

2013/06/21

Mizuho Industry Focus Vol. 129

SE Asian E-Commerce Market: An Urban Centric Overview

Hari Karthik
hari.karthik@mizuho-cb.co.jp

Summary

Urban areas such as Bangkok, Kuala Lumpur and Manila, etc, are the key focus points for e-commerce in SE Asia. While demand drivers such as income, population and reasonable supply drivers such as telecom, human capital and logistics are ready to drive growth, SE Asian urban areas are affected by a mixture of quantitative and qualitative issues.

Quantitative issues chiefly pertain to income, infrastructure, etc. while qualitative barriers pertain chiefly to trust. These are interrelated to another issue called implementation and affect one another. The effect of barriers varies by country and so does the solutions for fixing the same.

While Thailand and Malaysia are less affected by quantitative issues and affected more by qualitative issues, the Philippines though in an advantageous position is affected by a mixture of both. Indonesia and Vietnam have more serious quantitative barrier issues and need to address them first before they can tackle qualitative issues effectively.

Trust is a common issue that everyone needs to address. However, all regions require a case by case approach. Thailand and Malaysia may need to boost mobile/convenience store payments, implement regulation and explore foreign partnerships for added differentiation. The Philippines needs a mixed strategy where payments and logistics need addressing. However, good players can take real advantage of the positives in the Philippines. On the other hand Indonesia and Vietnam might need to work on all aspects simultaneously to take advantage of positives in their markets.

Table of Contents

SE Asian EC Market: An Urban-Centric Overview

I . SE Asia EC: Overview	.....	2
Introduction: EC Drivers		
SE Asia EC: A Brief Background		
II . SE Asia EC: By Country Analysis	.....	3
Thailand: Implementation could be the Key	.....	5
Malaysia: Undershooting Despite Fundamental Strength	.....	13
Philippines: Already Near the Tipping Point	.....	20
Indonesia: High Potential Disappointment	.....	29
Vietnam: Multiple Issues Limit Upside	.....	36
III . Conclusion	.....	43

Acknowledgements

Appendix: List of Definitions

References

Introduction: EC (EC) Drivers¹

Framework for drivers

Prior to discussing E-Commerce (also referred as EC) in Urban South East Asia² (namely the Urban Areas of Indonesia, Philippines, Vietnam, Thailand and Malaysia), it is useful to set up a framework to discuss the drivers. Some drivers' effects can be captured quantitatively while some not. The following figure breaks the EC market into quantitative and qualitative drivers.

Drivers can enable in a supportive ecosystem and inhibit otherwise

Drivers of the E-Commerce (EC) Market ³	
Quantitative	<p>1. Economic Strength: GDP Per Capita (Urban Area)</p> <p>2. Infrastructure: Enables reach to many customers and helps better fulfillment</p> <p style="margin-left: 20px;">A. Telecom Infrastructure especially Smartphone Penetration (especially in emerging markets such as SE Asia where mobile broadband is more likely to gain traction than fixed broadband)</p> <p style="margin-left: 20px;">B. Financial Infrastructure: Credit Card use, Debit Card use and Other Payment methods</p> <p style="margin-left: 20px;">C. Logistics Infrastructure: Courier Companies, Convenience Stores and Other delivery enablers</p> <p>3. Human Capital: Human Capital standards impact business expansion and service delivery</p>
Qualitative	<p>4. Trust: Enables better repeat rates, expand customer base and competition with physical stores. Divisible into 4 parts</p> <p style="margin-left: 40px;">Information Related: Lack of enough information leads to more abandonment of purchases</p> <p style="margin-left: 40px;">Vendor Related: Vendor certification very critical for allowing customers to do business</p> <p style="margin-left: 40px;">Payment Related: Guaranteed secured paying environment critical to build customer base</p> <p style="margin-left: 40px;">Implementation Related: Better marketing, smoothened delivery procedures very important</p>

(Source) Prepared by MHC Industry Research Division

Additionally, inadequate income, infrastructure, regulations, etc. inhibit the growth of EC. For instance, as discussed in the subsequent pages, inadequacies in any or all of the drivers would have the effect of reducing EC uptake by impeding the growth in the ultimate user base.

1. The discussion is restricted to two business models, namely, B2C and B2B2C. However, in describing the state of the SE Asian EC market, I will also include Group Buying and C2C companies in the list of players while excluding them from my analysis and from the market size. While various market size estimates exist for EC in SE Asia, Internet retail is used as the closest standard proxy for EC market size.
2. Since urban areas are predominant in the economy, we will use the whole EC market as an urban EC market size proxy. All variables will follow a similar patter of representing urban areas by proxy.
3. I believe that, based on extensive research and select discussions with industry experts that the aforementioned factors are MECE to a reasonable extent. To use a single instance, discussions regarding trust would also bring in aspects of marketing (SEO, SEM), web design, etc making the above drivers quite exhaustive.

SE Asia EC: A Brief Background

An Economy worth close to US\$ 2 trillion and demographics are great drivers for EC in SE Asia

South East Asia (SE Asia hereafter) is a large and diverse economic area that is home to over 600 million people. Indeed, the 5 countries in today’s discussion are home to nearly 520 million and have a high percentage of young people and an economy that is around US\$ 1.8 trillion. Most of SE Asia enjoys robust economic growth and a young population. Also, some regions of SE Asia have reasonable telecom, financial and logistics infrastructure. However, as shown in Fig. 2 below, the SE Asian EC market is significantly underdeveloped.

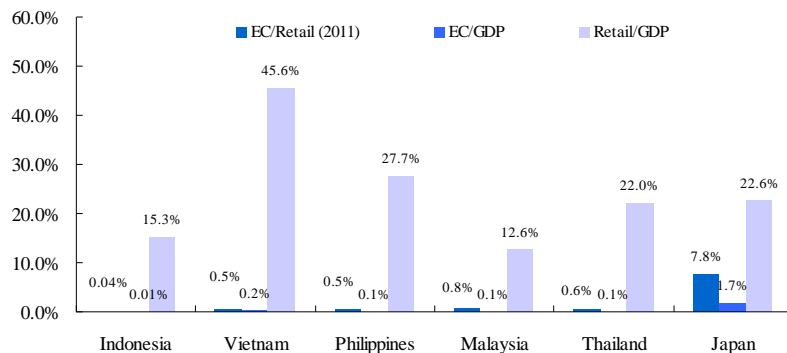
【Fig.1】 Map of SE Asia



(Source) IMF, Prepared by MHC Industry Research Division

Compared to Japan, EC/GDP and EC/Retail ratio leave a lot of upside for growth

【Fig.2】 EC-Retail/GDP Across SE Asia



(Source) Euromonitor, IMF, METI, Votgia, Prepared by MHC Industry Research Division

Fig.2 captures the scale of the potential opportunity in the SE Asian EC Market. EC/GDP ratios range from a low of 0.01% in Indonesia to a maximum of 0.2% in Vietnam. To use the example of Japan, according to the Japanese Ministry of Economy, Trade and Industry (METI), Japan’s EC market was worth US\$ 103 bn in 2011 and had been registering decent single digit growth every year. Despite such a large volume, the Japanese EC market is still limited to only 1.7% of Japan’s GDP (over US\$ 5 trillion). Hence in SE Asia, the upside for growth is significantly larger.

Urban Areas are the vehicles for growth in SE Asia and will be the focus of this report

As the tables on the next page indicate, urban areas are the economic growth engines of SE Asia and enjoy influence disproportionate to their share of GDP and population. For instance, using urban GDP as a proxy for consumption, the share of urban areas - especially the larger cities - is likely to be much higher. This should be reflected in EC sales as well. Hence, the urban areas of SE Asia, especially the capital cities form the basis for analyzing the SE Asian EC market.

Infrastructure alone is not the singular criterion, though it is a key variable; qualitative criteria are also important

Considering the urban areas in terms of the quantitative and qualitative drivers, Factor 2 in the quantitative drivers section, namely, infrastructure is usually singled out to be a key barrier to the growth of EC. Most research tends to conclude that Infrastructure needs to be fixed before EC can reach a tipping point. This view could be overlooking the outsized influence wielded by urban areas and big metro areas such as Bangkok, Kuala Lumpur and Manila. The conclusion is that even though the EC market is small currently, enough factors remain in place to drive it. The moot point is that the drivers differ by area, and therefore so do the future focus areas for local players.

Urban Thailand : Implementation Could be the Key

Thailand ranks top for EC in SE Asia based on its economy and infrastructure

The latest available data for Greater Bangkok Metropolitan Area suggests that it had a per capita GDP of US\$ 9,895 (2009, Thailand Government) and is growing robustly. This is well above the developing urban Asian average of around US\$ 5,300 (Mizuho Estimate). In addition, telecom infrastructure is also well developed with a fixed broadband penetration of over 30% (National Broadband & Telecommunications Commission) in Bangkok with smartphone penetration rising as well. Thailand also has a well developed financial system, and penetration of credit cards and debit cards is also comparatively quite high. These factors create a positive environment for EC.

[Table 1] Thailand Quantitative Overview⁴

Factor	Variable	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam	
EC Market (Country)	EC Market Size (US\$ mn) (Source: Eurononitor)	Internet Retailing (2011, US\$ mn)	454	266	320	55	306
		Points	10	4	8	2	6
Economy	(Reference) GDP (US\$ bn) (Source: IMF WEO, Viatgia)	Country GDP	346	279	213	846	123
	1. Urban Income Level	Urban GDP Per Capita (2011)	9,895 (For 2009)	18,154 (For 2010)	6,578	11,146	2,855 (For 2010)
		Points	10	10	6	10	2
Infrastructure	2. Telecom (Source: Informa Telecoms & Media) (See Footnote)	Smartphone Penetration (2012)	20.4%	42.0%	14.7%	13.5%	21.0%
		Points	8	10	6	4	8
	3. Financial Infrastructure (Source: World Bank Global Findex)	Urban Credit Card Penetration	10.8%	17.4%	5.6%	1.4%	1.4%
		Points	8	10	6	2	2
		Urban Debit Card Penetration	63.4%	31.6%	18.3%	21.4%	20.0%
	Points	10	8	2	6	4	
4. Logistics (Source: World Bank)	Logistics Performance Index Rank (2012)	38	29	52	59	53	
	Points	8	10	6	2	4	
Human Capital	5. Human Capital (Source: EIU Hot Spots 2012)	Human Capital Index Value	67	66	57	59	58
		Points	8	8	6	6	6
Total Score (Sum of All Points by Sub-Category)			62	60	40	32	32

(Source) As cited in the tables and footnotes (4 and 5), Prepared by MHC B Industry Research Division

Telecom and financial infrastructure are well developed in Urban Thailand. The region also enjoys the best human capital standard in SE Asia

Logistics is another key aspect where urban Thailand scores. This is particularly true of Greater Bangkok

Thailand’s World Bank Logistics Performance Index (LPI) rank of 38 shows the country has reasonably good physical infrastructure. This is particularly true in the greater Bangkok area. For instance, from an EC perspective the presence of a very large network of convenience stores in Thailand is a prominent example. Indeed 7-11 alone has over 6,500 outlets in Thailand with the largest number of them located in Bangkok. This could be potentially leveraged in the same manner convenience store based payments are in Japan in order to boost EC.

- Note on Urban GDP: For Thailand Bangkok GDP is taken to represent all urban areas by proxy. All GDP data except Vietnam are from Government Statistical data bases and follow a pattern similar to Thailand. Ho Chi Minh City GDP is courtesy of USAID Vietnam.
- Smartphone Penetration Figures for 2012 (except Vietnam), © Informa UK Ltd 2013. All rights reserved. Vietnam Smartphone Penetration estimate for 2012 is courtesy of Ericsson Vietnam.

【Table 2】 Thailand EC Market Overview

	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
EC Market Size (\$ mm) <2011, Euromonitor, Vatgia>	454	266	320	55	306
Population in mm <2011, IMF>	64	28	94	241	88
Basic Goods/Services					
Travel	73%	65%	55%	57%	51%
Movie Tickets	48%	46%	27%	48%	38%
Hotel Reservations	60%	45%	42%	44%	30%
Secondary Goods/Services					
Books	58%	38%	31%	69%	43%
Music and Media	48%	29%	23%	68%	34%
Software	56%	40%	26%	65%	46%
Consumer Electronics	47%	25%	19%	56%	24%
Computer Hardware	38%	33%	23%	54%	31%
Tertiary Goods/Services					
Apparel/Shoes/Clothes	60%	32%	27%	70%	47%
Beauty Cosmetics	50%	44%	20%	44%	22%
Grocery	27%	24%	11%	31%	11%
Flowers, Gift Items	42%	32%	22%	20%	43%

Travel, apparel, and software are the most popular items, followed by books and cosmetics

(Source) As Cited in the table and in the footnotes^{6&7}, Prepared by MHC B Industry Research Division

Thailand’s internet retailing market size was pegged at US\$ 454 mm in 2011. As the above table indicates, a number of segments have taken root in Thailand such as books, flowers, apparel, etc. indicating the efforts made by many EC players to take advantage of the developing ecosystem. Sector based distribution is more uniform than in other areas of SE Asia. Travel and reservations are prominent owing to greater value and discounts available. However, apparel and cosmetics are also quite popular, indicating the presence of reliable suppliers offering goods to a loyal clientele. The rise of a young and busy working population has helped sectors such as apparel, cosmetics and even grocery to become popular in recent times.

