

Introduction: Malaysia in 2011

With the 3rd largest economy in Southeast Asia and the 29th largest economy in world, Malaysia has one of the best economic records in Asia, boasting a GDP average growth of 6.5% per year from 1957 to 2005.¹

Malaysia currently has close to 17 million Internet users, roughly 59% of their population.² 64.6% of those users have a wireless connection; while 55% have a broadband connection (led by a government initiative, though many cite the quality of the broadband to be quite poor). There is an established target to get 75% of the population using the internet by 2015, which would be approximately 25 million Internet users.³ One of the reasons why more and more companies are looking at Malaysia as a viable market is the dramatic increase in people embracing new technology.

Internet penetration went from a low of 15% in 2000 to 59% in 2009, although broadband quality has still received its share of criticism. Social media has risen in popularity as well, with 9.9 million Facebook users currently and a .47 share in Twitter's global voice (the average percentage of all tweets on a given day). This makes Malaysians the third biggest number of Twitter users in Southeast Asia, behind only Singapore and Indonesia.⁴

With the influx of Islamic banks and a rise in the industrial economy, the need for quality broadband is increasing in business sectors with many foreign companies looking at Malaysia as a prime target for expansion. With the rise in their GDP, Malaysia has put a lot of emphasis on digital technology as a method of economic growth. The increase in internet penetration within the past decade proves that they can meet their goals of bringing the digital age to their population. The coinciding increase of social media users also demonstrates the adoption of the internet and welcoming into daily life.

Malaysian internet users currently consume 25% more digital media per person than internet users in China and 150% more than users in India, a large portion of which are instant messaging and social networking sites. In addition, 33% of Malaysians uses web enabled mobile devices (compared to the US at 27%) and 3.9 million using 3G enabled phones.⁵ With the increase of web enabled cell phones and the Malaysian people embracing social media, mobile search has a high potential to increase in the future.

¹ <http://www.state.gov/r/pa/ei/bgn/2777.htm>; http://www.google.com/publicdata?ds=wb-wdi&met=ny_gdp_mktp_cd&idim=country:MY&dl=en&hl=en&q=malaysian+gdp

² <http://www.internetworldstats.com/asia.htm#my>

³ <http://malaysiabusiness.asia/digital-adex-seen-to-grow-by-3-7-within-five-years/>

⁴ <http://comm215.wetpaint.com/page/Malaysia+Internet+Penetration>

⁵ <http://www.rcwireless.com/ARTICLE/20100721/OPINION/100729988/analyst-angle-a-world-of-differences-in-mobile-handset-usage-and>



