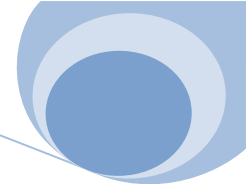


9. E-Commerce Survey



9.1 Scope And Method

As part of its ongoing research project on the Maltese E-Commerce sector, the MCA commissioned the second national survey on the individual usage of E-Commerce in the Maltese Islands. Ernst & Young Ltd., who had previously worked on the first national survey (September 2006) and a qualitative study of E-Commerce provision by enablers and drivers (January 2007), were also contracted to carry out this second national survey.

To undertake this study, a telephone survey was carried out to collect data. This survey was conducted between the 10th and the 17th of April of 2007. An initial version of the questionnaire was pre-tested on a sample of 30 people and adjustments were subsequently made. The survey was conducted by trained interviewers who were given a detailed presentation and briefed on the objectives to be had from this exercise before conducting the interviews.

The quota sample was set using stratified random sampling techniques to reflect the gender/age proportions as reported in the *Demographic Review 2004* published by the National Statistics Office. This survey, however, did not reflect the latest population statistics relating to sex and age, since the full Population Census report for the year 2005 was still not publicly available at the time of conducting the interviews. The details of the samples extracted from each stratum are tabulated in table 1, below.

	Total Cases	GENDER	
		Male	Female
18-29 years	366	189	177
	23%	24%	22%
30-39 years	261	133	128
	16%	17%	16%
40-49 years	300	151	149
	19%	19%	18%
50-65 years	420	206	214
	26%	26%	26%
66+ years	253	106	147
	16%	14%	18%
Total	1600	785	815
	100%	49%	51%

Table 1. The Demographic Characteristics Of The Survey Sample.

It was decided that the study should involve at least 400 respondents who carry out E-Commerce transactions as defined in this study. In order to reach this target of 400 E-Commerce users (i.e. respondents who purchase goods and services from the Internet), a total sample of 1600 respondents was required. This proportionately high number of total respondents was needed given that the ratio of population transacting in E-Commerce is still on the low-end.

9.2 Findings ³⁵

Following is a summary of the salient points that emerge from this survey. It is worthwhile noting that comparisons between the current and previous surveys are not always possible due to a change in the definition of E-Commerce to exclude internet banking, E-Government services and the payment of bills and fines, as well as changes in a number of questions and in the terminologies and classifications used.

The following sections chronicle the main results that came out of this exercise.

9.2.1 Access and Usage

Of the 1,600 individuals interviewed, 49.6% (793 respondents) replied in the affirmative when asked whether they used the Internet; 49.8% (797 respondents) replied to the same question in the negative and a minimal fraction amounting to 0.6% (10 respondents) claimed that they did not know about the Internet. Of the fraction that answered in the affirmative, the proportion was higher among males, the younger respondents, and professionals.

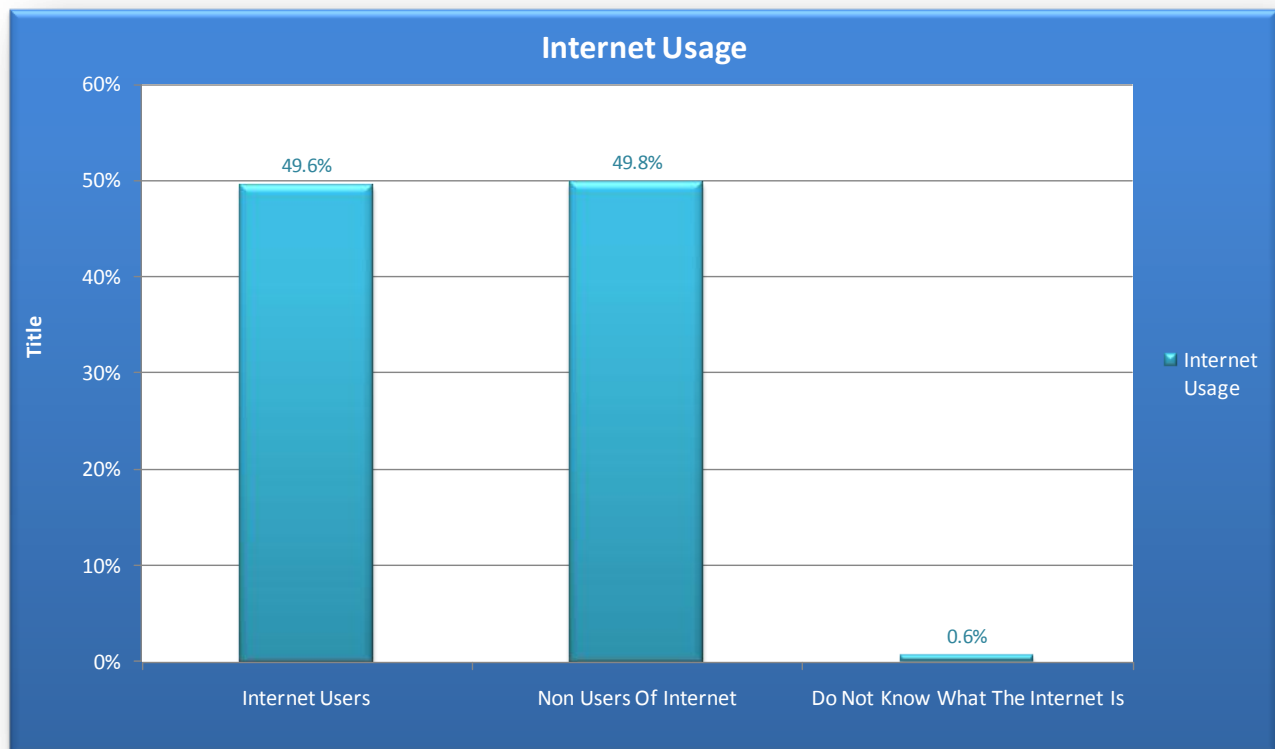


Chart 66. Internet Usage As A Percentage Of Total Survey Base (Sample Size = 1600 cases).

³⁵ The figures cited in this Market Review will not match those presented in the full report. This is due to a rescaling of percentages to make them sum up to 100 and thereby to make them more comprehensible in this epitome. This convention has been followed throughout the rest of the summary.

The main reasons cited for not using the Internet are graphed in chart 67, and were, in order of magnitude: not having a computer (17.3%), lack of knowledge on how to operate a computer (17.7%), lack of knowledge of the Internet (17.5%), not having internet access (15.7%), not needing to use the internet (15.4%), not being interested (5.3%), not having time to go online (4.3%), and other reasons (6.7%).

