# UNDERSTANDING E-COMMERCE SHOPPERS IN SOUTHEAST ASIA

## INDONESIA, MALAYSIA, SINGAPORE, PHILIPPINES, VIETNAM, THAILAND

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# AGENDA

1. Key insights
2. Opportunity in adversity: COVID-19 a watershed moment for e-commerce
3. Defining e-commerce shoppers in SEA
4. SEA e-commerce shopper's consumer journey
5. SEA e-commerce shopper's purchase habits

# KEY INSIGHTS

1

## COVID-19 ADVANCING E-COMMERCE & DIGITAL ADOPTION IN SEA

COVID-19 is introducing long-lasting changes to consumer behavior and digital adoption across SEA, much like the SARS epidemic which triggered e-commerce in China, or how the MERS boosted e-commerce in South Korea.

The pandemic is hastening development of digital ecosystems, and is also showing businesses how to adapt their playbooks to making thoughtful, agile moves that will help them maintain strong footing both today and for a post-COVID world.

2

## SOCIAL MEDIA'S INCREASED ROLE IN RESEARCH & PURCHASE JOURNEY

The pandemic is driving a mass of new users from all generations and age groups online. Data tells us that SEA ecommerce shoppers have spent more time online and frequent social media than the rest of the population.

We see that social media is playing an increasingly important role in SEA consumer's purchase journey. In the discovery and evaluation part of the journey, social media feeds and reviews are popular ways for shoppers to get product inspiration.

3

## CONSUMERS STARTING TO THINK BEYOND ESSENTIALS

During the peak COVID-19 period and the lockdowns, essentials meant mostly groceries and supplies. However, as people are spending more time at home, we see a shift of interest to more nonessential items. This is evidenced by an increase in search interest in the said categories in the last few months.

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# OPPORTUNITY IN ADVERSITY:
# A WATERSHED MOMENT FOR E-COMMERCE

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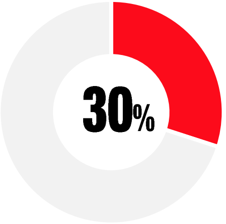
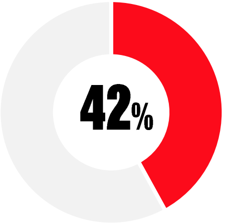
# COVID-19 INSPIRING A SHIFT TOWARDS DIGITAL

COVID-19 has triggered changes in every aspect of our daily lives including consumer spending. More focus has been placed in shopping for essential products and services. Moreover, lockdowns have resulted to more consumers starting to buy online across segments.

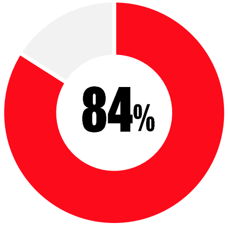
## SHIFT TO ONLINE




Shopped online for something they usually found offline

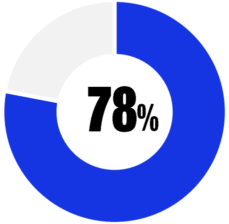



Shopped online for groceries in the last two weeks

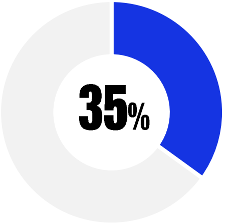



Have tried new apps and are likely to continue to use them

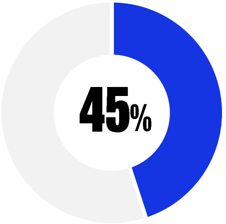
## SHIFT ACROSS AGE AND INCOME SEGMENTS




45 to 54 year-olds tried new digital apps for the first time




Aged 55+ plan to shop more online in the future




Low-income respondents plan to shop more online vs 58% for high-income respondents

Base: Responses from April 20 – May 7, YouGov syndicated tracker(Singapore, Malaysia, Indonesia, Philippines, Thailand, Vietnam);
SOURCE: How Covid-19 Is Changing Southeast Asia's Consumers, Bain & Company, June 2020

