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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.

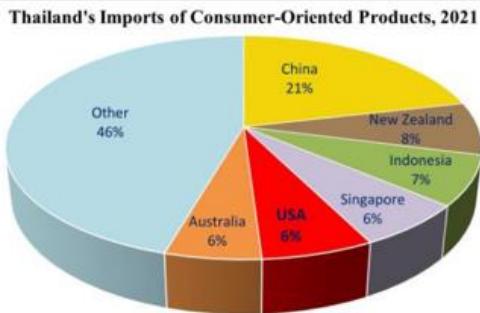
Market Fact Sheet: Thailand

Executive Summary

Foodservice operators had a transformative year in 2022. Beside some closures of consumer foodservice outlets, many operators in the hotel, restaurant, and institute (HRI) foodservice sector have adapted to the post COVID-19 pandemic market conditions. Foodservice providers adjusted their menu and prices to attract more local consumers and are adapting their offerings to cater to the changing lifestyle of consumers. There are opportunities for existing and new foodservice providers as the domestic COVID-19 situation improves.

Imports of Consumer-Oriented Products

China was the largest supplier of consumer-oriented products to Thailand in 2021, followed by New Zealand, Indonesia. The United States was tied for 4th with Singapore and Australia, exporting \$445 million of consumer-oriented products in 2021.



Food Retail Industry

segments in Thailand. The country's economic growth, coupled with higher disposable incomes in the middle-income population, a greater propensity to spend, and a trend towards urbanization fueled the growth of the retail sector prior to the pandemic. Changes in the structure of Thai households and the pandemic have led to changes in how Thais eat with a rising demand for convenient ready-to-eat meals, healthy food products, and food delivery.

Food Processing Industry

Thailand's food processing industry has developed rapidly and is one of the most developed in Southeast Asia. There are many medium-to-large food processors that produce high-value products for domestic and export markets. The value of Thai food exports was \$34.6 billion in 2021. Thailand imported \$3.2 billion in food ingredients in 2021 to support its large food

manufacturing sector and exports. With rising demand for processed foods, Thai food processors must import large quantities of food ingredients that are not locally available.

Quick Facts 2022

Imports of Consumer-Oriented Products: U.S. \$5.9 billion

List of Top 10 Growth Products in Host Country

- | | |
|-----------------------|-------------------------|
| 1) Dairy products | 2) Fresh vegetables |
| 3) Seafood products | 4) Food preparation |
| 5) Fresh fruits | 6) Bread, pastry, cakes |
| 7) Tree nuts | 8) Wine and beer |
| 10) Healthy beverages | |

Food Industry by Channels (U.S. billion) 2020

Total Agricultural Exports:	\$37.9
Total Agricultural Imports:	\$18.0
Full-Service Restaurant Sales	\$4.3
Food Delivery Sales (Est. by 2020)	\$1.1
Food and Drink E-commerce Sales	\$0.5

Top Thailand Retailers

Supermarkets

- 1) Central Food Retail
- 2) Gourmet Market
- 3) Villa Market
- 4) Foodland
- 5) UFM Fuji Super
- 6) MaxValu

Hypermarkets

- 1) Tesco Lotus
- 2) Big C

Cash and Carry

- 1) Makro

Convenience Stores

- 1) 7-Eleven
- 2) Family Mart
- 3) Lawson 108

GDP/Population

Population (millions): 69.18

GDP (billions USD): \$502 (as of 02/2021)

GDP per capita (USD): \$7,219 (as of 02/2021)

Sources: Trade Data Monitor, Bank of Thailand

Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weakness
Thailand has a strong food culture and well-established foodservice market. Thai consumers in major cities enjoy dining-out and are well receptive to new food trends.	High import tariff on U.S. food exports to Thailand.
Opportunities	Threats
Due to the rising incomes and rapid urbanization, urban Thai consumers are more willing to pay for premium food products and dine-out.	Competition from other food exporting countries that have a free trade agreement with Thailand.

