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Thailand

Food Service - Hotel Restaurant Institutional

2017

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

SECTION I: MARKET SUMMARY

Market Overview

Thailand, with its 198,114 square miles, is situated in the heart of Southeast Asia. Thailand borders Laos in the north and northeast, Burma in the north and west, the Andaman Sea in the west, Cambodia and the Gulf of Thailand in the east, and Malaysia in the south. Thailand has a population of about 66 million people. Most of the medium and high-income Thais live in major cities, including Bangkok, Phuket, Chiang Mai, Pattaya, Chonburi, Khon Kaen, Nakorn Ratchasima, Nakornsawan, Petchaburi, Ratchaburi, Samui Island, Surat Thani, Ubon Ratchatahni and Udon Thani. About 46 million Thais are between 15-64 years old (70%). Thailand's population is highly literate and well aware of the outside world due to comprehensive schooling, increased overseas studies, international travel, as well as access to the internet and cable TV. Theravada Buddhism is the national religion and is actively practiced by about 95 percent of Thais, with the remainder of the population practicing Islam, Christianity, Hinduism and other faiths. Given the economic importance of the HRI sector in Thailand, opportunities abound for U.S. products

Thailand's Key Economic Projection 2017 and 2018

Thailand's Key Economic Projection 2017 and 2018

	Actual Data		Projection		
			2017		2018
	2015	2016	Aug 21, 2017	Nov 20, 2017	Nov 20, 2017
GDP (at current price: Bil.USD)	399.2	407.1	440.2	448.7	471.4
GDP Growth (at constant price, %)	2.9	3.2	3.5-4.0	3.9	3.6-4.6
Investment (at constant prices, %)	4.4	2.8	3.4	2.0	5.5
Private (at constant prices, %)	-2.2	0.4	2.2	2.2	3.7
Public (at constant prices, %)	29.3	9.9	8.0	1.8	11.8
Private Consumption (at constant prices, %)	2.2	3.1	3.2	3.2	3.1
Public Consumption (at constant prices, %)	3.0	1.7	3.2	2.0	2.7
Export volume of goods&services (%)	0.7	2.1	4.9	6.1	5.3
Export value of goods (Bil.USD)	214.0	214.3	226.3	232.7	244.3
Growth rate (%)	-5.6	0.1	5.7	8.6	5.0
Growth rate (Volume, %)	-1.5	0.5	3.2	5.5	4.0
Import volume of goods&services (%)	-	-1.4	5.6	6.5	5.6
Import value of goods (Bil.USD)	187.2	177.7	197.4	200.8	214.9
Growth rate (%)	-10.6	-5.1	10.7	13.0	7.0
Growth rate (Volume, %)	0.3	-2.5	6.2	7.9	5.5
Trade balance (Bil.USD)	26.8	36.5	28.9	31.9	29.4
Current account balance (Bil.USD)	32.1	48.2	42.5	46.5	38.1
Current account to GDP (%)	8.1	11.9	9.7	10.4	8.1
Inflation (%)					
CPI	-0.9	0.2	0.4-0.9	0.7	0.9-1.9
GDP Deflator	0.6	1.8	1.5-2.5	2.3	2.0-3.0

Source: Office of the National Economic and Social Development Board, 20 November 2017

Thailand imported U.S. $411 million in consumer oriented foods from the United States in 2016, slightly more than the previous year's U.S. $409 million. Thailand's highly competitive hotel, restaurant, and institutional food service (HRI) sector comprises 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. 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. This sector attracts middle to higher income Thais, corporate businessmen, expatriates, and tourists. In 2016, per capita consumer expenditures on hotels and catering were U.S. $572 per person, which accounts for 17 percent of total consumer spending.

Consumer Expenditure on Hotels and Catering 2011-2016						
(m; US$)	2011	2012	2013	2014	2015	2016
Catering	19,411	21,662	25,044	25,554	27,477	27,875
Accommodation	8,078	9,209	10,836	10,385	11,301	11,504
Total Consumer Expenditure on Hotels and Catering	27,489	30,871	35,881	35,939	38,777	39,379
Source: Euromonitor and USDA Foreign Agricultural Service - Bangkok, Thailand						

Tourism Industry

The hotel and restaurant sector expanded by 6.7 percent in the first nine months of 2017 in line with over 29 million number of tourist arrivals to Thailand. Tourism remains one of the primary drivers of economic growth in Thailand and is an increasingly large component of Thailand's GDP. According to the Department of Tourism, in 2016 the tourism sector contributed U.S. $46 billion (11 percent of total GDP) to Thailand's GDP. The World Travel and Tourism Council (WTTC) estimates that tourism directly generated 2.3 million jobs in 2016, accounting for 6.1 percent of Thailand's total workforce. According to the Department of Tourism, the high growth of the hospitality sector was the result of domestic stability, the growth of low cost airlines, and certain government measures to boost tourism. This caused hotel occupancy rates to reach 67 percent in 2016, up from 65.1 percent in 2015.

The hospitality sector is expected to continue to grow with the WTTC estimating that the direct GDP contribution of tourism will reach 14.3 percent by 2027. One factor contributing to the growth of the tourism sector in Thailand is the growth of tourists from other Asian countries. Tourists from China, Laos, and Malaysia grew the fastest in 2016 out of tourists from all countries. Experts anticipate that Bangkok will soon become one of the largest recipients of Chinese tourists in Asia, second to only Tokyo. Additionally, the government's infrastructure plans which include growing mass transit in Bangkok and a high-speed railway connection to China, are also expected to contribute to the sector's growth. Additionally, the continued growth of construction projects particularly those involving new community shopping malls is expected increase the number of available venues for most global restaurant chains.

