

# Thailand's Hotels and Restaurants Looking for U.S. Products

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**T**hailand, covering 198,114 square miles in the heart of Southeast Asia, is the gateway to Indochina. Over 10 percent of the country's 64.3 million inhabitants live in Bangkok, which accounts for 90 percent of the sales of fast-moving consumer goods.

Thailand's economy has shown remarkable improvement since the financial crisis of 1997 with growth forecast to be 9 percent for 2004, following growth of 6.3 percent in 2003. Higher consumer confidence resulting from falling unemployment and rising incomes is boosting consumption. This has given a spurt to Thailand's large food service sector that now comprises some 100,000 restaurants and 5,000 hotels.

## Rise in Tourism

Hotels, resorts and restaurants are heavy users of imported food products, and because tourism is flourishing, demand for such products is on the rise.

Thailand's diverse geography offers tourists a tremendous range of adventures and activities such as diving, sailing, trekking, golfing, cave exploration and rock climbing. This makes Thailand one of the world's favorite tourist destinations, with nearly 11 million people visiting the country each year. For 2004, the number of tourists may reach 12 million.

The Tourism Authority of Thailand is aggressively marketing the country as a tourist hub for Asia, emphasizing the renowned hospitality of Thai culture.

Along with this marketing campaign, Thailand has developed into a major convention destination for the Asian region, competing with Singapore and Hong Kong.

## Opportunity Knocks for U.S. Suppliers

With the ongoing growth in the hospitality sector, the opportunities for U.S. suppliers of food and agricultural products abound. Hotels and restaurants import some 30 to 35 percent of the foods they serve their customers, and about 20 percent of these imports come from the United States. Thailand typically ranks among the top markets for U.S. agricultural, fish and forest goods and bought a record \$689.4 million worth in fiscal 2003.

The wide range of restaurants and menus to meet demands of tourists requires a variety of products. Particularly popular are U.S. beef, Alaska king crab,

scallops, fish, potato fries, fruits (apple, cherry, grape, stone, etc.), seasonings and wines.

Like U.S. consumers, Thais are eating out more often. Upper and middle-income Thais like to spend money on food, especially during the holidays. Consumption of imported food products peaks during the New Year, Christmas, the Chinese New Year and the Thai New Year seasons, with coffee, tea, milk, snack foods, jellies and jams, crackers, nuts, fruit juices, wines, beer, whiskey, health foods and fresh fruits often given as gifts. In general, Thai consumers view U.S. foods and beverages as being of high quality, and they rate them as some of the best in the world. Excellent opportunities exist for U.S. producers targeting niche markets.

## Road Map for Market Entry

In order to be successful, U.S. exporters will need to learn about the



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supporting market promotion campaigns to attract new consumers.

It is important to note that the climate for trade with Thailand may be improving. After the U.S.-Thai Trade and Investment Framework Agreements of 2002 strengthened bilateral relations, Thailand and the United States agreed, in October 2003, to begin FTA (free trade agreement) negotiations. Elimination of Thailand's high duties and other barriers in the agricultural sector would create new opportunities for U.S. suppliers in this major market. But the competition will remain stiff: Thailand is also negotiating FTAs with China and Australia.

Thai market and be ready to compete with suppliers from China, Japan, Australia and New Zealand, which have some advantages in geographic proximity. In addition, high tariffs on U.S. products give an advantage to Asian and Oceanic countries. U.S. exporters must be aggressive in

Direct contact with local food service importers is the best entry strategy for U.S. exporters. Hotels and resorts do not import food directly in high enough volumes to be attractive to U.S. exporters. It is easier for hotels and resorts to order from food service importers because they

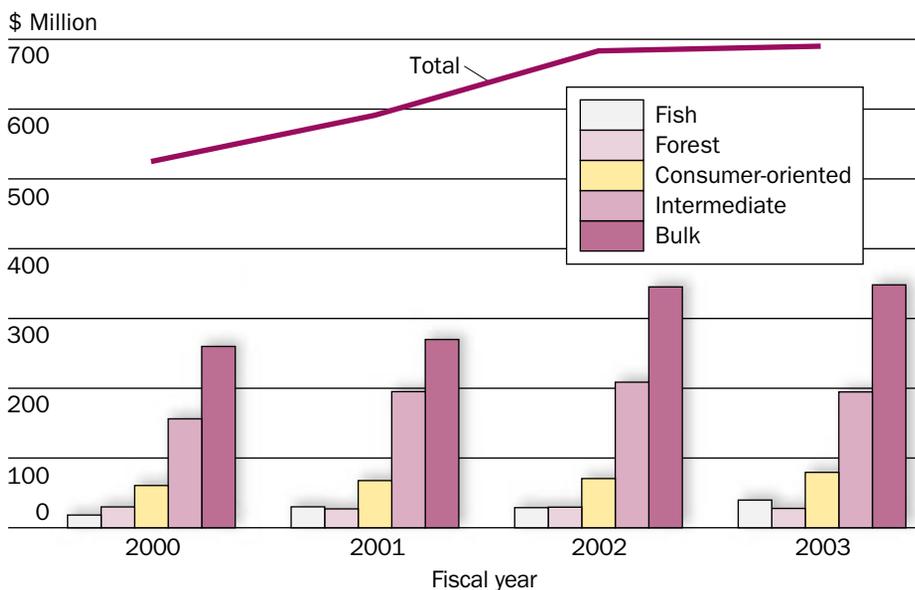
### Best Market Prospects

- Fresh and frozen seafood
- Beef, poultry and processed meats
- Spices, seasonings and sauces
- Fruit and nut mixtures
- Jams and jellies
- Almonds, walnuts, hazelnuts and macadamia nuts
- Baking products
- Breakfast cereals
- Canned foods
- Dairy products
- Fresh fruits and vegetables
- Fruit juices
- Wines and whiskey

specialize in providing high-quality U.S. products to the five-star hotels and restaurants. Fast-food chains and family-style restaurants also order and purchase imported food from food service companies or from affiliate companies that act as their distributors.

Five-star hotels and resorts are heavy users of U.S. food products. Making direct contact with catering services that manage these hotels and resorts is important for U.S. suppliers trying to enter this market for the first time. ■

#### Overall, U.S. Exports of Agricultural, Fish and Forest Products to Thailand Have Shown Considerable Expansion in the Last Few Years



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