

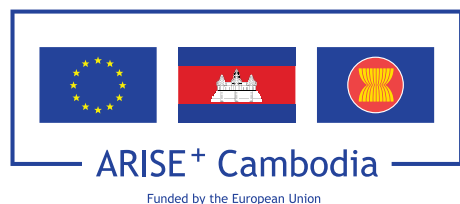
SME EXPORT TALK

E-Commerce for Export

www.cambodia-ariseplus.asean.org







Implemented by



INTRODUCTION

ARISE Plus Cambodia:

- Is co-funded by the European Union and the German Federal Ministry for Economic Cooperation and Development (BMZ).
- Is implemented by GIZ, the German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit).
- Aims to support greater connectivity and economic integration between Cambodia and the rest of ASEAN, by implementing the ASEAN Economic Community Blueprint 2025.

Among others, **ARISE Plus Cambodia aims to assist Cambodian SMEs in increasing and/or diversifying exports.** SMEs contribute greatly to job creation, new income opportunities and economic development in rural areas. Exporting is a possible solution to achieve the long-term sustainability of such enterprises. In this regard, the key for successful business is the ability to access reliable and accurate information, particularly with regards to export requirements and strategies. Therefore, together with EuroCham, ARISE Plus Cambodia is organising a series of information events, the **“SME Export Talk”**. These events will cover several topics related to exporting and SMEs, and will last until the end of 2022.

The content of the SME Export Talk includes, for instance: social media for SMEs, export opportunities in ASEAN, product/process quality standards, product branding, ASEAN Non-Tariff Measures (NTMs), effective business matching and negotiation, participating in trade fairs, third-party logistics and others.

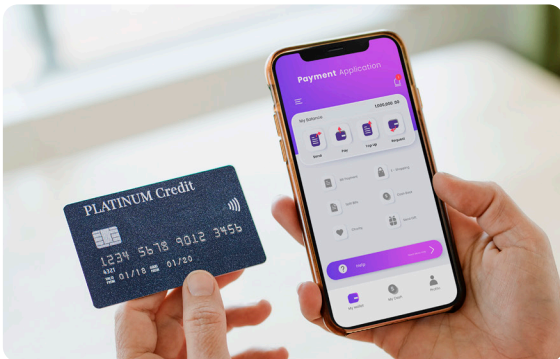
E-COMMERCE DEFINITION

According to the leading e-commerce platform Shopify, e-commerce can be defined as follows:

E-commerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. E-commerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet.

Whereas e-business refers to all aspects of operating an online business, e-commerce refers specifically to the transaction of goods and services.

There are two models of e-commerce for an exporting SME:



1. Business to Consumer (B2C):

An SME sells a good or service to an individual consumer (e.g., a consumer in Vietnam purchases a pair of shoes from an SME through an online platform).



2. Business to Business (B2B):

An SME sells a good or service to another business (e.g., An SME sells coconut oil to other businesses to use through an online platform).

THERE ARE **THREE TYPES** OF E-COMMERCE FOR AN SME:

E-commerce can take several forms, covering a variety of commercial relationships between businesses and consumers.



— TYPE ONE

RETAIL

The products are sold by an SME directly to a customer without any intermediary.

— TYPE TWO

WHOLESALE:

The products are sold in bulk by an SME, most of the time to a retailer that then sells the products to final consumers.

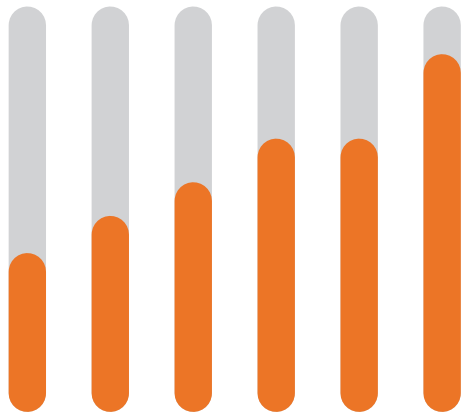


— TYPE THREE

DROPSHIPPING:

The product is sold and shipped to the consumer by a third party.

E-COMMERCE IN SOUTHEAST ASIA



A GROWING TREND.

80% 

of Southeast Asian internet users are digital consumers

Anyone who buys or sells a product online is a digital consumer, and the **Google Southeast Asia “e-economy report 2021”** stated that **80% of Southeast Asian internet users are digital consumers**. The pandemic has accelerated the digital transition and e-commerce growth in every Southeast Asian country. Consumers can now access a vast variety of products and services from the convenience of their homes, and leading retailers have bolstered their online sales channels to mitigate the negative impacts of Covid-19.