Number of International Tourists 2012-2016 (visitors in thousands)

Month	2012	2013	2014	2015	2016	% Change 2016/2015
January	1,992	2,318	2,283	2,614	3,001	14.83%
February	1,854	2,367	2,075	2,664	3,089	15.94%
March	1,896	2,322	2,018	2,555	2,949	15.39%
April	1,686	2,058	1,935	2,407	2,643	9.83%
May	1,547	1,944	1,671	2,302	2,477	7.60%
June	1,645	9,062	1,491	2,270	2,433	7.21%
July	1,816	2,149	1,896	2,642	2,946	11.54%
August	1,927	2,356	2,085	2,590	2,874	11.00%
September	1,612	1,995	1,869	2,045	2,408	17.75%
October	1,801	2,055	2,208	2,246	2,256	0.46%
November	2,144	2,378	2,425	2,566	2,454	-4.36%
December	2,435	2,542	2,853	3,024	3,058	1.11%
Total	**22,354**	**26,547**	**24,810**	**29,923**	**32,588**	8.91%

Source: Department of Tourism

Thailand's diverse geography offers a tremendous range of activities for tourists such as diving, sailing, trekking, golfing, cave explorations, and rock climbing. This helps make Thailand one of the most favorite tourist destinations in the world. Spending by international tourists on food and beverage products totaled U.S. $9.59 billion in 2016. Tourists are staying in Thailand an average of 9.56 days, longer than in previous years. Average spending per tourist is approximately 5,237 baht (U.S. $153.91) per day with 20 percent spent on food and drinks, 29 percent on accommodations, 24 percent on shopping, and the rest 27 percent on entertainment, transportation, and sightseeing. The number of tourist arrivals in Thailand is steadily increasing from 14.5 million in 2007 to 32.6 million in 2016. It is estimated that the country will receive about 37 million visitors in 2017, after recording over 29 million arrivals in the first ten months of 2017. Tourists from Asia and Europe make up nearly 90 percent of total tourist arrivals. Thailand is also a popular cruise destination with over 100,000 tourists on cruise visiting the country in 2017. Cost and safety are two important factors luring tourists to Thailand. In addition, convenient and cheaper airfares are helping draw more international tourists.

Number of International Tourists and Revenue Received (2010-2016)

Year	No. of Tourists	% Change	Revenue from Tourism (USD Mil)	% Change
2010	15,936,400	12.63%	18,706	25.71%
2011	19,230,470	20.67%	25,458	36.10%
2012	22,353,903	16.24%	31,655	24.34%
2013	26,546,725	18.76%	39,282	24.10%
2014	24,809,683	-6.54%	36,108	-8.08%
2015	29,923,185	20.61%	42,545	17.82%
2016	32,529,588	8.91%	46,265	8.74%

Source: Department of Tourism

The Thai government continues to implement plans to strengthen the country's infrastructure, including its airports and transportation system. The Tourism Authority of Thailand (TAT) has already unveiled a series of strategies to strengthen the brand image of Thailand and enhance its marketing profile in order to increase tourist arrivals. The rapid expansion of low cost carriers from the private sector could further propel tourism growth and contribute to stronger performances in the coming years.

Country of Nationality	2014		2015		2016	
	Number	Share	Number	Share	Number	Share
East Asia	14,767,849	60%	20,093,929	67%	21,861,353	67%
Europe	6,028,171	24%	5,476,781	18%	6,008,398	18%
The Americas	1,048,911	4%	1,168,832	4%	1,341,473	4%
South Asia	1,213,785	5%	1,374,292	5%	1,405,634	4%
Oceania	943,930	4%	923,886	3%	918,538	3%
Middle East	644,265	3%	720,791	2%	821,458	3%
Africa	162,772	1%	164,674	1%	172,734	1%
Total	**24,809,683**	100%	**29,923,185**	100%	**32,529,588**	100%

Source: Department of Tourism

According to the Ministry of Tourism and Sports, visitors from East Asia made up the largest segment of tourists with nearly 22 million arrivals, representing a 67 percent share of the overall tourism market to Thailand. Europe is the second largest group with 6.0 million visitors, followed by Western Hemisphere and South Asia at about 1 million arrivals each.

Currently, Thailand is one of the key Meetings, Incentives, Conventions and Exhibitions (MICE) destinations in Asia region, competing with Singapore and Hong Kong for the top ranking. In 2016, Thailand welcomed 1.3 million MICE visitors, up 16 percent from the previous year generating a total revenue of U.S. $3 billion. Hotels that support MICE tourists have seen their revenues rise significantly as MICE tourist expenditures on average have 3.5 times higher expenses than average leisure tourists. The MICE market is forecast to continue to expand due to lower costs offered by Thai convention facilities, as well as convenience, efficient transportation infrastructure such as the sky train, subway, and two international airports. Currently, Thailand has five convention and exhibition centers that meet international standards: the Queen Sirikit National Convention Center, BITEC, IMPACT, the Pattaya Exhibition and Convention Hall (PEACH), and the Golden Jubilee Convention Hall in Khon Kaen. Thailand's MICE Venue Standard (TMVS) initiated by The Thailand Convention and Exhibition Bureau (TCEB) was adopted by the exhibition center and hotel operators since 2013 and has been rolled out in five locations nationally, including Bangkok, Pattaya, Phuket, Chiang Mai, and Khon Kaen increasing the competitive advantage Thailand has in this sector. This paves the way for Thailand to become a MICE hub within the region, providing good opportunities for key Thai cities (e.g., Chiang Mai, Khon Kaen, Chonburi and Phuket) to earn more from this niche market. The TCEB's 2018 marketing campaign aims to raise the MICE industry's profile internationally resulting in increased MICE visitors. TCEB expects that in 2018, there will be 1.2 million international MICE visitors, generating U.S. $3.3 billion. This will benefit not only the Thai MICE industry, but also pave the way for the food industry and food imports.

Infrastructure

Thailand is one of Asia's premier aviation hubs with six international airports: Suvarnabhumi, Don Mueang, Chiang Mai, Chiang Rai, Phuket, and Hat Yai. All of Thailand's airports are managed by the Airports of Thailand (AOT). In 2016, international and domestic passengers handled at the six international airports respectively reached 68.42 million and 53.30 million, respectively a total increase of 10.83 percent from the year before. The increasing volume of air traffic and passengers can be attributed to the growth of low cost carriers, the emerging of China market and TAT's proactive policy to promote Thai tourism.

