BEER MARKET
IN THAILAND

FLANDERS INVESTMENT & TRADE MARKET SURVEY
BEER MARKET IN THAILAND

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1. INTRODUCTION

The objective of this report is to study the beer market in Thailand which would be useful for Belgian companies who are looking for market opportunities of their products in the Thai market. The report presents different aspects to be considered for the market entry including market overview in 2018-2019; market structure; marketing mix employed by players in the market; consumption and consumer behaviours; regulations, i.e. taxation, non-tariff barriers, and other measures; market outlook; opportunities and challenges; and lastly conclusion. The study is mainly based on information from online newspaper, magazines, secondary data, company websites as well as interviews with local authorities concerned and some importers.

Besides this market report, FIT Bangkok also has useful contact details of importers/distributors, associations, competent government agencies as well as relevant trade exhibitions in the region. Please contact your provincial office for this detailed information.

2. MARKET OVERVIEW

According to Thailand Development Research institute (TDRI), in 2018, the Thai beer market value was 180 billion Baht. The drinking volume was close to 2 billion liters. It showed a 10% decline in the overall market, compared to the increase of 2% in 2017. The downward in 2018 was due mainly to the lack of product innovation in the mainstream segment, advanced purchase of beer products (in anticipation of the increase of excise taxes as a result of the excise tax system restructuring in accordance with Excise Tax Act 2017 (B.E. 2560) enforced in September 2017), and the government’s policy to reduce alcohol consumption which was blamed as a major cause of road accidents.

Generally, the Thai beer market is already saturated. Since 2013, the stagnant market has always been affected by the slow growth of economy, excise tax restructure aiming to increase public revenue and the government’s efforts to reduce alcoholic beverage consumption which is blamed as one of major causes of road accidents.

Although, the overall market with a majority of mainstream beer or lagers, accounting for 95%, did not perform well, the premium market, sharing the rest of 5%, continually grew by an average of 4%, especially Thai craft beer sales increased by 40-50%. Growth of this segment was supported by more variety of beers introduced into the market by suppliers to meet consumer needs. The demand of premium beers was driven by increasing local consumers who are urbanites with high purchasing power, more sophisticated (adopting western lifestyle and willing to pay for premium products) and health conscious. In addition, the growing premium beer market was also reflected by the achieved record number of tourists with over 38 million foreign visitors who spent nearly Baht 2.2 trillion in Thailand.

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1 Exchange rate on January 1, 2020 : 1 euro = 33.37 Baht.
Krungsri Research reported that the domestic demand for beer was forecasted to grow at an average of 2-4% per year during 2019-2021. Growth of the mainstream market would remain low, while the premium segment would rise by 4% on average. Thai craft beers and imported beers in particular will continue to show a double digits growth. The positive factors include increasing urban consumers who have high purchasing power and changing consumers demand for premium products. Beer suppliers will also launch more products and spend more budget on promotion activities to gain competitive advantage in the market. In 2019 in particular, the market uptrend was also attributed to consumers’ better adjustment to the risen beer prices in accordance with the new tax restructure, the better market sentiment after the election and formation of the new government, as well as government expenditure on ‘Chim Shop Chai - Eat Pay Spend economic stimulus, generating -Baht 11 billion cash in circulation and helping to stimulate grassroots economy. Additionally, the strong appreciation of Baht encouraged suppliers to import more beers.

However, the challenges were the economic downturn due to the export contraction and a slow growth of the tourism sector caused by the Baht appreciation. The Office of National Economic and Social Development Board (NESDB) and many research houses revised downward the GDP growth to under 3% (~2.6-2.9%) compared to the growth of 4.1% in 2018. Struggling agricultural sector due to draught, high household debts, rising unemployment as well as the external factors, e.g. slowdown global economy, were among negative impacts on the GDP growth.

3. MARKET STRUCTURE

The Thai beer market is oligopolistic which consists of a few major players, namely Boon Rawd Brewery Co., Ltd., Thai Beverage Plc. or Thai Bev, and Thai Asia Pacific Brewery Co., Ltd., or TAPB. Boon Rawd Brewery, the first and largest brewery found in 1933, produces Singha, Leo, U Beer, etc. and captures 55-60% of the market. Thai Bev is the 2nd largest beer producer, major brands including Chang, Archa and Federbrau, represents 35-40% market share. TAPB, producer of Heineken, Tiger and Cheers, owns 4-5% market share. The rest 0.5-1% is for Thai craft beers and imported beers.

Based on prices and types of beer, the Thai beer market can be divided into 3 segments as follows:

- mainstream segment (mass or local lagers, e.g. Leo, Chang, Singha, etc.), accounting for 94% market share
- premium segment (foreign brands produced locally and imported beers including Thai craft beers and international brands (referred to as super premium beers) with 5% market share. Heineken captures 94-95% of this segment. Thai craft beers and international brands hold 0.5-1% of the total market.
- economy segment (low-end beers, i.e. Archa) sharing the rest of 1%

In terms of brand, market leaders are Leo (53%), followed by Chang (35%), Singha (7%) and Heineken (4-5%).
4. MARKETING MIX

4.1 PRODUCT

Thailand mainly produces lagers which represent 99% of the market. Most popular brands are Singha, Leo, Chang and Heineken. The rest 1% market share consists of Thai craft beers with 50-60 brands and international brands or super premium beers with a wide selection of products and more than 100 brands available in the market. Most local lagers have 5% ABV.

Amidst strong competition in the industry, leading local beer makers have tried to gain competitive advantage in the market by increasing their product or brand variety. New products launched by those companies were different from their existing products in response to the changing consumer demand and preferences. They also introduced Thai craft beers because of their attractive growth. New products recently offered by leading local beer makers were either by their own production or acquisition of existing microbrewers are as follows.

Boon Rawd Brewery: U Beer (lager, 4.5%), Snowy Weizen (German-style wheat beer), Kopper by Est 33 (red beer made from red GABA rice, 4.5%), My Beer (lager, 4.5% ABV)

ThaiBev: Tapper (lager 6.5% ABV), Hutsman (wheat beer – Belgian style, 4% ABV), Black-Dragon (red beer, 4% ABV)

TAPB: Tiger Rodler, Tiger Lemon; Cheers Selection Riceberry, Cheers Selection Shogun Orange; Cheers Selection Northern Strawberry (which all are lagers.)

Currently, Thai craft beers still have a small proportion in the entire market due to the unfavorable regulation which makes it difficult for small brewers produce their craft beers in Thailand. Here are the details:

- At least 51% of issued shares must be held by Thai nationals.
- Brewers must have registered capital of at least Baht 10 million.
- Large scale brewers must have a production capacity of at least 10 million liters per year.
- Small scale brewers producing for sale in their own outlets (e.g. brewpubs) should have a production capacity of not less than 100,000 liters per year but not more than 1,000,000.

