

## INTERNET ECONOMY

# Take advantage as we record continued growth in e-commerce

**GLOBAL** e-commerce sale has surged to US\$25.6 trillion in 2018, accounting for 30 per cent of global gross domestic product (GDP), including business-to-business (B2B) and business-to-consumer (B2C) sales.

That's according to the latest estimates released on April 27 last year by the United Nation's trade and development body (UNCTAD Estimates of Global E-Commerce 2018).

Additionally, developing and transition economies account for about half of the top 20 economies by B2C e-commerce sales in 2018.

Among them, Malaysia ranked 18 in the top 20 economies with US\$19 billion in B2C e-commerce sales contributing to six per cent of GDP, with a staggering 15 million online shoppers, with 53 per cent of Internet users shopping online.

The strategic location, business-friendly policies and dynamic economy of Malaysia make it an attractive market for e-commerce. With the development of infrastructure for digital technologies, it further enhances e-commerce growth in the country.

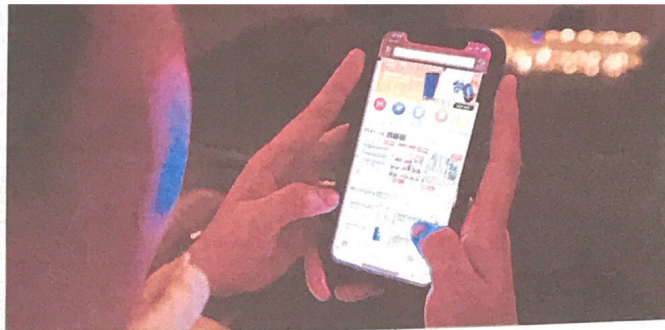


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Malaysia has approximately 25.84 million active Internet users (80 per cent of the population) and the population has extremely high rates of mobile phone penetration.

Of the 32.7 million Malaysians, more than 25 million are social media users, recording more than 40 million mobile subscriptions, and more than 24 million use social media on their mobile devices, according to Malaysia Country Commercial Guide, US Department of Commerce, 2019.

In another aspect, Malaysians' e-commerce spending soared by 24 per cent in 2018 (DataReportal, 2019), and with the government making the growth of the online economy a national priority, it is



*Malaysia recorded US\$19 billion in business-to-consumer e-commerce sale, with a staggering 15 million online shoppers. FILE PIC*

likely that Malaysia will sustain robust growth in e-commerce over the coming years.

In 2018, Malaysia's online consumer goods category was approaching US\$3.1 billion, making up more than half of total e-commerce spend (Statista, 2019).

Not surprisingly, DataReportal claimed that Malaysia will be ranked as the top five fastest-growing e-commerce markets in 2020 across the world. With one of the highest Internet penetrations in Southeast Asia at 85.7 per cent and mobile penetration at almost 140 per cent, Malaysia has become one of the fastest growing e-commerce markets in the region.

As such, Malaysia is the home of the largest e-commerce platform (Lazada) in Southeast Asia, that deems to be an entry point for cross-border opportunities to other regional markets. Concurrently, Malaysia has built cross-

border logistics facilities (Digital Free Trade Zone, DFTA) in order to enrich its potential to fulfil across Asean (Austrade, E-commerce in Malaysia, 2020).

Measuring\* on Asean e-commerce outlook, from 2018 to 2019, Malaysia had the biggest increase in total e-commerce activities (46.5 per cent) in Asean, followed by Indonesia (28.1 per cent) and Thailand (17.3 per cent).

Additionally, Austrade (2020) claimed that Malaysia is forecast to have the highest growth rate 35 per cent for total e-commerce activities in Asean, followed by Indonesia at 26.9 per cent and Thailand at 17.9 per cent.

The government initiative of a digital free trade zone (DFTZ) focuses on the development of a well-rounded ecosystem and growth of the Internet economy and e-commerce activities in Malaysia.

The DFTZ is seen as a mode to

drive export of Malaysia's small and medium-sized enterprises via e-commerce. DFTZ has also benefited cross-border e-commerce, where Malaysia achieved the biggest increase in foreign e-commerce activities in Asean.

The Covid-19 pandemic has made it more pressing to ensure the countries straggling behind are able to catch up and strengthen their e-commerce preparations. Given the latest developments, the government must do more to ensure more people can take advantage of e-commerce opportunities.

Otherwise, our companies and rakyat will miss the boat on the opportunities that e-commerce brings, and they may be less prepared for future challenges.

The writer is an Associate Professor at the School of Business and Economics, Universiti Putra Malaysia