What we’re covering today

What is the opportunity and the challenges of selling online in South-East Asia?

What are the key features of South-East Asian online channels that are key to understand?

How do the markets across the South-East Asia region differ in terms of these features?

What are the market and culture-specific issues to be aware of?

What does this mean for relationships with distributors and end to end marketing?
What we did

- In-depth interviews with New Zealand exporters, in-market retailers and distributors and Kantar TNS researchers in market
- Kantar TNS’ Connected Life – an annual global survey of consumers’ digital lives
- Kantar Worldpanel analysis on e-commerce trends in South-East Asia
- Kantar Consulting trends on social and e-commerce in South-East Asia
- World Bank macrodata
1

What is the current situation?

The global and regional context of e-commerce
Firstly, online shopping can be placed in a global context; in FMCG it is small but growing very quickly.

2017 Global FMCG Channel Split

- Online: 4.6%
- Offline: 95.4%

Online 2017 Growth Rate: 30.0%
Offline 2017 Growth Rate: 1.3%
There is a clear divide in online adoption between the digital East and the more cautious West.
The momentum for that growth in Asia is coming from the North

As a continent, Asia achieved the biggest increase in e-commerce globally in 2017, with 44% growth.

South Korea saw 41% growth while there are more online purchases made in China annually than anywhere.
The shift to the south is moving swiftly however

Narrowing the focus to online grocery, there has been significant year on year value growth in Thailand, Malaysia and Vietnam in 2017
Both the region’s population and the projected increases in GDP are significant.

**POPULATION, 2018, SOUTH-EAST ASIAN NATIONS, (MILLION)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>265.3</td>
</tr>
<tr>
<td>Philippines</td>
<td>107.4</td>
</tr>
<tr>
<td>Vietnam</td>
<td>94.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>69.2</td>
</tr>
<tr>
<td>Myanmar</td>
<td>52.8</td>
</tr>
<tr>
<td>Malaysia</td>
<td>32.5</td>
</tr>
<tr>
<td>Cambodia</td>
<td>16.3</td>
</tr>
<tr>
<td>Laos</td>
<td>6.8</td>
</tr>
<tr>
<td>Singapore</td>
<td>5.7</td>
</tr>
<tr>
<td>Brunei Darussalam</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Total 651 million people, 49% of whom are urban.

**GDP INCREASE, 2018 - 2023, SOUTH-EAST ASIAN NATIONS, ($US BILLION)**

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP Increase ($US Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>474</td>
</tr>
<tr>
<td>Philippines</td>
<td>191</td>
</tr>
<tr>
<td>Vietnam</td>
<td>133</td>
</tr>
<tr>
<td>Thailand</td>
<td>166</td>
</tr>
<tr>
<td>Myanmar</td>
<td>41</td>
</tr>
<tr>
<td>Malaysia</td>
<td>203</td>
</tr>
<tr>
<td>Cambodia</td>
<td>13</td>
</tr>
<tr>
<td>Laos</td>
<td>10</td>
</tr>
<tr>
<td>Singapore</td>
<td>88</td>
</tr>
<tr>
<td>Brunei Darussalam</td>
<td>4</td>
</tr>
</tbody>
</table>

By 2023, South-East Asian annual GDP will have increased by $US1.3 trillion.

Source: World Bank world economic outlook
Successful online selling is an end-to-end process from customer acquisition through to last mile delivery

In response to this, the current delivery of New Zealand exporters against these needs appears variable, as does the performance of in-market partners

- The relationship between the New Zealand exporter and the in-market distributor can be limited and transactional with a focus on sales over marketing
- An increase in targeted directing of consumers via digital marketing or social media can be required, and an awareness of the investment required to do this
- E-commerce is often restricted to one or two mainstream websites
- The optimum mix between online and offline distribution can vary by category and market and needs to be understood

Source: Kantar TNS NZ interviews with in-market experts
Key features of the South-East Asian online channel
The question of the dominant format is key; mixed vs. pure online

**Mixed model**

For example, in France, mixed retailers represented 95% of total FMCG e-commerce last year.

However, traditional retailers rely heavily on store proximity e.g. 90% of Americans live within 15 minutes of a Walmart store.

However, Ocado has recently reached 15.4% online market share and is now the country's fourth largest e-commerce grocery retailer.

