

Publication: CNA Online

Date: 27 December 2024

Headline: The convenience and the curse of online shopping: How e-commerce is fuelling addiction, wastage

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Livestreaming by sellers, free returns and frequent sales have made it hard to disconnect from online shopping and the impact is massive as overconsumption and overproduction clog the ecosystem.



Whenever Ms Liang has pockets of free time from work, whether it is during lunch or a toilet break, she will swiftly browse through online shopping sites. The 25-year-old said that this is how she relieves stress.

She estimated that she buys things online once a week on average, though this frequency may go up at different times of the year, including during festive seasons when she is buying gifts or party items.

Like many others who have come to rely on e-commerce for most of their shopping needs, Ms Liang, who works in the legal industry, said that online shopping appeals to her because she gets access to a wider variety of products, including those overseas.

There is also the convenience of being able to browse or shop whenever she likes and the ability to make price comparisons at a glance. This constant access and ease of scrolling through e-commerce sites is driven in part by the hard-to-filter advertisements on social media or YouTube videos put up by people who introduce, unbox or review newly launched products or hauls – all stoking consumers to buy more.

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These typically lead to one outcome: Shoppers overspend.

Ms Liang admitted that she knows she spends too much time browsing these sites, even if she does not always make purchases.

“I think at one point, it was excessive because even though I wasn’t necessarily buying, I felt the need to be scrolling and shopping at every free moment I had, like when I walked to the toilet or when I had any spare time,” she said.

“There was one day when I was super busy at work. During a break, I was just compulsively scrolling a website at rapid speed. That’s when I felt, ‘Okay, maybe this is too much’.”

She has since come to realise that she might have an addiction, she said, “because even though I (have cut back) on scrolling, I do generally feel quite bored and empty when I don’t buy things or have no parcels arriving”.

Another young Singaporean can relate. Ms Tham, 29, who works in the beauty industry, estimated that she carts out online purchases twice a week on average. She scrolls through various shopping sites almost every other day.

Ms Tham, who did not give her full name because she does not want people to know about her shopping habits, said that she is drawn to the competitive prices offered online compared with the same product in stores, the convenience of home deliveries and the fuss-free process should an item need to be returned to the seller.

“With online purchases these days, there is a proliferation of the whole ‘buy now, think later’ mindset, since we can decide on whether we’d like to keep or return the goods upon receiving it,” Ms Tham said.

“In some sense, it feels like we do not have to fully commit to the purchase even though we have already carted out.” Ms Tham said that she feels excitement after ordering something and at the thought of receiving a package after buying it. In the coming new year, though, she is planning to cut back on her online shopping because she believes that her spending has gotten slightly out of hand.

Online shopping, whether for groceries or non-essential items, has become so much a part of everyday life that global e-commerce sales have grown steadily over the years. It was accelerated by the COVID-19 pandemic, which brought about a digital boom.

Data published by the Singapore Department of Statistics in August this year showed that the total revenue generated from e-commerce across all service sectors here was S\$401.1 million in 2022, up from S\$365.3 million in 2021. In 2020, the revenue was S\$268.5 million and in 2019, it was S\$266.6 million.

American information technology company Meta, which oversees social media channels Facebook and Instagram, and global management consultancy Bain & Company said in their 2022 SYNC Southeast Asia report: “The digital consumer landscape of today exists within different circumstances compared to just a year or two ago, when COVID-19 spurred more home-centric lifestyles and accelerated the shift from offline to online.”

The report offers yearly insights into consumer trends in this region and in the 2023 edition, the two companies surveyed 9,000 consumers across six Southeast Asian countries,

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including Singapore. It found that 80 per cent of respondents preferred buying products from online channels.

This trend has far-reaching implications. Aside from concerns that it is fuelling online shopping addiction, there is also an impact on the environment because of the waste generated and the carbon footprint of logistics and courier services involved in fulfilling the deliveries.

A recent paper, titled *Transforming Urban Logistics: A Path to Sustainable and Efficient Last-Mile Delivery in Cities*, found that with the expansion of e-commerce, the speed of delivery has become much more important for online businesses.

This has placed increased pressure on delivery firms to also ramp up operations to meet the logistic needs of e-commerce platforms and consumers.

The paper, jointly published by international think tank World Economic Forum and global professional services company Accenture, projected that by 2030, there could be a more than 60 per cent average increase globally in the number of delivery vehicles on urban roads.

