RETRIEVING THE UPPER HAND

Malaysia Indicator

December 2021

▪   ▪   ▪   ▪

THE CHANGING REALITY

A perfect storm of demographics, social media, and radical change in consumer attitudes toward shopping is forcing the beauty and personal care industry to play by a new set of rules.

In 2015, the industry that built its historic success on providing consumers with the in-store opportunity to touch, smell, and sample products saw $6.2 billion, or almost 8 percent, of its sales take place online.
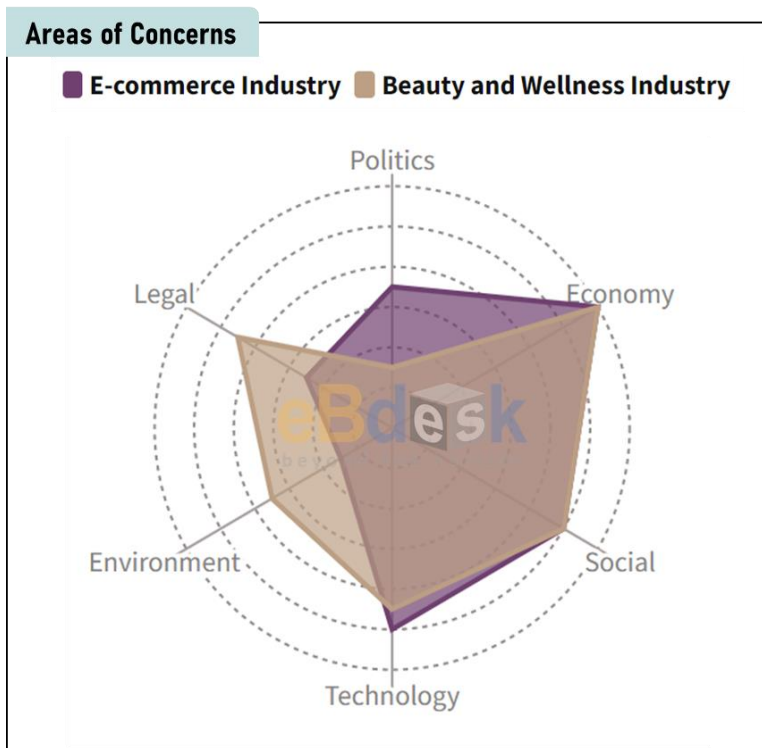

Ever since then, more studies have concluded that consumers are unwilling to accept the beauty business as usual and are increasingly attracted to digital alternatives especially during the pandemic.

SCANNING THE MACRO-ENVIRONMENT

Hence, as the growth of e-commerce industry continues to splurge, further analysis about the beauty and wellness industry in e-commerce platforms will be useful to identify the recovery and also the consumers behavior.
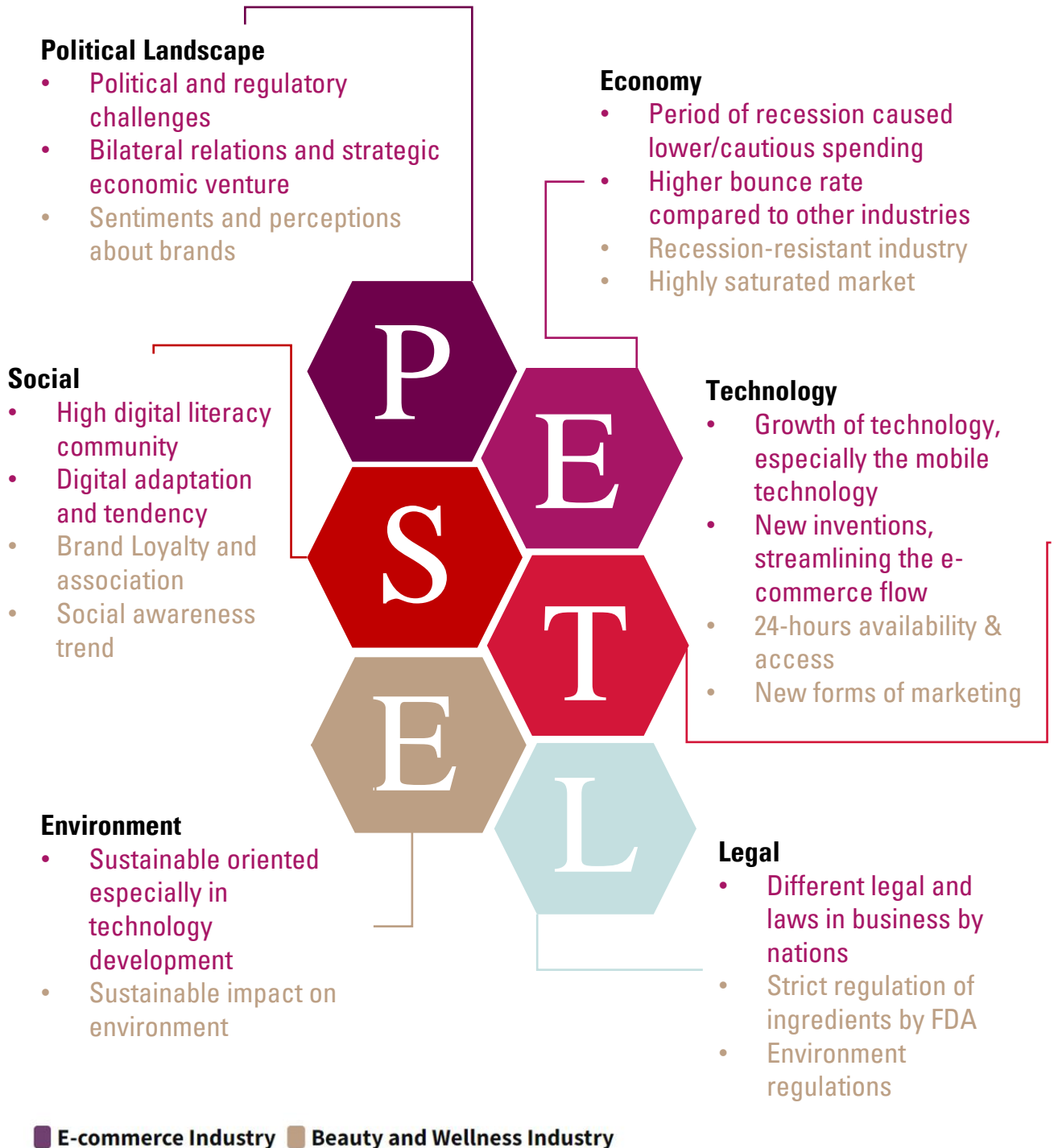
While both industries possessed minimal impacts in political landscape, their impacts on economy, social and technology are highly conspicuous, predominantly during the pandemic outbreak.

Among the said impacts for social indicator is that the shift in online consumption, equipped with smart testers have become the most favorable marketing methods for the consumers, according to researchers.
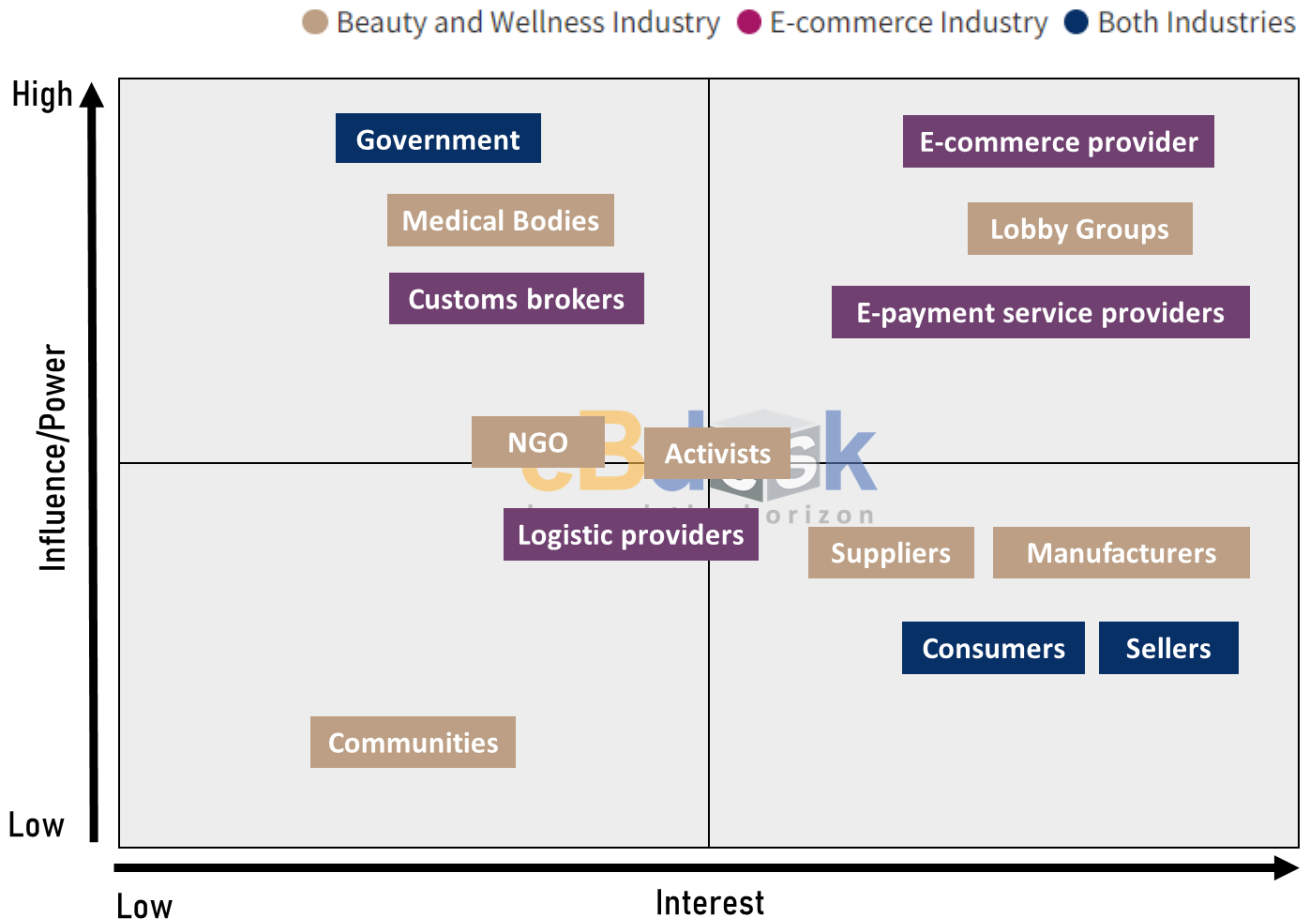

Areas of Concerns

■ E-commerce Industry   ■ Beauty and Wellness Industry

EXPECTED REVENUE OF RM 10.5 BILLION IN 2021

SIGNAL SCANNING

Political Landscape
- Political and regulatory challenges
- Bilateral relations and strategic economic venture
- Sentiments and perceptions about brands

Economy
- Period of recession caused lower/cautious spending
- Higher bounce rate compared to other industries
- Recession-resistant industry
- Highly saturated market

Social
- High digital literacy community
- Digital adaptation and tendency
- Brand Loyalty and association
- Social awareness trend

Technology
- Growth of technology, especially the mobile technology
- New inventions, streamlining the e-commerce flow
- 24-hours availability & access
- New forms of marketing

Environment
- Sustainable oriented especially in technology development
- Sustainable impact on environment

Legal
- Different legal and laws in business by nations
- Strict regulation of ingredients by FDA
- Environment regulations

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L

■ E-commerce Industry ■ Beauty and Wellness Industry

STAKEHOLDERS
ANALYSIS

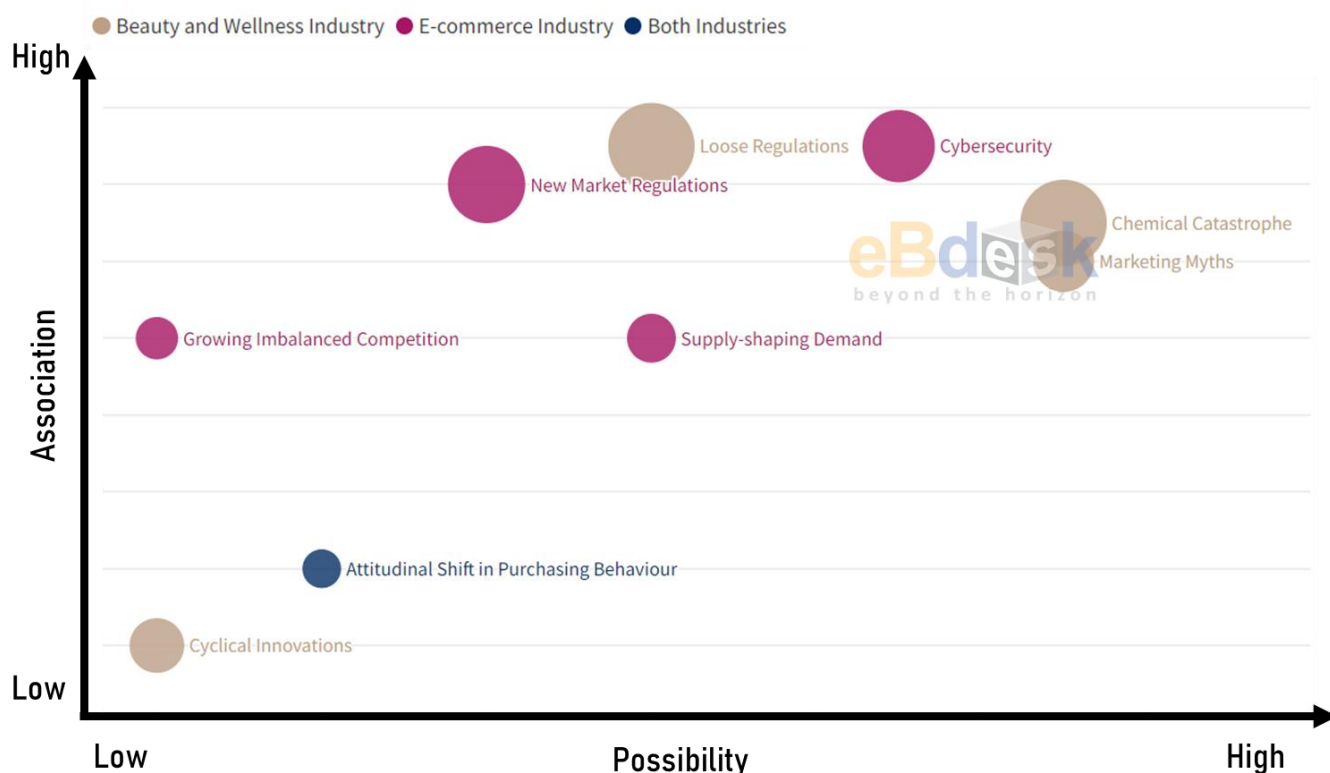● Beauty and Wellness Industry ● E-commerce Industry ● Both Industries

In terms of the power matrix, it is visible that the government has the utmost power and influence equipped with minimal interest among the rest of the stakeholders.

