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## Singapore

### Singapore Market Guide - Non-Alcoholic Beverage

1999

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#### Report Highlights:

**The Singapore market for non-alcoholic beverages is valued at \$250 million. Of this total, local production of non-alcoholic beverages is estimated at \$170 million. Mineral and carbonated waters form the largest single category in this market.**

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The Singapore Dollar (S\$) in this report has been translated to US\$ at the rate of S\$ 1.659 to US\$ 1.00.

## **1. Singapore in profile**

Singapore (population of 3 million) is one of the most affluent nations in Asia with a GDP per-capita of about US\$28,500 today. About 23% of the population are aged 15 years and below, which represents a sizeable pool of future consumers who will be an important driver for increased consumption of higher processed food and beverages in future.

Over 76% of its population make up the middle to upper income group of consumers, all of whom lead an urban lifestyle and represent the bulk of the market for higher processed food and beverages today.

Singapore's economy is based mainly on its strong export manufacturing and financial and business service sectors. Until recently, its economy has been growing in excess of 8% per annum. In 1998, Singapore reported annual GDP growth of about 1.5%, after growth contracted in the second half of that year as a result of the impact of the recent Asian economic downturn.

On a positive note, The government forecasts Singapore's economy to grow by 3 % in 1999. The government forecasts economic growth for 2000 to be between 4.5% to 6.5%.

## **2. Singapore's importance as a regional distribution hub**

Singapore is generally recognised as Southeast Asia's main distribution hub. The facilities offered by its airport and seaport have encouraged a large number of businesses, including food manufacturers and ingredient suppliers, to base their operations in Singapore to serve their regional markets.

In 1998, US\$ 1.41 billion of food and beverages were re-exported from Singapore to various countries in the world. Of this, around 30% were shipped to ASEAN countries, with Malaysia being the main destination.

About 10% of imported non-alcoholic beverages are re-exported to as many as 48 different countries worldwide. Re-export to neighbouring ASEAN countries form significant proportions, as much as 46% for some product segments, of the re-export trade out of Singapore. More details on this matter are provided in the next chapter to this report.

## **3. Singapore's non-alcoholic beverages market**

Singapore's market for non-alcoholic beverages is supplied by both locally manufactured products and by imports. A high percentage of these products are imported.

### **3.1 Market size**

The market is made up of around US\$83 million in imports of non-alcoholic beverages and over US\$ 170 million of local production of non-alcoholic beverages. Around 15% of the locally manufactured non-alcoholic beverages are directly exported to overseas markets.

Singapore's non-alcoholic beverage is divided into segments which cover:

1. Fruit and vegetable juices, mainly fruit juices.
2. Asian flavoured drinks, mainly upgraded versions of traditional products.
3. Internationally branded and foreign drinks.
4. Mineral and other bottled waters.

### 3.2 Imports

The Table below provides the total imports of non-alcoholic beverages from 1994 to 1998.

| <b>Non-Alcoholic Beverages Imports ('000 Litres)</b>       |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|
|  | <b>1994</b> | <b>1995</b> | <b>1996</b> | <b>1997</b> | <b>1998</b> |
| Single fruit or vegetable juice                            | 19,189      | 18,112      | 30,737      | 34,370      | 30,899      |
| Mixed fruit or vegetable juices                            | 1,602       | 2,147       | 2,679       | 3,219       | 2,567       |
| Other flavoured beverages                                  | 6,814       | 11,495      | 15,028      | 98,969      | 24,918      |
| Flavoured non-carbonated beverages, including Asian drinks | 25,791      | 29,605      | 59,256      | 47,133      | 37,736      |
| Mineral & carbonated waters                                | 16,696      | 27,859      | 37,676      | 40,661      | 46,769      |
| Total ('000 Litres)  | 70,092      | 89,218      | 145,376     | 224,352     | 142,889     |
| Total (US\$ million)                                       | 73.7        | 86.1        | 92.6        | 93.9        | 82.9        |
| % change in imports ('000 Litres)                          |             | +27         | +63         | +54         | -36         |
| Source: Department of Statistics                           |             |             |             |             |             |

