

The Malaysian Internet User



The series of Household Use of the Internet Surveys carried out by SKMM over the last few years enabled a profile of web surfers in Malaysia to be developed. Ng Wai Mun reveals what the Malaysian Surfer looks like.

The Household Use of the Internet Surveys (HUIS), conducted in 2005, 2006 and 2008, revealed that more and more Malaysian Internet users are acquiring information from the Internet. Back in 2005, only 41% of the Internet users were accessing the Internet for information. Then in 2006, it rose to 85% and jumped to over 94% in 2008. These figures mirror the worldwide trend that has seen the world turning to the Internet as a primary source of information and which also turned Google into a noun. In the United States, for example, 96% of people conduct searches on their computers.

The interesting figures above are the fruits of surveys carried out through SKMM's Computer Assisted Telephone Interview (CATI) Centre. SKMM regularly commissions surveys and industry reports on areas that it regulates to obtain a better picture of trends and patterns of the industry.

Methodology

The main objective of the HUIS was to collect data pertaining to access and use of the Internet in Malaysia. In the context of the HUIS, an Internet user is defined as someone who accessed the Internet at least once in the past month at his/her own home. Other means of access such as through hotspots or at work were not considered in this survey. Randomly generated PSTN numbers were then dialled and if it is an Internet-equipped household, a randomly selected user was sampled.

Penetration

From the responses received during HUIS 2008, on average, one household Internet account is shared by 2.26 users in

Malaysia. This translated to 1.9 million Internet users in Malaysia as at the end of March 2008. In terms of household broadband penetration, Malaysia's penetration stood at 17.6% as at end-September 2008. For comparison, one of the most connected countries in the world, Iceland, has 76%.

