

Required Report: Required - Public Distribution

Date: July 07,2020

Report Number: TH2020-0091

Report Name: Retail Foods

Country: Thailand

Post: Bangkok

Report Category: Retail Foods

Prepared By: Sukanya Sirikeratikul

Approved By: Eric Mullis

Report Highlights:

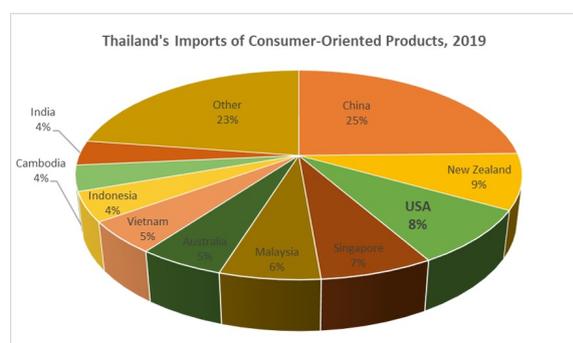
This report gives an overview of Thailand's food retail sector and current market updates. Thailand represents one of the most attractive food and drink markets in the Asia Pacific region. The growth of the Thai retail industry has been largely driven by economic growth, coupled with a growing young, middle-income population with higher disposable incomes and a greater propensity to spend, and a trend towards urbanization. Thailand is good sales potential for a number of products including dairy products, seafood products, packaged foods, fresh fruits, dried fruits and nuts, healthy and functional foods and beverages, etc.

Executive Summary

Thailand represents one of the most attractive food and drink markets in the Asia Pacific region. The country is the Southeast Asia's second largest economy with a Gross Domestic Product (GDP) of U.S. \$ 557 billion (as of February 2020). Thailand is the 16th largest export market for U.S. agricultural and related agricultural products while the United States is the 2nd largest supplier of agricultural and related products to Thailand, with 13 percent of total import market share. The macroeconomic situation and key data about the Thai economy can be found in [Thailand's Exporter Guide Report dated December 27, 2019.](#)

Imports of Consumer-Oriented Products

In 2019, the United States was the 3rd largest supplier of these products to Thailand with exports valued at U.S. \$473 million.



Food Retail Sector:

Prior to COVID-19 pandemic, the Thai Retailers Association reported that Thailand's retail sector in 2019 expanded by 2.8 percent, with a total value of approximately U.S. \$116 billion. The growth of the Thai retail industry has been largely driven by economic growth, coupled with a growing young, middle-income population with higher disposable incomes and a greater propensity to spend, and a trend towards urbanization. The number of food retail outlets continues to grow with over 18,000 convenience store and supermarket locations. Changes in the structure of Thai households and the pandemic have led to changes in how Thais eat with a rising demand for convenient ready-to-eat meals, healthy food products, and food delivery.

Food Processing Industry:

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. In 2019, Thailand's food ingredient imports exceeded U.S. \$2.73 billion. With rising demand for processed foods, Thai food processors must import large quantities of food ingredients that are not locally available.

Quick Facts CY2019

Imports of Consumer-Oriented Products, total:
U.S. \$5.5 billion.

Top 10 Growth Food Products:

- Dairy products
- Fresh vegetables
- Seafood products
- Food preparation
- Fresh fruits
- Bread, pastry, cakes
- Tree nuts
- Wine and beer
- Chilled/frozen beef
- Healthy and functional beverages

Top Host Country Retailers:



Food and Beverage Trends in Thailand for 2019:

health foods (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; and processed seafood.

