



**MARKET ACCESS SECRETARIAT  
Global Analysis Report**

# Foodservice Profile

## Malaysia

July 2014



### EXECUTIVE SUMMARY

The Malaysian economy has been growing at a strong rate since 2007, reaching a value of US\$316.2 billion in 2013. Increasing workforce participation as well as a population of time-pressed, urban consumers eagerly seeking convenient meal options, have supported growth in the country’s foodservice market, valued at just under US\$10 billion in 2012 (Euromonitor, 2014).

Urban areas, such as Klang Valley (comprised of Kuala Lumpur and its suburbs), are largely populated, and are home to Malaysian nationals, as well as expatriates and foreign workers primarily from Indonesia, India and Nepal. Together with an influx of international tourists – Malaysia is a popular shopping hub in the Asia-Pacific region – foodservice establishments are seeing growing demand for diverse fare from a varied consumer base (Euromonitor, 2013).

Independent operators still dominate the industry, however, chains are growing their value sales at a faster rate. According to Euromonitor (2013), multinational brands are particularly concentrated in city centres, where consumers generally have higher purchasing power, but are working to extend their reach into second-tier areas with less market saturation.

Full-service restaurants remain the key subsector but are facing challenges stemming from consumer price consciousness, and growing interest in other convenience-favouring channels such as cafés/bars and 100% home delivery/takeaway. This latter subsector recorded the highest average growth rates in terms of sales, outlets and transactions from 2008 to 2012, and is expected to maintain this trend over the 2013 to 2017 forecast period.

Operators that can provide consumers with a wide range of menu options that cater to a busy and increasingly health-conscious lifestyle, will likely find favour in this market going forward.

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## SECTOR OVERVIEW

As shown in the table below, Malaysia's foodservice sector was valued at just under US\$10 billion in 2012. Between 2008 and 2012, the market recorded a compound annual growth rate (CAGR) of 4.6% and is expected to continue expanding with a CAGR of 5.3% until 2017, reaching total sales of US\$12.9 billion. The top brands in the market include Kentucky Fried Chicken (KFC), McDonald's, Secret Recipe Cakes & Café, and Pizza Hut.

According to Euromonitor (2013), the increasing price of raw materials, subsidy reductions and overall heightening production costs forced many foodservice operators to raise prices in 2012. Foodservice establishments remain an integral forum for gatherings and social occasions, since food is a significant part of Malaysian culture, but consumers have become more cost-conscious. To save money, some consumers are eating out less frequently, but many more are seeking promotional discounts or deals that better allow them to do so, which is affecting overall value sales growth in the sector.

Foodservice subsectors consist of full-service restaurants, fast food, cafés/bars, street stalls/kiosks, self-service cafeterias, and 100% home delivery/takeaway. Full-service restaurants was the dominant subsector in 2012, representing over one-third of the total market. However, the fastest-growing subsector was 100% home delivery/takeaway, which increased its sales by a significant CAGR of 19.9% over the 2008 to 2012 period.

### Historic Market Value and Growth of Malaysian Foodservice by Subsector, US\$ millions

	2008	2009	2010	2011	2012	CAGR % 2008-12
Consumer Foodservice	8,358.8	8,519.2	8,984.3	9,503.2	9,989.9	4.6
Full-Service Restaurants	3,013.5	3,016.1	3,135.1	3,297.0	3,428.3	3.3
Cafés/Bars	2,427.2	2,472.5	2,593.0	2,719.8	2,869.8	4.3
Street Stalls/Kiosks	1,724.1	1,750.8	1,837.2	1,929.4	2,015.5	4.0
Fast Food	995.7	1,063.9	1,186.5	1,309.6	1,415.4	9.2
Self-Service Cafeterias	166.5	173.1	180.3	188.8	195.3	4.1
100% Home Delivery/Takeaway	31.8	42.8	52.1	58.7	65.6	19.9
Pizza Consumer Foodservice**	174.4	190.5	207.4	220.6	230.9	7.3

