

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 10/3/2018

GAIN Report Number: TH8131

Thailand

Food Service - Hotel Restaurant Institutional

2018

Approved By:

Russ Nicely, Agricultural Counselor

Prepared By:

Sukanya Sirikeratikul, Marketing Specialist

Report Highlights:

This report contains information about Thailand's food service industry. It provides an overview of market opportunities and key channels of distribution for U.S. food and beverage products destined for the food service market in Thailand.

Post:

Bangkok

Executive Summary

Thailand's highly competitive hotel, restaurant, and institutional food service (HRI) sector is comprised of approximately 150,000 outlets including some 100,000 restaurants and more than 5,000 hotels and resorts. The industry has steadily increased in recent years driven by continuous growth in the country's tourism industry as well as changes in consumer behavior as modern urban families tend to eat out more regularly. Thailand imported U.S. \$385 million in consumer-oriented foods from the United States in 2017. HRI establishments are heavy users of imported products for food preparation, ready-to-eat meals, and catering services for airlines and cruise lines. In 2017, per capita consumer expenditures on hotels and catering totaled U.S. \$655 per person, an 11 percent increase from the previous year.

The macroeconomic situation and key data about the Thai economy can be found in [Thailand's Exporter Guide Report dated January 19, 2018](#).

Imports of Consumer-Oriented Products

In 2017, the United States was the 3rd largest supplier of these products to Thailand with exports valued at U.S. \$385 million.



HRI Industry

Thailand has a well-developed hotel industry with solid growth expected over the next three years. Thailand has over 100,000 restaurant establishments across the country. According to the National Economic and Social Development Board, Thailand's hotel and restaurant sectors expanded by 12.8 percent in the first quarter of 2018. The long-term outlook for the restaurant industry remains positive owing to increasing urbanization, higher consumer disposable income, and the increased frequency of Thais to eat out. Currently, Thais on average eat out around 56 times per month. Food outlets are located everywhere in Thailand ranging from small street carts to five-star restaurants in some of the world's finest hotels. The ubiquity of food

outlets leads establishments to compete by offering different menu items, trendy concepts, and innovative cuisine. On average, for the entire HRI sector sources about 30-35 percent of their food products are sourced through imports. The United States has approximately 20 percent market share of this sector.

Quick Facts CY2017

Imports of Consumer-Oriented Products:
U.S. \$5 billion.

Consumer Insights:

- Thailand's rising incomes and rapid urbanization has increased consumer demand for a wide variety of new food products
- Thais' growing interest in international travel has corresponded with an enthusiasm for tasting foreign and novel foods
- Promising growth for restaurants and HRI operators that focus on indulgence and creating a unique experience
- Thai women have substantial buying power and are the primary decision makers for food products and restaurant choices
- Convenience and innovation shape consumer-purchasing decisions
- Thai consumers are starting to look for quality food choices that are natural, nutritious, and well balanced to support a healthy lifestyle
- Over 40 percent consumers are heavily influenced by social media when making restaurant or menu selections
- Coffee drinking has become a daily habit for many Thais.

Food and Beverage Trends in Thailand for 2018:

Health foods (organic, natural derived, clean foods, health snacks); Health beverages (natural ingredients, functional drinks); Ready-to-eat foods; Frozen meals, Food Delivery; Halal Foods; Food for aging populations; Organic foods; Vegetarian foods; Plant protein based products; Processed seafood.

GDP/Population

Population: 69.15 Million
GDP (2017): U.S. \$455.4 Billion
GDP per capita: U.S. \$6,589

For more information, contact:
FAS Bangkok at agbangkok@fas.usda.gov

SECTION I: MARKET SUMMARY

Thailand's highly competitive hotel, restaurant, and institutional food service (HRI) sector is comprised of approximately 150,000 outlets including some 100,000 restaurants and more than 5,000 hotels and resorts. The industry has steadily grown driven by the continuous growth in the tourism sector as well as the increased propensity of modern urban Thais families to eat out. In 2017, Thailand imported U.S. \$385 million in consumer-oriented foods from the United States. There are minimal barriers to entry for newcomers entering the market. HRI establishments are heavy users of imported products for food preparation, ready-to-eat meals, and catering services for airlines and cruise lines. In 2017, per capita consumer expenditures on hotels and catering were U.S. \$655 per person, an 11 percent increase from the previous year.

