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Global Agricultural Information Network

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Thailand

Retail Foods

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Report Highlights:

TH3011: Thailand boasts one of the most attractive food and drink markets in the Asia Pacific Region. Its retail food sector is a vital component of the economy with food and beverage expenditures expected to grow about 26 percent by 2015. Hypermarkets, supermarkets, and cash and carry establishments present excellent opportunities for U.S. exporters.

Post:
Bangkok

Executive Summary:
Section I. Market Summary

Thailand boasts one of the most attractive food and drink markets in the Asia Pacific Region. Its retail food sector is a vital component of the Thai economy with food and beverage expenditures expected to grow about 26 percent by 2015. The Thai Retailers Association predicts that the retail food sector will continue to grow by 12 percent in 2012 fueled by consumer spending and changing consumer habits. In 2011 growth in the wholesale and retail food sector was only approximately 4-5 percent, primarily because of the massive flooding that occurred in the latter part of 2011. The floods seriously affected supply chains and logistical operations, as well as delayed the opening of new retail establishments during the last few months of the year. In 2012, retail food sales in Thailand are estimated to be \$77 billion, which is 10 percent higher than 2011 and accounts for about 82 percent of all retail sales in Thailand.

Retail Sales 2008-2012

	2008	2009	2010	2011	2012
Retail Sales (\$billion)	89.7	86.0	102.5	112.2	122.2
Non-Food Retail Sales (\$billion)	34.2	32.7	39.2	42.1	44.9
Food Retail Sales (\$billion)	55.5	53.2	63.3	70.2	77.3

Source: Planet Retail; Economist Intelligence Unit

Consumer disposable income continues to rise along with expenditures on food and beverages, which is predicted to reach \$71 billion in 2011. Per capita disposable income rose 63 percent to \$3,181 in 2011. The typical Thai diet consists of rice, meats, eggs, vegetables, and seafood. In 2011, spending on food and non-alcoholic beverages accounted for 32 percent of all household expenditures. Although dining out is becoming increasingly popular, there is still a general preference among Thais to cook at home. Thus, about 70 percent of total spending on food and beverages occurs at retail food markets, while food service accounts for the remaining 30 percent.

Over the past decade, Thailand's retail food sector has been one of the fastest-growing in the world. This retail food market has diverse store layouts ranging from wet markets to hypermarkets. The retail food business is classified into two types: traditional and modern. Traditional stores are characteristically family-oriented and mostly owned by Thais. They are known for providing old-fashioned service and exhibiting outdated displays, operating stores with non-standardized management systems and is mostly located in small commercial buildings and local communities. Thailand's modern retail food stores, on the other hand, utilize standardized management systems, point of sale displays, state of the art technology, and are situated in densely populated and more affluent areas.

Food and Beverage Consumption in Thailand

	2008	2009	2010	2011	2012
Meat consumption (kg per head)	28.3	27.1	28.0	27.9	28.7
Fish consumption (kg per head)	31.2	30.8	31.3	31.4	32.1
Fruit consumption (kg per head)	90.9	90.4	91.9	92.3	94.3
Vegetable consumption (kg per head)	40.3	39.9	40.7	40.6	41.2
Milk consumption (liters per head)	25.8	25.8	26.5	26.9	27.6
Coffee consumption (kg per head)	0.7	0.7	0.7	0.8	0.8
Tea consumption ((kg per head)	0.1	0.1	0.1	0.1	0.1

Source: Economist Intelligence Unit

Retail price for selected food items

Item	Price (US\$)
White bread, 1 kg (supermarket)	2.11
White rice, 1 kg (supermarket)	1.11
Potatoes, 2 kg (supermarket)	2.64
Chicken, fresh, 1 kg (supermarket)	2.32
Sugar, white, 1 kg (supermarket)	0.69
Milk, pasteurized, 1 liter (supermarket)	1.45
Coca-Cola, 1 liter (supermarket)	0.45
Wine, common table, 750 ml (supermarket)	14.35
Beer, top quality, 330 ml (supermarket)	1.01
Two-course meal for two people (average)	107