**Pure model**

Worldpanel data shows that pure players are far more successful at reaching new customers – most obviously the rapid growth of online grocery adoption in Asia; particularly South Korea, where 67% of e-commerce penetration was attributed to pure players in 2017.
This difference in format is defining of developed Asian vs. Western e-commerce

ONLINE PENETRATION BY FORMAT

Clicks and Mortar  Pure Players

Korea  68  24
Mainland China  56  4
Taiwan  56  7
Spain  21  9
UK  24  8
France  24  5
Argentina  1  7

Source: Kantar Worldpanel – 52 weeks ending March 2017
Attracting new shoppers drives stronger growth than increasing frequency...

Total FMCG e-commerce Frequency x Penetration – Last 5 years ending March 2017

Source: Kantar Worldpanel, Intage
...and that is clearly what the major players are chasing

- Walmart acquired Jet.com
  
  AUG 2016

- Walmart & JD.com alliance
  
  FEB 2017

- Walmart & Google alliance
  
  AUG 2017

- Alibaba partnership with Bailian group
  
  FEB 2017

- Amazon acquired Whole Foods
  
  JUNE 2017

- Alibaba deployed Hema Fresh
  
  JULY 2017

- Alibaba / Sun Art and Auchan alliance
  
  NOV 2017

- JD launched 7 fresh
  
  NOV 2017

- Amazon Go in Seattle launched
  
  JAN 2018

- Carrefour announced agreement with Tencent & Yonghui
  
  JAN 2018
Globally it’s a tale of two competing models – Amazon vs. Alibaba
Amazon has overtly signalled its intention to extend into clicks and mortar

Amazon has sought to dominate the online marketplace…

…and is now also playing his hand in bricks-and-mortar. The $13.7 billion Whole Foods deal demonstrates its strategy to create a complete experience for shoppers both on and offline.

This is a major statement around overcoming the issues regarding last mile delivery, and is expected to help Amazon build its fresh food reputation and increase penetration by 2% with premium customers — reaching 63% penetration in the US.
“Pure e-commerce will be reduced to a traditional business and replaced by the concept of New Retail—the integration of online, offline, logistics and data across a single value chain.”

“Amazon is more like an empire—everything they control themselves, buy and sell. Our philosophy is that we want to be an ecosystem [...] to empower others to sell, empower others to service, making sure the other people are more powerful than us.”

Alibaba Founder and Chairman, Jack Ma
And when we think about Alibaba in South-East Asia, we need to think about Lazada Group.

Launched in 2012, Lazada is the leading online shopping and selling destination in South-East Asia – present in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Lazada works with more than 155,000 local and international sellers, 3,000 brands and 300 million SKUs.

It offers multiple payment methods and its own first and last mile delivery arm supported by more than 100 logistics partners.
The way in which New Retail is impacting both online and offline in China is predictive of Alibaba’s future vision.

Tmall x Intersport: New Retail Megastore

This co-branded store powered by AI, AR, and other new technologies sports interactive features like smart shelves with interactive wall screens, virtual shopping bags, and smart mirrors with AI shopping assistants that provide more information and recommendations.
The way in which New Retail is impacting both online and offline in China is predictive of Alibaba’s future vision

Alibaba Alipay: Code Vendors

A new form of retailer in China, Code Vendors are traditional street vendors (selling groceries or street food) who receive a code from Alipay that allows shoppers to buy goods by scanning the code rather than using cash.
The way in which New Retail is impacting both online and offline in China is predictive of Alibaba’s future vision.

It's a smart locker that shoppers can install outside their door for package and food deliveries. Leaving packages is authorised by facial recognition so couriers can deliver when no one is home. The smart box can be extended to accommodate larger deliveries, and the temperature can be adjusted through a mobile app to keep food hot or cold.
The role of specialist online grocery and food delivery services is also burgeoning and important to understand.

Operating in Hong Kong, Taiwan, Thailand, Indonesia, Malaysia, Bangkok, Philippines and Japan

Partners with 30+ supermarkets across Indonesia, Malaysia & Thailand
Acquisition costs are still high, meaning this is a space for only the well funded.

