

# Survey Report on e-Commerce Utilization 2017 (Questionnaire Part)

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July 2017

Japan External Trade Organization (JETRO)  
The Japan Chamber of Commerce and Industry (JCCI)

## 1. Outline of the Survey

- (1) Survey Period: Mar-May 2017
- (2) Methodology: Web questionnaire to respective companies (JCCI web platform base)
- (3) Target: Domestic companies in each RCEP country

## 2. Respondents No. by Categories

### By Region

- ASEAN: 195 Companies
- ASEAN+1: 159 Companies

### By Country Tiers

- Tier 1: 134 Companies
- Tier 2: 121 Companies
- Tier 3: 99 Companies

### By Company Size

- MSMEs: 242 Companies
- LEs: 107 Companies

(Note) LEs are defined as the companies that hire more than 250 employees.

(Note 2)

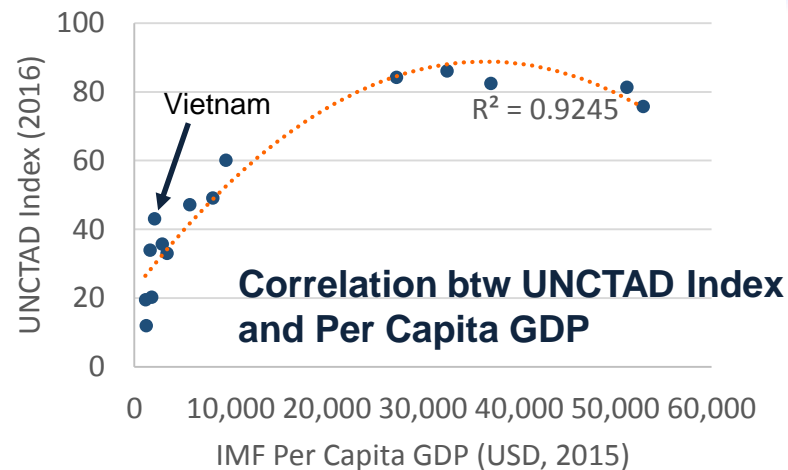
- Tier1: Australia, Japan, Korea, New Zealand, Singapore
- Tier2: China, Malaysia, Thailand, Viet Nam
- Tier3: India, Indonesia, Philippines, Brunei, Cambodia, Lao PDR, Myanmar

## 3. Cooperating Organizations/Associations

In addition to the special cooperation from ASEAN-BAC, following organizations/associations supported the questionnaire survey.

Country	Cooperating Organizations/Associations	No. of Respondents
Australia	Australia Industry Group	7
Brunei	National Chamber of Commerce and Industry Brunei Darussalam (NCCIBD)	11
Cambodia	Cambodia Chamber of Commerce (CCC)	8
China	China Council for Promotion of International Trade (CCPIT) China Chamber of International Commerce (CCOIC)	34
India	Confederation of Indian Industry (CII)	1
Indonesia	Kamar Dagang Dan Industri Indonesia (KADIN) Asosiasi Pengusaha Indonesia (APINDO)	4
Japan	Japan Chamber of Commerce and Industry (JCCI)	51
Lao PDR	Lao National Chamber of Commerce and Industry (LNCCI)	7
Malaysia	Federation of Malaysian Manufacturers (FMM)	34
Myanmar	Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)	9
New Zealand	New Zealand International Business Forum	4
Philippines	Philippine Chamber of Commerce and Industry (PCCI) Management Association of Philippines (MAP) Makati Business Club (MBC) ASEAN Women Entrepreneurs Network (AWEN) Philexport	58
Singapore	Singapore Business Federation (SBF)	10
S.Korea	Korea International Trade Association (KITA)	62
Thailand	Thai Chamber of Commerce (TCC)	31
Vietnam	Vietnam Chamber of Commerce and Industry (VCCI)	22
<b>Total</b>		<b>353</b>

- ✓ This time UNCTAD B2C e-Commerce Index was adopted to classify the tiers, considering the high correlation ratio with per capita GDP, except Vietnam (better score in the Index compared to per capita GDP level)
- ✓ Regarding the UNCTAD e-Commerce Index, while high-rankers increased its competitiveness from 2014, low-rankers after India dropped its ranking, indicating widening the business environment gaps in these 2 years

