

2023 Malaysian Beverage Report

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Summary

I. Market Overview

- **The beverage industry in Malaysia is a growing market.**
 - Malaysian beverage market size was valued at 9,481 billion MYR(2.64 billion litres) in Q4 2022.
- **The market is segmented into five main categories: packaged water, milk, carbonated drinks, juice, and hot drinks (coffee and tea).**
 - Coffee and tea market size was 3382.8 million MYR in 2022, in which the sales performance grew by 5.58% YoY compared with 2021.
 - Packaged water market size was 930.2 million MYR in 2022, in which the sales performance grew by 12.14% YoY compared with 2021.
 - Milk market size was 2249.9 million MYR in 2022, in which the sales performance grew by 5.34% YoY compared with 2021.
 - Carbonates market size was 2037.7 million MYR in 2022, in which the sales performance grew by 13.27% YoY compared with 2021.
 - Juice market size is 880.4 million MYR in 2022, in which the sales performance grew by 10.15% YoY compared with 2021.

II. Market Potential and Key Beverage Products

- **The beverage industry in Malaysia is a growing market.**
 - The key drivers of growth in the Malaysian beverage market are increasing wealth and disposable income of consumers, rich cultural diversity, growing health consciousness among consumers changes in methods of shopping
- **From 2023 to 2026, the size of the Malaysian beverage market is anticipated to increase at a CAGR of 4.42%, reaching 11,961.50 million MYR.**

- Still packaged water is expected to have the highest CAGR of 6.70%, followed by milk and carbonated drinks.
- Coffee and tea are expected to reach sales of MYR 4,099 million by the year 2026.
- Drinking water and juice are expected to reach sales of MYR 2,404.5 million by 2026, driven by the consumer demand for organic and healthy beverages.
- **To stand out in the competitive Malaysian beverage market, brands create unique identities for their products by tailoring them to local taste buds.**
 - Beverage products in Malaysian market are not limited to local products.
 - Local products have shorter shelf-life, cheaper in price and has more size variations compared to imported products

III. Market Access and Entry

- **Retail channels in Malaysia are expected to see strong growth in 2023.**
 - The three main offline channels for beverages in Malaysia are hypermarkets, supermarkets, and convenience stores.
 - Online retailing is also a growing distribution channel for beverages in Malaysia.
- **The Food Act 1983 and the Food Regulations 1985 are the two main pieces of legislation that regulate food in Malaysia.**
 - Labels for beverages sold in Malaysia must be in Bahasa Malaysia or English and must include information regarding the product's designation, ingredients, allergens, and nutritional content.
 - Certain types of claims are allowed on food labels, such as nutrient content claims, nutrient comparative claims, and nutrient function claims.

- **Malaysia is the global market leader in Halal.**
 - Halal products are those that meet Islamic dietary requirements and are safe for consumption.
 - Halal certification is not mandatory in Malaysia, but it is important for businesses that want to reach the Muslim market in Malaysia and other countries.
 - The Malaysian Department of Islamic Development (JAKIM) is the agency responsible for Halal certification in Malaysia.
 - Foreign certifying bodies can also be accredited by JAKIM to certify Halal products.

IV. Strategies to Expand Korean Beverage Export to Malaysia

- **The beverage industry in Malaysia is facing some challenges such as small population, low price items from China and Thailand, but there are also a number of opportunities for growth.**
 - Korean companies can increase their beverage exports to Malaysia by obtaining a Halal certification, focusing on product differentiation by offering unique flavours, and targeting health-conscious Malaysians.
 - The Increasing Trend of Korean Beverage Consumption Around Malaysian Convenience Stores
 - The popularity of Hallyu (Korean Wave) continues, leading to increased awareness and consumption of Korean products among the MZ generation.

I. Market Overview

A beverage is a liquid intended for human consumption. Beverage can be divided into alcoholic and non- alcoholic. This report focuses on non- alcoholic beverages. Non-alcoholic beverages are comprised of water, milk, carbonated drinks, juice, and hot drinks. Hot drinks are further divided into coffee and tea.

- As one of the most important industries that satisfy daily human necessities, beverage industry has witnessed a surge in market share. As a result, more and more players, particularly in the Malaysian beverage business, want to engage with this lucrative area. As a matter of fact, the Malaysian beverage market size was valued at 9,481 billion MYR(2.64 billion litres) in Q4 2022.

The Malaysian beverage market is a competitive market, with a number of multinational and local players. The major players in the market include Coca-Cola, Pepsi, Nestlé, and F&N. These players are investing heavily in research and development, marketing, and distribution to gain a competitive edge in the market.

The future of the Malaysian beverage market looks promising, with strong growth prospects in the coming years. The market is expected to be driven by a number of factors, including rising incomes, increasing urbanization, and growing demand for healthy and innovative beverages.

Acknowledging the prospects, this article provides a brief overview of the Malaysian beverage industry such as information regarding the market trends, features, and competitive level.

<Table I-1> Beverage characteristics by type.

Type	Characteristics
<ul style="list-style-type: none"> • Packaged water 	<ul style="list-style-type: none"> • World's most consumed beverage • Different forms in the market such as spring, purified, and mineral water • Essential for staying hydrated, which is important for overall health and well-being
<ul style="list-style-type: none"> • Milk 	<ul style="list-style-type: none"> • Milk is an excellent source of calcium and other essential nutrients. • Sources of milk and milk products include cows, sheep, camels, goats, and many others. • Three major types of milk beverages are normal milk, flavoured milk, and powder milk.
<ul style="list-style-type: none"> • Carbonated drinks 	<ul style="list-style-type: none"> • Carbonated beverages are drinks that contain dissolved CO₂ • Improves digestion and helps constipation • Excessive intake of carbonated drinks could cause tooth decay or discoloration • Linked to obesity, type II diabetes, weight gain, fatty liver disease and increased risk of heart disease
<ul style="list-style-type: none"> • Juice 	<ul style="list-style-type: none"> • Made from the extraction or pressing of the natural liquid contained in fruit and vegetables • Provides nutrients such as carotenoids, polyphenols, and vitamin c that offer health benefits • Consuming too much juice leads to high levels of fructose intake, which is linked to high blood sugar, weight gain, and an increased risk of type ii diabetes.
Coffee	<ul style="list-style-type: none"> • Has a stimulating effect on humans due to its caffeine content • Moderate intake could enhance weight loss, cognitive function, and alertness. • Excessive consumption can cause insomnia, anxiety, agitation, stomach upset, nausea or vomiting, and increased heart rate
Tea	<ul style="list-style-type: none"> • Stimulating effect due to its caffeine content but lower than that of coffee • Infusions and decoctions of the leaves, bark, and roots of other plants are commonly known as herbal or medicinal teas • Contains antioxidants, which help cleanse the body of toxins and boost the immune system • Excess consumption could lead to reduced mineral absorption, increased anxiety, nausea and disrupts sleep cycle

*Source: www.javatpoint.com; hsph.harvard.edu; www.sciencedirect.com

There is an increased awareness of the importance of drinking clean water because it is vital for human wellbeing. Malaysians also are becoming more aware of the importance of drinking clean water, and they are increasingly turning to bottled water as a safe and convenient option.

Milk is an important source of calcium and protein for Malaysians but only half of the country's demand are met by local production. Malaysians commonly consumed in the morning and before bed. Besides consumption as beverage, milk is also used in many Malaysian dishes, such as teh tarik (tea), laksa (spicy noodle soup), and roti canai (flatbread).

Malaysians most commonly consume carbonated drinks during meals or as a snack. Despite being associated with several health issues, carbonated drinks are consumed by people of all ages in Malaysia, especially during festive seasons. Also, the demand for healthier carbonated drinks is increasing. Malaysian consumers are becoming more health-conscious, and they are progressively looking for carbonated drinks that are lower in sugar and calories. This has led to the introduction of a number of new carbonated drinks such as Coke Zero and Sprite Zero.

Juice is popular in Malaysia because it is seen as a healthy and refreshing drink. It is a good source of vitamins, minerals, and antioxidants.

Coffee and tea drinking has been a part of Malaysian culture for centuries, but the trend in Malaysia has been evolving in recent years. In the past, Malaysians typically drank coffee or tea at kopitiams, which are traditional coffee shops that serve simple, no-frills coffee. However, in recent years, there has been a growing trend towards specialty coffee/ tea shops that offer more unique and artisanal coffee drinks. The growing popularity of social media has exposed Malaysians to different hot drinks cultures from around the world. Ready-to-drink and instant coffee and tea products have gained improved sales in recent times.

According to a report by the Malaysian Ministry of International Trade and Industry, the beverage industry in Malaysia was valued at RM 24.2 billion in 2019 (including alcoholic

drinks). However, the Malaysian market size of beverage reduced in 2020 and 2021 mostly due the Covid-19 pandemic. Subsequently, the reopening of the markets in 2022 increased the sales performance of beverage industry in Malaysia.

<Table I-2> Market size by beverage types.

[Unit: MYR million, %]

Index	2018	2019	2020	2021	2022	YoY (21/22)
Coffee and tea	2,921.8	3,052.9	3,196.2	3,204	3,382.8	5.58
Packaged water	900.1	973	902	829.5	930.2	12.14
Milk	1,751.5	1,880.1	2,029.6	2,135.8	2,249.9	5.34
Carbonates	2,334.1	2,305.6	1,985.2	1,799	2,037.7	13.27
Juice	834.4	864	861.3	799.3	880.4	10.15
Total	8,741.9	9,075.6	8,974.3	8,767.6	9,481	8.14

*Source: Juice in Malaysia, Drinking Milk products in Malaysia, Hot Drinks in Malaysia, Bottled Water in Malaysia, Carbonates in Malaysia (Euromonitor, 2023.06.)

