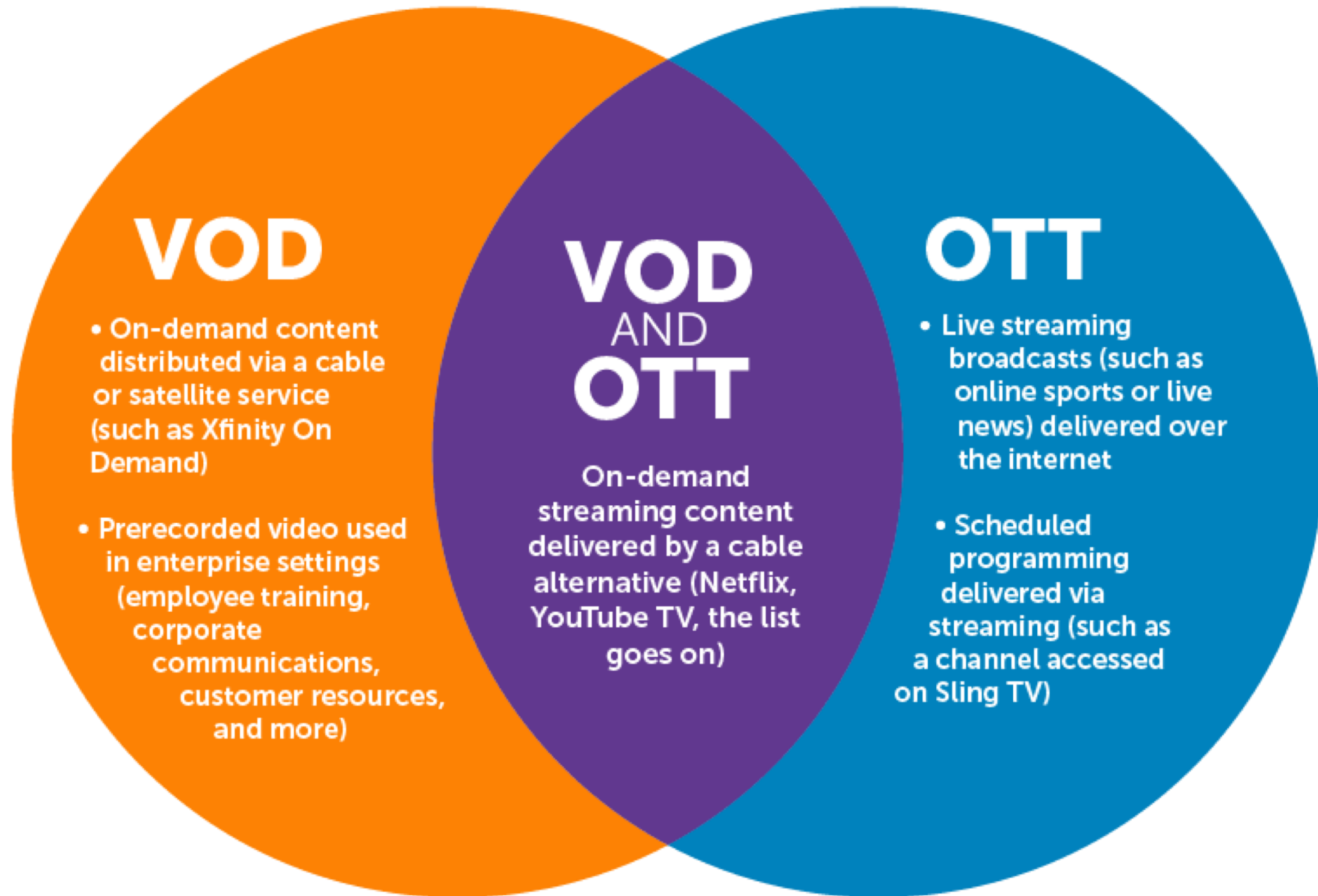


# VoD OTTs in Thailand: industry and regulatory implications

Pirongrong Ramasoota

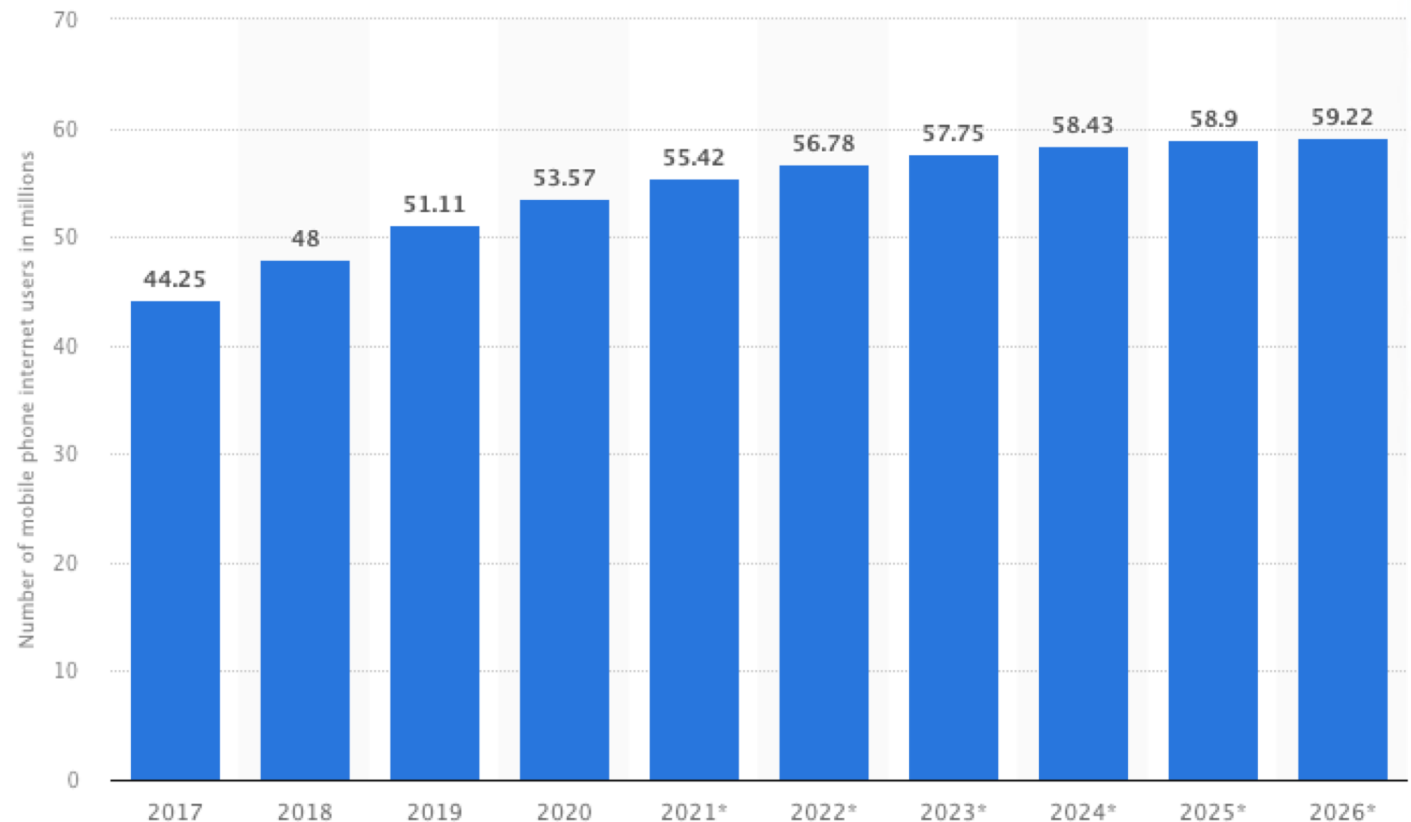
*ITS* webinar: *OTT* and live streaming: an *Asian* Perspective

9 December 2021



# Facts and figures on Thailand and OTTs

- Smartphone is Thais' favorite device, with the highest penetration rate in the region.
  - Thailand – 86%
  - India – 85%
  - Saudi Arabia – 79%
  - the Philippines – 78%
  - Taiwan – 76%
- Most Thai OTT viewers use a mobile device to access OTT VoD
- Thailand also has the highest rate of video consumption in Southeast Asia.
- Online VDO streaming services include two global brands – *Netflix* and *Disney+* Hotstar – and regional players – *iQiyi*, *Viu*, *Line TV*, *WE TV* as well as local OTTs that are Telcos and broadcasters.



