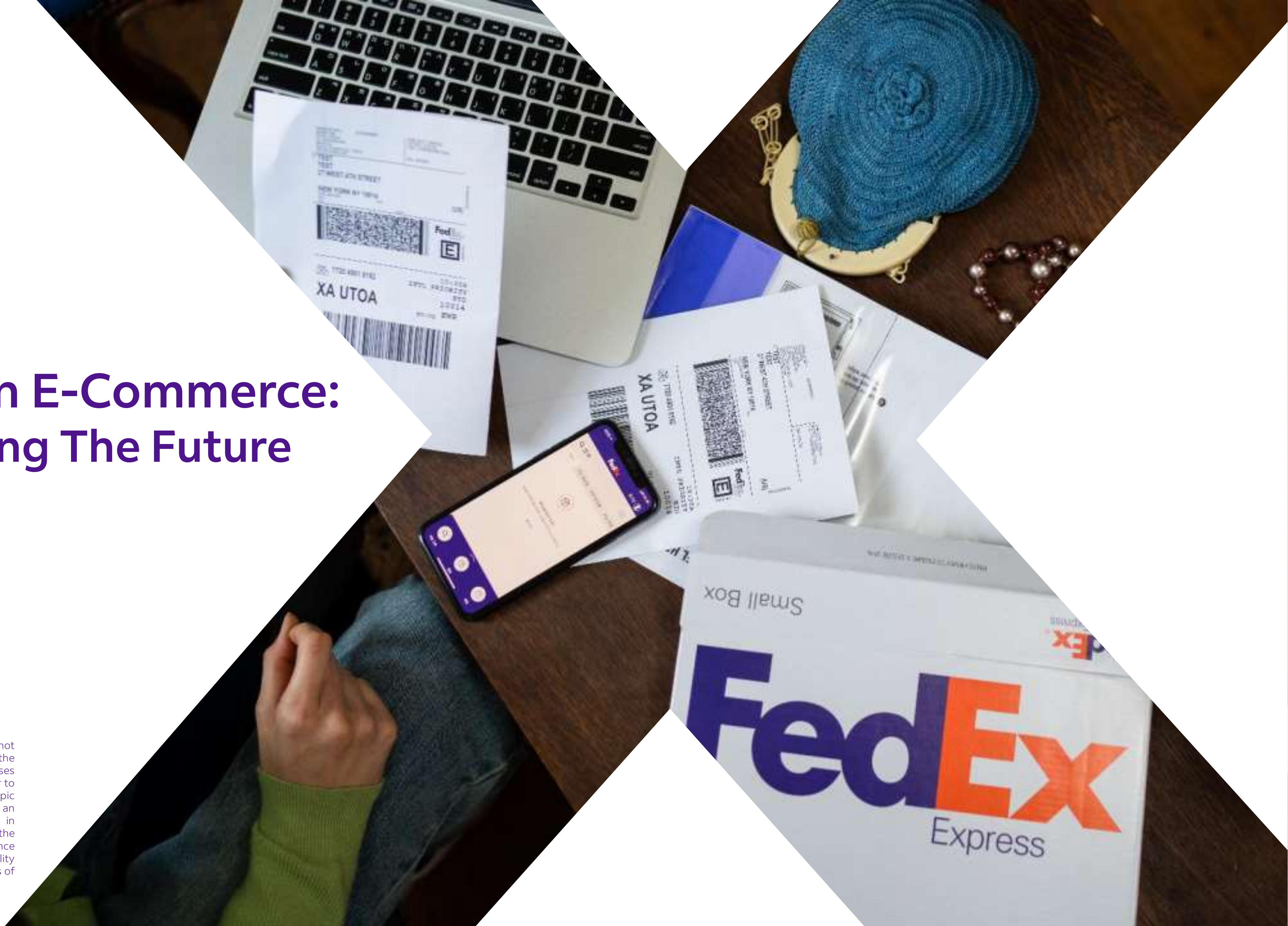
What's Next In E-Commerce: 6 Trends Shaping The Future



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Where are we?

As markets around the world continue to emerge from the global pandemic, it's a good time to take stock of the significant changes that have taken place during the last few years, a time of immense upheaval for the retail business environment. Which e-commerce developments are here to stay and how will the next innovations in digital technology impact the future of retail?

Why is AMEA[1] so important?

A region of 48 countries of enormous diversity and different levels of retail maturity offers great insight into recent and future developments in e-commerce.

Indeed, Asia Pacific is driving forward the retail industry, generating about three-quarters[2] of global growth, and is predicted[3] to see the highest value sales CAGR for retailing during 2020-2025, with increased digitalization, connectivity and demographics being key drivers.

One example of this is the expanding middle class driving e-commerce growth across the region: the 2 billion Asians estimated to be members of the middle-class right now is predicted[4] to increase to 3.5 billion by 2030.

What are the key trends?

The key trends, identified and discussed in this white paper, span the overall "revolution" in e-commerce that has taken place and continues to evolve at pace; the tensions SMEs face around 'last-mile' delivery in the face of heightened consumer demand for greater logistics sustainability; the significant impact of the 'Great Resignation' on SME's ability to retain, nurture and recruit new talent across the region; and ultimately point to ways in which SMEs can leverage innovations around the consumer interface to target and generate profitable revenue from the resulting opportunities.

Some of the eleven AMEA markets researched extensively for this white paper have been and will continue to be more impacted than others, but all of the identified trends are visible across the region.

SMEs and Consumers throughout AMEA are in for interesting, exciting times. This paper points to the need for SMEs to constantly challenge themselves to innovate and remain ahead of the curve.

1. AMEA is used throughout this report to refer to the Asia Pacific, Middle East and Africa region.

Sources: 2. Bain & Company – The Future of Retail in Asia-Pacific; 3. Euromonitor – Top 100 Retailers in Asia 2021; 4. Statista – The Rise of the Asian Middle Class

Six key trends across AMEA

01 E-Commerce Revolution

The Covid pandemic has hot-housed e-commerce growth across the AMEA region and Marketplaces are increasingly influential. SMEs are excited by the resulting opportunities and ready to capitalize. Consumers are also broadly positive about the heightened importance of e-commerce in their shopping experiences.

02 Service Experience Mismatch

There is a significant gap between SMEs' assessment of their own performance across a range of customer experience metrics and how Consumers experience this in reality. SMEs need to up their game to ensure that they do not lose customers as the market continues to evolve.

03 Talent Challenge

SMEs across AMEA are finding the Great Resignation very challenging right now – this is hitting them hard and causing headaches at a time when they are looking to increase headcount by recruiting new e-commerce talent to drive their business forward.

04 Sustainability Tensions

Whilst SMEs and Consumers are both very aware of the need for sustainability, in their words, their choices and their actions, it's tough to get the balance right. Overall, SMEs tend to under-estimate how important sustainability is to Consumers.

05 More Effective E-tailing

SMEs are already offering or planning to offer newer payment options, and targeting audiences more effectively e.g., through personalization and shoppertainment – and Consumers are very receptive to innovations in these areas.

06 Shopping Festivals

E-commerce events continue to make a difference to AMEA Consumers – in fact, many would like even more. There is also a clear need from SMEs for increased logistics support during key pinch points.

CONTENTS

Overview of approach

This White Paper has been developed based on two distinct phases of research.

Qualitative development

The qualitative development phase involved a combination of desk research and expert Interviews. We spoke to five experts in each of the eleven markets during May – June 2022.

These experts range from people working in relevant media, trade associations and government bodies, along with senior business leaders.

Quantitative research

A quantitative online survey was then conducted during June – July 2022. This comprised interviews with SMEs and Consumers.

We interviewed 300+ SMEs in each of the eleven markets. Participants worked in e-commerce retailers with 1-249 employees and were in a management role involving at least joint responsibility for setting e-commerce strategy. A total of 3,567 interviews were conducted.

We interviewed 500+ Consumers per market (1000+ in India) with participants comprising a representative sample of adults aged 18+, who make at least 25% of their purchases online. A total of 6,277 interviews were conducted.

NOTE: Colour coding is used throughout this report to highlight which audience is being reported: SMEs Consumers

Scope

Research was carried out in **eleven AMEA markets:**

Australia (AU), Hong Kong (HK), India (IN), Japan (JP), Malaysia (MY), Philippines (PH), Singapore (SG), South Korea (KR), Taiwan (TW), Thailand (TH) and Vietnam (VN).

Mainland China has not been included in this study because a previous white paper specific to Mainland China was published in 2020.

01 E-Commerce Revolution

The Covid pandemic has hot-housed e-commerce growth across the AMEA region which has become an e-commerce powerhouse, and Marketplaces are increasingly influential.

Key drivers behind the trend

A combination of recent growth and predicted future growth in e-commerce – augmented by increased use of Marketplaces – points to a genuine "revolution" in the way Consumers are shopping nowadays across AMEA. SMEs that are able to capitalize on this growth most effectively – by being innovative and seizing the opportunities arising – will flourish and those that rest on their laurels will be left behind.

+ 8.2%

E-commerce[1] in Asia expected to grow at a rate of 8.2% between 2020-2025, compared with US (5.1%) and Europe (5.2%).

45%

Asia[2] Pacific and Australasia will account for more than 45% of the global absolute value growth in e-commerce during 2020-2025.

1 billion

Announcing[3] results for FY2021, Alibaba revealed it has now served 1 billion active users including 240 million based outside Mainland China.

Sources: 1. Statista; 2. Euromonitor – Retail in Transition: Future E-commerce Opportunities in Asia Pacific and Australasia; 3. Alibaba - press release May 13th 2021

E-Commerce Revolution means a fundamental shift in the Consumer mindset and behaviors around e-commerce. Older Consumers, in particular, have had their eyes opened to the benefits of online shopping during the pandemic and there is no going back. SMEs are largely excited by this revolution and willing to invest and change their outlook to capitalize.

Covid has hot-housed e-commerce across AMEA region

There is no going back to how items were purchased beforehand - this is a great opportunity for SMEs that are adaptable and willing to embrace change.

SMEs are excited by e-commerce opportunities

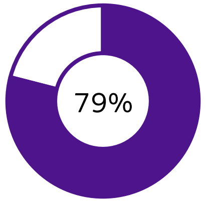
SMEs aware that e-commerce will continue to evolve – they are excited by this and most believe they are well positioned to capitalize.

Consumers are increasingly buying through Marketplaces

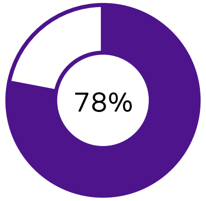
Over half of AMEA Consumers purchase items exclusively through Marketplaces and their share of total e-commerce spend has increased significantly.

COVID has hot-housed e-commerce across the AMEA region

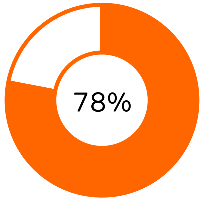
The Covid pandemic has hot-housed consumer desire for e-commerce – there is no going back to how items were purchased beforehand. E-commerce market experts believe this is a great opportunity for SMEs that are adaptable and willing to embrace change.



SMEs who agree consumer buying behavior has fundamentally changed due to Covid



SMEs who say e-commerce has become more important to their business in last 3 years



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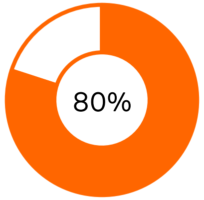


Consumers who say e-commerce share of their purchases has increased in the last 3 years

Consumer buying behavior has been significantly impacted by the global Covid pandemic. McKinsey[1] and Company go as far as to state that the pandemic has squeezed 10 years of digital sales penetration into 3 months. The resulting changes are here to stay and will continue to evolve. The pandemic is generally viewed as a positive driver of e-commerce revenue by experts and by the business community.

Older Consumers, and boomers, in particular, have come to embrace e-commerce and Etailers must adapt their offer and their approach moving forward to target this new audience that is likely to have different needs from the more established, younger e-commerce consumer.

Businesses are increasingly aware that it's critical to stay ahead of the competition. They can achieve this through more effective audience targeting, faster delivery, and by offering more flexibility around payment options. Some of these market innovations will require significant investment so it's essential that SMEs understand the potential ROI they can achieve.

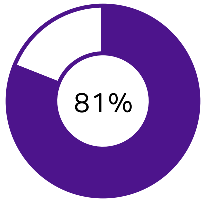
Looking further to the future and The Next Big Thing, market experts point to innovations such as visual shopping and artificial intelligence.

SMEs are constantly seeking out the next innovation to gain an edge over the competition and they would welcome advice and support from logistics providers in these endeavors.

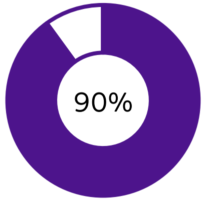
Source: 1. McKinsey & Company: Solving the paradox of growth and profitability in e-commerce

SMEs are excited by e-commerce opportunities

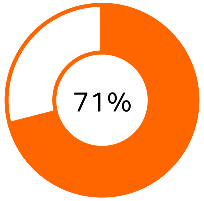
SMEs across the AMEA region acknowledge the increased importance of e-commerce to their business over the past 3 years and also believe it will continue to become even more important in future. They are excited by this and believe that a willingness to adapt and embrace change will drive e-commerce opportunities and result in growth.



