Bangkok beer & beverages: in pursuit of growth

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It was April 2007 and it had been several months after Bangkok Beer & Beverages Co. (BB&B) had secured sole distributorship of Penfolds, Australia's most famous wine brand. Pongchalerm Chalermsaphayakorn, co-founder and CEO of BB&B, had just finished one of his weekly meetings with his executive team. There were two main items for discussion. One item was the progress being made on the distribution arrangements for the Penfolds line of fine wines. The other item was to discuss the trend in Thailand's wine market and, in particular, the potential changes to government regulations on the alcoholic beverages industry.

Bangkok Beer and Beverages Co., Ltd

Bangkok Beer and Beverages Co., Ltd. (BB&B) was established in 2002 as an importer of alcoholic beverages. Its first imported beverage was a novelty ready-to-drink (RTD) schnapps shots call "Sidekick" from the UK. The RTD shot was distributed mainly through Bangkok's most popular and trendy pubs and bars. Soon after, BB&B expanded its product line by importing spirits such as whisky, gin, rum, tequila, vodka and brandy from the Philippines, and distributing them through wholesalers throughout the country. By the end of 2003, BB&B further expanded its business scope by importing reasonably priced fine wines from various countries.

The main distribution channels of BB&B's wines were separated into two main categories. One channel of distribution was direct-to-customers through wine tasting events that were either entirely organized by BB&B or organized with other organizations. The other channel was through selective high-end channels for both on- and off-premises including five-star hotels, restaurants, serviced apartments, driving ranges and wholesalers. BB&B's business model was simple and evolved around the concept of being a specialty beverage supplier to the growing number of theme pubs and bars that were attracting many of the city's growing population of young business professionals. As part of BB&B's strategy to target the high-end market, BB&B's wines were not listed to any lower-end supermarkets, hypermarkets, discount stores or lower-end hotels and restaurants. This selectivity ensured that the image and exclusivity of BB&B's wine brands would remain strong and prestigious.

As BB&B's business evolved, the increasing demand in 2003 for fine wines among its clientele prompted the company to shift its business focus to quality premium wines at affordable prices. The timing was impeccable, as local interest in wine was growing along with a dramatic increase in the global supply of quality wine being sold at moderate prices. At the end of 2005, BB&B carried more than 150 carefully selected varietals, including notables from Ruffino, Louis Latour and Wynns Coonawarra, helping the importer to jump into Thailand's wine mainstream (*The Nation*, 2005). In January 2007, BB&B achieved a milestone, becoming Thailand's sole distributor of the Penfolds wine from Australia, adding

The authors are grateful to BB&B and its management team for their full cooperation.

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yet another prestigious brand to the company's product portfolio. From 2004 to 2007, BB&B had wisely built its selection of fine wines to accommodate Thailand's market requirements.

BB&B's top management

Pongchalerm Chalermsaphayakorn learned of business and management practices at a young age, having been brought up as a member of a family-owned enterprise, where Pongchalerm had interned on several occasions. His father's business ventures in energy and engineering had grown to become a considerably large family business that was eventually listed as a public company on the Stock Exchange of Thailand. Pongchalerm's own entrepreneurial career began soon after returning in 1998 from the USA, where he earned undergraduate degrees in Entrepreneurship and Finance from Babson College. During his first few days back in Thailand, Pongchalerm took his sports car for a regular check-up and recognized a lack of specialized high-end automotive car care services in Bangkok. Thus, as his first business venture, he invested start-up capital of Bht1.5 million (US$46,700) to lease prime property in Bangkok's central business district and to purchase from a supplier in the USA technologically advanced automotive diagnostics systems that could provide high-quality car care to other auto enthusiasts. Within three years under his management, three more service centers were added to his portfolio and were located in other major parts in Bangkok. With his entrepreneurial mindset and lifestyle of other young professionals in the age range of 20-35 years, Pongchalerm understood this consumer segment's growing appreciation for fine goods. To tap this segment, Pongchalerm established BB&B Co. Ltd. in 2002 and five years later, he had transformed his personal love of wine into one of Thailand's leading premium wine importers. Financially, BB&B fared well, with revenue growth of 35 per cent and profit growth of 28 per cent from 2006 to 2007. After five years in operation, BB&B's revenue was among the top 15 per cent of all wholesalers of beer, wine and alcoholic beverages in Thailand.

