Definitive data and analysis for the mobile industry

Mobile Economic Impact

Thailand

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Our team of analysts and experts produce regular thought-leading research reports across a range of industry topics.

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Summary

Part 1  State of industry

Many Thai consumers are digitally connected: 63% of citizens are mobile internet subscribers. 9 out of 10 subscribers use a smartphone. 4G penetration is higher than both the South-East Asian and Global average, providing high-speed internet connection on great part of the current connections. Whilst Thai consumers are highly engaged in social media and instant messaging, the use of mobile financial services is well below that of developed economies.

Part 2  Economic impact in 2018

Total impact

In 2018 the mobile ecosystem generated 4.3% of GDP or $21.1 billion in value added. This is forecasted to increase up to $24.5 billion in 2023, due to productivity benefits from increasing mobile internet penetration.

Employment

Firms in the mobile ecosystem created almost 85,000 direct jobs in 2018. Their activity also supported the indirect employment of over 115,000 people.

Public funding

Their contribution to public funding equalled $2.3 billion, close to 4.3% of government tax revenue. Over one third of the value added by the mobile ecosystem is retained by the government in the form of taxation.
## Summary

<table>
<thead>
<tr>
<th></th>
<th>Total impact</th>
<th>Direct employment</th>
<th>Public funding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2018</strong></td>
<td>$21.1 billion</td>
<td>200,000 direct and indirect jobs</td>
<td>$2.3 billion</td>
</tr>
<tr>
<td><strong>2023</strong></td>
<td>$24.4 billion</td>
<td>220,000 direct and indirect jobs</td>
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Source: GSMA Intelligence analysis. *2023 government tax revenue based on ratio of tax to GDP in 2017 and forecast 2023 GDP.
1. State of the industry

Mobile Economic Impact: Thailand
Subscriber penetration, as well as mobile internet penetration, is higher when compared with South-East Asian countries.

Similarly, smartphone penetration in Thailand is higher than both South-East Asian and Global average, with 9 subscribers out of 10 using a smartphone.

In 2015, Thailand overtook both South-East Asia and Global in terms of 4G penetration. This acceleration was partly due to a concerted effort to migrate subscribers from 2G to 4G in 2016.

As of 2018, there are 66 4G connections for every 100 people in Thailand.
Mobile Connectivity Index (MCI)

Enablers scores in 2018:

- **Content and Services**: 43% (Asia Pacific) vs 65% (Thailand)
- **Consumer**: 68% (Asia Pacific) vs 79% (Thailand)
- **Affordability**: 65% (Asia Pacific) vs 78% (Thailand)
- **Infrastructure**: 36% (Asia Pacific) vs 63% (Thailand)

Index Score 2018:

- **Asia Pacific**: 50%
- **Thailand**: 71%

The score of each enabler can range from 0 to 100.

Based on GSMA Mobile Connectivity Index (MCI) 2018, Thailand’s performance outweighed the ones of the South-East Asia’s economies, with better scores in all the four identified categories.

Thailand particularly scores well on infrastructure readiness and content and services. However, it could improve in the following areas:

- **Infrastructure**
  - Network performance
  - Spectrum

- **Content**
  - Local relevance

Source: GSMA Mobile Connectivity Index (GSMA Intelligence)
Thai consumers are highly engaged in the use of instant messaging apps on mobile phone, as well as on the use of social networking websites.

When compared with trends in developed countries, Thailand is lagging behind the use of emails and use of financial services on mobile phone.
As of Q4 2018, Thailand market leader is AIS, followed by TrueMove H and DTAC. Together, the big three operators account for 99% of total subscriptions.

Others include my CAT Telecom, TOT and WE PCT.

Concentration in the Thai mobile market has been significantly lower than other South East Asian markets in the past. Concentration in other South East Asian markets has reduced over time, and is now more in line with the Thai market.
2. Economic impact of the mobile ecosystem

Mobile Economic Impact: Thailand
Economic impact of the mobile ecosystem in 2018

The mobile industry makes an important contribution to Thailand’s economy

The economic value generated by the mobile ecosystem is through its direct, indirect and productivity impacts

Ecosystem firms
Ecosystem firms’ wages, business operating surplus and taxes

Intermediate inputs
Ecosystem firms purchase goods and services from other industries

Mobile technology use
Use of mobile technology improves access to information and reduces transaction costs

Direct impact

Indirect impact

Productivity impact

GDP impact

* Selected firms
Economic impact of the mobile ecosystem in 2018

1. Total contribution to GDP

- Direct impact: 1.0% ($7bn)
- Indirect impact: 0.5% ($2bn)
- Productivity impact: 2.5% ($12bn)
- Total impact: 4.3% ($21bn)

**Direct impact**
- Ecosystem firms value added: wages, taxes and business surplus

**Indirect impact**
- Knock-on effect in sectors providing inputs in the supply chain of mobile goods and services

**Productivity impact**
- Improved efficiency throughout the economy via the use of mobile technology

**Total impact**

- **Mobile Operators** 70%
- **Distributors and Retailers** 12%
- **Others** 18%

*Others category includes infrastructure providers, device manufacturers and content, apps and service providers.*
Economic impact of the mobile ecosystem in 2018

2. Employment impact

Mobile economic contribution to employment
Jobs (thousands), 2018

<table>
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<tr>
<th>Jobs</th>
<th>202,000 jobs supported</th>
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<tbody>
<tr>
<td>Direct jobs</td>
<td>87</td>
</tr>
<tr>
<td>Indirect jobs</td>
<td>115</td>
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In 2018, the mobile sector and related industries directly supported more than 87,000 jobs in Thailand.

The mobile ecosystem buys goods and services from an extensive supply chain which in turn employs more staff. As these industries further interact with supply chains throughout the economy, this effect multiplies across Thailand and supports a further 115,000 jobs.

As a result – in total – the mobile ecosystem supports over 200,000 jobs directly and indirectly.
The mobile ecosystem decisively contribute to the fiscal income of Thailand, with a total of $2.3 billion in direct and indirect taxes in the year 2018.

Most of the revenues are obtained through direct taxes on mobile services and handsets, including VAT, sales taxes and excise duties.

Corporate taxes and other indirect taxes, including employment related taxes, account for $0.9 billion on 2018.

The total amount is equal to 4.3% of total Thailand tax revenues for 2018.

*Excludes spectrum payments, regulatory taxes and fees that are not based on mobile operator’s revenue*
Economic impact of the mobile ecosystem

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*Source: GSMA Intelligence 2018
Economic impact of the mobile ecosystem

4. Forecast to 2023 (ii)

- The mobile ecosystem will continue to provide significant contributions to the Thai economy in the coming years.
- This is mainly driven by the productivity impact, which will continue to increase due to the productivity gains by businesses using mobile internet.
- By 2023, mobile internet productivity impacts will account for $9.8 billion of the total $15 billion productivity impact in 2023.