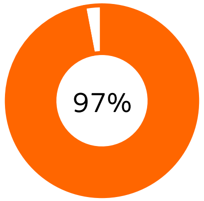
SMEs who say e-commerce will become more important over the next 3 years



SMEs who are excited about e-commerce becoming more important over the next 3 years



Consumers who say e-commerce will become more important over the next 3 years



SMEs who are positive about e-commerce becoming more important over the next 3 years

The vast majority (81%) of SMEs across AMEA predict e-commerce will continue to boom in future, becoming more important to their business growth over the next 3 years. 9 in 10 are excited by this, and believe they are well positioned to capitalize.

E-commerce's share of Consumer purchases has increased in 8 in 10 cases over the last three years and the majority (71%) predict that it will account for an increasing share of their total retail spend over the next 3 years.

Almost all AMEA Consumers see the growth of e-commerce through a positive lens; the biggest benefit they see is the ability to access products cross-borders at the click of a button. It's estimated[1] that cross-border e-commerce in Asia Pacific and Australasia will grow at a 13% CAGR over 2020-2025 to reach USD247.5 billion by 2025.

With this in mind, and looking forward, Mainland China is seen as the key market, within AMEA, that SMEs will target for export growth, followed by India and Japan:

Mainland China (45%), India (35%), Japan (34%), Thailand (32%), Hong Kong (31%), Malaysia (29%), Singapore (28%), Taiwan (28%), South Korea (25%), Vietnam (25%), Australia (23%), Philippines (21%)[2].

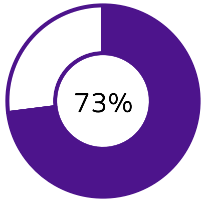
Beyond AMEA, SMEs will be targeting North America and Western Europe:

US (31%), Germany (26%), UK (22%), France (22%), Canada (20%), Italy (18%), Spain (15%)[2].

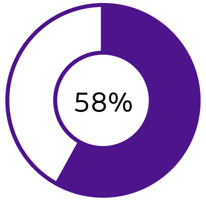
Sources: 1. Euromonitor – Retail in Transition: Future E-commerce Opportunities in Asia Pacific and Australasia; 2. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

Consumers are increasingly buying through Marketplaces

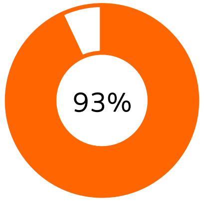
Over half of Consumers across AMEA already purchase items exclusively through Marketplaces and Marketplaces now account for 79% share of all e-commerce spend, up significantly in the last three years.



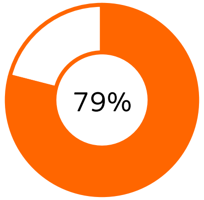
SMEs who are using Marketplaces, 42% doing so exclusively



SME revenue generated through Marketplaces, up 5% in last 3 years



Consumers who are buying from Marketplaces, 55% doing so exclusively



Consumers spend through Marketplaces, up 11% in the last 3 years

SMEs and Consumers agree on the importance of marketplaces in the overall context of e-commerce right now, and in future.. Over two-fifths of SMEs across AMEA already use Marketplaces exclusively compared with a quarter who only sell direct to customers.

58% of SMEs' e-commerce revenue is generated through marketplaces – which they use primarily because there is more traffic and greater customer engagement. Other perceived benefits of Marketplaces are ease/speed of set-up, lower set-up costs and lower financial risk.

79% of Consumers' e-commerce spend is currently through marketplaces – this is up from 68% only three years ago. This is a massive change and one that SMEs need to cognizant of. If Consumers are to continuing shifting away from direct purchases from brands, the aforementioned risks around setting up their own platforms become ever greater.

Whilst the importance of marketplaces is clear, it's worthwhile noting that 58% of SMEs currently sell directly to customers through their own e-commerce platforms[1].

They do so mainly so that they have more control over customer data (more on this later) and site functionality, to help build brand awareness and to avoid restrictions on what they can do.

Source: 1. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

The e-commerce "Revolution" is evident, to some degree, across all eleven markets. It's also apparent that SMEs and Consumers are largely aligned in their outlook.

Directly opposite is an indexed ranking of the markets according to how positive their views are concerning the evolving e-commerce Revolution.

01 E-Commerce Revolution

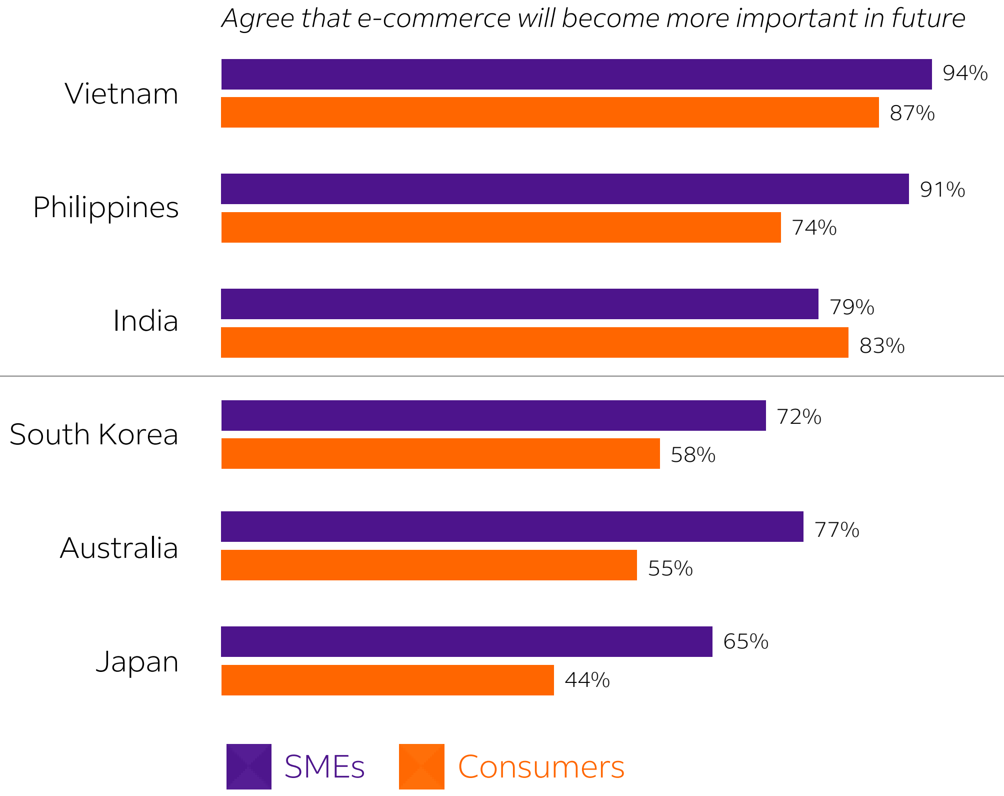
Vietnam, Philippines and India are most positive about future e-commerce growth.

Markets where the trend is most pronounced

Vietnam, Philippines and India stand apart from the rest in terms of their belief e-commerce will continue to grow and their positivity and excitement.

Markets where the trend is weaker

Japan ranks lowest of all among SMEs and Consumers with Australia and South Korea taking up the other two positions at the lower end of the 'positivity' index.

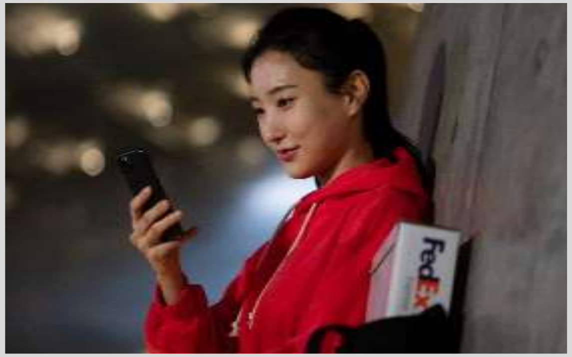


Implications for the logistics industry

There is a need for greater collaboration between players within the e-commerce ecosystem to achieve more sustainable growth for all participants. Marketplaces providing greater ease of use for Consumers, more efficient operations between etailers and logistics service providers is likely to result in more sustainable growth.

For example e-tailers would benefit from one-click integration to access to their logistics provider account within the Marketplace platform. Likewise, customers would benefit from being able to generate shipping labels and access use features e.g., express shipping without leaving the Marketplace platform.

Under an increasingly integrated retailing system, the logistics industry should also expect to have a more integrated supply system that supports/outsources warehousing and realizes data sharing for better inventory management.



02 Service Experience Mismatch

There is a significant gap between SMEs' belief in their own performance levels across a range of customer experience metrics and Consumers' less positive experience this in reality.

Key drivers behind the trend

Delivery lead-time is a major Consumer pain point and there are also significant 'expectation versus reality' gaps regarding efficient returns service and accessible customer support that are driving an overall service experience delta. Many businesses understand that they need to invest to improve the customer experience.

68%

68%[1] of Asia Pacific Consumers feel like customer service is an afterthought for businesses and 71% say their expectations have increased over the past year.

76%

76%[2] of Asia Pacific businesses have seen new customer journeys – only 25% have significant insight into this new wave of digital-first customers.

60%

60%[2] of businesses in Asia Pacific expect to accelerate investment in customer data technology in 2022 and beyond.

Sources: 1. Zendesk – CX trends 2022; 2. Adobe – 2022 Digital Trends: APAC in Focus

Service Experience Mismatch means that SMEs believe they are performing better on e-commerce service touchpoints than they are in reality. Online orders take longer to arrive than Consumers expect and there are clear issues with product returns that can frustrate. It's critical that SMEs raise their game across the e-commerce experience in order to not get left behind.

Deliveries take longer than SMEs believe

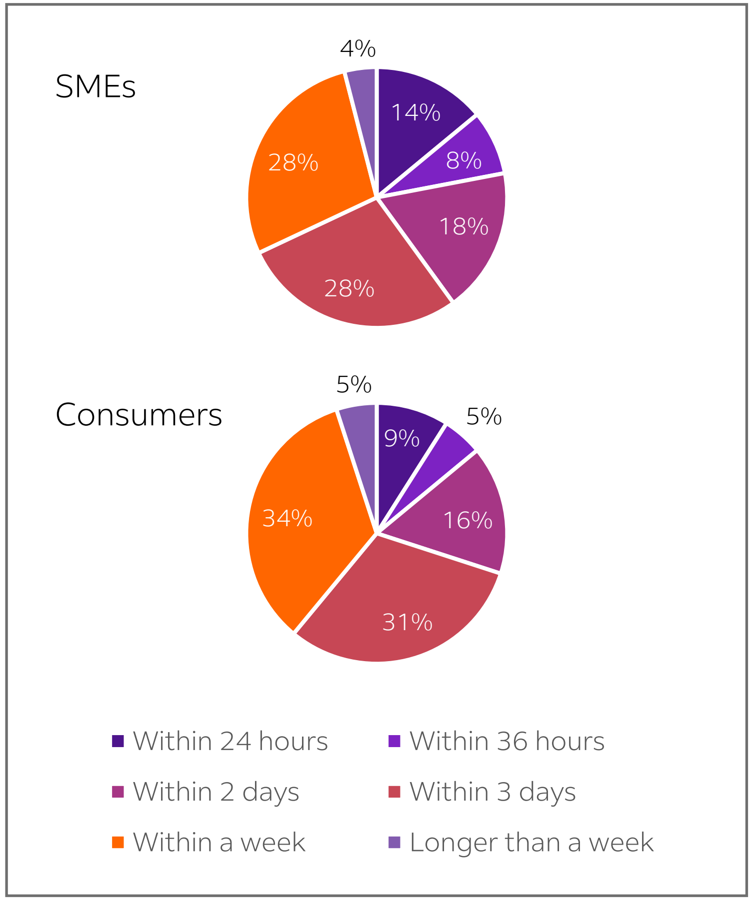
Most deliveries take 3 days or longer to reach customers and this can lead to frustration – particularly when SMEs think they are delivering more quickly than this.

Lead-time and product returns are Consumers' main pain points

There is a clear link between slow delivery lead-time and the other main pain point Consumers refer to: product returns.

Deliveries take longer than SMEs believe

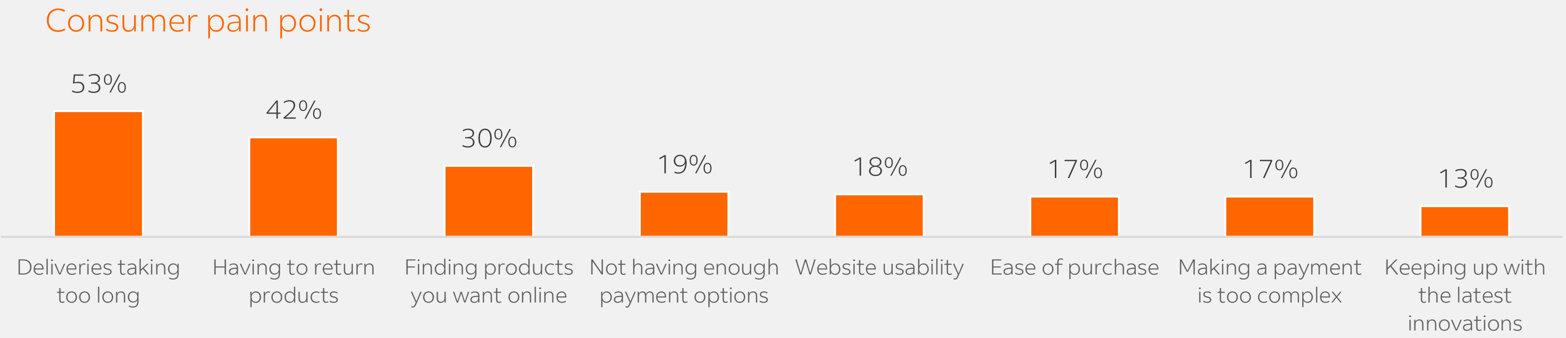
The majority (70%) of online orders typically take 3 days or longer to arrive with Consumers and this can lead to frustration. SMEs tend to over-estimate how quickly they are delivering: ~40% believe they deliver in 2 days or less whereas this is the reality for only 30% of Consumers.



