

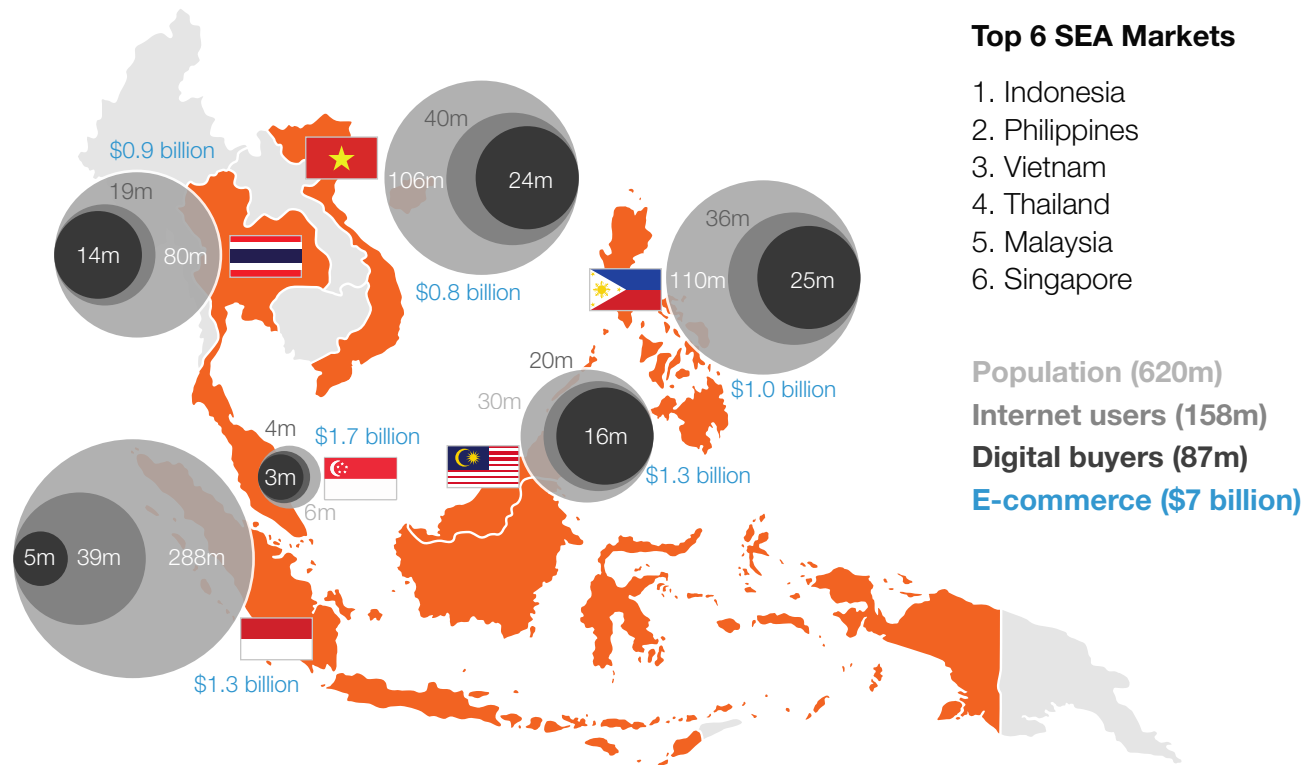
Practical Commerce

The Key to Future-proof Growth for SEA Ecommerce Retailers



Introduction

The Southeast Asian region has the potential to become a dominant force in global eCommerce within the next 5 years. Young populations, increased mobile adoption, internet penetration, and rising disposable income will be significant contributors to this enormous growth. This also means that merchants, who typically sell on major marketplaces like Lazada or AliExpress, will soon need to be more mindful of the type of experience they are offering their customers.



Historically in SEA eCommerce, the focal point has been simply to make sales, with less weight placed on the customer journey, personalized and unified experiences, or overall engagement with an audience. A more practical approach will be necessary for these merchants to achieve consistent growth and remain competitive in a more saturated market. Magento can equip these merchants with the necessary tools to do so.