Data and Information Sources: Euromonitor, TDM, Office of the National Economic and Social Development Board, World Bank, KbankResearch, and Industry Estimates

SECTION I: MARKET SUMMARY

Foodservice operators had a transformative year in 2022. Beside some closures of consumer foodservice outlets, many operators in the hotel, restaurant, and institute (HRI) foodservice sector have adapted to the post COVID-19 pandemic market conditions. Foodservice providers adjusted their menu and prices to attract more local consumers and are adapting their offerings to cater to the changing lifestyle of consumers. There are opportunities for existing and new foodservice providers as the domestic COVID-19 situation improves.

The Thai economy continues to recover from last year following the relaxation of the Thai government's COVID-19 restrictions but has yet to recover to its pre-pandemic level. The Bank of Thailand anticipates that the Thai GDP should return to its 2019 level in 2023. Some sectors are rebounding better than others. Thai exports have helped sustain the Thai economy during the pandemic. The tourism sector, which accounts for 7 percent of the country's GDP, is rebounding slower and should recover to pre-crisis levels by 2024.

Thailand's restaurant industry had grown steadily until the pandemic. The growing tourism sector and changing lifestyles fueled strong growth in Thailand's HRI sector. The Michelin Guide reported in 2019 that the average Thai ate out around 56 times a month. In addition, eighty one percent of the Thai consumers surveyed planned to spend more or about the same as they do on dining out and meal delivery in the next three years. The 40 million international tourists that arrived in 2019 sustained the 320,000 restaurants and more than 54,000 hotels and resorts.

The pandemic has reshaped Thailand's HRI sector. Travel restrictions and closures of dine-in facilities caused almost 10-15 percent of restaurateurs to close or shift their focus to delivery and takeaway. In the fourth quarter of 2021, domestic HRI foodservice operators were hopeful as the country reopened and restaurants were allowed to operate again albeit under certain conditions. Consumers are expected to dine out more and spend more time at restaurants. On October 1st, 2022, when there are no COVID-19 restrictions, the turnover in the restaurant business was forecast to reach 26.5 percent year-over-year. Restaurateurs are reimagining their strategies as the number of foreign tourists arriving in Thailand remains low, especially Chinese tourists.

Thailand's restaurants can be divided into the following three categories:

Quick Service Restaurants (QSRs) hold 10 percent market share in the restaurant sector and remain popular in Thailand due to their flexibility to adapt to changing circumstances. QSRs adapted quickly to the COVID-19 conditions by developing new menu items geared towards local consumers and presenting new outlet formats. QSRs were also already well positioned for food delivery. Franchises that sell chicken, burgers, bakery products, pizza, ice-cream, and breakfast meals dominate the QSR sector. Partnerships with U.S. brands (e.g., McDonald's, KFC, Pizza Hut, Taco Bell, Domino Pizza, Au Bon Pain, Starbucks, Carl's Junior, Burger King, Baskin Robbins, Dairy Queen, Auntie Anne's, and Subways) and non-U.S. brands (e.g., Mos Burger, Bonchon Chicken, Yoshinoya, and Chabuton Ramen) form about 80 percent of Thailand's food franchises. Despite sales dropping almost 12 percent from 2020 to 2021, several QSR operators have announced new expansion strategies as QSRs were not as severely impacted as full-service restaurants. Euromonitor estimates that the market value of QSRs will reach \$6.6 billion by 2024.

Sales in Quick Service Restaurants 2017 – 2021 (in millions of dollars)

	2017	2018	2019	2020	2021
Convenient Stores Limited-Service Restaurants	2,447.1	2,663.6	2,861.1	2,558.5	2,403.0
Chicken Limited-Service Restaurants	629.7	745.6	811.6	758.6	651.8
Bakery Limited-Service Restaurants	326.0	360.0	390.6	302.7	257.7
Pizza Limited-Service Restaurants	226.4	271.1	297.9	286.0	257.1
Burger Limited-Service Restaurants	258.7	298.2	302.5	250.3	219.5
Ice Cream Limited-Service Restaurants	251.4	266.4	289.9	208.0	176.3
Asian Limited-Service Restaurants	14.0	15.9	19.3	14.3	11.6
Other Limited-Service Restaurants	623.4	714.1	810.7	627.2	485.7
Total	4,776.7	5,334.9	5,783.6	5,005.6	4,462.7

