

Shopee helps small businesses build resilience during Covid-19 pandemic

For first-time sellers and micro enterprises, selling online might seem daunting at first but with government support and established online platforms, it is easier than it used to be

When government mandated businesses to shut doors, small business owners and aspiring entrepreneurs turned to selling online to survive. Their journey was supported by the government and established platforms such as Shopee Malaysia, which launched initiatives that make it cheaper and easier to go digital.

"We have consistently created our programmes and initiatives to support sellers, micro-businesses, small and medium enterprises (SMEs) and first-time sellers, across platforms since Shopee was established in 2015. During the first Movement Control Order (MCO) in 2020, we doubled our efforts to support the small business community affected by the pandemic. We offered financial and operational assistance and established strategic collaborations with government entities to further benefit these merchants," says Jerome Pang, chief operating officer, Shopee.

An example of Shopee's initiatives is a RM15 million seller support package launched in April 2020 to drive digitalisation of small businesses and assist companies affected by the pandemic.

Business owners looking to sell online can attend free online training — conducted in English, Bahasa Malaysia and Chinese — at Shopee University. Topics include how to start an online store and interact with customers, e-commerce marketing and how to manage operations digitally. In 2020, the training platform conducted 488 classes, which was attended by 75,000 participants.

"Shopee also forged meaningful partnerships with various industries, government agencies, associations and state governments to help digitalise the local business community, especially micro enterprises and petty traders. These sellers received assistance to start their digitalisation journey," says Pang (see "Helping vulnerable groups to sell online").

"When these sellers decided to open a store on Shopee, they were given the opportunity to participate in campaigns, discount promotions, cashback vouchers and advertising credits. These benefits are designed to boost their sales and generate attention from paid to sellers that faced severe cash flow constraints because of the pandemic," adds Pang.

Shopee's initiatives generated total revenue of RM1.1 billion for about 200,000 SMEs in 2020.

Selling online successfully

"Selling online is a totally different ball game. It requires resources. Businesses need to set up a new team or department to handle online channels. This requires long-term planning and it is probably not easy to maintain a competent digital team. There are also business owners who don't like to change their traditional approach to doing business," says Daniel Lim, vice president of the Malaysian Retail Chain Association. Lim adds that e-commerce platforms can remove the barriers that SMEs face in selling online. "Business owners require little technical skills to sell on Shopee as compared to selling on social media platforms. For businesses, Shopee is becoming a lot of money to bring millions of users to its platform. It has become that relevant as platforms reach millions of users in a very short period of time. It also makes financial sense to invest in e-commerce platforms. It doesn't cost much to set up an online store and the seller gets to bypass the middlemen and sell directly to the customers. From a financial perspective, this pays off in the long run."

Alia Arwen, chief digital business officer of Malaysia Digital Economy Corporation (MDEC), says online shopping platforms will continue to play a major role in the local economy as consumers are expected to keep buying from these channels even after the pandemic.

"Online platforms should keep encouraging the adoption



of e-commerce among local businesses to support their long-term continuity. And, these platforms must keep innovating in order to cater for the ever-evolving needs of customers. To encourage SMEs to digitalise their business, the government has been actively collaborating with e-commerce and e-payment providers. These collaborations are based on a new funding model, which offers incentives such as subsidising salaries, service fees, discounts, training and others," says Alia.

To encourage and support small businesses on the platform, Shopee has lowered the barrier to entry for its digital marketplace and provided access to accelerated shipments of orders, trade and real-world services.

"Our vision is make e-commerce accessible to everyone. We constantly enhance our platform to ensure that it supports even the smallest business. For example, we provide an integrated payment and logistic solution so sellers can focus on growing their business and building demand for their products. With our solutions, they can immediately manage their product inventory, track delivery of their products to customers, monitor payment received as well as gain insights on the performance of their online store, traffic received and customer conversion rate," says Pang.

"Before our new rollout, Shopee signed on third-party logistic partners on our platform to fulfil their deliveries. We have a wide range of partners, including Pos Laju, DHL, J&J, Ninja Van and Lalamove. When customers place an order, sellers simply print the system-generated shipping label and send their goods at the nearest Shopee drop-off point. In some cases, third-party logistic partners do the delivery.

"We are aware that some people do not have access to credit facilities. This is why Shopee offers a wide variety of payment methods so that everyone, including the unbanked, can participate in e-commerce. Customers can make cash payments at 7-Eleven and 7E Mart, or upon delivery of their purchases. Cash payments complement the other methods such as credit and debit cards, online banking, ATM transfers and the ShopeePay mobile wallet. By making it easier for customers to pay, we are helping to drive the delivery of goods to customers faster," adds Pang.



“To survive the pandemic and compete effectively in a post-pandemic world, sellers must keep learning and quickly adapt to new trends.”
— Daniel Lim, Vice President of the Malaysian Retail Chain Association

Digital banking the missing piece in a robust e-commerce ecosystem

Online shopping has surpassed traditional retail as an increasing number of people turn to e-commerce for their purchases. The surge of ICT and e-commerce by established firms in 2020 (RM1.1 billion) and e-commerce by established firms in 2020 (RM1.1 billion) reported by the Department of Statistics Malaysia on July 6, 2021, found that Malaysia's online sales revenue rose 37.7% in 2020 from RM1.1 billion in 2019 to RM1.5 billion in 2020.

The first step to convert to these online consumers is to build trust. And to the platforms and campaigns, such as a survey by Shopee, conducted in collaboration with Google, which interviewed 15,000 shoppers in the first half of 2021. The 60% of respondents said they will buy more online while only 30% plan to buy more offline.

Shopee Malaysia's double-digit sales campaigns are extremely popular among online consumers in the country. During its double-digit sales campaign, the 11.11 Big Sale, held on Nov 11, 2020, the top 100 small and medium enterprises (SMEs) generated average revenue of RM10.1 million, 20 times.

"Shopee is well known for its double-digit campaigns. We are currently running our Double 11 Big Sale. Shopping Day and this will kick-start our year-end shopping season. During our campaigns, we provide free shipping nationwide and vouchers for buyers. We engage our sellers in a fun and interactive way. For example, we have games on the Shopee app where users can win vouchers or Shopee coins. And, for convenience, users can visit Shopee Live, which features our seller livestreams," says Jerome Pang, chief operating officer, Shopee.

Shopee is continuing to add advantages to consumers, sellers and buyers, such as a discount and free delivery on orders. To reach new users and build brand awareness, Shopee collaborates with local and

global celebrities. As Pang points out, more traffic to these e-commerce platforms is needed to make buyers ready for the Shopee's offers.

"Our sellers usually see a spike in sales during our double-digit campaigns days," says Pang. An example is Vania Anwar Izzah, founder of a popular online shop on Shopee called Get Glamor.

"Get Glamor" usually receives about 100 orders a day if we participate in Shopee's double-digit monthly sales campaigns and offer free shipping to customers, and sales can increase up to 10 times. For example, during the 11.11 Sales Day campaign, we received a total of 1,000 orders on Jan 11," says Vania.

Farah Haniffa, who runs Kaka Kaki Lapis, also saw sales surging during Shopee's double-digit campaigns. "We received 87 orders in a day during the 11.11 Sales Day campaign. Looking back it was an extremely strong day for our very online," she says.

"The biggest challenge for local SMEs is lower competition online. As such, sellers need to learn more to leverage on platforms and their business to stay the benefits from their marketing campaigns," says Daniel Lim, vice president of the Malaysian Retail Chain Association. "In comparison to other businesses, local SMEs, of course, would require bigger investments in digital. Not all are ready to invest in digital."

"Looking at the direction Shopee is taking — giving local SMEs that affordable entry technology — I think the Digital Banking for SMEs (Shopee's parent company) has a long way to go to help the small business owners.

"It can provide more seller digital financing solutions to businesses who are seeking growth potential and have the ambition to scale up but do not have the financial means to do so," says Lim.