

e-

Why is Malaysia an Ideal E-commerce Destination?

The rapid development of E-commerce in Malaysia

During the years **2013-2018**, e-commerce in Asian countries had a steady growth, reaching a huge peak during the pandemic. Due to COVID-19 a lot of Asian countries have adapted to the rising demand for e-commerce services by the population. Malaysia is one of these countries, in fact in **2020** the number of new digital customers was **36%** of the total, in which **59%** of these came from non-metropolitan areas¹. There was an increase in the use of technological devices, particularly mobile ones, and therefore the use of purchasing platforms, social media and various forms of online payment.

The biggest adaptation on changing into online services during pandemic has been by HealthTech and EdTech, fields that are sure to strengthen and refine their online presence. In Malaysia, there was an annual increase especially in e-commerce and food delivery, respectively of **87%** and **44%**, but there was a decrease of **59%** in travel¹.

Steady growth in e-commerce data

92% of these new online customers¹ keep on using online services even if the pandemic is getting better, declaring that technology was a fundamental tool during the pandemic and has become fundamental to their daily lives because it is more convenient and saves their time. The number of e-commerce customers is estimated to amount to **18.3m** users by **2025**².

Therefore, it is estimated that thanks to the use of online services, by **2025**, the online economy will reach **US\$30 billion**¹. In detail, there will be **17%** compounded annual growth rate (CAGR) in e-commerce, **37%** in online travel and **18%** in online media¹.

It is practically certain that the e-commerce revenue in Malaysia is constantly growing. Based on the recent research, the e-commerce revenue in Malaysia is forecast to grow an annual growth rate (**CAGR 2021-2025**) of **14.84%**, resulting in a projected market volume of **US\$10,951m** by **2025**².



Malaysian market at a glance

Malaysia is the third largest Asean country after Indonesia and Thailand. More and more foreign merchants are noticing the numerous sales opportunities in Malaysia. Malaysia has a good internet connection, suitable infrastructures to support online payments and logistics. In addition, it is much easier here to penetrate the use of technology, including mobile devices, into the population, with an internet penetration of **84.2%** and **96.7%** of mobile internet³.

On the other hand, it is more difficult to convince people to trust online platforms, that the products on sale are authentic and will not be victims of fraud.

High network coverage



Top 5 used social media platforms³:



What do Malaysians like to buy?

We can definitely say that there is almost no difference between the number of male, female, undergraduate and postgraduate clients. Most of the Malaysian population likes to shop online, because of its competitive prices, wide variety of available products and because it saves them a lot of time. Their purchases are very varied, at the top of the charts and among buyers' favorites are always electronics and media, fashion, food and personal care. Nevertheless, the sale of toys and maternity/hobby products, furniture and appliances, including muslim accessories and products, are also noteworthy³.

Sales growth of some e-commerce products in 2020 vs 2019³ :



54% of these purchases are concluded on cross-border platform, because more and more Malaysians are attracted to foreign brands, against the **45%** of local e-Commerce platforms³. According to a research by Paypal⁴, these are the reasons why Malaysians prefer cross-border shopping:



But the real question here is: Where do they buy products?

The most used platforms are:



1 Lazada



Vietnam. It is adapted to all kinds of business processes, B2C, C2C and direct sales. The category of products offered for sale are: food and beverage, fashion, skincare, electronics etc. It offers many opportunities to foreigners merchants. Signing up as a seller is free, takes less than a minute and the site doesn't charge commission fees.

2 Shopee



Founded in 2015, Shopee has marketplaces in Singapore, Malaysia, Thailand, Taiwan, Indonesia, Vietnam and the Philippines. The company is flexible to both C2C and B2C business processes. Also here the main products are from food and beverage to health and wellness. Shopee does not charge seller fees and it has been idealized as an asset-light App with no inventory.

3 Zalora



Known primarily for the fashion market, Zalora was launched in 2012 and is based in Singapore. It operates in different South East Asian countries like the Philippines, Indonesia, Taiwan, Hong Kong and Vietnam. It offers to users both local and international fashion products. It is suitable for B2C, direct sales and C2C.

4 PrestoMall



Formerly called 11street Malaysia, PrestoMall is the largest home-grown online marketplace. It offers a huge range of **1.3 million** products of fashion, toys, frozen food, beauty electronics and much more⁴, with also the Cash Back option. It gives to sellers the chance of marketing campaigns and promotion, professional training for business and photo studio (guidance and product listing).

5 Lelong.my



Lelong.my is another pioneer of Malaysian e-commerce, suitable for both B2C and C2C. The original intention was to compete with eBay, including groceries, automobile and industrial items products in addition to the usual products such as electronic devices, home appliances, fashion and accessories etc.



Preferred Payment Methods

There is a clue that **52%** of Malaysian shoppers choose digital banking and e-wallet. It is followed by cards payments (**32%**). Nevertheless, **11%** of users preferred cash on delivery (COD), which shows its popularity among groups that less trust in online payment methods⁴.