Source: Economist Intelligent Unit

Thailand's retail food market structure continues to evolve with modern retailers such as hypermarkets, supermarkets, cash and carry, and convenience stores gaining market share while traditional retailers gradually declining. Modern food retailing accounts for approximately 70 percent of total retail sales as the flow of local shoppers has been diverted from wet markets and grocery stores to hypermarkets and supermarkets. These changes began in calendar year 2000 when Thailand's retail sector experienced an increase in new investments from both local and foreign players. These investments have turned Thailand into the second most dynamic retail food market in Asia after China. The majority of these investments have come from the leading international retail chains such as hypermarket UK-based Tesco with its Tesco Lotus stores, Big C Supercenter of Casino Group of France, and cash and carry Netherlands-based Siam Makro.

Although supermarkets have a fewer number of outlets compared to larger hypermarkets, their influence on the lifestyles of urbanized Thais, expatriates, and upper-income communities has been significant. These companies, particularly because of the market segment they focus on, offer excellent opportunities for U.S. exporters of consumer food items. The Max Valu supermarket chains are owned by the Japanese corporation AEON, while Tops and Home Fresh Mart are owned by the Thai group, Central Retail and The Mall Co., Ltd. Foodland Supermarket caters to local Thais, while Villa Market carries a wide range of imported goods and caters to foreigners, particularly Western expatriates. UFM

Fuji supermarket caters to Japanese expatriates in Thailand and provides a wide range of imported Japanese products. Foodland, Villa, and UFM Fuji are owned by Thai operators, in spite of their foreign positioning.

Summary of Retailer Categories and Goals/Strategies

Goal/Strategy	Hypermarket	Cash and Carry	Supermarket	Convenience Store
Type of products sold	Variety, middle quality goods	Variety, middle quality goods	Variety, usually premium products	Variety
Target customers	Middle and low-income customers	Small retailers, customers who buy in bulk and HRI	All income types	Customers who want convenience
Management of goods in inventory	30-45 days	1 month	10-15 days	15-20 days
Price Strategy	As low as possible	Wholesale price	Daily price	Higher prices than supermarkets
Other strategies	Membership card, credit cards, aggressive expansion of outlets, and frequent discounts	Membership card	Membership card. Promotions and discounts	Aggressive expansion of outlets
Retail sales area (sq m)	4,000-12,000	5,500-12,000	1,000-3,000	16-100

Source: Thai Development Research Institute

In 2011, modern retail food market sales totaled \$23 billion, out of which 31 percent were from hypermarket stores, 14 percent from the cash and carry stores, 17 percent from the supermarket stores, and 31 percent from convenience stores. In 2012, competition in the retail food business remained intense and most retail investment focused on improving and upgrading existing stores and store formats in busy urban areas. Many retailers showed interest in building smaller-sized stores, which better served the needs of consumers by locating closer to their homes or communities (i.e., condominium projects). Industry sources predict future competition in the food sector will focus more on serving core customers needs through strategic initiatives including enhancing store layouts and expanding product lines.

Key Food Retailers in Thailand

Company Name	Store Format	Ownership	2011 Sales (\$million)	No. of Outlets
Ek-Chai Distribution System Co., Ltd.		UK	4,832	1,672
• Tesco Lotus Hypermarket	Hypermarket			99

