

**Mobile Content Market in Thailand  
Market Update, Outlook in 2008**

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## EXECUTIVE SUMMARY

Operators believe the number of mobile phone users in Thailand will grow by a further 5% this year, to 40-5 million subscribers or 70-75% of the population, fuelled mostly by the low-usage market segment in the dominant prepaid market. Generally all operators have lost on the price wars (voice) in the past three years and APRU on voice declined.

Major handset makers expect that overall demand in Thailand this year will be around eight million to nine million units, with the replacement market driving sales growth. Nokia's market share is a dominant 70%.

The revenue-sharing structure with the operators has remained unchanged. The big three GSM operators - AIS, DTAC and TRUE (previously TA Orange) continue splitting the content revenue on 50:50 basis with the VASPs. All of the operators are planning for a network update for 2008 to enable to growing needs on the data services. Currently, there is around 10 million GPRS users in Thailand, but the quality and speed of the connectivity is weak and expensive.

In 2008 on the data services segment the SMS (short messaging service) market alone is expected to be worth about ten billion baht (EUR200mn). One SMS message is priced at 3 baht (EUR0.06). The market coverage of SMS messages is about 65% of mobile phone owners.

The VASP market has been squeezed by both operators and the content owners. The branded content owners have been demanding the fixed monthly fees on the content distribution terms. Grammy and RS dominant local music segment has also used their pricing power with the VASPs and set up their own content services. Growing gaming market has been "regulated" by

the operators and they have set the major game VASP partners and all other VASPs need to sell games through this channel.

An average data content sold by the VASP is priced at 30 baht (EUR0.6). The market size of VASP generated data services (this does not include the proprietary content services of the operators) is expected to be about on half of the market size of SMS, totaling about five billion baht (EUR100mn). The total number of regular mobile data users is about two million. 90% of the regular users are on the age group of 15-25 representing at about 25% coverage in that age group.

The local music (ring tones and full songs) has partly lost its dominance in data content market. It used to be about 70% of the market in 2006 and in 2007 its share declined to at about 50% level. Mobile themes and java games have taken a bigger stake of the market.

### Alternative Content Distribution Mechanisms

#### [1] Bluetooth downloading kiosks

Few test have been done, namely AIS kiosks at the handset shops in 2006, marketing campaigns of Coca-Cola and Starbucks flyers and few top market night venues have installed sponsored demo boxes i.e. Ascot Place in Sathorn Road. Few event management and digital advertising agencies have gone further than initial piloting of the solutions.

WLAN Hotspots are taking the market from Bluetooth and in 2008 we expect some initial bundling with the WLAN providers and advertisers. The networks are expanding rapidly and Plonechit Road – Siam Square commercial WLAN is technically ready.

#### [2] Content pre-paid cards

The channel is mostly out of the reach of the smaller VASPs. One of the operator's linked VASPs has piloted the model with the local



7-11 in last 12 months.

[3] MicroSD and other memory cards

Some piloting linked to a handset promotions i.e. bundling of premier content to the newly launched handset model. No independent applications.

[4] Java applications or "widsets"

The most of the VASPs do understand the set of concepts and the further potential of the applications to their core business. No local or imported applications yet in the territory.

In summary, the free java applications with the social features when segmented to the right audience do have the highest potential to change the market. Few operators linked VASPs are in the best positions to deal with the operators. Also, the handset sales channel has some independent players with the market reach and a mindset.