

The 10 Industry-Wide Transformations Impacting E-Commerce in Asia Pacific and Implications for Your E-Commerce Growth Plans

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INTRODUCTION & EXECUTIVE SUMMARY

SAM AHMED

HEAD OF MARKETING, ASIA PACIFIC, MASTERCARD

Asia Pacific is the largest e-commerce region in the world, turning over \$567 billion in transactions in 2014.¹ With 60% of the world's population and a growing consumer base that is twice as likely to buy online than any other group in the world, Asia will set the agenda for global online retail in the next 5 years.

Asia Pacific's e-commerce trajectory has been nothing short of explosive in recent years. This is unsurprising when you consider that Asian consumers are twice as likely to buy online than any other group in the world,² and purchase from a wider range of categories.³

The Asia Pacific middle class is projected to expand to over 1.7 billion people, and China, India and Indonesia will be the top 3 countries of e-commerce growth in the next 2 – 3 years.⁴

In fact, China is expected to exceed \$1 trillion in e-commerce transactions, accounting for more than 40% of total worldwide e-commerce transactions by 2018.⁵

The e-commerce industry has also evolved to include m-commerce and retail through social networks. Throughout this paper we have used e-commerce as a broad term which includes m-commerce and all digital commerce.

During this time, MasterCard has maintained a central vantage point from which we have observed the growing importance of Asia Pacific as an e-commerce hub.

Our expertise in payment systems, processing over 43 billion transactions each year, gives us first hand knowledge of how consumers prefer to shop and pay.

This has enabled us to create new products that help e-commerce businesses operate more efficiently, develop technology to protect consumers and retailers from fraud, and help build the merchant experience for online consumers.

Attention is the currency of the New Economy, and this has created a new challenge for retailers.

The consumer is now inundated with offers and messages like never before, thus driving from engagement to transactions has never been so hard. This is why we have pioneered the [MasterCard Digital & E-Commerce Engine](#).

The Engine is an operating model made up of technology, people and process to enable greater efficiency and effectiveness in the way we intelligently use data to drive transaction velocity. Through our strategic partnership with Facebook, we have innovated how we move from engagement to transactions.



Over the past two years, in my conversations with consumers, merchants and issuers across Asia Pacific, I am often asked about the future of the e-commerce industry from a consumer perspective, and how MasterCard can help our partners unlock these opportunities.

When reviewing the current analysis of e-commerce within Asia Pacific, we saw there was a knowledge gap in three key areas:

- (i) the transformation of the e-commerce consumer journey in Asia Pacific as a result of technology;**
- (ii) the change in consumer purchase behaviour in Asia Pacific, and clear best practices of how to drive transaction velocity; and**
- (iii) the implications for growth for both merchants and issuers within the e-commerce industry.**

This is what inspired the development of this White Paper.

Looking ahead, MasterCard has identified 10 transformations that will drive the evolution of e-commerce in the next 3 years, and impact the industry from a consumer, merchant and issuer perspective.

At MasterCard we pride ourselves on playing a leading role in the e-commerce transformation of Asia Pacific. We look forward to working with you to help grow your e-commerce businesses.





10 Industry-Wide Transformations Impacting E-Commerce in Asia Pacific & Implications for Growth

CONSUMERS

1. Mobile devices will be the door to High Street.

The mobile screen will be a retail destination. It will give people on-the-go access to supermarkets, marketplaces, boutiques and niche stores. Securing prime real estate on the home screen is critical, as this is where the war for the consumer will be fought. On average, smartphone users regularly access only 26.7 apps per month out of more than a million available for download.⁶

2. Familiarity breeds consent.

Merchants that use transaction data in a secure and intelligent way will unlock the trust of the consumer. People will be able to choose to only receive offers that are relevant and of value to them. Companies that get the equation right will be given permission to access more touchpoints in people's lives.

3. Marketing will bring magic to micro-moments to drive transactions.

Advertising as we know it will be replaced by campaigns that respond to people's immediate mental and emotional states. With the Digital & E-Commerce Engine, MasterCard is already seeing the effectiveness of similar targeted, real-time strategies.

4. You'll never shop alone.

Consumers will browse, rate and recommend products and services with friends and followers at all times. We already see an increase in partnerships between merchants and social platforms like Instagram, Facebook and Pinterest that make each shopping moment shareable with one-click. This taps into the growing dominance of influencer and peer marketing that consumers are growing accustomed to.

MERCHANTS

5. **Data will drive intent.**

We will be prompted to shop for things even before we know we need them. Fridges will generate shopping lists based on consumption patterns and preferences, and your location will serve up the best deal for dinner. Shopping will be one component of a much larger digital ecosystem. Data gathered from operating systems and mobile devices will inform what we buy, when we buy and who we buy from.

6. **Service and rewards will be the killer apps.**

Comparison shopping will make price tablestakes. The merchants who deliver on their brand promise in a personalised and emotionally engaging way will earn the dollars and loyalty of consumers. Reward systems and CRM programmes will become critical for sustainable success.

7. **Every retailer will set up a digital shopfront.**

Merchants of all sizes will be able to afford the assurance of secure payment transactions. Financial data management will be democratised by integrated operating systems developed by companies like MasterCard.

PAYMENT PROVIDERS AND ISSUERS

8. **Security in a heartbeat.**

The use of biometric data from mobile and wearable devices will ensure constant identity authentication. This is already being explored with the use of facial recognition and electrocardiogram (ECG) technology.

9. **The consolidation of digital wallets.**

With digital payments being progressively integrated on mobile phones, there will be less need to subscribe to a range of digital wallets (there are over 20 in India alone). Payment technology like MasterPass is enabling consumers, issuers and merchants to leapfrog to a secure digital payment network. This is happening through cutting edge technology in digitisation, tokenisation and authentication of card information. At the same time, big digital players like Apple, Samsung and Android are using existing payment networks like MasterCard, integrated into their card-on-file systems.

10. **Faster checkouts, less fraud.**

The consolidation within the digital payments industry, and the innovations in digitisation, tokenisation and authentication will mean that consumers experience a seamless check-out experience. This will also mean that merchants will not need to hold huge amounts of personal payment data which is making them a target for fraud.



ASIA: THE HUB OF E-COMMERCE

According to the World Bank, APAC will continue to account for one-third of global growth, twice the combined contribution of all other developing regions.⁷

The balance of the global economy has moved East as the region has shifted from investment-led to consumption-led growth over the past decade. Incomes have increased and standards of living have elevated across Asia from cities as diverse as Chongqing to Chennai.

Asian consumers are twice as likely to buy online as than other group in the world,² and purchase from a wider range of categories.³

Within the region, we are seeing an extraordinary investment growth of e-commerce businesses – Alibaba’s IPO at the staggering value of \$25 billion and Amazon’s investment of \$5 billion into India – as well as traditional brick and mortar businesses making significant investments into accelerating their e-commerce business. A prime example is Walmart’s full acquisition of Chinese grocery e-tailer Yihaodian.com.

