

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Thailand

Retail Foods

Retail Sector

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Report Highlights:

Thailand's retail food sector continues to expand, driven by strong economic growth, private investment, and government spending. Thailand is a competitive market for food and beverage products. However, there is good sales potential for a number of products including food preparation ingredients, whey, frozen potatoes, apples, milk and cream, pet food, and raisins.

Post:

Bangkok

Post: Market Fact Sheet: Thailand

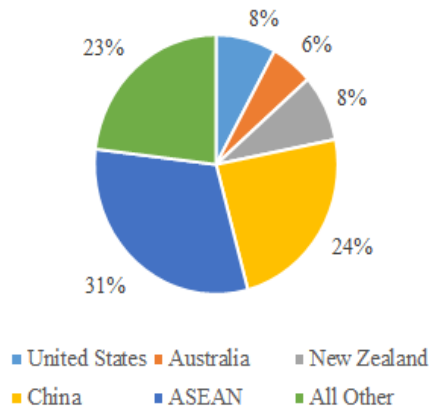
Executive Summary

Driven by a growing younger generation and increasing wealth, the consumption of premium foods/beverages, internet retailing, and eating out have risen. The recent surge of tourism has helped propagate growth and provides an additional sales source for exporters. Understanding the fluidity and diversity of the Thai economy is a necessary precursor to success in exporting commodities to Thailand.

Imports of Consumer-Oriented Products

In 2018, Thailand imported consumer-oriented products worth U.S. \$5.24 billion.

Thailand's Imports of Consumer-Oriented Products in 2018



Food Retail Sector

Top Growth Products in Host Country

1. Soy Sauce
2. Fish Sauce
3. Pasteurized Milk
4. Frozen and Chilled Chicken Meat

Top Host Country Retailers

Thailand's food processing industry has developed rapidly and is one of the most developed in South East Asia with more than 10,000 food and beverage processing factories.

GDP/Population

Population (*millions*): 69.18
GDP in 2018 (*billion USD*): U.S. \$505.24

Economic Growth

The Bank of Thailand reports that Thailand's economy grew at 4.1 percent in 2018, and forecasts economic growth between 3.5 to 4.5 percent in 2019.

Food Processing Industry

Data and Information Sources:
Global Trade Atlas (GTA)

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In 2018, total retail sales in Thailand grew by 4.1 percent. The average annual growth rate of the retail sector is estimated by the Retail Association of Thailand (RAT) to be approximately 4.1 percent. Relatedly, the number of retail outlets is expected to grow. Consumers have capitalized on the convenience of buying food more often. The growth of the sector has been supported by the fact that consumers have performed well, with sales growing by 5 percent over the past year.

I. Market Summary

Projection for 2019 ^{1/}

	Actual Data		Projection for 2019	
	2017	2018	Nov 19, 2018	Feb 18, 2019
GDP (at current prices: Bil. Bht)	15,452.0	16,316.4	17,330.1	17,197.5
GDP per capita (Bht per year)	228,398.4	240,544.9	254,891.8	252,941.6
GDP (at current prices: Bil. USD)	455.3	505.2	525.2	537.4
GDP per capita (USD per year)	6,729.8	7,447.2	7,724.0	7,904.4
GDP Growth (CVM, %)	4.0	4.1	3.5 – 4.5	3.5 – 4.5
Investment (CVM, %) ^{2/}	1.8	3.8	5.1	5.1
Private (CVM, %)	2.9	3.9	4.7	4.7
Public (CVM, %)	-1.2	3.3	6.2	6.2
Private Consumption (CVM, %)	3.0	4.6	4.2	4.2
Government Consumption (CVM, %)	0.1	1.8	2.2	2.2
Export volume of goods & services (%)	5.4	4.2	3.9	3.9
Export value of goods (Bil. USD)	235.3	253.4	263.8	263.8
Growth rate (%) ^{3/}	9.8	7.7	4.6	4.1
Growth rate (Volume, %) ^{3/}	6.0	4.2	3.1	3.1
Import volume of goods & services (%)	6.2	8.6	4.2	4.3
Import value of goods (Bil. USD)	201.1	229.8	248.9	243.8
Growth rate (%) ^{3/}	13.2	14.3	6.5	6.1
Growth rate (Volume, %) ^{3/}	7.2	8.2	4.5	4.6
Trade balance (Bil. USD)	34.2	23.6	14.9	20.0
Current account balance (Bil. USD)	50.2	37.7	30.7	33.5
Current account to GDP (%)	11.0	7.4	5.8	6.2
Inflation (%)				
CPI	0.7	1.1	0.7 – 1.7	0.5 – 1.5
GDP Deflator	2.1	1.4	1.5 – 2.5	0.9 – 1.9

Source: Office of the National Economic and Social Development Council, 18th February 2019

Note: ^{1/} Data was calculated based on new National Accounts Office's Series, published on www.nesdb.go.th

^{2/} Investment means Gross Fixed Capital Formation

^{3/} Export and import base on the Bank of Thailand's data.