GDP/Population

Population: 69.18 million
GDP (2019): U.S. \$543.7 billion
GDP per capita (2019): U.S. \$7,996

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

SECTION I – MARKET SUMMARY

Thailand's retail market has experienced slow growth of 3 percent over the past few years, lower than GDP growth. According to the National Economic and Social Development Council's forecast before the pandemic, Thailand's economic growth would be around 1.5-2.5 percent for 2020. However, the overall Thai economy is projected to contract significantly by over seven percent due to the COVID-19 pandemic that resulted in several containment measures severely impacting tourism, hospitality, and exports. Thailand's Tourism and Sports Ministry estimated that tourist arrivals will plunge by 65 percent from 39.8 million in 2019 to 14 million in 2020. The sharp decline of international tourist arrivals has already impacted food retail sales at convenience stores and supermarkets in large tourist cities.

The growth of the Thai retail industry has been largely driven by economic growth, coupled with a growing young, middle-income population with higher disposable incomes and a greater propensity to spend, and a trend towards urbanization. The Thai Retailers Association reported that Thailand's retail sector in 2019 expanded by 2.8 percent, with a total value of approximately U.S. \$116 billion. In 2019, grocery retail accounted for approximately 54 percent of total retail sales. Independent small grocers such as 'mom & pop' stores remain popular despite the growing 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 the structure of Thai households have led to changes in how Thais eat with a rising demand for convenient ready-to-eat meals, healthy food products, and food delivery. In addition, health and wellness food categories have continued to grow in Thailand. Due to increasingly hectic lifestyles, the demand for products that can offer better health, boost wellbeing, manage weight, and increase nourishment is increasing even those that are generally more expensive than normal products.

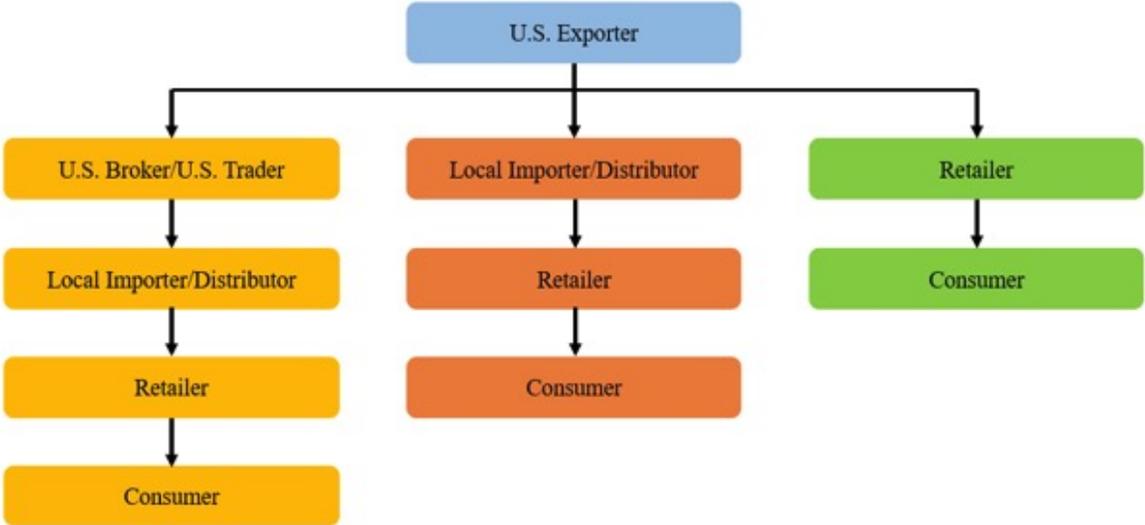
Advantages	Challenges
U.S. exporters are able to provide a variety of high-quality agricultural products ranging from fresh to processed foods.	U.S. products are generally less price competitive than similar products from countries that have Free Trade Agreements (FTA) with Thailand, such as Australia, 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 safeguard consumers.	Lack of local interagency communication/coordination causes interruptions in trade, as new regulations are imposed on imports without prior notification.
The growing tourism industry is fueling demand for U.S. products such as seafood, beef, potato, wine, whiskey, and beer.	Substitutes for American imports can be 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	Due to limited information, Thai consumers are often reluctant to purchase foreign products from

population will be over the age of 65. Many in the Thai elderly population have disposable income to spend on high-quality premium products.	unknown brands.
--	-----------------

