



by



# Off the Record: Shopee's turbulent 2022

What's next for ecommerce in SEA?

17 November 2022



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# Some of our partners...



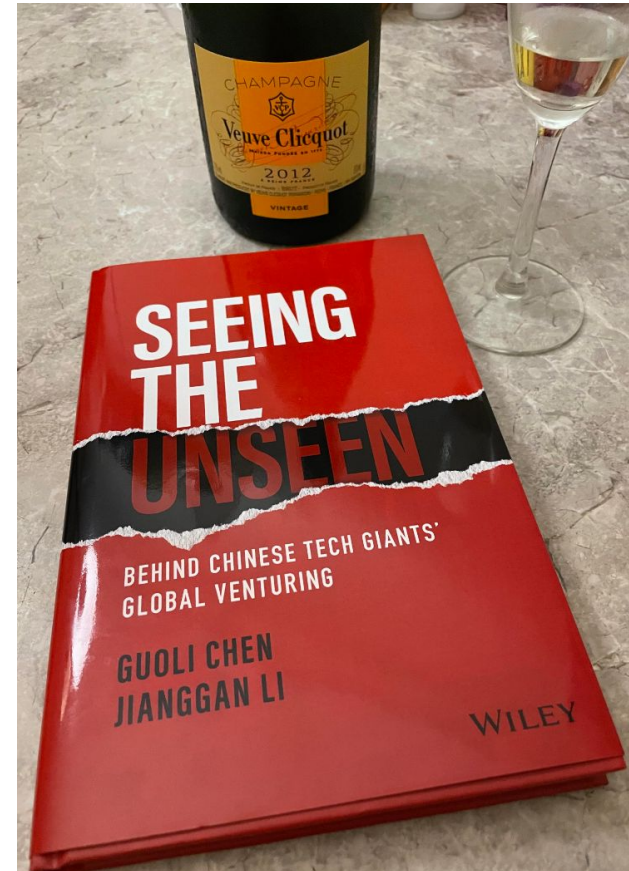
## We have analysed global expansion of 20+ tech majors



*Experiences, challenges and lessons learnt by Chinese and Chinese inspired tech companies, and their major competitors.*



And synthesised the key takeaways into...



Buy from [Amazon](#) or from bookstores nationwide  
(in selected countries incl. SG, MY, TH, AU, US, CA)

# A team of experienced practitioners with experiences in >15 countries, 4 continents



**Aishwarya Valliappan**



**Crystal Yu**



**Jiangan Li**



**Julia Ciaciek**



**Karolina Domagała**



**Nanette Litya**



**Saniya Ramchandani**



**Sabrina Chong**



**Simon Hochstraßer**



**Weihan Chen**



**Vion Yau**



**Yorlin Ng**



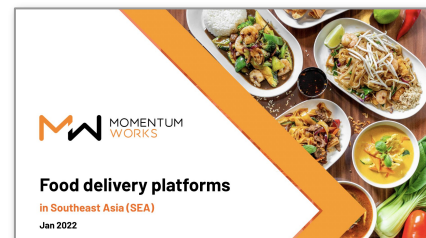
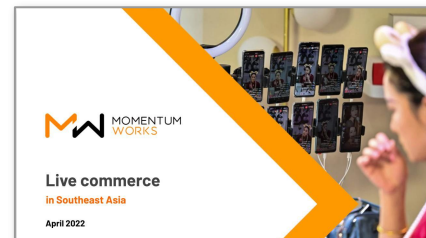
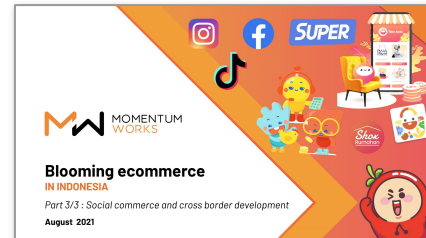
# Momentum Works insights team have been parsing the underlying logic of digital economy



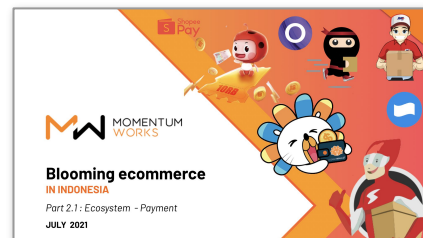
## Macro & investment



## Ecommerce & food delivery



## Fintech & digital banks



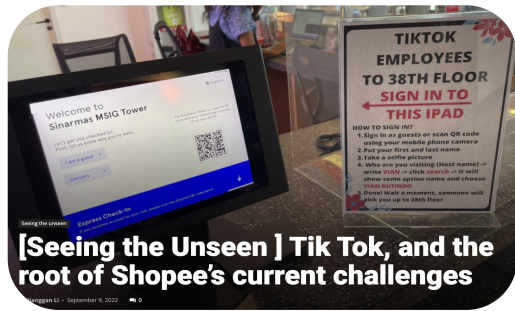
## Company anatomy



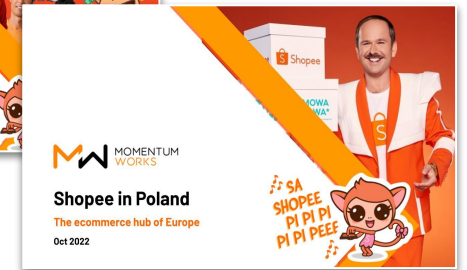
## Web3



## The LowDown articles



## MW reports



Momentum Academy's previous sharing  
**Off the record: Behind Shopee's Doors**





# Why are we doing this talk?

1

## Shopee's 2022 is so much different from 2021, with strong head-tornados



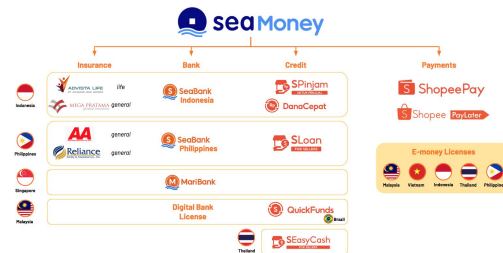
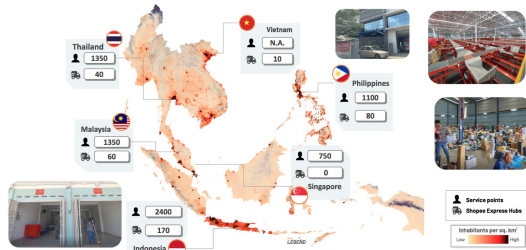
2

## Competition is getting their act together, and aggressive



3

## Ecommerce is so entrenched in Southeast Asia, impacting many of us



### In this talk, we discuss:

- What exactly happened with Shopee in 2022?
- How will ecommerce in Southeast Asia shape in the future? What will be Shopee's role in this future?
- How could everyone predict, and prepare for the potential changes in the ecommerce ecosystem in Southeast Asia?

# What we'll be covering today



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**1. Setting the scene: What has happened so far**

**2. Behind the scenes - People, Organisation, Product, Leadership**

**3. What to expect in 2023?**

**4. Q&A**



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## Setting the scene

# 2021: Shopee was (seemingly) invincible



Sea Limited · 1D · NYSE · TradingView 48.47 +4.46 (+10.13%)

40.19 16.82 57.01



# 2022: a complete reversal of fortunes

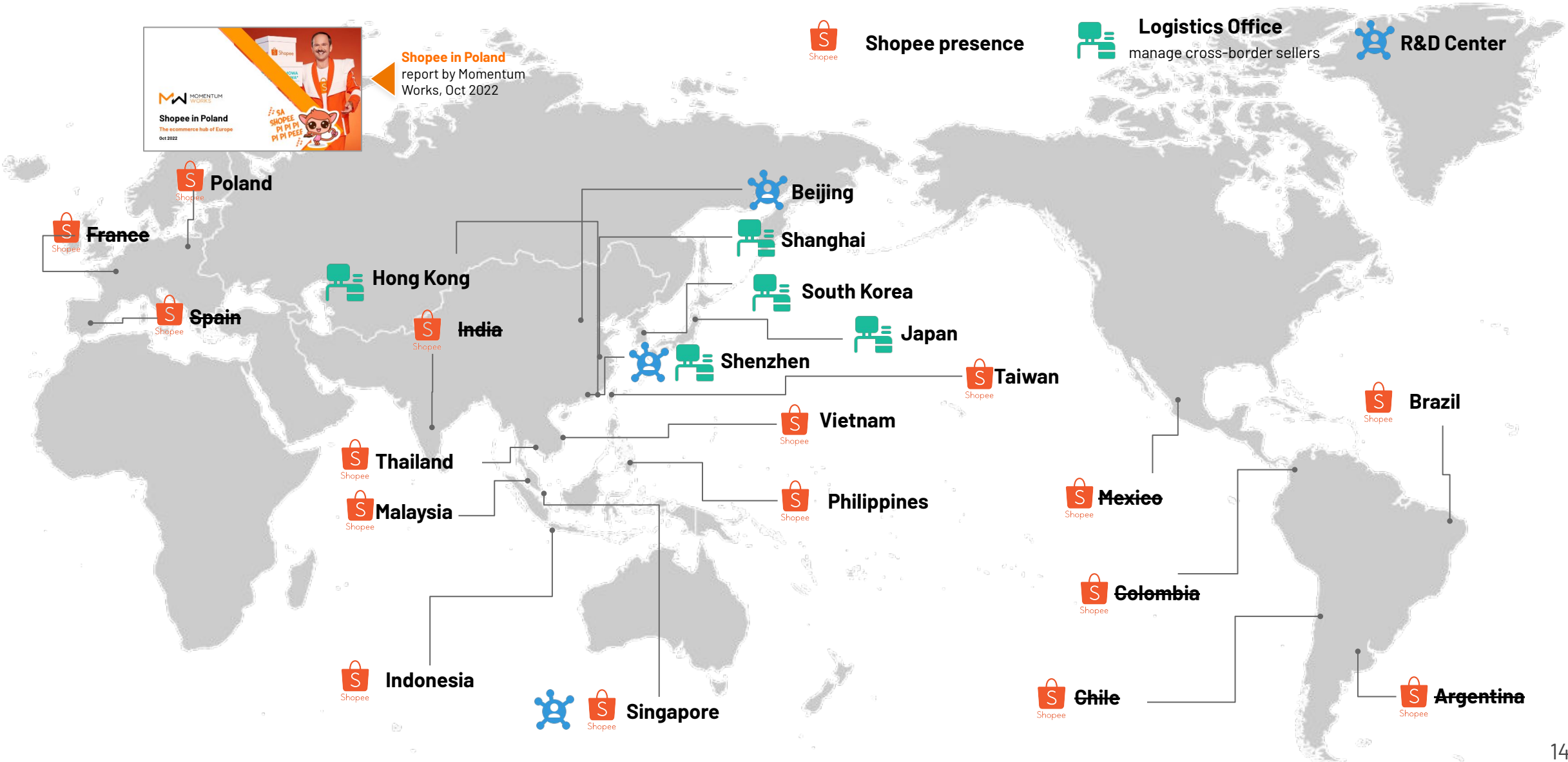


Sea Limited · 1D · NYSE · TradingView 48.47 +4.46 (+10.13%)