• Tesco Lotus Value	Compact Hypermarket			36
• Talad Lotus	Supermarket			130
• Lotus Express	Convenience Store			755
• Talad Lotus and Lotus Express	Supermarket and Convenience Store			652
7-Eleven – CP All Pcl.	Convenience Store	Thai	6,459	6,276
Siam Makro Pcl.	Cash and Carry	The Netherlands	3,153	52
BigC Supercenter Pcl.		France	3,353	171
• Big C and Big C Extra	Hypermarket			107
• Big C Market	Supermarket			12
• Mini Big C	Convenience Store			51
• Big C Jumbo	Cash and Carry			1
Central Food Retail Co., Ltd.		Thai	1,183	218
• Central Food Hall	Supermarket			4
• Tops Marketplace	Supermarket			50
• Tops Supermarket	Supermarket			45
• Tops Daily	Supermarket			119
The Mall Group		Thai	148	11
• Home Fresh Mart	Supermarket			7
• Gourmet Market	Supermarket			4
Foodland Supermarket	Supermarket	Thai	148	13
MaxValu - Aeon (Thailand) Co., Ltd		Japan	148	
• MaxValu	Supermarket			17
• MaxValu Tanjai	Mini-Supermarket			41
Villa Market	Supermarket	Thai	99	22
Family Mart	Convenience Store	Japan	295	665

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

The hypermarket segment has been the best performing retail sector as 90 percent of urban Thai shoppers use hypermarkets at least once a week. At present, there are only two major hypermarkets in Thailand, which are Big C and Tesco Lotus. Big C's takeover of France based Carrefour Group in 2010, enabled it to expand its customer base in Bangkok and the provinces and subsequently turned it into the hypermarket with the most outlets in Thailand. In general, hypermarkets offer more than 100,000 stock keeping units (SKUs) of consumer goods and vary in size from 4,000 to 12,000 square meters (sqm). In addition, these hypermarkets offer a wide range of fresh food and packaged food and beverages, which generally account for 60 to 65 percent of their total assortments. The average Thai consumer spends about \$150 per month on retail products, of which 49 percent is spent on fresh foods. Both Big C and Tesco Lotus have also introduced a new store format called "Extra" which offers a greater range of premium products including a wide selection of imported products targeting middle and high income customers.

Hypermarket operators are also diversifying their store formats and turning to smaller-scale retail stores including mini-supermarkets and convenience stores due to new government regulations and higher

land prices. In addition, its expansion in areas along the borders of neighboring countries like Malaysia, Laos, and Vietnam is also increasing its customer base.

Siam Makro, the first membership-based Cash & Carry retail store in Thailand was established in 1988 and registered under the name “Makro.” At end of 2011, 52 Makro stores of varying formats and sizes existed in Thailand with 9 stores located within the greater Bangkok area and 43 stores in the provinces. Makro operates five different store formats in Thailand including:

- Classic Store: Typical cash & carry structure designed to serve professional customers with store sizes ranging between 5,500-12,000 sqm. Their primary customers are small retailers, hotels, restaurants, and caterers (HoReCa), and other institutional business operators.
- Eco Store: This store is designed to serve HoReCa customers located in tourist areas like Phuket, Samui, and Krabi. The majority of the selling space is dedicated to food products.
- Eco Plus Store: This store is designed to serve food professionals, both HoReCa and small food retailers. Most of the selling space is dedicated to food products for HoReCa and small food retailers. This format is expected to be the main concept for future expansion.
- Siam Frozen Shop: Small stores with approximately 100-150 sqm that are positioned as frozen food specialty stores selling mostly frozen products to the HoReCa customers. The company now has two outlets in Chiang Mai and Udonthani.
- Makro Foodservice store: This newly launched specialty store concept, with approximately 5,700 sqm, provides specific food service solutions for the full spectrum of HoReCa customers - ranging from small street vendors, fine dining restaurants, and 5-star hotels. The first store was launched in Hua Hin in January 2012. This store format includes walk-in fruit and vegetable cold-rooms, a seafood section with live, fresh, and frozen seafood, and gourmet section for meats, cheeses, bakery, and wines.

For many years Makro was the only major cash and carry retailer in Thailand targeting professional customers, small retailers, hotels, restaurants, and catering institute customers. However, in early 2011, Big C launched its “Big C Jumbo” cash and carry store to compete with Makro and expand their food professional customer base. These stores usually encompass an area of 10,000 sqm and carry 12,000 to 15,000 SKUs. It carries approximately 80 percent food and 20 percent non-food items.

