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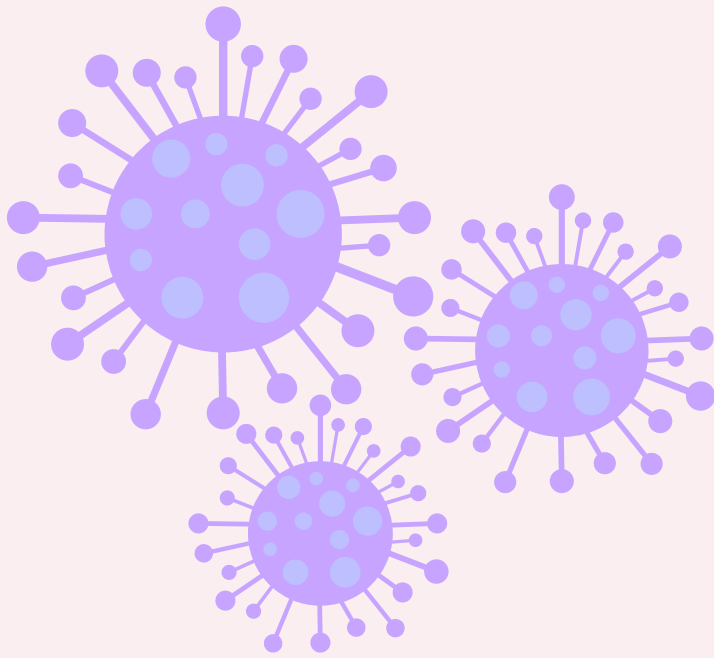
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An Overview of Malaysia's E-commerce Initiatives During and After COVID-19

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Introduction

Malaysians have been living with COVID-19 for more than two years since it first emerged in late 2019 in Wuhan, China. The killing virus affected the global economy through lockdowns, closing of shops and restaurants, reductions in public transportation usage due to the infection, loss of employment, etc. Nevertheless, the bright side of this pandemic is the accelerating growth of e-commerce. The lockdown around the world, including in Malaysia, has caused consumers to switch from traditional brick-and-mortar outlets to online marketplaces. According to Bernama (2021) the Malaysian e-commerce industry has continued to flourish in 2021, growing at an accelerated pace due to the COVID-19 pandemic, and this in turn has helped many businesses, especially micro, small and medium enterprises (MSMEs), to stay afloat. Current statistics show that the Malaysian e-commerce market grew year-on-year in 2021. At the same time, the number of online shoppers in Malaysia grew by 47% year-on-year, with 14.43 million buying consumer goods online at the start of 2022.

E-commerce in Malaysia goes back to 2004 with the launch of eBay Malaysia. It was followed by Lelong.com in 2007, which attracted more than 9.56 million visitors per month. Malaysia's e-commerce market landscape began to take shape in 2012 when two major players, Lazada and Zalora, started operations in Malaysia, followed by Shopee in 2015.

According to Mordorintelligence.com, Malaysia's e-commerce market is segmented into B2C E-commerce (Beauty and Personal Care, Consumer Electronics, Fashion and Apparel, Food and Beverage, Furniture and Home) and B2B E-commerce. The Malaysian e-commerce market is expected to register a CAGR of 9.8% over the forecast period from 2022 to 2027. According to the International Trade Administration, Malaysia has a high percentage of e-commerce adoption, which is supported by a sizable population of active internet users (27.4 million or 80%) and a high rate of mobile phone penetration (84.2%) in 2021. In addition, there were 39.9 million mobile connections and 28 million users of social media in the nation as of January 2021. Further, a few government initiatives are being implemented to support the growth of e-commerce in the country, especially during and post-COVID-19.

Government initiatives to boost eCommerce during and post-COVID-19

The Malaysian government unveiled PENJANA (Pelan Jana Ekonomi Negara), or the National Economic Recovery Plan, on June 5, 2020. It is a strategy for reviving Malaysia's economy, which has been negatively impacted by the global COVID-19 pandemic. One of PENJANA's key three thrusts, digitalization and operating in new norms, is closely linked to increasing e-commerce among MSME in Malaysia during the COVID-19 pandemic. Prof Emeritus Dr Barjoyai Bardai said generally, the PENJANA focused on early initiatives aimed at driving the country's future economy. He said, the initiative was an encouragement for society to shift from using cash to e-wallets, which is now a trend under the new normal lifestyle (Bernama, 2020)

Two initiatives from PENJANA are the Micro and SMEs Ecommerce campaign and Shop Malaysia Online which were launched by former Prime Minister Tan Sri Muhyiddin Yassin in June 2020. The government had allocated RM140 million to implement the initiatives via the Malaysia Digital Economy Corporation (MDEC) as the lead agency. According to MDEC, the initiatives were executed using a public-private partnership co-funded with 22 participating e-commerce partners, where both initiatives were rolled out in June and August 2020.

