

**Consumers still king with GST in force – Bernama
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Businesses must not underestimate the purchasing power of consumers by increasing prices of goods unreasonably and then blaming it on the goods and services tax (GST).

In reality, the market is now highly competitive as stronger local and regional players are coming in with quality products, subsequently giving consumers a wide range of choice.

An obvious example is the coffee segment.

A few years ago, there the choice was limited to Nestle's Nescafe, and now, it had expanded into an entire aisle with more than 30 brands, just for coffee.

Nestle (Malaysia) Bhd managing director Alois Hofbauer said consumers should not worry too much about the GST implementation because retailers would take advantage of this fear.

"Nevertheless, no retailer or manufacturer will increase the price of their products higher than the market because they know consumers will go for the cheaper alternatives," he said.

In walking the talk, Nestle is one of the first companies here which took a proactive step in offering consumers a price reduction of between 8% and 33% with the launch of its "Lebih Nilai, Lagi Hebat" promotional campaign last month.

However, Hofbauer said it was important to note that savings derived from the price reduction would be passed on to its retail partners, as Nestlé did not sell its products directly to consumers.

"At the end of the day, the retailers are the ones who will set the prices for consumers."

Malaysia was actually a bit late in implementing the GST as others had done it much earlier in the 1990s, however, no other country which had implemented the GST has done it the way Malaysia planned to do, given its long list of zero-rated and exempted supplies. – Bernama, March 29, 2015.

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