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How to Launch a Successful Ecommerce Holiday Flash Sale in Southeast Asia

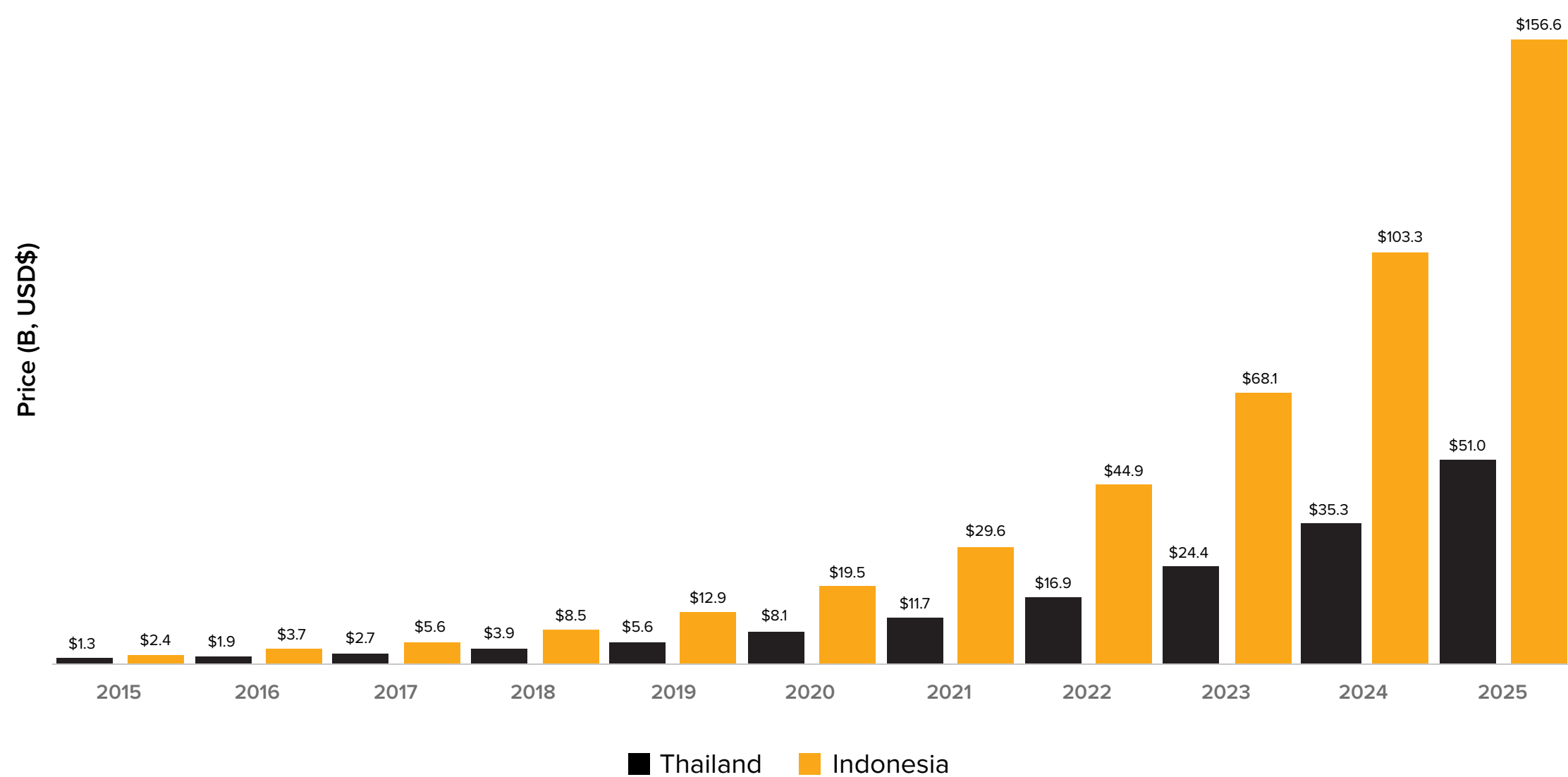
										
										
										
										
										
										
										
										
										

Introduction

As internet adoption grows at a double digit pace year on year in Southeast Asia - a 31 percent¹ increase last year - retailers and brands must find ways to capture the wave of the some 80 million new consumers coming online for the first time.

It is not surprising to learn then that internet shopping has become one of the most robust areas of growth in the last few years, especially in emerging markets like Indonesia and Thailand as both international and local companies invest heavily into digital channels.

Projected Ecommerce GMV for Thailand and Indonesia (B2C & C2C)



source TH and ID projections based on Google & Temasek report

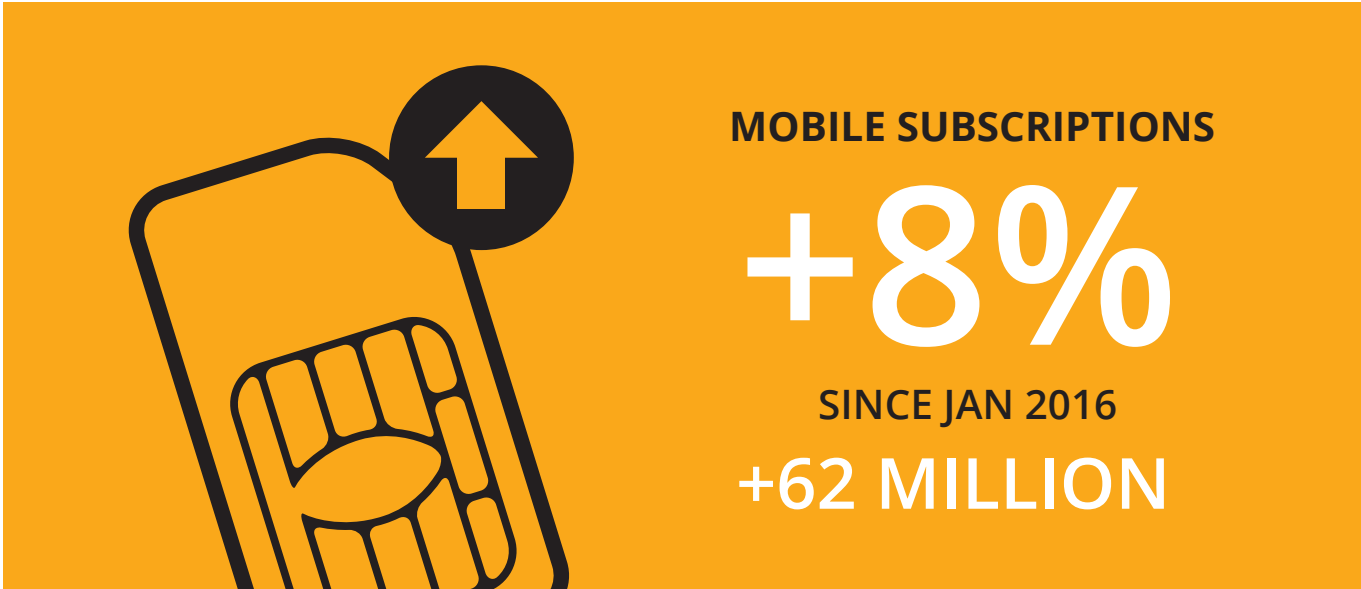
C2C not included in Google & Temasek report but estimated to be 30% of total retail ecommerce

