

A dark, out-of-focus photograph of a city skyline, featuring numerous skyscrapers and a prominent tower with a spire, possibly the Kuala Lumpur Tower. The sky is a deep, muted blue.

**ALEEVAR** CONSULTING

Elevating business, enabling capacity building

# 2020 Malaysia Healthcare Outlook

## Affordability & Sustainability in Healthcare Industry

19 Feb 2020

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# Overview

A symbiotic relationship between private and public is longed to tackle the healthcare affordability and sustainability for a better healthcare system beyond 2020.

\$ AFFORDABLE  
♻️ SUSTAINABLE

The healthcare industry is shifting its approaches from being **curative and rehabilitative** to becoming **promotive and preventive**. Hence, it calls upon the emergence of **digital health** where **consumers** are empowered to not only **access** and **analyse** their own health conditions but also **have an informed decision** to take action on **preventing diseases and seeking treatment**.

Thus, there is a need for **continuous collaboration** between private and public provision of primary care. This is essential for **ensuring the affordability and sustainability of healthcare system** in order to address the demands of the rising burden of non-communicable disease (NCD), population ageing and improving overall quality of care. **Healthcare is a right for everyone to have access to.**



According to Health Minister, the percentage of Malaysian adults suffering from diabetes; which is connected to serious NCDs such as heart disease and hypertension, had risen from 8.3 per cent in 1996 to 17.5 per cent in 2015. And expected to rise again to 21.8 per cent by 2025, citing from Export.gov.

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# Outlook highlights

01

Higher affinity for healthy lifestyles among Malaysian drive the growth of health and wellness market.

**Emerging health and wellness**



**Rising self-driven and health literacy consumers**



Malaysians are now shrewd shoppers. With the abundant of information online, Malaysians can now empower their buying decision.

02

03

With 78% social media penetration in Malaysia, this media is no longer optional for any business. Each healthcare player in Malaysia should establish their online presence and build their strategy around it.

**Power of social media as mainstream digital marketing**



**Halal transparency and standard of reliability**



Halal is not only a religious observance but viewed as the hallmark of reliability. It is a business decision for industry players to utilise this competitive advantage in addressing its importance.

04

# Outlook highlights

05

Amidst growing popularity, registration of traditional & complimentary medicine (T&CM) practitioners is an immediate concern to MOH. Rising consumer confidence towards T&CM, via a proper regulation of the practices, could drive the market even further.

Rising interest in  
T&CM



The future of digital  
healthcare



Technology has accelerated growth opportunities in healthcare. Remote diagnostic is no longer a thing in the future. Preventive model begins to replace the reactive model.

06

07

The future of elderly care in Malaysia is challenged by the rising cost of living. As they grow older, health issues contribute most to their life

The imminent  
aged care



Challenging price  
control and zoning



Any control or regulation imposed by regulators need proper engagement and cost-benefit analysis, or risk of disrupting the free market. For instance, drug price control and zoning law.

08

# 01: Emerging health and wellness

Higher affinity for healthy lifestyles among Malaysian drive the growth of health and wellness market.

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\$4.2  
trillion

According to Global Wellness Institute, the global health and wellness industry is now worth US\$4.2 trillion. The industry has been growing 12.8% between 2015 and 2017 and represents 5.3% of global economic output.

The Health and Wellness industry encompasses all activities which promote physical and mental wellbeing: from yoga to healthy eating, personal care and beauty, nutrition and weight-loss, meditation, spa retreats, workplace wellness and wellness tourism

## Become healthier



Increasing health awareness among Malaysian with new health trends (gym-going, healthy eating, vegan, organic) boosts more spending on health-related products, and in-line with MADSA projection of 9.7% growth rate for dietary supplements market in 2020.

## Food selection



Kantar Worldpanel also conducted a study to determine what Malaysian adults and children's preferences were for breakfast. Surprisingly after nasi lemak and sandwiches, oats came in third, with people professing eating it 24% of the time for their morning meal.

## Market player



Several player in the market such as retail pharmacies have shifted their business model to entertain this growing market, where they reformed into a more personal care retailer. For instance, Guardian currently operates 531 retail stores despite only have over 90 licensed pharmacists under their wings, which indicates more than 400 stores are without any pharmacist on duty and focusing more on personal care market.

## Wellness tourist



According to Malaysia Association of Tour & Travel Agents (MATTA), wellness tourism is the fastest growing travel sector globally. Malaysia is listed in the top 10 wellness tourism markets in Asia Pacific, with expenditures standing at RM20.5 billion and 8.3 million trips with a growing trend for wellness vacations and packages.