JAN  
2021

# DAILY TIME SPENT WITH MEDIA

THE AVERAGE AMOUNT OF TIME\* EACH DAY THAT INTERNET USERS AGED 16 TO 64 SPEND WITH DIFFERENT KINDS OF MEDIA AND DEVICES

TIME SPENT USING THE  
INTERNET (ALL DEVICES)



6H 54M

TIME SPENT WATCHING TELEVISION  
(BROADCAST AND STREAMING)



3H 24M

TIME SPENT USING  
SOCIAL MEDIA



2H 25M

TIME SPENT READING PRESS MEDIA  
(ONLINE AND PHYSICAL PRINT)



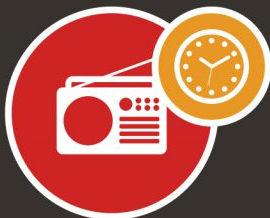
2H 02M

TIME SPENT LISTENING TO  
MUSIC STREAMING SERVICES



1H 31M

TIME SPENT LISTENING  
TO BROADCAST RADIO



1H 00M

TIME SPENT LISTENING  
TO PODCASTS



0H 54M

TIME SPENT PLAYING VIDEO  
GAMES ON A GAMES CONSOLE

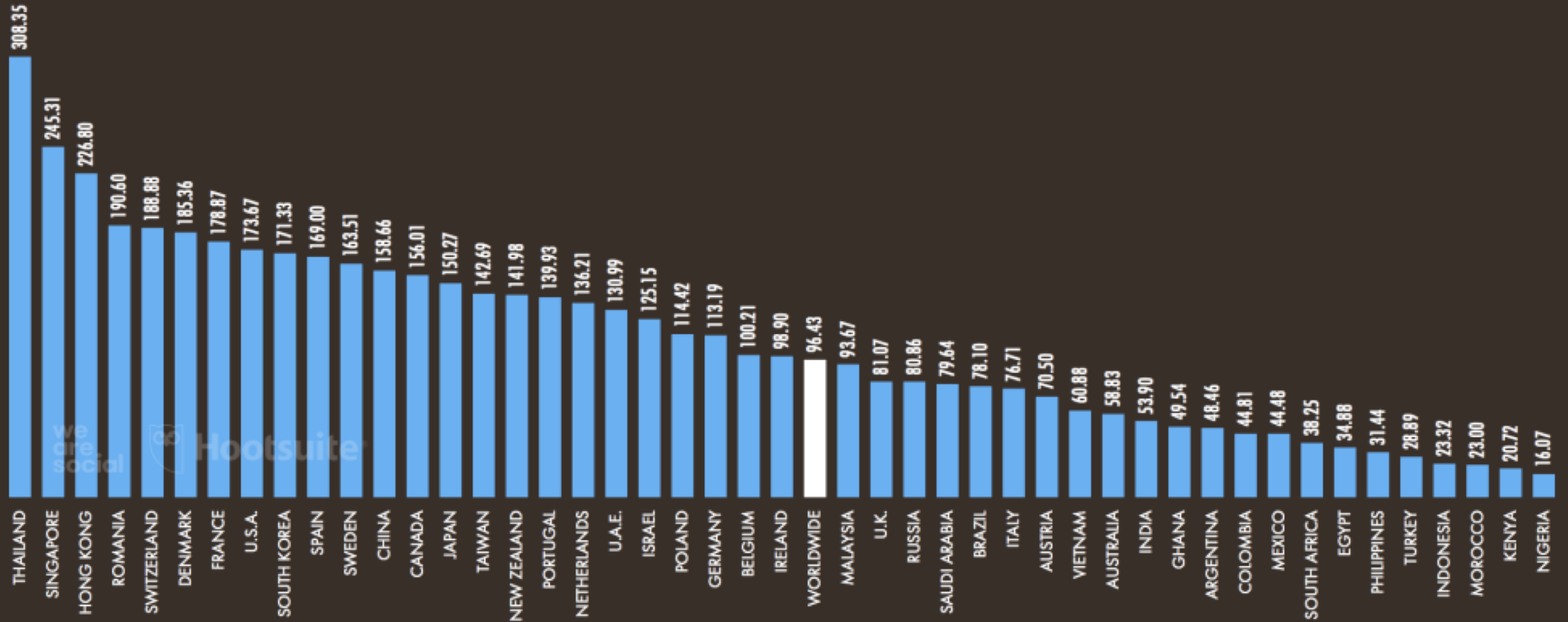


1H 12M

JAN  
2021

# AVERAGE FIXED INTERNET CONNECTION SPEEDS

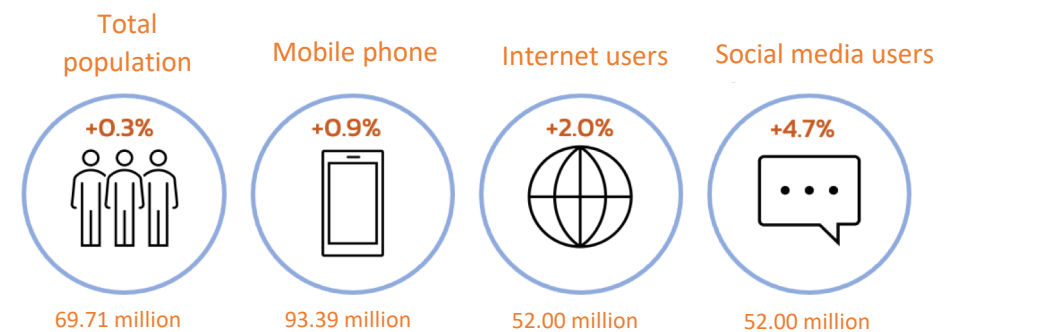
THE AVERAGE **DOWNLOAD** SPEED OF **FIXED** INTERNET CONNECTIONS, IN MEGABITS PER SECOND (MBPS)



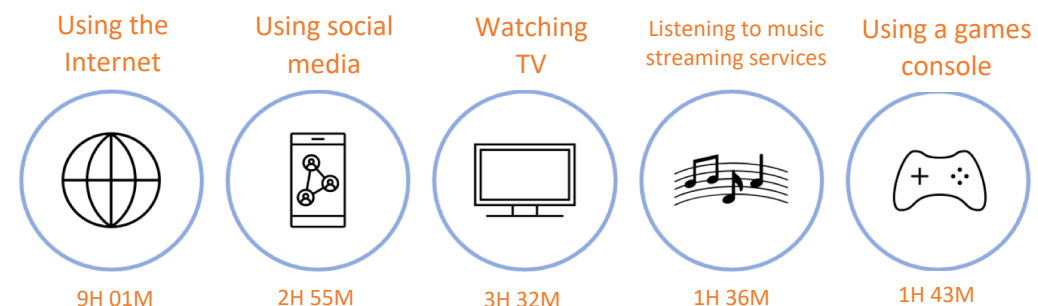


# Digital and online media

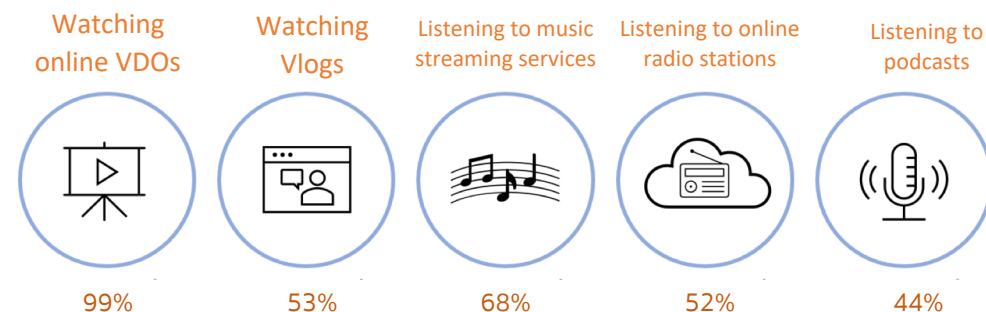
● Digital industry in Thailand  
(as of January 2020)  
[comparing to January 2019]



● Daily time spent with media



● Online content consumption



Note: TV refers to both traditional television and streaming

Exposure to entertainment media has continued in the same pattern while media consumption has evidently migrated online affecting the traditional television viewing.