According to the Bank of Thailand, Thailand's economy grew by 4.1 percent in 2018, and is expected to grow between 3.6 to 4.5 percent in 2019. Thai economic growth is driven by government spending, increased consumption, and private investment. The number of tourists reach 38.2 million in 2018, a 7.5 percent increase from 2017. In 2019, income from tourism is expected to reach U.S. \$71 billion or around 7.5 percent of GDP.

The Thai Retail Association predicts that sales in the retail sector will grow by approximately 4 to 6 percent from 2019 to 2020. Factors stimulating Thai consumer spending include rising incomes, growing exports (including processed agricultural products), and strong government spending on domestic projects and continued expansion of the tourism sector.

In 2018, grocery retail accounted for approximately 63.5 percent of total retail

sales. Independent small grocers such as 'mom & pop' stores remain popular despite the growing the number of convenience stores. Products sold in traditional 'mom and pop' stores in Thailand include traditional foods and snacks, confectionaries, beverages, and other food items produced either domestically or in neighboring Asian countries. Changes in Thai household structure has led to changes in how Thais eat with rising demand for convenient ready-to-eat meals, healthy food products, and food delivery.

Table 1: Advantages and Challenges Facing U.S. Products in Thailand

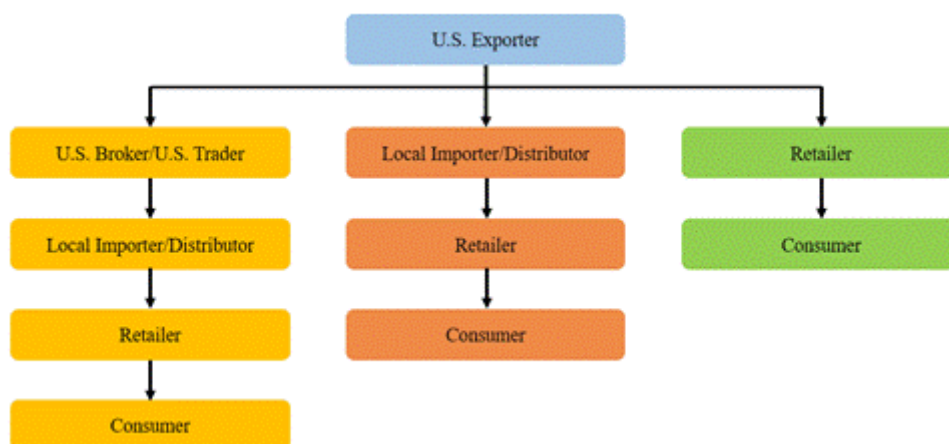
Advantages	Challenges
U.S. exporters are able to provide a variety of high-quality agricultural products ranging from fresh to processed foods.	U.S. products are generally less price competitive than similar products from countries that have Free Trade Agreements (FTA) with Thailand, such as Australia, New Zealand, China, Peru, Chile, India, Korea, and Japan.
U.S. food safety is highly regarded. FDA norms are being used as a reference by Thai government health authorities to enforce more efficient regulations to	Lack of local interagency communication/coordination causes interruptions in trade, as new regulations are imposed on imports without prior notification.

safeguard consumers.	
The growing tourism industry is fueling demand for U.S. products such as seafood, beef, wine, whiskey, and beer.	Substitutes for American imports can produced locally frequently at lower cost. High import tariffs on some consumer food and beverage products make it easy to replace U.S. imports with locally produced items
Health conscious consumers create new opportunities for U.S. exporters particularly those who have products marketed as sustainable, containing all-natural ingredients, or have other marketable health features.	High marketing costs (advertising, discounts, promotions, sampling, etc.) are necessary to promote new market products.
The increasing number of elderly in Thailand means that by 2021, 14 percent of the Thai population will be over the age of 65. Many Thai elderly have disposable income to spend on high-quality premium products.	Due to limited information, Thai consumers are often reluctant to purchase foreign products from unknown brands.

II. Road Map for Market Entry

There are three different channels for import food products in Thailand.

