

# NIKKEI ASIAN REVIEW

| Home | Politics & Economy ▾ | Business ▾ | Markets ▾ | Tech & Science ▾ | Viewpoints ▾ | Life & Arts ▾ | Features ▾

June 26, 2016 7:00 pm JST

## E-commerce in Thailand booms on trust

MARWAAN MACAN-MARKAR, Contributing writer

BANGKOK -- When swept up by the urge to buy new clothes, Nutthakarn Kachenrum simply taps her smartphone to place an order from her favorite supplier. Within days, a large package is delivered to her desk in the accounting department of an office complex in downtown Bangkok. "Some weeks I place three orders," says the 26-year-old, bursting into laughter.

Online shopping has not only made Nutthakarn a shopaholic, but it has also become a handy way to feed her compulsion without being scrutinized by her mother, with whom she shares a home in the Thai capital. That is why, for two years, she has had deliveries sent to her office and then smuggles her purchases home in her work bag. "I need to hide the new clothes from her," she says.



Pawoot Pongvitayapanu, president of the Thai E-commerce Association (Photo by Marwaan Macan-Markar)



Thailand's online shopping culture is developing distinct trends that illustrate local consumer behavior as e-commerce spreads. These shifts have propelled the Southeast Asian country into a leading position on the global online shopping map: home to the highest number of online shoppers - such as Nutthakarn -- who buy via social media.

More than 51% of online shoppers in Thailand said they made purchases via social media, according to a global survey of online shopping carried out in April by PricewaterhouseCoopers, the international business consultancy. Coming in behind Thailand were India, at 32%, Malaysia, 31%, and China, 27%.



Driving this trend is another trait of the country's online shopping habits -- a culture of trust, whereby buyers place orders to sellers they barely know who are flogging items in an informal, unregulated market in cyberspace. In many cases, these small-time sellers are individuals or small teams who market their wares on social-media platforms like Facebook, Instagram and LINE. Popular items sold by this anonymous army of entrepreneurs range from clothes, health and beauty products, handbags and electronic gadgets to fresh food and cooked dishes.

Business analysts are familiar with this consumer behavior, with buyers chatting online with sellers and examining reviews of products before ordering and depositing cash in the seller's bank account. Such business-to-consumer purchases, often in the range of 500 baht (\$14) to 1,500 baht per order, accounted for 474.6 million baht of Thailand's 2.11 trillion baht of e-commerce sales in 2015, according to official estimates. B2C (business-to-consumer) sales in 2014 came to 411 million baht, out of 2.03 trillion baht in total e-commerce sales.

### Direct dealings

The "personal touch" that shopping via social media offers has been highlighted as a reason behind this environment of trust, which the larger e-commerce companies selling products via websites are unable to muster. Often, LINE or Instagram accounts allow people to communicate directly with sellers, unlike the impersonal experience of being put through to a call center or dealing with web administrators of an e-commerce website, says Pavida Pananond, associate professor of international business at Bangkok's Thammasat University. "Trust can also be garnered and cross-checked by the number of followers of those social-media sites, so it is not entirely blind trust on someone they do not know."

It is a national trait that Anutra Ungsuprasert, a 47-year-old mother of two, has tapped into for a new source of income. She churns out a variety of Thai dishes in her apartment in an affluent Bangkok neighborhood and markets them via Facebook and Instagram. The most popular items on her menu are sticky rice with sundried beef and fried mackerel served with herbs and lettuce.

"People trust the cleanliness and freshness of home cooking," she says of the growing demand for orders, now at nearly 300 a month, that are delivered through a messenger service with its own app.



But it is a world that has its share of bad eggs, too. The mainstream media and online chats are occasionally peppered with reports of unscrupulous sellers trying to rip off unsuspecting buyers in this predominantly cash-based market. This mirrors the norm in all financial transactions in Thailand, where cash still accounts for 90% of payments nationwide.

One alleged swindler that has created a buzz online has been a woman investigated by the police's technology crime division, after complaints emerged in April that she had earned 10 million baht from orders for supposedly luxury-brand goods, including designer-label handbags, which she marketed on her Facebook page, but which were never delivered.

### Optimism reigns

However, such setbacks have barely dented the optimism among Thai e-commerce insiders about the direction the online market is taking. As smartphone sales are booming, internet use is also rising. Currently, Thailand's population of 67 million owns 97 million mobile phones, a penetration rate of 144%. There are also 38 million social-media users. This spike began in 2013 -- when the e-commerce market also took off and the year that third-generation phones entered the market, Pawoot Pongvitayapanu, president of the Thai E-commerce Association, told the Nikkei Asian Review.



Julien Chalte, co-founder of WearYouWant, seated in front of his online shop window. (Photo by Marwaan Macan-Markar)

The subsequent spread of e-commerce is reflected in the online trade countrywide, with once-dominant Bangkok now accounting for just 30% of the market, with the majority of e-commerce transactions now taking place in the provinces. It is a two-way flow, with sellers in the provinces offering agricultural products and local delicacies, and buyers in small towns ordering goods they cannot find in local shops.



"In the provinces, it is not about the online experience but an easier way to get stuff you want," says Santit Jirawongkraisorn, co-founder of Lalamove, a Bangkok-based logistics company that is riding the e-commerce wave.

Hardly surprising, then, that LINE Thailand has released new features to convert its social-media messaging service into a marketing platform for e-commerce transactions. "What is striking is the number of people selling goods through LINE," says Ariya Banomyong, managing director of LINE Thailand, which now has 33 million users, second only to Facebook among social-media networks used in Thailand. He attributes it to a deeply-rooted culture of "wanting to talk to someone and engage personally before buying."

But at times, universal online quirks also play out in the Thai e-commerce market, such as the discretion it offers when buying certain goods that might embarrass a customer in person. In April, as large swathes of Thailand sweltered under a scorching sun, one of the country's leading online fashion stores, WearYouWant, saw an unusual spike in demand for female lingerie ordered by male customers -- a record 56% of total sales that month were from men.

"It was surprising and out of the ordinary, and the demand was from Bangkok and the provinces," says Julien Chalte, co-founder of WearYouWant, attributing the rise to more men giving gifts of lingerie during the hot spell. "They are good signs because we are at the beginning of e-commerce growth in Thailand," he adds.

With such a future in mind, young shoppers are also changing their habits by trading time spent stuck in traffic jams and walking through crowded shopping malls for the convenience of online consumption. "I don't visit malls anymore to buy clothes," says Nion Decharatpinit, a Bangkok resident working at a European embassy. She has even ordered avocados from the northern city of Chiang Mai via Facebook.

This shift in Thailand's consumer culture has finally prompted Central Group, the country's largest retail conglomerate, to heed the buzz in e-commerce. It recently acquired the online fashion store Zalora in Thailand.

Meantime, the online marketplace is simply becoming easier for shopaholics like Nutthakarn to feed their online habit. They prefer the personal touch and informality of "social shopping," as some call it.