



Brands Taking Back Control of Digital Commerce

by Rob Hall, Managing Director of Dot360

If you're an online shopper in Thailand it's been an incredible couple of years, with Thailand becoming the second largest e-commerce market in the region with around 3 billion Baht sales in 2016.

The big story in the news has been the increased competition in the mainstream digital B2C commerce marketplaces, with the consolidation of big end platforms and the influx of smaller players to compete in this space.

For many Thai shoppers, the B2C online shopping marketplaces like Lazada have become a popular way to access wide range of attractive fashion, cosmetics and high-tech electronic brands all from the convenience of a single online location. With the spread of smartphone access across Thailand, plenty of (online/offline) payment options and the sheer range of budget conscious choices now available – it's not surprising that Thais are snapping up deals online like never before.

For local digital commerce competitors though it's become an increasingly competitive space, with even the likes of Lazada still struggling to turn a profit, despite it's clear market lead. For it's majority Chinese owner Alibaba though – this is probably not their main concern. The aggressive push from Chinese technology companies (see also Tencent and Didi Chunxing) is more about rapid growth and market share in the short-term for their local SEA market ventures. And there is plenty more room for more external investment and consolidation, and I expect that local players in the classified C2C commerce marketplace will be next. Watch this space!

The second local shopper boom has been in the Thailand consumer to consumer (C2C) social commerce space. We have become the largest social commerce market in the world - with 51% of all e-commerce transactions happening between consumers. The social commerce growth has been driven by a few factors – the popularity of social media for mirco-merchants to display their wares, the end-user concern about sharing financial information via larger online shopping sites (most social commerce payments still happen via money transfer) and finally the 'personal' nature of local commerce transactions that allow for entrepreneurial flair and the ability to customize a one-to-one sale to a diverse range of niche local needs. All done over social media platforms that everyone has access to – like Facebook, Instagram WhatsApp and Line.

Hoping to take advantage of this local trend, social platforms such as Facebook will trial social payments in Thailand soon with a new trial that allows users to pay from products listed on the platform with just a few clicks. What's more, Thailand will also reportedly be the first country in the world to set up a Facebook shop – the latest attempt by social media players to create their own digital commerce market place.

But while consumer digital commerce growth gets all the attention – the largely untold story in Thailand has been the return of many mainstream consumer brands to sell online direct to consumers (DTC).

The consumer e-commerce boom has meant leading cosmetic, fashion, food and beverage, and even FMCG brands are now looking for their own localized Thai e-commerce offering to compete in this space.

The reason is simply this – with all of the above changes in online selling distribution going on – most brands have realized that if they don't have a direct to consumer sales site online, they simply are not in control of their brand online and therefore the overall customer experience.

If you sell via distributors or even if you have your own shop, without an online site to buy from it's very difficult to optimize the customer journey from search through to product comparison, and ultimately drive the sale.

That means you don't control the customer data (for targeting or optimization), you don't own the relationship (for service or resale) and you certainly don't own the shopping experience to cross-sell, up-sell or drive your brand directly to customers.

While in the past there was plenty of valid concern about going direct and conflicting with supply partners, these days the customer decides the channel and brands need to manage multiple channels that best suits both their customers and their business moving forward.

Of course there is no silver bullet for brands selling direct online. This sort of change means managing different channels well, and aligning your organization to be up to the task of fulfilling the incredible e-commerce expectations of Thai consumers. But it's no longer an option for businesses that want to maintain control and market position in an increasingly digital world.

Yes, the e-commerce market places will continue to dominate the press coverage as the local market heats up and grows even further. But behind the scenes, watch as more and more local and international brands start to create their own e-commerce portals to sell direct in Thailand.

That's the story worth watching.

Rob Hall is a member of the Austcham Communications Subcommittee and Managing Director of Dot360, a full-service digital marketing agency that helps brands leverage digital to solve communication and business problems.