

AY 2010

THAILAND'S LONG-STAY TOURISM
FOR ELDERLY JAPANESE

THIDA KAEWBOOTTA

MAJOR IN BUSINESS ADMINISTRATION

35092303-2

GRADUATE SCHOOL OF COMMERCE

WASEDA UNIVERSITY

C.E. PROF. HIGASHIDE HIRONORI D.E.

PROF. NAGAI TAKESHI

PROF. OTAKI REIJI

Table of Contents

| | | |
|--------------------------|--|----|
| CHAPTER 1. | INTRODUCTION | 1 |
| INTRODUCTION | 1 | |
| BACKGROUND | 1 | |
| OBJECTIVES | 2 | |
| METHODOLOGY | 2 | |
| FLOW OF THE THESIS | 3 | |
| CHAPTER 2. | JAPAN: THE AGING SOCIETY | 4 |
| SECTION 1. | DEFINITION OF TECHNICAL JARGON | 4 |
| SECTION 2. | STATE OF AGING SOCIETY IN JAPAN | 6 |
| SECTION 3. | FACTORS CONTRIBUTING TO AGING SOCIETY | 7 |
| 2.3.1. | Low fertility rate | 7 |
| 2.3.2. | Increased longevity | 10 |
| SECTION 4. | CONSEQUENCES OF AGING SOCIETY | 11 |
| 2.4.1. | Increased Financial Burden | 11 |
| 2.4.2. | Labor shortage | 11 |
| 2.4.3. | Difficulty and Insufficiency of Elderly Caregiving | 12 |
| SECTION 5. | SOLUTIONS TO AGING SOCIETY | 14 |
| 2.5.1. | Exporting the elderly people | 14 |
| 2.5.2. | Importing labors | 15 |
| 2.5.3. | Inventing new technology | 16 |
| SECTION 6. | SUMMARY | 17 |
| CHAPTER 3. | LITERATURE REVIEW | 19 |
| SECTION 1. | MASLOW'S HIERARCHY OF NEEDS | 19 |
| 3.1.1. | Physiological Needs | 20 |
| 3.1.2. | Safety and Security Needs | 20 |
| 3.1.3. | Love and Belongingness Needs | 20 |
| 3.1.4. | Self-Worth and Self-Esteem Needs | 20 |
| 3.1.5. | Self-actualization | 21 |
| SECTION 2. | DISENGAGEMENT THEORY/ACTIVITY THEORY | 21 |
| SECTION 3. | SUMMARY | 22 |
| CHAPTER 4. | THAILAND : LONG-STAY TOURISM FOR ELDERLY JAPANESE 24 | |
| SECTION 1. | THAILAND : A PERFECT PLACE FOR LONG-STAY TOURISM FOR ELDERLY JAPANESE | 25 |
| 4.1.1. | Close Cordial Relationship Between Japan and Thailand | 25 |
| 4.1.2. | Lower Cost of Living in Thailand | 26 |
| 4.1.3. | Various Activities | 27 |
| 4.1.4. | High Quality Healthcare Services | 29 |
| SECTION 2. | OWNING RESIDENTIAL PROPERTY IN THAILAND | 30 |
| SECTION 3. | CUSTOMER ANALYSIS | 30 |
| 4.3.1. | Why the target customer is the elderly Japanese | 31 |
| 4.3.2. | Japanese unique behavior | 34 |
| SECTION 4. | SUMMARY | 36 |
| CHAPTER 5. | BUSINESS PLAN | 38 |
| SECTION 1. | BUSINESS ANALYSIS | 38 |

| | |
|---|----|
| 5.1.1. PEST Analysis | 38 |
| 5.1.2. Five Forces Analysis | 43 |
| SECTION 2. BUSINESS MODEL | 46 |
| 5.2.1. Business structure | 46 |
| 5.2.2. Marketing Plan | 46 |
| 5.2.3. Opportunity for the Business | 50 |
| 5.2.4. Operational Strategy | 52 |
| 5.2.5. Value Proposition | 53 |
| SECTION 3. SUMMARY | 55 |
| CHAPTER 6. SUMMARY AND CONCLUSION | 57 |
| APPENDIX 1 COMMODITIES PRICE COMPARISON BETWEEN JAPAN AND THAILAND | 62 |
| APPENDIX 2 ACQUISITION OF LAND BY ALIEN | 63 |
| APPENDIX 3 PROJECT PERSPECTIVE | 66 |
| APPENDIX 4 FINANCIAL FORECAST | 69 |
| REFERENCES | 73 |

CHAPTER 1. INTRODUCTION

INTRODUCTION

This chapter provides a brief overview of the entire thesis. It highlights the background, objectives and research methodology, as well as the key topics covered in each chapter.

BACKGROUND

Japan has faced the aging population and become the aging society. There is also a tendency that older people will represent a greater proportion of total population in Japan in the future. The population aging has brought problems related to the elderly in Japan. Those problems include the growing financial burden on the government in supporting healthcare and other elderly-related costs, a shortage of labor that will drive the economy, and the familial difficulty in, and inadequacy of, providing caregiving to the elderly.

Among the three problems created by the aging society, the one that affects the elderly the most is the difficulty and insufficiency of properly caring for the elderly Japanese. This is attributed to the primary caregivers entering the labor force due to changes in social attitude under the current economic situation in Japan that requires most adult children to earn greater amount of income to support the rising family expenditure. One promising solution that will help lessen difficulty and lack of giving sufficient care to the elderly is to urge the elderly Japanese to stay abroad over a long period of time, rather than living in Japan. One of the most popular types of staying abroad is long-stay tourism, the extended version of travel. As the Japanese have generally been stayed outside Japan for a certain period of time, either for work, study, or travel, the long-stay tourism seems attractive to them. There is a wide range of interesting destinations for long-term tourists. Hawaii, Europe, Australia and New Zealand are attractive but expensive choices, whereas Thailand, the Philippines, and Malaysia are considered attractive and economically interesting choices. Among the latter three countries, Thailand is considered the most interesting choice as Thailand is a Buddhism country and most Japanese are familiar with Thailand and Thai people. In addition, Thailand is

located in the area that faces no severe and frequent natural disaster such as earthquake or tsunami.

OBJECTIVES

In light of the elderly-related problem posed by the aging society and the promising solution that long-stay tourism in Thailand can offer, it is the objective of this research to designing the business plan in support of creating a hospitality business in Thailand that will provide long-stay services for the elderly Japanese visitors. The long-stay tourism business will offer the benefit to the elderly Japanese in various aspects including gaining new life experiences in a foreign country, having better quality of life at the relatively cheaper costs compared to living in Japan, maintaining social contacts with either Japanese people or foreigners, and staying away from severe and frequent natural disaster. In addition to the direct customer, the Japanese elderly's children or the indirect customer also obtains the benefit from avoidance of fatigue or poor health due to providing care to the elderly parents, while ensuring that the elderly parents live in the suitable environment. Another usefulness to the indirect customer is that the adult children of the elderly are able to pay full attention to their duties at work. Moreover, the long-stay tourism operator also benefits from reasonable profit because this business is the new market with massive demand.

METHODOLOGY

The methodology used in this paper is collecting data from both primary and secondary sources. The primary data collected is the interviews conducted by the author. The interviewees can be separated into 2 groups. The first group is the target customer, comprising Japanese employees aged 55 and over who are middle or top management of Japanese companies and has currently been sent to be expatriates in Thailand. The other group is the professionals from a variety of occupations who have involvement in the elderly's activities such as medical, healthcare. Those professionals include doctors, masseuses, owners of Thai restaurants in Japan.

As for the secondary data, a wide variety of respectable sources, including academic articles, website, and newspapers are used and mentioned in this paper.

FLOW OF THE THESIS

The entire thesis is presented in five chapters. Chapter 1 provides background, objective, methodology, and the flow of this research. In Chapter 2 Japan: The Aging Society focus on the state of aging society in Japan, its attributable factors, the consequences of becoming the aging society, and the solutions suggested by the author. In order to provide the best hospitality service for the elderly Japanese, needs of the elderly people must be properly responded to. Literature review in Chapter 3 aims to provide the related theories about aging to provide an insight into the characteristics of being an elderly and the needs of the elderly people. Two aging theories, namely disengagement and activity theories, are discussed. Moreover, the hierarchy of needs proposed by Maslow is presented in support of the common needs of all people, regardless of age.

After having an understanding of the possible problems as a result of aging society and proposed solutions described in Chapter 2, as well as the needs of the elderly people, Chapter 4 Thailand, Long-Stay Tourism for Elderly Japanese is discussed. This chapter is divided into 2 important parts: The first part presents Thailand as a perfect destination for elderly Japanese long-term tourists. In this section, all good aspects of Thailand for the Japanese including the close relationship between the two countries, lower cost of living offered, various activities for the elderly proposed, and high quality medical and healthcare services provided, are presented. In response to the possible need of the Japanese for owning the accommodation in Thailand, the foreigner and its right to buy residential property in Thailand is discussed in a small section. The second part is devoted to why this research focuses only on the elderly Japanese as the target customer. This part also presents, with the purpose of proposing the business plan, the Japanese unique behavior. Based on the information in Chapter 2 to 4, the author, then, develop the business plan for the Thailand's long-stay tourism for the elderly Japanese, which is presented in Chapter 5.

CHAPTER 2. JAPAN: THE AGING SOCIETY

This chapter describes the state of aging society in Japan, the contributing factors in turning Japan to an aging society, the consequences of being an old society, and the suggested possible solutions for Japan to managing the aging society. Certain technical jargon is used in this chapter to describe numerous aspects of the aging society in Japan; therefore, the definition of each significant technical jargon is provided at the beginning of this chapter.

Section 1. DEFINITION OF TECHNICAL JARGON

Certain technical terms are used in this research. To give a clear understanding of the paper, the definition of those technical terms is provided below.

Elderly

Elderly :In broad terms, elderly is an adjective referred to as a polite way of saying that someone is old or becoming old, according to the Longman Dictionary of Contemporary English and the Oxford Advanced Learner's dictionary. The Merriam-Webster Dictionary defines elderly 'as rather old or being past middle age', which is very similar to the meaning provided by the two UK dictionary publishers.

To be more specific, an elderly person or an older person as used by the United Nations is defined as a person aged at least 60. However, the Population Reference Bureau seems to have referred to the elderly people as those who are 65 years old and over, as can be seen from the 2010 World Population Data Sheet. In fact, most developed countries have accepted the chronological age of 65 years as a definition of 'elderly' person. It is also worth pointing out that either 60+ or 65+ years of age is not suitable to be a scale used in certain countries such as those in Africa due to the unique situations in Africa such as medical advance and sanitation utility.

Dependency Ratio

Dependency ratio is used to measure the level of support provided by the working-age

(persons aged between 15 and 64) population to other populations, namely the youth (persons aged under 15) and the old-age (persons aged 65 and over) populations. According to the United Nations, the definition of the dependency ratio is actually the total dependency ratio which represents the sum of the number of youth and old-age populations divided by one hundred working-age persons. It is equal to the sum of the youth dependency ratio and the old-age dependency ratio, the other two important dependency ratios. The youth dependency ratio is the number of persons under age 15 per one hundred persons aged between 15 and 64 years, while the old-age dependency ratio is the number of persons aged 65 and over per one hundred persons aged between 15 to 64 years.

Replacement Rate

According to the United Nations, replacement rate is the level at which a population is replacing itself, by using the ratio of the number of female babies to the number of women of childbearing age. This represents the gross reproduction rate. The net reproduction rate is described as the average number of daughters born to mothers during their reproductive years while taking into account mortality.

Total Fertility Rate (or “TFR”)

According to the United Nations, total fertility rate is defined as the average number of children a woman would bear over her lifetime if current age-specific fertility rates remained constant throughout her childbearing years (normally between the ages of 15 and 49). The current total fertility rate is usually taken as an indication of the number of children women are having at the present.

Long-stay tourism

The term long-stay is coined by the Long Stay Foundation, and is referred to as “the act of staying in a given place in a foreign country for quite a long period of time in order to enjoy life with leisure time, while experiencing that place’s culture and contributing to the local society with the economic resources left in Japan” (Long Stay Foundation 2002).

The term long-stay tourism, thus, has a different meaning from the term meaning of the conventional international tourism in that, in the conventional one, tourists visit several places over a short period of time for sightseeing, whereas long-stay tourists stay at a given place over a longer period of time to experiencing life in that place.

Section 2. STATE OF AGING SOCIETY IN JAPAN

As the world has been moving towards being the aging society as there has been a shift in population structure. Most of the advanced economies have faced the phenomenon of aging population. Among the developed economies, Japan is known for being one of the biggest aging societies in the world. The median age of the Japanese population rose from 22 years in 1950 to reach 41 years in 2000 and by the middle of the 21st century, half of the Japanese population will expectedly be over the age of 53. The young-age share (people under the age of 14 year) of the population, standing at 15 percent of the total population in Year 2000, is anticipated to fall to 11 percent by 2050. The working-age population (people aged between 15-64) representing almost 70 percent of total population in 2000 is expected to plunge to 55 percent in 2050. Meanwhile, the old-age (people aged 65 or over) share will grow from 16 percent of the population in 2000 to more than 36 percent in 2050. By 2050, Japan will have more than 85 dependants for every 100 of working age¹.

¹ Population Reference Bureau 2010 World Population Data Sheet, www.prb.org

Section 3. FACTORS CONTRIBUTING TO AGING SOCIETY

2.3.1. Low fertility rate

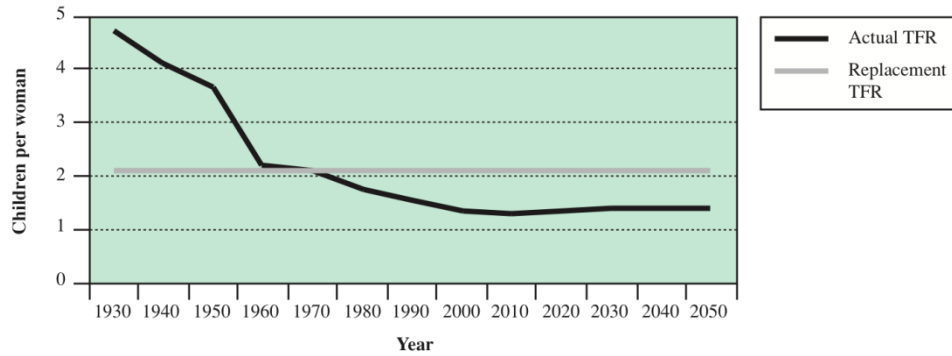


Exhibit 2-1 : Actual and replacement total fertility rates, Japan, 1930-2050

(Source : National Institute of Population and Social Security Research, (2001) and (2002))

One of the major reasons why Japan has become an aging society is a rapid decline in fertility. The total fertility rate (or “TFR”) at nearly 5 births per a woman in 1930 fell to the TFR at 1.36 in 2000. Exhibit 2-1 indicates that since 2000 the actual TFR has been far below the then replacement TFR level, which is over 2.0 and gap is expected to remain until 2050². Two major factors that have caused the rapid decline in fertility in Japan are late marriage or celibacy and the increasing participation of women in labor force, which will be analyzed next.

