as financial resources could lead to another resource. Human resource is a core resource of business that will drive business achieving its goal or target, having a talent people in the business is significantly make company gain a competitive advantage among its rivals. When resources have been prepared and the model is clear then it will be an execution to make the model works. Key activities will be concerned, frameworks will be applied and implemented into the model and it will be developed time by time refer to the situations and problems that happened during the executions. Operation is an overview of keys activities work together, extension of capacity will be represented by better performance in operation, it could be designed and redesign as the model business is changing. Key partnerships provide company more resources and reduce risks running business. There are several of relations such as strategic alliance between non-competitors, coopetition a strategic collaboration between competitors, joint venture on developing new business and buyer-supplier relationship that bring more commitment into the value chain. The last jigsaw come up as a cost structure, the billing of business operation making the value to customer through all channels that prepared with company's productions from the resources as required together with business partnership in returning of benefits to every stakeholder.

There is the relationship between business model and value proposition as the business model will be done once the value proposition of products or services need to be solid or cleared, beside that the business model might not



works well. The business model will begin with value proposition and business model idea which will become an assumption of the model to be tested and evaluated before the decision to apply any changes to the model or validate it. Business model could be described as a value an organization deliver to customer by utilize the company's resources, create the market and deliver to customer in terms of profitability and sustainability in return to the business. Once the value proposition has been created it will be the relationship between value that company is going to deliver and customer on which approach that company will deliver. Channels is the approach that company will deliver the value to customer as communication, sales and logistics. Key resources are the consideration of raw materials or resources that would become the value proposition before passing to customer this could be many kinds of resources such as patent, raw materials, spare parts or key contact. Key partners represent the partner who would support entrepreneur during the process since creation of value proposition until the process of delivery it to customer, key partner might be an exclusive partner which will make differentiation among company's rivals. Key activities show the executions of the business that required as an outcome of products and services. Cost structure would categorize the business into neither cost-driven business or value-driven business as if its customer looking for the better performance or higher quality then the business be driven by value instead of cost as it will be totally different (MaRS, 2012). Porter (1980) proposed three generic strategies which are cost leadership, differentiation, and focus strategy. In order to implement cost leadership strategy, companies may have to increase their internal and external working efficiency; invest in new technology and infrastructure; and reduce costs to acquire market share among their rivals. As it applies differentiation strategy, a company differentiates its products in several dimensions, such as design, service, or technology, to acquire customer loyalty and competitive advantage (Akpyomare, Adeosun, & Ganiyu, 2012). Organizations that employ focus strategy concentrate on certain segments and targets to satisfy customers with either cheap price or differentiated products.

#### 2.3.4 Hands Free Travel

This concept is originated by the service provider in Japan. However, there are many strategic moves from the providers in Japan dominating this service such as collaboration with airline “ANA” the biggest airline in Japan to offer same-day baggage delivery between two cities at 2,000 yen per piece (ANA, 2016). Not limited to aviation industry and parcel delivery that pushing the campaign of hands free travel but included railway company which launched the service June 2016 in the train station (Odakyo, 2016).

### 2.4 Business Analysis

#### 2.4.1 Porter’s Five Force model

Fast changing in an environment increase company risk and the model is used for analysis the environment of the business that make company able to react in changing either organization and business strategies (Porter, 1980). This tool can be seen as a competitor intelligent which also mentioned PESTEL as a tool of macro-environment and these two models’ analysis will create the company the techniques that helping assessment of external environment. Moreover, SWOT analysis also mentioned too, as it will stand for the company to get the clear understand of company’s organization before and changes of company’s strategies. There are five factors in the model to consider, competitive rivalry, Threat of New Entrants, Threat of Substitutes, Bargaining Power of Suppliers, Bargaining Power of Customers (Porter, 1985). Competitive Rivalry give company a visualize of their competitor’s strategies which included suggestions to protect the market such as altering pricing policies, improve its products, utilize current channel distributions, improve a relationship with suppliers, upgrading service levels. Threat of New Entrants update the company that might become or even become a newcomer to the same market included difficulties of newcomers when they entry into the market for example governments’ policies, patents, company’s assets,

internal economies. Threat of Substitutes defined as alternatives of customer to choose another products or services that solve their problems as same as company's products or services. The substitute product might come from other industry but offer the similar benefits to different market and possible that it has been adopted to penetrate into another market which is it a company's market. Bargaining Power of Suppliers show the relationship between suppliers and market and giving company the understanding of its bargaining power on negotiation to get the best offer from current deal. Higher power will be reflecting from there are few suppliers and many buyers, the cost of switching from one provider to another provider is high, the buyer is not sensitive to the price, the product or service is very differentiated, substitute products are not available in the market. Bargaining Power of Customers show how strong the position of company located to customer which describe as higher bargaining power of customer is a higher possibility to company to generate more profit in more sustainable business, the main factors that company shall be considered are as example, switching cost of customer to change the product or service provider, brand loyalty or there is only a little differentiation between products ([www.free-management-ebooks.com](http://www.free-management-ebooks.com), 2013).

#### 2.4.2 SWOT Analysis

SWOT analysis is a tool for organization's internal strength and weakness, its opportunities to business that could develop or gain, and threats the external factors that effect to business present as its survival (Pickton & Wright, 1998). Using SWOT is to balance business strategies with external environment, there are 4 main factors in this analysis tool as Strength, Weakness, Opportunities and Threats. Strength is an outstanding performance of the company that differentiate among its rivals, it might be a clear understanding of business direction, great culture, efficiency of employees or service quality deliver to customer. Weakness is the factor that make company less attractive than other or having customer choosing another service or

product instead of its service or product, making company develop or scale slow such as lack of expertise in some of the field like marketing or “research and development”, lack of money or new to the market. Opportunities is the factor from external environment that could improve company for example policy from government to support its industry, globalization that make travel industry growing significantly or the currency that might become lower which will attract more investor and traveler to its country. Threats is the factor that could negatively impact to the company from external environment such as some of the regulations in its country that make difficult to the business or any policies to reduce the price of service or products that company offering (Harrison, 2010). SWOT analysis is a tool for assessment and planning. Get understanding the overall view of business into the action and strategic move. This tool is simple but powerful as it could leverage the strengths to improving weaknesses of company while minimize its threats and bring the most out of opportunities (Austin Community College SWOT Team,2017).

#### 2.4.3 PESTEL Analysis

It is a generic tool using for analysis of company environment with issues that affecting the business as following political, economic, social, technological, environmental and legal. It describes a framework of macro-environmental from main 6 factors that affect to the business (Gupta , 2013). Political is the current or potential of political that created and impact to company both direct and indirect also the priorities in kinds of support from them such as education business might be the first priority of support which this factor will bring company a fast reaction and benefits from government. Economic might be in area of local, national or global which lead opportunities and threats to the business such as interest rate, inflation or exchanges rate. Social mostly come from any changes in the society that affect the company for example the aging society will impact directly to the company who produce toys. Technological is stand for the change in technology which possible in term of disruptive of its industry or upcoming of

new solutions that could support the business, the company who could utilize technology to their organization in terms of cost reduction and more productive would gain a big advantage among rivals. Environmental is the issue of natural either natural might affect to company such as climate changes or the product and service that could affect to natural will be considered. Legal is the restriction that exist in the local or national which impact directly to company this could be seen as a factor that couldn't control or even difficult to change. There is also “LoNGPESTEL” using PESTEL analysis the environmental of business by PESTEL but in matrix of Local, National and Global to get a clear understand of impact from each state (Oxford University Press, 2007).



### Chapter 3: Research Methodology

This research will be used in the future to establish the business of luggage delivery and storage, so it will be useful for future researchers to get the idea of steps that been taken during the research of this thesis together with establishing the business. As a following detail it shows the beginning of research until the business transform to a current model including vision of the business for its following years.



Figure 3 Surveying with support from colleagues

The business has begun by desk research, seeking for any information that existing in the global market online. At the beginning researcher set some of the assumptions to be tested in the field study. However, the desk research has been continued until researcher have enough information to build up the business model, which it has been developed almost every 3 months since the first model has been existed. Desk research brought the company a lot of benefits as many mistakes that occurred in the industry which founder could aware and prevent at the first place, also prove the business it fit to market

faster beside taking a company more than a year to design and redesign the service or product that fit to the market by assumption only. Desk research is a must do process which will save company costs and time on develop the solution.

As shown in the figure 3, field research started one month after desk research to prove the assumptions and gather the information as designed. Desk research would give the team the idea how the solution fit to another market such as Japanese, UK and USA but the solution is not fit to all the market, different market has different behavior and company might need to have different approach to the market, for example Japanese provider cost customer as a size and distance of luggage to be delivered but in UK and USA they cost customer as a trip of delivery. Thailand might fit for some solutions else that need to be explored and developed. the founders went to the place they could find travelers for their questionnaires such as hotel, train stations shopping center or popular attractions.

## Willingness of delivery service usage

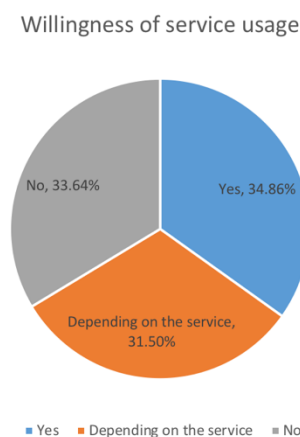


Figure 4 The willingness using luggage delivery service

The potential solution the founders have created is luggage delivery but there are also many of methods to provide the services rely on the factors

as following, luggage delivery from airport to hotel or from hotel to airport, next day delivery or same day delivery, pricing on weight, size or distance. Lastly, they came up with the solution that could give them easier to implement and attract customer by luggage delivery service from hotel to airport which the company deliver within 4 hours and it shown in the figure 4 for 34.86% would like to use luggage delivery service as they could see the benefit they could gain instead of traveling with luggage as usual, however there are 33.64% that strongly reject to use the service as they don't trust the service provider and they do not want to change their behavior.



Figure 5 AIRPORTELS first service offering in Asia hotel with sale team

From company's research, most of traveler are pain with their luggage much more for the last day of travel compare to the first day of travel so then the company targeted and provide the service to those travelers who are going to check out their hotel and exploring the last day before going to airport. The founders planned not promote the service online but only at the hotel partner which the company have partnered to 2 hotels at the very first period as shown in the figure 5, AIRPORTELS start the service in Asia Hotel where has more than 700 rooms with 75% occupancy rate, the counter has been set next to



concierge service of the hotel and AIRPORTELS staff dress in a proper suite making trust to customer.



Figure 6 The leaflet dispatching in the hotel

The model prototype model is to have staffs at the hotel creating awareness of the service also explain the service to customer, moreover company has leaflet to be dispatched in the hotel helping company to distribute the service information to hotel's guest as shown in the figure 6, it leads customer to the concierge that AIRPORTELS staff have been waited for them to explain the service detail. Customer won't use this service easily without education or further information because most of them have never used or tried luggage delivery service before or even heard about the service from elsewhere. Travel don't know how fast the company could deliver, how reliable the service provider is or how much it cost to deliver. After explanation, traveler could get the idea of service and start to compare their journey of using luggage delivery service with general way of travel. Awareness and education could be done effectively by sale team at the hotel, but payment is not proper to be made at the hotel, so the company decided to

have a payment at the counter service once customer pickup luggage at the airport.

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**Deposit your luggage**  
- Ask concierge / receptionist  
- Check with your passport and flight number

**Pick up your luggage at airport**  
- Check with your passport  
- Weigh your bags  
- Billing  
- Sign for receipt  
- Wonderful trip!

**Price**

Feather	Light	Medium	Heavy	Surcharge
200฿ (6 USD)	300฿ (9.3 USD)	400฿ (12 USD)	500฿ (14.3 USD)	20฿ (0.6 USD)
0 – 7 kg	7 – 15 kg	15 – 25 kg	25 – 40 kg	

Deposit Luggage = 100 ฿/bag/day (Max. 5 days)

**Promotion**  
**10% Off**  
Discount for the second and following luggage

- Explore more without luggage
- Delivery on time within few hours
- Insurance for losing is up to 50,000 THB
- Enjoy bag-free travel

- Affordable and reliable
- Pricing by weight
- Providing travellers support
- Good care of your belongings

**Terms**

1. For your security, luggage must be sent and collected by the same person with his/her passport.
2. Though we will take utmost care during the transfer, please lock and pack your luggage properly and secure the contents. We won't ensure the completeness if you have any fragile goods in your bag.
3. Please keep valuables with you (Camera, laptop, money, passport, etc.) and DO NOT put any dangerous or illegal stuff in luggage. We won't be responsible for your personal belongings.
4. Delivery service cut-time at hotel is 12:00 p.m. every day. Luggage should be collected on the same day you place order.
5. If you want to pick up your luggage on the other day, request should be done only with explicit instruction during your deposit at the hotel. Overnight fee is 100 baht per bag per night for a maximum of 5 DAYS
6. Luggage collection time at the airport is from 16:00 to 22:00. Don't leave Thailand without your bags! Please pick up your luggage on the same day during 16:00 to 22:00.
7. Unclaimed luggage will be disposed after 3 days. Fine for unbooked luggage preservation at the airport is 300 THB per bag per night.
8. Change your mind? Don't worry. Contact the hotel before 12:00 to cancel the service and retrieve your luggage for free
9. In an unlikely event of lost or stolen luggage, the insurance is up to 50,000 baht per lost or stolen bag. Please provide appropriate evidence for compensation.

