

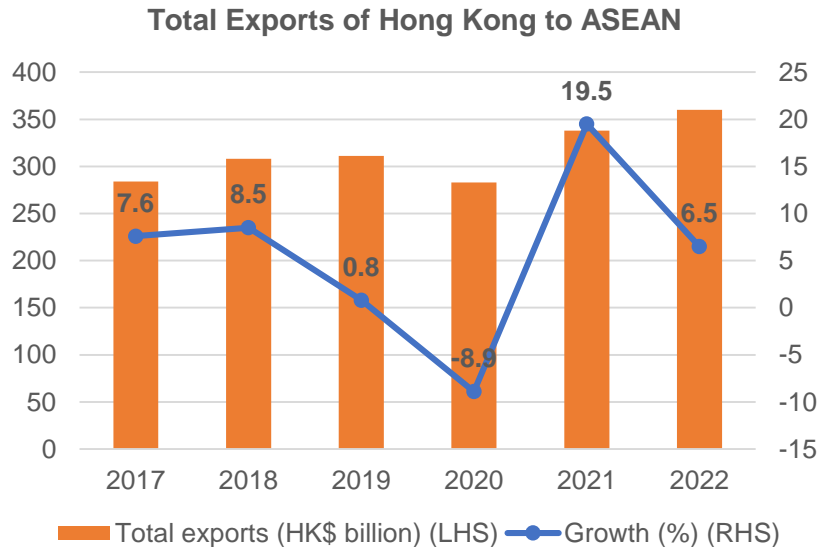
# How to Enter the Thailand IT Market

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Regional Director  
Southeast Asia & South Asia  
HKTDC



# Hong Kong-ASEAN Trade in 2022

- In 2022, ASEAN was the **2nd** largest export (7.9% share) and import (19.0%) markets of Hong Kong, after mainland China
- Exports from HK to ASEAN increased by 6.5% in 2022



HK-ASEAN Trade 2022	Value in HK\$ billion	% Change (YOY)
Exports from HK to ASEAN	360	6.5%
• Electronics	242	10.5%
• Finished Electronic Products	50.9	-0.8%
Imports by HK from ASEAN	934	2.8%
<b>Total HK-ASEAN Trade</b>	<b>1,294</b>	<b>9.4%</b>

Source: Hong Kong Census and Statistics Department

# Thailand Consumer Market



# Population characteristics of Thailand



**Population: 71.6 million**



**Bangkok: 5.5 million**



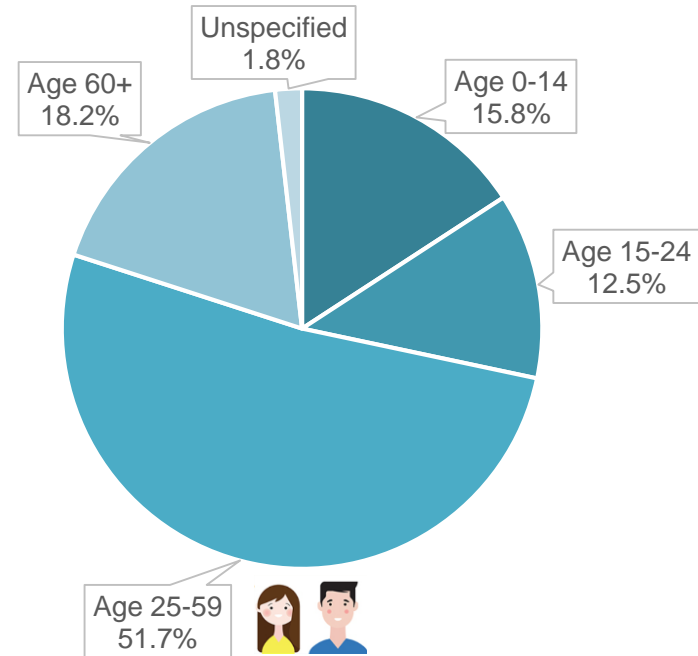
**Urban population: 53% in 2022  
(up from 45% in 2012)**



