TRANSFORMING SOUTHEAST ASIA
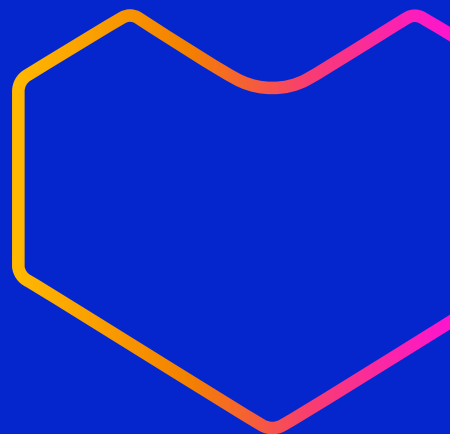# FROM DISCOVERY TO DELIVERY

Lazada Sponsored Solutions
POWERED BY SMART

groupm

Synagie

About this report

When you are interested in shopping for something – be it an idea, a category or a particular product – what do you do?

Search.

Millions of Southeast Asian shoppers embark on their shopping journeys by searching on Lazada, and this shift in consumer behaviour has established the eCommerce marketplace as a major search engine.

"Transforming Southeast Asia – From Discovery to Delivery" is an eCommerce shopper behavior report brought to you by Lazada in partnership with Synagie and GroupM. The ultimate goal of this report is to provide insights into how eCommerce is driving transformation in Southeast Asia, specifically in terms of the shopper journey from product search to product delivery.

In this report, Lazada aims to help business leaders delve deeper into the behaviors of shoppers along their paths to purchase. The report concludes with key actions that brands and sellers can take to transform their businesses.
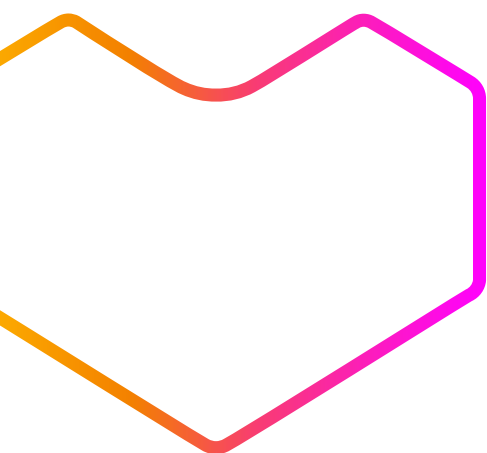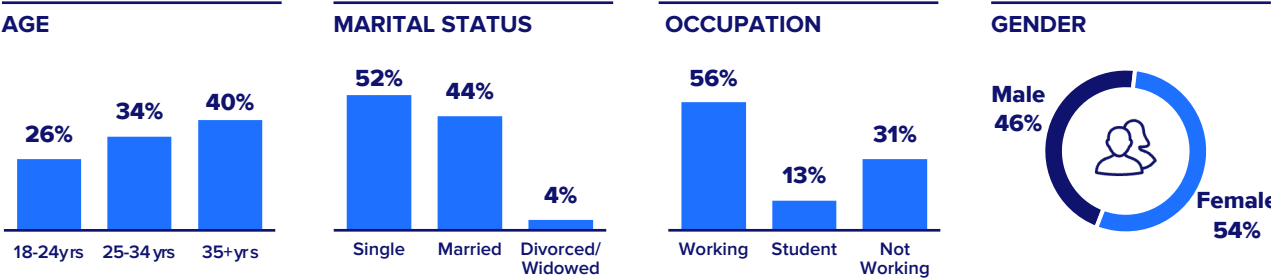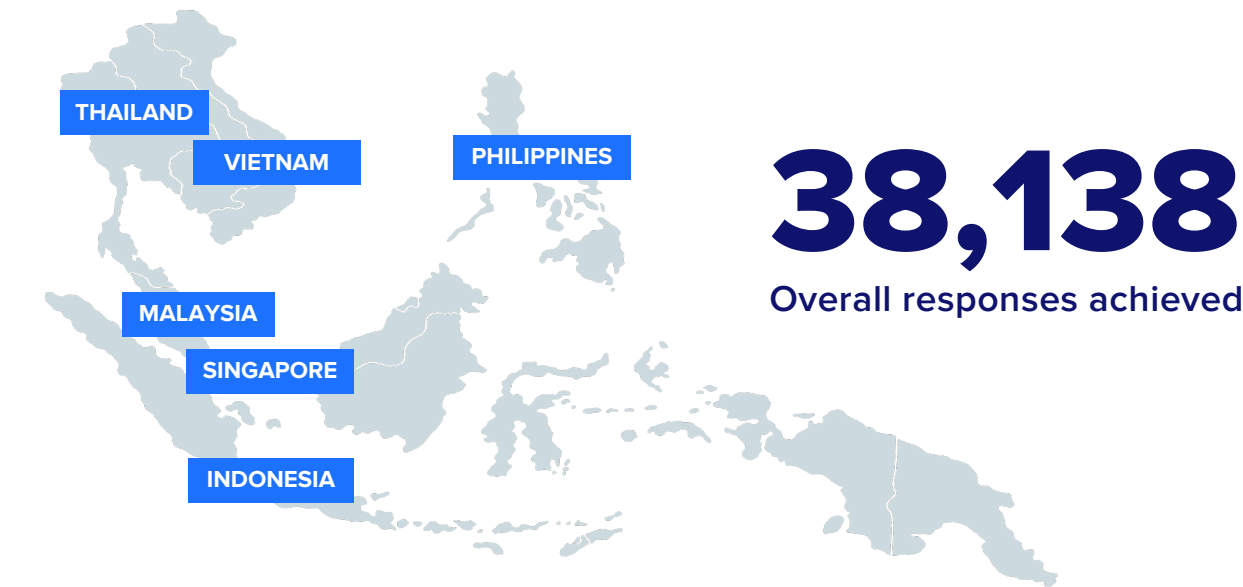
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Research
methodology

THAILAND

VIETNAM

PHILIPPINES

MALAYSIA

SINGAPORE

INDONESIA

38,138
Overall responses achieved

AGE

26% 18-24yrs
34% 25-34 yrs
40% 35+yrs

MARITAL STATUS

52% Single
44% Married
4% Divorced/ Widowed

OCCUPATION

56% Working
13% Student
31% Not Working

GENDER

Male 46%
Female 54%

To better understand Southeast Asia's consumers, Lazada surveyed 38,138 eCommerce users across genders, age groups and household income levels in six Southeast Asian countries, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

This report also uses data from other quantitative surveys (including Lazada's user experience surveys, GroupM 2022 Consumer Eye Research and Synagie's Southeast Asia Research) and trustworthy sources in market and consumer data (including Statista and Kantar).

Lazada conducted further in-depth interviews with consumers to better understand their eCommerce behaviors, purchase journeys, key drivers and expectations.

The way shoppers in Southeast Asia discover and buy products is changing

Southeast Asia's transition from an offline to an online economy outpaced any earlier projections. This accelerated digital transformation has been due in part to the impact of COVID-19, with the post-pandemic era bringing about new patterns in the way the region's consumers discover and buy products and also due to the prominence of ecommerce marketplaces in the region.

Discovery via search is playing an important role in online shopping. An increasing number of shoppers are discovering products within eCommerce platforms. The following sections detail how the online marketplace is transforming in tandem with the shopper path to purchase journey.
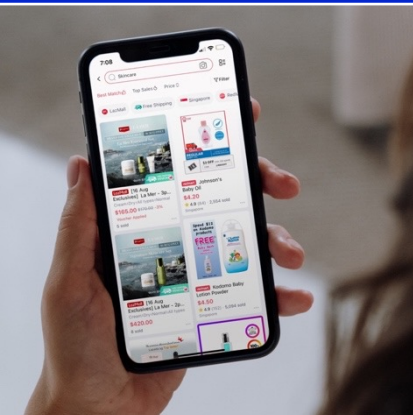
Synagie

01

THE EVOLUTION OF ECOMMERCE

How eCommerce is transforming the way Southeast Asians shop online.

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Synagie

# eCommerce user penetration is increasing and is expected to reach greater than 400 million users by 2025

eCommerce has evolved into a crucial component of the retail landscape in recent years. As a result of the ongoing digitalization of modern life, shoppers from almost every country today benefit from online purchases. The user penetration of eCommerce in Southeast Asia is **53.8% in 2022**[1] and is expected to hit 63.3% by 2025[1].

eCommerce users & penetration – Southeast Asia[1]

Country	User penetration 2022 (%)	Expected users (million) 2025	Expected user penetration 2025 (%)
Indonesia	64.1	221.0	77.0
Malaysia	47.1	18.3	53.2
Philippines	42.0	55.8	47.8
Singapore	59.0	4.1	67.3
Thailand	56.0	43.5	61.8
Vietnam	58.2	70.9	70.1

The number of active-selling sellers has grown by

68%
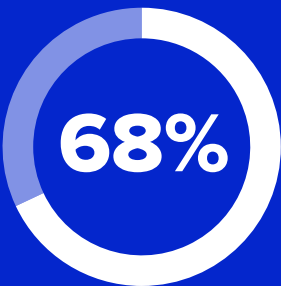
on Lazada within the first seven months of 2022 [2]

Shopping on smartphone is becoming more popular while eCommerce shopping frequency is also rising, making this a must-have channel for brands and sellers

86%
of Lazada users prefer online shopping via smartphone over other devices [3]

76%
of online consumers shop at least once per month.