Figure 7 The first version of brochure

As shown in the figure 7, the first version of service information as a brochure handing to customer, service fee has been calculated by weight start from 200 THB until 500 THB as a heaviest luggage, the reason company charge customer by weight because the research shown traveler have more pain when they have heavier of luggage weight, also the driver or carrier like to have an incentive according to the number of luggage and its weight.

The founders have been discussed on logistic issues for many times and finally they have seen logistic as its problem once the company is going to scale in the future if the company had their own fleet or truck. Having own

fleet or truck could make them a lot easier to control the quality of service and also cost but only in a small scale. The company had a vision to expand the service to not only another province but another country so having own fleet in many places are troublesome. Finally, the company came up with the method that they are required not to own any cars but could provide the service as many as the demand increasing. There are many factors that company have set for the business model as mentioned in the section of “DESIGN FOR UNIT PROTOTYPES OR HYPOTHESES” which most of them have been developed later. The period of create the business model would take around 3 months as same as creating potential solution, the task requires data and information that gathered from researches both on desk or field and assumption that created after the researches.

The service has been confirmed and ready to be implemented to the real market. The reason why the cofounders start service prototype one month after creating business model and two months after creating potential solutions because it could be enough information and data to create the main value of the business and to start the business the founders have to prepare many things such as firming team, registering the company raising funds, renting the place, building the counter service and recruit staffs, as shown in the figure 8, the survey and construction of counter service in the first location in Suvarnabhumi airport.

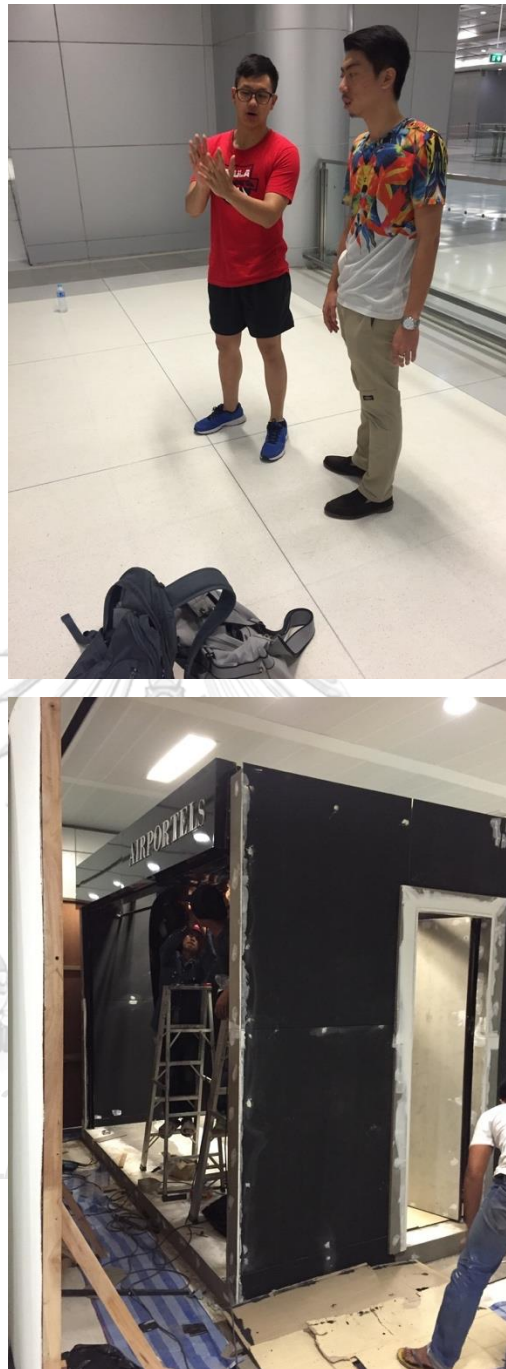


Figure 8 Surveying of counter service location and its construction

After offer the solutions to customer then it has to be data collecting from customer, feedback for company to improve and develop the service to be fitted with the local market. While gathering feedback from customers the founders also plan for development of the business model.

## Chapter 4: Business Feasibility

### 4.1 Executive Summary

People might have reasons to start or establishing their own business of money, become rich or gain a popularity but the founders started the business with their pure passion to improve the way people travel nowadays. Founders happy every time customer says “thank you” after using luggage delivery service or tell the team that the service really makes their trip become more memorable, founders enjoy seeing people start to adapt and change the way they travel in a smarter way. The solution or the service will not limit in Thailand or Regional but Globally, founders work hard twenty-four seven on creation of the service and execution. They might not have fruitful experiences in tourism industry, but they eager to learn and success on what they love to do and see. Luggage delivery has been found during offering electronic locker service to traveler few months before hand and this business bring a lot of opportunities after as well. Luggage redelivery and logistic platform will be a very good infrastructure of next and further business which will not mentioned in this thesis. This thesis will contain a very fruitful of experiences since the beginning of the business, gathering the team, finding the model of business and developments of them.

Last but not least, researcher has implemented theories and knowledges that he has learnt from the class into the business such as market analysis, competitor’s analysis, logistic and supply chain management that could bring the company to a current operation.

## 4.2. Five Forces Model

One of a very useful tool to analyze the product or service in a big picture, in perspective of service positioned in its industry. Porter's Five force model providing the environments of the service as shown in the figure 9, present intensity of competition, relate to the buyer bargaining power, negotiation power or reaction to purchase the service. Moreover, this tool shows difficulty of new entries to penetrate into the business and the threat of substitution of this service that any services or products could replace this service. Lastly, it will also show the relationship of the business compare to suppliers which is the third-party logistics or landlord of AIRPORTELS.

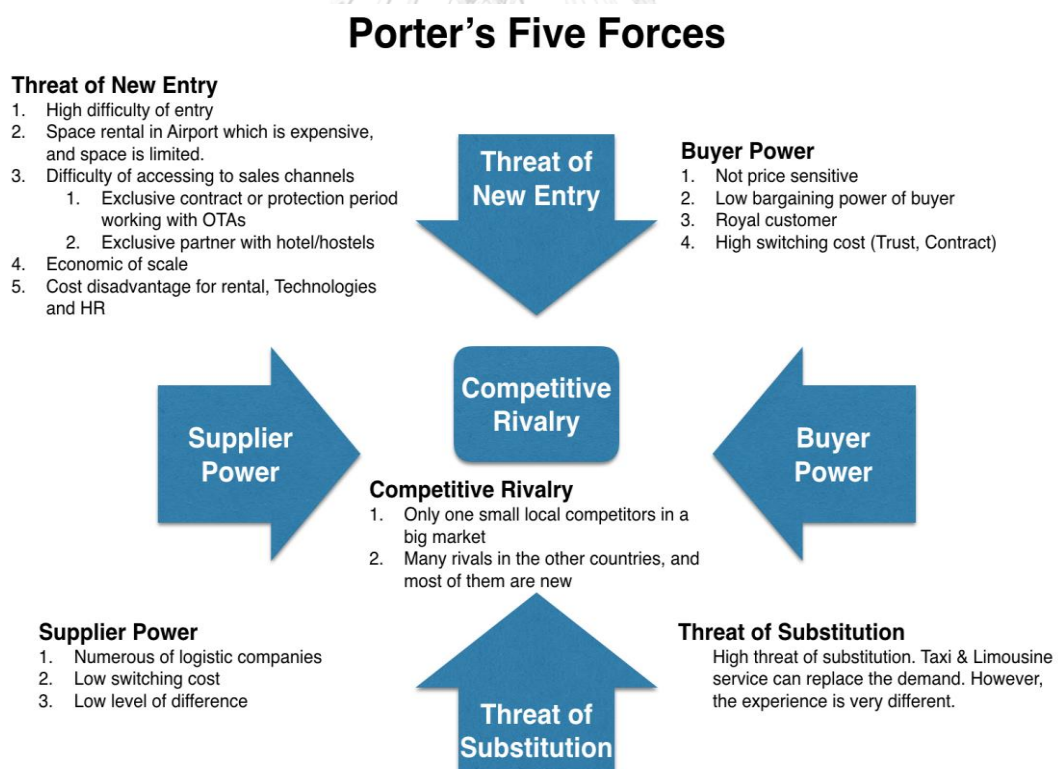


Figure 9: Porter's Five Forces Model of luggage delivery service in Thailand



#### 4.2.1 Competitive Rivalry

Currently, there is a small competitor as providing the same service as AIRPORTELS in Thailand. This rival has low intensity in term of competition for reasons as following.

1. The location of their counter is next to us, but they have a smaller storage as they have 30 square meters and the company has 150 square meters
2. They are more experiences in marketing but not yet an expert to the market which AIRPORTELS still able to hire marketer to compete with this area.
3. They have two cofounders who good at financial and marketing. Moreover, they have an advantage as they could communicate in four languages as Thai, English, Korean and Chinese. However, AIRPROTELS still able to hire marketers or customer service team to assist when the company penetrate to each market as Chinese and Korean.

Not limit only in Thailand, the company also have many rivals in a global stage such as Portr from UK, Bag.inc from USA, Yamato from Japan, Kong So Tao from China, Baypax from Korea and many mores as shown in the figure 21. But most of the providers especially in the Regional have been established below than three years.

#### 4.2.2 Supplier Power

In Thailand especially in Bangkok there are many third-party logistics company that could become AIRPORTELS carrier and offer a good quality of delivery. This reason gives the company an upper hand on negotiation with suppliers for the best price and quality. Moreover, to switch to another supplier is not difficult and costly, which mean the supplier have to maintain their quality and performance working with AIRPORTELS.

#### 4.2.3 Buyer Power

The buyer power is low as the customer are foreigner, mostly Asian who travel to Thailand. The company target on the upscale traveler age between 25 - 45 years old who have well educated and live in 3 star hotel or above. They are not price sensitive; the cost of delivery is below 0.1% of the trip budget. Customer have low bargaining power to the service provider, the number of provider in Thailand have limited at two providers which offer same service but different value to customer. Cost of changing supplier is high as once customer trust and use the service they would become a loyalty customer and prefer not to switch the provider because they decided carefully on each provider, moreover they will have good perspective after using the service which they will not take a further risk on another provider except they have a bad experience with the first provider they chosen. Only a very attractive functions or promotions that could make customer change or switch the provider.

#### 4.2.4 Threat of Substitution

There are some services that support traveler, making traveler become more convenient when travel such as locker service at shopping center or train stations, for traveler to leave their luggage or belongings for a period of time, taxi and limousine service that bring together luggage and traveler to/from airport. Storage service bring travel a value of leaving their luggage or items for a period of time when they travel, especially in the city, to travel lighter but traveler still need to carry their luggage or items from hotel to the locker at service location and back to the locker again after they have done their business, while luggage delivery could offer more convenient choice without carry luggage back and forth to the locker, they could save time and money on travel back and forth between locker and destination. Using limousine or taxi could make traveler the most convenient as they have no need to carry luggage



along the trip just go to the destination with luggage however, luggage delivery offers a different value compare to taxi service because traveler could travel separately from their luggage and the benefit travel separately without luggage is traveler could save their time on arranging luggage point to point themselves. Travel with luggage by taxi only be the best option when traveler want to check out and go to airport right after.

