



Country factsheet - June 2014

# Singapore

Its surface area covers some 700 km<sup>2</sup> and its population is only just over 5 million but in terms of competitiveness and modernity Singapore has advantages which put some large nations to shame:

- Positive growth during the recession (1.5% in 2012).
- The IT and telecommunications sector accounts for sales of €26 billion and the electronics sector accounts for €34 billion (figures from 2012).
- 97% of homes have a broadband internet connection.
- The e-commerce market is growing by 15% and forecasts suggest it will represent around €2.6 billion in 2015.
- Online shopping has a penetration rate of 89% among the population.
- The penetration rate for mobile telephony there is 130%.

As can be seen, the market has all the requirements to support a thriving online industry and foster expansive growth.

**55%**  
of e-commerce  
transactions made  
in Singapore are  
cross-border  
transactions.

## 1. The consumer

The population of Singapore is made up of 38% of permanent foreign residents (workers or students), and 23% of Singaporean citizens having been born abroad. This goes some way to explaining why **55% of e-commerce transactions are cross-border transactions**. English is one of the official languages in the city-state and it is the second most spoken language by almost 30% of the population.

The Singaporean e-shopper spends an average of €871 a year, but what does this online expenditure comprise?

### Singaporean e-shoppers' preferences

Fashion is even more successful in Singapore than elsewhere. Some 65% of its e-shoppers purchase **clothes, shoes** and **accessories** online (compared to the global average of 49%). **Travel** (56%) and **electronic products** come next (54%).

However, online shopping hasn't won over everyone in Singapore. Those who prefer to buy in store do so because they want to:

1. Be able to touch products.
2. Benefit from the advice of a sales person.
3. Be in possession of items quickly.

But aside from these sceptics, the demand for e-commerce is definitely there and where a retailer does not have an online presence it creates frustration amongst Singapore inhabitants. Around 50% of those questioned are frustrated by this lack of presence in some Asian opinion polls.

**61%**  
of Singaporeans  
are not particularly  
concerned about  
fraud issues.

## E-commerce - for better or for worse!

E-shoppers in Singapore trust the opinions of their peers more than those of experts. Nevertheless, having gained experience, they claim to be **less and less influenced by negative comments**. In general, they are also just as likely to share their negative opinions as their positive ones and do not only feel it necessary to highlight bad experiences.

When it comes to bad experiences, Singaporeans are not particularly concerned about fraud issues. 61% state that they rarely or never think about it.

**Credit card is the preferred means of payment** and has experienced significant growth with the implementation of the 3D Secure protocol which has increased e-shoppers' confidence considerably.

## 2. The market

In terms of the companies that make up the market, the big international players battle it out with the Asian giants. However, as we will see in the section concerning trends, Singapore is also the scene of a separate category - blogshops.

**2012 Google  
classification of  
the most searched  
for online stores  
from Singapore:**

1. **ASOS**
2. **Zalora**
3. **Reebonz**
4. **Love Bonito**
5. **Etsy**
6. **Urban Outfitters**
7. **Ageneselle**
8. **Rakuten**
9. **Hollyhoque**
10. **Dressabelle**

## An attractive logistics infrastructure

Despite being spread over more than 60 islands, Singapore has a favourable infrastructure with its 190 km of coastline which has deep water ports. The island is situated on important sea routes in South East Asia. **The port of Singapore** is also **the busiest freight port in the world**: the country is a large importer of goods as well as a consistent exporter to China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Saudi Arabia and the United States.

Singapore is  
**second**  
in the transverse ranking  
of the World Bank Performance Logistics Index over  
the years 2007 to 2014.

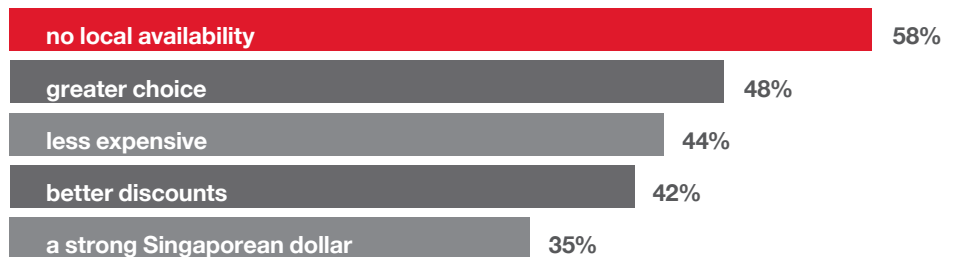
The World Bank logistics ranking puts the city-state in 5th place. It was named the top Asian country in 2014 and has come second in the average ranking over the four years of the index (2007, 2010, 2012, 2014).

