

**PRESS RELEASE
FOR IMMEDIATE RELEASE**

**SOUTHEAST ASIA'S ONLINE SELLERS REMAIN OPTIMISTIC AS THEY
PREPARE FOR A NEW ERA OF OMNICHANNEL RETAIL**

Lazada's Digital Commerce Confidence Index reveals that seller confidence remained high throughout 2021, signalling a strong year ahead for the digital commerce industry

27 January 2022, Singapore – Southeast Asian sellers are adapting to a new era of omnichannel retail, according to findings from Lazada's Q4 2021 Digital Commerce Confidence Index (DCCI). Even as the last quarter of the year saw higher mobility¹ and return of foot traffic to physical stores as COVID-19 restrictions eased, nearly half (47%) of online sellers said they experienced more than a 10% increase in their sales during the same period.

"We saw that in the last quarter of 2021, people were spending less time at home and increasingly visiting physical retail and recreational outlets. This trend, when viewed against the success of the year-end online shopping festival season, shows that consumers today are taking a more blended approach to retail than ever before, making purchases both online and offline in a way that meets their needs, adds value and delivers convenience," **said Magnus Ekbohm, Chief Strategy Officer of Lazada Group.**

The study, now in its third instalment, also showed that amidst the ongoing pandemic and uncertainties, sellers have remained confident throughout 2021, with an optimistic outlook on their sales performance. 70% of respondents in H1 2021 expected at least a 10% increase in sales in the subsequent quarter, followed by 76% in Q3 2021 and 74% in the latest Q4 2021 report. This clearly indicates that even in the absence of big shopping festivals, online sellers remain resilient.

Conducted in the fourth quarter of 2021 with 1,126 online sellers from across Southeast Asia participating, the latest report also found that 76% sellers said that they would further increase their inventory by at least 10% in the first three months of 2022.

Further, as consumers gradually adapt their shopping habits to include a blend of physical outlet visits, as well as shopping online for convenience and value, there is optimism from sellers across different product categories about how this will result in an increase in sales. Notably, as the majority of the region's working population assumes a hybrid work set-up, combining both work-from-home arrangements and trips to the office, it is no surprise that sellers in fashion (75%) and electronics (73%) categories were the most optimistic about their expected increase in sales for the three months ahead.

Businesses are cognisant of the need to put their efforts into attracting more customers to shop online, while ensuring that their products remain competitively priced, with many recognising the benefits of online platforms when it comes to attracting, retaining and engaging consumers through initiatives like shoppertainment. Aligning with their sentiments earlier in 2021, in the Q4 2021 study, 59% of the sellers surveyed cited attracting more online traffic from shoppers and 54% stated increasing price competition as top two opportunities for growth in Q1 2022.

¹ Google COVID-19 Mobility Trends



Chong Hin Ng, co-founder and CEO of Asia Insight, said: "Today, the customer shopping journey is much more complex: Customers are increasingly switching between physical and online channels. This same trend applies to all product categories including shopping of cosmetics, fashion, even food and groceries. While this behavior is not exactly 'new-new', it has been elevated by the stay-home economy during the pandemic. Therefore, to stand a higher chance of winning customers over, brands need to integrate online and offline experiences across a range of touchpoints, and leverage technology to recreate a 'human touch' in the digital space."

DCCI is the first study of its kind that seeks to map out the trends in digital commerce by indexing the sentiments and confidence levels of Southeast Asian online sellers. It measures business confidence based on surveys benchmarking the opinions of online sellers in Southeast Asia (Indonesia, Philippines, Thailand, Vietnam, Malaysia and Singapore). In the fourth quarter of 2021, Lazada surveyed 1,126 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.

To view the findings in full, please visit <https://group.lazada.com/en/press-release/>

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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 has been the Southeast Asia flagship platform of Alibaba Group powered by its world-class technology infrastructure.

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Q4 2021

DIGITAL COMMERCE CONFIDENCE INDEX

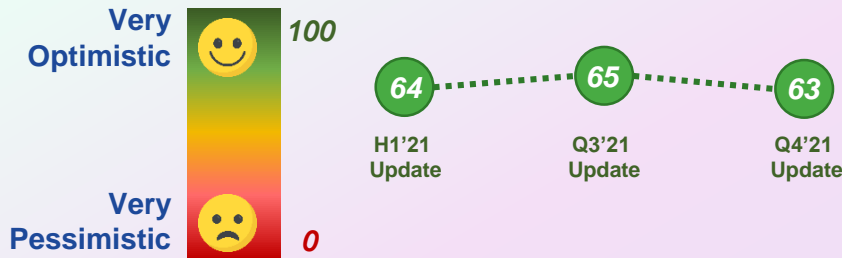
*After a buoyant 2021, how are
online sellers preparing for a
new era of omnichannel
commerce in 2022?*



DIGITAL COMMERCE CONFIDENCE INDEX

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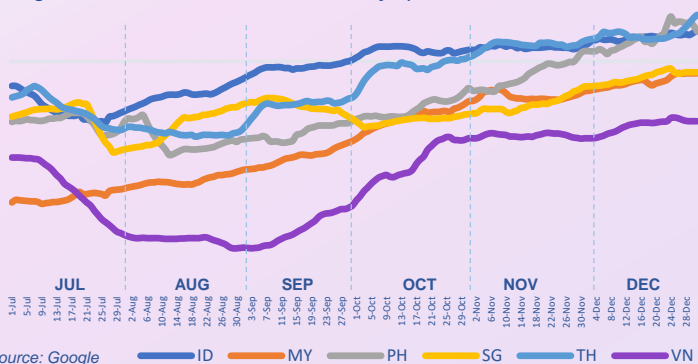
Online sellers remained resilient and confident throughout 2021, despite uncertainty brought about by the pandemic.