As such, most microbrewers have their beers produced outside Thailand and import them back for sales in the country. To stay competitive, Thai craft beers are mostly made in Thailand’s Free Trade Agreement (FTA) partner countries, e.g. ASEAN, China, South Korea, etc. because the high import duty is exempted or reduced. For those produced in other countries where FTA with Thailand is absent, to import them back to Thailand, they are subject to a 60% import duty which make they cost as high as other international brands.

The emerging trend in the past year was 0% beer or Non-Alcoholic Malt Beverage as the players saw that it had been more and more popular in the global market. According to Global Market Insights, the value of the alcohol-free market in Asia Pacific was USD 1.5 billion or approximately Baht 49.5 billion. The annual
average growth was 10%-15% in 2016. In 2018, Heineken introduced Heineken 0.0 to Thailand, the 2\textsuperscript{nd} market in the region after its first launch in Singapore. The target groups were Professionals, Active Parent, Health-Conscious, and Moderate Experience. Captain Barrel Co., Ltd., one of leading beer importers, is another company who has already marketed Bavaria 0.0\% Malt Drink from Netherlands for years in Thailand in response to the growing health conscious trend. The company reported 10-15\% growth this product category. The best-selling items were classic and fruit favours.

Other popular beer types also included fruit beer with lower alcohol content (targeting female drinkers) and Pale Ale, IPA, dIPA style, as well as ImStout or ImPorter, Sour Ale.

Regarding the controversy about how much tax to be levied on 0\% beers, the Excise Department has announced that 0\% alcohol beers would be taxed in 2020 in an effort to prevent new drinkers. They would be subject to more than 14\% (regular drinks) but at less than 22\% (beer containing alcohol). The draft proposal will be submitted to the cabinet for approval. The draft includes other products related to alcoholic drink such as beer tablets. The director claimed that the tax rate would not affect the retail price since the 0\% alcohol beers were being sold for almost the same price as ordinary beers but without the high taxes. According to the Public Health Ministry, consumers regarded the non-alcoholic drinks as an alternative to other drinks. The makers were also able to distribute samples at educational institutes as they were labelled as non-alcoholic (The Nation, 2019).

As for imported brands, at present, there are over 100 of brands available in the market. There are more and more brands introduced into the market in response to consumers' demand. However, due to their high prices, they can focus only on a niche market or the super-premium segment, i.e. local consumers with high disposable income, sophisticated taste and lifestyle, expatriates (~500,000-1,000,000 legal expats registered in Thailand), and tourists.

As shown in the table below, in 2018, Thailand imported beers mostly from Malaysia (21.1\%) followed by Belgium (15.6\%), Singapore (12.5\%), Germany (9.7\%) and Vietnam (9.4\%). It was found that beers from Malaysia were mainly imported by Thai breweries, i.e. Boon Rawd Brewery, ThaiBev, and TAPB, whose beers were produced there. Import of Belgian beers, by value, grew by 12.6\% or reached USD 5.10 million last year, and increased by 31.6\% in the past 3 years.
There are many Belgian beers imported into Thailand. The most popular ones are Hoegaarden, Stella Artois and Leffe successfully marketed by Brewberry Co., Ltd., the importer/distributor, since 2005.

In 2018, another strategy employed by leading breweries was changing and improving beer packaging, e.g. container, label, size, design, etc. Boon Rawd Brewery offered Singha beer in 490 ml can in addition to the 320 ml can, following its rivals ThaiBev and TAPB who already resized their packaging. Sales of the 490 ml can packaging grew by 60% in the past year because beer drinkers felt that it was an appropriate size and more economic to buy than the 320 ml size. Basically, local beers are made in 330 ml and 620 ml bottle or can. Besides, companies also stimulated their sales by designing hip and modern containers and labels. For instance, Leo had a limited edition of aluminium can; Singha Beer changed its label; Chang changed the bottle color from brown to green; TAPB made Cheers beers had more attractive graphic design of their labels and Heineken as well had a new label design.

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**Top Import Origins of Thailand**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Import Value in 2018 USD</th>
<th>Shares in Import %</th>
<th>1-Year Growth in Value %</th>
<th>3-Year Growth in Value %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Malaysia</td>
<td>$6.57M</td>
<td>20.1%</td>
<td>-37.7%</td>
<td>-74.1%</td>
</tr>
<tr>
<td>2</td>
<td>Belgium</td>
<td>$5.10M</td>
<td>15.6%</td>
<td>+12.6%</td>
<td>+31.6%</td>
</tr>
<tr>
<td>3</td>
<td>Singapore</td>
<td>$4.09M</td>
<td>12.5%</td>
<td>-36.6%</td>
<td>-48.9%</td>
</tr>
<tr>
<td>4</td>
<td>Germany</td>
<td>$3.16M</td>
<td>9.7%</td>
<td>-9.6%</td>
<td>+28.3%</td>
</tr>
<tr>
<td>5</td>
<td>Vietnam</td>
<td>$3.07M</td>
<td>9.4%</td>
<td>+0.0%</td>
<td>+521.7%</td>
</tr>
<tr>
<td>6</td>
<td>Indonesia</td>
<td>$1.73M</td>
<td>5.3%</td>
<td>+26.1%</td>
<td>-51.2%</td>
</tr>
<tr>
<td>7</td>
<td>Mexico</td>
<td>$1.42M</td>
<td>4.4%</td>
<td>+599.0%</td>
<td>+50.9%</td>
</tr>
<tr>
<td>8</td>
<td>United States</td>
<td>$1.30M</td>
<td>4.0%</td>
<td>+33.0%</td>
<td>+184.0%</td>
</tr>
<tr>
<td>9</td>
<td>Netherlands</td>
<td>$1.28M</td>
<td>3.9%</td>
<td>-51.5%</td>
<td>-53.5%</td>
</tr>
<tr>
<td>10</td>
<td>Myanmar [Bur]</td>
<td>$636.47K</td>
<td>2.0%</td>
<td>+34.7%</td>
<td>-13.5%</td>
</tr>
</tbody>
</table>

Source: [https://www.tridge.com/intelligences/beer/TH](https://www.tridge.com/intelligences/beer/TH)
4.2 PRICE

Beer selling channels include off trade or off premise (modern trade and traditional trade channel, i.e. groceries or specialty stores) and on trade or on premise (hotels, restaurants, pubs, bars, cafes, etc.). Prices at the off trade channel of local beers (330 ml, 490 ml, 500 ml) are ranging from 37-69 Baht, while, international brands (super premium beers) from Europe and America (330 ml) are priced from ~Baht 100 and up to ~Baht 300 and more. Thai craft beers made in the region are priced between local beers and imported beers. However, they would cost more if they are produced in Europe or America. Some prices can be seen in the following table:

