Thailand: Internet industry

<Industry status> The number of users and the penetration rate are both increasing, and EC scale more than doubles in six years

Internet user numbers in Thailand have been growing steadily. From 2013 to 2021, it grew at an average annual rate of 9.5%, growing to 52.2 million in 2021. The penetration rate of the Internet exceeded 50% in 2015 and has increased to 78.8% in 2021. Alongside the penetration rate rise, the electronic commerce (EC) market is expanding rapidly in recent years. In 2021 (estimated), it reached about 4.01 trillion baht (12 trillion yen), more than double the 2015 level.

The outlook for the number of Internet users, penetration rate, and EC market are all expected to continue rising with the following tailwinds: increasing smartphone users in urban areas, especially in the capital city of Bangkok; the accelerated development of high-speed communication infrastructure with the government’s promotion of a digital economy policy; telecommuting becomes popular with the spread of the Covid-19; the use of online shopping have increased as restrictions on movement by the Covid-19.

(Data compiled by Ashu Research based on the National Broadcasting and Telecommunications Commission: NBTC and International Monetary Fund: IMF data)
The number of broadband communication subscriptions continues to grow steadily. From 2013 to 2019, it grew at an annual rate of 12.5%, and in 2021 it expanded to 12.4 million, an increase of 18.2% from the previous year. Compared to 2013, the subscriptions have ballooned 2.5 times in eight years. As the number of subscriptions increased, the broadband internet penetration rate also increased. The penetration rate grew from 7.3% in 2013 to 18.2% in 2021.

As the number of Broadband users grows, Advanced Info Service (AIS), the largest mobile phone service provider, revealed that fiber-optic internet service subscriptions grew to 1.77 million by the end of 2021, up 32.5% from the end of the prior year. As of the end of March 2022, subscriptions expanded to 1.87 million, an increase of 30.3% compared to the end of the same month in the previous year. The spread of Covid-19 has contributed to the widespread use of telecommuting and remote classes.

There is room for growth in the future as while the overall Internet penetration rate in Thailand close to 80%, the broadband penetration rate is still slightly under 20%.

(Data compiled by Ashu Research based on data from NBTC and the National Statistical Office of Thailand)

The EC market in Thailand is expanding at a rapid pace. The overall transaction volume grew to 4.01 trillion baht in 2021 (estimated), an increase of 6.1% from the previous year, driven by factors such as increasing demand for online services during the Covid–19 pandemic. The EC market is expected to continue to expand, driven by government support and other factors. In April 2022, the Thai government set the goal of expanding the market size to 7.1 trillion baht by 2027 and formulated
the second phase of the EC development action plan for the period from 2023 to 2027. Phase 1, which is underway and covers the period from 2021 to 2022, aims to raise the market size to 5.4 trillion baht by 2022 and increase EC sales of SMEs by at least 5% annually from 2021 to 2022, also cross-border EC sales by at least 5% annually.

By type of transaction percentage, business-to-business transactions (BtoB) accounted for 27%, business-to-consumer transactions (BtoC) 51%, and business-to-government transactions (BtoG) 22% (2021).

(Note) Figures for 2021 are estimates by the Electronic Transactions Development Agency of Thailand (ETDA)

(Data compiled by Ashu Research based on the ETDA data)

<EC site competitive layout> Shoppe and Lazada are the big two

Among EC sites that engaged in BtoC, two companies have established a presence far ahead of their rivals, Singaporean Shopee and Lazada, an affiliate of Alibaba, China’s largest EC company with Singapore as its hub for an EC business in Southeast Asia. Shopee’s average monthly access numbers are about 51.2 million times (January to March 2021). This is followed by Lazada in second place with about 33.2 million times.

As the EC market expands, the industry is undergoing a capital restructuring. Charoen Pokphand (CP) Group, a Thai conglomerate, announced in August 2020 that it would acquire all shares of Chillindo, a Hong Kong-affiliated auction site, for 18 million US dollars. The company will strengthen its business in anticipation of rapid growth in the EC market due to the voluntary curfew following the spread of the Covid-19 infection.
## Thailand: Monthly Access by EC Site (Jan-Mar 2021)

<table>
<thead>
<tr>
<th>Site Name</th>
<th>Accesses (million times)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Shopee</td>
<td>51.2</td>
</tr>
<tr>
<td>2 Lazada</td>
<td>33.2</td>
</tr>
<tr>
<td>3 Advice</td>
<td>2.26</td>
</tr>
<tr>
<td>4 Powerbuy</td>
<td>2.17</td>
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<tr>
<td>5 Central Online</td>
<td>2.16</td>
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(Data compiled by Ashu Research aggregated and based on various reports)

(Ashu Research: July 2022)