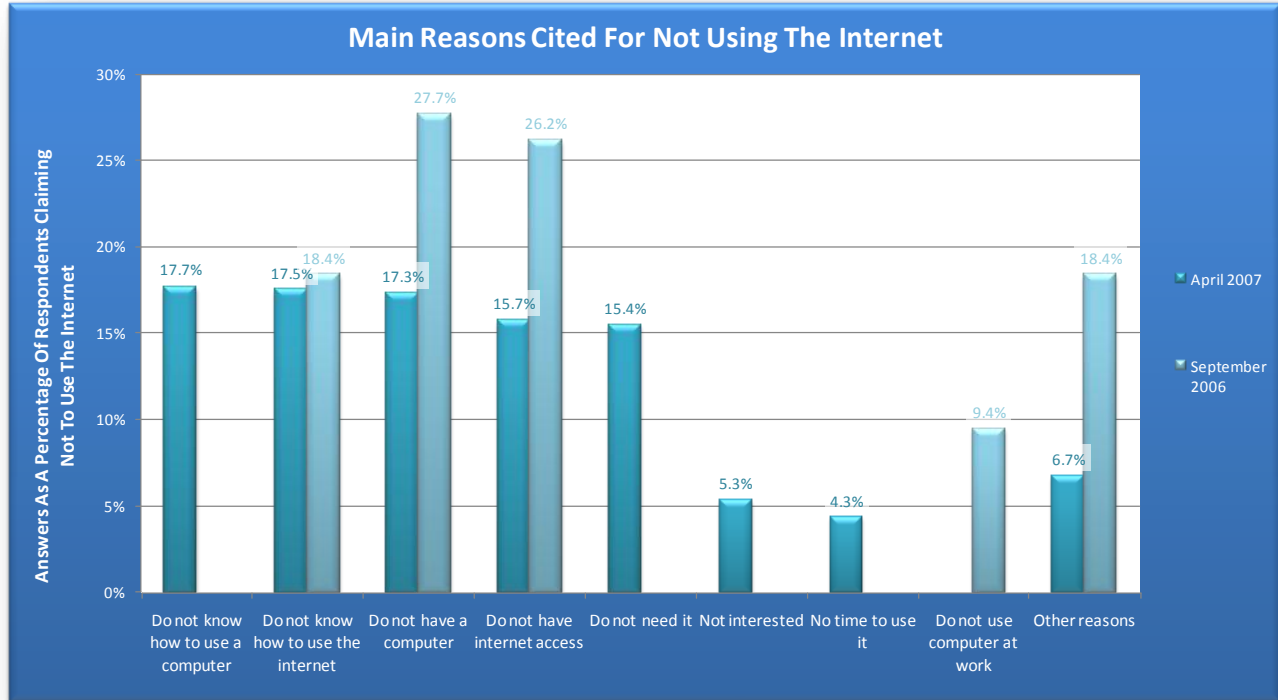


Chart 67. The Main Reasons Cited For Not Using The Internet Over The Two E-Commerce Survey Periods³⁶.

The majority of interviewees (92.9%) reported using the Internet from their home. This figure is sub-divided into individuals who use the Internet only at home (66.5%), use the Internet both at home and at work (23.1%), and both at home and at their educational institution (3.3%). Another 4.2% use the Internet solely from work. This is shown in chart 68, on the next page, wherein a comparison with the results of the previous survey is also, where possible, being made.

³⁶ Due to changes in the baseline survey questions asked, not all categories are comparable over the previous period. What is more, respondents were given the opportunity to specify more than one category as the reason for not using the Internet, so although when aggregated, percentages sum up to 100 ± a rounding error, this does not imply that respondents answered by specifying a single category or that answers with more than one category specified were rescaled to have the weight of a single-category response, but is rather the result of a re-weighting exercise of the total number of categories specified where each specified category was given a uniform weight. The differences over the two survey periods need not necessarily reflect market dynamics, but might rather represent fluctuations inherent in sampling techniques.

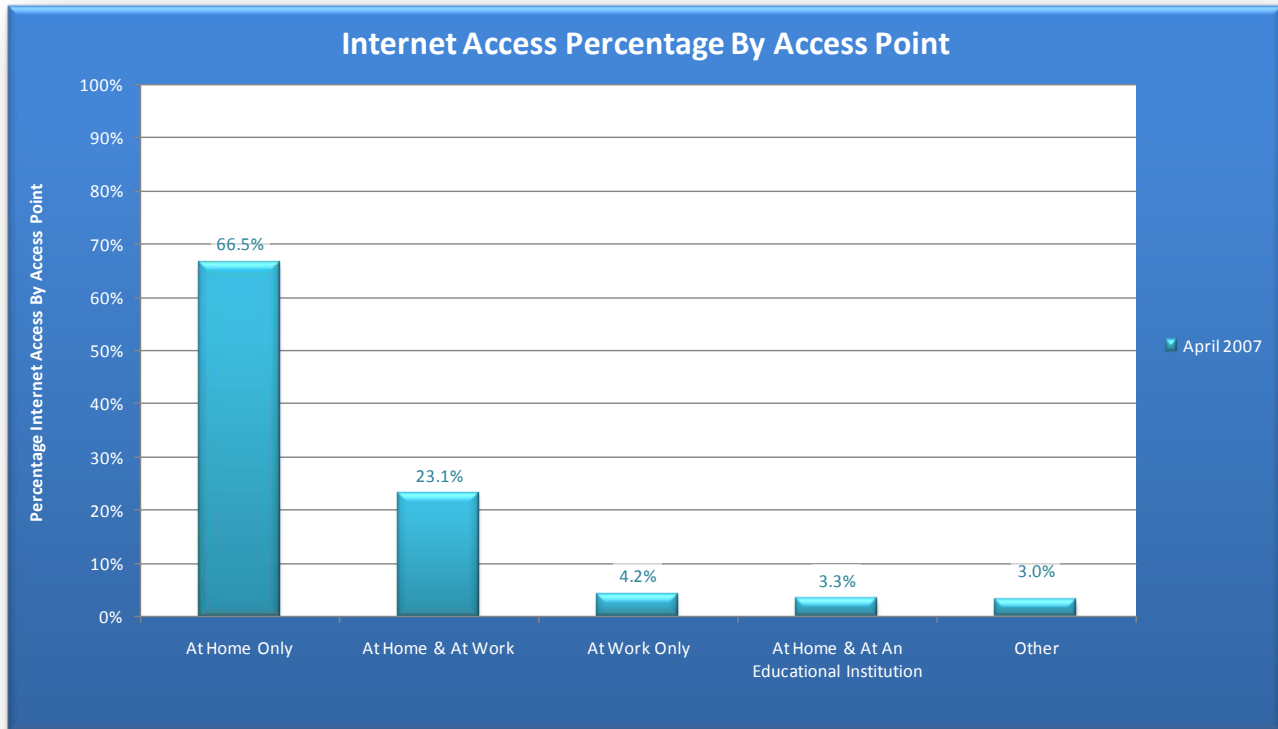


Chart 68. The Percentage Of Respondents Using The Internet By Internet Access Points.

