

**PRESS RELEASE  
FOR IMMEDIATE RELEASE**

**DIGITAL COMMERCE WILL CONTINUE TO BE A RESILIENT DRIVER OF  
RETAIL GROWTH IN Q2 2022**

*Lazada's latest Digital Commerce Confidence Index reveals that seller confidence remained high following the first quarter of 2022 amid economic uncertainties and business challenges*

**12 May 2022, Singapore** – Southeast Asian sellers continue to adopt a confident outlook on business growth, with 77% of online sellers expecting more than 10% increase in their sales for the next quarter, according to findings from Lazada's Q1 2022 Digital Commerce Confidence Index (DCCI). As economies across the region gradually open up and ease restrictions on mobility and business activities, the latest report also found that sellers are also more optimistic about the state of the economy, with three out of four online sellers sharing the view that it will be better in the next quarter.

"With the fourth instalment of Lazada's Digital Commerce Confidence Index, we see that sellers' confidence continues to pick up as economies bounce back. According to Lazada Consumer Study, 73% of Southeast Asian consumers identified online shopping as integral to everyday life. Online sellers who can better understand digital shoppers' preferences and category trends will be well positioned to stay competitive and win in the digital commerce industry," **said Magnus Ekbohm, Chief Strategy Officer of Lazada Group.**

Sellers' confidence extends the momentum from the last quarter of 2021, where 74% expected at least a 10% increase in sales in the subsequent quarter. Similarly, sellers who expect a decline in sales has decreased from 12% in Q4 2021 to 7% in Q1 2022. Festivals like Ramadan and Holy Week in celebrating countries, as well as the upcoming summer holidays are important drivers of the positive outlook, as these occasions often translate to increased demand and consumption of goods from buyers.

To support this anticipated growth in online sales in the next quarter, 74% sellers said that they would further increase their inventory by at least 10% in the next three months and 47% said that they would increase staff resources, signifying confidence in their business growth.

Conducted in the first quarter of 2022 with participation from 766 online sellers from across Southeast Asia, the report also found that sellers' confidence is shared across categories, with general merchandise (81%), fashion (78%), and fast-moving consumer goods (76%)<sup>1</sup> amongst the top three categories. This is also in line with consumers' online shopping preferences, where fashion and health and beauty topping the charts for future online purchases, according to a [recent Lazada Consumer Study](#) of Southeast Asian consumers.

Additionally, the same study also found that customers look for low prices, affordable shipping, ease of search and convenience when shopping online. According to the Lazada's DCCI Q1 2022, businesses are in tune with these factors, and the need to put their efforts into attracting more customers to shop online and ensuring that their products are competitively priced – 58% of the sellers surveyed cited attracting more online traffic from shoppers and 56% stated increasing price competition as top two considerations for growth in the next quarter. On the other hand, more sellers are also citing high operations cost (23%) as a potential challenge,

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<sup>1</sup> Percentage of online sellers expecting at least 10% increase in online sales in Q2 2022

which is reflective of growing global uncertainties like rising inflation rates, geo-political instabilities affecting oil supply and disruptions to the global supply chains.

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 first quarter of 2022, Lazada surveyed 766 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/>

**-ENDS-**

### **About Lazada Group**

Lazada Group is Southeast Asia pioneer eCommerce platform. For the last 10 years, Lazada has been accelerating progress in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam through commerce and technology. Today, a thriving local ecosystem links our consumers to more than 1 million actively-selling sellers every month, who are transacting safely and securely via trusted payments channels and Lazada Wallet, receiving parcels through a homegrown logistics network that has become the largest in the region. Lazada aims to serve 300 million shoppers by 2030, and be the best at enabling brands and sellers in digitalizing their businesses. In 2022, the Lazada Foundation was set up to empower youths and women for the digital future, to close the gender digital divide and uplift communities by creating positive impact. More information can be found here <https://group.lazada.com/en/foundation/>.