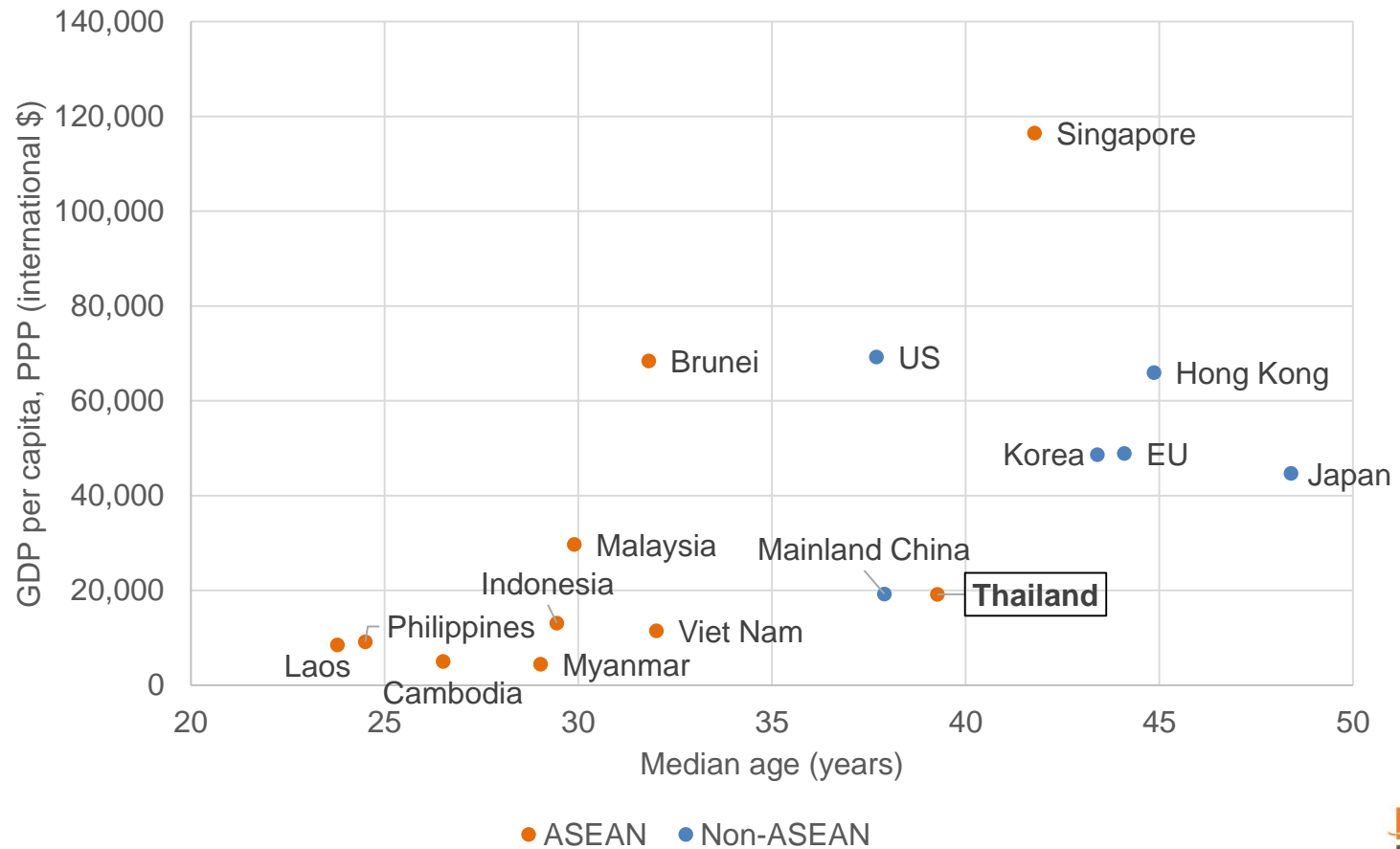
**Median age: 40**

Sources: National Statistical Office of Thailand, United Nations

## Registered Population by Age Group



## Median age and GDP per capita (PPP) for Selected Markets (2021)



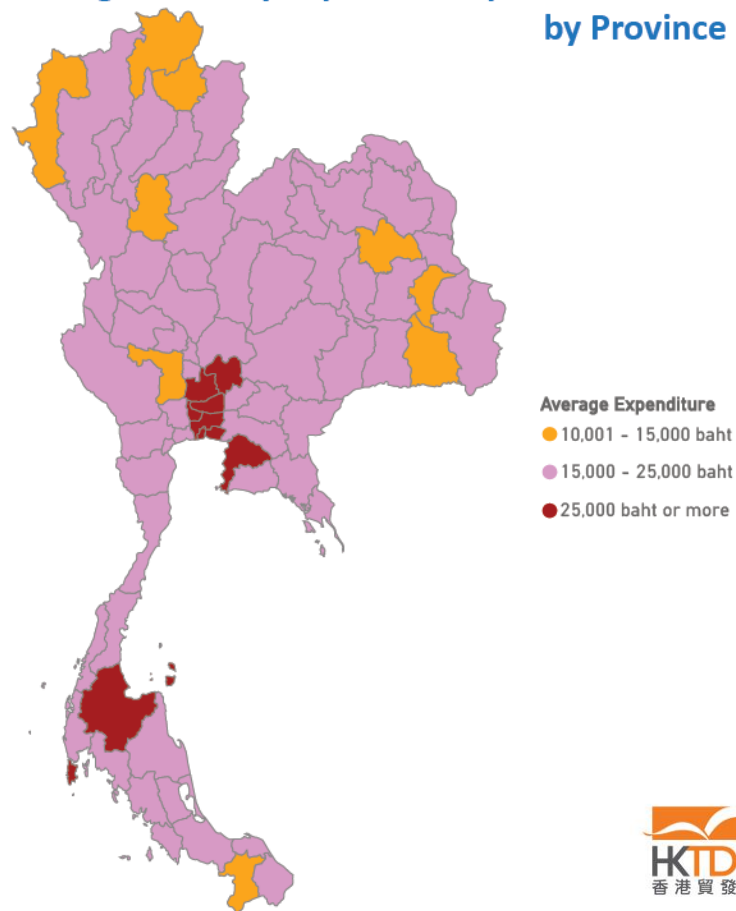
Sources: United Nations, IMF