In addition to that figure, 36% of online consumers shop online once a week, and **27% shop multiple times a week** [4]
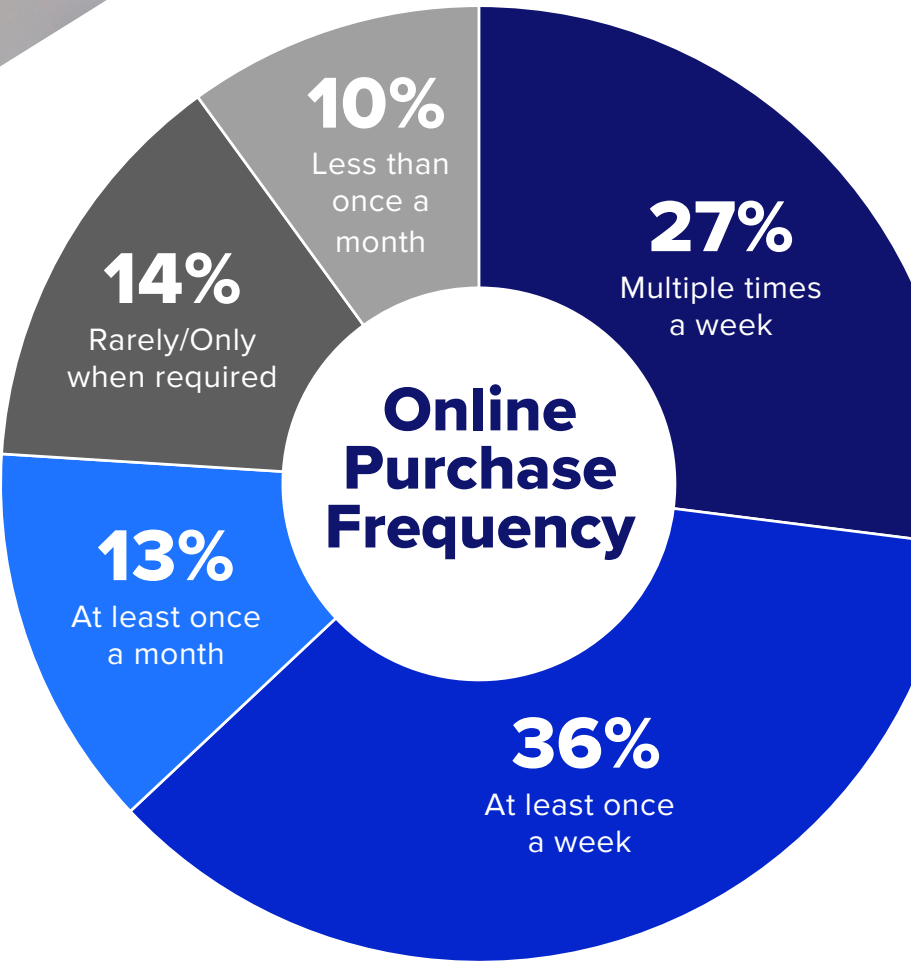
Online Purchase Frequency

- **10%** Less than once a month
- **14%** Rarely/Only when required
- **27%** Multiple times a week
- **13%** At least once a month
- **36%** At least once a week

Online ads and influencers play an important role in pre-purchase influence

Today's consumers are constantly surrounded by sources of inspiration, such as social media, brand websites, blogs, friends, television, celebrities and influencers, among many other things.

"With universal access to mobile phones, shoppers overwhelmingly prefer mobile app for online shopping and this 24x7 access to shopping has increased impulse purchases. This has given rise to a group of shoppers who are keen on buying what is trending and sharing the joy of their purchases on social media, all from the convenience of their phone."
—
Soumya Roy,
Senior UX & User Researcher,
Lazada Design Studio

49%
of eCommerce users look to online ads for shopping inspiration [5]

34%
turn to online influencers and bloggers [5]

Search recommendations (paid search) are among the most effective ads that influence purchase decisions on eCommerce platforms

Paid search is the most effective type of advertising on online shopping platforms and influences 50% of the purchases driven by top 3 eCommerce advertising channels as below.[6] Consumers tend to search instead of browse when on eCommerce platforms, and it is vital for brands to have their products appear on the first search results page and at the highest possible positions if they want a greater conversion rate.

Meanwhile, **push-notifications** are the second most effective form of ads on eCommerce platforms and have a 32% success rate in triggering conversions from consumers.[6] **Newsfeed ads** are the third most effective, with 31% of consumers indicating that they found a product or reacted to a post via a newsfeed ad that led them to make a purchase.[6] On Lazada, brands with official stores can leverage the platform's newsfeeds.
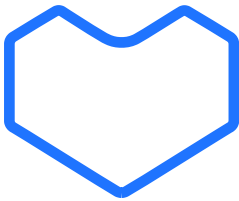
Top 3 Online Shopping Platform Ads (%)
(That Influenced Purchase)

🔍	**50%**	**Paid search**
🔔	**32%**	**Push-notifications from app**
📰	**31%**	**Newsfeed ads**

Top product categories on eCommerce: a deeper look at Fashion and Beauty

The most popular product categories among online shoppers in Southeast Asia in the past 12 months were fashion, with 53% of consumers surveyed indicating that they bought products in this category, followed by beauty & personal care at 51%.[7] The number of consumers who purchased products in these categories increased compared to the past two years, as markets emerge from the pandemic and consumers return to the office and resume their social activities. The third most popular category – one that has seen explosive growth in the past two years – is the grocery category (46%).[7]

According to GroupM's 2022 Consumer Eye survey, fashion consumers are predominantly females aged 18-39. The beauty & personal care category skews even more toward female shoppers, with the main age group being 30-39. The grocery category, meanwhile, is more balanced between females and males, and the predominant age group to purchase this category online are 40+, followed by those in the 30-39 age group.[7]

Top 3 Product Categories (%)

(Bought online in the past 12 months)

53% Fashion

51% Beauty & personal care

46% Groceries

A snapshot of the fashion category

eCommerce fashion industry's total number of users in Southeast Asia is predicted to reach 196 million in 2022 and 255 million by 2025, with a projected revenue of $30.34 billion.[10]

Key shopping behaviors in the fashion category

Key purchase considerations

Price (66%) and discount offers (55%) are the key considerations for consumers who purchase fashion products online. Other considerations include trustworthy reviews (52%), shipping fees and speed (46%) and brand reputation (33%).[11]

Important search information

Price (65%) is also the most important information for consumers when they search for fashion products online, followed by free shipping offers (56%) and promotions (46%).[11]

Preferred online content

For fashion content, shoppers across Southeast Asia prefer to see brand stories (48%).[11]

Main considerations when purchasing fashion products online (%)

Price
66%

Discount offers
55%

Trustworthy reviews
52%
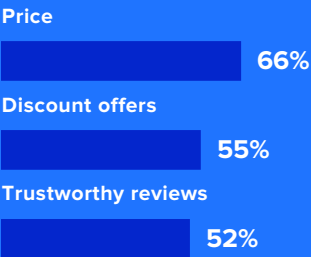
Important product info/features (%)

Price
65%

Free shipping
56%

Promo
46%

Preferred fashion content (%)
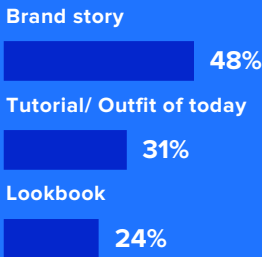
Brand story
48%

Tutorial/ Outfit of today
31%

Lookbook
24%

A snapshot of the beauty category

The number of online shoppers in the beauty category in Southeast Asia is predicted to reach 131 million in 2022 and 171 million by 2025, generating a total revenue of $28.9 billion.[8]

Key shopping behaviors in the beauty category:

Key purchase considerations

Brand reputation (57%) tops the list of considerations for consumers who buy beauty products online. Other key considerations include discount offers (52%), trustworthy reviews (51%) and price (51%).[9]

Important search information

Price (47%) is the most important information for consumers when they search for beauty products online, followed by authenticity (39%) and brand (39%).[9]

Popular online content

Information about product ingredients (56%) as well as tutorials (44%) and brand stories (44%) top the list of preferred online content about beauty products.[9]

Factors considered when buying beauty products (%)

Brand reputation
57%

Discount offers
52%

Trustworthy reviews
51%

Important info/feature when searching for beauty products online (%)

Price
47%

Authenticity
39%

Brand
39%
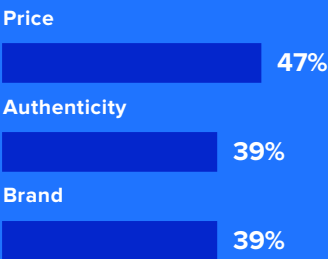
Preferred online content on beauty (%)
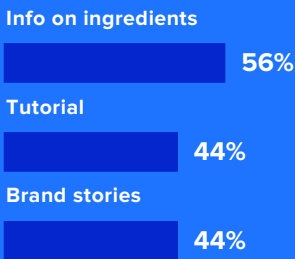
Info on ingredients
56%

Tutorial
44%

Brand stories
44%

02

THE DISCOVERY DISRUPTION IN ECOMMERCE

How potential shoppers find and explore products via eCommerce.