As a result, emissions from urban or last-mile deliveries from a transportation facility to the final destination are also projected to rise by 60 per cent by 2030, accounting for 13 per cent of cities' total carbon emissions.



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'ADDICTIVE' LIVESTREAMS, FREE RETURNS

The rapid rise in e-commerce is not just a result of individual habits formed by consumers during the pandemic.

Online retailers and platforms have also been evolving, changing the way people shop.

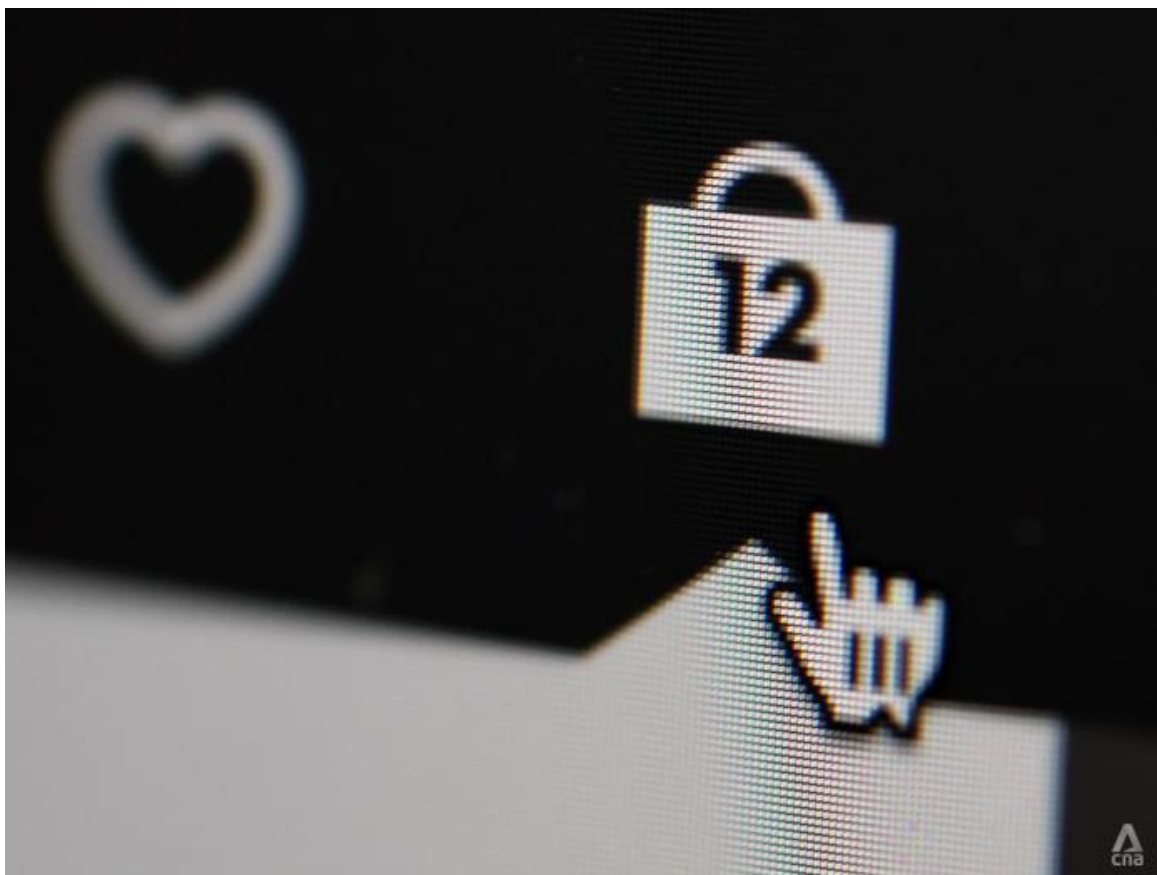
They entice consumers, first by making the shopping process almost effortless with seamless one-click shopping, doorstep deliveries and hassle-free returns, and second, by luring shoppers to buy more than they need by having frequent sales and stackable discounts, which are multiple promotional codes that can be used simultaneously to buy an item at a reduced price.

Ms N Goh, a 31-year-old public servant, said that she spends between S\$300 and S\$500 monthly on online purchases.

The items she buys are “mostly very cheap” and she does not have other expensive hobbies outside of online shopping, she added. Still, it is getting harder to find space at home to store her buys.

“I do think I shop excessively, because I have a tendency to buy a lot of a specific type of (item) when I watch livestreams,” Ms Goh said, adding that these items include crystals, pens and skincare products.

