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Navigating Dynamic Shifts in the Food and Beverage Industry

Anuran Dhar

Practice Head, GlobalData

anuran.dhar@globaldata.com



'Understanding the Pulse': Decoding Consumer Trends in Asian and Malaysia's Food and Beverage Sector



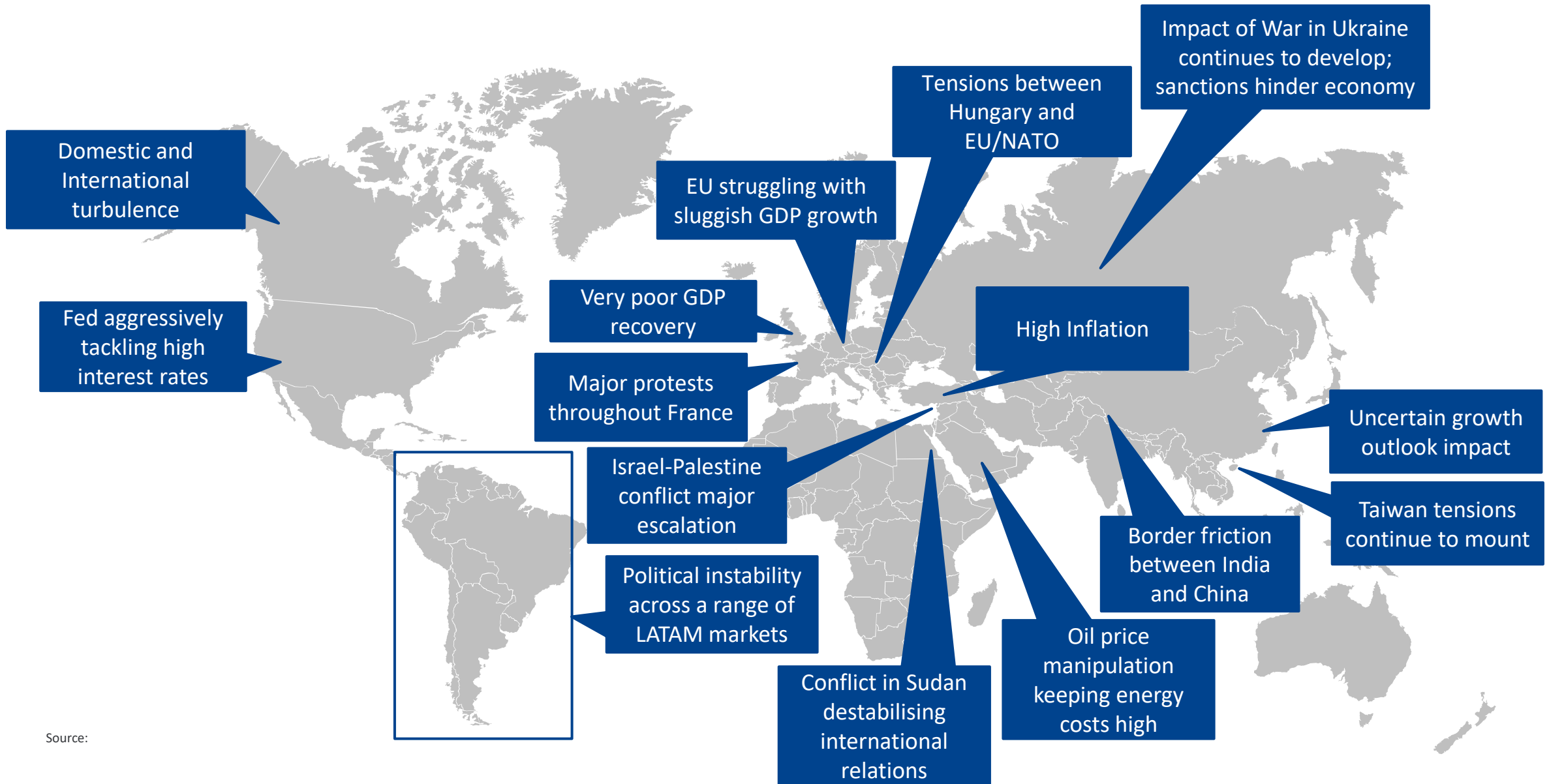


Industry Trends and Market Drivers

- **Macroeconomic Overview:** *'Snapshot of the macroeconomic environment, nominal GDP growth, Malaysia's position relative to SEA markets'*
- **Industry Outlook:** *'Food and Beverage Industry per capita'*
- **MegaTrends:** *'Which trends are going to drive growth? (GlobalData Trendsights framework)'*



Global crises remain widespread, impacting consumer spending confidence



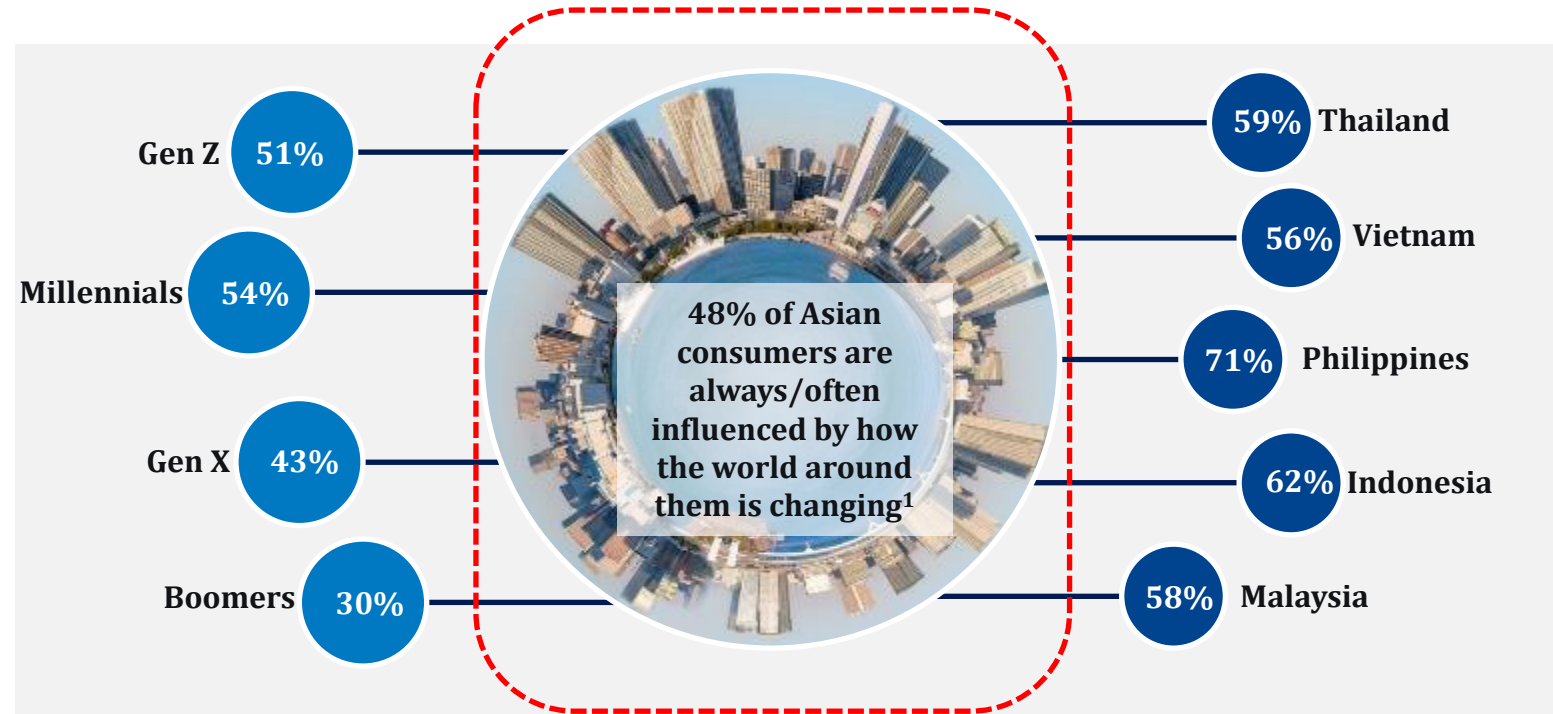


Environments of uncertainty can influence consumer perceptions of brands and their perceived trustworthiness

Geopolitical events can create a ripple effect that influences economic conditions, consumer confidence, and cultural dynamics.

It impacts consumer confidence and exacerbates market instability due to cautious spending

Geopolitical uncertainty may improve loyalty towards local brands. Local brands are also more likely to invoke a sense of trust that is crucial during geopolitical and economic crises.



Which of the following would you trust the most, if they said their products are environmentally-friendly, ethical and socially responsible?²



A hand is holding a camera lens, with the lens's opening acting as a frame for a view of a lake and mountains. The background is a soft-focus landscape with a blue sky and green hills. A vertical blue bar is on the left side of the image.

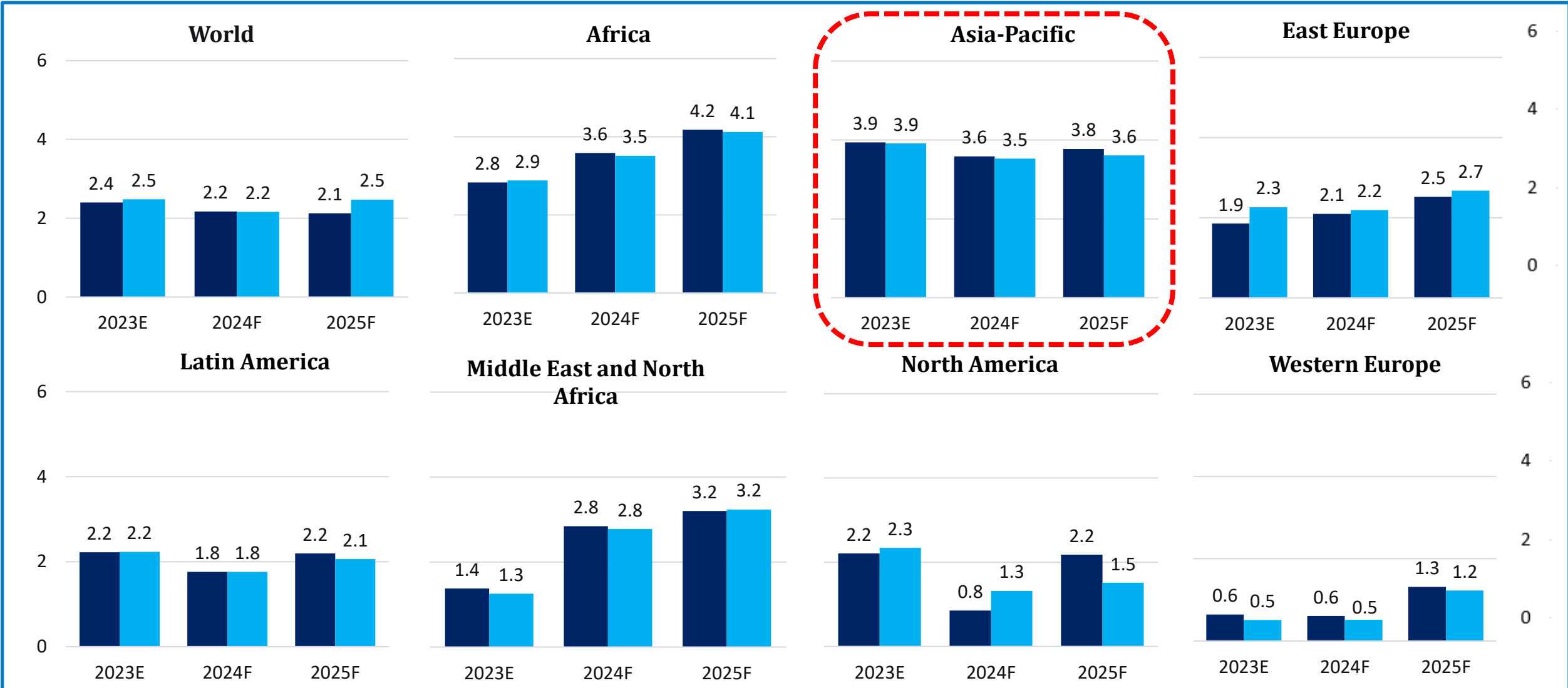
APAC and SEA seem to be bright spots....

All regions witnessed economic growth in 2023; Asia-Pacific was the best performer



■ Q4 2023 forecast

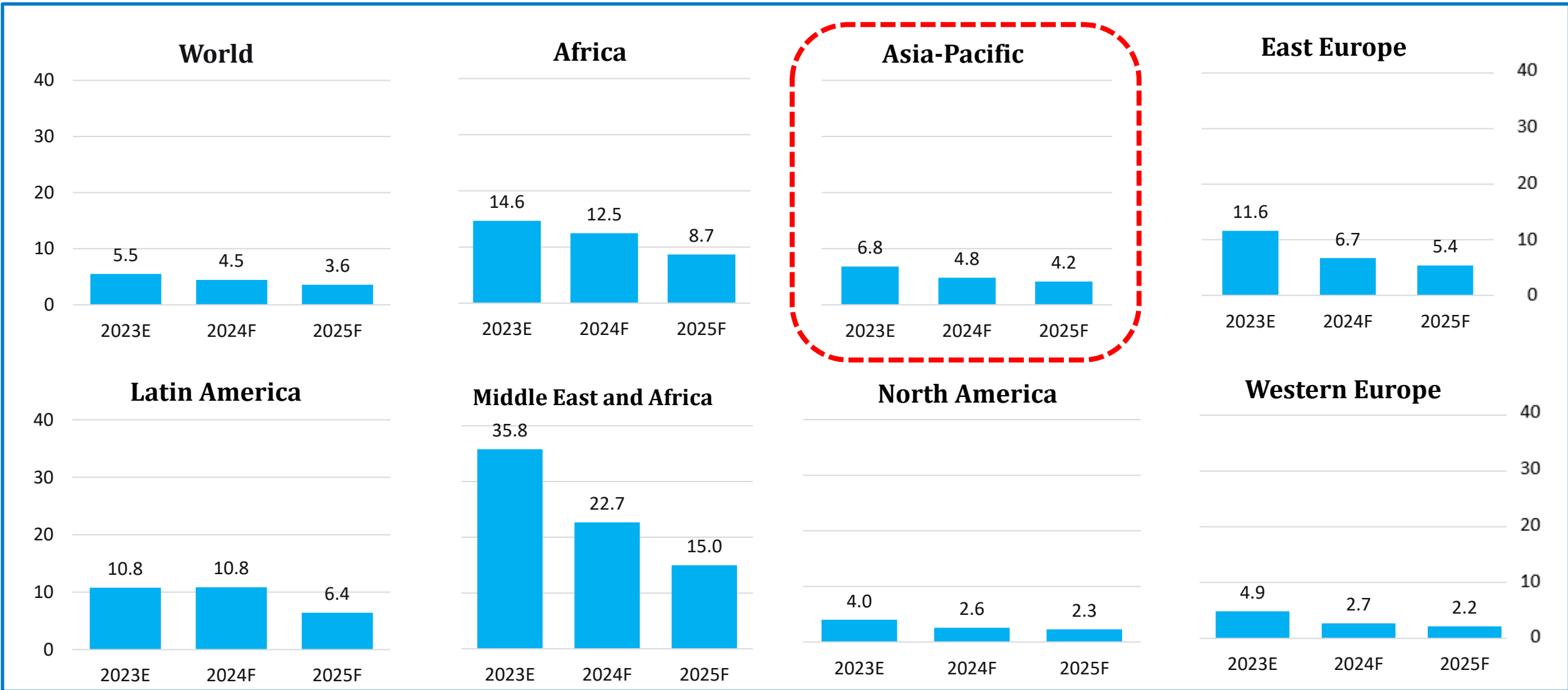
■ Q1 2024 forecast



Note: Q1 2024 revision. GlobalData uses a consensus-based forecasting methodology for its key macroeconomic indicators, combining and standardizing inputs from up to 32 contributors.