The top 3 major supply countries in 1998 are shown by the Table below.

| <b>Major Supply Countries and Their Import Market Shares (1998)</b> |  |
|---|--|
| Orange juice  | Malaysia (20%), Brazil (17%), USA (13%)        |
| Grapefruit juice  | USA (54%), Belgium (10%), Germany (8%)         |
| Juices of other citrus fruits                                       | Malaysia (69%), Taiwan (15%), USA (8%)         |
| Pineapple juice   | Malaysia (69%), Germany (5%), Philippines (5%) |
| Tomato juice  | USA (55%), Australia (14%), Germany (9%)       |
| Blackcurrant juice  | Malaysia (94%), Germany (5%)                   |
| Other fruit or vegetable juice                                      | Malaysia (53%), Thailand (13%), USA (8%)       |
| Mixed fruit or vegetable juices                                     | Australia (51%), Malaysia (20%), USA (12%)     |
| Other flavoured beverages   | Malaysia (66%), Belgium (7%), Taiwan (5%)      |

|   |  |
|---|--|
| Flavoured non-carbonated beverages, incl. Asian drinks  | Malaysia (43%), Thailand (14%), Canada (12%) |
| Mineral & carbonated waters, not sweetened or flavoured | Malaysia (69%), France (22%)                 |
| Mineral & carbonated waters, flavoured                  | Malaysia (58%), China (14%), Hong Kong (6%)  |
| Source: Department of Statistics                        |  |

A large number of countries supply non-alcoholic beverages to Singapore. In 1998, there were 32 countries supplying fruit and vegetable juices, 28 countries supplying flavoured drinks and 30 countries supplying mineral and other waters to Singapore.

The USA is one of the major suppliers of non-alcoholic beverages to Singapore, with the following market positions and market shares:

- Leading supplier for grapefruit juice (54%) and tomato juice (55%).
- Third largest supplier for orange juice (13%), other citrus fruit juices (8%), other fruit or vegetable juices (8%) and mixed fruit or vegetable juices (12%).

Its major competitors for non-alcoholic beverages are:

- Malaysia (orange juice, other citrus fruit juices, pineapple juice, blackcurrant juice, other fruit or vegetable juices, mixed fruit or vegetable juices, other flavoured drinks, flavoured non-carbonated drinks, mineral and other waters).
- Australia (tomato juice and mixed fruit or vegetable juices).
- Brazil (orange juice).
- France (mineral water).
- Germany (grapefruit juice, pineapple juice, tomato juice and blackcurrant juice).
- Belgium (grapefruit juice and other flavoured drinks).

The USA is not a major supplier of the following products:

- Pineapple and blackcurrant juice.
- Other flavoured drinks.
- Non-carbonated flavoured drinks.
- Mineral and other waters.

### 3.3 Re-exports

The Table below provides the total re-exports of non-alcoholic beverages from Singapore for the five years from 1994 to 1998.

| <b>Non-Alcoholic Beverages Re-Exports ('000 Litres)</b> |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
|   | <b>1994</b> | <b>1995</b> | <b>1996</b> | <b>1997</b> | <b>1998</b> |
| Single fruit or vegetable juice                         | 4,554       | 3,765       | 4,780       | 5,722       | 5,502       |
| Mixed fruit or vegetable juices                         | 511         | 491         | 523         | 501         | 317         |
| Other flavoured beverages                               | 455         | 440         | 974         | 1,181       | 1,403       |
| Flavoured non-carbonated beverages, incl. Asian drinks  | 2,778       | 2,484       | 3,694       | 4,602       | 4,175       |
| Mineral & carbonated waters                             | 5,364       | 2,715       | 5,910       | 4,906       | 3,919       |
| Total ('000 Litres)                                     | 13,662      | 9,895       | 15,881      | 16,912      | 15,316      |
| Total (US\$ million)                                    | 14.2        | 11.2        | 12.9        | 13.3        | 14.0        |
| % change in re-exports (Litres)                         |             | -28         | +60         | +6          | -9          |
| Source: Department of Statistics                        |             |             |             |             |             |

