

## Courier Services in Thailand



**YAMADA**  
Consulting Group

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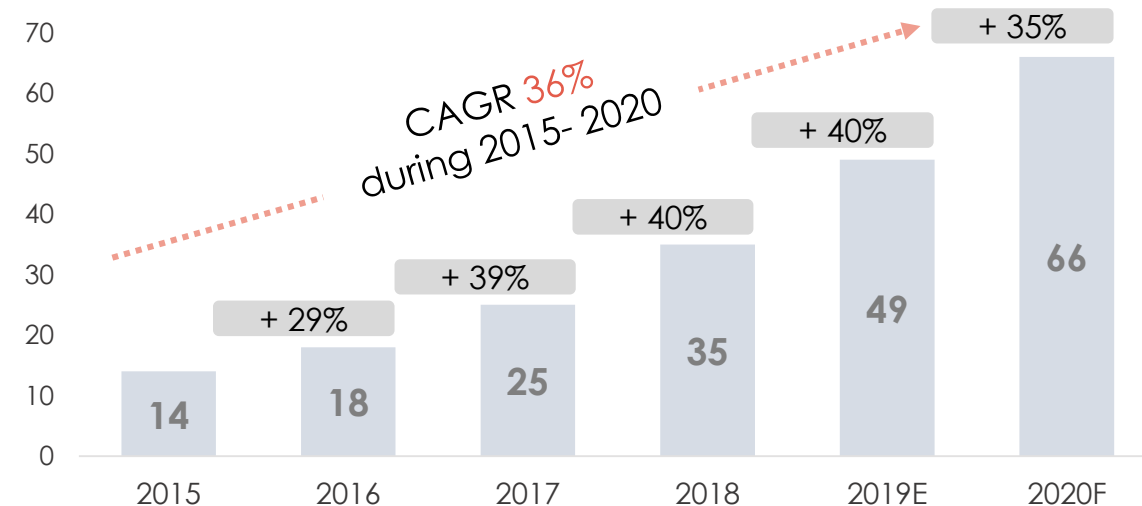
## Overview (1)

### About the Courier Services Market in Thailand

- Courier services, also known as delivery services, are an essential service industry, especially for many kinds of activities. In Thailand, courier services have been consistently growing and the role of this service is becoming larger year after year.
- Thailand's courier services market grew by 40% y-o-y during the last 2 years. According to SCB Economic Intelligence Center (EIC), the market is expected to grow around 35% in 2020. As a main result of increases in shopping behavior via e-commerce platforms, the total volume of parcel deliveries will reach 4 million items a day.
- The COVID-19 outbreak and social distancing practices seem to boost e-commerce transactions in 2020, which will lift up the courier services market even higher than previous estimations.

#### Value of Thailand's courier services market in 2015-2020F

Unit : Billion THB



Courier services in Thailand grew from THB 14 billion in 2015 to THB 49 billion in 2019 and is expected to reach THB 66 billion in 2020 with the CAGR 36% during 2015- 2020.

Source: EIC analysis based on data from Enlite

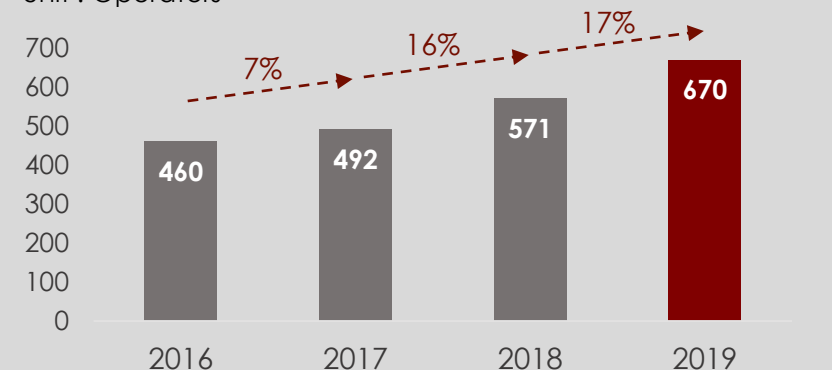
Note: The figures are calculated from around 22 courier companies in Thailand.