4 in 10 SMEs believe their online deliveries reach customers within 2 days of an order being placed. In reality, only 3 in 10 Consumers receive online deliveries within 2 days and it typically takes up to a week or even longer for 4 in 10.

What stands out here is the extreme level of variation – some deliveries are with customers within 24 hours, some take longer than a week.

Deliveries taking too long stands out as Consumers' number one pain point and there is a clear link to the second major problem which is having to return products from time to time … the area with the biggest Service Experience Mismatch.



Lead-time and product returns are Consumers' main pain points

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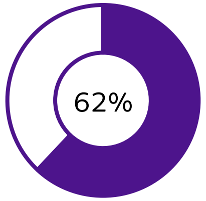
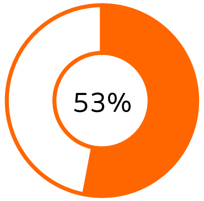


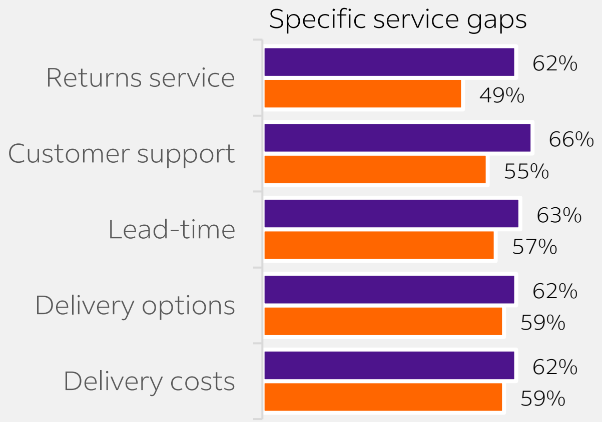
How SMEs believe a typical customer would rate their e-commerce experience



How Consumers actually rate their e-commerce experience

There is a significant overall delta (9%) between SMEs and Consumers in how they perceive the e-commerce experience.

Whilst deliveries taking to taking too long stands out as Consumers' number one pain point, the areas where the gap is largest are product returns service and customer support – with lead-time having the next biggest gap..



The Service Experience Mismatch varies widely across the eleven AMEA markets ranging from a huge 18 points difference to a negligible delta in others and one market where Consumers are marginally more positive than SMEs.

02 Service Experience Mismatch

Malaysia, Philippines and Singapore see the biggest service expectation/reality gaps.

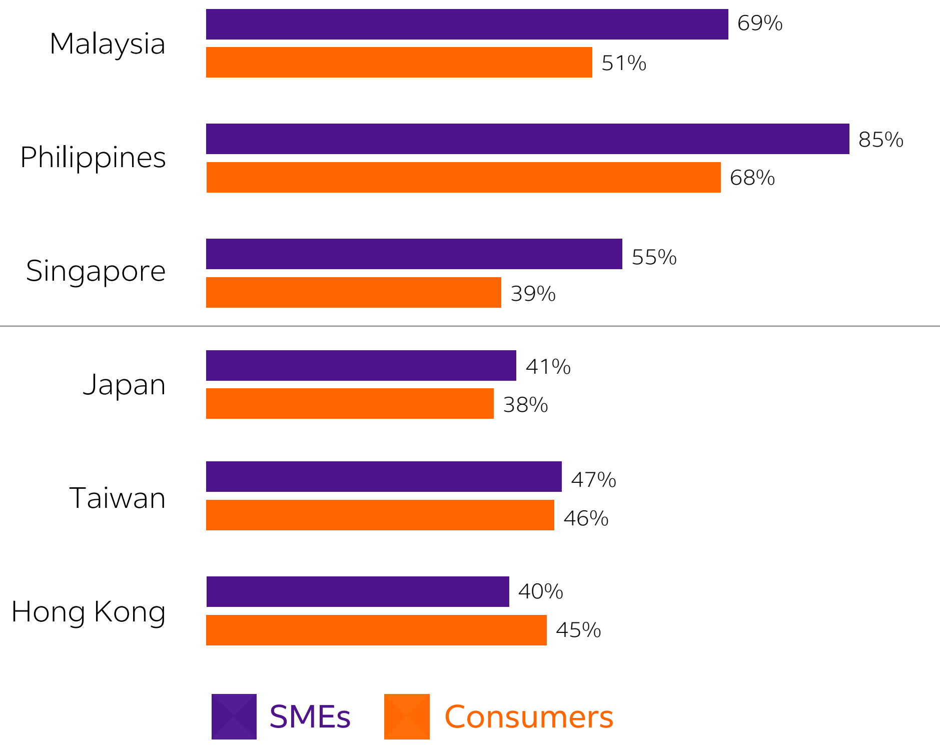
Markets where the trend is most pronounced

Malaysia, Philippines and Singapore are the three markets where SMEs need to up their game considerably to begin to live up to Consumer expectations.

Markets that go against the trend

Hong Kong Consumers actually rate their experiences (marginally) higher than SMEs expect and the gap is quite narrow in Taiwan and Japan. For SMEs in these markets, the challenge is to maintain these positive Consumer perceptions as the market evolves.

Expected e-commerce experience versus actual experience



Implications for the logistics industry

Consumers are expecting increasingly accurate parcel tracking and a delivery service easily ordered through a smartphone. These demands are calling for a more digitized logistics system.

One potential solution to this is route planning using big data analysis and AI computing power to identify delivery problems before they occur and finding the most optimized route to improve delivery reliability.

The data generated for this white paper clearly demonstrates that it's not speed of delivery that counts. What's more important to customers is *reliable* time-definite delivery.

Logistics providers should offer a range of delivery options from next day to deferred delivery of up to 3-5 days – and then absolutely ensure these lead-times are adhered to.

This is particularly critical during 'peak' shopping periods e.g., when e-commerce events are taking place.

03 Talent Challenge

SMEs across AMEA are finding the Great Resignation very challenging right now – this is hitting them hard at a time when they are looking to increase headcount by recruiting e-commerce talent to drive their business forward.

Key drivers behind the trend

SMEs have been hit with a double-whammy of higher resignations than normal at a time when it's tough to recruit employees skilled in e-commerce.

68%

More[1] than two-thirds of Asia Pacific SMEs say upskilling to support digital transformation is urgent.

3 in 4

3 out of 4[2] IT teams in Asia are dealing with significant skills gaps.

83%

83%[3] of Asia Pacific business leaders are worried they don't have the necessary skills – compared to 79% in Europe and 73% in US.

Sources: 1. SAP – Transformational Talent: The Impact of the Great Resignation on Digital Transformation in APJ's SMEs; 2. Weber Shandwick – APAC Intelligence Bulletin; 3. Adobe – 2022 Digital Trends: APAC in Focus

Talent Challenge means the problems that SMEs are facing right now in needing to recruit for new e-commerce roles as they develop this side of their business – at a time when it has rarely been as difficult to recruit that talent. This talent challenge is negatively impacting SMEs’ ability to digitally transform their business.

The Great Resignation is a potential barrier to e-commerce growth

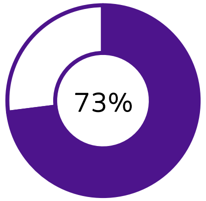
Over half of SMEs in 10 out of 11 markets complain that more employees have resigned in the last 12 months than has been typical of the past decade

SMEs are struggling to recruit the talent they need to grow

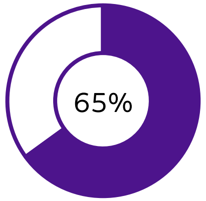
Marketing and Sales roles have been the hottest properties as SMEs gear up to move their businesses forward

Great Resignation is a potential barrier to e-commerce growth

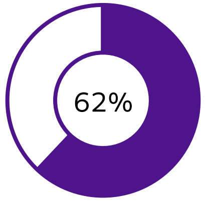
The Great Resignation is hitting SMEs hard at a time when they are looking to staff up with new "e-commerce talent" In fact, they are struggling to identify new talent in an increasingly competitive market.



SMEs say more employees have resigned than has been typical of the past decade



SMEs say they have found it difficult to recruit employees skilled in e-commerce



SMEs say it's a tough market – too few people, too many vacancies

The talent challenge is having a negative impact on AMEA SMEs' ability to transform their organizations – with a lack of skilled talent[1] the number one challenge for SMEs across Asia Pacific and Japan right now.

Without the right people, any transformation will take longer and cost more.

The Covid pandemic has led many employees – globally as well as across the AMEA region - to take stock of their working life, and their work-life balance, and look for opportunities elsewhere.

SMEs are facing significant talent retention and recruitment challenges at a time when they are actually often looking to staff up with new people bring new skills with them..

It's an increasingly competitive talent market, particularly when searching for specific e-commerce skill-sets.

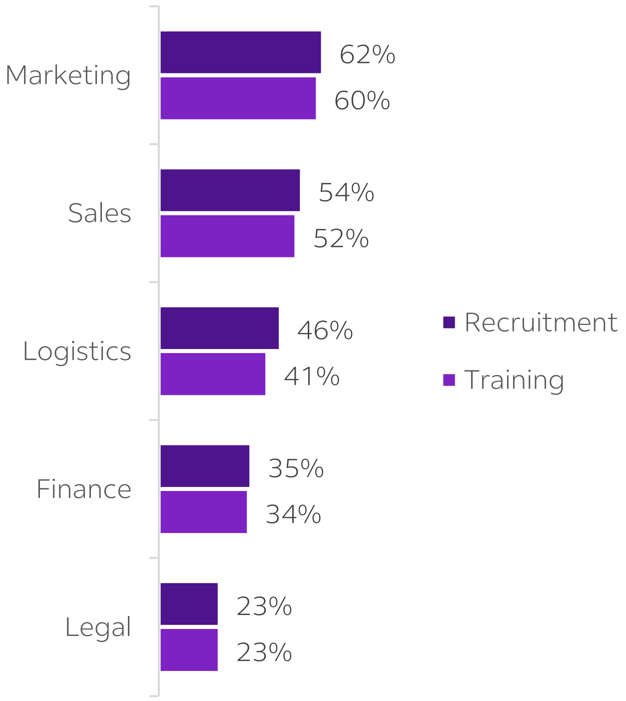
This is frustrating and challenging for SMEs who are looking to capitalize on the opportunities offered by e-commerce developments.

Source: 1. SAP – Transformational Talent: The Impact of the Great Resignation on Digital Transformation in APJ's SMEs

SMEs are struggling to recruit the talent they need

Marketing and Sales roles have been the hottest properties for SMEs looking to capitalize on e-commerce opportunities but it's a really competitive market at the moment.

Job functions SMEs have had to recruit / invest in training, to capitalize on e-commerce opportunities



Marketing and Sales roles have been the hottest properties for SMEs looking to capitalize on e-commerce opportunities.

This is likely to be connected to the need for SMEs to reach out more effectively to new (older) audiences.

And as we will see later, new ways of targeting audiences – personalization and shoppertainment – may require new skill sets.

It's time-consuming and expensive to recruit this type of talent and / or to upskill existing members of the team.

Logistics roles are the next most valuable and this could be an opportunity for logistics providers to partner with SMEs and offer support.

SMEs across Asia Pacific are also encouraged to be more open to flexible, hybrid models of working in order to ensure potential talent is not lost. Reports[1] that only 40% of business leaders intend to make remote work – initiated during the pandemic - permanent, compare with 70% intention globally.

Source: 1. Adobe – 2022 Digital Trends: APAC in Focus

SMEs in all eleven markets are in agreement that talent retention and acquisition has been remarkably tough in the last 12 months – much tougher than over the previous decade.

There are significant differences in the degree of severity of the Great Resignation with more than 4 in 5 suffering in some markets compared with fewer than 3 in 5 in others.

Markets where the trend is most pronounced

SMEs in Thailand, Vietnam and India are suffering most and therefore would likely be most receptive to support from logistics providers.

