Lazada

Team Peninsula

The Creation of "SHOPPERTAINMENT"

KALYARUK NAPASSARA NICHAMON PARIYAPAT

Lazada, a leading e-commerce platform, perceived opportunity in livestream commerce and has shown successful past initiative

Lazada

Lazada functions

1 **Products**
- LazMall
- LazChoice
- LazGlobal

2 **Complimentary**
- LazCoin
- Voucher

3 **Entertainment**
- Gamification
- **LazLive**

How LazLive is currently doing?

45%
increase in total GMV through LazLive

200M
views have been recorded since it was launched

6,000 sessions
hosted on average weekly on the platform across the region

Source: Case booklet, Bangkok Post

Live Commerce Market Landcape in Thailand

With the growing trends in live-commerce and no dominant market player, it indicates higher potential to excel in the market

Lazada

Opportunity of Live-commerce

Rank 1st
Thailand is world largest c-commerce user

40% of Thais
Use c-commerce

150 billion THB
Market Size

With the increasing trends and a large market size of "conversational commerce", the trend of **live-commerce** is considered **strong and well integrated with e-commerce business**

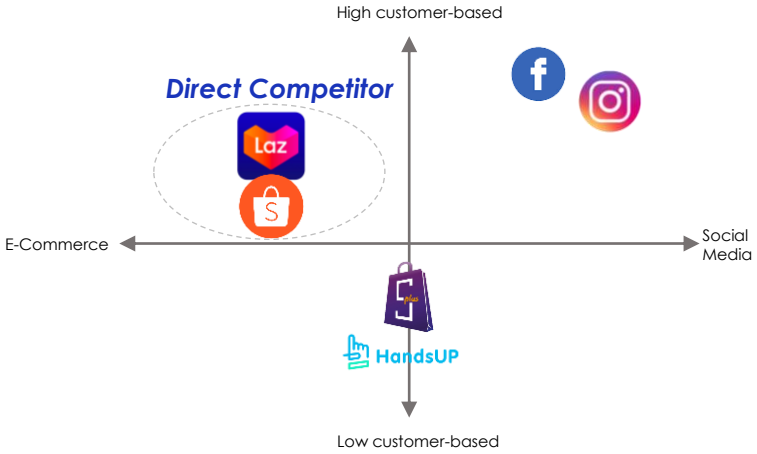
Key Drivers

1 Increase in Entertainment Consumption
66% of Gen Z (the largest group of consumers) like to watch entertaining media online

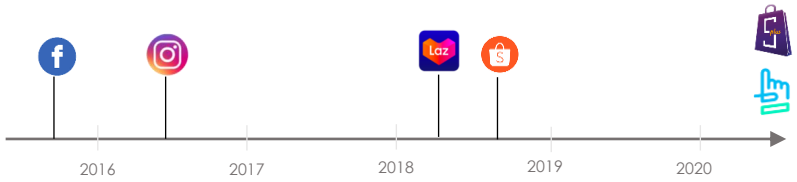
2 Changing in Lifestyle
Covid-19 resulted in **changes in consumer purchasing behavior** including consumption habits and online content consumption

3 Smartphone Penetration
In Thailand, **71%** of internet users buying things via mobile phone and **56%** of Millennials are most likely to watch live video on a smartphone

Competitive Landscape



Timeline of establishing Live function



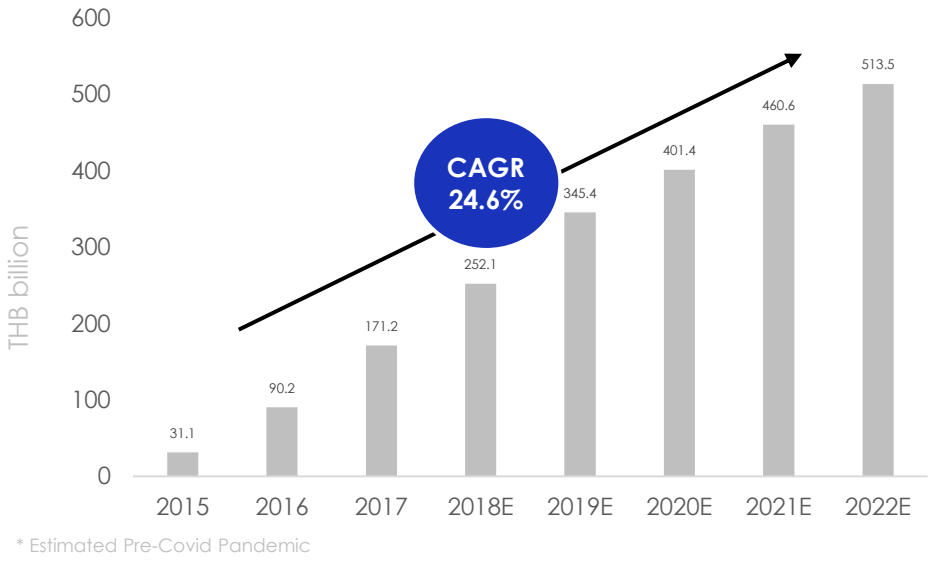
KEY TAKEAWAY
Players are in early stage of live-commerce leading to no dominant player in the market

Source: Case Booklet, Bangkok Post, BCG, thestorythailand, Team Analysis, Techhub

Live Commerce in China Market

A success case study from China shows several shared market similarities, implying opportunity for Lazada to follow footsteps

Current livestreaming market in China



* Estimated Pre-Covid Pandemic

1,943 Bn THB

GMV was generated through livestreaming

2x

in live-streaming e-commerce revenue to THB4,303 billion

Common growth drivers

Customers' Preference

Incentivized by discount and are very promotion sensitive e.g. they are willing to make instant purchase for lower price

Key Influencers

People are easily influenced by influencers. KOLs are perceived as reliable source of information

Video Engagement

People are likely to watch video contents. The conversion rate for livestreaming can reach as high as **32%**

Covid-19

Emergence of new normal has shaped new way of shopping and increase time spent on e-commerce

KEY TAKEAWAY

*As several **growth drivers are shared between Thailand and China**, there is opportunity for **Thailand to become the next succesful market***

Source: Case Booklet, Technode, South China Morning Post, BOF, Jing Daily

By focusing on the key elements, Lazada will be able to bridge the gap and become the next successful player

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WHERE WE ARE …

An application for **online shopping**

A **new player** in **Live-commerce** market

What are **the key elements** to bridge the gap?