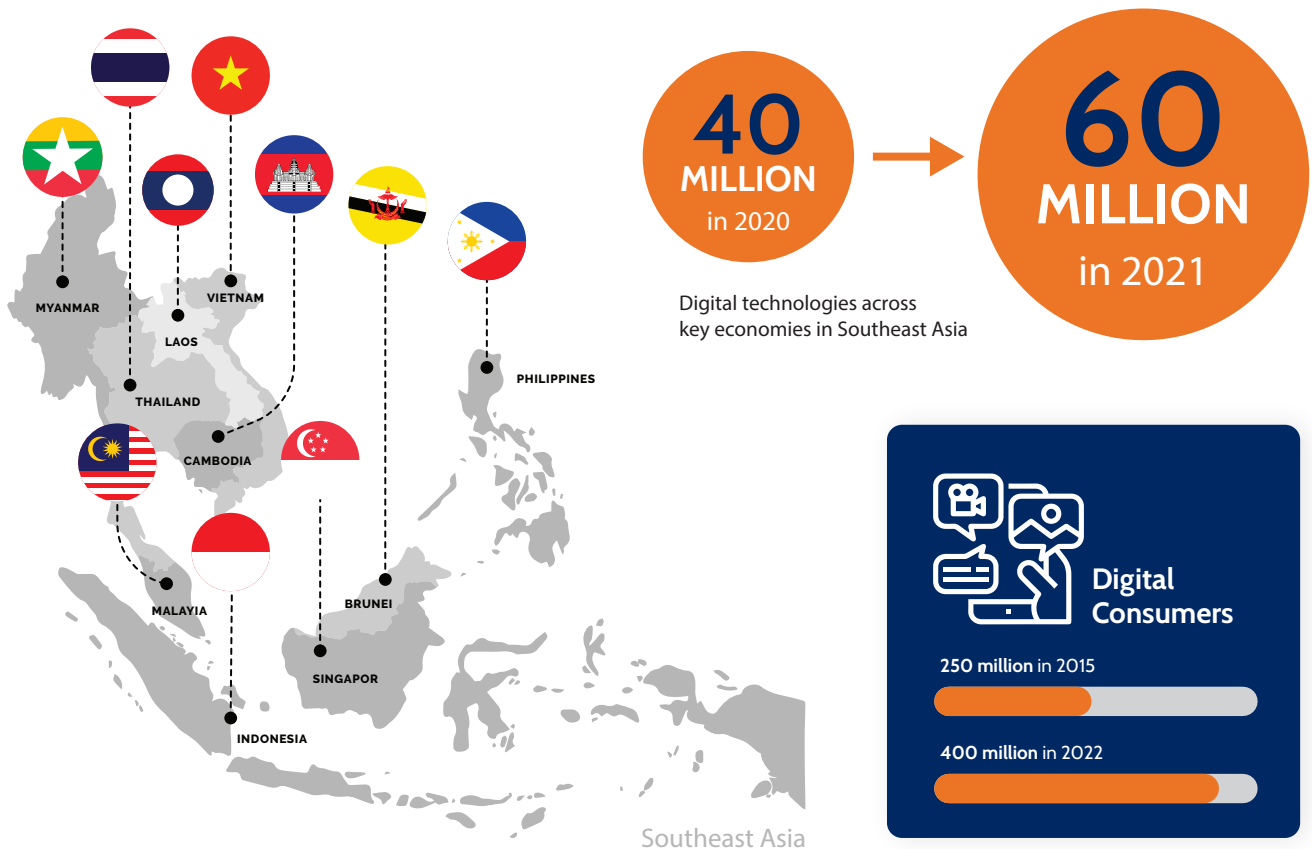
x4 

Digital consumers now **spend four times more.**

Existing digital consumers are engaging more with existing e-commerce services - and becoming more comfortable adopting new services. **Overall, digital consumers now spend four times more on online purchases than they did before the pandemic.**



There was a dramatic uptake in digital technologies across key economies in Southeast Asia, with 40 million people coming online for the first time in 2020, and an additional 60 million in 2021. Digital consumers also expressed greater satisfaction with the e-commerce solutions available to them. There are now 400 million digital consumers in Southeast Asia, up from just 250 million in 2015. Notably, most new digital consumers are coming from previously rural areas.



The rise of digital consumption is being described as more than just a pandemic induced phenomenon, but a new way of life - and the sums changing hands are staggering. As online shopping increasingly becomes the norm, the e-commerce market is predicted to reach a value of between US\$ 700 billion to US\$ 1 trillion by 2030.



