shopify

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24

Southeast Asia

Retail Report

Actionable insights on selling
and shopping in 2024 and beyond.

Contents

Methodology

Shopify commissioned YouGov to conduct research with consumers and businesses to uncover hundreds of insights into consumer behaviours and retailer tactics in Indonesia, Malaysia, the Philippines, and Singapore.

The retailer survey was conducted online between 28 March and 5 April 2024. The total sample size was 269 senior business decision makers in retail businesses with 50+ employees and local headquarters in Southeast Asia. The consumer survey was conducted between 5 April and 10 April 2024. The respondents comprised a nationally representative sample of 2,056 residents of Indonesia, Malaysia, the Philippines and Singapore aged 18 years and older. Following the completion of the survey, the consumer survey data was weighted by age, gender, region (all markets except Singapore), race (Singapore and Malaysia only), and socioeconomic status (Indonesia only) to reflect the latest population estimates for each market.

Additionally, interviews were conducted with retailers using Shopify and ecosystem partners to provide qualitative context and real-world insights into the market shifts retailers are dealing with and how they are adapting to change.

Contributors

We'd like to extend our sincerest gratitude to the following businesses for their contribution to the report.

Caldecott Music Group	Secretlab
Oracle Netsuite	Toby's Sports
Ranosys	Verz Design
SaturdayClub	Viseo

Executive summary

We are seeing some big changes in the Southeast Asia retail industry.

Shaun Broughton
Managing Director
APAC and Japan
Shopify

As shoppers and retailers alike feel the impact of inflation and the cost-of-living crisis, both are trying to do more with less. To meet customer expectations, retailers are adopting solutions to enhance omnichannel experiences, ensure seamless transactions, and build long-term business resilience.

The research featured in the report unveils the nuances of these trends and the market pressures that are driving them, while uncovering the ways retailers are responding, along with actionable recommendations. Notably, unified commerce will be an irrefutable growth driver, empowering retailers to sell better across multiple channels, while offering the best customer experiences, and gaining access to unified datasets for the strongest business decisions.

Executive summary
Key insights

Value is the name of the game

83% of Southeast Asians are cutting down on something to save money, and over half are looking for the best value when they shop, whether it's lower prices or higher quality products, pushing competition even higher.

83%
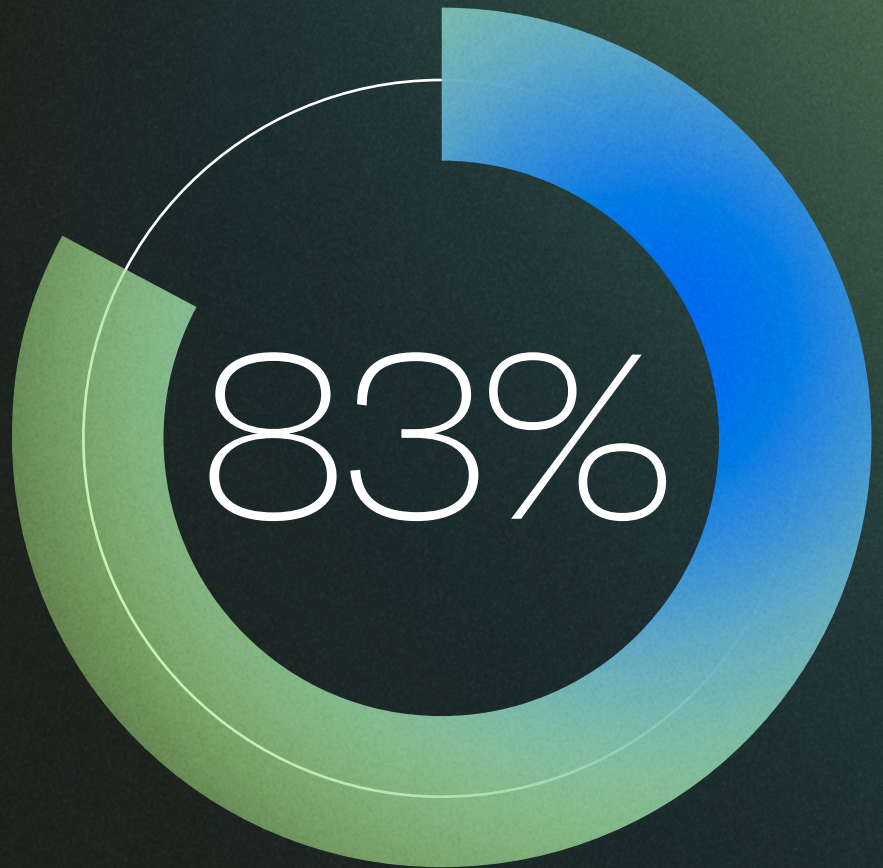
Digital experiences are top of mind

68% Social media is now the biggest driver of brand and product discovery in Southeast Asia— and 68% of retailers are planning to increase investment in social commerce over the next 12 months. But winning customers also requires a deep understanding of their demands, such as free shipping and returns.
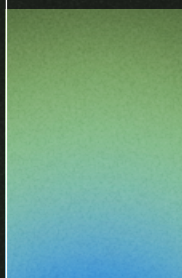
The era of unified commerce

52% of shoppers prefer shopping online, but over a quarter (28%) like both online and in-store shopping equally. Retailers are investing in creating seamless and personalised omnichannel experiences, with 66% of retailers saying they plan to increase investment in unified commerce.
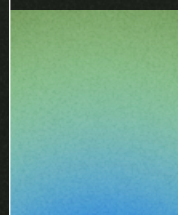
Executive summary
Key insights

Innovation
is invaluable

99%

of retailers plan to invest in innovation in the coming 12 months, with shopping solutions such as contextual real-time pricing (71%), the number one area in which they plan to increase their technology spend—a wise move to balance value with profitability.
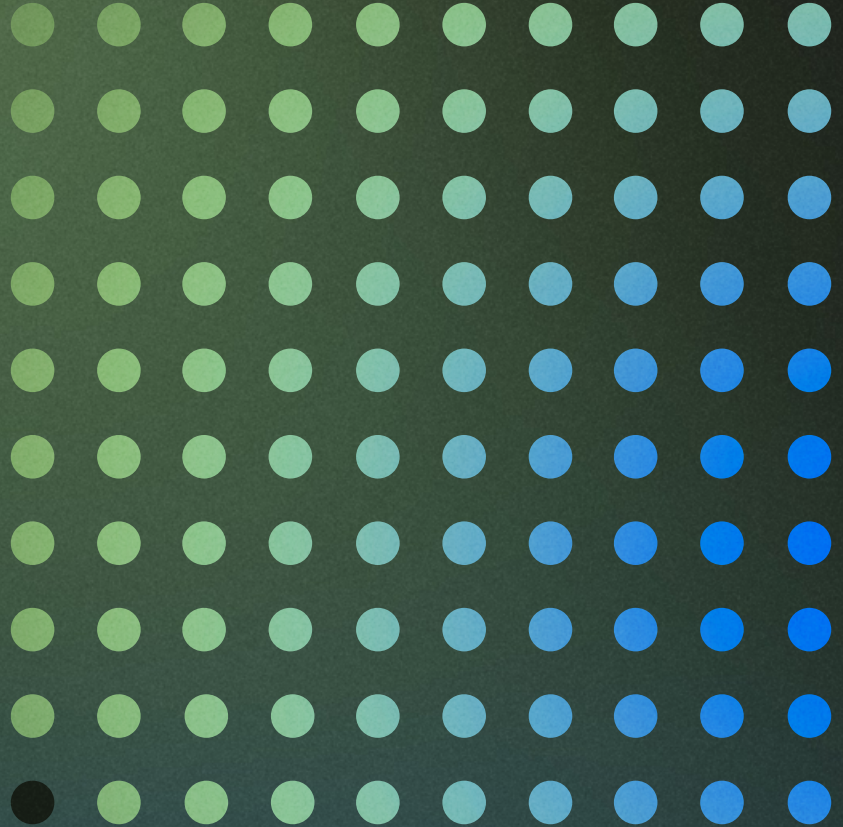
Zeroing in on operational efficiency

85%

of retailers are facing operations-related challenges, and efficiency issues stemming from manual processes and complex business systems are a leading cause of difficulties. To remedy this, retailers are increasing investment in solutions for business intelligence (67%), unified commerce platforms (66%), and composable stack (65%).

Acing ecommerce with
a two-pronged strategy

Marketplaces are popular shopping channels across Southeast Asia, but 86% of shoppers agree that if a brand has both a brand.com website and a marketplace store, they don't mind purchasing from either platform. The real opportunity lies in adopting a symbiotic ecommerce strategy across both marketplaces and brand.com websites to drive discovery, build trust, and earn loyalty.

The shoppers'
pursuit of
value, quality,
and discounts

01

Cost-conscious shoppers are on the hunt for value

83%

of Southeast Asians are cutting down on something to save some money.

Increased inflation and interest rates are impacting adults across Southeast Asia. They're adjusting to the increased cost of living—and nearly half (46%) are stressed about the cost of essentials and groceries. To cope, 83% have cut down on eating out and planning holiday travel, and are looking for cheaper options to save money.

Some across the region are looking for specific cost-savings when shopping online, such as free shipping—something 75% of shoppers say is a must-have when making an online purchase.

Though people are trying to curb spending, many shoppers across the region are still feeling upbeat about the economy (57%) and their personal finances (60%), suggesting that spending habits may slowly return to previous levels if the economy improves.