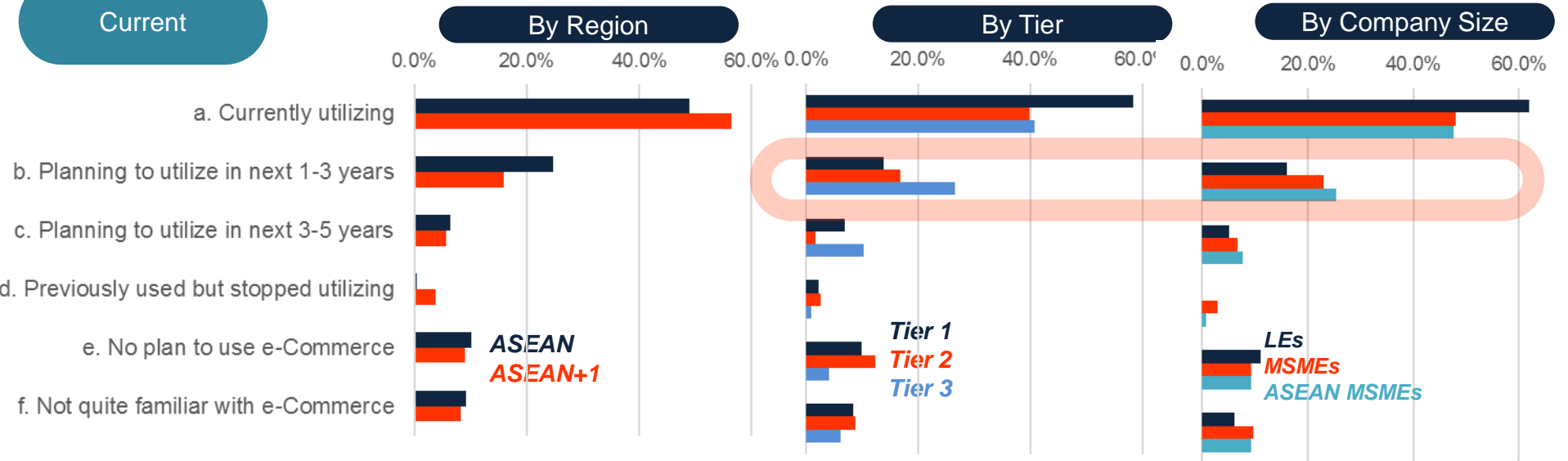


## UNCTAD B2C E-Commerce Index 2016

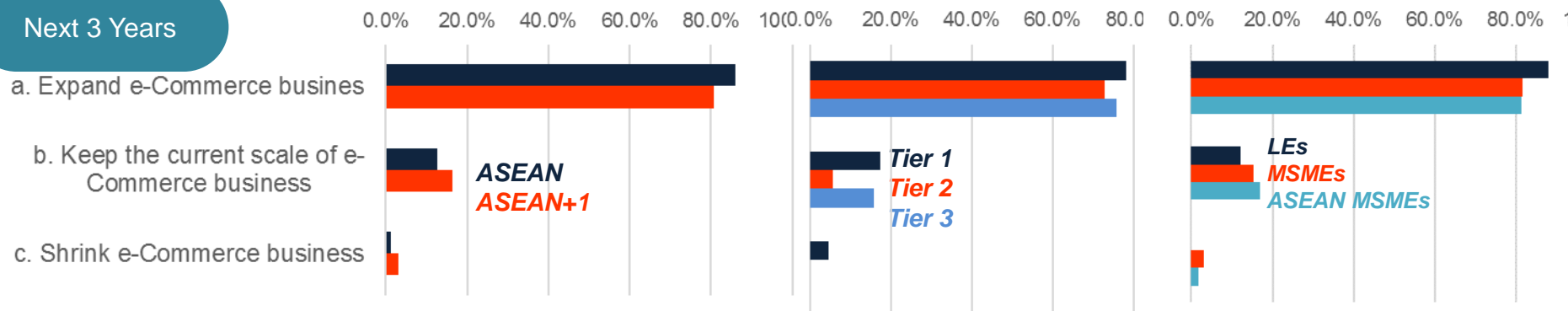
	2016 Rank	Economy	Share of individuals using Internet (2014 or latest)	Share of individuals with credit card (15+, 2014 or latest)	Secure Internet servers per 1 million people (normalized, 2014)	UPU postal reliability score (2013/14)	UNCTAD B2C e-commerce Index value 2015	2014 Rank
T1	5	Japan	91	66	89	99	86.1	12
	7	Korea	84	56	97	100	84.3	8
	10	New Zealand	86	61	92	93	82.5	13
	12	Australia	85	59	93	89	81.4	6
	23	Singapore	82	35	88	98	75.8	26
T2	44	Malaysia	68	20	69	84	60.1	45
	64	China	49	16	48	83	49.1	65
	69	Thailand	35	6	58	90	47.2	70
	75	Vietnam	48	2	52	70	43.1	90
	89	Philippines	40	3	52	48	35.7	N/A
T3	90	India	18	4	46	68	34	83
	93	Indonesia	17	2	47	66	33	88
	115	Lao PDR	14	3	38	26	20.3	105
	119	Cambodia	9	3	41	25	19.5	91
	133	Myanmar	2	0	25	21	12	N/A