<table>
<thead>
<tr>
<th>Beer</th>
<th>Size (ml)</th>
<th>Price (Baht)</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allemand Pilsner</td>
<td>330</td>
<td>99.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Asahi Super Dry Japan</td>
<td>620</td>
<td>69.00</td>
<td>Local</td>
</tr>
<tr>
<td>Beer Asahi Can</td>
<td>490</td>
<td>59.00</td>
<td>Local</td>
</tr>
<tr>
<td>Beer U</td>
<td>620</td>
<td>55.00</td>
<td>Local</td>
</tr>
<tr>
<td>Budweiser Can</td>
<td>500</td>
<td>62.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Budweiser Can</td>
<td>330</td>
<td>43.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Chang Beer</td>
<td>620</td>
<td>57.00</td>
<td>Local</td>
</tr>
<tr>
<td>Chang Beer Can</td>
<td>320</td>
<td>37.00</td>
<td>Local</td>
</tr>
<tr>
<td>Chang Classic</td>
<td>1500</td>
<td>345.00</td>
<td>Local</td>
</tr>
<tr>
<td>Cheers Siam Weizen Can</td>
<td>490</td>
<td>54.00</td>
<td>Local</td>
</tr>
<tr>
<td>Corona Extra Beer</td>
<td>355</td>
<td>99.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Duvel</td>
<td>330</td>
<td>165.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Erdinger Wheat Beer Dunkel</td>
<td>500</td>
<td>176.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Heineken 0.0 Bottle</td>
<td>330</td>
<td>39.00</td>
<td>Local</td>
</tr>
<tr>
<td>Heineken Big</td>
<td>630</td>
<td>72.00</td>
<td>Local</td>
</tr>
<tr>
<td>Heineken Can</td>
<td>320</td>
<td>43.00</td>
<td>Local</td>
</tr>
<tr>
<td>Heineken Small</td>
<td>325</td>
<td>43.00</td>
<td>Local</td>
</tr>
<tr>
<td>Hoegaarden</td>
<td>650</td>
<td>219.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Hoegaarden Can</td>
<td>330</td>
<td>69.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Hoegaarden Rosee</td>
<td>250</td>
<td>125.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Hoegaarden Rosee Can</td>
<td>750</td>
<td>289.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Hoegaarden Rosee Can</td>
<td>330</td>
<td>125.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Lao Beer Gold</td>
<td>330</td>
<td>86.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Lao Beer Lager</td>
<td>330</td>
<td>59.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Leffe Brown</td>
<td>330</td>
<td>139.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Leo Beer Bot</td>
<td>630</td>
<td>55.00</td>
<td>Local</td>
</tr>
<tr>
<td>Leo Beer Can</td>
<td>330</td>
<td>35.00</td>
<td>Local</td>
</tr>
<tr>
<td>Beer</td>
<td>Price</td>
<td>Type</td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>Leo Beer Can</td>
<td>490</td>
<td>50.00</td>
<td>Local</td>
</tr>
<tr>
<td>Liger Beer</td>
<td>330</td>
<td>89.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Sapporo Beer</td>
<td>330</td>
<td>125.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Singha Beer</td>
<td>335</td>
<td>37.00</td>
<td>Local</td>
</tr>
<tr>
<td>Singha Beer Bot</td>
<td>630</td>
<td>62.00</td>
<td>Local</td>
</tr>
<tr>
<td>Singha Beer Can</td>
<td>330</td>
<td>36.00</td>
<td>Local</td>
</tr>
<tr>
<td>Tiger Light Can</td>
<td>320</td>
<td>36.00</td>
<td>Local</td>
</tr>
<tr>
<td>Triple Hopped Ipa</td>
<td>330</td>
<td>145.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Triple Pearl Weisse Pearl</td>
<td>330</td>
<td>159.00</td>
<td>Imported</td>
</tr>
<tr>
<td>Vedett Extra Ordinary Ipa</td>
<td>330</td>
<td>145.00</td>
<td>Imported</td>
</tr>
</tbody>
</table>

Source: [https://shoponline.villamarket.com](https://shoponline.villamarket.com)

More information on Belgian beers and prices are shown below, according to [www.wishbeer.com](http://www.wishbeer.com), the online channel with the largest product selection:
Beers offered at the on trade channel cost higher from 30% to 50% or more.
4.3 PLACE

The proportion of off trade and on trade distribution of local beers is 70% and 30% respectively, whereas international brands focus more on the on trade channel at the rate of 70-80%. With their high prices, the target customers are middle-high income earners with sophisticated taste who are looking for premium quality and unique products which the mainstream market or the off trade channel do not offer. These consumers drink premium beers at restaurants, pubs, cafes, etc. for socialization or association. Many beer importers established their own restaurants, pubs, cafes, etc. to sell their beers with the beer and food pairing concept. For example, Brewberry, the importer of Hoegaarden, Stella Artois and Leffe, opened House of Beers (HOBs) aimed as a hub of fine international beers. HOBs provides authentic traditional beer drinking culture in a contemporary atmosphere.

However, In 2019, more beer importers increased their products at the off trade channel in response to the ‘at home drinking’ trend due to the slowdown economy that limited consumer spending together with the government’s tougher measures to combat drinking and campaigns to reduce road accidents.

In addition, e-commerce was another channel for product placement. More Thai consumers were turning to online shopping. Key reasons for this popularity were home delivery services, convenience, time-saving and cost advantage. Their purchases were mostly made via producers’, suppliers’, retailers’ websites and mobile applications. Beer companies also saw that there was no control on online activities prescribed in the relevant law. At present, the online market for premium beers represents only 2-3%. So, there is more chance to grow to keep pace with this trend. However, some companies may argue that it would be an effective strategy for mainstream beers, but not for super premium beers because most customers in this segment still drink beers at hotels, restaurants, pubs, cafes, etc. for socialization and association. They always want to try new products and need to know stories and qualities of beers at the point of sales which may not be satisfied by the online channel. Some companies are still reluctant to have their products advertised online due to it is too restrictive and sensitive to do it appropriately and legally.

Wishbeer (www.wishbeer.com), an e-commerce Startup, has successfully marketed beers online since 2013. The company grows 2-3 folds annually. Wishbeer’s success is attributed to the vision on the ‘at home drinking’ trend, the focus on premium beers as there are more variety of imported products introduced into the market as well as efficient delivery services. Wishbeer has the widest selection of products, with ~2,000 sku. Apart from beers, the company also sells wines, ciders, whiskies, etc. (Epson, 2019).

