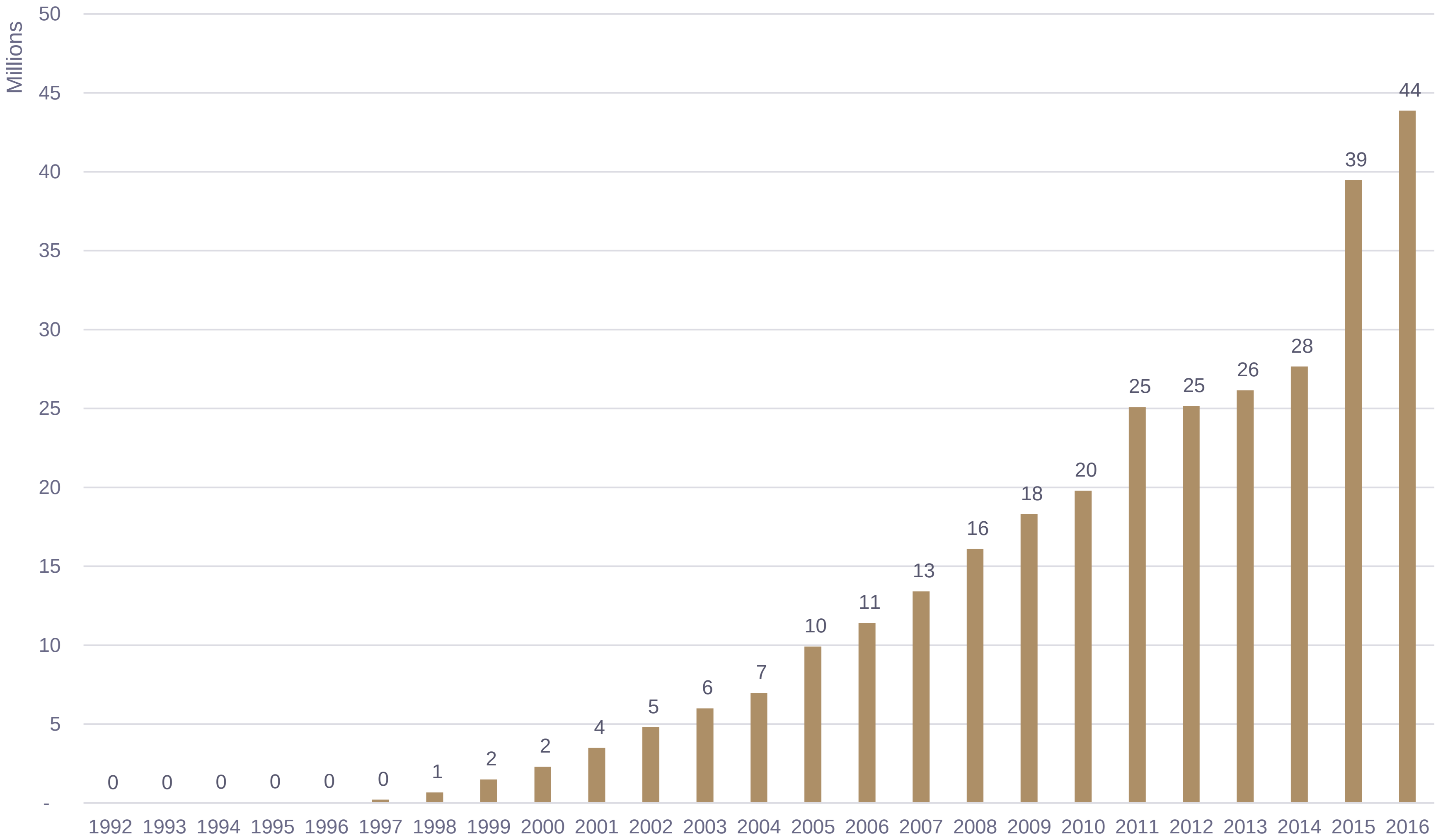
DIGITAL TRANSFORMATION AND THAI ECONOMY

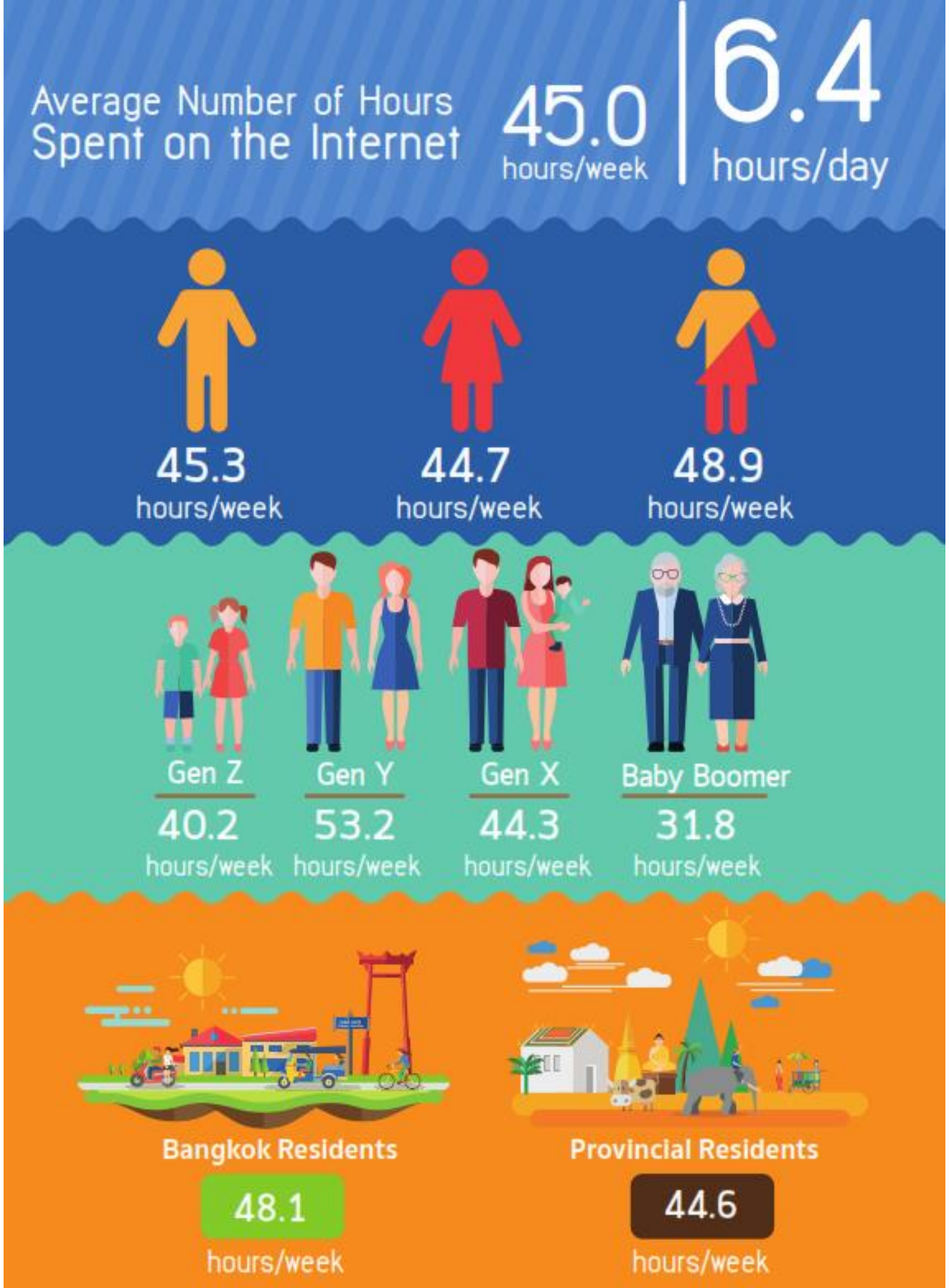
EE 460: Thai Economy
Semester 1 / 2019
Faculty of Economics, Thammasat University

Source: https://www.etda.or.th/publishing-detail/thailand-internet-user-profile-2016.html

Internet Users in Thailand



Source: NECTEC (2018)



Source: Thailand Internet User Profile 2016

In 2016, Thai people use Internet

6.4 hours/day

(5.7 hours/day in 2015)

Internet Use Categorized by Generation	Most Used
Gen Z (born after 2000)	YouTube
Gen Y (born 1981-2000)	YouTube
Gen X (born 1965-1980)	LINE
Baby Boomer (born 1946-1964)	LINE

Source: Thailand Internet User Profile 2016

General Information of Internet Users

Of the 16,661 self selected respondents, 57.3 percent were female, 41.1 percent were male and 1.3 percent pertained to the group of transgender people.

Like that of last year, this year's survey classified the respondents into four generations – Generation Z, Generation Y, Generation X and Baby Boomers. Ranked first in number was Generation Y which constituted 54.5 percent of all the respondents, followed by Generation X (36.3 percent), Baby Boomers (8.5 percent) and Generation Z (0.8 percent) respectively. (For more detail, see Annex)

Distribution of respondents by residence was fairly equal between Bangkok and the provinces and the distribution of gender, age, education, employment status, and household income was consistent with the demographic structure, which rendered them viable for inter-group comparative studies.

Internet Usage Behavior

According to the findings, the average time they surfed the net was 45.0 hours per week or 6.4 hours a day. The highest number of hours per week spent on the Internet was found in the transgender and Generation Y groups, who spent 48.9 and 53.2 hours per week online respectively.

In 2016, smartphones continued to be the most popular device used to access the internet, used by 85.5 percent of the respondents with the usage of 6.2 hours a day on average. Evidently, the figures rose from 2015, in which smartphones were device of choice of 80.0 percent of respondents with daily average usage of 5.7 hours.

Source: Thailand Internet User Profile 2016

Internet users preferred to use desktop computers to surf the net during school/work hours or between 08.01-12.00 hrs and 12.01-16.00 hrs (64.5 and 60.7 percent respectively).

During after school/work hours or from 16.01 to 20.00 hrs, smartphones were the most popular device for Internet access, used by 68.4 percent of the respondents.

Owing to the fact that Internet infrastructure in Bangkok was better and more developed than that in other provinces, 29.3 percent of Internet users in Bangkok, in contrast with only 10.3 percent of provincial Internet users, surfed the net while they were travelling. Traffic congestion was another major factor that encouraged Bangkokians to use the Internet on their smartphones in order to pass time pleasantly in the face of traffic snarl.