Singapore re-exports fruit and vegetable juices to 47 different countries, flavoured drinks to 48 different countries and mineral and other waters to 32 different countries. Re-exports to ASEAN countries formed large proportions of total re-exports quantities in 1998, as shown below:

- Fruit and vegetable juices: 44 % (Major re-export markets are Malaysia, Brunei and the Philippines).
- Flavoured drinks: 46 % (Major re-export markets are Cambodia, Brunei, Myanmar, the Philippines and Malaysia).
- Mineral and other waters : 15 % (ASEAN is not a major re-export destination. Hong Kong is the main market taking over 44%, mainly flavoured waters)

### 3.4 Local production

The Table below provides the total value of local non-alcoholic beverage production for the five years from 1993 to 1997. At the time of writing, the statistics for 1998 has not yet been released by the government.

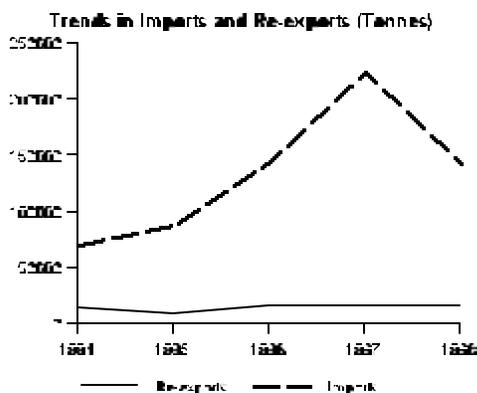
| <b>Local Production of Non-Alcoholic Beverages ( Sales : US\$ million)</b>      |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
|   | <b>1993</b> | <b>1994</b> | <b>1995</b> | <b>1996</b> | <b>1997</b> |
| Soft drinks, carbonated waters, cordials, syrups                                | 196.0       | 185.5       | 170.5       | 165.4       | 175.2       |
| Note: Production quantity measured by volume is not provided by the government. |             |             |             |             |             |
| Source: Economic Development Board  |             |             |             |             |             |

In 1997, seven local businesses were involved in the manufacture of non-alcoholic beverages with total sales valued at US\$ 175.2 million. According to the Economic Development Board, these companies are involved in both the local and export markets. The Table above shows that sales of locally manufactured non-alcoholic beverages has slowed down to around US\$ 170 million over the five year period to 1997.

Some of these companies are large brand-driven businesses with household brands, e.g. F&N/Coca Cola and Pepsi/Yeo Hiap Seng. A number of these companies have relocated a large part of their manufacturing operations to Malaysia, where operating costs are lower. Some have contract manufacturing operations in China, particularly for traditional Asian drinks. In such cases, they import their branded products into Singapore. Local beverage companies are now Singapore's largest importers of non-alcoholic beverages.

Export markets only formed around 15% of total sales for the local manufacturers. In 1997, US\$ 25 million of locally manufactured products were directly exported to overseas markets.

### 3.5 Growth prospects



The Chart below shows the trends in imports and re-exports of non-alcoholic beverages over the five years to 1998.

The Chart above indicates that overall imports of non-alcoholic beverages have grown over the five years to 1998, at an average rate of 20% per annum. The main areas of growth have been in:

- Mineral and other waters.
- Flavoured beverages.
- Other fruit or vegetable juices.

Trade sources comment that the future market is likely to show growth of between 5% and 10% over the next three years, depending on the market segments involved. They added that:

- Future prospects for fruit juices are good, with a forecast growth of 10% per annum. As consumers become more affluent, they will switch from soft drinks to fruit juices.

