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e-Conomy SEA 2024

Profits on the rise, harnessing SEA's advantage



e-Conomy SEA covers 6 countries in Southeast Asia...

612M
total population
across the countries



Source: World Bank

...and 6 leading sectors in the digital economy

1

E-commerce

Marketplaces
Direct-to-consumer
Groceries
Video commerce



2

Food delivery



3

Transport



4

Online travel

Flights
Hotels
Vacation rentals



5

Online media

Advertising
Gaming
Video-on-demand
Music-on-demand



6

Financial services

Payments
Lending
Wealth
Insurance



Notes: E-commerce does not include informal commerce due to the lack of reliable data. Financial services are excluded from market sizing estimates due to differences in units of measurement compared to other leading sectors.

Executive summary



Profitability on the horizon

Growth sustained across core metrics

SEA's digital economy has made significant progress, demonstrating solid performance in 2024 with double-digit year-on-year growth across GMV (\$263B, +15%), revenue (\$89B, +14%), and profit (\$11B, +24%).

Profitability on the rise across sectors

Tighter commissions, targeted incentives, and new revenue streams, such as advertising, have contributed to profit multiplying 2.5X over the past two years. Key players have made significant strides towards profitability milestones.

E-commerce reaccelerates, fuelled by video commerce

E-commerce growth surges to +15% year-on-year, propelled by video commerce – which now accounts for 20% of e-commerce GMV, up from less than 5% in 2022.

SEA emerges as a gaming export hub

Developers in the region are capturing an outsized share of the global mobile gaming market, driving 12% of downloads in 2024. In parallel, gaming content is booming, with more top creators and uploads than any other consumer category.



Clearing the path to investment exits

Private funding remains subdued

Higher interest rates and shifts in the geopolitical landscape have contributed to a decline in deal volume.

Investors turn their focus to future potential

Despite muted funding activity, investors express confidence in SEA's long-term potential, directing nearly 50% of investments towards nascent sectors.

Ongoing initiatives clear exit pathways

In a challenging exit environment, early-stage companies are making significant progress towards profitability. Efforts are in motion to improve capital market conditions, such as cross-border collaborations and regulatory changes to support IPOs.



Surveying the terrain ahead

Maintaining digital trust is imperative

Although fraud rates are declining due to heightened user awareness and strengthened fraud controls, online scams remain prevalent, with half of all digital users falling victim despite expressing confidence in spotting them.

Harnessing SEA's AI infrastructure advantage

The region is attracting significant AI investment, with over \$30B committed to AI infrastructure in the first half of 2024 alone. SEA is positioned well to compete both in data centres and end-layer applications.

AI applications see accelerated time to value

AI is starting to drive transformative value for SEA's digital economy, through both broad and sector-specific business use cases. Early adopters are realising returns on their investments within 12 months of implementation.

SEA digital economy takes significant steps towards sustainable growth

Towards a sustainable digital economy in 2030

Monetisable growth



SEA's digital economy has delivered a 10X increase in revenue since 2016

The collective effort to drive monetisation through tighter commissions and expanded revenue streams has driven an impressive surge in revenue.

Profitable growth



Profits rise 2.5X in two years, with key SEA players achieving profitability

The concurrent growth of GMV and profitability signals that the digital economy is maturing, and proves that SEA digital businesses can operate sustainably.

Inclusive growth



There are opportunities to deepen participation in underserved segments

Inclusive growth depends on extending opportunities to underserved segments, particularly residents of non-metro cities, as well as the mass market.



Physical infrastructure

Investing in robust logistics, including infrastructure, warehousing, and last-mile delivery beyond key metros



Digital security measures

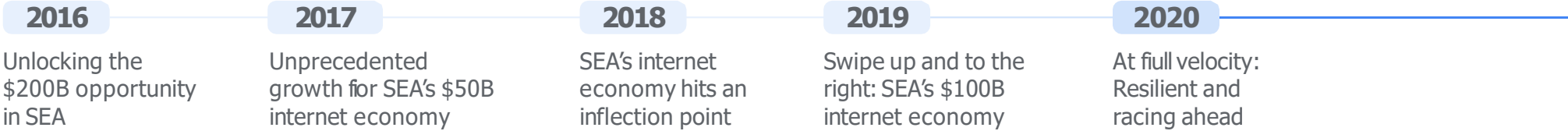
Bolstering cybersecurity infrastructure to protect businesses and individuals from cyber threats



Responsible use of AI

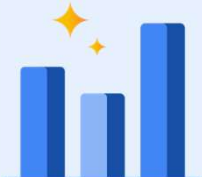
Harnessing AI to address social challenges like healthcare accessibility, financial inclusion, and education

9th edition of e-Conomy SEA by Google, Temasek, Bain: Southeast Asia's digital economy research programme



e-Economy SEA research methodology

Temasek insights



Bain analysis



Google Trends



Research partners¹



Expert interviews² and industry sources



Research partners

With contributions from



Notes: All dollar amounts are in USD. Unless otherwise stated, all mentions of "Southeast Asia" or "SEA" in this report refer to these six markets: Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam. 1) Data provided by third-party research partners. 2) Bain and Temasek conducted interviews and a quantitative survey with SEA-focused venture capital investors from 07/2024 to 09/2024.