Overall, the value of Thai e-commerce grew by 14% in 2018, reaching some Baht 3.2 trillion, and growth was expected to reach 20% in 2019, according to the Electronic Transactions Development Agency (ETDA). Thai e-commerce growth was the highest in ASEAN, as result of changes in consumer behaviour. The supporting factors were the growing number of internet users, smart phone users, Thai-international platforms as well as expansion of 4G mobile communication technology. Confidence in e-payment also increased, with faster logistics and delivery services (Bangkok Post, 2018).
4.4 PROMOTION

Thailand has very restrictive regulations on alcoholic business. Advertisement and communication is controlled by the Alcoholic Beverage Control Act (2008). Alcoholic companies therefore try many different ways to communicate with their consumers by creating experiences and engagement. Leading local beer producers mostly spend their budgets on sports sponsorship, music event sponsorship, brand activations, corporate social responsibility (CSR) activities, lifestyle festivals, etc.

Asia Sponsorship News (ASN) disclosed that Chang, and Singha were among of top five in the sponsorship market place in Thailand in 2018. Chang, the 2nd largest after Toyota, spent Baht 312 million. Singha was in the 4th place spending Baht 209 million (ASN, 2019). Both of companies saw that it was worthwhile to invest in promotion of their brands internationally, especially in international sport events.

Chang, by ThaiBev, created experiential marketing activities to engage Thai and international consumers on numerous platforms across areas of interests, including sports, food, music, and lifestyle. In Thailand, these activities included its continued focus on football marketing. As an active supporter of the game, Chang was a key sponsor to bring live broadcast of 2018 FIFA World Cup matches to Thai audience, plus a virtual stadium created for football fans to enjoy watching the game during this tournament. The brand was an official sponsor of Thailand’s national football team and 23 football clubs in the Thai League. In the international football scene, Chang was the Official Beer Partner of Leicester City FC, which gave it an international brand exposure and continue to strengthen the national pride in this Thai beer. In food and dining, Chang reiterated itself as a perfect match for all cuisines through food festivals held in Thailand and overseas, e.g. Chang Sensory Trails and Food Park. By means of music, Chang connected people via Chang Music Connection concerts and broadened their world of music with world-class DJs and top artists at many memorable Chang Carnival events (The Nation, 2018).

Singha was active locally and internationally supporting events and associations in football, motor, golf, and tennis, among other sports. In 2010, the beer brand signed a sponsorship deal with Premier League teams Manchester United and Chelsea, where Singha was served in the clubs’ home turfs of Old Trafford Stadium and Stamford Bridge, respectively, and its logo very prominently displayed in the arenas’ A-Boards. In 2018, Singha extended the partnership agreement with Chelsea FC till 2022, making it the longest running partnership for Chelsea since 2010. Singha worked with Chelsea FC promoting football development in Thailand to give Thai people the chance to get closer to a world class football team (The Nation, 2019). Singha also had a long history in motorsports both locally and internationally and has been partners with Formula One teams since 2010.

Heineken remained the Music Marketing Expert with true insights into changing music elements including market trends and consumers’ needs. Heineken would maintain a premium brand identity due to its strength of being the Global Standard in Music Platforms, with a global network sponsoring world-class events and famous international artists that all reflected the brand’s DNA (RYT9, 2019).

In terms of CSR, it was less prominent compared to other strategies. However, Boon Rawd Brewery was the leader in the industry enhancing communication and marketing its brand through CSR activities,
especially the company established Phya Bhirombhakdi Foundation to offer education sponsorship as well as the well-being of the society (Boon Rawd Brewery, 2017).

As for international brands, apart from legal constraints for advertising and their focus only on the niche market, the budget spending on promotion activities were incomparable to that of the leading local producers. Most importers tended to be involved in marketing activities in forms of organizing or participating in relevant events to promote and raise consumer awareness of their beers, e.g. joining/sponsoring social or major music events, organizing beer tasting events in food service channels, food and beer paring events, etc.

In addition, social media were also used as the key marketing tools since the online media was not prohibited by the laws (Prasertbodin, 2017).

Social media is another effective tool that influences brand preference. At present, lifestyle of Thai people are more connected with social media. 89% of Business to Business communications are made through social media platform, while 71% of Business to Consumer communications use social media platform. Different digital communications and their importance to the business sector in Thailand are shown in the following figure:

Source: https://www.marketingoops.com/reports/media-stat/marketbuzzz-reveal-report-social-media-became-main-channel-for-marketing/

Singha and Chang have companies’ Facebook to generate information to the publics as public relations tool for corporate communication to build corporate image and contact point for sale promotion. Their Line stickers are also used as promotional tool of alcohol product placement. Heineken’s consumer engagement is also made through online activities or campaigns. Many beer importers successfully promoted their products on Facebook. It helps to spread news and share drinking experiences among consumers.
5. CONSUMPTION AND CONSUMER BEHAVIOURS

In 2017, Thailand was recorded as one of top 3 countries with highest alcohol consumption per capita in the Asian region. Thailand, at the 3rd place, drank 8.3 liters of alcohol a year. South Korea had the highest alcoholic consumption of 10.9 liters per capita, followed by Vietnam drinking 8.7 liters of alcohol a year, according to the World Health Organisation (WHO).

Considering demographic age group, there was a total of 15.89 million alcoholic drinking population accounting for 28.4% of Thai population aged over 15 years old. The largest drinking ages were 25-44 years old (36%) and the 2nd largest group was drinkers aged 20-24 years old (35%). (Thai Health Promotion Foundation, 2019).

In terms of consumer characteristics, Deloitte’s study indicated that Thai consumers compared with other countries in Southeast Asia, were relatively sophisticated and trendy (the important element in purchasing decision). The study also found that the modern trade was the most popular channels for more urbanized lifestyle. Another channel, e-commerce had a rapid growth in the market where credit card payment had gained consumer’s trust in security (Deloitte, 2016).

In Thailand, consumers perceive that local beers are price-quality products. They are approachable and the taste matches with the local’s needs. However, with the new trends of imported beers, the younger consumers shifted their demand to imported products at times as they wanted to try out something new. With the higher prices, imported products are perceived as an image enhancer when drinking out.

6. REGULATIONS

6.1 TAXATION

In order to reduce consumption in the country, the Thai authority imposes a complex excise tax structure and a high import duty on imported beers plus a valued added tax on imported alcoholic beverages.

Authorities in charge of tax collection are agencies under the administration of the Ministry of Finance include Excise Department (excise and related taxes), Customs Department (import duty) and Revenue Department (valued added tax – VAT).

Excise tax and other taxes based on excise tax

The excise tax is an indirect tax applied on selective goods and services for the purpose of collection revenue and discriminating against the uses of specific commodities, e.g. alcoholic products, tobacco products, etc. Imported alcoholic products are subject to the excise taxes in accordance with The new Excise Tax law, or the Excise Tax Act B.E. 2560 (2017), www.krisdika.go.th, which has come into force on 16 September 2017. The law was developed from 7 relevant previous laws and designed to meet
international standards, be more transparent and fairer (less dependent on tax authorities’ consideration and interpretation).

