

## **Distribution Structure**

Most grocery outlets procure foreign goods through:

1. Direct purchase from off-shore suppliers
2. Purchase from Thai agents

For most outlets, the most popular way of obtaining foreign groceries is by going to a Thai agent (see attached list of importers). Increasingly, however, more and more stores are buying directly from either the manufacturer or from an off-shore distributor -- cutting out one and sometimes two layers of handling. In the past, direct purchasing has been restricted to the larger players who could provide volume guarantees (ie: Central, Robinsons). However, in keeping with the international trend to go direct, more and more outlets are following suit.

As direct procurement for smaller outlets will never be an option, the extensive system of importers and distributors is far from being totally replaced. It is still very practical for a Canadian importer to utilize this distribution system (although this can depend on the product being sold). What has changed is that Canadians should also ensure that they are flexible enough to sell direct to some retailers. Often times this can be a problem as the designated agent/importer often requests "exclusive rights" for a product for the whole of Thailand. Canadian exporters would be well advised to negotiate a clause where they would have the option of servicing direct accounts. This may not be particularly popular with your agent, but it will allow you to access accounts that would not normally consider buying from a distributor/agent.

Listings of those retailers who prefer to buy direct are located in the importers list (Section V).

## **Cooperative Distribution Centres**

This topic will be expanded upon in Section III of this report.

## **Opportunities For Canadian Food Exporters**

While much has been discussed in regards to high volume purchasing, Canadians should not forget to take advantage of "niche" opportunities. Canadian products can do well in Thailand. Areas of particular interest to Canadians were presented in a previous section. At this time in the development of Thailand's distribution system, Canadian exporters could also do very well by taking advantage of some of the new cooperative distribution centres that are coming on line.