Source: GlobalData; Bloomberg

Inflationary pressure to ease in the coming two years



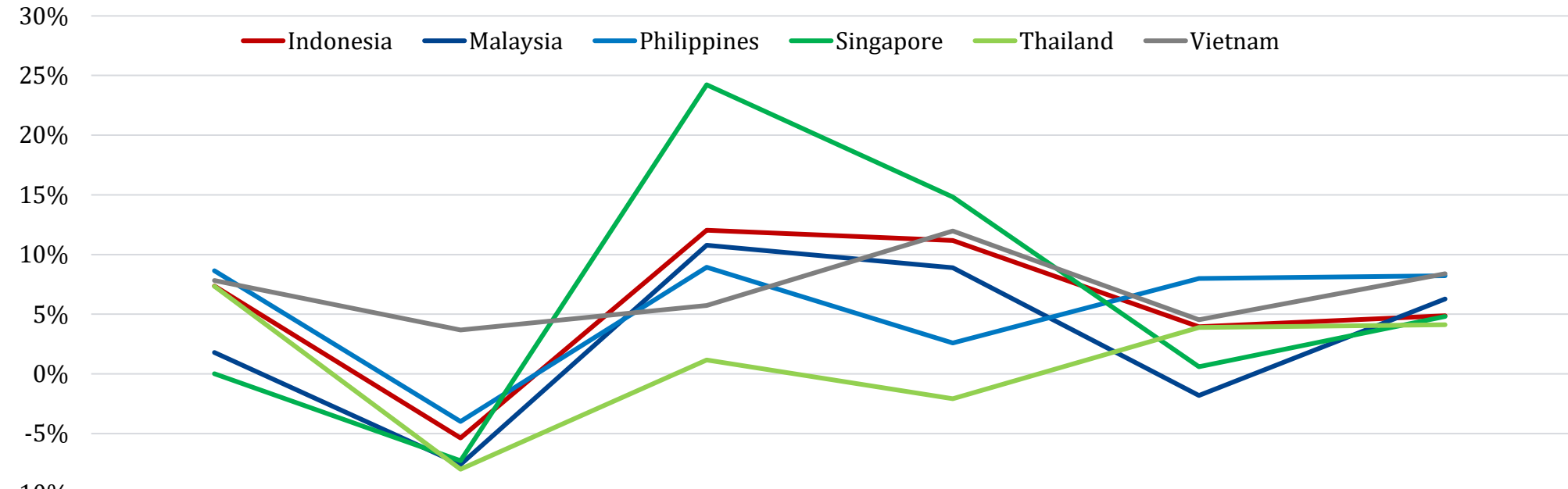
Note: Q1 2024 revision. GlobalData uses a consensus-based forecasting methodology for its key macroeconomic indicators, combining and standardizing inputs from up to 32 contributors.

Source: GlobalData; Bloomberg

Drilling down to Southeast Asia, Malaysia is one of the key economies in the region



Nominal GDP Growth select SEA markets, 2019-2024



	2019	2020	2021	2022	2023	2024
Indonesia	7.4%	-5.4%	12.0%	11.2%	3.9%	4.9%
Malaysia	1.8%	-7.6%	10.8%	8.9%	-1.8%	6.3%
Philippines	8.6%	-4.0%	8.9%	2.6%	8.0%	8.2%
Singapore	0.0%	-7.3%	24.2%	14.8%	0.6%	4.8%
Thailand	7.3%	-8.0%	1.2%	-2.1%	3.9%	4.1%
Vietnam	7.8%	3.7%	5.7%	12.0%	4.5%	8.4%

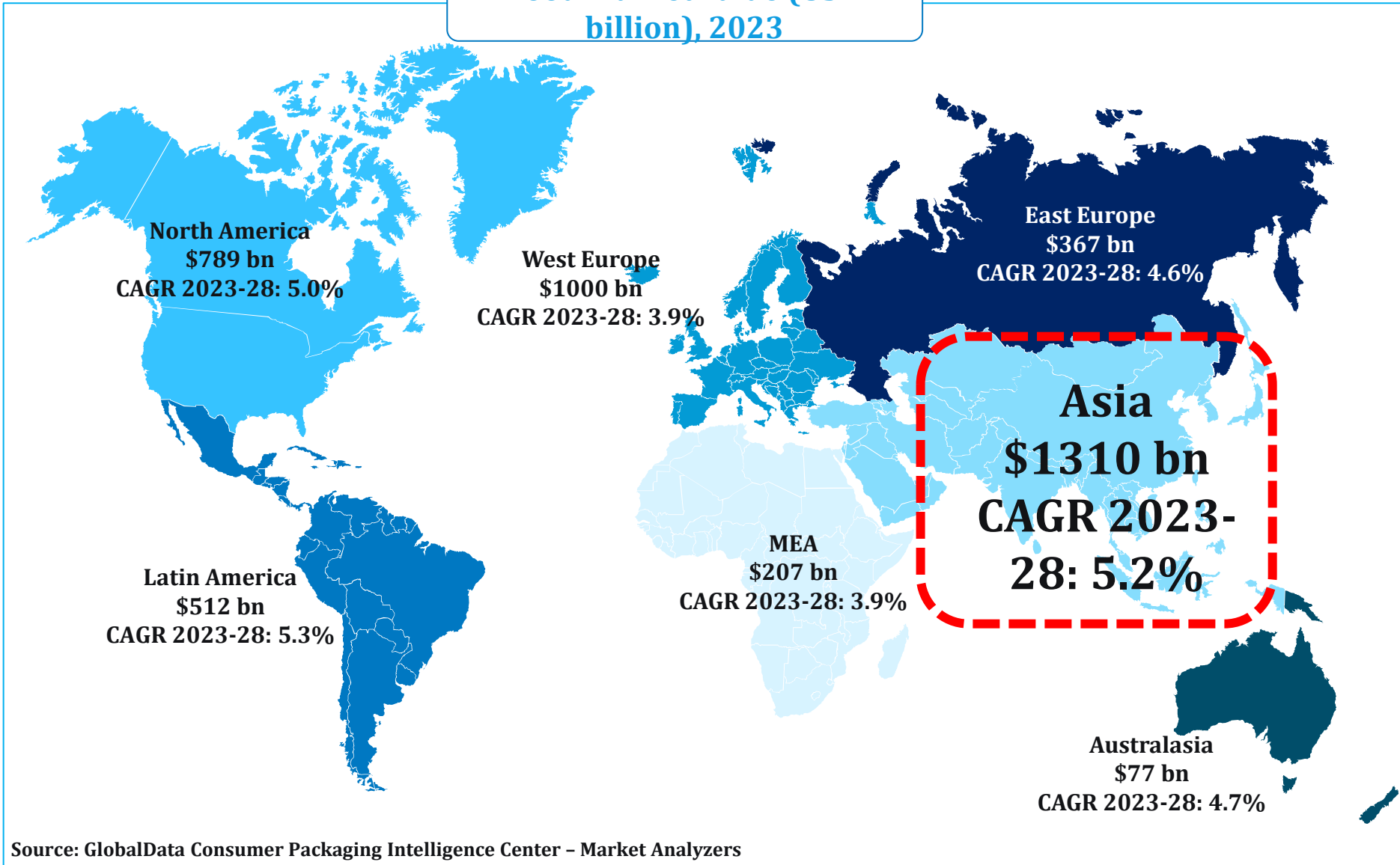
A hand is holding a camera lens in the foreground, with the lens's opening acting as a frame for a scenic view of a blue lake and mountains. The background is a soft-focus landscape of a lake and mountains under a bright sky. A vertical blue bar is on the left side of the image.

And these macro shifts are impacting how the Consumer and Food and Beverage industry is evolving globally and locally....

Asia-Pacific to provide a \$397 billion incremental market opportunity for Food through 2028



Food market value (USD billion), 2023



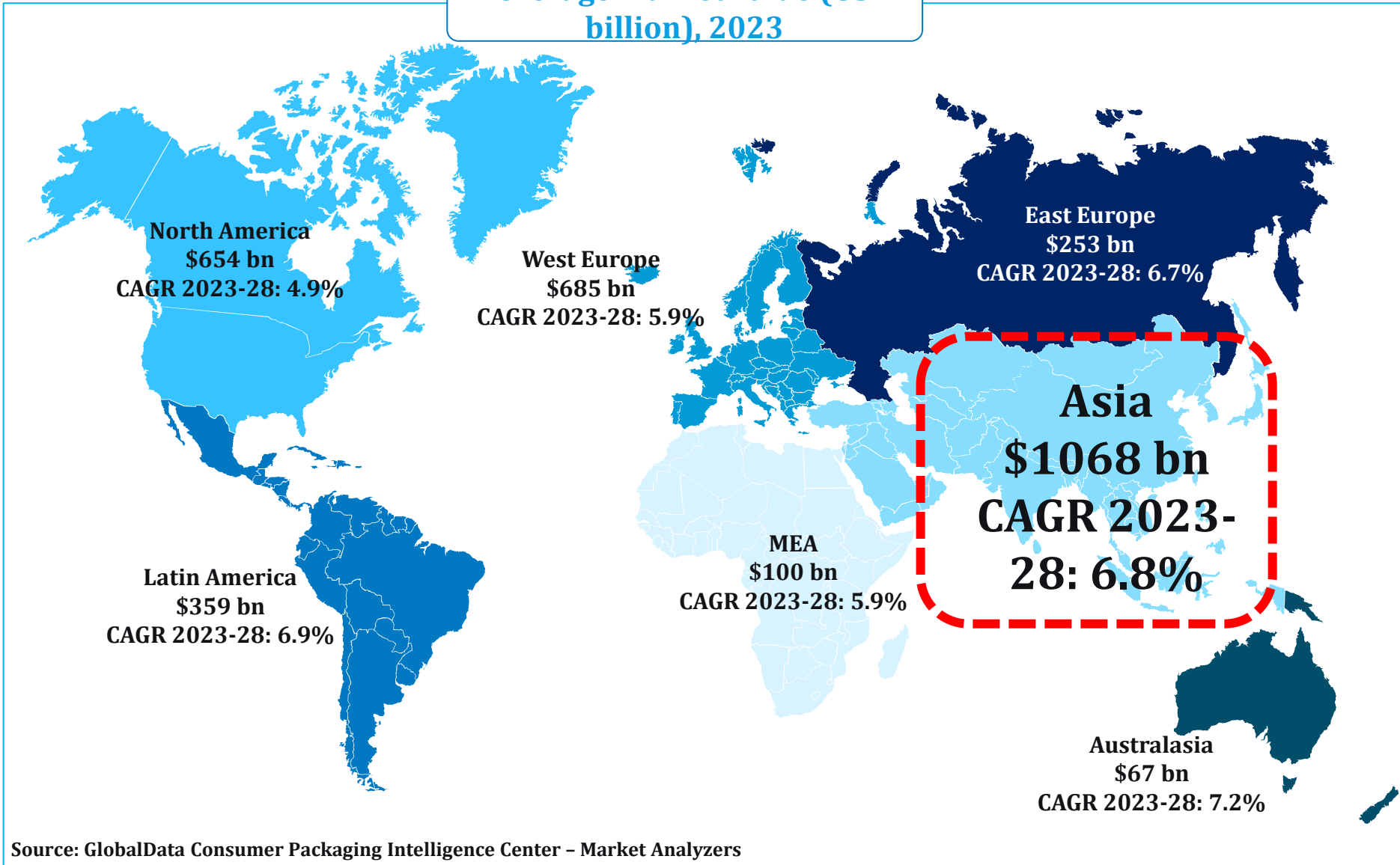
Regions	Incremental value gain (\$ b), 2023-2028
APAC	397
West Europe	210
North America	217
East Europe	93
Latin America	152
MEA	43

Source: GlobalData Consumer Packaging Intelligence Center – Market Analyzers

Asia-Pacific to provide a \$445 billion incremental market opportunity for Beverages through 2028



Beverage market value (USD billion), 2023



Regions	Incremental value gain (\$ b), 2023-2028
APAC	445
West Europe	225
North America	178
East Europe	96
Latin America	143
MEA	23