TRANSFORMING LAZADA TO BE …

The Center of "Shoppertainment"

A **stronger player** in Thailand

The next **successful Livestreaming platform** like China

On top with **GMV of 2 billion THB**

Source: Team Analysis, Case Booklet

GROW STREAMERS

SELLERS

Attract, groom, and retain sellers by incorporating technology and giving incentive to sellers

KOLs

Build strong talents by transforming LazTalent to be agency and make KOLs a professional career

Lazada
LazLive

GAIN VIEWERS

CONSUMERS

Attract customers with gamification Live campaign and personalize User Interface to match contents with customer preference

Improve LazLive streaming by grooming seller and KOLs to attract large pools of customers

Lazada

"Better LazLive streaming"

Key stakeholders	Key contents	Key improvements
Sellers	***Standard content*** *General live selling stream session provided by shops owner*	• Leverage on **technology** to support sellers' journey • **Create improvement** in their livestream sessions
LazTalents	***Special content*** *Traffic drawer livestream from influencers*	• Transform LazTalent to become **KOLs agency** • Make KOLs a **real profession** with professional **grooming process** and **consistent work provided from brands**

Source: Team analysis

Seller's Journey

General sellers in Lazada are aware of LazLive, however only some adopt LazLive and very few create consistent quality contents

	Awareness	Consideration	Use LazLive	Retention
CURRENT USER	Discover the live feature on application or were contacted by Lazada itself	• Consider **internal factors** such as customer base, product SKU and streamer readiness to **determine the need and capability to create live session** • Observe live of other seller to see **potential adoption of ideas**	**Before live:** Prepare products to show during live, set up equipment required in live, create voucher in advance **During live:** showcase products, interact with customer, display products that currently is talking about on chat so customer can add to cart right away	• **Select occasion** such as before mid year sale to live **instead of live consistently** • Bad experience will result in no return and few sellers are **likely give up instead of improve**
NON USER	Seen Lazlive in the application or received information via Lazada live notification about other sellers	Consideration process is **similar to current user** however non-user **tends to see no benefit of live** commerce or **feel unprepared** to take initial steps	***Key Barrier identified*** *Perceived live stream as not relevant and not beneficial*	

Current user pain points

- ***Lack skills in creating good contents and lack professionalism thus lead to low viewer and potentially low sales conversion***
- ***No incentive to consistently create quality live content***

Source: In-depth interview from Copper Bkk, Diin Factory, Chililor

Recommendation: Get and groom sellers

Get sellers onboard and groom them to increase professionalism and ensure high quality contents

KEY QUESTION: *How to trigger sellers to consider adopting LazLive and effectively incubate them?*

GET SELLERS ON PLATFORM

Provide voucher subsidize by Lazada to selected sellers

WHY?

Vouchers and discount are common in live session thus Sellers are more **incentivize when it is not from their expense**

HOW?

Contact sellers preferably…

1. Exclusive partners
2. Have high followers
3. Have consistent sales

Invite them to do livestreaming via LazLive

Offer voucher discount subsidize by Lazada that can only **redeem** for product showcase **during live session**

Display infographic banner **illustrating successful case and statistic** of how **live can benefit brands** or shops

Before live start, Lazada **send out notification to customer** who have interest in product category

GROOM AND ASSIST

Educate sellers about essential to-do things in live process

WHY?

Seller that produce **quality contents and show professionalism are likely to attract viewers** and sustain them throughout live session

HOW?

1 Live coach: online introduction session by experience live streamers

Format:
1. Video tutorial
2. Short talk show
3. Infographics

Content style:
1. All LazLive features you need to know101
2. Tips and trick for live
3. Good gesture for live streamer
4. List of good contents

2 Checklist before live: ensure sellers don't miss out important elements

General checklist
- "Have you prepare the products?"
- "Don't forget to prepare content! If not you can refer to infographics!"

System check
- Microphone test
- Sufficient light check
- Internet speed

Source: Team Analysis

Recommendation: Leverage on Data analytics to retain sellers

Leverage on Data analytic to highlight benefits obtained by live session to encourage improvement and consistent live session

KEY QUESTION: *How to retain sellers on platform?*

RETAIN SELLERS

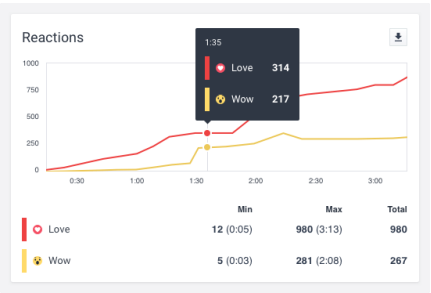
Create dashboard to present insight obtained after each live with livestreaming analytic

WHY?

Data can **illustrate performance and benefits** of live stream. Moreover, sellers can leverage on these data to **make improvement**

HOW?

