THE MARKETS OF ASIA PACIFIC: MALAYSIA

The Asia Pacific Centre is the London-based associate of The Survey Research Group. SRG consists of market research companies in Hong Kong, Singapore, Philippines, Malaysia, Indonesia, Thailand and Australia.

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THE MARKETS OF ASIA/PACIFIC
MALAYSIA

The Asia Pacific Centre

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Foreword

'THE MARKETS OF ASIA PACIFIC' SERIES

The series of books under the title 'The Markets of Asia Pacific' is designed to provide an overview of some of the fastest growing and most dynamic markets in the world. The series will be periodically updated: for most countries, every two years.

An important feature of the series is the release for the first time of the banks of market data owned by the Survey Research Group of Companies (SRG). SRG is the largest group of market research companies operating in the Asia Pacific region and heavy investment in syndicated research of their own has led to a considerable amount of new market research information becoming available. Almost all the SRG information published in this series cannot be found in any other published source.

Where SRG information exists, it has considerable depth but it covers by no means all the markets of interest. It has therefore been supplemented by key published statistics from elsewhere. The selection of published statistics has been derived from a search of existing data sources. While it is clearly beyond the scope of the series to quote from all sources found, a listing of titles and locations is included as an important feature in each country book.

In setting a style for the series, emphasis has been put on the provision of hard information rather than interpretative discussion. Wherever possible, however, key points of market development are described in the text. In effect, this is designed as a reference series which should provide mostly numeric answers to a range of marketing questions. To facilitate reference a detailed index is provided at the back of the book.

The broad format of each country book is similar but there is some variation in specific content. This is determined by the particular market characteristics of the country and the data that happens to be available.

MALAYSIA

This volume draws heavily on surveys conducted by Survey Research Malaysia SDN BHD in the past 2 years. This is the first occasion on which most of this information has been released for general publication and it provides an overview of the main media and consumer markets. We acknowledge the data provided by Survey Research Malaysia (SRM) and their help in identifying key market trends and characteristics.

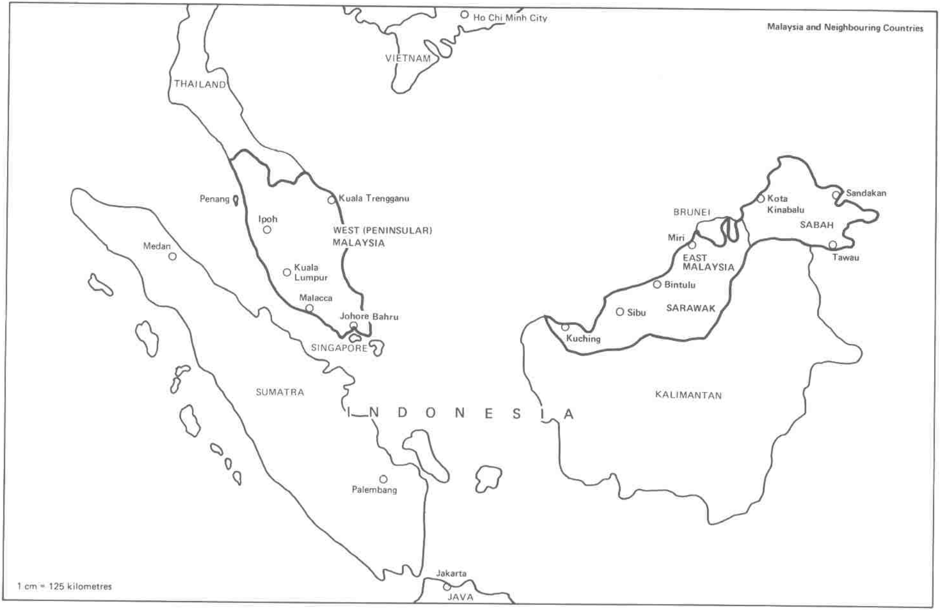
Most of the other information in this book has been drawn from Government sources and from the reports of Bank Negara Malaysia. Our use of statistics from these sources is gratefully acknowledged.

Individual sources are referenced in the appropriate chapter.

Although a number of key statistics are provided for Malaysia as a whole, emphasis is generally given to Peninsular Malaysia. East Malaysia is growing in economic importance but its share of exports, production and population is still small and it is less well supplied with up to date statistics than Peninsular Malaysia. Some recent consumer market information for East Malaysia has been released by SRM however and this is included in the relevant chapter.

In producing this book our intention has been to provide hard statistical information across a range of markets and where possible to include information of our own.

We propose to update this volume on a two-yearly basis. For the interim, the statistics selected should provide the reader with at least a good indication of the main parameters of the markets. Where the latest figures are essential the reader is invited to refer to The Asia Pacific Centre Ltd. who will either provide them or indicate the best source.


Malaysia and Neighbouring Countries
Ho Chi Minh City
VIETNAM
THAILAND
Penang
Kuala Trengganu
Ipoh
WEST (PENINSULAR) MALAYSIA
Medan
Kuala Lumpur
Malacca
Johore Bahru
SINGAPORE
SUMATRA
INDONESIA
Palembang
Jakarta
JAVA
BRUNEI
Kota Kinabalu
Sandakan
SABAH
Miri
Tawau
EAST MALAYSIA
Bintulu
Sibu
SARAWAK
Kuching
KALIMANTAN
1 cm = 125 kilometres

1 Economic and political background

RESOURCES AND POTENTIAL

Malaysia is a country rich in natural resources and of these the largest is land. The total land area exceeds 80 million acres of which about 38 million are suitable for agriculture. With less than 10 million acres under agricultural use, however, there is still great potential for development.

There are about 60 million acres of forest and, allowing for parts suitable for agricultural use, there remain some 23 million acres which could be economically productive. At present less than 3 million are under cultivation.

During the Seventies considerable deposits of oil and gas were found off the coasts of Peninsular Malaysia, Sabah and Sarawak. Other important metallic minerals are tin ore and bauxite.

Rubber, petroleum, palm oil, timber and tin are the main exports and the mainstay of the economy. Today, Malaysia is the world's largest supplier of natural rubber, palm oil, tin and tropical hardwood.

In addition to its agricultural and mineral resources, Malaysia has considerable natural beauty which has the potential to be developed for tourism. This potential is sharpened by Malaysia's central position among the countries of Southeast Asia among whom tourism is expanding.

Malaysia's geographical position is also an asset from a trade point of view. For centuries, Malaysia has offered convenient ports of call for ships coming through the Malacca Straits. This continues today and Malaysia's ports are among her major revenue earners.

Table 1 - Economic indicators (M$ million)

	1979	1980*
Gross National Product (at constant 1970 prices)	23,518	25,402
- annual growth rate	8.9%	8.0%
Gross Domestic Product (at constant 1970 prices)	24,346	26,188
- annual growth rate	8.5%	7.6%
Total External Trade	41,380	49,818
- total exports	24,219	27,852
- total imports	17,161	21,966
- trade balance	7,058	5,886
Overall Balance of Payments		
(Change in net external services)	+1,863	+900
Net Value of Manufacturing Output	4,769	5,374
- annual growth rate	12.0%	12.7%
Consumer Prices		
(1967 = 100 Peninsular Malaysia)	168.3 (index)	180.1 (index)
- annual growth rate	3.6%	7.0%
Consumption Expenditure (private)	13,958	15,703
- annual growth rate	11.0%	12.5%

Source:- Ministry of Finance

ECONOMIC DEVELOPMENT

With her rich resources of rubber, rice and timber the early development of Malaysia's economy since independence was largely based on these commodities.

She found herself vulnerable, however, to fluctuations in commodity prices and shortfalls in demand so the Seventies have seen planned growth in the secondary and tertiary sectors of the economy. In 1970, for example, the manufacturing sector accounted for 14% of GDP. This grew to 21% in 1980.

Table 2 - Gross Domestic Product 1970 and 1980

	1970 GDP	1980* GDP
Agriculture, forestry and fishing	30%	22%
Mining and quarrying	6%	5%
Manufacturing	14%	21%
Construction	4%	5%
Tertiary sector	42%	45%

Source:- Ministry of Finance

The Seventies also saw changes within the agricultural sector with rubber's share of output declining from 50% of added value in 1980 to 30% at the end of the decade. Over the same period the more profitable palm oil output increased from about 10% to 17%.

Table 3 - Consumer price indices (1967 = 100)

	1976	1977	1978	1979	1980*
Pensinsular Malaysia total	147.7	154.8	162.4	168.3	180.1
- Food	160.5	169.3	177.7	181.7	
- Beverages and tobacco	122.8	127.3	133.8	135.6	
- Clothing and footwear	146.9	152.6	157.9	168.1	
- Rent, fuel and power	125.6	133.2	139.9	149.1	
- Furniture and household equipment	161.7	167.3	174.2	181.0	
- Transport and communication	133.4	138.1	146.3	151.5	
Sabah total	144.5	149.6	153.0	158.2	169.0
Sarawak total	138.7	146.6	149.7	155.5	167.9

Source:- Department of Statistics

Crude petroleum became a major contributor to the economy in the Seventies; output in 1970 was .9 million tonnes. This is expected to grow to 13.4 million tonnes in 1980, at which time Malaysia will be producing about double her domestic requirement.

The manufacturing sector itself became less agriculture orientated and there was strong development in the manufacturing of electrical and electronic equipment and petroleum products.

Despite difficult world economic conditions Malaysia's GNP grew at the very encouraging rate of 8% p.a. in real terms during the Seventies. GDP increased from M$12 billion in 1970 to about M$26 million in 1980. At the same time inflation was controlled at lower levels than most OECD countries and other ASEAN/Asian neighbours. Over the decade inflation averaged about 6% p.a.

To sum up, Malaysia has moved from an economy based largely on agriculture and mining to one which is widely diversified. The Government has clearly stated that it is their intention to maintain this trend.

Table 4 - Annual changes in real GNP/GDP growth for selected countries

	1976	1977	1978	1979
Percentage growth in GNP/GDP				
- Total OECD	5.2	3.7	3.7	3.4
- USA	5.8	4.9	4.4	2.3
- Japan	6.0	5.4	5.9	6.0
- West Germany	5.6	2.6	3.5	4.4
- France	5.6	3.0	3.5	3.7
- United Kingdom	2.6	2.0	3.4	1.1
- ASEAN				
- Indonesia	6.9	7.4	6.8	4.9
- **Malaysia**	**11.6**	**7.7**	**7.5**	**8.5**
- Philippines	6.1	6.1	6.3	5.8
- Singapore	7.2	7.8	8.6	9.3
- Thailand	9.3	7.3	11.7	6.7
- Other				
- Hong Kong	16.7	9.8	10.0	11.5
- South Korea	15.1	10.3	11.6	3.5
- Taiwan	11.5	8.5	12.8	8.0

Sources:- OECD
Official country reports
Central Bureau of Statistics, Indonesia
Ministry of Finance, Malaysia
Singapore, 1980 Budget Report
National Economic and Social Development Board, Bangkok

Table 5 - Annual changes in consumer prices for selected countries

	1976	1977	1978	1979
Percentage change in prices				
- Total OECD	8.6	8.7	7.9	9.9
- USA	5.8	6.5	7.7	9.0
- Japan	9.3	8.1	3.8	3.3
- West Germany	4.5	3.9	2.6	4.3
- France	9.6	9.4	9.1	10.7
- United Kingdom	16.5	15.9	8.3	12.2
- ASEAN				
- Indonesia	19.8	11.0	8.6	24.4
- **Malaysia**	**2.6**	**4.7**	**4.9**	**3.6**
- Philippines	6.2	7.9	7.6	18.8
- Singapore	-1.9	3.2	4.8	4.0
- Thailand	4.2	7.2	8.0	15.0
- Other				
- Hong Kong	3.4	5.8	5.9	11.6
- South Korea	15.4	10.1	14.4	18.3
- Taiwan	2.5	7.0	5.8	10.3

Sources:- OECD
Offical country reports
Ministry of Finance, Malaysia
Singapore 1980 Budget Report
Bangkok Bank
Hong Kong Census and Statistics Department

GOVERNMENT ECONOMIC POLICY

There are two fundamental policy objectives:

- "to reduce and eventually eradicate poverty...irrespective of race
- to accelerate the process of restructuring Malaysian society to correct economic imbalance so as to reduce and eventually eliminate the identification of race with economic function"

- 'New Economic Policy'

The economic imbalance referred to is the historically small share of the country's wealth which is in the hands of the indigenous Malays (Bumiputra). The main policy guideline is the 1976 'New Economic Policy' of which a central feature is the aim to increase Bumiputra ownership of public limited companies to 30% by 1990. The remaining 70% is to be shared by other Malaysians (40%) with foreigners not having more than 30%.

Specific objectives for economic growth have been set in a series of 'Five Year Development Plans' the third of which (1976 - 1980) has just come to an end. In common with the second plan, most economic growth targets were exceeded.

The Government is committed to active participation in commerce and industry and has established many industrial and commercial corporations [(e.g. Petroliam Nasional Petronas. The Malaysian Rubber Development Corporation (Mardec)] which take up joint ventures with local and overseas companies. The largest joint venture at present is the Bintulu natural gas project which is expected to cost about US$1 billion and to come on stream in January 1983.

ECONOMIC OUTLOOK

With a poor economic outlook in the early Eighties Malaysia is expecting a dampening on her export trade particularly for the primary commodities. Economic growth is expected to come from the domestic sector with private sector expenditure continuing to expand. The manufacturing sector is forecast to continue its strong growth especially in areas affected by the expected increase in consumer expenditure.

POLITICAL BACKGROUND

The Federation of Malaysia comprises 13 states and is a constitutional monarchy with a Supreme Head of State known as the Yang Di Pertuan Agong who is elected from the Rulers of the 9 Malay States. The non-Malay states are Penang, Malacca, Sabah and Sarawak which are headed by a governor appointed by the Yang Di Pertuan Agong.

Parliament is bi-cameral with a Senate (Dewan Negara) and House of Representatives (Dewan Rakyat). The Dewan Rakyat has 154 members elected in quintennial General Elections. The last one took place in 1978. The Barisan Nasional (National Front), a coalition of 12 parties representing the different racial groups, captured 131 of the Parliamentary seats. The party's leader Datuk Hussein Onn is currently Prime Minister. He also leads the United Malays Nation Organisation (UMNO) which is the largest party in the coalition and the dominant force in Malaysian politics.

Communist insurgence remains a threat to Malaysia but at present is under control with strong security from the armed forces particularly in the Thai border region. Communism lacks popular support, however, and it has been said that it offers no real political alternative for Malaysia in these days of increasing personal wealth.

It is not surprising that in a multi-ethnic society such as this, there are undertones of discontent. This comes particularly from the Chinese who are being affected by the Government's planned redistribution of wealth. In the short term however, no serious disruption is expected from this source.

There are also signs of an emergence of religious fanaticism from an extreme minority and an anti-materialist Islamic group known as the Dakwah movement which seems to be growing in popularity amongst younger people.

At present however, these are relatively minor stirrings and the general climate is one of safety for investment.

2 The people

MALAYSIA'S ETHNIC PROFILE

The Federation of Malaysia comprises 13 states. Eleven of these are on the Malay Peninsular which stretches from Thailand in the North down to the island republic of Singapore. The remaining two states, Sabah and Sarawak, are on the large island of Borneo which lies about 500 miles to the East of Peninsular Malaysia in the South China Sea.

The 1979* estimate of the total population of Malaysia was 13.244 million of which 11.024 million (83%) were in Peninsular Malaysia. The crude rate of population increase is approximately 2.4% p.a.

Malaysia is a multi-ethnic society, a characteristic of particular significance to those marketing consumer goods. The Malays are the majority race but over a third of the people are Chinese and there is a solid minority of Indians (and related races).

Not only is Malaysia multi-ethnic but the differences between the races are fairly substantial. Rural/urban dwelling, language, educational background, occupation, wealth, religion, eating habits, are all ways in which the main races may be distinguished. With a media structure that is also complex to accommodate the various races, it has become vital for the marketing man to plan a balanced and generally acceptable market strategy in order to develop the full potential of the consumer markets.

* Early figures from the 1980 Census put the total population at 13.436 million.

Table 6 - Ethnic profile of Peninsular Malaysia

Total population		100.0
		%
-	Malay	54.0
-	Chinese	34.9
-	Indian	10.4
-	Other	0.7

Source:- Department of Statistics

The Malays tend to be found in the rural agricultural areas although there is migration to the urban areas and an increasing involvement in Malaysia's industrialisation. They are believed to have originated in China's Yunan province but today nearly all Malays are natives of Malaysia. There is small, but increasing immigration from Indonesia as Malaysia's wealth grows.

The principal Malay religion is Islam which, among other things, forbids the eating of pork and of various birds, reptiles and animals used as sacrifices. The drinking of alcoholic beverages is also forbidden.

The Chinese are generally found in the West Coast States of Peninsular Malaysia and in particular in towns and industrial areas. They have traditionally involved themselves in urban businesses rather than agriculture and have a relatively greater share of the country's wealth than the Malays (as we have seen above, a situation the Government's New Economic Policy is attempting to rectify).

The Chinese are for the most part now natives of Malaysia but their origins are varied. The main population sub-groups are the Cantonese, Hokkienese, Teochews, Hakkas and Hainanese. They are mainly Buddhists but there is a solid Catholic minority.

The 'Indian' category shown above includes Pakistanis, Ceylonese and Bangladeshis. The main Indian religion is Hindu.

The population of Sabah is approximately 1.0 million. It is largely indigenous and made up of a variety of tribes of which the Kadazans (24%) are the largest. Sarawak has about 1.2 million people and is also largely indigenous. The Sea Dayaks (29%) are the largest indigenous group. For both Sabah and Sarawak the racial profile in the main urban areas is very different from elsewhere and is dominated by Chinese. For example 72% of adults in Kuching are Chinese and 57% of adults in Kota Kinabalu are Chinese.

Industry and wealth is growing in Sabah and Sarawak but the large bulk of consumer off-take is still in Peninsular Malaysia and it is there that most market research is carried out. For the remainder of this section attention is focused on Peninsular Malaysia with supplementary demographic information from the SRM Media Index Survey.

DEMOGRAPHIC PATTERNS OF PENINSULAR MALAYSIA

Across Peninsular Malaysia the two sexes are very evenly divided (male: female ratio 102.2:100) and this even division is maintained through the main age categories.

The age distribution of the population shows the bulge at the young end which is characteristic of many developing countries. 62% of the total population are aged 0-24 years. 37% of all adults (15 years+) are aged 15-24 years.

