

A woman with dark hair, wearing a red long-sleeved shirt, is seen from the side, holding a red tablet. She is in a clothing store, with a rack of clothes and a hat on a stand visible in the background. The scene is brightly lit, likely from a window.

## Executive Summary

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The rapid digital transformation underway in Southeast Asia has the potential to have an equally transformative impact on women entrepreneurs. Although Southeast Asia boasts a higher incidence of women entrepreneurs compared to men, women-owned (WO) businesses tend to be smaller, have lower average sales, and have fewer employees (World Bank 2019).

The exponential growth of e-commerce in Southeast Asia presents an opportunity to close gender gaps by opening more markets to WO businesses. E-commerce in Southeast Asia tripled in size between 2015-2020, growing to a value of \$105 billion. Similar trends could lead to another tripling—to \$309 billion by 2025—a milestone which the COVID-19 pandemic may have accelerated by raising demand for online shopping (Google, Temasek, and Bain & Company 2020).

Yet, advances in disruptive technologies do not always translate into advances in gender equality, and to date there is limited research that has addressed women's participation or success on e-commerce platforms. This

report seeks to close this knowledge gap with the first large-scale, sex-disaggregated analysis of e-commerce sellers in Southeast Asia and to shed light on the following key questions:

1. How are women entrepreneurs participating and performing in e-commerce?
2. What are the opportunities and challenges for women entrepreneurs selling on e-commerce platforms?
3. Is there a business case for e-commerce platforms to invest in women entrepreneurs?

To answer these questions, the research team conducted in-depth interviews with sellers, as well as global and regional e-commerce experts; undertook surveys of representative samples of men and women sellers in Indonesia and the Philippines; and conducted an analysis of data from Lazada, one of the region's largest e-commerce platforms.

## Findings and Recommendations:

This study found that by closing gender gaps by 2025, the e-commerce sector could add over \$280 billion to the total value of the sector in Southeast Asia between 2025 and 2030, providing a powerful business case for e-commerce companies. Achieving this growth will require that more women start selling online and that their sales perform as well as men's sales on the platform. Below are key findings on how women are currently engaging in digital commerce and how best to put women at the center of the e-commerce sector in future.

### 1. How Are Women Entrepreneurs Participating and Performing in E-commerce?

- 1.1. **WO and men-owned (MO) businesses report different motivations for turning to e-commerce.** While men and women reported that Lazada helped them grow their business, more men joined to start a new business, whereas, more women joined to grow an existing one, or to find a better way to sell online. Women were more likely to report "flexibility," "reaching personal goals," and "meeting basic needs," as the top benefits of selling online. This suggests that many women are using e-commerce to overcome challenges such as care responsibilities that often present barriers to economic participation.
- 1.2. **Women entrepreneurs are actively participating in e-commerce but require support to grow.** In Indonesia, women sellers on Lazada's platform owned one third of businesses. In the Philippines, women sellers owned two thirds of businesses. As in the broader economy, WO businesses on the platform had fewer employees than MO businesses.
- 1.3. **COVID-19 has reversed or reduced the initial successes of WO firms.** In 2019, prior to the pandemic, women were outselling men in terms

of gross merchandise value (GMV). That year, women had an average GMV of 106 percent and 164 percent of MO businesses in the Philippines and in Indonesia, respectively. However, between the second and third quarter of 2019 and 2020, prior to and during the pandemic, women's GMV dropped by 27 percent in the Philippines and 44 percent in Indonesia. Reversing this trend will be key to ensuring that women can compete in the digital economy following the pandemic.

### 2. What Are the Opportunities and Challenges for Women Entrepreneurs Selling on E-commerce Platforms?

- 2.1. **Women are leveraging e-commerce to enter sectors where they have been historically underrepresented.** The electronics category accounts for the largest component of total sales on Lazada and women sold more than men in this category, on average, since 2019, despite shifts in consumer spending during the pandemic. This indicates that women performed at the same level or better in high-value segments. Research has found that sector switching is one key path for women to close earnings gaps, suggesting that e-commerce can boost income generation for women entrepreneurs in the long-term.
- 2.2. **Women face financing gaps that e-commerce platforms are well positioned to address through emerging fintech offerings.** WO businesses were more likely to have started with personal savings and were less likely to have received a formal loan or external financing from investors. After start-up, WO businesses were more likely to report that financing through Lazada benefited their business in the last year. However, those leveraging platform financing represent a small minority of men and women, suggesting that targeted financing represents a key opportunity for e-commerce platforms to grow their user base while also closing gender gaps.