Distribution Channels and Map for Market Entry



Food importers in Thailand are constantly looking for new varieties of foreign products that can compete with domestic products. To penetrate the retail food sector, it is often best for U.S. exporters to partner with importers/distributors willing to introduce products to major retailers. Promotional activities, point of sales (POS), and product sampling events are important tools to promote food and beverage products in the Thai retail food market. In addition, advertising through social media, newspapers, radio, television, celebrity endorsements, and bloggers is recommended.

Supermarkets such as Central Food Retail and Villa Market have their own import divisions, whereas hypermarkets like Tesco Lotus only import company branded products. Siam Makro (cash & carry)

also sources and imports food and beverages products worldwide. Food products imported to Thailand are inspected by Thai government agencies such as the Food and Drug Administration (FDA), the Ministry of Public Health, the Department of Livestock (DLD), the Thai Excise Department, the Ministry of Finance, and the Department of Agriculture. U.S. exporters should refer to Thailand’s regulations on food and beverage products to prepare documents required by Thai government agencies from GAIN Reports, which include the [Food and Agricultural Import Regulations and Standard – Narrative](#) and [Certification](#). Furthermore, food and beverage importers are encouraged to attend or participate in international food showcases to source new products, to create networks with exporters, and to learn more about new food trends:

World of Food Asia (ThaiFex)

Date: May or June

Venue: IMPACT Arena, Exhibition and Convention Center

Web Site: www.thaifexworldoffoodasia.com



Food & Hotel Thailand (FHT)

Date: September

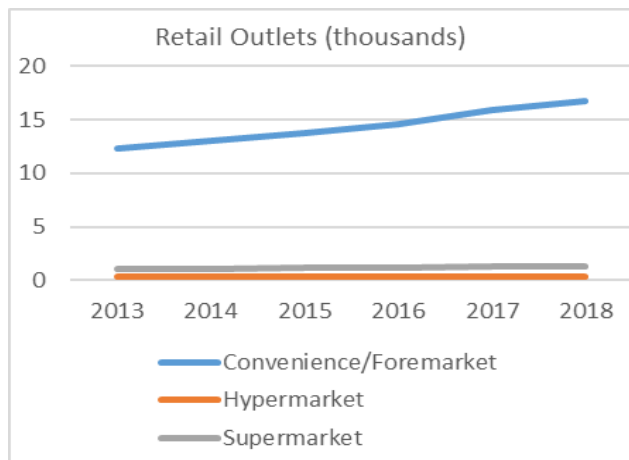
Venue: BITEC, Bangkok

Web Site: www.foodhotelthailand.com



Market Structure

Modern Grocery Retail Outlets in Thailand



Convenience Stores: This sector has experienced high growth particularly when compared to more traditional retailers. Competition in this sector is high as Thailand has a total of 17,205 stores nationwide; with 954 stores opening in 2018 alone. Demand for convenient, inexpensive, and time-efficient foods has increased significantly due to changes in Thai society. Convenience stores serve ready-to-eat meals, coffee, beverages, baked goods, a variety of snacks, and other confectionaries. Food and beverage products account for approximately 75 percent of all products sold in convenience stores. On average, in 2018, over 12 million customers per

day shopped at a convenience store. One recent trend in Thailand is that the division between convenience stores and supermarkets has been blurring with chains offering deluxe convenience stores with greater offerings and mini supermarkets with a limited variety of items.

Supermarkets: There are over 1,200 supermarkets in Thailand, as of 2018. Supermarkets are highly competitive and concentrated in the Bangkok metropolitan area and in major provincial centers such as Chiang Mai, Phuket, Chonburi, and Nakorn Rachasima. The supermarket sector targets middle to high

income Thai consumers and foreigners. Products for sale includes local and imported food, fruits, vegetables, seafood, beverages, and organic products. Frequently, supermarkets have in-store restaurants as well. This allows them to promote meat and seafood products in their frozen/chilled form, prepared in restaurant menus, or prepared in take-home meals.

Hyper Market/ Cash & Carry: Hypermarkets and ‘cash & carry’ establishments present excellent opportunities for U.S. exporters of consumer food and beverage products. Due to limited space and high land prices in the Bangkok metropolitan area, new outlets have expanded to other provinces focusing on large growing provincial cities. Hypermarkets/cash & carry operators are also diversifying their store formats to smaller-scale retail stores including mini-supermarkets, express stores, and convenience stores.

