

The Platform Economy: Southeast Asia's Digital Growth Catalyst

Annex –
(Malaysia Deep-dive)

Research Partner

BAIN & COMPANY





New Economy Progress Index

➤ Mostly emerging stage with online presence of MSMEs in early stage

Digital infrastructure

- **Good mobile internet penetration** that supports access to the Platform Economy, with 2 in 3 with mobile internet
- **Significant digital payment adoption** as 83% of mobile internet subscribers (or 55% of total population) are mobile wallet users



Digital infrastructure
61%

Mobile internet subscribers: 67%
Mobile wallet users: 55%



Physical infrastructure
54%

Same-day delivery: 67%
Mobile internet download speed: 40%

Overall
52%



MSMEs
36%

Online food and e-commerce sales: 12%
Digital MSME sales from Platforms¹: 61%



Consumers
59%

Digital consumers²: 83%
Population using 3+ O2O services: 35%

Note: 1) MSMEs which uses Platforms at the point of being surveyed 2) Digital consumers are consumers who had made an online purchase in the past 12 months
Source: Bain analysis based on data from Euromonitor, Fitch Solutions, Forrester, GlobalData, GSMA Intelligence, Ookla



New Economy Progress Index

➤ Mostly emerging stage with online presence of MSMEs in early stage

Physical infrastructure

➤ 2 in 3 have access to same-day delivery, for a faster “offline” experience in the Platform Economy

➤ Lower than global average for mobile download speed which may affect user experience of digital products and services



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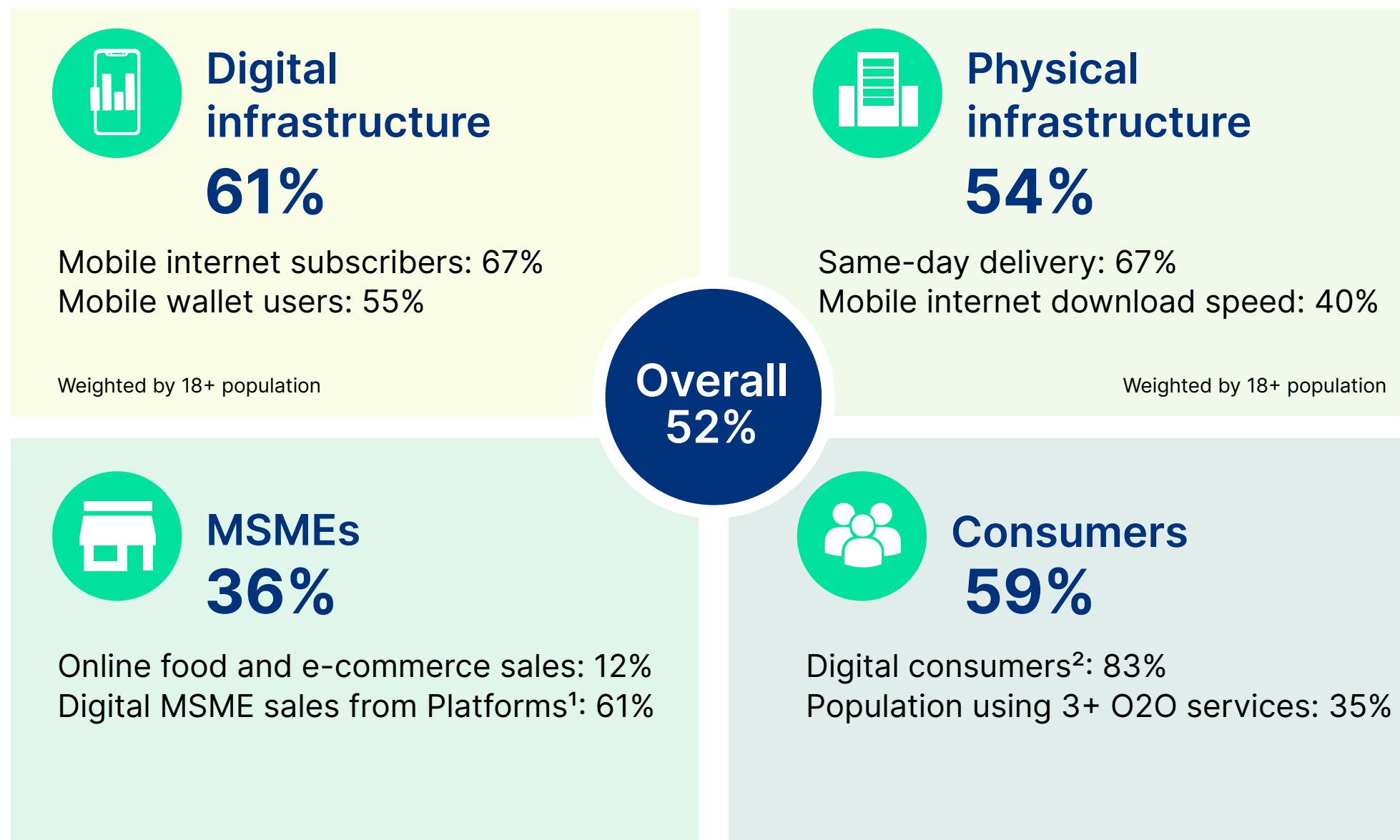