* China and US numbers from eMarketer, China Internet Watch, Census.gov, ecommerceIQ estimates

**** Excluding travel, only including retail ecommerce

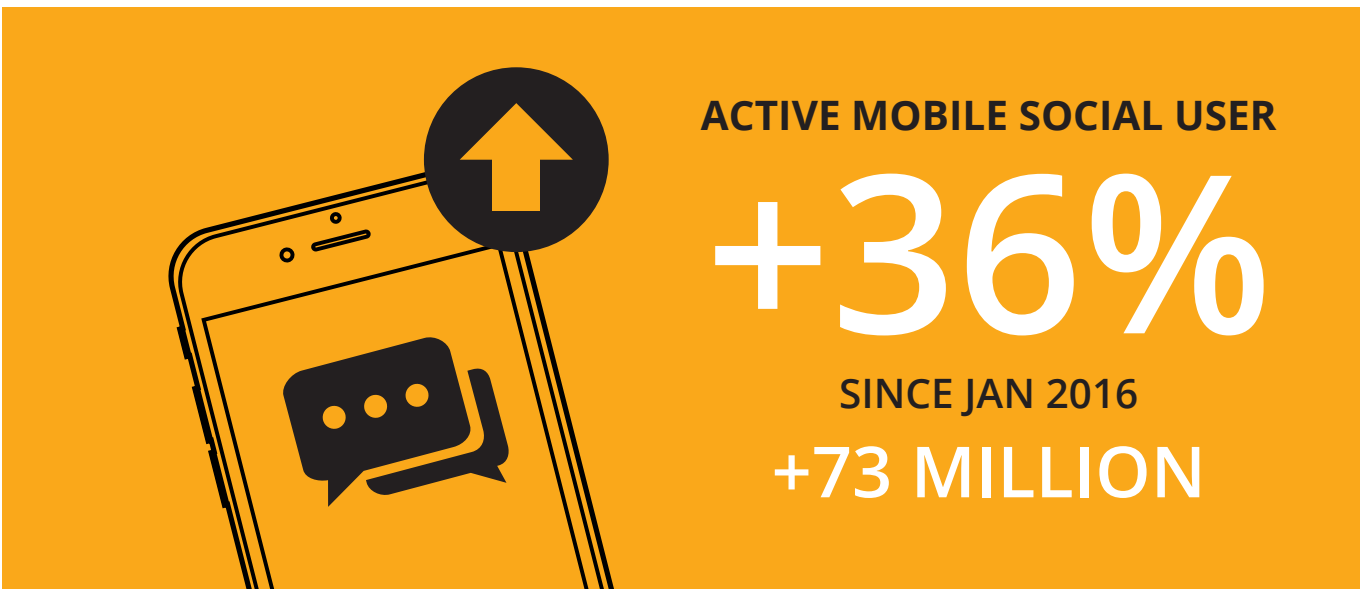
In such a fragmented market varied in cultures and languages, there are common key threads to be noted about the region’s increasingly affluent shoppers to successfully sell online:

1. Southeast Asia is mobile first. Mobile subscriptions have increased by 8% since last year, adding an additional 60 million users.



source We Are Social & Hootsuite, 2016

2. Southeast Asians are the most actively engaged with social media. Indonesia is sometimes referred to as “Twitter city²” whereas Total Access Communication Pcl³ estimates that Thais spend up to six hours a day on Facebook and Youtube - the 8th highest in the world.

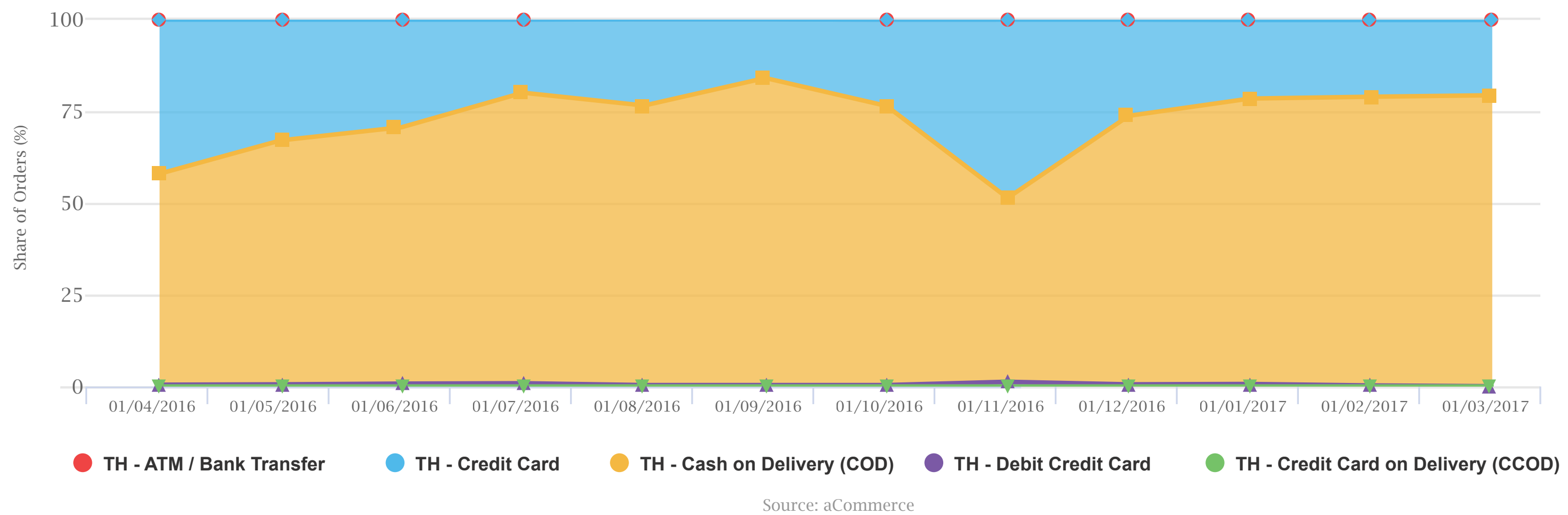


source We Are Social & Hootsuite, 2016

3. Southeast Asia has low credit card penetration and a 73 percent⁴ unbanked population due to **lack of financial maturity**.

