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MyGalore: Searching for a ‘Blue Ocean’ within an e-commerce ‘Red Ocean’

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EXECUTIVE SUMMARY

MyGalore, a niche e-commerce platform dedicated to assisting and empowering microbusiness owners in navigating digitalization, especially women and members of the “Below 40” community. The platform provides end-to-end administrative and logistical support for microbusinesses alongside additional services such as training and consultancies. Its key challenges are (1) competition and initial difficulties for new niche actors and (2) the bargaining power of buyers and suppliers. Solutions include (1) producing a comprehensive support ecosystem and (2) establishing a coherent market positioning. By treating existing challenges as catalysts for transformation, MyGalore can embrace lucrative niche markets such as crafts and envision the possibility of global expansions. Overall, it is an emerging actor in Malaysia’s niche e-commerce platform, and has already shaped entrepreneurial dreams for many microbusinesses, for whom adaptability and innovation are now within reach.

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Introduction

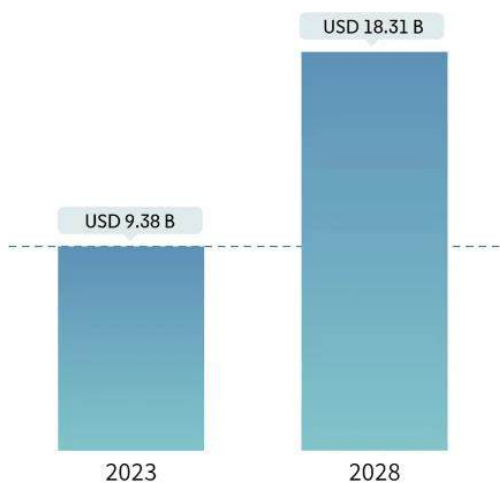
During the Covid-19 pandemic lockdowns, Puan Intan Husin witnessed the migration of traditional brick-and-mortar businesses to online spaces. However, this digital shift posed challenges for microbusiness owners, especially those from older generations who were grappling with the complexities of transitioning to digital e-commerce platforms (e.g., Shopee, Lazada). By recognising this underserved market, Puan Intan and her partner seized an opportunity to launch MyGalore, a niche e-commerce platform dedicated to assisting and empowering microbusiness owners in navigating digitalization, especially women and members of the “Below 40” community. The platform provides end-to-end administrative and logistical support for microbusinesses alongside additional services such as training and consultancies. Central to MyGalore's approach is its vendor-centric platform and services. It charges a nominal 2.5% product fee to buyers while ensuring that vendors receive the full expected revenue, thus directly addressing common concerns about diminished profits among older microbusiness owners. Moreover, MyGalore diversifies its revenue streams through the provision of training programmes, consultancies, occasional government grants, and collaborations with logistics partners. This multifaceted approach not only drives business but also fosters stronger relationships within its ecosystem. However, due to the competitive e-commerce “red ocean”, MyGalore faces challenges to growth and plans to raise more funds for marketing through traditional mass media (e.g., print publications, radio). This case study lays out the industry context as well as challenges and recommended solutions for MyGalore in devising a suitable exit plan.

Industry context

The value of the Malaysian e-commerce market is poised to grow from an estimated USD 9.38 billion in 2023 to an estimated USD 18.31 billion by 2028, with a compound annual growth rate of 14.32%. According to the International Trade Administration, Malaysia has a high e-commerce adoption rate, aided by a sizable population of active internet users (27.4 million, or 80% of the population) and high mobile phone penetration (84.2%). As of 2023, Malaysia had 39.9 million mobile connections and 28 million users on social media.

Malaysia E-commerce Market

Market Size in USD Billion
CAGR 14.32%



Source : Mordor Intelligence



Study Period	2018 - 2028
Base Year For Estimation	2022
Market Size (2023)	USD 9.38 Billion
Market Size (2028)	USD 18.31 Billion
CAGR (2023 - 2028)	14.32 %
Market Concentration	Medium

Major Players



*Disclaimer: Major Players sorted in no particular order

Figure 0.1: Malaysia's projected e-commerce market growth, 2023–28

The number of online shoppers has grown by 8.3% year-on-year, with 15.63 million people buying consumer goods online at the start of 2023. E-commerce transactions were normalized after the pandemic's onset, further enabled by government incentives and the temporary closure of brick-and-mortar stores during lockdowns. While some observers have speculated that e-commerce might contract after the pandemic, recent data show that this has not been the case.¹

In a positive light, the Malaysian government has proactively supported and nurtured the e-commerce industry by launching initiatives such as the Digital Free Trade Zone and the Digital Economy Blueprint. These initiatives offer benefits such as tax incentives, infrastructure development, and regulatory support which are designed to attract local and international investment in Malaysia's e-commerce market. Notably, the government has specifically attempted to aid e-commerce platforms through several initiatives. For example, Malaysia Digital Economy Corporation helps local businesses expand internationally more efficiently through cargo clearance and cross-border trade, alongside initiatives such as "Buy Malaysia" and "#SayaDigital".

