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Fresh Food in Thailand

EXECUTIVE SUMMARY

The Demand for Fresh Food Is Rising, Especially From Foodservice

The demand for fresh food is expected to increase in Thailand over the forecast period, due to rising health-consciousness and the rise of foodservice operators serving less processed and more natural food options. Consumers are taking active steps to educate themselves on proper nutrition to stay healthy, and adjusting their diets to suit their own specific health conditions. Fresh food is perceived as superior to packaged food, as it is lower in preservatives and fully natural. Also, consumers who choose to eat healthily continue to seek organic products, despite their higher price tag. The broader availability of organic fresh food through modern grocery retailers and online channels has made it easier for consumers to consider organic options. However, the uptake of organic products is still mostly constrained by price.

Nevertheless, together with urbanization, consumers are getting busier in both their social and working lives, and they have less time to cook properly at home. Despite such constraints, with the aim of achieving a healthy work-life balance, consumers are choosing to eat out at organic restaurants or order healthy food delivery to justify their lack of cooking. In this regard, more restaurants and food delivery services are meeting consumer demands by providing healthier, organic, low calorie or superfood-rich options. Hence, there is expected to be a greater need for fresh food for foodservice.

Fruits in Thailand Suffer From Oversupply Issues in Mid-2018

Due to the lack of centralized crop planning across farming regions, Thai farmers are unable to smooth out the supply of popular fruits in line with market demand. This has resulted in an oversupply of a single fruit type after harvest, making prices volatile. The market is unable to absorb the large supply of a single fruit, which also has a short shelf life. This has negatively affected farmers' incomes. Large quantities of several fruits have gone to waste because of poor distribution, communication, and management. Many fruits are also imported in addition to local fruit production, which is already more than the domestic demand. This oversupply problem has happened with pineapple, coconut, mangosteen, durian, longan, and many more.

It remains to be seen if government agencies will implement both short-term and long-term actions

to tackle this issue and prevent it from recurring. Through better planning and preparation, it is expected that the fruit oversupply issue could be mitigated and eventually solved over the forecast period. This would bring relief to fruit farmers and the fruits category, resulting in more stable prices and supply.

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Modern Trade Channels are Expected to Grow Faster Than Traditional

Modern trade channels have become part of Thai consumers' daily lives, with outlets of both local and international stores, mainly convenience stores, now proliferating and visible on every major street corner nationwide. Fresh food is sold extensively through both modern and traditional distribution channels across Thailand. However, wet markets are expected to play a much less significant role over time due to their limited product range and convenience, and modern trade players are likely to fill this demand. They own extensive branch networks and can bargain with manufacturers from a position of strength due to their larger volume of orders compared with traditional trade channels.

Besides, advanced technology, better distribution management systems, and more extensive networks of stores online and offline allow modern channels to have marketing advantages over traditional channels. Over the forecast period, modern trade is set to grow faster than traditional trade, as disposable incomes rise, and Thais seek convenience and a greater variety of premium fresh food.

The Growth of Fresh Food Will be Influenced by Busy Lifestyles and Healthy Living

As Thailand develops, consumers' lives are becoming increasingly fast-paced, and they have little time to cook. At the same time, consumers now perceive health as a lifestyle choice, and are willing to pay for foods that offer better nutrition and fewer preservatives. Consumers are demanding



convenience, affordability, and nutrition, with less regard for product prices. Price is no longer the main deciding factor in the purchasing decision. Provenance, quality, and nutritional benefits are accorded higher weight compared with price.

Over the forecast period, it is likely that consumers will gradually look for more convenient food products with extra health benefits. These two attributes will carry increasing weight in consumers' purchasing decisions. Fresh food manufacturers are likely to respond with value-added products which speed up the food preparation process in exchange for higher price points. ■

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