

How Kerry Express becomes Thailand's No.1 non-governmental parcel delivery company: A case study of Kerry Express.



An Independent Study Submitted in Partial Fulfillment of the
Requirements
for the Degree of Master of Arts in Business and Managerial Economics
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ปัจจัยใดที่ส่งผลให้ บริษัท เคอรี่ เอ็กซ์เพรส เป็นบริษัทขนส่งเอกชนอันดับ 1 ในประเทศไทย:
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คณะเศรษฐศาสตร์ จุฬาลงกรณ์มหาวิทยาลัย
ปีการศึกษา 2564
ลิขสิทธิ์ของจุฬาลงกรณ์มหาวิทยาลัย

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By Mr. Polyos Kulvichien
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Ph.D.

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University in Partial Fulfillment of the Requirement for the Master of
Arts

INDEPENDENT STUDY COMMITTEE

..... Chairman
(Assistant Professor NIPIT WONGPUNYA,
Ph.D.)

..... Advisor
(Assistant Professor SAN SAMPATTAVANIJA,
Ph.D.)

..... External Examiner
(Assistant Professor PANUTAT
SATCHACHAI, Ph.D.)

จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY

พลยศ กุลวิเชียร : ปัจจัยใดที่ส่งผลให้ บริษัท เคอรี่ เอ็กซ์เพรส เป็นบริษัทขนส่งเอกชนอันดับ 1 ในประเทศไทย: กรณีศึกษา บริษัท เคอรี่ เอ็กซ์เพรส. (How Kerry Express becomes Thailand's No.1 non-governmental parcel delivery company: A case study of Kerry Express.) อ.ที่ปรึกษาหลัก : Asst. Prof. สันต์ สัมปตตะวานิช Ph.D.

งานวิจัยนี้ศึกษาเกี่ยวกับปัจจัยที่มีอิทธิพลต่อบริษัท บริษัท เคอรี่ เอ็กซ์เพรส จนขึ้นเป็นบริษัทเอกชนขนส่งอันดับ 1 ของประเทศไทย โดยผู้เขียนได้ทำการศึกษาประวัติความเป็นมาของอุตสาหกรรมการจัดส่งพัสดุในไทยตั้งแต่อดีตจนถึงปัจจุบัน และปัจจัยที่ทำให้ บริษัท เคอรี่ เอ็กซ์เพรส ประสบความสำเร็จ บริษัท เคอรี่ เอ็กซ์เพรส เริ่มเข้ามาดำเนินธุรกิจในประเทศไทยในปี พ.ศ. 2549 หลังจากทางรัฐบาลและหน่วยงานที่เกี่ยวข้องได้มีการประกาศเปิดเสรีทางการค้าในปี 2556 บริษัท เคอรี่ เอ็กซ์เพรส จึงได้เริ่มขยายบริการจัดส่งพัสดุเมื่อปี 2557 และบริษัทยังเป็นเอกชนแห่งแรกที่ขนส่งแบบ C2C อีกด้วยเมื่อกล่าวถึงการขนส่งพัสดุแล้ว ไปรษณีย์ไทยมีบทบาทสำคัญมาอย่างช้านานหลายทศวรรษซึ่งถูกบริหารภายใต้ บริษัท กสท โทรคมนาคม จำกัด (มหาชน) อย่างไรก็ตามในปี 2546 ได้มีการปรับเปลี่ยนการปรับโครงสร้างรัฐวิสาหกิจ โดยแยก บริษัท กสท โทรคมนาคม จำกัด (มหาชน) ออกเป็น บริษัท ไปรษณีย์ไทย จำกัด (ปณท.) และ บริษัท กสท โทรคมนาคม จำกัด (มหาชน) โดยทางไปรษณีย์ไทยได้เป็นผู้รับผิดชอบเกี่ยวกับกิจการไปรษณีย์และขนส่งของประเทศไทย ทั้งนี้ทางไปรษณีย์ไทยได้รับผลกระทบอย่างหนักหลังจากการเปิดเสรีทางการค้า จึงทำให้บริษัท เอกชน หลายแห่ง เริ่มเข้ามาทำธุรกิจจัดส่งพัสดุด่วนในประเทศไทย ในงานวิจัยชิ้นนี้ ผู้เขียนทำการศึกษาและวิเคราะห์ปัจจัยและความสัมพันธ์ของข้อมูล โดยใช้ PEST analysis เพื่อวิเคราะห์สิ่งแวดล้อมมหภาค Porter's five forces model เพื่อวิเคราะห์ปัจจัยของอุตสาหกรรมจัดส่งพัสดุด่วนในไทย และ Ansoff Matrix model เพื่อวิเคราะห์การนำแผนกลยุทธ์ไปปฏิบัติของทาง บริษัท เคอรี่ เอ็กซ์เพรส ให้เกิดผลสำเร็จ ทั้งนี้งานวิจัยครั้งนี้สามารถสรุปได้ว่า ความสำเร็จของ บริษัท เคอรี่ เอ็กซ์เพรส นั้นมาจาก ปัจจัยระดับมหภาค ปัจจัยของอุตสาหกรรมจัดส่งพัสดุด่วนในไทย และแผนกลยุทธ์ของทางบริษัท

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SAMPATTAVANIJA, Ph.D.

The primary goal of this research is to evaluate how Kerry Express becomes Thailand's No.1 non-governmental parcel delivery company. For investigation, the author studies the history of the parcel delivery industry in Thailand and Kerry Express's success factors. Kerry entered to Thailand in 2006, but the firm just started to expand its parcel delivery business in 2014 after the market liberalization in 2013 and in fact the first private firm to offer parcel delivery service to the C2C segment in the country. Thailand's parcel delivery industry was formerly monopolized and dominated by Thailand Post for many decades; the organization was originally part of two departments under the Communications Authority of Thailand (CAT Telecom). However, a re-organization happened in 2003 and the organization became a state-owned enterprise. Thailand Post was affected by the entry of privately-owned after market liberalization in 2013, an event that Thailand's government developed a more flexible regulatory environment for private parcel delivery businesses to enter the market which is the beginning of declination of Thailand Post. In this study, the author applies PEST analysis to analyze Macro-environment factors, Porter's five forces model to understand the parcel delivery industry factors in Thailand and determine the successful strategy execution by Kerry Express through Ansoff Matrix model. Our conclusion for this study is that Kerry Express's successes come from macroeconomic factors, microenvironment factors, and their business strategies.

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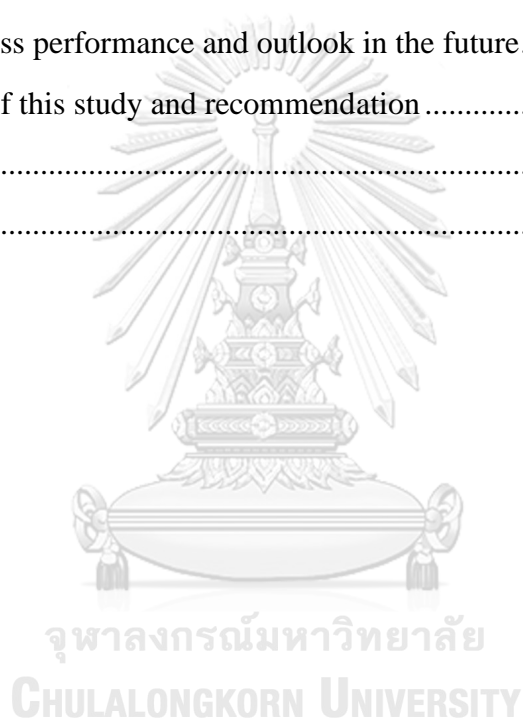
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1. Introduction

1.1 Significance of the study

Parcel delivery or some countries call it express service, has been one of the fastest-growing business industries in Thailand due to the rise of e-commerce platforms. During the last several years, Thai people shopping behavior has started to shift from traditional offline shopping to online shopping (O2O) through E-commerce shopping platforms such as Shopee, Lazada, JD Central, and famous Social Media platforms due to Thai people are able to access to the internet and social media more every year with the higher internet penetration growth rate compared to other major countries in ASEAN (Statista, 2020). Additionally, the demand for online shopping and parcel delivery service rises even more during double-digit campaigns or other significant events that occur at least once a month, for example, 11.11 (The singles' day), 12 -12 (Sequel to singles' day).

The impact of Kerry Express on the industry will be unraveled, emphasized, and investigated as part of this detailed study of the company's success story. This study will look at how external factors, industry factors, and business strategies contribute to a successful outcome. In this regard, this study will give awareness to other private companies that would like to start a business in a foreign country from scratch on how to penetrate a new market as one of the first entrance into the industry. This study's analysis will provide private companies with a new perspective on how to measure external and industry factors and apply a specific strategy into a new market by learning from Kerry Express. In addition, the overview presented in this research will be useful for future implementation and may lead to a more in-depth analysis of the company in the future.

1.2 Methodology

This research is descriptive research focusing on Kerry Express's key strategies and describing the overview of Thailand's parcel delivery market industry. Various type of strategic analysis tools is used in this research to understand and comprehend the Macro-level, Micro-level, and firm-level.

Macroeconomics data will be collected from World Bank, Statista, IMF, NSO, ETDA, and other reliable sources. Moreover, industry and firm-specific data will be secondary data from various sources such as news, articles, journals, and research from financial institutions.

1.3 Research objectives:

The author's main objective of this research is to analyze the overview of the parcel delivery industry in Thailand and evaluate how Kerry Express becomes Thailand's No.1 non-governmental parcel delivery. Furthermore, the author will deeply analyze and identify Kerry Express's key business strategies and how they have taken a large portion of market share from Thailand Post. Therefore, the board objectives of this study can be summarized as follows:

- 1) PEST Analysis – To analyze and evaluate the macro-environmental factors in the country.
- 2) Porter's Five Forces – To examine micro-environmental factors in the parcel delivery industry.
- 3) Ansoff Matrix Analysis and Strategy Evaluation – To analyze the strategies implemented by Kerry Express.

1.4 Overview of the Parcel Delivery Industry in Thailand

1.4.1 Monopoly industry

A monopoly market is a market that one company conquers the whole industry and has all the market power. It doesn't mean there is only one firm in the market, but it refers to a market that one firm that has the majority of the market share. As a result, a firm in the monopoly market can manipulate the price and charge any fee it wishes. Additionally, consumers will have no bargaining power to switch to other brands because they have no other choices to choose (Hutchinson, 2017).

The Parcel Delivery industry in Thailand was formerly monopolized by Thailand Post for many decades due to the Postal Act B.E. 2477 (1934) and the Royal Decree B.E (2033) that clearly stated that other than the approved government postal agency, the postal service prohibits other private companies from delivering, accepting, collecting, and dispatching postal products such as letters, postcards, post packages, and EMS. According to the regulations, Thailand Post is the only government organization authorized to offer postal services throughout the country and have the protection under the law governing postal business (Luouthai, 2010).

However, Thailand's government developed a more flexible regulatory environment for private parcel delivery businesses to enter the market since 2013 due to the ASEAN Logistics Services Integration Roadmap, which aims to create an ASEAN single market by enhancing economic integration through liberalization and facilitation measures in the logistics services sector, allowing up to 70% foreign equity participation in 2013 from 49% in 2008. In addition, the Board of Investment (BOI) offers tax concessions to international investors, which gives extra benefits to private firms (ASEAN, 2020). As a result, the number of private parcel delivery firms set up shops in Thailand has expanded since then. Ninja Van (2016), Flash Express (2017), Best Express (2017), and J&T Express (2018) are private parcel delivery firms that recently opened in Thailand. High competition in the industry is likely to drive companies to improve and expand their services to people in the country.

1.4.2 Industry 4.0

After Thailand industry 4.0 launched in 2016, Thailand is moving in the right direction towards complete digitalization and becoming one of the strongest market leaders in Southeast Asia countries (Onag, 2021). The program introduces new opportunities to Thailand, such as artificial intelligence (A.I.), e- payments, and e-marketplaces that offer local products and services to Thai people and make these E-commerce platforms and the internet easier to access for Thai citizens.

1.4.3 Market disruption in the Parcel delivery market

Despite the existence of Kerry Express and other private firms, Thailand Post still needs to exist in the industry because they are the only state-owned post office enterprise in the country. Although, the service is antique and expensive compared to other private firms. According to Mr. Dhanant (2021), who is the current Chief Executive of Thailand Post, Thailand Post must be more agile and usher in new services; this is a Do-or-Die Strategy. His mission is to transform Thailand Post into a tech-driven company called "Thailand Post Digital." Otherwise, the company will be completely disrupted by the private firms.

1.5 Background of Thailand Post and Kerry Express

1.5.1 Thailand Post

Thailand Post was established in 1880's during King Chulalongkorn (King Rama V) reign. The first location for Thailand Post was a large building by Chaophraya river, at the northern side of Ong-ang canal. The Communications Authority of Thailand (CAT) was established in 1977 as a state-owned enterprise. All postal operations under Thailand Post and Telegraph department were transferred to CAT. Later, they quickly became one of the leading state-owned enterprises in the country because they developed postal infrastructure and its operating system that was continually being followed by international standards. In July 2003, Thailand Post Company Limited was separated from CAT Telecom Public Company Limited in accordance with the Telecommunication development master plan and the corporatization ACT 1999.

Ever since that re-organization, Thailand Post has been continuously providing postal and parcel delivery services to Thai people till the present day. (Thailand Post, 2021)

1.5.2 Kerry Express

Kerry Express Thailand is a subsidiary of Kerry Logistics Network Limited, the company has the most robust logistics networks in Asia, and they are listed on the Hongkong Stock Exchange. In June 2006, Kerry Distribution (Thailand) Limited introduced parcel delivery services in Thailand, and later in 2014, the company was incorporated to Kerry Express (Thailand) Company Limited to focus on the Parcel Delivery business especially on C2C segment. Kerry Express is among one of the first private parcel delivery company to enter the industry, so they've gained an early-mover advantage among other private firms in the industry. The company went public and successfully listed in Stock Exchange of Thailand (SET) in 2019 under the name KEX (Sangwongwanich & Leesanugansuk, 2020). Kerry Express has received many awards throughout the year, including Thailand's number 1 brand in logistics for four consecutive years (2017-2021) (The Standard, 2021). Additionally, Kerry Express is the first private firm to offer delivery services to the C2C segment in the country, the fastest-growing segment. (Kerry Express, 2021)

2. Literature review

2.1 Theoretical framework

2.1.2 PEST analysis

PEST analysis was invented by Francis Aguilar (1967). The model is being used to analyze external factors or macro environments, and it consists of 4 aspects as follows:

Political (P) – It's related to government policy that may influence the economy and specific industries. Political factors include Fiscal policy, tax policy, etc.