Source: Datareportal (2020)



# Revenue models of VoD OTT in Thailand

## SVoD

Subscription Video-On-Demand  
membership fee  
monthly/annually/unlimited

i.e. Netflix, MONOMAX, Primetime

\*subscription fees

## AVoD

(Advertising-Based Video-On-Demand)  
advertising  
No fee for end user

i.e. YouTube, LINE TV

\*free with ad

## TVoD

Transactional Video-On-Demand  
fee charged per transaction

1. Pay-per-view: **PPV** หรือ Download to Rent: **DTR**

2. Download to Own: **DTO**/Electronic Sell Through:  
**EST**

i.e. iTunes, Google Play, TrueiD (rent)

## Freemium

Generate income from premium services

No fee for basic services

Relying on ads like AVoD

But charging on-top membership fee like SVoD or per transaction like TVoD

Ad visible with basic service and none with premium service

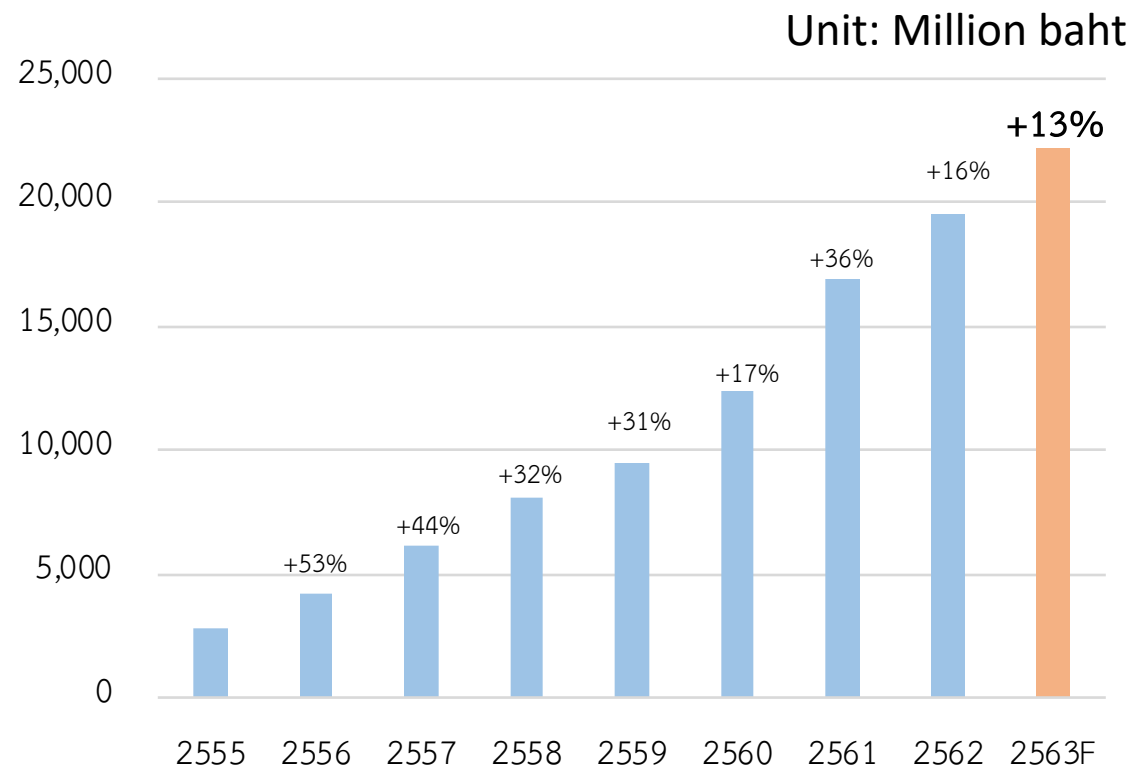
i.e. YouTube Premium, Vimeo, Spotify,

\*free (basic), charged for additional features

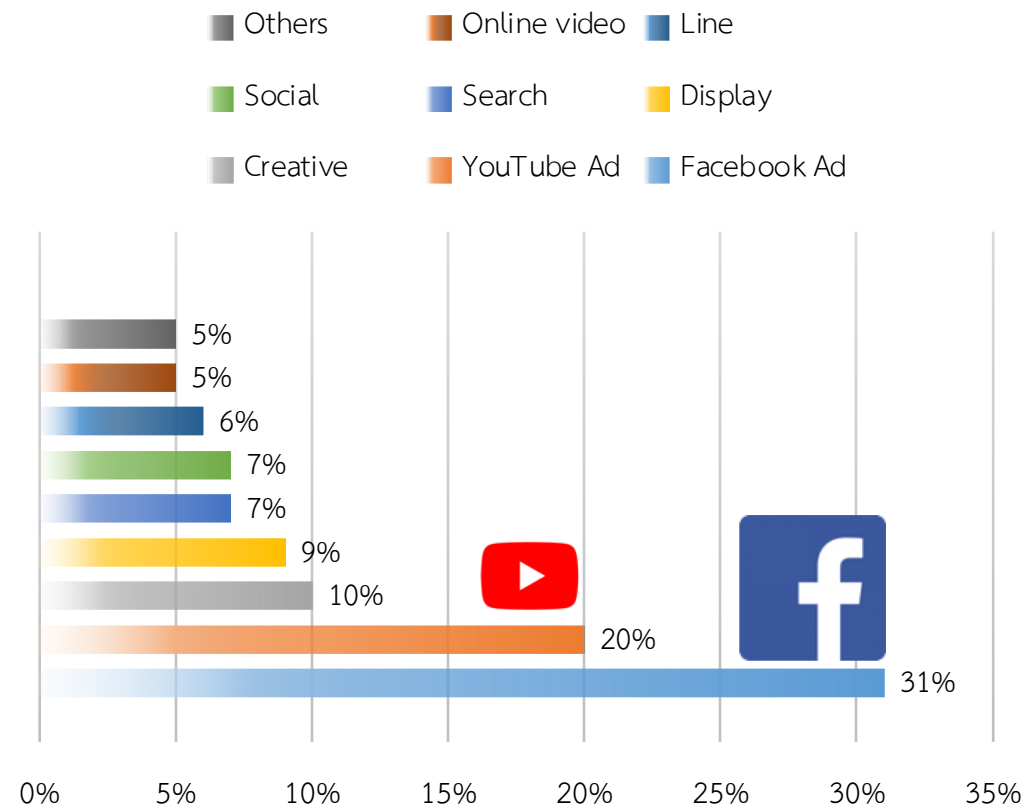
\*paying for individual titles



# AVOD



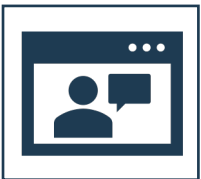
Source: Digital Advertising Agency (Thailand), , KANTAR (2020)



Source: Digital Advertising Agency (Thailand), , KANTAR (2020)