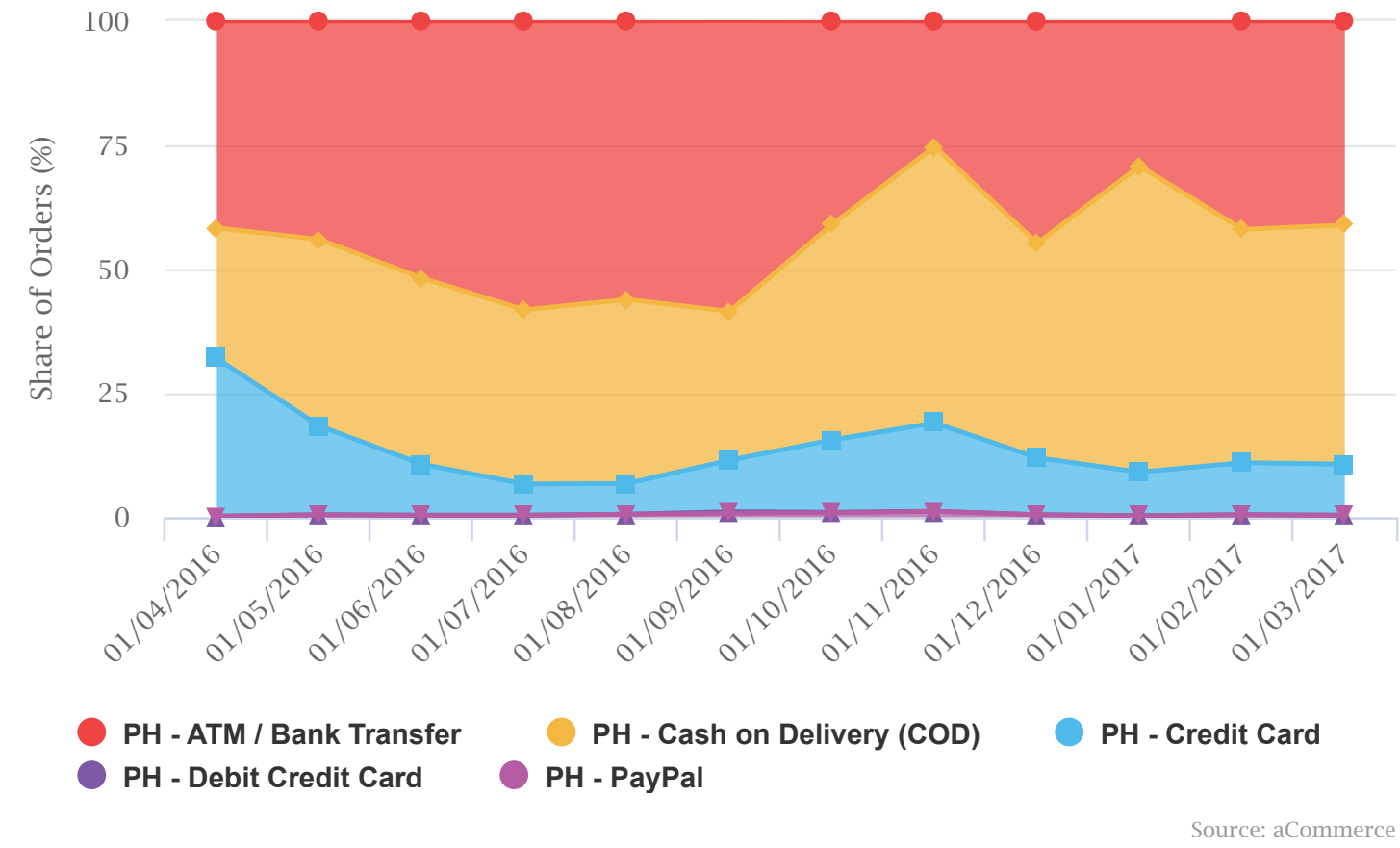
4. There is an overall low trust in anything ‘digital’ due to its novelty and unfamiliarity.

