

E-Commerce: From Malaysia to the World

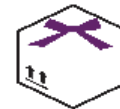
Vincent Lee

Merchandising Director For Electronics

AUG 2016

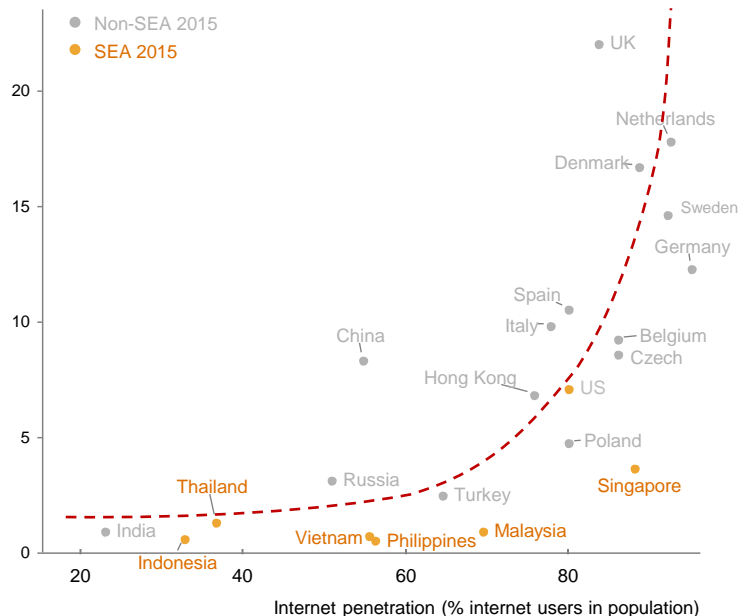
Market Potential

SEA e-Commerce is at an inflection point



SEA online retail underpenetrated

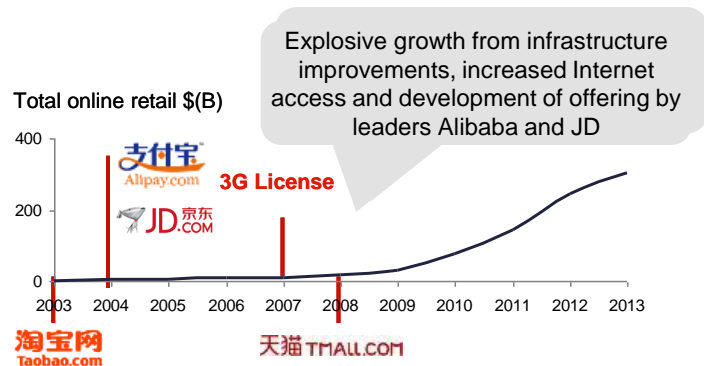
Online spend as % of total retail spend



Catalysts coming together for SEA

- **Broadband** on fixed and mobile
- **Investment** in e-Commerce
- **Logistics** with efficient and wide coverage
- **Trust & conducive payment** ecosystem
- **Young population** with 70% under age of 40

e-Commerce in China had a long incubation period but then exploded



Sources: Statistiska centralbyrån; Economist Intelligence Unit; Datamonitor; Post-och telestyrelsen; International Data Corporation; Gartner; World Internet Institute; TNS; SIFO; Sveriges Officiella Statistik; Tieto; IAB Europe/Google; Svenska Distanshandel; Statistics Denmark; OVUM; PTS; Danish Ministry of Science, Technology and Development Gartner; OECD; DIBS; European Information Technology Observatory; Eurostat.

Market Potential

SEA internet economy is ready to take off, with 124K users coming online everyday for the next 5 years



260M

users already online,
4th largest internet
market in the world



3.8M

users coming online
every month,
fastest growing
internet market in the
world



700M

mobile connections,
130% of population



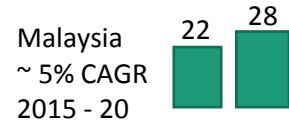
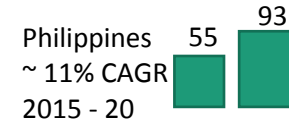
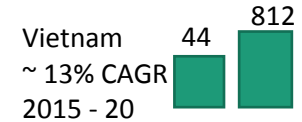
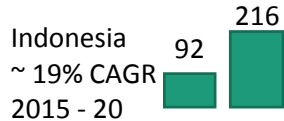
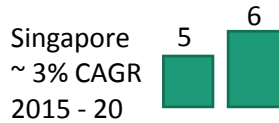
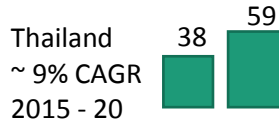
Source: Google Temask report