Discovery stage of shopping is the most crucial as it facilitates the browsing experience and ensures that shoppers can easily find what they're looking for.

Almost 50% of purchases on eCommerce are unplanned.[12]
A majority of shoppers begin their purchase journeys with ideas about what to buy but no specific products in mind. They may ask the salespeople in a store for advice or recommendations, or they may organize their ideas into keywords that can be searched online. **This makes the discovery stage very important.** When consumers are ready to purchase, brands must not only provide items that precisely meet consumers' expectations but also offer these products at the right moments. The best technique to attract and convert high-intent consumers is through the discovery stage.

Although it seems straightforward, providing a frictionless product discovery experience at scale is a challenging task that most brands find difficult to master.

"We believe that purchases can be stimulated by an unexpected need, a visual stimulus and/or a promotional campaign. The interaction between the consumer and an eCommerce platform is becoming increasingly important to the purchasing process."

—

Vishal Khanchandani,
Senior Vice President, Head of Market Intelligence at Lazada Group

(12) Southeast Asia eCommerce research by Lazada (a research of 38,138 respondents from ID, MY, PH, SG, TH, VN). Research conducted in June 2021.

15

57%

of shoppers in Southeast Asia search for products directly from eCommerce marketplaces.[13]

(13) Source: Southeast Asia eCommerce research by Lazada (a research of 5,356 respondents from ID, MY, PH, SG, TH, VN). Research conducted in July 2022.

16

eCommerce marketplaces are becoming major search engines and discovery channels

Today's online shopping journeys are dynamic. They're no longer just straightforward transactions of buying and selling products. From social media to online marketplaces, shoppers have numerous ways to shop and discover products. **eCommerce marketplaces have grown in popularity as discovery channels along with social media and Google search.**

eCommerce Marketplace	57
Social Media	50
Google Search	40
Super App (Grab, etc.)	9
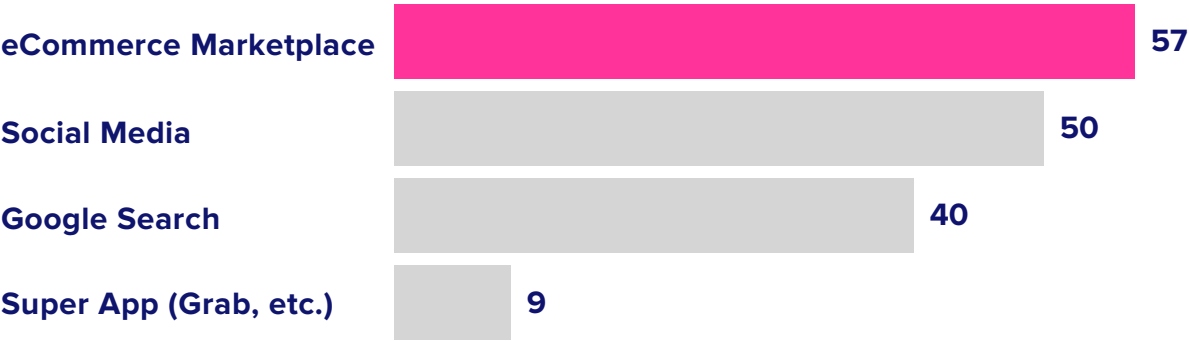
The power of search on Lazada

The key to successful product discovery is surfacing the right products to the right audience at the right time.

SEARCH

94%

of shoppers use the search function to discover products on Lazada.[14]

FIND

90%

of shoppers found the items they were looking for from the search results on Lazada.[14]

BUY

94%

of shoppers purchased the products they found from using the search function.[15]

Product Recommendations aid the decision-making process

Have you ever gone to a clothing store and had a salesperson recommend an item to go with the outfit you're considering? Or have you visited a beauty shop and had an advisor recommend a new moisturizer to go with the other products you are purchasing?

The same thing happens in eCommerce marketplaces, where personalized product recommendations can be created based on previous items that consumers have browsed, clicked on or purchased.

Product recommendations are the results of complex algorithmic decisions that leverage shoppers' interactions to craft personalized experiences. These experiences are built to meet shoppers' needs and demands as well as to drive engagement and sales.

"With the absence of face-to-face interactions, consumers call for a more **personalised online purchase journey** to differentiate their experience."

—
Lalaine Gozun,
Senior UX & User Researcher,
Lazada Design Studio
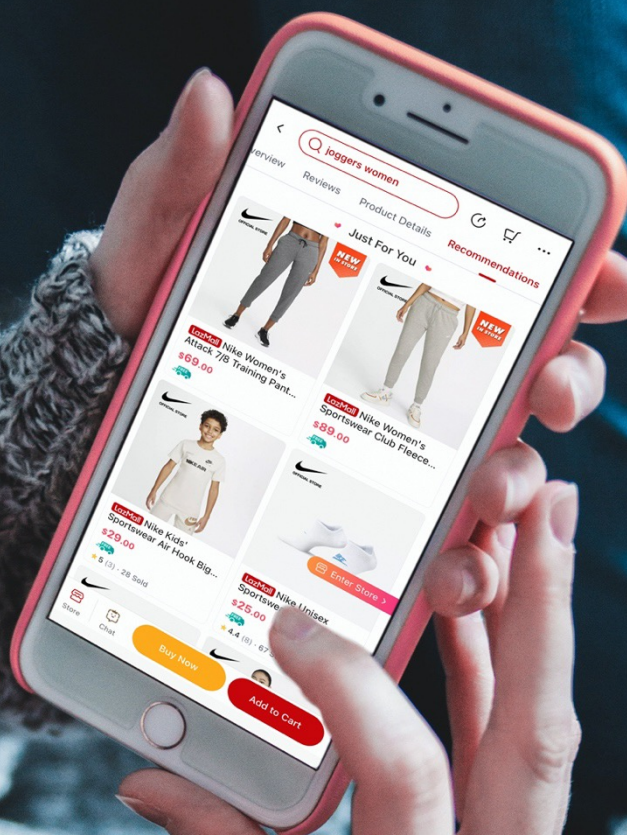
71%
of shoppers purchased products as a result of Lazada's 'Recommendations' function (16)

What are eCommerce shoppers saying?

"Recommended products help me to decide what to buy when they offer more variants/ type/ colors."

"Recommended products help me decide what to buy when those products have higher product quality (based on reviews), come from star seller or official stores with lower price."

"Product recommendations give me more options and more promotional offers." [17]

03

THE SHOPPER JOURNEY FROM CLICK TO CART TO CHECKOUT

What are the motivations behind shoppers' paths to purchase?

What drives the click?

The search results page is a crucial part of the eCommerce shopping experience and presents an opportunity to meet consumers' needs and engage in a dialogue that guides them. Find out more below on what makes the shopper click.

Key drivers for clicks

Product placement

Product photos

Free shipping option

Product price, vouchers and discounts

Product placement and photos play an important role in driving shoppers to click into specific products while product price, vouchers and discounts are also among the top drivers.
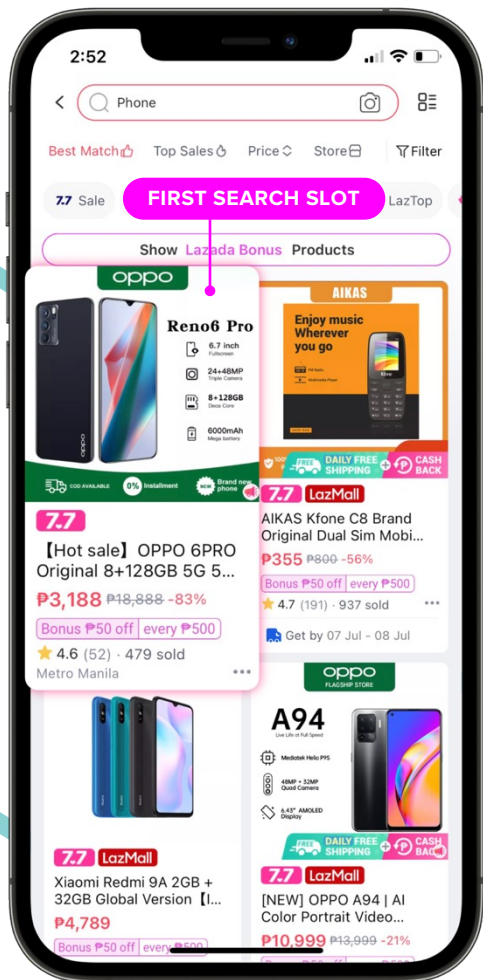
49%

of the shoppers surveyed click the first product that appears in their search-results page, with the belief that it is the most relevant option suggested by the system.

