

# MARKETING

ISSUE #400MARCH 2024

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World Congress  
2024

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Head of Data Science,  
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**Simon Cook**  
Chief Executive  
Officer, LIONS



**WORLD CONGRESS**  
45<sup>th</sup> IAA World Congress | Malaysia

**BRAND:**

# RE-CODE

**BETTER WORLD, BETTER LIFE** <sup>TM</sup>



COVER STORY

10



# The Journey to the congress

EDITOR'S NOTE

03



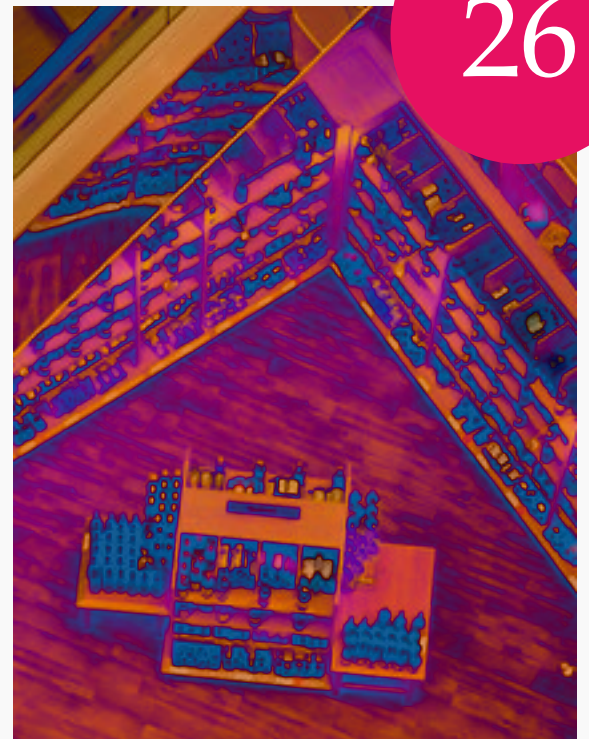
## PUTTING MALAYSIA ON THE MAP

06



## WONDA RIDE DOMINATION IN MOTION WITH BIG TREE

26



## 7.1% GROWTH RATE FOR MALAYSIA RETAIL INDUSTRY IN Q1 2024.



# Putting Malaysia on the map



For almost four years and more, Professor John Doody Chacko spoke about nothing but hosting the IAA World Congress in Malaysia.

The man was fixated, and tenacious. He hijacked almost all of our social get togethers with the same topic for years.

I won't hazard what his family had to endure.

He asked me if he should approach the Selangor state government for support, and I advised him to head to Penang.

In fact, at one of our meet ups with good friends he was clearly warned on arrival not to mention IAA during the evening or else....

But later I did see him whisper something serious about Congress sponsorship to someone I dare not mention.

I remember inviting John for dinner with some important people which included a Minister and government advisors.

No prizes for guessing what was on John's mind and lips

## EDITOR'S NOTE

**... He hijacked almost all of our social get togethers with the same topic for years...**

all evening. Having organised events all my life, I can understand what he was going through. And at one point, I worried about his health.

John was intolerable and a hustler, but in the end he triumphed.

The 45th International Advertising Association (IAA) World Congress was held in Penang about a week ago, marking a historic milestone as its the first time this prestigious event has been held in South-East Asia.

It was supported by the Penang State exco office for tourism and creative economy (Petace), and the Penang Conference and Exhibition Bureau (PCEB). Plus a host of premium sponsors and partners.

Many friends helped him along the way, too many to mention.

This issue of MARKETING is dedicated to John and his tireless team for putting Malaysia on the map.

John did not have to convince me to cover the event because I'd never hear the end of it if I did not, I said Yes immediately. I was also doggedly reminded by his committee to do so when I attended the event in Penang.

And why not.

After all, I am the one who brought John into IAA Malaysia after having served two terms as President.

John, you have made me, your family and the country proud.

Datukship next, I say....



*FLASHBACK: John, maybe do another biggie in 2026 in conjunction with Visit Malaysia Year. According to industry oracle J Matthews, Malaysia hosted the AdAsia Congress with the Asian Federation of Advertising Agencies (AFAA) in 1990, in conjunction with Visit Malaysia Year and was opened by the King and PM. Since the late 80s, AFAA and IAA have maintained a policy of cooperative coexistence and held Congresses working together for years.*





# CATEGORIES

## BRANDS & BUSINESS

- 1 **Best in FMCG - F&B**  
Campaigns about beverages, ie. beers, wines, soft drinks, water, packaged foods, confectionery, snacks and others, etc.
- 2 **Best in Fast Dining**  
Campaigns about fast-food brands, casual dining, quick service restaurants, etc.
- 3 **Best in Non-Food FMCG**  
Campaigns about telco products, apps, electronics, homecare, paints, toiletries, beauty, personal care, etc.
- 4 **Best in Festive**  
Campaigns about religious/cultural festivals and landmark events like Merdeka/National Day, Valentine's, etc.
- 5 **Best in B2B**  
Campaigns about B2B brands that advertise products and services from one business or organization to another, across any media.
- 6 **Best in Financial Services**  
Campaigns about Financial Services brands, includes businesses like banks, insurance, E-Wallet, crypto, etc.
- 7 **Best in Travel & Hospitality**  
Campaigns about travel, airlines, hotels, tourism, retail, fairs, events, etc.
- 8 **Best in Education & Training**  
Campaigns about educational institutions, training providers and online courses.
- 9 **Best in Automotive & Transport**  
Campaigns about motoring brands, includes transport brands like courier, shipping, cargo, rail, etc.
- 10 **Best in Healthcare**  
Campaigns about hospitals, medical tourism, healthcare, dental care, OTC medicine, pharmaceuticals, wellness, etc.

