



# CONSUMER ECONOMIC

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# THAILAND OUTLOOK

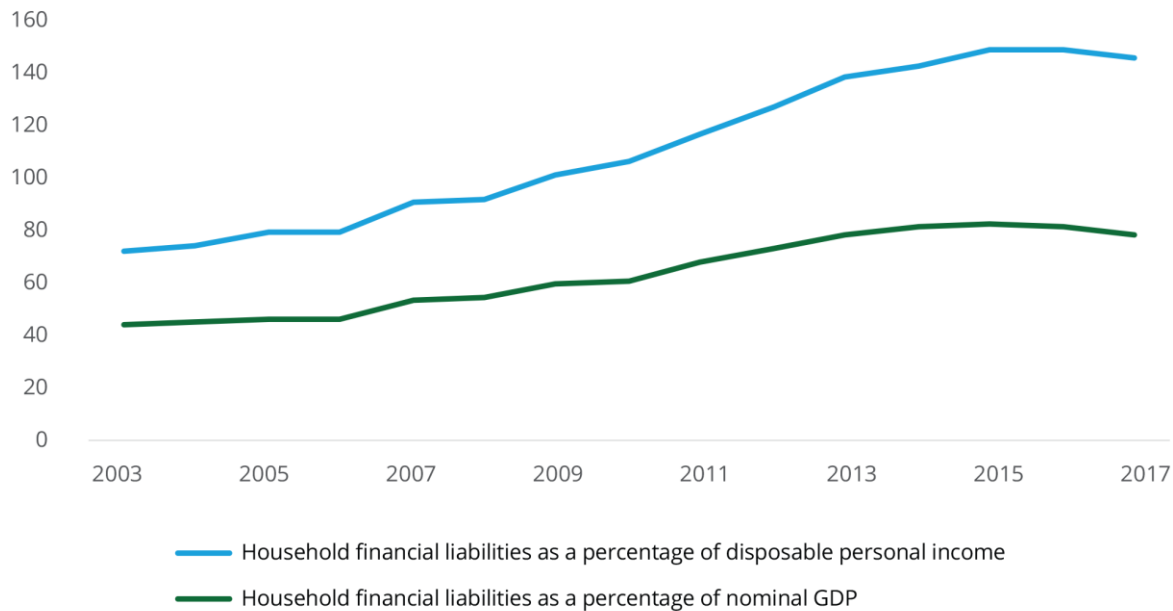
- **Thailand's economic growth attained 3.9% in 2017 due to external demand.**
- **Consumer confidence increased to its highest level since January 2015.** Consumption accounts for close to 50% of GDP in 2017, thus contributing to close to half of aggregate economic growth last year.
- **Exports accelerated to 7.5%** due to merchandise goods exports and tourism from China, Malaysia and Russia.
  - This reflects a regional trend, as export growth increased across all economies in the region.
- **Imports grew by 6.5%**, with the largest increases in the import of raw materials and intermediate goods. **Capital goods imports grew by 8.6%** in 2017, reflecting a rise in machinery and equipment imports, which is a **leading indicator for increased private investment activity in 2018.**
- Public investment decelerated in 2017 due to approval delays and inclement weather. **Accelerating implementation of large projects, especially those under the Transportation Action Plan, will be critical to strengthening the economic recovery in 2018 through 2019.** Continued reform momentum in skills and education, public investment management, and services will be critical for raising Thailand's long-term growth path above 4.0 percent.
- **Thailand's economic growth attained 4.2% in 2018 due to healthy domestic demand** - the best growth performance since 2012. Data for Quarter 2 continues to suggest that ***the domestic economy is gaining traction, while the external sector is softening slightly.***
- Thailand's long-term growth prospects rest on innovation, yet it is an example of an emerging market facing the innovation paradox; returns to investments in technology are high but actual investments are low.

# BANK OF THAILAND (BOT) TO REMAIN WARY OF HIGH HOUSEHOLD DEBT

- **In its December 2017 meeting, the BOT continued with its easy monetary policy and kept the policy rate unchanged.** The policy rate has now been unchanged since April 2015 when the bank had cut rates by 25 basis points to 1.5 percent.
- While low interest rates have aided economic growth, the **central bank runs the risk of adding to already high levels of household debt.**
- According to Oxford Economics, household financial liabilities as a share of disposable personal income are expected to decline slightly this year, but will continue to be high at 143.1 percent ; this is higher than the household debt levels that prevailed in the United States before the Great Recession.
- **Recent data on credit growth in Thailand suggests that individual not credit business driven growth in credit.**
- Furthermore, high household indebtedness and political uncertainty in the lead up to elections to be held no later than February 2019 could drag on economic prospects.

