



THAI YOUTH REPORT

COVID-19: A PROFOUND TRANSFORMATION

By Sea Insights
October 2020



About Us

About the Company

Sea Insights is Sea's research and public policy unit. Its mission is to develop a deeper understanding of the rapidly evolving digital economy in Southeast Asia and Taiwan. Its research aims to inform leaders, from both the private and public sectors, on critical policy and strategy matters facing the digital ecosystem in the region.

Sea is a leading global consumer internet company. Sea's businesses include Garena, a leading global online games developer and publisher, Shopee, the largest pan-regional e-commerce platform in Southeast Asia and Taiwan, and SeaMoney, a leading digital payments and financial services provider in Southeast Asia.

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Source

These findings are based on the 2020 ASEAN Youth Survey done in collaboration with the World Economic Forum. This year, we reached close to 70,000 young people aged 16 to 35 through our Garena and Shopee platforms.

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<https://medium.com/seainsights>



EXECUTIVE SUMMARY

COVID-19: Challenges and Opportunity for Transformations

Our research highlights three key challenges Thai youths face during COVID-19, the transformations they undergo and the three major gaps that need to be bridged to help our young generations.

“3D” Challenges

COVID-19 has drastically changed how economies and societies function. Youths, in particular, report facing challenges across three dimensions during the global pandemic.

1 **Disruptions to work/study - Majority faced significant disruptions to their work or study.**

76% of Thai youths found it difficult to work or study remotely during the pandemic. Students, and workers from the social and agricultural sectors struggled the most. The most common obstacle cited was the lack of quality internet (36%), especially in remote areas. The most binding constraint was a lack of familiarity with digital tools - 88% of youths who lack the digital skills found remote working difficult. Lastly, some Thai youths also highlighted government regulations as barriers to working from home.

2 **Downturns in demand - Youths report more conscientious spending.**

COVID-19 presents a major income shock to the Thai economy given its heavy reliance on tourism (~18% of GDP). Rise in uncertainty also caused consumers to become more cautious in their spending. Our survey revealed that 63% of youths showed signs of tightening their budget.

3 **Deficits in funding - Thai youths are more likely to face funding constraints.**

Around 1 in 4 Thai youths indicated that they face funding constraints, higher than the regional average. The funding shortages are particularly common among those in start-ups, the charity and social sector, gig-economy workers and entrepreneurs.

However, we also found that Thai youths did not just give up. In fact, many of them displayed signs of resilience, adaptability, with some having transformed their businesses in response to the pandemic.

COVID-19: Challenges and Opportunity for Transformations

Transformation and Bridging the 3 Gaps

Digitalisation, accelerated. Thai youths significantly raised their adoption of digital tools. 81% of youths increased their use of at least one digital application, 41% of them started using digital tools they have never tried before. E-commerce was utilised by both existing small businesses seeking to expand and diversify sales as well as new entrepreneurs such as students hoping to earn extra income.

Stickiness of digitalisation enhanced. Importantly, more than 60% of youths who become more active online said they will permanently increase their usage of popular digital tools such as social media, e-commerce, and e-banking. This suggests that even after the virus is brought under control, digital tools are likely to be an integral part of people's lives and businesses.

Learning and adapting. Beyond just going digital, 63% of Thai youths also exhibited signs of resilience and adaptability ranging from learning new skills to creating new sources of income, to being more prepared for future pandemics. This is particularly true for women and older youths (above 25). Use of online education rose strongly among students (49%) and also full time workers (30%), though still lower than the regional averages.

Reforming personal finance. Majority of youths have become more prudent in their budgeting while also increasing their reliance on external sources of finance. When faced with funding constraints, most of the young generations turned to their family and friends first (50%) for financial support, followed by the government (26%), and banks (25%). Digital financing seems to be more important among those potentially with less access to the banking sector.

Bridging the gaps. While many youths exhibited strong capability to adapt, not all of them could do so. Our research points to the need to bridge the three key gaps in digitalisation, learning, and funding to aid our young fighters (see more details in the concluding section). This requires strong collaboration between the public, private, as well as the social sector.

“3D” Challenges

Thai youths faced 3 dimension of challenges (3D) during COVID-19:
Disruptions to work/study, Downturns in demand, and Deficits in Funding



COVID-19: Challenges and Opportunity for Transformations

1

Disruptions

to work & study - Supply side constraints

Majority of youths **struggle with remote working** and studying

They face key barriers including **internet accessibility**, level of **digital skills** and **government regulation**

2

Deficits

In funding - Cash flow problems

Around a quarter of youths are constrained by **funding problems**

Thai youth are **less likely to turn to banks** for funding than their ASEAN counterparts on average

Government and informal sources are important sources of funding

3

Downturns

In demand - Lower spending

Tourism and hospitality, a major part of the Thai economy, has been hard hit

Given high **macroeconomic uncertainty**, youths have become more **cautious with spending**

