

PRESS RELEASE**FOR IMMEDIATE RELEASE****70% OF SOUTHEAST ASIA'S ONLINE SELLERS ARE OPTIMISTIC ABOUT FUTURE GROWTH IN FIRST-OF-ITS-KIND BUSINESS CONFIDENCE INDEX FOR DIGITAL COMMERCE**

Despite the uncertainties of the COVID-19 pandemic, 750 online sellers surveyed by Lazada in the first half of 2021 are confident about their prospects over the next three months, giving the index an overall score of 64.

Fashion sellers demonstrated the biggest leap of faith. Even though 48% say their businesses improved in the first half of the year, 75% say they expect business to improve by more than 10% next quarter.

3 August 2021, Singapore – Lazada, Southeast Asia's leading eCommerce platform, has today released findings from its first-ever bi-annual Digital Commerce Confidence Index. The report, the first-of-its kind for the industry, is a business sentiment survey that seeks to map out the perspectives of online sellers in Southeast Asia about the digital commerce industry, while shedding light on the challenges and opportunities that lie ahead.

The Confidence Index surveyed 750 sellers across six markets in Southeast Asia (Indonesia, Philippines, Thailand, Vietnam, Malaysia and Singapore) in the first half of 2021 (H1 2021). The report revealed that 52% of sellers experienced a high level of growth during H1 2021, with 70% expecting additional growth of more than 10% in the third quarter of 2021 (Q3 2021). Out of the 70%, a third (33%) of sellers surveyed were extremely confident that their sales volume would increase by more than 30% in the same time period. As a result, the overall index achieved an "optimistic" score of 64, with 0 being "very pessimistic" and 100 being "very optimistic" on the spectrum.

"We are excited to launch the Digital Commerce Confidence Index, aiming to shed more light on forward looking indicators and sentiment among SMEs in Southeast Asia. Many SMEs have embraced new technology and acquired digital capabilities to transform and future proof their businesses. Despite the challenging health situation and ongoing challenges, our Index shows that sellers remain both resilient and optimistic about the future," said Magnus Ekbohm, Chief Strategy Officer of Lazada Group.

A key driver of sellers' positive sentiment could be attributed to significant shifts in Southeast Asian consumers' consumption habits with greater diversification between online and offline purchases. [With 47% of consumers reducing their offline purchases and 30% increasing their online spending](#) in 2020, the COVID-19 pandemic has accelerated the expansion of digital commerce and made it a pivotal battleground for sellers looking to scale up their businesses.

While strong growth momentum was generally recorded across all retail categories, sellers from the electronics and fast-moving consumer goods (FMCG) categories appeared to be the biggest beneficiaries of a stay-at-home economy, with 53% reporting that their business recorded strong growth in H1 2021.

The report also uncovered interesting variations in how sellers felt about the future. For example, sellers from the fashion segment made the biggest leap of faith. Even though 48% say their businesses improved in the first half of the year, 75% say that they expect business to improve in Q3 2021, and almost 40% of them anticipated that their growth would exceed 30% in the same quarter.

"Vaccination programs have had a significant effect and platforms have witnessed fashion bounce back with 70%+ growth in Q2 from Q1 in some categories, mostly apparel," said Roshan Raj, Partner of Redseer. "Live streaming has also been a big boost to many sellers, as it creates an interactive environment for consumers to shop in. The interactions between sellers and buyers are important drivers for fashion as the segment is C2C and requires a strong element of trust-building via interactions." However, with the recent surge of Covid-19 cases in Southeast Asia, Roshan also anticipated that "the expectations from fashion sellers might see some moderation in the near future."

Developing a unique and differentiated offering (52%), driving more user traffic (50%), and the ability to harness data insights (23%) were identified by sellers in the survey as key enablers of online business growth. In a highly saturated environment, competition among online sellers no longer occurs under a simplistic framework of price wars but has evolved to take on an additional dimension where technology driven customer engagement serves as a differentiating factor for many sellers.