# BOT TO REMAIN WARY OF HIGH HOUSEHOLD DEBT

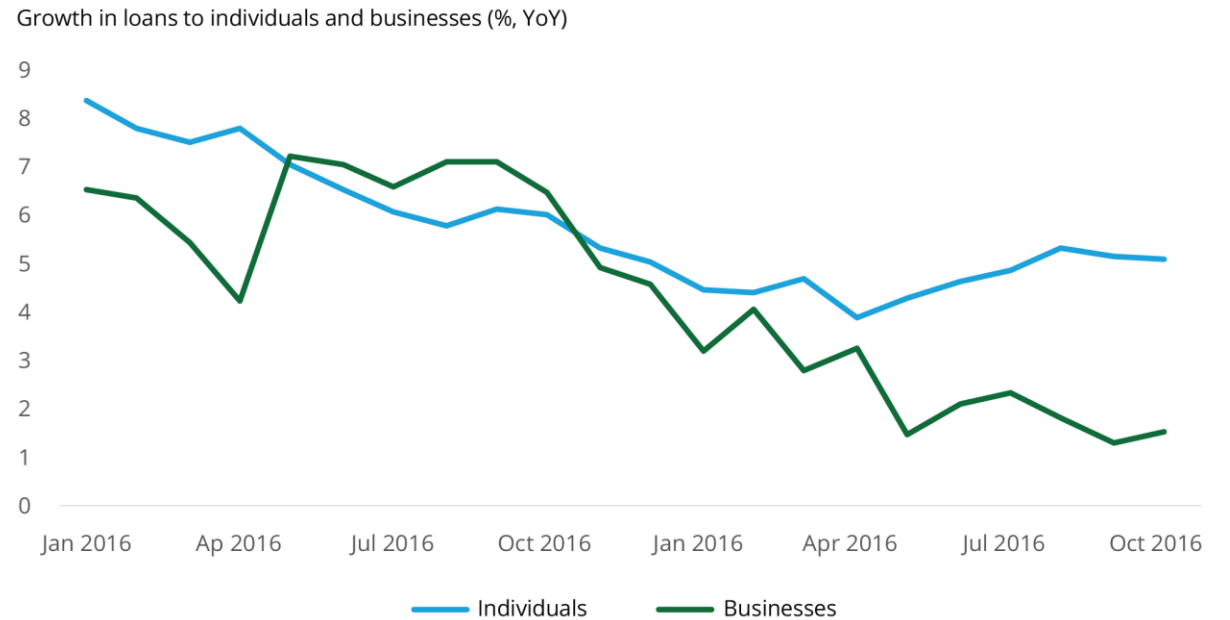
**Figure 3. Households in Thailand will have to cut down on debt levels**



Source: Haver Analytics; Deloitte Services LP economic analysis.

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**Figure 4. Individuals, not businesses, are driving credit growth**



