Authority for
Info-communications
Technology
Industry of Brunei Darussalam

E-COMMERCE SURVEY FOR CONSUMERS

IN BRUNEI DARUSSALAM 2018 REPORT

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DEFINITIONS

i. **Millennials**: People of age group between 18 – 34 years

ii. **Generation X**: People of age group between 35 – 54 years

iii. **Baby Boomers**: People of age group between 55 – 65 years

iv. **E-Commerce**: The sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders. Payment and delivery do not have to be conducted online. Transactions can be between enterprises, households, individuals, governments and other public or private organisations. Orders made by telephone calls, fax or manually typed email excluded.

v. **Business-to-Consumer (B2C)**: Online exchange of goods or services from a business (merchant) to a consumer.

vi. **Consumer-to-Consumer (C2C)**: Online exchange of goods or services from a consumer to another consumer.

vii. **Government-to-Consumer (G2C)**: Online exchange of goods or services from a government entity to a consumer.

DISCLAIMER

EXECUTIVE SUMMARY

Recent years have witnessed a tremendous development of the internet. This has lead to a growing number of online users and has increased the importance of e-Commerce and online shopping. Consumers today are purchasing products at anytime from retailers located anywhere around this world without the need of physical retail locations. Consumers demand for greater convenience and richer experiences when shopping online.

AITI has therefore commissioned its first e-Commerce Survey for Consumers in Brunei Darussalam 2018 to understand the consumer attitudes, behaviour and preferences towards e-Commerce. This report provides an initial glimpse of the current status of e-Commerce adoption and usage in Brunei Darussalam. The results of the survey found that 76% Bruneians are already using e-Commerce and like any growing nation, we face various challenges that affects the consumer consumption of e-Commerce services.

Below are the key findings on the behaviours and attitude of the consumers in Brunei Darussalam towards e-Commerce, which were reflected from the survey:

WHY CONSUMERS DID NOT PURCHASE ONLINE?
About 24% of the respondents did not use e-Commerce due to three main reasons; 1. Fear of credit and debit card fraud, 2. Preference for direct purchasing in physical shops, and 3. Worried that the goods ordered would not arrive.

FACTORS PROMPTING CONSUMERS TO PURCHASE ONLINE
70% of respondents purchased online because it was time-saving, 67% found better prices whereas 65% felt that there were variety and greater choices when they shopped online.

PLATFORM USED FOR PURCHASES
57% of respondents mainly did their shopping through standard e-Commerce websites. Social media platforms being second at 24%, and thirdly, using online marketplace at 18%.

TOP E-COMMERCE SITES
Majority of goods purchased were from sellers outside of Brunei. About 47% of respondents used eBay, while Zalora came in second at 36%, and Amazon third at 18%. Ali Express and Lazada both were voted as fourth at 11%.

POPULAR PAYMENT METHODS
84% respondents preferred using credit or debit card to pay for online purchases. 36% used online bank transfers whereas 27% used e-Wallets for online payments. Only 19% mentioned using offline payment or cash on delivery.

TYPES OF DEVICES USED FOR ONLINE PURCHASES
83% of respondents used the smart / mobile phone to purchase goods and services mainly due to convenience and ease of connectivity. The laptop is the second main device used for purchasing online at 50%, whereas 28% preferred to use the desktop computer and only 22% used tablets or ipad for their shopping.

TOP ITEMS PURCHASED ONLINE
The top items purchased online, in the past 12 months, were clothing and accessories at 73%, followed by travel and tourist services at 50%, and cosmetics and healthcare at 32%. Consumer electronics was the fourth at 31%, whereas digital content (e.g. apps) came fifth at 26%.

1 INTRODUCTION

The e-Commerce Survey for Consumers in Brunei Darussalam 2018 carried out by AITI from 7 January to 28 February 2018 was aimed at collecting information on e-Commerce individual adoption in this country as well as to identify the factors that influence our local consumer behaviour towards e-Commerce. The survey is in line with AITI's functions and duties to promote the use of the internet and electronic commerce (e-Commerce) and to establish regulatory frameworks for that purpose.

The survey which targeted the general public will be used to formulate plans and regulatory framework to promote effective usage of e-Commerce, and to increase consumer's confidence to make transactions, shop and trade online.

As the world becomes more advanced with technology, it has evolved the way we communicate, work and do business. With everything getting connected, more and more products and services are also being sold online. With this in mind, it is important to ask: Who are our e-Commerce users? What is their online purchasing behaviour? What are their concerns? These were some of the questions that AITI hoped to address through this e-Commerce survey.

With an internet penetration rate well over 100%, online shopping activities are becoming more popular in Brunei Darussalam. Access to online content, safe and secure payment platforms, convenience and timely delivery are amongst the essential factors that determine consumers decision to shop online. Issues such as delivery, after-sales services, online safety and privacy are still some of the concerns that need to be addressed.

AITI believes that the findings of this survey will benefit the relevant agencies in formulating the appropriate programs or initiatives that can help increase the adoption of e-Commerce in Brunei Darussalam.

METHODOLOGY

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2.1 SAMPLING METHOD

The survey was conducted online and offline using random sampling. A total sample size of 1016 people responded, within an age range of 18 to 65 years old. The margin of error on the results obtained was 3% with a confidence level of 95%.

2.1.1 DATA COLLECTION AND VALIDATION

Data collection was done through emailing various government departments, private companies and educational institutions, dissemination through social and communication media, both online and offline at government public service areas at Mail Processing Centre at the Post Office, the Land Transport Department at Beribi, and at the Immigration and National Registration Department. The survey was also conducted during the Consumer Fair in January 2018 at the International Convention Centre (ICC), Berakas. Apart from this, the survey was distributed to the participants of AITI's ICT Savviness Program.

2.1.2 CHALLENGES FACED DURING THE SURVEY

The challenges were mostly on people's reluctance to fill in the survey due to language factors, although the survey was written in bilingual – Malay and English. Another was people's lack of interest in the survey itself, especially coming from the ones who do not engage in e-Commerce activities.