To acquire experience quickly, Ron Batori, a former California winery executive, was hired as BB&B's President. Ron had live in Bangkok for the past 15 years and was the former managing director of one of Thailand's largest wine distributors, thus bringing to BB&B a wealth of knowledge in the upstream activities of wine-making, of international laws for the distribution and marketing of wine and of Thailand's wine market.

At the public announcement of BB&B as Penfolds' distributor in Thailand, Jake Jacob, Foster's (parent company of Penfolds) General Manager South East Asia, said:

> The BB&B team, led by CEO Khun[1] Pongchalerm Chalermsaphayakorn, and President Ron Batori, has a wealth of experience in the Thai market. It's a great benefit for us to be able to draw upon their knowledge, insight and industry contacts. We believe that BB&B's brand building strategy and business model is ideally suited to Foster's premium wine brands - none more so than Penfolds which holds a special place in Thais' hearts (Foster's Group, 2007).

Thailand's wine industry

Wine was first introduced to Thais in the seventeenth century by French merchants who had brought several bottles of wine and had given them to Thai noblemen. Since then, wine became a luxury imported item that was enjoyed as an exclusive beverage for members of Thai high society. As demand for wine grew, grapes were imported to Thailand in 1957 to test the feasibility of its growth in Thailand's climate (Stephens, 2007). It was not until the mid-1980s that the domestic wine industry of Thailand was established.

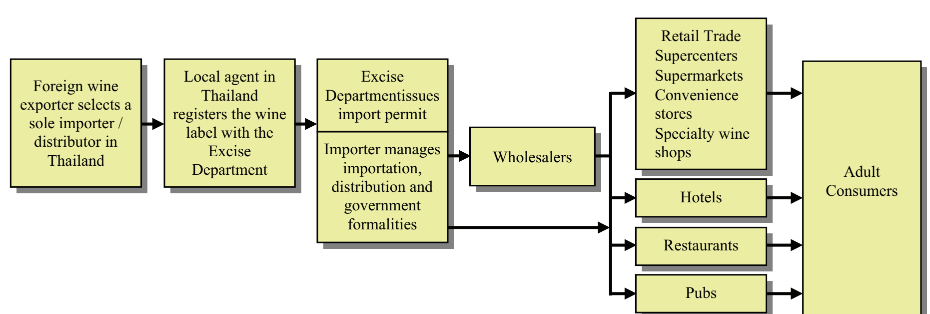
Wine industry structure

The wine industry in Thailand was categorized into three different types of players (*Thailand Tatler*, 2006). One segment included local wine makers, which mainly comprised nine major producers. Viniculture in Thailand was quite a challenge. The country's tropical climate necessitated a specific grape strain that could endure the warmer weather and vineyards were usually located in mountainous or cooler areas, such as in the north of

Thailand. In addition, capital outlays for a vineyard and winery were substantial, not only because of the land needed for the vineyard but also because 80 per cent of the wine content, such as bottles and corks, had to be imported. As a result, entrepreneurial wine makers were typically wealthy members of Thai society who had a particular love for wine. For instance, the leading local wine producer, Siam Winery, was founded in 1986 by Chalerm Yoodvidya, Thailand's wealthiest individual who was the inventor of the world-famous Red Bull energy drink. Siam Winery began with the production and distribution of wine coolers and sparkling wine and eventually expanded its business to developing its own brands of red and white wines, importing select affordable bottled wines from Australia, Chile, France, Italy, South Africa and the USA, as well as producing non-alcoholic grape drinks. Siam Winery was Thailand's largest winery in terms of production, with over 200,000 bottles each year. All brands in the company's portfolio were sold through major mass market and discount retail chains, and Siam Winery dominated Thailand's low-end category of wines, which were priced around Bht300 (US$9.50). The second leading local wine producer, PB Valley, was established in 1989 by Dr Piya Bhirombhakdi, a master brewer of Doemens lehrund Versuchanstalt Fuer Brauerund Maelzer, Germany, and a family member of one of Thailand's largest beverages conglomerates. PB Valley produced around 150,000 bottles of wine from 150-180 tons of grapes annually. PB Valley concentrated on the production of its own premium wine labels, which were sold through select local retailers, restaurants and hotels, with around 15 per cent of its production exported to several foreign markets. The other seven major local wine makers were much smaller, with production less than 50,000 bottles per year. Irrespective of size, these nine wine makers were considered to be highly vertically integrated, as they owned their vineyards and wineries while also operating an exclusive restaurant and wine shop situated on or near their vineyards. These local wine producers also distributed their brands through trade channels such as supermarkets and liquor stores, and selectively through restaurants and hotels. The retail price of a 750-ml bottle of Thai wine varied from as low as Bht180 to around Bht620 for better tasting Thai wines. As a whole, Thai wines accounted for less than 10 per cent of total wine consumed in Thailand.