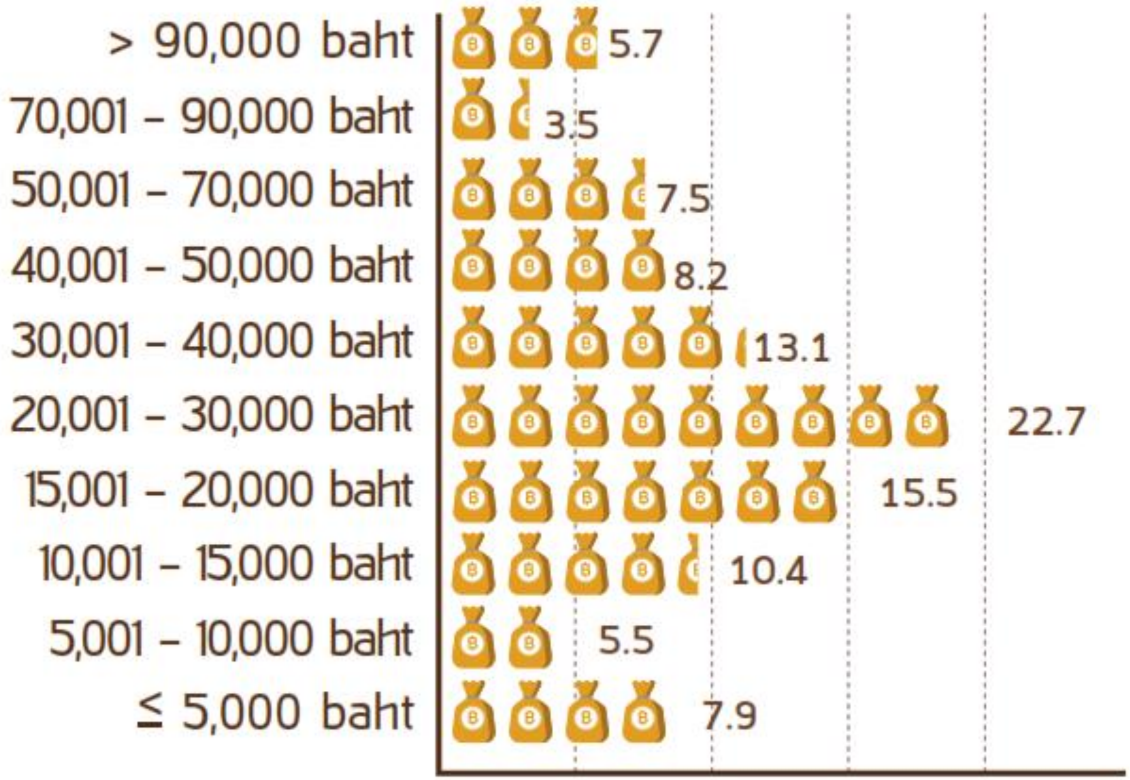
Top five popular online activities carried out on mobile devices were communication through social network websites (86.8 percent), followed by viewing video clips on YouTube (66.6 percent), reading e-Books (55.7 percent), searching for information (54.7 percent), and financial transactions (45.9 percent) respectively.

On the other hand, top five activities people deal with on desktop computers were searching information (57.6 percent); doing e-Mail correspondence (56.9 percent); viewing video clips on YouTube (47.2 percent); downloading programs/music/series/games (45.6 percent); and reading e-Books (44.2 percent).