Market Potential

SEA to be the fastest growing internet market in the world, 480M by 2020



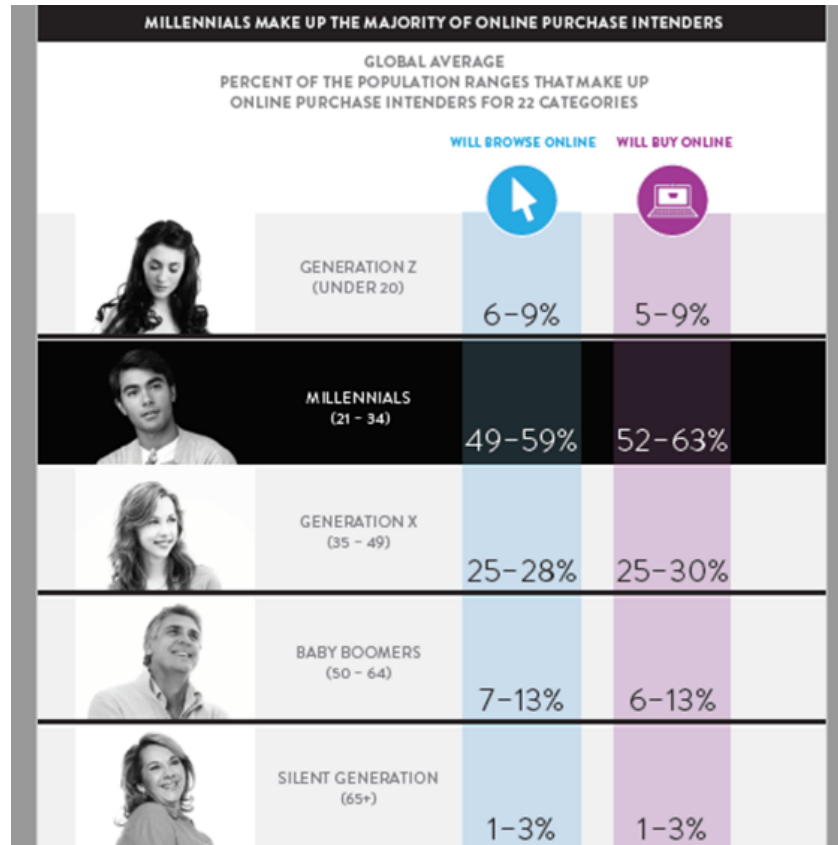
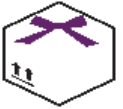
Internet users by country



Source: Google Temasik report

Market Potential

Who's buying online



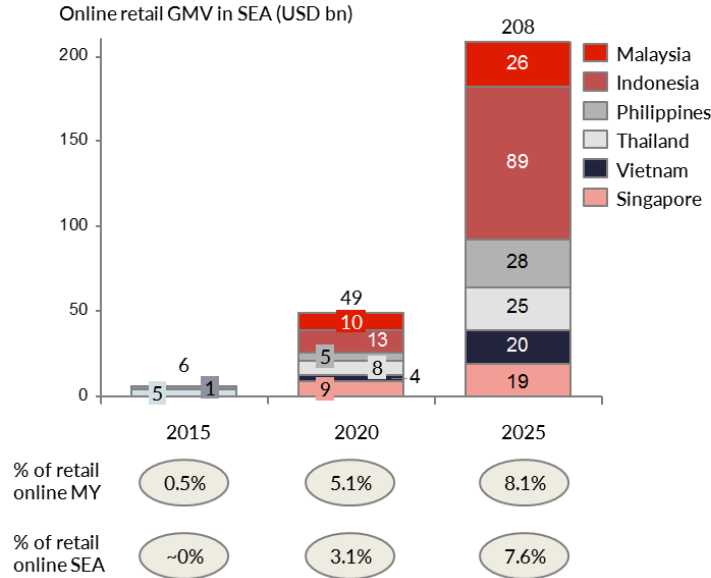
Source: Nielsen Ecommerce Report

Market Potential

SEA market could be valued between US\$100 – USD\$200 bn in 10 years



SEA online retail potential to grow beyond \$200bn in sales by 2025



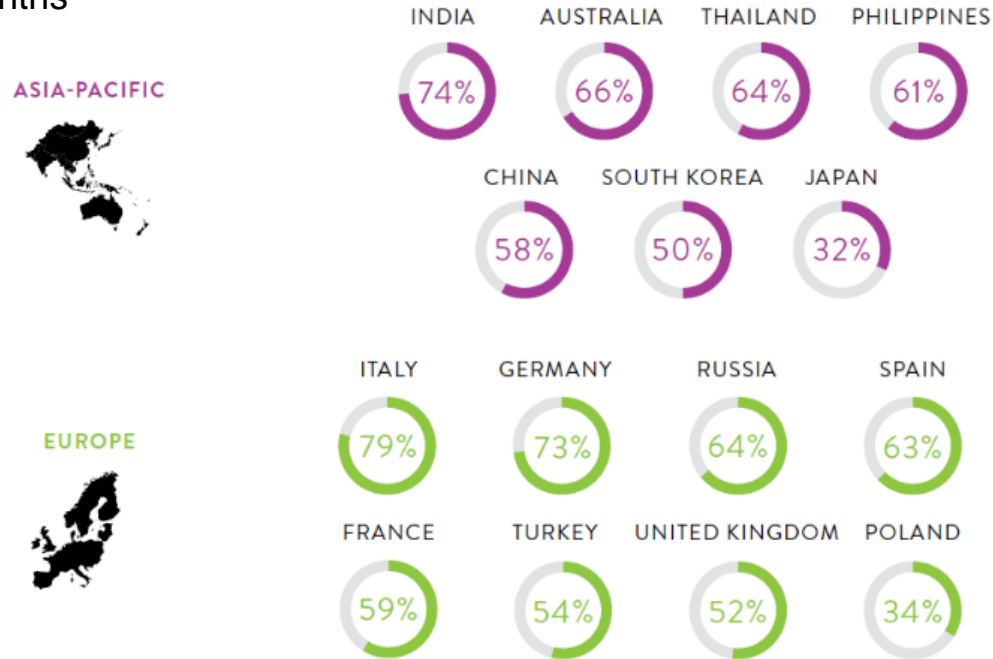
\$26 bn for Malaysia

Market Potential (Cross border)

Sell your brands and products all over the world.... Including long tail products



Percentage of online shoppers who have purchased from overseas retailer in the past six months



Source: Nielsen Connected Commerce Report (Jan 2016)

Target Audience

ONLINE DEMOGRAPHICS

Aged 18 - 64

Located in key market centres/suburban areas
i.e. Klang Valley, Johor
and Penang

White collar,
working adults of
low to high income
bracket.