In total, 30% of all worker-respondents use the internet from their workplace. Of these, professional workers make most use of the internet at work (43%), followed by other office workers (38%). Unsurprisingly, given the nature of skilled or semi-skilled, and unskilled jobs, workers employed in these areas do not tend to use the internet at work and the usage thereof stands at 13% and 6% respectively.

9.2.2 Internet Purchasing

449 respondents of those having reported to use the internet – making up for 56.6% of Internet users – claim to have made an online purchase at some time or another. This equates to 28.1% of the whole sample size. Gender analysis discloses the fact that males tend to buy online more often (63%), while occupation-wise, professionals tend to have a higher propensity to engage in online transactions (71%). Younger age cohorts are also more likely to be E-Commerce users (66% of the 30-39 age cohort and 59% of the 18-29 age cohort).

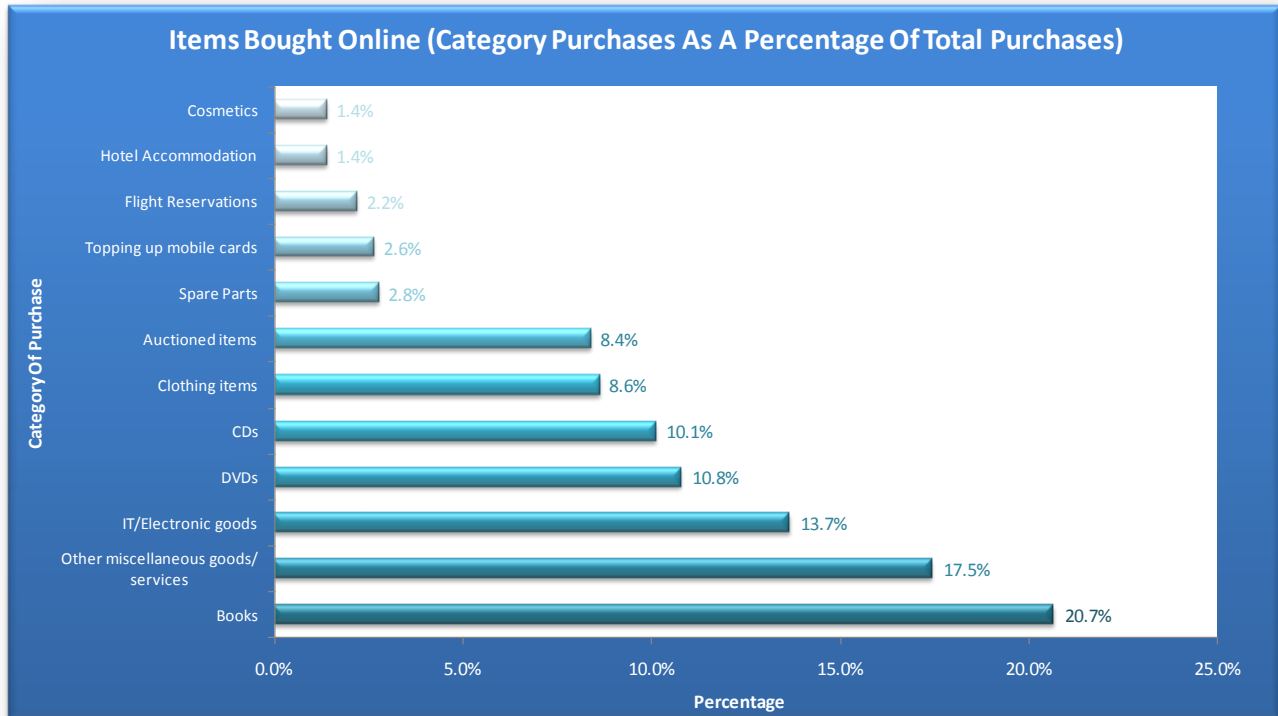


Chart 69. Items Bought Online (Category Purchases As A Percentage Of Total Purchases).

Books, accounting for 20.7% of all online purchases remain the most purchased online item. They are followed, in respective order, by IT and electronic goods at 13.7%, DVDs at 10.8% and CDs at 10.1%. Clothing items and auctioned items represented, respectively, 8.6% and 8.4% of the total volume of online purchases thus proving to be quite popular among the respondents as well. These are illustrated in chart 70. Other categories, some of which are specifically designated in the foregoing chart, account for the remaining 27.8% of online purchases.

The main reasons given for buying online are illustrated in chart 70. The main reasons given were better prices (34.9% of total responses), convenience (19.4% of total responses) and the fact that items bought online were not available in Malta (18.7% of total responses). A more detailed breakdown is presented in chart 70.

Of those respondents who did buy online, 79.4% did so from foreign online shops only, 4.3% from Maltese online shops only and the remaining 16.3% purchased from both local and foreign online shops.