² Data is available at Asia – Pacific Development Journal (United Nations journal), Vol 10, No.1 2003

1.1 Late marriage or celibacy

| Year | Groom | Bride |
|------|-------|-------|
| 1950 | 25.9 | 23.0 |
| 1955 | 26.6 | 23.8 |
| 1960 | 27.2 | 24.4 |
| 1965 | 27.2 | 24.5 |
| 1970 | 26.9 | 24.2 |
| 1975 | 27.0 | 24.7 |
| 1980 | 27.8 | 25.2 |
| 1985 | 28.2 | 25.5 |
| 1990 | 28.4 | 25.9 |
| 1995 | 28.5 | 26.3 |
| 2000 | 28.8 | 27.0 |
| 2005 | 29.8 | 28.0 |
| 2006 | 30.0 | 28.2 |
| 2007 | 30.1 | 28.3 |
| 2008 | 30.2 | 28.5 |
| 2009 | 30.4 | 28.6 |

Exhibit 2-2 : Mean age of first marriage

(Source: Ministry of Health, Labor and Welfare)

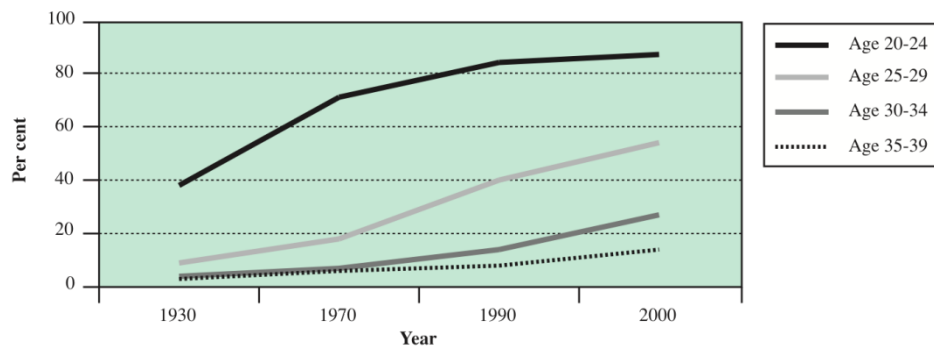


Exhibit 2-3 : Proportion of females never married, by age , Japan, 1930 - 2000

(Source : National Institute of Population and Social Security Research, (2001) and (2002))

Japan has experienced, over time, not only a rise in age of the first marriage of Japanese people but also a high proportion of the single population. As shown in Exhibit 2-2, over about the past 60 years, the mean age of the first marriage of men and women in Japan had been rising. Men's median age of the first marriage rose from 25.9 in 1950 to 30.4 in 2009, and women's median age of

the first marriage increased from 23.0 in 1950 to reach 28.6 in 2009. In addition, as presented in Exhibit 2-3, over the past 70 years there has been a rise in the number of unmarried females aged between 20 and 39. To explain more precisely, the high percentage of unmarried females of total females fell into females aged between 20 and 24. (See exhibit 2-3). The late marriage and a high proportion of unmarried women among the Japanese population can be partly explained by the fact that women probably delay the marriage to take advantage of increased career and education opportunities that are believed to increase the quality of their lives.

1.2 Increase in women’s participation in labor force

Exhibit 2-4 shows that there was a higher proportion of participation of women, ranging from those aged 25-29 to 60-64, in the labor market in 2009, compared to 1989. The current economic situation in Japan and women’s ability to earn higher salary due to higher education achievement account for the greater portion of female entering the labor market. This makes a typical woman become a workingwoman. A certain percentage of wives or mothers in a family also take an additional role of a working woman, rather than being only a traditional housewife, whose duty is mainly to handle household chores and to care for children or possibly the father-in-law or the mother-in-law.

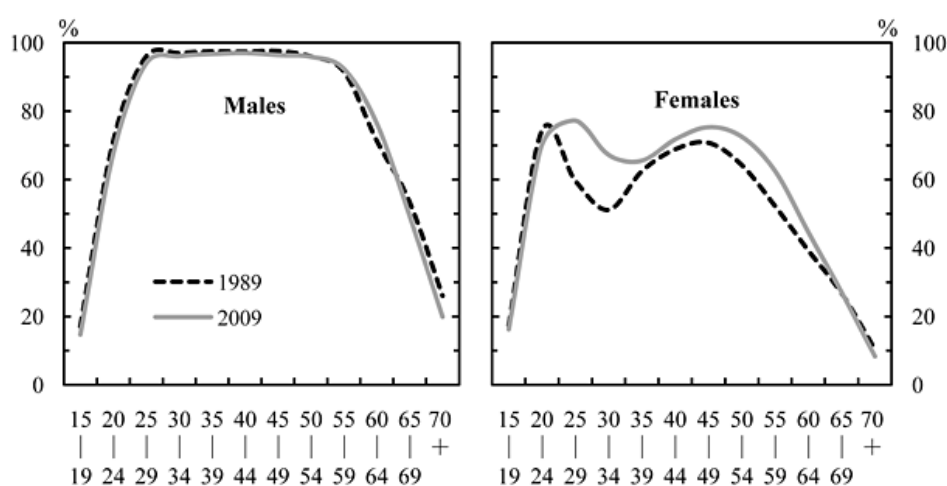


Exhibit 2-4 : Labor Force Participation Rate by Sex

(Source : Statistics Bureau, Ministry of Internal Affairs and Communications)

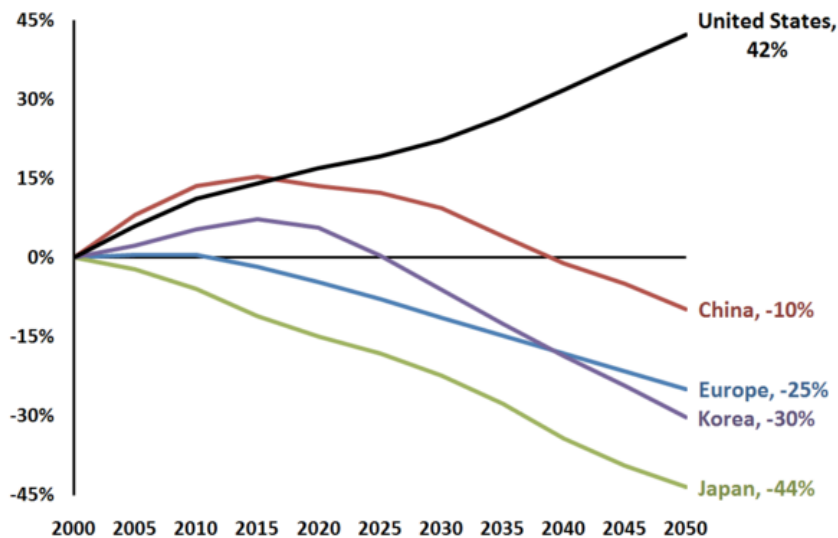


Exhibit 2-5 : Labor Force Growth

(Source : U.S Consensus Bureau, International Database)

2.3.2. Increased longevity

Longevity is the other contributing factor in the population aging. The global population's longevity has increased continuously since 1950. Both men and women tend to live longer. At the country level, according to the 2002 World Population Data Sheet, Japan's life expectancy at birth was 81 in 2002 with men at 78 and women at 85 years. In 2010, Japan had longer life expectancy at birth on both sexes at 83 years, the highest among other countries around the world that has been surveyed, with males at 79 and females at 86 years, according to the 2010 World Population Data Sheet published by Population Reference Bureau. Data³ from these two years suggests an increase in life expectancy at birth of average Japanese people over the decade. In addition to a rise in longevity of Japan, its life expectancy at birth for males and females rank high among other countries in the world, which stood at 79 and 86 years, respectively, in 2010 as indicated by 2010 World Population Data Sheet. The increase in longevity in Japan can be attributable to greater and

³ Population Reference Bureau 2010 World Population Data Sheet, www.prb.org

higher level of hygiene of Japanese people, people's awareness and recognition of importance of health, and medical advance in Japan. Improvements in nutrition and sanitary conditions also play a role in increased longevity. The World Population Data Sheet points out that 100 percent of Japanese people both in urban and rural areas use improved sanitation. Also, better quality of healthcare services for the elderly is attributed to heighten life expectancy at old ages in Japan

Section 4. CONSEQUENCES OF AGING SOCIETY

2.4.1. Increased Financial Burden

In the Japan's aging society, the elderly Japanese population rises, whereas the working-age Japanese population decreases. When the elderly population rises, pension and medical costs borne by the Japanese government normally go up due to an increase in the number of pensioners and deteriorated health as well as weak physical condition of the elderly in general. IchikoFuyuno⁴ reveals that the overall social welfare expenses (pension, medical and other welfare spending) stood at 89.8 trillion yen in 2006. The number constituted 23.9% of the national income in 2006, compared to 5.8% in 1970. Regarding the expenditure for the elderly citizens only, pension benefits are the largest expenses, representing about 75% of the total expenditure. When the work-age population falls, the number of labor force who financially support the long-term funding of pension and medical costs of the elderly decreases. This imbalance between the rising number of pension recipients and the declining number of pension payers-in may cause the inability to meeting the pension obligations and possible bankruptcy of the pension funds. Uncertainty about the future of the pension funds causes a great number of retirees to seek living in a foreign country with less expensive lifestyle.

2.4.2. Labor shortage

Japan's aging society is attributed to the decline in the working-age population (persons aged between 15-64), which leads to a shortage of labor force in Japan. The labor shortage will result in

⁴ Ichiko Fuyuno ,AGEING SOCIETY in JAPAN – PART I, August 2007

the Japan's shrinking economic power and economic contraction. Additionally, there will be a greater number of relocating manufacturing bases by large Japanese companies in seeking sufficient and low cost labor force. For example, various largest car manufacturers, such as Toyota, Honda, and Nissan, haven't opened any assembly plant in Japan over a decade, and have moved manufacturing plants to other countries, such as Thailand and China⁵, both of which have sufficient capability to meet labor force need of these Japanese automakers.

2.4.3. Difficulty and Insufficiency of Elderly Caregiving

The elderly's physical condition is generally deteriorated in an accelerating manner and the elderly are more prone to illnesses. It is thus vitally important that the elderly receive special caregiving and medical attention. In the Japan, it is common tradition to give respect to and provide caregiving to the elderly, especially the elderly parents. This practice in traditional Japanese society is probably derived from a Confucian's concept⁶ of obligation to parents, or oyakoko. The concept states that the elderly parents' care is the duty of the oldest son or another sibling. In the extended family, which comprises oldest son's parents, oldest son and oldest son's wife, the duties of household chores, elderly caregiving, and childrearing falls on the oldest son's wife as the oldest son⁷, like a typical Japanese man, is responsible for working to earn family income. With the social and economic changes in Japan, some families may need to earn higher income to pay the rising cost of living. In that case, it is probable that the oldest son's wife has to work outside home to generate family income and maintain household work, including elderly care and childrearing. In this situation, the pressure from the workplace can compromise the ability of the married woman who takes care of household duties. On the contrary, the difficulty in handling the household duties, including elderly care and childbearing, can reduce the performance at work of the married woman. In either way, the married woman faces mounting pressure in life.

⁵ <http://www.japaninc.com/article.php?articleID=1145>

⁶ THEODORE R. BROWN, LONG-TERM CARE FOR THE ELDERLY IN KYOTO, JAPAN, *Journal of Cross-Cultural Gerontology* 3 (1988) 349--360. © 1988 by Kluwer Academic Publishers

⁷ PHYLLIS BRAUDY HARRIS AND SUSAN ORPETT LONG, DAUGHTER-IN-LAW'S BURDEN: AN EXPLORATORY STUDY OF CAREGIVING IN JAPAN

To provide clearer picture of the caregiving-related problems, the Kyoto city government conducted a survey⁸, in 1985, on identifying persons with senile dementia provided caregiving at home and on reviewing home care environment. The survey indicates the difficulties of long-term care confronted by the primary caregivers. Those difficulties range in descending order from received no public consultation regarding care, fatigue, to sleep interruption, quit work to become caregiver, as presented in Exhibit 3-6 below.

| Difficulties Encountered | Percent |
|--|---------|
| Received no public consultation regarding care | 53.7 |
| Fatigue | 52.0 |
| Excessive time commitment | 25.6 |
| Caregiver of fair or poor health | 25.5 |
| Sleep interruption | 25.1 |
| Quit work to become caregiver | 17.5 |

Exhibit 3-6 Difficulties for the care-provider associated with home care of dementia patients

(Source :Noine, M 1985 Survey of Dementia (in Japan), Kyoto : Kyoto Prefecture Government, Health Service Division.)

(Note: Percentage add up to greater than 100 % because multiple answers were allow)

On the other hand, it is not only the married woman or the oldest son's wife in an extended family who is under stress. Sugawara Ikuko⁹ argues that the elderly parents who have to depend on their son or daughter for living their lives are also under growing stress. Ikuko also points out that non-kin relationships, such as relationship between friends, work well with old people. In other words, when it comes to social contact for the elderly, close friends can be substituted for family members, namely adult children.

Apart from the difficulty of caregiving in terms of caregivers' and elderly's stress, the rising number of elderly Japanese will worsen the problem. By 2025, Japan is expected to have 5.2 million elderly that require full-time care, while there will be fewer middle-aged women to care for them.

8 THEODORE R. BROWN, LONG-TERM CARE FOR THE ELDERLY IN KYOTO, JAPAN, *Journal of Cross-Cultural Gerontology* 3 (1988) 349--360. © 1988 by Kluwer Academic Publishers

9 Sugawara Ikuko, Functions of Adult Friendship in Japan: Friendship as a Growing Bond, *Newsletter of the Institute of Social Science, University of Tokyo* 2003

Moreover, almost half of non-working middle-aged women is anticipated to provide elder care¹⁰.

Section 5. SOLUTIONS TO AGING SOCIETY

2.5.1. Exporting the elderly people

To deal with the aging society, it is vital that Japan take into account exporting the elderly Japanese to other countries. To export the elderly Japanese means to urge them to live or stay overseas after retirement. For years, a vast number of Japanese retirees spend their post-retirement lives by living overseas either in a form of international retirement migration (or “IRM”) or via long-stay tourism. IRM can be described as the way in which the retirees permanently move and live in other country¹¹. Long-stay tourism is another form of tourism that allows the retirees to spend a longer period of time at the foreign destination. Some long-stay tourists return home-country, while others buy property in a foreign country and may possibly live in that country permanently¹².

Encouraging the elderly Japanese to live or stay in foreign countries is a viable solution that helps alleviate the difficulty and insufficiency of elderly caregiving. This solution will set free the primary caregiver, who normally the family member, from the duty of caring for the elderly, while giving confidence that the elderly live in a place with better quality of life. This will also allow the primary caregiver to concentrate on the current duties and their lives. Besides the benefits to the primary caregiver, the elderly Japanese are also able to avoid the stress caused by living with their own adult children. This stress is possibly derived from the feeling of being a burden on their children. Other benefits to the elderly is gaining new life experiences in a foreign country, having better quality of life at the relatively cheaper costs compared to living in Japan, maintaining social contacts with either Japanese people or foreigners, and staying away from severe and frequent natural disaster. Living in a foreign country lets some Japanese retirees comparatively understand stress and busy life from living in Japan, encourages those retirees to seek freedom and peaceful life

10 Asia – Pacific Development Journal (United Nations journal), Vol 10, No.1 2003

11 Mayumi Ono, Long-Stay Tourism and International Retirement Migration: Japanese Retirees in Malaysia, University of Tokyo.

12 Koji Miyazaki, An Aging Society and Migration to Asia and Oceania, Tokyo University of Foreign Studies

outside Japan. Living in a less expensive country allows the elderly Japanese to acquire a variety of amenities (such as house, food, sports) at cheaper prices. The individual burden on rising medical expenses for the elderly Japanese, while the pension is limited, is a consideration that makes living abroad an interesting option. According to a survey done by the Research Institute for Senior Life,¹³ some pensioners are motivated to move overseas so that they can live a financially comfortable life within the range of their pensions.

