

# Southeast Asia Beverage Market Report





## Overview and Opportunities

**The Southeast Asian beverage market is full of opportunities for local and global companies. With emerging economies, an increase in disposable income, and changing consumer habits to reflect global trends, this is a key region for beverage companies to focus attention.**

Honing in on markets in Indonesia, Thailand, and Vietnam, let's take a look at some of the key factors influencing consumers in the region, and what opportunities these create for players in the beverage industry.

### Changing lifestyle

Consumers in the Southeast Asian region are increasingly more health conscious and are looking for products that fit in with a healthier, more active lifestyle. Since 2016 hydration has been a key factor in the beverage market which has led to a rise in bottled water, coconut water, and functional beverages.

### Clean Labels

In Southeast Asia clean labels are increasingly meaningful to consumers, with 20.9% of product introductions containing one or more natural or organic ingredients. Clean labels help establish trust, which is sometimes lacking in the Southeast Asian market as diminished confidence with large organisations is common.

## Sustainability

A key concern for consumers is environmental impact and responsibility, with a fifth of Indonesian and Thai urban customers agreeing that helping to protect the environment is an important part of a healthy, sustainable lifestyle. These concerns extend beyond packaging with consumers seeking out locally sourced ingredients to support local economies. PepsiCo are a leader in this field amongst the big beverage producers, with programmes in place in Thailand and Vietnam to hire local people, source local ingredients, and manufacture beverages locally where possible.

### Changing Tastes

The palette of Southeast Asian consumers is evolving, paving the way for innovative flavours and textures in the beverage market. With increasing globalisation and western influence, rich dairy products have become particularly popular. Products containing milk, cheese, and butter are significant in this market, while palettes are also adjusting to appreciate a mixture of sweet and salty flavours. On a global scale the importance of texture in the beverage market is on the rise, with consumers constantly seeking out something new to add to their experience of a product.

## INDONESIA

### Product Launches

Indonesia has seen the most new product launches in the beverage market in the Southeast Asian region, with most key ingredients centred around health and hydration. Some key recent products launches include Cau Chocolate Drinking Chocolate, a Halal-certified beverage marketed as a highly nutritious energy drink, and Sinar Angkassa Minuman Sari Labu, a Winter Melon functional beverage also Halal-certified with claims to reduce cholesterol.

Between 2017 and 2018 there were a sharp rise of launches in the juice, soft drinks, and dairy categories in Indonesia. Bottled water continues to rise significantly, while the retail market volume of sugar and sweeteners increased by 8.9% in 2016.

### Key Claims

Environmental sustainability and products that align with dietary requirements and preferences are important to Indonesian consumers. The top three beverage claims in the past year were Halal-certified products, eco-friendly packaging, and functional ingredients.

### Alcoholic Beverages

In terms of alcoholic beverages, beer has seen the most significant decline, while wine and sparkling wine have come out as the strongest in terms of retail market volume, seeing an increase of 6.2% in 2016. Wine and sparkling wine are forecast to continue to rise with an estimated reach of 22.34m litres representing a volume of CARG of 5.5% between 2017 and 2021.

### Coffee Culture

Influenced by western habits and trends, coffee culture is booming in Southeast Asia with Indonesia leading the way. By 2021 Indonesia's stake in coffee retail is expected to grow at a CARG of 11.4%, and currently it is ranked among the top five largest coffee retailers by volume in the world.



## THAILAND

### Health in the Digital Age

The Thai population are spending more and more time on digital devices, which has increased health concerns, in particular when it comes to eyesight. Functional beverages are increasingly popular in Thailand, which gives beverage companies a chance to angle their products towards Thai health concerns.

According to an APAC Metro Consumer Study in 2017, eye health is the most prominent concern with 45% of Thai consumers claiming to have consumed functional beverages to maintain or improve eyesight. Many product launches reflect this consumer demand including Vit a Day Mixed Berry Juice with Vitamin A, which contains a blend of five berries and claims to promote eye health.

### Sugar Tax

In order to promote a healthier lifestyle, sugar taxes applying to drinks containing more than 6g of sugar per 100ml is being phased in across Thailand. These new measures have pushed producers to use different beverage ingredients to create more sugar-reduced or sugar-free products, which has led to healthier beverages becoming more competitive and affordable.