The target audience is primarily digitally-savvy white collar urbanites.

A little closer to home... Online consumers in Malaysia



Age group	Malaysian Online %	Malaysian Online Shoppers
18-24	22%	2.7mil
25-34	50%	6.2mil
35-44	20%	2.5mil
45-54		
55-64	8%	1.0mil
65+		
TOTAL	100%	12.4mil



	Internet User Distribution
SELANGOR	24%
KUALA LUMPUR	10%
JOHOR	12%
PULAU PINANG	5%
PERAK	7%
KEDAH	5%
MELAKA	4%
NEGERI SEMBILAN	4%
PAHANG	5%
KELANTAN	5%
SARAWAK	6%
TERENGGANU	4%
SABAH	8%
PERLIS	1%
PUTRAJAYA	1%
LABUAN	0%

Market Opportunities

- ① Opportunity to further strengthen penetration into 25 – 44 segment (70% of Online shoppers).
- ② Explore ways to reach the younger college students aged 18 – 24 via mobile. Preparing the crossover to the 25-34 age group.
- ③ Opportunity to further strengthen presence in Klang Valley and in larger cities
- ④ Opportunity in East Malaysia (14%) but dependent on logistic support

Target Audience

3 types of online shoppers based on purpose

TASK-ORIENTED SHOPPERS

“I know what I want to buy.”

People browse online in search of solving a specific problem.

DEAL SEEKING SHOPPERS

“OMG 80% discount. I should get it now.”

Their online shopping moments are considered “deal browsing,” in which they look for deals and coupons.

CASUAL SHOPPERS

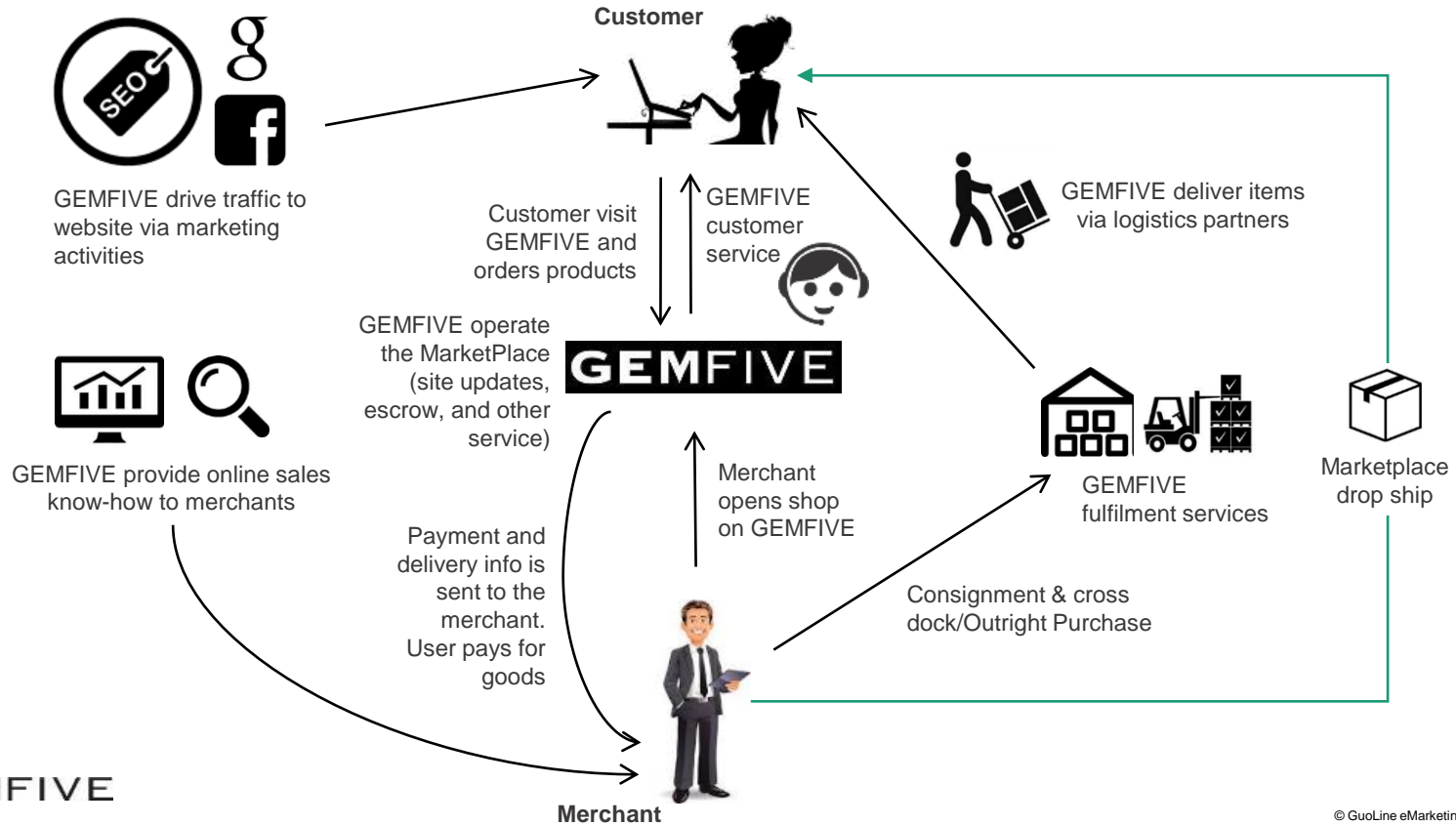
“Let’s see if there’s any interesting item.”