THAILAND - ORDER SHARE BY PAYMENT METHOD



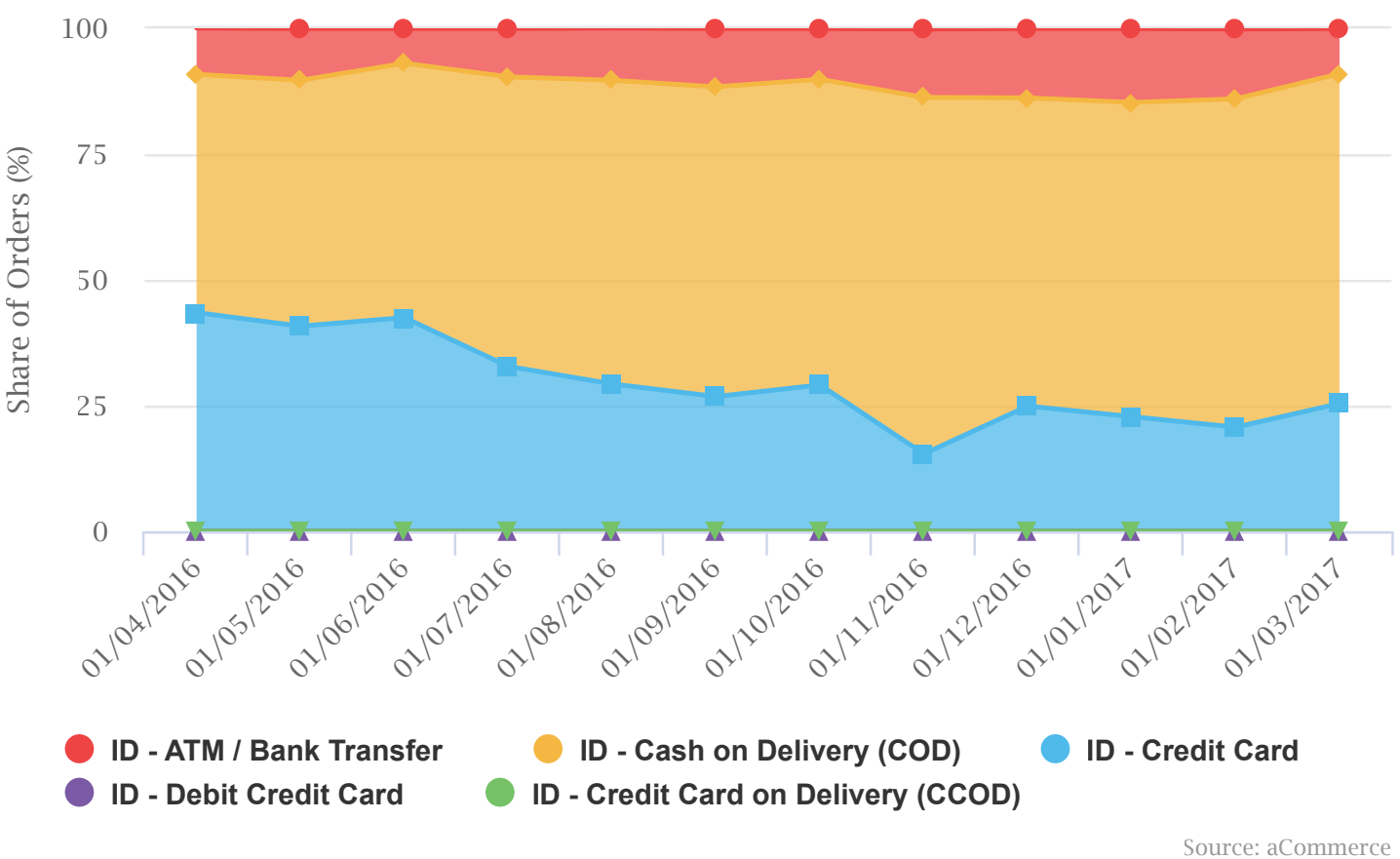
Source: aCommerce

PHILIPPINES - ORDER SHARE BY PAYMENT METHOD



Source: aCommerce

INDONESIA - ORDER SHARE BY PAYMENT METHOD



Source: aCommerce

So how do retailers, brand stores and marketplaces in Southeast Asia attract more consumers to shop on their websites, SIS (shop-in-shops), mobile applications, etc.?

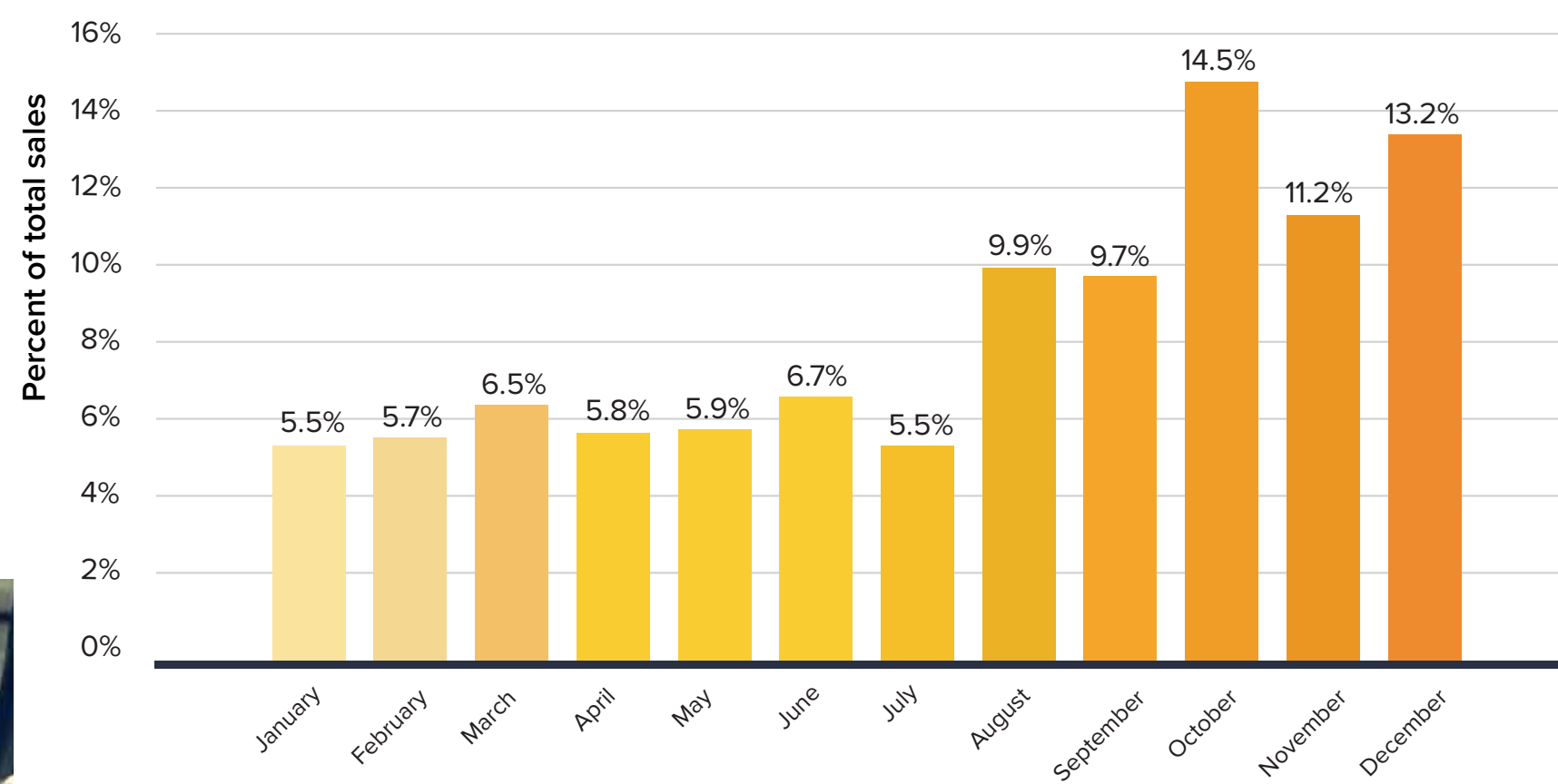
One highly successful and proven method is to incentivize with large discounts, leading to the emergence of some of the world’s most infamous flash sales.

A History of Massive Sales Around the World

Most businesses experience and prepare for a year-end spike in sales as people around the world embrace a giving spirit and increase spending by on average 10 percent⁵. This hectic time, usually referred to by shoppers as ‘holiday shopping’, can begin as early as September and continue until January in the new year.

This consumer behavior has given way to famous shopping sales days such as Black Friday and Cyber Monday in the US, seasonal events that generated over \$7 billion⁶ in sales last year.

