



## Navigating 2025 Retail with ZALORA's Southeast Asia TRENDER Report

*Keen insights into Southeast Asia's Resilient and Innovative Retail Industry*



**SINGAPORE, 6 January 2025** – [ZALORA](#), part of Global Fashion Group (GFG) and Southeast Asia's leading fashion, luxury, beauty and lifestyle e-commerce player, released its latest Southeast Asia TRENDER Report. This report serves as an industry guide to Southeast Asia's retail landscape, leveraging valuable insights from 2024 shopping trends to empower brand decision makers with winning strategies for the upcoming shopping season.

With the cautious return to normalcy from the aftershocks of the pandemic in the previous year, 2024 continues to present its own set of hurdles. Consumer sentiment continues to be impacted by inflation, while retail leadership is experiencing high turnover. Despite the global slowdown, Asia Pacific stands out as a beacon of growth in 2024. With a heartening return to seasonal buying patterns, shoppers continue to demand women's apparel, modest wear, luxury, sustainable fashion, beauty and wellness products across demographics.

Retail trends continue to evolve with the rise of experiential retail, artificial intelligence, and social media. With customers continuing to seek engaging and relevant experiences in the form of shoppable content and omnichannel experiences. 2024 marked a year of both challenges and opportunities for Southeast Asia's retail sector. While global economic headwinds, rising inflation, and geopolitical uncertainties impacted consumer confidence and discretionary spending, the region demonstrated remarkable resilience, leveraging its diversified economy, robust domestic consumption, and regional trade integration.

### **Key Trends Shaping Southeast Asian Retail**

#### **Engagement Revolution: AI's Role in E-commerce** (Page 7)

The future of retail lies at the intersection of technology and experience. In recent years, there has been a surge in the use of artificial intelligence, social media, and shoppable content to engage customers, with brands continuing to integrate AI in their marketing strategies in Southeast Asia and beyond.

#### **The Omnichannel Evolution** (Page 13)

Southeast Asian consumers are increasingly embracing a hybrid shopping experience, seamlessly blending online and offline channels. Retailers are responding by integrating technology, offering seamless shopping journeys, and creating engaging physical experiences. Key opportunities include:

- **Experiential Retail:** Pop-up shops and immersive events are driving brand awareness and engagement.
- **Social Commerce:** Platforms like TikTok and YouTube are reshaping e-commerce, offering a seamless path from discovery to purchase.
- **Integrated Online and Offline:** Strategies like click-and-collect and seamless return policies are enhancing convenience and driving customer satisfaction.

#### **Modest Wear: A Rising Force** (Page 23)

Muslim consumer spending on apparel and footwear is experiencing significant growth, projected to reach \$428 billion by 2027. ZALORA's Modest Wear category witnessed a 33% year-over-year growth in Q1 2024, driven

by festive celebrations and the return of social gatherings. Brands and retailers can tap into this lucrative market by offering diverse and stylish modest wear options, particularly catering to the preferences of consumers in countries like Indonesia and Malaysia.

#### **Luxury's Enduring Appeal (Page 27)**

Despite economic uncertainties, Southeast Asia's luxury market remains resilient, fueled by a growing middle class and an appetite for premium brands. Online sales are projected to contribute over 9% of the total luxury market revenue by 2024. Key opportunities include:

- **E-commerce Growth:** ZALORA's luxury category reached a 9.8% contribution to its overall Net Merchandise Value (NMV) in Q1 2024.
- **Millennial Consumers:** This demographic emerged as the biggest spenders in the luxury segment, highlighting their willingness to invest in high-end products.
- **Buy Now Pay Later (BNPL):** The increasing adoption of BNPL services is making luxury goods more accessible to a wider consumer base in Southeast Asia

#### **Sustainability Takes Center Stage (Page 31)**

Consumer awareness of environmental and social issues is driving demand for sustainable and ethical fashion choices. Brands are responding with eco-friendly practices and transparent supply chains. Opportunities include:

- **Conscious Consumerism:** Meeting the growing demand for sustainable products can attract a loyal customer base and enhance brand reputation.
- **Innovation:** Investing in sustainable materials and technologies can lead to product differentiation and market leadership.