#### 4.2.5 Threat of New Entry

Luggage delivery business has a high barrier of entry. The difficulty of entry to luggage delivery business are as following issues

1. Counter service and storage in the airport. Getting the contract of rental space in the airport is difficult because it required good relationship, the problem of trying to get the space without connection is a bad excuse as the space are full of rent, or officer would make the process very long and it will never be done. However, having connection alone is not enough as everyone know there are many passengers arrive and departure at airport every day and this is become attractive to investor or many entrepreneurs, the place they can sale products or services especially the product or service for traveler with high profitability, so it makes the rental fee become expensive. Entrepreneur have to prepare not only money on rental the space each month but also deposit money that will be kept along the contract term, construction-cost and in total the fees might reach 10 folds of rental fees.
2. Team and human resource, this also difficult to gather the team that have a passion on luggage delivery service. AIRPORTELS have been study about luggage service which they found electronic locker service since the beginning of 2015. Almost three years experiences in luggage delivery and storage service making AIRPORTELS team become the most experiences team in Thailand for luggage service.
3. Sale channels could be separated into main two channels, sale by others and sale by company. Travel agencies both online and offline

have certain traffic of customer which they could introduce luggage delivery service to their customer and convince them using luggage service this could be an effective channel to offer the service, however they are exclusively partner with AIRPORTELS for luggage service to be offered to their customers. Another approach is to sell the service by company themselves it not provides company any exclusivities with customer but become the first mover in customer's mind is important. Time flies, the innovators or travel experts have been tried AIRPORTELS services and recommended it to their society, this took more than 2-3 years and AIRPORTELS gain a lot of trust from customer from them.

4. Special rate of rental at airports and shopping center. As mentioned above, the company has advantage of connection getting the space from airport however, the rental fees the company has got also special, as it is different from general rental fees, ten times cheaper. Moreover, the company also got a special deal from shopping center as the company pay its rent with revenue share, without rental fees as much as the company has got from the customer in the shopping malls.

#### 4.3 SWOT

The company have been used SWOT analysis as a tool since beginning seeking for new initiatives and it has been updated time by time during the business have been operated and developed. As shown in the figure 10, company has an advantage of first mover and strong team, on the other hand their weakness seems to be general as their funding is not strong as well as their experiences, but these could be gained after all. The opportunities are more obvious compare to its threats.

<p><b>Strengths</b></p> <ol style="list-style-type: none"> <li>1. Counter and Storage</li> <li>2. Co-Founder team</li> <li>3. Loyalty employees</li> <li>4. Operation process</li> <li>5. Relationships and Business connections</li> <li>6. Sale channels</li> <li>7. Reviews and earned media</li> </ol>	<p><b>Weaknesses</b></p> <ol style="list-style-type: none"> <li>1. Investment</li> <li>2. Marketing</li> <li>3. Experiences</li> </ol>
<p><b>Opportunities</b></p> <ol style="list-style-type: none"> <li>1. Market trend</li> <li>2. Tourism industry</li> <li>3. Startup</li> <li>4. Business diversification</li> <li>5. Smart city trend</li> <li>6. Technology, application and solutions</li> </ol>	<p><b>Threats</b></p> <ol style="list-style-type: none"> <li>1. Big player</li> <li>2. Wars</li> <li>3. Perspective of young entrepreneur business</li> </ol>

Figure 10 SWOT analysis of luggage delivery service in Thailand

#### 4.3.1 Strength

Counter and storage according to “Threats of new entry” in the section of Porter’s Five Force Model, AIRPORTELs have got the counter and storage in the airport which over than 150 square meters with a very special rental fee. Compare to its rival that have only 30 square meter which limited their capacity on both service luggage deposit and delivery and this also limited the capability of them to acquire the market share.

The co-founder team of AIRPORTELs have the most experiences in luggage delivery and storage service in Thailand. They have been grouped and worked together for more than 2 years. They have different personal strengths that could contribute to company significantly. While CEO have a very dominate activator ability and strategic thinking, COO is strong in risk management which support the company on any decisions. Rest of the

cofounder, CTO has more than ten years experiences in technology and information area both software and hardware. He has been the technical team of his high school, develop and fix the system in his high school. Lastly, the CEO's brother taken the role of logistic manager and business development as his strengths is strategic thinking as same as his brother also sale skill that could rarely find in his age at 24 years old. The team has in average 24 years old, lack of knowledge and experiences as this could be two-edge sward because lacking knowledge and experience risk the business on directing the company and could bring company in trouble for some situation as there is unforeseen issues, but this could be avoided or protected by good risk management and advisory. However, it could be an advantage as they could become very creative company as they will not limit themselves into the old templates or frameworks the business works.

Loyalty employees is one of the most significant strength as it is difficult to run business with high turnover rate and untrusted employees. AIRPORTELS have been operated for more than 2 years, since the beginning standard and organization are not clear. The employees have to change their workplace, adapt their life fit to the operation of company, many of them quite but there are still some of them patience continuing support the company and become an expertise and loyalty to company.

Operation process is complex and unique, it become the most dominant strength of the firm. There are many providers around the world but each of them had a different model of business also in Thailand. Thailand have never had luggage delivery service which mean there is no benchmark in the market. AIRPORTELS have been operated and developed the service for almost 3 years and this made AIRPORTELS become unique and different in term of platform of service among others in the market. AIRPORTELS offer on demand delivery as a lead-time of delivery is only 2 - 4 hours while others make the delivery as a scheduled delivery, same model provided in Japan or make it as fast as AIRPORTELS, but the price is tripled in UK. AIRPORTELS offer wide range of service as they not limit the delivery only from hotel to airport or airport to hotel but also from shopping mall to airport or hotel as

they have seen the opportunity from customer's journey, most of traveler will visit at least once a trip, AIRPORTELS come up with the solution to deliver the luggage from shopping mall when they carry luggage to shopping mall with them. Moreover, AIRPORTELS provide the service without their own car but they have chosen TPL (Third Party Logistic) to transfer the luggage instead of AIRPORTELS because they would like to focus on operation standard and procedure and avoid all the problems from having their own cars for example, dealing with driver is difficult as drivers have not enough responsibility to take care of company's cars, parking and maintenance is important issue that should be considered before company having a fleet.

Relationships and business connections are not only important in Thailand but worldwide. AIRPORTELS have unfair advantage as they have business connections in Thailand which bring them an exclusivity partnership penetrate to the market. Currently, reaching someone is not difficult but to keep in touch with them is relatively hard. This strength support AIRPORTELS in both short and long term as each connection or opportunity could be exercised when the time is proper. Having business connection could be seen as business opportunities which can become an exclusively for the company even. As mentioned in "Threats of new entry" in the section of Porter's Five Force Model.

AIRPORTELS have done a good job in acquiring the sale channel from both offline and online, moreover having an aggressive expansion's strategies to capture more market share. Reviews and blogs could be seen as earned media that others or third party that write for AIRPORTELS. These contents are very valuable as currently customer would trust each other more than trust the brands. Customer become more powerful as they have their own channel to share and endorse any businesses or services, and AIRPORTELS have collected these valuable contents so far.

#### 4.3.2 Weaknesses

Even cofounders team are from medium to high class of population in Thailand, so they could invest their own business for a first period to create the business prototype and prove the market. However, this issue has been seen as a weakness of the company because the company do not have much money to invest in a part of marketing and some of the expansion that required a bigger funds, this limits company to growth rapidly.

Marketing is AIRPORTELS weakness that could be solved by good advisory and funding.

#### 4.3.3 Opportunities

This service will soon become a very trendy service that traveler shall apply into their trip. AIRPORTELS have been operated since November 2015 and they are the number 8th in the world, made Thailand become the 5th country that offer luggage delivery service to visitors. However, there are more than 30 providers in the world nowadays because the problem of luggage has been existed everywhere traveler visit, and the solution of these problems is luggage delivery. Increasing in number of providers could highlight the service is fitting to travel industry and traveler's behavior, moreover it will accelerate the market awareness as each of provider will put an effort to aware their customer which is traveler.

Once the service has been trusted and experienced, traveler would start to change their behavior as luggage delivery service is useful for them. Traveler who use the service in UK, US, Japan, Korea or where else will potentially looking for the service in Thailand when they are visiting Thailand.

According to (Armstrong, 2018) Bangkok become one of the most visited cities in the world ranking in the second city follow Hong Kong as shown in the figure 11 at 21.2 million passengers. Tourism industry in Thailand have been seen as one of the strongest industry. As mentioned in the section of "Industry" tourism growth in average 9.6% per annum. Moreover, the potential of tourism industry is not limit in Thailand only but many

countries around the world as traveler make their trip around the world as well.

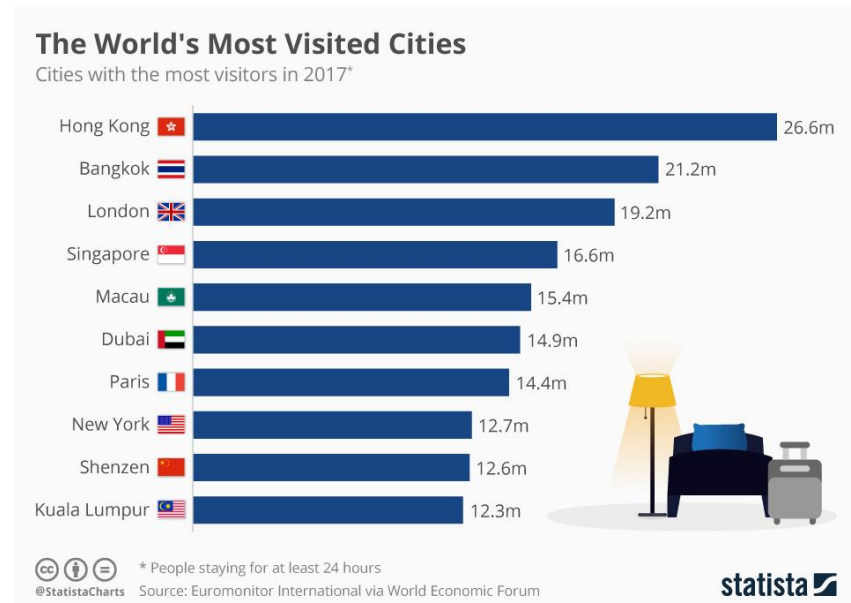


Figure 11 The world's most visited cities

(<https://www.statista.com/chart/12742/the-worlds-most-visited-cities/>)

Startup trend in Thailand can be seen as a big opportunity because Thai's government have been triggered by world's trend also some of influencers in Thailand. Startup have been considered as one of the factor that could enhance the nation become Thailand 4.0 or new Thailand where Thailand become more innovative and more competitiveness. Government release many policies to support startup even it still difficult for startup to reach the benefits but as long as government remain their support it is good.

Luggage delivery is an initiative of company journey. The service required many works and assets but once this have been done the asset of company would be also utilized in another service or business to maximize the profits to company and customers. Asset of the company is very difficult to get and build, so this would become a very good barrier of entries of new service or business.

Due to the direction of Thailand that want to drive country to new era of it as Thailand 4.0 government put effort on smart city to build up an

example of smart city to be applied to another city in the future. Most of the city that government support to transform are tourist city such as Bangkok, Phuket, Chiangmai and Khon Kaen. Transforming a city to become a smart city require many smart approaches. One approach that would be applied to the cities is smart tourism, and hand free travel is one of the solution that could make tourism become smarter.

Currently, technologies are developed and upgraded, it become faster and more powerful than ever. The development of technologies could be seen as hardware developments, software developments or even solutions developments. Some of developments have been upgraded from existing methods become more powerful or useful but some are developed into new solutions or products that never exist before. AIRPORTELS team are tracking on the trend of technology and updating the solution as often as they could, remain the team for their competitive advantages.

#### 4.3.4 Threats

As the service is very new to Thai's market so, big cooperate will hardly to tap to this market. However, the market has been proven and the business model has been existed to Thai's market, then some of big cooperate would start to consider their strategy to penetrate into this market. Big player has big advantages as they have plenty of funds and experiences also business connections.

War is a threat that hardly to prevent and avoid, the impact of this threat can't be predicted either. But once the war has begun every industry will be affect.

Most of Asian cultures will not open for young entrepreneur as they see young generation are not ready in experiences (on making any decisions) or EQ especially in Thailand, this cause AIRPORTELS work more difficult when their partners have a bad perspective of young entrepreneur.



#### 4.4 Technology and Innovation

Technology has been seen as one of a very important issue in the company. The core business is operation that deliver the service to customer effectively. Delivery service require great planning and management on logistic part specially luggage delivery that very critical when customer has a limited of time to wait for their luggage at the airport. Logistic management contain route planning, car arrangement, monitoring, performance measurement and development. Technology would support directly to the operation of the company as main support areas are automate and optimize.