2.5.2. Importing labors

One way to tackle problems arising out of Japan's aging population is to accept foreign labor force so that Japan can stay competitive among the global players and fully recover from economic recession. Sakanaka Hidenori¹⁴ argues that it is necessary that Japan accept over 20 million immigrants over the next five decades. Increasing and encouraging the immigration of foreign workers into Japan will directly solve the problem of labor shortage as mentioned in Section 2.4.2 and indirectly lessen the increased financial burden of the elderly' pension costs as mentioned in Section 2.4.1 by collecting additional taxation from foreign workers.

This option of importing foreign labor force, however, has certain barriers. First, the Japanese immigration laws and practices are very strict, which discourages foreign workers from entering the labor market in Japan. Second, general treatment and perception of immigrant laborers in Japan creates difficulty for foreign workers to assimilate into the Japanese society and managing everyday life. The underlying reasons¹⁴ for these hindrances are that the Japanese has the unique view that foreigners have more tendency to commit crime or be involved in anti-social activities in Japan than do the native Japanese and that the Japanese has the negative attitude of creating a multi-ethnic society in Japan.

There are certain suggestions by Sakanaka Hidenori¹⁵ for Japan to manage the above barriers

13 (Research Institute for Senior Life 2005: 107)

14 Sakanaka Hidenori, Asia Pacific Journal: Japan Focus The Future of Japan's Immigration Policy: a battle diary, available at <http://www.japanfocus.org/-Sakanaka-Hidenori/2396>

15 Sakanaka Hidenori, Asia Pacific Journal: Japan Focus The Future of Japan's Immigration Policy: a battle diary, available at <http://www.japanfocus.org/-Sakanaka-Hidenori/2396>

to immigrant workers. First, before welcoming an unprecedented influx of laborers, a national consensus that new arrivals should be treated as "friends" and valued contributors to the Japanese society should be built. Perhaps the Japanese government should provide support by emphasizing deeper integration between Japanese and other nationalities, providing for immigrant needs, and guaranteeing immigrants and ethnic minorities the same rights as native Japanese. It is vital that Japan transform itself into a land of opportunity, judge people on their merits, and allow everyone to improve their social status regardless of origin or ethnicity. Another issue to be concerned is defining criteria for new arrival acceptance that would be more attractive, transparent and fairer so that immigration authorities can properly process a large number of immigration applications. Furthermore, attracting talented personnel can be difficult without a good system of treating foreign employees. Looking at the way corporations employ foreign workers, for example, it is clear that new arrivals are not granted the same treatment as native Japanese and little attempt is made to evaluate and leverage their talents and sensibilities. The majority of immigrant workers are simply being used as a source of cheap labor such as laborer or caregiver. Talented personnel will steer well clear of companies with such discriminatory structures, preventing Japanese corporations from recruiting international talent.

2.5.3. Inventing new technology

The last suggested solution to the aging-population-related problem is to invent innovative technology that focuses on providing assistance to the elderly. Japan has put various efforts and financial resources in order to create new technology, such as a robot or a wheel chair, to help elderly people live more comfortably by themselves. The Japanese government has paid more attention to simpler, more practical robot platforms that have the ability to perform simple tasks. Thus, the Home-use Robot Practical Application Project has been introduced, aiming to invent a robot that can function as a wheelchair and bed; a cleaning robot; a security robot; a wearable robot suit that helps daily activities; and a two-wheeled rideable robot.

Another example of newly invented home care robot, which is called Yurina¹⁶, has been introduced by Japan Logic Machine during Fall 2010. Yurina has actually been in use in a hospital in Osaka. Yurina can function in several tasks, such as lifting a person from a bed and carry that person to other places; and helping a patient take a shower and change a diaper. This robot is very useful for tasks that require physical strength. One advantage of Yurina is that a fully conscious person is able to operate the machine by himself, with no need of a caregiver's assistance.

Inventing new technology to provide support to the elderly Japanese mainly help lessen the caregiving problem. This solution offers the assistance to both the elderly and the caregivers. With new high technology machines, the elderly can spend everyday life more comfortably and the caregivers can relieve certain tasks of caregiving.

However, one major difficulty of relying on new technology such as robot to care for the elderly is that it cannot replace care provided by human, either family members, friends or professional caregivers¹⁷.

Section 6. SUMMARY

As the Japan's population ages, the old-age population is increasing, while the working-age population is decreasing. The aging population is attributed to low fertility and extended life expectancy in Japan. The aging society has brought Japan three major challenges: increased financial burden of the elderly-related costs, labor force shortage, and burdensome and insufficient caregiving for the elderly. To resolve these challenges, three promising solutions have been suggested. The first solution is to export the elderly to foreign countries, which will help lessen the burdensome and insufficient caregiving problem. The second solution is to bring in immigrant workers in Japan in order to largely solve the shortage of labor force in the Japan's economy. Importing the foreign workers partly help increase the financial resource (or taxation) that funds the long-term healthcare costs of the elderly Japanese. The third solution is to develop new technology to provide support to

¹⁶ <http://news.discovery.com/tech/welfare-robots-assist-elderly.html>

¹⁷ No, robot: Japan's elderly fail to welcome their robot overlords, information available at <http://www.bbc.co.uk/news/business-12347219>

the elderly Japanese. The new technology will help fix the problem of burdensome and insufficient caregiving to the elderly.

In the author's view, under the current situation, the viable and promising solution is to export the elderly Japanese to foreign countries by encouraging them to use long-stay tourism services. As for bringing in immigrant labor force, it takes time to change the radical attitude of the Japanese towards the foreigners and the Japanese social structure consisting mostly of people with Japanese origin. Concerning the invention of new technology, assistance provided by robot can never replace that provided by human. Human can interact and respond to the elderly with feeling and understanding. It is the author's strong belief that Thailand offers places that deserve to be potential destinations for long-stay tourists from Japan, especially the elderly Japanese. Chapter 4 will deal with the detailed elaboration of the suitability of Thailand as a perfect destination for operating long-stay tourism for the elderly Japanese.

CHAPTER 3. LITERATURE REVIEW

In Chapter 2, the overall understanding of elder care is presented, with the author's specific attention to operating long-stay tourism for the elderly Japanese. To successfully provide long-stay services to the elderly Japanese, it is vitally important to understand the needs of the human in general and, specifically, those of the elderly. This chapter will give useful information about theories related to human needs and specific needs of older people. The first part of this chapter will focus on the hierarchy of needs proposed by Maslow, in order to provide an understanding of the basic human needs. The second part of this chapter will cover the disengagement theory and activity theory that discuss mainly about the elderly needs and about the post-retirement relationship of the elderly with the society.

Section 1. MASLOW'S HIERARCHY OF NEEDS



Exhibit 2-1 Maslow 's pyramid hierarchy of needs

(Source Micheal R. Hargerty)

Psychologist Abraham Maslow categorizes basic needs common to all people into five different groups, each of which represents a hierarchy in the pyramid. The type of needs of a lower band in the pyramid needs to be fulfilled before satisfying another type of needs in one-level higher

band. A hierarchy is an arrangement that ranks concepts from lowest to highest.

3.1.1. Physiological Needs

The physiological needs are described as the foundation of the pyramid. According to Maslow, the first and most basic need people have is physiological need for food, water, shelter, good health. People must have food to eat, water to drink, and a place to call home before they can think about anything else. In the case that any of these physiological necessities is unmet, people are motivated above all else to meet the missing demand.

3.1.2. Safety and Security Needs

With their physical needs relatively satisfied, the individual's safety needs take precedence and dominate behavior. In the absence of physical safety, people feel unsafe

Safety and Security needs include personal security, financial security, and health and well-being

3.1.3. Love and Belongingness Needs

The third level of the pyramid is needs associated with love and belonging. These needs are met through satisfactory relationships, relationships with family members, friends, peers, classmates, teachers, and other people with whom individuals interact. Satisfactory relationships imply acceptance by others. Having satisfied their physiological and security needs, people can venture out and seek relationships from which their need for love and belonging can be met.

3.1.4. Self-Worth and Self-Esteem Needs

All humans have a need to be respected and to have self-esteem and self-respect. Esteem presents the normal human desire to be accepted and valued by others. People need to engage themselves to gain recognition and have an activity or activities that give the person a sense of contribution, to feel self-valued, be it in a profession or hobby. Imbalances at this level can result in low self-esteem. They may seek fame or glory, which again depends on others.

Most people have a need for a stable self-respect and self-esteem. Maslow noted two

versions of esteem needs, a lower one and a higher one. The lower one is the need for the respect of others, the need for status, recognition, fame, prestige, and attention. The higher one is the need for self-respect, the need for strength, competence, mastery, self-confidence, independence and freedom.

3.1.5. Self-actualization

This level of need pertains to what a person's full potential is and realizing that potential. Maslow describes this desire as the desire to become more and more what one is, to become everything that one is capable of becoming. This is a broad definition of the need for self-actualization, but when applied to individuals the need is specific. For example one individual may have the strong desire to become an ideal parent, in another it may be expressed athletically, and in another it may be expressed in painting, pictures, or inventions. As mentioned before, in order to reach a clear understanding of this level of need one must first not only achieve the previous needs, physiological, safety, love, and esteem, but master these needs.

The author believes that to take care of the elderly people, physiologic needs, and healthy life play the most important role, good food with nutrition, fresh air will and non-stress life will make the elderly gain the healthy life. The safety and security, rest of the needs are psychosocial in nature and can be easily accomplished by allowing resident to socialize with others, giving choice to make decisions on their own and being able to assist in their care. The healthcare and therapeutic care team can work together to make it possible for the resident to achieve the highest level in the Maslow's hierarchy of needs during their stay in the long stay facility.

Section 2. DISENGAGEMENT THEORY/ACTIVITY THEORY

Disengagement theory is one of the theories of aging constructed for gerontologist. The theory elaborates that (Elaine Cumming and William Henry (1961)) "aging is inevitable, mutual withdrawal or disengagement, resulting in decrease interaction between the aging person and others in the social systems he belongs to"

Activity theory was proposed in order to respond to disengagement theory. Later life's happiness depends on the active maintenances of one's relationships and continuing involvement in meaningful

maintenance of one's relationship and continuing involvement in meaningful pursuits. (Vern L. Bengtson, Norella Putney)

Critics claim that the activity theory ignores health and economic disparities that may restrict or diminish the desire and opportunities for some older people to engage familiar activities. Some elders do not wish to take on fresh challenges. In short, captures the range of potential and pitfalls common to late life or the circumstances that affect widening and/or withdrawing social bonds and meaningful endeavors that people engage in as they grow older.

To sum up, in this research, greater weight will be carried to activity theory. Activity theory reflects the social needs of the elderly as proposed by Maslow. In addition, the claim (ignorance of health and economic disparities) against the validity of activity theory seems not to be applicable to most elderly Japanese because the Japanese is known for having high sanitary and medical advance, and Japan is one of the richest nations in the world. Thus, the hierarchy of needs and activity theory are to be taken into account when formulating the business plan for long-stay tourism for the elderly Japanese.

Section 3. SUMMARY

There are a number of theories relevant to needs of human needs and elderly needs. The most relevant theories are the hierarchy of needs proposed by Maslow, disengagement theory and activity theory. The hierarchy of needs explains five different needs common to all people, which are physiological needs, safety needs, social needs, esteem needs, and self-actualization needs. Disengagement and activities theories mainly elaborate the needs of the elderly. However, both theories contradict each other. Disengagement theory suggests that the elderly tends to live alone and disconnect themselves from the society, whereas the activity theory indicates that the elderly prefer to maintain active relationship with the society in pursuit of happiness in life. The author determines that activity theory outweighs disengagement theory in that all humans, including the elderly, have social needs to satisfy, as claimed by Maslow, and that there is medical advance and sophisticated technology to cure or eradicate diseases and extend life expectancy. In response to the critic's

argument that activity theory ignores health and economic status, the author consider that the claim carries little weight when applying to the elderly Japanese. The author's claim can be explained by the medical advance and high sanitary in Japan, resulting in increased longevity, and by the more wealthy status of the average Japanese, compared to people from other nations.

Understanding these theories help understand the specific needs of the elderly and aid in developing the effective business plan of long-stay tourism for the elderly Japanese. The business plan will be dealt with in Chapter 5.

CHAPTER 4. THAILAND : LONG-STAY TOURISM FOR ELDERLY JAPANESE

As described in Chapter 2, Japan society is getting old everyday. The most suitable solution for Japan, from the author's point of view, is to manage the elderly people by moving them to other countries so that they can receive appropriate care at a reasonable price. This chapter is devoted to describing Thailand as the appropriate place for the elderly Japanese to spend a certain period of their post-retirement lives in.

This chapter provides the underlying reasons for main ideas of this research. The first idea is that why Thailand is the perfect place for the Japanese retirees to spend time after retirement. The second idea is that why this research define only Japanese people as the target group. The first section will supply supporting information about Thailand as the perfect destination for elderly Japanese people in all aspects, including close cordial relationship between Japan and Thailand in term of political, economic, and cultural views; lower cost of living in Thailand as compared to Japan; a wide variety of interesting and useful activities that older Japanese can engage in while living in Thailand; and the high quality healthcare services offered by Thailand. When the Japanese retirees are interested in spending some time in Thailand, section 2 of this chapter will describe rights, prescribed by Thai laws, to the foreign ownership of residential property in Thailand to allow for the possible need of the Japanese retirees for owning residential property in Thailand during their long-stay in the country. The last section will answer the second question "why Japanese" describe about the new coming trend among baby boomer generations, Long stay tourism. Moreover, this section will focus on the Japanese analysis, the unique characteristic of the Japanese people to gain the understanding the older Japanese behavior, the perception of the Japanese towards the Long stay tourism, the elderly people wealth to gain an understanding on the budget that older people can afford, and changing in living arrangement in Japan from 3 generations house to a small family.

Section 1. THAILAND : A PERFECT PLACE FOR LONG-STAY TOURISM FOR ELDERLY JAPANESE

4.1.1. Close Cordial Relationship Between Japan and Thailand

Japan and Thailand have had a history of interaction and exchange over 6 centuries and have traditionally maintained a cordial relationship. The two countries have also established close relationships in various areas, including politics, economics, and culture.

In terms of political relations, the 120th anniversary of Japan-Thailand diplomatic relations was held in 2007, which was 120 years after the signing of the Declaration of Amity and Commerce between Japan and Siam (the former name of Thailand). Moreover, the Politico-Military Talks between Japan and Thailand have been held once every year since May 1998.

As for economic relations, Japan and Siam became active traders to each other in the 17th century since the existence of relationship between Japan and Siam in the 15th century, as suggested by historical records. After the signing of the Declaration of Amity and Commerce between Japan and Siam, Japanese experts on law, education, sericulture and other disciplines were sent to Siam to contribute to the modernization of the country. Regarding the recent economic relations, since the second half of 1980s, Japanese companies have actively established its manufacturing bases in Thailand due to the yen appreciation, leading to the growth of Thai economy. In addition, Japan and Thailand signed on Japan-Thailand Economic Partnership Agreement (JTEPA) with its effectiveness in 2007. It has been expected that JTEPA will enhance trade, investment and cooperation between two countries. The total trade volume between Thailand and Japan, together with Japan's direct investment in Thailand has increased after JTEPA.

| Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|
| from Thailand to Japan | 16,485 | 18,537 | 21,922 | 24,776 | 26,651 | 30,093 | 30,514 |
| from Japan to Thailand | 13,145 | 13,759 | 15,253 | 19,625 | 19,625 | 21,536 | 21,522 |

Exhibit 4-1 Japan-Thailand Trade (Yen: billion)

(Source: Ministry of Finance, Japan)

As for the information above, Thailand has become a major investment venue for Japan, attracting direct investment of more than 719 billion baht from 2003 to 2010. The Japanese Chamber of Commerce recently called on the Board of Investment to speed up approval of urgent production shifts to Thailand after manufacturing at home was damaged by the natural disasters. There will be an upward trend in the number of Japanese manufacturers, factories and companies relocating to other destinations after the recent natural disaster.