#### **The Beauty and Wellness Boom (Page 33)**

Southeast Asia's burgeoning middle class is driving a surge in demand for beauty and wellness products, creating a dynamic and expanding market. Opportunities include:

- **Self-Care Focus:** Consumers are prioritizing holistic well-being, creating opportunities for brands offering organic, natural, and ethically sourced beauty and wellness solutions.
- **Omnichannel Experiences:** Integrating online and offline channels can cater to the evolving preferences of beauty and wellness consumers.

#### **The Democratization of Sports (Page 37)**

The sportswear and footwear industry, once dominated by a handful of major players, is experiencing a wave of change. Smaller, emerging brands are capturing market share, challenging the long-held dominance of industry giants. Factors fueling this democratization include:

- **Evolving Consumer Preferences:** Consumers are seeking brands that align with their individual needs, values, and identities.
- **Rise of E-commerce:** Online platforms have lowered barriers to entry for smaller brands.
- **Innovation and Differentiation:** Emerging brands are agile and experimental, introducing innovative products.
- **Social Media and Influencer Marketing:** Smaller brands are leveraging social media to engage directly with consumers.

#### **BNPL: More Play and More Play (Page 47)**

Buy Now, Pay Later (BNPL) continues to transform the Southeast Asian retail landscape. A burgeoning Southeast Asian middle class, coupled with the increasing popularity of online shopping, has created a fertile ground for BNPL services in the region.

#### **Looking Ahead: Cautious Optimism (Page 53)**

The TRENDER Report 2024 highlights the dynamism and resilience of the Southeast Asian retail sector. While global economic challenges persist, the region is embracing change, leveraging technology, and adapting to

evolving consumer behaviors. By understanding and responding to these trends, brands and retailers can position themselves for success in this exciting and rapidly evolving market.

Against this backdrop, ZALORA's Southeast Asia TRENDER Report 4th Edition publishes these findings and insights to help brands and businesses find their footing in current realities while spotlighting opportunities in the near horizon. The report is based on a comprehensive analysis powered by ZALORA's retail intelligence and data analytics solution, TRENDER, a Data by GFG product to forecast consumer megatrends and purchasing patterns that will inform and shape retail strategies for 2024 and beyond. It also includes intel from close to 60 million monthly visits, which serve as a guiding star for every brand seeking to optimize their approach in Southeast Asia.

The full report is downloadable [here](#). High resolution photos are also available for download [here](#).

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#### **ABOUT ZALORA GROUP:**

[ZALORA](#) is Asia's Online Fashion and Lifestyle Destination. Founded in 2012, the company has a presence in Singapore, Indonesia, Malaysia, the Philippines, Hong Kong and Taiwan. ZALORA is part of the Global Fashion Group, the world's leader in online fashion for emerging markets. ZALORA offers an extensive collection of top international and local brands and products across apparel, shoes, accessories, and beauty categories for men and women. Offering up to 30-day free returns, speedy deliveries, multiple payment methods, and a loyalty subscription program ZALORA VIP, offering unlimited free and fast delivery. ZALORA is the online shopping destination with endless fashion and lifestyle possibilities.

#### **About Global Fashion Group**

Global Fashion Group ("GFG") is the leading fashion and lifestyle destination in LATAM, SEA and ANZ. GFG exists to empower its people, customers and partners to express their true selves through fashion. GFG's three ecommerce platforms - Dafiti, ZALORA and THE ICONIC - offer a curated assortment of international, local and own brands to a diverse market of 800 million consumers. Through a seamless and inspiring customer journey, powered by a blend of data-driven insights and local expertise, GFG's platforms deliver an exceptional customer experience from discovery to delivery. GFG's vision is to be the #1 fashion & lifestyle destination in its markets, and is committed to doing this responsibly by being people and planet positive across everything it does. (ISIN: LU2010095458)

For more information visit: [www.global-fashion-group.com](http://www.global-fashion-group.com)