



BIPC 2021

Impact of the e-Commerce on Maritime and Port Logistics: ASEAN e-Commerce Market

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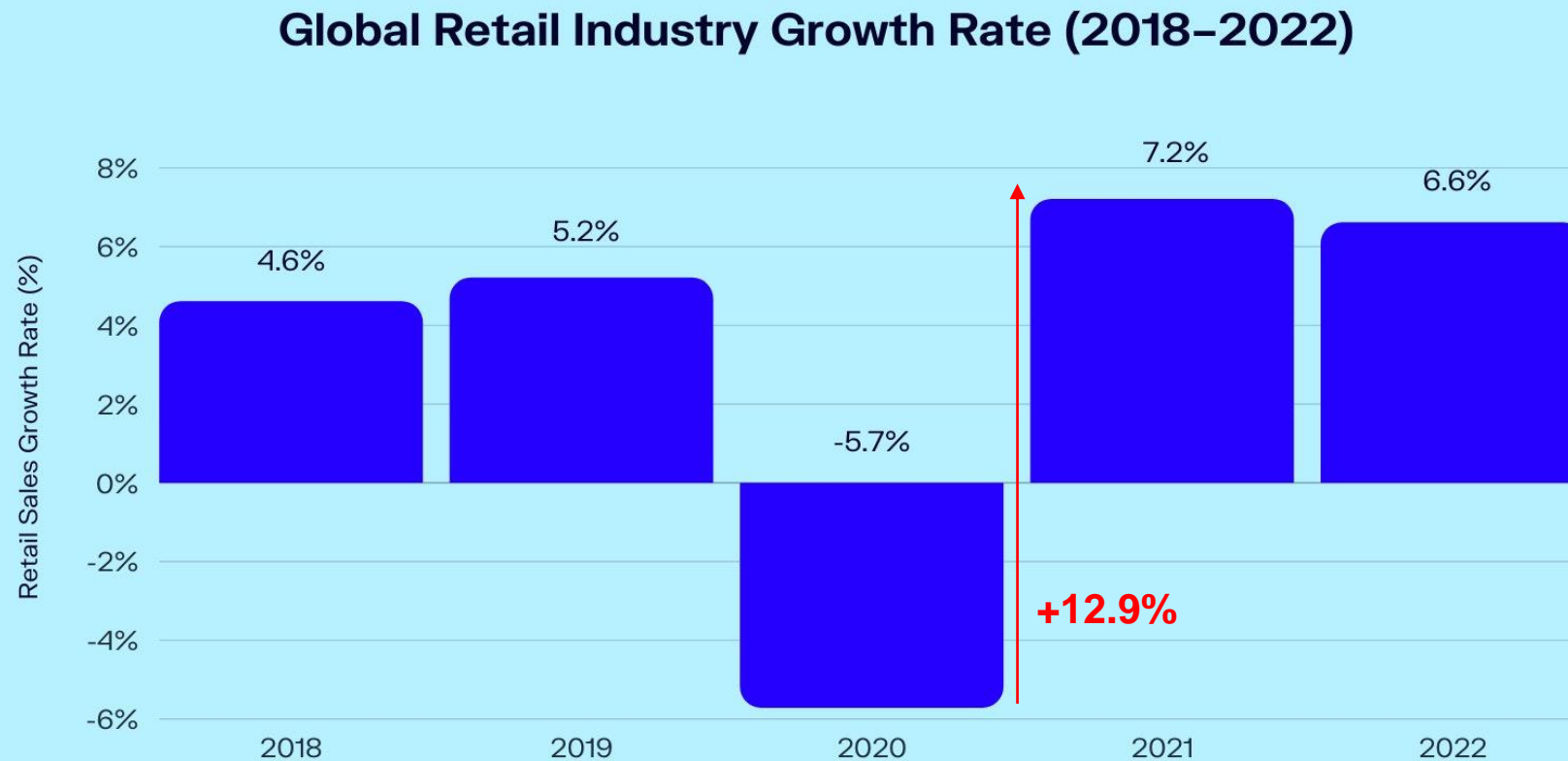
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1. Introduction: Growth of e-Commerce