Table 7 - Adult population profile: sex and age by ethnic group

	Total	Malay	Chinese	Indian
('000s)	6,993	3,665	2,534	754
	%	%	%	%
Male	50	51	50	55
Female	50	49	50	45
15-24	37	38	35	37
25-34	24	23	25	23
35-49	21	21	20	23
50+	19	18	20	17

Source:- SRM Media Index Survey - 1979 Penin. Mal.

The SRM Media Index Survey segments the population into three broad locational groups. First, the 3 high density population areas of Kuala Lumpur/Petaling Jaya, Ipoh, and the Penang area, which are referred to as 'market centres'. Second, the other urban areas. Third, the rural area. The following table shows the disproportionate distribution of the ethnic groups across the various locations. In the market centres and other urban areas the Chinese predominate. In the rural areas two thirds of the population are Malays.

Table 8 - Adult location by ethnic group and household income

	Total Adults	Malay	Chinese	Indian	Household income -M$300	M$301-M$500	M$501+
('000s)	6,993	3,665	2,534	754	3,239	1,559	2,142
	%	%	%	%	%	%	%
Total market centres	19	9	31	28	7	20	37
- Kuala Lumpur/ Petaling Jaya	11	6	16	17	3	10	24
- Ipoh	3	1	5	5	1	3	5
- Penang	5	2	10	7	3	7	9
Other urban - large towns	13	10	19	19	7	16	21
Other urban - other towns	4	4	6	4	3	6	5
Rural areas	63	78	44	58	83	50	37

Source:- SRM Media Index Survey - 1979 Penin. Mal.

The ethnic distribution across the three main types of location has implications for the occupational classification. The Chinese are disproportionately found in professional, business and white collar occupations, while the Malays tend to be found in agriculture and fishing. The Indians show a tendency to take unskilled jobs or clerical/sales occupations.

Table 9 - Adult occupation by ethnic group

	Total Adults	Malay	Chinese	Indian
('000s)	6,993	3,665	2,534	754
	%	%	%	%
Professional/exec/ Snr. Govt. Officers	3	3	3	3
Businessmen/merchants				
- large	1	*	1	1
- small	5	3	10	3
Clerical/sales Jnr. Govt. Officers	7	5	9	11
Skilled/semi-skilled craftsmen and tradesmen	9	7	13	8
Unskilled workers	21	18	20	37
Farmers/fishermen	12	20	4	-
Students	12	12	12	10
Never employed	6	7	4	9
Housewives	24	24	26	18

Source:- SRM Media Index Survey - 1979 Penin. Mal.

More than a third of all adult women are employed and two in three of these working women are employed in agriculture or unskilled labour. Only 7% of all women are in white collar or business occupations compared with 24% of men. Farming and fishing is disproportionately done by those aged 40 or over.

Table 10 - Adult occupation by sex and age

	Total Adults	Male	Female	15-24	25-39	40+
('000s)	6,993	3,471	3,521	2,566	2,301	2,126
	%	%	%	%	%	%
Professional/exec/ Snr. Govt. Officers	3	5	1	1	6	3
Businessmen/merchants						
- large	1	1	*	*	1	1
- small	5	8	2	1	6	8
Clerical/sales/ Jnr. Govt. Officers	7	10	4	8	8	4
Skilled/semi-skilled craftsmen and tradesmen	9	14	5	11	10	7
Unskilled workers	21	26	16	15	23	25
Farmers/fishermen	12	18	6	5	12	20
Students	12	14	10	33	*	-
Never employed	6	4	9	15	2	*
Housewives	24	-	47	11	31	32

Source:- SRM Media Index Survey - 1979 Penin. Mal.

In terms of education the main features of the following two tables are:-

- women are generally less well educated than men
- Chinese are better educated than other races
- younger adults are better educated than their older counterparts

Table 11 - Education level by ethnic group

	Total Adults	Malay	Chinese	Indian
('000s)	6,993	3,665	2,534	754
	%	%	%	%
No formal education	19	22	16	17
Some primary	43	42	43	44
Some secondary	24	23	25	27
Pass Snr. Cambridge or equivalent	10	9	11	10
Pass HSC or equivalent	2	2	3	1
Beyond HSC or equivalent	2	1	2	1

Source:- SRM Media Index Survey - 1979 Penin. Mal.

Table 12 - Educational level by sex and age

	Total Adults	Male	Female	15-24	25-39	40+
('000s)	6,993	3,471	3,521	2,566	2,301	2,126
	%	%	%	%	%	%
No formal education	19	9	29	4	12	45
Some primary	43	44	42	29	55	46
Some secondary	24	29	20	46	17	6
Pass Snr. Cambridge or equivalent	10	13	7	16	10	2
Pass HSC or equivalent	2	4	1	4	2	1
Beyond HSC or equivalent	2	2	1	1	3	1

Source:- SRM Media Index Survey - 1979 Penin. Mal.

The above situation has several causes. Traditional Malay and Chinese views have tended to be against educating women, either for practical reasons (a married woman leaves the family) or for emotional reasons (of anxiety over the way education might be used by a woman). English and Chinese preceded Malay as the main languages of instruction. Education was itself linked to wealth and most of the wealth lay with the Chinese.

Education is in a continuing state of change, however, and it is the Malays now who have every chance to obtain and benefit from a full education. The main medium of instruction is Bahasa Malaysia, literally "the language of Malaysia". This is the Romanized 'Rumi' form as opposed to the Pesso-Arabic adaptation 'Jawi'.

At the same time both primary and secondary education has become more widely available to all young people. By 1979 96% of the 15-24 year olds in Peninsular Malaysia had received at least primary education and 67% had received some secondary education.

Literacy and language comprehension is shown in the next table in terms of three measures. 80% of adults are literate in the sense of being able to read a short test sentence in one of the five main languages. Malay Rumi has the highest literacy level, followed by Malay Jawi and English. English is markedly lower among women and those aged 40 years or over.

The 'preferred' language, defined as the one chosen by the respondent for interview, is mainly Malay (53%) followed by Cantonese and Hokkien (each with 13%). The preferred language depends very much on the location and its particular ethnic profile. <u>Claimed</u> language comprehension is as high as 89% for Malay with next highest English at 28%.

Table 13 - Literary and language comprehension by sex and age

	Total Adults	Male	Female	15-24	25-39	40+
('000s)	6,993	3,471	3,521	2,566	2,301	2,126
	%	%	%	%	%	%
Able to read[1]						
- Chinese	25	29	22	26	29	21
- English	31	39	23	52	27	9
- Malay Rumi	54	62	46	78	56	22
- Malay Jawi	34	37	31	39	39	23
- Tamil	8	9	6	7	8	7
None of these	20	11	30	5	15	46
Chosen language of interview						
- Cantonese	13	13	14	10	15	16
- Hokkien (Total)	13	13	13	10	13	17
- Teochew	1	1	1	*	1	1
- Mandarin	5	5	5	8	5	2
- English	6	7	5	9	5	3
- Malay	53	52	53	54	52	52
- Tamil	9	9	8	9	9	9
Claimed Comprehension[2]						
- Cantonese	27	27	27	26	28	27
- Hokkien (North)	19	20	18	18	20	19
- Teochew	10	10	10	8	12	11
- Mandarin	26	28	24	30	31	16
- English	28	35	20	42	27	10
- Malay	89	94	83	94	89	83
- Tamil	12	13	10	12	11	12

Source:- SRM Media Index Survey - 1979 Penin. Mal.

Note 1:- Respondents asked to read test statement from card

2:- Q. "Is there any other language or dialect you understand apart from....." (language of interview)

The personal income figures shown in the following tables relate to 1979 since when income levels have been moving ahead quickly. Nevertheless, the tables serve to show the distribution of income levels across the sex, age and ethnic groups. There is confirmation of higher average income levels for the Chinese and Indians over the Malays. In 1979 22% of the 15-19 year olds were income earners. 31% of the adult women were income earners.

Table 14 - Male personal income by ethnic group and age

	Total Males	Malay	Chinese	Indian	15-24	25-39	40+
('000s)	3,471	1,788	1,254	412	1,276	1,101	1,095
	%	%	%	%	%	%	%
Not earning	25	25	26	24	50	2	21
Earning per month							
- M$ 1- 150	27	39	11	22	24	22	35
- M$ 151- 300	26	22	29	36	19	36	24
- M$ 301- 500	13	7	21	11	6	21	12
- M$ 501- 750	4	3	7	2	1	7	4
- M$ 751-1000	2	2	2	2	*	5	2
- M$ 1001-1500	2	1	3	2	*	4	1
- M$ 1501-2500	*	*	1			1	*
Over M$ 2500	*	*	1	1		1	1
Not disclosed	*	*	*		*	*	*

Source:- SRM Media Index Survey Penin. Mal.

Table 15 - Female personal income by ethnic group and age

	Total Female	Malay	Chinese	Indian	15-24	25-39	40+
('000s)	3,521	1,877	1,230	342	1,290	1,200	1,031
	%	%	%	%	%	%	%
Not earning	69	67	71	66	72	63	70
Earning per month							
- M$ 1- 150	22	27	14	24	19	23	25
- M$ 151- 300	6	3	11	7	7	8	4
- M$ 301- 500	2	1	2	1	1	3	*
- M$ 501- 750	1	1	1	*	*	1	*
- M$ 751-1000	1	*	1	1	*	1	*
Over M$ 1000	*	*	*	1		1	*
Not disclosed	*	*	*			*	

Source:- SRM Media Index Survey Penin. Mal.

Marriage before the age of 25 is relatively unusual for men. 25-29 years is the peak age group for marriages at the end of which time about two thirds of men are married.

Table 16 - Marital status of men by age

	Total Male	15-19	20-24	25-29	30-39	40+
('000s)	3,471	689	587	464	637	1,095
	%	%	%	%	%	%
Married	57	1	12	60	89	96
Single/separated	43	99	88	40	11	4

Source:- SRM Media Index Survey - 1979 Penin. Mal.

Women generally marry earlier than men and about half are married before the age of 25. The peak child bearing years are 20-29 with 41% of the 20-24 years age group already having at least one child.

Table 17 - **Marital status of women and presence of children by age**

	Total Female	15-19	20-24	25-29	30-39	40+
('000s)	3,521	679	611	484	716	1,031
	%	%	%	%	%	%
Married	67	5	50	78	92	94
Single/separated	33	95	50	22	8	6
Have children						
- under 1 year	8	2	16	20	9	1
- 1-2 years	13	2	16	29	24	2
- any under 3 years	19	3	31	44	31	3
- 3-5 years	21	*	20	48	41	7
- 6-14 years	32	*	6	35	75	36
- any under 15 years	47	3	41	73	88	39

Source:- SRM Media Index Survey - 1979 Penin. Mal.

A census of the population was carried out in 1980, but the full results are not yet available.

PRIVATE HOUSEHOLDS AND PENINSULAR MALAYSIA

The SRM Marketing Index (1979) estimates that there are approximately 2.135 million households in Peninsular Malaysia with a household defined as a group of people who live together, sleep under the same roof and normally eat together. The profile of households is shown below:-

Table 18 - Ethnic profile and number of households in Peninsular Malaysia

Total Households	100%	(2.14m)
Malays	56%	(1.21m)
Chinese	33%	(.69m)
Indian	10%	(.22m)
Other	1%	(.01m)

Source:- SRM Marketing Index - 1979

On average the Chinese have most people per household - 5.57, followed by the Indians with 5.31 and the Malays with 4.90. The average size for all households in 1979 was 5.16.

In terms of adults, the average per household in 1979 was 3.27, with the Chinese at 3.61, the Indians at 3.46 and the Malays at 3.02.

34% of all households had in 1979 at least one child aged 0-3 years. 44% of households had at least one child aged 4-14 years.

At the time of going to press our most up to date estimate of the average household monthly income for the main ethnic groups was as follows:-

Table 19 - Average monthly household income for the main ethnic groups

Malays	M$ 462
Chinese	M$ 841
Indians	M$ 565

Interviewing period:- July 1979 - June 1980
Source:- SRM Media Index Survey 1980 Penin.Mal.

63% of all households are in rural areas. Their income is increasing at a faster rate than in urban areas and as shown in the Consumer Markets chapters they frequently now account for 40% (or more) of markets' recent purchasers'.

Men are important in the making of everyday shopping decisions. The SRM Media Index has for a number of years been asking about the person in the home mainly responsible for shopping decisions. The answers received imply that there is often more than one decision maker per home but that more than 4 in 10 decision makers are male. Subsequent SRM research has validated this finding.

There is very little Government housing in Malaysia and the large majority of people live in wooden houses with attap or zinc roof (particularly in rural areas).

In terms of the type of housing the breakdown for the total population is as follows:-

Table 20 - Dwelling type

	Total Adults
	%
Bungalow/compound/semi-detached house	9
Shop house	4
Terraced house	17
Public authority flat	1
Private flat/apartment	3
Attap or zinc roof dwelling	67
Other dwelling	*

Source:- SRM Media Index Survey - 1979 Penin. Mal.

3 Consumer markets — non durables

PENINSULAR MALAYSIA

In this chapter and the following one, the objective is to provide a brief summary of the main consumer markets, i.e. those in which the advertising and research expenditure tends to be high. For each market covered, size (in terms of numbers of consumers) is given together with an indication of the leading brands. In most cases, the leading brands are listed in order of their market share; again in terms of numbers of consumers. In this section the tables are all concerned with Peninsular Malaysia. The next section provides market summaries for East Malaysia.

It should be noted that the statistics provided have been culled from a number of different syndicated surveys taking place at various times of the year and each with its own particular sample and objective. For this reason absolute standardisation of the data shown here is not possible although some trouble has been taken to maximise comparability.

There was a significant increase in the personal wealth and disposable income of Malaysians as the Seventies drew to an end and as the country began to experience strong economic growth. This in turn has led to considerable expansion in many consumer markets. Table 21 provides a range of general indicators of increased consumer spending for the period 1976-1980.

One of the most significant consumer developments has been the growth in importance of the rural sector in consumer spending. Over 60% of the population live in rural areas (as defined in Chapter 2) but in the early Seventies little attention was paid to these people because of their relative poverty and low purchasing power. As the Seventies have progressed, disposable income in the rural areas has increased. Rural dwellers by their sheer weight of number have become much more important to those planning the development of consumer markets.

The new wealth in the rural areas has produced a number of interesting social phenomena. One that is of particular relevance to market planners is the emphasis being placed on purchases as a symbol of new wealth. For example, products that are essentially functional may be largely bought and used for display purposes.

Taking the Malaysian consumer markets as a whole, Western and other overseas products are both accepted and demanded and many overseas companies are now producing their goods in Malaysia.

The establishment of consumer acceptance, however, is a process requiring careful analysis and understanding of the local culture. There is ample evidence that promotional and advertising campaigns built on relevant hypotheses about the local market needs can be extremely successful. There have also been inglorious, notable and expensive failures.

While it is beyond the scope of this section to provide a comprehensive sociological analysis of Malaysia it is worth pointing out some specific topics which could need investigation for individual markets:-

- Religious taboos: particularly relevant for certain goods and alcoholic beverages and significant at this particular time of growing religious 'awareness' in Malaysia.

- Ethnic origins: not necessarily religious but other culturally determined habits may prevail. In Malaysia, the Malays have a background of less wealth, more rural dwelling and occupation and less educational opportunity than the Chinese.

- The concepts of 'heaty' and 'cooling': the traditional Chinese theory that certain food, drink or behaviour creates fire or water in the body and, depending on the body's balance of these elements, certain products may be appropriate or inappropriate.

- Medical theory: for the Chinese, herbal remedies still carry much credence and there are particular views about tonics and how the body benefits. Certain Western pharmaceutical products have been very successful by utilising local traditional theory.

- The growing 'self-regard' among the Malay population as they perceive their growing status in society.

- Certain colours are problematical: e.g. for packaging.

- Certain flavours tend to be disliked. For example among the Chinese 'So' = cheesiness and 'Sang' = a meaty-fishiness.

- Marked increases in literacy and education levels particularly among the Malays.

- The meanings of names which have important symbolic associations for the Chinese in particular.

Table 21 - Private consumption indicators by year

	1976	1977	1978	1979	1980*
Annual per. cent. change					
- Food imports	+ 3.1	+11.4	+23.3	+ 1.6	+14.0
- TV licence registrations	+18.0	+19.6	+15.5	+18.4	+20.0
- Car registrations	+ 9.8	+12.6	+12.9	+ 7.2	+18.4
- Sales of sweetened condensed milk	+ 3.1	+ 7.9	+ 3.6	+ 9.9	+10.0
- Sales of soft drinks	+17.5	+29.6	+21.4	+18.9	+ 9.3
- Bank loans to private individuals for private purposes	+ 9.9	+ 16.7	+20.3	+30.5	-
- Borrowing companies loans for hire purchase	+20.6	+32.0	+28.9	+39.7	-
- Federal Government - sales tax	+18.8	+18.6	+19.6	+18.8	+18.9
- Household electricity consumption	+10.9	+16.1	+17.3	+10.8	- 3.6

Source:- Department of Statistics and Bank Negara Malaysia

Soft drinks carbonated

Table 22 - Market summary by ethnic group, sex and age

	Total Adults	Malay	Chinese	Indian	Male	Female	15-19	20-29	30+
('000s)	6,721	3,493	2,463	716	3,309	3,413	1,360	2,028	3,333
	%	%	%	%	%	%	%	%	%
Market penetration:									
- drank yesterday	16	10	27	7	20	11	21	21	10

Leading brands:- Coca Cola, F & N Orange

Source:- Soft Drink Index - 1979 Penin.Mal.

Market comment:- A market of slow growth in which cola flavoured drinks generally are the most popular. In recent years orange flavour carbonated drinks have been losing ground while lemon/lime and root beer (sarsi) have been growing. 48% of 'yesterday' consumers are in the rural areas, where orange tends to be more popular.

Soft drinks non-carbonated

Table 23 - Market summary by ethnic group, sex and age

	Total Adults	Malay	Chinese	Indian	Male	Female	15-19	20-29	30+
('000s)	6,721	3,493	2,463	716	3,309	3,413	1,360	2,028	3,333
	%	%	%	%	%	%	%	%	%
Market penetration:									
- drank yesterday	4	2	9	1	6	3	4	5	4

Leading brands:- Yeo's Chrysanthemum Tea, Magnolia Soya Bean Milk, Yeo's Chinese Herbal Tea

Source:- SRM Soft Drink Index - 1979 Penin.Mal.

