

Marketing of Malaysian Fruits – Cross Cutting Issues and Challenges

TFNET WORKSHOP

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Global Agricultural Scenario

Globalisation : No Market Boundary

01

Dominance of Hypermarket & Modern Markets

02

Complex, Efficient and Costly Marketing Chain

03

Global Information Exchange

04

Lower Stock Holding : SCM Efficiency

05

Quality and Supply Reliability

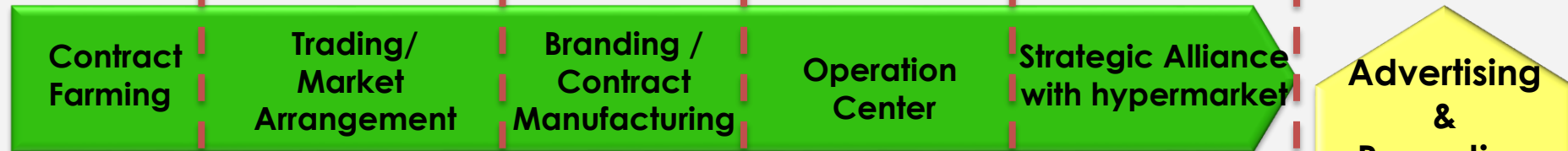
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Agricultural Marketing : An Overview

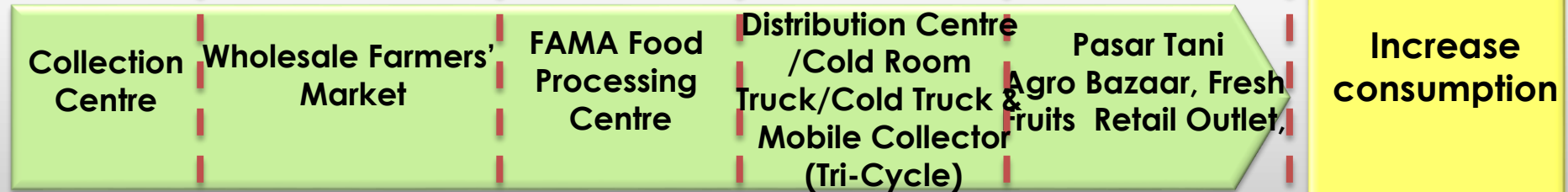
MARKETING STAGES



DISTRIBUTION



MARKET INFRASTRUCTURE



MARKET INFORMATION

Market Potential, Demand and Supply , Price, consumer behavior, Analysis and distribution

REGULATORY

GPL , Grades & Standards , Market Regulation, Compliance Malaysia's Best

The Real Challenge : The Shift

Malaysia Agriculture

High cost producer

Production driven

Inadequate scientific application

Commodity based—
economies of scale &
low value adding

Legacy practices with
little knowledge sharing

Low technology
application

VS

Modern Agriculture

Price Competitiveness

Demand driven

Quality : High quality
with longer shelf life

Product differentiation
through science &
marketing

Information &
knowledge driven

Use technology
extensively to simplify
work processes

Issues and Challenges : Local Scenario

- Small & uneconomic land holdings
- Competition for land resources
- Imported planting materials/ input
- Inefficient method of agriculture

Need to improve productivity (manufacturing industry is 60% more productive)
Great challenge to attract new investment



- Ageing and unskilled farmers
- Failure to attract new blood
- Under employment : Eg. Paddy planters: 27 days/season
- Rely heavily on foreign workers
- Rely very heavily on imported food
- Need to enhance competitiveness
- Currency volatility affects confidence

Agricultural Marketing : Global Concern



- 1 Price of staple food doubled in recent years**
- 2 Increasing consumer awareness in quality and safety**
- 3 Affecting global food supply**
- 4 Volatility of fuel price and local currency**
- 5 Producer of cheaper agricultural products may force price downwards**

Changes in Lifestyles

CUMULATIVE

1960's
Food

1970's
Price

1980's
Choice

1990's
Information
& Quality

2000's
Safety &
Lifestyle

IMPACT :

Products not meeting consumers' expectation will result in Excess Supply (Glut), Low Price, Lower Margin etc.