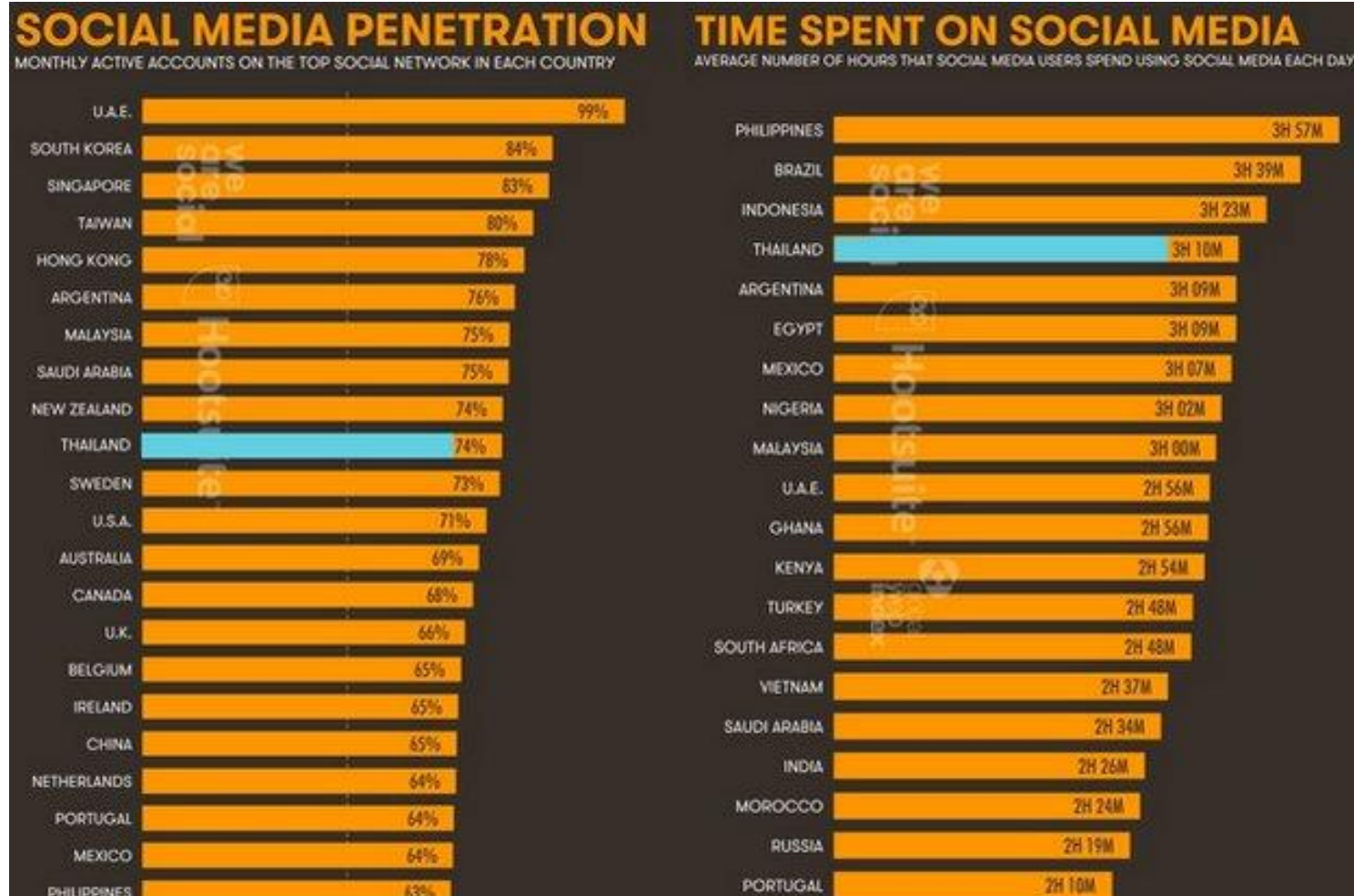
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# THE RISE OF E-COMMERCE AND DIGITAL ECONOMY (I)

- Thailand ranks in **the top 10 for mobile social media penetration and top four for time spent on social media**, according to social media management platform Hootsuite and global agency We Are Social.
- The country ranked **eighth globally for number of Facebook users**, with Bangkok the city with the most active Facebook accounts.
  - In 2017, the number of Facebook users in Thailand increased to 48 million from 47 million users in 2016. The number of Instagram users grew to 13 million from 11 million during the same period.
  - In contrast, in some countries like the US and Canada, the number of Facebook users is contracting.
- **Thais also spend the most time on internet at 9.38 hours per day and on mobile internet at 4.56 hours.**
- One factor contributing to the expansion of online retail sales in Thailand is the **increased Internet penetration**, much of it through mobile connection. According to a forecast cited in the report, almost two-thirds of online retail sales in 2021 will be **through mobile**, and by that forecast year, nearly one quarter of the **Thai population will shop online.**
- Another growth factor in Thailand is **social media shopping**. Around half of Thai online shoppers make purchases through social media sites such as Facebook or Instagram

# THE RISE OF E-COMMERCE AND DIGITAL ECONOMY (II)



## THE RISE OF E-COMMERCE AND DIGITAL ECONOMY (III)

- In 2017 **Thailand's e-commerce market had a total of \$2.9 billion worth of trade** and has been growing at an average of 14.5% annually. By 2022, sales in the market is expected to reach \$5.8 billion and in 2025, \$11.1 billion. **Currently the biggest e-commerce business is technology and media**, which is worth \$1.2 billion.
- **Convenience, speed, on-time delivery, promotions, being cheaper** than brick-and-mortar shop and exclusive product offerings **were listed as the top reasons people shopped online.**
- The survey found that 40.7% of respondents had **never bought products or used any service online. The key reason cited was the fear of fraud.**
- For those who do shop online, 44% bought clothes and accessories. Some 26.5% of the that segment bought IT products, 19.5% purchased household appliances, 18.7% bought food and 17.9% purchased tourism-related services.