Market comment:- A predominantly Chinese market in which the leading drinks are traditional favourites. Chrysanthemum tea is believed to have 'cooling' powers for when the body is 'over-heated'. Soya bean milk is held to be a particularly nutritious soft drink.

Shampoo

Table 24 - **Market summary by ethnic group, age and household income**

	Total Females (15-50)	Malay	Chinese	Other	15-24	25-39	40+	Household Income -M$150	M$151-500	M$501+
('000s)	2,852	1,506	1,035	312	1,278	1,043	532	559	1,446	629
	%	%	%	%	%	%	%	%	%	%
Market penetration										
- used in past week	73	64	94	49	81	71	58	50	73	87

Leading brands:- Vosene, Kao, Colgate, Clairol

Source:- SRM Hair Care Index - 1979 Penin.Mal.

Market comment:- A fast growing market and an extremely fragmented one in terms of brands. The powder sector has declined leaving it a mainly liquid market. There are two fairly clear market segments - higher price prestigious and lower price functional. 53% of past week users are in the rural areas.

Hair conditioner

Table 25 - **Market summary by ethnic group, age and household income**

	Total Females (15-50)	Malay	Chinese	Other	15-24	25-39	40+	Household Income -M$150	M$151-500	M$501+
('000s)	2,852	1,506	1,035	312	1,278	1,043	532	559	1,446	629
	%	%	%	%	%	%	%	%	%	%
Market penetration										
- used in past week	7	2	14	4	4	9	6	1	4	13

Leading brands:- Wella, Clairol

Source:- SRM Hair Care Index - 1979 Penin.Mal.

Market comment:- This market is growing from a small base and is predominantly upper income. 25% of past week usage is in the rural areas: 50% is in the four market centres.

Full cream powdered milk

Table 26 - Market summary by ethnic group, household income and area

	Total Households	Malay	Chinese	Indian	Household Income -M$150	M$151-500	M$501+	Market Centres	Other Urban	Rural
('000s)	2,135	1,214	689	218	608	1,051	341	382	406	1,347
	%	%	%	%	%	%	%	%	%	%
Market penetration - bought in past month	16	10	24	24	4	17	33	27	24	11

Leading brands:- Everyday, Dumex, Nespray, Dutch Baby

Source:- SRM Marketing Index - 1979 Penin.Mal.

Market comment:- A steady market in recent years with motivation to consume largely a matter of powdered milk's nutritional benefits. 42% of past month purchasing was in the rural areas.

Infant milk

Table 27 - Market summary by ethnic group, household income and presence of infants

	Total Households	Malay	Chinese	Indian	Household Income -M$150	M$151-300	M$301+	Any Child 0-6 Mths.	0-11 Mths.
('000s)	2,135	1,214	689	218	608	663	729	127	241
	%	%	%	%	%	%	%	%	%
Market penetration - bought in past month	15	16	16	10	8	15	20	65	61

Leading brands:- Dumex, Lactogen Honey

Source:- SRM Marketing Index - 1979 Penin.Mal.

Market comment:- The market is growing steadily with the rural sector particularly significant taking 56% of the past month purchasing. A market of very high brand loyalty.

Liquid milk

Table 28 - **Market summary by ethnic group, household income and area**

	Total Households	Malay	Chinese	Indian	Household Income -M$200	M$201-750	M$751+	Urban	Rural
('000s)	2,135	1,214	689	218	868	941	190	788	1,347
	%	%	%	%	%	%	%	%	%
Market penetration - bought in past month	24	26	22	20	14	29	46	33	19

Leading brands:- Nestle (UHT), Dutch Baby (UHT)

Source:- SRM Marketing Index - 1979 Penin.Mal.

Market comment:- Essentially a tetra pack market but where purchase is usually for fairly immediate consumption. Only 6% of homes were 'stocking' UHT at the time of interview. A growth market with the improvement largely in consumption of flavoured milk.

Health food drinks

Table 29 - **Market summary by ethnic group, household income and area**

	Total Households	Malay	Chinese	Indian	Household Income -M$150	M$151-500	M$501+	Market Centre	Other Urban	Rural
('000s)	2,135	1,214	689	218	608	1,051	341	382	406	1,347
	%	%	%	%	%	%	%	%	%	%
Market penetration - bought in past month	50	47	56	47	29	55	72	63	62	43

Leading brand:- Milo

Source:- SRM Marketing Index - 1979 Penin.Mal.

Market comment:- A most interesting market in which a brand with generic status lost it to another brand: a useful testament to the way advertising investment and treatment can pay dividends in the markets of this region. A very large dollar market. 54% of past month purchasing in the rural areas.

Blackcurrant drinks

Table 30 - Market summary by ethnic group, household income and area

	Total Households	Malay	Chinese	Indian	Household Income -M$150	M$151-500	M$501+	Market Centre	Other Urban	Rural
('000s)	2,135	1,214	689	218	608	1,051	341	382	406	1,347
	%	%	%	%	%	%	%	%	%	%
Market penetration - bought in past month	10	7	15	11	4	9	21	20	13	6

Leading brand:- Ribena

Source:- SRM Marketing Index - 1979 Penin.Mal.

Market comment:- A fairly steady market dominated by a single brand and with a large degree of children's consumption on the basis of healthy growth. 44% of past month purchasers were from the rural areas. The high product price is reflected in the high income profile of purchasers.

Beer

Table 31 - Market summary by ethnic group, sex and age

	Total Adults	Malay	Chinese	Indian	Male	Female	15-19	20-24	25-39	40+
('000s)	6,721	3,493	2,464	716	3,334	3,387	1,315	1,083	2,174	2,150
	%	%	%	%	%	%	%	%	%	%
Market penetration: - drank in past week	7	*	16	7	12	2	1	7	10	7

Leading brands:- Anchor, Carlsberg

Source:- SRM Beer Index - 1979 Penin.Mal.

Market comment:- A sharp increase in the past three years particularly in volume. Muslim religion does not permit the consumption of alcohol. 41% of past week consumers are in the rural areas. The market is dominated by just two brands.

Stout

Table 32 - Market summary by ethnic group, sex and age

	Total Adults	Malay	Chinese	Indian	Male	Female	15-24	25-39	40+
('000s)	6,993	3,665	2,534	754	3,471	3,521	2,565	2,301	2,126
	%	%	%	%	%	%	%	%	%
Market penetration:									
- sometimes drink	9	1	20	13	15	3	5	12	11

Leading brand:- Guinness

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- The market is dominated by one brand although a new 'light' stout has recently been introduced. As with beer the market is growing in volume. The main motivation for consumption is a reparative one after a hard day's work. There are overtones of masculinity in the consumption of stout. No growth in market penetration since 1977.

Brandy

Table 33 - **Market summary by ethnic group, sex, age and household income**

	Total Adults	Chinese	Others	Male	Female	15-29	30+	Household Income -M$500	M$501-1000	M$1001+
('000s)	6,991	2,533	4,458	3,468	3,523	3,516	3,475	4,634	1,508	701
	%	%	%	%	%	%	%	%	%	%
Market penetration										
- sometimes drink	7	17	1	12	2	5	9	3	11	23

Leading brands:- Martell, Hennessy, Remy Martin

Source:- SRM Brandy Index - 1979 Penin.Mal.

Market comment:- The number of brandy drinkers is growing steadily. This is essentially a Chinese market for whom brandy has special significance as a celebration drink and in terms of physically strengthening the body. Per capita consumption is very heavy: it is customary for large quantities to be consumed at a 'sitting'. The market is rather 'messy' at present in terms of special promotions and price cutting. 41% of brandy drinkers are in the rural areas. 1977 penetration was 5% of all adults.

Whisky

Table 34 - Market summary by ethnic group, sex and age

	Total Adults	Malay	Chinese	Indian	Male	Female	15-24	25-39	40+
('000s)	6,993	3,665	2,534	754	3,471	3,521	2,565	2,301	2,126
	%	%	%	%	%	%	%	%	%
Market penetration:									
- Sometimes drink	4	1	7	4	6	1	2	5	4

Leading brands:- Johnnie Walker Red Label

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- Whisky is at a disadvantage against brandy in having no special traditional significance for the Chinese and if anything is considered a 'weakening drink'. The whisky drinker image is of someone in a white collar job, English speaking and younger middle-aged. The 1977 penetration was 3% of all adults.

Chocolate

Table 35 - **Market summary by ethnic group, sex and age**

		Total Adults	Malay	Chinese	Indian	Male	Female	15-19	20-29	30-39	40+
	('000s)	6,991	3,667	2,533	739	3,467	3,524	1,371	2,145	1,349	2,125
		%	%	%	%	%	%	%	%	%	%
Market penetration:											
- consumed in past week		31	37	23	31	31	32	43	39	31	17

Leading brands:- Kandos, Snap, Cadbury

Source:- SRM Chocolate Consumption Study - 1979 Penin.Mal.

Market comment:- A growing market with Kandos, a lower priced brand, the clear market leader. 60% of past week consumers are in the rural areas. The Chinese perceive chocolate as 'heaty' in nature and hence not always suitable for children to consume. This probably accounts for the lower consumption rate.

Cosmetics

Table 36 - Market summary by ethnic group, age and personal income

	Total Females	Malay	Chinese	Indian	15-20	21-30	30+	Personal Income None	-M$300	-M$301+
('000s)	3,386	1,786	1,247	329	772	983	1,631	2,467	806	97
	%	%	%	%	%	%	%	%	%	%
Market penetration:										
- use nowadays										
- face powder	67	88	47	32	70	69	65	68	64	81
- rouge/blusher	15	17	15	6	19	27	6	14	16	55
- liquid make-up	7	4	11	7	5	13	5	7	7	25
- face cleanser	6	5	8	4	6	11	4	6	5	41
- moisturiser	15	11	21	9	18	21	10	14	13	46
- perfume/cologne	27	38	16	9	26	39	21	27	21	72
- skin tonic	3	2	5	1	1	7	2	2	3	26
- talcum powder	62	58	66	72	75	78	47	60	65	89
- hand/body lotion	8	8	7	6	11	12	3	7	7	38
- lipstick	32	40	25	19	37	53	18	31	29	82
- lip-gloss	7	6	10	3	7	15	3	6	7	29
- mascara	4	3	3	2	4	7	1	3	4	14
- eye shadow	12	12	13	11	18	23	4	11	13	47
- eye liner	11	15	6	9	14	18	6	11	10	27

Leading brands:- Max Factor, Yardley, Avon, Fanbo and:-
Bedak Sejuk (face powder) Hazeline Snow (moisturiser)
Johnson's Baby (talc, hand lotion), Amami (talc)
Tussy (hand lotion)

Source:- SRM Cosmetic Index - 1978 Penin.Mal.

Market comment:- In line with increased consumer income growth and generally higher expenditure on consumer goods, the cosmetics markets have also been growing. However, there is still a strong 'functional' strain in these markets supporting low price brands. The 4 market centres are particularly important but the rural areas are growing fast.

Sanitary protection

Table 37 - Market summary by ethnic group, age and household income

	Total Women (15-49)	Malay	Chinese	Indian	15-29	30-39	40+	Household Income -M$150	M$151-300	M$301+
('000s)	2,768	1,459	1,005	305	1,688	644	437	598	896	1,020
	%	%	%	%	%	%	%	%	%	%
Market penetration										
- used in past cycle	64	49	89	53	72	57	44	32	60	81
- ordinary	41	22	67	43	41	43	39	NA	NA	NA
- self-adhesive	23	27	21	9	31	14	5	NA	NA	NA

Leading brands:- Ordinary - Kotex, Colgate

Self-adhesive - Sanita, Modess

Source:- SRM Sanitary Protection Index - 1979 Penin.Mal.

Market comment:- The trend has been towards self-adhesive napkins particularly among younger women. The market is growing as the older substitute users are replaced.

Childrens consumer products

Table 38 - Children consumption of ice-cream, confectionery and health food drinks by ethnic group, sex and age

	All Children (7-14)	Malay	Chinese	Indian	Male	Female	7-9	10-12	13-14
('000s)	2,259	1,243	763	249	1,090	1,169	885	823	550
	%	%	%	%	%	%	%	%	%
Market penetration									
- consumed in past 7 days									
- ice cream	66	74	58	51	66	66	68	68	60
- chocolate	42	52	31	28	41	44	45	42	39
- cough drops	54	54	51	57	54	53	50	53	61
- sweets	59	65	55	36	58	60	59	61	54
- health food drinks	60	51	78	54	60	61	62	58	61

Leading brands:- Ice cream - Magnolia
Chocolate - Kandos
Cough drops - Hacks, Kiss Me
Sweets - (extremely fragmented)
Health food drinks - Milo

Source:- SRM Kids Survey - 1978 Penin.Mal.

Market comment:- These are all large and growing markets.

Instant coffee

Table 39 - Market summary by ethnic group, sex and age

	Total Adults	Malay	Chinese	Indian	Male	Female	15-24	25-39	40+
('000s)	6,993	3,665	2,534	754	3,471	3,521	2,565	2,301	2,126
	%	%	%	%	%	%	%	%	%
Market penetration:									
- drank in past 7 days	22	26	14	26	23	21	23	25	16

Leading brands:- Nescafe

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- The market is dominated by Nescafe which has become the generic. Instant coffee is usually the coffee to serve guests with in Malaysia. Ground coffee is mainly local, low price and not prestigious to serve to guests.

Talcum powder

Table 40 - Market summary by ethnic group, sex and age

	Total Adults	Malay	Chinese	Indian	Male	Female	15-24	25-39	40+
('000s)	6,993	3,665	2,534	754	3,471	3,521	2,565	2,301	2,126
	%	%	%	%	%	%	%	%	%
Market penetration:									
- use these days	54	61	40	63	37	70	68	49	26

Leading brands:- Amami, Johnson's Baby

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- There is increasing usage and acceptance of talcum powder with particularly sharp growth again in the rural sector. There are two main market categories. Strongly perfumed talcs tend to be preferred by lower income rural users (for whom it is a fragrance provider in its own right). Mild/non perfumed talcs are used disproportionately by the higher income (who do not want the talc itself to be particularly noticeable). The 1977 penetration was 46% of all adults.

Deodorant

Table 41 - **Market summary by ethnic group, sex and age**

	Total Adults	Malay	Chinese	Indian	Male	Female	15-24	25-39	40+
('000s)	6,993	3,665	2,534	754	3,471	3,521	2,565	2,301	2,126
	%	%	%	%	%	%	%	%	%
Market penetration:									
- use nowadays	15	23	5	7	13	17	19	20	4

Leading brands:- Odorono, Mum

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- Growing in popularity. Deodorant is used like a perfume by the lower income Malays. This is essentially a roll-on (lower cost) market although aerosols are growing from a low base.

Razor blades

Table 42 - **Market summary by ethnic group and age**

	Total Males	Malay	Chinese	Indian	15-24	25-39	40+
('000s)	3,471	1,788	1,254	412	1,276	1,101	1,095
	%	%	%	%	%	%	%
Market penetration:							
- use nowadays	66	68	58	77	37	85	80

Leading brands:- Gillette, Nacet

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- Some growth since 1977 when the market penetration was 63% of men. Usage is very light by men under 20 years of age.

Hairdressing

Table 43 - Market summary by ethnic group and age

		Total Males	Malay	Chinese	Indian	15-24	25-39	40+
	('000s)	3,471	1,788	1,254	412	1,276	1,101	1,095
		%	%	%	%	%	%	%
Market penetration:								
- use nowadays		67	63	70	78	70	74	57

Leading brands:- Brylcreem

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- This market has been changing quite sharply over the last decade or so. The market has moved from the greasier brilliantine and pommade to less greasy hair cream and liquids. At the same time there has been an overall slow decline as fewer young people enter the market. Market penetration was 70% of all men in 1977.

Health/Pharmaceutical

Table 44 - Market summary by ethnic group and household income

		Total				Household Income		
		Males	Malay	Chinese	Indian	-M$300	M$301-750	M$751+
	('000s)	6,993	3,665	2,534	754	3,239	2,438	1,263
		%	%	%	%	%	%	%
Market penetration:								
- sometimes buy								
- analgesics		66	77	52	64	69	65	61
- vitamin pills/tablets		8	8	8	12	5	10	15
- cough syrups		32	31	32	36	27	37	35
- health tonics		9	5	13	11	6	11	12

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- There is a fairly steady increase in the acceptance and usage of western products. Analgesics now have a very high penetration with Panadol the dominant brand. In 1977 the penetration was 49% of all adults for analgesics and 19% for cough syrups.

Other grocery products

Table 45 - Market summary by ethnic group and household income

		Total				Household Income		
		Adults	Malay	Chinese	Indian	-M$300	M$301-750	M$751+
	('000s)	6,993	3,665	2,534	754	3,239	2,438	1,263
		%	%	%	%	%	%	%
Market penetration:								
- sometimes buy								
- cooking oil		33	22	47	40	24	41	43
- margarine		46	52	36	49	43	49	48
- ketchup/chilli sauce		50	50	51	49	44	55	54
- instant noodles		59	63	52	56	60	60	56
- meat/vegetable extracts		8	2	16	8	3	10	17

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- Instant noodles whose market penetration was 36% in 1977, is an example of a relatively recent product development using a traditional food. A western company was first into the market, with 'Maggi' and achieved considerable popularity in a short time. With meat/vegetable extracts, Marmite has a small lead over Bovril, probably a function of having a vegetable rather than beef base. Meat/vegetable extracts had a market penetration of 5% in 1977.

Insecticide (liquid)

Table 46 - Market summary by ethnic group and household income

		Total				Household Income		
		Adults	Malay	Chinese	Indian	-M$300	M$301-750	M$751+
	('000s)	6,993	3,665	2,534	754	3,239	2,438	1,263
		%	%	%	%	%	%	%
Market penetration:								
- sometimes buy		23	12	37	21	10	29	41

Leading brands:- Shell-Tox, Baygon, Ridsect, Mortein

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- Aerosol insecticides are growing fast. The total liquid market had a penetration of 14% of all adults in 1977.

Toothpaste

Table 47 - Market summary by ethnic group and household income

		Total				Household Income		
		Adults	Malay	Chinese	Indian	-M$300	M$301-750	M$751+
	('000s)	6,993	3,665	2,534	754	3,239	2,438	1,263
		%	%	%	%	%	%	%
Market penetration:								
- sometimes buy		71	78	62	66	73	70	66

Leading brands:- Colgate

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- The market is heavily dominated by Colgate which now has generic status. There have been a number of launches which have not made much headway. In particular 'gels' are at a disavantage. Penetration in 1977 was 58% of adults.