6. Note on The ASEAN EC Database Project: Published in November 2010, this survey conducted by the Philippines Department of Trade and Industry captures the user behavior in the SE Asian EC Market. Project Manager Alvin M.Juban’s support is acknowledged and relevant copyrights duly attributed to the Project. The survey results are used to chiefly identify buying, payment patterns and barriers to buying.
7. Internet Retail market numbers are courtesy of Euromonitor, except for Vietnam. Vietnam data is courtesy of Vatgia and includes the effect of C2C as well (no breakdown available). The numbers shall be used similarly across the document and appropriate reference shall be provided to this footnote.

【Table 3】 Payments Methods: Cross-Area Comparison⁸

Payment Method	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
Credit Card	56%	67%	40%	34%	19%
Debit Card	36%	31%	30%	46%	42%
Bank Transfer	53%	22%	50%	46%	39%
Mobile Payment	2%	5%	0%	8%	0%
CoD	25%	13%	30%	18%	58%
Others (Cheque, etc)	3%	3%	0%	1%	8%

(Source) ASEAN EC Database Project, Prepared by MHC B Industry Research Division

Credit cards and bank transfers dominate indicating a strong settlement infrastructure

Mobile payment use is low despite reasonable infrastructure. Cash settlement is not insignificant

Bank transfers are considered the most popular form of settlement as the belief is quite strong that bank transfer is a trustworthy way of verifying the identity of a vendor. Hence, the trusted method in many cases is to use bank transfer to authenticate payments and validate vendor authenticity.

Recently, banks have pushed debit cards, and credit card usage has risen as leading players, especially the B2C operators, have also taken measures to encourage card use. Fraudulent credit card use has been a lingering problem in Thailand, and Thais are concerned about information safety. However, credit card usage is rising as many companies implement measures such as Verified by Visa (VBV) to make customer protections stronger. Discussed in the qualitative issues section that follows, initial experiences, especially in the early days of EC could have caused Thais to be very wary of the identity of the vendor. In fact, key companies such as Tarad point out that trust in mobile payments and shopping is the key issue to be addressed⁹.

- 8. Assumption: The survey data which based on a country-level survey, is assumed to represent urban areas as well by proxy. This assumption shall hold valid across all countries.
- 9. Based on e27.co (6, Dec 2012), Interview of Tarad CEO by Minh Bui. Kindly see references section for a detailed bibliographical entry.

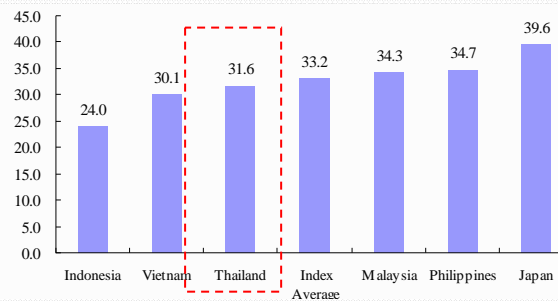
Topic 1: Why Mobile Payments and Other Non-Cash Options?

Mobile is a key EC access tool and hence mobile payments are a major opportunity

While Thailand credit card penetration rates are reasonably high, there are a number of people who are accessing EC sites through mobile phones/tablets. Hence a mobile payment option will be very useful. In addition, including convenience store payment and pick up services could be a useful way to improve customer service by increasing the diversity of payment options. Above all, expanding use of mobile payments could also help increase the user base of EC. Indeed, the availability of a number of mobile payments providers such as siampay is beginning to make online shopping easier.

Thailand lags the index average in terms of readiness

【Fig. 3】 Mobile Payments Readiness: Cross-Area Comparison



(Source) MasterCard, Payments Index, Prepared by MHC B Industry Research Division

However, the ASEAN survey data indicates that overall usage of mobile payments is still limited and has large growth potential. While the slightly dated nature of the data could be reason, mobile payments uptake has not been significant in Malaysia owing to customer trust issues. Offline demos and incentives like discounts should help expand mobile payments use.

【Table 4】 Qualitative Barriers in Urban Thailand

Qualitative: Lack of trust in vendors and payments is a bigger issue in Thailand going back to the initial days of Thai EC

Trust Regarding	Item	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
Information Related	Not enough information to make decision	42%	32%	9%	28%	41%
	Too complicated to place order	13%	18%	9%	20%	5%
Vendor Related	Don't Trust Vendor	55%	32%	18%	24%	46%
	Uncomfortable with Idea	19%	23%	36%	15%	14%
Payment Related	Worried about card details	42%	24%	27%	31%	18%
Implementation Related	Faster to purchase at store	36%	32%	18%	20%	41%
	Never Tried	32%	44%	46%	44%	36%

(Source) ASEAN EC Database Project, Prepared by MHC B Industry Research Division

‘Lack of trust in vendors’ and in payment details are critical concerns in

Lack of access, uneven implementation and older memories of security and delivery, may be affecting uptake

Lack of an agency to address disputes makes it difficult to implement Thai EC laws, making pressure on merchants to win customer trust higher

Key Areas to Address: Implementation of regulation and trust, payments (mobile payments and convenience store)

Thailand. This could be because the initial days of EC were based on the e-catalogue model, which left customers doubting the veracity of vendors. Post 2010, however, leading websites such as sabuy and Rakuten Tarad have implemented trust boosting measures such as seals, logos, chat lines, call centers, etc. However, older experiences seem to linger in some parts of the Thai populace, making positioning and marketing efforts very critical. The same applies for usage of online payment options as issues regarding information protection and data privacy persist.

‘Never tried’ is possibly a mixture of three reasons: lack of access as telecom penetration is not 100% even in cities, marketing efforts have not reached the user potentially causing a gap, and people hesitating to buy as a result of prior experiences. This is similar to the case of the Philippines where consumer marketplaces initially dominated and led to a number of unsavory experiences.

These points above also give us an idea as to where to focus for improvement in Thailand and will be discussed next. In short, perception of safety and implementation of good service in terms of support such as returns and grievance redressal are critical to boost the use of EC. That brings us to legal protections for consumers. Theoretically, Thailand has an EC framework based on international laws. Changes have been made to ensure data protection, funds transfer, prevent cyber crimes, etc. However it is understood that lack of an arbitration mechanism for customer disputes could transfer the responsibility for service delivery onto companies. As of 2012, no arbitration mechanism seemed available for EC users for recourse.

[Table 5] Pro-Cons Summary for Thailand

Pros	<ul style="list-style-type: none"> ● Economic Strength: High per capita GDP (nearly twice the developing urban Asian average in 2009) ● Infrastructure: Good telecom, logistics, and payment infrastructure ● Human Capital: Human capital best amongst listed countries
Cons	<ul style="list-style-type: none"> ● Infrastructure: Mobile Payments readiness is lacking; convenience store option inadequately leveraged leading to higher CoD use ● Consumer Protection: Lack of redressal mechanism renders consumer protection ineffective and impedes ability to improve trust ● Trust: Vendor trust, Payment safety and perceived lack of information key issues

(Source) ASEAN Survey Prepared by MHC Industry Research Division

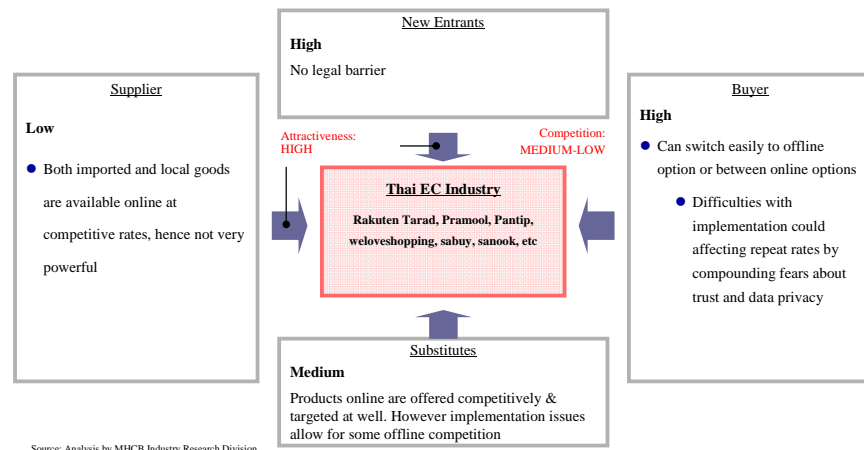
Thailand Competition Overview: Gaining Attraction in Recent Times

Initially Thailand’s market started with a number of C2C marketplace players and group deal providers. While some group deal sites such as ensogo and dealfish remain popular, the B2C and B2B2C models are slowly gaining traction owing to their ability for better control and customer expectation management. This is true of most EC markets; as a market grows more B2C and B2B2C players tend to gain prominence. Rakuten Tarad, foreign players such as Zalora, Lazada and local player Sanook are key examples of this trend.

However, this is still an evolving process and leaves sizeable upside potential for expansion.

The Thai market is not that competitive as foreign & domestic players are only now looking to capitalize on availability of good infrastructure. No domestic player has managed to gain critical mass yet

Good Infrastructure and availability of a strong fundamental base implies more domestic and foreign players will compete for a role soon. Foreign players are likely to play an important role in improving the ecosystem. This is particularly true in the case of the perception that Thai EC is still seen as a market of e-catalogues and offline payments (a key reason perpetuating low trust). In this context, transactions such as Rakuten-Tarad are very helpful in pushing Thailand to a more international standard ‘transaction model’ of EC¹⁰. The competitive environment has been captured below in the form of a five forces framework.



Recommendations: Removal of qualitative barriers takes precedence over removal of quantitative barriers in Thailand. As mentioned earlier, the presence of good infrastructure alone is not helpful. The interlinked issues of improving trust and better customer service are also essential.

1. Improving Trust and Customer Service:

- **Improving Service and Trust through implementation:** While key websites have added safety logos to their webpages, improved payment security, and even added tracking features, improved implementation in the form of good customer service through a wider product line and a redressal mechanism could attract many more users.

10. Analyzed based on article in e27.co (6, Dec 2012), Interview of Tarad CEO by Minh Bui. Kindly see references section for a detailed bibliographical entry.

Paying attention to redressal, offering alternate payment methods, and selecting the right foreign partner are critical for growth

- **Incentivize mobile and boost convenience store payments:** Users should be encouraged through incentives such as discounts and offline campaigns to use more non-cash mediums other than credit cards.
- **Implementation of the Convenience Store Option:** The convenience store is ubiquitous in Thailand. While cost related points can be debated, integrating and expanding that payment option will be very useful to expand trust and also ensure better delivery, at least in the growth phase of the EC market.

2. Strategic Foreign Partnership: The Thai market can be expected to turn very competitive as many foreign companies such as Rakuten, Rocket Internet, Alibaba and E-Bay try to make their presence felt. Considering issues faced by domestic companies in particular, in the realm of trust, and also Thais' inclination to buy foreign goods that are not available in the local market at discounted prices, foreign partnerships are particularly attractive as they provide branding and also access to wider range of goods.

A Foreign partner could help lend operational expertise, brand power and access to branded goods to boost customer trust in the site, vendor, payments security and goods sold

While local players undoubtedly score well in terms of understanding the local market and are indeed making substantial investments in boosting security, improving user experience, etc. foreign players can bring operational and technical expertise to address the issues plaguing Thai EC. Offline players entering the online space can also benefit noticeably from foreign EC player partnerships.

3. Special Note on Japanese Companies: Alongside Indonesia and Vietnam, Thailand has also been on the radar of Japanese EC companies for some time now. While the Rakuten-Tarad deal has drawn a lot of attention, other players, including strategic and financial investors, are considering entering the Thai market. Most of the Japanese players are capable of helping address the key factors affecting Thai EC through:

- **Operational/Technical Expertise to improve**
 - Site Design (Counters the e-catalogue perception)
 - Vendor Trust
 - Payment Security
 - Traffic Analysis (to improve marketing)
 - Train Human Capital if necessary

Section Appendix: Key EC Players in Thailand

Rise of Platformers and B2C: As mentioned in the previous section, initially C2C was Thailand’s pre-dominant EC market as it did not cost the companies much in terms of capital and was easier to set up given the prevalence of face to face meetings and offline payments. While group buying sites had their day in Thailand and some continue to be popular, as will be discussed in the next sections, they are likely to decline in terms of influence and give way to more traditional internet retailers and platformers.

Thailand is shifting from C2C to more horizontal B2C business model

Recent trends suggest that use of B2C and B2B2C models has picked up pace. While domestic players are also increasingly deploying these models, this space is more likely to be driven by either foreign players such as Rakuten, Alibaba, Rocket Internet who might move in organically or through acquisitions.

【Table 6】Key EC Players in Thailand

Company Name	Details
Ensogo	groupbuying site
Lazada	Amazon Clone from Rocket Internet
Pantipmarket	Classified and online C2C marketplace
Pramool	Popular C2C Auction and Classifieds site
Sanook	Owns B2B2C sabuy and P2P community marketplace dealfish
Tarad	Currently called Rakuten Tarad and follows B2B2C Model
ThaiCityDeal	Daily deals site
Wearyouwant	Fashion oriented B2B2C backed by DMP
Welove Shopping	Hybrid C2C owned by Telecom Carrier True Corporation
Zalora	Niche Player focused on Apparel; owned by Rocket Internet

(Source) Public Sources prepared by MHC Industry Research Division

Urban Malaysia: Undershooting Despite Fundamental Strength

Malaysia is EC ready from an economic and infrastructure perspective

Kuala Lumpur and the Surrounding Regions of Malaysia, key representatives of Urban Malaysia, are among the richest in SE Asia with a per capita GDP of US\$ 16,329 (2010, Department of Statistics) three times the urban Asian average. While economic strength is a key driver, Malaysia’s infrastructure is also very well developed. Malaysia ranks the best in SE Asia in terms of telecommunications and logistics infrastructure while sharing the top spot with Thailand in the financial sector. Malaysia’s World Bank Logistics Performance Index rank of 29 is the highest among the countries discussed today. The presence of logistics providers such as Japan’s Yamato, local Poslaju and GDEX is a highly encouraging factor for EC in Malaysia.

