E-business in Thailand: A Case Study of Two Thai Search Engine Companies

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Abstract

Search Engine is one of the reasons for e-commerce success in today's world. They are playing an important role in supplying both international and local communities with various dimensions of business information for the customers and other interested parties. In Thailand, two of the most popular and successful Thai search engines are Sanook.com and Hunsa.com at http://www.sanook.com and http://www.hunsa.com respectively. This study aims to analyse their business strategies and models including related aspects through a qualitative approach. The study was based on interviews with the CEO or CIO of the companies and individuals who have particular interests in search engines and assessment of the websites. The research outcomes cover the search engine companies' background, business strategies and models; industry, competitors and environmental analysis; key business drivers and threats. The study also covers innovation factors and adoption including website assessment through evaluation of the search engines and their future development.

1. Introduction

Search Engines have become an integral component of today's e-commerce world [1]. It has been recognised that it is important for search engines to serve the local communities and to supply local information. In Thailand, two of the most popular and successful Thai search engines are Sanook.com and Hunsa.com. This study aims to analyse their business strategies and models, and related perspectives through an analysis of their websites and interviews with their key personnel. A qualitative approach through interviews and an assessment of the websites using the Centre for Electronic Commerce (CEC) website evaluation framework proposed by Elliot [2] are used by this study.

This paper reports the companies' background, business strategies and models; industry, competitors and environmental analysis; key business drivers and threats; innovation factors and processes, including their website development and operational issues through an evaluation of the search engines and the future development of the companies. It is expected that the study will identify key factors that promote or inhibit the successful implementation of search engines.

The outline of this paper is derived from the analysis of the patterns of e-commerce experience in many countries as reported by Elliot [2]. Two Thai search engines, sanook.com and hunsa.com, are selected as case studies because of their prominent leading positions among the Thai search engine companies.

2. Sanook Online Limited (sanook.com)

2.1. The History

In 1998, Mweb Company Limited (Thailand) was established as part of the MIH Group. The MIH Group has been involved with communication businesses covering more than fifty countries world wide. The MIH Group headquarter is located in The Netherlands. Mweb changed to the new name, 'Sanook Online Limited' on the 4th January 2007. Based on the number of users, and its popularity among advertising agencies and commodity vendors, NECTEC [3] reported in 2007 that Sanook holds the leading position of Thai's most popular online media. The data has indicated that the number of unique IP addresses connected to Sanook is more than 220,000 users a day. Moreover, one of the popular web information service sites, Alexa.com [4], points out that Sanook is ranked first among Thai portal websites since 2005 and its traffic is ranked 321 among 500 most popular sites in the world. Sanook also aims to provide its users with access to a large entertainment and information repository [5]. This will be achieved through its own content development and a variety of media.

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2.2. Business Strategy, Model and the Business Environment

Torboon Phuangmaha, CEO of Sanook [6] points out that the Sanook's original business model is *content aggregator* which aims to present Thai contents from business partners and contents which were developed inhouse. The latest business model that the company has embarked is *online marketing* and it intends to establish Sanook.com to become the biggest online market in Thailand. Since 2005, Sanook has continuously invested substantial amount of its budget in order to increase its online advertising market share. In addition, Sanook has developed and doubled the size of its sale team. At present, seventy percents of the company's revenues come from online advertising and it is expected that of the revenue will be doubled in the near future [6].

In 2007, the number of Internet users accessing Thai sites increased to almost 70 million [3]. While there are new opportunities with the increasing number of users, there are potential issues related to deterioration in the system performance. In addition, the increased popularity of the sites also attract competitors. It is therefore necessary that Sanook needs to generate new business ideas to enable it to stays ahead of the competitors. In 2005, Torboon Phuangmaha, the new CEO of Sanook, announced new policies to promote the flagship service of Sanook - the Thai Web Directory. The sole objective is to maintain its top rank position among all the Thai websites and to continually increase its revenue. He considers Sanook's competitors belong to two categories: a) internal competitors which are the local competitive companies, and b) external competitors which Sanook may join them as business alliances [7]. Based on its past performance and strategies, it could be estimated that the forecast sale of Sanook in fiscal year of 2007 to 2008 is likely to achieve the goal of the management.