Coffee, and tea are the most popular beverage product in Malaysia, accounting for a significant share of the market. However, the trend towards healthier lifestyles has led to an increasing demand for natural and low-sugar drinks such as fruit juices and packaged water. Milk sales in Malaysia showed steady increase from 2018 to 2022, with year over year growth (21/22) of 5.34%. Despite reduction in sales of carbonated drinks from 2018 to 2021, it recorded the highest growth in 2022 (13.27%) compared with other types of beverages. Overall, the beverage market is expected to sustain its uptrend in the coming years, driven by the changing consumer preferences, increased disposable income of consumers, and increasing health awareness.¹

¹ Global Data (<https://www.globaldata.com/store/report/malaysia-beverages-consumption-market-analysis/>)

II. Market Potential and Trend

1. Growth Drivers and Trends

The key factors affecting the beverage market in Malaysia are:

➤ **Increasingly wealthy population with diverse cultural influences**

The economy of Malaysia has developed significantly over the last decades and the country is now considered upper-middle income. This economic development has inevitably had some impacts on demand for food and beverage products. Malaysia is a country which combines various cultures and these affect the market for beverage products.

One of the most important cultural influences is religion; while the country is multi-confessional, the official religion is Islam, and this is followed by approximately 60% of the population. Therefore, Halal certification is an important aspect in Malaysian food and beverage industry. Another noteworthy point is the higher tendency for Indians to vegan (19%) diets compared to the other races. Besides that, Chinese consumers prefer a less dairy (20%) intake approach.

Diets such as less salt (46%), less sugar (45%), low oil (35%) and low fat (36%) are among the most common preferences exercised by the Malaysian consumer, with baby boomers (those aged 57 and above) showing the highest tendencies towards these diet/ lifestyles. This indicates that they place more importance on their health which may be attributed to their age.

<Table II-1> Diet preference among different races and generations in Malaysia.

	Generation					Race		
	TOTAL (%)	Gen Z	Millennials	Gen X	Baby Boomers	Malay	Chinese	Indian
Less salt	46	39	43	49	69	47	45	45
Less sugar	45	34	43	48	75	48	40	46
Low fat	36	33	35	36	51	36	37	33
Less oil	35	30	33	36	51	33	35	41
Low calorie	26	25	25	24	36	25	28	21
High protein	15	17	16	14	9	13	19	12
Less meat	14	12	12	17	16	10	17	26
Low carb	14	14	15	13	19	13	17	15
Less dairy	13	12	11	16	15	8	20	14
Detox	13	11	15	12	10	12	14	7
Organic	12	10	11	13	19	11	14	9
Vegan	7	8	7	7	5	5	8	19
Keto diet	6	5	6	7	4	6	6	4
Paleo diet	4	5	4	5	1	4	5	4
None	21	24	25	17	2	21	21	18

Note: Gen Z = 0-16 years old, Millennials = 17-37 years old, Gen X = 38-57 years old, Baby Boomers = 58-71 years old

*Source: <https://www.opotus.com/revealing-malaysias-food-trends/>

The diverse nature of Malaysia also affects the range of festivals and holidays.

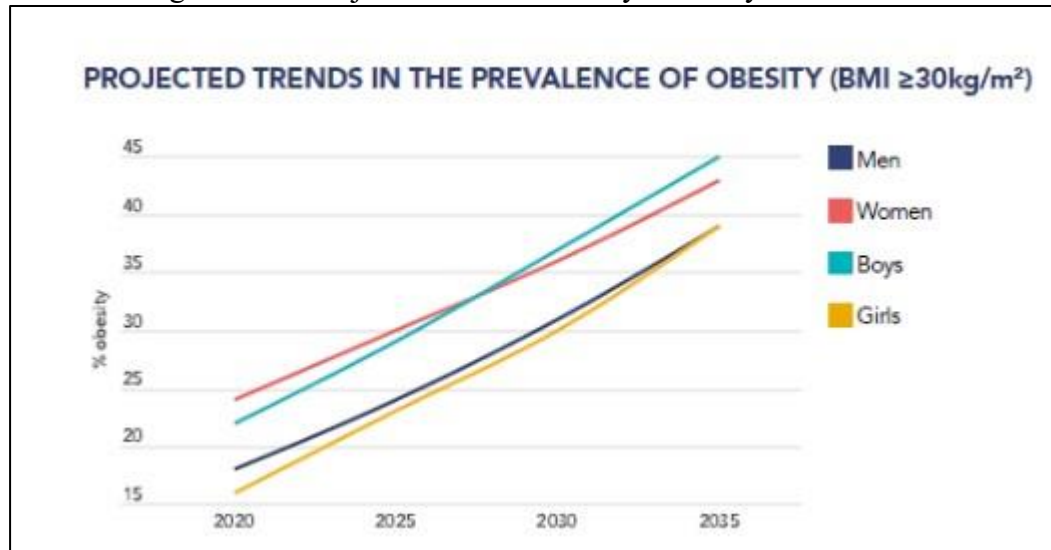
Notable ones include:

- Ramadan and Eid (Hari Raya Aidil Fitri in Malaysian). As a majority Muslim country, this is arguably the most important festival. It is celebrated by a two-day holiday. Eid comes after the month of dawn to dusk fasting that is Ramadan. During Ramadan, Muslim Malays are not allowed to eat or drink during the day. However, non-Muslims are allowed to eat and some eateries stay open.
- Chinese New Year. A key festival for the Chinese population and a two-day nationwide holiday exists for this period.
- Deepavali is an important festival for the Indian population.
- Finally, Wesak is an important festival for the Buddhist population, and Christmas for the Christian population.

➤ **Increased health concerns**

With increased consumption of readily available food and less active lifestyles, there has been an increase in weight related issues in Malaysia in recent years. Almost 1/5th of the population is currently obese, and this is expected to increase to almost 1/3 by 2030.

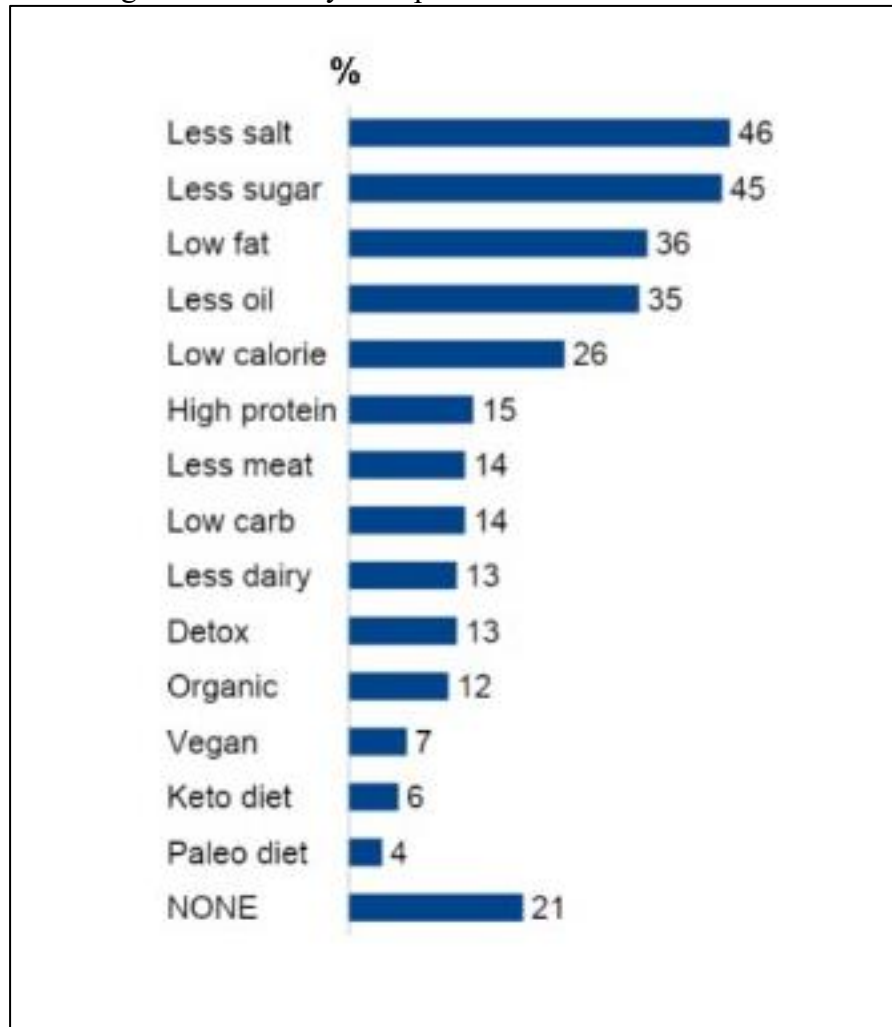
<Figure II-1> Projected trend of obesity in Malaysia.



*Source: codeblue.galencentre.org/2023/03/03/report-41-of-malaysias-adults-will-be-obese-by-2035/

This has led to an increased focus on diet, with over half of consumers saying they actively monitor what they eat/ drink. In this context, increased attention is being paid by consumers to food labels. Diets such as less salt (46%), less sugar (45%), low oil (35%) and low fat (36%) are among the most common preferences exercised by the Malaysian consumer.

<Figure II-2> Malaysians preference towards different diets.



*Source: <https://www.oppotus.com/revealing-malaysias-food-trends/>

The shift of consumer behaviour has boosted the demand in organic, functional and healthy beverages, such as low calorie, sugar-free, and herbal beverage products.

The government also took some initiatives, such as introducing a sugar tax.

Another noteworthy point is the higher tendency for Indians to eat less meat (26%) and vegan (19%) diets compared to the other races. Besides that, Chinese consumers prefer a less dairy (20%) intake approach.