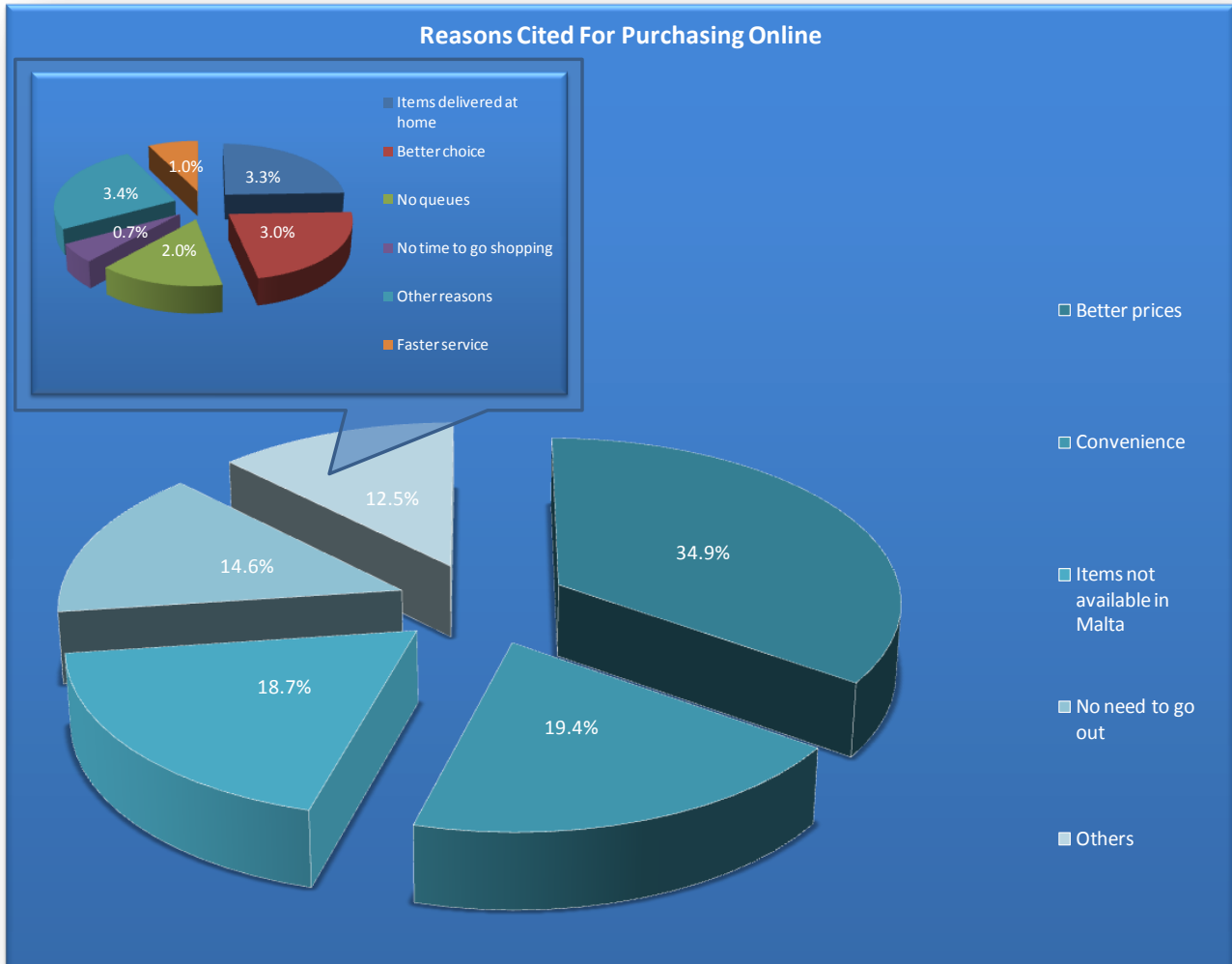
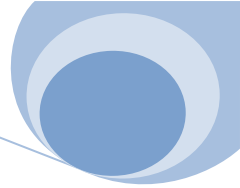


Chart 70. The Reasons Given For Buying Online.



The reasons given for not buying online from Maltese sites are charted in chart 71, below. Primarily, interviewees shy away from domestic online purchasing because they prefer to go directly to a shop (26.8% of total responses), they are not aware of any Maltese online shops (19.5% of total responses), the perceived fact that Maltese outlets have limited choice (16.9% of total responses) and higher prices on Maltese E-Commerce sites (14.6% of total responses).

Subsequently, when asked to name three Maltese sites they know of, 57% of those interviewed could not mention any.

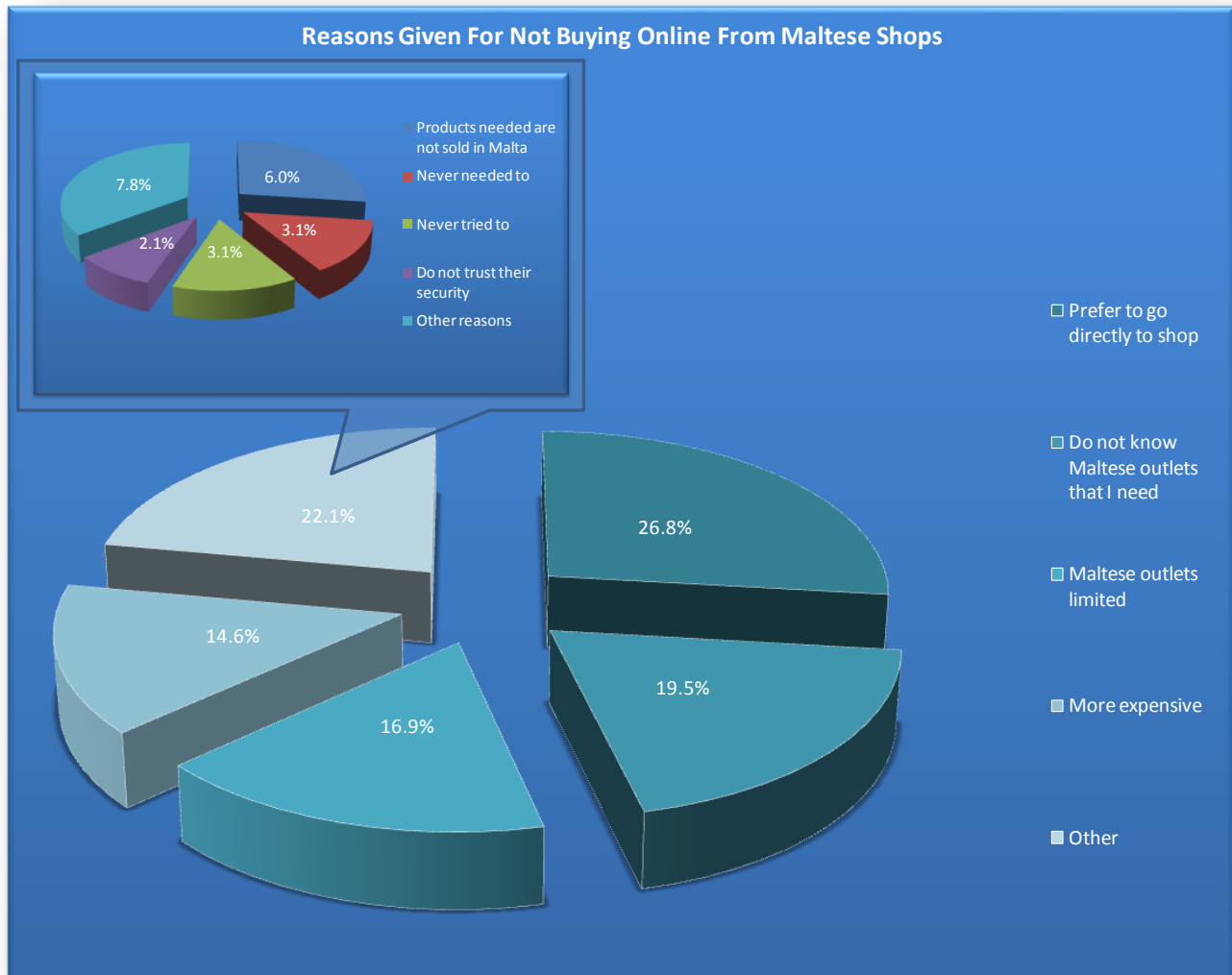


Chart 71. The Reasons Given For Not Buying Online.

