



THE SOUTHEAST ASIAN CONSUMER BARBELL

Report | September 2025

The funding winter in Southeast Asian tech has persisted into 2025 with little sign of easing. Investment over the past year has focused on Singapore-based companies serving global enterprise clients. This approach makes sense given that many investors have been burned over the last five years by consumer tech companies that overspent to acquire customers without the spending power to recover their acquisition costs.

The shift towards Enterprise and B2B is a welcome development in diversifying the industry in Southeast Asia. However, we think the momentum has moved too far away from where the real opportunity still lies – the Southeast Asian consumer.

In this year's report, we will explain why the Southeast Asian consumer is still very exciting to build for—but in a very different way than previously thought.

KEY TAKEAWAYS

- 1 Funding continues to decline and is now concentrated around Singapore and enterprise companies
- 2 We think NOT targeting consumer tech is a missed opportunity
- 3 Inspired by the West/China, we have been trying to serve the middle-class with affluent products
- 4 The barbell thesis: Build for the affluent or for the poor
- 5 Where little existed before, real customer sensitivity for the lower-middle will be needed to address the mass market of Southeast Asia

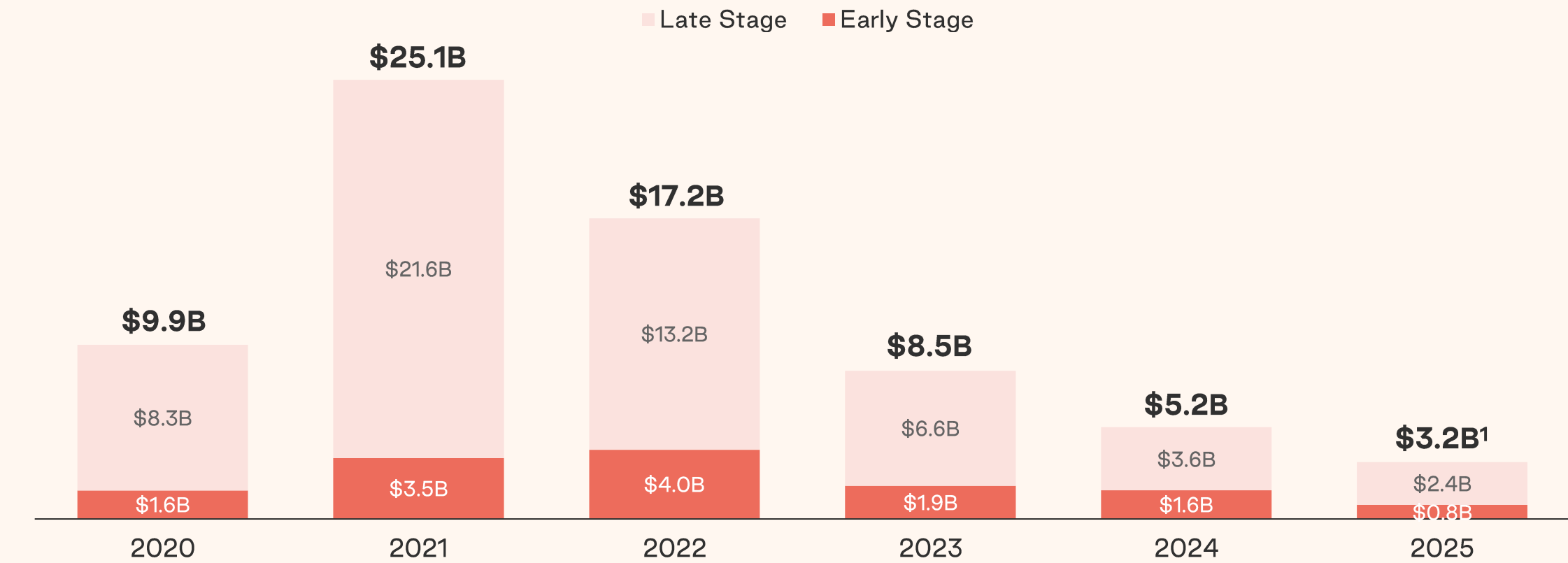
CHAPTER 1

THE FUNDING SHIFT IN SOUTHEAST ASIA

Southeast Asian venture funding continues to decline

SOUTHEAST ASIAN VENTURE FUNDING

By Stage, USD Billions

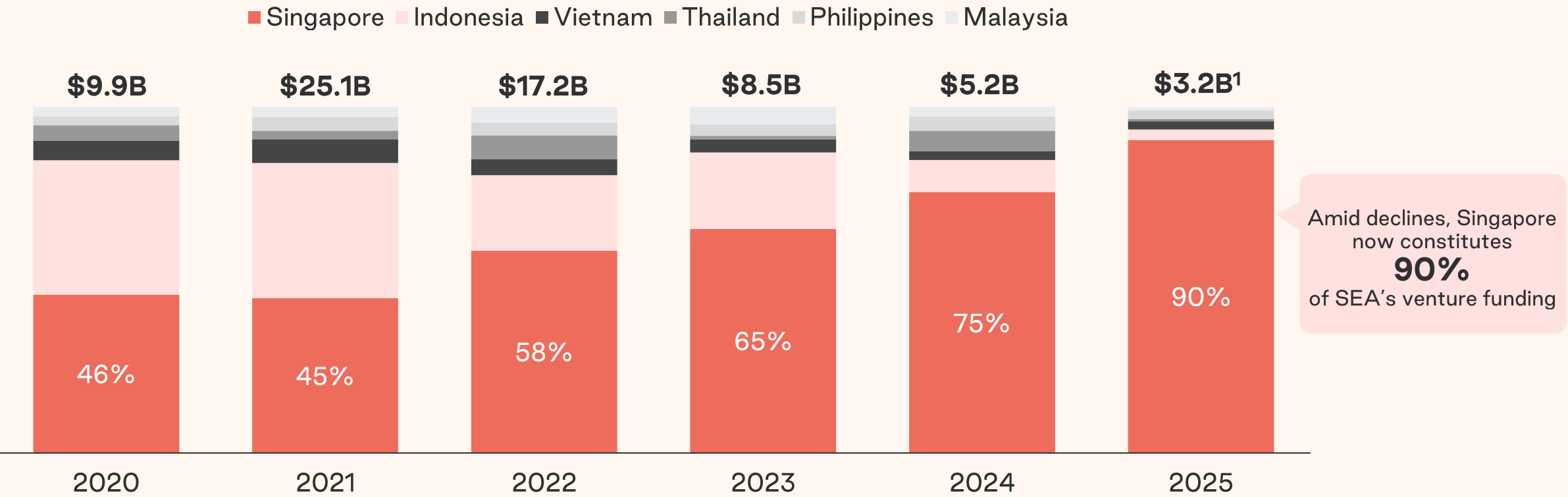


1. 2025 figures are pro-rated for the full year based on YTD figures until June 30, 2025
2. Early stage is defined as Seed to Series B; late stage is defined for funding rounds from Series C onwards

In our last report, we (controversially) said that Singapore was SEA’s most important market – the capital markets so far agree

SOUTHEAST ASIAN VENTURE FUNDING











By Country, USD Billions



1. 2025 figures are pro-rated for the full year based on YTD figures until June 30, 2025

There is a shift away from regional consumer businesses to global enterprise businesses

2021 — TOP 5 FUNDING ROUNDS

		\$6B ¹
		\$4.5B
		\$2.0B
		\$1.5B
		\$1.3B

2025² — TOP 5 FUNDING ROUNDS

		\$220M
		\$200M
		\$150M
		\$150M
		\$147M

1. SEA Limited is a public company and this is an aggregated amount from its sale of equity and convertible bonds in 2021