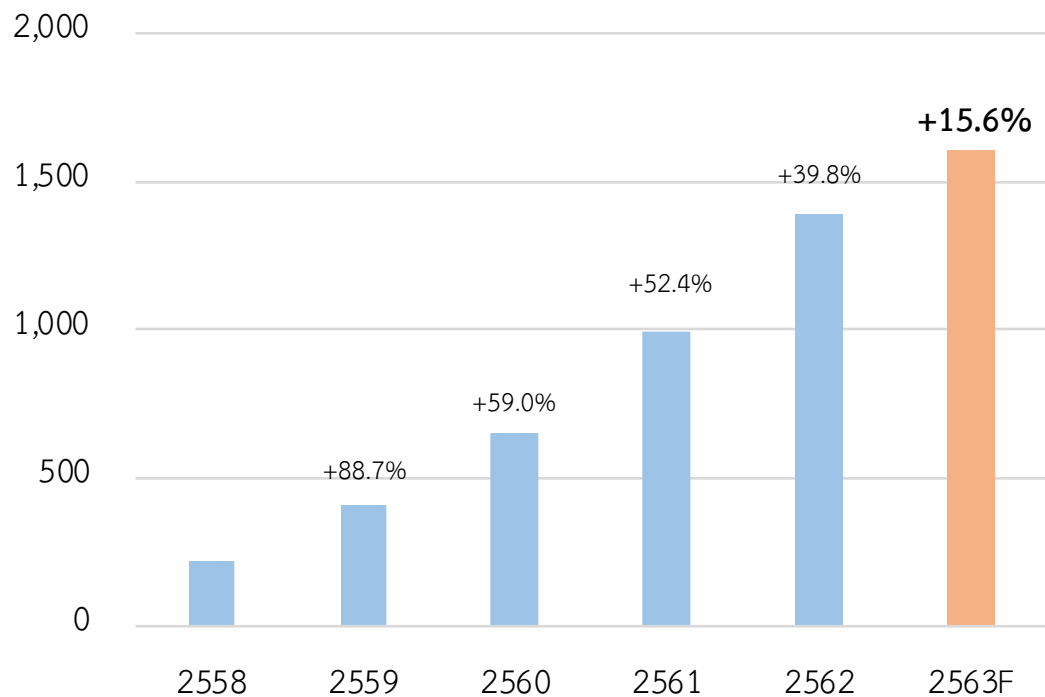
Growth of advertising expenditure on digital platforms (overall)

Advertising expenditures on leading digital platforms in 2019



# SVOD

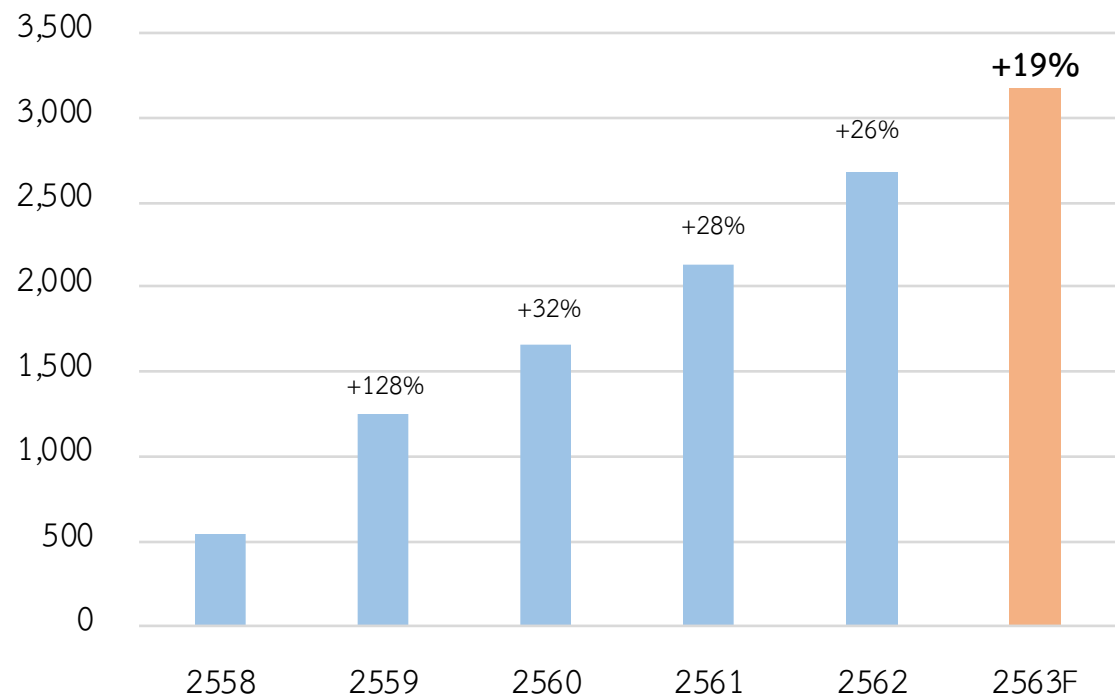
Unit: 1,000 persons



Source: Ovum Research (2020)

Number of SVoD users in Thailand

Unit: million baht



Source: Ovum Research (2020)