“When I get stuff during livestreams, I do feel a sense of achievement or satisfaction when I successfully get the item I want.”



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Livestreaming shopping – which rapidly gained popularity in Asia-Pacific after the trend first emerged in China – is a real-time video shopping experience, where hosts showcase products, interact with viewers and promote instant purchases through integrated shopping links.

Ms Goh uses e-commerce platform Shopee for some of her buys, but she shops much more frequently on China-based platforms such as Taobao, Douyin and Xiaohongshu.

Most recently, she found herself getting hooked on viewing “blind box livestreaming”, a new Chinese e-commerce trend that puts a spin on conventional livestream commerce by adding a game of chance.

Under this variation of livestreaming, retailers showcase and sell such “blind boxes” or “blind bags” – mystery bags containing random items – at low prices.

Viewers pay small sums of money to buy these bags and the seller then unpacks the blind bag on the livestream to reveal what is in it.

Depending on what the blind bag contains, the viewer may then receive more blind bags at no extra cost, which presents more chances at winning new items that may be valued at a higher price than what the viewer had paid for initially.

While Ms Goh does not buy the blind bags herself, she noted that it can get addictive for shoppers, especially since the blind bags are not very expensive, normally costing S\$4 for each round.

Livestream e-commerce is just one of many strategies that online retailers and platforms have employed to boost sales and it has worked like a charm.

Without revealing exact figures, Mr Chua Kel Jin, director at Shopee Singapore, said that the Shopee Live viewership here grows during its year-end campaigns and that its livestream sales surged by 30 times during the 12.12 or Dec 12 sale period, compared to an average day.

“Engaging content continues to play a key role in online shopping as buyers look out for live product demonstrations and real-time interactions with sellers and affiliates to make their purchase decisions,” he added.

Besides livestreaming, other popular strategies that retailers use include personalised algorithms, frequent sales, influencer marketing tactics, stackable discounts, free shipping and easy returns, as well as gamified elements on the e-commerce platform, marketing experts said.

With algorithms, these effectively tailor advertisements to individual users, prompting shoppers to consider products beyond what they would usually buy, the experts said.

Dr Shilpa Madan, assistant professor of marketing at the Singapore Management University (SMU), said: “E-commerce platforms use advanced algorithms to analyse your browsing habits, past purchases and preferences to suggest products tailored to your tastes, making shoppers feel like the store ‘gets them’.”

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Agreeing, Dr Hannah Chang, associate professor of marketing at SMU, said that this is one way e-commerce platforms set themselves apart from offline shopping.

“(Retailers) can personalise their advertising. The more information they have about you – if you’ve been shopping for a long time or on a particular platform – the more information they have on all of your shopping behaviours.

“They can use that to deduce what you’re like as a shopper, what are your preferences, what are your interests in different categories ... And that helps them come up with better targeting and more accurate recommendations, which makes it even harder to resist because now, they’re showing you things that you’re much more interested in.”

These personalised algorithms will only get much more effective over time as shoppers interact with the online sites.

A shopper, Ms Ong, who declined to give her full name because she was not comfortable publicly divulging her shopping habits, said: “After I click into a page or brand that I like, (online advertisements) would very consistently recommend me many more brands with the same kind of look and items.

“With that, I am more inclined to buy ... because I’m seeing the same thing over and over again within the short span of even just an hour. I think that repetition makes you like the item a bit more.”

The 30-year-old, who works in client relations, shops online two to three times a week. She typically frequents e-commerce platforms such as Shopee, Amazon, AliExpress, TikTok Shop and Instagram Shop, as well as other brand-specific sites.

She estimated that she is spending between S\$500 and S\$1,500 a month on online shopping.

Other tactics such as limited-time sales play into the psychology of consumers, leveraging their “fear of missing out” and creating a sense of urgency so as to galvanise them to make purchases immediately, the experts said.

Agreeing, 27-year-old YS, who works in the technology sector, said: “I think those year-end sales and mid-year sales are oftentimes the ones that catch my attention. It creates that sense of urgency, and knowing that everyone else is camping for that same item creates that feeling of scarcity, like, ‘Oh, there’s only a limited number of pieces left in my size and it’s so cheap. Better get it or I’ll regret it’.”

She asked to be identified by her initials because she did not want to go public with her shopping habits.

Further mining the power of psychology, retailers offer free shipping to shoppers who hit a minimum spending, feeding into consumers’ loss aversion cognitive biases to entice them to buy more than they need.

