



**ECONOMIC/THEMATIC
RESEARCH:
ONLINE BUSINESS/
E-COMMERCE**



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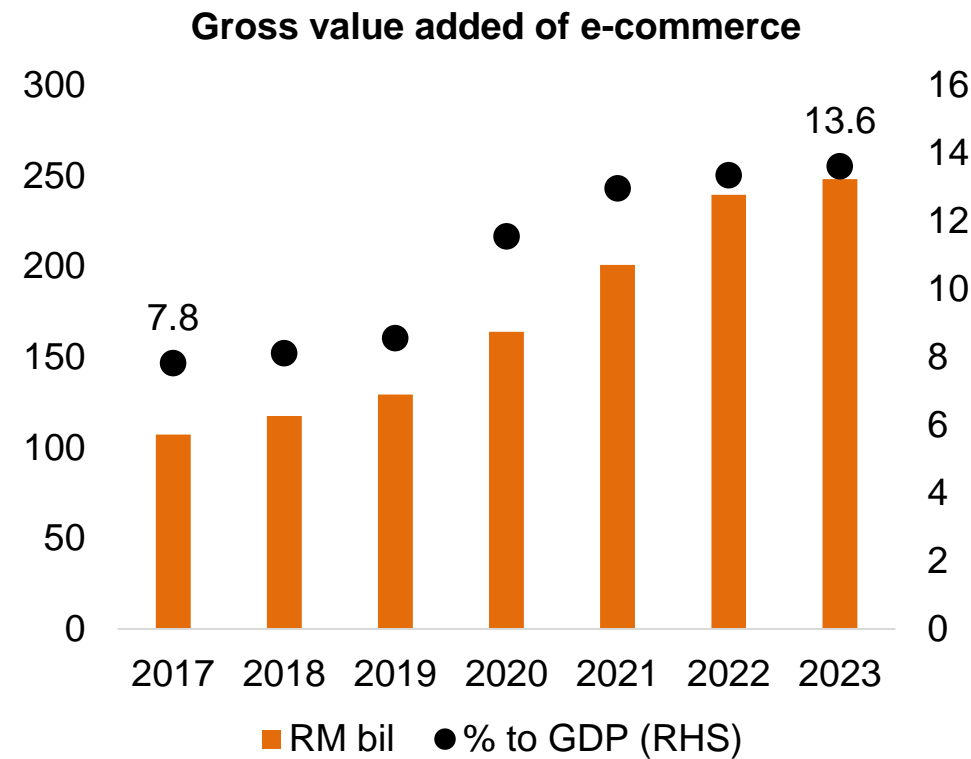


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Online business/E-Commerce

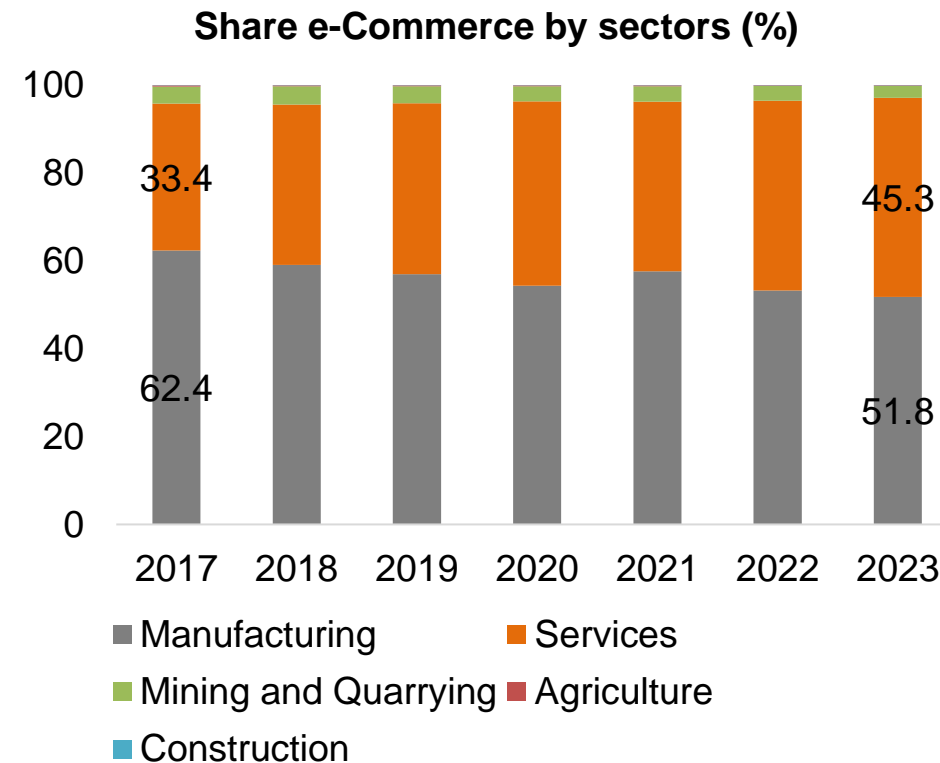
E-commerce doubled within 7 years (2017-2023)