## ALEEVAR ANALYSIS



In order to stay one step ahead of these emerging trends, it is critical for companies to take a proactive stance in being transparent with the consumers. They should consider leveraging this mindset with activities or alternative options that promote healthier lifestyles among Malaysians, especially younger to mid-adult groups.

## 02: Rising self-driven and health literacy consumers

Malaysians are now shrewd shoppers. With the abundant of information online, Malaysians can now empower their buying decision.

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### Astute shoppers



Fortunately, the days of consumers throwing the cheapest options into their shopping trolleys are long gone as most Malaysians are now extremely shrewd shoppers. They are more careful when making a purchase decision.

### Time-convenience



The ease of comparing prices across platforms and even countries give Malaysians a wider variety of items, and even price points, to choose from. Citing from Ranio Asia, the researchers found that Malaysians like to shop online because by doing so it saves time. Due to their busy schedules, the convenience of having your purchases delivered straight to your doorstep is undeniable a better delivery option.

### Transcend borders



As mentioned in PayPal's findings, some of the products Malaysians look for from overseas are either hard to find at their local stores or are cheaper or of higher quality compared to alternatives available locally. In some cases, these products are available overseas a lot sooner before they become available in Malaysia. One example would be the success of Amorepacific, a company that imports top performing South Korean beauty products for reselling in Malaysia.

### Influential online media



As one of the most social-media savvy in South-East Asia that spends an average of 5 hours on social media, according to Vase.AI, Malaysians get the first stimuli to shop when they surf social media (66%). Nonetheless, direct influence from friends and family are still relevant as 49% agree that their first thought about shopping stems from their close relatives. This shows that online stimuli are much more effective than offline stimuli, such as shopping malls (28%), television (21%), magazines/newspapers (19%).

Generally, consumers nowadays do self-research more often with the luxury of information available online, where they have utilised them in validating their decision to shop.

As a result, consumers' healthcare literacy is growing, hence whatever product manufacturers put on the label and packaging is very important because that will speak to consumers.

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At the consideration stage, Malaysian consumers tend to rely on the Internet when deciding on what to buy and where they'll buy it from. They also actively seek out information almost for everything, be it for checking purpose or comparing the knowledge. Therefore, healthcare product and services provider should have digital strategy to complement their offline presence.

# 03: Power of social media as main-stream digital marketing

With 78% social media penetration in Malaysia, this media is no longer optional for any business. Each healthcare player in Malaysia should establish their online presence and build their strategy around it.

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78%

In southeast Asia, the Internet penetration of the region is identified at 63%, with Malaysia's social media penetration standing at 78% nationwide, citing from Hootsuite 2019. According to Hootsuite US, social networks have become an important health resource, and not just for millennials. Nearly 90 percent of older adults have used social media to seek and share health information.

Social media has become an integral part of many healthcare organisations' marketing and communication strategies. Majority of healthcare players in Malaysia has at least one platform to leverage in the social media world.



## Self validating

According to Malaysian Communications and Multimedia Commission (MCMC), social media is important for consumers to collect information on products or services before they make any transactions, where 44% respondents use social media to seek and validate product quality to avoid from being scammed by irresponsible parties.



## 'Sociable' community

In fact, almost 90% of Malaysian Internet users have registered social media accounts. Malaysians are considered to be sociable online as they have among the highest average number of friends on social networks in the world, 80% higher than the global average, together with the preference of streaming YouTube videos, rather than the traditional television.



