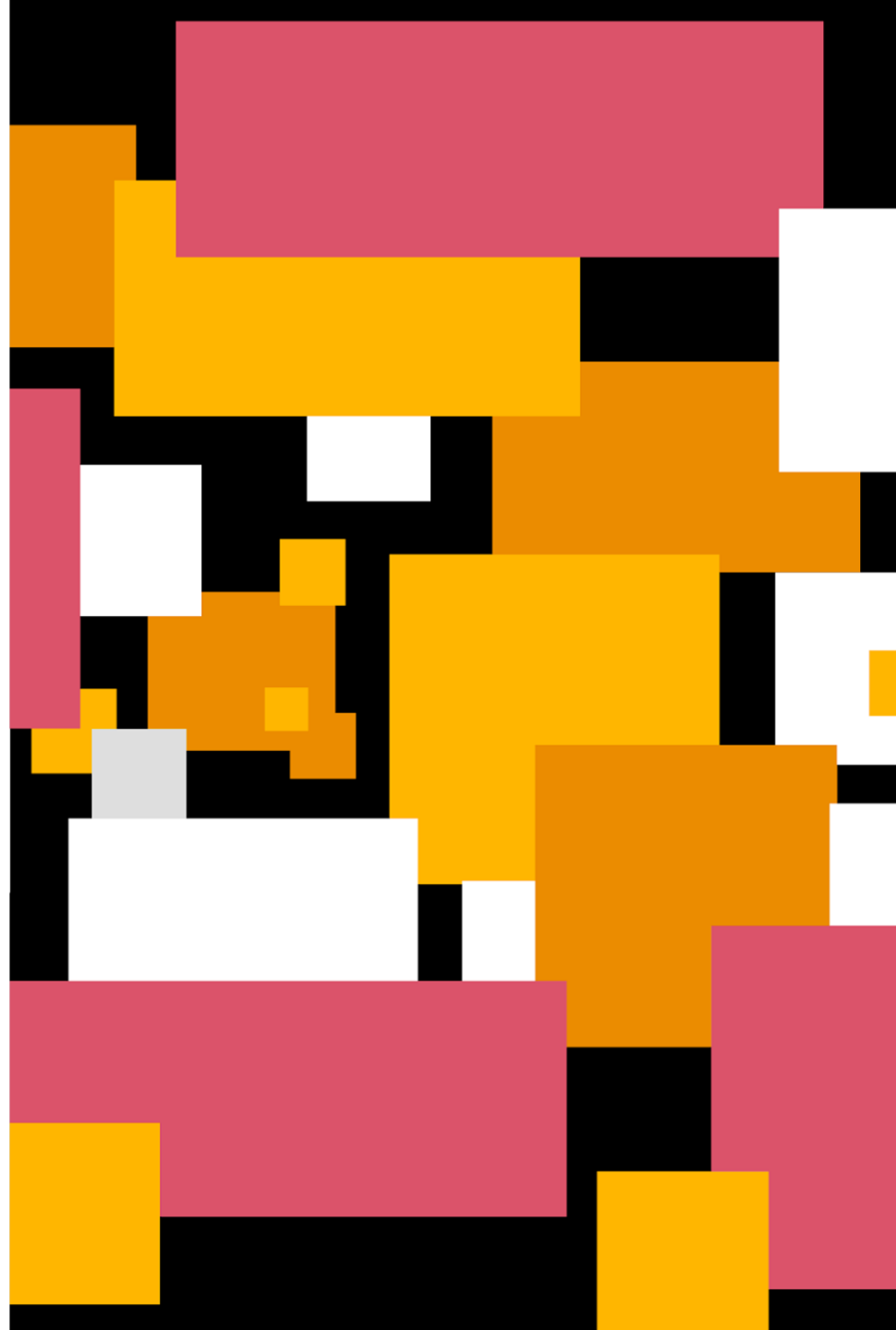


Final Report

Sharing Economy in Retail and F&B subsectors

31 October 2019



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Glossary

3PL	Third-party logistics
B2B	Business-to-business
B2C	Business-to-consumer
BNM	Bank Negara Malaysia
C2C	Consumer-to-consumer
DBKL	Kuala Lumpur City Hall (Dewan Bandaraya Kuala Lumpur)
EPF	Employees Provident Fund
EPU	Economic Planning Unit
ERP	Enterprise resource planning
F&B	Food and beverage
FGD	Focus Group Discussion
GCC	Gulf Cooperation Council
GDP	Gross domestic product
HR	Human resources
HRDF	Human Resources Development Fund
ICT	Information and communications technology
ILMIA	Institute of Labour Market Information and Analysis
IoT	Internet of Things

MDEC	Malaysia Digital Economy Corporation
MPB	Malaysia Productivity Blueprint
MPC	Malaysia Productivity Corporation
MPSJ	Subang Jaya Municipal Council (Majlis Perbandaran Subang Jaya)
MRCA	Malaysia Retail Chain Association
NSW	New South Wales
P2P	Peer-to-peer
PEMANDU	Performance Management & Delivery Unit
POS	Point of sales
RMK-12	Twelfth Malaysia Plan (Rancangan Malaysia Ke-12)
SARE	Sustainable Agriculture Research and Education
SEUK	Sharing Economy UK
SMEs	Small and medium enterprises
HR	Human resources
SOCISO	Social Security Organisation
TFC	The Food Corridor
WEF	World Economic Forum

Executive summary

Study background

1 MPB suggested three key productivity challenges in retail and F&B subsectors

1. High reliance on **low-skill and low-wage** workers
2. Low adoption of **technology** across the subsectors
3. Lack of **operational efficiency** tracking

Deep-dive subsectors

This section outlines the challenges and initiatives identified for each of the deep-dive subsectors: retail, and food and beverages (F&B); agro-food; and chemicals and chemical products.



Retail, and Food and Beverages subsector

The retail subsector includes non-specialised stores (such as department stores, supermarkets and convenience stores) and specialised stores (such as jewellery, technology products, clothing and shoes).

The F&B subsector consists of restaurants, including casual dining and quick service restaurants.

A focused study of the retail and F&B subsector is crucial for two main reasons as it is:

1. The largest contributor at 30% to the services sector's value add in 2015; and
2. Largely made up of SMEs. However, data shows that SMEs are only half as productive when compared to large enterprises. Hence, there is potential of raising overall productivity by targeting SMEs.

Key Productivity Challenges for the Subsector

Some of the key challenges that have been identified in the retail and F&B subsector are:

- High reliance on low-skill and low-wage workers
- Low adoption of technology across the subsector
- Lack of operational efficiency tracking

1. High reliance on low-skill and low-wage workers

The main factor affecting the retail subsector productivity is its reliance on low-skill and low-wage workers, which account for over 70% of the subsector's workforce².

Figure 4-7 TOTAL RETAIL EMPLOYEES BY OCCUPATION



Source: Department of Statistics Malaysia.

2 MPB recommended four initiatives

Technology



- R1 : Provide support for digitalisation of business operations and build e-commerce capabilities.
- R2 : Promote opportunities for sharing economy.

Workforce



- R3 :Strengthen Retail and F&B Competencies.

Industry Structure



- R4 : Provide assistance to Retail and F&B players to grow internationally

The study is for R2

Objectives of the study

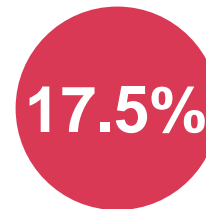
Identify opportunities and benefits of sharing economy to incumbents and entrepreneurs

- The study identifies opportunities for retail and F&B incumbents and entrepreneurs to benefit from the sharing economy.
- These include creation of new platform to benefit from various market segments and wider use of existing sharing economy platforms for incumbents to reduce costs, increase sales, manage talent, etc.
- The study also reviews existing laws and regulations relating to sharing economy in retail and F&B, and outline strategies to reduce regulatory and policy barriers.

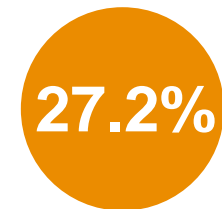
Develop measures for greater sharing economy adoption for relevant stakeholders

- The study develops recommendations based on the potential opportunities and identified gaps.

Sectors background in 2018

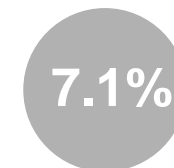


% contribution of wholesale, retail trade and F&B to total real GDP

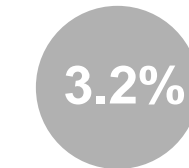


% share of total employment (wholesale and retail trade, accommodation and F&B), 2018

Labour productivity, 2018



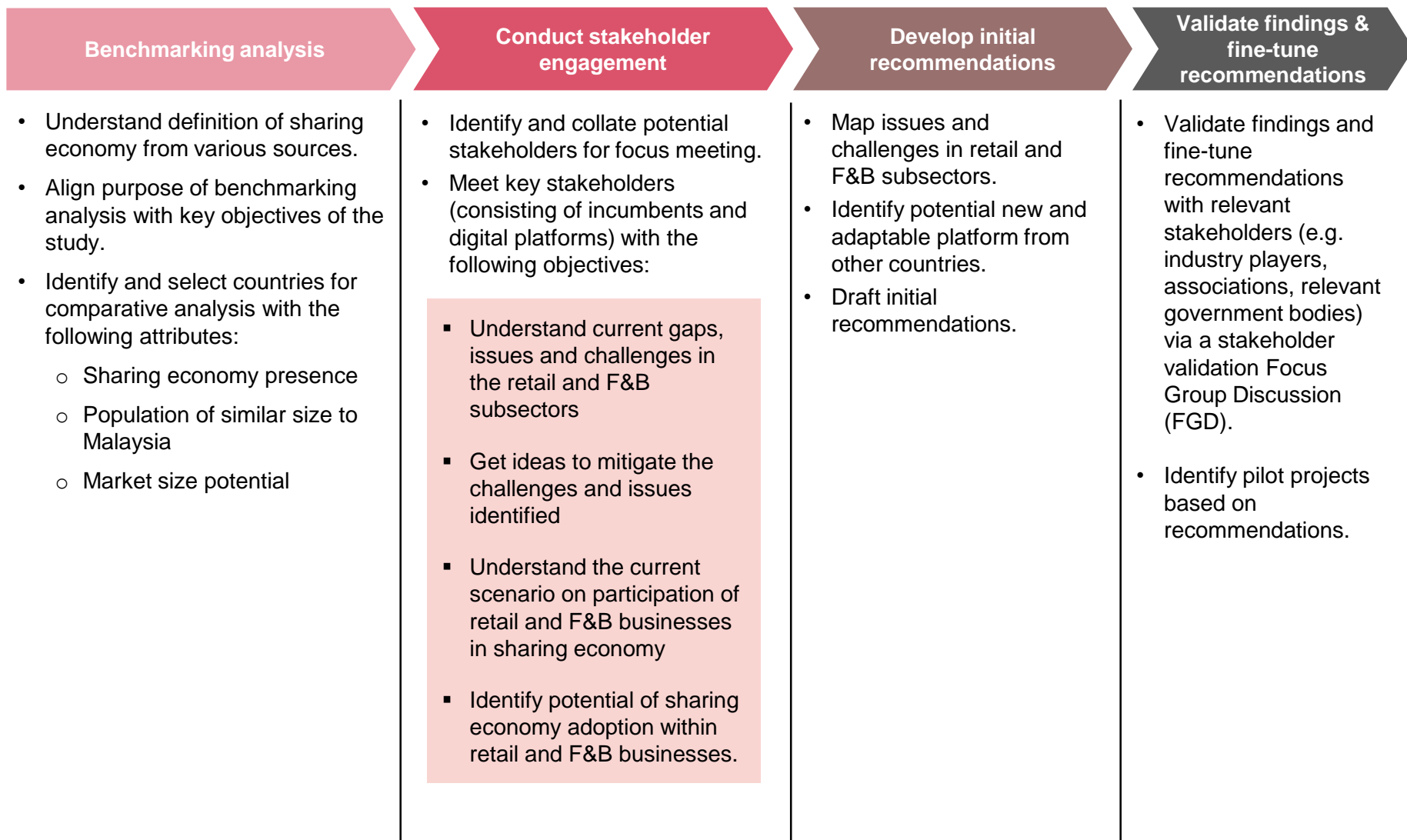
% change (wholesale and retail trade)



% change (F&B and accommodation)

Source: MPB; Labour Force Survey (LFS) 2018, Labour Productivity-DOSM 2018, Department of Statistics Malaysia (DOSM)

Study scope and approach



Descriptions for Sharing Economy

Sharing Economy does not have a globally identified definition. The study refers to **Sharing Economy as a socio-economic system powered by digital platforms.**

Several definitions or descriptions for the sharing economy

“The ‘Sharing Economy’ is a socio-economic system **powered by digital platforms** that allow sharing of assets and resources between individuals, governments and/or businesses thus increasing asset and resource utilisation or promoting access over ownership of assets and resources”

- National Framework and Strategic Roadmap on Sharing Economy 2017 by MDEC, EPU, BNM, PEMANDU, Monitor Deloitte

Sharing economy is the “focus on the sharing of underutilised assets, monetised or not, in ways that improve efficiency, sustainability and community”

- April Rinne, World Economic Forum

Sharing economy is “systems that facilitate the sharing of underused assets* or services, for free or for a fee, directly between individuals or organizations.”

- Rachel Botsman, Trust Fellow, Oxford University's Saïd Business School

Sharing economies allow individuals and groups to make money from underused assets. In this way, physical assets are shared as services. For example, a car owner may allow someone to rent out her vehicle while she is not using it, or a condo owner may rent out his condo while he's on vacation.

- Consumer Intelligence Series “The Sharing Economy”, PwC US

The sharing economy has **three** distinguishing features:



Powered by **digital platforms**

Sharing economy uses digital technologies to match buyers and sellers



Capitalising on **idle capacity**

Sharing economy allows anyone to utilise idle capacity to generate economic gains



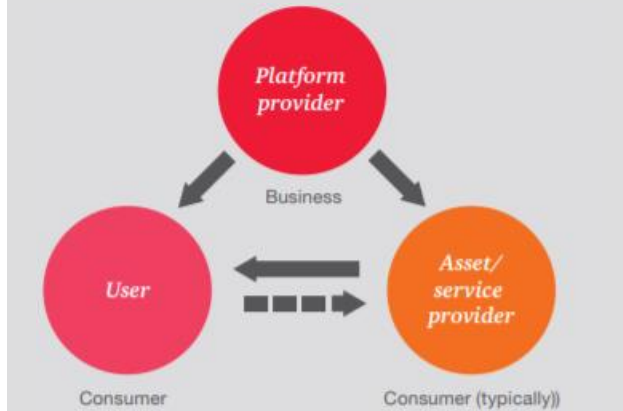
Trust-verification

Trust aspect between sharing economy providers and consumers to allow and to use shared products and services

Various sharing economy models for supply-demand interactions

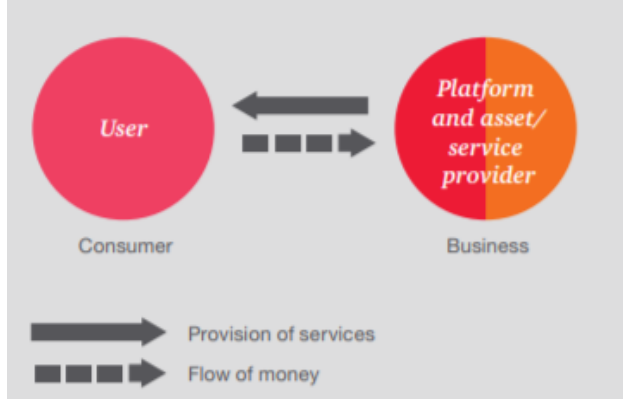
Business models of SE

Consumer-to-consumer (C2C) model



- The demand and supply side interact with each other with the intermediation of a third company (i.e. digital platform).
- This category includes accommodation and ride sharing services, e.g. Airbnb and Grab.
- Users to make contact with the person providing the service via the platform application or website.

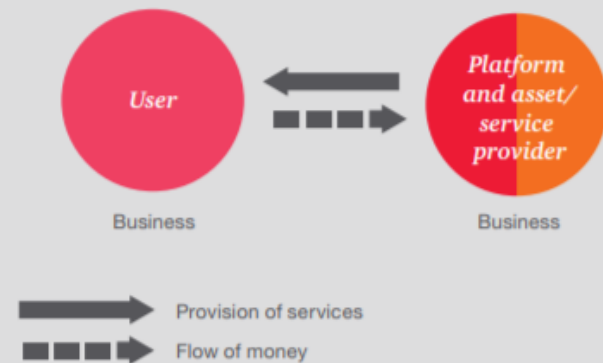
Business-to-consumer (B2C) model



- The supply side and the intermediation channel (i.e. digital platform) are combined.
- Users obtain the resources they need in order to fulfil their particular requirements from one company, via its own platform.
- This category includes vehicle sharing services, such as car rental company (i.e. Avis) and car manufacturers (i.e. BMW, Ford) which launched their car sharing applications that allow users to rent cars for short period on an on-demand basis.

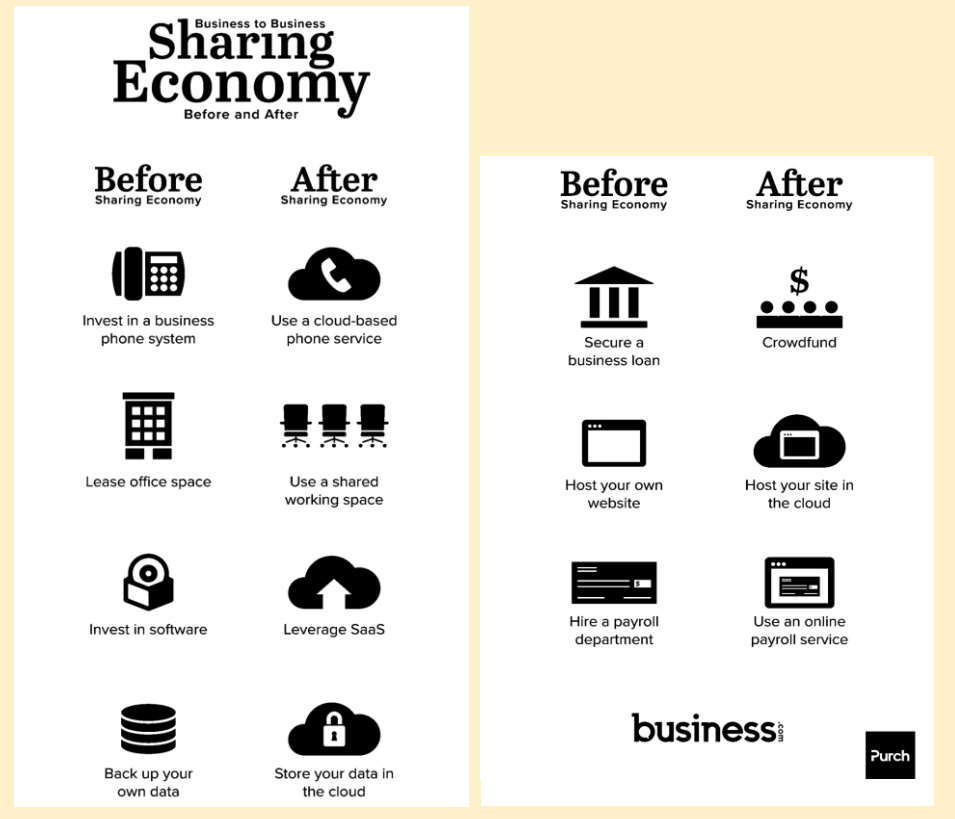
Source: *Sharing or paring?* (PwC Hungary)

Business-to-business (B2B) model



- The supply side and the intermediation channel (i.e. digital platform) are combined.
- The users (i.e. businesses) obtain the resources they need in order to fulfil their business services from one company, via its own platform.
- This category includes co-working offices, where participating companies or private individuals do not rent a permanent space, but instead work flexibly in the available spaces within the co-working office, and also share the common service areas (e.g. meeting rooms, kitchen).

Examples of B2B sharing economy adoption



Source: *Sharing or paring?* (PwC Hungary), *business.com*

Key findings from benchmarking analysis

Analysis on the current state of sharing economy in retail and F&B in Malaysia and country benchmarking and case studies yield the following findings:

1

Ecosystem in retail and F&B subsectors

- Traditionally, ecosystem in retail and F&B subsectors have upstream players (i.e. manufacturers, suppliers and wholesalers) who provides raw materials to the downstream players (i.e. operators) via specified logistic providers, who then sell the product to consumers.
- Digital platforms (including sharing economy platforms) disrupt the ecosystem by having touch points in multiple angles within the ecosystem.

2

Economic flows between incumbents in retail and F&B subsectors and sharing economy platforms

- Sharing economy platforms are largely concentrated in outbound logistics services, followed by talent supply services.

3

Observed countries have different business models, cases and enabling environment for sharing economy



China

- Mainly supported by investor funding and government initiatives via National Five Year Plan (2016-2020).
- Consumers are very receptive to adopt digital economy (including sharing economy).



China
(cont'd)

- Clothing rental is a growing trend in retail sharing economy.
- Home cook meals and last-mile delivery service are the dominants in F&B space of sharing economy.



USA

- Certain state governments provide specific grants for new ventures in sharing economy.
- Shared-kitchen facility is a model that is unique to the USA and that may have potential in Malaysia.



Australia

- Australia has separate regulations governing sharing economy activities on labour, reporting system for taxation and consumer protection.



India

- Investor funds have facilitated the rise of a few but large food delivery and consumer goods rental platforms in India.
- An asset-light rental model is emerging as a promising model for sharing economy platforms.