2. YTD as of June 30, 2025

Despite the shift to enterprise tech, we remain believers in the SEA consumer

WHAT WE MAKE OF THE PAST

Looking back, it is now clear that the penetration rates of foreign models are much lower in SEA, and thus the **true addressable market for those models is much smaller.**

As such, we think that both operators and investors were responding rationally at the time – but were **misguided in their expectations.**

WHY WE REMAIN BELIEVERS OF THE FUTURE

SEA is a \$4 trillion dollar economy growing at 4 – 5% p.a., with more than 60% of its growth powered by consumption. This means that the region adds **~\$100B of new consumption every year.**

We believe that the future consumer should look different from today, and therefore, a portion of this additional \$100B **MUST accrue to new companies building for the future consumer.**



CHAPTER 2

THE BARBELL OF SOUTHEAST ASIA

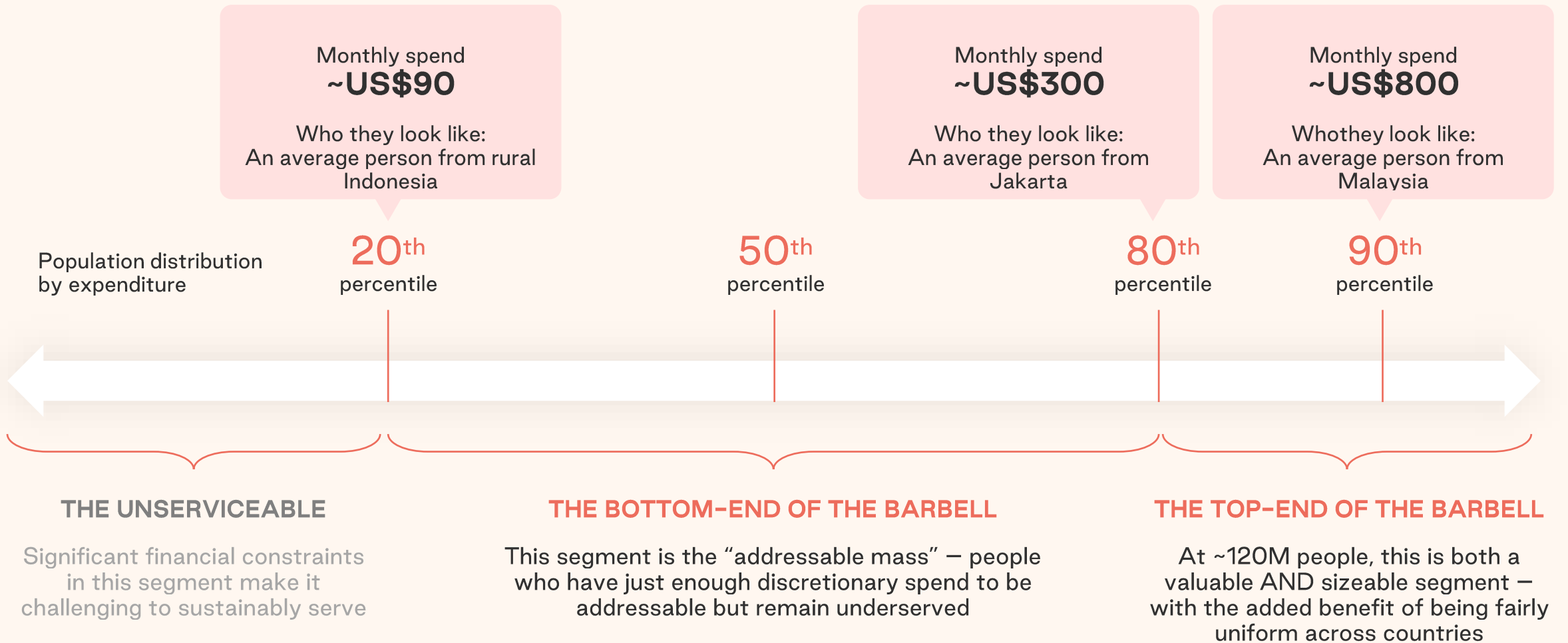
We believe the best approach to the Southeast Asian consumer is to see the addressable markets as a barbell—targeting either the affluent or the lower-middle income segments.

