

Required Report: Required - Public Distribution

Date: June 07, 2023

Report Number: MY2023-0006

Report Name: Retail Foods

Country: Malaysia

Post: Kuala Lumpur

Report Category: Retail Foods

Prepared By: Rowena Ngumbang

Approved By: Karen Richards

Report Highlights:

Malaysia's retail sales are projected to grow to US\$1.8 billion in 2023. The Malaysian food and beverage retail market is a competitive landscape and is highly fragmented. New food retailers are entering the market and small premium retail stores are expanding into high-density neighborhoods, towns, and cities. Top prospective U.S. products for the Malaysian food retail market include dairy, fresh and processed fruits, vegetables, seafood, wine, pork, and beef.

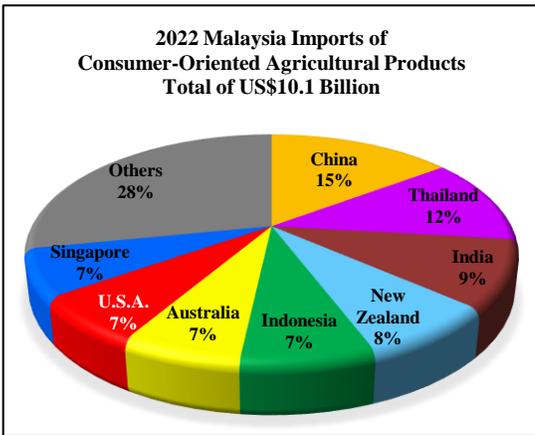
Market Fact Sheet: Malaysia

Executive Summary

Malaysia’s multibillion-dollar food industry continues to see growth as the economy recovers and consumers regain confidence in spending. Although the country’s halal requirements complicate trade for certain products, Malaysia’s trade and regulatory policies are relatively open and provide opportunities for a broad range of imported foods and beverages. Malaysia’s total agricultural related product imports in 2022 reached \$27 billion USD, roughly five percent of which was sourced from the United States.

Imports of U.S. Consumer-Oriented Products

In 2022, the United States was Malaysia’s seventh largest supplier of consumer-oriented food and beverage products, with total sales reaching \$679 million USD for the year. Top U.S. products in the market include dairy, fresh fruits, pet food, and tree nuts.



Source: Trade Data Monitor

Retail Food

Malaysia’s retail value sales rose by 3 percent in 2022 to \$1.46 billion, with consumers focusing on proximity and price when deciding on the type of grocery format. Smaller concept stores developed by chain supermarket brands are gaining popularity and competing with convenience stores in high-density neighborhoods, towns, and cities.

E-commerce continues to be a dynamic channel in 2023. Third party delivery services have acquired equity in premium supermarkets strengthening e-commerce partnerships.

Food Processing

The Malaysian food processing industry is expected to have steady growth in 2023. There is an innovative landscape of shelf stable products from processed fruits, vegetables, meat, seafood, and alternatives. Several multi-

nationals have regional production facilities in and around Kuala Lumpur and the Government of Malaysia has identified the food processing industry as a critical sector for future economic growth.

Hotel, Restaurant and Institutional

The Malaysian hotel, restaurant and institutional (HRI) industry is expected to rapidly recover to pre-pandemic norms with a steady increase in tourism and domestic restaurant patronage.

Malaysia Macroeconomics

Population: 33 million people in the fourth quarter of 2022 (has doubled since 1980) and increasingly urbanized.

Per Capita Income: \$11,434 by the end of 2022, with a growing middle class.

Real GDP Growth: -5.8 percent in 2022.

(Sources: Malaysia Department of Statistics, Central Bank of Malaysia and The World Bank)

Opportunities and Challenges for U.S. Exporters

Opportunities	Challenges
U.S. food and agricultural products are trusted and perceived to be of high quality.	Many U.S. products need to be halal certified in the Malaysian market, which can be a lengthy process
The growing Malaysian HRI, Retail and Food Processing sectors require a wide range of imported food products and ingredients.	Food retail market landscape is getting more competitive as new players and larger supermarket brands begin to compete with convenience stores.
Demand of high-quality imported food and beverage products resulting from rising disposable income	Australia and New Zealand both have free trade agreements with Malaysia and have a strong presence in the country’s consumer-oriented food and beverage market.