Detergent

Table 48 - Market summary by ethnic group and household income

	Total Adults	Malay	Chinese	Indian	Household Income -M$300	M$301-750	M$751+
('000s)	6,993	3,665	2,534	754	3,239	2,438	1,263
	%	%	%	%	%	%	%
Market penetration:							
- sometimes buy							
- powder	70	82	54	64	78	66	57
- liquid	17	10	26	16	8	21	32

Leading brands:- Breeze, Fab

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- The clothes washing market has moved from bar to powder and is growing fast. Several new cheaper brands have arrived. Liquid detergent is also growing. The detergent market penetration in 1977 was 61% of all adults.

Toilet soap

Table 49 - Market summary by ethnic group and household income

	Total Adults	Malay	Chinese	Indian	Household Income -M$300	M$301-750	M$751+
('000s)	6,993	3,665	2,534	754	3,239	2,438	1,263
	%	%	%	%	%	%	%
Market penetration:							
- sometimes buy	76	80	71	73	77	77	74

Leading brands:- Lux

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- The market is dominated by Lux which has generic status. After a period in decline the more expensive and prestigious brands are beginning to make some headway in the market again. The rural sector is very important to the market.

Cigarettes

Table 50 - **Market summary by ethnic group, sex and age**

		Total Adults	Malay	Chinese	Indian	Male	Female	15-24	25-39	40+
	('000s)	7,273	3,855	2,599	819	3,606	3,668	2,617	2,458	2,198
		%	%	%	%	%	%	%	%	%
Market penetration:										
- sometimes smoke		29	32	27	18	52	6	16	31	41

Leading brands:- '555', Benson and Hedges

Source:- SRM Media Index Survey - 1980 Penin.Mal.

Market comment:- Almost all of the sometimes smokers above are regular smokers (e.g. 26% of all adults smoke at least once a day). The incidence of smoking is increasing slowly.

SABAH AND SARAWAK

The markets of East Malaysia are much smaller than in Peninsular Malaysia but they are generally growing and arousing more interest. The following table summarises market penetration across a range of non-durable consumer goods for the main urban areas of Sabah, (Kota Kinabalu, Sandakan, Tawau) and Sarawak (Kuching, Sibu, Miri).

Table 51 - Non-durable consumer goods - market penetration in East Malaysia

	Adults living in main urban areas of:	
	Sabah	Sarawak
	%	%
Drank in past 7 days:		
- Beer	13	11
- Stout	6	5
- Brandy	3	3
- Whisky	1	1
- Instant coffee	46	35
Drank yesterday:		
- Carbonated soft drinks	44	33
- Non-carbonated soft drinks	16	18
- Health food drinks	54	61
Sometimes use:		
- Hair shampoo	82	70
- Talcum powder	59	62
- Cigarettes	24	24
Sometimes buy:		
- Analgesics	61	58
- Cough syrups	51	43
- Blackcurrant drinks	49	38
- Meat/vegetable extracts	23	23
- Powdered/infant milk powder	47	45
- Aerosol/liquid insecticide	61	48
- Batteries	65	65
- Toothpaste	84	81
- Detergent	79	76
- Toilet soap	83	82

Source:- SRM Media Index Survey (East Malaysia) - 1979 East Mal.

4 Consumer markets — durable and other

PENINSULAR MALAYSIA

This chapter provides summary information for the major durable and other markets. The first section deals with Peninsular Malaysia and is followed by summary statistics for East Malaysia.

In dollar terms the automotive market is a particularly important one and has been growing rapidly in recent years. In 1980 it was estimated that there were 705,000 passenger cars in the whole of Peninsular Malaysia an increase of 18.4% on 1979. The automotive market, therefore, is given extra coverage.

It is important to note that ownership of household appliances is based on a sample of people, and market sizes are in terms of the proportions of all adults living in homes with each appliance. Because of the way the sampling was carried out, however, the percentages given should approximate to within a few per cent the 'proportion of households owning'.

The main features of the Seventies in the durables markets were as follows:-

- Rapid growth generally, but disproportiate growth in the less well-off and rural homes.

- A general improvement in the market shares of Japanese products and the steady improvement in the image of Japanese goods.

The overriding impression for the consumer durables markets in Malaysia is that enormous growth potential still remains.

Motoring

Table 52 - Market summary by ethnic group and household income (urban areas only)

	Total Urban Households	Malay	Chinese	Indian	Household Income -M$500	M$501-1000	M$1000+
('000s)	830	258	454	108	421	164	133
	%	%	%	%	%	%	%
Market penetration							
- have any motor car	31	24	37	19	7	43	79
- one private	25	21	29	17	6	38	61
- two or more	4	3	5	2	*	2	18

Leading brands:- Car - Toyota, Datsun, Austin/Morris
Petrol - Shell, Esso
Oil - Shell, Castrol
Tyres - Dunlop, Goodyear

Source:- SRM Motoring Index - 1979 Penin.Mal.

Market comment:- Considerable growth in recent years in both first and second car ownership. The decade has seen strong Japanese growth in car ownership mainly at the expense of British Leyland. In 1979 Japan had about half the domestic car market.

In 1979 there were estimated to be just over 3 million private motorists in urban Peninsular Malaysia. (The motorist is defined as the person mainly using each private passenger car.) The profile of these motorists is summarised below.

Table 53 - Profile of motorists

	All motorists in urban areas	
	('000s)	3,015
		%
Malay		23
Chinese		65
Indian		9
Other		2
Male		84
Female		16
17-24 years		6
25-39 years		56
40+ years		38
Market Centres		61
Other urban		39
White collar		69
Blue collar		23
Other		8
Household income:		
- M$ 750		19
- M$ 751-2000		48
- M$ 2000+		23
(Not stated - 11%)		

Source:- SRM Motoring Index Penin.Mal.

Market comment:- 18% of motorists expected to change their car in the next two years. 52% of these people expected to buy a Japanese car, 21% Italian and 12% British. The Chinese in particular were inclined to buy Japanese. Over two thirds of those expecting to buy thought they would buy a car of less than 1600 CCs.

Motorists usually have their cars serviced at the petrol station where they buy most of their petrol.

Table 54 - Place of car servicing

	All motorists in urban areas
('000s)	3,015
	%
Usual place of car servicing:	
- Main petrol station	45
- Other petrol station	19
- Private mechanic	15
- Does own servicing	5
- None done yet	1

Source:- SRM Motoring Index Penin.Mal.

Petrol/garage loyalty is high; 9 out of 10 motorists claim they always use the same fuel.

In terms of mileage, 51% of motorists claim to do less than 750 miles a month. 23% claim to do more than 1200 miles.

Motor vehicles

Table 55 - Market summary by ethnic group and household income

	Total Adults	Malay	Chinese	Indian	Household Income -M$300	M$301-750	M$751+
(000's)	6,993	3,665	2,534	754	3,239	2,438	1,263
	%	%	%	%	%	%	%
Live in household with:							
- van/station wagon	2	*	5	1	*	3	4
- car	18	11	29	12	2	28	35
- motor cycle	38	30	53	31	26	62	25

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- See 'motoring' section for comments on the private car sector. The motor cycle market is large and growing. Motor cycles are particularly useful to those living in rural areas where roads and paths will often not take a car. Scooters have something of a prestigious image in the rural areas by comparison with normal motor cycles.

Television/Radio

Table 56 - **Market summary by ethnic group and household income**

	Total Adults	Malay	Chinese	Indian	Household Income -M$300	M$301-750	M$751+
('000s)	6,993	3,665	2,534	754	3,239	2,438	1,263
	%	%.	%	%	%	%	%
Live in household with:							
- any radio	76	74	75	87	66	81	89
- black and white TV	44	35	56	50	21	57	81
- colour TV	1	1	2	*	*	1	5
- any TV	45	35	58	50	21	58	84

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- Slow growth in radio ownership but rapid growth in TV ownership with the advent of colour TV. It is now possible to pick up a good second hand black and white TV set for M$ 100-150. Many new and second hand sets are going into rural areas where increasing wealth and wider electrification are important factors. In the period mid 1978 - mid 1980 the number of adults living in TV homes jumped by 40% (to a total of 61% of all adults from the 45% shown above). The rural growth rate was 72%, the urban growth rate 15%.

White Goods

Table 57 - **Market summary by ethnic group and household income**

	Total Adults	Malay	Chinese	Indian	Household Income -M$300	M$301-750	M$751+
(000's)	6,993	3,665	2,534	754	3,239	2,438	1,263
	%	%	%	%	%	%	%
Live in household with:							
- washing machine	3	2	5	2	*	2	11
- refrigerator	28	16	47	23	8	34	68

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- Growth markets, in particular at the end of the decade. There is a considerable status element in owning one of these. In some cases they are owned even when there is no electricity available.

Cookers

Table 58 - Market summary by ethnic group and household income

	Total Adults	Malay	Chinese	Indian	Household Income -M$300	M$301-750	M$751+
(000's)	6,993	3,665	2,534	754	3,239	2,438	1,263
	%	%.	%	%	%	%	%
Live in household with:							
- gas cooker (cylinder)	29	15	52	18	9	52	37
- elec. rice cooker	26	10	53	14	6	47	35
- elec. stove	3	1	7	2	1	4	7

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- Growth markets in common with most other consumer durables. Gas cooker ownership has grown in parallel with more housing developments and increased urbanisation.

Other electric appliances

Table 59 - Market summary by ethnic group and household income

	Total Adults	Malay	Chinese	Indian	Household Income -M$300	M$301-750	M$751+
('000s)	6,993	3,665	2,534	754	3,239	2,438	1,263
	%	%	%	%	%	%	%
Live in household with:							
- air conditioner	2	*	3	*	*	2	5
- elec. sewing machine	2	2	3	1	*	3	4
- telephone	8	3	16	7	1	6	27
- cassette player	39	27	54	45	18	49	72
- camera	10	6	16	3	2	10	33

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- Telephone ownership is likely to increase at a slow rate as there are delays in supplying lines. The camera market should grow with the 1980 removal of import duty. The Japanese are dominant in the cassette player market. They are attacking the air-conditioning market but American brands are still strong.

Personal finance

Table 60 - Market summary by ethnic group age and personal income

	Total Adults	Malay	Chinese	Indian	15-24	25-39	40+	Personal Income NONE	-M$300	M$301+
(000's)	7,274	3,856	2,599	764	2,611	2,459	2,198	3,225	2,832	1,198
	%	%	%	%	%	%	%	%	%	%
Save money by:										
- EPF	3	2	4	4	NA	NA	NA	NA	NA	NA
- Life insurance policy	9	6	12	17	6	14	8	3	7	32
- Stocks and shares	4	4	2	6	1	5	5	1	3	13
- Post Office savings account	23	29	12	34	27	25	17	22	22	33
- Bank saving/fixed deposit account	22	14	36	16	18	30	20	15	16	56
- Current account	4	2	7	3	1	6	5	1	1	20

Source:- SRM Media Index Survey - 1980 Penin.Mal.

Market comment:- The incidence of Post Office saving is higher than Bank savings/deposits. However, Post Office saving is a lower income phenomenon and one in which the Malays and Indians are much more heavily involved than the Chinese.

Air travel

Table 61 - **Market summary by ethnic group, sex and age**

		Total	Malay	Chinese	Indian	Male	Female	15-24	25-39	40+
	('000s)	6,993	3,665	2,534	754	3,471	3,521	2,565	2,301	2,126
		%	%	%	%	%	%	%	%	%
Travelled outside Peninsular Malaysia and Singapore in past 2 years		2	1	3	4	3	2	1	3	3

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Market comment:- The incidence of overseas travel is clearly very low at present but this is expected to be a growth area as Malaysia's increasing wealth percolates through to the potential travelling public at large.

SABAH AND SARAWAK

The following information is taken from the 1979 SRM Media Index Survey in East Malaysia and reflects the market penetration for a range of consumer durables in the main urban areas.

Table 62 - Durable consumer goods - Market penetration in East Malaysia

	Adults living in main urban areas of:	
	Sabah	Sarawak
	%	%
Have in household:		
- Electric fan	76	68
- Refrigerator	78	67
- Air conditioner	13	8
- Gas cooker	66	55
- Electric sewing machine	5	6
- Non-electric sewing machine	65	76
- Radio	79	91
- TV set	75	58
- Car	52	43
- Motor cycle/scooter	4	34

Source:- SRM Media Index Survey (East Malaysia) - 1979 East Mal.

5 Tourist markets

There are two main sources of information on visitors to Malaysia. There is basic demographic and nationality information collected at immigration points. There is also an annual survey of visitors departing by air through Kuala Lumpur and Penang airports. The latter survey excludes day visitors but provides more detailed information about the purpose of trip, expenditure and the like. At the time of going to press the report for 1977 was available.

The total number of visitors to Malaysia in 1979 was 1,416,378 excluding arrivals by road via Johore Bahru Causeway where the situation is confused by heavy daily working movements. The total number of visitors was only up by 1.2% on 1978 but the projected growth for 1980 (based on the first 11 months) was 7.7%.

37.9% of arrivals in 1979 were by air, 36.1% by road, 20.5% by rail and 5.5% by sea. The road and rail arrivals were mainly of Thai nationality. Excluding the Thais and Singaporeans 58% of all arrivals were by air.

Table 63 - Distribution of visitor arrivals by mode of travel - 1979

	By air	By sea	By road	By rail
Nationality:				
- Thai	20,055	26,649	272,677	116,140
- Other	516,479	51,617	238,871	173,890

Source:- Tourist Development Corporation Malaysia

Thais and Singaporeans make up the bulk of all visitors (52% in 1979) followed at a distance by Australia/New Zealand and Japan.

Table 64 - Distribution of visitor arrivals by year

		1978	1979	1980 (Jan-Nov)
		%	%	%
Nationality:				
-	Indonesia	3.8	3.5	3.7
-	Philippines	0.7	0.9	1.2
-	Singapore	19.8	21.2	20.1
-	Thailand	30.5	30.8	30.0
-	Hong Kong	1.4	1.4	1.9
-	India	3.8	4.4	4.7
-	Japan	8.4	7.3	7.6
-	Taiwan	1.1	1.6	1.5
-	China	0.1	0.2	0.3
-	Australia/New Zealand	8.9	7.5	7.2
-	United Kingdom/Ireland	6.5	6.1	5.9
-	Western Europe	5.6	5.7	6.5
-	Eastern Europe	0.3	0.4	0.4
-	USA	5.4	5.0	4.6
-	Canada	1.2	1.2	1.2
-	Others	2.5	2.8	3.0
TOTAL VISITORS		1,399,058	1,416,378	(1,387,721)

Source:- Tourist Development Corporation Malaysia

In the first 11 months of 1980 there was disproportionate growth in visitors from the Philippines, Hong Kong and China (from a small base). In gross terms the largest increase was in visitors from Thailand and Japan.

Visitor arrivals are fairly evenly distributed throughout the year. In 1979 the month of most visitors was August (128,066) while there were fewest in February (99,859). The average per month was 118,032.

SURVEY OF FOREIGN VISITORS BY AIR

This survey is referred to in order to provide more detailed information about tourism in Malaysia but it should be borne in mind that by excluding rail and road visitors it is not covering large numbers of Thai and Singapore visitors. Of the visitors covered in the 1977 survey 26.5% were from Singapore, 13.9% from Australia/New Zealand, 11% from Japan and no other country had 8% or more. The following paragraphs summarise the main characteristics of these visitors by air and their stay in Malaysia.

Visitors by air were predominantly male (78%) and almost two thirds were under 40 years of age. In terms of country of residence 91% of the Japanese visitors were male and visitors from the USA had an older profile than those from other countries.

27% of all visitors gave business as the purpose of their visit: the highest proportions of visitors on business were found amongst residents of Singapore (40%) and the United Kingdom (45%).

89% of air visitors stayed in hotels and guest houses. 20% of visitors were on a package tour and the median size of tour was 20-29 people. The Japanese (51%), Australia/New Zealand (35%) and those from the USA (41%) were most likely to be on package tours.

The average length of stay was 5.2 nights. Those on package tours stayed less time (3.9 nights) than those on non-package trips (5.6 nights). Canadian visitors stayed longest (7.9 nights); Japanese visitors stayed least time (4.2 nights).

80% of air visitors visited Kuala Lumpur and 41% went to Penang. No other destination was visited by more than 5% (Ipoh 4.7%).

The average per capita expenditure in 1977 was M$ 413 and the per diem expenditure M$ 79. Visitors from Continental Europe were the highest spenders (M$ 552) while visitors from Singapore spent least (M$ 328).

On a per diem basis package holiday visitors spent more than non-package visitors. The main difference being that **package holiday visitors spent far more on shopping.**

Table 65 - Per diem expenditure of air visitors by type of holiday

	Package	Non-package
Total per diem expenditure	M$ 110	M$ 76
- Miscel/recreation/entertainment	M$ 3	M$ 11
- Shopping	M$ 38	M$ 11
- Food and beverages	M$ 31	M$ 20
- Local transportation	M$ 9	M$ 7
- Accommodation	M$ 29	M$ 27

Source:- Tourist Development Corporation Malaysia - 1977

Table 66 - Average expenditure per air visitor by category of expenditure

Country of Residence	Total ($) (%)	Accommodation	Transportation	Food & Beverage	Shopping	Enter-tainment	Misc.
Indonesia	353 (100%)	106 (30.0)	34 (9.6)	80 (22.7)	111 (31.4)	19 (5.4)	3 (0.9)
Philippines	416 (100%)	115 (27.6)	26 (6.3)	93 (22.3)	103 (24.8)	76 (18.3)	3 (0.7)
Singapore	328 (100%)	108 (32.9)	36 (11.0)	88 (26.8)	24 (7.3)	68 (20.8)	4 (1.2)
Thailand	352 (100%)	116 (33.0)	40 (11.3)	75 (21.3)	81 (23.0)	32 (9.1)	8 (2.3)
Australia & New Zealand	436 (100%)	143 (32.8)	39 (8.9)	122 (28.0)	99 (22.7)	29 (6.7)	4 (0.9)
Japan	423 (100%)	125 (29.6)	32 (7.6)	86 (20.3)	156 (36.9)	23 (5.4)	1 (0.2)
USA	430 (100%)	148 (34.4)	46 (10.7)	107 (24.9)	97 (22.5)	27 (6.3)	5 (1.2)
Continental Europe	552 (100%)	222 (40.2)	47 (8.5)	154 (27.9)	82 (14.9)	44 (8.0)	3 (0.5)
Hong Kong	493 (100%)	178 (36.1)	39 (7.9)	119 (24.2)	66 (13.4)	82 (16.6)	9 (1.8)
UK	422 (100%)	175 (41.5)	41 (9.7)	116 (27.5)	54 (12.8)	34 (8.1)	2 (0.5)
Taiwan	398 (100%)	121 (30.4)	44 (11.1)	95 (23.9)	92 (23.1)	41 (10.3)	5 (1.3)
India	293 (100%)	92 (31.4)	40 (13.6)	65 (22.2)	70 (23.9)	22 (7.5)	4 (1.4)
Canada	483 (100%)	180 (37.3)	55 (11.4)	144 (29.8)	87 (18.0)	13 (2.7)	4 (0.8)
Other Countries	497 (100%)	158 (33.0)	43 (9.0)	119 (24.8)	110 (23.0)	43 (9.0)	6 (1.2)
All Countries	413 (100%)	140 (33.9)	39 (9.5)	105 (25.4)	84 (20.3)	41 (9.9)	4 (1.0)

Source:- Tourist Development Corporation Malaysia - 1977

The estimates in table 66 put the size of the total air tourist market for 1977 at M$ 180 million but it should be borne in mind that air visitors (while probably higher per capita spenders) are only about two fifths of all visitors. Almost one fifth of the air tourist market is taken up by shopping expenditure.

