



E-Commerce Potential in CLMV and ASEAN

In 2017, e-commerce business generated globally circulating capital around US 2.3 trillion dollars, a 24.8% growth from the previous year. According to a study by eMarketer's, it was found that the growth was resulted from m-commerce or the use of mobile phones to buy products online, which earned a share of 58.9%. The share is likely to escalate to 72.9% in the next 3 years. A study in e-commerce business in Thailand's ASEAN neighboring countries indicates that though CLMV market has not quite flourished, as their gross domestic product (GDP) per capita will constantly increase almost 10% per year within 2020, consequently, purchasing power of CLMV countries, particularly Vietnam, will expand. Moreover, there is a remarkable change since Malaysia has been collaborating with China's governmental sector and private sector like Alibaba to develop digital trade.



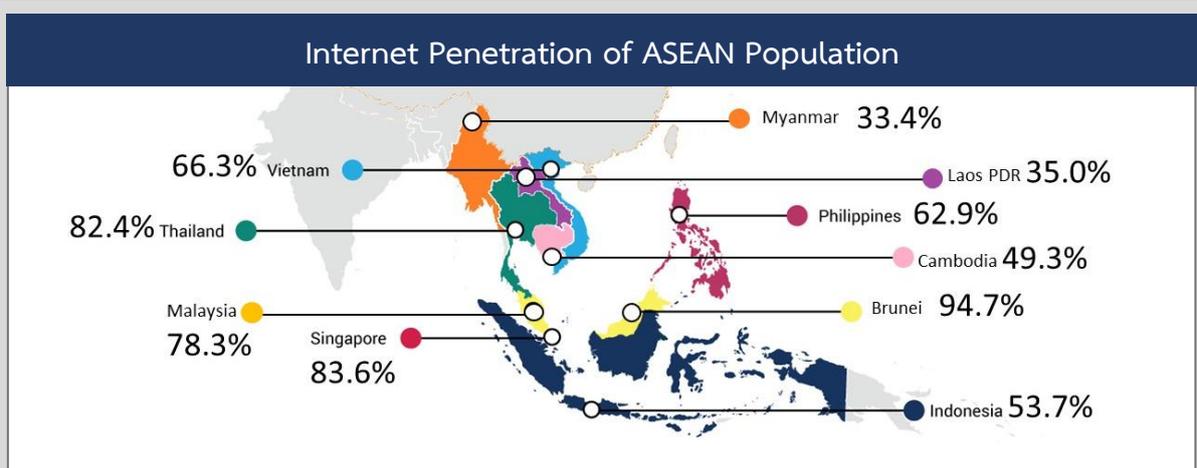
❖ Vietnam: The Country with Opportunity for E-commerce Market in CLMV

E-commerce market potential of CLMV countries is hidden in Vietnam. Although, online markets in CLMV have not been much vigorous, consumption trend of countries in the group have been directly influenced by that of Thailand. Online product popularity, which has been favorably expanding in Thailand, has been slowly penetrating into Cambodia, Laos, Myanmar, and Vietnam, one of the most notable countries. This is due to continually growing number of middle class consumers, the main purchasing power, caused by economic growth. It was estimated that gross national income (GNI) per capita of Vietnam will increase from US 1,400 dollars per person per year to US 3,400 dollars per person per year or more than a 2-fold increase in the next 3 years.

Vietnam has been rapidly developing from its government's support. In 2017, Vietnam's e-commerce grew 35%. The country's growth rate was 2.5 folds higher than that of Japan. Moreover, communication network infrastructure system like the Internet system grew 2.1 folds from the previous year. It was estimated that Vietnam's online sales will expand to US 10 billion dollars in 2020, or a 10% growth each year. Thus, Vietnam is, undoubtedly, an attractive e-commerce market for investment in related fields such as the Internet system, banking and financial system as well as transportation system.

However, basic public utilities benefitting online trading are still concentrated in urban areas. Vietnam has been facing the problem like other countries in CLMV because infrastructures concerning transportation, financial technology, and communication network benefitting online buyers and sellers remain clustered in big cities and tourist cities such as Ho Chi

Minh and Hanoi in Vietnam's, and Vientiane in Laos. Furthermore, as financial and transportation systems in CLMV have not been able to fulfill online trading's needs. Therefore, online trading have to adapt according to existing limitations. Buyers and sellers prefer cash on delivery while sellers in remote areas choose sending products by buses and buyers will pick up the products at bus terminals.