Out of all the respondents who effected an online purchase, 49.9% said that had done so over the last month, 22.9% during the last three, 13.1% during the last six and 14% had not effected an online purchase within the last six months, but had still done so in the more distant past. This is illustrated in chart 72.

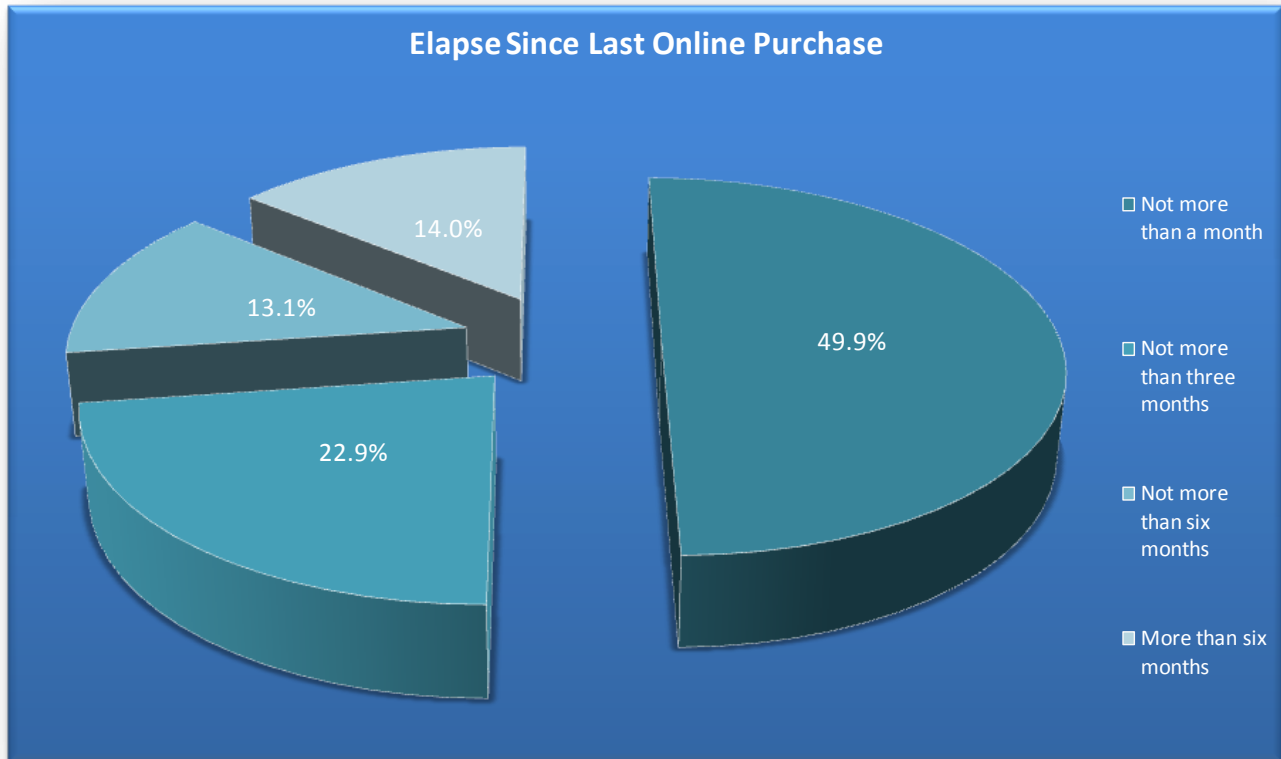


Chart 72. Elapse Since The Last Online Purchase Was Effected.

By far, the most popular method of payment when conducting E-Commerce transactions came out to be credit cards, both local and foreign, which accounted for 76.2% and 1.9% of payment methods respectively. The other major payment method, according to responses, from the responses was PayPal and it accounted for 15.8% of payments effected. As for the remaining 6.1%, 4.6% was ascribable to 'other methods' whereas 1.5% was attributable to postal orders.

These statistics take on added significance when juxtaposed to those found in chart 70. What is more, 73% of E-Commerce users have never experienced any problems when buying online. Of the remaining 27% who experienced problems, the preponderance intimated that it had not received the items ordered. A detailed breakdown documenting the problems encountered is available in chart 73, on page 76.