Consumer Expenditure on Hotels and Catering 2012-2017						
(million US\$)	2012	2013	2014	2015	2016	2017
Catering	22,386	25,925	26,341	28,241	28,724	31,652
Accommodation	8,443	10,003	9,500	10,548	11,765	13,560
Total Consumer Expenditure on Hotels and Catering	30,829	35,928	35,841	38,789	40,488	45,212

Source: Euromonitor and USDA Foreign Agricultural Service - Bangkok, Thailand

International Tourist Arrivals to Thailand			
(Unit: Persons)			
Rank	Country	2007	2017
1	China	907,117	9,805,753
2	Malaysia	1,540,080	3,354,800
3	South Korea	1,083,652	1,709,070
4	Laos	513,701	1,612,647
5	Japan	1,277,638	1,544,328
6	India	536,356	1,411,942
7	Russia	277,503	1,346,219
8	USA	681,972	1,056,124
9	Singapore	604,603	1,028,077
10	UK	859,010	994,468

Source: Department of Tourism

Thailand's tourism industry remains one of the strongest in Asia and is an important component of the service sector. The Ministry of Tourism and Sports reported that 35.4 million international tourists arrived in 2017, a 9 percent increase from the 32.6 million tourists that visited Thailand in 2016. Thailand's goal is to continue to grow the number of tourists by 10 percent annually. As Thailand's HRI food service sector is reliant on tourism, the growing numbers of tourists continue to fuel the growth of the country's HRI food service sector. Spending by international tourists on food and beverage products totaled U.S. \$17.3 billion in 2017, accounting for 21 percent of total tourist expenditures.

Thailand's Meetings, Incentives, Conventions and Exhibitions (MICE) industry has been growing steadily since 2010, with the number of MICE travelers rising from 679,585 to 1.28 million individuals in 2017. Similarly, MICE revenue more than doubled from U.S. \$1.45 billion in 2010 to U.S. \$3.1 billion in 2017. Hotels that support MICE travelers have seen their revenues rise significantly, as MICE tourists traveling on business usually have high expenditures and require better quality food and services. It is estimated that their expenditures are on average 3.5 times higher than those for average leisure tourists. The Thailand Convention and Exhibition Bureau (TCEB) expects that in 2018, there will be 1.2 million international MICE visitors, generating U.S. \$3.3 billion.

Thailand has a well-developed hotel industry with solid growth expected over the next three years. In 2018, the hotel occupancy rate was 68-70 percent, similar to the 68.7 percent recorded for 2017.

Strong tourism growth rates have resulted in significant hotel investment, especially for the high-end segment as well as in the tourist regions of Bangkok, Phuket, Pattaya, Samui, Chiang Mai, and Hua Hin. Key players in Thailand’s competitive hotel sector include Accor, InterContinental, Starwood and Marriott as well as local hotel groups such as Minor International, Centara, and Dusit International. Due to

Average Occupancy Rate by Location				
(Unit: Percent)				
Location	2014	2015	2016	2017
Bangkok	77	79	74	79
Chonburi	79	83	79	82
Phuket	72	75	72	76
Petchaburi (Cha-Am)	61	67	68	69
Chiang Mai	68	72	75	80
Suratthani (Samui Island)	54	60	61	62
Rayong	57	63	63	64
Hua Hin	63	68	69	71
Krabi	66	69	70	72
Trad	56	62	64	66
Nakhon Ratchasima	61	64	66	70
Nationwide	59	65	67	69

Source: Bank of Thailand and Department of Tourism

the growing presence of leading international hotel chains in the Thai market, existing hotels are readjusting their marketing strategies to focus more on food and beverage sales. For four to five star hotels with 400 rooms or more, food and beverage sales accounts for about 40 percent of total revenues. The hotel food and beverage market grew by an estimated 15-20 percent in 2017. However, hotels face strong competition in the food sector.