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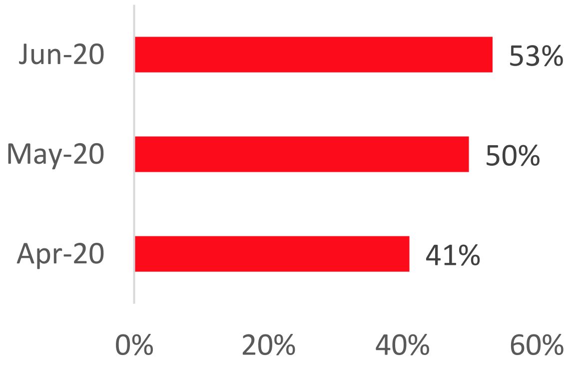
# ONLINE STORES BECOMING THE NEW STOREFRONT

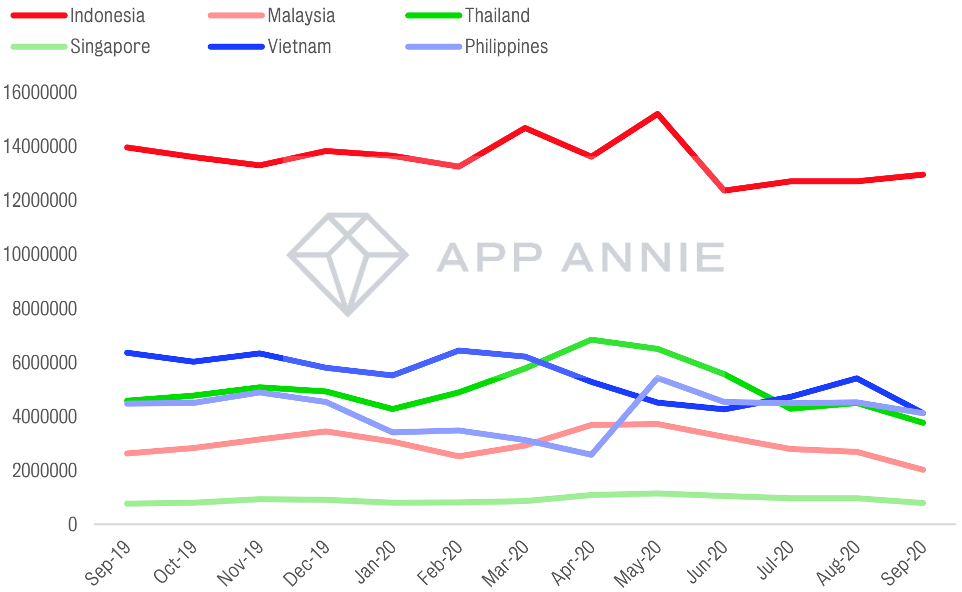
As lockdowns have resulted into higher adoption of e-commerce, we are seeing that even after the pandemic is over, more and more consumers are saying that they are going to shop more online.

## Shopping preference

% of target audience in SEA who say they plan to shop online more frequently once the outbreak is over




## Shopping Category Downloads Trends in SEA

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SOURCE: GWI, Q2 2020; App Annie

