

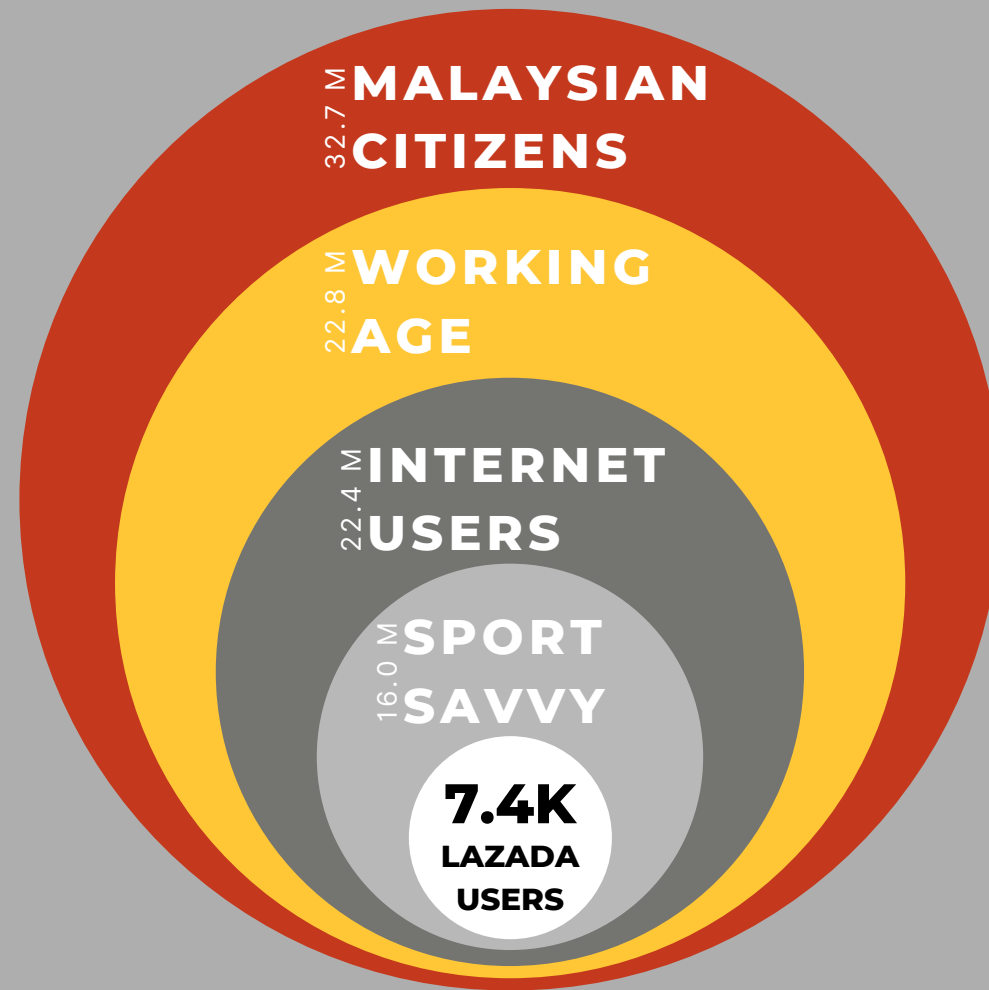
# EXPANSION INTO LAZADA

WITH HOME GYM EQUIPMENT

CREATED BY:  
TAN YING XIN



# MARKET SIZING



## ASSUMPTIONS

- Market is dominated by SEA's 2 largest e-commerce platforms -- Shopee and Lazada.
- Main market is Malaysians, but the friend is open to expanding to overseas market in the future
- Nearly half of Malaysians reported working out more due to pandemic, 70% of which are interest to buy home gym equipment to exercise indoors.
- Home gym equipment include smaller items like exercise mats and resistance bands.
- The friend's savings are sufficient to launch a new storefront

# EXPANSION CONSIDERATIONS

## COMISSION FEES

Lazada takes 1% - 4% of sales as commission, which is lower than the 3% - 5% of Shopee

