

MARKET CONCENTRATION OF SOCIAL COMMERCE PLATFORMS: A PERSPECTIVE OF REGULATION IN A DEVELOPING COUNTRY

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Abstract

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Social commerce presents numerous business prospects in the current landscape (Xiang et al., 2022). However, concerns have emerged regarding the increasing concentration of the market and its potential economic implications (Azar et al., 2022). This study aims to examine the concentration levels within Thailand's social commerce platform industry and explain the perspective of law and regulation. To assess market concentration, the Herfindahl-Hirschman Index (HHI), a widely used economic tool, was utilised. The HHI calculates the sum of squared market shares of all sellers, providing insights into competition effectiveness in a given market. This study also incorporated the method of documentary analysis. In the case of Thailand's social commerce market, the study revealed an HHI of 4,474.27, indicating a relatively high level of concentration. This finding suggests that the market structure resembles an oligopoly, characterised by a small number of dominant competitors. In Thailand, popular social commerce platforms include Facebook, Instagram, Line Shopping, Twitter, and TikTok. However, new entrants in this oligopoly market face significant obstacles. Financial barriers, such as the substantial investment required to establish and promote a platform, pose challenges. Additionally, legal obstacles related to copyrights, patents, and other intellectual property rights must be navigated.

Keywords: Market Concentration, Social Commerce Platform, Law, Regulation

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1. INTRODUCTION

The advancements in information and communication technology (ICT) and the widespread use of the Internet and mobile communications serve as evidence that globalisation is entering a new phase in the digital age. The computer and new ICT play crucial roles in this stage of globalisation, bringing the world together through a unified

communication system and establishing an integrated financial and information space. The application of current technologies, such as artificial intelligence (AI), demonstrates the coexistence of the real and virtual worlds (Jangjarat, Kraiwanit, Satityapong, et al., 2023; Limna, Kraiwanit, & Siripipatthanakul, 2023). Moreover, the emergence of social media has resulted in unprecedented changes in the scale and speed at which people share information. Social

networks, including various social media platforms, serve as essential online marketing tools that help companies achieve their marketing objectives. The rapid development of the internet and social media has attracted both consumers and businesses, with a significant number of people utilising platforms like Facebook and Instagram (Limna et al., 2021; Sasahara et al., 2021; Štreimikienė et al., 2021). Previously, social media primarily functioned as a communication channel, but it has now evolved into a social commerce platform encompassing activities ranging from sharing general posts to selling products and services. Consequently, it has become a valuable revenue-generation avenue for many businesses. Additionally, the global popularity of social media has prompted firms to expand their social networks at an increasing pace, aiming to enhance online engagement among their customers (Hajli, 2015; Kumah, 2017; Shahbaznezhad et al., 2021).

According to Hirankasi and Klungjaturavet (2021), the demand for online shopping, or e-commerce has experienced a global surge, including in Thailand. While the e-commerce market has been expanding steadily over the years, the outbreak of the COVID-19 pandemic in 2020 and subsequent lockdowns compelled consumers to shift from physical retail to online alternatives. This rapid transition accelerated the integration of e-commerce into everyday life. Concurrently, the rise of social media has transformed the online landscape, leading to the emergence of “social commerce”, which involves retailing through social media platforms. Thailand has witnessed significant e-commerce growth, with the country’s Electronic Transactions Development Agency (ETDA) estimating the national e-commerce market’s value to exceed THB4 trillion in 2019. The wholesale and retail sector alone accounted for THB1.3 trillion. Social commerce has played a prominent role in the expansion of Thailand’s online retail environment, representing 28% of the overall wholesale and retail e-commerce space in 2020. Globally, social commerce was estimated to be worth USD240–470 billion (THB7.2–14.3 trillion) in 2020, with the Asia-Pacific region leading the way. To provide a clearer analysis, social commerce can be categorised into five sub-groups: peer-to-peer sales platforms, sales through chat apps (referred to as conversational commerce or chat commerce), sales via forums and social media groups, live streams by sellers, and electronic payments made through social media posts.

