

## 6. BEER LICENSING

For the past six decades the Thai beer market has been dominated by a single manufacturer, Boon Rawd Brewery. With its flagship brand, Singha, Boon Rawd historically controlled more than 90% of the market. Thai Amarit is a second local but much smaller producer. Boon Rawd's domination and resulting control over distribution networks makes entry into the market difficult and challenging. As local demand continues to grow and the Thai markets become increasingly "liberalized", domestic producers are feeling the pressure from foreign groups anxious to participate in this emerging market.

There is no doubt that domestic demand for beer products in Thailand is growing. With the economy expanding at an average of nearly 10% a year, beer consumption has tripled to over 330 million litres/year in just the last five years. Some industry executives believe the market will continue to increase by 25-30% annually and potentially double its present size in another five years. This would yield a turnover of approximately C\$1.789 billion by 1998 (Bangkok Post, 1993 Economic Review).

Forecasted demand figures are at least partially based on expectations of the "westernizing" of the Thai consumer. Currently, Thais from all socio-economic categories drink beer. They regard it as a "western, up market product" and prefer it over cheaper whiskies. Currently, the average Thai consumes only 4 litres of beer per year. When compared to the 30-50 litres consumed on an annual basis by individuals in developed countries, some perspective of the immense potential of this market is realized.

The opportunities in Thailand have not gone unnoticed. Most recently, Budweiser from the U.S., San Miguel from the Philippines, Corona from Mexico, and Sapporo from Japan have begun efforts to enter the market. Perhaps initiating this surge of interest was Carlsberg, a Danish brewer. In 1993 it succeeded in pushing its way into the lucrative Thai beer market by establishing manufacturing operations in Bangkok. Two other companies to enter the Thai beer market are Beer Thai (1991) Co and Thai Phalit Beer Co.

### BEER BREWERIES IN THAILAND - PRESENT AND FUTURE CAPACITY

COMPANIES	BRAND	LITRE/YEAR '93	LITRE/YEAR '95
Boon Rawd	Singha	500 million	700 million
Thai Amarit	Kloster & Amarit NB	27 million	127 million
Carlsberg Thailand	Carlsberg	100 million	100 million
Beer Thailand	Beer Thai	100 million	100 million
Thai Phalit Beer Co.	not revealed	100 million	100 million