(Source) IMF (2016), UNCTAD B2C E-COMMERCE INDEX 2016

## Current



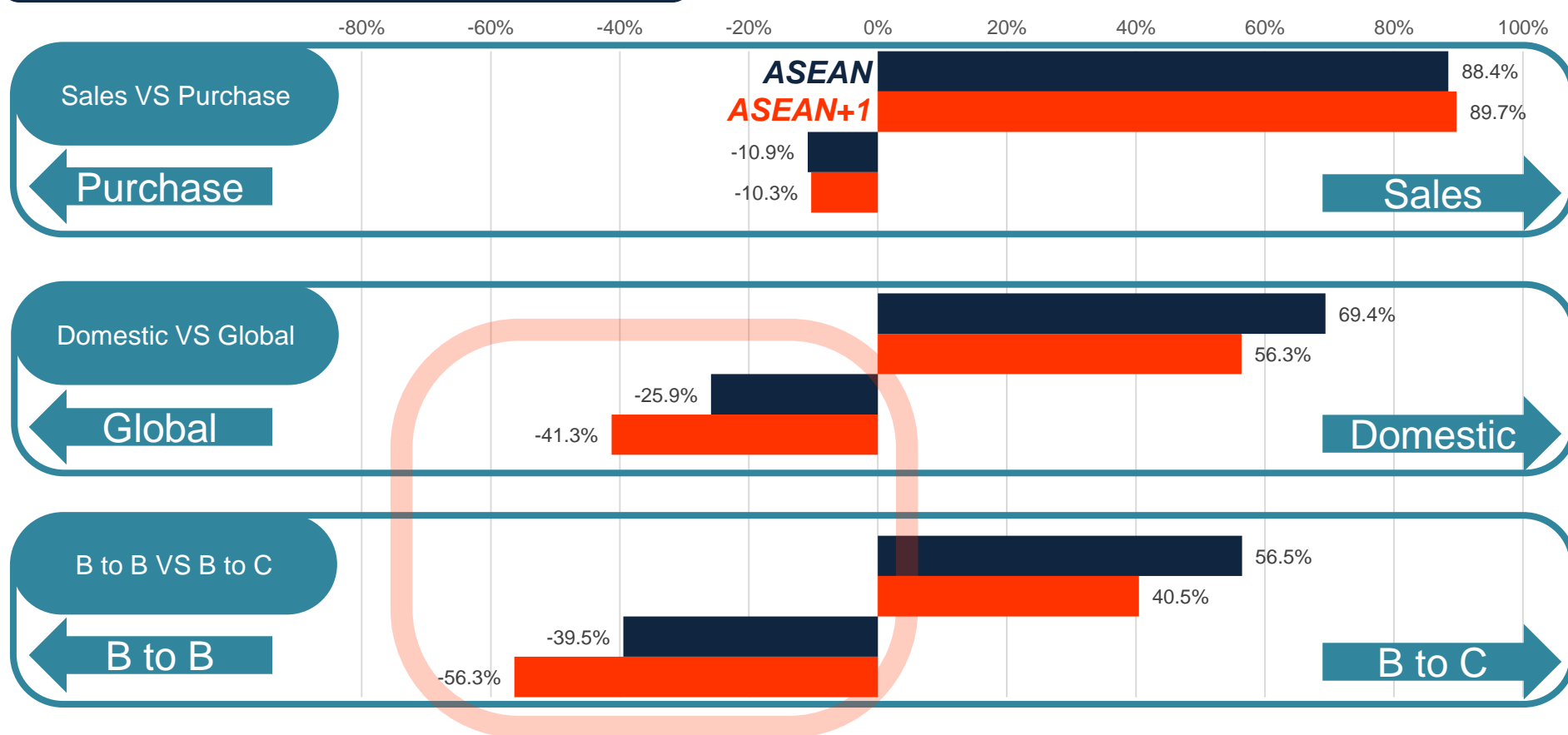
## Next 3 Years



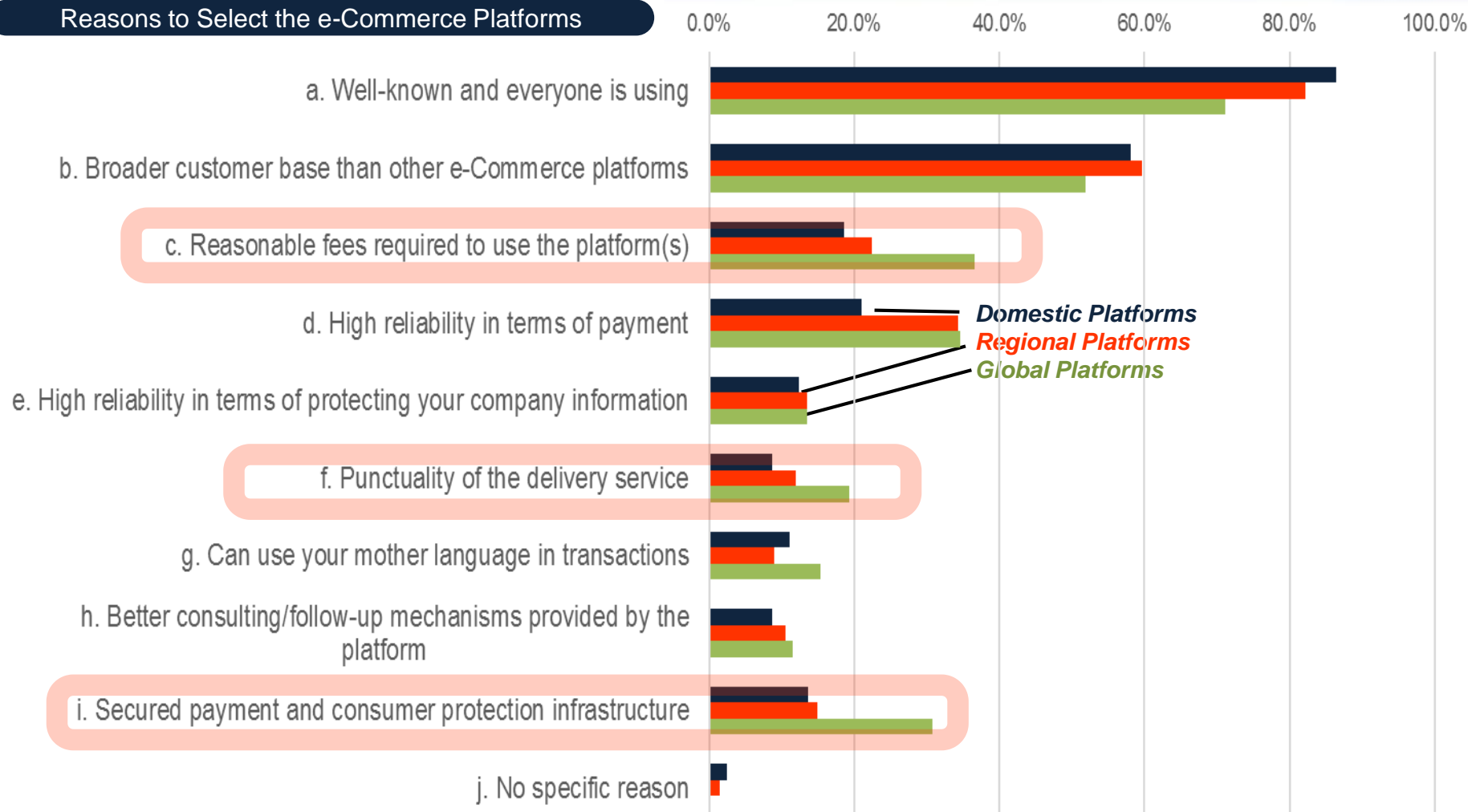
- ✓ In all categories, respondents are found as quite positive to utilize e-Commerce, and their expansion direction is also quite obvious.
- ✓ **Tier 2, Tier 3 and MSMEs have more tendencies to utilize e-Commerce in next 1-3 years**, compared with Tier 1 and large enterprises.

- ✓ Both ASEAN and ASEAN+1 companies mainly utilize e-Commerce for selling products to its own domestic markets.
- ✓ **ASEAN companies are lagging behind for cultivating foreign markets and B to B business**, compared with ASEAN+1 companies.

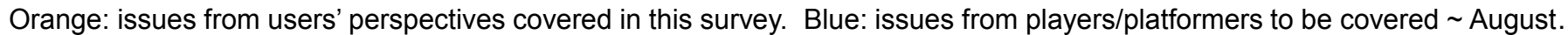
## By Region



## Reasons to Select the e-Commerce Platforms



- ✓ Reasonable fee structure, secured payment and consumer protection infrastructure and delivery punctuality the typical reasons to select global platforms. At least domestic platformers need more reliability on data protection and delivery system.



## 5. Bottlenecks for e-Commerce (Total)

- ✓ Among respective categories, issues on company resources are identified as major bottlenecks.
- ✓ Top 5 outstanding business bottlenecks for expanding e-Commerce business are; i) Fear of possible company/personal data leak, ii) Insufficient in-company human resources, iii) Fear of possible fraud/troubles in payment transactions, iii) Lack of knowledge on e-Commerce business, and v) Expensive logistics costs.