## STRONG MARKETING

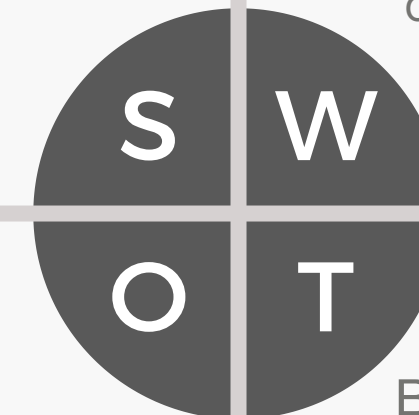
Initiated Campaign Days like Singles Day on 11.11 which

## PAYOUT METHODS

Lazada accumulates payments for about a week before it payouts to the seller. Furthermore, new sellers have to wait for 3 weeks before their 1st payout.

## 3PL PARTNERS FOR 1ST MILE

Lazada only uses LEX except on peak sales periods like 11.11 where they will outsource to 3rd Party Logistics (3PL).



## OVERSEAS EXPANSION

Lazada has large overseas consumer base because Alibaba owns more than 90% of Lazada as of 2018.

## FRESH REVENUE STREAM

Lazada has 32 M monthly users. It's the 2nd largest e-commerce platform in terms of monthly users in Malaysia and the South East Asia (SEA) region.

## BRAND AWARENESS

For the first few months of operations, products won't have customer feedback or ratings which could affect sales.

## INCREASED INVENTORY

With potential larger customer base, would need to increase warehouse space especially if retailing in a ready-to-order basis.



# SUGGESTIONS

## ACTION

## WHAT?

## WHY?



New launch campaign

- Conduct a **2-week new launch campaign**
- Send prospective customers unique **Seller Vouchers**
- Have discounts for **smaller smaller home gym equipments**, especially exercise mats or jump ropes as part of new launch campaign

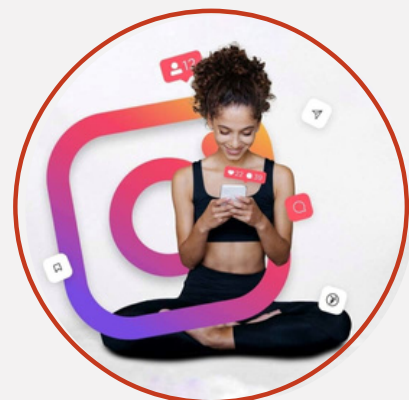
- Customers who do **casual sports** will be looking for equipment with lower entry barriers
- Attract more customers initially to **improve ratings and increase amount of feedback**
- Lazada's **algorithm prioritises** placement of **lower priced items** on the top of a keyword search page



Clean and clear pictures

- Provide many **clear, product-focused** photos
- **Avoid cluttering** the pictures with deals or details
- Thumbnail picture can include the **store name**

- Users who favour Lazada is chiefly because of the **cleaner User Interface**
- Keeping with the **theme of the platform** aligns with preference of its users
- Most are **mobile users**, the smaller screen translates to smaller thumbnail pictures
- Home gym equipment aren't wearable, **wouldn't need to model** them