##### 4.4.1 Operation Automation

In order to provide the service to customer, operation has many steps to be done since beginning customer have put their request to AIRPORTELS as a detail following name, passport number, date and time of using, origin, destination and customer contacts then next record the order before arranging the car to pick up the luggage and lastly engagement between customer, hotel and AIRPORTELS. Getting the tasks done manually is possible but will be limited at only a very first stage of operation, as AIRPORTELS is building a prototype service which the capacity will limit at some point when the sale and orders increasing significantly, lead time on each order to provide the customer might be too long in the customer's perspective, moreover it lead the company into trouble as human errors would occur more frequency also the cost of hiring more employees in order to increase the capacity is expensive. Existing solutions could support this procedure, by applying them the tasks could be done automatically, immediately without any mistakes that human can made along the process.

##### 4.4.2 Operation Optimization

Optimization would be considered after the operation have been automated, it would create the operation procedure that could be done in a better way, more effective with lower costs. Existing solutions are also considered for this approach but some of requirements might be unique and different from general industry, so AIRPORTELS might need to develop the system themselves the get the best fit for their operation.

#### 4.4.3 UBER Model

There is the project called “UBER Model” that the company planned to develop within 2018. This project provides clear idea on the company scalability, utilize technology to the company. The company use the word “UBER Model” because people know Uber and Grab platform in many countries, internationally and the solutions or technologies the company is going to apply look alike Uber and Grab platform, for example it could put the order to drivers who registered in the system, computer will be able to priority the driver that close to the place where customer asking for delivery service as shown in the figure 12, it minimize the time of waiting and also calculate the incentive of transportation to attract driver at the first place.

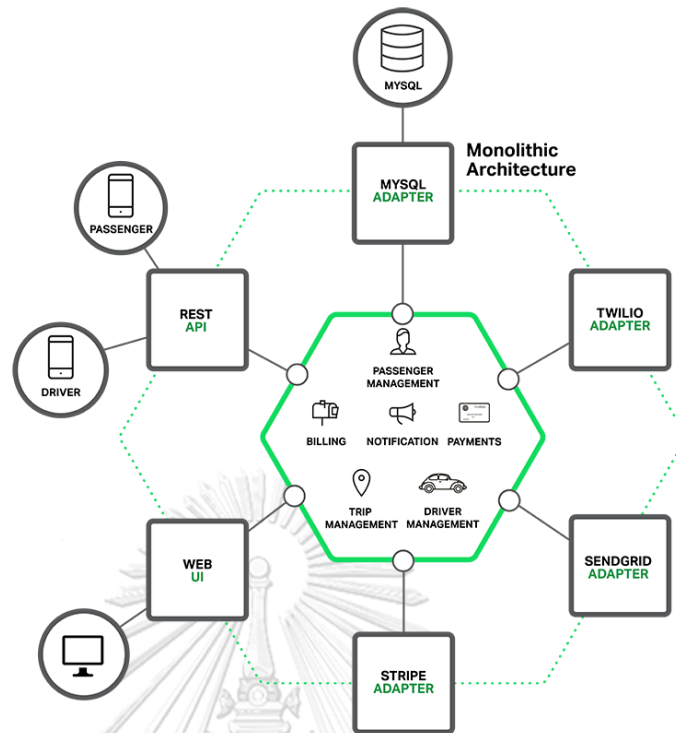


Figure 12 Monolithic Architecture for micro services that applied to Uber Model (<https://dzone.com/articles/secure-fast-microservices-architecture-from-nginx>)

However, the solution of Uber or Grab are stand for transferring passenger not items or luggage, and only available for customer to create the journey themselves, choosing multiple drop is also available in Uber and Grab platform but it not able to suggest the route that most optimized to customers. The UBER Model is a platform that could directly support the company's logistic management, and this model is a part of what the company call "Hands Free Platform". The system could be seen as 2 main functions as following

### 1. Route Planning System

The company currently make the route plan as shown in the figure 13, by logistic manager who has experience in delivery the luggage for a long while. Having people working on planning is flexible as he/she will know how to plan optimistic route, but it is a limitation for company to scale in the future. The company growth rapidly but the logistics manager couldn't perform as well as his/her previous, they started to generate more mistakes

during their management, and it seems not only increasing as same proportion as the number of customers, but it increases faster. Mistake is one significant reason make the company in trouble in scaling up the business, another reason is costs that increase when the company scale without support from technology. The first cost is human resources that the company has to hire more skillful persons to manage and control the logistic when the company increase in term of demand and nowadays the company has 2 persons to working on planning and monitoring the route each day which it seems not enough already. The second cost is the cost of transportation, by having human working on the route plan will not make the company most optimize route even the person working on a very good platform as google map or else that could provide a very useful real time data for manager to do route planning and monitoring. The system of route planning will suggest the company the most optimize route to follow in each day, from the research it would save the company at least 30% of the costs that occurred in transportation and in total it could save the company more than 60% included costs of mistake and lead-time during the planning. The main function is to plan the route for driver to accept and follow the plan, but this should be also available for Logistic Team to do monitor on its performance. Display of the logistic performance as a real-time is also required, Logistic Team would like to see the driver following the plan that have been create for then at the first place or be able to adjust or change the plan immediately when the plan going wrong or some of the emergency situation is occurred. The display could be seen as 2 displays as Master route plan which will provide the real-time performance of all drivers at each period of time and the individual route plan which will specific into one route of one driver and provide a detail of all orders the driver will be taken.

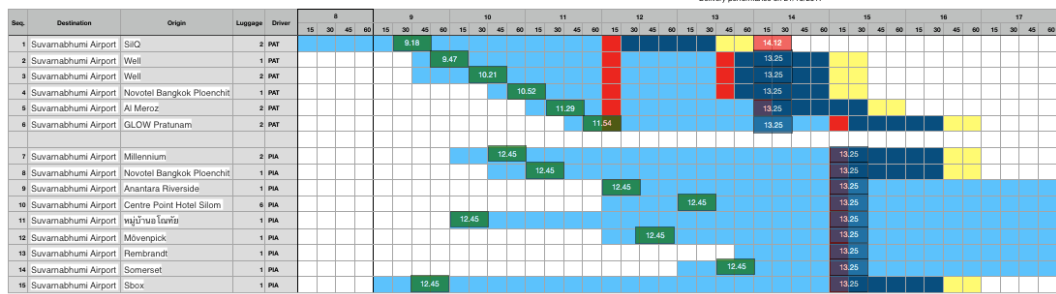


Figure 13 The table of route planning for driver to follow during the delivery

## 2. Car arrangement System

After the company has the plan to follow then it's going to be assigning to the driver. Car arrangement will simply work as sending the plan to drivers who registered in company's system. This function required application for drivers to install in their mobile phone to be able to get notification when the plan have been set. And it might contain a lot of factors behind to make the most convenient to both driver and company. However, complexities in the system will be the barrier of the company to prevent the new comer. Lastly, the platform will link all the functions and data base together as the system of route planning will sort the data from data base that link to the user's application to book the service. After the plan has been set then it will send to the driver application by the function of car arrangement which will pop-up to driver's application which is the most suitable for the order to accept and follow on the route which navigate by the navigating system like Google Map solution. During the delivery, driver will be required to take a luggage's photo also get the person who hand the luggage to them to sign on the application which they will recorded into the database again. Information from data base will be available for those people who has authorize to call them for example, customer could call the status of luggage to check their luggage status and Logistic manager could also available to check where is the driver and the delivery process is ongoing.

#### 4.4.4 Thailand Hands Free Platform

Recently, the company has been working on the project call “Thailand Hands Free Travel” with another big logistic company in Thailand to create the platform. The company have vision as in the future traveler could travel freely without any worries or carries on anything, by figure tips traveler could store their luggage and also delivery not only luggage but also parcel and rest of the belonging that make traveler troublesome. The platform will include application for traveler or end user to choose any storage nearby to keep their belonging or chose to send their belonging anywhere no limited in Bangkok or Thailand but worldwide, integration with hotel's operation system or shopping mall's POS also considered as traveler could include the service of delivery after their stay in the hotel or purchasing any items from the shop.

This would be a good strategy that really drive Thailand's travel industry become a very attractive and convenient to travelers and it is also a good strategy for both of the logistic providers AIRPORTELS and the party that could integrate all the services of delivery and storage together which will increase significantly the rate of retention, reasonably end user could delivery or store their belonging whenever and wherever , all solutions are provided in one application, this would make them stick on the application when they think about delivery and storage. This project is not a short term project as the company plan to develop the platform step by step, it might take 3 - 5 years, the company plan to completely gain a majority of the market on 2021, one year after Olympic in Japan because this time in Japan the service provider in Japan also aggressively announce the project of travel hands free to have at least 1 million travelers using their service and travel convenient in Japan during Olympic and this seems to be supportive by Government.

So far, the company have been started the project by planning and forming the team, including business developer from both parties as important, and another collaboration works on marketing which the company is creating a new brand and logo for this project but it need to come from both parties identity, operation which is contributed from the strength of each party as

AIRPORTELS good at on demand delivery with counter service in a very good locations either airport or shopping mall and another party that very strong at nationwide delivery with strong business relationship around the country. Lastly, there is a collaboration of Research and Development division to co-working on integration between the party's system, getting requirements, sending requirements until operation could work smoothly.

Not only Japan and Thailand. Hands Free Travel project seems to become more well know and important as South Korea start the project by gathering all services provider either luggage storage or luggage redelivery in to the platform and offer to travelers as shown in the figure 14, there are more than 7 providers offer the service of luggage storage and delivery which enhance customer on free hands travel. With aggressive announcement, hands free travel project in South Korea become successful and developed. However, it will not stop only Japan South Korea or Thailand, but it will spread out all around the world as soon as the adoption curve of Roger mentioned in the section of service's market.



Figure 14 South Korea Hands free travel project  
(<http://khandsfree.com>)

#### 4.5 PESTEL

PESTEL analysis as shown in the figure 15, this tool use for analyses and monitor the macro-environmental factors that impact to the business or organization. Getting an idea of big picture and the important factors that relate to the business would provide the manager or director to become proactive to the situation that might happened and impacted to the company.

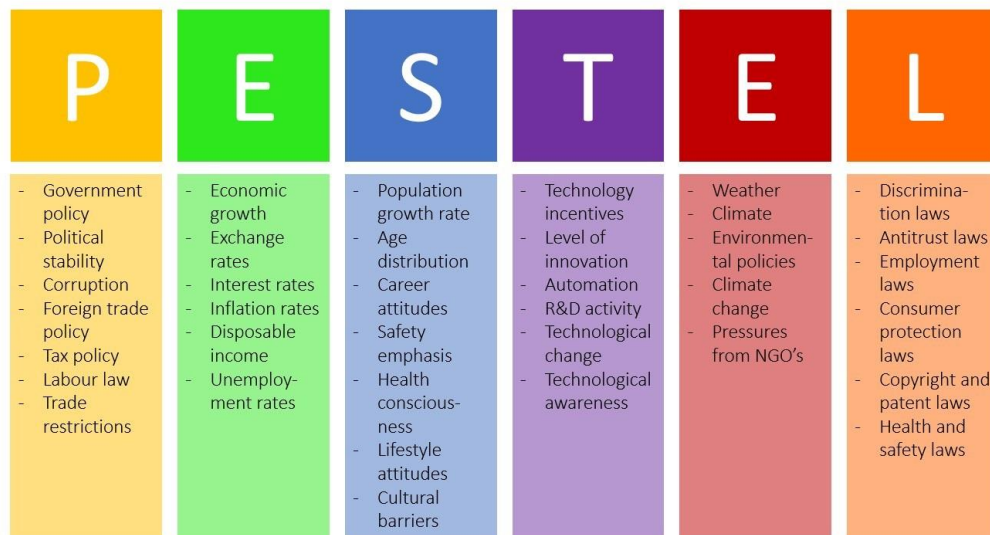


Figure 15 PESTEL model

(<http://www.business-to-you.com/scanning-the-environment-pestel-analysis/>)

#### 4.5.1 Political

This could be seen in two ways as advantages and disadvantages of Thai's political. It seems like Thai's political is not stable at this moment as Thailand have Coup since last five years ago until now Thailand has an army ruling the country. From many perspectives this is a tradeoff as Thailand have never been a colony of any countries or parties and Thais mostly stay in a comfort zone. Thailand is one of the biggest corruption countries in the world as shown in the figure 16, Thailand ranked at No.96 among 180 countries. Exclude the corruptions that didn't explore. Having army to rule the country will drive country faster as this is a mix of democracy and dictator however, it might still remain the corruption and unfairness in this governance.