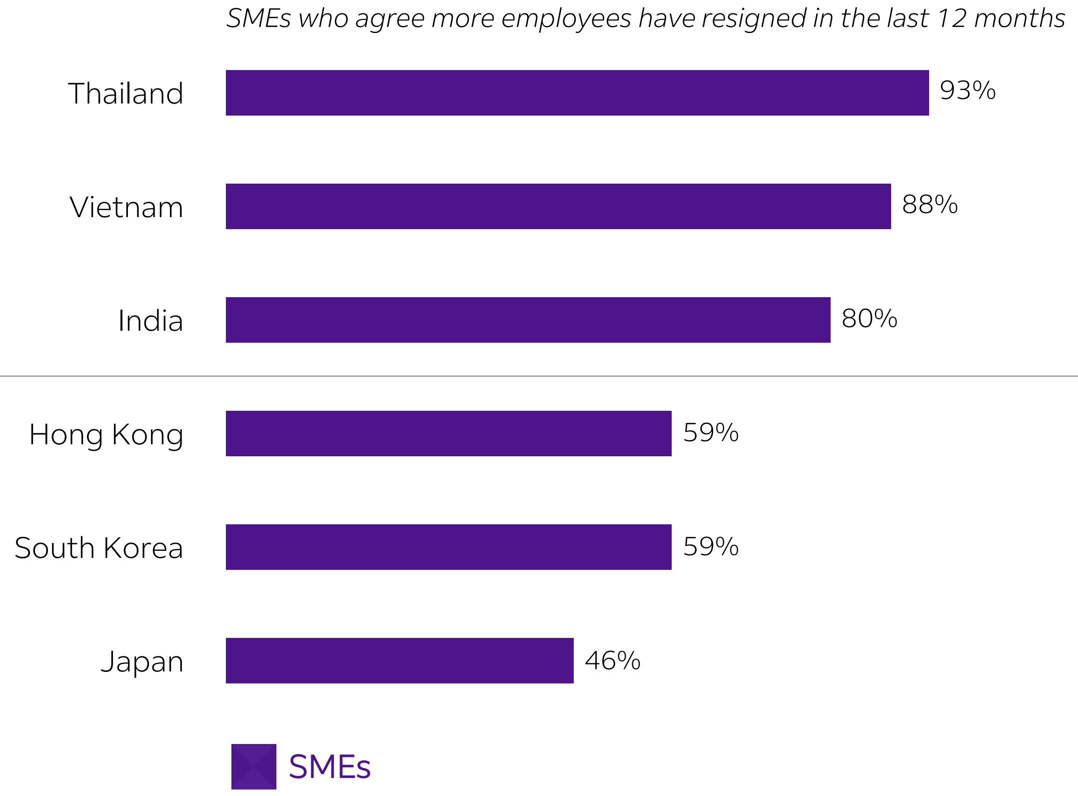
Markets where the trend is weaker

Retention and recruitment is also more of a challenge than normal in markets including Japan, South Korea and Hong Kong but the need for support here is less urgent.

03

Talent Challenge

SMEs in Thailand, Vietnam and India are suffering most from the Great Resignation and difficulties with recruitment.



Implications for the logistics industry

It's not the role of logistics providers to give advice to SMEs on talent retention, the best training or the best recruitment channels.

However, logistics providers *can* support SMEs through their talent challenges by creating easy-to-use tools that make day-to-day, repetitive shipping tasks simpler – employees can then step up and take on more challenging, enjoyable tasks and this may help retention at a time when Asia Pacific[1] employees are scoring about 10% lower than their global peers when asked whether they felt they belong at work.

The key implication for the logistics industry is that tools and solutions need to be smooth, seamless and easy to use so they save time on processes, minimize training time and make day-to-day work friction free – this makes it easy to onboard staff and helps them enjoy their jobs so they stay longer.

Source: 1. Accenture – release April 28th 2022

04 Sustainability Tensions

Whilst SMEs and Consumers are both very aware of the need for sustainability, in their words, their choices and their actions, it's tough to get the balance right. Overall, SMEs tend to under-estimate how important sustainability is to Consumers.

Key drivers behind the trend

SMEs currently under-estimate the importance of sustainability to Consumers – and many are only now getting their act together in developing an ESG strategy which could help to differentiate them in the eyes of Consumers.

80%

Four out of five[1] environmentally and socially conscious Consumers actively recommend sustainable products they like.

90%

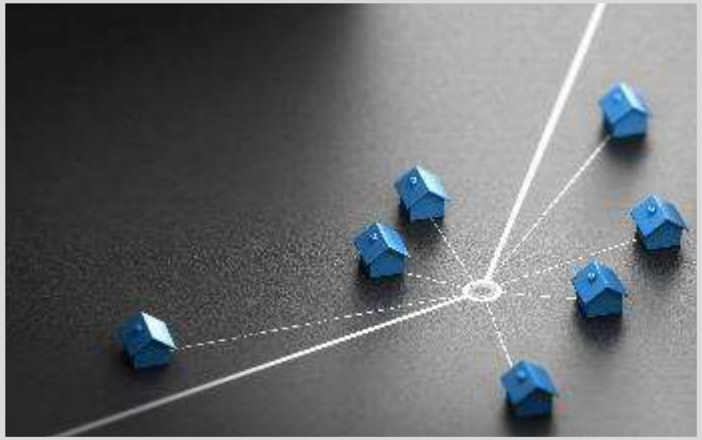
90%[1] of Consumers are willing to pay a premium for products that have a (proven) positive environmental impact..

x 20

Google[1] searches for ESG terms increased more than 20 fold in some Asian markets over the past five years.

Source: 1. Bain & Company – release June 3rd 2022

Sustainability Tensions means there is uncertainty – among SMEs and also among subject matter experts – as to just how important sustainability considerations are to Consumers. Can sustainable business practices truly pay dividends for SMEs or are Consumers just paying lip service to sustainability?



Last mile delivery demands are in conflict with sustainability

SMEs are unclear on where their customers' priorities lie – is fast delivery in conflict with sustainability?

SMEs believe delivery speed and price matter most to Consumers

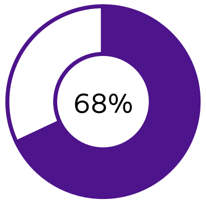
There is a sense among SMEs (and market experts) that Consumers are paying lip service to sustainability …

Sustainability and ESG matter more to Consumers than SMEs assume

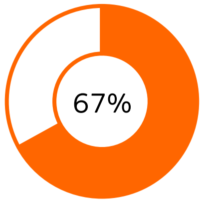
.. but Consumers make it clear that sustainability really does matter and can be a differentiator when they are deciding who to buy from.

Last mile delivery demands in are conflict with sustainability

Experts believe that SMEs are unclear on what the e-commerce customer prioritizes – is it getting their items quickly and cost-effectively, or is it getting them through a sustainable delivery chain?



SMEs who say my company would like to operate more sustainably but it costs too much



Consumers who say I'm just as interested in receiving my goods as quickly as possible as I am in sustainable shopping

Commercial growth is not always good for the environment, and this is particularly pertinent for SMEs that are looking to get their goods in the hands of customers as quickly as possible whilst still demonstrating their sustainability credentials. And in particularly fast-moving markets, like those we see across AMEA, SMEs are racing to figure out the implications of the increased focus on environmental, social and corporate governance (ESG) for their business.

Market experts identify clear tensions around sustainability in the context of delivery lead-times and have a sense that Consumers may be paying lip service i.e., that they will always favor fast delivery when it comes to the crunch.

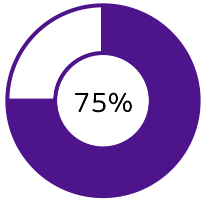
SMEs acknowledge that Consumers expect them to operate sustainably …but there can be associated costs and they are not convinced of any return on their investment in this area.

Consumers confirm that delivery speed is an important consideration for them – but alongside sustainability rather than instead of sustainability.

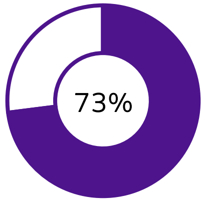
Logistics providers that can work with SMEs to help demonstrate fast and sustainable logistics will be extremely well positioned to capitalize on this market insight.

SMEs believe delivery speed & price matter most to customers

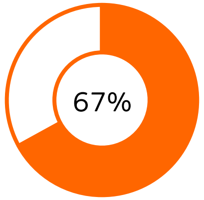
SMEs to some extent feel that Consumers are paying lip service to sustainability, and this is possibly why only 3 in 10 have an ESG policy in place so far – albeit many are working towards this right now.



SMEs who say our customers are more interested in receiving their goods as quickly as possible than in sustainable shopping



SMEs who say our customers are more interested in receiving their goods as cheaply as possible than in sustainable shopping



Consumers who say I’m just as interested in receiving my goods as quickly as possible as I am in sustainable shopping.

Three-quarters of SMEs across the region believe that customers are more interested in delivery speed and delivery cost than they are in sustainable e-commerce – in other words they feel that sustainability is an area they can avoid altogether or put on the backburner.

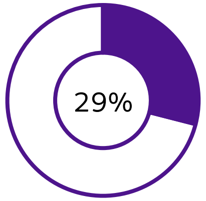
SMEs also, however, agree that customers have expectations around sustainability nowadays

And whilst the majority of Consumers agree that delivery speed matters, they are also highly likely to value sustainability – more so than is expected by industry professionals.

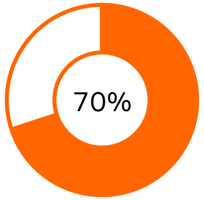
This is a clear opportunity for the logistics industry to take a lead in working with SMEs to delivery on sustainability as well as quickly and at lowest price.

Sustainability matters more to Consumers than SMEs assume

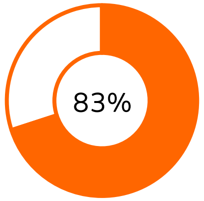
8 in 10 Consumers expect sustainable e-commerce from companies they buy from, and Consumers also make it clear that sustainability is a differentiator in terms of who they buy from. Having an ESG policy in place is a clear differentiator in e-commerce with 3 in 10 Consumers indicating it makes them much more likely to purchase.



SMEs who already have an ESG policy



Consumers who are more likely to buy goods from a company that has an ESG policy



Consumers who say a sustainable delivery service is an important consideration when they are deciding which company to buy from

These are very compelling statistics from Consumers around sustainability.

Over 8 in 10 are clear that SMEs that deliver sustainably are likely to get more of their business.

And 7 in 10 point to ESG policies being a clear differentiation when they are choosing which companies to buy from.

This message does seem to be getting through to SMEs but not quickly enough. Right now, only 3 in 10 SMEs across the region have an ESG policy in place.

In the main, these policies do include logistics.

Over half of SMEs are in fact int the process of developing an ESG policy right now – they are strongly recommended to finalize this process as quickly as possible.

Whilst the region leans more to a preference for sustainable deliveries rather than a full-on focus on delivery lead-time, this varies considerably, and three markets are more lead-time focused.

04 Sustainability Tensions

There is greater focus on sustainability in Vietnam and Thailand and more focus on delivery lead-time in Taiwan and Hong Kong.

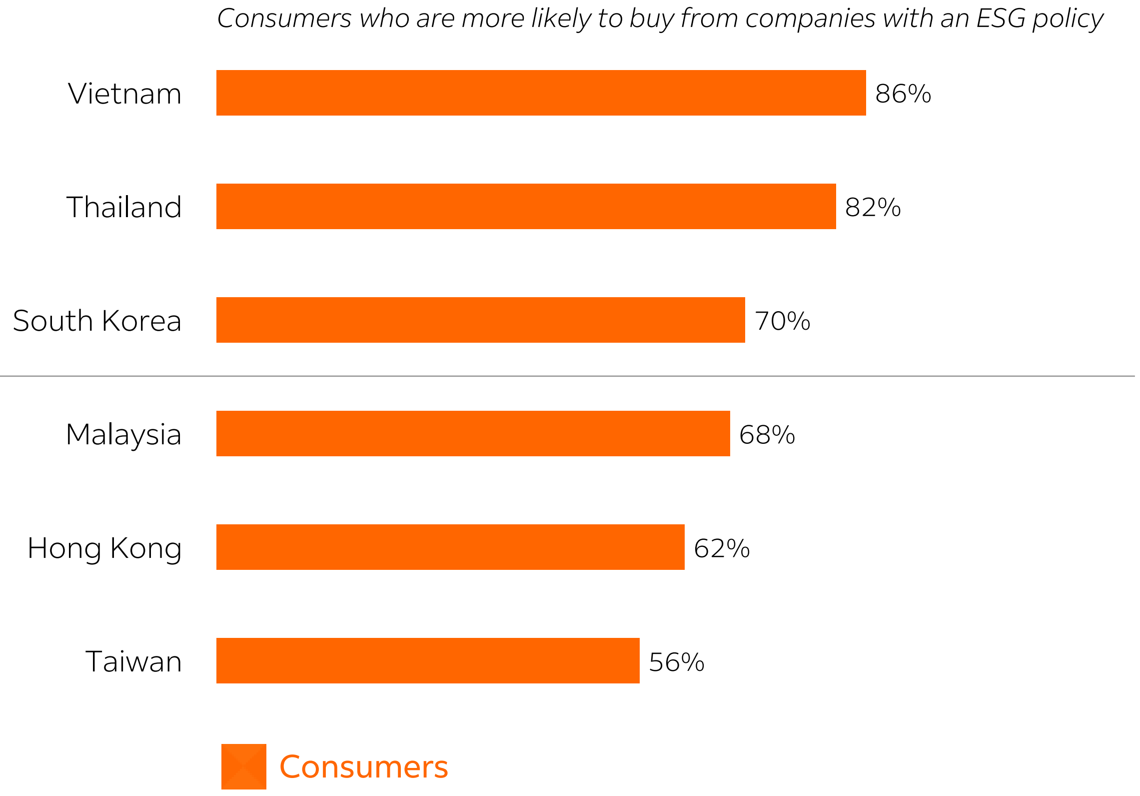
Markets where the sustainability focus is most pronounced

Sustainability matters relatively more than delivery speed to Consumers in Vietnam, Thailand and South Korea.