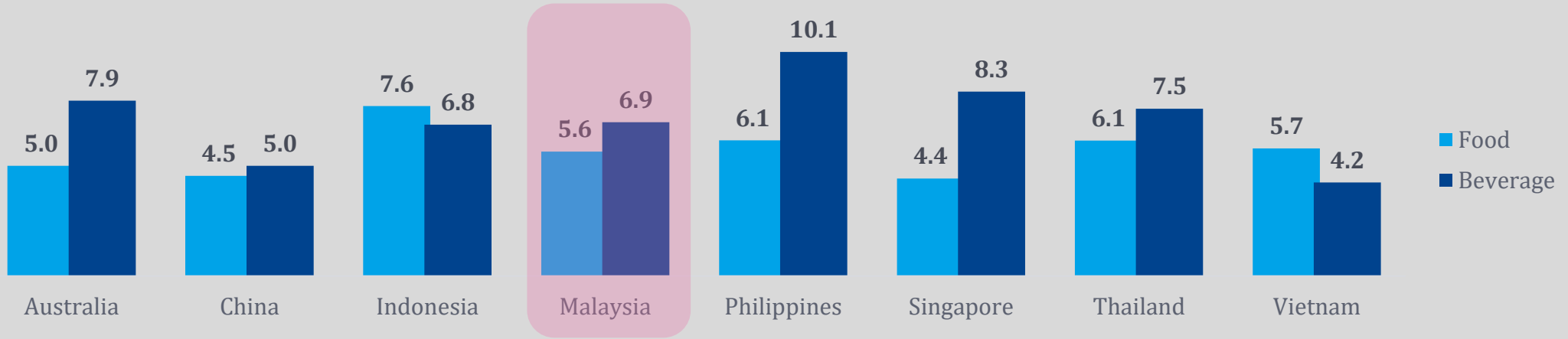


Retail offers stronger growth opportunity in Malaysia

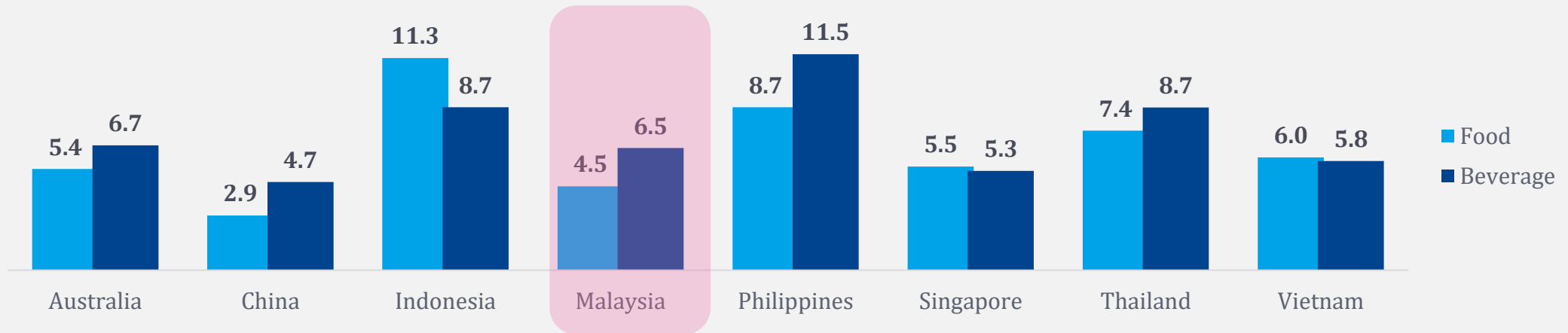
5-Year Value CAGR to 2028



ASEAN CAGR Average
5.2%

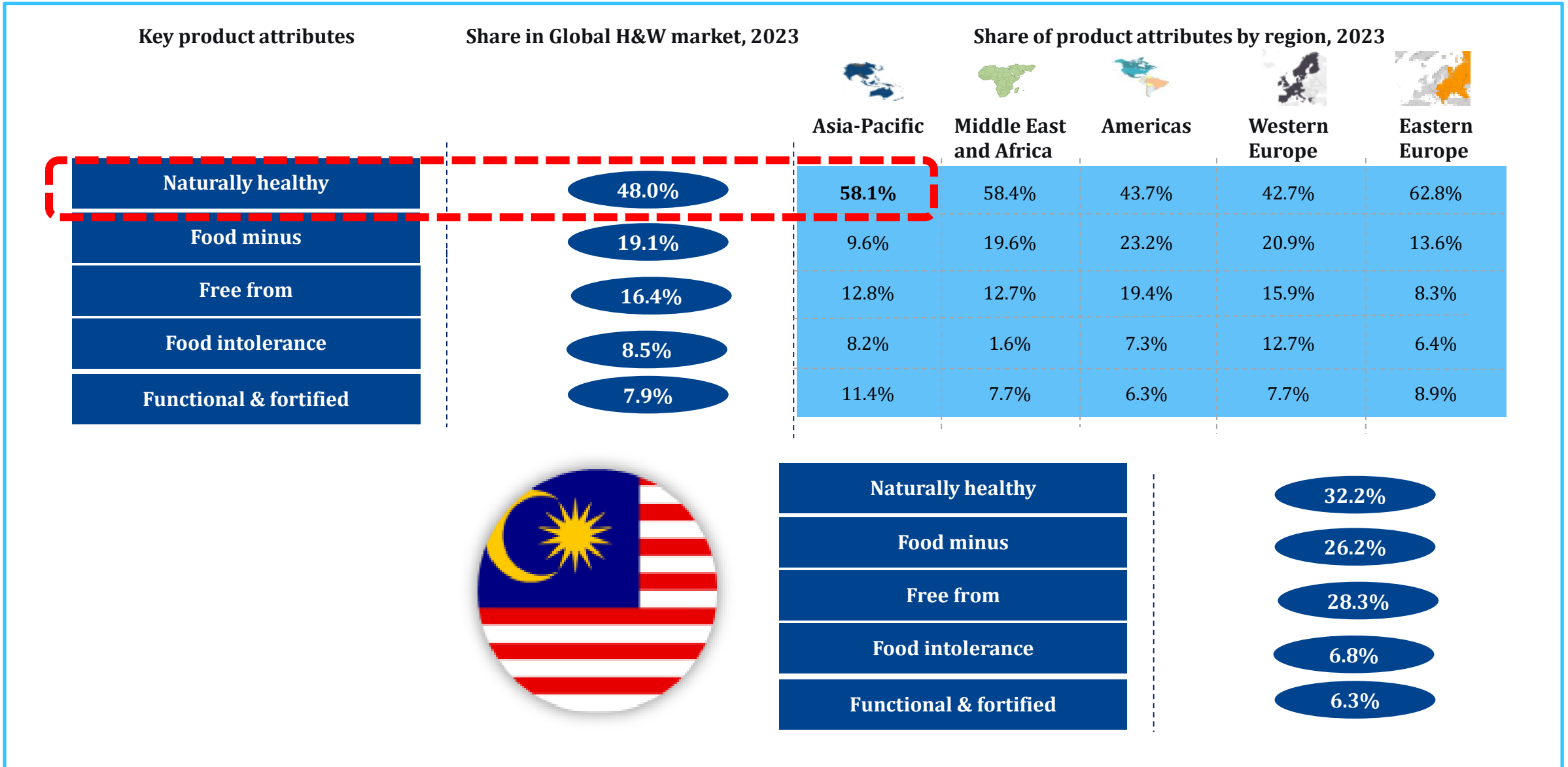


ASEAN CAGR Average
4.3%





Products with 'Naturally Healthy' attributes dominate the APAC H&W market



Meat, Dairy & Soy Food and Confectionary to have a stable growth



Top Sectors	Share in Asia Retail Market Space, 2023	Share in Asia Retail Market Space, 2028	Incremental Value Gain 2023-2028 (USD Billion)
Meat	28.5%	27.2%	85.7
Dairy & Soy Food	15.8%	14.6%	38.9
Bakery & Cereals	10.2%	10.5%	42.7
Fish & Seafood	7.5%	8.1%	38.7
Oils and Fats	6.3%	6.6%	28.5
Seasonings, Dressings & Sauces	5.0%	5.5%	26.7
Savory Snacks	4.9%	5.0%	20.5
Other Dried food	4.0%	4.53%	23.1
Pasta & Noodles	3.5%	3.8%	18.4
Confectionery	3.0%	2.9%	9.9



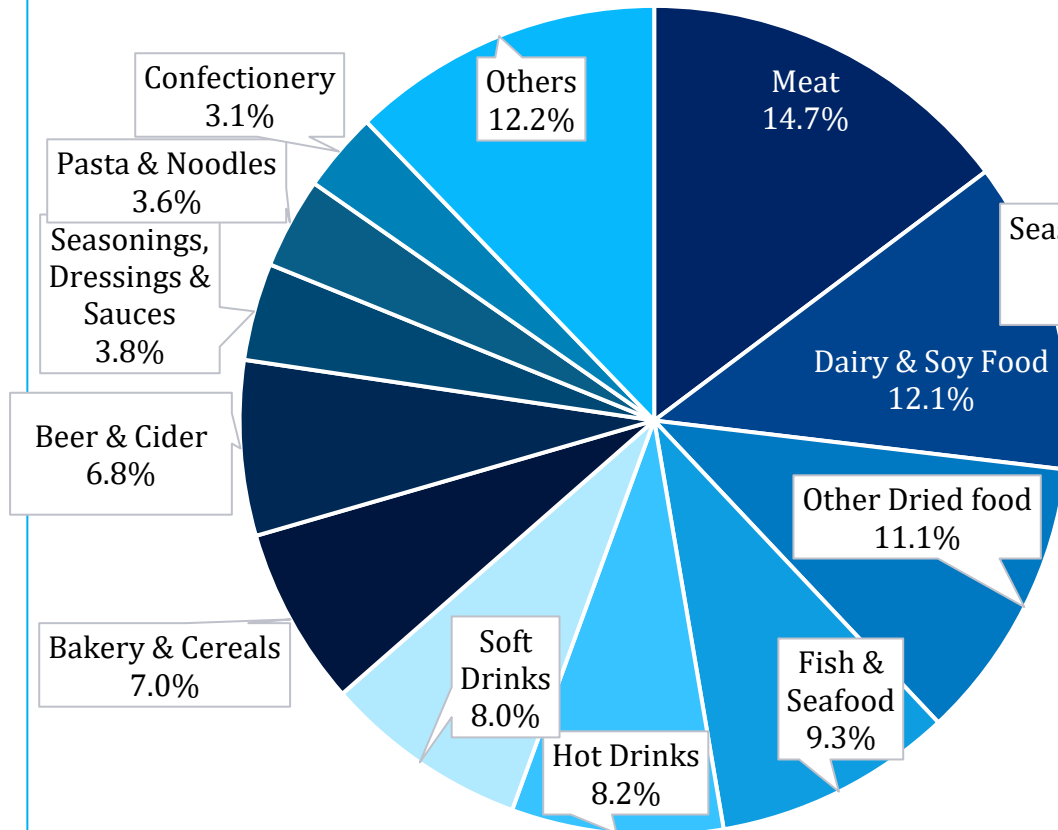
Malaysia Food and Beverage Market has huge potential...

	Spend Analysis on Food			Spend Analysis on Beverages		
	2023 value (\$ million)	Value CAGR 2023-28	2023 Per Capita Spend (\$)	2023 Value (\$ million)	Value CAGR 2023-28	2023 Per Capita Spend (\$)
 Vietnam	33,006	5.7%	328.8	17,997	4.0%	179.2
 Indonesia	36,562	7.2%	131.8	16,562	5.8%	59.7
 Singapore	6,460	4.3%	1091.6	3,481	5.0%	588.2
 Malaysia	11,918	5.6%	357.0	4,200	5.5%	125.8
 Philippines	27,776	5.6%	246.0	18,394	8.7%	162.9
 Thailand	29,134	6.0%	409.2	20,282	5.5%	284.9

Dairy & Soy Food and Meat to drive the Food and Beverage sector in Malaysia

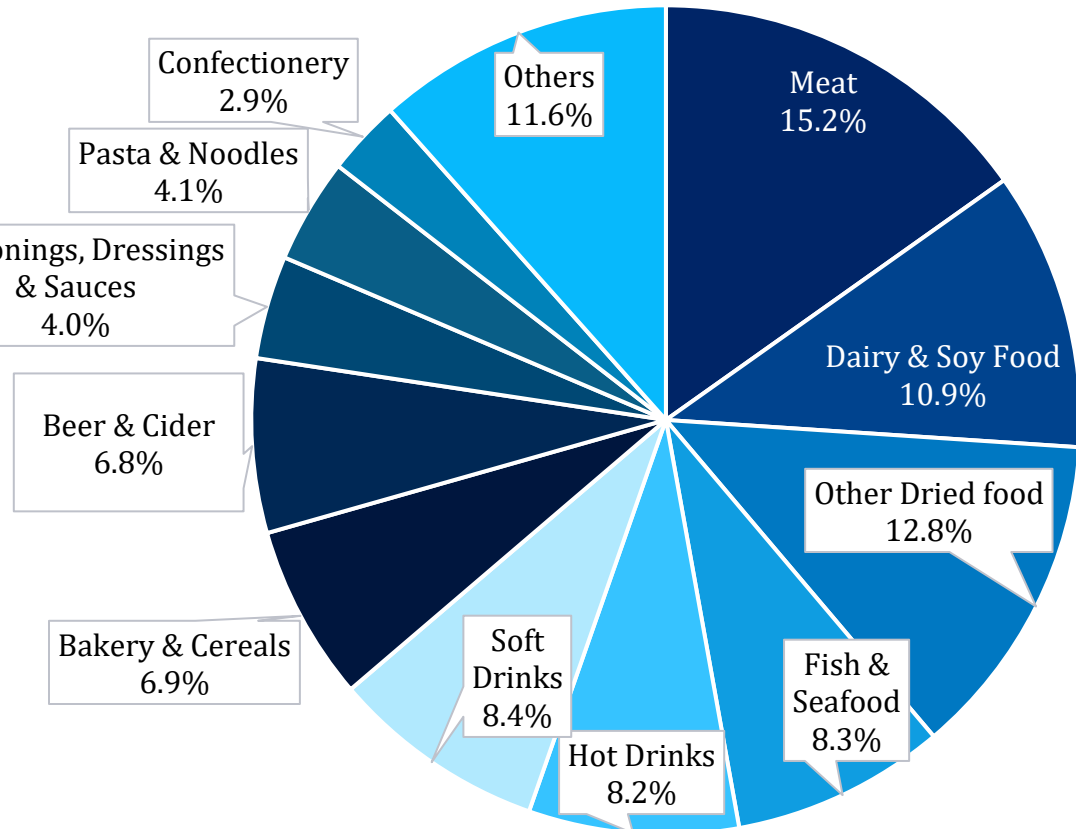


Value Share (2023)



2023: USD 16.1 Billion

Value Share (2028)



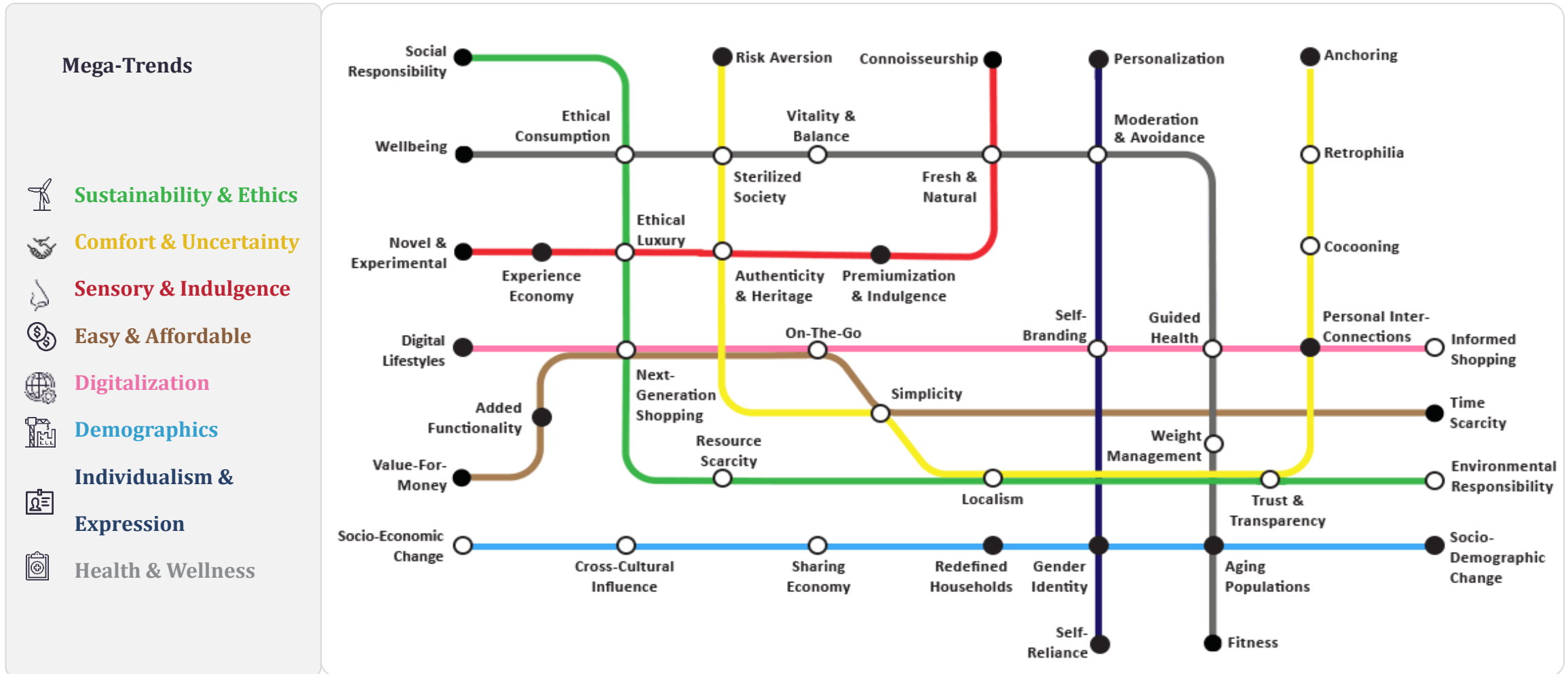
2028: USD 21.1 Billion



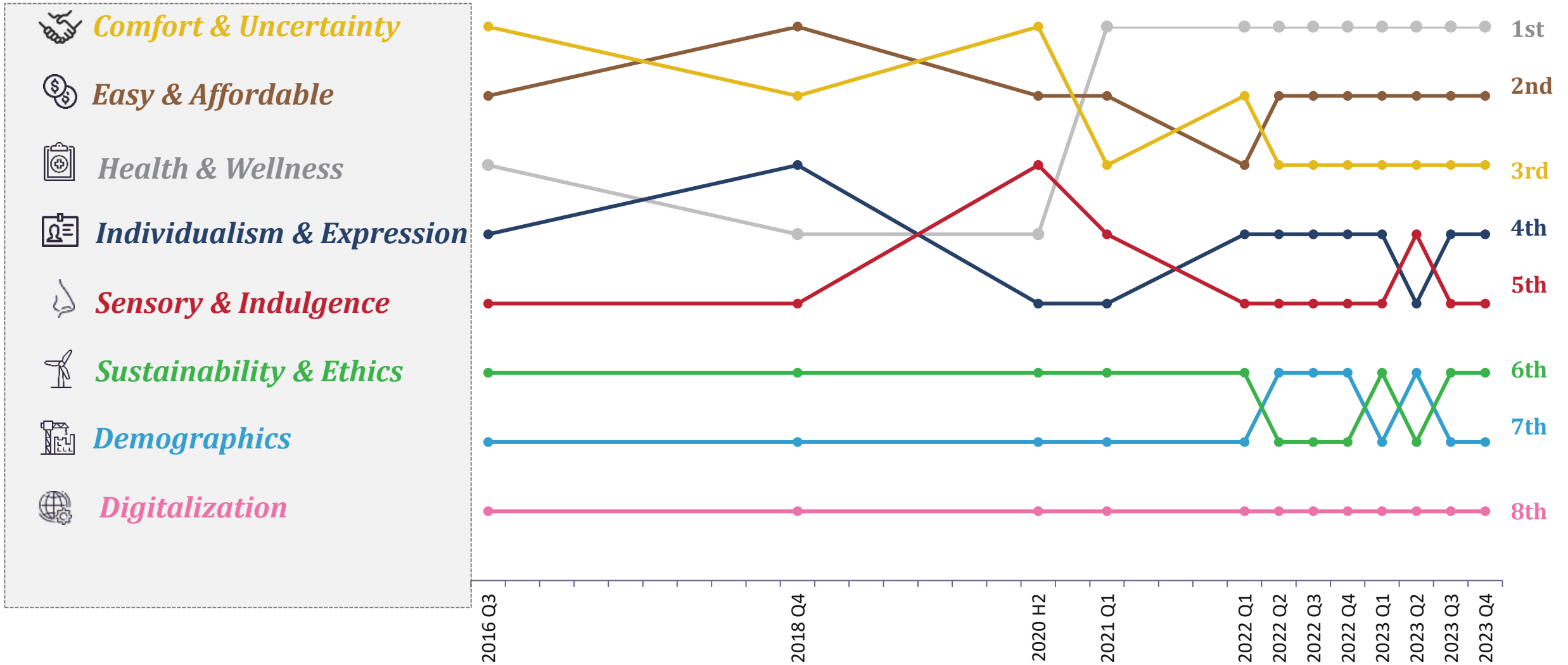
Next, lets look at Consumers trends and their impact on the Food and Beverage sector in the region and locally.....