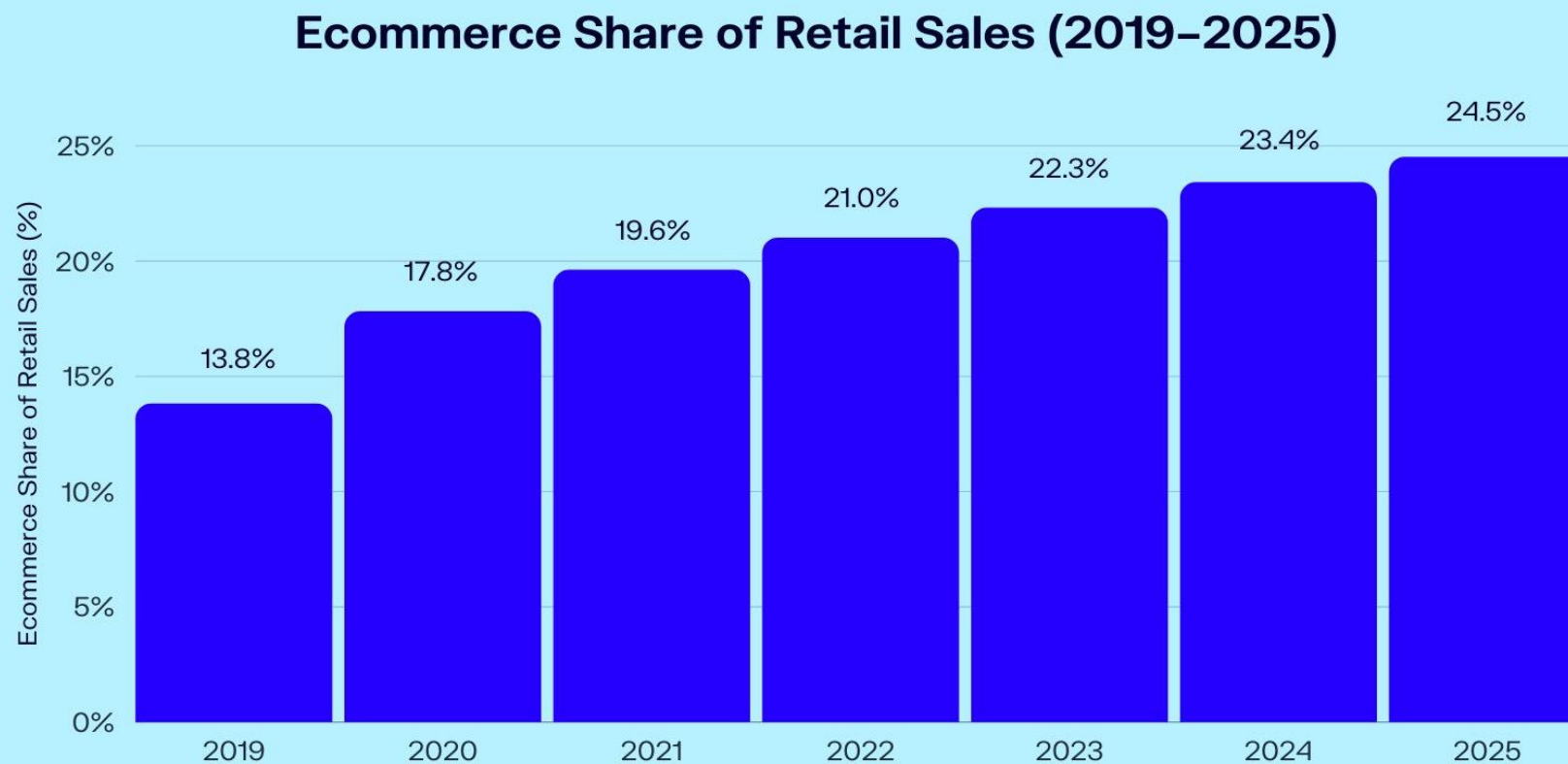
Growth Rate of Global Retail Industry Pre/During/Post Pandemic



Source: Statista

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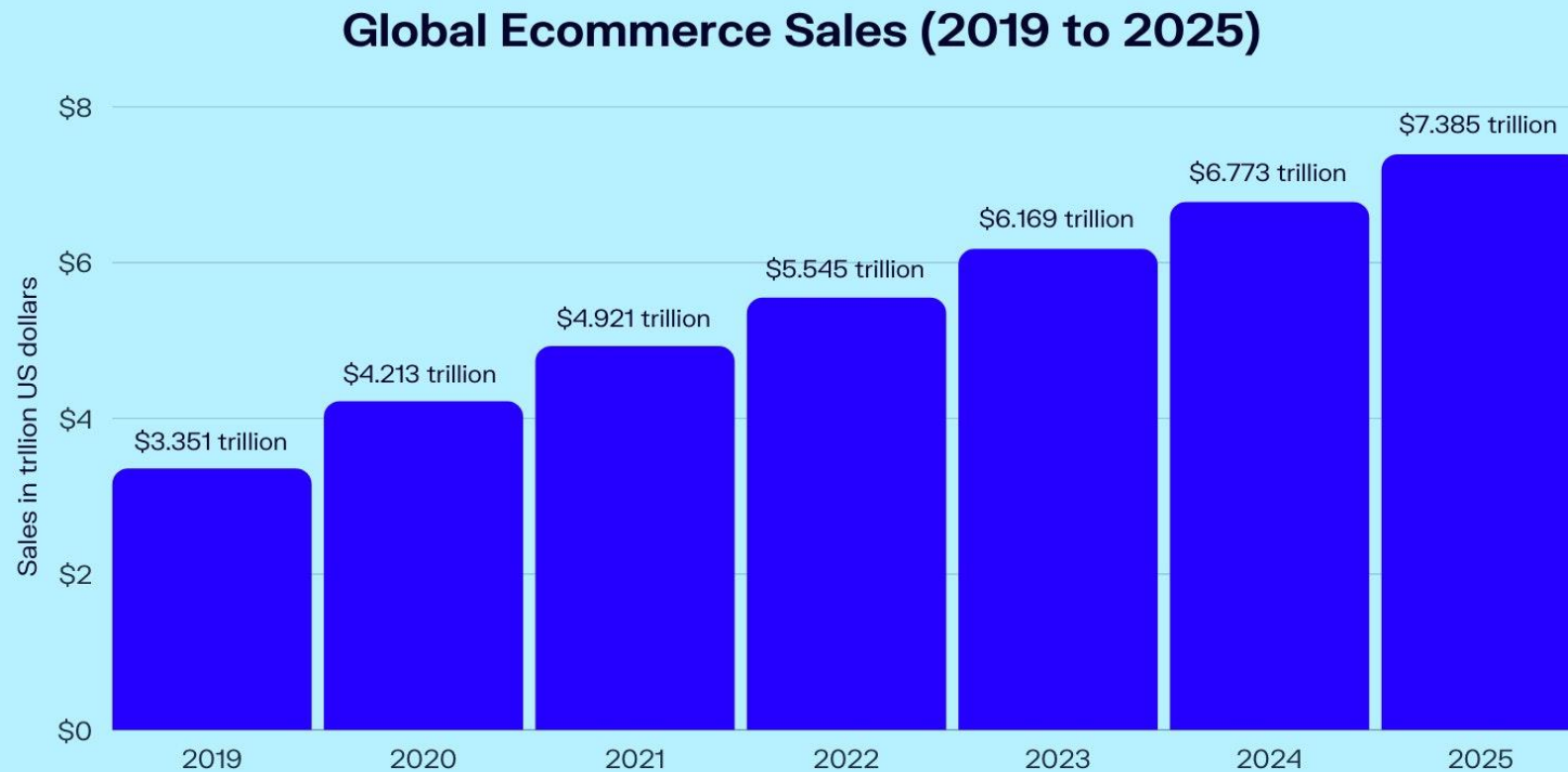
e-Commerce Share of Retail Sales