## SPECIAL CATEGORIES

(No submissions required)

- APPIES 2024 Rising Star Presenter of the Year (below 30)
- APPIES 2024 Trailblazing Presenter of the Year (above 30)
- APPIES 2024 Media Agency of the Year

## PLATFORMS & PURPOSE

- 11 **Best in Govt/NGO**  
Campaigns about the government's nation building initiatives - health, road safety, anti-drug, etc., and organisations that do social good to uplift society and humanity, etc.
- 12 **Best in Sustainability**  
Campaigns that promote DEI, ESG, Sustainability, CSR, etc., to ensure the planet's well being.
- 13 **Best in Digital**  
Campaigns that deploy, social, search, contextual, native, web, email, podcasts, EDMs, gaming, e-sports, mobile, etc., to build their brand.
- 14 **Best in Social**  
Campaigns that deploy social sharing platforms like FB, LinkedIn, IG, WhatsApp, Pinterest, etc.
- 15 **Best in Tech**  
Campaigns that deploy Advertising/Marketing/Media/ Consumer technology and market analytics for brand performance. Includes programmatic, data, apps, cloud systems, IoT, AI, VR, AR, DOOH, etc.
- 16 **Best in Customer Experience**  
Campaigns that deploy CX/UX, Activation, CRM, loyalty programmes, influencer marketing, retail innovations, experiential marketing and design, and customer engagement to deliver the best consumer experience.
- 17 **Best in E-Commerce**  
Campaigns by online retailers that sell products and services for B2B, B2C, O2O, etc. Includes related products like e-hailing, e-deliveries, e-wallets, e-travel, promotions, co-branding and partnerships, etc.
- 18 **Best in AI**  
Campaigns that specifically deploy Artificial Intelligence technology in their marketing strategies to showcase innovative marketing
- 19 **Best in OOH/DOOH**  
Campaigns deploying billboards, transit, signages, ambient, etc.
- 20 **Best in Innovation**  
Campaigns that deploy a game-changing approach to marketing, technology, platforms, data and experience in a way that elevates the benchmark of marketing excellence.
- 21 **Best in Admail Impact**  
Campaigns that deploy postal services to stand out from the digital clutter and drive breakthrough impact. Innovative direct mail collaborations that go beyond the conventional use of post.

- APPIES 2024 Advertising Agency of the Year
- APPIES 2024 Digital Agency of the Year
- APPIES 2024 Production Company of the Year
- APPIES 2024 Marketer of the Year



# Wonda Ride Domination in Motion with Big Tree



*Wonda Coffee's exterior train wrap.*

In the dynamic world of marketing and advertising, out-of-home (OOH) advertising strategies continue to assert their influence, maintaining a steadfast presence in engaging audiences amidst the ever-evolving landscape. As the #1 OOH solutions provider in Malaysia, Big Tree once again demonstrates the transformative potential of innovative and creative campaigns in making a lasting impression on audiences and fostering engagement with passers-by.

Wonda Coffee's 'Wonda' ride on the LRT Kelana Jaya line serves as a stellar example of harnessing Big Tree's creative platform to turn everyday commutes into thrilling adventures. This is where Big Tree transforms the mundane train experience into an immersive brand journey in motion, capturing the attention of audiences both inside and out.

As the doors open, commuters are enveloped in a whole new world and are greeted by a sensory feast that engages all five



## OOH CREATIVITY



*Wonda Coffee's exterior train wrap.*



*Wonda Coffee's immersive interior train wrap.*



senses. From intricately designed interior wraps and custom overhead panels to signature tunes infused with the brand's jingles and QR code activations, Wonda Coffee's presence on the train is made impossible to ignore.

"Drinking coffee is a sensorial experience, and, in line with that,

our Brand Promise to consumers has always been 'tastes like just brewed'. As Wonda celebrates its 10th year in Malaysia, we believe it's crucial to remind consumers of our origins and reiterate our Brand Promise through an impactful campaign. In a world where consumers are glued to their phones, scrolling



## OOH CREATIVITY



*In-train signature tune infused with Wonda Coffee's jingle - "stesen berikutnya, Ara Damansara. Next station, Ara Damansara. \*Wonda Coffee jingle\* Sempurnakan hari anda dengan Wonda. Rupa baharu, rasa tetap memuaskan."*



*Commuters are enveloped in the aroma of freshly brewed coffee through coffee-scent diffusers.*



*QR code display on hand grips for commuters to register and redeem free coffee at any 5 selected stations along Kelana Jaya LRT Line.*

600 feet of content and receiving thousands of ad messages per day, Etika in general, and Wonda in particular, has always believed that creative disruption is necessary to capture consumers' attention. The execution of the 5-senses was a creative idea, engineered by Wonda to create an unforgettable, immersive experience. We believed that the out-of-home (OOH) media

is well suited to bring this sensorial journey to life, hence we partnered with Big Tree. We're delighted that Big Tree could provide the train as a vehicle to bring this immersive experience to life. This execution isn't just about advertising - it's about creating moments of joy and connection for millions amid their daily commute. We're glad to bring the rich, smooth Wonda





*Custom overhead panel.*

experience to people across the city, stimulating 5 senses: hear, touch, feel, sight and even smell by, amazingly, sharing the aroma of coffee! The consumer journey was completed via a simple QR code that consumers could scan to get a free Wonda coffee to refresh their commute,” said Amy Gan, Vice President of Marketing for Etika, which markets Wonda Coffee and 17 other brands in Malaysia.