Specifically, we focus on a subset of e-commerce platforms in selling crafts. In recent years, niche e-commerce platforms have been diversifying their offerings or have been aggressively acquired by major players outright. At the global level, some major platforms include Etsy, Michaels, JOANN, and Hobby Lobby, all of which are involved in aggressive acquisitions of smaller platforms (see Appendix 2). The majority of acquisitions have a strong customer base, thus making them very attractive to potential buyers. In a sense, being acquired constitutes a lucrative exit plan, and thus becomes a desirable goal for niche actors. In Malaysia, there are also several niche platforms specializing in crafts, including MyCraftShoppe, Batik Boutique, and Creativiti. While data for international platforms are relatively easy to find, this is not the case for the Malaysian market. Regardless, we can assume that it is fairly competitive, thus suggesting the importance of this case study.

Table 0.1: Global niche e-commerce actors in crafts³

Company	Description	Revenue	Registered users	Registered merchants	Country	Presence	M&A history
Etsy	Online marketplace for handmade, vintage, and unique goods	Approx. \$2.4B (2021)	90M+	8M+	United States	Global	Acquired Reverb (2019), Depop (2021)
Michaels	Retailer specializing in arts, crafts, and home decor	Approx. \$6B (2021)	-	-	United States	North America	Acquired by Apollo Global Management (2019)
JOANN	Retail chain offering	Approx. \$3B (2021)	-	-	United States	North America	Acquired by Leonard

¹ 36% of the total digital service consumers in Malaysia in 2020 were new digital consumers. See the economy research programme "e-Conomy SEA" by Google, Temasek, Bain Southeast Asia. Meanwhile, a 2022 survey found that [90% of Malaysians preferred online shopping over traditional retail](#), with more than 50% adopting it permanently.

³ DigitalBizModels, (2023), "Etsy Business Model"; Etsy (2021), "Etsy Annual Report 2021"; LaVito, A. (2021, March 3), "Crafts retailer Michaels will go private in \$3.3 billion deal", CNBC, MarketScreener (2010, December 23) "JO-ANN: Stores to Be Acquired by Leonard Green & Partners, L.P. for \$61.00 Per Share in Cash"; Armon, R. (2022, March 17), "Hudson-based retailer Joann Inc. ends year with \$2.4 billion in revenue", Akron Beacon Journal; Reuters (2010, December 23), "Leonard Green to buy Jo-Ann Stores for \$1.6 billion"; Wikipedia (2023), "Hobby Lobby"; The Anchor (2022) "Michaels, Jo-Ann, and Hobby Lobby: Lower Spirits in 1H22, Higher Spirits in the 2H22"; Crunchbase (n.d.), "Etsy", retrieved from <https://www.crunchbase.com/organization/etsy>; Crunchbase (n.d.), "Michaels Stores", retrieved from <https://www.crunchbase.com/organization/michaels-stores-2ce4>; Crunchbase (n.d.), "Hobby Lobby", retrieved from <https://www.crunchbase.com/organization/hobby-lobby>; Crunchbase (n.d.), "JOANN," retrieved from <https://www.crunchbase.com/organization/joann-com>.

Company	Description	Revenue	Registered users	Registered merchants	Country	Presence	M&A history
	fabrics, crafts, and home goods						Green & Partners (2011)
Hobby Lobby	Arts and crafts stores with a focus on home decor	Approx. \$6.3B (2021)	-	-	United States	North America	-

Table 0.1: Malaysian niche e-commerce actors in crafts⁴

Company	Description	Revenue	Registered users	Registered merchants	Country	Presence	M&A history
MyCraftShoppe	Online marketplace for Malaysian artisans	Not disclosed	-	550	Malaysia	Malaysia	-
Batik Boutique	Specializes in handcrafted Malaysian batik	Not disclosed	-	-	Malaysia	Malaysia	-
Craftiviti	Sells craft supplies and DIY materials	Not disclosed	-	-	Malaysia	Malaysia	-

Challenges and solutions

A SWOT analysis

For now, MyGalore has established itself by filling a market gap as a vendor-centric platform. Specifically, it provides end-to-end services (e.g., listing products, logistical support, customer service) by focusing on a less tech-savvy older population. It provides one-on-one onboarding and subsequent support for these grateful niche vendors, which have further deepened its competitive advantages. In addition, its recently established partnership with e-commerce actors in other countries such as the United Kingdom provide an opportunity to supply handmade products, although these are not easily produced in bulk. Thus, MyGalore's *strengths* include filling this niche by catering to these older vendors, managing most end-to-end processes (i.e., 60% of vendor workload), and adopting financially favourable models. Consequently, it has consistently maintained a superior profit margin. However, its *weaknesses* include fewer resources and a lack of size-related advantages in terms of economies of scale compared to major players. Overtaking competitors in the broader e-commerce market is nearly impossible without substantial external support. An *opportunity* exists in terms of repositioning and rebranding MyGalore as a niche e-