Seasonality of Ecommerce Sales in 2016

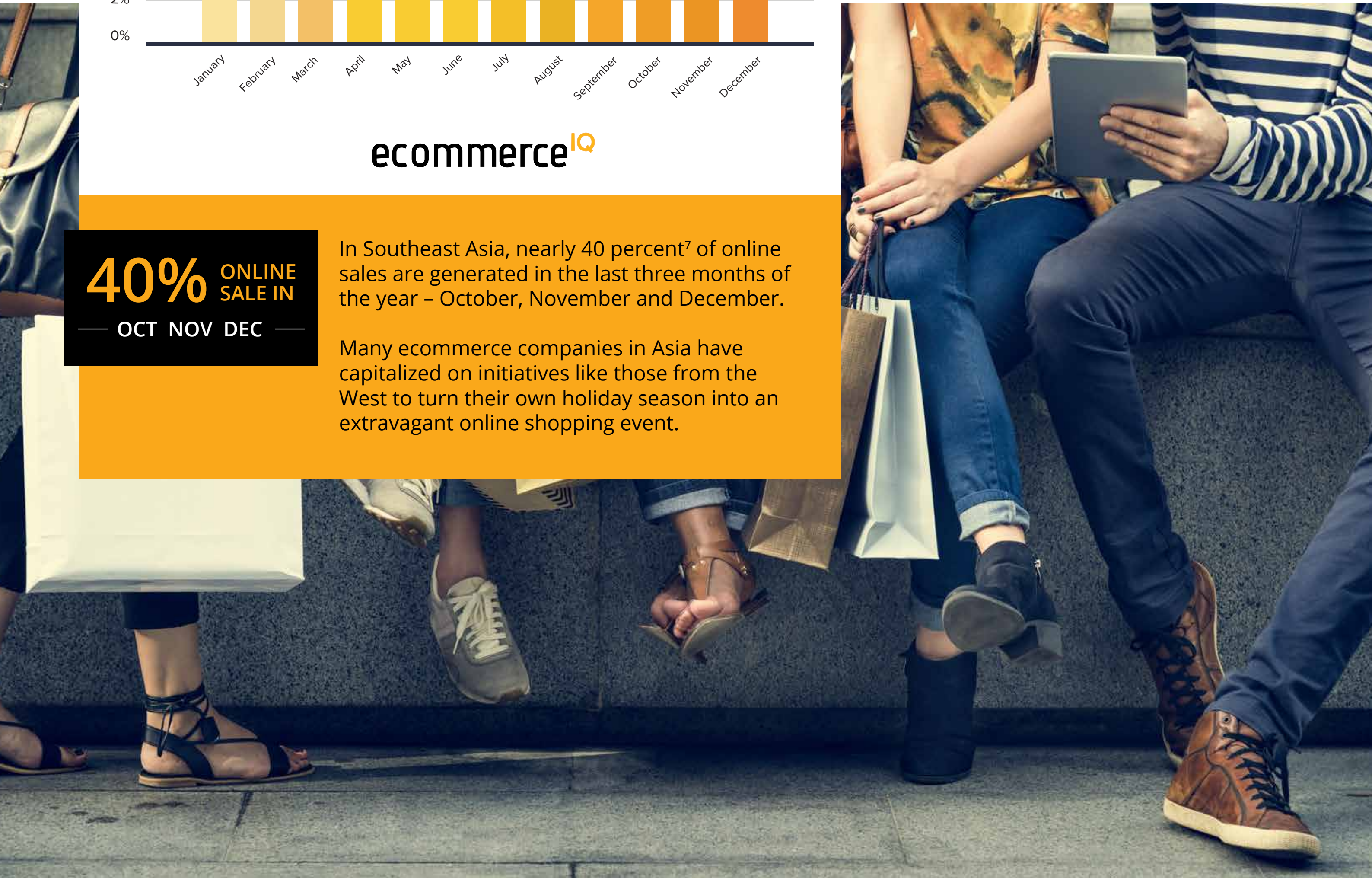


ecommerceIQ

40% ONLINE SALE IN
— OCT NOV DEC —

In Southeast Asia, nearly 40 percent⁷ of online sales are generated in the last three months of the year – October, November and December.

Many ecommerce companies in Asia have capitalized on initiatives like those from the West to turn their own holiday season into an extravagant online shopping event.



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11.11



And all eyes fall on November 11th (11.11), when Alibaba Chairman Jack Ma rings the bell to signal the start of **Singles Day** - the world's largest online sales day that generated over \$17.8 billion⁸ in 24 hours - larger than Brazil's total ecommerce sales for all of 2016.

Singles' Day originated in Nanjing University in 1993 where groups of young single friends would get together and celebrate their unattached status by shopping. In 2009, Jack Ma, chairman of Alibaba Group, saw an untapped opportunity and created an online shopping event around young peoples' behavior, framing it as a day of personal indulgence.

The unofficial holiday was made famous and monetized by Alibaba, turning the obscure day into a way to boost business during China's slack period⁹ between October's Golden Week and Lunar New Year in January to February.

It was also introduced around the time ecommerce exploded in China, leading to a 5,740% growth¹⁰ in Alibaba's "Double 11" sales event between 2009 and 2013.

Forbes

"Western brands not only need a China strategy, they need a very specific Singles' Day strategy"
- Forbes¹¹

As Southeast Asia follows China closely in its online history, it isn't surprising that companies in the region have also adopted their own themed annual sales days, most prominently **9.9** (Shopee) and **12.12** (Lazada Group Online Revolution).

How Do Companies Prepare for Holiday Sales?

There are typically three large areas that companies/brands focus on at minimum three months in advance:

1. Press & Marketing Campaigns

In order to generate sales, customers need to first be aware of the promotions. This is why sizeable chunks of marketing budgets are allocated to creating “pre-buzz” through the press events in addition to standard online marketing campaigns.

Alibaba turned Single’s Day into a full blown celebration by using prominent Hollywood stars and athletes such as Daniel Craig and David Beckham to build excitement around Double 11. This doesn’t come cheap as the company’s expense for the fourth quarter were double¹² compared to the previous period.