Economic (E) – Economic performance at a certain period could influence the industry and affect how a company positions and sets the price of its services or products. Economic factors include interest rate, inflation rate, foreign exchange rate, etc.

Social (S) – This factor represents the social environment of the market, such as trends, country population, demographics, etc.

Technological (T) – Innovation of technology that could positively or negatively influence the industry. For instance, technological awareness in the country, automation, etc.

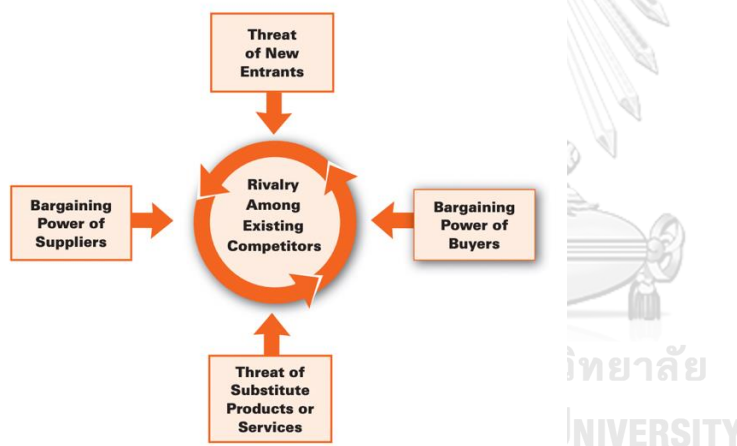
According to Aguilar (1967), understanding macroeconomic environment factors that influence a business is a component of strategic management. Therefore, before any company invests their money into the business, factors such as GDP, inflation rate, population, unemployment rate, oil price, and other aspects should be heavily considered and taken into account before they finalize a business strategy.

2.1.2 Porter's Five Forces

Porter's Five Forces was invented by Michael Porter (1980). It is a model that companies use to identify and analyze micro-environment factors that shape specific industries and company strategies. The model contains five main elements as follows:

- 1) Rivalry Among Existing Competitors
- 2) Bargaining of buyers
- 3) Bargaining of suppliers
- 4) Threat of new entrants
- 5) Threat of substitute products or services

Figure 1 The Five Forces That Shape Industry Competition



Source: The Five Competitive Forces That Shape Strategy (Page 80)

The five elements help companies to review an industry more clearly and help analyze the shifts in industry structure. It also guides the level of competition that could occur in the future and enhance the company's long-term profitability (Porter, 2008).

2.1.3 Ansoff Matrix

Ansoff Matrix was invented by Igor Ansoff (1957). Many firms are using this model to analyze and strategize for company growth. The matrix contains 4 strategies that firms can use to seek growth and analyze the risk factors as follows:

- 1) Market Penetration – Increasing sales volume from existing products or services
- 2) Product Development – Introducing new products or services to the existing market
- 3) Market Development – Using existing products or services and penetrating in new market
- 4) Diversification – Introducing new products or services to new market

Figure 2 Ansoff Matrix



According to Ansoff (1957), a company's efforts to expand are contingent on whether it offers new or existing items into new or existing markets. The Ansoff Matrix produces a set of proposed growth plans that determine the direction of the company's strategy.

2.2 Literature review

According to Siripaiboonsub (2017), after conducting research through a quantitative approach by issuing a survey to random participants who use parcel delivery service at least 1-2 times a month. The result can be concluded that there are as follows:

- 1) Time (Rapid delivery) – User who uses the service is often looking for the fastest delivery service, so the company must try their best to satisfy their customers because buying goods online usually makes buyers feel uncertain compared to offline. They are concerned that the parcel might get damaged before arrival, and some of the goods that have an expiration date need to be delivered within certain period of time.
- 2) Preciseness – We often hear the story about a buyer receiving the wrong parcel or item, which leads to a bad perception towards purchasing online. As a result, the company must improve internally to minimize the error.
- 3) Tracking capability – The user needs to be able to track the status of the parcel. In case, a receiver is not available to pick up the product but if they know the status of the parcel, then they can assign someone to get the parcel for them.
- 4) Product warranty – Parcel delivery company must provide a warranty to a user in case the goods inside the parcel get damaged due to the error from the delivery process. Companies need to improve quality control and minimize error; otherwise, the people will harm company's reputation.

A previous study from Pinijchop (2017) was conducted by distributing a random survey to Gen-Y (Millennials) who hold at least Bachelor's degree and found out that six factors influence entrepreneur's satisfaction: 1) Packaging 2) Distribution channel 3) Promotions 4) Manner of the employees 5) Physical store appearance 6) Working process. Interestingly, this research found out that price is not part of the customer satisfaction factor. One research further supported the study about usage behavior of the Delivery company in Bangkok and Metropolitan region area and had some similar

suggestions such as service experience has a significant impact on usage behavior, as well as manner of the employees, promotions, and physical store appearance. However, this study added another key impact, which is word-of-mouth, when a user shares their experience from using the service positively or negatively to their relatives or friends (Tankamrat, 2018).

Moreover, another previous study found out that price is not part of the selection criteria for parcel delivery companies in Bangkok and the Metropolitan area, which supports the evidence study from Siripaiboonsub (2017) and Pinijchop (2017) by using Multiple regression analysis from a quantitative approach (Wongpotisarn, 2018). Controversially, a study from Suwansantavee (2014) on "Factors affecting the decisions on choosing logistics service providers in food business entrepreneur in Bangkok Metropolitan region" shown that price is part of the main criteria for individual to choose a logistic service provider in the food business in Bangkok Metropolitan region if the price is reasonable and matching with service quality, otherwise, if the price is set at a higher price than the market price, then, the certain company must have some special or specific services that individual is willing to pay at a higher price. Likewise, Wongmontana (2011) research claimed that price significantly affects consumers' decision to purchase a product or service.

3. Research Methodology

3.1 Conceptual framework

From studying all the related literature and other business theories, the author creates a conceptual framework for this study to analyze how Kerry Express becomes Thailand's No.1 non-governmental parcel delivery company: A case study of Kerry Express can be viewed as below framework:

Figure 3 - Conceptual framework

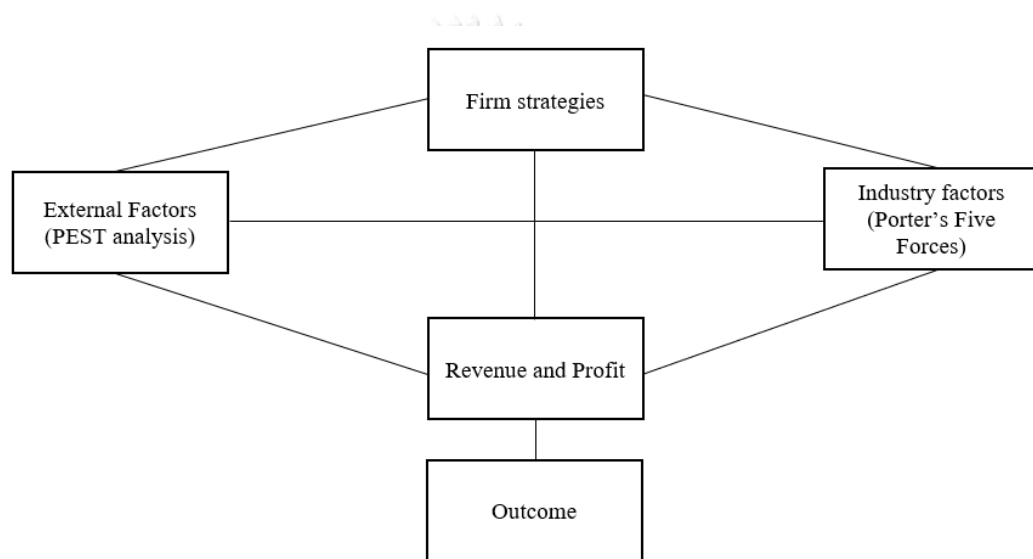


Diagram 3, the conceptual framework, shows the insight understanding of how these aspects can lead to a successful outcome for the company. PEST analysis will be used to capture and understand Macro-environments or external factors that could influence the industry trend and firm strategies. Porter's Five Forces will be applied to realize industry factors in the parcel delivery market, as well as guide the level of competition in the industry, and enhance company profitability. Ansoff Matrix will be used to identify Kerry Express's key strategies and how they are positioning themselves in the industry. The firm revenue and profit will be measured to support the outcome on why Kerry Express has become an industry leader in the parcel delivery market.

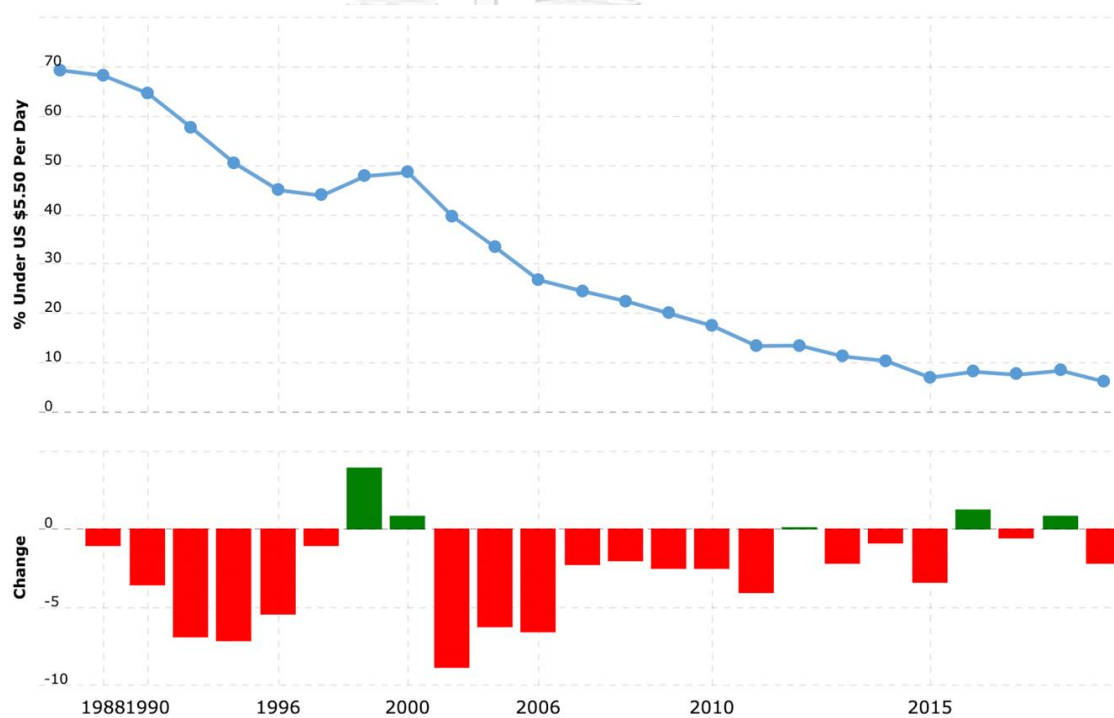
3.2 Data

3.2.1 External Factors in Thailand (Macroeconomic environments)

Thailand is an advanced developing country with the second-largest economy in Southeast Asia after Indonesia. In the past four decades, the country has been moving from a low-income to an upper-middle-income economy, which is a very successful development story (Worldbank, 2021). Furthermore, the poverty rate in Thailand had been on a downward trend since 1981 at 69.30% and declined to 6.20% in 2019.

(Figure 4)

Figure 4 (Thailand Poverty rate)



Source: <https://www.macrotrends.net/countries/THA/thailand/poverty-rate>'>Thailand Poverty Rate 1981-2022. www.macrotrends.net. Retrieved 2022-01-06.

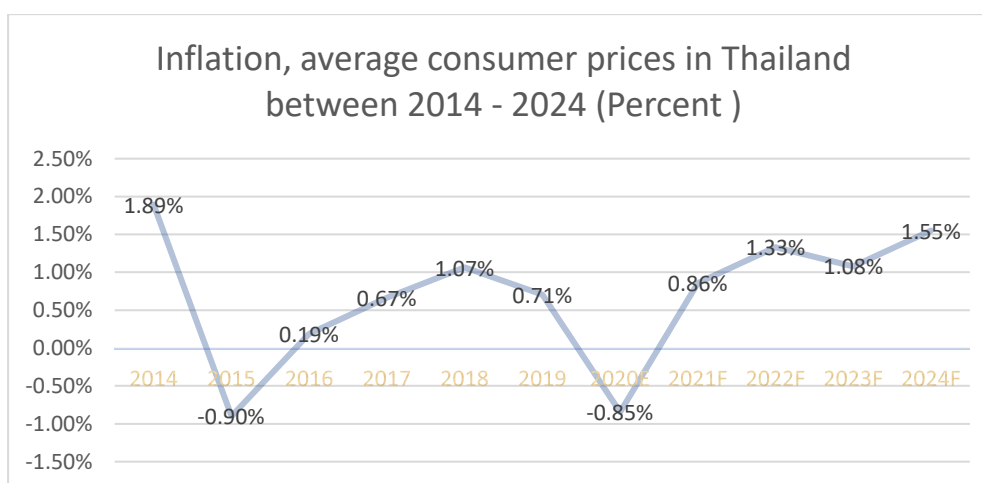
Note:

- (1) Latest official data available 1 January 2022.
- (2) Data from 1981 to 2019.

3.2.1.1 GDP and Population

According to International Monetary Fund (IMF), the Gross Domestic Product (GDP) constant price GDP of Thailand, ignoring the inflation 1.89% (figure 5), stood at THB 9,232.09 billion in 2014 and reached THB 10,265.32 billion in 2020e and is forecast to reach THB 11,666.73 billion in 2024 (figure 6).