DISRUPTIONS: Remote working and studying was challenging for the vast majority of Thai youths

76% of youths said that it was **difficult** to work or study remotely. This includes **5%** who said it was **impossible**

Students, social sector and agricultural workers struggled the most

% of respondents who found it difficult to work or study



82%

Students



80%

Charities and Social Enterprises

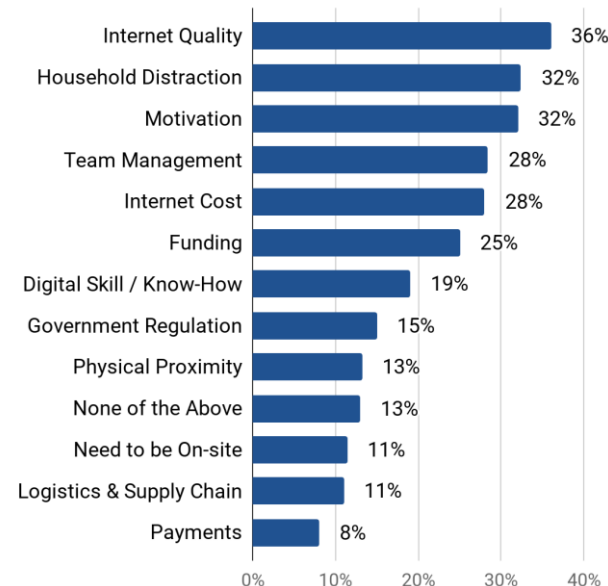


78%

Primary Sectors (e.g. Agriculture)

Most commonly cited constraint To remote working

% of respondents



Zooming in on the key barriers to remote working/studying



Inadequate Internet Quality

Internet quality is the most commonly cited constraint to remote working and studying



Lack of Digital Skills

Lack of familiarity with digital tools is the most “binding constraint” for remote working/studying



Government Regulation

Thailand has the highest share of youths across the region that cite government regulation as a constraint

Digital access is not only about whether you can connect to the internet but also about the quality of the signal

While Thailand has reasonably high internet penetration (75%)¹, the survey points to the need to improve the quality of internet signal especially in remote areas. Internet quality came up as the most commonly cited constraint to remote working/studying among Thai youth (36%).

The issue is particularly important for online learning, which may require continuous access to stable internet by multiple users at the same time.

Internet quality disproportionately affects those living outside Bangkok

Those living **outside Bangkok**, especially in the Northern regions, are more likely to cite internet quality as problem

Education sector seems to be most affected by internet quality

Those working in the **education sector and students** are more likely to complain about internet quality

% of youth who cite internet quality as a remote working/studying constraint



39%

North Thailand



43%

Education Sector



39%

Students

1) The National Broadcasting and Telecommunication Commission ([link](#)), Bank of Thailand

Lack of digital skills can severely limit the ability to work/study remotely

While lack of digital skill is not the most commonly cited issue, it is the most “binding”, in the sense that youths who mentioned these barriers tend to struggle with remote working the most.

Which groups tend to cite lack of digital skills as barriers?

Full-time students (26%) and **education workers (22%)** are the **most likely to complain about a lack of digital skills** than any other occupation.

Lack of digital skills is strongly linked with difficulty in remote working

88%

who **lack key digital skills** found it difficult to work or study remotely

Interestingly, lack of familiarity with digital tools is more common among students and education workers. This is contrary to the popular belief that the young and digital natives would find it easier to utilise digital tools.

We think this may reflect the challenge of adapting offline classes to online learning. The adjustments require more than simply teaching via a video conference but a true transformation in learning including, for example, developing short and engaging class materials, building online learning communities.



An opportunity to streamline regulations

In the past six months, the Thai government has relaxed a number of regulations to facilitate remote working for both the private and public sector. This is a step in the right direction since 15% of Thai youths cited regulations as one of the barriers to remote working (versus 9% in ASEAN), especially those working in the government sector. COVID-19 could provide an opportunity to further streamline regulations and digitise paperwork.

Example of measures to ease regulations and facilitate remote work

In April, the government issued a royal ordinance for meetings held through electronic media, which, among other things, abolished the requirements that

- 1) at least one third of meeting participants must be in the same place, and
- 2) all participants must be in the country.



1) Small Sample (<100)

Both private and public sectors saw a large increase in virtual meeting usage

% of respondents, by occupation, who used virtual meetings more



These relaxations are particularly important for people working in foreign MNCs, large local corporations and the government, who saw the strongest increased use of virtual meetings

Demand: Income shocks and more cautious spending behavior

COVID-19 weakens demand by reducing people's incomes as well as pushing consumers to be more cautious in their spending due to uncertainty. The survey found that a large proportion of Thai youths have become more cautious in their spending, though not as strong as other countries in the region.