Top areas where adults in Southeast Asia are cutting spending

43% Eating out

39% Choosing cheaper options

29% Postponing holiday plans

23% Cutting back on electricity consumption

18% Buying private label grocery brands
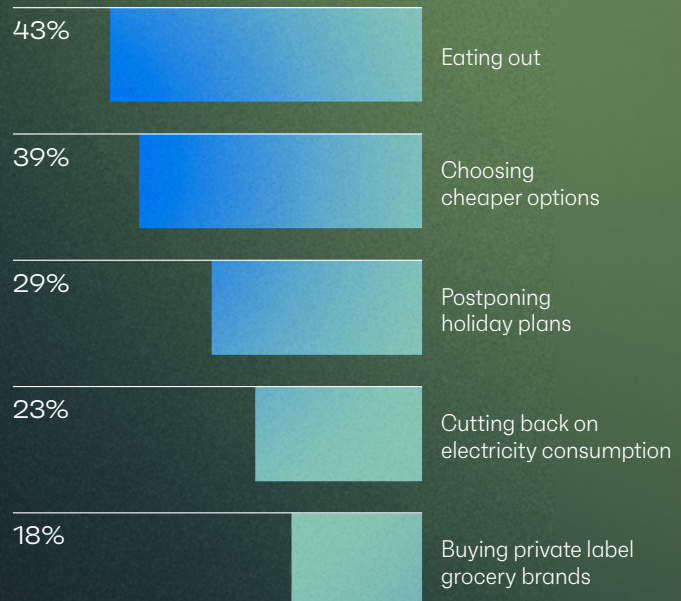
Loyalty is hard to earn and easy to lose

When it comes to making a purchase, price is the top factor for shoppers in Southeast Asia, but nearly all shoppers (96%) said they'd stay loyal to a brand if it offered them an incentive, with consistently low prices or promotions being a top draw for 70% of consumers.

Other factors can be leveraged to woo customers or keep them loyal. Beyond price, consumers surveyed highlighted the offer of high-quality goods (60%), loyalty rewards (49%), and seamless user experiences (31%).

At the same time, loyalty is hard to earn and easy to lose. 98% of consumers have bought items from a different brand than they normally do, predominantly driven by cost, with 67% having switched for a better price or discount promotion.

96%

of Southeast Asian consumers would stay loyal to a brand if it offered them an incentive.

Top reasons for repeat purchases from a brand

1	Offer consistently low prices and/or promotions	70%
2	Offer high-quality goods	60%
3	Offer loyalty rewards	49%
4	Offer a seamless user experience	31%
5	Understand my shopping needs before I even know I need them	27%

Top reasons consumers purchase from a different brand

Better price or a discount promotion	67%
Better quality	59%
Positive online reviews	47%
Cheaper shipping /delivery costs	45%
Product availability	42%

Knowing customers could walk away at any time if their needs are not met, brands can find ways to ensure they are not just meeting, but exceeding expectations. After protecting their turf with customer retention initiatives, brands can look at acquiring new customers open to switching brands.

Finally, almost all (92%) of Southeast Asian adults say reviews and ratings are important to their purchasing decision, with half (50%) strongly agreeing, making it clear that shoppers are doing research as part of their purchase journey and that they care about what other shoppers recommend.

Pricing might be the top factor driving loyalty and churn, but retailers need to assess the feasibility of competing purely on price and its impact on sustainable profitability. Differentiating factors such as rewards, better quality goods, and seamless experiences might be more viable options in the long term.

92%

of Southeast Asian shoppers agree that reviews and ratings are important to their purchasing decisions.

"

Earning customer loyalty is deeply tied to showing customers that you care about them. A great way to do this can be through partnerships.

Sushma Vyas
Global COO and
Chief Growth Officer
Ranosys

For example, a sports brand could partner with a nutrition company to provide freebies with orders or special discounts. By offering a value-add that rewards loyalty, you can show customers that you understand them and can provide the experiences that impact their lives in a way they want.

Retailers are competing on value—but not on pricing

Only **21%**

of retailers said that reduced consumer spending was a challenge for them.

Though a greater proportion of shoppers are being cautious with their spending and looking for deals, only 21% of retailers cited reduced consumer spending as a challenge. Further, only 10% of retailers said they are decreasing prices, compared to 26% who are increasing prices, which is likely to mitigate rising costs due to inflation.

Retailers are finding new ways to offer value and attract and retain customers. Top-tier customer service is a key focus, and the #3 method to overcome business challenges, cited by 27% of retailers. In addition, businesses are also increasing their financial investments in digital experiences (72%), loyalty programmes (61%), and product range (59%) to provide value through the best experiences and variety of products.
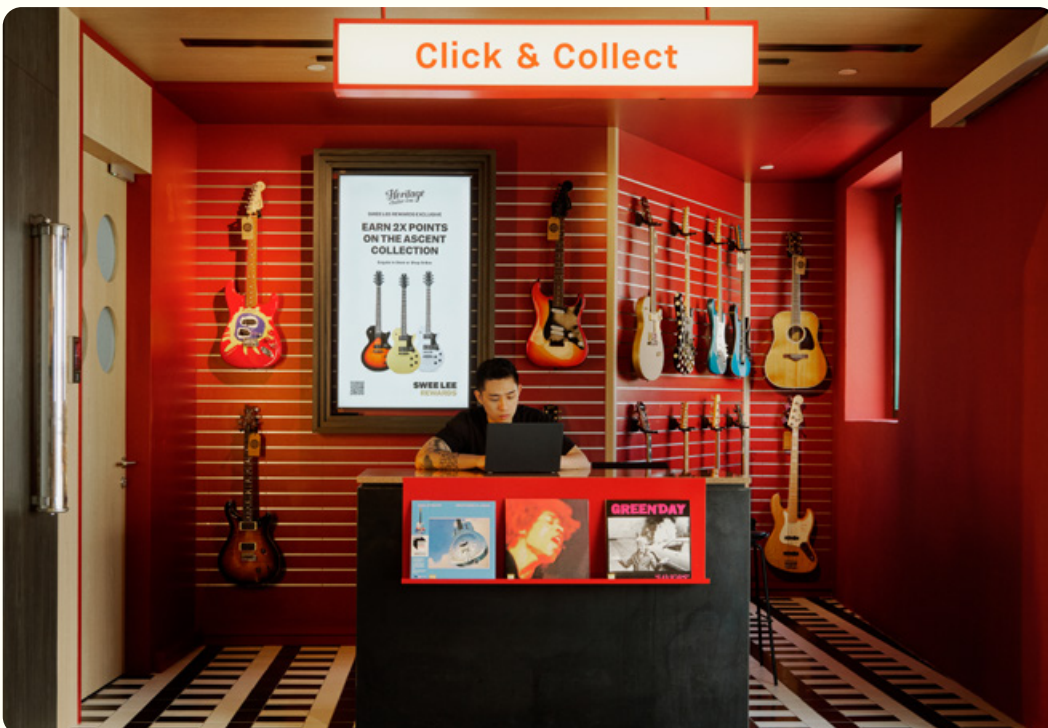
What this means for businesses

Compete on experience

Consumers may be on the hunt for value, especially with access to big marketplace players, but competing on price alone can put pressure on profit margins. This leaves retailers to compete on other forms of value that consumers can't get anywhere else, which is why customer experience is so important.

Leverage first-party data

A key on-ramp to personalisation is first-party data, which gives retailers the ability to gain a full picture of the customer across all channels. An ecommerce platform that can capture and consolidate customer information from all channels and touchpoints, both online and in store, is essential.

Create personalisation

A personalised customer experience is a differentiating factor not linked to price that retailers can weave into marketing and engagement activities. Offer customers relevant products at the right time to drive customer acquisition and secure customer retention.

"

It's critical for brands to invest in solutions for data centralisation and better data management, and to find an integrated solution like Shopify that streamlines an array of needs, from CRM to customer loyalty to inventory management.

Céline de Robillard
Retail & Omnichannel
Director – APJ
Viseo

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According to Erik Newcomb, Shopify's Director of Merchant Success, Asia Pacific, Shopify's end-to-end commerce platform gives retailers the ability to capture first-party customer data across sales channels, and bring it all together into a single location for proper analysis and actionable insights.

On Shopify, retailers can access detailed insights from shoppers representing every stage of their journey to curate meaningful data about buyers, whether it's online or in stores.

These insights can help retailers drive meaningful, personalised experiences from the very beginning of the customer journey, creating value that doesn't have to be attached to price.

Erik Newcomb
Director of Merchant Success, APAC
Shopify

Live view

VISITORS RIGHT NOW
231

TODAY'S TOTALS
2.3k
VISITORS

193
ORDERS

$11k
SALES

Total sales

$53,285.00

755 total orders   View report
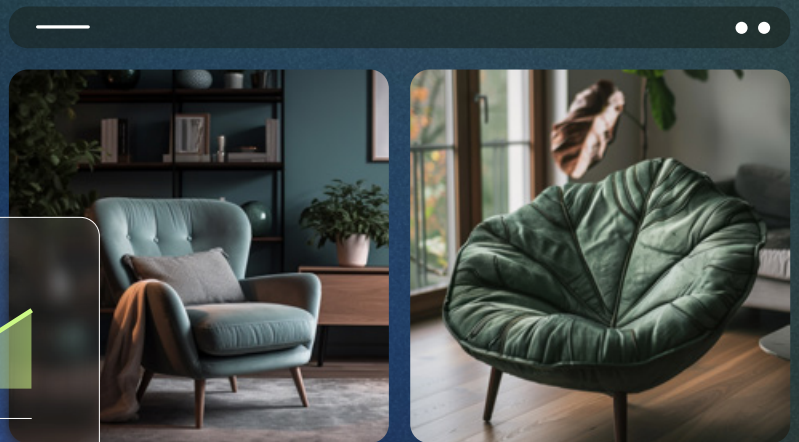
Digital experiences reign supreme

02

Southeast Asian shoppers prefer shopping online

52%

of people prefer to shop online, though one in four (28%) say they enjoy shopping online and in-store equally, while 19% prefer shopping only in stores.

Online shopping continues to be a mainstay and the preferred channel among shoppers across Southeast Asia, often viewed as a convenient and trusted way to shop.

Where consumers prefer to shop

- ■ I prefer shopping online
- ■ I prefer shopping in-store
- ■ I like them equally

19%

52%

28%
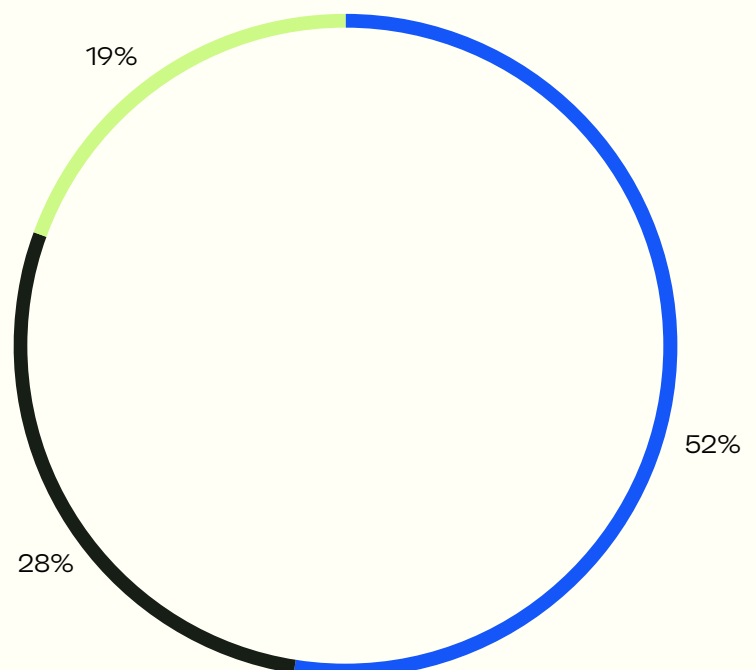
Free delivery is the #1 priority

When it comes to online shopping experiences, customers are extremely discerning about the post-purchase experience.