Country benchmark: China



F&B platforms

美团点评
Meituan Dianping



Most F&B
platforms are last
mile delivery
oriented

Retail platforms

Y•CLOSET YEECHOO
衣二三



Most retail
platforms are
clothing rental
services

Macro-condition

- The government of China promoted the development of the sharing economy in its National Five Year Plan (2016-2020)

Case study: YCloset

Y•CLOSET
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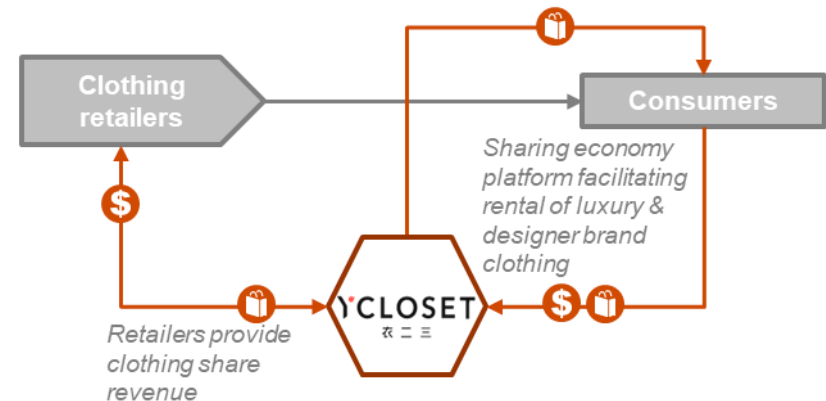
Background

Established in 2015, YCloset sought to provide solutions on:

1. Helping women to keep up with evolving fashion trend
2. Underutilised women's clothing

Business model

YCloset's business model



- YCloset provides a platform for consumer to rent (and opt to own) luxury and designer brands of clothes on a one off or subscription basis
- Profit sharing model with retailers who supply the clothes

Source: PwC analysis, Mintel, Crunchbase, National Development and Reform Commission of the People's Republic of China, Trustdata, Vogue Business, South China Morning Post, Ellen Macarthur Foundation, Julien Isaacs Consultancy, Kr-Asia, China Daily, Crunchbase, Reuters



F&B platforms



Most F&B platforms are last mile delivery oriented

Retail platforms



Most retail platforms are eCommerce platforms with P2P features

Macro-condition

- The sharing economy's **strong growth started in transportation and accommodation** (Uber, Airbnb)
- 36% of U.S. workers are in the gig economy, which works out to approximately 57 million people

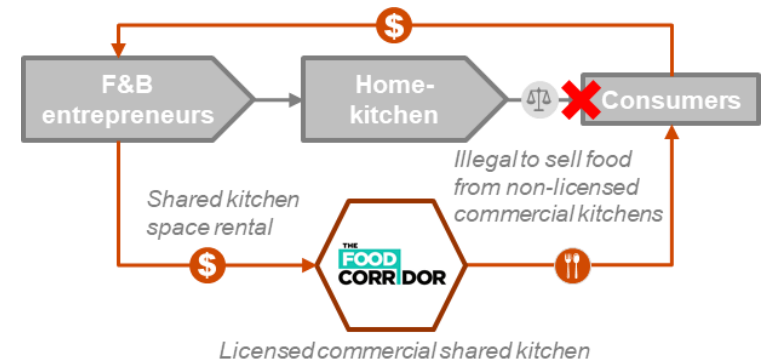
Background

Established in 2015, The Food Corridor (TFC) sought to provide solutions to the following pain points:

1. Commercial kitchen spaces were unused 50% of the time
2. Food entrepreneurs failed to scale up their operations due to inability to move out of their home kitchens to commercial kitchens, due to costs constraints

Business model

TFC's shared-kitchen business model



- TFC introduced the concept of sharing economy in the food processing segment of the food and beverage supply chain
- TFC also provides online booking, payment processing, disbursement, and reviews

Country benchmark: India



Case study: RentoMojo



F&B platforms



Most F&B platforms are last mile delivery oriented

Retail platforms



Most retail platforms are durable consumer goods rental services

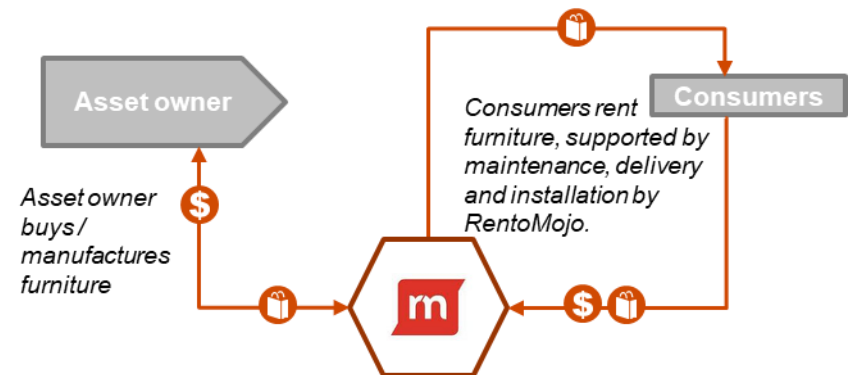
Background

Provide solutions to the following pain points:

1. Cost of owning furniture, appliances and electronics can be burdensome
2. Hassle of maintaining over the years and moving furniture during relocation

Business model

RentoMojo's asset-light business model



Macro-condition

- Sharing economy **most active in transportation and accommodation**
- Still early stages in retail and F&B
- **Large investor funding** helping platforms experiment and test market

- Asset-light model where RentoMojo ties up with suppliers to rent out the furniture and lifestyle items to consumers
- RentoMojo charges rental rate to consumers, some of which is shared with the furniture owners

Source: PwC analysis, emarketer, industry sources, Management Development Institute India, Economic Times, Quartz, TechCrunch, LiveMint, DNA India, Inc42, RentoMojo, YourStory, Crunchbase
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F&B platforms



Most F&B platforms are last mile delivery oriented

Retail platforms



designerex™



Many retail platforms are clothing rental services

Macro-condition

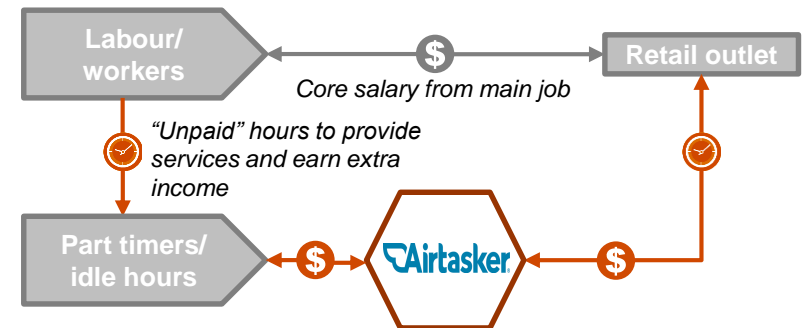
- The sharing economy platforms **have a separate set of regulation and governance** defined by the Australian Government
- Common sharing economy services in Australia include ride sharing, delivery services and personal services (e.g. creative or professional services and odd jobs)

Background

Many part time retail workers in Australia have varying hours of working schedules that may be inconsistent. This has resulted in a higher turnover of workers. Current employees seek for alternative income supplement. **Airtasker has collaboratively worked with the Australia NSW Union and an agreement was established** where Airtasker will recommend users “above comparative award rates” to account for insurance cost and workers compensation.

Business model

Airtasker labour sharing business model



- Airtasker is a labour sharing community platform that connects people who need to outsource task and find local services
- Airtasker allows labour and workers to utilise their “unpaid” hours to provide services and earn extra income

Source: PwC analysis, Airtasker, Department of Industry Innovation and Science, Government of Australia, Fairwork Australia, Australian Taxation Office (ATO)

Macro-condition

Sharing Economy UK (SEUK) is the **trade body championing the UK's sharing economy industry**

Code of conduct

All members of Sharing Economy UK have agreed to a central **code of conduct**, which provides a clear framework of values and principles that members are expected to follow.

This Code of Conduct was designed to enhance the operation, image and reputation of the sharing economy industry, which covers the following areas:

1. Honesty and trust
2. Staff training
3. Safety and industry standards
4. Dealings
5. Development of the sharing economy
6. Complaints & escalation, and
7. Other general conduct

Source: *SharingeconomyUK (SEUK)*

Governance model

Objectives

Set standards

Promote kitemark **TrustSeal** for responsible sharing economy practices

Advocate

Make the UK a global centre for the sharing economy

Find answers

Respond to the shared challenges and opportunities of our members



TrustSeal is the kitemark for sharing economy companies in the UK

The TrustSeal was established by Sharing Economy UK in partnership with Oxford University SAID business school, and PwC helped inform the design of the TrustSeal.

It is meant to set out minimum standards for sharing economy businesses and is assessed over 6 broad principles of good practice:

- Identity and Credential Verification
- Transparent Communications and Pricing
- Participant Help and Support
- Security and Data Protection
- Insurance and Guarantees
- Peer Reviews

Products and services offered by digital platforms in Malaysia are comparable with overseas' platforms

1

There is potential for more platforms catering to inbound logistics services

There are currently a few platforms offering warehousing and on-demand B2B logistics services, which seek to disrupt the traditional third-party logistics (3PL) market.

2

Sharing economy platforms are largely concentrated in outbound logistics and HR

- More people are opting for more flexible working hours (World Bank estimated ~26% of the Malaysian workforce are freelancers)
- Digital platforms are connecting freelancers with work opportunities in outbound logistics and part-time work – where they cater to on-demand business needs (e.g. deliveries, talent supply).

3

Digitalisation is changing the way businesses perform marketing and sales activities

Social media marketing, influencer marketing, sharing economy marketing often allow individuals (e.g. influencer, private vehicle owner, social media users) to earn additional income based on exposures (e.g. viewership, followers, advertisement exposure).

4

Some overseas' digital platform business models can be adopted locally

- The idea of an 'Airbnb' for storage space which allows homeowners to rent out extra space for on-demand storage.
- Other ideas include furniture rental platforms for temporary accommodation (e.g. expatriates) and C2C product testing platforms – to facilitate purchase decision and allow early adopters of high-end products to earn additional income.

5

There are more technology platforms overseas catering to the sharing economy

- Some digital platforms are utilising blockchain and other technology to help gig economy workers or freelancers with administrative and financial matters (e.g. income tax, insurance, payment and background verifications for employment).
- Other example is cloud-based freight forwarding management platforms and grocery retail checkout utilising computer vision, sensor fusion and deep learning technology.

Digital platforms in Malaysia is concentrated in outbound logistics for last-mile delivery

Retail and F&B-related digital platforms in Malaysia



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites

Malaysia also has a sizable digital platforms in support activities

Retail and F&B-related digital platforms in Malaysia (cont'd)

Support activities (HR)



Support activities (Technology development)

eWallets



Payment gateways



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Issues and challenges in the retail and F&B subsectors

The study analysed several issues and challenges from desk-based research and stakeholder engagements. The issues and challenges were assessed to understand subsectors' pain points and to develop recommendations to address them.

1 Lack of capacity to store and deliver retail goods during peak periods

- Big sales and festive periods such as 10.10 online sales overwhelms third party logistics-incumbent arrangements
- Retailers also experience shortage of storage capacity as a result of high volume seasonal sales

2 Finding workers to fill jobs in the retail and F&B subsectors is difficult

- Accommodation and F&B sector had the highest difficulty in filling job vacancies in 2017, at 76%
- 65% of establishments in the wholesale and retail trade, motor vehicles and motorcycles repair sector had difficulty filling job vacancies

3 Lack of awareness on government and private sector initiatives that benefit retail and F&B subsectors

- Most of businesses do not have time to research useful government or private initiatives
- Awareness on financial assistance is high, but low in non-financial assistance

4 Limited use of ICT applications in back-end business processes

- Retailers and F&B operators, which are mostly SMEs, use computing devices and connectivity widely in their operations
- Use of more advance ICT tools such data analytics in back-end business processes is limited

5 Regulatory conditions lack coherence with activity in the sharing economy

- Regulations are not up-to-date on how laws apply to sharing economy players
- Inconsistent business licensing process cause unnecessary delays to business operations

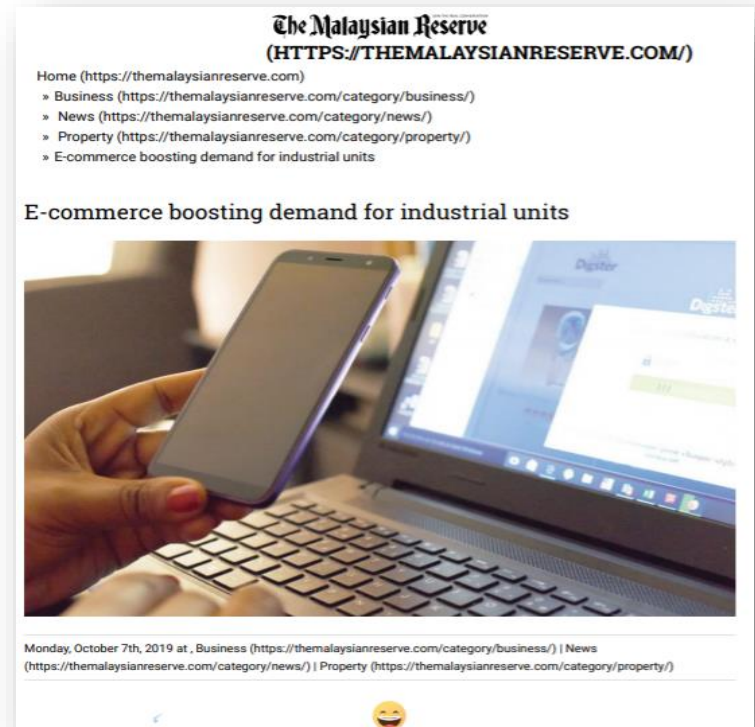
Lack of capacity to store and deliver retail goods during peak periods

Big sales and festive periods overwhelms 3PL-incumbent arrangements

- Increase in sales during peak periods such as special online sales days (i.e. 10.10 sales) and major public holidays causes shortage of last-mile delivery providers.

Shortage of storage capacity as a result of high volume seasonal sales

- In addition, the favourable growth in e-commerce also spur demand for storage/warehousing services.



Source: PwC analysis, The Sun, Parcel Perform, iPrice Group

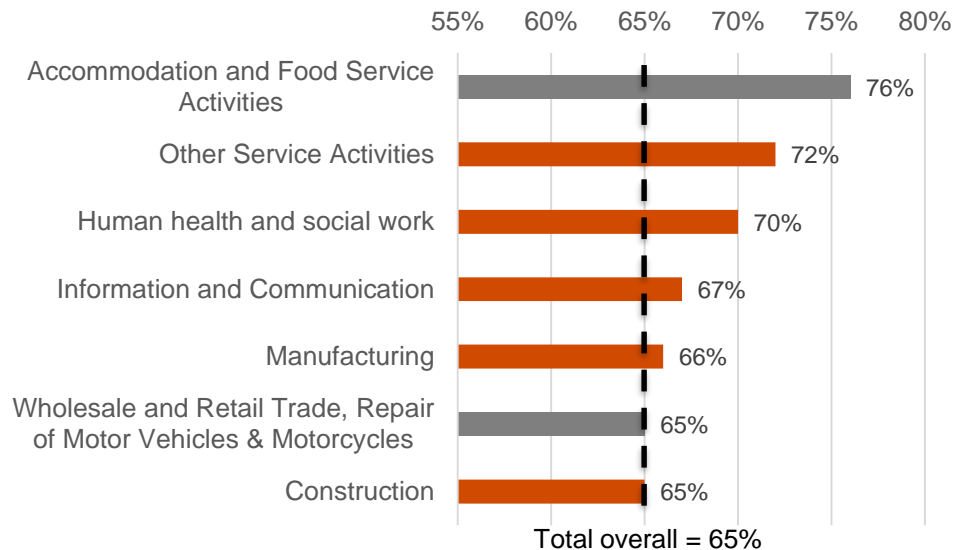
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Finding workers to fill jobs in the retail and F&B subsectors is difficult

The difficulty of filling job vacancies are among the highest in the retail and F&B subsectors

Selected Distribution of Establishments with Difficulties Filling Job Vacancies, 2017



- Accommodation and F&B sector had the highest difficulty in filling job vacancies (2017: 76%).
- 65% of establishments in the wholesale and retail trade, motor vehicles and motorcycles repair sector had difficulty filling job vacancies.

Note: Hard-to-fill jobs are vacancies that have yet to be filled after 3 months or longer despite recruitment efforts

*18 sectors and 4,028 establishments were covered under ILMIA's National Employment Returns 2018 survey.

Source: Institute of Labour Market Information and Analysis (ILMIA)

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Lack of awareness on government and private sector initiatives that benefit retail and F&B subsectors

Businesses want to know of beneficial initiatives that can help their businesses

- Do not have the time to research other available useful government or private initiatives
- Some of the interests areas are:



Sharing economy platforms



Capacity building



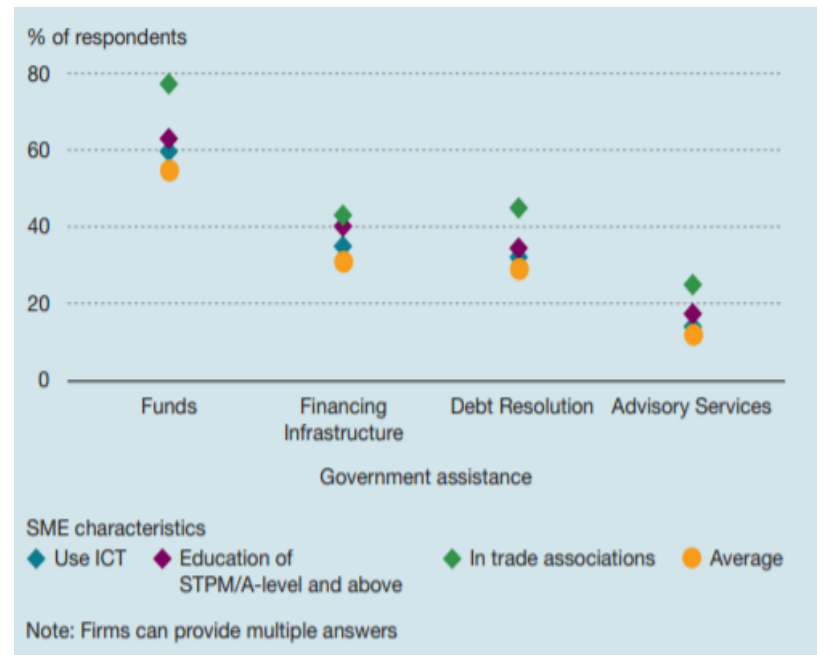
Market access



Incentives for ICT expenditure

- Awareness is greater if government assistance is about funding and if SMEs are affiliated with trade associations.
- Businesses are less aware of non-financial assistance like advisory services.

SME Awareness on Government Assistance



Source: PwC analysis, stakeholder engagement, Bank Negara Malaysia

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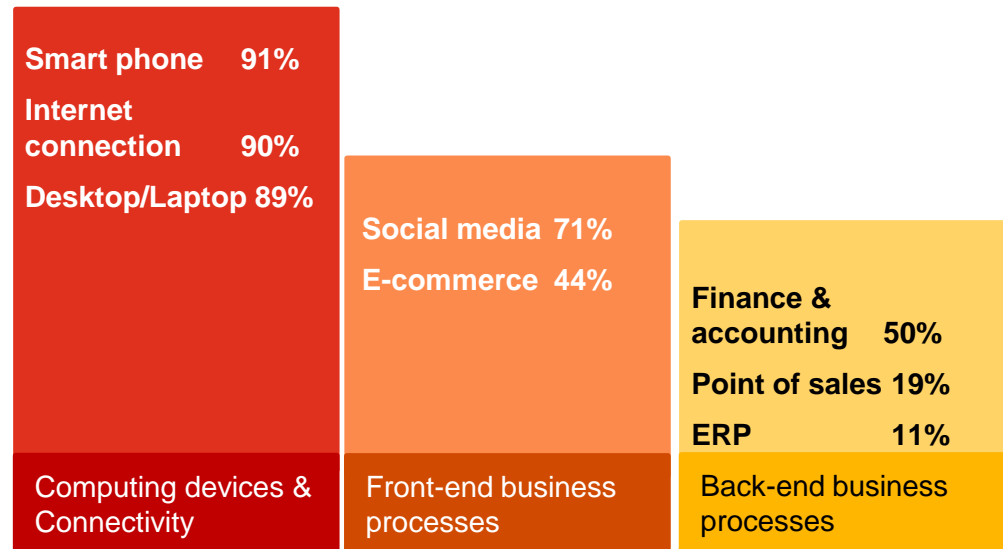
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Limited use of ICT applications in back-end business processes

Use of back-end ICT applications are not as widespread compared to computers in business operations

- Retailers and F&B operators (mostly SMEs) use computers and internet widely in their operations.

Malaysia SMEs' Usage of the ICT applications, Services or Systems



Total surveyed: 2,033 SMEs

Source: PwC analysis; SME Corp; Study on Accelerating Malaysian Digital SMEs, Huawei Technologies Malaysia

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Regulatory conditions lack coherence with activity in the sharing economy

Out-of-date regulations

Logistics

1. Individuals using own vehicles to transport goods on a freelance basis may need Carrier Licence A.
 - License A allows transporting any third party goods
 - But the law applies if the transportation is done as part of the individual's profession
 - Transporting goods on a freelance or part-time basis is a grey area
2. Individuals with Carrier Licence C are not able to transport third party goods.
 - License C only allows transportation of goods connected to licensee's business
 - Licensed van or lorries used for internal business purposes cannot be used for on-demand logistic services

Postal

Online parcel delivery platforms may need to apply for postal and courier services licence

- Under the Postal Services Act 2012, any person providing postal services is required to have a licence
 - Platforms that assist the actual delivery may need to comply with postal regulations

Lack of regulations protecting the social security of sharing economy workers

While sharing economy workers enjoy greater flexibility, they are not eligible for some social security benefits full-time employees receive:

Full-time employees <i>Employees' Social Security Act, 1969</i>	Independent contractors
x Lower flexibility	✓ Greater flexibility
✓ Employers withhold payroll tax	x Employers do not need to withhold payroll tax
✓ Employees entitled to statutory benefits (e.g. overtime, minimum wage, sick leave, EPF contributions, etc.)	x Independent contractors not entitled to statutory benefits (e.g. overtime, minimum wage, sick leave, EPF contributions, etc.)
✓ Mandatory contribution and coverage by SOCSO	x Exempted from SOCSO contribution and coverage

Inconsistent business licensing process

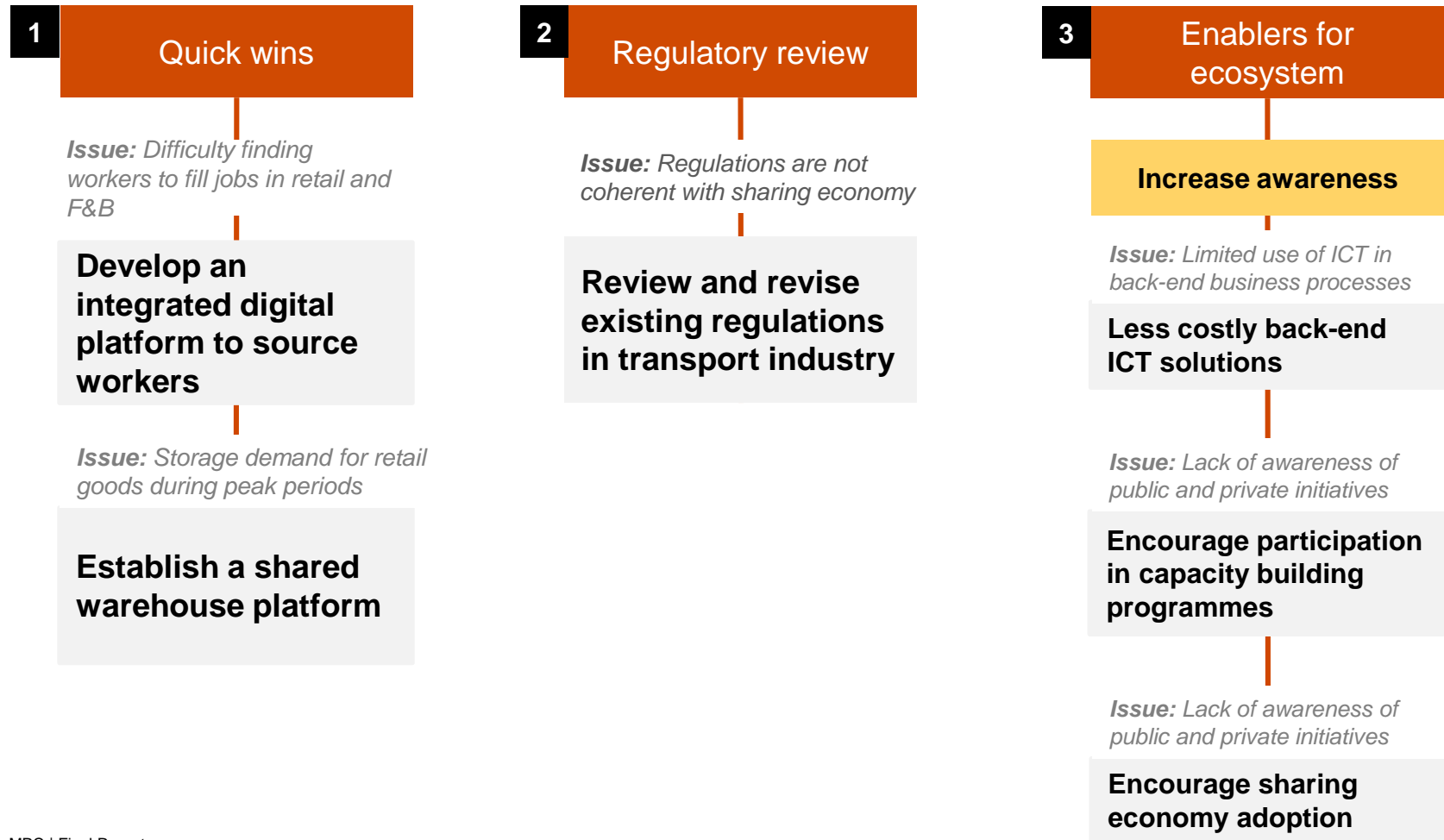
While regulations are adequately spelled out, the application of regulation procedures may be ad-hoc according to authority

- Time taken for getting business premise licence approval varies across location
- Documentation requirements differ by officials

The lack of consistent application of regulatory procedures cause unnecessary delay in businesses operations.

Source: Stakeholder engagements, MDEC, Commercial Vehicles Licensing Board Act 1987, Postal Services Act 2012

Study recommendations



Plan and develop integrated digital platform to source retail and F&B workers

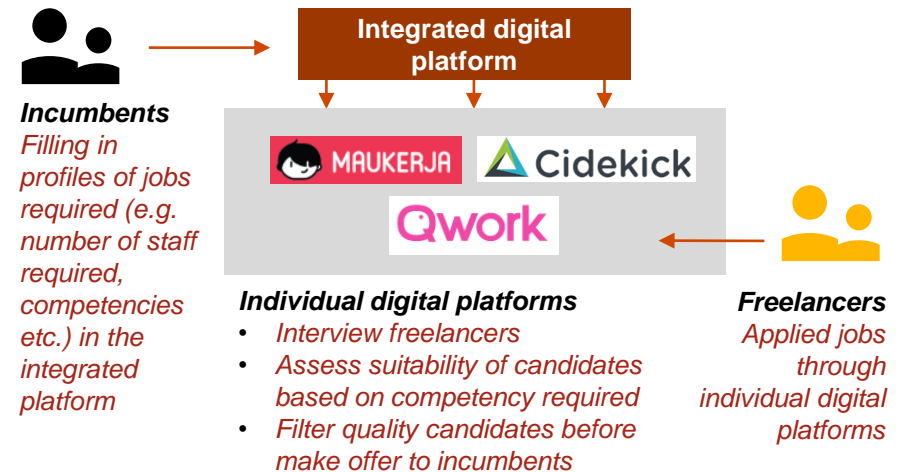
Rationale

- There are many digital platforms on talent sourcing, with wide industry coverage.
- There could be less focus on jobs specific for retail and F&B sectors (e.g. cashier, store keeper, outlet manager etc.).