# DEFINING E-COMMERCE SHOPPERS IN SEA

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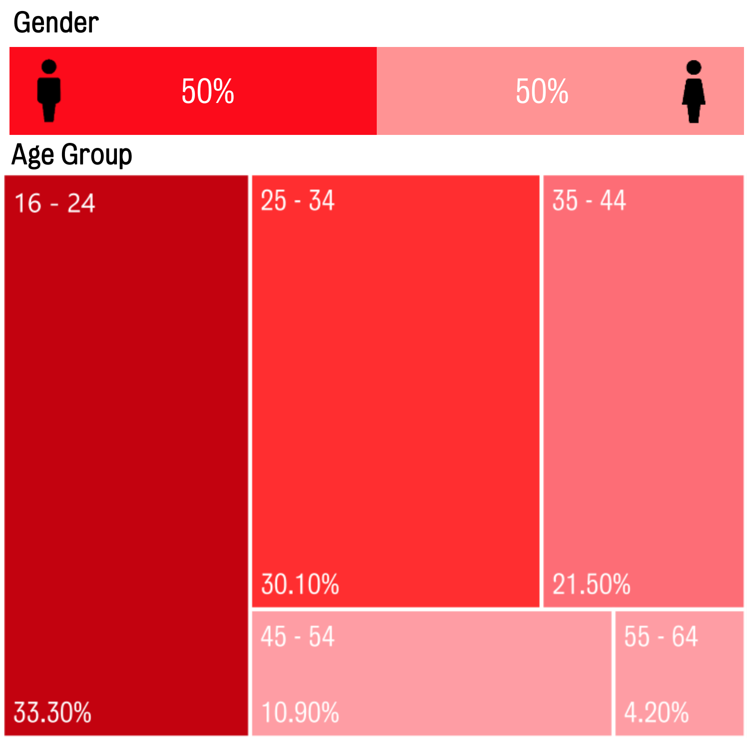
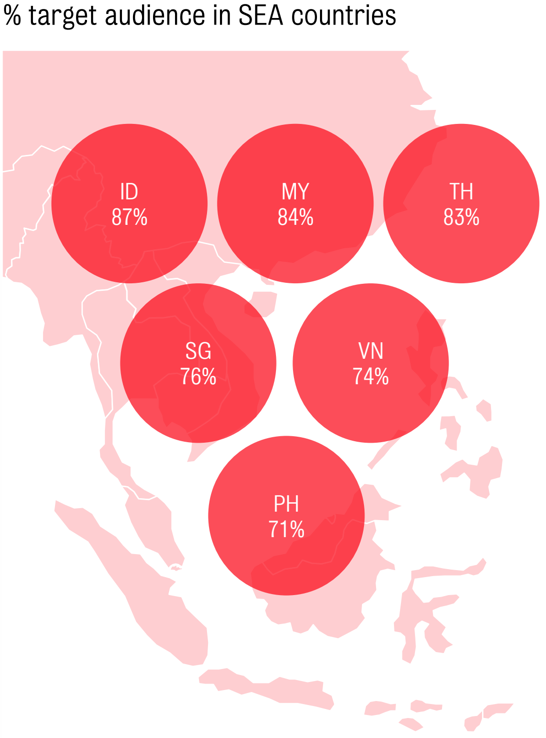
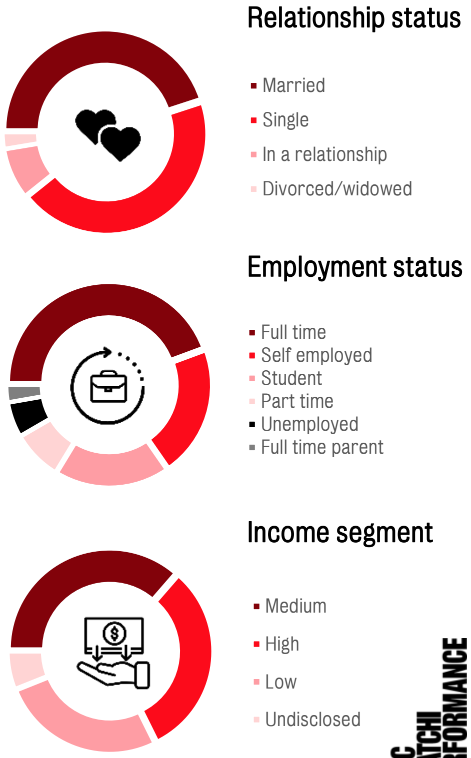
# DEMOGRAPHIC PROFILE OF E-COMMERCE SHOPPERS IN SEA

Millennials and Gen Z form a significant portion of e-commerce shoppers in SEA. However, older consumers have grown in comfort with digital tools and services since the onset of the pandemic and there has been a rise in ecommerce app.




SOURCE: GWI, Q2 2020
Base: Internet users aged 16 – 64 in ID, MY, SG, PH, VN, TH who made an online purchase in the last month

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# MOBILE LEADS ONLINE RETAIL IN SOUTH EAST ASIA

Skyrocketing smartphone adoption rates have made Asia Pacific one of the largest mobile markets in the world. Unsurprisingly, consumers are turning to their mobile devices throughout their purchase journeys. Among SEA countries, Indonesian shoppers show the highest affinity towards mobile, while 40% of Singapore shoppers are still using PC/Laptop for online shopping.

