



A perspective on ecommerce in VN through the
example of Lazada Marketplace

Alexandre Dardy
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Indonesia

Malaysia

Philippines

Singapore

Thailand

Vietnam

Is VN ecommerce is walking in China steps?

2%

>10%

All lights are green, as were China's 10 years ago

Rising Customer Demand for Online

Booming Macro Environment

- Very young growing population in SEA
- Avg +5% GDP growth per year across SEA expected by 2020

Customer online usage adoption

- Strong internet penetration (>40% in VN)
- Rapid adoption of mobile usage (>20% smartphone penetration)

Supply and Infrastructure Development

Retail market traction

- 5 years ago, Ecommerce was 100% under Retail , with a few classifiers enabling C2C
- Now, ecommerce is blooming into a B2B2C model steered by 100k+ merchants

Logistics

- 5 years ago, no logistic partner was able to do ecommerce (not even VNP)... Since then players have invested in team, IT and system to grow a a 100k+/d capacity

Lets talk about our model evolution....



2012- 2013

100% Retail
10k unique products

0%

2015

0 to 80% Marketplace
From 10k to 500k products
nationwide presence

80%

Today we will illustrate VN retail market education through the example of Lazada Marketplace

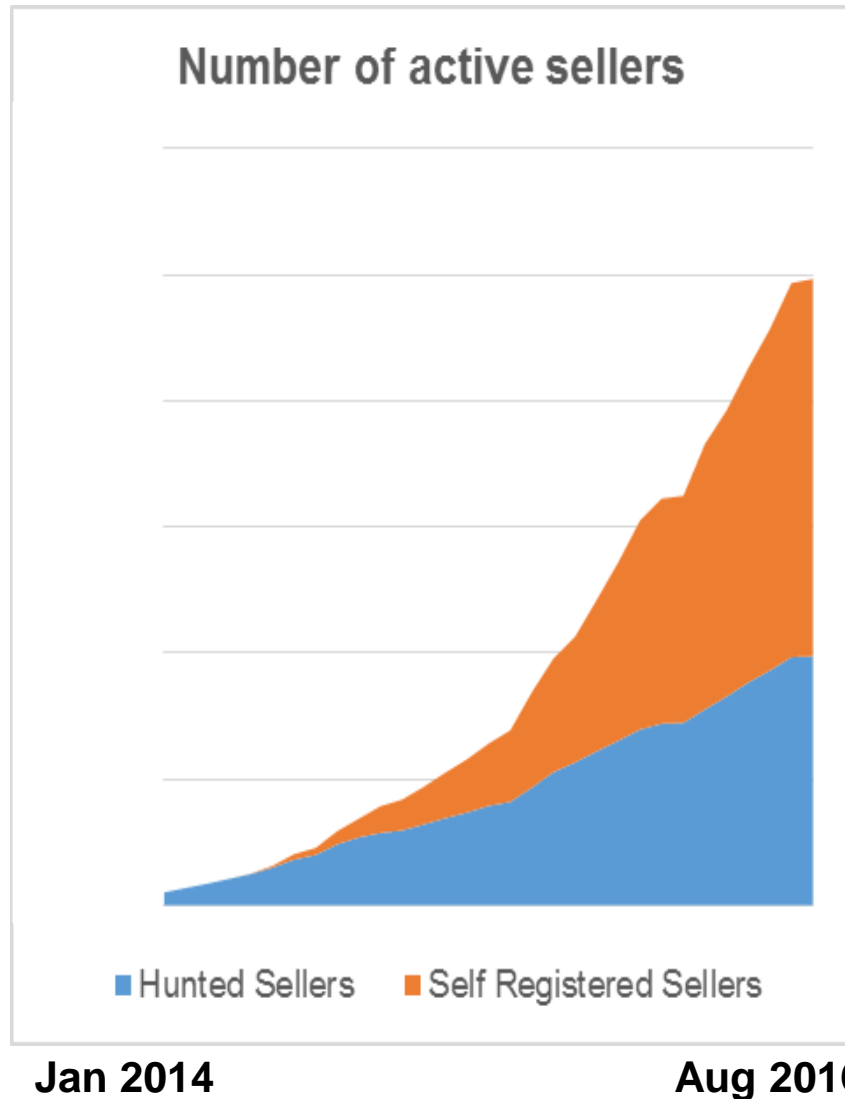
Why marketplace model

- The power of **scale**
- The Leveraging of **experts** know how
- The limit of **inventory risk**
- The **logistic footprint** across the nation
- **Focus** our resources on online expertise

What it brings to the customers

- Unique choice of **assortment**
- Best **price** & market trend
- National **Delivery coverage**
- Best online **shopping experience**