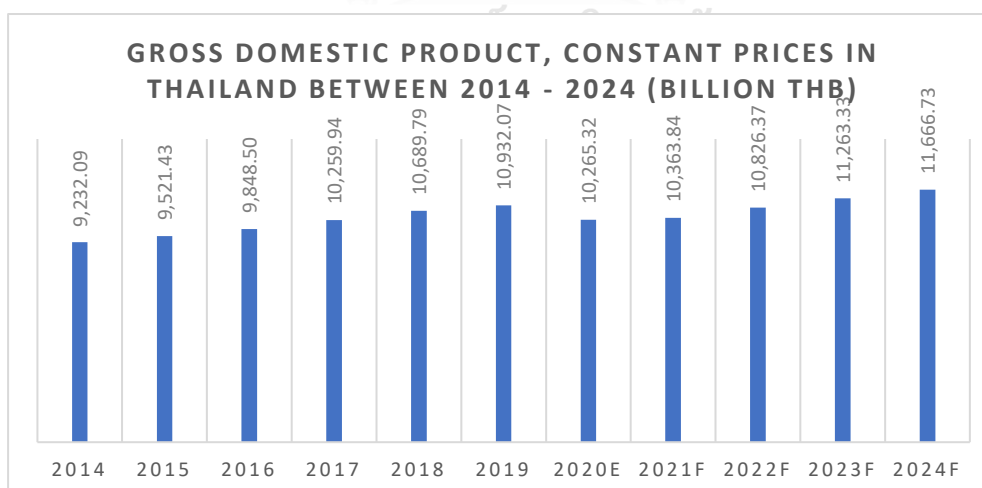
Figure 5



Source: IMF <https://www.imf.org/en/Publications/SPROLLS/world-economic-outlook-databases#sort=%40imfdate%20descending> Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2020.

Figure 6

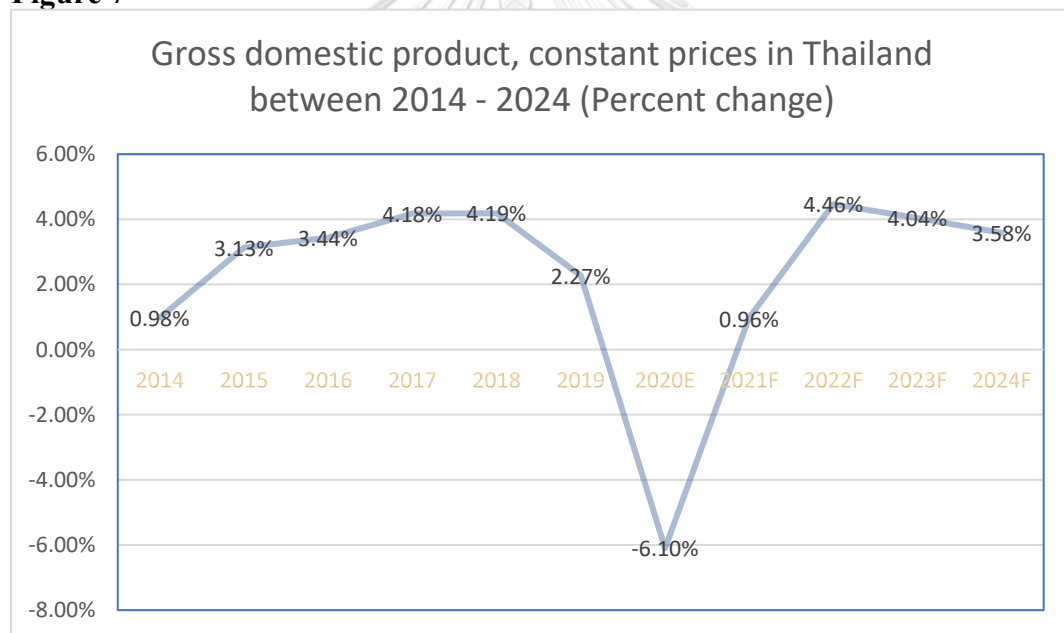


Source: IMF <https://www.imf.org/en/Publications/SPROLLS/world-economic-outlook-databases#sort=%40imfdate%20descending> Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2020.

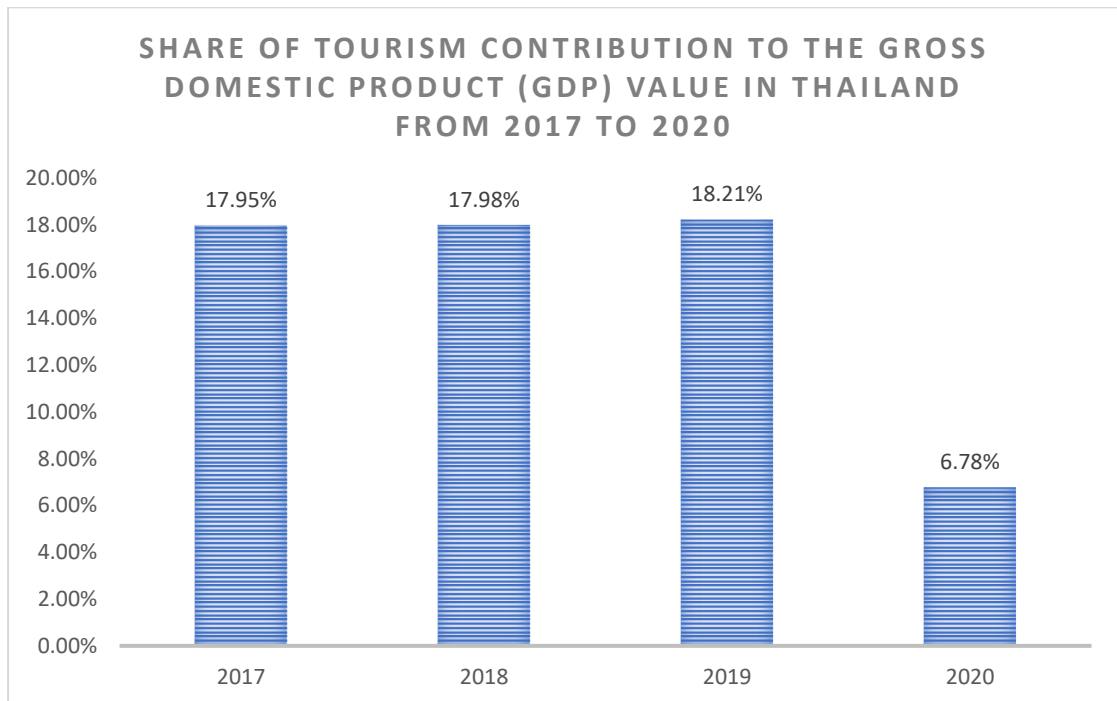
Real GDP grew 4.19% at its peak in 2018 (Figure 7), and it started to decline in 2019 to 2.27% due to political tensions, rising household debt, and weakening global demand, whatsoever, Thailand Real GDP in 2020E is estimated to plunge significantly at -6.10% or approximately THB 10,265.32 billion due to the economic slowdown from the Covid-19 outbreak that affects directly to tourism sector (Figure 8) which drastically decreased from the previous year and other major business sectors. Also, the pandemic reduced exports and consumer spending in the country. Nevertheless, Real GDP is forecast to pick up slowly in 2021F at 0.96% with 0.86% inflation rate and bounce back even more in 2022F at 4.0% onwards due to the economic recovery that restores consumer and investor confidence in the market, which leads to an increase in household's income and private consumption.

Figure 7



Source: IMF <https://www.imf.org/en/Publications/SPROLLS/world-economic-outlook-databases#sort=%40imfdate%20descending> Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2020.

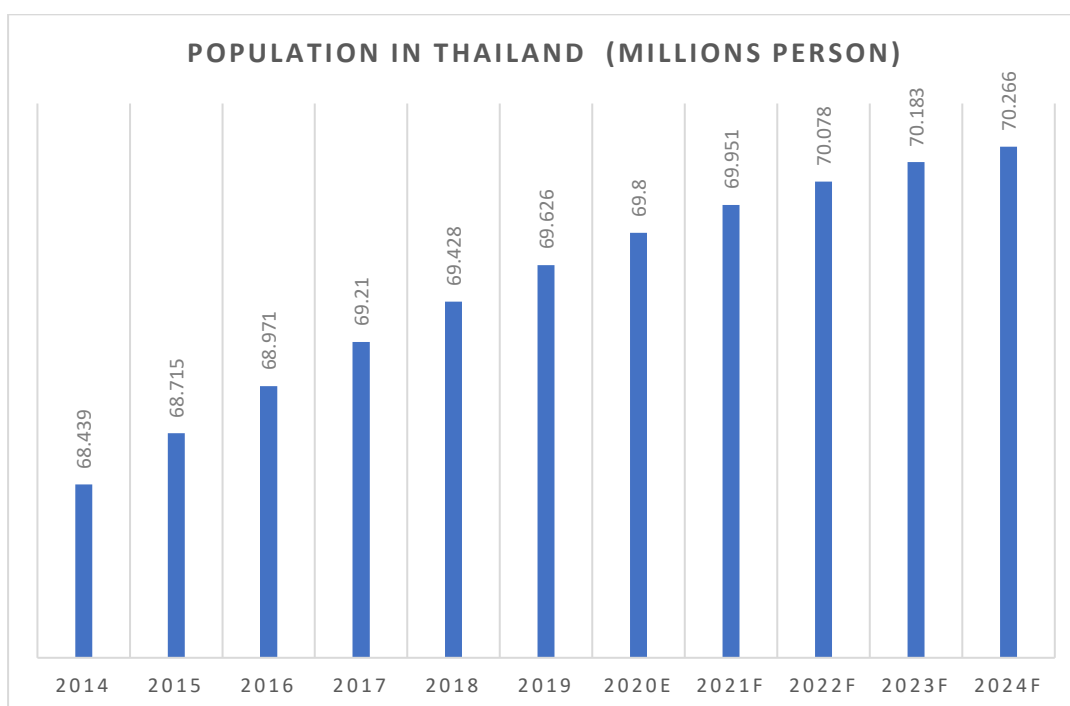
Figure 8

Source: <https://www.statista.com/statistics/1143467/thailand-share-of-tourism-to-gdp/>

Note:

(1) Latest official data available 1 January 2022.

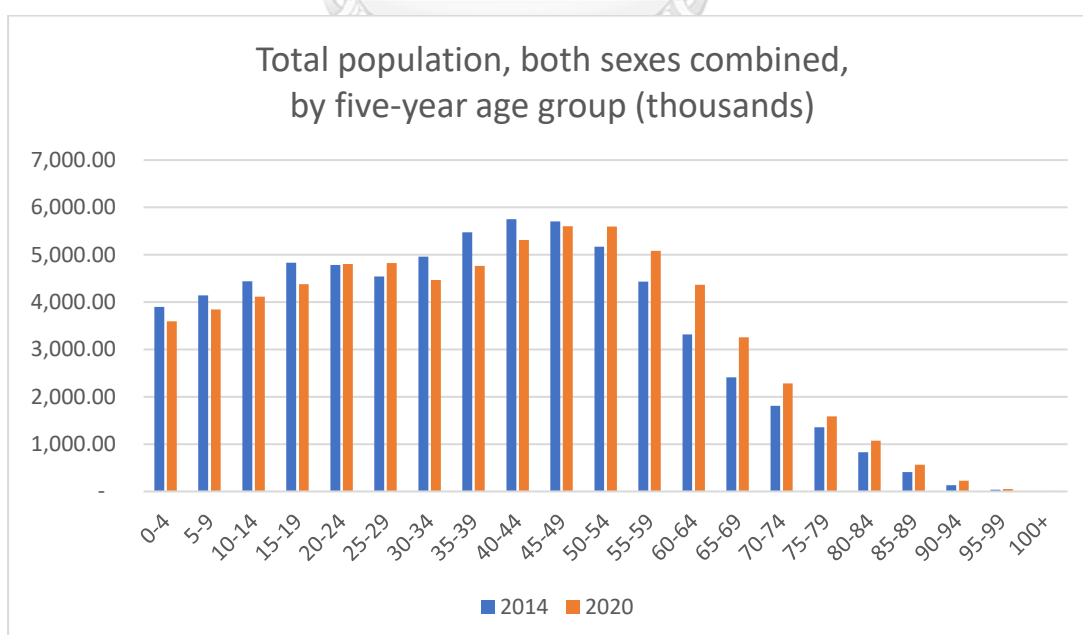
Thailand's population grew from 68.439 million persons in 2014 to 69.8 million persons in 2020E and is forecast to reach 70.266 million persons in 2024F (Figure 9). According to figure 10, the data indicates that Thailand had around 72% of working-age people in 2014 (15–64 years age) and slightly dropped to 70% in 2020 due to the Baby boomer generation is starting to retire from their job (Figure10).

Figure 9

Source: IMF <https://www.imf.org/en/Publications/SPROLLS/world-economic-outlook-databases#sort=%40imfdate%20descending>

Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2020.

Figure 10

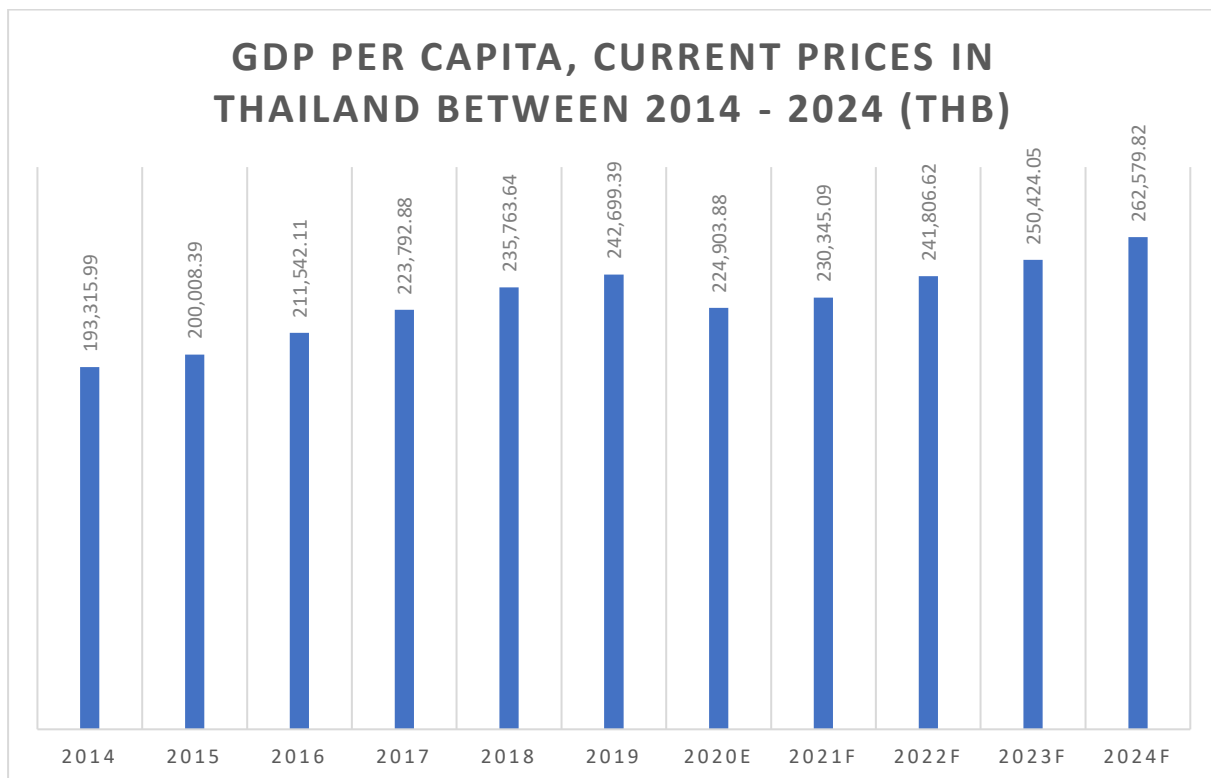
Source: United Nation: <https://population.un.org/wpp/Download/Standard/Population/>

Note:

- (1) Latest official data available 1 January 2022.

