

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:** 7/2/2018

**GAIN Report Number:** TH8089

## Thailand

### Retail Foods

**Approved By:**

Paul Welcher, Agricultural Attaché

**Prepared By:**

Srisuman Ngamprasertkit, Marketing Specialist  
Svea Nyberg, Intern

**Report Highlights:**

Thailand's retail food sector continues to grow in 2017, driven by strong economic growth, increasing numbers of tourists, and government investment. Thailand is one of the world's leading agricultural suppliers, primarily due to its well-developed food processing sector. The food industry is the country's third largest industry, contributing 23 percent to the country's Gross Domestic Product (GDP). As a result, Thailand is 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, almond nuts, and raisins.

**Post:**

Bangkok

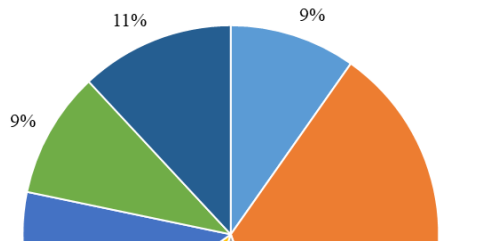
# Market Fact Sheet: Thailand

Executive Summary	<p><b>Top Growth Products</b></p> <ol style="list-style-type: none"> <li>1. Soy Sauce</li> <li>2. Fish Sauce</li> <li>3. Pasteurized Milk</li> <li>4. Frozen and Chilled Chicken Meat</li> </ol> <p><b>Top Host Country Retailers</b></p> <p>Major retailers that target medium to high end consumers include Central Food Hall, Gourmet Market, Villa Market, and Foodland Supermarket. In Chiang Mai, a key retailer for imported foods is Rimping Supermarket</p> <p><b>GDP/Population</b></p> <p>Population (<i>millions</i>): 69.15          GDP in 2017 (<i>billions</i>): U.S. \$455.4          GDP per capita (<i>USD</i>): 6,589</p>
-------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Thailand's retail market in 2017, driven by the increase in the number of retail outlets. Thailand is a major host country for suppliers, processors, and distributors. The third largest host country's GDP. As a result, Thailand's beverage processing industry has a high potential for growth in the preparation of products such as apples, milk, and other food products.

In 2017, Thailand's food processing industry products worth U.S. \$5.1 billion. Thailand's Imports

## Economic Growth



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. Most food processors are small-to-medium size and predominantly serve the domestic market. However, there are many medium-to-large food processors that

## Food Retail Sector

Retail Association predicts that sales in the retail sector will grow by approximately 4 to 6 percent from 2018 to 2020.

The Bank of Thailand reports that Thailand's economy grew at 3.9 percent in 2017, and forecasts economic growth between 4.2 to 4.7 percent in 2018.

## 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. Most food processors are small-to-medium size and predominantly serve the domestic

**Data and Information Sources:**  
 Global Trade Atlas (GTA)

**Contact:**  
 FAS Bangkok, Thailand  
 agbangkok@fas.usda.gov

## I. Market Summary

	Projection for 2018 <sup>1</sup>			
	Actual Data		Projection	
	2016	2017	Feb 19, 2018	May 21, 2018
GDP (at current prices: Bil. Bht)	14,533.5	15,452.9	16,469.8	16,457.3
GDP per capita (Bath per year)	215,454.6	228,412.0	242,806.3	242,622.1
GDP (at current prices: Bil. USD)	411.8	455.3	514.7	522.5
GDP per capita (USD per year)	6,103.9	6,730.2	7,587.7	7,702.3
GDP Growth (CVM, %)	3.3	3.9	3.6 - 4.6	4.2 - 4.7
Investment (CVM, %) <sup>2</sup>	2.8	0.9	4.9	4.7
Private (CVM, %)	0.5	1.7	3.7	3.9
Public (CVM, %)	9.5	-1.2	10.0	8.6
Private Consumption (CVM, %)	3.0	3.2	3.2	3.7
Government Consumption (CVM, %)	2.2	0.5	3.2	3.0
Export volume of goods & services (%)	2.8	5.5	6.0	6.3
Export value of goods (Bil. USD)	214.3	235.1	251.1	256.0
Growth rate (%) <sup>3</sup>	0.1	9.7	6.8	8.9
Growth rate (Volume, %) <sup>3</sup>	0.5	5.9	4.8	4.9
Import volume of goods & services (%)	-1.0	6.8	6.5	6.7
Import value of goods (Bil. USD)	177.7	203.2	222.5	229.1
Growth rate (%) <sup>3</sup>	-5.1	14.4	9.5	12.7
Growth rate (Volume, %) <sup>3</sup>	-2.5	8.4	6.5	6.7
Trade balance (Bil. USD)	36.5	31.9	28.5	27.0
Current account balance (Bil. USD)	48.2	48.1	40.0	43.7
Current account to GDP (%)	11.7	10.6	7.8	8.4
Inflation (%)				
CPI	0.2	0.7	0.9 - 1.9	0.7 - 1.7
GDP Deflator	2.4	2.3	2.0 - 3.0	1.5 - 2.5