- E-commerce segment, measured via gross value added, **enlarged by more than 2x** in 2023 to RM248.2 bil (2017: RM107.3 bil).
- Annually, e-commerce recorded a **robust average growth of 14.8% between 2017-2023**.
- Its contribution to GDP also increased significantly to 13.6% in 2023 from 7.8% in 2017.

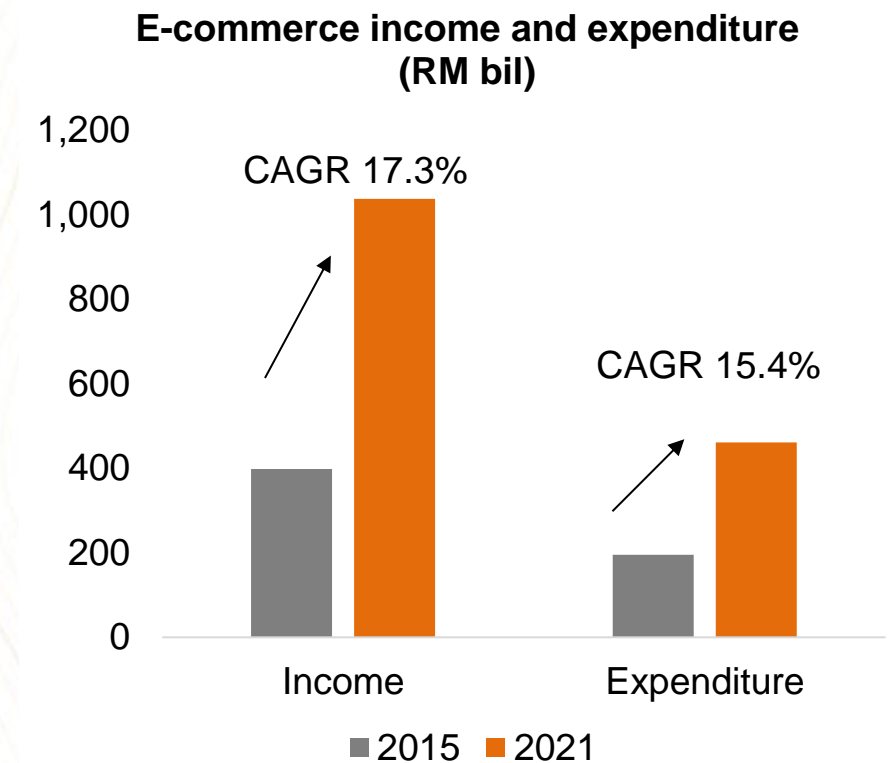
Definition: E-commerce transactions include orders made in web pages, extranet or Electronic Data Interchange. Nevertheless, orders made by telephone calls, facsimile or manually typed e-mail are not categorised as an e-commerce transactions.

E-commerce dominated by manufacturing and services sector



- By sectors, e-commerce is **dominated** by manufacturing (51.8%) and services (45.3), followed distantly by mining & quarrying (2.7%), agriculture (0.2%), and construction (0.1%).
- Although manufacturing sector still has the largest share of e-commerce value added transactions, **services sector showed a rising trend**, where its share rose to 45.3% in 2023 (2015: 30.7%).
- Sectors where e-commerce had declined in share are Manufacturing to 51.8% (2015: 64.9%) and Mining to 2.7% (2015: 4.2%).