5 Major online payment vendors in Malaysia³:

- 1  Grabpay
- 2  Samsung Pay
- 3  IPay88
- 4  MOLPay
- 5  GHL e-payment



Small but effective tips to facilitate your sales

Pay attention to days of big online sales and holidays. As in the rest of the world, even Malaysians cannot resist sales, which is why there are some recommended days to promote and sell more.

Here, we list the most popular days and holiday periods in which there is a large growth in the percentage of purchase/sale of products every year⁵:

- ★ Singles' Day or 11.11
- ★ 12.12
- ★ 9.9 and 10.10
- ★ Chinese New Year
- ★ Ramadan
- ★ MyCyberSales
- ★ Hari Merdeka
- ★ Lazada Birthday Sale
- ★ Black Friday
- ★ Christmas

A great and smooth shopping experience (from the choice of the product on the platform to the delivery service) will convince more and more Malaysians to buy a brand's products. But it must also be said that an "extra spice" will encourage them to make further purchases. You can get the attention of potential customers and existing ones with, for example, cashbacks, limited edition products, surprise boxes with a product that usually is not much requested by customers, vouchers, app-game and contests to win additional vouchers or free products etc.

Obstacles you may encounter in E-commerce in Malaysia



As mentioned above, Malaysians hardly trust online sales. They are afraid that the product for sale is not authentic, defective and/or not true to the description. They don't want to be victims of fraud.



They rely more on other customer, relatives and friends reviews (here the worth-of-mouth referral is essential among Malaysians), perhaps with authentic photos and video and comments on social media, blogs and articles etc. Simple and generic cover photos with some product description are not enough for Malaysian customers. They always want to try the item, see it with their own eyes before buying it. This is why many sellers offer the option to pay on delivery, in order to definitively convince the customer to buy the product, but this is only suitable for large e-commerce sellers.

Government policies make it difficult to enter the Malaysian market, but also logistical inefficiency. However, the National e-commerce Strategy Roadtrip with the Asean e-commerce Trade Agreement, has planned to facilitate the entry of foreign brands between Asean countries, protect the rights of buyers and increase the awareness of online payment innovations, their security and their advantages. Traffic congestion is still an issue for Malaysian logistics, because the huge amount of e-commerce orders is still a challenge. It is, therefore, advisable to rely on an excellent logistics partner, in order to ensure delivery, constantly track the package, therefore reassure both the buyer and the seller. A professional logistics partner is more likely to select the fastest and most fluid route for e-commerce shipping in order to facilitate the process.

Who is Asendia?

A local presence in

17
countries

With over

1,500
experienced
employees

Serving more than

200
destinations

Asendia is an international joint venture with La Poste and Swiss Post. With strategically-placed subsidiaries around the globe, we leverage our European know-how and global partner network to offer efficient, reliable and flexible logistics services worldwide.

With our wealth of international and local expertise all across the world, we can design the most effective solutions to expand your business in new countries, offering you practical international shipping and technology services.



Our team in APAC is ready to help you

- **Market knowledge**

Local presence with 4 offices and support teams in Singapore, Hong Kong, Australia & New Zealand

- **European support**

We have e-commerce experts guiding you throughout your APAC business

- **One stop-shop**

Digital service package available for e-commerce development within the region (set up your local brand.com, visibility on local marketplaces and social commerce ads)

- **Scalability and tailored solution**

according to your requirements & business size

- **Management of physical flow**

Asendia will provide you the best experience in Distribution & Logistics thanks to our Fulfillment Center based in Singapore

- **Regional hub**

Our warehouse located in the Free Trade Zone of Singapore will bring you cost savings, better cashflow and simplified custom procedures benefits

- **Final mile delivery solution**

with our logistics partner Ninja Van - N°1 in ASEAN - over 500+ million consumers within coverage – 900 hubs & stations over 6 countries

- **DDP solutions**

Smooth & easy customs clearance process in the region for better end consumers' experience

Acquisitions and Partnerships

Asendia aiming to support international e-commerce with an all-in-all cross-border experience. Besides partnered with premium postal brands, we also work with the top services providers of technology and logistics in the top regions.

Digital



eShopWorld - acquired in 2021

ESW is the cross-border end-to-end e-commerce leader, empowering the world's best-loved brands and retailers to make global shopping better, safer, simpler and faster, across 200 markets.



Anchanto - minority stakeholders since 2020

Anchanto is the market leader in Asia-Pacific for multichannel e-commerce solutions, with more than 100 employees and operations in 14 countries. Anchanto offers back-end e-commerce operations for businesses of all sizes with innovative & intelligent SaaS platforms.

Asendia offsets 100% of carbon emission related to international transportation, excluding first-mile (pick up) in the country of origin and last-mile delivery in the destination country. We are proud to continue that heritage by taking positive, responsible actions to minimize Asendia's impact on the environment.



Logistics



Ninja Van - strategic partners since 2014

Ninja Van is the fastest growing courier company in Southeast Asia. Ninja Van is a tech-enabled express delivery company providing hassle-free delivery services for businesses of all sizes across Southeast Asia.



Contact Asendia today!

Our team of e-commerce professionals can help you grow your business.

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