The emergence of Asia has led to the rise of a uniquely local consumer - one that is tapped into

the wider global conversation while maintaining specific local preferences. The growth of cross-border commerce shows us that brand awareness defies geography, and what people want is increased accessibility to a wider selection of goods and services.

More disposable income has also led to a culture of retail that is built around ‘wants’ rather than ‘needs’. In Thailand, where the average gross national income has doubled within the span of 10 years, we see the growth in luxury goods. The introduction of Western brands into markets like Myanmar and Indonesia are igniting consumer desires for better variety and value in products. Increasing incomes in Singapore make shopping a national past time.

These changes in economy and consumer behaviour are two factors contributing to Asia’s emergence as the largest e-commerce market in the world. China alone turned over approximately \$440 billion in 2014, surpassing the United States in online retail by more than \$140 billion.⁸ APAC overall is estimated to have transacted **\$567 billion** in online retail sales.⁹



The Landscape Today

The biggest e-commerce markets in APAC today are China, Japan and South Korea.¹⁰ In Japan, nearly 90% of consumers have bought online with a mobile phone, and last year, South Koreans spent more than \$33 billion on categories like hotels, supermarkets and airline travel.

India's spend is expected to match that of China in a decade, and Singapore and Malaysia are spending nearly \$4 billion online, while Indonesia, Philippines, Vietnam and Thailand are all reporting double-digit growth.¹¹

The opportunities are clear in South East Asia when you consider that the share of online sales in total retail average around 1.5%.¹²

E-commerce in the ASEAN region will further accelerate with the advent of the ASEAN Economic Community – the long-formulated idea of a single regional market enabling a free flow of goods, services, investment and labour among ASEAN members. Companies from all industry verticals – including banks, telcos and media companies – are beginning to look for ways to monetise opportunities that will result from such an agreement.

Global brands wanting to participate in the e-commerce boom in APAC have found an effective approach through partnerships with local marketplaces. This provides brands with access to Asia's growing population without having to independently address issues of localisation, pricing, payments and shipping.

One such example is the US retailer Costco, which leapfrogged barriers to entry into the Chinese market through Alibaba's Tmall Global platform. The partnership was successful and in 2014, Costco netted \$3.5 million in sales on China's Singles' Day holiday.

Though global brands are creating footprints in local markets, there will continue to be a reliance on cross-border e-commerce. Currently, female shoppers are the most active in purchasing from foreign retailers, spending on apparel, cosmetics and baby products.¹³

Competitive pricing and product availability are typical motivators for cross-border transactions, but the rise in counterfeit products has driven shoppers to foreign suppliers for assurance of authenticity.

BIGGEST E-COMMERCE MARKETS IN APAC



CHINA



\$440 bn
turned over in
China in 2014



JAPAN



90%
of consumers have
bought online with a
mobile phone



SOUTH KOREA



\$33 bn
spent on hotels,
supermarkets and
airline travel.



The Challenge of Diversity

Every country in Asia Pacific has unique cultural characteristics and is in different stages of economic and political development. Some of the issues being faced by the e-commerce industry as a result of this unique diversity are:

REGULATORY FRAMEWORK

The regulatory framework for e-commerce is still relatively undefined. Though countries like China, India, Indonesia, Malaysia and Singapore have outlined some regulations for their local e-commerce industries, much is still open to interpretation. This creates uncertainty around issues like taxation, intellectual property, accountability, quality control and consumer rights.

LOCALISED CATEGORY PREFERENCE

Asian trends are not global trends, and in the e-commerce industry, large B2C retailers localise their inventory to customer preference. In the ASEAN region, fashion and beauty products are big ticket items with electronics and travel also strong categories.¹⁴



CHINA
Clothes, home appliances and travel.



INDIA
Airline tickets, hotel bookings and electronics.



JAPAN
Airline tickets, electronics and travel arrangements.

UNIQUE CONSUMER BEHAVIOUR

The cultural psychography of the people in each country demands an omni-channel approach to retail. Though consumers are eager to shop online, variance in levels of income, trust and mobility, influence how people prefer to shop.



CHINA
Consumers like to connect with brands on social media.



INDIA
People will research their travel independently online but still prefer to transact through travel agents.¹⁵



JAPAN
Users don't want to hear from a brand unless there's a special offer or discount involved in the interaction.¹⁶

LOCAL KNOWLEDGE IS KEY

Local language and culture, diverse geography and disparity in access to payment options, mean that global merchants require local understanding and local players need the infrastructure to deliver logistically. The local knowledge and low-margin / high-capital demands are what drive merger and acquisition activity in the e-commerce industry, and this will consolidate what is now a relatively fragmented market.



Despite the diversity within the region, two issues resonate with the majority of shoppers online: security and delivery.

In a survey by MasterCard of online shoppers in APAC, 31% reported that concern around the security of transactions was a barrier to e-commerce uptake. 41% specified that delivery time and associated costs were prohibitive to them shopping online.¹⁴

Building trust with consumers with regard to online payment transactions is a task for merchants, government and finance gateways. As for issues of delivery, these challenges are being addressed through bespoke local initiatives such as Singapore's e-commerce logistics hub.

BARRIERS TO UPTAKE ACROSS APAC



Reported that concern around the security of transactions was a barrier to e-commerce uptake.



Specified that delivery time and associated costs were prohibitive to them shopping online.





THE DRIVERS OF E-COMMERCE IN ASIA

A growing competitive landscape, an increasingly connected middle class, and innovation in mobile and digital technology will influence the development and direction of online retail for consumers, merchants, payment providers and issuers.

The rapid development of e-commerce over the past 5 years has matured the industry in its understanding of how people want to shop. It has also posed new challenges as consumer expectations become more sophisticated as a result of buying from varied merchants and on different platforms.

To prepare for the future, e-commerce merchants need to be aware of developments within the industry and be sensitive to the currents driving overall economic growth in the region. This includes acknowledging the growing competitive landscape, adapting to the preferences of Asia's growing middle class and the impact of technology on the entire retail journey.

A Greater Competitive Environment

The phenomenal rate of adoption of smartphones in the APAC region suggests that we can expect more big-box retailers, niche brands and marketplaces making products and services available across borders to capitalise on the 1 billion mobile social users expected by the end of 2015.¹⁶

Traditional brick-and-mortar retailers are also making the transition online with their own e-commerce offerings or through partnerships with local marketplaces. In India, retailers partner with Amazon and Snapdeal to "test the waters" for a lower investment cost, while in China, luxury brands use Tmall to reduce the length of their sales channels.

These approaches are proving effective from both a retail and brand standpoint. Exane BNP Paribas ranks Burberry as the number 1 fashion e-tailer in China for luxury brands, whereas Dolce & Gabbana lists in the top 5.¹⁷



What makes these brands translate successfully into e-commerce are their unique digital campaigns that capitalise on existing online behaviour. Burberry, in particular have applied insights from social networks (Art of the Trench), consumption of video and music (Burberry Acoustic) and increased desire for personalisation (Burberry Bespoke).

