

2016 MALAYSIA DIGITAL LANDSCAPE

EXPLORING THE DIGITAL LANDSCAPE IN MALAYSIA-
BOOSTING GROWTH FOR A DIGITAL ECONOMY

Digital Integration & Business Transformation Asia Conference
3 - 4 August 2016 | JW MARRIOTT Kuala Lumpur, Malaysia



CARAT

MALAYSIA DIGITAL OVERVIEW

31,545,990
Total Population (as of Feb 2016)



21,056,126
Internet Users



5,368,070
Households Broadband
(Total households 7,435,000)



20,650,133
Users on Top Social Network Sites

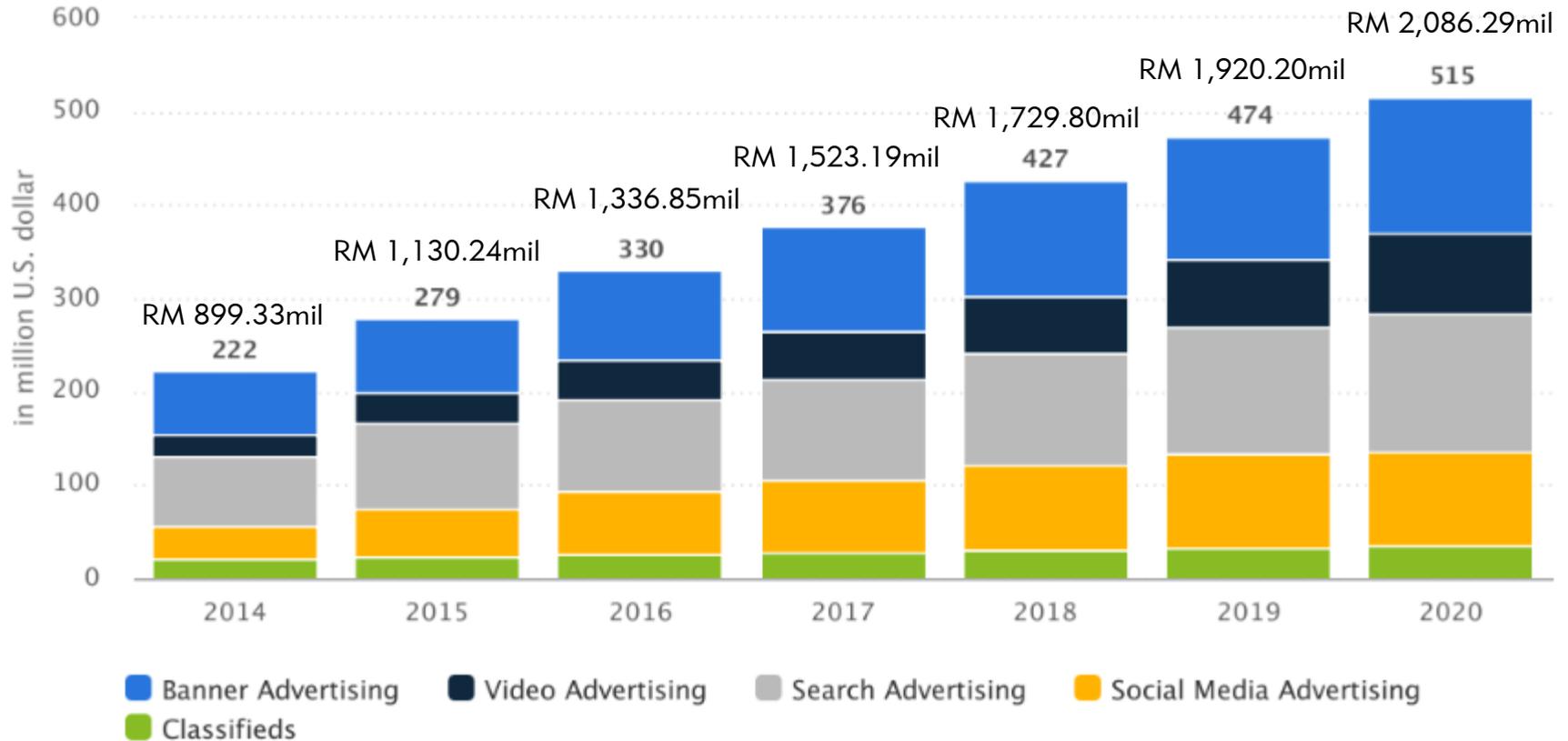


44,509,884
Mobile Subscriptions



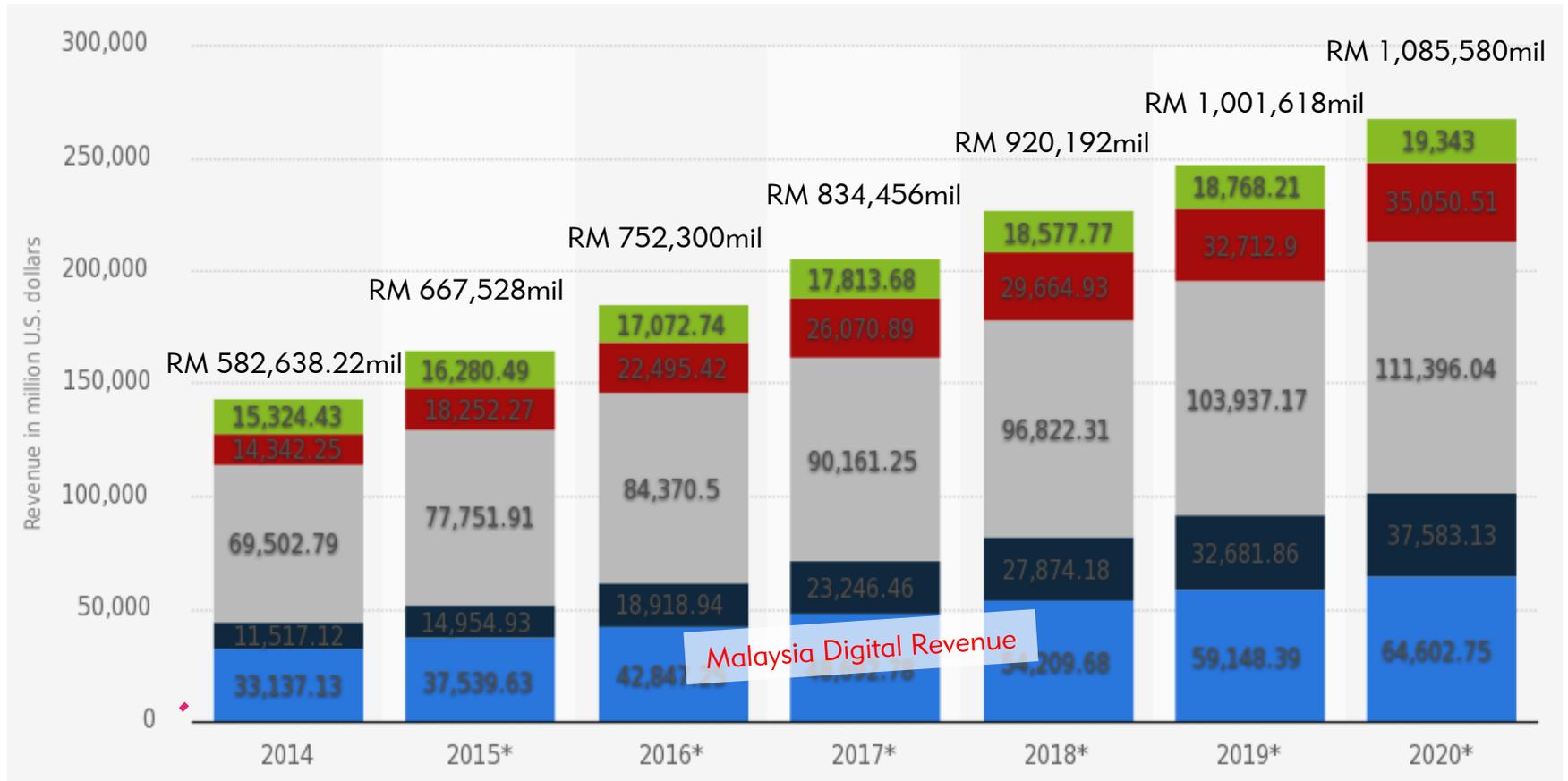
Source: Department of Statistics Malaysia, MCMC Q2'15, comScore, International CCS Survey 2015 – Benchmark – Malaysia (Adult 15+)