## Device usage & Age difference

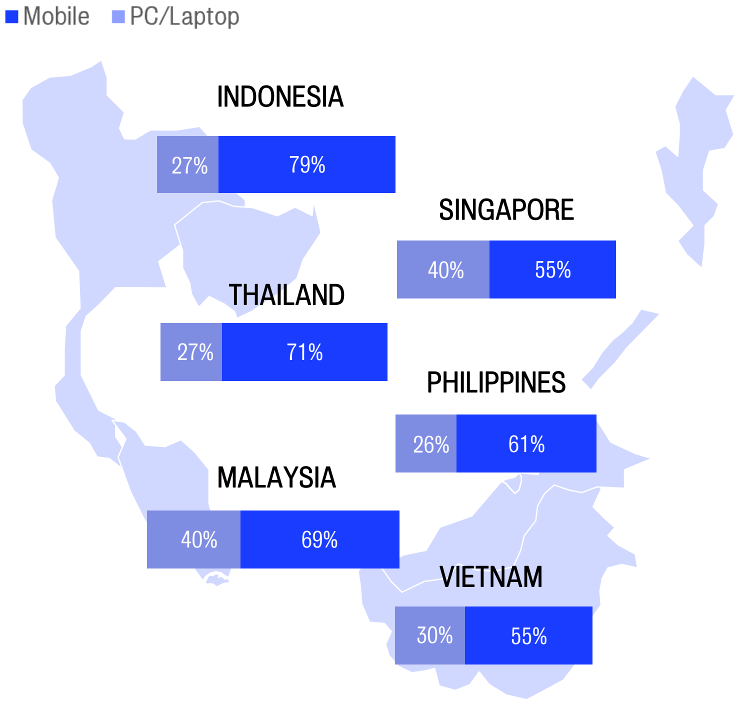
% who have purchased a product online in the past month using the following

| Mobile | PC/Laptop |
|---|---|
| 69.2% | 28.8% |

| Age | Mobile | PC/ Laptop |
|---|---|---|
| 16 – 24 | 67% | 25% |
| 25 – 34 | 73% | 28% |
| 35 – 44 | 72% | 31% |
| 45 – 54 | 67% | 35% |
| 55 – 64 | 56% | 37% |

## Device usage around SEA

% who have purchased a product online in the past month using the following devices




SOURCE: GWI, Q2 2020;

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# E-COMMERCE SHOPPERS USE MOBILE INTERNET TO ACCESS VARIOUS SERVICES MORE THAN THE REST OF THE SEA POPULATION

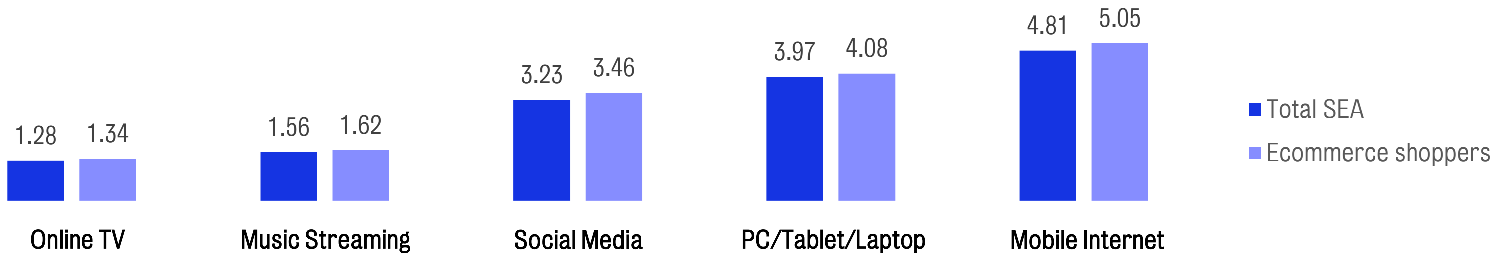
## Recent online activities

Answers to the question, “In the past month, which of the following things have you done on the internet via any device?”