# Spending patterns vary across regions

Average Monthly Expenditure per Household by Province

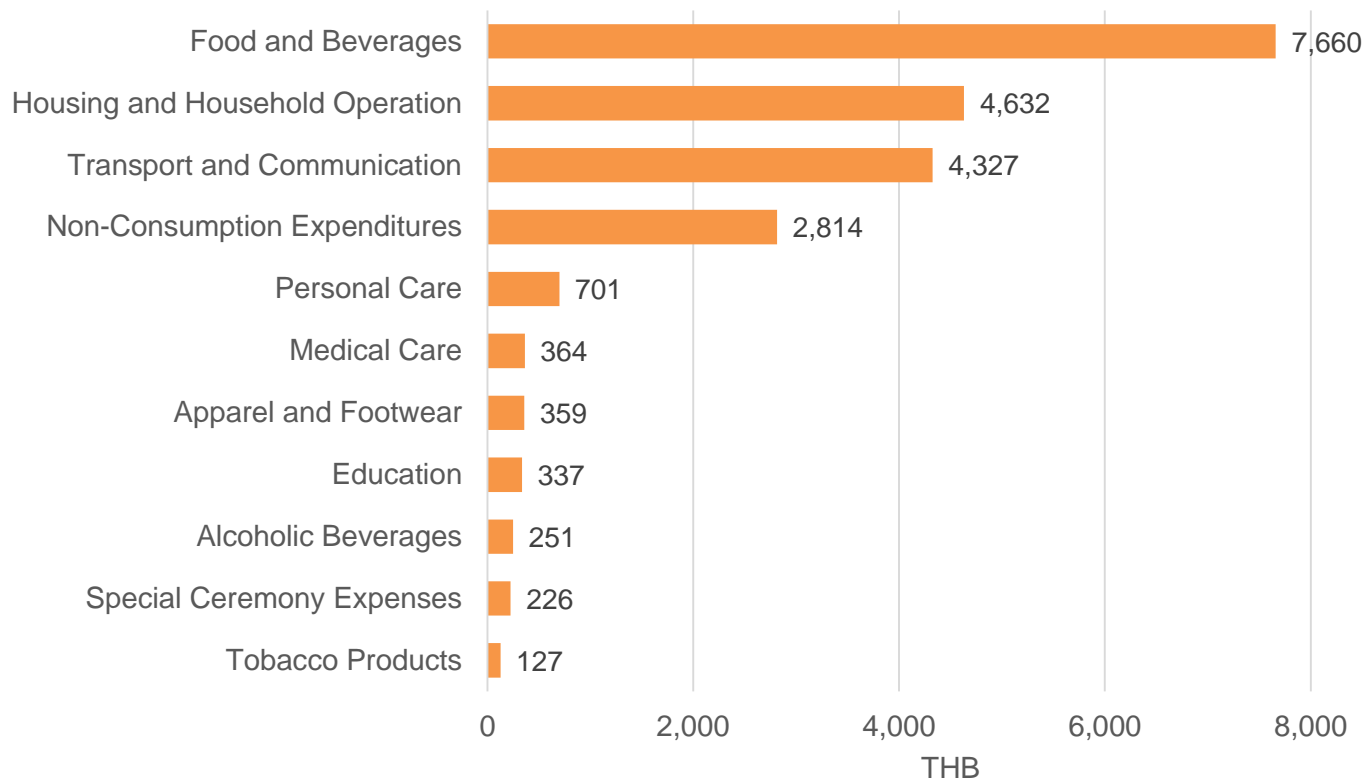
Region	Average Monthly Household Expenditure in THB (2021)
Greater Bangkok	31,382
Central Region	22,332
<b>Thailand (National average)</b>	<b>21,616</b>