Source: eMarketer

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Growth of Global e-Commerce



Source: eMarketer

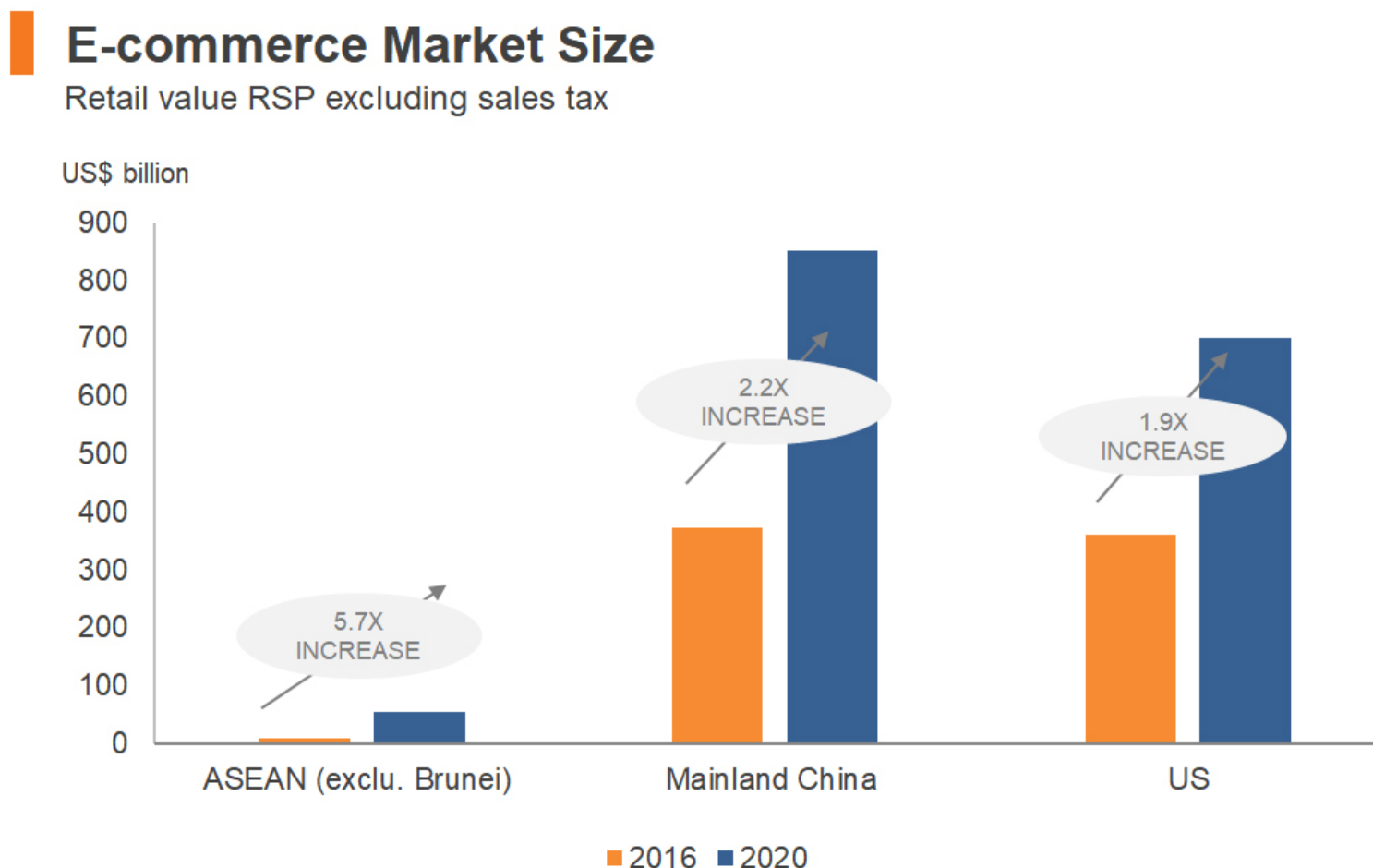
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2. ASEAN e-Commerce Market



Rise of ASEAN e-Commerce Market

The size of ASEAN's e-commerce market has grown almost six-fold in just 4 years, increasing from US\$9.5 billion in 2016 to \$54.2 billion in 2020.