E-commerce growth stabilised after exponential growth

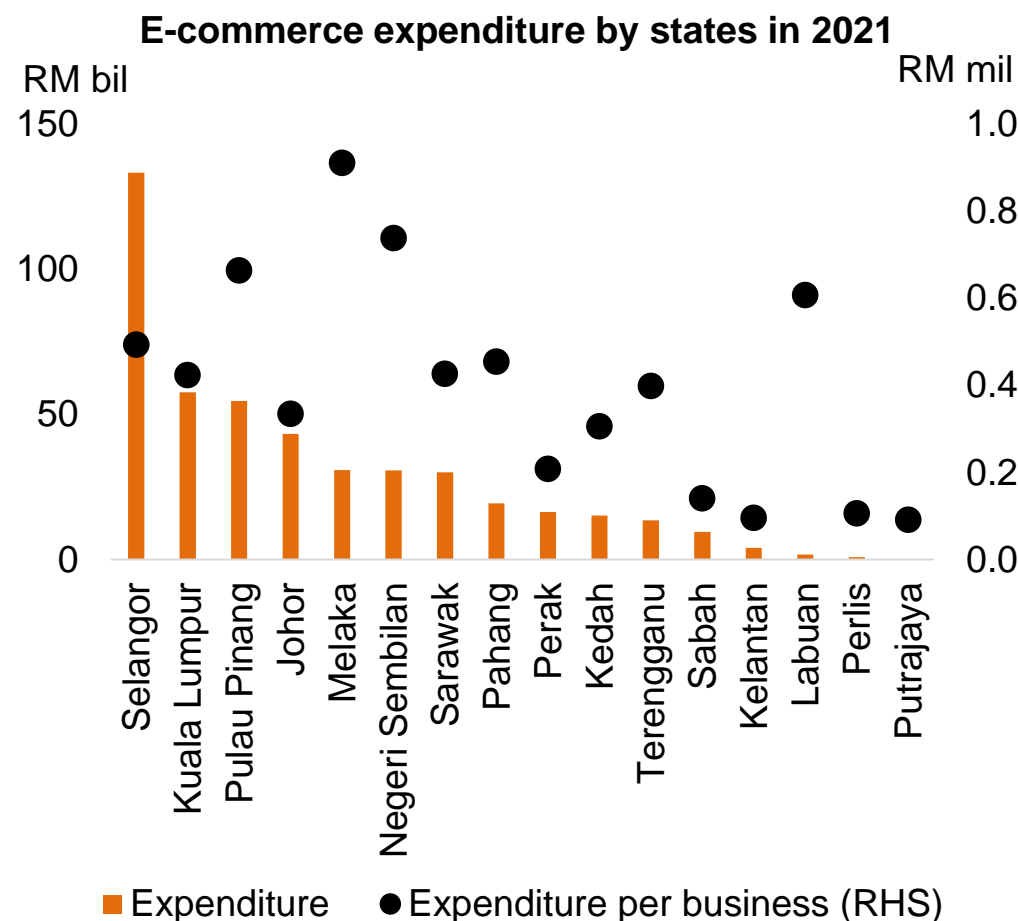
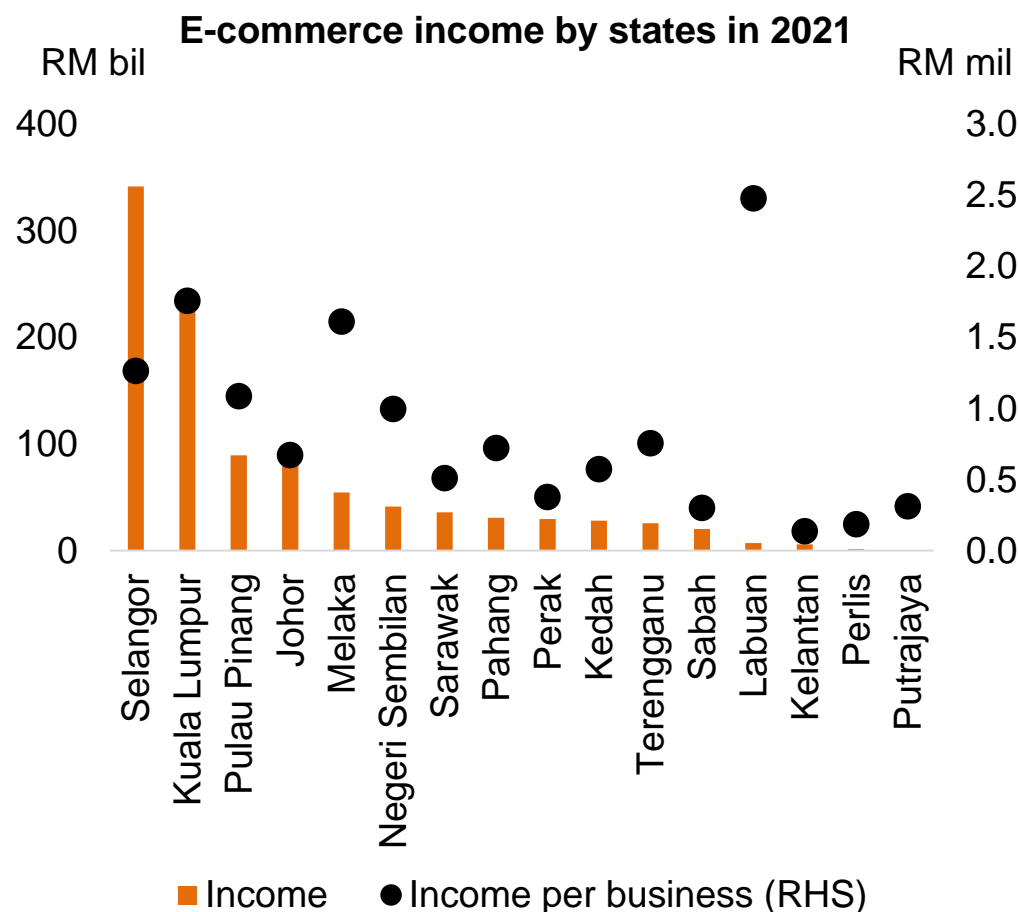