The significant changes from the past law are as follows:

- As for imported alcoholic beverages, the excise tax base was changed from the CIF (cost, insurance and freight) price to the recommended retail price which is derived from a product’s production cost, management cost, and standard profit. Importers are required to disclose their cost structure to the Excise Department for consideration and approval.

- The new excise tax calculation method is less complex. The excise tax is composed of the Ad valorem excise tax and the specific excise tax (derived from the tax rate per liter of pure alcohol). The new method disregards a comparison between the latter tax and the excise tax derived from the tax rate per liter as well as the exceeded degrees of alcohol.

<table>
<thead>
<tr>
<th>Types</th>
<th>Description</th>
<th>Ad valorem Rate (%)</th>
<th>Specific Rate (Baht per Litre of Pure Alcohol)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fermented Liquor</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Beer</td>
<td>Brewer/brew pub</td>
<td>22</td>
<td>430</td>
</tr>
<tr>
<td>B. Wine and sparkling wine from grape</td>
<td>1. Recommended retail price not exceeding Baht 1,000</td>
<td>0</td>
<td>1,500</td>
</tr>
<tr>
<td></td>
<td>2. Recommended retail price exceeding Baht 1,000</td>
<td>10</td>
<td>1,500</td>
</tr>
<tr>
<td>C. Fruit liquor composed of grapes</td>
<td>1. Alcohol content not exceeding 7 degrees / packaging size not exceeding than 0.33 litres</td>
<td>10</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>2. Other than no. 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.1 Recommended retail price not exceeding Baht 1,000</td>
<td>0</td>
<td>900</td>
</tr>
<tr>
<td></td>
<td>2.2 Recommended retail price exceeding Baht 1,000</td>
<td>10</td>
<td>900</td>
</tr>
<tr>
<td>D. Other than A., B. and C.</td>
<td>E.g. - fruit liquor without composition of grapes</td>
<td>10</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>E.g. - fermented traditional liquor</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **Distilled Liquor**             |                                                  |                     |                                               |
| A. White spirit                  | White spirit / community distilled liquor         | 2                   | 155                                           |
| B. Other than A.                 | 1. Alcohol                                       |                     |                                               |
|                                  | 1.1 For industrial, medical, pharmaceutical and scientific use according to methods specified by the Director General | 0                   | 0                                             |
|                                  | 1.2 Being converted according to methods specified by the Director General | 0                   | 0                                             |
|                                  | 1.3 Others                                       | 0                   | 6                                             |
|                                  | 2. Other than no. 1                              | 20                  | 255                                           |
|                                  | - blended spirit                                  |                     |                                               |
|                                  | - special blended spirit                          |                     |                                               |
|                                  | - special spirit / whisky, brandy, rum, gin, vodka, liqueur |                     |                                               |
|                                  | - others                                         |                     |                                               |

The excise tax ceiling on beer, wine and liquor was set as high as 30% of the recommended retail price, or Baht 3,000 per liter of alcohol for 20 years, according to the Excise Tax Act B.E. 2560 (2017).

The new excise tax structure and the calculation method can be seen in the following tables:

### Excise Tax Calculation Method and Example

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad varolem Excise Tax</td>
<td>Specific Excise Tax (Baht per Litre of Pure Alcohol)</td>
</tr>
<tr>
<td>recommended retail price (before VAT) x Ad varelem rate</td>
<td>(quantity [litre] x degree x specific rate)/100</td>
</tr>
</tbody>
</table>

**Example**: excise tax calculation for beer: 0.6300 litre / 5 degree / recommended retail price before VAT Baht 75

- **Excise tax on beer**: Ad varolem rate = 22%; specific rate (Baht per litre of pure alcohol) = Baht 430
- **Ad varolem Excise tax**: 75 x 22% = 16.50
- **Specific Excise Tax**: (0.6300 x 5 x 430)/100 = 13.5450
- **Total excise tax**: 16.50 + 13.5450 = 30.05

The table below provides a summary of the new and the past 2 excise tax changes:

<table>
<thead>
<tr>
<th>Date</th>
<th>Type of alcoholic beverage</th>
<th>Type of excise</th>
<th>From</th>
<th>To</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-Sep-17</td>
<td>White spirits</td>
<td>Tax based on retail value and ABV</td>
<td>4% of net wholesale price, THB 400</td>
<td>2% of retail price, THB 450</td>
<td>c:THB2/6% increase in excise, approximately 2% increase vs current ASP</td>
</tr>
<tr>
<td>Brown spirits</td>
<td>25% of wholesale price, THB 500</td>
<td>20% of retail price, THB 550</td>
<td>c:THB3-4% increase in excise, approximately 1% increase vs current ASP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beer</td>
<td>45% of net wholesale price, THB 1350</td>
<td>22% of retail price, THB 1430</td>
<td>c:THB2/6% increase in excise, approximately 4% - &lt;5% increase vs current ASP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4-Sep-13</td>
<td>White spirits</td>
<td>Tax based on wholesale value, coupled with volume</td>
<td>na</td>
<td>na</td>
<td>c: 5-6% increase in excise c:17-20% increase in excise c:15-34% increase in excise</td>
</tr>
<tr>
<td>Brown spirits</td>
<td>na</td>
<td>na</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beer</td>
<td>Specific rate per litre of pure alcohol (THB/litre)</td>
<td>THB 120</td>
<td>THB 150</td>
<td>THB 150</td>
<td>THB 550</td>
</tr>
<tr>
<td>22-Aug-12</td>
<td>White spirits</td>
<td>Specific rate per litre of pure alcohol (THB/litre)</td>
<td>THB 120</td>
<td>THB 150</td>
<td>THB 150</td>
</tr>
<tr>
<td>Compound spirits</td>
<td>na</td>
<td>na</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brandy</td>
<td>Ad valorem (as % of ex-factory price)</td>
<td>48%</td>
<td>50%</td>
<td>4.3% increase in excise costs</td>
<td></td>
</tr>
</tbody>
</table>

Source: data bank, company, various media sources
Impacts of the new excise tax are shown in the picture below:

Other than the excise tax, alcoholic beverages are subject to other taxes (derived from the excise tax base) including:

- Municipal tax by the Ministry of Interior, 10%
- Thai Health Promotion Foundation, 2%
- Thai Public Broadcasting Service, 1.5%
- National Sports Development Fund, 2%
- Elderly fund, 2%
6.2 IMPORT DUTY

According to the Customs Department, an import tax rated on imported beers (HS 2203) is 60% of a CIF price.

