EXECUTIVE SUMMARY
Thailand’s creative industries have been growing steadily, with the value of THB 1.61 trillion in 2014, which accounted for 13% of total GDP. Its estimated CAGR between 2012 and 2017 is at 3.1%. Out of the creative industries GDP, design sector was the second largest contributor at 23%.

In 2016, 2% of the country’s total labour force was absorbed by creative industries. Out of the total creative labour force, 9% was in design sector.

Creative workers are concentrated in Greater Bangkok and Central region, at 37% and 27% respectively.

Addressable market size for product design industry of Thailand’s upper and middle income groups (annual income > THB 360,000) is at THB 109.7 billion. The majority of people in these income groups are in Greater Bangkok, which has highest monthly household income THB 41,002.

Major drivers of the product design industry include growing middle class and access to social media, while major barriers include the lack of creative design hubs and limited concrete initiatives by the government.

Thailand’s industries of home furnishing, homeware, and home appliances have been growing steadily, with estimated CAGR of 5.9%, 4.4%, and 6.0% respectively between 2010 and 2015. These industries are highly fragmented, particularly home furnishing and homeware, in which combined shares of top players in 2015 were at 15% and 25% respectively.

Players in these industries are concentrated in the low-to-mid tier market.
Design Products and Services

- Changing lifestyle and expanding middle-income population have led to a **growing number of consumers who are interested in design items**, many of whom wishing to use them as a **means to express their sense of identity**

- Design products in the Thai market are manufactured in Thailand, the country of brand’s origin, or in a third country (generally in China, South and Southeast Asia). Products manufactured in the country of brand’s origin are perceived by some consumer groups to as more luxurious and having higher quality.

- Most companies have **both in-house designers** for general design, and **outsourced** designers for special projects.

- Distribution channels of design products can be broadly categorized into 4 groups – **department stores/shopping malls, stand-alone shops, e-commerce, and distributors/retailers**. Department stores/shopping malls are concentrated in areas of Siam and Chidlom, Phrompong and CDC.

- **Social media** has become a significantly influential platform that not only allows consumers to have **easier access to design products** but also enables brands to execute **marketing campaigns**.

- Purchasing decisions of Thai consumers are **heavily influenced by celebrities**, as well as **interior designers** who are popular among upper-end consumers.

- Designs from **Scandinavia, Western Europe** (Italy, France, England) and **Japan** are the most well-known amongst Thai consumers.

- Thai design is gaining competitiveness and popularity, due to lower prices and rising quality.
Executive Summary [3/3]

Dutch Design Evaluation and Recommendations

- Compared to other design nationalities, Dutch design has much lower awareness amongst Thai consumers.

- However, among those with awareness, Dutch design is perceived to be excellent – innovative, daring, first-mover, and all-rounded.

- To enter the Thai market, it is recommended that in the medium term, relevant Dutch stakeholders should introduce Dutch design to increase awareness amongst key stakeholders in the market. This could be done by acting as market experts and collaborating with local players, which will help attract press interest and generate word of mouth.

- In the longer term, Dutch design players can then commercialize their design and enter to compete with existing players in the Thai market. They should establish strong design/brand proposition that offer uniqueness which help consumers establish a sense of social identity.
PROJECT OVERVIEW
According to Thai government figures, Thailand's creative industry is expected to flourish over the next five years, with a strong growth of 20-25% annually. The Thai design sector is relatively shattered (a lot of individual designers active and not that clearly organized) and designers in Thailand are not as business oriented. Thai producers in general are still hesitant to pay the same kind of fees for outsourced design as is common in Western countries. Moreover, some designers in the Netherlands are worried about the legal protection and enforcement of intellectual property rights.

At the moment, many Dutch designers to overlook the Thai design market, and focus on other markets in the Asia instead, such as Singapore, South-Korea and Japan. In the vision of the Embassy it might however still be worthwhile for Dutch designers to consider becoming active in the Thai creative industry sector as well, considering the economic trends, growing middle class, and an increasing consumer demands.

Get a general and structured overview of important facts about the Thai product/industrial design sector, such as the size of the market, the developments and trends, and main competitors in the market;

Identify strengths, weaknesses, opportunities, and threats of/in the design sector in Thailand for Dutch businesses.

Obtain a professional advice on the strategy the Embassy and individual companies should take if they want to be successful at the product design market.
Scope of Study

This study covers design and creative sector in Thailand focusing on product design and design services.

Scope of Study

Industry Focus:
- Product Design in Thailand

Product/Service coverage:
- Home Furnishing
- Homeware
- Home appliances
- Product design service

Research and Analysis Scope:
- Estimated addressable market size from macro view
- Trends and growth analysis
- Consumer behaviour and perceptions
- Competitive analysis
- Case study from a successful player in the market
- Recommendations

Terminology and Definitions

- **Home furnishing** includes furniture, lighting, and home decorative items
- **Homeware** includes tableware, drinkware, and cooking utensils
- **Home appliances** are electrical machines that accomplish household functions. Examples include coffee machines, kettles etc.
- **Product design service** is the service of designing items in home furnishing, homeware, and home appliances
THAILAND’S CREATIVE INDUSTRY OVERVIEW
### Thailand’s Economic Overview

#### GDP by Sector, 2012-2017f

<table>
<thead>
<tr>
<th>Year</th>
<th>Creative Industry GDP (trillion THB)</th>
<th>Total GDP (trillion THB)</th>
<th>CAGR ('12-'17f)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>11.4</td>
<td>87%</td>
<td>3.2%</td>
</tr>
<tr>
<td>2013</td>
<td>11.9</td>
<td>88%</td>
<td>3.2%</td>
</tr>
<tr>
<td>2014</td>
<td>12.1</td>
<td>87%</td>
<td>3.2%</td>
</tr>
<tr>
<td>2015</td>
<td>12.5</td>
<td>87%</td>
<td>3.2%</td>
</tr>
<tr>
<td>2016e</td>
<td>12.9</td>
<td>87%</td>
<td>3.2%</td>
</tr>
<tr>
<td>2017f</td>
<td>13.3</td>
<td>87%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

#### Creative Industry GDP by Sector, 2014

- **Fashion**: 31%
- **Design**: 23%
- **Broadcasting**: 12%
- **Visual Arts**: 10%
- **Software**: 7%
- **Crafts**: 5%
- **Publishing**: 5%
- **Film and video**: 5%
- **Advertising**: 1%
- **Music**: 0.1%

Total 1.61 trillion THB

### Key Insight

- Thailand’s creative economy has been growing steadily, with the value of THB 1.61 trillion in 2014, which accounted for 13% of total GDP. Its estimated CAGR between 2012 and 2017 is at 3.1%.
- While creative economy has been seeing a steady growth, its share towards the total economy has been stable at 13%.
- In 2014, fashion sector was the major creative industry GDP contributor at 31% while design sector was the second largest contributor to the industry at 23%. The third highest was broadcasting at 12%.

**Note:** Official published data on creative industry GDP is available up to 2014. Therefore, 2015 and 2016 GDP are estimated from previous creative industry growth rate and total GDP data from NESDB

*Source: TCDC Outlook Creative Economy Prospects; NESDB; Stakeholder Interviews, Ipsos Business Consulting*
Thailand’s Labour Force Overview

Labor Force by Sector, 2016

Total Labour Force 37.8 million people

Total Creative Industry Labour Force 0.86 million people

Creative Industry Labor Force by Region, 2016

Total Creative Industry Labour Force 0.86 million people

Creative Industries

Crafts
Advertising
Design
Music, Performing & Visual Arts
Architecture
Film, TV, Video, Radio & Photography
Software and IT
Publishing
Museums, Galleries and Libraries

Greater Bangkok 37%
Central 27%
Northeast 15%
North 13%
South 8%

Key Insight

- In 2016, Thailand’s creative industry contributed to 2% of the country’s total labour force with 0.86 people. Out of this total creative labour force, crafts sector absorbs most of the labour at 38%, followed by advertising and design at 24% and 9% respectively.

- Creative workers are concentrated in Greater Bangkok and Central region, at 37% and 27% respectively.

- While regional Thailand makes up to smaller shares of creative labour force, there are 3 creative occupations which are located in these areas much more than in Greater Bangkok – these occupations are Crafts; Music, Art & Performing and Visual Arts; and Museums, Galleries and Libraries.