The supermarket business in Thailand is driven by six major players, which are Central Food Retail (Central Food Hall and Tops Marketplace), The Mall Group (Home Fresh Mart and Gourmet Market), Foodland Supermarket, Villa Market, MaxValu Supermarket, and UFM Fuji. This highly competitive segment is concentrated in Bangkok where consumers with greater disposable income and more discerning customers reside. The supermarket sector tends to cater to medium and upper income consumers by offering a wide range of premium products and a broader assortment of local and imported processed food, fruits and vegetables, meat and seafood, and beverage products. Central Food Retail dominates this segment with 218 outlets nationwide.

The convenience store sector is the fastest growing retail food sector with over 11,000 stores nationwide. It sells 15 percent of the total fast moving packaged consumer goods (FMCG) in Thailand. The leading player is 7-Eleven, which accounts for 53 percent of total convenience store sales and has 6,276 outlets making it the world’s third largest 7-Eleven network after Japan and the United States. CP All, the local operator of 7-Eleven, plans to open 500 new outlets a year in order to reach its goal of 7,000 outlets by 2013. Tesco has also aggressively expanded its network of smaller Lotus Express

stores at gasoline stations and downtown areas with more than 750 locations across the country. The Central Retail Corporation, the operator of Tops Daily convenience store, established a joint venture with Family Mart in September 2012. The company plans to convert all of its Tops Daily stores to Family Mart Stores, which will subsequently increase the number of Family Mart outlets to 1,500 over the next five years. Aeon (Thailand) plans to expand their convenience store brand “Max Valu Tanjai” nationwide with approximately 20 new outlets every year. Another convenience store, Berli Jucker, will launch its first ever 70 sqm-convenient store under the name “BJC Smart” in early 2013.

Number of Convenience Stores in Thailand

Convenience Stores	2008	2009	2010	2011
Stand alone convenience stores	7,288	7,906	8,883	9,773
• 7-Eleven stores	4,065	4,462	4,920	5,350
• Others	3,223	3,444	3,963	4,423
Convenience stores in gas stations	1,961	2,012	2,075	2,135
• 7-Eleven stores	713	808	870	926
• Others	1,248	1,204	1,205	1,209
• Total convenience stores	9,249	9,918	10,958	11,908

Source: CP All Plc.

Over 90 percent of urban Thai shoppers use convenience stores and visit them regularly on an average of 13 times a month. It is reported that an average of 7.6 million customers visit convenience stores each day. Due to their popularity, the Thai convenience retail sector has become enormously competitive as CP All's 7-Eleven chain faces growing competition from Tesco Lotus Express, Mini Big C, Tops Daily, and Family Mart. Consequently, convenience store owners have re-focused their sales strategies on food items and added new food product lines, especially ready-to-eat meals. Foods and beverages account for 70-80 percent of total product assortment in convenience stores.

Hypermarkets, supermarkets, and cash and carry establishments present excellent opportunities for U.S. exporters of consumer food items. The main factors U.S. exporters should consider before entering the Thai market are pricing, product shelf life, and consumer preferences. Intense competition in the retail food market, particularly from large-scale modern companies that use pricing strategies and loan extensions to low-income consumers, caused the closure of many traditional food stores. Thailand's hypermarket sector is dominated by two large companies, which normally give them bargaining power with suppliers. The convenience sector is not considered to be an attractive channel for U.S. products due to the pricing disadvantages as these stores mostly rely on locally and regional produced goods.

There have been numerous changes in retail food store formats since 2007. The number of stores with large layouts outnumbers older and smaller stores, namely stand-alone stores with no theater, restaurants, or entertainment venues. Today, the flow of local shoppers has been diverted from wet markets and grocery stores to hypermarkets and supermarkets, therefore, making the latter the better option for entering Thailand's retail food market.

The traditional 'mom and pop' stores and wet markets in Thailand are not ideal entry points for U.S. exporters primarily due to price sensitivities and preferences for traditional foods. U.S. exporters should

be aware that many U.S. branded food products such as snack foods, candy, chocolate and breakfast cereals are already present in the market, but produced domestically or in neighboring Asian countries.