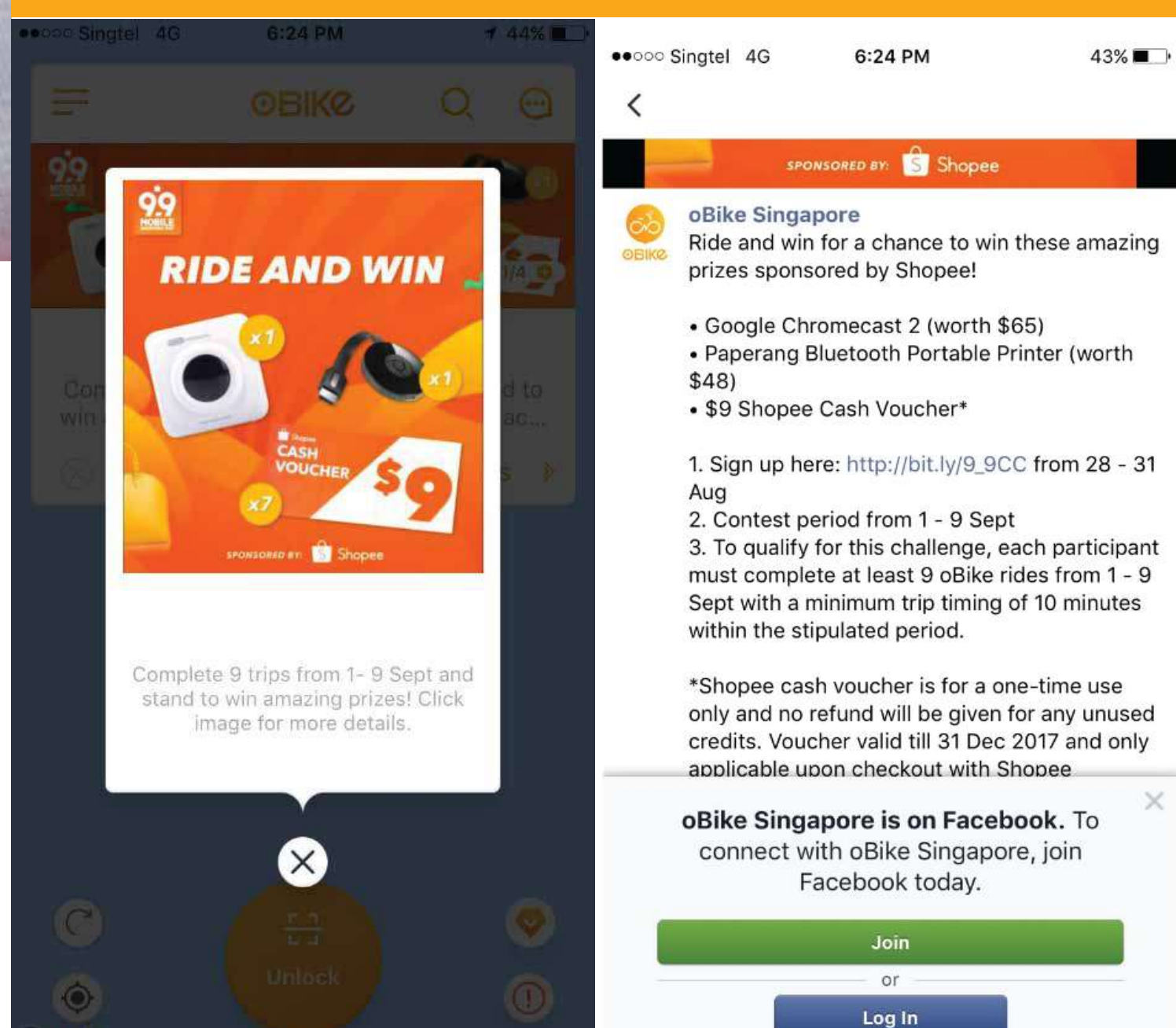


source <http://www.amarintv.com/entertainment-update/gossip-519/76014/>

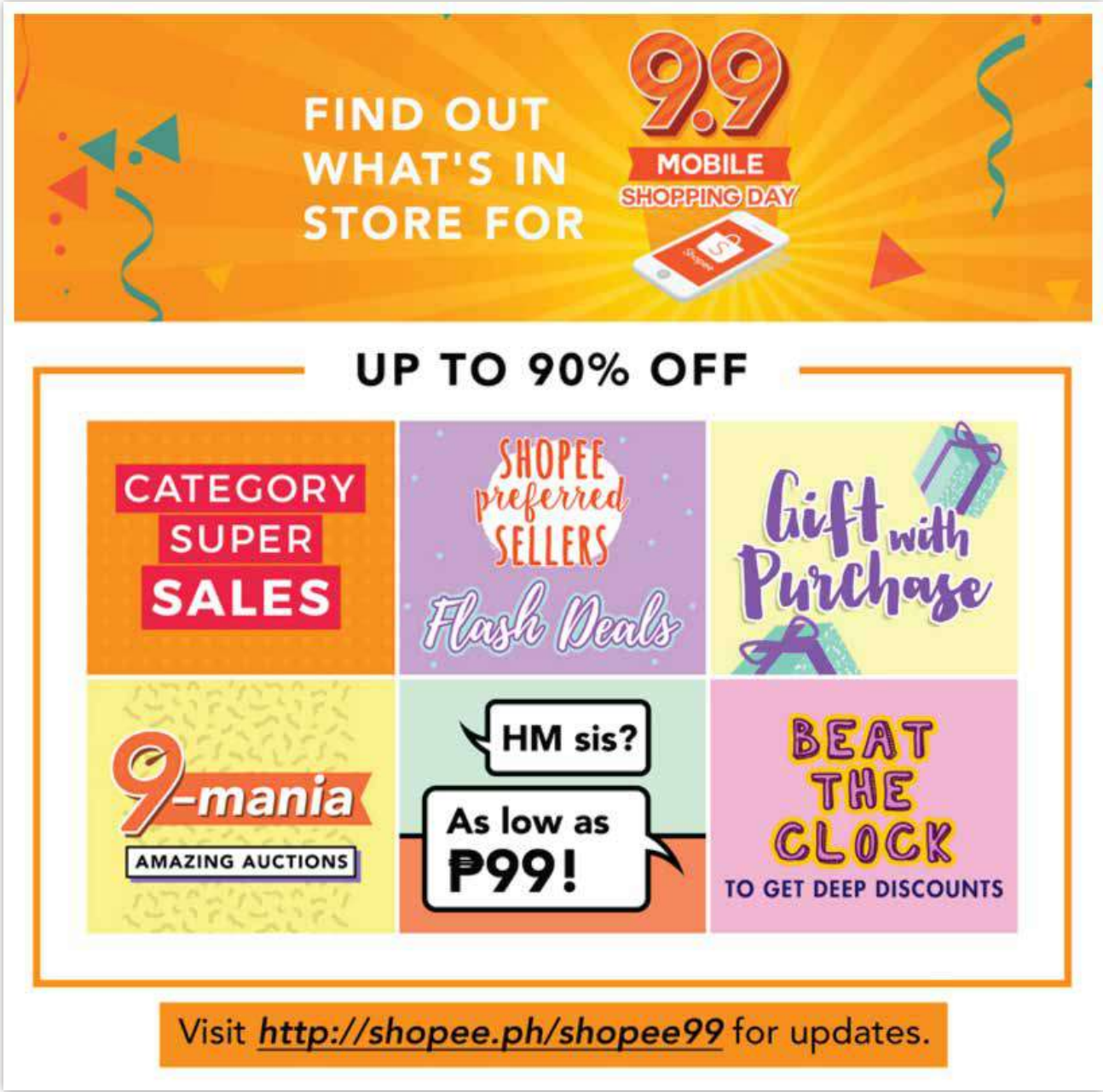
The company has also partnered with popular bike-sharing app, O Bike, in Singapore to gamify 9.9 and reach new but still relevant audiences.

Companies are ensuring that every customer facing channel is jam-packed with purchase incentives and triggers to drive sales.

Shopee, one of Southeast Asia’s most popular C2C/B2C platform, introduced its annual mobile shopping event 9.9 (September 9th) to Thai consumers by recruiting two of the country’s most popular celebrities to join its official 2017 press event as brand ambassadors.



Last year, Shopee Philippines published a discount schedule ahead of time so shoppers could set up alarms, creating a ‘ready-set-go’ mentality to encourage competitiveness and in turn, more shopping.



Lazada across the region took to social sites such as Facebook and Youtube to promote content.



source <https://www.youtube.com/watch?v=HUKXsMibQSk>



“In Thailand, we notice that successful marketing channels are very social,”
- Baptiste Le Gal, *Lazada Thailand CMO*.

“Customer relations management is the key channel to reach out to customers with personalized offers that match their interests.”

According to the BBC¹³, brands should focus on triggering serious emotions such as fear, sadness, or puzzlement in order to achieve the maximum emotional impact such as subconscious positivity.