75% of shoppers expect free shipping when making an online purchase, and consider it a must-have for an online shopping experience. In fact, three of the top five must-haves are around post-purchase experiences: free shipping, free returns, and estimated delivery date.

Must-have considerations for online shoppers in Southeast Asia

75%	Free shipping
45%	Free returns
42%	Mobile app for online shopping
39%	Providing estimated delivery date
37%	Accept debit and credit cards
35%	Loyalty rewards programme
34%	Instant refunds
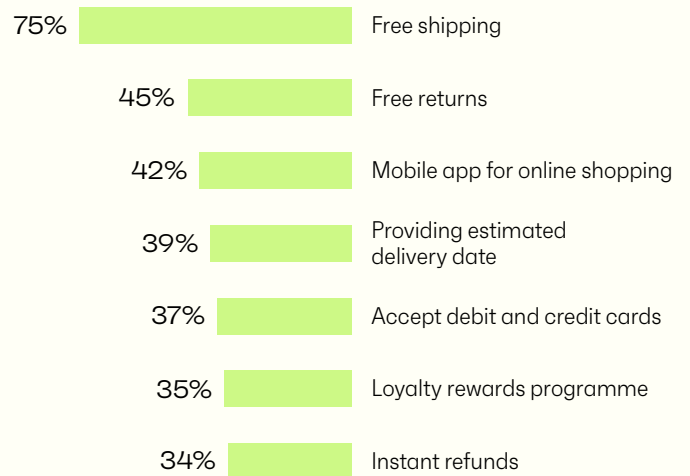
> After conducting after-sales surveys and gathering feedback from customers, we learned that we needed to implement a day-zero fulfilment metric. We must ensure our shipping is best in class to enhance customer satisfaction and maintain our market edge.

Laurent Le Graverend
Group Chief Technology Officer
Caldecott Music Group

75%

of Southeast Asian shoppers expect free shipping when making an online purchase.

Must-have considerations for online shopping, by market

	Indonesia	Malaysia	Philippines	Singapore
1	Free shipping **72%**	Free shipping **77%**	Free shipping **80%**	Free shipping **71%**
2	Free returns **41%**	Mobile app for online shopping **48%**	Mobile app for online shopping **46%**	Accept debit and credit cards **55%**
3	Multiple shipping options **40%**	Free returns **45%**	Free returns **45%**	Free returns **51%**
4	Mobile app for online shopping **39%**	Accept debit and credit cards **44%**	Loyalty rewards programme **42%**	Provide estimated delivery date **44%**
5	Instant refunds **35%**	Provide estimated delivery date **40%**	Provide estimated delivery date **37%**	Loyalty rewards programme **39%**

Retailers are placing big bets on social media —— and it features highly in ROI conversations

Top ways shoppers discover new products in Southeast Asia

1 Social media 82%

Facebook	34%
TikTok	33%
YouTube	29%
Instagram	27%

2 Marketplaces 50%
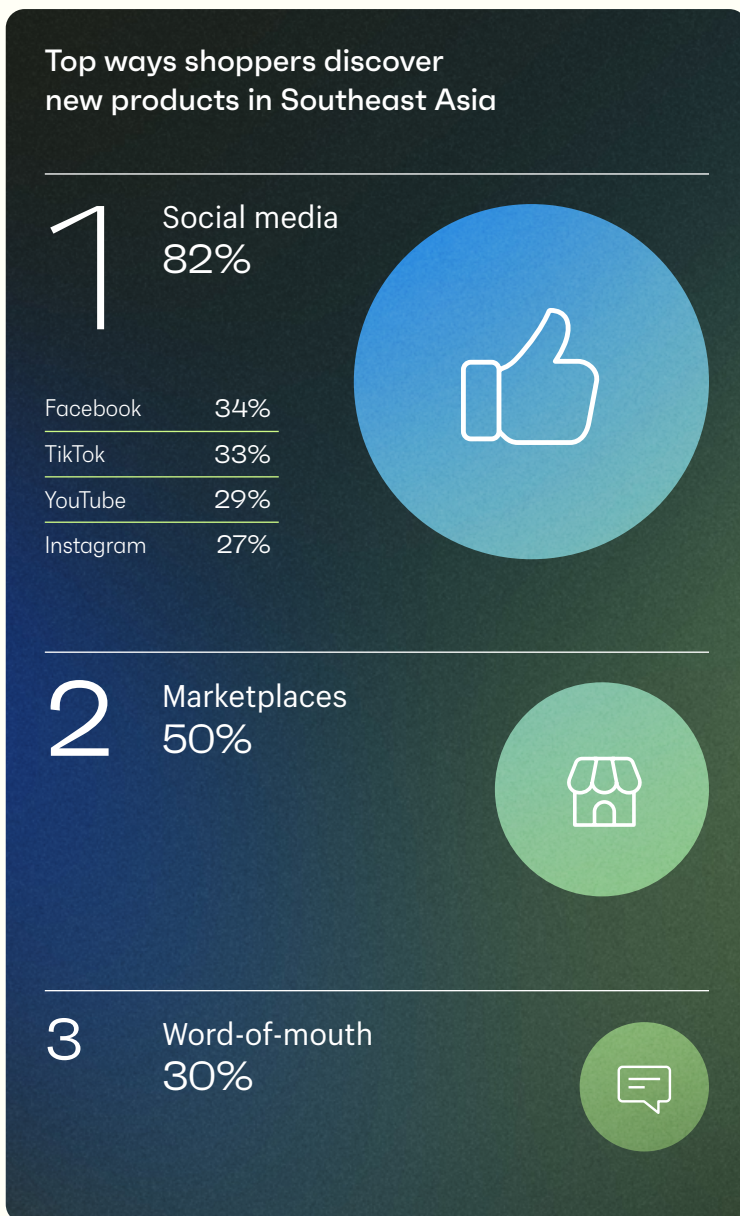
3 Word-of-mouth 30%

Given the popularity of online shopping, it's no surprise social media is the #1 channel for product and brand discovery, followed by online marketplaces (e.g. Shopee, Lazada), and word of mouth.

It's an interesting mix of online and offline that emphasises the importance of social commerce, as well as the power of recommendations from trusted friends and family.

With shoppers turning to social media, retailers are factoring social media metrics and engagement into how they measure return on investment. In fact, it's the second most important metric for businesses when determining the success of ecommerce systems.

68%

of retailers are planning to increase investment in social commerce over the next 12 months.

With social commerce booming across Southeast Asia, Shopify has introduced solutions that enable retailers to manage their TikTok Shop as a sales channel, delivering personalised content, tailored checkout experiences, and conversational commerce solutions.

Most important metrics in determining ROI of commerce infrastructure

1	Profit margin	44%
2	Social media engagement	39%
3	Customer retention rate	38%

"

Given the economic climate, customers have become more discerning and selective with how they spend their money.

Social media continues to play a big role as a platform of discovery and in influencing customers' decisions. Newer channels such as TikTok have also made short-form video content, trend-setting, and social commerce more popular. It is important to capitalise on these channels or forms of content or else you're missing out.

Eugene Chua
Executive Head
Global E-Commerce and Sales
Secretlab

What this means for businesses

Renewing the focus on experience

Customer experience and engagement are the principal points of differentiation between brands. To remain competitive, brands should invest in customer experience-focused initiatives, including personalisation and the digital, in-store, and omnichannel experience—all of which are driven by deep customer insights across every stage of the shopping journey.

Exceed post-purchase expectations

While it is important to meet shoppers' high post-purchase expectations, checkout is not the only place where retailers are converting customers. Implement the brilliant basics—an area lacking even with some large retailers—to keep shoppers coming back for more. This includes offering free shipping and returns, extending multiple shipping options, clearly communicating estimated delivery dates, and rewarding shoppers with loyalty programmes.

Convert on social media and create brand evangelists

With consumers primarily discovering products on social media, businesses should highlight messaging that speaks to what prospective customers care about, such as the quality of materials or craftsmanship, and invest in social commerce that directs people to a seamless online shopping experience from discovery to checkout. Nailing the post-purchase experience can create satisfied shoppers and more word-of-mouth referrals.

Propelling
growth
with unified
commerce

03

Unifying platforms and winning omnichannel

66%

of Southeast Asian retailers say they are increasing technology investment in unified commerce in the next 12 months.

While online shopping stands out for Southeast Asian shoppers, physical stores remain an important sales channel—28% of people said they enjoy in-store shopping as much as online shopping, and another 19% prefer in-store shopping. This highlights the ongoing importance of physical storefronts and underscores the imperative of creating seamless omnichannel shopping experiences.

To succeed, a unified commerce infrastructure is key, providing a holistic view of customer engagement, inventory, and fulfilment across channels. Testament to this, the majority of retailers surveyed will increase tech investment in a unified commerce platform.

Offering standout online and in-store experiences is central to a strong omnichannel strategy. When it comes to in-person shopping, consumers surveyed voted for one crucial factor: the best in-store staff who are knowledgeable, attentive, and understand shoppers' needs.