Another segment in the wine industry comprised major importers. The importation of wine involved a series of tasks to be completed (Figure 1). Wine could only be registered and imported by a Thai company who would have to seek approval and purchase the import license from the Excise Department for a particular wine label. Thus, exporters of wine to Thailand had to appoint a local importer/distributor to manage a wine label's importation and to conduct related government procedures. There were two categories of wine importers. One set of importers comprised subsidiaries of global alcoholic beverages companies. For instance, Pernod Ricard S.A. of France, one of the world's largest producers of distilled beverages, established Pernod Ricard (Thailand) Ltd. in 1981 to import, distribute and market its wide range of leading premium spirits such as Chivas Regal and Ballantines as well as its Hardy's brand of wine. Likewise, Diageo Plc. of the UK

Figure 1 Thailand's wine importation and distribution process



Source: Created by the author

set up Diageo (Thailand) Ltd. in 1983 for the importation of its premium alcoholic beverages such as Johnnie Walker, Dom Pérignon and Moët and Chandon. Such global companies had substantially more resources compared to those of local Thai wine companies, and the popularity of their flagship spirits brands ensured their products could gain intensive market coverage throughout Thailand.

The other group of importers included around 200 companies that were licensed sole agents to import and distribute particular wine labels in Thailand. Some of the major independent importers were Vanichwathana (Bangkok) Co. Ltd., Berli Jucker Pcl., Ambrose Wine Ltd., and Wine Connection. Vanichwathana (Bangkok) imported the broadest range of mid- to high-end wines, maintaining its market leadership in Thailand by dominating the hotel and restaurant channels of distribution. Berli Jucker was one of Thailand's oldest and largest consumer product trading and distribution firms and a subsidiary of one of the country's largest diversified alcoholic beverages conglomerates. Berli Jucker imported and distributed mid- to high-end wines for many years, but such activities were being shifted to its sibling beverage business units[2]. Ambrose Wine Ltd. specialized in a wide selection of wines and spirits, making it the fourth leading importer of wines and spirits behind Diageo (Thailand), Pernod Ricard (Thailand) and Bacardi (Thailand). Wine Connection specialized in the import of wines from all over the world and sold them through its own retail outlets. Wine Connection, which was virtually the only recognizable specialty wine retailer chain in Bangkok, also carried wine accessories and employed knowledgeable retail staff.

Specialty quality-oriented import houses had begun building a strong presence in Thailand. The three most prominent being Italthai Trading Co. Ltd., California Wine Co. and BB&B. Italthai imported Italian wine of the highest order, while California Wine Co. carried the most extensive range of California wines in Thailand. These specialty distributors added excitement to the market by bringing in new wines, as well as by creating some new marketing perspectives such as trendy wine tasting events, creative wine bundling and gift sets and membership clubs. Table I provides a brief description of Thailand's major producers and importers of wine.

The fourth category of sellers included the hundreds of retail outlets throughout the country. Wine retailers included independent specialty wine shops and traditional trade such as supercenters, supermarkets and convenience stores. Wine retailers carried a wide array of wines that were sourced from several different importers. These retailers determined their wine assortment based on the preferences of the store's local traffic of customers. In the outlying shopping centers of greater Bangkok, it was possible to find a wine distributor that would sell its wines through a kiosk-type outlet situated on the shopping center's main floor.