E = estimate, F = forecast

#### Number of registered courier and postal companies

(As of 19 March, 2020)

Unit : Operators



According to, DBD Data Warehouse, the number of registered courier and postal companies in Thailand were 670 companies in 2019, up by 17% from 2018.

Source: DBD Data Warehouse

Note: The figures in the charts include only business registered TSIC code 53100 and 53200 (courier's operators registered under these 2 TSIC code)

53100: Postal activities

53200: Courier activities

(Thailand Standard Industrial Classification (TSIC), 2009)

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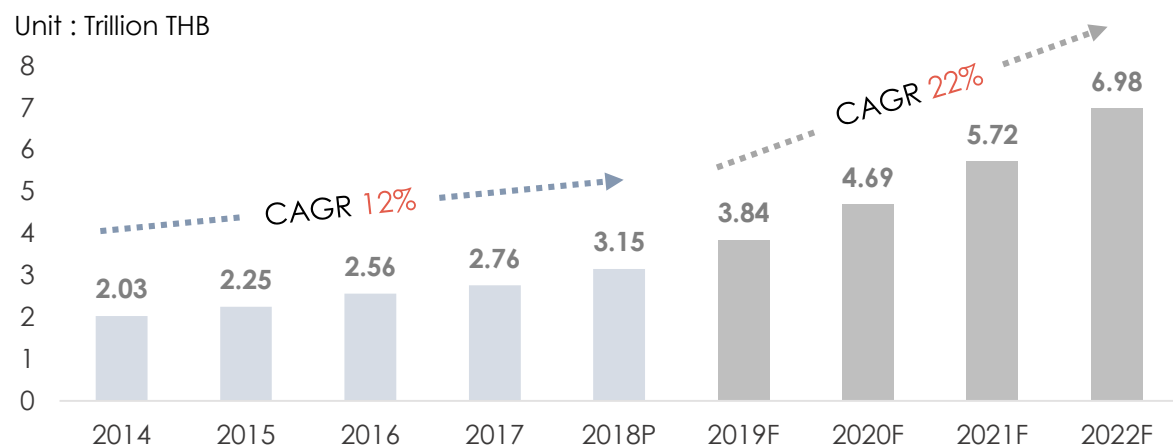
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## Overview (2)

### The Influence of E-Commerce on the Courier Services Industry

- A report published by Electronic Transactions Development Agency (ETDA) revealed that the total value of e-commerce in Thailand was around THB 3.15 trillion in 2018, growing from THB 2.03 trillion in 2014, with CAGR of 12%. In addition, according to Priceza, the leading price comparison platform in Thailand, e-commerce market value is estimated to grow at CAGR of 22% during the forecast period 2019-2022.

Value of Thailand's e-commerce market in 2015-2018P



- E-commerce in Thailand is constantly evolving and growing due to more internet usage and the influx of Chinese products into online marketplaces.

Internet usage

According to ETDA, Thais access the Internet on average 10 hours and 5 minutes per day in 2018, of which online shopping is one of the top 5 most popular activities.