➤ **Changes in consumer spending and methods of shopping**

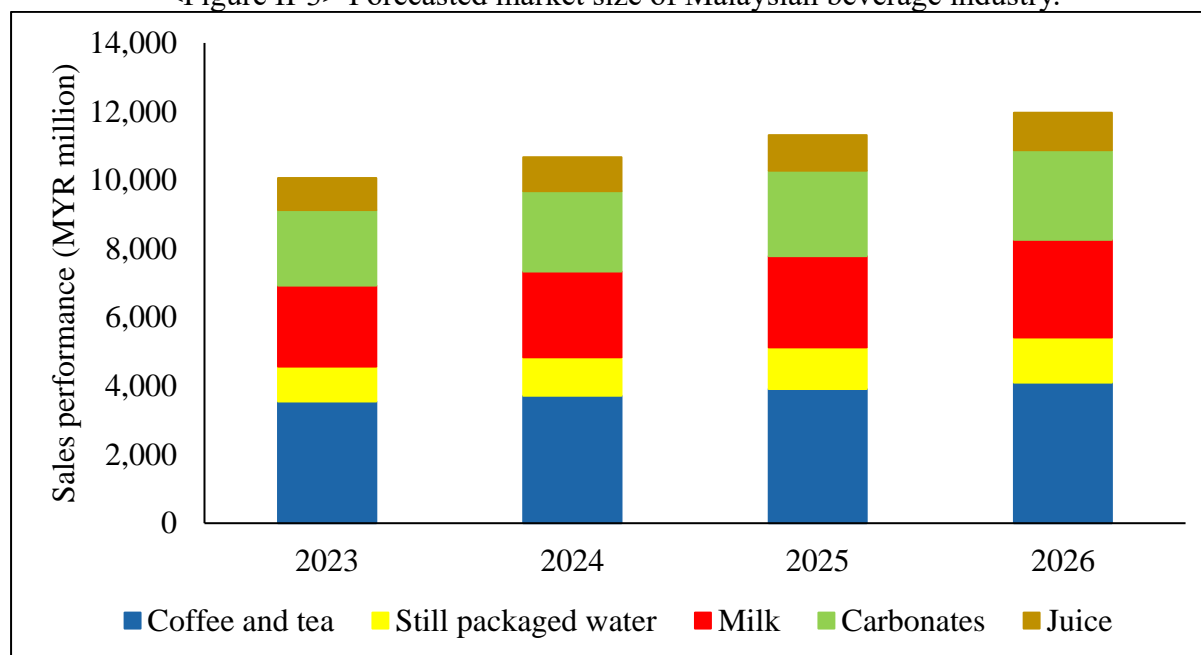
With the increases in wealth, consumers – particularly the middle and upper class– have increased disposable income in recent years and had a positive outlook regarding future spending. The methods of shopping have evolved along with the

consumer spending, with modern supermarkets and hypermarkets growing in popularity at the expense of more traditional outlets (though the latter still account for a bit over 50% of food distribution at national level). Higher end grocery stores have also increased in popularity among some consumers. Despite the fact in person purchases are generally preferred, e-commerce is gaining some traction. Loyalty programmes have become popular among Malaysians, largely for the perceived assurance they provide. Fast food service is growing in popularity among middle income consumers.

2. Forecasted Beverage Market

Euromonitor stated that the market for beverages in Malaysia is projected to reach 11,961.50 million MYR in 2026, growing at a CAGR of 4.42% between 2023 and 2026. Euromonitor also forecasted highest compound annual growth rate (CAGR) of 6.70% for still packaged water from the year 2023 to 2026. It was followed by milk and carbonated drinks with CAGR of 4.67% and 4.43% respectively. The sales performance of coffee and tea are expected to reach MYR 4,099 million by the year 2026. The consumer demand in organic and healthy beverages are expected to increase the sales of drinking water and juice up to a total of MYR 2,404.5 million by 2026.

<Figure II-3> Forecasted market size of Malaysian beverage industry.



*Source: Juice in Malaysia, Drinking Milk products in Malaysia, Hot Drinks in Malaysia, Bottled Water in Malaysia, Carbonates in Malaysia (Euromonitor, 2023.06.)

III. Key Beverage Products in Malaysian Market

There is abundance of beverage products in the Malaysian market. Hence, to fortify the niche, brands tend to have unique identity for their products. The products are usually assimilated towards the local taste buds to gain more loyal customers. some of the key differences between imported and local beverages in Malaysia:






Ingredients: Imported beverages often contain ingredients that are not locally available, such as certain fruits or herbs. Local beverages, on the other hand, are typically made with ingredients that are grown or produced in Malaysia.

Flavour: Imported beverages often have flavours that are not commonly found in Malaysian cuisine. Local beverages, on the other hand, are typically flavoured with traditional Malaysian ingredients.

Price: Imported beverages are typically more expensive than local beverages. This is due to the cost of importing the ingredients and the fact that imported brands often have a higher brand value.

The following lists highlights some of the best-selling beverages ranging from local to imported products.










1. Local Manufacturer

		<ul style="list-style-type: none"> ➤ Accounts up to 3.2% of dairy products in Malaysia in 2022 ➤ Approximately 9.8% brand share in 2022 on drinking milk products ➤ Ranked 4th in brand reputation of milk products in Malaysia 	
Brand name:	Farm Fresh	Established year:	2009
Company name:	Farm Fresh Berhad	Country of origin:	Malaysia
Website:	https://www.farmfresh.com.my/	Product:	Dairy products
Selected product range			
			
Chocolate Milk	Kurma Milk	Yogurt Drinks	Yarra UHT Strawberry Milk
1000g (RM 7.15) 568g (RM 5.80) 200g (RM 2.40)	700g (RM 8.90) 200g (RM 2.80)	700g (RM 5.80) 200g (RM 2.40)	1000g (RM 7.15) 200g (RM 1.35)

*Source: <https://www.farmfresh.com.my/>

		<ul style="list-style-type: none"> ➤ Accounts for 10.1% of Malaysian hot drinks market ➤ Have own research centre to conduct R&D to improve quality of products ➤ Commits to producing wellness beverage that suits Malaysian lifestyle 	
Brand name	Power root	Established year	1999
Company name	Power Root (Malaysia) Sdn. Bhd.	Country of origin	Malaysia
Website	www.powerroot.com	Product	Energy drink, hot drinks, and functional beverage
Selected product range			
			
Frenche Roast		Ali Café & Ali Tea	
240 mL Ready-to-Drink (RM 2.25) Instant coffee mix (RM 14.90/ 25 sachet)		240 mL Ali Café can coffee (RM 1.50 – RM 2.90) Instant coffee/ tea mix (RM 9.95 – RM 16.59/pack)	
			
Per'l		Oligo	
Kacip Fatimah instant mix (RM 18.00/ 20 sachet) Kacip Fatimah & collagen/ yuzu drink (RM 3.30)		240 mL can (RM 2.65) Instant chocolate mix (RM12.86/ 15 sachets)	

*Source: www.powerroot.com





		<ul style="list-style-type: none"> ➤ Retail market share up to 6.5% and 15.1% in juice and plant-based milk respectively ➤ Facilitates health trend by introducing less sugar and no sugar variations of their products 	
Brand name:	Yeo's	Established year:	1942 (Malaysian subsidiary)
Company name:	Yeo Hiap Seng (Malaysia) Sdn Bhd	Country of origin:	Singapore and China
Website:	www.yeos.com.my	Product:	Soy milk, juice, and tea
Selected product range			
			
Soybean, brown sugar soymilk & black soy milk	Iced lemon tea & jasmine green tea	Coconut juice	Chrysanthemum Tea
250mL (RM 1.15) 300mL (RM 1.40) 380mL (RM 1.80) 1000mL (RM 3.50)	250mL (RM 1.00) 300mL (RM 1.40) 350mL (RM 1.70) 1000mL (RM 3.10) 1500mL (RM 5.20)	300mL (RM 2.96) 500mL (RM 5.90)	250mL (RM 1.00) 300mL (RM 1.39) 350mL (RM 1.60) 1000mL (RM 2.69) 1500mL (RM 4.85)
			
Grass jelly & bird's nest	Winter melon	Lychee	Sugar cane
300mL (RM 1.90- RM2.20)	250mL (RM 1.00) 300mL (RM 1.39) 350mL (RM 1.60) 1000mL (RM 2.69) 1500mL (RM 4.85)	250mL (RM 1.00) 300mL (RM 1.39) 350mL (RM 1.60) 1000mL (RM 2.69) 1500mL (RM 4.85)	250mL (RM 1.00) 300mL (RM 1.39) 1000mL (Rm 2.70)

* Source: www.yeos.com.my






2. Imported Brands

		<ul style="list-style-type: none"> ➤ Specialises in craft brewed premium soft drinks ➤ In March 2018, the company entered into a partnership with PepsiCo to ease global distribution 	
Brand name:	Bundaberg	Established year:	1960
Company name:	Bundaberg Brewed Drinks Pty Ltd	Country of origin:	Australia
Website:	http://bundaberg.com/	Product:	Soft drinks
Selected product range			
			
Ginger beer		Lemonade	
375mL x 4 (RM 21.99)		375mL x 4 (RM 28.60)	
			
Tropical mango		Root beer	
375mL x 4 (RM 26.90)		375mL x 4 (RM 28.60)	

*Source: <http://bundaberg.com/>










		<ul style="list-style-type: none"> ➤ Source of water comes from Cachat Spring in the French Alps ➤ The water is naturally filters through layers of protected underground rock for over 15 years ➤ Contains naturally occurring electrolytes and minerals 	
Brand name:	Evian	Established year:	1859
Company name:	Danone Group	Country of origin:	France
Website:	https://www.danone.com/brands/waters/evian.html	Product:	Bottled water
Selected product range			
			
Evian mineral water 1500mL		Evian mineral water 500mL	
RM 9.15		RM 4.90	
			
		Evian mineral water 330mL	
		RM 3.95	

*Source: <https://www.danone.com/brands/waters/evian.html>

		<ul style="list-style-type: none"> ➤ No added preservatives and sugar ➤ Sweetness purely comes from natural honey 	
Brand name:	QminC	Established year:	2020
Company name:	Tera Food and Beverage Company Limited	Country of origin:	Thailand
Website:	https://qmincthailand.com/	Product:	Functional drinks
Selected product range			
			
Ginger with honey		Manuka honey collagen	
150mL (RM 4.90)		150mL (RM 4.90)	
			
Curcumin with lemon		Finger root with honey	
150mL (RM 4.90)		150mL (RM 4.90)	

*Source: <https://qmincthailand.com/>


3. Korean Brands

		<ul style="list-style-type: none"> ➤ Leading the global aloe beverage market with 76% total market share ➤ Exports to 180 different countries 	
Brand name:	OKF	Established year:	1990
Company name:	OKF Corporation	Headquarters:	54 (OKF Building), Hakdong-ro 21-gil, Gangnam-gu, Seoul
Website:	http://okf.kr/	Product:	Soft drinks
Selected product range			
			