Thailand regulation of alcohol

Thailand had one of the world's highest per capita alcoholic beverage consumption. From a 2001 survey conducted by the Thailand Food and Drug Administration, Thailand ranked fifth in the world in per capita alcohol consumption. The results from a government survey revealed that of the nation's population of 67 million, an estimated 18.61 million, Thais drank alcoholic beverages regularly. A survey conducted by the National Economic and Social Development Board revealed that advertisements and promotions by alcoholic beverages companies were effective in luring people, especially teenagers, into drinking alcoholic beverages. The annual per capita consumption of alcoholic drinks by young Thais was approximately 8.5 l and the number of female drinkers had increased from 9.8 to 10.3 per cent of the total population in recent years (*The Nation*, 2006).

The social movement to control alcohol in Thailand began in July 2003, with the "No Alcohol During Buddhist Lent" campaign and the passing of a resolution to ban TV and radio advertising of all beverages with more than 0.5 per cent alcohol between 5 a.m. and 10 p.m. A National Committee for Alcohol Consumption Control, under the Ministry of Public

Table I Thailand wine industry key players (as of 2006)

Wine seller	*Main operations*	*Product range*	*Flagship wines*
Local wine makers			
Siam Winery (est. 1986)	Wine Producer, Importer, Distributor, Retailer, and Restaurants; Exporter of local Thai wines; third largest wine market share and the largest local wine producer; dominated Thailand's low-end wine category	Local Thai Wines and low-end-priced imported wines	*Local Thai wine labels*: Boones, Fresco, Spy Wine Cooler, Spy Cocktail, Monsoon Valley; *Imported wine labels*: Chateau Vendome (Fr); Kookaburra's Head, Berri Estates (Au); Mont Clair (SA); Peter Vella, Carlo Rossi (US); Amante (It); Casillero del Diablo (Ch)
PB Valley (est. 1989)	Wine Producer, Distributor, Retailer, and Restaurants; Exporter of local Thai wines	Markets its own mid-range-priced local Thai wines	Sawasdee, Pirom Khao Yai, PB Khao Yai
Wine importers			
Vanichwathana (Bangkok) Co. Ltd. (est. 1970)	Importer/distributor; Market leader of wines dominating hotel and restaurants	Mid- to high-end priced wines	Villa Maria (NZ), Nobilo (NZ), Nautilus Estate (NZ)
Diageo (Thailand) (est. 1983)	Leading importer and distributor of premium wines and spirits in Thailand	High-range-priced wines; recognized as the market leader in premium, deluxe and super deluxe products including whiskey, gin, wine, champagne	Dom Pérignon (Fr), Moët & Chandon champagne (Fr), Sterling (US), Piat d'Or (Fr)
Pernod Ricard (Thailand) (est. 1981)	Leading importer and distributor of premium wines and spirits in Thailand; second largest wine market share	Mid-range-priced wines; notable drinks include Chivas Regal, 100 Pipers, Ballentine's, Martell, Beefeater, Absolut, Kahlua, Malibu	Jacob's Creek (Au)
Ambrose Wines (est. 1996)	Importer and distributor of wines, artesian water and spirits; fourth largest importer of wine	Mid-to premium priced wines	Inniskillin (Ca), Robert Mondavi (US), Hardys (Au), Mouton Cadet (Fr)
Berli Jucker Pcl. (est. 1882)	Diversified conglomerate engaged in manufacturing, packaging and distribution of consumer products such as beverages, snack foods, paper products; one of Thailand's leading providers of marketing, sales, and distribution	Mid- to prestigious-priced wines mainly from Australia	Penfolds, Rosemount, Lindemans (Au)
Wine Connection (est. 1999)	Importer, Distributer, Retailer of wine, spirits, beer and wine accessories	Mid-range-priced wines from several countries	Rooks Lane (Au), Main Street (US), Chateau Lamo the Vincent (Fr), Palazzo Del Mare (It), Molino (Sp), Casa Mends (Po)
California Wine (est. 1996)	Importer/Distributor of beverages, wines and distilled beverages	Mid-range-priced wines from the USA	Kendall-Jackson Wine Estates, Archery Summit Winery, Duckhorn Vineyards, and Far Niente Wineries, Pahlmeyer and Shafer Vineyards, Vineyard 7 & 8
BB&B (est. 2002)	Importer/Distributor of spirits and wines	Mid- and premium-priced wines; spirits from the UK and the Philippines	Ruffino (It), Louis Latour (Fr), Wynns Coonawarra (Au)

