



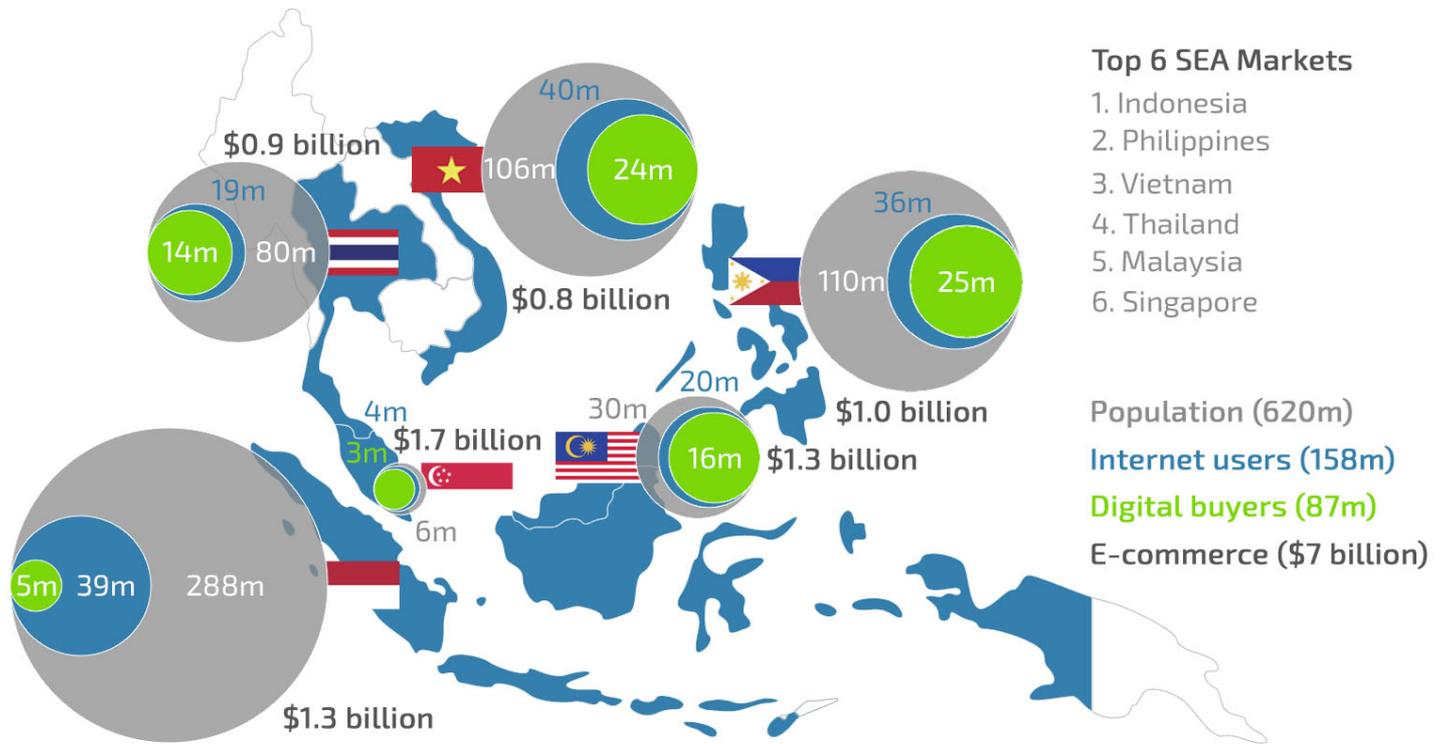
Features

Blog



Feb 09, 2016
posted by Huba Gaspar

Ecommerce in Southeast Asia is going supernova



Southeast Asia (SEA) is becoming the third pillar of growth in Asia after India and China. Estimates project it as becoming the world's 4th largest economy in 2050, a three position jump from where they currently stand at 7th. SEA's e-commerce CAGR is projected at **37.6% from \$7 billion to \$34.5 billion between 2013 and 2018**. Additionally, Indonesia is the global

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report by the analysts at [Golden Gate Ventures](#) found that the current investment climate in Southeast Asia has striking similarities to that of China in 2005 and India in 2010, right before their respective economic booms. China's boom was triggered by a loosening of governmental regulations restricting the growth of privately owned companies and India successfully rebounded following the Global Financial Crisis thanks to a rapid expansion of global trade. Also worth considering is the impact of the region's integration under the Association of Southeast Asian Nations (ASEAN) Economic Community (AEC) by 2015. The AEC will bring about a unification of the 10 member states, most notably: Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam, and their over 620 million citizens. The result will ideally be the creation of a single market with limited border restrictions, more prepared to compete on a global scale and potentially becoming the world's fourth largest economy in the next several years. They are looking to mirror the trade benefits of the European Union without the governing authority or common currency to hopefully avoid the EU's current economic issues.