The income shock from COVID-19, however, could be particularly strong in Thailand due to its heavy economic reliance on the tourism sector - 18% of GDP (12% of GDP for international tourism alone).

The tourism sector accounts for:¹

~18% of Thailand's GDP

~20% of Thailand's labour force

From the beginning of the year to March, the tourism sector has decreased employment by nearly **4%**²

Thai youths have become more cautious with their spending

48% learned the importance of having enough emergency savings

44% learned to buy what they need, not what they want

1) Bank of Thailand, Office of the National Economic and Social Development Council

2) International Labour Organisation ([link](#))

FUNDING: Thai Youths faced funding difficulties during COVID-19

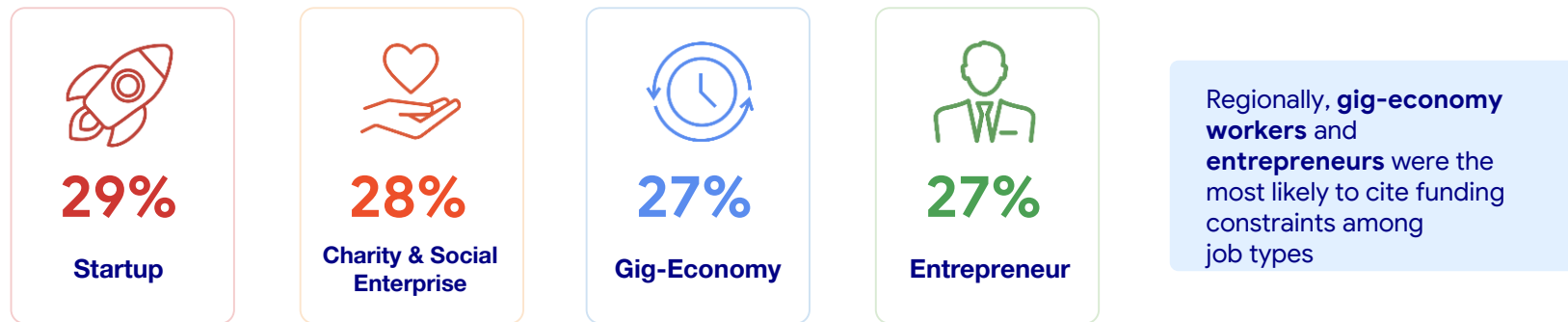
26% of Thai youths indicated that they face funding constraints during COVID-19, higher than the regional figures of 19%.

Interestingly, unlike in ASEAN, Thai youths in the start-up and social sector are most likely to complain about funding shortages, followed by entrepreneurs and gig-economy workers in the third and fourth position, respectively. For the region, on average entrepreneurs and gig-economy workers are the top two most likely job types to report funding constraints.

In the social sector case, funding shortages may also partly reflect the increase in demand for charitable givings to support vulnerable segments heavily impacted by COVID-19. For start-ups, this might partly be the result of tighter funding conditions.