GDP per capita, current price was THB 193,315.99 in 2014 and had been growing until 2019 when it has estimated to decrease around 7.3% in 2020 due to Covid 19 pandemic. However, it is expected to pick up slowly in 2021F at 2.4% and is forecast to reach THB 262,579.82 in 2024F (Figure11).

Figure 11



Source: IMF <https://www.imf.org/en/Publications/SPROLLS/world-economic-outlook-databases#sort=%40imfdate%20descending>

Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2020.

3.2.1.2 Income and expenditure

Based on the latest data from National Statistical Office (NSO), during the period between 2013 and 2019, there were only Bangkok, Samut Prakarn, Pathum Thani, Nontaburi, and other provinces in the Central area that had a higher monthly household income and household expenditure (Figure 13 and Figure 14) compared to the country's average household income of THB 25,194 in 2013 and THB 26,018.42 in 2019 (3.17%), and average household expenditure of THB 19,061.00 in 2013 and THB 20,742.12 in 2019 (8.10%) (Table 12). Interestingly, monthly household expenditure grew 8.10% CAGR which is much higher than household income that increased only 3.17% CAGR in 7 years.

Table 12

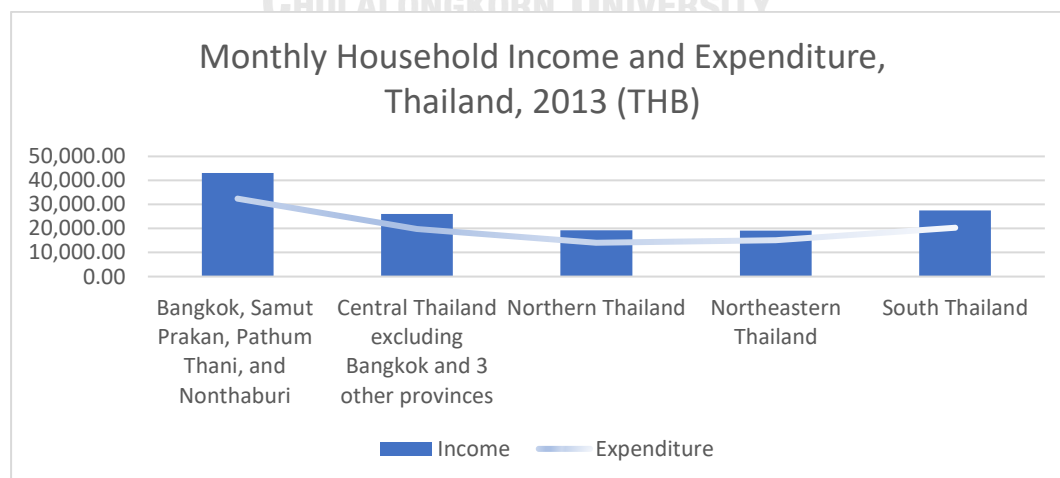
Monthly Household Income and Expenditure, Thailand	Income (THB)	Expenditure (THB)
2013	25,194.00	19,061.00
2019	26,018.42	20,742.12
Compound Annual Growth Rate 2013 -2019 (%)	3.17%	8.10%

Source: <http://statbbi.nso.go.th/staticreport/page/sector/th/08.aspx>

Note:

(1) Average monthly household income and expenditure

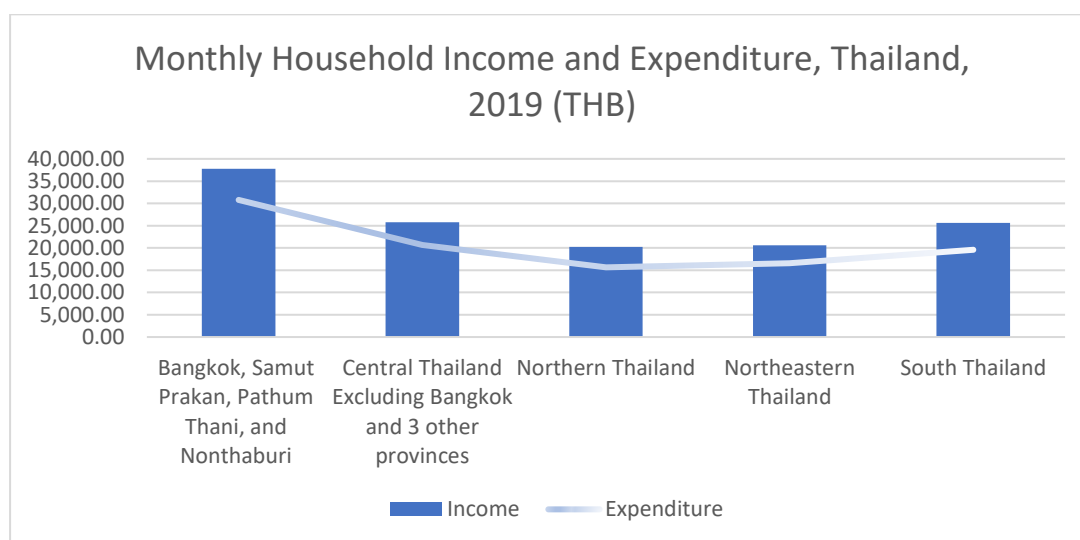
Figure 13



Source: <http://statbbi.nso.go.th/staticreport/page/sector/th/08.aspx>

Note:

(1) Selected based on the 5 regions of Thailand with the highest monthly household income.

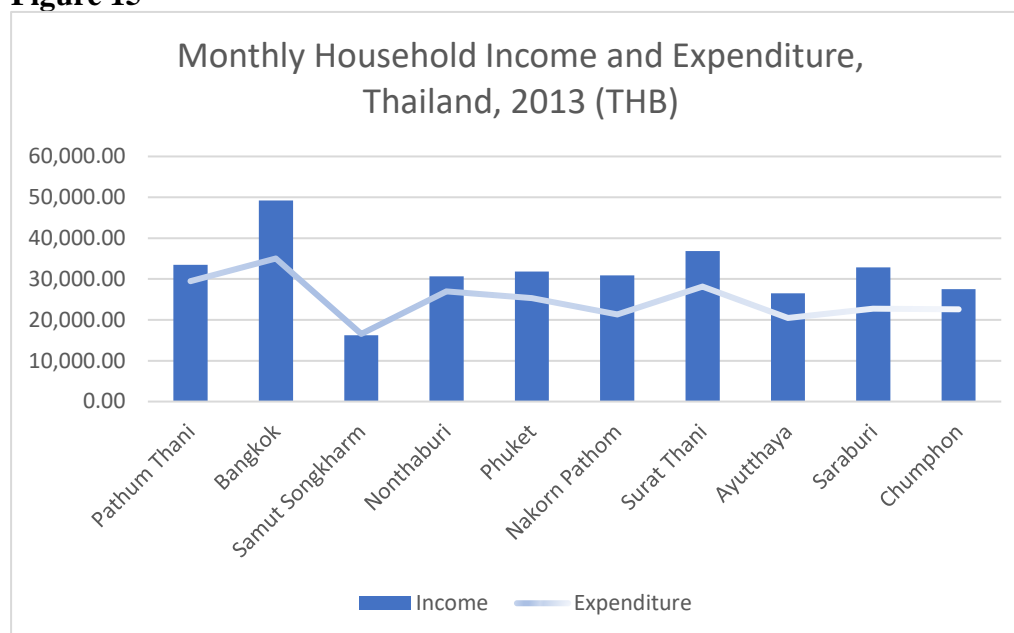
Figure 14

Source: <http://statbbi.nso.go.th/staticreport/page/sector/th/08.aspx>

Note:

(1) Selected based on the 5 regions of Thailand with the highest monthly household income.

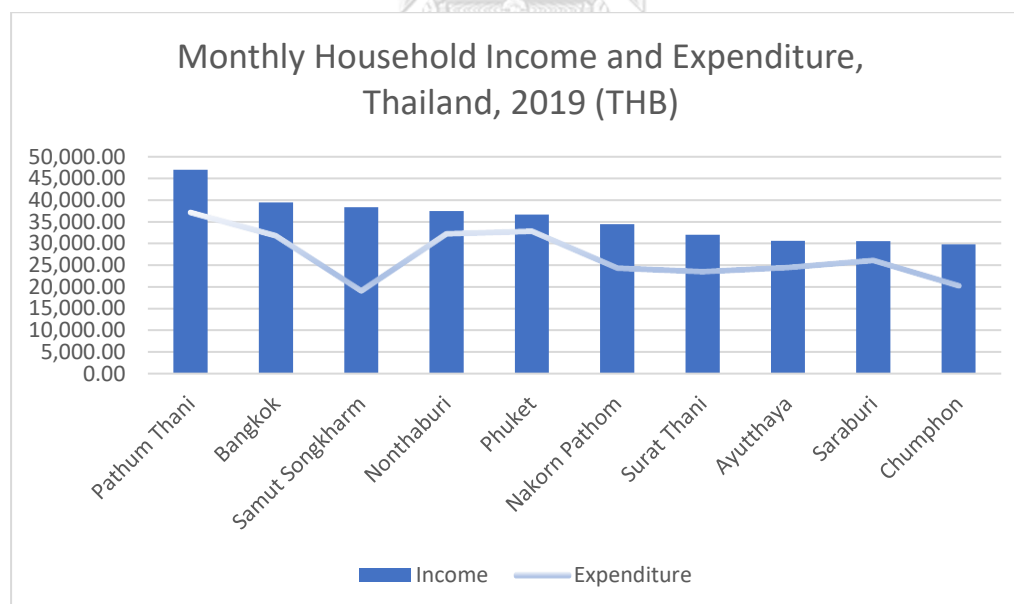
Moreover, the top 10 provinces with the highest monthly household income were all above the country's average in 2019. Noticeably, Samut Songkhram was the only province in the list with a household income below the country's standard in 2013. Still, it rose significantly throughout the year, eventually surpassed the country's average, and became the top three provinces with the highest monthly household income after Pathum Thani and Bangkok. Also, Pathum Thani became the province with the highest monthly household income after the income went up from THB 33,461 to THB 46,977, equal to 40% growth. On the other hand, Bangkok's monthly household income decreased from THB 49,190 to THB 39,459 which is approximately around 20% reduction. This reflects that Thailand is starting to urbanize and spread prosperity to other provinces outside Bangkok (Figure 15 and 16).

Figure 15

Source: <http://statbbi.nso.go.th/staticreport/page/sector/th/08.aspx>

Note:

- (1) Selected based on the top 10 provinces with the highest monthly household income.

Figure 16

Source: <http://statbbi.nso.go.th/staticreport/page/sector/th/08.aspx>

Note:

- (1) Selected based on the top 10 provinces with the highest monthly household income.
 (2) Monthly household income by province latest official data available 1 January 2022.

3.2.1.3 Oil price

Oil price is one of the main costs for transportation that could heavily affect the company's revenue and profit margin. Gasoline price depends on the crude oil price (Figure 17). Between 2014-2015, Thailand faced a deflation situation when the inflation rate went down to a negative 0.9% (Figure 5) due to crude oil prices plunged dramatically. The energy prices were recovered the following year and the inflation rate. Between 2017-2019, Thailand faced a severe drought that resulted in a rise in inflation and the continued volatility of oil prices. In 2020, the world oil market and global crude oil price declined significantly, forcing U.S. oil prices to go negative due to the Covid-19 pandemic and oil price war that occurred respectively. The Covid-19 pandemic triggered the demand shock and was followed by an oil price war between Saudi Arabia and Russia when two countries disagreed on production levels which created an oversupply situation in the world oil market. Consequently, oil prices continued to recover from both incidents in 2021, driven by the rise in economic activities that increased the oil demand and restrained production by OPEC (Nagle & Tamaj, 2021).

Figure 17



Source: <https://tradingeconomics.com/commodity/crude-oil>

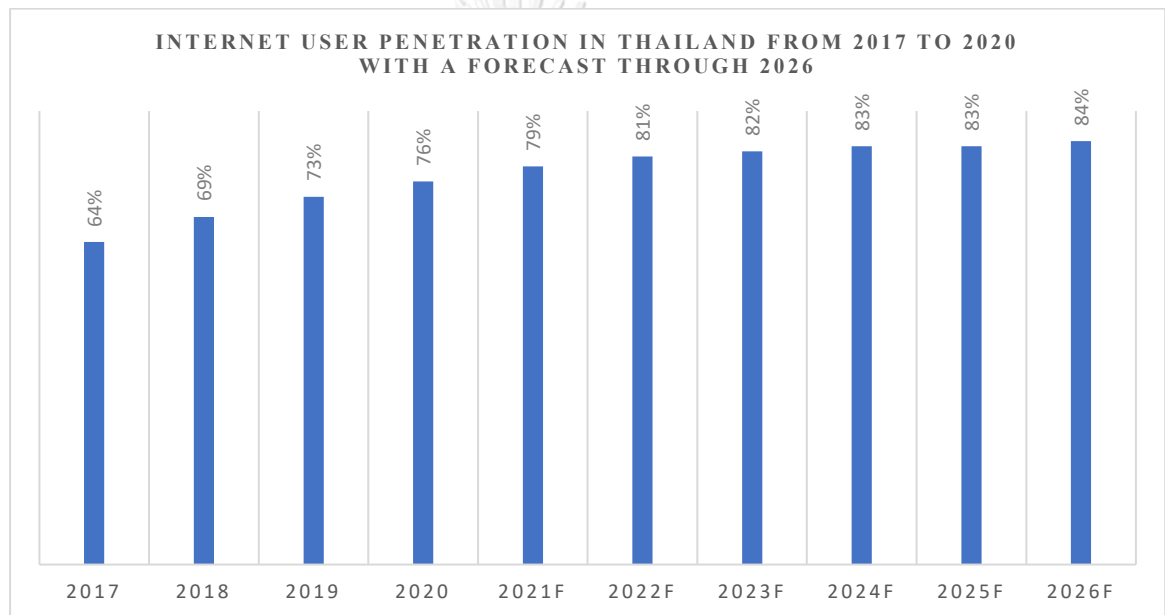
Note:

- (1) Crude Oil, Brent, and Gasoline are selected for comparison
- (2) Latest official data available 1 January 2022

3.2.1.4 Internet and social media user in Thailand

Thai people are starting to spend more time online since connectivity and accessibility of the internet have become more accessible for people to go online. The number steadily increased from 64% in 2017 to 76% in 2020, with the average daily internet usage around 9 hours. The number is forecast to reach up to 84% within 2026, which indicates that close to 60 million people will be able to access the internet (Figure 18 and 19).