OKF farmers aloe (sugar free)	OKF rice milk (sugar free)	OKF watermelon sparkling	OKF sparkling water series
500mL (RM 5.20) 1500mL (RM 10.60)	500mL (RM 7.20)	500mL (RM 7.00)	350mL (RM 4.55)
			
OKF aloe vera sparkling series	OKF Milky be happy	OKF Yogurt Drink	OKF Vitamin C Lemon
500mL (RM 6.20)	500mL (RM 5.00)	500mL (RM 5.80)	500mL (RM 5.30)

*Source: <http://okf.kr/>

		<ul style="list-style-type: none"> ➤ Sales growth of 10.48% in the year 2022 ➤ 2022 revenue was KRW 1.27 trillion 	
Brand name:	Binggrae	Established year:	1967
Company name:	Binggrae Co., Ltd.	Headquarters:	11-12F, B Building, 19, Seosomun-ro 11-gil, Jung-gu (Jeong-dong 34-5, Baejaejeong-dong Building), Seoul
Website:	https://www.bing.co.kr/en/	Product:	Milk products
Selected product range			
			
Banana milk		Coffee milk	
200mL (RM3.66)		200mL (RM3.99)	
			
Melon milk			
200mL (RM3.99)			
			
Vanilla milk		Lychee & peach milk	
200mL (RM3.99)		200mL (RM3.99)	
			
		Strawberry Milk	
		200mL (RM3.99)	





*Source: <https://www.bing.co.kr/en/>

		<ul style="list-style-type: none"> ➤ Overseas exports to 70 countries ➤ KRW 2.51 trillion sales as of December 2021 	
Brand name:	Lotte Chilsung	Established year:	1950
Company name:	Lotte Chilsung Beverage Co., Ltd.	Headquarters:	3th/4th/5th/9th Fl., Lotte Castle Gold, 269 Olympic-ro, Songpa-gu, Seoul
Website:	lottechilsung.co.kr	Production:	Carbonated drinks, juice, hot drinks,
Selected product range			
			
Lotte Milkis series		Chilsung cider	
250mL (RM 3.30)		250mL (RM3.25) 500mL (RM 4.10) 1500mL (RM 12.00)	
			
Lotte Cantata range		Aloe vera juice	
275mL (RM 10.90)		1500mL (RM 10.39)	
			
		Sugar free aloe vera juice	
		1500mL (RM 10.39)	

*Source: <https://company.lottechilsung.co.kr/eng/main/index.do>

		<p>➤ Utilizes various distribution channels such as café, bakery, hotels, restaurants, convenience stores, and hypermarkets/supermarkets</p>	
Brand name:	TEAZEN	Established year:	2001
Company name:	TEAZEN Co., Ltd.	Headquarters:	5F 366, Hangang-daero, Yongsan-gu, Seoul
Website:	http://teazen.co.kr/	Product:	Functional beverages
Selected product range			
			
TEAZEN Kombucha series		TEAZEN corn silk tea	
RM 25.90		RM 23.00	
			
TEAZEN buckwheat tea		TEAZEN green tea latte	
RM 30.00		RM 20.00	
			
		TEAZEN chrysanthemum tea	
		RM 23.00	

*Source: <http://teazen.co.kr/>

		- Continuous R&D in producing products to improve health of consumers	
Brand name:	Kwangdong	Established year:	1963
Company name:	Kwang Dong Pharmaceutical Co., Ltd.	Headquarters:	Gasam Building, 85 Seochojungang-ro, Seocho-gu, Seoul
Website:	http://eng.ekdp.com/main/main.asp	Product:	Health and functional beverages
Selected product range			
			
Kwangdong Vita500		Kwangdong corn silk tea	
100mL (RM 4.00)		500mL (RM 8.95) 1500mL (RM 17.50)	
			
		Kwangdong oriental raisin tea	
		500mL (RM 9.50) 1500mL (RM 17.50)	

*Source: <http://eng.ekdp.com/main/main.asp>

		<ul style="list-style-type: none"> ➤ Used to be part of Korea Yakult Corporation ➤ Owns several patents such as “A beverage of Fermented Buckwheat and Its Manufacturing Process” and “Tea Beverage Using Alkaline Water and Its Manufacturing Method” as well as “An Alginic Acid Bead Beverage and Its Manufacturing Method.” 	
Brand name:	Paldo	Established year:	2012
Company name:	Paldo Food	Headquarters:	577, Gangnam-Daero, Seocho-Gu, Seoul
Website:	http://www.paldofood.com/	Product:	Soft drinks
Selected product range			
			
Paldo rice punch	Paldo sweet cinnamon punch	Pororo drink series	
RM 3.80	RM 3.80	RM 5.80	

*Source: <http://www.paldofood.com/>

IV. Market Access and Entry

1. Distribution Channel








Retail channels have already seen a strong showing in 2022 and value sales should continue to see strong growth in 2023, seeing a full return to pre-pandemic level. In Malaysia, there are three main offline channels involved in beverage industry; Hypermarkets, supermarkets, and convenience stores. Other offline channels include, traditional groceries, restaurants, gas stations, drink specialists, pharmacies, vending machines, and bars. Online channel, also known as e-commerce has gained stronghold within Malaysian market during Covid-19, but is projected to register slower growth compared to the dynamism of the pandemic years.

Supermarkets and hypermarkets: Supermarkets and hypermarkets are the largest distribution channel for beverages in Malaysia. They offer a wide range of products from a variety of brands.

Convenience stores: Convenience stores are another important distribution channel for beverages in Malaysia. They are located in convenient locations, and they offer a limited range of products. **E-commerce:** Online retailing is a growing distribution channel for beverages in Malaysia. They offer a wide range of products from a variety of brands.

For Korean exporters that are planning to enter the Malaysian market, hypermarkets, supermarkets, convenience stores, and e-commerce are highly recommended. Thus, this report summarizes some of the top companies in each of these distribution channels along with their best-selling, private label or Korean beverages.

Hypermarkets

<div>Lotus's</div>			
Company name: Lotus		Established year: 1994	
Market share: 29.5%		Number of stores: 68	
Main store address: Level 3, No. 3, Jalan 7A/62A, Bandar Menjalara, 52200 Kuala Lumpur, Malaysia			
Phone number: 03-6272 8507			
Homepage address: https://corp.lotuss.com.my/			
Store view			
			
Beverage display status			
			
Highlighted products			
	Lotus instant coffee	Lotus mineral water	Lotus cordial drinks
	RM 12.90	RM 5.99	RM 10.89

*Source: Field survey

<div></div>	Company name:		Established year:
	Econsave		1955
	Market share: 26%		Number of stores: 93
	Main store address: Lot G01, KL Festival City, No. 67 Jalan Taman Ibu Kota, Setapak, 53300 Kuala Lumpur.		
	Phone number: 03-4148 1027		
Homepage address: https://econsave.com.my/			
Store view			
Beverage display status			
Highlighted products			
	Econsave chocolate malt drink	Econsave mineral water (6L)	Econsave coffee premix (Tongkat Ali and Kacip Fatimah)
	RM 13.90	RM 6.50	RM 12.50

*Source: Field survey







	Company name: Mydin		Established year: 1957
	Market share: 16.9%		Number of stores: 61
	Main store address: 58, Jalan Tun Perak, City Centre, 50050 Kuala Lumpur		
	Phone number: 03-2072 7378		
	Homepage address: www.mydin.com.my		
Store view			
			
Beverage display status			
			
	Highlighted products	Highlighted products	Highlighted products
	Nescafe premix coffee	Horlicks malt drink (400g)	Sunquick (800mL)
	RM 11.99	RM 9.89	RM 13.40

*Source: Field survey



	Company name: AEON Big		Established year: 2012
	Market share:14.7%		Number of stores: 21
	Main store address: 3rd Floor, AEON Taman Maluri Shopping Centre, Jalan Jejaka, Taman Maluri, Cheras, 55100 Kuala Lumpur		
	Phone number: 1300-80-2366		
	Homepage address: https://aeonbig.com.my/		
Store view			
			
Beverage display status			
Highlighted products			
	Big Value drinking water (600mL)	Big Value premix cereal drink	Nestle Milo Malt drink (1kg)
	RM 0.45	RM 10.20	RM 24.60

*Source: Field survey

Supermarkets

	Company name: Jaya Grocer		Established year: 2007
	Market share: 15.3%		Number of stores: 40
	Main store address: 348, Jln Tun Razak, Kampung Datuk Keramat, 50400 Kuala Lumpur		
	Phone number: 1-300-88-5427		
	Homepage address: https://klec.jayagrocer.com/		
Store view			
			
Beverage display status			
Highlighted products			
	Woongjin Tealight	Caffe Bene pouch fruit juice	Drinkable Konjac Jelly
	RM 6.90	RM 3.50	RM 6.50

*Source: Field survey








	Company name: Village Grocer		Established year: 2004
	Market share: 14.4%		Number of stores: 29
	Main store address: D-1-5, Sunway Nexis, No. 1, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor		
	Phone number: 03-6143 1366		
	Homepage address: https://villagegrocer.com.my/		
Store view			
			
Beverage display status			
Highlighted products			
	Homesoy soya milk 250mL	F&N Seasons drink 250mL	Spritzer mineral water 6L
	RM 1.30	RM 1.10	RM 8.20

*Source: Field survey

	Company name: Giant Supermarket		Established year: 1944
	Market share: 3.0%		Number of stores: 40
	Main store address: Lot 13793 & 13796, Jalan Changkat Permata, Taman Permata, 53300 Kuala Lumpur		
	Phone number: 03-4106 7461		
	Homepage address: https://www.giant.com.my/		
Store view			
			
Beverage display status			
Highlighted products			
	GIANT flavoured yoghurt drink 750mL	GIANT drinking water 1500mL	GIANT milk tea 3 in 1 premix
	RM 2.90	RM 0.80	RM 7.55

*Source: Field survey

Convenience stores

	Company name: 7-Eleven		Established year: 1984	
	Market share: 17.3%		Number of stores: 2,400	
	Main store address: Level 3A, Podium Block, Plaza Berjaya, No. 12, Jalan Imbi, 55100 Kuala Lumpur, Malaysia.			
	Phone number: 03-2142 1136			
	Homepage address: https://www.7eleven.com.my/			
Store view				
				