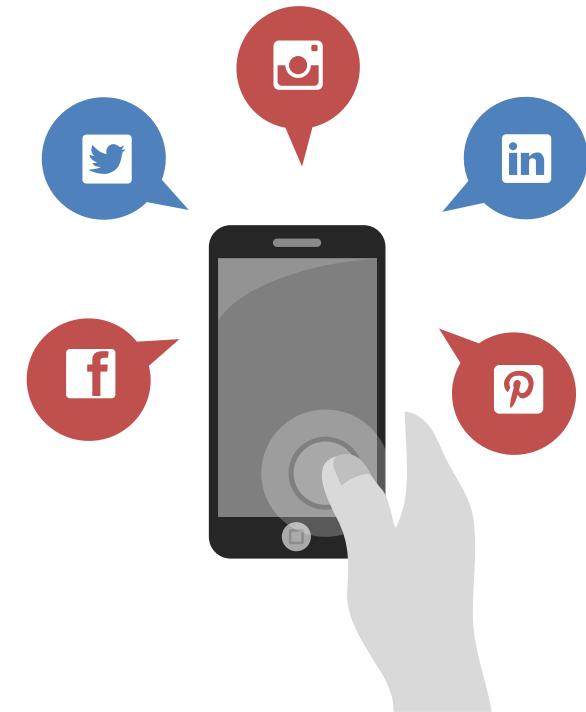
## Setting example

For instance, Ministry of Health (MOH) has established their present on Facebook platform since 2010 in order to assist Malaysians in empowering their health. With more than 1 million followers, MOH utilises this platform in sharing information, communicating in time of crisis, and monitoring community reaction and engagement towards a health issue.



## Social commerce adopter

Citing from Rasio Asia, word-of-mouth referral also encourages brick-and-mortar shoppers to try out e-commerce, which is why e-commerce merchants shouldn't overlook social commerce when selling to Malaysians. In fact, the country is said to be the world's fourth largest market for social commerce adopters. This means Malaysian social media users tend to convert into e-commerce buyers.



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Social media is no longer optional. In order to engage with patients on the platforms they use the most, social networking and advertising are critical components of the overarching digital marketing strategy. With the high penetration of social media in Malaysia, they should not undermine the influence of these network in raising awareness, even generating sales.

SOURCE : Hootsuite; Malaysian Communications and Multimedia Commission; Ministry of Health Malaysia

# 04: Halal transparency and standard of reliability

Halal is not only a religious observance but viewed as the hallmark of reliability. It is a business decision for industry players to utilise this competitive advantage in addressing its importance.

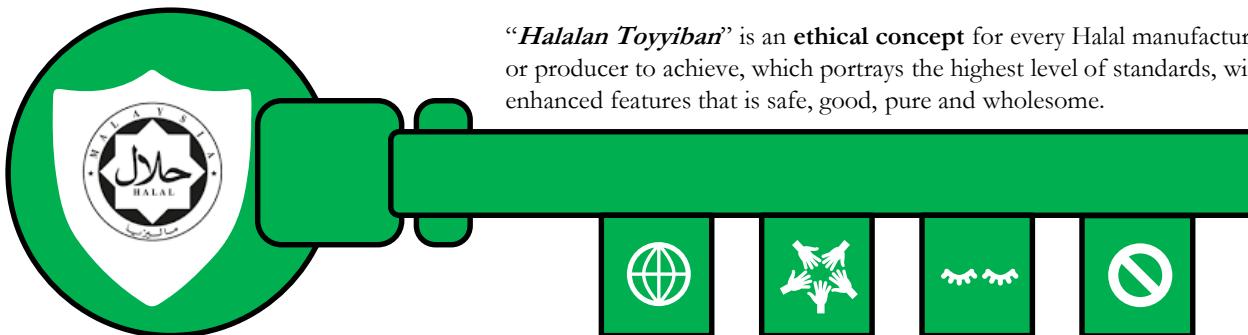
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In general, Halal products are those that are free from any component that Muslims are prohibited from consuming according to Islamic law. Global Halal market is growing due to higher awareness on Halal benefits.

However, a more notable driver for the growth is the fact that halal is now moving beyond merely being a mark of religious observance. For many consumers — be they Muslims or non-Muslims — halal certification today represents a hallmark of reliability, food/product safety and hygiene. In a wider context, Halal also applies to healthcare, pharmaceuticals, cosmetics, financial services, travel and tourism.

## ALEEVAR ANALYSIS

Halal transparency is a business decision for industry players as Muslim consumers are concerned about halal products. They are in a position of acknowledging this rising concern. It will be a competitive advantage for players to equip themselves with knowledge to advise consumers/patients on Halal advisory.



### Growing market

Global halal market size is expected to reach US\$9.71 trillion by 2025, with countries such as Malaysia, set to lead the pack over the coming years. Statistically, 24.4% of the world populations are Muslims (1.9 billion) as recorded by World Population Review



### Become acceptable

With this growing numbers, citing statistics from a leading source of information on halal industries, Salaam Gateway, which indicates that Halal-certified cosmetics were initially made to cater specifically to the Muslim community, but demand from non-Muslim consumers is also on the rise.



### Business adoption

According to Astro Awani's columnist, Farish Jazlan, multinational companies (MNCs) in Malaysia have long realised the huge potential of Halal sector and the entire parallel economy that can be built through Halal businesses. Brands like Unilever and L'Oreal are converting their supply chains to cater to the world's biggest Muslim-majority nations, like Malaysia and Indonesia.



