

A STUDY ON THE IMPACT OF e-COMMERCE ON SMEs IN THAILAND

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ABSTRACT

Business-to-consumer (B2C) e-Commerce is the focus of this study with special emphasis to its impact on small-and-medium enterprises or SMEs in Thailand. The impact is investigated in two perspectives – the economic impact and the social impact- where the former is concerned to the firms in terms of increase in its profitability and operating efficiency and the latter is related to the society in general imparted by the firm in terms of employment created. The study further investigated the penetration of e-Commerce (B2C) among consumers of Thailand and their perceptions towards online shopping. The retailers of four commodities (books & magazines, cosmetics, mobile, and laptop) and the consumers are the samples of the study. The primary survey was conducted throughout Thailand by collecting data from 1462 retailers and 1535 consumers during January to March 2018. The results indicate that the profitability of retailers who have adopted online sales (click-and-mortar retailers) is significantly higher than that of those who have not adopted online sales (brick-and-mortar retailers). The operating efficiency of the latter group is significantly lower than that of the former. The social impact in terms of new employment opportunities created is negligible by the adoption of online sales, however, the click-and-mortar shops have more employees per shop than that of their counterparts. The penetration of online shopping in Thailand is estimated to be 24 percent among the four commodities under study. According to the B2C e-commerce Index-2015 estimated by the United Nations Conference on Trade and Development (UNCTAD), Thailand's index value is 47.2 and positioned in the 70th place among 130 countries, whereas it is 60 for

Malaysia (45th rank) and 84 for the Republic of Korea (8th rank). This estimate is showcasing only the infrastructure potential for B2C e-commerce in a country based on internet usage, credit card holders, etc. and no indicators of the actual transactions on commodities are included. It has been observed that the penetration of online shopping is not a threat, for the time being, to the brick-and-mortar shops in Thailand, since they have more than double the market share of online buyers. The perception of consumers in Thailand for online shopping is its convenience and novelty of browsing the virtual platform, nevertheless, the consumers have much anxiety in the risks related to online shopping, regarding the performance of the products bought online, and the financial risks of online transactions. Moreover, the consumers have discontent on the economic laws prevailing in the country for the protection of their rights, in case of loss caused by online transactions, and most of the offline consumers are unaware of such laws. Therefore, the study recommends the vendors to be more upright and hold consistently the ethical values in their dealings with consumers, and the public authorities have to enact appropriate laws and implement it effectively for the protection of consumer rights so as to build a proactive environment for consumerism. This is highly indispensable for any emerging market economy. The study highlights the regional imbalance in the development and growth of e-commerce in Thailand, where the scale of penetration is high in central and northeastern regions, but low in north and southern regions.

Keywords: *e-Commerce, B2C, Online shopping, Profitability, SMEs, Consumer Attitude, Thailand.*