Beverage display status				
Highlighted products				
	7E chocolate malt and coffee 3 in 1 premix		7E mocha and café latte	
	RM 5.90		RM 3.00	
				
			7E bird's nest drink	
			RM 8.90	

*Source: Field survey

	Company name: KK Super Mart		Established year: 2001	
	Market share: 4.7%		Number of stores: 700	
	Main store address: T6-01-03, Tower 6, Maju Link, Jalan Lingkaran Tengah 2, Bandar Tasik Selatan, 57000 Kuala Lumpur.			
	Phone number: 03-90573308			
	Homepage address: https://kkgroup.my/			
Store view				
				
Beverage display status				
Highlighted products				
	Red bull 150mL	Coca-cola 320mL		Dutch Lady Chocolate Flavoured Milk 200mL
	RM 3.50	RM 1.50		RM2.10

*Source: Field survey

	Company name: myNews.com		Established year: 1997
	Market share: 2.9%		Number of stores: 530+
	Main store address: Lot No. 3, Jalan Teknologi 3/1, Taman Sains Selangor 1, Seksyen 3, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia.		
	Phone number: 03-6158 6000		
	Homepage address: https://www.mynews.com.my/		
Store view			
			
Beverage display status			
Highlighted products			
	Ali Café hotserved cup 30g	100Plus 1500mL	Wonderbrew kombucha 250mL
	RM 2.60	RM 3.29	RM 10.00

*Source: Field survey

		Company name: Family Mart		Established year: 2016	
		Market share: 2.1%		Number of stores: 360	
		Main store address: Lot G-01, Ground Floor, Wisma Lim Foo Yong, 86, Jalan Raja Chulan, 50200 Wilayah Persekutuan, Federal Territory of Kuala Lumpur			
		Phone number: 03-2856 7738			
		Homepage address: https://www.familymart.com.my/			
Store view					
					
Beverage display status					
Highlighted products					
		Family Mart tea collection 600mL		Binggrae flavoured milk 200mL	
		RM 6.00		RM 5.90	

*Source: Field survey


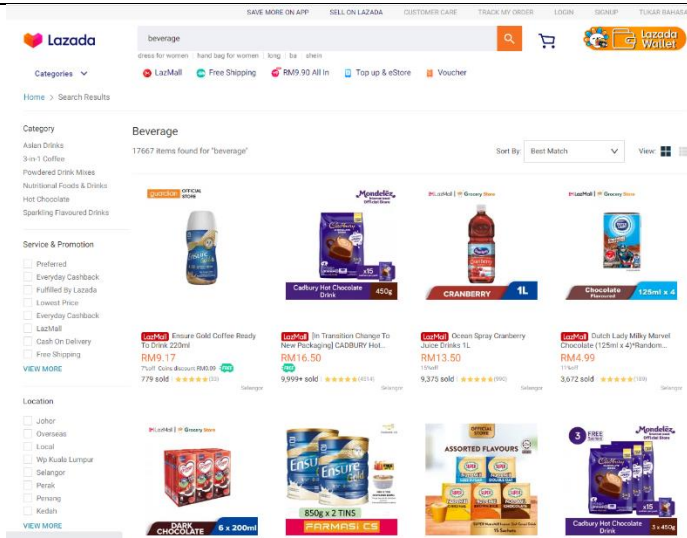



E-commerce

Retail *via* e-commerce is set to continue recording strong and steady growth over the forecast period. E-commerce saw tremendous growth in the last few years of the review period, but especially during the height of the pandemic. While the older generation are returning to their old habits of shopping in physical outlets now that COVID-19 fears are subsiding, the silver lining for e-commerce lies in the increasing reliance on online shopping among the younger generation. These younger consumers have grown up shopping online and therefore will likely continue to support e-commerce sales in the forecast period. Another factor that is likely to drive growth is the accelerating shift towards cashless payments, with the majority of the population now using cashless payments at least on a semi-frequent basis, thereby making e-commerce more accessible.

Shopee and Lazada continued to dominate retail e-commerce in Malaysia in 2022 with their easy-to-use features attracting a large volume of local and international sellers looking to list their products on their platforms. Shopee and Lazada's free shipping and discount vouchers also continue to attract shoppers to purchase products from their marketplaces. Apart from this, regular sales and promotions such as "9.9", "10.10", "11.11" deals, "payday" deals and festivities deal, coupled with their strong marketing campaigns on social media are some of the key factors that have helped keep Shopee and Lazada at the top of the rankings. Furthermore, both applications provide reviews from past buyers which helps consumers to make purchase decisions.

	Company name: Shopee marketplace	Established year: 2015
	Market share: 37.9%	Areas served: Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, Taiwan, Brazil, Chile, Colombia, and Mexico
	Malaysian headquarters: Level 25, South Point Tower, Lingkaran Syed Putra, Mid Valley City, 59200 Kuala Lumpur	
	Phone number: 03-2777 9222	
	Homepage address: https://shopee.com.my/	
User interface		
		
Marketing		
		
Brand ambassador	Shopee Rahmah sales	Shopping day campaign

*Source: <https://shopee.com.my/>

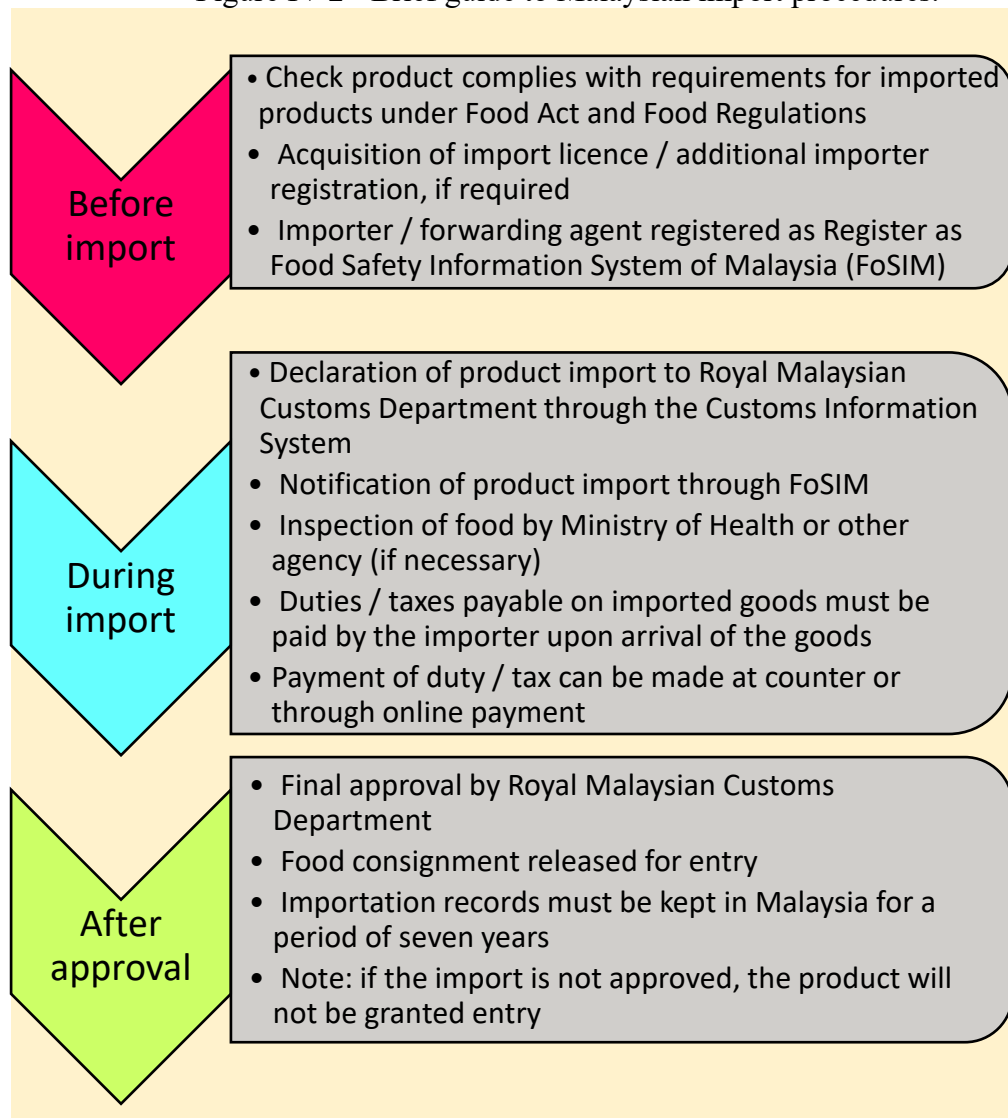
	Company name: Lazada marketplace	Established year: 2012
	Market share: 17.5%	Areas served: Southeast Asia, except Laos, Cambodia, Brunei, Myanmar and East Timor
	Malaysian headquarters: Unit G-1, UOA Corporate Tower, Avenue 10 Wilayah Persekutuan, 8, Jalan Kerinchi, Bangsar South, 59200 Kuala Lumpur, Federal Territory of Kuala Lumpur	
	Phone number: 03-2174 1717	
	Homepage address: https://www.lazada.com.my/	
User interface		
		
Marketing		
		
Brand ambassador	LazLive	Mega sale campaign

*Source: <https://www.lazada.com.my/>

2. Legislation and Regulations

All food and beverage consignments are subject to random checking and sampling at the 28 entry points throughout Malaysia to ensure food items imported into the country are safe and comply with the prescribed standards and regulations. The general steps which must be followed for importing goods into Malaysia are set out in the following figure.

<Figure IV-2> Brief guide to Malaysian import procedures.



*Source: [Panduan Ringkas Prosedur Import-en.pdf \(customs.gov.my\)](#)

The two main pieces of legislation which regulated food in Malaysia are:

- **The Food Act, 1983**
- **The Food Regulations of 1985**

It should be noted that both pieces of legislation have been amended several times since their original introductions (and may also be further updated going forward). Both of these legislations are administered by the Food Safety and Quality Division (FSQD) of the Ministry of Health (MOH). Ministry of Science, Technology and Innovation (MOSTI) also has an important role as it develops and promotes food standards. An overview of the content of the two pieces of legislation is provided below.