3 DEMOGRAPHICS

RESPONSE BY GENDER

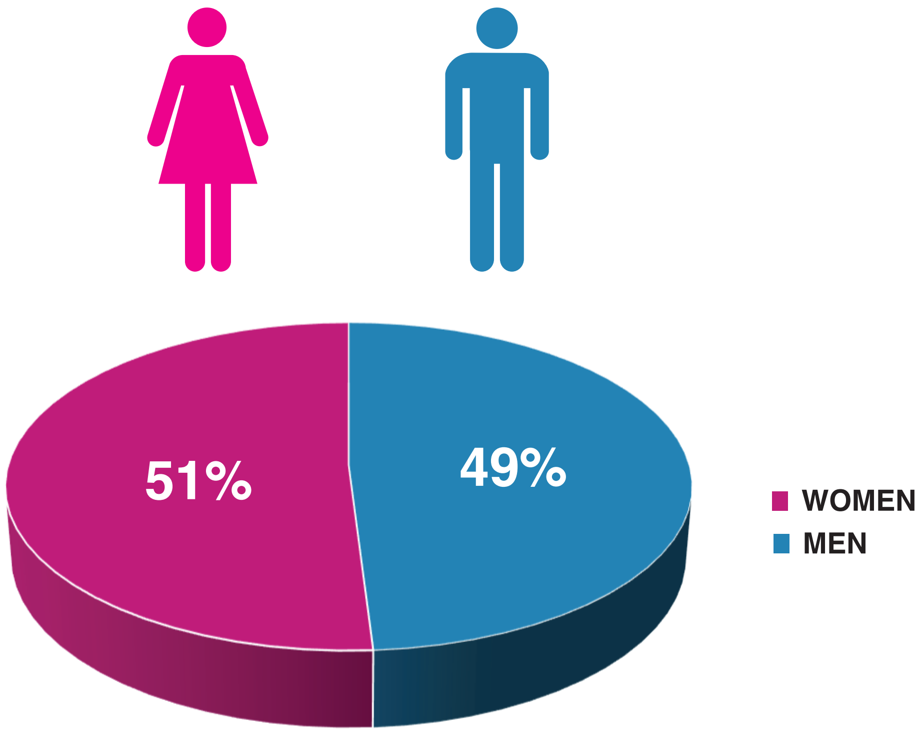

Figure 1: Response by Gender

RESPONSE BY AGE GROUP

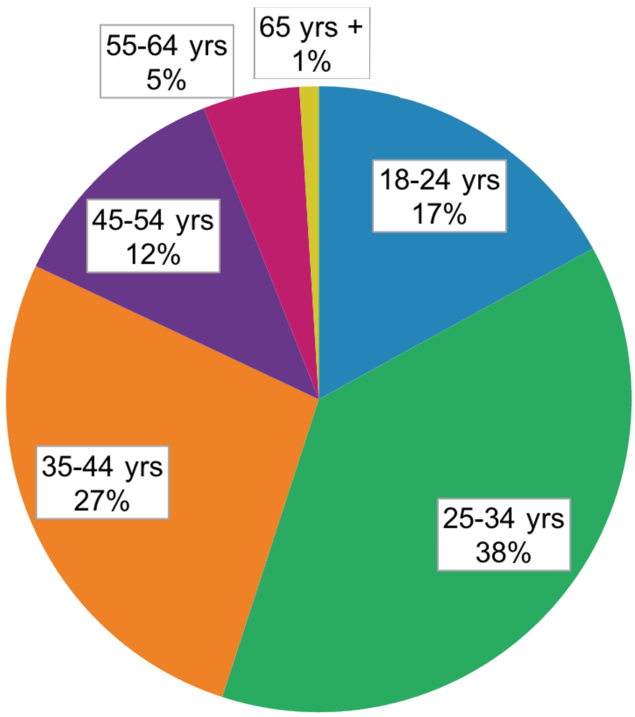

Figure 2: Response by Age Group

RESPONSE BY NATIONALITY

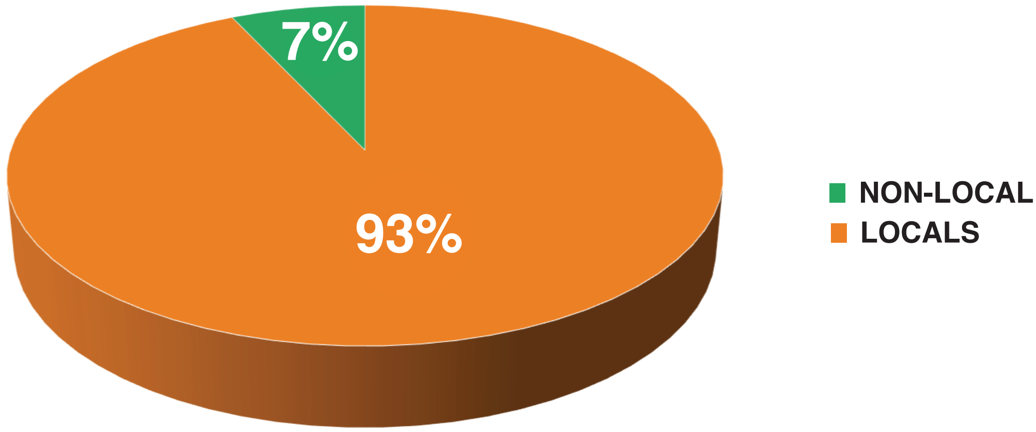

Figure 3: Response by Nationality

RESPONSE BY DISTRICT

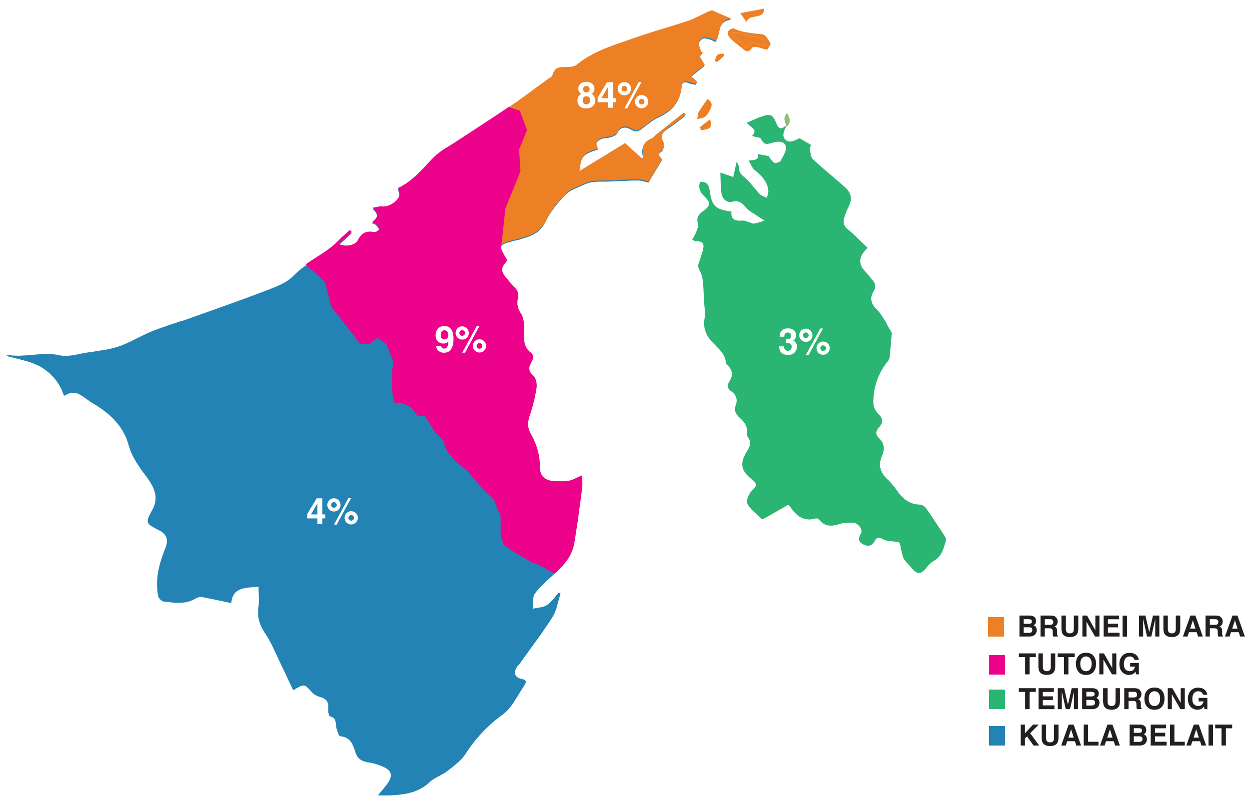

Figure 4: Response by District

RESPONSE BY WORK CATEGORY & INCOME GROUP

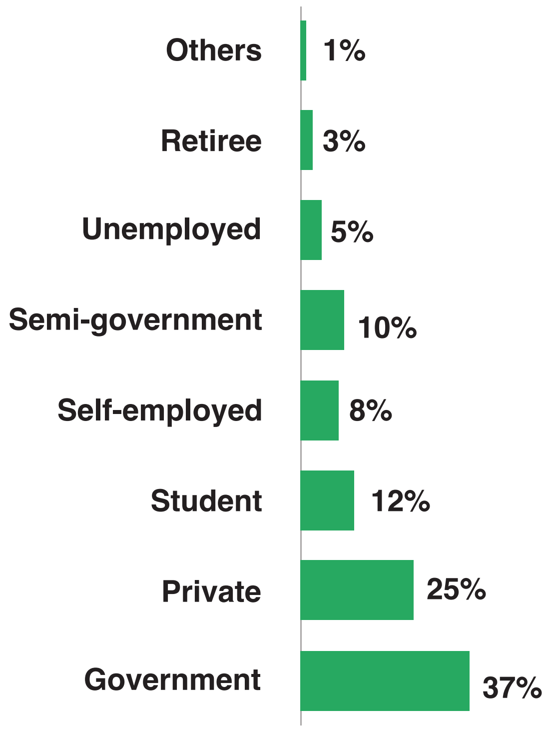

Figure 5: Response by Work Category

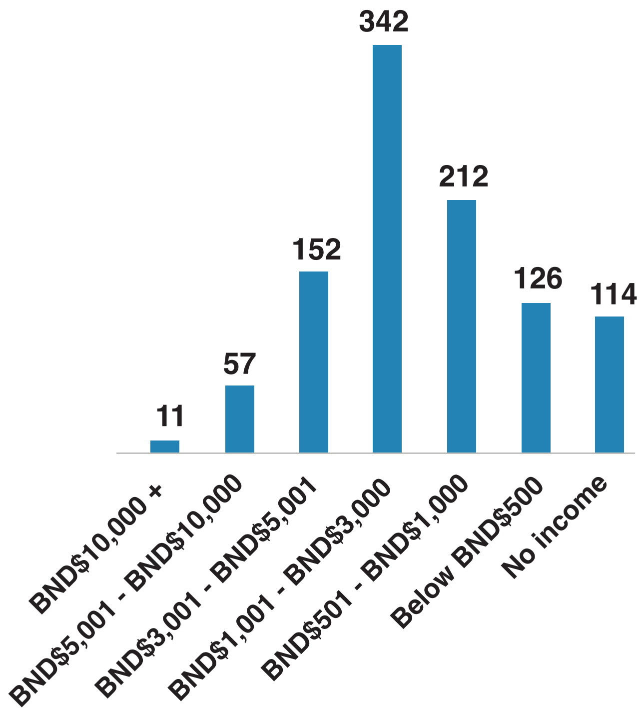

Figure 6: Response by Income Group

RESPONSE BY E-COMMERCE AND NON-E-COMMERCE USERS

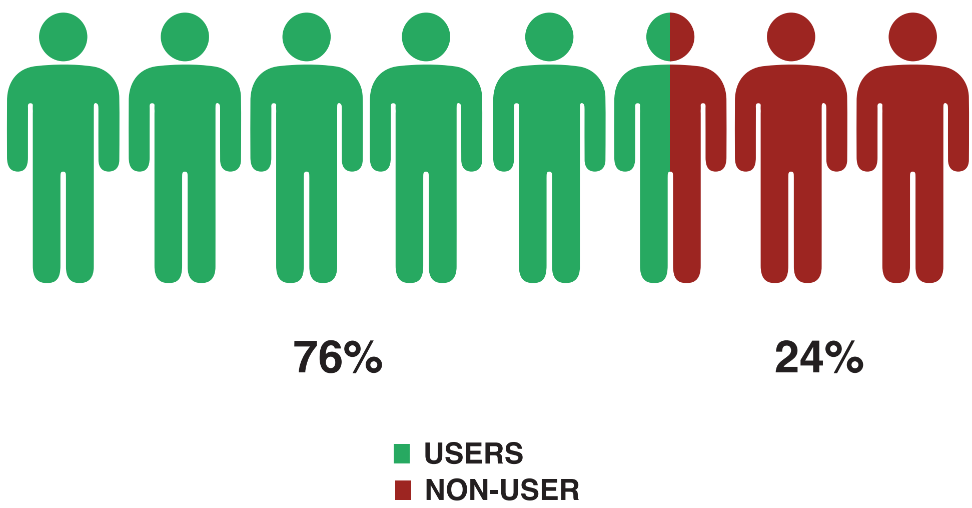

Figure 7: Response by E-Commerce Users

FINDINGS

4

4.1 E-COMMERCE USERS

4.1.1 E-COMMERCE USERS AGE GROUP