Must-have considerations for in-store shoppers across Southeast Asia

60%	58%	46%	42%	30%	30%
Knowledgeable staff	Enough stock of the items I want	Attentive service	Staff who understand my needs/tastes	Instant refunds	Exclusive experiences that are unavailable online

Must-have considerations for in-store shoppers, by market

	Indonesia 🇮🇩	Malaysia 🇲🇾	Philippines 🇵🇭	Singapore 🇸🇬
1	**59%** Enough stock of the item(s) I want	**64%** Knowledgeable staff	**66%** Knowledgeable staff	**56%** Knowledgeable staff
2	**54%** Knowledgeable staff	**62%** Enough stock of the item(s) I want	**57%** Enough stock of the item(s) I want	**55%** Enough stock of the item(s) I want
3	**51%** Attentive service	**47%** Staff who understand my needs/tastes	**52%** Attentive service	**36%** Attentive service
4	**42%** Staff who understand my needs/tastes	**46%** Attentive service	**48%** Staff who understand my needs/tastes	**31%** Instant refunds
5	**30%** Exclusive experiences that are unavailable online	**34%** Live product demonstrations	**31%** Instant refunds	**30%** Exclusive experiences that are unavailable online Staff who understand my needs/tastes

"

Our in-store sales associates now need to be more knowledgeable than ever about all products available, as customers have usually done research and expect in-store staff to be able to fill in any knowledge gaps. To help, we've ramped up product knowledge training so that our staff members are as knowledgeable as possible.

Toby Claudio
President
Toby's Sports

"

Swee Lee was founded in 1946, and has a long history of building customer relationships with staff. Now with ecommerce and omnichannel shopping behaviours, those customer-staff member relationships are changing.

It was important for us to have a unified commerce approach and for our staff members to understand the importance of a centralised system and view of customers, and how that is beneficial for customers today, as well as the business.

Laurent Le Graverend
Group Chief Technology Officer
Caldecott Music Group

Omnichannel tools over in-store experiences

67%

of businesses are planning to **invest in ecommerce systems** to drive growth this year.

While businesses are prioritising investments in omnichannel tools, they seem to be investing less in actual in-store experiences, which could be detrimental given elevated consumer expectations.

Alongside increasing investments in unified commerce, another big increase in financial investments for growth initiatives is in ecommerce systems (67%). However, two areas with the lowest increase in tech investments over the next 12 months are the in-store experience (56%) and opening new physical stores (51%). The opportunity for businesses lies in marrying the right tools with stellar in-store experiences to reap the best rewards.

> "
>
> To merge the online and offline shopping experiences, we've added interactive touchscreens in our stores so that our staff members can provide people with an elevated shopping experience that fits their needs. This is especially helpful because they can guide customers who may not yet be digital-first shoppers through a purchase and scheduling delivery.
>
> **Toby Claudio**
> President
> Toby's Sports

Expansion is top of mind, even with economic headwinds
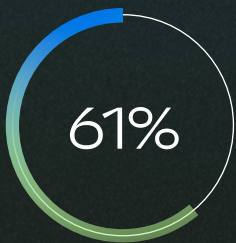
61% of retailers say they will increase investment in new international markets in the next 12 months

To court new customers and drive revenue, retailers are also considering how to expand sales channels.

This proactive approach to growth and expansion comes despite 90% of retailers saying they are facing external challenges around inflation, and 69% facing challenges around supply chain. From the research, we see that retailers are likely to focus on new revenue streams (67%), new market segments (67%), brand expansion (62%), and their product range (59%).

Singapore-based apparel brand SaturdayClub migrated to Shopify to grow their brand internationally. They have seen strong results, launching in nine new markets in just six months.

Ying Tze Her
Chief Operating Officer
SaturdayClub

"

The standout feature of Shopify lies in its remarkable agility for launching in new markets —the speed is amazing.

By simply inputting the country currency at a dynamic rate and configuring the payment gateway, we can launch in a new market in a day or two, a stark contrast to the month-long process required by Magento.

What this means for businesses

Build up unified commerce

Despite the preference for online shopping, stores remain important and a key conversion channel for many businesses. To sell more easily, better manage inventory and better understand customers, businesses need a unified commerce system to bring all sales channels—online, offline, and B2B—into one centralised platform that offers efficiency and provides a holistic view of the entire business.

Leverage loyalty for longer relationships

Retailers should leverage loyalty to tell their brand story on a one-on-one basis with customers for a hyper-personalised experience, and drive additional sales through special, member-only benefits. This approach also delivers more useful first-party customer data for optimising marketing efforts. With solutions such as Shopify Subscriptions, retailers can easily set up and launch subscriptions to help customers receive products on a regular basis, fostering loyalty and retention.

Explore new revenue streams across borders

One way to boost conversions is by expanding into new markets to unlock new revenue streams. With tools like Shopify Markets, retailers can identify suitable international markets, then set up, launch, optimise, and manage cross-border sales. Retailers should embrace localisation by ensuring content is culturally appropriate and resonant, and selling in local currencies and languages.

"

Everyone now has an online presence, so you need to differentiate yourself and show that you're close to your existing clients—especially since people are now going back to offline shopping.

Céline de Robillard
Retail & Omnichannel Director – APJ
Viseo

The need for omnichannel solutions and strategies is exploding, and merchants need to bring the best of both online and in-store shopping to customers.

For example, we built the omnichannel experience for Urban Revivo by connecting Shopify to their POS system. Now, they provide a seamless click-and-collect service as well as a return-in-store experience, and have a centralised hub for customer data and loyalty points.

"

This is where tools in Shopify's rapidly growing unified commerce offering become invaluable, according to Erik Newcomb from Shopify. For instance, Shopify POS natively integrates physical stores with online stores and backend infrastructure for omnichannel insight, better stock management, streamlined selling, and elevated customer experiences.

With Shopify POS, retailers can offer customers the ability to check stock in store ahead of their visit, make use of click-and-collect for speed, arrange for products to be shipped to their home if they're not available in store, or use the Email Cart feature to let customers purchase at home if they are not ready to buy.

It's all about customer choice —and retailers can provide customers with the best shopping experience on any channel they choose to shop.

Erik Newcomb
Director of Merchant Success, APAC
Shopify

Zeroing in on efficiency and costs

04

The #1 internal business challenge is a lack of efficiency

85%

of retailers across the region are experiencing operations-related challenges.

Issues such as lack of operational efficiency, inefficient supply chain practices, complex business systems, and manual processes are leading causes of operational difficulties.

Given these struggles, it's no surprise retailers are looking to increase their investment in solutions that improve operational efficiency over the next 12 months. Three of the top five are:

67%	66%	65%
business intelligence	unified commerce platforms	composable stacks

"

Today, brands need to leverage technology to find operational efficiencies.

For example, an F&B business we work with in Malaysia has implemented automation that fulfils an order end-to-end with low human touch. It's a very smooth process that enhances efficiency and even triggers inventory orders with suppliers when stock is running low.

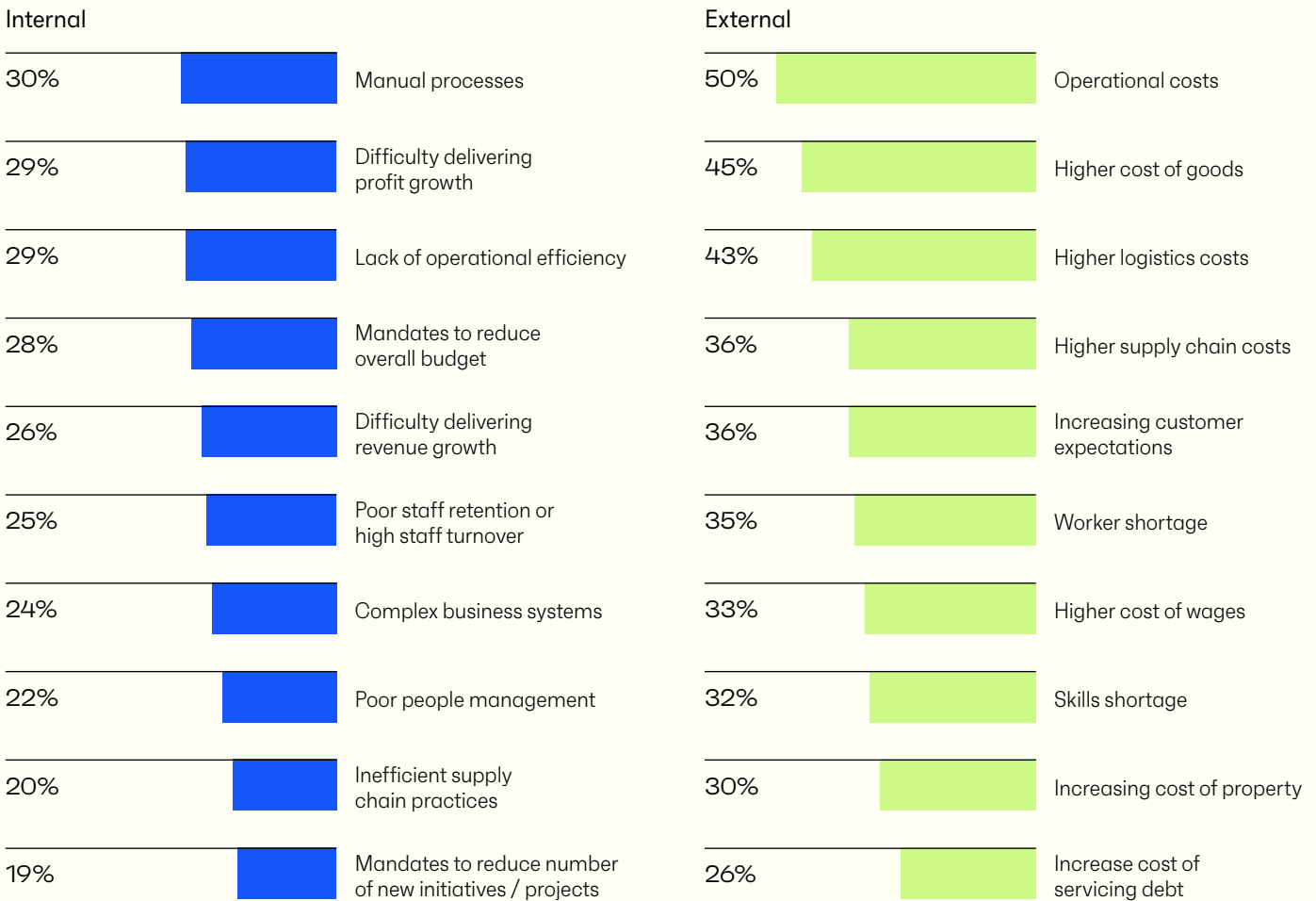Businesses can invest in automation for inventory management, adopt IoT-based robotics for order fulfilment, and embrace generative AI for personalisation and customer service. This allows teams to spend more time on business priorities while offering seamless service and logistics.