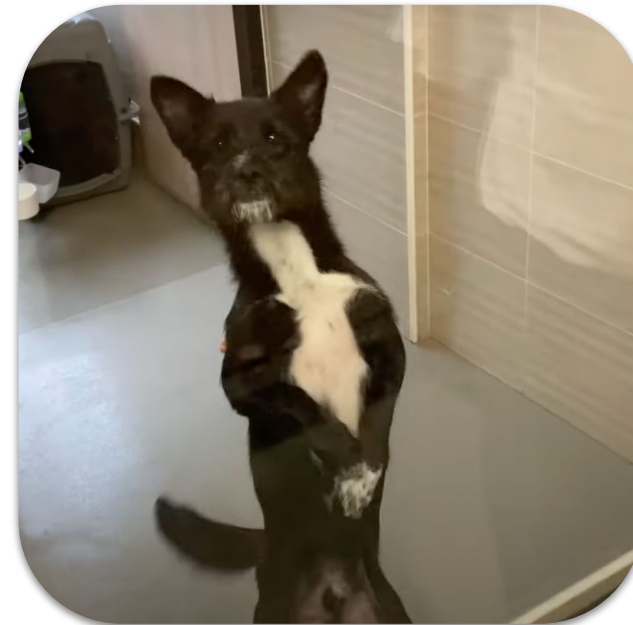
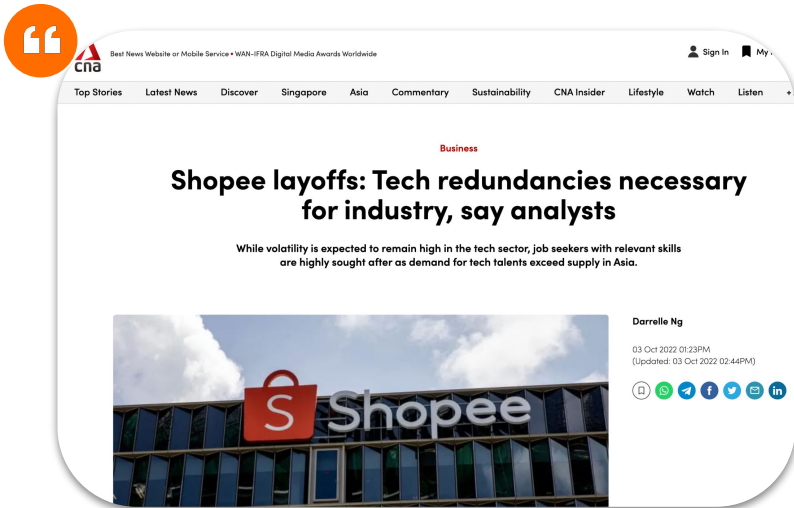
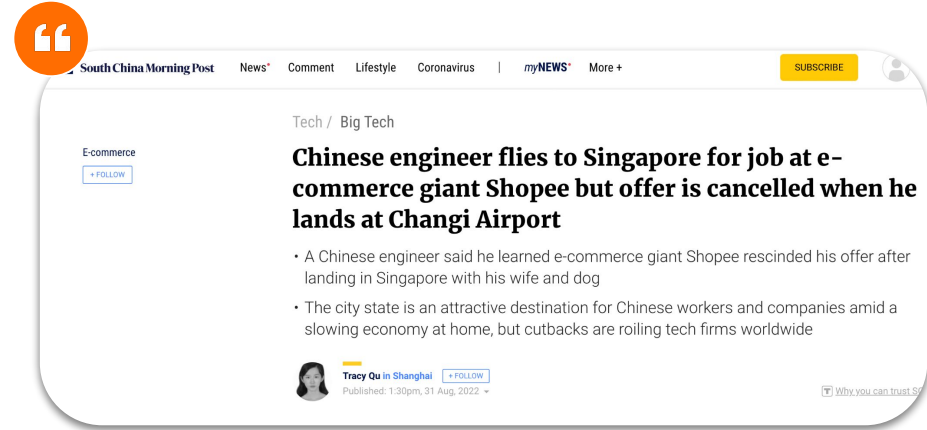
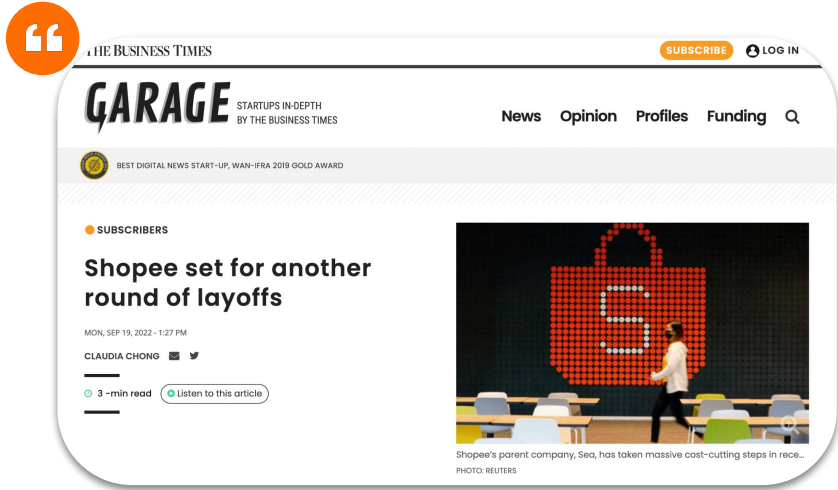
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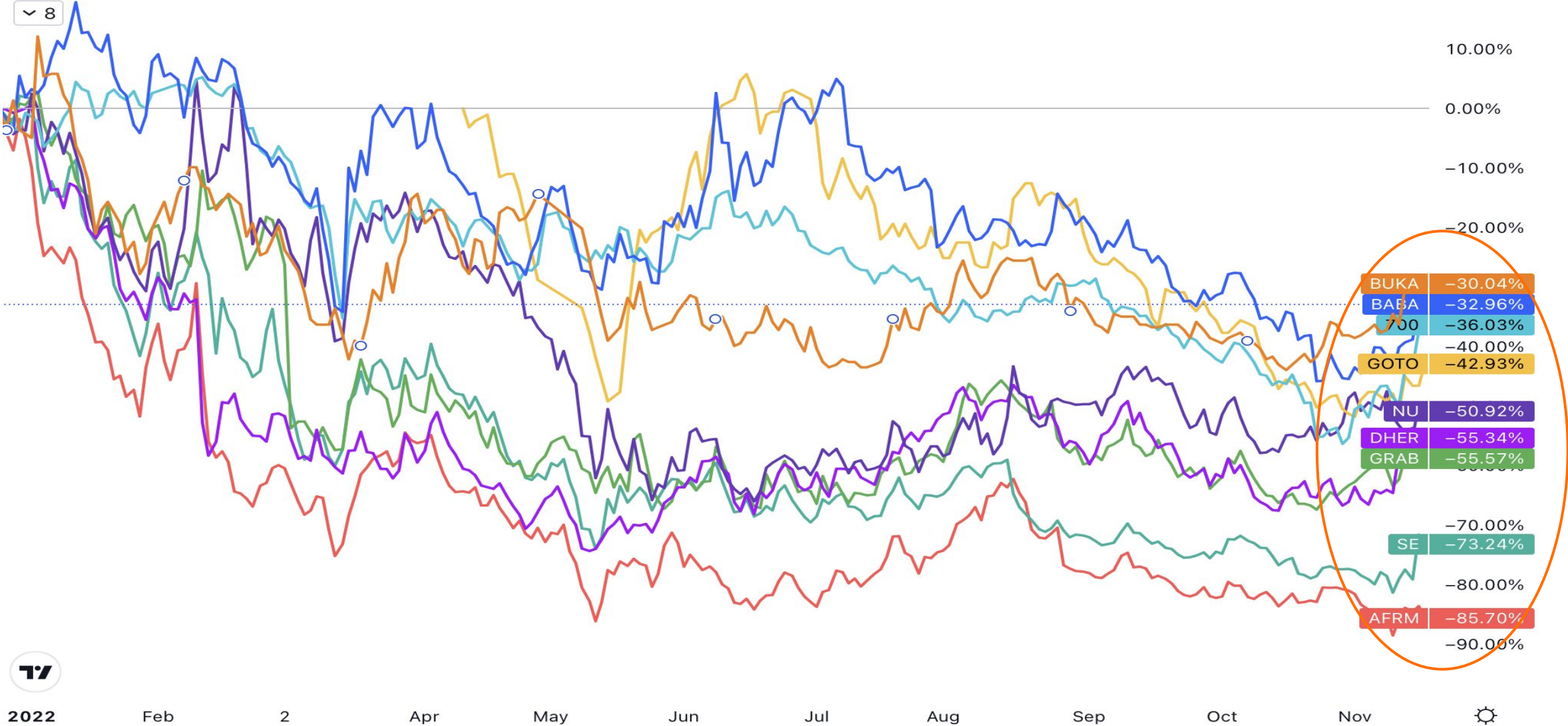
# Shopee has exited (almost) all the markets it had entered during the pandemic