46% click to choose free-shipping options

37% click to filter for the best price options

34% use the filter functions to choose products only from LazMall [19]

Importance of product detail pages (PDPs) to aid decision making

When shoppers arrive at an online store or a product detail page, brands have very often already won half the battle of consumer acquisition. A good store or PDP that provides an immersive yet clear shopping journey reinforced by compelling product merchandising can effectively guide shoppers further down the funnel from discovery to consideration, intent and final purchase. Effective use of seller features and promotional tools and maintenance of exceptional store operations are further levers that can tip consumers toward uncovering moments of truth with a brand and its offerings.

Key drivers for consumers to add to cart

Product ratings and reviews

Delivery fee

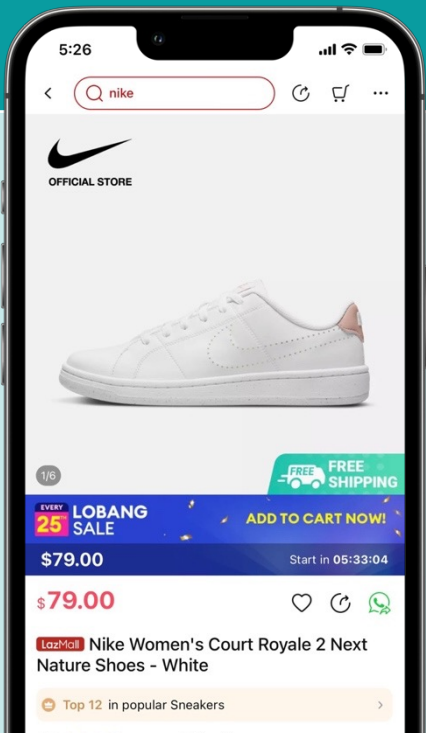**Free shipping option**

Product price, vouchers and discounts

Product ratings and product reviews play very important roles in driving consumers' decisions while product price, vouchers and discounts are also top-of-mind drivers for purchases.

Why are 'product reviews' critical to the success of online stores?

Product reviews are a significant source of social proof in eCommerce. Real consumer reviews offer thorough overviews in addition to descriptions and images of products. Reviews build trust and give potential buyers more confidence to take a chance on a new brand. Product reviews also work to help promote a brand.

Product reviews are most critical to establish the genuineness of products. Potential buyers look for genuine feedback, especially for higher-priced products, and often have the following criteria:

- Ratings or stars.

- Descriptions and explanations of how others used the products. Positive words, such as "excellent" and "highly recommended," are seen as encouraging.

- Product visuals to see if there are any defects as well as to know what to expect with the product.

- Absence of negative reviews or elements that other consumers did not like.

"I will usually check the seller details and ratings. At times I also check out the ratings and reviews with videos and photos to decide if the product is really hot or popular."

—
Lazada shopper,
Female, 40 years old [20]
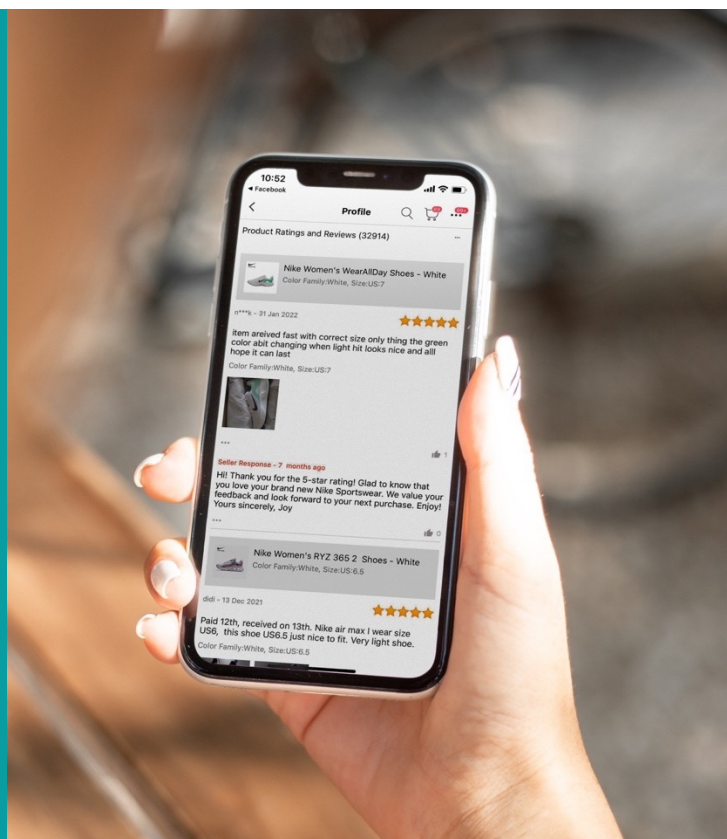
Key drivers for checkout and purchases

Promotions and discounts

Product price is within consumers' budget

Free shipping

Urgency to buy the product

Along with promotions, discounts and product price, free shipping offers are among the most important considerations for online shoppers when checking out or purchasing their cart items.

Achieving excellence in store operations

"Good store designs and product merchandising are as much an art as they are a science. They require expertise, mastery and experience with the constantly evolving marketplace tools as well as insights into consumers' expectations and shopping behaviors."

—
Micheas Chan,
Chief of Staff at Synagie

Store Creation Best Practices

Synagie is a certified Lazada Partner with the highest rating of 3 stars. The company works with 600 brand partners and operates close to 1,000 e-stores across Southeast Asia. In this section, Synagie shares some best practices and insights for online store execution and operations:

APPROACH STORE CREATION AND OPERATIONS WITH A MOBILE-FIRST MENTALITY

When designing a store and plotting its layout, Synagie recommends always approaching it with a **mobile-first mindset**, since the majority of consumers shop using their phones. **Punchy and succinct copy, evocative and engaging images and video content** should be used to bring out the brand story and its unique value proposition.

CATEGORIZE PRODUCT OFFERINGS IN A THREE-TIER APPROACH

When categorizing product offerings to maximize their discovery, Synagie recommends a **three-tier approach**:

1. The first tier is by **categories, collections or brands** (in the case of a multi-brand store).

2. The second is by **best sellers, hero products or new products**.

3. The third is by **brand or category associated shopping behaviors or price points to build basket size**.
   (see image on the right)

STRATEGIC PLACEMENTS OF SPECIAL SERVICES AND MARKETING RESOURCES

Throughout the store, banners should be deployed strategically to highlight unique services offered by the brand. These may include virtual try-ons, concierge services or expert chat services as well as glowing key opinion leader endorsements and consumer reviews.

Virtual try-on feature
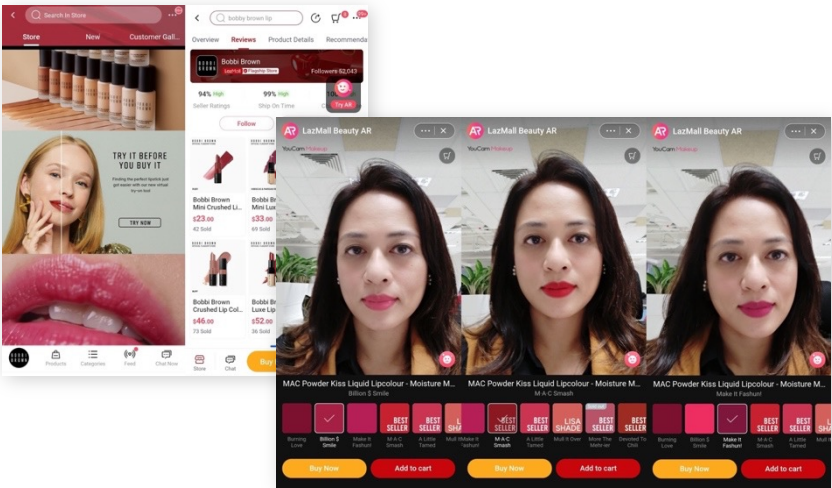
HIGHLIGHT ADD-TO-CART DRIVERS

Brands should highlight features that seasoned eCommerce consumers have come to expect, such as 100% product authenticity, return guarantees as well as fast and free deliveries.

HAVE NO MORE THAN THREE CLICKS TO PURCHASE

Brand offers need to take center stage during promotional campaigns, but they also need to create a sense of excitement, exclusivity and urgency, with clear calls-to-action and concise link-outs with no more than three clicks to purchase.

Mastering Lazada's store builder allows brands to creatively use available widgets and tools to set them apart from competitors and present their online stores in refreshing and engaging ways that elevate the consumer experience.

User engagement best practices

GroupM recommends the Followers function, which helps sellers set up a shop-in-a-shop to promote their products.

The function is similar to a Facebook Page in that customers can decide whether or not to follow a brand and, in doing so, enables the brand's content to be shown in customers' newsfeeds on the platform, creating a free channel for brands to engage and communicate with shoppers directly.

Brands can reach out to their followers via Lazada's chat function, which also allows them to offer promotional vouchers to shoppers.

Brands and sellers should constantly look to build their stores' followers through different activities and engagements, such as issuing vouchers to those who follow their stores.