[Table 7] Malaysia Quantitative Overview^{11&12}

Factor	Variable	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam	
EC Market (Country)	EC Market Size (US\$ mm) (Source: Euronitor)	Internet Retailing (2011, US\$ mm)	454	266	320	55	306
		Points	10	4	8	2	6
Economy	(Reference) GDP (US\$ bn) (Source: IMF WEO, Vagias)	Country GDP	346	279	213	846	123
	1. Urban Income Level	Urban GDP Per Capita (2011)	9,895 (For 2009)	18,154 (For 2010)	6,578	11,146	2,855 (For 2010)
		Points	10	10	6	10	2
Infrastructure	2. Telecom (Source: Informa Telecoms & Media) (See Footnote)	Smartphone Penetration (2012)	20.4%	42.0%	14.7%	13.5%	21.0%
		Points	8	10	6	4	8
	3. Financial Infrastructure (Source: World Bank Global Findex)	Urban Credit Card Penetration	10.8%	17.4%	5.6%	1.4%	1.4%
		Points	8	10	6	2	2
		Urban Debit Card Penetration	63.4%	31.6%	18.3%	21.4%	20.0%
	Points	10	8	2	6	4	
	4. Logistics (Source: World Bank)	Logistics Performance Index Rank (2012)	38	29	52	59	53
Points		8	10	6	2	4	
Human Capital	5. Human Capital (Source: EIU Hot Spots 2012)	Human Capital Index Value	67	66	57	59	58
		Points	8	8	6	6	6
Total Score (Sum of All Points by Sub-Category)			62	60	40	32	32

Quantitative Factors: Malaysia comes closer to developed Asian countries such as Singapore or Hong Kong with regard to economic and infrastructure related parameters

(Source) As Cited in the Tables and footnotes, Prepared by MHC Industry Research Division

In addition, Malaysia’s human capital standards seem quite high as evidenced by the EIU data, with an average index level of 8 points above the Asian average of 59. This should contribute positively towards Malaysia’s ability to train human capital to boost customer service.

- 11. Note on Urban GDP: For Malaysia Kuala Lumpur GDP is taken to represent urban areas by proxy. All GDP data except Vietnam are from Government Statistical data bases and follow a pattern similar to Thailand.
- 12. Smartphone Penetration Figures for 2012 (except Vietnam), © Informa UK Ltd 2013. All rights reserved. Vietnam Smartphone Penetration estimate for 2012 is courtesy of Ericsson Vietnam.

【Table 8】 Malaysia EC Market Overview

	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
EC Market Size (\$ mm <2011, Euromonitor, Vatgia>)	454	266	320	55	306
Population in mm <2011, IMF>	64	28	94	241	88
Basic Goods/Services					
Travel	73%	65%	55%	57%	51%
Movie Tickets	48%	46%	27%	48%	38%
Hotel Reservations	60%	45%	42%	44%	30%
Secondary Goods/Services					
Books	58%	38%	31%	69%	43%
Music and Media	48%	29%	23%	68%	34%
Software	56%	40%	26%	65%	46%
Consumer Electronics	47%	25%	19%	56%	24%
Computer Hardware	38%	33%	23%	54%	31%
Tertiary Goods/Services					
Apparel/Shoes/Clothes	60%	32%	27%	70%	47%
Beauty Cosmetics	50%	44%	20%	44%	22%
Grocery	27%	24%	11%	31%	11%
Flowers, Gift Items	42%	32%	22%	20%	43%

Air Asia Effect: Travel & reservations are the leading category followed by cosmetics

(Source) Euromonitor, IMF, ASEAN EC Database Project, MHC Industry Research Division

Foreign websites dominate books and digital contents, while fashion/cosmetics has a balance of domestic/foreign

At only 266 mm US\$ in 2011, the Urban Malaysian market has considerable space to grow. The travel segment has dominated the local market chiefly because of the Air Asia effect. Travel in Malaysia is followed by beauty products, software and books. Beauty products seem to be performing well as many users know what they want and are able to count on reliable local providers such as Trosworld and BestBuy. Books and software are also quite popular to buy online as they are more a function of cheaper pricing. Foreign providers such as Amazon, with their greater selection, dominate books/contents.

【Table 9】 Payments Methods: Cross-Area Comparison

Payment Method	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
Credit Card	56%	67%	40%	34%	19%
Debit Card	36%	31%	30%	46%	42%
Bank Transfer	53%	22%	50%	46%	39%
Mobile Payment	2%	5%	0%	8%	0%
CoD	25%	13%	30%	18%	58%
Others (Cheque, etc)	3%	3%	0%	1%	8%

Safe payment systems and significant number of high income users are a key reason behind high use of credit cards

(Source) ASEAN EC Database Project, Prepared by MHC Industry Research Division

Malaysia has a reasonable mobile payments infrastructure but is affected by consumer acceptance, especially older ones

Credit cards use is high in Malaysia despite its difficulties with credit card fraud in the not so distant past. Debit card penetration is not as high as Thailand. Mobile payment is more prevalent among the richer segment in the 18-34 age group. However, a significant percentage of people over the age of 34-60 are not using mobile payments, indicating the focus area for EC players in the area of payments. Mobile payments as shown in topics 1, is a positive for Malaysia.

Qualitative: Unaccessed, lack of trust, information safety and perception of lack of information are key barriers

[Table 10] Qualitative Barriers in Malaysia

Trust Regarding	Item	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
Information Related	Not enough information to make decision	42%	32%	9%	28%	41%
	Too complicated to place order	13%	18%	9%	20%	5%
Vendor Related	Don't Trust Vendor	55%	32%	18%	24%	46%
	Uncomfortable with Idea	19%	23%	36%	15%	14%
Payment Related	Worried about card details	42%	24%	27%	31%	18%
Implementation Related	Faster to purchase at store	36%	32%	18%	20%	41%
	Never Tried	32%	44%	46%	44%	36%

(Source) ASEAN EC Database Project¹³, Prepared by MHC Industry Research Division

The ‘never tried’ category is quite high in Malaysia, indicating a significant upside potential in this category. This could be partly due to the fact that Malaysians tend to buy online mostly when goods are not available offline or there is a significant discount available. Another cause could be that competition with physical stores is more critical as many people have domestic help available, which makes efforts of EC players more difficult. Not trusting the vendor and information issues are more likely from past perceptions and initial customer experiences in major C2C websites. Such perceptions tend to linger and should go away as B2C becomes the mainstream.

13. Please refer earlier chapter foot notes or to the references section for a more detailed source description and for description of the survey itself (Footnote 6).

Topic 2: Generating Trust in a Website: Bridging the Trust Deficit¹⁴

**Trust Elements:
Returns policy,
information safety,
payments safety,
and security seals
are essential**

Malaysia suffers from a trust deficit in EC, and in key marketplaces dubious deals are not uncommon. Generating trust in a website is a critical first step to creating a loyal clientele, higher repeat rates and convincing new comers to try the EC experience. A clearly written returns policy is the first step in helping the customer make a decision to buy. The returns policy is the equivalent of an after sales commitment. The returns policy can be further enhanced if a dedicated greivance redressal department is made available. This would even help eliminate the need for a adjudicator for disputes redressal.

Additionally, promising confidentiality and payments safety greatly improves the chances of a successful purchase. Visible virus protection seals and vendor certification provide comfort to the customer that the product will be of appropriate quality. Last but not least, using a reliable shipping service ensures timely delivery and less chance of breakages. All these improvements contribute to great customer service.

Malaysia currently lags the Philippines and Thailand in EC framework implementation

Malaysia has an EC framework based on international laws. However as of March 2013, a comprehensive framework combining data protection, funds transfer, cyber crimes prevention, along with a redressal mechanism is not ready. While this is not an insurmountable issue, it does increase efforts needed on the part of EC players. Companies have been responding by improving returns policies and making the shopping experience as safe as possible. This is an area which is likely to see more traction once the new framework comes into play in July 2013.

The whole picture can be summarized as follows,

【Table 11】Pro-Cons Summary for Malaysia

Pros	<ul style="list-style-type: none"> ● Economic Strength: Highest in developing Asia (three times developing Asia urban average) ● Infrastructure: Well developed banking system, mobile payments readiness ● Human Capital: Second to Thailand, and reasonably above developing Asian average
Cons	<ul style="list-style-type: none"> ● Infrastructure: Mobile payments underutilized despite high smartphone penetration ● Trust: Chiefly relating to information, vendor and lack of marketing to potential users; History of unsatisfactory experiences remains a drawback. Implementation issues could be benefiting physical competition

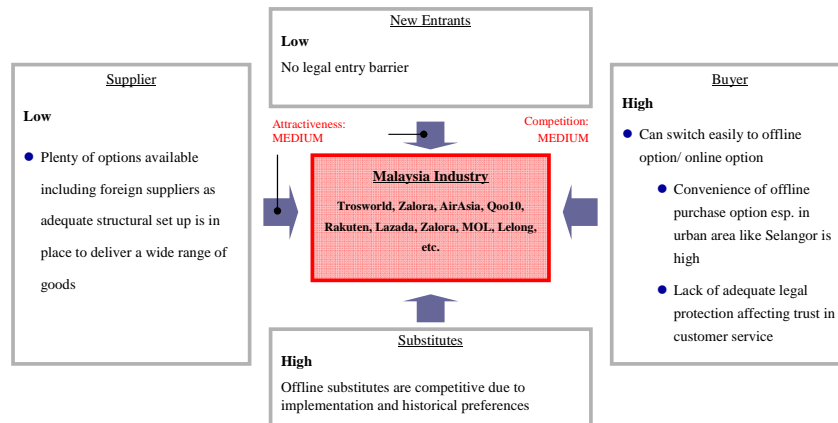
(Source) Analysis by MHC Industry Research Division

14. Analysis by Industry Research Division based on inputs from various sources.

Malaysia Competition Overview: Increasingly Competitive as Foreign Players look to Expand

Foreign and domestic online, offline players are starting to compete for local market dominance

Availability of good base Infrastructure and high income levels makes Malaysia a very competitive EC market as many players are aspiring to garner substantial market share. Offline players such as Trosworld and online travel giant Air Asia have ensured that competition is slated to rise further with other online players such as retailers. Foreign players such as Newegg of the US, Rakuten and Korean Qoo10 have also been keen on using their expertise to expand their businesses in Malaysia. Foreign player presence in Malaysia makes this market increasingly quite competitive. However, as no single player apparently dominates the market, the market competition is still lukewarm (we ignore players such as Lelong and focus on platformers and B2Cs). However, rapid market developments mean that the Malaysian market is likely to become very competitive in the near future.



Source: Analysis by MHCB Industry Research Division

Recommendations:

Boosting mobile payments and fixing implementation could be a good way to increase market size

Given the barriers in Malaysia, the following are critical areas for improvement, especially for the market to reach its real potential. That is possible only if more new users and current skeptical customers become more active in the market.

Infrastructure: Malaysia could especially leverage Smartphone penetration by boosting use of mobile payments. Currently the usage rate is inadequate despite an excess of 40% smart phone penetration. Alternate payments are discussed in more detail as follows

- **Mobile Payments and the Convenience Store Option:** Incentives such as discounts could be offered for the use of mobile payments and/or using the convenience store option currently being pushed in Malaysia. Additionally, other alternate payment modes such as pre-paid vouchers could also be considered to ensure more people can participate in EC.
- **Expanding Reach and Boosting Trust:** Improvement in implementation

is the key. While teething issues are common, the presence of many experienced domestic/foreign players and domestic offline players should help the ecosystem mature at a reasonable pace.

- **Offline Partnership to Increase Reach:** Offline partners such as AEON/JUSCO or the equivalent could be very helpful in differentiating, especially for a player wanting to connect to people who have never tried EC. This could also have added advantages as the offline partner typically has invested in physical infrastructure. Offering to expand online reach could form the basis for a reasonable synergy. For local players, online partnerships with foreign partners are unlikely as too many players, including foreign ones, are presently attempting to go it alone in EC.

- **Customer Service to Compete Better With Physical Stores:** A streamlined delivery process, and improved returns policy, particularly in the shipping and handling charges area (levied by increasingly lesser number of companies, but levied never the less) could be helpful. The fact that an official legal redressal mechanism is not available makes it even more important that players get such measures right to ensure they retain consumer trust.

Section Appendix: Key EC Players in Malaysia

Foreign B2C Presence Rising: Foreign players such as Rakuten, Korean Gmarket, etc. and retailers such as Newegg (US) and Rocket Internet have expanded their presence in Malaysia. Offline players such as Trosworld are trying to expand online to cross-sell and leverage their offline strength such as brand image, logistics, etc.

As mentioned previously, except in the travel segment, many players in Malaysia are foreign. While lack of trust and previous experiences have resulted in a dearth of local sites, US, UK, and Chinese players are popular, especially in the realm of music, books.