- **Consumer Needs, Preferences, Shifts:** *'Emerging consumer trends, focusing on health and natural ingredients'*
- **Social Media Influence:** *'Role of social media in shaping purchasing decisions, especially among younger demographics'*

GlobalData's TrendSights framework establishes the megatrends and sub-trends and how they translate into local market realities



10 years of data show the evolution and ranking of these mega-trends over time



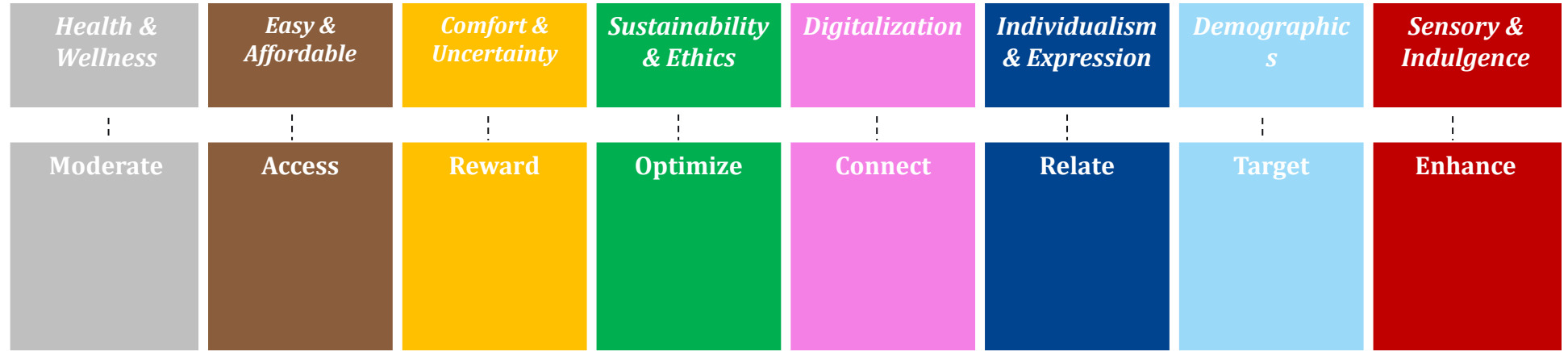
Source: GlobalData 2016 Q3 global consumer survey; GlobalData 2018 Q4 global consumer survey; GlobalData COVID-19 2020 Recovery Tracker; GlobalData 2021 Q1 global consumer survey; GlobalData 2022 Q1 global consumer survey; GlobalData 2022 Q2 global consumer survey; GlobalData 2022 Q3 global consumer survey; GlobalData 2022 Q4 global consumer survey; GlobalData 2023 Q1 global consumer survey; see appendix for detailed overview of question syntax and survey coverage

Through that lens let's understand Demand Spaces, Market Trends in Food and Beverage Sector



TrendSights mega-trends
The overarching influences on consumer behavior

Demand spaces
The resulting need states or mindsets relating to a sector



Top Trends 2024
Captures a nuanced shift in consumer demand over a particular period

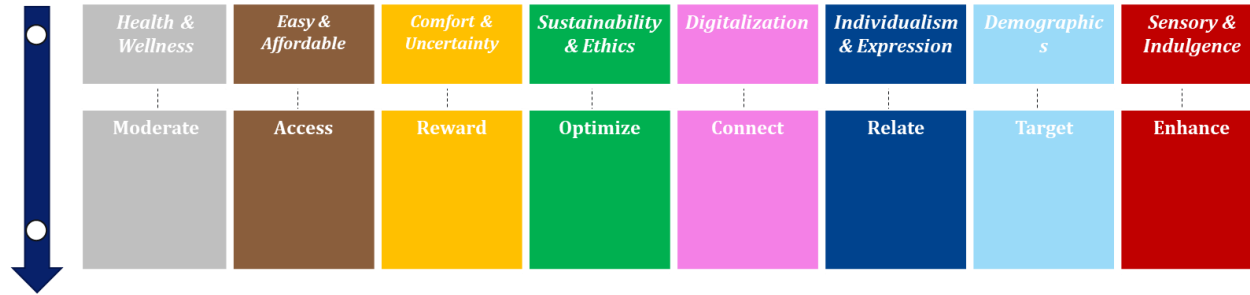
Targeted Health	Healthy Snacking	Value Skepticism	Shelf-Stable	Next-Generation Formulation	Green hushing	Story-Telling	Elevated Flavors
Products with multiple specialized health benefits and solutions.	"Better-for-you" products in convenience and on-the-go formats.	More sophisticated understanding of value-for-money due to inflation.	Advanced shelf-stable formulations offering greater quality.	Hi-tech products that deliver greater efficiency, sustainability, and product performance.	Sensitivity to regulation and consumer skepticism of sustainability and ethics claims.	Nuanced brand/ product stories to drive engagement and loyalty.	Complex, blended flavors that upsell standard products.

But not all trends are equal across markets....lets focus on Malaysia in the next few slides.....

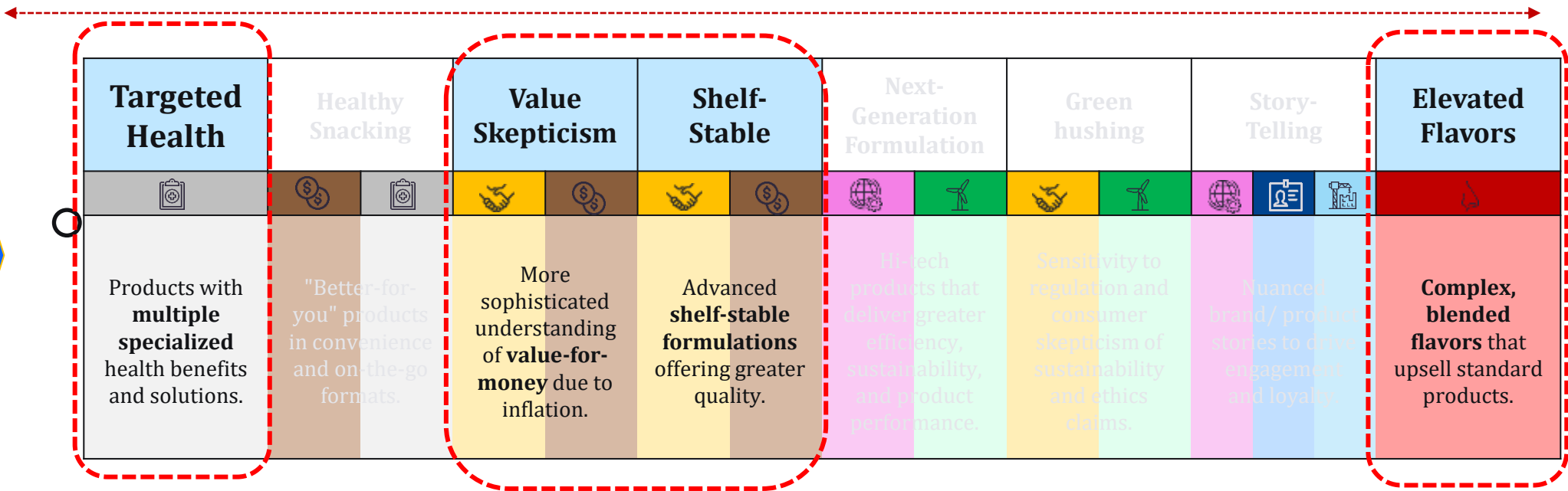


TrendSights mega-trends
The overarching influences on consumer behavior

Demand spaces
The resulting need states or mindsets relating to a sector



Locally relevant and dominating trends....



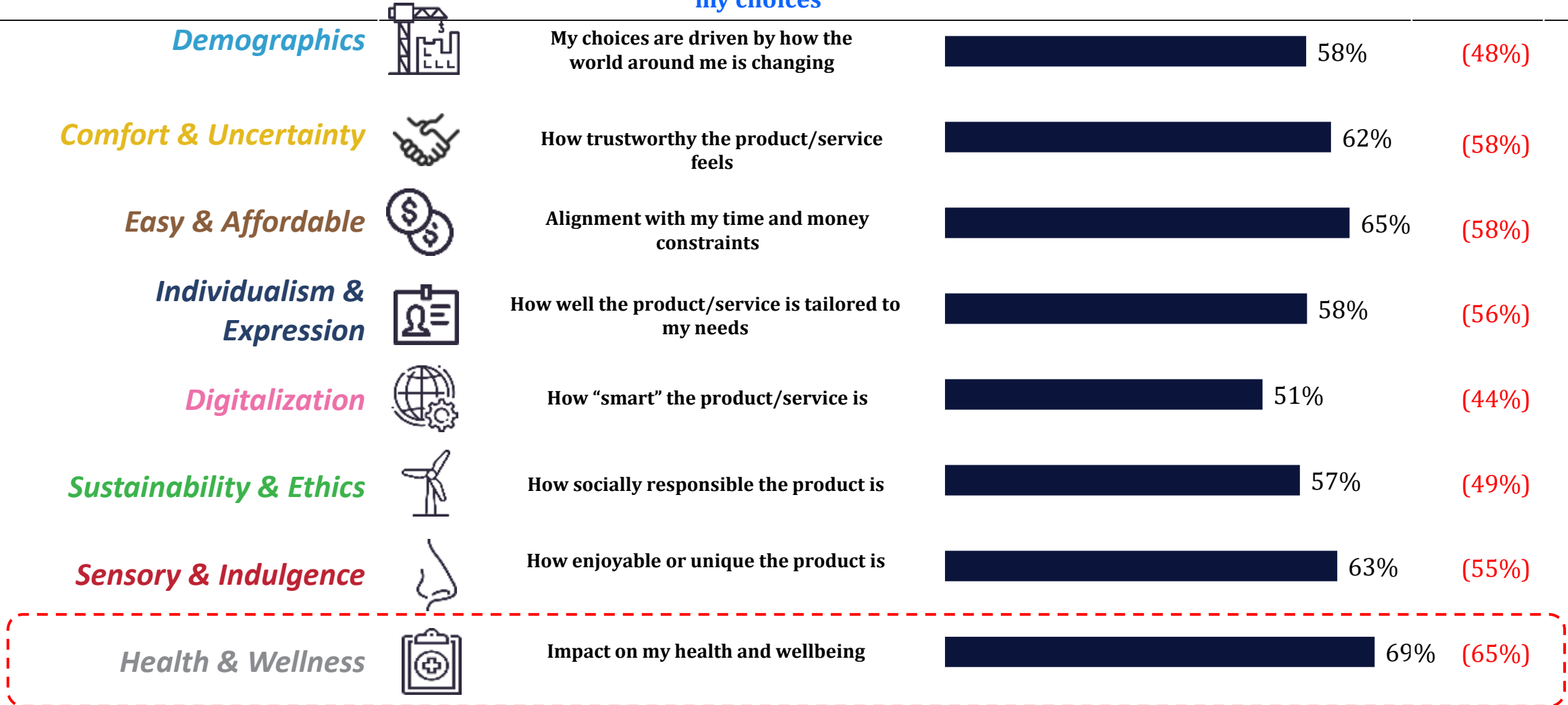
Top Trends 2024

*Butter and spreadable fats, cheese, cream, dairy and soy-based desserts, drinkable yogurt, fromage frais and quark, grain nut rice and seed milk alternatives, milk, soymilk and soy drinks, yogurt

Health & Wellness have substantial influence on Malaysian consumers



Which of the following features has the greatest influence on your choice of food and drinks in the current situation? "Always or often influences my choices"¹



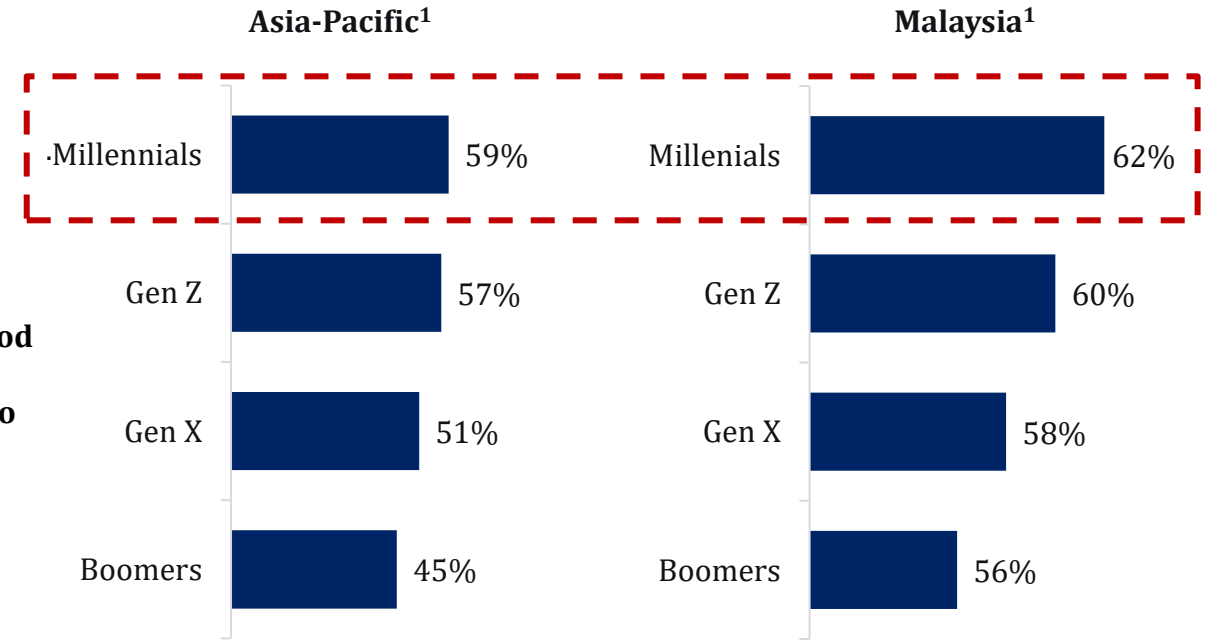
Source: [1] GlobalData 2024 Q1 Consumer Survey – Malaysia response with Asian response in red.



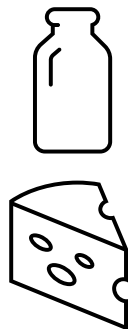
Delivering multiple, precise health benefits will be key to meeting more complex consumer health and wellness needs in Malaysia



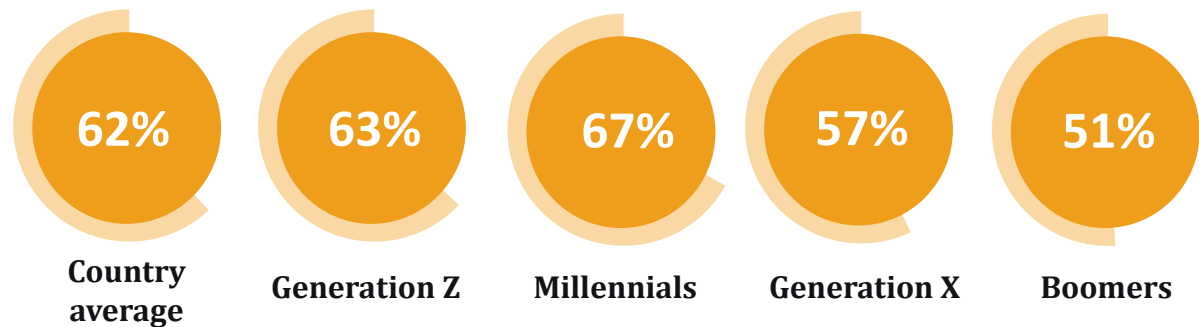
Knowing what food and drinks are healthy for me to consume is confusing¹



23% of Malaysian consumers associate "multi-benefit/ multi-functional" attributes with good value-for-money in dairy products³.