“The train domination campaign showcased the innovation of OOH advertising, beyond the standard approach, where creativity transforms a normal train ride into a unique, memorable brand experience,” added Sandeep Joseph, CEO

and co-founder of Ampersand Advisory, the media agency for Etika.

Big Tree took great satisfaction in delivering this sensory delight through Wonda Coffee, all of which truly set the stage for a holistic brand immersion for commuters. “We believe in creating a sense of wonder and excitement for every spectator that embarks on a journey with us”, said Stephanie Wong, the COO of Big Tree Outdoor. Integrating strategy and creativity into every detail undeniably enhances brand recognition and credibility, and with Big Tree leading the way, brands can embark on journeys that inspire.





# THE JOURNEY TO THE CONGRESS



2020  
DUBAI



2021  
PENANG x4



2021  
NEW YORK x4



2022  
CANNES



2022  
PENANG x4



2022  
DELHI



2022  
GHANA



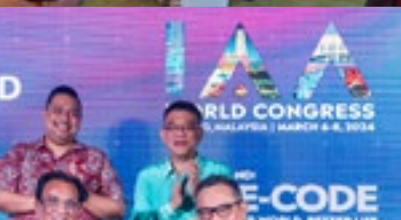
2022  
TAIPEI



2023  
PENANG x6



2023  
WARSAW



2023  
CANNES



2023  
MACAU x2

The journey was not without challenges. The 2020 pandemic caused a global standstill, disrupting both lives and livelihoods. The congress, initially planned for 2021, was postponed not once, but three times. Yet, even during the most difficult periods, surrendering to adversity was not an option for the



“When we embarked on this journey to bring the world to Penang, many doubted our capabilities. After all, we are a small state, a nation, and a small association in Malaysia, tasked with hosting a world congress that has previously graced the grand stages of iconic cities such as New York, London, Paris, Tokyo, Sydney, Beijing, Dubai, Moscow, and most recently in Kochi, India. But we dared to dream big, fueled by the burning spirit of our team and the boundless potential of our collective efforts”

**John D Chacko**

2023  
KUALA LUMPUR x2

2023  
BEIJING

2023  
XIAMEN

2023  
BEIJING

2023  
NEW YORK

2023  
SEOUL

2024  
MUMBAI

2024  
KUALA LUMPUR

2024  
PENANG x4





## COVER STORY

**“The name ‘RECODE’ was chosen because it captures the essence of the congress, which is a commitment made to re-code best practices, re-imagine brands, and redefine the world for the better...”**

IAA Malaysia team. Instead, perseverance was chosen, a determination to push forward, and an emergence from the trials that beset the congress, all leading to a stronger outcome.

### About Theme RE-CODE

The theme of the congress, “RE-CODE,” was born from brainstorming sessions held in Malaysia. Since its inception, the theme has travelled across ten countries and been met with universal acclaim and acceptance. The name “RECODE” was chosen because it captures the essence of the congress, which is a commitment made to re-code best practices, re-imagine brands, and redefine the world for the better.

### Delegates & Speakers

The 45th IAA World Congress in Penang brought together a diverse and impressive group of delegates. The Congress garnered 1036 delegates registrations from 35 countries comprising over 400 plus international delegates, over 600 participants from Malaysia, and over 70 international and local speakers over the 3 days. The Congress roadshows to over 20 destinations globally and locally resulted in 1036 delegates and over 70 speakers.

This prestigious group included industry titans, thought leaders, and innovators from renowned entities like the United Nations, Google, Meta, Harbinger Health, Cannes Lions, Petal Ads, BBC News, Media Prima, Phoenix New Media, universities, governments, consulting, creative and media agencies, associations, global agency heads, and many more.

### Congress Sessions in a Glance

The 45th IAA World Congress unfolded over three days, each with a distinct focus. The Opening day shone a light on “Sustainability for Growth, with Good.” A UN perspective on “Re-code:





Penang Chief Minister  
Y.A.B. Chow Kon  
Yeow visiting the  
Petal Ads booth

Sustainability - A Recipe for Brand and Business Success” kicked off the discussions. Attendees also explored the transition from a circular to a regenerative economy and learned how brands, businesses, and marketing can leverage sustainability efforts for positive societal impact.

Day two shifted gears to “Creativity with Tech for Better Life.” Sessions delved into integrating technology seamlessly into the creative process to drive brand and business evolution. Participants gained insights into the latest trends in AI, machine learning, and algorithm-based technologies, all geared towards fostering deeper connections



The Honorable Kojo Oppong  
Nkrumah Minister for Works  
and Housing, Ghana



## COVER STORY



between businesses and audiences.

