

Retail Report 2025

In the fast-moving retail scene, innovation and adaptability are key. Gen Z shoppers move fluidly across online, physical stores, and social channels, raising expectations for convenience, personalization, and speed. Retailers are stepping up, using AI to enhance customer journeys, fight fraud, and drive smarter decisions. In-store experiences remain vital, as shoppers continue to value the ability to see, feel, and interact with products.

This year's Adyen Index explores how Malaysian retailers are responding, from rethinking loyalty to improving payment performance and building for long-term growth.

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Where we shop and how people pay

57% of Malaysian consumers value both online and in-store shopping equally

FINDING 01

Younger generations are driving the rise of social commerce

FINDING 02

In-store remains relevant, especially for tactile experiences

FINDING 03

Consumers want seamless payments across all channels



72%

of Gen Z in Malaysia choose retailers that let them interact via social media.

54%

of shoppers will abandon a purchase if they can't pay the way they want.

Shopping habits in Malaysia are increasingly hybrid. While physical stores still matter, especially for older shoppers, more than half of consumers now value a mix of online and in-person experiences. Gen Z, in particular, is turning to social media to browse and interact with retail brands, with 72% choosing retailers that support social commerce. But it's not just where people shop that matters, it's how they pay. With 54% of consumers abandoning purchases if they can't pay their preferred way, offering flexible, frictionless payment options across all touchpoints is critical to winning (and keeping) today's shoppers.

AI In Retail

58% of Malaysian consumers have used AI assistants to shop

FINDING 01

AI assistants are gaining traction as a discovery tool

FINDING 02

Consumers are divided on AI personalization

FINDING 03

Concerns around fraud highlight the need for trust in AI experiences



55%

of Malaysian consumers say AI helps cut through online noise.

32%

say AI makes them more concerned about fraud and scams.

AI is starting to reshape the shopping journey. Half of the consumers in Malaysia have used AI tools to help them shop, particularly to cut through the large volume of online content. While 71% use AI for inspiration, opinions on personalization are mixed, with some finding it helpful and others seeing it as intrusive. A key concern is fraud: 32% of consumers say AI increases their worry about scams. As retailers explore AI-powered experiences, building trust and transparency will be essential to meeting expectations without crossing boundaries.

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In-store shopping

56% of consumers in Malaysia want retailers to make the in-store experience more interesting

FINDING 01

Physical retail continues to play a vital role in the customer journey

FINDING 02

Shoppers want tactile experiences and engaging environments

FINDING 03

Retailers are investing in tech to reimagine the in-store experience



50%

of Malaysian shoppers say touching products is the main reason they shop in store.

56%

of retailers plan to invest in technology to make the customer shopping experience more engaging.

In-store shopping remains central to the customer journey in Malaysia. While many now have hybrid buying habits, stores still offer something digital channels can't: tactile, immersive experiences. In fact, 50% of shoppers say the ability to touch products is the top reason they shop in person. But expectations are evolving. 56% of consumers in Malaysia want retailers to make stores more exciting through additions like AR, cafés, or events. In response, 56% of Malaysian retailers plan to upgrade their spaces with engaging tech, ushering in a new era of experiential retail that blends physical presence with digital creativity.

Personalization & loyalty

74% of consumers in Malaysia are more likely to shop with brands who give them discounts through loyalty programs

FINDING 01

Shoppers expect seamless and personalized experiences

FINDING 02

Many loyalty programs aren't delivering meaningful value

FINDING 03

Retailers with unified commerce gain better customer insights



55%

of Malaysian consumers say loyalty programs rarely offer what they actually want.

51%

of Malaysian retailers saw an increase in sales from shoppers returning online purchases and buying more items when in-store.

Retailers in Malaysia are seeing clear benefits from investing in unified commerce. In fact, 51% reported increased sales from customers who returned online purchases and made additional in-store purchases, a powerful sign of how connected commerce can drive revenue. With more retailers linking their payment systems and customer data across channels, the ability to understand behavior, personalize offers, and create seamless shopping experiences is no longer a nice-to-have. It's a competitive edge. Businesses not yet leveraging unified commerce risk falling behind as shopper expectations for flexible, personalized interactions continue to grow.