SECTION I. MARKET SUMMARY

The Malaysian food retail industry is a booming and competitive market landscape that is comprised of various store formats including large supermarket/hypermarkets, convenience stores, “mom and pop” traditional stores, and specialty retailers. The continuous growth in premium supermarket expansion signals the need for high-quality imported food and beverage products to meet the demands of consumers. According to industry analysts, retail sales are set to grow at the current value CAGR of 5 percent to \$1.8 billion USD in 2023.

During the pandemic hypermarkets struggled to maintain business. The pandemic and changing consumer preferences resulted in many hypermarket closures or acquisitions. Retailers quickly shifted focus in strategy to smaller concept stores and aggressively expanded. These smaller concept stores are located in strategic locations in densely populated neighborhoods, offering a quick and easy way for consumers to get the items they need. They offer a premium alternative to the convenience stores located in the same areas.

Key players in online applications in the e-commerce landscape such as Shopee, Grab and FoodPanda continue to grow through collaboration with most of the leading Malaysian supermarket chains. Grab Holdings Limited is the leading competitor with a retail value share of 15 percent and is looking to complete an acquisition of a majority stake in Jaya Grocer, a leading mass-premium supermarket chain in Malaysia. This deal will accelerate the evolution of grocery delivery business in Malaysia. More broadly, the online grocery sector in Southeast Asia is estimated to grow to \$50 billion USD in gross merchandise value by 2025.

The food retail sector is dominated by the following players: [Dairy Farm Group](#), [Mydin Mohamed Holdings](#), [Trendcell](#), [Village Grocer Holdings](#), and [AEON Group](#).

Retailers	Retail Format	Total Outlets as of Year 2023
Trendcell Sdn Bhd	<ul style="list-style-type: none"> • Fastest growing premium food retailer in Malaysia • Retail Format: Jaya Grocer supermarkets • Procures from consolidators, distributors, local importers, and direct from exporters 	<ul style="list-style-type: none"> • 35 Jaya Grocer Stores
CP Group	<ul style="list-style-type: none"> • Retail brand owned by CP Group in Thailand • Retail Format: Lotus’s Stores • Expansion in Malaysia is through acquisition of Tesco Malaysia in December 2020 • Procures from consolidators, distributors, local importers, direct from exporters and has Lotus’s private labelling products 	<ul style="list-style-type: none"> • 65 Lotus’s Stores

Village Grocer Holdings	<ul style="list-style-type: none"> • A popular premium retail chain in Malaysia (supermarkets) • Retail Format: Village Grocer and Ben's Independent Grocer supermarkets • Procures from consolidators, distributors, local importers, and direct from exporters 	<ul style="list-style-type: none"> • 25 Village Grocer • 5 Ben Independent Grocer (B.I.G) Stores
Mydin Mohamed Holdings	<ul style="list-style-type: none"> • Retail Format: Mydin supermarkets • Procures from consolidators, distributors, local importers, and direct from exporters 	<ul style="list-style-type: none"> • 61 MYDIN Branches • 2 Sam's Groceria Stores
AEON Group	<ul style="list-style-type: none"> • One of the largest retail companies in Asia with headquarters in Japan • AEON operates chain of supermarkets, hypermarkets and shopping malls in Malaysia • Retail Format: AEON, AEON Big, and AEON MaxValu supermarkets/hypermarkets • Procures from distributors, local importers, and direct from exporters 	<ul style="list-style-type: none"> • 34 AEON Stores • 28 AEON Malls • 21 AEON Big Outlets • 9 AEON MaxValu Prime
Qra Foods	<ul style="list-style-type: none"> • First store opened in 2021 by the co-founder of B.I.G David Tseng • Procures from distributors, local importers, and direct from exporters 	<ul style="list-style-type: none"> • 3 Qra Stores
Everrise	<ul style="list-style-type: none"> • Established in 1993, stores are spread across Sabah and Sarawak in East Malaysia • Procures from distributors, local importers, and direct from exporters 	<ul style="list-style-type: none"> • 18 Everrise Outlets
Hero Market	<ul style="list-style-type: none"> • Founded in 2005 by the Teng Family and sold to DFI in 2000 • Procures from distributors, local importers, and direct from exporters 	<ul style="list-style-type: none"> • 28 Hero Market Stores
DFI Retail Group	<ul style="list-style-type: none"> • Giant was founded by the Teng Family in 1982 and the group was acquired by Hong Kong's Dairy Farm International Holdings • In 2023 DFI is expected to exit the Malaysia grocery market after 24 years and to be sold to another Malaysian company called 	<ul style="list-style-type: none"> • 40 Giants Supermarkets • 8 Mercatos Stores • 2 Coldstorages • 1 TMC • 40 Giant Mini