These shoppers have no true motivation for browsing for products online but have a tendency to browse through top of mind e-commerce sites, purchasing items that pique their interests.

Source: AOL Research 2015, 11,000 online users in the U.S., Canada and the UK

Ecommerce At A Glance

Current trends of Online Shopping Flow



Should you invest in building this channel?

Important things to consider



Focus

- Is this channel one of the key drivers for your business?
- Are all stakeholders aligned?
- Are there any external support?
- Opportunity to build awareness of a local brand



Manpower

- Do you have sufficient resources to manage the orders from this channel?



Knowledge about your products

- Any export and legal restrictions?
- Which shipping model should you choose?

Changes we see over the past few years

Global Merchants adopting hybrid models from conventional businesses O2O
(Offline to Online)

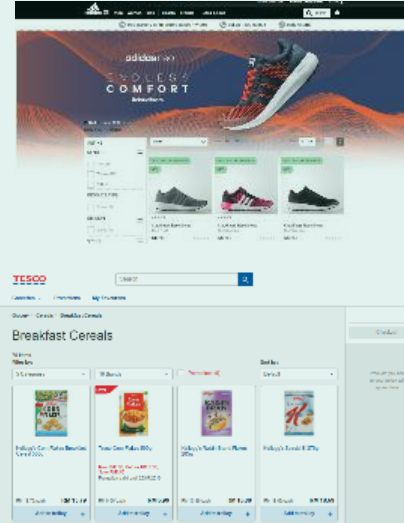


Omni-channel success by big brands

Retailers can no longer think of their online and offline channels separately



Offline store



Online store

Changes we see over the past few years

Mobile revolution



M-Commerce

With the rise of hectic lifestyle and monetary capacity of the urban mass, convenience of these e-commerce sites have been sought as a blessing in disguise. Initially, e-commerce was restricted to the larger 3 cities, catering to the urban crowd. But slowly as the capita began to flow into the suburban and rural areas-more people of the suburbs, access to such websites is through their mobile phones.

Success factors

Instant connectivity : Internet availability in most areas

Mobility factor: By your side for most part of the day

Immediacy: Call-to-action and the process of going through a purchase can be made on the spot.

Localization: Customized services with the help of GPS, Bluetooth, etc.

Cheap cost of connections and handsets: Transformed the smartphone from luxury to a necessity. Mass adoption.

Reach factor: In some parts of the world, first contact to the web is via the mobile.



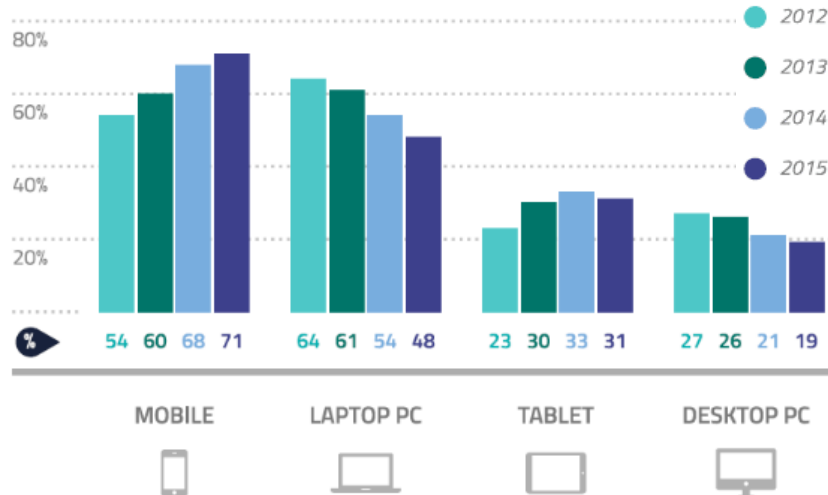
Changes we see over the past few years

Include M-Commerce in your plans



Second Screening

% who have recently second-screened via the following devices

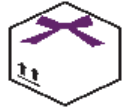


- Mobile commerce are becoming more important with the increase in mobile penetration
- A big % of traffic to a website are from mobile devices because people are always on-the-go
- 9 in 10 online adults in Malaysia saying they've recently done second-screening while watching TV