DEVELOPMENTS IN TOURISM

There still appears to be plenty of scope for tourism to develop in Malaysia. At present the number of visitors to Malaysia is well below that of its relatively small neighbour Singapore (who had in excess of 2 million air and sea visitors in 1979).

It has been suggested that Malaysia's profile has been low as a tourist destination. Malaysia's attractions have not been as widely publicised over the years as those of its neighbours. Tourist centres other than Kuala Lumpur and Penang receive only very small proportions of visitors (e.g. Port Dickson - 1.1% of air visitors in 1977, Malacca 2.6%, Cameron Highlands 2.0%, Kuala Trengganu 1.0%, Langkawi 0.2%). The Government's lengthy Economic Report for 1980-81 does not give tourism a mention.

The surveys of the Tourist Development Corporation show Malaysia's main attraction by far to be its 'warm friendly people' and while this is an admirable national characteristic it probably has a less sharp edge in the aggressive regional tourist market than the hedonistic pleasures offered by Bangkok and the shopping in Singapore and Hong Kong.

However, the bulk (74%) of the Malaysian tourist market lies in the Asia Pacific region and it is growing steadily as the economies of the region strengthen and private expenditure grows.

6 Financial markets

Commercial banking is supervised by Bank Negara Malaysia (The Central Bank of Malaysia) which is active in the setting and implementing of monetary policy. In 1980 the emphasis was on encouraging the build-up of productive capacity and expansion of supply in areas which experienced strong inflationary pressures.

Table 67 - **Money supply by year**

	(M$ million)				
	1975	1976	1977	1978	1979
Total money supply	4,349	5,257	6,127	7,243	8,486
- Currency in circulation	2,239	2,628	3,112	3,578	4,094
- Demand deposits of private sector	2,110	2,629	3,015	3,665	4,392
Quasi money*	5,653	7,514	8,734	10,278	13,152

* Fixed savings and other deposits

Source:- Bank Negara Malaysia

The increase in money supply in the latter half of the Seventies was in line with increased productivity. Inflation over this period was at a low level compared with other Asian and Western countries.

Table 68 - Inflation rate and growth in money supply

	% growth in inflation (CP1)	% growth in* money supply
1975	4.5	7.3
1976	2.6	20.9
1977	4.7	16.5
1978	4.9	18.2
1979	3.6	17.2

* Currency in circulation and demand deposits

Source:- Bank Negara Malaysia and Department of Statistics

Throughout the Seventies the prime lending rate showed little variation, with a peak of 10% in 1974 and a low point of 7.25% in 1979.

The Malaysian dollar (Ringgit) strengthened through the Seventies by 29% against the US dollar and 34% against the pound sterling. However, it lost value by 1.4% against the currency of its neighbour, Singapore. It lost only marginally against the yen but more heavily against the German mark (51%) and Swiss franc (92%).

COMMERCIAL BANKS

At the end of June 1980 38 commercial banks were in operation of which 21 were locally incorporated. The total number of separate banking offices stood at 535.

Deposits with commercial banks have been growing quickly in recent years and this has enabled an expansion of lending activities, in particular to the private sector.

Total lending to the private sector from 1975 to 1979 was as follows:-

Table 69 - Commercial bank loans to private sector

	Amount (M$ million)	Annual growth rate (%)
1975	6,468	16%
1976	8,061	24.6%
1977	9,558	18.6%
1978	12,288	28.6%
1979	15,260	24.2%

Source:- Bank Negara Malaysia

The main asset/liability situation for commercial banks at June 1980 was as follows:-

Table 70 - Commercial bank assets/liabilities

	(M$ million)
Total assets/liabilities	28,727.3
Selected assets/liabilities	
Deposits	22,192.8
- Demand	4,952.6
- Fixed	13,163.8
- Savings	3,988.9
- Other	87.5
Negotiable Certs. of Deposits (net)	309.5
Loans and advances	17,878.6
Investments	4,051.2
- Treasury bills	1,308.9
- Government securities	2,457.5
- Private securities	284.8

Source:- Bank Negara Malaysia

Table 71 provides a breakdown of the loans and advances at the end of June 1980. 17% of loans went to manufacturing.

Table 71 - Classification of commercial banks loans and advances

	(M$ million)
Federal and State Governments	315.5
Statutory authorities	291.5
Agriculture	1,247.5
Mining and quarrying	164.0
Manufacturing	3,071.5
- Rubber products	127.7
- Tin	7.8
- Rice milling	41.1
- Food, drinks and tobacco	259.5
- Soaps and oils	262.7
- Textiles and clothing	301.2
- Woodwork and furniture making	175.0
- Printing, publishing	151.7
- Metal products and machinery	453.5
- Building materials	286.1
- Other manufacturing	1,005.2
Building and construction	1,285.9
General commerce	4,424.0
Professionals and individuals	3,477.8
Miscellaneous	3,028.3
Foreign trade bills	572.6
Total loans and advances	**17,878.6**

Source:- Bank Negara Malaysia

Commercial banking was generally active during 1980 due to construction and manufacturing growth. With a steady expansion of private sector activity, banking operations were expected to remain active through 1981.

MERCHANT BANKS

In June 1980 there were 12 merchant banks functioning primarily as financial intermediaries in the short term money market and in the capital market. All the merchant banks are joint ventures by existing Malaysian commercial banks/financial institutions together with well-known foreign banking institutions.

The asset/liability situation for merchant banks at June 1980 was as shown below:

Table 72 - **Merchant banks assets/liabilities**

	(M$ million)
Total assets/liabilities	1,782.0
Selected assets/liabilities	
Deposits	1,076.5
Amounts borrowed	201.9
Loans	1,401.3
- Term loans	981.4
- Trade bills	389.6
- Refinancing facilities	30.3
Investments	183.7
- Treasury bills	-
- Government securities	160.4
- Private securities	23.3

Source:- Bank Negara Malaysia

At June 1980 51.2% of loans outstanding from merchant banks were to business enterprises and of these loans:-

34% went to the manufacturing sector
20% went to the property/construction sector
16% went to the general commerce and trading sector

At mid 1980 the forecast for the year was of only moderate increase in merchant bank resources (due to slackening in fund-based activities) after a rapid expansion of 67.1% in 1979. But, with the commencement of the fourth Malaysia Plan and a consequent high level of public expenditure, merchant bank activities were expected to increase through 1981.

FINANCE COMPANIES

At mid 1980 there were 37 finance companies. The following was the assets/liabilities position at June 1980:

Table 73 - Finance companies assets/liabilities

	(M$ million)
Total assets/liabilities	**4,675.0**
Selected assets/liabilities	
Deposits	3,972.0
- Fixed	3,569.2
- Savings	401.1
- Other	1.7
Loans	3,101.5
- Hire purchase	1,541.4
- Leasing	252.8
- Housing	515.4
- Other	791.9
Investments	240.3
Funds with banks	809.1

Source:- Bank Negara Malaysia

Finance company assets grew by 24% in the year to June 1980. At the end of 1979, 42% of all domestic loans were to private individuals (and of these 18% were specifically for housing). In the period 1975-1979 loans to private individuals increased by 203% reflecting the general improvement in earnings and consumer durable expenditure.

INSURANCE COMPANIES

At the end of September 1980 there were 64 registered active insurance companies. Five of these were licensed for life insurance business, 46 for general insurance business and 13 for both life and general insurance. 38 of the insurance companies were locally incorporated.

At the end of September 1980 total assets for life insurance funds stood at M$ 1,457.8 million; an increase of 17.2% over the year. General insurance fund assets were M$ 7961.1 million; an increase of 20.5% over the year.

The short term prognosis for insurance is seen to be favourable in view of the sustained growth in the Malaysian economy. Insurance clearly has ample potential. At the end of 1979 the number of active policies covered only 5% of the total Malaysian population.

THE NATIONAL SAVINGS BANK

The number of depositor accounts at the end of June 1980 was almost four million and had grown by 7% over the year. The amount standing to depositors credit was M$ 1,120.2 million: an increase of 12% over the year.

EMPLOYEES PROVIDENT FUND

The number of accounts at June 1980 was 3.62 million with a contributors' credit of M$ 7951.9 million. Details of the EPF are provided in Chapter 10.

7 Industrial markets

GENERAL DEVELOPMENT

Until the second Malaysia Plan (1971-75) the country was essentially an agricultural economy. But with Government incentives and an expanding home market base, the manufacturing sector showed strong growth in the first half of the Seventies.

During the period of the second Malaysian Plan:-

- Value added by the manufacturing sector grew at an average of 10.9% per annum.
- Employment grew at an average of 3.3% per annum.
- Exports of manufactured products grew at an average of 29.0% per annum.

Growth in the early Seventies was derived both from raw material related industries such as sawn timber, veneer sheets, plywood and rubber products; and also from industries producing goods directly and indirectly for the domestic consumer markets. Development was particularly strong in food processing, chemicals, petroleum refining, textiles and electrical household appliances.

The second half of the Seventies saw a continued expansion of the manufacturing sector and by 1980 manufacturing was estimated to account for 20.5% of GDP compared with 16.4% in 1975. The agriculture, livestock, forestry and fishing sector had declined from 27.6% share of GDP in 1975 to 22.2% in 1980.

The 1990 target for the manufacturing sector is set at 26.2% of GDP which by then is expected to have reached M$ 50,097 million.

SOURCES OF INFORMATION

For Peninsular Malaysia manufacturing statistics are derived from the Monthly Survey of Manufacturing Industries conducted by the Department of Statistics. The survey covers 70 industries selected in terms of their importance and contribution to the manufacturing sector. In certain cases, where establishments are very small and their contribution negligible, they have been arbitrarily excluded from the survey.

No equivalent figures are available for Sabah and Sarawak but there are monthly trade figures to give an indication of industrial activity. In both these states activity is largely concerned with the export of primary goods, in particular petroleum and timber. There is a certain amount of petroleum refining and the manufacture of plywood and veneer sheets related to the production of these primary goods.

ANALYSIS OF THE MANUFACTURING SECTOR

By the end of 1979 there were 2,563 manufacturing establishments in Peninsular Malaysia with a sales value of manufactured products at M$ 16.8 billion. Value added in the manufacturing sector rose by 12.0% in 1979 and was estimated* to rise by a further 12.7% in 1980 to M$ 5.4 million.

In the period 1975-1979 the number of manufacturing establishments grew by 38%, sales value was up by 110%, and employment was up by 46%.

* (from mid 1980 figures)

Food manufacture accounted for 28.3% of total manufacturing in 1979 - an increase of 8.4% over 1978. A further increase of 9% was estimated for 1980. The latest 1980 estimates available (from the 1980/81 Economic Report) showed dairy products, rice and prepared animal feeds growing satisfactorily, but a decline in the output of canned pineapples and pineapple juice.

Estate type agricultural products took 12.3% of manufacturing output in 1979. Strong growth of 20% was estimated for 1980 due to the increase in output of palm oil; (an area of active Government encouragement). The output from rubber remilling factories rose at a slower rate in 1980 (estimated growth of 5%) while production from coconut mills declined.

The **wood products** industry took 7.1% of manufacturing output in 1979, this represented an increase of 2.3%, with a further increase of 2.5% estimated for 1980. This sector has benefitted from the increased demand from the residential construction sector, in particular for window and door frames. Overseas recessions were, however, holding back production of plywood, chipboard and fibreboard.

The **chemical and chemical products** industry accounted for 5.7% of manufacturing output in 1979. This is a varied sector including industrial and agricultural chemicals, pharmaceutical and medicinal products, soap, adhesives, petroleum products and synthetic polymers. The sector grew at 15.3% in 1979. Estimated growth for 1980 was 18%. The fastest output growth rate was for compressed and liquefied gas.

Malaysia is the world's largest producer of natural rubber although the manufacture of **rubber based products** is still a relatively small industry accounting for about 4% of output. Growth has been slow, at 1.5% in 1979 and 2.0% in 1980. Inner tubes have shown the largest proportionate increase in output (5.5% estimated for 1980) while tyres and footwear have shown only marginal increases.

The **textile** industry grew quickly between 1971 and 1978 (averaging 19.8% p.a.) but slowed sharply at the end of the decade due to higher production costs and reduced overseas demand.

The **basic metal products** sector was growing in 1980 thanks to local construction. The same demand for building materials, also caused expansion in the non-metallic minerals sector (mainly cement).

The **transport equipment industry** was growing in parallel with growth in the manufacturing sector as a whole. Output was up by 7.1% in 1979 and 8.5% in 1980.

Output of **electrical machinery and appliances** was growing well at the end of the decade with strong export demand. Other industries which were performing well were **beverages** and **paper products**.

The manufacturing sector generally began the Eighties well. In 1981 it is forecast to grow by a further 12.1% with value added to reach M$ 6.0 million.

GOVERNMENT INCENTIVES

The Government's investment incentives are designed to provide a partial relief from the payment of income tax for companies investing in new enterprises or expanding existing ones.

There are 7 major forms of incentive:-

1. Pioneer Status - for pioneer industries.

2. Labour Utilisation Relief - depending on the number of full-time paid employees engaged.

3. Investment Tax Credit - for non-pioneers, and related to capital expenditure. It can be extended, depending on area, product type and final Malaysian content.

4. Export incentives.

5. Increased capital allowance - as an encouragement to modernisation by existing factories.

6. Hotel incentives - to encourage the setting up of hotels, motels and tourist complexes.

7. Locational incentives -- for setting up in a specified traditional incentive area.

The Malaysian Industrial Development Authority should be contacted for detailed information on Government incentives.

Table 74 - Industrial origin of GDP by year (at 1970 constant prices)

	1975	1976	1977	1978	1979	1980*
Agriculture, livestock, forestry and fishing	4,804	5,392	5,519	5,574	5,797	5,809
Mining and quarrying	792	955	967	1,093	1,257	1,214
Manufacturing	2,850	3,377	3,735	4,258	4,769	5,374
Construction	654	713	800	904	1,031	1,186
Electricity and water	365	400	442	489	538	592
Transport and communication	1,071	1,153	1,290	1,412	1,563	1,696
Wholesale and retail trade	2,219	2,405	2,592	2,825	3,051	3,295
Banking, insurance, real estate and business services	1,468	1,552	1,675	1,842	2,000	2,155
Producers of Government services	2,210	2,420	2,719	2,788	2,994	3,398
Other services	478	517	558	605	637	657
- Minus imported bank service charge	211	218	244	269	290	308
- Plus import duties	665	707	822	925	999	1,120
GDP at market prices	17,365	19,373	20,875	22,446	24,346	26,188

Source:- Department of Statistics

Table 75 - Principal statistics of manufacturing establishments

	Number of establishments	Sales value of own manufactured products (M$'000s)	Number of employees	Salaries and wages paid (M$'000s)
1975	1,851	7,994,054	212,204	584,007
1976	1,933	10,269,110	242,995	730,777
1977	2,249	12,001,047	263,546	859,513
1978	2,485	13,549,111	290,750	1,014,773
1979	2,563	16,797,314	309,356	1,193,815
1980 (March)	2,651		311,067	

Source:- Department of Statistics Penin.Mal.

Table 76 - Production and sales of selected products (1979)

	Amount produced		Sales value Ex. factory (M$'000)
Sweetened condensed milk	107,929	(tonnes)	168,047
Canned pineapple	48,188	(tonnes)	50,759
Refined coconut oil	3,555	(tonnes)	7,586
Whole rice	307,208	(tonnes)	252,192
Wheat flour	300,579	(tonnes)	172,081
Tapioca pearls	11,572	(tonnes)	5,635
Biscuits	42,972	(tonnes)	65,260
Refined sugar	437,103	(tonnes)	424,778
Sweets	10,662	(tonnes)	-
Mixed poultry feeds	334,588	(tonnes)	178,513
Pig feeds	122,731	(tonnes)	61,547
Beer and stout	107,216	(000 litres)	174,288
Carbonated sweet drinks	168,237	(000 litres)	91,712
Cigarettes	13,479	(tonnes)	642,140
Cloth (90% or more cotton)	211,872	(kilometres)	-
Knitted sports shirts	2,117	(000 units)	-
Men's and boys' shirts	20,117	(000 units)	-
Shoes (leather or plasic)	2,768	(000 pairs)	-
Plywood	95,340	(sq.metres x 5mm)	290,133
Corrugated fibreboard cartons	45,160	(tonnes)	67,197
General stationery	-		18,589
Chemical fertilisers	322,654	(tonnes)	129,992
Compressed and liquefied gases	-		54,593
Industrial chemicals	-		61,815
Emulsion paints	11,075	(000 litres)	25,554
Gloss paints	10,528	(000 litres)	49,362
Toilet soap and soap powder	39,142	(tonnes)	100,364
Medicinal and pharmaceutical products	-		45,513
Hairdressing, oil, cream	1,047	(tonnes)	12,216
Cosmetics	307	(tonnes)	5,331

Table 76 - Production and sales of selected products (1979) contd..