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The Association of Southeast Asian Nations.

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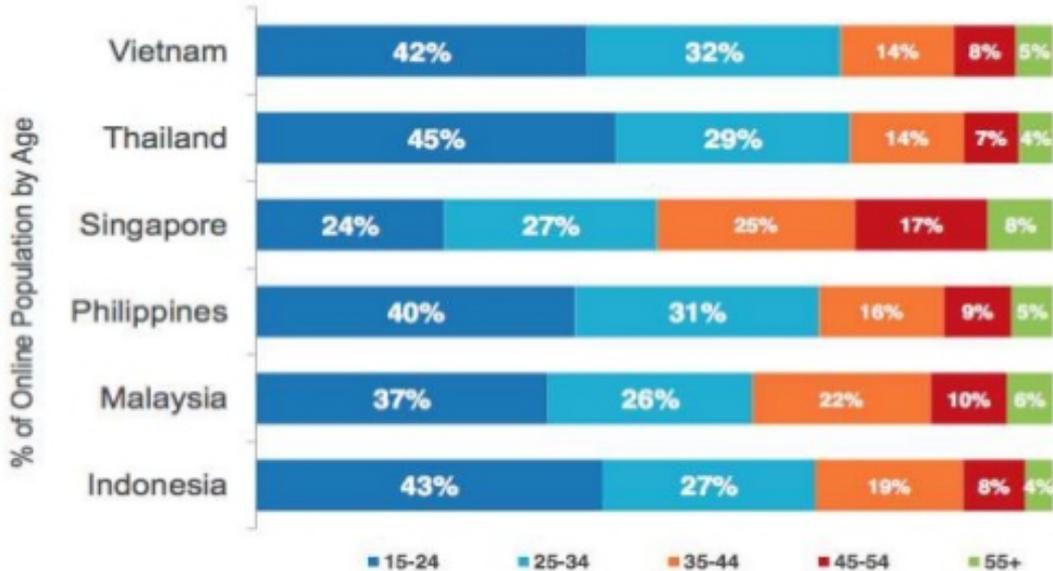
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commerce growth. In more modernized places like the US, China, or Europe, e-commerce sales accounted for around 7% of retail sales. In SEA, it has been reported at less than 2%. It's a region that's teeming with opportunity, but not without considerable barriers to entry into the market. Traditional e-commerce giants like Alibaba and Rakuten are struggling to adjust their traditional business models fast enough to compete; leaving a void for VC-backed startups and more agile companies to fill.

Sustainable Growth from a Youthful Population

Young and Energetic Population



The population in South East Asia is generally young, where over 70% of the people in emerging countries are age 34 and below.

The majority of Southeast Asia's population is under 30.

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maintain the impressive growth rates they've seen in recent years. Southeast Asia will now take the torch and lead the continent in terms of rapid economic growth. Fears of Southeast Asia simply being on the verge of an economic bubble can be subdued when you consider what the potential outlook for the future is with their [rapidly growing and youthful population](#). Over 50% of the population is less than 30 years old, hinting at SEA's potential to take China's place as the manufacturing giant of the world. China's aging population is making it more difficult to find able-bodied workers to fill factories and maintain production. In 2013, Manufacturing experts rated Vietnam and Indonesia as being the top [two most exciting countries](#) for growth in the manufacturing sector over the next 5 years. SEA's abundance of youthful human capital is also leading the way for the region to become an IT outsourcing hub. The Philippines is currently the world leader in the business process outsourcing (BPO) industry. Manufacturing and outsourcing growth in SEA is boosting local economies and lifting scores of the younger population into a growing middle class with more disposable income than ever.