Whilst large markets may be gently slowing down due to saturation or regulation to increase barriers to entry, many smaller markets in South East Asia are ripe for exponential growth. Local merchants in these easy-to-enter markets will face stronger competition from companies like Lazada that have the capital to invest in local and regional infrastructure.

POTENTIAL AREAS OF GROWTH FOR NEW ENTRANTS



Sales of **cosmetics** online is booming in China and South Korea, and both markets have seen double digit growth in this category over the last 3 years. In South Korea, native beauty e-tailers have outperformed global brands with digital savvy and unique product offerings that have been successfully exported to foreign markets.



The desire for premium products from a growing middle class has driven **baby products** to make up 3 of the top 10 categories in China and 2 in South Korea. These e-commerce platforms specialise in products for infants and toddlers like clothing, accessories, toys, diapers and imported formula.



In the Philippines, the biggest growth sector is **transport services** such as Uber. This is a result of poor infrastructure that makes public transport a major stress factor for people living in urban areas.



The educated and globally aware nature of the middle class has also fuelled a new species of shopper – one that is young, mobile, **socially conscious** and in search of value. She is the consumer who lives in the moment, shares her experiences without reserve and perceives herself as a unique individual. This generation has a growing expectation for e-commerce providers to support their values. MasterCard's own research demonstrates that Indonesian, Thai, Malay and Chinese shoppers seek fair trade and environmentally friendly products or brands that which share revenue with charities.

The Rise of the Middle Class

Though there are multiple factors that influence the growth of e-commerce in Asia, the central role of the consumer cannot be underestimated. The Asia Pacific middle class is projected to expand to over **1.7 billion people in 2020**, and China, India and Indonesia - countries with the greatest increase in the middle class demographic - will be the top 3 countries of e-commerce growth in the next 2 – 3 years.⁴

20 cities in Asia boast populations exceeding 10 million, with three – Jakarta, Manila and Bangkok

– in South East Asia.¹⁸ These levels of urbanisation will drive demand for consumer products and services that meet their needs for convenience, comfort and security.

APAC consumers spent \$123 billion online in 2014 on travel, \$24 billion on food and \$49 billion on electronics. With more discretionary income, individuals are able to spend on increasing the comforts of daily life, and this is reflected in the top growing product categories online: consumer appliances, apparel (including footwear), food and drink.



The Urban Millennial Consumer

At the 2013 World Economic Forum, 'Urban Millennials' were highlighted as one of the leading consumer growth sectors globally. More than 1 billion live in Asia, and their behaviours and tastes reflect a generation of urban dwelling and constant connectivity.

This group is driven, high-achieving and individualistic. In "tiger economies" like Indonesia and Thailand, Urban Millennials are acquiring a lifestyle that their parents could only dream of twenty years ago. In India, where there are more than 600 million Millennials, they have greater confidence in reaching higher financial goals than previous generations.¹⁹

Research from the Dentsu Aegis Network showed that branded goods are twice as important for Millennial mothers in Asian markets than in the UK and US where only 21% and 26% of mothers in a similar age group wanted well-known brands for their children.²⁰

There are some purchase behaviour differences between the consumer profiles of older Millennials (age 25 - 34) and younger Millennials (age 18 - 24) that influence how and where they shop. Those who have experienced the effects of the economic downturn of the 1990s are more conservative with their money. They are looking for better deals and more convenience in retail. Younger Millennials (age 18 -24) on the other hand are more optimistic about the future, are happy to go cashless and are more active online.

Social media is the dominant mode of communication for this demographic. Facebook alone has recorded 270 million daily active users in Asia, up from 216 million the year before, and the Chinese messaging app WeChat has approximately 500 million monthly active users.²¹ More than half of e-commerce consumers say that they have been influenced by a friend on social media with regards to their purchasing decisions, and 60% of Chinese consumers are actively following brands on social media.²²

Another example of integration between social media and e-commerce is LINE, the Japanese-based social messaging app that is hugely popular in Japan, Thailand and Indonesia. The company looks to convert its current user base into online shoppers by delivering big discounts on small item grocery products people use on a regular basis (i.e. bottled water, coffee, instant noodles).²³ Through publicising deals on its LINE 'brand' accounts, people can opt in to receive deals daily on their mobile phones.



Delivering the Last Mile

Last mile delivery presents a challenging scenario for e-commerce in Asia. Customs procedures in ASEAN take an estimated 66% longer than the Organisation for Economic Co-Operation and Development (OECD) average.²⁴

Combine this with a diverse geographic terrain, inconsistent infrastructure, as well as the pressure for faster delivery to more customised locations, and we see merchants investing in their own delivery networks, partnering with logistical companies, or enticing customers to endure longer delivery times with free shipping or discounts.

While the overall process for delivery in much of the region still requires improvement, there are some key consumer preferences that need to be addressed:

1. DELIVERY TO MORE CONVENIENT LOCATIONS

Almost half of Asian shoppers expect delivery at locations of their choice outside the home. Nearly a third would like their deliveries to be directed to secure retail outlets which hold the products until they can be collected and signed for.²⁵

Partnerships between e-commerce merchants and logistics providers are the key to improving this part of the value chain without huge investments in capacity. Mobile phone company Xiaomi provides one such example when it partnered with Uber to deliver the Xiaomi Note to consumers in Hong Kong, Malaysia and Singapore.

The India merchant Flipkart has also provided an alternate delivery option by partnering with the Dabbawalas of Mumbai to explore how last mile delivery can be made more efficient. The expertise of the Dabbawalas is in their complex food delivery network that provides up to 200,000 meals every day, using a system dating back to the 1800s. This partnership shows that Asia's unique infrastructure sometimes requires equally unique localised solutions.

2. RURAL DELIVERY

Rakuten and ZALORA both reported that as of 2014, 70% of sales in Indonesia have come from rural areas.²⁶ As a solution to its vast geographic footprint, in India, StoreKing enables small rural retailers to be the ordering portal and pick-up point for thousands of products.



Moving Beyond Transactions

The major opportunity for e-commerce merchants is in winning the hearts and minds of Asian shoppers. This means giving consumers what they want: products at good prices, through easy to use platforms that are personalised and secure, with delivery at their convenience. In addition, people want great service and rewards and a retail experience that is intuitive.

Shockingly, given the size of the market, Asian consumers are the least satisfied in the world with e-commerce platforms.

Only 38% of shoppers in Hong Kong are satisfied with the online experience compared to nearly 80% in the US and Europe.²⁷

These levels of dissatisfaction can be improved with better usability across devices, increased intelligence in search, and a greater sense of security when paying online. Logistical improvements, however, are not sufficient to ensure the long-term satisfaction of online shoppers.

Winning the future of e-commerce requires creating greater emotional connections with consumers by attracting attention with the right tactics, creating meaningful discovery for every shopper, and architecting a seamless experience from entry to checkout.



CASE STUDY

MasterCard's Mother's Day 2015

Objective

The business objective of MasterCard's Mother's Day 2015 campaign was to leverage a traditionally gift-centric holiday to drive e-commerce transactions.