Major Airports' Air Traffic Year 2016

Passengers Volume (persons)

Airports	International	%Change	Domestic	%Change	Total	%Change
Suvarnabhumi	46,050,161	4.14%	9,842,502	13.35%	55,892,663	5.65%
Don Mueang	11,880,300	29.55%	23,323,457	10.36%	35,203,757	16.17%
Chiang Mai	2,095,089	9.81%	7,351,231	13.83%	9,446,320	12.92%
Hat Yai	251,526	7.48%	3,753,139	10.19%	4,004,665	10.02%
Phuket	8,109,306	16.59%	6,997,879	18.52%	15,107,185	17.48%
Chiang Rai	30,985	15.98%	2,029,215	18.06%	2,060,200	16.78%
Total	68,417,367	9.44%	53,297,423	12.67%	121,714,790	10.83%

Aircraft Movements (flights)

Airports	International	%Change	Domestic	%Change	Total	%Change
Suvarnabhumi	258,714	4.50%	77,642	11.74%	336,356	6.08%
Don Mueang	77,399	18.58%	166,897	5.10%	244,296	9.02%
Chiang Mai	17,263	6.98%	51,939	8.87%	69,202	8.39%
Hat Yai	1,946	5.19%	26,151	14.91%	28,097	14.18%
Phuket	48,930	11.21%	48,883	19.92%	97,813	15.40%
Chiang Rai	498	-6.74%	14,092	9.51%	14,590	8.86%
Total	404,750	7.83%	385,604	9.43%	790,354	8.60%

Source: The Airports of Thailand

The development of international airports in Thailand outside of Bangkok, has correspondingly led to investment and construction in other provinces. As a result, the number of hotel rooms in Thailand has increased 26 percent from 541,752 rooms in 2015 to 680,757 rooms in 2016.

Thailand has a coastline of 3,219 kilometers (km), with over 4,000 km of waterways. Major ports include Bangkok, Laem Chabang, Pattani, Phuket, Sattahip, Sriracha and Songkhla. Current commercial ports:

- Klong Toey, or Bangkok Port, can handle approximately 1.5 million Twenty-Foot Equivalent Unit (TEU)/year.
- Laem Chabang handles about 6.9 million TEU/year. Laem Chabang Port is the main deep sea port of Thailand. In July 2017, the Eastern Economic Corridor (EEC) Policy Committee chaired by the Prime Minister approved the expansion of the Laem Chabang Port with the objective if increasing container handling capacity from seven million TEU a year to 18 million TEU. Laem Chabang Port is one of the 10 largest ports in the world.
- Sriracha Harbour Deep Seaport was the first port in Thailand able to accommodate vessels up to 100,000 deadweight (dwt) and is accessible for 95 percent of the year.

Hospitality Industry

Thailand's hospitality sector benefited from the increased number of tourists in 2016. As a result, income generated by this sector reached a record U.S. $46 billion, an 8.77 percent increase from 2015. Growth in the country's tourism sector is expected to continue with over 35 million tourists expected in 2017. For 2018 the Tourism Authority of Thailand (TAT) forecasts revenue of 3.1 trillion baht (U.S. $91 billion) in tourism revenue.

YEAR	2015	2016
Hotel Occupancy Rate (percent)		
Total	65.10	66.99
Central (including Bangkok)	70.40	72.13
South	66.70	68.24
North	54.20	56.99
Northeast	53.80	55.68
Average Room Rate (Baht/room)		
Total	1,205.12	1,470.84
Central (including Bangkok)	1,345.68	1,459.32
South	1,698.90	2,138.65
North	1,032.10	947.79
Northeast	743.78	766.02
Share of Foreign Tourists to Total Guests (percent)		
Total	37.13	30.59
Central (including Bangkok)	43.10	41.74
South	53.48	53.12
North	18.27	17.81
Northeast	2.33	2.24

Source: Bank of Thailand

Thailand has a well-developed hotel industry. The average nationwide occupancy rate for hotels in 2016 was 67 percent an improvement from the 2015 rate of 65 percent. Across regions in Thailand, the central region had the highest occupancy rate with 72 percent. The average international tourist spent 9.6 days in Thailand in 2016, and spent U.S. $154 a day, translating into business receipts of

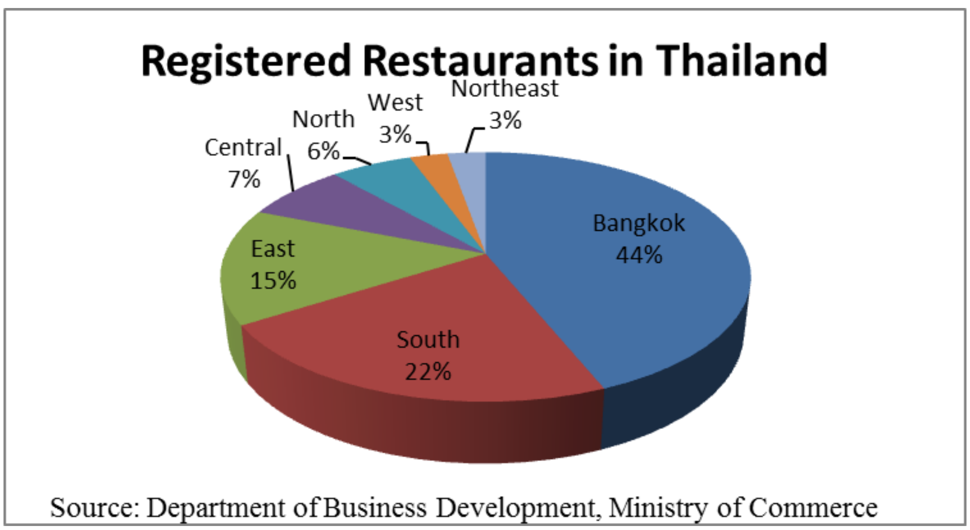
U.S. $46 billion. Expenditure on food and beverages accounted for 20 percent of total tourist expenditures. Strong tourism growth rates have resulted in hotel major investments, especially in the high end segment and high tourist regions such as Bangkok, Phuket, Pattaya, Samui, Chiang Mai, and Hua Hin. Currently, about 20 percent of the hotel rooms in Thailand are operated by international chains. Key players in Thailand's hotel business include Accor, InterContinental, Starwood and Marriott as well as local hotel groups such as Minor International, Centara, and Dusit International. The large number of companies involved means that this sector is very competitive.