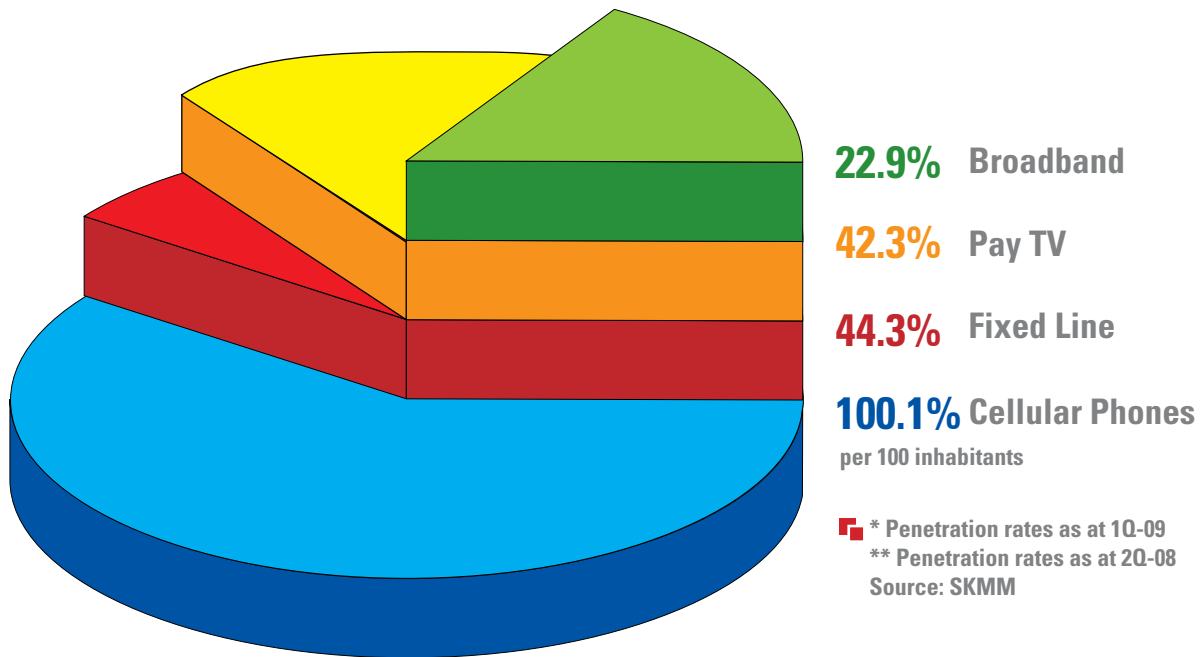
Access trends

Just four years ago, the main mode of Internet access in this country was through dialup and up to 81% said then that they had no plans to migrate to broadband. Only 19% said that they intended to migrate to broadband. Since then, the mindsets of these Internet users have become much more receptive to broadband. In 2008, 74% of these users were already accessing the Internet via a broadband connection. Dialup users accounted for a low 25% with the remaining 1% users using both connections. Awareness issue however remained a problem. In 2008, among the dialup users, only 64% knew of broadband's existence.

Over the past few years, the workplace remained as the main place where users accessed the Internet apart from their homes. So much so, some quarters held the opinion that the fact that workplace offers Internet access to its staff may itself indirectly retards the growth of Internet broadband subscribers in the country. Most would have done all the Internet related chores in the office and thus there is no need for personal Internet access at home. Moreover, the Internet access in the office would be free.

This may however change in the near future. In most developed countries, access trends are heading towards mobile. In the United States, 20% - 40% of the Internet users make use of smartphones to read news online, search and visit websites. In South Korea, the situation is similar where most Internet traffic are derived from mobile phones. In a survey done by the National Internet Development Agency of Korea, wireless Internet for mobile phones ranks highest at

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51% followed by wireless LAN at 8% and usage of broadband wireless Internet at 3%.

The Korean survey revealed the reason behind wireless Internet's popularity in Korea was because it allows users to access Internet from anywhere i.e. immediate access when it is needed. However, should not this also be the main form of Internet surfing in other countries as well? This is currently not the case. Perhaps the issue of smartphone pricing (relative to the cost of living) forms a major factor in determining the popularity of wireless Internet access via smart phones in a particular country.

Who's surfing?

There is not a big gender gap among the Internet users. In 2008, 52% of users were male and 48% were female. Internet usage however is highly driven by the young generation. 53% of Internet users were below 30 years old and a huge 75% were below 40 years of age. Even though younger people were the ones accessing the Internet the most, this appeared to start only after users had reached 15 years of age. The survey found that only 7% of Internet users were below 15 with that figure rising to 18% for those between 15 to 19 years of age.

These figures would be interesting reading for those involved in delivering rich media services and applications because a study in the United States showed that younger users were driving media consumption there. High bandwidth activities such as watching or uploading videos and photos, listening to music and so on were primary activities of the younger generation in the United States.

The digital divide remained wide in Malaysia. Location wise, urban users outnumber rural users 6 to 1. Most house-

holds accessing the Internet are found in urban areas. In 2008, Selangor and Kuala Lumpur hold 39% of these households. Not surprisingly, education is linked to Internet usage. 66% of Malaysia Internet users hold a degree or diploma.

Average use per week

Back in 2005, as high as 43% spent less than 4 hours online per week and only 9% spent 28 hours and more online. In 2006, the HUIS revealed that usage has increased. 16% of the users now are spending 28 hours and more online per week while only 26% spent less than 4 hours online. The numbers are even more telling in 2008 where 28% spent 28 hours and more online.

In a survey conducted by Goldman Sachs, in the United States, the overall time spent online is approximately 22.5 hours per user per week. Usage however has been flattish over the last few years. Internet usage over the computers has been stable. Mobile Internet usage however is on the rise, with 5% of those surveyed accessing the Internet through mobile devices compared to 3% in 2008 and a mere 1% in 2007. This seems to mirror the trend of the Korean users as well. The higher usage merely reflects the more mature markets of the Internet users.

Americans are spending a lot of their online time on media content such as watching movies and TV, blogging and creating/uploading video content. And for the younger demographics, they are spending a lot of time on social networking sites and instant messaging.

One would not be able to pin down any one particular reason to explain the increasing usage in Malaysia as compared to the US's flattish but high usage. Some would attribute the increasing usage as being the trends of usage

in developing countries. Others would claim that the services offered in this country are improving, thus worthwhile to spend more time online.