Source:GWI –Malaysia Digital Landscape Q4 2015

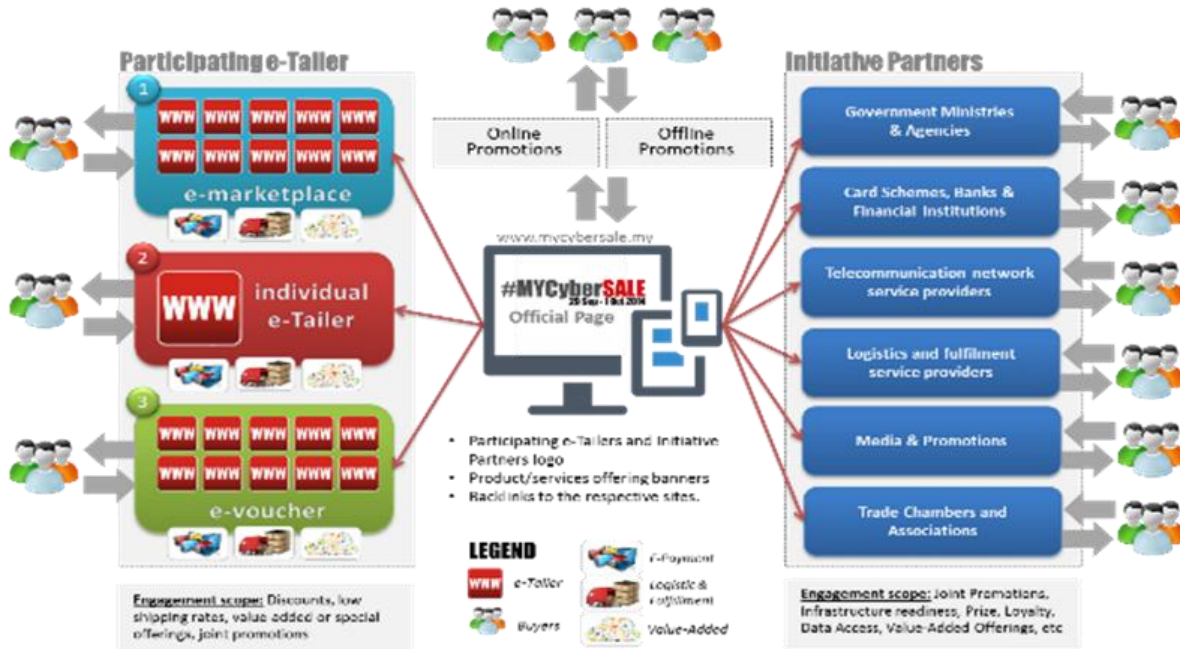
Changes we see over the past few years

More support from local government



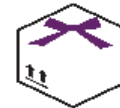
Government initiatives

MDEC (Malaysia Digital Economy Corporation) building an ecosystem to encourage merchants to go online via MyCybersale



Changes we see over the past few years

More support from local government



Government initiatives

Mycybersale goals for 2016



Total GMV (Revenue)
RM 150 M



of Malaysia Brands
100 Brands



of Foreign Buyers
6,000

1

To generate online shopping demand from consumers

(catalyst to boost e-shopping culture)

2

To encourage sellers to be part of eCommerce ecosystem

(either as supplier to e-Marketplaces or own e-storefront) to meet the online shopper's demand.

3

To increase the domestic eCommerce revenue

over the e-Commerce spending in Malaysia so that Malaysia can be a NetExporter.

Source: MDEC MyCyberSale Merchant Presentation

Changes we see over the past few years

Businesses either building their own website or leveraging on existing platforms



Investing in the right people or partner

Building Your Own Platform

Pros:

1. 100% control
2. 100% margins

Cons:

1. Higher cost of entry
2. Need resources to:
 - Design and develop website and mobile app
 - Payment integration
 - Drive traffic – SEO and SEM



Leveraging On Existing eMarketplace

Pros:

1. Lower cost of entry
2. Knowledge transfer from providers
3. Marketing done by platform providers
4. Minimal head count needed to manage orders

Cons:

1. Margin sharing
2. Less flexibility

About GEMFIVE

The New Kid on The Block – 15 months in the Market



GEMFIVE Search the entire store HI, Ming Chee Ong

GEMDEALS FASHION ELECTRONICS BEAUTY HEALTH HOME & LIVING MUM & KIDS LIFESTYLE

SHOP & SAVE UP TO RM138 OFF*

RM68 OFF (CODE: GR8T68)
min. spend of RM280

RM88 OFF (CODE: GR8T88)
min. spend of RM350

RM138 OFF (CODE: GR8T138)
min. spend of RM500




Promotion valid from 4 Jan - 7 Feb 2016. T&C apply.