The COVID-19 pandemic has played a significant role in driving the adoption of social commerce as an integral part of users’ daily lives. Social media platforms have recognised this immense opportunity and have started developing systems to facilitate seamless and efficient trading or business activities on their platforms (Cotactic Strategist, 2021). In essence, social media has empowered its audience, and due to the nature of social commerce, customers have become influencers in shaping other customers’ purchasing decisions (Attar et al., 2021; Riaz et al., 2021).

Furthermore, consumers frequently rely on online reviews, commonly known as electronic word-of-mouth (eWOM), shared on social media as a crucial source of information when making purchase decisions. This shift has resulted in

a transition from product-focused to customer-focused marketing strategies. Consequently, businesses need to adapt their communication approaches to engage customers effectively. Integrating social media into their platforms allows customers to create and share content with their friends and followers, who are also members of the social network, thereby increasing engagement in online conversations (Friedman et al., 2022; Rehman et al., 2022; Siripipattanakul, Limna, Siripipattanakul, et al., 2022).

According to Ahamat (2020), Chen et al. (2022), and Petit (2021), laws and regulations regarding social commerce and market concentration aim to ensure fair competition, protect consumers, and prevent monopolistic practices. These laws typically include competition laws that prohibit anti-competitive behaviour such as collusion and market manipulation. Merger control regulations assess proposed mergers and acquisitions to prevent excessive market concentration. Regulations may also address abuse of dominance by dominant firms, cartel activities, and consumer protection in the context of social commerce. Intellectual property rights laws protect innovation and prevent infringement. Additionally, e-commerce regulations govern online transactions, privacy, data security, and electronic contracts. The specifics of these laws and regulations vary between jurisdictions, emphasising the need to consult the relevant legal frameworks for accurate and up-to-date information (Palanissamy, 2013; Smedinghoff, 2002).

There is growing concern about increased market concentration and its potential economic consequences (Azar et al., 2022). Market concentration reflects the number and size distribution of firms in a market. It measures the market’s structure. One goal of competition regulation is to reduce the market concentration to lower prices and to promote rivalry and competition more broadly (Buthelezi et al., 2019). Furthermore, in Thailand, e-commerce is expected to reach new heights, with more creative activities to engage potential customers and more shopping experiences (Sitthipon et al., 2022). Several studies have investigated the market concentration in different industries, such as banking (Barra & Zotti, 2019), healthcare (Hanson et al., 2019), and cement (Miller et al., 2022). Few studies have investigated the concentration of the social commerce platform industry. Therefore, the objective of this research is to analyse the level of concentration within the social commerce platform industry in Thailand, taking into account the perspective of law and regulation. The Herfindahl-Hirschman Index (HHI), a commonly used economic indicator, was employed to assess market concentration. By summing the squared market shares of all sellers, the HHI provides insights into the effectiveness of competition in a given market. This study also incorporated documentary analysis as a research method. The findings of this study can assist business owners and digital marketers in implementing effective strategies to fulfil their customers’ needs and expectations, thereby enhancing overall business performance. Simultaneously, it is important to maintain a regulatory balance to monitor all players in the market.

This paper follows a structured format comprising six key sections. Section 1 serves as the introduction, providing an overview of the research topic. Section 2 entails a comprehensive review of relevant literature. Section 3 outlines the methodology employed in conducting the research. Section 4 presents the obtained results derived from the research process. Subsequently, Section 5 delves into a detailed discussion of the findings. Lastly, Section 6 concludes the research, offering recommendations, acknowledging limitations, and suggesting potential avenues for future studies.