They have captured 30K Honest Bee customers in Thailand in the last 3 months at an average cost of Bht 900 (NZD $41)

As part of the growth in the market VCs started throwing around big discounts – Honest Bee and Happy Fresh and then Tesco. So shoppers are just sitting back and cherry picking. With an average transaction value of Bht2.5 and low stickability, it’s clear that we’re not changing behaviour

Lazada, now JD.com is partnering with Central Online and more new competitors…they are all making a loss. It’s about who can last the longest
There are three common drivers for individuals to start shopping online

Drivers of online purchasing

CONVENIENCE
A particular issue in Asian megacities with difficult stressful environments, or to purchase bulky items when dependent upon public transport

UNIQUENESS
A significant driver in fashion, makeup & accessories

SPECIALS
Still being used commonly to prime the market
Grocery lags other categories especially outside developed markets

<table>
<thead>
<tr>
<th>Purchase online – any product</th>
<th>South-East Asia TOTAL</th>
<th>Developed South-East Asia</th>
<th>Emerging South-East Asia</th>
<th>Lesser developed South-East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Music</td>
<td>33%</td>
<td>76%</td>
<td>16%</td>
<td>26%</td>
</tr>
<tr>
<td>Travel</td>
<td>43%</td>
<td>87%</td>
<td>40%</td>
<td>4%</td>
</tr>
<tr>
<td>Apparel</td>
<td>22%</td>
<td>44%</td>
<td>18%</td>
<td>9%</td>
</tr>
<tr>
<td>Grocery</td>
<td>12%</td>
<td>33%</td>
<td>5%</td>
<td>6%</td>
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<tr>
<td>Automotive</td>
<td>11%</td>
<td>22%</td>
<td>8%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Total category incidence of e-commerce

Source: Kantar TNS Connected Life
Within grocery, Personal Care dominates across the markets

Total category incidence of e-commerce

<table>
<thead>
<tr>
<th>Category</th>
<th>South-East Asia TOTAL</th>
<th>Developed South-East Asia</th>
<th>Emerging South-East Asia</th>
<th>Lesser developed South-East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase online – Grocery</td>
<td>12%</td>
<td>33%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Personal care</td>
<td>13%</td>
<td>33%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Baby care</td>
<td>11%</td>
<td>29%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Food and drink</td>
<td>7%</td>
<td>23%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Cleaning and Laundry</td>
<td>4%</td>
<td>15%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Kantar TNS Connected Life

DEVELOPED SOUTH-EAST ASIA
- Singapore
- Malaysia

EMERGING SOUTH-EAST ASIA
- Thailand
- Vietnam
- Indonesia
- Philippines

LESSER DEVELOPED SOUTH-EAST ASIA
- Cambodia
- Myanmar
Another very significant development is the rise of social commerce, the key driver of which is the absence of trust.

Social commerce is an emerging category of e-commerce, which allows users to participate in buying and selling products and services through an online platform.

In developing markets where trust in unproven companies & platforms and the payment mechanisms that support them are low – both the use of credit and the banking system itself – social commerce is filling a significant gap.

The personal connection means lower acquisition costs which links naturally with categories such as Apparel and Health and Beauty.

Good for tracking testimony and recommendations, and generates talkability.

In Vietnam some social commerce vendors are live-streaming their purchases of goods at markets overseas.

It is notable that in response, traditional e-commerce sites are increasingly trying to build in more social content to bridge the divide.
Social Commerce comes in two different levels of sophistication, firstly with fully integrated payment…
…through to a more rudimentary exchange of delivery and payment details via messaging
Facebook dominates the social media transactions market in South-East Asia

Top 5 social customer service channels (usage %)

<table>
<thead>
<tr>
<th>Social Media</th>
<th>Developed South-East Asia</th>
<th>Emerging South-East Asia</th>
<th>Lesser developed South-East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>31%</td>
<td>23%</td>
<td>31%</td>
</tr>
<tr>
<td>YouTube</td>
<td>13%</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Line</td>
<td>9%</td>
<td>5%</td>
<td>14%</td>
</tr>
<tr>
<td>WeChat</td>
<td>6%</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td>Instagram</td>
<td>5%</td>
<td>10%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Other

<table>
<thead>
<tr>
<th>Social Media</th>
<th>Developed South-East Asia</th>
<th>Emerging South-East Asia</th>
<th>Lesser developed South-East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snapchat</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Weibo</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Twitter</td>
<td>3%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Other social networks</td>
<td>11%</td>
<td>9%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Kantar TNS Connected Life
3
What are the key differences between South-East Asian markets?
Countries in South-East Asia are unique in that they have leap-frogged to mobile-centricity

![Device Centricity Chart](chart.png)

Source: Kantar TNS Connected Life
The maturity of payment mechanisms are a symptom of the level of trust in a market

<table>
<thead>
<tr>
<th>Payment mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Often people are sceptical of online payments with many examples of credit card fraud to be found, e.g. service stations in Thailand</td>
</tr>
<tr>
<td>In Vietnam it is more fundamental in that it is the banking system itself which is not trusted; ATM network outages and high-profile embezzlements have tarnished its adoption in a market where many adults remain unbanked. Or in Thailand, there have been well publicised cases where the money was wired and the website simply disappears</td>
</tr>
<tr>
<td>In Indonesia, even for purchasing airline tickets online, payment is at the local minimart in cash after the order has been made</td>
</tr>
</tbody>
</table>
The variability in trust can be measured via a corruption perceptions index.