Leaders in the beverage industry are paving the way to pivot to these new measures including Suntory PepsiCo who have released a version of Lipton Ice Tea in Thailand, with reduced sugar content of 5.3g per 100ml.

### Lifestyle Needs

As the daily lives of Thai consumers become busier and more stressful, mental health and wellbeing is growing in importance. Getting enough sleep and maintaining a positive mental state are the most important aspects of wellbeing according to Thai consumers, and often they will seek out natural products to fulfill these needs with 67% of Thai consumers describing healthy food as products made with all-natural ingredients. This opens up opportunities for brands to incorporate natural ingredients as well as exploring traditional processing techniques.

As a relatively new trend, beverage products need to be clear on the health benefits of their products, while alluding to how they can contribute to an improved lifestyle. Manufacturers of functional drinks in the Thai market are mainly focusing their functional claims on brain, digestive, and bone health.





## VIETNAM

### Beverage Industry Growth

Vietnam's beverage market continues to attract investors as its growth potential is estimated to be three-fold higher than other Southeast Asian countries. With a steadily increasing GDP and booming foreign direct investment, it's predicted to remain a stable prospect for beverage manufacturers.

Vietnamese based Kido Group announced plans in 2018 to expand into the beverage industry with a focus on teas and milk products. International organisations such as Coca-Cola have also increased investment in Vietnam, including an initial launch of Coca-Cola Blak, a cola and coffee fusion drink marketed as a pick-me-up beverage. With a rise in disposable income, coffee continues to be a popular option among Vietnamese consumers who are attracted to Western convenience chain stores including Starbucks.

### Dairy Demand

The influence of Western tastes and preferences have created a demand for dairy products in Vietnam. Although dairy products are not historically common in the Vietnamese diet, milk has become hugely popular. Accounting for about a third of children's home drink consumption and over a tenth of women's drink consumption, milk is becoming a staple product in many homes.

Companies like Vinamilk, the largest Vietnamese dairy company, have capitalised on this trend earning a huge USD 1.7 billion in sales during the first 9 months of 2017 alone. In April 2019 Coca-Cola Vietnam Beverages Ltd launched three new Nutriboost UHT milk products to tap into the growing dairy market. The milk products are aimed at children, but also at adults boasting health and beauty benefits.

### Beer Boom

Beer has traditionally been one of Vietnam's favourite drinks. In 2016 beer accounted for 95% of Vietnam's total alcoholic beverage consumption. While it remains a popular beverage, premium and craft beers are growing in importance. With different flavour profiles, the craft beer segment accounts for only 0.02% of the total market, but it grew by 40% in 2016 and has experienced a continued growth since.

Microbrewers and local brewing have become popular, and have been incorporated into the social fabric of cities and urban hubs. Although there is scope for small, local manufacturers, large foreign organisations are also taking advantage of the popularity of beer among the Vietnamese. Eager to break into the Southeast Asian market, Dutch brand Amstel launched in Vietnam in October 2018, it's first destination in the region.



# TAP INTO ASIA'S GROWING BEVERAGE INGREDIENTS MARKET

The beverage ingredients market is a thriving area of opportunity in the ASEAN region.

In order to meet the unprecedented growth of the global beverage market, we launched our brand new Beverage ingredients Pavilion at Fi Asia Indonesia, Fi Asia Thailand and Fi Vietnam, fully dedicated to the beverage ingredients sector.

## WHERE WOULD YOU LIKE TO GROW YOUR BUSINESS?



**Food ingredients**  
Asia

**9-11 September 2020**  
Jakarta, Indonesia

**15-17 September 2021**  
Bangkok, Thailand



**Food ingredients**  
Vietnam

**11-13 November 2020**  
Ho Chi Minh, Vietnam

Click [here](#)  
if you want to  
find out more



Or get in contact with us:

**Casson Riley**

Account Manager | Fi Global

E: [casson.riley@informa.com](mailto:casson.riley@informa.com)

T: +31 (0) 20 708 1643



**Food ingredients**  
Asia



**Beverage**  
ingredients



**Natural**  
ingredients