

**Required Report:** Required - Public Distribution

**Date:** October 04, 2023

**Report Number:** TH2023-0058

**Report Name:** Food Service - Hotel Restaurant Institutional

**Country:** Thailand

**Post:** Bangkok

**Report Category:** Food Service - Hotel Restaurant Institutional

**Prepared By:** Ornkamol Puranabhandu

**Approved By:** Mariya Rakhovskaya

**Report Highlights:**

A combination of a “return to normal” behavior by Thai consumers and of a rapidly recovering tourism demand bodes well for Thailand’s post-pandemic HRI sector.

# Market Fact Sheet: Thailand

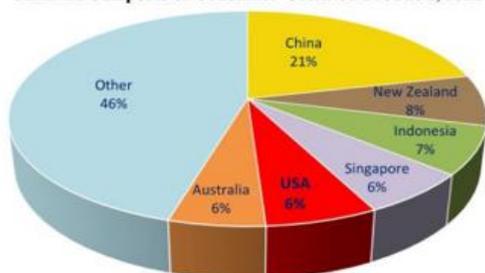
## Executive Summary

The positive outlook for the HRI sector is buoyed by a “return to normal” behavior of Thai consumers along with a rapidly recovering tourism sector. HRI operators continue to adopt different business strategies to facilitate post-pandemic growth in 2023 including launching numerous new marketing activities, introducing innovative business models, and revamping menu selections.

## Imports of Consumer-Oriented Products

The United States was Thailand’s 4<sup>th</sup> largest supplier (\$485 million) of consumer-oriented products in 2022, tying with Singapore and Australia.

Thailand's Imports of Consumer-Oriented Products, 2021



## Food Retail Industry

The Thai Retailers Association forecasts that Thailand’s retail sector will grow 6-8 percent in 2023 as the tourism sector recovers. The food and beverage industry is among the largest retail segments in Thailand. The country’s economic growth, coupled with higher disposable incomes for the middle-income population, a greater propensity to spend, and a trend towards urbanization, fueled the growth in 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 is among the most developed in Southeast Asia. There are many medium-to-large food processors that produce high-value products for domestic and export markets. Thailand aims to be one of the world’s top ten processed food exporters by 2027 and a key global player in the “Future Food” market. The

value of Thailand’s food exports was \$38.8 billion in 2022, while the value of Thailand’s imports of food ingredients was \$3.3 billion. With rising demand for processed foods, Thai food processors must import large quantities of food ingredients that are not locally available.

### Quick Facts

**Imports of U.S. Consumer-Oriented Products:** \$7 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        |
| 9) Chilled/frozen beef | 10) Healthy beverages   |

#### Food Industry by Channels (U.S. billion) 2022

Total Agricultural Exports:	\$47.3
Total Agricultural Imports:	\$22.3
Full-Service Restaurant Sales	\$3.8
Food Delivery Sales	\$2.5
Food and Drink E-commerce Sales	\$5.1

#### Top Thailand Retailers

##### Supermarkets

- Central Food Retail
- Gourmet Market
- Villa Market
- Foodland
- UFM Fuji Super
- MaxValu

##### Hypermarkets

- Tesco Lotus
- Big C

##### Cash and Carry

- Makro

##### Convenience Stores

- 7-Eleven
- Family Mart
- Lawson 108

#### GDP/Population

Population (millions): 71.8 (as of 9/2023)  
 GDP (billions USD): \$506 (as of 08/2022)  
 GDP per capita (USD): \$7,255 (as of 08/2022)

Sources: Trade Data Monitor, Bank of Thailand

## Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weakness
Thailand has a strong food culture and a well-established foodservice market. Thai consumers in major cities enjoy dining out and are very receptive to new food trends.	Thailand imposes high import tariffs on many U.S. food products.
Opportunities	Threats
Due to 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 free trade agreements with Thailand.

Data and Information Sources: Euromonitor, TDM, Office of the National Economic and Social Development Board, World Bank, Kbank Research, and industry estimates

## SECTION I: MARKET SUMMARY

Thailand's economy continues to recover from a downturn during the pandemic. The National Economic and Social Development Council (NESDC) forecasts Thailand's 2023 economic growth rate at 2.7-3.7 percent, an improvement over the last quarter of 2022, but still below the 3-4 percent growth in the first quarter of 2023.