### CORRUPTION PERCEPTIONS INDEX, 2012 - 2017, GLOBAL COMPARISONS (INDEX)

- **New Zealand**: 89 (2017) vs. 90 (2012)
- **United Kingdom**: 82 (2017) vs. 74 (2012)
- **Germany**: 81 (2017) vs. 79 (2012)
- **Australia**: 77 (2017) vs. 85 (2012)
- **United States of America**: 75 (2017) vs. 73 (2012)
- **South-East Asia**: 42 (2017) vs. 38 (2012)
- **China**: 41 (2017) vs. 39 (2012)

### CORRUPTION PERCEPTIONS INDEX, 2012 - 2017, SOUTH-EAST ASIAN NATIONS (INDEX)

- **Brunei Darussalam**: 62 (2017) vs. 55 (2012)
- **Cambodia**: 2122 (2017) vs. 37 (2012)
- **Indonesia**: 32 (2017) vs. 29 (2012)
- **Laos**: 21 (2017) vs. 15 (2012)
- **Malaysia**: 4749 (2017) vs. 30 (2012)
- **Myanmar**: 15 (2017) vs. 3434 (2012)
- **Philippines**: 3434 (2017) vs. 3737 (2012)
- **Singapore**: 3737 (2017) vs. 35 (2012)
- **Thailand**: 35 (2017) vs. 31 (2012)
- **Vietnam**: 35 (2017) vs. 31 (2012)

Source: Transparency International
It’s also important to distinguish this with what Westerners think of as trust issues in our own context.

Trust in a developed vs. developing economy

Consumers in developed economies are highly connected but increasingly suspicious with significant trust issues for brands online.

- 50% of UK consumers consider the content brand’s post on social media irrelevant.
- Half of North American consumers are concerned about social networks’ control of what users see in their feeds.
- 40% of consumers globally are concerned about the level of personal data brands have on them.

In developing markets however, the idea of post-truth hasn’t happened yet to the same degree. While just 9% of Swedish consumers consider the content they see on social media reliable, in Indonesia 61% of consumers trust the information they consume on social media.

Instead in the developing world it’s more about a lack of trust in the platforms themselves or the payment mechanisms.
A number of features can determine the efficiency and effectiveness of channel logistics

Logistics / Delivery

The quality of last mile delivery varies hugely across the region.

a. How bad traffic is in a megacity can make a huge difference to last-mile delivery

b. In developing markets, out of stocks can be common, or frozen product management can be a real challenge, alongside leakage and transit damage

c. In developed markets however there are increasingly complaints about non-enviro-friendly packaging

d. In rural areas of Indonesia, although mobile penetration is huge, catalogue shopping still dominates because the logistics infrastructure just doesn’t support 24-48 hour delivery
The nature of regulation can impact vendor’s behaviour in the online channel.

**Regulation**

The level of regulation in an economy broadly moves with its economic development and can have a significant impact upon the nature of claims made around a product’s efficacy, particularly in the Social Commerce channel which is unmonitored.

**REGULATORY QUALITY (2016, INDEX: RANGE -50 TO +50)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>12</td>
</tr>
<tr>
<td>Indonesia</td>
<td>-2</td>
</tr>
<tr>
<td>Cambodia</td>
<td>-9</td>
</tr>
<tr>
<td>Laos</td>
<td>-15</td>
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<tr>
<td>Myanmar</td>
<td>-17</td>
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<tr>
<td>Malaysia</td>
<td>0</td>
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<tr>
<td>Philippines</td>
<td>44</td>
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<tr>
<td>Singapore</td>
<td>3</td>
</tr>
<tr>
<td>Thailand</td>
<td>-9</td>
</tr>
<tr>
<td>Vietnam</td>
<td></td>
</tr>
</tbody>
</table>

Source: World Bank worldwide governance indicators
Finally, an economy at different stages of development will produce different types of customers

**Customer type**

In a less developed economy, brands may have to be more targeted to wealthy or niche customers to find the wealth, with at times more specific or demanding expectations from the experience or product e.g. targeting the needs of premium consumers can mean that issues like traceability, sustainability, health etc will now be central to them.

