

# A look at the post-pandemic makeover of Malaysian fashion and beauty businesses



By **BERVIN CHEONG**

**STYLE**

Wednesday, 27 Oct 2021 3:00 PM MYT



Fashion and beauty companies are not abandoning physical sales. Luxasia for example, is opening a new store in Kuala Lumpur next month. Photo: Luxasia

With lockdowns easing, the style industry is trying its hardest to get shoppers to start spending. From fashion to beauty, businesses in Malaysia welcome the return of customers to their stores.

Boutiques are once again stocking their shelves to the brim with the latest designs of clothes and bags. Cosmetic aisles are filled, offering lipsticks in the trendiest shades or the season's n

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Retailers have now experienced both selling their wares online and offline. You could even say that they are wiser for it. The weathering of more than a year with people confined to their homes has led to retailers coming up with contingency plans.

What does this mean for the future? Will they continue with their digital ideas? Or will we see the resurgence of traditional brick-and-mortar operations?

It seems that balancing both is the answer. “Omnichannel” is the buzzword within the industry at the moment. It means a multi-approach to diversifying sales.

Market research firm NPD Group Inc reported that in July of this year, the US e-commerce sales growth rate fell below that of in-store for the first time since pandemic restrictions became widespread in the country.

It added that while it has slowed, online sales are however, still 38% higher than in July 2019, before the pandemic.



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This says a lot about how digital retail is not going to suddenly diminish, now that stores are open.

Here in Malaysia, most businesses in the style industry are also anticipating the same trend. They are not going to focus solely on physical retail – as was the case before Covid-19.

### Buying into the change

As much as online has been touted as the way forward – even before the pandemic hit, for some companies, there is no replacing the physical shopping experience.

Luxasia, a fragrance, cosmetics and professional skincare distributor in the Asia Pacific region, sees the beauty industry as high-touch and emotional. Hence, face-to-face engagement will never be completely replaced by digital.

“The future is not binary – neither just digital nor just physical. The future is omnichannel,” comments Luxasia’s chief commercial officer, Karen Ong.

“Covid-19 does not eliminate the need for physical retail. Our world is neither just online nor just offline. It is the coming together of both.”

Luxasia Malaysia’s e-commerce business now makes up 20 to 30% share of the total. This figure

Luxasia is even launching a new physical store in Kuala Lumpur next month. Named Escentials, it will offer multiple luxury brands ranging from makeup to skincare and even select home products.

It looks to having a notable online presence though, with the use of aggressive marketing to capture digital sales.

“We will replicate the same luxury experience over online commerce, digital engagements and social media, says Cindy Poh, Luxasia’s country manager for Malaysia, on how there is a way to still sell premium products digitally.

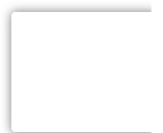
This is not the first of such a store from the company. Existing for more than 12 years, Escentials has been doing very well in Singapore.

Poh does admit that “retailtainment”, a term that points to using retail marketing as entertainment and generating memorable experience, is indeed hard to achieve without a human touch.

“For the beauty segment, trial, treatment and makeover services have been missed by many. Our main focus is to make sure we highlight the different facets that appeal to the consumer, bearing in mind the context of the medium used.”

Ong adds that many other players in the industry were caught unprepared during the pandemic. Unable to pivot quickly, some retailers have shuttered their stores.

“The biggest challenge is one word: integration. Combining the business structure, operational processes and technology infrastructure seamlessly to supports this omnichannel way of retailing,” she shares.





Fashion trends change quickly as seasons pass. So must retailers adapt to different circumstances. Photo: Zalora

## Digital sales will remain a focus

Other Malaysian companies are being careful about their predictions. They expect sales to pick up as lockdowns and restrictions ease, but are not optimistic of a sudden recovery.

Malaysia Airports, the company that manages most of the airports here in the country, does not expect business to completely recover until 2025. This was revealed during the launch of a new campaign last month for its online shopping portal.

ShopMYairports debuted in September 2020 and has since achieved an average additional 50% month-on-month sales growth and attracted more than two million page views.

The latest shopping campaign aims to establish its position as the premium travel-retail e-commerce platform in Malaysia. The target is to increase its user base by 16 times and sales growth by 10 times.

Bear in mind that fashion and beauty products make up a large portion of the offerings at airports in general – and are a big hit among travellers for its duty-free aspect.

So, frequent flyers do contribute to the style industry's revenue.



Hussin, in a press statement.

The Malaysian Bumiputera Designers Association (MBDA) kicked off a campaign just this month to promote Malaysian-made products through fashion. It was officiated by the minister of domestic trade and consumer affairs, Datuk Sri Alexander Nanta Linggi.

The aim is to help reignite the Malaysian economy and assist local designers to recover from the past year's downtime.

Thirty designers will have their pieces made available for purchase on various e-commerce platforms. MBDA forecasts an approximate RM500,000 in product sales throughout the month-long MY Gaya Month campaign.

During the press conference, founder of MBDA Bon Zainal laments that fashion has been affected by the lack of events during the pandemic. People are simply spending less on non-essential items like trendy clothes.

According to him, the industry will hopefully go back to normal by next year, but he still cautions against complacency.

"Business owners have to understand this. They have to change their thinking and create products to suit the situation. Business owners have to evolve."

The MY Gaya Month campaign is in conjunction with Malaysia's ongoing Kempen Beli Barangan Malaysia (KBBM).

In 2019, the execution of KBBM recorded RM6.84mil worth of sales from just online marketplaces. This total then saw a whopping increase to over RM145mil in the subsequent year.

### **Learning from experience**

If there is one good thing about the pandemic, it is the learning experience offered. Fashion and beauty businesses that have survived the past year's turmoil are now more open to change.

And it's not just about how things are sold.

Even online retailers had to evolve during the difficult period. Zalora, the digital retailer that sold only fashion and fashion-adjacent products in the past, quickly diversified its offerings.

In April last year (during the first wave of Covid-19), the retailer launched an essential supplies category. It started stocking and selling food, personal care and pharmaceutical products within 72 hours of the decision.

Just two months ago, it added a new lifestyle category on its website that carries electronics, sports gear, toys and more. Another recent addition is a podcast series to further engage and attract consumers

the lifestyle of shoppers. It is the omnichannel approach that will now help businesses to recover post-pandemic.

“Retailers in Malaysia pivoted their services and offerings to support these changing needs and demands of consumers, and continue to do so, even today as things open up again,” he explains.

Cortini believes that brick-and-mortar retailers are looking to diversify their risk profile by continuously moving more sales online. Nevertheless, not all of them have the capacity or ability to do it effectively.

“For fashion retailers, in particular, another challenge is selling leftover or excess stock – especially as they are heavily reliant on seasonal trends,” he points out.

“While retailers quickly turned to e-commerce promotions to drive sales, many brands and retailers are finding that discounts are insufficient to clear out existing inventory to make way for selling new products.”

Ashvin Valiram, executive director of Malaysian luxury and lifestyle retail group Valiram, says that businesses took a bloodbath in both 2020 and this year. He is looking to the near future for recovery.

“We have all hands on deck, with hopes pinned on December,” he comments. “I think businesses will thrive in the coming months – with borders reopening and all that. And typically the year-end has a feel-good factor that usually draws in shoppers.”

He adds that the company did not rest on its laurels for the past year or so. It was more of a period for them to plan and retool to come back stronger.

“We now have a brand new semi-automated warehouse to support our e-commerce. Plus, our regional logistics have all been centralised. So, we did all that during the downturn,” Ashvin concludes.

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