Figure 18



Source: <https://www.statista.com/statistics/975067/internet-penetration-rate-in-thailand/>

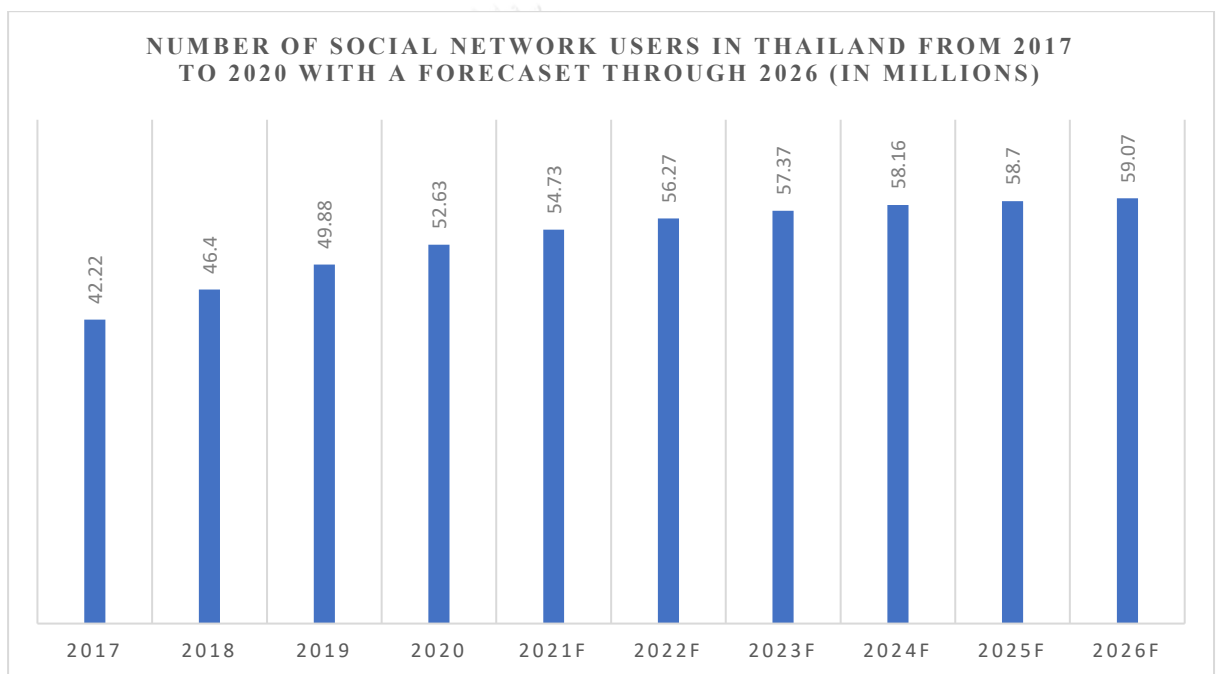
Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2021.

Thai people are often known as one of the heaviest internet users globally, and most of their time on the internet world is spent on social media platforms. Gen-Y and Gen-Z users are the heaviest generations that spend time on the internet at above 10 hours per day while the average is around 8.44 hours per day, with more than a quarter of that time, is spent on social media. Thai's most popular social media platforms are Facebook and YouTube, based on collected data during the third quarter of 2020 (Statista, 2020).

Moreover, social media platforms are starting to be a new popular way of shopping for Thai people, especially, for Gen-Y and Gen-Z. Software developers of these platforms made their social media platforms to be marketing tools for companies to advertise and showcase their products as well as individual start-up business to be able to reach to end-user easier and cheaper. This new way of advertising in social media platforms is known as social commerce by focusing on peer-group reviews and recommendations, which help buyers make the decision easier.

Figure 19



Source: <https://www.statista.com/statistics/489230/number-of-social-network-users-in-thailand/>

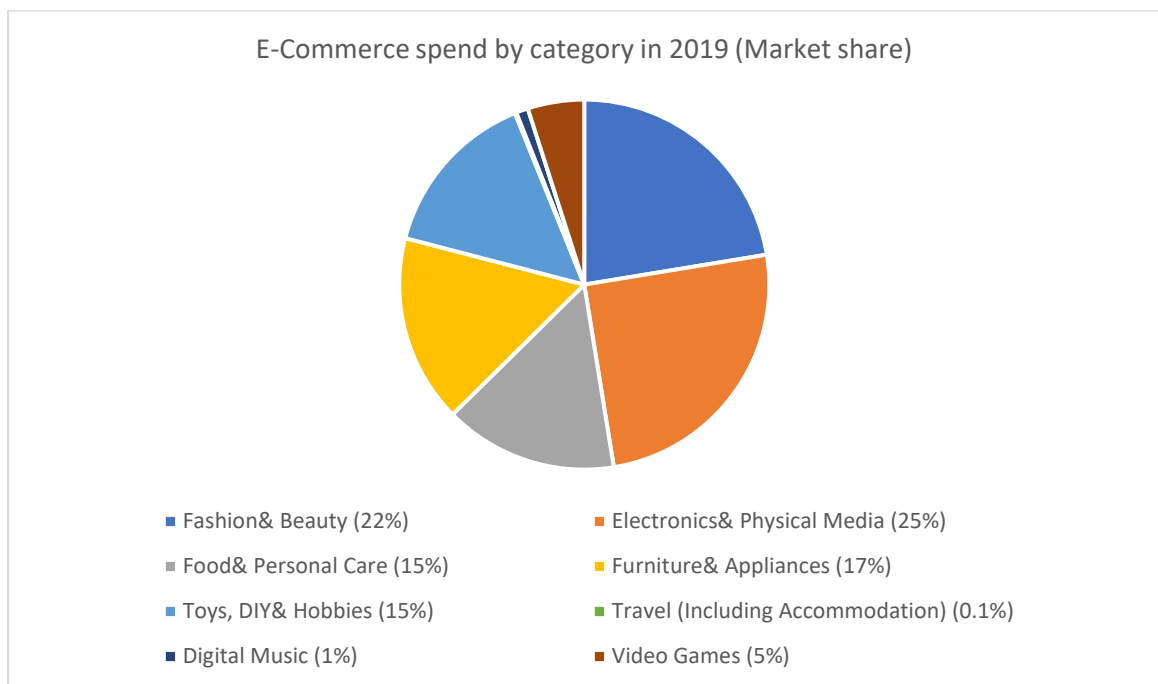
Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2021.

3.2.1.5 E-Commerce

The increasing number of Thai people that can access to internet drive the growth of the Thai E-commerce market, with Electronic & Physical Media, Fashion & Beauty, and Furniture& Appliances being the top three categories (Figure 20). The total number of people purchasing consumer goods online in Thailand in 2019 was 34.80 million people, which is almost half of the population in the country (Statista, 2020).

Figure 20



Source: <https://www.statistics.com/outlook/digital-markets>

Note:

(1) Latest official data available 1 January 2022.

3.2.2 Parcel delivery industry in Thailand (Microenvironment)

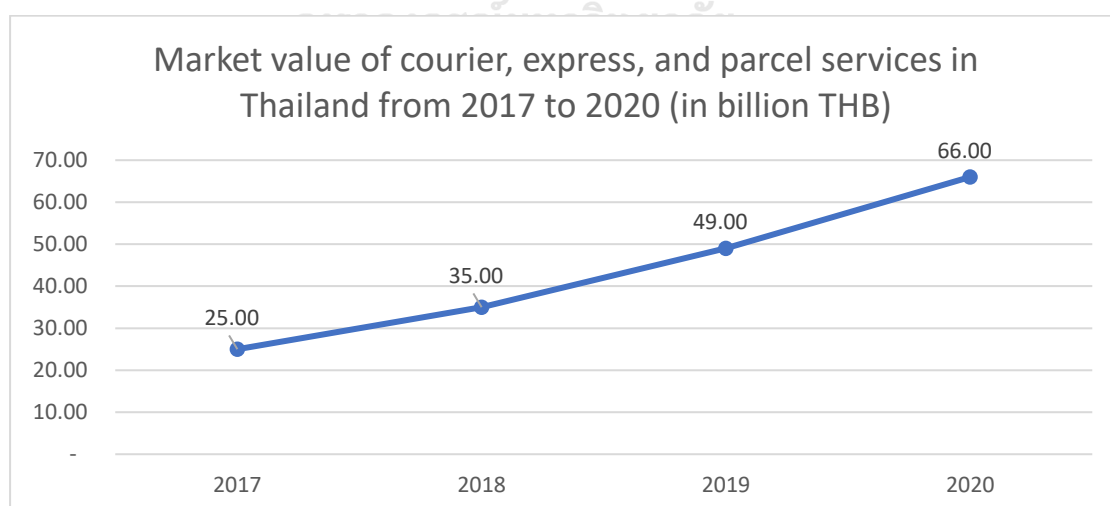
3.2.2.1 Industry size

The rise of E-commerce and Social commerce activities in Thailand during the last couple of years has driven the expansion of logistic activities and parcel delivery services for e-commerce platforms. In 2020, Thailand's market value of parcel delivery services was over THB 66 billion. The market size went up over 27% Compound Annual Growth Rate (CAGR) between 2017 - 2020 (Figure 21)

The total number of parcels delivered (figure 22) and per capital volume (figure 23) in Thailand increased 2.74 times during 2016- 2020 and is forecast to rise even more up to 2,200 million parcels and 31.31 parcels per capita within 2024.

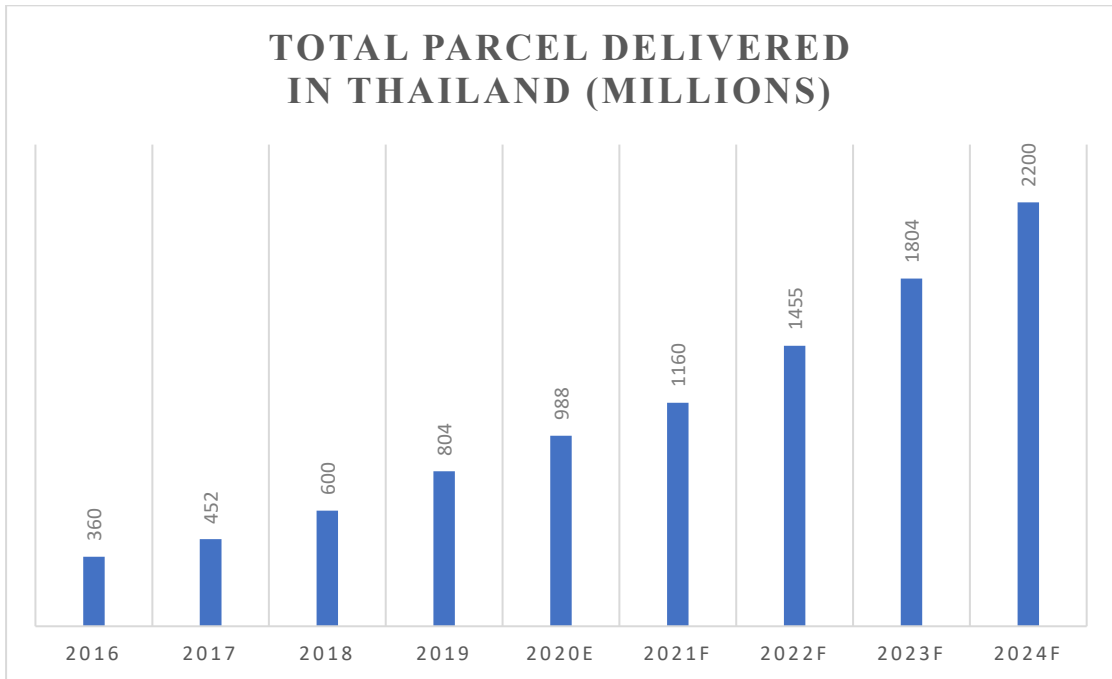
The C2C segment was the fastest-growing segment between 2014 to 2020 since people can now sell goods online through social media platforms, and this segment is still expected to grow very fast as people can access the internet more every year. Nevertheless, the B2C segment is forecast to over-thorn the C2C segment as the largest segment in the next few years due to many organizations start to open more channels to sell their products through online channels (Figure 24).

Figure 21



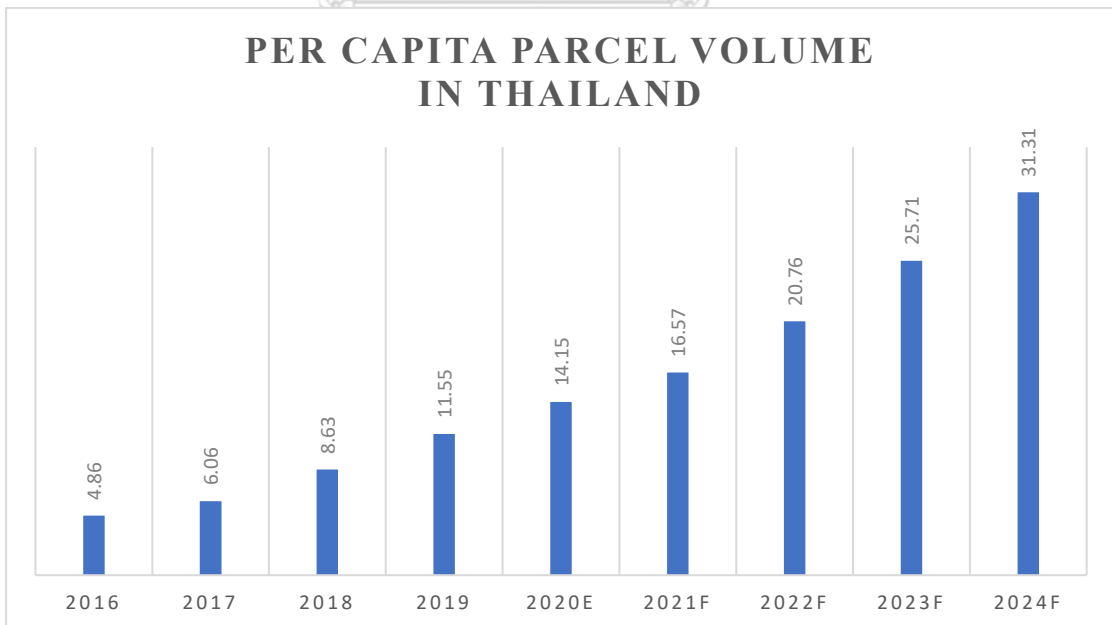
Source: <https://www.statista.com/statistics/1272530/thailand-courier-express-and-parcel-market-value/>
 Note:

(1) Latest official data available 1 January 2022.

