Revealed: The Top Three Emerging Internet Markets in 2014

Contributed by Euromonitor
Thursday, 24 July 2014

Euromonitor International has identified the top three emerging Internet markets in 2014, based on growth rates in annual digital indicators such as online adspend, e-commerce, Internet users and mobile Internet subscriptions. The online markets to look out for in 2014 are Vietnam, Chile and Iran, as improved local telecom infrastructure, growing IT literacy and greater adoption of new technological platforms are driving more consumers to the web. Improved conditions for the growth of domestic Internet start-ups, clearer regulatory oversight regarding web commerce and cheaper costs of telecom services are allowing more businesses to launch or expand their online offerings.

E-Commerce Value and Internet Users in Vietnam, Iran and Chile: 2014

Source: Euromonitor International from trade sources/national statistics/International Telecommunications Union/OECD

Note: Figures are forecast
Â
1. Vietnam: A dynamic hub of Internet commerce and marketing

Following in the footsteps of China, Vietnam is experiencing a stable transition from communist rule to what some have termed as â€œstate capitalismâ€•. Rapid economic growth has allowed more Vietnamese consumers to purchase home broadband connections, smartphones and tablets, resulting in the online population almost doubling from 20.6 million in 2008 to an expected 40.9 million in 2014. Subsequently, there has been a surge in the demand for online services and this has been most keenly felt in e-commerce. E-commerce firms are seeing rocketing trade, demonstrated by local mobile retailer MobileWorld expecting to launch an initial public offering (IPO) in 2014. Shopping mall operators are investing massively into the development of online purchasing platforms, anticipating the impending transfer of consumption from offline to online points.

Opportunities: In 2014, Vietnamese Internet retailing value will expand by 39.0% in annual real terms, among the highest rates globally and only behind Pakistan in the Asia Pacific region. More impressive is the growth of the local digital marketing landscape, with the country set to see a real annual rise of 48.6% in online adspend in 2014. The twin pillars of e-commerce and digital advertising are set to be major drivers of the online economy.

2. Iran: Increasingly stepping beyond its religious and economic limitations

Iran has historically been one of the biggest digital underachievers in the world, its Internet development restricted by economic alienation from the West and an Islamic state disapproving of the liberal potential of the web. However, a thaw in international relations and the growing understanding by the state of the necessity of a digital economy is helping to drive an underdeveloped but rapidly expanding Internet market. Demand for social and digital media, blogging and online news is being seen especially among the countryâ€™s large and tech-savvy youth segment, although opportunities in consumption remain limited by low access to home broadband and mobile Internet. Internet cafes are important sources of online access. In 2014, Iranian internet users will expand by 10.2% annually, one of the strongest increases globally.

Opportunities: Although Iranâ€™s e-commerce market is still nascent, largely restricted to urban zones, there is growing awareness among consumers to the benefits of purchasing online. In 2014, the country will see annual real growth of 42.3% in Internet retail value, fifth-largest globally and the strongest level in the Middle East. Reaching consumers through expanding mobile Internet connections will be key for retailers.

3. Chile: Mature Latin American market taking advantage of strong infrastructure and regulation

Chile is an interesting case of online expansion as it is one of the most developed information and communications technology (ICT) markets in Latin America, holding high fixed and mobile broadband penetration. Mature e-government segments and a vibrant local technology start-up scene are driven by strong state regulation. Although annual Internet usage growth will be limited in 2014, at 5.9%, the well-connected population is in a strong position to drive surging expansion in online marketing, e-commerce and mobile services. The spread of ICT development into rural areas is helping the country to drive a new surge of online consumption, while low levels of corruption make it a friendly environment for digital business ventures.

Opportunities: High IT literacy in Chile is helping the uptake of more developed Internet products, such as Video-on-Demand, cashback e-commerce and mobile-based banking services. This is expanding further opportunities in both online adspend and Internet retailing, with respective real annual expansions of 17.0% and 30.4% expected in 2014.

Republished with permission from Euromonitor Market Research Blog , originally posted on July 23, 2014.