- Visited / used a social network — 100%, ix101
- Used a chat or instant messaging app — 99%, ix101
- Watched a video/visited a video-sharing site — 99%, ix102
- Visited / used a search engine — 97%, ix102
- Visited a news website / app — 96%, ix102
- Searched for a product you want to buy — 95%, ix107

## Avg daily time spent on digital media

Average time the target audience spend on the following each day in hours (decimals)




SOURCE: GWI, Q2 2020

% shows the reach; how many people in your Audience have agreed to a statement or used a particular platform in the past month

IX or Index refers to affinity; it compares your Audience to the total internet population, showing how much more or less likely they are to match with a data point

The numerical distance from 100 shows the percentage difference compared to the base audience. For example, an index figure of 110 means that your Audience is 10% more likely than the base audience to match with a data point.

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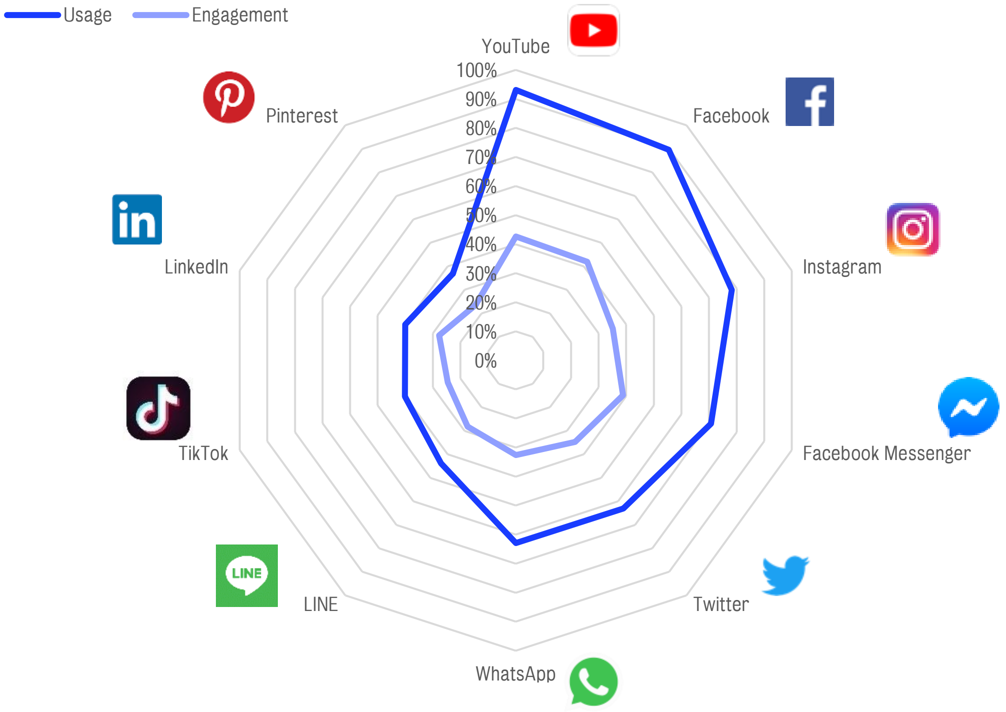
# SOCIAL PROVIDES THE HIGHEST REACH AND ENGAGEMENT

Social is an important channel to reach them; not only are they high reach channels, they are also high in terms of engagement. Additionally, they also interact with brands more, and prefer to research products on social media before making purchase decisions.

## Top Social Media Platforms Across All Devices




## High Over-indexes

% of our target audience who have done the following in the past month

### FACEBOOK

**Posted a comment about a product or brand**
18%, ix111

**Started following a new product or brand**
20%, ix110

**Researched a product I'm interested in buying**
26%, ix1110

### INSTAGRAM

**Used the live feature**
10%, ix112

**Commented on a brand's photo or video clip**
17%, ix112

SOURCE: GWI, Q2 2020

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# SEA E-COMMERCE SHOPPER'S CONSUMER JOURNEY

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# SOCIAL IS THE BEST WAY TO REACH YOUNGER AUDIENCE

Additionally, search engines remain as a resource for consumers' natural impulse to research products across all segments.