<Table IV-1> Summary of the two main food legislation in Malaysia.

The Food Act, 1983	The Food Regulations of 1985
<p>The Food Act is divided into five parts:</p> <ol style="list-style-type: none"> 1. Preliminary matters, which essentially contains definitions of basic concepts such as food, label, and etc. 2. Administration and enforcement of the act 3. Offences and Evidence, which effectively includes provisions that protect consumers against unsafe /adulterated food, false labelling and misleading advertisement. 4. Importation, warranties and defences, which provides certain possibilities for food to be imported if not fully compliant with certain requirements (e.g., labelling, processing) at entry but the necessary actions will be taken to make it compliant. It also includes the requirement of a written statement confirming compliance with the Act for any distributor or dealer of food. 5. Miscellaneous provisions 	<p>The Food Regulations acts as supporting piece for the Food Act. The regulations are divided into 11 parts:</p> <ul style="list-style-type: none"> ➤ Parts 1 to 3, cover definitions, warranty and procedures for taking samples ➤ Part 4 covers labelling requirements. ➤ Part 5 covers food additives and nutrient supplements ➤ Part 6 covers packaging for food ➤ Part 7 covers incidental contaminants ➤ Part 8 covers the aforementioned standards and labelling requirements by product for over 350 product types ➤ The parts 9, 10 and 11 cover standards for water and miscellaneous provisions

*Source: <http://fsq.moh.gov.my/v6/xs/page.php?id=72>; <http://fsq.moh.gov.my/v6/xs/page.php?id=323>

3. Labelling Requirements

Labelling for imported food may be in Bahasa Malaysian or English. • All information on the label should be clear. • Unless otherwise stated, all particulars on the label should be written in a font no smaller than 10 point; and there should be equal prominence with other information provided on the package. If the package is so small that this is not possible, they must be of the largest practicable size and not smaller than 2 point. • All lettering must appear in a colour that strongly contrasts with its background so that it is clear and legible. • Labels should be legible and durably marked; either on the packaging material itself or on a label which is permanently attached to the packaging material. A label may be placed inside the package if (1) the package is made of transparent material and (2) the food in the package is not ready for direct consumption (or if it is, there is separate interior wrapping so that it is not in contact with the label). • Every word shall be either (1) all in capitals; (2) all in lower case letters or (3) in lower case letters with an initial capital letter. An exception exists for internationally accepted unit symbols of weights and measures.

<Table IV-2> Summary of labelling requirements

Item	Descriptions
Appropriate designation of the food / common name	This means a specific name or non-generic description that indicates the true nature of the food to the consumer. Lettering must be done in such a way that the height, visual emphasis, and position must stand out in comparison with any other information appearing on the label. In the case that food contents are mixed or blended, these words should be added to the designation of the food.
CONTAINS statement (beef /pork / alcohol)	Must be indicated, followed by the corresponding content in the cases that food contains: <ul style="list-style-type: none">• Beef, pork, their derivatives of lard• Alcohol For alcohol, a non-serif, minimum 6 point bold font must be used; and the statement must appear directly after the designation of the food.

Ingredients	The appropriate designation of ingredients shall be listed in descending order of proportion by weight (except where the food consists of just one ingredient)
Hyposensitivity statements	<p>A statement indicating a food may cause hypersensitivity. This includes: a) cereal containing gluten, including wheat, rye, barley, and oat;</p> <ul style="list-style-type: none"> • nut and nut product, including peanut and soybean; • fish and fish products; • milk and milk products (including lactose); and • egg and egg products.
Presence of edible oil/fat statement	In the case the food contains these: a statement as to the presence in the food of such edible fat, edible oil or both, together with the common name of the animal or vegetable from which the fat or oil was derived.
Food additives statement	In the case a food contains these: a statement as to the presence of such food additives - "contains permitted (state type of the relevant food additive)". For colouring or flavouring substances, it is sufficient to state the common name or the appropriate designation of that food additive rather than the chemical name.
Weight/volume	Minimum net weight or volume. In the case a food is packed in liquid, the minimum drained weight.
Name and address; origin	<p>For imported foods, two names / addresses are needed:</p> <ol style="list-style-type: none"> 1. That of the manufacturer, packer or owner of the rights of manufacture, or their representative. 2. That of the importer in Malaysia. <p>The country of origin of the food should also be stated.</p>
Date marking	<p>One of the following dates must appear on packaging in a bold non-serif, minimum 6-point font:</p> <ul style="list-style-type: none"> • EXPIRY DATE or EXP DATE • USE BY • CONSUME BY or CONS BY • BEST BEFORE or BEST BEF <p>It must be permanently marked or embossed on the package. If the validity of the date marking is dependent on storage,</p>

	directions for storage must also be included.
Nutritional labelling	<p>Compulsory for the following foods: prepared cereal foods, bread, milk and powdered milk, canned meat, canned fish, canned vegetable, canned fruit, fruit juices, salad dressing, mayonnaise, soft drinks, soya bean milk, and soya bean drinks.</p> <p>Information to provide as follows (per 100g or 100ml):</p> <ul style="list-style-type: none"> • Energy in Kcal or KJ* • Protein (grams) • Carbohydrates (grams) • Fat (grams) • (ready to drink beverages only) sugar • (if claim made on amount or type of fatty acid) amounts of saturated, monounsaturated, polyunsaturated and trans-fatty acids

Note: Energy should be calculated using the following conversion factors: Carbohydrates 4kcal/g (17 kJ); Protein 4kcal/g (17 kJ); Fat 9kcal/g (37 kJ); Alcohol (Ethanol) 7kcal/g (29 kJ); Organic acid 3kcal/g (13 kJ); Dietary fibre 2kcal/g (8.5kJ).

*Source: <https://www.npra.gov.my>

In addition to the labelling requirements set out above, it should be noted that there are restrictions on what can be shown. Notably:

- Descriptive items appearing on / attached to any food package shall not include statements
- Contradicting, qualifying or modifying the content of the label (either directly or indirectly).
- Words to indicate grading, quality, superiority or any other words of similar meaning shall not appear on the label of any package of food unless the description conforms with those established by the relevant authorities responsible for such grading, etc.
- No label which describes any food shall include the word "pure" (or any other words of the same significance) unless the food is of the strength, purity or quality prescribed by the relevant regulations.

Claims are allowable on labels in certain circumstances. An overview of claims is provided in the following table.

<Table IV-3> Summary of the types of permitted claims

Item	Description
Nutrient content claim	Permissible claims are listed in Table I and Table II of the Fifth A Schedule of the Food Regulations 1985. The conditions specified in the tables for the claim in question will apply
Nutrient comparative claims	<p>These can only be used on foods based on various conditions including those below:</p> <ul style="list-style-type: none"> • The food being compared to must be clearly identified. • Statement of the amount of difference in the energy value or nutrient content shall be provided. The amount of difference related to the same quantity, expressed as a percentage, fraction or an absolute amount, must be displayed close to the claim. • There should be a difference of at least 25% in the energy value or nutrient content, or 10% for micronutrients.
Nutrient function claim	<p>This is a nutrition claim that describes the physiological role of the nutrient in the growth, development and normal functions of the body. It cannot include any statement implying that the nutrient would be a cure, treatment for, or protection from a disease.</p> <p>Nutrient function claims can only be made if the food contains at least an amount that would be considered sufficient as a source of that nutrient; reference amounts for this are set out in Table II of schedule 5A of the Food Regulations 1985.</p>

*Source: <https://www.npra.gov.my>

4. Halal Certification

Malaysia is the global market leader in Halal. According to State of the Global Islamic Economy 2022 Report, Malaysia has retained its position in first place in the Global Islamic Economy Index as a leader of the global Halal market for nine consecutive years.

Halalan Toyyiban – or Halal – is a combination of Islamic/Shariah law and standard requirements. These requirements are met through the fulfilment of hygienic, sanitation and safety requirements. It also ensures that Halal products are of high quality in nutritional value. All these conditions are permissible for Muslim consumption and are acceptable to non-Muslim consumers as well.

Halal products are products that do not contain any parts or products of animals that are categorized as non-Halal to Muslims or products of animals which are not slaughtered according to Islamic law. Halal products also do not contain any ingredients that are “Najs” according to Islamic law. Examples of “Najs” includes liquor and other spirituous drinks, dogs, swine, dead animals that were not ritually slaughtered, blood, excrements, and milk of animals whose meat Muslims are not allowed to consume. Preparation, processing, or manufacturing of Halal products should not be completed using equipment that is contaminated with things that are “Najs” according to Shariah law and Fatwa. Halal certified products should also be safe for use or consumption and not intoxicating or harmful to health. Even during the preparation, processing, packaging, storage or transportation, the food should be physically separated from any other food that does not meet the Halal requirements.