Source: Thailand Internet User Profile 2016

Average Monthly Personal Income

Chart 31 Survey respondents classified by average monthly personal income

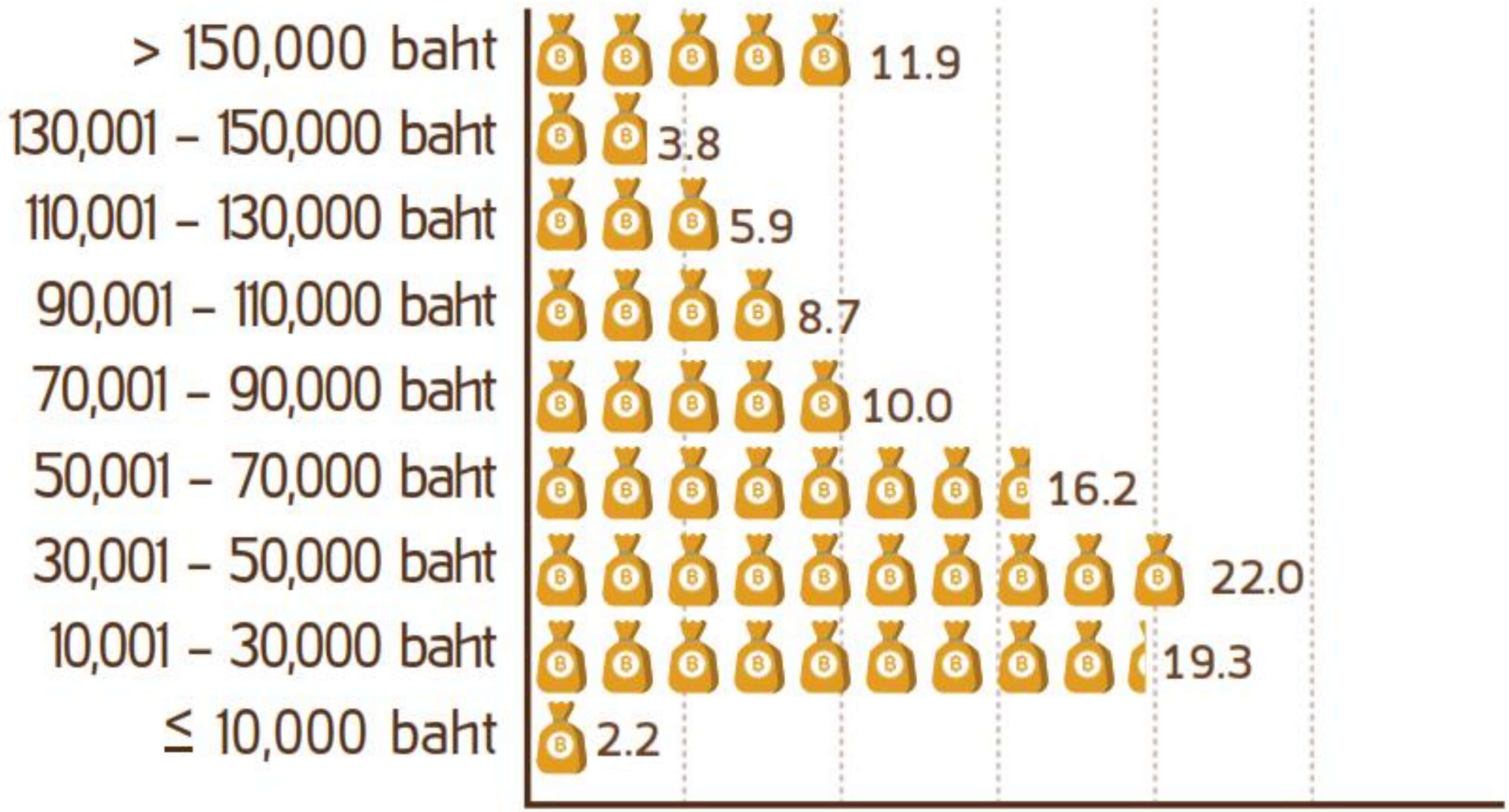


As shown in Chart 31, most of the respondents (22.7 percent) earned 20,001-30,000 baht a month. Those whose incomes per month range between 15,001 - 20,000 baht, 30,001 - 40,000 baht and 10,001 - 15,000 baht constitute 15.5, 13.1 and 10.4 percent respectively.

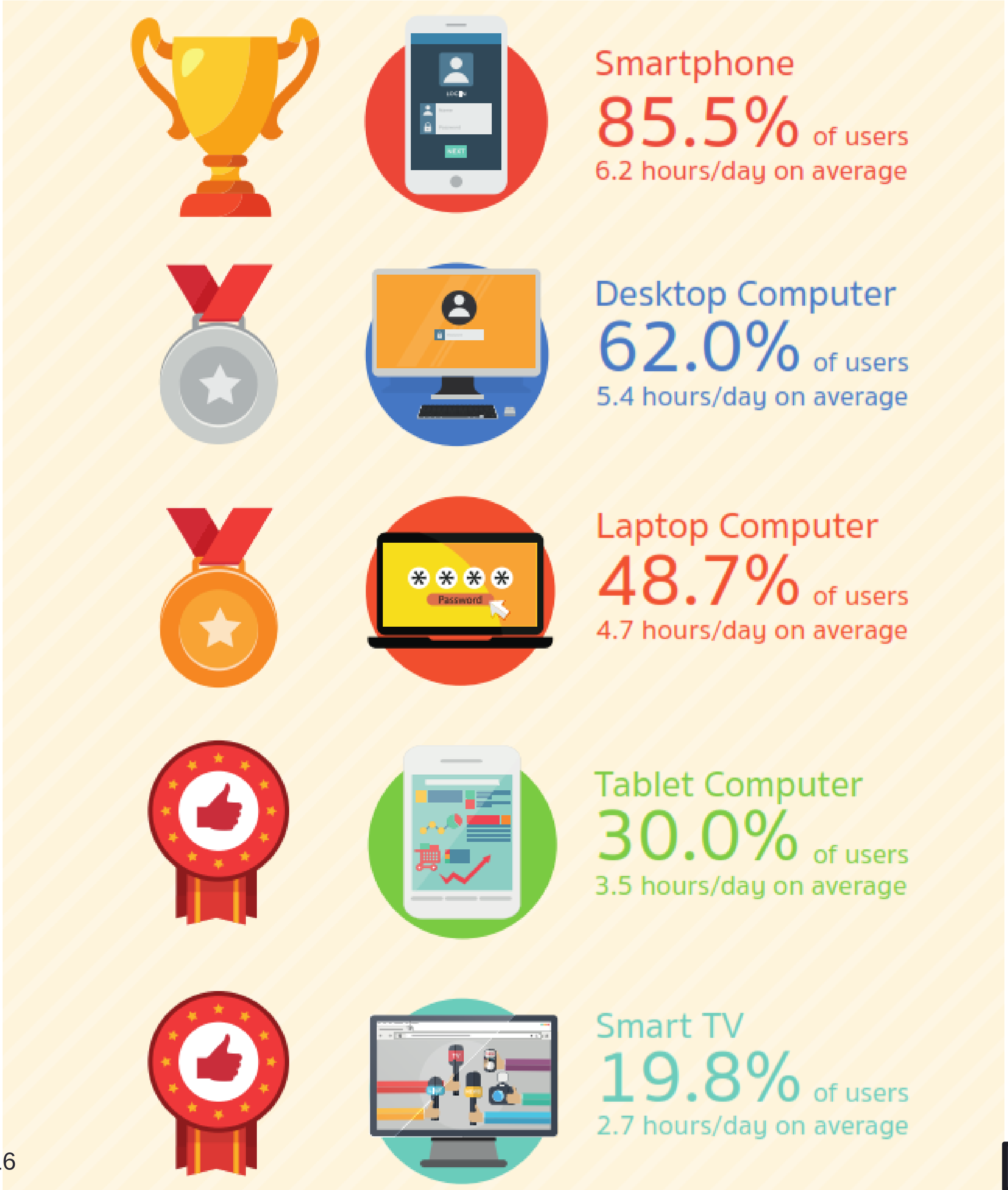
Source: Thailand Internet User Profile 2016