Leverage on **Data analytics** to provide relevant insight for seller



Dashboard to visualize data

Example of data analyzed

- Demographic data about viewers
- Geography of viewers
- Provide clear vision of viewer preference
- Incremental sales generated from live
- Most hearts-sent moment

Impact from recommendation on seller ecosystem…

GET — **MOTIVATE ADOPTION**

Build seller **mindset to adopt LazLive** and the successful case will motivate other sellers to adopt as well

GROOM — **MAXIMIZE LIVESTREAM USAGE**

Ensure sellers are using live features efficiently and able to **create quality contents and professional livestream**

RETAIN — **DATA LEAD TO IMPROVEMENT AND ENCOUAGE RETENTION**

Insights **provide information for further improvement** and **amplify benefits from livestream** to motivate sellers to repeat using live

Source: Livestream.com, Team Analysis

Recommendation: Incorporate AI Smart live

Purchase journey transformation with AI live technology, detecting product code on chat then automatically add to consumer cart

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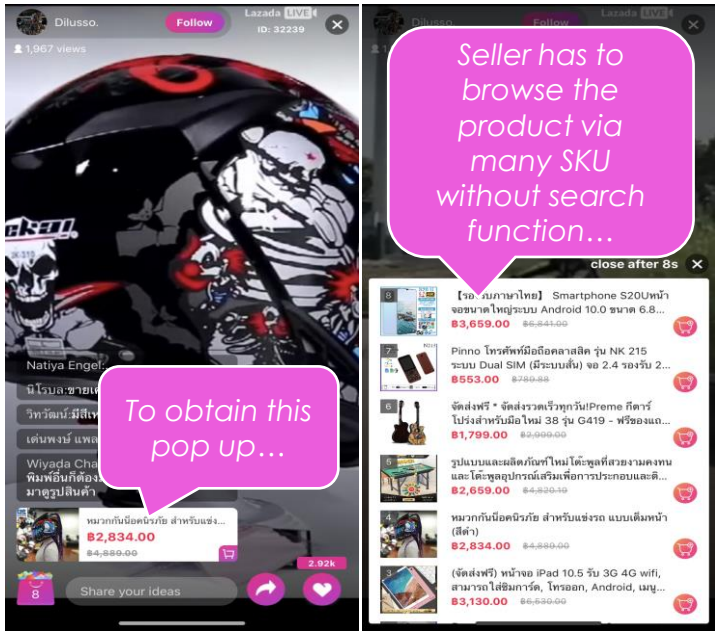
Current seller's journey is inconvenient and still have room for improvement…



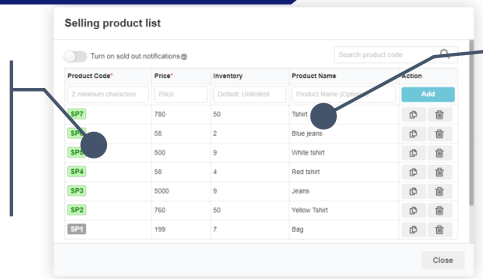
PAIN POINTS

1. Time spent **browsing through SKU** lead to **frustration**
2. Extreme **difficult for single streamer** especially those that use back camera
3. Focus on browsing lead to **dead-air showing unprofessionalism**

Implement AI Smart live technology

Sellers inform product codes via live session and **customer can type the code on chat** to automatically add to cart

Product code (Back End)



Detect code on chat and add to customer cart

AI detect code *appearing on chat*

Automatically *add to cart of customer who send code on live chat*

Tricker purchase *as many viewers are purchasing similar products*

CASE STUDY

Facebook marketplace
Increase sales by 20%
Reduce manpower by 80%
Ensure 98% accuracy

Source: Shopplus, Team analysis

Grow Streamers Overview

Improve LazLive streaming by grooming seller and KOLs to attract large pools of customers

Lazada

"Better LazLive streaming"

Key stakeholders	Key contents	Key improvements
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Source: Team analysis

KOLs analysis

KOLs is crucial stakeholder in livestream ecosystem as China has proved its success story, implying the need to transform

37 million viewers in one of her livestreaming sessions

Success case study in China

Viya *Millionaire live streamer*

1. **Acquire** talented live streamers
2. **Set up Qianxun Group** to groom volume of live streamers
3. Operate as agency that **connect brands and live streamers**

VS

LazTalent program

1. **Acquire** talented live streamers

Have the room for the growth to become like China

How LazTalent can transform its business model to attract, recruit and successfully groom talents and achieve success like China?

Source: Bloomberg

Recommendation: Business Transformation

LazTalent should transform its business to become agency that oversee KOLs and manage relationship with brands

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TALENT MANAGEMENT

BRAND RELATIONSHIP MANAGEMENT

Foster relationship with brands, **matching KOLs with brand** to ensure accessibility to target audience

LIVE CONSULTANCY

Provide **strategy and consultancy** for brand that are interested in using KOLs from LazTalent

CONTENT CREATION

Generate creative content to propose with brands and continuously **propose challenge** to create dynamic for livestream

Example of engaging contents

Iron chef
Create creative food menu by using iron

Dress me up challenge
Dress up your partner with his/her cloth

1 2 3 4 5

LazTalent AGENCY

GROOMING TALENTS

Provide **category specialization session** based on talents characteristics, suitability and interest and groom them accordingly

Successful case

Austin Li
"Lipstick King"

RECRUITING NEW TALENTS

Scout talents that are qualify or possess potential from several media channels to join LazTalent program

Target:

- Micro influencer, youtuber, tiktoker
- People with product's knowledge such as Brand Ambassador

GENERAL BUSINESS

Recommendation: Business Transformation

Agency attracts KOLs as it emphasizes on importance of KOL as sustainable professional work and equips KOLs with various skills

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AGENCY GOAL

To transform ordinary part-time live streaming to a professional and sustainable full-time **career path of the digital world**

HOW TO GET THERE?

