The Malaysian franchise industry registered a healthy 32% growth in 2011 and an estimated 20% growth in 2012. Almost 36% of the franchises operating in Malaysia are foreign franchises. U.S. franchises account for around 33% of these franchises.

Out of the entire Malaysian franchise market, 64% are home-grown. Forty-Six of the domestically grown franchise brands have made inroads to fifty overseas markets. These brands are mostly in the food, early child education, clothing and accessories and beauty sectors. As of mid-2012, there were 651 franchise businesses operating in the country.

Food and beverage takes up majority of these franchises, while maintenance and services have are the next biggest franchise segment. The Government of Malaysia will continue to emphasize and encourage Franchising as a catalyst for entrepreneur growth.
The Food and Beverage will remain the main interest driver for franchise concept for Malaysia. Although many investors are looking to other franchise concepts, however, the majority of the successful franchise concept is F&B related. Unique food and beverage franchise concepts that are presently not available in the market would be big selling point. This is especially so if the menu is Halal or can be customized.

Besides F&B, education has always been and will remain important to Malaysians. Private education for K-12 is fast gaining popularity for the upper-middle income group. U.S. based syllabus education system are increasingly gaining popularity among consumers of private education. In terms of tertiary education, in-country collaborative dual degrees programs are the next trend in fulfilling the education need of the population.

Other franchise service sectors gaining market acceptance are in the health and beauty and retail sectors. Majority of franchise investors that are thinking of venturing into non F&B related concepts are looking into retail and service franchise concepts.

**Opportunities**

Most of the successful US franchise concepts in the market are in the food and beverage industry. Niche selling points and renowned branding is absolutely essential in attracting the large conglomerate investors.

Large corporations and conglomerates notwithstanding, the other Malaysian franchise investors are constantly on the lookout for moderate price range franchise potential. Although food and beverage sectors continue to be in the forefront of demand, increasingly the education, health and retail sectors are gaining popularity.

**Web Resources**

- Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)
- **Malaysia Franchise Association**
- **Perbadanan Nasional Berhad (PNS)**
- **Halal Malaysia**
- **Malaysian Qualification Agency (MQA)**
- **Malaysian-American Commission on Educational Exchange (MACEE)**

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