Source: Euromonitor Passport database

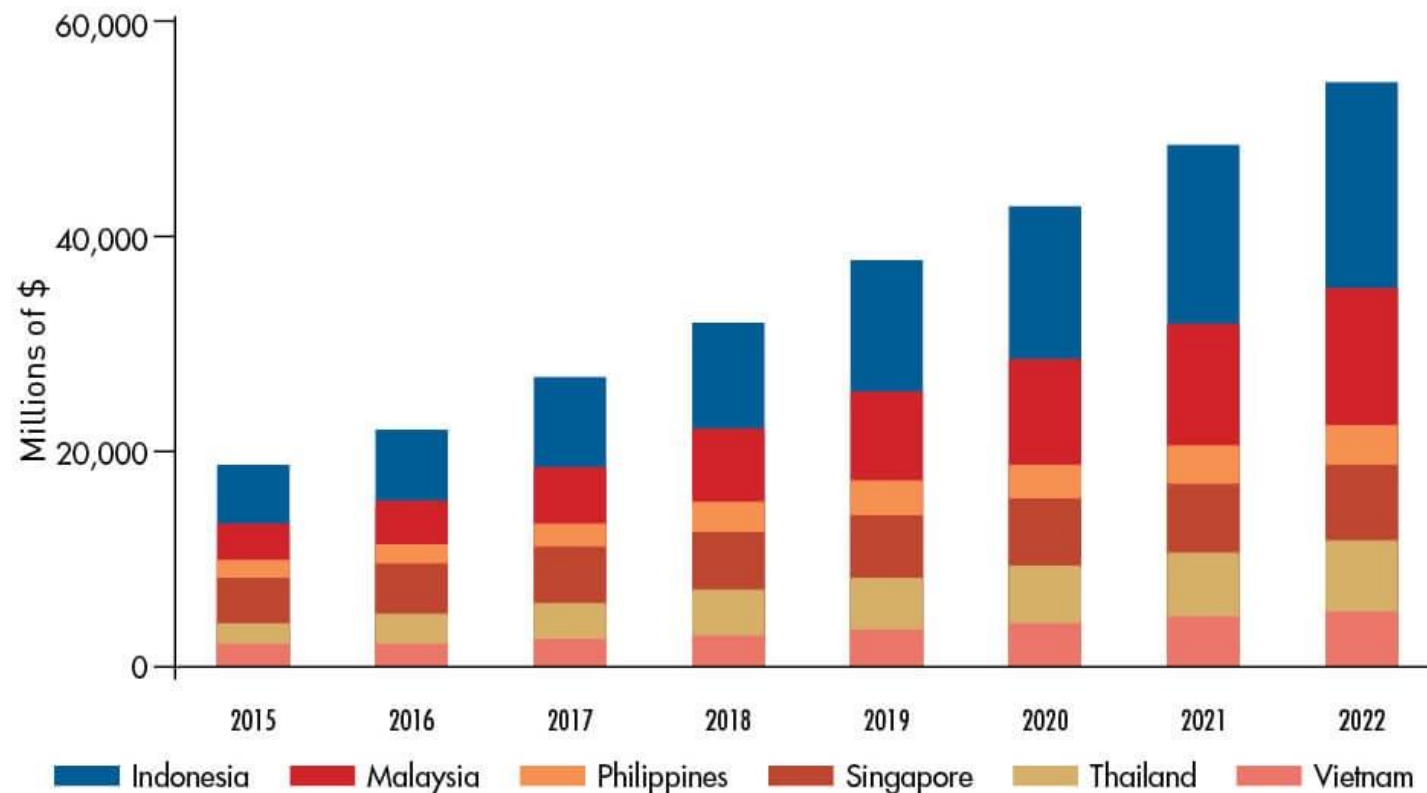
Rise of ASEAN e-Commerce Market

Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam are a promising market. Most notably, Indonesia, South-East Asia's biggest nation by size, population (273 million) and land area, is the largest e-commerce market in South East Asia.

THE BATTLEGROUND

Indonesia is the largest South-East Asian e-commerce market

Selected countries e-commerce sales

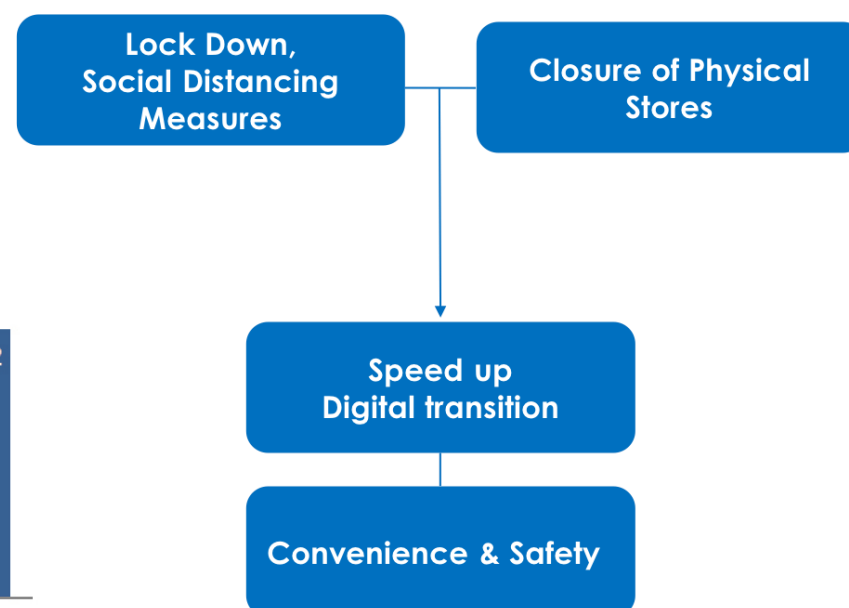
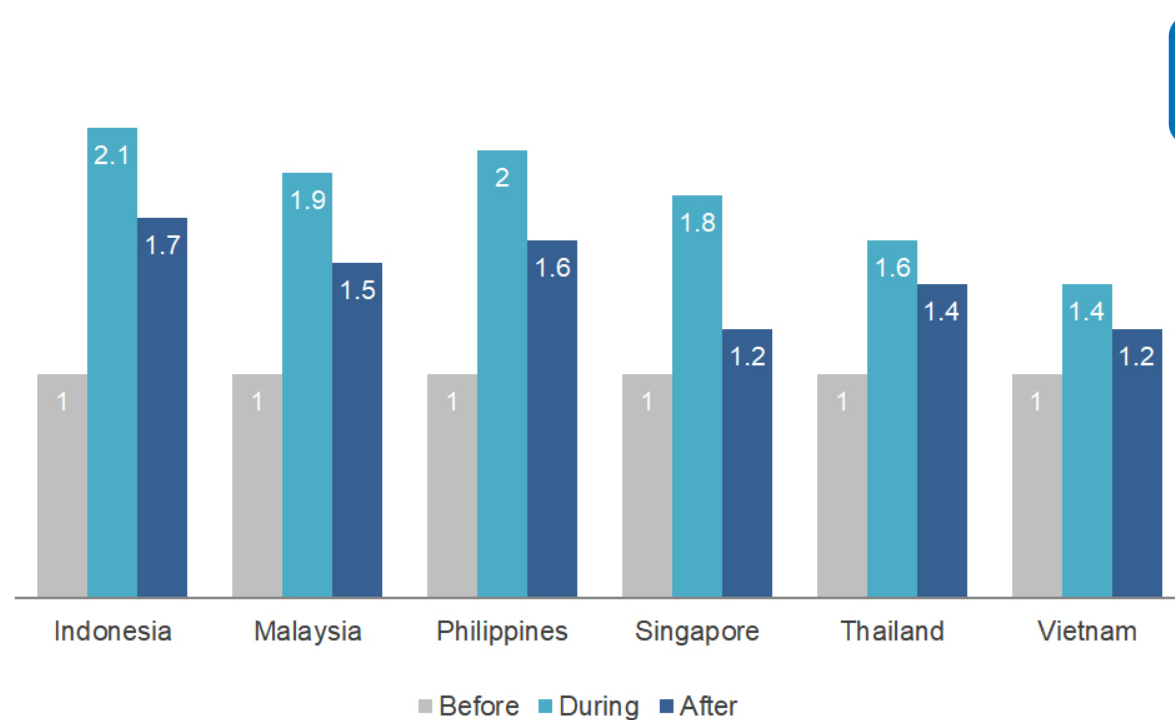