Peter Quek
Vice President of ASEAN
Oracle NetSuite

Top business challenges for retailers in Southeast Asia

Internal

%	Challenge
30%	Manual processes
29%	Difficulty delivering profit growth
29%	Lack of operational efficiency
28%	Mandates to reduce overall budget
26%	Difficulty delivering revenue growth
25%	Poor staff retention or high staff turnover
24%	Complex business systems
22%	Poor people management
20%	Inefficient supply chain practices
19%	Mandates to reduce number of new initiatives / projects

External

%	Challenge
50%	Operational costs
45%	Higher cost of goods
43%	Higher logistics costs
36%	Higher supply chain costs
36%	Increasing customer expectations
35%	Worker shortage
33%	Higher cost of wages
32%	Skills shortage
30%	Increasing cost of property
26%	Increase cost of servicing debt

Other issues exacerbating this challenge of operational efficiency are developer-related issues (61%) and complex business systems (24%).

90% of retailers are also facing inflation-relation challenges brought on by macroeconomic pressures

Top factors contributing to this: operational costs (50%), higher cost of goods (45%), and higher logistics costs (43%).

To find a lasting solution, many businesses are investing in technology that can help optimise operational processes and deliver cost-saving measures. 63% of retailers cite supply chain optimisation, followed by improved inventory management systems (62%), distributed order management (59%), and store-based micro-fulfillment centres (52%).

Talent attraction and retention weighs heavily on retailers

Staff challenges for retailers in Southeast Asia

35%	Worker shortages
33%	Higher cost of wages
32%	Skills shortages
25%	Poor staff retention or high staff turnover
22%	Poor people management
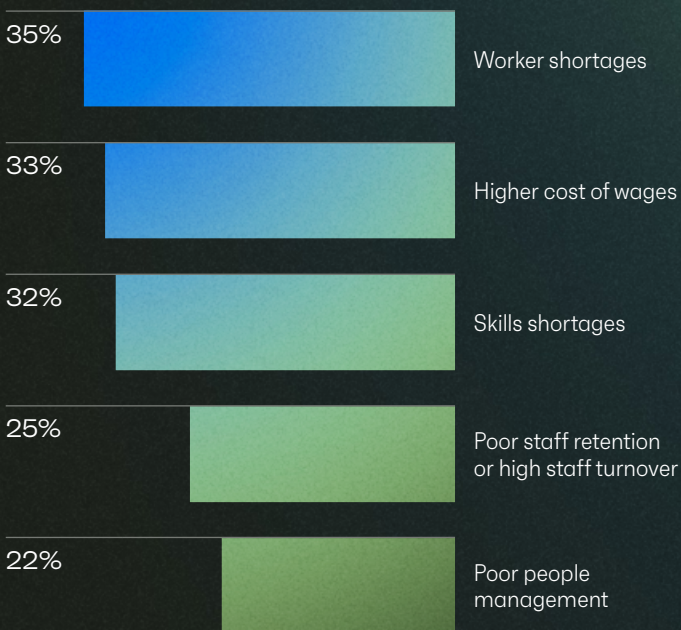
To address challenges, the #1 solution businesses are adopting is employee attraction and retention programmes. This, along with other HR-related challenges, highlights the pivotal role of staff—especially in delivering unique and valuable customer experiences.

To mitigate these challenges, 60% of retailers say they are increasing their investment in employee attraction and retention programmes as a key measure for business growth.

#1 Employee attraction & retention

is the #1 method retailers are adopting to address business challenges.

What this means for businesses

Gain insight by unifying data

Retailers need insight across their businesses to combat operational inefficiencies that drain human capital and profit margins. However, many have data siloed in discrete digital systems, making it hard to gain a unified view of the organisation. Finding the right solutions and building the right teams to unify and consolidate operational data will be key.

Streamline operations with AI and automation

By leveraging data and automation, retailers can explore streamlined operational approaches using AI chatbots and robotic process automation, such as Shopify Magic, so they can reallocate staff resources towards more valuable, customer-facing tasks. There is even the bonus of driving sales with tools like AI-powered cross-selling recommendations on chabots to suit customer preferences.

Boost productivity

Maintaining commerce solutions and tech stacks of retail companies can be time consuming—but it doesn't have to be. With out-of-the-box solutions like Shopify that don't require heavy customisation and a large technical team to upkeep, retailers can free up employees' time, allowing them to focus on driving efficiency and areas that better align with their career growth.

The tech investments reshaping retail

05

63%

of retailers plan to increase tech investment in customer experience in the next 12 months.

Innovation is a key priority for nearly all retailers. Technology aimed at enhancing customer experience ranks highly, with 63% of retailers increasing their tech investment in that area in the upcoming year.

Simultaneously, retailers are poised to significantly increase tech investments in operational solutions such as business intelligence (67%), automation (63%), and AI (64%). There will be a critical need for a robust foundation of organisational data to support these initiatives.

CTOs take charge as retailers spend on tech and innovation

93%

of retailers believe the CTO contributes to the evolution and/or revenue growth of their business.

Given the pivotal role of tech-driven innovation in retailers' success, the majority recognise technology leaders as significant contributors to the evolution of their businesses.

99% of retailers say their business will invest in innovation over the next year

On average, businesses across Southeast Asia allocate 20% of their total revenue towards innovation initiatives.

> "
> In the next year, we're focused on investing in a more streamlined ecosystem, generative AI tools that enhance our product description processes by blending automation with expert oversight, and solutions that can help us provide a true and seamless omnichannel experience.
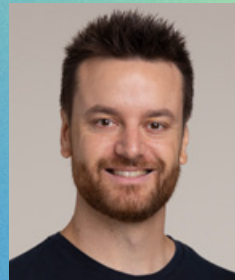
Laurent Le Graverend
Group Chief Technology Officer
Caldecott Music Group

Real-time pricing and social commerce stand out
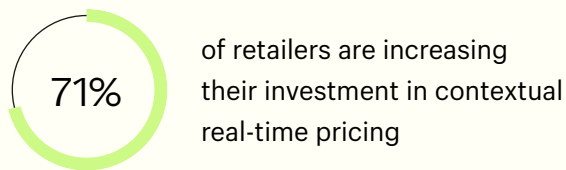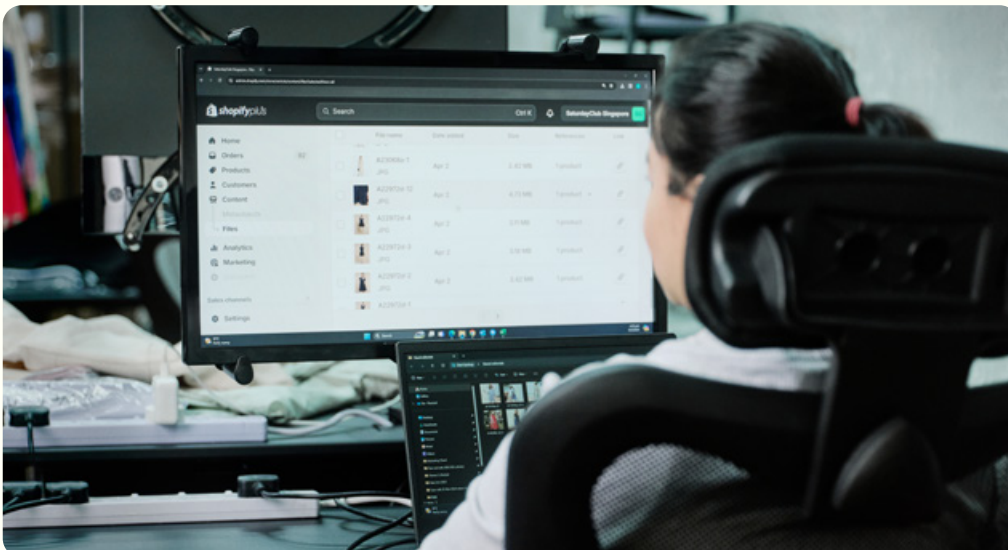
Retailers are focusing on providing more value to consumers through contextual real-time pricing that aims to drive conversions while maintaining favourable margins.

71% of retailers are increasing their investment in contextual real-time pricing

Although AI and automation are included in the top 10 priorities, they are ranked lower on the list—with Singapore being the exception, as AI and automation are the #1 and #2 tech investments, respectively.

Top increases in tech investments across Southeast Asia

71%	Contextual real-time pricing
68%	Social commerce
67%	Business intelligence
66%	Unified commerce platform
65%	Composable stack
64%	IoT-based store monitoring
64%	AI
64%	IT infrastructure consolidation
63%	Customer experience
63%	Automation
63%	Supply chain optimisation
63%	Semantic search
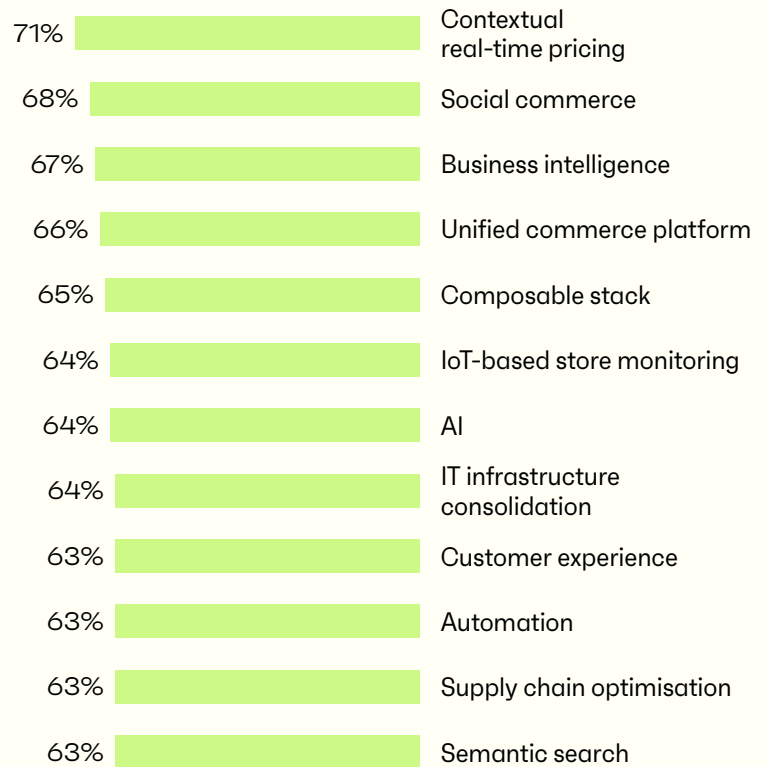
> Investing in an ecommerce platform that is lightweight, agile, seamless to integrate, and can grow and adapt along with you to provide new and innovative solutions as you need them—such as marketing automation, data integration, and AI-driven personalisation– is of the utmost importance.

