

SOCIAL MEDIA: AN ECONOMIC ACTIVITY



1. INTRODUCTION

Social media is an online platforms that facilitate users to create, share, and exchange content to friends, family, and those with shared interests. The sharing of information and content can also reach virtual communities (domestically and globally). Popular social media platforms are Facebook, TikTok, Twitter, Instagram, LinkedIn, Snapchat, YouTube, and Pinterest.



2. IMPACT OF SOCIAL MEDIA

Social media facilitates communication and connectivity, enables rapid exchange of information and platform for personal expression. Social media can foster community, influences public opinion and event awareness. Most importantly, in economy, it promote business, Social media is a powerful tool for marketing, brand building, and cultural trend influence.

3. IS SOCIAL MEDIA A PRODUCTION ACTIVITY?

According to System of National Account 2008 (United Nations & World Bank, 2009),¹ “production” is an activity carried out under the control and responsibility of an institutional unit that uses inputs of labor, capital, and goods and services to produce outputs of goods and services. Is social media a “production activity?” Influencers use social media amongst others to promote their products (and services). Some of them are marketing agents. In term of economy, businesses on social media platform will create economic activities such as imports (and exports), storage (warehouse), commissions (and income). These activities will be reflected in all three accounts in SNA 2008 namely production, final demand, and income account.

4. SOCIAL MEDIA TREND AND STATISTICS



Social media is always changing and getting bigger. Videos, like stories and live videos, are a big deal now, and short-lived posts are getting more common. Social commerce is growing, with more businesses leveraging platforms for direct and indirect sales. Influencer marketing is a prevalent strategy. According to Meltwater (2023),² as of January 2023, there were 26.8 million users of social media or 78.5% of the population in Malaysia. Most Gen Z and Millennials in Malaysia - around 99.8% of those over 18 - are actively using social media. The most active social media users are aged 25-34, making up 31.5% of the population, around 8.4 million users. These statistics show potential market in social media platform in Malaysia.

According to initial study by Department of Statistics Malaysia (DOSM), to date, there are at least 1,853 influencers actively involves in economic activity in Malaysia.



¹ United Nations, & World Bank. (2009). *System of National Accounts 2008*. Retrieved January 11, 2024, from <https://unstats.un.org>

² Meltwater. (2023). *Social Media Statistics for Malaysia*. Retrieved January 11, 2024, from <https://www.meltwater.com>



DOSM study showed that, in 2022, Malaysia's income via e-commerce transactions recorded RM1,099.7 billion compared to RM1,037.2 billion in 2021, with an annual growth of 6.0 per cent (Department of Statistics Malaysia, 2023).³ This was primarily driven by Manufacturing and Services sectors.

Meanwhile, Malaysia's income via e-commerce transactions in 2021 recorded RM1,037.2 billion compared to RM675.4 billion (in 2019), with an annual growth of 23.9 per cent. The main contributor was the Manufacturing sector, with RM553.8 billion and annual growth rate of 25.0 per cent. This was followed by Services (RM473.0 billion; 23.4%), and Mining & Quarrying (RM8.7 billion; -1.4%).

On quarterly basis, the first quarter of 2023 recorded an income of RM291.7 billion, which increased to RM280.5 billion in the second quarter. The upward trend continued, with e-commerce income registering RM289.5 billion in the third quarter of 2023.

Expenditure through e-commerce transactions recorded RM460.8 billion in 2021 compared to RM301.5 billion in 2019, with annual growth rate of 23.6 per cent. The main contributor was Manufacturing sector, which recorded RM325.2 billion with annual growth of 26.2 per cent. This was followed by Services sector (RM131.7 billion; 18.8%) and Mining & Quarrying sector (RM2.9 billion; -1.9%).

All the above figures are transactions of e-commerce at total level and measured by business establishments. Some influencers are formal (meaning their organization are registered), and the others are informal (households that do not register their businesses). Hence, what is the value of contribution of the influencers to the Malaysia's economy?

Chart 1: Performance of E-Commerce Income by Establishments, Malaysia, 2021-2023

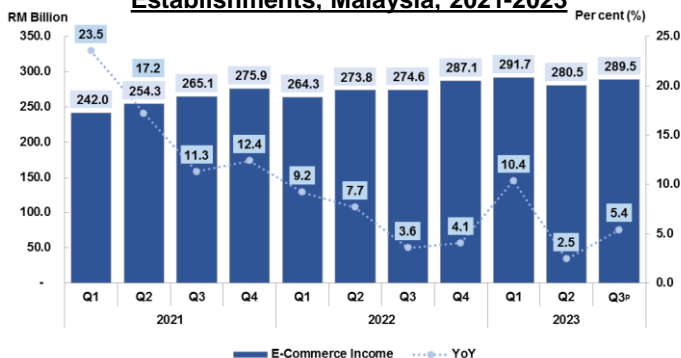
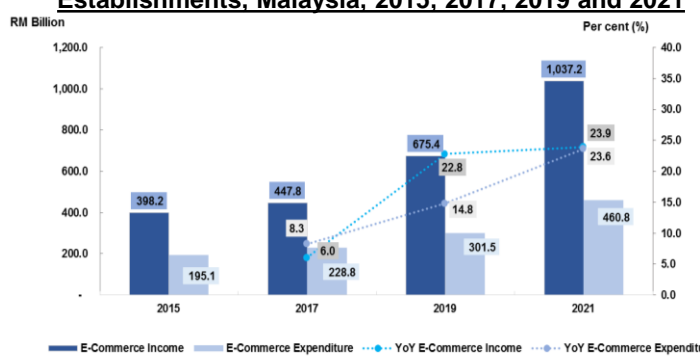


Chart 2: E-Commerce Income & Expenditure by Establishments, Malaysia, 2015, 2017, 2019 and 2021



5. HOW TO MEASURE ECONOMIC ACTIVITY CONTRIBUTED BY INFLUENCERS?

As mention above, social media and influencers can have impact on real economy. Their activities can create production and income, and can be consumed as final demand. Since activities in social media and influencers becoming significant and grow exponentially, it is imperative to measure the contribution of influencers in particular to the Malaysia's economy. As for this, for the beginning, DOSM will study influencers as a "statistical unit" before to proceed in depth in measuring their contribution to Malaysia gross domestic product. Survey using questionnaire seems to be the feasible and appropriate method as of now.



³ Department of Statistics, Malaysia. (2023). *Digital Economy 2023*. Putrajaya: Department of Statistics, Malaysia