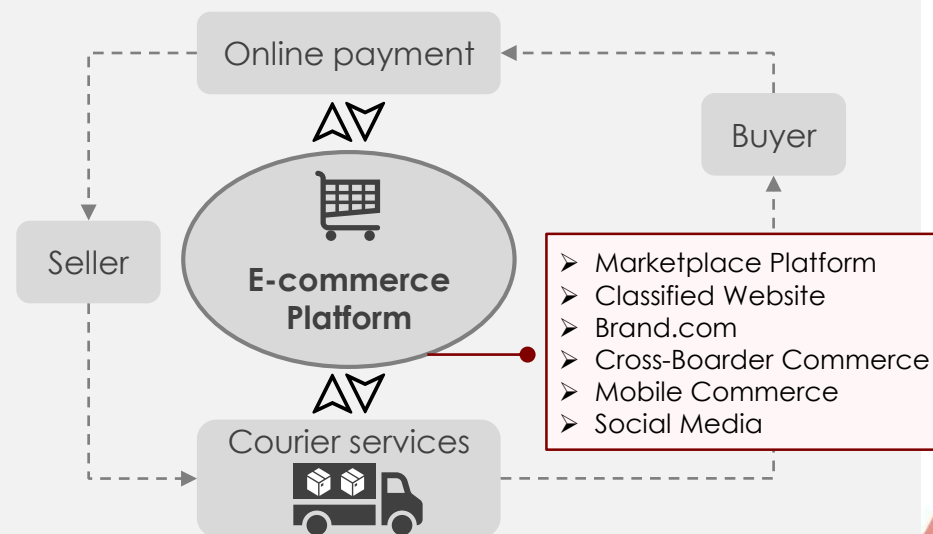
Chinese products

The influx of Chinese products lead to the rapid expansion of the e-commerce market in Thailand.

### E-Commerce --> Courier Service

Courier services show promising trends in line with e-commerce

- Growing of e-commerce industry helps courier services business expansion because one of the main procedure of e-commerce is courier services. This brings new players into the market, offering a variety of services with more quality, benefitting e-commerce.
- Thus, the fast growing e-commerce sector will be a big push for the courier services sector, and courier services will also support the growth of e-commerce.



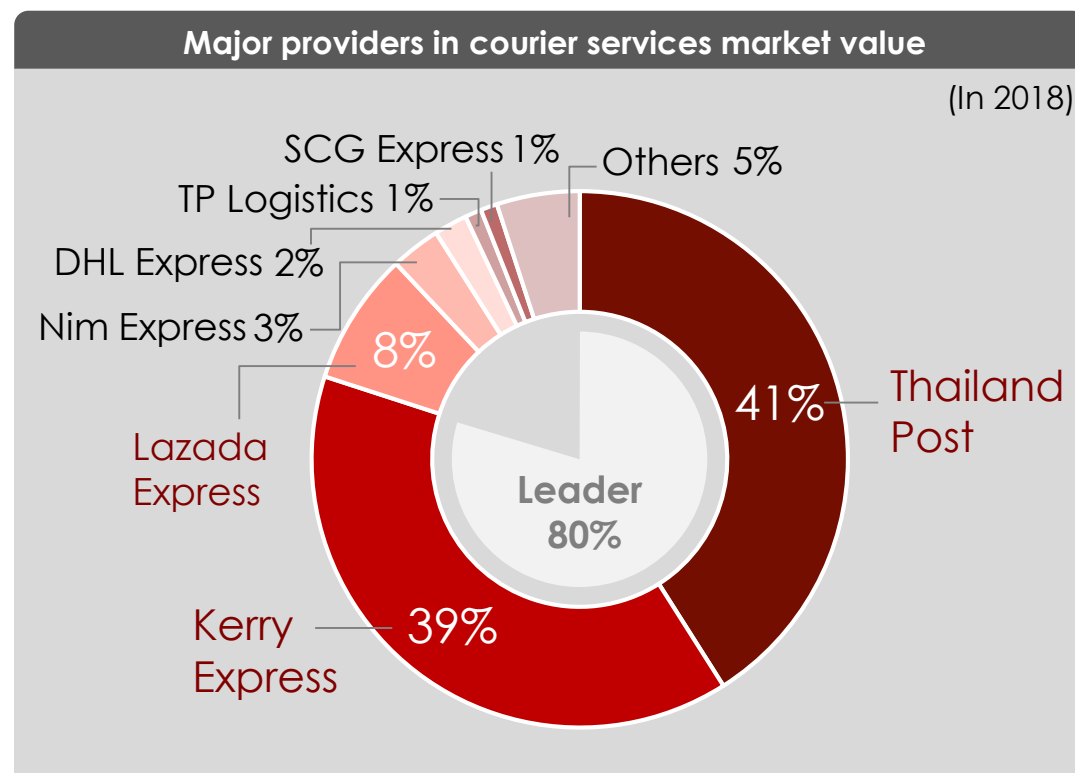
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## Key Players in Thailand's Courier Services Market (1)