2017 Rank	Country	2017 Score	2016 Score	2015 Score	2014 Score	2013 Score	2012 Score	Region
85	Swaziland	39	N/A	N/A	N/A	N/A	N/A	Sub Saharan Africa
91	Albania	38	39	36	33	31	33	Europe and Central Asia
91	Bosnia and Herzegovina	38	39	38	39	42	42	Europe and Central Asia
91	Guyana	38	34	29	30	27	28	Americas
91	Sri Lanka	38	36	37	38	37	40	Asia Pacific
91	Timor-Leste	38	35	28	28	30	33	Asia Pacific
96	Brazil	37	40	38	43	42	43	Americas
96	Colombia	37	37	37	37	36	36	Americas
96	Indonesia	37	37	36	34	32	32	Asia Pacific
96	Panama	37	38	39	37	35	38	Americas
96	Peru	37	35	36	38	38	38	Americas
96	Thailand	37	35	38	38	35	37	Asia Pacific
96	Zambia	37	38	38	38	38	37	Sub Saharan Africa

Figure 16 Ranking of corruption of Thailand among 180 countries around the world ([https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2017](https://www.transparency.org/news/feature/corruption_perceptions_index_2017))

Incompleteness, of democracy would reduce a trust from internal investors which really impact some of Thai's industries such as real-estate or manufacturing but not much to tourism industry. Globalization and collaboration between the countries even support the industry to growth faster. Thailand become more well-known and acceptable country which opened to another country and by this strategy people start to travel in and out of Thailand more.

Moreover, Thai's government having more interesting on startup or new business, and they become more supportive on this. They grant incensement to many startups in many approaches as supporting on marketing and development of startup's platform that could impact to Thai's economy. Especially tourism industry, Thai's government put their attention the most at this moment, the industry could generate the country at 20.6% in 2016 of Thailand's GDP compare to average 9% of every country gain from tourism industry as shown in the figure 17, Thailand has been ranked at the number 27 among 172 countries on tourism industry to country's GDP.

20	St Kitts and Nevis	25.1	25.6	25.6	25.3	24.2	22.7	22.0	36.4	15.7
21	Croatia	24.7	23.6	22.9	22.2	20.7	21.7	20.4	24.5	14.7
22	St Vincent and the Gre...	22.3	21.4	20.6	21.4	22.8	20.9	21.9	29.3	29.2
23	Montenegro	22.1	22.7	20.2	20.3	19.1	17.6	18.3	13.0	9.2
24	Gambia	21.9	20.9	21.1	22.6	22.2	21.1	17.2	15.7	12.7
25	Kiribati	21.8	22.4	20.4	21.4	22.0	22.0	21.8	12.7	13.8
26	Cyprus	21.4	19.4	19.0	19.2	17.8	14.7	14.4	22.4	31.2
27	Thailand	20.6	19.3	17.1	17.7	16.3	15.3	14.2	15.9	17.1
28	Grenada	20.2	20.3	20.5	20.1	19.8	20.2	20.4	14.9	20.9
29	Philippines	19.7	19.4	16.6	15.1	14.5	14.0	11.9	12.5	12.1
30	Jordan	19.4	20.1	22.0	21.6	23.4	21.0	23.3	22.0	21.2
31	Lebanon	19.4	19.2	19.1	20.6	21.2	20.8	26.4	29.7	1.3
32	Greece	18.6	19.0	18.2	17.4	15.7	16.0	15.6	16.5	16.0
33	Morocco	18.5	18.4	18.5	18.1	19.3	19.3	19.1	17.9	11.9
34	Tonga	18.3	17.9	18.6	17.3	15.9	12.3	12.1	10.8	11.1
35	New Zealand	17.5	17.3	15.8	15.5	15.9	16.6	16.2	18.6	19.0
36	Dominican Republic	17.3	16.9	15.9	15.3	14.7	13.8	13.5	17.2	16.8
37	Hong Kong	16.8	18.7	20.5	21.1	19.8	18.7	16.9	11.6	9.4
38	Portugal	16.6	16.3	16.2	15.3	14.9	14.5	14.0	13.4	15.3

Figure 17 A percentage of GDP generated by tourism industry by country.

(<https://knoema.com/atlas/topics/Tourism/Travel-and-Tourism-Total-Contribution-to-GDP/Contribution-of-travel-and-tourism-to-GDP-percent-of-GDP>)

#### 4.5.2 Economic

Increasing in labor cost will not impact the company as the company mainly hire fresh graduate in average 24 years old and always gave a reasonable salary for their talent which is higher than the average salary in the industry.

Inflation also not impact to the company significantly as the company's sources of fund is not from bank but saving money of co-founders which agreed on this investment that could return to its investment more than the interest cofounders could gain from saving in bank or invest in their products.

Thai's currency become more stronger and this impact to the big picture of Thai's tourism industry as stronger currency will make traveler have more cost on their trip. Compare to another country such as Japan seems more stable and attractive as shown in the figure 18 the exchange rate of Thai baht to USD and figure 19 the exchange rate of Japanese yen to USD, which showing Japan become more attractive than Thailand in terms of spending.



Figure 18 Thai's currency from 28 November 2012 to 27 November 2017.  
(<https://www.xe.com/currencycharts/>)



Figure 19 Japanese's currency from 14 November 2012 to 13 November 2017.  
(<https://www.xe.com/currencycharts/>)

#### 4.5.3 Social

The services could attract traveler to travel in Thailand in a smarter way. They could travel more light, convenient, save and safe which they

would like to explore and experience. Once, the service become more well known to the market it could also make a proud to the country and industry. Moreover, to provide the service the provider need a lot of receptionists and driver to deliver a good service quality to customers which mean there are many jobs opportunities would be created in Thailand.

#### 4.5.4 Technology

As mentioned once in the previous session of TOWS. Technology could impact a lot into this business as the company could adapt many solutions that exist in the market to support company's operations and services. It could save company costs and times that spend in the daily operation and management including the barrier of entry for new comer into the business.

Beside the solutions that improve the operations and managements, it is a technology of social media that make company easier in term of communication and marketing. Company has various of customer in various of Nations. Different nation, different platform and social media different language. Technology as google translate making company easier to communicate and connect to the market in different languages also some of the platform that could integrate many and various of platforms customers using into one platform that the company could controls much easier and effective. Moreover, with limited experiences in management or running any businesses, co-founders gain and develop by searching information and cases in internet like Google. It contains many useful information that the company require at each situation also shorten its learning curve.

#### 4.5.5 Legal

The company do not have the limitations or restrictions in govern laws or regal that significantly impact to the business.

#### 4.5.6 Environment

Upside of environment in Thailand is having a lot of people who would like to drive for money as Grab and Uber become popular in Bangkok and they are easy to be educated. The downside is that there are too many cars on the road and Thailand still has a poor infrastructure which cause to the worst congestion in the world. This could be seen as company's challenge to manage the route of delivery to be effective and contain a quality of delivery both on time and perfection on luggage condition after delivery.

### 4.5 Market Overview

#### 4.4.1 Overall of the market and Industry



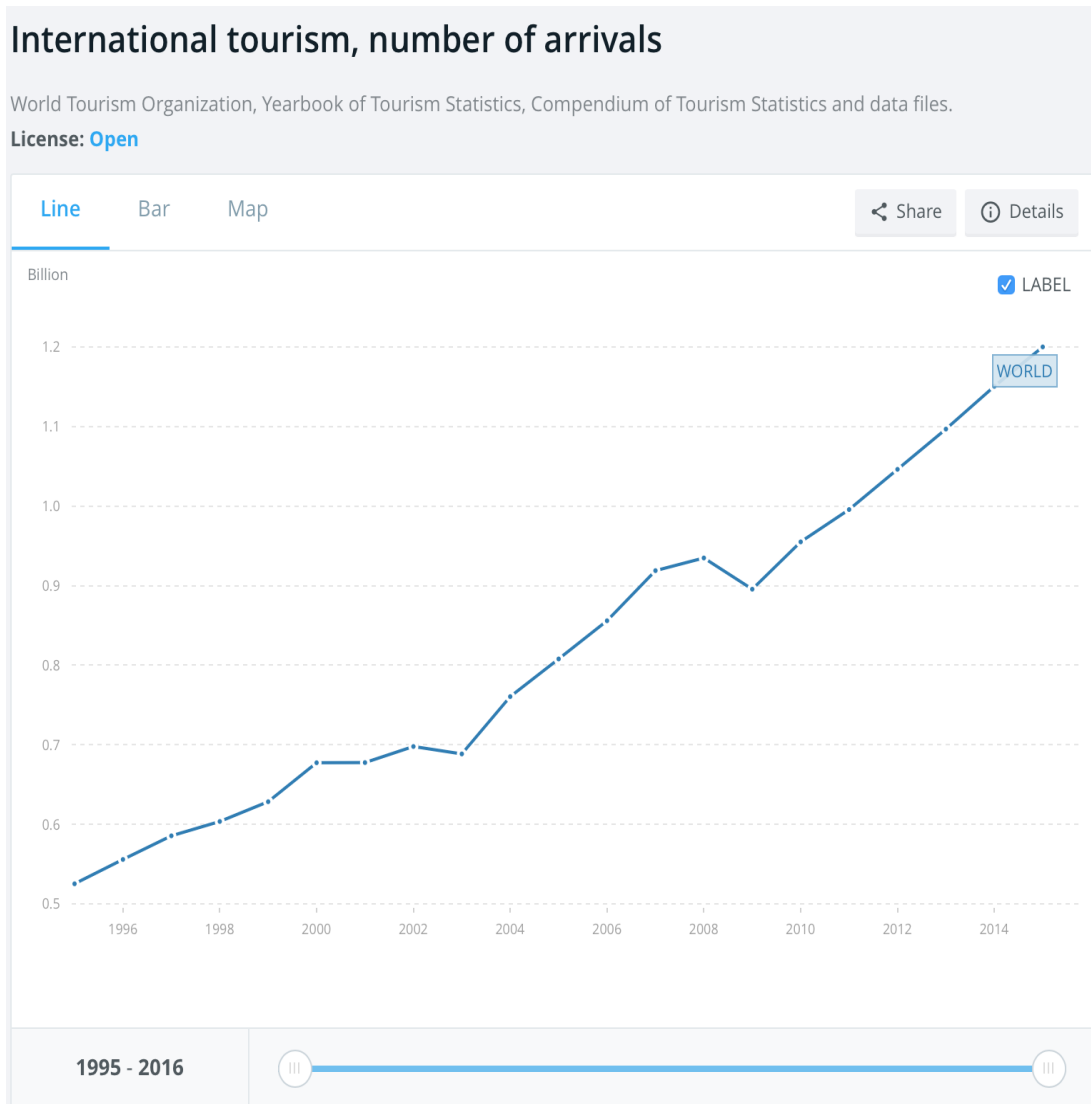


Figure 20 Increasing of international tourism for past 20 years since 1995

(<https://data.worldbank.org/indicator/ST.INT.ARVL>)

The number of passengers increasing dramatically annually since 1995 as shown in the figure 20. In 2015, the number of arrivals of International tourism reach to 1.2 billion which increase from 525 Million in past 20 years, 1995 and the market is potential increasing because many factors as following

1. Lower fare to fly, currently traveler could fly at the same cost as traveling by bus or van but faster. Significantly, in Thailand the competition of Low cost airline is very intense. Not limited in Thailand, another country starts to work on the same model of business and some of the full carrier or long-

haul flight start to compete with cost reduction to offer a better price to passengers.

2. Globalization, educations, business, activities will not limit in one place or country, but it now become worldwide which can be seen in the number of Asian students who study abroad is increasing as same as the numbers of international business, people start to sale their own service and product to the world because the global market is much bigger.
3. Internet of thing and ease of use, as seen on the advertisements the online travel agencies (OTA) has a very aggressive competition not less than the aviation industry. Customer could easily book their flight, hotel and tours attractions within minutes with lower costs than previous.

Capture to the market in Thailand, as show in the figure 21, Thailand's tourism industry contributes a big proportion to Thailand's GDP. While the industry contributed about 6.5% of Thailand's GDP about 10 years ago, currently it could be estimated between 9 and 10%. Thailand tourism is very strong as shown in the figure, Thailand have welcomed more than 32 million travelers in 2016 which growth from 2015 at 8.92% and potentially to growth 7 - 9% in the next year. There are only few factors that could impact negatively to this industry such as natural disaster, riots or epidemic. Some of them made a big setback but some of them impact in a short term for example,

- SARS 2003
- Post-Tsunami 2004
- Riots and political uncertainty in 2010. Major flooding at the end of 2011.
- Political demonstrations end 2013 and Coup d'Etat, May 2014.
- Bombing of the Erawan Shrine, August 2015.
- Crack-down on zero-baht group tours at the end of 2016 that effect to Chinese toursits.