While income and wealth inequality are global phenomena that are not unique to Southeast Asia, this region has a significantly lower baseline compared to China or the US, which means most of the population has much less discretionary spending, especially on services.

What this means in practice is that the market for mass-market products and services is much smaller than many founders expect. For instance, consider a common mistake: products and services that cater to the average Chinese consumer are actually premium services in Southeast Asia, where the vast majority of profits come from the top 20% of income earners. For most founders building consumer businesses in Southeast Asia, targeting this top 20% should be the top priority.

The popular narrative of the “rising middle class” in Southeast Asia does NOT refer to the middle class in the conventional global sense. This group only has \$100 – \$300 per month of spending power, which is about 15 times lower than the US middle class. Meeting the needs of this segment requires founders to deliver exceptional value at low prices and maintain healthy profit margins; failing to do all three has caused many consumer companies in the region to stumble.

The barbell of consumption across Southeast Asia



Income growth has skewed to the top, with incomes for the top 10% growing nominally ~3x more than the remaining 90% over the last decade

MONTHLY INCOME¹

USD	Top 10%		Remaining 90%		Nominal growth of Top 10% vs Remaining 90%
	2024 Income	Change, 2014 – 24	2024 Income	Change, 2014 – 24	
Singapore	\$11,679	<div></div> +\$2,181	\$2,775	<div></div> +\$832	2.6x
Vietnam	\$1,075	<div></div> +\$522	\$306	<div></div> +\$138	3.8x
Malaysia	\$2,995	<div></div> +\$464	\$744	<div></div> +\$141	3.3x
Indonesia	\$1,205	<div></div> +\$361	\$314	<div></div> +\$110	3.3x
Thailand	\$1,552	<div></div> +\$256	\$488	<div></div> +\$130	2.0x
Philippines	\$1,196	<div></div> +\$239	\$288	<div></div> +\$89	2.7x

“A study by Dartanto and Can (2023) showed that Indonesian economic growth from 2019 – 22 resulted in **increased production (as a proxy of income) for the lowest 20%, a sharp increase for the top 10%, but ignored the middle class (the 40th to 80th percentile)**”

Muhamad Chatib Basri, Indonesia’s former Minister of Finance
“Affan Kurniawan and the Chilean Paradox”, Tempo (8 September 2025)

1. Based on gross national income per capita and includes all pre-tax income and pensions available to the residents of a country



Today, Southeast Asians earning more than \$1,000/month represents the top 14% – however, this income cohort will represent almost 20% of the population by 2030

PEOPLE EARNING MORE THAN US\$1K PER MONTH

	% of pop. in 2024	Expected change from 2024 – 30	% of pop. in 2030
Indonesia	14%	+13.2M	17%
Vietnam	11%	+6.7M	17%
Philippines	13%	+6.3M	18%
Malaysia	37%	+4.3M	47%
Thailand	17%	+1.0M	19%
TOTAL	14%	+31.5M	19%

Earnings of more than \$1K per month unlocks meaningful consumption, making people in this segment the ideal market

By 2030, there will be 32M more people in this segment – a 35% increase from today’s levels.

However, this proportion is still small. 81% of the population would still earn less than this threshold.















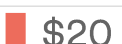


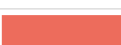
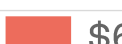
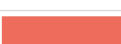


1. Excludes Singapore



Spending patterns at the top-end of the range

MONTHLY EXPENDITURE

USD

		Top 10% of SEA		Top 1% of SEA	
		Example: An average Malaysian		Example: An average Singaporean	
		USD	% of total	USD	% of total
Non-discretionary	Food & Beverage	 \$114	16%	 \$166	7%
	Food Services	 \$113	16%	 \$353	14%
	Housing & Utilities	 \$162	23%	 \$633	25%
	Transport & Fuel	 \$79	11%	 \$348	14%
	IT & Communications	 \$46	7%	 \$99	4%
	Furnishing & Durables	 \$33	5%	 \$140	6%
Discretionary	Clothing	 \$19	3%	 \$44	2%
	Health	 \$20	3%	 \$174	7%
	Insurance & Fin. Services	 \$28	4%	 \$215	9%
	Recreation & Personal Care	 \$64	9%	 \$226	9%
	Education	 \$35	5%	 \$148	6%
TOTAL		\$711		\$2,546	

At the top-end, **discretionary spending** increases in both absolute and percentage terms.