Apart from that, while most researchers have concluded that consumers are the key determinant of the beauty industry, in terms of power, they are among the stakeholders with the least power.

Understanding the role of the stakeholders will highly be beneficial in gaining the holistic view of both industries which will help in determining the strategic decisions and approaches.

DRIVERS OF CHANGE

In terms of possible events that would occur, it is visible that most of the events are highly related with the beauty and wellness industry such as rising usage of harmful substances or chemical catastrophe which would be subtly associated with the government by the public.
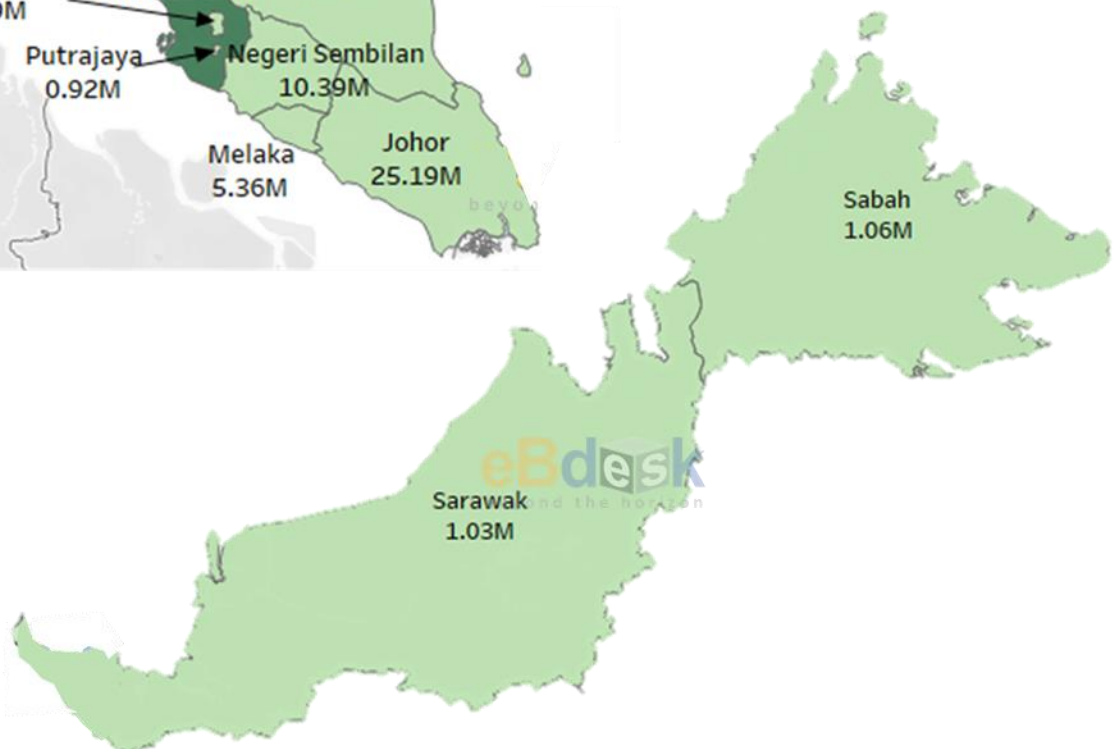
44% OF CONSUMERS are unaware that paraben was the most widely used preservative in cosmetics in 2020

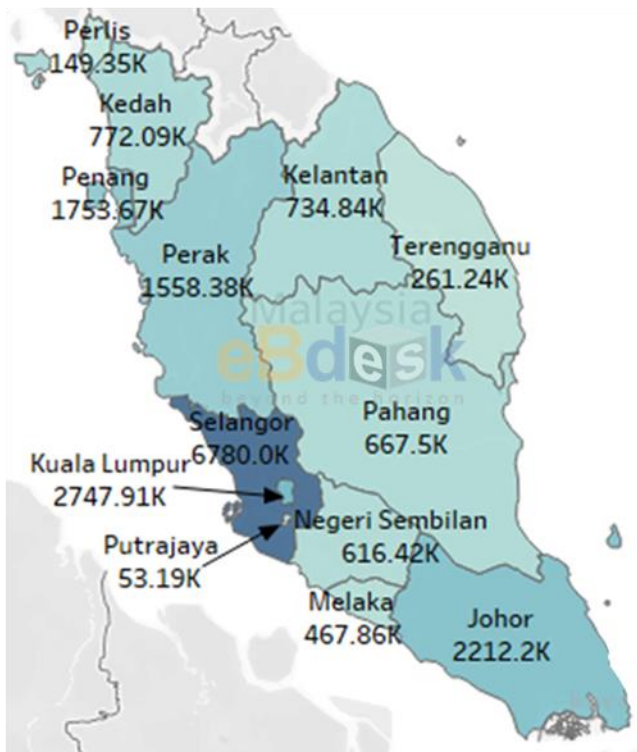## Revenue by State for Beauty and Wellness Products
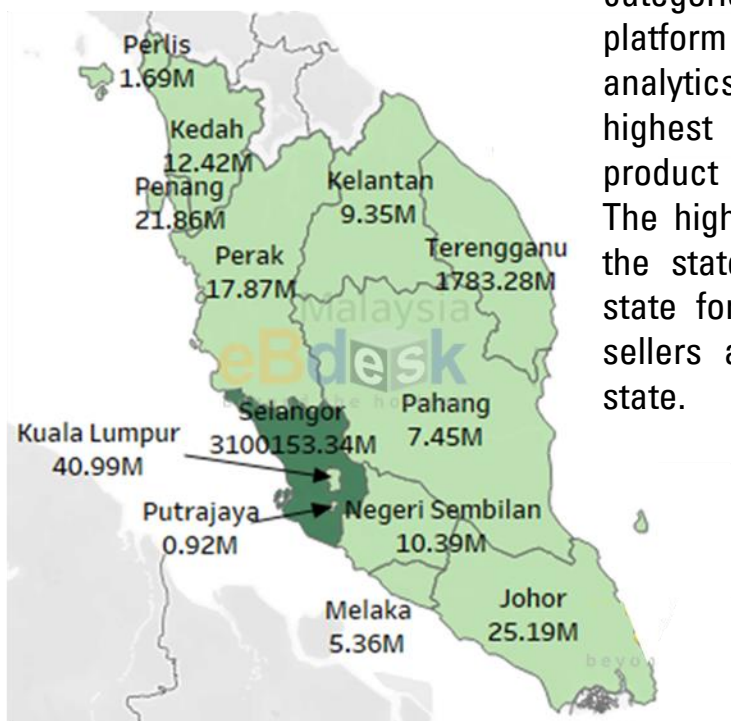
To analyze the relationship further between the two industries, the beauty and wellness categories in a prominent e-commerce platform has been utilized. Hence, the analytics has shown that Selangor has the highest revenue for beauty and wellness product listed in the e-commerce platform. The high concentration is possibly due to the state being the main economic hub state for the nation and high number of sellers are mostly locating in the same state.

Perlis
1.69M

Kedah
12.42M
Penang
21.86M

Kelantan
9.35M

Perak
17.87M

Terengganu
1783.28M

Selangor
3100153.34M

Pahang
7.45M

Kuala Lumpur
40.99M

Putrajaya
0.92M

Negeri Sembilan
10.39M

Melaka
5.36M

Johor
25.19M

Sabah
1.06M

Sarawak
1.03M

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SUBSEQUENTIAL

Sold Items by State for Beauty and Wellness Products

Perlis
149.35K

Kedah
772.09K

Penang
1753.67K

Kelantan
734.84K

Perak
1558.38K

Terengganu
261.24K

Selangor
6780.0K

Pahang
667.5K

Kuala Lumpur
2747.91K

Negeri Sembilan
616.42K
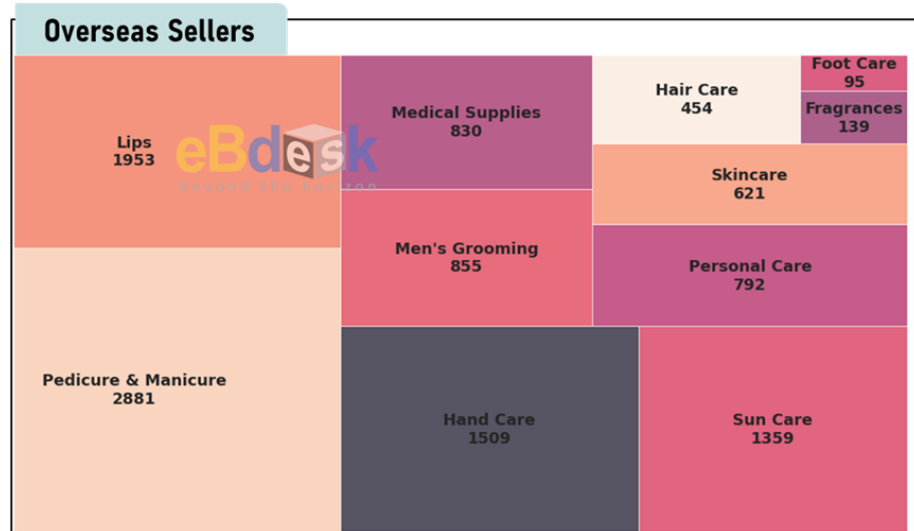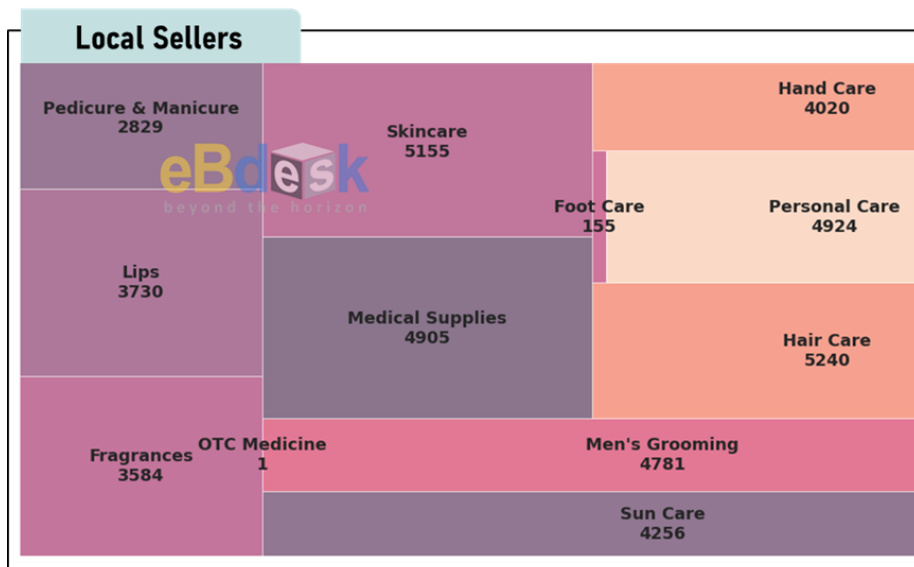
Putrajaya
53.19K