As for Thailand’s Free Trade Agreement partner countries, import duties are exempted or reduced as shown in the table below:

<table>
<thead>
<tr>
<th>FTAs</th>
<th>Import Duty Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASEAN</td>
<td>Exempted</td>
</tr>
<tr>
<td>ASEAN-Australia and New Zealand</td>
<td>Exempted</td>
</tr>
<tr>
<td>ASEAN-China</td>
<td>Exempted</td>
</tr>
<tr>
<td>ASEAN-India</td>
<td>5</td>
</tr>
<tr>
<td>ASEAN-Korea</td>
<td>Exempted</td>
</tr>
<tr>
<td>Thailand-Chile</td>
<td>30</td>
</tr>
<tr>
<td>Thailand-Australia</td>
<td>Exempted</td>
</tr>
<tr>
<td>Thailand-New Zealand</td>
<td>Exempted</td>
</tr>
</tbody>
</table>

www.customs.go.th

6.3 VALUE ADDED TAX (VAT)

Finally a 7% VAT is added on the sum of the price and all taxes.

The following tables show examples of the total tax calculation and tax burdens:

---

Source: www.excise.go.th
6.4 NON-TARIFF BARRIERS

Moreover, there are numerous non-tariff barrier measures controlling the import of alcoholic beverages. Competent agencies involved are as follows:

Excise Department, Ministry of Finance


- methods for calculating the quantity or value of goods for the purpose of tax payment;
- import and sales permits
- label approval
- sample analysis
- packaging into containers, types and descriptions of containers, indication of information or marks on containers and the indication of the quantity of goods packed in containers;
- storage and relocation of goods;
- storage, relocation and use of raw materials, machines and equipment used for the production of goods;
- operation of a service place business.

Other relevant subordinate or supportive laws are:
Ministerial Regulation  
Liquor Importation Permission (No. 2)  
B.E. 2562 (2019)

By virtue of the provisions of Section 5 Paragraph 1 and Section 154 Paragraph 2 of the Excise Act, B.E. 2560 (2017), the Minister of Finance issued the Ministerial Regulation, as follows:

Clause 1 The provisions of (2) of Clause 5 of the Ministerial Regulations Liquor Importation Permission B.E. 2560 (2017) shall be replaced by the following:

“(2) Submit samples of liquors to be imported to the Director General for quality examination and analysis prior to file an application for permission or submit the certificate of analysis to examine whether they are qualified in accordance with the Excise standards as to be announced by the Director General, provided that the certificate shall be issued by the agencies as set out by the Director General to be the liquor quality examination and analysis agencies or the agencies of foreign governments or the agencies as acknowledged by foreign governments to have the duty to control the liquor production of the liquor producers in foreign countries.”

Clause 2 The Ministerial Regulation shall come into force as from the day following the date of its publication in the Government Gazette.

Given on the 7th Day of May B.E. 2562 (2019)

Apisak Tantivorawong
Minister of Finance
(Unofficial Translation)

Notification of the Excise Department
Prescribing Quality Standard for Imported Liquor

By virtue of the provision of Section 154 Paragraph two of the Excise Act, B.E. 2560 (2017), with the provisions of Clause 5 (2) and Clause 8 (4) of the Ministerial Regulation Liquor Importation Permission B.E. 2560 (2017) as amended by Ministerial Regulation Liquor Importation Permission (No. 2) B.E. 2562 (2019), the Director General of the Excise Department issues this Notification has prescribed the quality standard for imported liquor as follows:

Clause 1. Liquors to be imported into the Kingdom shall have the quality standard in accordance with quality standard description attached to this Notification, except ethanol and distilled liquors with the alcoholic content higher than 80 percent shall have the quality standard in accordance with the industrial product standards as to be announced by the Industrial Product Standards law.

Clause 2. Liquors which had been submitted to the Excise Department for quality analysis and notified the test results that the liquors are qualified in accordance with the industrial product standards or had received the certificate of analysis that are qualified with the industrial product standards before the day of coming into force of this Notification shall use the test results or the certificate of analysis for a period of not more than 3 years from the effective date of this Notification, except beer shall use the test results or the certificate of analysis for a period of not more than 60 days from the effective date of this Notification.

Clause 3. Liquors to be imported into the Kingdom which are in between the process of analysis or has filed the application for permission in accordance with the Ministerial Regulation Liquor Importation Permission B.E. 2560 (2017) given on the 12th day of September B.E. 2560 (2017), when receive the liquor importation permission will yet the time extend the submission of samples of liquors for analysis within 30 days from the day the liquors are imported into the Kingdom according to the Notification of the Excise Department Extension of the Implementation Period to be in compliance with the Excise
Tax Act B.E. 2560 (2017) (No. 6) given on the 22nd day of April B.E. 2562 (2019) in accordance with the industrial product standards.

Liquors under paragraph one shall use the test results for a period of not more than 3 years from the effective date of this Notification, except beer shall use the test results for a period of not more than 60 days from the effective date of this Notification.

Clause 4. The Notification shall be effective on the announcement date of this Notification.

Announced on the 5th day of June B.E. 2562 (2019)

Patchara Anuntasilpa

Director General of the Excise Department
Standard of Analysis for Beer

Beer shall have the standard of alcohol by volume, chemical attributes, food additives and contaminants which are specified below, by using the test method of Association of Official Analytical Chemists (AOAC) or the equivalent test method.

1. Alcohol by volume shall be as specified on the label which the tolerance shall be ±1 degree (percent by volume) by using the test method of AOAC 26.1.09 or the equivalent test method. In case of dispute the test method, shall use the test method of AOAC as a method to judge.

2. Chemical attributes shall be as specified in the table below and using the test method of AOAC or the equivalent test method. In case of dispute the test method, shall use the test method of AOAC as a method to judge.

<table>
<thead>
<tr>
<th>Item</th>
<th>Substances</th>
<th>Not exceed</th>
<th>Test Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Methyl alcohol</td>
<td>50 ppm</td>
<td>AOAC 26.1.36</td>
</tr>
<tr>
<td>2</td>
<td>Ethyl carbamate</td>
<td>50 ppb</td>
<td>AOAC 28.1.48</td>
</tr>
</tbody>
</table>

3. Food additives shall be as specified in the table below and using the test method of AOAC or the equivalent test method. In case of dispute the test method, shall use the test method of AOAC as a method to judge.

<table>
<thead>
<tr>
<th>Item</th>
<th>Substances</th>
<th>Not exceed</th>
<th>Test Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sulfur dioxide</td>
<td>30 ppm</td>
<td>AOAC 27.1.39</td>
</tr>
</tbody>
</table>

4. Contaminants shall be as specified in the table below and using the test method of AOAC or the equivalent test method. In case of dispute the test method, shall use the test method of AOAC as a method to judge.

