

WHAT SELLS IN E-COMMERCE

NEW EVIDENCE FROM ASIAN LDCs



International
Trade
Centre

In partnership with:

AliResearch
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What sells in e-commerce

New evidence from Asian LDCs

About the paper

Cross-border e-commerce can help least developed countries (LDCs) to become more competitive and diversify their exports – and this is especially true for Asia-Pacific, the most dynamic region in global e-commerce. To capture that potential, small businesses in these countries need more market intelligence.

This paper fills that gap, using market data from Alibaba.com to identify which products from five Asian LDCs – Bangladesh, Cambodia, Lao People's Democratic Republic, Myanmar and Nepal – can generate the most demand abroad.

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Foreword by ITC

Cross-border e-commerce represents a new pathway for small and medium-sized enterprises (SMEs) to increase competitiveness in the global market and diversify their export portfolio. Yet this potential is not fully exploited, particularly for companies from least developed countries (LDCs). Apart from the common challenges around limited telecommunication infrastructure and access to e-payment and logistics services, a major challenge for SMEs is the lack of market intelligence to identify demand for their products in the international market.

This publication is a contribution to addressing that challenge, providing new evidence on cross-country trade relationships in e-commerce. It draws on actual market data from Alibaba's international business-to-business (B2B) e-commerce platform (Alibaba.com) to help companies from five Asian LDCs (Bangladesh, Cambodia, Lao People's Democratic Republic, Myanmar and Nepal) identify which products generate demand from international buyers. This analysis enables SMEs to better target potential markets and clients.

The publication also compares online and offline trade and offers an insight into how, e-commerce is different from traditional trade. For example, although there are similarities in terms of main products and markets, e-commerce tends to focus more on consumer products and higher value added products. In Myanmar's agricultural exports via e-commerce, for example, beans, nuts and rice replace the cereals, sugar and vegetables of offline trade as the products of most interest abroad.

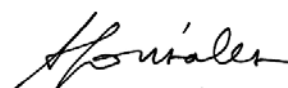
E-commerce offers opportunities to diversify exports in terms of both products and markets. Apparel and clothing accessories account for around 86% of Bangladesh's total exports, for example, but only 47% of online demand. Agriculture, food and beverages, and consumer electronic products fill the gap. Similarly, the United States market accounts for only 1% of Myanmar's total exports, but 22% of online demand, suggesting that there is significant unfulfilled trade potential.

In e-commerce, companies also tend to focus on niche products and unique offerings. In textile and leather, star products for Bangladesh are T-shirts, jeans and hoodies. For Lao People's Democratic Republic, it is pillows, cushions, mats and sheets, while for Nepal, it is carpets and rugs that account for a predominant share of online demand.

Asia-Pacific is a dynamic region in global e-commerce. Strong economic growth coupled with industrial transformation, rising productivity, improving electricity, telecommunication and transportation infrastructure, and enhanced trade facilitation provides fertile ground for rapid e-commerce growth in the region, including in the LDCs under study.

Previous publications and firm-level surveys on e-commerce from the International Trade Centre (ITC) have highlighted this potential of e-commerce for SMEs. They have also identified the bottlenecks SMEs face in their online business. Together with ITC's broader offering on e-strategies and e-entrepreneurship, this new publication represents a step towards overcoming those bottlenecks and maximizing that potential.

I would like to express our appreciation to AliResearch for their excellent collaboration. Big data analysis is already widely used by large companies to improve their product development and marketing strategies, but SMEs often lack resources and access to these transformative tools. In partnership with the private sector, ITC brings these tools to SMEs and offers market data analysis to boost their competitiveness in the global e-commerce market.



Arancha González
Executive Director
International Trade Centre

Foreword by AliResearch

Since the turn of the 21st century, international trade has greatly changed in terms of participating entities, trade patterns, business models and organizational modes due to the rapid worldwide adoption of internet technology and e-commerce. This has promoted the inclusive development of the global economy and trade. In particular, the dividends of economic development are more equitably distributed among countries and communities, which creates more opportunities for small and medium-sized enterprises (SMEs), rural areas, young people and disadvantaged groups.

E-commerce is inclusive. It empowers SMEs, least developed countries (LDCs) and regions to embrace the digital economy, access international markets, create new job opportunities, stimulate industrial transformation and promote the growth of the economy and trade, thus contributing to sustainable and inclusive development.

Alibaba Group serves SMEs and consumers around the globe and aims to make it easy to do business anywhere. As one of the new providers of business infrastructure in the digital age – infrastructure that includes e-commerce platforms, inclusive finance, intelligent logistics, big data, cloud computing and cross-border e-commerce services – Alibaba Group helps SMEs to buy and sell globally and to identify innovative growth enablers.

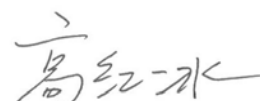
In March 2016, Jack Ma, Executive Chairman of Alibaba Group, proposed the Electronic World Trade Platform (eWTP) initiative, which aims to take advantage of the digital e-commerce growth trend, boost SMEs, lower barriers of trade and investment and incubate new trade rules. In September 2016, eWTP was accepted as a core policy recommendation of the Business 20 (B20) and mentioned in the communiqué issued by the Group of 20 (G20) leaders at their Hangzhou Summit.

The eWTP initiative has been widely endorsed by the international community. In November 2017, the first eHub programme under eWTP was launched in Malaysia, which provides e-commerce, logistics, cloud computing, mobile payment, talent cultivation and other infrastructure services for SMEs. In collaboration with the World Trade Organization (WTO) and the World Economic Forum (WEF), eWTP is also engaged in the new 'Enabling E-commerce' initiative.

Cross-border e-commerce is building a free, open, universal and inclusive platform for global trade. On this platform, global connectivity is fulfilled, with hundreds of millions of consumers 'buying globally' and SMEs 'selling globally'. In fact, cross-border e-commerce stands a good chance of becoming the main form of global trade in the future.

I wish to express my appreciation to the International Trade Centre (ITC) for their dedicated efforts to this publication. Alibaba has been working with ITC to help SMEs, in particular those from LDCs in Asia, expand their exports through cross-border e-commerce. We are happy to see that SMEs from Bangladesh, Cambodia, Lao People's Democratic Republic, Myanmar and Nepal are actively exploring the global market on the Alibaba.com platform and gradually improving their e-commerce capabilities.

I hope that this publication can help SMEs and government agencies in the developing and least developed countries to better understand and leverage cross-border e-commerce, unleash their potential for international trade and achieve greater development in the process.



Hongbing GAO
Vice President of Alibaba Group and
Director of AliResearch

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