Melaka
467.86K

Johor
2212.2K

Sabah
59.83K

Sarawak
175.24K

Correspondingly, Selangor has also become the state with the highest number of items sold compared to other states as depicted in the data. With 678 000 products sold, the gap is three times higher than the second state with the most sold items which is Johor with 221 220 products sold.
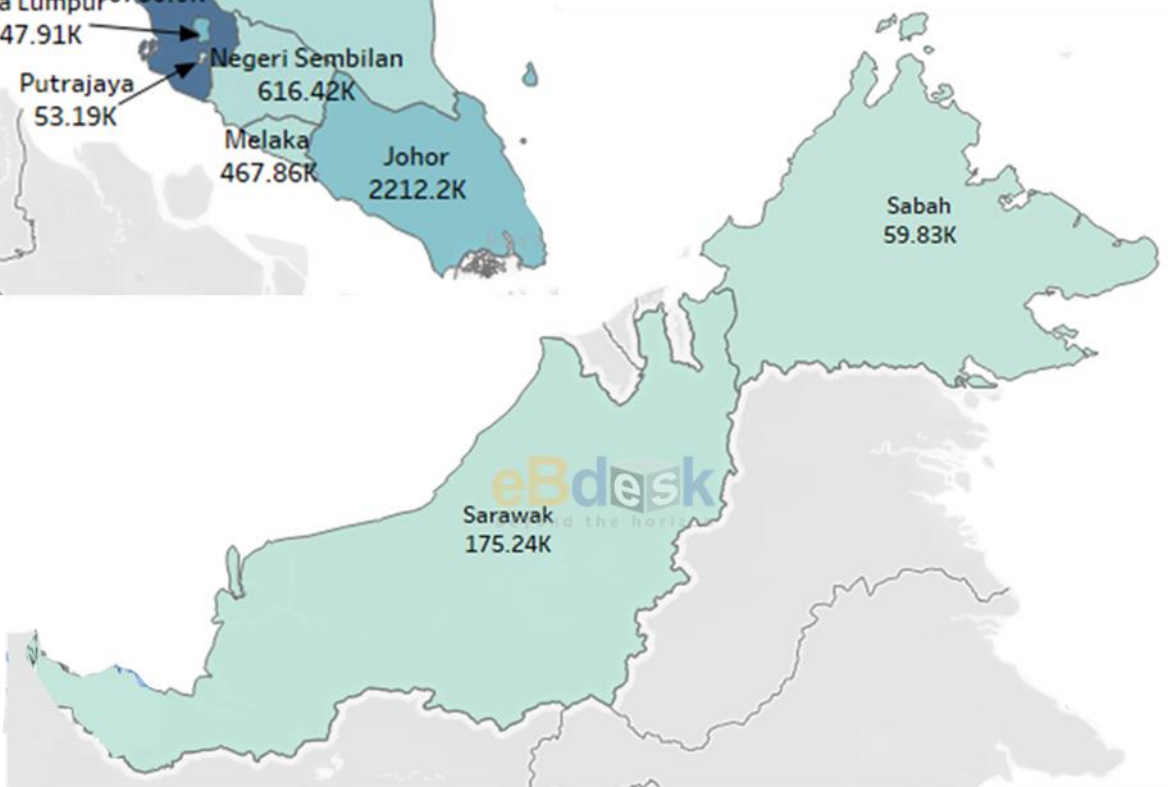
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Product Listing for Beauty and Wellness Products by Categories

**Local Sellers**

Category	Count
Pedicure & Manicure	2829
Skincare	5155
Hand Care	4020
Foot Care	155
Personal Care	4924
Lips	3730
Medical Supplies	4905
Hair Care	5240
Fragrances	3584
OTC Medicine	1
Men's Grooming	4781
Sun Care	4256

Overseas Sellers

Category	Count
Lips	1953
Medical Supplies	830
Hair Care	454
Foot Care	95
Fragrances	139
Skincare	621
Men's Grooming	855
Personal Care	792
Pedicure & Manicure	2881
Hand Care	1509
Sun Care	1359

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Beauty and wellness products have always been associated with abundance and product variations which is reflected in the analytics. Interestingly, despite of the industry being saturated, the category that has the highest number of products varies by the location of the sellers, whereby the hair care category is top one for local sellers with pedicure and manicure being the most for overseas sellers.

8

CUTTING EDGE

Products Distribution for Overseas Sellers by Top Countries
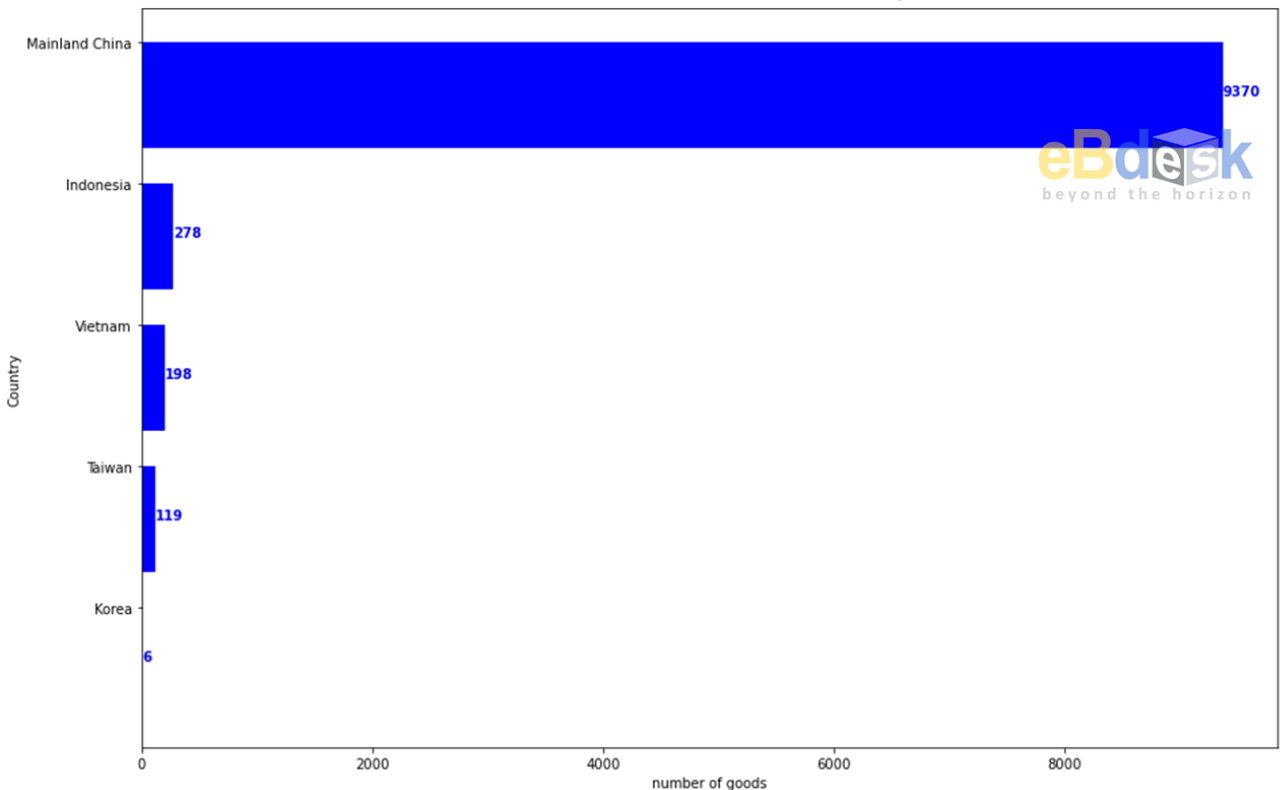
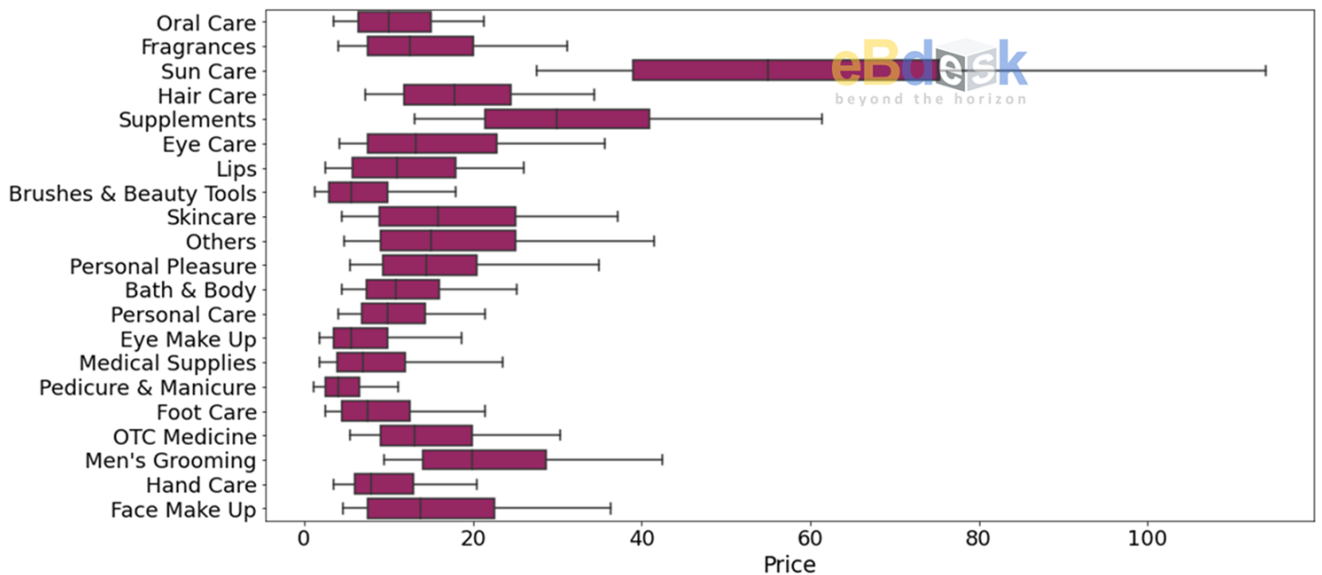Powered by eBdesk Big Data and Artificial Intelligence

As the data was garnered from a leading e-commerce platform, China has become the top country with the most products as depicted in the analytics among other listed countries.

The stark difference in terms of number of products listed in the platform is mostly due to the production dynamic in China whereby the production cost is relatively cheaper than the rest of the world and the bilateral relations between the two nations which ease the logistic aspects of the products.

SIGNIFICANT GAP

Price Distributions of Beauty and Wellness Products

Local Sellers

Further analysis of the data has also shown that for local sellers, the products under the sun care category possessed the highest price range among the others. Significantly, the median price of the sun care products is also higher than the price distributions of other categories, except for the supplements category.

$804.5 MILLION MARKET VALUATION was recorded for Malaysia skin care products in 2019 and is expected to grow by double in 2021.

AT VARIANCE

Price Distribution of Beauty and Wellness Products

Overseas Sellers

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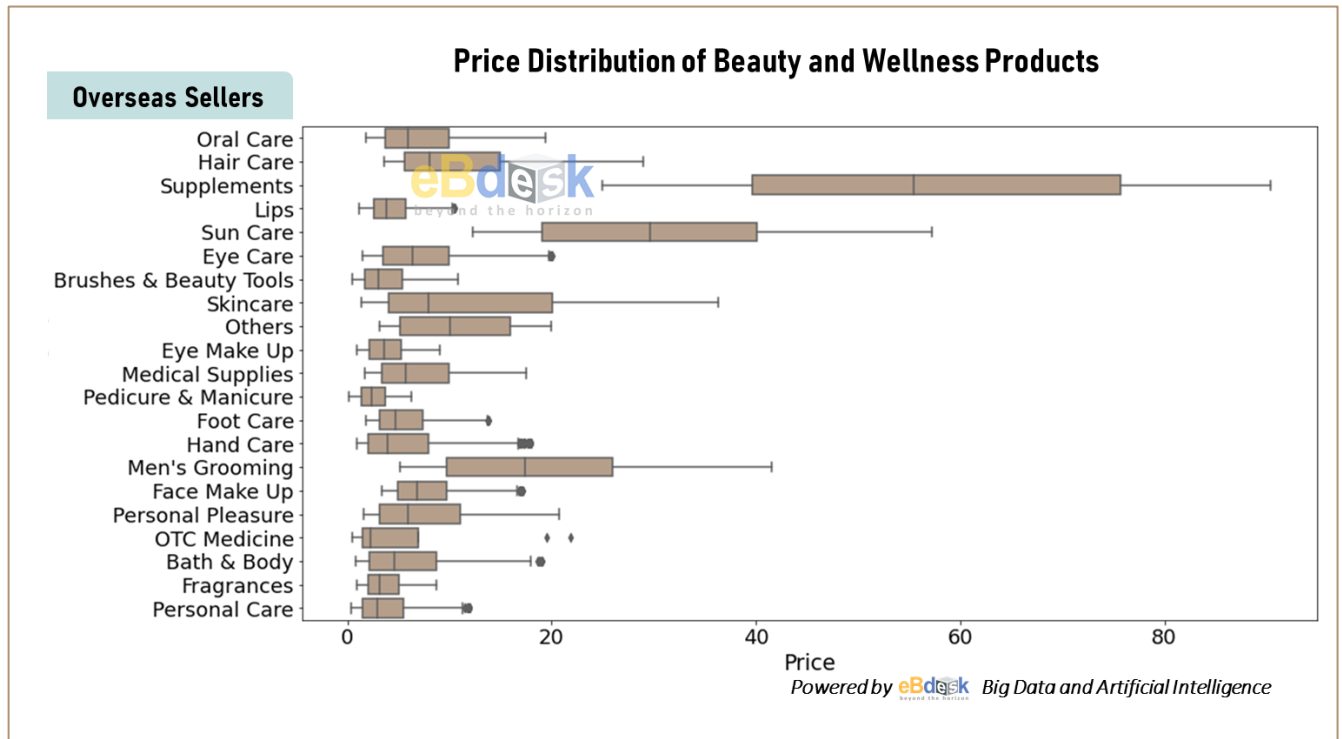
While the sun care has dominated the price distribution for local sellers, supplements category on the hand has dominated the data for the beauty and wellness products.

Similarly, the median price for supplements category is the highest compared to the price range for other categories, except for sun care category reaching RM60.