The final day, coinciding with International Women's Day, celebrated inclusivity beyond diversity. Sessions explored how innovation and technology can advance gender equality and inclusivity, highlighting Diversity, Equity, and Inclusion business evolution. Participants gained insights into the latest trends in AI, machine learning, and algorithm-based technologies, all geared towards fostering deeper connections between businesses and audiences.

### Some Highlights

One of the much-applauded sessions at the 45th IAA



*Rupen Desai,  
CMO & Venture Partner, Una Terra and Co-founder, TS/28*

World Congress explored the burgeoning field of Generative AI and its potential to reshape the future of marketing. Led by Caroline Yap, Google Cloud's Global Managing Director of AI Business & Applied Engineering, the session delved into how this technology can automate tasks, generate creative content, and unlock valuable customer insights. The session's focus on



## COVER STORY



*Chan May Ling of CelcomDigi with Vishnu D. and Gary Tay of YM Global Technologies.*



*Sani with Team RHB*

both harnessing the power of AI in the present and ensuring responsible implementation for the future resonated strongly with the audience, generating positive feedback and a lively response.

Dr. Kieran Chacko's presentation on "Artificial Intelligence in Healthcare, Changing the Cancer Care Continuum Towards a Better Life". The presentation's focus on the transformative potential of AI in healthcare, with its profound implications for individuals, healthcare systems, and society as a whole, undoubtedly contributed to its status as one of Congress' most acclaimed sessions.

Another sparking lively discussion at the IAA World

Congress was "The Great AI Debate: Betterment vs Threat." This session explored the two sides of the AI coin – its potential to revolutionize various aspects of life and the concerns surrounding its rapid development. Moderated by Milan Agnihotri from Client Partner, Dentsu Malaysia, the debate featured a diverse panel discussing AI's impact on humanity, from job displacement to healthcare advancements.

A session titled "Goes Beyond the Boundaries" was conducted by Petal Ads, a leading smart-device marketing platform from Huawei.

The session emphasized creating meaningful connections across geographical and spatial boundaries, fostering a world





Arrival of T.Y.T. Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak at the Gala Night Banquet Dinner.



T.Y.T. with Y.B. Wong of PETACE, Sasan Saeidi - IAA Global and John Chacko - IAAWC



Attendees of the Gala Night





## COVER STORY



of infinite opportunities and user experiences. This also gave an insight into the future of intelligent advertising.

A session by Meta explored the company's deep commitment to AI and its potential to revolutionize creativity and marketing. The session highlighted Meta's historical investment in AI research and development, showcasing how these advancements fuel new tools for content creation and connection.

This session underscored the transformative power of

AI for the future of marketing and brand engagement. iFlytek played a pivotal role in enhancing the technological landscape of the Congress.

Their innovative solutions contributed to creating interactive experiences for attendees by delivering simultaneous translations of sessions in Mandarin, Japanese, and Korean.

By leveraging AI-driven insights and language processing technologies, iFlytek redefined how participants engaged with the event.





◀ Caroline Yap, Global MD AI Business & Applied Engineering Google Cloud









# Taste of Penang

*The Taste of Penang dinner held at the roof top of the Spice Convention Centre*



*Former Global President IAA, Mr. Srinivasan K. Swamy with Indian delegates.*



*Tony, John Chacko, Fredrik, Sasan, John Williams, Rupen Desai & Tom Stein.*

*China delegates with CAA President, Mr Zhang*







◀ Chi Xiao Yan, iFeng.com & Phoenix TV Group explains how Unity in Diversity are empowering women in the world.



Gary Chi, President IAA Taipei Chapter with Robin Lu, Chairman of Taipei AAA & CEO Dentsu Media Taiwan



Panel discussion on Empowering Women Beyond Business: Impact of Women in Social Sphere

Dagmara Szulce, MD IAA Global leads the panel discussion on Recoding Associations for Future relevance



Santharuban, CEO of Etika and Synthia Surin, Regional Director, ICCHP Asia discusses the Silent Pandemic - Prioritizing Mental Health for a Better World, Better Life.





*Simon Cook, CEO LIONS explains how the Cannes LIONS has been re-coding Creativity to include Diversity, Equality & Inclusivity into Award judging panels.*



*Sheba Nandkeolyar, IAA Global Vice President of DE&I kicks off Day 3 with IAA's Diversity, Equity & Inclusion Vision*



*Nini Yusof, CEO Media Prima TV Networks shares her insights on Diversity & Inclusivity as Growth Drivers*



*Yuko Furuichi, CEO Comexposium Japan K.K., shares her experience managing Ad:tech Japan and how narrowing the gender gap is evolving in Japan.*







## Meta Dinner at Kebaya Dining Room, Seven Terraces

A momentous kick-off dinner marked the pre-congress festivities at the 45th IAA World Congress sponsored by META. This special event brought together distinguished leadership teams from the IAA and ANA, along with the ANA's CMO Global Growth Council.

The dinner served as a platform for collaboration and knowledge exchange and shared experiences. Guests were treated to a delightful culinary experience, savoring the rich flavors of Penang's renowned Nyonya cuisine, adding a touch of local flair to this international gathering.