# Dwindling confidence in the company



# Overall, it has been a painful year for tech...



2022

Feb

2

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov





# The past decade has been exceptional

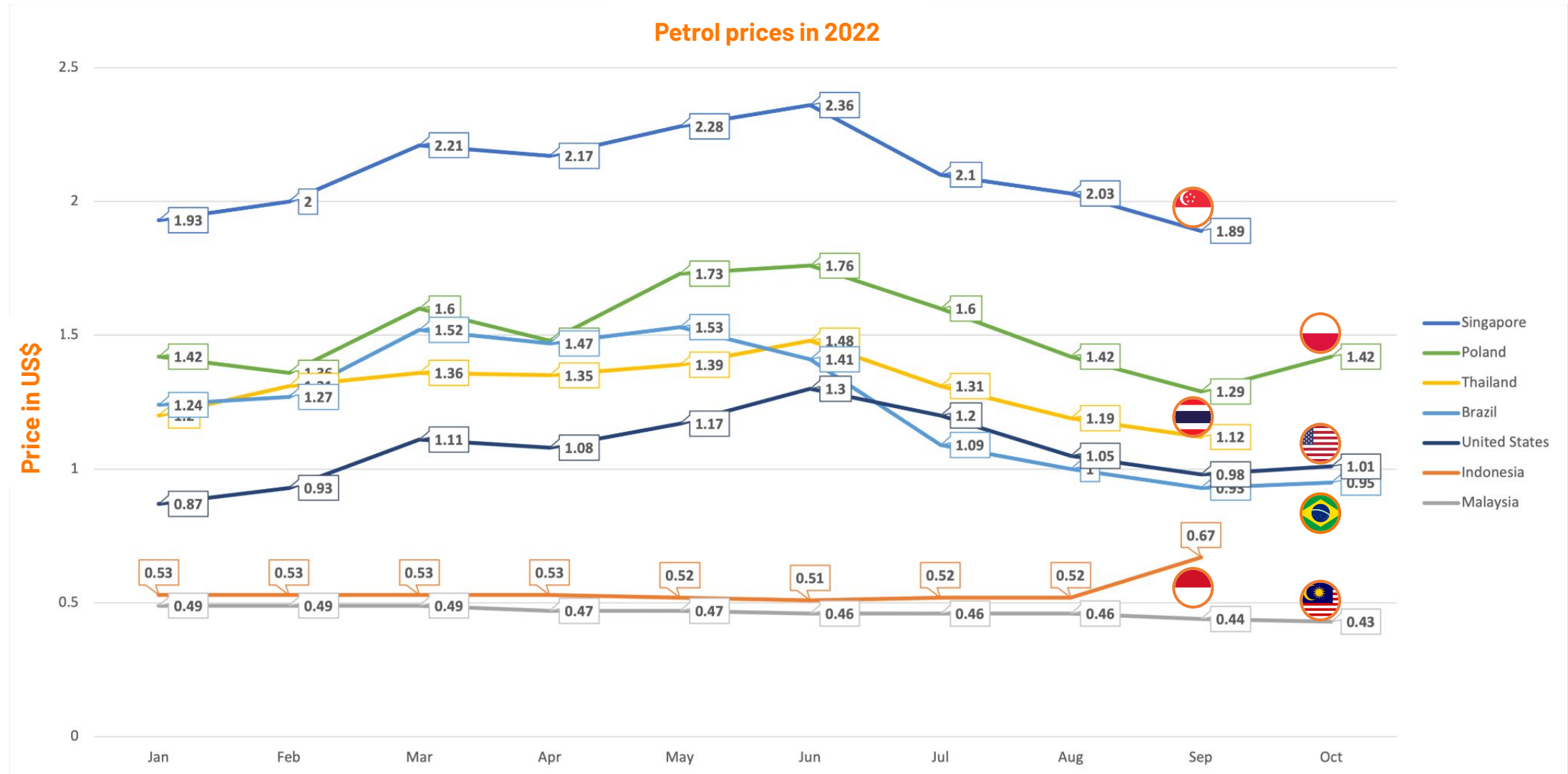


What we have accustomed to

# Southeast Asian currencies (and zloty) are dropping in value



# Petrol price changes impact consumption, as well as fulfillment costs



There's increasing competition as well



Trying to get their mojo back

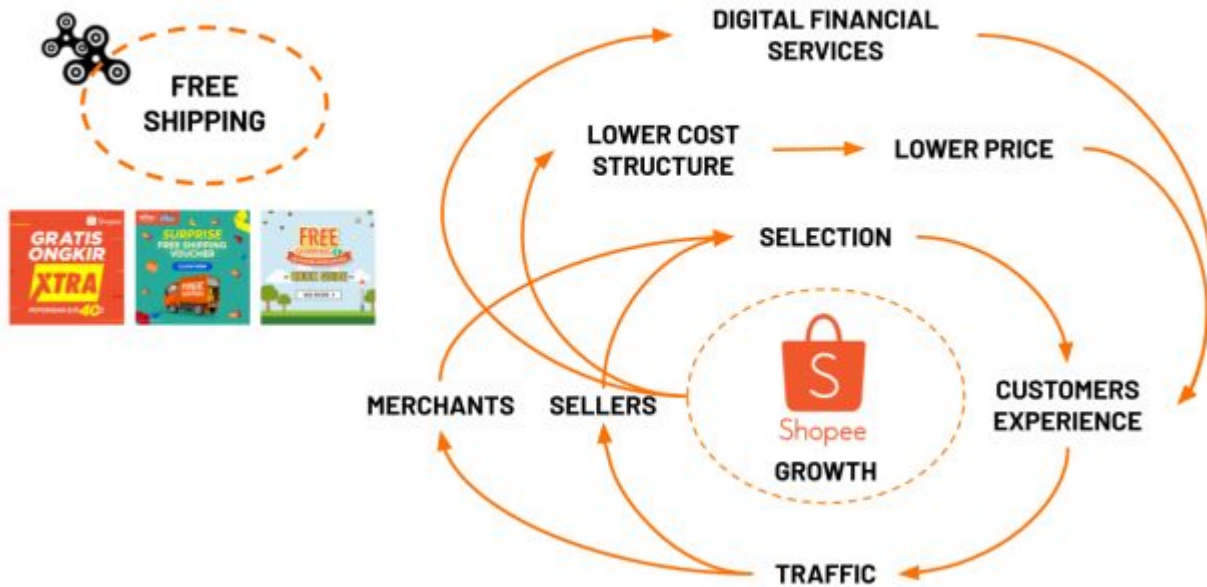


TikTok Shop



Increasing ecommerce focus in Southeast Asia

# Is Shopee's flywheel not flying anymore?



Source: Momentum Works Insights  
© Momentum Works

21

Is Shopee really in decline?

Is ecommerce saturated in Southeast Asia?

Can Shopee reverse its fortunes?

Is TikTok Shop a formidable foe?



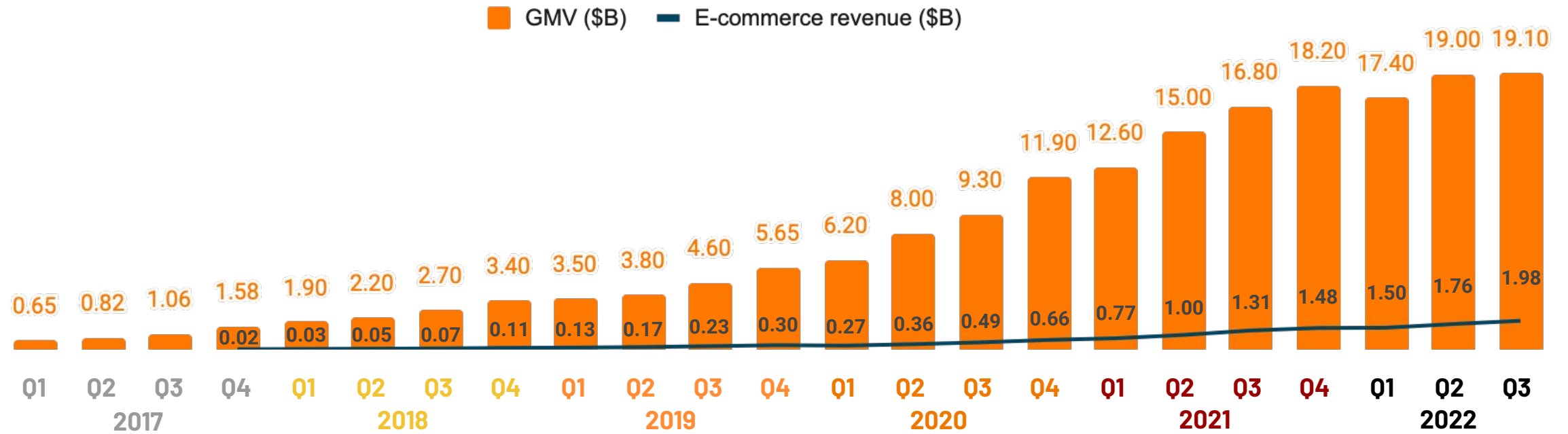
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## Behind the scene

