



A customer scans the QR code (e-wallet) to make cashless payment for a purchase at a shop in Kuala Lumpur, on June 5, 2020. — Picture by BERNAMA

Online businesses see rapid growth since MCO last year

January 15, 2021

KUALA LUMPUR, Jan 15 — While it is no secret that the small and medium enterprise (SME) sector has been badly impacted by the Covid-19 pandemic and subsequent enforcement of movement restrictions since last March, many SMEs managed to keep afloat by taking their businesses online.

In fact, within a month after the movement control order (MCO) was enforced on March 18 last year, online trading activity increased by 28.9 percent, according to news reports.

Many SMEs, including restaurants, grocers, supermarket chains and merchants offering all kinds of consumer goods and services, now have an online presence which gives them access to an even bigger and wider market.

According to SME Corporation Malaysia chief executive officer Rizal Nainy, e-commerce participation among SMEs increased by three percent between March and October 2020 compared to the previous year's corresponding period.

And, between March 1 and Oct 31 last year, a total of 373,213 entities registered their businesses with the Companies Commission of Malaysia under the online category.

Meanwhile, Malaysian Muslim Restaurant Operators Association president Datuk Jawahar Ali told Bernama more than 2,500 restaurants – or 65 percent of its 4,250 members nationwide – now cater to online customers as well, citing the Covid-19 crisis as the “impetus” for them to take their businesses to digital platforms.

Re-engineer businesses

SME Corp's chief executive officer Rizal Nainy urged entrepreneurs and traders to move forward and seriously consider adopting information and communication technology as the latter plays a crucial role in fuelling the growth of the SME sector not only in terms of enhancing productivity and efficiency but also in expanding their market reach.

In order to adapt to the digital economy as a whole, SMEs must re-engineer their business models to ensure that they have the correct business strategies, processes and infrastructure in place to support digital transformation, he said.

“This has become all the more important now in view of the ongoing pandemic which has impacted many businesses, particularly those that have not adapted to digitalisation and have yet to venture into e-commerce,” he told Bernama.

Meanwhile, Associate Professor Dr Anuar Shah Bali Mahomed, from Universiti Putra Malaysia's School of Business and Economics, lauded the move by businesses to digitalise their operations, saying that this will not only lead to potentially higher earnings but was also in line with the nation's Industrial Revolution 4.0 aspirations.

Citing the spectacular single-day sales achieved by e-commerce players Ali Baba and JD.com on 11.11.2020 (global shopping festival), he said their combined sales figure was higher than Malaysia's Budget 2021 allocation of RM322.5 billion.

For the record, Ali Baba registered sales worth RM230.89 billion and JD.com RM165 billion on 11.11.2020, which added up to a whopping RM395.89 billion.

Entrepreneurs are therefore making the right move by migrating to the digital ecosystem to harness the lucrative online market, he added.

Blessing in disguise

Anuar Shah Bali also said that the progressive shift to e-commerce can have a great impact on the country's economic development and enable it to meet the challenges of the global economy.

"If more SMEs switch to doing business online, they will be able to increase their contribution to the nation's gross domestic product (GDP). In 2019, SMEs contributed to 38.9 percent of the GDP and 66 percent of the nation's employment," he said.

He said the growth of online businesses this year is expected to boost GDP growth, which will keep Malaysia's economy on track to grow by 6.5 percent to 7.5 percent as projected under Budget 2021.

Shah Alam and Klang Bumiputera Night Market Traders Association chairman Kamarul Nizam Razak, meanwhile, described the Covid-19 pandemic as a "blessing in disguise" and said that it has forced traders to be more resilient, brave and creative in adapting to the current business atmosphere.

"Many traders have taken their businesses online in order to increase their sales revenue and spur business growth. While digital platforms have given traders an income stream, it has also helped shipping and delivery companies to offer job opportunities to those who lost their jobs," he said.

Kamarul Nizam said he himself had to go online last year after the MCO was imposed and in the beginning, he found it quite difficult to adapt to the new environment.

"Just imagine, for 20 years I have been operating a stall selling beverage products at night markets in Shah Alam. Then, suddenly I had to change direction and switch to using online platforms such as Facebook and WhatsApp to promote my products.

"Even though the daily profit margin is only around 20 to 30 percent of what I used to earn before, but still as traders, we need to take risks that we have never thought of before," he added.

Creative marketing strategies

Dr Rahmah Mokhtar, a lecturer at Universiti Malaysia Pahang's Faculty of Computing, meanwhile urged traders to implement creative marketing strategies to attract more customers since competition is stiff among e-commerce players.

“In an online business, the product itself needs alluring visualisation and photos that can attract customers to the site. For example, traders who sell *murtabak* during the month of Ramadan should post appetising pictures of the delicacy to entice customers.

“Varying the angle of your product’s photos is also a good way to make the advertisement look more compelling. If you are not good at editing your photos, you can always hire a skilled person to do it so that your photos are beautiful and captivate your customers,” she said.

She said the use of hashtags or # on social media sites is also crucial to enable one’s business to reach the targeted customers.

“Users of social media will get connected to your business whenever they type the name of the product you sell in the search box. For example, if you sell *murtabak*, you can use hashtags such as #murtabak, #murtabakpekan or #murtabakedap,” she said.

— Bernama