1. Offer KOLs a **lucrative profession** for talents
   - **Consistent payment** based on campaign
   - **Commission fee** based on performance
2. **Foster** better performance and knowledge
   - **Consistently feed** relevant work to KOLs
   - **Enhance KOLs** to become category experts
3. Provide **ranking incentives** to produce quality and consistent content
   - **SILVER** Live amateur → **GOLD** Live standard → **PLATINUM** Live Professional
   - **Criteria:** number of sessions, number of viewers and followers, number of cart added, number of purchase

OUTCOME

Continue to deliver consistent **high-quality contents** that attract extensive customer pools as **top customer representatives** that opinions are being **highly-valued by consumers**

Source: Team analysis

GROW STREAMERS

SELLERS

Attract, groom, and retain sellers by incorporating technology and giving incentive to sellers

KOLs

Build strong talents by transforming LazTalent to be agency and make KOLs a professional career

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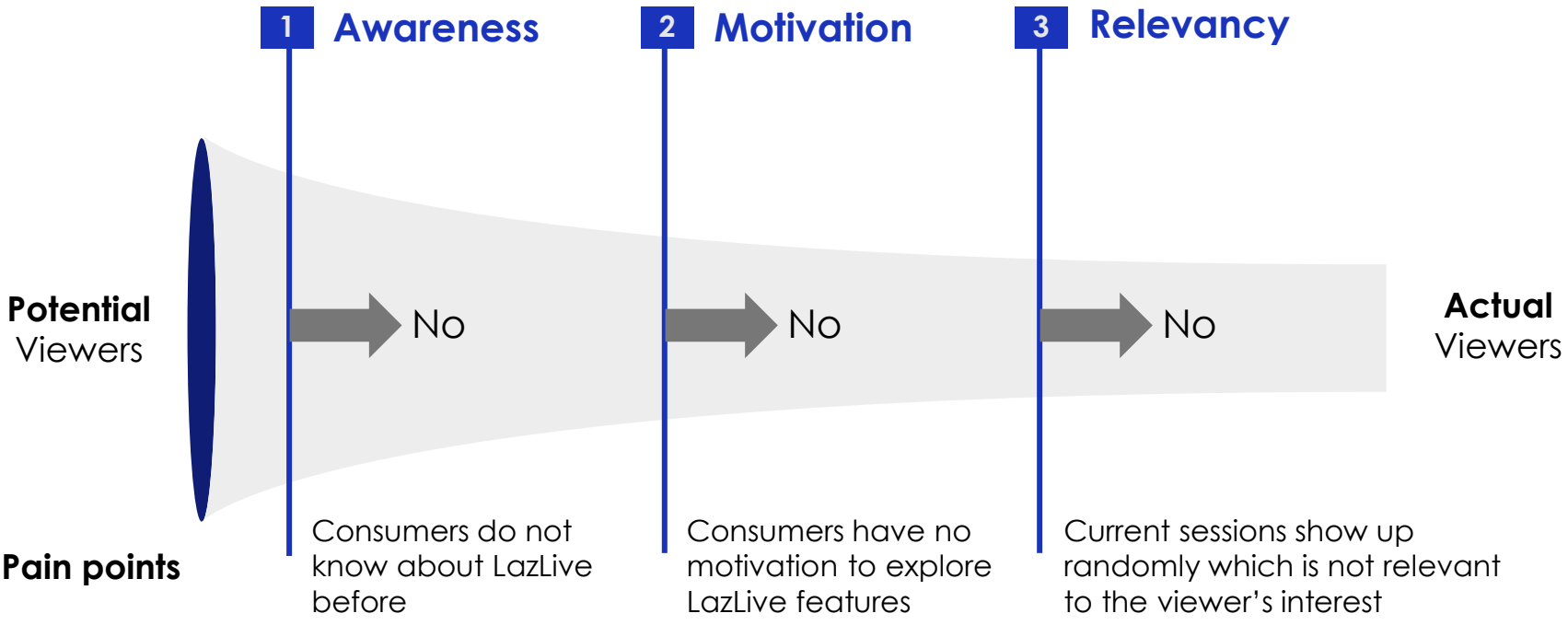
GAIN VIEWERS

CONSUMERS

Attract customers with gamification Live campaign and personalize User Interface to match contents with customer preference

There are key barriers that prevent potential viewers from reaching quality livestream contents from Lazada

Key barriers of potential viewers



IMPLICATION

There are several barriers that prevent the potential customers from reaching quality live sessions

Source: Team analysis

Recommendation Overview

In order to tackle key barriers, certain action plans should be implemented to lead potential viewers to LazLive

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Key barriers	Action plans
1 **Awareness** Consumers do not know about LazLive before **Motivation** Consumers have no motivation to explore LazLive features	**7 Wonder livestyle days** Big event to create the awareness and motivation for customers to visit LazLive
2 **Relevancy** Consumers have no motivation to explore LazLive features	**Modify the user interface** Categorize and suggest the content that will personalize to specific customers' lifestyles

Source: Team Analysis

Marketing Push Initiative

Introducing“7 wonders livestyle days” to create high traction to the Lazada live platform

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7 WONDERS LIVESTYLE DAYS

Interaction game show in LazLive

A chance to win the share prize pool of 70,000 baht every day

7 days 7 categories…

- Women’s fashion
- Men’s fashion
- Babies & Toys
- Electronic device

Featuring with 7 top live streamers and your favorite artists

Campaign Outline

Launching new big event campaign by leveraging on gamification to encourage “See Now Buy Now” behavior

7 wonder Livestyle days

WHAT

Live stream interaction game show for viewers to win share pool price to buy products in other livestream

WHY

- To **attract high traction** into LazLive
- To emphasize on the **diversity of products sold**

Success INDICATORS

Importance of discount

64% of customers wait to buy things until they go for sale

Effectiveness of Interaction

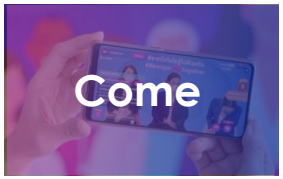
49% of the revenue growth can be seen

Source: IGW, INVESP

How the campaign week works?