### Forecast Market Value and Growth of Malaysian Foodservice by Subsector, US\$ millions

	2013	2014	2015	2016	2017	CAGR % 2013-17
Consumer Foodservice	10,511.2	11,064.4	11,648.7	12,275.5	12,939.1	5.3
Full-Service Restaurants	3,594.8	3,779.6	3,975.1	4,191.5	4,431.3	5.4
Cafés/Bars	3,027.4	3,186.8	3,353.4	3,527.5	3,707.1	5.2
Street Stalls/Kiosks	2,098.2	2,189.9	2,292.2	2,405.9	2,529.5	4.8
Fast Food	1,513.2	1,614.3	1,718.0	1,823.5	1,929.1	6.3
Self-Service Cafeterias	204.1	211.7	219.4	229.2	237.1	3.8
100% Home Delivery/Takeaway	73.5	82.1	90.6	97.9	105.0	9.3
Pizza**	243.8	258.1	273.3	288.0	303.9	5.7

Source for both: Euromonitor, 2014.

CAGR = compound annual growth rate.

\*\*Pizza consumer foodservice data is compiled from three different subsectors (fast food, full-service restaurants, and 100% home delivery/takeaway) for the purposes of comparison, but remains reflected within the figures for these subsectors, and thus the consumer foodservice total. As such, pizza is not counted as its own sector within the consumer foodservice total.



In 2012, the Malaysian foodservice sector had 30,721 outlets and recorded more than 1.3 billion transactions. By subsector, street stalls/kiosks had the most outlets and transactions at 11,201 and over 491 million, respectively. Self-service cafeterias had the fewest outlets and the 100% home delivery/takeaway subsector had the fewest transactions in 2012.

That same year, a typical foodservice outlet earned US\$325,181 from about 1.4 million transactions, or US\$7.39 per transaction. Pizza foodservice, a subset within the full-service restaurants, fast food, and 100% home delivery/takeaway subsectors, had the highest average transaction value at US\$15.64, reflecting pizza's higher price point compared to other foodservice options. However, cafés/bars recorded the highest average sales per outlet at US\$538,930, showcasing consumers' frequent use of this format, and a product offering that can cater to basically any meal occasion.

### Outlets and Transactions of Malaysian Foodservice by Subsector, 2012

Subsector	Outlets	Transactions (thousands)	Average Sales per Outlet (US\$)	Average Sales per Transaction (US\$)
Consumer Foodservice	30,721	1,352,698	325,181	7.39
Full-Service Restaurants	10,231	269,769	335,089	12.71
Cafés/Bars	5,325	221,676	538,930	12.95
Street Stalls/Kiosks	11,201	491,041	179,939	4.10
Fast Food	3,340	335,234	423,772	4.22
Self-Service Cafeterias	302	29,245	646,689	6.68
100% Home Delivery/Takeaway	322	5,733	203,727	11.44
Pizza**	572	14,767	403,671	15.64

Source: Euromonitor, 2014.

\*\*Pizza consumer foodservice data is compiled from three different subsectors (fast food, full-service restaurants, and 100% home delivery/takeaway) for the purposes of comparison, but remains reflected within the figures for these subsectors, and thus the consumer foodservice total. As such, pizza is not counted as its own sector within the consumer foodservice total.

Independent operators are the prevalent foodservice providers in Malaysia, accounting for US\$6.7 billion or 67% of the total foodservice market in 2012, as shown in the table below. However, chained operators are expanding their sales presence in Malaysia at a faster rate than their independent counterparts, registering a CAGR of 8.3% from 2008 to 2012. Chained operators are expected to continue gaining market share with a CAGR of 6.6% over the forecast period, to reach sales of US\$4.6 billion in 2017.

