

## THE FEASIBILITY STUDY OF INVESTMENT CLOTHING SILK SHOP IN CHONNABOT DISTRICT, KHON KAEN PROVINCE

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### Abstract

The purpose of study was to investigate the feasibility of investment in silk clothing shop in Chonnabot District, Khon Kaen Province in aspects of marketing, technical, management and financial. The study collected data by questionnaire from 385 people who live in Khon Kaen Province. The total investment of silk clothing shop was 468,040 baht that totally owner. Working capital of 206,040 baht was managed for salary, social security fund, utilities, maintenance, insurance and miscellaneous expenses. Cost before operating was 22,000 baht for licensing. Straight line method depreciation calculation was used for car and office equipment at 5 year useful life. Net present value (NPV) was 1,700,211.66 baht which was positive figure. Internal rate of return (IRR) was 57.14%. Payback period was 1 year 4 months and 10 days. In conclusion, this shop is feasible in investment.

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**Keywords:** the feasibility study of investment, silk clothing shop



## Introduction

There was no evidence of weaving business establishment in Chonnabot District. But there was Nang Mudmee or Poom that was kept by the heir of the first Governor for more than 220 years from King Buddha YodfaChulaloke Rama1. This NamgMudmee was used to be a prototype of current famous and uniqueMudmee of Chonnabot Province. It assumed that weaving business had started more than 100 years or since started the District or about 200 years ago [1].

Silk from Chonnabot District, KhonKaen Province was widely used to make clothing especially the beautiful Mudmee cloth and also promoted by the Government. The author saw a business opportunity and decided to study a feasibility of investment in silk clothing shop in Chonnabot District, KhonKaen Province before making investment decision.

## Objectives

To study the feasibility of investment in silk clothing shop in Chonnabot District, KhonKaen Province in aspects of marketing, technical, management and financial.

## Methodology

### Process of this study was listed as following;

Marketing study consisted of demand and supply analysis, marketing mix which was product, price, place, promotion, personnel, service process, construction and physical environment presentation. The study used questionnaire from 1,781, 655 people [2]. The sample size was 385 respondent from Convenience Sampling together with General Environment analysis [3], Competitive Environment analysis [4], SWOT Ananlysis [5] and Consumer Behavior [6].

A study of management was organization analysis, new recruitment process and policy imposing. The target was to set management and operation processand apply the result with investment decision.

Technical study comprised of technical construction analysis, equipment and installment in aspects of price, quality and efficiency in operation [7].

Financial study comprised of initial investment, operating cost, project rate of return by considering Payback Period, Net Present Value and Internal Rate of Return [8].

## Results of study

### 1. Marketing Study

#### 1.1 Questionnaire result

Most of the respondent were female at 89.61%, age 21 – 30 years at 41.04%, Undergraduate level at 66.23%, average monthly income 20,001 – 30,000 baht at 36.36% and working as civil servant at 56.10%.

A study of buying behavior found that most of them bought dress at 58.96%, silk shirt as occasionally need at 84.42%, persons who gave consultation in buying were friend or boyfriend or girlfriend at 66.49%. Respondent bought silk clothing from shops in Chonnabot District at 100%. Opportunity in buying silk clothing as occasionally need was 66.75%. Average price of silk clothing between 2,001 – 2,500 baht was 41.04%. They found information from advertisement at 53.77%. The influential people to buying decision were friends and relatives at 82.34%.

A study of buying finished silk clothing in 7 aspects found that a product was unique (average 4.27), price was reasonable (average 4.17), store location was convenient (average 4.17), promotion was changeable product (average 4.39), personnel was staffs had good product knowledge and could answer questions (average 4.43), service process was product recommendation (average 4.21) and physical environment was attractive store display (average 4.19).

### 1.2 General Environment Analysis

General Environment Analysis found that the political and legal environment, economics, social and cultures, technology and environment had positive effect to finished silk clothing store.

### 1.3 Competitive Environment Analysis

Competitive Environment Analysis found threats that had high impact to the business were competition of same business sector, buyer bargaining power and seller bargaining power. New competitor ad replacement product had low impact to the business.

### 1.4 SWOT Analysis

Strengths were 1) customer base that entrepreneur had his own shop and able to directly introduce product to customers 2) shop was located near hospital, police station and banks 3) shop owner had enough cash to run this business without loans and 4) this is private own shop of only one owner that was convenient in management.

Weaknesses were 1) shop owner did not have experience in retail clothing business from silk 2) this was new shop that needed advertisement to promote to customers and 3) not good management system of one shop owner.

Opportunities were 1) KhonKaen Province had promotion to wear silk and local clothing that increased selling opportunity and 2) technologies could increase advertisement via internet, Line application and Facebook application.

Threat was increasing basic wage policy would increase product cost, management cost, and also staff hiring cost.

## 2. Management Study

Shop owner had managed organization and personnel to have sufficient knowledge as per each position. So management was feasible in opening silk clothing shop.

## 3. Technical Study

This was a study of location, store display and procurement of variety finished clothing for customers. So technical was feasible in opening silk clothing shop.



#### 4. Financial Study

Financial study covered initial investment, revenues, expenses, and investment worthiness to consider investment feasibility. There was preparation of financial statement, and advance cash flow by considering studying Break Even Point, Payback Period, Net Present Value, Internal Rate of Return and Sensitivity Analysis. A study found that investment ratio was 57.14% that was 3.24% more than expected initial investment money or basic return of shop owner. Net Present Value was 1,700,211.66 baht. Payback Period was 1 year 4 months and 10 days. So financial was feasible in opening silk clothing shop.

#### Conclusion

Clothing silk shop in Chonnabot District, KhonKaen Province had total investment of 468,040 baht which 100% owner's equity. Investment was divided for working capital, salary, social security support, utilities, maintenance, insurance and miscellaneous expenses at 206,040 baht. Cost before operating was 22,000 baht for licensing. Straight line method depreciation calculation was used with car and office equipment at 5 years usage. Net Present Value was 1,700,211.66 baht which was positive figure. Internal Rate of Return was 57.14%. Payback Period was 1 year 4 months and 10 days. In summary, Clothing silk shop in Chonnabot District, KhonKaen Province was feasible in investment.

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