In a developed economy however, online selling has mainstreamed meaning that it is now a more mass market customer being targeted with the perhaps less stringent delivery criteria required for success.
The nature of consumers finding and buying products online is broadly younger but their income level can vary greatly

<table>
<thead>
<tr>
<th>Country</th>
<th>Daily usage %</th>
<th>Daily usage %</th>
<th>% above $US400</th>
<th>Years</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>21</td>
<td>6</td>
<td>72</td>
<td>27</td>
<td>50</td>
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<tr>
<td>Indonesia</td>
<td>6</td>
<td>4</td>
<td>7</td>
<td>29</td>
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<tr>
<td>Malaysia</td>
<td>37</td>
<td>24</td>
<td>93</td>
<td>33</td>
<td>47</td>
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<tr>
<td>Myanmar</td>
<td>8</td>
<td>4</td>
<td>10</td>
<td>35</td>
<td>50</td>
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<tr>
<td>Philippines</td>
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<td>31</td>
<td>51</td>
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<td>Singapore</td>
<td>30</td>
<td>26</td>
<td>&gt;95</td>
<td>37</td>
<td>50</td>
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<tr>
<td>Thailand</td>
<td>7</td>
<td>5</td>
<td>67</td>
<td>32</td>
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<td>Vietnam</td>
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<tr>
<td>Global</td>
<td>25</td>
<td>20</td>
<td>na</td>
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<td>46</td>
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</tbody>
</table>

Source: Kantar TNS Connected Life
4
Mapping the different markets
GDP per capita and ease of doing business can provide clear guidance around how to group South-East Asian markets into three development tiers.

### GDP PER CAPITA, 2018, SOUTH-EAST ASIAN NATIONS, ($US000)

- **Singapore**: 61,767
- **Brunei Darussalam**: 33,233
- **Malaysia**: 11,237
- **Thailand**: 6,992
- **Indonesia**: 4,052
- **Philippines**: 3,095
- **Laos**: 2,706
- **Vietnam**: 2,546
- **Cambodia**: 1,499
- **Myanmar**: 1,338

### EASE OF DOING BUSINESS, 2018, SOUTH-EAST ASIAN NATIONS, (INDEX)

- **Singapore**: 85
- **Brunei Darussalam**: 71
- **Malaysia**: 78
- **Thailand**: 77
- **Indonesia**: 66
- **Philippines**: 59
- **Laos**: 53
- **Vietnam**: 68
- **Cambodia**: 54
- **Myanmar**: 44

Source: World Bank world economic outlook, World Bank ease of doing business index
Each market has unique advantages and disadvantages, with payment mechanisms, logistics and regulation being key barriers in the lesser developed markets

Summary of market attractiveness

<table>
<thead>
<tr>
<th></th>
<th>Mobile Centricity</th>
<th>Online Purchase</th>
<th>Payment Mechanisms</th>
<th>Logistics</th>
<th>Regulation</th>
<th>Customer Mix</th>
</tr>
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<tbody>
<tr>
<td>Singapore</td>
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<td>Myanmar</td>
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Poor ⬜ ⬜ ⬜ ⬜ ⬜ Excellent
Market and culture specific drivers of the online channel
There are four market specific features that can also impact the nature of online sales in South-East Asia.

1. **How much do consumers need to touch the product?** This mostly depends on consumers’ familiarity with the product e.g. people understand bananas but will have to touch avocados if they don’t know if it’s ripe or not.

2. **How convenient is retail already?** e.g. calling out from a corner to a shop in Vietnam?

3. **How well do people really understand frozen goods and cold chain management?** If coming from local wet market background this can have a large impact.

4. **The presence of a fake economy** e.g. in Vietnam where fake branded goods are common the need to see things in person is much higher than in other markets. Vietnamese are described as being very suspicious of any received goods because of this.
Also, we shouldn’t assume that everything can simply be in English

**ENGLISH LANGUAGE SPEAKERS (%)**

- Singapore: 83%
- Philippines: 64%
- Malaysia: 63%
- Brunei: 39%
- Thailand: 27%
- Cambodia: 10%

Source: Various sources, Kantar TNS analysis
Distributor Relationships and Online Customer Acquisition
Two principles for success
The handshake between digital marketing, social media and online sales is crucial

In online grocery or consumables, shoppers **don't generally browse**, instead they target search online - a fundamentally different shopper journey with little to no opportunity to simply come across your products by browsing.