Ease of COVID-19 restrictions and consistent growth of digital commerce have supercharged consumers' omnichannel behavior

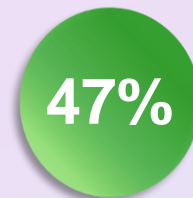
Higher Mobility in Retail & Recreation in Q4'21

Change in number of visitors vs baseline days (median value from 3 Jan- 6 Feb'20)



Source: Google

Strong Digital Commerce Growth



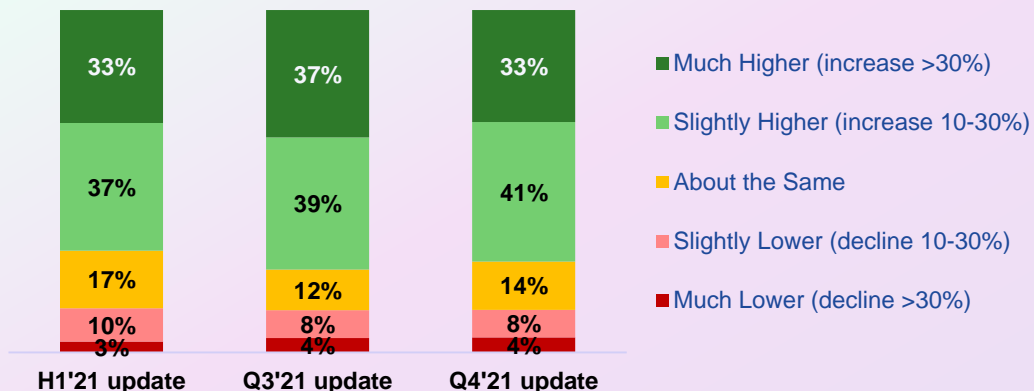
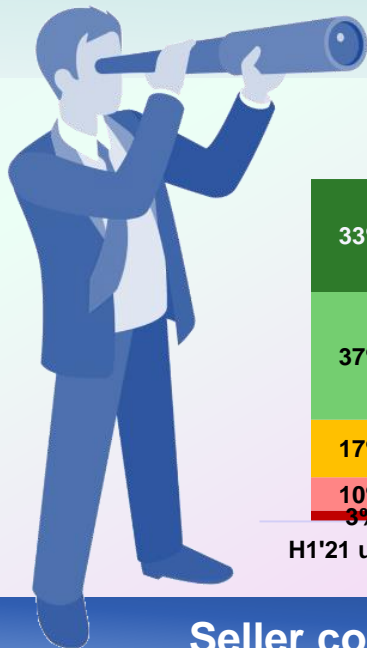
Online sellers stated more than 10% sales increase in Q4'21



DIGITAL COMMERCE CONFIDENCE INDEX

Outlook for Q1'22

Sales expectation for next 3 months



Seller confidence is shared across categories



Fashion

75%



Electronics

73%



FMCG

72%



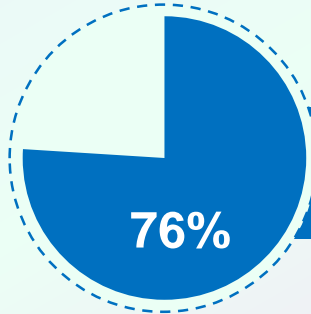
General Merchandise

70%

% Online sellers expect at least 10% increase in Q1'22 online sales



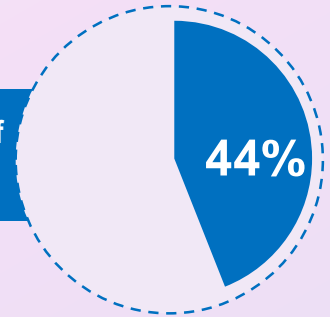
DIGITAL COMMERCE CONFIDENCE INDEX



Claimed they would further increase their inventory by at least 10% in Q1'22



Claimed they would increase staff level to support Q1'22 sales



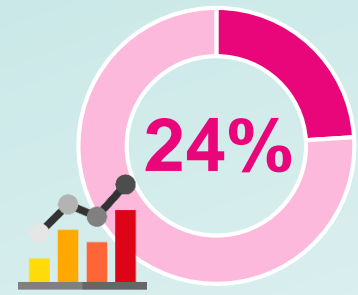
Top 3 opportunity areas for scaling up digital commerce



Attract more shoppers to online storefront



Stand out from the competition with a compelling offer



Fully understand performance data and analytics



DIGITAL COMMERCE CONFIDENCE INDEX

About the 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 fourth quarter of 2021, Lazada surveyed 1126 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.