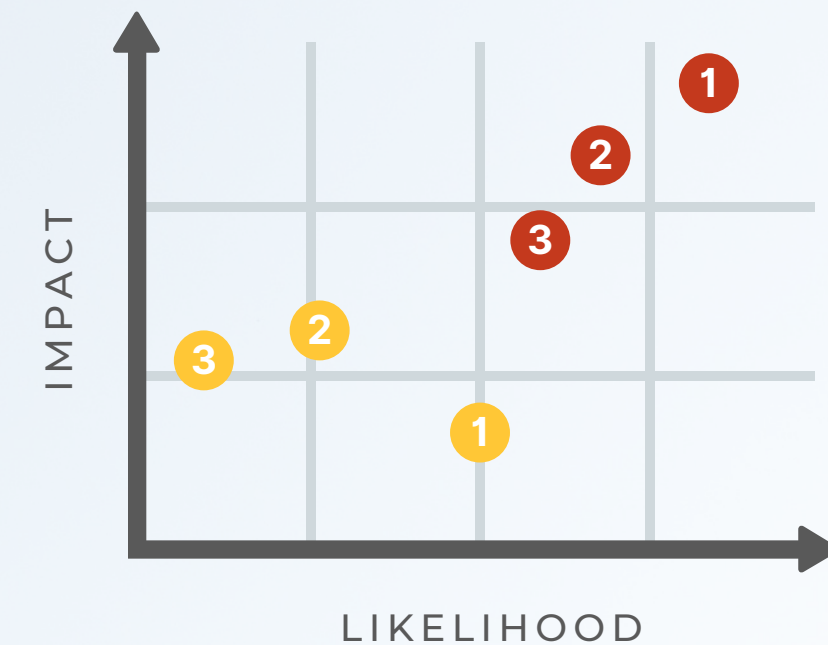


Collaborate with Social Media Influencers

- Collaborate with **local social media influencers** on their content for a month before and during new shop launch campaign
- Send influencers **PR packages** with smaller home gym equipment
- Create unique **Seller Vouchers** for influencers

- A Deloitte report found that consumers are **4 times more likely to purchase** products they've seen on social media
- Largest percentage of e-commerce users are **aged 20 - 39**, coinciding with demographic from the Deloitte report
- Influencers are able to deliver feedback to **attest to quality** of the equipment

# RISKS



## MAJOR RISKS

- 1. Lost of Interest when lockdown restriction eases**
  - Demand for home gym equipment may fall once citizens allowed to exercise in gymnasiums
- 2. Decrease in income per capita due to job retrenchments**
  - Malaysian economy projected to grow by 4.5% in 2021 lower than projected 6.0%. Further CMCO restrictions estimated to spur further decrease in economic growth
- 3. Competition from influx of cheaper imported goods**
  - Equipment exported from larger manufacturing countries able to sell at lower prices due to economies of scale

## MINOR RISKS

- 1. Overlap of users between Shopee and Lazada**
  - Repetition of users means that doesn't reach projected increase in market size
- 2. Change in T&C of the e-commerce platform**
  - Disagreeable new terms which may hurt sellers may prompt sellers to leave the platform
- 3. Technology obsolesce by competition**
  - New disruptive technology or e-commerce platforms could replace Lazada as an industry leader in Malaysia and SEA

# APPENDIX



THANK  
YOU

- Malaysian Population - [https://www.dosm.gov.my/v1/index.php=column/cthemedByCat&cat=155&bul\\_id=ZjJOSnpJR21sQWVUcUp6ODRudm5JZz09&menu\\_id=L0pheU43NWJwRWVSZklWdzQ4TlhUUT09](https://www.dosm.gov.my/v1/index.php=column/cthemedByCat&cat=155&bul_id=ZjJOSnpJR21sQWVUcUp6ODRudm5JZz09&menu_id=L0pheU43NWJwRWVSZklWdzQ4TlhUUT09)
- Malaysian Digital Users - <https://digitalinfluencelab.com/malaysia-digital-marketing-stats/>
- Lazada monthly users - <https://blog.splitdragon.com/selling-on-lazada-vs-shopee-a-direct-unbiased-comparison/>
- Frequent Gym-Goers - <https://www.statista.com/statistics/1183027/malaysia-frequency-of-going-to-the-gym/>
- Payout methods - <https://blog.splitdragon.com/selling-on-lazada-vs-shopee-a-direct-unbiased-comparison/>
- Commission Fees - <http://www.easy2digital.com/automation/lazada-vs-shopee-which-one-you-should-start-first-in-southeast-asia/>
- Competition with more Chinese Vendors - <https://www.chinabrands.com/dropshipping/article-the-pros-and-cons-of-selling-on-lazada-and-shopee-14824.html>