Health, financial services, recreation and education are particularly lucrative categories. Example startups include:



These startups may seem like **mass-market products**, but in reality, they serve the top 10% of the region or their domestic market

On the other end is the mass-market portion of the segment

THE BOTTOM-END OF THE BARBELL

~\$100 – \$300

avg. per month per capita spend

Value-oriented

Relatively
untouched cohort

Previous sensationalist reports about the Southeast Asian “middle class” actually refers to this segment. Excluding Singapore, this segment has an average per capita spend of ~\$100 – \$300 per month.

This end of the barbell is very value-oriented. When capital was flowing in the region from 2015–2021, most users acquired were from this group, with the idea that this would be Southeast Asia's new large and profitable consuming class. Unfortunately, when the discounts were removed, many of these users turned out to be either very occasional or complete non-users.

This group today represents a relatively underpenetrated cohort for consumer tech outside of basic shopping and entertainment products.

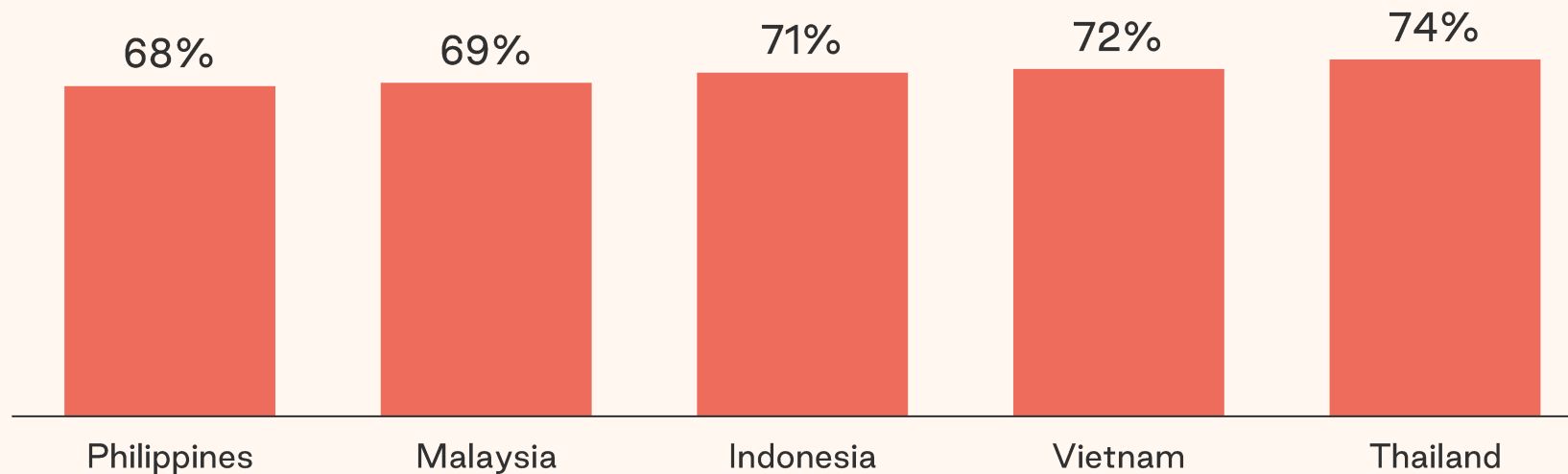
New solutions that can meet this group's low spending power at healthy margins will require first-principles thinking about products and services that are outside the intuitive sense of the typical internationally-educated founder profile.