2. LITERATURE REVIEW

In today's world, the internet has made significant advancements, leading to the emergence of social media. The rapid development of the internet and social media has attracted a large number of consumers and businesses to engage in social media platforms (Xiang et al., 2016). Moreover, various social media platforms enable individuals to interact online with friends and followers (Hajli, 2015). Social media, which was initially a convenient means of communication, has now evolved into social commerce platforms that encompass activities ranging from general post sharing to buying and selling products. It has become a significant avenue for generating revenue for numerous businesses. The term "social commerce" officially appeared in literature in 2005, amid the growing commercial use of online social networking websites and other social media sites. Social commerce is used to define a new form of electronic commerce (e-commerce) that differs from traditional e-commerce, where consumers typically interact with separate online shopping sites (Zhang & Benyoucef, 2016). Social commerce represents the evolution of e-commerce, spurred by Web 2.0, allowing for the integration of social features. It can be divided into two main types. The first type involves traditional e-commerce websites that incorporate social tools to facilitate interaction and social sharing, such as Amazon (Amblee & Bui, 2011). The second type refers to social media platforms that integrate commercial features to enable transactions and advertising, such as Facebook (Zhang & Benyoucef, 2016).

Social commerce represents a recent advancement in ICT. While still in its early stages, its practical implementation is rapidly gaining momentum. The rapid growth of social commerce can be attributed to the increasing popularity of social media networks, which have fostered the growth of social communities and facilitated peer interactions. This presents businesses with new opportunities to leverage social networks for their operations, a concept known as social commerce (Al-Adwan & Kokash, 2019). Furthermore, the advent of the internet and digitisation has created a thriving market for online businesses and e-commerce. Customers now have the convenience of shopping through applications, websites, or their computers and mobile devices. These platforms offer information, facilitate purchases, and enable after-sales services (Napawut et al., 2022). Additionally, online shopping platforms have gained significant prominence in the marketing and advertising industry. Various organisations utilise online platforms, including social media, to sell their

products and services. Leveraging e-commerce platforms ensures a higher chance of success as potential customers are already present (Sitthipon et al., 2022).

The introduction and rise of Facebook have been among the most significant social trends of the past decade (Caers et al., 2013). In 2020, Facebook's parent company, Meta Platforms Inc., expanded its e-commerce services to cater to the increasing trend of home-based shopping and the evolving digital advertising market (Rodriguez & Scott, 2022). Moreover, Facebook has transformed the way people consume news, with numerous news reporting pages available on the platform covering a wide range of topics. In terms of information, Facebook serves as a versatile tool, providing useful pages for those seeking in-depth knowledge. Its significance in business development is undeniable, as every company now has its dedicated Facebook page for promoting its business. Additionally, sellers can easily sell and buyers can purchase products through the platform, streamlining the process. Users can directly connect with sellers or companies through messages to learn more about the business or product pricing. Facebook also serves as an effective advertising platform and facilitates connections with other websites (Swalih, 2023a).

Instagram is a social media application that was created in 2010 for smartphones and later for desktop computers. Its primary focus is photo sharing and, more recently, video sharing. It may appear simple, but it is a very popular social media application with over 600,000,000 users worldwide. Instagram was initially developed for iOS; two years later, it was ported to Android, allowing it to be accessed by any smartphone, tablet, or Windows user. Instagram is a social networking service and mobile application that allows users to share their life moments publicly or privately through photos and videos. It has a tremendous uptake among social media platforms because it can leverage visual content and naturally align to key factors within international marketing dimensions, particularly brand communication and customer engagement. Thus, Instagram is now widely used not only for entertainment and social interaction but also for business (Alkhowaiter, 2016; Nguyen et al., 2021). When creating an Instagram profile, users can interact with and connect their Facebook accounts. Using this feature, users can also share Instagram photos or videos on Facebook. Instagram is a fantastic social media application that is a streamlined version of Facebook (Swalih, 2021).

TikTok is part of a larger trend of retail social commerce and is expected to be worth USD80 billion in the United States by 2025. TikTok has made a unique and significant contribution to this industry while it was growing on its own. This is due, in part, to its users' natural proclivity for social shopping (Gaid, 2022). TikTok e-commerce is the practice of purchasing or selling a product or service through a popular video app. There are several TikTok commerce tools for sellers that allow users to quickly view and purchase products. Depending on their location, some businesses and creators can set up their own TikTok storefronts allowing users to browse and buy directly from the app. Sellers can quickly create web stores with simple integrations for Shopify, Square, and other e-commerce platforms. Regardless of location, all

sellers can include product links in their videos and bios so that users can click and buy from an in-app browser. This means that people can buy items they have just seen on their feed (Kutuchief, 2022).