The high price range recorded for supplement is highly related with brands as most of the supplements listed are majority coming from well-established brands. In addition, the sentiment of brands and price also plays a significant role whereby it may influence the consumer in terms of trust.

It is also worth mentioning that Over-the-Counter (OTC) Medicine has the lowest median price among all of the other categories, possibly due to it being restricted to be sold only by locals.

CONTRIBUTING FACTOR

Average sales of Beauty and Wellness Products

*average sales = sum of sales for each product/ the number of products

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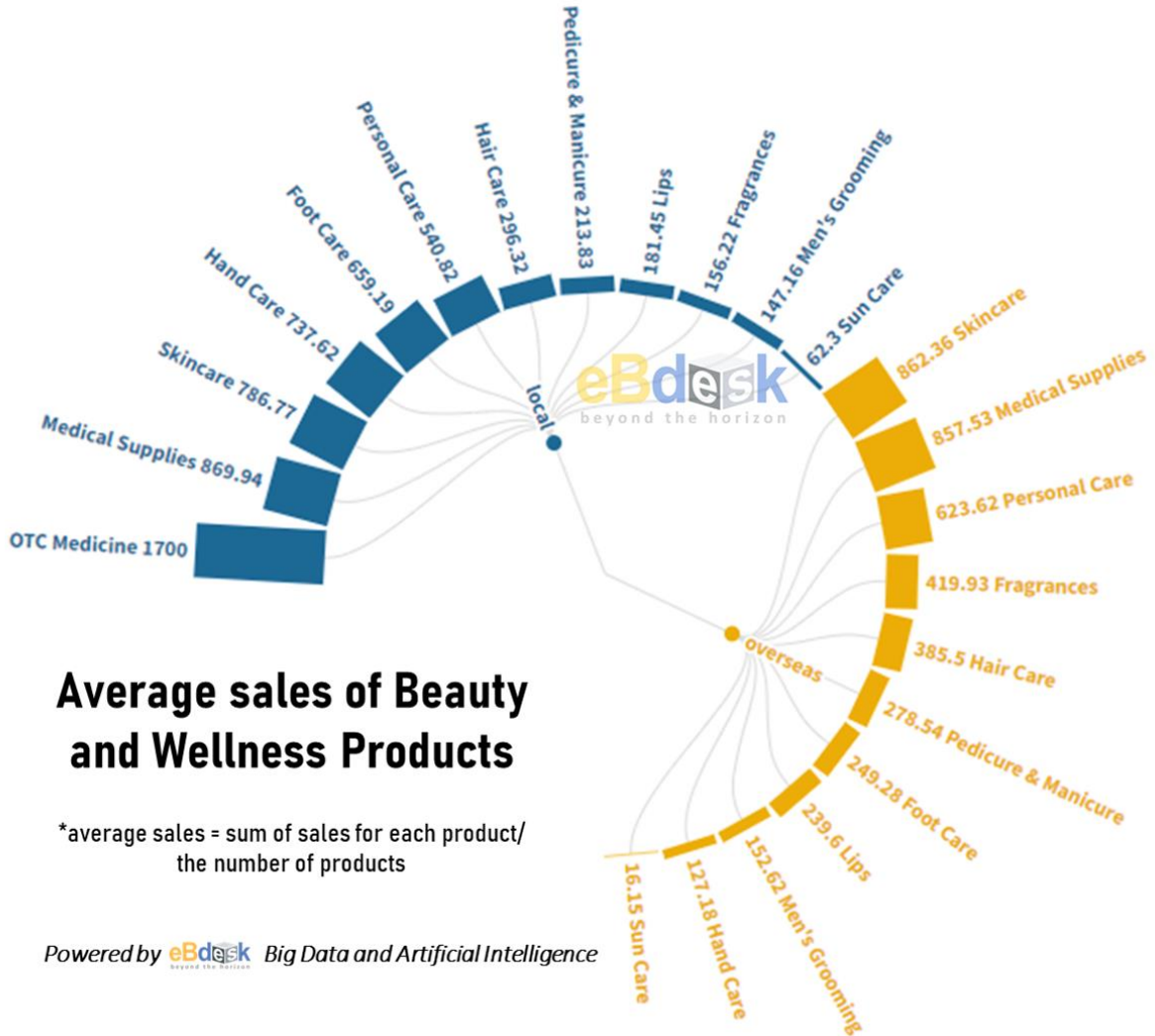
However, while the sun care has become the championed category in terms of price distribution for the local sellers, the OTC medicine category has the highest number of average sales whereby the lowest rank is dominated by the sun care category.

For the overseas seller, it is dominated by the skincare category which possibly related to the brands loyalty and trust as most Malaysian consumers prefer overseas or prominent brands when it comes to skincare products, according to experts.

PANDEMIC DRIVEN

As the booming of e-commerce allows variety of products sold on the market, the outlook is similar in the local sellers' segmentation whereby the number of sold items could reach 800 products for some sellers as depicted in the data whereby the medical supplies ranked the highest.

Sold Items Distributions of Beauty and Wellness Products
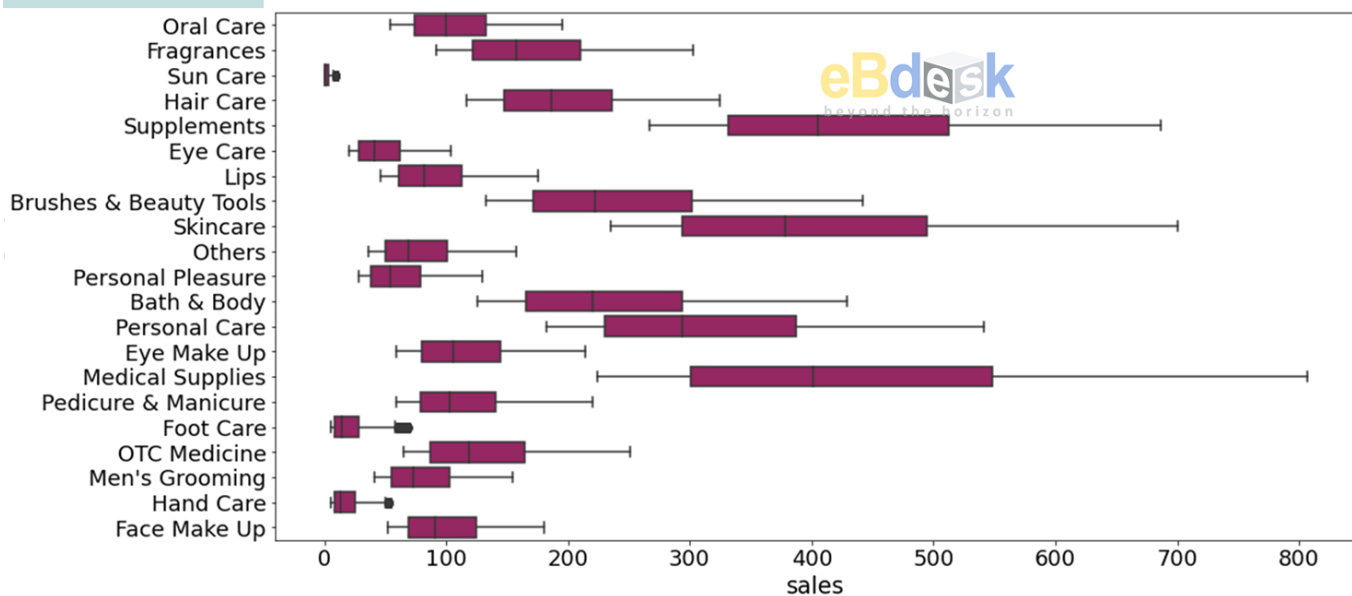
Powered by eBdesk Big Data and Artificial Intelligence

The high number of medical supplies products being sold online is possibly the cause of the ongoing Covid-19 pandemic outbreak, causing people to be extra cautious of their health and taking precautions as a protections from the virus.

Interestingly, despite the previous data has shown that sun care products has the highest median price for the local sellers, in terms of number of products sold, it has only been abled to achieve the bare minimum of less than 50 products sold compared to the other beauty and wellness product categories.

PERSISTENT POSITION

Sold Items Distributions of Beauty and Wellness Products
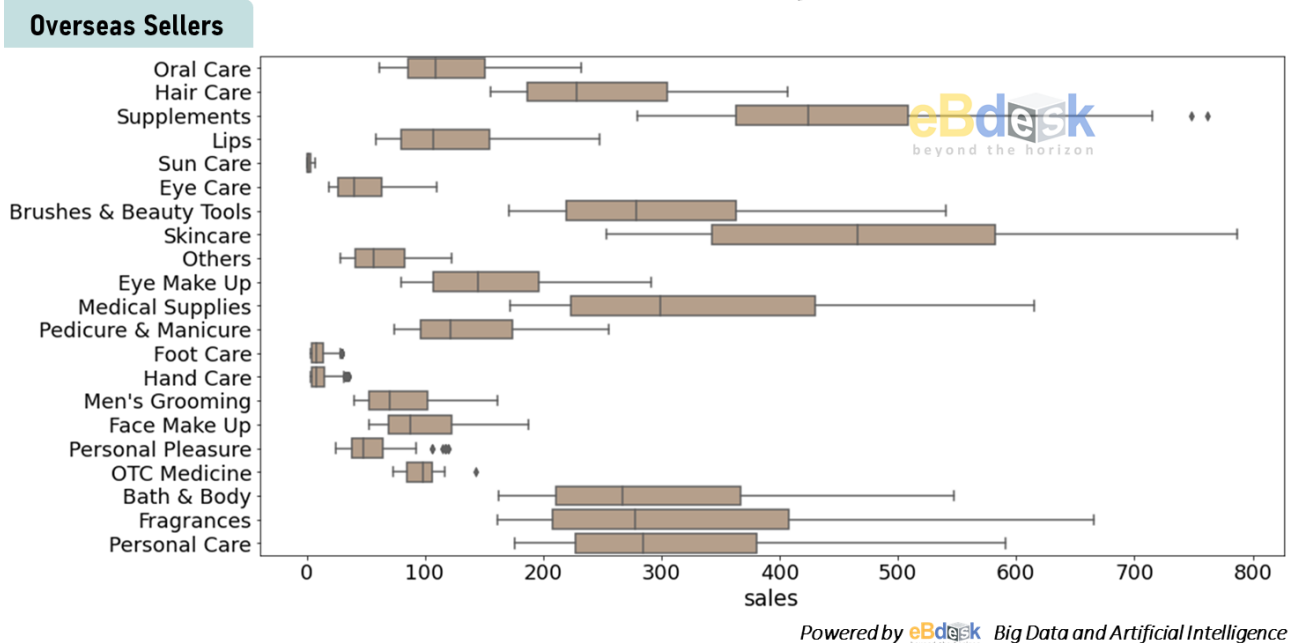
As for the overseas sellers, the skincare category still controlling the top position whereby it is now leading the sold items distributions of the overseas sellers as depicted in the data. High number of sold items are probably driven by the nature of beauty and wellness industry itself, especially for the skincare products whereby the local consumers are highly dependent on the imported products.

Apart from that, recent study has found that in terms of product trust, 65% of the local consumers have higher trust in imported products especially when it is labelled as cruelty-free.

AFFORDABLE MARKET

As the e-commerce platform has become the centre of minted businesses, an analysis of network will be useful to find out which area is the most saturated especially in terms of price. As visible in the network below, the price range for the beauty products listed in the platform are relatively affordable as most of the products are worth lesser than RM50.

Sellers' Network by Price Range
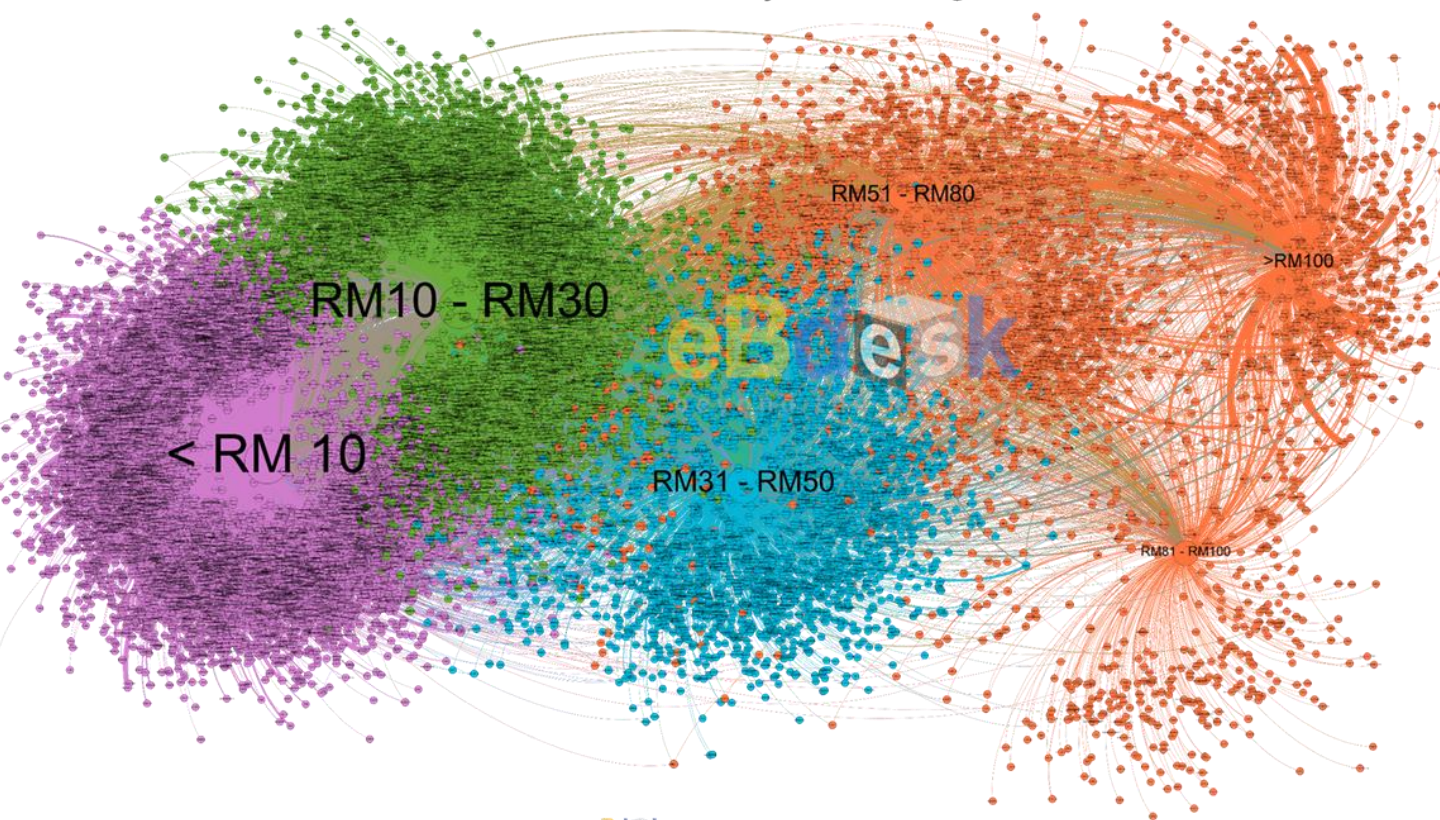
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Thus, it is visible that more clusters appeared in the network with loose connections appeared between the RM81 – RM100 range and the rest of the clusters. However, it is visible that for sellers with price range of RM30 and below, it is highly concentrated as presented in the data.