In these markets, there is an opportunity for logistics providers to work with SMEs to evolve their ESG policy.

Markets where delivery speed matters more

Taiwan, Hong Kong and Malaysia are much more focused on the delivery speed (and cost) than sustainability – in these markets there is an opportunity for logistics providers to educate on what may be coming along in a few years – allowing SMEs to get ahead of the curve.



Implications for the logistics industry

To make and sell goods, consumer businesses need affordable, reliable supplies of energy and natural resources as well as permission from Consumers, investors and regulators to do business. These enabling factors can no longer be taken for granted.

The typical supply chain creates far greater social and environmental costs than its own operations accounting[1] for more than 80% of its total greenhouse gas emissions.

Consumers should be able to get their deliveries as timely and as cost effectively as possible without having to compromise on sustainability.

Logistics partners have a lot more to contribute to making supply chains more sustainable than simply changing how they package goods – though that in itself is important.

Logistics companies should be moving to digital self-serve service models that are efficient and more sustainable. Digital solutions reduce the reliance on paperwork and can be completed quickly and easily by the customer.

Source: 1. McKinsey & Company – Starting at the source: Sustainability in supply chains

Implications - continued

When it comes to environmental impact, customers can choose to pick up their deliveries at convenient parcel lockers and busy business districts. This reduces emissions from last mile delivery and helps decongest city streets.

The increasing use of electronic vehicles also helps with this. In future, autonomous delivery solutions will help reduce traffic congestion by keeping larger delivery vans off the road.

Making their entire supply chain/delivery chain more sustainable gives businesses a point of differentiation in the market that Consumers will appreciate and reward through their custom and word of mouth.

05 More Effective E-tailing

SMEs are looking to offer newer payment options, and target audiences more effectively e.g., through personalization and shoppertainment – and Consumers are very receptive to innovations in these areas.

Key drivers behind the trend

Newer methods of payment can help differentiate e-commerce companies, and SMEs plan to invest more in both personalization and shoppertainment over the next few years – Consumers are on board with both these initiatives because they demonstrate a sense of innovation and help to differentiate retailers from the pack.

+ 311%

The[1] forecast increase in mobile wallets, across Southeast Asia (2020-2025) resulting in almost 440 million users.

94%

94%[1] of Asia Pacific Consumers say they are willing to spend more with companies that personalize the customer service experience.

39%

39%[1] of Consumers in Asia Pacific have purchased using livestream or live selling in 2021 – the highest region globally..

Sources: 1. Bloomberg – release July 8th 2021; 2. Zendesk – Customer Experience Trends Report 2022; 3. Euromonitor – Retail in Transition: Future E-commerce Opportunities in Asia Pacific and Australasia

More Effective E-tailing means understanding the benefits and potential challenges associated with newer payment options and with businesses targeting Consumers in more personal and engaging ways. SMEs need to know whether there will be a return on any investment in these innovations?

New payment options

New payment methods are exploding onto the scene right now – this opens the door to more customers but can open the door to new challenges.

Personalization of the e-commerce experience

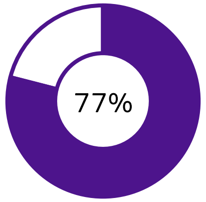
Personalization is considered very useful by SMEs, and Consumers are comfortable with it because it shows that a company really gets them.

Shoppertainment

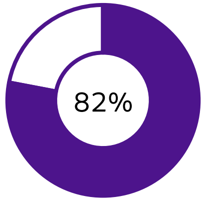
There is good evidence that SMEs should invest more in shoppertainment – Consumers love it and relatively few of their competitors are doing it right now.

Newer payment methods can bring challenges

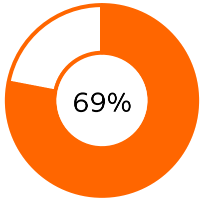
Experts expect to see an explosion in new payment options moving forward – as companies target the widest possible audience in an increasingly competitive e-commerce landscape.



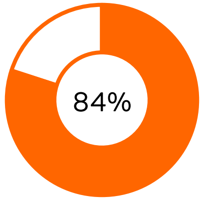
SMEs who say newer payment methods is a great way to differentiate from competitors



SMEs who are concerned about e-commerce cybersecurity



Consumers who say I prefer to buy from companies that offer newer payment methods



Consumers who are concerned about e-commerce cybersecurity

The increasing popularity of mobile wallets, especially in Southeast Asia, where many Consumers are unbanked, is likely to accelerate e-commerce growth across the region.

This is an opportunity for SMEs to innovate by offering payment methods that their competitors may not.

SMEs are still getting to grips with newer / alternative payment options but are aware that they may lose out on custom if they stand still in this regard. Right now 3 in 10 offer Buy Now Pay Later and 14% offer cryptocurrencies.

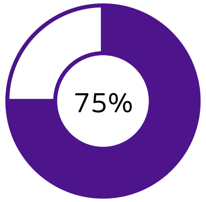
Consumers agree that newer payment methods can help to differentiate e-commerce companies.

Some businesses are struggling to integrate new payment methods into their systems and day-to-day operations and this sometimes causes issues e.g., cybersecurity or fraud.

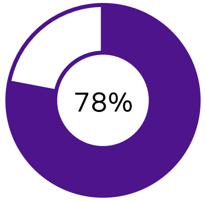
Cybersecurity and customer fraud are SMEs’ top two pain points and the areas they would most welcome support from logistics providers right now.

Personalization is a great way to engage Consumers

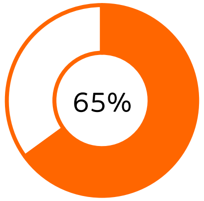
8 out of 10 SMEs believe personalization improves the e-commerce experience. There is also a strong belief that personalization conveys the message that a company really ‘gets’ its customer base.



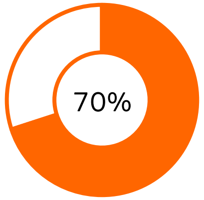
SMEs who say customers will feel comfortable with a personalized e-commerce experience



SMEs who say personalization improves the e-commerce experience



Consumers who actually feel comfortable with personalization



Consumers who say personalization improves the e-commerce experience

In an increasingly competitive retail landscape, it’s vital that SMEs stay relevant in the digital space. One way of doing this – that many are already engaging in – is personalization of the end-to-end retail experience.

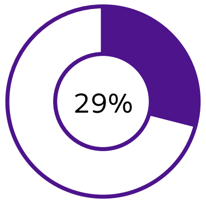
SMEs believe Consumers are generally open to personalization and sharing of their data.

Indeed, very few Consumers have any issues with personalization – the majority feel comfortable with this and believe that it improves their e-commerce experiences.

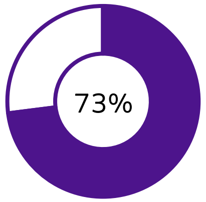
The vast majority of SMEs plan to invest more in personalization – and this is the right move because Consumers say they will give more of their business to companies that personalize effectively. .

Shoppertainment is used less at the moment but is set to grow

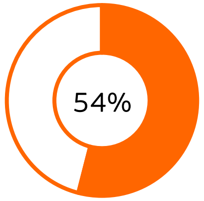
Whilst only 3 in 10 SMEs are currently using shoppertainment – typically livestreaming and influencers – to engage Consumers, this approach is set to grow significantly in future.



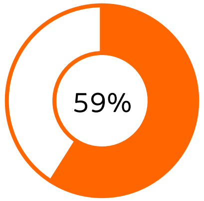
SMEs who are already using shoppertainment



SMEs planning to invest more in shoppertainment in future



Consumers who have engaged with shoppertainment when shopping online



Consumers who agree that shoppertainment encourages them to buy from a company

One of the more obvious impacts of the pandemic was to limit in-person interaction with brands and products – resulting in less of emotional connection.

Digital came to the rescue with the advent and expansion of livestreaming helping to bridge the lack of connection Consumers were experiencing.

Only 3 in 10 SMEs are currently using shoppertainment to engage with customers – typically this is livestreaming or through influencers rather than gamification.

However, the vast majority of those who are not doing so already are considering doing so.

And this is appears to be a good move because over half of Consumers are already engaging with shoppertainment and the majority indicate that it encourages them to make e-commerce purchases.

Other research[1] points to 39% of Consumers in Asia Pacific having purchased using livestreaming or live selling in 2021, the highest region globally.

Source: 1. Euromonitor – Retail in Transition: Future E-commerce Opportunities in Asia Pacific and Australasia

SMEs and Consumers in all eleven markets are broadly positive about innovations around payment and marketing that we have described as 'more effective E-tailing'.

But there are different degrees of positivity to be found across both audiences.

05 More Effective E-tailing

SMEs and Consumers in Philippines, Vietnam and India are most positive about innovations taking place in e-commerce.

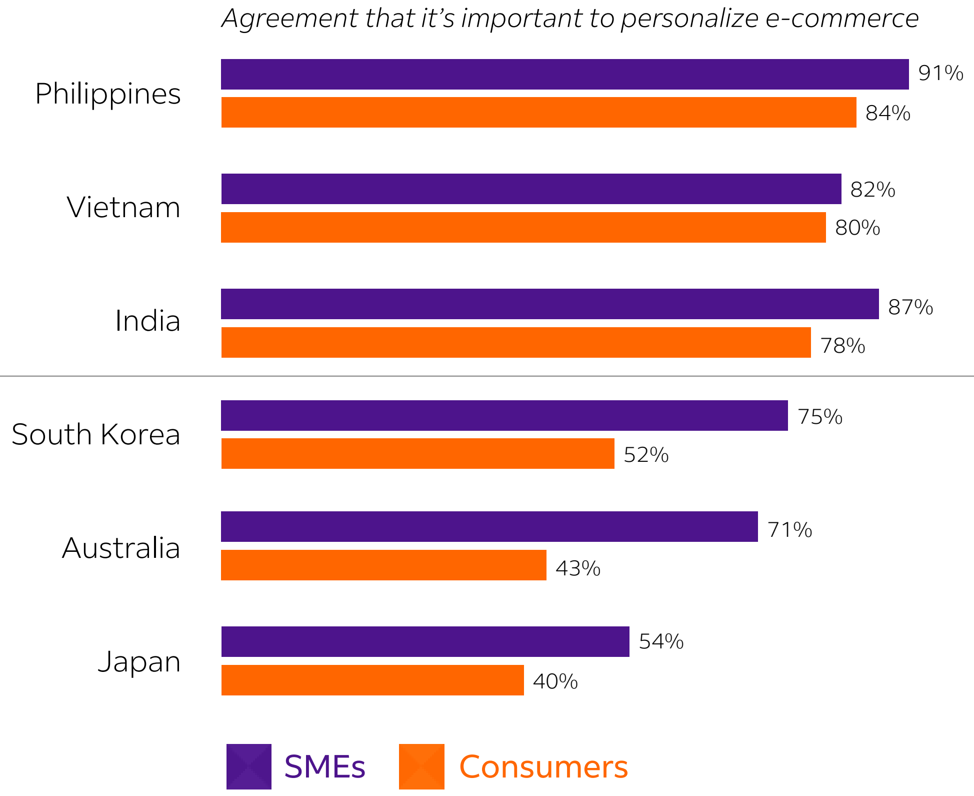
Less Positive — JP AU KR HK TW SG MY TH IN VN PH — More Positive

Markets where the trend is most pronounced

The Philippines, Vietnam and India are the three markets where we see greater desire for innovation – it's not surprising that these three markets were also most positive to the e-commerce Revolution in general.

Markets where the trend is weaker

And similarly, markets that are less engaged generally by the e-commerce Revolution, are also less enthusiastic about e-commerce innovations: Japan, Australia and South Korea.



Implications for the logistics industry

Logistics partners can contribute significantly to the personalization of e-commerce services through the personalization of delivery.

For example, by allowing customers to choose where and when they want their consignments delivered – and even allowing them to change the time and location part way through delivery.

Asia Pacific retailers need to follow the eyeballs of their customers[1]. They need to optimize their presence on marketplaces and they should keep asking themselves if they are serving up the right content formats for current preferences. Right now this might be through influencers and/or livestreaming but tomorrow this may evolve again.

And let's not forget that livestreaming requires a more responsive logistics service that can accommodate a significant number of orders in a short period to ensure smooth operations and delivery aligned with customer expectations.

Source: 1. Bain & Company – The Future of Retail in Asia-Pacific

06 Shopping Festivals

E-commerce events continue to make a difference to AMEA Consumers – in fact, many would like even more. There is also a clear need from SMEs for increased logistics support during key pinch points.

Key drivers behind the trend

Consumers show no signs of losing interest in shopping festival events with around half indicating that they would like to see more.

+ 8%

Alibaba[1] recorded an 8% increase in GMV for Singles Day 2021 despite subdued festivities.

19m

Indian[2] online fashion Marketplace Myntra saw a record 19 million visitors to its site on the first day of its annual Big Fashion Festival 2021.