ESTIMATED MALAYSIA DIGITAL REVENUE



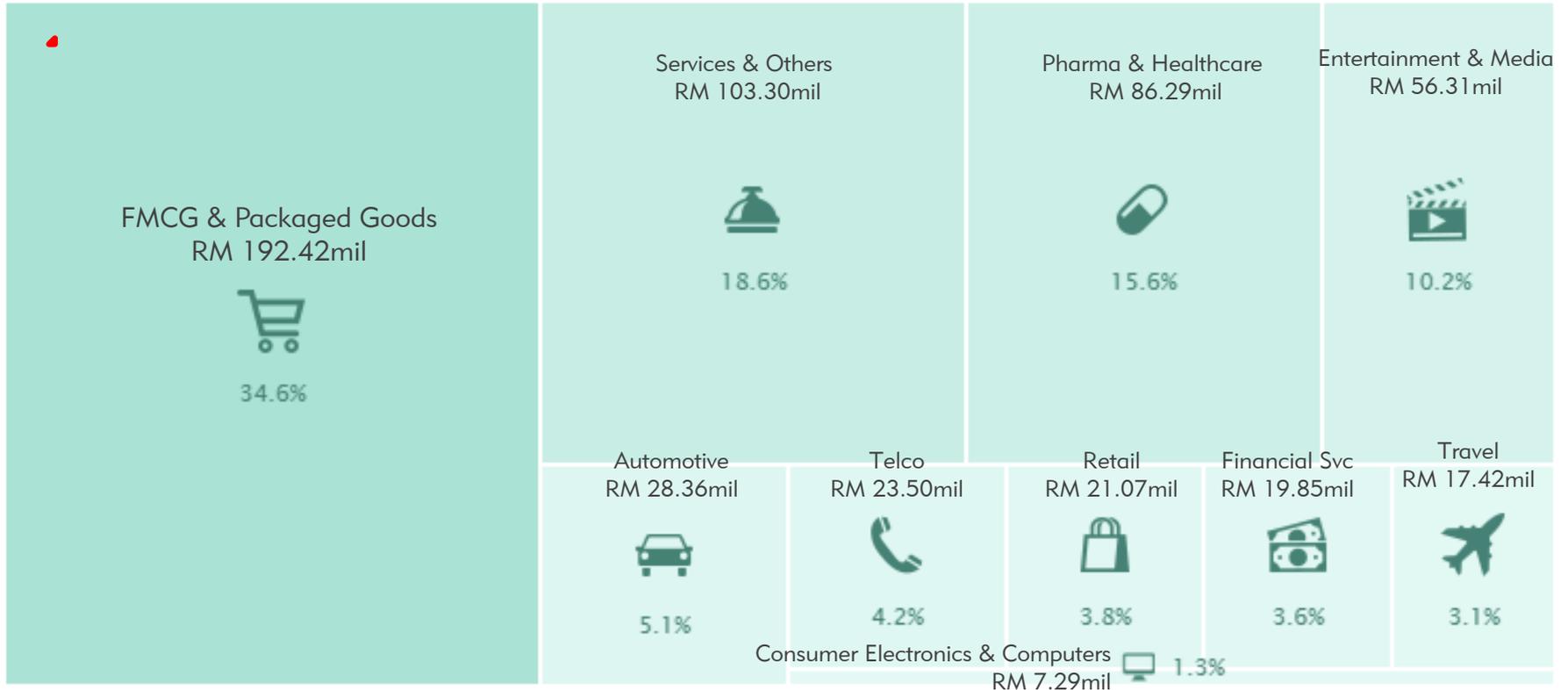
Source: © Statista 2016 – Digital Advertising Spending in Malaysia 2014 – 2020. USD to MYR Exchange Rate of 4.05

ESTIMATED MALAYSIA DIGITAL REVENUE VS. GLOBAL



Source: © Statista 2016 – Digital Advertising Spending in Malaysia 2014 – 2020. USD to MYR Exchange Rate of 4.05

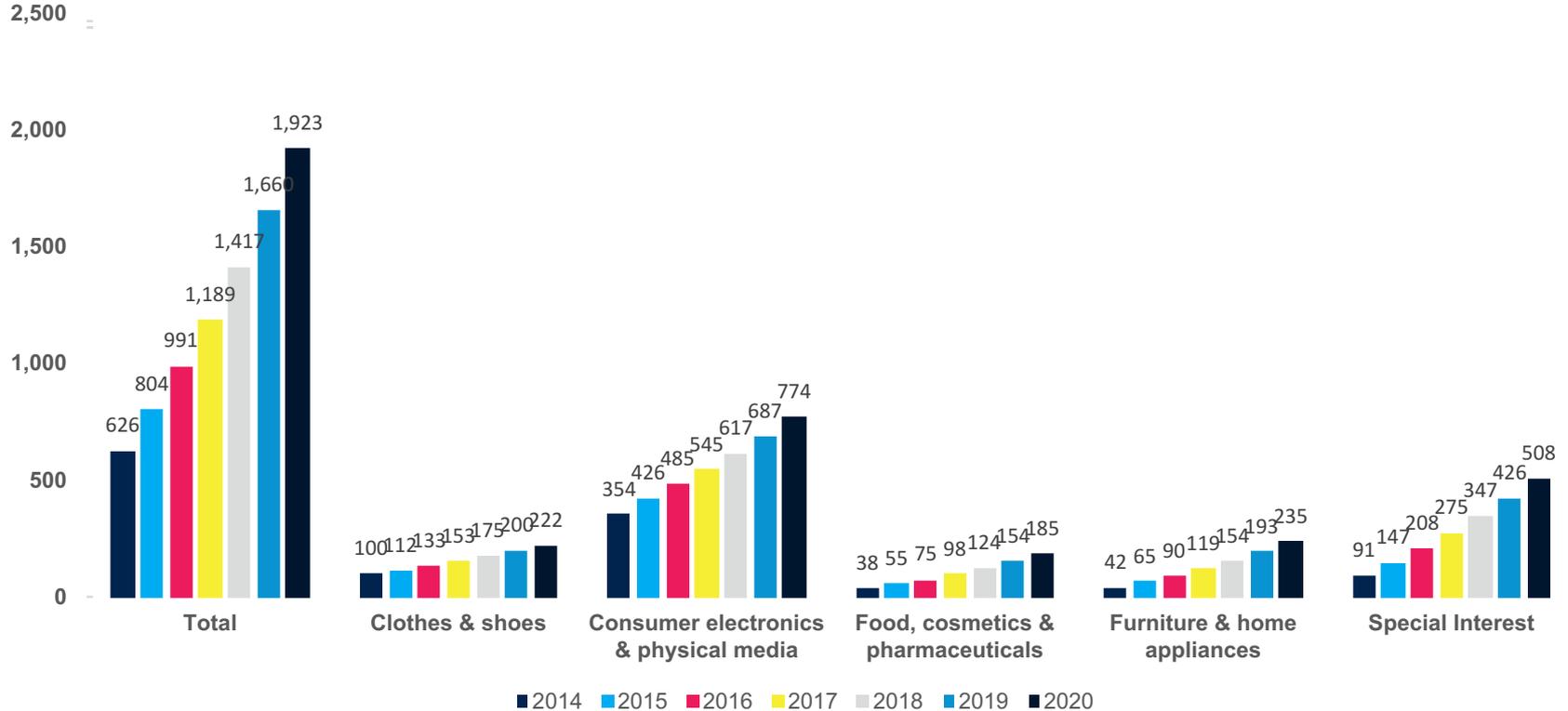
DISPLAY ADVERTISING REVENUE BY INDUSTRY



Source: Statista 2016. Due to limited data availability, the chart shows the Display-Revenue Split for the corresponding world region.

DIGITAL MARKET OUTLOOK – ECOMMERCE

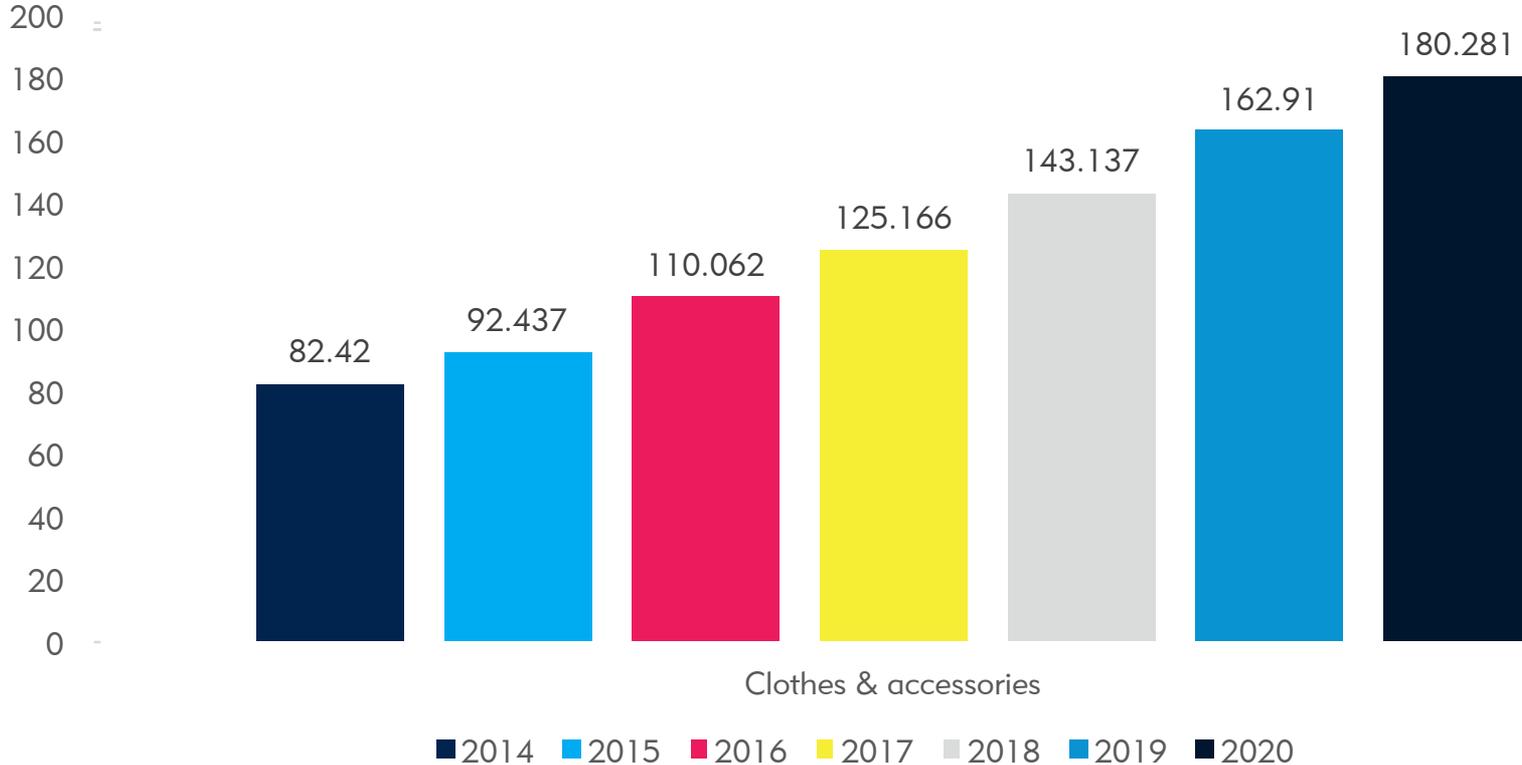
Revenue In Million U.S. Dollars (Malaysia)