	<p>Macrovalue Sdn Bhd group that was newly incorporated to take over</p> <ul style="list-style-type: none"> • Rebrand all G-Ekspres and ShopSmart! Stores to Giant Mini • Store Format: Giant Hypermarkets, Giant Supermarkets • Procures from consolidators, distributors, local importers, direct from exporters and has Giant’s private labelling products 	
--	--	--

Convenience Stores Format in Malaysia

Big Chain Stores	Total Outlets	Specialty Stores	Total Outlets
<ul style="list-style-type: none"> • 7-Eleven • 99 Speedmart • KK Super Mart • myNEWS 	2400	<ul style="list-style-type: none"> • FamilyMart • CU • Emart24 • MiX Store • PotboyMart • BilaBila Mart 	355
	2000 <i>(as of 2021)</i>		130
	680		34
	530 <i>(as of 2020)</i>		74
			77
			31
Supermarket Mini Stores	Total Outlets	Convenience @ Petrol Stations	Total Outlets
<ul style="list-style-type: none"> • Giant Mini • MyMydin 	40	<ul style="list-style-type: none"> • Petronas Mesra • Shell Select • BHPetromart 	760
	48		950
			400

Source: Euromonitor, The Edge Markets, Company Websites and FAS/Malaysia

Sector Trends

- Expansion strategy of larger chain brands is on smaller concept stores.
- Consumer shift towards smaller neighborhood stores for proximity and value for money.

- Health and wellness trends continue to be prevalent in 2023 as organic, functional, nutritional, and fresh products are in demand. Health priorities influence supermarket purchases and in-store campaigns and promotions.
- A growing e-commerce marketplace includes a wide range of supermarkets offering online services as a convenience to their customers.
- Mobile phone payment utilization in the food retail sector is widely available.
- Secondary cities in Malaysia have seen growth in demand for imported food and beverage products.
- Vending machines for snacks and grocery products are an incoming trend offering new opportunities.
- Frozen ready-meals have seen a steady increase in sales. Consumers especially enjoy the Chinese, Italian and Thai cuisines.

SECTION II. ROAD MAP FOR MARKET ENTRY

U.S. exporters of food and agricultural products should consider the following when planning to enter the Malaysian market:

- Analyze Malaysian food laws, packaging and labeling requirements, and importer criteria for entry into the market. Detailed information on Malaysian regulations and requirements can be found by accessing the latest [FAS/Malaysia Food and Agricultural Import Regulations & Standards Country Report](#).
- Review the types of U.S. food products that can be readily targeted in the retail market. Consider the price competitiveness of U.S. products compared to similar products available in Malaysia.
- Participate in regional trade shows and trade missions by tapping into the resources offered by [State and Regional Trade Associations](#).
- Develop links with local importers that target the major retailers. U.S. exporters are advised to appoint local distributors or at least a local representative to help guide them through the requirements of Malaysian food regulations and local trading practices.
- After establishing links with importers, strive to educate them (in person if possible) on the qualities of your product/s and supply chain.
- After establishing agreements with local importers, conduct market visits, product promotional activities and provide technical assistance (e.g. handling techniques and product formulations) to end-users.
- Maintain strong communication with your local importer to ensure all certificates and import permits are valid and up to date.

Food Standards and Regulations

[Malaysia's Food Act 1983](#) and the [Food Regulations of 1985](#) govern food import and export regulations/procedures. The Food Safety and Quality Division (FSQD) of the Malaysian Ministry of Health (MOH) along with several other government agencies are charged with implementing and enforcing these laws, including routine compliance, sampling, inspection, import control and regulation. Among the many regulations and required procedures related to shipping food and agricultural products

to the country, of particular note are Malaysia’s halal certification and dairy facility registration requirements.