**2.3. Women entrepreneurs are more likely to value training and business support.** Men and women had similar responses to questions regarding the ease of using platform features as well as success along the seller journey from registration to product delivery or returns. However, when asked about Lazada services that they found most helpful in the last 12 months, women rated training, engagement with the Lazada Partner Support Center, and interactions with company account managers higher than men. E-commerce firms could support women entrepreneurs by using their platforms to provide additional training to women entrepreneurs and by encouraging them to sell high-value products that will help them compete online.

### **3. What Is the Business Case for Supporting Women Entrepreneurs in E-commerce?**

**3.1. Closing gender gaps in sales performance on e-commerce platforms by 2025 could yield an additional \$280 billion in platform revenues by 2030.** If the status quo remains, the value of the Southeast Asia e-commerce market is expected to reach \$491 billion in 2030. Women's sales have been more severely impacted by the pandemic than those of men. However, if women's GMV were to reach parity with men in 2025, then \$280 billion of additional market value would accrue between 2025 and 2030. In other words, for every year that gender gaps remain unaddressed, the sector loses over \$46 billion of potential value.

Women's success in e-commerce prior to the pandemic suggests that reversing COVID-19 related drops in sales and bringing the GMV of WO and MO businesses to parity is an achievable goal.

**3.2. Attracting more women customers will also be key to e-commerce growth.** While this study focuses on e-commerce sellers, emerging evidence shows that targeting women customers will also be key to growth. New sex-disaggregated data from the Kantar COVID-19 Barometer Survey shows that the pandemic led customers to shop more on e-commerce platforms and that women were more likely than men to have discovered a new online store where they will continue to shop after the pandemic (Kantar 2020). Women sellers may be able to better reach new women customers.

**3.3. Platforms are well-positioned to support women entrepreneurs.** From digital access to business skills, women entrepreneurs across the region face disproportionate barriers to success. This study highlights concrete opportunities for e-commerce companies to support WO businesses. Selected actions include:

- Collect and tag sex-disaggregated data for sellers that will enable ongoing analysis and leverage that information to provide targeted support to WO businesses;
- Ensure that women entrepreneurs are aware of and can access emerging fintech offerings, such as in-platform loans, to address the existing financing gaps;
- Build on the early training successes by adding more materials and expanding outreach to WO businesses; and
- Incentivize women sellers to use paid platform features such as product advertisements and to participate in high-value segments to ensure they can compete and succeed on the platform.

# The Case for Gender Equality in E-commerce

IFC's new research 'Women and e-commerce in Southeast Asia' shows that if women's sales reached parity with men's in 2025, the value of the regional e-commerce market could increase by

# \$280 Billion

between 2025-2030.

In other words, companies lose out on just over **\$46 Billion** for each year of delayed action on gender equality.

## Where are we?

Women are active participants in e-commerce. On the Lazada platform, women own:



Indonesia

1/3 of businesses



Philippines

2/3 of businesses

E-commerce platforms can provide the support needed to help women entrepreneurs grow and thrive.

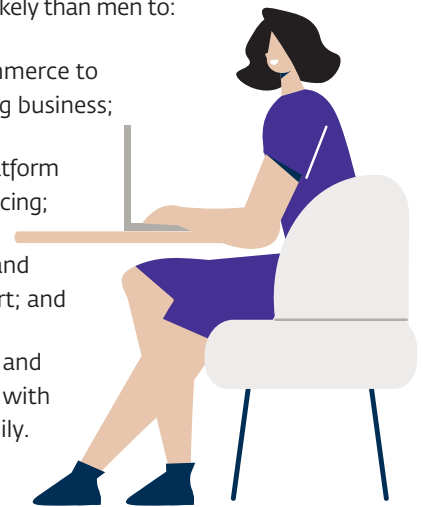


## E-commerce is helping women succeed in the digital economy.



Women were more likely than men to:

- 1 Come to e-commerce to grow an existing business;
- 2 Benefit from platform sponsored financing;
- 3 Value training and business support; and
- 4 Value flexibility and additional time with friends and family.