“ Southeast Asia (SEA) is becoming the third pillar of growth in Asia after India and China. Estimates project it as becoming the world’s 4th largest economy in 2050, a three position jump from where they currently stand at 7th. SEA’s ecommerce CAGR is projected at 37.6% from \$7 billion to \$34.5 billion between 2013 and 2018. ”

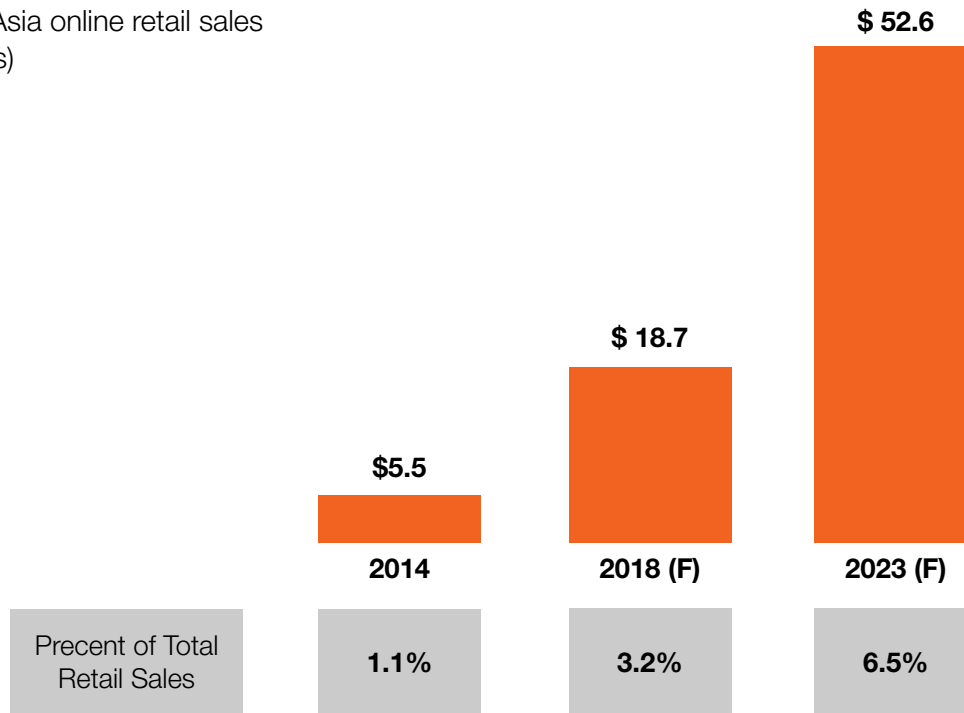
[Gaspar, 2016]

Ecommerce in Southeast Asia

The six major markets in Southeast Asia had an estimated 272 million adults with internet access at the end of 2018. Forrester research predicts that this number will contribute to approximately \$53 billion in regional B2C sales by 2023 -- comprising 6.5% of total retail sales at that time.

Online Retail in SEA to Reach \$53 Billion by 2023

Southeast Asia online retail sales
(US\$ billions)



Note: Includes only B2C online retail, Does not include C2C and Social commerce

Source: Forrester Analytics: Online Retail Forecast, 2018 To 2023 (Southeast Asia)

Ecommerce activity in the region primarily takes place on more pervasive sites like Lazada and Shopee or on social media. The emphasis on customer experience rarely goes above and beyond order and fulfillment, and there are no obvious reasons for customers to repurchase aside from the fact that these large marketplaces have cornered the market.

So what exactly is being overlooked? What might be the impetus for a shift in merchant and buyer behaviour? Effective implementation of a digital strategy requires a thorough understanding of how personalization will allow the brand and product to stand out when compared to the sea of competitors present on eCommerce marketplaces.

Many online retailers in SEA are volume-centric and aren't aware of how they might stack up against sophisticated sites like Amazon. Below are some key aspects that any retailer should heavily consider when attempting to offer an experience comparable to that of a high-level B2C merchant or high-volume seller on a larger marketplace.

A Practical Approach to Ecommerce

To many merchants in the region, sales are the fundamental harbinger of sustainable growth. They operate under this assumption and tend to neglect the aspects of their customer's journey that would influence a buyer to return and/or recommend that merchant to other potential clientele. There are proven philosophies that any merchant should consider applying to their digital strategy in order to further connect with their customers:

- ✓ **Thinking beyond the sale**
- ✓ **Engaging with visitors**
- ✓ **Improving customer experience**
- ✓ **Earning Brand Loyalty**
- ✓ **Counteracting inefficiencies**



COURTS is a leading furniture and consumer electronics retailer in Singapore. With the help of SmartOSC and the Magento platform, they managed to implement a practical commerce model emphasizing the points above.