### Skeptical consumer

However, with strict Halal guidelines in place, several unethical product manufacturers are not abiding the imposed regulation on the production. These concerns are hurting the market integrity, according to MawSPA. Muslim consumers in Malaysia now become more skeptical about the validity of the information provided by the manufacturers.

SOURCE: World Population Review; Halal Industry Development Corp (HDC), Salaam Gateway; Astro Awani; MawSPA

# 05: Rising interest in T&CM

Amidst growing popularity, registration of traditional & complimentary medicine (T&CM) practitioners is an immediate concern to MOH. Rising consumer confidence towards T&CM, via a proper regulation of the practices, could drive the market even further.

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**Q**uoting from Malaysia Health Minister, global traditional and complementary medicines (T&CM) sector generates a revenue worth US\$127bil (RM529bil) and is growing at a rate of 20%, compared to local sector with RM8bil generated revenue and growing at 15% rate annually.

Additionally, according to Euromonitor, about 35.7% of total sales of health supplements in Malaysia in 2019 came from herbal or traditional products.

## Getting popular

Statistically, almost a third of Malaysians living in urban areas sought traditional and T&CM practitioners to treat their ailments – extracting from a study under National Health and Morbidity Survey (NHMS) in 2015.

## Technology adoption

Modernised T&CM could potentially gain wider audience, according to Chinese Drug Dealers Association (CDDA) with their effort on mobile app (eTCM) to provide consumers a platform to learn more about the benefits of these traditional methods.



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The issue with this divided opinion on T&CM practices mainly revolved around accreditation, which is important to assure the public on its efficacy and safety. Both western and traditional medical approach is beneficial if used properly. This is aligned with the reason on T&CM council urging every practitioners to register under them to better regulate the practice which will enhance general public's acceptance.

SOURCE: Ministry of Health (MOH); Euromonitor; National Health & Morbidity Survey; Chinese Drug Dealers Association; [www.etcm.me](http://www.etcm.me)

## National blueprint

According to Traditional and Complementary Medicine Blueprint 2018-2027, MOH advocates T&CM as a complement to modern medicine and strives to not only make safe and quality T&CM services accessible to the public, but by integrating them into the national health care system with the aim of achieving holistic health care for all Malaysians.

## Evidence-based

MOH is keen for the practice of medicine and health related professions in this country to be evidence-based. MOH takes note that there has been research conducted in the field of T&CM, especially in the countries of origin of recognised practice areas such as Chinese medicine, Indian medicine and chiropractic, to name a few.

# 06: The future of digital healthcare

Technology has accelerated growth opportunities in healthcare. Remote diagnostic is no longer a thing in the future. Preventive model begins to replace the reactive model.

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Technology has accelerated growth opportunities in healthcare through major-breaking implication of Internet of Things (IoT) and artificial intelligence (AI).

In fact, Frost & Sullivan Global Digital Health Outlook 2020 analysis predicts the digital healthcare market will exceed \$234.5bn by 2023 (+37% growth).

## What is telemedicine?

Telemedicine, for instance, enables patients to monitor their heart rate and blood glucose levels with wearables, such as a patch or watch, while their doctors can monitor for abnormalities remotely. Patients can also contact their doctors via video call and get their prescriptions mailed to them.



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Both public and private sectors to consider Public Private Partnership (PPP) digital healthcare roadmap as being important for the future of the country and requires concerted effort from all sectors. The traditional model of healthcare – one which is reactive and episodic – is quickly transforming to one that is preventive and involves continuous monitoring of patients.

SOURCE: Frost and Sullivan; Digital Health Malaysia; Teleme; IPSOS; Unisys

### Gaining support

Digital Health Malaysia (DHM) is eager to promote a regulatory environment that welcomes start-ups to the sector. They also want to create an ecosystem with health practitioners, regulators, entrepreneurs and technology providers working together to produce value.

### Market adopters

As a result, there are over 17 startups such as online consultation (DoctorOnCall), doctor service to your home (BookDoc), and delivery of medicine (ESMYS, Doc2us, Doctor2u) began to set a footprint in the market.

### Solving problem

Teleme was born out of frustration of the co-founder Mark Choo after attesting to the long wait times at medical facility which led to self-medication. The startup was founded on the ground of giving an opportunity for the patients to have access to a team of healthcare professionals rather than a single person. Hence, the patients are empowered to take charge of their own health.