## Covid-19 Disproportionately Impacted Women

During the pandemic, women's sales dropped by

### Philippines

# ↓ 27%

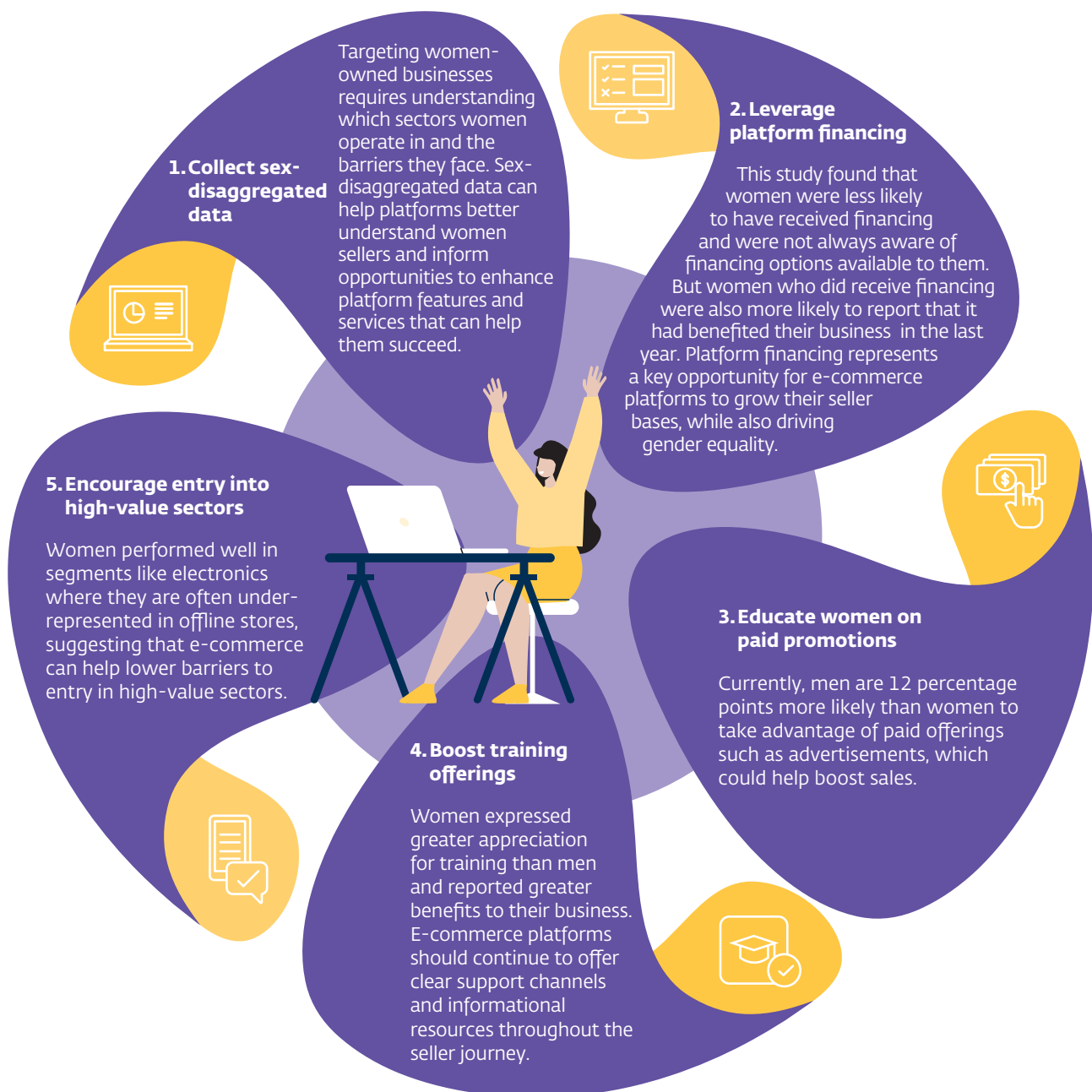
### Indonesia

# ↓ 44%



Reversing this trend will be key to ensuring women can compete in the digital economy following the pandemic.

## How do we get to gender parity in E-commerce?



Boosting women's success on e-commerce will require providing additional training, expanded financing options and support for their entry into higher value sectors