Strategy and Execution

Instead of focusing on traditional gifting, MasterCard created an emotional spark featuring Hugh Jackman inviting consumers to think of mom not as mom, but as a person with hopes and dreams of her own – and sharing stories of the priceless moments they would like to create for her, for a chance to win a priceless surprise. The emotional spark laid the foundation for engagement with consumers and allowed MasterCard to own transactions driven by emotions.

What Does the MasterCard Digital & E-Commerce Engine Do?

Throughout the campaign period, the MasterCard Digital & E-commerce Engine drove transactions by:

1. Precision targeting
2. Timing offers to deliver them when consumers are most receptive
3. Repackaged offers to emotionally engage with consumers
4. Algorithmic online offer placement
5. Accelerated, data-driven decision making
6. Optimising at scale in real-time across 6 markets, 200 merchants and 2,000 posts



Results

The campaign ran across five markets in Asia Pacific (India, Hong Kong, Australia, China, Singapore).

In a 6 week period we achieved:

Reach:

131 million unique consumers reached

Amplification:

7X media amplification value of \$7.32 million

Involved:

9.6 million engagements

Connected:

6.9 million video views

Driving Behaviour:

2 million qualified leads to merchants





THE ALGORITHM OF ATTRACTION

The e-commerce experience of the future will be data driven. Highly intelligent algorithms will provide consumers with the ability to only receive offers that are relevant and of value to them. Integrated and connected devices will inform what we buy, when we buy and who we buy from.

Attention is the currency of the New Economy. This has created a new challenge for retailers: the medium that has enabled connections to be created at greater volume and velocity has also given people greater control over the type and timing of messages they are exposed to.

A study by Microsoft revealed that the human attention span has decreased from 12 seconds in 2002 to only eight seconds in 2013.²⁸ But the consumer is inundated with more and more marketing messages.

Digital ad spend in APAC is estimated to reach \$96.5 billion in 2018²⁹ and e-commerce merchants will need to get smarter and faster in making the most of their marketing dollars to capture the attention of potential shoppers.

Consider the challenges already presented by the ability to make a screen disappear with a swipe of a finger, and the phenomena of 'screen stacking'. Add to that complex privacy laws and varied device settings that will further dictate access to the consumer.

As we have witnessed with both traditional and digital media, despite changes in how we communicate, people remain open to engagement. Their requirement, however, is that companies need to offer more value and more rewards, with less disruption. The battle for consumer eyeballs is not one to be fought on price, but through the delivery of more inspiring moments, mediums and messaging.



Connecting At the Right Moment

The quality of online connectivity has a gross impact on the success and growth of e-commerce in the region, as a key driver of consumer uptake is page load time. “A 1-second delay in page load time equals 11% fewer page views, a 16% decrease in customer satisfaction, and 7% loss in conversions.”³⁰

Internet speeds in developed countries within APAC are some of the fastest in the world, but in developing nations, the issue of speed is superseded by the subject of internet access. An e-commerce merchant that wants to take advantage of growth in countries like Indonesia, where desktop internet access is not as prevalent as mobile Internet access will need to consider this when building their e-commerce strategy.

In Indonesia, less than half of the country’s internet users spend three or more hours online per day; a consequence of poor internet quality. Rakuten Asia noted in 2014 that this resulted in most people conducting their online shopping during work hours as internet connections were more reliable; which for Rakuten Indonesia peaked around 11am.³¹

Compare this to data presented by Taobao, which revealed that in China, shopping via mobile phones provides an experience 67 seconds faster than on a personal computer and shopping hours peak at 10pm.³²

Being aware of the time when people are connected is only one facet of attracting consumers.

Targeting shoppers when they are in the most receptive frame of mind is another important factor in e-commerce marketing.

With the ability to connect with people throughout their day, at any time and any place, though location-based services via mobile devices, the imperative for merchants will be to provide offers that match the consumers’ emotional and physical needs in the moment.

“With all the offers that consumers are inundated with on a daily basis – through emails, SMS, websites, banners and more – **even the best offers might get missed, if they are not delivered at the right time and place,**” says Sam Ahmed, Group Head of Marketing at MasterCard Asia Pacific.

MasterCard has begun to test the effectiveness of this approach through its Digital & E-Commerce Engine by producing campaigns based on consumer interest over a period of 12 hours.



CASE STUDY

MasterCard 'Singapore Fashion Week 2015'

In May 2015, MasterCard noticed that Singapore Fashion Week (SFW) 2015 was trending in social media. Aware that the fashion e-tailer and merchant partner, Zalora, was showcasing its Zalia collection at SFW 2015, MasterCard devised a creative campaign that showcased user-submitted photos related to Zalora's collection.

Result: 187% increase in post engagement

Selecting the Right Medium

In Asia, emerging economies and developed markets exist in close geography, and each country contributes a diversity of language, religion, literacy, connectivity and mobility.

For online merchants, particularly those involved in cross-border e-commerce, this leads to the challenge of delivering marketing campaigns that resonate with local cultures through high-visibility mediums.

Digital marketing is an effective method of growing brand awareness in places like Singapore, South Korea and China where bandwidth is high and consumers have easy access to computers and smartphones. In these countries, we see greater integration between e-commerce and social media as the duration of time which people spend on social media averages four hours or more a day.

However, to invest heavily in a digital marketing strategy is counterintuitive where connectivity is limited.

It is these areas where traditional advertising, like television, outdoor and print, continues to be used to attract people to shop online.

India is the country with the second highest digital television penetration in the world. More than half of India's population have digital television, and this will reach 61% in 2020 according to the Asia-Pacific Broadcasting Union.³³

Therefore it is no surprise that in India, television is the major brand builder with leading e-commerce merchants Amazon, Flipkart, Snapdeal and OLX spending 6 billion rupees (US\$94 million) between them on television advertising in 2014.³⁴ The landscape is similar in Indonesia where television remains an important medium for outreach.



Delivering the Right Emotion

E-commerce is still a highly commoditised market with the majority of online consumers looking to find the best deals. It would be easy to assume that in this scenario, the offer with the best price wins, but in a study of consumer behaviour, MasterCard noticed that people required an emotional connection before they would respond to an offer.

In partnership with the behavioural science research company, Brain Juicer, MasterCard found a powerful link between happiness and purchasing, dwell time on retailers, repeat visits and spend.

People happy with their experience online are more likely to make a purchase and spend more.

However, over 50% of online experiences surveyed leave no emotional impression on the consumer, implying lower spend and loyalty.

To attract shoppers with a positive emotional pull, brands need to align their messaging to what is meaningful in the 'now'. This can encompass trending topics on social media, the desire for fun and surprise in the moment, and the feeling of being recognised as an individual.

Millennials are particularly drawn to brands that share their values. This group maintains a unique perspective on shopping where they purchase with less intent to "own", and see shopping as more of a reflection of who they are as individuals and an affirmation of their aspirational lifestyles. Buying brands that they identify with provides a feeling of satisfaction and greater happiness.