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

Full-Service Restaurants represent about 15 percent of all establishments in Thailand's restaurant industry. Asian full-service restaurants are the most in-demand. The hot pot and barbecue grill dining trends have been gaining popularity and are key drivers in the growth of the restaurant sector. Other popular cuisines include Italian, Chinese, American, and Korean. The high-end or fine dining restaurants that offer unique food and dining experiences are also significant players in the restaurant sector. Many of the high-end or fine dining restaurants brings a lot of revenue to the country especially the MICHELIN-listed restaurants, such as Le Normandie, Sorn, Sühring, and Gaggan Anand.

Sales in Full-Service Restaurant 2017-2021 (in million U.S. dollars)

Full-Service Restaurants	2017	2018	2019	2020	2021
Chain Full-Service Restaurants	1,950.60	2,099.10	2,225.50	1,672.10	1,431.80
Independent Full-Service Restaurants	3,245.40	3,515.80	3,810.00	2,620.30	2100.30
Total	5,196.00	5,614.90	6,031.20	4,292.40	3,532.10

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

Full-service restaurants suffered in 2020 and 2021 during government mandated closures. Overall sales in full-service restaurants fell by 18 percent in 2021 from 2020. Sales in North American full-service restaurants, which were the best performing restaurant type, fell by 11 percent. Full-service restaurants have been hit harder than QSRs as many of them were not equipped or able to shift to a delivery service, such as the fine-dining or high-end restaurants. In addition, restrictions on serving alcohol during the pandemic have also been hard on most high-end or fine dining restaurants as 60 percent of their profit comes from beverage sales, including alcohol.

Small Restaurants (SME-Small Medium Enterprise) represent 75 percent of all restaurants in Thailand. Local stores and street vendors constitute the majority of this category. Hypermarkets and shopping center food courts have helped raise quality standards for this category but have also increased competition among these small restaurant operators.

The year 2022 has been transformative for most HRI operators as the restaurant business has changed dramatically due to the COVID-19 pandemic. Most HRI foodservice operators are fighting to continue their businesses by finding new sources of income to cover higher operating costs. Rising prices for food ingredients, utilities, and labor are driving operating costs higher. Most QSRs, full-service restaurants and small restaurants continue to establish cloud kitchens to accommodate takeaway and home delivery and are extending their businesses into retail as alternative sources of revenue.

The Central Restaurant Group's (CRG) 2022 business plan has it increasing its cloud kitchens to 20 stores, up from 11 stores in 2011. The company also plans to open over 200 new locations at shopping malls, hypermarkets, and commercial areas and renovate their 1,000 existing restaurants to meet the “new normal” lifestyles of consumers. The Oishi Group has also implemented similar strategies and opening smaller restaurants in provincial areas to cut costs. Besides CRG and Oishi Group, others players have also experimented with new store formats including food trucks, 24-hour outlets, and a new drive-through designs in order to generate more revenue.

Foodservice operators are also expanding into the retail channel by offering their products on retail shelves. Being on retail shelves helps foodservice operators generate more income and opportunities to build brand awareness. For example, iBerry Group's Rod Ni Yom brand is available in 7-Eleven, while salad dressing from the most popular restaurant in Pattaya province “After Yum” is also available via online platform. Bar B Q Plaza, whose core business is Asian-style barbecue cuisines, collaborated with CP Betago group to launch packaged meat and vegetable products for the retail market for home cooking. Some foodservice operators are even entering the catering business to provide customized catering for private parties, events, seminars, and meeting groups ranging from chef table to snack box.

The uncertain COVID-19 situation together with a reduced number of foreign tourists prompted many restaurateurs to shift their focus from foreign tourists to local consumers and adjust the prices on their menus down by 10 percent. Leading brands such as Burger King and McDonald's continuously launch new local menu items geared towards Thai customers. Burger King, for example, launched a chicken rice menu, while McDonald's introduced new Japanese cheese curry rice. Coffee Club, the international chain restaurant under the Minor International PCL, has also introduced new menu items specifically for the Thai market.