Line, a social media application that originated in South Korea and gained significant popularity in Japan, was established in response to the Tōhoku earthquake and tsunami that devastated Japan in 2011. Initially created to serve as a reliable communication platform during emergencies, it quickly transformed into a widely used messaging tool. Over time, Line has evolved into a comprehensive “super app” similar to China’s WeChat and South Korea’s KakaoTalk. In addition to its core functionalities of mobile messaging, voice calls, and video calls, Line integrates various tools for banking, shopping, and more. It serves as a centralised platform for accessing healthcare services, travel agents, restaurants, shops, job boards, and even acts as a news aggregator and media streaming service. Users can enjoy daily articles, access a vast library of over 70 million songs, read manga, watch live videos, play games, and consume other forms of content (Sehl, 2021).

Twitter is a prominent social media platform that plays a vital role in communication and education, simplifying the process of sharing information. It is a versatile social networking service available across various platforms, including Windows, Android, and iOS. Users on this platform share their thoughts and ideas through posts known as tweets, and they can engage with and reshare content from other users. Hashtags are commonly used in tweets, facilitating the search for specific topics of interest. Businesses can greatly benefit from leveraging Twitter as a promotional tool. Many companies, especially renowned smartphone or computer brands like Dell and Apple, utilise Twitter to promote their products and services, capitalising on the widespread popularity of this social network. Additionally, Twitter serves as a platform for promoting sports events, sharing match results, reporting news, and even broadcasting live television shows (Swalih, 2023b).

According to Crouzet and Eberly (2019), the effect of rising concentration is determined by its source. Market power could be one reason for the increase in concentration. Furthermore, the increase in concentration has been accompanied by an increase in mark-ups, though the estimated magnitude of the increase varies. Rising mark-ups, in addition to increasing concentration, provide stronger evidence of market power. Alternatively, rising concentration could be the result of the adoption of technologies that benefit large firms. Concentration may be efficient if the increase is due to the expansion of the most productive firms. On the other hand, rising concentration may indicate inefficiencies and resource misallocation if it reflects increased market power. The source of rising concentration is thus critical for understanding whether rising concentration is efficient or not, and potential policy implications. Syverson (2019) stated that concentration has the advantage of requiring only revenue data, thus being relatively easy to compute as an empirical tool for studying market power. The disadvantage is that concentration is based on relative revenue and does not include information about costs or profits. A monopolistically competitive market, for example, can be very

unconcentrated and exhibit near-zero levels of economic profit — monopolistic competition is defined by the atomistic nature of firms combined with entry and exit possibilities; yet firms in such a market can still have very inelastic residual demand curve and thus a lot of market power.

In addition, concentration necessitates a market definition, which is frequently contested. In some cases, the macro literature has measured the extent of concentration within broad industry groups, raising the possibility that increases in concentration in narrower and more relevant markets may be invisible in broader measures. Moreover, for geographically localised markets, national concentration measures can be especially deceptive. A chain restaurant, for example, would tend to increase national measures of concentration even if it reduced concentration in economically relevant local markets. Shim (2017) investigated whether market concentration was related to an insurer’s financial stability in the property-liability insurance industry in the United States from 1992 to 2010. Higher market concentration, following the concentration-fragility theory, was associated with lower financial stability of insurance firms. Firm-specific characteristics such as firm size, underwriting leverage, organisational form, product and geographical diversification, and vulnerability to natural disasters and macroeconomic conditions all played important roles in ensuring a safe and sound insurance system.