TIPS TO START AN E-COMMERCE BUSINESS

The following steps are recommended to start an e-commerce business.



STEP 1

Research your business idea to come up with a product that will meet a customer need.

STEP 2

Your product idea should be validated by interacting with potential customers.

STEP 3

Consider how to sell and ship the product online.

STEP 4

Source your product by procuring inventory or manufacturing your own.

STEP 5

Carefully select your online sales channels, which include the most relevant platforms and/or the company's website.

STEP 6

Build an online storefront (especially on your company's website).

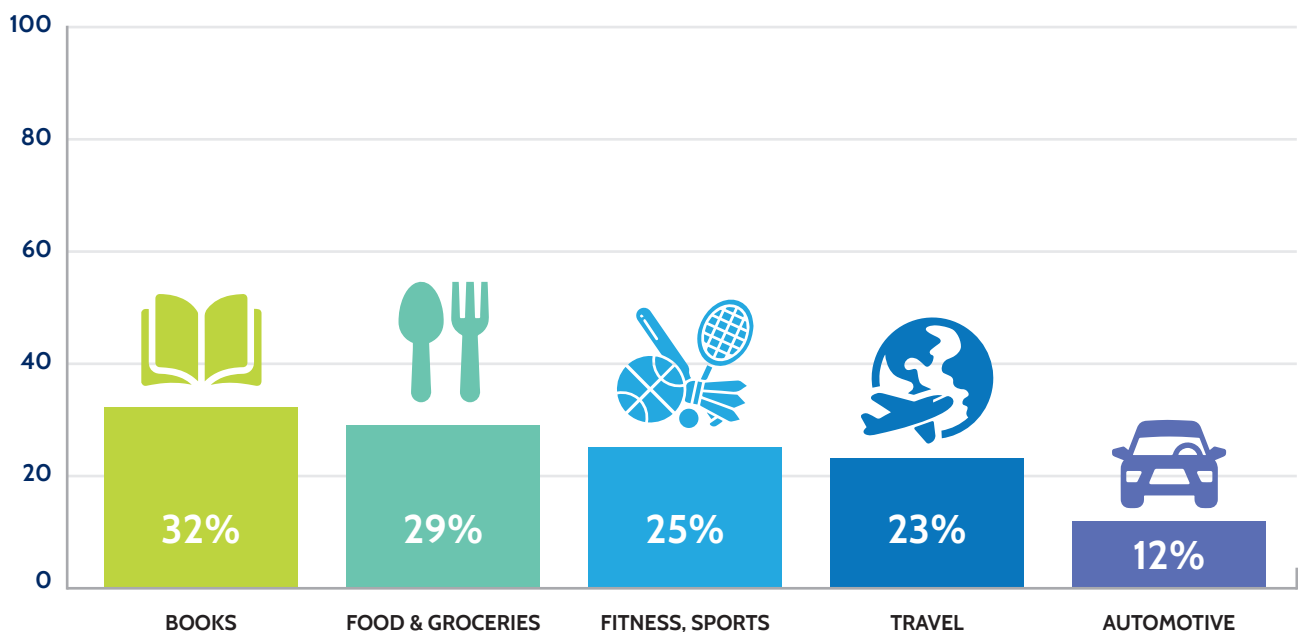
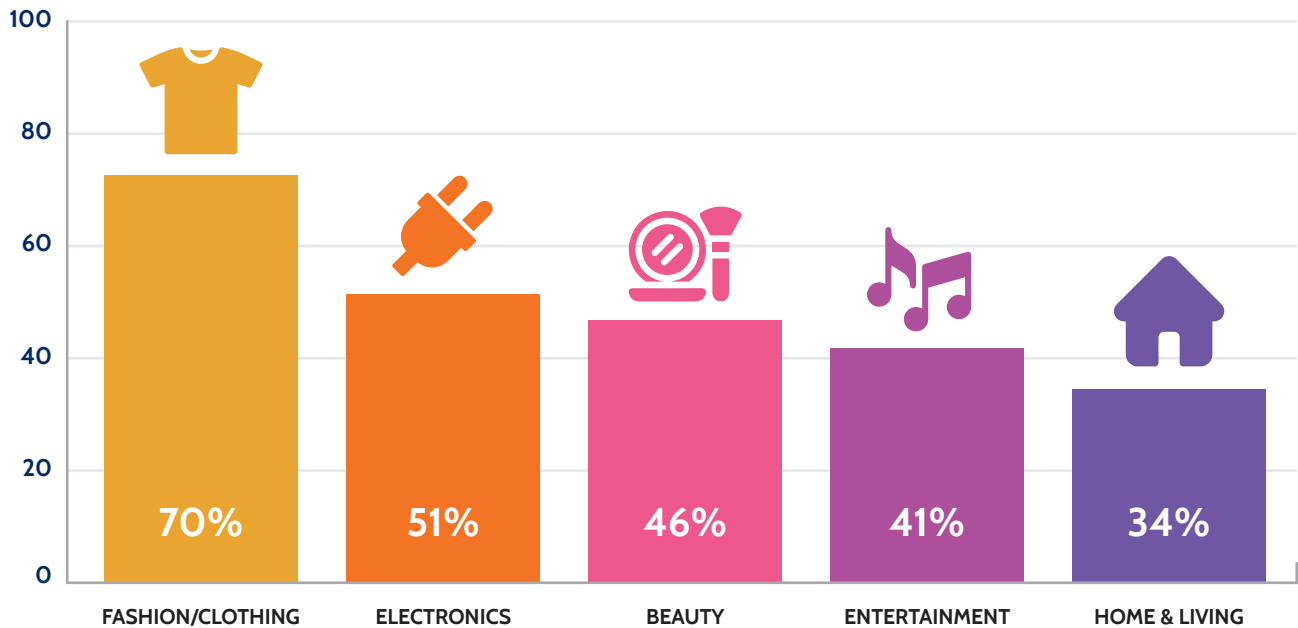
STEP 7