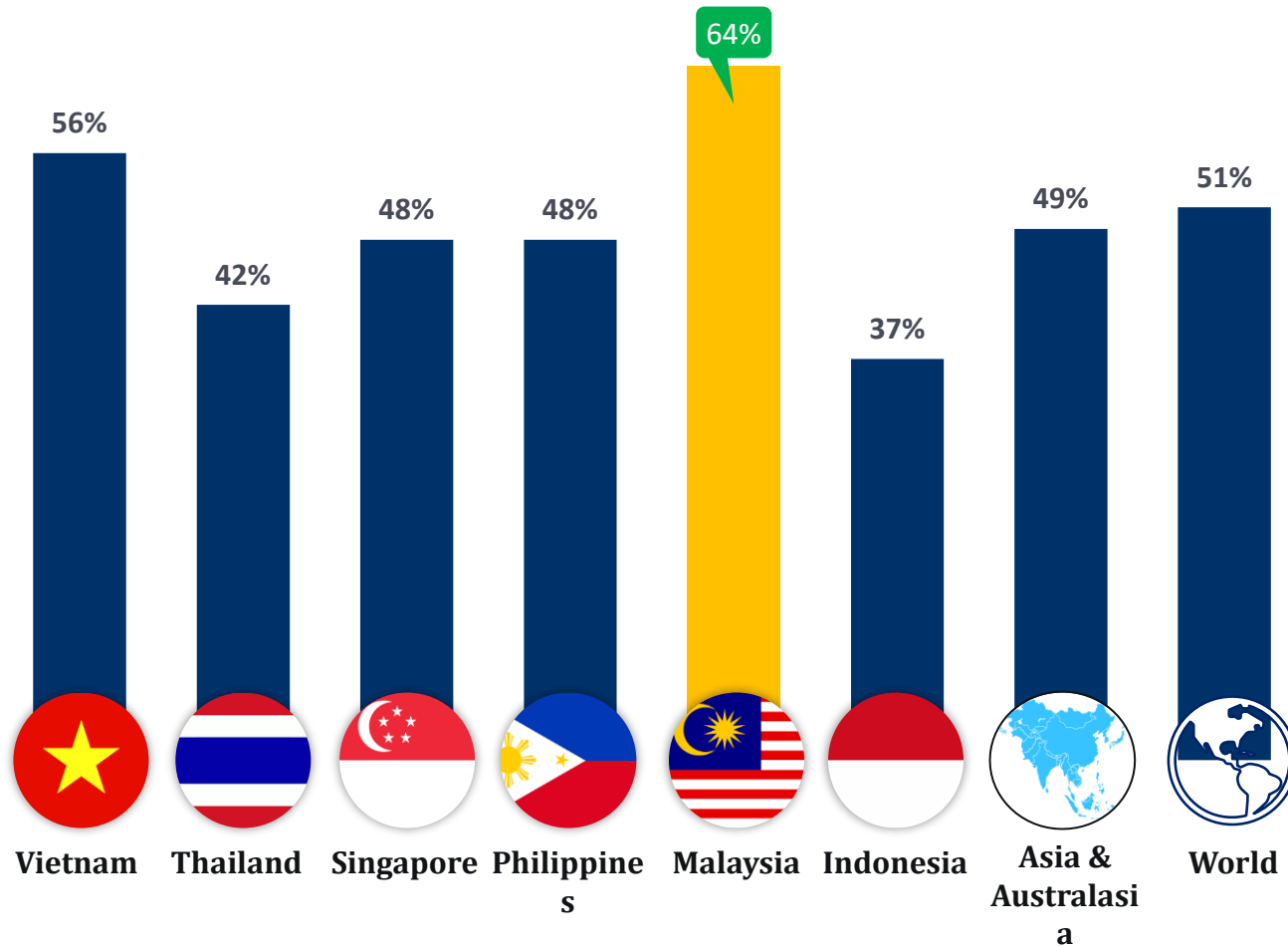


Malaysia: consumers always/often influenced by health labeling in their product choice, 2024²



Concerns around inflation render opportunities for budget products

How concerned are you with 'the impact of inflation on my household budget'?



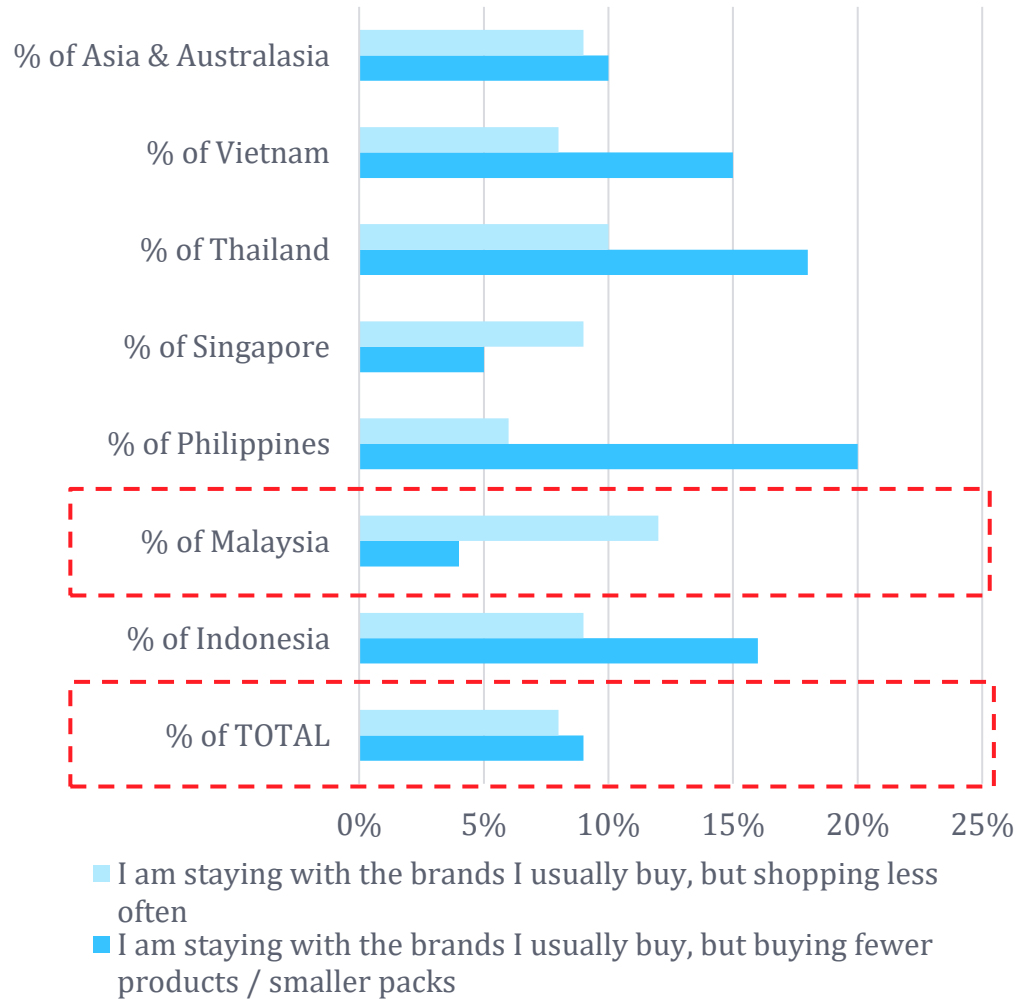
Pop-up branded roadside fast food stall

Sources: GlobalData Q1 2024 survey 12,744 respondents, Joevel Chan, founder Saigon Social

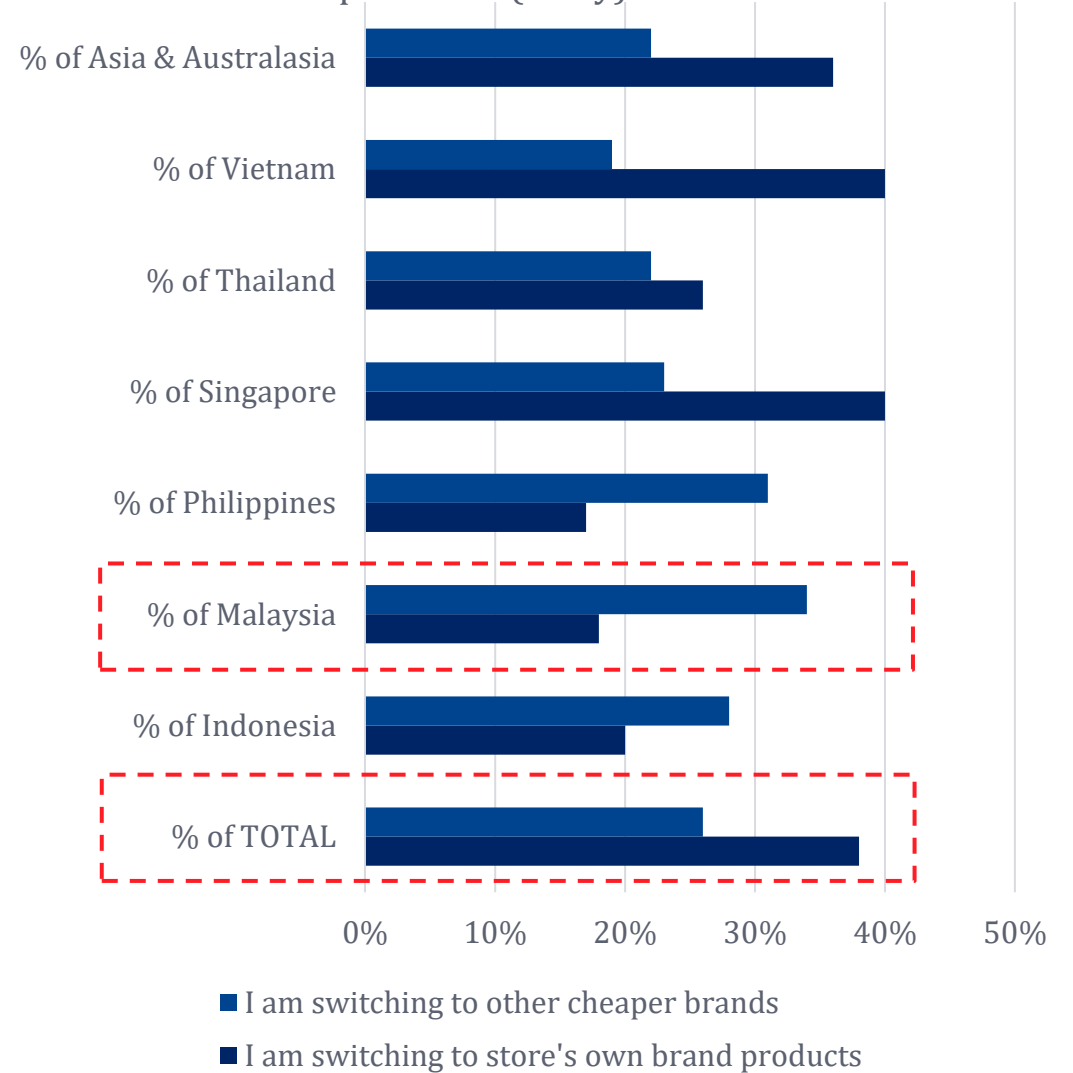
.....as consumers are buying less or cheaper products esp. in Malaysia



You said you were cutting back on grocery shopping to save money. How are you mainly cutting back on these products? (Dairy)



How are you mainly cutting back on these products? (Dairy)



Source: GlobalData Q1 2023 survey 21,968 respondents



However, Authenticity of the brand will be a major purchase factor given deriving 'meaningful' value is key in their purchase decisions....

Asia-Pacific: "How important are each of these features when deciding on a purchase?, 2024¹

Benefit:	Essential	Nice to Have
Sustainable / environmentally-friendly	35%	44%
Ethical / supports social causes	28%	46%
Hygienic	55%	32%
Authenticity of brand / product	41%	41%
Well-known brand	25%	47%
Traditional or heritage brand / product	23%	48%
Simple ingredients	31%	48%
Attractive packaging	21%	42%
Healthy	6%	1%
Plant-based	26%	43%

56% of consumers in Malaysia find **"Hygienic"** as one of the most essential factors and a must have while deciding on a product

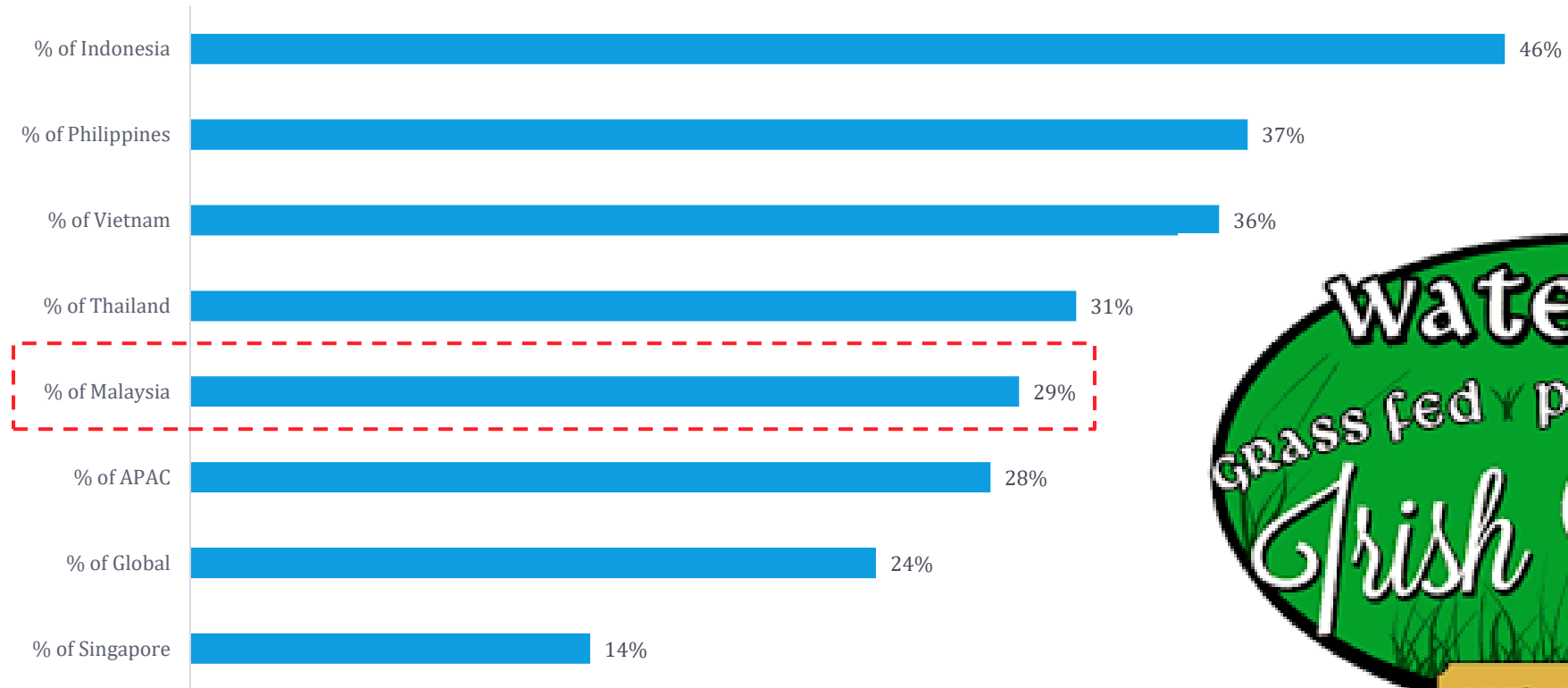
52% Consumers find **"Low Price"**, to be extremely important while deciding for a Food or Drink to purchase

