



SIHANOUKVILLE:

A city to keep an eye on



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AEC+ Business Advisory
KASIKORNBANK

บริการทุกระดับประทับใจ



Why Sihanoukville?



KINGDOM OF CAMBODIA



Sihanoukville

- Influx of **foreign direct investment** into manufacturing and service sectors
- **Beach tourism** – growing popularity among local and international tourists
- Part of China's **Belt and Road** Initiative
- **Strong support** from the Cambodian government



Table of Contents

Introduction to Sihanoukville

Investment in Sihanoukville

Getting to Know Sihanoukville City

Want to Know More?



บริการทุกระดับประทับใจ

Table of Contents

Introduction to Sihanoukville

Investment in Sihanoukville

Getting to Know Sihanoukville City

Want to Know More



บริการทุกระดับประทับใจ

Introduction to Sihanoukville



“SIHANOUKVILLE ... the primary coastal province in Cambodia”

It is located in the southwestern part of Cambodia, about 200 kilometers from the capital city of Phnom Penh.

Sihanoukville is an **attractive destination for both local and foreign tourists and foreign investors**, especially Chinese investors.



Peak season: November - February



Low season: July - October



547,000

Foreign tourists



280,000

Residents



80,000

Expats

Infrastructure - key magnet for investment

DEEP SEAPORT



The only deep seaport in Cambodia

The port is located adjacent to the national highway and railway. Most containers are shipped from/to Singapore. Improvement of its facilities is needed for greater efficiency.

Capacity: 20,000 DWT / 1,500 TEUs

INTERNATIONAL AIRPORT



The 3rd busiest airport in Cambodia

The airport is connected to Phnom Penh and Siem Reap, and accommodates charter flights, especially from China. Major renovations are ongoing to cater to 500,000 passengers yearly.

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SPECIAL ECONOMIC ZONE



One of the major production hubs in Cambodia

Most businesses in this zone are from China. Whereas most of them are in **light industry**, **heavy industry businesses** are coming into this SEZ. The SEZ is under the framework of the **China's Belt & Road** initiative.

Tourism destinations - key magnet for tourism

BEACHES



Powdery soft, white sand and turquoise water

There are at least 5 beaches. The must-go beach – Ochheuteal – has a pier from where tourist boats depart to the islands. This beach is very **lively at the night time** because visitors go there for dining and hanging out with friends.

ISLANDS



2 islands – Koh Rong and Koh Rong Sanloem

45-minute journey by speedboat, the islands have **rich natural resources** for relaxing, diving, trekking, snorkeling and sightseeing.

There are various hotels and accommodations on the islands.