Even though the impact of the COVID-19 outbreak on the overall retail industry is high, an estimated contraction of 5-10 percent for the first quarter of 2020, the Thai food retail sector growth is expected to be mild to moderate, with the online food retailing experiencing a fast growth rate. Information on the impact of COVID-19 to the Thai food retail sector is available at

<https://www.fas.usda.gov/data/thailand-impact-covid-19-outbreak-thai-food-retail-and-food-service-sector>. Although the coronavirus situation in Thailand has been well managed and contained, the risk of a second wave of outbreaks still cannot be ignored. The possibility of a second wave of outbreaks is impacting the expansion plans of retailers and is causing uncertainty in the recovery of the tourism industry. Thus, the outlook for Thailand's food retail industry will rely much on the domestic demands over sales generated from tourists and expatriates through the end of the year.

SECTION II. ROAD MAP FOR MARKET ENTRY



Food importers in Thailand are constantly looking for new varieties of imported products to offer to retailers. 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. Offline and online promotional activities, point of sales (POS), and product samplings 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 regulated by Thai government agencies such as the Food and Drug Administration (FDA) of the Ministry of Public Health, the Department of Livestock (DLD) and the Department of Agriculture by the Ministry of Agriculture and Cooperatives, and the Thai Excise Department of the Ministry of Finance. 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:

THAIFEX Anuga Asia

Date: May

Venue: IMPACT Arena, Exhibition and Convention Center

Web Site: <https://thaifex-anuga.com/en/>



Food & Hotel Thailand (FHT)

Date: September

Venue: BITEC, Bangkok

Web Site: www.foodhotelthailand.com



Modern Grocery Retail Outlets in Thailand

Convenience Stores:

This sector has experienced a continuous growth in comparison to traditional retailers. Competition in this sector is high as Thailand has a total of 18,240 stores nationwide, with 1,035 stores opening in 2019 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 and fruits, baked goods, a variety of snacks, desserts, coffee, beverages, and other confectionaries. Food and beverage products account for approximately 71 percent of all products sold in convenience stores. Convenience store operators have also increased healthy food assortments such as ready-to-eat fresh fruits and vegetables, fruit and vegetable juices, functional drinks, low-calorie foods, and healthy snacks to accommodate the need and growth of health conscious and aging customers. On average, in 2019, over 13 million customers per day shopped at a convenience store.

Supermarkets:

Supermarkets are highly competitive and are concentrated in Bangkok and in other major provinces such as Chiang Mai, Phuket, Chonburi, and Nakorn Rachasima. Thailand's supermarket segment has many players including Central Food Retail (Central Food Hall and Tops Supermarket), MaxValu, The Mall Group (Gourmet Market and Home Freshmart), Villa Market, UFM Fuji, and Foodland. The middle to high income consumers remain the key target segment for supermarkets, driven by a desire for premium products and services. Imported food and beverages such as fruits, vegetables, seafood, meat, frozen food, beverages, packaged foods, and organic products are well positioned and recognized by consumers. Most supermarkets now have dine-in counters (in-store restaurants) for customers to shop raw materials at the retail store for cooking and dine in 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 good opportunities for U.S. exporters of fresh and frozen food, and beverage products as well as products that cater to mainstream consumers. Due to limited space and high land cost in the Bangkok metropolitan area, new outlets have expanded to other provinces focusing on large growing provincial cities. Hypermarket operators are also diversifying their store formats to smaller-scale retail stores including mini-supermarkets, express stores, and convenience stores.