Foreign players dominate select segments such as books and digital contents (music, movies, games)

[Table 12] Key EC Players in Malaysia

Company Name	Details
AirAsia	Originally Travel focused, improving Megastore B2C
FashionValet	Niche Player, Apparel Segment centric
Gmarket or Qoo10	Korean marketplace with presence in Japan and Indonesia too
Lazada	Amazon Clone by Rocket Internet
Lelong	Originally auction oriented, but also has B2C through site Superbuy, Considered the biggest EC platform player in Malaysia
MOL	Berjaya Group has own travel site; plans own EC operations
Newegg	Prominent US internet retailer similar to Amazon
PostMe	B2C Shopping mall started by PosMalaysia
Rakuten	Japanese B2B2C
Trosworld	Platform player,online version of offline shop, has a few niche sites as well
Zalora	Niche Player focused on Apparel, owned by Rocket Internet

(Source) Public Sources, Prepared by MHC B Industry Research Division

Urban Philippines: Already Near the Tipping Point

Urban regions like the National Capital Region, Davao and Cebu lead in terms of income

While Indonesia has garnered considerable attention owing to its economic size, population ranking, etc. the Philippines has been relatively unattended. The country has been believed to be far from the tipping point as far as EC is concerned. However, the National Capital Region (Manila) (and also Davao and Cebu) are quite attractive for EC. The Philippines has reasonable economic strength (per capita urban GDP at US\$ 6,571 for Manila in 2011). Financial infrastructure, especially the use of credit and debit cards, although at a lower base, is better than Indonesia and Vietnam. The Philippines is the leader in mobile payments readiness as well¹⁶.

【Table 13】 The Philippines Quantitative Overview

Factor		Variable	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam	
EC Market (Country)	EC Market Size (US\$ mm) (Source: Euromonitor)	Internet Retailing (2011, US\$ mm)	454	266	320	55	306	
		Points	10	4	8	2	6	
Economy	(Reference) GDP (US\$ bn) (Source: IMF WEO, Vatgia)	Country GDP	346	279	213	846	123	
		1. Urban Income Level	Urban GDP Per Capita (2011)	9,895 (For 2009)	18,154 (For 2010)	6,578	11,146	2,855 (For 2010)
		Points	10	10	6	10	2	
Infrastructure	2. Telecom (Source: Informa Telecoms & Media) (See Note 15)	Smartphone Penetration (2012)	20.4%	42.0%	14.7%	13.5%	21.0%	
		Points	8	10	6	4	8	
	3. Financial Infrastructure (Source: World Bank Global Findex)	Urban Credit Card Penetration	10.8%	17.4%	5.6%	1.4%	1.4%	
		Points	8	10	6	2	2	
		Urban Debit Card Penetration	63.4%	31.6%	18.3%	21.4%	20.0%	
	Points	10	8	2	6	4		
	4. Logistics (Source: World Bank)	Logistics Performance Index Rank (2012)	38	29	52	59	53	
Points		8	10	6	2	4		
Human Capital	5. Human Capital (Source: EIU Hot Spots 2012)	Human Capital Index Value	67	66	57	59	58	
		Points	8	8	6	6	6	
Total Score (Sum of All Points by Sub-Category)			62	60	40	32	32	

Economic and financial strength are the biggest advantages for the urban Philippines

(Source) As Cited in the Table and references, Prepared by MHCB Industry Research Division

Quality courier services are becoming available despite overall logistics sector issues

The urban Philippines, exemplified by NCR Manila, has its share of logistics issues. Despite an improved and rising availability of quality courier services, implementation remains a key focus area as issues with delivery and tracking to returns are critical for ensuring adequate service level.

- 15. Smartphone Penetration Figures for 2012 (except Vietnam), © Informa UK Ltd 2013. All rights reserved. Vietnam Smartphone Penetration estimate for 2012 is courtesy of Ericsson Vietnam.
- 16. Based on the MasterCard Mobile Payments Index. Please refer to Topics 1 and 2 for a more detailed description of the issue and reference section for a detailed bibliographic entry.

【Table 14】 The Philippines EC Market Overview

	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
EC Market Size (\$ mn) <2011, Euromonitor, Vatgia>	454	266	320	55	306
Population in mn <2011, IMF>	64	28	94	241	88
Basic Goods/Services					
Travel	73%	65%	55%	57%	51%
Movie Tickets	48%	46%	27%	48%	38%
Hotel Reservations	60%	45%	42%	44%	30%
Secondary Goods/Services					
Books	58%	38%	31%	69%	43%
Music and Media	48%	29%	23%	68%	34%
Software	56%	40%	26%	65%	46%
Consumer Electronics	47%	25%	19%	56%	24%
Computer Hardware	38%	33%	23%	54%	31%
Tertiary Goods/Services					
Apparel/Shoes/Clothes	60%	32%	27%	70%	47%
Beauty Cosmetics	50%	44%	20%	44%	22%
Grocery	27%	24%	11%	31%	11%
Flowers, Gift Items	42%	32%	22%	20%	43%

Similar to Air Asia in Malaysia, Cebu Pacific is a key player in boosting travel share

(Source) Euromonitor, IMF, ASEAN EC Database Project, MHC Industry Research Division

Travel and books are more popular items owing to simplicity and pricing differences with offline options. Similar to Malaysia’s Air Asia, Cebu Pacific accounts for the dominance of the travel segment (excluded from market size). The apparel segment has been popular owing to offline players entering the online area and pure players such as Zalora aggressively advertising and marketing including offering to busy people with helpful options such as CoD and helpful returns policies. In the rest of the categories significant C2C purchases from sites such as Sulit, Multiply, Ayosdito, etc. seems to have limited the growth of B2C along with other issues to be discussed soon.

【Table 15】 Payment Methods: Cross-Area Comparison¹⁷

Payment Method	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
Credit Card	56%	67%	40%	34%	19%
Debit Card	36%	31%	30%	46%	42%
Bank Transfer	53%	22%	50%	46%	39%
Mobile Payment	2%	5%	0%	8%	0%
CoD	25%	13%	30%	18%	58%
Others (Cheque, etc)	3%	3%	0%	1%	8%

Despite readiness, mobile payments are not used that highly in the Philippines

(Source) ASEAN EC Database Project, Prepared by MHC Industry Research Division

17. Cash use has been deliberately pushed to increase EC reach in the Philippines.

CoD has been pushed by EC firms to gain scale and trust

Use of cash is substantial in the Philippines. While an obvious reason is the question of trust, EC firms such as Lazada have actually pushed the CoD option to gain customer trust. One more reason is the C2C legacy of the Philippines EC market, where online purchases and offline transactions were/are common. However it must be mentioned that despite insufficient penetration rate for credit cards, usage is not low, indicating a number of repeat buyers. On the positive side this indicates that recent efforts by Philippine EC companies to improve trust levels have paid off.

On the negative side, the above situation shows that alternate payment systems such as mobile payments (despite being ready in terms of bank and telco partnerships, regulatory support, etc.) and convenience store options (Cashsense for 7-11, for instance) are possibly not being exploited to their potential.

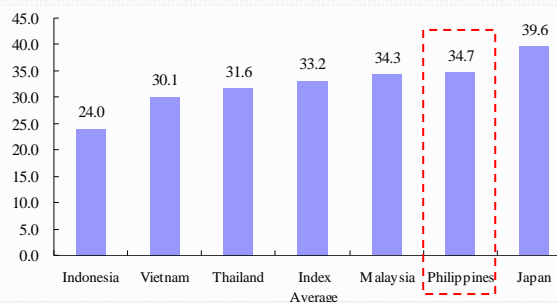
Topics 3: The Philippines tops in Mobile Payments Readiness in SE Asia

Enough mobile payment methods are available in SE Asia in almost all countries. The MasterCard Mobile Payments Index (©MasterCard) shows readiness in terms of both availability and willingness of the customer to use it amongst other things. Both usage and availability of solutions does not seem to be the issue. A glance across websites indicates that implementation of mobile payments is mixed, indicating a trust issue.

The Philippines tops SE Asia in terms of Mobile payments readiness

Unfortunately, the usage in the Philippines seems low despite ecosystem development, while infrastructure deficient Indonesia uses mobile payments the most in the sample. One reason for low usage in B2C could be the prevalence of C2C websites that were the initial mode of EC in the Philippines. Both Facebook based C2C and C2C marketplaces such as silit, ayosdito have seen mobile payments such as Smart Padala used more as there are no pre-conditions such as the need for a credit card. The Philippines needs to incentivize mobile payments usage to boost adoption.

[Fig. 16] Mobile Payments Readiness: Philippines Tops



(Source) the Master Card Payments Index Survey, Prepared by MHC Industry Research Division

Carriers such as Smart and Globe already process multi-million dollar volumes in mobile payments such as refill top-ups every month, indicating that mobile payment adoption is not very difficult in the Philippines. Also, given the fact that the inter-bank fund transfer system in the Philippines is still a sort of premium service and not ubiquitous, mobile payments are an even more attractive option to use.

[Table 17] Qualitative Barriers in the Philippines

Qualitative Drivers: Shopping experience seems to be the best in urban SE Asia as few people seem to suffer from information barriers or other trust issues

Trust Regarding	Item	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
Information Related	Not enough information to make decision	42%	32%	9%	28%	41%
	Too complicated to place order	13%	18%	9%	20%	5%
Vendor Related	Don't Trust Vendor	55%	32%	18%	24%	46%
	Uncomfortable with Idea	19%	23%	36%	15%	14%
Payment Related	Worried about card details	42%	24%	27%	31%	18%
Implementation Related	Faster to purchase at store	36%	32%	18%	20%	41%
	Never Tried	32%	44%	46%	44%	36%

(Source) ASEAN EC Database Project, Prepared by MHC Industry Research Division

Navigation measures, improved security and increased number of payment options are some of the key features introduced by B2C and B2B2C sites. These have resulted in a perceived smoother shopping experience. However, there are certain issues that are more important to Philippines than other countries.

Lack of Access, marketing reach and potential negative peer feedback are critical things to address

Never Tried: While a clear explanation is available in terms of a weaker smartphone penetration (lowest after Indonesia), other reasons such as lack of marketing reach and a general negative perception of EC owing to feedback from peers could also be potential reasons. This is quite possibly because Filipinos are prolific users of Social Network Services. While Indonesians and other Asians use SNS as well, initial uptake and negative impressions of C2C in the Philippines could have had a more severe impact on the EC market.

Uncomfortable with the Idea: This is another way of expressing lack of trust in EC. The buyer could prefer 'touch and buy' or could be expressing lack of security in another way. Convincing them through demonstrations and incentivizing use could be a useful way to overcome these barriers.

The Philippines has possibly the best legal system for supporting EC in SE Asia owing to changes made in 2012

Fortunately, the Philippines has done quite a bit of work on legal protections for EC. For instance, Philippines made significant changes to its EC laws in 2012. The most significant of the changes was the necessity to set up claims mechanisms internally by EC companies and also the availability of the option to escalate cases where adequate resolution has not been achieved. While the implementation of the system needs to be tested, the availability of such a system in itself could be considered a significant contribution to the cause of EC in the Philippines.

All of the above can be summarized as follows,

【Table 18】Pro-Cons Summary for Philippines

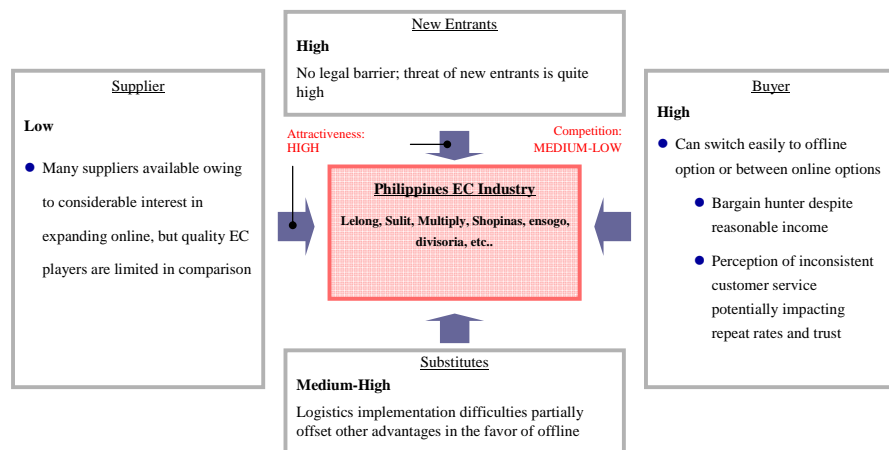
Economy, infrastructure and EC ecosystem are strong in the Philippines while logistics and trust issues are weaknesses

Pros	<ul style="list-style-type: none"> ● Economic Strength: High per capita GDP (more than twice of developing urban Asian average) ● Infrastructure: Good telecom, logistics, and payment infrastructure ● Human Capital: Human capital best amongst listed countries
Cons	<ul style="list-style-type: none"> ● Infrastructure: Mobile Payments readiness is lacking; convenience store option inadequately leveraged leading to higher CoD use ● Consumer Protection: Lack of redressal mechanism renders consumer protection ineffective and impedes ability to improve trust ● Trust: Vendor trust, Payment safety and perceived lack of information key issues

Source: Analysis by MHC Industry Research Division

The Philippines Competition Overview: Beginning to Take-Off

Lack of a dominant B2C/Marketplace player and insufficient presence of foreign big brands makes the Philippines an attractive market



Source: Analysis by MHC Industry Research Division

As mentioned in the previous sections, the Philippines has been traditionally seen as a C2C territory. In recent times, group buying sites have also become popular. While it is true that C2C players such as Sulit and Ayosdito have a good sway in the market along side deal sites, these also are affected increasingly by trust issues (despite efforts by them) and fatigue (in the case of deal sites). However, lack of scale and size in rising B2C players makes the overall market situation less competitive.