Mobile centric markets means small screens which changes CX and browsing style which reduces the customer journey.

This means that brand awareness is key, social media and digital marketing is a primary determinant of success for new products. **It's never a matter of just selling online.**

Knowing this, one exporter has just taken on a new manager looking specifically at managing the co-ordination between the two.

> **Social media is so much better for telling our brand story**

**Storytelling is much easier instore,** definitely **more difficult online.** One-click on the beverages category and there is just so much choice

**Less investment is required to tell the story so what assets and images can you give us. We have e-newsletters that go out to 300K people with money**

**We are limited to expensive space and to packaging only,** so the question of how social and digital are integrated is key

**The crossover between the online shopper and the social media user is obvious**
There is a strong feeling among distributors of New Zealand product that often the required investment in online brand building is not being made

New Zealand companies do need to understand better that marketing & PR here are huge and to have a space you need to invest to establish a connection. The New Zealand companies seem to expect the distributor to do that investment and work…but it’s not our brand it’s yours, so you have to work together

The distributor’s job is to distribute but the job of brand building is the brand owner’s

New Zealand businesses are not doing this well. They just want to sell sell sell and the rest they leave to the distributor and then change if it doesn’t go well. But sometimes it’s not the distributor it’s the lack of brand building
Key Findings
## Key Findings

### EXCITING GROWTH PROSPECTS IN SOUTH-EAST ASIA’S E-COMMERCE
- Large population
- Rapid economic growth
- World leading e-commerce growth

### DIVERSE ONLINE E-COMMERCE MATURITY
- Singapore and Malaysia the most mature
- Significant logistical/payments mechanism variation elsewhere

### HIGHLY MOBILE CENTRIC
- Leap frogged the typical fixed line PC era

### TRUST IS A MAJOR CHALLENGE IN DEVELOPING MARKETS
- Product and claim authenticity must be proven
- Variable consumer protection
- Product might not turn up
- Cash on Delivery is common in developing markets

### THE ONLINE ‘ECOSYSTEM’ MODEL IS DRIVING GROWTH
- The pure model is dominating, however South-East Asian e-commerce will be heavily influenced by Chinese developments, particularly Alibaba’s Lazada group

### ONLINE GROCERS FACE BIG CHALLENGES
- Multiple channels struggling to find a profitable business model

### SOCIAL MEDIA E-COMMERCE CAN BE SUCCESSFUL
- Is currently in line with many of the needs of consumers in developing markets, particularly relating to trust
Recommended Actions

EXCITING GROWTH PROSPECTS IN SOUTH-EAST ASIA’S E-COMMERCE
- South-East Asia should be on your radar if you are an exporter, and the online channel is very likely to factor into market or category growth

DIVERSE ONLINE E-COMMERCE MATURITY
- Be selective and choose to develop your online and omnichannel capabilities in markets that fit with your product category and willingness to invest
- Tailor your approach to each market – some may still be suitable for offline only

HIGHLY MOBILE CENTRIC
- Mobile only first thinking for all communications and e-commerce channels

TRUST IS A MAJOR CHALLENGE IN DEVELOPING MARKETS
- Use highly recognised and trusted payment systems
- Create brand awareness – unknown products are likely to be ignored
- Earn trust through small commitments – trial packs – or social commerce can be effective in some scenarios
# Recommended Actions

## THE ONLINE ‘ECOSYSTEM’ MODEL IS DRIVING GROWTH
- Easiest market entry approach is currently through Lazada, offering the potential to overcome some of the critical payment and logistical challenges
- Need to invest in a co-ordinated marketing approach that sends customers to your product when ready to buy. Understand in advance the investment that is required to achieve this

## ONLINE GROCERS FACE BIG CHALLENGES
- Keep your options open and don’t over commit to any one online grocer. Be as channel-blind as the market is gravitating towards
- Conduct your own brand awareness and activation communications, linking customers to your product in their preferred channels

## SOCIAL MEDIA E-COMMERCE CAN BE SUCCESSFUL
- Consider Facebook and YouTube as potential sales channels
- Ensure you have trusted logistics and payments systems in place to compete with informal Cash on Delivery approaches