Note: Australia (Au), Canada (Ca), Chile (Ch), France (Fr), Italy (It), New Zealand (NZ), Portugal (Po), Spain (Sp), United States (US), United Kingdom (UK), South Africa (SA)
Source: Compiled by the author and based on information provided on company websites accessed on August 24, 2010

Health, was established to set out policies and guidelines regarding the control of alcohol consumption.

By early 2007, public concern grew to cope with the culture of rising alcohol consumption as a result of recent published alcoholic beverage consumption statistics and the rising number of alcohol-related accidents. A report by the Ministry of Public Health that revealed that alcohol-related road accidents grew 5 per cent from 2002 to 2006 generated strong concern among government policymakers and several public interest groups.

Thailand was already imposing some of the highest taxes on wines in the world, totaling up to 360 to 400 per cent. Particular trade agreements helped to keep the prices of some imported wines more affordable. For instance, in 2005, the tariff on Australian wine was reduced from 60 to 40 per cent and would be phased to zero by 2015. Within the first 10 months of the Thailand – Australia FTA, the 20 per cent drop in the tariff on Australian wine made a significant impact, with Australian exports of wine to Thailand up 8 per cent to over AU$6.5 million (Kunasirirat, 2005).

All imported wine was subject to an import tariff ranging between 50 to 60 per cent, depending on the alcohol content; a luxury goods excise tax of 60 per cent; a municipal tax of 10 per cent; a value-added tax of 7 per cent; and a health tax of 2 per cent (Table II). Locally produced wines were subject to a tax rate of up to 260 per cent. However, to curb the rising number of underage drinkers, reduce the number of deaths and health problems attributable to drinking alcohol, and to decrease the number of road accidents, some other measures that were considered included:

- raising the legal minimum age to purchase liquor from 18 to 25 years;
- instituting higher blood alcohol limits;
- creating an Alcohol Retailers License regulation;
- banning the promotion and sale of alcohol beverages near educational institutions, temples and gas stations;
- restricting times when alcohol can be sold in retail outlets;
- banning alcohol displays and promotions in retail outlets; and
- instituting warning labels on beverage containers and advertising posters (*Bangkok Post*, 2006).

Licensing regulations

All producers and distributors of alcoholic beverages were required to obtain and pay for licenses issued by Thailand's Excise Department. Particular licenses were required for specific activities that a company engaged in, including:

Table II Sample calculation of Thailand's duties levied on imported wine

Item	*Description*	*Amount*
A	CIF invoice value of imported wine	Bht1,000.00
B	Tariff (i.e. import duty): A × 54 per cent	Bht540.00
C	Excise tax paid: Excise tax rate × (CIF value + import duty + excise tax paid + municipal tax) or 1.7647059 (A + B)	Bht2,717.65
D	Municipal tax: C × 10 per cent	Bht271.75
E	Health tax: C × 2 per cent	Bht54.35
F	Value added tax: (A + B + C + D + E) × 7 per cent	Bht320.87
G	Total cost incurred: (A + B + C + D + E + F)	Bht4,904.62
Total	Effective duty and tax (G − A)/A	390.5 per cent

Source: Sirikeratikul (2009)

- a license to produce alcohol beverages and to possess related equipment;
- a license to import more than 1 l of alcohol;
- a license to transport untaxed alcohol from the factory;
- a license to transport more than 10 l of alcohol;
- a license to transport more than 1 l but less than 10 l of alcohol between specified provinces; and
- a license to sell alcohol products (Richupan, 2005).

