



July 2010

E-Commerce enablers and suppliers survey – main results overview

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Survey Background








- ▶ Various MCA e-Commerce initiatives
 - ▶ Household usage surveys (2006 onwards)
 - ▶ E-Commerce providers interviews (February 2007)
 - ▶ E-Commerce for a (2008 to date)
 - ▶ Other

- ▶ E-Commerce interviews 2010
 - ▶ One to one interviews with entities in certain sectors
 - ▶ Sample – not a census
 - ▶ Not all entities contacted accepted invitation to participate
 - ▶ Confidential feedback from directly involved entities
 - ▶ Presentation outlines some participants' views/perceptions

Participating entities



Participating entities

-  Telecommunications & delivery services
-  Insurance
-  Travel
-  Internet providers
-  Banking services
-  Retailers
-  IT/e-commerce enablers services

Survey topics

- Motives/Rationale/Benefits
- Set-up problems
- E-Commerce enablers services
- Marketing & online marketing
- Accreditation services
- Security & safety measures
- Privacy policy
- Queries & complaints handling
- Online payment mechanisms
- Insurance
- Delivery & packaging
- Accessing international markets
- Legislation
- Future Vision
- Participants recommendations

1. Motives/Rationale/Benefits

- ▶ Expanding market reach – younger generations
- ▶ Superior customer service
- ▶ Corporate branding
- ▶ “Self-care” concept
- ▶ To offer “the most convenient channel” for day-to-day transactions
- ▶ Set a market trend
- ▶ Competitive advantage, first in the market
- ▶ Cost reduction
- ▶ Increase in queries, follow-up and sales

2. Set-up problems

- ▶ Set-up costs
- ▶ Already existing competition abroad
- ▶ Market demand/size
- ▶ Delivery/fulfillment challenges
- ▶ Market acceptance and take up at all levels
- ▶ Interface between existing legacy & e-Commerce solutions
- ▶ Teething problems – interface with existing solutions
- ▶ Social ‘age-based’ barrier
- ▶ Customer third party charges& requisites
- ▶ Content management

3. Local e-Commerce enablers services

- ▶ Variety of local one-stop shops offering range of services
- ▶ Overall satisfaction with services offered, but
 - Hosting certain services in Malta is considered expensive
 - Software development becoming costly
 - Increasing competition from abroad (albeit after-sales service issues)
 - E-Commerce makes it easier to look for and purchase specialised services online internationally
- ▶ The e-Commerce related Grant and Tax Incentive Schemes attracted mixed comments (thresholds, eligible areas, timeframes, already existing business etc)

4. Marketing

- Although traditional marketing channels still retained there is a reported shift towards online marketing
- Reductions in traditional marketing budgets by up to 70%
- Inter/national professional marketing services are being sought
- Selling abroad – mainly online marketing tools used but individual sales representatives/agents in certain instances



4. Online Marketing

- ▶ Mostly considered as a cost saver & more efficient than traditional marketing
- ▶ Search engine optimisation
- ▶ Allows statistics compilation
- ▶ Transforming 'impressions' into 'conversions' not straightforward
- ▶ Professional inter/national marketing companies
- ▶ Widespread usage of social media
- ▶ Usage of collated data for traditional marketing campaigns

5. Security & Safety measures

- Integral part of packages available
- Across the board importance given to security
- One-stop shop useful
- Both off-the-shelf security services & company specific tailor made measures used
- Customers prefer to pay on delivery rather than at point of order
- Increasing role of Information System audits



6. Queries & complaints handling



- ▶ Customer Care Departments and/or representatives, as well as procedures established & mostly published
- ▶ Follow up on queries/complaints received
- ▶ Complaints lodged - online form/s, email, telephone)
- ▶ Differing levels of awareness of MCA, Consumer & Competition Division & European Consumer Centre complaints mechanisms
- ▶ Other regulatory authority complaints mechanisms
 - Malta Financial Services Authority
 - Malta Insurance Association

7. Online payment mechanisms

- Majority have a payment gateway
- Those without a payment gateway are working to introduce it
- Pros and cons of Payment Gateways (set up costs, lower commission) vs Paypal (no set up costs, higher commission)
- Sales volume influences choice



8. Insurance

- ▶ Varying awareness on insurance cover availability (for e-Commerce services/products)
- ▶ Insurance policies seem to be offered only through international firms, if at all
- ▶ Some insurance policies are
 - extension of existing B&M insurance cover (usual public indemnity), or
 - part of third party (credit card) insurance coverage
- ▶ Various participants have never considered such cover
- ▶ Assessing risk levels and related premia is very specialised – local expertise?