Thailand has over 100,000 restaurant establishments across the country. According to the National Economic and Social Development Board, Thailand’s hotel and restaurant sectors expanded by 12.8 percent in the first quarter of 2018 driven by increased expenditures by upper-income Thais. The long-term outlook for the restaurant sector remains positive due to increasing urbanization, higher consumer disposable income, and the increased frequency of Thais to eat out. Thailand has a strong food culture with food playing a role with identity and relationships. Furthermore, growing overseas study, international travel, internet usage, and social media have influenced many young Thais and urbanites to transition from traditional open-air food stands to indoor restaurants, especially those located in retail malls. The continued expansion of retail mall operators and modern retail food establishments will give Thais, particularly those in the provincial areas, easier access to casual dining restaurants. To compete for these consumers, restaurants use a variety of strategies including introducing new food products, using online sales and online marketing, and branding that advertises not just the food but also a lifestyle.

The restaurant sector is highly competitive with international chains competing with well-established local restaurants, and other small-to-medium sized food establishments. Low barrier for entry leads to

Market Share of Western Casual Dining in Thailand						
(US\$ Million)	2015		2016		2017*	
	Revenue	(%)	Revenue	(%)	Revenue	(%)
Café	202	12%	236	14%	296	15%
Restaurants	647	40%	685	40%	744	38%
Fast Food	597	37%	645	37%	743	38%
Ice Cream & Bakery	170	11%	161	9%	179	9%
Total	1,615	100%	1,726	100%	1,962	100%

Source: Ministry of Commerce and Industry Estimates
* Forecast figures

new establishments regularly entering the market and bringing with them new ideas and concepts. Food outlets are located everywhere in Thailand ranging from small street carts to five-star restaurants in some of the world’s finest hotels. Thus, restaurants compete on a variety of factors including price, food quality, service, trendiness, and food variety. Japanese and Korean style foods such

as ramen, shabu, yakiniku, Korean barbecue, Bibimbap (Korean style hotpot mixed rice), Chinese cuisine, American style burgers, Italian pizzas and pasta, and French cuisine are popular in Thailand,

especially among Thai teenagers.

Thailand's restaurants can be divided into three categories as follows:

Quick Service Restaurants (QSR) hold a 10 percent market share for the restaurant sector and have become increasingly popular in Thailand, with an annual growth rate of 8-10 percent. Patrons of QSRs in Thailand today are a diverse group including traditional families, office workers, teenagers, and

Comparative Market Share in the Thai QSR Market (2017)
(US\$ Million)

Revenue	2015		2016		2017	
	Revenue	(%)	Revenue	(%)	Revenue	(%)
Chicken	516	10.4%	564	11%	611	10%
Burger	200	4.0%	213	4%	264	4%
Bakery Products	322	6.5%	325	6%	355	6%
Ice Cream	232	4.7%	231	4%	252	4%
Convenience Store	3,685	74.2%	3,940	75%	4,715	76%
Others	11	0.2%	12	0%	14	0%
Total	4,965	100.0%	5,287	100%	6,211	100%

Source: Euromonitor

tourists. The QSR market is dominated by franchises, which sell chicken, burgers, bakery products, ice cream, and breakfast meals. Traditionally, about 80 percent of Thailand's food franchises are formed through partnerships with U.S. brands such as McDonald's, KFC, Pizza Hut, Au Bon Pain, Subway, and Domino Pizza and non U.S. brands like Bonchon Chicken, Chabuton ramen, Mos Burger, and Japanese rice bowls from Yoshinoya. It is estimated that the QSR market

will grow to reach nearly U.S. \$7.6 billion by 2020. However, the QSR sector faces a growing challenge from consumers that perceive fast food as unhealthy. Thai consumers also increasingly focus on healthiness and food quality.

Full-Service Restaurants represent about 10 percent of all establishments in the restaurant industry. In Thailand, Japanese restaurants are consumers' top preference, followed by Italian, Chinese, American, and Vietnamese restaurants. According to Euromonitor, the overall market sales of full-service

Sales in Full-Service Restaurants 2012-2017 (in \$millions)

Full-Service Restaurants	2012	2013	2014	2015	2016	2017
Chained Full-Service Restaurants	1,636.40	1,862.90	1,832.30	1,789.70	1,796.20	1,950.60
Independent Full-Service Restaurant	3,243.40	3,303.30	3,209.70	3,097.70	3,048.70	3,245.40
Total	4,879.80	5,166.20	5,041.90	4,887.40	4,844.80	5,196.00

Source: Euromonitor and USDA Foreign Agricultural Service - Bangkok, Thailand

restaurants in 2017 was U.S. \$5.2 billion. While chain full-service restaurants make up just over a third of the full-service sector, their market share has been growing due to increased consumer preference for convenience, hygiene, and high quality standards. High-end restaurants reach teenagers and young professionals by offering

high-quality food in a unique atmosphere. Many full-service restaurant chains offer takeout and delivery options which are also popular.