### Major Courier Service Providers in Thailand

- The leader in courier services market are Thailand Post (41%), and Kerry Express (39%). These top 2 companies have shares of around 80% of the total courier services market value.
- Few years ago, major players from other countries started to invest in the courier services market in Thailand, namely Best Logistics, J&T Express, CJ JWD Logistics and Yamato Express.
- In addition, there are another providers offering on-demand delivery via online applications that are currently quite popular among Thai people, namely Grab Express, Lineman, Lalamove etc.



Source: EIC analysis based on data from Enlite

Note: The figures are calculated by around 22 courier companies in Thailand.

### Foreign Courier Service Providers in Thailand

Best Logistics

Backed by Alibaba, the world's largest retailer and e-commerce company

J&T Express

One of Indonesia's well-known express company

CJ JWD Logistics

Major logistics provider in South Korea joint venture firm with JWD, Thai logistics service providers

Yamato Express

Japanese company JV with SCG Cement, largest cement/building material company in Thailand

### Major providers from on-demand delivery online platform

#### On-demand delivery

Grab Express

Line Man

Lalamove

Skootar

Deliveriee

Source: SCB Economic Intelligence Center (EIC) and Public news



# Key Players in Thailand's Courier Services Market (2)

## Detail of Major Courier Service Providers in Thailand

#	Main Providers	Registered Date	Nationality		Minimum Service Fees	Strengths
1	Thailand Post	2003	Thai	100%	25 Baht	<ul style="list-style-type: none"> <li>Thailand Post is a state enterprise and thus has an alliance with government agencies</li> <li>Long experience in courier services and has a good relationship with customers, including having service points located in all Thai provinces</li> </ul>
2	Kerry Express	2014	Thai	100%	30 Baht	<ul style="list-style-type: none"> <li>Easy access because Kerry has service points in all provinces in Thailand and also provides 24 hours parcel lockers in over 70 locations in Bangkok</li> </ul>
3	Lazada Express	2015	Thai	100%	29 Baht	<ul style="list-style-type: none"> <li>Delivery network operated and owned by Lazada, a leading e-Commerce platform in Thailand</li> </ul>
4	Grab Express <sup>2/</sup>	2013	Thai Caymanian	75% 25%	40 Baht	<ul style="list-style-type: none"> <li>Picks up parcels and then deliver within 30 minutes via application</li> <li>Offers on-demand delivery with a variety of delivery vehicles</li> </ul>
5	Lalamove	2014	Thai British Virgin Islander	51% 49%	48 Baht	<ul style="list-style-type: none"> <li>Provides on-demand services 24/7 and delivery within 1 hour with a variety of vehicles</li> <li>Partnership with Line Man by sharing delivery drivers together with Line Man</li> </ul>
6	Flash Express	2017	Thai	100%	25 Baht	<ul style="list-style-type: none"> <li>The first Thailand express company who can send parcels over weekends and national holidays</li> </ul>
7	CJ Logistics	2004	Thai Singaporean	51% 49%	45 Baht	<ul style="list-style-type: none"> <li>Provides one-stop service and delivery to the whole country with advanced logistics IT systems and high standard warehouse management</li> </ul>
8	Nim Express	2012	Thai	100%	50 Baht	<ul style="list-style-type: none"> <li>Strong provider in the up-country area with long experience in courier services</li> <li>Has distribution centers located in all regions of Thailand</li> </ul>
9	DHL Express	1990	Thai Dutch	51% 49%	40 Baht	<ul style="list-style-type: none"> <li>Specialist in international shipping and courier delivery services</li> <li>Has a global network and offers a variety of courier services to customers</li> </ul>
10	SCG Express	2016	Thai Singaporean	65% 35%	40 Baht	<ul style="list-style-type: none"> <li>Offers small-parcel delivery service for C2C with quality and caring attitude service</li> <li>Specialist in delivery of parcels requiring special conditions such as temperature control</li> </ul>
11	TP Logistics	2004	Thai	100%	50 Baht	<ul style="list-style-type: none"> <li>Provides one-stop service with long experience in courier services market</li> <li>Offers a delivery services for every parcel size in all Thailand regions</li> </ul>
12	Line Man <sup>1/</sup>	2019	Thai Singaporean	50% 50%	40 Baht	<ul style="list-style-type: none"> <li>Provides round the clock on-demand services and delivery averaging 50 minutes via app</li> <li>Has business network with other providers like Lalamove and Ninja Van</li> </ul>
13	Best Logistics	2018	Thai Hong Kong	51% 49%	30 Baht	<ul style="list-style-type: none"> <li>Strong relationship with China because Best Logistics is under Best Group that co-invests with China's top 20 companies</li> <li>Use franchise models and being partner with local operators for last-mile delivery</li> </ul>
14	J&T Express	2018	Thai Hong Kong Chinese	51% 48% 1%	19 Baht	<ul style="list-style-type: none"> <li>Provides efficient and safe delivery services for 365 days and within 24 hours with an extensive network that serves shipments all over the country</li> </ul>