The Cloud Kitchen, the most popular model for small to medium businesses, and the Delco models are still commonly used to support delivery and carryout services. However, franchising is coming back and gaining popularity all over the world including Thailand. Local and international franchising is gaining momentum in the post COVID market. Many of the country's leading businesses like Yum! Brands Inc., MK Restaurants Co., Ltd., Minor International PCL, and Thai Beverage PCL are diversifying their investment portfolio by investing in small to medium-size businesses or start-ups (e.g., QSRs, cafes, and other casual dining) to further strengthen their organic growth and expand their franchises nationwide. While big U.S. fast-food chains like KFC, Taco Bell, Pizza Hut, and McDonald's currently have a large franchise network, Japanese and Korean franchises are gaining momentum.

Thai consumers continue looking for food that nourish their bodies and mind. The health and wellness trend has encouraged restaurants to add more plant-based food to their menus. While the alternative protein or future food market is growing, high costs of ingredients have limited its growth. Alternative protein food remains expensive and limited to those who can afford it. Restauranteurs are also introducing more flexitarian and reducetarian dishes on their menus.

Social media and digital penetration play a crucial role and is an indispensable tool in the marketing of the HRI sector. More than 80 percent of foodservice operators, not including street-food outlets, utilize social media to engage with their consumers, establish brand authenticity, and generate sales and income. There are many tools and activities on various social media platforms available to businesses (e.g., social media video

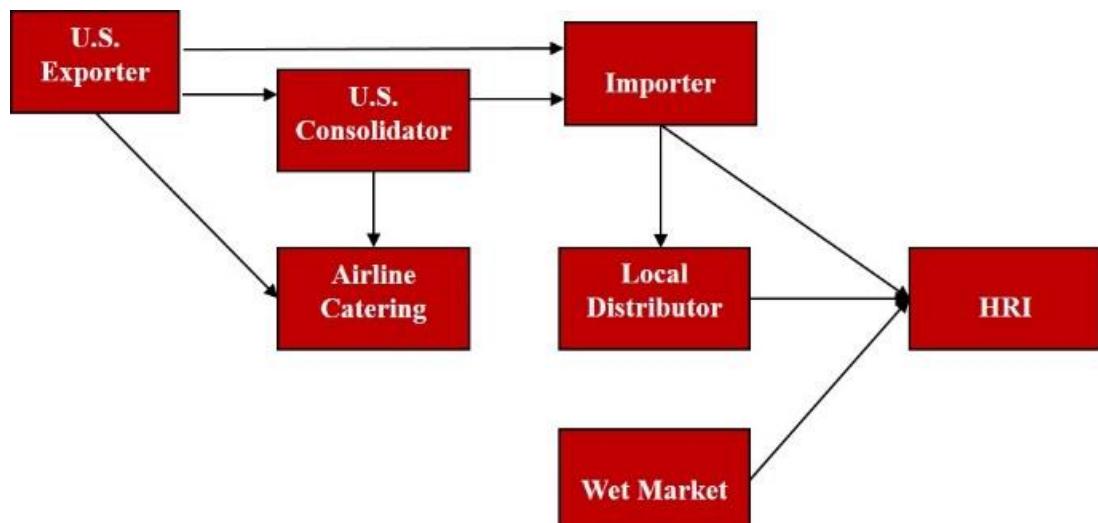
and social commerce), but business operators should carefully consider which platforms and tools help them achieve their marketing goals and reach their target customers.

The HRI sector sources about 30-35 percent of its food products through imports. Thailand imported \$445 million in consumer-oriented food from the United States in 2021 and has approximately 6 percent market share. HRI foodservice operators regularly import U.S. beef, seafood, cheese, frozen potatoes, seasoning, fresh fruits, dried fruits, nuts, bakery filling, fruit juice, juice concentrate, wine, craft beer, and other health and wellness products. Food preparation and ready-to-eat meals continue to be key products for HRI establishments accommodating both delivery service and small food outlets.