As for the cultural relations, there have been a wide range of cultural activities between Thailand and Japan in fields such as arts, sports, and exchange of youth. For instance, since 1994 Kyogen and Thai-Japan joint dance and concerts have been held in order to celebrate the 50th anniversary of His Majesty King Bhumibol Adulyadej's enthronement, which took place in 1996. Moreover, the Japanese government has awarded the Monbusho (Monbukagakusho) scholarship to qualified Thai graduate and undergraduate students to pursue the degree in Japan. In addition, Food Festival has been held every year since 2000 at Yoyogi Park which organized by Royal Thai Embassy in Japan. Chuleekorn, Kwanjai, Chanuantong, Patcharaporn and Allan B also reveal that Thai cuisine is healthy and good for the elderly people thanks to ingredients of vegetables and herbs that supply nutrition for the elderly people health¹⁸.

Due to the close friendly relationship between Japan and Thailand, the elderly Japanese is unlikely to feel alienated when living in Thailand. Additionally, due to the Japan's direct investment in Thailand by establishing plants or offices in certain provinces, Japanese retirees who used to be expatriate workers in Thailand will have the familiarity with Thai people and various places in Thailand.

4.1.2. Lower Cost of Living in Thailand

According to the worldwide cost of living survey 2010 – city rankings conducted by Mercer, a consulting firm, Japan's Tokyo and Osaka are the most expensive cities in Asia Pacific region. The

18 CHULEEKORN DANYUTHASILPE, KWANJAI AMNATSATSUE, CHANUANTONG TANASUGARN, PATCHARAPORN KERDMONGKOL and ALLAN B. STECKLER⁴, study of elderly people in a Northern Thai village, Health Promotion International, Vol. 24 No. 4 Oxford Journal

survey shows that Tokyo is ranked second¹⁹ among all the cities in the survey, whereas Osaka is ranked sixth. In addition, among all countries, Japan has 3 cities, namely Tokyo, Osaka, and Nagoya, rank within Top 50 of the highest-cost-of-living cities. On the other hand, Bangkok, the capital of Thailand that has high cost of living in the country, is ranked 121st in the above survey. The survey evidently points out a huge difference in the cost of living of Japan and Thailand.

When Thailand offers lower cost of living than Japan does, the costs of acquiring commodities and services necessary to provide comfortability and create happiness in life are more affordable, especially for those who depend heavily on pension received from the government. For instance, the elderly Japanese are able to purchase food with proper nutrition at cheaper prices. Beside, the cost of renting a luxury spacious apartment with maids and driver service is also less expensive. Other than obtaining basic needs at lower prices, the elderly Japanese are able to spend leisure time more valuably by engaging in activities that are of elderly's interest and useful to the elderly such as playing golf, staying in a resort near beaches or beautiful mountains, getting Thai massage, at relatively low cost. The similar or substitutable commodities or services with the cheaper price existing in Thailand, as compared to Japan, make Thailand one of the most desirable countries for elderly Japanese to live after retirement. (refer to Appendix 1.)

4.1.3. Various Activities

Thailand is located on the center of South East Asia on the Indochinese peninsula below the equator with the Andaman Sea to the southwest and the Gulf of Thailand to the south of the country. With the described location, Thailand's climate ranges from 28-32 Celsius²⁰ degrees and Thailand is blessed with abundant natural treasures such as fantastic beaches, ranges of beautiful mountains with lush forests. With these natural resources, there are numerous places the elderly can visit for doing some activities or just go for relaxation during the leisure time. The elderly may visit beaches or islands in the southern or eastern part of Thailand. Alternatively, the elderly may stay at a resort in a mountain of popular tourist destinations such as KhaoYai, which offers fresh clean air, green lush

¹⁹ information available at <http://www.finfacts.ie/costofliving.htm>

²⁰ information available at <http://www.amazing-thailand.com/Climate.html>

forests, and feeling of relaxation. In addition, the elderly Japanese may engage in educational tourism by studying Thai history and making trips to visit the related historical sites for further understanding of Thai history and attaining another type of pleasures.

Besides traveling to Thailand's popular tourist destinations, playing golf, one of the most favorite sports of wealthy Japanese baby-boomers, are another activities the elderly Japanese can enjoy during the leisure time. It was estimated that 15 million Japanese people enjoyed playing golf at least occasionally, and the amount would expectedly be doubling in 10 years²¹. Thailand has more than 250 golf courses nationwide with offering 4 times less golf-relate fess than those in Japan do. For example, the Koganei Country Club, a most prestigious golf club, in Tokyo and the Sagami Country Club in Kanagawa Prefecture charge visitor fees of more than 30,000 yen per person on a weekend²². The visitor fees of Panya Golf club, one of the luxurious golf club in Thailand, located 1 hour away from downtown, is only about 7,000 yen or 2,590 baht²³.

Thai massage, or Thai yoga massage, is a type of ancient therapy performed by a masseuse that alleviates pain, cures joint stiffness, relieves muscle tensions and gives a relaxed and refreshing feeling. This is supported by a claim by Dr. Kanit Chamroontaneskul, an orthopedic surgery from Orthopedic Trauma Department at Bangkok hospital, that Thai massage is good for elderly people in terms of relieving tension in joints and muscles from daily life if performed by the professional masseuse.²⁴ Due to its origin in Thailand, a number of Thai massage professionals provides this service in Thailand. Thai massage is famous among Japanese people especially Japanese women. Napa²⁵, a masseuse at a Thai massage house in Shinjuku, revealed that most of her female customers came after a long working day to get relaxed. Most of her customers aged between 55-65. The frequency of her customer's use of Thai massage service is about 2 to 3 times per week. Japanese men have paid attention to Thai massage. Men customers come to the store just to feel fresh up and getting ready to continue their routine jobs. Thus, living in Thailand still preserves Japanese people's

21 Information available at <http://www.golfersdream.com/fore.htm>

22 Information available at <http://www.golf-in-japan.com/oneRecord.php?ID=377>

23 Based on author observation on 20 Apr, 2011

24 Interview took place at Bangkok Hospital March 16, 2011

25 Interview took place in Shinjuku, May 16, 2011

needs for Thai massage on a regular basis. In addition, the cost of getting massage in Thailand, as expected, is much lower than that in Japan. Many stores in Japan offer Thai massage at price 7,000 yen for 70 minutes up to 12,600 yen for 120 minutes but in Thailand the price is only 600-700 yen for 3 hours²⁶.

4.1.4. High Quality Healthcare Services

The elderly Japanese tends to seek medical attention more often than before as a result of old age. With the limited amount of pension the Japanese receive and high healthcare cost in Japan, there is a growing number of Japanese retirees who consider receiving medical attention in foreign countries where cost of medical care is lower than that in Japan. This may reflect the thought of effectively utilizing the pension to the maximum benefit of the retirees.

Thailand has offered high quality medical services at the relatively low cost, when compared to other international medical providers. Bangkok is able to provide medical services competitive to Singapore but at the cost as low as 50% to 70% of that charged in Singapore²⁷. In addition, the Royal Thai government intends to create the medical tourism in Thailand and further plan to make Thailand the medical hub of Asia.

Moreover, a variety of hospitals in Bangkok has invented new line of services specifically to Japanese patients. Those services include supply in Thai-Japanese translator and residence for patients' family. For instance, Samitivej hospital²⁸, a private hospital in Bangkok, has introduced "Team Sakura", its new customer service initiative aimed at improving Japanese customer satisfaction. The "Team Sakura" comprises of medical and operation staff members who have passed intensive training on Japanese culture and language in order to take better care of Japanese patients. Piyavate Hospital is another hospital in Bangkok that has provided hospital's facilities for foreign customers, including Japanese, with offering of concierge and visa services²⁹.

²⁶ Based on Author's observation in Bangkok, March 24,2011

²⁷ information available at <http://mb.com.ph/node/158647>

²⁸ www.samitivejhospitals.com/newsevent_detail/samitivej_initiates_team_sakura_for_japanese_pa_152/en

²⁹ <http://www.piyavate.com/web/>

Section 2. OWNING RESIDENTIAL PROPERTY IN THAILAND

Once the Japanese retirees view Thailand as a perfect place for living, it is highly possible that those retirees will have strong intention to own residential property (land and building) and spend a very long period of time (such as 5-10 years) in Thailand. This section is devoted to the possibility that Japanese can own residential property in Thailand.

The law that deals with rights of foreigners to own property in Thailand is called the Land Code and the Condominium Act. An individual foreigner, or a foreigner who is a natural person, is not allowed by the Land Code to own any single piece of land in Thailand. However, the Condominium Act permits an individual foreigner to own condominium units as long as the foreigner owns less than 49% of all apartment units in a given apartment building.

The rationale behind these laws is to preserve the land, which is the national treasure of all Thai people, to Thai people. Without the provision of these laws, the foreigner who is generally more affluent and has higher purchasing power than local Thai people has a better chance of owning a large portion of real estate in Thailand, and Thais would lose significant sovereignty and cultural integrity. However, the aftermath of the 1997 economic crisis has resulted in pressure put by the International Monetary Fund (IMF) on the then Thai government to relax the law restricting foreign ownership of Thailand property in order to attract foreign investment and bring back the economic expansion.

It is, therefore, the author's suggestion that entering into the rent or the long-term lease agreement be the suitable choice for the elderly Japanese who prefer to spend a long period of time in Thailand. This analysis is also taken into account when designing the business plan for long-term tourism in Thailand, which is presented in Chapter 5.

Section 3. CUSTOMER ANALYSIS

This section explain the reason for choosing the elderly Japanese as the target group of long-stay tourism business in Thailand, and provide analysis of unique Japanese customer characteristics and needs, as well as Japanese perception of long-stay tourism in Thailand.

4.3.1. Why the target customer is the elderly Japanese

The elderly Japanese are considered the potential customer with respect of the following reasons.

Pensioner's Financial Concern of Living in Japan

There is a discussion in Chapter 2 that the aging society has prevailed in Japan and the old-age population is expected to grow further in the future. Most of the old-age population are the Japanese baby boomers who are about to retire. Most of Japanese baby boomers has obtained higher education and, thus, has plans for their post-retirement lives. Mitsuru Shinozaki³⁰, Graduated School of Asia Pacific, Waseda University, also suggest that old couples at retirement age plan their life after retirement in advance to ensure the quality of life after retirement. With the fixed pension received and the higher cost of living and medical care in Japan, there has recently been a growing interest in living overseas in a long-term fashion or migrating to a foreign country as an alternative to post-retirement life. The survey conducted by Nikkei Shimbun (2003) reveals that 13.8% of respondents (the elderly people) over the age of 60 showed an interest in staying overseas for an extended period of time during the post-retirement life. Additionally, another survey carried out in 2004 by the Long Stay Foundation indicates that the most popular destinations for Japanese long-stay tourists are Australia, Malaysia, Hawaii, Canada, and Thailand.

The interest of Japanese retirees in moving to less expensive countries explain the elderly Japanese is the large new market for long-stay tourism business in Thailand.

³⁰ Mitsuru Shinozaki ,Japanese International Retirement Migration -- A case study of Japanese retired couples, Waseda University for Master's students of Asian Studies Programme of Lund University, 2006

Sufficient Elderly Japanese Wealth of Living in Thailand

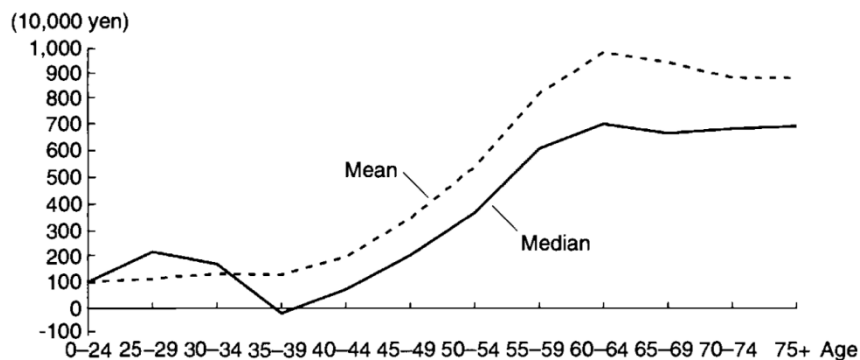


Exhibit 4-2 Japanese monetary asset

(Source: National Survey of Family Income and Expenditure (NSFIE))

The purpose of understanding of elderly Japanese wealth is to allow the long-stay tourism entrepreneur to know the purchasing power of its customer and to enable the entrepreneur to set the service fees at the level that its customer is willing to pay.

Yukio Noguchi ³¹ and David A. from university of Chicago study the Japanese's monetary assets, which include demand deposits, time deposits, life insurance, bonds, trusts, investment trusts, stock shares, in-company deposits, and so forth. Premiums on life and damage insurance classified as non-saving type and golf club membership certificates are excluded from the monetary assets.

Gross monetary asset holdings trend in Japan is, in general, increasing with age, reaching a peak at 60 years of age. The monetary asset holdings between people age between 60 and 65 have a mean of 11 million yen, a median of 7.10 million yen, and a mode of 2 million yen. Many households are capable of increasing net monetary assets only after reaching age 45. The net worth of households between 60 and 65 has a mean of 4 million yen, a median of 32 million yen, and a mode of 21 million yen. Yukio Noguchi found that the higher the annual income of the elderly, the less likely they are to live with their children.

Besides the monetary asset mentioned above, elderly Japanese depend on public pensions as

³¹ Yukio Noguchi and David A. Wise, *Aging in the United States and Japan: Economic Trends*, University of Chicago Press, January 1994

the main source of income during elderly life. While the pension is at an average 232,592 yen³² per month per couple, which consider not high compare to the cost of living in Japan.

Change in living arrangement

In the past, the majority of the elderly Japanese lived with a son or daughter. The number of the elderly living with children grew gradually from 7.4 million people in 1980, to 7.8 million people in 1985, to reach 8.6 million people in 1990, accounting for about 60 percent of the whole population aged 65 and older who lived with children in 1990. However, the percentage of the elderly Japanese living with children has rapidly decreased recently, and, in the near future, it is expected that the elderly parents living with children will become a minority in Japan. Interestingly, the elderly Japanese are likely to live alone as singles or couples, compared to only 37 percent of the elderly who did so in 1990³³. This change in living arrangement of the elderly Japanese can partly explained by the feeling of being burden on adult children³⁴. The fact that there is a growing number of elderly Japanese living alone contributes to the growing demand for long-stay tourism service as this type of service provide another alternative of new lifestyle for the elderly who do not depend on their children.

Japanese perception of long-stay tourism in Thailand

Long-stay tourism has been popular among the Japanese. This is supported by the focus of JTB, a large Japanese travel agency, on new line of consulting services for aspiring long-stay tourists. The objective of this service is to attract the baby-boom generation who prefer to stay abroad over a long period of time as part of lifestyles, as revealed by Eiichi Sakashita³⁵, the General Manager of JTB. He further shared his expectation that market will further expand after 2007.

As for the long-stay tourism in Thailand, it is growing in popularity. This is confirmed by the statement at a recent seminar in April 2011 made by the Japanese consulate in Chiang Mai that over

³² <http://www.mhlw.go.jp/stf/houdou/2r9852000003zh7.html>

³³ Yukio Noguchi and David A. Wise, *Aging in the United States and Japan: Economic Trends*, University of Chicago, January 1994

³⁴ AGING IN JAPAN, Ithaca College Gerontology Institute www.ithaca.edu/aging/schools

³⁵ <http://www.jetro.go.jp/australia/events/upcoming/index.html/babyboomers.pdf>

the past decade the number of retired Japanese who had moved to find a second home overseas had increased by 38%³⁶. About 360,000 of those retirees chose Asian destinations, up from 200,000 retirees 10 years ago, with 80% deciding to reside in Thailand. The consulate estimated that several million Japanese will retire in the next three years and they will be high-quality tourists with high purchasing power. Moreover, Mr. Narong Kongprasert, the President of the Chiang Mai Chamber of Commerce, provide additional support by stating that Japanese long-stayers are expected to increase by 10-15%³⁷ next year as the recent natural disasters may drive people to stay out of the country longer.