Southern Region	20,628
Northeastern Region	16,869
Northern Region	16,441

Source: National Statistical Office of Thailand



# Thai households spend most on F&B and housing / household items

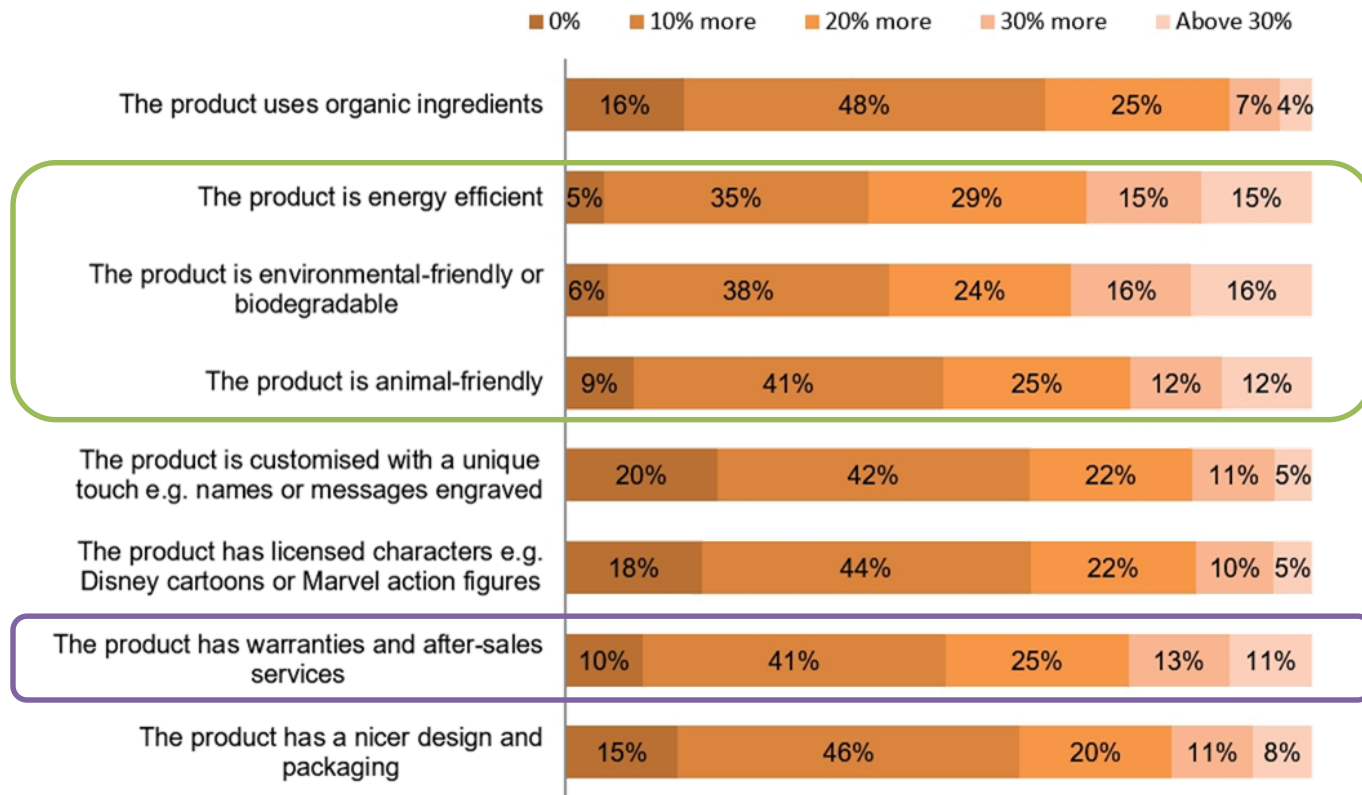
Average Monthly Household Expenditure by Group (2021)