*Sasan Saeidi's Opening Speech at the CMO Global Leadership Dinner*

*Meta Malaysia's Country Director Nicole Tan*



## COVER STORY



*Mr Chacko, Chairman of the IAA World Congress welcome guest at the CMO Global Leadership Dinner*

In another session generating enthusiastic buzz, the IAA World Congress explored “Education: The Foundation of Brand Re-Code.” an engaging session highlighting the crucial role of educators in equipping both recent graduates and seasoned.

### Stellar Break-out Sessions

A key breakout session at the IAA World Congress was the Malaysia Digital Association’s (MDA) exclusive C-Suite Teh Tarik session. Eileen Ooi, MDA President, kicked off the event by outlining the latest MDA initiatives. The highlight, however, was a heated debate on “Unlocking Growth: How AI fuels business and accelerates



*Ham joins the fray with some members of the Local Organising Committee for the congress; namely (Fr L to R) Haminda Agil, Pat Wahid, Omar Shaari, Ham, Stephanie Lim & Sailendra*



*President CAA, Zhang with John Chacko, Chairman of IAA World Congress 2024*

success.” Led by Ashran Gazi (Dattel CEO) and featuring a distinguished panel, the discussion exploring agency revenue models with the advent of AI in agency services.

### IAA Compass Awards

The biannual IAA Compass Awards celebrate leadership excellence demonstrated by the members of the IAA global family. They honor members’ commitment to driving excellence in communications and volunteer contributions in achieving the worldwide mission.



## COVER STORY

IAA Vice President Awards, Diane Slade, announced the winners of the 2024 IAA Golden Compass, Honorary Life Member, Champion, Young Leader and Executive Director Compass Awards. She stated, "The IAA is primarily a people organization, and these Awards recognize and pay tribute to our outstanding volunteer members for their many achievements and services to advance the IAA globally. They contribute their leadership and commitment to the marcoms community with vision, passion, energy, and action."

21 Honourees from 12 countries were presented with their citations and trophies by Chairman and World President Sasan Saeidi. Penang Governor, Tuan Yang Terutama Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak, graciously presented the prestigious IAA Honorary Life Member and Golden Compass Awards to winners from Australia, China, India, and Malaysia.

Celebration of Women, Diversity & Inclusivity The 45th IAA World Congress culminated on a powerful note, celebrating inclusivity beyond

diversity on the very same day as International Women's Day. This final day served as a platform to champion progress. The sessions contributed significantly to the celebration of women at the congress. By acknowledging the potential disconnect between marketing efforts and female consumers, the need for inclusivity became a powerful theme. The focus shifted from simply recognizing the importance of women to understanding their specific needs and preferences.

Ultimately, the congress served as a call to action for the marketing community to embrace a more inclusive approach, thereby unlocking its full potential and celebrating the power women hold as both consumers and creators.

*Unlocking Growth: How AI fuels business and accelerates success. MDA Teh Tarik track*





THE HEAVIEST  
THING I CARRY

IS THE CRITICISM FROM MY COLLEAGUES,  
THE ONES FROM MY DOCTOR, MY FAMILY OR FROM STRANGERS.  
OBESITY IS A DISEASE. YET, WHAT KEEPS ME AWAY FROM OTHERS  
AND STOPS ME FROM BEING TREATED IS FATPHOBIA.  
MORE THAN MY OWN WEIGHT, WHAT BURDENS ME THE MOST

IS THE WEIGHT  
OF YOUR WORDS.



March 4th, 2024  
WORLD OBESITY DAY  
Let's end fatphobia.

CNAO  
COLLECTIF NATIONAL  
DES ASSOCIATIONS  
D'OBÈSES  
[www.cnao.fr](http://www.cnao.fr)



**MALAYSIA RETAIL INDUSTRY REPORT (MARCH 2024)**

COMPILED AND WRITTEN BY RETAIL GROUP MALAYSIA



# 7.1% GROWTH RATE FOR MALAYSIA RETAIL INDUSTRY IN Q1 2024.

## PREAMBLE

Members of Malaysia Retailers Association (MRA) and Malaysia Retail Chain Association (MRCA) were interviewed on their retail sales performances for the entire year of 2023 and the first quarter of 2024.

## LATEST RETAIL PERFORMANCE

For the fourth quarter of 2023, Malaysia retail industry recorded a disappointing growth rate of -0.2% in retail sales, as compared to the same period in 2022 (Table

This latest quarterly result did not meet market expectation. Members of MRA and MRCA

projected the fourth quarter growth rate at 2.1% in November 2023.

Retail prices, especially food prices, continued to rise during the last quarter of 2023. Higher cost of living had negative impact on the purchasing power of Malaysian consumers.

The Israel-Hamas war that started in early October 2023 had led to boycott of many western brands with alleged links to Israel or that purportedly pledged support to it. Malaysian consumers avoided stepping into these retail stores and buying these brands from grocery retailers.



MALAYSIA RETAIL INDUSTRY REPORT (MARCH 2024)

TABLE 1: YEAR ON YEAR PERCENTAGE CHANGE IN RETAIL SALES (WEIGHTED), 2022/23

ECONOMIC INDICATOR	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
GDP (%)	5.6	2.9	3.3	3.0
Inflation rate (%)	3.9	3.4	2.5	1.6
Private consumption (%)	5.9	4.3	4.6	4.2
Retail sales (%)	13.8	-4.0	2.7	-0.2
Consumer Sentiment Index	99.2	90.8	78.9	89.4
Unemployment rate (%)	3.5	3.5	3.4	3.3

SOURCE: MRA/ MRCA/ RETAIL GROUP MALAYSIA

This pro-longed boycott had affected businesses of certain retail brands. At the same time, Malaysians switch to support local and other Asian brands.