Dr Chang said: “People hate paying for shipping ... so (they) will try to hit that minimum spend, which encourages getting more items.”

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Consumers do not immediately consider the extra money they are putting into the purchase to hit the minimum spending. Instead, they focus on the positive outcome, which is the free shipping they get to enjoy, she added.

And should they ultimately change their minds about the product upon receiving it, retailers and e-commerce sites have made it just as easy for shoppers to kickstart return processes with just a few clicks and from the convenience of their homes.

Other ways that sellers use to draw consumers back to shop are by providing easy-to-use designs for site navigation and gamified elements within the sites.

Ms Lynette Koh, 44, who works in the media industry, said: "It's just too easy – you just click, click, click and that's it. And truth be told, I do think that there are some items that I have bought online that I probably wouldn't have bought if I had seen them in real life beforehand."

She told CNA TODAY that she shops online several times in a month and spends mainly on clothing.



SO MUCH WASTE

With so much on offer, consumers slip easily into the trappings and end up overspending, fuelling overconsumption.

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This culture of overconsumption has far-reaching implications for many parties, not just affecting individual consumers, but also logistics businesses and most crucially, the environment.

After all, overproduction, excessive packaging, and transportation emissions all create unnecessary waste and accelerate climate change, Dr Madan from SMU said.

A study conducted by the Massachusetts Institute of Technology Real Estate Innovation Lab in 2021 found that packaging accounted for 45 per cent of carbon emissions in the e-commerce supply chain.

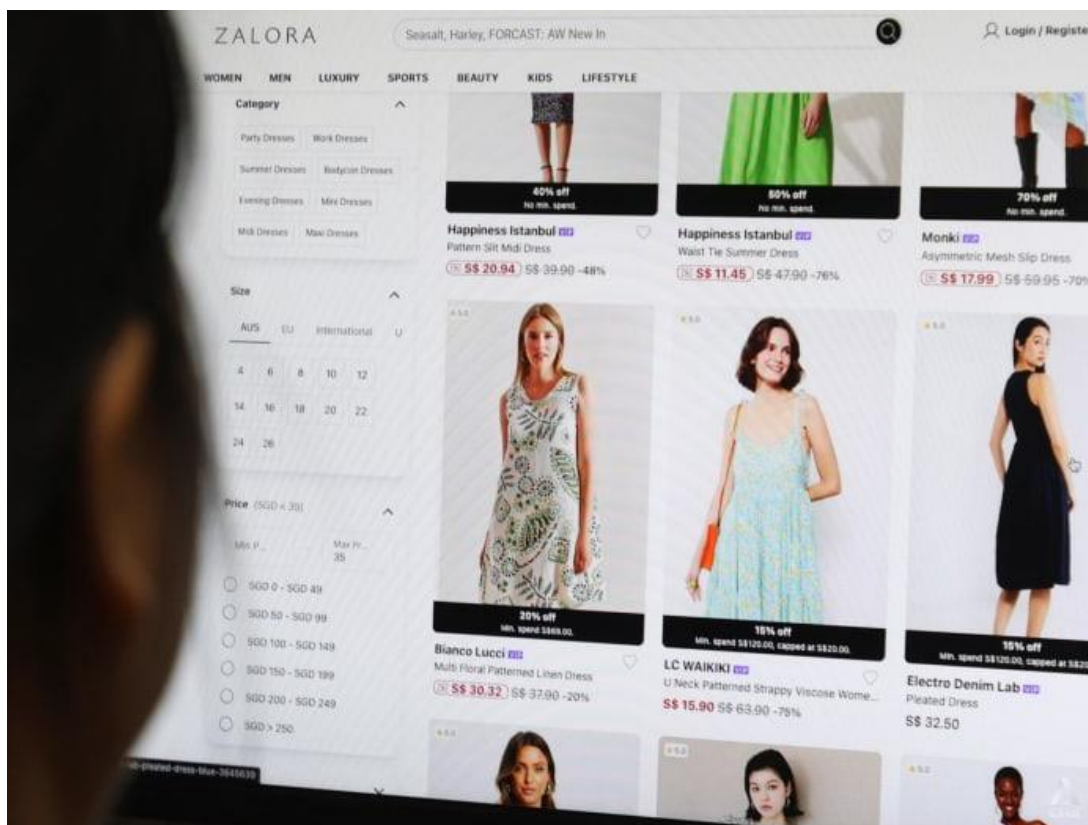
The second biggest contributor was returns management at 25 per cent.