Top 4 types of jobs that faced funding constraints the most

% of respondents who report funding as a constraint to remote working

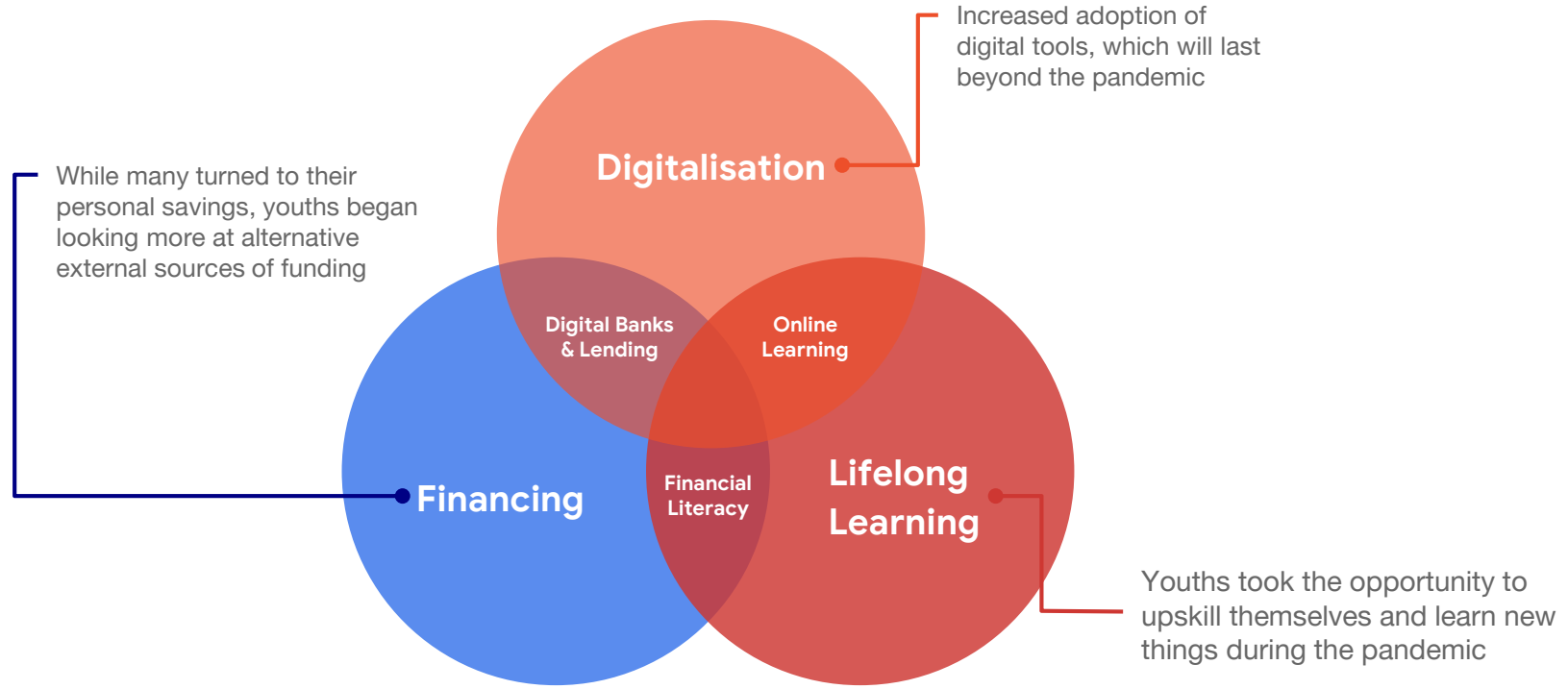


3 TRANSFORMATIONS

Thai youths did not give up. Many of them adapted and transformed themselves.



Thai youths went through three related types of transformations



DIGITALISATION - Thai youths adapted to the COVID-19 environment by increasing adoption of digital tools

81%

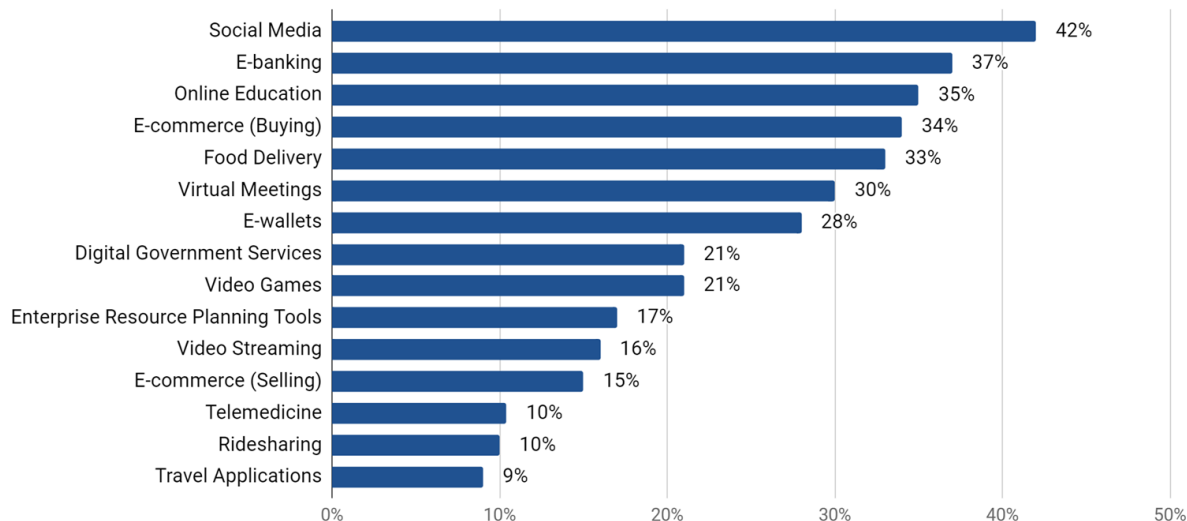
increased usage of **at least one** digital tool during COVID-19

41%

picked up at least one **new** digital tool during COVID-19

Significant increase in digital tool adoption

% of respondents who used digital tools more or for the first time during COVID-19



