

IV. OVERVIEW OF THE THAI INSTITUTIONAL FOOD MARKET

Background

In many ways, the Thai institutional and retail food markets are structured in a similar fashion simply because food importers sell in both the Thai retail and institutional markets. For the purpose of this report, the institutional market will include hotels, restaurants, hospitals, universities and office cafeterias.

While the growth rate of this sector is not as pronounced as in the retail market, Canadians should not discount this component of the market. Thai people regardless of income or socio-economic status, eat out of the home much more often than the average Canadian. Eating out is a way of life, and a major component of Thailand's society. The food and beverage operations of most of Thailand's major hotels contributes substantially to the bottom line of overall hotel revenues. While the growth of suburbs and the move towards more western food preparation at home will continue to spur growth in the retail grocery market, there is no indication that the institutional market will suffer. Quite the contrary. With the recent substantial increase in the average income of most urban Thais, people are not only continuing to eat out, but are also eating better and more expensive foods when they go out.

Structure

As in Canada, most large institutions procure their food needs via their purchasing department. Should a Canadian food exporter wish to sell a specific product directly to a targeted institution, it is feasible that they could deal directly with the respective purchasing department. However, in an attempt to keep their number of suppliers at a manageable number, most institutions would prefer to buy products through a distributor, and preferably a distributor or importer which they know already. Still, it is possible and in some cases preferable to sell directly -- particularly when volumes are substantial.

In contrast, most of the smaller restaurants in Thailand almost exclusively use local products which are obtained from local "wet-markets" or directly from the producers. These wet-markets are the traditional "grocery" outlets for Thais (before the advent of modern "grocery stores").

Institutions have favourite suppliers. In Bangkok, many of the larger institutions procure imported meat products, fresh fruits, and vegetables from the following companies: Nanasiam Foods, Choice Foods, Siam Foods, Euro Fashion, Ek-Thai and Goya. Details on each of these companies can be found in the Directory of Thai Food Importers, Section V of this report. Imported beverages are usually obtained from the following importers: Asian Food Group (Thailand), Riche Monde (Thailand), Nathakij, HageMayer (Thailand), Inchcape and Wanichwattana. Again, details of these companies can be found in Section V.