- Estimated growth for mineral water is at 5% per annum. It is becoming more difficult to compete in the market segment as well known brands are well established in the market and cheaper local/ASEAN brands exist which are also popular with consumers.
- Canned ready-to-drink coffee or tea is estimated to grow at 10% per annum.
- No real future prospects exist for sports drinks, energy drinks or functional drinks. No growth is expected in this market segment as Singaporeans generally do not demand such drinks. This is a niche now dominated by a very small number of brands.
- Demand for soft drinks and sweetened juice drinks is declining. No opportunity for growth exist in these segments as consumers are switching to the above beverages.

The Chart above also indicates that re-export trade has remained at around the same level over the past five years to 1998, forming a small proportion of imports. However, trade sources comment that opportunities exist for re-export of non-alcoholic beverages to the ASEAN countries such as Malaysia, Indonesia (if political and economic situation stabilises) and the Philippines.

US exporters intending to explore the opportunities highlighted above are advised to perform detailed market research in these markets to better understand the market characteristics and identify in more detail the opportunities for their products types.

#### **4. Consumer tastes and preference**

Non-alcoholic beverages are very important in Singapore. Most adults, especially women, are not big consumers of alcoholic beverages such as beer and wine. The traditional drink of Singaporeans, especially the ethnic Chinese, is Chinese tea. Coffee is a traditionally popular breakfast drink. Other traditional Asian beverages, e.g. soybean milk, chrysanthemum tea are also important beverages. Children commonly consume Asian beverages, carbonated soft drinks or cordials. When a Singaporean is thirsty, the first thirst quenching drink he usually reaches for is water, usually boiled and cooled or straight from the tap, usually filtered.

Consumer tastes and preference for the wide variety of non-alcoholic beverages available in the market differ, depending on the occasion that calls for a drink. The following demand traits exist in this market:

- Trade sources comment that price, quality, taste and brand are important purchasing factors affecting the consumers in the non-alcoholic beverage market. They added that access to shelf space and food service menus/drinks lists, in-store promotions and advertising have an impact on their choice of purchase.
- Carbonated soft drinks and cordials are well entrenched in local beverage culture. While there is evidence that consumption of cordials has been declining since the early 1990s and carbonates are stagnant or in decline, these beverages still represent the bulk of consumption today. These beverages are very widely distributed, have well known brands/flavours, are low cost and are consumed at any time by almost anyone. Carbonated soft drinks are frequently served at wedding dinners and other celebratory occasions.

- Freshly squeezed fruit or vegetable juices have traditionally been readily available at food service outlets, especially drinks stalls operating in cooked food centres. They differ from pure juices because sugar syrup is commonly added. Ready-to-consume pure fruit juices are readily available from most retailers. While more are being consumed, these products still have a niche-type market which orientates around demand from middle to upper income groups, especially more health conscious shoppers and expatriates.
- Coffee and Chinese tea are well entrenched in the local beverage culture. Canned coffee and canned tea were introduced into the market in the early 1990s. Consumers generally prefer freshly brewed coffee or tea to the canned variety because freshly prepared coffee or tea is readily available at low prices from cooked food centres and local coffee shops. In very recent years, high-end coffee shops/clubs offering a wide variety of premium freshly brewed coffee have opened. These currently target middle to high income young adults, expatriate consumers and tourists.
- Mineral/bottled drinking water is well understood and readily consumed by Singaporeans. However, most of these products are purchased and consumed outside the home, e.g. on outings, at school, during sports events, at cooked food centres and alike. Most local consumers see no value in buying bottled water for home consumption when boiled water or filtered tap water is a cheaper alternative. Expatriate consumers are important targets.
- Sports drinks, energy drinks and functional drinks were introduced into the market during the mid-to-late 1980s. These drinks are not well understood by Singaporeans. Only a small number of consumers have acquired a taste for these drinks.
- Asian drinks such as chrysanthemum tea, winter melon drink and alike, have been traditionally prepared at home and consumed on a regular basis for their perceived “health” values. Large quantities are consumed in cooked food centres.

## 5. Brief import requirements for non-alcoholic beverages

Singapore is virtually a free port. No import duty is imposed on non-alcoholic beverages. A Goods and Services Tax (GST) at the rate of 3% is imposed on the importation of goods into Singapore, calculated based on the CIF (Cost, Insurance, Freight) value in Singapore dollars.