The 'Feed' enables brands and sellers to communicate with their store followers via —

• **Brand story**

• **New products, including product benefits**

• **Top-selling products**

• **Promotions**

• **And more…**

As mentioned earlier in the report, newsfeeds are the third most effective way to engage and drive sales, according to the Consumer Eye research.

Tips and tricks for product merchandising

In terms of product merchandising, Synagie recommends that brands examine and **optimize their product titles, descriptions, images and videos** to build trust and improve conversions.

Optimize product titles

Apply consumer-language insights to arrive at the perfect product name that has been optimized for searches and conversions. The product title should be clear, concise and follow basic naming conventions, with the inclusion of relevant brand and category keywords to improve relevancy scores to boost searchability.

Optimize descriptions

Descriptions should be crafted to engage and influence shoppers. Brands should talk to their shoppers instead of at them and should go beyond merely listing features to highlight benefits, unique selling points and problem-solving features.

Enhance content with images and videos

Since online shoppers tend to swipe and scan rather than read, images and videos should be used where possible to simplify the communication and engagement process and to make it more effective. 98% of online shoppers add to cart just by looking at thumbnail images. Product detail pages with videos also have an 80% higher chance of converting shoppers than those without.[21]

Example of a Good Store Design (Mega Campaign)
Estée Lauder LazMall Flagship Store
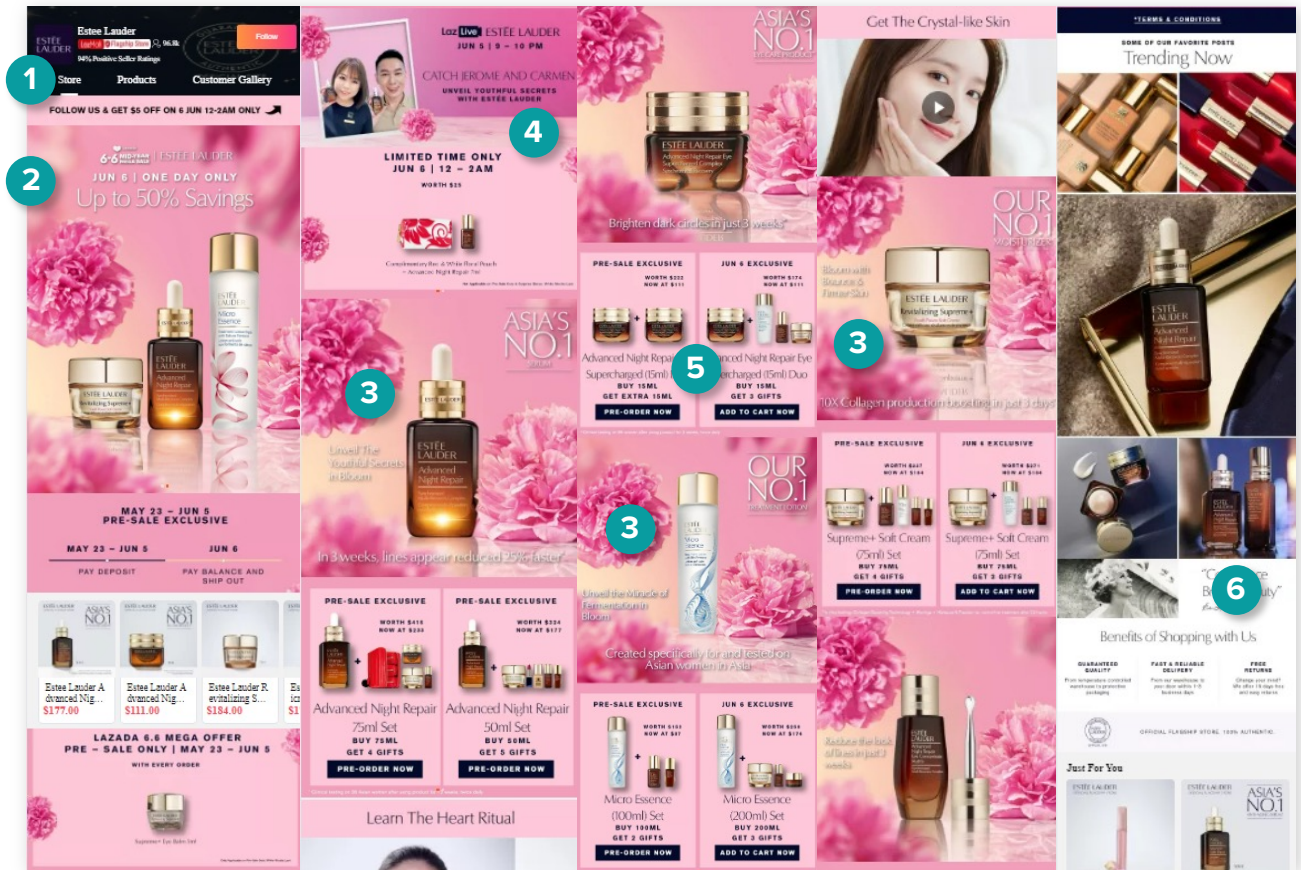
1. Encouraging Store Followership

2. Clear savings call out for the 6.6 campaign with urgency to buy on that day

3. Hero product call out with strong claim

4. Communicating LazLIVE featuring Hero products for shoppers to know more from the experts

5. Visualization of pre-sale exclusive benefit

6. Communicating i) Guaranteed Quality ii) Fast & Reliable Delivery iii) Free Returns and iv) 100% authentic products in the official flagship store

Other Examples of a Good Store Design
HOOGA LazMall Flagship Store
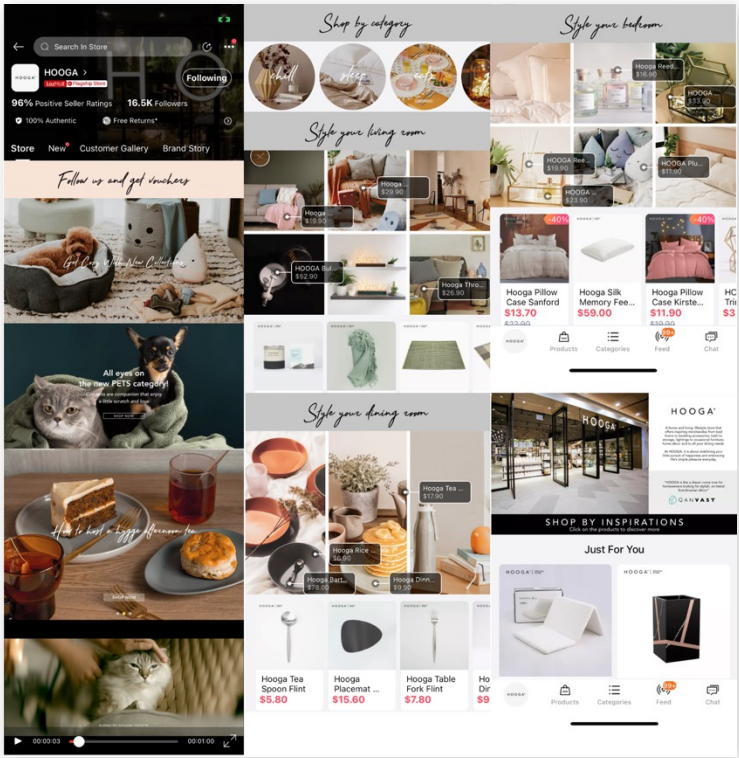
FOREO LazMall Flagship Store
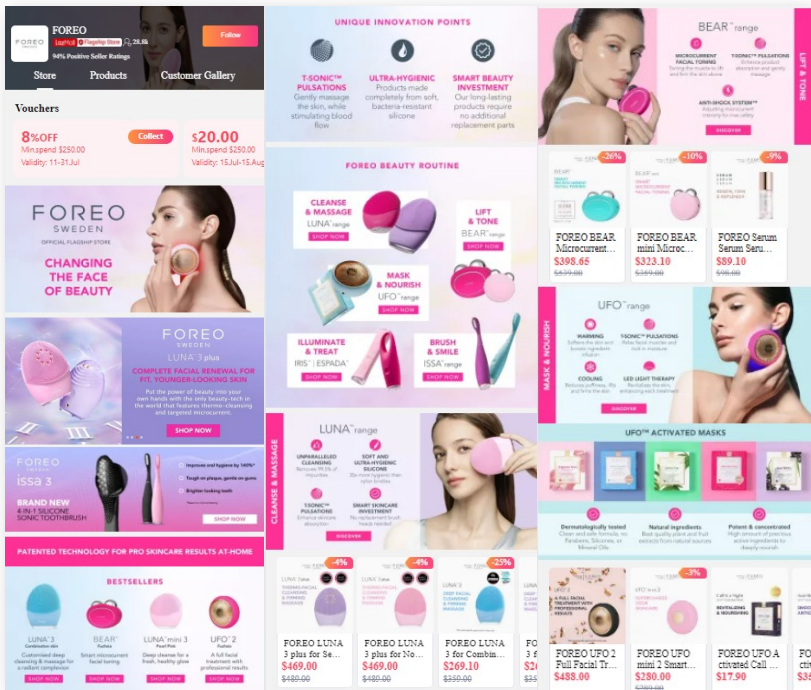
Displayed store performance scores

After a shopper discovers and engages with a seller's store and products, consistently excellent store operations can help encourage their final decision to purchase.