Small Restaurants (SMEs-Small Medium Enterprises) comprise of 80 percent of all restaurants in Thailand. The influence of hypermarkets and shopping center food courts have raised standards for this sector and put increased pressure on street vendors. SME restaurants have adopted to the competition by finding unique niches that will appeal to specific consumer groups. Many also offer food delivery service, which allows small restaurants to potentially reach a large number of customers, especially in Bangkok and the surrounding areas.

Thais regularly eat out averaging about 56 times per month, according to Nielsen Research, with younger Thais leading the way. This has helped pave the way for the food industry to offer more selection and variety. Thais are also purchasing tea and coffee increasingly at restaurants. In Bangkok, consumers purchase tea or coffee on average 8 times per month, compared to 6 times per month in the countryside. Coffee has steadily been growing popularity and can be found throughout Thailand.

Consumer Expenditure on Food, Alcoholic and Non-Alcoholic Beverages 2012-2017						
(million: US\$)	2012	2013	2014	2015	2016	2017
Food	50,451	52,632	51,398	49,962	50,557	54,983
Non-Alcoholic Beverages	7,768	8,286	8,019	7,725	7,564	8,230
Coffee, Tea, and Cocoa	1,383	1,466	1,474	1,415	1,386	1,513
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	6,385	6,820	6,544	6,310	6,179	6,718
Alcoholic Beverages	5,607	5,618	5,497	5,374	5,143	5,569
Wine	2,702	2,691	2,628	2,564	2,446	2,646
Spirits	210	242	267	269	266	297
Beer	2,694	2,686	2,602	2,541	2,431	2,627

Source: Euromonitor and USDA Foreign Agricultural Service - Bangkok, Thailand

Thailand's e-commerce market is fast growing and remains a promising new market given Thailand's population of 69 million and high mobile phone, social media, and internet penetration. Technology has influenced consumers' purchasing behaviors as they can easily access information and make purchases through the internet. Recently, home delivery and takeaway establishments have seen a surge in their consumer base particularly among working professionals as the 'grab and go' trend is gradually evolving into a new, dominant lifestyle. For example, in Bangkok's public transportation system, subway commuters have the option to purchase meals for later in the day. Retail stores also have adjusted to meet the growing demand for fast, convenient, and high quality food through options such as S&P GOGOBOX, Dean and DeLuca, and Grab&Go sections at convenience stores.

The online food delivery sector is led by three market players: LineMan, Food Panda, and UberEats. Additionally, many chained restaurants in Thailand have started partnering with online food delivery providers or have created their own food delivery division. According to Euromonitor, Thailand's online food market could reach U.S. \$1 billion by the end of 2018. Thai restaurants also increasingly use social media to enhance their brand by highlighting new products, services, and corporate responsibility campaigns. Some restaurants in Thailand have started allowing customers to make reservations online.

The Thai catering sector has become increasingly concentrated and competitive. Catering is organized into four categories: contract caterers (Compass Group, F&B International Co.), airline and exhibition caterers (Thai Airways International Plc., LSG Skycheffs, Bangkok Air Catering, BITEC, and Impact Arena), hotels and medium to high-end restaurants, and small local caterers. For airline catering, THAI catering is industry leader with a market share of over 70 percent, serving over 70,000 meals a day. 21 percent of food purchased by THAI catering is imported. For contract catering caterers, the target clients are customers at private workplaces, employee restaurants, and executive diners. These clients include local, national and international organizations, military services, hotels, hospitals, and office buildings. Many of these establishments also have cafeterias and food courts for their staff and customers. Approximately 10 percent of catering service menus use imported products such as frozen potatoes, beef, salmon, sauces and seasonings, cheese, butter, dried fruits, nuts, fresh fruits and vegetables, turkey, and a variety of beverages. Some restaurants also provide outside food catering services and snack boxes for corporate events.