% of target audience in each age group who discover brands via...

| 16 - 24 | 25 - 34 | 35 - 44 | 45 - 54 | 55 - 64 |
|---|---|---|---|---|
| Search engines 41%, ix97 | Search engines 44%, ix103 | Search engines 48%, ix113 | Search engines 46%, ix108 | Search engines 51%, ix121 |
| Ads on social media 34%, ix103 | Ads on tv 36%, ix103 | Ads on tv 41%, ix116 | Ads on tv 43%, ix122 | Ads on tv 41%, ix118 |
| Reco. on social media 31%, ix103 | Ads on social media 33%, ix101 | Ads on social media 37%, ix111 | Ads on social media 32%, ix98 | Word of mouth 36%, ix124 |

## Top sources of product research

% of target audience who identified the following as the channels they mainly use when actively looking for more information about brands, products

| Search engines | Social networks | Consumer reviews | Product / brand websites | Mobile Apps |
|---|---|---|---|---|
| 55%, ix103 | 55%, ix104 | 47%, ix106 | 38%, ix105 | 36%, ix105 |

SOURCE: GWI, Q2 2020

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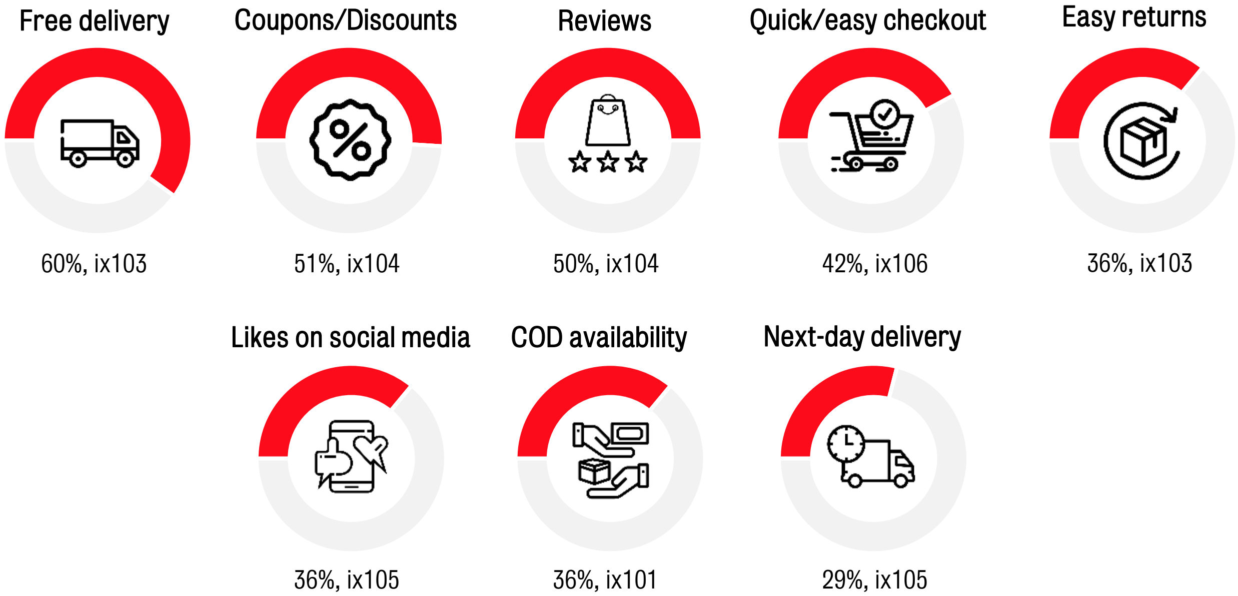
# VALUE FOR MONEY IS A KEY PURCHASE DRIVER IN SEA

Discounts/deals and product reviews are also highly valued among the target audience. Customer experience is of particular importance in times of crisis, and any positive/negative experience can trigger an immediate and lingering effect on consumers' sense of trust and loyalty.