<table>
<thead>
<tr>
<th>Item</th>
<th>Substances</th>
<th>Not exceed</th>
<th>Test Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Arsenic</td>
<td>0.1 ppm</td>
<td>AOAC 9.1.01</td>
</tr>
<tr>
<td>2</td>
<td>Lead</td>
<td>0.2 ppm</td>
<td>AOAC 9.2.19</td>
</tr>
<tr>
<td>3</td>
<td>Copper</td>
<td>1.5 ppm</td>
<td>AOAC 28.1.23</td>
</tr>
<tr>
<td>4</td>
<td>Ferrous</td>
<td>1.5 ppm</td>
<td>AOAC 28.1.24</td>
</tr>
</tbody>
</table>
Food and Drug Administration (FDA), Ministry of Public Health (MOPH)

FDA, the food safety agency, controls only the warning text appeared on labels. The enforced law mainly refers to the authority of the Excise Department as it is the principal regulator. Details of MOPH's law are shown below:

(Official)

Notification of the Ministry of Public Health
Re: Liquor

It is deemed appropriate to amend the notification of the Ministry of Public Health, Re: Liquor.

By the virtue of provisions of Section 5 and 6(3) (4) and (10) of the Food Act B.E.2522 (1979), in which contain provisions in relation to the restriction of Rights and Liberties of the Persons, in respect of which Section 29 and in conjunction with Section 33, Section 41, Section 43 and Section 45 of the constitution of the Kingdom of Thailand so permit by virtue of provisions of law, the Minister of Public Health hereby issues the notification as follows:


Clause 2. Liquor is prescribed food to have qualities or standards.

Clause 3. Liquor means liquor as defined in Law of Liquor.

Clause 4. Liquor shall have quality or standards or characteristics according to the Notification of the Ministry of Finance, Re: Liquor administration procedure.

Clause 5. Labeling of liquor shall be exempted from the Notification of the Ministry of Public Health, Re: Label and shall be followed this Notification.

Clause 6. Label of liquor, the following details shall be displayed

1. Texts on label according to the Notification of the Ministry of Finance, Re: Liquor Administration Procedure or the Notification of the Excise Department, Re: Rule, Procedures and conditions for Exporting and Issuing of Permission for Importation of Liquor into the Kingdom that issued by Liquor Law.

2. Text in Thai language “Warning: Sale of Liquor to whom at age less than the completion 20 years of age is prohibited;

   : Drinking liquor will decrease ability in vehicle driving ;

   : Person whose age less than the completion 20 years should not drink .”
6.5 ALCOHOL BEVERAGE CONTROL COMMITTEE

The Committee's roles are to oversee the monitoring and surveillance of alcohol activities in Thailand. The committee’s controls cover the following areas:

- Control on accessibility and purchase is limiting the time for the sale of alcohol to only during 11.00-14.00 and 17.00 - 24.00 hrs. The age of buyers and drinkers must be at least 18 and alcohol is banned from being sold in certain places such as educational institutes, temples, and gas service stations.
- The measure to limit drinking prohibits alcohol to be sold to those who are drunk and prohibits those under 20 years of age to enter entertainment venues.
- The measure to reduce accidents prohibits driving while intoxicated and the penalties have been increased.
- The campaign measure stipulates that alcohol is a food that must have a warning label and alcohol is banned from being sold on important Buddhist holidays. Further, there is a total ban on alcohol advertisements.
Important laws concerned are as follows:

Remark: The main law introduces abundant regulatory interventions, including alcohol marketing and advertising regulations.

Notification of the Alcohol Beverage Control Committee Re: Criteria, Procedures, and Requirements for Packaging, Label and Warning Statements for Locally Produced and Imported Alcohol Beverages B.E. 2558 (2015)
file://C:/Users/bangk02/Documents/market%20info/notification%20labelling%202558%20tha332_t.pdf
Remark: The subordinate law regulates packaging, label and warning statements for locally produced and imported alcohol beverages.

7. MARKET ENTRY

To market alcoholic beverages in Thailand, it is necessary to appoint a Thai company (with a majority of 51% market share and registered in Thailand) as a sole importer/distributor, according to the Excise Department. There are no compulsory requirements on the exclusivity of distributorship duration, geographical coverage, specific products/brands authorized and so on. All these elements are dependent on the agreement between the two parties.

Prior to the import of products into Thailand, the importer is required to undergo the following procedures at the Excise Department:

1. Importer registration
2. Label approval, provided that the importer must be a sole distributor and is required to submit an original letter of appointment for sole/exclusive distributor from the exporter.
3. Sample analysis or submission of a lab test from the competent government agency of the exporting country
4. Informing of a retail price (for tax calculation)
5. Import permit
6. Sales permit

For each shipment, the import needs to apply for a license per shipment.

To identify importers/distributors, it is advisable that the Belgian exporter contacts potential importers in the list provided by emailing them a business proposal together with a brief company profile and product information and see their feedback. If there are interesting companies found, a business trip to Thailand could be considered for further detailed discussion, gain more knowledge on the local market,
preliminary evaluate the partnership possibility, etc. Importers have expertise in developing appropriate marketing and sale strategies that match the target markets and they also possess distribution channels nationwide.

8. MARKET OUTLOOK

Generally, the beer market is expected to slightly improve during the period of 2019-2021. The overall sector would grow by 2-4% on average along with the economic growth. The uptrend will still be mainly supported by the increasing demand for craft beers and imported beer which is expected to grow by 10-15%. This will be attributed to changing consumer lifestyles and preferences on the adoption of beers. The rise of craft beers and imported beers will also be driven by more number of tourists. On the supply side, in order to gain more market share amidst intense competition, beer producers and importers continue to focus on product diversification and differentiation to satisfy the demand. The non-alcoholic beer market is expected to be developed further in response to the growing trend of health consciousness. Growth at the rate of 15-20% would be foreseeable. Other trendy beer types also include fruit beer and Pale Ale, IPA, dIPA style, as well as ImStout or ImPorter, Sour Ale. Beers will be more accessible to consumers as suppliers tend to expand their product placement more through the modern trade channel and the online platform. Regarding promotion, due to strict regulations on beer advertisement, beer companies remain focusing on below the line activities. Leading local beer producers continue to spend large budgets on promotion activities, especially sport event sponsorships, while importers have smaller scales of budget spent on its niche market through music festival/events, beer tasting events, beers and food paring events, trade fair participation, etc. Social media will also be an effective element for promotion and boosting brand awareness.