Note: Classifications of creative industries used here differ from those used for GDP due to revision by National Statistical Office of Thailand

Source: TCDC Outlook Creative Economy Prospects; Stakeholder Interviews, Ipsos Business Consulting
### Thailand’s Household Income Overview

#### Number and Average Size of Households by Region, 2015

<table>
<thead>
<tr>
<th>Region</th>
<th>Average size of household (persons)</th>
<th>Population density*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Bangkok</td>
<td>2.9</td>
<td>5,258</td>
</tr>
<tr>
<td>Central</td>
<td>3.0</td>
<td>177</td>
</tr>
<tr>
<td>North</td>
<td>3.1</td>
<td>67</td>
</tr>
<tr>
<td>Northeast</td>
<td>3.5</td>
<td>111</td>
</tr>
<tr>
<td>South</td>
<td>3.5</td>
<td>125</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>3.2</strong></td>
<td><strong>133</strong></td>
</tr>
</tbody>
</table>

* Number of population per 1 square kilometer

#### Average Monthly Household Income by Region, 2015

<table>
<thead>
<tr>
<th>Region</th>
<th>Average Monthly Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole Kingdom</td>
<td>26,915</td>
</tr>
<tr>
<td>Greater Bangkok</td>
<td>41,002</td>
</tr>
<tr>
<td>Central</td>
<td>26,601</td>
</tr>
<tr>
<td>North</td>
<td>18,952</td>
</tr>
<tr>
<td>Northeast</td>
<td>21,094</td>
</tr>
<tr>
<td>South</td>
<td>26,286</td>
</tr>
</tbody>
</table>

*Unit: THB*

### Key Insights

- Of the 21.3 million households, more than 70% are concentrated in Central, Northeastern and Northern regions.
- Bangkok is highly populated with population density 39 times higher than that of the country average. The average household size in Bangkok is 2.9 persons, the lowest of all the regions. This is because the majority of Bangkok households are nuclear families while in other regions many households are extended families.
- Greater Bangkok has the highest monthly household income, at more than double of that of North, the region with the lowest income.
- The Southern region has the second highest monthly household income since the region is the main tourist destination which can generate large amount of income to the locals.

*Source: National Statistical Office; Stakeholder Interviews, Ipsos Business Consulting*
Addressable Market Size for Design Products

Geographical Coverage: Thailand Overall
(Bangkok, Central, North, Northeast, South, and East)

Addressable Market Size

Upper
THB 74.8 billion

Middle
THB 34.9 billion

Total
THB 109.7 billion

Average Spending on Home Furnishing, Homeware, and Electrical Appliance Items per Year

Remark
1. Definition and proportionate of income classification from National Statistic Office, AC Nielsen and Ipsos survey
2. Average Spending on Home Furnishing, Homeware, and Electrical Appliance Items per Year from Ipsos survey 2015

Thailand’s Total Households
21.3 million

Addressable Market 1

- Upper
  (Annual Income >THB 600,000)
  19%
- Middle
  (Annual Income THB 360,000 – 600,000)
  20%
- Lower
  (Annual Income THB <360,000)
  61%
Market Overview – Home Furnishing

Thailand’s Home Furnishing Market Size, 2010-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Size (billion THB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>74.1</td>
</tr>
<tr>
<td>2011</td>
<td>79.3</td>
</tr>
<tr>
<td>2012</td>
<td>85.3</td>
</tr>
<tr>
<td>2013</td>
<td>89.6</td>
</tr>
<tr>
<td>2014</td>
<td>94.1</td>
</tr>
<tr>
<td>2015</td>
<td>98.8</td>
</tr>
</tbody>
</table>

CAGR 5.9%

Market Share by Player, 2015

- Index: 4%
- Ikea: 4%
- SB Furniture: 3%
- Phillips: 1%
- Modernform: 1%
- Pearl Bedding: 1%
- Jaspal & Sons: 1%
- Others: 85%

Note: Others include smaller local and foreign brands e.g. Yothaka, Oggi, niiq, Zara Home, HAY, etc.

Key Insights
- Thailand’s home furnishing industry had been growing steadily at CAGR 5.9% between 2010 and 2015, with 2015 value at THB 98.8 billion, as residential projects continued to grow, pushing demand to furnish new houses.
- Home furnishing market is highly fragmented with combined shares of major players at only 15%. The remaining 85% are made up of various small players, both local and foreign.
- Largest market shares are captured by IKEA, Index Living Mall, and SB Furniture at 4%, 4% and 3% respectively. Phillips, while holding the 4th largest market share of home furnishing, was the leader in lighting with 36% market share in 2015.

Source: Euromonitor; Ipsos Business Consulting
Market Overview – Homeware

Thailand’s Homeware Market Size, 2010-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Size (billion THB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8.0</td>
</tr>
<tr>
<td>2011</td>
<td>8.3</td>
</tr>
<tr>
<td>2012</td>
<td>8.5</td>
</tr>
<tr>
<td>2013</td>
<td>9.0</td>
</tr>
<tr>
<td>2014</td>
<td>9.4</td>
</tr>
<tr>
<td>2015</td>
<td>9.9</td>
</tr>
</tbody>
</table>

CAGR 4.4%

Market Segmentation by Player, 2015

- Srithai
- Royal Porcelain
- Thai Stainless Steel
- IKEA
- SEB
- Patra Porcelain
- Satien Stainless Steel
- Others

Key Insight

- Homeware market grew at CAGR 4.4% between 2010 and 2015. In 2015, the market reached THB 9.9 billion, with dinnerware being the main growth driver while kitchenware experienced a growth slowdown.
- Homeware market is highly fragmented with the top 3 players having combined market share of only 16%, while other small players make up to 75%.
- The market is led by Srithai Superware, one of the world’s largest manufacturer of melamine tableware. IKEA, whose products are predominantly home furnishing, also captures a sizable market share in homeware at 3% in 2015.

Note: Others include smaller local and foreign brands e.g. Qualy, Muji, etc., as well as non-brand products sourced from places like local communities and markets

Source: Euromonitor; Ipsos Business Consulting
Market Overview – Home Appliance

**Thailand’s Home Appliance Market Size, 2010-2015**

Unit: billion THB

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>54.6</td>
</tr>
<tr>
<td>2011</td>
<td>57.3</td>
</tr>
<tr>
<td>2012</td>
<td>60.1</td>
</tr>
<tr>
<td>2013</td>
<td>65.1</td>
</tr>
<tr>
<td>2014</td>
<td>70.0</td>
</tr>
<tr>
<td>2015</td>
<td>72.9</td>
</tr>
</tbody>
</table>

**Market Segmentation by Player, 2015**

- 0% LG Electronics
- 16% Samsung Electronics
- 12% Toshiba
- 12% Hitachi
- 10% Panasonic
- 42% Others

**Note:** Others include mostly foreign brands, e.g. Bosch & Siemens, SMEG, Electrolux, Teka, etc.

**Key Insight**

- Home appliance market had been growing at a steady rate of CAGR 6.0% between 2010 and 2015, as residential projects created the need for residents to furnish houses with new appliances.
- Among the appliances, personal care, which includes products such as hair straighteners and shavers, is the category with the highest growth rate at CAGR 9%.
- Home appliance market is the least fragmented market amongst the 3 markets of household items, with 5 major brands contributing to 58% of the market share. LG Electric is the major contributor at 16% followed by Samsung (12%), Toshiba (12%), Hitachi (10%), and Panasonic (8%).

Source: Euromonitor, Ipsos Business Consulting
Product Design Industry Market Drivers and Barriers

**Drivers**

- **Growing Middle Class**
  - Thailand’s household disposable income is growing significantly. Between 2010 and 2015 income expanded at CAGR 6.5%. With changing lifestyle and growing middle-income population, an increasing number of people are developing a taste for products with unique design to differentiate themselves from others.

- **Access to Social Media**
  - Thailand ranked the world’s 11th country with highest active social media users, with 56% of the country’s population on social media in 2016. Social network has not only led to consumers having higher awareness of design products, but also it has enabled design product suppliers to execute more influential advertisements and marketing campaigns that positively affect consumers’ purchasing decisions.

  - Thailand has no permanent physical area with high customer traffic that acts as a stage for new designers. Areas with high customer traffic are usually department stores, which have high space rental rates and therefore not affordable by many new designers, or temporary pop-up at different locations across Bangkok.

  - Despite intellectual property laws in Thailand aiming to control counterfeit products at manufacturing level, designers in Thailand continue to face challenges protecting their design and intellectual properties as Thailand remains a prime market for counterfeit goods.

  - While creative industry is one of the targeted industries in the government’s new economic model Thailand 4.0, initiatives that concretely promote design product are yet limited. Furthermore, current initiatives mostly aim to promote Thai designers and businesses as opposed to foreign ones.