- E-commerce recorded **exponential growth**, where income surged at a 17.3% CAGR 2015-2021, while expenditure at 15.4%. This was boost by rapid growth during COVID-19 in 2020 due to movement restriction order and physical activity limitations.
- In recent years, e-commerce sales **has stabilised** as our **economy reopened** and consumers can **opt for brick-and-mortar stores**.
- Nonetheless, **e-commerce sales continues to grow**, albeit at a slower pace of 4.1% in 1H 2024 (2023: 4.9%)

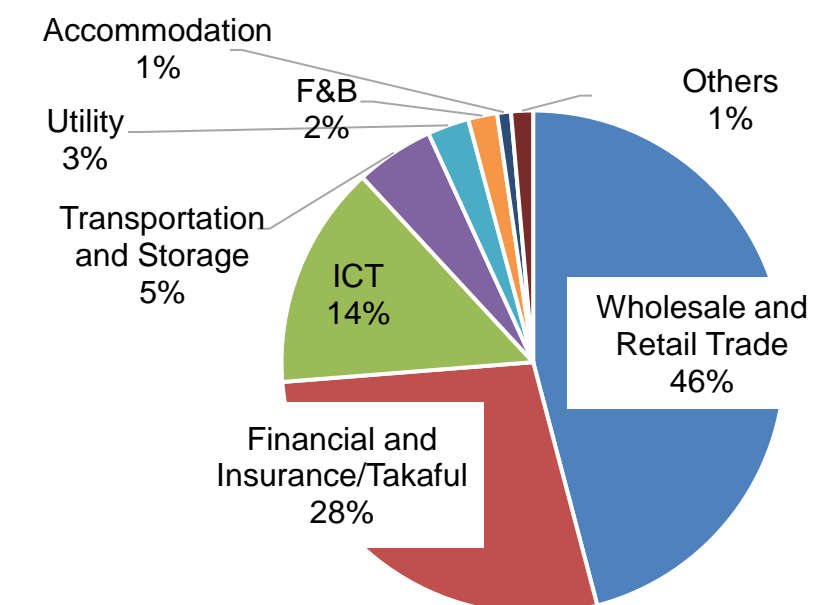
Selangor charted the highest e-commerce sales among states

Melaka post the largest e-commerce spending per business

Wholesale & retail trade contributed ~1/2 of e-commerce income in services sector



E-commerce income in service sector in 2021 (% share)