Sushma Vyas
Global COO and
Chief Growth Officer
Ranosys

Shopify really stands out, and many customers we work with have said they are extremely happy they chose this platform because it supports their business as they grow, providing payment gateways, assisting with inventory management, and generally providing a sense that they are a partner working hand-in-hand as they scale together.

Tech investment considerations centre on operational costs

As technology-driven innovation is a central focus of many retailers' investment strategies in the coming year, operational, platform servicing, and support costs emerge as key considerations.

With a cost-driven mindset, retailers are increasingly selective about the technology infrastructure they adopt, favouring solutions that offer a lower total cost of ownership while offering the performance and stability required.

Top five considerations when reviewing potential tech investments across Southeast Asia

54%	Operational, platform servicing, and support costs
43%	Ease of implementation and maintenance
40%	Cost of solution or infrastructure
39%	Budget availability
35%	Speed of implementation

Shopify has been proven to help businesses reduce costs and increase revenue, according to data and research conducted by a leading consulting firm.

Compared to competitors, Shopify delivers:

33%
better total cost of ownership

23%
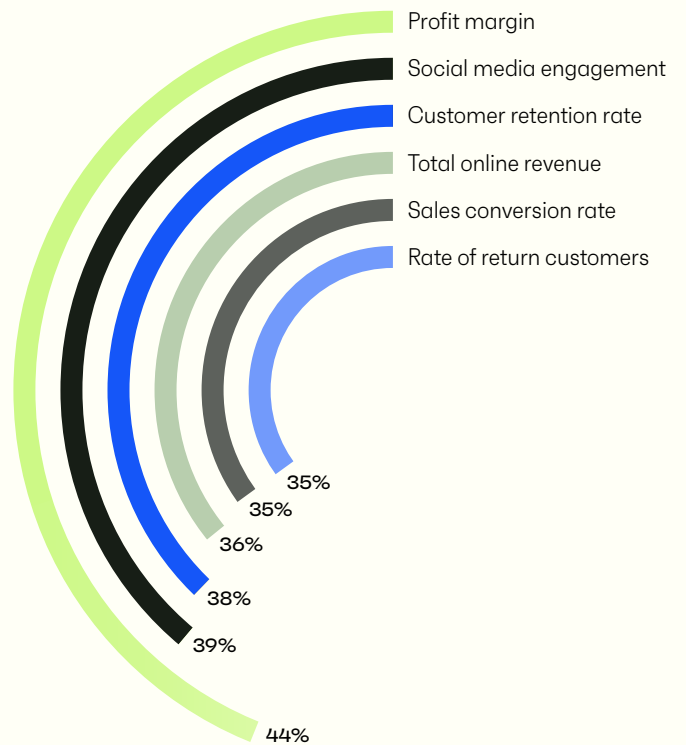better platform costs

19%
better operation and maintenance costs

Customer engagement and retention ROI metrics rank high

While revenue and profit-related metrics are important measures of success, the research revealed many retailers value metrics like social media engagement and customer retention—and they're more important to businesses than the total online revenue and sales conversion rate. This recognises that social media platforms not only drive discovery and engagement, but also positively impact businesses through commerce and conversions.

> ❝
>
> My advice for businesses is to focus on quick wins. It's critical for businesses to be very targeted, give their customers the best possible experience, and prioritise initiatives that will provide an immediate ROI.

Peter Quek
Vice president
of ASEAN
Oracle NetSuite

Top ROI metrics for commerce infrastructure

- Profit margin
- Social media engagement
- Customer retention rate
- Total online revenue
- Sales conversion rate
- Rate of return customers

35%
35%
36%
38%
39%
44%

With brand switching common among shoppers, the emphasis on customer retention is especially crucial now, as retailers must strive to protect their market share and strengthen customer loyalty. By focusing on customer engagement and retention metrics as a north star, retailers can ensure they are taking a customer-first view of their business and elevate the customer experience.

What this means for businesses

Prioritise profit and efficiency

When considering new technology, retailers should prioritise solutions that drive revenue through enhanced engagement and omnichannel opportunities, while also optimising profits through operational efficiency and automation, leveraging the benefits of AI to streamline manual processes. Solutions that offer the best total cost of ownership ensure that businesses are reinvesting their budgets in other important areas.

Identify innovation partners

Finding a suitable, long-term tech solution with complex commerce infrastructure can be an exercise that takes months when coupled with implementation roadmaps. This is why it's crucial to identify companies that can serve as innovation partners and can take on innovation costs by providing frequent upgrades and out-of-the-box solutions, instead of requiring custom builds. For instance, Shopify allocated 24.5% of its total annual revenue to innovation in the form of research and development in 2023, because a cornerstone of the company is to drive innovation for businesses, ensuring that solutions continually meet the evolving demands of ecommerce.

Foster healthy internal adoption

To ensure the successful adoption of technology and fully realise the potential benefits of technology, it is crucial to facilitate uptake within the organisation through informative hands-on training sessions and continual upskilling that demonstrate the effectiveness of the platform.

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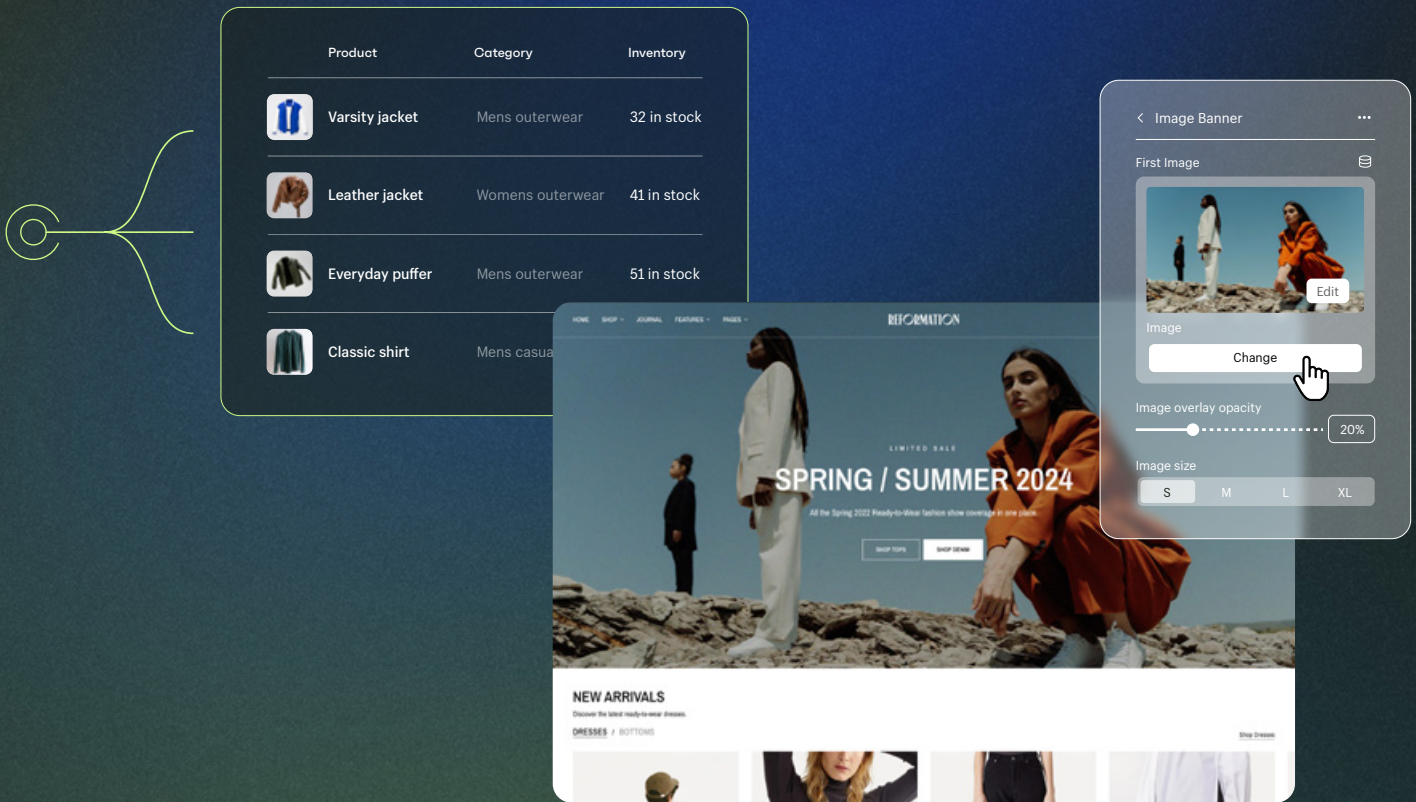
With enterprise tech solutions, the easier it is to migrate, implement, and maintain, the sooner businesses will reap the benefits of their investments.

Tools such as Shopify's code-free customisation capabilities help to make uptake an easy proposition among team members. Anything that puts more power into the hands of internal teams, without requiring major technical expertise, is going to drive uptake and minimise costs.

Erik Newcomb
Director of Merchant Success, APAC
Shopify

Acing ecommerce with Marketplaces & Brand.com

06

Opt for the best of both ecommerce worlds

For retailers in Southeast Asia, marketplaces (e.g. Shopee, Lazada) are a popular shopping platform offering access to many consumers and convenience for business operations. At the same time, businesses face limitations with marketplaces, such as the lack of customer data, making it difficult to retain customers and build loyalty.