Source: Office of the National Economic and Social Development Board, 21<sup>st</sup> May 2018

Note: <sup>1</sup> Data was calculated based on new National Accounts Office's Series, published on [www.nesdo.go.th](http://www.nesdo.go.th)

<sup>2</sup> Investment means Gross Fixed Capital Formation

<sup>3</sup> Export and import base on the Bank of Thailand's data.

According to the Bank of Thailand, Thailand's economy grew by 3.9 percent in 2017, and is expected to grow between 4.2 to 4.7 percent in 2018. Thai economic growth is driven by tourism, government spending, and foreign demand for Thai exports. The number of tourists is projected to reach 37.6 million in 2018, a 6 percent increase from 2017. In 2017, Thailand received 35.4 million tourists, which generated U.S. \$56 billion in revenue, or 8 percent of total GDP.

The Thai Retail Association predicts that sales in the retail sector will grow by approximately 4 to 6 percent from 2018 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 2017, food and beverages retail sales totaled U.S. \$54.2 billion, accounting for approximately 55 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**

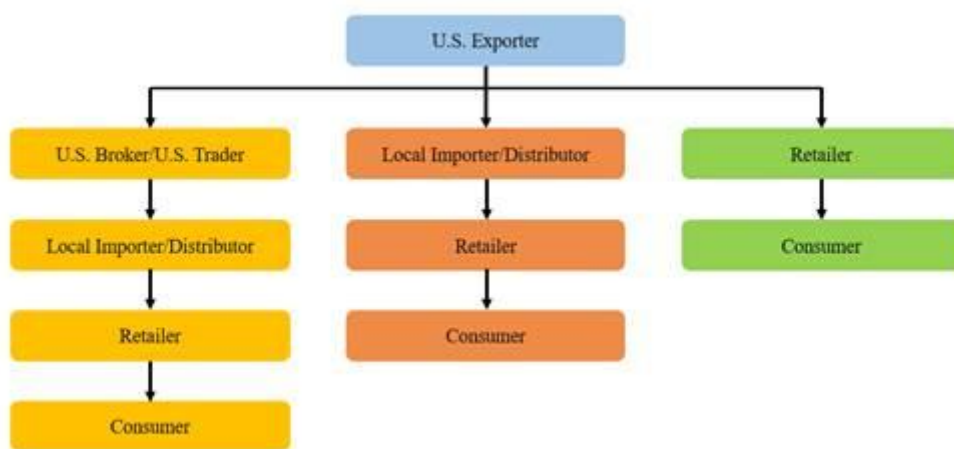
Advantages	Challenges
U.S. exporters are able to provide a	U.S. products are generally less price competitive than

variety of high-quality agricultural products ranging from fresh to processed foods.	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, 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

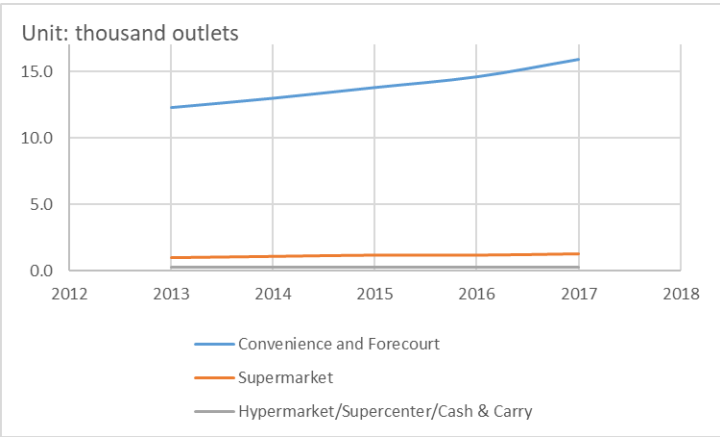
compete with domestic products. To penetrate the retail food sector, it is often best for U.S. exporters to partner with importers/distributors willing to introduce products to major retailers. Promotional activities, point of sales (POS), and product sampling events are important tools to promote food 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:

