Literature review: Study of Competitive Strategies of Mobile e-payment Services in Thailand

Since the Bank of Thailand has adopted promptpay, it increases the efficiency of transactions for all parties and gives rise to new business opportunities, e-payments. E-payment is a payment method operating through a server that is linked to a user's e-wallet. From 2015 - 2017, the industry of e-payment in Thailand indicated a significant growth of 87% in volume of transactions, which attracted many firms to participate in the market. Though the position of market leader is not settled yet, a high degree of barrier to entry creates an oligopoly environment with 16 e-payment service providers. Therefore, the study aims to examine the leading firms' strategies and their rationale in the short run and long run, while observing the contribution of promptpay policy towards the e-payment market.

The study collect the data from all 11 mobile e-payment service brand including Rabbit Line Pay, K plus,SCB EASY, TrueMoney Wallet, mPay, Bualuang mBanking, KTB netbank, KMA, TMB Touch , BluePay Wallet, and AirPay. The researchers applied the qualitative approach under Oligopoly Market Theory to examine the data. As a result, most firms use penetration pricing as the short term strategies especially the new entrants such as BluePay ,Airpay, and Rabbit Line Pay. For long term strategies, firms use quality and price reduction, vertical and horizontal integration, and network expansion. Furthermore, some service providers also use loyalty programs and exclusion strategies as well. Ultimately, the competitive arena is not yet to decide the winner, hence, leaving the consumer to enjoy the benefit of a variety of promotions from different e-payment providers.

This study shows that the e-payment service provider is not a profitable business in the short to medium term, many firms are willing to bear a negative profit in order to increase their market share since it is certain that e-payment transactions will continue to increase. The study does a good job in representing that the e-payment service providers can also operate as complementary rather than competitors. For example, some people use K-Bank to transfer money to Rabbit Line Pay. Regardless of limitation of access to data, the study could improve by analyzing the effectiveness of each strategy as well.

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Reference:

Onaraya Voravarachai (2018). The study of Competitive Strategies of Mobile e-payment Services in Thailand