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Expanding online markets

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Southeast Asians spend more time on the web using their smartphones than anyone else on the planet. They spend 3.6 hours on the mobile internet every day, versus two hours in the US, 1.8 hours in the UK, and one hour in Japan per day.

Based on a joint study conducted by Google and Singaporean sovereign fund Temasek, the region is home to 330 million active internet users as of end-2017, representing a compounded annual growth rate (CAGR) of 13% since 2015. Next to North America and the European Union, Southeast Asia is now the world's third largest region for online netizens, with more people using the internet than the entire US population.

The Google Temasek report indicated that business-to-consumer (B2C) online transactions in Southeast Asia amounted to \$10.9 billion in 2017. The region is projected to have an \$88.1 billion e-commerce market at a CAGR of 41% over the next eight years, with Filipino online shoppers growing to 42 million and spending \$19 billion in B2C transactions by 2025.

According to media events platform Tech in Asia, the Philippines is second only to Singapore when it comes to basket size, or the number of items getting sold in a single purchase. Filipinos are ahead of their Thai, Indonesian, and Vietnamese counterparts in terms of this e-commerce metric.

Meanwhile, the Google Temasek study found Southeast Asians spending 140 minutes every month in each of the region's leading e-commerce sites, almost twice as much time as Americans go online shopping in their top marketplace. Although the report does not name these sites, Tech in Asia presumes them to be Lazada, Shopee, and Amazon.

Online retailing was pioneered by Jeff Bezos, founder of Amazon in 1994, who grew it to become the largest internet retailer in the world as measured by revenue and market capitalization. It is also the second largest in terms of total sales, next to the Alibaba Group founded by Jack Ma in 1999, which acquired

Southeast Asia's e-commerce pioneer Lazada in 2016.

Shopee is the newest kid on the online block, having started only in 2015 as a spin-off of Sea Ltd., an internet platform firm that debuted on the New York Stock Exchange and the NASDAQ Stock Market last year.

Sea was formed in 2009 originally as Garena Interactive Holding Ltd., an online gaming company backed by Chinese tech giant Tencent. Its recent rebranding came with a fresh round of funds amounting to \$550 million from institutional investors across the globe who now own 68% of the listed company, including JG Summit Holdings Inc. from the Philippines and Cathay Financial Holding Co. Ltd. from Taiwan.

Majority of the new funding will be invested in the growth of Shopee, which is headquartered in Singapore

and operates in the Philippines, Indonesia, Thailand, Malaysia, Vietnam, and Taiwan. Though a newcomer in the Southeast Asian startup ecosystem, it already has an annualized gross merchandise value exceeding \$3 billion and registered 40 million downloads to date.

Shopee's Head of Regional Marketing, Agatha Soh, believes that the Philippines – with its large population and high percentage of smartphone users – has a huge potential for expansion in e-commerce. More and more Filipinos are getting educated about online shopping and cybersecurity, not only in Metro Manila but in the provinces as well. As of October 2017, Shopee Philippines has amassed over six million downloads, making it the number one shopping app in the country.

Previously the Marketing Manager of SingPost eCommerce and CRM Marketing Lead of Zalora Singapore, she said the thrust of Shopee is seller empowerment. Many Filipino entrepreneurs are joining the inclusive e-commerce platform through Shopee University's MSME sessions in collaboration with Facebook.

Soh will be in Manila next month to headline Tech in Asia's conference on "Fortunes, Failures, and the Future of E-Commerce in the Philippines." The event is slated on March 22 at the Microsoft Philippines office, 6750 Ayala Avenue, Makati City.

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*E-commerce