HARNESSING THE POWER OF MOBILE TECHNOLOGY: A LOOK AT MALAYSIAN MOBILE COMMERCE LANDSCAPE

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ABSTRACT

More Malaysians are waking-up with their mobile devices by their sides these days. The adaption of mobile into our daily lives has caused a massive shift in the user behavior. This underscores the absolute importance of mobile technology as a marketing tool. The unprecedented growth of the wireless communication technologies in this case the mobile technology; can be seen as the new business model and a platform that will have a similar, if not bigger, impact on the business communities and industries than electronic commerce. Ways in which people are consuming information have evolved, causing many brands and organizations to change with the times at the risk of losing their business. Businesses should harness and leverage this market segment in depths in order to be able to develop an effective marketing tool. This article provide review on the growth of the mobile technology and in particular amongst the Malaysian.

Keywords: Mobile Commerce, M Commerce, Mobile Technology, Malaysian Consumers

INTRODUCTION

It was not so long ago that the term "digital marketing" was coined and has become a key and necessary function of marketing. The space of digital marketing which has been growing in leaps and bound in the past few years, and combined with the ongoing launches of new mobile devices; the mobile is shaping as a very significant role in digital marketing.

Malaysians are among the most smartphone savvy in the region and constantly seek connectivity as a means to go about their day-to-day lives. This is evident from the report presented in the Digital Integration & Business Transformation Asia Conference (MDA, 2016) which pointed out that from 31,545,990 of the total population (as of February 2016) 21,056,126 are Internet users and above all report shows that 44,509,884 mobile subscriptions were made. In addition, showing that mobile penetration about 144.8%. Thus, instant Internet access is a key criterion when purchasing a mobile device as Malaysian has the need to connect. Mobile phones today are among the key platforms to access digital services with close to twenty (20%) percent

of data being used through mobile networks (Saatchi, 2014), with 64% of the smartphone users are under 30 years as reported by Nielsen Smartphone user segmentation study (Vserv, 2015).

This article will further research into the Malaysian mobile commerce landscape and identify areas marketers can leverage on this market segment.

MALAYSIAN E-COMMERCE LANDSCAPE

The Malaysian electronic-commerce is driven by the rapid knowledge driven economy, economic growth through ICT enablement. Although there is currently no internationally agreed definition for e-commerce, but for the purpose of this article the e-commerce is defined as the sale or purchase of goods or services, whether between businesses, households, individuals, governments and other public or private organizations, conducted over computer-mediated networks (Frost and Sullivan, 2013).

Malaysian legal environment and financial infrastructure which has been e-commerce friendly, plays a huge role in the development of the e-commerce industry. Improved mindset, awareness and better technical infrastructure has spurred the e-commerce industry in leaps and bounds. One of the most well-known example is Malaysian born low cost airline, AirAsia which was established in 2001. AirAsia managed to leverage e-commerce as a main distributor channel and reach USD$0.789 billion revenue in 2008. Indeed Nielsen Global Survey of E-Commerce that was conducted between 17th February and 7th March 2014 goes on to prove that more than 6 in 10 Malaysian consumers purchase their flight tickets online which accounts to 67% and the third highest globally on the online purchase category (Nielsen.com, 2014). This clearly concludes Malaysian's acceptance on E-Commerce.

The e-commerce, has evolved from being virtually unknown in the mid-1990s, to being a global multi-trillion dollar industry in just over a decade. The proliferation of the Internet has brought the world economic activities closer than ever before; overcoming geographical boundaries, increased availability, eliminating intermediaries, decreased administrative and marketing cost and providing a competitive environment to improve the quality of goods and services. Despite the apparent benefits, in the major impediments to consumers are issues regarding to IT illiteracy or unfamiliarity to technology and the fear concerning virtual financial transactions securities remains as major concerns.

The Internet World Statistics records that there were 3,731,973,423 Internet users as of 31st March 2017 (accounts to 49.60% from the world's total population). With the continued growth of ICT application usage worldwide, across lower income groups and older demographic segments, this is set to continue to rise. This is in support to the finding presented in The Statistical Portal on how the Internet use continues to rise from 2005 till to date. This scenario can be accredited to the use of smartphone. From 2013 to 2015 due to the usage of smartphones the use of Internet increase from a median of 45% to 54% with the contribution coming from Malaysia, Brazil and China (Poushter, 2016). Besides the use of Internet due to smartphones, age group that are hooked to Internet and smartphones adds to E-Commerce. The teenagers in the early teens and twenties continue to dominate the average Internet user's profile, with the average age of today's Internet user is 27 years of age (Frost and Sullivan, 2013; Vserv, 2015). As for Malaysia it's been reported that age 15 and above using the Internet was 57% in 2013 and the number increased by 14.1% to 71.1% in 2015. To add on most of them used the mobile phone to access the Internet (Department of Statistics Malaysia, 2016). In conclusion today both adults and teenagers are using the Internet and thus making the E-Commerce to grow steadily.

The internet per capita penetration is still higher in developed nations. Hence, developing countries are starting to dominate the numbers of actual internet users, with Asia leading the way. In Malaysia, the most popular social media by netizens is Facebook. In 2012, the number of Facebook subscribers in Malaysia totaled 13,589,520 and showed penetration of 46.6% overall (Malaysia Today, 2013; Mahadi, 2013). However this number has increased to 19,000,000 Internet users as of 30th June 2016 with a penetration rate of 61%, Malaysia ranks the eight place in Asia and 21st in the world with most registered Facebook users (Internet World Statistics, 2017). Specifically, 34.5% are those within the 18-24 years old age group, 29.5% are those within 25-34 years old and 16.3% are those within 13-17 years old (Talip, 2013). This is increasing numbers seem to increase as what been reported in

Malaysian youth are a gadget obsessed generation. The penetration of smartphone is equally high for young Malaysians living in rural and urban areas, reinforcing the fact that smartphone is now an essential daily item. A research done by a renowned market research company reported that 96.4% of the Malaysian youth carry a smartphone; some 16.9% has more than one smartphone; 36.7% own at least one tablet and 95% own a laptop (Ragunath, 2016).