Key action plan

- Develop an integrated platform that **aggregate the pool of retail and F&B-related jobseekers who are signed up to different on-demand talent platforms**
- This provides incumbents greatest coverage to fill job vacancies
 - The digital platform will be **retail and F&B focus**; talent matching platforms currently have a wide industry coverage (e.g. hospitality, ICT, etc.)
- Integrated platform will **add value by matching job seekers with requirements or preferences** specified by incumbents in retail and F&B subsectors

Business model



Establish shared warehouse platform

Rationale

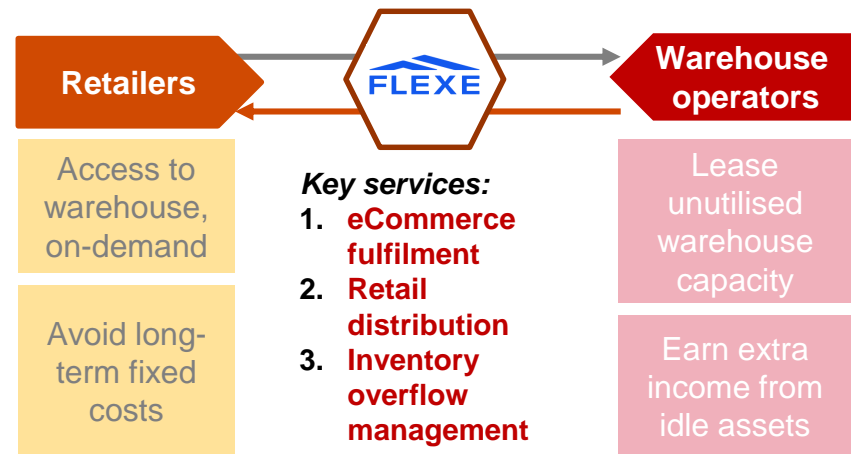
- Storage is increasingly an important issue for some incumbents who will require it in their business operations, especially during peak period.
- A storage space can act as distribution centre close to customers and expedite delivery processes and make it more efficient, thus addressing the issue of delayed delivery.

Key action plan

- Establish a shared warehouse platform that connects retailers with warehouse operators.
- These retailers need additional storage capacity and warehouse operators may have additional unutilised capacity.

Business model

Flexe's business model can be adapted to establish the shared warehouse platform



The shared warehouse can consider to use online aggregator services for the eCommerce fulfilment services, leveraging from various last-mile delivery platforms in Malaysia

Example of aggregator platforms



Review and revise existing regulations

Rationale

- Certain regulations are unclear as to how the regulation applies to sharing economy platforms and agents.
- Approval for starting a business are subject to different processing times and documentation.

Key action plan

1. **Review and revise regulations that are unclear** on the applicability to sharing economy activities. Revisions to the language of certain regulations can help clarify legal obligations of sharing economy players.
2. **Streamline business licensing process** so that businesses can access all relevant documentation and can know standard service delivery time

Review Commercial Vehicles Licensing Board Act 1987

14. (3) A carrier's licence 'A' shall entitle the holder thereof to use the **authorised vehicle for the carriage of goods for hire or reward for or in connection with any trade or business carried on by him** as a carrier of goods.



More clarity to define trade or business carried out by an individual

Increase awareness of less costly back-end ICT solutions



Rationale

- Incumbents raised concerns about the costly back-end ICT software and service providers

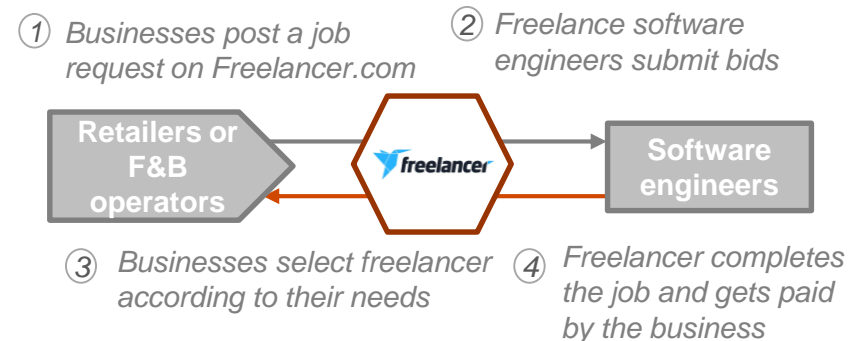
Key action plan

- Increase awareness amongst incumbents to use lower costs back-end ICT software and service providers
 - Open-source business software are free to download and use.
 - Business software start-ups and more established vendors are producing cheaper products to target SME market.
 - Retailers and F&B operators can also utilise freelance talent marketplace such as Freelancer.com to obtain professional ICT services such as software installation and website creation.

Product and pricing for different ERP provider

ERP provider	Product	Pricing
	SAP Business ByDesign	RM7,000 per month
	Odoo Community (open-source edition)	RM 0
		+ Odoo Enterprise (subscription edition) is RM50 per month
		+ Exclusive of charges for add-on features

Procuring professional services on Freelancer.com



Encourage participation in capacity building programmes

Rationale

- Despite various capacity building programmes coordinated by the government, only 51% SMEs surveyed are aware of relevant enhancement programmes for their businesses

Key action plan

- Greater outreach and easier access to programmes information by relevant government agencies can help increase awareness.
- Domestic and overseas programmes provide inspiration, best practices, and expert advise for implementing e-commerce.

Examples of capacity building programmes

Programme	Description of programme
SME Expert Advisory Panel Programme	Technical training and advisory
Business Accelerator Programme	Technical training, advisory and funding
Digital Transformation Acceleration Programme	Technical training, advisory and funding
Go-eCommerce	Online entrepreneurial platform with the tools for entrepreneurs to build their businesses online
Alibaba Netpreneur Training	Overseas trip to share how to harness digital technology to positively transform businesses and the local economy
Human Resources Development Fund (HRDF)'s Industry Certification scheme.	Trainings for F&B employees include safety and health, customer service and food service.

Encourage e-commerce and sharing economy adoption amongst businesses

Rationale

- Digital platforms for sharing economy are generally startups with limited track record. Companies can be reluctant to adopt digital platforms due to uncertainties (e.g. reliability, security, scalability, etc.)

Key action plan

- Develop a database for sharing economy platforms by type of services provided (e.g. logistics, HR, etc.) for ease of reference
 - This database can be built upon MDEC's established sharing economy platform partners – which are currently used for matching incumbents with sharing economy platforms
- Increase effort in promoting sharing economy platforms and its benefits, specifically to incumbents in the retail and F&B subsector

Case example 1

A food caterer uses food delivery platform to deliver small quantity of food to consumers.

As business conditions had become more challenging, the food caterer decided to put its food on a food delivery platform to primarily market its brand and secondly to recognise other revenue streams.

Revenue from the platform adds up to 3% on total revenue.

Case example 2

A consumer electronics retailer experienced decline in revenue due to increasing e-commerce competition, before deciding to go online.

The retailer now has its own e-commerce website and lists its products on a major e-commerce platform.

Conclusions

1

While sharing economy is present in many subsectors, the largest share of sharing economy is found in accommodation and transportation services – such as Airbnb’s accommodation sharing and Uber’s ride-sharing.

2

A large share of businesses in Malaysia are still operating in traditional business models or incumbents – with limited adoption of sharing economy.

3

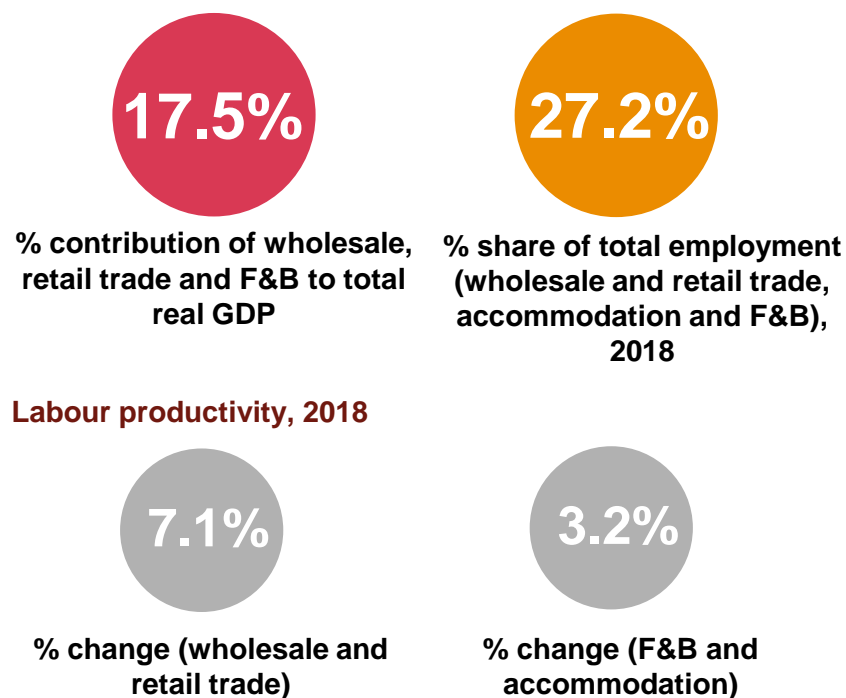
Sharing economy improves productivity through the utilisation of idling assets and digitalisation of business activities – commonly utilising digital platforms.

Introduction

Study background

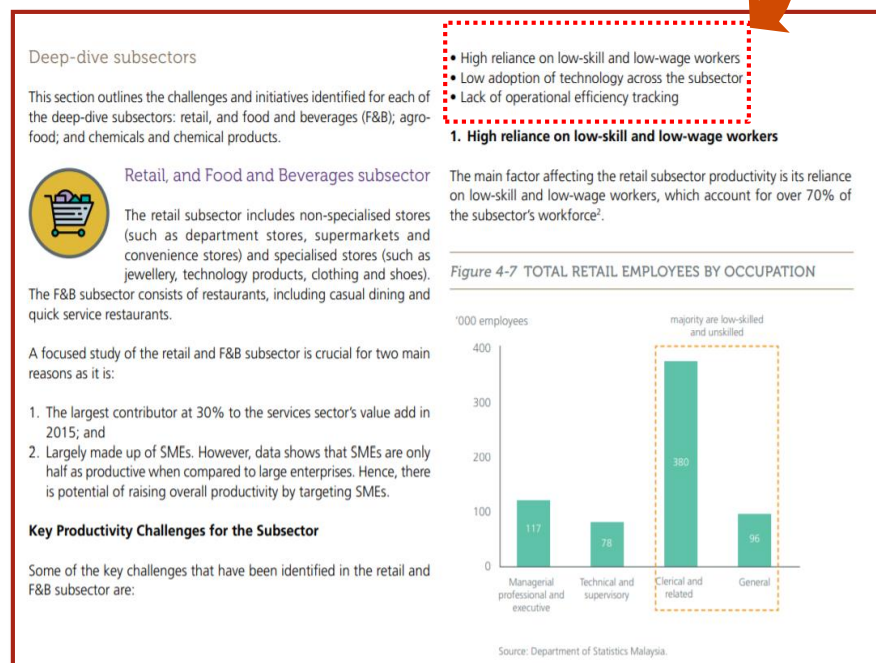
The retail and food and beverage (F&B) subsectors were highlighted as priority areas under the Malaysia Productivity Blueprint (MPB). The MPB highlighted key challenges in the retail and F&B subsectors and recommended initiatives to address them.

Sectors background in 2018



MPB suggested three key productivity challenges in retail and F&B subsectors

1. High reliance on **low-skill and low-wage** workers
2. Low adoption of **technology** across the subsectors
3. Lack of **operational efficiency** tracking



This study is for Initiative R2: Promoting opportunities for sharing economy.

MPB recommended four initiatives

Technology



- R1 : Provide support for digitalisation of business operations and build e-commerce capabilities.
- R2 : Promote opportunities for sharing economy.

Workforce



- R3 :Strengthen Retail and F&B Competencies.

Industry Structure



- R4 : Provide assistance to Retail and F&B players to grow internationally

Objectives of the study

The retail and food and beverage (F&B) subsectors are highlighted as priority areas under the Malaysia Productivity Blueprint (MPB). The subsectors employ a sizeable amount of people (2.86 million) and generate value-added of RM114.1 billion (9.3% of GDP). However, productivity levels remain low as compared to other subsectors. Retail and F&B productivity is at RM39,895 and registered a growth of 3.1%.

As a result, the MPB outlined promoting opportunities for sharing economy as an initiative to raise the productivity of the retail and F&B subsectors. The study is commissioned as part of the initiative and has the following objectives:

Identify opportunities and benefits of sharing economy to incumbents and entrepreneurs

The study will identify opportunities for retail and F&B incumbents and entrepreneurs to benefit from the sharing economy. Opportunities include creation of new platform to capitalise on untapped market segments and wider use of existing sharing economy platforms for incumbents to reduce costs, increase sales, manage talent, etc.). The assessment of current sharing economy situation in retail and F&B in Malaysia, benchmarking analysis and case studies will inform this objective.

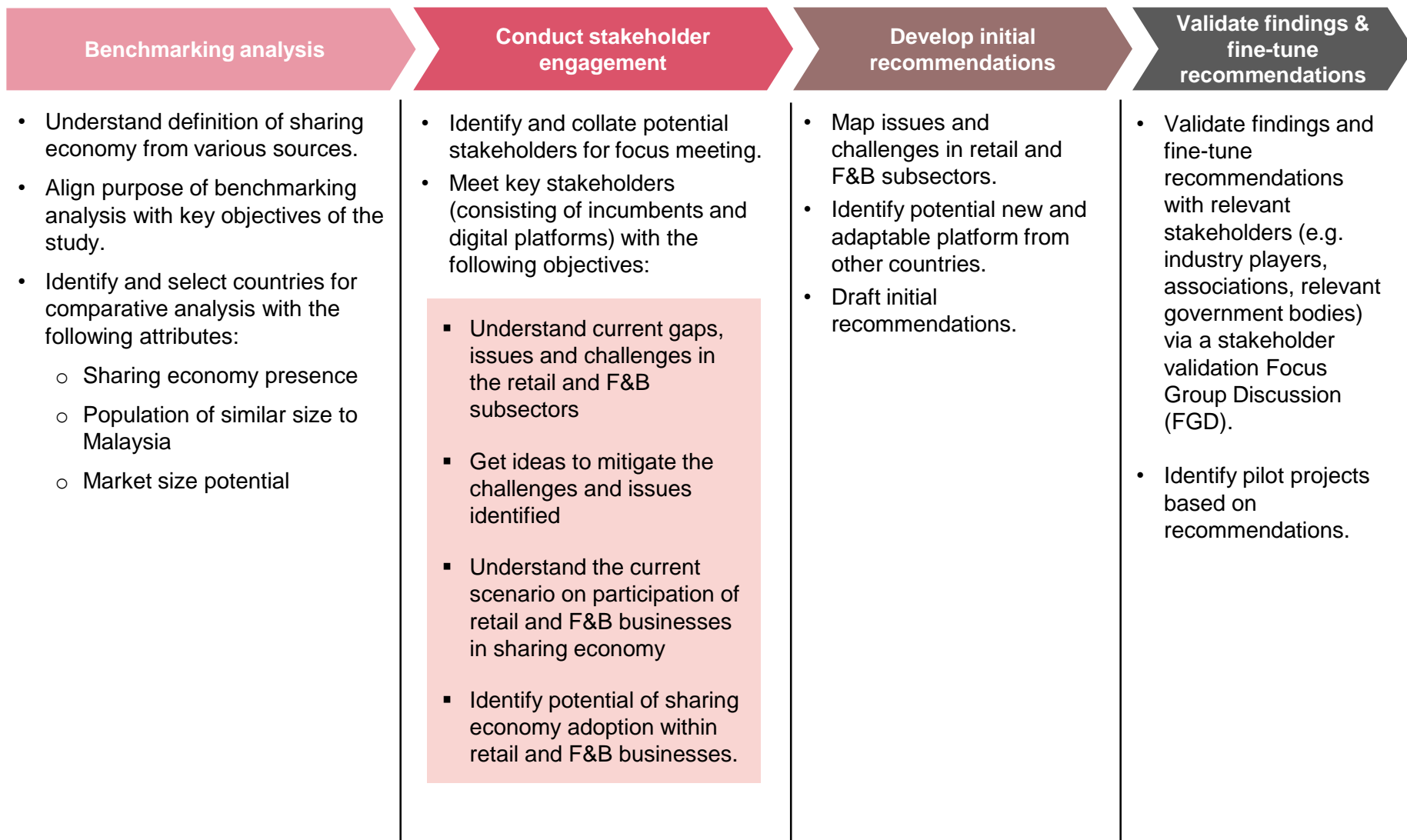
Review existing laws and regulations for government to consider

The study will review existing laws and regulations relating to sharing economy in retail and F&B, and outline strategies to reduce regulatory and policy barriers. The current state assessment and gap analysis will inform this objective.

Develop measures for greater sharing economy adoption for relevant stakeholders

Based on the opportunities and gaps identified, the study will develop action plans to address gaps and better realise opportunities. The recommendations and implementation plan formulation will inform this objective.

Study scope and approach



Study approach

Benchmarking analysis

1 Leading sharing economy platform producers



The United States

Sharing economy transaction:
\$14 billion (of five major sectors only)



China

Sharing economy transaction:
\$400 billion

2 Population of similar size to Malaysia



Australia

Population: 25 million

3 Emerging economy with potential to grow with sharing economy



India

Population: 1.37 billion
Economy: \$2.61 trillion

- Select **United States, China, Australia and India** for the benchmarking analysis with the following attributes:
 - Large global economies
 - Population size close to Malaysia
 - Large and emerging market
- Analyse the countries based on the following parameters:
 - Initiatives supporting the sharing economy
 - Impact to the economy, society and government
 - Role of government (regulation & governance)
 - Challenges faced by the sector players
- Identify and develop case studies from country comparative analysis:
 - Sharing economy business model
 - Impact to the economy, society and government
- The benchmarking analysis and case studies provide preliminary opportunities for Malaysia

Conduct stakeholder engagement

- The study gathered information through focus discussion from over 15 stakeholders:

Retail subsectors

Malaysia Retail Chain Association (MRCA)

- Datuk Seri Garry Chua, President (Chakri Palace)
- Valerie Choo, Vice President (EATZ @ Hong Kong)

Fipper Marketing Sdn Bhd

- Choong Jee Von, CEO

Senheng Electric (KL) Sdn Bhd

- Lim Kim Heng & team, Managing Director

Pak Grocer (MyMydin)

- Shaakir Siraj, Managing Director

Al-Ikhsan Sports Sdn Bhd

- Ali Hassan Mohd Hassan, Founder/Chairman

Digi Telecommunications (Digi.Com Berhad)

- Adrian Kuah, Associate Principal in Entrepreneur in Residence

Ms. Read (Conference call)

- Kristy Yong, Executive Director

F&B subsectors

Atmosphere 360, KL Tower

- Dato' Ringo Kaw, CEO
- Lim Ching Sheng, Sales & Marketing Manager

Big Onion Caterer and Juicee

- Louise Chay, COO

QSR Brands (M) Holdings Bhd (KFC, Pizza Hut)

- Aida Lim Abdullah, Group Chief Corporate Governance & Business Ecosystem Officer

Revenue Valley Sdn Bhd

(Manhattan Fish Market, Tony Roma's, NY Steak Shack)

- Deric Yeo, Director

Wok It Sdn Bhd

- Ashraf bin Mohd Harun, Founder

Felda D'Saji

- Ahmad Zaki Abdullah, CEO

F&B Connects

- Ivy Hew, Founder/CEO

Sharing economy digital platforms

ZeptoExpress

- Syairil Reza Abdul Wahab, Co-Founder

Honestbee

- Afzan Lutfi, Country Manager

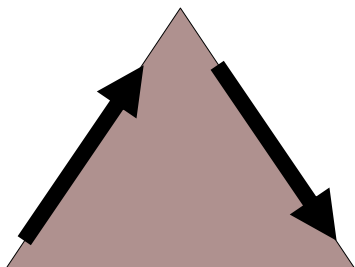
Qwork

- Muna Munirah Wan Nordin, COO

Develop initial recommendations

- Map issues and challenges in retail and F&B subsectors.
- Identify potential new and adaptable platform from other countries.
- Draft initial recommendations.

Potentially adaptable digital platform from other countries



Issues and challenges

Develop initial recommendations

Validate findings & fine-tune recommendations

- The study conducted Focus Group Discussion (FGD) with over 25 establishments (total participants: 37).
- Key purposes of the FGD is to validate key findings, consider suggestions from stakeholders and discuss study recommendation.

Retail stakeholders

1. De' Armani Niaga (M)
2. DR Group Holdings
3. Pak Grocer
4. Poney Group
5. PTG Global
6. Santai Reflexology
7. Umore
8. VendPays

F&B stakeholders

9. Berjaya Roasters (Kenny Rogers Roasters)
10. Big Onion & Juicee
11. Farmers Street
12. IG Tech Resources
13. JW United Group
14. Mad About Cake (M.A.C.)
15. Mohammad Chow Restaurant
16. Mr. Fish Family
17. Rotiboy Bakeshoppe
18. Serai Group

Other stakeholders

19. Association of Employment Agencies Malaysia
20. Clicked
21. DD Express
22. EV World Hotel Management
23. Foodpanda
24. Mai Q Corp
25. Mat Despatch
26. MediaFoundry
27. Rimbun
28. Thames Oxford Academy
29. ZeptoExpress

Key findings and analysis

Descriptions for Sharing Economy

Sharing Economy does not have a globally identified definition. The study refers to **Sharing Economy as a socio-economic system powered by digital platforms.**

Several definitions or descriptions for the sharing economy

“The ‘Sharing Economy’ is a socio-economic system **powered by digital platforms** that allow sharing of assets and resources between individuals, governments and/or businesses thus increasing asset and resource utilisation or promoting access over ownership of assets and resources”

- National Framework and Strategic Roadmap on Sharing Economy 2017 by MDEC, EPU, BNM, PEMANDU, Monitor Deloitte

Sharing economy is the “focus on the sharing of underutilised assets, monetised or not, in ways that improve efficiency, sustainability and community”

- April Rinne, World Economic Forum

Sharing economy is “systems that facilitate the sharing of underused assets* or services, for free or for a fee, directly between individuals or organizations.”

- Rachel Botsman, Trust Fellow, Oxford University's Saïd Business School

Sharing economies allow individuals and groups to make money from underused assets. In this way, physical assets are shared as services. For example, a car owner may allow someone to rent out her vehicle while she is not using it, or a condo owner may rent out his condo while he's on vacation.

- Consumer Intelligence Series “The Sharing Economy”, PwC US

The sharing economy has **three** distinguishing features:



Powered by **digital platforms**

Sharing economy uses digital technologies to match buyers and sellers



Capitalising on **idle capacity**

Sharing economy allows anyone to utilise idle capacity to generate economic gains



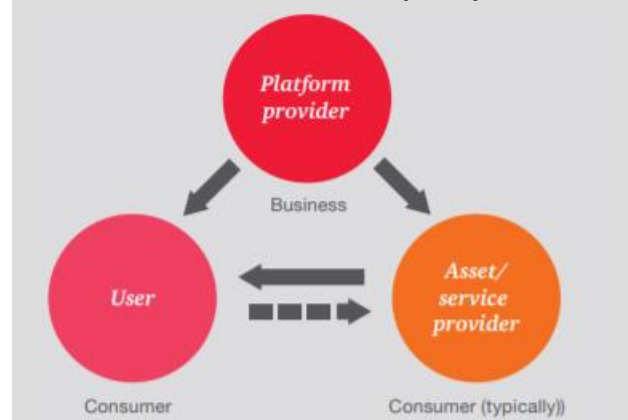
Trust-verification

Trust aspect between sharing economy providers and consumers to allow and to use shared products and services

Various sharing economy models for supply-demand interactions

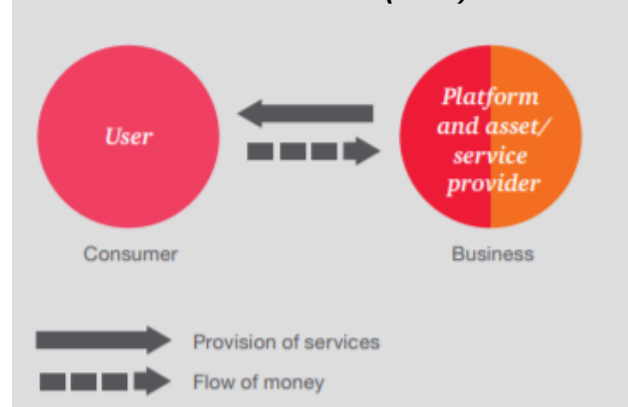
Business models of sharing economy

Consumer-to-consumer (C2C) model



- The demand and supply side interact with each other with the intermediation of a third company (i.e. digital platform).
- This category includes accommodation and ride sharing services, e.g. Airbnb and Grab.
- Users to make contact with the person providing the service via the platform application or website.