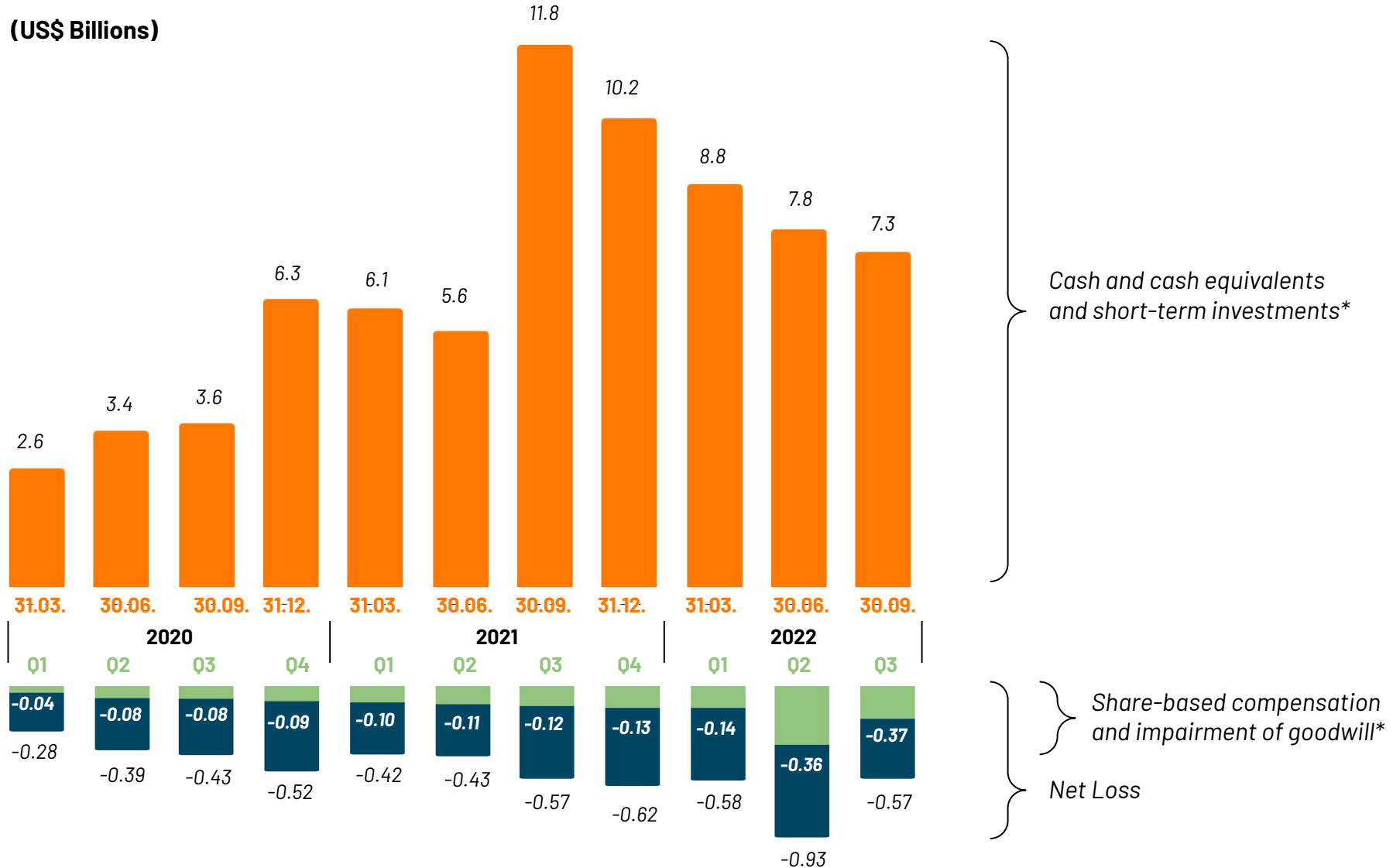
# GMV is moderating, while take rate is inching up



GMV / quarter (US\$ B)



# The \$6.3 billion capital raise last September was a close shave



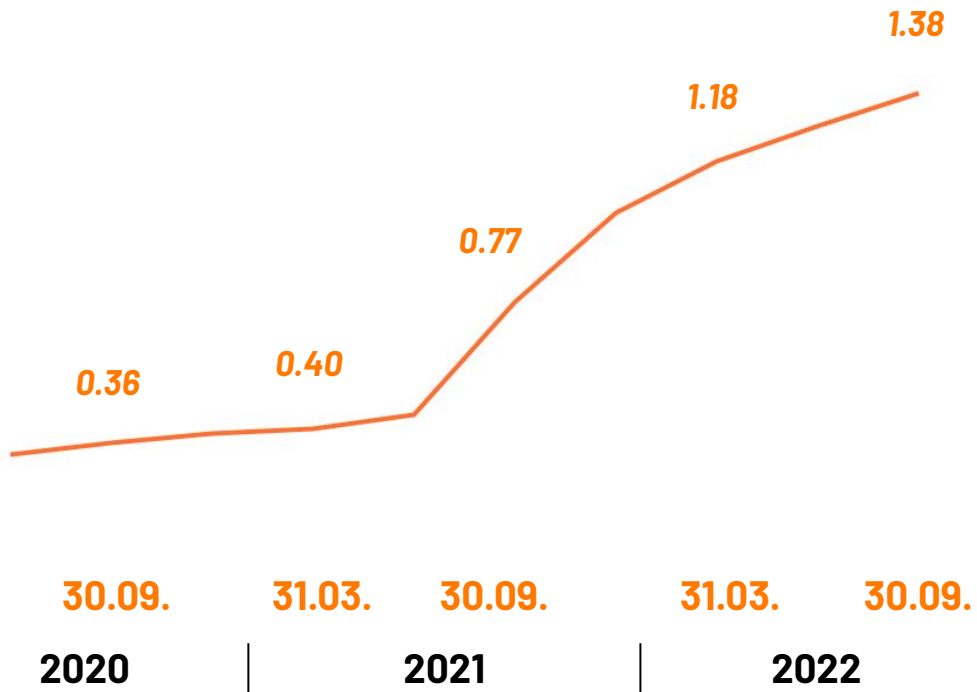


# Increasing investment in logistics and financial services



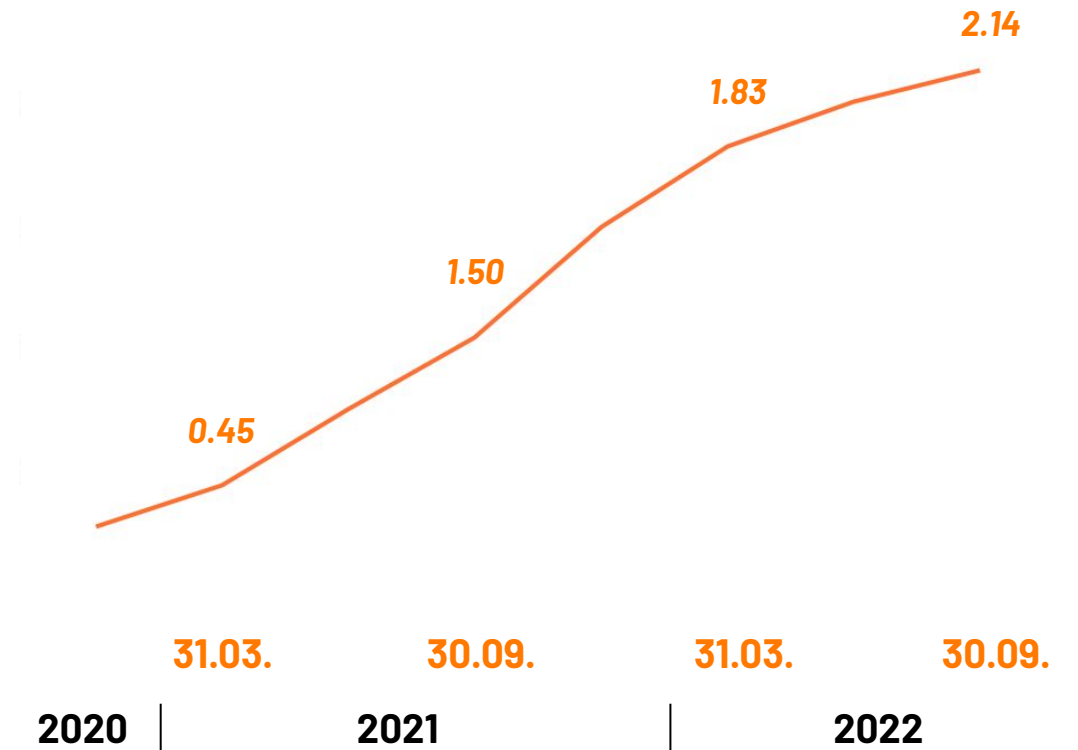
## Property and equipment, net

(in US\$ Billions)



## Loans receivable, net of allowance for credit losses

(in US\$ Billions)