All imported food stuffs have to be registered with the Food Control Department. Registration can be done by sending the Department a copy of the inward declaration that has been approved by the Singapore Trade Development Board. Registration covers a one year period for a particular product.

When food enters Singapore, companies must submit the proper documentation to the Controller of Imports and Exports. An inward cargo manifest must be submitted to Customs within 24 hours of arrival of the carrier. All declarations are required to be submitted and approved electronically through the EDI network called the TradeNet System. Once the GST has been paid, the products are allowed to enter Singapore free of any condition unless they are in breach of Singapore’s food regulations. The Singapore food regulations are embodied in the Sale of Food Act 1973 and The Food Regulations 1988 and subsequent amendments have been made via subsidiary legislation.

The food regulations cover minimum or permitted levels of a wide range of food additives in each food type, packaging, labelling requirements, sale by date and health claims by products.

The regulations are strictly applied and enforced to maintain the highest possible quality for food to ensure the safety of its Singapore residents. The Singapore government's policy is to keep its food regulations up-to-date and in line with all new aspects of food technology and production. For this reason, the reader is advised to check on the most recent legislation as they are likely to be changes in future.

## **6. Distribution patterns**

Non-alcoholic beverage products are imported by local beverage companies, other importers/agents for distribution throughout Singapore. Some major retailers are importing directly from overseas suppliers (some under retailer brand-names) for sale at their stores. Non-alcoholic beverages are distributed to:

- Supermarkets and minimarkets.
- Local neighbourhood grocery stores.
- Convenience stores.
- Petrol station stores.
- Newspaper kiosks.
- Food service outlets, including fast food outlets, cooked food centres, retail bakery/café, other restaurants and hotels.
- Drinks vending machines.

Trade sources comment that most consumers purchase their non-alcoholic beverages from supermarkets and grocery stores. US exporters targeting the main supermarket channels should note that most of these businesses now impose listing fees on items such as non-alcoholic beverages and operate category management systems. Under such systems, the performance of a product is closely monitored. If a product's performance fails to satisfy the requirements of the retailer, it will likely be de-listed and removed from the display shelf and replaced by more profitable products.

Fast food outlets and drinks stalls in cooked food centres are also major channels. Fast food outlets are commonly tied to centralised purchasing agreements so it is difficult for independent brands to enter these channels. The key challenges in accessing the drinks stalls in cooked food centres are well entrenched local demand traits and the highly fragmented nature of the target market and its beverage supply chain.

Trade sources comment that there are no special packaging, handling or warehousing requirements affecting non-alcoholic beverages. Most end-buyers unload the products from the original cartons onto the retail shelves. They also added that it is unnecessary to re-pack or re-label products destined for re-export markets in ASEAN.

However, US exporters are advised to research into the import regulations of each ASEAN country they target as import regulations affecting non-alcoholic beverages differ from country to country. They suggested that US exporters should consider arranging transshipment via Singapore if the ASEAN markets demand high volumes. If the re-export markets' demands are low, it would be advisable to break shipment in Singapore before re-exporting the products.

**Appendix A: List of Importers**

Perising Pte Ltd  
60B Martin Road  
#05-07/08 Trademart Singapore  
Singapore 239067  
Tel: 738 0177/ 737 0103  
Fax: 738 3795

Field Catering & Supplies Pte Ltd  
28 Senoko South Road  
Singapore 758090  
Tel: 759 1661  
Fax: 759 0177

YHS Sales Pte Ltd  
3 Senoko Way  
Singapore 758057  
Tel: 752 2122  
Fax: 752122  
E-mail: [yhssgp01@singnet.com.sg](mailto:yhssgp01@singnet.com.sg)

Friesland (S) Pte Ltd  
61 Quality Road  
Singapore 618818  
Tel: 265 1344/ 268 5788  
Fax: 265 8930