It is evident from Figure 8 that the highest number of e-Commerce users were Millennials, Generation X and Baby Boomers between the age of 18 and 44 years old, the number of users decline as the age group progresses. The youth have the highest level of ICT savviness.

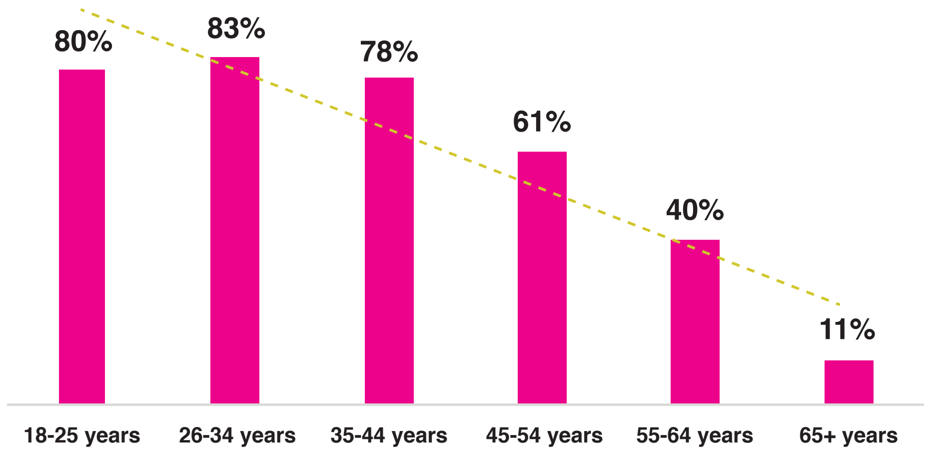

Figure 8: e-Commerce users age group

4.1.2 ATTITUDES & BEHAVIOUR

This section of the survey aimed to analyse consumer online purchasing behaviour, based on respondents who have experienced purchasing goods and services online.

4.1.2.1 FACTORS PROMPTED IN ONLINE ACTIVITIES / PURCHASES

Figure 9: Factors influencing e-consumer online purchase

As shown on Figure 9, a majority of e-Commerce users purchased online because it was time-saving. This was one of the major factors which influenced consumers to purchase online.