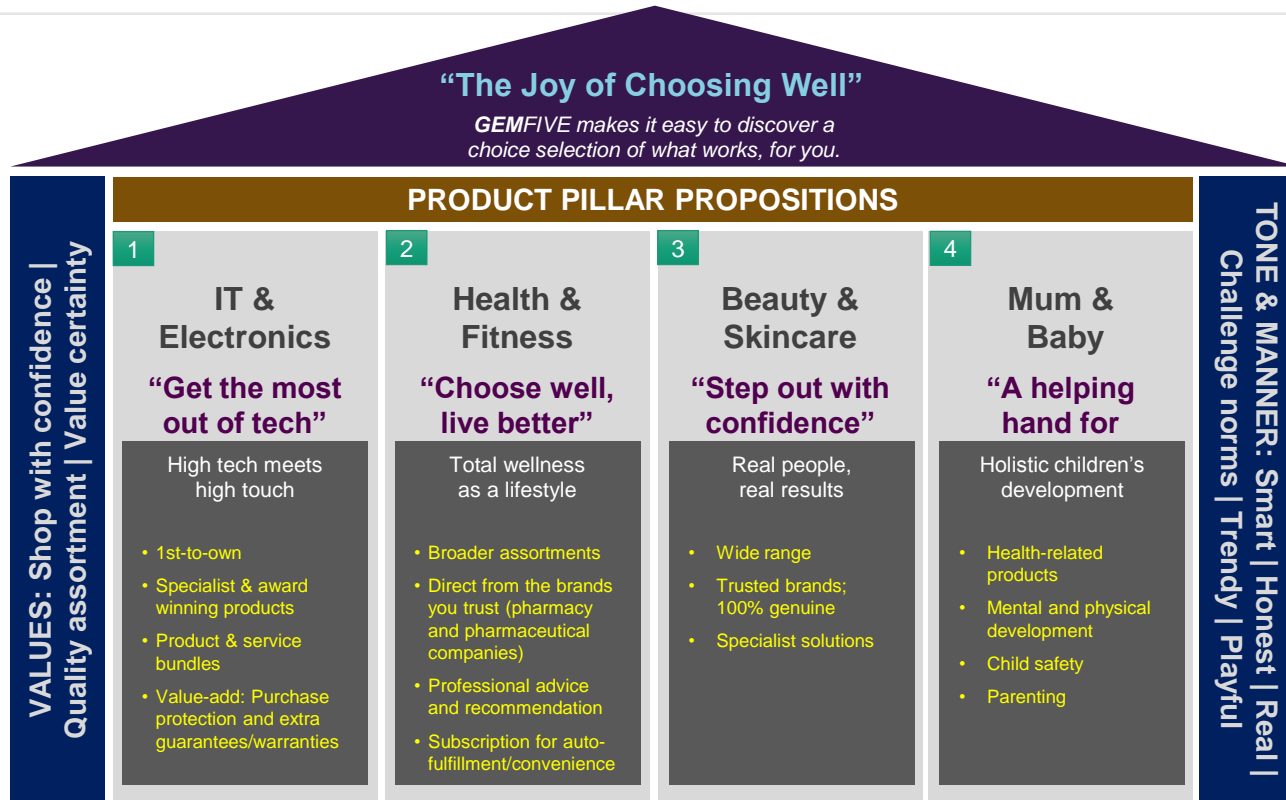
SHOP NOW

GEM PICKS

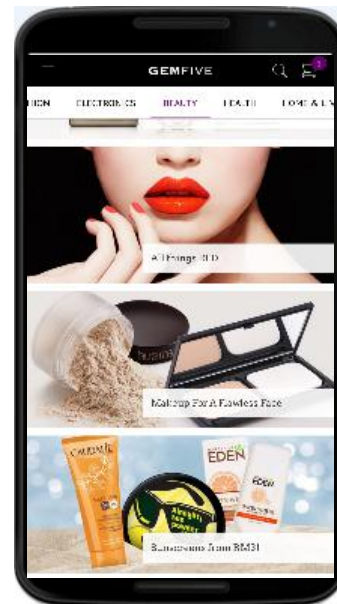
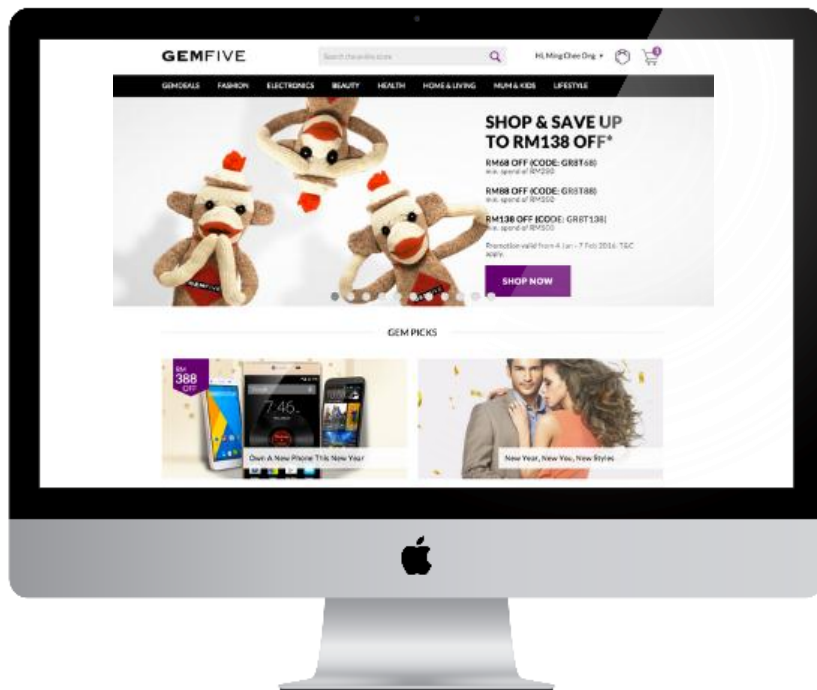
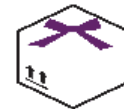


GEMFIVE
www.gemfive.com.my
The latest online shopping destination with
OVER 1000 brands and 100,000 Products

-  Launched in May 2015
-  Part of Hong Leong Group
-  Owned & Operated by
GuoLine eMarketing Sdn. Bhd.



Shop on our Web or via our App!

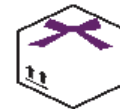


Your next GEM is just a click or a swipe away!

GEMFIVE

Products to cater to your every need

Spread across 6 lifestyle categories for shopping convenience



HEALTH



GEM PICKS



CNY Specials



Supplements For Kids



Healthy Organic & Natural Food



Supports & Boosts Up To 28% Off

BEAUTY



SECTION TITLE



CELLNIQUE
FREE GIFT*

Cellnique Paracela Oil Serum



64%

Beauty - Further Revolution Fine Fragrances



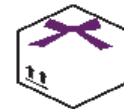
All Things RED



Makeup For A Flawless Face

Products to cater to your every need

Spread across 6 lifestyle categories for shopping convenience



ELECTRONICS

GENERALS FASHION ELECTRONICS BEAUTY HEALTH HOME & LIVING MUM & KIDS LIFESTYLE

RM 388 OFF

OWN A NEW PHONE THIS NEW YEAR

1: IP11R - Buy R11550+ get R1118 off
1: IP11G - Buy R11200+ get R1120 off
1: IP11S - Buy R11500+ get R1138 off

SHOP NOW

GEM PICKS



HOME & LIVING

GENERALS FASHION ELECTRONICS BEAUTY HEALTH HOME & LIVING MUM & KIDS LIFESTYLE

18% OFF

18% OFF ON ALL HOME & LIVING

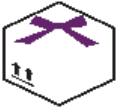
USE CODE HOME18. To minimum spend. Maximum discount RM145.

