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SOUTHEAST ASIA'S DIGITALLY SAVVY SHOPPERS DRIVE RETAIL REINVENTION AND SPUR OPTIMISM FOR A TECH-DRIVEN FUTURE: ZALORA REPORT

- *90% of Southeast Asians referred to at least one digital channel in shopping journey, as pandemic boosts digital savviness and appetite for shoppertainment and social video*
- *Uptick in demand for Beauty & Personal Care, Kidswear, and Luxury sustained across the region, alongside rising adoption of Buy Now Pay Later and digital payments*
- *AR and VR technologies expected to ease sampling and thus, cut pre-production waste in fashion, all while bridging the gap with brick-and-mortar in a reimagined hybrid future*

23 November 2021 – [ZALORA](#), part of Global Fashion Group (GFG) and Southeast Asia's leading fashion and lifestyle e-commerce player, forecasts robust growth and reinvention in Southeast Asia's retail landscape going into 2022. In its latest TRENDER 2021 Report, the company outlines key technological shifts in digital payment and consumer experience that come hand in hand with shoppers' rising digital savviness and taste for luxury and sustainability, among others.

ZALORA's Southeast Asia TRENDER Report 2021, publishes findings against the backdrop of the region's gradual travel resumption and retail recovery, especially as vaccination continues gathering pace across markets like Indonesia, the Philippines, Malaysia, and Singapore.

Forecasting key megatrends and demand patterns to inform retail strategies for 2022, the report is based on a comprehensive analysis powered by ZALORA's retail intelligence and data analytics solution, **Data by GFG**. It includes intel from over 59 million monthly visits, complemented by insights gleaned through a partnership with Google and other partners.

"The dawn of a new era of retail is already here in Southeast Asia. As consumers become more discerning and connected, we are seeing incredible innovations happening in the retail sector that completely reimagine the shopping experience," said **Gunjan Soni, Chief Executive Officer, ZALORA Group**. "Our flagship state-of-the-industry report helps facilitate the industry's evolution by allowing more brands to understand the changing market and anticipate what the future holds. Our focus continues to be on consumer behaviours (vs. market size outlooks) and how its evolving"

Shoppers of tomorrow: Digital and diverse across Southeast Asia

- **Digital diaspora:** According to Google, 40M new internet users came online in 2021, bringing the internet penetration in Southeast Asia (SEA) to 75%. In fact, 8 out of 10 Internet users in the region are digital consumers. Recognising this shift in adoption, brands quickly expanded their online presence to reach these new digital consumers, and ZALORA reported a 19% increase in new brands that joined the platform in 2021.

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- **Start online, browse more online:** 90% of Southeast Asians referred to at least one digital channel while researching their online purchase, according to Google data. The average shopper browses across 7.9 websites before making a decision, from 5.2 in 2020.
- **Indonesia:** Indonesian shoppers are most likely to spend on beauty products and sports equipment as a form of leisure, despite a dip in consumer sentiment due to the pandemic.
- **Philippines:** Filipino shoppers spend the highest average number of hours online, at close to 11 hours, and are most likely to make purchases based on sustainability considerations.
- **Malaysia:** With the highest percentage of digital natives, at 88% or 22 million, Malaysian shoppers spend close to 9 hours online on average, and are the most likely to be value-driven.
- **Singapore:** As spending on international travel and out-of-home entertainment both dipped by over 60%, shoppers in Singapore are most likely to invest in luxury purchases. Google search data show a 21% year-on-year increase in Singaporeans' searches for luxury goods.