Most retailers have recently modified their marketing strategies by expanding their private label product offerings, instituted money promotions and discounts, and created loyalty programs through membership cards in order to attract new customers and maintain market share. Some supermarkets and hypermarkets have their own private label brands for ready-to-eat foods, ready-to-cook prepared foods, home-made bakery items, sausages, water, cooking oil, rice, sauces, dairy products and fruit juice. Private label products provide good sourcing opportunities for U.S. food ingredients, although some of U.S. ingredients such as frozen fries and dried fruits, are not competitive as a result of free trade agreements (FTAs) Thailand has signed with neighboring Asian countries like China, Vietnam, Malaysia, etc. Nonetheless, margins on private label products for retailers are double that of branded products and have grown in popularity due to the ability of retailers to price them accordingly. For example, the Central Food Retail has three brands of private labels, namely “My Choice” for ready-to-eat products, “Cooking for Fun” for specialty products such as olive oil, pasta, and rice, and “Tops” brand for premium consumer products. Big C also has three private label brands, which are “Happy Baht” for price sensitive customers, “Big C” for medium end customers, and “Big C Advance” for high end customers. Despite these existing private label products, there are still significant opportunities for growth in this market.

Retail food operators in Thailand have also expanded into online shopping and social networks as customers gain greater access to the internet through mobile devices and reliable online-payment service providers. Big C, in particular, has been offering online shopping services (<http://shoppingonline.bigc.co.th>) for three years. Big C’s current service package includes online orders, same-day pick up, and free delivery with purchases over \$49. Central Food Retail also offers online shopping through smartphone applications and internet social networks. Tesco Lotus (www.tescolotus.com/shoonline) will launch its online shopping services in early 2013. Despite the growth of online shopping, there are still a large percentage of lower income Thai consumers who do not have access to internet and lack computer skills. These consumers still prefer to physically purchase their products rather than making online buying decisions.

Advantages and challenges facing US products in Thailand

Advantages	Challenges
U.S. exporters are able to provide many varieties of high quality agricultural products from fresh to processed foods.	Stiff competition from Australia, New Zealand, South Africa, Europe, and China.
Increase in Thai consumers’ preference for higher quality products.	U.S. products are not always price-competitive as compared to imports from China, Australia, New Zealand, and Malaysia.
Local Thai consumers view US-origin products as being of high quality and safe.	Local manufacturers can quickly improve or change the quality of their products, taste or packaging sizes according to consumer behavior while keeping production cost low.
More than 10 percent of Thailand’s population	Lack of knowledge about new U.S. products

live in Bangkok, which accounts for 90 percent of the sales of fast moving consumer goods	makes Thais reluctant to purchase unknown foreign products.
Growing middle class increasingly spends more on imported food; estimated \$30 million in 2011	Price is still the most important factor when making a purchasing decision.
New retail outlets are expanding which allows all Thai consumers access to new imported products	Lack of importer and retailer knowledge and training in purchasing and handling of U.S. food products. Preference for local brands (e.g. Nestle, Singha Beer, etc.)
Thai palettes are increasingly including imported food items.	Lack of continuous promotion of U.S. varieties in Thai market. Exporters need to support market promotion campaigns to open new markets.
More disposable income to spend on high premium products.	Market penetration for imported products is concentrated in Bangkok and major tourism areas.
The growing tourism industry is fueling demand for U.S. seafood, wines, whiskies, etc.	Foods similar to American products cost less to produce locally.
Reliable supply of U.S. agricultural products and advanced U.S. food processing technology.	Thai government policy and actions try to increase demand for Thai local products.
Good relationships with foreign suppliers.	High import tariffs on high value consumer food and beverage products hamper imports of U.S. meat products, wine, whiskies, cherries, peaches, grapes, apples, pears.
Gift giving is essential and luxury foods are preferred. Shoppers like to seek and purchase new products for gifts.	Marketing costs to increase consumer awareness are high.
Attractive packaging gives the impression of better quality.	Quality of domestic production and marketing is improving.
Thailand's beneficial geographic location is viewed as a gateway to larger Indochina and other Asian markets.	Thai importers have shifted to products produced in ASEAN countries due to higher import tariffs for U.S. imported products.
Demand shift from unprocessed foods in fresh markets to a wider array of processed products available in large supermarkets.	SPS and TBT issues hamper U.S. imports.
The fast pace of modern life and the increase in the number of singles, one-parent families and working women have led to the change the way food is prepared and consumed.	Most of ready-to-eat meals can be produced locally.