Source: Fitch Solutions

Pandemic Driven Growth

Usage of E-commerce

Before, during and after Covid-19, indexed to pre-Covid-19 levels

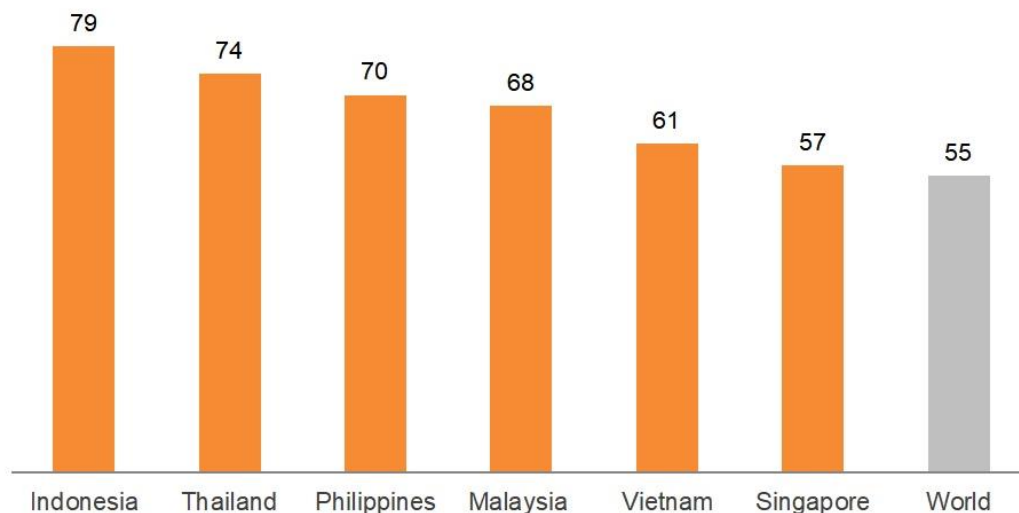


Source: e-Conomy SEA 2020 Report by Google, Temasek and Bain & Company

Market potential in South East Asia

Mobile E-commerce Adoption

Percentage of internet users who bought something online via a mobile device



31.2

Average Age

Source: Digital 2021 Report by We Are Social

- More affordable mobile smartphones along with faster and cheaper data plans
- The maturation of the leading e-Commerce platforms
- Shifting consumer behavior towards an omni-channel approach

Top 5 e-Commerce Platforms in Southeast Asia (Q2 2020)

					
1  Shopee	1  Shopee	1  Shopee	1  Shopee	1  Shopee	1  Shopee
2  Lazada	2  Lazada	2  tokopedia	2  Lazada	2  thegioididong	2  Lazada
3  PGMALL	3  Qoo10	3  bukalapak	3  Advice	3  TIKI.VN	3 ZALORA
4 ZALORA	4  amazon.sg	4  Lazada	4  JD CENTRAL	4  Lazada	4  ebay
5  ebay	5  ezbuy	5  blibli	5  CENTRAL	5  Điện máy XANH	5 BeautyMnl.

Source: iPrice

ASEAN e-Commerce Players

There are many local B2C platforms and several regional players active in ASEAN's e-commerce market. Shopee and Lazada are the two key online platforms with operations in major ASEAN countries, including Indonesia, Vietnam, Thailand, Singapore, Malaysia and the Philippines.

Regional Key e-Commerce Players in ASEAN



- Founded in 2015
- Nasdaq-listed SEA owned
- Backed by Tencent (40% stake in SEA)
- Top in 6 countries in ASEAN(since Q2 2020)



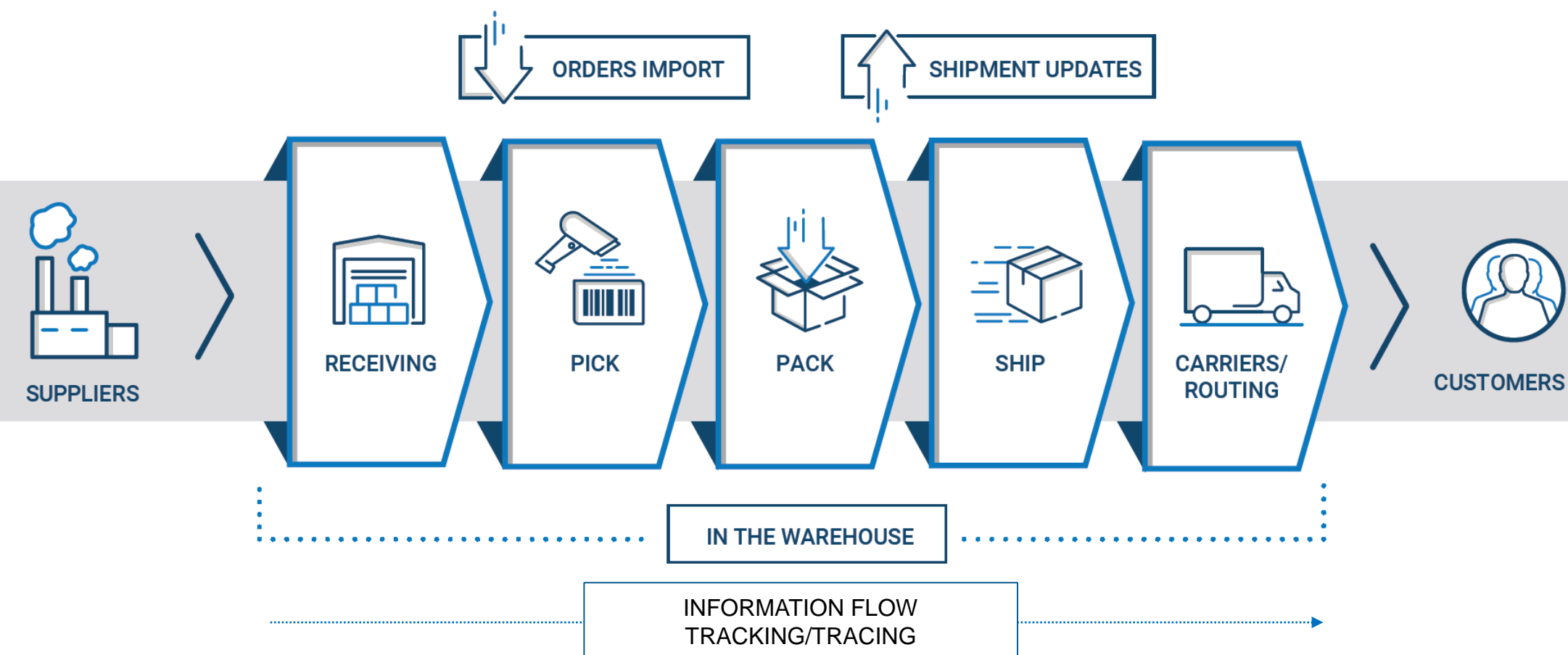
- Founded in 2012 (Rocket Internet)
- Alibaba acquired in 2016
- Topped in 6 countries in ASEAN(Q3 2019~Q1 2020)

3. Impact on Maritime & Port Logistics

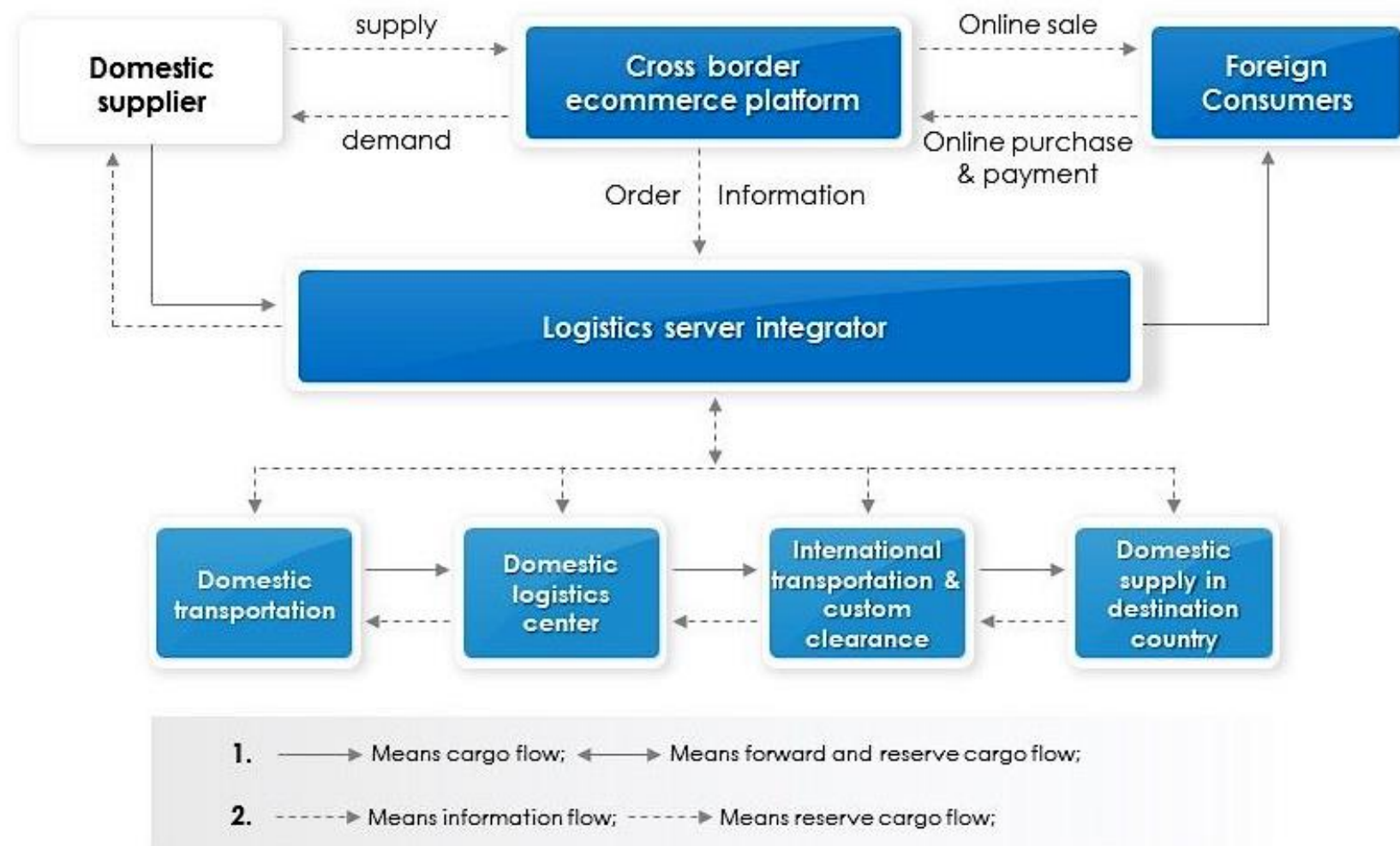


E-Commerce Logistics

In e-commerce, logistics plays a vital role. This refers not only to the last mile delivery of parcels to customers but also to the overall e-fulfilment strategy. Consumers today expect goods to be delivered quickly and at their convenience. For this reason, e-commerce logistics needs to deliver large volumes of packages fast, sometimes even within a narrow delivery window.



Process of Cross Border e-Commerce



Global Cross Border e-Commerce Logistics Market 2021-2025



Market growth will **ACCELERATE**
at a **CAGR** of almost

11%



Incremental growth (\$B)

44.61



Growth Contributed by
APAC

43%



Growth for **2021**

8.90%

Air Transport vs Sea Transport

- Rapid increase in cross border trade
- Spikes in air freight
- Shortage of air transport space
- Major cost savings
- Innovation in expedite ocean services
- Compatibility with non-time sensitive goods, where forward inventory systems close to market is preferred



Amazon vs Alibaba



Online Retail Model &
B2B Marketplace Model

Business Model

Aggregator Business Model

Asset Heavy. High degree of control
over logistics via majority ownership of
logistics companies and assets.