Source: Statista 2016

DIGITAL MARKET OUTLOOK - CLOTHES & ACCESSORIES

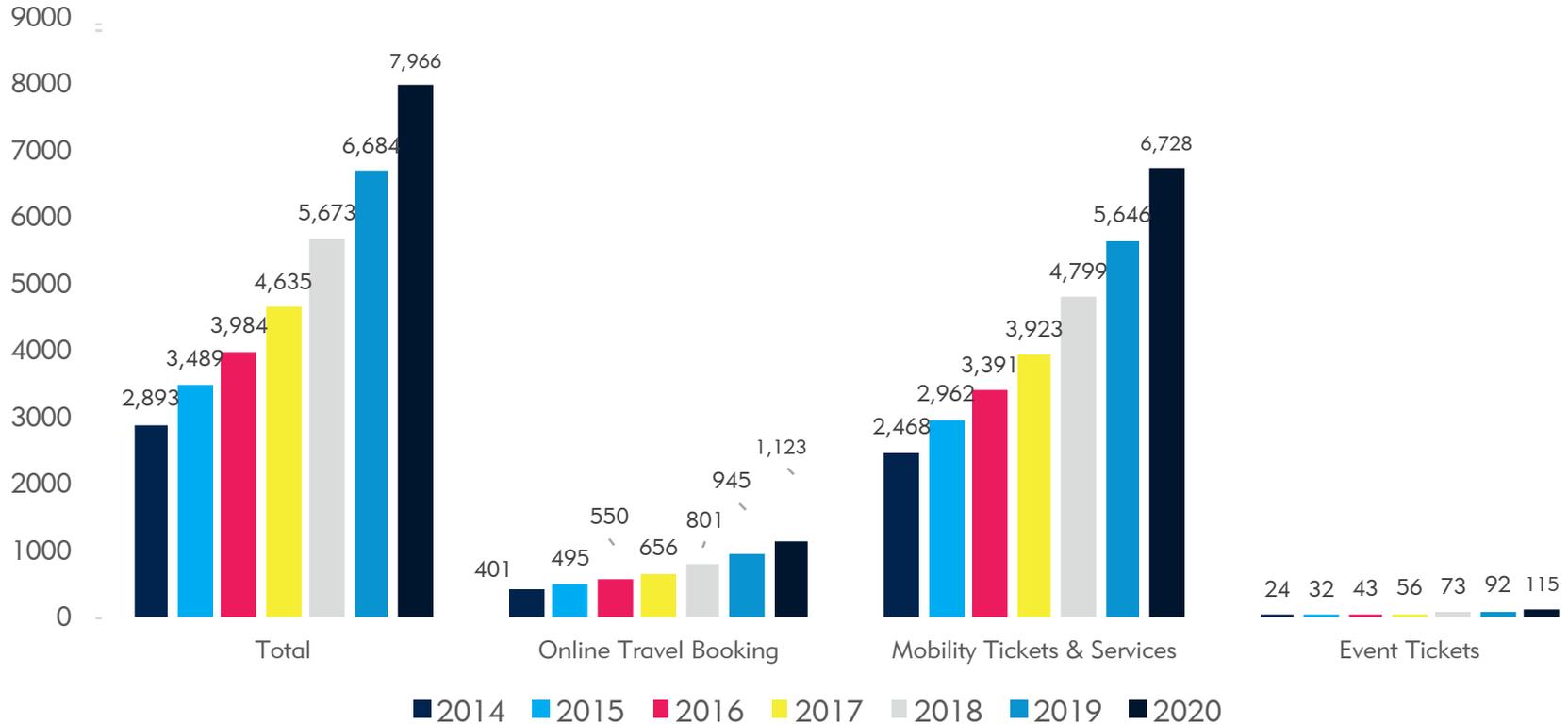
Revenue In Million U.S. Dollars (Malaysia)



Source: Statista 2016

DIGITAL MARKET OUTLOOK – ESERVICES

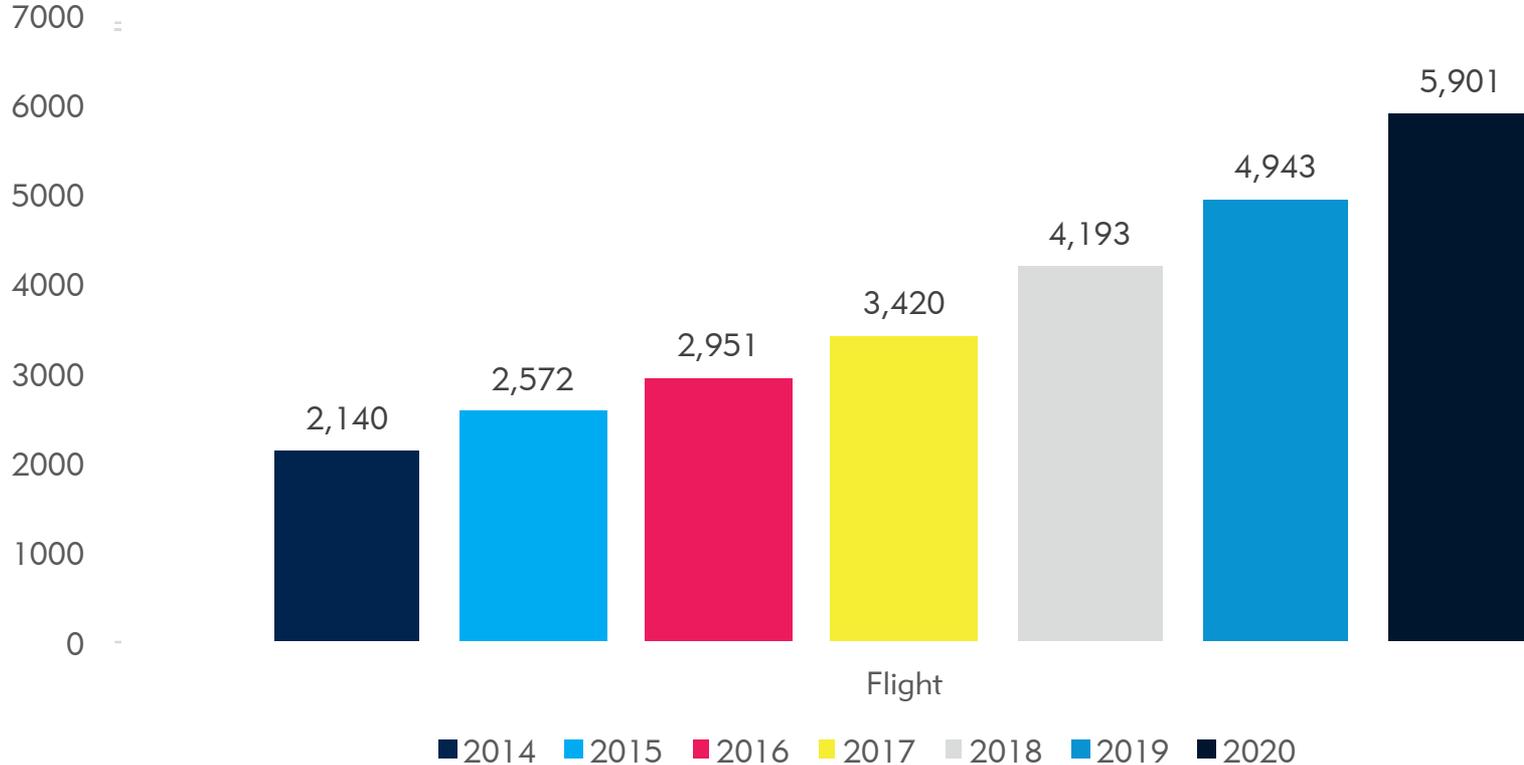
Revenue In Million U.S. Dollars (Malaysia)



Source: Statista 2016

DIGITAL MARKET OUTLOOK – FLIGHTS

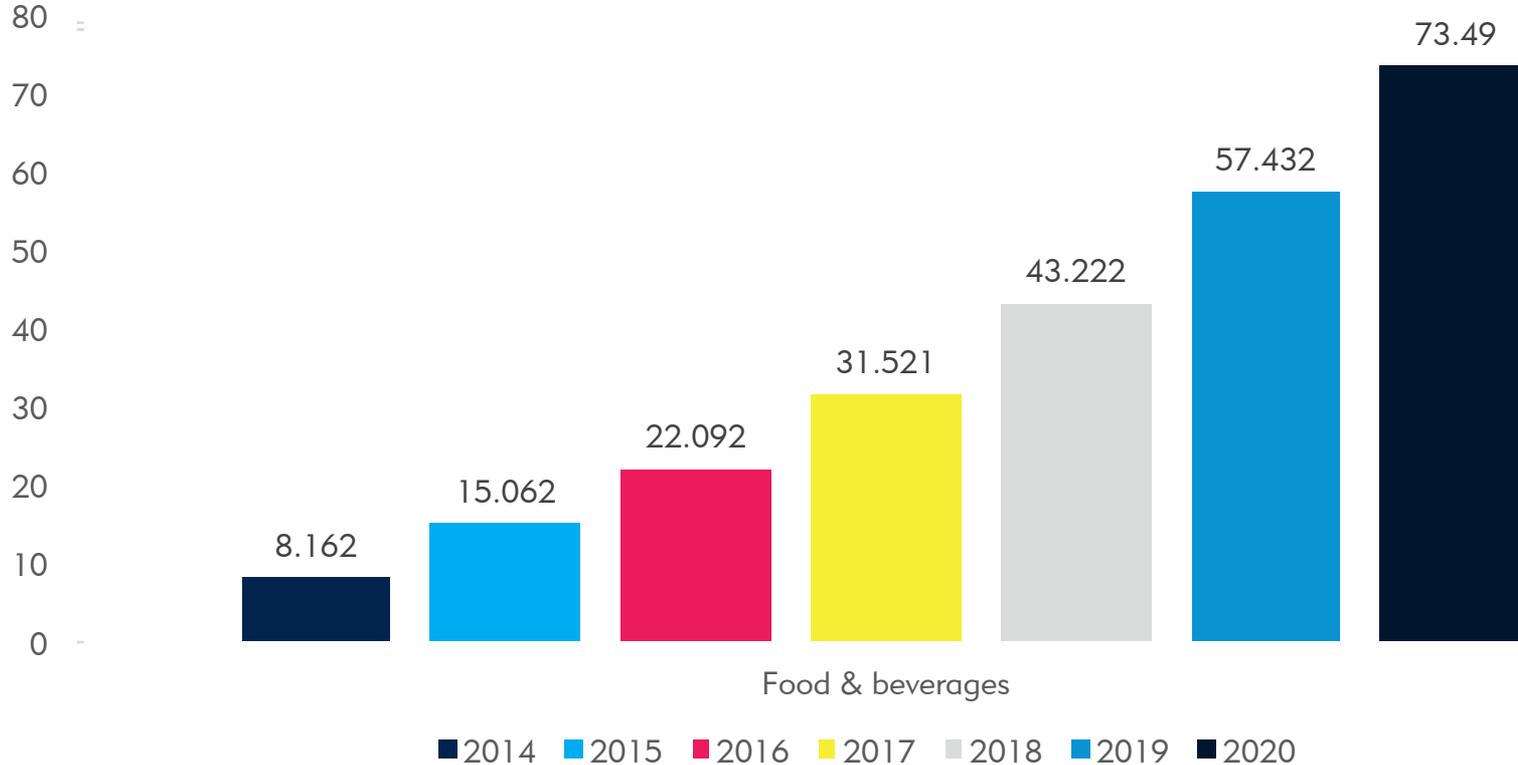
Revenue In Million U.S. Dollars (Malaysia)



