Malaysia's food and beverage market

Structural shortages in a diverse country

Strengths
- Diverse population creates varied demand.
- Overall deficit in agri-food products due to commodity focus of agriculture.
- Agri-food tariffs generally quite low.
- Food legislation on balance comparatively straightforward.

Weaknesses
- Processing sector strong and further strengthening.
- Small population and heterogeneity creates small niche markets.
- Access for meat challenging.
- Halal certification necessary (meat) or desired (many other products).

Opportunities
- Reliance on imports for many products; plus for inputs to processing.
- Many alcoholic drinks imported.
- Niche demand from increasingly wealth population and many tourists.
- Increased focus on health.

Threats
- Domestic food processing strong and further strengthening.
- Competition from countries in the region with FTAs.
- Distant market (40+ days sailing time).

Alcoholic drinks attractive; niche opportunities for other products

Market relies on imports and EU **wine** accounts for half of these; red popular.

Popular **spirits** are brandy, cognac and whisky; cocktail culture emerging. Growing EU imports now make up half of all imports.

Small market for **olive oil** dominated by EU; health awareness increasing interest.

Processed **dairy** products largely imported and cheese market still in quite early stage.
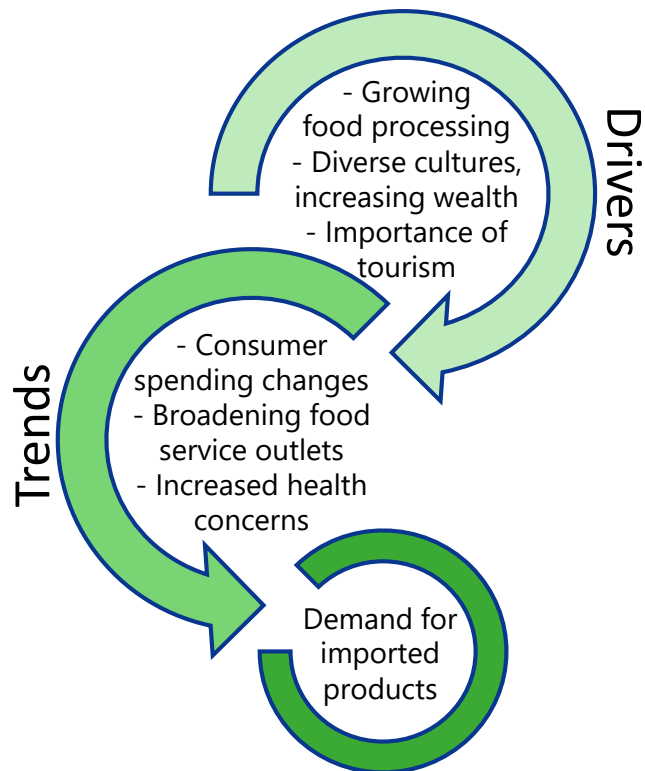
While Malaysia a strong producer of **confectionery,** niche opportunities for well regarded EU chocolate, as well as **biscuits**.

Two discontinuous regions; main markets on peninsular

Peninsular Malaysia

George Town
Ipoh
Kuala Lumpur
Johor Bahru

Malaysian Borneo

Development and diversity drive demand

Drivers
- Growing food processing
- Diverse cultures, increasing wealth
- Importance of tourism

Trends
- Consumer spending changes
- Broadening food service outlets
- Increased health concerns

Demand for imported products

Large, young, urban-based middle and high income consumer segments

Almost 80% of the population lives in urban centres.

Middle income country with comparatively high level of income equality.

20-40 years olds make up 1/3 of the population and will remain a key demographic as they age.