Studies show that close to

90%

of shoppers will review a store's displayed operational performance before purchase

with **80%** stating they will not purchase should they decide the scores are not satisfactory.[22]

On Lazada, displayed store performance scores include:

Ratings & Reviews

A benchmark for a good seller rating is 95% or higher, with every product listing having at least 10 five-star reviews. A brand should balance the impact of every one negative review with at least 10-12 positive reviews.

Ship on Time

To give potential shoppers the confidence of assured, speedy and successful fulfillment, ship-on-time scores should be >98%, with a cancellation rate that is less than 0.5%.

Chat Response

A >95% chat-response rate and response times of less than 10 minutes reflect good customer service and make shoppers feel that they will be well taken care of should there be any issues with their purchases.

**DISPLAYED STORE
PERFORMANCE SCORES**
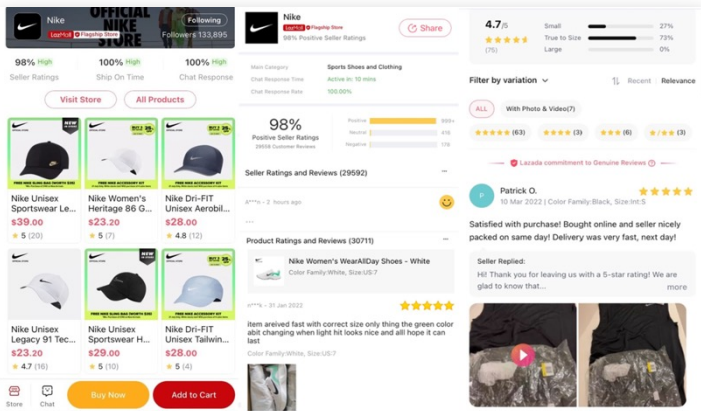
(22) Source: Complied paper by Invesp. Published May 2022.

34

Best practices for marketing & promotion operational excellence

Leverage free shipping for orders

Free shipping is one of the more effective ways to convert to sales says **Toni Ruotanen**, Head of Commerce, APAC at GroupM.

Receiving free shipping of the goods are seen as a promotion for the product and shoppers are willing to take this. Brands can offer to define a minimum spend before the free shipping goes into effect. This helps to drive average basket size upward and assist in staying cost neutral or potentially profitable

Consider free gifts if there are limitations on discounts

If there are limits to providing discounts, then consider exclusive gifts that consumers can only get if they buy specific products. The gifts should have some material value and should be products that shoppers use but potentially not frequently. Some examples could be travel luggage and toiletry bags.

Flexi combos

There is also an option to allow shoppers to select products they want to bundle together. Brands and sellers can define different tiers for bundles. For example, consumers can get 10% discounts for two-item bundles, 15% discounts on three-item bundles and 20% discounts on four-item bundles. This method encourages shoppers to stock up on the products they want.

Discounts for repeat purchase

Some businesses provide discount codes that can be used for the next purchases. This provides incentives for repeat purchases and helps businesses retain shoppers.

Achieving and maintaining consistently excellent store operations require meticulous and diligent monitoring, coordination and teamwork across different business functions, such as supply chain, operations and customer service. At Synagie, the Channel Development & Management (CDM) business unit is dedicated to taking care of this aspect of brands' eCommerce needs. Together with other business units, CDM allows Synagie to provide unparalleled standards of service to the brand partners it works with.

04

TRANSFORMATION OF DELIVERY

How businesses can transform their delivery services to meet shoppers' expectations.

New norms for delivery services

The COVID-19 pandemic has hastened the growth of eCommerce, and as the sector evolves, the need for speedy delivery services has grown in demand in Southeast Asia, with **more shoppers unwilling to wait for more than three days**.

80%

of Southeast Asian shoppers want **same-day delivery**, with 61% wanting delivery **within two hours.**[23]

55%

of those surveyed said **satisfactory fast delivery options increase their purchase levels** by 12% while 48% said unsatisfactory delivery options may prevent future purchases or reduce their spending by 45%.[24]

69%

stated they are more likely to click into a product **if fast and free delivery is advertised.**[25]

43%

of respondents stated they expect **next-day delivery**, with 73% expecting it to be free. 17% stated they will abandon their purchases if these criteria are not met.[26]

Shoppers are willing to pay for delivery within the same day, with satisfied consumers willing to pay

4.6%

of their order value for same-day delivery and 4.9% for delivery within two hours.[26]

Consumer expectations toward free shipping

Free shipping has been repeatedly voted as one of the most important considerations for online consumers. Find out how Lazada can help you implement this for your business in the following section.

Free shipping can boost online shoppers' order values

Online retailers often set a minimum order amount to qualify for free shipping. Such a requirement is a great incentive for potential shoppers to add more items to their online shopping carts to unlock this delivery benefit.

- Consumers are likely to **increase their purchase** or top up their orders in order to meet the minimum amount **to be eligible for free shipping**.

- Most agree that it is reasonable for free shipping to come with certain conditions to be fair to sellers. Overall, having a minimum spending amount is the most accepted condition, as it is easy to understand and straightforward. Female shoppers expect minimum spending to be lower as compared to males, as they make more mini purchases.

- Brands and sellers should focus on offering free shipping for premium items on LazMall.

- High-value and easily damaged items, such as electronic gadgets, household appliances, furniture and cosmetics, are expected to have free shipping options, as the revenue and, likely, the profit margins, are higher for sellers.

- Brands and sellers should offer free shipping for cross-border purchases with slower delivery times, as free shipping on international sites has become an expected feature for users.

Lazada has several solutions to address the importance of free shipping as a decision-making driver for consumers

Lazada Free Shipping Max

The Free Shipping Max program is a subscription model for sellers to provide easy-to-use free shipping benefits to customers. Key benefits of the program include:

For sellers

- Lazada covers free shipping of up to a specific amount* per order
- Sellers only need to pay a 2% fee and GST for all chargeable items to participate in the program
- Better visibility for products with free shipping icons. Items will also be featured under the Free Shipping tab in the search results page

For consumers

- Easy-to-view free shipping promotion
- Low minimum spend to be eligible for free shipping
- Simple and transparent free shipping shopping experience
- Can be used across stores that are participating in the Free Shipping Max program

*This specific amount varies by country.

Lazada Free Shipping Voucher

Lazada consumers can collect free shipping vouchers across the platform to enjoy free shipping services every day.

84%

of shoppers have used Lazada's Free Shipping Vouchers. Among them, 75% expressed satisfaction with the vouchers.[27]
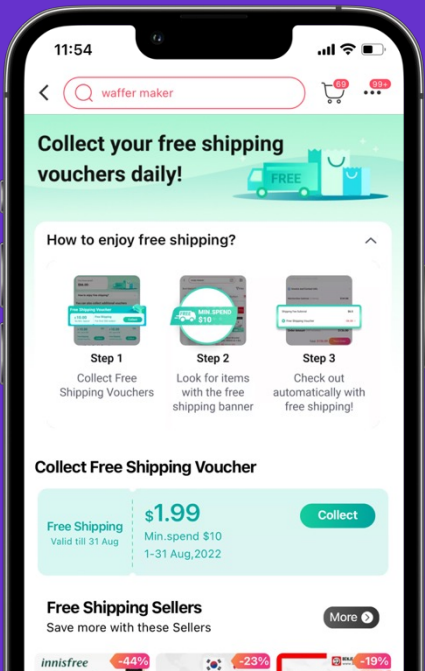
The importance of sustainable delivery packaging

A good fulfillment center should be green and environmentally sustainable.

According to Kantar's 2021 Asia Sustainability Foundational Study:

63%

of Asian consumers factor in sustainability concerns, at least occasionally, when making purchase decisions. [28]

53%

have stopped buying products and/or services when made aware that they have a negative impact on the environment and society. [28]

Lazada's LazEarth campaign supports sustainable practices

In conjunction with Earth Day 2022, Lazada launched the LazEarth campaign as part of the company's ongoing efforts to support sustainable practices in the digital commerce ecosystem. The campaign focused on reducing plastic waste, which is one of the major concerns for consumers in Southeast Asia. By partnering with more than 70 brands to identify and showcase products that are made, packed or shipped with reduced or better plastics, Lazada hopes to steer more consumers towards more sustainable options for high-use everyday products.

"As part of our commitment to build a lasting digital commerce business in Southeast Asia, we recognize that sustainability and value creation will become increasingly important to our long-term success. With the launch of LazEarth, we look forward to forging more collaborative partnerships and green initiatives that will empower our brands, partners and consumers to collectively create responsible and sustainable shopping and consumption habits."

—

James Chang,
Chief Business Officer at Lazada Group

At Lazada, brands have executed sustainable choices in packaging. Some examples include:

Unilever x Lazada Easy Green Partnership (Lazada Logistics Green Parcel)

On Earth Day 2022, Unilever and Lazada announced an exclusive three-year eCommerce sustainability partnership that caters to millions of Southeast Asian consumers who are adopting an eco-friendlier lifestyle. The partnership involves an exchange of insights to uncover what consumers find most important when shopping online as well as the development of corresponding impactful solutions.