Signs of the times: Beauty and Luxury on the rise

- **Sweet scent of escape:** Fragrances dominated ZALORA's Personal Care category, overtaking face serums and haircare. This is coupled with a continued increase in the average basket size for Beauty products on ZALORA.
- **Luxury pursuits:** Google searches for luxury products saw a pronounced increase especially in Singapore, with a 1.5x uptick versus pre-COVID levels.
- **Lockdown shopping:** Reflecting the acceleration in the adoption of e-commerce shopping in the region, the average basket size on ZALORA across Southeast Asia increased from US\$77 and 2.18 items pre-COVID, to US\$85 and 2.37 items during periods of Low Alert, and further to US\$96 and 2.70 items during periods of High Alert.
- **Keeping it casual and fit:** Consumers are investing more in casualwear and focusing on their fitness. As demand for dressier pieces went down, both men and women across the region have spent more on sportswear compared to other product categories.
- **Almost time to dress up:** As consumers start planning their social calendars, forgotten categories are seeing a rebound. For example, when Singapore announced its Vaccinated Travel Lane (VTL) pilot with Germany, the search terms for "winter wear" increased by 275% on ZALORA and searches for thermal clothing rose by 325%.

Here to stay: Digital payments and AR, VR paving the hybrid future

- **Rise of alternative payment options:** With 290 million 'unbanked' people in the region, offering alternative payment methods became a must for online retailers. One of the more popular options that emerged this year is the Buy Now Pay Later (BNPL) payment option. In Indonesia, for example, Google saw a ~10x increase in searches for e-wallet services and ~15x rise in BNPL services in the last five years. Other appealing payment options like monthly instalments, to 0 percent interest fees on credit cards, provide access to quality products and services while also improving financial inclusion.
- **The future of retail is virtual:** Augmented reality features are no longer a bonus but an expected prerequisite for online retailers. AR has become sought after by various retailers for

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its ability to bridge the gap between the physical and digital worlds. In a time where social distancing is still common, the technology is highly sought after.

Now in its second edition, ZALORA's Southeast Asia TRENDER Report builds on the strong momentum from ZALORA's inaugural report in 2020. Driven by ZALORA's data and expertise built over nearly a decade in pioneering Southeast Asia's e-commerce transformation, the report is positioned as a reference point that helps ZALORA's 900 brand partners navigate the region's diversity and evolving retail landscape.

The ZALORA Southeast Asia TRENDER Report 2021 is supported by the following partners: Google, Mastercard, H&M, Lush, Paula's Choice, HABIB, Atome, Revery.AI, Visenze, BeLive Technology, TaFF, Finix Wear, Joannalms, Lily and Lou, and CrescentRating.

The full report is downloadable [here](#). High resolution photos are also available for download [here](#). You can watch the contributors' interviews [here](#).

ZALORA is part of Global Fashion Group (GFG), the leading online fashion & lifestyle destination in growth markets. GFG is the brand partner of choice in growth markets, providing unparalleled access to a market of more than one billion consumers and an unrivalled end-to-end value proposition. The Group offers tailored business models to suit individual brand partner needs, including B2B services across fulfilment, media solutions and data analytics leveraging GFG's expertise in ecommerce.

For more information on GFG's business model and platform services visit: www.global-fashion-group.com/brands

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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 & Brunei, the Philippines, Hong Kong and Taiwan. ZALORA is part of Global Fashion Group, the leading fashion and lifestyle online destination in growth 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 as fast as 3 hours in some markets, free delivery over a certain spend, and multiple payment

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methods including cash-on-delivery, ZALORA is the online shopping destination with endless fashion possibilities.

ABOUT GLOBAL FASHION GROUP

Global Fashion Group is the leading fashion and lifestyle destination in growth markets across LATAM, CIS, SEA and ANZ. From our people, to our customers and partners, we exist to empower everyone to express their true selves through fashion. Our four e-commerce platforms: dafiti, lamoda, ZALORA and THE ICONIC connect an assortment of international, local and own brands to more than one billion consumers from diverse cultures and lifestyles. GFG's platforms provide seamless and inspiring customer experiences from discovery to delivery, powered by art & science that is infused with unparalleled local knowledge. Our vision is to be the #1 online destination for fashion & lifestyle in growth markets, and we are committed to doing this responsibly by being people and planet positive across everything we do.

For more information visit: www.global-fashion-group.com.