### Cross-border in the genes

Above and beyond the realm of logistics, the Singaporean economy has also been able to make itself attractive in the eyes of foreign investors. Moreover, large international names such as Microsoft, Apple and IBM have a subsidiary there, as do pure players such as Groupon, Facebook and even Google. The government has put incentives in place to attract innovative companies, which facilitate the incubators of Singaporean start-ups with the support of the Technology Incubation Scheme (TIS). This is part of the National Research Foundation (NRF), a governmental agency created in 2006 to lead Singapore's R&D.

And whilst the eyes of the world are firmly fixed on Singapore, its inhabitants on the other hand, are looking outwards. It would seem that American sites are particularly popular, with Amazon and Apple topping the list of most visited sites.

The 5 main reasons for Singaporeans making purchases on foreign sites:



The government of Singapore also promotes globalisation and free trade as import duties are low or non-existent.

Obviously, the big names in China haven't been left behind and the giant **Alibaba** has also made a considerable investment in Singapore in 2014. With this local presence, the Chinese pure player thus hopes to see **a reduction in the costs of delivery and shipping times**. This win-win operation will enable local companies to benefit from Alibaba's e-commerce know-how.

### 3. Trends

#### Customisation and innovation

Customisation, time savings and innovation are what will enable e-commerce to beat traditional commerce in Singapore.

The Singaporean market is ahead of its Asian counterparts in terms of electronic payment and payment via mobile is also well established there. Among the most innovative companies is OCBC Bank which has totally redesigned its online banking service and will from now on enable money transfers via Facebook, email and SMS.

As time goes on, by collecting a wealth of information, e-tailers will be able to maximise the personalisation of their offering and their services, to make their customers' lives even easier. A philosophy of the shopping experience being a pleasurable one is well established, as in Singapore there are already solutions that enable customers to give shopping instructions without needing to actually make their purchases. Customers need not worry about anything and even opens themselves up to the possibility of obtaining products from foreign sites which in principle do not accept payments via credit card.

To meet the needs of e-shoppers, 24-hour shipping will become more widespread and shipping services are becoming more sophisticated to achieve shipping times of 3 hours.

Singaporean  
blogshops generate  
**€4,7  
million**  
per month.

#### Blogshops - e-commerce with a Singaporean twist

Blogshops are extremely popular in Singapore. There are about 50,000 currently and new ones are appearing on the web every day. It is estimated that they generate over **€4.7 million each month**.

Blogshops are small consumer-oriented retail platforms which are based on the model of the blog to sell products that for the most part used to be hand-made or second hand, but which have now evolved and include items sold in traditional stores.

#### The reasons for this success include:

- Extremely simple to put in place.
- The launch is seldom costly and even free in certain cases.
- Regular customers on these sites pay using fund transfer systems such as PayPal or ATM funds transfer, which prevents the inconvenience of payment on delivery.

How do blogshops survive in such a competitive world? This format offers some advantages, such as the fact that customers are enticed to keep on coming back with planned launches and limited supply. The latter, for obvious reasons of storage, has proved to be a USP. Visitors to the blogshop look forward to seeing new items and the feeling of exclusivity fuels their desire. However, this success needs to be put into perspective and even though the phenomenon as a whole has become so widespread that large groups are currently concealed behind blogshops, the success for small independent blogshops is relatively minimal. On average, they handle only 8 transactions per month.

Sources:

- <http://www.slideshare.net/ckaywong/the-ultimate-guide-to-ecommerce-statistics-in-southeast-asia-malaysia-25412583>
- <http://www.guidemesingapore.com>
- <http://www.specommerce.com/welcome-to-asia-pacific-the-future-of-ecommerce/>
- <http://frenchweb.fr>
- <http://ecommerce.org.sg/>
- <http://www.techinasia.com>
- <http://www.internations.org/>
- <http://frenchweb.fr/>
- <http://e27.co>
- <http://www.mfa.gov.sg>
- <http://www.vpost.com.sg>
- <http://www.afgventuregroup.com>
- <http://www.google.com/zeitgeist/2012/#singapore>
- <http://postandparcel.info>