Halal Certification

Many food products (e.g. beef or poultry) require halal certification in order to enter the country. Currently, the Islamic Development Foundation of Malaysia (JAKIM) is the only authorized entity allowed to issue halal certification. In the United States, JAKIM has appointed three Islamic institutions to inspect and halal certify food and beverage products for export to Malaysia: the Islamic Food and Nutrition Council of America (IFANCA), Islamic Services of America (ISA), and the American Halal Foundation (AHF).

Organization & Address	Contacts	Halal Logo
<p>Islamic Food and Nutrition Council of America (IFANCA) 5901 N. Cicero Ave, Suite 309 Chicago, Illinois 60646</p> <p>IFANCA Halal Research Center 777 Busse Highway Park Ridge, Illinois 60068</p>	<p>Dr. Muhammad Munir Chaudry President Tel: +17732833708 Fax: +17732833973</p> <p>Tel: +1 847 993 0034 EX 203 Fax: +1 847 993 0038 Mobile: +1 773 447 3415</p>	
<p>Islamic Services of America (ISA) P.O Box 521 Cedar Rapids, IOWA 52406 USA</p>	<p>Mr. Timothy Abu Mounir Hyatt Managing Director Tel: (319) 362-0480 Fax: (319) 366-4369</p> <p>Email: thyatt@isahalal.org islamicservices@isahalal.org Website: www.isahalal.org</p>	
<p>American Halal Foundation (AHF) 10347-C Heritage Isles Golf & Country Club Plantation Bay Dr Tampa, Florida-33647 USA</p>	<p>Mr. Mohammad Mazhar Hussaini (President) Tel: (+630) 759-4981 Fax:(+603) 310-8532</p> <p>Email: mmhussaini@halafoundation.org Website: www.halalfoundation.org</p>	

Source: JAKIM - The Recognized Foreign Halal Certification Bodies & Authorities

For further details on halal requirements in Malaysia market, please refer to [Malaysia: Halal Country Report](#)

Dairy Facility Registration

Malaysia requires foreign producers and exporters of dairy products to apply for registration with the Malaysian Government. The Malaysian Government implemented this facility registration measure to improve the traceability of imported dairy products and to ensure imported dairy products were certified halal. To register, dairy product producers must submit documentation to Malaysia’s Department of Veterinary Services (DVS). For further details on the dairy product registration process, please see FAS Malaysia’s [related GAIN report](#).

SECTION III. COMPETITION

Product Category (2022)	Major Supply Sources (2022)	Foreign Supplier Situation	Local Supplier Situation
Beef and Beef Products Net Imports: USD \$767 million	India: 73% Australia: 13% Brazil: 8% Japan: 2% U.S.A: 0.1%	Major foreign suppliers have a significant portion of their beef industry halal certified for export to Malaysia. Beef from India is very cheap and serves the low-end outlets. Australia dominates higher-end market.	Inadequate supply of local beef.
Pork and Pork Products Net Imports: USD \$108 million	Spain: 40% Netherlands: 20% Denmark: 20% Belgium: 9% U.S.A.: 1%	Currently E.U. prices are very competitive, and several E.U. plants are approved for export to Malaysia. Demand for U.S. pork products has increased significantly in 2020.	Domestic demand for pork has grown significantly over the past several years and local industry has struggled to keep-up.
Potatoes - Fresh or Chilled Net Imports: USD \$100 million	China: 52% Pakistan: 13% India: 9% Bangladesh: 9% U.S.A.: 8%	Chinese potatoes are very price competitive. High-quality potatoes from other sources are for high-end retail and HRI markets.	Little domestic production.
Vegetables -	China: 35%	U.S. frozen potatoes are	There is a large market for

Frozen Net Imports: USD \$40 million	U.S.A.: 18% Denmark: 11% Netherlands: 10%	in strong demand for the retail and HRI sectors.	chilled and frozen processed vegetables, particularly potatoes.
Fresh Fruits Net Imports: USD \$691million	China: 29% South Africa: 23% Thailand: 11% Egypt: 8% Australia: 6% U.S.A.: 6%	Highly competitive market.	Malaysia does not grow non-tropical fruits.
Dried Fruits Net Imports: USD \$40 million	China: 26% U.S.A.: 19% Thailand: 15% India: 12%	U.S. dried fruits are in strong demand for the retail and bakery industries.	Limited local production.
Tree Nuts Net Imports: USD \$196 million	Indonesia: 37% U.S.A.: 19% China: 14% Vietnam: 8% India.: 5%	Imported nuts are in strong demand for use in the retail and bakery industries.	Limited local production.

