

Amazon pushes into SE Asia with Singapore launch

SINGAPORE - Amazon launched its express delivery service in Singapore on Thursday, the US online retail giant's first foray into Southeast Asia and a move that puts it in direct competition with China's Alibaba.



Prime Now allows online shoppers in the affluent city-state of five million people to order a wide range of items from baby products to food, electronics items and beer. It marks Amazon's entry into a region of more than 600 million people, where many countries have a growing middle class, and which is seen as the next e-commerce battleground.

"Amazon's entry augurs well for shoppers in the region who will benefit from more choice, price competition and better delivery services," said Prem Shamdasani, an associate professor for marketing at the National University of Singapore Business School.

Alibaba already has a headstart in the region with an 83% stake in Southeast Asia-focused online retailer Lazada. The Chinese firm, founded by China's richest man Jack Ma, raised its stake in Lazada last month with a further \$1 billion investment.



China's Alibaba boosts stake in SE Asia online sales

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The Prime Now application was made available for download in Singapore on Google's Play store and Apple's iTunes. By just entering their postal zip code after opening the app on their devices, online shoppers can start placing their orders. The service promises delivery of items within two hours.

But Shamdasani warned that Southeast Asia could be a tough market. The region includes relatively wealthy countries such as Singapore, but also developing nations with poor infrastructure where it is harder to do business.

"While e-commerce is set to grow the market in Southeast Asia is relatively small and fragmented with narrow margins," he said.

He said Amazon will "face increasing competition from many established store retailers who are embracing e-commerce and providing their customers with seamless omni-channel shopping experiences".

Source: AFP

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