Convenience was a major factor that attracted consumers to go online. The top 3 reasons why consumers chose to shop online were the availability to shop anywhere at any time of the day (70%), better prices (67%), and access to a broader range of products (65%).

4.1.2.2 TYPES OF E-COMMERCE ACTIVITIES

A majority of local online consumers purchased goods and services from a business entity (B2C). According to Figure 10, about 80% of online shoppers engaged themselves in B2C activities while 15% purchased directly from other consumers (C2C). Only 5% of respondents purchased from government entities (G2C) due to fewer number of e-government services available in Brunei Darussalam.

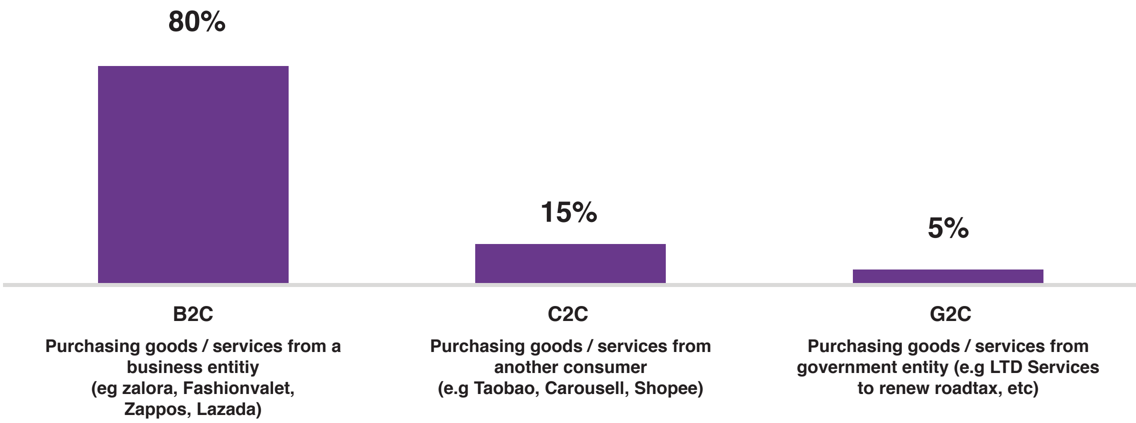

Figure 10: Main e-Commerce activity

According to Figure 11, shopping was the most common online activity (76%), while online banking (60%) came in second. Research into goods and services, and online bill payment were the third most common online activity among respondents, both at 52%, while 42% of users went online for social networking.

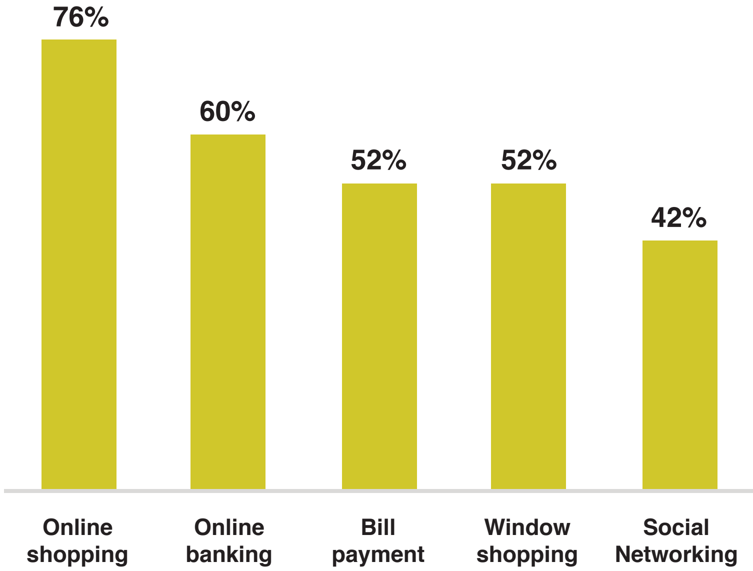

Figure 11: Top activities engaged online

4.1.2.3 FREQUENCY OF ONLINE PURCHASING

Figure 12 showed that a majority of respondents were occasional users (making online purchases once every 3 to 6 months). Only 8% of respondents were regular users, whereas 33% of respondents purchased goods and services every 1 to 2 months.

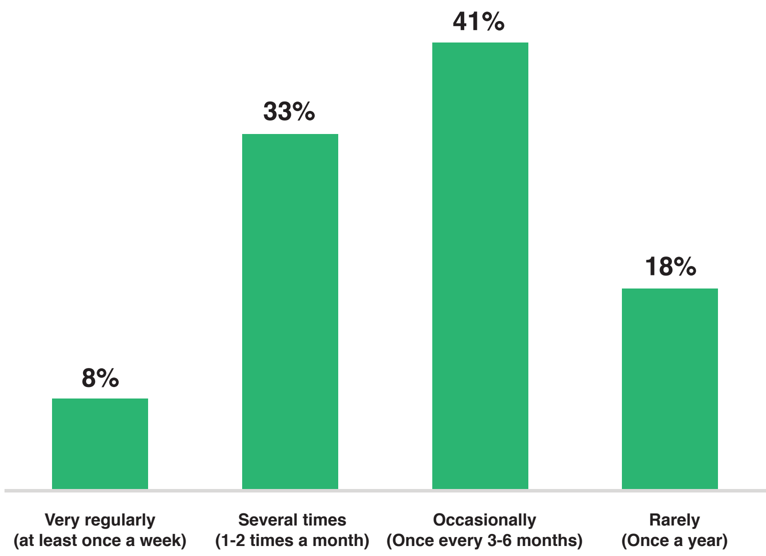

Figure 12: Frequency of online purchasing

In addition to this, Figure 13 showed that majority of respondents (45%) spent over $500, over the past year. 36% spent between $101 - $500, while 20% spent less than $100 over the past year.

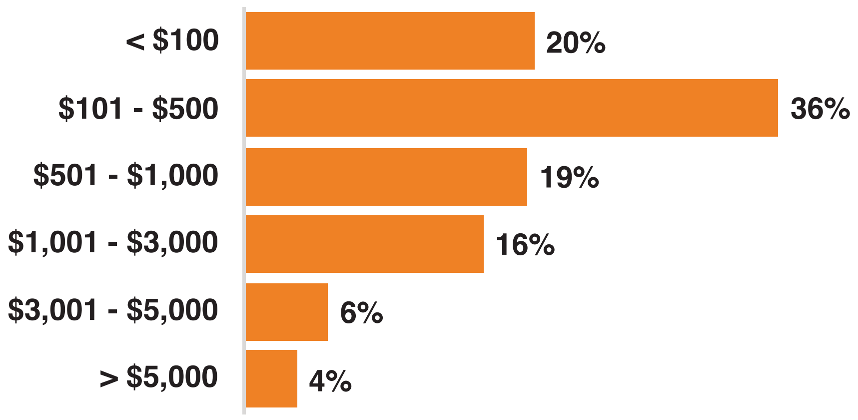

Figure 13: Amount spent on online purchases for the past year

4.1.2.4 DEVICES AND PLATFORM TO ACCESS

Figure 14 showed that 83% of the respondents used smart phones to shop online whereas 50% of used notebooks or laptops. This was due to convenience and ease of connectivity – having mobile phones on hand at all times made online shopping easier while on-the-go. Furthermore, mobile applications were commonly used to facilitate customers to shop online.