The shopping traffic for the last 3 months of the year was similar to 2022 level. Malaysian consumers were still spending. However, the holiday sales were not the same as pre-covid level due to the shortened school holiday.

For 2023, the year- end school holiday was only 2 weeks.

Malaysia retail industry reported a positive growth rate of 2.2% for the entire year of 2023 (Table 1). Similarly, this final annual growth figure was below market expectation.

In November last year, the estimate by Retail Group Malaysia was 2.8%.

COMPARISON OF RETAIL SALES WITH OTHER ECONOMIC INDICATORS

For the fourth quarter of 2023, Malaysia national economy reported a slower growth rate of 3.0% (Table 2, at constant prices), as compared to -0.2% for retail sales (at current prices).

The last quarter growth was supported by sustainable private consumption as well as higher expenditures from both government and public corporations.

For the whole year, Malaysia real GDP expanded by 3.7%. In 2023, Malaysian economy was driven mainly by services sector at 5.3% growth rate.

The average inflation rate during the fourth quarter of 2023 slowed down further to 1.6%. The slower pace of growth was attributed to lower average price

TABLE 2: COMPARISON OF RETAIL SALES WITH OTHER ECONOMIC INDICATORS, 2023

Type	Period	% Growth
Retail sales	Oct-Dec 2022	13.7
	Jan-Mar 2023	13.8
	Apr-Jun 2023	-4.0
	Jul-Sep 2023	2.7
	Oct-Dec 2023	-0.2
	Jan-Dec 2023	2.2

SOURCE: BANK NEGARA/ DEPARTMENT OF STATISTICS/ MIER/ RETAIL GROUP MALAYSIA



MALAYSIA RETAIL INDUSTRY REPORT (MARCH 2024)

TABLE 3: YEAR ON YEAR PERCENTAGE CHANGE IN RETAIL SALES  
BY RETAIL SUB-SECTOR, 2023

Retail Sub-Sector	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Whole
	%				
Department store cum supermarket	16.2	-9.6	-2.4	-5.6	-3.3
Department store	16.2	-16.7	-6.5	-9.8	-4.4
Supermarket and hypermarket	7.7	-6.1	-0.5	-2.9	-1.5
Mini-market, convenience store & cooperative	13.4	11.5	11.1	9.1	11.3
Fashion and fashion accessories	23.4	-15.5	-2.7	-1.5	-0.4
Children and baby products*	8.9	-9.5	5.0	2.7	1.1
Pharmacy	15.3	5.0	9.6	1.8	7.9
Personal care	11.6	2.9	2.4	2.1	3.6
Furniture & furnishing, home improvement as well as electrical & electronics	0.2	-12.4	-11.9	-5.4	-4.2
Other specialty retail stores	-1.9	-7.7	4.4	0.4	-4.3

NOTES:  
\*- CHILDREN AND BABY PRODUCTS INCLUDE APPAREL, ACCESSORIES, EQUIPMENT, SCHOOL UNIFORM AND TOYS SOURCE: MRA/ MRCA/ RETAIL GROUP MALAYSIA

of RON97 as well as decrease in average prices of essential food items. During the quarter, higher prices were reported mainly in Restaurants & Hotels, Health as well as Food & Non-Alcoholic Beverages.

For the year 2023, inflation rate increased at a slower pace at 2.5% as compared to 3.3% for the same period in 2022. The average price of Food & Non-Alcoholic Beverages group had the highest increase with 4.8%. This was followed by Furnishing, Household Equipment & Routine Household Maintenance with 2.3% increase.

Private consumption grew by 4.2% during the fourth quarter

of 2023. Stable labour market, continued household spending and recovery of tourism activities led to sustainable growth in this component of GDP.

The Consumer Sentiment Index (by MIER) rose to 89.4 points for the last 3 months of 2023. It remained below the 100-point threshold level of optimism. During the quarter, Malaysian consumers were optimistic on their jobs and take-home pays. However, they were still worried of rising cost of living.

Unemployment rate during the fourth quarter of 2023 declined further to 3.3%. Stable labour demand and rising real



MALAYSIA RETAIL INDUSTRY REPORT (MARCH 2024)

wages were the contributing factors.

RETAIL SUB-SECTORS’ SALES COMPARISON

The sales performances of retail sub-sectors during the fourth quarter of 2023 were unsatisfactory.

The growth rate of Department Store cum Supermarket sub- sector stayed in the negative territory at -5.6% during the fourth quarter of 2023. For the entire year, the business of this sub- sector declined by 3.3%.