“Producing emotional response shows engagement. Likewise, producing no emotional response means ambivalence or complete indifference to the content,”

- John Williams, *VP Advertising, South & Southeast Asia, BBC Advertising*¹⁴

MAIN TAKEAWAYS

- Start campaigning early! It’s recommended to begin marketing three months in advance to stir up anticipation by using figures well received by the public and/or if budget doesn’t allow, stay relevant by using ads incorporating trending topics e.g. Game of Thrones, fidget spinners, etc.
- Create localized campaigns that will resonate with your audience emotionally or appeal to their interests on social sites as Southeast Asians are highly influenced by relationships.
- Partner with other popular applications to extend the reach of your campaign exposure and directly ‘speak’ to your audience.

2. Early Channel Optimization

What channels can customers reach your business - desktop, mobile-version, app, social media, SMS, email?

The demand gen marketing, if done well, will successfully drive traffic to a company’s every existing online channel. Lazada expects 4.5 million¹⁵ visits over the sales campaign period. Are your channels active and optimized to handle and capture this amount of incoming traffic?

The standards for a successful ecommerce webstore have heightened as consumers expect descriptive product details and reviews, personalized item recommendations and interactive media formats such as multi-angle view.

High-quality images and video have been shown to increase customer engagement and lead to higher conversions but both can be a large performance liability and images often account for more than 60 percent of a page download time.

Conversion rates can be 2.4 percent lower on desktop when the customer needs to wait 2.8 seconds in load time, 7.1 percent lower for smartphones¹⁶

This problem is exacerbated on mobile devices when a large desktop-sized image is downloaded and visually resized but performance is degraded because the actual image size is not decreased. The impact of having customers wait is 43% of shoppers would go to a competitor if the page took too long to load.

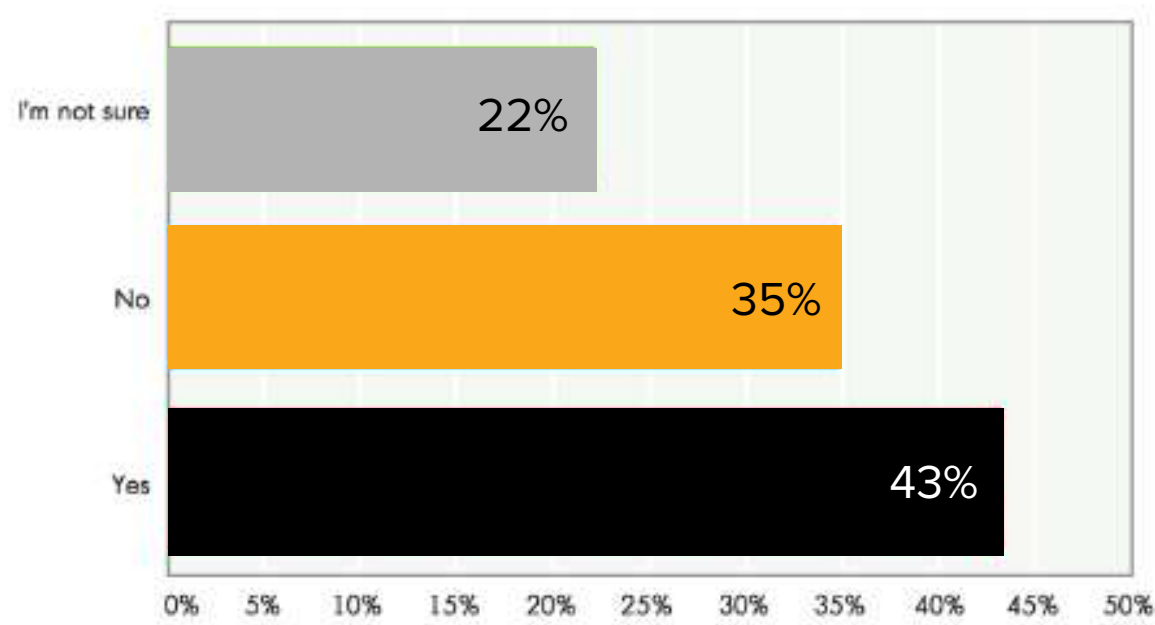


Figure 9: When you shop online do you leave a page and buy the product from a competitor if you have to wait too long for the page to load?

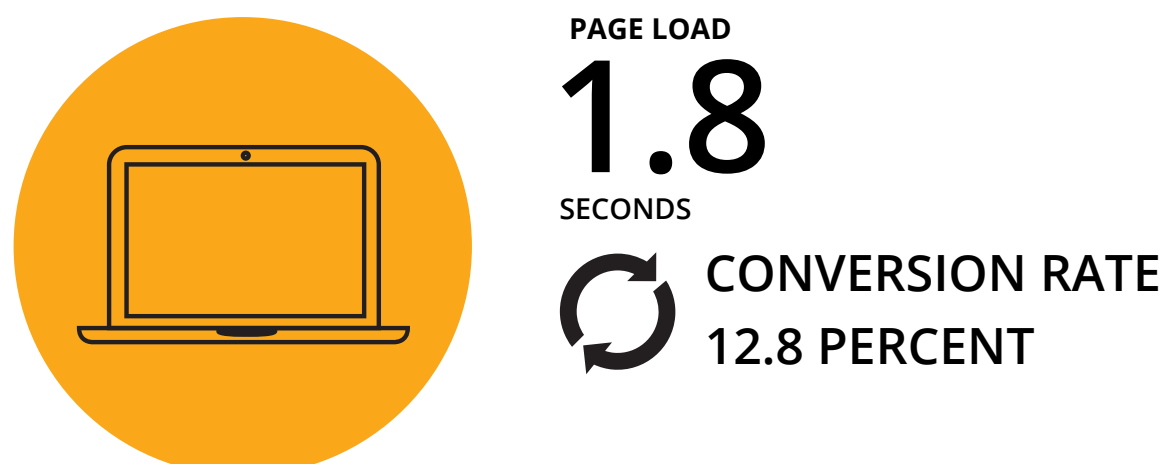
source: <https://ecommerceiq.asia/customer-web-experience/>

53 percent of mobile site visitors will leave a page that takes longer than three seconds to load.