Average Monthly Household Income

Chart 32 Survey respondents classified by average monthly household income



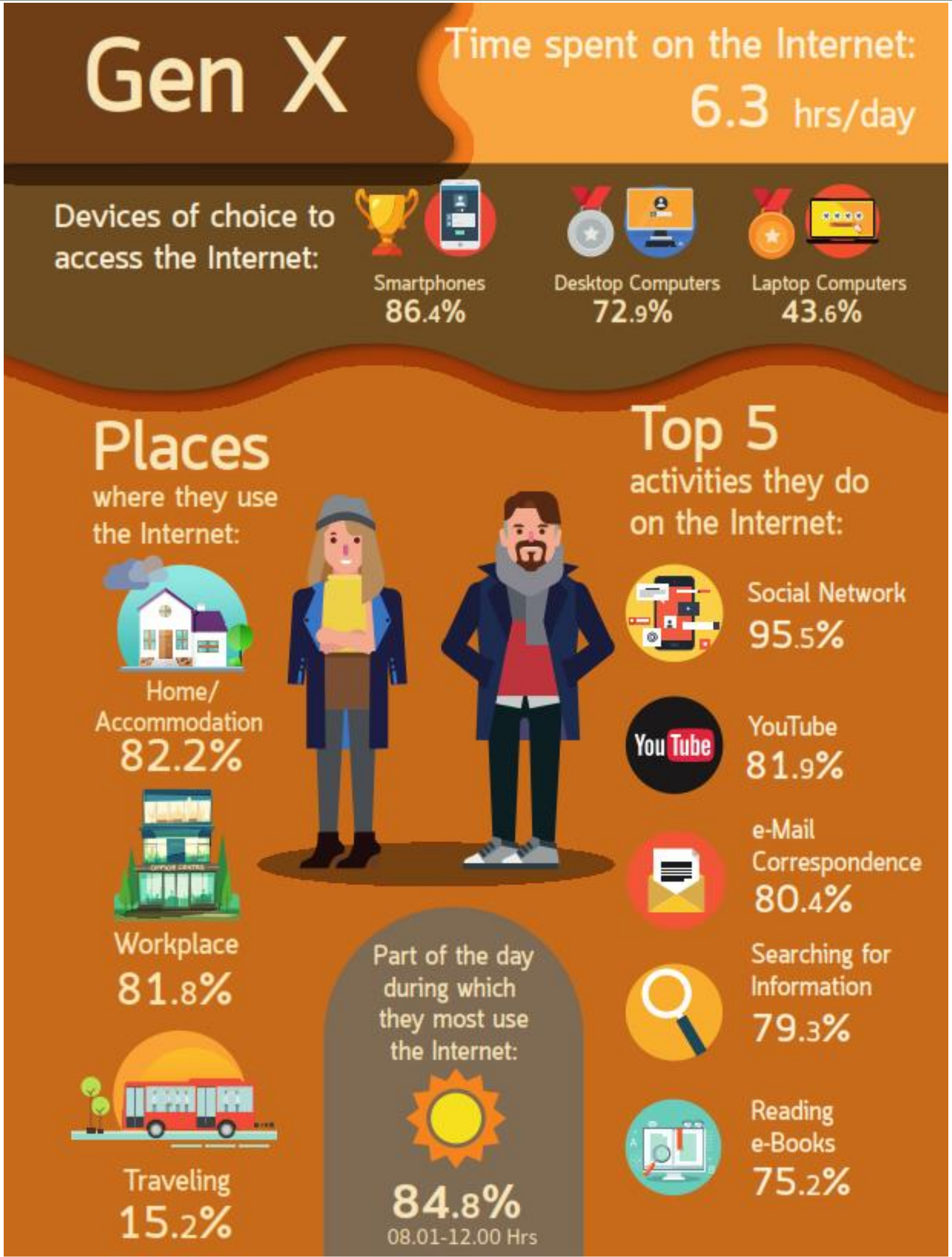
Source: Thailand Internet User Profile 2016



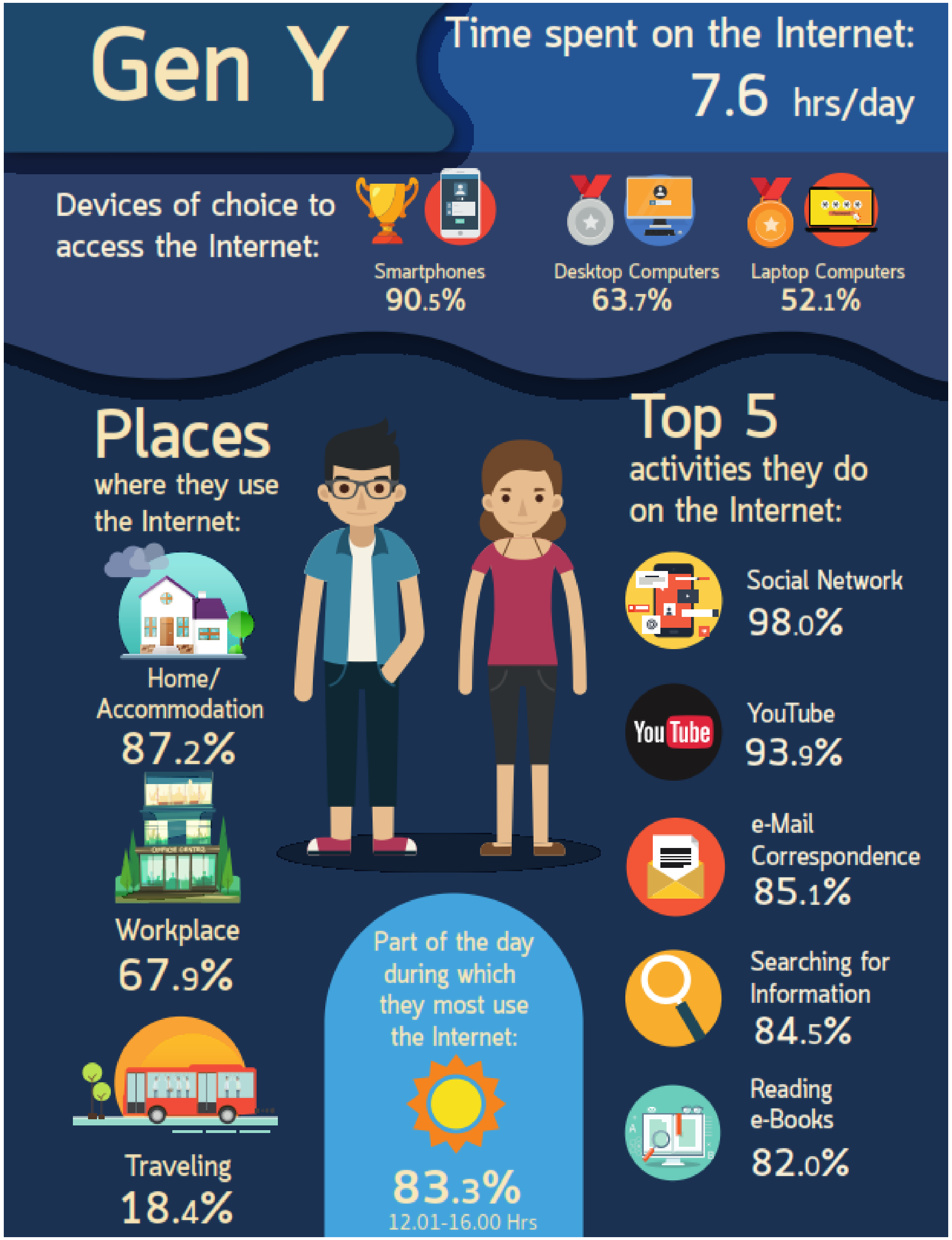
Source: Thailand Internet User Profile 2016