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has often been criticized for their copycat approach of taking the business model of an existing, successful company and then replicating it in an emerging market. Despite the criticisms against their business model, you can't deny their exemplary track record, churning out over 75 different companies since their launch in 2007 and currently seeking an initial IPO valuation of up to \$5.4 billion. With their affinity for emerging markets and ability to get new businesses up and running in ridiculously short amounts of time, it's no surprise that they currently have the most dominating presence in SEA. In 2012, Rocket Internet entered the region with the launch of an e-commerce business named [Lazada](#), commonly referred to as the Amazon of Southeast Asia. Despite showing [\\$152.5m in losses in 2014](#), various foreign and domestic investors have [valued it at around \\$1.3 billion](#), and prospects of profitability are looking up for the future. However, this progress hasn't come easily. To overcome many of the hurdles of doing business in Southeast Asia, [Lazada has partnered with aCommerce](#), an e-commerce logistics startup, to have their own fleet of vans and motorbikes in an effort to supersede the unreliable local shipping companies. aCommerce has been offering end-to-end technology, marketing, and logistics solutions since 2013. Companies venturing into SEA would have difficulties making individual partnerships with different companies in each country in order to serve their shipping and logistics needs. aCommerce saw this need and has become the single partner for businesses wishing to launch

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THE WORLD'S BEST INNOVATION SANDBOX

With over 620 million people, 11 countries, seven major languages, and 20,000 islands, successfully entering this market is no easy task. It's got a youthful population that's mostly under 30 and a strong middle class with ample amounts of disposable income. A colorful array of startups are successfully providing real value to their customers through their innovative products and services. Teeming with opportunities, the environment in Southeast Asia is breeding a culture of innovation as all firms appear to be working together to collectively overcome the difficulties of the region. Large investments are being made into the shipping infrastructure, a unification under the AEC is hoping to remove barriers to increase trade, and companies are quick at work devising a way to either provide Cash-On-Delivery more efficiently or make the electronic alternatives more attractive.

This article was originally featured on August 10, 2015, on the blog of Gravity Research and Development, the company behind Yusp. [Gravity R&D](#) is a technology expert serving omnichannel recommendations for major clients on 5 continents.

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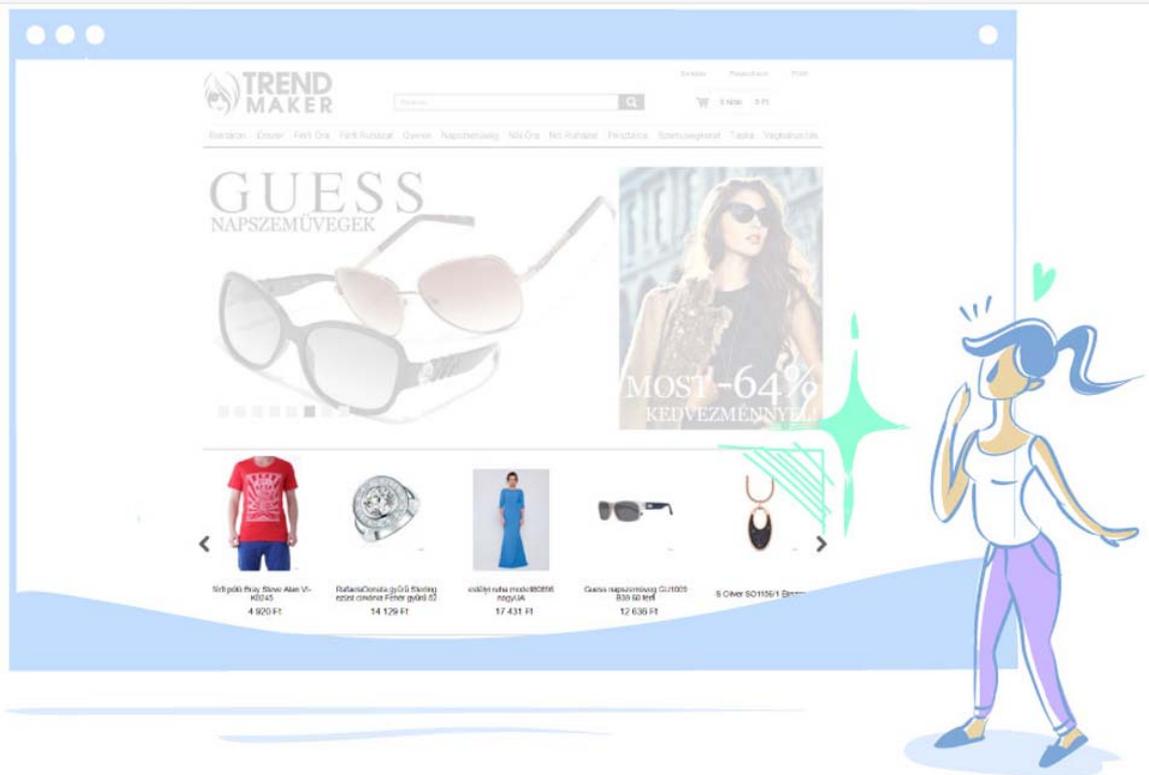
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