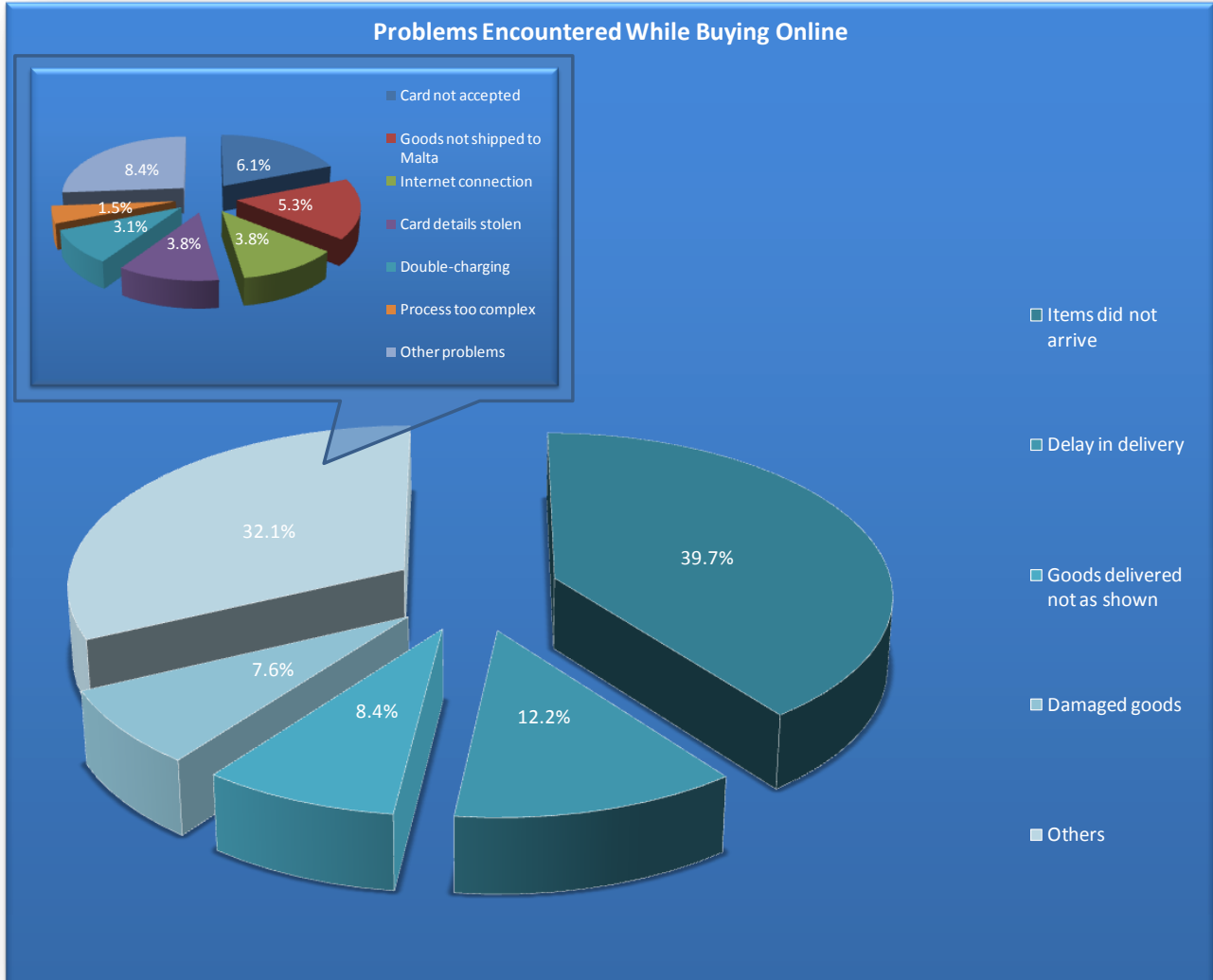
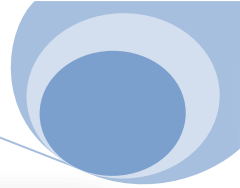
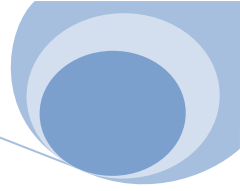


Chart 73. The Problems Encountered When Conducting E-Commerce Activities.



A variety of responses was elicited to the question of what precautions were taken to avert problems. The most often-cited precaution was choosing secure sites. This made up 29.2% of all responses. The second most often-mentioned precaution was in many ways a variation of the first, viz. buying from trusted companies and comprised 22.8% of total responses. Other precautions were mentioned with a lower frequency: using PayPal made up for 12% of total responses; keeping a low credit card limit accounted for 8.3% and obtaining information on the vendor for 4.5%. All other precautions elicited had a lower frequency score. All feedback elicited on precautions is illustrated in chart 74.

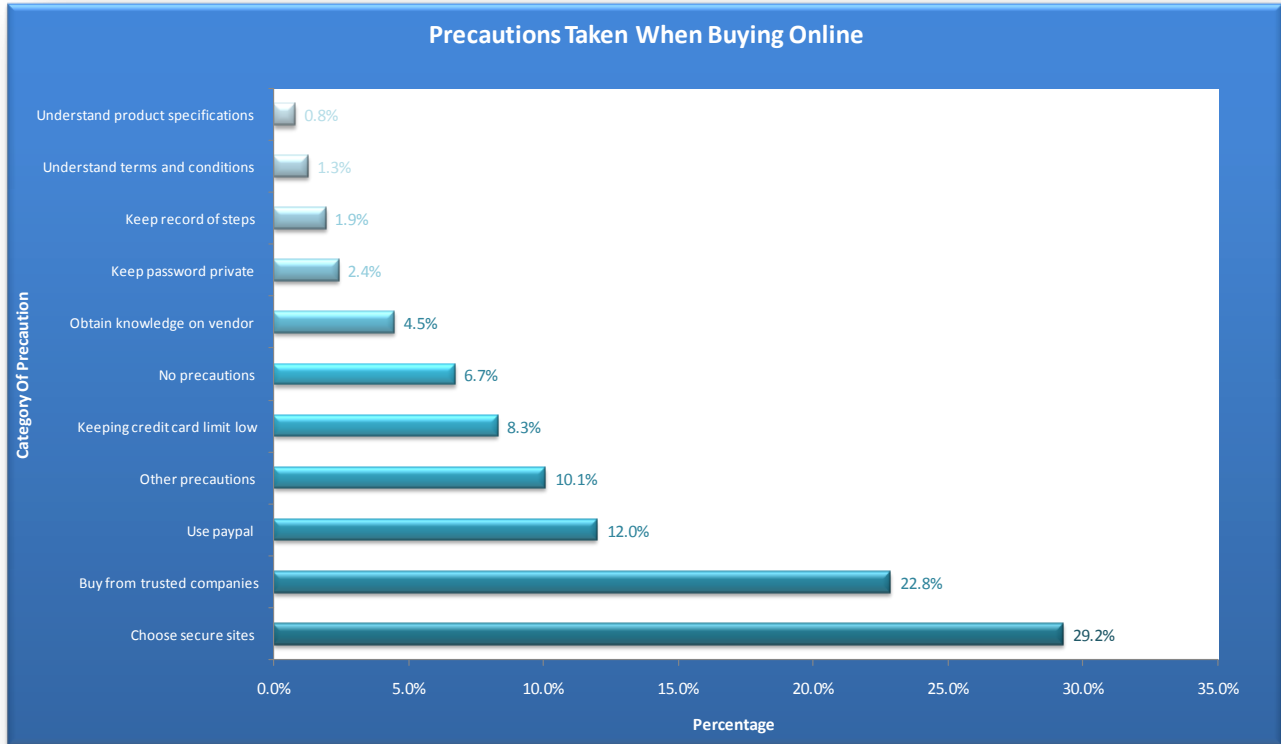
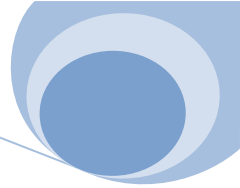


Chart 74. The Precautions Taken When Buying Online.