43%

86%[3] of internet users in South East Asia bought products online during a 2021 double-digit festival with 43% first-time digital buyers.

Sources: 1. CNBC – release November 11th 2021; 2. YourStory – release October 4th 2021; 3. GlobalWebIndex survey for Facebook and Bain & Company

Shopping Festivals we checked whether SMEs and / or Consumers are losing interest in a range of different shopping festival events from seasonal discounts to specific events like Black Friday or Double Days. The clear finding is that SMEs continue to find these beneficial and around half of Consumers would prefer to see more in future.

Festivals remain a key component of the SME strategy

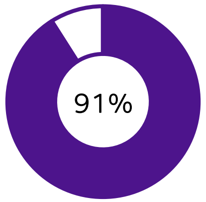
9 in 10 SMEs across the region will hold events in the next 12 months and most of these will require additional logistics support.

Festivals also remain very popular with Consumers

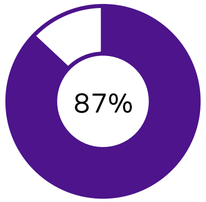
Around half would like to see even more of these in future

Festivals remain a key component of the SME strategy

There are clear pinch points for SMEs around these events when the majority will need greater support from logistics providers.



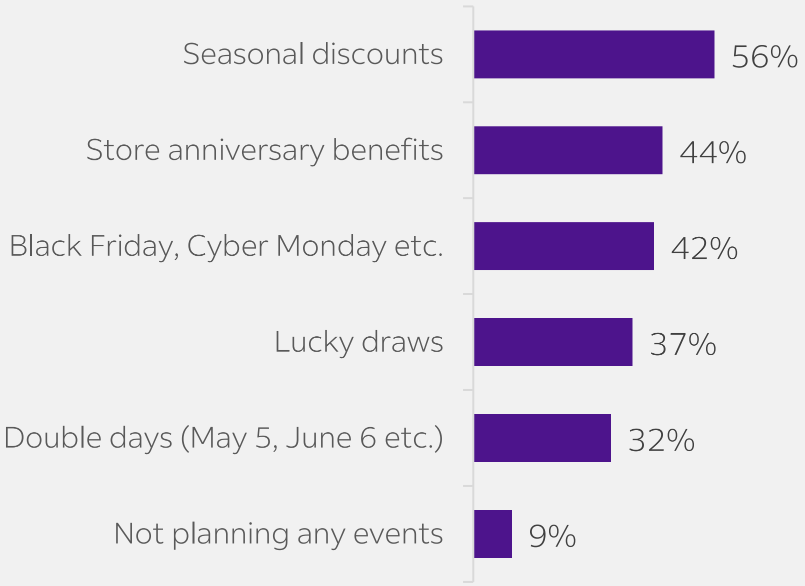
SMEs who will hold e-commerce events in the next 12 months



SMEs who say they will be seeking additional support from logistics providers when they run events

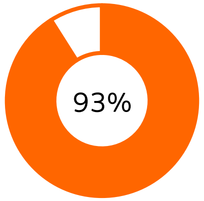
Most SMEs will hold e-commerce events over the next 12 months – with seasonal discounts most common.

The vast majority will seek additional support from logistics providers.

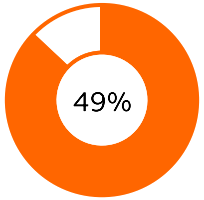


Festivals also remain very popular with Consumers

Most Consumers will take part in at least one shopping festival and around half would prefer to see more events in the next 12 months.



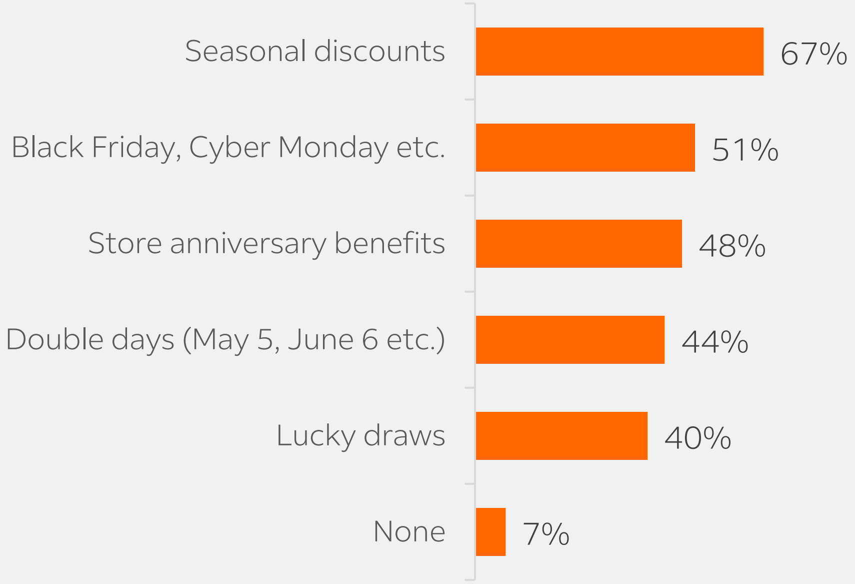
Consumers who will take part in e-commerce events in the next 12 months



Consumers who would like companies to run more e-commerce events

Almost all Consumers across the region will take part in an e-commerce event in the next 12 months.

Indeed, half of Consumers would prefer it if companies ran more e-commerce events.



There’s high consistency across AMEA markets when it comes to SMEs running and Consumers taking part in shopping events of festivals. These remain very popular!

The differentiation comes with any desire to increase the number and some markets are much more receptive to this than others.

Markets where the trend is most pronounced

Vietnam, Philippines and Thailand see the greatest call for even more shopping festivals.

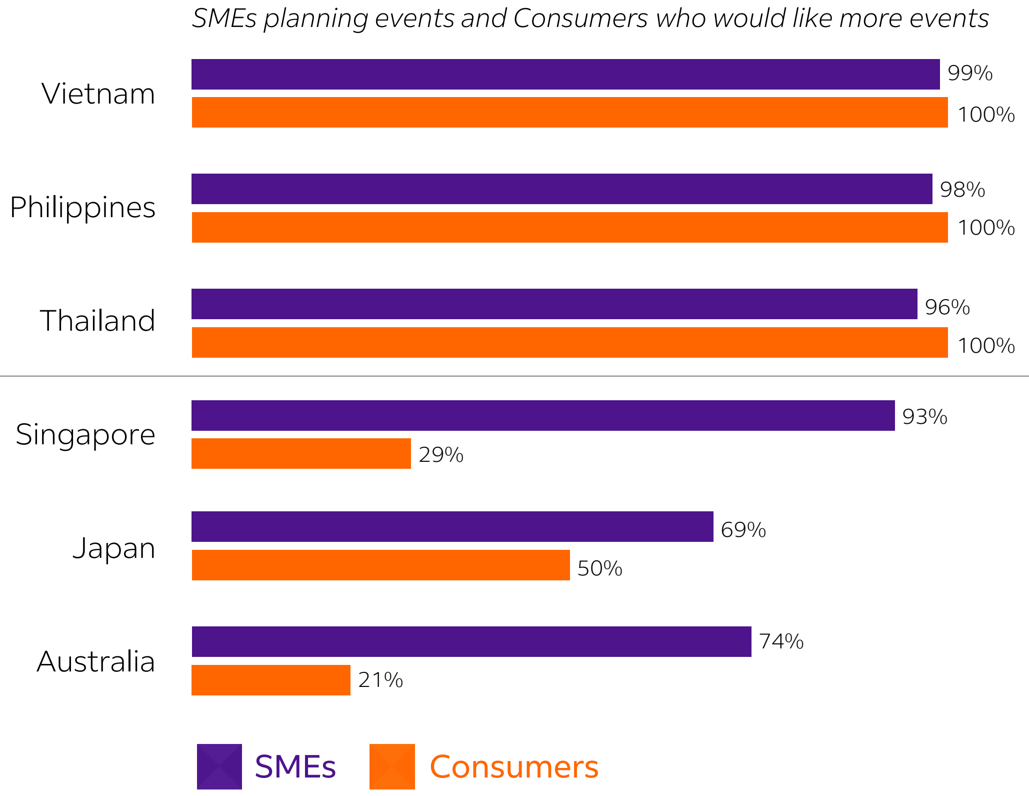
Markets where the trend is weaker

Consumers are less into shopping festivals in Australia, Singapore and Japan.

06

Shopping Festivals

Festivals and events continue to be popular with SMEs and Consumers, particularly in Vietnam, Philippines and Thailand.



Implications for the logistics industry

Shopping[1] festivals across AMEA are changing consumer habits by encouraging adoption of digital payment solutions, and turning shopping into a more gamified, multimedia experience.

As for livestreaming – logistics service providers need to be able to accommodate a significant number of orders within a short period, but also over an extended period of time to ensure smooth operations and delivery within service expectations.

In AMEA the gifting season is much longer than it is in the West. AMEA peak season starts with Diwali, continues through to Double 11, Black Friday and Christmas and continues through to Chinese New Year.

Source: 1. Insider Intelligence – Innovation in Asia

How individual markets compare across AMEA trends

Australia[1] is the eleventh largest market globally for e-commerce with a revenue of US$31.3 billion in 2021, placing it ahead of Russia and behind Canada.

With an increase of 15%, the Australian e-commerce market contributed to the worldwide growth rate of 15% in 2021. Just like in Australia, global e-commerce sales are expected to increase over the next years. As new markets are emerging, global growth will continue over the next years. This development will be propelled by East and Southeast Asia with their growing middle class and their lagging offline infrastructure.

With a yearly growth rate of 5% between 2021 and 2025, Australia is expected to grow at a slower rate than the global average of 6%.

Australian[2] SMEs are optimistic about future growth in their e-commerce business but are less likely to be focused on innovations like newer payment methods, personalization and shoppertainment. They have suffered fewer staff retention and recruitment challenges than in other AMEA markets.

Australian Consumers are less likely to anticipate future e-commerce growth, particularly through Marketplaces. They have reservations about e-commerce innovations and are much less likely to want SMEs to run more e-commerce events.

Source: 1. ecommerceDB: The eCommerce market in Australia; 2. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

Australian SMEs are optimistic about future growth in their e-commerce business but are less likely to be focused on innovations like newer payment methods, personalization and shoppertainment. They have suffered fewer staff retention and recruitment challenges than in other AMEA markets.

Australian Consumers are less likely to anticipate future e-commerce growth, particularly through Marketplaces. They have reservations about e-commerce innovations and are much less likely to want SMEs to run more e-commerce events.

01 E-Commerce Revolution

Australian SMEs (91%) are aligned with the AMEA view that they are well positioned to capitalize on future e-commerce growth. Consumers (55%), however, are less convinced there will be future growth and much less likely (47%) than those in other markets to anticipate Marketplaces becoming more influential.

02 Service Experience Mismatch

SMEs (36%) are less likely than those in other markets to make deliveries within two days, yet just as likely (63%) to believe they provide a high-quality service. Australian Consumers (48%) actually rate the service lower than average which makes for a significant expectation/reality gap of 15 points.

03 Talent Challenge

Whilst many SMEs (60%) in Australia are suffering from the effects of the Great Resignation, things are a little less challenging than in other AMEA markets when it comes to finding employees with e-commerce skills (53%).

04 Sustainability Tensions

There are contradictions in how Australian Consumers relate to sustainability. For example, they are much less likely (58%) than those in other markets to perceive delivery lead-time as more important than sustainability, but at the same time, they view ESG policies as less differentiating (56%).

05 More Effective E-tailing

Innovations around the e-commerce shopping experience e.g., newer payment methods (50%), personalization (30%) and shoppertainment (26%) generate much less interest and excitement in Australia than in other AMEA markets from SMEs and Consumers alike.

06 Shopping Festivals

Whilst shopping festivals are likely to remain part of the e-commerce landscape in Australia, as in other AMEA markets, there is much less desire for more of these (21%) on the part of Consumers.

Brick-and-mortar[1] retailing in Hong Kong was hit hard in 2020. The pandemic also had a significant negative effect on consumer confidence, leading many to rein in their discretionary spending. Luxury retail and other retailers targeting international tourists were impacted adversely enough to exit the market. However, the pandemic has been a boon for grocery retailers and e-commerce. With Consumers spending much more time at home and many fearful of shopping in person due to the risk of contagion, e-commerce, particularly food and drink e-commerce, has boomed.

Retailers that depend on tourism will be the slowest to recover. Supermarkets will continue to enjoy strong growth in retail current value sales, as Consumers become more interested in home cooking and following a healthier diet. New international players, particularly from Japan and the West are likely to invest. E-commerce will continue to expand rapidly, with mobile e-commerce and social commerce set to grow in importance.

SMEs[2] in Hong Kong are optimistic about future growth in their e-commerce business but are less likely to be focused on innovations like personalization and shoppertainment. They are less likely to over-claim on delivery lead-time and do not recognize how important this is to Consumers. They have suffered fewer staff retention and recruitment challenges than in other AMEA markets.

Hong Kong Consumers are more focused on delivery lead-time than sustainability and ESG, and are less likely than those in other markets to state that their use of Marketplaces will grow in future.

