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Exim Bank highlights top 10 global trends in 2017

December 22, 2016 01:00

By THE NATION

THE Export-Import Bank of Thailand has highlighted 10 major trends and challenges Thai entrepreneurs should watch out for in 2017.

Viewing global trade, the global trends that have been in the public interest include:

☐Protectionism has increasingly been adopted by several economies. This trend has strengthened after the US presidential election last month, with Donald Trump's victory over Hillary Clinton. Trump's economic policy platform of "Trumponomics" based on "America First" focuses mainly on maximum protection of US interests. It is similar in a way to Brexit, or in other words, "UK First". This protectionist stance will probably cause international trade to slow down.

☐Trade will be led or stimulated by investment. With the slowing global trade trend amid rising protectionism as countries strive to protect local entrepreneurs, trade strategies of several countries including Thailand have to shift more to investment-induced trade aiming to expand investments and product bases overseas to reach out to a larger market with more diversified trade channels.

Looking at the business sector, business models have rapidly changed over the years. The major catalyst is dynamic technological development, with the increasingly pervasive digital influence in everyday activities. Some of the hottest trends in 2017 will be the following.

▣The online marketplace is an increasingly popular modern trade form. Buying and selling goods and services on the Internet, called e-commerce, accounted for 40 per cent of Thailand's total trade value in 2016 and is likely to reach 50 per cent soon.

▣Financial technology such as mobile and Internet banking now plays a significant role in banking transactions in place of traditional platforms, aiming to offer optimum convenience to customers in parallel with lowering operating cost. This is a trend moving Thailand towards a cashless society just like that of developed countries, Sweden for example, where 80 per cent of payments are e-payments. Furthermore, some financial institutions have started applying biometric authentication, identifying individuals through human characteristics such as voices or fingerprints, in security systems for digital financial transactions and buying and selling of goods and services.

▣The sharing economy is an emerging sector with business executed through digital matching and sharing. Those who possess excessive but rarely used resources share them on Web-based platforms with those who have demand for such resources.

Some of these technology-driven businesses are Uber (taxi service), Airbnb (accommodation) and Kickstarter (funding intermediary). According to PricewaterhouseCoopers research, the business value of the sharing economy is anticipated to surge 200 per cent by 2025 compared with 2014.

A business ecosystem is a strategy whereby diverse goods and services are produced and delivered in a way that aligns them with one another to meet consumer needs comprehensively. One example is Apple Corporation, whose products and services are in vast variety but are all in perfect alignment in terms of operating systems and applications, and hence trusted by customers who buy and use the various Apple products, such as the iPod, iPhone, iPad and MacBook in combination.

Likewise, in the manufacturing sector, a series of new technologies and digital applications are being used to achieve higher efficiency. The breakthrough trends moving into 2017 are:

Robots, drones and automation will be intensively utilised in manufacturing processes to tackle labour shortages and to level up production precision and efficiency. Some examples are the Nike robot workforce, drones used to scan inventories in warehouses, and automated product analysis and production. Recently, Foxconn, a major manufacturer of electronic parts, replaced 50 per cent of its labour force with robots.

In this country, with the government's accelerated implementation of the "Thailand 4.0" policy, robots and automation are expected to be increasingly used not only in the manufacturing sector but also in daily living.

"Innovating to zero" is a concept of applying new technologies to reduce waste in the manufacturing process to zero.

This would lower production costs and also cope with widespread environmental concerns. For example, Singapore's 123Recycle is an application that shows which part of a product can be recycled, with the consumer only scanning the barcode appearing on the product packaging.

At the consumer level, new trends have emerged in line with lifestyle and demographic changes, comprising the following.

Urban dwellers are increasingly rushed in their everyday activities. This has prompted growing popularity of new technologies and digital applications for more convenience and time-saving. Consumers order meals online, read e-books or e-magazines, and book taxis through apps. They can even transform their home into a smart home with the automated control of appliances using only smartphones and tablets, any time and anywhere.

The increasing proportion of elderly people in several countries including Thailand has significantly encouraged entrepreneurs to design products that can respond well to the needs of seniors.

One of these innovative products is the automatic light bulb, which will switch on as soon as the elderly get up from bed, so they need not reach out to the switch the light on.

Some of the above trends can present both opportunities and risks at the same time.

Therefore, we should always keep abreast of the developments of these trends. Once we are well prepared, we will be able to move ahead of others to grasp opportunities.