Section II. Road Map for Market Entry

Entry Strategy – Supermarkets, Hypermarkets and Cash and Carry

The best method for U.S. exporters to enter the Thai market is to contact the supermarkets, hypermarkets or cash and carry companies directly. Any retailer that does not have their own import division will have to contract with local importers or agents to meet the needs of the exporter. Choosing the right importer is one of the most important decisions for exporters wishing to do business in Thailand. The local importer will be a key partner helping expand business opportunities and minimize the need for exporters to establish direct contact with multiple retail chains. In addition, a local importer familiar with market conditions and the regulatory environment can help exporters successfully market their products. U.S. exporters should be aware that many multinational retailers in Thailand charge listing fees or a listing allowance for new products. The fee will be charged in accordance with a formula based on the number of retail outlets and SKUs.

Distribution Channels - Supermarkets, Hypermarkets and Cash and Carry

The distribution channel for supermarkets, cash and carry, and hypermarkets in Thailand normally start with importers, then distributors, and end with the central warehouse or direct to retail outlets. The foodstuffs will be kept either in importers' warehouse, distributors' warehouse or a central warehouse before delivery. Some supermarkets, superstores and hypermarkets operated by multinational operators import food products directly and store them at their own distribution centers before delivery to each outlet.

Entry Strategy - Convenience Stores, Gas Marts and Kiosks

The best method for U.S. exporters to enter this market segment is to contact the head office of convenience stores, gas marts, and kiosks. U.S. exporters should be aware of the listing fee or listing allowance that may be charged by large convenience store chains. The fee will be charged in accordance with a formula based on the number of outlets and SKUs.

U.S. branded foods sold in these stores are generally produced in Thailand or neighboring Southeast Asian countries. These products include snack foods, chocolates, cookies, candies, gums, and breakfast cereal. Distributors often import U.S. branded foods from neighboring countries rather than from the United States because of the lower transportation cost and AFTA preferential tariffs. Sales trends of imported food from neighboring and other FTA countries in convenience stores will increase in line with the purchasing power of the target group. U.S. products will be well received by Thai consumers in convenience stores if price and quality are similar to what local suppliers and other low cost exporting countries offer.

Distribution Channels - Convenience Stores, Gas Marts & Kiosks

A common distribution channel for convenience stores, gas marts and kiosks starts with U.S. exporters, then to U.S. consolidators and traders, and end with Thai distributors to convenience stores, gas marts and kiosk distribution centers. Some Thai distributors distribute foodstuffs directly to convenience stores, gas marts and kiosk outlets. Most of the foodstuffs that are distributed directly to the outlets are fresh, including baked goods and dairy products. The flow pattern of different retailers varies depending on the sales volume and number of outlets.

Entry Strategy - Traditional Markets

For U.S. exporters, Thai traditional wet markets are more difficult to enter because of lower prices, lower consumer purchasing power, limited traditional distribution outlets, and consumer preference for traditional Thai and Chinese food products.

Distribution Channels - Traditional Markets

Local manufacturers usually have their own distributors to deliver their products. Some local producers are under supervision of a Royal Project in which assigned distributors manage the distribution.