### Historic Market Value and Growth of Malaysian Foodservice by Type, US\$ millions

	2008	2009	2010	2011	2012	CAGR % 2008-12
Consumer Foodservice	8,358.8	8,519.2	8,984.3	9,503.2	9,989.9	4.6
Independent	5,972.2	6,022.1	6,211.7	6,475.3	6,705.9	2.9
Chained	2,386.5	2,497.1	2,772.5	3,027.9	3,284.0	8.3

Source: Euromonitor, 2014.

CAGR = compound annual growth rate.



## Forecast Market Value and Growth of Malaysian Foodservice by Type, US\$ millions

	2013	2014	2015	2016	2017	CAGR % 2013-17
Consumer Foodservice	10,511.2	11,064.4	11,648.7	12,275.5	12,939.1	5.3
Independent	6,968.1	7,261.8	7,586.5	7,952.7	8,361.0	4.7
Chained	3,543.1	3,802.7	4,062.3	4,322.8	4,578.1	6.6

Source: Euromonitor, 2014.

CAGR = compound annual growth rate.

Independent operators accounted almost 25,000 outlets and 900,000 transactions in 2012. However, on a per-outlet basis, chained outlets had more transactions, higher sales, and an average transaction value that was fairly comparable to their independent counterparts.

## Outlets and Transactions of Malaysian Foodservice by Type, 2012

Subsector	Outlets	Transactions (thousands)	Average Sales per Outlet (US\$)	Average Sales per Transaction (US\$)
Consumer Foodservice	30,721	1,352,698	325,181.47	7.39
Independent consumer foodservice	24,980	893,454	68,450.76	7.51
Chained consumer foodservice	5,741	459,244	72,025.78	7.15

Source: Euromonitor, 2014.

## SUBSECTORS

*\*The information in this section was sourced from Euromonitor, 2013 and 2014. Please see the resources at the end of this report for a complete list of documents consulted.*

As urbanization widens its reach across the country, Malaysians are working longer hours and are increasingly time-poor. This is causing an overall change in eating patterns to the general benefit of foodservice. Consumer lifestyles have shifted to favour more convenience-oriented and time-saving options for meal occasions, as more and more Malaysians have less time and energy to prepare scratch meals at home. This trend has not only boosted demand for all foodservice subsectors in the country, but is being reflected in the changing landscape of the industry. Drive-through, takeaway and home-delivery options are on the rise, wider product variation can be found in the market, and quick and convenient styles of dining, such as cafés and bars, are being sought more frequently. Furthermore, due to the rising rates of diabetes and obesity in the country, foodservice operators are integrating healthier fare into their menus to cater to growing consumer health-consciousness. However, certain subsectors, such as full-service restaurants and cafés/bars, are better suited to harness this burgeoning market than others, which may impact future sales trends.

It is also important to note that Malaysia has one of the most trusted halal industries in the world, with the country's requirements considered something of a "gold standard." Malaysia has developed a strategy to become a regional and global centre for halal research and development, production, logistics and trade, with the intent of becoming the "Global Halal Hub" of Southeast Asia. As such, meeting the proper requirements and standards with respect to halal products is essential for any foodservice subsector, as well as the manufacturers that supply them, in order to find success in this market (Halal Industry Development Corporation, March 2014).



## **Full-Service Restaurants**

Full-service restaurants is the dominant foodservice subsector in Malaysia, serving primarily Asian cuisine. However, the category of North American style restaurants, particularly chained establishments, was the fastest-growing over the 2008-2012 period in terms of value sales. Strong international brand awareness and high consumer interest in the diverse range of options available from North American restaurants are driving growth in the category.

Between 2008 and 2012, the full-service restaurant subsector registered a CAGR of 3.3% to reach sales of US\$3.4 billion, making it the largest category within Malaysian consumer foodservice. Even stronger growth is expected over the 2013-2017 forecast period, with a CAGR of 5.4% to reach anticipated sales of US\$4.4 billion in 2017. However, ongoing promotions and discounts to attract cost-conscious consumers are slowing overall value growth in this category. The top chains in this subsector include Pizza Hut, Nando's, Sushi King, Kenny Rogers Roasters and the Chicken Rice Shop.