To test the efficiency of emotional campaigns, in 2014 MasterCard created a promotion around business lunches in Sydney.

One campaign contained generic copy about business lunches, while the other was positioned towards a female audience, encouraging them to "catch up with the girls" over an afternoon meal. The campaign that used more emotional language and focused on relationships experienced a **372% higher click-through rate** than the campaign using generic business copy.





THE SCIENCE OF SERENDIPITY

The volume of offers sent to shoppers has only increased consumer apathy. Through the combination of intelligent data and emotional messaging, e-commerce marketers will be able to add value to the micro-moments in a person's day. This is where meaningful relationships are made.

Search is not shopping, and to improve the e-commerce experience, merchants need to create opportunities for discovery.

To make online shopping irresistible, people need to be offered the right product at the right price at the right time. When an offer appears in sync with a person's needs and desires, shopping becomes more than a transaction. It makes the shopper feel smarter, savvier and gives a sense of delight in his/her day.

This experience of serendipity will be made ubiquitous by the proliferation of mobile devices. There are currently more than 2.5 billion mobile phones in Asia, with the average smartphone hosting 50 apps.

The combination of location-based data, browsing behaviour and biometric information through smartphones and wearable technology will improve the relevance of offers being pushed to the consumer.

With more people becoming connected every day, MasterCard predicts that merchants, operating platforms and payment gateways will create stronger partnerships to develop a retail experience that is in sync with the consumer journey. This will be made seamless by the use of smart algorithms.

CASE STUDY

MasterCard New Year's Eve Campaign Featuring Hugh Jackman

Objective

The business objective of MasterCard's New Year's Eve campaign was to leverage a traditionally party-centric holiday to drive e-commerce and cross-border transactions.

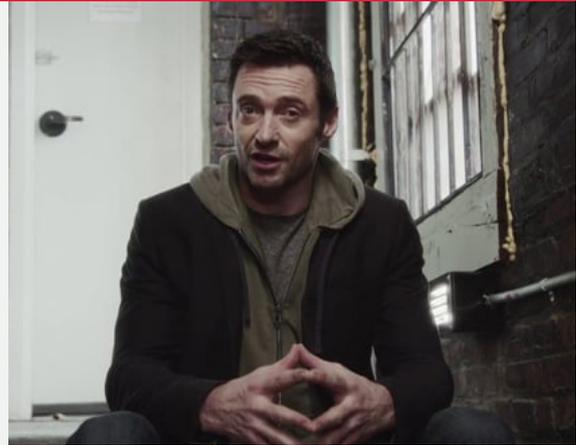
Strategy And Execution

The New Year's Eve Holiday campaign by MasterCard was built on the insight that the holiday season isn't just about countdown parties, it is a time for reflection on the people who mean the most to you. MasterCard created an emotional spark featuring Hugh Jackman, inviting consumers to share stories of loved ones that they would like to reunite with – for a chance to win a priceless reunion.

What Does the MasterCard Digital & E-Commerce Engine Do?

Throughout the campaign period, the MasterCard Digital & E-commerce Engine drove transactions by:

1. Precision targeting
2. Timing offers to deliver them when consumers are most receptive
3. Repackaged offers to emotionally engage with consumers
4. Algorithmic online offer placement
5. Accelerated, data-driven decision making
6. Optimising at scale in real-time across 6 markets, 200 merchants and 2,000 posts



Results

The campaign ran in six markets across Asia Pacific (India, Japan, Hong Kong, Australia, China, Singapore).

In a 6 week period we achieved:

Reach:

50 million unique consumers reached

Amplification:

10X media amplification value of \$12.3 million

Involved:

19 million engagements

Connected:

3.8 million video views

Driving Behaviour:

3 million qualified leads to merchants



THE NEW PATH TO PURCHASE



*Source: Millward Brown

The New Path to Purchase

Unlike the traditional retail model where the decision to purchase is based on price and accessibility, the consumer journey is the deciding factor on whether a person opts to purchase a product or service online. This new path to purchase presents an unlimited number of opportunities for retailers, brands and shoppers to connect. On the Web, stores are always open and with every transaction, retailers are able to deliver more personalised experiences using data on shopper behaviour.

This “always on” feature of e-commerce also presents the risk of losing shoppers at any time as the Internet is fraught with distractions. A potential customer can regress into research midway through a transaction, or leave the store all together with a tap on the screen. Insights from Rakuten reveal that less than a quarter of shoppers complete the online purchase process, but there is confidence that the 75% drop out rate can be improved with better experience design.³⁵

Unique Customer Journeys: Hotel Bookings

In APAC, the hotel bookings industry online is worth about \$31.7 billion. In a study run by Lenovo and AsiaRooms, 75% of people in Asia indicated that they have made a hotel reservation online.

This is 10% more than the global average, and consumers in Singapore are the most active with 84% reporting to have booked hotel accommodation on the Internet.³⁶

Unlike consumer products, hotel bookings are not subject to delivery-related issues, thereby making the experience somewhat different from the standard path to purchase.

To start, hotel bookings are driven by external purchase triggers, like scheduled vacations or events. This intent drives the booker to review an average of 12 travel websites before transacting on a hotel booking. A majority of those sites visited will be online travel agents (OTAs).³⁷

In the case of hotel bookings, the final decision to purchase will be influenced by:

Correlation to other travel plans

A booker will have a broader itinerary to consider. By providing easy display map accessibility, information about location and activities nearby, and social media reviews, the customer is able to conduct a thorough search without leaving the site.

Brand resonance

With regard to OTAs, brand resonance will determine if a booker feels like the offering is suited to his lifestyle. This can be done by selecting the right imagery, keywords and descriptions.

Security and risks

Having clear terms and conditions, online cancellation policies, rates, discounts and personalised service will provide shoppers with increased confidence that making a transaction is safe and secure.

Unique Customer Journeys: Luxury Goods

The digital path to purchase for the affluent consumer involves a more detailed research and evaluation process, and is much longer when you consider that an average luxury watch customer takes 90 days to complete a purchase.³⁸

This demographic is also the most digital savvy, and conducts research across multiple devices. Agility Research & Strategy identified that in the group of emerging luxury consumers between the ages of 18 – 34, two-thirds researched a product online, with 47% purchasing through e-commerce.³⁸ These consumers have a desire to delve into a product's history and features, and want to unlock information and unique experiences.

In the case of luxury, the final decision to purchase will be influenced by:

Consumer profile

Determining the income bracket and psychography of a brand's target demographic will provide direction on the most effective way to market a brand and product.

Location

As this segment is highly mobile, on occasion, shoppers will purchase online while in another country to take advantage of specific inventory, special deals and duty free prices.

Brand values

61% of upcoming affluent consumers surveyed by Agility rated social responsibility as an important criteria. In comparison, 55% noted that it was important for the brand to be known by others.³⁹



Creating Opportunities for Discovery

Once functional benefits have been met, consumers look for something more. We have witnessed a similar shift from transactional relationships to emotional engagement within mature industries like mobile and FMCG.