HIGHLY PERMEATED

Further analysis of the data has also shown that a few significant sellers have started to emerge according to their cluster respectively. Hence, it is visible that the sellers with a price range of RM10-RM30 has become the most saturated cluster as it appears as the centre of the network as seen below.
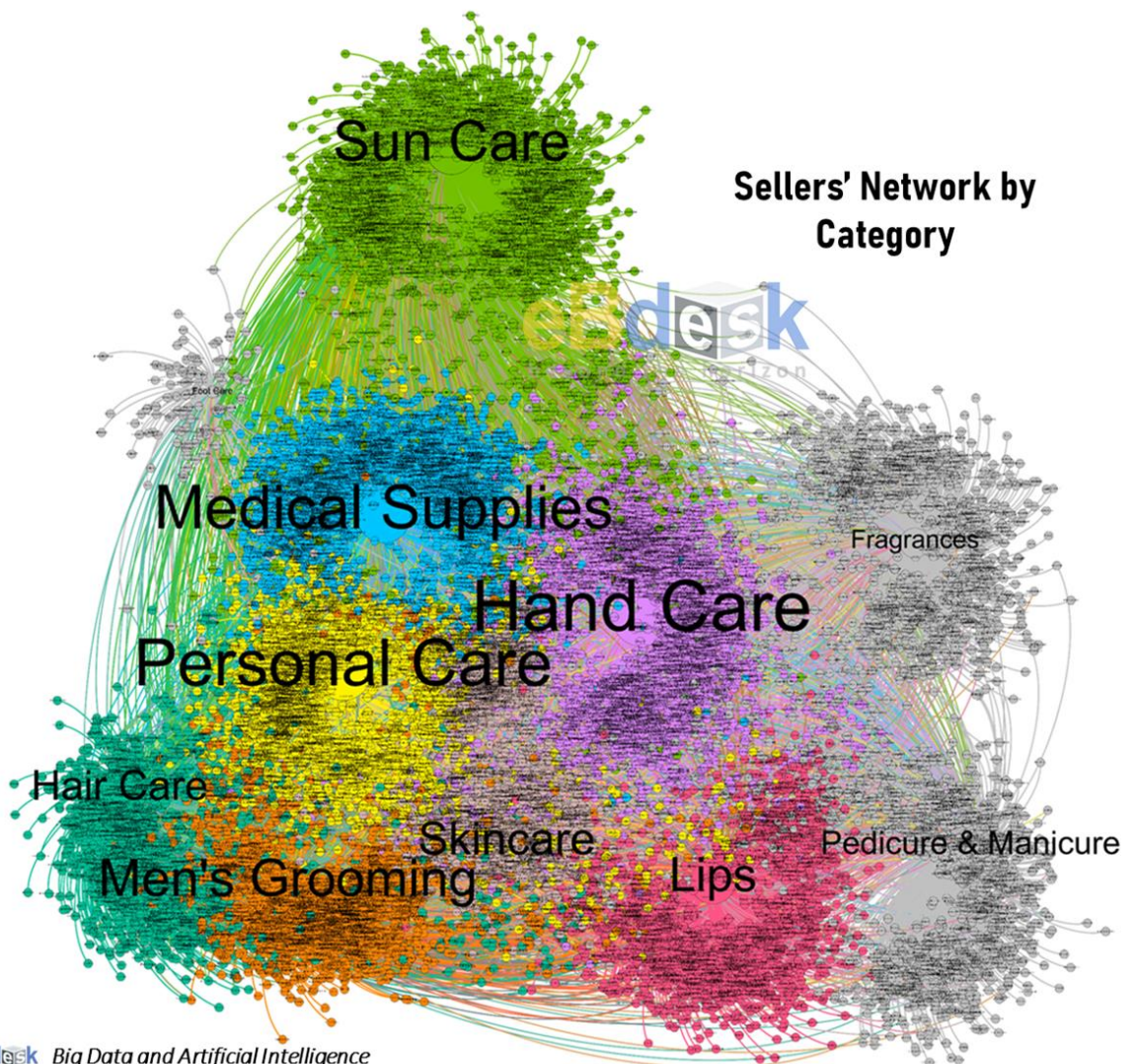
Sellers' Network by Price Range
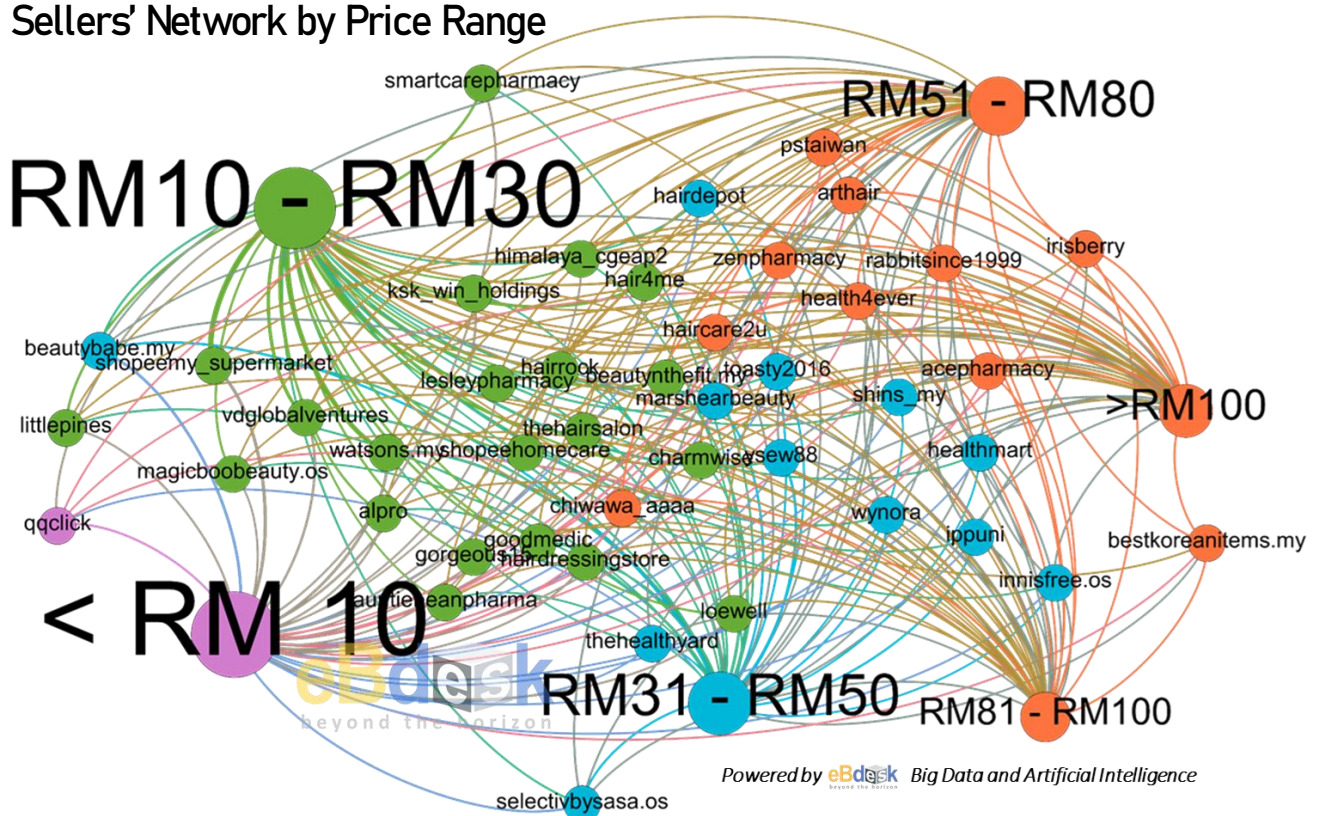
Apart from that, the data has also portrayed that a few prominent sellers have managed to stand out in the cluster. As such, chiwawa_aaaa, a seller with majority of product ranged from RM31-RM50 is leaning closer in the cluster of price range RM10-RM30.
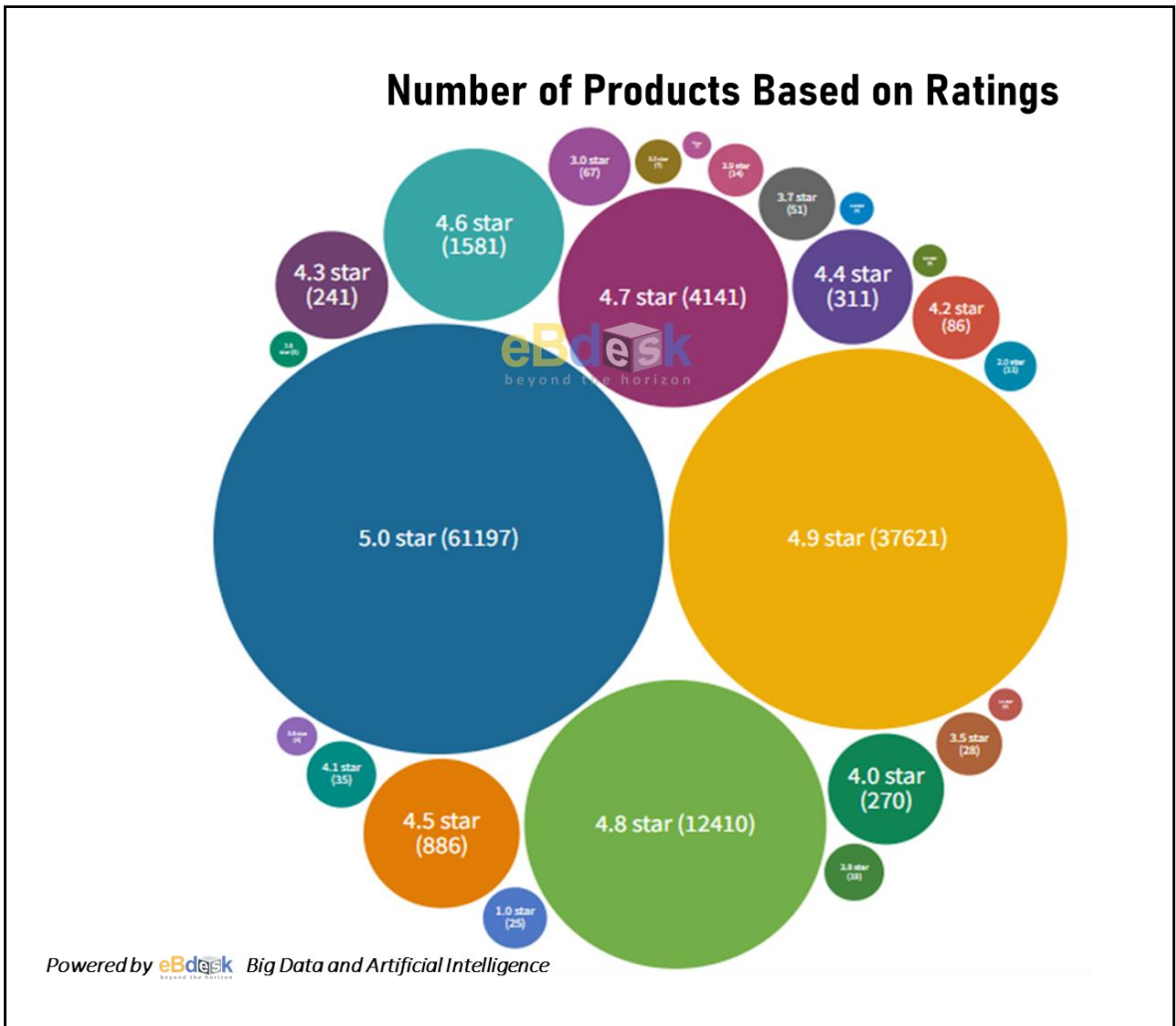
Interestingly, the data has also shown that only one seller managed to be salient in the cluster for products with price range below than RM10 which is qqclick. It is also represented in the data whereby while most sellers from RM31-RM50 are leaning towards the above RM50 cluster, one seller, beautybabe.my is leaning towards the RM10-RM30 cluster instead.