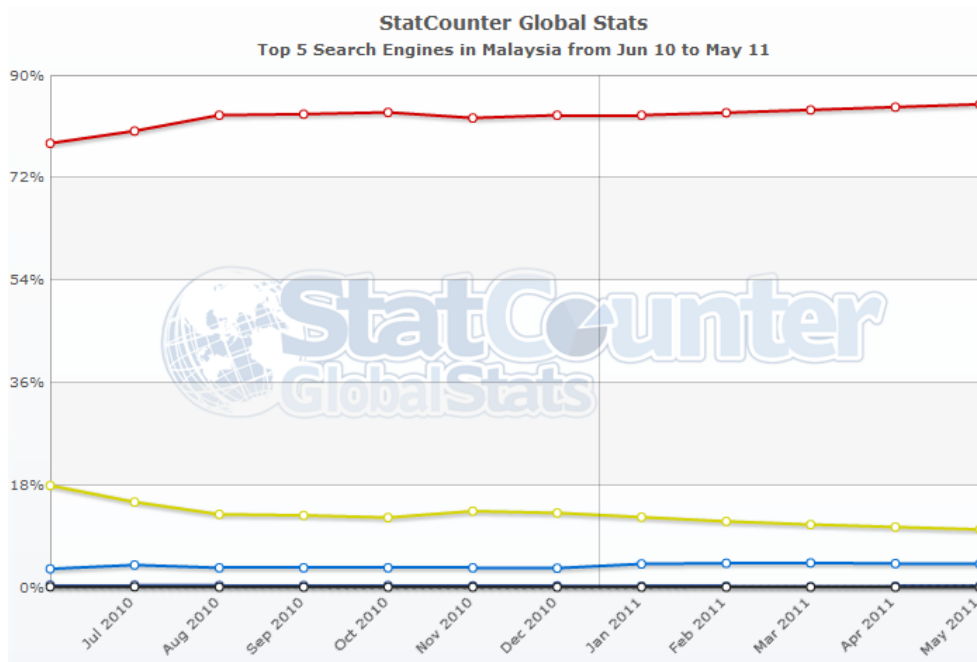
Malaysia – Market Statistics

Internet usage – 16,902,600 Internet users as of June 2009⁶

Broadband Penetration – approximately 55%⁷

Broadband Quality System – Quality is poor. Ranks 44 out of 66 countries for broadband quality⁸

Search Queries by Engine (May 2011) – Google 85%, Yahoo 10%, Bing 4.38%, Ask 0.03%⁹



Search Engine Usage in Malaysia

According to Statcounter, approximately 85% of Malaysia's Internet users use Google for search – this is a huge growth from a mere 51% in 2008.¹⁰

Google has set Malaysia as such a high priority that they recently opened an office in Kuala Lumpur. This is only their second office in Southeast Asia, with the first office being in Singapore. Google's decision to locate their office in Malaysia is due to the fact that they expect high growth in Malaysia from the wireless markets since the online environment is growing rapidly. In addition, significant developments are taking place in both broadband Internet access and e-commerce activities.¹¹

⁶ <http://www.internetworldstats.com/asia.htm#my>

⁷ <http://www.themalaysianinsider.com/malaysia/article/rais-broadband-penetration-has-exceeded-55pc/>

⁸ <http://www.themalaysianinsider.com/malaysia/article/Malaysias-broadband-quality-is-below-par-says-Oxford-study/>

⁹ http://gs.statcounter.com/#search_engine-MY-monthly-201006-201105

¹⁰ <http://tctechcrunch.files.wordpress.com/comscore-search-countries.png>

¹¹ <http://www.themalaysianinsider.com/business/article/google-to-open-office-in-malaysia/>



Social Media in Malaysia

Malaysians have embraced social media as a way of staying in contact with friends and relatives. Currently 71% of Malaysian web users are keeping in touch with friends and family via social networking sites, a 24% increase from 2009.¹² Social media is rising in Malaysia at a higher rate than its neighbouring countries. In the graph below you can see that Malaysia has a 13% increase from 2009-2010, which became a 24% increase from 2009-2011 (see footnote from above).



Malaysia has a Facebook penetration of 18%, and estimated 9.9 million Facebook users.¹³ While Friendster and Hi5 used to have a large portion of the social media traffic on Malaysia, Facebook has shown its dominance recently in this market. With the high rate of English literacy, Malaysian users look towards Facebook as a place for international discussion.¹⁴

The Malaysian government also has used Facebook as a method of generating support for tourism and international popularity for Malaysia. Last year the government spent 530,000 US dollars (RM 1.8 million) on Facebook applications and their tourism page currently has more than 48,000 likes.¹⁵ They currently have a targeted goal of 120,000 fans by the end of the year.

Twitter also has done very well in Malaysia, garnering .47% of the world voice, which puts it slightly ahead of Italy.¹⁶ The Malaysian government has also embraced the Twitter format and many politicians have even used the platform for social messages during elections including Opposition Leader Datuk Seri Anwar Ibrahim, Rembau MP Khairy Jamaluddin, and, of course, Prime Minister Datuk Seri Najib Razak.¹⁷ The current prime minister has more than 570,000 Facebook friends and over 80,000 Twitter followers.¹⁸

¹² <http://www.newmediatrendwatch.com/markets-by-country/11-long-haul/55-malaysia>