Source: Internetworldstats, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

CLMV's Hot Websites

Cambodia: Glad Market, Shop168, and MALL855 are Cambodia's popular local websites. Glad Market has been earning the highest popularity. Meanwhile, MALL855 has upgraded its service form to a free application for Android. However, the platforms have not included payment via bank accounts and credit cards.

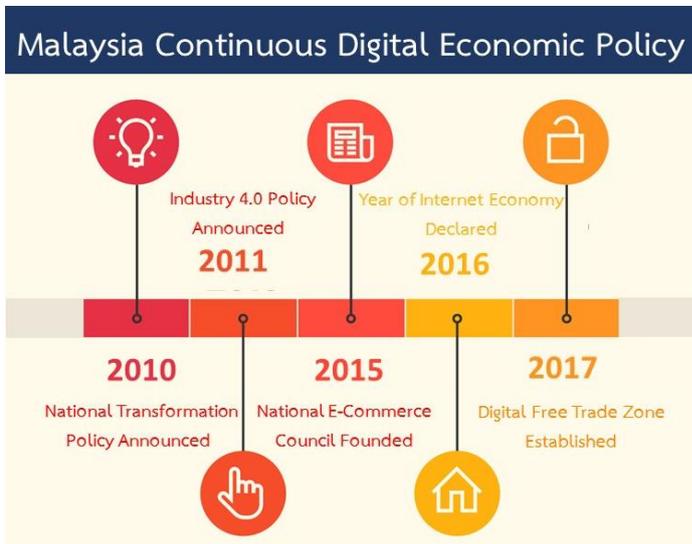
Laos: Plaosme is Laos' online trading platform. With a loan for creation and development from Asian Development Bank (ADB), it is a platform providing market space for SMEs to sell products in the country and other ASEAN countries. Currently, there are over 80 users registered to sell products through the website.

Myanmar: Since Myanmar's Internet service has not been able to cover much extensive areas, its Internet penetration rate reached only 33.4% of its total population. Most of them live in big cities like Rangoon. However, Myanmar has popular online trading websites, namely BaganMart, OneKyat and Shop.com.mm

Vietnam: Unlike other CLMV countries of which top online platforms are local websites, Lazada is Vietnam's top online platform, which has been investing in Vietnam since 2012. Thegioididong, a local website of Vietnam follows in the second place with the access number similar to Lazada. Both platforms offer payment via credit cards and bank transaction.

❖ Malaysia: The Potential Market for E-commerce of ASEAN

Basic factors like Internet penetration rate of Malaysian population is 78.3%. Moreover, the key factor contributes to the country's competitiveness is the government's support and



Source: The Gem and Jewelry Institute of Thailand (Public Organization)

collaborative development of governmental and private sectors. The Malaysian government has set the goal of being a leader in e-commerce and implementations have been continually carried out. Therefore, Alibaba, the e-commerce giant from China has announced its alliance with the country and established Digital Free Trade Zone (DFTZ) in 2017. Consequently, Malaysia has become Alibaba's first "hub" outside China. The country acts as a port distributing products to other countries in Asia with "Cainiao" as its logistics alliance and "Ant Financial" as its payment system provider. DFTZ is anticipated to be fully launched and ready for services in 2019. It is certain that when Alibaba penetrates Malaysia's market, Lazada will definitely be the country's popular e-marketplace and followed by 11street and Shopee.

Thus, "Vietnam" is the most promising country for traders looking for online market opportunity in CLMV. However, if they want to expand their opportunity to ASEAN, "Malaysia" is the country best meeting online traders' needs. Retailers of gem and jewelry products and other related items aiming to earn market share in online business will have to adjust to become a Traders 4.0 who knows limitations and advantages of each platform as well as limitations in basic factors of some target countries. Online trading will intensify competition in terms of price and quality. In order to achieve marketing success in this boundless trading world, products have to offer quality and distinction. Most importantly, traders have to be trustworthy and honest toward consumers.

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