On average, the entire HRI sector sources about 30-35 percent of their food products through imports. The United States has an approximately 20 percent share of this market. U.S. beef, seafood, cheese, frozen potatoes, seasonings, fresh fruits, dried fruits, nuts, bakery filling, fruit juices, juice concentrate, wine, and craft beer are well known by this sector.

Advantages and challenges facing U.S. products in Thailand

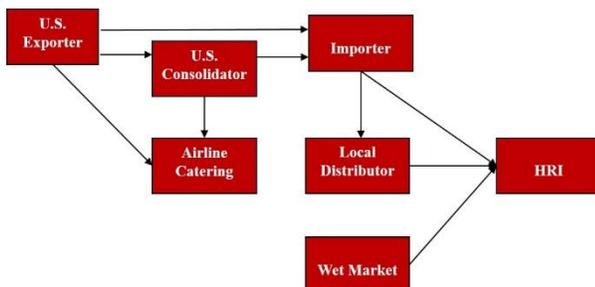
Advantages	Challenges
Excellent opportunities exist for U.S. products targeting niche markets. Thais are increasingly dining out and demanding healthier meal options.	The bilateral free trade agreement between Thailand and other countries (i.e. China, Australia, and India) makes U.S. products less competitive due to higher tariffs.
Thais in urban areas (54 percent of the population) increasingly spend more on imported food items and changing their habits to eat more western style foods.	U.S. products are not always price-competitive compared to imports from other Asian countries due to high tariffs, shipping costs, and transit times.
Local Thai consumers view U.S.-origin products as high quality and safe.	Thai government's policies and actions try to increase demand for local Thai products.
A wide range of restaurants and menus to meet demands of tourists requires a wide variety of products.	Market penetration for imported products is mostly concentrated in Bangkok and other major tourist-destination provinces.
Restaurants are offering more niche products to appeal to consumers with higher incomes by offering premium products.	Local manufacturers have lower production costs and can quickly adjust their products to match changes in consumer behavior.

Top Food Shows in Thailand



World of Food Asia 2019 Date: May 28-June 1, 2019 Venue: IMPACT Arena, Exhibition and Convention Center Web Site: www.worldoffoodasia.com	Food & Hotel Thailand (FHT) 2019 Date: September 4-7, 2019 Venue: BITEC, Bangkok Web Site: www.foodhotelthailand.com
--	---

SECTION II: ROAD MAP FOR MARKET ENTRY



Direct contact with local food service importers is the best entry strategy for U.S. exporters. Hotels and resorts do not import food directly in volumes to be attractive to U.S. exporters and typically use food service importers. Restaurants such as fast food chains or family style restaurants also order and purchase imported food from food service companies or from their affiliated companies who act as their distributors. Five star hotels and resorts are the heaviest users of

U.S. products. International

restaurants located in Bangkok, Chiang Mai, Hua-Hin, Samui Island, and Phuket are other potential markets for U.S. exporters. Direct contact with catering services is also recommended. FAS Bangkok can provide a list of importers to U.S. companies upon request.

SECTION III: COMPETITION

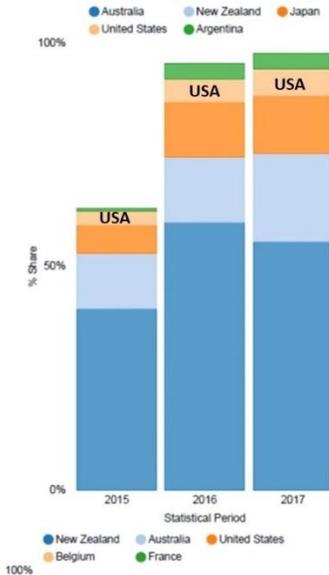
U.S. agricultural exports to Thailand has encountered fierce competition from not only local Thai produced products but also imported products from countries that have a free trade agreements with Thailand such as China, Australia, New Zealand, Japan, Chile, and South Korea. However, HRI business operators are confident in U.S. products' quality and consistency supply.