INTERRELATED

Sellers' Network by Category

Sun Care

Medical Supplies

Hand Care

Personal Care

Fragrances

Hair Care

Men's Grooming

Skincare

Lips

Pedicure & Manicure

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In terms of the sellers' network by category, it is visible that while the other categories are mostly linked towards one another, the fragrances category is slight isolated among the hand care and sun care category, mostly due to the other two categories are interrelated with scientific or clinically proven highlighting the proximity of the medical supplies category in the network.

RATING MATTERS

Number of Products Based on Ratings

- 5.0 star (61197)
- 4.9 star (37621)
- 4.8 star (12410)
- 4.6 star (1581)
- 4.7 star (4141)
- 4.5 star (886)
- 4.4 star (311)
- 4.3 star (241)
- 4.0 star (270)
- 4.2 star (86)
- 3.0 star (67)
- 3.7 star (51)
- 4.1 star (35)
- 3.5 star (28)
- 1.0 star (25)

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Consumers' satisfaction and experience has become the common determinant between the e-commerce industry and the beauty and wellness industry. As e-commerce platforms allowed ratings to be conducted, it has become an important indicator for the beauty and health industry, especially now that it is almost fully transitioned online.

Depicted in the data, it is visible that most of the products received a rating of 5-star as it doubles in numbers compared to the 4.9-star rating which stands at 61,197 products and 37,621 products, respectively.

SINGLE DOMINANCE

Among all the listed sub-category under beauty and wellness products, only four categories have managed to appear in the top 30 products with the most ratings which is highly dominated by the hand care category and followed by medical supplies.

Top 30 Beauty and Wellness Products With The Most Ratings

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As the data was analyzed further, it is discovered that the top four of the products are under the same brand which is Dettol possibly due to the public has become more health conscious as a result of the ongoing pandemic outbreak.

Apart from that, the top products with the most ratings under medical supplies are also closely affiliated with the pandemic whereby it is filled only with face mask with many variations. This has further stamped the significance of living in the new normal conditions as the top products with most ratings are highly related with the precautions against the virus.

MANIFOLD VARIANCE

Similar trends of pandemic-driven consumption behavior is also visible for the overseas sellers as the products related with precautions against the virus appeared with the most ratings.

However, it is also worth mentioning that diversity occurred in the top 30 products with the most ratings for overseas sellers as there are at least a single representative for the 8 categories below. Interestingly, despite the suncare products have been mentioned as having the highest number of items sold in the previous data, in terms of product ratings, it does not seem to be doing well as only one product from the category managed to penetrate the list of products with most ratings.
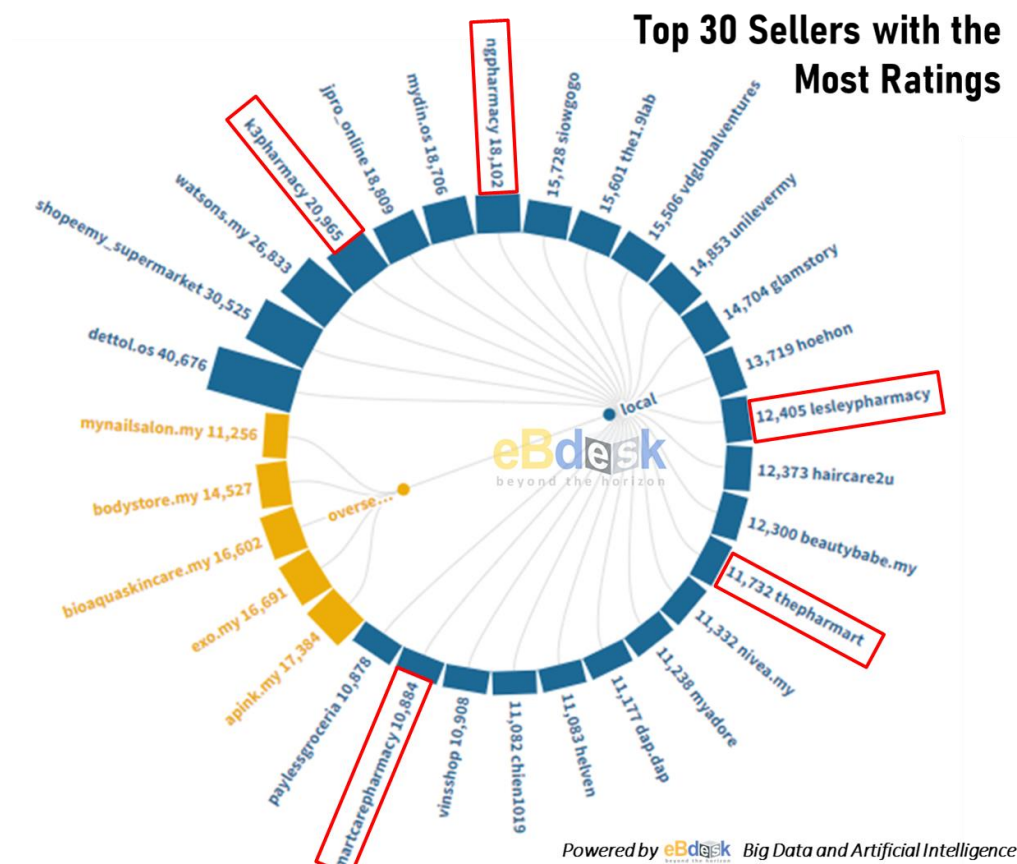
In addition, while studies have concluded that the imported product dependence is high due to brands and trusts, it is not reflected in the data whereby the top products are not labelled according to their brands, except for a few.

Top 30 Beauty and Wellness Products With The Most Ratings

Overseas Sellers

Medical Supplies
Smart Bluetooth Body Fat Weight Scale 12-in-1 Digital Weight Loss Weighing
Lowest price face shield 10pcs Transparent Anti-fog Anti-Oil Splatter Full Face Shield cover Cooking Protector face shield
50pcs 3ply civilian disposable face mask
Ready Stock Face Mask Extender 4 Levels Adjust Mask Hook Ear No Pain Holder
[Ready Stock] (Glasses + Mask)Anti-fog Protect Eyes Face Cover Transparent Face Shield Dustproof Protective TCH
60pcs Ovulation OPK/Early Pregnancy Test Strip 10mIU UPT &other variation option
NEW 1Pcs Child Protective Face Mask Anti-Fog Anti-splash Anti Droplet Full Face Cover Mask Kid Adjustable Cute Safe Clear Face Shield YDEA
(Ready Stock) 1pc Cartoon Face Shield For Kids Children's Cartoon Transparent Isolated Anti-splash Mask Facial Protection Anti-smoke Face Protection Spot

Lips
Matte Liquid Lip Gloss Long Lasting Lipstick Moisturizer Velvet Pigment Lip Glaze
Professional Cosmetics Liquid Matte Lipstick long-Lasting Waterproof Lipgloss
Pudaier Liquid Matte Long Lasting Lipstick - 21 Colors
LAMUSELAND 12Colors/Set Travel Kit Long-Lasting Lipstick Matte Mini Lip Gloss L18L12
L/an/eige Korea Lip Sleeping Mask Night Sleep Maintenance Lip Balm Lips Cream Lips Care 3g/20g
Liquid Lipsticks Waterproof Lip Kit Matte Lip Gloss
[Ready Stock] HANDAIYAN 6pcs Matte Liquid Lip Gloss Set Creamy-matte Shimmer Lipstick Kit Waterproof Makeup Long-lasting Velvet Sexy

Skincare
(Ready Stock) Hyaluronic Acid Face Essence Shrink Pore Whitening Moisturizing Serum Beauty Skin Care
Apieu// NEW Madecassoside Cream Collection
INNISFREE// ★ NEW OPTION ★ Foam Cleanser
(Ready Stock) Meizu Green Tea Mask, clean the mud film, control oil, moisturize and moisten mild eggplant oil control mask.
[Serum Sample Box] SOMEBYMI AHA.BHA.PHA 30 Days Miracle Serum Light (gimmick)
(Sell 2 and get one free)Biore UV Aqua Sunscreen Rich Watery Essence SPF50 Sunblock
Unifon Refreshing Balanced Oil Control Mineral Mud Facial Clay Mask Cleansing Blackhead (10g sample)

Personal Care
Outdoor's Mosquito Repellent Badge For Baby Kids Adult Healthy(Random Color)
NO.C1-C6 Ready Stock hand sanitizer holder bottle Unicorn Silicone cover Doraemon Captain America iron Man Spiderman Hulk Marvel Can choose cartoon hand Sanitizer Bottle Antibacterial Holder Cartoon Silicone Bottle Set 30ml High Quality Hand Washing
Men Body Shaper Slimming Vest Lift Body Singlet
For Mask Artifact Ear Protector Headset Wearing Auxiliary Hook To Extend Decompression Inhale Hanging Ear Mask Anti-leak Adjustment Artifact

Sun Care
BREYLEE SPF50 UV Sunscreen Whitening Face Cream Sunblock PA+++ (40ml)

Hand Care
20 Pcs Travel Disposable Soap Tablets Boxed Soap Paper Portable Hand Washing Tablets Travel Carry Soap Paper

Men's Grooming
Men Electric Hair Clipper Nose Trimmer Beard Shaver Trimmer Cordless Groomer Kit

Pedicure & Manicure
24Pcs False Fake Nail/false nails/nail stickers/ French Shiny Square Design Press On Manicure Tips /Nail art

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ADVANTAGEOUS POSITION

Top 30 Sellers with the Most Ratings

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As ratings would have a direct impact towards the success of a business, the local sellers have dominated the top 30 sellers with the most ratings with dettol.os appeared as the top seller.

Apart from that, it is also visible that pharmacy stores has appeared to receive most ratings among the local sellers which is the same number of sellers from the overseas sellers that received the most ratings.

HIGH RELATION

Local Sellers

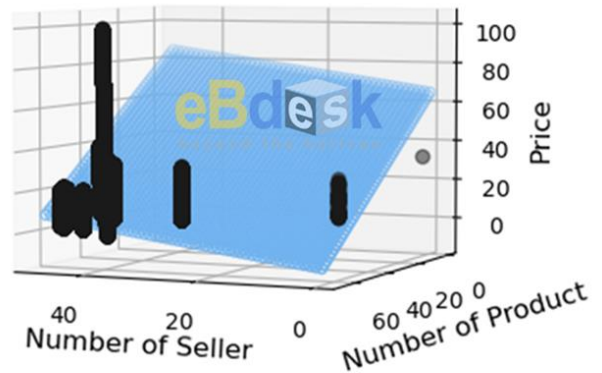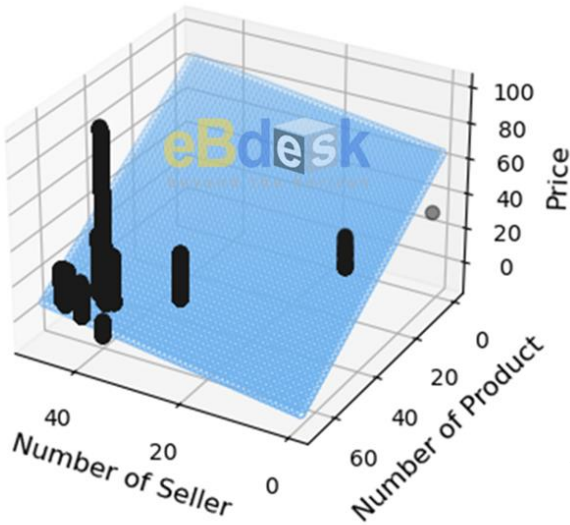**Correlation Between Number of Products and Sellers with Items Sold**
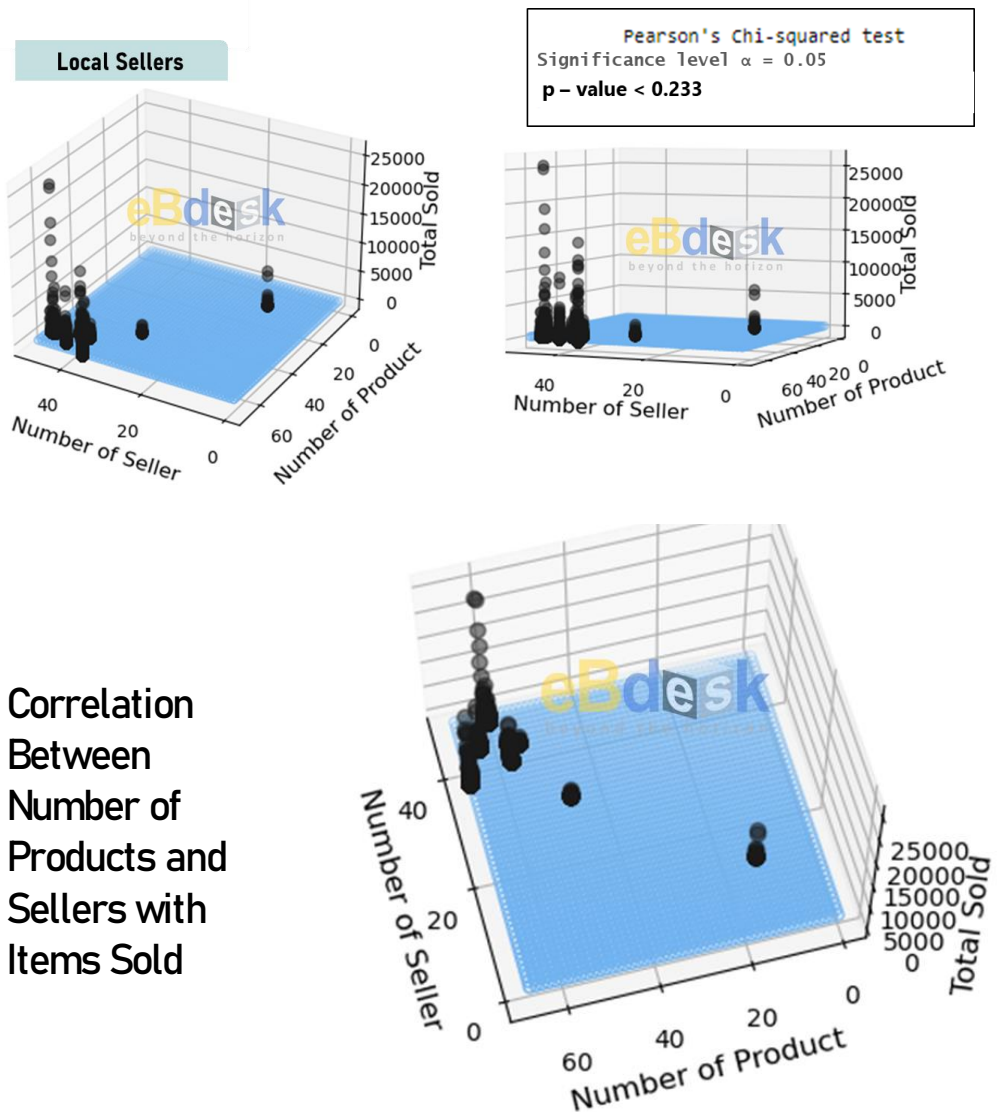
The chi-square test has been conducted to understand further about dependency among the variables, as it could allows a pattern of sellers and products to be establish.

