

A close-up photograph of a Coupang delivery box. The box is wrapped in brown paper and has a blue and green patterned paper on the side. The word 'coupang' is printed in white lowercase letters on the blue background. To the left of the text is a white outline of a glass containing an orange liquid, and to the right is a yellow, porous, sponge-like object.

coupang

Coupang

The South Korean Amazon



Founded in 2010, Coupang – whose name comes from a combination of the English word “coupon” and the Korean word for hitting the jackpot, “pang” – is today the largest e-commerce player in South Korea, earning a total revenue of US\$11.97 billion in 2020. It offers a one stop solution combining first party and third party relationships. They also have a nascent takeaway delivery business and they are exploring video & other online offerings, all this is wrapped up into a prime-type membership called ‘Rocket WOW’.

What Makes Coupang an Interesting Investment Proposition?

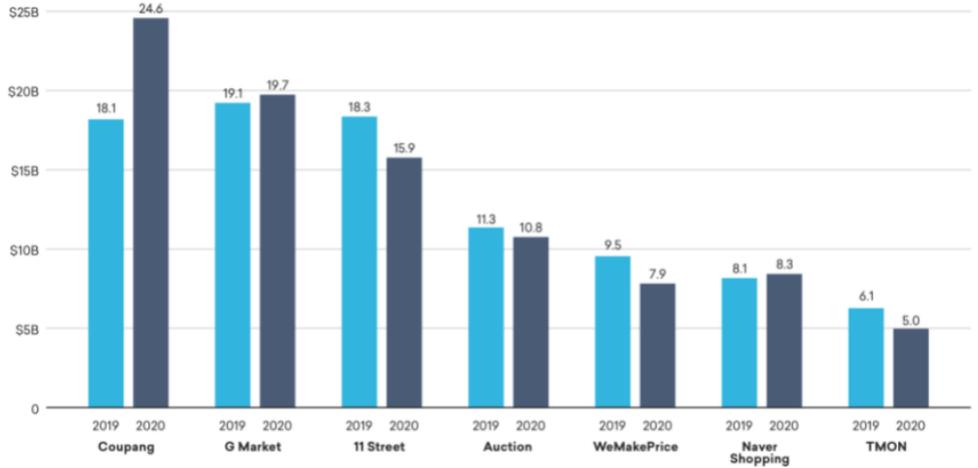
- It has the largest consumer logistics network in the country with end-to-end integration; South Korea’s density means that 70% of the population lives within 7 miles of a Coupang logistics centre;
- South Korean retail has historically had a culture of price gouging. Coupang is disrupting this by offering a superior customer experience and competitively priced goods that are delivered quickly (>99% of orders delivered within 24hrs). It offers unrivalled logistics (Fast & Free delivery); and
- Coupang’s structural advantage is extremely difficult for sluggish competitors to rival.

A conservative revenue growth rate of 30% per year on optimistic projected revenues of \$20 billion for 2021 results in \$75 billion revenue in 5 years. Applying a conservative price/sales multiple generate more than 5x return. Driven by a mixture of increasing spend per customer, more product categories, improving take rate and a modest uplift in customer count. Coupang moves the remaining chunk of the retail market online and enjoys a winner-take-all share of the \$500 billion South Korean retail market.

Nothing demonstrates how well Coupang competes than seeing its market share widen from 2019 to 2020:

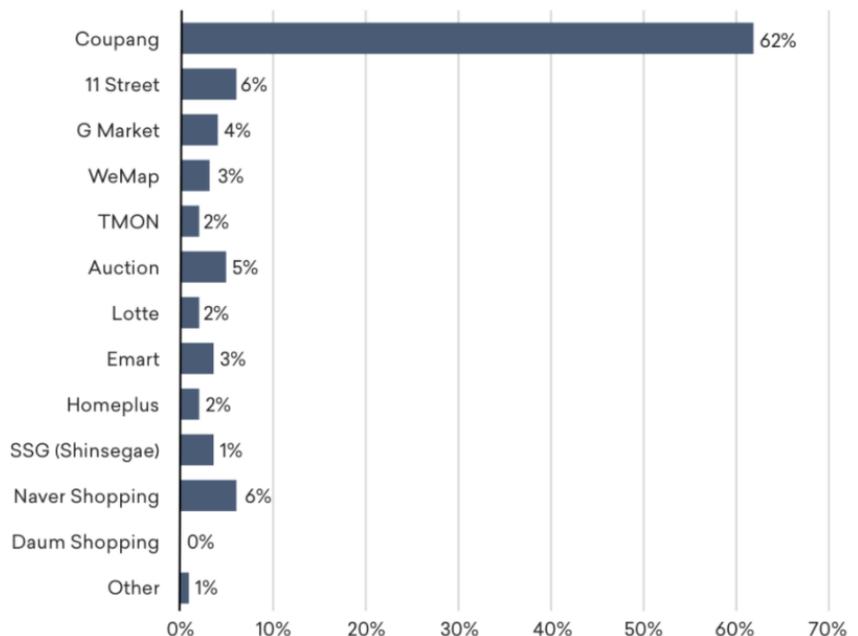


Korea E-Commerce Market Share



Surveying consumers provides an even starker contrast — while consumers are evenly split across most online shopping platforms, Coupang is both the most commonly used and the most frequently used platform, easily 2x over competitors.

Which Online Shopping Platform Do You Use Most Frequently?



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