GEM PICKS



Products to cater to your every need

Spread across 6 lifestyle categories for shopping convenience



FASHION



GEM PICKS

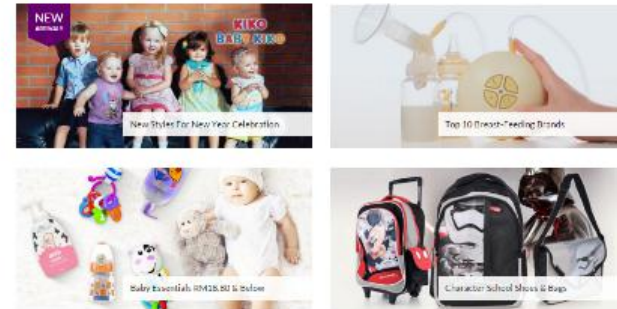


GEMFIVE

MUM & KIDS

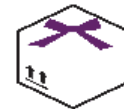


GEM PICKS



Managed Marketplace to provide Over 1000 brands and 100,000 SKUs

Target to grow to > 2000 merchants and > 300,000 products by 2017



Global brands



Regional brands



Local brands



New brands



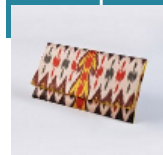
Spanish Brand, Mass Retail, New Designer



Emerging SEA brands



Emerging local brands



FRANZITAS



CEHMOUCCI

Daily essentials



European brands



MILITO



KARE

Lifestyle brands



High-end / cult brands



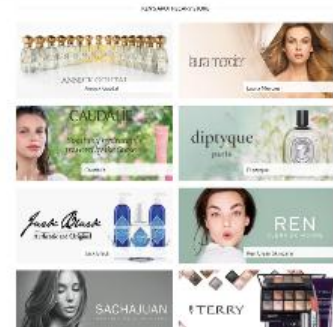
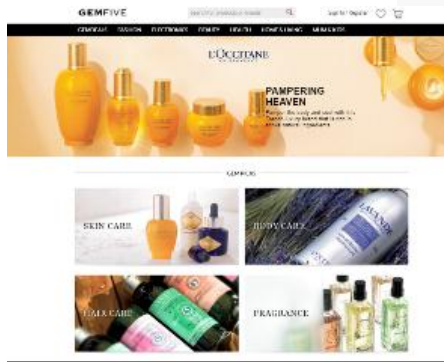
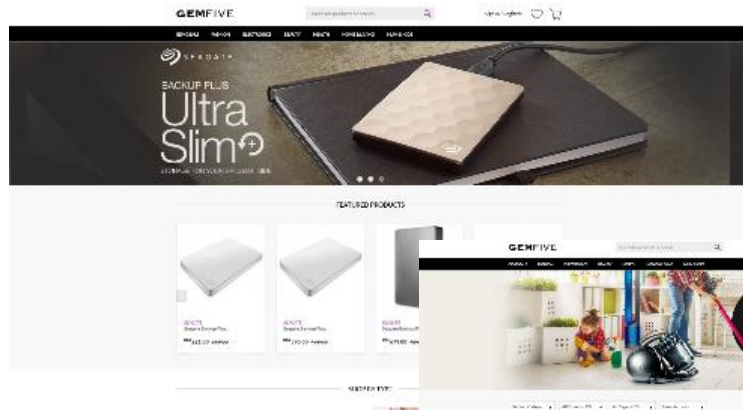
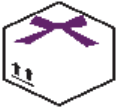
DSG FAY
BeoPlay A9 - Black With Walnut Legs



BEATS
Beats X Hello Kitty Solo[®] Headphones

Brand presence and awareness via Shop in Shop

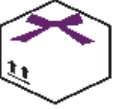
Opportunities to build brand presence through brand stores