The ETDA, also known as the Office of Electronic Transactions Development, has proposed a royal decree to supervise and control digital service platform businesses, aiming to drive the development of the country’s digital economy policies and establish standards and criteria for digital platform services. The decree, expected to be announced in 2022, addresses the need to regulate and oversee these businesses by defining the scope of operations requiring notification and promoting collaboration among relevant agencies. To ensure transparency, fairness, and trust in service provision, criteria will be developed to regulate specific types of service businesses on digital platforms, including large-scale platforms with distinctive characteristics. Additionally, the ETDA, under the Ministry of Digital Economy and Society, requires digital platform service operators to provide information about their business and services before conducting operations. This supports uniform service standards, providing platform users with essential information such as service terms and complaint channels, and fostering confidence in using digital platforms. Moreover, the availability of data will enable government agencies to assess risks in service provision and establish appropriate regulatory measures for different types of operations. Furthermore, promoting and supporting the formulation of good practices and self-regulatory mechanisms aligned with relevant laws will strengthen enforcement mechanisms, enhancing the effectiveness of existing legislation. Ultimately, these efforts aim to drive the digital economy forward by facilitating the promotion and support of business activities (ETDA, 2021a, 2021b).

The Digital Services Act (DSA) is an emerging legislation designed to regulate prominent online platforms like Facebook, YouTube, TikTok, Twitter,

and other popular digital platforms. Its primary objective is to effectively manage and address the dissemination of unlawful content on these platforms, thereby mitigating various societal risks associated with their services. Non-compliance with the DSA and related laws, such as the Digital Markets Act (DMA) governing digital market regulations, may result in substantial fines amounting to billions of euros. The DSA, in conjunction with the DMA, will establish comprehensive international standards for the regulation and oversight of digital platforms across the European Union. By implementing the DSA, the era of self-regulation for technology companies will come to an end. These companies will be obligated to adopt policies that filter their own content and report their efforts in combating and managing harmful content, including the spread of misinformation that lacks transparency and accountability. In the forthcoming decade, the gradual emergence of laws regulating digital services will significantly impact businesses operating in various digital sectors, such as artificial intelligence, cybersecurity, telecommunications, and digital finance. These laws aim to ensure that businesses are well-prepared to enter the true digital era and adapt effectively to the challenges and opportunities presented by digital transformation (Law for ASEAN, 2023).

3. RESEARCH METHODOLOGY

As an additional means of reporting respondent data, a number of widely used outcome measures now include summary index scores (Morley et al., 2013). The summary index measures an industry's concentration by taking into account all of its manufacturers. According to Udomkarnpaisarn and Sutummakid (2015), Spiegel (2021), and Bromberg et al. (2023), the HHI of concentration, calculated as the sum of firms' squared market shares, is now a standard structural measurement tool for assessing competition intensity. Rather than focusing on a few manufacturers, the HHI is used to calculate overall concentration. HHI is an economic tool that is used internationally to assess the level of effectiveness of market competition. A high HHI in a market may indicate a high concentration rate and a lack of competition efficiency (failure market). The HHI is a one-dimensional measurement. In analysing the level of competitiveness in the market, it is necessary to consider other factors, such as structural barriers to entry, as well as legal and regulatory trends of the level of competition in the market, etc. The equation is as follows:

Model 1

$$HHI = S_1^2 + S_2^2 + S_3^2 + \dots + S_n^2 \quad (1)$$

where, S_n is the market share percentage of firm n expressed as a whole number, not a decimal.

Bromberg et al. (2023) stated that the HHI is a common measure of market concentration that is used to determine market competitiveness, often

before and after merger and acquisition (M&A) transactions. The index measures the size of companies in relation to the size of the industry in which they operate, as well as their competitiveness. The HHI is calculated by squaring the market share of each firm competing in a market and then adding the resulting numbers. It can range from close to 0 to 10,000, with lower values indicating a less concentrated market. According to The United States Department of Justice (1997), general interpretations of HHI values in relation to market concentration are as follows:

- HHI below 1,500: The market is considered highly competitive and may indicate a perfectly competitive or monopolistic competition structure.
- HHI between 1,500 and 2,500: The market has a moderate concentration, suggesting elements of both competition and concentration, possibly leaning towards an oligopoly structure.
- HHI above 2,500: The market is considered highly concentrated, which is indicative of an oligopoly or even a monopoly, depending on the number of dominant firms.