⁴ Berita RTM (2023), "MyCraftShoppe bakal diperluas sebagai platform pemasaran antarabangsa", retrieved from <https://berita.rtm.gov.my/nasional/senarai-berita-nasional/senarai-artikel/mycraftshoppe-bakal-diperluas-sebagai-platform-pemasaran-antarabangsa>; The Batik Boutique (n.d.), "Batik Artisans at Batik Boutique", retrieved from <https://batikboutique.com/pages/artisans>; Crunchbase (n.d.), "The Batik Boutique – Funding, Financials, Valuation & Investors", retrieved from <https://www.crunchbase.com/organization/the-batik-boutique>; Craftiviti (n.d.), "Your Personal Care Materials & Therapeutic Crafts @ Malaysia", retrieved from https://craftiviti.com/?gclid=CjwKCAiAg9urBhBEiwAgw88mbk7Z1GmHsKRypssAWR674vsw5k-UmTgOAG_yY8FR1Vf_yqcDNI_XRoCE0oQAvD_BwE; and The Artisans Haven (n.d.), "Main Page", retrieved from [The Artisans Haven | Main Page](#)

commerce platform focused on particular products (e.g., crafts). Notably, it has posted relatively higher profit margins when catering to buyers in the United Kingdom. However, if MyGalore does not tap into this opportunity in a timely manner, *threats* include being outcompeted by other competitors, as well as suffering stagnant growth or even losses.

Challenges

Competition and initial difficulties for new niche actors

While the e-commerce industry is currently dominated by a few major players, competition is increasing through higher numbers of local and global platforms in this subsector. The immediate barrier to entry appears low, since anyone can easily set up an e-commerce site. However, there are high subsequent barriers to sustaining growth due to the presence of and competition with major players. While MyGalore's vendor-centric approach and zero-commission policy serves as a competitive advantage, it is facing difficulties in sustaining engagement and retaining vendors, as seen from a significant vendor churn rate of 30%. Despite the seemingly huge advantages of trading on MyGalore, 70% of vendors are also still selling their products on other platforms—further, other major players are also moving in a similar direction. Hence, MyGalore must convince its vendors that its services are superior to its competitors.

Malaysia E-Commerce Market Leaders

- 1 Shopee Pte. Ltd.
- 2 Lazada Group
- 3 Lelong.my
- 4 Zalora Group
- 5 Astro GS Shop Sdn Bhd

*Disclaimer: Major Players sorted in no particular order



Figure 0.1: Malaysia's e-commerce market leaders

Bargaining power of buyers and suppliers

MyGalore has over 200 vendors on board, 90% of whom are women and 60% of whom are over 40 years old. Being less tech-savvy, they generally rely heavily on MyGalore's end-to-end services. While most of vendors have relatively low bargaining power, those selling specific craft products may wield greater influence, since they produce unique or high-demand products with higher profit margins. Meanwhile, buyers have significant bargaining power given the plethora of options available from various e-commerce platforms. In this regard, MyGalore's unique approach of charging buyers instead of the vendors may alienate some buyers, even if vendors often drive their customers to MyGalore since they are not charged any transaction fees.

Recommended solutions

Producing a comprehensive support ecosystem

Initially, MyGalore faced challenges onboarding niche vendors, who also required significant guidance on end-to-end operations. However, this also created an opportunity for MyGalore to provide comprehensive vendor support throughout the entire onboarding process, including end-to-end administrative and logistical support. The result was the institutionalization of

comprehensive training and consultancy services, which then generated an additional source of revenue. MyGalore has managed to build up a team, expertise, and standard operating procedures, thus catering to a niche market of vendors. Since their support system has given them a competitive advantage, we suggest that they customize similar systems for other niche groups (e.g., youth entrepreneurs, marginalized communities) who may not be supported by the e-commerce industry at large.

