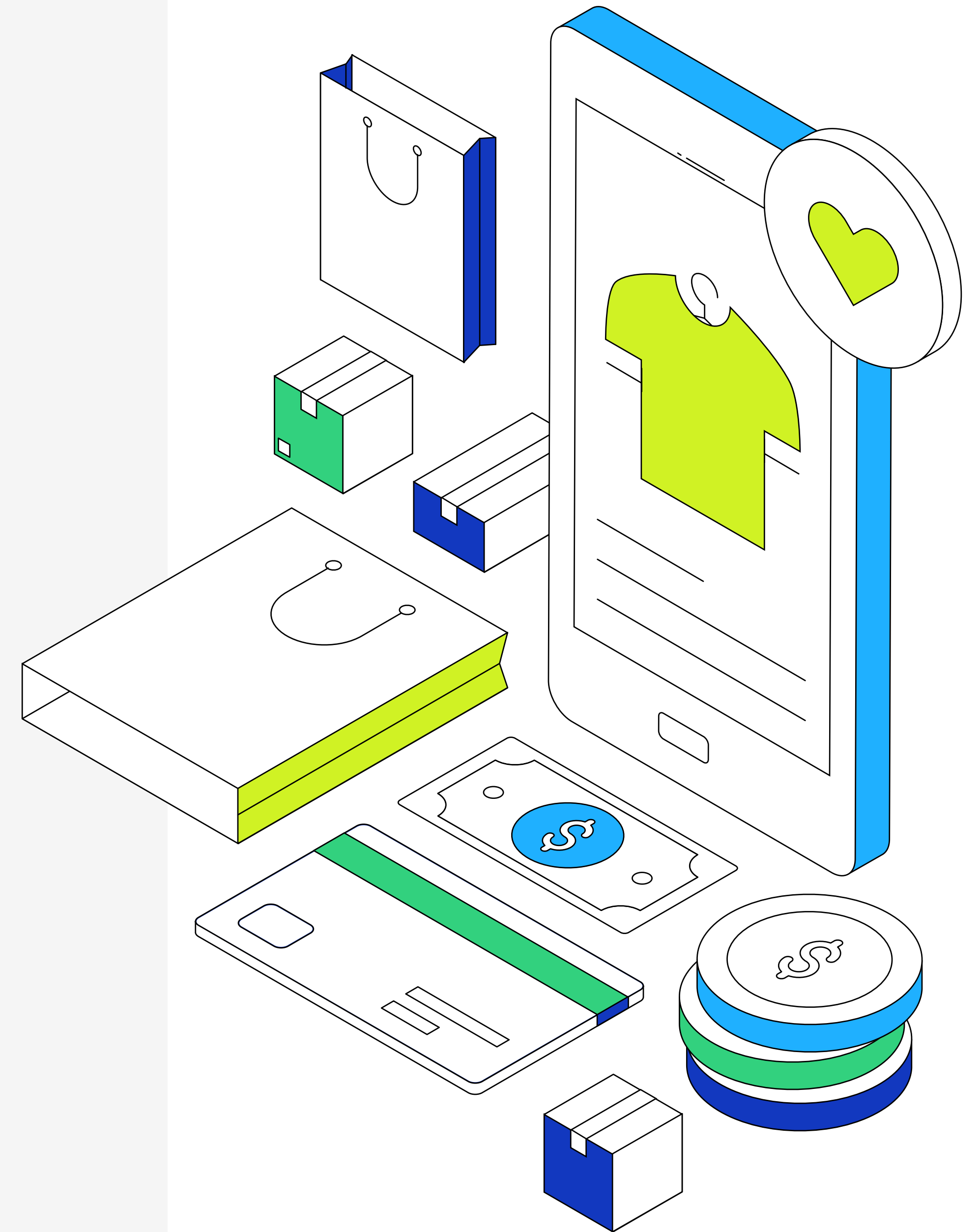


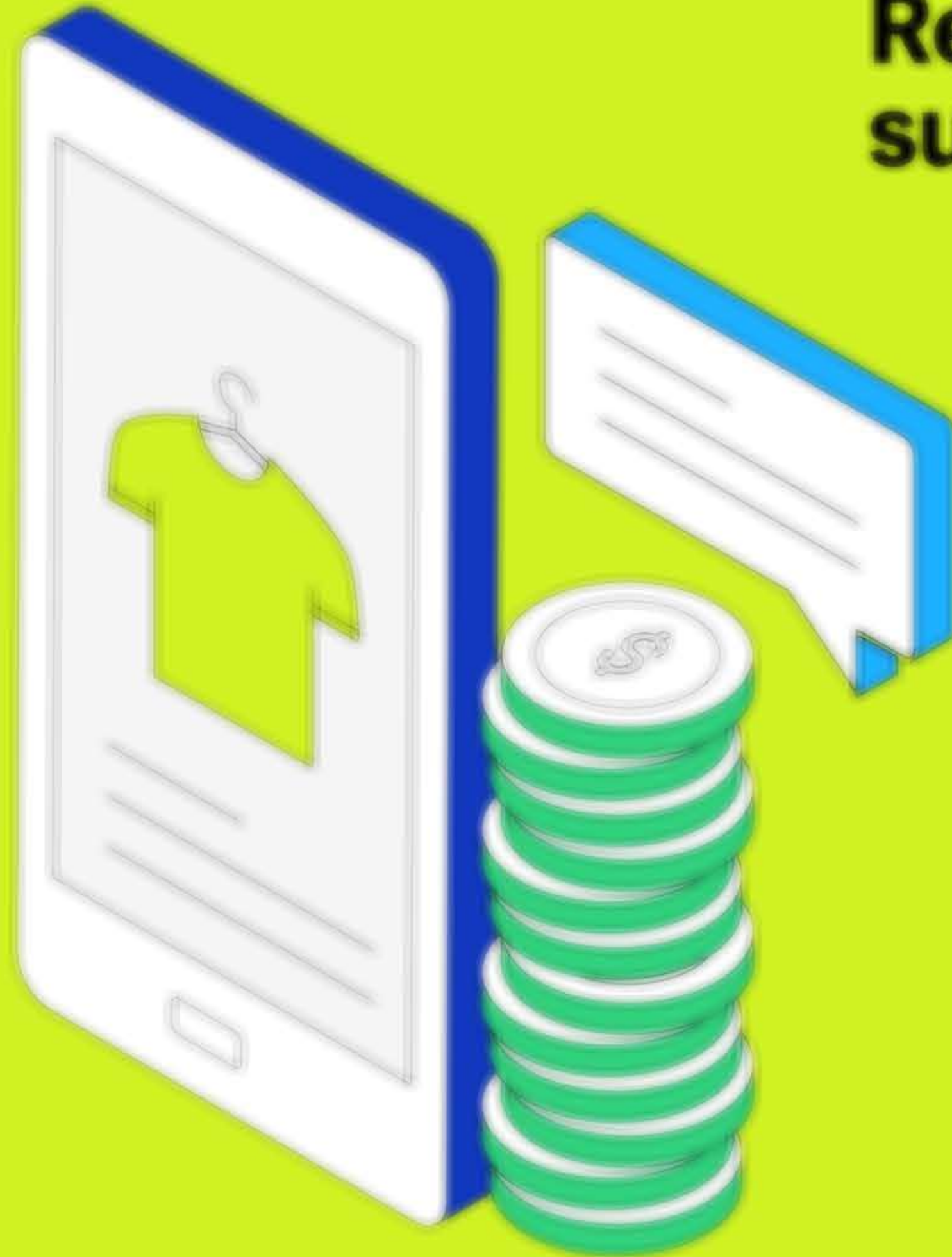
The Southeast Asia

Commerce Trends Report

New industry insights from Shopify, exploring the evolution of commerce in Southeast Asia and the opportunities for retailers to connect with consumers and expand internationally.



Retailers in SEA must transform to succeed in the new commerce landscape



Digital commerce in the Southeast Asia (SEA) region is experiencing significant growth driven by rapid urbanisation, a rising middle class, the proliferation of digital payments and rising smartphone usage.

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According to a report published by Google, Temasek, and Bain & Company, the SEA ecommerce market is expected to reach \$150 billion by 2025. By 2030, the SEA internet economy is also expected to reach \$521 billion, with tens of millions of new retail consumers going online each year.