Figure 22

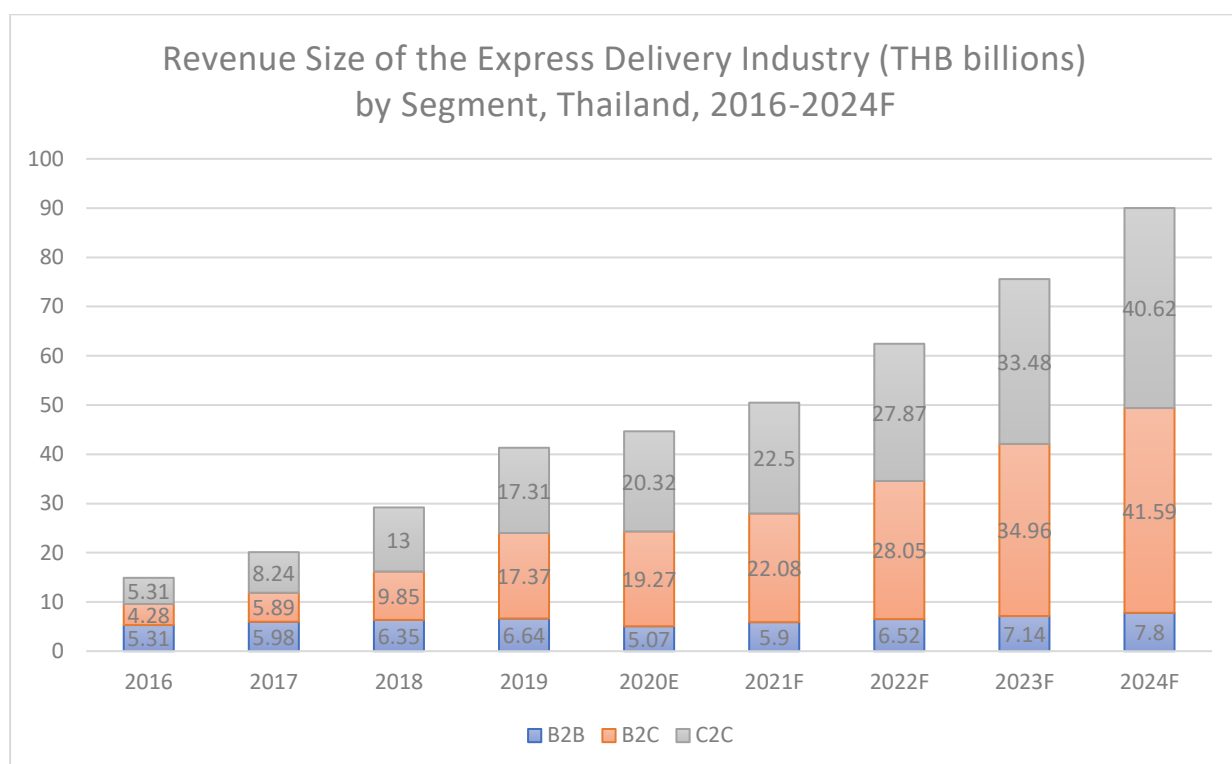
Source: <https://www.frost.com/research/>
 Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2020.

Figure 23

Source: <https://www.frost.com/research/>
 Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2020.

Figure 24

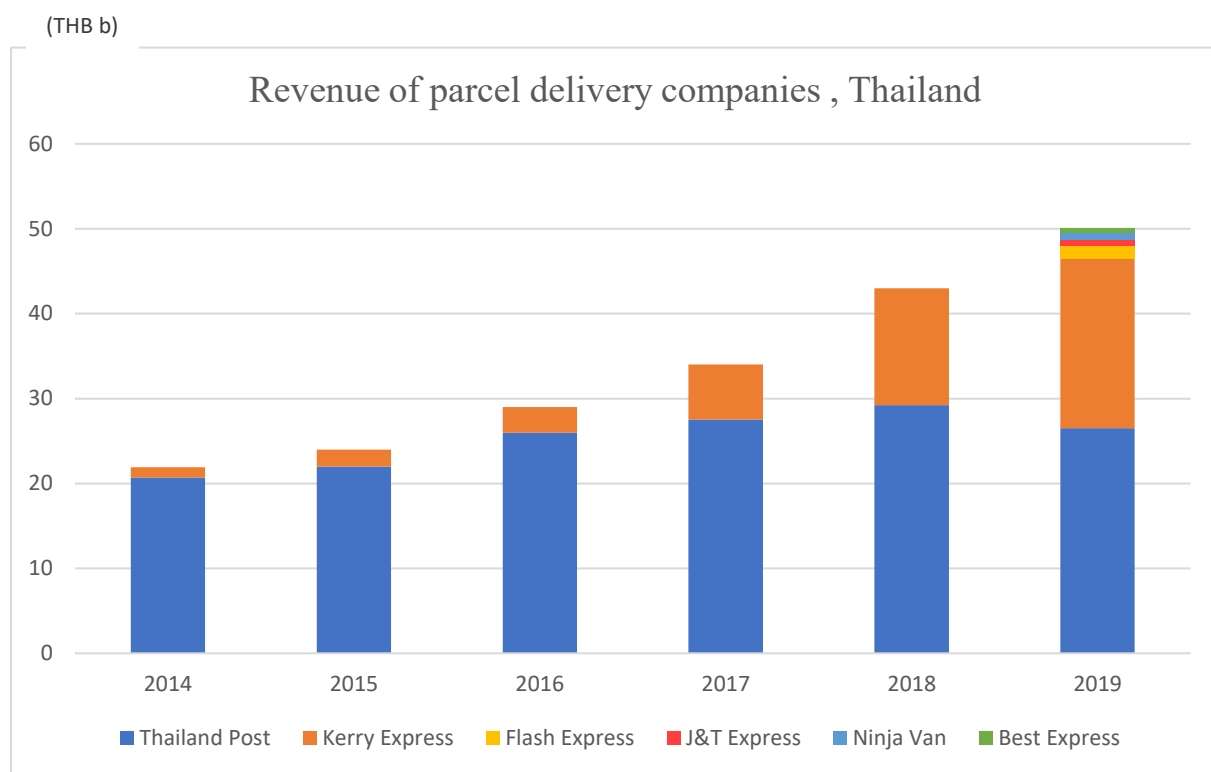
Source: <https://www.frost.com/research/>

Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2020.

3.2.2.2 Revenue and market share of parcel delivery companies

Prior to the private express company era, Thailand Post had the majority of the market share. Their revenue was more than THB 20 billion, with Kerry Express being the only private company during 2014. The total revenue of parcel delivery industry grew by over 18% five years CAGR between 2014 to 2019 to THB 50 billion as well as the number of new players in the industry (Figure 25). As can be seen from figure 22, total parcel delivered in Thailand is expected to grow 16.5% CAGR from 804 million to 2,200 million from 2019 to 2024, which could be implied that this pie (market size) will be getting more significant for every company in the industry.

Figure 25

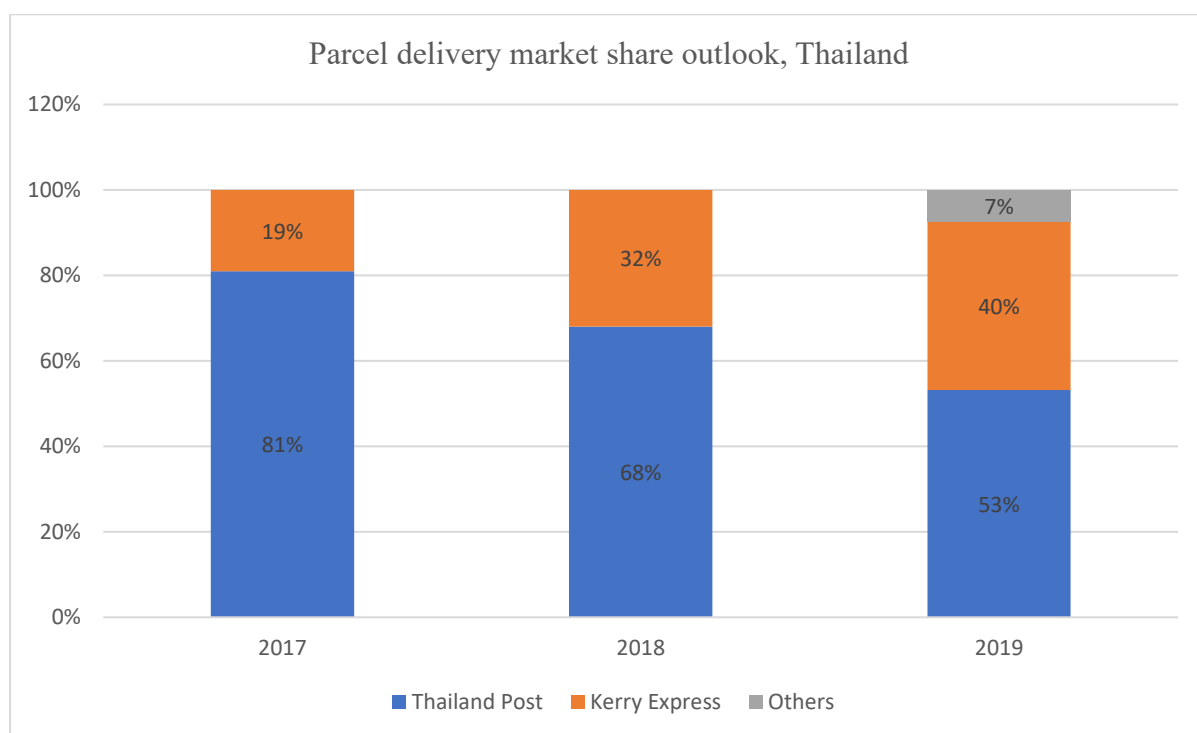
Source: KEX; Department of Business Development, Finasia FSS International Investment Advisory

Note:

- (1) Accounting for only six leading parcel delivery companies. (Thailand Post, Kerry Express, Flash Express, J&T Express, Ninja Van, and Best Express).

Noticeably, over these periods, Thailand Post started to lose a market share to private express companies, mainly Kerry Express (Figure 26). Kerry Express's market share increased 52.6% CAGR within 2017-2019 and became the second-largest parcel delivery company in Thailand after Thailand Post.

Although the market is getting more prominent, the entry of these private companies surely will continuously increase the competition in the industry, and market share will be harder to maintain. In 2019, 4 private delivery companies successfully entered the market and contributed around 7% of the market share in 2019. Those companies were Flash Express, J&T Express, Ninja Van, and Best Express. From now onwards, the market will be even more intense since these companies are still growing and could contribute more in the future competition.

Figure 26

Source: KEX; Department of Business Development, Finansia FSS International Investment Advisory

Note:

- (1) Accounting for only six leading parcel delivery companies. (Thailand Post, Kerry Express, Flash Express, J&T Express, Ninja Van, and Best Express)

3.2.3 Firm Strategies

3.2.3.1 Kerry Express disrupts Thailand Post

Kerry Express is leveraging big data and analytics to detect patterns using computational algorithms, programming, and statistical modeling approaches to reveal essential and timely connections, resulting in actionable insights to help drive its business. Machine learning ("ML") and artificial intelligence ("A.I. ") are also being used to improve big data capabilities.

Moreover, Kerry Express is the first company that implemented payment-on-delivery, including cash and contactless payment via Q.R. payment and Rabbit Line-Pay. As a result, they are currently the largest operator in terms of the transaction value. Kerry Express also introduced several services in Thailand, including next-day delivery and pay-on-delivery, which Thailand Post and other private parcel delivery firms are attempting to replicate (Coraline, 2018).

3.2.3.2 Leveraging the strategic alliances and partnerships

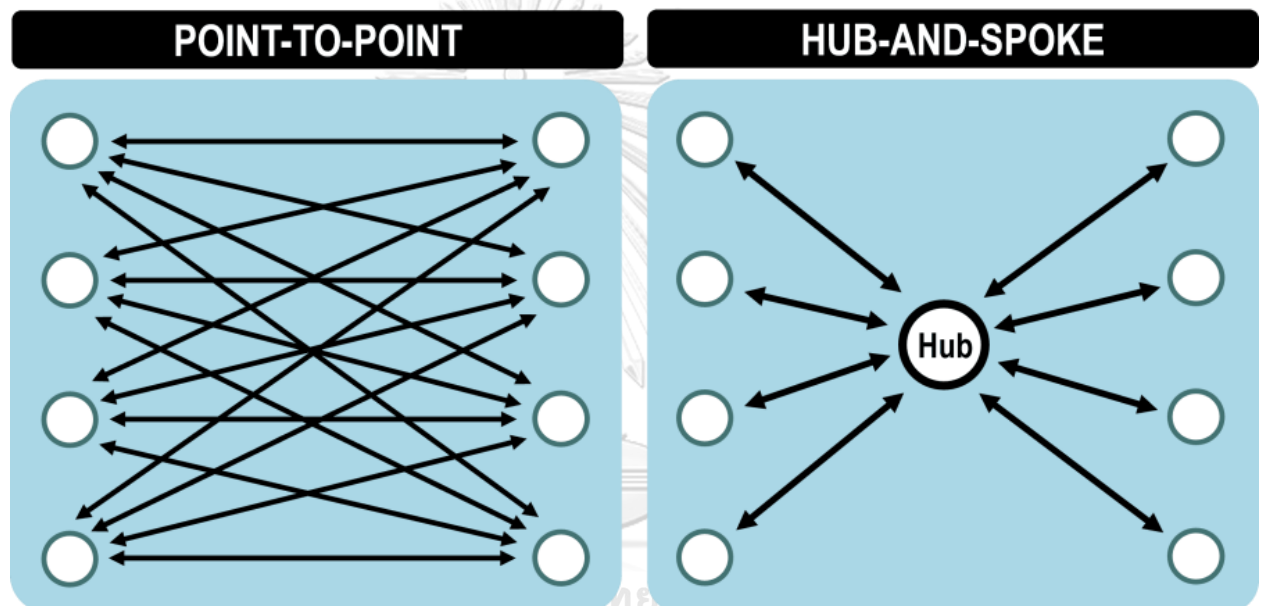
As a Rabbit Line-Pay stakeholder, Kerry Express currently has the largest e-wallet payment in the industry. VGI Public Company Limited, which has a media concession on the BTS Sky train, invested in Kerry Express as a strategic stakeholder (Sangwongwanich, 2018). By leveraging this relationship, Kerry Express can exclusively build a parcel service facility on BTS stations to expand its delivery routes and channels.