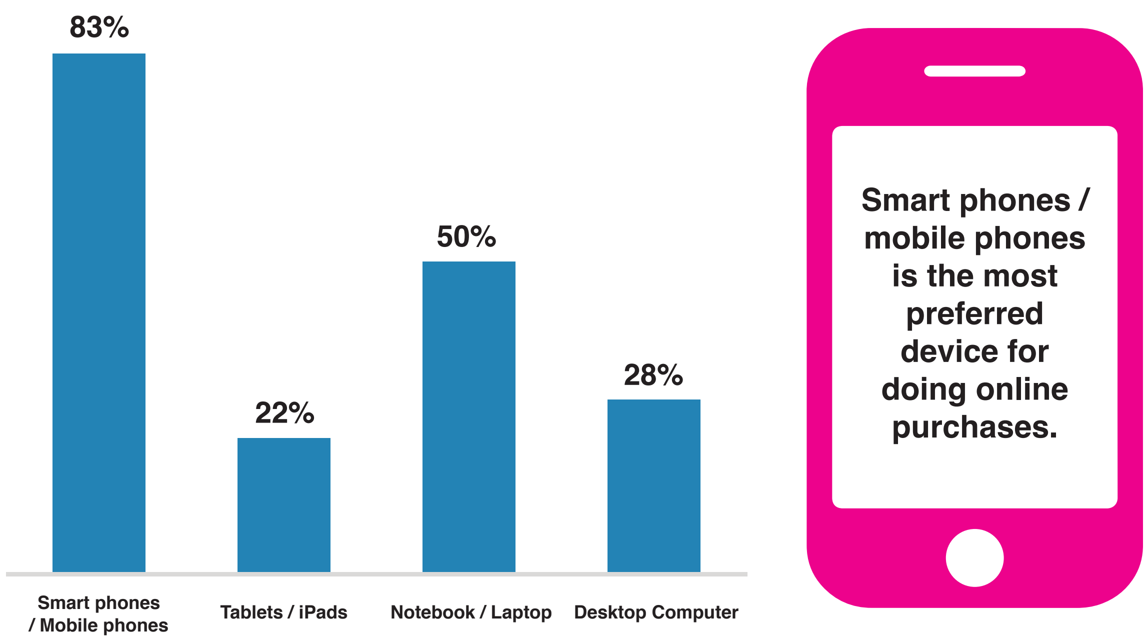

Figure 14: Devices used for online shopping

4.1.2.5 PLATFORM TO ACCESS GOODS PURCHASED

As seen on Figure 15, a majority of e-Commerce users in Brunei, at 57%, preferred to shop at e-Commerce websites while 18% used online marketplaces such as Carousell or OfferUp. Meanwhile, 24% used social media platforms such as Facebook or Instagram, and only 2% used other mobile applications.

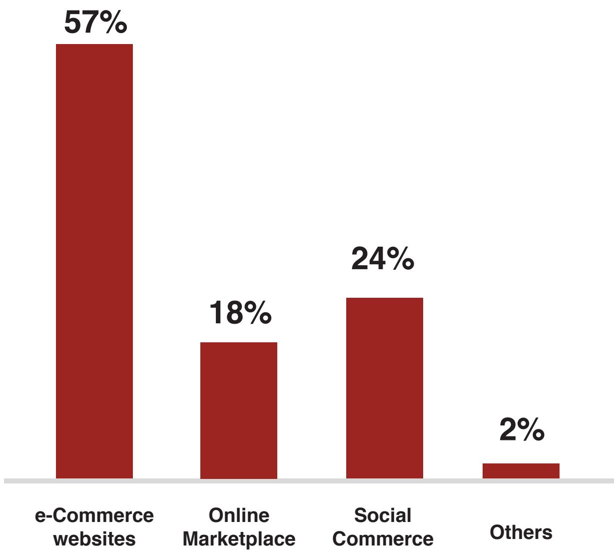

Figure 15: Platform to access goods purchased

4.1.2.6 TOP E-COMMERCE SITES

Figure 16 shows that a majority of goods were purchased from international websites. About 47% of e-Commerce users shopped from eBay with 36% from Zalora. Amazon was also a popular choice at 18% with Ali Express and Lazada both coming in at 11% Only 5% chose local websites and the popular local sites were Royal Brunei Air, Telbru and DST online bill payment platforms.

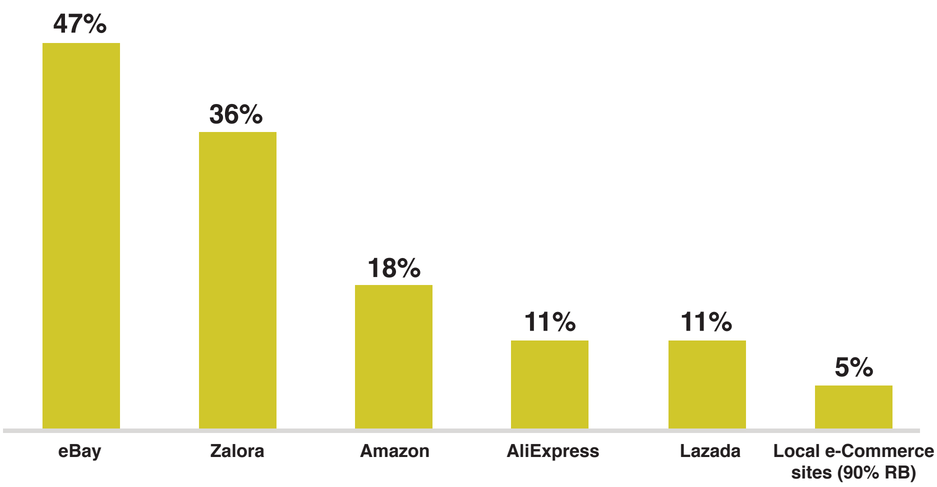

Figure 16: Top e-Commerce websites

4.1.2.7 DELIVERY & PAYMENT METHOD

Referring to Figure 17, 52% of online shoppers preferred products to be delivered to their doors. Other popular alternatives were picking up at the post office, while pick-ups at meeting points and retail outlets were also viable but less popular options.

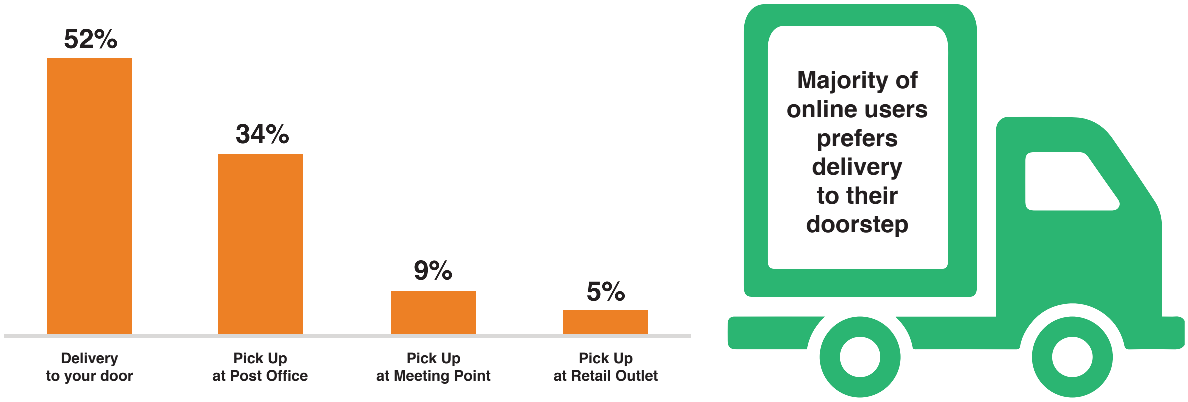

Figure 17: Preferred delivery method

Figure 18 shows that 84% respondents preferred using credit or debit cards to make online payments. This showed that our users had high level of confidence transacting online. 36% used online bank transfer while 27% preferred using e-Wallets such as Paypal. Only 19% still used offline payment or cash on delivery. It would be interesting to see different trends of payment mode in the following years, which would indicate changes in the user's level of confidence.