As experts' opinions have always argued that the relation between the products, sellers' location and items sold are intertwined with one another, it is depicted in the chi-squared test whereby the p-value is lower than the significance level as depicted in the analytics.
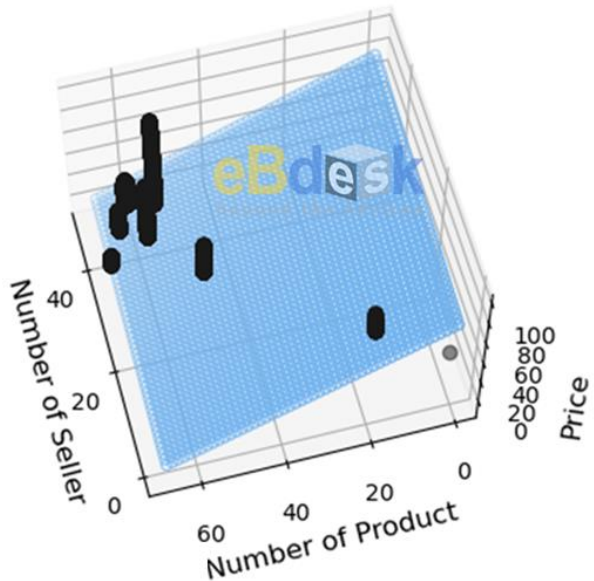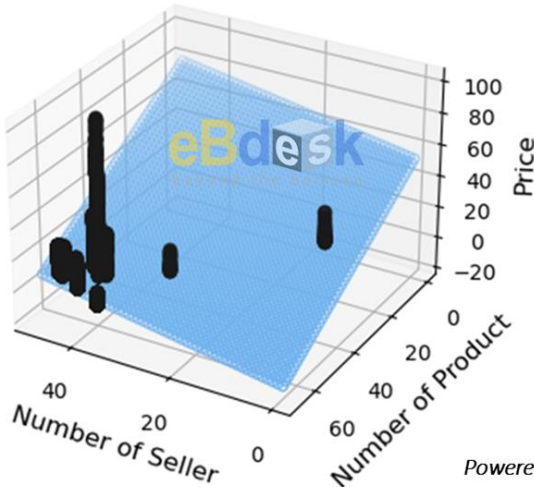
INTERDEPENDENT

Local Sellers

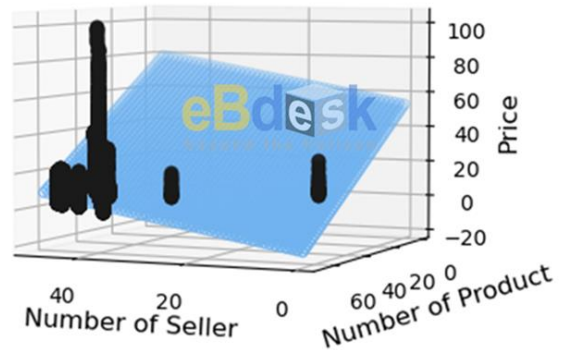Correlation Between Number of Products and Sellers with Price

Similarly, the dependency of the products, sellers and price has also been visible for the local sellers as the p-value remains lower than the significance level of 0.25 signifying the association between the variables. The three-dimensional chart has also shown that the price outlier within the range of RM20 – RM40 is visible in the analytics.
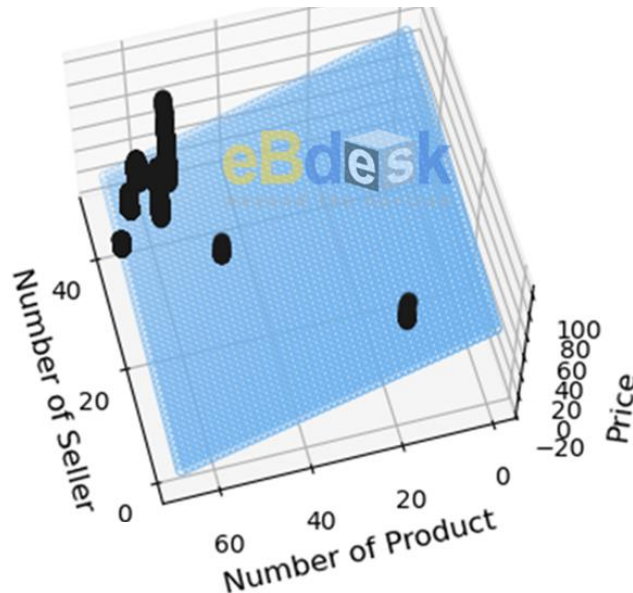
GAINING PROMINENCE

Overseas Sellers

Pearson's Chi-squared test
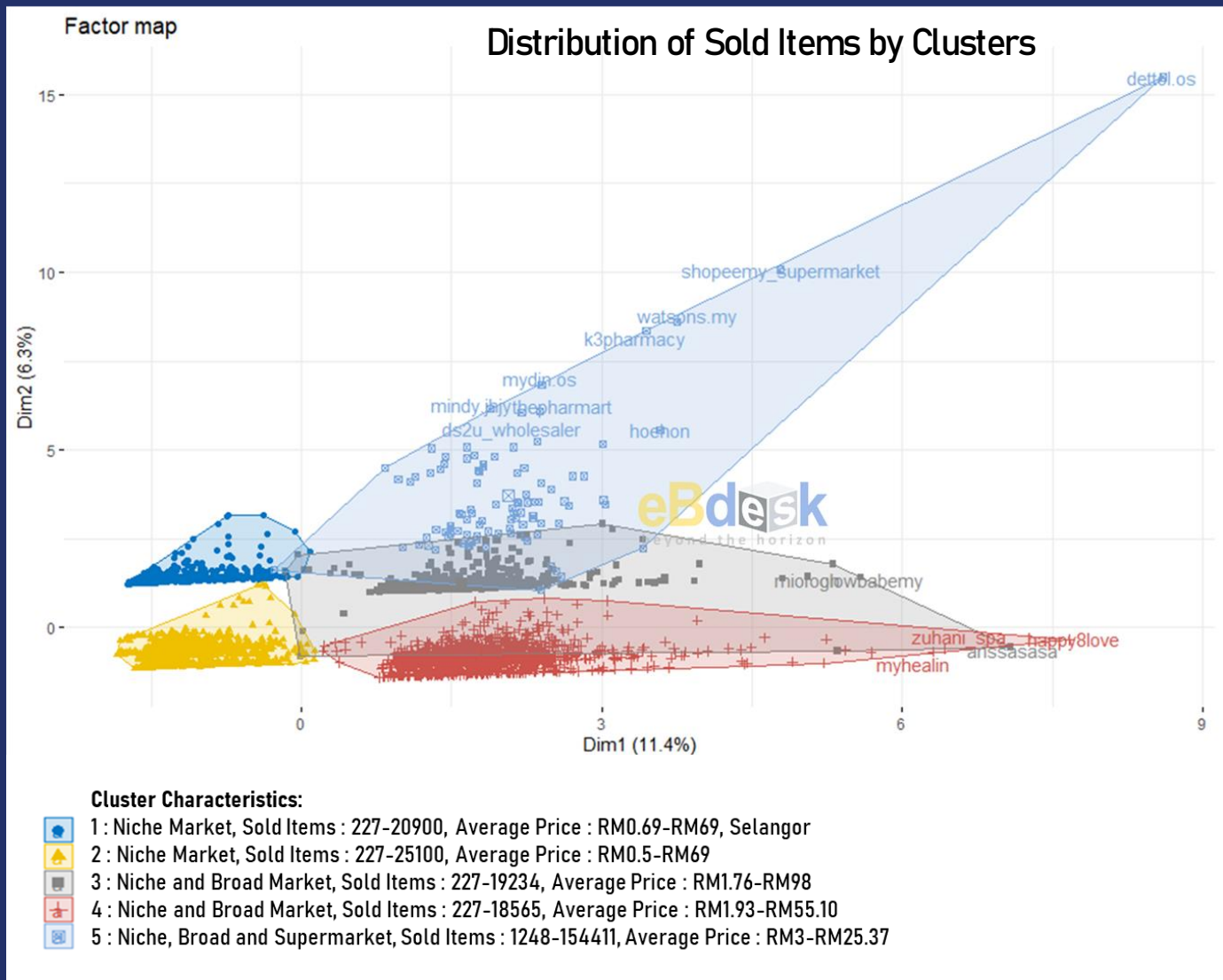Significance level α = 0.05
p−value < 0.240

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Correlation
Between
Number of
Products and
Sellers with
Price

Following the similar outlook with the local sellers, the dependency of products, sellers and price is also visible whereby the association between the variables has been determined by the p-value which is lower than the significance level. Hence, the findings have concluded that in terms of the beauty and wellness sellers in the platform, the listed variables are highly dependent among one another, possibly determining the performance of the sellers.

STAND OUT

Factor map

Distribution of Sold Items by Clusters

Cluster Characteristics:
1 : Niche Market, Sold Items : 227-20900, Average Price : RM0.69-RM69, Selangor
2 : Niche Market, Sold Items : 227-25100, Average Price : RM0.5-RM69
3 : Niche and Broad Market, Sold Items : 227-19234, Average Price : RM1.76-RM98
4 : Niche and Broad Market, Sold Items : 227-18565, Average Price : RM1.93-RM55.10
5 : Niche, Broad and Supermarket, Sold Items : 1248-154411, Average Price : RM3-RM25.37

Hence, much deeper analysis has been conducted to characterize the sellers into a special clustering. To conduct the analysis, similar characteristics of the sellers have been identified to sort out the sellers into a specific groups or clustering. The finding has shown that although most of the sellers are grouped into Cluster 5, Cluster 1, on the other has a significant overlapping characteristic whereby the sellers are mostly located in Selangor.