9. Delivery & packaging



- ▶ Diseconomies of scale common theme
- ▶ Linkages to current B&M delivery service needed
- ▶ Introduction of new enhanced delivery services (including real time tracking)
- ▶ Logistics costs
- ▶ Delivery times
- ▶ Services vs physical products
- ▶ Selling goods not based in Malta being considered

10. Importance of international markets



- ▶ Dependent on nature of product/service
- ▶ Helps to maintain and increase market share (including local clients)
- ▶ Promoting local products abroad challenging, diseconomies of scale
- ▶ Small entities challenges due to postage rates
- ▶ Restrictions in certain areas (including insurance)
- ▶ Differing rates of success
- ▶ Have to be convenient and add value to the end user

11. Legislation

- ▶ Barriers resulting from identified legislation practically inexistent
- ▶ No business lost due to legislation
- ▶ Legislation is not a central issue, but some developing areas of concern:
 - ▶ Honeymoon period for airline tickets
 - ▶ Email signature legal status
 - ▶ Charge-back policies

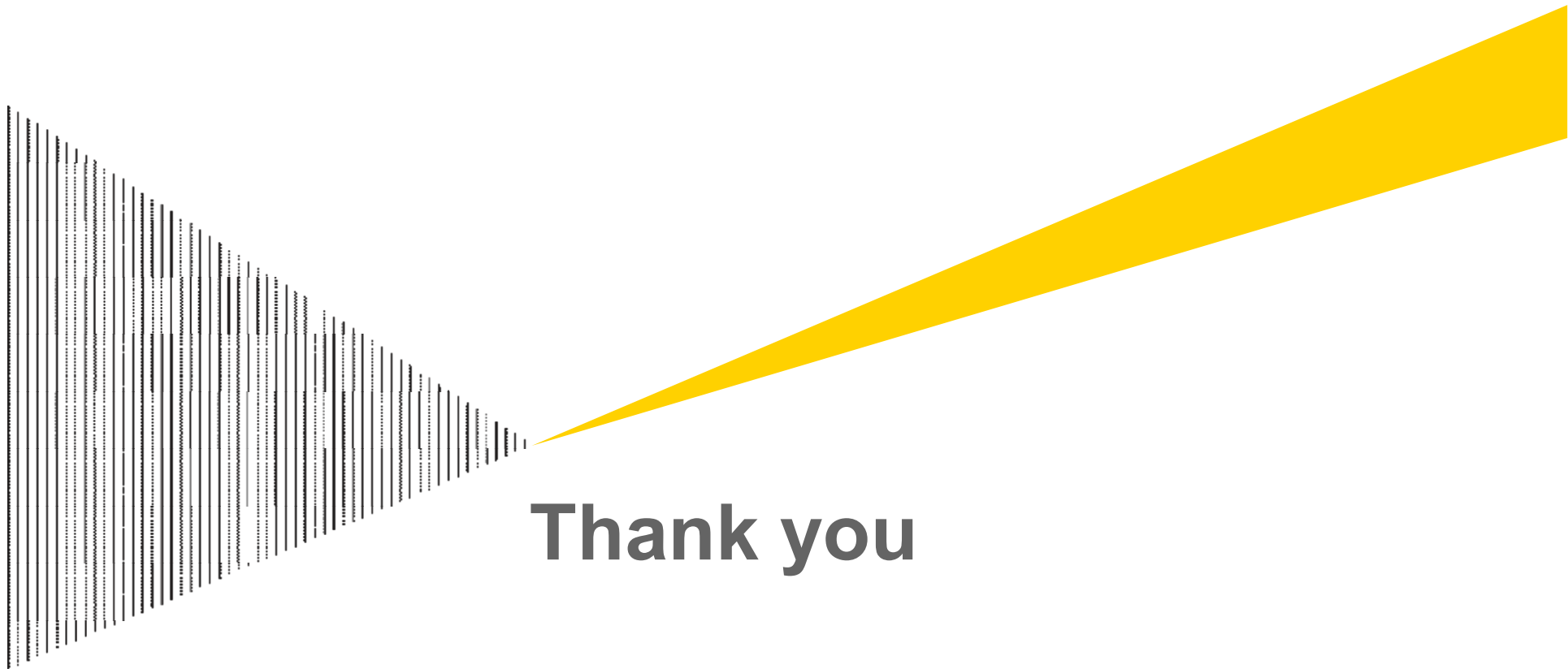


12. Future Vision

- ▶ Retailing in Malta is being affected by increasing rates of e-Commerce take-up
- ▶ Challenge of promoting e-Commerce vs. public seeming to use/prefer international e-sites rather than local ones
- ▶ Current legacy systems should be replaced by web-supported systems – will take time
- ▶ Preparing for market liberalisation
- ▶ Online prices need to be competitive because competition is international – competition not local anymore
- ▶ E-Commerce no longer an option but a necessity – ‘if you are not part of it you’re out’

13. Respondents' recommendations

- ▶ Recommendations for authorities to :
 - Promote e-Commerce set-ups through mentors
 - Assist in controlling costs of data transfer & storage
 - Encourage further competition in the postal market
 - Ensure service delivery controls/obligations on all delivery service providers
 - Reduce number of cheque payments through incentives and/or campaign
 - Embark on national education campaign showing safety of e-Commerce
 - Encourage take-up of credit cards with low limit
 - Promote take up of m-commerce
 - Tackle lack of mobile telephone connectivity in some (geographical) areas



Thank you

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