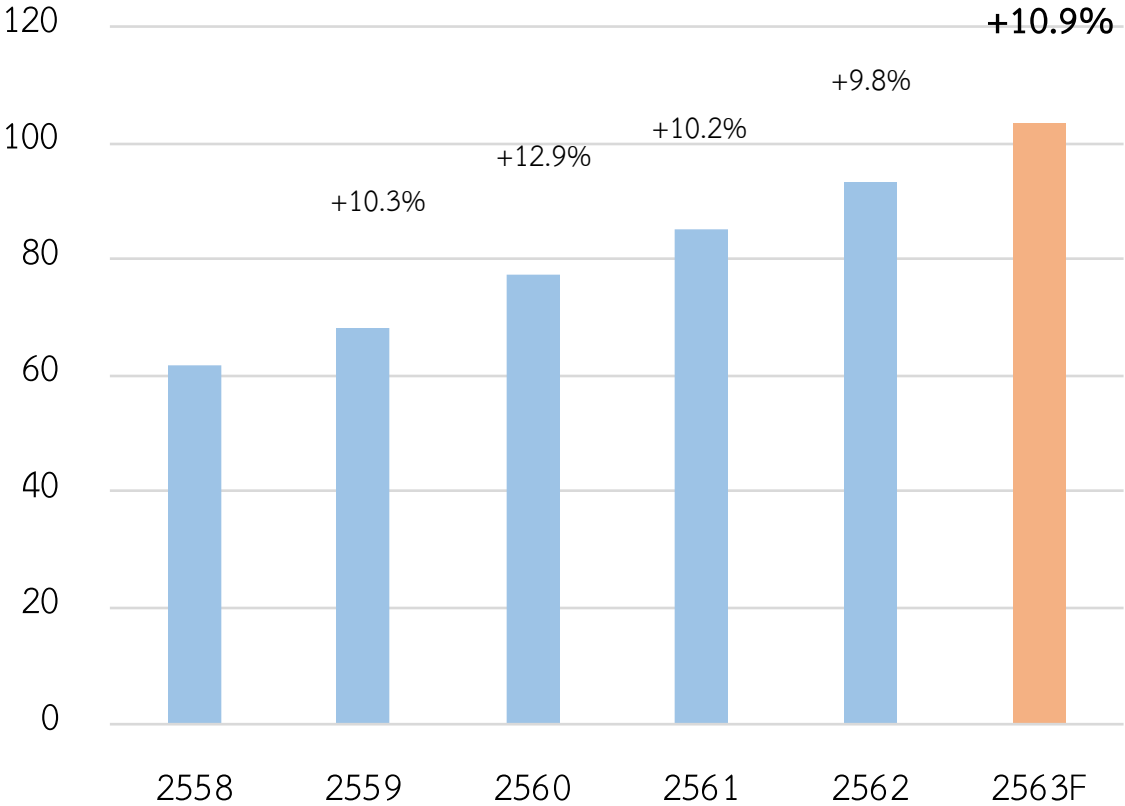
Revenue of SVoD providers in Thailand



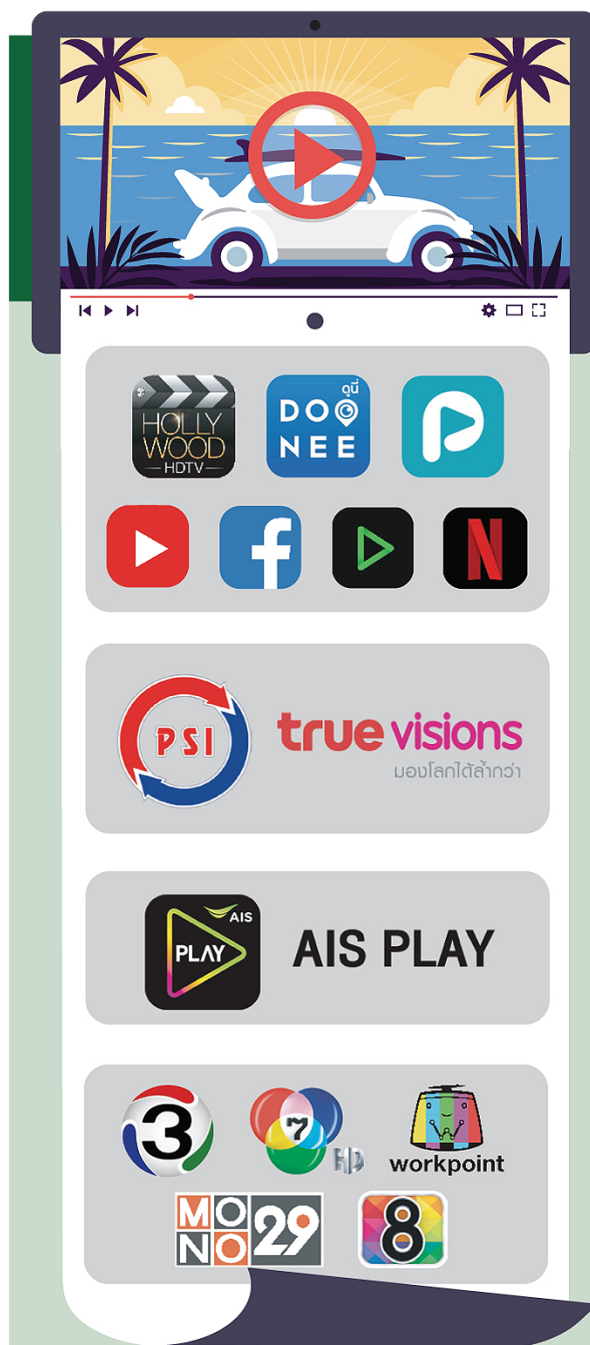
TVOD

Revenue of TVoD providers in Thailand

Unit: Million baht



Source: Ovum  
Research (2020)



# NBTC'S 4 TYPES OF OTT BROADCASTING PLAYERS

1

## Independent OTT operators

- Domestic players, such as Hollywood HDTV, Doonee and Primetime
- Foreign operators, such as YouTube, Facebook, Line TV and Netflix

2

## Pay TV operators that broadcast via OTT platforms, such as PSI and TrueVisions Anywhere

3

## Telecom operators that provide OTT broadcasting platform, such as AIS Play

4

## Digital TV channels that broadcast their programmes via OTT platforms, such as Channel 3, Mono, Channel 7, Workpoint and Channel 8



## General consequences of OTT VoD

---

- **closed media system** with linear and not so massive amount of content under clear regulation framework
- **open, uncontrolled media ecosystem** with non-linear and massive content (“ATAWAD”—any time, anywhere, any device) under unclear regulatory framework

## Consequences for related sectors

---

- Internet streaming gave rise to *borderless market and global services* to different national markets across the world
- *Declining revenue and growth* for traditional broadcasters
- *Net traffic impact* to ISPs and Telcos which take on extra burden to maintain customers’ quality of experience
- End users having *greater choices* in terms of content, platform, and price

# WeTV forecasts strong business growth

PUBLISHED : 22 SEP 2021 AT 06:47

NEWSPAPER SECTION: [BUSINESS](#)WRITER: [SUCHIT LEESA-NGUANSUK](#)

5



1



Ms Kanokporn delivers a keynote presentation at the live press conference for 'WeTV Always More 2022'.

WeTV, a video streaming platform run by Chinese internet giant Tencent, expects its business growth in Thailand to treble by 2023, driven by a broad variety of content and exclusive offerings.

THAILAND > [PR NEWS](#)

# Netflix heads into Bangkok's dark corners

PUBLISHED : 1 SEP 2021 AT 10:56

2



1



Latest Thai series "Bangkok Breaking" premieres globally 23 September

[BUSINESS](#)

# Line TV closes citing intense competition, rising costs

PUBLISHED : 30 NOV 2021 AT 06:14

NEWSPAPER SECTION: [BUSINESS](#)WRITER: [SUCHIT LEESA-NGUANSUK](#)

