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E-commerce platforms a big money game

This year's 11.11 figures suggest that the number of shoppers and merchants on the Internet is growing in the country

by BHUPINDER SINGH

THE recent 11.11 Singles' Day sales — which has now become a regional event due to the expansion of China's e-commerce companies into the region — was another record year for the e-commerce platforms in Malaysia and the region, according to early numbers released.

The giant of the marketplace, China's Alibaba Group Holding Ltd, stated that the buying frenzy on "double 11" saw a 28% year-on-year (YoY) increase in sales to US\$38 billion (RM158.08 billion) for that day, more than 3.9% or RM104 billion growth the Malaysian retail market recorded in the whole of 2018.

This year's 11.11 figures also suggest that the number of shoppers and merchants on the Internet is growing in the country.

Local e-commerce platform Shopee Malaysia — which has an average of about 25.8 million monthly web visits, according to iPrice Group Sdn Bhd's recent data — stated that not only more products were sold by



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its merchants, but the demographics of its users or clients also saw a noticeable change with more male users and older shoppers searching for and buying products on its platform than previously.

Buyers were also increasingly confident of spending on big-ticket items like the latest high-end smartphones and other electronic gadgets.

What could be a sign of some tough times with consumers looking for value for every ringgit spent, Shopee Malaysia noted that top performing brands recorded an

average of 5,659 times increase in visits and 740 times growth in orders — with brands like Tefal, Skechers and Acer doing well.

Even KFC joined the 11.11 party with the fast-food multinational enjoying some half a million searches and receiving orders for KFC meals that would feed Putrajaya's population.

While the big sales numbers may appeal to shareholders of smaller e-commerce merchants like Zalora Malaysia (1.3 million web visits a month); FashionValet (415,000 visits)

and PrestoMall (643,000 visits) which is partly owned by PLUC Bhd, the sales growth underlies the challenging times ahead for these e-commerce merchants as fresh money is being raised by the big names for market share and dominance in the region.

Shopee Malaysia's parent, the loss-making Sea Ltd, which is listed in New York and backed by Chinese giant Tencent Holdings Ltd, raised US\$1.35 billion from a stock offering to fund its business expansion, including potential strategic

investments and acquisitions.

Lazada Malaysia's controlling shareholder, Alibaba, is set to raise US\$11 billion from a listing of new shares on the Hong Kong stock exchange soon, with the money set to help drive user engagement, improve operational efficiency and fund continued innovation.

Newsflow suggests that Japanese e-commerce heavyweights like Rakuten Inc has raised fresh funds to grow its footprint in the region, while Seattle-based Amazon.com Inc is reported to be in talks with Indonesia's ride-hailing giant, Gojek, to raise its presence in the region.

With the local e-commerce market space open to all, the smaller local-controlled e-commerce merchants survival looks very much dependent on how deep their shareholders' pockets are and if they have a niche to build on.

The next option could be to spruce up the platform to make it attractive enough for a sale to the bigger rivals, while there is still the opportunity.

Meanwhile, bring on the 12.12 sales as the holiday period and new school year are just around the corner.

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