The Kasikorn Research Center and Euromonitor estimate Thailand's foodservice market size at \$30.61 billion by the end of 2023 and project it to reach \$47.79 billion by 2029. Thailand's new government took office in September of 2023 and promised to institute policies to support small-medium enterprises (SMEs), reduce agricultural production costs, and promote international tourism with visa-free programs for certain countries. The foodservice sector likely stands to gain from the new government's focus on trade and economic growth.

The positive outlook for the HRI sector is buoyed by a "return to normal" behavior of Thai consumers along with a rapidly recovering tourism sector. In 2023, foodservice operators launched numerous new marketing activities, innovative business models, and revamped menu selections.

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

**Quick Service Restaurants (QSRs)** account for over 10 percent (estimated at \$1.25 billion by the end of 2023) of the HRI sector. QSRs have recovered quicker than other HRI operators after the pandemic due to their flexibility and quick adaptability. For example, during the COVID-19 pandemic, many QSRs developed new menu items, established new outlet formats, and rapidly adjusted their food delivery options. In 2023, QSRs have benefited from the return to work or school of Thai consumers by offering faster and more convenient meals than other foodservice channels. Moreover, QSRs remain very popular among younger consumers. Given the substantial growth potential, many QSR operators are expanding their (i) outlets, (ii) menu selections to enhance consumers' dining experiences, and (iii) investment in marketing campaigns.

Franchises that sell chicken, burgers, bakery products, pizza, ice-cream, and breakfast meals dominate the QSR sector. Given Thailand's 2022 per capita consumption of nearly 22 kilograms of chicken and pork products, the preference for chicken and pork-based fast food is driving the expansion of QSRs in Thailand. Approximately 80 percent of Thailand's food franchises are partnerships with U.S. brands (e.g., McDonald's, KFC, Pizza Hut, Taco Bell, Domino Pizza, Au Bon Pain, Starbucks, Carl's Junior, Shake Shack, Burger King, Baskin-Robbins, Dairy Queen, Auntie Anne's, and Subways) and other foreign brands (e.g., Mos Burger, Bonchon Chicken, Yoshinoya, and Chabuton Ramen).

### Sales in Quick Service Restaurants 2018 – 2022 (in millions of dollars)

Sales in Limited-Service Restaurant (Quick-Service Restaurants)	2019	2020	2021	2022	(2021-2022 % Change)
Convenience Stores Limited-Service Restaurants	2,613.05	2,368.22	2,226.39	2,642.58	18.70%
Chicken Limited-Service Restaurants	741.24	702.20	603.89	717.76	18.90%
Bakery Products Limited-Service Restaurants	365.53	291.27	244.47	298.45	22.10%
Pizza Limited-Service Restaurants	272.03	264.69	238.22	274.26	15.10%
Burger Limited-Service Restaurants	276.31	230.28	207.99	219.68	5.60%
Ice Cream Limited-Service Restaurants	264.80	192.49	163.30	210.86	29.10%

Asian Limited-Service Restaurants	17.66	13.24	10.73	14.38	34.00%
Others Limited-Service Restaurants	741.18	548.64	449.96	576.49	28.12%
<b>Total</b>	<b>5,291.80</b>	<b>4,611.04</b>	<b>4,144.95</b>	<b>4,954.46</b>	19.50%

Source: Euromonitor

**Full-Service Restaurants (FSRs)** represent about 15 percent of all restaurants in Thailand. FSRs focusing on Asian cuisines (e.g., Chinese, Korean and Japanese) are 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 and American. The high-end or fine dining restaurants that offer unique food and dining experiences also have become significant players in the restaurant sector. Many of the high-end fine dining establishments, especially the Michelin-listed restaurants (e.g., Le Normandie, Sorn, Sühring, Le Du, Baan Tepa) generate substantial revenue for the country.

Pandemic-related government measures, including mandated closures, hit the FSRs much more than the QSRs as FSRs struggled to shift to a delivery-based service. Since the first half of 2022, many full-service chain restaurants began to recover due to strong sales, additional revenue from expansion into retail locations, distribution of new menu items as packaged foods through the retail channel, and the investment in food delivery services. On the other hand, independent full-service restaurants still struggle with slower growth.