Example of campaign journey

1



A viewer **enters “Livestyle days” livestream session** in the episode of Electronic devices

2

She can **answer all of 10 questions correctly**

Example of question

“รถไฟฟ้ามีล้อหรือไม่มี”

3

If there are 100 people who can past through the final round, she will get 700 baht **voucher to use in electronic devices category***

Promoting channels

Social media of influencers and LazTalents

Social media of Lazada

In-app banner and push notification

*can be used only during campaign period

Modify User Interface

Personalize livestream interface to be more relevant towards each customer's preference

Objectives

Lead the potential viewers to the livestream sessions that **match with their lifestyles**

For you section and Top section

Create **for you section** and **top program session** to guide the viewers to explore suitable videos

Personalized contents

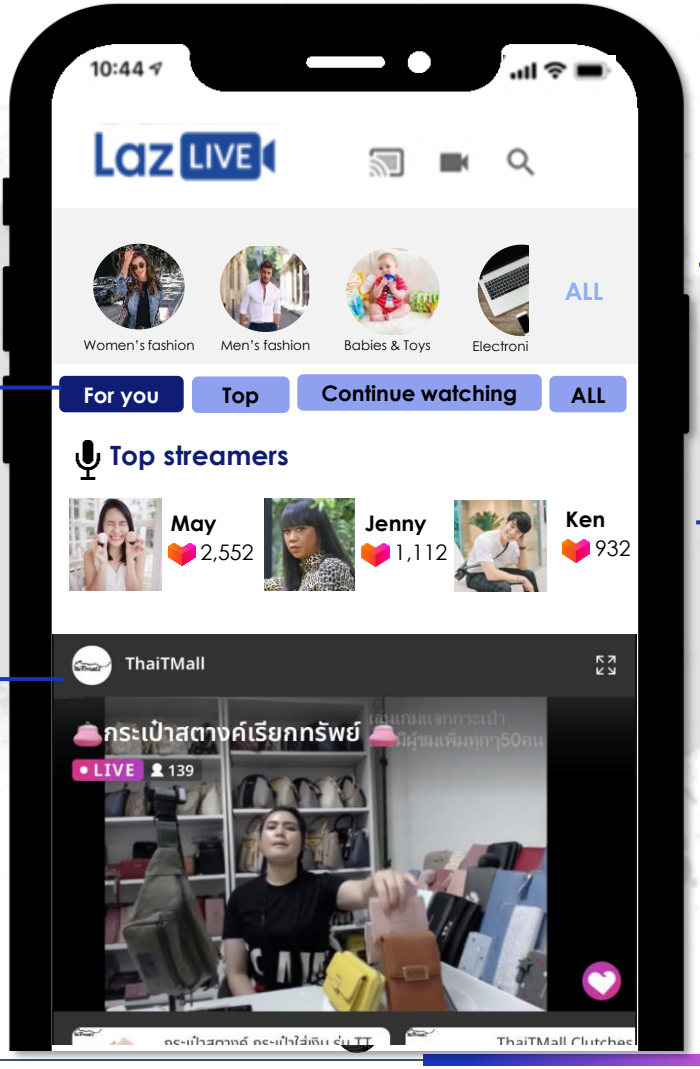
In for you sections, the livestream sessions that is shown will be **based on users' preferences**

Notifications

Notify the customers when the livestream **related to their interest** products or categories

Source: Team Analysis

Home page



Category channel

Categorize the content of the livestream session based on **different categories of products**