9. OPPORTUNITIES AND CHALLENGES

Some opportunities for the market entry and challenges in the Thai beer market can be recapped as follows:

9.1 OPPORTUNITIES

- Thailand is the 2nd largest economy in the ASEAN region after Indonesia with ~38 million middle to higher income consumers who are willing to purchase premium products.
- Thailand is the gateway to its neighboring countries, e.g. Cambodia, Lao and Myanmar. Thailand imports products and then reexports them to these countries along the borders.
- Urbanites representing ~50% of the population have high purchasing power and preferences on sophisticated/westernized lifestyle and premium products.
- Thailand was one of top countries in Asia having the highest alcoholic consumption per capita.
• Beers are the most important alcoholic beverage with a 72.2% market share by volume, followed by spirits (25.9%). By value, beers remain the most important, though with the lower share of 54.0%, followed by spirits (45.0%).
• The annual alcohol consumption rate is only 8.3 liters per person, which is relatively low compared to many countries. Therefore, the chance to grow is still high.
• Local made beers are less competitive due to the lack of product innovation and variety.
• Thai craft beers are not allowed to be produced in Thailand unless the legal requirements are met. Most imported Thai craft beers are priced as high as imported international brands.
• Consumers drink imported beers for image enhancing and as an alternative to wines.
• Continual growth in the tourism industry creates demand for premium beers.
• There are several channels for product placement including on trade and off trade channels as well as e-commerce.
  - Thailand has many well established ~5,000 hotels and ~100,000 restaurants which are distribution channels for premium beer. The HORECA sector is highly competitive and continually growing as a result of increasing number of tourists and urbanites who like to eat out more frequently.
  - As for the off trade channel, there are over 15,900 convenience stores and 1,300 supermarkets. This sector was expected to grow by ~4-6% from 2018-2020.
  - Lastly, online shopping is very popular in Thailand, Thai consumers are the most active in e-commerce in the region. This channel would well serve the growing drinking at home trend.
• Belgian beers are well-known and have good reputation in the Thai market.
• Baht currency appreciation encourages importers to import more products.

9.2 CHALLENGES

• The beer industry is dominated by a few local producers. They are well established with high net worth and possess strong distribution network which make it difficult for imported products to penetrate.
• Due to the high price of imported beers, they are limited to only the niche market.
• Market penetration for imported products is mostly concentrated only in Bangkok and major tourist-destination areas.
• Thailand and Europe do not have a free trade agreement which makes European products less competitive due to the high import duty.
• The alcoholic beverage industry is highly controlled by the Thai government through high taxation, several non-tariff barriers and measures in order to reduce the consumption.
• Thailand will still post a lower GDP growth rate, under 3%, which is an impact of the Baht currency appreciation causing export contraction and a lower growth of the tourism industry.
• Other negative factors deteriorating the economic growth and consumer purchasing power include high household debts (accounting for 78.4% of GDP, the 2nd highest in SEA after Malaysia), eldering society stage (rapidly growing ~10% at present and over 20% in 2030), more unemployment, the delay of the government’s spending on public infrastructure projects, etc.
• There are already a wide selection of imported beer categories and brands in the Thai market.
• Amidst intense competition in the saturated market, leading Thai breweries also offer more product variety, i.e. craft beers and imported beers in response to the growing consumer demand. They would gain more market share in the premium segment if drinkers become price sensitive (e.g. during the economic downturn).

10. CONCLUSION

In 2018, the Thai beer market experienced a negative growth due to the stagnant mainstream beer segment, the implementation of new excise taxation designed to charge higher taxes on high alcoholic content beverages with the aim to reduce consumption in the country as well as other the government’s policies to control beer consumption. However, the premium segment, especially Thai craft beers and imported beers, reported a healthy growth. Supporting factors included the rise of urban consumers who had high purchasing power, preferences on premium goods and are more health conscious. In addition, consumers consumed more premium beers as they were more affordable, easy to access and perceived as an element to enhance their image, alternative to wines. Growth of premium beers was also spurred by the vast influx of tourists. In 2019, the overall beer market was expected to perform better, especially the premium segment would steadily grow. All players in the market focused more on this niche market. Amidst intense competition, marketing strategies employed by beer companies were new product launches, improvement of existing products, increasing access channels to consumers by expanding to the modern trade and online channels in response to consumer needs e.g. at home drinking trend and appreciation for convenience. In terms of promotion, alcoholic business is controlled by strict regulation, advertisement on media are highly restricted. Hence, most companies promoted their products and increased their brand awareness among consumers through below the line activities and social media.

All in all, the Thai beer market will perform better in the coming years, in the premium segment in particular. Though the market provides good opportunities for market entry, a number of challenges should be taken into consideration to minimize risks.
11. TRADE EXHIBITIONS

**THAIFEX-Anuga Asia**

**Date:** 26-30 May 2020 (the first four days for to trade visitors only)
**Venue:** IMPACT Exhibition and Convention Center, Bangkok
**Organisers:** Koelnmesse Pte., Ltd. / Department of International Trade Promotion (DITP) / and Thai Chamber of Commerce (TCC)
**Website:** [https://thaifex-anuga.com/en/](https://thaifex-anuga.com/en/)
**Remark:** THAIFEX - Anuga Asia, lationship with Anuga, the world’s largest F&B trade show. the leading annual international trade exhibition for food & beverages, food service technology, retail & franchise in ASIA.

It would be useful to visit the show in order to explore the market. Participation in the show is not yet recommended, unless through the local partner. Although THAIFEX had greater exhibition spaces, number of visitors and exhibitors, it is less global recognized, compared to FHA Singapore in terms of number of international pavilions and number of international visitors.

**Food & Hotel Thailand (FHT) 2020**

**Date:** 9–12 September 2020
**Venue:** BITEC, Bangkok
**Organiser:** UBM Asia (Thailand) Co., Ltd.
**Website:** [www.foodhotelthailand.com](http://www.foodhotelthailand.com)
**Remark:** The 28th International Exhibition of Food & Drink, Hotel, Bakery, Restaurant & Foodservice Equipment, Supplies & Services

This is a small scale and specialized show for the HORECA sector. It would be useful to visit the show in order to explore the market. Participation in the show is not yet recommended, unless through the local partner. Compared to FHA Singapore, it is far less comprehensive in terms of product and service coverage and international recognition.

**FHA-Food & Beverage 2020**

**Date:** 31 March–2 April 2020
**Venue:** Singapore Expo, Singapore
**Organiser:** Informa Plc.
**Website:** [www.fhafnb.com](http://www.fhafnb.com)
**Remark:** Asia’s largest food & drinks trade event that brings together the global food and hospitality community.

Flanders Investment & Trade regularly participates in the show by organizing a pavilion represents a number of exhibitors from Flanders. Our pavilion represents Apart from
FIT Singapore, as the hosting post, FIT trade offices in region including Australia, Indonesia, Myanmar, Singapore, Thailand and Vietnam are also present there to facilitate and accommodate B2B meetings for exhibitors, both on site or upon request in advance. FIT also organizes a networking event for exhibitors and their business contacts. If one is looking for market opportunities in this region in particular, it is advisable to visit or participate in this show.

At the last show in 2018, the exhibition area covered 85,000 m², hosting 2,000 exhibitors from 70 countries. There were 35 international pavilions. The show registered 48,000 visitors from 100 countries. FIT pavilion featured 19 Flemish companies.

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