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Q1 2022

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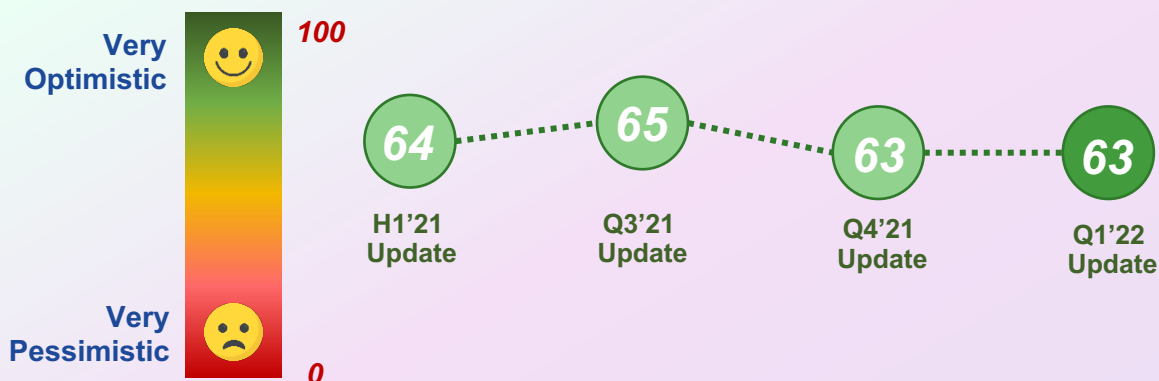
*Are Southeast Asian digital  
commerce sellers still optimistic  
amid new economic  
uncertainties and business  
challenges?*



# DIGITAL COMMERCE CONFIDENCE INDEX

## DIGITAL COMMERCE CONFIDENCE INDEX

In the face of new challenges, digital commerce remains a resilient growth driver of the retail industry.



Favorable factors and potential risks counterbalance each other

Consumers tend to shop more during festivals such as Ramadan and Holy Week.

Rising costs of business inputs and operations and higher costs of living are potential risks.



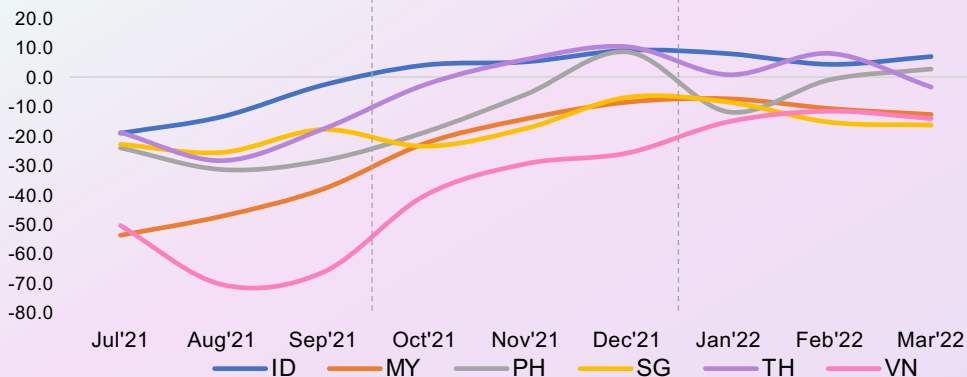
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Omnichannel shopping behaviors have settled in.



Mobility and retail activities in Q1'22 continue the momentum from the end of last year

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



Source: Google

## Robust Digital Commerce Growth

44%

Digital commerce sellers stated more than 10% sales increase in Q1'21





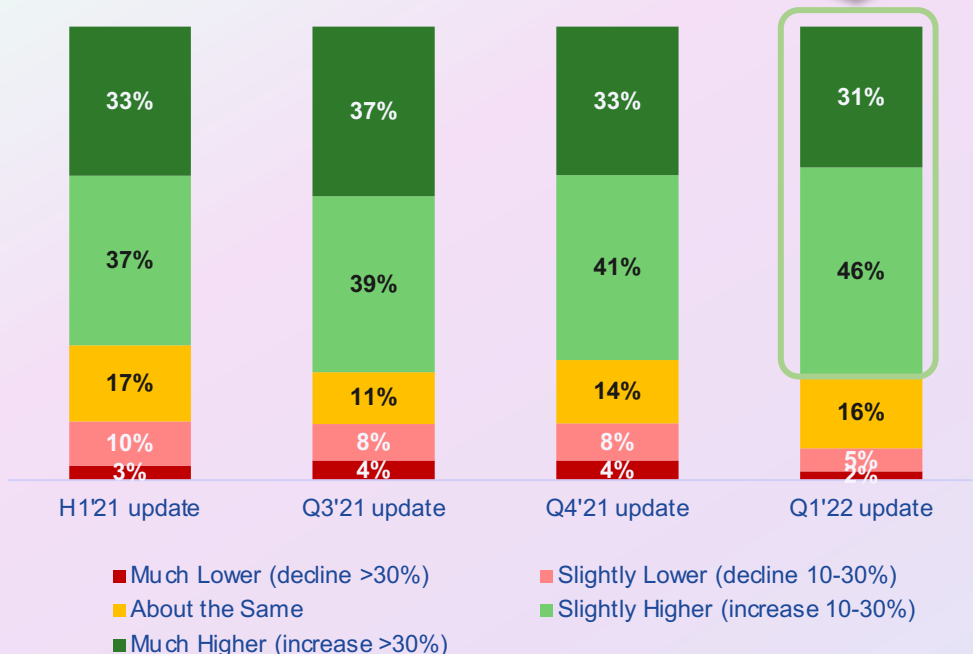
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## A positive outlook for Q2'22