Note: <sup>1/</sup>Line Man started business in 2016 but registered as a company in 2019

Source: Company's website and Public news, and BOL database (Corpus)

<sup>2/</sup> Grab Express started courier business in 2018 but registered as a company in 2013

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## Key Players in Thailand's Courier Services Market (3)

## Detail of Major Courier Service Providers in Thailand

#	Main Providers	Company Name	Financial information (Unit: THB)*					Name of Major Shareholder
			Total Revenue	Operating Profit	Total Assets	Net Worth	FY	
1	Thailand Post	Thailand Post Co., Ltd.	29,298,317,058	4,498,751,284	31,052,971,206	21,861,771,279	2018	Ministry Of Finance (Thai 100%)
2	Kerry Express**	Kerry Express (Thailand) Co., Ltd.	19,894,603,292	1,563,619,245	6,014,206,799	2,233,162,272	2019	KLN Logistics (Thailand) Co., Ltd. (Thai 63%) VGI Public Co., Ltd. (Thai 23%)
3	Lazada Express	Lazada Express Co., Ltd.	4,684,824,699	-771,512,662	1,959,919,101	-1,021,456,453	2019	Lazada Express Holding Co., Ltd. (Thai 99.9%)
4	Grab Express	Grabtaxi (Thailand) Co., Ltd.	3,193,186,019	-1,948,656,167	1,614,018,087	-1,604,805,042	2019	GrabTaxi Holdings (Thailand) Co., Ltd (THAI 75%) Grab Inc. (Caymanian 25%)
5	Lalamove	Lalamove Easyvan (Thailand) Co., Ltd.	2,377,999,716	-355,275,284	255,765,483	-4,886,852	2019	Lalamove Holding (Thailand) Co., Ltd. (Thai 51%) Lalamove (Thailand) Ltd. (British Virgin Islander 49%)
6	Flash Express	Flash Express Co., Ltd.	2,122,851,632	-1,697,120,997	596,590,954	-1,672,125,036	2019	Mr. Khomson Saelee (Thai 99.9%)
7	CJ Logistics	CJ Logistics (Thailand) Co., Ltd.	1,556,476,119	-225,782,708	1,665,987,300	-229,057,381	2019	CJ Logistics Asia Pte Ltd. (Singaporean 49%) JL Holdings (Thailand) Co., Ltd. (Thai 25%) JL Transport (Thailand) Co., Ltd. (Thai 25%)
8	Nim Express	Nim Express Co., Ltd.	1,020,354,970	973,837,534	1,059,164,158	299,055,070	2019	Mr. Chatchai Suwitsakdanon (Thai 69%) Dr. Pranee Suwitsakdanon (Thai 30%)
9	DHL Express	DHL Express (Thailand) Ltd.	638,642,804	608,822,804	499,979,098	309,308,822	2019	Watthanothai Co., Ltd. (Thai 50%) Deutsche Post International B.V. (Dutch 49%)
10	SCG Express	SCG Yamato Express Co., Ltd.	611,903,297	-302,944,113	321,694,431	-124,903,928	2019	SCG Cement-Building Materials Co., Ltd. (Thai 65%) Yamato Asia Co., Ltd. (Singaporean 35%)
11	TP Logistics	Thai Parcels Co., Ltd.	572,563,706	36,182,915	363,172,994	237,331,564	2019	Chinavicharan Family (Thai 100%)
12	Line Man	Line Man (Thailand) Co., Ltd.	49,920,319	-154,894,941	333,523,975	-137,247,263	2019	LINE Company (Thailand) Ltd. (Thai 50%) LINE Man Corporation Pte. Ltd. (Singaporean 50%)
13	Best Logistics	Best Logistics Technology (Thailand) Co., Ltd.	24,129,141	-9,591,500	91,698,893	39,594,328	2018	BGL International Logistics (Thailand) Co., Ltd (Thai 51%) Best Asia Management Ltd. (Hong Kong 49%)
14	J&T Express	Global Jet Express (Thailand) Co., Ltd.	10,441	-29,543,783	335,550,679	26,806,839	2018	Mr. Charoon Wiriaphonphiphat (Thai 51%) Winning Star Holding Ltd. (Hong Kong 48%)