46% Malaysian consumers find **"Authenticity of brand/product"** to be essential while deciding on a product

Malaysian consumers like a sustainability story



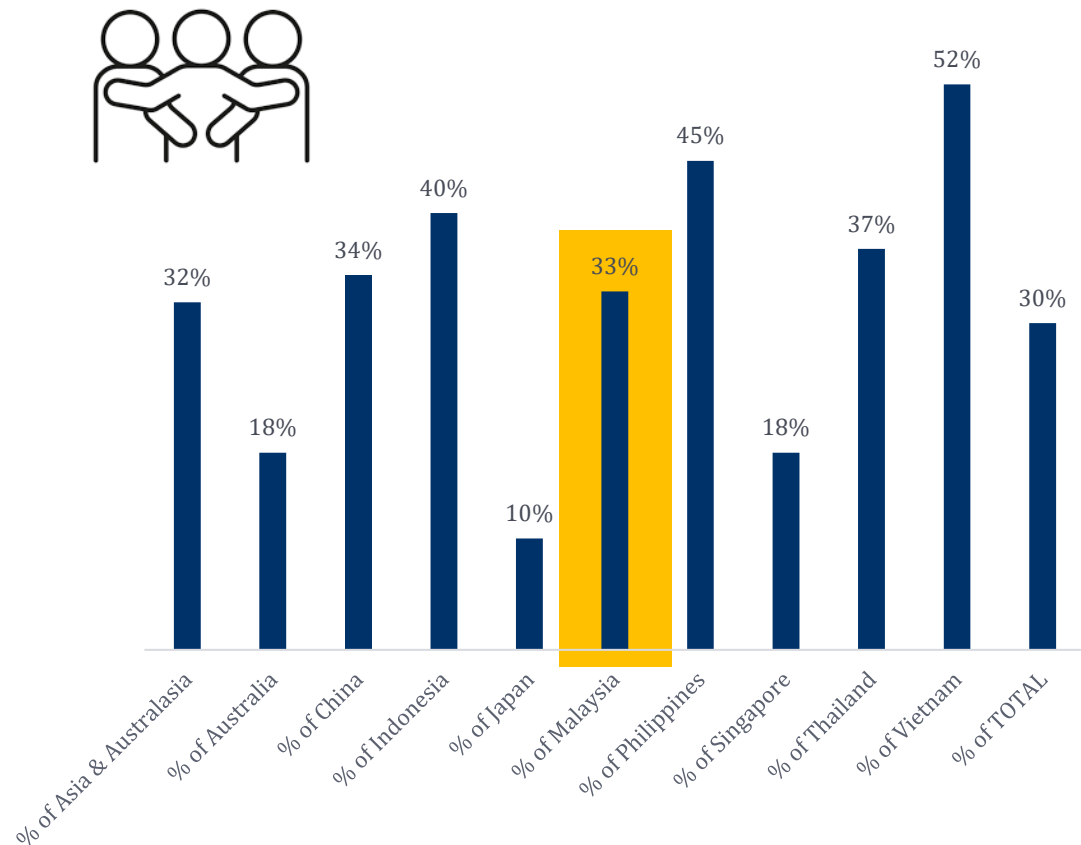
I am more loyal to brands that support "green"/environmental matters. % Strongly Agree



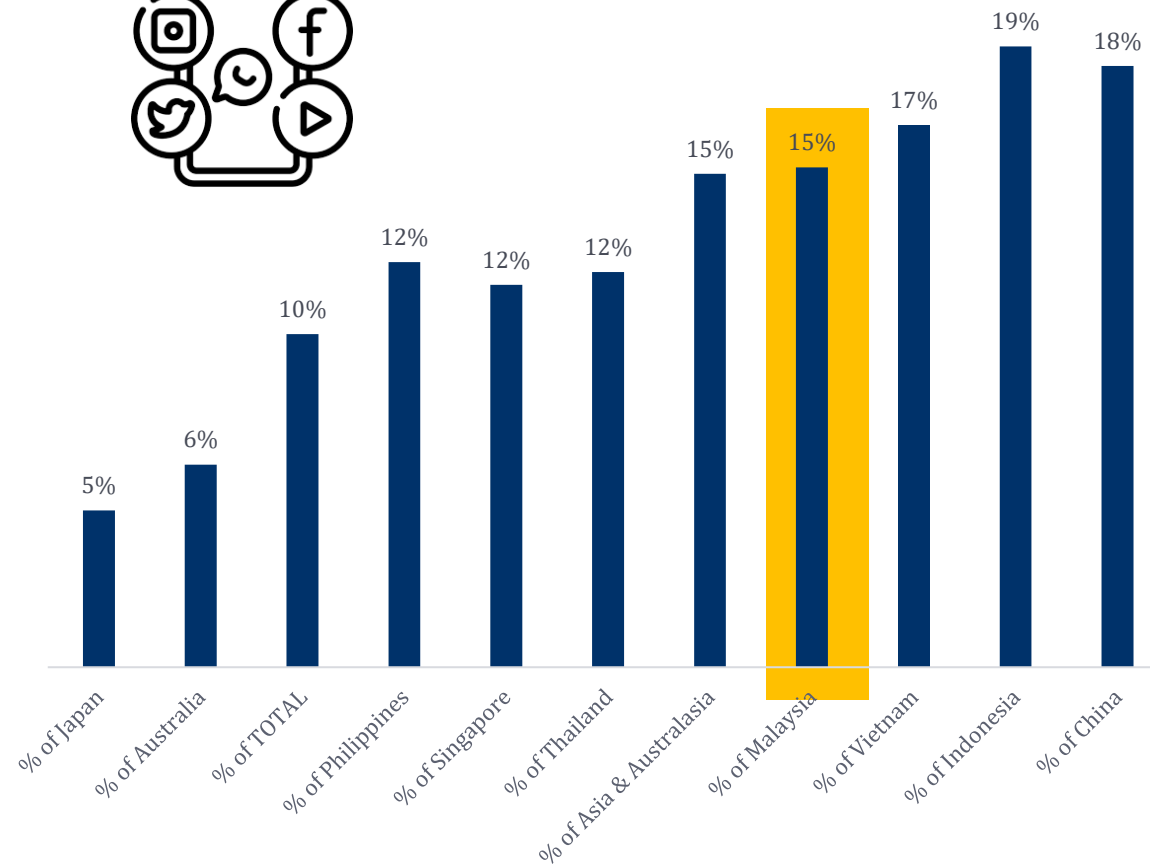
Personal interconnections: Friends, family, and social media influencers offer guidance



How likely are you to purchase a product based on recommendations or endorsements by friends and family. "Very likely"



How likely are you to purchase a product based on recommendations or endorsements by social media/YouTube influencers. "Very likely"

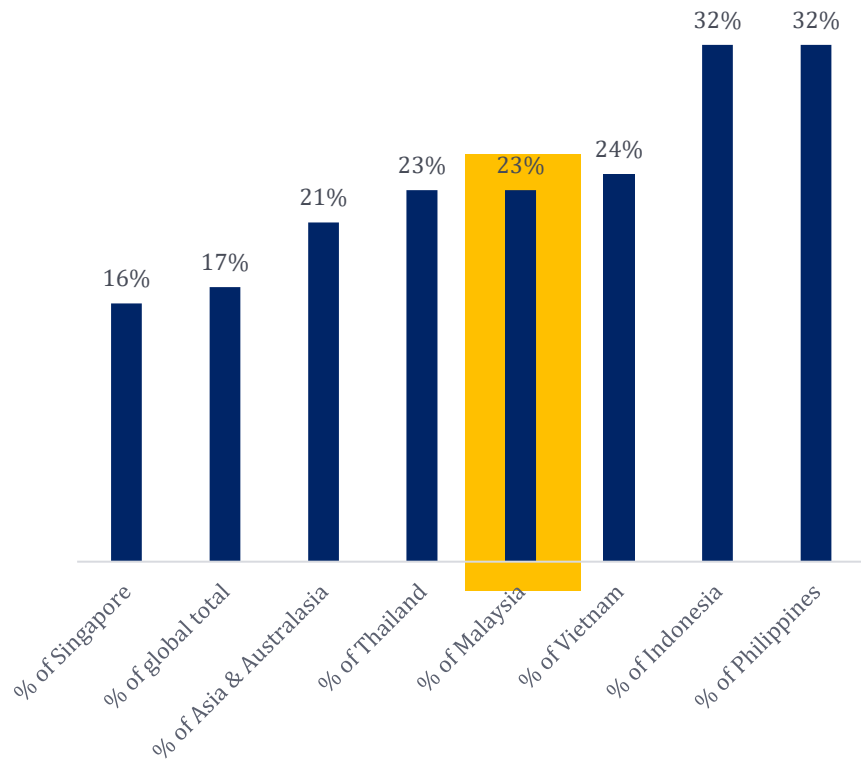


Source: GlobalData Consumer Survey, Q4 2023, 21,291 respondents globally. For social media influencers 30% of ASEAN respondents aged 35-44, for "recommended on social media" 'essential' females 29%, males 19%



Trust & transparency: Malaysian consumers have very high trust in brands

I try to buy products only from my favourite brands



Which of the following would you trust the most, if they said their products are environmentally-friendly, ethical and socially responsible?

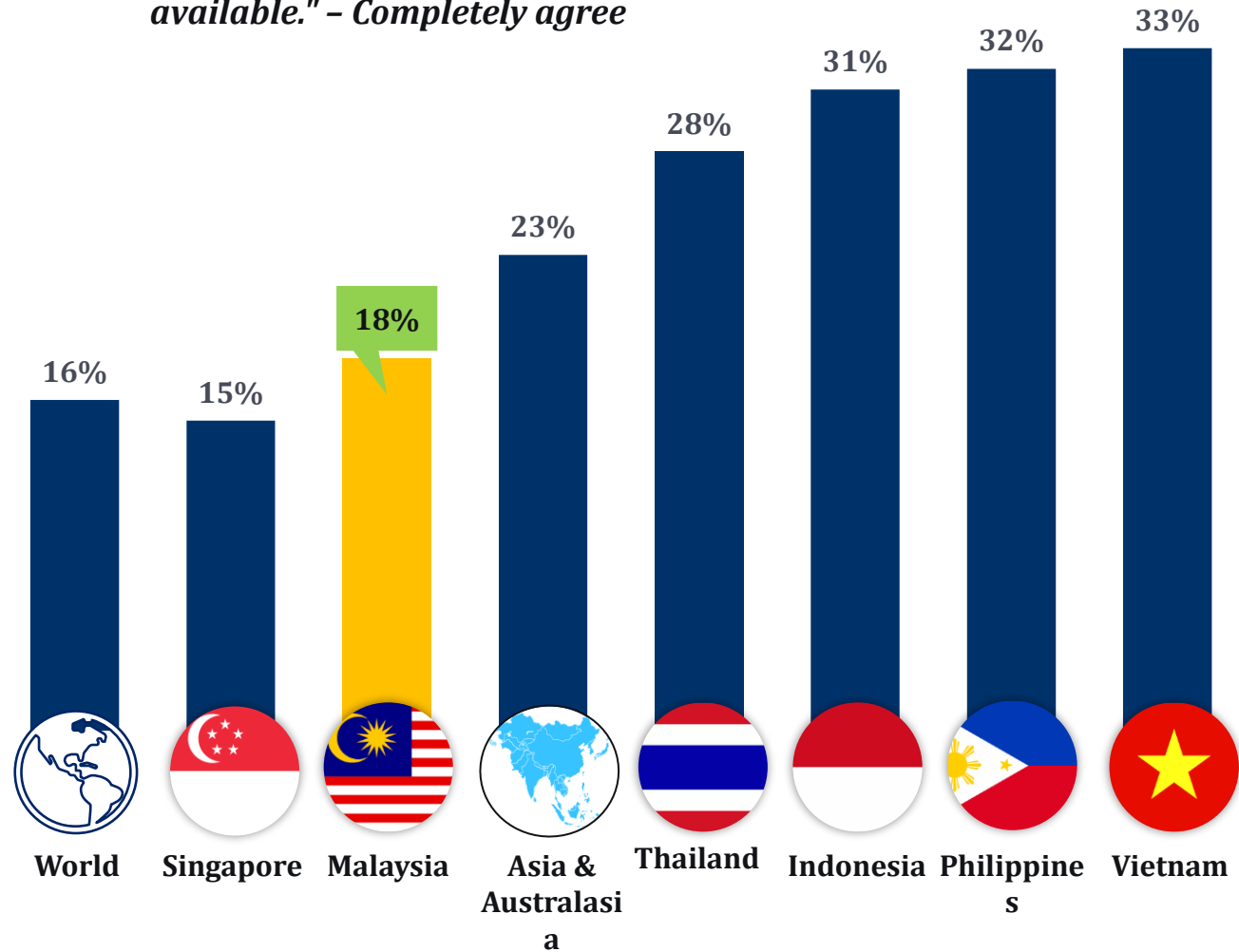


Source: GlobalData Consumer Survey, Q2 2023, 21,904 respondents globally, 6,438 respondents in Asia Pacific, ASEAN 512. For 'favourite brand' strongly agree females 28%, males 20%, for environmentally friendly... MNCs, 50% male (57% aged 25-34) against 42% female



Malaysian Consumers are resilient when it comes to trying new flavors

"I like to try out the newest flavors and fragrances as soon as they are available." – Completely agree

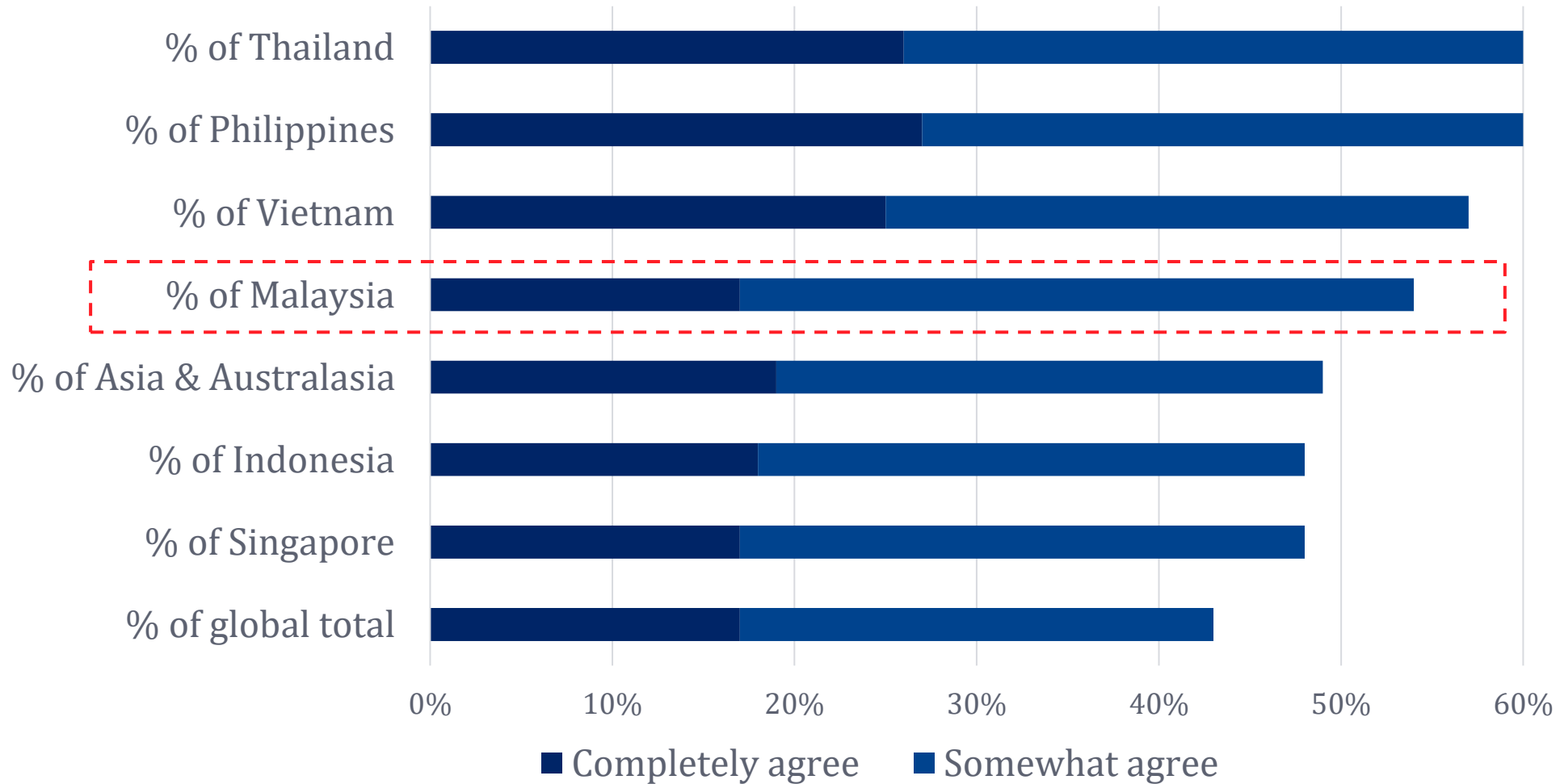


Source: GlobalData; Consumer survey Q2 2022, Global responses 21,688. Japan 8%, Australia 11%, China 37%, India 39%, 10% N America and Europe, 22% male aged 25-34, 22/23% female aged 25-44. Photo: Shoppee