77% sellers (+3% vs last update) expected >10% increase in Q2'22 online sales

### Sales Expectation for Q2'22



- Much Lower (decline >30%)
- About the Same
- Much Higher (increase >30%)

- Slightly Lower (decline 10-30%)
- Slightly Higher (increase 10-30%)



# DIGITAL COMMERCE CONFIDENCE INDEX

## Sellers' confidence is shared across categories



General Merchandise (GM)

81% ↑



Fashion

78% ↑



FMCG

76% ↑



Electronics

71%

% Online sellers expect at least 10% increase in Q2'22 online sales

↑ Increase vs Q4'21 update

FMCG & GM sellers' expectation for Q2'22 growth had bounced back to Q3'21 level. Fashion sellers expected higher growth in Q2'22.

Consumers also expressed high demand for fashion.

Fashion is the top category where consumers indicated that they will buy more online in the future.

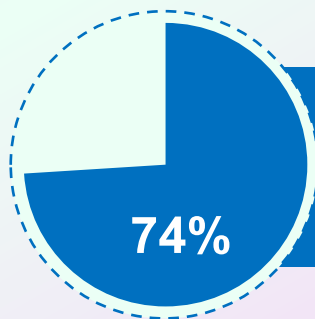
52%

Southeast Asian Consumers planned to buy Fashion products online in the future

Source: Lazada Consumer Study (Mar, 2022)



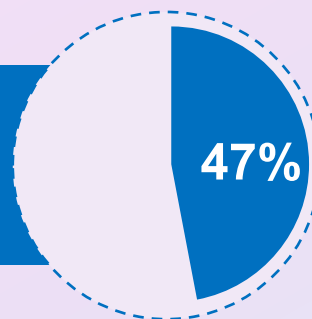
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Claimed they would further increase their inventory by at least 10% in Q2'22



Claimed they would increase staff level to support the Q2'22 sales

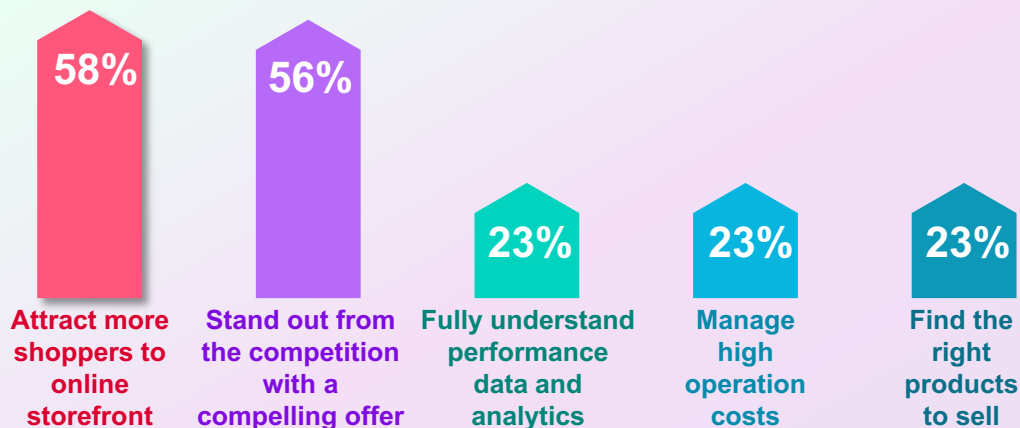






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## Top opportunity areas for digital commerce scaling



- Use Business Advisor data and analytics to better understand shoppers' preferences and stay up to date on category trends to ensure product-market fit.
- Focus on creating a positive first-time consumer experience to encourage repurchase and enhance customer loyalty.
- Plan ahead of time to ensure that the funding is structured to deal with short-term cash flow constraints.
- Take a long-term view by maintaining customer relationships, managing suppliers and planning for productivity enhancement to increase cost efficiency.



## 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 Quarter one of 2022, Lazada surveyed 766 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.