Ban Dee Heng Trading Pte Ltd  
#04-04 Citipoint Industrial Complex  
Singapore  
Tel: 746 5174  
Fax: 747 4050

YHI Fabian (S) Pte Ltd  
2 Pandan Road  
Singapore 609254  
Tel: 265 6411  
Fax: 266 5368

Diethelm Singapore Pte Ltd  
34 Boon Leat Terrace  
Singapore 119866  
Tel: 471 1466

Fax: 479 9104

Auric Pacific Marketing Pte Ltd  
2 Enterprise Road  
Singapore 629814  
Tel: 261 8411  
Fax: 265 0689

Delrick (S) Pte Ltd  
1 Jalan Kilang Timor #03-02  
Singapore  
Tel: 272 7298  
Fax: 272 6713

Glory Food Products Pte Ltd  
94K/94L Jalan Senang  
Singapore 418478  
Tel: 443 5395  
Fax: 444 8438

Lin Carrol (S) Pte Ltd  
P.O.Box 0621  
Robinson Road  
Singapore 901221  
Tel: 323 2731  
Fax: 323 2731

Pokka Food (S) Pte Ltd  
22 Chin Bee Road  
Singapore 619829  
Tel: 261 1707/ 268 1516  
Fax: 261 3567

Lim Siang Huat  
Blk 9 Unit 1 & 2 Pasir Panjang Distripark  
Singapore 118499  
Tel: 278 2282  
Fax: 278 2292  
E-mail: [sales@lshworld.com](mailto:sales@lshworld.com)

Ben Foods (S) Pte Ltd  
230B Pandan Loop  
Singapore 128417  
Tel: 778 6655

Fax: 777 2869

E-mail: [benfoods@mbox3.singnet.com.sg](mailto:benfoods@mbox3.singnet.com.sg)

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17 Kallang Junction

#04-03 Champs Centre

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| <b>Appendix B: Retail Price Sample</b>                 |                              |                             |
|--|------------------------------|-----------------------------|
| <b>Product Type</b>                                    | <b>Brand</b>                 | <b>Unit Price (\$\$)</b>    |
| Sports drink   | Gatorade                     | 3.05 for 2 bottles (591 ml) |
| Energy drink   | Red Bull                     | 1.35/250 ml                 |
| Energy drink   | H-Two-O                      | 1.20/300 ml                 |
| Soft drinks  | Rudee's grapefruit soda      | 1.95/330 ml                 |
| Soft drinks  | Pepsi                        | 0.90/330 ml                 |
| Soft drinks  | Schweppes                    | 0.70/325 ml                 |
| Flavoured mineral water                                | Spritzer Pop (lemon)         | 1.00/325 ml                 |
| Mineral water  | Perrier                      | 2.05/750 ml                 |
| Mineral water  | Ice Mountain                 | 1.20/1.5 litre              |
| Mineral water  | Spritzer                     | 0.95/500 ml                 |
| Mineral water  | Adams                        | 1.10/600 ml                 |
| Mineral water  | Whistler                     | 1.20/500 ml                 |
| Fruit juice  | Del Monte                    | 2.90/946 ml                 |
| Vegetable juice  | Campbell's                   | 1.10/163 ml                 |
| Fruit juice  | Tree Top                     | 1.45/200 ml                 |
| Fruit juice  | Appletise/Graptise           | 0.90/295 ml                 |
| Fruit juice  | Maison sparkling grapefruit  | 3.70/370 ml                 |
| Fruit juice  | Chamei sparkling white grape | 3.45/750 ml                 |
| Fruit juice  | Spring Valley                | 1.15/250 ml                 |
| Fruit juice  | Berri                        | 1.60/250 ml                 |
| Fruit juice  | Welch's                      | 6.30/1.36 litre             |
| Fruit juice  | Pure Joy                     | 2.25/1 litre                |
| Fruit juice  | Jaffa                        | 1.95/ 1 litre               |
| Fruit juice  | Just Juice                   | 2.45/1 litre                |
| Source: Market observations conducted in November 1999 |                              |                             |