Under the partnership, Unilever announced the pilot launch of its Easy Green label to spotlight eco-friendly products that have formulations that are biodegradable; meet a minimum threshold of renewable carbon sources in their formulations; have reduced greenhouse gas emissions compared to their previous formulations; or use better, less or no plastic packaging.

In addition, starting in Vietnam, Indonesia and the Philippines, Unilever and Lazada are working closely together to reduce the use of plastic packaging materials in parcels by leveraging Lazada Logistics' green packaging solutions. These solutions include the use of FSC-certified* carton boxes as well as shredded recycled paper to replace plastic fillers.

Procter & Gamble Ship-In-Own-Container

As part of the LazEarth campaign in 2022, Procter & Gamble and Lazada kicked off a series of sustainable innovations for shoppers across Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. Among these innovations was the Ship-In-Own-Container initiative launched by Pampers and Olay, which enabled products to be delivered to shoppers in fully recyclable cartons without any additional protective packaging, thereby reducing the use of shrink wrap, bubble wrap and other plastic materials.

*FSC: Forest Stewardship Council. FSC certification ensures that products come from responsibly managed forests that provide environmental, social and economic benefits

43

How Lazada drives delivery excellence

Rising consumer expectations for fast and free delivery present a growing logistical challenge for brands and retailers, adding to a list of other issues caused by labor shortages, increasing freight and fuel costs as well as inflationary pressures exacerbated by COVID-19 and geopolitical developments. Furthermore, the logistics sector is highly fragmented and **requires expert management across multiple teams, services and networks**.

"Our digitized, integrated logistics and supply chain network have enabled us to consistently push the envelope of Southeast Asia ecommerce delivery services"

—

Yau Fun Heng
Group Head, Fulfillment by Lazada at Lazada Group

Inventory management is a complex but essential component of cultivating the best customer experience. A solution for brands and sellers to manage their warehousing and order fulfillment would be to send their products to a fulfillment center like **Fulfillment by Lazada (FBL)**.

Fulfillment by Lazada solves the logistics hassle of eCommerce, making it easy for brands and sellers to sell on Lazada. FBL allows Lazada sellers to simply leave their products with Lazada Logistics, which handles all the end-to-end logistics operations, including fulfillment, delivery and returns. Lazada Logistics' data-powered fulfillment process is handled in state-of-the-art facilities across Southeast Asia and is seamlessly integrated with an extensive delivery network driven by proprietary smart-routing technology. FBL also prides itself on maintaining its consistently high standards even while handling volume surges during major campaigns.
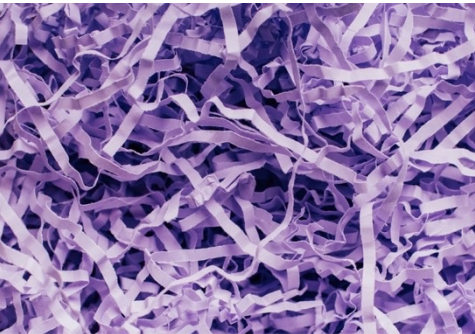
Lazada continues to innovate and introduce new solutions that help merchants and eCommerce partners meet the growing demands and expectations of their customers. For example, FBL offers sustainable packaging options, such as FSC* cartons and shredded packaging fillers, to brands and sellers amid growing demands for sustainable delivery solutions.

Lazada Logistics has also introduced multi-channel logistics (MCL) services, which provide a single stock fulfillment solution to help eCommerce enablers and brands fulfill across all eCommerce channels seamlessly. Whether a consumer orders on Lazada or through other eCommerce sites, Lazada Logistics will process and fulfill all the orders. MCL ensures that a consistent brand experience is delivered and solves many logistics pain points for brands and sellers, freeing them to focus on sales, marketing and scaling their businesses.

Faster and better delivery service with FBL

In certain metro cities, consumers who purchase products that are delivered through FBL can receive their orders as early as the next day with the introduction of the Priority Delivery Program. There will also be end-to-end customer visibility on priority delivery and date definitive tags in various places such as the Search Result Pages and Product Display Pages. Consumers in these metro cities will be able to shop with greater confidence and clarity on the delivery dates and receive their purchases faster.

The LazMall One program also provides consumers with a faster and better delivery experience, allowing them to save on shipping fees as they basket build and consolidate their purchases for products from different stores that are coming from Lazada Logistics fulfilment centres. Consumers only need to pay one shipping fee when they purchase and consolidate different products from different stores that are on FBL and Retail.

Lazada Logistics is recognized for its high-quality service and standards and is trusted by many brands and sellers across the region to deliver a superior logistics experience to their customers.

Lazada also leverages third-party logistics (3PL) service providers like Synagie to ensure excellent logistics management.

Choosing the right 3PL providers

One of the main advantages of using 3PL providers is that it allows a business to immediately acquire the right teams, tools and technologies to provide the operational know-how and support needed for growth. With logistics networks becoming increasingly complex, fragmented and opaque, costs can often be hard to identify, let alone reduce. A good and seasoned 3PL partner can provide the expertise, connections and digital solutions to help businesses navigate and link disjointed logistics networks into digitally connected ecosystems for transparency, accountability and financial sustainability.

How can businesses identify a good 3PL solutions provider in Southeast Asia, particularly for eCommerce?

Synagie's logistics overview

"A good 3PL provider, especially for eCommerce in Southeast Asia, is one that has adequate scale but is also agile and adaptable to the differing needs of markets, channels and businesses. It should also be forward-looking and sustainable; have deep know-how, networks and experience; and be able to digitally orchestrate an end-to-end ecosystem to facilitate the whole supply value chain."

—
Olive Tai
Co-founder & Managing Director at Synagie

Synagie has fulfillment centers across Southeast Asia that act as regional or local distribution centers for B2B (business-to-business) and B2C (business-to-consumer) commerce. Unique eCommerce services offered by the company include virtual product bundling, customized brand staging, brand concierge services as well as the integration of order and warehouse management systems via propriety technology. Working with its partners, It currently covers all trade lanes in Southeast Asia and offers businesses at-origin or at-destination warehousing options for their cross-border operations. Synagie implements sustainability across the eCommerce value chain and aims to offer affordable eco-friendly packaging in all its fulfillment centers across the region by the end 2023.

05

RECOMMENDED
ACTIONS

How businesses can act on these insights
to drive eCommerce transformation.

01
Tap into the power of search to capture high-intent shoppers

Given that 50% of shoppers do not have specific products in mind when they visit an eCommerce marketplace, search functions are a great tool for brands, especially since 9 out of 10 consumers use this function to guide their purchase decisions. Brands can tap into this functionality with both organic and paid solutions on eCommerce. eCommerce media solutions can also lead to smarter targeting to achieve "closed loop" communication with shoppers.

What is Lazada Sponsored Solutions?

Lazada Sponsored Solutions is a full suite of paid visibility solutions both in-app and external for brands & sellers to increase traffic & sales and optimize performance via data insights.

Powered by Alibaba Group's technological and AI infrastructure, Lazada Sponsored Solutions' unique SMART features enable brands and sellers to achieve convenience, effectiveness and efficiency in campaign management. SMART features also help brands and sellers increase sales, attain measurable insights, access AI-powered and auto features, achieve strong return on investment (ROI) and sharper targeting.

Brands and sellers that have executed SMART campaigns have seen an improved conversion rate of 15%, improvements in ROI of 21% and increased click-through rates of 41%. In 2021, 400,000 brands and sellers that implemented Lazada Sponsored Solutions saw 48% more growth compared to those that did not use these solutions as well as an ROI of up to 10.

Lazada Sponsored Solutions
POWERED BY SMART.

SALES INCREASE	MEASURABLE	AI POWERED & AUTO	ROI	TARGETED
+48% vs. not using Lazada Sponsored Solutions	**Measure data & insights** for efficient optimization	Leverage Alibaba's AI, Cloud & big data technology infrastructure	Achieve an ROI of up to **10x**	Deliver **precise & personalized targeting** to achieve conversion

Sponsored Discovery

Unlock Sponsored Discovery through Lazada's AI powered Search & Product Recommendation Engine

Brands, Sellers and Agencies can leverage the power of Lazada's Sponsored Discovery solution that matches promoted products with the most relevant shoppers. Sponsored Discovery combines Sponsored Search and Sponsored Products into one powerful solution. Businesses can also further scale Sponsored Search with First Search Slot (first slot position within Sponsored Search).

This is an opportunity for brands to get prime visibility and maximize performance on search results by winning the first slot through Sponsored Discovery campaigns.

Unique advantages of the First Search Slot are:

FIRST IN VISIBILITY

Drive up to

2X

more traffic vs. other Sponsored Search slots

FIRST IN PERFORMANCE

Sellers saw

6X

growth in sales and an average ROI of 9

**SPONSORED DISCOVERY
BRAND SPOTLIGHT**

L'ORÉAL

L'ORÉAL INDONESIA

Taking an integrated campaign approach to drive better conversion and ROAS

#IMPROVE-SALES

#SCALE-UP

#SPONSORED-DISCOVERY

Challenges and needs

Increase scale on Sponsored Discovery while maintaining or improving ROAS.