# Fun fact: similarities between Poland & Indonesia



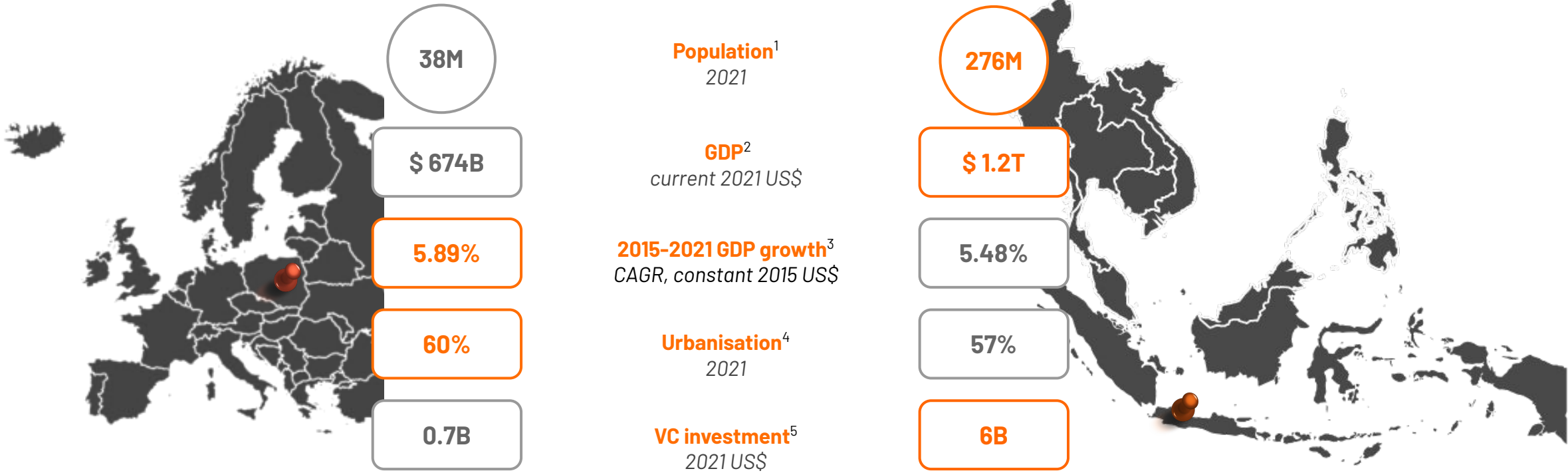
Poland

biały Orzeł



Indonesia

Garuda Pancasila



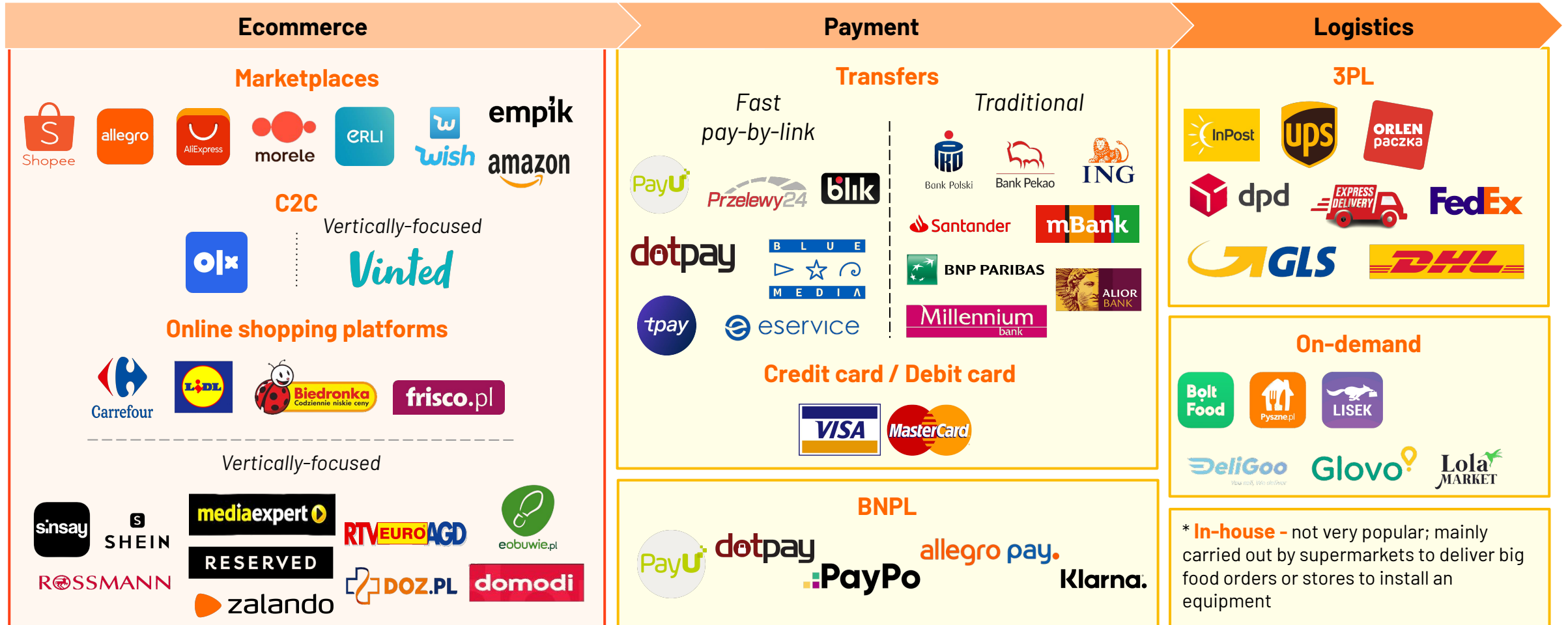
# Poland's rich ecommerce infrastructure made it easy for Shopee to enter



## Poland's ecommerce ecosystem with major players

Value chain

\*Non-exhaustive



\* **In-house** - not very popular; mainly carried out by supermarkets to deliver big food orders or stores to install an equipment

# Shopee brought their involuted shopping festivals to Poland



05.05

## Shopping May Day Picnic in Shopee

The first big Shopee advertising campaign in Poland.

*"The campaign was popular on social media, generating around 10 million views on Facebook, TikTok, Instagram, and YouTube."* – **Michał Dmoch**, Marketing Senior Manager for Shopee



06.06

## Summer Festival of Low Prices

In the 6.6 campaign, Shopee highlighted the functionalities of the platform by ensuring peaceful and smooth shopping with the Shopee's guarantee.



07.07

## Holiday Sale

As part of the 7.7 campaign, a holiday promotion was also available in cooperation with the Żabka chain stores. The promotion was aimed at new Shopee users.



08.08

## Shocking occasions

With the launch of the 8.8 campaign, Shopee introduced the Shopee Shake game within the mobile application, combining fun with the possibility of winning additional Shopee Coins.



09.09

## Super Shopping Day

The 9.9 promotional campaigns included the Shopee ambassador - Sławomir who is a well-known rockpolo Polish musician. Shopee also introduced gadgets from Sławomir's original line.



10.10

## Anti-Inflation Shield

In the 10.10 campaign, FMCG products are available in the Anti-Inflation Basket on the platform. The campaign is promoted by the brand ambassador - Sławomir.

Shopee

# 9.9

DZIEŃ  
SUPER ZAKUPÓW

22 SIERPNIA - 9 WRZEŚNIA

KUPONY

DARMOWA DOSTAWA\*  
PRZY ZAKUPACH ZA MIN. 0 zł

GWARANCJA BEZPIECZNYCH ZAKUPÓW

The advertisement features a central graphic with a yellow and orange background. At the top, the Shopee logo is displayed. Below it, the text '9.9 DZIEŃ SUPER ZAKUPÓW' is prominently shown, followed by the dates '22 SIERPNIA - 9 WRZEŚNIA'. A central white pedestal holds a smartphone, a Gillette razor, and a frying pan. A coupon labeled 'KUPONY' is also visible. At the bottom, a dark blue banner contains the text 'DARMOWA DOSTAWA\* PRZY ZAKUPACH ZA MIN. 0 zł' and 'GWARANCJA BEZPIECZNYCH ZAKUPÓW' with a shield icon. Two identical images of Sławomir, a man with a mustache in an orange suit, are positioned on either side, pointing towards the center while holding a smartphone with the Shopee app icon.

**SŁAWOMIR**  
Shopee's ambassador,  
well-known rockpolo  
Polish musician

# Local champion Allegro has many more ways to ...monetise



	Seller					Buyer	Others				
	sales commission	surcharges for delivery	fees for listing offers	fees for highlighting active offers	revenue from price comparison (e.g. Ceneo.pl)	optional advertising services	sub- scription fees	IT services	revenue from own products	revenue from affiliated websites	advertising for third-parties
	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✗
	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗
	✓	✓	✗	✗	✗	✓	✗	✗	✗	✓	✓
	✗	✗	✓ <i>only if it exceed limits introduced</i>	✓	✗	✗	✓✗ <i>service fee for OLX payment and shipment</i>	✓	✗	✗	✓
	✓	✓ <i>optional fees for storage and distribution</i>	✗	✗	✗	✓	✓	✓	✓	✗	✗

# Europe proved difficult - where Amazon could not penetrate effectively



## SPAIN

**Marketplace**

**Logistics**

In 2020 ecommerce sector in Spain corresponded to **5.63%** (US\$ 66.5B) of country's GDP<sup>1</sup>, placing Spain in the 6th place in Europe (rank by % of GDP).

## FRANCE

**Marketplace**

**Logistics**

The country is **dominated by the offline sellers**. In 2020, its ecommerce sector was **4.79%** (US\$ 108.9B) of country's GDP<sup>2</sup> (7th place in Europe).

## ITALY

**Marketplace**

**Logistics**

Italy is **among the fastest growing ecommerce markets** in Western Europe. In 2020, its e-commerce sector was **1.99%** (US\$ 31.5B) of country's GDP<sup>3</sup>.

## GERMANY

**Marketplace**

**Logistics**

In 2020, Germany's ecommerce sector corresponded to **3.08%** (US\$ 90.8B) of country's GDP<sup>3</sup>. **Amazon** is the most prominent player in it.

## FINLAND

**Marketplace**

**Logistics**

The leader in the Finnish eCommerce market is **verkkokauppa.com**. In 2020, Finland's ecommerce sector was **2.43%** (US\$ 4.9B) of country's GDP<sup>3</sup>.

# Shopee had abandoned the French market much earlier than reported



TECHINASIA NEWS JOBS DATABASE EVENTS SCHOOL ABOUT ADVERTISE

PREMIUM VISUALS VIDEOS NEWSLETTERS CATEGORIES MARKETS

ECOMMERCE / NEWS

Samreen Ahmad 28 Feb 2022 1 min read

## Shopee to shut shop in France

Singapore-headquartered Shopee is shutting down its operations in France on March 6, after setting foot in the country last October as part of its European push.

"We do not know why, but French consumers just do not respond to our campaigns."

We could run marketing to get them to the campaign landing page, but they do not convert."

### AVIS DE FERMETURE

Chers clients,  
Veuillez noter que les opérations de shopee.fr seront arrêtées à 23:59 à dater du 6 Mars 2022.  
Nous assurons la continuité de tous les services, y compris l'après-vente, pour toutes les commandes payées jusqu' au 6 Mars 2022 inclus.