Business-to-consumer (B2C) model

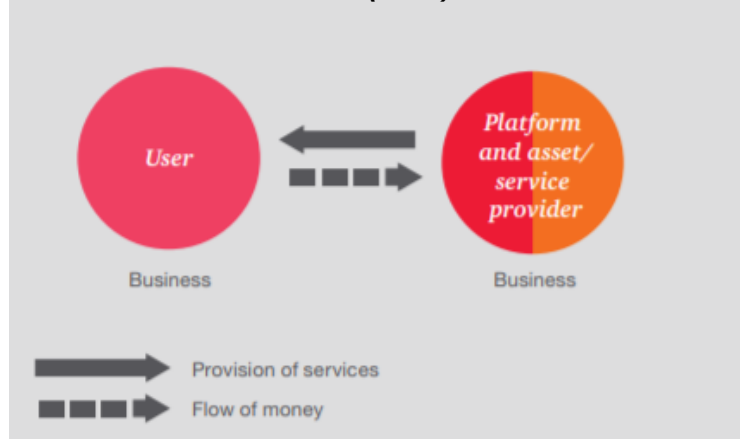


- The supply side and the intermediation channel (i.e. digital platform) are combined.
- Users obtain the resources they need in order to fulfil their particular requirements from one company, via its own platform.
- This category includes vehicle sharing services, such as car rental company (i.e. Avis) and car manufacturers (i.e. BMW, Ford) which launched their car sharing applications that allow users to rent cars for short period on an on-demand basis.

Source: *Sharing or paring?* (PwC Hungary)

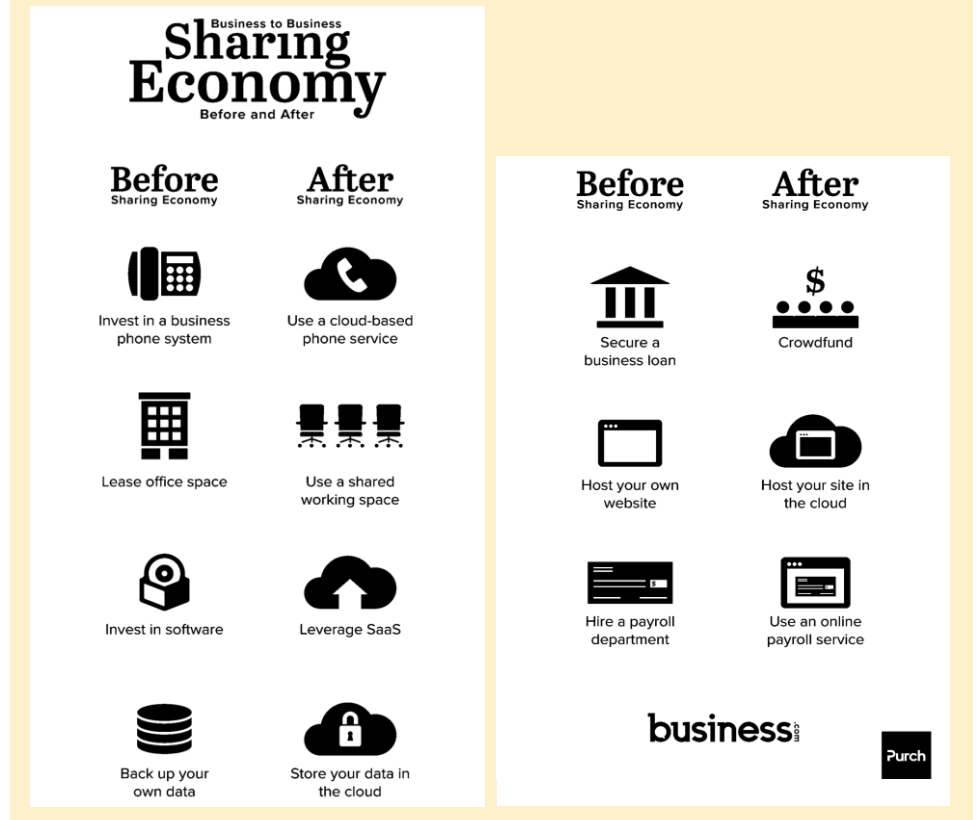
Business models of sharing economy (cont'd)

Business-to-business (B2B) model



- The supply side and the intermediation channel (i.e. digital platform) are combined.
- The users (i.e. businesses) obtain the resources they need in order to fulfil their business services from one company, via its own platform.
- This category includes co-working offices, where participating companies or private individuals do not rent a permanent space, but instead work flexibly in the available spaces within the co-working office, and also share the common service areas (e.g. meeting rooms, kitchen).

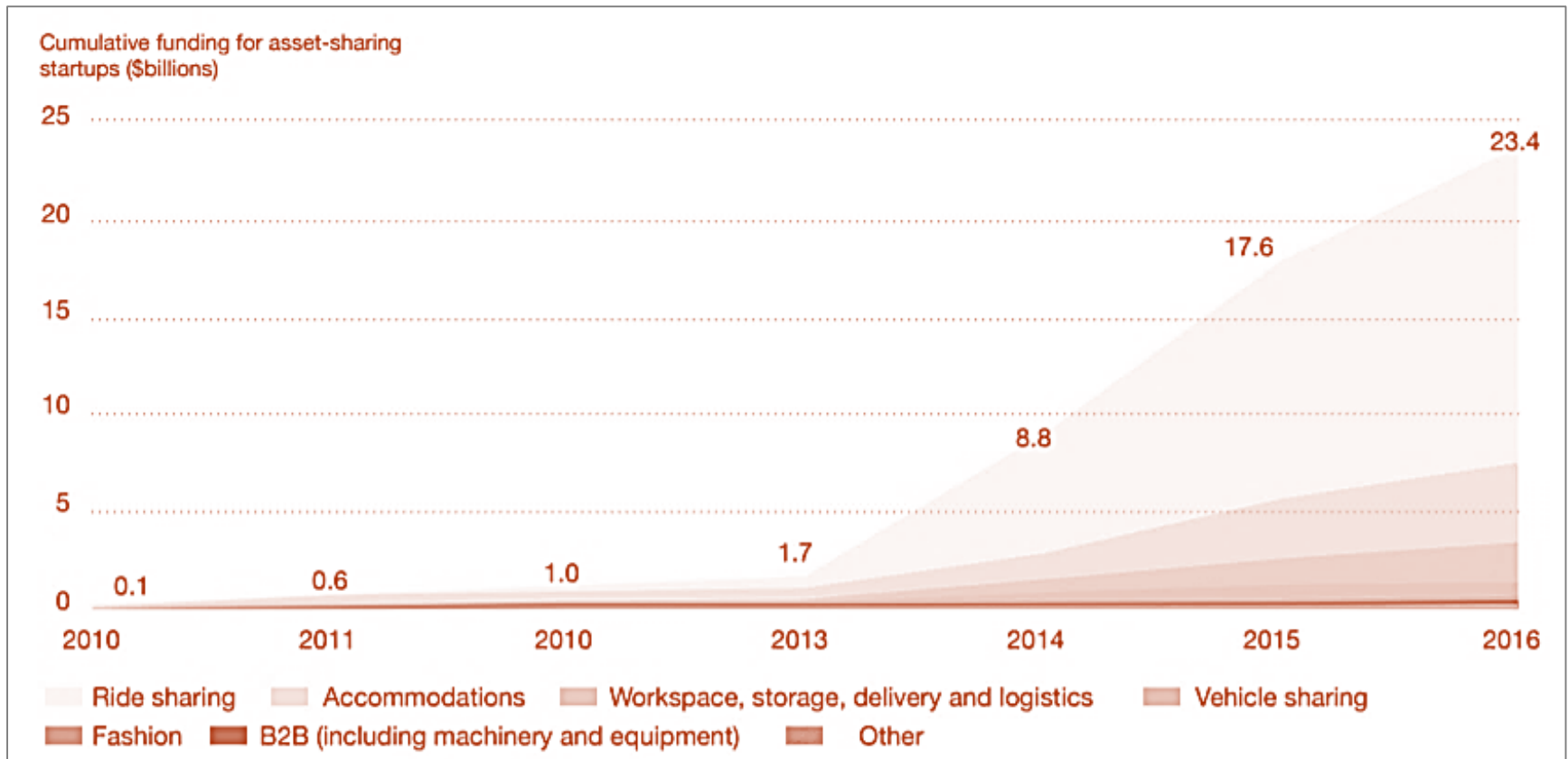
Examples of B2B sharing economy adoption



Source: *Sharing or paring?* (PwC Hungary), *business.com*

The two largest components of the sharing economy in United States, Germany and India is in accommodation and transportation

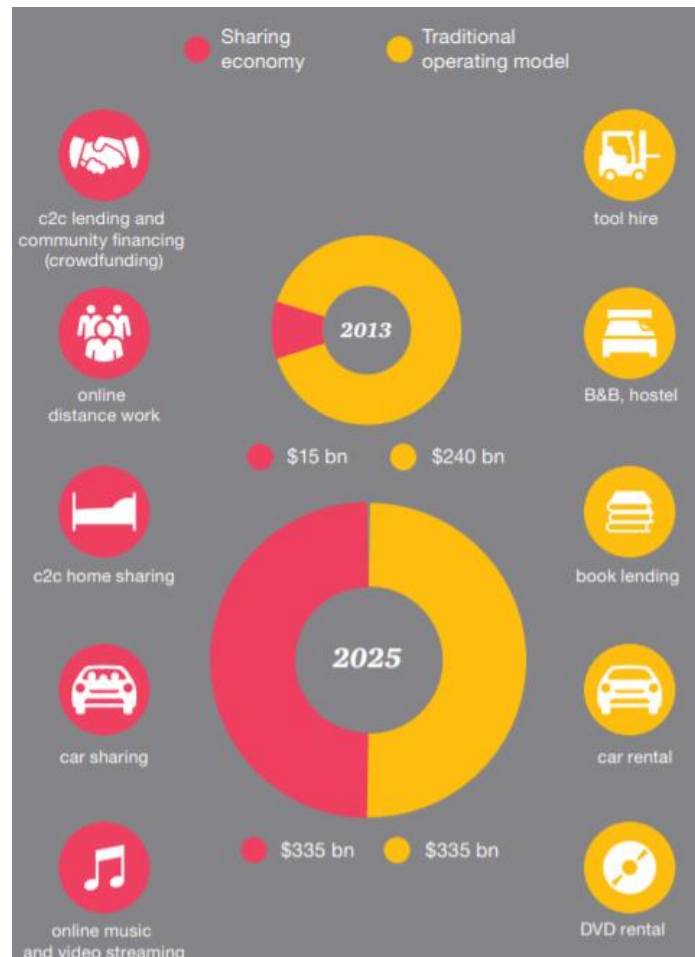
Cumulative Funding of Asset-Sharing Start-ups Since 2010



Source: WEF

United States – Sharing economy has the potential to grow further and have equal revenue share with traditional businesses by 2025

Growth forecast of the sharing economy and sectors with a traditional operating model



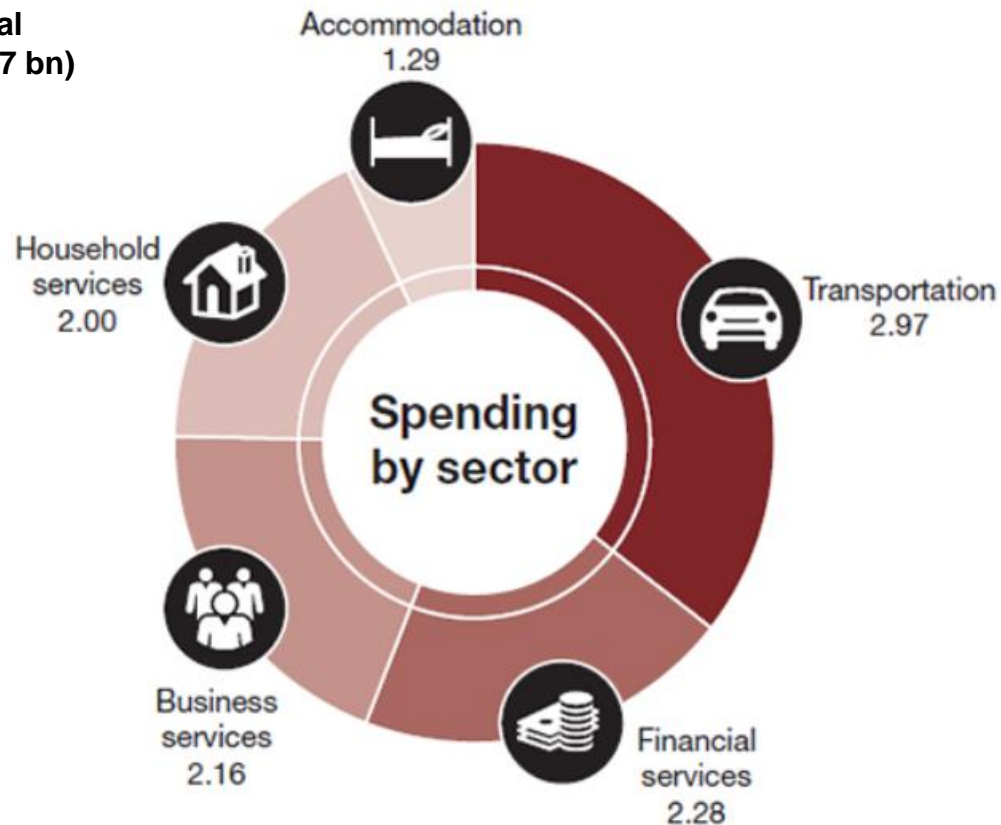
Source: *Sharing or paring?* (PwC Hungary)

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The transportation sector is the largest in Gulf Cooperation Council (GCC)

**GCC Sharing Economy sector
spending, USD billion (2016 total
spending for 5 sectors: USD10.7 bn)**



Source: *Managing the disruption of the sharing economy in the GCC* (Strategy&-PwC)

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Benchmarking analysis of sharing economy in retail and F&B subsectors



China

Country overview

China's sharing economy is among the biggest and fastest growing. In 2018, the transaction volume of China's sharing economy market reached 2.94 trillion yuan (US\$437.5bil), up 41.6% on an annual basis. It must be noted that China's classification of sharing economy is broader than most interpretation, to include asset owners renting out goods and services.

Consumers are very receptive to the sharing economy. Industry surveys report that 70% of Chinese consumers are open to using products and services from the sharing economy, with transportation being the largest sector influenced by sharing economy followed by other consumer items.

Facts & figures

Sharing economy outreach in China:

Transportation

91% used shared bicycles

61% used shared cars

Consumer items

25% used shared books / audio-visual products and digital products (e.g. mobile phones, cameras)

18% used shared furniture

9% used shared clothes and accessories

Source: China's Sharing Economy Research Center under the State Information Center, Mintel

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Sharing economy players in retail and F&B clothes



Sharing economy in retail and F&B in China are emerging areas. In retail, clothing is an area that has seen growing sharing economy activity. These platforms partner with clothing retailers to rent trendy and high end clothes to willing consumers.

Sharing economy in F&B has multiple channels ranging from home cooks selling meals to customers using third party platforms, to restaurants outsourcing food delivery to freelancers using third party platforms dominated.

Facts & figures

The sharing economy is concentrated in the delivery segment of the F&B subsector

240 billion yuan (\$35.8 billion) in transactions in 2018,

355 million consumer reach

>120,000 Asian restaurants were listed on Meituan Dianping



Initiatives in the sharing economy

The development of sharing economy in retail and F&B in China has been facilitated by large funding from investors. Notable clothing rental platforms YCloset and Ms Paris raised \$70 million and \$30 million respectively as of 2018. In the F&B subsector, the largest food delivery platform in China, Meituan-Dianping, is estimated to have raised \$4.2 billion in its initial public offering in late 2018, while its rival, Ele.me, raised \$3.3 billion to date.

The government of China promoted the development of the sharing economy in its **National Five Year Plan (2016-2020)**. In the document the Chinese government will promote new forms of business based on:

- **Internet +**
 - popularize “Internet +” government services model and increase government transparency across the board
 - Introduce “Internet +” modern agriculture, facilitate the adoption of the IoT
 - promote applications of the internet bring about a new pattern of industrial development
 - promote innovations in internet-based business models, and cultivate the “Internet +” ecosystem
- **Creation of national experimental demonstration zones for**
 - information economy and develop sharing economy
 - sustainable agricultural development
 - renewable energy and develop industry clusters
 - manufacturing transformation and upgrading
- **Relax restrictions on market access**
 - improve mechanisms for exiting the market
 - to increase the efficacy of foreign capital utilisation

Regulation and governance

Presently, regulations pertaining to the sharing economy are largely subsector-specific and implemented primarily by local governments and departments. Therefore, there is currently no uniform set of rules governing the sector, with entities operating in the separate sectors of the sharing economy sector with varying degrees of regulation.

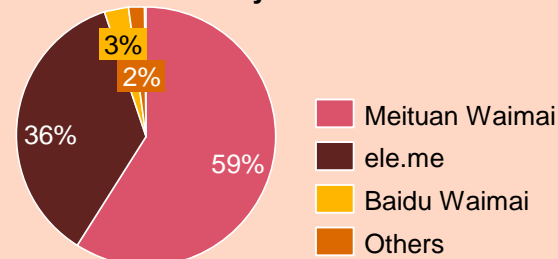
Impact of sharing economy

Case study: Impact of selected sharing economy platform

Meituan Waimai is the largest online food delivery platform in China. Its impact include:

- 2.7 million** people earned money from the platform in 2018, an increase of 23% from the previous year
- 600,000** active delivery drivers per day – equivalent to 59% of China’s food delivery service market share in the first half of 2018.
- 670,000** people out of 2.7 million riders on Meituan come from poverty-stricken counties in China – opportunity for the lower income population to supplement their earnings.

Market share of China’s food delivery service sector in first half of 2018



Source: Crunchbase, National Development and Reform Commission of the People's Republic of China, Trustdata



Challenges faced by sharing economy

Consumer preferences not supportive of certain products

Consumers have not yet cultivated the habit to rent or buy second-hand products such as clothes and accessories and home appliances.

Unclear regulations regarding the legality of sharing economy activity

Operation of online food services is complicated due to a lack of clear regulations governing the sector. Currently, some platforms set their own standards (i.e. Home-Cook platform require participants to use their real names and provide proof that they have completed training and certification to prepare home-cooked meals).

Platform commission rates escalation

Some food delivery platforms have charged higher commission rates on restaurants as they are unable to sustain subsidies to offset delivery costs, previously given out to restaurants.

Opportunities applicable to Malaysia

Promote the development of sharing economy policies

Similar to China, the government of Malaysia should promote the development of sharing economy in the upcoming development of RMK-12. Increase visibility and clarify of the government's position on sharing economy.

Promote sharing economy platforms to increase job opportunities

Promote sharing economy platforms in rural areas to increase awareness of residents on sharing economy job opportunities. Subsequently, sharing economy platforms can potentially increase its market reach in areas with lower concentration of sharing economy providers in the long run – driving economic growth in rural areas.

Problem statement

YCloset was established in 2015 and sought to provide solutions to the following pain points:

1. Women are unsatisfied with their wardrobe due to evolving fashion trends
2. Women's clothing are not heavily utilised

Business Model

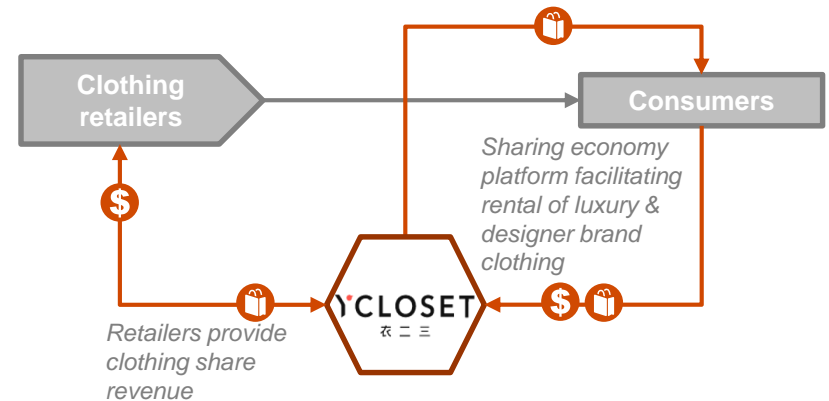
YCloset is a leading Chinese clothing rental platform, which enables leading brands to rent their clothes to women consumers and for consumers to change their clothing options without owning them.

Consumers are mostly around the ages of 20 - 30s from China's tier one and two cities. YCloset provides a platform for consumer to rent (and opt to own) luxury, commercial and designer brands on a one off basis or through a subscription. Retailers who supply their clothes share some revenue with YCloset.

YCloset operates in the marketing and sales, and consumer services segments of the clothing retail supply chain.

Besides being the intermediary between retailers and consumers, YCloset provides the delivery and laundry of the clothing.

YCloset's business model



The business model adopted by YCloset seeks to disrupt the traditional value chain of one-time high cost purchase from traditional retailers – by assuming a on-demand clothing rental scheme allowing consumers to use luxury and designer brand clothing for special occasions, at a fraction of the price. The sharing economy provider (YCloset) will eventually earn a profit from the repeated rental of clothing to consumers, and consumers will enjoy financial savings.

Impact to the economy, society and government

15 million registered users – are on YCloset's platform, suggesting that there is substantial demand for the concept of retail clothes renting among the Chinese population. YCloset also operates in 40 cities in China.

500 participating retail brands – among them are Prada, Michael Kors, Acne Studios, Self-Portrait, PINKO, McQ, VERSACE JEANS and other luxury, commercial and designer brands. These brands earn extra revenue by partnering with and renting their clothes through YCloset.

Challenges

Consumers concern that rental clothes are unhygienic

YCloset is partnering with leading domestic laundry companies including Beijing-based Fornet Laundry Service Co Ltd and Guangdong-based Tiantian Inc.

Opportunities applicable to Malaysia

Clothes rental platform

Men clothes rental platforms can be explored as a business idea. Malaysia already has a C2C and B2C women clothes rental platform (Dresstal), which aims to increase clothes utilisation while creating income for clothes owners.



KEY TAKEAWAYS

- ➔ **Sharing economy is concentrated in accommodation and transport; early stage in retail and F&B**
- ➔ **Investor funding in platforms and Chinese government's inclusion of sharing economy in National Five Year Plan help boost visibility of sharing economy**
- ➔ **Regulations pertaining to the sharing economy are largely subsector-specific**
- ➔ **Clothing rental platform in China focuses on high-end clothing as majority of consumers do not typically own many luxury clothes**
- ➔ **Clothing rental platforms can adopt both B2C and C2C systems, where platforms can partner with clothing retailers / brands and consumers to rent out clothes**



United States

Country overview

The sharing economy in the United States (US) is among the biggest in the world. In 2016, 44.8 million US adults used the sharing economy, and it's expected to grow to 86.5 million US users by 2021. It is estimated that 7% of the US population are providers in the sharing economy, with about half the sharing economy providers aged between 25-44 years old.

Based on a 2015 study by PwC, 44% of US consumers are familiar with the sharing economy, and 19% of total US adult population has engaged in a sharing economy transaction. The five key sharing economy subsectors (i.e. travel, car sharing, finance, staffing, and music and video streaming) is projected to increase global revenues from roughly \$15 billion in 2015 to around \$335 billion by 2025.

Facts & figures

Proportion of US adults who have engaged in sharing economy transactions

9% engaged in shared entertainment and media

8% engaged in shared automotive and transportation

6% engaged in shared hospitality and dining

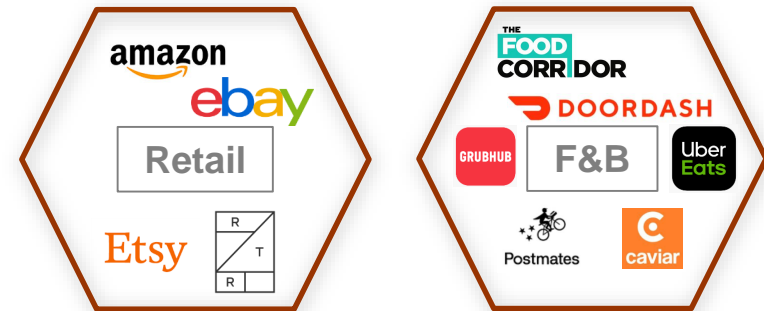
2% engaged in shared retail services

Source: Statista, Internet Retailer, U.S. Department of Commerce

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October 2019

Sharing economy players in retail and F&B clothes



The retail subsector in US has been well established with the emergence of e-commerce and peer-to-peer marketplaces. These platforms allow users to buy and sell used or new items through their interface, and have the goods shipped directly to their home.

F&B sharing economy in the US ranges from home cooks selling meals to customers using third party platforms, to shared commercial kitchens and restaurants outsourcing food delivery to freelancers using third party platforms dominated.

Facts & figures

~\$517.36 billion online retail spending in 2018

14.3% (e-Commerce) of total retail sales in 2018

\$20.1 billion in F&B transactions in 2018 with 90 million consumer reach; projected **\$28.4 billion** online food delivery transactions with 114 million consumer reach by 2023



Initiatives in the sharing economy

The *gig economy* is considered a contributor to sharing economy — it involves part-time and freelance jobs such as Uber drivers to dog walkers to consultants. Some state and local governments such as Washington state and New York are working to improve gig worker pay and benefits. Initiatives include enabling gig platforms to contribute to benefits funds for gig workers – benefit funds are equivalent to Social Security Organisation (SOCSSO) or Employees Provident Fund (EPF) in Malaysia.