A site was often identified as being secure if it contained an image of a lock on its page (41.1% of total responses), if the site was reputable enough (27.3% of total responses), through vendor reviews (15.9% of total responses) or through other means (15.7% of total responses). Furthermore, knowledge to distinguish between a secure and non-secure site was common sensial (22.5% of total responses) or obtained from hear-say (18.6% of total responses), friends (17.4% of total responses), media (8.5% of total responses) and educational material (12.3% of total responses). The remaining 20.8% of total responses were accounted for by a variety of other sources. These are illustrated in chart 75.

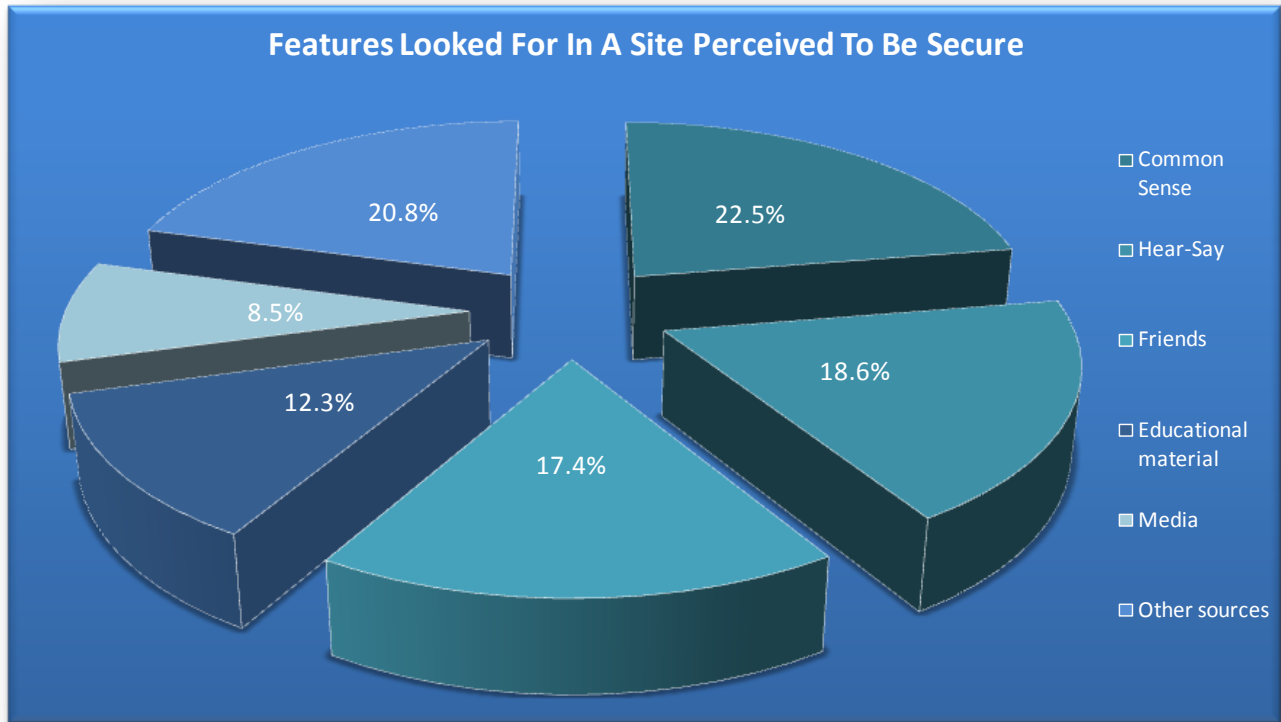
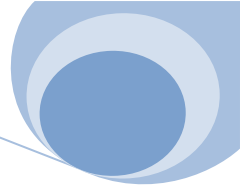


Chart 75. The Features Looked For In A Site Perceived Secure.



As illustrated in chart 76, when encountering online problems vis-à-vis E-Commerce, most respondents would contact the vendor directly (43%), their bank (22.4%), or both the vendor and the bank (13.1%). Others would opt to contact Paypal (5.1%), friends and relatives (3.8%), friends and relatives (3.8%), someone else (8.2%) or would be in a dilemma about whom to contact.

Surprisingly, the MCA was not among the institutions in the potential contact list in the eventuality of such problems. Notwithstanding this, the MCA has, to-date, received a considerable amount of queries pertaining to E-Commerce a proportion of which have been successfully resolved.

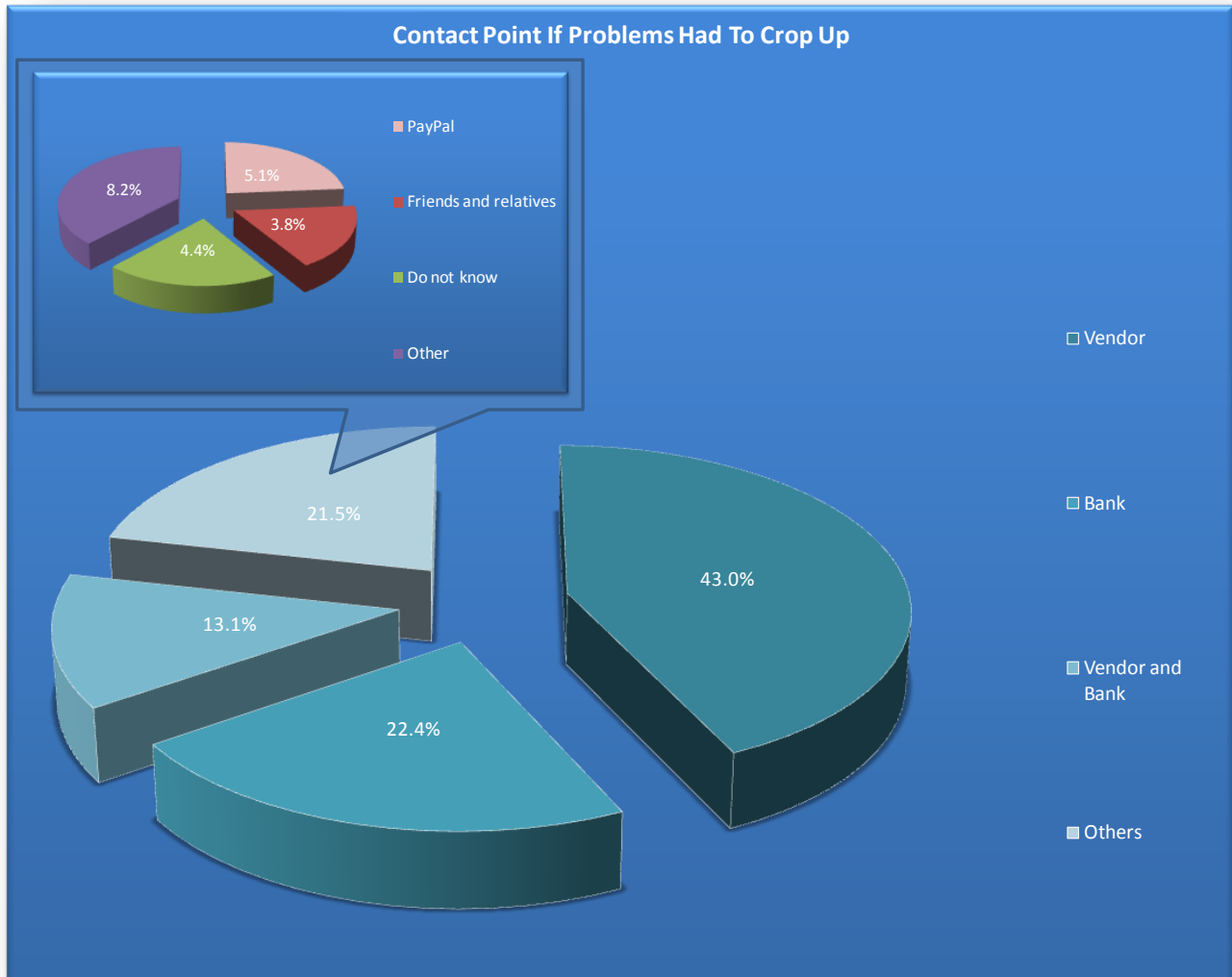
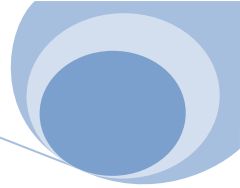