### FRANCE

L'entrée: 2021  
La sortie: 2022

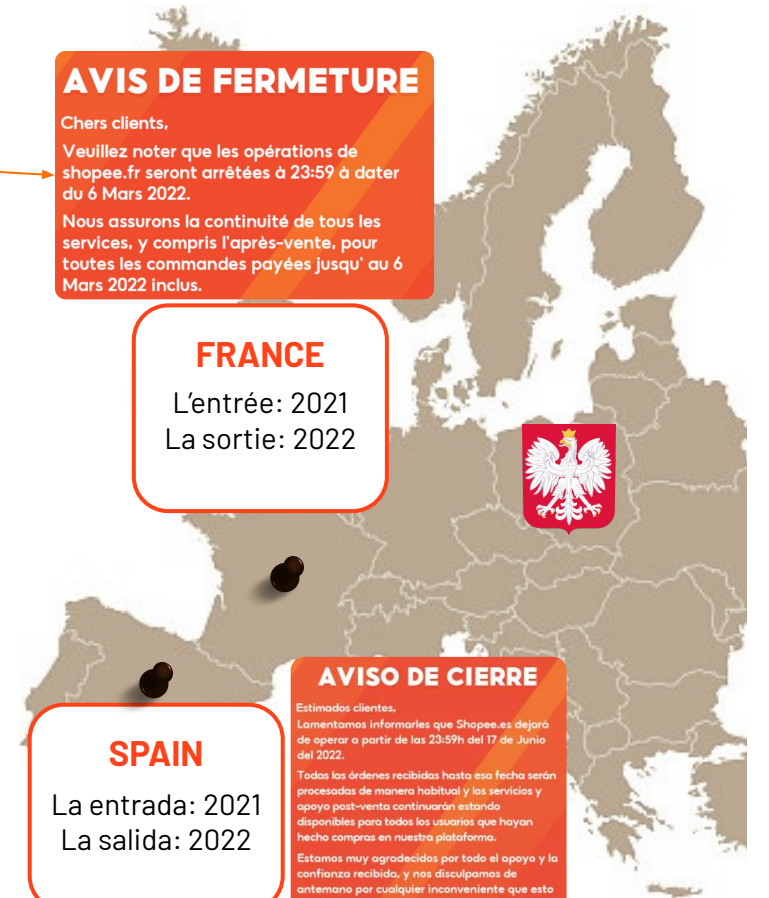
### SPAIN

La entrada: 2021  
La salida: 2022

### AVISO DE CIERRE

Estimados clientes,  
Lamentamos informarles que Shopee.es dejará de operar a partir de las 23:59h del 17 de Junio del 2022.  
Todas las órdenes recibidas hasta esa fecha serán procesadas de manera habitual y los servicios y apoyo post-venta continuarán estando disponibles para todos los usuarios que hayan hecho compras en nuestra plataforma.  
Estamos muy agradecidos por todo el apoyo y la confianza recibida, y nos disculpamos de antemano por cualquier inconveniente que esto pueda generar.  
Para cualquier pregunta adicional, no duden en ponerse en contacto con nuestro servicio al cliente en [service@support.shopee.es](mailto:service@support.shopee.es).

VER MÁS





# Monetisation: SeaMoney has built a large array of licences & capabilities



## Insurance

## Bank

## Credit

## Payments



Indonesia

ADVISTA LIFE *life*  
PT. ASURANSI JIWA ADVISTA  
 MEGA PRATAMA *general*  
general insurance  
 SeaBank Indonesia  
 SPinjam  
UNTUK PENJUAL  
 DanaCepat



Philippines

AA *general*  
Guaranty Assurance Co., Inc.  
 Reliance *general*  
Surety & Insurance Co., Inc.  
 SeaBank Philippines  
 SLoan  
FOR SELLERS



Singapore

MariBank



Malaysia

Digital Bank License  
 QuickFunds  
Brazil



Thailand

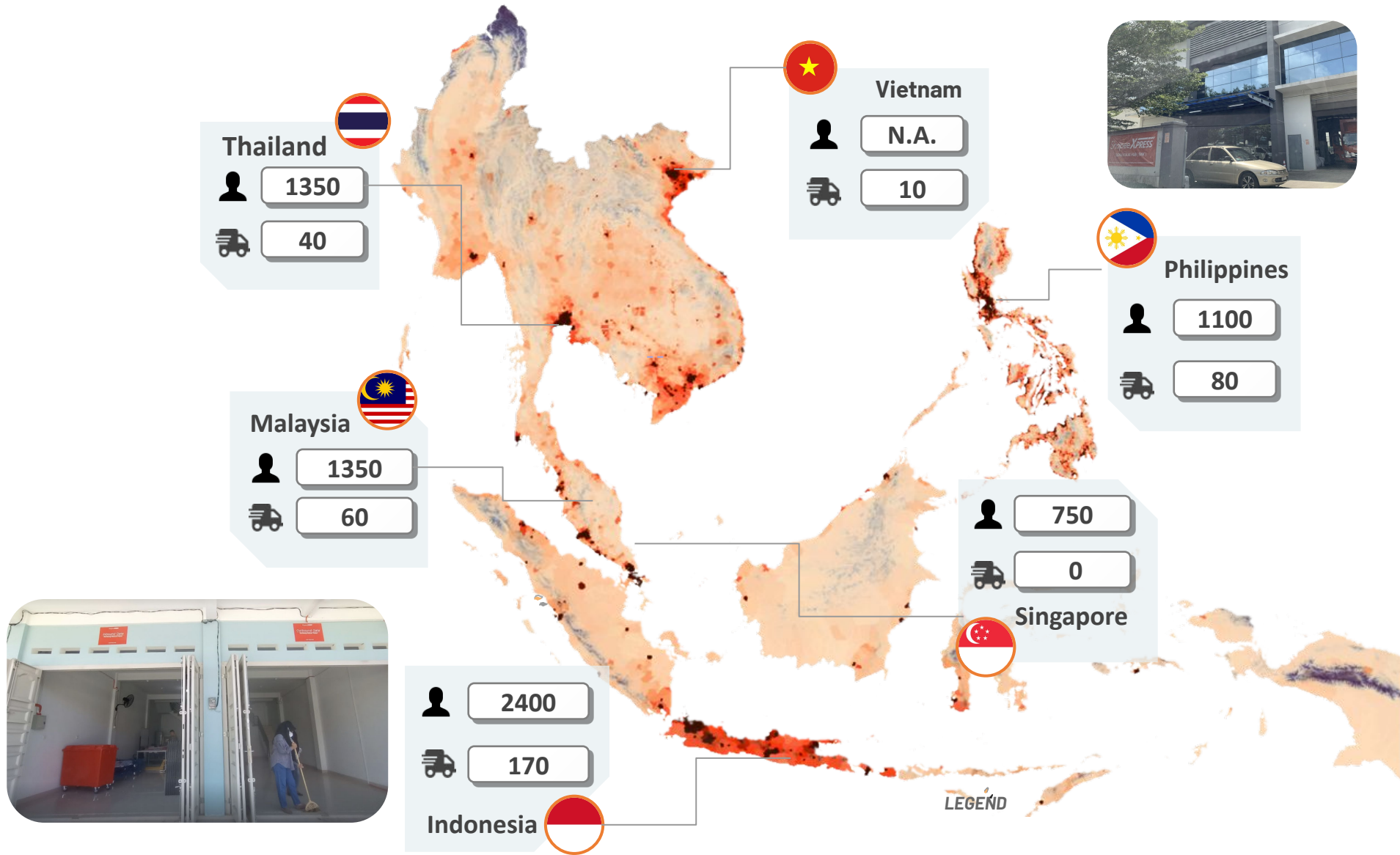
SEasyCash  
FOR SELLERS



**E-money Licenses**

Malaysia
 Vietnam
 Indonesia
 Thailand
 Philippines

# Infrastructure: Shopee made aggressive investment in logistics to build moat



# Competition: Lazada's evolution (not involution) in 2022, in four men



**Jiang Fan**

Chairman, Lazada Group

Head of Alibaba's International Digital Commerce unit



**Chun Li**

Member, Lazada Board of Directors



**James Dong**

Group CEO, Lazada



**Magnus Ekblom**

Co-Founder  
Ex-Chief Strategy Officer

↑ Experience



President  
**Taobao and Tmall**



Group CEO  
CEO Lazada Indonesia  
Co-President, Head of Product  
**Lazada**



CEO, Lazada Thailand & Vietnam  
**Lazada**



President  
**Taobao**



CTO, B2B Division  
**Alibaba**



Head of Globalization Strategy & Corporate Development, Alibaba Group  
**Alibaba**



Founder and CEO  
**Umeng**



Director of Product Development  
**Paypal**



Associate Partner  
**McKinsey & Company**



Jan 2013, with Martell

Alibaba inject an additional US\$ 1.3 billion in Lazada in 2022

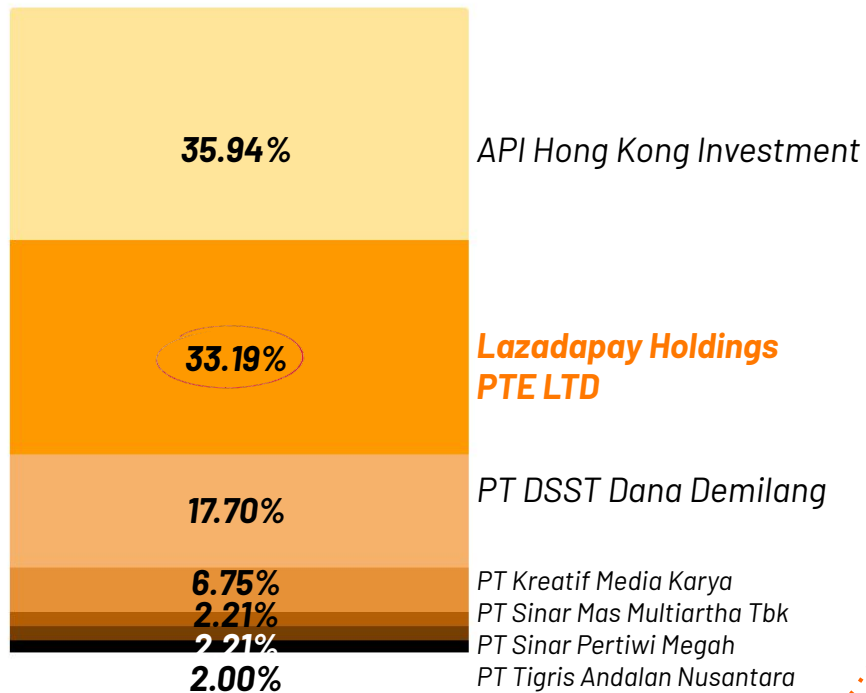


General Manager  
**eBay**

# Competition: Lazada has built shares in Dana and Touch 'n Go, and why that matters

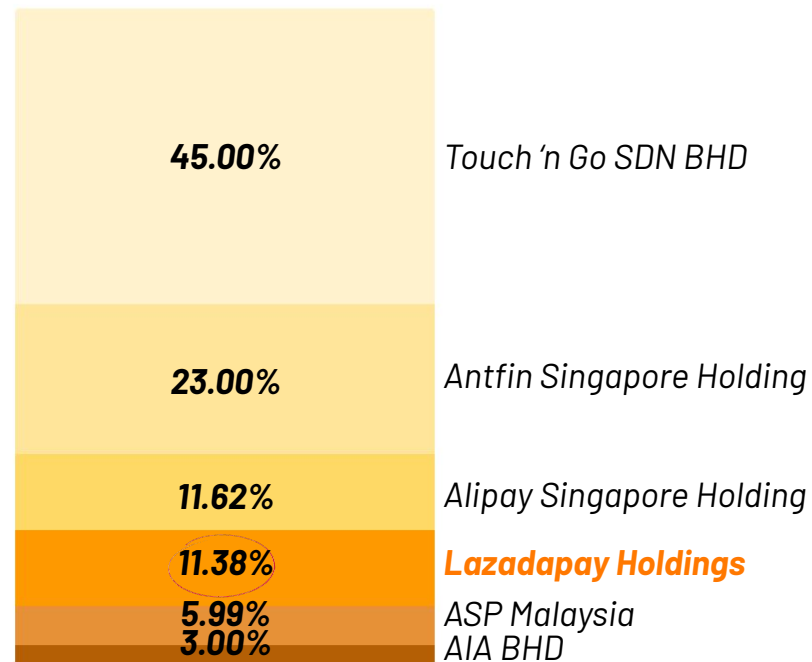


Bought into Dana...



