

Alert: Key takeaway from expert call on quick commerce

What's New

- Quick commerce is emerging as a structural retail channel across Asia. While 5-10% of China's e-commerce GMV, its growing much faster than traditional e-commerce.
- Shopee is expanding its quick commerce offering rather gradually through a marketplace-led model using cash from its Food-delivery business
- While quick commerce is viewed as a lower-margin business, Shopee's measured investment and monetisation levers could limit any near-term profitability impact. Maintain BUY for Sea Ltd with an unchanged TP of USD148.

Quick commerce is increasingly becoming a strategic necessity for e-commerce platforms rather than an adjacent grocery category. Experience from China and India suggests instant delivery is evolving into a standalone retail channel, with China's quick-commerce market estimated at US \$300-400bn GMV, equivalent to roughly 5-10% of total e-commerce GMV but growing materially faster than traditional e-commerce. Non-food categories account for around 40mn daily orders and approximately 40% of quick commerce GMV in China, highlighting the category's growing relevance beyond groceries. TikTok Shop is unlikely to enter quick commerce due to the lack of in-house delivery network like Shopee. Moreover, Quick commerce increasingly overlaps with traditional e-commerce categories and could eventually reshape online retail purchasing behaviour in the region.

Shopee and Grab enter the opportunity from different positions. Grab retains an advantage in hyperlocal logistics through its established food delivery network, offering 30-60 min delivery. Shopee offers 2-hours to same day delivery leveraging its larger e-commerce user base, stronger merchant relationships, advertising capabilities and BNPL ecosystem. Shopee's current rollout remains largely marketplace-driven, with sub-four-hour delivery offerings already available in Malaysia, Indonesia and Vietnam, while Thailand is piloting one-hour delivery with limited products. Over time, the business could evolve towards a hybrid marketplace and dark-store model similar to China. While quick commerce is generally considered margin dilutive during the investment phase, Shopee appears focused on a gradual build-out funded via cash from its food delivery business, while monetisation levers such as advertising, merchant-funded logistics programmes, BNPL and private-label products could help offset incremental costs over time.

Key Q&A

Q: Why is Shopee entering quick commerce despite the lower-margin profile versus traditional e-commerce?

A: Quick commerce is increasingly competing directly with traditional e-commerce across multiple categories. Failure to participate could weaken Shopee's long-term competitive positioning as consumer purchasing behaviour shifts toward faster fulfilment models.

Q: How long will it take for Shopee to compete head-on with Grab's 20-60 minute delivery proposition?

A: Achieving Grab-like delivery speeds at scale is likely a multi-year process. Shopee is already rolling out marketplace-based instant delivery models across several markets and piloting one-hour delivery in Thailand, but further expansion of fulfilment and delivery capabilities will be required over time.

Q: How should investors think about the margin implications of quick commerce?

A: Quick commerce is theoretically margin dilutive than traditional e-commerce given the additional fulfilment and delivery costs. However, Shopee's expansion is expected to be gradual rather than an aggressive, cash-intensive rollout. In addition, advertising, merchant-funded delivery programmes, BNPL and private-label initiatives provide potential offsets to incremental investment costs.

Q: Is Southeast Asia expected to evolve more like China or India?

A: The region already has established logistics, payments, merchant and consumer ecosystems through platforms such as Shopee and Grab. This resembles China's ecosystem-driven development model more closely than India's newer quick-commerce market, where disruption to incumbent e-commerce platforms has been more pronounced.

Analyst

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Key Financial Data (FY Dec)

| | |
|---------------------------|-----------------------|
| Bloomberg Ticker | SE US |
| Sector | Media & Entertainment |
| Share Price(USD) | 91.28 |
| DBS Rating | BUY |
| 12-mth Target Price (USD) | 148.00 |
| Market Cap (USDbn) | 55.9 |
| 3m Avg. Daily Val (USDmn) | 346.7 |
| Dividend yield (%) | na |
| Fwd. P/E (x) | 26.1 |
| P/Book (x) | 4.2 |
| ROE (%) | 15.1 |

Closing Price as of 19/06/2026

Source: Twelve Data, DBS, Visible Alpha

SEA Ltd Share Price



Source: Twelve Data

Target Price & Ratings History - SEA Ltd (SE_US_Equity)



| S.No. | Date of Report | Closing Price | 12-mth Target Price | Rating |
|-------|----------------|---------------|---------------------|--------|
| 1 | 03 Sep'25 | 178.8 | 241.0 | BUY |
| 2 | 28 Oct'25 | 160.1 | 221.0 | BUY |
| 3 | 19 Nov'25 | 147.3 | 205.0 | BUY |
| 4 | 11 Feb'26 | 113.3 | 175.0 | BUY |
| 5 | 03 Mar'26 | 105.2 | 151.0 | BUY |
| 6 | 20 Apr'26 | 91 | 138.0 | BUY |
| 7 | 14 May'26 | 94 | 148.0 | BUY |

Source: DBS
Analyst: Sachin Mittal

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