HIGH
CONTRIBUTION

Distribution of Sold Items by Clusters

Local Sellers
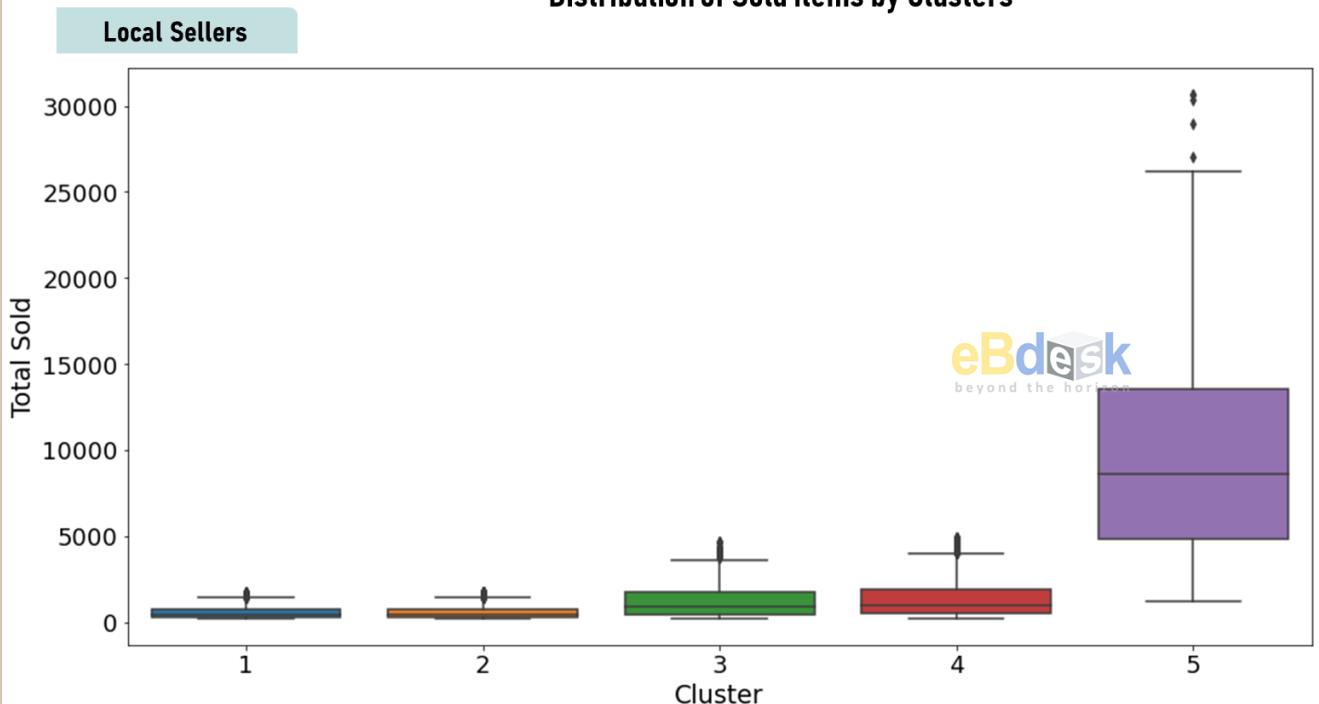
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After the characteristic clustering process has been conducted, it can also be used to measure the performance of the group collectively as depicted in the analytics. Hence, it has shown that domination of Cluster 5 does only occur in the previous analytics, but in the number of sold items, it is still dominated by the same cluster.

Interestingly, it is also shown in the previous data whereby Dettol.os appeared as the seller with the most number of items sold, futher emphasizing the gap it possessed between the other sellers.

OVERPOWERED

Distribution of Sold Items by Clusters

Overseas Sellers
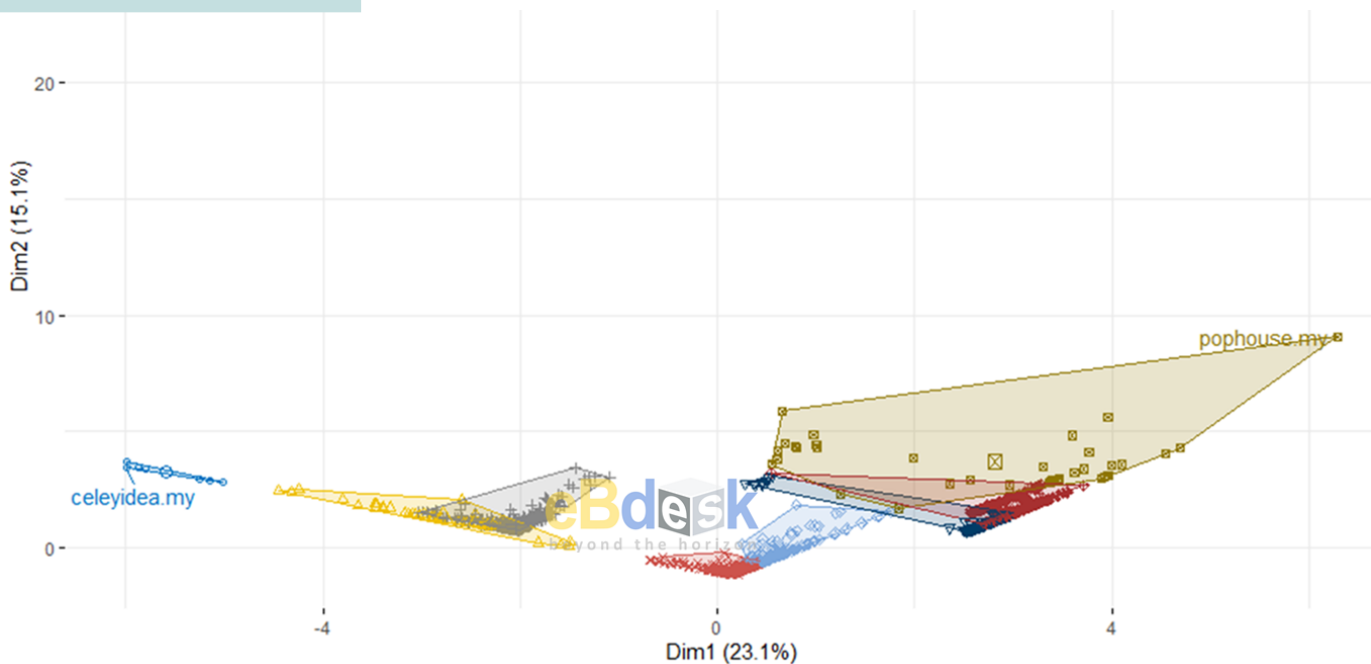
Cluster Characteristics:

1 : Niche and Broad Market, Average Price : RM0.4–RM9.15, Mainland China
2 : Niche, Broad and Supermarket, Average Price : RM0.49–RM20.34, Mainland China
3 : Broad Market, Average Price : RM0.27–RM140.6, Mainland China
4 : Niche Market, Average Price : RM0.19–RM46, Mainland China
5 : Niche Market, Average Price : RM24.63–RM236.15, Mainland China
6 : Niche and Broad Market, Average Price : RM1.6–RM3609, Indonesia
7 : Niche and Broad Market, Average Price : RM9.32–RM899.1, Mainland China, Taiwan, Vietnam, Indonesia, Korea
8 : Broad Market, Average Price : RM 7.7.51, Mainland China
9 : Niche and Broad Market, Average Price : RM9.32–RM899.1, Taiwan, Vietnam, Indonesia

As the overseas sellers have also been analysed, it is reflected in the data that China continues to dominate the Malaysian market in almost every sector. Hence, it is reflected in the analytics that Mainland China appeared as a similar clustering for the overseas sellers except for Cluster 6 as it is only filled with the Indonesian sellers. It is also visible that three groups of clusters appeared in terms of overseas sellers with only cluster 1 is separated from the rest of the pack, possibly due to it being a niche market.

NICHE MARKET

Distribution of Sold Items by Clusters

Overseas Sellers
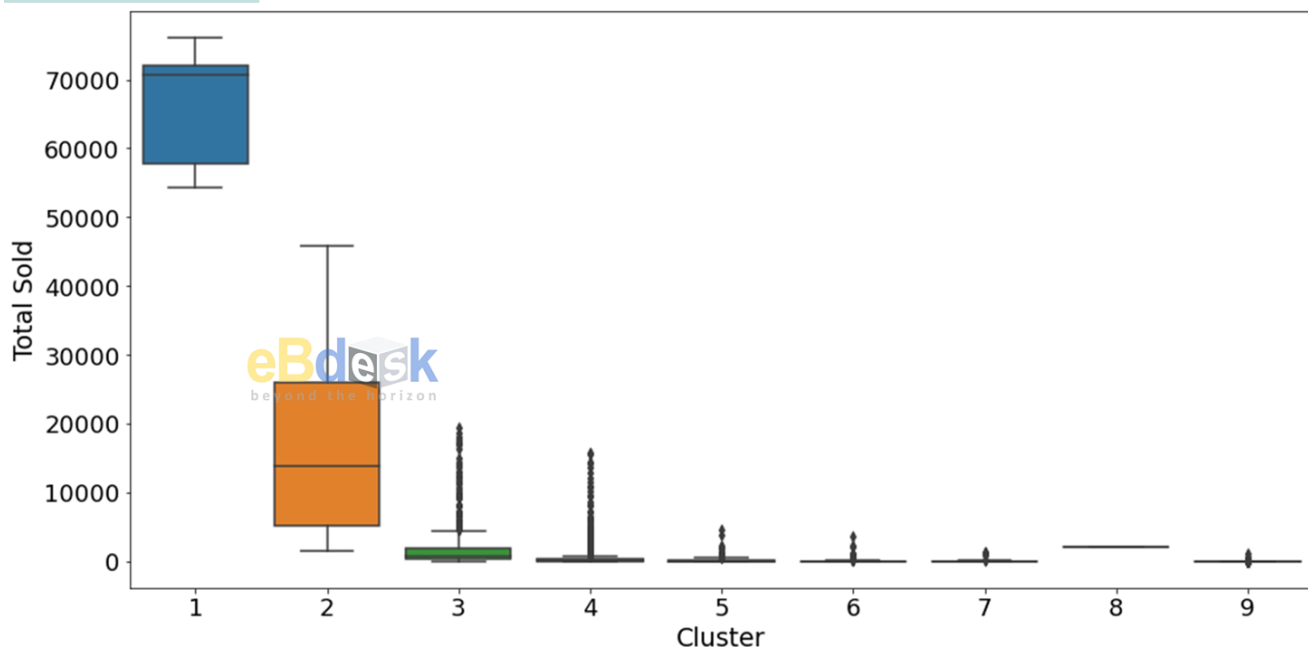
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While the local sellers characteristic clustering has shown that the broad market would possess the highest number of sold items and sellers, contradicting outlook appeared for the overseas sellers whereby Cluster 1, which is the combination of niche market managed to appeared as the cluster with the highest number of sold items.

Significantly, Cluster 1 has also toppled the chart strikingly, as its lowest number of sold items is even higher than the highest number of sold item for Cluster 2, amplifying the winning character traits further in the analysis.

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KEY TAKES

Beauty and wellness industry has always been consumer oriented, however, it is undoubtly so that the pandemic has changed the consumer behaviour even further as the consumers now has shifted online.

The analytics has shown that the consumer behavior within the beauty and wellness category now has been influenced by the pandemic outbreak whereby the medical supplies, supplements and skincare categories have become the categories with most products being sold regardless by the local or overseas sellers.

Apart from that, the data has also indicated that the sellers from China has dominated the overseas sellers' market as they have the most number of products compared to the other countries.
Nonetheless, despite the colossal number of products being listed in the e-commerce platform by other countries, mainly China, the number of items sold by local sellers is still relatively higher.
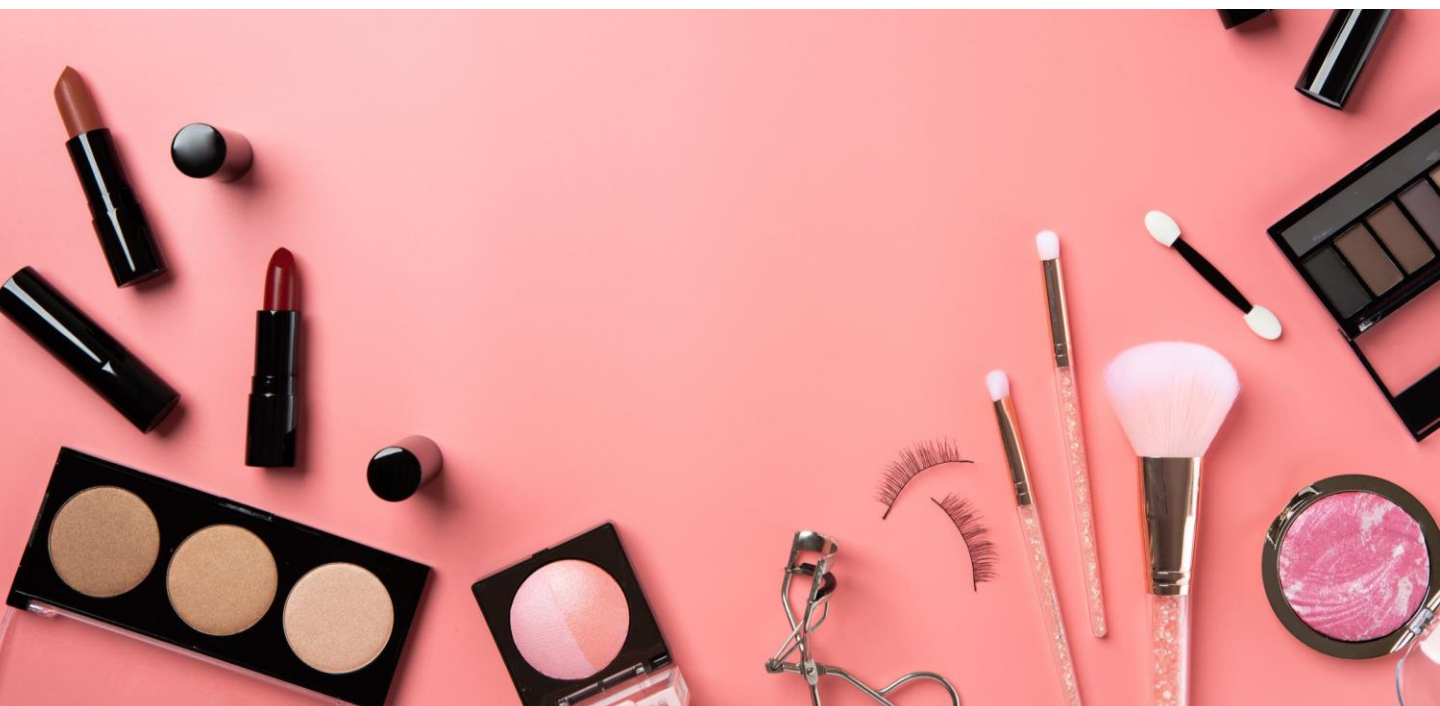
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