

Analysis of Motorbike Production & Sales in Thailand



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Overview of the Motorbike Industry

The global motorbike market is located in the region of Southeast Asia. More than 80% of the motorbikes sold in the world were sold in this region annually. This is a good reason for big motorbike manufacturers to transfer their production to this region. Nowadays, Thailand with over 1.5 million units of production is known as the 5th largest manufacturer in the world after China, India, Indonesia and Vietnam. More than 80% of their production is sold in the domestic market.

The production and sales of motorbikes in Thai domestic market are currently in the "low volume" group, that is, motorbikes with the engine capacity of less than 250 cc.

Thailand has a law that requires at least 50% of the value of all components of a motorbike to be supplied domestically before it is allowed to be sold in the country. Nowadays, due to the expansion of motorbike parts manufacturers, the domestic production of motorbikes completely uses Thai parts. Thailand is the main producer of small motorcycles in ASEAN and it is not only a domestic manufacturer, but also exports motorcycles and parts to ASEAN.

In terms of producing motorbikes with engines above 250 cc or "high volume", Thailand does not currently have extensive domestic production, but Thai government has a plan for extension.

The United Nations Economic Commission for Europe (UNECE) divides motorcycle production into two groups: sports motorbikes, which usually have an engine capacity of more than 250 cc, and small family motorcycles, most of which have an engine capacity of 100-125 cc.

Family motorbikes are popular in Thai market. In fact, 80% of its domestic production belongs to this category, while the rest of production is related to sports motorcycles with engines above 250 cc.

Thai Capacity of Production, Brands and Cities

There are 12 motorbike factories with 14 brands in Thai market. These 12 factories have more than 3.6 million units of production per year.


Four Japanese brands including Honda, Yamaha, Suzuki and Kawasaki have 87% of the total production capacity in Thailand. Other manufacturers include Benelli and Ducati (Italian brands), KEEWEE and




CFMOTO (Chinese brands), Triumph (British brand), BMW (German brand) and Harley-Davidson (U.S. brand).

- With a production capacity of 1.74 million units (1.7 million units from Honda and 40 thousand units from GPX), Bangkok tops the list of motorcycle manufacturing cities in Thailand.
- The 2nd biggest city in terms of motorbike production is Samut Prakan. Yamaha is able to produce 600 thousand units in this city.
- The 3rd biggest city in terms of motorbike production is Pathum Thani. Suzuki with 550 thousand units of production is located in this city.



- The 4th biggest city in terms of motorbike production is Rayong with around 300 thousand units. Kawasaki with 260 thousand units, BMW with 10 thousand units and Ducati with 20 thousand units are all located in this city.
- Chachoengsao Phetchaburi as the 5th biggest city is able to produce 160 thousand units, Benelli and CFMOTO with 100 thousand units and SYM and KEEWAY with 60 thousand units are also located in this city.
- Chonburi is the 6th biggest motorbike manufacturing city in Thailand. Triumph with 120 thousand units and ZONGSHEN with 20 thousand units increased the production capacity to 140 thousand units.



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The Motorbike Market During the Pandemic

Motorbike sales in Thailand fell by 9.7% in 2020. The impact of the pandemic on Thailand was less than that on other top motorbike producing countries.

Motorbike sales in Thailand fell by 15.8% in the first half of 2020, while the recovery was very small. Its sales rose by only 1.1% after Q2, fell again by 5% in Q3, and recovered by 10% in Q4.

Therefore, Thai motorbike industry decreased by 9.7% in comparison with 2019, and its sales were 1.5 million units in 2020.

Looking at the competitive market scenario in 2020, as usual, the market is dominated by

- Honda, which sold 1.18 million units of motorbikes, representing only 69% of its production capacity in Thailand and its sales dropped by 9.7% in comparison with 2019.
- The second player, Yamaha, is far behind with only 239,531 sales (Yamaha was able to fill 40% of its production capacity). Yamaha's sales dropped by 10.9% in comparison with 2019.
- In the third place is Piaggio (Italian brand) with 28,105 units, which increased its sales by 18.9% in comparison with 2019.



- GPX (a local manufacturer) with 14,457 units experienced the sales decrease of 25.8% in comparison with 2019. It could fill more than 72% of its production capacity.
- Kawasaki with the sales of 12,155 units (a 13.4% drop in comparison with 2019) couldn't catch 5% of its production capacity.
- Suzuki with 11,996 units of sales (a drop of 44.7% in comparison with 2019) could fill just 2% of its production capacity.

The Future of Thai Motorbike Market

Based on Krungsri report, as the economy recovers after the pandemic, domestic sales should increase by 3.0-4.0% annually. Exports will also return and increase by 4.0-5.0% annually as the overseas economy improves. However, the Thailand-based Harley-Davidson plant, which assembles motorcycles for export, will also help. The US-China trade dispute also provides opportunities for Thai exporters. Hence, we estimate that the total production will grow 3.0-4.0% per year over the next 3 years. The major factors influencing the growth of the market are growing population, improving consumer spending power, increase in the registration of new motorcycles and release of new models by manufacturers in the country.

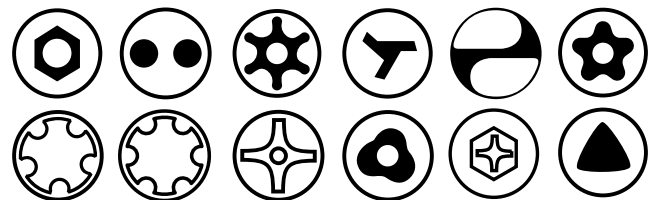
ASEAN Market as Its Main Export Destination

As mentioned earlier, the sector of Thai motorbike production focuses on the domestic market and the main group of customers in the domestic market are labors and agricultural workers. Thai manufacturers planned to expand exports of small motorcycles to the ASEAN market, but they have strong competitors such as China, Indonesia and Vietnam in this region, and exports to Vietnam and Indonesia as bigger producers than Thailand in the world are very difficult. Thai manufacturers have found another way for improving their export amount. Nowadays they export CKD of motorbikes to this region.

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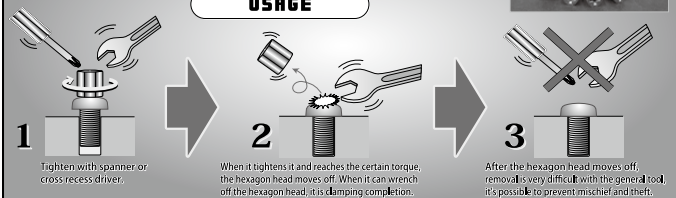


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