Shared Kitchen Toolkit

In the F&B sharing economy subsector, a private industry initiative between The Food Corridor (TFC), in partnership with Fruition Planning & Management and Purdue University Extension Services, launched the *Shared Kitchen Toolkit: A Practical Guide to Planning, Launching, and Managing a Shared-Use Commercial Kitchen*. The Toolkit aims to assist organisations and businesses in developing and operating shared kitchens and food incubators.

Public sector support

The *Shared Kitchen Toolkit* was facilitated by a public-private collaboration with grants from the US Department of Agriculture's Sustainable Agriculture Research and Education (SARE) program, North Central Region.

Regulation and governance

Online marketplace that help home cooks coordinate small takeout-food businesses such as *Josephine* were operating in California, until the home cooks received cease-and-desist letters from the government.

This was due to F&B regulations in California state prohibits sale of food cooked in home-kitchen even if food handlers had a certified food handler card. The law required food sold to be prepared in licensed commercial kitchens – with the exception of jams, pickles and other foods with low risk of food-borne illness.

Following public-private initiatives, California Assembly Bill 626 (AB626) was signed into law in 2018 which allowed chefs and cooks to sell food products made from home kitchens.

Impact of sharing economy

National figures: Selected impacts of sharing economy

\$19.7 billion	gross merchandise volume for online restaurant delivery, or 3.7 %, of total US restaurant sales in 2017
~70% sales	projected decrease in customers by 2020 for restaurants that do not offer online food ordering and delivery
43.6 million	unique monthly users recorded for the Top 4 sharing economy food delivery service platforms (i.e. GrubHub, DoorDash, UberEats, Postmates) in September 2018

Source: Forbes, Baker Institute, World Economic Forum (WEF), California Retail Food Code, Bloomberg, Cowen Inc, QSR Web, Morgan Stanley, Verto Analytics



Challenges faced by sharing economy

Lack of trust in using sharing economy platforms

Based on the PwC study in 2015, 59% of respondents said they will not trust sharing economy businesses until they are properly regulated.

Unaccounted economic value of sharing economy

The sharing economy produces unaccounted economic value. For example, when people couch-surf (i.e. stay in other people's homes while travelling) for free, there's an uncounted economic gain taking place as in theory, this enables individuals to engage in other economic activities which could boost GDP.

GDP fails to measure social progress, an important indicator of wellbeing. It's difficult to measure well-being, because it extends beyond simple economic measures to include quality of life factors such as social and psychological health. When it comes to the sharing economy, the social components of sharing are not included in calculations of value, but they can contribute hugely to life satisfaction.

Opportunities applicable to Malaysia

Sharing economy regulatory forums

Taking guidance from US regulatory forums, Malaysia should hold public-private workshops to collaborate on regulatory frameworks that would balance the needs and wants of traditional players, sharing economy providers and public sector regulations. Consequently, conduct a regulatory review to incorporate sharing economy regulatory aspects.

Government initiatives to encourage sharing economy

Similar to grants by the US Department of Agriculture's SARE, the Malaysian Government can come up with similar grants to incentivise incumbents to adopt sharing economy practices in their business. These grants should aim to help incumbents shift to sharing economy business models.

Problem statement

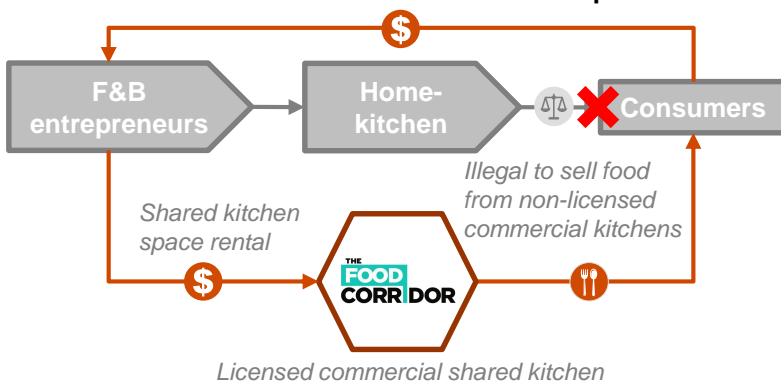
TFC, established in 2015, sought to provide solutions to the following pain points:

1. Commercial kitchen spaces were unused 50% of the time
2. Food entrepreneurs failed to scale up their operations due to inability to move out of their home kitchens to commercial kitchens, due to costs constraints

Business Model

TFC introduced the concept of sharing economy in the food processing segment of the food and beverage supply chain. Besides being the intermediary between commercial kitchens and food entrepreneurs, TFC provides online booking, payment processing, disbursement, and reviews.

TFC's business model in the value chain disruption



Some enablers that benefitted TFC from its infancy to its current expansion stage include:

- Generous funding received \$25,000 from state entrepreneurial competition in 2016
- Raised \$550,000 in the seed round in 2018
- Community outreach to get buy-in from existing businesses

Impact to the economy, society and government

4,000 food entrepreneurs supported – TFC's network of rented commercial kitchens have hosted chefs, caterers, food trucks, craft food producers, and delivery-only concepts to experiment and grow their business ideas.

80+ shared kitchen participating – Existing business establishments have rented their kitchen spaces to renters via TFC.

0 regulatory changes made – TFC complies with existing regulations on food safety.

Food vendors require county level licencing on their business establishment to prepare and sell food. Food vendors can frequently meet commercial kitchen requirement by renting space from a local restaurant, community centre or religious building, which meets commercial standards.

Challenges

Unclear and inconsistent government regulations at local and regional levels

TFC published an in-depth report on the state of national shared-use kitchen policy to help shared-use kitchens identify best practices and policies to support the emerging industry

Opportunities applicable to Malaysia

Sharing food preparation space

Sharing economy adoption and disruption in the food preparation segment of the F&B value chain not tapped in Malaysia.

Food preparation licensing

Consider licenced food preparation spaces (i.e. kitchens) instead of licenced food preparer be determinant of authorisation to prepare and commercialise food products.

Shared Halal food preparation space

Consider providing incentives and establishing Halal kitchen spaces where food prepared in these kitchens are certified Halal – complying with Halal processes and food ingredients.



KEY TAKEAWAYS

- ➔ **Sharing economy is well-established in the US and activities within both Retail and F&B are concentrated at the peer-to-peer marketplace and food delivery platforms.**
- ➔ **Public-private participation is visible for the initiatives to uplift F&B sharing economy in US with grants provided by the US Government.**
- ➔ **Sharing economy in the F&B subsector is evolving towards sharing kitchen facilities. A state-specified bill (California Assembly Bill 626) was issued to allow chefs and cooks to sell food products made from home kitchens.**
- ➔ **There are inconsistent government regulations at national level for F&B sharing economy platforms which may impede the growth of the subsector.**



India

Country overview

The Indian sharing economy is estimated to grow from US\$3.5 billion market in 2012 to a US\$115 billion in 2016, according to industry sources.

Sharing economy is most prevalent in the transportation and hospitality sub-sectors.

Indian consumers are increasingly connected to the internet through their smartphones - **one quarter of India's population or 340 million people were smartphone users in 2018**, a 16% increase year-on-year. Asset ownership is also relatively low in India, creating opportunities for access to assets.

Facts & figures

Case study: Sharing economy platform OYO Hotels & Homes

13,000 franchised and leased hotels and over 6,000 homes in **500** cities across eight countries - India, China, Malaysia, Nepal, the UK, UAE, Indonesia, and the Philippines

\$4 million revenue in 2017

Case study: Largest ride-hailing platform in India, Ola

\$180 million revenue in 2017. Operating in 125 cities in India.

Sharing economy players in retail and F&B clothes



There is some sharing economy activity in the retail and F&B subsectors, though not as widespread as in transportation and hospitality. Consumer goods rental platforms include Furlenco (furniture), RentoMojo (furniture, appliances and electronics), Liberent (clothes) and Mutterfly (premium goods).

In the F&B space, sharing economy platforms such as Swiggy, Zomato Order and Foodpanda dominate the delivery segment of the F&B value chain.

Facts & figures

Retail

\$2.3 billion revenue annually in online furniture rental market

F&B

2 million estimated F&B deliveries a day by 2020

Source: emarketer, industry sources, Management Development Institute India, Economic Times, Quartz

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Initiatives in the sharing economy

Large funding by domestic and foreign investors into various platforms. Investors are attracted by the scalability of the platforms to serve the large Indian market. Furniture rental platform RentoMojo has raised \$17 million as of 2018. Food delivery platform Swiggy has raised \$1.8 billion as of 2018.

Regulation and governance

The Indian government is adapting to disruptions posed by the sharing economy. **Current legal framework do not provide clear regulator or legal rules on various issues: characterisation of the business, responsibilities / liabilities for the service promised and taxation.**

The state of Karnataka, for instance, has started to regulate ride-hailing industry through the Karnataka On-Demand Taxi Aggregator Rules. The new guidelines are intended to level the playing field for regular taxi operators and cab aggregators (platforms).

At the end of 2018, **India's Food Safety and Standards Authority of India (FSSAI) issued revised guidelines that directly impact online food operators and food delivery platforms.** The regulations are aimed at ensuring compliance to food safety standards and welcomed by companies such as Zomato.

Source: TechCrunch, LiveMint, DNA India, Inc42, Economic Times

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Impact of selected sharing economy platform

Case study: Impact of selected sharing economy platform

Swiggy is one of the largest online food delivery platform in India. Its impact include:

95,000	restaurant partners across 140+ cities – local and brand food and beverage service providers are listed on Swiggy
\$70 million	revenue in 2018 – and potential tax revenue for the government
\$300 - \$700	Potential earning of delivery person per month, depending on factors such as the number of deliveries completed and the distance they cover

Challenges faced by sharing economy

Backlash from incumbents (in F&B)

Food delivery platforms such as Swiggy and Zomato have been accused of deep discounting and using in-house kitchen by traditional food and beverage service suppliers. About 500 small to mid-sized restaurant companies signed an online petition asking the Competition Commission of India to investigate the alleged predatory practices.

Opportunities applicable to Malaysia

Furniture rental platform

Business-to-customer and customer-to-customer furniture rental platform could be a space for Malaysia entrepreneurs to tap.

Problem statement

Provide solutions to the following pain points:

1. Cost of owning furniture, appliances and electronics can be burdensome
2. Hassle of maintaining over the years and moving furniture during relocation

Business Model

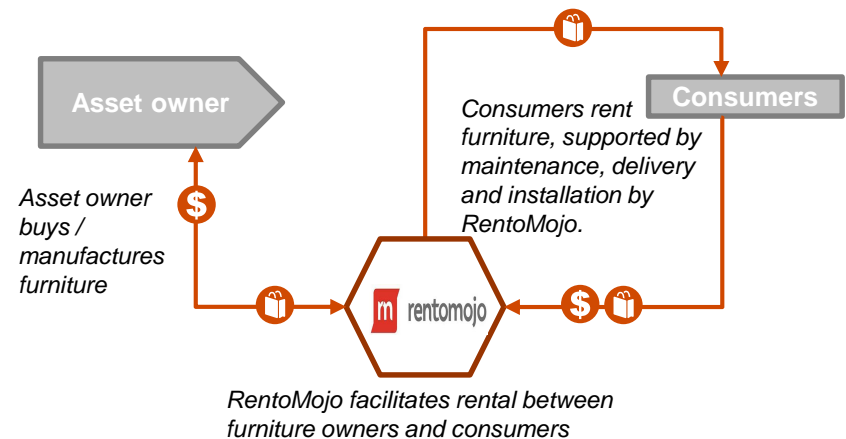
RentoMojo is an online furniture rental platform that was incorporated in November 2014. Its service offering has expanded to include appliances and electronics (lifestyle items).

RentoMojo has an asset-light model where it ties up with suppliers to rent out the furniture and lifestyle items to consumers. The platform also offers the opportunity to buy rented items. RentoMojo charges rental rate to consumers, which will cover delivery, maintenance and installation.

Rentomojo operates at the operations and outbound logistics of the furniture retail value chain.

RentoMojo received \$28 million in funding as of first half of 2019. One of its investors is leading investment firm, Bain Capital Investment.

RentoMojo's asset-light business model



A unique feature of RentoMojo's asset-light model is that the pool of consumer goods (i.e. furniture, appliances and electronics) are bought and owned up-front by business partners (usually creditors or retailers), thereby saving RentoMojo from needing large capital to start the business.

RentoMojo functions as intermediary by connecting these goods to consumers. Rental revenue earned from consumers are shared between the business partners and RentoMojo. Business partners collect revenue to offset the costs of acquiring assets and earns revenue, while RentoMojo pockets the rest of revenue and spends on operating expenditure. Consumers gain by having to rent furniture, rather than bearing large upfront costs.

Impact to the economy, society and government

\$2 million revenue in 2017. This also represents potential taxable income for the government

10,000 active customers – using RentoMojo suggesting slow take up of furniture rental. But area of coverage is expanding to six Indian cities

350 people currently work at RentoMojo, with plans to expand operations and headcount further

Challenges

1. Brand awareness among consumers on possibility of furniture rental is still quite low

- ✓ RentoMojo entered in a partnership to showcase and lease IKEA furniture on its platform in late 2018
 - RentoMojo will showcase IKEA India products ranging from storage units like bookshelves and TV units, along with several types of daily use furniture like study and centre tables

Opportunities applicable to Malaysia

Retail rental platforms can assume asset-light model

Business partners (high network individuals, retailers, non-bank financial institutions, etc.) cover capital expenditure costs, and the platform covers operating expenditure to facilitate rental and rental collection from consumers. This rental revenue is shared between business partners (asset owners) and platform.

Source: RentoMojo, YourStory, Crunchbase, Inc42

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KEY TAKEAWAYS

- ➔ **Sharing economy is most active in accommodation and transport; nascent stage in retail and F&B**
- ➔ **Substantial funding support from investors into platforms that illustrate potential to tap large Indian consumer market**
- ➔ **Indian government is playing catch-up in regulations; some states and regulatory agencies have introduced regulatory interventions**
- ➔ **Asset-light rental business model in India means that platforms do not require large capital to start renting business, as they source assets from retailers or investors**



Australia

Country overview

In Australia, the sharing economy is a common practice with over 7 million Australians have used and contributed to the sharing economy practice.

Industry survey shows that the Australians have a strong appetite for the benefits that the sharing economy can bring, the expected number of Australians involved in both consuming and providing sharing economy services will continue to grow rapidly. Platforms that specifically assist participants to earn additional funds, including peer-to-peer lending, accommodation sharing and car sharing are expected to be meaningful contributors to Australians' incomes in future.

Facts & figures

Key insights from the industry survey:

- 61%** of Australians have used a sharing economy service – such as Uber, Airbnb and eBay – in the previous six months and 85% intend to use one in the next year
- 52%** of Australians trust a sharing economy service more than its traditional alternative
- 23%** of Australians spend at least \$50 a month on peer-to-peer economy services, with demographics of 25-34 year olds averaging a monthly spend of \$116
- 64% of Australians say they would consider using a sharing economy service to supplement their income**

Sharing economy players in retail and F&B clothes



The sharing economy in Australia has grown by \$1 billion. This has been spurred by the increasing popularity of businesses like Uber and Airbnb. However, the Retail and F&B subsector is still at its infancy stage.

Nonetheless, employment opportunities and an alternative mode of Retail and F&B consumption is growing. The increasing prevalence of a sharing economy in Australia can be attributed to the following factors:

- It encourages healthy competition by providing consumers with more choice
- It's cost-effective way to access resources that may not have been available otherwise
- Resources/assets are available 'on-demand'- Provides a flexible employment or an additional stream of income



Initiatives in the sharing economy

“Share” initiative was introduced by the South Australian Government where a prize pool of over \$100,000 has been made available to seed initiatives that build the state’s sharing economy.

Regulation and governance

The sharing economy platforms has a separate set of regulation and governance defined by the Australian Government.

The Government distinguishes sharing economy players from traditional business owners by having separate regulating mechanism for sharing economy players.

Specifically, **labour law** pertaining occupational licensing regulations, a separate reporting system for the **taxation** scheme of sharing economy practice and specified **consumer protection law** for the consumers within the sharing economy market.



**Sharing economy
Reporting Regime**



**A guide for complying with the
competition and consumer law in
Australia**

Impact of sharing economy

National figures: Selected impacts of sharing economy

- \$15.1 billion** estimated sharing economy size in Australia in 2017
- 10.8 million** Australians have earned extra income from sharing economy services representing 60% of the nations working population
- \$55 billion** peer-to-peer sharing economy platform projected growth by 2021

Challenges faced by sharing economy

Retail clothes sharing

The clothes-sharing platforms have a healthy growth in usage. However, competition is concentrated at one end of the value chain.

Home cooked meals sharing

There are a specific standard set for home based food business under the Australia New Zealand Food Standards Code, which may impede the growth of this sector.

Opportunities applicable to Malaysia

Specific regulations governing sharing economy

Taking guidance from Australia’s separate regulation and governance specifically designed for sharing economy platforms, Malaysia could implement policies with separate regulating mechanisms for sharing economy and traditional players.

Source: Department of the Treasury (Australia), Australia Competition & Consumer Commission

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Problem statement

Many part time retail workers in Australia have varying hours of working schedules that may be inconsistent. This has resulted in a higher turnover of workers. Current employees seeks for alternative income supplement.

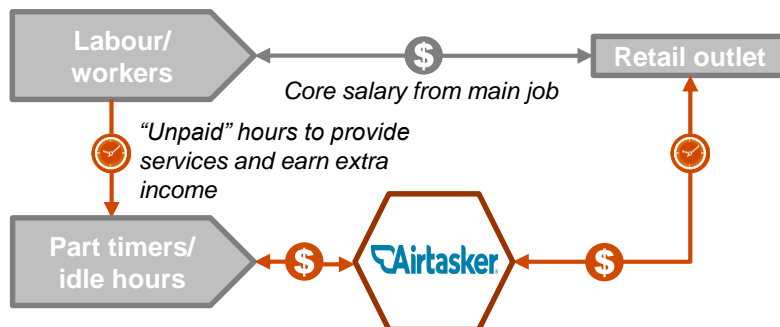
With Airtasker providing a labour sharing platform, the Government of Australia fears that the growth of the sector has seen people exhausted from juggling working across various platforms, where they have no exact rights or protections as they are not employees.

Business Model

Airtasker is a labour sharing community platform that connects people who need to outsource task and find local services.

Airtasker allows labour and workers to utilise their “unpaid” hours to provide services and earn extra income.

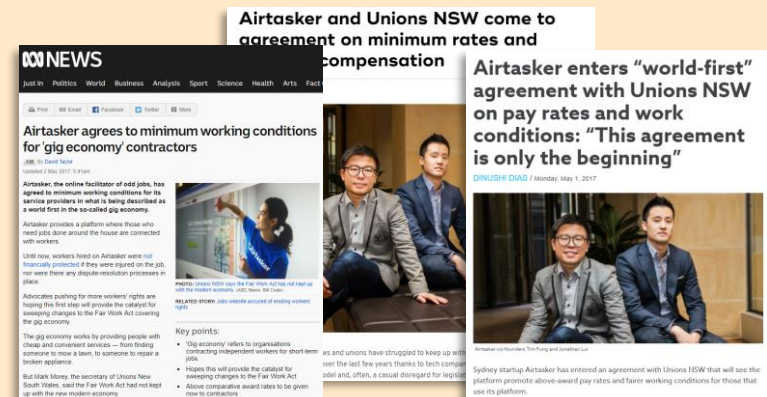
Airtasker labour sharing business model



Case for Change – Agreement with Labour Union

Airtasker has collaboratively worked with the Australia NSW Union to increase pay rates and fairer working conditions.

An agreement between Airtasker and the NSW Union was established where Airtasker will recommend users “above comparative award rates” to account for insurance cost and workers compensation.



Mark Morey, secretary of Unions NSW, said the agreement is a big step in improving workplace protection for gig economy workers.

“This agreement is a huge advance for wages and conditions of those working through the Airtasker platform. It establishes an important beachhead for regulating the gig economy. Others should follow Airtasker’s example and consider the ethical dimension of their impact,” he said.

Impact to the economy, society and government

- 1.6 million** users from the labour sector of the country benefit from Airtasker
- \$215 million** worth of jobs created – Airtasker provides opportunities for workers to utilise “unproductive” hours which increases income for workers and increase productivity levels to the country.
- \$15.40 million** jobs available per month from spill over benefits – with the Airtasker platform, the spill over benefits impacts the government through tax mechanism

Challenges

The sharing economy and **disruptive businesses often move faster than legislation** can be created. This has caused friction between the businesses operating in the sharing economy and their various stakeholders, such as the government, employees, consumers and unions.

Opportunities applicable to Malaysia

Reduce occupational licensing

Allow private certification schemes and reputation mechanism to evolve and regulate the sharing economy.

Unique employment status for sharing economy participants

Separate employment law to the status of individual contractors between players with suppliers.



KEY TAKEAWAYS

- ➔ **The sharing economy platforms are a common practice in Australia and more than half of the population have used a sharing economy platform**
- ➔ **Separate set of regulation and governance set by the Australian Government for the sharing economy platforms.**
- ➔ **A new taxation reporting system in Australia to encourage new players and start-ups in Retail and F&B subsector.**
- ➔ **Occupational licensing is reduced in Australia to allow private certification schemes and reputation mechanism to evolve.**
- ➔ **Australia employs a bottom-up, self-regulating approach with specific governance mechanisms to regulate the sharing economy subsectors.**

Macro-condition

Sharing Economy UK (SEUK) is the **trade body championing the UK's sharing economy industry**

Code of conduct

All members of Sharing Economy UK have agreed to a central **code of conduct**, which provides a clear framework of values and principles that members are expected to follow.

This Code of Conduct was designed to enhance the operation, image and reputation of the sharing economy industry, which covers the following areas:

1. Honesty and trust
2. Staff training
3. Safety and industry standards
4. Dealings
5. Development of the sharing economy
6. Complaints & escalation, and
7. Other general conduct

Governance model

Objectives

Set standards

Promote kitemark **TrustSeal** for responsible sharing economy practices

Advocate

Make the UK a global centre for the sharing economy

Find answers

Respond to the shared challenges and opportunities of our members



TrustSeal is the kitemark for sharing economy companies in the UK

The TrustSeal was established by Sharing Economy UK in partnership with Oxford University SAID business school, and PwC helped inform the design of the TrustSeal.

It is meant to set out minimum standards for sharing economy businesses and is assessed over 6 broad principles of good practice:

- Identity and Credential Verification
- Transparent Communications and Pricing
- Participant Help and Support
- Security and Data Protection
- Insurance and Guarantees
- Peer Reviews

Country benchmark: United Kingdom (UK)

Sharing economy platforms members registered with SEUK

Accommodation



Transportation



Retail



Human Resource



Information and communication



Finance and insurance



Digital platforms in Malaysia is concentrated in outbound logistics for last-mile delivery

Retail and F&B-related digital platforms in Malaysia

















Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites

There are various types of C2C marketplaces allowing consumers to sell or rent pre-loved goods

Digital platforms in Malaysia and overseas

Operations

C2C clothing marketplace Buy and sell second-hand fashion clothing via platform	International platforms  POSHMARK  Secondhand Clothes. Firsthand Fun.®	Local platforms  
Online baby gear rental Online platform for rental of baby equipment (e.g. stroller, cot, etc.)	International platforms 	Local platforms  
C2C retail marketplace Mobile P2P classifieds marketplace	International platforms  hellomarket  Gumtree  MERCARI  TRANSFER TRAVEL  StubHub	Local platforms  mudah.my Malaysia's Largest Marketplace  Carlist.my MALAYSIA'S NO.1 CAR SITE 

Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites

Platforms provide opportunity for travellers to capitalise on holiday trips to earn additional income

Digital platforms in Malaysia and overseas

Operations

C2C traveller marketplace

Allows shoppers to reach any product from overseas with any traveller en route to a destination containing product availability. This provides effortless earning for travellers and borderless shopping experience for users.

International platforms



Local platforms



On-demand luxury clothing rental

On-demand clothing rental scheme that allows borrowers to access designer fashion at a fraction of the retail price and allows individuals to make money from their luxury fashion wardrobe

International platforms



Local platforms



DRESS TAL.COMTM
Fashion Sharing Marketplace

Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites

Platform for users to generate income from underutilised assets, dropshipping and crowdsourcing

Digital platforms in Malaysia and overseas

Operations

C2C high-end products rental platform

Platform for users to list underutilised high-end products (e.g. high-end cameras, audio systems, drones, etc.) and earn additional income

International platforms



Local platforms



Dropship platform

Retail fulfilment method where a store doesn't keep the products it sells in stock – product is purchased and shipped from a third party directly to the customer.

International platforms



Local platforms



Crowdsourcing platform

Connecting potential buyers with trusted brand advocates to ask questions before they decide to buy or sign up

International platforms



Local platforms



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites

Marketing and sales platforms allow individuals to identify best values and earn additional income

Digital platforms in Malaysia and overseas

Marketing and sales

Price comparison platforms

Establish business partnerships with merchants and retailers to provide information and price lists on a wide range of products

International platforms



Local platforms



Sharing economy advertising platform

Advertisements on private vehicles – drivers get paid while businesses get exposure



Influencer marketing platform

Online marketing involving endorsements and product placements from influencers, people and organizations



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites

Platforms are leveraging on idle capacity of transport logistic owners (i.e. motorcycles to lorries) to earn additional income

Digital platforms in Malaysia and overseas

Inbound & outbound logistics

On-demand logistics

Connects truck and van owners with businesses and people who need to move, haul or deliver large items on demand using proprietary mobile and web applications

Last-mile on-demand pick-up and delivery of parcels and groceries using local couriers (e.g. motorcycles, cars, etc.)

