

BREAKING: US crude drops 1.3%, settling at \$68.69 and posting fourth straight weekly decline



GET YOUR DAILY BUSINESS NEWS FIX RIGHT IN YOUR INBOX.

Have the latest business stories delivered to your inbox every weekday by 730AM (SIN/HK).

SIGN UP HERE



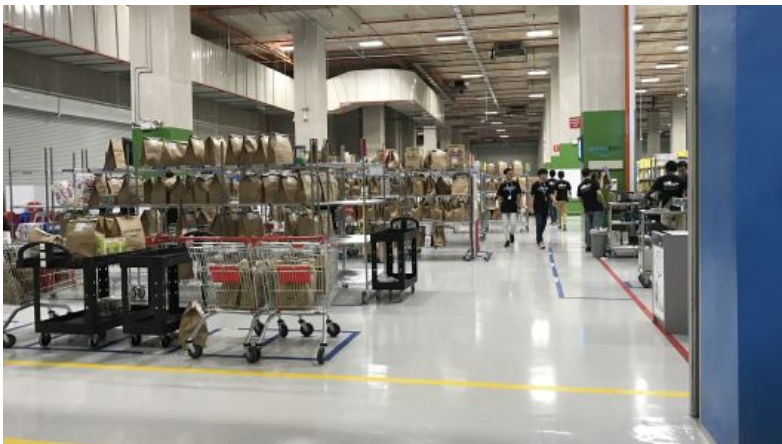
ASIA ECONOMY

Amazon appears 'miles' behind an Alibaba-backed rival in Prime's only Southeast Asian market



- As Amazon celebrates Prime's first anniversary in Southeast Asia, it still has not expanded the program beyond Singapore.
- Amazon's regional rivals are growing quickly and investing heavily.
- Southeast Asia's e-commerce market has potential for huge growth, so competitors' successes do not necessarily equate to losses for Amazon.

Eustance Huang
Published 18 Hours Ago



Saheli Roy Choudhury | CNBC

An Amazon facility in Singapore

Amazon brought Prime to Southeast Asia a year ago when it kicked off its membership program in Singapore. Since then, its regional rivals have seen strong growth, and the American juggernaut has failed to take the lead, market observers told CNBC.

That doesn't necessarily mean Amazon is failing in what it set out to do. Rather, the development of Southeast Asian e-commerce is "still in early stages," according to Candice Ong, the chief commercial officer of e-commerce merchant Shopback.

When Amazon first launched in Singapore, Ong said, there was a lot of news and anticipation. "That is expected, given that they (are) a huge player," said Ong, whose company has been an active participant in the growth of the region's e-commerce sector by working with large

FROM THE WEB

Sponsored Links by Taboola



Pineapples And Cassava: A Story Of Thai Innovation

CNBC International for BOI



Ship collision leaves two dead, three missing

Tanker Shipping



12 of the Most Historic Houses In America

Far & Wide



15 Foods That Are Good For Your Heart

The Inner Beast

companies such as Lazada and Foodpanda.

Amazon declined to comment for this story.

According to Ong, however, Amazon remains only one of several competitors vying for pole position in the region, with Chinese heavyweights such as [Tencent](#) and [Alibaba](#) investing in companies such as [Sea Group's](#) Shopee and Lazada, respectively.

"I think it will get harder for Amazon, actually, to compete."

-Luc Grimond, partner and managing director at The Boston Consulting Group

The region has significant potential. A [report by consultancy Frost & Sullivan](#) in February said Southeast Asia's business-to-consumer e-commerce market surpassed the \$6 billion mark in the fourth quarter of 2017, experiencing a quarter-on-quarter growth rate of 28.5 percent. And there's huge unharnessed potential, too: [A 2017 report](#) from consulting firm Bain & Co. estimated that online retail in the region makes up only about 3 percent of overall industry sales.

Naveen Mistra, industry principal at Frost & Sullivan, echoed Ong's viewpoint, telling CNBC that Amazon has yet to catch up with the region's incumbents.