Though there is still a need for e-commerce companies to deliver on basic functional features and improve the quality of last-mile delivery, the merchants who will rise to the top will be those that successfully put the emotion into e-commerce.

In 2014, MasterCard launched a Mother's Day campaign in Hong Kong that differentiated itself from the standard deals and discounts being offered to consumers during this period. Instead of using price as motivation towards purchase, MasterCard tapped into the intelligence of its Digital & E-Commerce Engine to uncover what Mother's Day means to people.

Using its proprietary Engine process, MasterCard developed a campaign around what resonated the most during this season – the feeling of gratitude to one's mother.

The campaign video did not include any mention of special offers but consumers were directed to a Hong Kong gifting site which carried all of MasterCard's Mother's Day offers. The result is a testament to the power of emotional marketing. The video received 618,000 views and 300,000 people purchased gifts online as result during that period.

As more competition enters the e-commerce industry, merchants will need to create opportunities for point of purchase that go beyond traditional search. As in the case of MasterCard's Mother's Day campaign, the key is to create more intelligent and personalised experiences that connect with people through their preferred channels, be it through content, visual search, video, social media or even in-person experiences.



CASE STUDY

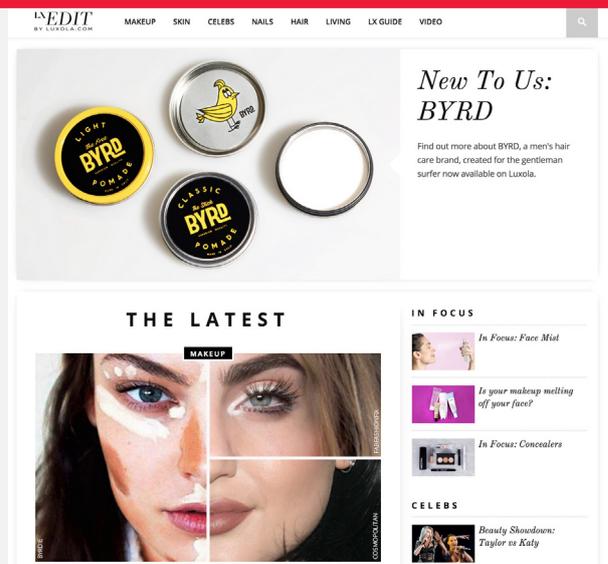
Luxola LX Edit

LX Edit is a digital beauty magazine and primary outlet of editorial content for the beauty e-commerce company Luxola. The website hosts editorial-style beauty content in the form of articles, slideshows and videos, and has been operating since February 2014. LX Edit is published in English, Thai and Bahasa Indonesia.

The readership of LX Edit is of varied ages from more than 75 countries. There is almost no flow of traffic from Luxola's main e-commerce site to LX Edit. Rather, LX Edit captures organic search traffic and referral traffic that Luxola could never achieve and routes it to Luxola when the reader is ready to shop.

As an e-commerce company that tries to dominate on quality rather than solely on price, Luxola uses LX Edit as a way to capture potential customers early by providing the answers they need. The site also provides data insights for Luxola as a whole. For example, the Korean beauty craze was discovered through average session duration statistics from LX Edit when everything Korean got triple the amount of engagement site-wide.

Monitoring content engagement also provides suggestion on the best marketing tactics for specific demographics. While younger readers tend to skim through content quickly and favour formats



like slideshows, older readers typically prefer longer pieces and tend to react more frequently to specific product recommendations in the content.

“LX Edit has been a success for us,” says Simon Tarring, Head of Special Projects at Luxola. “Not only has it strengthened our focus on traditional brand marketing, as we’ve usually focused on digital performance channels, but we also see a real financial payoff now.”

RESULTS:

- From February 2014 to December 2014, LX Edit grew at a compounded weekly rate of 10% ending with more than 100,000 monthly sessions – all from unpaid channels.
- Browsing sessions that included LX Edit in the 30 days prior to purchase had a conversion rate lift of more than 40%.





ARCHITECTING THE CHECKOUT

The payment process of the future will be seamless. Online shoppers will move from screen to store and cart to checkout with convenience and security. This will be made possible through better user experience design and an integrated payment ecosystem.

Each year, the e-commerce industry loses \$4 trillion globally as a result of shopping cart abandonment online.⁴⁰ Only just over half of e-commerce retailers actively track their cart abandonment despite the fact that more than half of would-be shoppers would complete the process if the goods were offered to them a second time with more discount.

MOST COMMON REASONS FOR CART ABANDONMENT IN APAC



Was not ready to purchase, but wanted to save the cart for later



My order value wasn't large enough to qualify for free shipping



Was not ready to purchase, but wanted to get an idea of the total cost with delivery for comparison



Wanted to complete the purchase but got distracted and forgot



Shipping costs made the total purchase cost more than expected



My preferred payment option was not offered

*Source: eMarketer

To capture significant lost revenue and capitalise on initial client acquisition investment, merchants need to create a more streamlined checkout experience, provide confidence in the security of financial transactions and implement opportunities for re-engagement.

Designing a Better Experience

Improving usability is more than a matter of aesthetics. Designing the ideal environment for e-commerce starts with understanding how people use technology across platforms and cultures, while providing effective functionality and communicating the right emotions.

MOBILE-FIRST

In the first half of 2015, almost half of all e-commerce purchases in China and 27% of online purchases in South East Asia were made on a mobile device.⁴¹

Myntra, a fashion and e-commerce company in India, has adopted a mobile-only strategy based on the insight that 95% of its traffic and 70% of its sales were coming from mobile devices. In May 2015, it was reported that 9 million users access Myntra through its mobile app.⁴²

Though mobile is becoming a popular retail platform, it is still in its nascent stages, producing the lowest levels of conversion to sale.⁴³ This is because most websites are still designed for primary desktop use. Standard checkout procedures, like filling in forms and tracking items in carts, can be a challenge without responsive page layout and clear typography.

Incremental improvements like maintaining a “persistent cart” (i.e. one that is available across all devices and remains at the same stage of the checkout process) may help users complete their purchasing activity, but it does not take advantage of all that mobile has to offer.

Mobile commerce inhabits a unique ecosystem specific to each device. On a smartphone interface, search and social media co-exist symbiotically, and this presents many opportunities, as well as challenges, for merchants.



CULTURAL CONTEXT

Language, layout, symbols, page structure and colour are elements that can influence levels of brand affinity and trust. As an example, Japanese e-commerce sites tend to feature compressed text, multiple colours and a multitude of icons and graphics because Japanese consumers require a lot of information to motivate them towards purchase. They also take cues from colour codes to where to focus their attention. Western cultures, in comparison, are more influenced by design, so minimal text and good photography take precedence.