**Barriers**

- **Lack of Creative Design Hubs**
- **Intellectual Property Protection Challenges**
- **Limited Concrete Government Initiatives**

**Source:** National Statistical Office, We Are Social, Stakeholder Interviews, Ipsos Business Consulting
## Related Government Policies

<table>
<thead>
<tr>
<th>Policy</th>
<th>Impact</th>
<th>Impact Level</th>
<th>Implications to Dutch Product Design Player</th>
</tr>
</thead>
</table>
| **Thailand 4.0**| ▪ Increasing awareness amongst the Thai population on the 5 targeted industries.  
                    ▪ Increasing investments in the 5 targeted industries.  
                    ▪ Increasing collaboration between several relevant stakeholders, from state organizations and educational institutes to private sector and foreign players, through government-facilitated platforms such as conferences and research schemes.  
                    ▪ However, since concrete plans for creative industries are yet limited, it is expected that the impact may take several years to materialise. | **Positive** | ▪ As creative industry in one of the 5 targeted industries, it is expected that there will be increasing opportunities for product design businesses as a result from higher awareness amongst consumers, greater collaborative network, and increased investments in the industry.  
                    ▪ As foreign players is one of the stakeholder groups focused, Dutch product design players are presented with great opportunities to be at the forefront of the country’s creative arena. Particularly, Dutch designers and businesses could help the Thai government drive initiatives to promote creative industries. |

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**Source:** BOI, Stakeholder Interviews, Ipsos Business Consulting
## Related Government Policies [2/2]

<table>
<thead>
<tr>
<th>Policy</th>
<th>Impact</th>
<th>Impact Level</th>
<th>Implications to Dutch Product Design Player</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Import Duties</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Thailand’s import duties range from 0% to 80%</td>
<td>- Imported products from Europe, including the Netherlands, may be less competitive with those from countries with which Thailand has FTAs.</td>
<td>- Negative</td>
<td>- In order to enjoy zero tax and become more price competitive in the market, Dutch brands should collaborate with local OEMs to have their products manufactured in the country.</td>
</tr>
<tr>
<td>- However, countries with whom Thailand has free trade agreements (FTAs) enjoy heavily discounted, or zero, tariff rates. These countries include ASEAN country members, Australia, China, India, and New Zealand.</td>
<td></td>
<td></td>
<td>- However, in the upper tier market where price is less concerned, some consumers perceive imported European products as more luxurious and having higher quality.</td>
</tr>
</tbody>
</table>

Source: BOI, Stakeholder Interviews, Ipsos Business Consulting
Relevant Government Organisations

Creative Economy

- **NESDB**: National planning agency and creative industries database
- **TCDC**: Creative resource centre and creative entrepreneurs/designer promotion
  - **OIE**: Industrial development policies
  - **DIP1**: Develops industrial business and entrepreneurs
  - **OSMEP**: SMEs promotion
  - **SACICT**: Arts and crafts promotion
  - **DITP**: Export promotion
  - **DIP2**: Intellectual property rights protection
  - **NSTDA**: Supports research in science and technology
  - **STI**: Plans and policies to support science, technology and innovation
  - **NIA**: Innovation promotion and support
  - **ETDA**: Development and promotion of electronic transactions
  - **SIPA**: Thai software industry support
  - **DSD**: Development of occupations and skill standards
  - **Department of Community Development**: OTOP product development
  - **Department of Local Administration**: Local learning centre development
- **Ministry of Industry**
- **Ministry of Commerce**
- **Ministry of Science and Technology**
- **Ministry of Information and Communication Technology**
- **Ministry of Labour**
- **Ministry of Culture**

**Note**: /1 Department of Industrial Promotion /2 Department of Intellectual property

Source: TCDC Outlook Creative Economy Prospects
DESIGN PRODUCTS
## Market Movements and Trends

- **Multi-functional**
  - As an increasing number of people are living in condominiums with limited space, the landscape of products has shifted towards one that maximises functionality while minimises required space.
  - For furniture, the trend translates into serving extra functions of other furniture types. For smaller items such as kitchen utensils, it often means doubling as an aesthetic decorative item.

### Future Trends (2017 Onwards)
- **Digital Disconnection**
  - In the digital era where people are constantly connected to social media and the internet, consumers will increasingly yearn for digital disconnection to reconnect with the offline world.
  - For design products, it is likely that this need of consumers will translate into popularity of products that radiate a sense or characteristics of disconnection e.g. tranquility, peace, stillness, silence, etc.

### Using Design Items to Express Consumers’ Identity
- With changing lifestyle and expanding middle-income population, a growing number of consumers are developing a taste for design items. Many have come to use design items as a means to express their sense of identity. As such, an increasing number are demanding products that are unique in not only design but also product stories. This trend is expected to continue as Thailand’s middle class population expands.

*Source: Stakeholder interviews, Ipsos Business Consulting*
Many Europeans and Japanese companies have their products manufactured OEM in Asian countries where costs are much lower.

However, some brands still have their products manufactured in the country of the brand’s origin, primarily because they believe it gives better quality and protects the brand’s image.

Thai brands generally manufacture products by themselves in Thailand, or outsource to factories in the country.

Source: Stakeholder interviews, Ipsos Business Consulting
Most brands have both in-house designers for general design and outsourced designers for special projects.

Some brands use only in-house designers. These are foreign brands whose design team is centralized under parent company abroad as well as Thai brands who emphasize their Thai heritage.

Outsourced designers can be broadly grouped into 3 categories:

1. **Design Service Agencies** – consist of more than one designers, usually with several expertise areas to cover all aspects of a customer’s needs

2. **Freelance Designers** – consist of one designer, who may or may not already be employed by a company

3. **Design Students from Educational Institutions** – are sometimes chosen by brands for collaboration. However, their designs may be infeasible for production as students tend to lack understanding in manufacturing process. Popular educational institutions from which students are selected for collaboration include:
   - King Mongkut’s University of Technology Thonburi (KMUTT)
   - King Mongkut’s University of Technology North Bangkok (KMUTNB)

Well-known design service agencies and freelance designers are perceived to help endorse the brand, increase brand awareness among customers, as well as positively influence consumers’ purchase decision.

**Source:** Stakeholder interviews, Ipsos Business Consulting
Market Practice Overview – Distribution Channels [1/2]

Map of Design Areas in Central Bangkok

- Mid to high-end department stores/shopping malls:
  - A – Siam and Chidlom
  - B – Phrompong
  - C – Eastern Bangkok

- Area of stand-alone product design shops and retailers:
  - D – Thonglor and Ekamai

- Mid to high-end department stores/shopping malls

Source: Stakeholder interviews, Ipsos Business Consulting
Department Stores/ Shopping Malls

- Department stores/ shopping malls are chosen by many brands as their top distribution channel due to high customer traffic offered.
- Notable mid to high-end department stores/ shopping malls are clustered in the area of Siam, Chidlom, and Phrompong.
- CDC, while located further out in east of Bangkok, also remains popular as it is one of the most comprehensive and integrated design centres in Thailand.
- Department stores/ shopping malls are, however, generally less preferred by smaller brands due to the high space rental fees and ratio of GP collection.

Stand-Alone Shops

- Stand-alone shops of design brands are clustered in Sukhumvit, particularly Thonglor and Ekamai. These areas are popular for residential and hang-out amongst expats and middle-class Thais who have higher spending power.

E-Commerce

- E-commerce is the least popular channel due to several impracticality e.g. products being too fragile, products requiring pre-purchase consultation, etc.
- Nevertheless, it is starting to gain momentum and expected to see a substantial growth as consumer behaviour shifts towards the digital realm.

Source: Stakeholder interviews, Ipsos Business Consulting
Market Practice Overview – Distributors/Retailers

**Distributors/Retailers**
- Retailers are a popular channel, particularly amongst foreign and emerging brands, as they require lower fees than department stores while still providing high customer traffic.
- Retailers are often located in leading department stores and Sukhumvit.
- While most existing retailers focus mainly on furniture, there is an increasing number of ‘design concept stores’ who offer all kinds of design products.

### Home Furnishing

**Very High-End**
- Majority of the buyers are interior designers (90-95%)
- Target end-users who are of higher age range with high purchasing power and expats in Thailand
- Limited marketing campaign
- Imported Western brands
- French
- Italian
- German
- British
- American
- Etc.

**Mid to High-End**
- Main customers are product end-users
- Target younger consumers with relatively high purchasing power
- Aggressive marketing campaign in magazines and on social media
- British
- Scandinavian
- Japanese
- Etc.

**Mid-End**
- Main customers are product end-users
- Aggressive marketing and sales promotions
- Mass produced design products
- Lower price range
- Scandinavian
- Thai
- Chinese
- Etc.

### Concept Store
- Target younger consumers who have relatively high purchasing power, and who are looking to differentiate their living experience
- Fun, unique, and innovative products
- Niche market
- Brands are very fragmented
- Thai
- Scandinavian
- American
- Chinese
- Japanese
- Etc.