For e-commerce platforms and retailers, the more they succeed in driving up sales and maximising profits, the more there is a need for increased shipping and other logistical aspects to be managed, the experts said.

If not properly managed, these could ultimately create deadweight and inefficiencies for the companies, Dr Chang said.

Agreeing, Dr Madan said: "For businesses, the sheer volume of returns and excess purchases results in wasted materials, inflated logistics costs, and inefficiencies that hurt their bottom line."

In giving a sense of how they tackle the relentless movement of goods flowing from excessive consumerism, logistic companies told CNA TODAY that they have had to expand their manpower capacities and sorting facilities to meet such retail waves.



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Courier services firm J&T Express said that it hires 20 per cent more people across various functions to meet the heightened demand during peak sale seasons such as 12.12.

This increase in manpower needs may fluctuate according to campaign-specific forecasts and the scale of anticipated demand during peak sales seasons, it added.

Hiring temporary workers and deploying more vehicles during these peak shopping seasons thus helps the company to handle the increased parcel volumes without compromising on delivery speed or service quality, the J&T Express said.

Another way that logistic firms manage manpower constraints – especially in last-mile deliveries – is by offering consolidated parcel pick-up points, thereby minimising the extent of manpower and resources otherwise required for doorstep deliveries.

Consolidated parcel pick-up points are centralised locations where delivery companies may drop off multiple packages for customers to collect, thus increasing the efficiency of their last-mile deliveries.

Ms Justina Sim, country head at courier company Ninja Van Singapore, told CNA TODAY that islandwide, the firm now has more than 800 Ninja Points, in reference to its pick-up and drop-off network for buyers to collect orders or return goods, and for sellers to offload packages for delivery.

Ninja Van Singapore also leverages automation at its facilities to process parcels faster. This includes equipping the facility with automated sorting belts, which reduces the sorting time required for each parcel before it gets pushed out for delivery, Ms Sim said.

“With this, we will have a minimal increase in temporary manpower as our tech-enabled operations have already factored in the need to cater to our peak period.”

The sorting belt’s operations are tailored to the company’s needs in different peak periods and sale seasons.

“For example, on a typical day, we run our sorting belt from 6pm onwards, but during peak (seasons), we start operating our sorting belt from 9am onwards.”

In trying to reduce the impact of carbon emissions on the environment, 55 per cent of Ninja Van Singapore’s in-house fleet of delivery vehicles have switched to electrical ones, Ms Sim said.

And although a product’s packaging is still very much dependent on individual merchants at this point, the firm has also rolled out some initiatives to reduce packaging waste.

This includes cutting down on single-use plastics in its warehouse operations and recycling waste materials where possible, Ms Sim added.

Similarly, J&T Express said that packaging materials such as carton boxes used for returned items or exchanges are reused for the next order at the company’s fulfilment centre.

The firm also works with recycling companies to recycle shrink or bubble wraps and reduced the diesel consumption of its vehicles by 10.43 per cent in 2023, compared to 2022.

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FINANCIAL STRAINS

On a personal level, the overconsumption culture will hit buyers when they start having financial pressure due to excessive spending, especially through credit cards, and the interests and debts mount.

The experts said the amount spent ultimately snowballs, even if the initial purchase is inexpensive.

“For individuals, even if debt is avoided, constant spending adds up, leading to financial strain and a sense of dissonance from buying things they don’t truly need,” Dr Madan said.

Ms Leong the 25-year-old shopper agreed that this can easily happen.

She said that one may spend S\$20 each time but make a purchase every day in a week because the online sites are within easy reach.

Some might make light of their habit by saying they need “retail therapy” as a temporary release from stress, or use shopping as a form of coping mechanism to fill the void for boredom, loneliness and a lack of emotional intimacy in their relationships, for instance.

The truth is that this “therapy” would still cause mental distress when credit payments cannot be made on time and the burden of debts end up choking the mind, experts said.

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Dr Chang said: “Using shopping to relieve stress is a very immediate emotional coping mechanism, but once that wears off, there are longer-term emotional ramifications, where you feel guilty or you regret having bought something.

“So while there’s a positive feeling (at the point of purchase), you get these negative emotions after it wears off, which can be quite dangerous.

“Because if someone has created a habit of using shopping as a way to cope with whatever they have going on in everyday life, or any negative feelings that they have, then it becomes a vicious circle, on that emotional well-being level.”