¹³ <http://www.asiaone.com/News/Latest%2BNews/DigitalOne/Story/A1Story20110110-257302.html>

¹⁴ <http://asiancorrespondent.com/29972/malaysias-social-media-landscape-under-the-microscope/>

¹⁵ <http://www.facebook.com/CutiCuti1Malaysia>

¹⁶ <http://comm215.wetpaint.com/page/Malaysia+Internet+Penetration>

¹⁷ <http://www.themalaysianinsider.com/malaysia/article/for-politicians-twitter-is-now-a-necessity/>

¹⁸ <http://www.penn-olson.com/2011/02/23/malaysia-twitter-facebook/>



Conclusion: Malaysia

Google has 85% of the market share in Malaysia, and has definitely established itself as the search engine of choice by Malaysians. However, Malaysia is still increasing its internet penetration goals with hopes that their economic future could benefit from its growth. Signs of economic growth and a focus on digital technology have many analysts predicting a positive digital future in Malaysia. Yet with many struggling with the poor quality of broadband, many analysts are pointing towards mobile search as a rising market for the future.

Malaysians are participating in the social media platforms such as Facebook and Twitter at an increasing rate and on multiple platforms. With 71% of Malaysian web users keeping in touch with friends and family through a social media site and 33% of Malaysians using web enabled cell phones. With an 18% Facebook penetration and a growing preoccupation with social media, Malaysians might well turn to cell phones as a method of searching, especially due to the poor quality of broadband in the country.

About the Reform International Search Review

While information on the search engine marketing industry in the US and UK is readily available, insight into other search markets around the world can be harder to find and contradictory. As a result, Reform's international team of search marketing consultants is pleased to present the sixth of our research papers on key emerging search markets around the world.

With internet usage, mobile usage and broadband internet access rapidly developing in several countries, many western marketers are increasingly adopting a global perspective. Therefore, having the right kind of knowledge and information are the key to success in new markets. At the same time, many marketers within these 'uncharted' countries are only now beginning to see the benefits of search engine marketing. SEO and PPC are both in the early stages of development in some arenas. Transparency in ROI is vital in today's global businesses, so search marketing, which can deliver that, is starting to take centre stage.

With its International Search Reviews, Reform analyses the business and the consumer perspective in each local search market, so that its findings will help brands to understand local search behaviour. This helps to develop the most effective strategies for converting this behaviour into meaningful engagement and customer conversion.

¹⁴http://www.sulit.com.ph/index.php/link/u/http%3A%5B%5Dgs.statcounter.com%5D%23search_engine-PH-monthly-200807-201011/m/PhilipPaler



Major western search engines, such as Google and Yahoo! are focusing their international strategic efforts on targeting new users in Asia. Therefore, this territory is an appropriate starting point for Reform's international search marketing research. Customised interfaces and applications, which cater for the huge range of internet users across Asia, are only the tip of the iceberg as we monitor market development. User interaction with search engines is varied from market to market, as are their requirements, and Reform uses this local knowledge to gain insight which shapes audience planning strategies.

Reform

Reform is an independent digital business consultancy with offices in London and New York. We provide business and management consultancy services for clients, from market intelligence and benchmarking, to business planning, strategy, product development, technology, resourcing and delivery.

We believe that digital is a disruptive model, a positive force for business change and growth. We work with our clients to transfer our digital skills and best practices into their organisations – through consultancy, management and practitioner training, planning workshops and organisational change management.

Reform's team of business consultants has over ten years' unrivalled experience as digital marketing practitioners, business leaders and industry innovators who have worked in organisations such as Microsoft, Ebay, i-level, Google and Aegis. Our team work across an international portfolio of businesses, and across a wide variety of business sectors including finance, recruitment, investment, retail, publishing, education and media.

Join the debate on innovation and change in the search industry with our LinkedIn group, [The Reformers](#). We welcome discussion and comment from search consultants and specialists, as well as questions and insights from anyone interested in learning more about how search can impact their business positively.

Please contact: Reform, info@reformdigital.com