Top streamers

Show top streamers **ranked by users' choices**

Sources of information

1. Viewing and searching history
2. Purchase history
3. Products in the basket

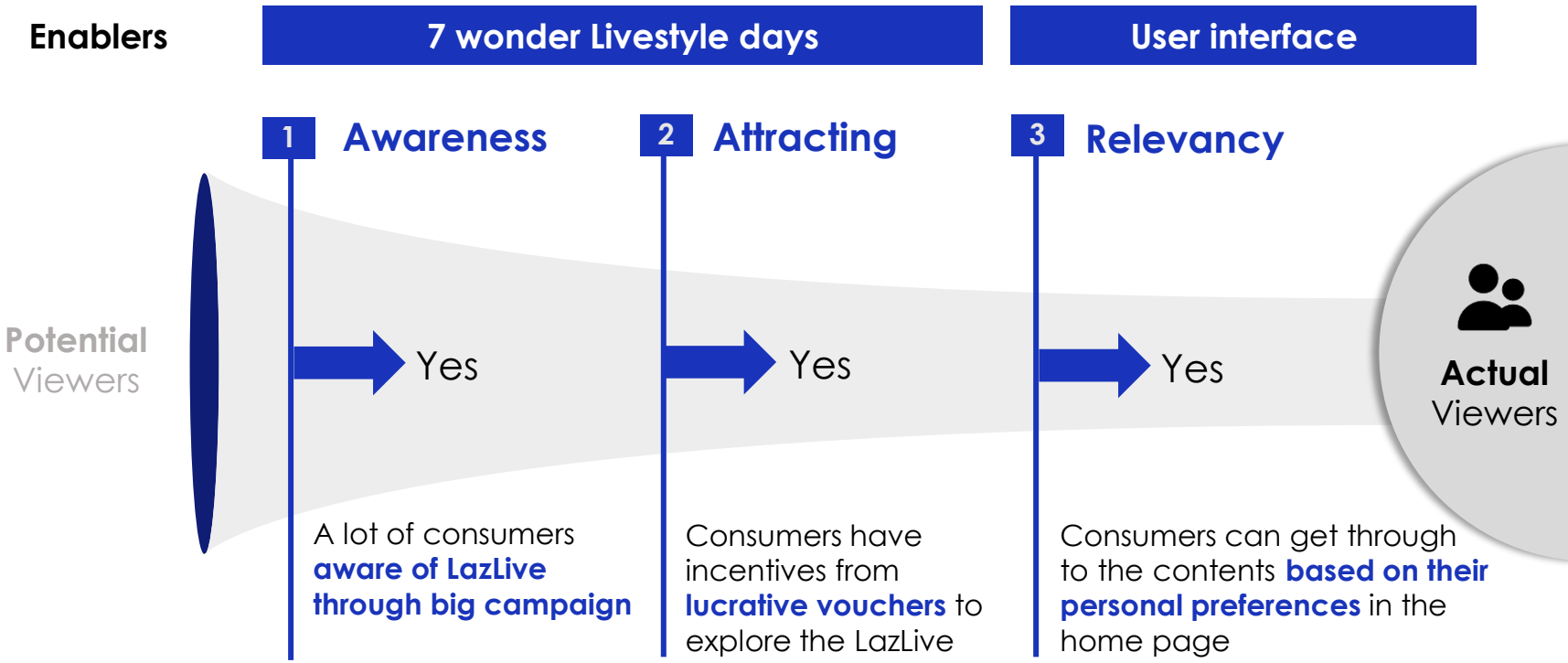
Enablers

Data analytics | **UX, UI design**

Breakthrough Barriers of Potential Viewers

With two action plans, Lazada will be able to significantly convert more potential viewers to be the actual viewers

Journey of potential viewers



KEY TAKEAWAY

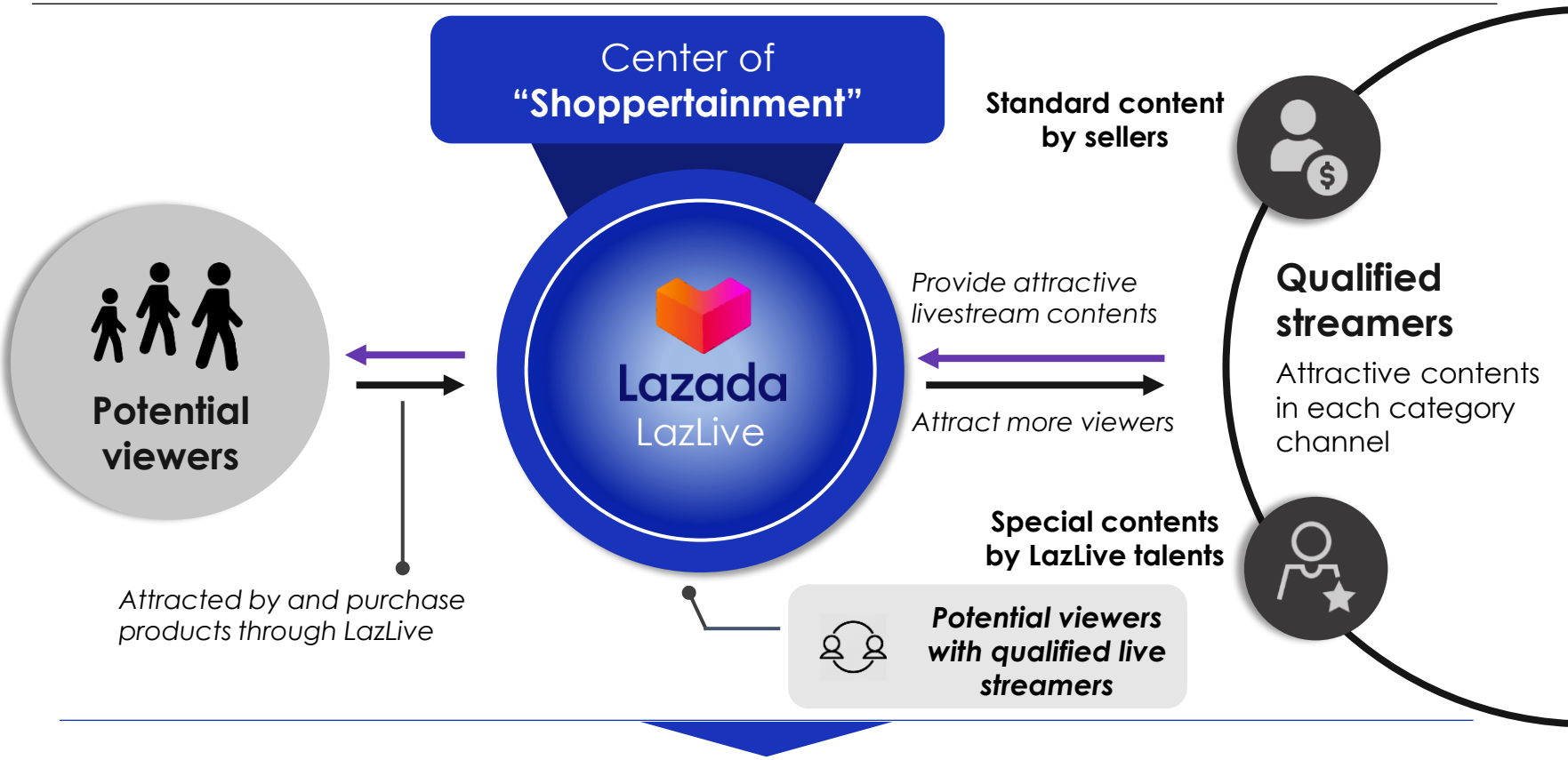
*With these strategies, Lazada can break the potential viewers through the barriers and **lead them to watch modified LazLive sessions that match with different preferences of viewers***

Source: Team Analysis

Key Stakeholders of LazLive

With the two strategies, Lazada will be able to enhance LazLive ecosystem and become the center of shoppertainment

Ecosystem of Lazada Live



*Lazada can become the center of shoppertainment by **attracting both potential viewers and qualified streamers** that create attractive contents in each LazLive channel.*