A product does not need to be Halal or Halal certified to be imported to or sold in Malaysia. However, Halal certification is of high importance, in terms of reaching out to the bulk of the Malaysian market as this opens up 100% of the Malaysian market. In addition,

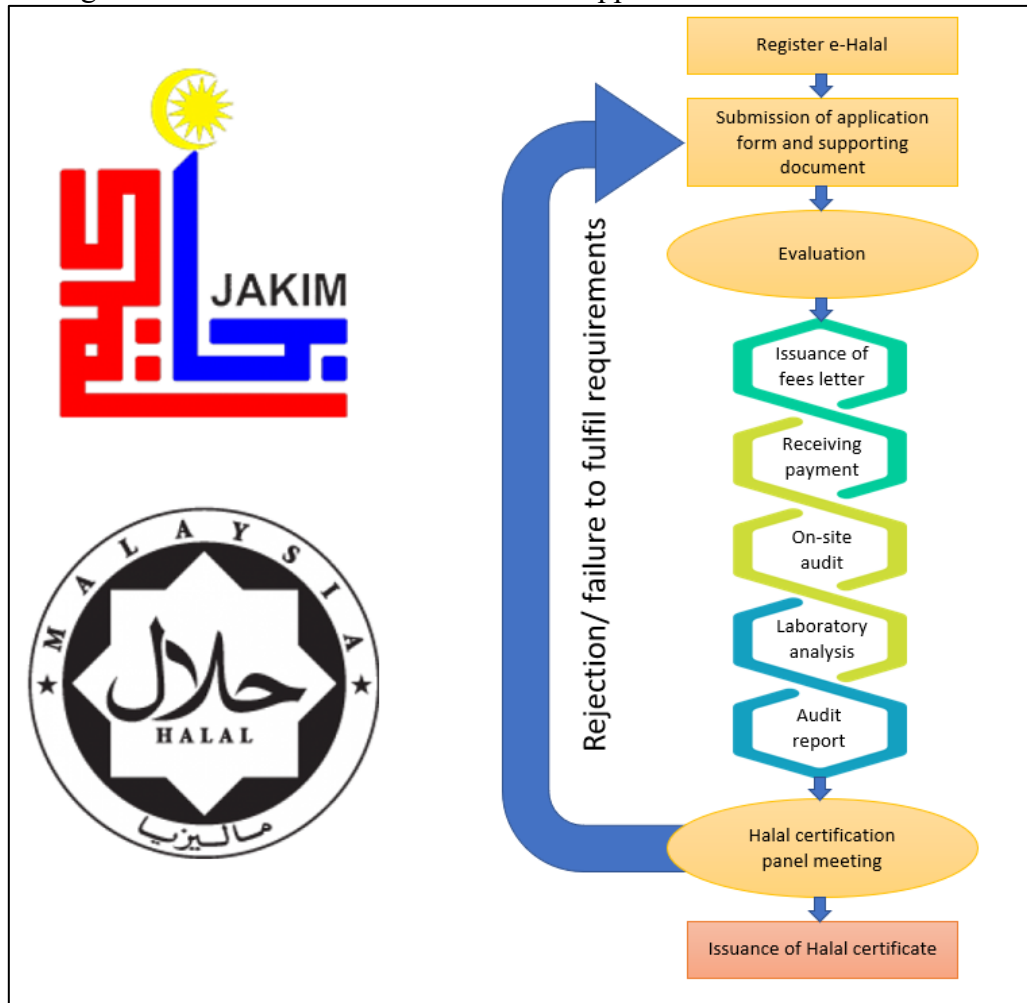
neighbouring countries hold the Malaysian Halal certification in high regard. According to Cornell University, South East Asia comprises around 240 million Muslims, representing approximately 42% of the region's entire population (as of January 2023).²

In Malaysia, the Malaysian Department of Islamic Development (JAKIM) is the agency responsible for the Islamic affairs including Halal certification in Malaysia. It accredits certain foreign certifying bodies for a period of two years; and these foreign bodies can certify goods as Halal if they comply with JAKIM's requirements. It is important to note that products can only be labelled as Halal if either (1) they comply with the requirements of JAKIM or (2) are certified as Halal by the foreign Halal certification body recognized by JAKIM. A list of accredited bodies as of March 2023 can be found at the link below:

https://www.Halal.gov.my/v4/index.php?data=bW9kdWxlcY9jZXJ0aWZ5X2JvZHK7Ozs7&utama=CB_LIST

² Cornell University Library <https://guides.library.cornell.edu/islamsoutheastasia>

<Figure IV-2> Procedure for International application for Halal certification



*Source: <http://www.Halal.gov.my/v4/index.php?h=&lang=en>

The guideline provided represent a summarized procedure of Halal certification application. There might be variation to this procedure depending on the specification of the beverage products. Therefore, it is best to access the following website for more information:

<http://www.halal.gov.my> (JAKIM)

V. Strategies to Expand Korean Beverage

1. SWOT Analysis

Beverage industry is very competitive with a plethora of competitors in the market. The right SWOT analysis would help making good strategic decisions.

Strengths	Weaknesses
<ul style="list-style-type: none">• Advanced product manufacturing technology• Diverse range of beverage products• Sustained popularity of Hallyu• Expansion of Korean convenience store outlets in Malaysia	<ul style="list-style-type: none">• Products with limited Halal certification• A small number of Korean food import buyers• High price compared to foreign products• Low brand awareness
Opportunities	Threats
<ul style="list-style-type: none">• High preference for Korean products• Increasing wealth and awareness of health• High dependency on food imports	<ul style="list-style-type: none">• Low-cost products from neighbour countries• The Malaysian government to boost domestic production• Cultural differences

Strengths:

- Korean companies have a strong track record in beverage manufacturing technology. They are known for their innovative products, high quality standards, and efficient production processes. Some of the strengths of Korean companies in terms of beverage manufacturing technology include:
 - Strong R&D capabilities: Korean companies invest heavily in research and development, which has led to the development of innovative beverage products and production processes. For example, Korean companies have developed new technologies for producing functional beverages, such as those with added vitamins or probiotics.

- High quality standards: Korean companies have very high-quality standards for their beverage products. This is due to a combination of factors, including strict government regulations, a strong focus on quality control, and a culture of perfectionism.
 - Efficient production processes: Korean companies have very efficient production processes, which allows them to produce high-quality beverages at a competitive cost. This is due to a combination of factors, including the use of state-of-the-art equipment, a well-trained workforce, and a focus on continuous improvement.
- Korean companies provide wide variety of beverage products. The diversity of Korean beverages reflects the country's rich culture and history. Many of the traditional beverages have been enjoyed for centuries, and they are still popular today. With continuous innovation, Korean beverage companies are constantly coming up with new and creative products. This helps to keep the dynamism of the industry, and it also helps to attract new customers.
- Hallyu, also known as the Korean Wave, is a cultural phenomenon in which the global popularity of South Korean popular culture has dramatically risen since the 1990s. This includes Korean dramas, movies, music, and food. Hallyu has helped to boost Korean beverage sales in a number of ways. First, it has raised awareness of Korean culture and products around the world. This has led to increased demand for Korean beverages, as people are more interested in trying Korean food and drinks. Second, Hallyu has created a positive image of Korea in the minds of consumers. Korean dramas and movies often portray Korea as a modern, stylish, and trendy country. This positive image has made consumers more likely to try Korean beverages. Third, Hallyu has helped to create a strong brand image for Korean beverages. Korean beverage companies have partnered

with Korean celebrities and used Hallyu themes in their marketing campaigns. This has helped to create a positive association between Korean beverages and Korean culture.

- South Korean convenience stores are actively making forays into Malaysia. The expansion of Korean convenience stores in Malaysia is a positive development for the Korean beverage industry. It is helping to boost sales of Korean beverages and introduce them to a wider range of consumers. For example, the Korean convenience store chain CU offers a wide variety of Korean beverages, including soju, makgeolli, beer, soft drinks, and tea. CU also offers competitive prices on Korean beverages, and it often promotes Korean beverages through in-store displays, discounts, and sampling. As a result, CU has helped to boost sales of Korean beverages in Malaysia. In 2021, emart24 launched a campaign to promote Korean beverages in Malaysia. The campaign featured Korean celebrities and included in-store displays, discounts, and sampling. As a result of the campaign, sales of Korean beverages at emart24 outlets increased by 20%. emart24 also offers a loyalty program that rewards customers for their purchases. This program has helped to increase customer loyalty and repeat purchases of Korean beverages.

Weaknesses:

- Halal certification is not compulsory yet essential for products; certification system is specific and therefore may create challenges for importers. The availability of halal-certified Korean beverages is limited. This is because the certification process can be expensive and time-consuming, and many Korean beverage companies are not interested in pursuing halal certification. The lack of halal-certified Korean beverages can be a challenge to approach Muslims who makes up 60% of the country's population.
- The small number of Korean food import buyers in Malaysia is a weakness for Korean beverages in the Malaysian market. This is because it means that there are fewer

channels for Korean beverages to reach consumers. Additionally, the small number of buyers may be less familiar with Korean beverages, which could make it more difficult to market and sell them. It can be difficult to find distributors and retailers who are willing to stock Korean beverages.

- Korean beverages may be more expensive than local beverages, which could make them less competitive. Korean beverages may not be as well-known as local beverages, which could make it more difficult to market them.
- Despite these challenges, there are a number of things that Korean beverage companies can do to succeed in the Malaysian market. These include:
 - Partnering with local distributors and retailers who have experience in the food and beverage industry.
 - Offering competitive pricing that is comparable to local beverages.
 - Investing in marketing and advertising to raise awareness of Korean beverages among Malaysian consumers.
 - Developing innovative products that appeal to Malaysian tastes.

Opportunities:

- Korean products are generally perceived as being high-quality and stylish. This is due in part to the popularity of Korean culture (K-pop, K-dramas, etc.), which has helped to create a positive impact on Korean brands. This positive brand image can give Korean beverages a competitive edge in the Malaysian market.
- As Malaysians become wealthier, they have more disposable income to spend on non-essential items, such as imported beverages. This creates a larger market for Korean beverages, which are perceived as being premium and high-quality. Malaysians are more likely to be concerned about their health and well-being. This is leading to an increased demand for healthier beverages, such as those that are low

in sugar or caffeine. Korean beverages, such as green tea and herbal tea, are seen as being healthier alternatives to sugary soft drinks and coffee. Korean companies have a strong track record of innovation in the functional beverage space, and they are well-positioned to capitalize on this trend.

- The high dependency of Malaysia on food imports has created a significant opportunity for Korean beverage companies to export their products to the country. With over 80% of its food needs met by imports, Malaysia is a large and growing market for beverages. Korean companies can capitalize on this opportunity by offering high-quality, innovative beverages that meet the needs of Malaysian consumers.

Threats:

- Countries like Thailand and China can produce many of the required beverage and raw materials such as fruits and vegetables and have lower costs as a result of their geographic location. This can make it difficult for Korean beverages to compete on price, especially in the lower-end of the market.
- The Malaysian government has indicated it intends to boost domestic production of certain beverage such as milk and fruit juice. The Malaysian government may provide subsidies to domestic beverage producers, making their products more competitive. This could put Korean beverage companies at a disadvantage.
- Cultural differences can play a significant role in the marketing and sale of Korean beverages. Malaysian consumers may have different preferences for when it comes to buying beverage products.
 - Flavor preferences: Malaysian consumers may have different flavor preferences than Korean consumers. For example, Malaysian consumers

may prefer sweeter beverages, while Korean consumers may prefer more savory beverages.