International platforms

GoShare

buddytruk



Postmates

instacart

Swishd

Local platforms



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites

Warehousing solutions for eCommerce fulfilment allow eCommerce retailers to focus on sales generation

Digital platforms in Malaysia and overseas

Inbound & outbound logistics

Storage space rental

Shared-warehousing for
e-commerce fulfilment,
Retail distribution and
Inventory overflow

International platforms



Local platforms



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally
Source: Logos sourced from respective company websites

F&B platforms connect food enthusiasts with home-chefs and social enterprises reduce food waste via digital outreach

Digital platforms in Malaysia and overseas

Operations

C2C food marketplace

Food-sharing platform that allows people to post events including meals, cooking classes and food tours its marketplace. Travelers and neighbours can select nearby events to attend and make a booking online

International platforms



Local platforms



Food waste reduction

An individual or a business can share surplus or unwanted food items via the app, where it can be claimed by other users – at a bargain price or free



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally
Source: Logos sourced from respective company websites

Shared kitchen platform enables income generation from underutilised commercial kitchens

Digital platforms in Malaysia and overseas

Operations

Shared kitchen space

Connect food entrepreneurs to underutilised commercial kitchen space. Besides being the intermediary between commercial kitchens and food entrepreneurs, it provides online booking, payment processing, disbursement, and reviews.

International platforms



Local platforms



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally
Source: Logos sourced from respective company websites

There is an abundance of last-mile food delivery platforms in Malaysia while there could be more uptake on cloud kitchens

Digital platforms in Malaysia and overseas

Outbound logistics



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites

Platforms seek to address individual's daily hassles such as personal errands, powerbanks and parking spaces

Digital platforms in Malaysia and overseas

Operations

On-demand personal helper

A personal assistant to get tasks and errands done

International platforms



Local platforms



Powerbank rentals

Easily rent from and return to any hub in the network – Ideal charging solution for hospitality, transit, venues, stadiums, and other locations



Shared parking spaces

Shared parking spaces linking existing car owners with ample parking space to users.



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites

Travelling is made affordable with shared accommodation and housesitters on-demand allow care-free travels

Digital platforms in Malaysia and overseas

Operations



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally
Source: Logos sourced from respective company websites

Ride-sharing platforms allow private individuals with vehicles to earn additional income

Digital platforms in Malaysia and overseas

Operations

Ride-sharing

Ride-sharing using private vehicles to earn additional income

International platforms



Local platforms



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally
Source: Logos sourced from respective company websites

Healthcare and events space are making use of digital platforms to increase community outreach

Digital platforms in Malaysia and overseas

Operations

On-demand healthcare

On-demand doctors for house calls, medicine delivery, ambulance transportation, eCommerce for health products and services.

International platforms



Local platforms



Event space rental

Platform to connect people and spaces for events, makes event and venue management simple, secure and transparent

International platforms



Local platforms



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally
Source: Logos sourced from respective company websites

Malaysia also has a sizable digital platforms in support activities

Retail and F&B-related digital platforms in Malaysia

Support activities (HR)



Support activities (Technology development)

eWallets



Payment gateways



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites


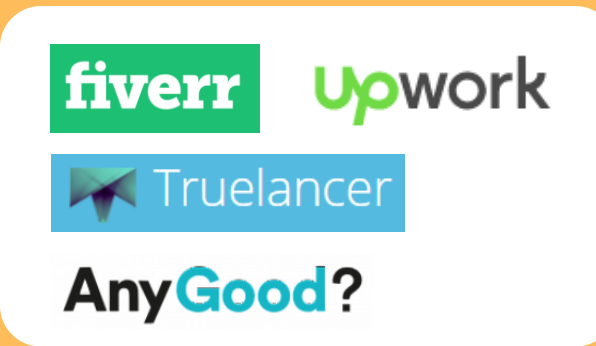
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Platforms for on-demand talent cater to both minimal experience and professional part-time positions

Digital platforms in Malaysia and overseas

Support activities

On-demand talent platform	International platforms	Local platforms
<p>Part-time tasks which do not require specific high level skills to perform (e.g. data entry, processing images, survey, running errands, domestic services, etc.)</p>		
<p>Platform for on-demand freelancers for professional projects (e.g. graphic design, software implementation, coding and programming, web design, etc.)</p>		

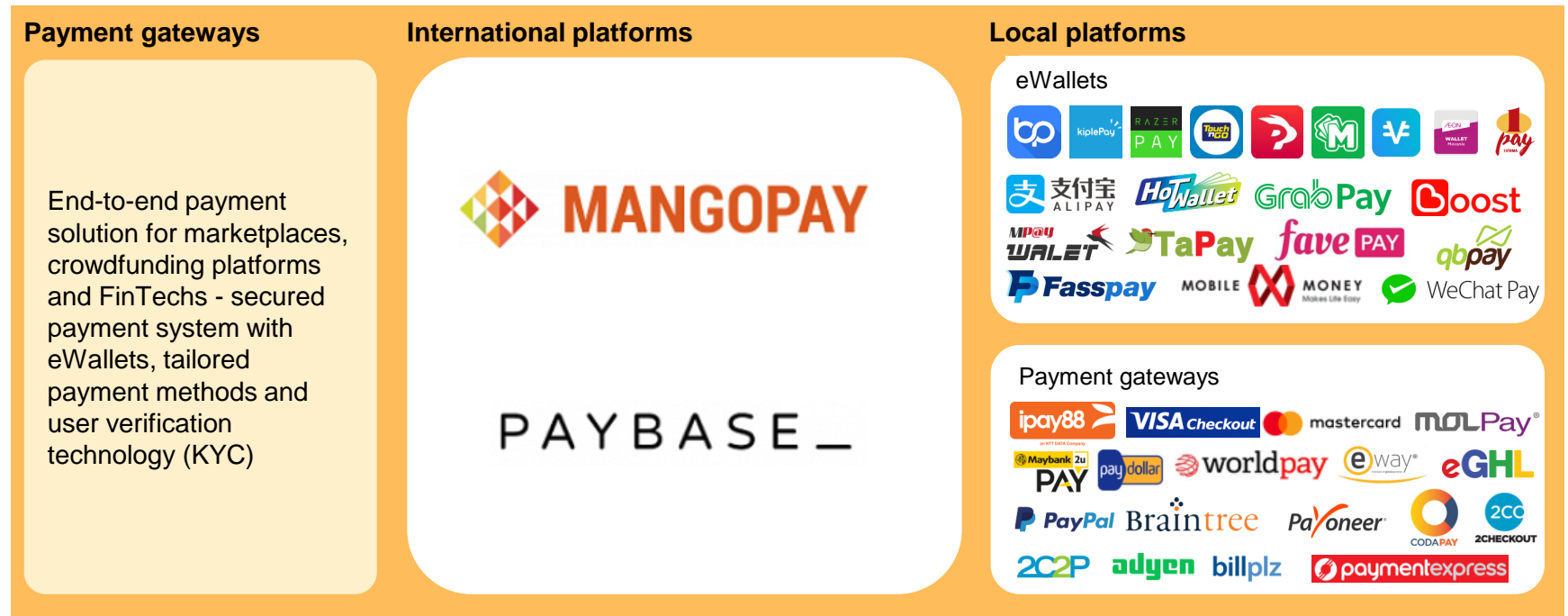
Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites

There is an abundance of eWallets and payment gateways in operation in Malaysia

Digital platforms in Malaysia and overseas

Support activities (Technology development)



Note: List of sharing economy platforms is non-exhaustive and illustrates the availability of local platform services which are similar internationally

Source: Logos sourced from respective company websites

The “Airbnb” for storage space and technology platforms catering to the sharing economy is not yet available in Malaysia

Digital platform ideas from overseas

Inbound logistics

Storage space rental



Platform description

Connect people with excess room in their homes to people seeking storage space

Support activities

Technology development



Platform description

Identity and background verification platform for hiring purposes - utilise blockchain to provide full breadth of checks including education, employment, criminal, license verifications and more

Automated tax withholding for freelancers – automatically withhold taxes based on user information, and deposits what is safe to spend directly to a user’s personal checking account

Payments and insurance for the sharing economy – package payment transactions with easy access to relevant, fair competitively priced on demand insurances

Note: List of sharing economy platforms is non-exhaustive and illustrates platform services which are found overseas but are not yet available in Malaysia

Source: Logos sourced from respective company websites

Some types of C2C rental platforms employ similar business models but are not yet available in Malaysia

Digital platform ideas from overseas

Operations

Online borrowing platform



Platform description

Users add objects they don't use often on the online community and can see what is available to borrow in their neighbourhood. This platform is completely free for users, which means they will never pay any money to borrow an object.

C2C product testing



Platform description

Online platform where users can try high-tech products they have interest in the neighbourhood before purchase, and people who have high-tech products can make them available on the platform

Online home furniture rental



Platform description

Asset-light model that ties up with suppliers to rent out furniture and lifestyle items to consumers – charges rental rate to consumers, which will cover delivery, maintenance and installation.

Note: List of sharing economy platforms is non-exhaustive and illustrates platform services which are found overseas but are not yet available in Malaysia

Source: Logos sourced from respective company websites

Cloud technology has enabled quick-checkout in grocery retail and freight management overseas

Digital platform ideas from overseas

Support activities

“Just Walk Out” technology



Platform description

Retail system targeted at grocery sales using computer-vision-powered platforms that monitor what you take from the shelves and automatically tally it up as you are on the move so that you can leave without checking out

Inbound logistics

Cloud-based freight management



Platform description

Freight forwarder that connects all the parties in global trade – importers, exporters, trucking companies, ocean carriers, airlines, customs agencies, port terminals – through a single, secure cloud-based platform.


Note: List of sharing economy platforms is non-exhaustive and illustrates platform services which are found overseas but are not yet available in Malaysia

Source: Logos sourced from respective company websites

Social enterprises are making use of digital platforms to increase community outreach

Digital platform ideas from overseas

Operations

Social enterprise for accommodation	Platform description
	<p>Empower young people experiencing homelessness and provide emergency accommodation, supported housing and other services to help people rebuild their lives</p>



Note: List of sharing economy platforms is non-exhaustive and illustrates platform services which are found overseas but are not yet available in Malaysia

Source: Logos sourced from respective company websites

Traditional financial institutions are encouraging the adoption of digital platforms and have initiatives to support the platforms

Digital platform ideas from overseas

Support activities

Crowdsourcing platform	Platform description
	Platform to organise celebratory occasions and collectively fund gifts and experiences
FinTech solutions for the SE	Platform description
	Retail banking which also educates people in financial literacy, help them become digitally savvy, help with life skills, employment skills and money skills

Note: List of sharing economy platforms is non-exhaustive and illustrates platform services which are found overseas but are not yet available in Malaysia

Source: Logos sourced from respective company websites

Issues and challenges of sharing economy in retail and F&B subsectors

The study reviewed strategic document such as the Malaysia Productivity Blueprint, recent reports on subsectors development, analysis of subsectors statistics, and discussion with retailers and F&B operators.

This section explains the following issues and challenges in the retail and F&B subsectors:

- 1 Lack of capacity to store and deliver retail goods during peak periods
- 2 Finding workers to fill jobs in the retail and F&B subsectors is difficult
- 3 Lack of awareness on government and private sector initiatives that benefit retail and F&B subsectors
- 4 Limited use of ICT applications in back-end business processes
- 5 Regulatory conditions lack coherence with activity in the sharing economy

Lack of capacity to store and deliver retail goods during peak periods

Big sales and festive periods overwhelms third party logistics (3PL)-incumbent arrangements

Increase in sales during peak periods such as special online sales days (i.e. 10.10 sales) and major public holidays causes shortage of last-mile delivery providers.

Some retailers have had to rush to find other 3PL partner during peak periods in order to adequately fulfil surge in customer demands.

Shortage of storage capacity as a result of high volume seasonal sales

In addition, the favourable growth in e-commerce also spur demand for storage / warehousing services.

During seasonal sales period, retailers may not have enough storage capacity in their facilities to store the additional volume of goods.



Source: The Sun, Parcel Perform, iPrice Group

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Finding workers to fill jobs in the retail and F&B subsectors is difficult

The difficulty of filling job vacancies are among the highest in the retail and F&B subsectors

According to Malaysia's Institute of Labour Market Information and Analysis (ILMIA), accommodation and F&B sector had the highest difficulty in filling job vacancies in 2017, with 76% of accommodation and F&B businesses reporting so.

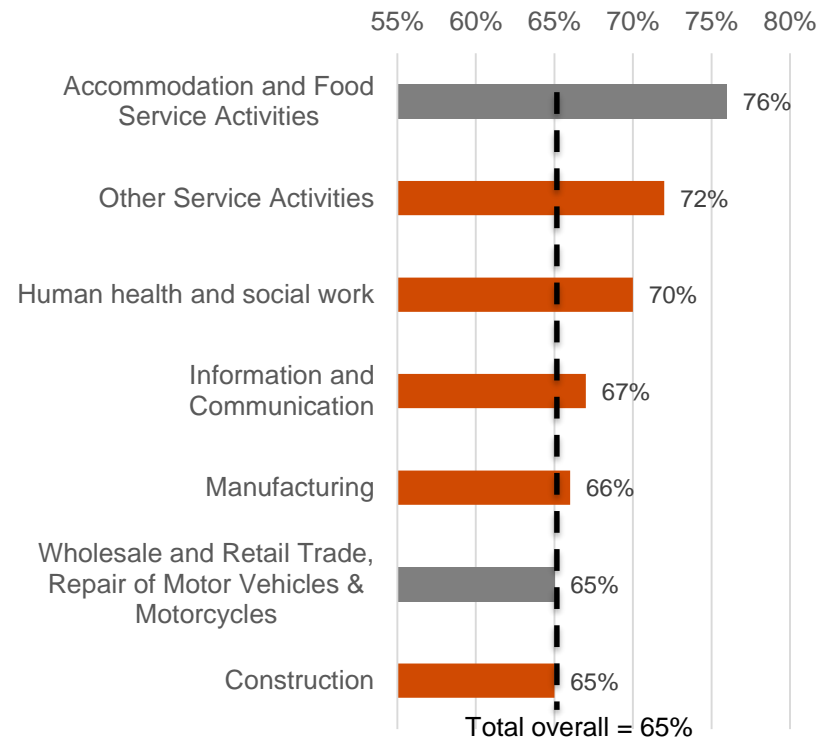
Hard-to-fill jobs are vacancies that have yet to be filled after 3 months or longer despite recruitment efforts.

In comparison to other sectors, filling job vacancies in the accommodation and F&B sector was the most difficult.

Meanwhile, 65% of establishments in the wholesale and retail trade, motor vehicles and motorcycles repair sector had difficulty filling job vacancies.

Although this is in line with the 18 sector overall difficulty in filling job vacancies at 65%, filling job vacancies in the wholesale and retail trade, motor vehicles and motorcycles repair sector is still the 6th most difficult.

Selected Distribution of Establishments with Difficulties Filling Job Vacancies, 2017



*18 sectors and 4,028 establishments were covered under ILMIA's National Employment Returns 2018 survey.

Source: Institute of Labour Market Information and Analysis (ILMIA)

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Lack of awareness on government and private sector initiatives that benefit retail and F&B subsectors

Businesses want to know of beneficial initiatives that can help their businesses

But most of them do not have the time to research other available useful government or private initiatives. Retailers and F&B operators are already preoccupied with managing their operations or developing business strategies that they are not aware of or actively seek out for government or private sector initiatives.

Subsectors players expressed interest in initiatives that relate to:



Sharing economy platforms



Capacity building



Market access

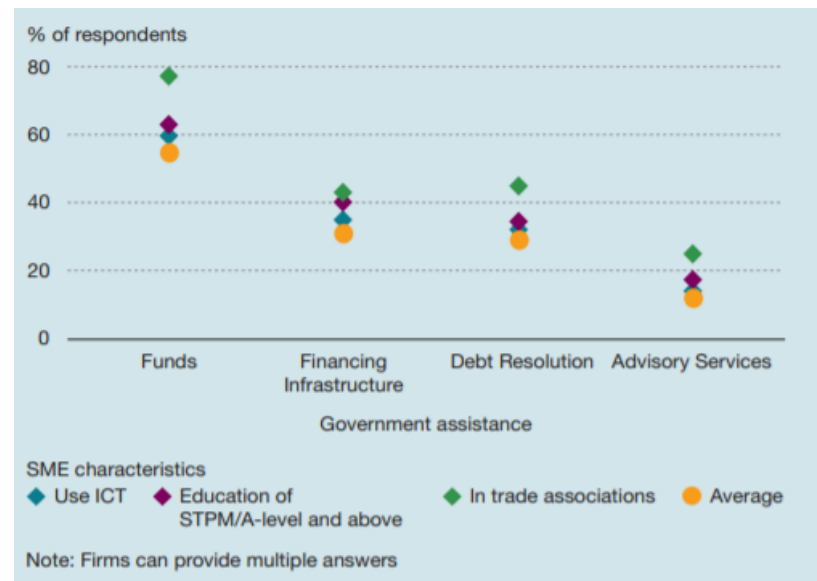


Incentives for ICT expenditure

According to Bank Negara Malaysia, awareness levels of SMEs on programs or initiatives are highest if they relate to financial assistance. Secondly, awareness levels improve if the SMEs are affiliated with trade associations.

SMEs are less aware of non-financial assistance like advisory services.

SME Awareness on Government Assistance



Source: Bank Negara Malaysia

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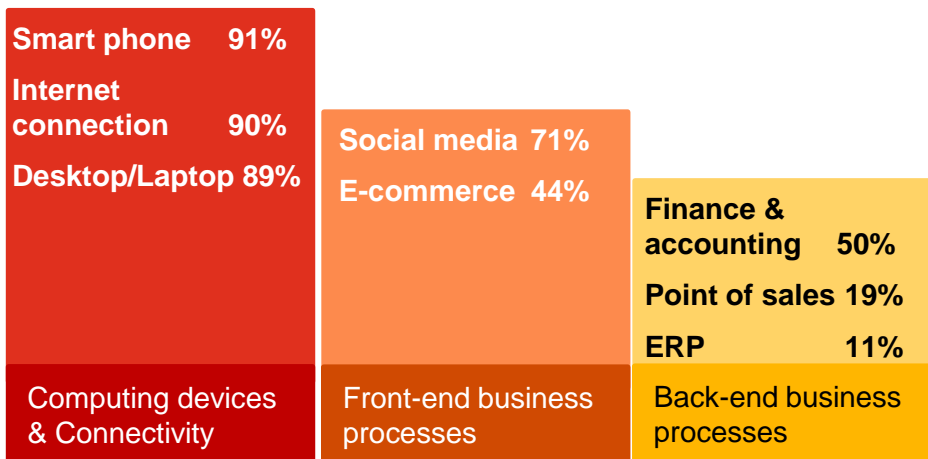
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Limited use of ICT applications in back-end business processes

Use of back-end ICT applications are not as widespread compared to computing devices and connectivity in business operations

Retailers and F&B operators, which are made of mostly SMEs, use computing devices and connectivity widely in their operations. But the usage of more advance ICT tools such as cloud, Internet of Things (IoT), and data analytics, in back-end business processes is limited.

Malaysia SMEs' Usage of the ICT applications, Services or Systems



Total surveyed: 2,033 SMEs

A survey of SMEs in Malaysia in 2018 shows high use of computing and devices, but lower use of back-end business processes applications.

Back-end processes such as accounting, point of sales (POS), and enterprise resource planning (ERP) can be more efficient if aided by ICT tools. This is because these processes tend to be isolated from each other, where different departments are withholding their own data. Personnel time taken to reconcile information gaps could have been used for more productive tasks.

Overall business productivity can be increased should these processes be integrated and automated using backend ICT tools.

Source: SME Corp; Study on Accelerating Malaysian Digital SMEs, Huawei Technologies Malaysia

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Regulatory conditions lack coherence with activity in the sharing economy

Regulations are not up-to-date on how laws apply to sharing economy players

Logistics

Individuals using own vehicles to transport goods on a freelance basis may need Carrier Licence A. License A allows transporting of any third party goods. But the law applies if the transportation is done as part of the individual's profession.

Transporting goods on a freelance or part-time basis is a grey area.

Additionally, individuals with Carrier Licence C are not able to transport third party goods. License C only allows transportation of goods connected to licensee's business.

Licensed van or lorries used for internal business purposes technically cannot be used for on-demand logistic services.

Platforms that assist the actual delivery may need to comply with postal regulations.

Regardless of industry, the lack of coherence in existing regulations cause a lot of business uncertainty among sharing economy platforms, its agents, and incumbents that consider using sharing economy platforms.

Postal

Online parcel delivery platforms may need to apply for postal and courier services licence. Under the Postal Services Act 2012, any person providing postal services is required to have a licence.

Source: MDEC, Commercial Vehicles Licensing Board Act 1987, Postal Services Act 2012

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Lack of regulations protecting the social security of sharing economy workers

World Bank estimated ~26% of the Malaysian workforce in 2018 are freelancers (independent contractors) as more people are opting for more flexible working hours. The Malaysia Digital Economy Corporation (MDEC) has set up a sharing economy platform (i.e. eRezeki) to facilitate the growing sharing economy workforce.

While sharing economy workers enjoy greater flexibility, they are not eligible for some social security benefits full-time employees receive. The employee provident fund (EPF) and Social Security Organisation (SOCSO) contributions are meant as a social security scheme for employees in terms of long term financial savings. Sharing economy workers (independent contractors) may receive their full payment but are still taxable for income tax.

Without adequate financial literacy, sharing economy workers may not be equipped with proper financial savings plans and income tax filing knowledge if their wages are eligible for income tax.

In the long-run, sharing economy workers without proper savings and income tax filing may face difficulties obtaining loan financing from financial institutions for future endeavors.

Source: World Bank, Bank Negara Malaysia (BNM), Inland Revenue Board (IRB), PwC analysis

Comparison of social security requirements for full-time employees and independent contractors

Full-time employees <i>Employees' Social Security Act, 1969</i>	Independent contractors
<ul style="list-style-type: none"> ✗ Lower flexibility ✓ Employers withhold payroll tax ✓ Employees entitled to statutory benefits (e.g. overtime, minimum wage, sick leave, EPF contributions, etc.) ✓ Mandatory contribution and coverage by SOCSO 	<ul style="list-style-type: none"> ✓ Greater flexibility ✗ Employers do not need to withhold payroll tax ✗ Independent contractors not entitled to statutory benefits (e.g. overtime, minimum wage, sick leave, EPF contributions, etc.) ✗ Exempted from SOCSO contribution and coverage

Inconsistent business licensing process

While regulations are adequately spelled out, the application of regulation procedures may be inconsistent according to authority. For instance:

- Time taken for getting business premise licence approval varies across location
- Documentation requirements differ by officials

The lack of consistent and coherent application of regulatory procedures cause unnecessary delay in businesses operations.

For example, getting a business licence from DBKL was easy, but can be difficult in another city council. Whereas getting renewal from DBKL was difficult, but easy in another council.”

Recommendations

Following the profiling issues, the study develops recommendations to address them based on benchmarked cases, research, and stakeholder feedback. The recommendations are grouped as follows:

Quick wins

Implementable recommendations in the short term

Develop an integrated digital platform to source workers

Issue: Difficulty finding workers to fill jobs in retail and F&B

- An integrated platform that aggregates the pool of retail and F&B-related jobseekers who are signed up to different on-demand talent platforms – The digital platform will be retail and F&B focus

Establish a shared warehouse platform

Issue: Storage demand for retail goods during peak periods

- Establish a shared warehouse platform that connects retailers with warehouse operators with unutilised capacity

Regulatory review

Regulations impacting sharing economy platforms

Review and revise existing regulations in transport industry

Issue: Regulations are not coherent with sharing economy

- Review and revise regulations that are unclear on the applicability to sharing economy activities
- Streamline business licensing processes

Enablers for ecosystem

Increase awareness of related programmes

Less costly back-end ICT solutions

Issue: Limited use of ICT in back-end business processes

- Increase awareness of lower cost back-end ICT software and services

Encourage participation in capacity building programmes

Issue: Lack of awareness of public and private initiatives

- Increase outreach of programme information by relevant government agencies

Encourage sharing economy adoption

Issue: Lack of awareness of public and private initiatives

- Increase effort in promoting sharing economy platforms and its benefits

Plan and develop integrated digital platform to source retail and F&B workers

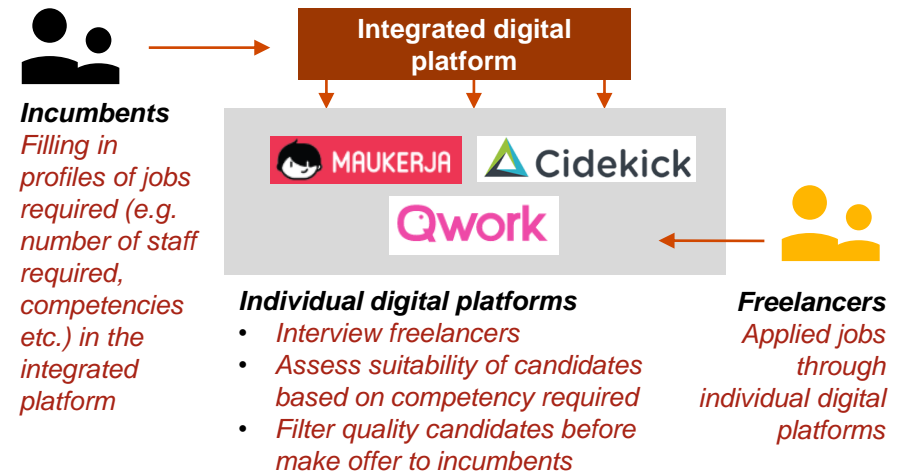
Rationale

- There are many digital platforms on talent sourcing, with wide industry coverage.
- There could be less focus on jobs specific for retail and F&B sectors (e.g. cashier, store keeper, outlet manager etc.).