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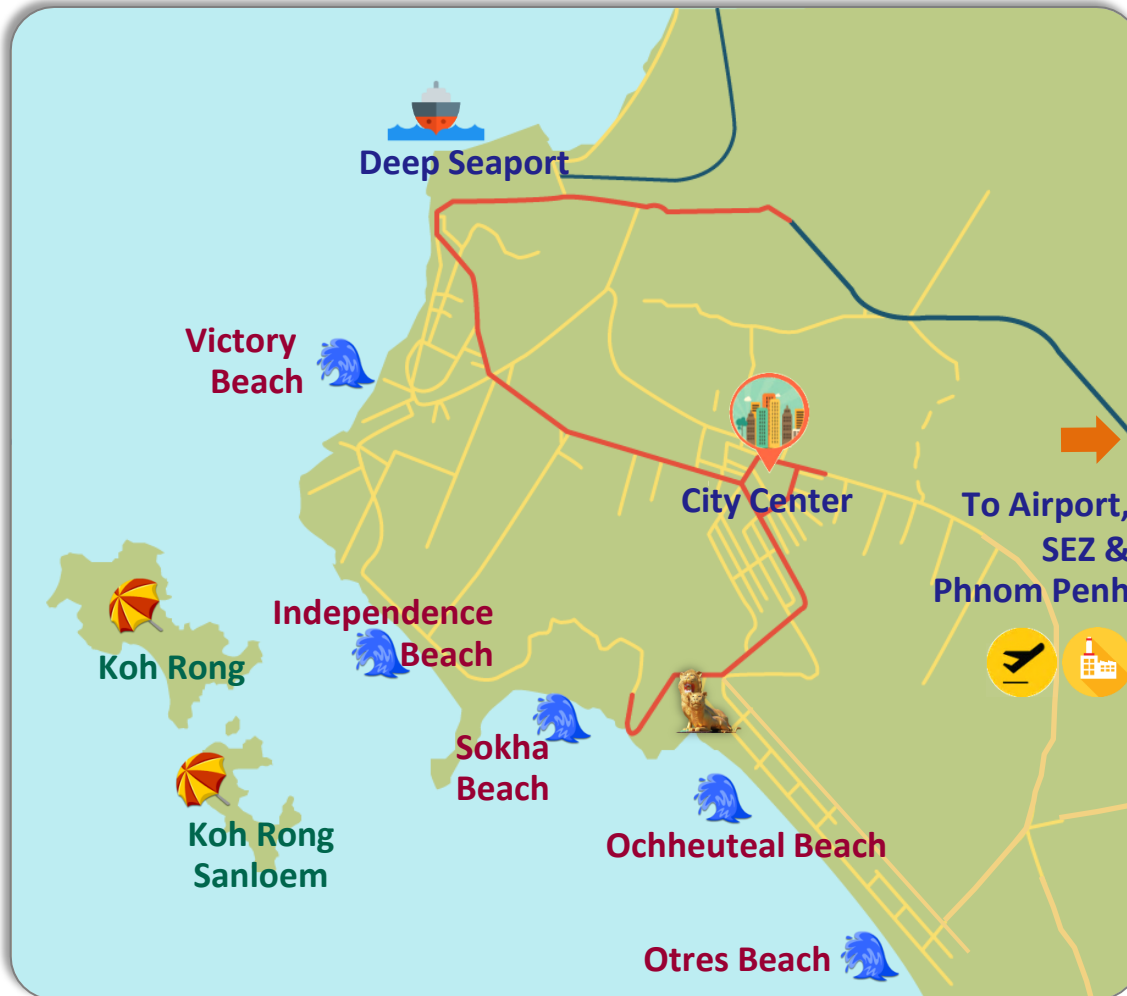
CASINOS



About 35 casinos, mostly in the city center and hotels

The target customers of casinos in this city are those from China. Most casinos are open 24/7, offering a wide variety of games and foods. There are also many Chinese speaking staff and dealers.

Key Locations in Sihanoukville



- ❑ The alternative name of the city is **Kampong Som**, which means “**Port of the Moon**”
- ❑ Located on the eastern part of the **Gulf of Thailand**



SIHANOUKVILLE’S LANDMARK:
The Golden Lion Roundabout situated near the Ochheuteal Beach



Table of Contents

Introduction to Sihanoukville

Investment in Sihanoukville

Getting to Know Sihanoukville City

Want to Know More



บริการทุกระดับประทับใจ

Investment in Sihanoukville



KEY DRIVERS

1) Infrastructure developments:

- National highway from Phnom Penh
- Improvement in internal roads
- Deep seaport and airport capacity expansion

2) Number of domestic and foreign tourist to the city have been increasing rapidly.

POTENTIAL BUSINESS OPPORTUNITY



Manufacturing



Supporting activities in global industrial chain



Service



Hotel



Restaurant & Café

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Potential opportunity in manufacturing sector

Currently led by Chinese investors, the manufacturing activities here are located in the special economic zone (SEZ) and outside of the city center.



Investment in the SEZ is recommended because of:

- 1) **FULL FACILITIES AND SERVICES:** company registration, ready-built factories, water and electricity, and labor recruitment
- 2) **INCENTIVES:** Value Added Tax (VAT) exemption for all imports

RECOMMENDATION

Labor-intensive manufacturing in the global industrial chain is recommended because of:

- low labor cost
- open business environment
- attractive trade incentives
- working age population

TOP MANUFACTURING IN THE SEZ



Garments
& Textiles



Household
Products



Plastic
Products

Potential opportunity in hotel sector

“Tourism boom buoyed by Asian travelers” especially from China, Vietnam and Malaysia ... creating high demand for accommodations

The average occupancy rate of 3-5 star hotels is 75 percent. The city is in lack of hotel accommodations at international standards, and also hotels with modern decoration.