Note: \*The financial figures may include non-courier business.







Source: BOL database (Corpus) and DBD Data Warehouse

\*\*Kerry converted their company's name to Kerry Express (Thailand) Public Co., Ltd. on Feb 24th, 2020.

# Key Players in Thailand's Courier Services Market (4)

## Form of Services Provided in Thailand

The forms of services provided by operators in Thailand's courier services industry mainly consists of same-day, next day or weekend, door to door service, and on-demand delivery that is currently in high demand. Some operators not only provide delivery services domestically, but also provide international services.

	Major Providers	Services Form					
		 Same-day	 Next-day	 Weekend	 Door to door	 On-demand	 Air Transit
1	Thailand Post	✓	✓	Some areas	✓		✓ (DHL services)
2	Kerry Express	✓	✓	Saturdays	✓		
3	Lazada Express		✓				
4	Grab Express	✓		✓	✓	✓	
5	Lalamove	✓		✓	✓	✓	
6	Flash Express		✓	✓	✓		
7	CJ Logistics	✓	✓		✓		
8	Nim Express		✓		✓		
9	DHL Express	✓	✓		✓	✓	✓
10	SCG Express		✓	Saturdays	✓		
11	TP Logistics		✓	Some areas	✓		
12	Line Man	✓		✓	✓	✓	
13	Best Logistics		✓				
14	J&T Express		✓	✓			

Source: Company's website and public news

Note: Definition of each form of service provided in Thailand

- Same-day: Recipients receive their parcels within the day
- Next-day: The parcels will reach the recipients the next day
- Weekend: Pick up and deliver parcels on weekend (Saturdays and Sundays)

- Door to door: Pick up parcels from the pick-up address and then deliver to the delivery address.
- On-demand: Parcels will get picked up immediately and delivered straight to the recipient
- Air Transit: Air transit to destination within the shortest possible time

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# Competition Strategies in the Courier Services Business (1)

## Competition Strategies

The courier service providers have been using several strategies to survive and succeed in the competitive market. The main strategies include creating business partnerships, service point expansion, offering service differentiation, accuracy of delivery, systems development, and so on.