Key action plan

- Develop an integrated platform that **aggregate the pool of retail and F&B-related jobseekers who are signed up to different on-demand talent platforms**
- This provides incumbents greatest coverage to fill job vacancies
 - The digital platform will be **retail and F&B focus**; talent matching platforms currently have a wide industry coverage (e.g. hospitality, ICT, etc.)
- Integrated platform will **add value by matching job seekers with requirements or preferences** specified by incumbents in retail and F&B subsectors

Business model



Implementation brief

Quick win recommendation	Integrated digital platform to source retail and F&B workers		Estimated timeline	16 - 20 weeks
Description	The integrated platform aggregates the pool of retail and F&B-related jobseekers. These jobseekers have signed up to different on-demand talent platforms. The single platform is focused towards collating information from various talent platforms which have linkages to retail and F&B industries.			
Intended benefits	To be a one-stop centre for jobseekers and retail and F&B industry players to source for jobs and talents respectively.			
Action plan	Action items	Key players and stakeholders		Timeline
	1. Meet stakeholders to test platform idea <ul style="list-style-type: none"> Discuss platform concept with relevant stakeholders Refine platform concept based on feedback received Identify platform supporters 	<u>Proposed champion:</u> MPC		2 weeks
	2. Appoint platform champion to spearhead platform <ul style="list-style-type: none"> Approach and invite one of the platform supporters to be the platform champion Set out clear responsibilities and details of the partnership (i.e. investment costs, technical assistance, progress meetings) 	<u>Other stakeholders:</u> Retail and F&B Nexus, MDEC, on-demand talent platform owners, industry bodies		1 week
	3. Platform champion initiate the platform <ul style="list-style-type: none"> Assemble team to perform technical work (i.e. programming) 	<u>Proposed champion:</u> MDEC		8 weeks
	4. Implement pilot platform <ul style="list-style-type: none"> Test minimum viable product (i.e. MVP; a product with basic set of features enough to capture the attention of early adopters and make the platform unique) with participating on-demand talent platforms; Refine MVP based on pilot platform 	<u>Other stakeholders:</u> Retail and F&B Nexus, MPC, on-demand talent platform owners, industry bodies		2 weeks
	5. Launch integrated digital platform <ul style="list-style-type: none"> Invite platform supporters and obtain coverage from multiple channels (i.e. social media, newspapers) 			1 week
	6. Monitor platform effectiveness <ul style="list-style-type: none"> Assess the reach and effectiveness of the platform (i.e. user base, number of employment, user ratings) 			2 weeks
	7. Scale-up platform <ul style="list-style-type: none"> Expand partnership with more on-demand talent platforms Increase coverage to include sourcing for more professional retail and F&B workers (i.e. managers, business development) 			4 weeks

Establish shared warehouse platform

Rationale

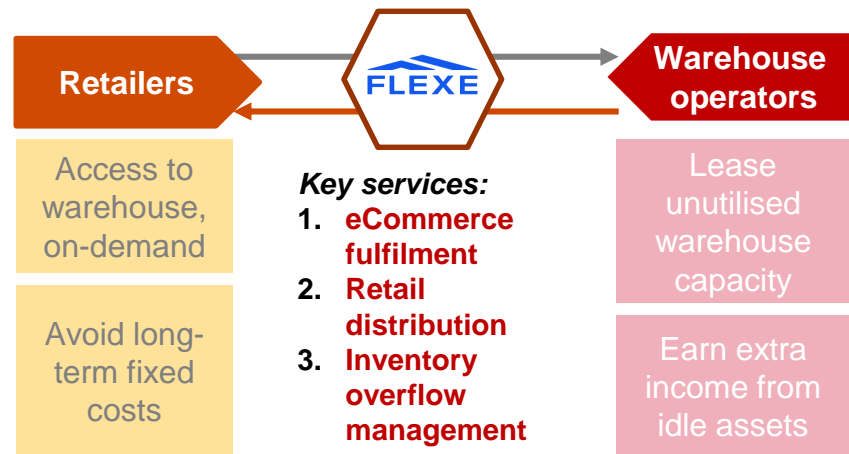
- Storage is increasingly an important issue for some incumbents who will require it in their business operations, especially during peak period.
- A storage space can act as distribution centre close to customers and expedite delivery processes and make it more efficient, thus addressing the issue of delayed delivery.

Key action plan

- Establish a shared warehouse platform that connects retailers with warehouse operators.
- These retailers need additional storage capacity and warehouse operators may have additional unutilised capacity.

Business model

Flexe's business model can be adapted to establish the shared warehouse platform



The shared warehouse can consider to use online aggregator services for the eCommerce fulfilment services, leveraging from various last-mile delivery platforms in Malaysia

Examples of existing aggregator platforms



Implementation brief

Quick win recommendation	Shared warehouse platform	Estimated timeline	22 - 26 weeks
Description	The digital platform connects warehouse operators that have excess capacity with retailers who want to rent additional storage space on a short-term basis. The shared warehouse platform aggregates relevant information from supplying warehouse operators and matches the information with requests by prospective retail clients.		
Intended benefits	<ol style="list-style-type: none"> On-demand warehouse access for retailers Cost savings for retailers due to short-term rental arrangement 		
Action plan	Action items	Key players and stakeholders	Timeline
	<ol style="list-style-type: none"> Assess the potential demand for shared warehouse platform <ul style="list-style-type: none"> Research and analyse supply and demand patterns of warehousing among warehousing operators and retailers 	<u>Proposed champion:</u> MPC	3 weeks
	<ol style="list-style-type: none"> Meet stakeholders to test platform idea <ul style="list-style-type: none"> Introduce and test platform idea to stakeholders Confirm demand from analysis and stakeholder engagements Identify platform supporters 	<u>Other stakeholders:</u> Retail and F&B Nexus, DOSM, MDEC, warehouse operators, industry bodies	2 weeks
	<ol style="list-style-type: none"> Appoint platform champion to spearhead platform <ul style="list-style-type: none"> Approach and invite one of the platform supporters to be the platform champion Set out clear responsibilities and details of the partnership 		1 week
	<ol style="list-style-type: none"> Platform champion initiate the platform <ul style="list-style-type: none"> Assemble team to perform technical work (i.e. programming) Identify and select participating retailers and warehouse operators 	<u>Proposed champion:</u> MDEC	10 weeks
	<ol style="list-style-type: none"> Implement pilot platform <ul style="list-style-type: none"> Test MVP with participating retailers and warehouse operators Refine MVP based on pilot platform 	<u>Other stakeholders:</u> Retail and F&B Nexus, MPC, warehouse operators, industry bodies, retailers	3 weeks
	<ol style="list-style-type: none"> Launch shared warehouse platform <ul style="list-style-type: none"> Invite participating retailers and warehouse operators and obtain coverage from multiple channels (i.e. social media, newspapers) 		1 week
	<ol style="list-style-type: none"> Monitor platform effectiveness <ul style="list-style-type: none"> Assess the reach and effectiveness of the platform (i.e. user base, rental rates and duration, user ratings) 		2 weeks
	<ol style="list-style-type: none"> Scale-up platform <ul style="list-style-type: none"> Expand partnership with more retailers and warehouse operators 		4 weeks

Review and revise existing regulations

Rationale

- Certain regulations are unclear as to how the regulation applies to sharing economy platforms and agents.
- Approval for starting a business are subject to different processing times and documentation.

Key action plan

1. **Review and revise regulations that are unclear** on the applicability to sharing economy activities. Revisions to the language of certain regulations can help clarify legal obligations of sharing economy players.
2. **Streamline business licensing process** so that businesses can access all relevant documentation and can know standard service delivery time

Review Commercial Vehicles Licensing Board Act 1987

14. (3) A carrier's licence 'A' shall entitle the holder thereof to use the **authorised vehicle for the carriage of goods for hire or reward for or in connection with any trade or business carried on by him** as a carrier of goods.



More clarity to define trade or business carried out by an individual

Increase awareness of less costly back-end ICT solutions



Rationale

- Incumbents raised concerns about the costly back-end ICT software and service providers

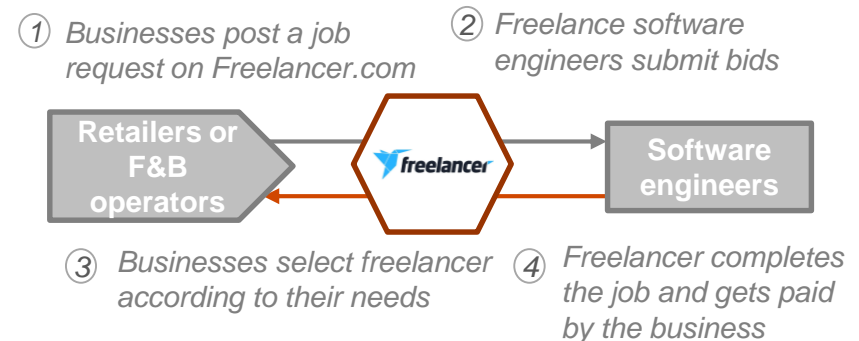
Key action plan

- Increase awareness amongst incumbents to use lower costs back-end ICT software and service providers
 - Open-source business software are free to download and use.
 - Business software start-ups and more established vendors are producing cheaper products to target SME market.
 - Retailers and F&B operators can also utilise freelance talent marketplace such as Freelancer.com to obtain professional ICT services such as software installation and website creation.

Product and pricing for different ERP provider

ERP provider	Product	Pricing
	SAP Business ByDesign	RM7,000 per month
	Odoo Community (open-source edition)	RM 0
		+ Odoo Enterprise (subscription edition) is RM50 per month
		+ Exclusive of charges for add-on features

Procuring professional services on Freelancer.com



Encourage participation in capacity building programmes

Rationale

- Despite various capacity building programmes coordinated by the government, only 51% SMEs surveyed are aware of relevant enhancement programmes for their businesses

Key action plan

- Greater outreach and easier access to programmes information by relevant government agencies can help increase awareness.
- Domestic and overseas programmes provide inspiration, best practices, and expert advice for implementing e-commerce.

Examples of capacity building programmes

Programme	Description of programme
SME Expert Advisory Panel Programme	Technical training and advisory
Business Accelerator Programme	Technical training, advisory and funding
Digital Transformation Acceleration Programme	Technical training, advisory and funding
Go-eCommerce	Online entrepreneurial platform with the tools for entrepreneurs to build their businesses online
Alibaba Netpreneur Training	Overseas trip to share how to harness digital technology to positively transform businesses and the local economy
Human Resources Development Fund (HRDF)'s Industry Certification scheme.	Trainings for F&B employees include safety and health, customer service and food service.

Source: SME Corp, Huawei Technologies Malaysia, SMEinfo, HRDF

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Encourage e-commerce and sharing economy adoption amongst businesses

Rationale

- Digital platforms for sharing economy are generally startups with limited track record. Companies can be reluctant to adopt digital platforms due to uncertainties (e.g. reliability, security, scalability, etc.)

Key action plan

- Develop a database for sharing economy platforms by type of services provided (e.g. logistics, HR, etc.) for ease of reference
 - This database can be built upon MDEC's established sharing economy platform partners – which are currently used for matching incumbents with sharing economy platforms
- Increase effort in promoting sharing economy platforms and its benefits, specifically to incumbents in the retail and F&B subsector
 - Organise workshop for industry players on the service offerings of sharing economy platforms
 - Create and share eBook on sharing economy platforms

Source: MDEC

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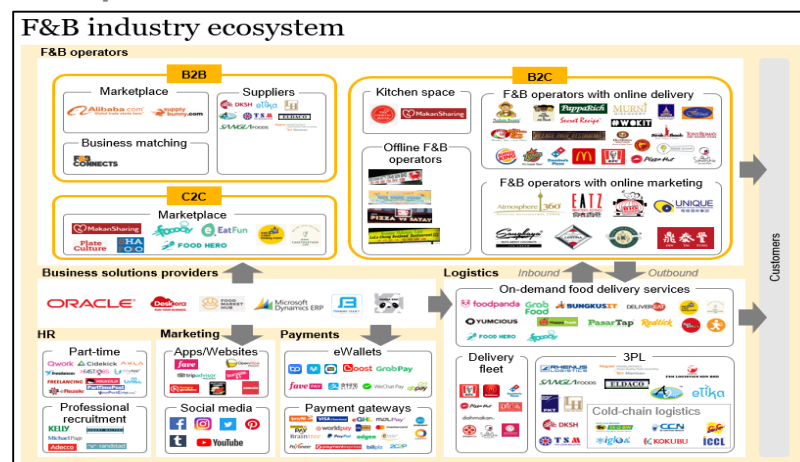
Case example 1

A food caterer uses food delivery platform to deliver small quantity of food to consumers.

As business conditions had become more challenging, the food caterer decided to put its food on a food delivery platform to primarily market its brand and secondly to recognise other revenue streams.

Revenue from the platform adds up to 3% on total revenue.

Example content for eBook



Conclusions

Analysis on the current state of sharing economy in retail and F&B in Malaysia, benchmarking analysis and case studies yield the following findings:



The sharing economy is an increasingly prevalent practice. Though the largest share of the global sharing economy is in transportation and accommodation, sharing economy is picking up in areas such as finance and talent sourcing.



Observed countries have different business models, cases and enabling environment for sharing economy:



China

- Mainly supported by investor funding and government initiatives via National Five Year Plan (2016-2020).
- Consumers are very receptive to adopt digital economy (including sharing economy).
- Clothing rental is a growing trend in retail sharing economy.
- Home cook meals and last-mile delivery service are the dominants in F&B space of sharing economy.



USA

- Certain state governments provide specific grants for new ventures in sharing economy.
- Shared-kitchen facility is a model that is unique to the USA and that may have potential in Malaysia.



Australia

- Australia has separate regulations governing sharing economy activities on labour, reporting system for taxation and consumer protection.



India

- Investor funds have facilitated the rise of a few but large food delivery and consumer goods rental platforms in India.
- An asset-light rental model is emerging as a promising model for sharing economy platforms.

3

There is potential for more platforms catering to inbound logistics services.

- There are currently a few platforms offering warehousing and on-demand B2B logistics services, which seek to disrupt the traditional third-party logistics (3PL) market.

4

Sharing economy platforms are largely concentrated in outbound logistics and HR.

- More people are opting for more flexible working hours (World Bank estimated ~26% of the Malaysian workforce are freelancers).
- Digital platforms are connecting freelancers with work opportunities in outbound logistics and part-time work – where they cater to on-demand business needs (e.g. deliveries, talent supply).

5

Digitalisation is changing the way businesses perform marketing and sales activities.

- Social media marketing, influencer marketing, sharing economy marketing often allow individuals (e.g. influencer, private vehicle owner, social media users) to earn additional income based on exposures (e.g. viewership, followers, advertisement exposure).

6

Some digital platform business models from overseas can be adopted locally.

- The idea of an 'Airbnb' for storage space which allows homeowners to rent out extra space for on-demand storage.
- Other ideas include furniture rental platforms for temporary accommodation (e.g. expatriates) and C2C product testing platforms – to facilitate purchase decision and allow early adopters of high-end products to earn additional income.



There are more technology platforms overseas catering to the sharing economy.

- Some digital platforms are utilising blockchain and other technology to help gig economy workers or freelancers with administrative and financial matters (e.g. income tax, insurance, payment and background verifications for employment).
- Another example is cloud-based freight forwarding management platforms and grocery retail checkout utilising computer vision, sensor fusion and deep learning technology.



Sharing economy cannot solve all subsectors issues nor can it easily improve productivity levels. But sharing economy can improve productivity if idle assets are used, business activities are digitalised, and business model of subsectors players is compatible with sharing economy interventions.

Appendix

The diagram illustrates the e-commerce ecosystem in Malaysia, organized into several key components:

- Retail operators:**
 - B2B:**
 - Marketplace:** Alibaba.com, DHGate.com, TradeKey, Dropship (Kumon, AliExpress, eBay, Amazon, Happy7U, ChinaBrands).
 - B2C:**
 - Marketplace:** Lazada, Shopee, Zalora, PrestoMall, eBay, Qoo10, Hermo, Lelong.my, GO SHOP, yubeli, ezbuy, WOWSHOP, Sephora, 1 (Matahari).
 - Retailers with online stores:** UNIQLO, MANGO PADINI, H&M, ZARA, Harvey Norman, TESCO, POH KONG, CARING, watsons, Jaya Grocer, AL-ikhshan, Anakkku, guardian, JD.
 - Offline retailers:** 99SPEEDMART, 7 ELEVEN, KK, PAK GROCER, myNEWS.com, COURTS, The Store, EON, B1G, Giant, HERO Mart, FamilyMart.
- Business solutions providers:** Salesforce, Microsoft Dynamics ERP, Sage 100, iCRM, Deskera, Hubwire, Woo Commerce, Magento, Oracle, Nexible, Shopify, aCommerce, SAP Hybris, SAP ERP, Commerce Cloud.
- HR:**
 - Part-time:** Qwork, Cidekick, AULA, Freelancer, FASTJOBS, SlingApp, FREELANCER, MRKURJIB, UJAL, eRezeka, PartTimePost, YourPartTime.com.
 - Professional recruitment:** KELLY, ROBERT WALTERS, Michael Page, Adecco, randstad.
- Marketing:**
 - Price comparison:** Iprice, easyParcel, pricepanda, Smart Shopper, priceme, PRICEPONY.
 - Marketing platform:** AdMob, MOOLA, mybump, inbosz, INVOLVE ASIA, HUBUNTY, CloudBreakr.
- Payments:**
 - eWallets:** bp, Touch 'n Go, DuitNow, DuitNow QR, TaPay, HojWallet, 支付宝, MOBILE MONEY, WALET, Faspay.
 - Payment gateways:** ipay88, VISA Checkout, eGHL, MOLPay, PAY, worldpay, mastercard, Braintree, PayPal, adyen, eWay, Pa'oneer, paymentexpress, billplz, 2C2P.
- Logistics:**
 - Inbound/Outbound:** On-demand delivery services (JEPTO, matdespatch, lorry 365, THE LOGIST, JUST LORRY, GO GET, BUNGKUSIT, collectco, dbExpress, KARKOO courier, DELIVER, POSTO EXPRESS, dego, POS MALAYSIA).
 - 3PL:** FedEx Express, POS Laju, POS GDEX, ninjavan, DPEx, CITY-LINK, aramex, KGW LOGISTICS, TNT, DHL, UPS, InPost, Pigeon, SKY NET, Rhenus Logistics, DKSH, Agility, FM LOGISTICS SDN BHD, iHub.
- Customers:** The final destination of the e-commerce flow, indicated by a large arrow on the right.

Source: Logos sourced from respective company websites

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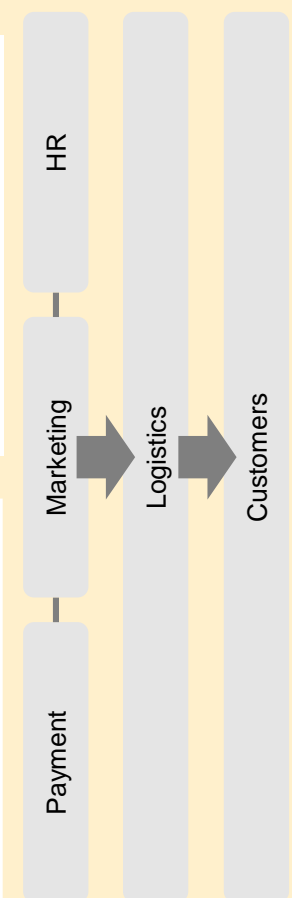
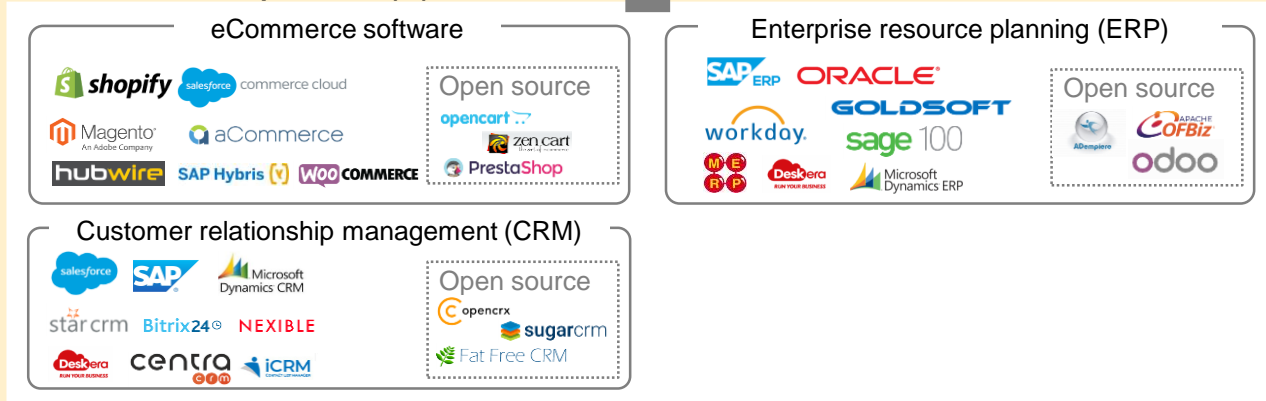
End-to-end retail solutions in Offline-to-Online (O2O) operations – Retail

Internet retailing (E-commerce) recorded a 36% current value growth in 2018 to reach RM8.2 billion, with cross-border sales gaining the most traction. In Malaysia, an estimated 55% of all online shopping is cross-border. This is enabled by business solutions software such as Enterprise resource planning (ERP), Customer relationship management (CRM) and eCommerce softwares.

Retail operators



Business solutions providers (IT)

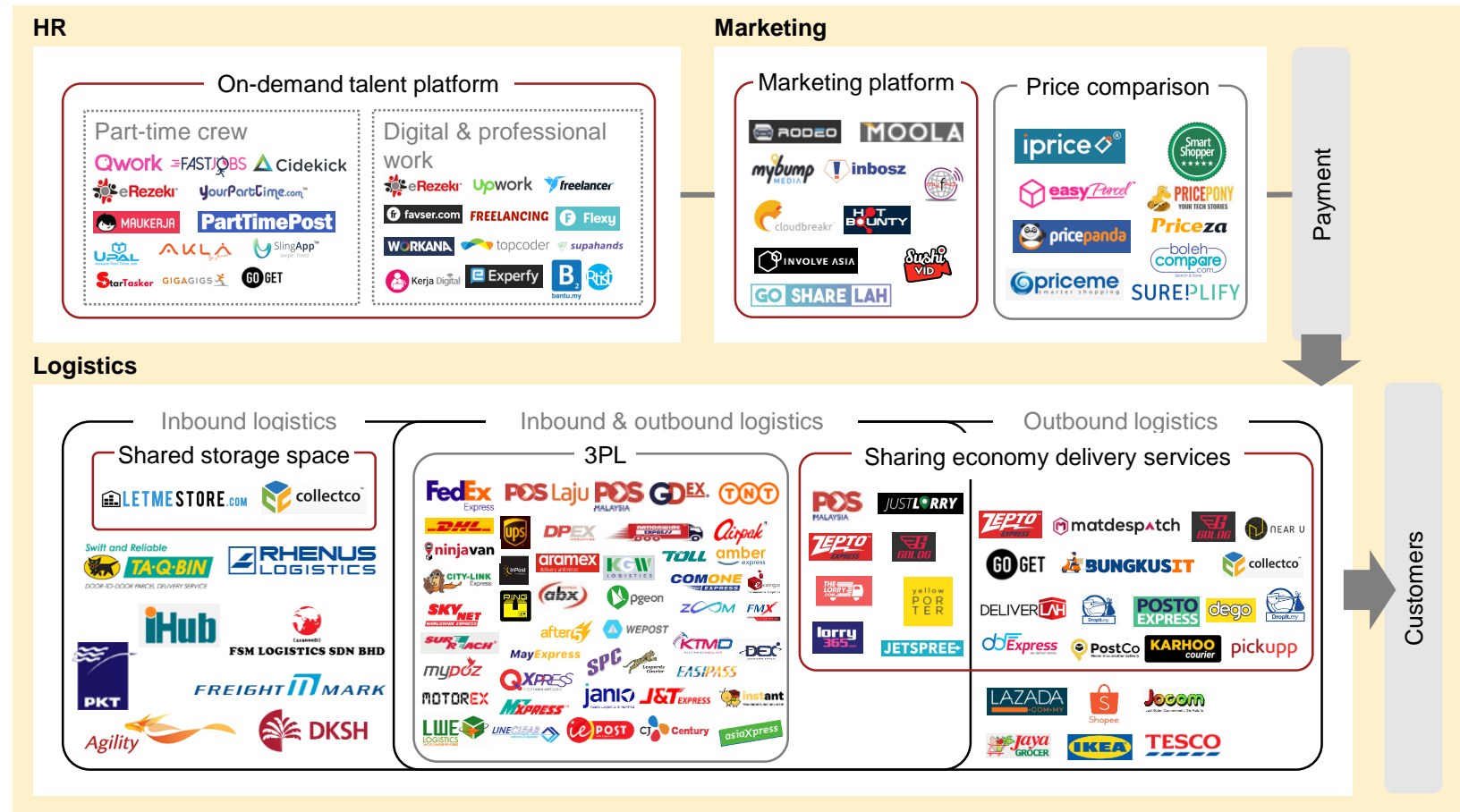


Note: List of logos is non-exhaustive and illustrates the industry ecosystem

Source: Logos sourced from respective company websites

Support and logistics services – Retail

World Bank estimated ~26% of the Malaysian workforce in 2018 were freelancers and sharing economy platforms for HR are a source of income for these freelancers. Retailers are also using sharing economy marketing platforms to increase market reach, while consumers use price comparison platforms to obtain the best deals. Delivery of online purchase is supported by 3PL and sharing economy logistics services.