### Healthcare helper

Digital healthcare also allows clinicians to practice medicine with more precision either via genetic testing or sensors. With it, we can quickly move towards the preventive model of healthcare. Logically, prevention comes with a reduction in cost and expenditure – an aim much sought after by the government.

### Privacy concern

Despite the bright side, 86% of Malaysians are still concerned on misuse of personal data as found by Unisys. Yet according to survey from IPSOS, 67% of Malaysian are willing to share if the services meet the needs. Thus, transparency and awareness are vital in digital strategy implementation.

# 07: The imminent aged care

The future of elderly care in Malaysia is challenged by the rising cost of living. As they grow older, health issues contribute most to their life

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**M**alaysia's status as an ageing nation will soon become a reality when the number of people aged 60 and above is expected to reach 3.5 million by 2020. The figure was expected to rise to 5.6 million in 2035 – 15.1% from 37 millions of forecasted Malaysia population.

Malaysia has less than 15 years to prepare as an ageing nation compared with other countries such as European nations, where their democratic window to reach the status was longer.



## Spendthrift threat

Despite having access to pension schemes, specifically in the private sector, Employees Provident Fund (EPF) has reported that 70% of members who withdraw their funds at age 55 use up their savings less than a decade after retiring.



## Rising medical cost

This alarming fact is a major concern because as they grow older, health issues contribute most to their life. Thus, they must control their spending to have a safety net to cover health issues.

According to Federation of Reproductive Health Associations Malaysia, Malaysians needed to be wary of the rising medical cost apart from wide access to insurance schemes and universal health coverage.



## Technology helps

Technology makes the caregiving roles a lot easier. Fortunately, current generation is comfortable with technology, and widely used in today's daily work and personal tasks. Therefore, it makes a lot of sense to leverage on technology to help care for the elderly, for various purposes such as communicating, monitoring their progress, fall detection and location tracking.



## Additional help

Given this changing trend, policymakers need to look into institutional arrangements for providing formal care, which includes social security, health care and social services, for the elderly population. This is also prevalent with the rising interest from affluent developers to build retirement villages (e.g. GreenAcres in Ipoh) for active and independent living, and rehabilitation hospitals (e.g. ReGen, Daehan).



## ALEEVAR ANALYSIS

Public (i.e. elderly people and family) must be educated and equipped with the continuum care plan for their elderly. This is to prep them in providing care for their loved ones to the best of their abilities. Policymakers need to address this issue sooner with institutional arrangements on financing, resource and support groups that are available, such as aged care facilities and social health insurance.

SOURCE: University Malaya; Employees Provident Fund; Federation of Reproductive Health Associations Malaysia; Green Acres

# 08: Challenging price control and zoning

Any control or regulation imposed by regulators need proper engagement and cost-benefit analysis, or risk of disrupting the free market. For instance, drug price control and zoning law.

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## ALEEVAR ANALYSIS

Despite all this, any national policy changes required a proper engagement, consultant and cost-benefit analysis, or risking a far-reaching and negative consequences to the sector. For example, repercussions on Malaysia being seen as distorting the free market.

## 12th

Government plans to implement drug price control via 12th Malaysia Plan 2021-2025 on shared prosperity in relevant programmes such as community development, ageing development and invigorate healthcare.

Meanwhile on zoning law, Community Pharmacy Benchmarking Guidelines 2011 was against of new community pharmacy opening up close to or, in some instances, just next door to existing ones which does not auger well for the orderly practice of the profession.



### Price control

The objective of medicine price control is to ensure access to medicine at appropriate prices for the people. According to MOH, the ceiling price will be derived from the average of the three lowest prices which will then be imposed at two points: the wholesale stage and retail level at clinics, pharmacies, and hospitals.



### Zoning law

Meanwhile, in retail market perspective, price war among retail players, such as private clinics and retail pharmacies, can be minimised by zoning or provide rating score to unscrupulous players. However, fresh zoning initiatives will need to gain support to succeed.



### Domino effect

The imminent introduction of price regulation by the government is a perceived threat to accessibility of innovative medicines (IM). There is also a possibility that new drug launches will be withheld, which will detract IM to be marketed in Malaysia. Eventually it will have a direct impact to patient access to quality medicine and to attract high value medical tourist seeking healthcare services.



### Healthy competition

The detractors of zoning, whom are usually the promoters of free market, will disagree on the control because competition provides affordable and accessible medicine to customers at large. Ultimately, bringing the price down is always a priority to promote affordability amid rising cost of living.



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