#### Sales in Full-Service Restaurant 2017-2021 (in \$million)

Sales in Full-Service Restaurant	2019	2020	2021	2022	% Change
Full-Service Chain Restaurants	2,053.29	1,539.04	1,334.21	1,614.92	21%
Independent Full-Service Restaurants	3,479.60	2,425.43	1,969.12	2,329.17	18.28%

Source: Euromonitor

**Small Restaurants (SMEs)** represent almost 75 percent of all restaurants. Independent restaurants, including local stores and street vendors constitute the majority of businesses in this category, which offers distinct menus and dining experiences attractive to locals and millions of tourists alike. Hypermarkets and shopping center food courts have improved SME quality standards, but also increased competition among these small restaurant operators. In 2023, Thai consumers continue to see more food halls where many restaurants come together to share a kitchen and dining space. The Public Market Food Hall at Central Chidlom and Mahanakon Eatery are the latest food halls to offer consumers selections from some of Bangkok's most well-known restaurants.

Many restaurateurs have adapted a hybrid business model with multiple sales and fulfilment channels, including on-premises takeout orders via self-service kiosks. Some businesses have completely adopted a cloud or ghost kitchen concept and no longer seek large premises. They only need sufficient space to distribute their food products. Although, the food delivery business has slowed down as consumers generally prefer to eat out, home delivery sales remain much higher than before the pandemic. Most QSRs, FSRs and small restaurants still view takeaway and home deliveries as important alternative revenue sources and often prepare orders for those in the cloud kitchens. Central Restaurant Group plans to set up 100 cloud kitchens by 2024 across the country, while Siamese Asset plans to invest \$437.4 million to expand its cloud kitchen business by 2026.

With the post-pandemic recovery in full swing, several key HRI players plan to expand their outlets to prepare for an increase in eat-in customers, both local and international. For examples, McThai Co., Ltd. opened more outlets as the number of shopping malls grew. The Central Restaurant Group opened 83 new outlets with specific focus on hypermarket and drive-through formats in key locations. Moreover, with the expected recovery in inbound tourism, many players will likely also look to expand their presence in key travel locations including airports, BTS and MRT train station areas, gas stations etc. To increase their appeal to consumers, many foodservice operators updated their outlets with curbside or counter pick-up, drive-thru, and delivery areas to provide additional services. Some FSR operators also tapped into the QSR market as Limited-Service Restaurant operators. For example, Bar-B-Q Plaza launched eight Gon Express food trucks that offer “Gon X Box” or Udonyaki set meals at gas stations. Santa Fé launched ten branches of Santa Fé Easy in a self-service form by offering easy-to-cook dishes that require less than 7-9 minutes of cooking time. The Oishi Group introduced Oishi Biz To Ro as Japanese fast casual styled restaurants in a self-service format. Pre-packaged meals and cocktail kits are another service that some restaurants have invested in due to the rise in delivery and carryout services. Consumers like these meals and beverages as they can prepare the dishes and cocktails at home following restaurant’s step-by-step directions.

High inflation rate, rising prices of food ingredients, utilities, and labor were the principal factors behind higher operating costs in the HRI sector. In 2023, many leading foodservice companies announced significant price adjustments in their menus. For instance, MK Restaurant Groups PCL and Zen Japanese Restaurant Group, in addition to many chain hotpot and buffet brands, announced price hikes of 2-3 percent to over 10 percent in their menus. Some of the restaurants also adjust their menu selections to better align with the inventory. All-day breakfast is rapidly becoming one of the most effective strategies to reduce operation costs. Besides adjusting menu prices and selections, restaurant operators can manage rising costs by reducing their food waste through more efficient raw material management and cooking processes, such as deploying a stock management technology (e.g., the Point of Sale (POS) systems), and offering in-store and food delivery discounts to consumers purchasing products left unsold at the day’s end.

Social media and digital penetration play a crucial role in HRI-related marketing. More than 80 percent of foodservice operators, excluding 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. Live dining experiences are quickly becoming more widespread as social media helps capture the excitement among consumers. Live dining refers to a kitchen where customers can see chefs preparing the food. Many restaurants are installing open cooking stations to highlight on their social media accounts and attract customers. Pop-up food and limited-edition dining experiences are also making a wave in the Thai restaurant scene. Restaurants and chefs like these experiences since they give them the opportunity to experiment with new menu concepts, dishes, and ingredients. The pop-up food concept also allows more collaborations among chefs to create inclusive and memorable experiences that lead to great social media tie-ins.

