

Pavilion Organizer - THAILAND

AN INTERVIEW WITH MR. HIROMITSU GO, DEPUTY GENERAL
MANAGER SALES PLANNING AND PROMOTION DIVISION,
IKEMITSU ENTERPRISES CO., LTD.
(IMPORTER OF SINGHA BEER FROM BOON RAWD BREWERY CO.,
LTD.)

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—Mr. Hiromitsu Go



Interview Date: August 12, 2014

Mr. Hiromitsu Go, Deputy General Manager

Sales Planning and Promotion Division, Trading Division

Ikemitsu Enterprises Co., Ltd.

Singha Beer is a prestigious beer brand that is recognized by the Thai royal family. We had an interview with the Deputy General Manager Hiromitsu Go of Ikemitsu Enterprises Co., Ltd., an import agent of the premium beer born in 1933 in Thailand, about the entry of Singha Beer in the Japanese market.

Q: When did you start handling Singha Beer?

Since 1985, we have been importing and selling Singha Beer as the Japanese agent.

Currently, Ikemitsu Enterprises and our parent company, Kamei Corporation are handling Singha Beer together. This year is the 30th anniversary since we started to import. When we

first began, there were only three Thai restaurants in Japan, but there are about 600 now. The first and second ethnic boom helped boost the steady growth of Singha Beer. According to the report by the industrial paper, the import volume of Singha Beer in 2013 was 132,000 cases, up 110% from the previous year. Since there are 24 bottles (330ml each) in a case, the consumption volume in Japan calculates to about 1 million liters. The share of Singha Beer in Japan is still small compared to other countries, and we believe that there is potential in the Japanese market.

Q: Tell us the ways of further spreading Singha Beer in Japan and your company's outlook for the future.

Beer demand reaches its peak during the summer. Next to this is during the winter for holiday gatherings and parties. When we think about the household market, the gift market is pretty big. It is important to create demands for events and gifts each season. Now, we see more Thai products at places such as convenience stores and Thailand is becoming widely accepted by the Japanese. These waves for a new market is crucial to ride on.

A Thai festival is held during the 2nd week of May every year in Yoyogi Park. During the two days, 300,000 to 400,000 people participate and this number is increasing each year. It could be said that Thailand is the center of all Asian countries. Over 1 million people visit Thailand from Japan and more people are becoming familiar with the country. People visit for all kinds of reasons including business and sightseeing. Thailand is one of the “cheap, close, and short travel distance” countries. As the relationship between Thailand and Japan strengthens, we have potential in the future.

As for overseas import, America is the biggest importer. In terms of countries neighboring Thailand, most are exported to Laos and Cambodia, while exports to European countries are also sizable. Singha Beer is enjoyed globally in about 50 countries. We find the Japanese market to have more growth potential. In the past, marketing to Thai restaurants was the central theme, but over the past 5 or 6 years, we started focusing on branding and hope to spread our products to places other than Thai restaurants such as cafes and clubs. This is because Singha Beer has a taste that could be widely accepted and is easy to brand. We have been mainly targeting Tokyo and the Tokyo area account for 70%. In the future, we want to expand our activities to other major cities of Japan.

Q: The competition of the premium beer market is intensifying. What do you

make out of this?

We use gold for the Singha Beer logo. This proves that Singha Beer is premium. The Singha Group in Thailand with their 3 brands, Singha Lager (alcohol content 5%) and Singha Light (alcohol content 3.5%) for the upper class, and Leo Beer for the general public has 70% of the market share. In Japan, the market is polarizing between low price and premium. Premium beer attracts the consumers as a “luxury of the weekends.” Since the beer price is high compared to other tasty things, we want to give it a premier look, but still have the consumers be able to purchase the product. This is the difficult point. Despite this, Singha Beer has received many awards overseas and is a high quality beer that we can think of ideas to propose.

Q: What are the achievements and results of participating in the Foodex Japan?