Due to the growing presence of leading international hotel chains in the Thai market, existing hotels are readjusting their marketing strategies and focusing 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 It is estimated that the hotel food and beverage market grew at by around 15 percent in 2016.

On average, the entire HRI sector sources about 30-35 percent of their food products through imports. The United States has approximately 20 percent share of this market. U.S. beef, fruits, seafood, cheese, frozen potatoes, seasonings, wine, and craft beer are well known in Thailand's hotel/restaurant trade as well as in the airline-catering sector.

Restaurant Industry

Thailand has over 100,000 restaurant establishments across the country. This continues to grow due to increased spending on dining out by upper-income Thai consumers. According to the National Economic and Social Development Board, Thailand's hotel and restaurant sectors expanded by 6.7 percent in the third quarter of 2017.



The long term outlook for the restaurant industry remains positive owing to increasing urbanization, higher consumer disposable income, and a trend towards eating out. Furthermore, overseas studies, international travel, wider availability of the internet, and the growing use of social media increasingly influences young Thais and urbanites to move away 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. The changing lifestyles and behavior of consumers is leading to innovations and changes in the restaurant business including changes to restaurant setups and the introduction of new food products that are more modern and suitable for the new generation of consumers. Other trends include: expansion of online sales channels and online marketing, using technology in the restaurants to increase sales and to manage customer relationships, and in the introduction of new brands to increase options for customers.

Market Share of Western Casual Dining in Thailand

	2014		2015		2016	
(US$ Million)	**Revenue**	**(%)**	**Revenue**	**(%)**	**Revenue**	**(%)**
Café	175	11%	202	13%	248	14%
Restaurants	638	41%	647	40%	685	38%
Fast Food	582	37%	597	37%	678	38%
Ice Cream & Bakery	177	11%	158	10%	175	10%
Total	1,572	100%	1,604	100%	1,786	100%

Source: Ministry of Commerce and Industry Estimates

The restaurant business is one of the most competitive industries in Thailand where international restaurant chains compete with well-established local restaurants, and other small to medium sized food establishments. Food outlets are located everywhere in Thailand ranging from small carts dotting every street and pathway to five-star restaurants in some of the world's finest hotels. Thus, competition in the restaurant business is based on taste, price, food quality, food type, service, and location. Thailand's restaurants can be divided into three categories as follows:

1. Quick Service Restaurants (QSR) hold about a 10 percent market share of the overall restaurant industry and have become increasingly popular in Thailand, with a projected annual growth rate of 8-10 percent. Patrons of QSRs in Thailand today increasingly are a diverse group including traditional families, office workers, teenagers, and tourists. 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 Starbucks. Currently, QSRs cater primarily to the top one-third of all Thai consumers due to the limited spending power of the remaining two-thirds of the population. It is estimated that the QSR market will grow to reach nearly U.S. $4.6 billion by 2020.

The QSR market is dominated by franchises, which primarily sell chicken, burgers, bakery products, ice cream, and breakfast meals. Examples of QSRs currently operating in Thailand are KFC, McDonalds, the Pizza Company, Burger King, Dairy Queen, A&W, Chester's Grill, Subway, Auntie Anne's, Baskin Robbins, and Swensen's. The QSR sector in Thailand has recently encountered challenges from consumers that perceive fast food products as less nutritious than ordinary Thai food and seek healthier options. Furthermore, the growth of the QSR restaurant segment has been hindered by the expansion of local small and medium enterprise (SMEs) restaurants located in hypermarkets and department stores.

Comparative Market Share in the Thai QSR Market (2016)
(US$ Million)

Revenue	2014		2015		2106	
	Revenue	(%)	Revenue	(%)	Revenue	(%)
Chicken	498.5	15.5%	515.7	15.7%	538.1	15.4%
Burger	186.3	5.8%	199.3	6.1%	210.4	6.0%
Bakery Products	324.1	10.1%	321.5	9.8%	326.9	9.4%
Ice Cream	238.7	7.4%	220.0	6.7%	226.8	6.5%
Convenience Store	1,963.6	60.9%	2,022.3	61.5%	2,180.8	62.4%
Other	10.6	0.3%	11.4	0.3%	11.9	0.3%
Total	3,221.8	100.0%	3,290.2	100.0%	3,494.9	100.0%

Source: Euromonitor

2. International/High-end Restaurants represent about 10 percent of all establishments in the restaurant industry. In Thailand, Japanese restaurants are ranked number one in terms of consumer preference, followed by Italian, Chinese, American, and Vietnamese. According to Euromonitor, the overall market sales of full-service restaurants in 2016 was U.S. $4.8 billion. Revenue of full service chain restaurants currently only accounts for approximately 37 percent of all revenue for this sector, but market share has been gradually growing. This demonstrates the increasing consumer preference for convenience, hygiene, and quality standards found in full service chain restaurants.