**Source:** Stakeholder interviews, Ipsos Business Consulting
Market Practice Overview – Sales & Marketing

### SOCIAL MEDIA

<table>
<thead>
<tr>
<th>Platform</th>
<th>Total Users in Thailand, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>30.0</td>
</tr>
<tr>
<td>Twitter</td>
<td>4.5</td>
</tr>
<tr>
<td>Instagram</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Unit: Million people

- Social media has become one of the most important marketing tools as consumers are increasingly engaged on online social platforms.
- **Facebook** is the most popular sales and marketing platform for brands since it has the country’s largest user base.
- **Instagram**, whilst having a much lower user base, is also a top platform due to its photo-sharing nature which enables brands to effectively present their products and tell stories.
- Facebook and Instagram also often act as a sales channel, particularly for emerging local brands.
- **Twitter** is not normally used for marketing due to news sharing nature and 140 character limitation.

### CELEBRITY ENDORSEMENT

- Thailand has a celebrity and trend centric culture in which consumers have a high tendency to attempt to imitate celebrities’ lifestyles, from their fashion to home decoration and dining experiences.
- Celebrity endorsement is therefore said to have very high impact on Thai consumers, with some brands saying they have had the experience of products selling out instantly after a celebrity is seen using the product.

### INTERIOR DESIGNER

- When it comes to furnishing or decorating a house, many Thai consumers in the mid to high-end market use interior designers rather than do it themselves, as they believe they lack the knowledge needed. Interior designers are therefore great influencers of trends and purchasing decisions.
- Consequently, some brands use famous interior designers as celebrity endorsement, sending their products to be featured on the designers’ blogs, etc.

Source: Digital Advertising Association of Thailand; Stakeholder interviews, Ipsos Business Consulting
### Awareness and Perceptions by Brand/Design Nationality [1/2]

<table>
<thead>
<tr>
<th>Netherlands</th>
<th>Scandinavia</th>
<th>Europe (Excluding Scandinavia)</th>
</tr>
</thead>
</table>

#### Keywords

<table>
<thead>
<tr>
<th>Netherlands</th>
<th>Scandinavia</th>
<th>Europe (Excluding Scandinavia)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-Mover</td>
<td>Daring</td>
<td>Minimalist</td>
</tr>
<tr>
<td>Innovative</td>
<td>Playful</td>
<td>Neat</td>
</tr>
<tr>
<td>Commercialised</td>
<td>Old Culture</td>
<td></td>
</tr>
</tbody>
</table>

#### Perceptions

- **Netherlands**
  - Dutch design has little consumer awareness compared to design of other countries. Many respondents saying they have not previously heard of Dutch design.
  - However, among those with awareness, Dutch design is perceived to be “one of the world’s best” and “all rounded” – excelling in fields ranging from product to graphic.
  - Dutch designers are said to be creative, playful, and daring to create products that are different, thus often being the first mover of the industry.

- **Scandinavia**
  - Scandinavian design has the highest consumer awareness out of all European designs. However, consumers are generally unable to differentiate between design from each country within Scandinavia.
  - Scandinavian design is perceived to be minimalistic, cool, neat, and user-inviting.
  - The awareness is particularly high for furniture products, in which the design is often associated with wooden materials that give the feeling of warmth.

- **Europe (Excluding Scandinavia)**
  - Most well known non-Scandinavian European design are Italian, French, and English.
  - Design from these areas is said to be commercialised, with the purpose of design being sales as opposed to a work of art.
  - French design is perceived to be of Louis-Era style while English design is said to give a hint of old culture.
  - Italian design is perceived to be attention-grabbing luxurious and too neat, making some consumers feel it is user-uninviting.

*Source: Stakeholder interviews, Ipsos Business Consulting*
### Awareness and Perceptions by Brand/Design Nationality [2/2]

<table>
<thead>
<tr>
<th>Japan</th>
<th>Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Keywords</strong></td>
<td><strong>Keywords</strong></td>
</tr>
<tr>
<td>Minimalist</td>
<td>Functional</td>
</tr>
</tbody>
</table>

- **Perceptions**
  - Japanese design is very well known among Thai consumers.
  - It is perceived as minimalistic and similar to Scandinavian, but with relatively more “cuteness” as opposed to Scandinavian’s stylishness. It is also perceived to be clever in its functionality.
  - Japanese design is occasionally said to suit Thai lifestyle better than European design due to closer Eastern cultural proximity between Thailand and Japan.

- **Perceptions**
  - Thai design is perceived as having an increasing competitiveness with foreign design, both domestically and internationally.
  - Thai designers are integrating traditional materials and craft techniques with contemporary design, yielding unique works attractive to consumers.
  - Thai design viewed as deserving lower prices than foreign designs due to the country’s lower costs of labour and production.

*Source: Stakeholder interviews, Ipsos Business Consulting*
# Market Landscape by Product Type – Home Furnishing

<table>
<thead>
<tr>
<th>Key Brands</th>
<th>Brand Nationality</th>
<th>Product Portfolio</th>
<th>Key Success Factors/ Unique Selling Points</th>
</tr>
</thead>
</table>
| **Hay**    | Danish            | Table, Seating, Shelves, Wardrobe, Outdoor | - Lifestyle products promoting value-at-home life  
- High quality products with modern yet iconic design  
- Collaborations with well-known designers to add-value to the products  
- Targeted customers are interior designers, expats in Thailand, and Thai consumers who used to live abroad |
| **Kenkoon**| Thai              | Table, Seating, Outdoor | - The majority of products are designed by in-house designer team  
- Low production cost as the brand also has its own manufacturing plants and sourcing company  
- Previous collaborations with an outdoor European brand |
| **Yothaka**| Thai              | Seating, Outdoor   | - Handcrafted furniture unique in its use of local materials, including warer hyacinth, Lygodium (lipao), and pineapple paper  
- Pioneer in the use of water hycacinth in furniture industry  
- In-house designer |
| **Fermob** | French            | Garden furniture and outdoor products | - High quality products with extensive range of colours  
- Joyful, invigorating, and innovative products  
- Highly values the relationship between the brand and customers  
- The majority of products are made in France |

*Source: Brands’ Websites, Stakeholder interviews, Ipsos Business Consulting*
### Market Landscape by Product Type – Home Furnishing

<table>
<thead>
<tr>
<th>Key Brands</th>
<th>Brand Nationality</th>
<th>Product Portfolio</th>
<th>Key Success Factors/ Unique Selling Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualy</td>
<td>Thai</td>
<td>▪ Home and tableware design products</td>
<td>▪ Functional and decorative home products with a touch of innovative, humorous, and fun-loving design</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▪ Products are designed with sustainable concept that focuses on community and environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▪ Received several domestic and international design awards</td>
</tr>
<tr>
<td>Muji</td>
<td>Japanese</td>
<td>▪ Furniture and homeware</td>
<td>▪ Distinctive minimalist design</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Health &amp; beauty</td>
<td>▪ Innovative and highly functional products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Office Accessories</td>
<td>▪ In-house designers who are predominantly Japanese</td>
</tr>
<tr>
<td>Normann</td>
<td>Denmark</td>
<td>▪ Home décor</td>
<td>▪ Imported and distributed by The Mall Group which is one of Thailand’s largest department store chains</td>
</tr>
<tr>
<td>Copenhagen</td>
<td></td>
<td>▪ Furniture</td>
<td>▪ Aggressive visual merchandising and new product launch events</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Stationery</td>
<td></td>
</tr>
<tr>
<td>Propaganda</td>
<td>Thai</td>
<td>▪ Homeware and lifestyle design products</td>
<td>▪ Unique design and product concepts with Thai humour and sarcasm</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▪ In-house designers</td>
</tr>
</tbody>
</table>

*Source: Brands’ Websites, Stakeholder interviews, Ipsos Business Consulting*
# Market Landscape by Product Type – Homeware

<table>
<thead>
<tr>
<th>Key Brands</th>
<th>Brand Nationality</th>
<th>Product Portfolio</th>
<th>Key Success Factors/ Unique Selling Points</th>
</tr>
</thead>
</table>
| Etna                | Thai              | Glassware for table and home       | ▪ Handcrafted glassware  
▪ Extensive range of glass colours which are food and dishwasher safe  
▪ Received several domestic and international design awards such as Good Design Award in Japan  
▪ Awarded Thailand Trusted Mark (TTM) by DITP in 2012 |
| Lucaris (by Ocean Glass) | Thai | Glassware for dining purposes      | ▪ Extensive range of design and products  
▪ High quality and innovative tableware  
▪ Awarded with Good Design Award in 2005 and 2011  
▪ Collaborated with out-sourced designers  
▪ Collaborated with 5-star hotels, prestige restaurants and bars, as well as brands such as Swarovski |
| Dhanabadee          | Thai              | Ceramic tableware                  | ▪ First ceramic factory in Lampang province with long history  
▪ High quality porcelain products  
▪ 90% of own designs are created by in-house designers  
▪ E-commerce channel for better customer experience |