...Although they prefer experimenting with different beverages Out of Home



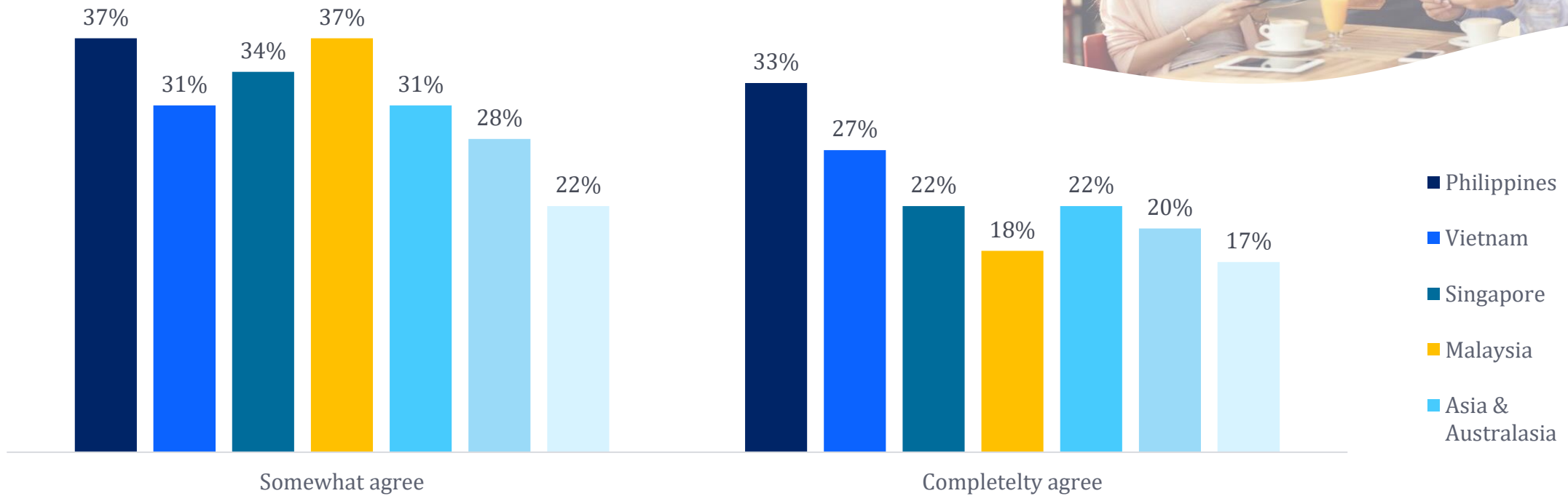
I experiment with different drinks out-of-home





Consumers like to try new cuisines in restaurants

"I experiment with different cuisines out-of-home"





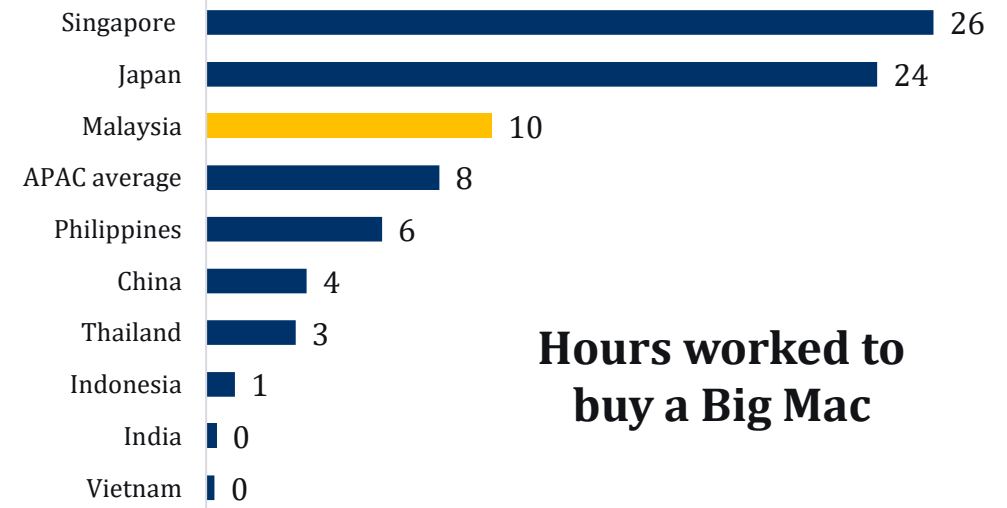
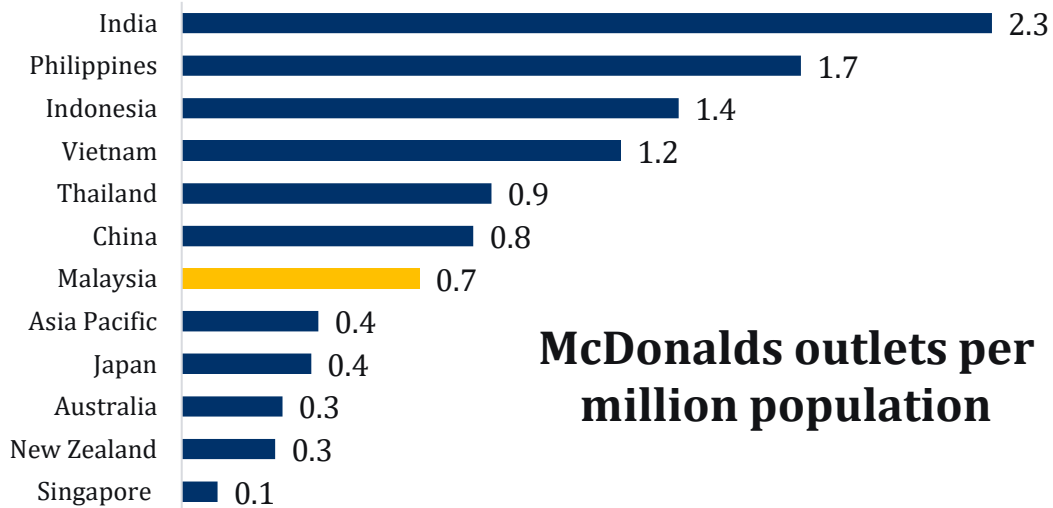
Consumers love to try new flavours through street stalls



“What situations inspire you to try new flavours in food and drink – Purchasing food or drinks at a market stall (e.g. street food)”



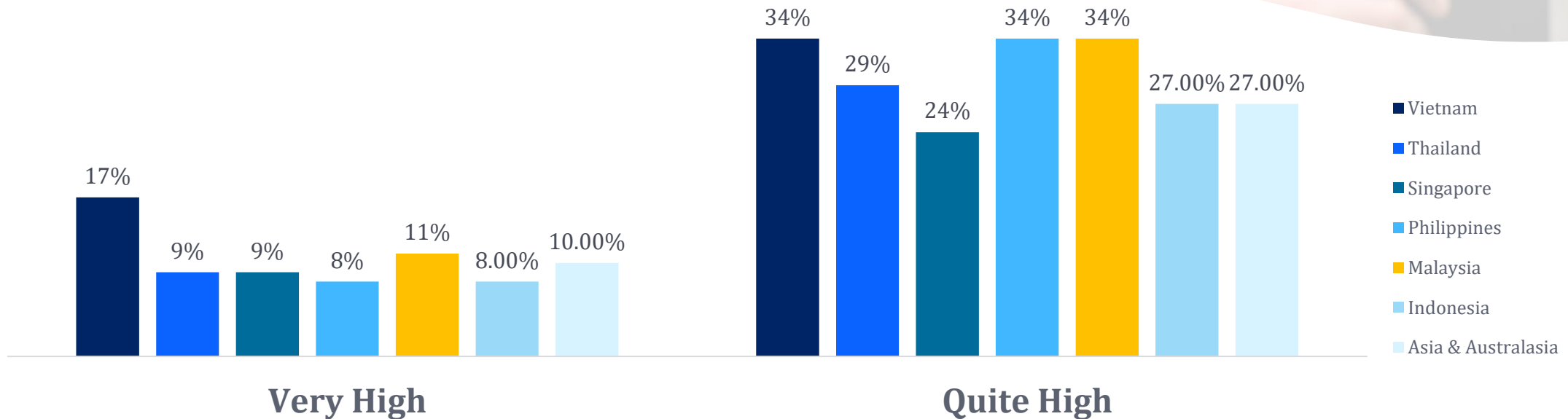
Happy meal? For many Malaysian consumers a QSR meal is a luxury/ lifestyle choice



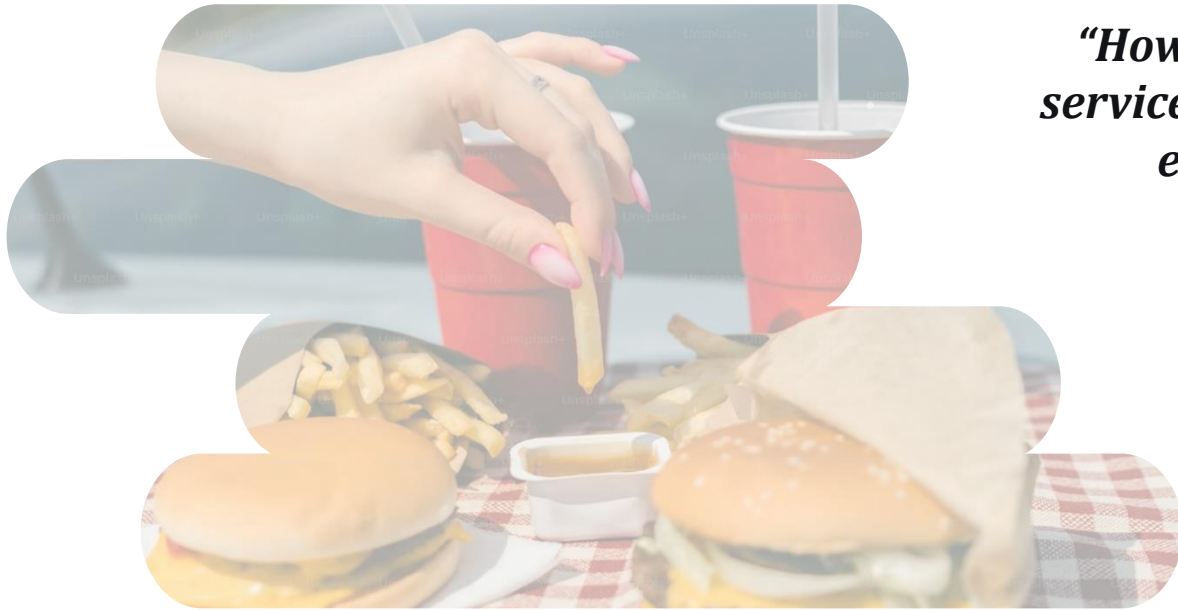


Malaysian consumers spend more on QSR than most countries in the region

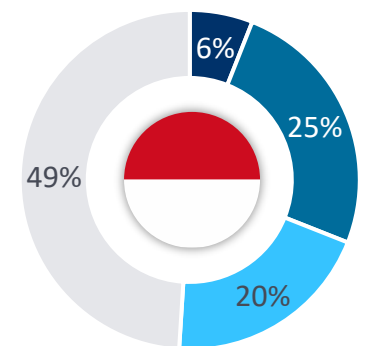
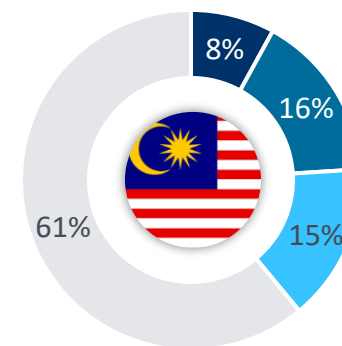
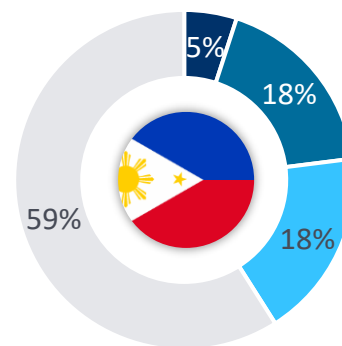
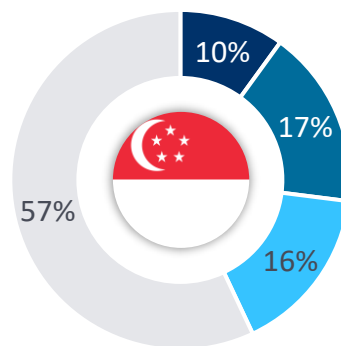
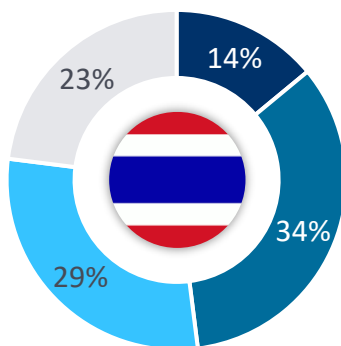
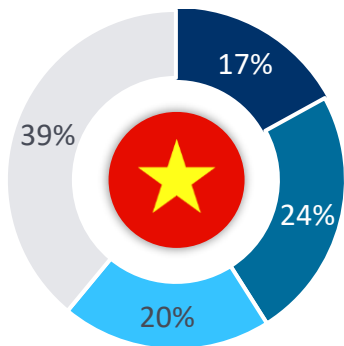
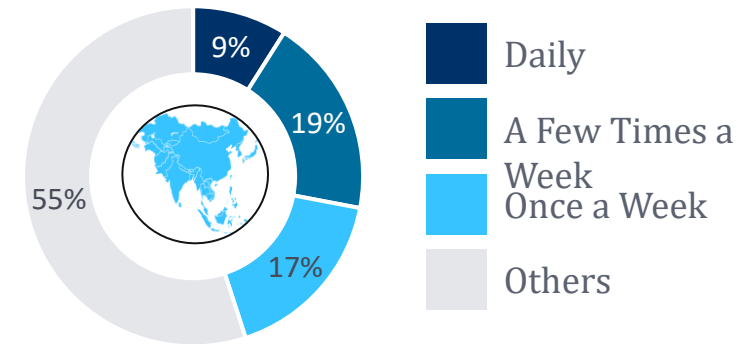
“How would you describe your spend on food/drinks at quick service restaurants, where you ate on the premises (for example McDonald's, Burger King, or KFC)?”