CLARITY IN PRICING

Price transparency creates confidence that a retailer is trustworthy. It strengthens price perception and gives shoppers the assurance that the price specified is what they will pay for. People report that the lack of free shipping, or shipping costs that exceed their total budget, caused them to abandon their intended purchase. This suggests that retailers who take firm action on providing clarity on shipping costs can increase the number of overall transactions.

RETARGETING

Online retailers are able to provide a consistent check-out experience across devices with retargeting technology. This is ideal when a shopper has only completed part of the checkout process on one device, but could complete the transaction on another. Retargeting enables merchants to remind shoppers of incomplete purchases, and follow through with additional offers.

Creating a Secure Payment Ecosystem

In a 12 month study conducted by MasterCard and PRIME Research of 1.6 million online conversations around shopping and retail across 61 markets, the topic of contactless payments had the highest degree of interest in Asia Pacific. The study revealed that the checkout is the most critical moment in the online path to purchase.

Any hesitancy created during the checkout process could cause a shopper to abandon his cart. Lack of clarity around cost of delivery, foreign exchange rates and additional taxes are some of the reasons that lead to incomplete payments, resulting in loss of revenue for merchants.

A key barrier to checkout that must be continually addressed by the e-commerce industry is that of fraud. According to MasterCard's Online Shopping Survey, 84.9% of Asian consumers cited security of payment facility as the biggest consideration to shopping online.

Fear around financial and data security not only influences the rate of conversion for merchants, but also dictates shoppers' preferred method of payment. In Indonesia, 80% of consumers go online to conduct price comparisons but prefer to make cash payments in store. E-tailers like Indonesian merchant Bhinneka encourage customers to complete transactions online by offering incentives like free delivery, but particularly in South East Asia, there remains a hesitancy to 'pay first, receive later'.

To create a greater sense of security, merchants need to increase transparency before and during checkout. Clear contact information, testimonials, a display of security badges and authority dealer certificates, guarantees and privacy policies, are some elements that e-tailers can integrate into their overall site design to increase feelings of security.



Making Payment Experiences Better for Consumers

MasterCard's vision for the future of e-commerce payments is that transactions will become seamless within a larger payment ecosystem as people increasingly opt to make payments through apps on their devices, instead of through browsers.

MasterCard's role in this ecosystem is working with issuers to build app-enabled wallets, and developing the technology and framework to secure transactions by digitising, authenticating and tokenising.

With the addition of access standards set by payment gateways like MasterCard, and utilisation of persistent identity authentication through biometric data, the payment experience will become one convenient and uninterrupted process.

Minimising Costs, Resources & Reputational Risks for Merchants

Merchants that hold a large amount of payment information have found that:

- it costs a lot to manage and utilise the data,
- it makes them a target for data breaches, which costs a lot for safety and security management, and
- data breaches affects brand health and relationship with consumers.

The payment ecosystem of the future will see payment gateways like MasterCard minimising instances of fraud by digitising, authenticating and tokenising – negating the need for merchants to hold data.



CASE STUDY

MasterPass

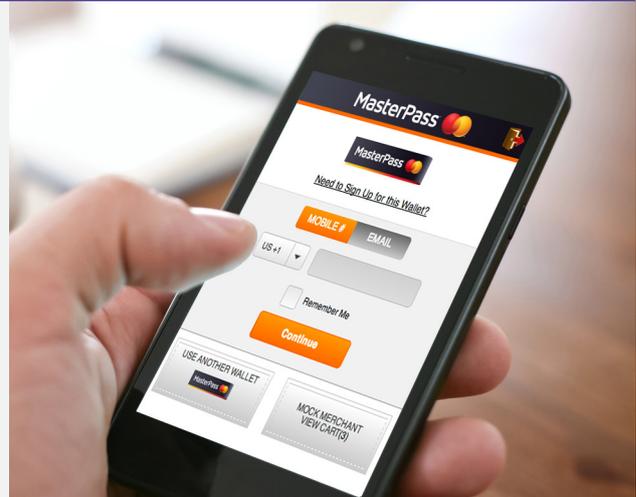
MasterCard processes payments from more than 2 billion credit, debit and prepaid accounts. Our network of payment systems covering 150 currencies in 250 countries and territories provides us with a deep knowledge about how consumers prefer to pay.

Over the years, we have continually created new products to help e-commerce businesses operate more efficiently, developed technology to protect consumers and retailers from fraud, and helped build the merchant experience for online consumers.

One of the products we've developed in response to the growth of e-commerce is MasterPass; a payment system that tackles the frustration of having to enter delivery and credit card details each time you make a purchase.

With MasterPass, shoppers have a one-stop access where they can store all their cards information safely, and securely without needing to manage multiple wallets, or loading value into prepaid wallets.

MasterCard understands that consumers and e-commerce providers need more than transactions. The addition of value-added-services, loyalty programs, in-store checkout processes and even private label cards are what enable MasterPass to transcend the digital wallet experience currently on offer.



Most importantly, MasterPass is intended to address customer security concerns about online payment. The solution currently requires an authorisation password at checkout but MasterCard is exploring a “selfie” solution where a user can authenticate their purchase by taking a photo of themselves on their mobile device, which will be authenticated, or swiping a finger for fingerprint recognition.

That's total security for the selfie generation in a user experience they can enjoy.

RESULTS:

- MasterPass is available to more than 40 million consumers in Asia Pacific.⁴⁴
- MasterCard has seen a surge in transaction volumes, with a monthly compound average growth (CAG) rate of 38% for MasterPass transactions in Asia Pacific for 2014.⁴⁴





CONTINUING THE RELATIONSHIP

E-commerce may have been an industry built on price, but merchants that deliver great service and great rewards will be the ones that win the future. The more personalised the experience, the greater the brand intimacy, the stronger the relationship.

Increasingly sophisticated experiences of online shopping will mean that competition for merchants will move beyond price to one focused on customer loyalty. The challenge is that 24/7 connectivity makes switching brands easy and comparison shopping is always just a click away.

In a RJMetrics study examining the behaviour of nearly 18 million consumers over 200 e-commerce sites, only 32% made a repeat purchase from the same vendor in the year following their first purchase.⁴⁵

Logistics is often a problem in e-commerce, with last mile delivery placed in the hands of third parties that don't share the merchant's values. Consumers in each market also prioritise different features on the path to purchase, which means that merchants need to apply tactics that appeal to specific demographics.

In Singapore, a hassle-free return policy is vital to winning over consumers with 61% more likely to purchase from an online retailer (with such a policy) for the first time.⁴⁶ In Japan, consumers vote for loyalty programs with flexible approaches to saving while spending.

A study by eMart Solutions of 6,500 people in more than 500 cities in India revealed that 41% of customers revisit a brand only because of their love for the loyalty program.⁴⁷ Consumers are more loyal to online retailers than to traditional ones. Chinese consumers tend to be most loyal to big brand names such as Taobao and Tmall.⁴⁸

How to Drive Sustainable Human Connections

With smartphones, consumers are constantly searching, watching, listening and communicating with friends and family at any time of the day. These micro-moments are opportunities for merchants to connect with potential shoppers and offer a solution to their immediate needs, be it answering a question, providing entertainment or suggesting a product.