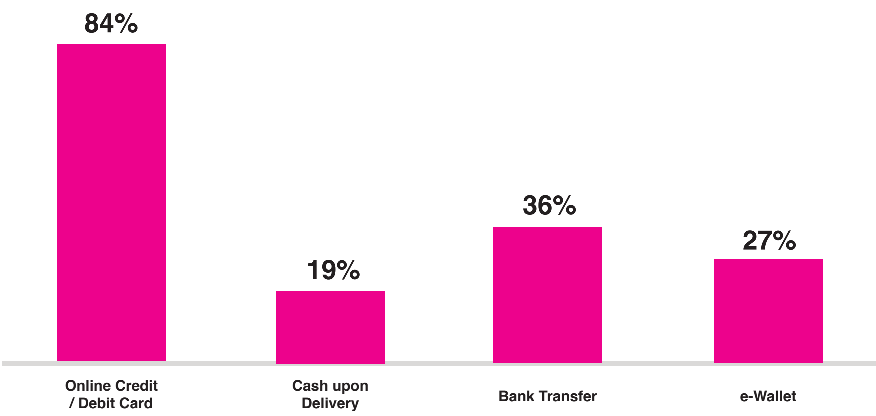

Figure 18: Preferred mode of payment for making online purchases

4.1.2.8 TOP ITEMS PURCHASED ONLINE

Figure 19 shows that 72% of online shoppers bought or ordered clothing or accessories from abroad in the past 12 months. 50% made online purchases for overseas travel or holiday arrangements. A lower proportion of online shoppers bought communications equipment, educational services amongst other things.

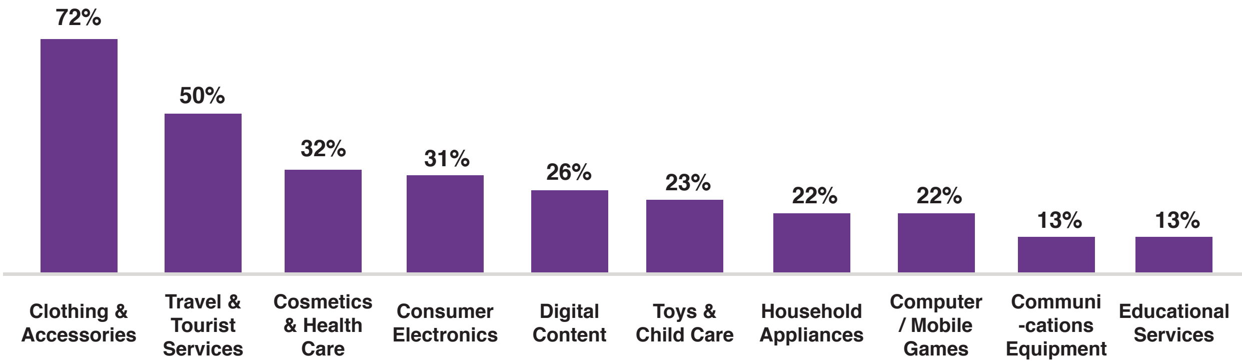

Figure 19: Top items purchased online

4.1.2.8.1 PURCHASING COMMUNICATIONS EQUIPMENT ONLINE

This survey question was optional; only online shoppers that have bought communications equipment were asked to answer. It was important to look into the main reasons why our local consumers purchased these equipment online and to find out if there were any major issues in the importation of these good that needs to be addressed.

As shown on Figure 20, the main reason consumers chose to buy communications equipment online was due to cheaper prices. Another 24% said their main reason for purchasing these equipment online was because the product was not available locally.

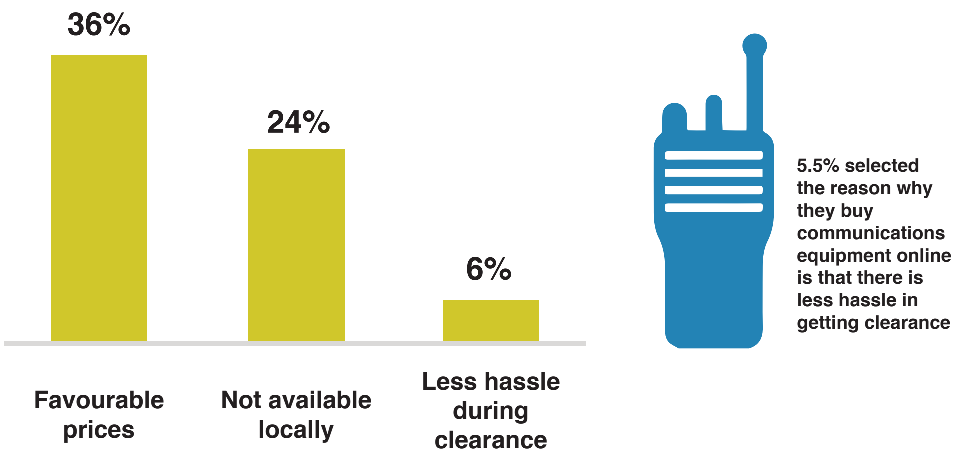

Figure 20: Reasons for purchasing communication equipment online

4.1.3 EXPERIENCE

4.1.3.1 PROBLEMS ENCOUNTERED IN ONLINE PURCHASING

Referring to Figure 21, 23% reported that they did not encounter any problems when buying or ordering goods or services in the past 12 months. However, many online shoppers have experienced delivery problems when purchasing online such as delayed arrival of goods and goods ordered that did not arrive.

34% experienced receiving goods that did not meet their expectations, while 28% experienced technical failures while ordering or paying, such as non-responsive websites and incomplete transactions due to connectivity issues.

9% of our online users reported that fraudulent cases were also in existence. 5% of users mentioned limited access to the Internet and eCommerce sites, this is due to lack of internet availability around their area. In terms of access to the internet, there was a consistent increase in the adoption of broadband services with 9% of households having both fixed and mobile broadband services access in 2016[1]. The main reason for the lack of internet access was due to the costs being too high.