Many businesses struggle to choose between establishing a presence on marketplaces or their own ecommerce sites—but successful ecommerce brands are building strategies that include both, using them to optimise discovery and purchasing, while securing customer loyalty and improving retention.
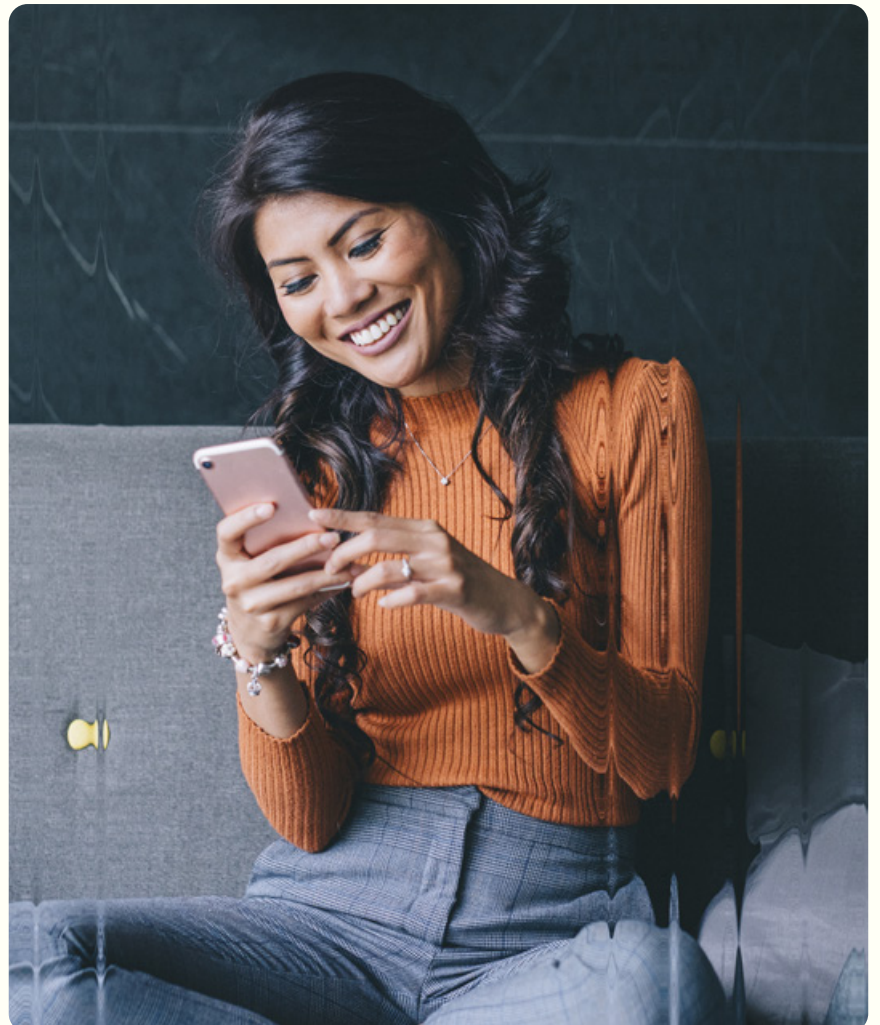
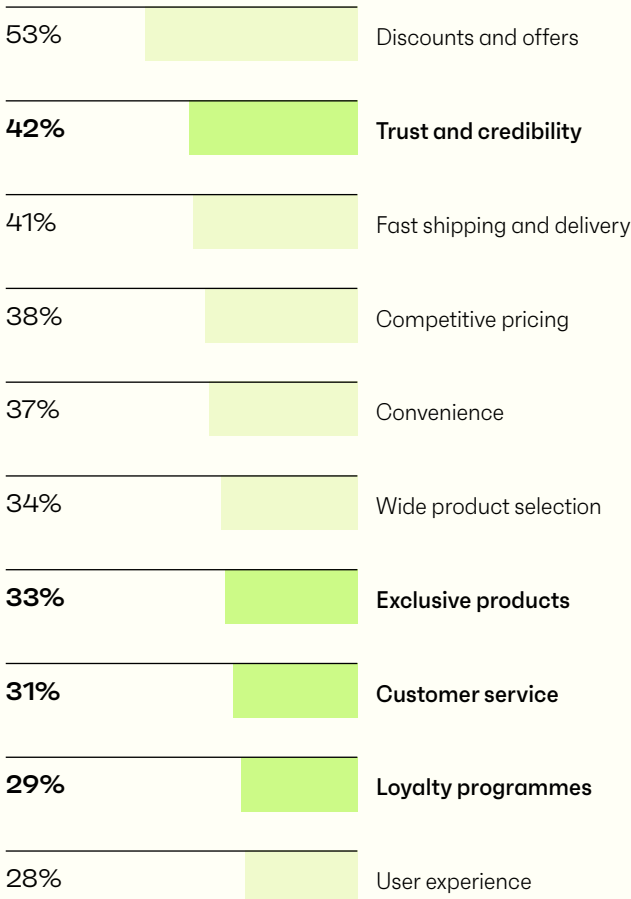# Most shoppers will purchase from either platform

Despite the popularity of marketplaces, 86% of Southeast Asian shoppers agree that if a brand has both a website and a marketplace store, they're happy to purchase from either platform. The research revealed that shoppers head to these platforms for different reasons, often driven by price, shipping, credibility, and loyalty.
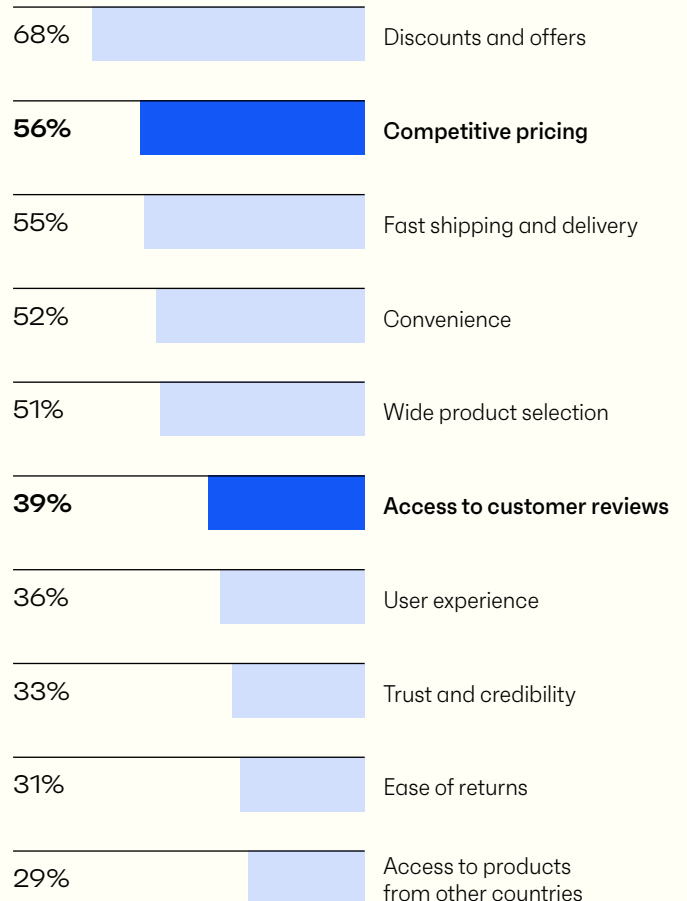
86%

of Southeast Asian shoppers don't mind purchasing from either websites or marketplaces, if a business has both.

Top reasons for shopping on various platforms in Southeast Asia

Brand.com

%	Reason
53%	Discounts and offers
42%	**Trust and credibility**
41%	Fast shipping and delivery
38%	Competitive pricing
37%	Convenience
34%	Wide product selection
33%	**Exclusive products**
31%	**Customer service**
29%	**Loyalty programmes**
28%	User experience

Marketplace

| %	Reason
68%	Discounts and offers
56%	**Competitive pricing**
55%	Fast shipping and delivery
52%	Convenience
51%	Wide product selection
39%	**Access to customer reviews**
36%	User experience
33%	Trust and credibility
31%	Ease of returns
29%	Access to products from other countries

Brand.com sites build trust and credibility

For shoppers, trust and credibility is the #2 reason for shopping on a brand.com site.
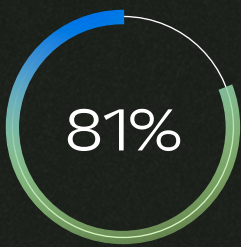
81% agree that a company that has a website is more trustworthy and credible than those that do not

"

In the Philippines, having a brand.com website is beneficial as people don't always trust marketplaces. Rather than feeling like shopping is a risk, shoppers can come directly to our website, which they trust and know is reputable.

Toby Claudio
President
Toby's Sports

This credibility and trust factor is especially important for larger purchases, where two in five (42%) SEA adults prefer to make large purchases on a company's website instead of its marketplace store.

Shopping on brand websites is also driven by exclusivity, service, and loyalty. One-third of shoppers (33%) say they'll shop a brand.com site if there are exclusive products, while 31% go for customer service and 29% cited loyalty programmes, signalling that shoppers expect to receive enhanced customer experiences on brand.com sites.

"

Brand.com experiences can be very special. Customers often turn to these websites because they want something that isn't available on marketplaces—perhaps a gift or a higher-end product. They're looking for a different kind of shopping experience that is a little more elevated.

Sushma Vyas
Global COO and Chief Growth Officer
Ranosys

Brand.com sites are important to purchasing decisions

83%

of shoppers research the product/company on the company's website before making a purchase on a marketplace.

Southeast Asia's price-conscious shoppers not only look for the best deals, but also conduct research before they purchase—and brand websites play a key role in this consideration phase.