	Amount produced		Sales value Ex. factory (M$'000)
Mosquito coils	4,893	(tonnes)	14,080
Foam rubber mattresses	3,904	(tonnes)	23,290
Canvas boots and shoes with rubber soles	15,394	(000 pairs)	68,873
Slippers, sandals, wholly or partly rubber	9,248	(000 pairs)	20,980
Other shoes, wholly or partly rubber	5,384	(000 pairs)	41,477
Pneumatic tyres	4,657	(000 units)	209,482
Inner tubes	6,099	(000 units)	26,012
Rubber - RSS	82,454	(tonnes)	-
SMR	410,103	(tonnes)	-
Crepe	25,020	(tonnes)	-
Processed latex	170,259	(tonnes)	-
Cement	2,265	(tonnes)	275,570
Galvanized iron sheets	61,704	(tonnes)	77,110
Welded iron and steel pipes and tube fittings	84,488	(tonnes)	98,650
Bars and rods for reinforced concrete	244,133	(tonnes)	166,429
Metal doors, windows, gates and frames	-		27,624
Tin cans and metal boxes	450,314	(000 units)	140,619
Electric fans	371,694	(units)	31,661
Television sets	154,127	(units)	-
Passenger car assembly	59,570	(units)	-
Motor cycles and scooters	116,548	(units)	-

Source:- Department of Statistics Penin.Mal.

Table 77 - Manufacturing production indices by year (1968 = 100)

	1975	1976	1977	1978	1979	1980*
Total industrial production	167.6	193.4	210.2	230.3	250.4	277.0
- Mining	70.7	69.6	64.6	68.9	69.6	68.0
- Electricity	185.0	206.0	229.0	253.4	279.3	311.5
- Manufacturing	216.0	256.9	284.2	311.9	341.5	379.1
Manufacturing sub-indices						
- Rubber, palm/coconut oil processing	235.5	254.1	307.4	349.7	423.8	519.4
- Food, beverages, tobacco	151.8	170.2	182.6	196.1	210.8	232.6
- Textiles	213.9	302.5	313.9	366.8	366.1	371.6
- Wood and related	190.2	265.2	286.4	274.1	280.3	287.3
- Rubber products	164.1	185.4	195.0	193.1	196.0	200.3
- Chemical products	154.7	176.3	180.4	203.7	234.9	277.2
- Petroleum refineries	117.9	150.3	169.1	188.9	197.8	208.1
- Cement products	161.3	189.5	196.0	245.1	260.0	280.8
- Basic metal products	202.2	221.3	253.0	301.6	303.7	308.3
- Elec. machinery and appliances	287.0	338.4	432.4	466.4	484.1	505.9
- Transport equipment	412.1	416.6	481.4	572.6	613.5	665.6
- Other pioneers	915.3	1179.4	1311.9	1438.4	1620.7	1863.8

Source:- Department of Statistics Penin.Mal.

Table 78 - **Amount and value of exports of major commodities from Sabah (1979)**

	Amount		Value (F.O.B.-M$'000)
Primary			
- Palm oil	136,366	(tonnes)	183,266
- Rubber	33,205	(tonnes)	79,786
- Cocoa beans	9,688,461	(Kgs.)	64,812
- Copra	30,455	(tonnes)	34,470
- Timber logs	9,780,512	(cu. metres)	2,050,951
- Prawns	3,039	(tonnes)	41,697
- Crude petroleum	3,908,132	(tonnes)	1,288,147
- Copper concentrates	108,462	(tonnes)	134,335
Manufactured			
- Veneer sheets	9.53	(million sq. metres)	10,024
- Plywood	2.67		11,676

Source:- Department of Statistics

Table 79 - Value of principal exports from Sarawak (1978)

	Value (F.O.B.-M$'000)
Crude and partly refined petroleum	943,914
Petroleum products	124,359
Timber logs	136,730
Sawn timber	25,055
Rubber	23,238
Pepper	18,823
Sago flour	1,521
Coconut oil	2,351
Palm oil	7,355

Source:- Department of Statistics

8 External trade

In 1979 Malaysia's total external trade stood at M$ 41,380 million with a healthy (record) trade surplus of M$ 7,058 million. Rubber and petroleum crude were the leading export commodities with the manufacturing sector accounting for 32% of exports.

The export sector has made an important contribution to economic growth in the Seventies and has averaged around 50% of GNP. Export earnings grew from M$ 5.2 billion in 1970 to M$ 24.2 billion in 1979. Imports also grew and their 1979 value was almost four times the 1970 value. The average trade surplus was over M$ 2 billion per annum for the decade.

However the export profile changed considerably during the Seventies. At the start of the decade rubber and tin were the main exports with 33% and 20% of total exports. By 1979 they had declined to 19% and 10% respectively. The areas of export growth were palm oil (up from 5% in 1970 to 10% in 1979 and crude petroleum (from 4% to 20%).

Manufactured goods have also become much more important in terms of exports rising from a 12% share in 1970 to 21% in 1980. There has also been a marked change in the profile of manufactured exports with electrical machinery and appliances moving from a 2% share of manufactured exports in 1970 to 47% in 1979.

The composition of imports has also changed with intermediate goods (finished and semi-finished goods used for the production of other goods) and capital equipment for the manufacturing sector both increasing their share of imports. Machinery and equipment imports took 29.8% of all imports in 1979.

In terms of the direction of trade, the Seventies saw the clear emergence of Japan as Malaysia's leading trade partner followed by the USA and Singapore. In relative terms the United Kingdom declined sharply as a trading partner and in 1979 accounted for only 3.9% of Malaysia's exports and 6% of imports: (by comparison with 7% of exports and 13% of imports in 1970).

In 1979, 29.8% of imports (in value terms) were investment goods by comparison with 20.4% which were consumption goods. One third of the investment goods was machinery, and over the period 1975 to 1979 machinery imports grew by 75%.

Malaysia's export performance in the Eighties will largely depend on world demand for its commodities. However, Malaysia's membership of ASEAN is likely to prove beneficial as (1) more items are approved for tariff preferences by the ASEAN Economic Ministers (the total number of items exchanged stood at 4,325 in July 1980) and (2) ASEAN gains stature and makes progress in its dialogue on trade with the main industrialised nations.

Table 80 - Exports: country of destination by year

		1976	1977	1978	1979
		(M$ million)			
Total exports		13,423	14,959	17,094	24,219
-	Singapore	2,455	2,386	2,762	4,226
-	Thailand	173	211	230	326
-	Indonesia	59	46	44	52
-	Philippines	202	187	136	258
-	Japan	2,838	3,049	3,703	5,668
-	China (PRC)	113	294	251	397
-	Hong Kong	168	195	265	410
-	India	75	391	566	510
-	Australia	302	257	305	424
-	USA	2,094	2,718	3,183	4,183
-	USSR	302	295	326	567
-	UK	662	768	822	943
-	West Germany	577	559	617	886
-	Netherlands	890	987	963	1,357
-	France	242	248	256	407
-	Italy	277	239	280	413

Source:- Department of Statistics

Table 81 - Imports: country of origin by year

	1976	1977	1978	1979
	(M$ million)			
Total imports	9,722	11,165	13,690	17,161
- Singapore	843	934	1,167	1,580
- Thailand	405	518	576	617
- Indonesia	110	110	108	166
- Philippines	34	67	105	150
- Japan	2,062	2,612	3,169	3,840
- China (PRC)	341	343	509	487
- Hong Kong	211	228	250	279
- India	149	141	171	190
- Australia	693	676	879	1,039
- USA	1,237	1,375	1,903	2,565
- USSR	26	27	16	23
- UK	720	845	1,018	1,096
- West Germany	545	624	843	1,019
- Netherlands	70	90	114	133
- France	154	157	199	338
- Italy	87	113	170	202

Source:- Department of Statistics

Table 82 - **Exports: commodity and product type by year**

(M$ million)

	1976	1977	1978	1979
Major exports				
- Rubber	3,098	3,379	3,601	4,482
- Tin	1,524	1,704	2,022	2,316
- Sawn logs	1,472	1,520	1,665	2,887
- Sawn timber	887	844	878	1,336
- Palm oil	1,220	1,790	1,872	2,471
- Petroleum	1,747	2,017	2,263	4,210
Major exports as a per cent of total exports	74.0	75.2	72.0	73.1

Source:- Department of Statistics

Table 83 - **Imports: commodity type by year**

(M$ million)

	1976	1977	1978	1979
Import type*				
- Food and live animals	1,443	1,644	1,981	2,053
- Beverages and tobacco	117	145	186	185
- Crude materials inedible	533	638	722	842
- Mineral fuels	1,311	1,422	1,470	2,064
- Oils and fats	21	26	26	30
- Chemicals	923	1,079	1,228	1,773
- Manufactured goods**	1,620	1,788	2,264	2,956
- Machinery and transport equipment	3,183	3,761	4,946	6,328
- Miscellaneous manufactured	494	581	724	794
Other	77	81	143	137

* Based on SITC - excludes ships, aircraft, offshore oil equipment

** Refers to goods classified chiefly by materials

Source:- Department of Statistics

Table 84 - Profile of exports of manufactured goods

	(M$ million) 1970	1979
Total exports of manufactured goods	615	4,793
- Food, beverages, tobacco	18%	8%
- Textiles, clothing, footwear	5%	12%
- Wood products	15%	10%
- Rubber products	3%	1%
- Chemicals	6%	2%
- Petroleum products	26%	2%
- Non-metallic mineral products	3%	1%
- Iron and steel	2%	1%
- Metal manufactures	2%	3%
- Electrical machinery and appliances	2%	47%
- Other machinery, transport equipment	11%	6%
- Other manufactures	7%	7%

Source:- Department of Statistics

9 Agriculture

Although its share of GDP has been declining, agriculture remains an extremely important sector of the Malaysian economy. In 1980 agriculture together with forestry and fishing was estimated to take more than one fifth of GDP. Malaysia is the world's largest supplier of natural rubber, palm oil, pepper and tropical hardwood.

The agricultural sector ended the Seventies with mixed performance. **Rubber** production began to decline in 1977 due to shortages of labour and the effects of switching to other crops in previous years. After a small increase of 1.2% in 1978 production was again down by .4% in 1979 and an estimated 2% in 1980. Despite this decline 1980 rubber production is estimated to account for 41% of total world natural rubber production.

Table 85 - Production of rubber and palm oil by year

	1977	1978	1979	1980*
Annual production ('000 tonnes):				
- Rubber	1,588	1,607	1,600	1,568
- Palm oil crude	1,613	1,786	2,188	2,580

Source:- Department of Statistics

By comparison with rubber, production of **palm oil** has been growing at a rapid rate. For the three years 1977 to 1979 the growth rates were 16.0%, 10.7% and 22.6% and the estimate for 1980 is 18%. The 1980 estimate would give Malaysia about 57% of world palm oil production from palm oil plantations of 880,000 hectares in Peninsular Malaysia and 112,000 hectares in East Malaysia.

The present growth in palm oil production is largely the result of planned cultivation in the early Seventies by Government agencies. However, the drift of workers away from the rural areas as the Seventies progressed has led to a present shortage of manpower. The Government is now giving attention to the introduction of labour saving devices and to making work in the estates generally more attractive.

Malaysia's **rice** production is estimated at about 1.36 million tonnes for 1980. Malaysia is not yet self sufficient in rice with domestic consumption expected to be about 1.6 million tonnes in 1980. The balance of about 15% of rice for domestic consumption is imported: mainly from Thailand and China. Rice production has also been hit by labour problems but higher yielding varieties are expected to maintain growth in annual production.

The 1980 estimate for **pepper** production is 41,000 tonnes of which 92% is expected to originate from Sarawak. Malaysia is expected to remain the leading producer with about 33% of total world output. Efforts are now being concentrated on the development of more processing and grading centres as a basis for more intensive world-wide marketing efforts.

Other crops whose production is being encouraged are copra (1980 production estimate 788,000 tonnes), cocoa (33,000 tonnes), tobacco (10.1 million kilograms), sugar (471,000 tonnes refined).

With its heavy involvement in agriculture, Malaysia has a large requirement for fertilizers. 1980 production is estimated at 331,000 tonnes against a domestic requirement of 860,000 tonnes. In other words, over 60% of the fertilizer needed is likely to be imported during 1980 and this situation is not expected to change much in 1981.

Looking ahead, the agricultural sector is expected to be more buoyant in 1981 than 1980 with a 3% growth in value added (against 0.2% in 1980). This is largely a function of palm oil production remaining steady while rubber manages a growth in output of 1% after several years of decline. Further growth in this sector is predicted to be slow with sawn timber production declining further and counter balancing growth in food and export crops.

Sawn log production is expected to decline by 6.5% in 1980 to 25.1 million cubic metres with about 60% of production from Sabah and Sarawak. The decline is seen as a result of the Government's forest conservation policy. However, sawn timber production is expected to increase by 5.7% to 5.8 million cubic metres, largely a function of Government efforts to encourage more domestic timber processing and buoyant demand from the construction sector.

10 Labour force

There is ample low cost labour in Malaysia, mostly trained in the basic skills required for industry. At the end of 1979 the workforce comprised 5.2 million adults: an increase of 12% since 1976. There is a shortage of professional, technical and management skills but the Government is actively working to provide the necessary training in these skills for young people.

Unemployment has been falling steadily since the mid Seventies and stood at 5.6% at the end of 1979. The total registered unemployed at this time was 76,628 of whom 75% were in the 15-24 age group and 28% were female. 38% of the registered unemployed were clerical workers and 47% in production and related activities. Only 3% were in the agriculture occupational group.

In line with other economic changes in Malaysia's development, the distribution of employment has also shifted during the Seventies. Employment in the primary sector in 1970 formed 56% of total employment. By 1980 it had fallen to 44% while over the same period the manufacturing and construction share of employment increased from 12% to 19% and in the services sector employment grew from 32% to 37%.

Wages may be paid on any basis and are open to negotiation within the minimum constraints of the Employment Ordinance of 1955. Some examples of published wage rates for Peninsular Malaysia are:

Table 86 - Examples of wage rates

(a) Selected manufacturing industries - monthly remuneration at June 1977

	Employee Average
Professional/management	M$ 2,052
Technical/supervisory	M$ 537
Clerical	M$ 369
Skilled workers	M$ 223
Unskilled workers	M$ 159

(b) Rubber estates - daily rate at July 1979

	Employee Average
Mandores/kepalas	M$ 8.60
Male tapper	M$ 7.20
Female tapper	M$ 7.30
Male weeder	M$ 6.00

(c) Tin dredges - daily rate at July 1979

	Employee Average
Kepalas	M$ 10.30
Skilled workshop employee	M$ 14.10
Unskilled workshop employee	M$ 7.60
Skilled dredge crew	M$ 14.00
Unskilled dredge crew	M$ 7.60

(d) Bus companies - daily rate at July 1979

	Employee Average
Station masters	M$ 9.36
Ticket inspectors	M$ 8.48
Bus drivers	M$ 8.11
Male conductors	M$ 7.54
Female conductors	M$ 5.25
Skilled workshop staff	M$ 14.44
General labourers	M$ 5.44

Source:- Ministry of Labour and Manpower Penin.Mal.

There are 282 trades unions but only one tenth of the total labour force are union members. Industrial disruption was declining at the end of the Seventies and in 1979 there were less than 25,000 man days lost from only 28 strikes. In 1976, by comparison, there had been 70 strikes losing 109,000 man days.

Both employees and employers are required to contribute towards the Employees Provident Fund (EPF). The minimum contributions are 9% of wages from the employee and 11% from the employer. Employees may withdraw one third of this fund at 50 and the entire amount at 55.

The outlook for the early Eighties is of a further decline in unemployment and greater pressure on wage increases with average settlements well above the level of inflation.

Table 87 - Total Work Force and Employment by Year

	('000s)			
	1976	1977	1978	1979
Total work force	4,662	4,765	5,056	5,218
Total employed				
- Agriculture, forestry, fishing	1,908	1,941	2,026	2,056
- Mining, quarrying	89	88	89	90
- Manufacturing	623	663	710	755
- Construction	206	205	228	244
- Finance, insurance, commerce	581	583	640	671
- Transport, storage, communication	170	172	180	187
- Government services	577	582	636	664
- Other services	223	242	250	258
Unemployment rate*	6.1%	6.1%	5.9%	5.6%

* 1980/81 estimates - 5.3%/5.2%

Source:- Ministry of Labour and Manpower, Economic Planning Unit

Table 88 - Trade unions and labour unrest by year

	1976	1977	1978	1979
Total trades unions	277	279	280	282
Total membership ('000s)	482	504	524	518
Man days lost ('000s)				
Total	109	74	35	25
- Agriculture, forestry, fishing	9	9	11	11
- Mining, quarrying	-	-	1	-
- Manufacturing	85	55	22	10
- Construction	3	3	1	-
- Finance, insurance, commerce	3	4	*	*
- Transport, storage, communication	8	2	-	*
- Government services	-	-	-	-
- Other services	1	*	-	3

Source:- Ministry of Labour and Manpower, Trade Union Registration Office

11 Media and advertising

MEDIA USAGE

The Media Index Survey carried out annually by Survey Research Malaysia SDN BHD is the prime source of information on media usage. This is a continuous survey running from the middle of the year to the middle of the next. The survey concluded in mid 1979 involved personal interviews with a carefully selected probability sample of 8,834 individuals aged 15 years or above in Peninsular Malaysia. Tables 90 to 97 have been derived from this survey.

Television Malaysia is under the control of the Ministry of Information and broadcasts programmes through three networks - National Network (which covers West and East Malaysia simultaneously), Network 1 and Network 2. From an advertising point of view one important difference between the networks is that National Network and Network 1 only accept commercials in Bahasa Malaysia. Network 2 will accept commercials in English, Mandarin, Cantonese, Hokkien and Tamil.

Television Sabah also offers commercial time and coverage of both Sabah and Sarawak. Advertising must also be in Bahasa Malaysia.

Television (and radio) programming is carefully controlled by the Government to ensure a sufficient content of informative and educational programmes.

Table 89 - Radio and TV programmes as percentage of total weekly airtime

	Radio Malaysia %	Television Malaysia %
Development orientated information and education	15	13
Entertainment	60	58
News	13	18
Religion	7	7
Miscellaneous	5	4
Total weekly hours	443.3	100.3

Source:- Ministry of Information

At September 1978 there were 777,354 licensed TV sets in Peninsular Malaysia, 48,320 in Sabah and 39,618 in Sarawak. For Peninsular Malaysia there was 93% growth in licensed TV sets between the end of 1975 and the end of 1979. The 1979 Media Index Survey estimated that there were 3.2 million adults living in homes with a television: (94,000 living in homes with a colour TV set). 1980 saw a further sharp rise in the number of adults living in homes with a television when the figure stood at 4.4 million.

Despite problems of inadequate electrification the incidence of television viewing in the rural areas is very similar to that in urban areas (approximately four fifths ever watch television). However, urban dwellers are more frequent television viewers.