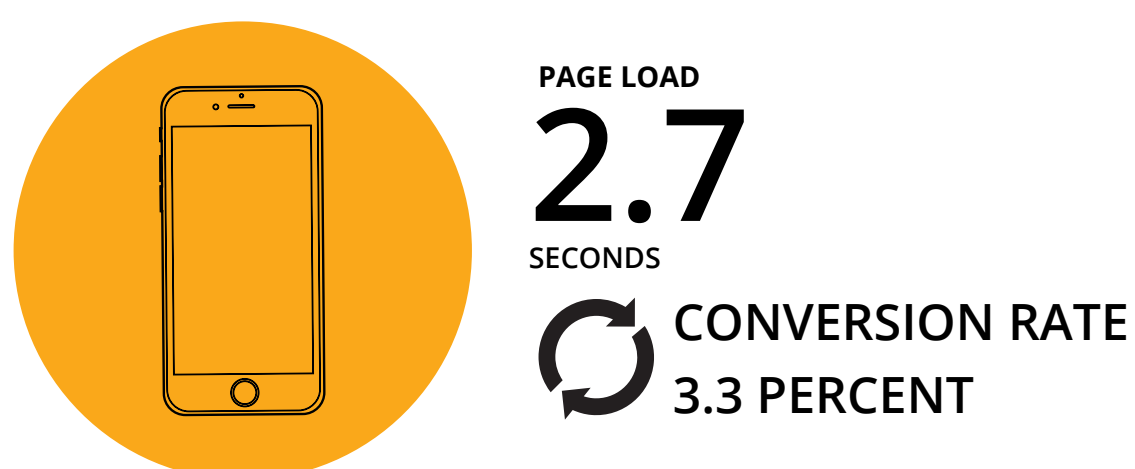
What can be done about it?

A content delivery network is often used by high-traffic websites such as fashion focused ecommerce platform ZALORA and Alibaba's AliExpress to ensure that customers have an enjoyable online experience.

A [CDN](#) is a highly-distributed platform of servers optimized to deliver content to website visitors. Results? Faster load times.



On **desktop**, pages that loaded in 1.8 seconds experienced the highest conversion rate (12.8 percent)



On **mobile**, pages that loaded in 2.7 seconds experienced the highest conversion rate (3.3 percent)

source: Akamai's State of Online Retail Performance Spring 2017 report¹⁶

AliExpress, Alibaba's online wholesale platform, utilizes global CDN leader Akamai to increase its page load times to improve conversions.



source: AliExpress keynote speech at Akamai Edge Conference 2016

Online and mobile shopping performance aren't only "nice to have"; they are now a business-critical performance issue, with a meaningful impact on revenue.

How else can a company ensure its channels are functioning at top performance during peak season?



"By running tests in patterns that mimic how real users would access the site by taking usage patterns from analytics tools,"

- Jason Miller, *Chief Strategist of Commerce, Akamai*

For instance, some retailers see customers add items to cart ahead of big sale dates so when the traffic peaks, many customers go straight from the cart to checkout. Has it been optimized?

To ensure the best results, retailers need to make sure their testing is taking into consideration these real-world types of user behavior patterns.



"ZALORA is a mobile-first company with the majority of our customer base engaging with us through our native fashion apps across Southeast Asia,"

- Karthik Subramanian, *CTO, ZALORA*.

"With [Akamai] Ion, and especially the new Mobile App Performance SDK, we are able to provide a much richer and more engaging mobile app experience for our customers. The performance reporting has also given us insight into the real experience that our app users have, enabling us to improve our application to suit our customers' needs better."

It's also best practice to plan for more traffic than expected so doubling your projections will ensure the site is ready for additional traffic and unexpected peaks.

MAIN TAKEAWAYS

- Make your site mobile friendly – this should be the first item on your list. The mobile device is the preferred device for product research.
- Optimize images for each device type by utilizing a [digital asset management strategy](#) that delivers on the correct-sized image based on the consumer device and proper type of image based on the browser.
- Ensure scalability to be able to handle increase in order volume. Load test your site, back-end infrastructure and code to ensure readiness for peak season.
- In the age of “I want it now”, run tests to ensure your website and mobile site have fast load times so your customer doesn’t become frustrated and go to a competitor.

3. Logistics

With the surge of order volumes, as much as 300 percent¹⁷ more in Lazada’s case, it’s vital to hire contract workers for support to ensure packages are delivered. It’s even more imperative to have smooth back-end operations as new-age customers have adopted a “I want it now” attitude.



“When volumes started to grow a little less fast I actually became more relaxed, we don’t want to collapse the entire logistics system”

- Jack Ma¹⁸, *citing the challenge of handling such a large number of orders.*

aCommerce, Southeast Asia’s leading ecommerce service provider that works with brands such as adidas, Samsung, and L’Oreal, begins two months in advance to hire temporary staff.



“We increase our manpower by three times through temporary contracts and run 24-hour operations during spike times such as 11.11 to ensure customer demands are tended to,”

- Phensiri Sathianvongnusr, *co-CEO at aCommerce Thailand.*

Temporary staff are hired through an agency and receive 2-3 days of training for their specific tasks prior to the sales event.

During the spike period, aCommerce also uses its multi-shipping platform¹⁹ to tap into over 20 courier networks to ensure that deliveries are made on time and no order gets dropped, as time and speed are the most crucial things during the campaign period.

“Inventory planning is crucial to campaigns such as 11.11 and 12.12, so we use historical data from previous years’ events to determine what types of products tend to be popular during big sales and avoid stock shortage,” adds Phensiri.



MAIN TAKEAWAYS

- Create an express lane for packages dedicated to holiday sales campaign and lane for regular orders so they do not get lost in the holiday rush
- Hire contract workers to handle peak volume orders in the fulfillment centers and ensure they are trained beforehand

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Checklist: Preparing for a Successful Holiday Sale

PRESS/MARKETING

- ☐ Have you released relatable marketing collateral at least three months before the campaign begins?
- ☐ Have you explored potential partnerships with popular brands/apps that share your demographic?
- ☐ Have you informed sellers early that the holiday campaign is coming so they can prepare their campaigns?

CHANNEL OPTIMIZATION

- ☐ Can customers reach you on desktop, mobile-version, app, social media, SMS, email?
- ☐ Does your ecommerce site rank in the 'green'? <https://testmysite.thinkwithgoogle.com/>
- ☐ If not, contemplate a content distribution network provider to increase page load time
- ☐ Are your images optimized for mobile? [Test your image weight impact](#) for free with Akamai
- ☐ Have your sellers optimized their shop in shops?
- ☐ Product videos, detailed descriptions of products, use cases, customer testimonials, etc.
- ☐ Are your traffic projections accurate to prepare for spike in visitors to site? If not, double it just in case.
- ☐ Did you set up a testing and data science engine to ensure 24/7 optimal performance?
- ☐ Have you run tests that mimic user patterns?

LOGISTICS

- ☐ Create an express lane for packages dedicated to holiday sales campaign and lane for regular orders so they do not get lost in the holiday rush
- ☐ Hire contract workers to handle peak volume orders in the fulfillment centers

EXTRA TIPS & TRICKS

- ☐ Create a dedicated 'War Room' to house the team in charge of running the holiday campaign
- ☐ Early budgeting - extra bandwidth, payment processes, general administrative costs, etc.
- ☐ Offer multiple payment options: cash on delivery, bank transfer, credit card, Rabbit points, etc.

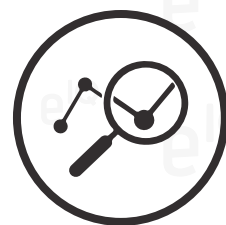
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