	Most popular	Second Most Popular	Third Most Popular
Gen Z	YouTube 98.6%	f 93.8%	LINE 91.4%
Gen Y	YouTube 98.8%	f 97.9%	LINE 97.2%
Gen X	LINE 96.2%	YouTube 95.3%	f 93.9%
Baby Boomer	LINE 91.5%	YouTube 89.3%	f 86.5%

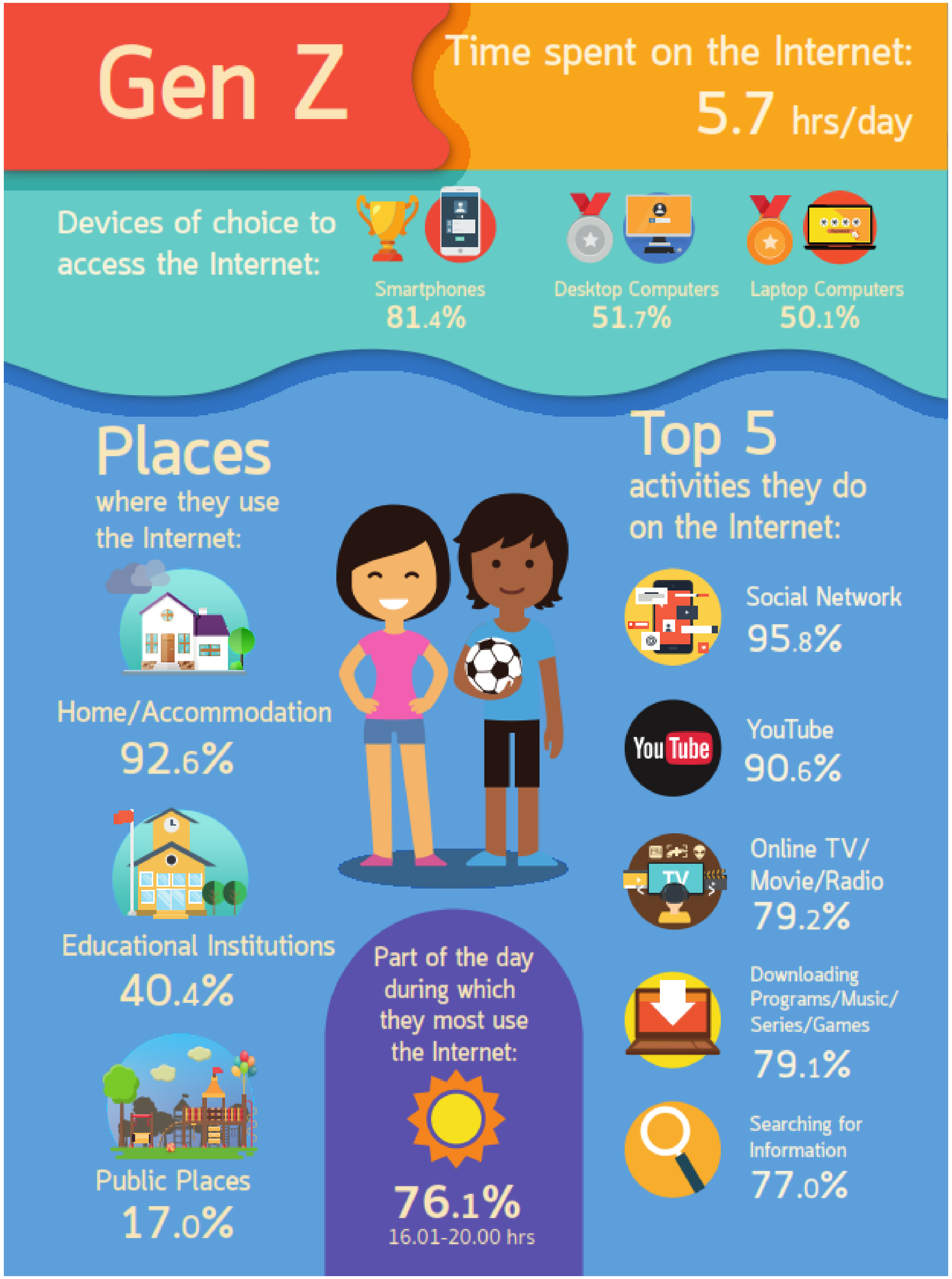
Source: Thailand Internet User Profile 2016