Beef and Beef Products



Value: U.S. \$4.44 million
Market Share: 4.8 percent
Change from 2016: +34 percent

- Major Suppliers:**
- Australia 48.8 percent
 - New Zealand 18.4 percent
 - Argentina 11.2 percent

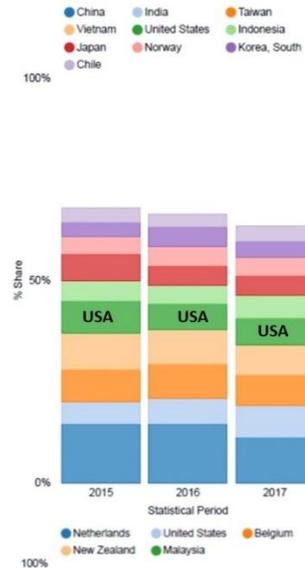


Fish and Seafood



Value: U.S. \$229.0 million
Market Share: 6.6 percent
Change from 2016: +18.8 percent

- Major Suppliers:**
- China 11.2 percent
 - India 7.8 percent
 - Taiwan 7.6 percent

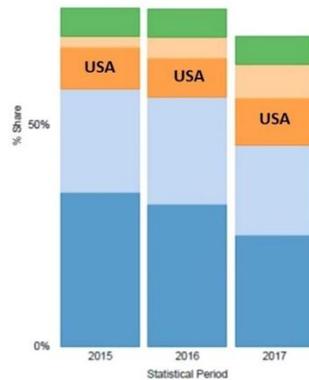


Cheese



Value: U.S. \$8.15 million
Market Share: 10.8 percent
Change from 2016: +40 percent

- Major Suppliers:**
- New Zealand 25.3 percent
 - Australia 20.2 percent
 - Belgium 7.5 percent



Frozen Potato



Value: U.S. \$15.4 million
Market Share: 27.9 percent
Change from 2016: -16 percent

- Major Suppliers:**
- Netherlands 33.7 percent
 - Belgium 14.0 percent
 - New Zealand 11.8 percent

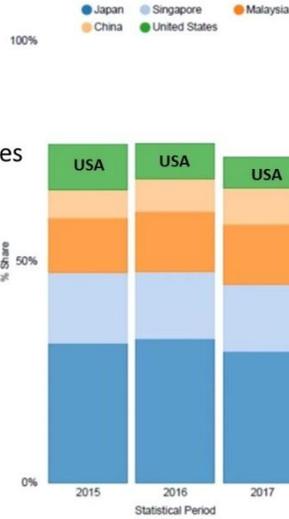


Condiments and Sauces



Value: U.S. \$5.2 million
Market Share: 7.1 percent
Change from 2016: -5.7 percent

- Major Suppliers:**
- Japan 29.6 percent
 - Singapore 15.2 percent
 - Malaysia 13.6 percent

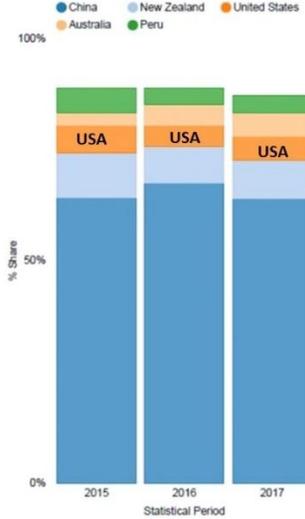


Fresh Fruits



Value: U.S. \$33.0 million
Market Share: 5.5 percent
Change from 2016: -0.3 percent

- Major Suppliers:**
- China 64.0 percent
 - New Zealand 8.5 percent
 - Australia 4.5 percent

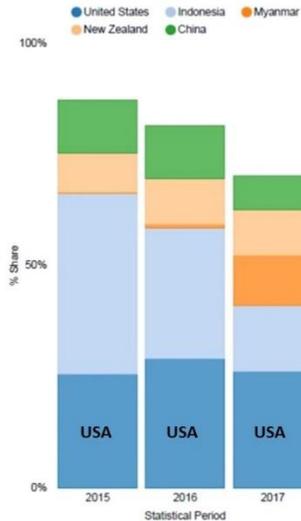


Dried Fruits



Value: U.S. \$10.2 million
Market Share: 26.2 percent
Change from 2016: -1.4 percent