Since announcing its Prime entry into Singapore in 2017, Amazon has not expanded its services to the wider region beyond announcing a [partnership with the Vietnam E-commerce Association in March](#).

"From an external perspective, I've been a bit surprised that they haven't gone after, you know, the wider market," said Luc Grimond, a partner and managing director at The Boston Consulting Group.

Even in Singapore, Grimond said, the Alibaba-backed Lazada appears to dominate market share. From a traffic perspective, he added, it's "probably miles away."

Lazada, which does not publicly announce sales numbers, did not respond to requests for comment.

Deliveries boom, investment surges

While Amazon has taken its time, some of Southeast Asian rivals have "rapidly" gained market share, Mistra said.

One such example is Sea Group's Shopee platform. The company said in a [financial statement](#) that its e-commerce segment sold goods with a total value of \$1.9 billion in the first quarter — a 23 percent increase from the prior quarter.

Still, that strong growth doesn't necessarily mean other companies — like Amazon — will lose out, Mistra said, explaining that the e-commerce market is growing overall.

"Generally speaking, e-commerce delivery traffic has increased across the wider (Southeast Asia) region," Winston Seow, chief commercial officer at delivery firm Ninja Van, told CNBC.

[Whole Food's biggest supplier to buy Supervalu for \\$2.9 billion in bid to lessen its dependence](#)

[After-hours buzz: AMZN, EXPE & more](#)

['A storm is brewing' in the US economy, says economist Diane Swonk](#)

[Stock jumps 50% in a few seconds](#)

[Amazon cloud revenue jumps 49 percent](#)

[Ten experts debate Amazon earnings and its race to \\$1 trillion](#)

BEYOND THE VALLEY



GET YOUR ESSENTIAL TECH INSIGHT FROM ACROSS THE GLOBE

 PODCAST SERIES

SUBSCRIBE

 E-NEWSLETTER

SIGN UP

“This may or may not be due to the entrance of Amazon Prime, as their services are only available in (Singapore) at the moment,” he added.

In fact, Amazon’s initial announcement that it intended to enter the Southeast Asian market likely spurred incumbents into “raising their game,” Grimond said.

Among those shopping sites that have found motivation in the American tech giant’s arrival is delivery service Honestbee.

“With the entry of Amazon in Singapore, customers have more choices. And its entry has motivated us to deliver better value and experience for our customers,” said Chris Urban, managing director of Honestbee Singapore.

The company has seen its traffic “surge,” Urban said, as a result of investments to improve its operations and customer experience.

“Since 2017, we’ve seen a 300% increase in demand for grocery delivery services,” Urban said in an email. “Our database of customers has also grown 290% in the past year.”

The list of competitors extends beyond start-ups too, with traditional retailers boosting its digital operations. Grimond cited Indonesian conglomerate Lippo, which has made investments of up to \$500 million to develop its e-commerce capabilities.

“I think it will get harder for Amazon, actually, to compete,” Grimond said.

RELATED SECURITIES

Symbol	Price	Change	%Change
AMZN	1813.91	▲ 5.91	0.33%
SE	13.49	▼ -0.86	-5.99%
*700	373.00	▼ -1.80	-0.48%
BABA	188.4399	▼ -5.7401	-2.96%

MORE FROM CNBC

by Taboola

Amazon 'terrifies me as a company', says a valuation professor

FANG stocks – the world’s most crowded trade – burn investors who held into earnings

The Pentagon just got one step closer to awarding its \$10 billion cloud contract

Southern California home sales crash, a warning sign to the nation

Amazon is not an earnings story and investors only care about one thing, Cowen trader says

Should you get an Amazon Prime Rewards credit card? Here are the pros and cons

FROM THE WEB

Sponsored Links by Taboola



- Ile-de-france Car Owners:...**
FIXD App
- This \$99 Drone Is The Most...**
Drone 720X
- This app will have you...**
Babbel
- America’s Most Expensive...**
Work + Money
- Top 10 Social Media...**
eClincher
- A Country Made of Plastic:...**
Ctech