This is indeed contrary to intuition as, despite not insignificant access/reach issues, most of the ingredients to tip the market into a high growth trajectory are in place. This implies that unless companies make efforts to expand reach, widen product lines, etc, the market could soon descend into outright price competition and lack any other differentiating feature. This leads to the future focus areas for Philippine EC, (follows Topics 4)

Topics 4: SE Asian C2C Players Actively Expanding in the B2C Space¹⁸

The trend of moving into B2C/becoming a hybrid market place is increasingly visible in SE Asia, including the Philippines

In a trend no longer apparent only in markets such as China, even SE Asian auction/C2C players have moved into the B2C space as they see the C2C model limitation of one-channel online shopping. Taobao is a classic example of the above mentioned trend. Currently, most offerings on Taobao are fixed price listings. eBay has also experienced a similar trend in Asia where it increasingly resembles a B2C marketplace. The Philippines has seen Multiply follow a similar path. In addition there is the critical trust issue when buying from individual vs a brand. Even prominent C2C sites in Asia have been affected considerably by suspicious deals leading to loss of trust. The survey result seems to point to this possibility, especially for the Philippines.

Adding to issues such as problems with refunds and returns, the problem with C2C becomes apparent. C2C is attractive for market entry, especially into markets where logistics and payments issues abound. However, the aforementioned points need to be considered carefully as well. C2C sites will continue to have a role as a marketplace for rare items such as collectibles and second hand items such as electronic goods, books, jewelry, etc. That market is unlikely to go away anytime soon. However, despite potential uses, in all probability pure B2C sites and hybrid marketplaces are likely to dominate the market.

Recommendations: This has a direct impact on where the EC companies need to commit their capital

Trust: The Philippines might need to focus more on the following.

A player who gets a grip on items 1 to 4 could possibly attempt to have a foreign partner to offer niche goods and also absorb operational expertise

1. Communicating Improvements: Boosting offline events and online/offline advertisements to make more people enter the ‘funnel’. The key reason is that vendor trust does not seem as big an issue in the Philippines compared to other countries. This implies that improvements in design, features, and security have not been as widely advertised as needed.

2. Uniformity in Returns Policies: While vendor trust levels are reasonable, non-uniform returns policy such as charging for returns and restricting returns unduly can affect customer trust and reduce repeat purchases.

Infrastructure: Based on the above discussions, the following are possible focus areas

18. Based on ZDNet, Please go to references for detailed retrieval information and copyright acknowledgment.

Japanese companies could help in training human capital, making enhancements in marketing and site design and positioning and customer analytics

3. Encourage Mobile Payments: Being the most mobile payments ready country in SE Asia, lack of usage amounts to an inefficient use of the system. Mobile payments usage needs to be encouraged by offering small discounts.

4. Fulfillment and Courier Partnerships: Errors need to be avoided. Even prominent websites have been affected by the supply of wrong goods or poor delivery and tracking and poor refunds. Fortunately, capable courier services such as LGC, Xend (Air21ph) are available, offering reliable tracking and delivery services. They should be seen as reliable partners, and such partnerships between EC players and courier companies should be expanded.

5. Foreign Partnership: A player who gets courier partnerships, mobile payments, etc right can look for a foreign partner to get help with marketing, design, boosting trust and also for niche items for sale online. This could help enhance positioning in the market. For instance, the extensive experience of Japanese companies and the positive perception in general of Japanese brands makes Japanese companies very attractive potential partners. Indeed, market leaders in Japan such as Rakuten have indicated their plans to enter the Philippine EC market.

Special Note on Japanese Companies:

Japanese EC companies have not shown much importance to the Philippines EC market, preferring to focus on Indonesia and Vietnam instead. While the general reasoning based on demographics and income (Indonesia) and demographics and EC growth (Vietnam) undoubtedly has merits of its own, the fact remains that Indonesia and Vietnam are potentially tougher to crack than the Philippines.

Further, wide spread use of English in the Philippines and Malaysia leaves Japanese companies open to competition from global giants if and when they choose to enter. This serves to temper Japanese interests as they could rightly be concerned about ending up with a very competitive and possibly unprofitable market after all the initial effort they put in to familiarize themselves. A possible solution could be a strategic alliance between a local player and a Japanese EC leading to a symbiotic relationship.

Deal sites and C2C are likely to see influence decline while B2C and hybrid marketplaces are likely to come up

Section Appendix: Key EC Players in the Philippines

Besides Amazon (excluded from the list), from where a huge number of Filipinos buy, mostly the Philippines EC space is made up of local players, both pure online, and offline players establishing online operations. Of course, Cebu Pacific is in a separate category. Besides C2C and B2C players, a number of deal sites such as ensogo and Metrodeal have become popular. However, given the disadvantages associated with the deals model (not limited to say poor repeat rates, customer dissatisfaction, etc.), the trend should again lead to the B2C model gaining traction.

Except Rocket Internet’s Zalora and Lazada, and investments by South Africa’s MIH in Multiply, foreign players have been not so active in the Philippines. However, recently more foreign players have shown an interest in entering the Philippines market. Considering the efforts made by local EC players to improve the ecosystem, emergence of local specialized courier companies and likely improvements in payments infrastructure, this situation is unlikely to remain this way for long.

【Table 19】Key EC Players in the Philippines

Company Name	Details
AVA	Marketplace for apparel, accessories, home decor, etc
Cebu Pacific	Travel company, accounts for large amount of EC transactions
Divisoria	General B2C merchandise provider
ensogo	Daily Deals site
Lazada	Amazon like clone of Rocket Internet
Metrodeal	Popular Deals site
Multiply	Social Network Player focusing on marketplace currently
myAyala	e-tailer belonging to the Ayala Group
Shopinas	B2C website belonging to Air21ph
Sulit	Similar to Lelong of Malaysia
Zalora	Apparel focused nicher

(Source) Public Source, Prepared by MHC B Industry Research Division

Urban Indonesia: High Potential Disappointment

Indonesia offers a mixed basket of opportunities with high income level but various other issues

With a per capita GDP of US\$ 11,135 in 2011 (Jakarta City Government), Greater Jakarta, a key urban area has high per capita GDP. Indonesia also has strong demographics with half the population below the age of 30. While both of these points are undoubtedly true, they hide a number of factors that affect the uptake of EC in Indonesia. For instance, smartphone and also broadband penetration are comparatively not high in Indonesia. For instance, Indonesian smartphone penetration is just above the Asian Pacific Developing Average of 11.0%¹⁹. In addition, Indonesia is affected by formidable infrastructure issues such as poor logistics and financial infrastructure. Indonesia ranks the lowest on the World Bank Logistics Performance Index amongst the SE Asian countries compared.

[Table 20] Indonesia Quantitative Overview

Factor		Variable	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
EC Market (Country)	EC Market Size (US\$ mm) (Source: Euromonitor)	Internet Retailing (2011, US\$ mm)	454	266	320	55	306
	Points		10	4	8	2	6
Economy	(Reference) GDP (US\$ bn) (Source: IMF WEO, Vagtia)	Country GDP	346	279	213	846	123
	1. Urban Income Level	Urban GDP Per Capita (2011) (For 2009)	9,895	18,154	6,578	11,146	2,855
		Points	10	10	6	10	2
Infrastructure	2. Telecom (Source: Informa Telecoms & Media) (See Footnote)	Smartphone Penetration (2012)	20.4%	42.0%	14.7%	13.5%	21.0%
		Points	8	10	6	4	8
	3. Financial Infrastructure (Source: World Bank Global Findex)	Urban Credit Card Penetration	10.8%	17.4%	5.6%	1.4%	1.4%
		Points	8	10	6	2	2
		Urban Debit Card Penetration	63.4%	31.6%	18.3%	21.4%	20.0%
	Points	10	8	2	6	4	
	4. Logistics (Source: World Bank)	Logistics Performance Index Rank (2012)	38	29	52	59	53
Points		8	10	6	2	4	
Human Capital	5. Human Capital (Source: EIU Hot Spots 2012)	Human Capital Index Value	67	66	57	59	58
		Points	8	8	6	6	6
Total Score (Sum of All Points by Sub-Category)			62	60	40	32	32

(Source) As cited in the tables and References, Prepared by MHC Industry Research Division

With respect to financial infrastructure, while credit cards, mobile solutions, etc. are available, penetration rates are comparatively low. In addition, settlement infrastructure is only being fixed now. In many ways, Indonesia offers a mixed basket of opportunities.

Issues pertaining to payment, logistics are formidable next only to Vietnam

19. Average Smartphone Penetration Figures for 2012, © Informa UK Ltd 2013.

【Table 21】 Indonesia EC Market Overview

	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
EC Market Size (\$ mn) <2011, Euromonitor, Vatgia>	454	266	320	55	306
Population in mn <2011, IMF>	64	28	94	241	88
Basic Goods/Services					
Travel	73%	65%	55%	57%	51%
Movie Tickets	48%	46%	27%	48%	38%
Hotel Reservations	60%	45%	42%	44%	30%
Secondary Goods/Services					
Books	58%	38%	31%	69%	43%
Music and Media	48%	29%	23%	68%	34%
Software	56%	40%	26%	65%	46%
Consumer Electronics	47%	25%	19%	56%	24%
Computer Hardware	38%	33%	23%	54%	31%
Tertiary Goods/Services					
Apparel/Shoes/Clothes	60%	32%	27%	70%	47%
Beauty Cosmetics	50%	44%	20%	44%	22%
Grocery	27%	24%	11%	31%	11%
Flowers, Gift Items	42%	32%	22%	20%	43%

Apparel, books, music, software and travel are popular segments

(Source) ASEAN EC Database Project, Prepared by MHC B Industry Research Division

Traffic problems make reduce the convenience of offline purchases

Apparel is the most popular category, chiefly amongst younger working class women. Both males and females in urban Indonesia prefer EC owing to cheaper price and convenience of delivery because urban areas such as Jakarta have some of the toughest traffic problems making offline purchases not a very convenient experience. This is despite the fact that shopping with family forms a key part of the social experience in Indonesia.

【Table 22】 Payment Methods: Cross-Area Comparison

Payment Method	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
Credit Card	56%	67%	40%	34%	19%
Debit Card	36%	31%	30%	46%	42%
Bank Transfer	53%	22%	50%	46%	39%
Mobile Payment	2%	5%	0%	8%	0%
CoD	25%	13%	30%	18%	58%
Others (Cheque, etc)	3%	3%	0%	1%	8%

Despite the tedious procedure bank transfers are preferred for their perceived safety

(Source) ASEAN EC Database Project, Prepared by MHC B Industry Research Division

Bank transfer is the dominant payment method in Indonesia. Bank transfers, despite not being very user friendly are a preferred method as many people use them to establish vendor identity. This could be primarily because some of the more prominent sites in Indonesia are C2C.

【Table 23】 Qualitative Barriers in Indonesia

Qualitative Driver: Shopping experience seems to be the best in urban SE Asia as few people seem to suffer from information barriers or other trust issues

Trust Regarding	Item	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
Information Related	Not enough information to make decision	42%	32%	9%	28%	41%
	Too complicated to place order	13%	18%	9%	20%	5%
Vendor Related	Don't Trust Vendor	55%	32%	18%	24%	46%
	Uncomfortable with Idea	19%	23%	36%	15%	14%
Payment Related	Worried about card details	42%	24%	27%	31%	18%
Implementation Related	Faster to purchase at store	36%	32%	18%	20%	41%
	Never Tried	32%	44%	46%	44%	36%

(Source) ASEAN EC Database Project, Prepared by MHC B Industry Research Division

While platformers and more B2C players have come out recently, especially offline players expanding to the online space, the trust factor still remains an issue. Exceptions are of course present such as Lojai, which was amongst the first Indonesian stores to offer installment options and integrate a wide range of payment options and security measures to boost non-cash and non-bank transfer payment methods.

The two critical issues with Indonesian EC can be summarized as follows.

Infrastructure barriers such as low Smartphone penetration and inadequate payments are a problem in Indonesia

Never Tried: This problem in Indonesia is similar to the situation in the Philippines. However, in Indonesia the problem is more fundamental as Smartphone penetration - a number of them comparatively EC unfriendly handsets and credit card penetration both are low. This issue prevents access for many potential customers and in the case of poor Smartphone penetration, even affects the ability to improve mobile payments penetration.

Concerned about Payments/Card Details:

This is primarily the outcome of an inadequate payments system and/or the perception of weak security. Of late, Indonesian financial institutions have allotted significant effort to improving security details and making payments safer. Hence this issue of safety concerns could simply be a lack of communication with the customers.

Key protection elements and lack of redressal mechanisms affect companies' ability to provide effective legal support to consumers

Indonesia has a basic framework of laws for EC that covers elements of privacy, content and cyber crimes prevention. However, explicit fraud protection and the redressal thereof are critical weaknesses that make the efforts of the EC players noticeably harder. In fact, players with a priori brand recognition are at a distinct advantage, especially offline retailers as they can convey the concept of protection to customers much more easily.

