

Consistent growth for dairy firms

MALAYSIANS LESS SENSITIVE TO PRICE INCREASES: Tetra Pak expects local dairy market to grow between three and five per cent annually

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DAIRY companies can expect consistent growth in the country as Malaysians are less sensitive to price increases.

Tetra Pak (Malaysia) Sdn Bhd is optimistic that the local dairy market will grow between three and five per cent annually.

Marketing manager Kenny Lim said coupled with marketing the goodness of dairy, the market's compounded average growth rate (CAGR) between 2008 and 2012 has been at three per cent.

"Malaysians are less sensitive to price increases," John Jose, Tetra Pak's director for marketing and

product management remarked.

Each Malaysian is expected to consume a little over 10 cups of dairy milk this year or a total of 51.61 litres including Milo, flavoured milk and white milk. This compares with 48.94 litres of dairy consumed in 2008.

By 2015, each Malaysian is expected to consume 53.17 litres of milk annually, even as dairy raw material price remains high.

The figures revealed by Tetra Pak, the world largest food processing and packaging company, showed that per capita consumption in Malaysia was still higher than in Indonesia (12.82 litres), the Philippines, Vietnam, Thailand, Singapore and India (47.08 litres).

Malaysian consumption is, how-



Tetra Pak marketing manager Kenny Lim says the market's compounded average growth rate between 2008 and 2012 has been at three per cent.

ever, still lower than the highest consumer Finland at 147 litres per person but much better than Mozambique at 0.7 litres per person.

Jose and Lim were speaking to reporters at a briefing on the Fifth Tetra Pak Dairy Index.

products (LDP).

Consumption of low-income consumers in developing markets is forecast to increase to 80 billion litres in 2014 from 70 billion litres in 2011.

Low-income consumers live on US\$2 to US\$8 (RM6.30 to RM25.2) a day and have been identified as a virtually untapped market.

They make up 50 per cent of developing countries population and consume 38 per cent of the LDP in developing countries.

Half of the LDP consumers live in India and China. Referred to as Deeper in the Pyramid consumers by Tetra Pak, they are expected to grow in affluence and shift from the low to middle income by the end of the decade.

Meanwhile, dairy consumption is the second largest component of liquid consumed after tea and coffee. The former made up of a fourth or 1.48 billion litres of the 5.88 billion litres consumed last year. Of the 1.48 billion litres, a bulk of it is flavoured milk, including Milo and 21.4 per cent is white milk.