New Economy Progress Index

➤ Mostly emerging stage with online presence of MSMEs in early stage

MSMEs

- Early stages in getting MSMEs online, with 12% food and retail sales from online channels
- MSMEs selling online are emerging users of digital channels with **more than half of their income from Platforms**



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Consumers

- 8 out of 10 of population have purchased online in the last 12 months
- 1 in 3 consumers is fully immersed in the Platform Economy by using three or more O2O services



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Flight to Platforms

Country Survey Methodology

- Malaysia consumer and SME surveys ran from Apr to May 2021, totaling 400 consumer and 118 SME respondents
- Objective to understand sentiments and use of Platforms in Malaysia

The use of Platforms have become more widespread in recent years

Consumers



Consumers have **increased spend** on O2O service compared to 1-2 years ago

MSMEs



0.5M of MSMEs are using Platforms (based on the press release on MSME e-commerce adoption)

Platforms are expected to be a more important part of lives & the economy in the future

Consumers



Consumers agree that Platforms have had a **positive influence on their quality of life**

MSMEs



MSMEs agree they need to use Platforms **to succeed in the future**

Logistics have also greatly improved as a result of Platform growth

7 of 10

consumers agree logistics delivery has become ...(vs. 2 years ago)

- ... Faster
- ... Cheaper
- ... Wider in coverage

Source: SEA-6 O2O Platforms Consumer Survey by Bain & Company, May 2021 (N=2,800); SEA-6 O2O Platforms MSME Survey by Bain & Company, May 2021 (N=666)



Enhancement of consumer O2O experiences and greater access/connectivity

➔ Consumers



E-commerce & Food Delivery Platforms

More options

89%

Agree that they can access **wider range of products** via e-commerce

Greater convenience

76%

Agree that it is **more convenient** to order food with food delivery platform

Better prices & comparisons

89%

Agree that they **able to find the best prices** for products through e-commerce

Improving experience in COVID-19

88%

Agree food delivery platforms have improved the experience of **ordering food in COVID-19**

Source: SEA-6 O2O Platforms Consumer Survey by Bain & Company, May 2021 (N=2,800); SEA-6 O2O Platforms MSME Survey by Bain & Company, May 2021 (N=666)



Enhancement of consumer O2O experiences and greater access/connectivity

➔ Consumers



Ride Hailing Platforms

Alternative for
routine commute

Select top use-cases of Grab in country

- ✓ Alternative for own transport
- ✓ Going to office

Greater mobility & connectivity
85%

Agree that they can **travel more easily** to places previously difficult to reach

Higher quality transport
84%

Agree that ride hailing platforms provide **higher quality transport services** (waiting time, ease to book...)

Better offline experience
77%

Agree entry of ride hailing has led to **taxi operators improving ride experiences**

Source: SEA-6 O2O Platforms Consumer Survey by Bain & Company, May 2021 (N=2,800); Grab



Path to financial inclusion, and new livelihood/income opportunities

➤ Consumers



Digital Financial Services

Cash to Cashless

81%

Agree that it is **faster & more convenient** to use **digital payments** vs. cash

66%

Agree that it is **safer/more secure** to use **digital payments** vs. cash

Access to financing

68%

Digital lending users, **previously unable** to get loans from banks/lenders

Source: SEA-6 O2O Platforms Consumer Survey by Bain & Company, May 2021 (N=2,800); Grab



Path to financial inclusion, and new livelihood/income opportunities

➔ Consumers



Platform Work Opportunities

New Livelihood Opportunity

73%

Drivers with **increased income** after joining Grab (incl. previously unemployed)

Top 3 reasons drivers work for Grab in country

- ① Flexibility of work
- ② Able to earn as much as I work
- ③ Low stress

“ I enjoy the freedom and flexibility that Grab has given me I can manage my own time which means I am able to spend more time with my family when I want to ”

Haymasuthan A/L Periasamy, Grab driver-partner in MY

Source: SEA-6 O2O Platforms Consumer Survey by Bain & Company, May 2021 (N=2,800); Grab



The Platform economy enablement of MSME growth & productivity

➔ MSMEs



E-commerce & Food
Delivery Platforms

Expansion of customer base

85%

Agree that can **reach more customers** through Platforms vs. selling offline

Higher sales per customer

82%

Agree that can **sell more to each customer** through Platforms vs. selling offline

Higher profitability

72%

Agree that **more profitable to sell** through Platforms vs. selling offline

Greater resilience in COVID-19

71%

Agree **sales would have declined during COVID-19**, if Platforms not used



The Platform economy enablement of MSME growth & productivity

➤ MSMEs



Digital Financial Services

Key benefits from using digital payments

| | % AGREE |
|---|---------|
| ① Safer to transact vs. cash | 85% |
| ② More convenient to transact vs. cash | 81% |
| ③ Improvement in sales after started accepting digital payments | 80% |

Access to financing

63%

Digital lending users, previously unable to get loans from banks/lenders