RECOMMENDATION

LOCATION	CITY	BEACHES	ISLANDS
Target customers	Businesspersons	Mid end - luxury tourists	High end - luxury tourists
Potential businesses	4 star boutique hotel	4-5 star beachfront hotel	3-5 star hotel with full facilities targeting relax tourists
Capital requirement	\$\$\$ - \$\$\$\$	\$\$ - \$\$\$	\$\$\$ - \$\$\$\$\$

Remark: \$ = Very low / \$\$\$\$\$ = Very high

Period of stay

Backpackers & local tourists:	2-3 Days
Retiree tourists:	1-2 Weeks

Potential opportunity in restaurant sector

250
restaurants
in this city

- Most of restaurants serve **Khmer food and seafood**.
- With the rising number of Chinese visitors, there are not only Khmer and Western food on the menu, but also Chinese dishes.
- It **lacks modern restaurants and cafes** which are trendy in Phnom Penh.

RECOMMENDATION

LOCATION	CITY	BEACH & INSIDE HOTEL
Targeted customer	<ul style="list-style-type: none"> • Expat • mid – high local tourists, • Foreign tourists 	<ul style="list-style-type: none"> • Long stay & Retirements tourists • local tourists • Foreign tourists
Potential Business	<ul style="list-style-type: none"> • Modern café • Coffee & bakery shop 	<ul style="list-style-type: none"> • Coffee & bakery shop • Seafood • Pub & restaurant (only at beach)
Capital Requirement	\$\$\$	\$\$ -\$\$\$\$

Remark: \$ = Very low / \$\$\$\$\$ = Very high

Businesses in Sihanoukville



CAMBODIAN BUSINESSES

Most businesses are owned by Cambodian people.

Angkor Brewery: the largest brewery in Cambodia that manufactures Angkor beer, Bayon beer, Carlsberg and Pepsi.

Tourism sector: guesthouses, hotels and restaurants have boomed among local entrepreneurs. Some were sold to foreign investors.

Logistics services: mostly operated by locals.



CHINESE BUSINESSES

The largest foreign investor - in both manufacturing and service sectors.

Manufacturing: mostly operated in the Chinese-run Sihanoukville Special Economic Zone.

Services: including entertainment, real estate, hotels and restaurants. It is called 'Macau 2' after multiplying casinos in the city.

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THAI BUSINESSES

Mostly engaging in the service sector.

PTT: operates a PTT gas station and 2 Café Amazon in the city. The café is quite popular due to fair prices and good quality.

Restaurants: Five Star Chicken and The Pizza Company are in the city; menus are similar to those in Thailand but with higher prices.

Investment in Sihanoukville VS. Phnom Penh

LOCATION		SIHANOUKVILLE	PHNOM PENH
MANUFACTURE RING	Road	Under development	Mostly completed
	Seaport	The only deep seaport in Cambodia	Having many dry ports but no seaport
	Utilities	Inadequate electricity during peak times and water shortage during drought season	Complete utilities, especially in the urban and industrial zones
SERVICE	Consumer behavior	Weak purchasing power of people	Urbanized society and lifestyle result in highly potential demands
	Competition	Rising competition	Very high competition
	Target market	Foreign tourists, local tourists (mostly from Phnom Penh)	Foreign tourists, expats and mid- to high-income locals
OTHERS	Doing business	Some business activities still need to go to Phnom Penh to get business approval	Center of the economy and government sector
	Land prices	Rising rapidly but still lower than Phnom Penh's land prices	Requiring high investment capital because of very high land prices in many zones

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Table of Contents

Introduction to Sihanoukville

Investment in Sihanoukville

Getting to Know Sihanoukville City

Want to Know More



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How to get there?



BY ROAD:

ROAD CONDITION: The road is paved along the way.

DRIVING DURATION: At least 4-5 hour journey for 200-kilometer distance, due to (1) narrow road; (2) a lot of trucks; and (3) heavy incoming and outgoing traffic of Phnom Penh.