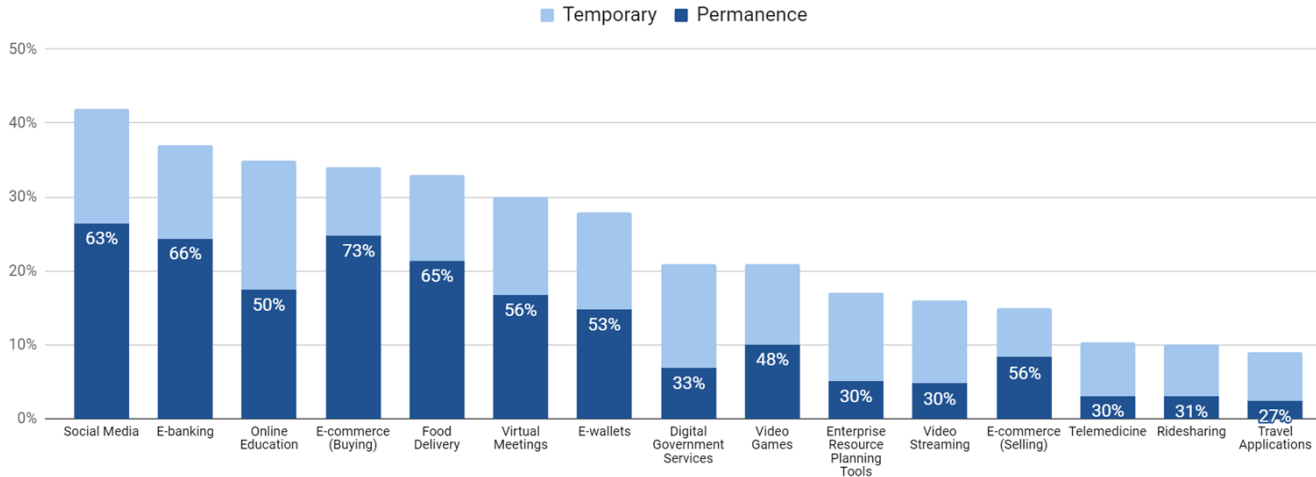
Digital transformation will last beyond the COVID-19

Going digital is no longer a luxury but a necessity

>60% will permanently increase their usage of social media, e-banking, e-commerce and food delivery

COVID-19 will permanently change how much I use the following digital tools...

% of respondents who used digital tools more or for the first time during COVID-19



Digitalisation of Business: Entrepreneurs switched distribution channels and went online to increase their sales during COVID-19

Entrepreneurs raised their level of digitalisation

21% of entrepreneurs utilised e-commerce selling **more actively** during COVID-19

33% Of those using e-commerce more are using it **for the first time**

Digital tools, like e-commerce, is enabling a new breed of entrepreneurs

Digital technologies, such as e-commerce, allow for the discovery of new income streams and for different groups to become entrepreneurs.

Of the Thai entrepreneurs who increased their usage of e-commerce to sell more, excluding those in retail and wholesale, entrepreneurs who were students or working in manufacturing had some of the highest level of e-commerce (selling) adoption.

Thai entrepreneurs who were students in particular had the highest increase of new users to e-commerce (selling) during COVID-19.

Students

E-commerce profits are a **valuable source of income** to help pay for their **education**¹

They are particularly cost sensitive (both effort and price)

Manufacturing & Industrial

E-commerce can help address supply chains disruptions by allowing these entrepreneurs to market directly to consumers.

Increased market exposure also allows them to better understand the competitive landscape and pivot product mix if needed.

1) Based on our previous research of >40,000 ASEAN business owners conducted in 2019. See Appendix for more details on the methodology

E-commerce can play an important role for SMEs during the recovery phase

Before E-commerce



After E-commerce



Efficient growth and diversification

During the recovery phase, SMEs will need to 1) optimise their use of cash, and 2) diversify their sales so that if their province face a rise in infected cases, they can still earn revenue from other regions.

Our earlier research suggested that e-commerce can help achieve both objectives.

1) E-commerce on average boosts revenue per worker for SMEs by 350%

2) Going online is also associated with more geographical diversification:

- ↪ Before adopting e-commerce, only 45% of SMEs sold outside their own region.
- ↪ After adopting e-commerce, 81% of SMEs now sell outside their own region.

1) Based on our previous research of >40,000 ASEAN business owners conducted in 2019. See Appendix for more details on the methodology

Countless stories of resilience during COVID-19

Khun Pimlaphat transformed the lockdown into an opportunity to learn new skills



Khun Pimlaphat

📍 Thailand

🛒 <https://shopee.co.th/shop/252785034>



Khun Pimlaphat is a 20 year old university student who lives in Samut Songkhram, Thailand. She discovered her passion for entrepreneurship in high school, following the example of her mother who was also selling goods offline.

When her mother began selling online she urged her daughter to follow suite. Soon afterwards Khun Pimlaphat started selling online in March 2020.

In the midst of COVID-19 and its many challenges, she saw e-commerce as an opportunity to build-up and scale her passion for entrepreneurship and to generate additional valuable income to support her family.

Since all her classes have been cancelled due to the pandemic, Khun Pimlaphat **used the extra time to manage her shop and upskill herself.** Using books and online resources she learned to better her content writing and online advertisement strategy to help boost her sales.