✓ **Thinking beyond the sale**

Previously, COURTS brick-and-mortar locations were purely transactional i.e. places for customers to go and make purchases based solely on demand. Increasing their webstore capabilities allowed COURTS to remain present in these visitors minds even when they were away from the physical retail space. The intention was to make the conventional stores more of an experience and allow purchasing from the webstore at any time.

✓ **Engaging with visitors**

Customer information was collected at all touchpoints, equipping COURTS with the data they needed to reach their target market more effectively and engage with them on a higher level based on this understanding.

✓ **Improving customer experience**

COURTS added a “click-and-collect” feature that allows customers to purchase items online then pick them up in store. This helps by removing any doubts they might have about the availability of the product or shipping times/costs while also unifying the in-store and online experiences. Mobile responsiveness was also emphasized, offering customers a natural and fluid experience across all devices.

✓ **Earning Brand Loyalty**

The cohesive model and ever-present concept elevated COURTS already impressive standing to essentially the go-to business for furniture and consumer electronics. The brand is at the forefront of consumers minds whenever they consider purchasing products within these categories thanks to their omnichannel approach to eCommerce and retail sales.

✓ **Counteracting inefficiencies**

COURTS former eCommerce platform could not meet the demands for growth due to limitations in functionality and extendability. Magento allowed them to fully integrate and increase stability due to the power of the platform.

“ **Magento Commerce is the right choice for us, allowing fast and scalable development. Thanks to its modern architecture that focuses on flexibility, support for horizontal scaling and latest technologies, the platform simplifies the implementation of our complex project.** ”

Stan Kim | Chief Strategy Officer at COURTS Asia

Solution Highlights

- ✓ Platform: Magento Enterprise 2
- ✓ Responsive Design
- ✓ Click and Collect Implementation
- ✓ Adoption of HTML5 Elements
- ✓ Intergration with Emarsys for Email Marketing, Microsoft Dynamics NAV ERP
- ✓ Promotion Enhancement with Flexible Discount Method
- ✓ SEO Best Practises Implemented

Key Results

41% growth in Revenue

35% growth in Transactions

11% growth in Conversion rate

4% growth in Average Order Value

**2019 Imagine Excellence
Awards Finalist**
Best Sales Channel Growth

imagine
2019



Courts Asia
SmartOSC

Major Factors to Consider

Earning repeat business is a multi-faceted endeavour that requires a brand to stand out from its competitors and make an impression on customers. To do this, it all comes down to the customer experience. Any business should be mindful of some practical methods for enhancing the customer journey.

Personalization

Each customer will have different expectations and behaviour. These variables can come from both sides and could be based on quantity, account value, conversion, complexity, or any number of industry-specific influences. This requires a practical approach to offering these buyers suitable solutions.

Automation will be a driving force behind improving personalization in the future, but for now, merchants should ensure they have systems in place that will notify the necessary people when an order requires a more complex or human touch. If retailers can consistently offer a personalized experience, they can expect buyers to return time and time again.

“ Personalization results in faster order processing, converting more orders and creating customer loyalty. ”

[Insite]

UX and UI

How your site looks and behaves will play a major role in buyers perception. Efficiency, data protection and brand image are all factors that could give merchants a competitive advantage, but are typically thought of as industry standards. Businesses should think about how to go above and beyond and stand out amongst the crowd, and this relates strongly to the personalization aspect and how well developed your site is.

Mobile responsiveness is also crucial, considering mobile ecommerce sales are expected to account for 54% of total eCommerce sales by 2021. Thankfully, there are hundreds of templates available for Magento that will give a site the modern and responsive style it needs, with the ability to customize and improve as well.

Fulfillment

Simplifying and personalizing the purchasing process is only part of the customer's journey. If they had a great time navigating your site and placed a significant order but then receiving the physical product was a headache, you can guarantee that customer will look elsewhere to fulfill their needs next time. There are three key components to effective fulfillment:

As with personalization, automation will aid in efficient fulfillment in years to come, but merchants are still responsible for being knowledgeable regarding the logistics and delivery of their product.