Kerry Express has also formed agreements with modern trade retailers, including Office Mate, Tops Daily, Big C, and Family Mart; as well as, very small traditional trade retailers, like Cho Huay shop, coffee shop, drug store, and others to expand its service locations and increase geographic coverage such as supermarket and convenience store chains around the country (easyeconomicsnews, 2021). As a result, Kerry Express will be able to penetrate a broader market as the number of partnerships between diverse industry participants grows.

3.2.3.3 Hub and Spoke strategy

The hub-and-spoke delivery model, also known as the centralized distribution model. The model is most widely used by express parcel delivery companies including Kerry Express since it provides for more resource optimization and scalability than the point-to-point model; this enables Kerry Express to connect every drop-off location through a single point called a hub where parcels from numerous locations are combined and before being distributed to retailers or directly to customers.

Figure 27 Point-to-point and Hub and Spoke



Source: transportgeography.org
 (Available at <https://transportgeography.org/contents/chapter2/geography-of-transportation-networks/point-to-point-versus-hub-and-spoke-network/>)

Figure 27 shows that a point-to-point distribution network requires 16 independent connections, while the hub and spoke only requires eight connection points. This strategy helps Kerry to reduce their operation cost through Economies of scale since the hubs can handle a larger quantity of goods (Transportgeography, 2021). Furthermore, the strategy allows Kerry Express to utilize its internal resources effectively. For example, the company can maximize the number of parcels delivered by each delivery man, resulting in increased operational efficiency.

3.2.3.4 Asset light model

Another key business strategy that applies by Kerry Express is the Asset light strategy where Kerry Express only focuses on their core competencies resources and outsources the remaining by partnering with parcel agents, both big and small, to extend their network across the country and getting into a long-dated leases with the landlord for their distribution hubs and parcel shops. The vehicles are either rented from agencies or outsourced from subcontractors. The model is straightforward, where Kerry Express owns fewer capital assets using the agents as a touchpoint service and outsourcing other non-core business units. The strategy enables the company to reduce fixed costs and enhance agility to focus on improving its core parcel delivery business (EY, 2021).



3.2.4 Kerry Express revenue and profit

Kerry Express has been the largest Thai parcel delivery company in terms of revenue throughout the year. They are one of the most successful companies based on various financial indicators and have the greatest return ratios compared to other competitors in the industry. Given its strong position and entry difficulties as an established participant in the Thai private parcel delivery industry, Kerry Express is one of the few firms that has continuously and consistently earned profit. Table 27 shows that Kerry Express's total revenue grew at 29.97% CAGR, while EBITDA increased 44.22% CAGR, and net income rose 17.89% CAGR (Table 28).

At the end of 2019, the company was being listed in the Stock Exchange of Thailand (SET) to raise 8.4 billion baht as Kerry plans to spend a portion of the money on expanding its parcel delivery network distribution, investing in its transportation system, improving operational efficiency, and developing information technology in the next coming year (Yuda, 2020) and that was the reason why total equity and total assets went up significantly between 2019 – 2020.

Table 28 Financials of Kerry Express between 2017 – 2020

Year	Total Revenue	EBITDA	Net Income	Net profit margin	Total Equity	Return on Equity	Total Assets	Return on Assets
	(THB billions)	(THB billions)	(THB billions)	(%)	(THB billions)	(%)	(THB billions)	(%)
2017	6.63	0.95	0.73	11.01%	0.55	132%	2.71	27%
2018	13.57	1.66	1.19	8.77%	1.49	80%	4.77	25%
2019	19.78	2.24	1.33	6.72%	2.23	60%	6.01	22%
2020	18.92	4.11	1.41	7.45%	10.85	13%	19.32	7%

Source: <https://th.tradingview.com/symbols/SET-KEX/financials-overview/>

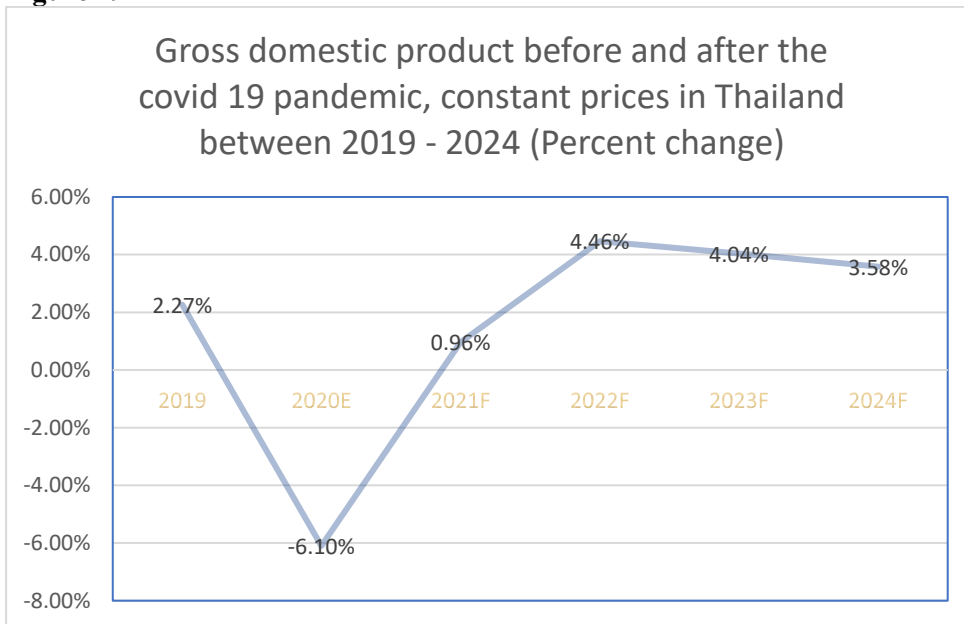
4. Research Results and Analysis

4.1 PEST analysis

Political (P) - Thailand's government heavily invested in the development of the Thai transportation programs, aiming to develop the transportation sector by reducing the cost of logistics transportation and improving the competitiveness of the economy (ASEAN, 2020). Apart from the investment in the transportation sector that could give benefit to logistic companies, the government also launched many strategies to encourage foreign investment under Thailand 4.0 initiative (Onag, 2021). As a result, high-profile Chinese corporations like Alibaba, JD.com, and others are making long-term investments in Thailand. For instance, JD.com, a massive Chinese e-commerce company, is partnering with Central Group, Thailand's biggest retailers to introduce an online shopping platform called J.D. Central and Financial Technology (Fintech) services to Thai people such as facial recognition and e-wallet platform. This kind of massive corroboration will strengthen the e-commerce platform even more in the country and encourage consumers to spend more money toward online channel, which will be beneficial to Kerry Express and the whole parcel delivery industry.

Economic (E) - Following a period of economic slowdown in 2014, Thailand is on the recovery stage, and the country's economy has been steadily improving since 2015. Although the Covid-19 pandemic made the Real GDP plunged in 2020, but it's expected to recover the following year and forecast to grow continuously from 2022 to 2024 (Figure 29). The government's greater spending, particularly on infrastructure projects, and the adoption of new measures to restore the tourism industry would be the key drivers of the positive outlook in the future.

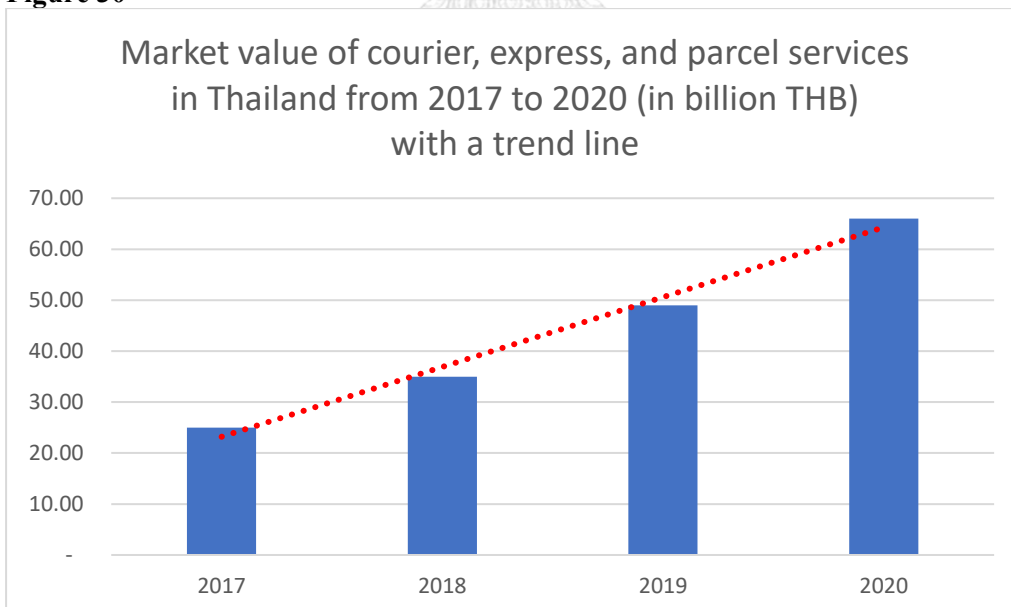
The economic slowdown during the Covid-19 pandemic doesn't affect the parcel delivery industry; instead, it has accelerated the shift of consumers' shopping habits from offline to online due to policies restricting people's travel and temporarily closing businesses. As a result, the market value of parcel services went up by 34.7% in 2020 during the pandemic, indicating that Covid-19 pandemic cannot slow down the industry growth (Figure 30) because of a spike in a demand for the service and country's e-commerce sales volume.

Figure 29

Source: IMF <https://www.imf.org/en/Publications/SPROLLS/world-economic-outlook-databases#sort=%40imfdate%20descending>

Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2020.

Figure 30

Source: <https://www.statista.com/statistics/1272530/thailand-courier-express-and-parcel-market-value/>

Note:

- (1) Latest official data available 1 January 2022.

Social (S) - The rise of the middle-class population in Thailand led to the growth of e-commerce. Globally, income growth is contributing to the rise of the middle class. From table 31, the monthly household income compound annual growth rate between 2013-2019 increased 3.17% while expenditure rose 8.10%. Additionally, urbanization and prosperity are also distributing steadily around the country as people's income outside Bangkok have continue to increase (Table 32).

Table 31

Monthly Household Income and Expenditure, Thailand	Income (THB)	Expenditure (THB)
2013	25,194.00	19,061.00
2019	26,018.42	20,742.12
Compound Annual Growth Rate 2013 -2019 (%)	3.17%	8.10%

Source: <http://statbbi.nso.go.th/staticreport/page/sector/th/08.aspx>

Note:

(1) Average monthly household income and expenditure

Table 32

	Income 2013	Income 2019	Growth	Expenditure 2013	Expenditure 2019	Growth
Pathum Thani	33,461.30	46,977.74	40%	29,514.00	37,086.11	26%
Bangkok	49,190.80	39,459.36	-20%	35,023.70	31,753.04	-9%
Samut Songkharm	16,256.50	38,395.32	136%	16,557.80	19,028.26	15%
Nonthaburi	30,663.60	37,502.22	22%	26,946.60	32,189.09	19%
Phuket	31,857.40	36,699.01	15%	25,337.50	32,762.88	29%
Nakorn Pathom	30,855.50	34,436.05	12%	21,305.40	24,254.93	14%
Surat Thani	36,864.50	32,014.02	-13%	28,118.60	23,489.94	-16%
Ayutthaya	26,481.50	30,589.95	16%	20,493.70	24,439.76	19%
Saraburi	32,833.60	30,532.34	-7%	22,765.00	26,007.12	14%
Chumphon	27,540.20	29,782.00	8%	22,552.30	20,193.54	-10%

Source: <http://statbbi.nso.go.th/staticreport/page/sector/th/08.aspx>

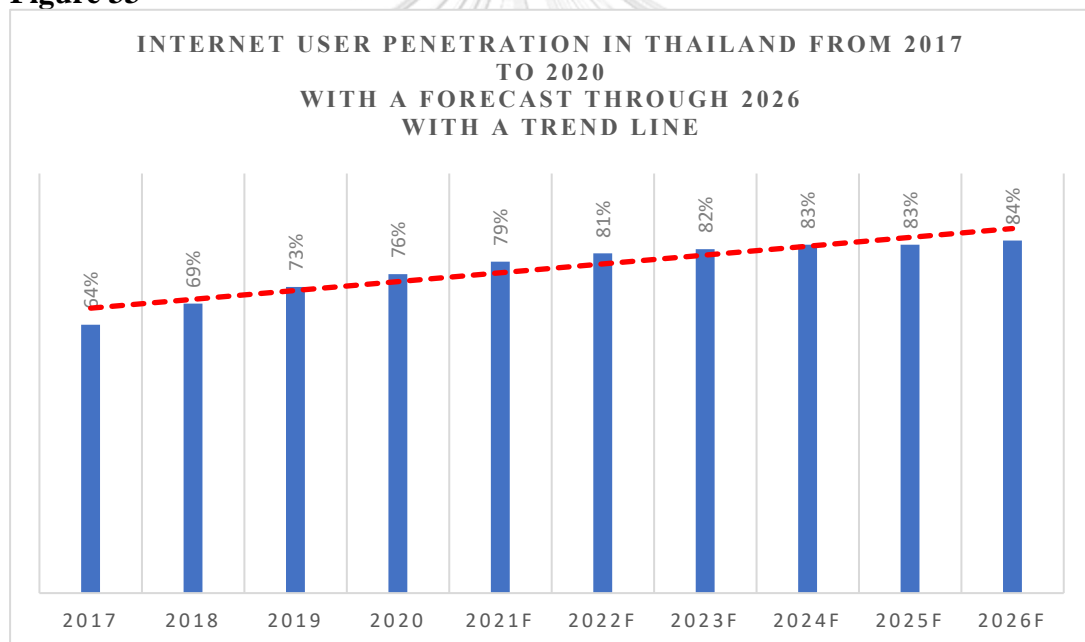
Note:

(1) Selected based on the top 10 provinces with the highest monthly household income.

With the introduction of banking technology and financial technology, advancements like mobile banking and peer-to-peer lending enable loans to be more accessible to people. Consequently, consumers now have higher spending power, causing overall retail sales to increase.