Corresponding annual license fees also varied, and ranged from Bht110 per year to sell alcohol to Bht1,650 per year to import them (Augchusak, 2006).

Wine enthusiasts, members of various food and beverage (F&B) and wine associations in Thailand, were committed to promoting wine in Thailand. These enthusiasts pushed for the government to consider Thailand as a potential wine trade hub for South East Asia. Such groups pleaded for the government to recognize the image-enhancing value of wine by linking wine with Thai food and the country as the culinary capital of Asia. They also argued that the wine tax structure only damaged Thailand's image internationally, and despite the high prices taxes placed on wine, the tax on legally imported and taxed wine was not effective in curbing wine consumption in any way.

Wine consumption in Thailand

The growing appreciation of wine among Thai consumers was obvious from 1994 to 1995, when annual sales doubled or tripled with the popularity of wines like Mouton-Cade and Carlo Rossi. During this time of the "boom market", prices of wine were considered to be quite reasonable and Thailand had become the world's 12th largest buyer of Bordeaux wines. However, the 1997 Asia financial crisis put an end to the strong growing demand of wine in Thailand. From 1996 to 1997, wine sales dropped from 1.5 million cases to 250,000. From 1998 to 2000, wine imports dropped from 377,311 cases to 349,485 (Sinclair and Lai-Kuen, 2005). The duty on imported wine at the time was 357 per cent, one of the highest rates in the world. Nevertheless, the financial crisis made wine an unusual but convenient target for many affluent niche market segments of consumers who flaunted wine as an example of "conspicuous consumption." This was also evidenced by the shift of where wine was consumed. In 1998, roughly 55 per cent of Thailand's total wine volume was sold through off-trade[3] channels, and by 2006, the volume had grown to 63 per cent.

From 2001 to 2006, the Thailand economy was on the road to recovery, and the market for wine in Thailand grew at an annual rate of 6.2 per cent (Business Wire, 2007). While Thailand's wine market had shown steady increases in consumption, the country had not fared as well compared to Asia as a whole, which continued to experience vigorous double-digit growth from 2005 to 2006. Wine consumption in Thailand had increased at the expense of other alcohol beverages. Thailand was renowned for high consumption of Scotch whiskey, and prior to 1997, it was the second largest market in the world for Johnny Walker Black Label. However, premium imported whisky sales decreased slightly, as some consumers shifted their preference to wine, which was considered a more sophisticated drink. Some factors driving the steady increases in wine consumption include the lower percentage of alcohol content compared to spirits, the reported health benefits of moderate wine consumption, the changed generational preferences for "finer" alcoholic beverages and the increase in tourism.

According to the *Wine Market Study in Thailand 2005*, the most frequently cited reason for drinking wine regularly/occasionally was the taste, followed by health concern and easy to drink (Table III) (Kunasirirat, 2005). Wine consumption in Thailand was largely accounted for by drinkers in the age range of 25-35 years and least accounted for by drinkers over the

Table III Reasons for drinking wine regularly/occasionally				
Reason	*Total (%)*	*Bangkok (Central Thailand) (%)*	*Province Chiangmai (Northern Thailand) (%)*	*Phuket (Southern Thailand) (%)*
Taste	48	53	65	35
Health concern	38	48	9	33
Easy to drink	35	37	57	25
Complements food dish/meal	28	29	26	29
Social function/status	27	39	35	6
Influence from peers	20	10	48	25
To fall asleep	11	10	9	13
Social trend	10	6	9	18
Does not give a hangover	7	7	13	5

Source: Kunasirirat (2005)

age of 55 years. These statistics were believed to be consistent with current consumer attitudes.

Table wine was sold at local retail prices per bottle that ranged from Bht400 to 800, while local retail prices for premium wine ranged from Bht1,340 to Bht2,700 and super-premium wine had a local retail price of wine ranging from Bht7,000 to Bht10,700 or higher. Price had become a major determining factor in the purchase decision for wine. Importers were sourcing new products to replace wines that were no longer expected to sell due to prohibitive prices. Consequently, opportunities existed for low-cost wines from suppliers for private-label bottling for the major hypermarkets or wholesalers such as Tesco-Lotus or Makro house brands, along with those of any of the five-star hotels in Thailand.