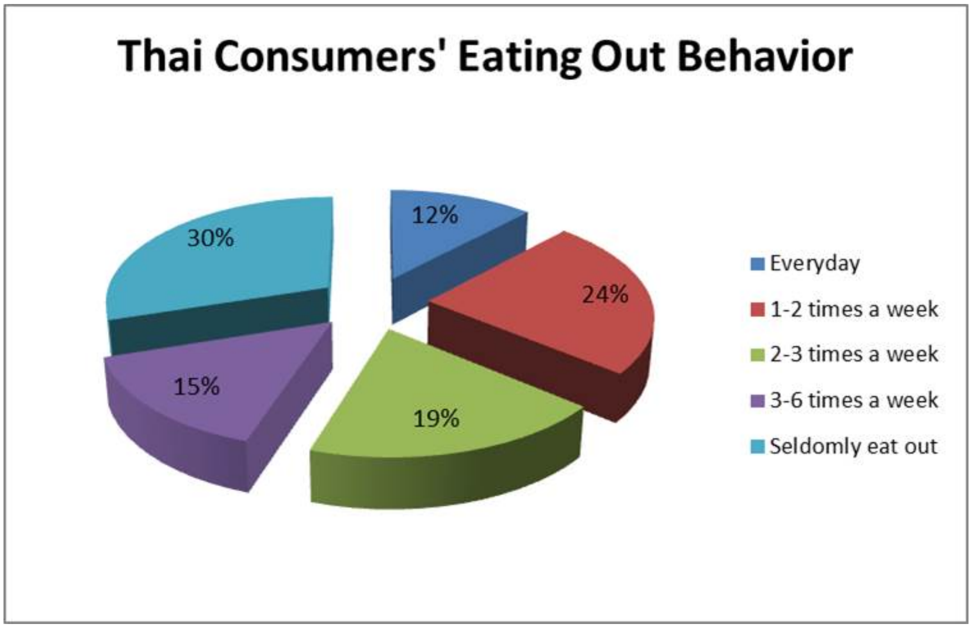
Sales in Full-Service Restaurants 2012-2016 (in $millions)

Full-Service Restaurants	2012	2013	2014	2015	2016
Chained Full-Service Restaurants	1,636.40	1,862.80	1,832.30	1,789.70	1,796.10
Independent Full-Service Restaurants	3,243.40	3,303.30	3,209.70	3,097.80	3,046.80
Total	**4,879.80**	**5,166.20**	**5,041.90**	**4,887.40**	**4,842.90**

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

3. Small Restaurants (SMEs-Small Medium Enterprises) are what most new Thai food-related entrepreneurs start with due to their low initial investment costs. The industry estimates that the market share for this sector is about 80 percent of all restaurants. The Thai marketplace has changed over time with the entry and influence of hypermarkets, especially in small neighborhood shopping centers. Their presence in food courts have also raised standards and increased their market share at the expense of street vendors. For small and medium restaurant business operators, new innovations have been introduced to match different and unique needs for various customer groups. For example, an authentic restaurant targets those preferring an authentic taste; a fusion restaurant for those seeking new experience and excitement; and an organic food restaurant for health-conscious customers. The food delivery operators have played an important role in the business by providing food delivery services, allowing restaurants to respond to customer lifestyles, especially in Bangkok and the surrounding areas.

The increasing popularity of new small restaurants has taken market share away from hotels' food and beverage outlets. As more Thais travel abroad and receive greater exposure to foreign products, they are also exerting significant influence on the food service market in Thailand. For example, Japanese foods (Ramen, shabu, yakiniku and Japanese-style buffet restaurants), Korean foods, burger joints, and BBQ type restaurants are emerging as a popular type of foreign food in Thailand, especially among Thai teenagers. Since Thai consumers generally eat less beef, many burger chains have diversified their menus to include pork, chicken, fish, and vegetables to accommodate local tastes. Changes in food purchasing and consumption patterns have encouraged Thais to eat out more and, as a result, there has been a growth in the overall foodservice market. According to a survey by Nielsen Research, 70 percent of Thais eat out at least once a week.



Traditionally, Thai families enjoy dining out, but most families, especially in the provinces, prefer to cook at home for most meals. Recently, home delivery and takeaway establishments have witnessed a surge in their consumer bases due to their value and convenience, particularly among working professionals. An increase in eating out and patronizing restaurants is especially prominent among the younger Thais as well as working professionals. In order to attract more clientele into their establishments, restaurants are implementing new strategies such as improving food quality and ambience, along with extending menu selections. Furthermore, the use of social media is creating unique opportunities to promote brands and U.S. food products.

Consumer Expenditure on Alcoholic and Non-Alcohollic Beverages 2012-2016					
(m; US$)	2012	2013	2014	2015	2016
Non-Alcoholic Beverages	7,778.70	8,274.70	8,296.10	7,971.30	8,035.30
Coffee, Tea, and Cocoa	1,584.10	1,700.10	1,711.60	1,639.30	1,659.50
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	6,194.60	6,574.60	6,584.50	6,332.00	6,375.80
Alcoholic Beverages	5,614.20	5,609.80	5,512.00	5,404.10	5,419.40
Spirits	2,704.90	2,685.50	2,634.00	2,577.80	2,601.10
Wine	210.30	241.40	267.60	269.90	277.20
Beer	2,699.00	2,682.90	2,610.40	2,556.50	2,541.10
Source: Euromonitor and USDA Foreign Agricultural Service - Bangkok, Thailand					

Technology has also influenced consumers' purchasing behaviors as they can easily access information through mobile phones or computers connected to the internet. Thai consumers, especially those between 20 and 40 years old, are increasingly embracing online shopping. This means that online food delivery services are gaining market share over traditional channels due to their convenience. The online food delivery service sector in Thailand is led by three market players: LineMan, Foodpanda, and Ubereats. In order for restaurants to expand their customer base, most chained restaurants in Thailand have started partnering with food delivery providers or have created their own food delivery division. KResearch projects that the restaurant food delivery business in 2017 could reach U.S. $830 million. Another interesting marketing strategy being employed by Thai restaurants is increased use of social media either to highlight new products of services or to increase awareness of corporate responsibility campaigns.

Catering Service Business

The Thai catering sector has become increasingly concentrated and competitive. Catering businesses range from small to large-scale operations and are organized into four categories: contract caterers (Compass Group, F&B International Co.), airline and exhibition caterers (Thai Airways International Plc., LSG Skychefs, Bangkok Air Catering, BITEC, and Impact Arena), hotels and medium to high-end restaurants, and small local caterers. THAI catering is a leader in the production of food and service to airlines with a market share of over 70 percent, serving over 70,000 flights per year and produces more than 70,000 sets of meals a day. The proportion of raw materials purchased by THAI catering is 79 percent domestic and 21 percent imported raw materials.