Furthermore, as more Thai people can gain access to the internet and social media platforms (Figure 33), their shopping behavior is starting to change from offline to online channel; resulting in the change in sales strategy for businesses to focus more on online channel. As a result, the growth of online retail sales is outpacing the traditional offline retail sales. The total number of Thai people who shopped online in 2019 was 34.80 million people which is half of the country's population.

Figure 33



Source: <https://www.statista.com/statistics/975067/internet-penetration-rate-in-thailand/>

Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2021.

Technological (T) - E-commerce transformed the retail sector over the last two decades, growing from a virtually non-existent business model to a significant growth driver of every company's sales volume. By utilizing rapid technology growth, e-commerce changed and transformed overtime to fulfill the demand of consumers, businesses, and governments. The e-commerce industry, which requires accuracy in delivery timeframes and high-quality services, has driven the demand of the delivery service and parcel volume growth.

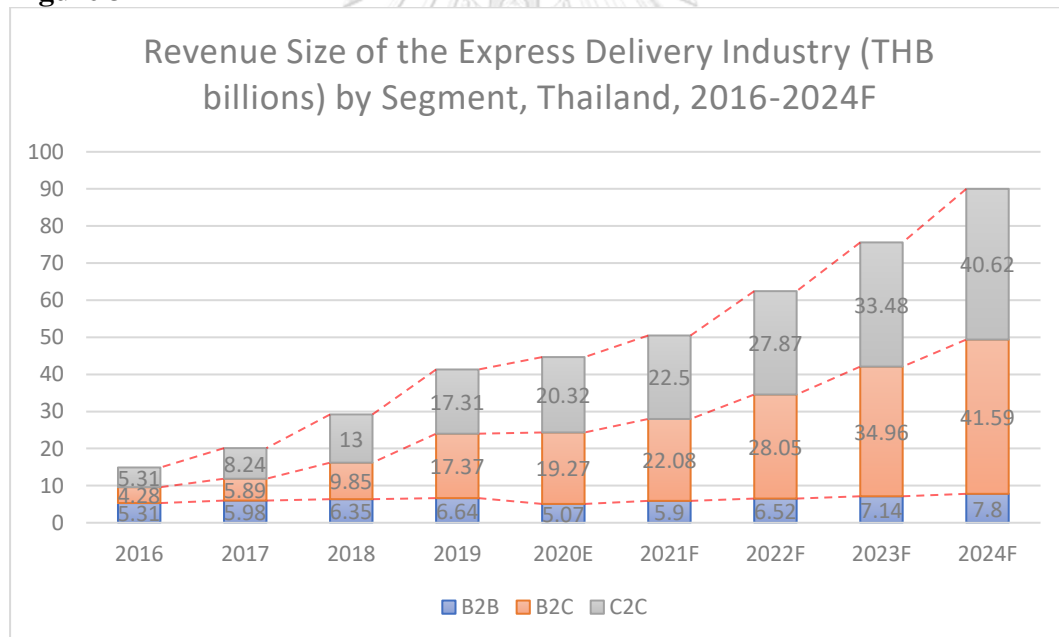
Moreover, technological advancements help smoothen the delivery and payment processes for consumers who like to shop online. E-commerce eliminates physical interaction between the buyer and seller. In the past, customers' top concern for shopping online was the safe delivery of their goods; however, consumers can now feel more secure during the delivery process due to technologies like RFID real-time tracking of a shipment system. The evolution of the e-commerce ecosystem is also being driven by various types of electronic payment solutions such as credit cards, digital wallets, prepaid cards, or even cryptocurrency as these alternative payments often include value-added services such as cash-back or other reward schemes, encouraging clients to spend more money (Onag, 2021).

Parcel delivery firms, including Kerry Express, are working with payment gateway providers to support payment alternatives such as cash, credit card, debit card, contactless payment, and cash on delivery to expand their service offerings. Some companies also accept electronic payments at the counter of the shop, and during pick-up. Secure payment-on-delivery services that do not require advance payment strengthen customer confidence and security in online purchases, contributing to the global growth of e-commerce and parcel volume.

4.2 Porter's Five Forces

Rivalry Among existing Competitors - The rivalry among existing players in the parcel delivery industry in Thailand is extremely competitive, especially in C2C, the largest segment in the industry (Figure 34). Moreover, it will continuously increase every year because the switching cost for customers is meager since many service providers in the industry offer similar type of services, leading to extra fierce competition in the market. However, Kerry Express is one of the early-mover and very well-established in the industry, therefore, they have a significant capability, competitive advantage, and more geographically coverage across the country than other companies, as evidenced by several awards recognizing the company's brand awareness, including Thailand's number 1 brand in logistics for four consecutive years (2017-2021) (The Standard, 2021).

Figure 34



Source: <https://www.frost.com/research/>

Note:

- (1) Latest official data available 1 January 2022.
- (2) Estimates start after 2020.

Bargaining of buyers - Customers usually select their preferred delivery provider depending on their needs such as price, tracking capability, preciseness, company reputation, and geographic coverage. As a result, customers sometime can be very demanding for the service provider to fulfill their needs. Kerry Express is a well-known company and has the second-largest market share in the industry after Thailand Post; although they are not the cheapest choice, but the company has a good reputation for their services at a reasonable price. Some clients may feel reluctant and may switch to a different company if they receive an attractive offer from other companies. Therefore, Kerry Express implements a strategy to maintain their loyal customers by launching a reward program called Kerry Express Loyalty Club that give out reward to their clients who use its services on a frequent basis, depending on the numerous tiers of privileges. Some examples of the rewards are cash coupons, extra insurance coverage, etc. (Kerry Express, 2021)

Bargaining of suppliers - The bargaining power of suppliers in the parcel delivery industry can be considered as medium because most of the variables are external factors. The primary costs for parcel delivery service are the cost of fuel, wage levels, the rental price for parcel shops, and maintenance parts for fleet vehicles which most of it are external factors that Kerry Express cannot control. For example, 1) oil prices that fluctuate depending on the global oil market, perhaps the company can look for other alternative like Electric Vehicle (EV), 2) labor minimum wages that control by the government is difficult for Kerry Express to find other alternative but investing more in robotic and automation system at their distribution center can help reduce number of labor-force, 3) the rental for parcel shops can be reduced through leveraging the strategic alliance's strategy with big modern trade retailer that has wide geographic coverage to expand its services at a lowest cost.

On the other hand, maintenance parts for fleet vehicles can easily be controlled by Kerry Express due to the asset light model where most of the vehicles are either rented from agencies or outsourced from subcontractors which indicates that Kerry Express can select any third-party company in the market.

Threat of new entrants - High investments in property resources such as warehouses and fleets to achieve economies of scale and advanced technologies to improve internal processes make it really difficult for new company to enter into the parcel delivery industry. Especially for smaller firms that would like to enter the market, it requires substantial time and expense to build these attributes, whereas larger competitors benefit from established operations and brand recognition created over time. Firm reputation and established operation are the main part of the decision-making process for both individual (C2C) and business clients (B2C and B2B), as a result, it will not be easy for new entrance to have these attributes.

Threat of substitute products or services - It is obvious that the only purpose of using a parcel delivery service is to get a parcel deliver from one place to another place. Therefore, the threat of substitute services in this industry can be considered as medium. Instead of using the scheduled delivery model, the customers also have an option to use a similar kind of service called "on-demand delivery," This model allows users to request when and where to pick up and deliver the products, but the delivery approach is only suitable for people who need urgent delivery because it usually more expensive due to much higher operating costs. Moreover, the service is only available within a narrow geographic area and have a lot of restrictions.

4.3 Ansoff Matrix

Market Penetration - Kerry Express continues to penetrate its existing market by increasing parcel delivery volume and expanding its logistic distribution system to meet the market demand. Currently, they have the most service locations, distribution centers, and delivery fleet among other private competitors. These attributes allow Kerry Express to have a strong business relationship and bargaining power with Shopee and Lazada (B2C). The company has also effectively deployed a hub-and-spoke and asset-light operating model, as a result, they can directly operate high-quality sorting facilities across the country at a lower cost due to economies of scale.

Kerry Express intends to focus more on the economy market, known as consumer-to-consumer, the fastest-growing segment (C2C), as this group is the most susceptible to price and has low switching costs. Therefore, Kerry Express constantly adjusted the service price to compete with other market players, supporting the previous study from Suwansantavee (2014) and Wongmontana (2011). They emphasized that price significantly affects consumer decision-making. In addition, the company also often brings out new promotions and special privileges to their Kerry Express Loyalty Club customers.

Moreover, Kerry set up a high standard that every firm in the industry need to catch up, for example, highest on-time delivery rate, the lowest return rate of less than 1.5%, the lowest incidence of damaged parcels, and minimal late delivery, which support the theory of 4 main factors that influence an individual to select the parcel delivery service company from Siripaiboonsub (2017). As a result, the company has been awarded as Thailand's number 1 brand in logistics for four consecutive years (2017-2021) (The Standard, 2021).

Product Development - Kerry Express can consider to be the industry first-innovator of the parcel delivery industry in Thailand. They are the first and largest cash-on-delivery operator among other private parcel delivery companies in the country regarding to transaction value, including cash and contactless payment via Rabbit LINE Pay and Q.R. payment. In addition, Kerry Express introduced several services

such as same-day delivery, next-day delivery and cash-on-delivery that quickly became a market standard that other parcel delivery firms must follow (Kerry Express, 2021).

Market Development – The rise of e-commerce has risen the demand for parcel delivery service in Thailand, particularly in suburban regions, requiring the capabilities of countrywide delivery by parcel delivery companies. As a result, Kerry Express has created a broad countrywide network covering all the country's provinces and districts (Kerry Express, 2021) by expanding their geographic coverage and entering into agreements with modern trade retailers as well as small traditional trade retailers in order to expand its service locations faster and cost efficient.

Diversification - Kerry Express has partnered with Betagro group to launch a Kerry Cool delivery platform that utilizes advanced technology & a signaling system for frozen and refrigerated items, Thailand's first cold delivery platform. Customers can track the temperature and status throughout the delivery process. The service will provide a dual chamber that allows a customer to control the temperature, both refrigerated and frozen (Kerry Express, 2021). Kerry Cool will implement Hub and Spoke transportation system like what Kerry Express has been doing with their parcel delivery business which will be ideal for a wide range of items, including fresh fruits and meats as well as frozen foods.

5. Conclusion

This research aims to study more about the parcel delivery industry in Thailand and investigate Kerry Express business strategies. The study applies various business analytic tools to better understand the research topic. PEST analysis, Porter's Five Forces, and Ansoff Matrix are combined to give an overview of the organization's both external and internal environments which can be concluded that Kerry Express's successes come from the macroeconomic factors, microenvironment factors, well-targeted strategy, and unique solutions based on the understanding of their consumer behavior, evidence from various financial indicators as the company has continuously and consistently earned profit.

5.1 Parcel Delivery industry outlook and key drivers in the future

The country's positive outlook has tremendously supported the growth of the E-commerce industry and the parcel delivery market in Thailand. The poverty rate in Thailand had been on a downward trend from 69.30% in 1981 to 6.20% in 2019, and the number of internet user penetration has been continuously growing and forecast to grow even more in the next few years. These aspects drive the growth and demand of E-commerce, consequently driving the development of the logistics industry and parcel delivery.

One of the essential factors' consumers tend to focus on online shopping is the speed of delivery. As people have more options to choose the service provider company, delivery options and services have become vital decision criteria for consumers before selecting the company. Broken goods or damaged packages are often the reason that prevents people from shopping online. Affordable service price and speedy delivery are not the only two factors' consumers seek, but quality and safe product delivery are also important. To prevent these rising customer concerns and complaints, most express companies provide liability coverage and advertise their service quality to help strengthen consumer trust. These aspects support the Siripaiboonsub's (2017) study, who found four factors that influence individuals to choose a parcel delivery company.

With the adoption of industry 4.0 from the government, e-payment has been introduced to the country, which helps strengthen the efficiency of Thailand's payment infrastructure system. In addition, reducing cash transactions and increasing electronic payments further help improve the sales volume of online channels, leading to higher demand for parcel delivery services.

A service price will be one of the key success factors in the future of the parcel delivery industry in Thailand. When new competitors enter the market, the simplest and fastest way to gain market share is to provide a lower price. It can be confirmed that price can significantly affect a consumer's decision, as concluded by a previous study from Suwansantavee (2014) and Wongmontana (2011). Price war will be more intense since many private firms are entering the market, and more competitors mean more cake to share.

Covid-19 pandemic shifted consumer buying behavior forever due to the country's lockdowns situation and closure of retail shops. During the lockdowns period, Consumers had no choice but to shop online to fulfill their demand which caused a significant growth in sales through online platforms. Moreover, private parcel delivery services were exempted from curfews during the lockdown and had no travel restrictions like other businesses. Therefore, these lockdown periods benefited both e-commerce platforms and parcel delivery companies due to the spike in sales volume.

5.2 Kerry Express performance and outlook in the future

Kerry Express has developed and implemented Bangkok's same-day and next-day delivery services, which have since become industry norms. Moreover, Kerry Express is the first company that introduces Cash on Delivery (COD), contactless payment through Q.R. payment, and Rabbit Line Pay to customers, making them the industry's largest payment on the delivery operator by transaction value (Kerry Express, 2021). The company has successfully implemented a hybrid hub-and-spoke and asset-light operating model in the market. Because of its hub-and-spoke distribution strategy, Kerry Express can directly operate high-quality sorting centers across the country at a cheaper cost due to economies of scale. Kerry Express' asset-light and leveraging the

strategic alliances' strategies allow them to run their business lean, flexible, and efficient operations. These strategies enable the company to increase its operations in response to market demand while maintaining strong profit margins by concentrating on its core competency parcel delivery business and outsourcing non-core business to the third party.

5.3 Limitation of this study and recommendation

In conclusion, it can be said that due to time constraint, significant and meaningful findings were not obtained. However, the findings indicate how Kerry Express has established themselves in the industry by studying the macroenvironment factors, microenvironment factors, and firm specific strategies. Thereby, it is suggested that Kerry Express performance should be closely monitored and studied again in the future research due to the arrival of new entrants, fierce competition in the industry, and more demanding customers. The present framework could be further developed to identify further findings. Moreover, it would be beneficial to investigate whether the current strategy would work overtime when the condition of the market changes, thus a longitudinal study would supplement this research paper.

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VITA

NAME Polyos Kulvichien
DATE OF BIRTH 22 April 1994
PLACE OF BIRTH Bangkok, Thailand
INSTITUTIONS ATTENDED University of the West of England
HOME ADDRESS 35/4 Sukhumvit 42, Sukhumvit 42 Road, Klong Toey, Prakanong, Bangkok, 10110



จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY