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# e-Conomy SEA 2020

At full velocity: Resilient and racing ahead

SINGAPORE



## Singapore

# Main Takeaways

### Flight to digital

Internet usage in Southeast Asia (SEA) continues to grow, with 40M new users this year alone (400M YTD vs 360M in 2019). In Singapore, with the various stages of the COVID-19-induced Circuit Breaker, users turned to the Internet for solutions to their sudden challenges. A significant number tried new digital services: **30% of all digital service consumers were new, with 91% of these new consumers intending to continue** their behavior post-pandemic.

### Online with a purpose

Southeast Asians spent on average an hour more per day on the Internet during lockdowns, and it's easy to see why. Singaporeans, specifically, were spending **3.6 hours online (for personal use) pre-COVID-19, which spiked to 4.5 hours** at the height of lockdowns, and now rests at 4.1 hours per day. With 8 out of 10 users viewing technology as very helpful during the pandemic, it has become an indispensable part of people's daily lives.

### Resilience in times of crisis

e-Commerce was strong at 87%, but this wasn't enough to completely offset the 70% decline in Travel (Singapore's largest digital sector in 2019). Overall, **2020 GMV is still expected to reach a total value of US \$9B**, having contracted at -24% YoY. Looking at **2025, the e-Conomy will likely reach US \$22B in value**, re-accelerating to ~19% CAGR. Despite short term challenge, SG remains a key enabler for the region.

## Singapore

# Main Takeaways

## On the path to profitability

Since peaking in 2018, funding for unicorns in mature sectors (e-Commerce, Transport & Food, Travel, and Media) has slowed. Platforms are now refocusing on their core business to prioritize a path to profitability, and are addressing consumers' broad range of needs through partnerships. The emerging DFS battleground is one of the few spaces where the super-services do collide, and though it's too early to tell the outcome, we expect that continued funding and a strong cash-generating core business to be key, especially for Singapore's multiple unicorns.

## New frontiers

HealthTech and EdTech have played a critical role during the pandemic, with impressive adoption rates to match. Even so, these sectors remain nascent and challenges need to be addressed before they can be commercialized at a larger scale. Nonetheless, the **boost in adoption, compounded with fast growing funding, is likely to propel innovation in this space over the coming years.**

## Cautiously optimistic

Deal activity across the region continued to grow unabated in the first half 2020. Investors are remaining cautiously optimistic and are doing fewer deals at more attractive valuations, in hope for higher returns in the long run. **Where the goal of years prior has been “blitzscaling”, investors are now looking for sustainable, profitable growth.**

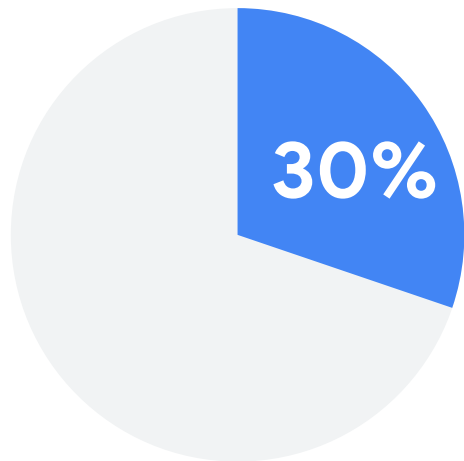
## What's ahead

This year's seismic consumer and ecosystem shifts have advanced the Internet sector in unimaginable ways, putting it in a stronger position than ever. In our 2019 report, we identified six key barriers to growth - Internet Access, Funding, Consumer Trust, Payments, Logistics and Talent - and this year has seen significant progress on most (Payments and Consumer Trust, especially). **Talent, however, remains a key blocker that all parties will need to keep working on** to ensure the momentum gained this year is sustained.

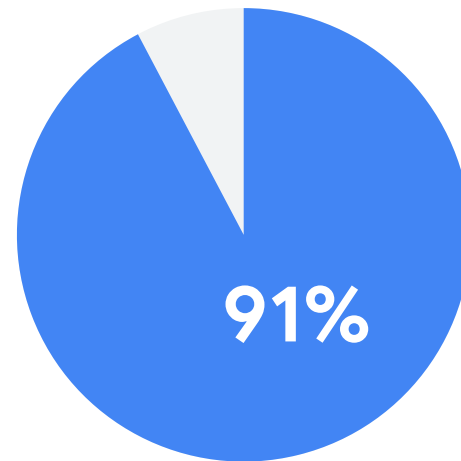
## Singapore

# Exponential growth of digital consumers (who will stay)

New consumers to Internet  
economy services

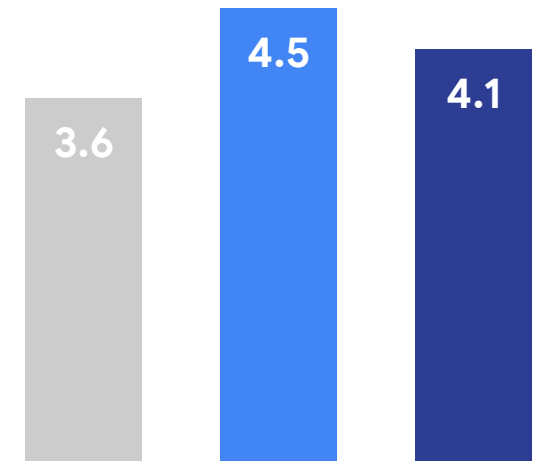


% of new consumers who will  
continue to use at least one  
digital service post-COVID-19



Average hours spent online  
per day (personal use)

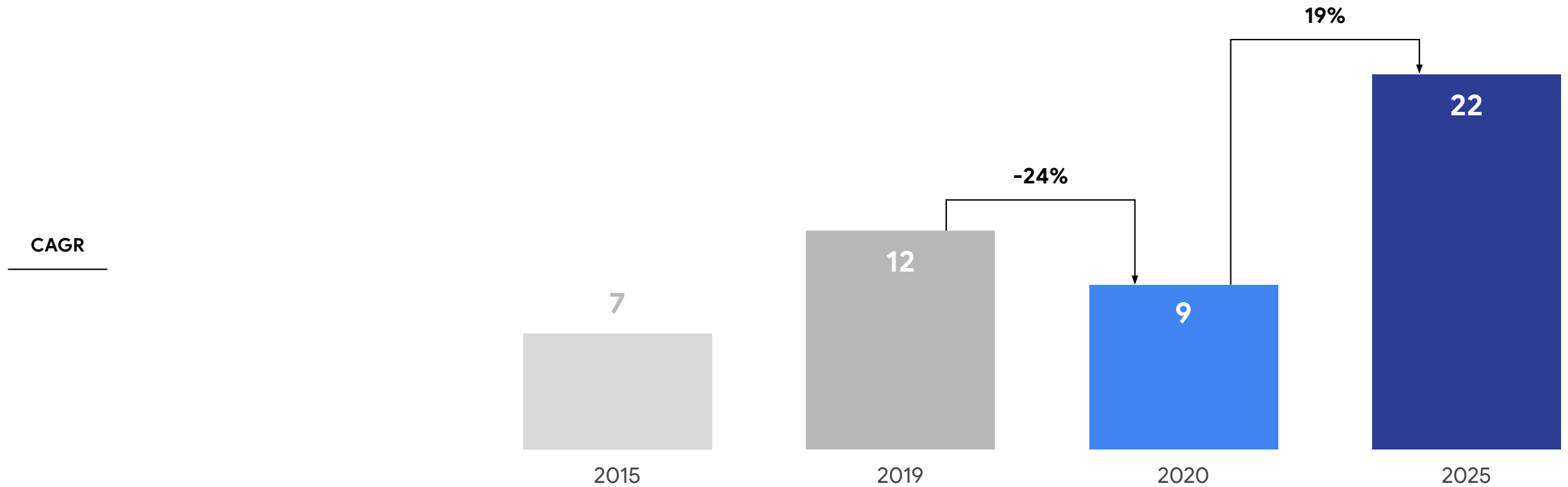
Before During After



Singapore

## Internet e-Conomy contracts by 24%

Internet e-Conomy GMV (US \$ \_B)



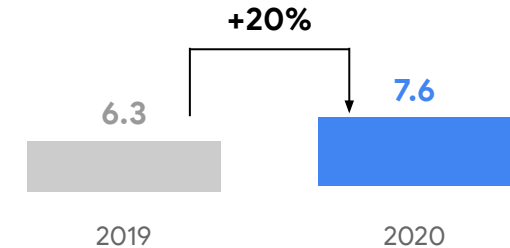
# Singapore remains a regional enabler for growth, despite short term GMV decline due to the Online Travel sector

## Positive growth outside Online Travel

~50% of Singapore Digital GMV in 2019 was from the Online Travel vertical which declined -70% YoY in 2019-20.

The other sectors grew ~20%YoY in 2019-2020 in comparison, driven by the strong increase in e-Commerce of 87% YoY in 2020.

## Singapore excluding Travel (US \$\_B)



## Regional hub for e-Commerce and other unicorns

Regional headquarters for multiple ecommerce unicorns (Lazada, SEA group) and a key enabler of the e-Commerce boom in SEA. Highest number of unicorns headquartered in SEA.

## Continued investments in startups

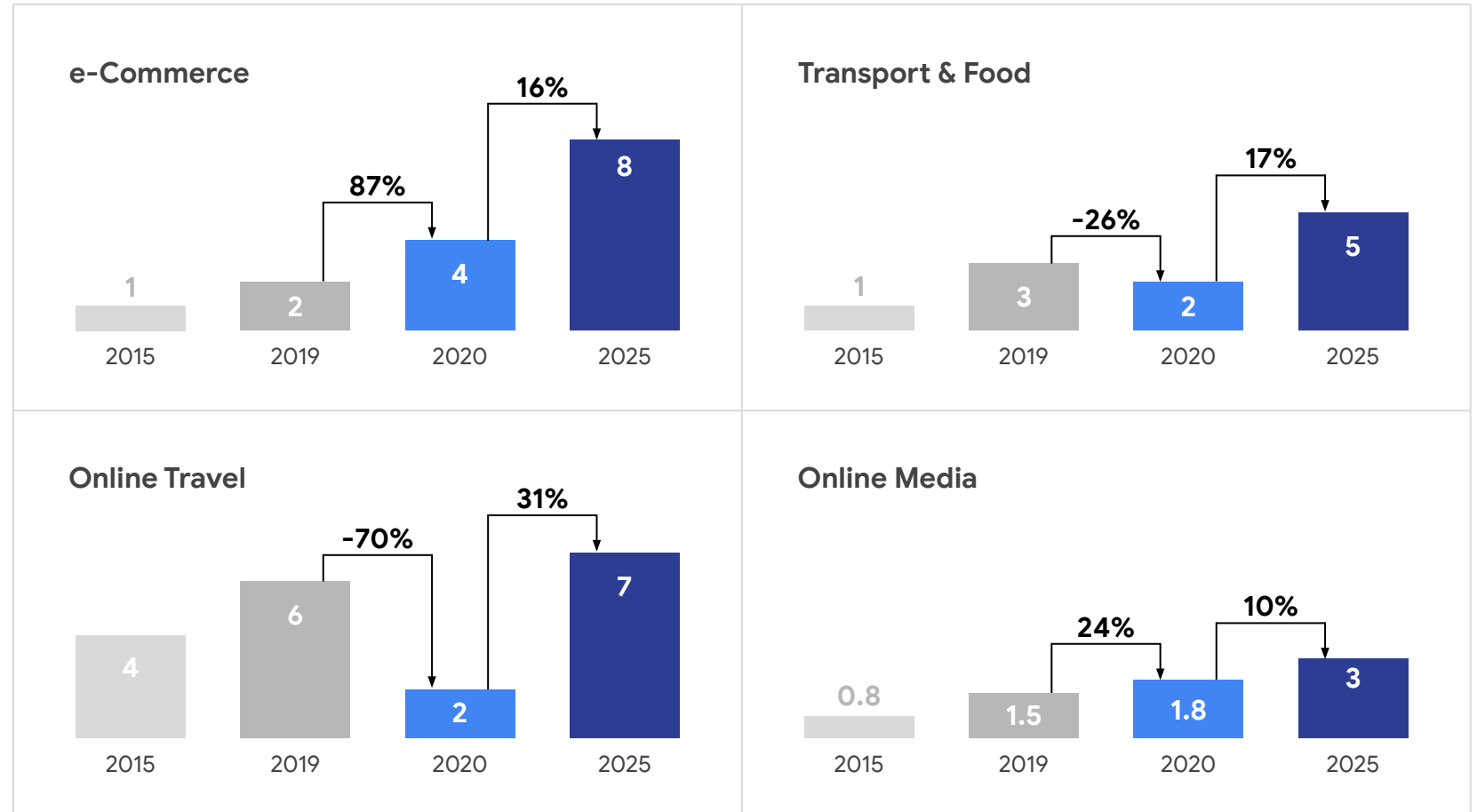
325 deals executed in H1 2020, with a total deal value of US \$2.5B. Continues to be a hub for multiple sectors such as FinTech within SEA, strong startup ecosystem.

## Singapore

# Surge in e-Commerce insufficient to offset contractions in Transport & Food and Travel

CAGR

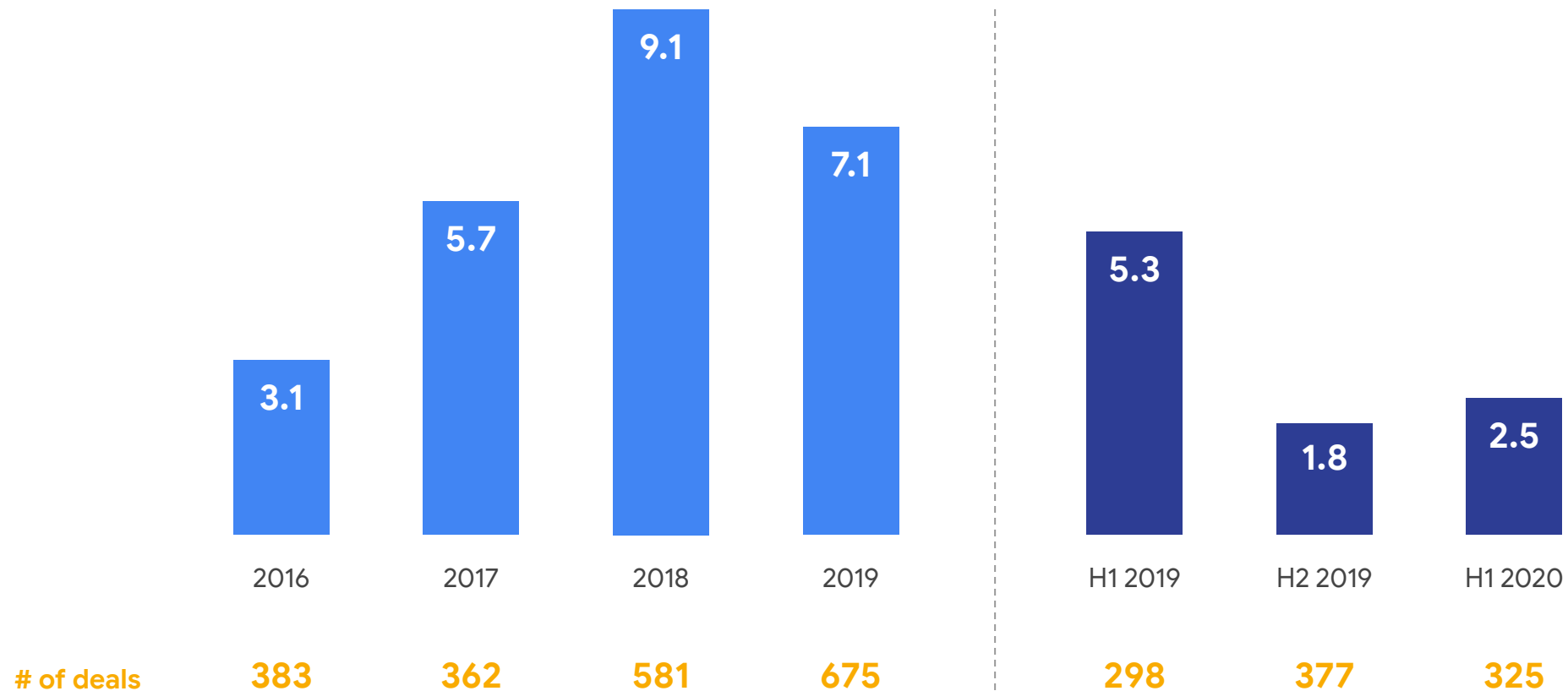
GMV (US \$ \_B) per sector



Singapore

# Investment in Internet sector

Deal value (US \$ \_B)





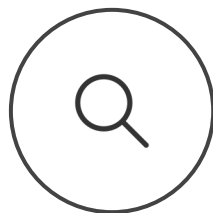
# Methodology

# e-Conomy SEA

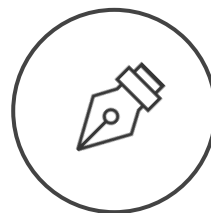
## research methodology



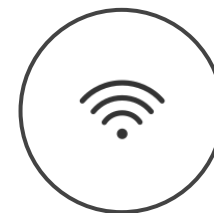
Google trends



Temasek insights



Bain analysis



Primary research\*



Expert interviews  
&  
Industry sources

In partnership with



APP ANNIE



\* Note : Kantar e-Conomy SEA 2020 primary research commissioned by Google, Research was conducted in Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam. Fieldwork ran from 18/08/2020 - 02/09/2020 online via a 25-minute Computer Assisted Web Interviewing survey with a total of 4,712 respondents interviewed.

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