

he or she next visits one of these awe-inspiring edifices of human civilization.

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### *Diversifying Retail and Distribution in Thailand*

ENDO GEN

Chiang Mai: Silkworm Books, 2013, xii+275p.

Once again, Thai studies need a determined Japanese researcher to unearth the puzzling research areas that are plagued by limited data, poor statistics, and mistaken presumptions. A comprehensive account of the retail and wholesale industry has been rare, despite this industry being Thailand's second largest sector by constituent ratio of GDP and employment.

This book by Endo Gen provides a thorough understanding of Thailand's retail, wholesale, and distribution systems. It gives a historical background of the business with a focus on the dynamics since the 1990s—the period that has unleashed the “modern trade,” such as cash-and-carry, hypermarkets, supermarkets, and convenience stores, throughout the country.

Chapters 1 and 2 present the historical background and characteristics of Thai retailing, which, until the 1980s, had been overwhelmed by small-scale grocery stores (*cho huai*) or the so-called shophouse, a one-story shop with a dwelling over the top. While there is no strong argument within these two chapters, I find them insightful for those who want to understand the evolution of the sector. In addition to the general structure, the author traces today's major players, such as the Central Group and Saha Pat, back to their origins. Competition and coordination among them are addressed and put into contextual settings extremely well. The investment and consumption booms of the late 1980s led to the advent of new retail formats and fiercer competition. The succeeding chapters develop the arguments of the book, capturing the contemporary structure and situation of the industry.

Chapter 3 discusses the 1997 financial crisis and the massive influx of new retail formats introduced by multinational companies. The author conceptualizes post-1980s Thailand's consumer market as a “mosaic structure” that possesses significant disparities among geographical areas and income strata. He then argues that this mosaic structure is the main explanation for why retail and distribution firms in Thailand must adopt diversification strategies (pp. 38–46) and why Bangkok-based and provincial department stores “competed to open new stores in provincial cities, which led to excessive competition” (p. 63).

Chapter 4 poses an important question: Have new retail formats really heralded a distribution revolution? As the 1997 financial crisis created the opportunities for new, foreign-led retailers,

particularly hypermarkets which sell daily foods and necessities at lower prices, the change in the retail and distribution sector looks so immense that most observers would call it a “revolution.” Nonetheless, Endo argues that the revolution has yet to come. Things have been changed, for sure. From a long and complicated chain of distribution networks, the modern retail formats now deal directly with manufacturers, with an increased relative bargaining power of the former. The distribution and logistics systems have been improved, have greater efficiency, and are equipped with better information technology. Commercial practices, such as the payment systems, have been considerably modified, too.

Yet, given all the above changes, the author argues that we should not call it a revolution, for a number of reasons (pp. 128–129). To begin with, the biggest players in the market, that is, hypermarkets and cash-and-carry stores, have achieved growth mainly from expanding their number of stores. However, doing so is becoming increasingly difficult over time. The active expansion into provinces via smaller-size stores of these modern retailers has caused managerial problems in their logistics management. Another modern retail format, the supermarket, has also struggled to develop its own unique competitive advantage and has suffered managerial problems, low profitability, and high operating costs. Likewise, convenience stores have not succeeded in establishing themselves as an important retail format and have had no significant impact on the distribution system, as initially expected.

The book’s most profound findings are presented in Chapter 5. Among mass media and policymakers in Thailand, the conventional focus of the industry after 1997 has always been the struggle of traditional mom-and-pop stores vis-à-vis multinational retailers. In certain provinces, local retailers staged protests by provoking nationalist sentiment against the entry of multinationals. But Thai retailing has never been that simplistic and dichotomous, and the adaptive skills of local entrepreneurs should not be underestimated. Furthermore, from the demand side, previous analyses typically looked into the middle classes but overlooked the lower-income consumers, who in fact own the lion’s share of retail consumptions.

As Endo points out, the crisis has not bypassed wholesalers. Instead, it is provincial wholesalers who have emerged as critical players in the game after the dust settled. Amid the penetration of the multinationals, most traditional wholesalers (*yi pua*) in the provinces have adapted themselves sufficiently to maintain a firm grip on today’s retail and distribution system. In their respective provinces, the leading wholesalers “have converted their operations into new formats by implementing certain aspects of new retail formats’ management systems,” and therefore become what the author calls a “provincial-city-based, retail-cum-wholesale company” (p. 163). Such an adaptation also has a positive impact on the mom-and-pop stores by giving them “more channels to buy goods, which could make it easier to start a new business” (p. 137). As a result, the author makes a strong claim that we should not overstate the effects of modern trade on traditional stores: “While many stores did close down, enough stores opened to largely offset the loss.