Source: Trade Data Monitor (Updated Mar 24, 2023)

SECTION IV: BEST PRODUCTS PROSPECTS CATEGORIES

U.S. Products	2021 Import Value (January - December) (million USD)	2022 Import Value (January - December) (million USD)	Growth
Dairy	\$158.80	\$219.70	38%
Fresh Fruit	\$32.00	\$24.20	-24%
Non-Alcoholic Beverage	\$31.40	\$8.60	-73%
Bakery Goods, Cereals and Pasta	\$12.80	\$13.20	3%
Pork and Pork Products	\$1.00	\$1.00	0%
Beef and Beef Products	\$0.60	\$1.00	67%

Source: U.S. Census Bureau Trade Data (Updated Mar 24, 2023)

Notes: Excellent opportunities for U.S. beef exist in the market provided required Malaysian halal certifications can be obtained.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

A) USDA Foreign Agricultural Service Malaysia

Office of the Agricultural Affairs
Embassy of the United States of America
376, Jalan Tun Razak
Kuala Lumpur, Malaysia 50400
Tel: (011-60-3) 2168-5082
Fax: (011-60-3) 2168-5023
E-mail: AgKualaLumpur@usda.gov

B) U.S. Dairy Export Council

U.S. Centre for Dairy Excellence
20 Martin Road
Seng Kee Building, #08-01
Singapore 239070
Tel: (65) 6230 8550
Fax: (65) 6235 5142
Contacts: Dalilah Ghazalay, Regional Director, SEA Marketing & Operations
Email: dali@dairyconnect.biz

C) U.S. Grains Council

50 Jalan Dungun Damansara Heights
Kuala Lumpur, Malaysia
Tel: (60) 3 2093 6826
Fax: (60) 3 2273 2052
Contact: Caleb Wurth, Regional Director, South & Southeast Asia
Email: sea@grains.org

D) U.S. Meat Export Federation

627 A Aljunied Road
#04-04 Biztech Centre
Singapore
Tel: (65) 6733 4255
Fax: (65) 6732 1977
Contact: Sabrina Yin, Regional Director
Email: singapore@usmef.com.sg

E) USA Poultry and Egg Export Council

541 Orchard Road
#15-04 Liat Towers
Singapore
Tel: (65) 6737 1726
Fax: (65) 6737 1727
Contact: Margaret Say, Regional Director

Email: usapeec_sing@pacific.net.sg

F) Raisin Administrative Committee, Food Export-Midwest, Food Export-Northeast and the Western United States Agricultural Trade Association

48 Toh Guan Road East
#02-129 Enterprise Hub
Singapore
Tel: (65) 6515 6113
Fax: (65) 6278 4372
Contact: Richard Lieu and Chuah Siew Keat
Emails: richardlieu@lieumktg.com.sg; siewkeat@lieumktg.com.sg

G) U.S. Soybean Export Council

541 Orchard Road
#11-03 Liat Towers
Singapore
Tel: (65) 6737 6233
Fax: (65) 67375849
Contact: Timothy Loh, Director
Email: TLoh@ct.ussec.org

H) U.S. Wheat Associates

541 Orchard Road
#15-02 Liat Towers
Singapore
Tel: (65) 6737 4311
Fax: (65) 6733 9359
Contact: Joe Sowers, Regional Vice President for South Asia
Email: InfoSingapore@uswheat.org

I) Malaysia Government Websites:

Ministry of Health Food Safety and Quality Division: <http://fsq.moh.gov.my/v6/xs/index.php>
Ministry of Agriculture Department of Veterinary Services: www.dvs.gov.my
Ministry of Finance Customs Headquarters: <http://www.customs.gov.my>

Attachments:

No Attachments

Attachments:

No Attachments