4.3.2. Japanese unique behavior

When the Japanese stay in a foreign country, they tend to show their own unique behavior. The study of Ahmed, Zafar U. and Krohn (1993)³⁸ indicates a number of unique behaviors of the Japanese as follows:

(1) Belongingness. The Japanese live in a close-knitted society, in which they have no intention of being left out of collective activities. They prefer not to individually travel to another place or another country. It is necessary that tourism market provide the Japanese with appropriate group activities. Effort should be made to ensure that the Japanese group are kept together as much as possible. Additionally, unlike the Westerners who prefer to stay on their own, the Japanese require constant attention and care for most of their time.

(2) Family influence. The Japanese maintain a very close relationship with their family members who are not traveling with them while they are outside Japan. That close relationship is expressed in a form of the omiyake (souvenirs or gifts). This reflects the obligation of the Japanese to reciprocate by buying presents from overseas. For the tourism operator with Japanese clients, advertising directed toward Japanese market should included images of the family getting together. Also, free time and opportunities for omiyake shopping must be arranged.

³⁶www.bangkokpost.com/business/economics/232522/chiang-mai-hopes-for-a-long-stay-life-preserver

³⁷ <http://mychiangmai.com/expat-life/chaing-mai-welcomes-retirees-if-you-are-japanese/>

³⁸ Ahmed, Zafar U. and Krohn, Franklin B. (1993) "Understanding the Unique Consumer Behavior of Japanese Tourist", *Journal of Travel & Tourism Marketing*, 1:3, 73- 86

(3) Empathy. Japanese people have been taught not to express their true feeling because it is believed to be impolite. The Japanese rarely show displeasure or annoyance when experiencing unhappiness with a service received or a product bought and keeps complaints about these service or product with them. Therefore, to truly satisfy the Japanese customer, training session about Japanese cultures, simple Japanese phrases should be provided to all staffs in order to better serve the Japanese customer and to interpret non-verbal actions. The evaluation of customer satisfaction with the service received or the goods purchased should be made when the Japanese return home in order to receive the true feeling about the service and goods.

(4) Tourist Photography. One common preference among Japanese people is to have a photo of themselves taken in the front of tourist sites. Therefore, a plenty of time should be reserved for the Japanese customer to allow them to engage in photo taking activity, particularly a group photo should be taken regularly during the trip.

(5) Passivity. Most elderly Japanese are considered passive tourists, who have no preference to participate in outdoor recreation activities while staying outside their home country. They prefer to sit and watch others doing activities. On the other hand, the younger generations are likely to enjoy all kinds of outdoor activities.

(6) Risk avoidance. The elderly Japanese try to avoid adventurous activities or sports, such as scuba diving, hiking, and exploring unknown places, of which resultant risk or danger to life is uncontrollable. To increase the safety confidence of the elderly in engaging in these activities or sports, the entrepreneur should provide the elderly with convincing safety records, testimonies from other Japanese, or additional insurance policies.

(7) Dependency. In Japan, many types of cultural dependencies exist. An obvious example is the special relationship between boss and subordinate. The boss is expected to be continually aware of well being of the subordinate. In turn, the subordinate take recommendations by the boss more seriously than those made by others.

This set of unique behavior of Japanese people reflects the cultural, social and economic aspects of the Japanese, which is taken account of when initiating the business plan for long-stay

tourism in Thailand to better satisfy specific needs of the Japanese and to attract a greater number of Japanese customers as a result of satisfied customer's word of mouth.

Section 4. SUMMARY

This chapter provides underlying ideas of placing Thailand as a destination for long-stay tourists who are elderly Japanese and, from the entrepreneurial point of view, of selecting elderly Japanese as the only target group of long-stay tourism business in Thailand. The small section in this chapter is dedicated to discussing rights of foreigners to possess residential property in Thailand.

Thailand is a perfect place for offering long-stay services to the elderly Japanese for many reasons. First, Thailand and Japan has maintained close friendly relationship that allows people from one country feel familiar with people from the other country, and vice versa. Second, Thailand is an inexpensive country which offers low cost of living for inhabitants with relatively high quality of goods and services. In addition, several types of activities are offered for the elderly Japanese in Thailand. These activities include sightseeing of natural beauty, golfing, and getting massage. Finally, a variety of healthcare providers and hospitals in Thailand offer healthcare service for foreigner patients with relatively low cost. These factors are attributed to life comfortability of Japanese long-stayers and create better quality of life after retirement without requiring high expenditure.

After spending a certain period of time in Thailand, it is likely that some Japanese long-term tourists want to stay longer and own residence in Thailand. It is possible for the elderly Japanese to buy a housing unit in a form a condominium, but not a house, which is prescribed by law.

Concerning the factors that lead to determining the elderly Japanese as the target group, there are several contributing factors. First, Japan is the expensive country that is difficult to live comfortably with fixed pension. Second, many retirees have changed their living arrangement to live independently of children. Third, Japanese retirees have high purchasing power to live comfortably in Thailand and to acquire many premium goods or services that lift up quality of life without adding financial concerns. Fourth, Thailand is perceived by the elderly Japanese as a better place to live as

reflected by the rising number of Japanese tourists and expected growth in a number of Japanese visitors claimed by the Japanese consulate in Chiang Mai and the President of Chiang Mai Chamber of Commerce. These factors substantiate the fact that the elderly Japanese are potential customers that have desire to live in Thailand and view it as a tourist destination of choice.

Finally, the specific characteristics of the Japanese have been elaborated, which comprise belongingness, family influence, empathy, tourist photography, passivity, risk avoidance, and dependency. This unique behavior is to be taken into consideration when writing a business plan of long-stay tourism for the elderly Japanese.

CHAPTER 5. BUSINESS PLAN

Chapter 2 provides evidence of aging society in Japan, points out the problem of insufficient elderly caregiving, and suggested solution of exporting the elderly to foreign countries with the emphasis on long-stay tourism. Chapter 4 mentions the suitability of Thailand as a place for offering long-stay tourism service to the Japanese elderly as well as the analysis of the characteristics of potential Japanese customers and their unique behaviors. Chapter 3 provides an insight into the specific needs of a typical human and the elderly. An understanding gained from the previous chapters lays the foundation for developing the successful business plan for the long-stay tourism in Thailand for the elderly Japanese.

This chapter will cover the business plan for the long stay business target towards elderly Japanese customers. The first section will give an analysis of macro-environmental factors used in the environmental scanning component of strategic management by using the PEST analysis, and evaluate the attractiveness of the industry, by using Porter's Five Forces. In Section 2 describes the business model, including the business structure for the partnership, marketing plan, including the marketing mix 4p's and distribution channel, followed by the opportunity of the long-stay business for elderly Japanese in Thailand and the operational strategy, including people, fund and service. The last topic will contain the discussion of value proposition for customers, business partners and employees.

Section 1. BUSINESS ANALYSIS

5.1.1. PEST Analysis

Political Factor

To give the background, Thailand's political system is within the framework of a constitutional monarchy, with the Prime Minister is the head of government and a hereditary monarch is the head of state. The current monarch is His Majesty King Bhumibol Adulyadej, Rama IX, as the ninth reign of the Chakri Dynasty. In terms of law enactment, the legislation must obtain

approval from the House of Representatives and the House of Senate, as prescribed by law.

In terms of political stability, Thailand has faced the 2006 coup d'état that has the severe and long-standing effect in the history. This coup has separated Thai people into 2 obvious major political groups that have political hostile attitudes towards each other, even if they are all Thai people. This strong political divide between the two groups, red shirts and yellow shirts groups, has destabilized Thailand and created years of political turmoil. However, there is a better political outlook as a result of the landslide victory of one political party in the recent general election in July 2011, which seemingly reduces the political turbulence and protests. Nevertheless, the close attention to the current political climate in Thailand should be paid in order to adapt business strategies suitable for the uncertain political condition.

As for the government attitude towards the tourism industry, it is apparent that the government is inclined to give support to the tourism operators for this business bring in national income from foreign countries, which drive the economic growth of the nation. In addition, the Tourism Authority of Thailand (or "TAT") has intended to attach significance to long-stay tourism in Thailand as Thailand is well-equipped with facilities to serve this customer group and Chiang Mai is so popular a tourist attraction that it is considered the hub for Japanese long-stay tourists.

To sum up, the political factors seem to provide much benefit to the long-stay tourism business. A close look at the uncertain political situation should be maintained to adapt the business to the dynamic environment.

Economic factor

The Thai economy is described as a newly industrialized economy. It is heavily export-dependent, with exports of goods and services equivalent to nearly 70% of gross domestic product (or "GDP"). Tourism contributes significantly to the Thai economy (approximately 6%) and become the key driver of the economic growth³⁹.

To provide an overview of economic condition, political uncertainty and global financial crisis in

³⁹ information is available at Bank of Thailand www.bot.or.th

2008 has played a key role in the Thai economy. They both weakened Thailand's economic growth by reducing domestic and international demand for both its goods and services (including tourism). Later, the global attempt to achieve the economic recovery from global economic crisis has brought about the domestic consumption and government spending that has led to higher inflation. In Thailand, the government has planned to implement the policies of financially supporting the grass roots level of the country, such as raising minimum wage rate, partially subsidizing cost of living, which is expected to raise inflation. As for the monetary policy that responds to this rising inflationary pressure, the central bank has implements the measure of raising the interest rates.

As a result of rising inflation and increased interest rate, it is expected that the cost of living in Thailand will be higher, but still with the level that is acceptable and affordable by the Japanese.

Sociocultural factor

Thai society is a mixed society, with multi ethnic and various religious groups of people living together. There is no discrimination among groups in terms of ethnic or religious differences or other sociocultural differences. Thai society has unique characteristics. Thais are welcome strangers and foreigners by means of smiles, which gives Thailand "land of smiles" reputation. Thai people usually give welcome to foreigners and rarely show discrimination of all kinds to them. Moreover, the Japanese are among the foreigners that have close relationship to Thai people due to a long historical relationship described in Section 4.1.1 in Chapter 4. The feeling of friendship is also reflected in the financial assistance that Thais has enthusiastically and hastily provided to Japan after the occurrence of severe tsunami in March 2011.

Thus, it can be summarized that, in terms of sociocultural factors, Thailand has no barrier to running business with or render services to foreigners. Japanese people are in the position that can receive special treatment because of national familiarity.

Technological factor

The technological factor that is most relevant to the elderly people is the medical technology. The advance in medical treatment in Thailand is useful for the elderly in the case that the elderly

need medical attention during their stay in Thailand.

Thailand has offered high quality medical treatment and healthcare services at relatively low costs. In terms of quality of medical and healthcare services, several hospitals in Bangkok employ the same technologies, medical equipments, computer diagnostic, imaging equipment, medications, and treatments as do hospitals in New York, London and Sydney⁴⁰. The 2008 statistical information from the Tourism Authority of Thailand provides empirical evidence that the number of international patients receiving medical treatments in Thailand reached 1.4 million in 2008 and that the figure is expected to increase annually.

Furthermore, many medical specialists in Thailand have ability to cure many diseases or medical syndrome frequently found among the elderly Japanese. Exhibit 5-1 indicates that diseases of circulatory system accounts for 18.8 and 28.8 percent of all diseases contracted by Japanese persons aged 65-74 and over and those aged 75, respectively. Other major diseases are diseases of musculoskeletal system and connective tissue that constitutes 18.8 and 22.1 percent of all diseases the Japanese persons aged 65-74 and those aged 75 and over, respectively, have. Dr. Kamol Ruengthong³⁷, Vascular Surgery (Arteries and Veins), Vascular and Interventional at the Bangkok Hospital claimed that patients with disorder in circulatory system in Thailand can be sure of receiving the same technological medical treatment as in the United States. Many Thai's doctor went to continue their specialize in the circulatory system in the States to gain the expertise in order to provide the best treatment to the patients. Dr. Kanit Chamroontaneskul³⁸, Orthopedic Surgery, Orthopedic Trauma at Bangkok hospital, claimed that certain private hospitals in Bangkok have installed new technology to minimize the invasiveness from a medical operation. For example, the Oarm machine, a non-invasive, painless, CT scanner with an O-shaped, assists spine specialists before and during spinal surgeries significantly increasing the quality of the pictures of the spine, which improves patient care and safety tremendously. This medical equipment is also found in leading hospital in the United States.

40 <http://www.alternet.org/health/95827>

37 Interview took place at Bangkok Hospital, April 27, 2011

38 Interview took place at Bangkok Hospital, March, 16 2011

As for new robot-related technology, robots have been invented to give assistance to the elderly in every day life, which is hardly found in Thailand. However, there are certain complaints by some elderly Japanese about inability of robots to replace human-providing care. Thus, this technological factor is assumed to be of little relevance to the long-stay tourism industry for the elderly.

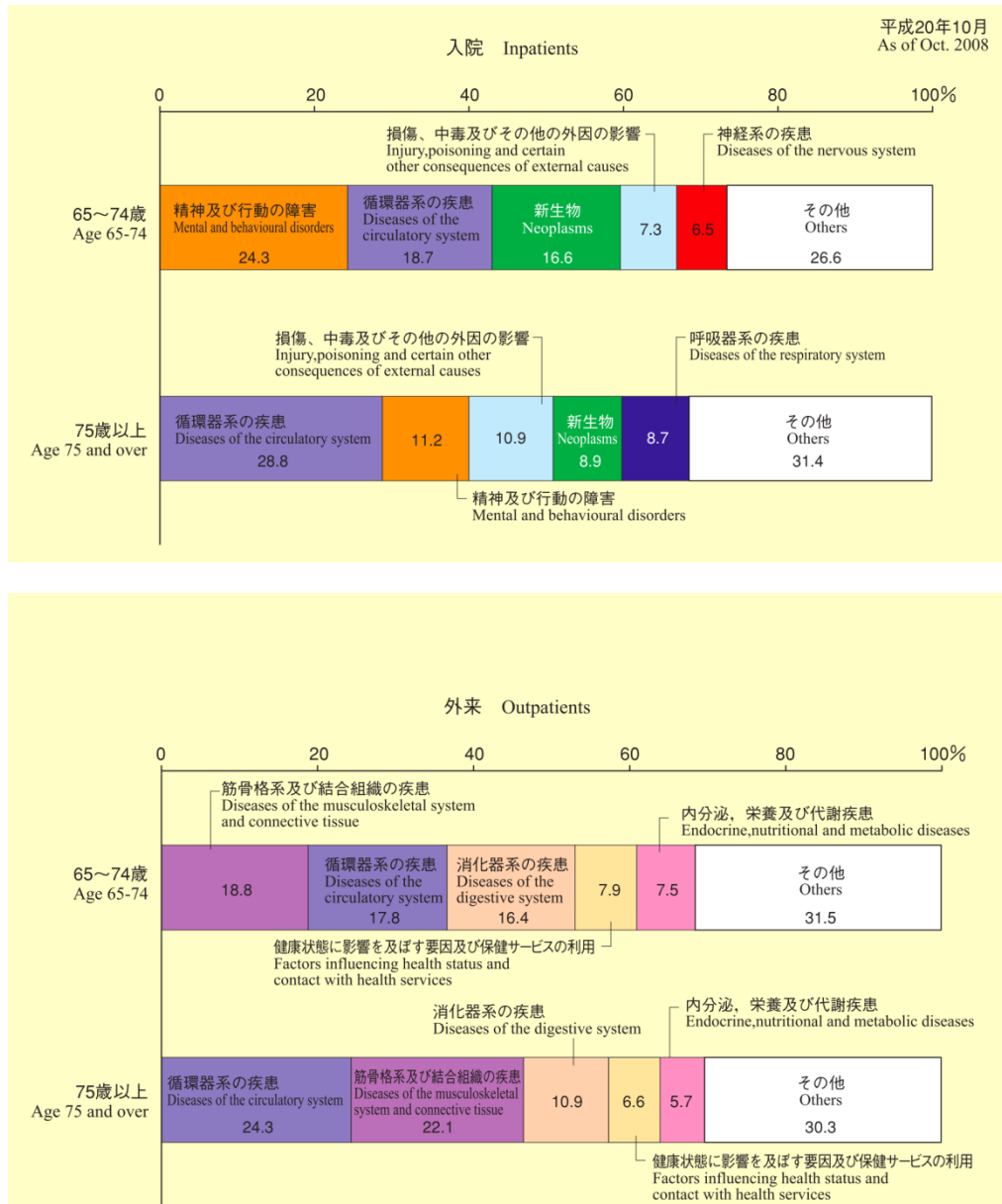


Exhibit 5-1 Major diseases among Japanese elderly people

(Source : Statistic and Information Department, Ministry of Health, Labor and Welfare)

5.1.2. Five Forces Analysis

Porter's model is based on the insight that a corporate strategy should meet the opportunities and threats in the organizations external environment. Especially, competitive strategy should base on and understanding of industry structures and the way they change.