## Top online purchase drivers

Answers to the question, "When shopping online, which of these features would most increase your likelihood of buying a product?"




SOURCE: GWI, Q2 2020

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# HIGH QUALITY AND INNOVATIVE PRODUCTS AND SERVICES ARE IMPORTANT IN DRIVING LOYALTY

They also desire for a personal and rewarding relationship from brands – providing good customer service and personalized rewards are essential.

## Top reasons for brand advocacy

Answers to the question, "What would most motivate you to promote your favorite brand online?"

High quality products 66%

Rewards 50%

Love for the brand 42%

### TOP OVER-INDEXES

| | |
|---|---|
| Enhances online reputation/status | 20%, ix106 |
| When something is relevant to my friends' interests | 31%, ix105 |
| Having insider knowledge about the brand or its products | 29%, ix104 |
| When something is relevant to my own interests | 37%, ix107 |

## Top brand qualities

Answers to the question, "Which of these do you want brands to be?"

Innovative 66%

Reliable 58%

Smart 57%

### TOP OVER-INDEXES

| | |
|---|---|
| Exclusive | 40%, ix107 |
| Bold | 30%, ix106 |
| Trendy / cool | 49%, ix105 |

SOURCE: GWI, Q2 2020

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# CONSUMERS IN SEA UNHAPPY WITH E-COMMERCE EXPERIENCE DURING COVID-19

As e-commerce in South East Asia rides high on the pandemic boom, reports indicate consumers in the region have expressed their disappointment with e-commerce players who have prioritized growth at the expense of consumer experience. The motivating factors cited agrees with our findings on consumer expectations during COVID-19.

The drum reports 39% of consumers in SEA said they are less than satisfied with their digital commerce experience, owing to concerns about delivery costs and services, product reliability and the authenticity of in-app reviews.

With the sector tracking massive growth in new users since the onset of the pandemic, consumers are now more digitally adept and even the older consumers have grown in comfort with digital tools and services; generational gap in the sector has shrunk. As a result, consumer expectations and behaviors have also changed.

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# HOW A BRAND INNOVATED AMIDST COVID-19

As a rising numbers of consumers turn to e-commerce for their home products, Procter & Gamble and Shopee's "Show Me My Home" concept is a rich example of how brands can entice shoppers through novel experiences by simplifying consumer journeys, and more importantly, help attract and retain customer loyalty.


**Show Me My Home** is an e-commerce concept from P&G that aims to bring the experiential elements of brick-and-mortar online to make it more intuitive.

Launched on e-commerce platform Shopee in Singapore, Show Me My Home allows shoppers to experience the online iteration of P&G's brick-and-mortar retail concept of the same name. The experience takes shoppers through virtual 'rooms' and sells products based on those home categories.

SOURCE: 'Show me my home' makes e-commerce more tangible, Canvas8, May 2020

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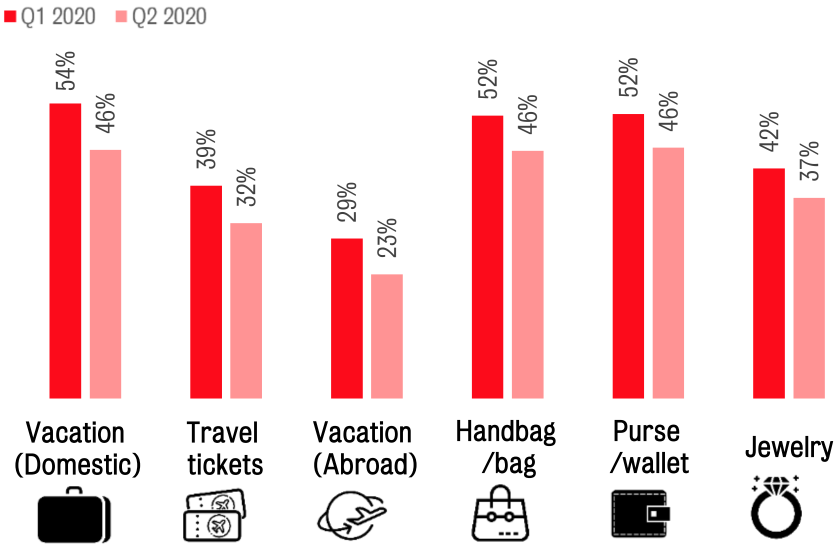
# SEA E-COMMERCE SHOPPER'S PURCHASE HABITS