Optimizing the total cost of payments

40% of businesses in Malaysia are looking to increase net revenue by finding ways to lower the cost of payments

FINDING 01

Retailers are looking to payments as a lever for cost savings

FINDING 02

Cost optimization includes using local payment methods

FINDING 03

Managing multiple vendors drains time and resources



51%

of Malaysian retailers say offering local payment methods helps reduce fees.

39%

of Malaysian businesses spend time and resources managing different payment vendors.

Cost is a major concern for retailers in Malaysia. They are looking beyond revenue generation and focusing on reducing payment-related costs, with 40% agreeing that optimizing cost is a key strategy for growth. Tactics include offering local payment methods, which 51% say helps reduce fees, and implementing smart routing to lower transaction costs. But it's not just about fees, operational efficiency is a major factor. 39% of businesses spend significant time managing multiple vendors, which adds complexity and overhead. A more streamlined payments setup can help retailers reclaim time, reduce errors, and optimize both performance and cost.

Payment performance

56% of customers in Malaysia will abandon a purchase if payment takes too long

FINDING 01

Reliable systems and fast transactions are essential to prevent revenue loss

FINDING 02

Many retailers still don't measure or optimize in-person checkout speed

FINDING 03

Businesses are using payment data to drive smarter decisions



95%

of businesses in Malaysia without reliable payment systems reported revenue loss due to downtime.

78%

of businesses in Malaysia say their payment solution has reduced declined transactions.

When payments are slow or unreliable, businesses suffer. In Malaysia, 56% of customers will abandon their purchase if checkout takes too long, and 95% of retailers without a reliable solution reported revenue loss from downtime. Yet many Malaysian retailers still only measure online speed, ignoring offline performance, where confidence is lower. Encouragingly, 78% say their payment system now helps reduce declines, and 83% saw improved payment metrics in the past year. As payment performance becomes a competitive differentiator, leading Malaysian retailers are using real-time insights to optimize customer experience, expand globally, and make smarter operational decisions.

Business ambitions

47% of businesses in Malaysia plan to diversify their product or service offerings in 2025

FINDING 01

Businesses are expanding beyond traditional growth strategies

FINDING 02

International expansion remains a key priority

FINDING 03

New business models like marketplaces are on the rise



57%

of businesses in APAC planning to expand internationally will invest over MYR 4.28 million.

35%

of businesses in Malaysia plan to become a marketplace in 2025.

Malaysian businesses are thinking broadly about how to grow in 2025. While international expansion remains a top priority, growth strategies are evolving. Many are also diversifying across business models, with 47% planning to expand their offerings and 35% exploring the marketplace model. Whether through geographic reach or new revenue streams, retailers in Malaysia are looking for ways to stay agile and future-proof. This shift reflects a growing confidence in their ability to support international transactions and respond to changing consumer behavior both locally and abroad.

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Ethics & impact

53% of consumers in Malaysia are willing to pay more for ethically sourced products

FINDING 01

Consumers expect businesses to demonstrate ethical practices

FINDING 02

Increased support for sustainability, but price remains a barrier

FINDING 03

Decarbonization and donation tech are on the rise



66%

of consumers in Malaysia would be more loyal to brands with a strong social purpose.

30%

of APAC retailers now prioritize decarbonization – up from 19% in 2024.

Against a backdrop of global events, an increased awareness of ethics and supply chains, and the rise of climate concerns, consumers are waking up to their responsibilities. A recent survey by PwC found that “consumers are willing to pay a 9.7% sustainability premium, even as cost-of-living and inflationary concerns weigh.” Our research also confirms that consumers are eager to give back and expect businesses to do so as well.

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Unlock growth with Adyen

Where innovation and execution meet

Retailers are evolving fast – embracing new business models, exploring AI, and investing in connected experiences. But as this report shows, success hinges on execution. That means turning insights into action, bridging online and offline journeys, and delivering seamless payments that drive both loyalty and operational efficiency.

From optimizing checkout to enabling global expansion, we're helping retailers like Mango, Electrolux, Tory Burch, Love, Bonito, Zara, Sephora, and Zalora turn bold ambitions into tangible results.

[Discover Adyen for Retail >](#)

Let's talk payments

We'd love to explore how we can help you unlock value across your customer journey.

Talk to our team