Chart 76. The Institutions / Individuals Contacted If E-Commerce Problems Had To Crop Up.



The main reasons given for not purchasing online were that respondents have never tried to carry out E-Commerce transactions in the first place (19.4% of total responses), they are still not interested in the idea of buying through the Internet (18.7% of total responses), they are afraid that their credit card details might be stolen (13.7% of total responses), due to an inherent preference to physically handle items before committing to a purchase (12.8% of total responses) because of not feeling the need to, or because of other reasons (26.2% of total responses), some of which are further broken down in chart 77.



Chart 77. The Reasons Cited For Not Buying Online.

In conclusion, an assessment of what could goad those who did not shop online to do so was undertaken. To be enticed to purchase online, a number of possible allurements were identified. These included greater perception of security of the sites (15.9% of total responses), better prices offered (11.5% of total responses), the availability of more information (6.9% of total responses) and a host of other less-important factors. These are exposed below on chart 78.

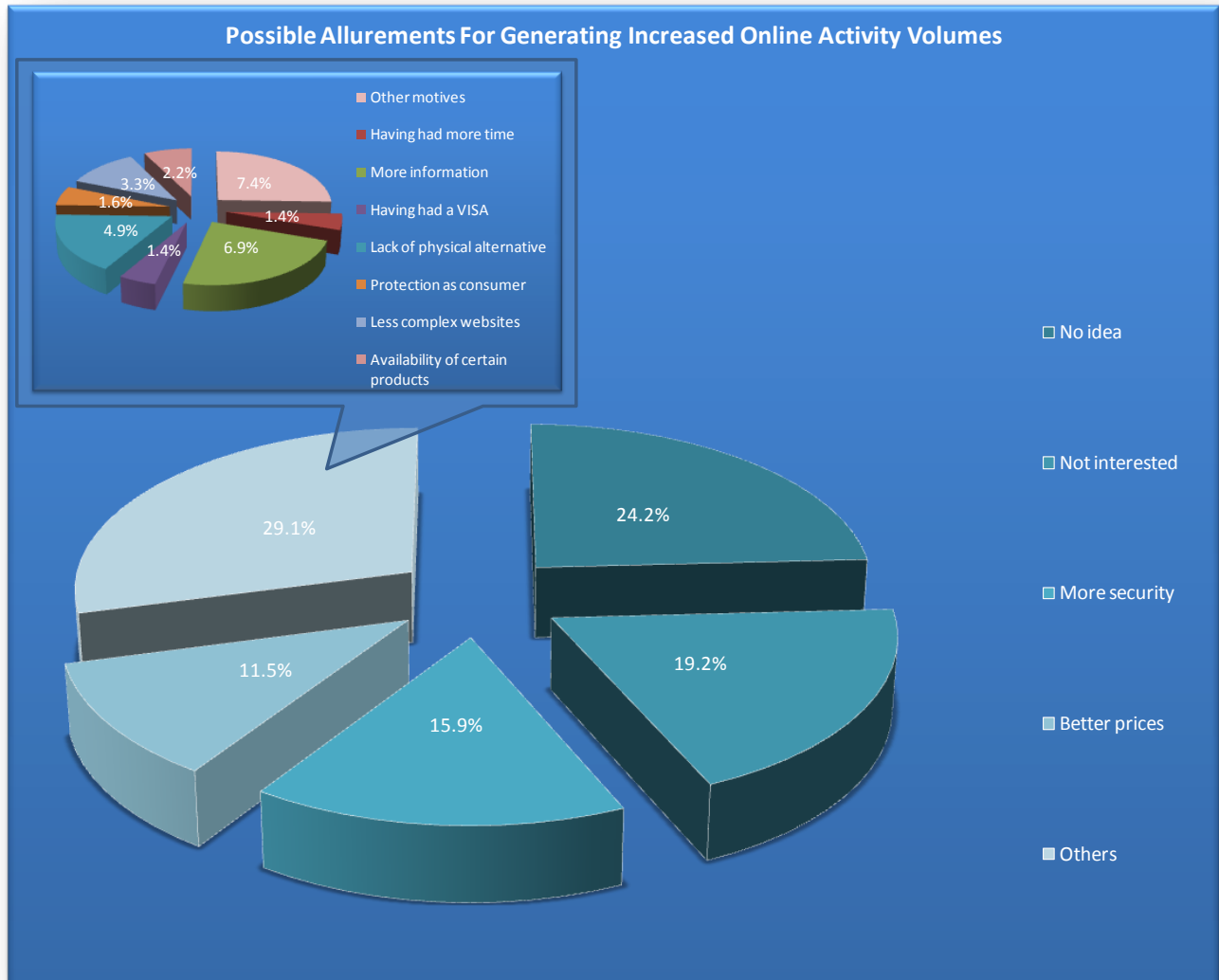


Chart 78. The Possible Allurements For Generating Increased Online Activity Volumes As Identified In The April 2007 Survey.

The full report is downloadable from the link displaying in the webpage on the following URL: <http://www.mca.org.mt/infocentre/openarticle.asp?id=924&pref=20> .