Source: Team Analysis

FINANCIALS

Translating into financial impacts and implementing steps

Key Performance Indicators

With the strategies, Lazada will gain substantially higher GMV with over 300K live sessions and 54M incremental views in 2025

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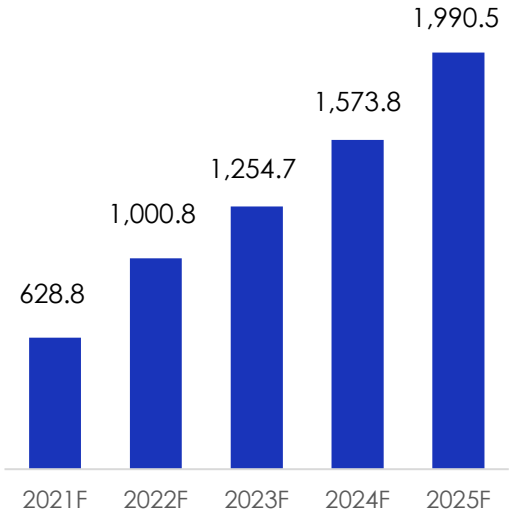
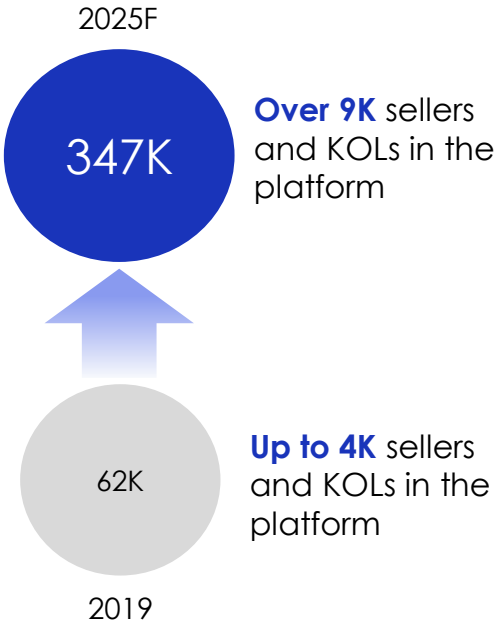
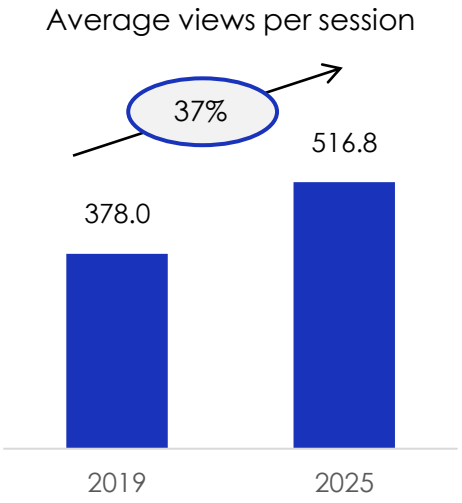
1 Gross merchandise value



2 Number of live sessions



3 Number of views



54M incremental views in 2025

Be able to reach…

1.99B

Incremental gross merchandise value (2025)

Achieve…

285K

Increase in number of live sessions

…with

37%

Increase in normal average number of view per video sessions

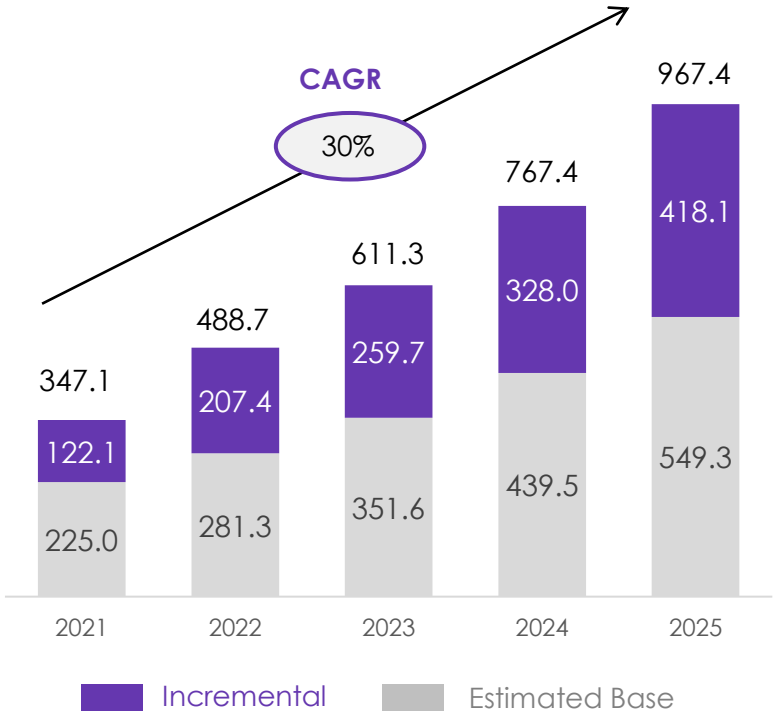
Source: Team analysis

Revenue and Expense

Incremental revenue is 418M THB in 2025 with 29% CAGR, while Lazada will have 415M THB annual cost and 11.8M THB CAPEX