Source: Statista 2016

DIGITAL MARKET OUTLOOK - FOOD & BEVERAGES

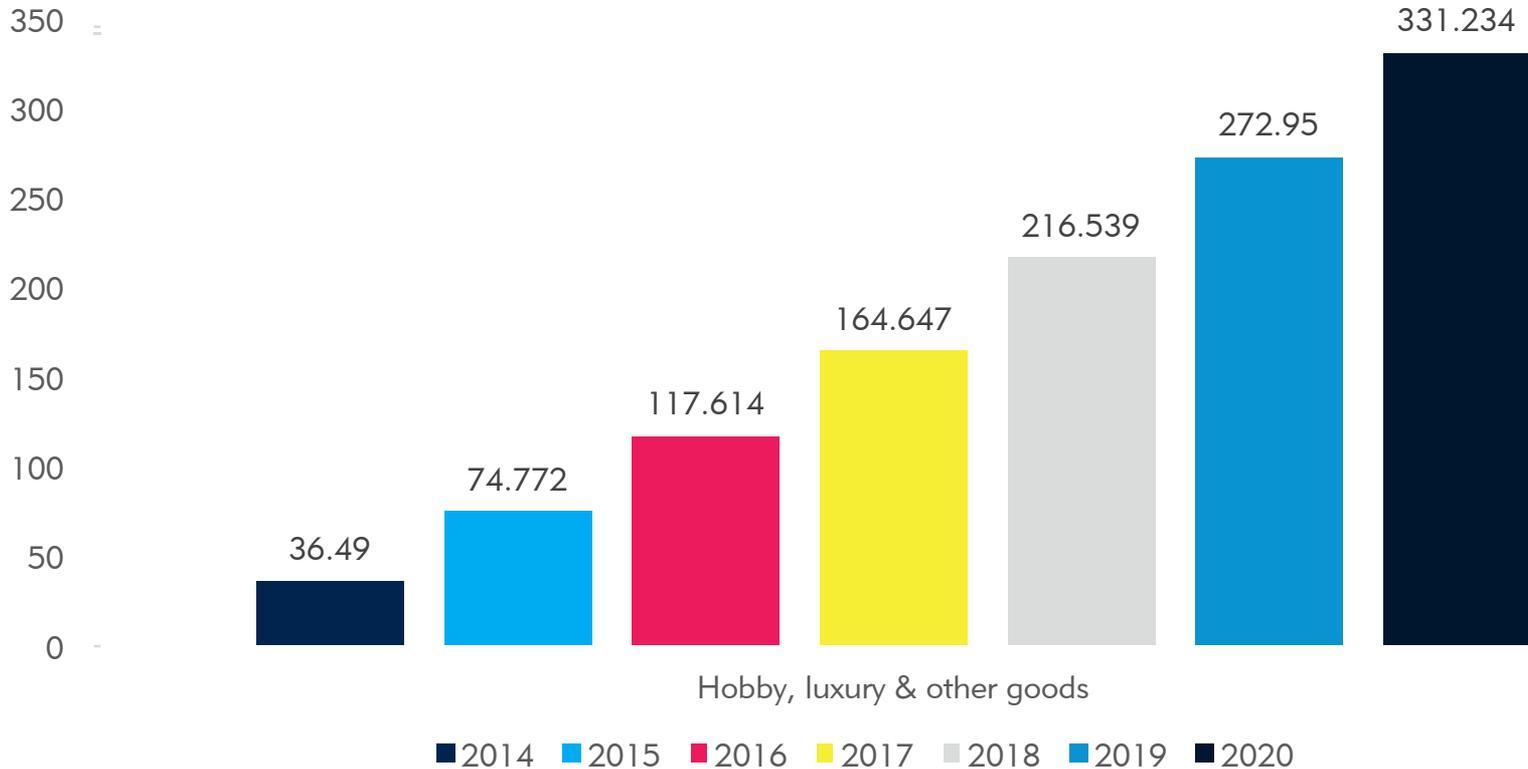
Revenue In Million U.S. Dollars (Malaysia)



Source: Statista 2016

DIGITAL MARKET OUTLOOK - HOBBY, LUXURY & OTHER GOODS

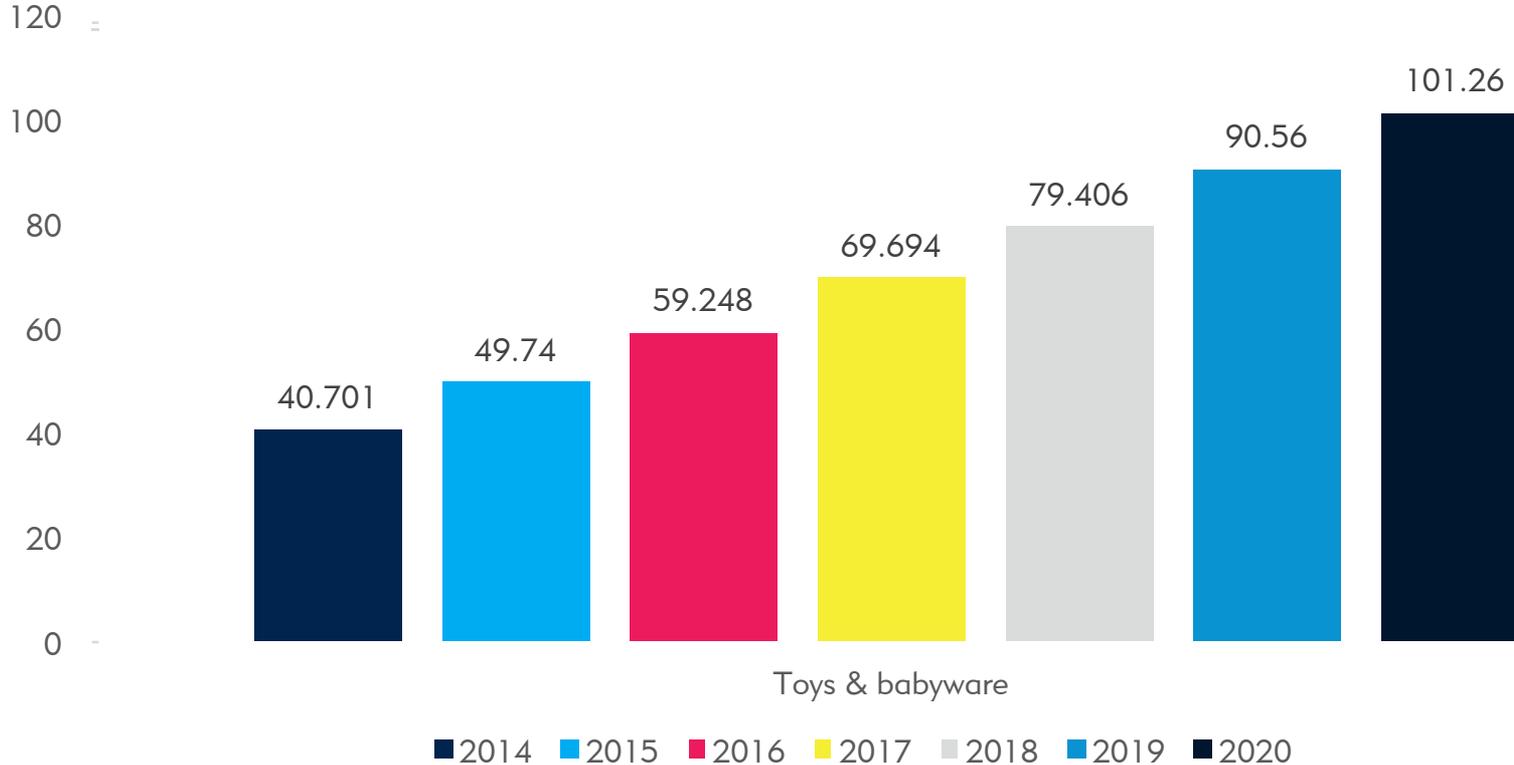
Revenue In Million U.S. Dollars (Malaysia)