In 2012, full-service restaurants saw almost 270 million transactions among 10,231 outlets, having recorded slight growth in both of these areas, with a CAGR of 2.3% and 1.2% respectively, since 2008. Full-service restaurants averaged sales of US\$335,089 per outlet and US\$12.71 per transaction in 2012.

## **Cafés/Bars**

This subsector is a very popular choice among Malaysian consumers, and is dominated by the cafés category, with independent players representing the majority share in terms of value sales and total outlets. However, chained cafés also hold a strong proportion of the market and are expanding their outlet numbers at a much faster rate, as brand awareness, coffee culture, and the benefits of tea drinking all gain in popularity. Cafés/bars offer a range of food and beverage products for any time of day, as well as welcoming environments for leisurely visits or social occasions, with some even supplying board games and reading materials for patrons to use during their stay. Consumers are invited to enjoy a meal and spend some time with family, friends and colleagues, or just appreciate the atmosphere with a beverage during their own free time.

The cafés/bars subsector was valued at US\$2.9 billion in 2012. Between 2008 and 2012, this subsector saw a CAGR of 4.3%, and is expected to grow somewhat faster over the forecast period of 2013 to 2017 with a CAGR of 5.2%, and reaching sales of US\$3.7 billion. Top chains in the Malaysian cafés/bars subsector include Secret Recipe Cakes & Café, Old Town White Coffee and Starbucks.

The over 5,000 cafés/bars outlets in Malaysia saw 221 million transactions in 2012. Outlets and transactions each recorded a CAGR slightly over 2%. A typical outlet earned US\$538,930, the highest value of any consumer foodservice sector, and had about 221,676 transactions in 2012, with an average transaction value of US\$12.95.

## **Street Stalls/Kiosks**

Street stalls/kiosks are a popular choice for convenience and traditional local cuisine in Malaysia. Outlets are dominated by independent operators (95%), but chained brands are eager to access this market and are tailoring their expansion efforts accordingly. With lower start-up and infrastructure costs, street stalls/kiosks present opportunities for entrepreneurs looking to introduce their fare to a diverse consumer base of tourists and locals alike. Typical offerings include baked goods, ice cream, snack foods and local specialities.



The street stalls/kiosks subsector was valued at US\$2.0 billion in 2012, having grown at a compound annual rate of 4.0% between 2008 and 2012. Growth is expected to accelerate just slightly over the forecast period of 2013-2017, with an expected CAGR of 4.8%, but this subsector is set to remain the third-largest within Malaysian consumer foodservice and reach sales of US\$2.5 billion in 2017. Top chains in the Malaysian street stalls/kiosks subsector include 1901 (Nineteen O One), Nelson's, Auntie Anne's and Cinnabon.

In 2012, there were over 11,000 street stalls/kiosks with total transactions exceeding 490 million in Malaysia. Between 2008 and 2012, outlets and transactions grew at annual rates of 6.2% and 5.9%, respectively. The average street stall/kiosk earned US\$179,939 in 2012, or just US\$4.10 per transaction, the lowest among all subsectors.

### **Fast Food**

The fourth-largest subsector within Malaysian consumer foodservice, fast food is almost exclusively made up of chained operators (representing 98% in value terms), with chicken as the most prominent style. Busier lifestyles and the resulting demand for convenience have driven growth in fast food sales, particularly via drive-through, delivery and takeaway options, which are prominent features of this subsector. However, value sales growth has been affected by the proliferation of constant promotional pricing and discounts. Furthermore, growing health-consciousness will likely affect value sales trends across several fast food categories, as consumers seek more nutritious fare. For example, although currently just a small proportion of the market, the bakery fast food category (which includes establishments offering sandwiches and subs, among other things), registered the strongest growth in terms of value sales and outlet expansion from 2008 to 2012.