### Business Partnership

#### ➤ Partnering with E-commerce platforms

Partnering with marketplace platform providers in e-commerce industries like Lazada to increase the volume of parcel delivery.

##### For example:

- ✓ Kerry Logistics partners with Lazada(online shopping platform), providing cheaper delivery services than others for customers who purchase goods from Lazada, which contributed to Kerry Logistics' rapid growth.

#### ➤ Partnering with other operators

Network among operators for service expansion



##### For example:

- ✓ In 2018, Thailand Post partners with DHL Express to provide air transit services under the name of Courier Post.
- ✓ Kerry Express works closely with airlines and shipping companies to support its strong distribution network, which connects with more than 40 countries.

#### ➤ Partnering with shipping aggregators

Shipping aggregator network bring together logistic companies into a single system easy to connect and enabling easy shipments.

##### For example:

- ✓ Many providers join shipping aggregator platform like Shippop to increase customer accessibility

### Service point expansion

Increase the number of service points for more access to customers



##### For example:

- ✓ In 2019, Thailand Post has over 10,000 service points throughout the country (both company-owned and partners), Kerry Express is also the same.
- ✓ Thailand Post and Kerry Express partners with stores to expand their service points.
- ✓ Best Logistics use franchise models to increase the number of their service points outside Bangkok.

Source: Public news

# Competition Strategies in the Courier Services Business (2)

## Competition Strategies

### Differentiation of services

- Focus on niche markets
- Build-up strengths of business



#### For example:

- ✓ Thailand Post provides delivery services for oversized and cumbersome items to all destinations nationwide and provides a drive-through postal service.
- ✓ Lalamove allows customers to schedule a pick-up by selecting a date, time, and type of parcels.
- ✓ Kerry Express and Flash Express provide pick up services to customers' addresses.
- ✓ SCG Express offers Temperature-Controlled parcel services.

### Accuracy of delivery, timeliness, and clear tracking

Improved timeliness and clear tracking to ensure accurate delivery.



#### For example:

- ✓ Major providers always keep developing the infrastructure of their courier services i.e. distribution centers or tracking systems for delivery timeliness and accuracy.
- ✓ Kerry Express planned to expand their distribution centers to 500 branches from 12 branches in 2019 and is expected to reach 109 branches in 2020.

### Quality, speed, and price of services

Maintaining standards for quality and rapid delivery at a suitable price.



#### For example:

- ✓ As the value of parcels are currently rising, some courier providers like Kerry Express and Flash Express provide safety and quality guarantee of parcels in cases of direct loss and damage with a maximum of 2,000 Thai baht per consignment notes.
- ✓ In 2019, Kerry Express launched a super-fast parcel delivery service (within 3 hours) at the BTS stations, beginning with 4 popular BTS stations in Bangkok.
- ✓ New players like J&T Express and Flash Express cut their delivery fees to increase their shares in the market.

### System development and training

Providers should acknowledge the importance of courier system development and staff training.



#### For example:

- ✓ Thailand Post has developed its services with standard efficient systems including IT systems and security systems to provide customers the best courier services.
- ✓ Kerry Express always organize training classes to improve the skills of their parcel delivery staffs to enhance services to customers.

Source: Public news

# Trends & Opportunities

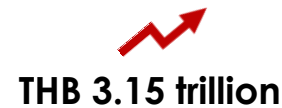
## Trends

### Growing courier market trend

Courier Market  
Annual Growth 2015-2020



E-Commerce value in 2018  
and continued growth



Thailand's courier services industry has grown continuously, mainly from growth in e-commerce market.

### More Competition

The rapid growth of the e-commerce market led to more competition in the courier industry.

- ✓ **Price:** The low price is the main competitive strategy of new players to grasp a share in the market as can be seen from the parcel delivery fare reductions over the past 2-3 years.