### Company Resources

0 20 40 60 80 100 120 140

- a. Lack of knowledge on e-Commerce business
- b. Insufficient awareness of e-Commerce among managements
- c. Insufficient in-company human resources
- d. Insufficient financial resources to engage in e-Commerce
- e. Others

### e-Commerce Platform

0 10 20 30 40 50 60 70 80 90 100

- a. Expensive service fees
- b. Not providing integrated services
- c. Language differences
- d. Difficulty in complying with Platformers' rules...
- e. Insufficient trouble shooting services
- f. Others

### Logistics

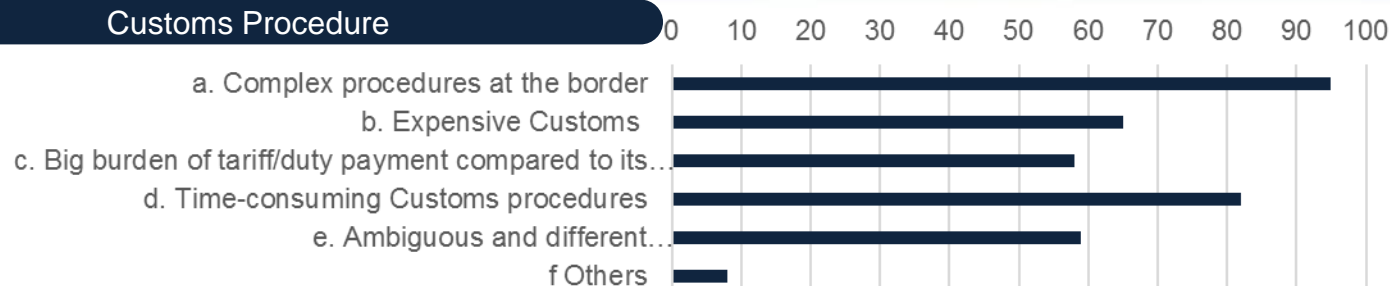
0 20 40 60 80 100 120

- a. Insufficient logistics services to secure product quality
- b. Unpunctual delivery
- c. Expensive logistics costs
- d. Insufficient tracking services
- e. Others