Logistics Model

Asset Light. Medium degree of control
over logistics via partnerships and
minority stakes in 3PLs.

100% Owned NVOCC that may
aggregate cargo from other BCOs and
become Profit Center.

**Transition to Sea
Transportation**

Strategic partnerships with major lines.
Remain as Cost Center.

Amazon: Sea Transportation

Milestone of Amazon's Sea Transportation

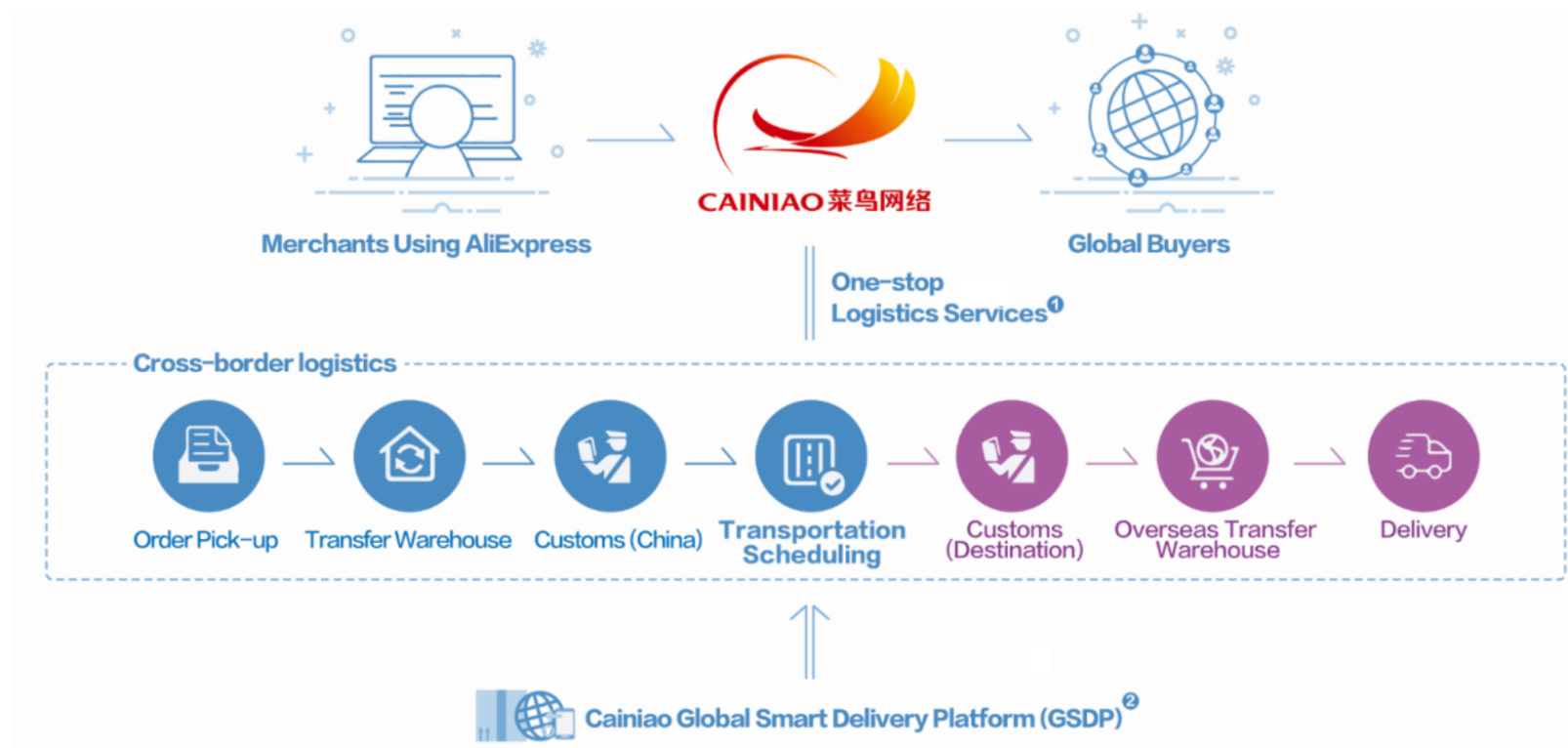


Dragon Boat Plan : Amazon's plan for expanding Amazon Fulfillment Services into a global delivery network.