Singha has other food products besides beer and one of our purposes was to introduce these products. It was actually the first time for Singha Corporation to participate in the Foodex. Singha Corporation wanted to change their product share against beer and expand growth in their other items. Behind this, there is difficulty of advertising alcohol and there are restrictions to sell alcohol in Thailand. Therefore, beer would remain as our core product, but we plan to globally develop our other items. Our participation in Foodex was successful and we have made achievements. So we plan to exhibit again next year in the importer zone using 14 booths, the same size as this year.

As for exhibitions, we participate in many shows organized by wholesalers to spread our products within the industry. By letting liquor shops and wholesalers know about our beer, we have a merit if they could do the sales for us.

Q: Tell us about your competitors.

We want to become one of the top 3 companies in Asia. Currently, there are companies with diversified management such as San Miguel of the Philippines and Tiger Beer of Singapore. Singha Corporation (former Boonrawd Brewery) is planning to develop a similar business model when they introduce items other than beer.

Q: What kind of beer will attract public attention in the future?

Before I answer that question, I must point out the phenomenon of alcohol avoidance by the younger generation. Singha Beer organizes music events in which many young people participate as part of our branding strategies. The beer drinking generation is the mid 20s and up, while the majority of the early 20s are more likely to drink RTD such as cocktails. We are concerned whether the younger generation will shift to drinking beer when they are older. With the rise of the domestic "3rd beer," the prices became competitive.

How can we find a way for solution? Imported beer is a niche market. Domestic beer account for 99% and imported beer competes within the remaining a few percent. On top of that, there are local beers. About 600 to 700 items exist and there are cases where the same product is no longer available a year a later. Singha Beer matches perfectly with spicy food but we must aim for a different market in the future. The market is definitely not a simple one and we cannot predict what will become a hit.

Q: Tell us about the gift market.

Items given or received as gifts help deepen the brand knowledge of both parties. Every year, more people prefer to receive unique beer from overseas compared to domestic ones. This year, with the World Cup taking place, the world beer set was highly popular. Consumers were able to enjoy delicious beer for 3000 yen or 5000 yen. We cannot keep our eyes off the gift market.

Q: What are the barriers or regulations of importing beer?

There are no regulations in particular, but we suffer from the parallel imports. This means that products with different degrees of freshness are imported at the same time. This is a plus for raising awareness of imported beer, but on the other hand, it may be difficult to brand the products.

Q: What do you think about the future of Singha Beer?

We believe we still have growth potential. As I have mentioned earlier, we are beginning to spread into the No-Thai market. Recently, places like cafes and clubs also have Thai food on their menus. Before, Thai food used to be avoided for its strong flavors, but we are starting to see Thai food in different places and it is becoming more familiar to the Japanese. This

situation will help expand Singha Beer.

Q: Tell us about Ikemitsu Enterprise.

Established in 1980, Ikemitsu Enterprise has been mainly handling Singha Beer and other beer items from over 10 countries under the concept of "continuing to look for delicious beer of the world." Singha Beer's achievements were acknowledged and Ikemitsu has been the agent of Tsingtao Beer since this June. Consumers' views change every day, and we are constantly looking for new products. Singha Beer has been growing for the past 10 years. In Thailand, we are engaged in promotion activities by sponsoring Manchester United, Chelsea, and F1 Red Bull. Since it is important to develop the brand, we hope to carefully develop it and raise its recognition.

Q: Finally, your company handles other types of beer as well. Do you set specific standards to choose your products?

We decide on the product by evaluating the balance of the price, taste, and packaging. The product would not sell if it is not delicious or if it is too expensive, and would not be accepted to the public if it has a bad package.

Consumers are strict. The distributors must be even stricter. We tell our overseas partners that once you succeed in Japan, it proves that you are capable to succeed in other countries. Singha is a fictional animal but the lion character is very popular. It is evaluated as both cute and powerful. We understand this to be the advantage of Singha. Last year, Singha Corporation in Thailand reached the 80th anniversary and they are now showing their stance to challenge something new. In order for us to succeed in Japan and make the most out of this opportunity, we hope to continue putting all our effort.