... and Touch 'n Go wallet

Payment Methods



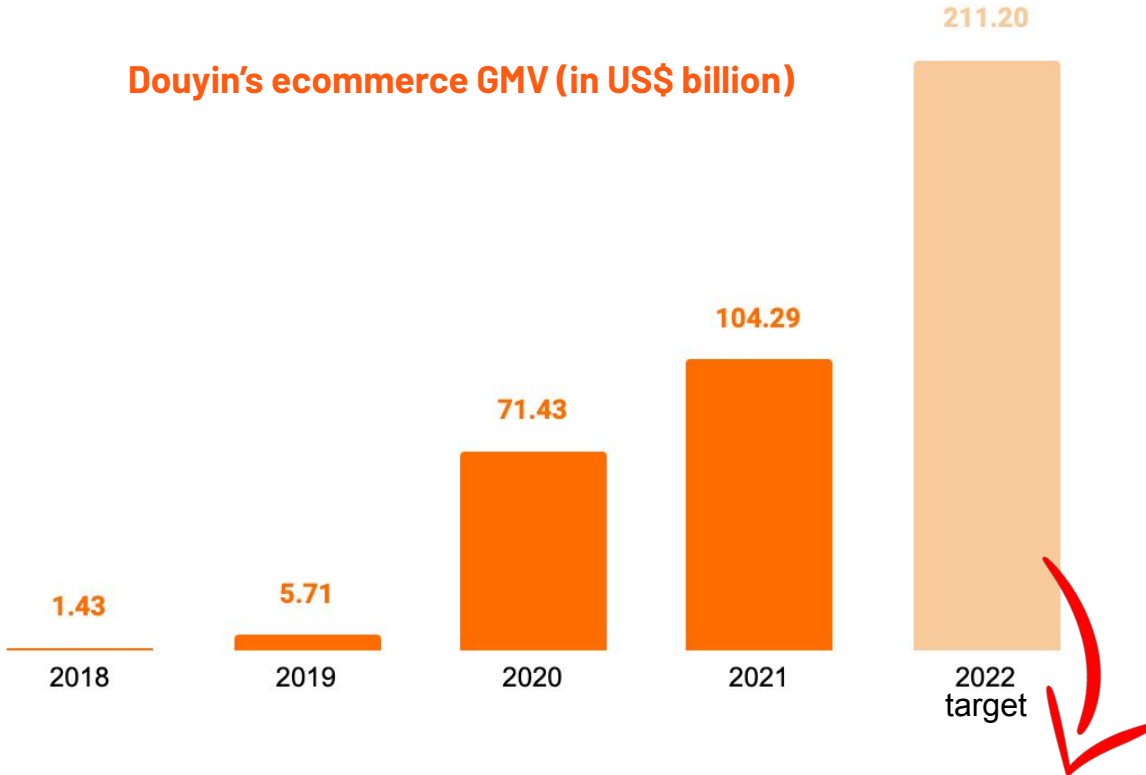
Europe expansion?



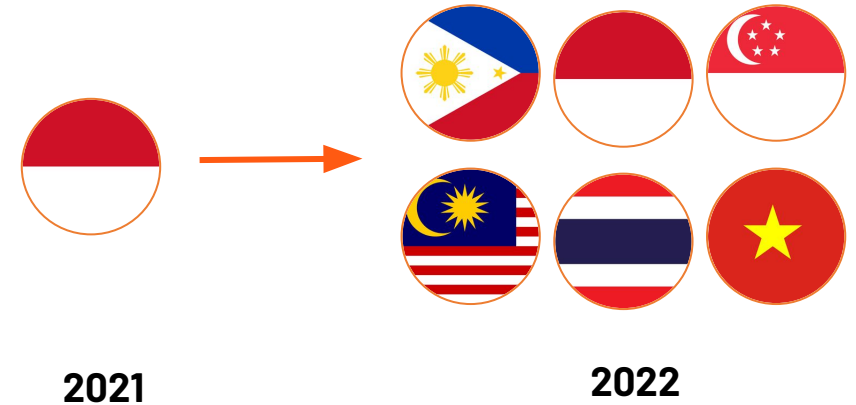
# Competition: TikTok aggressively pushing for ecommerce



Douyin's ecommerce GMV (in US\$ billion)

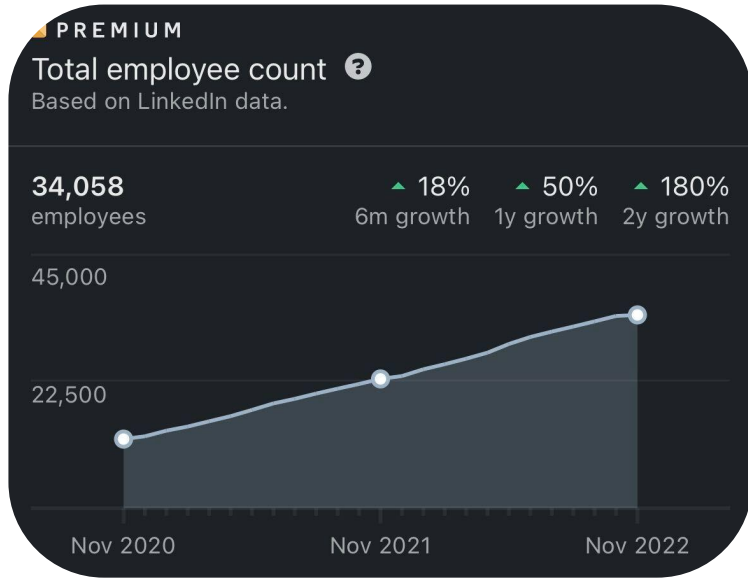


**Douyin's ecommerce GMV target for 2022 is around US\$ 211 billion.**



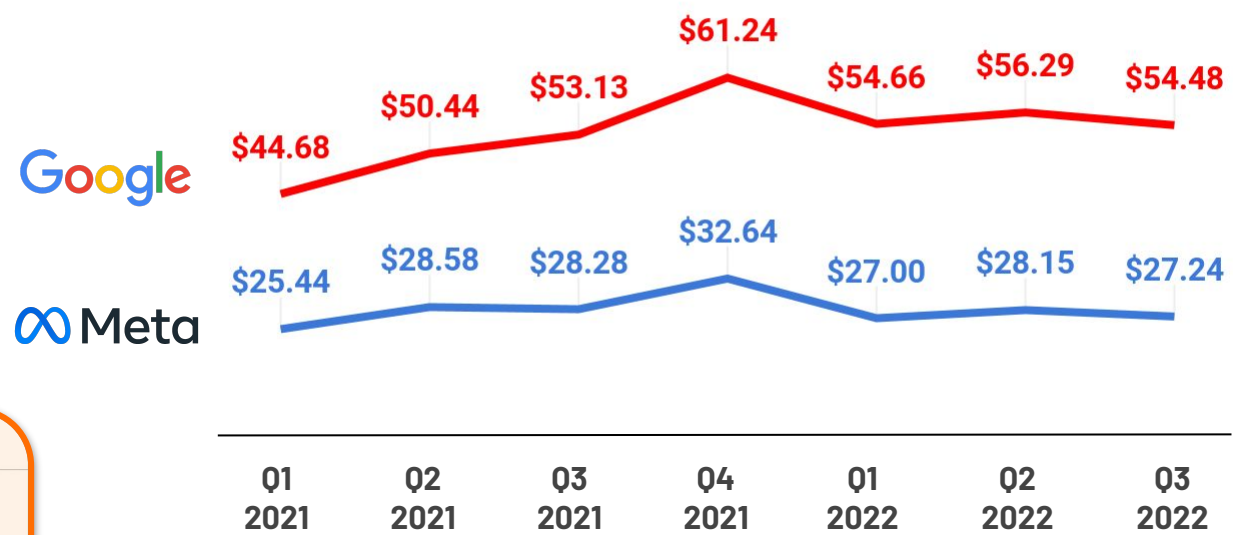
**In 2022, TikTok Shop expanded to 6 countries in Southeast Asia**