The threat of entry

As for capital requirement, to start a business of long-stay tourism requires a considerable amount of capital to build a variety of infrastructure. The proper infrastructure should take account of vulnerability of the elderly, added comfortability for the elderly such as one-floor house, or multi-floor house with a lift or an escalator. Anti-slippery tiles in bathroom floor and ergonomically designed furniture are also examples of part of proper infrastructure. This specially required infrastructure will surely add the cost of building. The location of the elderly houses should be in a good environment and within commuting distance of other facilities such as shopping mall, hospital. The place to build the long-stay houses should be large enough to create a community. For example, the long-stay area should include a park, gardens, a pond to make the environment livelier. Both the location and the size of land will make the cost of acquisition is higher. The high capital requirement, thus, presents a threat to new entrants of this business.

In terms of government policies, Japanese government has initiated a policy of supporting the Japanese elderly in making use of long-stay tourism. This Japanese government's policy signals a positive business opportunity to the operator of long-stay tourism. However, Thai government has no clear policy of supporting or obstructing the establishment of long-stay tourism for Japanese elderly. This business will bring foreign money into Thai's economy, which will drive the GDP of the country. Thai government generally supports the businesses that attract foreign direct investment or foreign tourists. Thus, it is implicitly possible that when the long-stay tourism gains popularity, Thai government will encourage, rather than discourage, the new entrants to this business.

The threat of substitute

Nursery for elderly established in Japan is the substitute service for the long-stay tourism. The elderly nursery costs service recipients much less than does the long-stay tourism operator. Even if the elderly nursery in Japan can substitute for the long-stay tourism in some aspect, the latter provide the elderly with wider and broader experience and comfortability. The elderly will experience new lifestyle from the country of destination and will live more comfortably because of lower cost of living, compared to that in Japan.

The bargaining power of customers

Long-stay tourism is an alternative for the elderly to spend their lives after retirement. There are some more alternatives for the retiree, including staying at a nursery care, living at home with the eldest son, staying at home alone. Each of the alternatives has its own costs and benefits. To sum up, the elderly still have choices and bargaining power over the long-stay tourism operator.

The bargaining power of suppliers

The long-stay tourism business needs general supplies for daily use. There is no specific or special items that are needed for running the business. Thus, the supplier generally has low bargaining power over the business operator. In the case that the operator has a large number of the elderly, which will need to buy things in bulk, the operator is in the position of gaining high power of negotiation.

The intensity of competitive rivalry

As for a number of competitors in long-stay tourism industry in Thailand, there are quite few players in this industry. Hence, it is expected that there will not be a strong competition in this business in Thailand in the next 3 to 5 years. However, from the regional perspective, some country such as Malaysia has long-stay tourism business operators who also focus the target of Japanese elderly. Therefore, international competitors, Malaysia and the Philippines, are also anticipated at the strong competition level

In 1988, the Malaysian government launched the “Silver Hair” program, an inbound

migration policy for foreign retired people over 50 years old and offered “Malaysia My Second Home” (MM2H) program⁴¹, and reformed the visa system to make the program more efficient. The terms and conditions of the program have been reformed and improved several times in order to provide more convenient for the Japanese retirees.

The Philippines’s government⁴² has tried to encourage foreign nationals to try the Philippines as a leisure destination and eventually as a retirement haven. Philippine’s government has tried to integrated approach in the development of retirement communities. In 1989, US\$2 million was spent in order to do survey of Japanese nationals living in the Philippines on the Extended Leisure Stay Abroad (ELSA) program of the Japanese government. The ELSA is a government program that encouraged private companies to send out their employees who are about to retire in 3 to 5 years at company expense to countries with ELSA tie-up for 3 to 6 months vacation

The Philippines also modified the visa process for the Visa to produce the Retiree Resident Visa, which awards holders with a permanent non- immigrant status with multiple entry privileges, as well as exemption from exit and entry clearances and exemption from custom duties and taxes on imported personal effects such as appliances and furniture.

However, concerning the industry growth rate, it is possible that long-stay tourism will have high growth rate. This is because the population aging is a continuous process and much more countries around the world will inevitably face it. Thus, it is likely that the long-stay tourism industry will attract much more players when the global population aging reveals itself more clearly, which is probably over the next decade

³⁹ Mayumi Ono, Long-Stay Tourism and International Retirement Migration: Japanese Retirees in Malaysia, University of Tokyo.

⁴⁰ Winston Conrad B. Padojinog and Ma. Cherry Lyn S. Rodolfo, August 2004 Developing the Japanese Market for Philippine Tourism and Retirement Services: Prospects and Impediments

Section 2. BUSINESS MODEL

5.2.1. Business structure

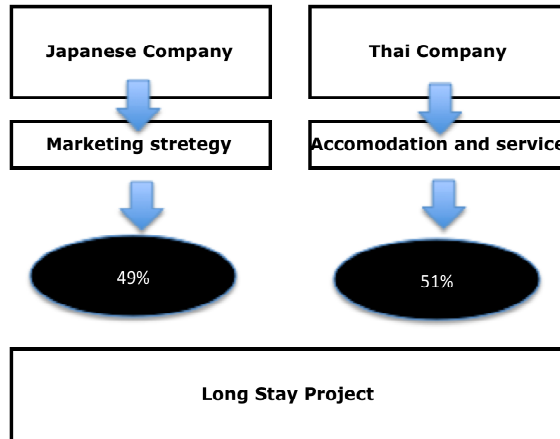


Exhibit 5-2 : Business Structure

(Source : created by author)

To set up and carry out a long-stay tourism project in Thailand, the Japanese partner is required due to the unique special knowledge they have about the Japanese people and their needs. The proper form of business is a limited company with the shareholding structure that creates no legal difficulty. For example, the Japanese partner will own no more than 50% of all shares to prevent the restrictions posed by the Foreign Business Act B.E. 2542. Japanese partner will be responsible for marketing function of a company. Thai partners will be responsible for the daily operation in Thailand.

5.2.2. Marketing Plan

Marketing mix 4 Ps

Product/ Service

The products to be offered are intangible products or, simply services. The target group of the company is the elderly Japanese (retirees aged 60 or over) with high or upper middle income.

The company will provide housing services in two forms: living in a detached house or in a

serviced apartment. The houses or service apartments will be specifically designed for the elderly, which are well-equipped with easy-to-use accessories. The property will also have other facilities including restaurant and café, gym and fitness center with swimming pool, sauna and steam. The long-stay residence for Japanese will offer exclusive services only to Japanese to fulfill the need for maintaining a closed-knitted society. In addition to housing services, the company will offer Thai-cuisine-oriented dining services including breakfast, lunch, and dinner; butler services (so that the elderly can spend time on activities provided by the company); scheduled recreational activities, including visitor trips, Thai massage, golfing, Thai language courses, Thai cooking classes, and Thai handicraft sessions; and community services such as Buddhism-related activities, serving as a guest speaker on unstressful topics (such as Japanese tourist attractions, culture, and lifestyle) in an experience-sharing manner. Other or additional services apart from scheduled services, such as a trip to Phuket or a cruise in the Andaman Sea, that are arranged at the customer's request come at additional charge other than a range of normal fees.

The activities the company offers are based on the results of the study associated with the activities that most Japanese pensioners are interested in. The interview with Long-Stay Foundation officers in Japan in charge of long stay tourism programs worldwide for Japanese pensioners⁴³ reveals a wide range of activities these pensioners may desire to conduct or take part in during their period of long stay. Those activities are fund-raising, gardening, operating a shelter for street children, teaching agricultural skills or language, conducting livelihood training, participating in goods donation(i.e. school textbooks, picture books, clothes, or emergency goods such as medicine and food), presenting cultural programs, involving in educational programs and special events, working as a docent in the areas of art/ graphic design/ calligraphy/ intercultural understanding programs for the local community, being volunteer, training the locals in dressmaking or handicraft.

The issue of choosing between selling or renting residence to the elderly has been considered. To abide by the Thai law, foreigners must not buy detached house or a serviced apartment wholly

⁴³ Prathung Hongsrangon, Activities Arrangement in Chiangmai Province for Long Stay Japanese Pensioner Tourists, University of Chiang Mai, September, 2006

owned by foreigners. Mrs.Orasri Janta⁴⁴, Assistant Director at the Tourism Authority of Thailand at Tokyo office, suggested that most of the middle class Japanese have no intention of owning property in other country other than in Japan, which corresponds to the legal prohibition of foreign ownership of property in Thailand. Mrs.Orasri Janta also indicated that the middle class Japanese preferred to rent the property in a certain period of time, mostly the period between 3-8 months. Considering the legal prohibition and the customer's intention, the only choice of short-term rent or long-term lease is suitable for the Japanese customer. The lease term to be offered will be either short-term (such as 3 months or 6 months) or long-term (such as 1 year or 2 years) to satisfy varied needs of the long-stay tourists.

Price

The packages of the services are designed variedly to respond to different needs of Japanese elderly, depending on ages, and specific familial conditions.

A range of expenses for the packages would be 80,000-200,000 bath or approximately 210,000-540,000 yen per month.

In the case of the customer requests the company to arrange other or additional services apart from scheduled services, such as a trip to Phuket or a cruise in the Andaman Sea, additional charge other than a range of the above fees will be required. A profit of about 10% of total additional charge is expected from arranging these activities. The company will try team up with all parties of the activity chain, such as tour agencies, hotels, and restaurants, to acquire special discounts for the customers.

Place

According to the personal interview with Sawako Miura⁴⁵, a 55-year-old Japanese living in Thailand for 6 years, the most important factors the elderly Japanese would consider when living in other country outside Japan are the safety and convenience. Other factors include Japanese neighbors, Japanese supermarket, Japanese restaurants.

⁴⁴ interview took place at Ginza, May 15, 2011

⁴⁵ interview took place in Bangkok 18 Mar,2011

Basing the location strategy on the information mentioned above, the best locations for long-stay tourism for the elderly Japanese are:

(1) Chiang Mai, located in the northern part of Thailand with 8 hours away from Bangkok by car and 50 minutes by plane offers cooler climate than other parts of Thailand. Chiang Mai is the second largest city with necessary facilities, such as airport, train stations, golf courses, department stores, and hospitals. Additionally, almost 3,000 elderly Japanese are living in Chiang Mai, forming the Japanese community and Thailand-Japan Long-Stay Association in order to engage in volunteer services for the society.

(2) Bangkok, the capital of Thailand, is famous for being a modern city full with diverse modern infrastructure and facilities such as luxurious department stores and high-end private hospitals. In addition to infrastructure and facilities, Bangkok has existing Japanese expatriate worker community, which Bangkokians called “the Japanese town in Bangkok” in area of Sukhumvit street from soi⁴⁶ 21 to soi 55. This can help satisfy need for social contact of the elderly Japanese. The Sukhumvit neighborhood offers Japanese restaurants and Japanese supermarkets (Fuji supermarket and Aeon supermarket).

Promotion

The company’s key promotional strategies are set into 2 levels : potential long-stayer level and existing long-stayer level. Promotional strategies at potential long-stayer level place an emphasis on attracting existing and potential elderly Japanese to be part of the long-stay community. At first step, the key promotion channels include (1) Japanese companies with operation or offices in Thailand such as Toyota or Honda, (2) hospital serving multi-national patient such Bangkok hospital, (3) the Tourism Authority of Thailand. The reason for establishing a channel of Japanese companies in Thailand is based on the result of the study in chapter 4.4.1 that the Japanese recommendations normally take recommendations made by the boss more seriously than those made by others. These key promotion channels focus on the Japanese who have familiarity with Thailand. The key promotion channels for the next step include (1) travel agencies in Japan such as JTB, HIS, (2) the

⁴⁶ soi means a small street that is large enough for driving a car through

Tourism Authority of Thailand's offices in Tokyo, Osaka, and Fukuoka, to attract the Japanese elderly living in Japan.

As for the promotional strategies at existing long-stayer level, the company will seek the partnership to provide support to useful activities at the customer's request such as beach trips, historic sightseeing trips, with the intention of alleviating the financial burden of the Japanese long-stayers.

5.2.3. Opportunity for the Business

The long-stay tourism business can provide business opportunity to investors for several reasons. First, the aging society as well as social and economic changes in Japan has caused the growing need for the elderly Japanese to live overseas, making the elderly Japanese become the large unexplored market for long-stay tourism business. The combined size of these markets in 2010 was about 75 trillion yen, and total employees numbered 7.5 million⁴⁷. Second, Thailand can provide long-stay services with diverse facilities and activities to meet varied needs of the elderly Japanese to live more happily with a better quality of life. Thailand is a familiar place to the Japanese as a result of long-term international relations. Moreover, Thailand can offer a lower cost of living, various interesting and useful activities, and high quality medical and healthcare services, rendering life in Thailand a better quality of life at affordable prices. In addition, to live in another country such as Thailand after retirement can meet specific need of learning by broadening perspective and gaining new experience of the Japanese elderly who are expected to live longer as the time goes by. Unlike a short-term visitor, who normally visits only landmarks of the places and does some shopping at local shops, a long-stay tourist can appreciate the unique lifestyle of the local people and learn the real culture of the local community. Thailand has a long history of civilization and unique culture, thereby, being a popular destination for long-stay tourists. Also, Thailand is a place that is rarely faced with severe natural disasters such as volcanic eruptions, earthquakes, or tsunamis. In recent years, there have been severe natural disasters happening very frequently around the world. They include volcanic eruptions in Iceland that create ash cloud covering part of Europe,

⁴⁷ http://www.jetro.go.jp/en/reports/market/pdf/2006_18_u.pdf

earthquakes in Chile, Japan, Spain, and the strong tsunamis in Japan. Japan is naturally vulnerable to certain types of natural disasters such as earthquakes and tsunamis. This vulnerability directly affects the ability of the elderly to help themselves in the time of natural disaster happening. Thus, country that is not faced with severe natural disasters can be the place where Japanese retirees can live with higher level of safety from the act of God.

Third, the Thai government normally gives support to businesses that attracts foreign investment or foreign spending in the country because these businesses play an important role in driving the Thai economy. The long-stay tourism is one of these businesses, and will easily be given assistance from responsible government agencies to help sustain and expand the business for the good of the country, as a whole. Fourth, the services that this business offers is in the acceptable level that the target group, the elderly Japanese with high to upper middle income, is able to pay, rendering the services attractive among the target group.

