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# INNOVATION & NEW CHAPTERS IN PHUKET

**Old and new participants in Phuket's development will naturally have different perspectives on what Phuket is and its potential.**

Through jaded eyes, Phuket is 'overdeveloped', 'has too much traffic' and is suffering from trash disposal and clean site challenges.

Through fresh or non-jaded eyes, Phuket is beautiful, full of amenities and recreational choices and is brimming with opportunity – if the correct mindset to adapt to its development is applied.

Like emerging from a bad marriage with misaligned objectives – after one spouse simply sucked the lifeblood and resources from the other, cheating and took whatever they could get whilst maintaining the bare minimum of a façade of interest – investors and residents in Phuket have many times had to emerge from the ashes of catastrophic events – to the extent that there were, or perhaps still are, t-shirts in Patong with printed slogans along the lines of "Phuket survived the Tsunami, SARS and COVID".

When emerging or identifying opportunities from wreckage, it is important to build some stable foundations for a new business idea, emerge with sufficient strength to overcome more hurdles and objectives, but also to do something different to ensure the dynamic that suffered in high stress is better aligned for optimisation.

Phuket used to feel, to some extent, like an island with limited options for foreign investment – either massive investment values to build a 'mega project' with all the risks that entailed, or small but also risky investments in the 'usual suspect' businesses of food and beverage, hospitality, entertainment and nightlife, beach oriented activities and tourism based activities, noting the restrictions for foreign investment in those categories. Real estate has been a mainstay but with consistently difficult issues on structuring the investment to allow a smooth exit or re-sale.

Phuket is now blossoming into a place that has distinct and converging sectors each with a seemingly never-ending ability to evolve and innovate. One example of this is an event called "BEING', which is an amazing convergence of business to business in the wellness sphere. When I attended this event I was enlightened to discover just how many different aspects of wellness were represented and how this part of Phuket is shining into the health and wellbeing of its residents and visitors.

Beyond basic but internationally outstanding medical services, we now have experts and centres that accommodate a hugely diverse range of wellness activities that impact our mind and bodies in different ways. Within those businesses, supply of equipment, medicines and facilities to conduct such business at a high level continue to build and thrive.

Naturally, existing 'traditional' businesses observe the innovation and try to either latch on or truly innovate to integrate into their model. For example, padel courts have already proliferated across the island as an upstart to existing tennis and pickleball facilities; now padel courts are even pencilled into designs and building programmes for gyms, real estate and hotel projects in common and facilities-based zones, taking padel from public access to private and hospitality-based use.

To train Muay Thai in Phuket used to be a word of mouth affair and a visit to dusty hard floor ring jumping on tyres and using a worn skipping rope. Nothing wrong with that in terms of outcome, but the 'experience' which is what many are prepared to pay for is now a huge number of bespoke Muay Thai training camps, with their own branded fashion outlets and circuit of entertaining fights from Thai national fighters, visiting and resident foreign fighters within new stadiums that are also springing up with high tech replays and digital app streaming services.





Recovery is now also highly competitive with each 'zone' of Phuket containing its own sauna, steam, Banya, ice bath centres with their own social communities that provide more than just a roast and freeze experience.

When clients with 'spare money' used to ask me 20 years ago: "I only want to risk a small amount of capital but I want a business in Phuket, what do you think I should invest in?" I used to reply that they should not invest in bars or restaurants. I still hold the same view today, watching some pour money into ill-conceived ego projects or believing that simply being able to cook food at home or for the family will somehow create a sustainable income for the foreseeable future without both the monumental long shift hands-on commitment and (these days) the marketing guru-style know-how necessary to attract customers to your establishment over and above the 'next one' which might be a few metres away. And as for bars – the global trend of alcohol consumption is downwards and not looking like it will change direction anytime soon. There will, in pockets and entertainment districts, always be a 'fuel' for bad decisions, but that fuel is threatened with the wellness bug.

The gaps in Phuket's business market are now more difficult to spot but the opportunities now are many in between all of these business activities. There are no discernibly notable software/tech hub parks, but we do have more co-working style hubs and hang-outs. It is not yet possible to get all of your wellness at a very high quality in one place – it is necessary to go from a good padel court, to a good gym elsewhere, to a good recovery, to a restaurant with clean healthy food somewhere else. At some point, all of this will successfully converge.

Now, the issue with investment choice isn't a lack of choice, but making a good choice within a wider range of sectors in Phuket. However, the same principles apply to investment as since time immemorial: obtain high quality information and, if possible more and better than your competitors. Analyse the information well but efficiently, then try to be a first mover or a secondary mover with a better strategy. Don't think too much about bad competitors – just shine at what you do and let the market witness the positive results, notwithstanding the inevitable competitor envy. Build strong foundations, be legally compliant, make your dealings honest, adjust for cultural sensitivities but don't be controlled by them and compare the advice you receive on an investment opportunity from different sources. Manage your risk profile carefully and don't bet what you can't afford to lose.



*Desmond Hughes*

Phuket is still for me and many others, an amazing place to 'grow, learn and develop'. Casting aside jaded eyes, and trying to imagine what a new innovative visitor might see could assist the older guard with reinvigorating their businesses and realigning them with the new Phuket opportunities market.

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