

Malaysia's eCommerce Market:

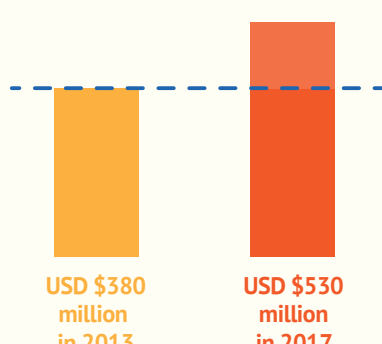
12 Things You Need To Know



Malaysia is an eCommerce powerhouse with rising internet adoption rates driven by increasing smartphone penetration and affordable internet. The online consumer base is predominantly young, very active on social media and displays strong spending habits with a willingness to make credit card payments online. While fraud remains a concern, growth forecasts for eCommerce predict online spending to become a larger portion of total retail sales. For businesses looking to expand their online presence, Malaysia is a key market and presents many opportunities for eCommerce.

1

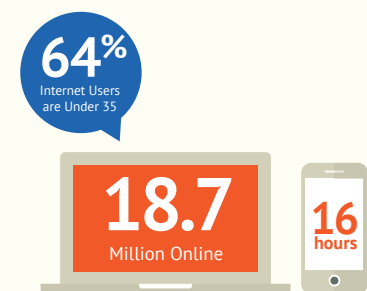
MALAYSIA'S ECOMMERCE MARKET POTENTIAL



Malaysia's eCommerce market is booming, growing 25% in 2013 to a total spend of USD \$380 million and is forecast to reach USD \$530 million by 2017. In 2012, there were 10.5 million online shoppers. The average online consumer spent USD \$2,000 out of Malaysia's total retail sales of USD \$27.6 billion in 2013.

2

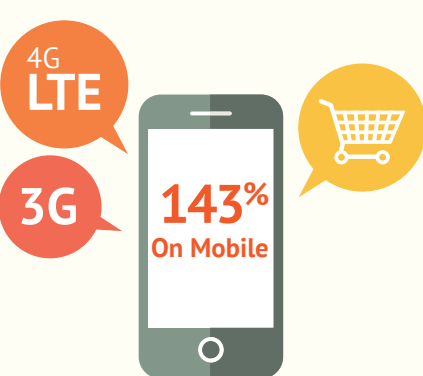
A PLUGGED-IN NATION



18.7 million Malaysians currently have internet access, 64% of which are under 35 years with an estimated 25 million people online by 2015. The average Malaysian spends over 16 hours online via a mobile device every month, following trends in developed markets like the U.S. where average mobile internet use is above 30 hours monthly. In early 2014, home broadband connectivity reached 67%, a 50% growth from 2012.

3

MOBILE IS BIG



35% of all internet users cite mobile as their only way to get online, so it's not surprising there's a 143.4% mobile penetration rate and 27% of mobile users on a 3G subscription. Affordable internet and cheap smartphones have led to 13 million mobile internet subscriptions, with 77% of these users under 35 years of age. It is critical your eCommerce strategy includes mobile commerce, as 91% of online shoppers researched products on a device, while 42% made purchases via their mobile phone. This far exceeds the average 22% and 18% for American males and females respectively.

4

MALAYSIANS ARE SOCIAL CREATURES



Social commerce presents a huge opportunity for businesses venturing into Malaysia. Social media accounts for 32.3% of the country's internet traffic, with 98% of web users active on social networking sites and 8.7 million people visiting Facebook every day. 74% of new eCommerce stores began on social media and 51% of online shoppers actually start their buying process from Facebook.

5

NON-STOP SHOPPERS



The Malaysian consumer is a shopaholic, with 7% of online shoppers making a purchase almost daily, 26% once a week, 54% once a month and the remaining 13% make a purchase once a year. While early evenings (51%) and late nights (41%) are preferred shopping times, Malaysian's will happily browse eCommerce sites in the mornings (20%), on lunch break (27%) and even during office hours (36%).