It is critical to note that HHI values alone do not provide a complete picture of market structures. When analysing market structures, other factors such as the number of firms, entry barriers, and the degree of product differentiation should be considered (The United States Department of Justice, 1997).

This study also incorporated the method of documentary analysis. Documentary analysis is a valuable approach in qualitative research for gathering data (Altheide & Schneider, 2013). According to Lumivero (2020), document analysis, like many other qualitative methods, entails examining and interpreting data to discover meaning, gain understanding, and reach a conclusion. This method involves a systematic examination of documents to extract meaning and gain insights into a specific phenomenon. It is often used in conjunction with other qualitative research methods, such as interviews, to provide a comprehensive understanding of the subject. This method offers a wealth of data, encompassing historical context, policy documents, and media coverage, which aids in exploring complex social phenomena (Altheide & Schneider, 2013). Moreover, documentary analysis enables the identification of patterns and themes within the data that may not be readily apparent through other sources (Tight, 2019; Wood et al., 2020). Qualitative content analysis typically begins with the systematic reduction of a substantial amount of text into a concise summary of the key findings, allowing for accessibility (Siripipatthanakul, Limna, Sitthipon, et al., 2022). This approach is used to comprehensively and objectively explain and quantify phenomena by deriving valid inferences from verbal, visual, or written data (Jangjarat, Kraiwanit, Limna, et al., 2023; Limna, Kraiwanit, Jangjarat, et al., 2023; Limna, Kraiwanit, & Jangjarat, 2023). In this study, content analysis was also employed to analyse the qualitative data.

4. RESULTS

4.1. Formula and calculation of the Herfindahl-Hirschman Index (HHI)

Concentration can indicate market competitiveness. As shown in Model 1, the HHI, a concentration index, can be used to calculate concentration by taking into account all market participants. This can be calculated as the sum of the squares of all service providers' market shares in the market. Data from 2022 to 2023 provide an overview of the competition and social commerce.

$$\begin{aligned}
 HHI &= Facebook^2 + Instagram^2 + TikTok^2 \\
 &\quad + LINE^2 + Twitter^2 \\
 HHI &= 48.10^2 + 17.35^2 + 40.28^2 + 12.00^2 \\
 &\quad + 14.60^2 \\
 HHI &= 2,313.61 + 301.02 + 1,622.48 + 24 \\
 &\quad + 21.16 \\
 HHI &= 4,474.27
 \end{aligned}
 \tag{2}$$

With an HHI of 2,500 or higher, a market is considered highly concentrated. The HHI for Thailand's social commerce market is 4,474.27. Thus, it is highly concentrated.

4.2. Market concentration: Laws and regulations in a developing country

In developing countries, high market concentration can stifle competition, hinder innovation, and harm consumers. To address these issues, many developing countries have implemented laws and regulations designed to promote competition and prevent anti-competitive behaviour.

Competition laws: Also known as antitrust laws, these regulations aim to prevent companies from engaging in anti-competitive practices such as price-fixing, market manipulation, and collusion. They are designed to encourage fair competition and protect consumers from monopolistic behaviour.

Merger control: In order to prevent market concentration from increasing due to M&A, competition authorities in developing countries often review proposed deals to ensure they do not harm competition. This involves assessing the potential impact of the merger on the relevant market and either approving, modifying, or blocking the deal based on the findings.

Abuse of dominance: Competition authorities in developing countries may also regulate dominant firms in a market to prevent abuse of market power. This can include practices like predatory pricing, exclusive dealing, and refusal to deal. Companies found guilty of such practices can face fines, penalties, and other legal consequences.

Cartel regulation: Cartels are groups of companies that collude to manipulate prices, production, or other market factors to gain an unfair advantage. Laws in developing countries often prohibit such collusion and penalise those who participate in these illegal agreements.

State aid control: Governments in developing countries sometimes provide financial support to

businesses in the form of subsidies, tax breaks, or other benefits. While these measures can help boost the economy, they can also distort competition if they favour certain companies over others. State aid control regulations ensure that such support is provided in a fair and transparent manner that does not harm competition.