REGULATIONS, SELF-RESTRAINT

Given the far-reaching impact of overconsumption, tackling the problem would require collective, industry-wide efforts, experts said.

In August this year, the Singapore Manufacturing Federation and Singapore Post spearheaded a new Alliance for Action on Packaging Waste Reduction for the E-commerce Sector, supported by the National Environment Agency.

The objective is to develop voluntary guidelines on sustainable packaging, focusing on packaging used or added specifically to enable an e-commerce transaction, such as transportation and mailing packaging, as well as labels.

With vehicular emission being one of the major sources of air pollution here, Singapore is transiting towards the use of cleaner energy vehicles and stopping diesel car and taxi registrations from 2025, as part of its Energy Reset goals under the Singapore Green Plan 2030.

To control the emissions generated by motor vehicles, the National Environment Agency also sets specific exhaust emission and fuel quality standards for all vehicles, and regulates the type and quality of fuel that is being used in Singapore.

Besides environmental concerns, the shift towards artificial intelligence (AI) and generative AI use in advertisements could also warrant the need for greater regulation.

In the 2023 SYNC Southeast Asia report, Meta and Bain & Company talked about how advances in AI have made it an important tool for marketing and consumer engagement, particularly in the Southeast Asia region.

They spoke of brands and retailers being able to use AI to enhance consumers’ online experience by “personalising (their) consumer journeys” and processing data on shoppers’ behavioural and engagement patterns.

Even though there are no specific laws in Singapore now that directly regulate AI use here, it would be crucial to look into such regulations governing the use of AI, its ethics, use in advertisements, as well as the gathering and retention of data, the experts said.

Consumers themselves can also play a role in shopping responsibly, bearing in mind not only the impact of their consumption on personal finances, but also the environment.

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Ms Goh the public servant said that after she opens her packages, she makes the effort to separate all cardboard boxes and bubble wraps from other packaging, then discards them in the appropriate recycling bins.

As for the tell-tale signs that online shopping is devolving into an addiction, psychotherapist Juliana Pang said: "Consumers can consider seeking help if the shopping behaviour is used as one of the ways or is the only way of regulating their moods even though it is causing financial distress or other negative consequences."

But at the same time, Ms Pang, who is founder of psychotherapy and counselling service provider Therapy-Help, cautioned that it is important not to over-pathologise common behaviours such as shopping.

Instead, consumers looking to identify problematic shopping behaviours or addiction should focus on examining the following:

If there is loss of control over their behaviour

If there is persistence in the said behaviour despite significant negative consequences

If there is compulsion to act as the person struggles to experience relief unless the behaviour is completed

If there is craving for the behaviour when they are not acting on them

Ultimately, self-awareness is key when it comes to managing individual consumption, the experts said.

The shoppers interviewed by CNA TODAY are aware of this.

One of them, a 34-year-old digital marketing professional who wanted to be known as Andy, said that he has tried to cut back on his online shopping when he realised he was spending "slightly too much" on buying collectible figurines from the Marvel and DC universes.

"One (strategy) that worked was to constantly remind myself where I would place this new product at home. If there wasn't space for it to be displayed, I would reconsider.

"Also, was it a rare item that would not be for sale ever again? If yes, then I would consider buying. If no, or it's just a passing fad, then it would just remain in the online cart without checking out.

"The total price at the checkout page serves as a good call on how much I'm spending before I fill in my card details for the purchase. For me, out of the 10 things I add to cart, I can cut it down to around three to four items that I really want to get."

Ms YS, too, has gotten a handle on her shopping habit.

"I would say I may potentially have had a shopping addiction previously, sometime last year or during the COVID-19 period," she recalled.

"I felt so empty if I didn't make a purchase, and I was just chasing that feeling of making a purchase, and the anticipation of receiving a new parcel."

But once each parcel arrived, she said: "That feeling would go away ... There was nothing to look forward to after, and I would go looking for the next purchase again."

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She told CNA TODAY that the moment she realised that her shopping habit had become excessive was when she began to throw away or donate several bags of clothing which were brand new and unworn.

This prompted her to make changes to her spending habits, including asking a friend to keep her accountable.

“I think online shopping is not necessarily a bad thing if one is aware of its effects, and if one shops in moderation. It is very convenient and when done right, it can even help one in saving money due to the vouchers, discounts and savings.

“Ultimately, it’s about mindful shopping, and understanding where your spending goes.”