# MAJOR FALLS SEEN IN NON-ESSENTIALS, MOSTLY IN FASHION

COVID-19's toll on the retail fashion sector is more evident when looking at purchase habits among APAC shoppers in Q2 2020, compared to Q1 2020. Data shows that outside of travel, luxury fashion has been the most affected due to reduce of purchase intent among APAC consumers.

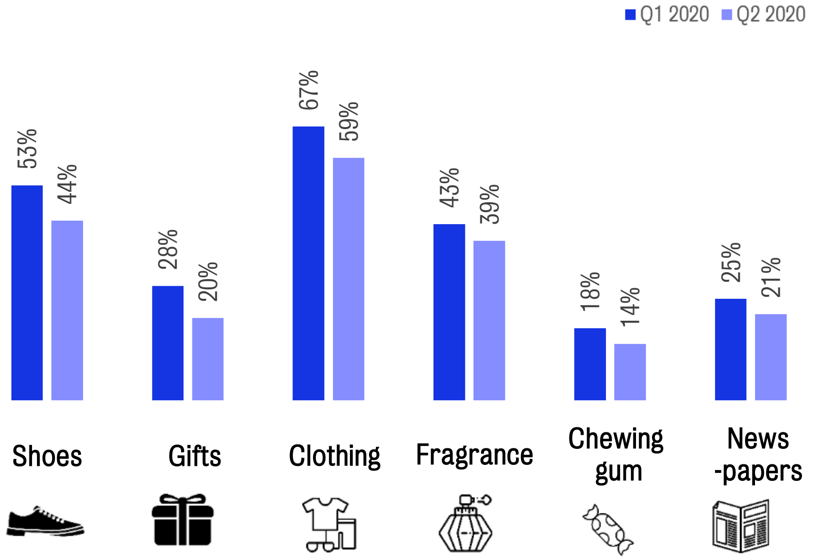
## Major Purchases

% of target audience who purchased the following items in the last 3 -6 months




## Minor Purchases

% of target audience who purchased the following items in the last 3 -6 months




SOURCE: GWI, Q2 2020

# CONSUMERS' SEARCHES INDICATE POSITIVE CATEGORY OUTLOOK

## SHOPPING FOR ESSENTIALS MOVES ONLINE

When COVID-19 forced quarantine and self-isolation policies, shopping for all but necessary essentials became the new normal. Searches for medical supplies, household items rose.

The biggest breakout searches were keywords related to groceries and cooking. This shift to online purchases for groceries could arguably be the biggest long-term beneficially of the pandemic.

## LUXURY SPENDING TO REPLACE INTL TRAVEL DURING HOLIDAY SEASON

With the holiday season fast approaching in SEA, and with international travel restrictions likely to remain in place until 2021, many consumers are seemingly changing their holiday spending patterns.

There has been a rise in searches for staycations and domestic travel, and interestingly on luxury retail, which saw demand slump early on. Search interest for the category is starting to recover and could possibly rise to pre-COVID levels by 2020 holiday season.

## SEEKING FOR NORMALCY THROUGH RETAIL THERAPY

As consumers spend more time online during the lockdowns, they turned to e-commerce to buy more everyday items, and this behavior seems to be bleeding over into non-essential purchases as the movement restrictions are eased.

This is evidenced by the spike in searches for fashion shopping and related keywords(shoes, clothing, etc); this correlates to a spike in impulsive spending among consumers, possibly just to feel the sheer thrill of retail therapy after the forced lockdowns.

SOURCE: Google Search Trends

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# THANK YOU!

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