Prepare an e-commerce fulfilment strategy to meet all the requirements of the export procedure.

STEP 8

Attract customers with an effective e-commerce marketing campaign.

MOST POPULAR PRODUCT CATEGORIES IN SEA E-COMMERCE



Percentage of Surveyed Respondents Who Had
Purchased Each Product Category

REGIONAL E-COMMERCE PLATFORMS

The ASEAN e-commerce market is currently quite fragmented. Local e-commerce platforms are often very popular domestically but less visible in neighbouring countries. However, regional players are now starting to see success in several southeast Asian countries.

Lazada and Shopee are the two leading online platforms with operations in several ASEAN countries, including Indonesia, Vietnam, Thailand, Singapore, Malaysia, and the Philippines.



Lazada:

Lazada claims to be the top e-commerce platform in Southeast Asia, with more than 50 million active buyers annually. The company is very successful in Indonesia, the Philippines, Malaysia, Thailand, Singapore, and Vietnam. As a subsidiary company of Alibaba, Lazada offers a strong cross shipping solution with many warehouses in multiple countries. The company claims to ship faster than other e-commerce competitors. Lazada currently provides B2C services only, and therefore second-hand items are not sold on this platform.

The store opening examination is strict, and it can take more than a month to obtain approval.

The platform boasts more than **155,000 local** and international sellers and 3,000 brands serving the 560 million consumers in the region.





Shopee:

Shopee was the first e-commerce platform in Indonesia. The platform also operates in the Philippines, Malaysia, Thailand, Singapore, and Vietnam. Shopee has recently become the leading platform in Southeast Asia, recently overtaking Lazada. The Shopee platform is also available in Taiwan, South America, and certain European countries too. Shopee is particularly active in marketing through coupons, promotions, and free shipping campaigns. Shopee features both B2C and C2C services (unlike Lazada).



CROSSING BORDERS

Both platforms provide independent logistic platforms that operate across countries. There are many international and local sellers on these two platforms. Both platforms promise secure delivery and multilingual support.

E-commerce Consumer Preferences per Southeast Asian country:



Thailand

Most popular platforms:



1. Lazada



2. Shopee



3. Chilindo

Consumer profile

- Extremely brand loyal
- Chooses quality over price
- High level of trust for online shopping
- Enthusiastic about shopping on social media



Malaysia

Most popular platforms:



1. Shopee



2. Lazada



3. Lelong

Consumer profile

- High buying power
- Likes China and Chinese brands
- Attracted by promotions



Vietnam

Most popular platforms:



1. Shopee



2. Gioi Di Dong



3. Sen Do

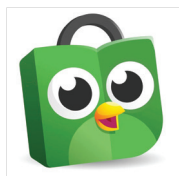
Consumer profile

- Prefers western brands
- Price sensitive
- Reluctant to try new products
- Lower level of trust in online shopping