Source: National Statistical Office of Thailand

# Thai consumers are willing to pay more for ESG and after-sales support

Price Premium for Additional Product Features and Benefits

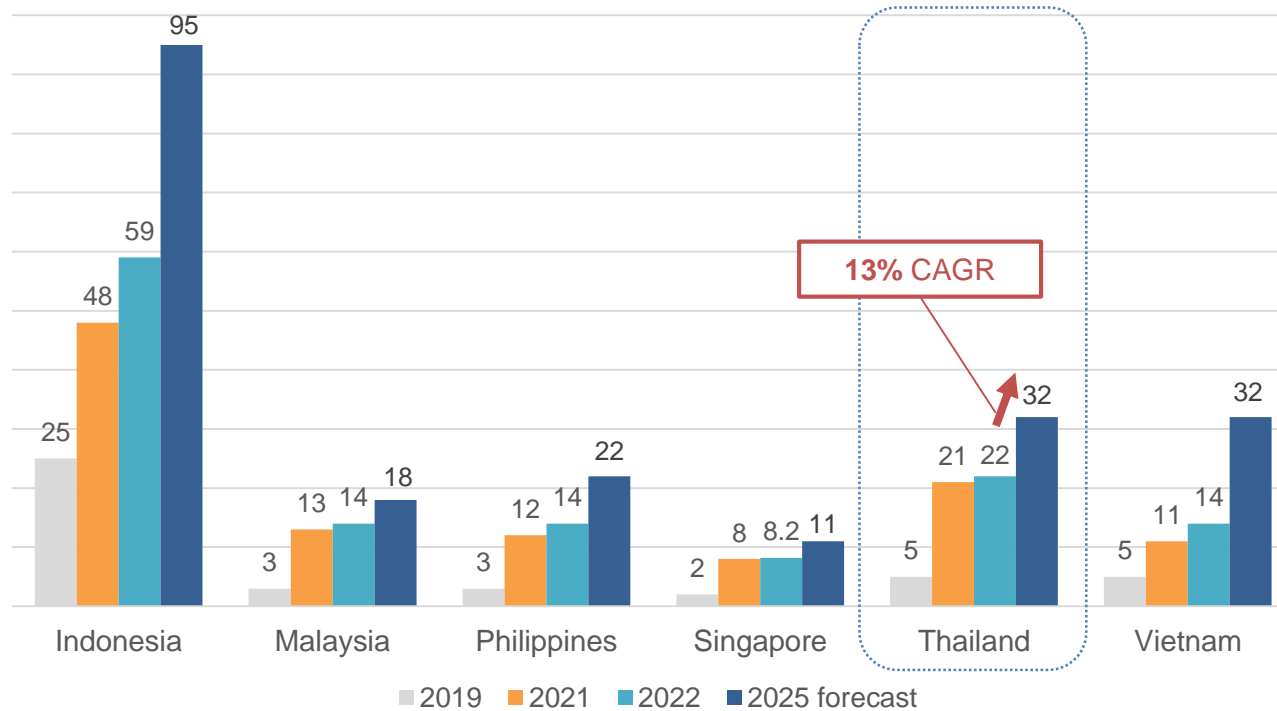


Source: HKTDC Consumer Survey (2020) in Bangkok and Chiang Mai



# Thailand is the 2<sup>nd</sup> largest e-commerce market in SEA

Gross merchandise volume (GMV) of e-commerce market  
in US\$ billion



Source: e-Conomy SEA 2022 Report by Google, Temasek and Bain

# Thai consumers seek value for money on e-commerce platforms

Regional



B2C Marketplaces

Local



## Top 3 reasons for Thailand consumers to switch brands

1	Better value	
2	Better product	
3	Bored of current brand	

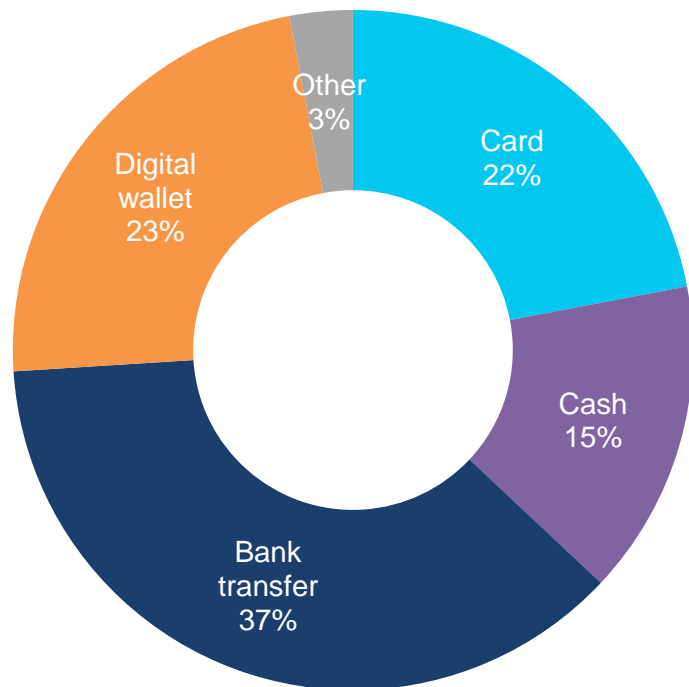
## Top 3 reasons for Thailand consumers to switch platforms

1	Better prices	
2	Better product quality	
3	Faster delivery time	

Source: Southeast Asia's Digital Consumers: A New Stage of Evolution by Meta and Bain & Company

# Consumers continue to opt for digital payments over cash

Usage of Payment Methods In Thailand



**89%**  
of surveyed consumers plan  
to use cashless payments  
more often



**96%**  
of consumers have a mobile  
banking app installed



**76%**  
of consumers use mobile wallets



Sources: PPRO (2022), Consumer Payment Attitudes Study 2022, e-Conomy SEA 2021



# The state of digital in Thailand in 2023

## Internet users:

- **61.21 million** (85.3% of total population)
- increased by 97 thousand (+0.2%) between 2022 and 2023.

## Social media users:

- **52.25 million** (72.8% of total population)
- 52.3% were female, 47.7% were male

## Mobile connections:

- **101.2 million** (note that many people make use of more than one mobile connection)
- increased by 5.4 million (+5.6%) between 2022 and 2023

# IT Sector in Thailand

- Outsourcing of IT services and products contributed a lot to the development of the IT sector in Thailand where demand is received from nations like the US.
- PR Newswire is of the opinion that 43% of the organisations of US are using services from the Thai IT companies.
- It is estimated that the IT sector of Thailand would grow to a \$18.9 billion in the next few years. The most determinant for which leading organisations seek IT outsourcing services from Thai companies is that the constant support of the government and the dedication that it shows in strengthening the sector.

