Southeast Asia One of The Fastest Growing Markets for E-Commerce Revenue in 2014

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Southeast Asia will be one of the world's fastest-growing markets for e-commerce revenues in 2014, according to new research from Frost & Sullivan.Â Total revenues from B2C ecommerce in the six largest Southeast Asian countries (Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam) reached US$7.0bn in 2013 and will grow at a CAGR of 37.6% to reach US$34.5bn by 2018.Â Singapore was still the largest ecommerce market in Southeast Asia in 2013 at US$1.7bn but by 2018 growth in emerging economies will be substantial and Indonesia will be the largest Southeast Asian ecommerce market generating over 40% of regional revenues.Â Â

Mr. Marc Einstein, Industry Principal, ICT Practice, Asia Pacific at Frost & Sullivan said that there are several factors generating enthusiasm in the sector as a combination of economic growth, Internet adoption and foreign investment are all adding to growth in the ecommerce sector.

"Per capita income is rising in Southeast Asia and more consumers are using the Internet through PCs, smartphones and tablets.Â There is no dominant player in the regional market but foreign companies such as Amazon, Rakuten and Alibaba are all expanding in the region and there are several strong domestic companies hence the region is very competitive despite its infancy."

Mr. Einstein also said that the rapid-growth in the Chinese ecommerce market is generating enthusiasm for the sector.Â "In 2013 ecommerce revenue in China represented 7.8% of all retail sales, higher than in the US, Europe and Japan.Â Given the rapid adoption of ecommerce there, we believe that ecommerce will grow rapidly in Southeast Asia countries where ecommerce still represents less than 2% of all retail sales in most countries."

The ecommerce market in Southeast Asia is not without its challenges, however, as there are several factors inhibiting growth.Â Credit card ownership is less than 10% of the population in some Southeast Asian markets and upwards of 50% of the population in some countries lack bank accounts making payment a major issue.Â Internet fraud is also very high is some countries such as Indonesia which further discourages ecommerce use.

Nonetheless, Mr. Einstein thinks that the market will continue to expand and will eventually consolidate.Â "In Southeast Asia, there is no one company with the number one position in two markets, and there is no player with market power of companies like Amazon, Rakuten or Alibaba.Â Therefore the region is ripe for M&A activity and we expect to see market developments in the near future.