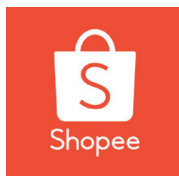


Indonesia

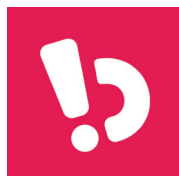
Most popular platforms:



1. Tokopedia



2. Shopee



3. Bukalapak

Consumer profile

- Attracted by promotions
- Prefers international brands for ICT and electronics products



Philippines

Most popular platforms:



1. Shopee



2. Lazada



3. Zalora

Consumer profile

- Enthusiastic about foreign brands
- Young population with growing interest in new tech and online bargains

EXPORT PROCEDURE

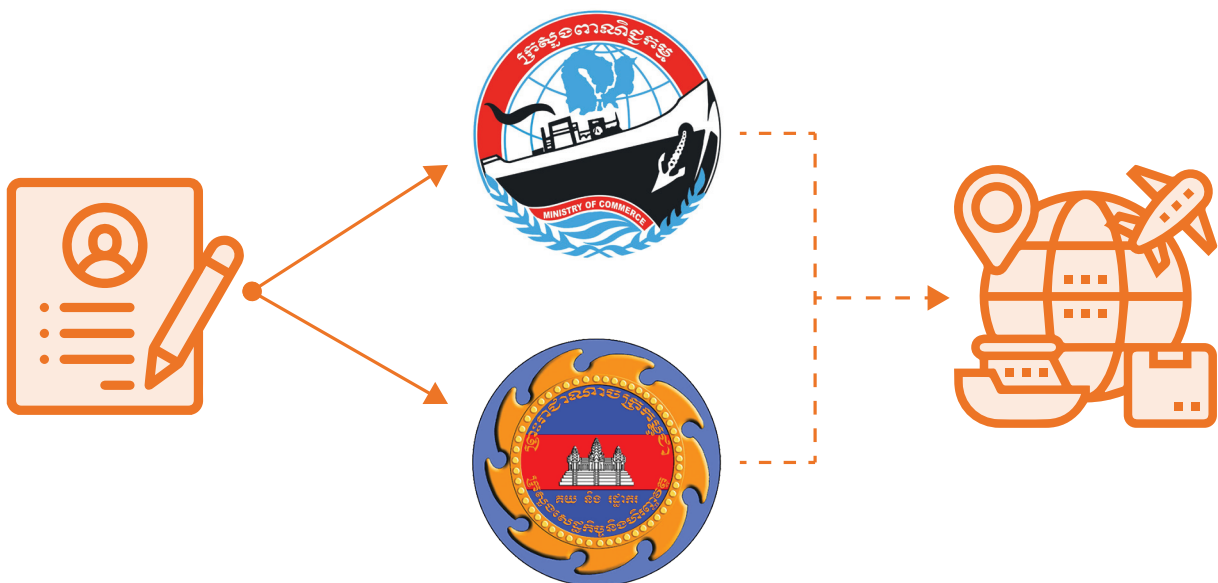
Any SME that plans to export must follow a strict procedure. This involves engaging with several ministries to obtain essential documentation, to ensure the SME complies with export regulations.

1

Registration

Any exporting SME needs to be registered at the Ministry of Commerce, at the Department of Business Registration.

Exporters must also register with the General Department of Customs and Excise (GDCE) to declare the goods to be exported.



Cambodia is using the Automated System for Customs Data (ASYCUDA), created under the United Nations Conference on Trade and Development (UNCTAD). The ASYCUDA system is operating at nearly all international customs clearance locations throughout Cambodia; including at the Sihanoukville Port, Phnom Penh International Airport, inland 'dry' ports, and numerous land border locations.

To register with ASYCUDA, exporting SMEs require a Taxpayer Identification Number (TIN). As a result, **exporters must also register** with the General Department of Taxation, under the Ministry of Economy and Finance.

Subsequently, exporting SMEs need to register their Value-Added-Tax (VAT) accounts with the General Department of Taxation as well.

2

Requirements For Exporters

SMEs exporting out of Cambodia must provide the following documents before the departure of goods:

- Customs Export Declaration
- Commercial Invoice
- Packing List
- Road Transport Document (if departing by land)
- Bill of Lading (if departing by sea)
- Terminal Handling Receipts (if departing by sea)
- Insurance Certificate
- Export Permit
- Certificate of Origin

3

Possible Tax For Exporters

Cambodia levies an export tax on goods leaving the country. This export tax ranges between 0 and 50 percent. Currently, the applicable rates are **0% › 5% › 10% › 15% › 20% › 50%**.

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