Sales Revenue

In million THB



Assumptions

> Normal: 170 daily sessions with 380 views per session

> Big day: 310 daily sessions with 3K views per session

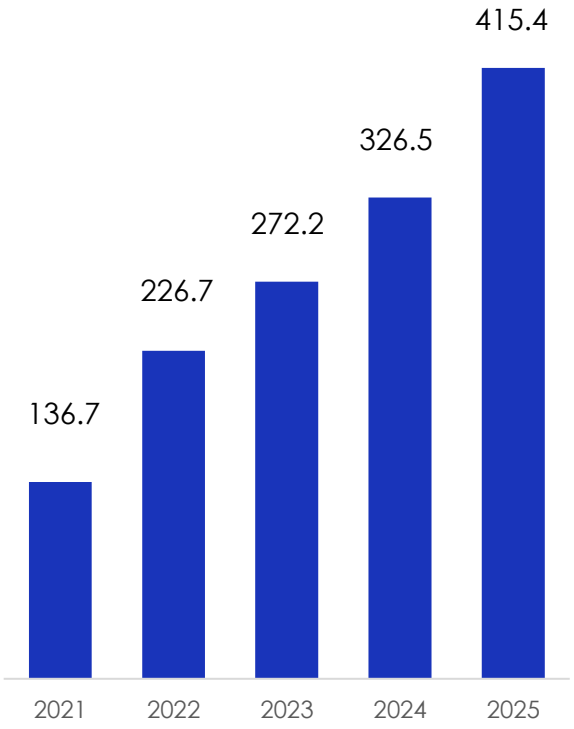
> Ordinary average basket size: 750 THB

> Conversion rate: 6%, Fee to Lazada: 20% of GMV

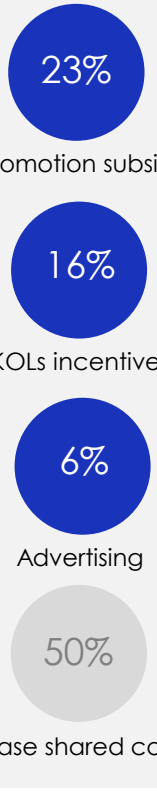
Source: Team analysis

CAPEX and Total Annual Expense

In million THB



Cost Breakdown



CAPEX

User-interface development	6.4 M THB
AI tech add-on function	2.7 M THB
Data analytics add-on function	3.0 M THB

Implementation Timeline

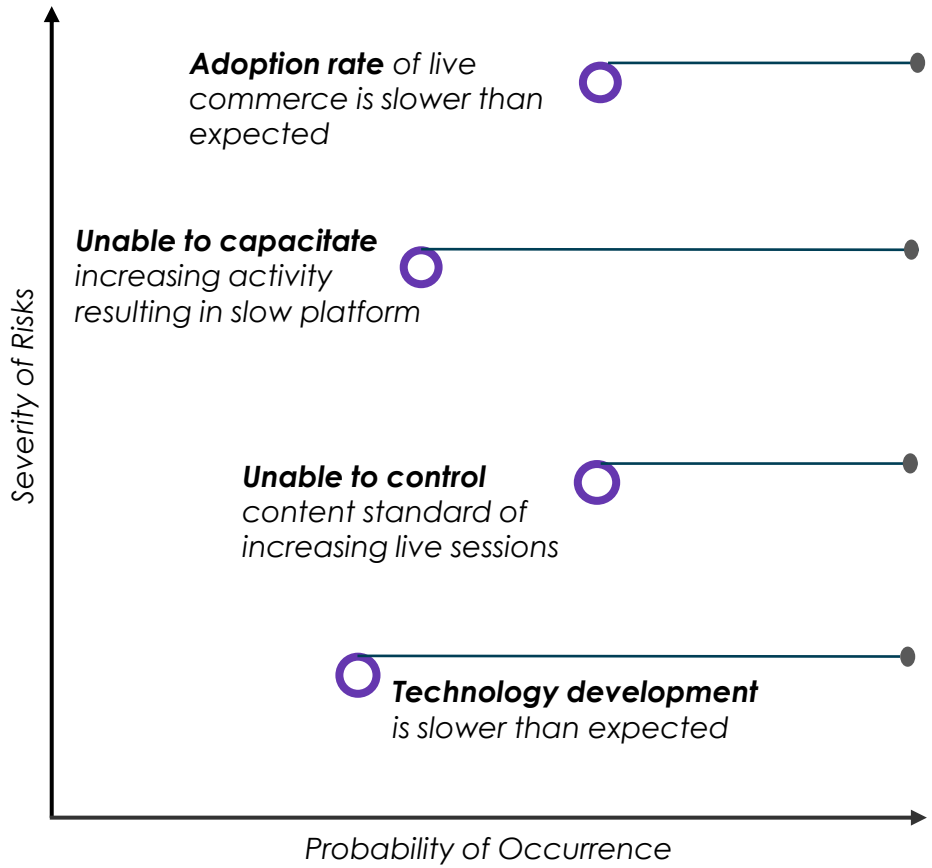
Lazada should start develop technology functions before recruiting streamers and creating campaigns

ACTIONS	2021		2022		2023		2024		2025	
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
1. Gain Streamers										
New technology function	Develop	●	System Maintenance							
On-board potential sellers		Recruit	Groom & Retain Sellers							
Scout & train KOLs		Recruit	Groom & Retain KOLs							
Generate theme contents			■		■		■		■	
					Launch KOL campaigns and challenges					
2. Grow Viewers										
User-interface revamp	Develop	●	System Maintenance							
Big day campaign			■		■		■		■	

● Initial testing & launch

Source: Team analysis

In addition, we must consider the risks involved with our recommendations and appropriate mitigation actions



Risk Scenarios	Ability To Mitigate	Mitigation Actions
Adoption rate *of live commerce is slower than expected*		**Engage through additional campaigns** and reach out to more KOLs to attract users to the platform
Unable to capacitate *increasing activity resulting in slow platform*		**Evaluate real-time performance and revamp** the platform to expand the capacity for more users and streamers
Unable to control *content standard of increasing live sessions*		**Create more Lazada generated channels** and contents with high quality to attract and retain viewers
Technology development *is slower than expected*		**Partner or outsource** to companies to develop some functions

Legend

Highest Lowest

Source: Team Analysis

Lazada

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Q&A

KALYARUK NAPASSARA NICHAMON PARIYAPAT