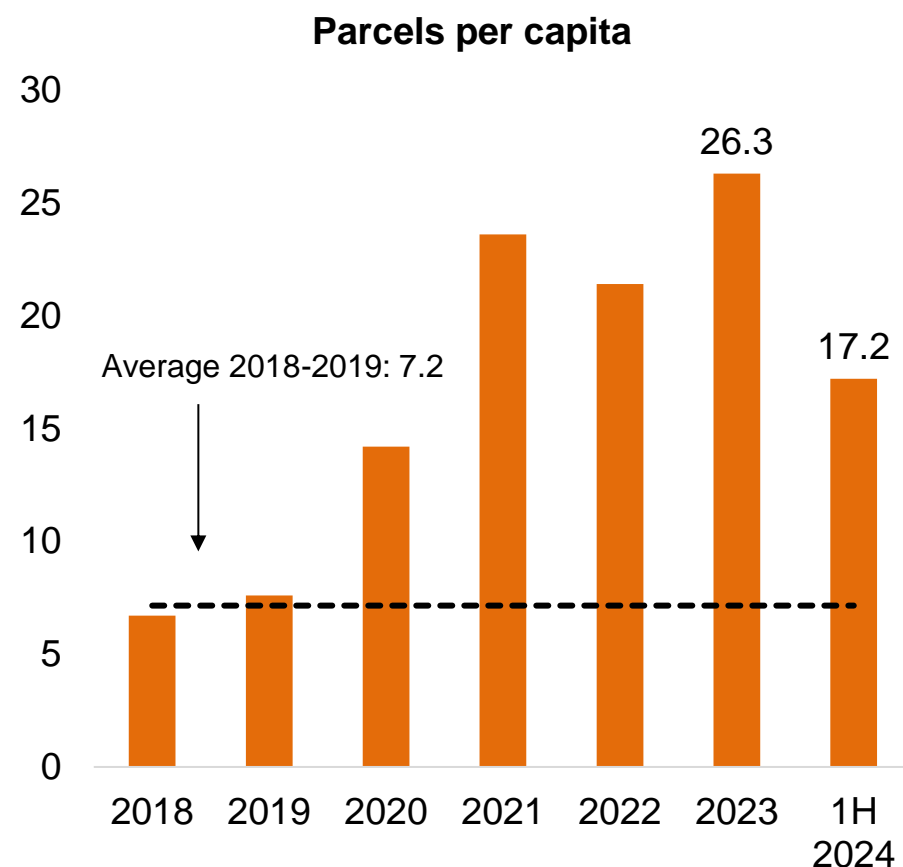


- Among states, Selangor (RM341.4 bil) recorded the **highest e-commerce income** in 2021 (latest available data), followed by KL (RM239.2 bil) and Pulau Pinang (RM89.4 bil)
- However, in terms of income per business in the respective states, Labuan posted the **highest per business income** at RM2.5 mil per year, followed by KL (RM1.8 mil) and Melaka (RM1.6 mil).

- Selangor (RM133.2 bil) recorded the **highest e-commerce expenditure** in 2021, followed by KL (RM57.6 bil) and Pulau Pinang (RM54.7 bil).
- In terms of expenditure per business in the respective states, Melaka posted the **highest per business spending** at RM0.9 mil per year, followed by Negeri Sembilan (RM0.7 mil) and Pulau Pinang (RM0.7 mil).