10

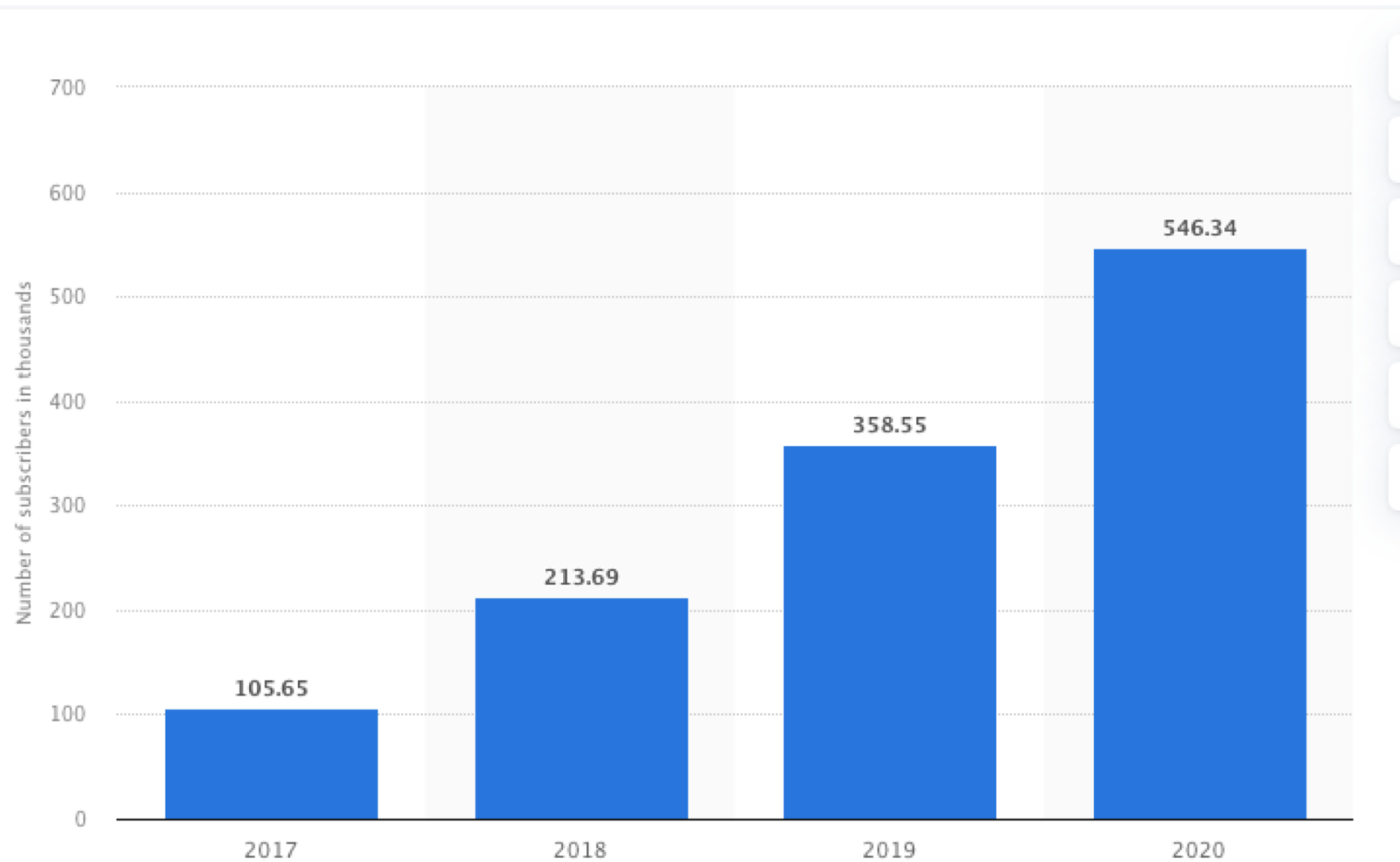


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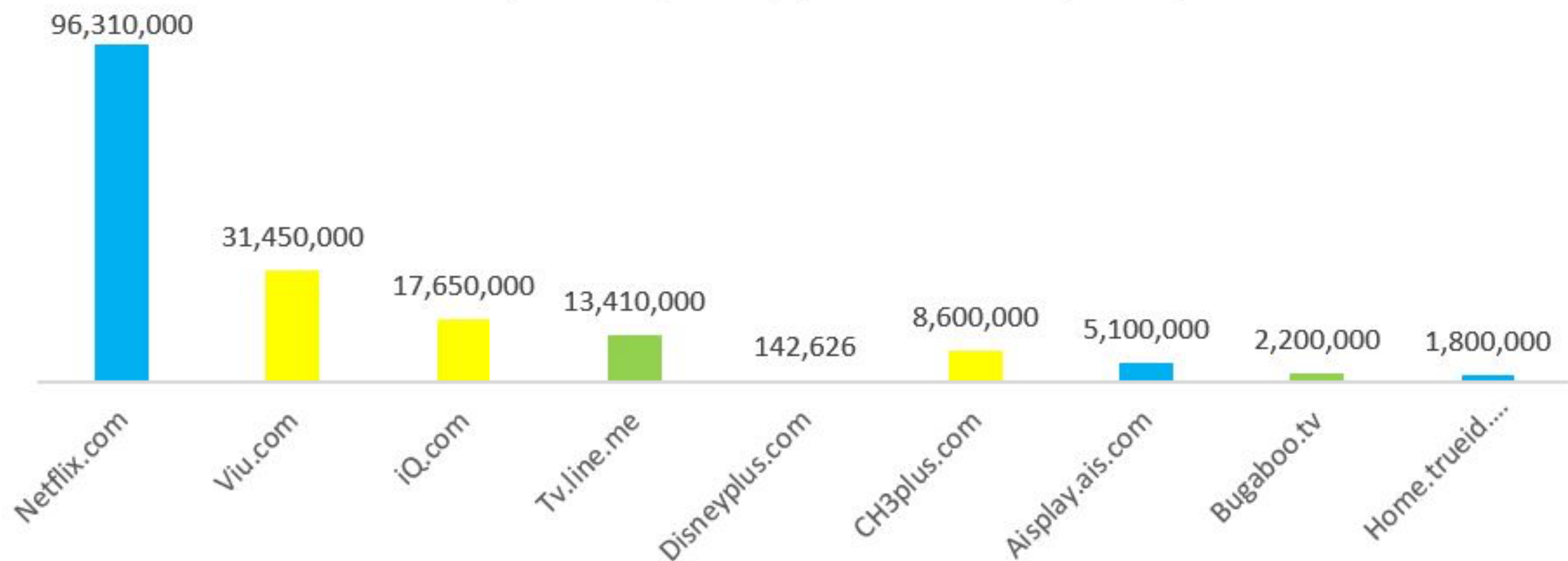


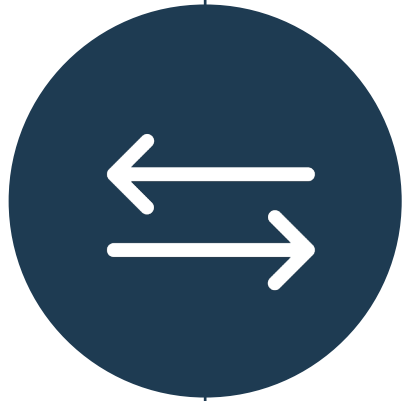
Line announced in October last year to make content that can rival global over-the-top players. (Line Corporation photo)

# Estimated number of active streaming subscribers to Netflix in Thailand from 2017 to 2020 (in thousands)



## Netflix: No. 1 website visited (Jan–May 2021) (SimilarWeb, July 2021)





# What foreign OTTs are doing to make Thai market inroads



Product differentiation to create preferences and loyalty



Netflix has original content and documentaries that are exclusively provided only on their platform



LINE TV was major platform for catch-up with local or rerun TV shows and famous for its original Y-series

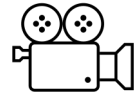


Viu TV as Korean series outlet with new listings

# What foreign OTTs are doing to make market inroads



*Collaborations* with local industry players



Collaboration with content producers



WeTV has made deals with major movie production house GDH to create adaption in Chinese from a successful Thai film “Bad genius”



LINE TV has created alliance with more than 250 local production houses to create Original content



Collaboration with device providers



Doonee built business alliance with Smart TV and Set Top Box manufacturers that will install Doonee application as a basic feature in the device



Collaboration with Telcos



Netflix collaborate with True, a leading telco, to have TrueID TV set top box has Netflix application built-in.



Viu cooperate with AIS to have AIS subscribers view Viu content free for 12 months



Disney+ launched a deal with AIS to offer its streaming package for only USD1 per month.