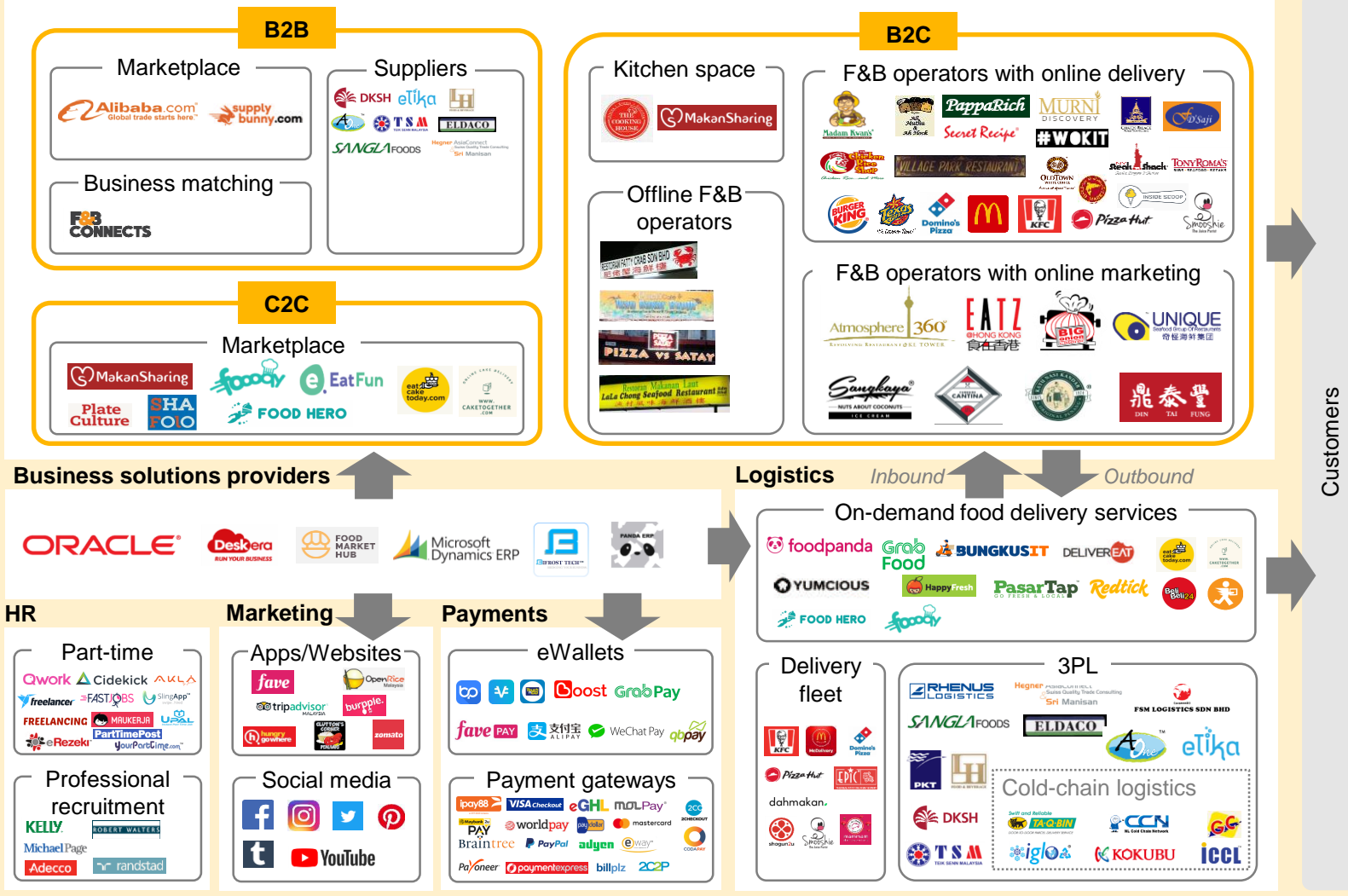


Note: List of logos is non-exhaustive and illustrates the industry ecosystem

Source: Logos sourced from respective company websites

F&B industry ecosystem

F&B operators

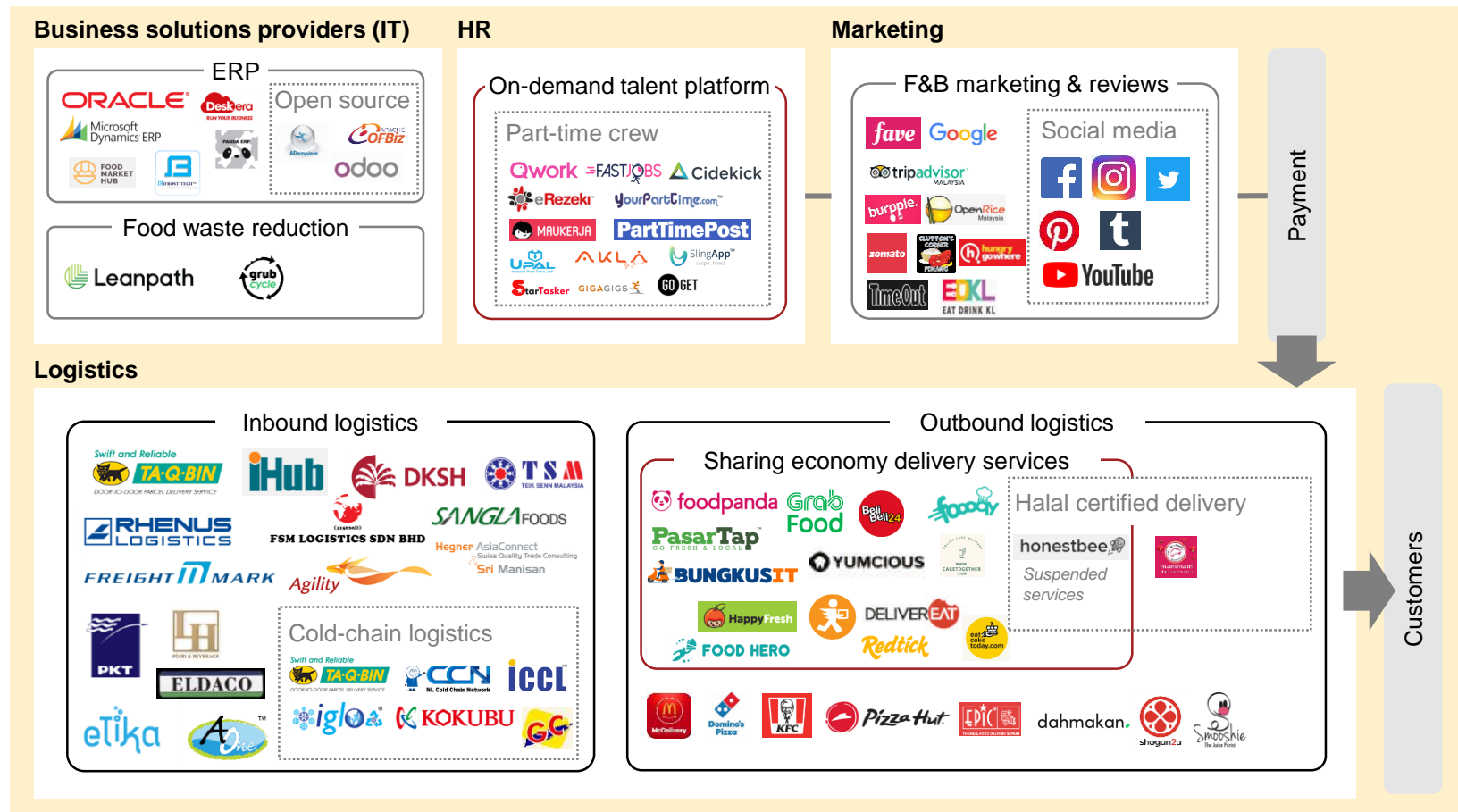


Note: List of logos is non-exhaustive and illustrates the industry ecosystem

Source: Logos sourced from respective company websites

Support and logistics services – F&B

ERP inclusive of Point-Of-Sales (POS) software are used to improve end-to-end services in F&B outlets, which seek to optimise operations and reduce costs. Similar to retail, F&B subsector requires workers which can be sourced from sharing economy platforms. Ratings and reviews are an important tool to increase market reach and maintain reputation. Current food deliveries are not Halal certified.



Note: List of logos is non-exhaustive and illustrates the industry ecosystem

Source: Logos sourced from respective company websites

Key discussion points from industry stakeholders

Stakeholders	Discussion Points
Large sportswear retailer	<p>Issues and challenges</p> <ul style="list-style-type: none">• Lack of government support for start-ups• Government encourages start-ups but no follow-up support after initial funding to start the business (e.g. one-stop reference points for entrepreneurs to start business - from SSM registration to back-up processes like accounting and finance) <p>Opportunities and recommendations</p> <ul style="list-style-type: none">• More government support and initiatives targeted at helping and educating start-ups on business sustainability (e.g. provision of back-end services help - accounting, finance, etc.)• Consolidation of government business initiatives and regulatory enforcement - current system is scattered across many different ministries• Regulations to protect small businesses by regulating taxation and 3rd party charges - e.g. require large companies to provide certain % of services to small businesses as a national CSR KPI• Plans to go online by next year (2020) and outsource online platform management and online delivery services to 3rd party

Stakeholders	Discussion Points
Large electrical and electronics retailer	<p data-bbox="469 404 784 429">Issues and challenges</p> <ul data-bbox="469 468 1765 672" style="list-style-type: none"> <li data-bbox="469 468 1765 572">• The company does not rely on sharing economy platforms as the company has an efficient in-house system across value chain; sharing economy platforms cannot scale to the company's requirements such as timed and bulk delivery <li data-bbox="469 605 1765 672">• The company relies on established contacts to obtain additional resources (i.e. delivery trucks during peak sales seasons) <p data-bbox="469 711 991 736">Recommendations and opportunities</p> <ul data-bbox="469 775 1765 1076" style="list-style-type: none"> <li data-bbox="469 775 1765 879">• The company plans to launch a few of its own platforms such as sourcing freelance delivery bikers on its own application and introduce business and digital transformation solutions for other retailers to procure from the company <li data-bbox="469 912 1765 979">• Retailers can consider selling products on e-commerce site, Lazada, as it has high volume of monthly visitors (8 million) <li data-bbox="469 1012 1765 1076">• Offline retailers need to go online, otherwise large online retailers will continue to grow market share and sales at the expense of smaller, offline players

Stakeholders	Discussion Points
Footwear retailer	<div data-bbox="469 404 784 429">Issues and challenges</div> <ul style="list-style-type: none"> <li data-bbox="469 468 1775 534">• Retailer has tried using platforms for delivery but found it unreliable and would rather use its in-house logistics <div data-bbox="469 572 985 598">Opportunities and recommendations</div> <ul style="list-style-type: none"> <li data-bbox="469 636 1760 702">• Retailer is open to trying sharing economy platforms if they can cater to its logistics and talent supply needs <li data-bbox="469 741 1335 766">• There is a lack of platforms for short-term warehouse sharing

Stakeholders	Discussion Points
Women's clothing retailer	<p data-bbox="469 404 784 429">Issues and challenges</p> <ul data-bbox="469 468 1783 735" style="list-style-type: none"> <li data-bbox="469 468 1740 535">• Some delivery services and sharing economy platforms provide higher efficiency for product delivery (e.g. Ninja Van) but not much impact to reduce costs <li data-bbox="469 574 1688 641">• Sharing economy platforms such as TheLorry does not provide end-to-end solutions the business wants, and does not have the coverage the retailer needs <li data-bbox="469 679 1783 735">• Reliability of platforms are not there yet - Inaccurate / not precise timing estimates causes more idle time for stores <p data-bbox="469 773 985 799">Opportunities and recommendations</p> <ul data-bbox="469 838 1783 968" style="list-style-type: none"> <li data-bbox="469 838 1667 871">• Open to more reliable logistics providers, better technology and AI systems integration <li data-bbox="469 909 1783 968">• Talent sourcing for front-liners a challenge to all retailers. Open to platforms offering talents with training

Stakeholders	Discussion Points
Telecommunications retailer	<p data-bbox="469 404 784 429">Issues and challenges</p> <ul data-bbox="469 468 1783 735" style="list-style-type: none"> <li data-bbox="469 468 1783 535">• Competitors rolled out similar business models around the same time – using sharing economy platforms for quick delivery of SIM cards <li data-bbox="469 571 1644 596">• No regulatory issues with delivery of SIM cards by partner sharing economy platform <li data-bbox="469 632 1721 735">• Issues with MCMC regulations for Know Your Customer (KYC) as it requires proper identification of recipient - currently have come to a middle-ground with MCMC regulations which uses financial KYC (i.e. credit cards) <p data-bbox="469 775 987 801">Opportunities and recommendations</p> <ul data-bbox="469 839 1783 1071" style="list-style-type: none"> <li data-bbox="469 839 1783 906">• Exploring other means of KYC such as 3D facial recognition - open to partner sharing economy platform's proposed KYC if it passes regulations <li data-bbox="469 942 1228 968">• There is room to scale-up SIM card delivery services <li data-bbox="469 1003 1740 1071">• Sharing economy platform SIM card delivery concept saves cost in terms of store rental and headcount as processes are done online and delivered by sharing economy platform

Stakeholders	Discussion Points
Last-mile retail delivery service provider	<p data-bbox="469 404 784 429">Issues and challenges</p> <ul data-bbox="469 454 1750 772" style="list-style-type: none"> • Technology readiness of SMEs and retailers • API integrations - PDPA hinders Zepto's efforts to promote integration of systems to optimise processes • Retailers' insurance - some items can't be covered • Big retailers want end-to-end solutions (not just last-mile) • Zepto has limited coverage area of services • Zepto is sometimes restricted by the courier services Act for parcel delivery <p data-bbox="469 796 987 822">Opportunities and recommendations</p> <ul data-bbox="469 846 1769 1196" style="list-style-type: none"> • Tailored insurance policies to cover sharing economy activities • PDPA should be reviewed and refine its guidelines to clearly state what is permissible and not as companies are overly concerned of PDPA violations • Higher opportunities for e-retailers as they will be more likely to use last-mile delivery services like Zepto • More last-mile delivery services to cater to the demand • Regulatory Acts to protect the sharing economy riders • How institutions recognise gig economy workers

Stakeholders	Discussion Points
Restaurant operator 1	<div data-bbox="469 404 784 429">Issues and challenges</div> <ul style="list-style-type: none"> <li data-bbox="469 468 1031 494">• F&B is reliant on economic conditions <li data-bbox="469 532 1605 558">• Sharing economy platforms do not provide the same experience as dine-in format <li data-bbox="469 596 1537 622">• Sharing economy platforms charge a high rate (i.e. 20-30% of product sales) <div data-bbox="469 661 987 686">Opportunities and recommendations</div> <ul style="list-style-type: none"> <li data-bbox="469 725 1321 751">• IT systems and payment platforms enable sharing economy <li data-bbox="469 789 1051 815">• Trust between supplier and restaurants <li data-bbox="469 853 1012 879">• Online promotion is the way forward

Stakeholders	Discussion Points
Restaurant operator 2	<p>Issues and challenges</p> <ul style="list-style-type: none">• Food delivery platforms charge a high margin (up to 30%)• Concern for food safety and food handling if using sharing economy platforms <p>Opportunities and recommendations</p> <ul style="list-style-type: none">• To have specific insurance for sharing economy platforms• Needs more competition to lower price margin of sharing economy platforms

Stakeholders	Discussion Points
Restaurant operator 3	<p data-bbox="469 404 784 429">Issues and challenges</p> <ul style="list-style-type: none"> <li data-bbox="469 468 1765 568">• Food delivery platforms charge a high margin (up to 30%), forcing the restaurant to negotiate with platform – more established restaurants have more negotiating power for a rate reduction from platforms <li data-bbox="469 606 1765 668">• Members of Malaysia Retail Chain Association are receptive to food delivery platforms as it is convenient for members and customers <li data-bbox="469 706 1518 732">• Online food revenue is still small, but revenue may grow larger in the future <p data-bbox="469 771 991 796">Recommendations and opportunities</p> <ul style="list-style-type: none"> <li data-bbox="469 835 1669 896">• A platform that pools close to expired food from bakeries and supermarkets and sell at discounted prices to alleviate the cost of living for consumers <li data-bbox="469 935 1765 1001">• Government can consider using Federal Agricultural Marketing Authority to be a platform that sources affordable produce and vegetables for the public

Stakeholders	Discussion Points
Restaurant operator 4	<div data-bbox="469 404 784 429">Issues and challenges</div> <ul style="list-style-type: none"> <li data-bbox="469 468 1783 534">• There are already platforms such as the Franchise Association for F&B operator to discuss and solve labour problems - which does not rely on sharing economy platforms <li data-bbox="469 572 1489 598">• Not much regulatory issues concerning using sharing economy platforms <li data-bbox="469 636 1798 702">• Uses sharing economy platforms, but it is not a game changer, it just helps with delivery logistics and reporting <li data-bbox="469 741 1692 806">• Currently, there are too many different payment gateways and eWallets, which confuses customers and business owners, slowing down payment process instead of speeding up <div data-bbox="469 845 987 871">Opportunities and recommendations</div> <ul style="list-style-type: none"> <li data-bbox="469 909 1734 935">• Government can help with business matching to move industry technology systems forward <li data-bbox="469 973 1698 1039">• Sharing economy platforms does help increase sales reach, but exact margin is yet to be calculated

Stakeholders	Discussion Points
Large fast food chain operator	<div data-bbox="469 404 784 429">Issues and challenges</div> <ul style="list-style-type: none"> <li data-bbox="469 468 1740 529">• JAKIM and Halal Toyyiban requirements - have to ensure standards are maintained as a big brand cannot afford negative news <li data-bbox="469 572 1740 634">• Sharing economy platform such as Foodpanda does not reduce cost, only synergistic to fast food chain's business goals <li data-bbox="469 676 1669 738">• Established brands do not need to look at sharing economy for cost savings, more into technology and IT systems <div data-bbox="469 776 987 802">Opportunities and recommendations</div> <ul style="list-style-type: none"> <li data-bbox="469 845 1773 906">• More support from the government in terms of funding, networking and IP protection for up and coming start-up businesses

Stakeholders	Discussion Points
Start-up restaurant operator	<p data-bbox="469 404 784 429">Issues and challenges</p> <ul data-bbox="469 468 1773 701" style="list-style-type: none"> <li data-bbox="469 468 1773 529">• Food delivery platforms charge a large margin from platform sales (up to 35% on Grab) and do not share customer information <li data-bbox="469 572 1773 634">• Majority of operator's value chain performed in-house (i.e. operations, sales and marketing, after-sales), with inbound logistics and payment gateway outsourced to established contacts <li data-bbox="469 676 1557 701">• Business licensing approval subject to non-transparent and inefficient process <p data-bbox="469 739 991 765">Recommendations and opportunities</p> <ul data-bbox="469 803 1773 1072" style="list-style-type: none"> <li data-bbox="469 803 1715 828">• Crowdfunding helped operator gauge consumer reception and helped it raise initial capital <li data-bbox="469 871 1773 972">• Pop-ups in established restaurants could be a beneficial arrangement for both food operators, as pop-up can conduct business in various locations and established restaurants can make better sales when hosting pop-ups <li data-bbox="469 1011 1773 1072">• In-house order processing application that was implemented by the operator can be opened to other smaller food operators who do not want to list on larger food delivery applications

Stakeholders	Discussion Points
F&B caterer 1	<p data-bbox="469 401 784 429">Issues and challenges</p> <ul style="list-style-type: none"> <li data-bbox="469 468 1744 534">• Have used sharing economy platforms but found that traditional established partners are still more reliable and efficient than sharing economy platforms <li data-bbox="469 572 1647 638">• Platforms are unable to cater to caterer's requirements (i.e. Halal and ISO standards, customisation and personalisation within online ordering application) <li data-bbox="469 676 1765 742">• Fresh juice licensees under caterer's brand uses sharing economy platforms which has a cost margin of 20% - licensees absorb the sharing economy platform cost to maintain menu price <p data-bbox="469 775 987 803">Opportunities and recommendations</p> <ul style="list-style-type: none"> <li data-bbox="469 842 1688 871">• Agrees going online is the way forward as it promotes transparency and data integration <li data-bbox="469 909 1765 975">• On the lookout for affordable IT systems integration that would cater to Big Onion's needs and budget <li data-bbox="469 1013 1673 1079">• Government should have a fund to help SMEs go online and transition to using sharing economy platforms

Stakeholders	Discussion Points
F&B caterer 2	<p data-bbox="469 404 784 429">Issues and challenges</p> <ul style="list-style-type: none"> <li data-bbox="469 468 1765 534">• Catering is experiencing intense competition as catering is a low barrier to entry business with many caterers offering low price – as a result industry quality is deteriorating <li data-bbox="469 572 1219 598">• Workers in the catering business are not competent <li data-bbox="469 636 1785 702">• Rate of digitilisation among F&B players and even if there is appetite to build IT infrastructure, it is expensive to roll out a platform or online ordering page <li data-bbox="469 741 1785 806">• The caterer is experiencing challenging business environment overseas where it has expanded its business through an outlet in Mecca <p data-bbox="469 845 991 871">Recommendations and opportunities</p> <ul style="list-style-type: none"> <li data-bbox="469 909 1792 975">• The caterer is open to outsource to delivery platform if it can do catering delivery and adheres to Halal and the caterer’s standard operating procedures, but no platform exist currently <li data-bbox="469 1013 1731 1079">• Explore the idea of a shared kitchen, if there is opportunity – currently the caterer has some kitchens in other locations such as in Titiwangsa, which are not fully utilised <li data-bbox="469 1118 1785 1183">• The caterer was also open to using gig workers from platforms, if they specialise in an area that is not in in their operational expertise

Stakeholders	Discussion Points
Last-mile F&B delivery service provider	<p>Issues and challenges</p> <ul style="list-style-type: none"> • Raising capital (investors, funding) • Concern that big players such as Go-Jek with strong financial support will side-line local start-ups due to challenges for local start-ups in securing adequate funding • Regulatory barriers which affect sharing economy platforms could hinder innovation - should re-look and update regulatory policies <p>Opportunities and recommendations</p> <ul style="list-style-type: none"> • Enforce anti-competition laws as healthy competition (no exclusivity agreements with retailers) promotes innovation • Should not be regulatory changes to favour a particular industry/player, as competition breeds innovation • Retailers do see e-commerce as the way forward, and are moving towards that direction by supporting sharing economy platforms

Stakeholders	Discussion Points
Part-time talent service provider	<p data-bbox="469 404 784 429">Issues and challenges</p> <ul data-bbox="469 468 1740 636" style="list-style-type: none"> <li data-bbox="469 468 1721 536">• Prospective clients do not see value in platform's value proposition – they think it's another typical outsourcing agent <li data-bbox="469 572 1740 636">• Unclear government regulations, for instance whether the platform requires Jabatan Tenaga Kerja or postal services licence, deters clients from engaging with the platform <p data-bbox="469 672 991 698">Recommendations and opportunities</p> <ul data-bbox="469 736 1717 839" style="list-style-type: none"> <li data-bbox="469 736 1717 839">• Malaysia Qualification Agency or Technical and Vocational Education Training body can accredit platform's upskilling and training for its part-time agents – the platform's training is between industry standard and client standard operating procedures

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