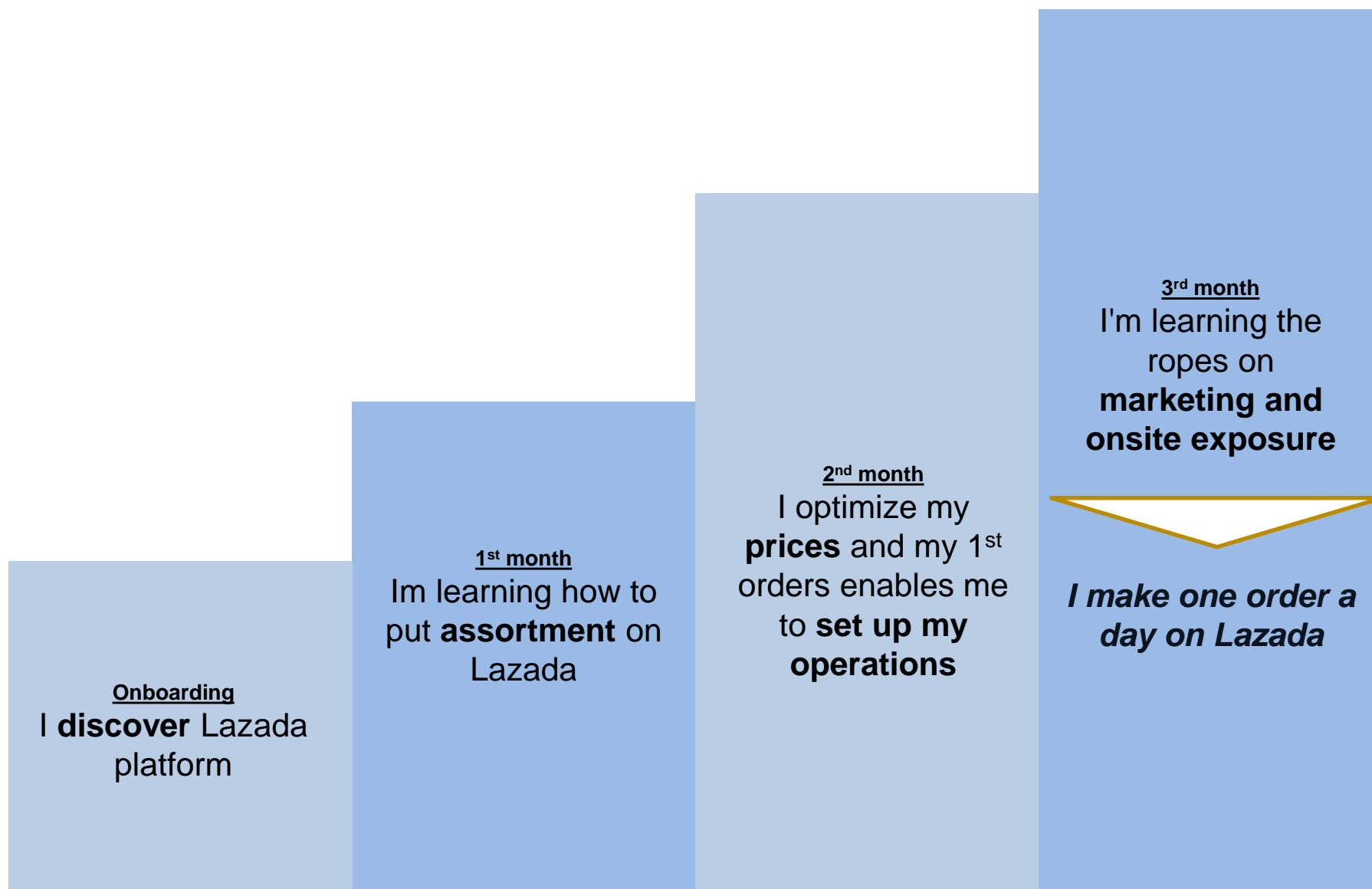
Over the last 3 year we onboarded 5000+ sellers of various types and can see a raising quality momentum



- **A merchant pool exponentially growing with an improving quality ...**
 - From 1 to >5000 within 2 years
 - From papa mama shops to Biggest retailers and Brands

- **....Acquired with an increasing efficiency**
 - Door to door... to mass conference
 - From push to pull: the raise of online self-registration
 - Alibaba traction and Lazada Regional scale as gate openers for Brands

Lazada role is to educate merchants along the merchant ecommerce journey



Which we achieve through a simple set of tools and processes

Offline/Online Training

- Webinars
- Offline training
- Conference cycle

Online Self help

- Knowledge portal (Lazada University)
- Triggered alerts
- A-la-carte services subscription

1 to 1 Assistance

- Partner Support Center hotline
- Key Account management

..and mitigating risks to preserve customer experience and unicity of Lazada service

Lazada merchants “must do”

- **Sell Genuine and quality product**
- **Do the right packaging**
- **Ship your product in time**

How we make it happen

- **Preventive:** brand certifications
- **Corrective:** customer complaints and returns (penalties, turning offline etc etc)
- **Preventive:** clarified rules and mandatory training
- **Corrective:** penalties based on a 100% parcel scanning in sorting center
- **Preventive:** clarified rules and mandatory training, then penalties based on lead time monitoring
- **Corrective:** penalty, order volume limitations

Rising Customer Demand for Online

Customer online usage adoption

- **Internet** penetration growing 5 pts a year...
...**Smartphones** penetration as well
- **Ewallet** solution taking off
- **Rural** online revolution

Supply and Infrastructure Development

Retail market traction

- Creation of an **ecosystem** supporting the big brands and the big retailers (i.e. a new actor in the value chain)

Logistics

- **Super fast delivery** solution enabled
- **Pick up points**

Yes: VN ecommerce is walking in China steps

2%



>10%
1 Million
orders a
day