Source: Various Sources

Alibaba: Cross-border logistics solutions

AliExpress Export Logistics



Source: Cainiao

Alibaba: Transition into Sea Transportation

Alibaba Sea Transport Segment



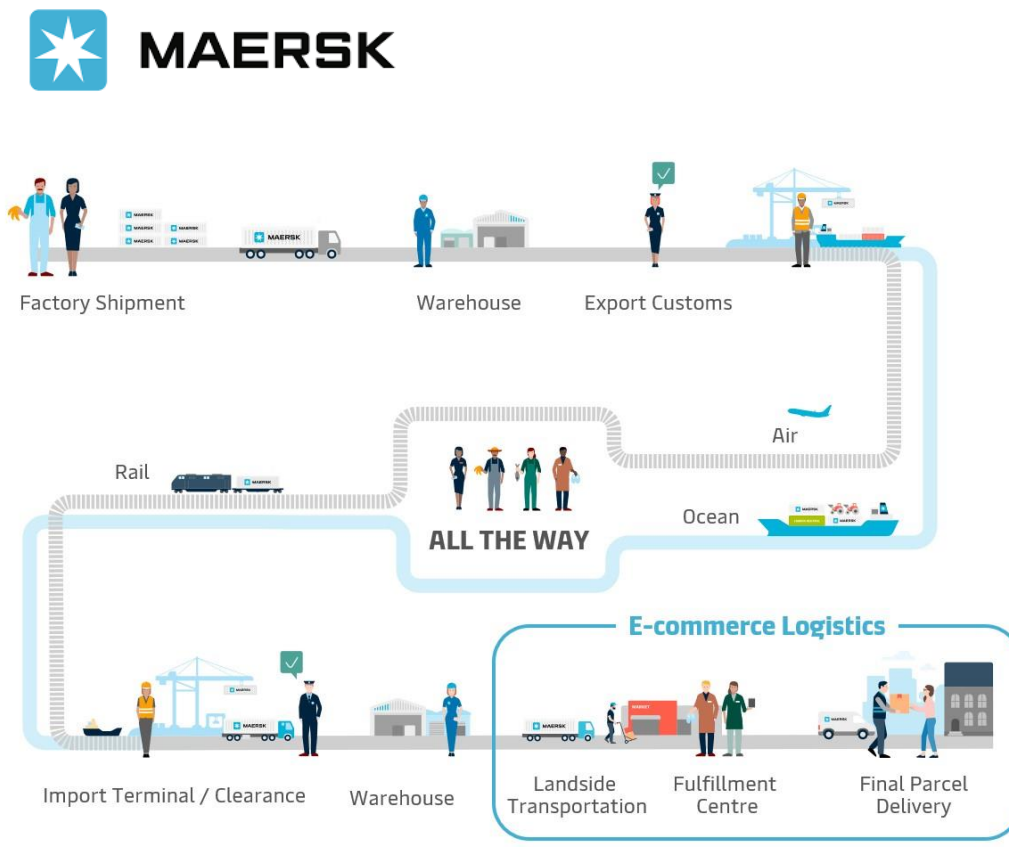
MAERSK



- Strategic cooperation agreements with 5 major container shipping lines (customers could directly purchase sea freight).
- This platform level integration is Alibaba's response to its increasing reliance on sea transportation driven by rising cross border trade.
- COSCO Shipping has entered into an agreement Alibaba to collaborate on blockchain applications in shipping.
- the parties will work together to promote blockchain developments in various shipping and logistics sectors to connect data and systems in shipping, ports, logistics and finance with an aim to create a platform that facilitates integration along the supply chain.
- The partnership aims to address the complexity of the shipping process by linking all parties in the shipping sectors.

Emerging Industry Trends

Global consumer buying patterns and digital platforms are accelerating online consumption, redefining business models everywhere. As they implement digital first strategies and support the growth of their business-to-consumer supply chains, many Maersk customers are experiencing strong e-commerce sales growth. Maersk's recent acquisitions will address this customer trend and strengthen Maersk's E-commerce Logistics products suite in line with its strategic business transformation.



2017 Maersk Growth founded
Maersk's Venture Capital Arm

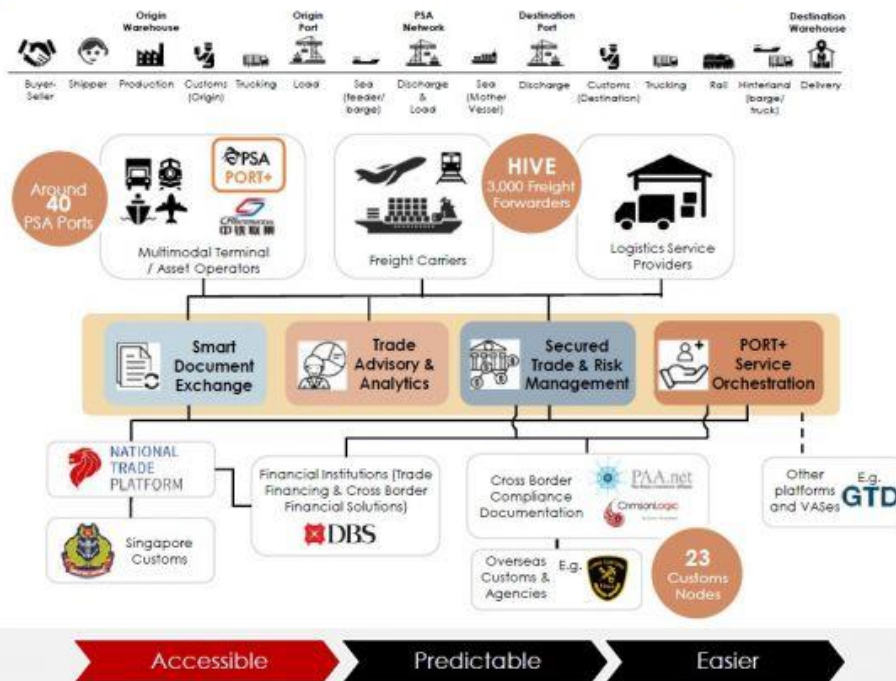
2019-2021 e-Commerce relate Acquisition

- Vandegrift (customs service)
- Performance Team (3PL)
- KGH (Customs service)
- B2C Europe (e-commerce)
- Visible SCM (e-commerce)
- HUUB (cloud-based startup)

E-commerce logistics service

Emerging Industry Trends

CALISTA enabling Cross Integration



2014

- PSA Living Lab

2018

- PSA unboxed
- PSA CARGO SOLUTIONS
- Launch of global supply chain platform CALISTA

PSA CARGO SOLUTIONS

PSA
The World's Port of Call

Source: PSA International

4. Concluding Remarks



Conclusions

1

Sea Transportation will play an increasingly important role for cross border ecommerce logistics. Major ecommerce players, shipping lines and terminal operators have started setting themselves up for this.

2

A balance between transportation cost and delivery lead times remain critical. Maritime players need to continuously reduce lead times through predictive technologies, improved global network connectivity and greater control over the connecting hinterland supply chains.

3

Major ports should start allocating space in or around their real estate for fulfilment, consolidation and distribution activities related to ecommerce. An ecosystem to entrench a wide spectrum of logistics companies engaging in mid-mile or first/last mile delivery are also important.

4

Integrated digital platforms among players across the supply chain will become a necessity, as cross border ecommerce logistics increase in scale and complexity. A few major maritime players have taken the lead on this, but market remains generally untapped.



THANK YOU