On the contrary, some may even be bold enough to claim the longer usage time reflects the slower speeds available to the Internet users. A user may need to spend more time online to perform its tasks as compared to users in other countries. At this juncture, data linked to the speed available to the users in the various countries is not available to substantiate this claim.

So what do Malaysians do online?

In 2005, the Internet was primarily used for communications, accounting for up to 99.6%. Searching for information grew strongly the following year where 85% of users reported that they were getting information online. The trend continued in 2008 where getting information and communications were the main reasons users went online. In South Korea, usage of the Internet, for communications, account for a lower 70%.

Moving forward, percentage wise, we expect these percentages to decline as more and more new applications are available to those that surfs the Internet. The time online will be spread between communications and these other new applications.

In HUIS 2008, participants were asked if they had carried out Government transactions online or engaged in online stock trading. 20% were using e-Government transactions and 6% used online stock trading. Other usage included education, leisure, financial activities and public services. As awareness increases and Internet transactions made safer, we expect e-transaction related activities to increase tremendously.

Of those visiting Government websites, an overwhelming 92% searched for information; 64% went to download information while 53% downloaded forms. Those who lodged complaints or got advice through the websites accounted for 20% and 19% respectively.

On e-Government, an internationally accepted benchmark can help one understand this country's e-Government readiness and adoption. The United Nations conducted an annual e-Government survey which included a section titled e-Government Readiness. This survey ranks countries according to two primary indicators. The survey assesses the state of e-Government readiness and the extent of e-participation. This survey assessed the 191 member states of the UN according to a quantitative composite index of e-Government readiness based on website assessment, telecommunication infrastructure and human resource endowment. Malaysia ranked 34 in the 2008 e-Government

Malaysian Users of Internet By Age Category

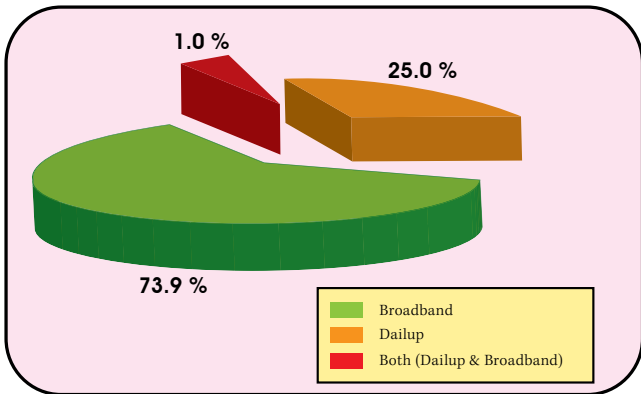
Percentage share of household user base			
Age Category	2005	2006	2008
Pre-teens & Teens (up to 19)	25.1	26.0	24.7
Adults (20-49)	66.5	67.0	65.8
Seniors (50+)	8.4	7.1	9.4

Activity on the Internet

Percentage share of household user base			
Internet usage	2005	2006	2008
Getting information	40.5	84.5	94.4
Communication by text	99.6	80.7	84.7
Leisure	47.1	52.7	63.5
Education	46.8	45.9	64.5
Financial activities	14.6	23.6	31.8
Public services	12.7	12.0	29.2
e-Government transaction	-	-	19.8
Online stock trading	-	-	5.9
Others	1.3	0.2	0.7

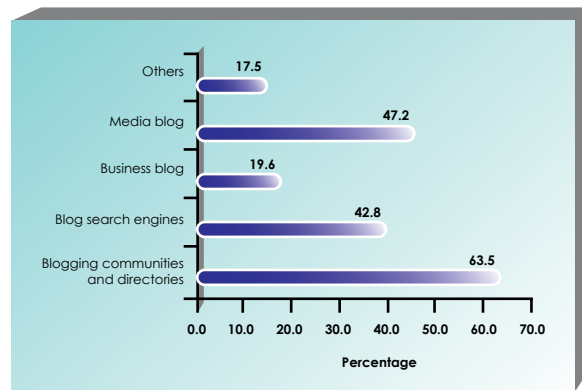
Source: SKMM

Methods of Internet Connection



Source: SKMM, HUIS 2008

Type of Blogs Frequently Visited



Source: SKMM, HUIS 2008

Readiness Index with a rating of 0.6063. Sweden was number one with a rating of 0.9157. The United States ranked fourth with 0.8644; Singapore came in 23rd with 0.7009.