- Major Suppliers:**
- Indonesia 14.7 percent
 - Myanmar 11.4 percent
 - New Zealand 10.2 percent



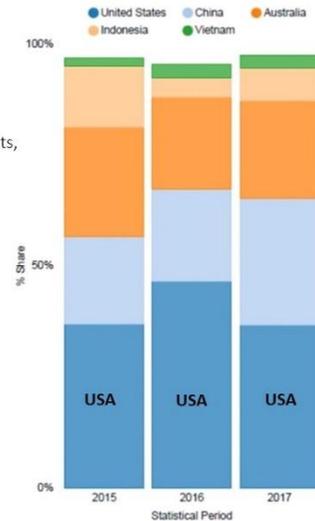
Nuts

(Almonds, Pistachios, Walnuts, Hazelnuts, and Macadamia)



Value: U.S. \$19.1 million
Market Share: 36.7 percent
Change from 2016: -40.8 percent

- Major Suppliers:**
- China 28.6 percent
 - Australia 22.0 percent
 - Indonesia 7.4 percent



Fruit and Vegetable Juices



Value: U.S. \$8.1 million
Market Share: 11.8 percent
Change from 2016: -10.2 percent

- Major Suppliers:**
- Israel 29.2 percent
 - China 12.9 percent
 - Philippines 6.2 percent

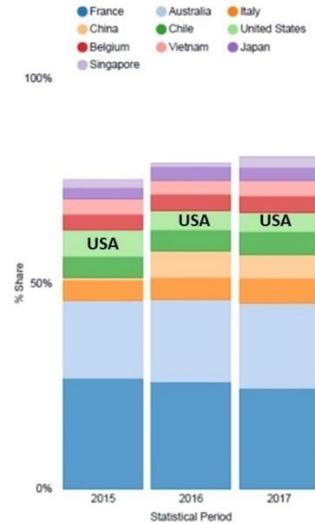


Wine and Beer



Value: U.S. \$4.0 million
Market Share: 4.7 percent
Change from 2016: +7.1 percent

- Major Suppliers:**
- France 24.4 percent
 - Australia 20.8 percent
 - Italy 6.0 percent



SECTION IV: BEST MARKET PROSPECTS

Best market prospects for U.S. suppliers include:

- Meat: frozen and chilled beef, processed meats (ham, sausage, deli meats);
- Potatoes: frozen American Fries with variety cuts;
- Fresh and frozen seafood such as fish fillets, scallops, lobster, mussels, oysters, salmon, halibut, cod fish, Alaska king crab, etc;
- Dairy products: cheese, processed cheese, whipped topping, sour cream, ice-cream, dips;
- American spices and seasonings;
- Bakery and baking products: flour, biscuits, pancake mixes, waffles, cookies, muffins, cakes, frosting and icings, and puff pastries;
- Beverages: fruit and vegetable juices, wine, liquor, whisky, craft beer, cocktail mixes, mineral water, healthy beverages, and mineral water;
- Canned foods: soup, fruit and vegetables;
- Condiments: bacon bits & toppings, barbecue and cocktail sauce, dips, hot sauce/pepper sauce, mayonnaise, mustard, olives, salsa and taco sauce, pickles, steak sauce, syrups, salad dressing, and vinegar.
- Fresh fruit and vegetables (organic and specialty vegetables, apples, grapes, cherries, kiwi fruit, blueberries, grapefruit, oranges). Jams, jellies, and spreads.

SECTION V: POST CONTACT AND FURTHER INFORMATION

The Foreign Agricultural Service in Bangkok maintains up-to-date information covering food and agricultural import opportunities in Thailand and would be pleased to assist in facilitating U.S. exports and entry to the Thai market. Questions or comments regarding this report should be directed to the Foreign Agricultural Service in Bangkok at the following local or U.S. mailing address:

Local:

Office of Agricultural Affairs
U.S. Embassy
120-122, Wireless Road
Bangkok 10330
Tel. +662-205-5106
Fax. +662-255-2907
Email: Agbangkok@fas.usda.gov
Web site: www.fas.usda.gov

U.S. Mail:

Office of Agricultural Affairs
U.S. Embassy, Box 41
APO AP 96546

End of Report.