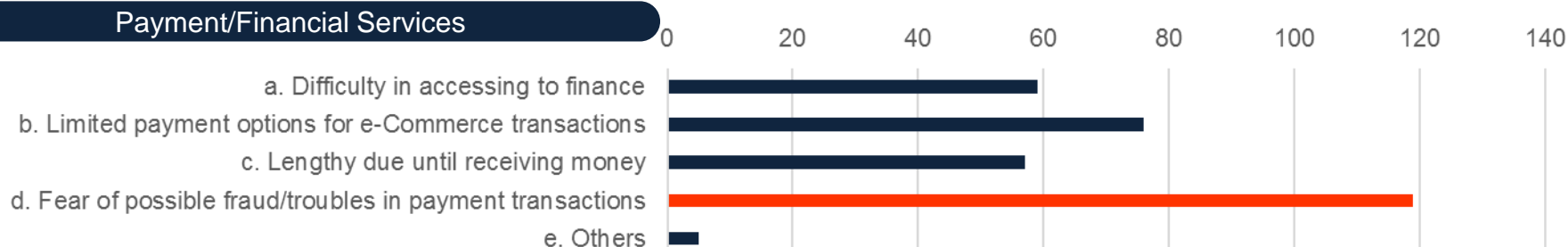


## 5. Bottlenecks for e-Commerce (Total, Cont.)

### Customs Procedure



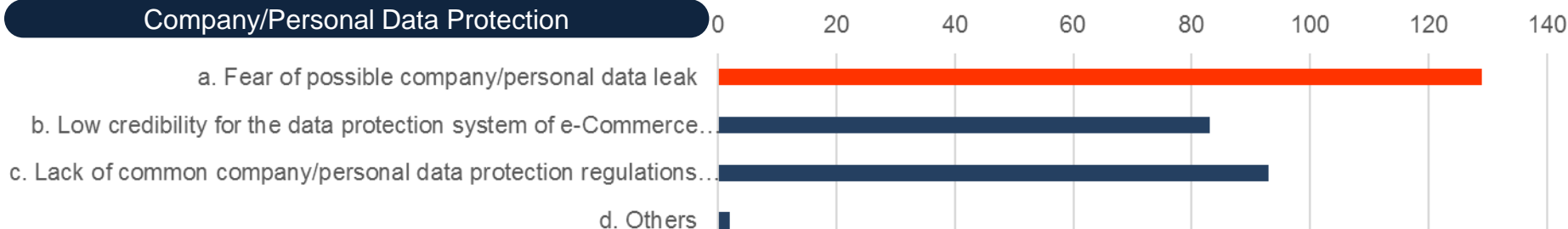
### Payment/Financial Services



### Communication with Customers

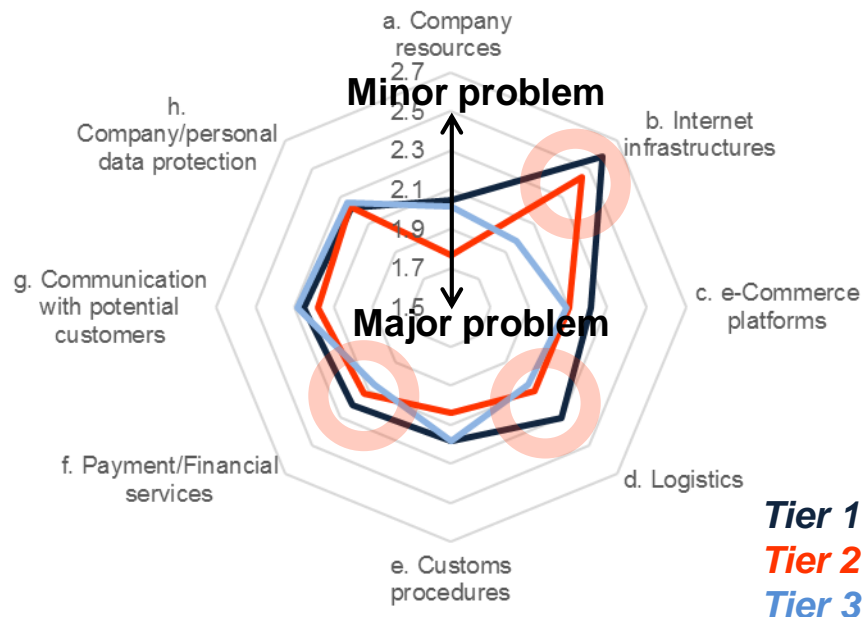


### Company/Personal Data Protection

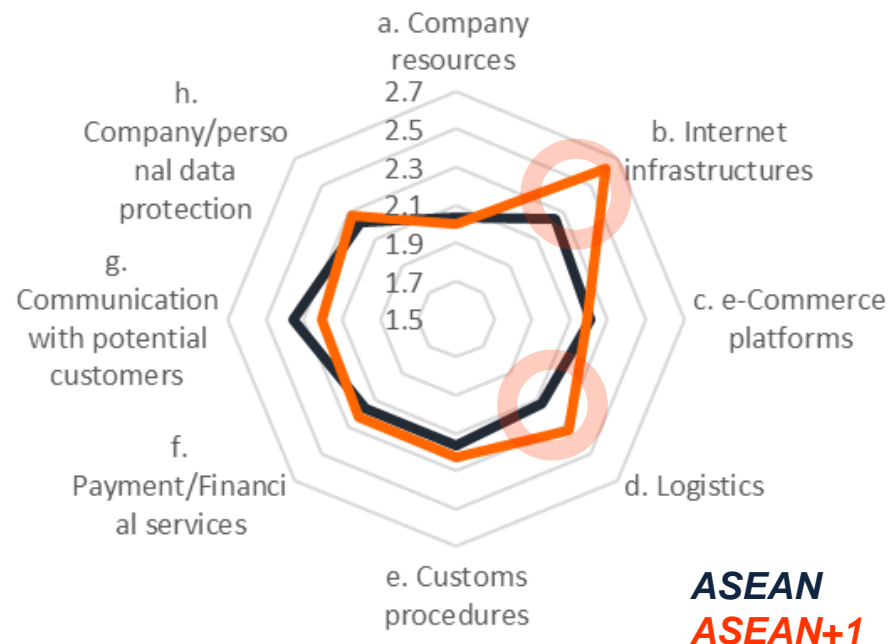


## 6. Logistics and Payment as primal concerns for lower Tier

By Tier



By Region



- ✓ In every tier and every segment, difficulties on company resources can be found as the biggest common concern for respondents.
- ✓ The lower the tier goes, the more difficulties in **internet infrastructure, logistics and payment/financial services** were observed.

- ✓ Same as Tier-based result, ASEAN companies have more difficulties in both **internet infrastructure and logistics**.