Indonesia's economic strength is overshadowed by infrastructure issues and trust particularly regarding payments and site content

【Table 24】Pro-Cons Summary for Indonesia

Pros	<ul style="list-style-type: none"> ● Economic Strength: Per Capita GDP more double urban Asian average and growing robustly
Cons	<ul style="list-style-type: none"> ● Infrastructure: <ul style="list-style-type: none"> ➢ Rising but still inadequate Smartphone penetration levels ➢ Logistics rank lowest in Asia ➢ Payments: <ul style="list-style-type: none"> ✓ Low penetration of credit cards ✓ Mobile payments readiness is lowest amongst selected sample ● Consumer Protection: While basic framework is available, many issues such as redressal exist rendering customer protection ineffective ● Trust: <ul style="list-style-type: none"> ✓ Information (example: mobile adaptation of EC sites might need improvement), payment security related issues and lack of reach (reduces ability to improve trust in more people)

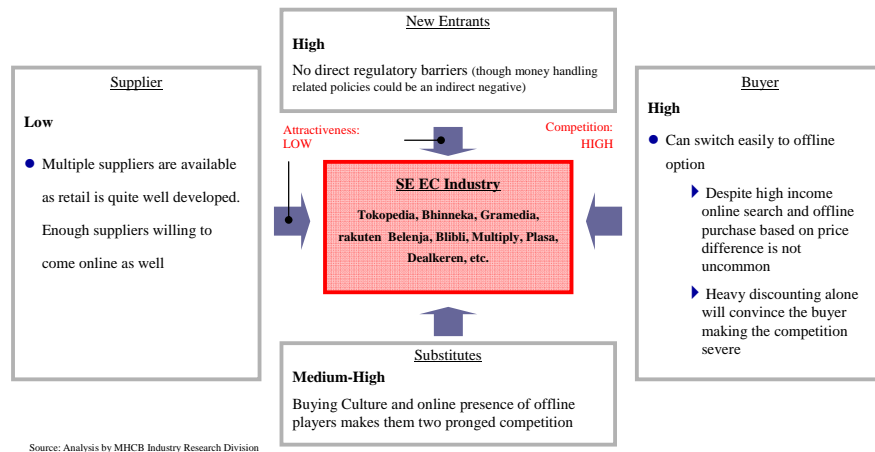
(Source) Analysis by MHC Industry Research Division

Indonesia Competition Overview: Small Market with Many Players

C2C, online retailers, foreign players, local platformers all compete to make Indonesia a highly competitive market

The Indonesian market is competitive as many EC players including B2C and platformers have put great effort into improving the availability of many products. However, logistics is affecting the ability of companies to deliver consistent service. Trying to sidestep the logistics barrier by restricting the business to a marketplace is not helping either. In addition, heavy discounting is adding costs that affect the ability of the EC companies to improve services, offering a similar picture to other Asian regions. However, despite the apparent promise in the market, no prominent player has emerged due to the multiple issues discussed throughout the paper.

On the upside, the situation does leave an opening for a player who can invest resources in fixing the mobile channel, offer alternate payments, and above all address logistics. Such a player could even indulge in product differentiation by partnering with foreign players such as Japanese EC players, considering the relative prosperity in urban areas such as Jakarta and Surabaya. The competition situation is summarized through the use of the five forces framework,



Recommendations: Indonesia has reasonable conditions for a mixed strategy,

1. **Addressing Infrastructure Issues:**

- **Logistics:** Similar to the Philippines, new EC focused courier services are becoming popular. It is important to choose the right partner to ensure that deliveries happen on time and correctly. Players such as JNE/Tiki are representative examples of such partners.
- **Pushing Alternate Payments:** Given the low credit card penetration rate, difficulty in using bank transfers and lack of mobile readiness, it would be useful to incentivize the convenience store payment options, including the use of pre-paid vouchers such as Gudang or Cherry Credits.

The mobile aspect has not been explored enough, and adapting to the mobile space is something foreign companies such as Japanese can contribute

2. **Addressing Trust Issues and Building Online Culture, Especially Mobile:** While internet use is rising, ensuring good product quality, adding trust features such as communications with customers regarding tracking, delivery, etc. will go a long way in improving trust and reliability. In particular, Indonesian companies seem to be slow in adapting to the mobile environment.

The mobile aspect can be explored more and adapting to mobile space is something Japanese companies can contribute notably

3. **Foreign Partnership:** Given the high level of income in Indonesia, product differentiation in alliance with a foreign partner could be a good strategy to consider. The foreign partner could also contribute to enhancing operational capabilities such as marketing methods, traffic analysis and payment methods integration. Payments in particular have seen a number of solutions become available recently. Expertise from a foreign partner could be very useful in implementing new payment solutions and improving payment security.

Special Note on Japanese Partnership: Japanese firms have shown a lot of interest in Indonesia and are briefly mentioned in the next section on key players in Indonesia. Japanese companies can contribute human capital training, and assist in adapting to the mobile space, cross-channel

marketing and other operational areas. Owing to the high level of economic prosperity in urban Indonesia, local companies could also benefit from incorporating Japanese brands into their product lineups.

4. **Advertising and Offline Events:** Since many prominent websites already implement a number of customer trust improvement steps, it is critical to showcase these steps in the offline space at select marketing and other events. Similar to the situation in Malaysia, the nature of Indonesian shopping culture dictates that more consumers are likely to first see offline service demos. These consumers are more likely to try the online shopping experience.

Section Appendix: Key EC Players in Indonesia

The future should see more mainline internet retailers succeeding more than traditional C2C

One feature similar to the Philippines is that a number of offline players have moved online. Original SNS based players such as Multiply and C2C players such as Tokopedia remain popular. However, given the perception regarding trust and also considering the high level of income, the future should see more mainline players including offline players succeed in leveraging their abilities to scale up their business.

Foreign Interest: Many foreign companies/investors saw a large potential market in Indonesia and entered. Prominent Japanese companies such as Rakuten, Cyberagent, GREE and Sumitomo have invested in Indonesia. While their competence in the EC business is beyond reproach, they could incur substantial costs on efforts to create countermeasures to the aforementioned drawbacks in the Indonesian market.

[Table 25]Key EC Players in Indonesia

Company Name	Details
Bhinneka	Owned by Bhinneka Mentari, an electronics focused bricks and e-tailer
Blibli	B2B2C Player; considered prominent in terms of brand appeal
Bukalapak	GREE Invested C2C player
DealKeren	Originally Group buying, but now becoming B2B2C
Disc Tarra	Owned by Nametha Tarra, e-tailer with a physical presence
Fastworld	Owned by Paramitra Media, e-tailer with a physical presence
Gmarket	Korean marketplace with presence in Japan and Malaysia as well (Ebay owns 49%)
Gramedia	Owned by Gramedia Asri Media, a books focused bricks and e-tailer
Kaskus	C2C with SNS Features, Building C2C app for Blackberry and iPhone, besides Kaspay payment system
Lazada	Amazon Clone from Rocket Internet
Lojai	Online store offering wide range of products, popular for installment payment method
Multiply	Originally Group buying, but now becoming B2B2C
Plasa.com	Minor e-tailer with a physical presence and a 2.2% internet retail market share, owned by physical store Metranet
Rakuten	Japanese B2B2C player in (till recently in partnership with MNC PT)
Tokopedia	Hybrid C2C marketplace/platformer, invested in by PT Indonusa Dwitama, East Ventures, Cyberagent Ventures, netprice Japan; on its way to being a B2B2C
Zalora	Niche Player focused on Apparel

(Source) Public Sources, Prepared by MHC Industry Research Division

Foreign interest in Indonesia has been high, but the going has been quite tough

Urban Vietnam: Multiple Issues Limit Upside

Despite robust growth, Vietnam remains behind the other SE Asian countries

Vietnam’s Ho Chi Minh City has the lowest per capita income amongst all the SE Asian cities analyzed (US\$ 2,855 at 2010). Hanoi, the other big northern city also lags in similar fashion. While growing robustly, urban per capita GDP is just over half of the next lowest placed contestant, Manila. Even the metropolitan areas like Ho Chi Minh City and Hanoi suffer from impediments such as low credit card penetration and lack of logistics infrastructure (World Bank logistics index employed as proxy).

[Table 26] Vietnam Quantitative Overview²⁰

Factor		Variable	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
EC Market (Country)	EC Market Size (US\$ mm) (Source: Euromonitor)	Internet Retailing (2011, US\$ mm)	454	266	320	55	306
		Points	10	4	8	2	6
Economy	(Reference) GDP (US\$ bn) (Source: IMF WEO, Vatgia)	Country GDP	346	279	213	846	123
	1. Urban Income Level	Urban GDP Per Capita (2011)	9,895 (For 2009)	18,154 (For 2010)	6,578	11,146	2,855 (For 2010)
		Points	10	10	6	10	2
Infrastructure	2. Telecom (Source: Informa Telecoms & Media) (See Footnote)	Smartphone Penetration (2012)	20.4%	42.0%	14.7%	13.5%	21.0%
		Points	8	10	6	4	8
	3. Financial Infrastructure (Source: World Bank Global Findex)	Urban Credit Card Penetration	10.8%	17.4%	5.6%	1.4%	1.4%
		Points	8	10	6	2	2
		Urban Debit Card Penetration	63.4%	31.6%	18.3%	21.4%	20.0%
	Points	10	8	2	6	4	
	4. Logistics (Source: World Bank)	Logistics Performance Index Rank (2012)	38	29	52	59	53
Points		8	10	6	2	4	
Human Capital	5. Human Capital (Source: EIU Hot Spots 2012)	Human Capital Index Value	67	66	57	59	58
		Points	8	8	6	6	6
Total Score (Sum of All Points by Sub-Category)			62	60	40	32	32

(Source) As cited above and in the references, by MHC B Industry Research Division

Quantitative Driver: Low level of Physical Infrastructure, human capital, regulations form formidable barriers to effective implementation

Vietnam has pushed debit cards recently with improvement in settlement infrastructure

Quality of human capital, relatively poor implementation of payments, and logistics are key issues. In particular, Vietnam has only begun to push debit cards and streamline its settlement systems. While income levels act as a barrier for credit card availability, debit cards are slowly penetrating the urban areas.

20. Smartphone penetration figures for Vietnam, courtesy of Ericsson Vietnam. Other Smartphone Penetration Figures for 2012, © Informa UK Ltd 2013. For rest of the data please refer to reference entry for sources.

【Table 27】 Vietnam EC Market Overview

	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
EC Market Size (\$ mm) <2011, Euromonitor, Vatgia>	454	266	320	55	306
Population in mm <2011, IMF>	64	28	94	241	88
Basic Goods/Services					
Travel	73%	65%	55%	57%	51%
Movie Tickets	48%	46%	27%	48%	38%
Hotel Reservations	60%	45%	42%	44%	30%
Secondary Goods/Services					
Books	58%	38%	31%	69%	43%
Music and Media	48%	29%	23%	68%	34%
Software	56%	40%	26%	65%	46%
Consumer Electronics	47%	25%	19%	56%	24%
Computer Hardware	38%	33%	23%	54%	31%
Tertiary Goods/Services					
Apparel/Shoes/Clothes	60%	32%	27%	70%	47%
Beauty Cosmetics	50%	44%	20%	44%	22%
Grocery	27%	24%	11%	31%	11%
Flowers, Gift Items	42%	32%	22%	20%	43%

(Source) Euromonitor, IMF, ASEAN EC Database Project, by MHC B Industry Research Division

Travel, Apparel and Software lead the EC Market in Vietnam, followed by Books and Cosmetics

Travel and books are quite easy to trust and hence are generally markers for EC. Travel became quite popular owing to the advent of groupon clones like Nhommuu that offered users substantial discount (60-70% in many cases). In the case of books, electronics, etc. key players such as Vatgia and Chodientu (E-Bay invested) indulged in heavy marketing, invested in a CoD Infrastructure and set up call-centers and chat lines to support queries from customers, leading to decent volumes.

Heavy discounting has made travel, books, software and apparel popular segments in Vietnam

Regarding apparel, discounting has also helped people check clothes offline and then purchase online. A number of smaller offline players have resorted to online as way to reach more people. The presence of a large apparel market in Vietnam is one of the key reasons why a number of offline players, and also VCs have targeted this niche segment for future growth.

Topics 5: Trust in EC and the Case of Nhomlua and All in One

The Nhomlua and All in One vouchers case has not helped the image of EC in Vietnam

Nhomlua was amongst the pioneers of group buying in Vietnam. The company was issuing thousands of vouchers a day and had a few thousand partners ranging from famous hotels to kids' items shops. However in December 2012, after a management problem, widespread complaints of rejection of vouchers by partner companies has led to a loss of trust amongst customers in Vietnam. In spite of continuing operations and promising refunds, the episode probably means it is the turn of proper B2C and platform players to offer service.

Similarly, another player, All in One has been accused by its partners of delaying settlements and consistently failing to clear payments on time. Both these episodes indicate how inability to manage customer accounts can lead to loss of trust and eventual inability to expand the EC business.

【Table 28】 Payments Methods: Cross-Area Comparison

Payment Method	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
Credit Card	56%	67%	40%	34%	19%
Debit Card	36%	31%	30%	46%	42%
Bank Transfer	53%	22%	50%	46%	39%
Mobile Payment	2%	5%	0%	8%	0%
CoD	25%	13%	30%	18%	58%
Others (Cheque, etc)	3%	3%	0%	1%	8%

Vietnam's CoD usage is the highest in Asia in owing to low trust, lack of payment infrastructure and fees levied on other payment methods

(Source) ASEAN EC Database Project, by MHC Industry Research Division

Cash usage is quite high because of not only low trust, but also owing to fees levied on credit card usage. In addition, Vietnam is fixing its payment systems only now. Lack of a proper payment and settlement system makes using credit and debit cards quite difficult. This is in contrast to Thailand, Malaysia etc. that have very good settlement systems.

Topics 6: CoD and the Difficulty in Removing It

Lack of awareness and lack of focus in payment infrastructure affects all stakeholders

The Vietnamese retailers are heavily reliant on CoD. Lack of customer trust is only one aspect that explains this. Merchants in Vietnam have invested heavily in cash handling systems and rely on the ‘safety’ of cash. This ignores the fact that credit cards or other mobile payment systems are cheaper by several percentage points. Indeed, it is believed that cash costs merchants around 5% extra in operational costs, when credit card costs are around 2% (Figures credited to TechnAsia).