Trust Building

This is a major deterrent in SEA, especially for buyers outside of the region. The lack of access to a support network, trustworthy payment gateways and financial infrastructure can be a deal-breaker, which hurts even more considering how far along the customers are at the point they are ready to make payment. The majority of B2C eCommerce transactions in SEA are still completed via cash-on-delivery because of this distrust.

Trust is built through complete transparency and support. Your customers need to know they can depend on you and that you have their best interests in mind. Businesses can also demonstrate their past trustworthy accomplishments by including testimonials or reviews from previous or current customers, by displaying well-known partners on their site, and through air-tight policy generation to put your prospective customers minds at ease.



Essentials for Launching a Lean, Practical eCommerce Store

When looking to launch an online store as quickly as possible, whether to supplement an existing retail store or to transition into a fully online entity, there are certain things that an etailer needs to be mindful of. Ecommerce practitioners should always have a clear sense of identity that conveys integrity and a willingness to go the extra mile to earn the customers trust and business.

Brand-driven

Building a culture that surrounds your brand is integral to relating to your target market. Well-known companies have dedicated a lot of time, money, and brilliant marketing in order to display a consistent personality and lend a voice to their brand that is instantly recognizable and that speaks to their customers and prospects. The image is important for reaching the prospects that you want to pay attention to your brand, for example, it would be remiss for a company that wants to be considered as highly professional to broadcast a juvenile or playful image.

The rise of social media has proven to be a driving force behind brand identity and connection with an audience. With the influence and reach of numerous platforms that allow unprecedented engagement opportunity, it's important for any eCommerce brand to expand their presence and have an understanding of how to use each platform to their advantage.

Unique Selling Proposition

The USP is a marketing concept that gained traction more than half a century ago. The general idea is that it should be a company's responsibility to demonstrate why their product or service is better than a competitor, and leverage that to convince customers to convert. Ecommerce is a highly competitive industry, therefore having a strong USP is essential for standing out amongst the crowd.

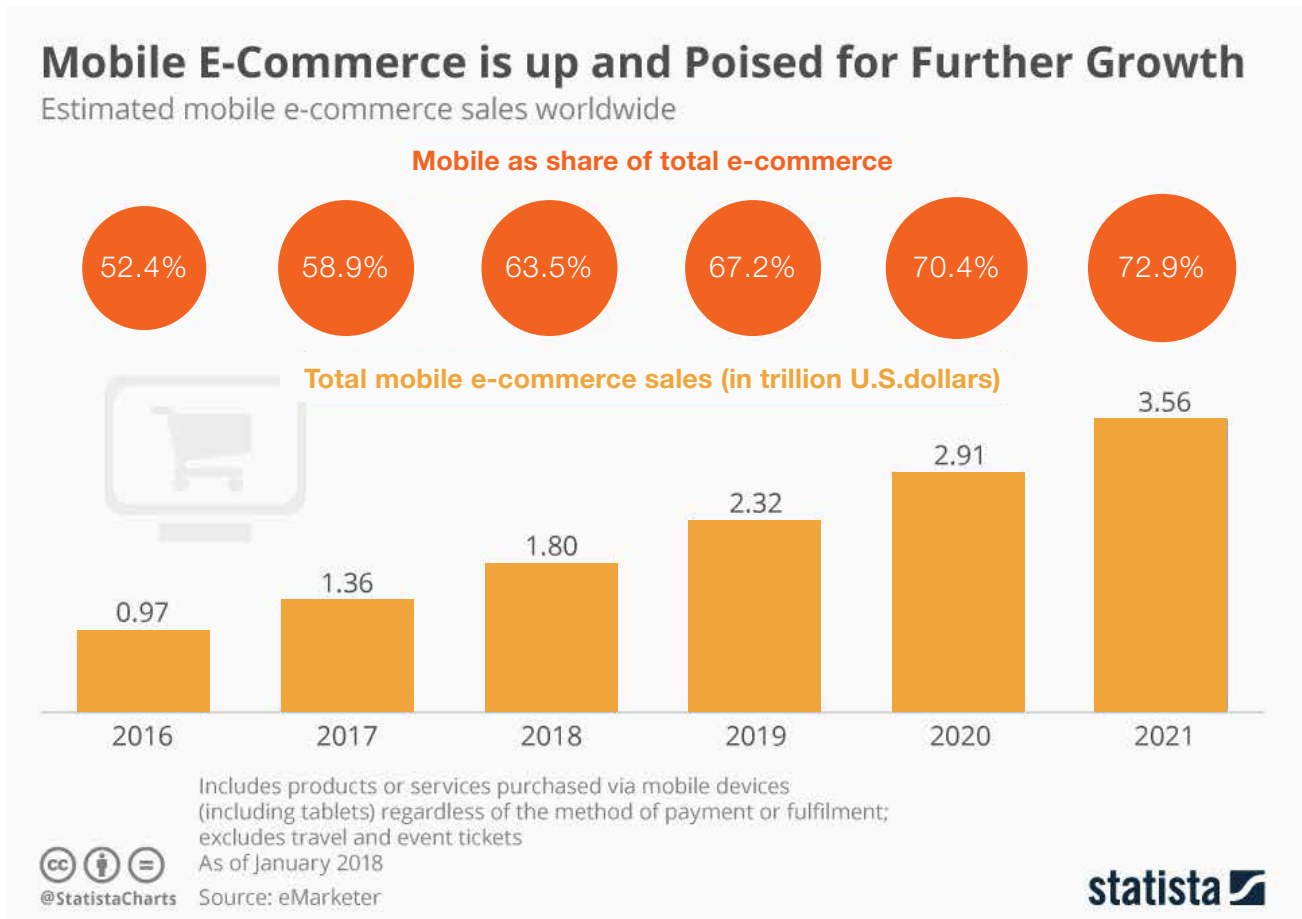
An effective USP should be presented as a story that supplements the brand image. Convoluting explanations or flagrant boasting should be avoided -- the story should spark the visitors interest, the product should create desire, and clear CTAs and relatability should lead them down to the bottom of the funnel.