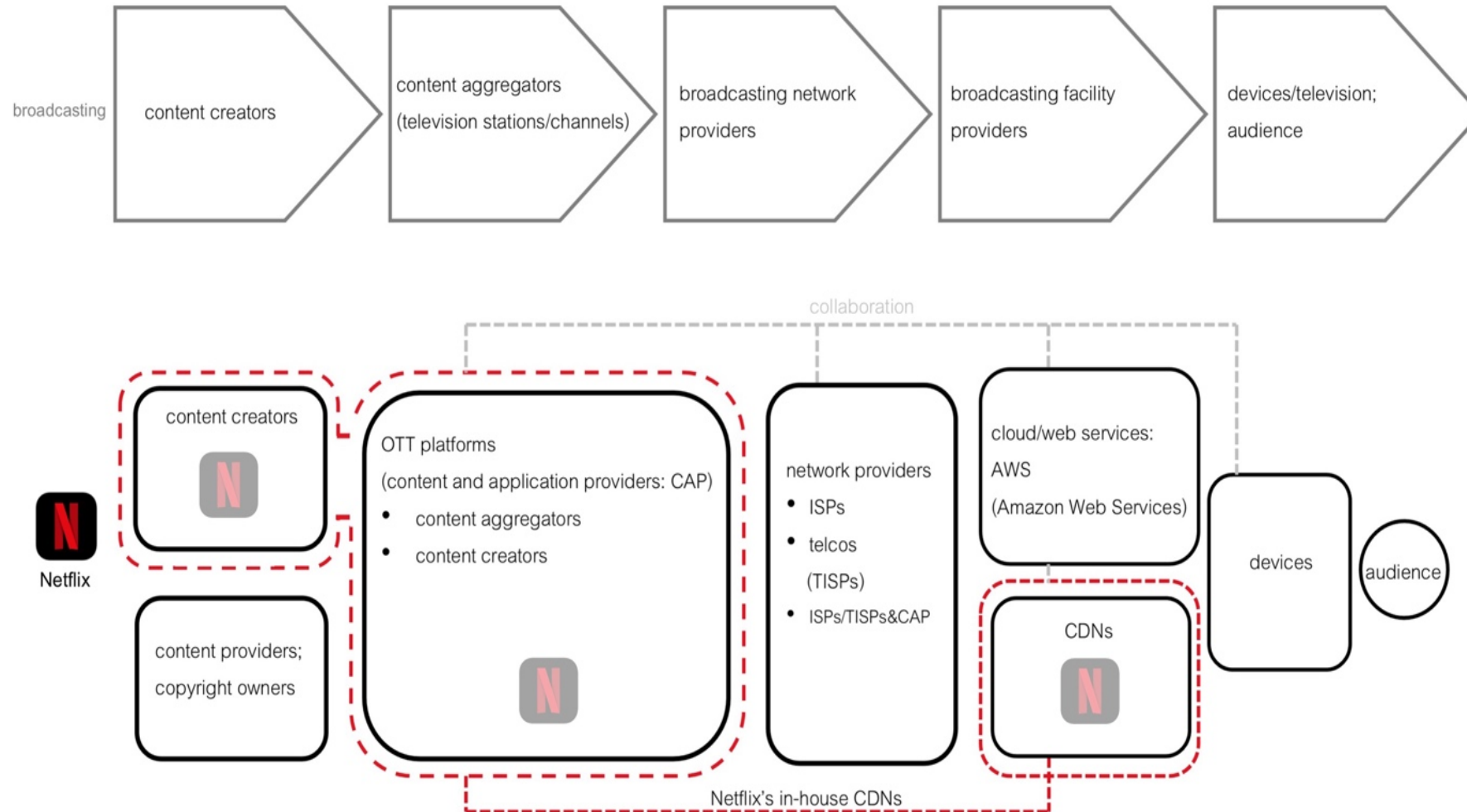


## Legal advantages of OTT vs. traditional broadcasters in Thailand



	Traditional broadcasters	OTT providers
License	Requisite for operation	N.A.
Privacy/data protection	Strict data protection framework	Voluntary basis with little requirement
Quality of services	Regulated under license obligation	No provision or enforcement
Consumer protection	Subject to consumer protection law and related regulations	N.A. or little enforcement
Taxes and fee	sector specific fees apply including frequency assignment fee, license fee and corporate	Since jurisdiction of registered business is overseas, national taxes and license fees do not apply

# Comparative value chains in broadcasting and Netflix-dominated OTT VoD





## Consequences of *OTT* on *traditional broadcasters*



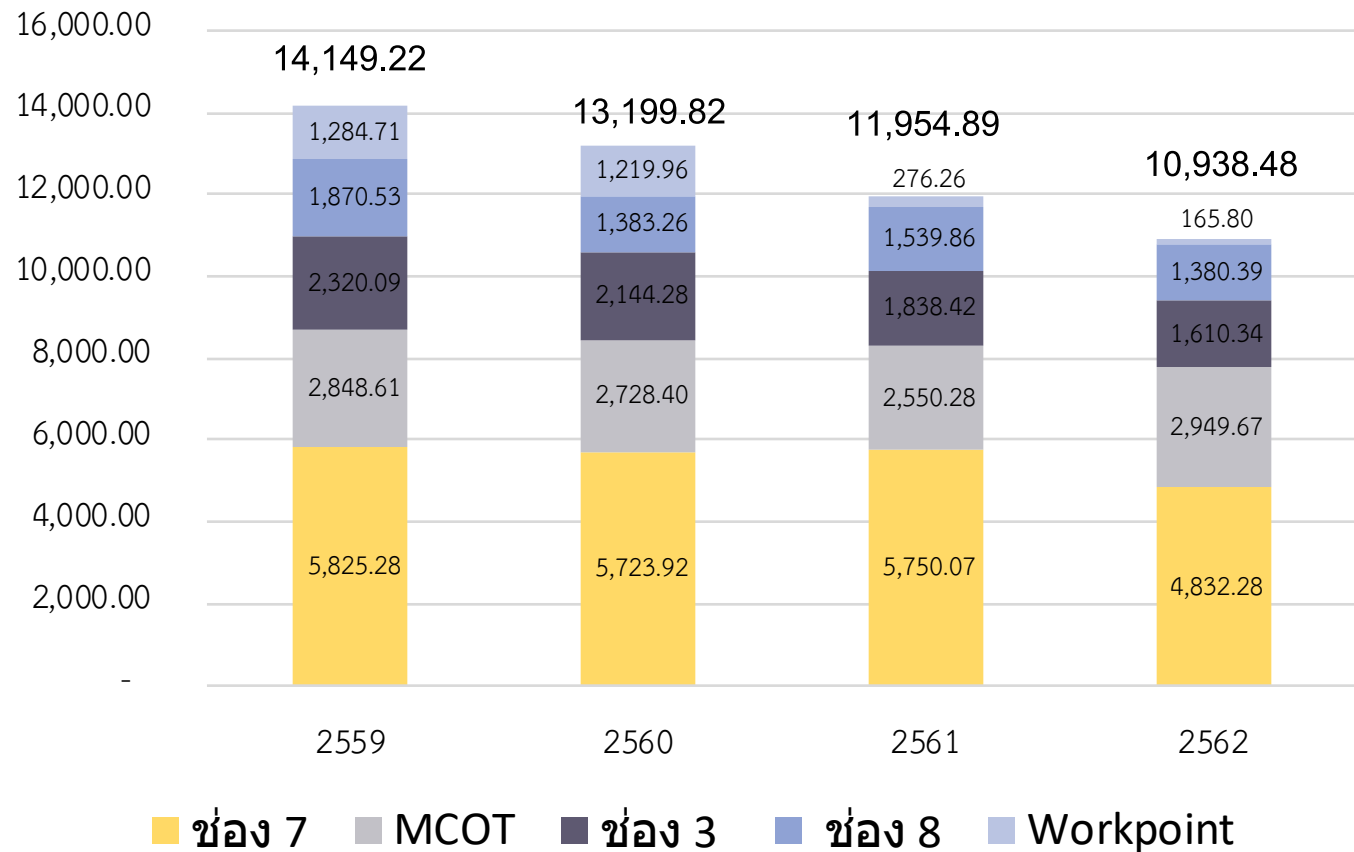
Declining revenue of broadcasters

TV



Overall revenue of traditional broadcasters

Unit: million baht



Source: Department of Business Development (2020)



- Organizational restructuring to reduce costs, reorient business direction and reposition the organization in the market



- More efficient use of content products via multi-platform outlets

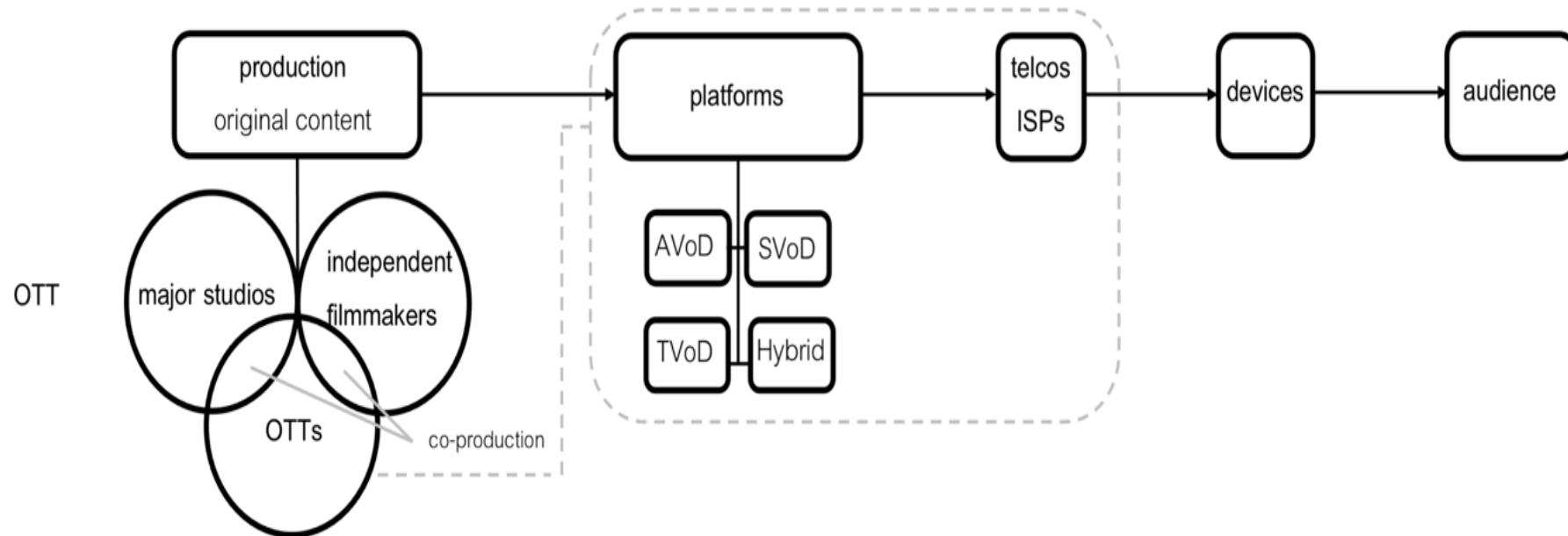
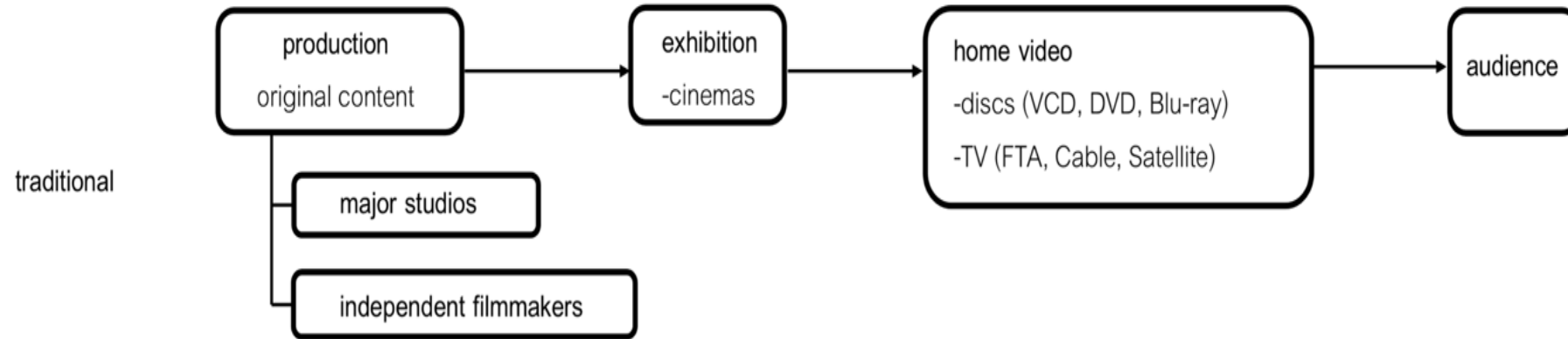