Source: 1. Euromonitor – Top 100 Retailers in Asia 2021; 2. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

SMEs in Hong Kong are optimistic about future growth in their e-commerce business but are less likely to be focused on innovations like personalization and shoppertainment. They are less likely to over-claim on delivery lead-time and do not recognize how important this is to Consumers. They have suffered fewer staff retention and recruitment challenges than in other AMEA markets.

Hong Kong Consumers are more focused on delivery lead-time than sustainability and ESG, and are less likely than those in other markets to state that their use of Marketplaces will grow in future.

01 E-Commerce Revolution

Hong Kong SMEs (87%) are aligned with the AMEA view that they are well positioned to capitalize on future e-commerce growth. Consumers (75%) agree that there will be future growth but are less likely (58%) than those in other markets to anticipate Marketplaces becoming increasingly influential.

02 Service Experience Mismatch

SMEs (40%) in Hong Kong are much less likely than those in other AMEA markets to over-claim on service delivery – with Consumers (45%) actually giving a higher rating than SMEs.

03 Talent Challenge

Whilst SMEs (59%) in Hong Kong are suffering from the effects of the Great Resignation, things are a little less challenging than in other AMEA markets when it comes to filling talent gaps (52%).

04 Sustainability Tensions

Consumers in Hong Kong (64%) are less focused on sustainability than those across AMEA as a whole – with delivery speed actually even more important to Consumers than SMEs expect (71%).

05 More Effective E-tailing

Hong Kong SMEs are behind the game a little when it comes to e-commerce innovations such as personalization (19%) and shoppertainment (20%) – whilst there is more anticipation and expectation around these from Hong Kong Consumers (60%).

06 Shopping Festivals

Shopping festivals will remain an important part of the e-commerce landscape in Hong Kong, but SMEs (11%) are less likely than those across the region to require additional logistics support at these times.

After[1] seeing double-digit current value growth for the last few years, retail sales in India declined in 2020. With Consumers restricted to their homes, the demand for groceries increased. Some Consumers preferred to shop locally, popping into traditional grocery retailers and convenience stores to minimise time spent in stores. At the same time, grocery retailers partnered with food delivery companies to deliver groceries to Consumers' homes.

With low footfall in stores selling non-essential products even after reopening post-lockdown, players had to think of new ways to attract Consumers. E-commerce players such as Amazon, Walmart-owned Flipkart and Reliance, have already partnered with traditional grocery retailers. Retailing is set to see an immediate strong rebound to growth in current value terms in 2021. As more brands invest in e-commerce going forward, and with the rising smartphone penetration rate, mobile e-commerce is expected to see a particularly strong increase.

Indian[2] SMEs are optimistic about future growth in their e-commerce business and are particularly focused on innovations like newer payment methods, personalization and shoppertainment. They have suffered much more than SMEs in other AMEA markets from staff retention and recruitment challenges but have still succeeded in managing a relatively small service delivery/expectation gap.

India Consumers are very likely to anticipate future e-commerce growth, particularly through Marketplaces. They put a lot of emphasis on delivery lead-time and are generally more satisfied with this than those in other AMEA markets.

Source: 1. Euromonitor – Top 100 Retailers in Asia 2021; 2. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

Indian SMEs are optimistic about future growth in their e-commerce business and are particularly focused on innovations like newer payment methods, personalization and shoppertainment. They have suffered much more than SMEs in other AMEA markets from staff retention and recruitment challenges but have still succeeded in managing a relatively small service delivery/expectation gap.

Indian Consumers are very likely to expect future e-commerce growth, particularly through Marketplaces. They put a lot of emphasis on delivery lead-time and are generally more satisfied with this than those in other AMEA markets.

01 E-Commerce Revolution

Consumers in India (83%) are much more likely than those in other AMEA markets to forecast future growth in e-commerce, with Marketplaces becoming increasingly influential. Almost all Indian SMEs (98%) believe they are well positioned to capitalize on this growth.

02 Service Experience Mismatch

Whilst deliveries are less likely to be made within two days in India (30%), the service expectation/reality gap is relatively small (3 pts) indicating that other areas of service are very satisfactory. Delivery lead-time (44%) is also less of a pain point for Consumers.

03 Talent Challenge

The Great Resignation (80%) is even more of a challenge for SMEs in India than across the region as a whole – with three-quarters (74%) also finding it difficult to recruit.

04 Sustainability Tensions

The challenges of delivering items quickly and sustainably are writ large in the Indian mindset with SMEs (85%) and Consumers (76%) alike more likely to state that delivery lead-time is the more important of the two considerations.

05 More Effective E-tailing

Indian SMEs and Consumers are advanced in their attitudes towards e-commerce innovations such as newer payment methods (79%), personalization (54%) and shoppertainment (33%). Personalization, in particular, is likely to increase and be welcomed.

06 Shopping Festivals

Shopping festivals will remain an important part of the e-commerce landscape in India, although Consumers (42%) are less likely than those in the region as a whole to be looking for more of these.

COVID-19[1] had a mixed impact on retailing in Japan in 2020, although overall value sales declined as Consumers curbed their spending in response to the crisis. Despite this, supermarkets, the largest channel in value terms, witnessed stronger growth in 2020. This was largely due to the home seclusion seen in 2020, with the government advising against making non-essential trips outside the home. Consumers refrained from leaving their homes and instead shopped online and carried out indoor activities for entertainment, driving dynamic growth in e-commerce.

Japan faces a bleak economic outlook in the short term. This is likely to limit the recovery in sales, with most Consumers expected to continue exercising caution in their spending even after COVID-19. New innovations, such as virtual fitting rooms and AR, are making it easier for Consumers to shop online. Meanwhile, social commerce and livestreaming are making e-commerce attractive as a means of shopping and entertainment.

Whilst[2] still broadly positive about e-commerce, Japanese SMEs and Consumers alike are less bullish about future growth and are less excited by future innovations such as newer payment methods, personalization and shoppertainment.

SMEs are less likely to have been impacted by The Great Resignation than those in other AMEA markets.

Consumers tend to give equal focus to delivery lead-time and sustainability.

Source: 1. Euromonitor – Top 100 Retailers in Asia 2021; 2. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

Whilst still broadly positive about e-commerce, Japanese SMEs and Consumers alike are less bullish about future growth and are less excited by future innovations such as newer payment methods, personalization and shoppertainment.

Japanese SMEs are less likely to have been impacted by The Great Resignation than those in other AMEA markets.

Consumers tend to give equal focus to delivery lead-time and sustainability.

01 E-Commerce Revolution

SMEs (65%) and Consumers (44%) in Japan are much less bullish about the potential for e-commerce to continue growing apace, but Consumers are clear that Marketplaces will account for an even greater share of their e-commerce spend in future.

02 Service Experience Mismatch

Both SMEs (41%) and Consumers (38%) have a generally less positive outlook on the customer service experience than we see in other markets but the expectation/reality gap is quite narrow (3 pts). In fact, delivery lead-time (37%) is much less of an issue for Japanese Consumers.

03 Talent Challenge

The Great Resignation (46%) has had a much less significant impact on SMEs in Japan than in any other AMEA market. Consequently, recruitment of new talent (50%) has also been less challenging.

04 Sustainability Tensions

Japanese SMEs and Consumers are broadly aligned around the tensions between fast and sustainable product delivery. Consumers' sustainability expectations (49%) appear to be a little lower and ESG policies (47%) are also less differentiating for businesses.

05 More Effective E-tailing

Japanese SMEs and Consumers are much less forward looking in their attitudes towards newer payment methods (44%) and personalization (27%). Shoppertainment use (24%), however, is almost at the same level as in other AMEA markets.

06 Shopping Festivals

Consumers in Japan are very much still into shopping festivals and the significant number of SMEs (31%) that are not planning any for the next 12 months may well end up ruing this decision.

Retailing[1] in Malaysia contracted in 2020. While non-grocery retailers were most severely impacted by COVID-19, grocery retailers performed well. Consumers began to cook at home more.

The shift towards e-commerce forced retailers to have an online presence, with some even closing bricks-and-mortar stores entirely. Both food and drink e-commerce and mobile e-commerce are expected to remain popular to support Consumers' work-from-home and busy lifestyles. **The expansion of payment options and delivery time improvements** are expected to dispel lingering doubts about the safety of e-commerce.

The outlook for retailing in Malaysia remains challenging as COVID-19's economic implications are likely to linger. Disposable income is expected to contract leading to considerable price sensitivity.

Malaysian[2] SMEs and Consumers are **consistently upbeat about e-commerce growth** and **optimistic about future innovations** such as newer payment methods, personalization and shoppertainment.

However, there is a fundamental need for SMEs to focus more on the basics such as **reducing delivery lead-times.**

The SME **talent challenge has been tougher** in Malaysia than in other AMEA markets and this may be why they are more likely to **require additional logistics** support during key pinch points.

Source: 1. Euromonitor – Top 100 Retailers in Asia 2021; 2. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

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However, there is a fundamental need for SMEs to focus more on the basics such as reducing delivery lead-times.

The SME talent challenge has been tougher in Malaysia than in other AMEA markets and this may be why they are more likely to require additional logistics support during key pinch points.

01 E-Commerce Revolution

Malaysian SMEs (89%), in particular, are very clear in their belief that e-commerce will become more important in future. Consumers (85%) are more likely than those across the region to indicate that Marketplaces will become increasingly influential.

02 Service Experience Mismatch

The service expectation/reality gap is very substantial at 18 points in Malaysia. Deliveries tend to take longer than in other AMEA markets and this has resulted in delivery lead-times (71%) being an even more significant pain point for Malaysian Consumers.

03 Talent Challenge

The Great Resignation has had even greater impact on Malaysian SMEs' ability to retain staff (79%) and recruit e-commerce specialists (70%) than across the region as a whole.

04 Sustainability Tensions

There are clear tensions around delivery lead-time and sustainability in Malaysia. Both are important on the face of it but the 'Service Experience Mismatch' points to lead-time being more critical.

05 More Effective E-tailing

Malaysian SMEs and Consumers are aligned with the generally positive AMEA attitudes towards innovations around the e-commerce shopping experience e.g., newer payment methods (69%), personalization (39%) and shoppertainment (26%).

06 Shopping Festivals

Malaysian SMEs (35%) are much more likely than those in other AMEA markets to require more logistics support when they hold shopping festivals.

The[1] Philippines' COVID-19 lockdown period was one of the longest globally. Mixed retailers were the worst hit category as Consumers more easily found what they needed in stock in specialist retailers. **E-commerce benefited the most from COVID-19. The category had been growing at a double-digit pace pre-lockdown but accelerated even faster in 2020. Retailers are seeing the value of e-commerce,** particularly store-based retailers that were forced to halt physical operations.

Retail sales are projected to return to pre-pandemic levels by 2022. **E-commerce will be significant in retail recovery** with Consumers still wary of going out until the virus is completely contained, or vaccines become widely available. A government recovery plan called "We Recover as One" will focus on providing **a conducive environment for e-commerce development** as a key cornerstone to recovery.

The[2] **Philippines** is one of the **most positive** of all in AMEA right in relation to e-commerce with both SMEs and Consumers **predicting future growth and positive about new innovations**.

For SMEs, there are **clear challenges around delivery lead-time** which is a real priority for Consumers and major pain point right now. **The Great Resignation is also serving to challenge SMEs** in their efforts to grow e-commerce.

Consumers simply want to **receive their goods more quickly** and are **positive about having more e-commerce events.**

Source: 1. Euromonitor – Top 100 Retailers in Asia 2021; 2. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

The Philippines is one of the most positive of all in AMEA right in relation to e-commerce with both SMEs and Consumers predicting future growth and positive about new innovations.

For SMEs, there are clear challenges around delivery lead-time which is a real priority for Consumers and major pain point right now. The Great Resignation is also serving to challenge SMEs in their efforts to grow e-commerce.

Consumers simply want to receive their goods more quickly and are positive about having more e-commerce events.

01 E-Commerce Revolution

E-commerce is likely to continue growing in importance according to both SMEs (91%) and Consumers (74%) in the Philippines. Consumers (89%) are also very clearly of the opinion that Marketplaces will become even more influential.

02 Service Experience Mismatch

The service expectation/reality gap is substantial at 17 pts in the Philippines with delivery lead-time (76%) an even more significant pain point for Consumers in this market than across the region as a whole.

03 Talent Challenge

The Great Resignation (91%) has had even greater impact on SMEs' ability to retain staff in the Philippines than across the region as a whole. Only Thailand has had a bigger issue with this.

04 Sustainability Tensions

There are clear tensions around delivery lead-time and sustainability in the Philippines. Both are said to be very important but the 'Service Experience Mismatch' points to lead-time being more critical.

05 More Effective E-tailing

SMEs and Consumers in the Philippines are much more positive in their attitudes towards newer payment methods (84%) and personalization (68%) - the former in particular for SMEs. Shoppertainment (27%), however, is at a similar level of use as in other AMEA markets.

06 Shopping Festivals

Shopping festivals remain very popular with SMEs (98%) and Consumers (98%) in the Philippines. Consumers (61%) are highly likely to want more of these and SMEs (38%) are more likely to require more logistics support.

2020[1] was a challenging year for Singapore's retail landscape. Consumers cut back on discretionary spending amidst an uncertain economic climate. The early days of COVID-19 led to panic buying at supermarkets and hypermarkets, with Singaporeans sweeping the shelves of household essentials and hygiene products.