Analytics

Analytics are used to gain insight into the behaviour of the potential customers that visit an ecommerce site. When fully understood, they generate valuable information into how a company should best target these visitors to increase traffic, encourage engagement and ultimately to close the sale. Magento Business Intelligence is the native report generator available to all Magento users. Prospective etailers should also consider completing the free Google Analytics online certification as it can be integrated with the Magento platform as well.

Responsiveness

The mobile revolution has led to some impressive statistics within the world of eCommerce. It is absolutely vital for any self-respecting online merchant to be mindful of the customer experience when using a mobile device such as a smartphone or tablet. To prove the importance, here is Statista's projection through to 2021:



Integrate

With thousands of extensions available for performing all manner of functions, beginner eCommerce merchants should first focus on what they absolutely need, after all, it's best to start as lean as possible to determine what works best then build upon those successes. For sellers that wish to ship products cross-border, translation and currency converting extensions are practically a given. Many merchants in SEA will rely on third-party payment gateways to process credit cards and others, so will need integrate with one that is trustworthy and secure.

The specific extensions that an eCommerce business needs is highly subjective, so it's best to identify your own goals and conduct research into the best applications or tools to achieve them.

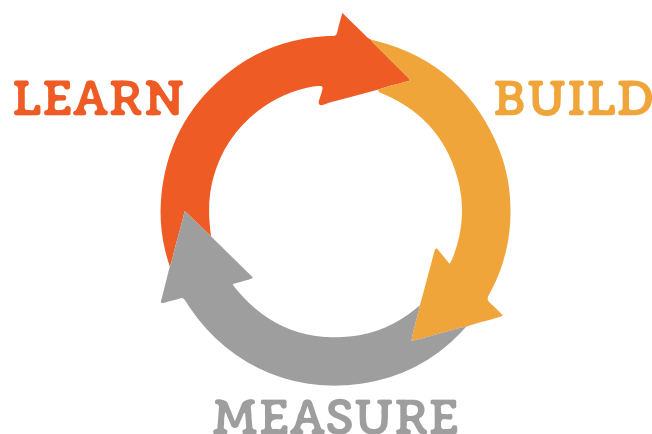
The Minimum Viable Product (MVP) Concept