Advantages and Challenges Facing U.S. Products in Thailand

Advantages	Challenges
Economic growth and urbanization over the last few decades have increased demand for higher-value fresh and processed products.	Bilateral free trade agreement between Thailand and other countries (e.g., China, Australia, New Zealand, and India) make U.S. products less competitive due to higher tariffs.
Quality and health considerations, rather than price, are becoming key purchasing factors. Local Thai consumers see U.S. origin products as high quality, safe, and healthy.	There are many products similar to U.S. products in the Thai market that are more price competitive.
Thais in urban areas (54 percent of the population) increasingly spend more on imported food items and are changing their habits to eat more western style foods.	Local manufacturers have lower production costs and can quickly adjust their products to match changes in consumer behavior.
A wide range of restaurants and menus to cater to tourists requires a wide variety of products.	Shortage of U.S. products have caused high price for U.S. imported ingredients. In addition, the weakening of the Thai baht against the dollar has also made prices of U.S. imports higher.
Restaurants are offering more niche products to appeal to consumers with higher incomes by offering premium products.	Shipping delays have encouraged imports to source from other countries or switch products.

SECTOR II: ROAD MAP FOR MARKET ENTRY



Direct contact with local food service importers is the best strategy for U.S. exporters as they already have contacts and relationships with key businesses in the HRI sector. They also have a better understanding of the needs of local customers. Most businesses, including large QSR brands, hotel, resorts, and other full-service restaurants, do not import food and ingredients directly. They typically use food service importers or their affiliated companies who act as their distributors. Five-star hotels and resorts or international restaurants located in tourist areas, including Bangkok, Phuket, Pattaya, Samui, and Chiang Mai, are the heaviest users of U.S. products but do not import food directly in volumes that are attractive to U.S. exporters.

Food exhibitions or trade shows are also another good avenue for U.S. exporters to introduce new products and develop relationships with Thailand's foodservice operators, chefs, and other professionals. The activity also provides good exposure for U.S. companies and products. THAIFEX-Anuga and Fi Asia are Thailand's largest food and beverage trade shows.

FAS Bangkok can provide a list of importers to U.S. companies upon request and are also highlighting U.S. food and ingredient products at both THAIFEX-Anuga and Fi Asia food exhibition.

SECTION III: COMPETITION

U.S. agricultural exports to Thailand have encountered fierce competition from not only local Thai products but also imported products from countries that have a free trade agreement with Thailand such as China, Australia, New Zealand, Japan, Chile, and South Korea. However, HRI business operators are confident in U.S. products' quality and consistency.

SECTION IV: BEST MARKET PROSPECTS

Best market prospects for U.S. suppliers include the following:

- meat: frozen and chilled beef;
- potatoes: frozen fries with variety cuts;
- fresh and frozen seafood: fish fillets, scallop, lobster, mussels, oysters, salmon, halibut, cod fish, Alaska king crab, etc.;
- turkey;
- dairy products: cheese, processed cheese, whipped cream, cream cheese, dips, snack cheese;
- American spices and seasonings;
- bakery and baking products: flour, biscuits, pancake mixes, waffles, cookies, muffins, cakes, frosting and icings, and puff pastries;
- beverages: fruit and vegetable juices, wine, liquor, whisky, craft beer, cocktail mixes, and healthy beverages;
- dried fruits and nuts;
- canned foods: soup, fruit and vegetables;
- condiments: bacon bits & toppings, barbecue and cocktail sauce, dips, hot sauce or pepper sauce, mayonnaise, mustard, olives, salsa and taco sauce, pickles, steak sauce, syrups, salad dressing and vinegar;
- fresh fruit: apples, table grapes, cherries, blueberries, grapefruit, oranges, pears, peaches;
- jam, jellies, and spreads;

- snacks, candies, pop-corn;
- health and wellness products;
- plant-based products; and
- alternative protein and dairy products.

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:

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Attachments: [Thailand's Imports of consumer Oriented Products 2022.docx](#)