There are still meaningful opportunities beyond the top consumers – it's just hard to serve

SHARE OF INCOME HELD EXCLUDING THE TOP 10%

% of national income



More than **2/3rds** of national income is still held outside the top 10%

AVERAGE MONTHLY INCOME EXCLUDING THE TOP 10%



However, with significantly lower incomes, this segment **requires a different approach**

- Mass pricing: Ideally \$1–3 per unit
- Margins: Ideally >30% per unit
- Cost to acquire: <\$3, requires virality or embedded acquisition (e.g., chat)

Mass market (~50% penetration) products in China only serve the top 10% in Indonesia

▶ In both examples, Southeast Asian services have **lower penetration for a similar price point**

CASE STUDY: FOOD DELIVERY MEITUAN VS GOFOOD



 Meituan

 gofood

AOV ~\$6.0 ~\$5.5

PENETRATION ~48% ~7%

CASE STUDY: RIDE HAILING DIDI VS GOCAR



 DiDi

 gocar

AOV ~\$3.5 ~\$3.0

PENETRATION ~48% ~4%

As such, “mass” has its own definition in Southeast Asia – and there are successful examples

PREMIUM SEA



Starbucks
Coffee shops
priced at \$3/cup



McDonalds
Fast food
priced at \$4



Car taxis
Average ride
at \$4

MASS SEA



Jago
Coffee carts
priced at \$0.50/cup



Mie Gacoan
Fast food
priced at \$0.80










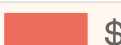






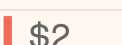


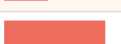

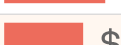


Motorcycle taxis
Average ride
at \$1

Spending patterns at the bottom-end of the range

MONTHLY EXPENDITURE

USD

		20 th Percentile of SEA Example: A rural Indonesian		80 th Percentile of SEA Example: A Jakarta resident		
		USD	% of total	USD	% of total	
Non-discretionary	Food & Beverage	 \$29	32%	 \$51	18%	At \$10 – 30 monthly food service spend, a \$2.50 cup of coffee would be a splurge. Instead, treats need to be delivered at <\$1 per serving
	Food Services	 \$10	11%	 \$27	10%	
	Housing & Utilities	 \$16	18%	 \$59	21%	
	Transport & Fuel	 \$10	11%	 \$37	13%	Similarly, “mass” services like GoCar at ~\$3 per ride would be considered a luxury as monthly transport spending ranges from \$10 – 40
	IT & Communications	 \$7	8%	 \$19	7%	
Discretionary	Furnishing & Durables	 \$3	3%	 \$17	6%	
	Clothing	 \$2	2%	 \$14	5%	Discretionary spending is usually kept on a tight budget – except for recreation and personal care which forms the lion’s share of discretionary spending at 8%
	Health	 \$3	3%	 \$9	3%	
	Insurance & Fin. Services	 \$2	2%	 \$10	4%	
	Recreation & Personal Care	 \$7	8%	 \$23	8%	
	Education	 \$3	3%	 \$18	6%	
TOTAL		\$92		\$285		

Cheap dopamine as an investment thesis

At the bottom-end, money and time is spent on categories which generate cheap dopamine hits...

EXAMPLE PATTERNS

- 1 **Social media** use is inversely correlated with income, with lower income households spending 30 – 40% more hours on social media compared to high-income households.
- 2 Consumption of **sugar-sweetened beverages** is often higher among lower socioeconomic groups
- 3 **Microtransactions in F2P games** have enabled developers to monetize a wider range of gamers by engineering dopamine cravings

...which lead to the following guidelines for serving this segment

GUIDELINES FOR PRODUCT

Generate
instant gratification

Price aggressively
affordably
(<\$1-3 per unit)

Be frugal on
acquisition costs
(CAC of <\$3)

Be payback-light
(~4 months)



Lightspeed