The government is also a major catalyst in spurring the growth of the e-commerce landscape in Malaysia. The role of the government in ensuring continuous support in the e-commerce ecosystem, which includes infrastructure, governmental policies and regulations, security and infrastructure issues that are vital in ensuring the growth of e-commerce landscape in the country.

MOBILE COMMERCE

The growing demand of the consumers, wanting personalization to their demands for faster, immediate access to information services, products and contents has given opportunity to the mobile commerce to flourish. Mobile commerce or M-commerce is the process of conducting business transaction using a mobile device, for example, a mobile phone, smartphone or PDA. M commerce is commonly known as any monetary transaction that is conducted by using a mobile network (Clarke, 2001; Ngai and Gunasekran, 2007).

The strongest contributor of the expansion of the M commerce is credited to the new development of mobile devices which are internet enabled (Sumita and Yoshii, 2010; Haque, 2004). Some of the benefits of using M commerce are credited to the mobile network size that covers a wider geographical area as compared to E-commerce according to Dholakia and Dholakia (2004). It is truly a globalized revolution. Cisco's Global Mobile Data Traffic Forecast shows an increase in the global mobile data usage with an increase of 81% from 2012 to 2013. It further reports that the highest growth percentage is from the Asia region with a continuing growth focusing on the developing countries (Hayden & Webster, 2015). The instantaneous and round the clock connectivity, empowers consumers to communicate directly to online business vendors (Yu and Buahom, 2013). The online vendors have an advantage of directly promoting newly available products or services to their customers instead of using the traditional media (Lee and Mills, 2010).

According to Department of Statistics, Malaysia base on population estimates in 2014, 91.3% are Malaysian and 8.7% are non-Malaysia. However, from this 91.3% Malaysian Communications and Multimedia Commission (MCMC) the hand phone users are about 87.9% from the subscriber's base. Interestingly the finding also shows that 33.9% of the school going children owns a hand phones and 57.6% owns a smartphone. In addition 50.4% of children using hand phones access the Internet via their mobile phones. Furthermore, 37.1% of the smartphone owner's income is in the range of RM1,000 – RM3,000.00 (MCMC, 2015). The finding clearly

shows the potential opportunity in mobile phone adoption towards M-Commerce. Despite the tremendous penetration rate, the M commerce adoption rate is still low in Malaysia compared to other nations (Sadi and Noordin, 2011; Goi and Ng, 2011; Moorty et al., 2014).

Business in Malaysia should garner this M-commerce technology to their advantage and incorporate the M-commerce as an important marketing tool in their strategic marketing planning.

WHY M COMMERCE IS AN IMPORTANT MARKETING TOOL IN MALAYSIA?

Mobile phones, especially smartphones are thus crossing the line of being a mere communications tool, but rather becoming an everyday necessity and a lifestyle facilitator. According to Saathi (2014) an international market research report, Malaysians are following the develop country trends by spending more time staring at the mobile screen. Behavioral reports highlight that in general 40 per cent of people use application before getting out of bed and 40 per cent of Malaysians check their phones every 30 minutes.

Aside from short message service (SMS) and voice calls, Malaysians are embracing the available data by mainly browsing the internet, social networking, using applications, reading and sending emails and chatting via instant messages. The growing need for Malaysians to be connected and the need to use applications available at a rapid pace make 76 percent of Malaysian to be connected on a daily basis (Saathi, 2014).

The chat platforms are also crossing the realm of mobile commerce, which is already a common practice of savvy Malaysians. Malaysians are active online shoppers, spending on average of USD2, 000 online per year. The common online shopping category is travel, which extends to the mobile space as well. Over 80 percent of Malaysians bought flights online in 2012 and the mobile-centric behavior is driving the purchase of mobile devices (Saathi, 2014). It is now expectation that they can go through the entire consumer journey via their mobile devices from research to purchase and customer services.

Marketing strategist needs to constantly be alert on the consumer trends to be relevant in the market. Even though the numbers show that mobile devices dominate the market, many marketers especially in Malaysia are not taking leaps to invest in mobile platforms. Organizations such as Ebay, Amazon and Groupon have paved their way into mobile shopping platforms. A recent study by Groupon (2013) revealed that seven out of ten Malaysians planned to do their holiday shopping via a mobile device. In the same survey by Groupon (2013), revealed that for the holiday shopping survey found that throughout 12 markets studied in the region, Malaysian consumers were most prone to shop for holiday gifts through their mobile devices.

CONCLUSION

Goi (2016) quoted Wong and Yapp's finding and showed on the increase of the market size for M-Commerce compared to traditional E-Commerce. However, study by Tanakinjal et al., (2010), showed that perceived risk has been a major concern among Malaysians in the adoption of M-

commerce. A similar study on the Y generation in Malaysia by Moorty et al., (2014) revealed the confidence of monetary transaction purposes on the mobile devices is still low and this continues in 2016 with concern on M-payment gateway (Goi, 2016). This clearly shows, that the channel of payments has to be further established, like in Japan, Korea and the United States who are pioneers in the M commerce market.

With the decline of traditional PC sales and the massive increase in mobile devices' popularity, marketers can no longer approach their marketing and communications from a traditional point of view. No longer are the website browsed merely through desktops, but through mobile devices instead. The content served to the audience needs to be attractive to engage with the brand in the right context and through the right platforms.

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