The product category mix has also shifted towards improving stay-at-home lifestyles with products such as activewear, home office furniture and gaming devices especially popular in 2020. As Consumers stayed home and spent more time on their digital devices, **retailers adopted technologies, such as social media, livestreaming and e-commerce, to connect with Consumers,** maintain awareness and facilitate buying decisions.

It is important for retailers to integrate their presence and product offerings into these new consumer lifestyles. This includes emphasising product value and versatility, **incorporating technology, such as QR codes and contactless payment, and offering a seamless omnichannel retail experience**.

Singapore[2] is an almost **perfect representation of the AMEA region**.

Essentially, SMEs and Consumers are **e-commerce positive, into new innovations**, and SMEs are **stuggling to retain/recruit talent**.

A couple of difference stand out …firstly Consumers are more **negative about overall service levels** and secondly there is a **stronger desire** among Consumers for **more e-commerce events**.

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A couple of differences stand out …firstly Consumers are more negative about overall service levels and secondly there is a stronger desire among Consumers for more e-commerce events.

01 E-Commerce Revolution

E-commerce is likely to continue growing in importance according to both SMEs (80%) and Consumers (68%) in Singapore – where views are aligned with the overall AMEA perspective.

02 Service Experience Mismatch

The service expectation/reality gap is substantial at 17 points in Singapore, largely due to Consumers being more critical. Lead-times (56%) are no more of a pain point than in other markets so it's likely that other aspects of service quality – returns or customer service for example – are more of an issue.

03 Talent Challenge

The Great Resignation (73%) has had just as much of an impact on SMEs' ability to retain staff in Singapore as across the region as a whole. Recruitment (69%) is even more of an issue right now.

04 Sustainability Tensions

Consumers (63%) in Singapore are less likely than those in other markets to focus on lead-time over sustainability. Similarly, ESG policies (62%) are less likely to determine which businesses they choose to buy from.

05 More Effective E-tailing

SMEs and Consumers in Singapore are broadly positive in their attitudes towards newer payment methods (63%) and personalization (35%), although slightly less so than across the region as a whole.

06 Shopping Festivals

Whilst the vast majority of SMEs and Consumers in Singapore engage with shopping festivals, these is minimal desire on the part of Consumers (29%) for more of these.

The[1] impact of COVID-19 on South Korea's retailing industry varied by channel in 2020. The **growth of e-commerce accelerated**, benefiting from South Korea's high level of digital connectivity and strong preference for online shopping.

E-commerce players promptly responded to the fast-rising consumer demand by providing **speedy last mile delivery, ensuring tight inventory management and investing in logistics capabilities for longer-term sustainability.** E-commerce absorbed the spiking demand for home cooking driven by the large number of COVID-19 cases reported in consumer foodservice outlets.

The retailing industry is **expected to show recovery** as Consumers seek indulgences after having a year of heavy restrictions on travel and entertainment activities.

South Korea[2] ranks as **one of the less optimistic** AMEA markets around e-commerce generally, with fewer SMEs and Consumers forecasting growth and less engagement with newer innovations.

SMEs in South Korea are **largely delivering according to Consumer expectations,** and they have been **less impacted by the Great Resignation** than those in other markets.

Sustainability is important to Consumers who are also **into shopping festivals** and would welcome even more.

Source: 1. Euromonitor – Top 100 Retailers in Asia 2021; 2. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

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Sustainability is important to Consumers who are also into shopping festivals and would welcome even more.

01 E-Commerce Revolution

Whilst broadly positive about growth trends in e-commerce, SMEs (72%) and Consumers (58%) alike in South Korea are less bullish than is typical for AMEA. It's clear, however, that Marketplaces (88%) will play an even greater role in South Korean e-commerce in future.

02 Service Experience Mismatch

Perceptions of service levels are lower among both SMEs (44%) and Consumers (41%) in South Korea and the expectation/reality gap is relatively small at 3 pts. Deliveries are generally less likely to be made within two days but this is less of an issue for Consumers (39%) in this market.

03 Talent Challenge

The Great Resignation (59%) has had a less significant impact on SMEs in South Korea than across the AMEA region as a whole.

04 Sustainability Tensions

Consumers (58%) in South Korea are much less likely to value delivery speed over sustainability – only those in Japan place less importance on speed. Having an ESG policy (70%) is a potential differentiator for SMEs in this market.

05 More Effective E-tailing

Whilst newer payment options (69%) resonate strongly with SMEs and Consumers, other innovations around the e-commerce shopping experience e.g., personalization (22%) and shoppertainment (16%) generate much less interest in South Korea than in other AMEA markets.

06 Shopping Festivals

Shopping festivals remain very important to South Korean SMEs and Consumers alike, but SMEs (7%) tend to require less support from logistics providers than in other markets in the AMEA region.

Taiwan's[1] retailing sector suffered in 2020, which resulted in a major slowdown of economic activity due to social distancing measures. While the economy was hit hard, disposable incomes among Taiwanese Consumers are expected to continue to increase. Overall, the impact across channels has been minimal.

E-commerce also saw remarkable growth in 2020 at the expense of traditional retail outlets. Consumers are optimizing their in-person shopping by buying in bulk, making lists to avoid impulsive purchases and purchasing non-perishable items to ensure fewer trips.

Taiwan's economy is expected to recover relatively quickly over the coming years. Digital transformation, the blurring of store definitions and health and sustainability trends will continue. In the future, minimalistic and simplistic brands are expected to gain a greater sales share. Health and beauty specialist retailers are also expected to perform well.

SMEs[2] and Consumers in Taiwan are largely optimistic about the future of e-commerce yet less willing to consider innovations in this space. Delivery lead-times are slower than in other markets, but Consumers are more phlegmatic about this. Sustainability is also less of a driver of Consumer sentiment.

For SMEs the Great Resignation has been less problematic than in other AMEA markets which may explain why there is less of a requirement for logistics support during key pinch points.

Source: 1. Euromonitor – Top 100 Retailers in Asia 2021; 2. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

SMEs and Consumers in Taiwan are largely optimistic about the future of e-commerce yet less willing to consider innovations in this space. Delivery lead-times are slower than in other markets, but Consumers are more phlegmatic about this. Sustainability is also less of a driver of Consumer sentiment.

For SMEs the Great Resignation has been less problematic than in other AMEA markets which may explain why there is less of a requirement for logistics support during key pinch points.

01 E-Commerce Revolution

SMEs (90%) and Consumers (75%) are both very positive about future growth trends in e-commerce, and Marketplaces (82%) are likely to play an even greater role in Taiwanese e-commerce in future.

02 Service Experience Mismatch

Both SMEs (47%) and Consumers (46%) in Taiwan have a generally less positive outlook on the customer service experience than we see in other markets, but the expectation/reality gap (1 point) is very narrow. This is despite deliveries being less likely to arrive within two days (34%).

03 Talent Challenge

The Great Resignation (67%) has had a less significant impact on SMEs in Taiwan than across the AMEA region as a whole, but is a major issue nonetheless.

04 Sustainability Tensions

SMEs (73%) in Taiwan are more likely to over-state the importance of delivery speed to Consumers than those in other markets. ESG policies (56%) are less likely to differentiate, however.

05 More Effective E-tailing

Innovations around the e-commerce shopping experience e.g., newer payment methods (66%), personalization (26%) and shoppertainment (20%) generate less interest in Taiwan than in other AMEA markets.

06 Shopping Festivals

Shopping festivals remain important to Taiwanese SMEs and Consumers alike, with Consumers (63%) very keen to see more. SMEs (9%) tend to require less support from logistics providers than in other markets in the AMEA region.

Retailing[1] in Thailand is expected to be significantly impacted across almost all retail categories due to a lockdown during March-May 2020. Non-grocery products faced the worst impact as customers usually cut down expenses on non-essential and luxury products to save money for grocery or essential goods.

E-commerce benefited as customers shifted from buying in-store to buying online. Consumers used mobile devices to purchase products online, thanks to the mobile internet coverage that is improving across the country. Retailers also focused on mobile e-commerce by launching mobile applications and ensuring that their content is optimized on mobile devices. In 2020, retailers adopted digital payment technologies, which is expected to continue growing over the forecast period, namely the use of e-wallet and PromptPay in convenience and department stores. In addition, non-grocery retailers are implementing AR to help support online product testing.

There[2] is great positivity towards e-commerce generally in Thailand with SMEs and Consumers alike very open to new innovations.

Delivery lead-times need to be fundamentally reduced by SMEs should not ignore the importance of doing so sustainably.

The talent challenge has been tough particularly in relation to the high number of resignations.

Shopping events are a potential differentiator in the opinion of Consumers.

Source: 1. Euromonitor – Top 100 Retailers in Asia 2021; 2. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

There is great positivity towards e-commerce generally in Thailand with SMEs and Consumers alike very open to new innovations.

Delivery lead-times need to be reduced considerably but SMEs should not ignore the importance of doing so sustainably.

The talent challenge has been tough for SMEs particularly in relation to the high number of resignations.

Shopping events are a potential differentiator in the opinion of Consumers.

01 E-Commerce Revolution

Thai Consumers (79%), in particular, are very bullish about the continued growth of e-commerce and Marketplaces (85%) are likely to be even more influential in future.

02 Service Experience Mismatch

The service expectation/reality gap is substantial at 13 points in Thailand. Delivery lead-time (59%) is an even more significant pain point in this market even though deliveries are more likely (51%) to arrive within two days.

03 Talent Challenge

The Great Resignation (93%) has had more of an impact on SMEs' ability to retain staff in Thailand than in any other AMEA market. It's also a very tough recruitment market (73%) right now.

04 Sustainability Tensions

There are clear tensions around delivery lead-time and sustainability in Thailand. Both are described as very important but the 'Service Experience Mismatch' points to lead-time being more critical.

05 More Effective E-tailing

SMEs and Consumers in Thailand are much more positive in their attitudes towards newer payment methods (79%) and personalization (46%) than those in other AMEA markets. Shoppertainment use (49%) stands out as being significantly higher than in any other market.

06 Shopping Festivals

Shopping festivals remain very popular with SMEs and Consumers in Thailand. Consumers (54%) are highly likely to want more of these and SMEs (27%) are more likely than those in other markets to require more logistics support.

Vietnam[1] managed the spread and impact of COVID-19 well. However, a decline in tourism led to plummeting sales in some retailing channels. COVID-19 also impacted Vietnam's economy financially. Consumers were hesitant to spend on non-grocery products and mainly purchased necessities, which led most grocery channels to register accelerated growth in 2020.

Retailers also sought to **strengthen their omnichannel strategy** in order to enhance their brands' image. E-commerce sales were also boosted by its convenience factor and lower viral transmission risk. In Vietnam, **online promotions**, such as Black Friday, 11/11 or 10/10, are highly popular, with e-commerce players also introducing **livestream platforms** to increase website traffic and consumer engagement.

Looking forward, retailing in Vietnam is expected to return to pre-pandemic value sales growth rates. **E-commerce demand** will be supported by Consumers returning to their normal hectic schedules.

Vietnam[2] is one of the **top markets** in AMEA when it comes to **e-commerce positivity** – SMEs and Consumers alike **forecast significant growth** and are **very open to new innovations** and the next big thing. Shopping events remain **extremely popular**.

Whilst delivery **lead-time is a major Consumer pain point**, Consumers are also **very focused on sustainability.**

The **Great Resignation** has been as **problematic** for SMEs in Vietnam as in any other AMEA market.

Source: 1. Euromonitor – Top 100 Retailers in Asia 2021; 2. FedEx -What's Next in E-Commerce: 6 Trends Shaping the Future

Vietnam is one of the top markets in AMEA when it comes to e-commerce positivity – SMEs and Consumers alike forecast significant growth and are very open to new innovations and the next big thing. Shopping events remain extremely popular.

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01 E-Commerce Revolution

Vietnamese SMEs (94%) and Consumers (87%) are both even more positive about the continued growth of e-commerce in future than their peers across the AMEA region.

02 Service Experience Mismatch

The service expectation/reality gap is substantial at 11 points in Vietnam – although lower than in some AMEA markets. Delivery lead-time (59%) is an even more significant pain point in this market even though deliveries are more likely (52%) to arrive within two days.

03 Talent Challenge

The Great Resignation (88%) has had more of an impact on SMEs' ability to retain staff in Vietnam than in most other AMEA markets. Only Thailand and Philippines have had more of an issue. It's also a very tough recruitment market (77%) in Vietnam right now.

04 Sustainability Tensions

The gap (22%) between SME expectations and the actual importance Consumers place on delivery lead-time is greater than in any other market. Consumers are more focused on sustainability/ESG than on delivery lead-time in Vietnam – despite lead-time being a pain point (59%).

05 More Effective E-tailing

SMEs and Consumers in Vietnam are much more positive in their attitudes towards newer payment methods (86%) and personalization (64%) than those in other AMEA markets. Shoppertainment use (47%) stands out as being significantly higher than in most other markets (second only to Thailand).

06 Shopping Festivals

Shopping festivals remain extremely popular with SMEs and Consumers in Vietnam. Consumers (79%) are more likely to want more festivals than in any other AMEA market and SMEs (34%) are also more likely to require additional logistics support.