Source: Statista 2016

DIGITAL MARKET OUTLOOK - TOYS & BABYWARE

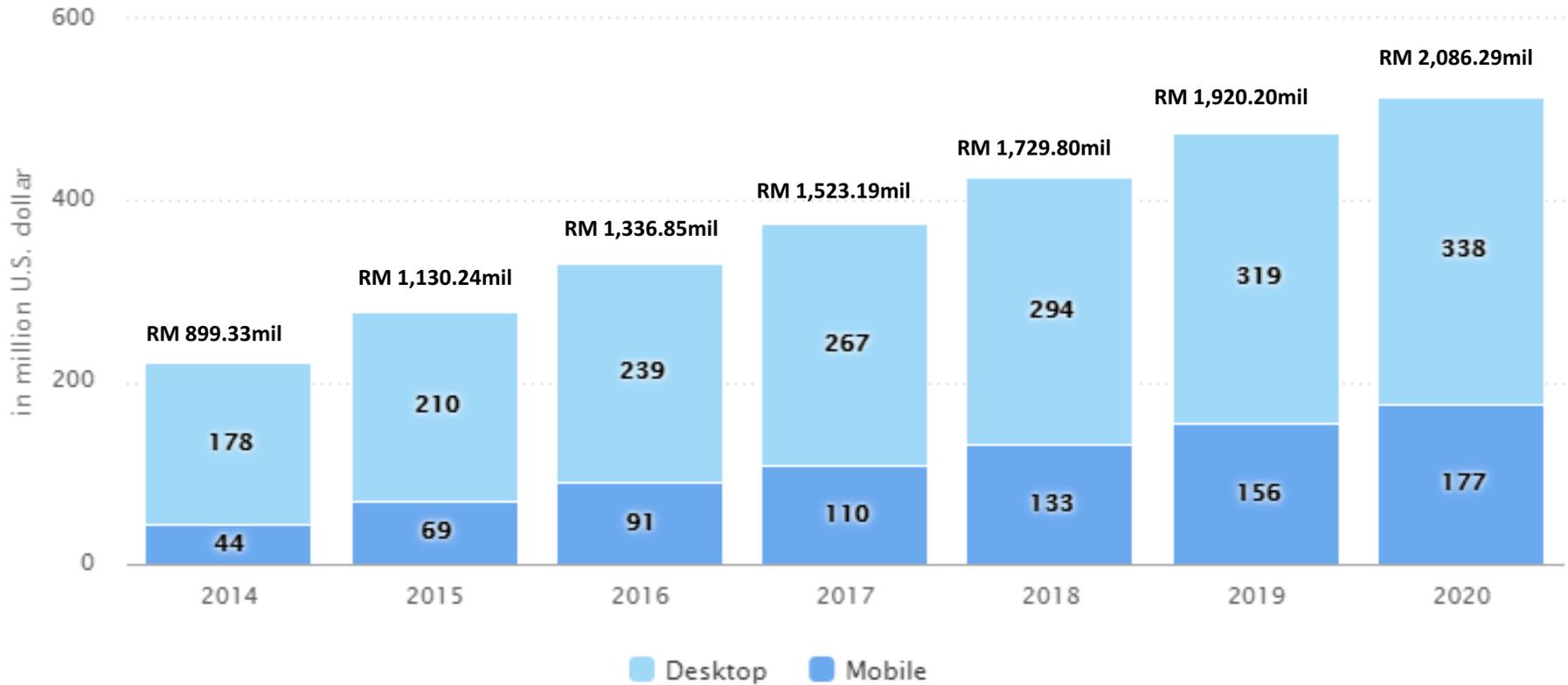
Revenue In Million U.S. Dollars (Malaysia)



Source: Statista 2016

TAPPING INTO DIGITAL MARKETING ON GROWING DIGITAL MARKET IN MALAYSIA

DIGITAL ADVERTISING REVENUE SPLIT - DESKTOP / MOBILE



Source: Statista 2016

DIGITAL ADVERTISING SPEND TAKEAWAY

- Revenue in the "Digital Advertising" market amounts to RM1.37bil in 2016.
- RM716.63mil of total revenue in the "Digital Advertising" market will be generated through mobile in 2020.
- FMCG & Packaged Goods accounts for the largest revenue share, that is 34.6% (RM192.42mil) of Digital Advertising revenues in 2016.

Source: © Statista 2016 – Digital Advertising Spending in Malaysia 2014 – 2020.
USD to MYR Exchange Rate of 4.05

Y-O-Y MEDIA INFLATION %

Annual Change In Adult Cost Per Thousand

	DIGITAL DISPLAY	DIGITAL VIDEO	DIGITAL MOBILE	DIGITAL TOTAL
2010	n.a	n.a	n.a	n.a
2011	n.a	n.a	n.a	n.a
2012	n.a	n.a	n.a	5.0%
2013	n.a	n.a	n.a	8.0%
2014	-1.4%	20.0%	52.0%	11.0%
2015	5.0%	5.0%	3.0%	5.0%
2016f	10.0%	10.0%	5.0%	11.0%
2017f	10.0%	10.0%	5.0%	11.0%

- Negative inflation reported in 2014 due to switch of traditional CPM vs. biddable inventory.
- Increasing biddable & programmatic advertisers will drive higher prices in digital ad inventory.

Source: Carat Malaysia Digital Media Inflation Estimates 2015/16

MALAYSIANS ONLINE ('000)

MALE

Total Internet 11,122
% of Online 56.4%
(against total internet population 6+)

Avg. Min/Visit 27.6mins

FEMALE

Total Internet 8,609
% of Online 43.6%
(against total internet population 6+)

Avg. Min/Visit 29.3mins

CHILDREN

NO 5,247 (26.6%)
YES 14,499 (73.4%)

HOUSEHOLD SIZE

HH Size 1: 294 (1.5%)
HH Size 2: 869 (4.4%)
HH Size 3: 2,490 (12.5%)
HH Size 4: 3,420 (17.3%)
HH Size 5+: 12,673 (64.2%)

6 – 14

Total Internet 3,591
% of Online 18.2%
(against total internet population)

Avg. Mins/Visit 24.7mins

15 – 24

Total Internet 4,492
% of Online 22.7%
(against total internet population)

Avg. Mins/Visit 28.0mins

18 – 24

Total Internet 3,110
% of Online 15.7%
(against total internet population)

Avg. Mins/Visit 28.5mins

25 – 34

Total Internet 4,150
% of Online 21.0%
(against total internet population)

Avg. Mins/Visit 30.4mins

35 – 44

Total Internet 3,329
% of Online 16.9%
(against total internet population)

Avg. Mins/Visit 28.2mins

45 – 54

Total Internet 2,620
% of Online 13.3%
(against total internet population)

Avg. Mins/Visit 27.8mins

Above 55

Total Internet 1,564
% of Online 7.9%
(against total internet population)

Avg. Mins/Visit 27.7mins

Source: MCMC Q4-2014, International CCS Survey 2015 – Benchmark – Malaysia
(Adult 15+), comScore – Malaysia, Total Audience Home & Work Sep 2015

MALAYSIANS ARE INTERNET ADDICTS WITH GROWING TIME SPENT

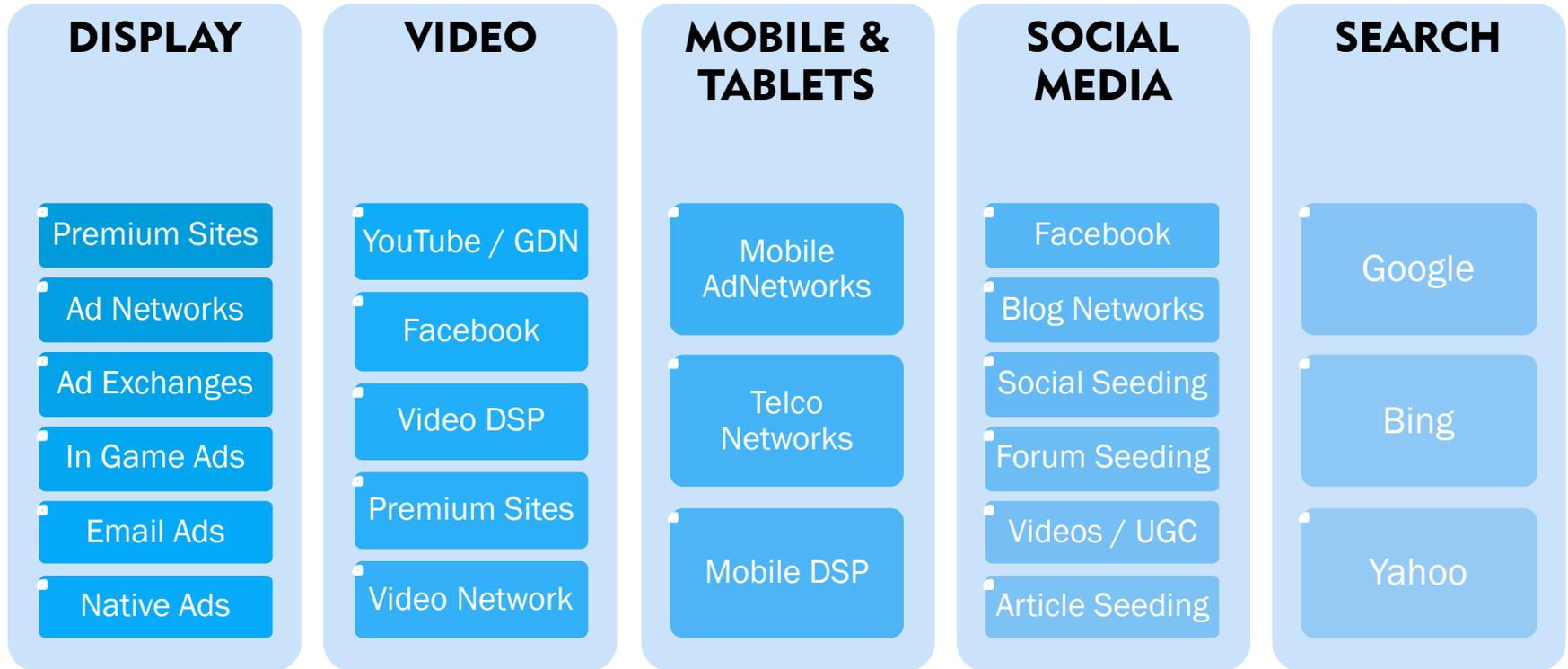
Malaysians spend an average of
5.1 hours a day on the internet

Malaysians spend an average of
2.8 hours a day on social networks

47% Malaysians access
websites from their mobile phone

Source: We Are Social estimates, comScore Media Metrix, January 2015 - Internet audience 15+ accessing internet from home or work PC

THE 5 PLATFORMS IN DIGITAL ADS



Audience Filter: Demographics, Geographic, Time, Device, Interest, Topics, etc

Content Generation: Video, Articles, Pictures, Microsite, UGC, Apps, Contest, Games, Social Postings, etc.