The Malaysian fast food subsector saw a CAGR of 9.2% between 2008 and 2012, reaching total sales of US\$1.4 billion. Future sales growth is expected to slow slightly, with a CAGR of 6.3% forecast between 2012 and 2017. Top chained brands in this subsector include Kentucky Fried Chicken (KFC), McDonald's, Dunkin' Donuts, MARRYBROWN and 7-Eleven.

Over 3,300 fast food outlets recorded 335.2 million transactions in 2012, having grown by a compound annual rate of 6.0% and 8.4% respectively, since 2008. Per outlet, fast food saw sales of US\$423,772, with an average transaction value of just US\$4.22, the second-lowest across the entire sector.

### **Self-Service Cafeterias**

The self-service cafeteria subsector is not a very popular one in the Malaysian foodservice industry, as consumers generally prefer the product offering and discounts of better-diversified formats, such as fast food or cafés/bars. Furthermore, since they are primarily located within retail areas, self-service cafeterias face stiff competition from a plethora of foodservice providers. Independent operators dominate this subsector (representing 99.3% of outlets, 97.4% of value sales and 98.9% of transactions in 2012), but chained players (of which there are currently two in the market) are perhaps better suited for success in this realm, offering consumers brand familiarity, updated operation formats and more unique or international product ranges.

Sales in this subsector were valued at US\$195.3 million, having grown by a compound annual rate of 4.1% since 2008. Sales growth is expected to remain relatively consistent over the forecast period of 2013 to 2017, slowing just slightly to a rate of 3.8%, and reaching US\$237.1 million. The only two chained brands in the market are Mövenpick Marché (holding a 53.7% share) and IKEA (46.3%).





From just 320 outlets, self-service cafeterias registered over 29 million transactions in 2012, with growth since 2008 almost exclusively attributable to independent operators in both of these areas. A typical outlet earned US\$646,689 in 2012, by far the most of any foodservice subsector, largely due to the higher prices and lack of promotional deals found within self-service cafeterias. The average spend per transaction was US\$6.68 in the same year.

### **100% Home Delivery/Takeaway**

This subsector is gaining in popularity in Malaysia alongside rising workforce participation, as a growing number of consumers seek convenient dining options to suit their busy schedules. Pizza is currently the core category within the intensely competitive 100% home delivery/takeaway subsector. The leading players are offering promotions, discounted deals and online ordering services as they strive to secure their market share, particularly as other foodservice operators, such as full-service restaurants and fast food, implement home delivery services.

The 100% home delivery/takeaway subsector is the smallest of the Malaysian foodservice market (0.7% share), but is growing at a substantial pace. Valued at just US\$65.6 million in 2012, sales registered a CAGR of 19.9% between 2008 and 2012, making it the fastest-growing foodservice subsector. Over the forecast period of 2013 to 2017, 100% home delivery/takeaway sales are expected to reach US\$105 million, with an anticipated CAGR of 9.3%. The only three chained brands in the market are Domino's Pizza (holding a 73.5% share), Pizza Hut (24.5%) and Canadian 2 for 1 Pizza (3%).

In 2012, there were 322 outlets in the 100% home delivery/takeaway subsector, and 5.7 million transactions. However, outlets and transactions grew at robust compound annual rates of 14.2% and 18.6% respectively, between 2008 and 2012. This subsector is expected to remain the leading area of outlet and transaction growth within Malaysian consumer foodservice until 2017. A typical outlet earned US\$203,727 in 2012, or US\$11.44 per transaction.

## **LOCATIONS**

The majority of Malaysia's foodservice sector is represented by standalone locations, with 21,505 outlets and sales of about US\$6.3 billion in 2012. However, travel and retail locations saw the greatest expansion in terms of both value sales and outlet growth from 2008 to 2012.