2.3. Key Business Drivers, Threats, Innovation Factors and Adoption

The key business drivers of Sanook are the three objectives: to increase the number of customers, to increase the number of users connect to Sanook.com, and to provide distinctive and quality products and services in order to build trust and satisfaction among its customers and users.

Sanook aims to gain the competition based on top-quality customer services rather than price alone. For example, Sanook provides reports on statistical and measurement data to its customers on its

advertisements and also offers a variety forms of payment [7]. These customer-oriented services have gained much trust and satisfaction from its clients.

To date, Sanook fully adopts and implements its innovation in Internet-based activities. It takes a proactive strategy to develop new technologies and test new markets. In addition, it also continuously reviews, revises, and re-develops the website in response to market forces and demands.

2.4. Website Assessment

Assessment of a website can be based on the proposal by Elliot [2] at the Centre for Electronic Commerce (CEC). The framework composes of six criteria: company information and functions, product/service information and promotion, buy/sell transactions, customer services, ease of use, and, innovation in services and technology. An evaluation of Sanook.com website based on the above criteria is given as follows. The website: a) shows its ownership information, company vision and mission statements, and its financial performance to the public through company news and press release; b) categorises products/services in specific groups, and shows detailed products/services specifications including pricing; c) has capacities to support online purchases and has policy based security measurements dealing with transaction data; d) operates sale assistance functions, customer policies, customised services, and broad approach to customer services; e) has a clear layout and design which is easy to read and it also includes site map and search engine for navigating and searching; and, f) has enhanced customer services by providing information such as status of order, feedback from customers, customer communities, and, novel and effective use of multimedia.

2.5. Roles of Sanook in Supporting Small and Medium Enterprises (SMEs) and Its Future

Sanook supports the SMEs by promoting their items and brands through web marketing activities in order to establish easily recognisable impressions of the items or brands. This aims to build big impacts for those SMEs among the browsers. To achieve this goal, Sanook provides online advertising services for SMEs such as Thai Webindex, Contextual Ads and Google AdWords [7].

Sanook is continuing with the development of its services, seeking new customers, and, retaining current customers. Its teams are trained to guide potential customers on how to use appropriate online media for products and services. The teams also monitor their

services and the feedback from customers closely. Sanook.com aims to be a Centre of Marketplace where people can come to buy, sell and exchange their products/services via the online media. Sanook is undergoing the process of improving customer centre and customer community continually. It is currently developing a new 'search engine optimisation' technique. It is a tactical approach to optimise a website's code and linking architecture in order to form an essential element of a major search engine marketing plan [8], [7].

3. Hunsadotcom Company Limited (hunsa.com)

3.1. The History

Hunsa.com opened to the public since 1998 and it was registered as Hunsadotcom Co. Ltd. NECTEC [3] reports that Hunsa ranks 12th position among the popular Thai online media. It is also ranked 6th among the Thai search engine sites based on the number of connection to their website. The number of unique IP connection (UIP) was recorded at over 48,290 users a day. Alexa.com [9] also reported the ranking of hunsa.com's traffic as 4,001[th] and the number of other sites linked to this hunsa.com is reported to be 587.

In order to develop its own search engine quickly, Hunsa engaged in a joint venture with the Teleinfo Media Co. Ltd., Thailand. Teleinfo Media is the official publisher and distributor of all the telephone directories (both White Pages and Yellow Pages) in Thailand. Hunsa is in possession of know-how and the state-of-the-art web technologies. Its aim is to develop integrated media solutions for the users and advertisers in pursuit of business excellence and quality customer services [10].

3.2. Business Strategy, Model and the Environment

Hunsa runs its business model as a portal web and a content aggregator which aims to present Thai contents from business partners and contents which were developed by Hunsa. Furthermore, Hunsa develops applications and services such as Hunsa club, online Thailand Yellow Pages and Hunsa plaza. The latter being an online shopping mall in support of its business models. The main target groups of Hunsa are the teenagers. Thus, a key business strategy concentrates on how to attract this sector of users. Contents and supplementary information about the music items are created, and, a variety of functions for

efficient search on the contents are also incorporated in order to meet customer demands.