# THAILAND E-COMMERCE LANDSCAPE 2017

## B2B



## B2C

## C2C

**MARKETPLACE**  
weLove SHOPPING, TARAD.com, Shopee, ShopSpot, Chitlada, ZILINGO

**CLASSIFIED**  
Talent24, carmana, Kaidee, Chobrod, OCproperty, Prakan.com, hipflat, THINK OF LIVING

**CROSS - BOARDER**  
eBay, amazon.com, Lazada, 11ST, JD.COM, 淘宝网, Etsy

**TRAVEL**  
airbnb, favstay

**MARKET PLACE**  
LNUW, luemall, tosame.com, topprofuc, ShopSpot

**FASHION & APPAREL**  
LOOKSI, Pomelo, SR REEBONZ, ZILINGO

**FOOD DELIVERY**  
foodpanda, LINE MAN, UBER EATS, honestbee

**TICKET**  
StubHub, Ticket.com, TicketAsia

**E-TAILER**  
CENTRAL.com, Tesco Lotus, Tops Advice, JIB

**BEAUTY**  
THE COSMETICS, SEPHORA, Konvy.com, COSZI, BEAUTICOOL.COM, Orami

**TRAVEL**  
agoda.com, Booking.com, traveloka, Expedia, Hotels.com, HotelsCombined, HG HOTELQUICKLY

**OTHERS**  
ASIA BOOKS, OookBee, BULK, Freshnet, BLAZZIQ, WISHBER

## LOGISTICS

**3PL**  
DHL, KWA, Nippon Yusen, Nippon Express, Nippon Yusen, Nippon Yusen

**ON-DEMAND**  
Grab, Deliveroo, LINE MAN, LALABOVE, SEND

**SHIPPING AGGREGATOR**  
SHIPP, smarship, FASTSHIP.CO

## PAYMENT & E-WALLET

AirPay, PayPal, omise, 2C2P, wallet, adyen, BluePay, siampay, PAYMENT GATEWAY, Pay Social, 支付宝, rabbit, LINE Pay, digio, cenxpay, Deep Pocket, CHOB

## SOCIAL COMMERCE



## FULLFILLMENT



## AFFILIATE MARKETING



## CASH BACK



## ORDER AND STOCK MANAGEMENT



## E-COMMERCE PLATFORM



## PRICE COMPARISON



## E-COMMERCE ENABLER






# SHIFT OF CONSUMER DEMOGRAPHIC (I)

- Research shows that the country is **shifting from an Aging Society to an Aged Society**, which is defined as being one in which approximately **20% of the total population are over 60** and around 14% are over 65. Predictions point towards Thailand being an aged society by 2021. **Thailand is one of the most increasing aged population in the world.**

Country or area	Percentage point change between 2015 and 2030
Cuba	12.8
Republic of Korea	12.7
China, Hong Kong SAR	12.3
China, Taiwan Province of China	12.1
Curaçao	11.7
China, Macao SAR	11.4
Thailand	11.2
Martinique	11.0
Brunei Darussalam	11.0
Singapore	9.9



## SHIFT OF CONSUMER DEMOGRAPHIC (II)

- Research shows Thai senior citizens' top three concerns are **health, financial security and the future security** of their offspring.
- **Reading, sports, travelling and music** are among their most popular hobbies, and religious groups are very popular.
- 70% of senior citizens surveyed said they use cash when they go shopping.
- Into 2018 and beyond, brands will have opportunities surrounding:
  - The rising need for specially-trained nurses and caretakers.
  - A growing need for fitness trainers, financial advisers, and professionals specializing in customizing homes for older people.
  - Improved medical technology and a healthier population will result in longer life expectancy and a need for more financial saving and investment choices.
  - Products and services to improve the quality of life for senior citizens.