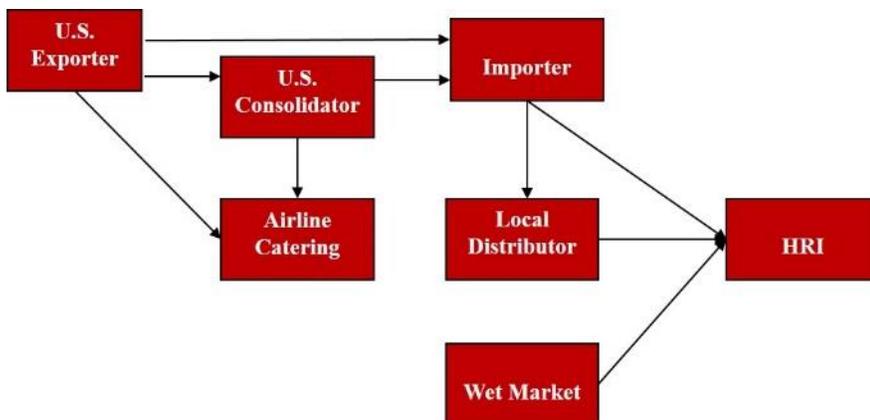
The HRI sector sources about 30-35 percent of its food products through imports. In 2022, Thailand imported \$485 million (or approximately 6 percent) in U.S. consumer-oriented food exports. HRI

foodservice operators regularly import U.S. beef, seafood, cheese, frozen potatoes, seasonings, fresh fruits, dried fruits, nuts, bakery fillings, fruit juice, juice concentrate, wines, craft beer, and health and wellness products. Food preparation and ready-to-eat meals continue to be key products for HRI establishments accommodating both delivery services 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 agreements between Thailand and other countries (e.g., China, Australia, New Zealand, and India) place U.S. products at a tariff disadvantage.
Quality and health considerations, rather than price, are increasing becoming key purchasing factors. Local Thai consumers see U.S. origin products as high quality, safe, and healthy.	In the Thai market, there are many products similar to U.S. products that are more price competitive.
Thais in urban areas (54 percent of the population) increasingly spend more on imported food items and are increasing their consumption of a more western style diet.	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.	Shortages of U.S. products led to high prices for U.S. imported ingredients. At the same time, the Thai baht has weakened against the dollar and made U.S. imports less affordable.
Restaurants are offering more niche and premium products to appeal to consumers with higher incomes.	Shipping delays have encouraged importers to source from other countries or to switch products.

### SECTOR II: ROAD MAP FOR MARKET ENTRY



Direct contact with local food service importers is the best strategy for U.S. exporters to access the Thai market. Local food service importers already have (i) contacts and relationships with key HRI businesses, and (ii) a solid understanding of the needs of local customers. Most businesses, including large QSR brands, hotels, resorts, and other full-service restaurants, do not import food and ingredients directly. They typically rely on food service importers or their affiliated companies to act as 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 typically attractive to U.S. exporters.

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

Upon request, FAS Bangkok can provide a list of importers to U.S. companies and highlight U.S. food and ingredient products at both THAIFEX-Anuga and Fi Asia food exhibition.

### **SECTION III: COMPETITION**

U.S. agricultural exports to Thailand face fierce competition not only from local Thai products but also imported products from countries with free trade agreements with Thailand (e.g., China, Australia, New Zealand, Japan, Chile, and South Korea). Nevertheless, HRI business operators remain confident in the quality and consistency of U.S. products.

### **SECTION IV: BEST MARKET PROSPECTS**

The best market prospects for U.S. products include:

- meat: frozen and chilled beef;
- potatoes: frozen fries with variety cuts;
- fresh and frozen seafood: fish fillets, scallops, lobsters, mussels, oysters, salmon, halibut, cod fish, Alaska king crab, etc.;
- poultry: 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, wines, liquors, whiskies, craft beers, cocktail mixes, and healthy beverages;
- dried fruits and nuts;
- canned foods: soup, fruits 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;
- jams, jellies, and spreads;

- snacks, candies, and popcorn;
- 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 welcomes inquiries about opportunities for U.S. products in 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 addresses:

### **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](mailto:Agbangkok@fas.usda.gov)  
Website: [www.fas.usda.gov](http://www.fas.usda.gov)

### **U.S. Mail**

Office of Agricultural Affairs (FAS)  
U.S. Department of State  
7200 Bangkok Place  
Washington, DC. 20521-7200

**End of Report.**

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