1

TRENDS IN DISPLAY ADS



DISPLAY TRENDS TO WATCH OUT FOR

**2016: THE
YEAR OF
DISPLAY**

**MOBILE
FIRST
ADVERTISING**

**THANKS TO
SOCIAL,
ADVERTISERS
PLAN TO SPEND
MORE
PROGRAMMATI
CALLY IN 2016**

**REAL-TIME
CONTENT**

Source: MarketingLand 2016, BannerFlow, eConsultancy.

DISPLAY TRENDS TO WATCH OUT FOR AND ITS IMPLICATIONS

2016: THE YEAR OF DISPLAY

- Using display to increase reach across campaigns as more targeting filters being made available through 1st and 3rd party data in Malaysia.

MOBILE FIRST ADVERTISING

- Start mobile campaigns as incremental reach across different TA. Explore new mobile platforms (i.e. LINE, WeChat, FB Canvas, etc) across key brands.

THANKS TO SOCIAL, ADVERTISERS PLAN TO SPEND MORE PROGRAMMATICALLY IN 2016

- Setting up of programmatic buying in 2016 to gather new digital insights, audience groups, data collection for retargeting and media reach efficiencies.

REAL-TIME CONTENT

- Establish quicker and faster display and video creatives through Dynamic Creative Optimization and video partners.

2

TRENDS IN VIDEO



Malaysians spends average **18 hours using internet**
each week, of which **7.2 hours** a week are on
watching online videos vs. **10.6 hours on TV**

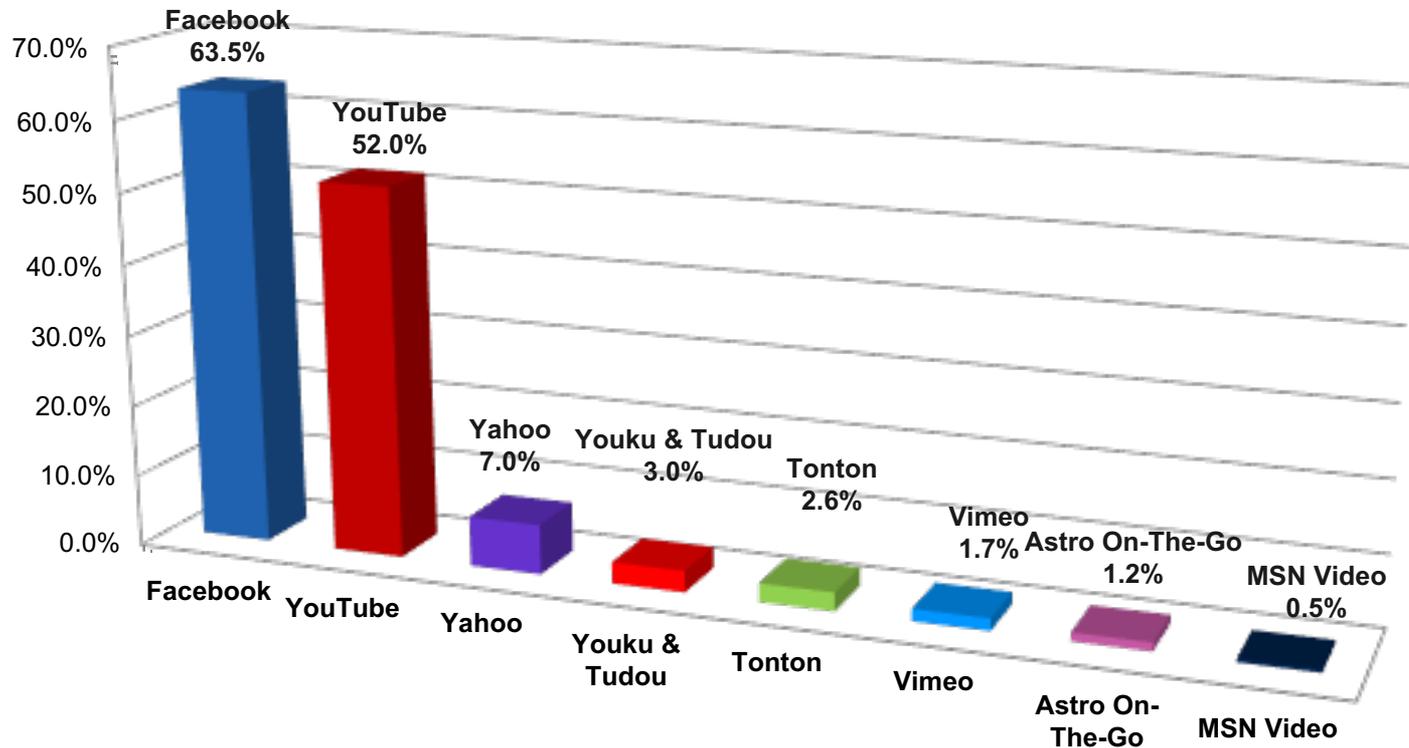
Source: ComScore, Nielsen

42% of Malaysian netizen **watch TV content and**
movies via the internet

80% of Malaysian netizen **stream or**
download online video content each month

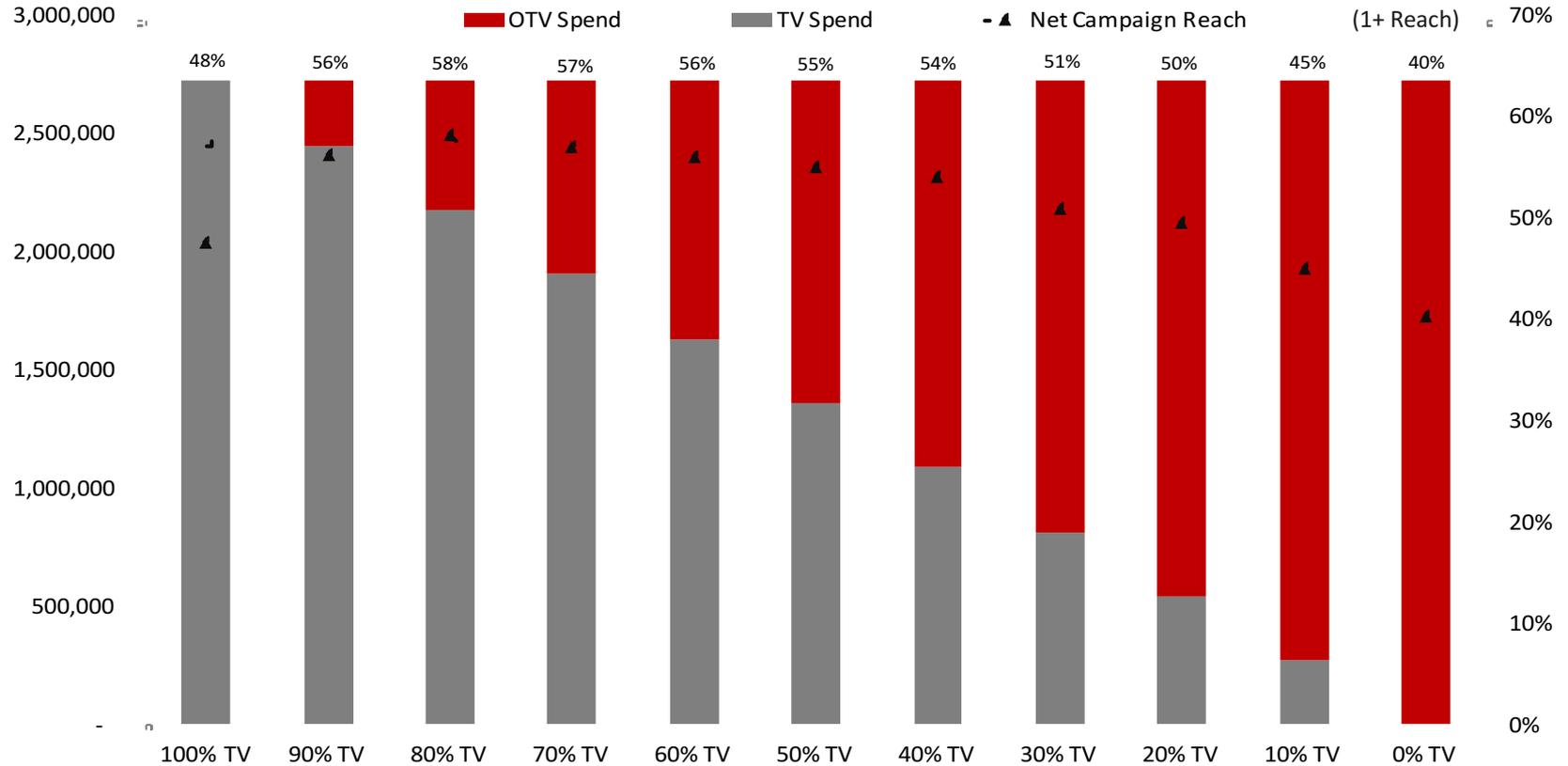
Source: Nielsen

VIDEO REACHES 21MN VIEWERS



Source: comScore media & video metrics – Nov 2015 *Extrapolated to 21,056,126 Malaysian internet users.