*Source: Brands’ Websites, Stakeholder interviews, Ipsos Business Consulting*
## Market Landscape by Product Type – Home Appliance

<table>
<thead>
<tr>
<th>Key Brands</th>
<th>Brand Nationality</th>
<th>Product Portfolio</th>
<th>Key Success Factors/ Unique Selling Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hitachi</td>
<td>Japanese</td>
<td>▪ Refrigerator</td>
<td>▪ In-house designers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Washing Machine</td>
<td>▪ Collaboration between Japanese HQ and Thai Branch for product concept and functionality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Etc.</td>
<td>▪ HQ in Japan as key decision maker</td>
</tr>
<tr>
<td>LG Electric</td>
<td>Korean</td>
<td>▪ Refrigerator</td>
<td>▪ Pioneering technology and highly innovative brand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Washing Machine</td>
<td>▪ Design for long lasting look for stylish lifestyle and better functionality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Etc.</td>
<td>▪ In-house designer</td>
</tr>
<tr>
<td>Toshiba</td>
<td>Japanese</td>
<td>▪ Refrigerator</td>
<td>▪ Long history with consistent product quality and innovation resulted in high brand trustworthiness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Washing Machine</td>
<td>▪ Shifting toward more modern and unique design</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Etc.</td>
<td>▪ Increasing marketing campaign aggressiveness</td>
</tr>
<tr>
<td>Smeg</td>
<td>Italy</td>
<td>▪ Kitchen appliances</td>
<td>▪ Unique design with innovative technologies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▪ Highly functional and high performance product with energy efficiency and ease of usage as key features</td>
</tr>
</tbody>
</table>

Source: Brands’ Websites, Stakeholder interviews, Ipsos Business Consulting
## Brand Purchasing Criteria and Process by Distributors/ Retailers

### Purchasing Criteria

<table>
<thead>
<tr>
<th>Factor</th>
<th>Key Insights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>Design and product quality are the most important selection criteria since they are perceived as the criteria that will attract end-consumers.</td>
</tr>
<tr>
<td>Quality</td>
<td>Price range and brand image must be in line with distributor/retailer’s brand positioning and requirements.</td>
</tr>
<tr>
<td>Price Range</td>
<td></td>
</tr>
<tr>
<td>Brand Image</td>
<td></td>
</tr>
<tr>
<td>Product Story/Concept</td>
<td>Product story or unique concept is more important among small design product distributors, particularly concept stores.</td>
</tr>
</tbody>
</table>

### Importance Level

- **High**
- **Low**

### Purchasing Process

**Decision Influencer**
- Department store/retailers
- High end retailers
- Small retailers

**Decision Maker**
- Shop managers
- Customers' interior designers
- Shop managers
- Owner

*Source: Stakeholder interviews, Ipsos Business Consulting*
## Product Purchasing Criteria by End Consumers

<table>
<thead>
<tr>
<th>Factor</th>
<th>Key Insights</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Story</strong></td>
<td>- Among higher-end product consumers, having a story behind the product becomes one of the major purchasing influencers, as a story makes consumers feel the product is unique and interesting, and therefore worth their money.</td>
</tr>
<tr>
<td><strong>Product’s Country of Origin</strong></td>
<td>- Product’s country of origin is generally not important as consumers have better understanding of the market that value chain is shifting and products made in Asia can be as high quality as those made in the West.</td>
</tr>
<tr>
<td><strong>Designer’s Country of Origin</strong></td>
<td>- Designer’s nationality is generally not given importance as end consumers still have low awareness of designers compared to brands. Nationality has slight importance if product is cultural e.g. for a spaghetti measure gadget, an Italian designer may be preferred over a Thai designer.</td>
</tr>
</tbody>
</table>

### Price, Functionality, and Design

- Price, functionality, and design remain the most important criteria for consumers, with price often being the most important criteria among the majority of design product consumers.
- However, for higher-end products, consumers are usually less price sensitive and therefore most important criteria are functionality and design.

**Source:** Stakeholder interviews, Ipsos Business Consulting
### Market Overview – Types of Design Service Providers

<table>
<thead>
<tr>
<th>Examples</th>
<th>Design Service Agencies</th>
<th>Freelancers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>JACOB JENSEN DESIGN</td>
<td>Naoto Fukasawa</td>
</tr>
<tr>
<td></td>
<td>cor design</td>
<td>Studio AB by Apiat Boonruangthaworn</td>
</tr>
<tr>
<td></td>
<td>thinkk</td>
<td>Take Home Design By Paphop Wongpanich</td>
</tr>
</tbody>
</table>

#### Future Market Direction

![Arrow from Design Service Agencies to Freelancers]

#### Market Overview and Trends

**Design Service Agencies**
- There are very few product design service providers in Thailand, especially in the field of electrical appliances due to low demand and lack of industry experts with production know-how skills.
- With increasing demand for design products, trend for design service agencies is expected to rise, but only slightly as freelance designers grow at a faster rate.

**Freelancers**
- The number of freelanced designers in Thailand is expected to grow at a fast rate due to the increasing demand for design, as well as due to the shift in labour market and lifestyle that has led to an expanding number of young designers aspiring to become freelancers.
- Many freelance designers are building up their portfolio through participation in international design award competitions both in Thailand and abroad, e.g. Demark (Thailand) and Reddot Design (Germany).

#### Key Advantages

**Design Service Agencies**
- One-stop shop with broader skillset and expertise areas to cover different aspects of the project
- Ability to handle larger projects and workloads

**Freelancers**
- Specialised expertise
- Flexibility (working hours, scope, etc.)
- Lower costs

*Source: Stakeholder interviews, Ipsos Business Consulting*
## Market Overview – Clients

### Characteristics

**Foreign Companies**
- Majority of well-established companies have their own in-house design teams
- Outsourced design service providers are employed on a project-by-project basis only.
- Due to its global supply chain, the key design decision makers are usually located at the HQ.

**Established Thai Companies**
- The majority of established Thai companies have an in-house design team. They employ outsourced design service providers on a project-by-project basis

**Thai SMEs and Start-Up Businesses**
- Due to rising competition, Thai SMEs and Start-Ups are seeking out design service providers to help them differentiate their products as strengthen branding.

### Local/ Foreign Design Service Provider

<table>
<thead>
<tr>
<th>Examples</th>
<th>Foreign Companies</th>
<th>Established Thai Companies</th>
<th>Thai SMEs and Start-Up Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHILIPS</td>
<td>Oceane COTTO</td>
<td>Etna</td>
<td></td>
</tr>
</tbody>
</table>

### Rationale for Using a Design Service Provider

**Foreign Companies**
- Local ones are used to create products that best suit the local culture, preferences, and consumer behaviour.
- Foreign ones are usually commissioned to increase the brand’s proposition.

**Established Thai Companies**
- Large companies with more globalized brand propositions employ foreign designers to add-value to their products.
- On the other hand, companies with propositions focused on Thai cultural background seek out Thai designers only.

**Thai SMEs and Start-Up Businesses**
- Mostly use local ones due to lower fees, as well as better market and consumer’s understanding.
- Language barrier sometimes also acts as a barrier in using foreign service providers.

*Source: Stakeholder interviews, Ipsos Business Consulting*
## Market Overview – General Practices

### Client Approach

- Generally design service agencies and freelance designers get approached by clients rather than actively seek out opportunities.
- Occasionally they find their clients through personal connections and referrals.
- Design fairs is also another platform for designers to network and advertise themselves.

### Fee

- In the royalty practice, service fee ranges between 3-10% of the product’s sales value depending on the agreements. However, this approach is less likely to be used in Thailand as most Thai companies are reluctant to disclose their sales numbers.
- Project fee varies greatly depending on both parties, types of products, requirements, and design difficulties.
- Some Thai product brands only offer service fee in THB which makes it less attractive for foreign designers. This is partly because foreign designers generally prefer to have their commission fee in USD.

### Marketing

- Design service providers tend to employ very few marketing strategies to promote themselves.
- Instead, they market themselves through design fairs and competitions, both domestically and internationally.
- Nevertheless, these design service providers cannot enter some of their best designs into competition without permission from their clients.

