Digital Economy in Southeast Asia: Current Outlook and Beyond
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1. Sea Digital Economy has emerged and is growing in unique ways
   a. Southeast Asia now has 200 million digital consumers, or up to 50% in a year.
      i. Consumers
         Consumers are those who researched products or service online
         - Number of consumer is increasing from around 400 million consumers in 2016 to 405 million consumers in 2017
         - Within 405 million consumers in 2017, 300 million consumers is using Smartphone (or approximated 67%)
      ii. Online-engaged consumers
         Online-engaged consumer are defined as those who researched products or service online
         - Number of online-engaged consumer is increasing from 180 million in 2016 to 230 million in 2017 or 28%
      iii. Digital consumers
         Digital consumers are defined as those who purchases products or service online
         - Number of digital consumers is increasing from 130 million in 2016 to 200 million in 2017 or 54%
      The survey shows that the digital sector is guarantee growing and proved by data.
   b. Comparative across ASEAN (6 Countries are Singapore Malaysia Thailand Indonesia Philippines and Vietnam)
      i. Growth (%) in Indonesia’s digital consumer in 2016 to 2017 is 74% (based on 183 million national populations) or highest ratio compared to other five countries.
      ii. Thailand is second growth in digital consumers or around 58% (based on 56 million national populations)
   c. Connectivity enabled by cheap phones
      i. 15% CAGR (since 2010 to present) using internet connection in ASEAN 6 countries
      ii. Surprisingly, 89% of internet users use Smartphone as primary device and almost 62% Smartphone were shipped to Southeast Asia.
   d. Online time distributed over several activity
      i. With the boom of Smartphones and Tablets, Digital Marketing has reached a new high. People who were previously unrelated to the field are now learning about it and are excited for the same. The era has changed does much that if a person does not have a Social Media account.
         - Internet user in Southeast Asia spent the most time on internet society and messaging or around 85 weight percentages of using several times a day. And then, 64 weighted percentages are spent on entertainment game and email.
   e. Online time distributed over several activities
In average, Philippines have spent time on social media around 4 hours 17 min. per day or the highest spending time when compared to other 6 countries. Malaysia is the second following by 3 hours 19 min. and Thailand using by 2 hours 48 min.

In 2016, The ASEAN internet economy is 50 Billion USD. Internet users have spent their money on travel/tourism such as air tickets, hotel & short-term rentals, ticketed tourist attractions around 22 Billion USD and E-commerce such as B2C B2B2C equal to 15 Billion USD.

Indonesia is the biggest e-commerce market in ASEAN because Indonesia presents much opportunity for e-commerce among other emerging Asian economies. Indonesia’s current e-commerce market is similar to China’s online marketplace beginnings, with a large pool of entrepreneurial sellers providing goods purchased based largely on social media recommendations.

f. Delivery still a key hurdle to development of e-commerce

The results for surveys containing 56% of respondents that constraints to digital spend are they prefer to touch/feel product. The following list shows 43% unreliable quality and 35% high delivery fees.

2. Clash of the Titans

o Digital Pure Plays (Mostly Western Entrants)
  - This single retail experience, as well as persuading customers to spend more than they’d anticipated and increasing the average revenue per user, provide the ability to capture both structured and unstructured data far better than that captured by a pure play e-commerce company.
  - Information is gleaned on buyer behavior and how this changes during the in-store experience
  - Product preferences are recorded and personal data updated based on the sales assistant’s conversation, providing additional information for socio-demographic profiling
  - Key drivers for purchases are identified, along with propensity to buy based on offers and discounts received, and information on family members and major life events
  - Preferred channels are identified, enabling targeted communications

For example, Google, Facebook, Uber, Amazon, Netflix, etc.

o Regional Champions (Emerging ASEAN Platforms)
  - Emerging ASEAN Platform is characterized by a proliferation of always-connected smart mobile devices, coupled with the widespread usage of social networking, and layered over a cloud-based server infrastructure supporting important new workloads such as big data analytics. This has tremendous implications for the IT industry in ASEAN as the markets are at various stages of the structural shift toward the platform. This change has been ongoing for the past few years and as with any change, there will be challenges as well as opportunities.

For example, Grab, Lazada, Alibaba, Go Jek, etc.

o Multi-segment Platforms (Mostly Chinese entrants)
There is one of the business model patterns. Multi-segment platform brings together two or more distinct but interdependent groups of customers. Such platforms are of value to one group of customers only if the other groups of customers are also present. The platform creates value by facilitating interactions between the different groups. It grows in value to the extent that it attracts more users, a phenomenon known as the network effect.

For example, Alibaba, Baidu, etc.

3. Logistics is key to E-commerce
   - Online retail will continue to gain popularity in both developed and emerging markets and as a result, logistics companies will have to play a key role in providing supply chain management services that evolve with consumers’ changing shopping habits.
   - One of the key prerequisites for properly functioning e-commerce is to have effective address systems. This is still a problem which must not be underestimated, even in up-and-coming economies such as those of China and India.
   - E-commerce will continue to develop in this way in the emerging countries, with the large Asian cities (China) and the US market serving as role models.