Some medium-sized catering businesses import directly usually through better known importers and distributors. The target groups of the contract catering services in Thailand are primarily customers at private workplaces, employee restaurants, and executive diners. These clients include local, national and international organizations, military services, hotels, hospitals, office buildings, and airlines. Hospitals, office buildings, and large factories are also providing more cafeterias and food courts for their staff and customers. These contract-catering services use both local and imported food products, depending upon their customers' requirements. Approximately 10 percent of the catering service menus use imported products such as french fries, beef, salmon, lamb, sauces and seasonings, cheese, fresh fruits and vegetables, seafood, turkey, and a variety of beverages.

SECTION II: MARKET OPPORTUNITIES

- Over the past few years, Thais living in urban areas have become relatively brand conscious, less price-oriented, and their shopping behavior has moved away from the traditional open-air wet markets to modern supermarkets and shopping centers which offer them convenience;
- High growth in the number of hotels, resorts, and other tourist accommodations continues to provide opportunities for the sale of imported food items;
- Hotels and international restaurants play an important role in increasing consumer awareness about U.S. products, which may not be common in retail markets (e.g. certain types of seafood);
- Changing eating habits and Thai lifestyles are fueling the growth in the restaurant sector and consumers are now eating out more frequently;
- The increase in the daily minimum wage have provided more disposable income for Thai consumers to try new restaurants;
- Upper and middle-income groups in Thailand like to spend money on food and outside dining, especially during the holidays. Consumption of imported food products peak during New Year, Christmas, Chinese New Year, and the Thai New Year;
- Continuous increases in the number of health-conscious consumers is leading to higher

demand for health and functional food and drinks;
- Thai consumers view U.S.-origin foods and beverages as high quality and consistent products, for instance: U.S. beef, seafood, frozen fries, dried and fresh fruits, nuts, fruit juice, jams, wines, and other products are always rated by local consumers as one of the best in the world;
- Thailand has long been an attraction for foreign restaurant chains and this requires high quality imported products.

Advantages and challenges facing US products in Thailand

Advantages	Challenges
- Excellent opportunities exist for U.S. products targeting niche markets. Thais increasingly dining out and demanding healthier meal options.	- The bilateral free trade agreement between Thailand and other countries, particularly 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 have become relatively brand conscious and are changing their eating habits to accept more western style foods.	- U.S. exporters don't know much about the Thai market and at the same time strong competition from China, Australia, New Zealand, Japan and other neighboring countries impedes the entry of U.S. products.
- Local Thai consumers view US-origin products as high quality and safe.	- U.S. products are not always price-competitive compared to imports from other Asian countries due to high tariffs, shipping costs and time to Thailand.
- Eating style of Thai people is changing to include more imported food items	- Local manufacturers can improve or change quality of products, tastes or packaging sizes according to changes in consumer behavior and can lower production cost.
- Increase in niche markets with higher incomes and high premium product preferences.	- Lack of continuous promotion of U.S. varieties in Thai market. Exporters need to support market promotion campaigns to attract and build new markets.
- The booming tourism industry is ratcheting up demand for HRI products, especially U.S. beef, seafood, wine, fruits & vegetables, and seasonings, which can be used in American, French, Japanese and other international style restaurants.	- Market penetration for imported products is concentrated in Bangkok and major tourist-destination provinces.
- Reliable supply of U.S. agricultural products and advanced U.S. food processing technology.	- American style mass food products produced locally cost less.
- A wide range of restaurants and menus to meet demands of tourists requires a wide variety of products.	- Thai government's policies and actions try to increase demand for local Thai products.
- Thai importers prefer to deal with reliable	- Very high import tariffs on high value

U.S. suppliers who are able to supply products at competitive prices.	consumer food and beverage products, especially U.S. meat products, wine, whiskies, cherries, peaches, plums, pears, French fries, etc.
- Thailand's beneficial geographical location is viewed as a gateway to the larger Indochina and other Asian markets.	- Lack of trader and consumer awareness of U.S. products, while marketing costs to increase consumer awareness are high.
	-Due to the high import tariffs on U.S. products, most Thai importers have shifted to import less expensive products from other Asian countries, especially Australia, China, Malaysia, Singapore, etc.

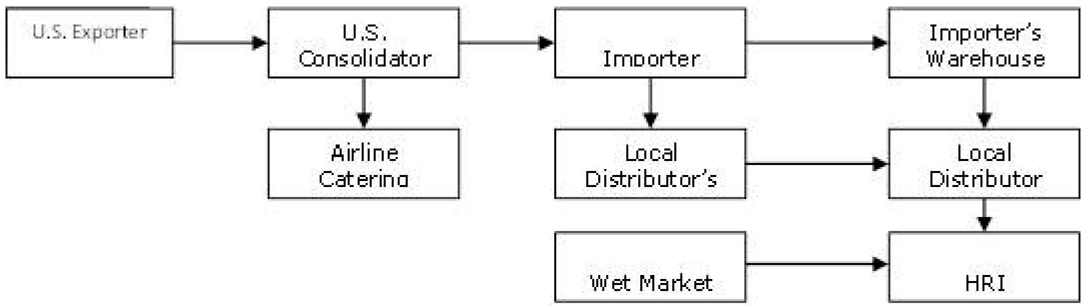
Food Shows in Thailand

World of Food Asia 2018
Date: May 29-June 2, 2018
Venue: IMPACT Arena, Exhibition and Convention Center
Web Site: www.worldoffoodasia.com
Organizer's Contact Information:
INTERNATIONAL SALES
Ms. Lynn How
Koelnmesse Pte Ltd.
Tel: +65 6500 6712
Fax: +65 6294 8403
Email l.how@koelnmesse.com.sg

Food & Hotel Thailand (FHT) 2018
Date: September 5-8, 2018
Venue: BITEC, Bangkok
Web Site: www.foodhotelthailand.com
Organizer's Contact Information:
Bangkok Exhibition Services Ltd (BES)
SPE Tower, 9th Floor 252 Phaholyothin Rd., Samsennai,
Phyathai, Bangkok 10400
Tel. (+66) 02 615 1255 Ex. 111 Fax. (+66) 02 615 2991-3
Contact : Supaporn A. (Goog)
Email: supaporn.a@besallworld.com

SECTION III: 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. It is easier for hotels and resorts to order from food service importers because they specialize in providing high quality U.S. products to the five-star hotel and restaurant industry. 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 food restaurants located in the prime areas of Bangkok, Chiang Mai, Hua-Hin, Samui island, and Phuket island are secondary recommendations for U.S. exporters. Direct contact with catering services is highly recommended for first time market contact.