Thus, it seems that the impact of new retail formats varies” (p. 137). To support this claim, Endo digs deeper into the stories and generational change of provincial wholesalers such as Tang Ngee Soon in Udon Thani, Yongsanguan in Ubon Ratchathani, and Ekkaphap in Saraburi.

There are three comments I would make about this book. First, in general, Japan seems to be the point of reference throughout the book, but such a comparison unfolds in fits and starts. The insights and lessons from a comparative perspective could have been more illuminating if the author had made the comparison in a more constructive manner. Second, the question about whether Thailand has undergone a “distribution revolution” is a moot point. And I would think that the author refutes this hypothesis mainly because he contrasts it with the Japanese case. Given the changes the author mentioned (the direct deal between retailers and manufacturers, improved distribution and logistics systems, altered commercial practices, the hybrid format of wholesaler-cum-retail stores), it could be counted as a revolution, especially by Thai standards and in comparison with what the sector looked like before (as depicted in Chapters 1 and 2). Meanwhile, the reasons the author raised to reject the revolution hypothesis (pp. 128–129) are, in essence, inefficiency at firm level, rather than the big picture of the sector. Dramatic changes have already been grounded in Thai retailing, yet the direction in which it has headed differs from the Japanese experience.

My final comment is about the provincial wholesalers. As the book elaborates, the provincial wholesalers have survived and flourished because they adopted certain features of modern trade, as well as managed to attain low-cost operations. This is true. But I would like to add cultural and geographical aspects to the issue. From my previous research (Veerayooth 2008), local retailers and wholesalers usually stay afloat because they know local people very well. To compete with megastores, either Bangkok-based or foreign, comparable prices are necessary, but not sufficient. The promotions and special campaigns have to be tailored to local custom. For example, they know what specific items should be sold as a package deal, and who are the folk singers they should invite, on the Buddhist Lent Day in their areas. Geography also helps. Many wholesalers, especially those located near the borderlines, are able to buy consumer goods from manufacturers in bulk, not to sell solely to Thai consumers, but to re-sell to the middlemen coming from neighboring countries. Big manufacturers acknowledge, and sometimes even encourage, this demeanor, even if it goes against their code of conduct, in order to boost their own monthly sales.

All in all, the key strengths of the book lie in the detailed survey and discerning analyses. The author has placed strenuous efforts into collecting and processing data from various sources, including the commemorative books from the funerals of business persons. This book is the product of industrious and committed research, with an inductive method of discovery that generates fresh findings and unconventional wisdom. The actual structure and situation of the industry has been uncovered as the author promises. It fills a significant gap in the field and will definitely be required reading for anyone interested in Thailand’s retail and distribution.

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## Reference

Veerayooth Kanchoochat. 2008. Services, Servility, and Survival: The Accommodation of Big Retail. In *Thai Capital after the 1997 Crisis*, edited by Pasuk Phongpaichit and Chris Baker, pp. 85–104. Chiang Mai: Silkworm Books.

### *State and Uncivil Society in Thailand at the Temple of Preah Vihear*

PUANGTHONG R. PAWAKAPAN

Singapore: Institute of Southeast Asian Studies, 2013, xiv+125p.; bibliography, index.

### *Preah Vihear: A Guide to the Thai-Cambodian Conflict and Its Solutions*

CHARNVIT KASETSIRI, POU SOTHIRAK, and PAVIN CHACHAVALPONGPUN

Bangkok: White Lotus, 2013, xiv+104p.; bibliography, no index.

In recent years, instead of being a place for peace, meditation, contemplation, and prayer, the ancient Khmer temple of Prasat Preah Vihear (Phra Wihan to the Thai) has become an object of political dispute and even military clashes between two ASEAN members: Thailand and Cambodia. The two short books under review are a welcome addition to the growing corpus of literature on the temple dispute which arose after the controversial decision by UNESCO in July 2008 to inscribe Preah Vihear on its World Heritage list. The author of the first volume, Puangthong R. Pawakapan, is Associate Professor in the International Relations Department of Chulalongkorn University's Faculty of Political Science and best qualified to write on this subject as she has in the past conducted extensive research on Thai-Cambodian relations.<sup>1)</sup> The main purpose of this well-written booklet, however, is not only to provide a comprehensive overview of the historical background of the conflict, but also to analyze the actions, strategy, and objectives of the campaign of Thailand's People's Alliance for Democracy's (PAD) to exploit the border conflict for its own anti-Thaksin agenda.

The PAD, also known as the Yellow Shirt movement, is seen in *State and Uncivil Society in Thailand* as the stakeholder mainly responsible for sowing the seeds of hatred between Thais and Cambodians and derailing the successful economic and political cooperation between the two countries between 2000–08. The PAD is portrayed as an ultra-nationalist social movement supported by various civic groups and institutions, mainly in the Thai capital Bangkok. In the first of four

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1) See, for example, Puangthong (1995).