Internet Retailing: In 2018, the total value of internet-retailing was U.S. \$2.45 billion, a 17 percent increase from 2017, and is forecast to reach U.S. \$5.78 billion by 2023. Retailers such as [Tops](#), [Tesco Lotus](#), and [Big C](#) operate their own websites for consumers to purchase products to be delivered the same day, the next day, or to be collected from select stores. Customers can also order grocery products from online providers, such as [Honestbee](#), and [HappyFresh](#), which both promise to deliver food products within a few hours.

Key Players and Outlets

Convenience Store:

Thailand: Leading Convenience Players and Outlets					
Convenience	Company Name	2015	2016	2017	2018
7-Eleven	CP All PCL	8,832	9,542	10,442	10,988
Tesco Lotus Express	Ek-Chai Distribution System Co	1,465	1,519	1,559	1,607
Mini Big C	Big C Supercenter PCL	391	465	605	800
Family Mart	Central Group	1,109	1,138	1,132	1,008
<i>Source: Krungsri Research, Euromonitor International, USDA Foreign Agricultural Service, Bangkok, Thailand</i>					

The leading convenience store chain is 7-Eleven, which accounts for 64 percent of the 17,205 convenience stores in Thailand. Most food and beverage products sold in 7-eleven stores are sourced locally by the CP food group.

Supermarket:

Thailand: Leading Supermarket Players and Outlets					
Supermarket	Company Name	2015	2016	2017	2018
Tops Market	Central Group	85	93	108	113
Central Food Hall	Central Group	8	8	8	10
Gourmet Market/Home Freshmart	Mall Group	18	20	20	20
Foodland	Foodland Supermarket	18	20	21	23
Villa Market	Villa Market	33	34	34	34

UFM Supermarket	Fuji Citi and Metro Group	4	4	4	4
Rimping Supermarket	Tantraphan Supermarket	9	9	9	10
<i>Source: Krungsri Research, Euromonitor International, USDA Foreign Agricultural Service, Bangkok, Thailand</i>					

The supermarket business in Thailand is driven by six major competitors: Central Food Retail (Central Food Hall and Tops Market), The Mall Group (Home Fresh Mart and Gourmet Market), Foodland Supermarket, Villa Market, UFM Fuji, and Rimping Supermarket.

Hypermarket/ Superstore/ Cash & Carry:

Thailand: Hypermarket/Super Store/Cash and Carry Key Players and Outlets					
Hypermarket	Company Name	2015	2016	2017	2018
Tesco Lotus hypermarket	Ek-Chai Distribution System Co	180	190	193	205
Big C Hypermarket	Big C Supercenter PCL	125	136	140	153
Siam Makro (Cash and Carry)	CP All PCL	95	108	123	129
<i>Source: Krungsri Research, Euromonitor International, USDA Foreign Agriculture Service - Bangkok, Thailand</i>					

The largest two hypermarkets are Tesco Lotus and Big C. Both hypermarkets offer a wide range of premium products including a wide selection of imported foods in stores targeting middle and high-income customers. Siam Makro also has its own import division, which delivers frozen imported and local food products such as American fries, cheese, and frozen seafood from Thailand by cold storage trucks to Siam Makro outlets in Cambodia.

III. Competition

U.S. food products face strong competition from similar products sourced from countries that have Free Trade Agreements (FTA) with Thailand, such as Australia, New Zealand, Japan, Korea, Peru, and India. Although the U.S. food industry has a good reputation in regards to manufacturing high-quality products, high import taxes and marketing costs limit the supply of U.S. products imported by local retailers.