SECTION IV: BEST MARKET PROSPECTS

Best market prospects for U.S. suppliers include:

- Meat: frozen and chilled beef, poultry, processed meats (ham, sausage, deli meats).
- Potatoes: frozen French Fries, hash browns, shoestrings, etc.
- Fresh and frozen seafood such as fish fillets, scallop, lobster, mussel, oyster, 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, French toast, cookies, muffins, cakes, frosting and icings, and puff pastry.
- Beverage: fruit and vegetable juice, wine, liquor, whisky, beer, cocktail mixes, 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.

Import Statistic of U.S. Products for Food Service Sector 2014-2016 (US$)

No.	Product	2014	2015	2016	%Change
1	Food Preparations Nesoi	132,754,513	146,952,149	159,934,703	8.83%
2	Skipjack Tunas Except Fillets, Livers, Roes, Frozn	147,929,588	84,456,138	98,306,888	16.40%
3	Apples, Fresh	18,144,059	21,638,587	16,592,845	-23.32%
4	Milk and Cream, Cntd,Swt,Powdr, Gran/Solids,Nov 1.5% Fat	37,443,648	21,118,571	10,129,658	-52.03%
5	Almonds, Fresh Or Dried, Shelled	13,685,606	18,704,061	16,612,390	-11.18%
6	Potatoes, Prepared Etc., No Vinegar Etc., Frozen	17,634,645	16,517,087	18,390,947	11.34%
7	Sockeye Salmon, Excl Fillet, Livers & Roes, Frozen	5,259,416	14,563,984	8,823,324	-39.42%
8	Yellowfin Tuna Except Fillets, Liver & Roes Frozen	18,635,499	12,135,414	13,179,462	8.60%
9	Fish Meat, Frozen, Except Steaks And Fillets Nesoi	4,761,826	10,714,985	3,437,874	-67.92%
10	Grapes, Fresh	13,612,649	9,163,377	9,203,217	0.43%
11	Cocoa Preparations, Not In Bulk Form, Nesoi	2,222,268	7,922,762	12,452,051	57.17%
12	Leguminous Vegetables Nesoi, Dried Shell, Inc Seed	5,190,935	7,319,127	11,463	-99.84%
13	Raisins	5,615,250	7,110,912	9,208,118	29.49%
14	Edible Fats & Oil Mixtures & Prepar Nesoi, Etc	5,796,129	7,075,293	6,695,738	-5.36%
15	Pistachios, In Shell, Fresh Or Dried	5,181,765	6,568,427	4,386,780	-33.21%
16	Sauces Etc. Mixed Condiments And Seasonings Nesoi	5,057,075	4,747,946	3,722,615	-21.60%
17	Malt Extract; Flour, Meal, Milk Etc Prod Etc Nesoi	7,429,506	4,673,724	2,826,186	-39.53%
18	Crabs, Including In Shell, Frozen	4,332,062	4,563,314	5,855,140	28.31%
19	Tea Or Mate Extracts/Essences/Concentrates & Preps	3,896,357	4,417,896	7,278,060	64.74%
20	Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters	2,991,709	4,229,843	2,816,353	-33.42%
21	Alaska Pollock, Frozen	6,858,114	3,869,472	5,055,239	30.64%
22	Lobsters, Live, Fresh,Ch, Dried, Saltd Or In Brine	2,732,056	3,707,676	5,343,084	44.11%
23	Juice Of Single Fruit/Veg, Not Fortified Etc Nesoi	2,719,859	3,237,464	3,474,345	7.32%
24	Cherries, Fresh, Nesoi	2,990,893	3,114,470	4,162,810	33.66%
25	Cod, Frozen	1,580,148	2,836,861	766,890	-72.97%
26	Jams, Fruit Jellies, Pastes Etc Nesoi, Nut Pastes	2,409,366	2,533,369	2,150,307	-15.12%
27	Cheese, Nesoi, Including Cheddar And Colby	2,100,710	2,496,622	2,294,278	-8.10%
28	Mixtures Of Fruit And/Or Vegetable Juices	2,251,538	2,217,000	2,526,806	13.97%
29	Tomato Paste Etc, Not Prepared With Vinegar Etc.	2,897,359	2,394,481	2,455,878	2.56%
30	Bread, Pastry, Cakes, Etc Nesoi & Puddings	2,008,677	2,294,024	2,357,818	2.78%