Time scarcity or lifestyle affirmation? Malaysian consumers order QSR food regularly

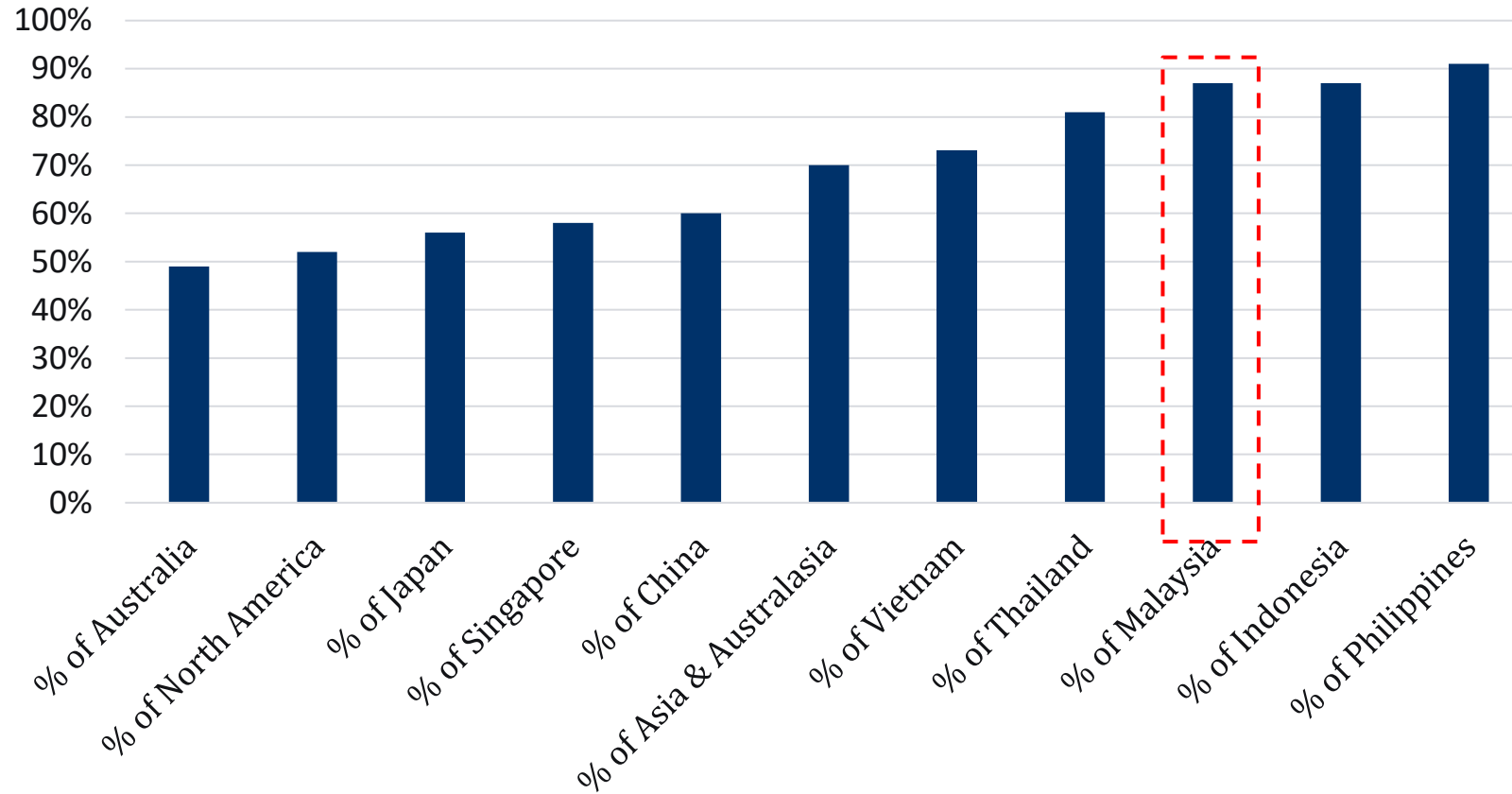


“How often do you order food and drinks from quick service restaurants, where you ate on the premises (for example McDonald's, Burger King, or KFC)?”



Anchoring: Malaysian consumers see food as an expression of their personal values

When purchasing the following types of product, for which types is it important to express your personal values and beliefs? Food



“McDonald’s ...released the nasi lemak burger to celebrate Singapore’s National Day (2017). Malaysian burger joint myBurgerLab responded with a nasi lemak ayam (chicken) rendang burger. It tweeted a picture of its burger with the Malaysian flag in the background and the words “Dear Singapore, nice try, but ...”



Authenticity & heritage: local cuisine with fusion influences



Source: GlobalData Foodservice Menu Intelligence database. For top ingredients in ASEAN less Singapore: Chicken 22%, Fruit 18%, Rice 17%, Cheese 13%, Fish 13%. Data extraction 10 May 2024

Finally, looking ahead....



Outlook – Macro and geopolitical challenges will be the key headwinds



Economic Headwinds

- Unprecedented levels of volatility and uncertainty is felt on a global scale.
- Commodity and energy markets have been heavily impacted by political and environmental events.
- While inflationary pressure has subsided, it has not abated and is being kept on the boil due to geopolitical concerns.



R&D

- Highly fragmented and regionalized and there are lot of local small-scale players who do not have the capital or infrastructure to make a difference in future
- Address sustainability concerns in areas where the industry can make a significant and positive change.



Plant-Based Alternatives

- **Evolving from niche to mainstream**
- A key challenge lies in sustaining consumer interest amid high inflation



Consumer Challenges

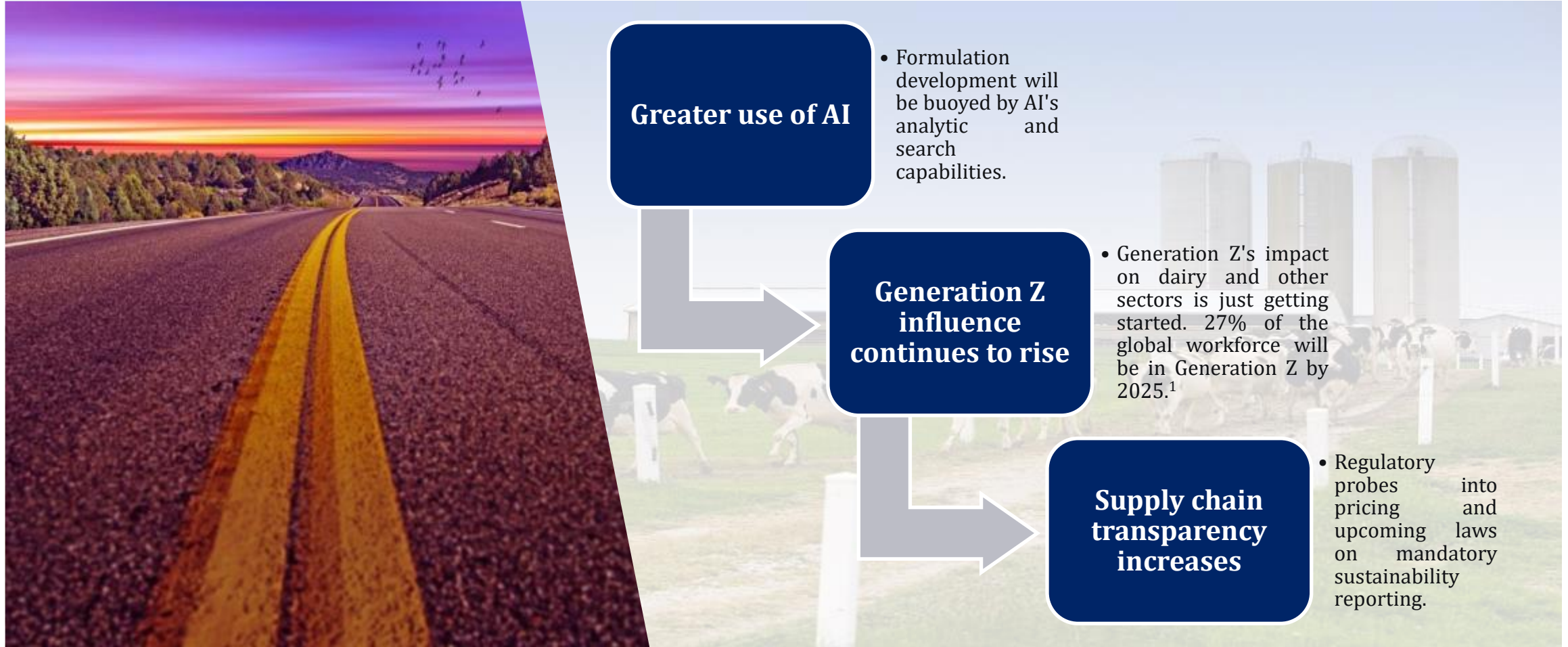
- Challenging personal financial situation
- The major sectors such as Dairy & Soy food and Meat are better placed due its health attributes but a drop in foodservice may have an impact on the demand
- **Companies need to delve into the price elasticity of brand portfolio to understand how price levers are likely to impact changes in demand**



Artificial Intelligence (AI)

- AI will drive supply chain visibility for decision-making and enhanced resilience.
- **AI will also play a key role in speeding up product development by tailoring products**
- **Investing in AI and smart tech is currently the best way to automate**

Key developments that will shape the food and beverage sector beyond 2024



Finally in Conclusion: Four key areas of focus?



1. Look to invest across emerging and developing economies



3. Health and wellness: look to fortify products that are tailored to a range of different consumer health needs.



2. Get smart! - leverage advances in technology to streamline production processes, reduce waste and enhance product quality



4. Use packaging to enhance brand experience

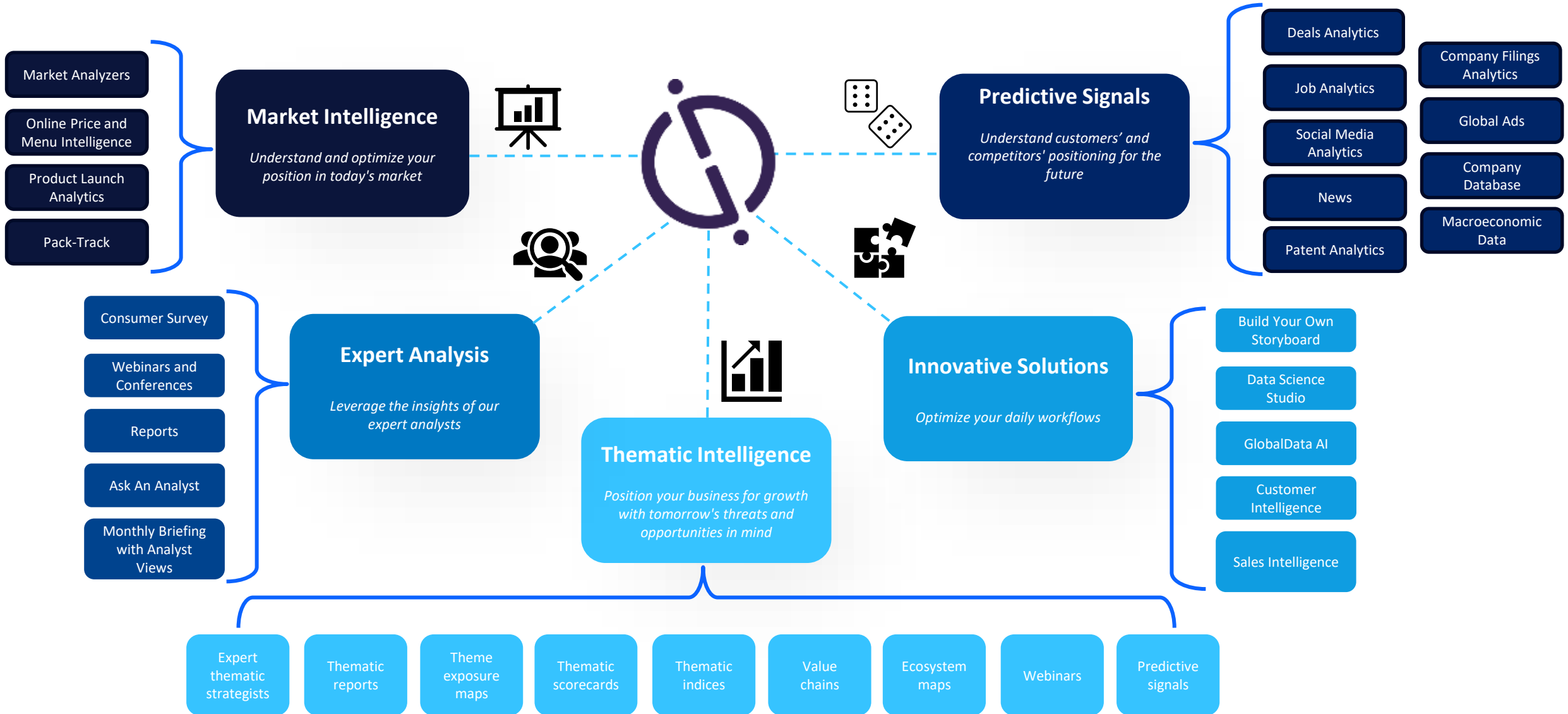
Find out more: GlobalData Consumer, Foodservice and Packaging Solutions + GlobalData AI HUB®



The screenshot shows the GlobalData AI HUB interface. The main content area features a webinar titled "Competing Effectively with Private Label Brands" with a description: "Watch our webinar to discover more about the market outlook, key consumer drivers, and the trends impacting private label demand." To the right, there are links to other content: "The World in 2040 and Consumer Lifestyles" and "New Competitor Analytics Dashboard". A sidebar on the right lists "Key Statistics" including "COVID-19 Dashboard", "COVID-19 Playbook", "Latest Forecasts", "TrendSights Consumer Behavior Trends", "Consumer Survey Responses", "City Level Categories Sized", "Brand Shares", "Categories & Segments", "Countries Covered", "SKU Prices Tracked Daily", "Innovations Tracked", "Ingredient Profiles", and "Packaging Innovations Tracked".

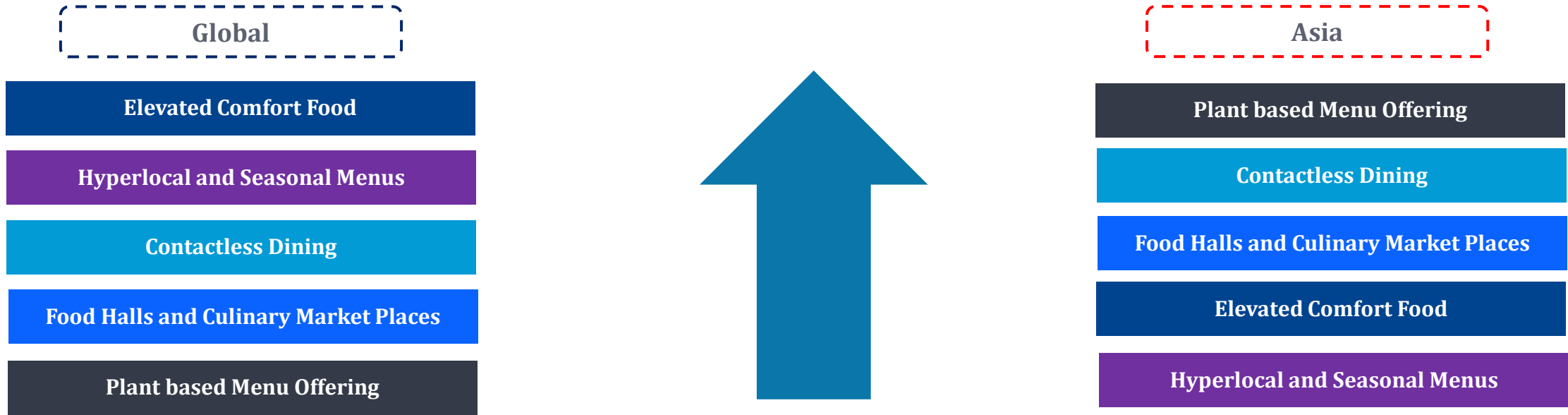
The screenshot shows the GlobalData AI HUB interface with a report titled "Geopolitics Executive Briefing". The report description states: "Geopolitical risk stems from rivalry between great powers. The military, economic, and financial weight of such powers ensures that the rest of the world is affected by their rivalry. Download this report today to understand the impact of geopolitics on the world economy and key sectors." The interface includes a sidebar with "Key Statistics" and a bottom navigation bar with "Analysis", "Latest Analysis", "Sector Reports", and "Thematic Reports".

Methodology and data sources





Before we end..what are the key dining trends that are expected to have a strong impact from a consumer Lense...





Scan QR code to get slides
and to contact **Paul
Savuriar** to schedule a
Complimentary Demo with
GlobalData!



Contact us

For any questions or further enquiries please contact us at:

Paul Savuriar - paul.savuriar@globaldata.com

Anuran Dhar - anuran.dhar@globaldata.com

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