Table 2: Overall Competitive Situation for Consumer-Oriented Products

Products	Total Imports			Direct Imports from the U.S.			Share of U.S.		Major Competitors 2018
	2017	2018	% Growth 2017 vs 2018	2017	2018	% Growth 2017 vs 2018	2017	2018	
Beef&BeefProducts (0201, 0202, 021020, 160250)	74,397,726	85,455,978	15%	4,442,475	6,846,895	54%	6%	8%	Australia (56%) New Zealand (16%) Japan (15%)
Cheese and curd (040610, 040620, 040630, 040640, 040690)	75,454,658	89,612,070	19%	8,148,941	6,505,040	-20%	11%	7%	New Zealand (29%) Australia (24%) U.S.A. (7%)
Coffee, roasted and extracts (090121, 090122, 090140, 090190, 210110, 210111, 210112, 210130)	109,773,171	115,867,011	6%	2,539,916	2,838,297	12%	2%	2%	Malaysia (55%) Vietnam (13%) Indonesia, Laos (7%)
Dairy products (excl. cheese) (0401, 0402, 0403, 0404, 0405, 210500, 350110, 350190, 350220, 350710)	582,898,090	604,233,829	4%	30,141,031	24,789,173	-18%	5%	4%	New Zealand (48%) Australia (13%) France (6%)
Raisin (080620)	12,439,499	14,475,718	16%	8,774,636	6,218,819	-29%	71%	43%	U.S.A. (43%) Chile (20%) Iran (17%)
Fruits, fresh/dried (0803 - 0810)	620,211,805	605,542,553	-2%	41,990,271	38,918,320	-7%	7%	6%	China (60%) New Zealand (8%) U.S.A. (6%)
Fruit vegetable juices (2009)	68,781,424	71,131,536	3%	8,100,200	8,117,340	0%	12%	11%	Israel (29%) China, U.S.A. (11%) Turkey (8%)
Frozen potatoes (071010, 200410)	55,321,727	67,812,373	23%	15,432,710	18,171,984	18%	28%	27%	Netherlands (35%) U.S.A. (27%) Belgium (12%)
Snack food (excl. nuts) (10059010000, 1704, 1806, 1905, 200520, 210690)	1,003,988,626	1,071,727,393	7%	18,717,038	197,552,405	955%	2%	18%	U.S.A. (18%) Malaysia, Singapore (14%) Indonesia (10%)
Tree Nuts, fresh/dried/process (0801-0802, 200811, 200819)	336,399,876	260,900,710	-22%	21,575,092	42,422,183	97%	6%	16%	Vietnam (35%) Indonesia (20%) U.S.A., China (16%)
Turkey meat (020724 - 020727, 160231)	1,432,677	1,863,394	30%	500,241	723,202	45%	35%	39%	France (40%) U.S.A. (39%) Australia (13%)
Wines and Sparkling wines (2204)	49,184,641	72,300,570	47%	3,613,069	6,579,240	82%	7%	9%	France (42%) Australia (27%) U.S.A. (9%)
Whiskies (220830)	112,015,554	129,429,604	16%	5,253,798	6,096,350	16%	5%	5%	U.K. (90%) U.S.A. (5%) Japan (1%)
Beer (220300)	15,294,132	17,398,279	14%	332,526	270,346	-19%	2%	2%	Belgium (24%) Vietnam (18%) Mexico (8%)

IV. Best Product Prospects Categories

Top Consumer-Oriented Products Imported from the World

- Major consumer-oriented products imported by Thailand include apples, dried fruits, nuts, and dairy products.

Top Consumer-Oriented Products Imported from the United States

- Major consumer-oriented products from the United States to Thailand included food preparation ingredients, whey, frozen potatoes, apples, milk and cream, pet food, almond nuts, and raisins.

Products Not Present Because They Face Significant Barriers

- The United States lacks market access for pork meat, beef offals, poultry, raspberries, persimmon, kiwi, pomegranate, and avocados.

Products Present in the Market Which Have Good Sales Potential

- A growing aging population has increased demand for healthy and functional food ingredients including dried fruits, nuts, pulses, plant-based proteins, proteins and amino acids, vitamins, minerals, prebiotics and dietary fiber, probiotics, carotenoids, essential oils, omega-3 and 6 fatty acids. Also growing demand for organic ingredients, gluten free, plant-based ingredients, and protein boost food ingredients.
- Bakery (both premium and mass market) ingredients including wheat flour, bread improver, dough blend, wheat flour, milk and cream, butter, cheese, dried fruits, potato starch, nuts, pastry fillings, sugar, colors & flavors, etc.
- Colors and flavors. These products are used in non-alcohol beverages, ice cream and other dairy products, confectionery products, snack foods, bakery, instant noodles and a wide range of processed meats.
- Sweeteners which are used in non-alcohol beverages and the confectionery industry. Beverage manufacturers are reducing sugar content to minimize the impact from the new excise tax.
- Concentrated fruit juice due to growing demand for new flavors.
- Fish fillets for processed seafood products.

Food and Beverage Trends

- Ready-to-eat meals, healthy and natural foods and snacks, frozen meals, nutritious foods for the elderly, fresh/frozen/processed fish and seafood, halal foods. The growth in the millennial population and rising incomes has pushed greater demand for eating out. Moreover, the millennial generation, in part due to the renaissance of social media, favor experiential foods and beverages. For this reason, specialty United States exports are likely to perform quite well.

Key Contacts 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 comment regarding this report should be directed to the Foreign Agricultural Service in Bangkok at the following addresses:

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End of Report