The average day's audience for TV Malaysia in 1979 was 41% of all adults - an increase of 34% in the year which saw the advent of colour TV. Singapore TV can also be received in parts of Malaysia and its average daily audience was 4% of adults in Malaysia: (disproportionately Chinese).

In terms of demographics the incidence of TV viewing is highest with the 15-24 year olds and declines with age.

Table 90 - Summary of TV, radio and cinema usage by sex and age

	Total Adults	Male	Female	15-24	25-39	40+
('000s)	6,992	3,471	3,521	2,566	2,301	2,126
	%	%	%	%	%	%
Attended cinema in past 7 days	19	24	14	28	20	8
Viewed TV yesterday						
- Malaysia	41	42	40	49	41	31
- Singapore	4	4	4	4	4	3
Listened to radio yesterday						
- Malaysia	51	48	54	59	53	40
- Singapore	16	15	17	19	16	11
- Rediffusion	3	3	3	2	4	3

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Table 91 - **Summary of TV, radio and cinema usage by ethnic group**

	Total Adults	Malay	Chinese	Indian
(000's)	6,992	3,665	2,534	756
	%	%	%	%
Attended cinema in past 7 days	19	6	39	16
Viewed TV yesterday				
- Malaysia	41	39	43	40
- Singapore	4	2	6	4
Listened to radio yesterday				
- Malaysia	51	62	35	56
- Singapore	16	11	12	49
- Rediffusion	3	-	8	-

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Radio is also provided by the Department of Broadcasting within the Ministry of Information and on an average day in 1979, 51% of adults listened to Malaysia radio. By comparison 16% of adults listed to Singapore radio.

In addition there is a privately owned Rediffusion service providing sound broadcasts mainly in Chinese via cable to subscribers in the market centres of Kuala Lumpur/Petaling Jaya, Ipoh and Penang/Butterworth. Among the Chinese adults in these centres in 1979 there were 24% more listening to Chinese programmes on Rediffusion than to Chinese language programmes on Radio Malaysia. However, in 1980 Radio Malaysia's audience increased while Rediffusion remained steady.

The following table shows the most popular television programmes during a sample time period in 1979. There is a strong drama component among the highest audience programmes.

Table 92 - **Most popular TV programmes**

Programme		Audience Size* (000's) Adults
1.	Malay Film	1,966
2.	Charlies Angels	1,759
3.	Return of the Saint	1,596
4.	DWI Puspa	1,476
5.	Drama Minggu Ini/Panggung RTM	1,448
6.	Barnaby Jones	1,305
7.	Chinese film	1,270
8.	The Wonderful World of Disney	1,245
9.	Family	1,225
10.	Operation Runaway	1,178

*Sample period:- Nov. 4 1979 - Dec. 1 1979

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Rediffusion apart, the Malays and Indians are much more likely to be radio listeners than the Chinese. Radio listening also tends to be higher with women and the 15-24 year olds.

Both Radio Malaysia and Rediffusion accept advertising in Bahasa Malaysia, Chinese and English. Radio advertising is available in East Malaysia through Radio Sarawak and Radio Malaysia Sabah. Both are under the control of the Ministry of Information.

Cinema going has been increasing steadily through the Seventies and by 1979 about one in five Malaysians were visiting the cinema in an average week. These were disproportionately Chinese (39% in an average week), male and in the 15-30 age group.

From 1973 to 1979, the average daily readership of a Bahasa **daily newspaper** increased by 115% to almost 1.5 million. Readership of a Chinese daily increased by 40% over this period to about the same 1979 level. English language dailies increased their readership by 67% but to the smaller 1979 total of 832,000.

Table 93 - Summary of daily newspaper readership by sex and age

	Total Adults	Male	Female	15-24	25-39	40+
('000s)	6,992	3,471	3,521	2,556	2,301	2,126
	%	%	%	%	%	%
Daily newspaper yesterday						
- Any Chinese	21	25	17	21	24	19
- Any English	12	16	8	16	13	6
- Any Rumi	19	24	13	29	18	6
- Any Rumi or Jawi	21	28	15	31	21	15
- Any Tamil	3	4	1	2	3	3
- Any at all	50	64	37	60	53	35

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Table 94 - Summary of daily newspaper readership by ethnic group

	Total Adults	Malay	Chinese	Indian
(000's)	6,992	3,665	2,534	756
	%	%	%	%
Daily newspaper yesterday				
- Any Chinese	21	*	59	-
- Any English	12	6	16	21
- Any Rumi	19	33	2	5
- Any Rumi or Jawi	21	37	2	5
- Any Tamil	3	*	-	24
- Any at all	50	33	69	42

Source:- SRM Media Index Survey - 1979 Penin.Mal.

The leading Bahasa Malaysia daily in 1979 was Utusan Malaysia but it was being pressed by Berita Harian. Both these papers surged forward strongly in 1980 reflecting the growing affluence and education in the Malay sector of the population.

Nanyang Siang Pau has a clear lead as the number one Chinese daily although the end of the Seventies has seen particularly strong growth from Sing Pin and Kwong Wah among the smaller dailies.

Readership of an English daily newspaper is dominated by the New Straits Times which started 1980 with a growth in readership to 720,000 so that it is being read on an average day by more than one in ten of the adult population.

Magazines and Sunday newspapers have also shown growth in readership in the latter part of the Seventies, with disproportionately more growth among women then men. The magazine sector is diverse and fragmented with no single publication having an average issue readership of more than 8% of all adults.

Table 95 - Summary of weeklies, fortnightlies and monthlies readership by sex

	Total Adults	Male	Female
('000s)	6,992	3,471	3,521
	%	%	%
Weeklies/Sunday papers in past week			
- Any Chinese	21	25	17
- Any English	14	19	9
- Any Rumi	23	28	18
- Any Rumi or Jawi	25	31	19
- Any Tamil	4	5	3
- Any at all	55	68	44
Fortnightlies/monthlies in past 2 weeks/past month			
- Any Chinese	8	7	8
- Any English	6	8	5
- Any Rumi	15	16	15
- Any Tamil	3	4	3
- Any at all	28	29	28

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Table 96 - Summary of weeklies, fortnightlies and monthlies readership by ethnic group

	Total Adults	Malay	Chinese	Indian
	6,992	3,665	2,534	756
	%	%	%	%
Weeklies/Sunday papers in past week				
- Any Chinese	21	-	57	*
- Any English	14	8	59	24
- Any Rumi	23	40	3	7
- Any Rumi or Jawi	25	45	3	7
- Any Tamil	4	*	-	38
- Any at all	55	46	69	57
Fortnightlies/monthlies in past 2 weeks/past month				
- Any Chinese	8	*	21	-
- Any English	6	4	10	8
- Any Rumi	15	27	2	4
- Any Tamil	3	*	*	26
- Any at all	28	28	29	31

Source:- SRM Media Index Survey - 1979 Penin.Mal.

Table 97 - Leading print media

		Total Adults %
Daily newspapers (read yesterday)		
1.	Utusan Malaysia	12
2.	New Straits Times	10
3.	Nanyang Siang Pau	9
4.	Berita Harian	9
5.	Shin Min Daily News	5
6.	Sin Chew Jit Poh	5
7.	Utusan Melayu	4
8.	The Star	3
9.	Malay Mail	3
10.	Kin Kwok	3
Weekly magazines (read in past week)		
1.	Sunday Special	7
Fortnightly magazines (read in past fortnight)		
1.	Utusan Radio and TV	7
Monthly magazines (read in past month)		
1.	Wanita	8
Sunday newspapers (read in past week)		
1.	Mingguan Malaysia	17

Source:- SRM Media Index Survey - 1979 Penin.Mal.

In addition to the main advertising media summarised above, poster sites are also available in Malaysia. The agent for some of the main sites quotes average pedestrian traffic figures of which the highest are for Kuala Lumpur; Bandaraya (3.5 million per month) and Majlis Perbandaran Pulau Pinang/Georgetown (2.0 million per month).

An extensive analysis and commentary on the usage of the main media of Peninsular Malaysia will be found in N.H. Grenfell's book 'Switch On: Switch Off' (Oxford University Press - 1979).

ADVERTISING RATES AND RESTRICTIONS

For detailed information on advertising rates and restrictions, the annual Media Directory published by the Association of Accredited Advertising Agents, Singapore, is recommended. The following is an illustrative selection of some of the main rates and restrictions for Peninsular Malaysia taken from the 1980/81 Media Directory. These rates will clearly be subject to change with time.

Daily Newspapers: The daily newspapers have broad and flexible rate cards. As an indication of costs, the display rates for the six leading dailies as quoted in the 1980/81 Media Directory are as follows:-

Table 98 - Example of advertising rates - newspapers

	Language	Per Single Col. Cm.*
Utusan Malaysia	Malay	S$ 6.72 (casual)
New Straits Times	English	S$ 14.00 (casual)
Nanyang Siang Pau	Chinese	S$ 7.20 (casual)
Berita Harian	Malay	S$ 3.60 (casual)
Shin Min Daily News	Chinese	S$ 4.10
Sin Chew Jit Poh	Chinese	S$ 5.90 (casual)

* All rates for Malaysia Only

Source:- Media Directory 1980/81

Magazines: A full page black and white advertisement is valued as follows in these publications:-

Table 99 - Examples of advertising rates - magazines

	Full Page Black and White
Utusan Pelajar	M$ 400
Readers Digest (English)	S$ 2,410
Utusan Radio and TV	S$ 840
Women 'Fu Ni'	S$ 1,080
Wanita	S$ 2,040
Utusan Film and Fesyen	S$ 500
New Tide	S$ 800

Source:- Media Directory 1980/81

Television: Commercial advertising is accepted on all three networks with the language constraints mentioned above. The rate card for Television Malaysia essentially comprises two main categories: rotational spots and preferred spots.

Rotational spots are placed between programmes and their time rotates on a weekly basis, e.g. at 6.00 pm in week 1, at 7.00 pm in week 2 and 8.00 pm in week 3 and so on. Preferred spots occur before or after programmes and there is an option to pair spots up to 60 seconds before and after the news. Examples of rates are as in table 100.

Table 100 - Examples of advertising rates - TV

	Rotational spots: Filmlets			Preferred spots: Filmlets		
	20 sec.	30 sec.	60 sec.	20 sec.	30 sec.	60 sec.
National Network*	S$ 451	S$ 579	S$ 1,063	S$ 902	S$ 1,158	S$ 2,126
Network 1	S$ 361	S$ 463	S$ 850	S$ 722	S$ 926	S$ 1,700
Network 2	S$ 361	S$ 463	S$ 850	S$ 722	S$ 926	S$ 1,700

* Covering West and East Malaysia from 7.25 pm each night in place of Network 1 - also weekends from 3.00 pm to 5.25 pm.

Source:- Media Directory 1980/81

Advertising on TV is accepted subject to the Ministry of Information's general principles and requirements. Some of the main points are:-

- Application of a product to certain parts of the body such as armpits is not allowed.

- Advertising related to pork or pork products is not acceptable.

- Liquor and alcoholic beverages advertising is not acceptable.

- Sanitary protection advertising is not acceptable.

- There are generally stringent rules concerning the use of children and the advertising of pharmaceutical products.

There are a number of constraints designed to maximise the making of commerical films in Malaysia itself.

Radio: Radio advertising is accepted on four different language networks. The acceptable languages are Bahasa Malaysia, English, Tamil and Chinese (Cantonese, Hokkein or Hakka). With consideration for the Islamic faith alcoholic beverage and pork-based food advertising is not allowed.

Radio time is divided into three audience size categories AAA, AA, A. Examples of network spot rates (casual) are:-

Table 101 - Examples of advertising rates - radio

	20 Sec.	40 Sec.
AAA	S$ 67	S$ 105
AA	S$ 59	S$ 95
A	S$ 25	S$ 41

Source:- Media Directory 1980/81

Rediffusion: Commercial advertising in this largely Chinese medium can be in Chinese, English or Bahasa Malaysia. Rediffusion operates with a rate card format similar to that of Radio Malaysia, but with time categories named Double Premium, Premium and Standard. A Double Premium 20 second Chinese Spot is quoted at S$ 65.

Outdoor: Pearl and Dean is the main agent for poster sites in Malaysia. The company reserves the right to refuse advertising which it judges to be objectionable, unsuitable or impracticable. Because of the variable nature of the sites, illustrative rate examples are not included here.

Cinema: The quoted rates for small, medium and large audience cinemas are illustrated by the following examples:-

Table 102 - Examples of advertising rates - cinema

	Average Weekly Attendance	Weekly Rates		
		Still	Moving	
		15 Sec.	20 Sec.	60 Sec.
Kuala Lumpur (Federal)	28,119	S$ 127	S$ 191	S$ 359
Ipoh (Grand)	10,456	S$ 47	S$ 71	S$ 133
Malacca (Lido)	4,549	S$ 20	S$ 31	S$ 58

Source:- Media Directory 1980/81

ADVERTISING EXPENDITURE

Estimates of advertising expenditure are available from the continuous 'Adex' service provided by Survey Research Malaysia. The table below shows the total 'rate card' expenditure on advertising in main media in the years 1978-1980.

Table 103 - Advertising expenditure in main media by year

	Jan-Dec 1978		Jan-Dec 1979		Jan-Dec 1980*	
	(M$)	%	(M$)	%	(M$)	%
TV	19,789,574	(17.5)	22,784,262	(14.4)	31,100,000	(15.0)
Radio	4,072,702	(3.6)	3,833,765	(2.4)	5,000,000	(2.4)
Rediffusion	964,635	(0.9)	1,352,385	(0.9)	1,700,000	(0.8)
Newspapers	63,004,654	(55.7)	94,807,521	(59.7)	130,100,000	(62.7)
Periodicals	18,123,783	(16.0)	25,954,558	(16.4)	25,900,000	(12.5)
Cinema	7,169,273	(6.3)	9,998,030	(6.3)	13,700,000	(6.6)
Total	113,124,621	(100)	158,730,521	(100)	207,567,045	(100)

* Total figure is final
Source:- SRM 'Adex'

Cigarettes is the product category with the highest advertising expenditure but it is of interest that the second highest expenditure category in 1979 was concerned with the spending of leisure money.

As newspaper readership has been increasing so too has the total newspaper share of advertising expenditure. By 1980 it had reached 63% of total advertising expenditure.

Despite heavy cigarette expenditure on TV it remains a relatively small advertising medium when compared with Press. Apart from cigarettes it is most important in the advertising of confectionery, snacks and other foods.

Table 104 - Advertising expenditure for 1979 within category by main media

('000s)	TOTAL	TV	Radio	Rediffusion	Newspaper	Periodicals	Cinema
Cigarettes	14,403	24	7	-	39	19	11
Entertainment, hotel restaurant, cinema	8,444	1	-	-	89	9	1
Cars	8,256	1	-	-	83	12	4
Insurance, banking, financial, professional	8,246	3	-	-	55	36	5
Airlines, travel services, tour agencies	7,897	-	-	-	48	52	-
Electrical appliances & air conditioners	4,567	8	1	-	80	6	5
Dept. stores & emporiums	4,320	-	-	2	96	2	-
Watches	4,244	4	-	-	57	38	1
TV	4,085	4	3	-	81	4	8
Shipping & transportation	4,017	-	-	-	87	13	-
Corp, Govt; agencies, utilities	3,993	-	-	1	27	21	-
Radio, Hi-Fi, records	3,656	-	3	3	57	37	-
Communication, publishing & media	3,400	1	1	-	72	25	-
Confectionery & snacks	2,557	36	3	2	45	3	11
Prepared dinner & miscellaneous foods	2,551	42	4	3	28	9	14

SABAH AND SARAWAK

With interest growing in East Malaysia the following table is intended to indicate the coverage of the leading print media. The information is taken from the 1979 SRM Media Index Survey of East Malaysia which covered the main urban areas of Sabah and Sarawak.

Table 105 - Leading print media in Sabah and Sarawak

		Adults in main urban areas of: Sabah		Sarawak
		%		%
Read in publication period:-				
Dailies	- Daily E.	26	See Hua Daily News	31
	Merdeka Daily News	25	Sarawak Tribune	24
	Sandakan Jit Pao	24	International Times	13
	Kinabalu Sabah Times	15	Berita Petang Sarawak	11
Weeklies*	- Merdeka Daily News	30	See Hua Daily News	31
	Sandakan Jit Pao	29	Sunday Tribune	19
	Overseas Chinese Daily News	19	Borneo Bulletin	18
Fortnightlies	- Asia Magazine	8	Asia Magazine	12
	Fanfare	7	Fanfare	6
Monthlies	- Sister's Pictorial	15	Sister's Pictorial	17
	Majalah Filem	10	Readers Digest (Eng.)	12

* All those shown are Sunday editions of daily newspapers

Source:- SRM Media Index Survey (East Malaysia) - 1979 East Mal.

12 Retail trade

There are two main sources of information on the Retail Trade in Malaysia. The Government's Department of Statistics surveys wholesale and retail trades every two years collecting such information as number, type, employees, turnover, salaries and wages, operating costs, value added etc.

This is a cumbersome survey to carry out and analyse and at the time of going to press the latest survey report available was for the survey carried out in late 1975 and early 1976 but for which the reference year was 1974.

This survey's estimate for 1974 was of a total of 72,505 retail establishments in Peninsular Malaysia of which 52% were turning over less than M$ 20,000 p.a. at that time. The same survey estimated 12,202 wholesale establishments.

Because of the time lapse since 1974 the Government survey is only minimally referred to here: (see table 109 which was still the best available estimate of the numbers of certain types of specialist shop).

The other source of retail information is a significant one in that it is the first large scale syndicated retail audit to be carried out in Malaysia.

The audit has been introduced by Survey Research Malaysia and started operation at the end of 1980. The initial audit coverage is of shops selling provisions, pharmaceutical goods and toiletries but will be extended to cover other product categories.

As part of the development of the retail audit, Survey Research Malaysia carried out a major census/survey to provide a sampling frame. At mid 1980 a complete census of retail outlets was carried out for the four market centres of Kuala Lumpur/Petaling Jaya, Ipoh, Penang and Johore Bahru. In addition sample censuses were carried out for other urban and rural areas to give complete coverage of Peninsular Malaysia. Grossed up estimates from this census/survey are included in table 106.

The initial census counts were for the provision, pharmaceutical and toiletry outlets, since these were to be involved in the early stages of the retail audit. Within these sectors the most common shop type was the small provision and sundry shop of whom over 21,500 were found. 69% of these small shops were located in the rural areas.

46 supermarkets were recorded:- all in urban areas but this excluded self-service stores with only one check-out point and self serve areas of department stores.