Japan has two major approaches to providing care to the elderly : home care and institutional care. In recent years, institutional care has gained popularity due to lower costs of providing care, partly because of the subsidy from the Japanese government after the passage of the 1973 Old Age Welfare Law, as suggested by the paper presented by Theodore R. Brown. Brown also points out the poor public image of institutional care of the Japanese elderly, namely nursing home, which results from bad public perception in the past. The poor image includes poor facilities, inadequate medical staff and elderly's perception of nursing homes as crowded and lonely places to live. This is likely to result in the hesitation to use nursing homes by the elderly and possible rejection. This creates the opportunity for the long-stay tourism operator in foreign country to earn trust and confidence in what the Japanese elderly needs, which cannot be found from the nursing home in Japan. Although Brown's recommendation is that financial support be provided to home care, the author views the long-term tourism is a viable alternative for the elderly and the primary caregiver to take a long break in the current economic and social environment.

5.2.4. Operational Strategy

People

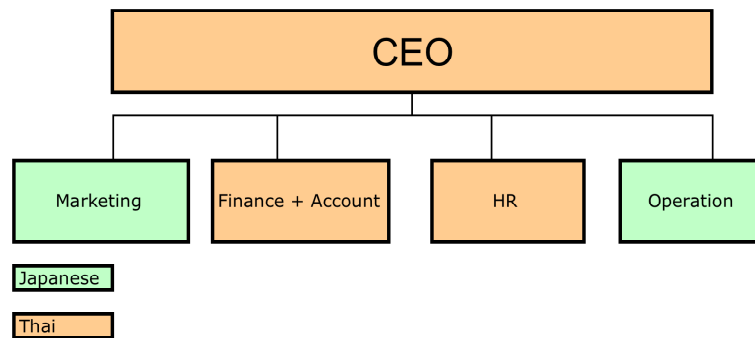


Exhibit 5-3 Organization Chart

(Source : create by author)

Responsibilities

Chief Executive Officer: is responsible for setting the company direction and initiating the company's vision and high-level strategies of providing services that satisfy the customers' needs.

Marketing department is responsible for initiate marketing strategies and marketing plans that are according to the company's strategy formulated by CEO. In addition, marketing department is also introducing services to target customers (see Promotion section in Business plan) both in Thailand and in Japan

Finance department with the Accounting function underneath within is responsible for managing cash and liquidity, seeking funding facilities at reasonable cost of fund. In addition, they have to prepare management accounts and provide management support in terms of crucial information used for making business decisions. Besides, they deal with external reporting and legal and regulatory compliance.

Human Resources department is responsible for recruiting and training employees. Employees must be well trained in a matter of the ability to understand the nature and characteristics of the Japanese elderly, and Japanese culture and lifestyle. This will help employees behave patiently with those elderly. Employees must also be able to communicate in Japanese. Human Resources

department can arrange private Japanese classes for employees by hiring professional Japanese teachers from universities in Thailand, such as Bangkok University, Chulalongkorn University, or Thammasat University, that offer Japanese courses for general people. Suthasinee Taemphairojana⁴⁸, a 25-year-old student from Thammasat University majoring in Japanese language, informed that after graduation she had basic command of Japanese and most of her classmate achieved Level 2-3 from The Japanese Language Proficiency Test (日本語能力試験).

Fund

Major initial expenditure would be on the land and building. The cost of acquiring land and constructing all buildings in the project in Bangkok is estimated at 120 million baht. (see Appendix 3) and Return on Capital Employed is around 20% per year, approximately, and pay back period is at 4 years (see Appendix 4)

Service

Referring to Chapter 5, section 5.2.2 the Marketing Mix 4Ps. The long-stay tourism project will offer the accommodation service for the elderly Japanese, including food, recreational activities, and community services to assure that the elderly will, after retirement, live in comfort and achieve the meaningful life.

5.2.5. Value Proposition

Customers

Targeted customers whose age between 60-75 will stand a good chance of experiencing life in another country after retirement.

⁴⁸ interview took place in Bangkok 19 Mar,2011

Direct customer: the elderly

Health, long-stay tourism operator also provides daily activity plans that are specially designed by taking account of psychological health for example Yoga class, SPA. The activities are varies so the elderly will be able to do new activates. Additionally, staffs will take good care of the elderly.

Pride, The elderly Japanese will conduct the Japanese class for Thai Children. Also they will participate in social events, social service so they still feel that they can make good things for the society and still be needed. Additionally manage the small handicraft shop which sell the hand made small stuffs that they make that will give pride to the elderly.

Social, Many elderly feel lonely at home alone because younger generations have to work or study. But at the Long stay, the elderly will be able to meet new friends, which are the same age so that they can have conversations to maintain the social live. Additionally, they still received care from the Long Stay staffs.

Indirect customer: family

The Long Stay in Thailand will reduce the family burden on take care of the elderly. They can have a private time within nuclear family. Minimize the issues between mother in law and daughter in law. At the same time, they don't feel guilty, leaving parents alone in an unpleasant environment and still ensure that their parents have a very happy time after retired from work.

Business partners

Long Stay in Thailand is a business that benefits the aging society. The Long stay business is relatively new in Japan Market mover will be able to introduce new product/ service to the market. In successful case the company can organically grow the size of the business. Additionally, the business partner can have the geography diversification by investing in other country.

Employees

The Long Stay believes that our employees are the key to our success and encourage staff to set up the new program for our customers come up with new ideas to improve our services .All of the staffs will be offered a stable job for all employees. Long Stay would offer performance based pay increases that recognize individual performance. The long stay would provide each and every employee with a wide range of professional and personal opportunities to improve the quality of their daily life. However, the company will try to provide the a range of work/life balance. The employees are able to develop their careers both locally across all of our service areas.

Section 3. SUMMARY

From the PEST analysis conducted, macro factors have positive effects on the long-stay business in Thailand. As for the political factors, the current political climate has shown a strong relief in the political conflict of two groups and paved the way for more stabilized political condition in Thailand. The government support of long-stay tourism industry is more evident as announced by the Tourism Authority of Thailand. As for the economic factors, current attempts to recover from the global economic crisis, coupled with the policies of intensively supporting the grass roots people, has caused rising inflation and heightened interest rates, which has little effect on the business due to high financial capability of Japanese customers. As for sociocultural factors, there is no obstacle regarding the ethnic or religious discrimination among Thai people. Instead, Thai people have a tradition of welcoming foreigners, which support the business. Concerning the technological factors, Thailand can provide high quality medical and healthcare services with medical equipment as modern as other developed countries such as the United States. The PEST analysis, thus, reveals the positive result for running long-stay business in Thailand.

Five forces analysis points out that the long-stay business is quite attractive. The barrier for the new entrance is quite strong due to required initial investment in fixed assets. The rivals in the business are less competitive in Thailand as this business is quite new in the nation. Although competitors from neighboring countries such as Malaysia and the Philippines is expected, locations

in Thailand is more attractive to the Japanese customers due to cooler climate and less frequency of the natural disaster such as earthquake. With the sizable market size of 7.5 million elderly people with 75 trillion yen in purchasing power, the author considers the long stay business very attractive.

CHAPTER 6. SUMMARY AND CONCLUSION

The demographic structure in Japan has changed. The Japanese population has aged, as reflected in a greater portion of the old-age population, a lower portion of the working-age population, and a rise in the median age. The Japanese's aging society is attributed mainly to a decline in fertility and a rise in life expectancy. The decrease in fertility is caused by later marriage of women and a greater portion of females never married, as well as an increasing number of female's participation in the labor force. The later marriage and the rising proportion of unmarried women stems from the needs for taking the opportunity of obtaining higher education and pursuing promising careers, resulting in a better quality of life. As for the increase in longevity, Japanese people live longer and with life expectancy ranking very high (males 79, females 86 years old) even among the more developed countries, as suggested by the World Health Organization and the 2010 World Population Data Sheet published by Population Reference Bureau.

As a result of the aging society, Japan has faced various challenges it has to deal with. This paper highlights three major challenges, including the rising financial burden of caring for the elderly, the shortage of labor force to drive the economy, and the difficulty in providing elderly care. In addition to identifying these problems, the possible solutions are also suggested. They include increasing and encouraging the elderly to live abroad, bringing in the immigrant labor force to compensate for the labor shortage, and inventing and using new technology relevant to elderly care. Among these suggestions, the choice of exporting the elderly to foreign countries is more promising as the other two choices are at the risk of being resisted by the Japanese society and the Japanese elderly. Relying on the choice selected, long-stay tourism business is an interesting alternative to supporting this choice and stand a good chance of providing the needs the elderly long for. Among the nearby countries, Thailand is the most outstanding in terms of having a cordial relationship with Japan, offering lower cost of living, providing diverse interesting and useful activities for the elderly, and offering high quality medical treatment and health care services.

For the reasons mentioned above, the author, thus, consider proposing a business plan of a

long-stay tourism in Thailand that serves the elderly Japanese. In support of designing the business plan, the literature on the basic human needs put forward by Maslow and the activity theory are used as bases. Maslow argues that physiological needs, safety needs, social needs, esteem needs, and self-actualization needs are basic human needs, presented in ascending order, with the physiological needs being the most fundamental needs and the self-actualization needs being the highest level needs. The most fundamental needs must be met before human has desire to fulfill the next or higher level needs, namely the safety needs, social needs, and so on. The activity theory suggests that the elderly needs social contact maintenance to sustain happiness in post-retirement life.

One important aspect of writing a business plan is to conduct the customer analysis to provide reasons for selecting the elderly Japanese as target group and to understand the unique characteristics of the customer in order to properly respond to their specific requirements. There are several important reasons for choosing the elderly Japanese as the target customer. First, financial concern over the rising cost of living in Japan, considering the fixed amount of pension received, will cause financial hardship for the elderly. This makes the long-stay tourism in less expensive country such as Thailand become an interesting choice for the elderly. Second, a change in living environment among the Japanese makes the elderly tend to live alone or with spouse, rather than with children. The elderly are more familiar with living without children and are more adaptable to the living environment offered by long-stay tourism. Third, the wealth of the Japanese retirees is enough for living in Thailand more comfortably as Thailand offers lower cost of living, which allow the retirees to acquire necessary goods or services with high quality at much lower costs than Japan does. Finally, Thailand is perceived by Japanese long-stayers as an interesting place to visit and the number of Japanese long-stayers is anticipated to rise in the future, as indicated by both the Japanese consulate in Chiang Mai and the President of the Chiang Mai Chamber of Commerce. All the reasons mentioned above support the idea that the elderly Japanese are interested in and ready for spending time on long-stay places and they have financial ability to fulfill their interest.

As for the unique behavior, there are seven outstanding characteristics that should be taken into account before drafting the business plan. First, the Japanese usually have a close-knitted

society in which they prefer to do activities together and stay in a group of Japanese people only. Second, the Japanese have a close relationship with family members and, when travelling abroad, are likely to buy souvenirs or gifts from foreign countries for them. Third, the Japanese are taught to hide their true feelings even when they feel unsatisfied with goods or services, in order to express politeness. Fourth, the Japanese prefers the group photograph in the front of tourist sites during the tour. The Japanese tourists do not need fifth, outdoor and adventurous activities, as they prefer more passive activities. Sixth, the Japanese are inclined to take more action when receiving advice from their bosses. This analysis of unique behavior of the Japanese is also used in designing the business plan.

To sum up from the discussion above, to operate long-stay tourism in Thailand, the elderly Japanese are the potential customers, and Thailand are also a perfect place for the elderly Japanese to live in. The business plan of long-stay tourism is thus written based on the useful information above. The business plan presents business analysis and business model. Business analysis consists of PEST analysis and five forces analysis. Both reveal the positive outlook on long-stay tourism in Thailand. The business model shows business structure, marketing plan, opportunity for the business, and operational strategy. In addition, value proposition from this business is also presented. The proper business structure combine the Japanese and Thai owners, each of which has specific capabilities dedicated to the business. The Japanese are useful for carrying out marketing tasks as they have in-depth experience about the nature and characteristics of the elderly Japanese. This specialize in business environment in Thailand and are responsible for daily operation. Also, management from both Thai and Japanese parties are to set firm directions together to achieve leadership in the business and provide services with high quality. In defining the marketing plan, the marketing mix is presented. The services the firm will provide are housing services, either in detached houses or serviced apartments, well equipped with easy-to-use facilities designed specifically for the elderly. In addition, recreational activities (such as visitor trips, Thai massage, golfing, Thai language courses) and community services (such as Buddhism-related activities, serving as a guest speaker on unstressful topics (such as Japanese tourist attractions, culture, and

lifestyle) in an experience-sharing manner) are also provided. Additional services beyond scheduled by the firm are also arranged at the request of the customer, but at additional cost borne by the customer. A range of prices for the packages offered would be 80,000-200,000 bath or approximately 210,000-540,000 yen per month. The long-stay places are Bangkok, the capital of Thailand, and Chiang Mai, a popular place for long-stayers, as both offers convenience to the elderly in buying everyday groceries and full with Japanese people. The promotional activities will be carried out for the potential customer via numerous channels including Japanese companies' offices in Thailand, private hospital in Thailand serving Japanese patients, and the Tourism Authority of Thailand. The company will provide special promotion for the long-stayers who want to participate in activities that out of those scheduled. In this care, the company will negotiate with other service providers to give discount for the elderly who do the activities as a group.

In terms of the opportunity for the business, first, the aging society as well as social and economic changes in Japan has caused the growing need for the elderly Japanese to live overseas, making the elderly Japanese become the large unexplored market for long-stay tourism business. The combined size of these markets in 2010 was about 75 trillion yen, and total employees numbered 7.5 million⁴⁹. Second, Thailand can provide long-stay services with diverse facilities and activities to meet varied needs of the elderly Japanese to live more happily with a better quality of life. Third, the Thai government normally gives support to businesses that attracts foreign investment or foreign spending in the country because these businesses play an important role in driving the Thai economy.

As for the value proposition, the business creates value to 4 major parties: direct customers (the elderly Japanese), indirect customers (the elderly's family), business partners, and employees. The elderly will gain new life experiences from living abroad, maintain social contact with other elderly Japanese or local Thais, take pride in community services (which makes them feel useful to the society), and be able to receive medical or health services when needed. The elderly's family will be relieved from caregiving burden, while feeling confidence that the elderly parents are in better

⁴⁹ http://www.jetro.go.jp/en/reports/market/pdf/2006_18_u.pdf

environment. The business partners will be proud to provide assistance to the elderly who have contributed to the society for many years and, at the same time, enjoy the reasonable return on investment. The employees will get job offers and income for living, as well as will have unique experience of associating with Japanese people, which may benefit the employees one way or another in the future.

In the author's view, this paper will lay the foundation for entrepreneurs to consider operating a long-stay tourism business in Thailand to serve the elderly Japanese. In addition, this paper will be a driver for the expansion of long-stay tourism as an alternative for new lifestyle of retirees and attract more players in the industry. The author hopes that the increase in the service providers will stimulate the competition and reduce the service fees. This will provide the benefit to the elderly, who has contribute valuably to the society they belong to, by reducing financial stress for the elderly.