Since joining Shopee her sales have rapidly increased, selling **500 units** in July alone.

LEARNING - Usage of online education surged

This was most evident among full-time students, but also true for active workers



Full-time students:



used **online education tools** more actively during COVID-19, much lower than the regional average (64%)

Among that 49% of students...

31%

used it for the first time

55%

believe the increased usage of online education will last beyond COVID-19



Active workers:

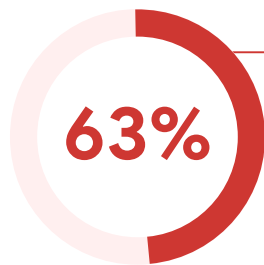
30%

used **online education tools** more actively during COVID-19

While both students and active workers increased the use of online education significantly during COVID-19, their numbers are **lower than the regional averages**. This suggests that Thai youths may benefit from programs to help raise access to and familiarity with online education platforms.

Beyond just going digital, many Thai youths exhibited signs of resilience and adaptability during COVID-19

of youths showed evidence of **adaptability** and **resilience** during COVID-19



Adaptability & Resilience as demonstrated by one of the following:

- 39% Learning Pandemic Resilience
- 35% Learning New Skills
- 30% Finding New Business Models
- 22% Thinking Creatively

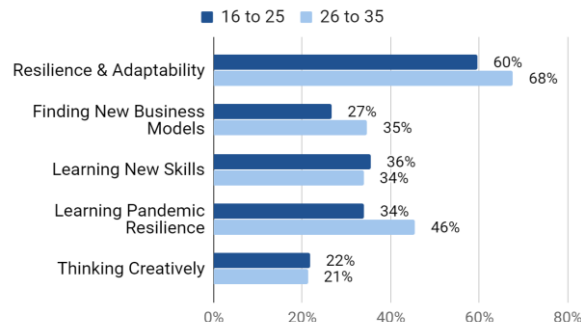
The younger are not necessarily more resilient

Contrary to the common conception, we find that younger groups are not necessarily more resilient.

In fact, those aged 26-35 tend to exhibit signs of resilience and adaptability more than those under 25.

The only area in which those aged 16-25 seem to have a slight advantage is in “learning new skills”.

% of respondents who learned the following during COVID-19



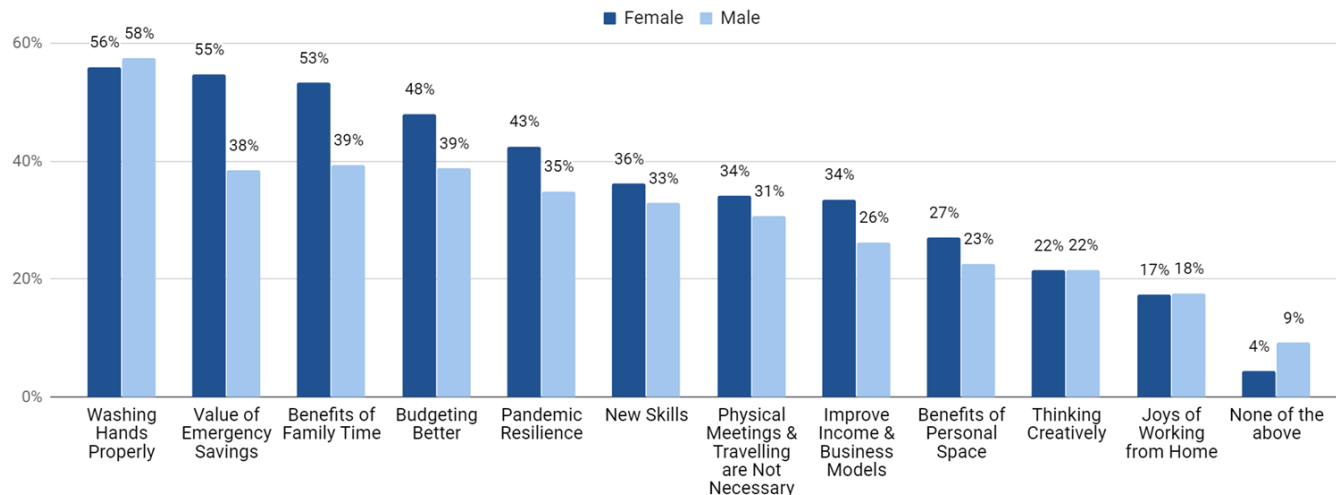
Women generally picked up more learnings than men during COVID-19

This is generally true across the board but particularly for learnings related to **managing personal finances** (e.g. the value of emergency saving and budgeting better). This is consistent with findings from international literature on microfinance that suggest women are better stewards of household finances.

General increased awareness of personal finances, may indicate that this is an opportune time to increase the financial literacy of Thai youths.

During COVID-19 I learned the following...

