

## **Asian Logistics and Maritime Conference 2019**

### **Plenary Session 2 – Keeping the Customer ‘King’ in the E-Commerce Arena**

#### **Panel Chair**

##### **Mr Anson Bailey**

Head of Consumer & Retail, ASPAC;

Head of Technology, Media & Telecoms, Hong Kong, KPMG China

#### **Panel Speakers**

##### **Ms Michelle Leung**

Senior Vice President, Fung Omni Services

##### **Mr George Wojciechowski**

Co-Founder, ShipBob

##### **Mr Teong Teck Lean**

Managing Director and Group Chief Executive Officer, GD Express Carrier Bhd

##### **Mr Hao Weichen**

Partner and Vice President of Supply Chain, Kilimall

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### **Unlocking opportunities in the e-commerce arena**

In an era of omni-channel retailing, customers are increasingly keen to search and shop online, alongside making use of traditional routes such as in-store purchases. Though big names like Amazon and Shopify have undoubtedly done well online, there are a whole raft of smaller businesses who are also using online channels in order to grow. In Plenary Session 2, titled “Keeping the Customer ‘King’ in the E-Commerce Arena”, industry players shared their experience of exploring e-business opportunities.

The panel chair, Anson Bailey, Head of Consumer & Retail, ASPAC and Head of Technology, Media & Telecoms, Hong Kong, KPMG China, began by confirming, “We are all living in the perform storm of technology. The new economy’s businesses are the fastest growing ones in Asia whilst the emergence of platform businesses is about the changing ownership from assets to access.”

According to a recent KPMG survey, smart cities are taking shape. “Consumers today are tech savvy, with Generation Z driving change. Brands are striving for transparency, and data is the key for all of us. Yet the biggest challenge is a lack of talent to analyse all these data,” Mr Bailey said.

#### **Key trends in e-commerce**

While the global economy is weakened by rising trade barriers and increasing geopolitical tension, Michelle Leung, Senior Vice President, Fung Omni Services, said that the growth

curve of e-commerce is steep. "Retailers leverage e-commerce to reach more countries and segments," she added. "E-commerce data is not only used for selling products but also for planning the whole business."

"More customers are buying more product categories," Ms Leung said, "from clothing and electronics to food, groceries and home lifestyle products. Almost everything can be bought on an e-commerce platform."

While the Mainland China is the number one e-commerce market in terms of growth, Leung added, "In Mainland China, consumers are used to cross-border shopping. A lot of them look for better value and better selections. They tend to buy products in the categories of cosmetics, fashion and baby products and brands that are not available in the mainland."

Statistics also indicate that India and Southeast Asia are catching up with the growth in e-commerce. "In Southeast Asia, Indonesia is one of the top potential consumer growth markets after India, because of a rising young class of consumers who are brand conscious, mobile savvy, and love to buy online and try new things."

Ms Leung highlighted that retailers should work out an effective O2O (online to offline) strategy to offer customers the best shopping experience. "At one end, they can leverage the marketplace as a clearance channel by offering low-price products to acquire new customers and keep them shopping online. At the other end, they can launch limited editions at the store to attract customers."

She added that e-commerce platforms tend to use Hong Kong as a hub while expanding in Asia. "They first enter Asia through e-commerce because they don't want to open shops. When deciding where to set up a warehouse, their natural choice is Hong Kong because it is a tax-free zone. Additionally, Hong Kong is the centre of Asia serving as a gateway to Mainland China, Korea, Japan and Southeast Asia. A lot of these platforms will set up their hubs in Hong Kong. When they see growth, some will then set up offices in Mainland China and warehouses in Singapore."

### **Innovative ideas are the key**

George Wojciechowski is the cofounder of ShipBob, which was launched in Chicago in 2014. "Our goal is to give new generation e-commerce merchants the same tools to reach scalability as the biggest players in e-commerce." He explained, "Big players like Amazon have hundreds and thousands of dollars to invest in their logistics infrastructure so they can get their products to their consumers very quickly, in one or two days, essentially setting customer expectations for everyone else."

He continued, "In the last 4 to 7 years, there's been a democratisation of e-commerce merchants because of platforms like Shopify, which basically allow anybody with inspiring ideas for cool products to get a great website up and running. However, e-merchants with substantial growth businesses don't have the same ability and infrastructure to offer the same value and service as the big players do. We realise that technology is the way to solve problems and create solutions for e-commerce merchants."

The solution ShipBob offers is the Y Combinator. According to Mr Wojciechowski, Y Combinator is "the technology that connects all the relevant software that e-commerce merchants are using in the US. As such, e-commerce information is no longer fragmented, but centralised to help businesses make good decisions based on the combined data." Additionally, ShipBob owns and operates 5 fulfilment centres in different locations in the US. "Our merchants are able to look at their order histories to decide where to put their inventories, enabling them to have the majority of their shipments shipped in 2 days. In doing so, their cost per shipment is lower and customer satisfaction is comparable to that of the big players," said Mr Wojciechowski.

He added that the baby boomer generation should not be ignored. "We now have 3,000 merchants over 28 countries. Based on our studies, baby boomers have higher expectations regarding delivery, and they are more impatient to see their products. They also have more disposable income."

### **Customised logistic solutions win**

GD Express Carrier Bhd began as a traditional express delivery service provider in Malaysia in 1997, and has developed a similar platform to ShipBob. Teong Teck Lean, the company's Managing Director and Group Chief Executive Officer, explained, "When Lazada (the biggest e-commerce platform in Southeast Asia currently) started business in Malaysia some 6 to 7 years ago, we talked to the founder and learned that e-commerce is going to be very popular. At that time however, our systems were not ready."

He added, "Our strategy has been to open up the opportunity to collaborate with everyone. We decided to build our own infrastructure to connect with platforms like Amazon and Shopify so that smaller merchants don't have to build everything from the ground up." GD Express' success is based on its ability to provide customised logistic solution. "Customers who buy a new phone at midnight would like to receive it by 1pm the next day. We can do that for you," said Mr Lean, adding that the company's platform connects with 10 payment wallets.

### **Taking the lead**

While the Mainland China and ASEAN get the most attention, Kilimall started its e-commerce marketplace in Kenya in 2014, and is now one of Africa's leading online

shopping malls. Hao Weichen, Partner and Vice President of Supply Chain, Kilimall, noted, "Not many of us have been to African cities like Kenya, which are very different from what you might imagine. Instead of mountains and wilderness, there are new generations of Africans living in the modern world who also learn and enjoy modern products. They are our e-commerce customers."

The company had developed their own e-commerce platform as well as an online payment system that serves only Kilimall users. According to Mr Hao, mobile phones are popular items that Africans shop for online, followed by brand-name products and clothing. "Kenya, Uganda and Nigeria are the three top markets we focus on," he said. "Last mile delivery is the key to business success. We have built our own warehouses in Africa as well as more than 1,000 pick-up centres which have lockers and drop-box services in Kenya and Uganda. We plan to scale up that number."

To close the session, Anson Bailey said, "Emerging technologies like AI, blockchain and robotics will profoundly impact our society. Innovation is critical, but where to find innovation is the million-dollar question. Businesses need to demonstrate a good social agenda because consumers are watching. It's important to listen to consumers, particularly when they are demanding more transparency from the brands they buy."