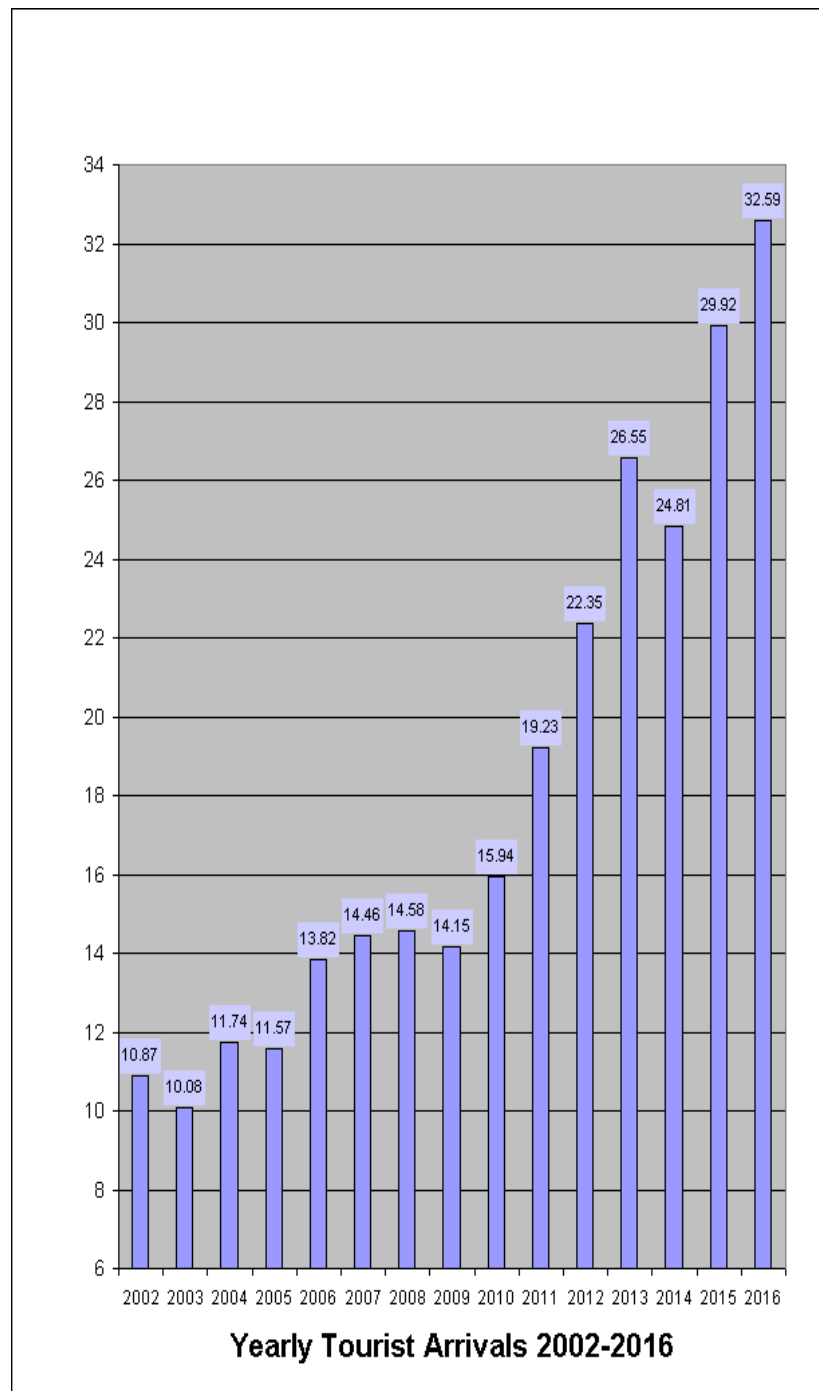


Figure 21 The number of tourist arrive to Thailand since 2002 – 2016  
(<http://www.thaiwebsites.com/tourism.asp>)

1. The first quarter of 2017 have 1.72% increase from the previous year from 9,038,893 become 9,194,057 arrivals with Chinese as the largest contribution.










2. The market of this service is very big, the service only cannot apply in Thailand but in any places in the world that people travel to. Main customers are international travelers not local so then these customers would be able to use the service elsewhere where they travel to.
3. STP will be described and explained in detail later in the thesis
  1. Roughly for AIRPORTELS STP the company had segmented their customer by research and experiences. At the beginning, the company segmented their customer as all travelers who visit Thailand, for any purposes they travel because it is a new service and there are no benchmarks exist in the market, or apply the benchmark that exist in another country still difficult. AIRPORTELS began the research by action, they made a trial and error approach to get what market want and how their customer looks like. Lastly, AIRPORTELS become with their customer segment as their customer are Korean, Taiwanese, Singaporean and Hong Kongese who has well educated, live in 4-5-star hotels, the age is between 23 - 45 years old and the purpose is vacations. The approach AIRPORTELS become with this segmentation is their experiences and also capacity to penetrate the market. As describe in the first stage of business's market that this market is big and contain largely of different people, there are various of languages, various of platform they use. For example, Korean using NAVER as the forum discussing and sharing the trip information in Korean, Chinese using WeChat to post and share their trip information in Chinese, Japanese using TripAdvisor sharing a useful travel tips for others to follow in Japanese. AIRPORTELS focusing on Korean, Taiwanese, Singaporean and Hong Kongers because they have well educated and importantly that they are risk taker, especially Korean teenager they decide to purchase the service fastest among another. Moreover, the channels they use are able to access not like China.
  2. Interestingly, AIRPORTELS have a good strategy on their move. AIRPORTELS recently partner with Korean blogger who work very good on announcing the service and help AIRPORTELS penetrate into Korean market at the right point. Moreover, AIRPORTELS as a startup company

have a low fix cost on hiring Korean into the company. The Korean is not only known the language but know the behavior of traveler because she is a travel blogger who writes and reviews travel things in Korean society for more than seven years long with passions.

3. Taiwanese, Singaporean and Hona Kongese market also effectively penetrated by one of the cofounders who is Taiwanese. Surely, know the behavior of Taiwanese and fortunately, Singaporean and Hona Kongese also behave the same, they use the same platform sharing information such as Facebook and some of the Chinese blogs.

#### 4.4.2 Competition

There are several companies around the world provide luggage storage and delivery service as shown in the figure 22. The number of providers has been increased dramatically. Officially published online, website which reached are 7 providers on July 2015 become now 29 provides in 16 countries as shown in the table below.

Continent	Country	Provider name	Logo
ASIA	Japan	Kuroneko Yamato	
		Sagawa	
		JAL ABC	
	Thailand	AIRPORTELs	
		Bellugg	
	China	E6	
		SF	
		Kong Shou Dao	

Continent	Country	Provider name	Logo
		Xinlisheng, Easy Luggage	
		Wuyouxinli	
		Luggage Express	
	<b>Hong Kong</b>	Worldwide flight service	
	<b>Korea</b>	Baypax	
		Luggporter	
		Soul Easy	
		Safex	
		Zimzom Air	
	<b>Taiwan</b>	Luggagent	
	<b>Singapore</b>	Porter Xpress	
<b>Europe</b>	<b>UK</b>	Airportr	
	<b>Spain</b>	No luggage	
	<b>France</b>	No luggage	
	<b>German</b>	Bagshuttle	
	<b>Belgium</b>	Leave the bags	
	<b>Netherland</b>	Leave your luggage	
	<b>Italy</b>	Bagsfree	
<b>North America</b>	<b>USA</b>	Bags inc.	




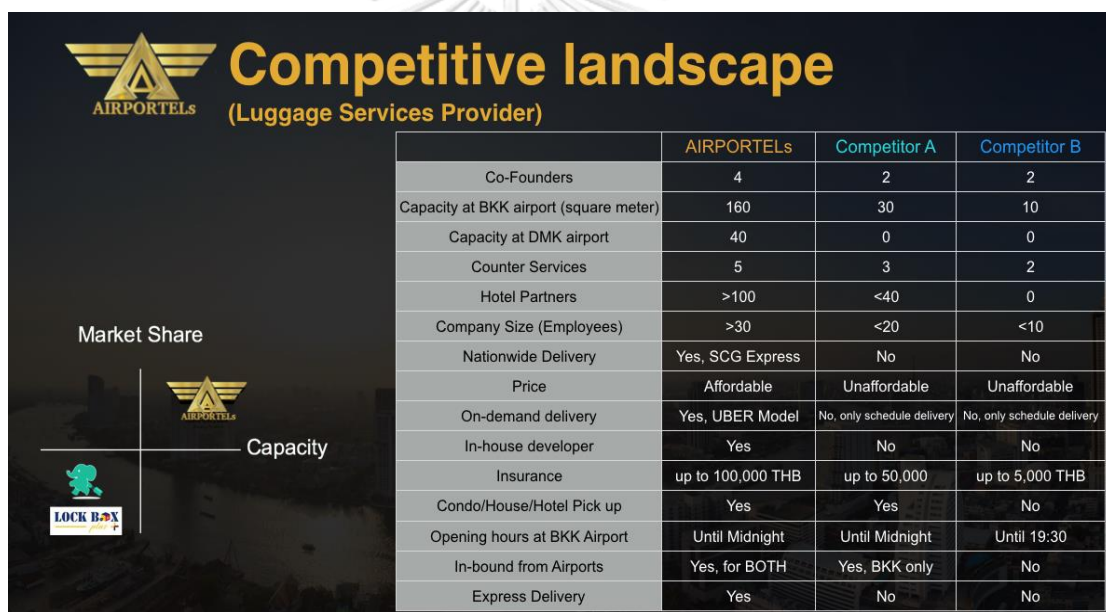
Continent	Country	Provider name	Logo
		Lugless	
		Unicobag	
	Canada	Porter Genie	

Figure 22 The table of luggage delivery service provider worldwide

Figure 23 Competitive landscape of luggage delivery service in Thailand



Growing in number of luggage delivery service is influenced by many factors as mentioned in the market topic. Intense competition of airlines is indirect factor that very support traveler to travel cheaper and this make them travel more nowadays. Number of traveler is directly enhanced the trend of luggage delivery service.

Trendy service will be high competitive industry, but the competition seems limited in the country as they don't direct compete to each other across the country because the service is based on location however, some of provider they provide the service to send across country which not directly

compete with AIRPORTELS. As the competitive landscape below shown the service provider in Thailand.

Figure 23, shown the comparison between AIRPORTELS and its direct competitor in Bangkok in term of capacity and market share. AIRPORTELS has been establish 2 years ago with 4 cofounders team which has an experience in luggage deposit and delivery as the team firm previous company as an electronic locker in train station for traveler to deposit their luggage mean while competitor has 2 co-founders that found the service while their travel in Japan and they have seen the potential of this service in the future which enhance their beginning.

#### 4.5 Business Model

There are nine key consideration in the business model according to business model canvas Osterwalder, A., & Pigneur, Y. (2010). customer segments, value proposition, channels, customer relationship, revenue streams, key resources, key activities, key partnerships and cost structure.

##### 4.5.1 Value Proposition

According to Osterwalder, Pigneur, Smith, Bernarda and Papadakos (2014). The design the value proposition of service deliver to customer is a starting point for designing of business model. There are 3 segments will be considered designing the value proposition as following

1. Products and Service: AIRPORTELS offer service of luggage delivery from place to place in Bangkok within 4 hours as its fastest delivery, included 100,000 THB insurance during the delivery and storage. Service price is simple at 350 THB, one price per bag per trip without restriction of size and weight.
2. Pain Relievers: luggage delivery service could solve traveler problems, traveler could send the luggage to hotel after landing instead of going to hotel for leaving luggage at the hotel themselves. Or send their luggage directly from hotel to airport which they can explore and spend their last day of the trip before going airport without need to travel back to hotel again before going airport as the destination. Moreover, public

transport in Bangkok is a big pain as traveler would face to a congestion, tricky taxi or even poor infrastructure make them pain carrying luggage around the city.

3. Gain creator: traveler could save their time and money travel back and forth between airport and hotel for the purpose of luggage arrangement and they could safe their belonging as they will never forget or lost the belonging during the trip because their luggage and valued belongings have been taken care of. Moreover, traveler will experience of new style of travel “Hands Free Travel” which make them convenient without luggage to carry.

#### 4.5.2 Customer segments

Customer segment will be defined by the activities, problems and benefits that customer would do. The person who could use luggage delivery service is the person who has luggage or items to be sent and most of them are traveler.