Source: Stakeholder interviews, Ipsos Business Consulting
# Design Service Provider Selection Criteria and Process

## Selection Criteria

<table>
<thead>
<tr>
<th>Factor</th>
<th>Key Insights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>Design of the design service provider must match with the brand’s image and preposition.</td>
</tr>
<tr>
<td>Company’s objective and Brand’s characteristics</td>
<td>Design service provider must have a good understanding of the client’s objectives and brand’s characteristics, as this understanding is usually essential for smooth operation and collaboration.</td>
</tr>
<tr>
<td>Fee Practice and Range</td>
<td>For companies concerned with disclosing their financials fee practice may be one of the selection criteria (preference against royalty fee), while for companies concerned with budget fee range may be one of the selection criteria.</td>
</tr>
</tbody>
</table>

## Selection Process

- **Decision Influencer**
  - In-house designers
  - For foreign companies with local office in Thailand, local management staff might be involved

- **Decision Maker**
  - Director/Management/Owner
  - Foreign company’s HQ

*Source: Stakeholder interviews, Ipsos Business Consulting*
CASE STUDY
## MUJI – Overview [1/2]

### Brand Background

<table>
<thead>
<tr>
<th>Country of Origin</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Specifications &amp; Portfolio</td>
<td>Furniture</td>
</tr>
<tr>
<td>Key characteristics</td>
<td>Minimalistic and highly functional</td>
</tr>
<tr>
<td>Distribution Channels</td>
<td>Brand retail stores, which are currently located Central department stores</td>
</tr>
<tr>
<td>Target Customer Group</td>
<td>Mid-to-high income consumers</td>
</tr>
</tbody>
</table>

Source: Stakeholder interviews, Ipsos Business Consulting
MUJI – Overview [2/2]

Brand Positioning

<table>
<thead>
<tr>
<th>High Brand Image</th>
<th>Low Brand Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Functional Characteristics</td>
<td>High Functional Characteristics</td>
</tr>
</tbody>
</table>

**Strengths**

- Extensive product range
- Reasonable prices that match its high quality and durable products
- Minimalist and highly functional products
- Excellent customer service, both before and after sales

**Brand Proposition**

"No Brand, Quality Goods"

Long lasting designs and products

**Weaknesses**

- Less frequent changes of design
- Some products are still considered to be expensive for general Thai consumers
- Limited sales promotion and marketing initiatives

**Sales & Marketing**

- Marketing campaigns on Facebook
- Seasonal sales and promotions

**Product Sourcing**

- Different lines of products sourced from several different parts of the world, e.g., clothing from Thailand, furniture from Philippines
- Aims to increase local material sourcing to serve its local market.

**Design Sourcing**

- In-House Japanese designer team at Japanese HQ

Source: Stakeholder interviews, Ipsos Business Consulting
MUJI – Thailand Key Milestones

- Central Group as MUJI official importer/distributor
- Located only in Central department stores
- Emphasized on in-store media
- 2,800 SKU products
- Targeted urban Thai consumers, expats, and tourists
- Products considered high price

- Japanese Management team became independent from Central Group in 2012, while sales and operations were still operated by the department store group
- Announced 25% price cut, resulting in sharp increase of sales volumes
- Started sourcing products from Thailand and neighbouring countries, reducing logistics and import tariff costs
- Sales continued to grow at a rate of 19% in 2015
- Expanded its branches within Central and other department store chains
- Total of 14 stores in Thailand in 2016
- Prepared to separate its operation and sales team from Central Group

Source: Stakeholder interviews, Ipsos Business Consulting
MUJI – Thailand Future Plans

- Store operations and sales became separated from Central Group in Jan 2017
- Opening first flagship store in Thailand at Central World Department Store in late 2017
- Aiming to open averagely 2 stores per year from 2017-2020

2018

- Opening of Muji Café and interior design corner at the flagship store in 2018
- Opening of 2 more stores in 2018

2019–2020

- Opening a total of 20 stores in Thailand by 2020
- Higher store coverage and visibility amongst customers is expected to increase MUJI’s sales and presence
- Collaborating with 7-11 convenient store chain in having MUJI’s products distributed at the chain’s countrywide outlets

Source: Stakeholder interviews, Ipsos Business Consulting
MUJI – Key Success Factors

MUJI’s Principles:
1. Creation of minimalistic and functional product packaging
2. Material sourcing and selection process that support local producers and promote sustainability
3. Continuous development of various operation and production processes

Key Success Factors
✓ Distinctive Japanese minimalistic design
✓ Strong ‘no-brand’ branding
✓ High brand loyalty amongst consumers
✓ Strong presence in the Thai market
✓ Ease of entrance into the Thai market through Central Group, who is one of Thailand’s largest department store chains
✓ Product sourcing from several different parts of the world to increase products’ quality and reduce production costs.

Source: Stakeholder interviews, Ipsos Business Consulting
DUTCH DESIGN EVALUATION AND RECOMMENDATION
Dutch Design SWOT Analysis

**Strengths**
- Fun-loving and innovative mindset amongst designers, which often leads Dutch design to becoming first-mover and trend-setter
- Highly regarded as “one of the world’s best” designs by many designers and those in creative field.
- Multi-disciplines ranging from architectural, furniture, graphic, and fashion.

**Weaknesses**
- Weak country-of-origin branding and un-commercialized design compared to Italy, France, and England. Dutch brands and designers are less likely to advertise themselves as Dutch.
- Lack of perceived distinctive design and brand presence in the Thai market. Many players in the Thai market cannot distinguish between Dutch and Scandinavian designs.

**Opportunities**
- Vast technical know-how of Dutch brands and designers will increase the likelihood of collaborations with Thai crafters and designers.
- As Thai consumers are developing a taste for design and seeking to use design items as a means to express their sense of identity, the product design market is expected to continue growing, particularly amongst the younger consumers

**Threats**
- Design product market in Thailand is highly competitive and fragmented, with both local and international players.
- Thailand’s high import duties on products from countries with which it has no FTAs means imported Dutch products may need to set higher prices which would make them less competitive.

Source: Stakeholder interviews, Ipsos Business Consulting
## Market Opportunity Assessment

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Addressable Market Size</strong></td>
<td>- Addressable market size for product design industry of Thailand’s upper and middle income groups is at THB 109.7 billion</td>
</tr>
</tbody>
</table>
| **Competitive Rivalry**     | - Product design industry is very competitive and fragmented market  
- High import tariffs make local brands and foreign brands manufacturing facilities in Thailand more price competitive |
| **Market Recognition**      | - The majority of key stakeholders in Thailand’s creative market still lack awareness of Dutch design and brands                                |
| **Product Designer Adoption** | - Thai companies usually commission Thai designers due to lower pricing and better market understanding                                     |
| **Government Policy**       | - Initiatives to boost awareness of creative industries in Thailand are still limited                                                      |
| **Overall Assessment**      | - Thailand’s creative design industries still have much room for growth, pushed by expanding demand  
- Limited Dutch brand and design awareness is likely to mean Dutch design players need several years for a successful market entry  
- Competition from both foreign players and domestic players is high |
# Recommendation – Market Entry [1/4]

## 1. As Market Experts
- **Dutch Stakeholders**
  - Brands
  - Designers
  - Professors
- **Thai Stakeholders**
  - Government Organisations
  - Educational Institutions

## 2. As Collaborators with Local Players
- **Dutch Stakeholders**
  - Brands
  - Designers
- **Thai Stakeholders**
  - Local brands
  - Local craft communities
  - Governmental Organisations

## 3. As Market Players
- **Dutch Stakeholders**
  - Brands
  - Designers
- **Thai Stakeholders**
  - Retailers/Distributors
  - Consumers

## Key Benefits for Stakeholders
- ✔ Increased awareness of Dutch design amongst Thai consumers
- ✔ Insights into Thailand’s consumer behaviour and preferences
- ✔ Innovation prospects from local crafts
- ✔ Increased knowledge in Western design
- ✔ Enhanced design industry
- ✔ Market expansion
- ✔ Wider range of choices in design products

*Source: Stakeholder interviews, Ipsos Business Consulting*
Dutch design product brands and Thai government should **collaborate with local universities** to increase awareness of Dutch design and brands among designer students in Thailand.

The collaboration can be done through either **education or student design competition**.

Local brands, such as Ocean Glass and Yothaka, have offered **internship programs** to Thai design students as well as offering to **buy designs of those that win their competitions**.

<table>
<thead>
<tr>
<th>Examples of Educational Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="King Mongkut's University of Technology Thonburi" /></td>
</tr>
<tr>
<td><img src="image2" alt="Chulalongkorn University" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Examples of Competition/Competition Holding Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image3" alt="Demark Award" /></td>
</tr>
<tr>
<td><img src="image4" alt="TCDC" /></td>
</tr>
<tr>
<td><img src="image5" alt="SACICT" /></td>
</tr>
</tbody>
</table>

**Competition Judging Panel**

- Organizing national or regional product design competition can help **increase awareness** of Dutch brands and design among professional designers and consumers.
- Organizing design competition can also **enhance positive image** of Dutch brands/organizations.
- Dutch brands/organizations can also **participate in the existing design** awards like Demark Award **as judging panel**.