EXAMPLE OF USING ONLINE VIDEO TO ADD REACH



Source: Carat Consumer Connections System Planner 2015

3

TRENDS IN SOCIAL



TOP 10 SOCIAL SITES ACCESSED BY MALAYSIANS (DESKTOP ONLY)

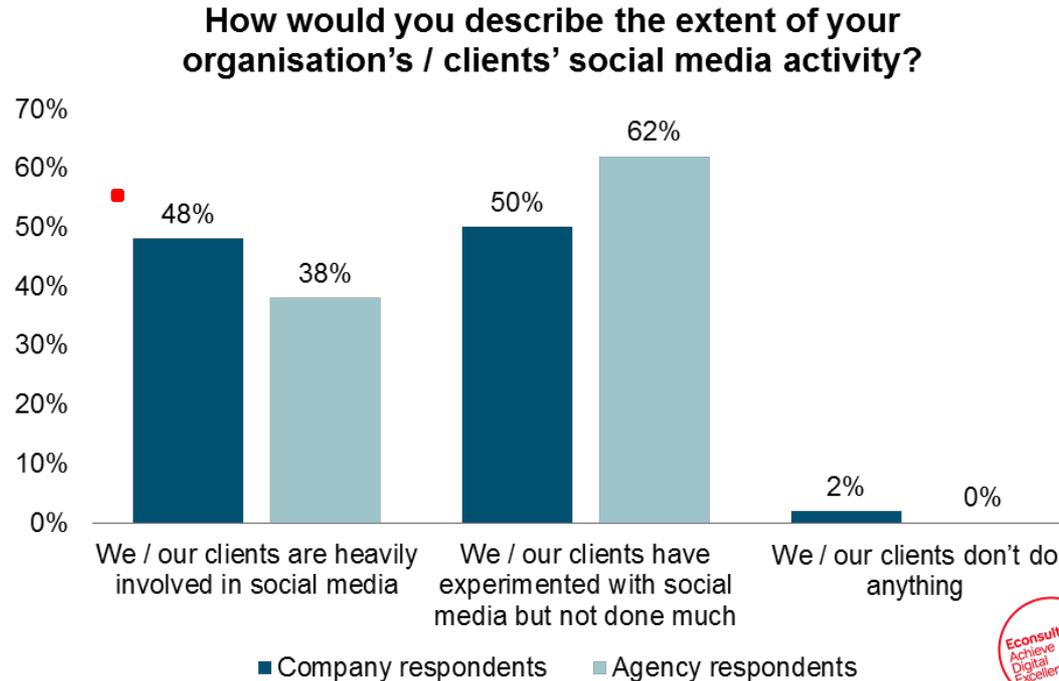


Rank	Social Media Platform	Total Unique Visitors (000)
1	FACEBOOK	12,536
2	WORDPRESS.COM*	2,855
3	BLOGGER	2,122
4	LINKEDIN	2,021
5	TWITTER	1,864
6	TUMBLR.COM*	1,603
7	PINTEREST.COM	1,191
8	REDDIT	900
9	GOOGLE+	802
10	SCRIBD.COM	729

Source: comScore MMX Total Malaysia 6+, Home & Work Locations,
Desktop & Laptop February 2016

*Extrapolated to 21,056,126 internet population in Malaysia

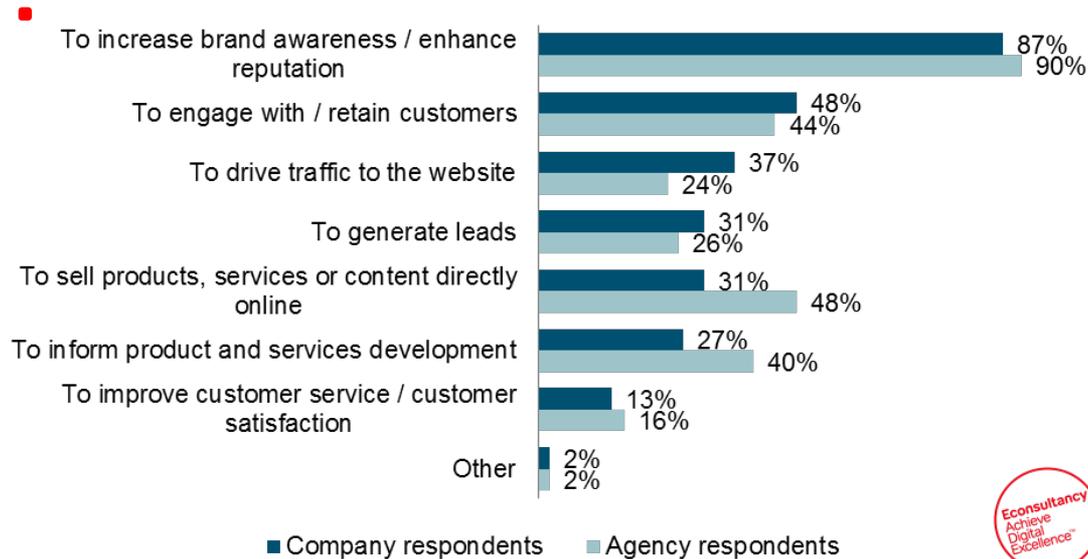
LESS THAN HALF OF BRANDS ARE NOT HEAVILY INVOLVED IN SOCIAL MEDIA



Source: Econsultancy State of Social Media in Malaysia 2015 Report

SOCIAL MEDIA IS PRIMARILY USED TO INCREASE BRAND AWARENESS / ENHANCE REPUTATION

What are the top three objectives that you or your clients are trying to achieve with social media marketing?



Source: Econsultancy State of Social Media in Malaysia 2015 Report

4

TRENDS IN MOBILE



MALAYSIANS CAN'T LIVE WITHOUT THEIR MOBILE PHONES

Mobile Phone User Base ('000) : 16,744



Source: Carat Consumer Connections System 2015

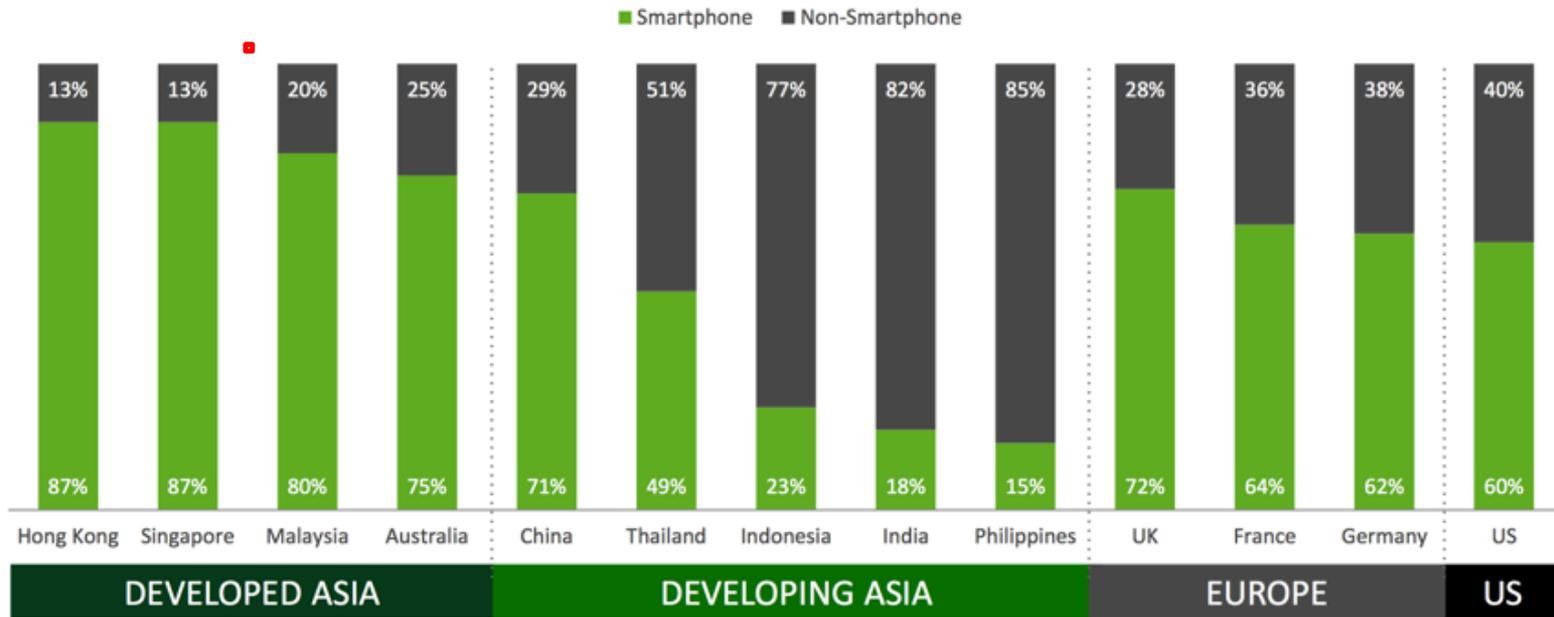
WHAT DO MALAYSIAN MOBILE USERS DO ON THEIR PHONES?