Section III. Competition in 2011

In thousand (US\$)

Product	Total Imports	Direct Imports from the U.S.	Share of U.S. Imports in Total Imports	Major Competitors
Beef	58,929	632	1 %	India (56%), Australia (31%), New Zealand (9%)
Breakfast Cereals/Pancake Mix	33,695	1,538	5%	China (18%), Philippines (21%), Malaysia (9%)
Cheese	42,700	2,074	5%	New Zealand (33%), Australia (28%), Netherlands (8%)
Coffee, Roasted	6,492	3,272	50%	Italy (23%), UAE (14%), Australia (7%)
Dairy Products (Excl. cheese)	616,110	61,036	10%	New Zealand (47%), Australia (11%)
Dried Fruits	11,388	3,726	33%	China (19%), Australia (17%), Indonesia (18%)
Fish and Seafood Products	2,689,045	274,262	10%	Taiwan (11%), China (8%)
Fresh Fruits	363,243	39,185	11%	China (66%), New Zealand (8%), Australia (5%)
Fresh Vegetables	144,558	4,563	3%	China (68%), Laos (8%), Canada (6%)
Fruit and Vegetable Juices	63,625	13,865	22%	Israel (23%), China (11), Taiwan (9%)
Frozen Potatoes	30,023	13,106	44%	New Zealand (20%), Belgium (16%), Netherlands (12%)
Jams, Fruit Jellies	7,315	3,706	51%	Philippines (11%), France (11%), Switzerland (9%)
Sausage and Prepared Meat	7,776	1,381	18%	Italy (15%), Australia (12%), China (7%)
Snack Foods	230,245	6,307	3%	Indonesia (27%), Malaysia (16%), China (12%)
Tea	9,944	225	2%	UAE (19%), India (11%), China (10%)
Tree Nuts	114,163	12,481	11%	Indonesia (31%), Vietnam (28%), China (14%)
Turkey Meat	1,151	1,136	99%	
Wines	44,411	2,488	6%	France (40%), Australia (33%),

				Italy (7%), Chile (6%)
Spirits	227,162	4,116	2%	UK (74%), France (9%), Philippines (6%)

Locally and regionally produced snacks and beverages dominate the Thai market. Imported foods, however, do relatively well in Bangkok (especially near upper income residential areas and expatriate neighborhoods) and major tourist areas such as Phuket, Hua-Hin, Krabi, Samui, and Chiang Mai.

Free Trade Agreements (FTAs) have created additional challenges for U.S. exporters. Many U.S. food companies have shifted manufacturing bases from the United States to Thailand or neighboring countries such as Malaysia, Australia, China, and Indonesia to take advantage of the lower production cost. In addition, FTAs have lowered tariffs and provided favorable treatments to competitors and consequently have made U.S. products less competitive in the Thai market.

Section IV. Best Market Prospects

The best market prospects for U.S. suppliers include fresh fruits (cherries, grapes, strawberries, oranges, apples, berries), nuts (walnuts, hazel nuts, and pistachios), breakfast cereal, frozen seafood (scallop, lobster, fish, mussel), dried fruits (raisin), fruit juices, jam, vegetable oils, candy, chocolate, chocolate milk mix, dairy products (cheese, cheese spread, cream cheese, whipped cream, cheese sticks, cheese dip and ice-cream), pie fillings, processed meat, American spices, seasonings and sauces, snack foods, crisp bread, syrup, vinegar, wine, spirits and pet food.

The best selling U.S. food products are fresh fruits (cherries, grapes, and WA apples), frozen fries, scallops, snack foods, breakfast cereal, wine, dried fruits, popcorn, and pet foods. Products that are not currently present in the market in significant quantities, but have good sales potential are American bourbon and whisky, seafood including Alaska King crab legs, halibut and other fish, sugar confectionary, soup and broth, biscuits and wafers, candy, stone fruits (peaches, plums, nectarines), processed meat, chocolate milk mix, cheese, dip sauce, other cooking products.

Section V. Post Contacts and Further Information

A) U.S. Department of Agriculture, Foreign Agricultural Service

The Foreign Agricultural Service in Bangkok maintains current information covering food and agricultural import opportunities in Thailand and can facilitate U.S. exports and entry to the Thai market. Questions or comments regarding this report should be directed to following:

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