Looking at other Internet usage habits, over in the United States, users aged from 18 to 29 used the Internet mostly for social networking and communicating with others, mainly in the form of emails. However, older users allocate more of their online time playing casual games and researching on health related content.

E-commerce

Throughout 2005 and 2006, airline ticket purchases were the most popular items bought online in Malaysia, 43.8% and 58.5% respectively. The second most popular item was

books. In both years, most users spent less than RM500 over the same three months.

On the contrary, where e-commerce is concerned, online purchases in the United States have flattened out to 20 purchases over the past year. Whilst “airline ticket” was the most popular item purchased online in Malaysia, clothes takes the top spot in the United States with travel related purchases lingering in third spot only.

Although e-commerce is getting big in Malaysia, the United States reported that e-commerce spending slowed down in 2008. Amazon.com continues to lead the pack in this segment. Americans bought apparel, books, travels and consumer electronics online, similar to Malaysia in terms of





items. 71% of Americans cited that item prices were the key driver that affected their purchasing decision.

Others

Among other areas covered in HUIS 2008 were the peer-to-peer (P2P) usage, blogs, instant messaging, phishing and digital signatures.

Most P2P users primarily used the Internet to stream media followed by file sharing.

64% of the respondents knew what blogs are, with 10% of them having their own blogs. 44% users who knew about blogs, accessed them at home.

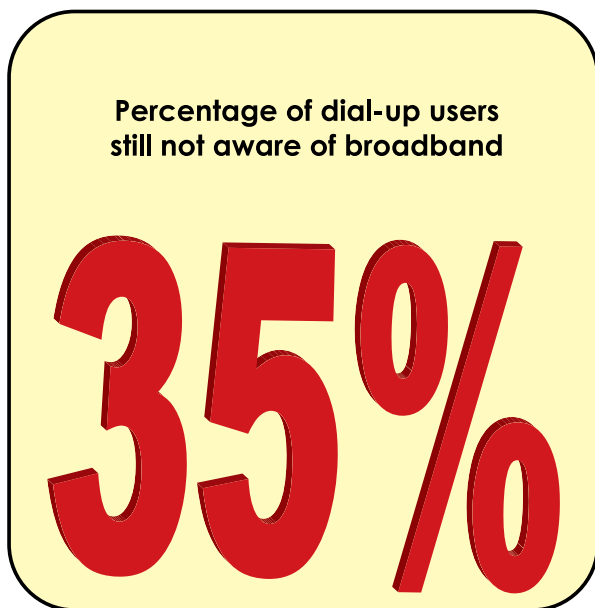
Instant messaging is also gaining momentum in terms of usage. Over 58% users used it. The most popular being Yahoo and Windows Messenger followed by GoogleTalk and Skype. The majority used instant messaging to communicate with family and friends.

As services improve into the medium term, instant messaging services may no longer be just ancillary services used for casual social conversations but could become part of the main communications mode for the public. Whether such messaging systems will overrun SMS as the main mode for short messaging remains to be seen. Undoubtedly this will be closely tracked by the mobile phone service providers. Currently the SMS segment accounts for approximately 30% of their earnings. The loss of this 30% would have a huge impact on the mobile service providers. If these other messaging systems do encroach into the SMS market share, the mobile phone service providers will probably be re-strategising its business models to counter new challenges to their businesses and bottom lines.

Despite reports saying phishing is a huge problem, 72% of home users admitted to not knowing what it is but 85% of this group were savvy enough not to click on any links that is in their emails.

As for digital signature, only 27.6% of the users knew about it while only 28.8% knew how to get one. [.my](http://www.cmc.gov.my)

Awareness of Broadband



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Source: SKMM, HUIS 2008

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