-ENDS-

About Lazada Group

Founded in 2012, Lazada Group is the leading eCommerce platform in Southeast Asia. We are accelerating progress in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam through commerce and technology. With the largest logistics and payments networks in the region, Lazada is a part of our consumers' daily lives in the region and we aim to serve 300 million shoppers by 2030. Since 2016, Lazada is the Southeast Asia flagship platform of the Alibaba Group powered by its world-class technology infrastructure.

About the Lazada Digital Commerce Confidence Index

The Digital Commerce Confidence Index (DCCI) measures business confidence based on surveys benchmarking the opinions of online sellers in Southeast Asia (Indonesia, Philippines, Thailand, Vietnam, Malaysia and Singapore). In the first half of 2021, Lazada surveyed 750 sellers on their current online sales performance and their expectations for their Digital Commerce business in the future. The index ranges from 0 to 100, with 0 being "very pessimistic" and 100 being "very optimistic" on the spectrum.

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A background image showing a person in a plaid shirt packing cardboard boxes in a warehouse or shipping area. The image is partially obscured by a large blue diagonal graphic.

The pandemic has fostered a vibrant digital
commerce scene in Southeast Asia.

**Will the momentum continue
in the months ahead?**

Jan - Jun 2021

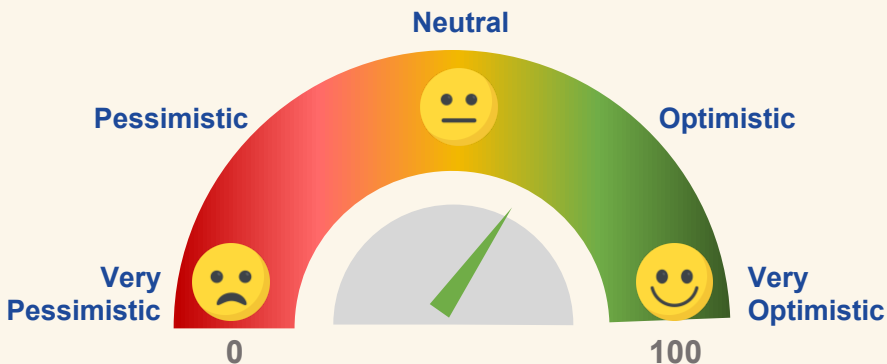
DIGITAL COMMERCE CONFIDENCE INDEX



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Despite the uncertainties of today's environment due to the ongoing COVID-19 pandemic, digital commerce sellers are optimistic about their business prospect.

DIGITAL COMMERCE CONFIDENCE INDEX



The Digital Commerce Confidence Index (0-100) measures business confidence by tracking sellers' views on current online sales performance and expectation about digital commerce in the future.

52%

Sellers said their online business greatly improved in the first half of 2021



70%

Sellers expect their online business to further improve by more than 10% in next 3 months

33%

Expect more than 30% increase in sales in the next quarter



DIGITAL COMMERCE CONFIDENCE INDEX



Electronics and FMCG sellers are optimistic about the strength of current digital commerce industry

Strong stay at home economy



53% Said their business greatly improved in first half 2021



Fashion sellers are most positive about anticipating strong future demand

75% Said they expected business to improve by more than 10% next quarter

38% Anticipated more than 30% growth next quarter



Rollout of vaccination and eventual ease of social restrictions might create more occasions for dressing up in the future



Innovative engagement tools enable online shoppers to be more comfortable when purchasing from categories where tactile reviews are important



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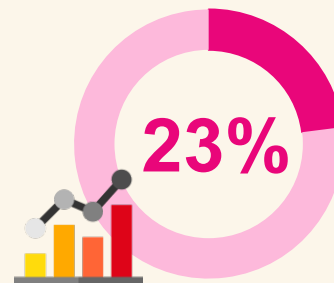
Top 3 opportunity areas for digital commerce scaling



Stand out from the competition with a compelling offer



Attract more shoppers to online storefront



Fully understand performance data and analytics



Attract and win consumers through delivering greater values and experience with the help of technology

Leverage LazLive feature to acquire new shoppers and drive loyalty with existing ones

Use targeted marketing to amplify consumer reach to match right content with the most relevant shoppers



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