Wines from France had the biggest share of Thailand's wine market, with approximately 35 per cent of total market share. Wines from Australia ranked a close second, with roughly 33 per cent, followed by wines from Italy, Chile and the USA. Wine from Spain and New Zealand had much smaller market shares in Thailand. The percentage of wine by origins carried by supermarkets is shown in Table IV.

In 2005, an estimated 10 per cent of the population drank wine, which accounted for 3 per cent of the country's total consumption of alcoholic beverages. By 2007, the Thailand's wine sector had accounted for about 20 per cent of the total alcohol beverages market (Fuhrman, 2007). These figures suggest that wine consumption in the country had increased at an accelerated pace.

The most recent preference was mostly for dark red wines, which accounted for about 83 per cent of total wine consumption in Thailand, followed by white wines then rosé. The most popular red wine varieties in Thailand were Cabernet Sauvignon, Shiraz and Merlot. Both red and white wines were popular among foreign tourists and expatriates. There was an increasing demand for wine to cater to the steady increase in the number of tourists into Thailand. Most white wine sales in Thailand were to expatriates or female consumers. New World wines had an advantage in Thailand, as they were easier for consumers to

Table IV Percentage of wine by origins carried by supermarkets (2006)					
			Country of origin		
Supermarket chain (no. of outlets)	*Australia*	*Chile*	*France*	*Italy*	*US*
Foodland (12)	20	18	40	1	13
Siam Jusco (7)	12	26	41	5	6
Tops (18)	38	7	32	8	6
Villa (5)	50	22	15	7	6

Source: Kunasirirat (2005)

understand, particularly with their easy-to-read labels and brand promotion. Market analysts predicted that the growing preference for wine among Thai consumers would continue and anticipated opportunities for further wine penetration in Bangkok and other metropolitan areas in the country. Expanding the wine customer base would be possible from more aggressive marketing campaigns and the provision of information to educate targeted consumers about wine.

Looking ahead

After having celebrated the addition of Penfolds to BB&B's alcoholic beverages portfolio and the company's arrival as a notable contender in Thailand's wine industry, Pongchalerm and his management team looked ahead. As discussed during the April meeting, three initial options were put on the table. One option was to expand BB&B's range of wines to tap into other consumer wine segments. Women, who accounted for 51 per cent of the Thai population, were an attractive target, as more women were entering the workforce and interest in wine within this group seemed to be growing. Another option was for BB&B to vertically integrate, either backward or forward, as there appeared to be no dominant local players. For instance, Wine Connection was the only wine importer/distributor to complement its numerous retail shops with adjacent Italian food restaurants. This proved to be successful, as Italian food has been a well-appreciated cuisine among Thais, with nearly 100 Italian food restaurants in Bangkok alone. By the end of 2008, Wine Connection had opened five other restaurants. The third option was for BB&B to add non-alcohol beverages to its beverage portfolio, as it already had an established distribution network. Some prospects included functional drinks, where energy drinks and sports drink volume had been increasing by 14 and 4 per cent, respectively (Pacrim Associates Ltd. and Eischen, E., 2005). The energy drinks sector was dominated by the Red Bull brand, which enjoyed a market share of around 54 per cent. BB&B was in a good financial position to pursue any one of these three options, but each alternative would put BB&B in an entirely new competitive landscape. As Pongchalerm considered his team's ideas, he wondered which option would offer BB&B the greatest potential for long-term sustainable growth.

Keywords:
Marketing,
Thailand,
Strategic management,
Entrepreneur,
Wine,
Importer/distributor

Notes

1. Khun is a title equivalent to Mister or Miss.
2. In 2006, Berli Jucker began focusing more on household and consumer products and pruning its wine product range. For instance, Berli Jucker's distributorship of Penfolds ended in December 2006 and the contract was not renewed. Instead, Penfolds awarded sole distributorship to BB&B.
3. Off-trade constitutes hotels, restaurants, pubs/bars, etc., whereas on-trade refers to retail stores such as supermarkets, specialty alcoholic beverage stores, etc.

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