On-line Retailing:

Online retail sales are expected to reach U.S. \$49 billion in 2020, up from \$33 billion in 2017, according to the Electronic Transactions Development Agency (ETDA). A rapid growth in smartphone penetration and rising internet penetration has allowed Thais to access the internet at their convenience and at fast speeds. COVID-19 accelerated the growth of online grocery purchases. Nevertheless, online sales revenue accounts for only 10-15 percent of total revenue. Many retailers have utilized omnichannel retailing during the lockdown period. For example, Central Food Retail heavily utilized omnichannel retailing and resulted in an increase of 106 percent food sales in the first quarter of 2020 compared to the same period last year.

Most retailers in Thailand expanded their services from offline to online to meet the new normal of consumer behavior. Examples of retailers that successfully launched their online food (e-commerce) channels are Central Food Retail Co., Ltd (www.tops.co.th), Villa Market (<https://shoponline.villamarket.com/home>), Tesco Lotus (<https://shoponline.tescolotus.com/>), Big C Supercenter (<https://www.bigc.co.th/>), and Siam Makro (www.makroclick.com). These retailers either developed their own delivery service or partnered with a third-party grocery delivery service provider such as Happy Fresh, GrabFresh Application (operated by HappyFresh), LINEMAN Grocery, etc.

Key Players and Outlets

Convenience Store					
Brand	Company Name	2016	2017	2018	2019
7-Eleven	CP All PCL	9,542	10,442	10,988	11,712
Tesco Lotus Express	Ek-Chai Distribution System Co	1,519	1,559	1,607	1,650
Mini Big C	Big C Supercenter PCL	465	605	800	1,016
Family Mart	Central Group	1,138	1,132	1,008	968

Source: USDA Foreign Agricultural Service, Bangkok, Thailand

In 2019, 7-Eleven was still the market leader in this sector with approximately 64 percent of all convenience stores being 7-Elevens, followed by Tesco Lotus Express and Family Mart, which had 9 percent and 6 percent of the total number of convenience stores, respectively. The CP food group sources most food and beverage products sold in 7-Eleven stores locally.

Supermarket					
Brand	Company Name	2016	2017	2018	2019
Tops Market	Central Group	93	108	113	116
Central Food Hall	Central Group	8	8	10	11
Gourmet Market/Home Freshmart	Mall Group	20	20	20	17
Foodland	Foodland Supermarket	20	21	23	22
Villa Market	Villa Market	34	34	34	34
UFM Supermarket	Fuji Citio Co., Ltd. and Metro Group	4	4	4	4
Rimping Supermarket	Tantraphan Supermarket	9	9	10	9

Source: USDA Foreign Agricultural Service, Bangkok, Thailand

Six major competitors drive the supermarket business in Thailand: 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/Super Store/Cash and Carry					
Brand	Company Name	2016	2017	2018	2019
Tesco Lotus Hypermarket	Ek-Chai Distribution System Company	190	193	205	216
Big C Hypermarket	Big C Supercenter PCL	136	140	147	151
Siam Makro (Cash and Carry)	CP All PCL	108	123	129	134

Source: USDA Foreign Agriculture Service - Bangkok, Thailand

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 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.

SECTION 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 China, Australia, New Zealand, Japan, Korea, Peru, Chile, 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.