Mobile becoming the go-to device for our every need and activities

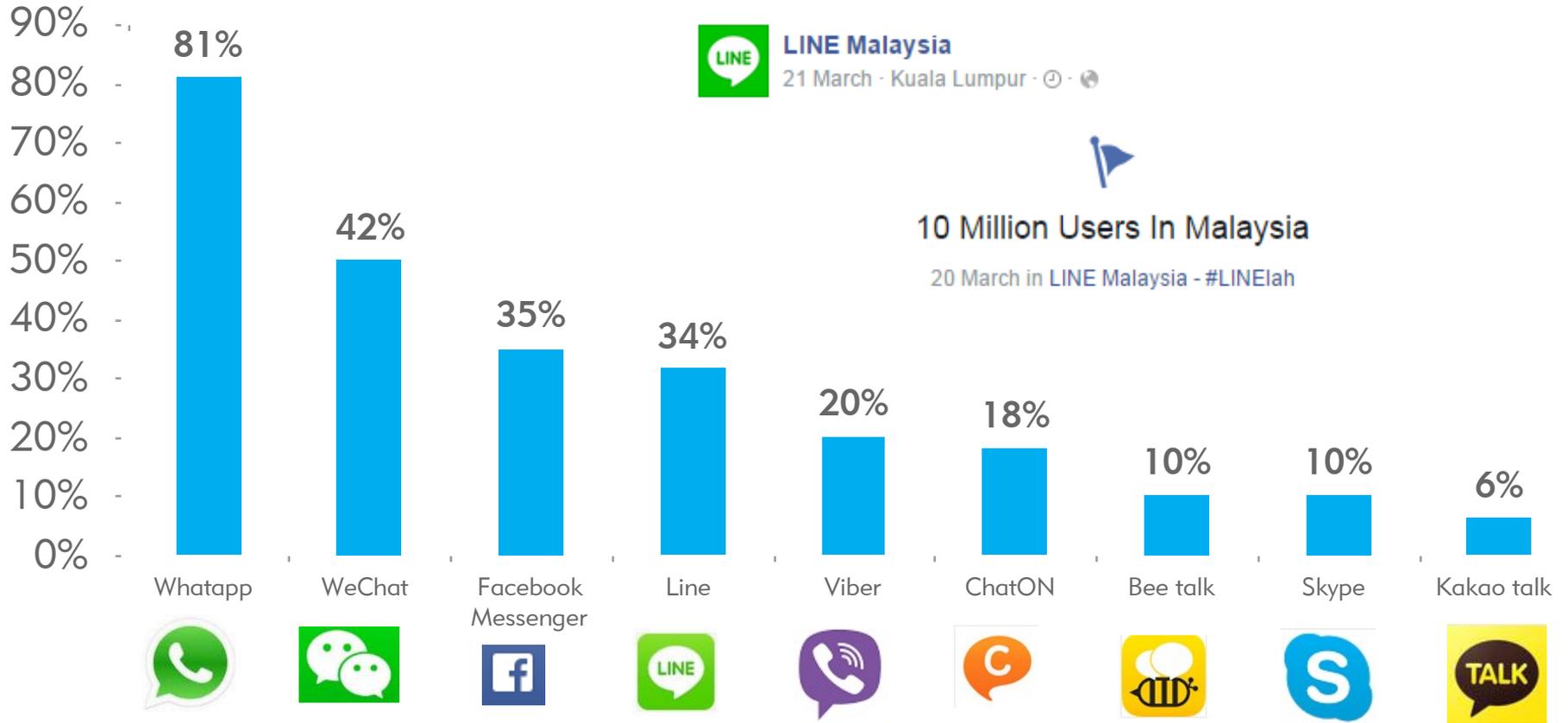
PENETRATION REACHING CRITICAL MASS

MOBILE OWNERSHIP - SMARTPHONES



Source: Nielsen Smartphone Insights 2014

TOP TIME SPENT IN MESSENGER APP



Source : Google Think Mobile 2015

5

TRENDS IN SEARCH



**THE MARKET'S LARGEST
SEGMENT IS
"SEARCH ADVERTISING"
WITH A MARKET
VOLUME OF RM435MIL IN
2016**

Source: © Statista 2016 – Digital Advertising Spending in Malaysia 2014
– 2020. USD to MYR Exchange Rate of 4.3829

GOOGLE REMOVED SIDEBAR SEARCH AD

- *Google has removed their search ads from the right side of search results pages. So essentially they are decreasing the number of ads you are seeing, even though they are also adding a fourth ad to the set of ads at the top of the search results page. The rest of the ads will be forced to the bottom of the results page. This is a global rollout which will see the ad changes brought to all languages and it brings the look more in line with how Google works on mobile devices.*
- *Good news for advertisers as this tweak is designed for highly commercial queries where the layout is able to provide more relevant results for people searching and better performance for advertisers.*

PERSONALIZED PPC

- *One-third of marketers see personalization as the most important capability to the future of marketing, according to an Adobe study. 2016 will see more customized PPC beyond targeting the right set of keywords.*

STRUCTURED DATA WILL BECOME EVEN MORE SIGNIFICANT

- *In 2015, Google announced the usage of their new machine-learning system, known as RankBrain. This A.I. technology has been designed to better understand the intent of searches. Google says that it has been particularly helpful when the search engine faces a query it has not seen before.*

SITE LAYOUT WILL BE CRUCIAL FOR SUCCESS

- *Site features, such as the layout, will be an important part of rising above the noise of the modern content battleground. When customers have trouble finding the information they need on a website, they are likely to just click back to search results. An estimated 50 percent of potential sales are lost because customers cannot find what they seek.*

SEARCH WILL BE LESS ABOUT JUST WEBSITE RANK AND MORE ABOUT OVERALL CONTENT AND ONLINE PRESENCE

- *Maturation in online marketing as success becomes less defined by a website's ranking and more about the overall online presence of the brand. The website will need to be well integrated with the rest of the online platforms, especially social media.*



THANKS FOR LISTENING!

KEY DIGITAL ADVERTISING GLOSSARY

- **A/B Testing:** A method used to compare different versions of digital ads or website landing pages in order to determine which one performs better.
- **Above the Fold:** It describes the area of a web page that's visible before the website visitor scrolls down the page.
- **Ad Audience:** The total number of people that have been exposed to or could possibly be exposed to an ad during any specific time period.
- **Ad Exchange:** A technology-facilitated marketplace that allows Internet publishers and advertisers to buy and sell advertising inventory in real-time auctions.
- **Ad Impressions:** The number of times an ad has been served, regardless of whether the user has actually seen or interacted with the ad in any way.
- **Ad Network:** A vendor that connects advertisers to publishers. Ad networks act as a single point of contact between publishers and advertisers, helping negotiate supply and demand.
- **Ad Serving:** The delivery of an ad from a web server to the end user's device, where the ads are displayed on a browser or an application.
- **Ad Targeting:** Delivering ads to a pre-selected audience based on various attributes, such as geography, demographics, psychographics, web browsing behavior and past purchases.
- **Bounce Rate:** A "bounce" is a website visit in which the visitor looked only at the single page they landed on, did not interact with it, and then left the site.
- **Call to Action (CTA):** A phrase included within an ad, or a graphic element such as a button, which invites the audience to take a certain action.
- **Clickthrough Rate (CTR):** Expressed as a percentage of total impressions, this statistic shows how often people who are served an ad end up clicking on it.
- **Contextual Targeting:** Selecting audiences based on the type of content being displayed on a particular webpage.
- **Conversion:** When launching a campaign, advertisers select a specific action or set of actions they want audiences to take.
- **Conversion Pixel:** A 1 × 1 image pixel placed on a web page (such as a thank-you page) which is triggered whenever a conversion occurs. Usually transparent.

KEY DIGITAL ADVERTISING GLOSSARY

- **Conversion Tracking:** Monitoring how many conversions have occurred during any specific time period, and analyzing which ads led to the conversions.
- **Cookie:** Information stored on a website visitor's browser. A cookie tracks the visitor's movement on the website and is used to remember the visitor's behavior and preferences.
- **Cost per Acquisition:** The cost of acquiring one customer. Typically calculated by dividing the total amount spent on an advertising campaign by the number of customers acquired through that campaign.
- **Cost per Click (CPC):** How much an advertiser pays, on average, for each ad click. CPC is calculated by dividing the total amount spent on a campaign by the number of clicks generated.
- **Cost per Lead (CPL):** How much an advertiser pays, on average, for each ad click that results in a lead conversion. CPL is calculated by dividing the total amount spent on a campaign by the number of leads generated.
- **Cost per Thousand (CPM):** Metric that shows how much it costs to serve 1,000 ad impressions.
- **Cross-Device Targeting:** Serving the same buyer targeted ads across multiple devices.
- **Demand-Side Platform (DSP):** A system that allows advertisers to bid for and purchase inventory from multiple ad exchanges, through one single interface.
- **Direct Response:** A campaign or ad specifically created to encourage audiences to take immediate action.
- **Display Advertising:** A digital advertising format where graphic ads are shown on a web page. The term originated in newspapers, and the principles still apply.
- **Expandable Banner:** Banners that increase in size when a user hovers over them.
- **In-Stream Video Ads:** Video ads played before, during or after the video content the publisher is delivering to the consumer.
- **Interstitial Ads:** Ads that appear between two different content pages, served when a website visitor navigates from one page on a website to another.

KEY DIGITAL ADVERTISING GLOSSARY

- **Keyword:** A specific word or phrase chosen by advertisers to trigger and include their ad within search engine results.
- **Lookalike Audience:** If you're like most businesses, you know who your customers are from a demographic and even psychographic point of view.
- **Native Advertising:** Any paid advertising that is indistinguishable in form from the channel being used to present it.
- **Pay per Click (PPC):** Pricing model where advertisers pay vendors or publishers based on the number of clicks received in a campaign.
- **Programmatic Media Buying:** An automated method of buying media which ensures that advertisers are reaching the right person, at the right time, in the right place. The ads are bought based on a set of parameters pre-defined by the company placing the ads. Programmatic advertising uses data to make decisions about which ads to buy in real time, which improves efficiencies and increases the effectiveness of the ads.
- **Reach:** The total number of people who see your message. One person who is served your ad five times and clicks on it once yields a reach of 1, 5 impressions, and a clickthrough rate of 20%.
- **Retargeting/Remarketing:** Serving ads to people who have previously visited your website.
- **Rich Media:** Interactive media such as quizzes, games, and ads with video and special effects. This category is growing quickly. Check out the IAB's "Rising Stars" examples of new types of ad units such as the Pushdown and the Sidekick.
- **Social Advertising:** Running paid ads on online social networking platforms, such as Facebook, LinkedIn, and Twitter.
- **View Through:** Used to measure a consumer's behavior after they've been served an ad.

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