As consumer habits change, the retail landscape in SEA is also fast transforming with new kinds of consumers emerging. The pandemic has accelerated the demand for a seamless shopping journey, with consumers wanting to shape how they interact and buy from brands. With retail stores re-opening, there is also demand by consumers for a differentiated and integrated experience that combines the best of offline and online.

As the markets continue to evolve across Singapore, Malaysia, Philippines and Indonesia and internet usage continues to rise, retailers who want to succeed in the new digital commerce landscape must tailor their strategies to recognise the different levels of technology development in each country as well as the different expectations of consumers.

While consumers are buying more products online, they want a digital-first experience based on speed, convenience and control over their shopping journey. To win their support, retailers need to improve their capabilities and be able to accommodate greater fulfilment demands for shipping and logistics, ensure the availability of multi-language and currency options to reduce payment complexity and ensure a smooth buying experience for consumers.

For many retailers, the path towards success lies in leveraging new digital technologies to meet the evolving needs of consumers. A large number of retail conglomerates in the region are owned by family businesses that struggled to go online during Covid and saw their revenues plummet. Offline retail brands and digital laggards need to urgently adapt and innovate to survive and grow.

Digital technologies are providing new opportunities and the onus now lies with traditional brands to continue to pivot from offline to online, provide their consumers with an omni-channel experience and to leverage technology in their digital transformation for cross-border expansion.

Retailers can better understand what customers want and tailor their retail and ecommerce strategies to compete effectively in the new retail landscape.



How are SEA retailers **adapting their ecommerce strategy** to meet evolving consumer needs?

1

How are customer behaviours and preferences among online shoppers changing?

2

How are businesses planning their ecommerce outreach and retail marketing strategies?

3

How are they developing a more personalised experience for their customers?

4

How are retailers balancing the focus on online expansion with their other traditional channels?

In conjunction with Shopify, MARKETING-INTERACTIVE polled 158 senior marketers across Singapore, Malaysia, Philippines and Indonesia, many who are key decision makers and influencers in the SEA retail landscape. Their responses and insights towards key shopping trends were divided into 7 recommendations and trends in this report, lending a deeper understanding to how they are navigating changes in consumer behaviour and implementing ecommerce in their organisations. The report also shares the areas and priorities they will focus on in their digital transformation, retail strategy and interaction with consumers in the months ahead.

Today, we can really shop anywhere and everywhere, with access to many more brands both here in Southeast Asia and around the world.

Omnichannel

Consumers spend money where they spend time, so it's now more important than ever for brands to deliver a seamless retail experience online, in-store and on social media. Shopping happens online and offline with DTC merchants and larger retailers, through marketplaces, at pop-ups, on social platforms, through creators, streaming services, and more.

For brands looking to compete for the attention of today's consumer, online storefronts are the primary source of brand discovery, marketing, customer engagement, and most important of all, a crucial sales channel.

Digital Transformation

The pandemic shifted how large, traditional brands viewed ecommerce. Now, they're transitioning online to compete with DTC brands and keep pace with rapidly shifting consumer shopping behaviour. Traditional brands and family businesses who struggle to pivot online during Covid and have seen revenue freefall. Thereby lies the need for these traditional