Source: Thailand Internet User Profile 2016



Source: Thailand Internet User Profile 2016



Source: Thailand Internet User Profile 2016

Source: Thailand Internet User Profile 2016

Source: https://www.etda.or.th/publishing-detail/the-value-of-e-commerce-survey-in-thailand-2016.html

The Value of E-Commerce in Thailand in 2016

The projected value of E-Commerce in Thailand for 2016 was 2,523,994.46 million baht or 40.08% of the total sales value of goods and services, which was an increase of 12.42% from 2015.

The largest share of the value of E-Commerce in 2016 was from B2B E-Commerce which amounted to 1,381,513.39 million baht, accounting for 54.74% of the total value of E-Commerce in 2016. The second largest share was B2C E-Commerce at 729,292.32 million baht (28.89%), and lowest was B2G E-Commerce at 413,188.75 million baht (16.37%).

Data on the value of B2G E-Commerce was calculated based on two datasets, which were the value of government procurement under the e-Auction system in the amount of 405,056.36 million baht (16.05%), and the value of government procurement outside the e-Auction system in the amount of 8,132.39 million baht (0.32%).

Source: The Value of E-Commerce Survey in Thailand 2016 (ETDA)

The value of E-Commerce of each of the 8 industries in 2016 (excluding e-Auction) in order from highest to lowest was as follows: retail and wholesale at 731,828.33 million baht (34.54%), accommodation at 643,033.15 million baht (30.35%), manufacturing at 343,866.80 million baht (16.23%), information and communication at 281,866.93 million baht (13.30%), transportation at 70,316.38 million baht (3.32%), other services such as online recruitment and online payment services at 35,057.56 million baht (1.65%), arts, entertainment, and recreation at 11,300.29 million baht (0.53%), and insurance at 1,668.66 million baht (0.08%).

An analysis of the survey data shows that the majority of E-Commerce businesses are growing. The factors driving the growth of these businesses can be summarized into 3 main factors as follows:

Source: The Value of E-Commerce Survey in Thailand 2016 (ETDA)

Firstly, the number of E-Commerce operators has increased. In 2014, the number of E-Commerce operators totaled 502,676 operators, but in 2015 the figure grew to 527,324 operators, increasing by 24,648 operators.

The digital age consumers tend to have frequent use of the internet, often via wireless telecommunication devices such as smartphones, tablet computers and smart watches, which are quickly becoming more advanced, yet also cheaper.These consumers, as they are close to advanced communication technology, will have their consumption preference move with the changing dynamics of the world. This has led to the exponential growth of online businesses in the country.

Source: The Value of E-Commerce Survey in Thailand 2016 (ETDA)

Secondly, government policies have played an important role in supporting the growth of E-Commerce in Thailand.In particular, the Ministry of Commerce and the Ministry of Information Communication Technology[5] have supported E-Commerce in Thailand to be able to grow in ASEAN and global markets by promoting local businesses among communities to gain better understanding and have access to the internet through training and provision of various sales channels.

Policies of the Ministry of Information Communication Technology have also promoted integration of digital systems in services of the financial sector and other sectors, especially that of the communication and entertainment sector as well as supported small and medium enterprises (SMEs) all over Thailand to have equal access to the digital economy. This is a step enabling them to be able to compete in the regional and global arena.

Source: The Value of E-Commerce Survey in Thailand 2016 (ETDA)

Thirdly, as financial transactions are quickly changing, organizations from public and private sectors such as the Ministry of Information Communication and Technology, the Ministry of Finance, the Bank of Thailand, the Federation of Thai Industries, and the general public understand the need for firm policies and plans that can support E-Commerce throughout the value chain. Policies should begin from laying the foundation in E-Commerce to business owners and matching businesses as well as improving online payment systems that will play a larger role in driving the growth of the economy. Examples of development in online payment systems are Any ID or Prompt Pay, expansion of electronic card usage, tax and electronic filing systems like e-Invoicing and National Payment Message Standard.These systems will help automate the link between transaction data and payment, enabling straight-through processing, which would speed up and lower the costs of business processes of the private and public sectors.

Source: The Value of E-Commerce Survey in Thailand 2016 (ETDA)

ASIAN DEVELOPMENT OUTLOOK 2018

HOW TECHNOLOGY AFFECTS JOBS

APRIL 2018

ASIAN DEVELOPMENT BANK

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Informal retail transforming into social commerce

- Despite rapid growth in internet use, **e-commerce in Southeast Asia remains in its infancy** for **lack of well-developed digital finance or logistics** (Chadha 2016).
- In Southeast and South Asia, **less than a third of companies have their own websites**, and only **about half use e-mail to communicate** with clients and suppliers (ADB 2017b).
- However, despite small e-commerce markets, developing economies lead the world in **social commerce**, or **unofficial e-commerce using social media**.