- Globalized collaboration and market expansion

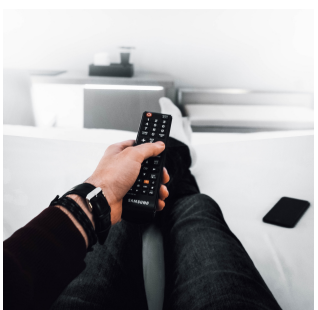


# Comparative value chain of Thai *film* industry, *before* and *after* OTT's presence



## Transnational VoD OTT platforms and cultural globalization

- Based on content analysis of full catalogues in all operating VoD OTTs in Thailand, it is found that the source of content ranked in the top most correlate with the country of origin of each platform by **75%**
- the analysis of **Netflix** Thailand's library aptly shows a hybridization of global and local elements. While Hollywood may lead the tally, the content pool is far from being US-centered despite Netflix being an American brand. A look into popularized catalogues – *Trending now* and *Top10 in Thailand Today* – reveals **micro-marketing** endeavor and **content curation** that try to accommodate diversity of audience in a different locality, as evidenced in the presence of **South Korean** and **Thai** content in the top tiers.



# Regulatory endeavors on VoD OTTs

- **NBTC**, the country's broadcasting and telecommunications regulator, has made a number of efforts to bring foreign VoD OTT service providers under its oversight, but futilely
  - a three-month deadline was set in 2017 for major OTT players like Facebook, YouTube, and Netflix to register for licenses or face legal barriers that will stymie their revenue streams;
  - In 2018, 44 most popular local YouTube channels were singled out and demanded that they register with the NBTC due to their "influence to Thai economy and society;"
  - Between 2017 and 2020, three research projects were commissioned by the NBTC to three independent consultants to benchmark OTT regulation in different countries and to furnish recommendation for appropriate policy and regulatory framework for Thailand.



Office of The **NBTC**

Office of The National Broadcasting and Telecommunications Commission

# Regulatory endeavors on VoD OTTs

- NBTC is considering adopting a **reward-based light-touch regulatory approach** for VoD OTTs while promoting local content industry with capacity-building and promotional measures such as
  - Building a **home-grown content platform** that could effectively market “Thai content” to international audience by learning from experiences of predecessors such as the UK’s Britbox, Singapore’s HOOQ, and South Korea’s Wavve.
  - Promoting local content by allocating funds or sponsorship, imposing **local content quota** on foreign OTTs as well as rendering financial support for local content creators with the potential to compete in international competition overseas;
  - Promoting business alliances by organizing meetings and talent matching between local content producers and overseas counterparts, joint venture between state and private endeavors, training workshops for content-related or creative workforce to foster **international best practice standard**.

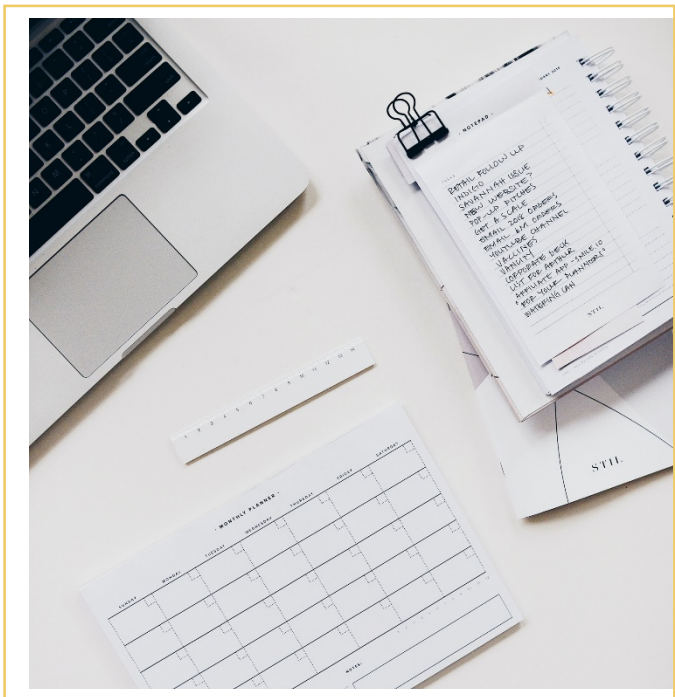


Office of The **NBTC**

Office of The National Broadcasting and Telecommunications Commission



## Policy and regulation of VoD OTT in Thailand



**Digital economy** law and related Fund that could help promote

- Infrastructural support
- Digital workforce capacity-building
- Content creation that fits international platforms

*There is currently no sector-specific or special legal provision designed for regulation of VoD OTTs in Thailand.*



“**THAIFLIX**” -- National digital platform, a collaboration of local operators to disseminate Thai audio-visual products to local and international customers particularly regional market like CLMV and China

## ***E-service*** law recently launched to collect VAT tax on global OTTs

# E-service tax law comes into force

*The Revenue Code Amendment Act, published in the 'Royal Gazette' on Feb 10, is scheduled & to come into operation on Wednesday*

PUBLISHED : 1 SEP 2021 AT 05:45

NEWSPAPER SECTION: [BUSINESS](#)

WRITER: [SUCHIT LEESA-NGUANSUK AND WICHIT CHANTANUSORNIRI](#)

2



7



This law stipulates that foreign electronic service providers and electronic platforms which receive income of more than 1.8 million baht per year from providing electronic services to non-VAT registered customers in the country are obliged to register for VAT, file VAT returns and pay VAT by calculating output tax.

According to the Finance Ministry, e-services subject to this legislation include e-commerce platforms, online advertising, online accommodation booking, online music and film streaming, online games as well as applications.

Accordingly, scores of major international digital platforms now fall under this new obligation, including Apple, Google, Facebook, Netflix, Line, YouTube and TikTok.