Establishing a coherent market positioning

While MyGalore has identified marketing as its main difficulty, we argue that this is symptomatic of a deeper problem: its lack of a clear market positioning. Having established such a position, MyGalore can craft an exit plan accordingly. MyGalore relies on individual vendors' marketing efforts, word-of-mouth, Google Ads, government agency roadshows or promotions, and business partners to grow both its vendor and customer base. Currently, its customer base has been driven by vendor recommendations, while there has been limited organic traffic to its site. Further, it lacks appeal to consumers, since its website is less attractive and user-friendly in comparison to competing platforms (also, it does not have a smartphone application). To achieve MyGalore's goal of expansion, it needs to search for a "blue ocean" within the existing "red ocean" that is the local e-commerce industry. We argue that the Malaysian e-commerce industry still remains a niche and potentially penetrable space, and thus, MyGalore needs to reposition and rebrand itself accordingly. For instance, since MyGalore currently enjoys relatively higher profit margins selling craft products to customers in the United Kingdom, it can specialize in this niche and expand its global footprint accordingly to gain a market share and established reputation. By doing so, it can be more attractive in terms of a potential acquisition, or to even proceed with an initial public offering if the prospects are promising.

Conclusion: Lessons learned

In building a niche local market and expanding globally, MyGalore should maintain its superior profit margin, which enables it to build up an economic moat while improving operating efficiency. As such, it becomes a viable target for acquisition by regional or global platforms, or may even grow large enough to make its own initial public offering. In this dynamic e-commerce landscape, MyGalore's evolution (i.e., from addressing market gaps to contemplating strategic shifts) reflects resilience and forward-thinking initiatives on the part of Puan Intan and her business partner. By empowering microbusinesses during their digitalization journeys, it has established the key foundations of its current business. By treating existing challenges as catalysts for transformation, MyGalore can embrace lucrative niche markets such as crafts and envision the possibility of global expansions. Overall, it is an emerging actor in Malaysia's niche e-commerce platform, and has already shaped entrepreneurial dreams for many microbusinesses, for whom adaptability and innovation are now within reach.

Appendix

Appendix 1: Company description

Business description	E-commerce platform offering end-to-end administrative, logistical, training and consulting services to vendors
Year founded	2020 (following the onset of the Covid-19 pandemic)
Founder	Intan Husin (MBA) and a co-founder
Industry	A vendor-centric platform offering comprehensive services (e.g., product listings, logistics), vendor training, and consultancies.
Financial indicators	a. Revenue: Approx. RM400,000 b. Cost: Approx. RM100,000

	c.	Profit: Approx. RM300,000
Non-financial Indicators	a.	Two full-time and four part-time staff
	b.	210 vendors (90% women; 60% aged above 40),
	c.	2,000 stock keeping units
	d.	Presence in Malaysia, United Kingdom and Middle East
	e.	70% of vendors are also selling their products on other platforms
	f.	30% churn rate

Appendix 2: Recent global acquisitions craft-specific e-commerce platforms

1. **Martha Stewart's application (2020):** Plaid, a company specializing in tools and services for developers, acquired Martha Stewart's application, which focused on crafting and do-it-yourself (DIY) projects.
2. **SIMPLICITY Creative Group (2020):** Hearthside Investments acquired SIMPLICITY Creative Group, a leading manufacturer of sewing patterns and notions. This acquisition aimed to consolidate Hearthside's position in the sewing and craft industry.
3. **Reverb (2019):** Etsy, an online marketplace specializing in handmade, vintage, and unique goods, acquired Reverb, a musical instrument marketplace, for approximately USD 275 million. This acquisition allowed Etsy to expand its presence into this niche market while leveraging Reverb's community of musicians and sellers.
4. **Creativebug (2019):** Joann, a fabric and craft retailer, acquired Creativebug, an online platform offering arts and crafts video classes. This acquisition allowed Joann to enhance its digital presence and provide customers with educational content and tutorials, thus catering to the growing demand for DIY craft projects.
5. **Darice (2017):** Michaels, a specialty retailer of arts, crafts, and home decor, acquired Darice, a wholesale distributor of arts and crafts products, for approximately USD 150 million. This acquisition strengthened Michaels' position in the craft industry by providing access to a wider range of products and expanding its reach in the craft supply chain.
6. **Craftsy (2017):** NBC Universal acquired Craftsy, an online platform offering video-based craft classes and supplies, for approximately USD 230 million. This acquisition aimed to expand NBC Universal's digital portfolio by tapping into Craftsy's audience, which was interested in DIY crafts and creative learning.
7. **A Muse Studio (2016):** Cricut, known for its electronic cutting machines, acquired A Muse Studio, a crafting supply company specializing in stamps, ink, and paper-crafting materials. This acquisition expanded Cricut's product offerings in the paper crafting niche.
8. **Handmade (2015):** Amazon acquired Handmade, an online marketplace focusing on artisanal and handmade goods. This acquisition enabled Amazon to tap into the niche craft market, attract artisans and buyers seeking unique handmade products, and compete directly with platforms like Etsy.
9. **WWRD (2015):** Fiskars, known for its crafting tools, acquired WWRD Holdings, a company specializing in premium home and lifestyle brands like Waterford, Wedgwood, and Royal Doulton, for around USD 437 million. This acquisition broadened Fiskars' portfolio to include premium home decor and lifestyle products.