Agricultural Marketing Issues and Challenges

01 Inconsistent Supply and Quality : affects development of downstream industry

02 High cost production : import increase

03 Multiple marketing layers : lower margin for players, industry became less attractive

04 High post harvest losses : farm management, poor handling, lower margin, poor storage

05 Strict modern markets' requirement : e.g. MRL, accreditation, packaging and labelling

06 Lack of new products/ variety in the market

Possible reactions

01

Creation of reliable supply base, managed professionally and commercially Eg: TKPM

02

Establishment of local industries supplying agri input, training of locals as labour

03

Establish channels for producers to sell directly to market, Eg: Pasar Tani

04

Establishment of regulations to support good agriculture practice. Eg: GPL, My GAP

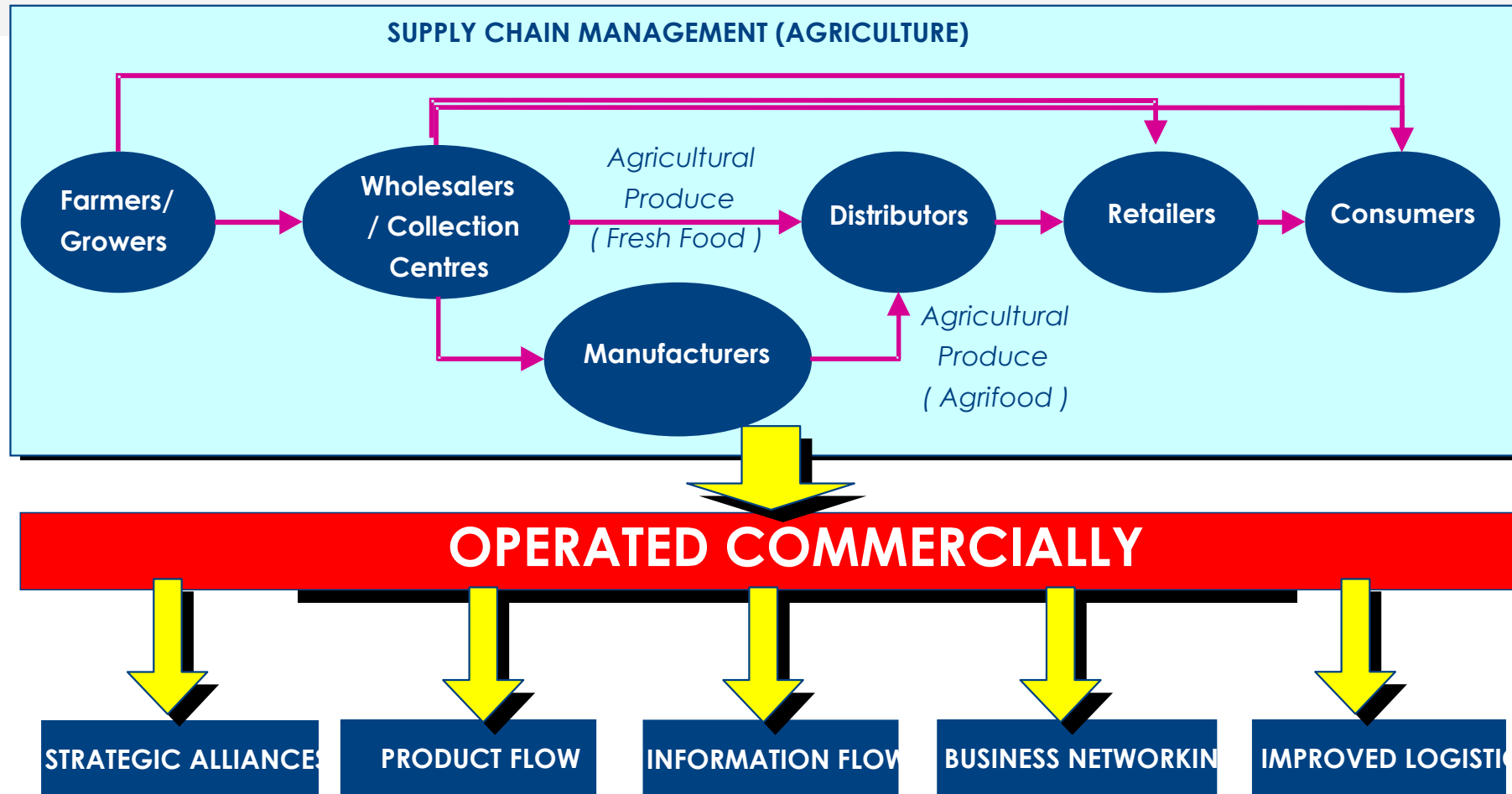
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Establishment of strong and effective cooperatives to negotiate on behalf of farmers

06

Enhance R&D and product innovation

POSSIBLE MARKETING SOLUTION





THANK YOU