# BOI: Investment Incentives Scheme

## Investment Incentives Scheme

### Basic Incentives

Extension of CIT Exemption to a Maximum Period of 13 years.



### Additional Incentives

#### Competitiveness Enhancing Incentive

- 1) **Technology and Innovation**
    - Research and Development (R&D)
    - Licensing fees for using domestically developed technology
    - Product and package design
    - Support for S&T organizations such as academic institutions, specialized training centers, research institutes, and public agencies, including various funding such as technology and innovation, personnel development as approved by the BOI
  - 2) **Human Resource Development**
    - Advanced technology training
    - Organizing training or accepting student internships for work training and skill development during their science and technology education
  - 3) **Development of Business Operators' Potentials**
    - Local supplier development
- (More details on page 17 - 19)

#### Area-based Incentives

- 20 provinces with lowest income (More details on page 26 - 27)
- BOI-promoted industrial estates or zones (More details on page 24 - 25)
- Science and Technology Parks (TSP, Food Innopolis, Space Krenovation park) (More details on page 28 - 29)
- The Eastern Special Development Zone (Eastern Economic Corridor : EEC) (More details on page 146 - 149)
- Special Economic Zones in 4 Regions (NEC, NeEC, CWEC, SEC) (More details on page 150 - 153)
- Special Economic Zones (SEZ) (More details on page 142 - 145)
- Southern Border Area (More details on page 170 - 175)

#### Agenda - based Incentives

- Smart and Sustainable Industrial Upgrade Programs (More details on page 154 - 166)
- Social and Local Development Investment Programs (More details on page 167 - 169)

# Investment Promotion Summary 2022

(January – December 2022)

Investment project  
applications

Increase  
**41%**

Total value  
of applications

Increase  
**39%**

2021

(January – December 2021)

2022

(January – December 2022)

**1,499**  
Projects

**2,119**  
Projects

2021

(January – December 2021)

2022

(January – December 2022)