1. Customer jobs: traveler’s job is to travel from place to place with luggage which mean they have to take care of their luggage, carry them from place to place. Arrival traveler will need to carry luggage to hotel and departure passenger will need to carry luggage from hotel to airport before checking in to any airlines.
2. Customer pains: Traveler spend their money and time on traveling back and forth to hotel or airport. The hotel location is not able to deposit the luggage for customer to get back and pickup as it might be located in remote area or difficult in term of transportation. Forget or lost their belonging during their trip. Carrying luggage to shopping mall, restaurant and on the bus.
3. Customer gains: traveler could save their time and money also being convenient without luggage during the trip. They will also able to track their luggage status on delivery included promptly response from customer support when they curious about service.

#### 4.5.3 Channels

<http://blog.bookingboss.com/travel-industry-influencers-and-their-effect-on-the-tour-and-activity-sector>

The company saw market size in Thailand is potential and big which could even bigger in the future as the growth of industry is existing, penetrating to a big market is difficult not only in term of operation but also marketing, the company could not penetrate to the market that easy as the services are has yet educated to market and company's marketing or communication still unprofessional. Difficulty is not only limit to new service to new market but included a various of platforms that customers are using such as Chinese stay on WeChat, Baidu and Weibo as well as another country such as Singaporean that use WhatsApp, Google and Twitter, South Korean using Kakao-talk to chat and NAVER to share the content, Taiwanese using LINE and Facebook to chat and share with their communities, and many more different channels to share the contents and experiences. This seems to be very challenge to Thai's company that aim international market at the beginning. Researcher has been studied the customer journey and found that traveler would travel to mainly 3 places, Airport, Hotel and travel attraction which include shopping center.

According to (Osterwalder, A., & Pigneur, Y., 2010). AIRPORTELS has been considered on the channels of business to connect to customer as it would start from awareness, evaluation, purchasing, delivery and after sale. The journey of customer is important to decide the channel selling luggage delivery service. Most of traveler travel by air transport which is airplane and they have to land into a certain airport, Bangkok have two international airports Donmeung Airport and Suvarnabhumi Airport, they will live in a certain location in Bangkok such as home, condo or hotel, and they prefer to go to shopping area especially shopping mall. AIRPORTELS have seen this as customer's touchpoints (tangible) that should be acquired, including another touchpoint online (intangible) such as online travel agencies that customer will use it for a purpose to book the hotel, flight ticket tour activities which this will support AIRPORETLs not just create awareness to customer but also educate customer on evaluate the benefits they could gain into the step of purchasing as customer would be convince to bundle the service to their desire trip. Bloggers is another effective touchpoint to traveler as many travelers are

following and align their trip as same as the bloggers (Bookingboss.com, 2016). AIRPORTELS offer the service right at the moment customer pain such as airport or hotel, also offer the service via blogger who share the information about luggage delivery service into their society. Moreover, AIRPORTELS should collaborate with shopping mall as this service could benefit to their shoppers, leading a bigger bucket size or spending of customer.

AIRPORTELS start its first strategy as collaboration with hotel as they have hotel's staff to recommend the service in the hotel directly to hotel's guests and customers. It seems to be most effective strategy at the moment because the service could be offered right after guest checkout from the hotel but after all, it doesn't work well in term of cost and revenue from each station in additional this model is difficult to scale up as there are more than three thousand accommodations in Bangkok refer to the number of accommodations available in hotel booking platforms. AIRPORTELS expand its service arm to another strategic location as shopping mall, the company start providing the service in shopping mall by October, 2016 at MBK shopping center where is one of must visited shopping malls for travelers with the biggest number of reviews according to TripAdvisor LLC (2017). This strategic expansion works very well and effective as AIRPORTELS increased the number of customers and awareness. But, it doesn't work well in term of cost and revenue, as company bearing the cost of receptionists, rental fees and operation for 3 times over its income. However, it does not mean expanding to shopping mall will make company in trouble and unprofitable as in the middle of July 2017 the company took another risk on service arm expansion at Terminal21 shopping mall where is a very attractive shopping mall for traveler by local's souvenirs, reasonable price of Thai's and street food located at the heart of Bangkok with most convenient transportation as traveler could travel by BTS sky-train or MRT Bangkok's subway, this branch in Terminal21 shopping mall operating profitable each month since beginning. Lastly, in terms of location expansion AIRPORTELS made another step into another international airport, Donmeung airport by the end of November 2017 one another important touchpoint of traveler especially for domestic or short haul passengers.



Express more at this step of business, it easy and simple to have an idea expanding service arm or counter service into a very important touchpoint of customer but it is difficult on executions. It took company one and a half year to get the counter service in Donmeung airport, the company approach Airport of Thailand since starting the business few months. Moreover, the result was disappointed, compare to the number of users that company expected is only reached 30% of what its expected, later all but it increased after the company applied its new strategy. Set up the channel to deliver value to customer took time and effort, there is the existing service provider in Donmeung airport for more than 10 years and all the staffs and receptions in Donmeung airport know very well.

#### 4.5.4 Customer relationships

It difficult to reach to customer making awareness and having them use luggage delivery, all reflect to the cost per customer is as high as 367 THB or even more than the price of luggage delivery for one luggage. Reduce the cost per acquisition by finding an effective strategy and tools is one key achievement of the company but there is another area that company could consider, increase number of bag per order as company pay 367 THB for one customer, extend the retention of each customer then the cost per acquisition will be reduced significantly. AIRPORTELS plan to expand regional in 2019 also diversify of its business to have their acquired customers using the platform of AIRPORTELS more often.

#### 4.5.5 Revenue streams

According to (Osterwalder, A., & Pigneur, Y., 2010). AIRPORTELS offer fixed menu price, list price to customer as they gain money by exchanging luggage delivery service to delivery fees, customer could pay for the service in various of options as product feature dependent also applied

such as online payment in website or pay by cash when book the service at the counter service. At the beginning the company created the model of luggage delivery that cost customer by weight and it proved that the model does not work well as it made difficulty and complexity to operation and customer. The monetization model has been developed many times in these two years of establishing the business.

To prevent suddenly cancelation, customer will make payment before the delivery as required. However, service prices have been set different refer to company's strategy as once company expand the service to another international airport, Donmeung airport which having an existing player in the airport with high reputation to airport's staffs and travelers in online. Penetration strategy has been applied AIRPORTELS offer their service of luggage storage 6 THB below existing competitors also offer a new pricing for long term storage. This strategy brings the company double of number of customer and revenue as shown in the figure 24, the revenue become 50% of market share within 2 months and continuing increase recently as the company could offer more and various of service with better price and insurance.

DATE	Before applied	Applied
1	THB 21,540.00	THB 90,528.00
2	THB 26,565.00	THB 22,632.00
3	THB 29,115.00	THB 97,400.00
4	THB 64,670.00	THB 76,728.00
5	THB 36,570.00	THB 96,048.00
6	THB 41,820.00	THB 57,408.00
7	THB 56,390.00	THB 91,408.00
8	THB 36,380.00	THB 116,472.00
9	THB 43,470.00	THB 51,336.00
10	THB 33,120.00	THB 69,336.00
11	THB 30,270.00	THB 62,376.00
12	THB 45,065.00	THB 37,232.00
13	THB 31,050.00	THB 55,200.00
14	THB 39,380.00	THB 75,072.00
15	THB 31,395.00	THB 64,584.00
16	THB 55,355.00	THB 70,656.00
17	THB 70,525.00	THB 67,344.00
18	THB 43,300.00	THB 100,408.00
19	THB 40,865.00	THB 66,792.00
20	THB 66,585.00	THB 60,168.00
21	THB 19,320.00	THB 104,504.00
22	THB 57,960.00	THB 57,656.00
23	THB 44,505.00	THB 79,016.00
24	THB 44,160.00	THB 162,840.00
25	THB 34,500.00	THB 113,712.00
26	THB 41,745.00	THB 86,912.00
27	THB 57,335.00	THB 144,320.00
28	THB 66,890.00	THB 71,760.00
29	THB 40,865.00	THB 99,856.00
30	THB 37,070.00	THB 115,944.00
31	THB 45,160.00	THB 98,512.00
TOTAL	THB 1,332,940.00	THB 2,564,160.00

Figure 24 The revenue before and after applied new market penetration price strategy

#### 4.5.6 Key resources

Physical resource is office that located in a good location, convenient in term of traveling from where else in Bangkok which this could attract people to work with company easier and provide the team to join the meeting outside the office faster, including facilities as office supplies and hardware's such as computers and all equipment that will be used in the operation as well as counter service in each location. The company have seen the limitation on scaling since beginning, the company decided not to have own fleet but having third party logistic or hiring driver with car as a package to deliver instead to

reduce risks of investment and management also provide easier to run the business. However, it brings also the huge cost of transportation, but this problem could be solved in the future when company apply new model and technology in the next model of automation and optimization as mentioned in the section of technology. Moreover, the company will not limit themselves in Thailand but scaling to Regional and Global then the company has to start designing the model that could scale as the company vision.

Financial, company get funded from founders and some angel investors as it is a startup business at the beginning of its journey, initial capital is high compare to average initial funding of another business founded in Thailand.

AIRPORTELS has four co-founders as a founding team, they have eager to success and they are good at things differently but could work together and this bring company advantage to survive at the beginning. Company remain aggressively acquire new talent to its organization, talent in Thailand are difficult to find as it need time on seeking and fining tune into the organization's culture, but it is required to drive the business and achieve its mission.

Delivery service require good logistic management as luggage cannot be delivered late because it will lead to a big problem of traveler missing their flight. It cost both of party's time, money also harm the company's reputation. The operation start since the order of delivery has placed include customer support and logistics management. In term of human resource the company need customer support team both offline who work at the counter service and online who response to customer via Instant message, email and phone call, logistic planner who plan the route for driver to follow during the delivery which they have to plan the route optimistic and effective, logistic monitoring who monitor the performance of driver and delivery during the day and adjust the route plan when the company have additional order or cancelation occurred during the delivery, lastly it require operation manager who overview the operation flow and performance set up the standard of operation, training, recruiting and create the policy for operation department.

A good frameworks and platforms also required into the operation as it transform operation into automation and optimization to increase operation capacity of business, some platforms or system are existing in the market and the company could apply them immediately to the operation process, but some are not. The company have to build the system or platform themselves for the features that never exist in the market. For example, in term of using existing platform the company use Line's application that very popular in Thailand for their internal communication, and they use google map solution to generate the location in booking system to get the correct origin and destination of delivery. Asset light and sharing resources is the model the company is developing. One of the fastest growth company in the world is "Facebook" they own platform of society that people create their own content and share to their own society. Another company is UBER which once they are one of the fastest growth company in the world, they have people to share their own resources as their own car to drive and send customer who request to ride from place to place through UBER's platform. Importantly, this two companies have a very good and strong platform without owning media or cars. With this concept of doing business model, the company start to consider about the platform that could attract end users to stick on the application, and one of the idea is that the platform should solve the most problems of the user and those problems are not solve easily or exist in the market which the company come up with the project of "Thailand Hands Free Travel". By 2019 the company will expand the service's arm to another country in the Regional such as Hong Kong and Singapore as these countries have a very attractive number of travelers each year.

#### 4.5.7 Key activities

Create awareness to customer with good explanation of service making them understand service and its benefits is required after the operation is ready. All resources are prepared then the company will be available to acquire customer, and once customer has been acquired then requirements will

be sent to AIRPORTELS to confirm and delivery customer's luggage which AIRPORTELS will have customer support team to receive customer requests and confirm the payment made by customer. Logistic team will use the information customer support team have received from customer, planning a plan of delivery for driver to follow. Driver will get the route plan from logistic team and start to pick up and deliver with monitoring from logistic team closely, at any activities that occurred to luggage, the owner of luggage will be kept update until the luggage arrived at destination. Moreover, there is accounting to keep record the number of orders and money company received daily.

#### 4.5.8 Key partnerships

Most of partnerships AIRPORTELS has are joint venture, co-creation of new service into new market which dominate by its partners. Shopping mall is a good example, AIRPORTELS works with MBK shopping center in term of service expert operate for MBK shoppers taking care of customer's luggage and belonging with as free storage service that company is providing, and this create benefits to both MBK and shoppers, however, AIRPORTELS as a new comer gaining more reputation among travelers who visiting MBK each day and this show one strategy of company on making awareness to its market as company's first key activity. Moreover, AIRPORTELS has a chance to offer delivery service to customers who pain on their luggage carrying them around at the right moment. Exclusive contract also applied in the collaboration as MBK provide company a strategic location in the shopping mall with non-competition commitment on this service area as shown in the figure 25, free poster media in shopping mall that provided for AIRPORTELS on its collaboration.