<p><b>World of Food Asia (ThaiFex)</b>          Date: May or June          Venue: IMPACT Arena, Exhibition and Convention Center          Web Site: <a href="http://www.thaifexworldoffoodasia.com">www.thaifexworldoffoodasia.com</a></p>	
<p><b>Food &amp; Hotel Thailand (FHT)</b>          Date: September          Venue: BITEC, Bangkok          Web Site: <a href="http://www.foodhotelthailand.com">www.foodhotelthailand.com</a></p>	

**Market Structure**

**Modern Grocery Retail Outlets in Thailand**



**Convenience Stores:** This sector has experienced high growth in comparison to more traditional retailers. Competition in this sector is high as Thailand has a total of 15,900 stores nationwide; with 1,300 stores opening in 2017 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 2017, over 11.8 million customers per day shopped at a

convenience store.

**Supermarkets:** There are a total of 1300 supermarkets in Thailand, 100 of which opened in 2017. 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 2017, the total value of internet-retailing was U.S. \$1.9 billion, a 26 percent increase from 2016, and a 77 percent increase from 2013. 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: Convenience Key Players and Outlets					
Convenience	Company Name	2014	2015	2016	2017
7-Eleven	CP All PCL	8,127	8,832	9,542	10,442
Tesco Lotus Express	Ek-Chai Distribution System Co., Ltd.	1,447	1,465	1,519	1,559
Mini Big C	Big C Supercenter PCL	324	391	465	605
Family Mart	Central Group	1,193	1,109	1,138	1,132

Source: CP All Report, USDA Foreign Agricultural Service – Bangkok, Thailand

The leading convenience store chain is 7-Eleven, which accounts for 65 percent of the 15,900 convenience stores in Thailand. Most food and beverage products sold in 7-eleven stores are sourced locally by the CP food group.

### Supermarket:

Supermarket	Company Name	2014	2015	2016	2017
<b>Tops Market</b>	Central Group	69	85	93	108
<b>Central Food Hall</b>	Central Group	8	8	8	8
<b>Home Fresh Mart and Gourmet Market</b>	Mall Group	17	18	20	20
<b>Foodland</b>	Foodland Supermarkt	16	18	20	21
<b>Villa Market</b>	Villa Market	33	33	34	34
<b>UFM Supermarket</b>	Fuji C <sup>o</sup> . Ltd. And Metro Group Thailand	4	4	4	4
<b>Rimping Supermarket</b>	Tantraphan Supermarket	9	9	9	9

Source: Euromonitor International, USDA Foreign Agricultural Service – Bangkok, Thailand

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 & Carry Key Players and Outlets					
Hypermarket/Cash & Carry	Company Name	2014	2015	2016	2017
<b>Tesco Lotus Hypermarket</b>	Ek-Chai Distribution System	312	355	373	386
<b>Big C Hypermarket</b>	Big C Supercenter	104	107	116	125
<b>Siam Makro (Cash &amp; Carry)</b>	CP All	90	95	108	123

