The South East Asia Market and Consumption Trends

PRESENTATION BY KHEAN HOOI GOH AT 10TH WORLD BULK WINE EXHIBITION

26-27 NOVEMBER, AMSTERDAM
Self Introduction
Agenda

1. South East Asia in Perspective
2. Market Situation for South East Asia
3. Growing Interest in South East Asia Locally Produced Wines
4. Singapore – a New Asian Wine Hub
5. Significant Growth Potential
6. Challenges
7. Key Takeaways
2. South East Asia in Perspective

- 11 Countries between China and Australia
- Land Area of 4.35 Million Km²
- One Fifth the Size of Europe

*Source from: http://www.worldometers.info/world-population/south-eastern-asia-population/
2. South East Asia in Perspective
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Current Population:
- Indonesia: 267 Million
- Brunei: 0.43 Million

Urban Population: 49.2% - Accessibility to Wines

Population:
- 658 Million
- 700 Million

*Source from: http://www.worldometers.info/world-population/south-eastern-asia-population/
Icon made by Freepik from www.flaticon.com
2. South East Asia in Perspective

- Median Age 28.8 years – Target Group to Start Wine Drinking
- Rising Affluent Middle Class – Afford Better Quality Wines

*Source from: http://www.worldometers.info/world-population/south-eastern-asia-population/*
2. South East Asia in Perspective

GDP Per Capita (2017)

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP Per Capita (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>$57,714</td>
</tr>
<tr>
<td>Netherlands</td>
<td>$48,223</td>
</tr>
<tr>
<td>Brunei</td>
<td>$28,290</td>
</tr>
<tr>
<td>Malaysia</td>
<td>$9,945</td>
</tr>
<tr>
<td>Thailand</td>
<td>$6,594</td>
</tr>
<tr>
<td>Indonesia</td>
<td>$3,847</td>
</tr>
<tr>
<td>Philippines</td>
<td>$2,989</td>
</tr>
<tr>
<td>Laos</td>
<td>$2,457</td>
</tr>
<tr>
<td>Vietnam</td>
<td>$2,343</td>
</tr>
<tr>
<td>East Timor</td>
<td>$2,279</td>
</tr>
<tr>
<td>Cambodia</td>
<td>$1,384</td>
</tr>
<tr>
<td>Myanmar</td>
<td>$1,299</td>
</tr>
</tbody>
</table>

*Source from: http://www.worldbank.org/*
2. South East Asia in Perspective

- Median Age 28.8 years – Target Group to Start Wine Drinking
- Rising Affluent Middle Class – Afford Better Quality Wines
- Almost 40 per cent of Population are Practicing Muslims
- Growth from Remaining 60% of Population, Tourists and Expatriates

*Source from: https://www.singaporewinevault.com/southeast-asias-growing-wine-industry-q2-trends-and-highlights/*
3. Market Situation for South East Asia

a) Key bulk wine producer countries exporting into South East Asia e.g. Australia, Spain, Italy, France

b) Target Countries: Thailand, Singapore, Malaysia, Indonesia
3. Market Situation for South East Asia

Which South East Asia country drinks the most?

<table>
<thead>
<tr>
<th>Country</th>
<th>Litres</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Korea</td>
<td>10.9</td>
</tr>
<tr>
<td>Vietnam</td>
<td>8.7</td>
</tr>
<tr>
<td>Thailand</td>
<td>8.3</td>
</tr>
<tr>
<td>Laos</td>
<td>7.5</td>
</tr>
<tr>
<td>Cambodia</td>
<td>6.1</td>
</tr>
<tr>
<td>Philippines</td>
<td>5.6</td>
</tr>
<tr>
<td>Singapore</td>
<td>2.9</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1.7</td>
</tr>
<tr>
<td>Brunei</td>
<td>0.8</td>
</tr>
<tr>
<td>Myanmar</td>
<td>0.7</td>
</tr>
<tr>
<td>Indonesia</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Source: World Health Organisation, Global Health
3. Market Situation for South East Asia

a) Key bulk wine producer countries exporting into South East Asia e.g. Australia, Spain, Italy, France

b) Target Countries: Thailand, Singapore, Malaysia, Indonesia

c) Emergence of Private Labels/OEM wines

d) Market Segments – Supermarkets, Airlines, Cruise Ships, Hotels, Restaurants, Clubs etc
4. Growing Interest in South East Asia Locally Produced Wines

a) Overcoming the climate, modern viticultural practices and wine storage techniques

b) “New Latitude Wines” produced in South East Asia
   - Indonesia with wineries in Bali
   - Thailand with wineries in Loei, Khao Yai, Samut Sakhorn, Chiang Rai
   - Vietnam in Dalat and Ninh Thuan
   - Myanmar around Lake Inle in Shan State

*Source from: http://www.worldometers.info/world-population/south-eastern-asia-population/*
4. Growing Interest in South East Asia Locally Produced Wines

c) Import of Bulk Wines and/or Grape Juice Concentrate to Blend with Locally Produced Wines

- Improves Quality of Locally Produced Wines
- Cost Saving from Lower Import Duties
- Local wine classification is flexible
5. Singapore – a new Asian Wine Hub

a) Launching in Singapore - Good brand positioning and Global Outlook
b) Efficient Transhipment Centre – Bonded warehousing for Re-Export
c) Large Number of Foreign Investors
6. Significant Growth Potential

a) Domestic Consumption - Growing Middle Class/Catchment Size
b) Diverse Cuisine in South East Asia - Pairing with Greater Variety of Wines
c) Sharing the Drinking Experience – More Informed Consumers
d) Role of the On-Trade Business – e.g. Restaurants
e) Steady Increase in Tourist Arrivals
6. Significant Growth Potential

International Tourist Arrivals to South East Asia

*Source from: www.statista.com
7. Challenges

a) Global Trade Impediments/Slowdown
b) Cut throat Competition from Producers
c) Climatic conditions affecting production volumes
d) Free Trade Agreements (FTA) facilitates bottled wine exports may impact on bulk wine sales
e) Competition from other alcoholic beverages
   ▪ Spirits and beers (both imported and locally produced)
8. Key Takeaways

a) Growth in Bulk Wine Imports in tandem with Locally Produced Wines
b) Exports/Imports Facilitated through new FTAs
c) Surge in Number of Private Labels/OEM Wines in the market
d) Increase in Domestic Consumption
e) Improvement in Quality of Bulk Wines with Discerning Consumer Preferences
Thank You!

GET IN TOUCH!

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