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## Fresh Food in Thailand

### EXECUTIVE SUMMARY

**Growth Is Driven by the Health and Wellness Trend, Partnered with Higher Disposable Incomes and Government Initiatives to Boost Consumption of Fresh Food**

**F**resh food in Thailand saw an increase in all areas in 2019, apart from a slight decline in eggs. Several factors drove this increase in volume growth. Firstly, the rising interest in health and wellness has increased the amount of health-conscious consumers in Thailand, reaching for fresh food rather than packaged goods. The healthy living trend has impacted both retail and foodservice channels, with foodservice operators adding fresh, nutritious, and natural options, responding to consumers demands. The health and wellness trend sees consumers focused on good sources of nutrition, natural foods, and lack of additives and preservatives; all of which are on offer in fresh foods in Thailand, with fresh food being superior to packaged foods in these ways. As the healthy living trend gathers steam across the globe, consumers are increasingly buying more organic meat, vegetables, pulses, and nuts.

As well as the increasing health trend, higher disposal incomes boosted growth in 2019, especially among areas with higher price points, such as organic foods. This was partnered with the increased availability of organic foods through modern grocery retailers as well as internet retailers, making it easier for consumers to reach for organic fresh food. Despite these positives, the higher price point remains a challenge for organic options over the forecast.

Whereas these factors benefited most areas of fresh foods, eggs saw a decline in 2019; the result of the government introducing a price floor to manage the oversupply of eggs in the country. However, the government's support in boosting egg consumption will see this reverse over the forecast period. When it came to fruit, local government regulations were also in action in 2019, and standardization measures were introduced to strengthen the quality of fruit on offer. However, Thailand continued to face an oversupply of local fruits, due to the short shelf lives of fresh food and mass production by farmers. This drove prices down, resulting in the Thai government collaborating with private business including airports, airlines, and fuel service stations to boost sales of local fruit offerings. This should restore balance in the fruit landscape, over the forecast period.

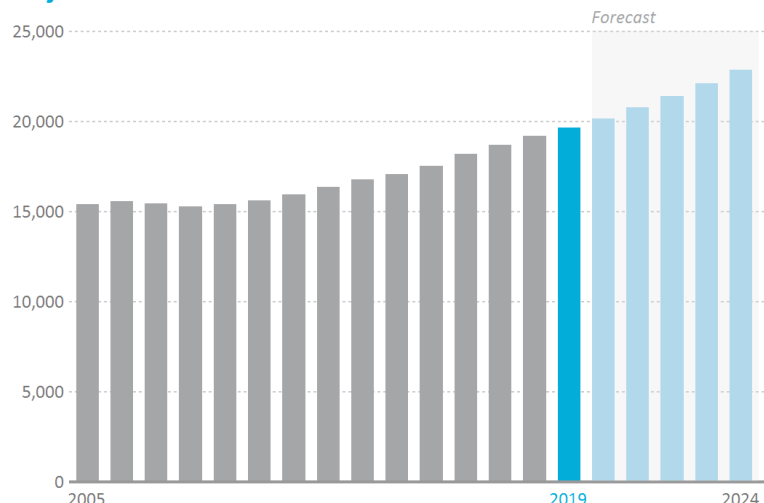
**Healthier Lifestyles, the Rise in Busy Urban Consumers, and the Governments Support to Boost Volume Sales Shape the Fresh Food Landscape**

The health and wellness trend dramatically shaped the landscape for fresh foods in 2019, with healthier fish and seafood, nuts, pulses, and vegetables all benefiting from the rise of consumers interested in maintaining a healthier lifestyle. However, meats are perceived by consumers to be high in calories and fats, with poultry benefiting from being healthier white meat. In line with the rise in healthy lifestyles, some consumers are seeking out healthier nutrient sources of protein instead of meat, such as nuts and pulses.

### Sales of Fresh Food in Thailand

Total Volume - '000 tonnes - 2005-2024

19,581



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The rise in busy and urban consumers also impacted the landscape because many consumers now don't have the luxury of time to cook a fresh meal in their homes. This resulted in eating out in restaurants that served organic, healthy foods, or ordering healthy deliveries to maintain their nutritious diets, even when not eating home cooked meals. As a result, there is a rise in health-related options in foodservice, providing healthier, low calorie, or superfood-rich options.

When it comes to selecting fresh food, Thai consumers in 2019 preferred to consume locally grown vegetables and fruits, rather than the premium imported products. This was due to their familiarity with local production, as well as their more affordable price points. In addition, the local government's policy to support local farmers' livelihoods has also educated and encouraged consumers to choose local ingredients.

Despite this, the premiumization trend did provide growth opportunities in more niche fresh foods in 2019, especially for premium imported meat, seafood, and pulses, as some local consumers developed a taste for more sophisticated products in trendier foodservice formats.

#### **Modern Grocery Retailers Lead Distribution, Offering a Wide Range of Fresh Food and Benefiting from Discounts, Advertising, and Promotional Campaigns**

Modern grocery retailers remained the key distribution channel in 2019, with supermarkets and hypermarkets remaining popular, having become part of daily life in Thailand.

Whereas fresh food is sold extensively through both modern and traditional distribution channels across Thailand, wet markets are also commonplace for Thai consumers to purchase fresh food – however, the significance of wet markets is expected to decrease over the forecast period. This decrease will be the result of the increasing convenience of modern channels, which offer a wider variety of products and affordable price points, with offers and discounts boosting volume sales.

In traditional distribution channels, food/drink/tobacco specialists continued to be a key channel for purchasing fresh food in 2019. However, modern grocery channels also had the advantage of established promotions, advertising, and marketing activities to get consumers through the doors, as well as distribution management systems and extensive networks of online and offline stores. Modern grocery retailers will see higher growth than traditional retailers over the forecast period, as disposable incomes rise and consumer increasingly seek convenience, variety, and premium fresh food.

#### **COMPETITIVE LANDSCAPE**

##### **Growth Over the Forecast is Driven by the Health and Wellness Trend, the Increased Demand for Convenience Partnered with the Rise in Disposable Incomes**

The rise in healthy living is expected to continue boosting growth in fresh food over the forecast period; particularly nuts, pulses, poultry, fruits, and vegetables which have clear nutritional benefits for consumers. Eggs are expected to recover from a decline, added by the governments initiative to increase consumptions, and meat players will position foods as organic, GMO-free, and free-range to align to the growing demands of the health-conscious consumers.

The growing busy lifestyles will boost demand for pre-prepared and packed fish and seafood, and the governments backing will support volume sales of fruits, vegetables, and starchy roots.

Fresh food through foodservice will benefit from the rise of busy consumers who still want to eat healthy and nutritious foods, willing to pay for foods on menus that offer better nutrition and fewer preservatives. Gradually, as disposable incomes increase, price is no longer the main deciding factor, with an increase of consumers considering health, nutrition, quality, and provenance before buying.

Finally, consumers are expected to focus on convenient foods with extra health benefits, to fit in with the rise in busy lifestyles. Fresh food players are likely to respond to these growing demands, offering added value by bringing fresh foods to the landscape that have convenient quick cooking times. ■

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**Naturally Healthy Packaged Food in the US**