The overall impression remains one of a very fragmented retail structure with large numbers of small outlets many of which are in the less accessible rural areas.

Table 106 - Provision, pharmaceutical and toiletry outlets* by area

	Total	KL/PJ	Penang	Ipoh	Johore Bahru	Other Urban	Rural
Supermarkets	46	10	11	2	1	22	-
Dept. stores/emporia	60	22	15	3	3	17	-
Mini market/large provision	612	234	103	65	1	177	32
Med. provision/sundry	9,173	807	256	102	19	2,228	4,671
Small provision/sundry	21,583	1,065	682	406	360	4,179	14,891
Total sundry/provision	30,474	2,138	1,067	578	384	6,623	19,684
Large medical halls	200	67	38	17	1	77	-
Small medical halls	1,580	141	159	107	41	577	555
Chemists	366	108	59	5	8	186	-
Total	2,146	316	256	129	50	840	555
Other toiletry outlets	3,227	250	156	192	138	1,597	894
Estimated pop. adults/children '000s	11,849	1,406	622	337	287	1,719	7,478
Pop. per provision outlet	389	658	583	583	747	260	380

* Excludes fresh food outlets, stalls, mixed goods, speciality outlets

When referring to the table above the following notes from Survey Research Malaysia on shop type definitions may be helpful. The notes themselves are useful in providing a working classification of the varied shop types in Malaysia.

- Supermarkets: self-serve food stores with a minimum of 2 check-out counters and with the main activity of the establishment in the supermarket itself.

- Department stores/emporia: large stores with multi purpose use but part of which includes food/toiletry section. Some large department stores have a supermarket on site. These are classified as department stores.

- Mini-markets/large provision: mini-markets are small self serve supermarkets with one check-out counter only. Large provision shops are those with a square footage of 900 square feet or more.

- Medium provisions: have 400-900 square feet.

- Small provisions: have less than 400 square feet.

- Large medical halls: 400 square feet or more.

- Small medical halls: less than 900 square feet.

  (Medical halls are shops selling essentially pharmaceutical goods).

- Other toiletry outlets: a varied group with the common feature of selling toiletry items and includes such as textile and book shops with toiletries as a side line.

The following table lists outlets in the main market centres selling individual product types. These were based on observation and not questionnaire completion and hence should be regarded as guiding estimates. The true figures might be expected to be somewhat higher.

Table 107 - Retail outlets by selected product sold for the main market areas

	Market Centres Total	Kuala Lumpur/ Petaling Jaya	Penang	Johore Bahru	Ipoh
No. outlets selling					
- Cigarettes	10,305	5,255	2,386	988	1,676
- Sweets	9,740	4,934	2,184	903	1,719
- Soft drinks	10,525	5,421	2,380	1,112	1,612
- Beer	6,069	2,896	1,755	549	869
- Stout	5,760	2,795	1,681	471	813
- Brandy	845	403	228	51	163
- Tinned goods	5,228	2,291	1,328	350	1,259
- Milk products	5,532	2,376	1,639	550	967
- Health food drinks	5,863	2,502	1,878	434	1,049
- Cooking oil	4,255	2,193	955	425	682
- Washing powder	4,381	2,311	968	430	672
- Medicinal	4,210	1,950	1,137	415	708
- Toiletries	4,027	1,993	720	425	889
- Sanitary protection	3,278	1,760	719	168	631

Source:- SRM Retail Census - 1980 Penin.Mal.

The main retail trend discernible in Malaysia is a move towards self-serve. However, the trend is a slow one at present and there are only 46 supermarkets in Peninsular Malaysia as a whole. With growing affluence in the rural areas and the sheer weight of small provision and sundry shops it looks likely to be some time before the larger self-serve stores make a significant impact on total retail trade. In the short term the smaller 'mini-market' self-serve stores seem likely to grow more quickly.

The system of distribution to retail outlets varies from market to market. There are trading houses to act as agents, particularly where there is no Malaysian base, but those companies manufacturing locally are more likely to appoint and control their own regional wholesalers and in some cases will handle entire retail distribution themselves.

For those interested in following up the retail sector in more detail it may be of interest to note that estimates of numbers of shop types other than those shown in the tables above are available on the Survey Research Malaysia Retail Census computer file. The figures shown in this book are just those printed out to date.

As part of the initial census, counts were made of catering establishments and the numbers within category for the main market centres are shown below:-

Table 108 - Catering establishments in main market areas

	Market Centres Total	Kuala Lumpur/ Petaling Jaya	Penang	Johore Bahru	Ipoh
Total catering	6,955	3,587	1,529	721	1,118
- Coffee shops	3,124	1,470	863	302	489
- Restaurants	614	331	179	52	52
- Bars, clubs, hotels	464	253	108	46	57
- Canteens	582	375	82	77	48
- Food stalls	2,063	1,111	261	234	457
- Snack bars	108	47	36	10	15

Source:- SRM Retail Census - 1980 Penin.Mal.

Table 109 - Specialist retail outlets

Peninsular Malaysia

No. of outlets selling mainly:	
- Meat and poultry	3,022
- Fish	4,251
- Fruit and vegetables	8,412
- Confectionery	1,237
- Bean curd	233
- Domestic hardware, china	1,191
- Electrical goods, appliances	2,012
- Furniture, furnishings	1,162
- Clothing, textiles	4,164
- Footwear	724
- Books, stationery	1,180
- Jewellery, watches	1,767
- Bicycles, parts	1,865
- Motor cycles, parts	1,124
- New cars	142
- Petrol, lubricants, oils	1,265

Source:- Government Survey of Wholesale and Retail Trades - 1974 Penin.Mal.

13 Information sources

For a comprehensive listing of over 200 sources of information on Malaysia, the reader is referred to 'Sources of Asian Pacific Economic and Marketing Information' by Blauvelt and Durlacher (Gower Publishing Company - London).

Below are some key publications.

PRINCIPAL SOURCES OF SOCIAL, ECONOMIC AND MARKET INFORMATION

MALAYSIA

'Economic Report' (annual)	Ministry of Finance
'Bank Negara Malaysia - Annual Report'	Bank Negara Malaysia
'Bank Negara Malaysia - Quarterly Economic Bulletin'	Bank Negara Malaysia
'Peninsular Malaysia - Monthly Statistics Bulletin'	Department of Statistics
'Sabah - Monthly Statistics Bulletin'	Department of Statistics
'Sarawak - Monthly Statistics Bulletin'	Department of Statistics

MALAYSIA

'Annual Statistics of External Trade - Malaysia' (preliminary monthly figures also available)	Department of Statistics
'Survey of Wholesale and Retail Trades in Peninsular Malaysia' (bi-annual)	Department of Statistics
'Report of the Labour Force Survey' (annual)	Department of Statistics
'Consumer Price Index' (monthly and separately for Peninsular Malaysia, Sabah and Sarawak)	Department of Statistics
'Monthly Industrial Statistics' (Peninsular Malaysia)	Department of Statistics
'Malaysia - A Basic Guidebook for Potential Investors'	Malaysian Industrial Development Authority
'Malaysia - Your Profit Centre in Asia'	Malaysian Industrial Development Authority
'Investment in Malaysia - Policies and Procedures' (plus a range of booklets designed for potential 'investors' in Malaysia)	Malaysian Industrial Development Authority
'Information Malaysia' (annual)	The New Straits Times

MALAYSIA

'Switch-On: Switch Off - Mass Media Audiences in Malaysia' (by Dr. N.H. Grenfell)	Oxford University Press (Kuala Lumpur 1979)
'Malaysia'	APA Productions (HK) Ltd.
'The Third Malaysian Plan 1976-1980' (and mid-term review)	Malaysian Government Press
'Survey of Foreign Visitors by Air to Peninsular Malaysia'	Tourist Development Corporation

REGIONAL

'Media Directory' (annual)	Association of Accredited Advertising Agents, Singapore
'Bankers Handbook for Asia'	Asian Finance Publications (Hong Kong)
'The ASEAN Report'	The Asian Wall Street Journal

Malaysia addresses

Federal Industrial Development
Authority
4th-6th Floor, Wisma Damansara
Jalan Semantan
Kuala Lumpur

Department of Statistics
Jalan Young
Kuala Lumpur

Department of Statistics
Jalan Mat Salleh
Peti Surat 500
Kota Kinabalu
Sabah

Department of Statistics
The Secretariat
Kuching
Sarawak

International Chamber of Commerce
and Industry
10th Floor, Wisma Damansara
Jalan Semantan
Kuala Lumpur

Ministry of Information
Angkasapuri
Kuala Lumpur

Ministry of Trade and Industry
Block D
Damansara Office Complex
Damansara Heights
Kuala Lumpur

Bank Negara Malaysia
Jalan Kuching
P O Box 922
Kuala Lumpur

Tourist Development Corporation
of Malaysia
P O Box 328
Kuala Lumpur

Industrial Relations
Department
5th Floor
Police Co-operative Building
Jalan Sulaiman
Kuala Lumpur

14 Market research

As with other Asian countries the standards of market research practice are rather variable. However, it is possible to obtain research of a very high standard, incorporating strictly performed probability sampling, careful questionnaire design and efficient analysis.

Both quantitative and qualitative facilities are available for most common techniques. Syndicated research for many consumer markets is available and frequently offers trend data over a number of years.

Fieldwork can be commissioned by itself from research agencies, but there are no firms providing fieldwork only.

With only about one in ten adults in Peninsular Malaysia living in a home with a telephone, surveys by telephone are not common. The exceptions are for industrial interviewing and (rarely) high income samples.

Malaysia's multi-ethnic character tends to work against postal survey work since it is not always possible to predict the particular language in which a respondent is literate. For older people there is a total illiteracy problem anyway. The occasional exception is for business/industrial surveys.

Personal interviewing is by far the most common research medium. Unlike some of its Asian neighbours, Malaysia is not faced with problems of high and fast-growing interviewer rates of pay. In the case of personal interviewing, the language of interview is particularly important. For a national random sample survey the facility must be available to interview in any of 6 major languages: Malay, English, Tamil, Mandarin, Cantonese, Hokkien and it may still be necesary to use other Chinese dialects or the additional Indian language of Punjabi.

This language problem means that a great deal of attention and expertise is required in questionnaire translation. A systematic back-translation procedure is strongly recommended.

Although Malaysia and Singapore are two separate countries, they are often treated as one market and consequently researched as one. In purchasing syndicated research it is often possible to find an equivalent report for Singapore.

Because of its geographical size it can be expensive to survey the entire country. Survey decisions are normally made in terms of four main area categories:-

PENINSULAR MALAYSIA

1. **Marketing centres**: The 4 major conurbations of Kuala Lumpur/Petaling Jaya, Ipoh, Penang/Province Wellesly and Johore Bahru.

2. **Other urban areas**: The remaining 129 towns in which at least 50% of the work force is classified as non-agricultural.

3. **Rural**: All other areas.

EAST MALAYSIA

4. The states of Sabah and Sarawak.

With Malaysia's rapid industrialisation, industrial market research is growing in importance. There are several sources of names of manufacturing establishments of which the most up to date is the Department of Statistics list (available at a cost).

A full retail audit is now available from Survey Research Malaysia and covers many of the fast moving consumer product categories. It is based on a census survey of all retail outlets in Peninsular Malaysia and markets not already audited are available for negotiation to audit.

Typical market research costs at January 1981 are:-

(a)	Probability sample of 1000 housewives for the whole of Peninsular Malaysia - 30 minute questionnaire - 150 tables and diagnostic report-	M$ 35,000
(b)	4 group discussions with sample comprising 20% of total adult population including a diagnostic report	M$ 9,000
(c)	200 product test personal interviews - one call - 50 tables and diagnostic report	M$ 12,000

MARKET RESEARCH COMPANIES

The following companies offer fairly comprehensive market research services:-

Survey Research Malaysia Sdn Bhd
3rd Floor, Wisma Kimtoo
Jalan Loke Yew, 63
P O Box 2231
Kuala Lumpur

Telephone: 486122 Telex: ESAREM MA 30077

Frank Small and Associates
28A Lorong Bunus Enam
Off Jalan Masjid India
Kuala Lumpur 01-14

Telephone: 921166

The Asia Pacific Centre Ltd
2-6 Camden High Street
London NW1 0JH

Telephone: 388 5021 Telex: 887560

AVAILABLE RESEARCH REPORTS

The leading supplier of syndicated market research data is **Survey Research Malaysia (Pte) Ltd**, and the following is the list of services and reports available for purchase from that company at the end of 1980. Further details and prices can be obtained from any **SRG** office, or from **The Asia Pacific Centre** in London.

A variety of reports are available for West and East Malaysia, from the following syndicated research services. An asterisk indicates that brand information is available.

MEDIA INDEX GENERAL REPORT (WEST AND EAST MALAYSIA)

Demographic analysis, with audience duplication, of readers of newspapers and magazines, television viewers, radio and Rediffusion listeners, cinema goers. This report has been available each year for 15 years, and is the main tool of media planners in Malaysia, used by all major advertising agencies. Special analysis reports are also offered for individual media.

TV RATING REPORT (WEST MALAYSIA)

A more detailed rating report, providing programme analysis, published every 4 weeks.

ADEX REPORTS* (WEST MALAYSIA)

A monthly analysis of advertising expenditure in television, radio, Rediffusion, cinema and press. Reports are available in three different formats; focusing on product categories, brands or daily logs.

TARGET GROUP REPORTS (WEST MALAYSIA AND EAST MALAYSIA)

These reports define users of products, and provide demographic and media exposure analysis. Individual reports are available for each of the following products or services:

West Malaysia

Beverages*
Beer, Brandy, Health Drinks, Soft Drinks, Stout

Toiletries*
Deodorants, Face Cream, Hair Shampoo, Men's Hairdressing, Talcum Powder

Household Products*
Analgesics, Ketchup, Powdered Milk, Instant Noodles, Cooking Oil, Cough Syrups, Detergents, Toothpaste, Tonics and Health Preparations, Western Pills

East Malaysia

Beverages*
Beer, Blackcurrant Drinks, Brandy, Health Food Drinks, Shandy, Stout, Whisky

Toiletries*

Deodorants, Face Cream, Face Powder, Hair Shampoo, Hand and Body Lotion, Lipstick, Men's Hairdressings, Razor Blades, Skin Care, Talcum Powder

Household Products*

Analgesics, Cooking Oil, Cough Syrup, Detergents (liquid and powder), Essence of Chicken, Evaporated Milk, Eye Drops, Fruit Salts, Powdered Milk, Infant Milk, Insecticides, Instant Coffee, Instant Noodles, Magazines, Meat Extract, Sweetened Condensed Milk, Toilet Soap, Tomato Sauce, Toothpaste, UHT Milk

Appliances*

Refrigerators, Televisions

Individuals*

Housewives, Mothers

Miscellaneous*

Dry Cell Batteries, Radios

SANITARY PROTECTION INDEX (WEST MALAYSIA)*

Survey report available for 1979 survey.

MARKETING INDEX (WEST MALAYSIA AND EAST MALAYSIA)*

Twice yearly marketing reports since 1973, providing trend data on consumers of four products:

Health Food Drinks
Full Cream Milk Powder
Infant Milk
UHT Milk

Annual marketing reports on:

Blackcurrant Drinks

SOFT DRINK INDEX (WEST MALAYSIA)*

This survey has been conducted quarterly since 1973, and reports provide marketing data on both carbonated and non-carbonated soft drinks. Trend data reports are available.

BRANDY INDEX (WEST MALAYSIA)*

Published every six months since mid 1974, this survey report provides detailed marketing information on consumption and purchase of brandy.

KIDS REPORT (WEST MALAYSIA)*

Three reports are available from this survey:

General Report for Agencies
Audiences of individual media, summary, duplication and net research information

Media Profile Report for Media Owners*

Describes media audiences in comparison with relevant groups e.g:

All children

Children of particular race

Children literate in particular languages

Target Market Report

Provides information on demographic characteristics and consumption habits of target group, with media exposure analysis

MOTORING INDEX (WEST MALAYSIA)*

The latest report was published in February 1981, for this survey conducted every 2 years since 1973. Five reports, containing 10 years new data, are available:

1. Car Buying
2. Tyres
3. Petrol and Petrol Stations
4. Motor Oil and Servicing of Cars
5. Tyres and Battery

ASIAN PROFILES (WEST MALAYSIA)

A major media and marketing survey of upper class men covering 8 capital cities in Southeast and East Asia (including Kuala Lumpur). The survey was carried out by SRG companies on behalf of Time, Newsweek International and Readers Digest Assoc. Far East Ltd., from any of whom information can be obtained.

OMNIBUS SURVEYS (WEST MALAYSIA)

Survey Research Malaysia, conducts periodic omnibus surveys among samples of households and adults. Clients may add their own questions to these.

CONSUMER PROFILE REPORT (WEST MALAYSIA)

This report provides demogaphic profiles of users of these products and services:

Newspaper and magazine readership; TV viewing; cinema viewing; radio listening; beer; brandy; essence of chicken; health food drinks; instant coffee; soft drinks; stout; whisky; blemish cream; deodorants; face cream; hair shampoo; hand and body lotion; men's hairdressing preparations; razor blades; talcum powder; analgesics; batteries; biscuits; blackcurrant drinks; cooking oil; cough syrups; detergents; extracts; fruit salts; ice cream; insecticides; ketchup and chilli sauce; margarine; powdered milk; instant noodles; air-conditioners; cameras; electric sewing machines; gas cookers; cars; motorcycles; radios; Rediffusion; refrigerators; stereos; tape recorders; TVs; washing machines. In addition the following products were added in 1979: perfume and cologne; lipstick; face-powder; eye-shadow; Western pills; calculators; electric blenders; hot water heaters; portable hi-fi's; vacuum cleaners.

Notes for the tables

- Tables refer to the whole of Malaysia unless otherwise stated. Penin. Mal. refers to Peninsular Malaysia and East Mal. to East Malaysia.

- A household is defined as group of people who sleep under the same roof and normally eat together.

- An adult is a person aged 15 years or over.

- The category 'Indian' includes Sri Lankan, Pakistani and Bangladeshi.

- Unless otherwise stated 'income' refers to monthly income. When used as table headings, income categories exclude 'not stated'.

- Information is taken from surveys which occurred at different points in time. Population estimates are those applicable at the time of the survey.

- Percentages have been rounded and may not always add to 100% precisely.

- An asterisk in the body of a table means less than one half per cent. A blank space or dash means zero.

- An asterisk beside a year means the figures are preliminary for the year.

- The letters N.A. denote 'not available'.

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