Retail has always been driven by emotion. Studies have revealed that 95% of all purchasing decisions are based on emotional impulses, and this fact is even more important in an information dense world. When people are overwhelmed with choice, it is emotion that makes them take action.

74% of online shoppers feel that the content that they're served online has nothing to do with their interests.

Engagement without intelligent use of data will not speak to a consumer's desire for personalisation or individuality. When a shopper feels connected to a brand, when she feels recognised and rewarded, she will also most likely return as a customer.

The repeat customer is not sought after because of reduced acquisition costs, though this is a clear benefit, but because that customer is worth far more, in revenue terms, than a new customer.

RJMetrics averaged that 8% of a site's visitors make up nearly 41% of total online sales, and repeat purchases can make up 43% of revenue. The top 1% of customers are 18 times more valuable to a company than their average customer and that the top quartile of customers spend nearly 6 times as much as an average customer in the first 30 days of a relationship.⁴⁹

E-commerce retailers can take heart in that there's specific value in courting a smaller group of consumers in initial loyalty program offerings. Nearly 60% of consumers would be interested in participating in loyalty programs if offered, but the value delivered through such initiatives needs to be a combination of price and emotion.⁵⁰

MasterCard connects with consumers by rewarding cardholders with Priceless Rewards and Surprises. Our merchant partners also drive loyalty through point-based programmes, subscription services, free shipping, special day promotions, surprise offers and appreciation events for loyalty visitors.

STATE OF ENGAGEMENT



95%

95% of all purchasing decisions are based on emotional impulses

8%
Users

41%
Total online sales

8% of a site's visitors make up nearly 41% of total online sales, and repeat purchases can make up 43% of revenue.



The top 1% of customers are 18 times more valuable to a company than their average customer.

*Source: RJMetrics

Connecting With Merchants

As an enabler within the e-commerce ecosystem, MasterCard creates the environment for secure transactions and therefore is a partner in building trust between consumers and merchants. This trust produces loyal customers, and therefore increased revenue for e-commerce business.

With its Digital & E-Commerce Engine, MasterCard aims to strengthen consumer-retailer relationships by helping merchants deliver deals that are meaningful to current and future customers, through identifying consumer emotional sentiment in real-time, or creating insights based on what's trending in social media conversation.

MasterCard's Digital & E-Commerce Engine's social listening capability picked up buzz of the new royal baby in London being born. We identified that there was a segment within the group driving this buzz that were new parents.

Within a 12 hour period, MasterCard contacted its merchant partner, Lazada, to highlight an offer on toys and baby products. A campaign post was created to leverage this buzz around the new royal arrival, resulting in a 55% higher post engagement rate.

CASE STUDY

Rakuten



To achieve 100% customer satisfaction, Rakuten aims to anticipate the needs of customers, and go above and beyond to make customers happy. This is integral to building sustainable, long-term relationships with merchants and consumers, and is a core part of Rakuten's business model to create relationships between merchants, and between merchants and consumers.

The Rakuten Super Points loyalty program (RSP) enables members to earn and burn points on any service within the Rakuten ecosystem, and up to 12,500 offline stores in Japan with the R-Point Card service launched in October last year. Members receive different benefits as they rise through the ranks from Basic member to Gold member. From here, they are able to enjoy several CRM campaigns where shoppers are able to receive different tier of promotions respectively. Most of the campaigns are tied to coupon and RSP campaigns.

RESULTS:

- "Rakuten Super Points" loyalty program is available to over 40 mobile properties and offline services in Japan.
- In Japan, Rakuten saw in a 50% increase in engagement on mobile and doubled the 7-day retention rate among participating users by rewarding high value behaviour.

MASTERCARD E-COMMERCE SOLUTIONS

At this moment in time, Asia presents the greatest retailing opportunity in a generation. The dramatic shift in economic power from West to East over the last decade has enabled millions of new consumers to come online, with more joining every day.

These consumers are part of a new middle-class whose spending power will reach \$7 trillion by 2030. Their expectation of what constitutes value and convenience is challenging the traditional definition of shopping and moving the global retail industry into a new, exciting space.

Through our innovations and partnerships with marketers, operating platforms, merchants and issuers, we continue to address what matters most to consumers: payment security, simplicity of transactions, increased personalisation and data protection.

MasterCard is committed to being at the heart of the development and transformation of e-commerce in Asia Pacific.

MASTERCARD'S HOLISTIC SUITE OF E-COMMERCE SOLUTIONS TO HELP YOU GROW YOUR BUSINESS

MasterCard Digital & E-Commerce Engine

From engagements to driving consumer transaction velocity through:

1. Precision targeting
2. Timing offers to deliver them when consumers are most receptive
3. Repackaged offers to emotionally engage with consumers
4. Algorithmic online offer placement
5. Accelerated, data-driven decision making
6. Optimising at scale in real-time across 6 markets, 200 merchants and 2,000 posts

MasterPass

MasterPass is a digital acceptance network that facilitates faster and safer shopping at thousands of online merchants.

MasterCard Labs

MasterCard Labs is MasterCard's global research and development division, and is about technology, innovation and change. The tried, tested and proven methodologies employed by MasterCard Labs enable us to generate new ideas from a variety of sources, and fast-track the best ideas from concept through prototype, pilot, and into commercialisation faster than ever before.



MASTERCARD'S HOLISTIC SUITE OF E-COMMERCE SOLUTIONS TO HELP YOU GROW YOUR BUSINESS

MasterCard Advisors

MasterCard Advisors, the world's largest consultancy focused on payments brings expertise, insights and data analytics to help merchants and issuers grow their businesses across physical and digital channels. Advisors' differentiation starts with consumer insights derived from 43 billion aggregated and anonymised transactions processed on the MasterCard network each year.

Combined with industry-leading data science, this delivers a 360-degree view of customer spending both in-store and online, including market and wallet share, customers' purchase propensities and performance benchmarking. Further, Advisors helps clients segment customers by purchase behavior – what they actually buy – enabling them to determine the best customer prospects for growing e-commerce usage and revenue.

MasterCard Network Processing & Security Solutions

MasterCard offers end-to-end processing products and solutions. Our vast network is behind every transaction ensuring that payments are completed quickly, securely and reliably. The MasterCard network features an intelligent architecture that adapts to the needs of each transaction by blending two distinct processing structures — distributed (peer-to-peer) and centralized (hub-and-spoke).

For example, for transactions that require:

Fast processing — think contactless card or a device at a toll booth — we can use the distributed structure, ensuring these transactions are processed close to where the payment occurred.

Value-added processing — such as real-time access to transaction data for fraud scoring — we can use the centralized processing structure, which ensures advanced processing services are applied to the transaction.

E-commerce merchants can benefit from a single interface that provides the ability to process secure payments and offer value-added solutions.

We hope you have found this white paper insightful and of value to your business. And we look forward to working with you on the journey ahead to conquer the burgeoning e-commerce industry in Asia Pacific.

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