JAN  
2018

# GLOBAL POPULATION BY AGE GROUPS

THE WORLD'S POPULATION, BROKEN DOWN INTO VARIOUS AGE GROUPS

TOTAL GLOBAL  
POPULATION



**7.593**  
BILLION

ANNUAL GROWTH RATE:

**+1.6%**

GLOBAL POPULATION  
AGED 0-15 YEARS



**2.041**  
BILLION

PERCENTAGE OF TOTAL:

**27%**

GLOBAL POPULATION  
AGED 16-64 YEARS



**4.870**  
BILLION

PERCENTAGE OF TOTAL:

**64%**

GLOBAL POPULATION  
AGED 65+ YEARS



**0.682**  
BILLION

PERCENTAGE OF TOTAL:

**9%**

we  
are  
social



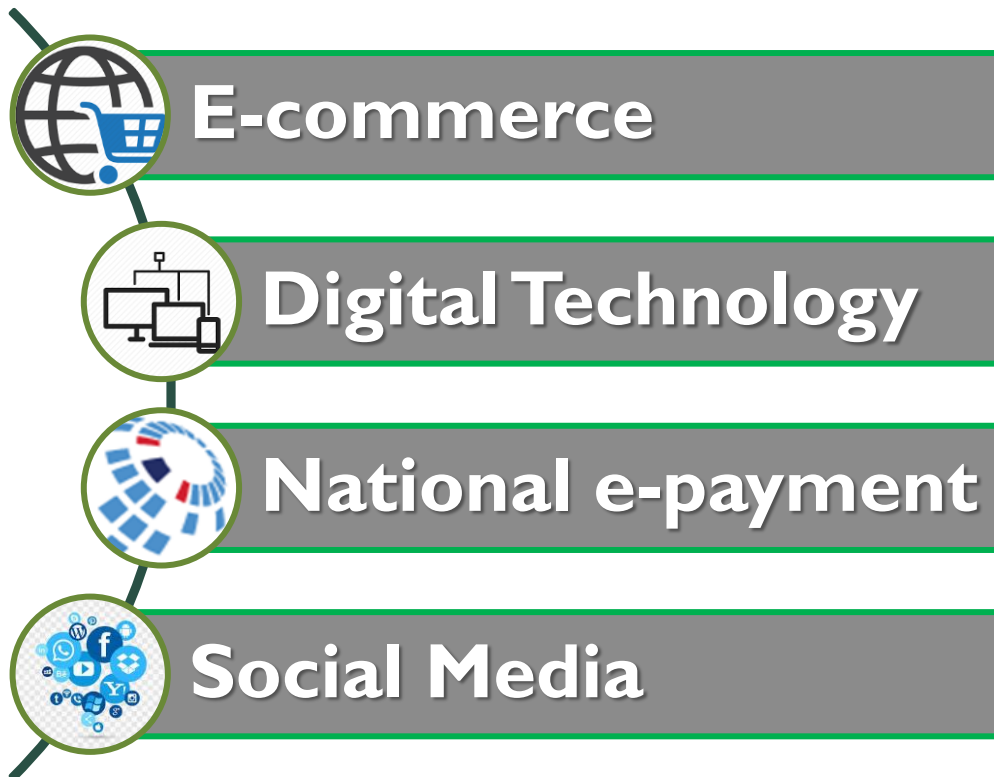
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## BUYING BEHAVIOR FOR THAI CONSUMER AND RETAIL INDUSTRY IN 2018; RETAIL TREND; BOUNDLESS TRADING BY TECHNOLOGY

- Despite the notion of the demise of brick-and-mortar stores, **physical retail isn't actually dead, but boring retail is.**
- Thai Retailers Association (TRA) forecasts that the retail sector will grow 3.8%-4.0% in 2018 and 4.5% in 2019.
- **Customer experience will overtake price and product as the key brand differentiator by the year 2020.**
- Artificial intelligence will gain more clout. (**Trading form will be changed and based on artificial intelligence.**)
- **The rise of the conscious customer will continue.**

# KEY INFLUENT FACTORS TO THAI RETAIL INDUSTRY

## ■ Key Influential factors to Thai Retail Industry



E-Commerce becomes one of the preferred channel for shopping because of its easiness and convenience. In Thailand, the value of e-commerce will increase no less than 10% in next 5 years.

- Change customer experience; use digital technology to explore the potential deal.
- Change retailer experience; easily predictive analytics to forecast their customer behavior.

New channel for payment and urge Thailand to be cashless society.

It is a new and convenient channel used for marketing, communicating, and branding retailer products to their customers.