Overall Competitive Situation for Consumer-Oriented Products

Products	Total Imports (USD)			Imports from the U.S.			Major Competitors 2019
	2018	2019	% Growth	USD	% Growth	% Share	
Beef&Beef Products	85,455,463	87,387,134	2%	7,140,609	4%	8%	Australia (54%) Japan (19%) New Zealand (16%)
Cheese and curd	89,615,445	86,612,754	-3%	7,321,253	13%	8%	Australia (29%) New Zealand (23%) United States (8%)
Coffee, roasted and extracts	115,290,398	116,142,453	1%	2,301,868	-19%	2%	Malaysia (63%) Vietnam (11%) Laos (6%)
Dairy products (excl. cheese)	604,237,058	631,596,589	5%	36,367,382	47%	6%	New Zealand (48%) Australia (10%) France (7%)
Raisin	14,475,717	13,430,362	-7%	4,928,255	-21%	37%	United States (37%) China (19%) Iran (15%)
Fruits, fresh/dried	605,627,299	634,087,082	5%	45,903,831	18%	7%	China (53%) New Zealand (11%) United States (7%)
Fruit vegetable juices	71,108,125	61,497,375	-14%	6,694,889	-18%	11%	Israel (29%) China (13%) United States (11%)
Frozen potatoes	67,115,718	77,491,205	15%	15,068,475	-17%	19%	Netherlands (29%) India (24%) United States (19%)
Snack food (excl. nuts)	1,100,552,933	1,302,650,707	18%	226,939,095	15%	17%	United States (17%) Singapore (15%) Malaysia (11%)
Tree Nuts, fresh/dried/process	260,939,057	285,615,529	9%	56,190,133	32%	20%	Vietnam (40%) United States (20%) China (20%)
Turkey meat	2,162,104	1,421,577	-34%	684,398	-5%	48%	United States (48%) France (23%) Australia (16%)
Wines and Sparkling wines	72,294,979	65,410,127	-10%	5,890,143	-11%	9%	France (38%) Australia (25%) Chile (11%)
Whiskies	129,438,373	114,731,460	-11%	4,996,630	-18%	4%	United Kingdom (89%) United States (4%) Japan (2%)
Beer	17,420,787	17,008,792	-2%	412,421	53%	2%	Vietnam (28%) Belgium (22%) Mexico (9%)
Salmon, Pacific, Atlantic, Sockeye (incl. fillets)	295,328,880	309,628,225	5%	50,193,733	16%	16%	Norway (43%) Chile (27%) United States (16%)
Crabs	76,125,337	87,364,178	15%	8,351,367	44%	10%	Bahrain (35%) Pakistan (13%) Myanmar (13%)
Scallops	10,298,480	15,588,583	51%	1,586,746	-20%	10%	Japan (60%) China (27%) United States (10%)
Oysters	7,375,673	7,492,534	2%	309,731	-20%	4%	France (39%) Japan (34%) South Korea (18%)

Source: Trade Data Monitor

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Top Consumer-Oriented Products Imported from the World

- The top consumer-oriented products imported by Thailand include fresh fruits (apples, grapes, oranges, pears, cherries, strawberries, persimmons, kiwi, and avocados), snacks, beef, seafood, dried fruits, nuts, dairy products, and pet food.

Top Consumer-Oriented Products Imported from the United States

- Major consumer-oriented products from the United States to Thailand included almonds, pistachios, walnuts, raisins, food preparation ingredients, whey, milk and cream, frozen potatoes, apples, grapes, cherries, strawberries, cocoa preparations, beef, seafood, wines, and pet food.

Products Not Present Because They Face Significant Barriers

- The United States lacks market access for pork meat, beef offals, poultry, raspberries, persimmon, 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.
- A growing number of health and beauty-conscious consumers and sport enthusiasts has increased demand of health and wellness foods including fresh fruits and vegetables, herbs, protein drinks, functional food and drink products, and other related health products
- Fresh fruits
- Dairy and non-dairy beverages
- Meat and seafood products
- 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.
- Snack foods

Food and Beverage Trends

- Ready-to-eat meals, healthy, natural foods and snacks, frozen meals, nutritious foods for the elderly, fresh/frozen/processed fish and seafood, halal foods, and functional drinks. The growth in the millennial population and rising incomes have 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 U.S. exports are likely to perform quite well.

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

U.S. Department of Agriculture
Office of Agricultural Affairs
U.S. Embassy
Bangkok Thailand 10330
Tel: + 662 205-5106
Fax: +662 255-2907
Email: agbangkok@fas.usda.gov
Website: www.fas.usda.gov

FAS Bangkok publishes numerous market and commodity reports, which are available through the Global Agricultural Information Network (GAIN) reporting system (<https://gain.fas.usda.gov>).

End of Report.

Attachments:

No Attachments