

OPPORTUNITIES FOR COMPETITIVE STRATEGY IN THE
MALAYSIA'S FOOD INDUSTRY

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ABSTRACT

Competition among the food industries in the local and international environment is intensifying with the opening up of the market and the growing trends towards a wider acceptance of different foods as people and products are crossing the border more freely today.

In general, market trends tend to cascade down from the more developed countries to the developing countries. With this in mind, this study started with the scanning of the environment in the global market with emphasis on the food trends in developed countries namely European Union, United States and Japan. This exploratory research used mainly secondary data.

With the insight and findings of the trends in the developed countries, the study then tried to explore and preempt the future trends and opportunities for the food industry in Malaysia.

SWOT analysis is used to evaluate the local industry. The strength and weaknesses of Small Medium Industry (SMI) and the Multinational (MNC) were evaluated. The findings indicated the food industry in Malaysia comprises mainly of SMI. The MNC however are more predominantly in the food industries that requires higher technology.

Findings of the study showed that there are opportunities in the foodservice, halal, ethnic, convenience and snack foods categories for Malaysia. The steady increase in the food consumed away from home in over the past two decades implied opportunities in the foodservice. The cultural and religious practices coupled with the demands in the developed countries created the opportunities in the halal, ethnic and convenience segment. Increased in the number of meals taken a day as compared to the traditional three meals per day creates opportunities in the snack foods noted to be more prevalent among the younger generation.

The study used Michael Porter's three different approaches namely differentiation, focus or low cost strategy to recommend the different strategies companies can take to capture the opportunities.

For foodservice opportunities, companies are recommended to use focus strategy for the quick service restaurants and low cost strategy for the low end stalls. Differentiation strategy is recommended for the halal, ethnic and convenience foods categories. Local suppliers are recommended to explore into the export market. Snack foods which is catered predominantly for kids and young adults need the differentiation strategy to create excitement and low cost strategy to enable affordability.

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