6

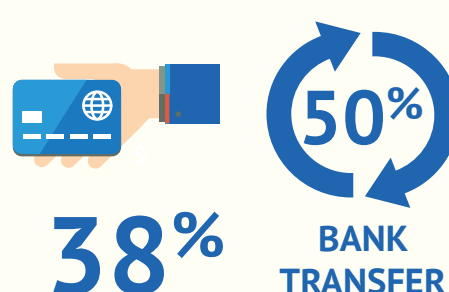
CONCERNS FOR ONLINE RETAILERS

A study by the Associated Chinese Chamber of Commerce and Industry of Malaysia discovered the following problems that retailers face when building an eCommerce presence in Malaysia.



7

MALAYSIA IS OPEN TO ONLINE PAYMENTS

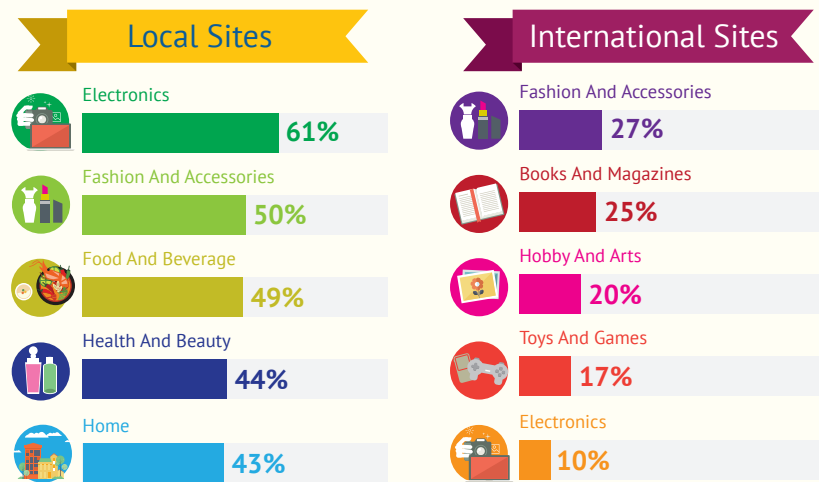


Malaysia doesn't display the same levels of hesitation towards online payments as other countries in Southeast Asia. There are currently 8.2 million credit cards in circulation, giving 16.8% of the population access to a credit card. Mastercard is the major operator at 55% market share. With 38% of eCommerce payments made via a credit card, this is the second highest rate of online credit card use regionally. Bank transfer remains the primary payment method (50%) but others are quickly being adopted, like PayPal, cash on delivery and AirCash, which is provided by the local telecom operator Celcom.

10

MOST POPULAR ONLINE SHOPPING CATEGORIES

Local eCommerce retailers see electronics and fashion as the most common purchases, whilst these two categories make up a much smaller percentage of total sales for international sites. The top 5 categories shoppers are buying from are detailed as follows.



11

KEY ONLINE PLAYERS

In 2013, the most popular sites for B2C eCommerce in Malaysia were ranked by Alexa and it demonstrated an interesting mix of both local and international retailers. Over the long term, establishing a local presence in Malaysia will become critical as a recent survey discovered 77% of online shoppers expect products to arrive in a maximum 4 days, a shipping time which is difficult for international retailers to compete with.

77% expect delivery within 4 days

Max 4 Days

LaZada	General Products Retailer
ZALORA	Fashion Retailer
iFruit	Electronics Retailer
DELL	Laptop & Computer Retailer
Superbuy	General Products Retailer
MORILE	Electronics Retailer
thepoplook.com	Muslim Fashion Retailer
HiSHOP	Beauty & Cosmetics Retailer
mphoneline.com	Malaysia's Largest Online Bookstore
ShaShinKi	Retailer For New & Pre-owned Cameras & Equipment
FASHION VALET	Fashion & Accessories Retailer

12

KEY MARKETPLACES

In addition to online retailers, there are a number of international and local marketplaces which are helping to drive the rapid eCommerce adoption rates:

International	Local
amazon.com	Lelongmy
淘宝网 Taobao.com	Local Competitor to ebay
ebay	
Alibaba.com	youbeli online shopping
天猫 Tmall.com	Ecommerce Portal for Small & Medium Businesses
Etsy	easy.my
	Ecommerce Portal for Small Businesses

SOURCES:

Analytics for a Digital World - comScore, e27, eCommerceMILQ, Malaysian Communication and Multimedia Commission, Marketing Land, On Device Research, Payvision, The Star Online, TM Advertising, We Are Social