**478,950**  
Million THB

**664,630**  
Million THB



## FDI Applications

Total Value  
**433,971**  
Million THB

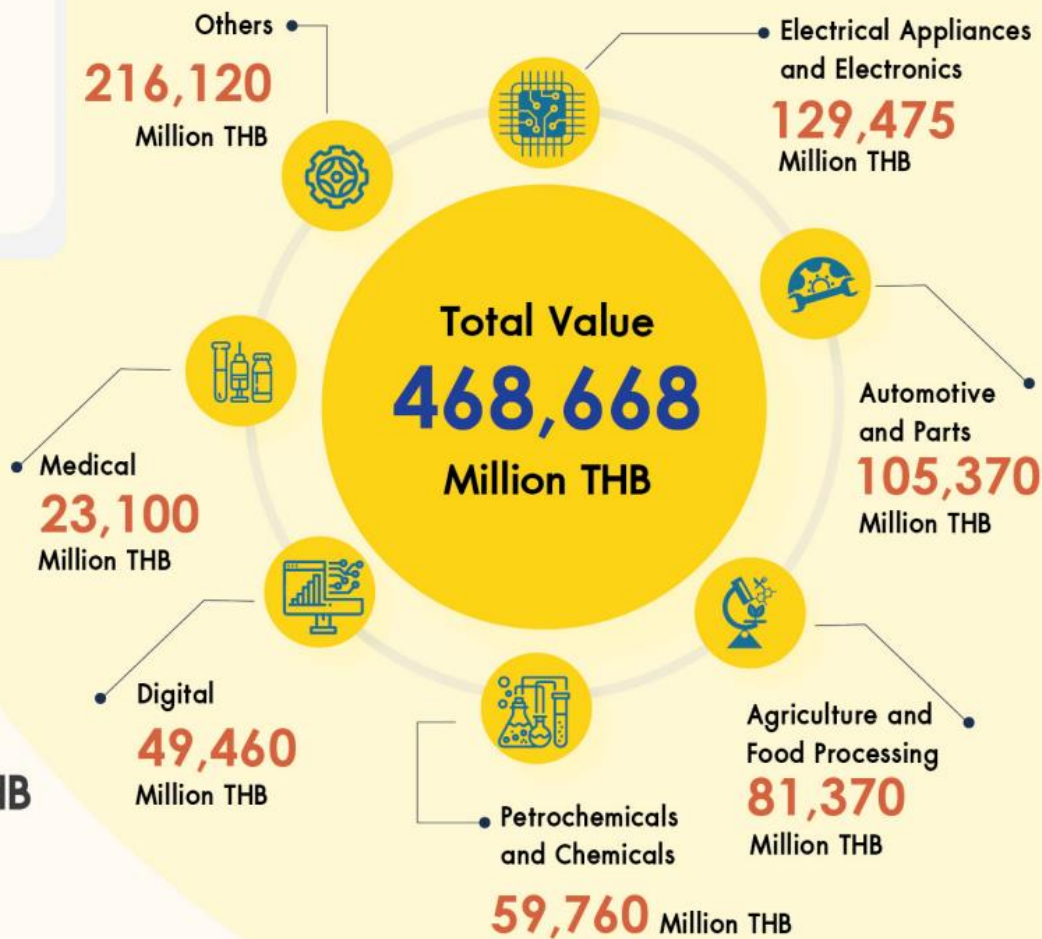
- 1 CHINA
- 2 JAPAN
- 3 USA



## Investment Applications in EEC

**637** Projects  
Total Value **358,833** Million THB

## Targeted Industries





## **BOI: Incentive for Digital Industry**

1. The minimum investment capital of each project must not be less than **1,500,000 baht per year** (~USD50,000)
2. Project must have development process of software, digital platform or digital content in Thailand as stipulated by the Office.
3. Project is allowed to utilize the existing or used machinery
4. The investment promotion of this activity does not include the retail and wholesale of all types of products
5. The corporate **income tax exemption** cap accounts for **100 percent** of the actual expenditure in the year of application

# BOI revamps the promotion policy for **Digital Businesses**

*focusing on developing Thai IT personnel  
and upgrading businesses to meet global standards*

1

Reorganize digital-related activities into a single activity

“Development of Software, Digital Services Platform or Digital Content”



Incentive

# 8-Year

Corporate Income Tax Exemption

*The yearly ceiling of corporate income tax exemption is calculated on following basis;*

- ★ Salary expenses for Thai IT personnel
- ★ Training expenses for Thai IT personnel
- ★ Expenses for obtaining international standard certificate such as ISO 29100 and CMMI level 2 and above



# 2

## Significant conditions

- ★ Must have salary expenses for Thai IT personnel of at least 1,500,000 baht per year
  - ★ Must have substantial operations for development of software, digital services platform or digital content in Thailand
  - ★ Permit to utilize used machines such as computers
- 
- 

# Board of Investment of Thailand (BOI)

## Head Offices

### Office of The Board of Investment

555 Vibhavadi-Rangsit Road, Chatuchak, Bangkok 10900

Tel: +66 (0) 2553-8111

Website: [www.boi.go.th](http://www.boi.go.th)

E-mail: [head@boi.go.th](mailto:head@boi.go.th)

### One Stop Service Center for Visas and Work Permits

18th Floor, Chamchuri Square Building,

Phayathai Road, Pathumwan, Bangkok 10330

Tel: +66 (0) 2209-1161-7

E-mail: [visawork@boi.go.th](mailto:visawork@boi.go.th)

### One Start One Stop Investment Center (OSOS)

18<sup>th</sup> Floor, Chamchuri Square Building, Phayathai Road, Pathumwan, Bangkok 10330

Tel: +66 (0) 2209-1100

Website: [osos.boi.go.th](http://osos.boi.go.th) Email: [osos@boi.go.th](mailto:osos@boi.go.th)

## Points to consider for entering to Thai market:

- Working with local partners
- Understanding the people
- Getting appraised



**Thank you!**