NEW EXPRESSWAY: The Cambodian and Chinese governments officially signed an agreement to build a new expressway connecting Phnom Penh to this city.

BUSES & VANS : An Alternative to private cars, average cost is approximately USD10-15 per trip. There are many transport companies and several trips daily.



BY AIR:

DURATION: Just 35-50 minutes from Phnom Penh airport.

AIRLINES: Most local airlines have direct and connecting flights. AirAsia airline also operates direct flights from Kuala Lumpur. Moreover, there is a probability to connect with Bangkok.



ROAD TO SIHANOUKVILLE



BUSES & VANS



SIHANOUKVILLE AIRPORT

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City center



ONGOING DEVELOPMENT OF BASIC INFRASTRUCTURE:

ROADS: The main road in the city center is **wide and paved** but other roads (near the beaches and on the islands) are **in poor conditions**.

ACCOMMODATIONS: Hotels and restaurants do not meet international standards and there are only a few of them in the city center.

UTILITIES: Water & electricity shortages during drought and peak times, respectively

SMALL SCALE RETAIL SECTOR:

Without any department store in the city, there are many small retail shops selling both local and international products, especially Chinese products.

“Cambodian people still prefer to go shopping at FRESH MARKETS”



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Where to live?



HOTELS:

78

3-5 STAR HOTELS

3,952

HOTEL UNITS

KEY CUSTOMERS: foreign tour groups and tourists, and high-end local tourists

ROOM RATES: Prices per night range between USD10 and over USD120.

RECOMMENDED ZONES: beach zones with beautiful scenery and beaches.

GUESTHOUSE:

359

GUESTHOUSES

4,385

GUESTHOUSES
UNITS

KEY CUSTOMERS: low-to-medium end local tourists and foreign backpackers

ROOM RATES: From USD2 per night

RECOMMENDED ZONES: Mainly in beach and island zones, run by local businesses



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What to eat?



SEAFOOD

CHARACTERISTICS: The top recommended choice, notably fish, squid and prawn, because of their freshness,

LOCATIONS & TARGETS: Mostly located near or in beach zones and at hotels.



KHMER FOOD

CHARACTERISTICS: Most dishes are in huge portions to cater large family groups. Quite similarly to Thai food, but the taste is sweeter.

LOCATIONS & TARGETS: Located in the city center and targeting local people.

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CAFÉS & RESTAURANTS

CHARACTERISTICS: They have great decoration, a large variety of dishes, parking space, air conditioner, internet access and power outlet.

LOCATIONS & TARGETS: Located in the city center and hotels, and targeting high-income people and expats.

Eating habits



COOKING

STYLE: The cooking styles of both seafood and Khmer food are quite similar to Thai and Chinese food.

INGREDIENTS: Some cooking ingredients are imported from Thailand by air.



CHANGING CULTURE

CHINESE INFLUENCE: Chinese eating culture has strong influence on restaurant business in this city, such as

- Using chopsticks,
- Round tables
- Chinese food menu
- Chinese language



LOCAL TASTE

TASTE: Cambodian local food is tasty and less spicy than Thai food.

BASIC DIET: Rice and noodle are basic staples in Cambodian diet.

DESSERT: Fruit is the most popular dessert.



SOCIAL MEDIA

Facebook: The popular social media app is used to show off social life by uploading pictures and video clips.

MARKETING TOOL: Modern restaurants use Facebook as a marketing tool to promote their venues and gain more customers.

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Table of Contents

Introduction to Sihanoukville

Investment in Sihanoukville

Getting to Know Sihanoukville City

Want to Know More?



บริการทุกระดับประทับใจ

Want to Know More?

If you have any specific question about Sihanoukville, Cambodia,

please write to us via 'Contact us' at our website

*Or **email us** at KBank_World_Business_Advisory@kasikornbank.com.*



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About AEC+ Business Advisory

The AEC+ Business Advisory is set up by KASIKORNBANK to support businesses in their regional expansion across the ASEAN+3 market by providing local market intelligence and strategic business advice.

What we do:

- Offer customized and tailor-made advisory services
- Publish investment guides and industry reports
- Deliver in-depth insights via seminars
- Organize business trips to bring first-hand experience

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