**Source:** Stakeholder interviews, Ipsos Business Consulting

As Collaborators with Local Players

With Local Design Product Brands

- Many Thai designers are interested in collaboration with foreign designers/brands, including Dutch
- This collaboration will increase Dutch design amongst consumers in Thailand, as well as allow Dutch stakeholders to gain insights into the country’s consumer behaviour and preferences, valuable for future entry of Dutch design brands into the Thai market

<table>
<thead>
<tr>
<th>Material</th>
<th>Product Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bamboo</td>
<td>Furniture,</td>
</tr>
<tr>
<td>Brass</td>
<td>Home decorative items, tableware</td>
</tr>
<tr>
<td>Silk</td>
<td>Home furnishing items</td>
</tr>
<tr>
<td>Water hyacinth</td>
<td>Furniture, accessories</td>
</tr>
</tbody>
</table>

With Local Crafters

- Thailand is rich in natural craft materials as well as labour skilled in handicrafts, presenting Dutch brands and designers great opportunities to experiment with different materials.
- While this collaboration will increase consumer awareness and innovation prospects for Dutch designers/brands, Thai crafters can also benefit from learning Dutch design techniques

Examples of local brands interested in collaboration with the Netherlands

Source: Stakeholder interviews, Ipsos Business Consulting
After gaining awareness amongst consumers in the Thai market through acting as market experts and collaborators, Dutch players offering design products and services could enter the market and compete with existing players.

Design product players are recommended to enter the market via retail importer and department stores, as opposed to establishing stand-alone shops, since retailers and department stores provide high customer traffic.

For product players targeting mid-to-high-end consumers who have higher price sensitivity, Dutch brands are recommended to establish a manufacturing base in the country, so that they do not have to pay import duties and are able to be more price competitive.

For products players targeting high-end consumers who have low price sensitivity, absorbing import duties would not decrease competitiveness and therefore establishing a manufacturing base in the country may not be necessary.

Source: Stakeholder interviews, Ipsos Business Consulting
## Recommendation – Distribution Channel Opportunity Assessment

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Stand-Alone Retailer</th>
<th>Department Store</th>
<th>E-commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Frequency of Visits</strong></td>
<td>Less frequent by Thai consumer</td>
<td>High consumer traffic from its high traffic location</td>
<td>High and growing consumer visits</td>
</tr>
<tr>
<td><strong>Ease of Access</strong></td>
<td>Least convenient due to the lack of proper public transportation and dense traffics</td>
<td>Usually have easy access to public transportation like BTS</td>
<td>Easy to access and navigate</td>
</tr>
<tr>
<td><strong>Channel Growth</strong></td>
<td>Slow growth</td>
<td>Slow growth</td>
<td>Highest channel growth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Slow growth</td>
<td>Still popular among mid-to-high end brands</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Still less popular for high-value products</td>
</tr>
<tr>
<td><strong>Required Capital Investment</strong></td>
<td>Varied depending on the location</td>
<td>High required capital investment</td>
<td>Least expensive to invest</td>
</tr>
<tr>
<td><strong>Competition Intensity</strong></td>
<td>Can be very competitive within highly-rated locations like Thonglor</td>
<td>High competition</td>
<td>Increasingly intense competition</td>
</tr>
<tr>
<td><strong>Overall Assessment</strong></td>
<td>More suitable for high-end stores and brands</td>
<td>Most suitable for newly entered but internationally established brands</td>
<td>High growth potential despite currently challenged by several impracticalities</td>
</tr>
</tbody>
</table>

Source: Stakeholder interviews, Ipsos Business Consulting
Recommendation – Go-to-Market Roadmap

TARGET

- Introduce Dutch design to key stakeholders in the Thai market e.g.:
  - Relevant governmental units
  - Designers/ Interior designers
  - Living/lifestyle magazines
  - Retailers/ distributors
  - End-users

Increase awareness of Dutch design and brands amongst key stakeholders in the Thai market

Create strong brand awareness and proposition

Set a Dutch home décor and design trends

KEY ACTIVITIES

Short term 2017

- The Embassy of the Netherlands in Thailand organizes conferences and talks about Dutch design for relevant key stakeholders
- Establish connections with key stakeholders through organized events

Medium term 2018-2020

- Act as market experts and collaborate with educational institutions, interior designers, and governmental organizations in broadening Thailand’s design knowledge through e.g. being university guest speakers or design competition judging panel
- Participate in home décor and furniture fairs
- Collaborate with local Thai crafters and designers to experiment with local materials as well as gain insights into the Thai market and its consumers

Long term 2021-2023

- Dutch design product/service players enter the Thai market to compete with existing players
- Partner with local manufacturers or set up a manufacturing plant in the country to reduce production and import tariff costs
APPENDIX
Appendix A: Proposed Brand Proposition of Dutch Design

- Humorous
- Fun-loving
- Innovative
- Modern

- Dutch humour aligned with Thais’ love for humour

- Functional yet fun, differentiated from Scandinavian minimalistic designs

- Offering a unique style that helps younger generations establish a sense of social identity

- High aesthetics
- High functionality
- Multi-purpose
Appendix B: Thailand’s Creativity Overview

Asia Creative Productivity Index Ranking by Country, 2014

<table>
<thead>
<tr>
<th>Economy</th>
<th>Overall</th>
<th>Input</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Finland</td>
<td>2</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>3</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>United States</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Taipei, China</td>
<td>5</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>New Zealand</td>
<td>6</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Hong Kong, China</td>
<td>7</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Australia</td>
<td>8</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Lao People’s Democratic Republic</td>
<td>9</td>
<td>23</td>
<td>17</td>
</tr>
<tr>
<td>Singapore</td>
<td>10</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>People’s Republic of China</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Indonesia</td>
<td>12</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Malaysia</td>
<td>13</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>India</td>
<td>14</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>Thailand</td>
<td>15</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>

Thailand ranks 15th out of 24 economies. It has a medium level of creative productivity, slightly lower than the average of Asia’s 24-economy average.

Thailand performs averagely on the input side, which includes knowledge-skill base (e.g. infrastructure), creative destruction (e.g. dynamics between firms), and appropriate institutions.

However, the country is not able to generate the corresponding level of creative outputs.

Input dimensions with the most room for improvement include availability of universities, micro-finance penetration rate, and share of FDI in total investment.

Output dimensions with the most room for improvement include number of patents and published books per capita.

Creativity Productivity Index (CPI), developed by The Economist Intelligence Unit (The EIU), measures the innovative and creative capacity and efficiency of economies by relating creative inputs to outputs.

The input side measures (1) the capacity to innovate, (2) incentives to innovate and (3) how conducive the environment is to innovation.

The output side measures innovations by considering both conventional indicators, e.g. the number of patents filed, as well as a broader set of measures of knowledge creation.

Notes:
- Finland and the United States are listed for comparison purposes.
- Source: The Economist Intelligence Unit.
## Appendix C: Key Stakeholders [1/4]

<table>
<thead>
<tr>
<th></th>
<th>Company/Organisation</th>
<th>Type of Company/Organisation</th>
<th>Description</th>
<th>Website</th>
<th>Contact Point (if interviewed by Ipsos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TCDC</td>
<td>Government</td>
<td>Supports and promotes Thailand’s creative industries</td>
<td><a href="http://www.tcdc.or.th">www.tcdc.or.th</a></td>
<td>Director</td>
</tr>
<tr>
<td>2</td>
<td>The Support Arts and Crafts International Centre of Thailand (SACICT)</td>
<td>Government</td>
<td>Supports and promotes Thailand’s arts and crafts</td>
<td><a href="http://www.sacict.net/">http://www.sacict.net/</a></td>
<td>n/a</td>
</tr>
<tr>
<td>3</td>
<td>Department of Trade Promotion (DITP)</td>
<td>Government</td>
<td>Supports and promotes international trade</td>
<td><a href="http://www.ditp.go.th/">http://www.ditp.go.th/</a></td>
<td>n/a</td>
</tr>
<tr>
<td>4</td>
<td>Department of Intellectual Property (DIP)</td>
<td>Government</td>
<td>Intellectual property rights protection</td>
<td><a href="https://www.ipthailand.go.th/en">https://www.ipthailand.go.th/en</a></td>
<td>n/a</td>
</tr>
<tr>
<td>5</td>
<td>Life &amp; Home</td>
<td>Publishing House</td>
<td>Leading home decoration and living magazine</td>
<td><a href="http://www.lifeandhome.net">www.lifeandhome.net</a></td>
<td>Editor</td>
</tr>
<tr>
<td>6</td>
<td>Living etc.</td>
<td>Publishing House</td>
<td>Leading home decoration and living magazine</td>
<td><a href="http://www.meithailand.com">www.meithailand.com</a></td>
<td>Editor-in-Chief</td>
</tr>
<tr>
<td>7</td>
<td>Baan Lae Suan/ Room/ My Home</td>
<td>Publishing House</td>
<td>Leading home decoration and living magazine</td>
<td><a href="http://www.baanlaesuan.com">www.baanlaesuan.com</a></td>
<td>Managing Director</td>
</tr>
<tr>
<td>8</td>
<td>Elle Decoration</td>
<td>Publishing House</td>
<td>Leading home decoration and living magazine</td>
<td><a href="http://www.elledecorationthailand.com/">http://www.elledecorationthailand.com/</a></td>
<td>n/a</td>
</tr>
</tbody>
</table>
## Appendix C: Key Stakeholders [2/4]