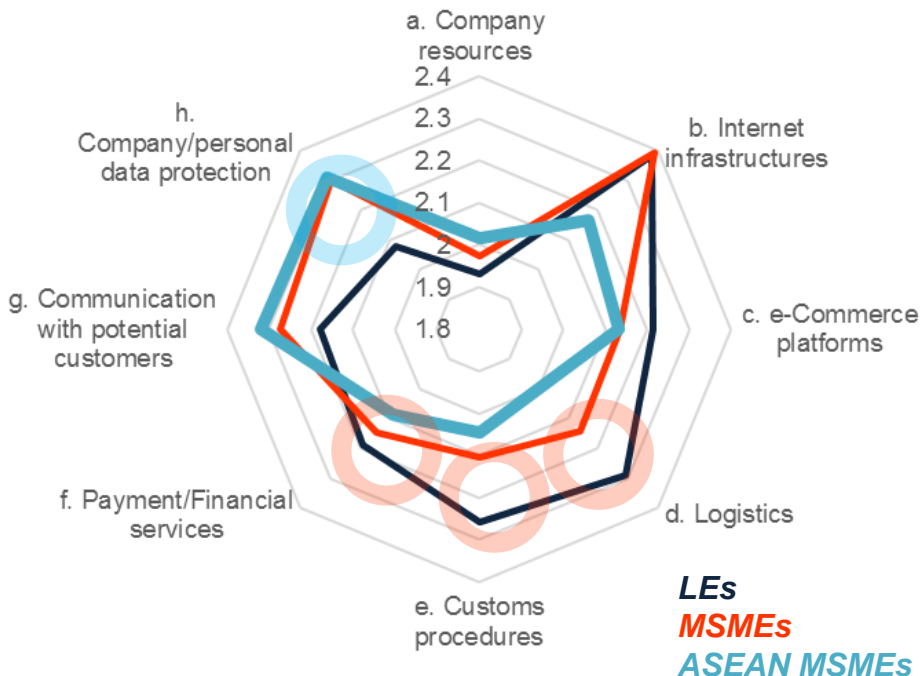
**Tier1:** Australia, Japan, Korea, New Zealand, Singapore

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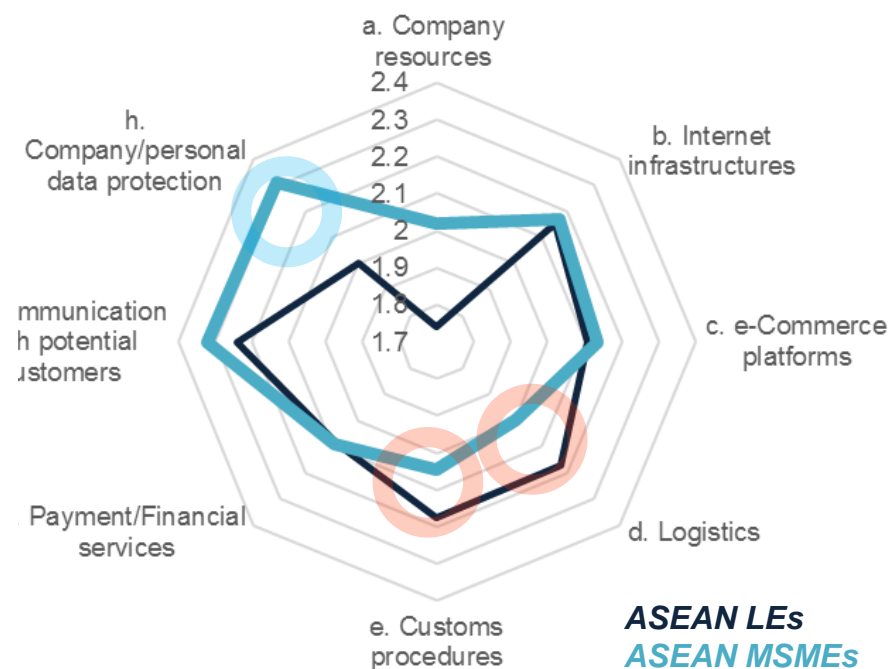
**Tier 3:** India, Indonesia, Philippines, Brunei, Cambodia, Lao PDR, Myanmar