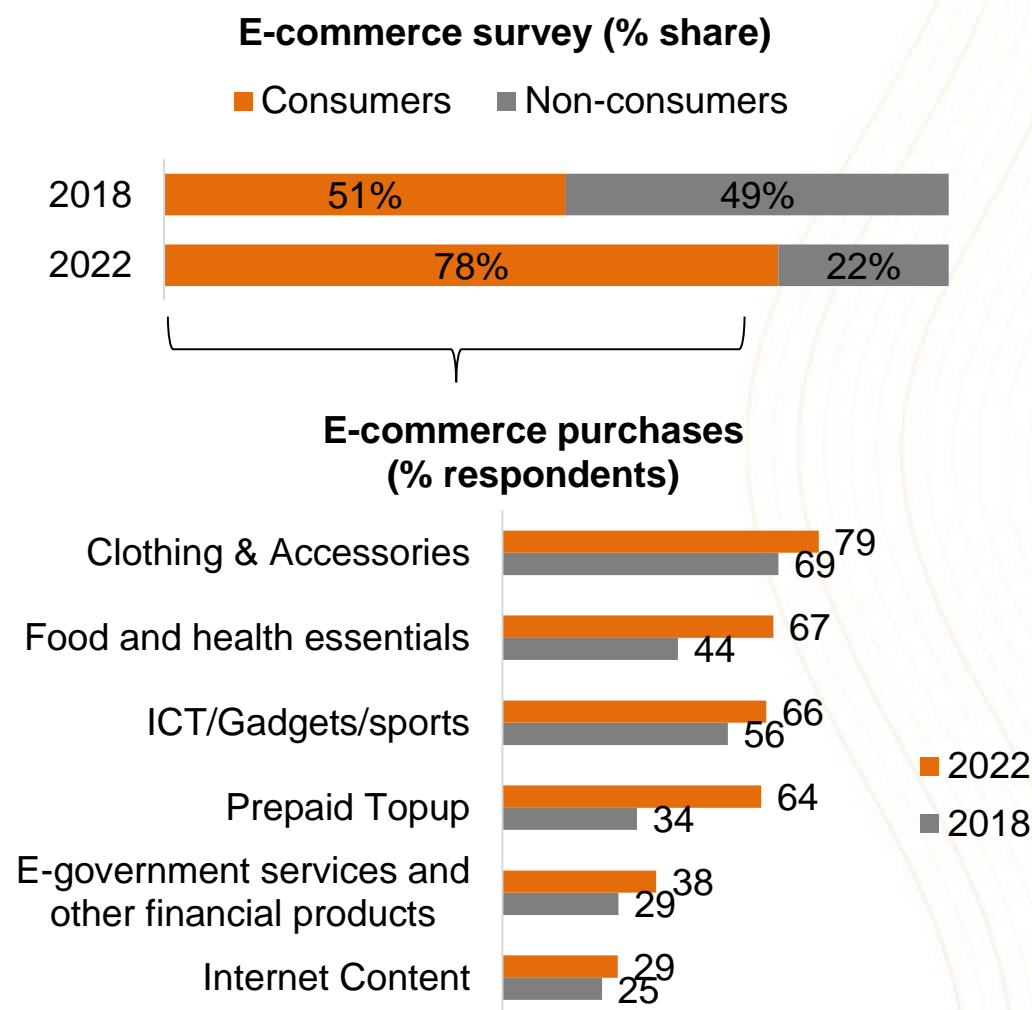
- **Wholesale and retail trade dominated** e-commerce income for the services sector, with 46% share in 2021 (latest available data).
- This is followed by Financial and Insurance/Takaful (28%), ICT (14%) and transportation & storage (5%).
- However, some sub-sectors **could see increase in share** in recent years such as transportation & storage and accommodation underpinned by digitalisation, mobile & web applications, e-wallet, internet banking etc
- For reference/comparison, during pre-pandemic (2019), **transportation** contributed 13% to services e-commerce vs 5% (2021) and **accommodation** at 4% vs 1%. This could be due to Movement Control Order, where activities are still limited in 2021.

Number of parcels >3x above historical average



- As a proxy for e-commerce, the postal & courier sector saw a surge in activities in recent years, outperforming its historical trend as consumer purchases via online requires delivery activities.
- Parcel per capita had shot up >3x in 2023** compared to historical averages in 2018-2019.
- In 1H 2024, parcel per capita rose to 17.2 (1H 2023: 11.2), demonstrating resilience in e-commerce activities.

Increasing e-commerce adoption among Malaysians



- Increasing e-commerce adoption** was seen among Malaysians, where e-commerce by consumers rose to 78% in 2022 (2018: 51%), according to MCMC.
- The adoption of e-commerce was primarily seen among adults in their 20's (83.7% respondents), 30's (84.9%) and 40's (81.0%).
- Majority of respondents (>50%) also used e-commerce to purchase **clothes, foods & health essentials, ICT/gadgets/sports, and prepaid topup.**

Preferences vary across genders



- By genders, cosmetic (71% respondents) was picked as the most favoured for female, followed by publications (65%), and children's products (58%).
- In contrast, male preferred automotive & motors (86%), computer software (72%) and sport related goods (72%)
- Recent performance, **E-commerce proxy in retail sales**, captured in sales not in stores, stalls & markets, grew faster by 7.5% YoY in 2Q 2024 (1Q: 2.7%).

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