- Packaging preferences: Malaysian consumers may have different packaging preferences than Korean consumers. For example, Malaysian consumers may prefer more traditional packaging, while Korean consumers may prefer more modern packaging.
- Selling channels: The most popular selling channels for beverages in Korea may not be the same as the most popular selling channels in Malaysia. For example, Korean consumers may prefer to buy beverages from convenience stores, while Malaysian consumers may prefer to buy beverages from supermarkets.

2. Measures to Expand Korean Beverage Export to Malaysia

Korean companies can increase their beverage exports to Malaysia by obtaining a Halal certification. Despite having a heterogeneous population, Malaysia resides approximately 61% Muslims in the country. Acquiring Halal certification allows exporters to tap into a larger market share locally. Over the past few years, Halal food items have become popular amongst both Muslim and non-Muslim consumers as they have evolved from being an identification of religious observation to assurance of food safety, hygiene and reliability. Besides that, leveraging the nation's Halal hub accreditation can also open pathways to distribute the products to neighbouring countries of Malaysia. This is because, Malaysia is the second largest Halal-certified food and beverages importer among Organisation of Islamic Cooperation (OIC) countries behind Saudi Arabia. The global Halal food market size is expected to grow to \$2,228.63 billion in 2026 at a CAGR of 14.6%. Thus, it will be benefitting for Korean exporters to obtain Malaysian Halal certification which is acknowledge in many other Muslim dominant countries.

While obtaining Halal certification is an important step for Korean companies to increase their beverage exports to Malaysia, there are other strategies that can be employed as well. For instance, Korean companies can focus on product differentiation by offering unique flavours that can appeal to the Malaysian tastebuds or flavours that are trending.

1. Traditional Malaysian flavours: Use flavours that are inspired by traditional Malaysian cuisine, such as *durian*, *pandan*, or Sarawak's famous *gula apong*. These flavours are unique and appealing to Malaysian consumers, and they can help your beverage stand out from the competition.

	
<p>Three Tea uses <i>gula apong</i> instead of sugar to give unique taste for their canned tea beverages</p>	<p>Tealive launched limited edition Pandan Lava series</p>
	
<p>MALCO's Musang King durian flavoured Coffee</p>	<p>Coca-Cola Malaysia launched Fanta Coco Pandan flavoured Fanta</p>

*Source: <https://www.minimeinsights.com/category/drinks/>

2. Seasonal flavours: Create limited-edition flavours that are only available during certain times of the year. This is a great way to generate excitement around your brand, and it can also help you to boost sales. Malaysia is a country with a rich and diverse culture, and this is reflected in the many festivals and celebrations that take place throughout the year. These festivals offer businesses a unique opportunity to improve sales by

tapping into the festive spirit and connecting with consumers on a more personal level. For example, during the holy month of Ramadan, Muslims fast from sunrise to sunset. As a result, there is a greater demand for sweet taste to break the fast. Some popular Ramadan flavours include dates, and *gula melaka* (palm sugar), and banana which has high content of potassium. On the other hand, during Chinese New Year, citrus flavoured beverages are more consumed. Citrus fruits like oranges, tangerines, and pomelos are also associated with good luck and prosperity during Chinese New Year. The biggest Hindu festivals are Deepavali and Thaipusam. During these festivals, Hindus consume a significant amount of milk, as they believe that these products play a significant role in promoting health and well-being.

 <p>The image shows three McDonald's McCafe beverages with a Kurma (date) theme. From left to right: an Iced Kurma Latte with a swirl of brown sauce and dates, an Iced Kurma Milkshake with a thick white base and dates, and a new Iced Kurma with a dark brown base and dates. The background is green with text: 'McCafe', 'REFRESHING KURMA TREATS', 'ICED KURMA MILK', 'NEW', and 'ICED KURMA'.</p>	 <p>The image shows a Daboba beverage called Pip Pop Pearl. It is a yellow-orange drink in a clear plastic cup with a Daboba logo, topped with a large pile of yellow popping pearls. The cup is surrounded by lemons and ice cubes on a wooden surface against a red background.</p>
<p>McDonald's Malaysia offers three Kurma McCafe beverages during Ramadan period</p>	<p>Daboba Malaysia launches Pip Pop Pearl for Chinese New Year</p>

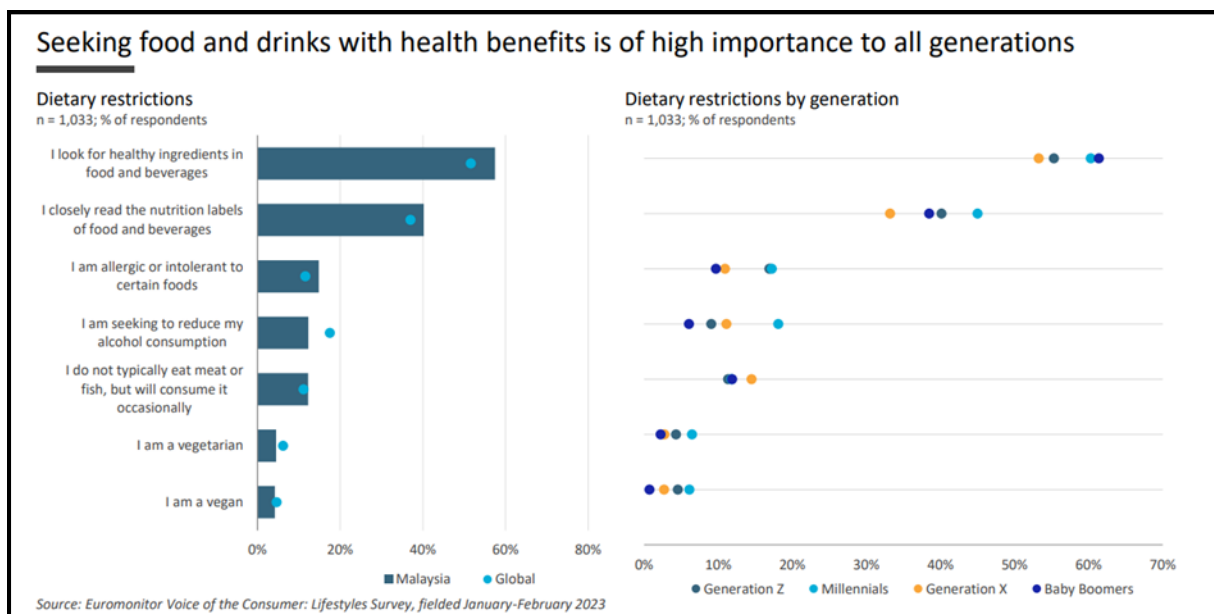
<https://www.minimeinsights.com/category/drinks/>

3. International flavours. To appeal to a wider audience, consider using flavours that are popular in other countries. Some of the internationally-flavoured beverages that are popular in Malaysia are matcha, yuzu, chai or horchata.

		
<p>Energy drink manufacturer Power Root Berhad launched, Per'l Yuzu, which combines the best nutritional elements from Korea, Yuzu fruit and the traditional Malay herb, <i>kacip fatimah</i></p>	<p>BOH introduced Green Tea Latte made with Japanese Matcha powder and infused with Stevia Leaf extract</p>	<p>Jetpack's matcha and chai latte are two of the six flavours of latte that are sold in Malaysia</p>





*Source: Shopee (<https://shopee.com.my/>)

Malaysians are becoming increasingly health-conscious, and this is reflected in the growing demand for healthy beverages. According to the Euromonitor report, 57% of Malaysian look for healthy ingredients in food and beverages.



*Source: Consumer Values and Behaviour in Malaysia (Euromonitor, 2023.07.)

In order to improve sales of beverages towards Malaysians that have health awareness, businesses need to focus on developing products that are both healthy and delicious. This presents an opportunity for beverage companies to improve sales by targeting health-conscious Malaysians. Focusing on natural ingredients is a viable strategy that can be used. Health-conscious consumers are increasingly looking for beverages that are made with natural ingredients. Using ingredients that are unprocessed and free of artificial flavours, colours, and sweeteners can be a good way to attract the health-conscious consumers. This could also include beverage that are low in calories, fat, or sugar, or being a good source of vitamins or minerals. More importantly, the health benefits of the beverages need to be highlighted. Consumers want to know that they are making healthy choices. Therefore, consumers could easily understand the nutrition information on your beverages. Ensure the labelling is clear and concise, while it emphasizes the key health benefits of the product.

	
<p>Ghost energy drink promotes zero sugar and no artificial colouring in their beverage line.</p>	<p>Nestlé Malaysia's Milo gives emphasis on the vitamin and minerals content in their adverts.</p>
	
<p>Arizona Sweet Tea indicates absence of preservatives, artificial colouring, or flavours on the beverage label.</p>	<p>Borneo traditional Coconut Nectar labelling highlights that the ingredients are organic and rich in minerals.</p>

*Source: Shopee (<https://shopee.com.my/>)

The Korean Wave, also known as Hallyu, is very big in Malaysia. It has been growing in popularity in recent years, and there is a strong interest in Korean culture among Malaysians. This has led to a growing demand for Korean products, including Korean beverages. There are a number of ways to use the Korean Wave to improve beverage sales in Malaysia. Therefore, partnering with K-pop or K-drama stars is a surefire way to get large potential consumers. K-pop and K-drama stars have a huge following in Malaysia, and they can help to promote the beverage products in a way that is both authentic and engaging. Several beverage producer and distribution channels have implemented this strategy to engage Malaysian who are Korean wave enthusiast.



In August 2022, MILO unveiled its range of MILO variants in an all-new look featuring the Korean icon Park Seo-Jun.



In 2021, 7-Eleven Malaysia released a limited-edition Pepsi featuring four members of the popular K-pop group, BLACKPINK.

<https://www.minimeinsights.com/category/drinks/>; https://www.thesundaily.my/media-marketing/limited-edition-pepsi-x-blackpink-exclusively-at-7-eleven-malaysia-GG6109118#google_vignette

Overall, by adopting these strategies, Korean companies can expand their market share and increase their exports of beverages to Malaysia.

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