[1] Brunei Darussalam Household ICT Survey Report 2016

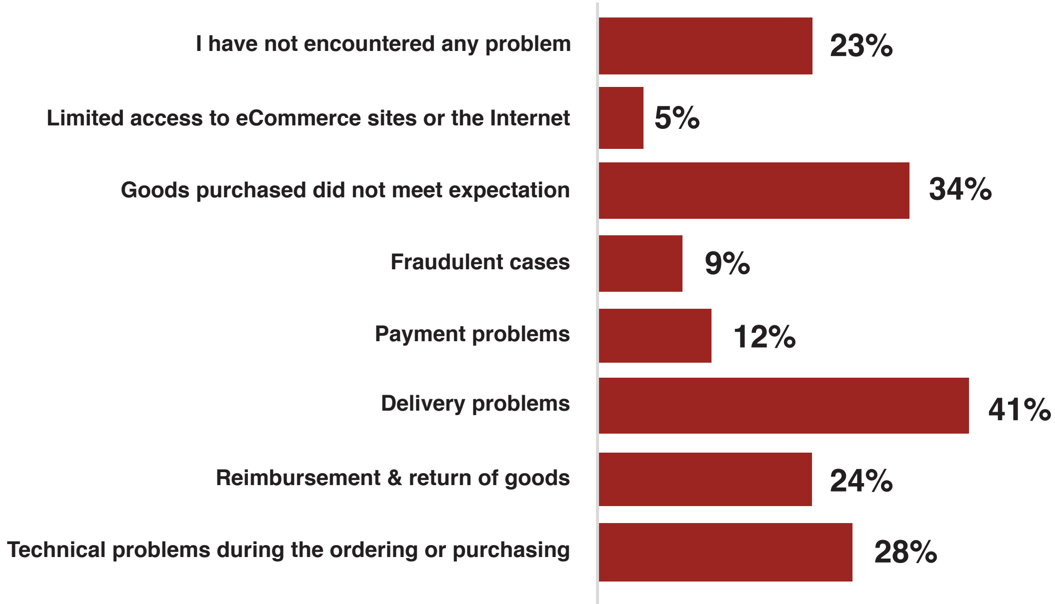

Figure 21: Problems encountered in online purchasing

4.1.3.2 SERVICE DELIVERY

As seen on Figure 22, 73% of respondents reported that delivery of their online purchases have met the promised delivery lead time. That means a majority of the delivery services provided by the online retailers have met their clients' charter as stated in their respective sites. On the other hand, 27% still experienced delay in their product deliveries.

Figure 22: Promised delivery lead time

4.1.4 KNOWLEDGE & AWARENESS

4.1.4.1 SAFETY AND SECURITY FEATURES

As shown on Figure 23, e-Commerce users were aware of security, whereby the URL should state 'HTTPS' and 78% of the respondents consider checking it before shopping online. Only 2% did not bother to check whether the site was secure before they proceed with payment.

The e-Commerce users were well aware of what features to look for before providing any credit card information. This means that these users are aware of the safety features such as Trust Seals, etc.

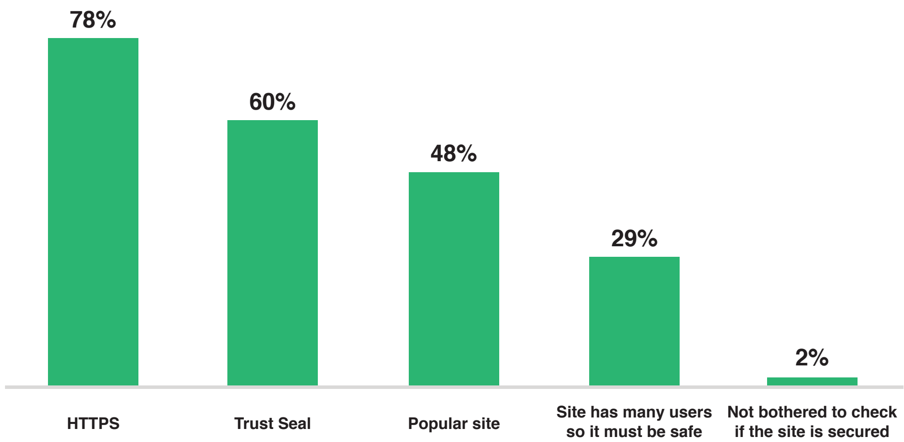

Figure 23: Main things to look in e-Commerce site before entering credit card information

4.1.4.2 TRUST FEATURES

E-Commerce users delivery expectations are becoming more demanding. According to Figure 24, 94% of online shoppers read delivery conditions, which is a significant factor in their decision-making process. Looking at the figures, online consumers were well aware of the safety aspects of making online transactions.

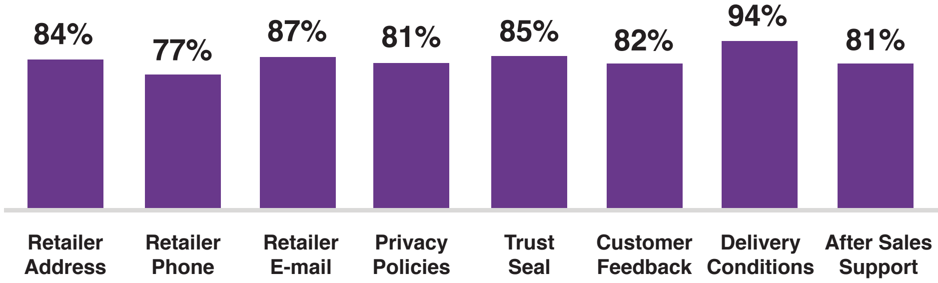

Figure 24: Features checked before making online purchases

4.2 NON E-COMMERCE USERS

4.2.1 NON E-COMMERCE USERS AGE GROUP

As seen on Figure 25, the lowest number of non e-Commerce users were within the age of 18 to 44 and the number of non-users rises as the age group progresses. The Baby Boomers group were the ones who did not engage in e-Commerce activities at 89%.

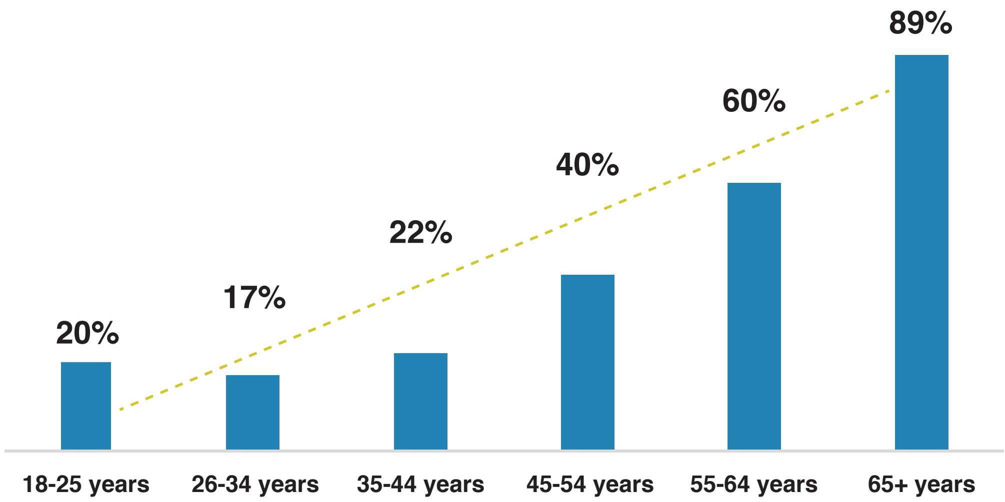

Figure 25: Non e-Commerce users age group

4.2.2 REASONS FOR NOT ENGAGING ONLINE PURCHASES

24% of total respondents were non e-Commerce users due to various concerns. Figure 26 shows the reasons for not using e-Commerce services. The top five concerns were:

- Preference for direct purchasing in physical shops / retail outlets

  The highest group with this concern was the Generation X group as they prefer the real experience of viewing and holding the items before purchasing.