“ A Minimum Viable Product is 5-10 products on a minimalistic platform linked to Google analytics where you'll drive traffic and analyse behaviour. ”

Once you've launched an eCommerce site that includes the essentials, it's time to determine your Minimum Viable Product. The MVP is essentially the minimum you can offer to your prospective customers that is still persuasive enough to earn their business. To put it simply, the MVP should validate your efforts by providing the following:

- ✓ **Cost-feasibility with willingness for people to buy it**
- ✓ **Potential for loyalty among early adopters**
- ✓ **Generate constructive feedback to improve upon in the future**

The key word here is “minimum”. If a merchant suddenly becomes wildly successful with a massive product catalog and complex processes and strategies, it's extremely difficult to identify exactly what worked and what didn't. In eCommerce reality, enormous success should not be expected to happen overnight. This is why the MVP concept is pivotal to a practical commercial mindset. Think of it as building a house, you must start with a strong foundation to expect the rest of the structure to hold. The minimum needed to achieve tangible sales is that foundation, everything else is growth and improvement.



Develop a core system: identify the most important features and functions to best serve your business and your customers.

A Practical Method for Determining MVP

The following is a basic test that any merchant can conduct to determine the viability of the products on their lean, practical store. The results will show which avenue is best to capture the attention of potential buyers and also show if your production costs are where they need to be to remain sustainable.

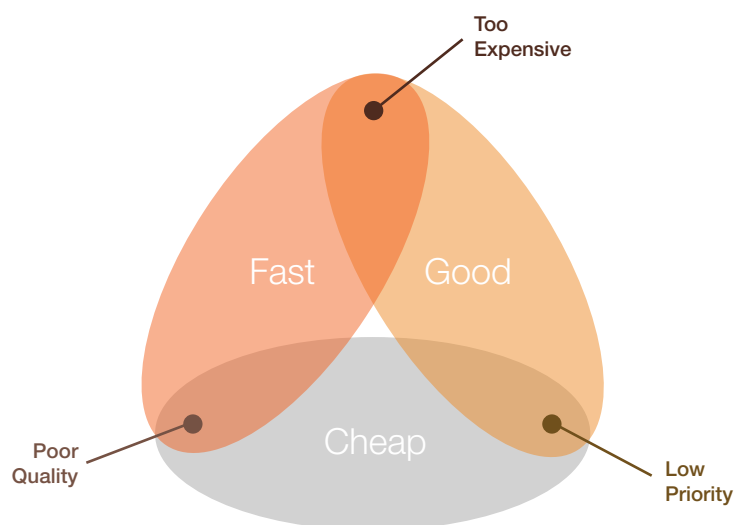
- ✓ **Determine an affordable advertising budget.**
- ✓ **Advertise on social media. Diversify content styles, products, and target markets.**
- ✓ **Run a Google adwords campaign.**
- ✓ **Follow a schedule or allow all ads to run until the end of the budget.**
- ✓ **Determine the customer acquisition cost (CAC).**

$$\text{CAC} = \text{Marketing expense} / \# \text{ of customers}$$

- How much per new customer from social media?
- How much per new adwords customer?

- ✓ **Which CACs were lower than your production costs?**
- ✓ **How much is the average customer spending from each channel?**

If any CAC is higher than production cost, the product is not viable. If the CAC is higher than the average purchase value, the product is not viable. These numbers will show a merchant where the customers that take action are more likely to come from, and they can tailor their strategy accordingly. Once some consistency is found using the MVP model, that is when merchants should begin experimenting and implementing new products and strategies.



The Magento Advantage

Magento's open source nature makes it extremely flexible. This affords users complete control over the style, content and functionality of their eCommerce site, therefore making the implementation of practical commerce components easier:

- ✓ **Rapidly Innovate and Extend Functionality**
- ✓ **Create and Deliver Differentiated Shopping Experiences**
- ✓ **Offer Global Shipping Options**
- ✓ **Optimize Performance and Usability**

When determining MVP, efficiency is vital. Reaching market as quickly and effectively as possible is the optimal strategy, and unnecessary restrictions will only impede the process. The power and adaptability of Magento make it the ideal solution for merchants hoping to launch, sell and grow quickly in the SEA and global markets.



 **Magento Commerce**

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