No.	Product	2014	2015	2016	%Change
31	Cherries, Prepared Or Preserved, Nesoi	1,729,794	1,931,722	1,930,042	-0.09%
32	Cheese Of All Kinds, Grated Or Powdered	979,432	1,889,098	2,566,431	35.85%
33	Meat Of Bovine Animals, Frozen	1,399,530	1,816,840	1,820,182	0.18%
34	Chocolate & Othr Cocoa Preps, Not Bulk, Filled	2,456,124	1,758,981	1,916,455	8.95%
35	Mixes & Doughs For Prep Of Bakers Wares Hdg 1905	2,346,619	1,750,642	1,643,787	-6.10%
36	Scallops Incl Queen, Frozen/Dried/Salted/In Brine	1,458,063	1,719,464	1,371,993	-20.21%
37	Strawberries, Fresh	1,583,807	1,659,595	1,613,139	-2.80%
38	Sugar, Nesoi, Including Invert Sugar & Syrup	1,449,877	1,595,734	1,185,816	-25.69%
39	Coffee, Roasted, Not Decaffeinated	2,307,355	1,535,277	1,776,477	15.71%
40	Cocoa Powder Cont Added Sugar Or Other Sweetening	960,771	1,475,106	1,039,823	-29.51%
41	Cookies (Sweet Biscuits)	1,627,984	1,338,419	1,080,588	-19.26%
42	Meat Of Bovine Animals, Boneless, Fresh Or Chilled	1,368,810	1,261,920	1,455,346	15.33%
43	Vegetable Fats & Oils/Fractions Hydrogenated Etc	1,137,339	1,193,083	2,262,539	89.64%
44	Potatoes, Prepared Etc. No Vinegar Etc, Not Frozen	1,073,081	1,161,429	1,014,895	-12.62%
45	Albacore/Longfinned Tunas Ex Fillet/Lvr/Roe Frozen	564,935	1,146,102	480,531	-58.07%
46	Nuts (Exc Peanuts) And Seeds, Prepared Etc. Nesoi	1,169,864	1,058,404	1,766,952	66.94%
47	Peanuts, Prepared Or Preserved, Nesoi	832,916	1,029,195	1,026,857	-0.23%
48	Citrus Fruit (Including Mixtures), Prep Etc Nesoi	1,204,961	969,406	833,936	-13.97%
49	Pacific, Atlantic And Danube Salmon Fillets Frozen	1,516,857	912,384	215,088	-76.43%
50	Chocolate & Othr Cocoa Preps, Not Bulk, Not Filled	692,847	879,800	638,625	-27.41%
51	Grape Juice, Nesoi,Nt Fortified With Vitamins/Min	980,270	786,782	767,087	-2.50%
52	Vegt/Fruit/Nuts Etc Nesoi Prep/Pres By Vinegar Etc	774,516	759,824	99,055	-86.96%
53	Soups And Broths And Preparations Therefor	1,775,839	732,282	1,104,407	50.82%
54	Walnuts, Fresh Or Dried, Shelled	764,610	729,975	7,430,985	917.98%
55	Prunes, Dried	930,911	728,928	922,613	26.57%
56	Prep Food, Swelling/Roasting Cereal/Cereal Product	817,815	716,209	505,200	-29.46%
57	Tomato Ketchup And Other Tomato Sauces	532,211	657,890	498,867	-24.17%
58	Chocolate Prep Nesoi, In Blocks Etc. Over 2 Kg	474,167	653,875	708,776	8.40%
59	Orange Juice, Frozen, Sweetened Or Not	814,667	639,544	550,411	-13.94%
60	Dogfish And Other Sharks, Frozen	504,824	625,559	1,150,828	83.97%

No.	Product	2014	2015	2016	%Change
61	Homogenized Preps Of Meat, Meat Offal Or Blood	552,166	611,676	257,238	-57.95%
62	Cranberries, Blueberries, Etc, Fresh	165,029	591,069	277,610	-53.03%
63	Veg/Fruit/Nuts/Fruit-Peel Etc, Preserved By Sugar	863,264	584,406	771,865	32.08%
64	Fish, Frozen, Nesoi	321,057	543,142	1,749,616	222.13%
65	Nonalcoholic Beverages, Nesoi	301,543	496,513	641,178	29.14%
66	Cheese, Processed, Not Grated Or Powdered	644,773	494,429	210,848	-57.36%
67	Oysters, Live, Fresh Or Chilled	355,204	448,199	391,374	-12.68%
68	Oranges, Fresh	379,940	411,839	418,114	1.52%
69	Sausages, Similar Prdt Meat Etc Food Prep Of These	376,310	405,314	503,435	24.21%
70	Grape Juice Of A Brix Value <= 20, Nt Fort W/Vitam	430,632	362,741	364,817	0.57%
71	Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	325,665	349,152	632,299	81.10%
72	Beer Made From Malt	259,518	329,471	499,672	51.66%
73	Vegetables Nesoi & Mixtures, Dried, No Furth Prep	242,549	299,697	426,652	42.36%
74	Lobsters, Including In Shell, Frozen	107,601	285,729	200,473	-29.84%
75	Prepared Etc. Poultry Meat, Except Turkey, Nesoi	257,074	269,024	242,862	-9.72%
76	Nuts Nesoi, Fresh Or Dried, Shelled Or Not	537,343	263,397	940,887	257.21%
77	Wine, Fr Grape Nesoi & Gr Must With Alc, Nesoi	720,691	254,612	336,236	32.06%
78	Cranberry Juice Nt Fortified Unfermented No Spirit	195,252	202,821	178,417	-12.03%
79	Peas, Dried Shelled, Including Seed	98,915	200,950	211,355	5.18%
80	Prepared Etc. Swine Meat, Offal, Etc. Nesoi	377,510	184,821	129,184	-30.10%
81	Soy Sauce	634,971	138,060	58,045	-57.96%
82	Shrimps And Prawns, Frozen, Nesoi	351,853	131,435	559,879	325.97%
83	Fruit Nesoi & Nuts, Sweetened Etc Or Not, Frozen	49,718	121,186	192,526	58.87%
84	Almonds, Fresh Or Dried, In Shell	183,021	103,826	100,323	-3.37%
85	Orange Juice, Other Than Frozen, Sweetened Or Not	93,183	101,570	-	-100.00%
86	Strawberries, Prepared Or Preserved Nesoi	180,685	99,551	15,123	-84.81%
87	Scallops Incl Queen Scallops, Live, Fresh, Chilled	112,068	87,587	65,615	-25.09%
88	Coffee Extracts/Essences/Concentrates & Prep	30,051	34,100	38,545	13.04%
89	Crabs, Raw (Live Etc), Cooked (Stm Etc) Not Frozen	10,019	32,538	14,243	-56.23%
90	Lemons And Limes, Fresh Or Dried	213,347	10,790	8,744	-18.96%
91	Sparkling Wine Of Fresh Grapes	44,261	8,853	5,630	-36.41%
92	Tunas/Skipjack/Bonito Prep/Pres Not Minced	8,113	4,523	3,545	-21.62%
93	Turkeys, Not Cut In Pieces, Frozen	672,079	-	-	0.00%
94	Grapefruit Juice,Brix Value <=20,Nt Fort W Vitamin	22,863	-	675	n/a
95	Turkey Cuts And Edible Offal (Includ Liver) Frozen	1,087,548	-	-	0.00%
	Total	**533,493,327**	**487,143,108**	**492,276,023**	

Source: Global Trade Atlas

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.