Source: Euromonitor International, USDA Foreign Agricultural 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 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. Imports			Major Competitors
	2016	2017	% Growth 2016 vs 2017	2016	2017	% Growth 2016 vs 2017	2016	2017	
Beef&Beef Products (0201, 0202, 021020, 160250)	63,862,176	74,397,726	16%	3,317,839	4,442,475	34%	5%	6%	Australia (56%) New Zealand (20%) Japan (13%)
Cheese and curd (040610, 040620, 040630, 040640, 040690)	65,325,295	75,454,658	16%	5,812,963	8,148,941	40%	9%	11%	New Zealand (25%) Australia (20%) U.S.A. (11%)
Coffee, roasted (090121, 090122)	11,804,343	19,378,075	64%	1,951,121	2,441,165	25%	17%	13%	Laos (26%) Malaysia (25%)
Dairy products (excl. cheese) (0401, 0402, 0403, 0404, 0405, 210500, 350110, 350190, 350220, 350710)	445,954,502	582,898,090	31%	27,536,083	30,141,031	9%	6%	5%	New Zealand (49%) Australia (10%) France (7%)
Dried fruits (0804, 080620, 0813)	35,560,370	38,835,889	9%	10,338,057	10,196,693	-1%	29%	26%	U.S.A. (26%) Indonesia (15%) Myanmar (11%)
Fresh fruits (0803 - 0810)	695,544,370	620,211,805	-11%	42,373,876	41,990,271	-1%	6%	7%	China (63%) New Zealand (8%) U.S.A. (7%)
Fruit vegetable juices (2009)	74,271,975	68,781,424	-7%	9,020,830	8,100,200	-10%	12%	12%	Israel (29%) China (13%) U.S.A. (12%)
Frozen potatoes (071010, 200410)	56,647,158	55,321,727	-2%	18,409,083	15,432,710	-16%	32%	28%	Netherlands (34%) U.S.A. (28%) Belgium (14%)
Snack food (excl. nuts) (170410, 170490, 180620, 180631, 180632, 180690, 190510, 190520, 190530, 190531, 190532, 190540)	316,916,062	324,024,503	2%	17,763,772	18,706,109	5%	6%	6%	Indonesia (21%) Malaysia (17%) China (14%)
Tree Nuts (0801-0802)	192,052,705	292,903,645	53%	32,955,565	19,141,309	-42%	17%	7%	Indonesia (47%) Vietnam (34%) U.S.A. (7%)
Turkey meat (020724 - 020727, 160231)	923,787	1,432,677	55%	466,389	500,241	7%	50%	35%	France (40%) U.S.A. (35%) Australia (18%)
Wines and Sparkling wines (220410, 220421, 220429)	50,183,634	49,112,015	-2%	3,158,220	3,613,069	14%	6%	7%	France (40%) Australia (26%) Chile (8%)
Whiskies (220830)	139,615,268	112,015,554	-20%	5,299,016	5,253,798	-1%	4%	5%	U.K. (92%) U.S.A. (5%) Japan (1%)
Salmon, Pacifc, Adantic, Sockeye (incl. filets) (030312, 030311, 030313, 030481, 030214, 030213)	207,284,522	289,233,149	40%	29,801,638	56,787,189	91%	14%	20%	Norway (35%) Chile (30%) U.S.A. (20%)
Crabs (030614, 030624, 030633)	42,368,678	61,829,003	46%	5,869,383	4,085,765	-30%	14%	7%	Bangladesh/Bahrain (17%) Canada/Pakistan (10%) U.S.A. (7%)
Lobster (030612, 030622, 030532)	10,591,143	10,509,016	-1%	5,543,557	6,220,118	12%	52%	59%	U.S.A. (59%) Canada (38%) Kenya (2%)
Scallops (030721, 030722, 030729)	11,900,898	8,245,176	-31%	1,437,608	1,333,857	-7%	12%	16%	Japan (54%) China (21%) U.S.A. (16%)
Oysters (030711, 030712)	4,031,506	6,060,149	50%	391,374	436,178	11%	10%	7%	France (57%) Japan (15%) Korea (8%)

#### IV. Best Product Prospects Categories

### **Top Consumer-Oriented Products Imported from the World**

- The top 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.

### **V. 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:

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](mailto:agbangkok@fas.usda.gov)  
Website: [www.fas.usda.gov](http://www.fas.usda.gov)

### **Additional Contacts**

Thai Retailer Association  
Room 100/9, 12<sup>th</sup> Floor, Vongvanich Tower B  
Rama 9 Road, Huaykwang, Bangkok 10320  
Tel: +662 645-0422  
Fax: +662 645-0421  
Email: [thairetailer123@gmail.com](mailto:thairetailer123@gmail.com)

Office of the National Economic and Social Development Board  
962 Krungkasem Road, Pomprab, Bangkok 10100  
Tel: +662 280-4085  
Fax: +662 281-3938  
Email: [webmaster@nesdb.go.th](mailto:webmaster@nesdb.go.th)  
Website: [http://www.nesdb.go.th/nesdb\\_en/main.php?filename=index](http://www.nesdb.go.th/nesdb_en/main.php?filename=index)

FAS Bangkok publishes numerous market and commodity reports, which are available through the [Global Agricultural Information Network \(GAIN\)](#).

End of Report.