**South East Asian nations lead in markers of E-Commerce potential**

**Report 2014**

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South East Asia is home to the world’s second fastest growing B2C E-Commerce market, Indonesia, and the country with the highest Internet growth rate in recent years, the Philippines. Another market, Singapore, boasts one of the most developed infrastructures for online retail. Malaysia ranks among the top thirty emerging B2C E-Commerce markets, while Thailand and Vietnam show high growth potential for mobile commerce, with expanding smartphone penetration and increasing mobile shopper penetration.  
  
With B2C E-Commerce in South East Asia only starting to evolve, cross-border sales are relatively high, with Amazon.com being one of the leading online merchants despite not having local presence in the region. Nevertheless, there are local gems as well: The top 5 South East Asian E-Commerce companies, each generating tens of millions EUR revenue are iBuy, a public company operating several flash sales websites, Groupon’s local operations in the group buying business, online luxury fashion club Reebonz, online mass merchant and marketplace operator Lazada and online fashion retailer Zalora.  
  
The highest B2C E-Commerce growth rate in South East Asia is in Indonesia. The fourth most populous country in the world, Indonesia has a relatively low penetration of Internet users, below 30% in 2013. However, by 2016 the number of Internet users is projected to top 100 million, with online shopper penetration also increasing. Shopping via mobile browsers and retail apps is also on the rise, with some merchants reporting as much as one third of total online sales coming from mobile users. The competition landscape in Indonesia is very diverse, featuring models such as C2C forums and classifieds, C2C online marketplaces, B2C E-Commerce merchants and social network sellers. Across these models, the C2C online portal OLX (formerly Tokobagus) is one of the leaders by online shopper penetration, followed by online classifieds website Berniaga, online forum and marketplace Kaskus and B2C online merchants Lazada and Zalora.   
  
Though online retail in Malaysia still accounts for less than 1% of total retail sales, its growth potential is high, as Internet penetration, payment and logistics infrastructure are relatively advanced. Online shopping is encouraged by new E-Commerce regulations adopted in 2013 and growing smartphone penetration is boosted by governmental initiatives. Websites such as group buying merchant Groupon, online classifieds Mudah.my, online marketplaces Qoo10, Youbeli and Lelong are among the popular choices for Internet shopping. Global groceries retailer Tesco also has established a strong online presence in the country, where groceries is one of the popular categories to be purchased online.  
  
In the Philippines, B2C E-Commerce is gradually evolving, boosted by improving ICT and payments infrastructure. A recent legislative proposal addressed several of the issues in the online retailing industry, and is expected to have a positive effect on the market. The leaders of B2C E-Commerce market in the Philippines are local online merchants Lazada and Zalora and the global online merchant Amazon.com. Daily deals websites, such as Ensogo, MetroDeal, CashCashPinoy, and Deals.eBay are likewise among the most popular in the Philippines.   
  
Despite its relatively small population, Singapore ranks high in E-Commerce indexes due to developed infrastructure. The highest Internet penetration in the region, the world’s highest ranking in ease of conducting business, and one of top 3 best logistics infrastructures in the world plus a high performing payments system make Singapore an attractive market for online retailers, many of whom establish regional headquarters there, like Alibaba’s Taobao marketplace. Over half of Internet users in Singapore shop online and almost 50% do so over mobile phones. Amazon.com delivers to Singapore for free and is the most visited retail website, while B2C E-Commerce site Qoo10, a joint venture of Giosis Group and eBay, ranks next to it.   
  
In Thailand only a small double-digit share of Internet users makes purchases over the Internet in online shops, but a significant share do so through social networks and on mobile. More than half of social network users have participated in social commerce at least once, and over 20% use social networks with online shopping as the primary purpose. Shopping via mobile messaging apps is very popular and one such popular app, Line, has over 5 million accounts in Thailand participating in mobile flash sales. Online marketplaces and classifieds such as Olx.co.th, Weloveshopping.com and Tarad.com are popular online shopping destinations, while also online merchants, such as Lazada and Zalora show strong growth.   
  
Vietnam has the fastest growing middle and affluent class in the South East Asia region and one of the most engaged online audiences. Furthermore, a larger share of Internet users in Vietnam visits retail websites than in any other South East Asian country, with the most purchased online shopping categories being clothing and electronics. The most popular model in E-Commerce in Vietnam is the online marketplace, including B2C and C2C players such as Vatgia.com, Enbac.vn, 5giay.vn.