- Fear of credit and debit card fraud

  This scored the highest, especially among the Millennials group. It is important to address this problem in order to gain trust and confidence of non e-Commerce users and encourage them into online buyers. No doubt that this is a common fear.

- Worried that the goods ordered will not arrive

  This was the second highest concern for the Generation X group. This concern reflects how non e-Commerce users view the quality and convenience of existing delivery services. This means that they put high importance on delivery for them to be an online user.

- Lack of trusts on the online store

  Consumers have issues with trusting online stores compared to brick and mortar stores. This concern was predominantly reported among the Generation X group.

- Fear of identity theft and privacy intrusion and unreliable product quality

  The majority age group for both concerns was within the Generation X group. This shows that privacy and reliable product quality sold online are equally important for consumers.

In addition to this, there is still a number of consumers who did not purchase online because they do not know how; this accounts for 6% of the total respondents and ranges from those aged between 18 - 65 years. Although it is not one of the top three concerns, it still needs to be addressed and resolved.

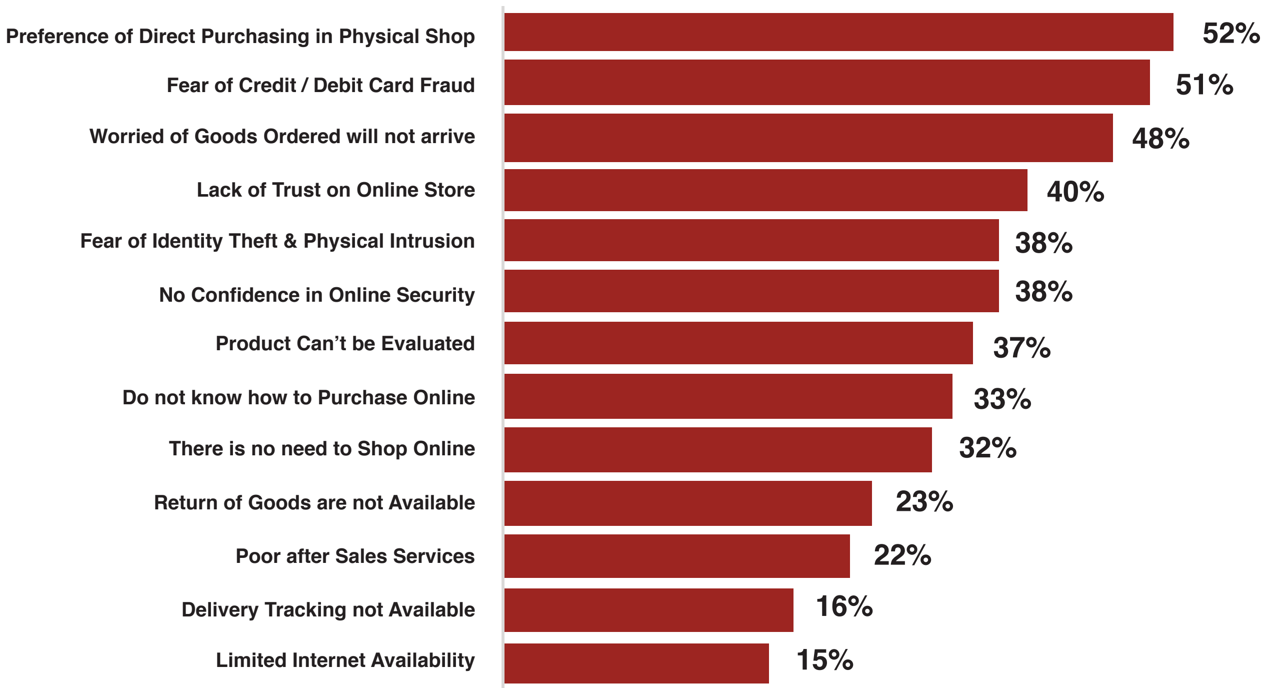

Figure 26: Main concerns for not using e-Commerce

4.2.3 LIKELIHOOD OF USING E-COMMERCE

The non e-Commerce users were asked about the likelihood of them using e-Commerce in future and their response were as follows:

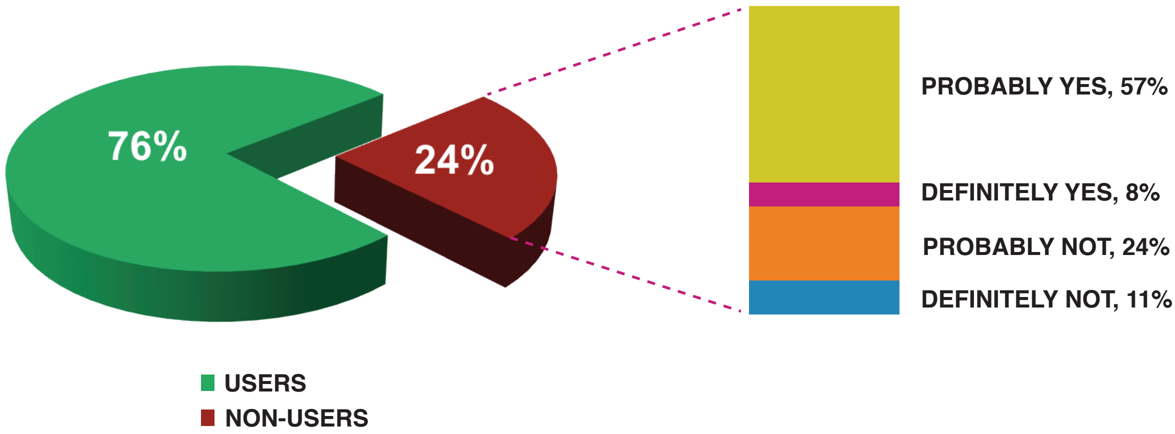

Figure 27: Non e-Commerce user's likelihood to purchase online in the future

Figure 27 shows that users indicated a high probability of doing online purchases with total of 65% of the respondents indicating that they will definitely or may use e-Commerce in the future. They are of the age range of 25 to 34 years old.

i. ACRONYMS

1. B2C: Business-to-Consumer
2. C2C: Consumer-to-Consumer
3. G2C: Government-to-Consumer
4. ICT: Information and Communications Technology
5. URL: Uniform (or Universal) Resource Locator - the address of a World Wide Web page
6. HTTPS: Hypertext Transfer Protocol Secure

ii. LIST OF FIGURES

iii. PRODUCTION TEAM

PROJECT CHAMPION

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Internet Economy Group

PROJECT MANAGER

Rosnani Binti Haji Md. Yussof
Senior Manager
Internet Economy Group

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- Tajul Ariffin Bin Haji Ali Hassan, Assistant Manager, Internet Economy Group
- Mohd Reza Bin Nazamuddin, Senior Manager, Corporate Strategy & PGMO Unit
- Hajah Adina Hazri Binti Haji Azahari, Manager, Corporate Strategy & PGMO Unit
- Abdul As'Sideq Bin Haji Naim, Technical Assistant, Industry Development Group

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- Participants of the AITI ICT Savviness program 2018
- Survey Respondents

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