According to Euromonitor (2013), Malaysia is already perceived as a shopping paradise for tourists and locals alike, due to the concentration of large-scale malls in major cities. Kuala Lumpur was actually named by the 2012 Globe Shopper Index as the second-best city for shopping in the Asia-Pacific region. On top of their status as tourist attractions, visiting malls is a leisure activity for locals. As a result, on-site foodservice outlets see high demand, but a generally lower transaction value (an average of US\$7.14). This is further evidenced as sales through the retail location currently represent less than one quarter (24.4%) of total sector sales. As new shopping malls and plazas continue popping up in the country, foodservice operators are eagerly turning to the retail location as an avenue for expansion.



### Historic Market Value and Growth of Malaysian Foodservice by Location, US\$ Millions

	2008	2009	2010	2011	2012	CAGR % 2008-12
<b>Consumer Foodservice</b>	8,358.8	8,519.2	8,984.3	9,503.2	9,989.9	4.6
Standalone	5,269.3	5,325.8	5,633.4	5,956.1	6,246.0	4.3
Retail	1,930.8	2,013.7	2,154.0	2,303.3	2,441.9	6.0
Lodging	729.6	739.1	735.5	761.1	796.7	2.2
Travel	248.5	257.5	285.4	308.5	329.8	7.3
Leisure	180.5	183.2	175.9	174.1	175.4	-0.7

### Forecast Market Value and Growth of Malaysian Foodservice by Location, US\$ Millions

	2013	2014	2015	2016	2017	CAGR % 2013-17
<b>Consumer Foodservice</b>	10,511.2	11,064.4	11,648.7	12,275.5	12,939.1	5.3
Standalone	6,565.6	6,904.3	7,264.7	7,660.9	8,084.1	5.3
Retail	2,587.0	2,741.2	2,906.4	3,076.0	3,255.7	5.9
Lodging	829.3	865.7	900.1	938.4	975.3	4.1
Travel	357.8	381.4	406.3	426.9	448.9	5.8
Leisure	171.6	171.9	171.2	173.4	175.2	0.5

Source for both: Euromonitor, 2013.

\*CAGR = compound annual growth rate.

In 2012, lodging outlets were the best performers in terms of average sales per outlet (US\$425,906) and per transaction (US\$12.30), largely due to their higher prices. Lodging foodservice establishments tend to charge more than their standalone counterparts, as rental fees are more costly in such locations. As well, patrons of lodging establishments, which include hotels and resorts, are generally willing to pay more for the convenience offered by on-site dining.

### Outlets and Transactions of Malaysian Foodservice by Location, 2012

Subsector	Outlets	Transactions (thousands)	Average Sales per Outlet (US\$)	Average Sales per Transaction (US\$)
<b>Consumer Foodservice</b>	30,721	1,352,698	325,181.47	7.39
Standalone	21,505	865,439	290,449.49	7.22
Retail	5,846	342,001	417,725.85	7.14
Lodging	1,871	64,790	425,906.13	12.30
Travel	1,041	58,429	316,871.64	5.64
Leisure	459	22,040	381,968.64	7.96

Source: Euromonitor, 2014.





## TOP COMPANIES

As shown in the table below, international companies are prominent in the overall Malaysian foodservice industry. The market is led by Yum! Brands (KFC, Pizza Hut) with sales totalling US\$713.3 million in 2012, or 7.1% of the total market, followed by McDonald's with a 4.8% share and total sales of US\$477.6 million. Domestic company Secret Recipe Cakes & Café holds the third-largest market share in terms of value sales, with 1.9%.

### Top 10 Companies in Malaysian Consumer Foodservice

Company	Foodservice Value Sales (US\$ millions)				Total Outlets 2012
	2008	2012	CAGR (%) 2008-12	Market Share (%) 2012	
Yum! Brands Inc	543.3	713.3	7.0	7.1	823
McDonald's Corp	263.6	477.6	16.0	4.8	226
Secret Recipe Cakes & Café Sdn Bhd*	133.9	191.8	9.4	1.9	226
White Café Sdn Bhd*	46.6	92.3	18.7	0.9	224
Starbucks Corp	58.7	68.7	4.0	0.7	132
Dunkin' Brands Group Inc	54.9	66.2	4.8	0.7	114
Nando's Group Holdings Ltd	33.3	46.0	8.3	0.5	47
Marrybrown Fried Chicken Sdn Bhd*	33.7	41.8	5.5	0.4	106
Seven & I Holdings Co Ltd	29.1	38.2	7.1	0.4	1,410
Big Apple Donuts & Coffee	19.7	37.9	17.8	0.4	58

Source: Euromonitor, 2014.