TABLE 4: 3-MONTH RETAIL SALES FORECAST BY RETAIL SUB-SECTOR, JANUARY-MARCH 2024

Retail Sub-Sector	% Growth rate
Overall (weighted)	7.1
Department store cum supermarket	2.7
Department store	21.5
Supermarket and hypermarket	3.1
Mini-mart, convenience store & coop.	9.1
Fashion and fashion accessories	8.8
Children and baby products*	2.0
Pharmacy	9.4
Personal care	15.5
F&F, home improvement and E&E#	2.2
Other specialty retail stores	3.9

NOTES:

\*- INCLUDE APPAREL, ACCESSORIES, EQUIPMENT, SCHOOL UNIFORM AND TOYS

#- FURNITURE & FURNISHING, HOME IMPROVEMENT AND ELECTRICAL & ELECTRONICS

SOURCE: MRA/ MRCA/ RETAIL GROUP MALAYSIA

In addition, the retail business of Department Store sub-sector suffered a negative growth of 9.8% during the last quarter of 2023. For the entire year of 2023, its sales dropped by 4.4%. It was the worst performing retail sub-sector for the year.

Similarly, the Supermarket and Hypermarket sub-sector did not perform well. Its retail sales shrunk by 2.9% during the fourth quarter of 2023. The growth rate of this sub-sector was -1.5% in 2023.

The Mini-Market, Convenience Store & Cooperative sub-sector experienced a slower growth in retail sales during the fourth quarter of 2023. During the period, it grew by 9.1%. For the whole year, it expanded by 11.3%. This was the best performing retail sub-sector for the year.

During the fourth quarter of 2023, the Fashion and Fashion Accessories sub-sector continued to record a negative growth rate of 1.5%, as compared to the same period a year ago. For the year 2023, it recorded a near-zero growth rate of -0.4%.

The Children and Baby Products sub-sector reported a moderate increase in retail sales



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TABLE 5: MALAYSIA RETAIL INDUSTRY  
QUARTERLY GROWTH RATE, 2024

Quarter	Growth rate (%)
First	(e) 7.1
Second	(e) 3.5
Third	(e) 2.5
Fourth	(e) 3.2
Whole year	(e) 4.0

(E)- ESTIMATE  
SOURCE: RETAIL GROUP MALAYSIA

of 2.7% during the last 3 months of the year. For the full year, the sale of this sub-sector grew by 1.1%.

During the fourth quarter of last year, Pharmacy sub-sector reported a small growth rate of 1.8%, as compared to the same period a year ago. This sub-sector managed to achieve a healthy growth of 7.9% for the entire year.

The business of Personal Care sub-sector gained by 2.1% during the last 3-month period of the year. For year 2023, its sale advanced by 3.6%.

The growth rate of Furniture & Furnishing, Home Improvement as well as Electrical & Electronics sub-sector remained in the red zone with -5.4% in growth rate during the fourth quarter of 2023. For the whole year, the sale of this sub-sector fell by 4.2%.

The growth rate of Other Specialty Stores sub-sector (including photo shop, fitness equipment store, second-hand goods’ store, store retailing musical instrument as well as health equipment store) eased at 0.4% during the fourth quarter of 2023. The business of this sub-sector contracted by 4.3% for the entire year.

NEXT 3 MONTHS’ FORECAST

Members of the two retailers’ association project an average growth rate of 7.1% for the Malaysia retail industry during the first quarter of 2024 (Table 4). Unlike the last four consecutive quarters, all retail sub-sectors are expecting positive results.

After 3 consecutive quarters of negative growth rates, the department store cum supermarket operators are hopeful of a turnaround with a growth rate of 2.7% for the first quarter of this year.

Similarly, the department store operators are expecting a strong recovery with a growth rate of 21.5% for the first 3-month period of this year. This is the most optimistic projection among the retail sub-sectors.

The supermarket and



MALAYSIA RETAIL INDUSTRY REPORT (MARCH 2024)

hypermarket sub-sector will see its business returning to normal with a growth rate of 3.1% for the first quarter of 2024.

Operators of mini-market, convenience store and cooperative are predicting its business to grow moderately at 9.1% during the first 3 months of this year. With strong demand during Chinese New Year festival and monthlong school holiday, retailers in the fashion and fashion accessories sub-sector are targeting a strong recovery with growth rate of 8.8% during the first quarter of 2024. Retailers selling children and baby products are anticipating its business to sustain at 2.0% growth rate during the first 3 months of this year. This is the lowest

projection made among the retail sub-sectors. After it hit by a slowdown in business during the previous quarter, pharmacy operators are upbeat on the retail prospect for this year. It expects its business to rise by 9.4% during the first quarter of this year.

Retailers in the personal care sub-sector are hopeful that their businesses will rebound in this new year. It aims to achieve a growth rate of 15.5% for the first quarter of 2024. Operators of furniture & furnishing, home improvement as well as electrical & electronics are expecting their business to return to positive growth with 2.2% during the first 3 months' period of this year.

Retailers in other specialty stores sub-sector (including

TABLE 6: MALAYSIA FOOD & BEVERAGE INDUSTRY QUARTERLY GROWTH RATE, 2023/ 2024

Year		2023					2024
Quarter		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Whole	1st Qtr (e)
		%					
Cafe and restaurant		9.7	-10.1	9.6	7.5	4.6	2.9
Take-away, kiosk and stall		21.5	10.1	19.5	15.8	13.5	4.4

NOTES:

-CAFE AND RESTAURANT INCLUDE FAST FOOD RESTAURANT, CAFE, COFFEE CAFE, BAKERY CAFE, RESTAURANT, FULL-SERVICE RESTAURANT AND CATERER.