% of respondents



FINANCE - External sources of financing have become more important but only a handful relied on banks in times of need

Thai youths tend to turn to their savings and family and friends for financial support first

63% of youths learned to be **more financially prudent**¹, and tend to utilise their personal savings first.

Only 25% of those who faced funding constraints said they relied more on bank loans, lower than the regional average (33%).

Those who are less educated and still studying are even less likely to rely on banks.

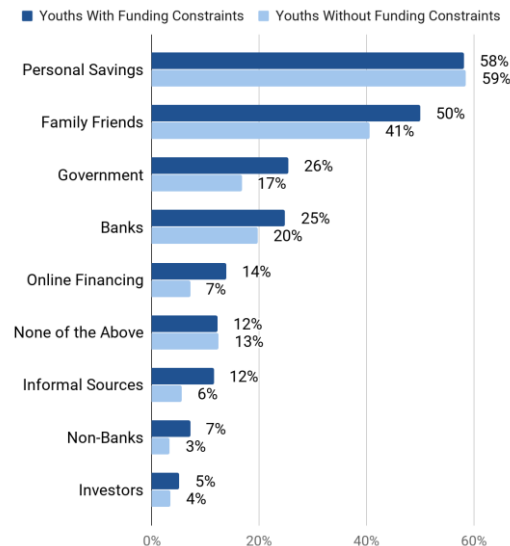
Alternative sources of finance are important for those with financing constraints

Government support, online financing, and informal sources have become particularly important for those with funding constraints.

These findings point to the importance of government financial support as well as the need for greater financial inclusion.

These sources of finance have become more important during COVID-19

% of respondents



1) Financially prudent behaviour is defined as either learning to budget better or of the value of having emergency savings

Building on a solid base of e-payment adoption towards the frontier of financial inclusion

E-payments are readily adopted by Thai youths

43%

of youths increased their use of **e-wallets** or **online & mobile** banking. The **second highest** in the region, just behind Malaysia.

Close to **70%** believed their increase of e-payments **would last well beyond COVID-19**.

In Thailand Q1 2020, e-Payments grew year-on-year by **42%** in total transaction volume and **20%** in value.¹



Digital payments



Digital Lending

Digital lending is still underutilised, path to increase financial inclusion

While usage of e-payment surged, there is still room to improve the use of digital financing to promote greater financial inclusion. **Only 9%** of Thai youths relied on online financing versus 16% in the region.

Importantly, digital financing could particularly benefit **vulnerable and underbanked populations**. The survey found that youths who live **outside the capital** or have **below college education** are more likely to rely on online financing.

Going forward, the rise in digital payments as well as the increase in the adoption of digital use cases such as e-commerce could provide a strong foundation for digital lending.

In addition, the Bank of Thailand's upcoming guidelines for digital lending could help pave the way for the development of a new frontier of financing, especially for the underbanked population.

1) Bank of Thailand ([link](#))

2) <https://www.nationthailand.com/business/30316961>

CONCLUSION



Conclusion: Bridging 3 gaps to support Thai youths

Our research shows that while COVID-19 has posed a multitude of challenges to Thai youths, many of the younger generations showed signs of resilience, adaptability and transformation.

They significantly raised adoption of digital tools, learned new skills and pivoted business models, as well as reformed their personal finances. Digitalisation, in particular, came from both existing as well as new users and will likely last beyond COVID-19.

However, the study also reveals three major gaps that need to be closed to effectively support the youth and help them overcome the challenges posed by the virus and social distancing. All of which call for public and private sector collaborations.

1 Digitalisation gap

As digitalisation becomes necessity rather than luxury, bridging the digital divide requires dismantling barriers to digital transformation for everyone. The report highlights the importance of i) investing in the infrastructure to improve access to quality internet, especially in remote areas, ii) streamlining regulations to facilitate a shift to a paperless and touchless processes, and iii) equipping everyone with basic digital literacy.