Figure 25, Shopping mall media, poster support by MBK

#### 4.5.9 Cost structure

This business seems to be a kind of economies of scale as it operates in logistic industry which the cost of transport would decrease when the volume of delivery increase. As shown in the figure 26 and 27 they shown the relationship between operating margin and cost of transportation that cost has been increasing as well as operating margin. Challenge of company is to deliver a good quality of service and remain affordable price as indirect competition is taxi and limousine service; the company have to control its cost to offer a reasonable price to customers. Operating margin of this service is 58.63% in 2017 as an average which shown in the figure 27.

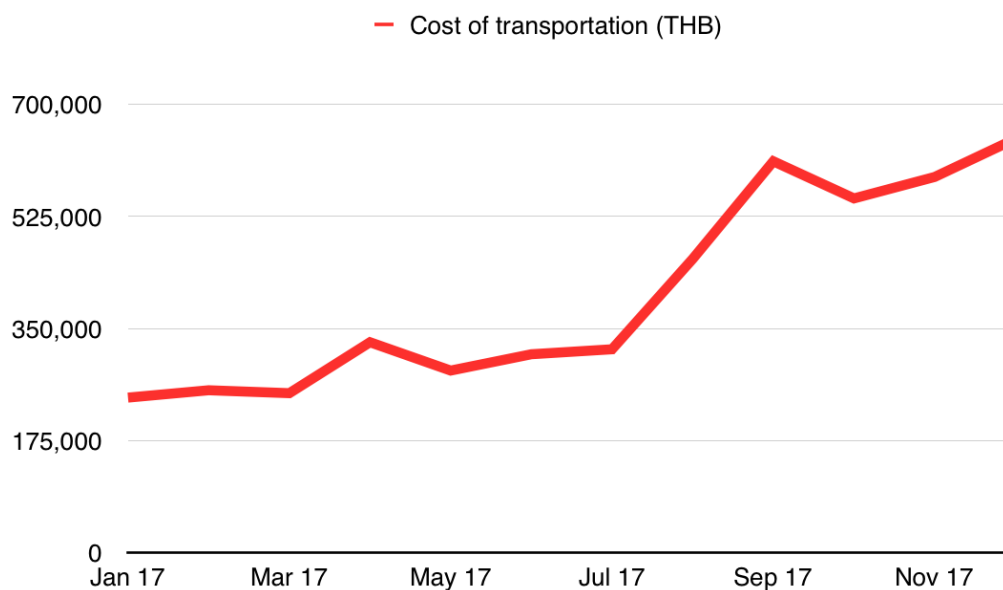


Figure 26 Increasing of transportation fees

Transportation and operating margin

2017	Cost of transportation	Operating margin
Jan 17	242,220	63.05%
Feb 17	253,705	57.12%
Mar 17	249,120	51.43%
Apr 17	328,670	54.30%
May 17	284,435	55.27%
Jun 17	309,930	45.74%
Jul 17	317,695	56.77%
Aug 17	458,777	55.59%
Sep 17	611,265	58.65%
Oct 17	553,325	65.00%
Nov 17	586,825	68.21%
Dec 17	646,285	72.47%
<b>Average</b>		<b>58.63%</b>

Figure 27 A correlative between transportation cost and operating margin



#### 4.6 Critical Risk Factors

There is no risk-free business on earth. So far, AIRPORTELS Luggage delivery and storage has many risks which some of them the company could control but some are not. The critical factors of this business could be seen as following issues.

- 4.6.1 Service risk, as the company do luggage delivery from place to place in Bangkok. The delivery from airport to hotel or wherever to its destination as hotel or home is not that really critical for company but if the delivery's destination is airport then is going to be big concern as customer would like to get their luggage on time in order to catch their flight. The delay of delivery to airport might cost company a lot of money to compensate their flight ticket or even some of the case will not be able to compensate. To prevent the risk the company has put the factors and the spare time in the route planning for example, if customer appoint AIRPROTELS to pick up the luggage at 4:00PM at their desire destination then will set up he time on arriving at 3:30PM which is 30 mins spare for the delay that might occurred during delivery, another example is that the company has a condition for customer to appoint AIRPROTELS at airport at least 2 hours before their flight time which mean if the delivery is going to be delay then customer still have time to check-in their flight. In terms of commitment as the service should be trustable for customer to use, the company is offering the full refund to customer if the delivery is delay, even 1 minute.
- 4.6.2 Market risk, this is very obvious to this industry specially in this business as target customers use various of languages and platforms to communicates, Korean using Kakao-talk to text and communicate but Chinese using WeChat instead. Korean using NAVER to post and share the content or review but Chinese using Weibo and WeChat. As well as Westerner who using WhatsApp instead of Kakao-Talk and WeChat to

make a conversation and using Facebook to share their own contents instead of NAVER and Weibo. Not limited only the platform they differently use, but also the cultures are different. This make the company very difficult to penetrate to each market and the company has to step one market by one market. Moreover, the market takes a certain period of time to educated and adapt. The service is very new to them and is not well known in the market, some of travelers have no idea how it could benefit to them and it's very risky if the provider performed bad and delay its delivery. This risk might lead the company into the trouble as it's hardly to sale to turn the company benefit. Running un-profitable company is difficult with high pressure as the company will not easily get funding beside company still loss every month then cash will be not enough for business to survive.

4.6.3 People risks, in Thailand this become a challenge to company as Generation Y become a majority of employees in Thailand. They are difficultly to control and manage, money will be not the critical factor they will stay or work for the company, but culture and mission of company is. High turnover rate in Thailand seems to be normal in many industries not limited in tourism industry. Company's challenge is to create the culture and the environment that suitable for the generation to work. In the beginning it seems like a small issue as the company has few employees, but it become a big problem to company when they scale up.

4.6.4 Finance risk, establishing the first business is very risk as the business will not get any support from any source of fund beside own funding which the founder should have enough cash to run the company in the long run or they have to have a source of fund to raise in the future.

4.6.5 Competitive risk, the model of business should be flexible and dynamic to adapt in the market, to win the market company should be able to offer the best value to customer in the effective approach. Some of the business model have low costs but some are not this also be one factor to win the market. Company has been set up the model not to have their own

fleet to prevent the risk on investment, management and increase the company advantage to scale.

- 4.6.6 Rapid growth in technology, seems to be the opportunities to business beside being as risk because many solutions that come up in the market could significantly support the business, this could be risk for some of the companies that not able to adapt to the trend of new technology.



## Chapter 5: Conclusion and Recommendation

### 5.1 Conclusion

For conclusion, luggage delivery business is difficult to establish in Thailand even the market is big as Thailand have many travelers visiting each year. The difficulties are on mainly two parts as following.

The first difficulty is business marketing, creating awareness to various of travelers through various of platform such as Korean who using Naver.com to brows the service or Chinese who using Baidu to search for this service. This difficulty has done by well management putting effort in to the market one by one make sure the service information has been delivered to potential customer then the company analyses once again before structure the strategies to penetrate the market. After they deliver the message of service to customer, the company has to make sure they understand the service detail, how the service works and the benefits they could gain from using apt luggage delivery.

The second difficulty is service expansion, as providing luggage deliver service the service provider required the counter service in airport and Bangkok have 2 international airports. Seems to be easy when the company has budget to expand and the landlord have space for tenant, but this not work well in Thailand as the officers might looking for individual benefits which this will become very awkward situation. If tenant couldn't have any benefits to the officers then the process might be very slow or even worst, tenant will never get to rent. Fortunately, the company has some connection to the officers or "know-who" advantage that make them available to get rent in both international airports, Suvarnabhumi Airport and Don-Meung Airport. Moreover, this seems to be continued when the company expand the service to another airport and might be available also in another country when the company extend its service arm to another location. This challenge could be

solved by adapt the model as making a platform for another service provider to use instead of expanding to compete direct to them.

However, establishing this business become easier when there are supportive reasons such as a policy from government to enhance people to work on startup companies or give a grant to existing startup to instead of suffering on fund raising in Thailand and can't growth or expand the business. Moreover, existing platforms or solutions that could be applied to the business to enhance the operations become more effective, the company currently use the service that provide by another startup either internationals or locals for example, Facebook became an effective channel to create awareness and engagement with company's customer, some of the routing solutions became company's routing solution to plan the most effective route to run each day, or Sling that help the company works easier in human resources department to record all the information of employees also assignment with well management interface.

The business is sexy and attractive due to the market size at THB 8,500 million alone in Thailand which bigger in Regional market and Global market as THB 83,200 million and THB 428,800 million respectively. Moreover, the service providers are relatively few in Thailand as there are currently 3 providers which mean the competition is still not intense and the company have advantage of first mover who came into the business first and gain exclusive partnership and awareness for a long while that will become a barrier to the new entries in the future.

Business model is important, and it should be developed time by time, it provide entrepreneur the check list of interests that entrepreneur have to think of and also the connections between each function. Feedbacks from customer is the most reliable source of information that should be counted on any analysis and decisions, this data is useful for business development.

There are many opportunities in the world to be explored and mostly they could become commercial. Luggage Delivery has been founded from the problems of founders that provide the solution of luggage storage which it could be better solution for travelers. Not limited in Thailand or Bangkok, after

they found the business then the company have opportunities to explore more in startup society and found that there are various of solutions that been explored from different problems happened in different places and situations.

Establishing luggage delivery business is difficult but in return the market opportunity is big, and the service's value has been proved, the next challenge would be a growth of business and sustainability. One success factor is the clear goal and passion of entrepreneur that encourage them against problems that happened on daily basis.

## 5.2 Recommendation

There are mainly two challenges for anyone who is going to establish luggage delivery service. The first challenge is the challenge of establishing business, entrepreneur have to work from idea to real business that require an execution, entrepreneur need to meet many parties that involve to the business, convince them on any further collaboration, negotiation and action refer to the plan. Consideration is required in the process of execution to prevent entrepreneur the risk and bring the most out of the business strategy but most of the people would get stuck at this stage. The second challenge is the challenge of luggage delivery business as the targeting customers are foreigners or inbound traveler which mean it is difficult on making any awareness to them effectively with limited resources because they are using different platforms and different languages moreover, understanding of service also important because alone awareness cannot make sale but together with understanding of service's benefits and reliability. Having an influencers or loyalty customers is the key of business to success and these influencers are the company's customer who have tried the service, they will spread out the service information as helping company making awareness also describe the service's benefits in various platform or channel with their own languages. So, it could be a good key takeaway as focusing on the service quality will be a very effective indirect marketing to the business.

Flexibility in business model will give a room to business to adapt their model into the trend following feedbacks gathered from customer.

Entrepreneur have to action fast making the model fit to the market and environment which after all, business will have a chance to raise the fund to make the most out of its business model.

The first lesson researcher has found is that real business will never going as the plan but to adjust or develop the plan during business is running as researcher starts this by a very dreamy business plan at a very high return on investment but actually it is totally different from their plan and expectation. The more conservative financial plan is, the less failure the company would have. The speed of business establishing to the market is also important, a period of time could guide entrepreneur as the service or product is work to the market or not then develop the service or market after the feedback have been returned to the company.

There are several key success factors, team is one of the most important key of success as finding a team that talent and passion on the business is very difficult even entrepreneur find the right one to work on a specific task, but entrepreneur will need to build the synergy between team member during the first period until entrepreneur and their team get fine tune to each other. Working with trust will drive the organization in the most effective way but to get to that point it takes time. Timing is another success factor, the market is very obviously huge and potential, timing of the business seems to be reached even the timing of service has not yet come. The service provider should establish the service within this period of time as they could gain the first mover benefits such as exclusive partnership and they will become more ready than new comer when the market become mature.

After all, there is not much recommendation on the theory to establish any business because it is not about business model, but the entrepreneur is. The purpose should be clear when people is going to create any business and the model will come out when they study more about customer, market, competitors and technology. Theories above would help the entrepreneur on systematic analysis gaining useful information and data to adjust or create any

models of business. Entrepreneur will be required to solve a daily problem both inside and outside, by starting the business entrepreneur has been trying to solve the problem of customer exchange to their money that they willing to pay for the solution the entrepreneur offered. So, as an experiences entrepreneur the only suggestion is not to stick to the business model to establish the business but the action plan that entrepreneur could execute instead.





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## REFERENCES

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**APPENDIX**



จุฬาลงกรณ์มหาวิทยาลัย  
**CHULALONGKORN UNIVERSITY**

**VITA**



จุฬาลงกรณ์มหาวิทยาลัย  
**CHULALONGKORN UNIVERSITY**