# 7. Logistics and customs procedure as MSMEs' major bottlenecks

By Company Size



(Ref) ASEAN LEs VS ASEAN MSMEs

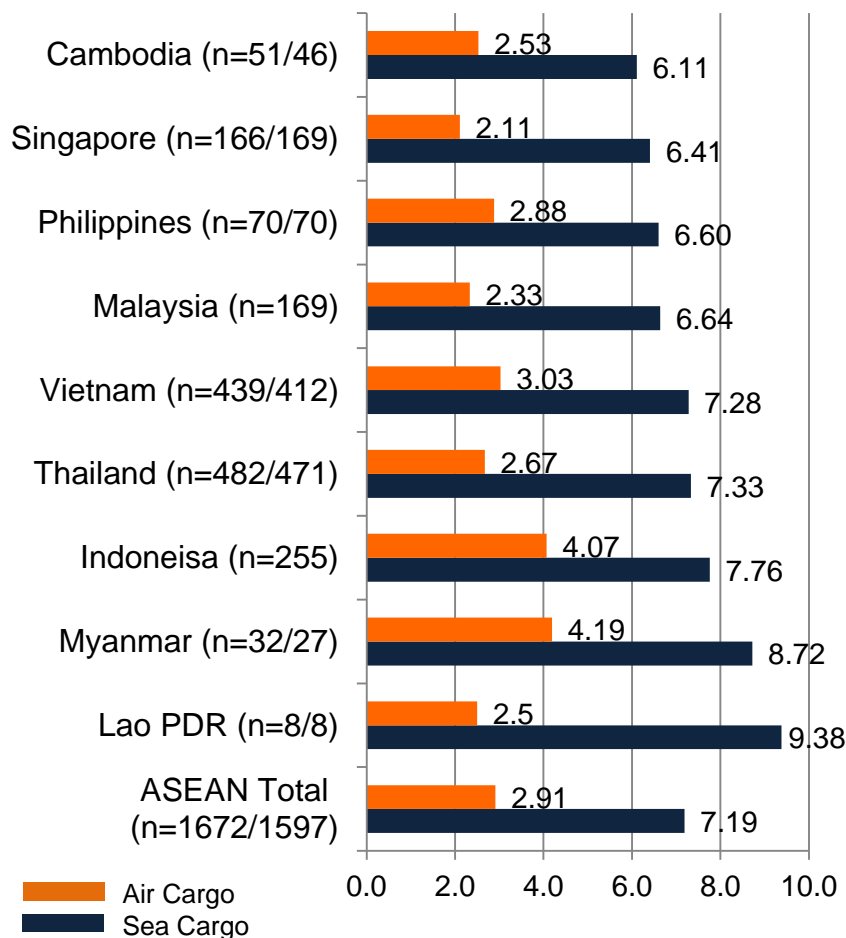


- ✓ Compared with large enterprises, MSMEs, and ASEAN MSMEs felt more difficulties in **logistics, customs procedure and payment/financial services** in big margins.
- ✓ While large enterprises considered company/personal data protection as a big issue, MSMEs and ASEAN MSMEs did not, **possibly due to MSMEs' lack of knowledge on this matter.**

- ✓ Almost the same result was observed between ASEAN LEs and ASEAN MSMEs; ASEAN MSMEs felt more difficulties in **logistics and customs procedure** than ASEAN LEs, and with bigger margin ASEAN MSMEs had not much concern on company/personal data protection than ASEAN LEs.

- ✓ While “Plus one” countries have kept competitiveness in term of Customs procedure in LPI since 2007, **major AMSs such as Malaysia, Thailand, Vietnam, Indonesia and Philippines have lost it.**
- ✓ Border procedure, logistics, element in FTAs shall be improved/sophisticated simultaneously, **where we may be able to contribute to provide necessary information/technology**

## Average days for import cargo release



## (Ref.) Logistics Performance Index (Customs)

	2007	2012	2016
Singapore	3	1	1
Japan	11	11	11
South Korea	27	23	26
China	35	30	31
Taiwan	25	22	34
India	47	52	38
Malaysia	23	29	40
Thailand	32	42	46
Vietnam	37	63	64
Indonesia	44	75	69
Cambodia	104	108	77
Philippines	53	67	78
Myanmar	124	122	96
Laos, PDR	120	93	155

(Source) Logistics Performance Index, World Bank

(Note)

1-19	20-39	40-59	60-79	80-
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## Business-Friendly Discipline Development

- ✓ In order to facilitate digitization of the region as a whole, development of business-friendly rules and disciplines is the most fundamental element. Specifically, we must avoid any new country-by-country regulations created. Rules should be considered and receive consensus among regional member states, in harmony with globally adopted disciplines.

## Simple Border Procedure and Effective Logistics for MSMEs

- ✓ Compared to ASEAN+1 Countries, ASEAN e-commerce users are hesitating to make cross-border transactions. For enhancing inclusive regional growth through utilizing e-Commerce, simple and predictable border procedures, effective and low-cost logistics would be the keys, especially for MSMEs.

## Secured Payment and Data Protection Systems/Frameworks

- ✓ Fear of possible fraud and data leak discourage respondents to further utilizing e-Commerce. Secured payment and data protection systems, through introducing innovative business solutions, as well as industry-led initiatives should be enhanced. At the same time, MSMEs should be enlightened and made aware about the indispensability on personal/company data protection.

## Allocation of management resources for e-Commerce business

- ✓ Insufficient information and in-house human resources are the primal bottleneck on e-Commerce business from users perspective. Further HRD by sharing best practices would be necessary in the region.

Thank you for your attention