According to MDEC, the campaign was facilitated to enable local businesses to stay operational and ramp up productivity to spur a short-term economic recovery, whilst providing the online retailers the tools they need to succeed in this new business environment and the chance to grow their company gradually both domestically and internationally. The campaign benefited new and existing MSMEs through onboarding training, seller subsidies, and sales support across 20 participating e-commerce platforms. Over 115,000 new and existing MSMEs have joined e-commerce as a result of the campaign and garnered RM332 million in sales.

At the same time, the PENJANA Shop Malaysia Online was designed to encourage the online purchase of products from local retailers through digital vouchers. MDEC reported that the initiatives were a success as they generated RM896 million in online sales, which benefited more than 7.8 million customers and more than 210,000 Malaysian vendors nationally. E-commerce partners participating in PENJANA Shop Malaysia Online include Boost, Carousell, ConfirmPlusChop, DeliverEat, Elokai, eRomman, FashionValet, Fave, Foodpanda, Grab, JOCOM, Kedai Matdespatch, Lazada, Lokein and Maybank. As part of this initiative, discount vouchers will be issued on various participating e-commerce platforms that consumers can redeem for online purchases or shipping charges.

As a part of the Belanjawan 2021 (National Budget) efforts, MDEC has launched its Go-eCommerce Onboarding and Shop Malaysia Online (SMO) programmes. These two initiatives continued PENJANA's success in 2020. As part of the initiatives, the government will inject an incentive package worth RM200 million to support Malaysian firms from a variety of industries to use eCommerce and ePayment platforms to improve their eCommerce capabilities and increase sales. As part of the SMO programme, the government offers the Rakyat incentives including discounts, rebates, and shipping credits in an effort to boost the number of online transactions made by small local businesses. Additionally, RM100 million has been set aside to help local companies join the eCommerce platform through the Go-eCommerce initiative (digitalnewsasia.com).

Participating partners in Go-eCommerce Onboarding 2021 include à la carte (revenue monster), Beep by Storehub, Boost, Deliverat, Dhausa, Dropee, eRomman, EZAssist, Fave, Food Market Hub, Foodpanda, Grab, iBeli, Instant eStore, JDMas, Jocom, Kravve, Kumoten, Lazada, Lokein, Mpay, PGMall, PrestoMall, Maybank, SenangPay, Shopee, Shoptline, SiteGiant, Subplace, Touch 'N Go eWallet, Wonderfly and Zalora. The Belanjawan 2021 Go eCommerce Onboarding and Shop Malaysia Online campaigns have generated over RM4.6 billion worth of GMV via more than 85 million transactions as of October, breaking the initial target of generating RM1 billion worth of GMV through 10 million transactions (businesstoday.com)

DE Dagang was introduced by MDEC in July 2022 as a continuation of previous campaigns, Go-eCommerce Onboarding campaign and Shop Malaysia Online 2021. The DE Dagang, a programme run by K-KOMM with assistance from the Ministry of Finance (MOF), will run from September to December 2022 with the goal of assisting business owners in specific industries—including agriculture, tourism, products made in Malaysia, and SME export—to adopt and utilise digital platforms in order to succeed. The campaign intends to promote e-commerce and e-wallet spending on offline goods and services that can be used in-store to draw customers to nearby establishments, in line with the government's transition to the endemic phase of COVID-19 from April 1, 2022.

This year's campaign introduces new incentives for system upgrades, infrastructure support, and marketing and promotional activities exclusively for local digital platform partners. To improve outreach efforts and campaign promotion, MDEC also encourages supporting partners from relevant ministries, trade associations, and agencies. (mdec.my)

Conclusion

Whether they like it or not, Malaysians have adapted to the new means of shopping, switching from physical stores to online ones. The COVID-19 pandemic has resulted in movement limitations, which have changed consumer buying patterns and aided in accelerating the digitalization of front-end commercial activities, including digital marketing and e-commerce. Due to the closure of brick-and-mortar establishments and the risk of infection, consumers have gradually shifted to making purchases online, which has spurred the growth of Malaysia's e-commerce market. The government has moved forward with a few initiatives to support MSMEs by boosting e-commerce both during and after the COVID phase. Likewise, all of the initiatives have increased sales and helped the Malaysian economy during a difficult period.

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