GEMFIVE


Effective Content Marketing

GEMFIVE Journal keeps shoppers up-to-date on trending lifestyle & products




PROMISING CATEGORY


PERSONALITY




LEONA CHEN TALKS STYLE & BEAUTY




LIFESTYLE




LEONA CHEN TALKS STYLE & BEAUTY




BEAUTY




TOP 5 BENEFITS OF MANUKA HONEY




NEW FACE OF MAYBELLINE IN NEW YORK: CRIS TIRAZZA




TOP 5 BENEFITS OF MANUKA HONEY




CASUAL PARTY STYLE TO USHER THE NEW YEAR




BEAUTY TALK WITH RASH BIRNING OF BOLLYWOOD PROFESSIONAL




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PROMISING CATEGORY


FASHION




HOW TO WEAR A BASIC POLO T-SHIRT LIKE A SUPERSTAR




10 CELEBRITIES WHO LOOK IMPOSSIBLY GOOD IN A PLAIN WHITE T-SHIRT




CASUAL PARTY STYLE TO USHER THE NEW YEAR




5 MOST-WANTED CASIO G-SHOCK WATCHES




HOW TO WEAR A BASIC POLO T-SHIRT LIKE A SUPERSTAR



10 CELEBRITIES WHO LOOK IMPOSSIBLY GOOD IN A PLAIN WHITE T-SHIRT



CASUAL PARTY STYLE TO USHER THE NEW YEAR

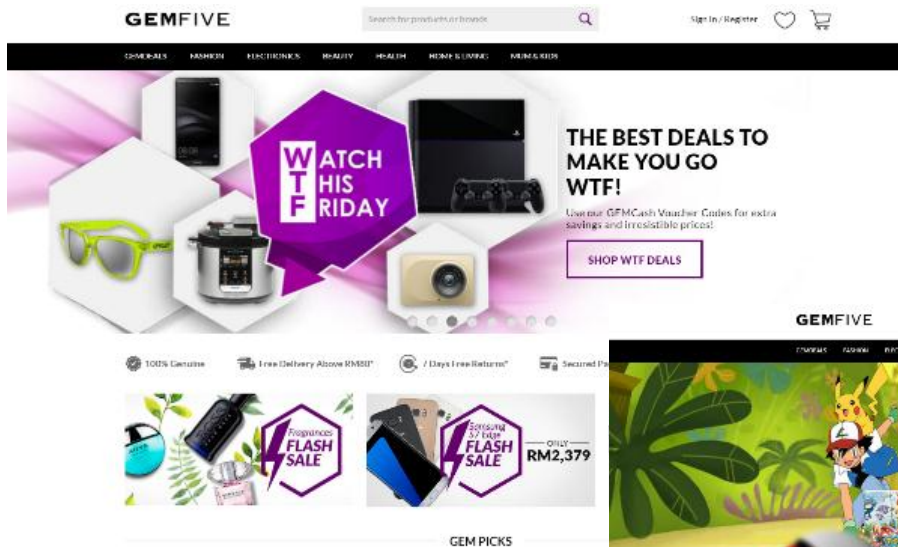
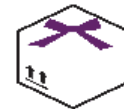


5 MOST-WANTED CASIO G-SHOCK WATCHES

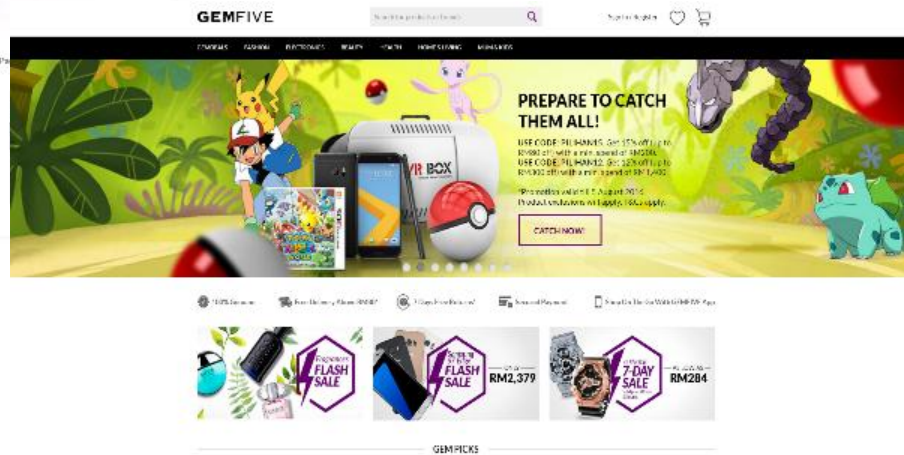
GEMFIVE

Differentiate from the OTHERS

Marketing campaigns



Own the DAY and create consumer excitement for different target audiences!



Leverage on the latest “in trends” and capture the audience

Attractive GEMFIVE funded Promotions & Flexible Payment Scheme



SHOP & SAVE UP TO RM138 OFF*

RM68 OFF (CODE: GR6T68)
min. spend of RM100

RM88 OFF (CODE: GR6T88)
min. spend of RM130

RM138 OFF (CODE: GR6T138)
min. spend of RM100

Promotion valid from 4 Jan - 7 Feb 2016. T&C Apply.

[SHOP NOW](#)

Storewide Promotions



RM 388 OFF

OWN A NEW PHONE THIS NEW YEAR

MP118 -Buy RM550+ get RM118 off
MP318 -Buy RM2200+ get RM318 off
MP388 -Buy RM3500+ get RM388 off

[SHOP NOW](#)

Category Promotions



ENJOY 20% OFF STOREWIDE

Up to RM200 OFF with minimum spend of RM200

CODE : G20CITI

In collaboration with:



Valid until 31 December 2016. Terms and conditions apply.

Partner Promotions



0% INTEREST

INSTALLMENT PLAN

DON'T WAIT. OWN YOUR DREAM NOW!

Get what you want by stretching your budget further with our 0% interest Installment Plan

[SHOP NOW](#)

Easy Payment Plan with Maybank

Why Partner GEMFIVE



Trust – Launched by one of Malaysia’s biggest conglomerate, The Hong Leong Group



Reach & access into untapped markets – Expansion to Singapore and Indonesia in 2016 and other SEA countries in 2017/2018



Analytics and business performance – Access to data via personal dashboard



Easy set up by providing a foray of fulfillment options – No listing fees and easy stock management



More “air time” – Consumers have more opportunity to see your products via our curation, content write-up and regular storewide and affiliate promotions



Aggressive marketing support activities to drive traffic



Thank You