- ✓ **Service Quality:** New services have been continuously offered to serve the customers' needs. Thus, the utilization of advanced technologies will increase to improve convenience, reduce delivery costs and time.



### More Collaboration

More collaboration amongst the players in courier services and related businesses is expected in the future in order to enhance the competitiveness in terms of price and services, as well as to increase the capital strength for business expansion.

## Opportunities

### Opportunities for related businesses

The growth of the courier service industry is linked to the growth of related businesses, it is a great opportunity for related business operators.

- ✓ Shipping Aggregator Services



- ✓ Warehouse Management



- ✓ Service Drop / Pickup Point



- ✓ Software Development



### Investment in advanced technologies

Advanced technology and big data are necessary for the courier service business, but the investment has been limited in only a few operators. Therefore, there still be opportunity for technology providers, big data management, and artificial intelligence (AI) to enable more efficient services.

- ✓ Smart warehouse with packaging robots



- ✓ Autonomous vehicle for warehouse transfers



- ✓ Delivery by drone in faraway areas



Source: Public news

## Related Regulations

### Foreign Business Act (1999)

- According to the Foreign Business Act, the foreign-majority company is restricted from engaging in the service business, which includes logistics and courier delivery services.
- Therefore, foreign companies wishing to operate courier services business in Thailand are required to either obtain the Foreign Business License (FBL) from Ministry of Commerce or partner with Thai companies to set up a Thai-majority JV company, which may have foreign shareholding of no more than 49% of total shares.

### Regulations on Courier Services Business

- Currently, there is no specific law governing courier service business in Thailand. The most relevant laws are the Land Transport Act 1979 and the Vehicle Act 1979. However, the acts have not actually been enforced in the courier service business.

#### Land Transport Act 1979



- Under the Land Transport Act, operators of goods transport is required to register their vehicles, which must be trucks with six or more wheels.



#### Vehicle Act 1979



- Under the Vehicle Act, private vehicles are confined to personal use and cannot be operated for delivery businesses.
- Motorcycles are not prohibited from transporting goods.



#### Courier Services Business

- Courier services businesses use vehicles like motorcycles, small cars, or pickup trucks to deliver parcels.
- To avoid land transport act violation, courier services businesses register their vehicles as private vehicles under the Vehicles Act.
- To use the private vehicles, which are passenger cars and pickup trucks to transport goods is illegal under the Vehicles Act. However, as of now there has been no persecution of businesses who use private vehicles.

- The rapid expansion of the courier services business in the country may push the government to initiate specific laws to regulate the business in the future. It may be taken into consideration in the future due to the constant growth of the courier service business.

### Measures to Control Courier Services Business

- In 2019, the Department of Land Transport announced measures to control courier service providers with the main purpose being to prevent illegal parcel deliveries, especially drugs.
- According to the measure, courier service providers have to set up CCTV cameras in their service areas, and record customers' information i.e. names and identification numbers for the investigation process for a period of over 180 days.
- If found to lack proper inspection and screening measures or have allowed drugs to be delivered, the operators could face heavy penalties such as a maximum fine of 50,000 baht and/ or a jail sentence of up to 5 years.

Source: Public news

## Conclusion

- Thailand's courier services market is now dominated by only a few companies. The leading operators are Thailand Post, a state-owned enterprise that have long experience in this industry, and Kerry Express, a fast-growing private company from Hong Kong. Over the past 2-3 years, the rapid growth of the market has been attracting a number of new players who have entered into the market.
- The continued growth of the e-commerce market, which is now accelerated by COVID-19 and social distancing practices, will offer a lot more room for growth in courier services and related businesses.
- New entries should have leverage in their capital strength, international network and technological advantages before entering the Thai market. Foreign investors, whose investments are restricted by law, need to find local partners to help set up the company.
- In addition, other crucial issues, as the changes of customers needs, technology, and regulations, are also required to be updated promptly.



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