SIHANOUKVILLE: A city to keep an eye on
Why Sihanoukville?

KINGDOM OF CAMBODIA

- 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
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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
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

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.

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.

**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

- Deep Seaport
- Victory Beach
- Independence Beach
- Koh Rong Beach
- Sokha Beach
- Ochheuteal Beach
- Otres Beach
- City Center
- To Airport, SEZ & Phnom Penh

- 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
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Investment in Sihanoukville

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.
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
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**

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>CITY</th>
<th>BEACHES</th>
<th>ISLANDS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target customers</strong></td>
<td>Businesspersons</td>
<td>Mid end - luxury tourists</td>
<td>High end - luxury tourists</td>
</tr>
<tr>
<td><strong>Potential businesses</strong></td>
<td>4 star boutique hotel</td>
<td>4-5 star beachfront hotel</td>
<td>3-5 star hotel with full facilities targeting relax tourists</td>
</tr>
<tr>
<td><strong>Capital requirement</strong></td>
<td>$$$ - $$$$$</td>
<td>$$ - $$$</td>
<td>$$$ - $$$$$</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>CITY</th>
<th>BEACH &amp; INSIDE HOTEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Targeted customer</td>
<td>• Expat</td>
<td>• Long stay &amp; Retirements tourists</td>
</tr>
<tr>
<td></td>
<td>• mid – high local tourists,</td>
<td>• local tourists</td>
</tr>
<tr>
<td></td>
<td>• Foreign tourists</td>
<td>• Foreign tourists</td>
</tr>
<tr>
<td>Potential Business</td>
<td>• Modern café</td>
<td>• Coffee &amp; bakery shop</td>
</tr>
<tr>
<td></td>
<td>• Coffee &amp; bakery shop</td>
<td>• Seafood</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pub &amp; restaurant (only at beach)</td>
</tr>
<tr>
<td>Capital Requirement</td>
<td>$$$</td>
<td>$ -$$$$</td>
</tr>
</tbody>
</table>

**Remark:** $ = Very low / $$$$$ = Very high
### Businesses in Sihanoukville

<table>
<thead>
<tr>
<th>CAMBODIAN BUSINESSES</th>
<th>CHINESE BUSINESSES</th>
<th>THAI BUSINESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Most businesses are owned by Cambodian people.</strong></td>
<td><strong>The largest foreign investor - in both manufacturing and service sectors.</strong></td>
<td><strong>Mostly engaging in the service sector.</strong></td>
</tr>
<tr>
<td><strong>Angkor Brewery:</strong> the largest brewery in Cambodia that manufactures Angkor beer, Bayon beer, Carlsberg and Pepsi.</td>
<td><strong>Manufacturing:</strong> mostly operated in the Chinese-run Sihanoukville Special Economic Zone.</td>
<td><strong>PTT:</strong> operates a PTT gas station and 2 Café Amazon in the city. The café is quite popular due to fair prices and good quality.</td>
</tr>
<tr>
<td><strong>Tourism sector:</strong> guesthouses, hotels and restaurants have boomed among local entrepreneurs. Some were sold to foreign investors.</td>
<td><strong>Services:</strong> including entertainment, real estate, hotels and restaurants. It is called ‘Macau 2’ after multiplying casinos in the city.</td>
<td><strong>Restaurants:</strong> Five Star Chicken and The Pizza Company are in the city; menus are similar to those in Thailand but with higher prices.</td>
</tr>
<tr>
<td><strong>Logistics services:</strong> mostly operated by locals.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Investment in Sihanoukville VS. Phnom Penh

<table>
<thead>
<tr>
<th>MANUFACTURING</th>
<th>SIHANOUKVILLE</th>
<th>PHNOM PENH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road</td>
<td>Under development</td>
<td>Mostly completed</td>
</tr>
<tr>
<td>Seaport</td>
<td>The only deep seaport in Cambodia</td>
<td>Having many dry ports but no seaport</td>
</tr>
<tr>
<td>Utilities</td>
<td>Inadequate electricity during peak times and water shortage during drought season</td>
<td>Complete utilities, especially in the urban and industrial zones</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SERVICE</th>
<th>SIHANOUKVILLE</th>
<th>PHNOM PENH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer behavior</td>
<td>Weak purchasing power of people</td>
<td>Urbanized society and lifestyle result in highly potential demands</td>
</tr>
<tr>
<td>Competition</td>
<td>Rising competition</td>
<td>Very high competition</td>
</tr>
<tr>
<td>Target market</td>
<td>Foreign tourists, local tourists (mostly from Phnom Penh)</td>
<td>Foreign tourists, expats and mid- to high-income locals</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHERS</th>
<th>SIHANOUKVILLE</th>
<th>PHNOM PENH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doing business</td>
<td>Some business activities still need to go to Phnom Penh to get business approval</td>
<td>Center of the economy and government sector</td>
</tr>
<tr>
<td>Land prices</td>
<td>Rising rapidly but still lower than Phnom Penh’s land prices</td>
<td>Requiring high investment capital because of very high land prices in many zones</td>
</tr>
</tbody>
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How to get there?

**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.

**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.
**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”*

**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.
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.
**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.

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**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

**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 Trat, Thailand by car.

**COOKING**

**CHANGING CULTURE:**
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:**
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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If you have any specific question about Sihanoukville, Cambodia,

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About AEC+ Business Advisory

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