Source: Asian Development Outlook - ADB (2018)

Informal retail transforming into social commerce

- Social commerce is characterized by **online sales and offline payments**. It **begins on a social media platform**, followed by **direct communication between buyer and seller**, usually using **instant messaging apps**, and closes using **offline payment** (Malabuppha 2017).
- Cash on delivery is widely used (International Trade Center 2017). The popularity of social media turns these venues into **cheaper e-commerce platforms than traditional e-commerce**. Whereas **websites charge commissions, selling on social media is free**.
- **The world's most avid social media shoppers are in Thailand**, where **51%** of online shoppers report **buying on social media**, and India at 32% (box figure).
- **Facebook** is the **preferred platform** for selling online in Viet Nam (Asia Pacific Foundation of Canada 2017) and Indonesia (JakPat 2015), and it is widely used in the Philippines (Llamas 2017).
- Social media sales account for 30% of e-commerce transactions in Southeast Asia Chadha 2016).
- **India and Southeast Asia** are the **largest Facebook** and **Instagram** users globally.

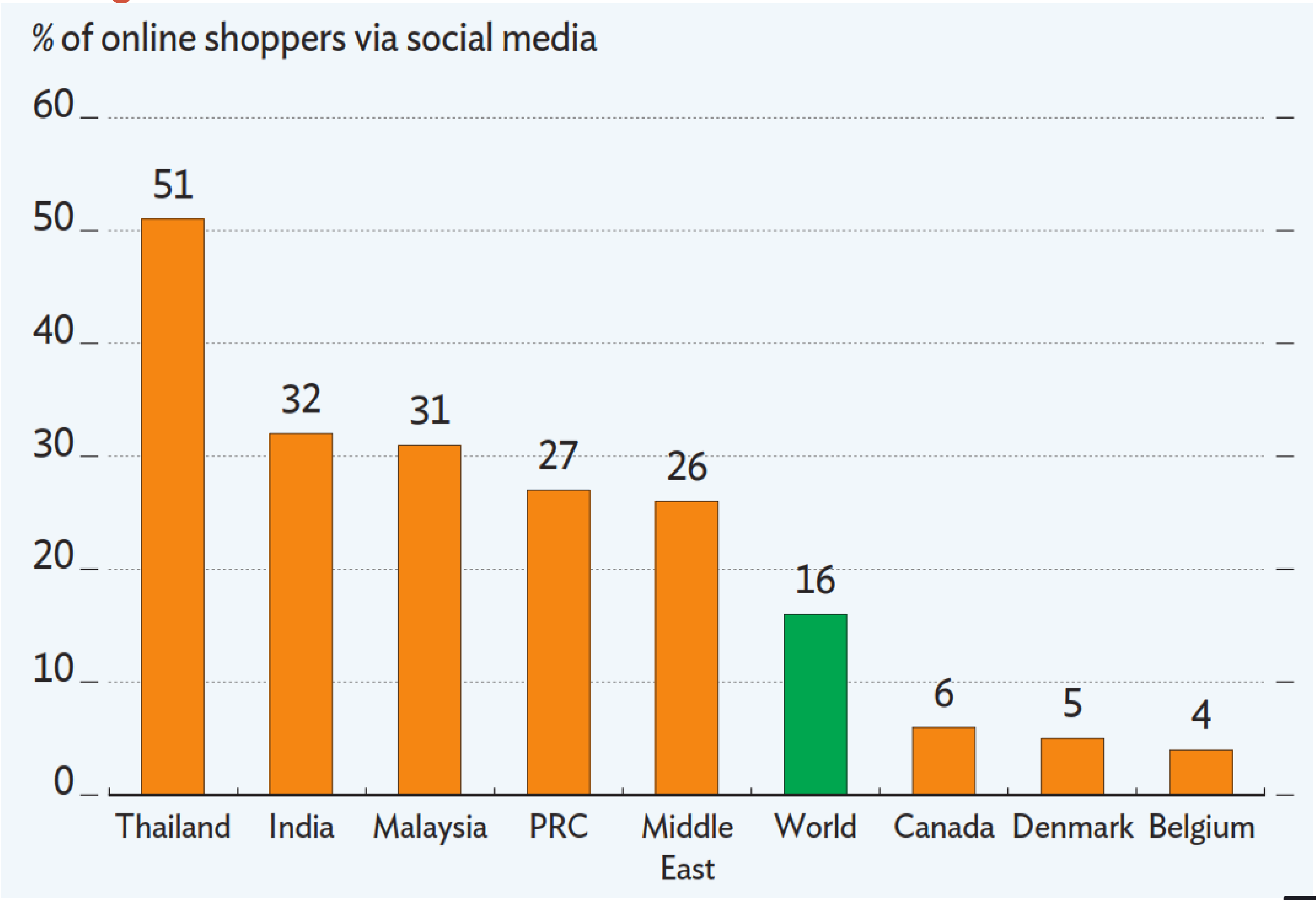
Source: Asian Development Outlook - ADB (2018)

Informal retail transforming into social commerce (cont'd)

- Social mobile use is also large and growing. In **Southeast Asia**, **47%** of people are **active on social media**, with **42%** accessing platforms from **mobile devices** (Klemp 2017).
- Social commerce in the region is largely domestic. However, small businesses worldwide are becoming "**micro-multinationals**" by using **digital platforms**— including social media—to connect with **international customers and suppliers** (McKinsey Global Institute 2016).
- This has created **new opportunities for informal retailers**. Studies find that **small and medium-sized enterprises** using e-commerce increase **revenues, lower costs, boost profits, add jobs**, and are more likely to export and innovate. As **digital payment infrastructure** and **logistics improve**, the informal sector will be better able to **tap global markets**.
- In an age of digital expansion, the **rise of social commerce** is making e-commerce a **reality for many sellers** with few resources or formal skills.

Source: Asian Development Outlook - ADB (2018)

Where online shoppers said they purchased directly through a social media channel



Source: Asian Development Outlook - ADB (2018)