-TAKE-AWAY, KIOSK AND STALL INCLUDE FOOD OUTLET CATERS FOR TAKE-AWAY ONLY, BAKERY WITHOUT SEATING, KIOSK AND FOOD STALL.

(E)- ESTIMATE

SOURCE: MRA/ MRCA/ RETAIL GROUP MALAYSIA



**MALAYSIA RETAIL INDUSTRY REPORT (MARCH 2024)**

photo shop, fitness equipment store, second-hand goods' store, store retailing musical instrument as well as health equipment store) are foreseeing their businesses to grow by 3.9% during the first quarter of this year.

**THE YEAR 2024**

Retail Group Malaysia revised its annual growth rate in retail sale for 2024 to 4.0%, an upward adjustment of 0.5% point from projection made in November last year (Table 5).

For the same period, Malaysian government expects the national economy to grow between 4.0% and 5.0%. The inflation rate is expected to average between 2.1% and 3.6% this year.

For 2024, the biggest challenge for Malaysia retail industry remains the rising cost of living of Malaysian consumers. Under the Budget 2024 announced in October last year, Malaysian government has increased the subsidies for households and persons to battle the rising inflation. The first payment of Sumbangan Tunai Rahmah (STR) was made to 8.2 million Malaysians from January 22.

Beginning 1 January 2024, a 10% sales tax has been levied on imported low-value goods of not more than RM500.00 sold via online. Many local and foreign online retailers have introduced this new tax on imported goods. This has led to higher retail prices on goods sold online.

Malaysian government will also introduce a High Value Goods Tax (HVGT) at a rate of 5.0% to 10.0% on certain high-value retail goods based on the threshold value of the goods. This new tax will commence from 1 May 2024 after it received approval from the Parliament.

Service tax rate on many goods and services has increased from 6.0% to 8.0% since March 1. This increment has led to higher prices of retail goods and services. This will affect retail spending on essential items, non-essential goods, personal services, general services, cars as well as travelling.

In addition, the service tax on monthly electricity bill of more than RM220.00 has increased to 8% from March 1.

Weakening Ringgit since last year continues to put great pressure on companies selling imported retail goods



**MALAYSIA RETAIL INDUSTRY REPORT (MARCH 2024)**

or importing raw materials and semi-finished goods. Many of them are passing the higher costs to end consumers.

On the other hand, cheaper Ringgit has boosted both domestic and international tourism. Higher overseas travelling cost encourages Malaysians to travel within the country. Cheaper currency also led to faster recovery of foreign tourist arrival. Furthermore, Singaporeans have been travelling more often than usual to southern region of Peninsular Malaysia to buy goods and services.

For the first quarter of 2024, Malaysia retail industry is expected to enjoy a strong growth of 7.1% due to Chinese New Year festival as well as the monthlong school holiday from February to March (Table 5). The distribution of Sumbangan Tunai Rahmah (STR) Phase 1 to 8.2 million Malaysians early of the year also led to higher consumption. The attractive Malaysian currency as well as the visa-free entry for visitors from China brought large number of foreign tourists to the country during the period of Chinese New Year.

Malaysia retail industry is estimated to grow by 3.5% during the second quarter with contribution mainly from Hari Raya festival. Hari Raya Aidilfitri this year will be celebrated from second week of April.

The retail sector in the country is anticipated to expand moderately by 2.5% during the third quarter of 2024.

For the last quarter of 2024, Malaysia retail industry is hopeful of a 3.2% growth rate after a weak performance a year ago.

**FOOD & BEVERAGE SECTOR**

During the last quarter of 2023, Malaysian consumers continued to enjoy their meals at physical food and beverage (F&B) outlets located in both shop units and shopping centres.

During the year-end holidays, Malaysians visited families and friends as well as tourist attractions in all states of Malaysia. Food & beverage (F&B) outlets that were dependent on tourists enjoyed brisk businesses.

Food & Beverage Outlets (Cafe and Restaurant) enjoyed a moderate growth rate of 7.5% during the fourth quarter of 2023, as compared to the same quarter



a year ago (Table 6). For the entire year, it achieved a growth rate of 4.6%.

Similarly, Food & Beverage Outlets (Take-Away, Kiosk and Stall) continued to achieve double-digit growth rate of 15.8% during the fourth quarter of 2023. For the whole year of 2023, it recorded a strong growth rate of 13.5% as compared to the previous year.

For 2024, higher food prices and higher operation costs will remain the struggles for F&B operators in Malaysia. Weak Ringgit contributes to higher costs of raw materials and food ingredients.

The prolonged Israel-Hamas war has led to boycott of several international F&B franchises with alleged ties to Israel or that had declared its support for the Jewish state. Many Malaysian consumers are still avoiding these restaurants and cafes. This boycott will remain in the medium term.

Despite the Chinese New Year festival and higher tourist activities, cafe and restaurant operators are anticipating their businesses to ease at 2.9% (Table

6) during the first quarter of 2024, as compared to the same period last year.

Similarly, food and beverage kiosk and stall operators are expecting their businesses to expand by 4.4% only during the first quarter of 2024.

### Footnote:

This report is provided as a service to members of MRA, MRCA and the retail industry. It provides industry data that give retailers better analytical tools for running their retail businesses.

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