CAGR = compound annual growth rate.

\*Note: Sdn Bhd is the acronym for "Sendirian Berhad," which is the Malay equivalent to "incorporated," and indicates companies of Malaysian geographic origin.

According to Euromonitor (2013), international and domestic companies alike are exhibiting aggressive expansion strategies in the Malaysian market, and are working to implement new convenience-oriented services for urban consumers. For example, drive-through services are becoming increasingly utilized in the fast food sector. As well, home-delivery is being offered by formats that would not traditionally use this service, including Secret Recipe Malaysia, which offers busy consumers the option to have their cakes and bakery goods delivered to their desired location.

Furthermore, companies are introducing new initiatives to better serve a tech-savvy and cost-conscious population. Over 60% of Malaysians had access to the internet as of 2012, and 47% were Facebook subscribers, so marketing strategies are extending to include online channels to communicate with consumers, advertise deals, and offer coupons. Pizza Hut launched an online ordering system in 2012, allowing consumers to easily place orders via their computer or smart phone, and the service is already garnering a positive response from urban Malaysians. Furthermore, many companies are offering promotions through the website MyDeal, which has become a highly popular avenue for consumers to source money-saving deals. On the site, consumers can purchase discounted vouchers for foodservice fare, or speciality coupons that encourage them to try new outlets, such as children eating for free upon the pre-purchase of two adult entrees (Euromonitor, 2013).



## CONCLUSION

Changing consumer lifestyles and strong economic growth combine to create potential opportunities for Canadian agri-food exporters looking to supply the Malaysian market. In recent years, the foodservice sector has posted strong growth and is expected to continue doing so over the next five years, as time-pressed consumers utilize restaurants as a convenient and time-saving alternative to cooking food at home. Furthermore, the industry continues to pursue evolving consumer needs: more establishments are introducing drive-through and delivery services, online services and promotions are being very well-received, health-conscious fare is being successfully added to menus, and international chains are finding increasing favour amongst a young, savvy population, as they extend their reach into secondary cities.

However, price is still an area of concern for many Malaysians, who have become active deal-seekers. In implementing cost-saving incentives to get patrons through the door in this competitive environment, the industry's full growth potential is already showing signs of being somewhat stifled, and companies need to be careful not to eat away at their own margins. Key areas of growth in the sector will be the cafés/bars segment, as consumers turn to such establishments for both convenience and leisure, and the 100% home delivery/takeaway category, as more and more operators work to capitalize on the appeal of their quick and simple offerings.

Finally, due to Malaysia's highly respected standards, coupled with its location within Southeast Asia (home to the largest Muslim population in the world), opportunities may also be found through the country's halal market. Companies seeking to do business within the Malaysian foodservice industry must be aware of the various requirements with respect to halal food in order to find success, but in doing so, will also be well-positioned to access other Islamic markets.

## RESOURCES

Euromonitor International (2014). Foodservice data.

Euromonitor International (2013).

- Cafés/Bars in Malaysia
- Consumer Foodservice by Location in Malaysia
- Consumer Foodservice in Malaysia
- Fast Food in Malaysia
- Full-Service Restaurants in Malaysia
- Self-Service Cafeterias in Malaysia
- Street Stalls/Kiosks in Malaysia
- 100% Home Delivery/Takeaway in Malaysia

Halal Industry Development Corporation (2014). "Why Malaysia?" Retrieved March 2014 from: [\[http://www.hdcglobal.com/publisher/halal\\_park\\_about\]](http://www.hdcglobal.com/publisher/halal_park_about).



### **Foodservice Profile: Malaysia**

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