Being a gaming country, extending pre-paid card use is a good option to consider in Vietnamese EC

The problem can be solved only if both the regulatory authorities and business in Vietnam come together to encourage non-cash payments. Since card penetration is not high, mobile payments and prepaid vouchers similar to the Indonesian Gudang Voucher could potentially greatly reduce dependence on cash as they provide reasonable security in return for value.

【Table 29】 Qualitative Barriers in Urban Vietnam

Trust Regarding	Item	Urban Thailand	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
Information Related	Not enough information to make decision	42%	32%	9%	28%	41%
	Too complicated to place order	13%	18%	9%	20%	5%
Vendor Related	Don't Trust Vendor	55%	32%	18%	24%	46%
	Uncomfortable with Idea	19%	23%	36%	15%	14%
Payment Related	Worried about card details	42%	24%	27%	31%	18%
Implementation Related	Faster to purchase at store	36%	32%	18%	20%	41%
	Never Tried	32%	44%	46%	44%	36%

Qualitative Barrier: vendor trust, payment system safety and perception of information weakness are key barriers

(Source) ASEAN EC Database Project, by MHC B Industry Research Division

Similar to Thailand, vendor trust, information gap along with lackluster customer service have led to physical competition being tough

Vendor trust and the information gap are two interlinked factors. Originally, Vietnamese consumers’ perception of online content has been low owing to Vietnam’s online scam/phishing issues. In addition, many Vietnamese websites are still simply catalogues, leading to an information gap perception. Furthermore, customer experience has not been up to the mark, leading to a negative cycle. This is a similar problem in Thailand as well. However, a key difference is that in Thailand and Malaysia, the availability of regulatory systems, logistics and payment infrastructure, etc. makes this problem easier to solve.

The whole picture can be summarized as follows

[Table 30] Pro-Cons Summary for Vietnam

Economic weakness, Infrastructure, regulations and trust form formidable barriers

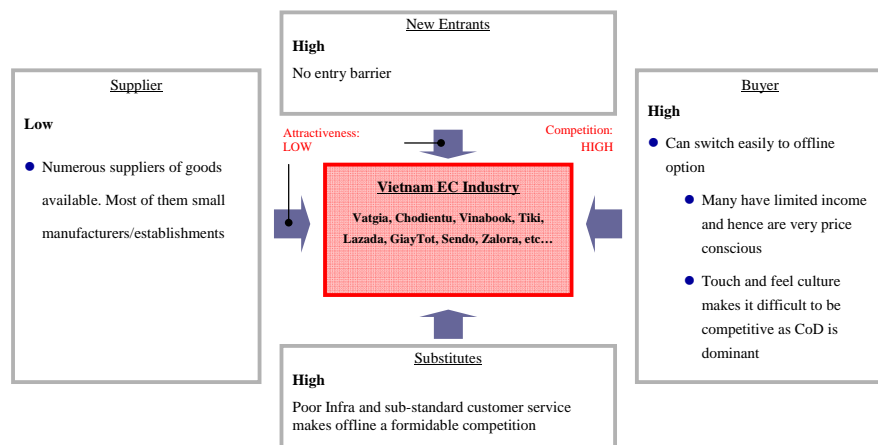
Pros	<ul style="list-style-type: none"> ● Telecom Infrastructure: Smartphone penetration is reasonably high and rising ● Trust: EC buying culture exists due to group buying history
Cons	<ul style="list-style-type: none"> ● Economic weakness: Income significantly lower than Asian urban average ● Infrastructure : Payments rely on CoD, weak logistics lead to physical competition ● Customer Protection: Laws are inadequate ● Trust: Vendor trust, information issues are prevalent on a significant scale

(Source) Analysis by MHC Industry Research Division

Vietnam Competition Overview: Not So Attractive at Present

Substandard infrastructure, poor practices and an inconsistent level of service makes Vietnam an unattractive market. While initially a general approach (aka Amazon) was favored, many players such as Giaytot (Apparel Vertical), and others have focused recently on niche approaches to succeed as a general approach has proved tough to focus and market. In addition, foreign companies have not found it easy in Vietnam as it takes quite a bit of customization to suit Vietnamese needs. Foreign companies who entered Vietnam recently have been finding the domestic market difficult to penetrate. This is likely to continue till a consolidation wave occurs, leaving only healthier players. The five forces snapshot is provided below as a quick summary of the situation in Vietnam.

Vietnam’s attractiveness remains low as too many players compete in a weak environment



Source: Analysis by MHC Industry Research Division

Recommendations:

Given the barriers in Vietnam, the following are critical areas for improvement

- **Logistics:** Fix courier tie-ups and make delivery more efficient. Indeed, options such as a tie-up with Vietnamese Post and specialized courier

companies should be considered as many convenience stores seem under-prepared to facilitate EC.

Much will depend on the redressal and fulfillment improvement efforts of Vietnamese EC companies

- **Trust:** Greivance redressal is critical. Training of human capital and creation of policies to ensure customer friendliness as regulations are weak. Advertising of these measures will be very important.
- **Non-Cash Payment:** Discounts for non-cash payments such as cards and pre-paid vouchers are needed. Current levels of cash use are not helpful for boosting EC.
- **Strategic/Financial Partnership:** If a foreign partner is required, a financial partner is preferable as considerable financial resources are needed to improve the current situation. Alliances could follow later after a period of consolidation or depending on a specific strategic opportunity presenting itself.

Strategic tie-ups between Japanese companies and local players could be limited to specific case-by-case merits

- **Note on Japanese Partnership:** A number of financial investors (with prior EC experience) such as Mitsui and Cyberagent have invested in Vietnam owing to the perceived potential of Vietnam's EC market. While Japanese strategic partners are capable of contributing as well, significant economic and infrastructure barriers bring into question the efficiency of such a contribution. Indeed, support from a financial perspective that includes some business related advice/support is likely the most appropriate way to support local firms in addressing their barriers. Of course, this does not preclude strategic tie-ups on a case by case basis.

Section Appendix: List of EC Players in Vietnam

Platformers Vatgia and Chodientu are the key players. Vatgia in particular has grown because of its ability to build its own courier network and offer CoD services. Instead of focusing on marketing disproportionately like many other competitors, Vatgia focused on getting logistics right. This is something other competitors could emulate.

Ebay has invested in Chodientu, and foreign players such as German Rocket Internet and Chinas’s Vancl are also trying for expansion in the Vietnamese Market. However, infrastructure issues seem to be formidable, and is probably costing heavily in terms of resources as the user base is not easy to expand. General B2C companies have experienced difficulties in targeting and sending focused messages leading to a rise in vertical focused players.

A number of niche players are targeting verticals as a general approach has proved costly

Vertical Focus with an Aim to get Logistics Right: Niche players in apparel, shoes and books are increasing as apparently general EC players have not been able to succeed with a multi-segment focus. Firms are attempting to address their niche markets appropriately and fix key issues such as logistics.

【Table 31】 Key EC Players in Vietnam

Type	Company Name	Details
B2C, Platformers and Hybrid C2C	Vatgia	Largest Platformer in Vietnam offering wide range of goods to customers. First mover advantage, but selling everything has proved expensive under warehouse model
	Chodientu	Originally C2C,eBay backed, focuses on fashion and electronics
	Lazada	Amazon Clone, currently investing heavily and expanding presence
	Tiki	English and Vietnamese Books focused, Amazon clone, currently expanding from Books to other segments
	Solo	General EC player, Launched by VC Corp
	En Bac	C2C site, very popular initially
	1 Top	Focuses on electronics and fashion
	123.vn	e-tailer with focus on electronics and fashion
	Nava	e-tailer with wide goods selection
Vertical Focused Niche B2C	Giay Tot	Very famous for shoes apparently
	Vinabook	Focused on books as opposed to Tiki, the other books vendor
	Noyyo	Apparel Vertical
	Sendo	Fashion and Cosmetics oriented player
	Zalora	Apparel Focus, similar to its sister sites in Malaysia, Indonesia, Thailand and Philippines
C2C	5 Giay	Forum based online retail site resembling giant flea market
	Rong Bay	Craigslist Clone with a reasonable user base
	Mua Ban	eBay clone, allows smaller merchants to list and sell

(Source) Based on public materials, Prepared by MHC B Industry Research Division

Conclusion:

The overall analysis does throw up some interesting and also some expected results. To recap briefly, urban areas dominate the economy of SE Asia not only in income level, but they also dominate SE Asia in terms of parameters such as telecom, payments and logistics infrastructure. However, the issues involved vary by area and are summarized as follows

【Table 32】 Summary Table of Scores

Item	Urban Thai	Urban Malaysia	Urban Philippines	Urban Indonesia	Urban Vietnam
Quantitative Drivers Raw Score	62	60	40	32	32
①: Weighted Points (Max: 56) Weight: 80%	50	48	32	26	26
Qualitative Driver Raw Score	30	34	48	42	36
②: Weighted Points Weight: 20% (Max: 14)	6	7	10	8	7
Total Points: ①+② Maximum: 70	56	55	42	34	33
Competition Points Reference	20	15	20	10	10
Rank	1	2	3	4	5

←
Inflection Point: 40
→
 (> 50% of max needed)

(Source) Prepared by MHC B Industry Research Division

The state of competition can be summarized as follows based on the analysis in the previous sections Thailand and the Philippines come across as attractive, while Indonesia and Vietnam are quite difficult to enter/compete in.

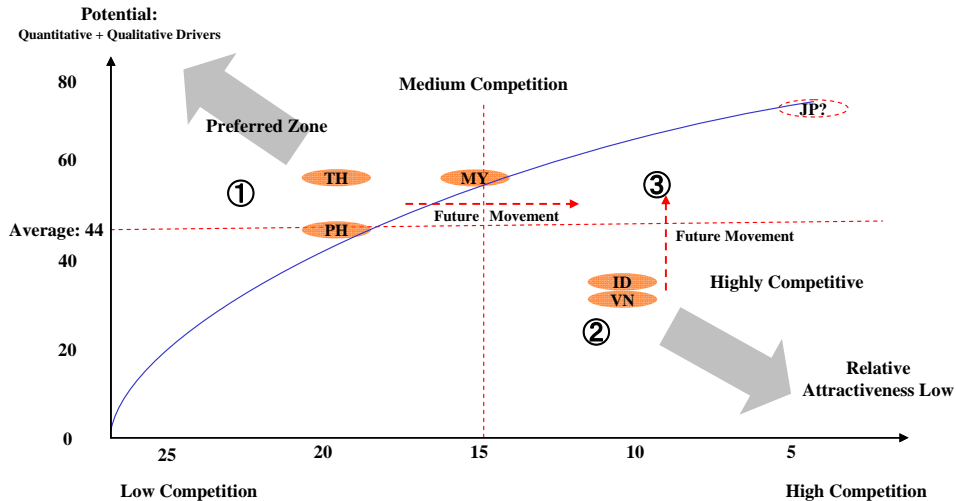
【Table 33】 Summary Table for Competition

Market	Status	Evaluation	Points
Urban Thailand	<ul style="list-style-type: none"> ▶ Not many mainline B2C players/platformers with scale ▶ C2C history ▶ Foreign players entering recently 	<ul style="list-style-type: none"> ▶ Few domestic players have scale; ▶ Foreign players are rising but not severe yet 	20
Urban Philippines	<ul style="list-style-type: none"> ▶ C2C role is significant ▶ Offline and Pure (foreign incl.) B2C/Platformers beginning to strengthen presence 	<ul style="list-style-type: none"> ▶ Some popular domestic players but none with scale; ▶ Foreign presence rising but still limited; competition not so severe 	20
Urban Malaysia	<ul style="list-style-type: none"> ▶ Moving to mainstream competition as domestic and foreign platformers/B2C players improve their business 	<ul style="list-style-type: none"> ▶ Medium Level of Competition as many foreign players have begun to rise though local players are still lacking 	15
Urban Indonesia	<ul style="list-style-type: none"> ▶ Many offline, foreign players incl general and niche B2C are present 	<ul style="list-style-type: none"> ▶ High Competition as many target a small market and too many foreign players targeting a conservative place 	10
Urban Vietnam	<ul style="list-style-type: none"> ▶ Platformers, many general domestic and foreign B2C and niche B2C are present 	<ul style="list-style-type: none"> ▶ Competition is quite high as too many players (both pure and niche) targeting a growing but small base 	10

(Source) Prepared by MHC B Industry Research Division

That leads to the following conclusion in terms of competitive positioning

[Fig 34] Overall Positioning of Each Market



(Source) Mizuho Analysis, Prepared by MHC Industry Research Division

A more detailed way to understand the picture of EC in SE Asia would be as follows

Trust, the Common Issue: Trust is a feature that is a common issue across SE Asia. Being a naturally low-trust environment only adds to the difficulty of electronic commerce. The key factor to note is that barring the Philippines, the trust deficit remains the most serious issue even in high potential markets such as Thailand and Malaysia.

Understanding issues other than trust is also critical because this, in combination with trust, will form the basis for deciding where capital needs to be deployed to grow the business.

The series of tables and figures can be summarized marketwise as follows to capture the essence of EC in all these markets under consideration.