# Competition: TikTok has been quite busy, and it needs to

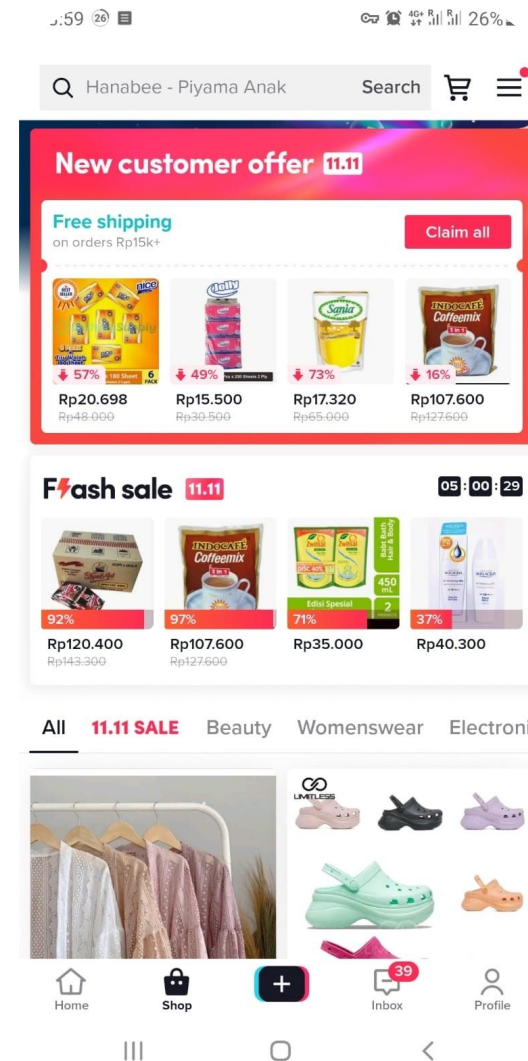
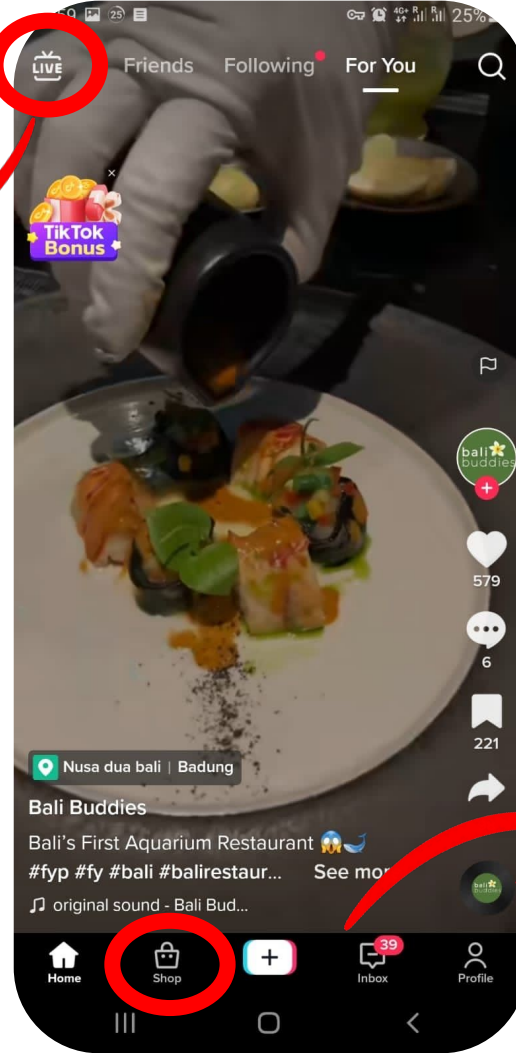
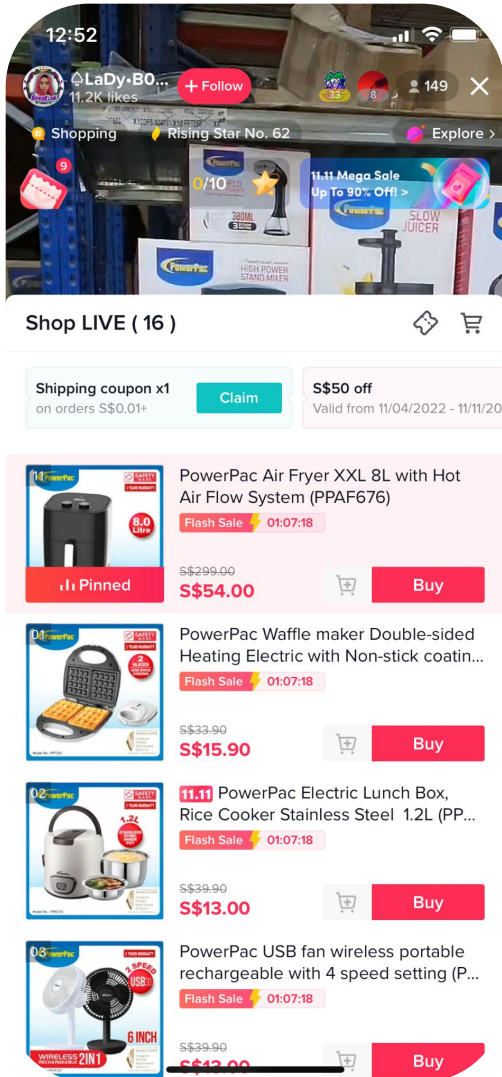


**50% growth in TikTok's headcount between 2021-2022**

**Digital Ad Revenues Worldwide, by Company**  
Q1 2021-Q3 2022  
billions



# Competition: TikTok is already going beyond short videos and live streaming



**TikTok Shop in Southeast Asia**  
Push to monetise the highly engaging content platform  
report by Momentum Works, Jan 2023

Integrated "Shop" button in TikTok Indonesia to allow 'search' discovery

# Shopee, Lazada and TikTok Shop in the big picture (of their respective groups)



Retail commerce in China (Taobao/Tmall) = 66% Alibaba revenue



Ecommerce = 60.8% Sea revenue in Q3 2022



Advertising = 69% ByteDance revenue in 2021  
 Douyin GMV: US\$ 104.3B  
 TikTok Shop GMV: US\$ 0.95B





*POP-Leadership is a strategy framework created by Guoli Chen, professor of strategy at INSEAD, and Jiangan Li, CEO of Momentum Works.*

**Leadership:** In 2021, Shopee went into an aggressive expansion mode across many continents and new verticals, in a hope to capture more growth while capital was cheap. The leadership of Shopee, known to be very strategic yet detail-oriented, was overstretched and did not have enough mental space for all fast increasing complexities as a result of the expansion.

**People:** Shopee has sent some of its top lieutenants from its successful Southeast Asia market to global markets, including Poland. Such tactic ensures the quickest replication of the organisation's strengths into a new market. However, the long term viability depends on whether it could develop a strong local leadership.

**Organization:** Shopee's strong cross border capabilities supported the initial market entry. That said, how to keep the organization coherent and different units synergistic is a common challenge for any (tech or non tech) company expanding into new markets, and Shopee is no exception. Its quick retreat from other markets in 2022 averted bigger organisational issues.

**Product:** Shopee largely copied its existing playbook, including product (in the narrow sense - the app etc.), operations, customer and seller acquisition into its markets. Such playbook seems to have worked in Poland, while failing in France and Spain. Its large investments in product and team headcount did not seem to have yielded proportionate product improvements. The investment in consumer fintech and logistics capabilities is the right move.

## What to expect in 2023?

## We have received a lot of visitors from China lately, and their ecommerce expectations



*Why does it take minimum a week to get a package delivered in Singapore?*



*I never know when my parcel might arrive. It is highly unpredictable and unreliable.*



*The sellers take 2-3 days to respond to a message, while in China, I would get my package by that time.*



*The product descriptions are not detailed enough. There is no video or detailed description and pictures, like in China*



*The logistics and tech infrastructure need to be much improved.*



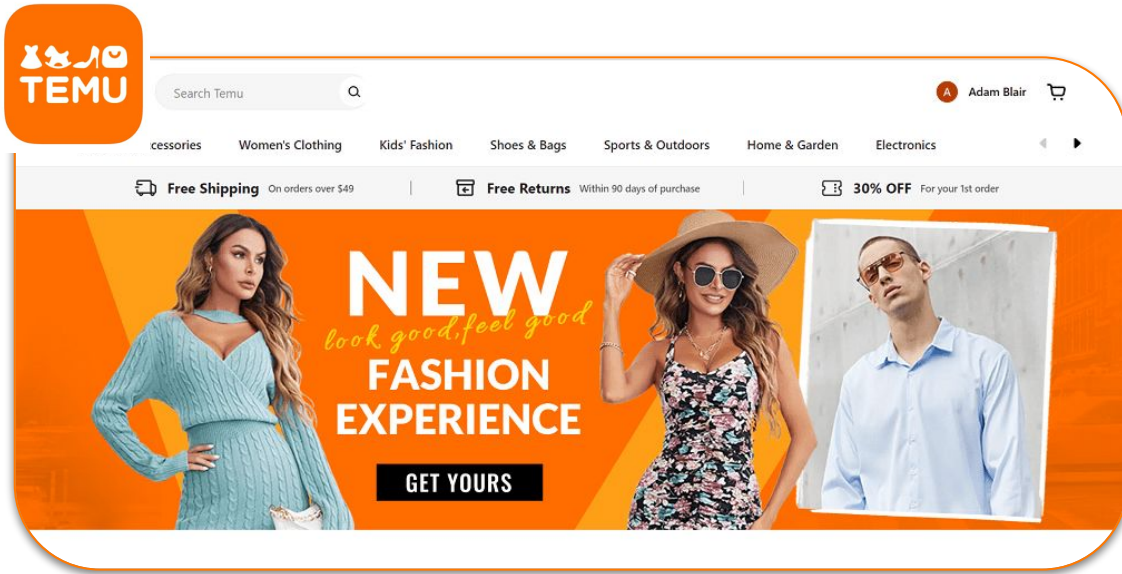
# On the other hand, Pinduoduo's Temu is aggressively entering the US market



United States - Shopping (Applications) Last Update: (Nov.15, 2022, 9:00pm UTC+8) | © Data delivery schedule

Select objects to compare  Heatmap

#	App
1	Temu: Team Up, Price Down Temu
2	Amazon Shopping Amazon
3	Walmart - Shopping & Grocery Walmart
4	SHEIN - Online Fashion Shein
5	Nike: Shoes, Apparel, Stories Nike



wish

SHEIN

amazon



# The fundamental questions we should ask about the future



Shopee office in Shenzhen, China

**Is there a future for ecommerce in Southeast Asia?**

**What would the role of platforms be in that future?**

**How will Shopee stack up versus other platforms in that future?**

## Remember what Jack Ma said half a decade ago?



**“In the next ten or twenty years, there will be no e-commerce, only new retail... The combination of online and offline plus modern logistics can truly create new retail.**

**The era of pure e-commerce will soon come to an end, the form of pure retail will also be broken, and new retail will lead a new business model in the future.”**

**- Jack Ma on New Retail, Oct 2016**



# Momentum Academy helps leaders immerse in innovation, validate & execute their strategies



Leverages **insights, experiences and community** to develop **real, immersive learning experiences.**

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Workshops



Case studies



Immersions



Talks

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Community

Experience