APPENDIX 1 COMMODITIES PRICE COMPARISON BETWEEN JAPAN AND THAILAND

| Items | Price in Japan (¥) | Price in Thailand (¥) |
|----------------------------|--------------------|-----------------------|
| Coca Cola (can) | 150 | 35 |
| Beer (can) | 150 | 100 |
| Milk | 145 | 100 |
| Rice (per 2 KG.) | 1,000 | 270 |
| A meal at restaurant | 3000 | 1,080 |
| Golf fee | 30,000 | 8,108 |
| Train | 160 | 94 |
| Big mac | 360 | 202 |
| Coffee (Grande Starbuck) | 530 | 405 |

Exhibit Appendix 1- Commodities price comparison between Japan and Thailand

(Source : Author's observation)

Note : Using the exchange at 37 Thai Baht per 100 Yen

APPENDIX 2 ACQUISITION OF LAND BY ALIEN

According to Section 86 of the Land Code, an alien may acquire land in Thailand only by virtue of the provision of a treaty providing him with the right to own immovable property. Obtaining such acquisition is subject to the provision of the Land Code and the Ministerial Regulations issued under the Code, and the permission must be obtained from the Ministry of Interior. Before the termination of the treaty which was made on February 27th, 1970, there were 16 countries bided to the treaty ; USA, England, Switzerland, Germany, Denmark, Norway, the Netherlands, France, India, Belgium, Sweden, Italy, Japan, Burma, Portuguese, and Pakistan. Since then, Thailand has no longer made any treaty with any country to allow an alien to acquire land in Thailand by virtue of a treaty.

However, the Land Code has been amended with Section 96 bis providing that since January 19th, 2002, an alien is allowed to purchase land in Thailand for residential purpose and the land to be purchased shall be not more than one rai in area, and the following rules and conditions must be met:

1. Bringing money not less than Baht forty million into the Kingdom for investment and maintaining the investment not less that five years;
2. Permission must be obtained from the Minister of Ministry of Interior;
3. Money brought into the Kingdom shall be invested in one of the following businesses or activities;
 - 3.1 to purchase bonds of Thai Government, bonds of Thai National Bank, bonds of State Enterprise or bonds which the Ministry of Finance secures the capital or interest,
 - 3.2 an investment in a property mutual fund, a property mutual fund or a mutual fund for resolving financial institution problems established under the law on Securities and Stock Exchange,
 - 3.3 an investment in share capital of a juristic person who is granted permission of investment under the law on promotion of investment,

3.4 an investment in an activity as declared by the Board of Investment to be an activity eligible to be granted promotion of investment under the law on promotion of investment;

4. the land to be acquired shall be located in Bangkok Metropolis, Pattaya City, or Tessaban (Municipality), or in the area specified as residential zone according to the law on Town and Country Planning and shall not be located in a military safety zone according to the law on Military Safety Zone;

5. an alien, who is granted permission, shall utilize the land only for residence for his/herself and the family in a way that is not contrary to the local custom or good living of the local community;

6. if an alien, who is granted permission to acquire such land, does not comply with the rules and conditions specified, he/she shall dispose of such land in the portion of his/her possession within the period of time specified by the Director General of the Department of Lands which shall be not less than one hundred eighty days and not more than one year. If the time limit elapses, the Director General shall have the power to dispose of such land;

7. if an alien, who is granted permission to acquire such land, does not utilize the land for residence within two years as from the day the registration for land acquisition is made, the Director General shall have the power to dispose of such land.

Besides the aforementioned rules and conditions, an alien may acquire land by inheritance as statutory heir, in this instance, the land devolved when combined with the land already acquired shall not exceed that specified by law, for examples, land for residential purpose not exceeding 1 rai per household, land for commercial purpose not exceeding 1 rai, land for industrial purpose not exceeding 10 rais, and land for agricultural purpose not exceeding 10 rai per household.

An alien whose spouse is a Thai national either legitimate or illegitimate, that Thai national can purchase land but the alien spouse of that Thai national must give a joint written confirmation that the money which that Thai national will expend on purchasing the land is wholly the separate property or personal effects of that Thai national and not the Sin Somros or jointly acquired property.

Fees

(a) 0.01% of the valuation price, in the case of purchasing the land located in the land development project (this rate is due in December 2002)

(b) In the case other than (a) the fee is 2% of the valuation price

Taxes and duties

To be paid according to the Code of Revenue

APPENDIX 3 PROJECT PERSPECTIVE

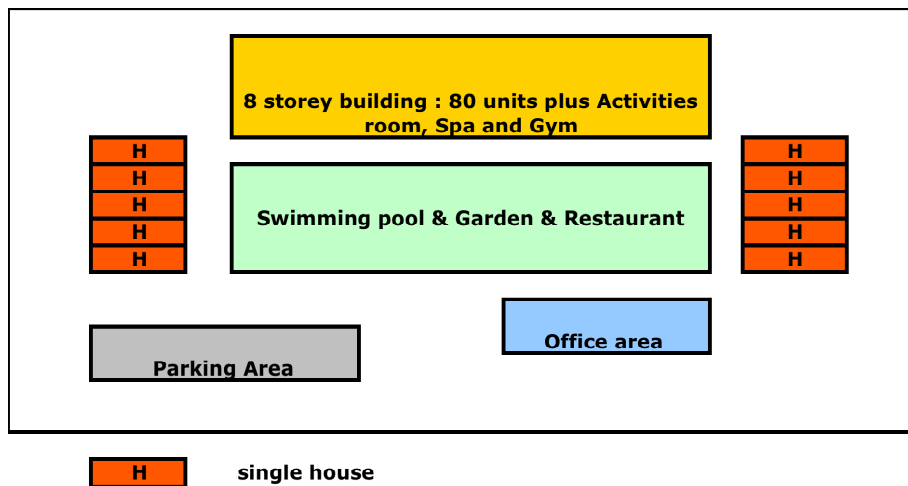


Exhibit : appendix 3-1 Landscape of the project

(Image : create by author Author)



Exhibit : appendix 3-2 Project Model Picture

(source: Image from : Best Western Ao Nang Bay Resort)



Exhibit : appendix 3- 3 Layout for the Apartment : 100 square meters

Image from : http://palmcovetropic.com.au/?page_id=10



Exhibit : appendix 3-4 Housing Model

(Image from : Golden Bride Project)

Project Details

Total land area is 9,600 square meters (6 rai in Thai measurement)

Area per unit 100 square meters : 1 bed room,1 bath room and 1 living room

House area : 150 square meters : 2 bed rooms ,2 bath room and 1 living room

Construction Cost

Interview with Ms.Piyapak Vatanasrimongkol, Freelance architect in Thailand found that to build the project needs the land 16,000 square meters to build the single house and 4 storey building and the construction cost roughly around 30 million baht.

Land cost

For Bangkok location,Mr. Phanom Kanjanathiemthao, Managing Director of Knight Frank Thailand, revealed that the land with in 20 mins by public transportation from Sukhumvit neighbors, japnaese town, by public transportation (Sky train and subway) cost around 100 million baht.

For Chiang Mai, 10-20 minutes drive from center, cost around 30 million baht.

APPENDIX4 FINANCIAL FORECAST

Pro forma financial Statement

| | | | | | | ('000) |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Balance Sheet | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Assets | | | | | | |
| Cash | 8,000 | 47,646 | 84,519 | 123,018 | 158,435 | 195,379 |
| Land | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 |
| Building | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Acc Depreciation | | -2,000 | -4,000 | -6,000 | -8,000 | -10,000 |
| Vehicle | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Acc Depreciation | | -400 | -800 | -1,200 | -1,600 | -2,000 |
| Total Assets | 120,000 | 157,246 | 191,719 | 227,818 | 260,835 | 295,379 |
| Liabilities | | | | | | |
| Equity | | | | | | |
| Share capital | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 |
| R/E | | 37,246 | 71,719 | 107,818 | 140,835 | 175,379 |
| Total Liabilities and Equity | 120,000 | 157,246 | 191,719 | 227,818 | 260,835 | 295,379 |

| | | | | | '000 |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Income Statement | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Revenue | 117,600 | 117,600 | 123,480 | 123,480 | 129,654 |
| Cost of services | | | | | |
| Salary and remuneration | 12,144 | 12,994 | 13,904 | 14,877 | 15,918 |
| Food and beverage | 46,656 | 48,989 | 51,438 | 54,010 | 56,711 |
| Cost of activities provided | 15,552 | 16,330 | 17,146 | 18,003 | 18,904 |
| Total cost of service | 74,352 | 78,312 | 82,488 | 86,890 | 91,533 |
| | | | | | |
| Gross profit | 43,248 | 39,288 | 40,992 | 36,590 | 38,121 |
| | | | | | |
| SG&A | | | | | |
| Dep expense | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 |
| Msc expense | 5,880 | 5,880 | 6,174 | 6,174 | 6,483 |
| | | | | | |
| Earnings before Tax | 34,968 | 31,008 | 32,418 | 28,016 | 29,239 |
| | | | | | |
| Tax expense | 10,490 | 9,302 | 9,725 | 8,405 | 8,772 |
| | | | | | |
| Net income | 24,478 | 21,705 | 22,693 | 19,611 | 20,467 |
| | | | | | |
| Net income excluded dep | 26,878 | 24,105 | 25,093 | 22,011 | 22,867 |
| | | | | | |
| Return on Capital Employed | 20.40% | 18.09% | 18.91% | 16.34% | 17.06% |
| | | | | | |
| Payback period in 4 years | | | | | |

Assumption

1.Occupancy rate is assumed at 90%, reflecting the high and growing demand of need for long-stay tourism by the elderly Japanese

2.Miscellaneous expense is assumed at 5% of revenue

3. Tax rate in Thailand is at 30%

4. Cost of food and beverage and cost of services provided are expected to rise 5% annually every year to reflect the rising inflation.

5. Salary and remuneration is projected to go up, on average, at 7% annually every year to make the salary raise in real terms is positive.

6. Revenue are presumed to rise at 5% of the last year's revenue for every two years. Fees are to adjusted every two years to reflect rising inflation. The two years' time adjustment is to maintain competitive advantage in the industry.

7. Depreciation period of buildings, serviced apartments and detached houses and other buildings, is 15 years. Depreciation method is straight-line method.

8. Depreciation period of vehicle is 5 years. Depreciation method is straight-line method.

9. Cost of food and beverage per head per day is assumed at 500 baht

10. Cost of activities offered per head per month is assumed at 8,000 baht

11. No borrowing is required. All funds are from the owners.

12. All revenue and expenses are assumed to be on a cash basis, except for the depreciation expense.

| Type of housing unit | No of units | No of elderly | Average monthly fees per housing unit |
|----------------------|-------------|---------------|---------------------------------------|
| Serviced apartments | 80 | 160 | 100,000 |
| Detached houses | 10 | 20 | 200,000 |
| Total elderly | | 180 | |
| Occupancy rate | 90% | | |

Note: assume that 1 unit will fit a couple elderly Japanese

Food and beverage / Cost of activities provided

| | No of elderly | Cost per head per day ⁵⁰ | Monthly cost | Annual cost |
|--------------------|---------------|-------------------------------------|--------------|-------------|
| Food and beverage | 162 | 800 | 3,888,000 | 46,656,000 |
| Cost of activities | 162 | 8,000 | 1,296,000 | 15,552,000 |

⁵⁰ Based on interview Frodine Lee, Revenue Management at Sheraton Thailand. Interview took place at Bangkok on April 30,2011

REFERENCES

- [1] Ahmed, Zafar U. and Krohn, Franklin B. (1993) "Understanding the Unique Consumer Behavior of Japanese Tourist", *Journal of Travel & Tourism Marketing*, 1:3, 73- 86
- [2] AKIHITO MATSUTANI ,*Shrinking Population Economics: Lessons from Japan..* Tokyo: International House of Japan, 2006.
- [3] Anne E. Imamura, *The Japanese Family*, Asia Society (1990)
- [4] CHULEEKORN DANYUTHASILPE, KWANJAI AMNATSATSUE,CHANUANTONG TANASUGARN, PATCHARAPORN KERDMONGKOL and ALLAN B. STECKLER4, study of elderly people in a Northern Thai village, *Health Promotion International*, Vol. 24 No. 4 Oxford Journal
- [5] Hiroki Fukahori, Yuji Baba, FumikaHioki, SupreedaMonkong, PrakongIntarasombat ,PorntipMalathum , Healthcare services for Japanese elderly long-staying in Thailand from the perspective of the patient and healthcare providers, May,2010,Elsevier Science Ltd
- [6] Hiroyuki Nitta, *Capitalizing on Retirement of Japan's First Baby-Boomers*, JETRO Japan Economic Report, April-May 2006
- [7] IchikoFuyuno ,*AGEING SOCIETY in JAPAN – PART I*, August 2007, The British Embassy, Tokyo
- [8] Koji Miyazaki, *An Aging Society and Migration to Asia and Oceania*,Tokyo University of Foreign Studies
- [9] Mayumi Ono, *Long-Stay Tourism and International Retirement Migration: Japanese Retirees in Malaysia*, University of Tokyo.
- [10] Michael R. Hagerty, *Testing Maslow's Hierarchy of needs National Quality of Life Across Time*. April 1998
- [11] Mitsuru Shinozaki ,*Japanese International Retirement Migration -- A case study of Japanese retired couples*, Waseda University for Master's students of Asian Studies Programme of Lund University, 2006
- [12] Nancy Van Ranst* and AlfonsMarcoen, *MEANING IN LIFE OF YOUNG AND ELDERLY ADULTS: AN EXAMINATION OF THE FACTORIAL VALIDITY AND INVARIANCE OF THE LIFE REGARD INDEX*, July 1996, Elsevier Science Ltd
- [13] PrathurngHongsrnagon, *Activities Arrangement in Chiangmai Province for Long Stay Japanese Pensioner Tourists*, University of Chiang Mai, September, 2006
- [14] SakanakaHidenori, *Asia Pacific Journal: Japan Focus The Future of Japan's Immigration Policy: a battle diary*
- [15] Sally J Redfern Fiona M. Ross,*Nursing Older People 4rd Edition*, Churchill Livingstone
- [16] Sugawara Ikuko, *Functions of Adult Friendship in Japan: Friendship as a Growing Bond*, Newsletter of the Institute of Social Science, University of Tokyo 2003
- [17] THEODORE R. BROWN,*LONG-TERM CARE FOR THE ELDERLY IN KYOTO, JAPAN*, *ournal of Cross-Cultural Gerontology* 3 (1988) 349--360. © 1988 by Kluwer Academic Publishers.
- [18] Winston Conrad B. Padojinog and Ma. Cherry Lyn S. Rodolfo, August 2004*Developing the Japanese Market for Philippine Tourism and Retirement Services: Prospects and Impediments*
- [19] Yukio Noguchi and David A. Wise, *Aging in the United States and Japan: Economic Trends*, University of Chicago Press, January 1994
- [20] *Asia – Pacific Development Journal (United Nations journal)*, Vol 10, No.1 2003
- [21] *Japanese Market Close-up*,ResearchInstitute for High-Life available at www.jetro.go.jp/australia/events/upcoming/index.html/babyboomers.pdf
- [22] *Population Reference Bureau 2010 World Population Data Sheet*, www.prb.org
- [23] www.bangkokpost.com/business/economics/232522/chiang-mai-hopes-for-a-long-stay-life-presenter
- [24] www.bot.or.th

- [25] No, robot: Japan's elderly fail to welcome their robot overlords, information available at <http://www.bbc.co.uk/news/business-12347219>
- [26] Health Statistic in Japan, 2010, Statistic Information Department, Minister's Secretariat, Ministry of Health Labour and Welfare
- [27] Longstay Tourism (14/4/2011) Available from <http://www.longstay.or.jp>
- [28] Japan's Statistic (11/5/2011) Available from <http://jinjapan.org/stst/stats>
- [29] <http://www.imf.org/external/data.htm>
- [30] <http://www.tourismthailand.org/>
- [31] <http://www.amazing-thailand.com/Climate.html>
- [32] <http://www.who.int/inf-pr-2000/en/pr2000-life.html>
- [33] <http://www.mercer.com/articles/1095320>