80% explore a website to learn about the business and its products

83% agree a company's website is important in helping them make a purchase decision

SOUTH EAST ASIA'S MOST
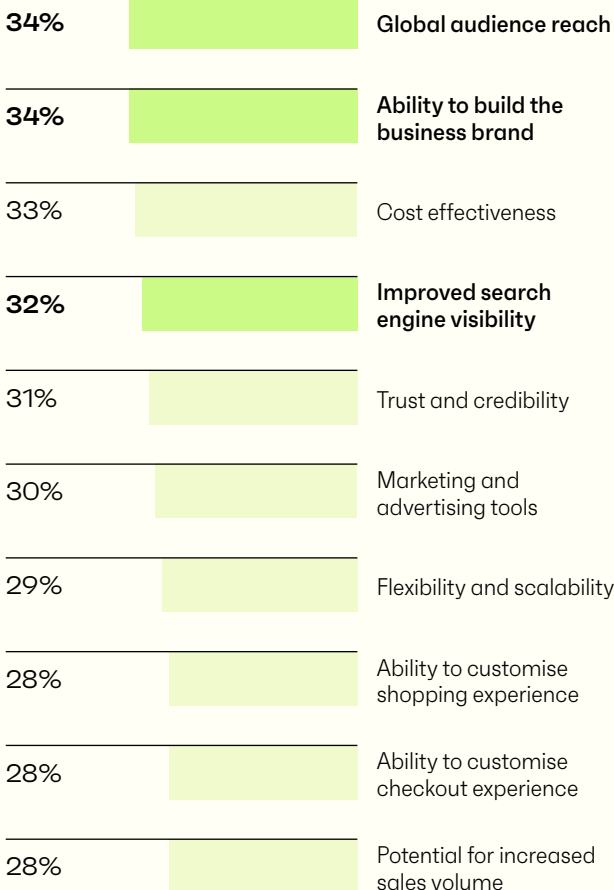1946
SWEE
LEE
TRUSTED HOUSE OF MUSIC

The benefits of Marketplaces and Brand.com

For retailers, the biggest benefit of brand.com sites is the brand-building potential to boost trust and credibility to an international audience, whereas marketplaces are valued for visibility among shoppers, the ability for businesses to be flexible with selling, and the opportunity to scale up.
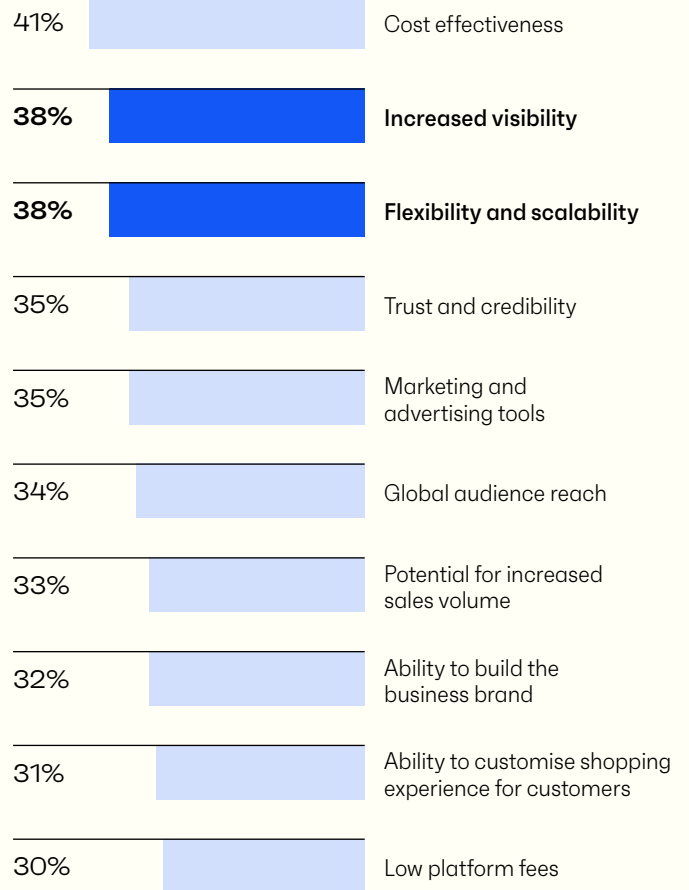
As more businesses look for new revenue streams and eye expansion into international markets for customer acquisition, a brand.com ecommerce site can be a long-term play that sets them up for success.

Benefits of brand.com websites and marketplaces for retailers

Brand.com

34%	Global audience reach
34%	Ability to build the business brand
33%	Cost effectiveness
32%	Improved search engine visibility
31%	Trust and credibility
30%	Marketing and advertising tools
29%	Flexibility and scalability
28%	Ability to customise shopping experience
28%	Ability to customise checkout experience
28%	Potential for increased sales volume

Marketplace

41%	Cost effectiveness
38%	Increased visibility
38%	Flexibility and scalability
35%	Trust and credibility
35%	Marketing and advertising tools
34%	Global audience reach
33%	Potential for increased sales volume
32%	Ability to build the business brand
31%	Ability to customise shopping experience for customers
30%	Low platform fees

What this means for businesses

Create a symbiotic ecommerce strategy

There are major benefits to operating ecommerce storefronts on both a brand.com site and marketplaces, and businesses that take a two-pronged approach see the most success. Use the marketplace storefront as a discovery engine and marketing tool, while setting up the brand.com site as a destination to build brand awareness, credibility, and loyalty, and offer elevated customer experiences.
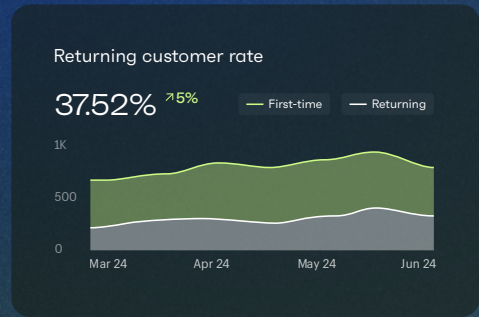
Launch on marketplaces in the early stages of your business

Marketplaces are seen as a good way to launch a business—they're cost-effective, fast, and suitable for A/B testing products. Businesses can also explore product-market fit for new destinations to gauge interest with pre-defined fulfilment options.

As businesses mature, they should consider expanding their ecommerce offerings beyond marketplaces, especially to add value for customers and prepare for long-term growth.

With a branded ecommerce website supported by a solutions provider like Shopify, retailers can expand to new markets using one commerce platform, localising language, currency, and content with ease.

Returning customer rate

37.52% ↗5%   — First-time   — Returning

1K

500

0

Mar 24   Apr 24   May 24   Jun 24

Ramona Mules
Manage
SGD$ 86.59

Athena Satin Pumps
Manage
Sold

Willa Slingback Pumps
Manage
SGD$ 72.42

Shop now

"

Marketplaces will help you sell your product, and are also a great way to test products and learn whether people will really buy them. But in addition to this, you should be building your own brand.com.

You'll have full control of your entire ecommerce business, and can run a fantastic, fully customised loyalty programme that builds up customer retention.

Feng Hou
Co-founder
Verz Design

What this means for businesses

Build your brand and credibility with brand.com

A dedicated brand.com website empowers retailers to tell their brand story, which is challenging to accomplish on marketplaces. With a brand.com site, retailers can customise the experience to accurately reflect their mission, voice, and values—important aspects of forging deeper connections with the target audience.

By creating a digital storefront that communicates the brand's products and showcases reviews, awards, and media coverage, retailers will find that their customers —especially new ones—will enjoy a holistic brand experience that cements trust and credibility.

Deepen customer relationships and elevate experiences with brand.com

Investing in a brand.com site can help businesses connect with shoppers on a deeper level. One important value add for many customers is loyalty programmes, which can be implemented on brand. com sites to encourage repeat purchases and increase customer lifetime value. And for retailers, the site can collect first-party customer data and capture more holistic data sets, including customer shopping history and preferences, enabling spot-on personalisation and deeper customer targeting.

As brands mature and look to provide customers with new, innovative solutions, retailers can use their brand.com site to deliver experiences that elevate both the shopping and brand experience. For example, retailers can add augmented reality experiences that enable customers to try on items digitally to make informed shopping decisions without leaving their homes.

Sessions by device

Mobile	91,473	74%
Desktop	29,476	23%
Other	2722	2%
Tablet	902	1%
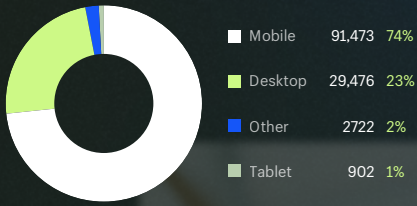
Add to cart

"

If you want to build a strong brand, start with your brand.com

Feng Hou
Co-founder
Verz Design

Both brand.com and marketplaces are important, but to make them work seamlessly, businesses must understand why the customer turns to certain channels for certain products, and especially how channels are applicable to a customer's daily life. So again, data becomes very important. By analysing customer shopping data, you can create a unified experience that is tailored to customer personas.

Sushma Vyas
Global COO and
Chief Growth Officer
Ranosys

Shopify's enterprise-grade solutions and features are purpose-built to meet the unique needs of retailers of all sizes, including enterprises that operate at the highest levels, all with a low and transparent total cost of ownership.

There's a reason Shopify is the partner of choice for retailers looking for sustainable, long-term success in the current market.

With Shopify, retailers have the tools they need to reduce work, costs, and risks while also accelerating time to market, whether it's the delivery of new online stores, new features, new products, new brands, or new markets. By choosing Shopify, retailers partner with a world-class commerce team committed to innovation that makes commerce better for everyone.

How Shopify helps

How Shopify serves large businesses

Flexible headless commerce to customise experiences

Shopify POS and Shopify work in tandem to sync inventory and customer data between online and physical touchpoints. This allows for a unified view of data, inventory, and orders across all brands in a multinational portfolio.

An expanded geographic footprint across your portfolio

Shopify provides comprehensive features for managing multiple storefronts across digital and physical locations. With Sales Channel Integrations for Meta and YouTube, brands can capitalise on social commerce trends, offering seamless shopping experiences on multiple platforms.

Unified data, inventory, and orders across all brands

Shopify Commerce Components offers a modular approach for creating unique ecommerce experiences. With headless API and SDK options, large enterprises can tailor storefronts and carts across different markets, enhancing customer engagement.
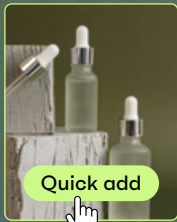
Omnichannel support across all major channels

Shopify Markets and Sales Channel Integrations help large enterprises scale globally effortlessly. Shopify Markets simplifies international sales and localisation, while channel integrations make products shoppable on global social platforms. Both products extend your retail reach into new markets.

Engaging tech-powered retail experiences for your customers

Shopify AR and Shop App immerse customers in tech-powered shopping experiences. Augmented reality features let customers visualise products before buying, while the Shop App centralises the brand journey. Together, they offer an engaging, modern retail experience across diverse markets.

Robust ecosystem for marketing and customer support

Shopify Automations enable targeted marketing campaigns, while Shopify Inbox offers integrated chat for sales conversion and customer support. This robust ecosystem allows for effective, data-driven customer engagement across different markets.

Quick add

$50

$36

$24

Unlock growth opportunities by building your brand on Shopify.

Visit shopify.com/sg/enterprise to explore enterprise commerce solutions.

Let's talk →