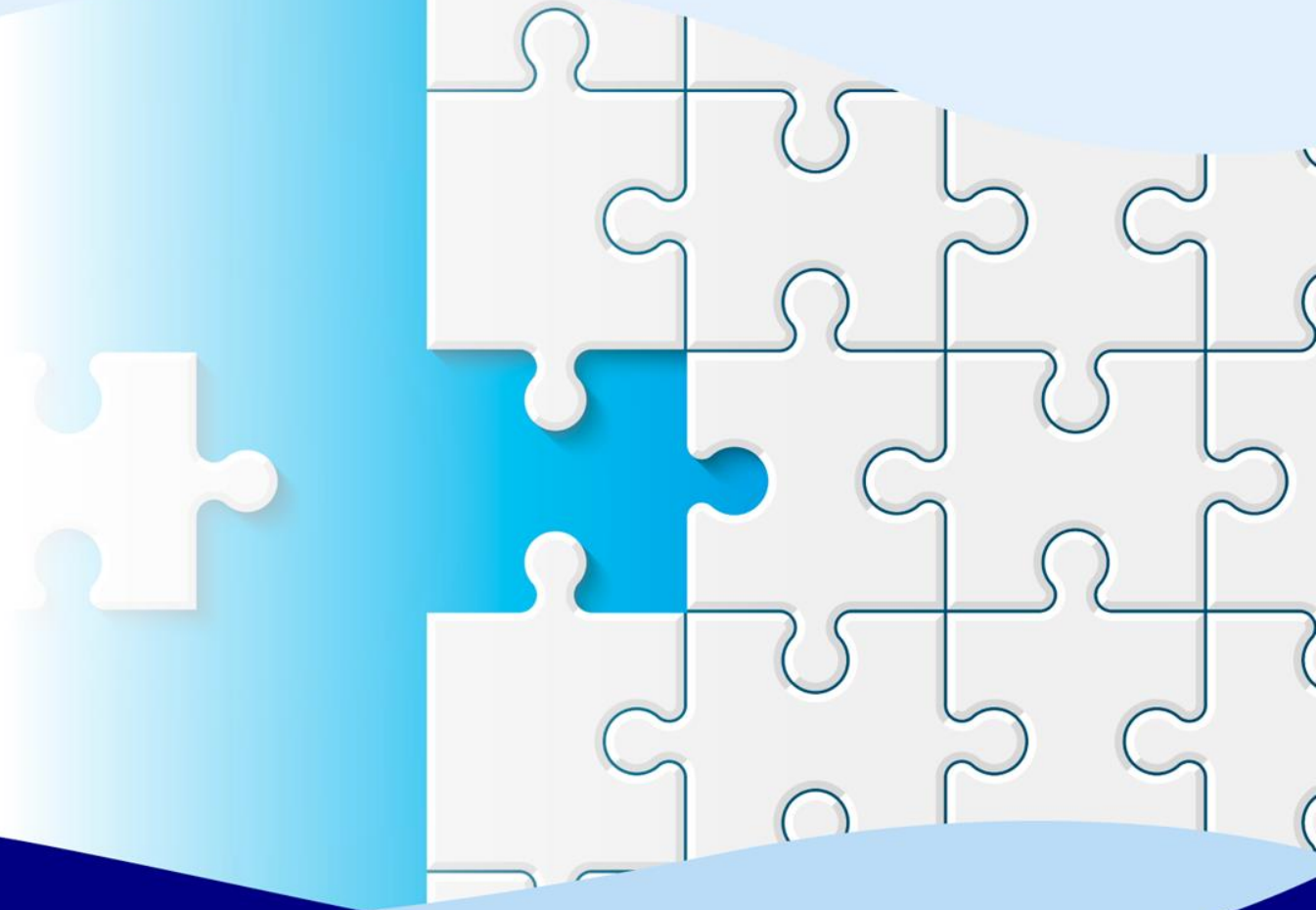
2 Learning gap

The study illustrates the importance of resilience and adaptability. This calls for measures to promote lifelong learning which starts from providing relevant reskilling/upskilling curricula, both offline and online. More important than the subject matter, however, is the need to equip our youths with a growth mindset and mental resilience to prepare them for a more uncertain future.

3 Funding gap

The survey reveals that youths in startups, the social sector, the gig-economy and entrepreneurship are more likely to face funding problems. In the short run, government funding support will probably play a crucial role. Over the longer term, however, our findings point to the potential role of digital financial services to help improve financial inclusion, especially for the underbanked population.

APPENDIX



Appendix: Survey methodology

ASEAN Youth Survey - June 2020:

- The results of this report are largely based on the Annual ASEAN Youth Survey, conducted in partnership with the World Economic Forum.
 - The survey was fielded through the Garena and Shopee platform in June 2020, and focuses on youths aged 16 to 35.
 - In total, we received around 70,000 completed responses from across ASEAN.
-

ASEAN Seller Survey - 2019:

- In 2019, we surveyed more than 40,000 e-commerce entrepreneurs through the Shopee platform to better understand the economic and social impact of e-commerce.
- We asked questions ranging from revenue growth pre and post-selling on e-commerce, and also how their customer locations have changed.

Appendix: Survey methodology

Reports from Sea Insights - Sea's Research and Public Policy Unit

1. ASEAN Youth Survey 2020 - The True Test of Resilience & Adaptability: see [link](#)
2. Reimagining SME Recovery in Indonesia (2020): see [link](#)
3. Uncovering Thailand's Hidden Assets Through E-commerce (2019): see [link](#)
4. ASEAN Youth Survey 2019 - ASEAN Youths and the Future of Work: see [link](#)
5. What do Indonesian youth think about jobs in the age of disruption (2019): see [link](#)
6. Youth x Entrepreneurship in Thailand 4.0 (2019): see [link](#)

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