Public procurement rules: Public procurement involves governments purchasing goods and services from private companies. Developing countries often have rules in place to ensure that public procurement processes are transparent, competitive, and non-discriminatory to prevent cronyism and corruption.

Sector-specific regulation: In some industries, such as telecommunications, energy, or transportation, developing countries may implement additional regulations to promote competition and prevent market concentration. These sector-specific rules can include licensing requirements, price controls, and access to essential infrastructure.

While these laws and regulations can help address market concentration in developing countries, their effectiveness depends on the robustness of the legal framework, the capacity of the competition authorities, and the political will to enforce the rules. As many developing countries are part of international trade agreements or regional economic communities, they may also be subject to supranational competition rules and cooperation mechanisms.

5. DISCUSSION

This study examined the concentration of the Thai social commerce platform industry, using the HHI as a concentration indicator in a highly competitive market by calculating the sum of the squares of all sellers' market shares. The HHI for Thailand's social commerce market was 4,474.27, indicating a relatively high market concentration. With only a few competitors in the market, social commerce is classified as an oligopoly market structure. Popular social commerce platforms in Thailand include Facebook, Instagram, Line Shopping, Twitter, and TikTok. New market entrants will face obstacles, such as financial barriers like the required investment to build a platform and high publicity costs, as well as legal obstacles regarding copyrights and patents.

This study also explained the perspective of law and regulation. Many developing countries, including Thailand, have implemented various laws and regulations to promote competition, prevent anti-competitive behaviour, and address market concentration. These include competition laws to encourage fair competition and protect consumers, merger control to review proposed M&A, regulations to prevent abuse of dominance by dominant firms, cartel regulations to prohibit collusion among companies, state aid control to ensure fair and transparent government support, public procurement rules to prevent corruption in government purchasing, and sector-specific regulations to promote competition in specific industries. The effectiveness of these measures depends on the strength of the legal framework, the capacity of competition authorities, and the commitment to enforcement. Additionally,

developing countries may also be subject to supranational competition rules and cooperation mechanisms due to international trade agreements and regional economic communities.

Customers can order products directly from social media platforms using social commerce. The characteristics of services or products may be similar or slightly different, but they can be substituted for one another. To compete for market share, market competitors must employ competitive strategies, with price wars being the most common. Sellers will lower product prices to attract target customers, continuing until they outcompete rivals and become market leaders, which includes service fees for connecting stores to the platform. Low-fee platforms attract vendors for a variety of services. According to Bürklin et al. (2019), Feng and Chen (2022), and Zhou et al. (2022), the growing popularity of social commerce results in fiercer platform competition. In addition to price competition, platform features are also contested. Since 2022, platforms have been developing features to support e-commerce businesses more comprehensively, allowing sellers to sell their products more effectively. Buyers can shop and pay on the same platform. Strategies like Shoppertainment, which combines shopping and entertainment, are popular for promoting products through engaging, short videos that boost sales and stimulate customer purchases. Platforms, such as TikTok Shop, Reels on Facebook and Instagram, YouTube Shorts, and Line Voom, are developing short video features to compete in the market.

The study by Zhao and Li (2022) emphasises the importance of tailored anti-monopoly regulations in the context of Internet platforms. The findings suggest that different types of digital platforms should be subject to diverse supervision approaches, with regulations targeting severe anti-competitive behaviours specific to each industry. It is crucial to consider market concentration and innovation momentum when implementing these regulations. Competition policy plays a vital role in preventing the abuse of dominant positions by oligopoly platforms. Protecting new entrants and maintaining a competitive market environment is essential. Measures such as punishing platforms that suppress competitors, closely examining acquisitions by oligopoly platforms and encouraging data sharing with smaller platforms can foster innovation and entrepreneurship. To safeguard personal data generated through platform services, the establishment of a unified digital management institution is recommended. This institution would collect and manage data while ensuring a balance between personal privacy protection and scientific application. Limiting excessive data collection and abuse by large platforms and granting consumers the right to choose data authorisation and payment options are crucial for safeguarding their rights and interests. Implementing a transparent review system for data collection, use, and sharing is also necessary. In the rapidly evolving digital economy, it is imperative to continuously improve anti-monopoly laws and regulations. Clear guidelines and enforcement standards for monopolistic behaviours on digital platforms should be promptly published. Additionally, compatible implementation rules, aligned with competition law and industry