Hunsa holds Hunsa plaza as a key strategy. In this area, customers can learn how to post their products in the online plaza, and, how to use the search within the plaza. Hunsa shares with Teleinfo Media Co Ltd. hosting the Thailand Yellow Pages online. This is a very popular function and it has become the main search portal for information within the Hunsa website.

Hunsa still holds some advantages over the competitors. The Thailand Yellow Page Online and the contents that concentrate on entertainment are the key strategic and important products which enable Hunsa to stay ahead of its potential competitors. Hunsa is continuously improving its business performance. It is also looking for new optimisation techniques in order to increase the number of users or connections. It is expected that Hunsa will continual to perform well while facing the new challenges and opportunities in the market. Hunsa and Teleinfo Media consider their search engine to be the one of the leaders among the search engine industry in Thailand. This is demonstrated by the interest expressed by some big competitors in their businesses [10].

3.3. Key Business Drivers, Threats, Innovation Factors and Adoption

The key business drivers of Hunsa are similar to Sanook. The drivers are customers, Internet users, product differentiation, quality of products and services, and, confidence from customers. A top executive in Hunsa points out that the rapid growth of Internet users in Thailand and online media will continuous to replace the printed media market. The main challenge faced by Hunsa is how to maintain and strengthen its leading position from the competitors.

With respect to Internet-based activities, Hunsa now reaches the implementation phase in the cycle of innovation. It repetitively revises and re-develops the website in response to the trends and development of search engine technologies. The adoption of innovation in Hunsa runs on a simple way of "on-demand" basis that depends on how the innovation is needed in the organisation. In terms of the development, some of innovations have been developed by the Hunsa R&D division and they have invested much time and resources in the development process. On the other hand, some innovations have been bought or developed by outsourcing due to time and financial implications. As an example of its innovative development, Hunsa just finished developing 'Bookview' on the Internet that allows the users to search and use it like a real

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book. This being the first Thai website introduces such technology.

3.4. Website Assessment

The same assessment criteria based on Elliot [2] was applied to the evaluation of Hunsa. It was found that Hunsa a) does not show its company information, company vision and mission statement in the website; b) catalogs products/services in sub-groups, and shows more detailed product/service specifications including upfront pricing; c) keens to support online purchasing and has high security and trust on transaction data; d) operates sale help functions, customer policies, customised services, and broad approach to customer services, e) layout and design on Hunsa website are straightforward to read, reliable information, and not distracting, and f) has enhanced customer services by providing updated information including feedback from customers and development of communities with general users and membership.

3.5. Roles of Hunsa in Supporting Small and Medium Enterprises (SMEs) and Its Future

The target groups of Hunsa customers are B2B businesses. These businesses have the resources to invest and to market their brands in order to expand their popularity in the communities. Hunsa does not focus on SMEs because on average, the business cycles of SMEs are quite short. At present, most of the SMEs do not realise the need for brand building and they do not know how to push their products or services to the public. Nevertheless, Hunsa provides facilities to put the names and address of these SMEs into a part of the Yellow Pages section called 'Free List'. The service is free for the first year and if the SMEs do not buy the advertising space in the following year, Hunsa and Teleinfo Media will withdraw their information from the list [10].

Hunsa and Teleinfo Media intend to develop their business model in different approaches as compared to other businesses that focus on the advertising model. The approach concentrates on how to meet customer demands when they visit the website for information. In addition, Hunsa allows other websites to include the Yellow Pages search engine as a part of their website feature. Currently, Hunsa and its business partners from both government and private sectors are developing an e-commerce system for OTOP (one village one product) products.

4. Conclusion and Discussion

The search engine businesses in Thailand still confront with uncertain situations in terms of economic crisis and unstable political situations. Sanook and Hunsa are now playing important roles in supporting the Thai SMEs' e-business strategies and business models. This will enable the SMEs to operate and to function effectively in the local competitive arena. It can be concluded that Sanook and Hunsa are following the three tactics based on Slack, Chambers, and Johnston [11] in order to gain trading advantage for themselves and their clients. The tactics are: a) how the business strategies are being implemented into operational functions, b) how to support the business strategies, and c) how to drive the business strategies. While both companies are currently holding the leading positions in the Thai search engine industry, it will be interesting to monitor and analyse their performance and responses in the dynamic Thai e-business environment.

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