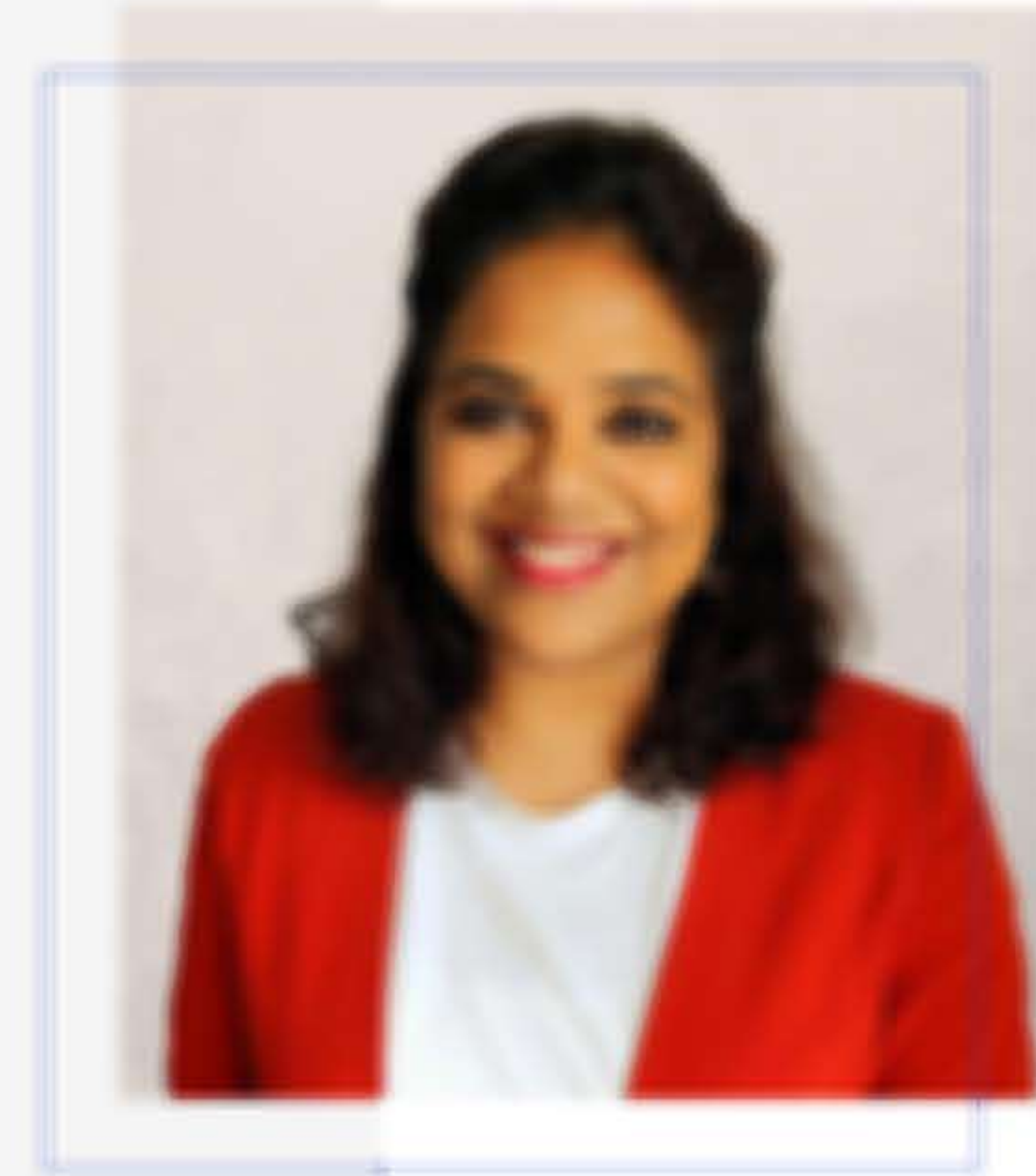
brands to undergo digital transformation to revisit and rebuild legacy systems, processes and operations, across merchandising, supply chain, store operations and more, to create a truly unified customer experience.

New Technology & AI

SEA has the highest rate of internet penetration in the world, the internet-savvy consumer relies heavily on the use of social commerce and, chatbots and AI being prevalent. The challenge is how do retailers choose wisely from a wide menu of tools to maximise impact, given the stage and scale of their business, be it to deliver a seamless omnichannel experience, automate complex workflows, or to enable cross-border expansion.

I hope you will have a great read!

Bharati Balakrishnan,
Country Director, SEA & India
Shopify



Trend 1:

The digital transformation of SEA

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Trend 2:

Planning for peak sales:
Changing consumer behaviours

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Trend 3:

The omnichannel customer:
Seamless shopping anywhere

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Trend 4:

Reaching shoppers in new ways:
DTC, marketplaces and social commerce

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Trend 5:

Embracing new technology:
Chatbots, AI and virtual messaging

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Trend 6:

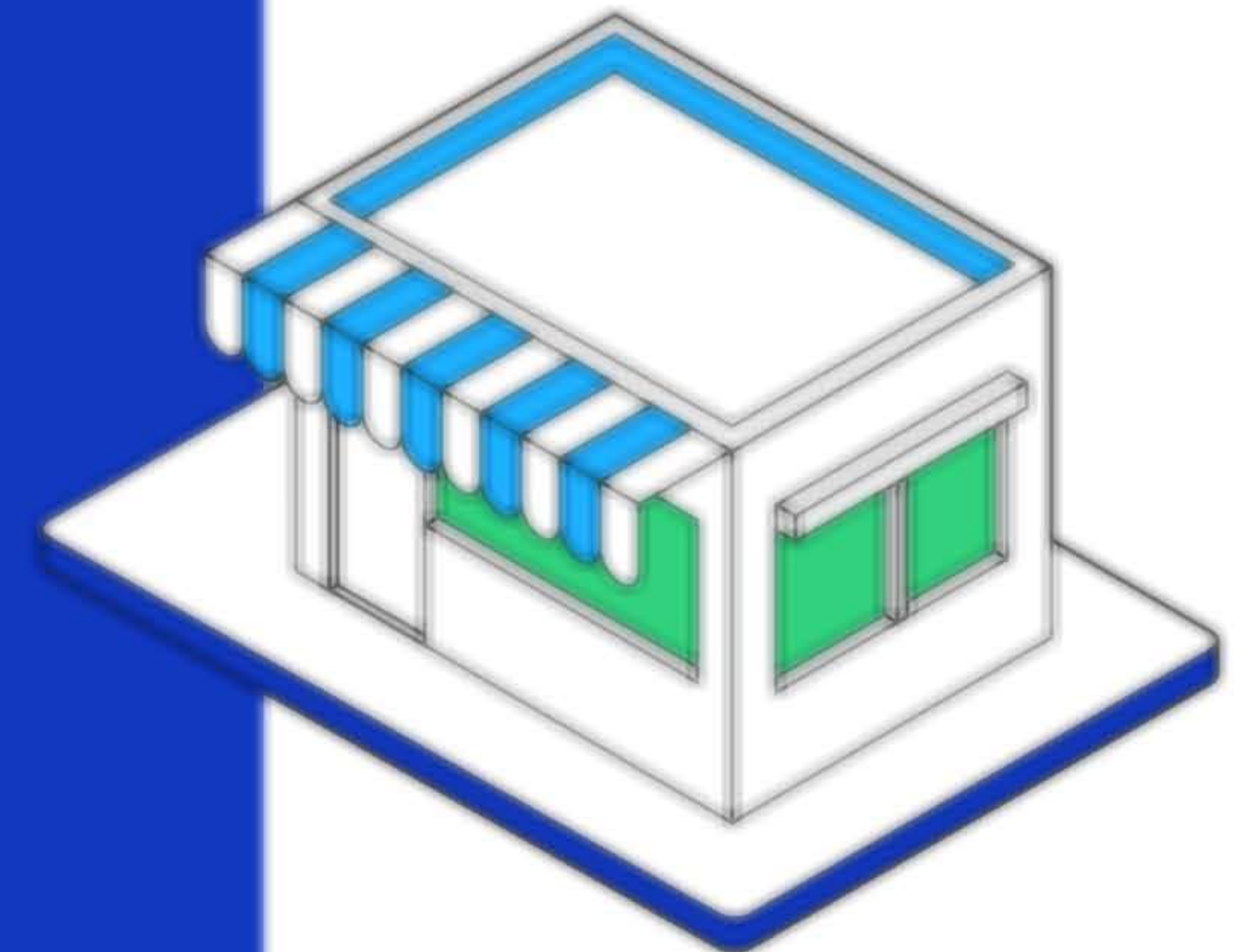
Cross-border expansion:
A multi-language and multi-currency world

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Trend 7:

Operational efficiency:
Shipping and logistics

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Trend 1

The digital transformation of SEA

The pandemic has transformed the retail industry and shifted how large, traditional brands viewed ecommerce. Many had to transition online to compete with direct-to-consumer (DTC) brands and keep pace with rapidly shifting consumer shopping behaviour. This includes customers wanting more convenient ways to shop that can save them time and money as well as access to a larger selection of products and services.