regulations, should be expedited. Strengthening competition law and other relevant laws will provide a solid legal framework for addressing challenges in the digital economy. Overall, addressing the challenges posed by Internet platforms and promoting fair competition in the digital age require a comprehensive approach that includes the classification of supervision, competition policy, data security supervision, and continuous improvement of anti-monopoly laws and regulations. By implementing these measures, a healthy and competitive digital ecosystem can be fostered, protecting both consumer interests and market dynamics.

6. CONCLUSION

This study examined the concentration levels within Thailand's social commerce platform industry and explained the perspective of law and regulation. The study found that the Thai social commerce platform industry exhibits relatively high market concentration, indicating an oligopoly market structure. The presence of a few dominant competitors, such as Facebook, Instagram, Line Shopping, Twitter, and TikTok, poses barriers to new market entrants, including financial constraints and legal challenges. However, like many developing countries, Thailand has implemented laws and regulations to promote competition, prevent anti-competitive behaviour, and address market concentration. These measures include competition laws, merger control, regulations against abuse of dominance, cartel regulations, state aid control, public procurement rules, and sector-specific regulations. The effectiveness of these measures relies on a robust legal framework, competent competition authorities, and a commitment to enforcement. Moreover, developing countries may also be subject to supranational competition rules and cooperation mechanisms through international trade agreements and regional economic communities.

The policy implications of this study highlight the need for regulatory measures to promote competition and reduce barriers to entry in Thailand's social commerce platform industry. Policymakers should carefully evaluate the impact of concentration on market dynamics, consumer welfare, and innovation. Additionally, efforts to streamline and clarify legal frameworks surrounding intellectual property rights can foster a more accessible and inclusive market environment. In addition, the findings may help online businesses improve their services to cater to customer behaviour in the digital age. For instance, social commerce platforms should implement simple payment methods, provide customers with comprehensive product or service information, and devise effective strategies to meet customer needs and expectations. Consequently, high business performance will be achieved. In academic terms, this study contributes to the existing literature on social commerce, market concentration, and its implications. The findings provide empirical evidence regarding the concentration levels within Thailand's social commerce industry, shedding light on the market structure and dynamics. Researchers can further explore the effects of concentration on

pricing, innovation, and consumer behaviour, facilitating a deeper understanding of the social commerce landscape.

Despite the contributions made by this study, there are certain limitations that should be acknowledged. These limitations open up avenues for future research to build upon and expand our understanding of concentration levels in Thailand's social commerce platform industry. One limitation is the reliance on the HHI as the sole measure of market concentration. While the HHI is a widely used indicator, future studies could consider incorporating additional metrics to provide a more comprehensive assessment of concentration, such as the Gini coefficient or the number of dominant players in the market. Another limitation is the exclusive focus on the perspective of law and regulation. While this study provides insights into the legal obstacles faced by new entrants, future research could explore other factors that contribute to market concentration, such as technological barriers, network effects, and consumer behaviour. Furthermore, the findings of the study are specific to the social commerce platform industry in Thailand. Replicating this research in other countries

or conducting comparative studies across different markets would offer a broader perspective on concentration levels and their implications. Additionally, the study did not delve into the implications of market concentration on various stakeholders, such as consumers, small businesses, and the overall economy. Future studies could examine the effects of concentration on market dynamics, pricing strategies, innovation, and consumer welfare to provide a more comprehensive understanding of the implications. Overall, future research should strive to explore the multifaceted nature of market concentration in social commerce platforms, encompassing various dimensions and considering the diverse factors that contribute to concentration. Future studies can offer valuable insights into the dynamics of social commerce markets and inform policy decisions for a more competitive and inclusive industry by addressing these limitations and broadening the scope of the investigation. These studies may contribute to designing policies that strike a balance between market dominants and addressing inequalities in the market.

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