Approach taken

- Sponsored Discovery planning & optimization including Campaign set-up restructure, budget planning based on category priorities and ROAS performance, as well as bidding & keywords training to optimize from Teasing to D-day

- Continuous optimization through 3 Double Digit campaigns, with improved budget allocation by focusing on categories with the highest growth, and manual bidding optimization for keywords

Results

Able to scale Sponsored Discovery with 321% increase in spending and ROAS improvement by 25%.

Performance growth from D6 – D11:

**SPONSORED DISCOVERY INVESTMENTS
& OPTIMIZATIONS M-O-M**

Continuous Optimization

Bidding & Keyword optimization

Campaign Restructure

D6   D8   D9   D10   D11

Before Revamp   **After Revamp**
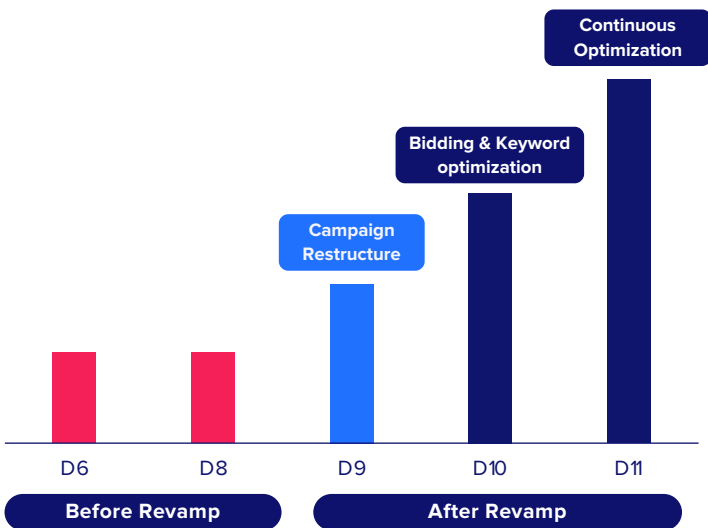
Performance uplift after 2 Mega Campaigns:

+5X
Increase in PDP Impressions

4.3X
Increase in Guided GMV

25%
ROAS Uplift

SPONSORED DISCOVERY BRAND SPOTLIGHT

LEADING BEAUTY BRAND IN VIETNAM

Achieve timely product awareness and sales performance

#IMPROVE-SALES

#ROAS-UPLIFT

#SPONSORED-DISCOVERY

Challenges and needs

A leading beauty brand wanted to be more competitive in their Sponsored Search campaigns in Vietnam – leading them to become an early adopter of the First Search Slot (FSS) Overbid feature.

Approach taken

The brand activated overbid feature for FSS on all their Standard Sponsored Discovery campaigns in order to increase visibility and conversions.

1. Determine the priority SKUs to place on FSS
2. Edit the existing Sponsored Discovery campaign on Lazada Seller Center to place FSS Overbid on those priority SKUs
3. Monitor and adjust the Overbid price to ensure placement

Result

All the campaigns that won First Search Slot due to their competitive overbid prices showed favorable results and helped the beauty brand achieve their campaign goals.

First Search Slot campaigns achieved

50%
Uplift in conversion rate

W/O FSS

WITH FSS

60%
Uplift in ROI

W/O FSS

WITH FSS
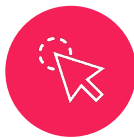
2X
Uplift in clickthrough rate

W/O FSS

WITH FSS

"Brand owners like us, are always on a hunt to streamline the number of campaigns and optimize our budgets. Automation capabilities available on Lazada Sponsored Solutions have not only allowed us to achieve this, but it has also enabled us to conduct even more experimentation with our engagement strategies as well."

—
Suchaya C.
Campaign Performance Manager,
Philips Home Appliances Thailand

Brands and sellers seeking to include SMART features in their eCommerce strategies can access Lazada Sponsored Solutions directly through the Lazada Seller Center. Enterprises can also opt to learn more through their dedicated Lazada Key Account Managers, media agencies or eCommerce enablement partners.

"We're empowering our brands and sellers on Lazada with Lazada Sponsored Solutions powered by SMART that unlock possibilities for businesses to drive their growth."

—

James Chang,
Chief Business Officer at Lazada Group

02
Invest in the key drivers from click to cart to checkout

It is important to have the right focus and investments in the below key drivers throughout shoppers' paths to purchase. It is especially crucial for new brands to have product ratings and reviews to drive credibility and motivate shoppers to add products to their online carts.

Key drivers for clicks

- Product placement
- Product photos
- Free shipping option
- Product price, vouchers and discounts

Key drivers for adding to cart

- Product ratings and reviews
- Product price, vouchers and discounts
- Delivery fee
- Free shipping option

Key drivers for checkout

- Promotions and discounts
- Product price is within consumers' budgets
- Free shipping
- Urgency to buy the product

03
Maintain excellent online store operations

Best practices for store creation

Approach it with a mobile-first mentality

with punchy and succinct copy, evocative and engaging images and video content to bring out the brand story and its unique value proposition.

Categorize product offerings in a three-tier approach:

- Categories, collections or brands (in the case of a multi-brand store).

- Best sellers, hero products or new products.

- Customized brand or category associated shopping behaviors or price points to build basket size.

Strategic placements

of unique services offered by the brand.

Highlight add-to-cart drivers,

such as 100% product authenticity, return guarantees as well as fast and free deliveries.

Have no more than three clicks to purchase

to create a sense of excitement, exclusivity and urgency, with clear calls-to-action and concise link-outs.

Best practices for user engagement

Leverage the Followers function as a free channel to engage and communicate with shoppers directly. Brands and sellers can also use Lazada's chat function to offer promotional vouchers to their followers to purchase products.

In addition, Lazada's Feed function enables brands and sellers to communicate with their followers via:

- Brand stories

- New products and product benefits

- Top-selling products

- Promotions

Tips and tricks for product merchandising

Optimize product titles

to be clear, concise and follow basic naming conventions, with the inclusion of relevant brand and category keywords to improve relevancy scores to boost searchability.

Optimize descriptions

to engage and persuade customers by highlighting benefits, unique selling points and problem-solving features.

Enhance content with images and videos

to simplify and make the communication and engagement process more effective to create higher chances of converting shoppers.

Best practices for marketing & promotion operational excellence

- Leverage free shipping for orders

- If there is a limitation on discounts then consider free gifts

- Implement Flexi Combos

- Provide discounts for 'repeat' purchase

Master the Lazada Store Builder and Lorikeet to enhance business performance quickly and efficiently

Lazada Store Builder

Lazada Store Builder is a free solution for businesses to create effective store designs that are more engaging and easier to navigate for consumers. Below are some best practices for mastering the Store Builder tool.

Store decorations

- Highlight the value proposition message

- Have promotions with calls-to-action

- Customize categorization with product grouping

- Personalize store with a "Just For You" section for every consumer

Store visuals

- Ensure good product images are used

- Have a clean look with consistent colors

- Visuals should be in line with the season and the theme

Lazada Lorikeet

Lorikeet is a decoration tool designed to help businesses create and beautify their product descriptions from scratch or with one of Lazada's professionally made templates. Below are some best practices for mastering Lorikeet:

Understand the features in Lorikeet, including layers, modules and templates, decoration areas, and more.

Be sure to highlight products' key features, images and unique selling points as well as the brand story and calls-to-action.

Monitor the conversion rate of Lorikeet products using the Business Advisor tool.

04
Choose the right logistics option for your business

Lazada helps businesses and sellers stand out against their competitors by relieving logistics concerns that often require high capital and operational expenses to alleviate. Lazada Logistics provides hassle-free end-to-end services that cover everything from first-mile pickups, storage and packing to last-mile delivery and returns. Businesses should determine their needs, expectations and category requirements and choose the right logistics solutions to suit their needs.

"Lazada Logistics continues to innovate and introduce new solutions that help merchants and eCommerce partners meet the growing demands and expectations of their customers."

–
Yau Fun Heng,
Group Head, Fulfillment by Lazada at Lazada Group

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Lalaine Gozun

Senior UX & User Researcher, Lazada Design Studio

Sanchita Ray

Senior Vice President, Head of User & UX Research at Lazada Group

Soumya Roy

Senior UX & User Researcher, Lazada Design Studio

Vishal Khanchandani

Senior Vice President, Head of Market Intelligence at Lazada Group

AUTHORS

Chandana Sunder

Senior Vice President, LazMall Marketing Solutions at Lazada Group

Chi Nguyen

Marketing Manager, Marketing Solutions at Lazada Group

Katrina Wang

Vice President, Group Strategy at Lazada Group

Micheas Chan

Chief of Staff at Synagie

Pei Gy

Vice President, Channel Development & Management at Synagie

Toni Ruotanen

Head of Commerce, APAC at GroupM

Yau Fun Heng

Group Head, Fulfillment by Lazada at Lazada Group

Lazada

Add to Cart. Add to Life.