Thailand:

- **Overall:** Economic strength and infrastructure are the greatest positives. However, trust and implementation issues, especially with logistics, lack of a redressal mechanism and low usage of alternate payments such as mobile are vital areas for improvement. The initial impression of sites being simple ecatalogues seems to still influence Thais' view of EC despite the recent trends to the contrary.
- **Future Focus Area:** Building trust will be critical. Steps could include streamlining implementation of logistics, improving customer friendliness through measures such as easier returns policies, and more importantly expanding the use of tools such as social media to communicate and reach more customers. Additional areas for improvement include incentivizing alternate payment methods such as convenience store and mobile payments.

Malaysia:

- **Overall:** Economic strength, Infrastructure are close to developed country standards. However, similar to Thailand, trust, low usage of alternate payments such as mobile and delay in customer legal protections implementation are key drawbacks. Similar to the Philippines, the initial negative impression in consumer marketplaces seems to persist while older Malays seem not to purchase so frequently online despite having high income levels.
- **Future Focus Area:** Given the high level of smartphone penetration, incentivizing mobile payments comes first. Next is expanding the user base and increasing trust. Given the competition from physical shopping, using offline events/partners to convey safety improvements in EC could help attract older customers. Additional areas for improvement would include ironing out wrinkles in deliveries/returns to compete better with brick and mortar stores.

Philippines:

- **Overall: An attractive market,** the Philippines has many advantages over better placed Thailand and Malaysia. While income levels are reasonable, the Philippines is the only country that seems to have gotten the elements of trust and consumer protection correct. In addition, it is the best placed in terms of mobile payments readiness.
- **Future Focus Area:** Logistics solutions implementation needs to be expanded while alternate payments need to be encouraged, principally mobile payments and the convenience store option. Another potential area could be uniformity in returns policy. In addition, it seems there are a sizeable number of people skeptical of EC owing to initial experiences on C2C sites. Those people should be made aware of the remarkable changes that are occurring/have occurred in the ecosystem especially in terms of improved security features.

Indonesia:

- **Overall:** Not very attractive. Unfortunately, economic strength is the only point Indonesia can really boast of besides having ranked reasonably in terms of human capital. However, access issues (low level of smartphone and credit card penetration) cut off too many people from EC as shown in the sections above while, logistics issues impact repeat rates and push down trust further.
- **Future Focus Area:** Fixing logistics arrangements and boosting alternate payments systems such as pre-paid vouchers should be the first on the list. In addition, marketing measures such as offline events at public places, incentives to use alternate payments such as mobile and service support measures to increase customer satisfaction would be essential to building trust and getting more people to use EC.

Vietnam:

- **Overall:** Relatively less attractive market, yet it has a comparatively high level

penetration of smartphones, existence of a EC buying culture due to group buying sites and the availability of plenty of mobile payment technologies, though these are as yet not fully utilized.

- **Future Focus Area:** Key areas are logistics, payments and improving customer trust. Vietnamese companies could court foreign financial partners to help build scale by investing in logistics tie-ups, integration of alternate payments, customer support, expanding the goods universe, etc. Lack of regulatory mechanisms implies the pressure on companies is much higher to get the whole experience right.

Thus, while Thailand and Malaysia don't have many surprises, contrary to perception, the Philippines comes out at a higher rank compared to Indonesia and Vietnam, which have been given a considerable amount of attention. However, all the markets have the potential to reach critical mass provided the area specific factors mentioned above are addressed.

Foreign Partnership Summary: Based on the current needs of the local SE Asian EC Companies, the following is the summary of the focus areas for potential partnership with foreign (especially, Japanese) EC Companies.

【Table 35】 Summary Table for Foreign Partnership

Market	Needs	Potential Foreign / Japanese Partners
Urban Thailand	<ul style="list-style-type: none"> ● Fixing poor trust in vendor, experience and payment security 	<ul style="list-style-type: none"> ● Partnership could be most beneficial to improve user experience, people's trust in vendor and increase user base
Urban Malaysia	<ul style="list-style-type: none"> ● Need to widen reach, compete better with offline players, improve trust (vendor and site) 	<ul style="list-style-type: none"> ● Could benefit from offline partners such as AEON to boost trust/expand reach; ● Medium players can benefit from JP partners training, design expertise and also niche positioning of JP goods
Urban Philippines	<ul style="list-style-type: none"> ● Both established and emerging players have troubles with reach, quality, customer trust 	<ul style="list-style-type: none"> ● Could benefit from a partnership with Japanese online players especially for boosting trust (human capital training, web design, multi-channel marketing for example) and niche JP goods
Urban Indonesia	<ul style="list-style-type: none"> ● Need to widen reach, communicate changes to design and improve payments 	<ul style="list-style-type: none"> ● Offline/Larger Online Players can benefit from JP players expertise in cross-channel marketing, human capital training, etc ● Select players could tie up for selling niche Japanese goods
Urban Vietnam	<ul style="list-style-type: none"> ● Finance needs to fix many issues such as logistics, payments, authenticity of goods, etc. 	<ul style="list-style-type: none"> ● Better to look for financial backers such as VCs to strengthen operations and build scale first ● Strategic partners from JP not recommended now

(Source) Prepared by MHC B Industry Research Division

Acknowledgment:

The Author wishes to deeply thank industry people who shared their time and insights to make this paper possible. Also, the innumerable number of unnamed websites, articles, opinions that helped firm up the reasoning process are also acknowledged with gratitude.

Appendix 1: Definitions for Quantitative Drivers

【Table 36】 Definitions for Quantitative Drivers

Variable	Strength: High is Good; Low is Bad
Economy based on GDP per Capita	<ul style="list-style-type: none"> ▶ High Economic Strength: >9,000 \$ upwards per year ▶ Medium Strength: US\$ 5,000-9000 (Asian Urban Developing Average: US\$ 5,313) ▶ Low Strength: < US\$ 5,000
Telecom Smartphone	<ul style="list-style-type: none"> ▶ High : > 30% penetration ▶ Medium : 20-30% penetration (Asian Urban Developing Average: 11.9%) ▶ Low : < 20% Low
Financial Credit card	<ul style="list-style-type: none"> ▶ High : > 10% penetration ▶ Medium : 5-10% penetration (Asian Urban Developing Average: 6.3%) ▶ Low : < 5% penetration
Financial Debit card	<ul style="list-style-type: none"> ▶ High : > 30% penetration ▶ Medium : 20-30% penetration (Asian Urban Developing Average: 23.1%) ▶ Low : < 20%
Logistics LPI Rank	<ul style="list-style-type: none"> ▶ Low : > 55 Rank globally ▶ Medium : 30-55 Rank (Asian Urban Developing Average Rank: 57) ▶ High : < 30 Rank (Japan is 8/155)
Human Capital Index	<ul style="list-style-type: none"> ▶ High : > 65 ▶ Medium : 50-65 (Asian Urban Developing Average: 59) ▶ Low : < 50

(Source) Prepared by MHC Industry Research Division

Appendix 2: Definitions for Qualitative Drivers (Derived from ASEAN EC Survey)

The degree of severity in the lack of strength in qualitative driver has been defined as follows based on the reply patterns to the survey conducted by ASEAN in November 2010 regarding EC in SE Asia.

【Table 37】 Definitions for Qualitative Drivers

Level	Strength: High is Good; Low is Bad
0-10%	<ul style="list-style-type: none"> ▶ Points: 10 ▶ Interpretation: Qualitative Barrier is Low; is not an inhibitor/ could be considered mild
11-20%	<ul style="list-style-type: none"> ▶ Points: 8 ▶ Interpretation: Medium-Low Qualitative Barrier; addressable/being solved already
21-30%	<ul style="list-style-type: none"> ▶ Points: 6 ▶ Interpretation: Medium Qualitative Barrier; addressable/extra effort needed
31-40%	<ul style="list-style-type: none"> ▶ Points: 4 ▶ Interpretation: Medium-High Qualitative Barrier; Need some focus to reduce problem
> 40%	<ul style="list-style-type: none"> ▶ Points: 2 ▶ Interpretation: High Qualitative Barrier; significant hurdle to expanding business

(Source) Prepared by MHC Industry Research Division

Appendix 3: Definitions for Competition
【Table 38】 Definitions for Competition

Points	Strength: Higher the Score the Better
25	<ul style="list-style-type: none"> ▶ Interpretation: Competition is quite low ▶ Hypothesis: Not many players in the market; an ideal situation that doesn't exist often
20	<ul style="list-style-type: none"> ▶ Interpretation: Medium-Low Competition ▶ Hypothesis: Market beginning to see competition but still not many players exist ▶ Many players entering market; but still not many
15	<ul style="list-style-type: none"> ▶ Interpretation: Medium Competition ▶ Hypothesis: Market beginning to see competition but still acceptable to enter
10	<ul style="list-style-type: none"> ▶ Interpretation: High Competition ▶ Hypothesis: Many players targeting a small user base and having less differentiation; need strong rationale to enter
5	<ul style="list-style-type: none"> ▶ Interpretation: Severe Competition ▶ Hypothesis: More severe version of above; almost impossible to enter

(Source) Prepared by MHC Industry Research Division

References

1. 2010, ASEAN EC Database Project, all rights reserved. Retrieved from www.aseansec.org/.../ASEAN%20eCommerce%20Database%20Project.pdf
2. Reuters (April 2013). Currency Exchange rates as on Dec 30 and Dec 31, 2009,2010,2011 and 2012 for USD against JPY,MYR, IDR,THB,PHP andVND.
3. Bui, Minh. (2013, February 11). Thailand's EC space from the eyes of local entrepreneurs, <http://e27.co/2013/02/11/thailands-ECspeciallyace-from-the-eyes-of-local-entrepreneurs>, Retrieved from <http://e27.co>
4. Do, Anh-Minh. (2012, Dec 13). EC in Vietnam: A Status Report [Parts 1-3], <http://www.techinasia.com/EC-vietnam-status-report-part-1/>, Retrieved from <http://www.techinasia.com>
5. Nguyen Ngoc Diep 2011, Vatgia Presentation 2011, PowerPoint presentation, Vietnam price Joint Stock Company, Hanoi
6. Economist Intelligence Unit. Hot spots: Benchmarking global city competitiveness (2012). February 12, 2013. <http://www.eiu.com/>.
7. Euromonitor. (2012). Internet Retailing and Retailing, Passport. Data retrieved August 28, 2012, from <http://www.portal.euromonitor.com/>.
8. International Monetary Fund (2012): World Economic Outlook Database (<2012/4>)
9. the MasterCard Mobile Payments Index (Retrieved February 17, 2013)
10. Asli Demirguc-Kunt and Leora Klapper, 2012, "Measuring Financial Inclusion: The Global Findex Database", World Bank Policy Research Paper 6025
11. Liao Yun Qing. (2012, Nov. 29). APAC auction sites buy into B2C space, <http://www.zdnet.com/apac-auction-sites-buy-into-b2c-space-7000008086/>, Retrieved from <http://www.zdnet.com>
12. ERICSSON VIETNAM COMPANY LTD. (2012, August 6). Vietnamese consumers show increasing demand for smartphones and tablets [Press release]. Retrieved from http://www.ericsson.com/vn/news/2012_vn_smartphone_demands_254740123_c
13. Informa Telecoms & Media (2012), Smartphone Connections Forecast, © Informa UK Ltd 2013. All rights reserved.
14. Logistics Performance Index (2012), The World Bank.
15. Ho Chi Minh GDP per Capita. USAID Vietnam, Ho Chi Minh City Shows the Way in Administrative Procedures Reform, Retrieved from <http://vietnam.usaid.gov/ho-chi-minh-city-shows-way-administrative-procedures-reform>
16. Bangkok Urban GDP per capita, Office of the National Economic and Social Development Board>GROSS REGIONAL PRODUCT AT CURRENT MARKET PRICES, Retrieved from <http://eng.nesdb.go.th/Default.aspx?tabid=37&Search=Domestic+Product+Data+for+all+the+P>

rovinces+of+Thailand

17. **Jakarta GDP per Capita, Department of Communication, Informatics and Public Relations of Jakarta Capital City, Retrieved from**
<http://www.jakarta.go.id/english/news/2012/03/jakarta-capital-citys-economic-growth-in-the-4th-quarter-of-2011->
18. **Kuala Lumpur Urban GDP per capita, The Department of Statistics, Malaysia>Gross Domestic Product by State, Retrieved from**
http://www.statistics.gov.my/portal/images/stories/files/LatestReleases/gdp%20negeri/gdpnegeri_2010/Table5.pdf
19. **Manila Urban GDP per capita, National Statistical Coordination Board>REGIONAL ACCOUNTS OF THE PHILIPPINES>Table 5.1A. PER CAPITA GROSS REGIONAL DOMESTIC PRODUCT, Retrieved from**
http://www.nscb.gov.ph/grdp/2011/dataCharts/GRDP_Con_Reg_P_2011.xls

© 2013 Mizuho Corporate Bank, Ltd.

This document has been prepared solely for the purpose of providing financial solution information. This document is not a recommendation or solicitation for sales. Nor does it constitute an agreement to enter into transactions with any Mizuho Financial Group company.

This document has been prepared based on information believed to be reliable and accurate. The Bank accepts no responsibility for the accuracy or appropriateness of such information. Upon using this document, if considered appropriate, or if necessary, please consult with lawyers, CPAs and tax accountants.

© Mizuho Corporate Bank, Ltd. All Rights Reserved. This document may not be altered, reproduced or redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Corporate Bank, Ltd

Edited / issued by Industry Research Division Mizuho Corporate Bank, Ltd.

Address: 1-3-3 Marunouchi Chiyoda-ku Tokyo

Tel: (03)5222-5075

MIZUHO



OneMIZUHO
未来へ。お客さまとともに