<table>
<thead>
<tr>
<th>Company/Organisation</th>
<th>Type of Company/Organisation</th>
<th>Description</th>
<th>Website</th>
<th>Contact Point (if interviewed by Ipsos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 CDC</td>
<td>Distributor/Retailer</td>
<td>One-stop design center showcasing architectural, interior, decorating and construction products</td>
<td><a href="http://www.crystaldesigncenter.com">www.crystaldesigncenter.com</a></td>
<td>n/a</td>
</tr>
<tr>
<td>10 Central Group</td>
<td>Distributor/Retailer</td>
<td>Leading department store chain</td>
<td><a href="http://www.central.co.th">www.central.co.th</a></td>
<td>Buyer</td>
</tr>
<tr>
<td>11 The Mall Group</td>
<td>Distributor/Retailer</td>
<td>Leading department store chain, including Siam Paragon, EmQuartier, and Emporium</td>
<td><a href="http://www.emporium.co.th">www.emporium.co.th</a> <a href="http://www.emquartier.co.th">www.emquartier.co.th</a> <a href="http://www.siamparagon.co.th">www.siamparagon.co.th</a></td>
<td>n/a</td>
</tr>
<tr>
<td>12 DM Home</td>
<td>Distributor/Retailer</td>
<td>Retailer of high-end home interior and decorative product</td>
<td><a href="http://www.dm-home.com">www.dm-home.com</a></td>
<td>Business Developing Executive</td>
</tr>
<tr>
<td>13 Arkitektura</td>
<td>Distributor/Retailer</td>
<td>Retailer of high-end home interior and decorative product</td>
<td><a href="http://www.arkitektura.co.th">www.arkitektura.co.th</a></td>
<td>n/a</td>
</tr>
<tr>
<td>14 Channintr Living</td>
<td>Distributor/Retailer</td>
<td>Retailer of high-end home interior and decorative product</td>
<td><a href="http://www.channintrliving.com">www.channintrliving.com</a></td>
<td>n/a</td>
</tr>
<tr>
<td>15 MOTIF</td>
<td>Distributor/Retailer</td>
<td>Retailer of premium home interior and decorative product</td>
<td><a href="http://www.motifartofliving.com">www.motifartofliving.com</a></td>
<td>n/a</td>
</tr>
<tr>
<td>16 Chic Republic</td>
<td>Distributor/Retailer</td>
<td>Retailer of premium home interior and decorative product</td>
<td><a href="http://www.chicrepublicthai.com">www.chicrepublicthai.com</a></td>
<td>n/a</td>
</tr>
</tbody>
</table>
# Appendix C: Key Stakeholders [3/4]

<table>
<thead>
<tr>
<th>Company/Organisation</th>
<th>Type of Company/Organisation</th>
<th>Description</th>
<th>Website</th>
<th>Contact Point (if interviewed by Ipsos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Another Story</td>
<td>Distributor/Retailer</td>
<td>Concept store focused on products with stories</td>
<td>bk.asia-city.com/bangkok-venue/another-story</td>
<td>Assistant PR &amp; Marketing Manager</td>
</tr>
<tr>
<td>Room</td>
<td>Distributor/Retailer</td>
<td>Concept store</td>
<td><a href="http://www.room.co.th">www.room.co.th</a></td>
<td>Managing Director</td>
</tr>
<tr>
<td>Hay</td>
<td>Design Product</td>
<td>Danish furniture and lifestyle products</td>
<td><a href="http://www.hay.dk">www.hay.dk</a></td>
<td>Sales Manager</td>
</tr>
<tr>
<td>Fermob</td>
<td>Design Product</td>
<td>French outdoor furniture with vibrant colours</td>
<td><a href="http://www.fermob.com">www.fermob.com</a></td>
<td>Owner</td>
</tr>
<tr>
<td>SB Furniture</td>
<td>Design Product</td>
<td>Leading furniture company</td>
<td><a href="http://www.sbdesignsquare.com">www.sbdesignsquare.com</a></td>
<td>Finance Director</td>
</tr>
<tr>
<td>Habitat</td>
<td>Design Product</td>
<td>UK home furnishing company</td>
<td><a href="http://www.habitatthailand.com">www.habitatthailand.com</a></td>
<td>Finance Director</td>
</tr>
<tr>
<td>Yothaka</td>
<td>Design Product</td>
<td>Handcrafted furniture unique in its use of local materials</td>
<td><a href="http://www.yothaka.com">www.yothaka.com</a></td>
<td>Director</td>
</tr>
<tr>
<td>Kenkoon</td>
<td>Design Product</td>
<td>Leading outdoor furniture company</td>
<td><a href="http://www.kenkoon.com">www.kenkoon.com</a></td>
<td>Business Development Manager</td>
</tr>
<tr>
<td>Qualy</td>
<td>Design Product</td>
<td>Leading home decoration and tableware company unique in fun design and vibrant colours</td>
<td><a href="http://www.qualydesign.com">www.qualydesign.com</a></td>
<td>Owner</td>
</tr>
</tbody>
</table>
### Appendix C: Key Stakeholders [4/4]

<table>
<thead>
<tr>
<th>Company/Organisation</th>
<th>Type of Company/Organisation</th>
<th>Description</th>
<th>Website</th>
<th>Contact Point (if interviewed by Ipsos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>26 Etna</td>
<td>Design Product</td>
<td>Leading handmade glassware specialised in coloured glass</td>
<td><a href="http://www.etnaglass.com">www.etnaglass.com</a></td>
<td>Assistant Managing Director</td>
</tr>
<tr>
<td>27 Ocean Glass</td>
<td>Design Product</td>
<td>Leading machine-made glassware manufacturer</td>
<td><a href="http://www.oceanglass.com">www.oceanglass.com</a></td>
<td>Customer &amp; Channel Development Manager</td>
</tr>
<tr>
<td>28 Muji</td>
<td>Design Product</td>
<td>Japanese household and consumer goods company famous for minimalist design</td>
<td><a href="http://www.muji.com">www.muji.com</a></td>
<td>Store Manager</td>
</tr>
<tr>
<td>29 Propaganda</td>
<td>Design Product</td>
<td>Lifestyle products with Thai humour</td>
<td><a href="http://www.propagandaonline.com">www.propagandaonline.com</a></td>
<td>Director</td>
</tr>
<tr>
<td>30 Cotto</td>
<td>Design Product</td>
<td>Leading sanitary ware company</td>
<td><a href="http://www.cotto.com">www.cotto.com</a></td>
<td>Brand Director</td>
</tr>
<tr>
<td>31 Hitachi</td>
<td>Design Product</td>
<td>Japanese electronics company</td>
<td><a href="http://www.hitachi.co.th">www.hitachi.co.th</a></td>
<td>Deputy Dept. Manager</td>
</tr>
<tr>
<td>32 CorDesign</td>
<td>Design Service Provider</td>
<td>Design studio with past collaborations with foreign companies</td>
<td><a href="http://www.cordesignstudio.com">www.cordesignstudio.com</a></td>
<td>Design Director</td>
</tr>
<tr>
<td>33 Thinkk Studio</td>
<td>Design Service Provider</td>
<td>Design studio with past collaborations with foreign companies</td>
<td><a href="http://www.thinkkstudio.com">www.thinkkstudio.com</a></td>
<td>Design Director</td>
</tr>
</tbody>
</table>
Appendix D: Report Distribution Recommendation and Publication Message

**Recommendation for the distribution of the report**

The report shall be distributed to Dutch Designers and Associations through network of Mission and RVO. The examples of the list are Embassy website, Embassy Facebook, NTCC website, NTCC Facebook, RVO website, RVO Nieuwbrief, Sector Expert, Stimuleringsfonds etc. In addition, some parts of the report shall be shared among Thai Designers and Association through event, lecture or design talk.

**Publication Message**

Together with Ipsos, the Embassy published a research about Creative Industries in Thailand. Despite weaker economic growth over the past few years, Thailand provides interesting business opportunities for Dutch companies active in this sector. For more information, please download the report or contact us.
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