

*Thailand's experience in wholesale,
distribution and retailing of tropical fruits*



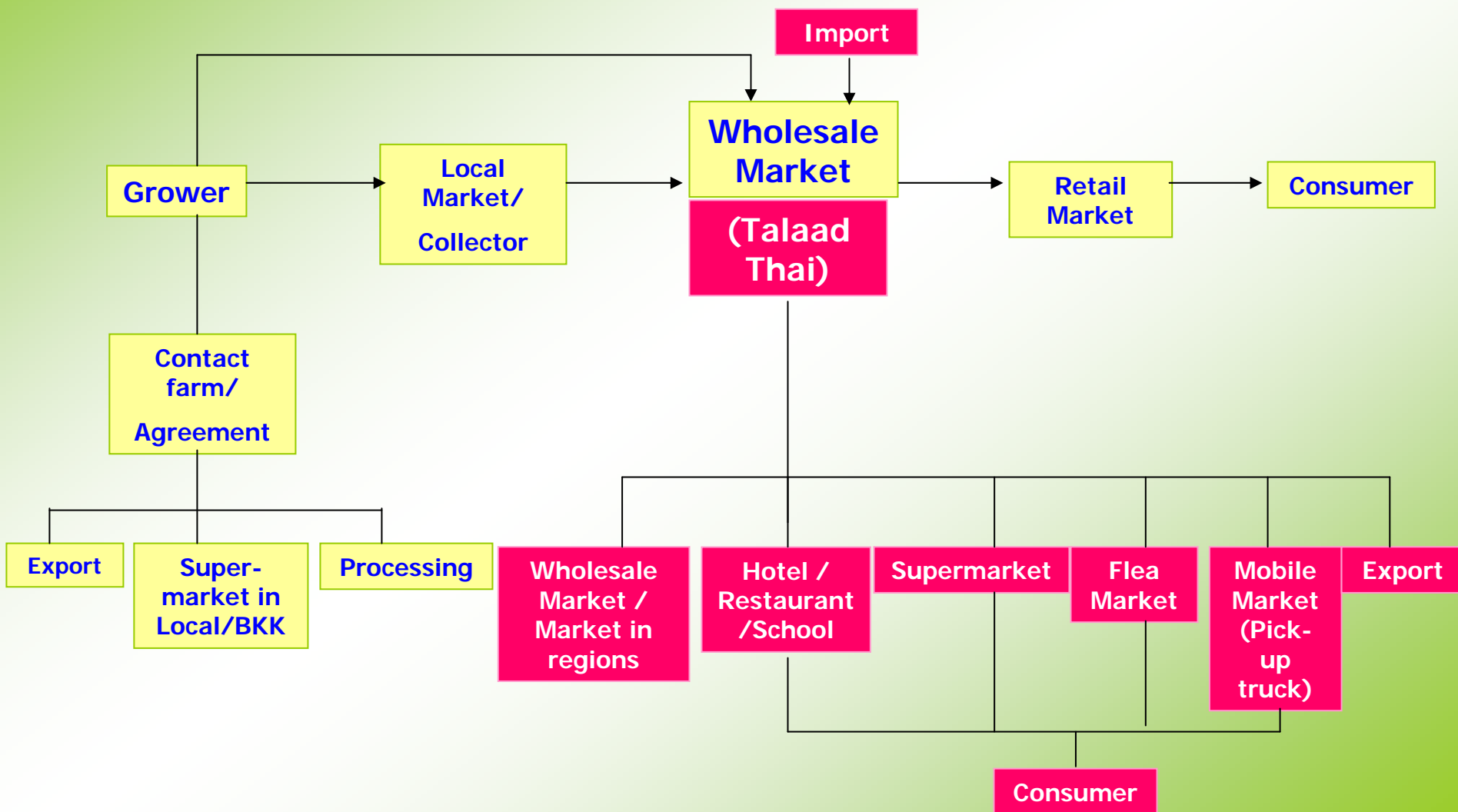
Putra World Trade Centre, Kuala Lumpur, Malaysia

17 July 2007

www.talaadthai.com

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Thai Agro Exchange Co., Ltd. (Talaad Thai)

Distribution channel of Tropical Fruits in Thailand



In Thai Culture: Mobile Van

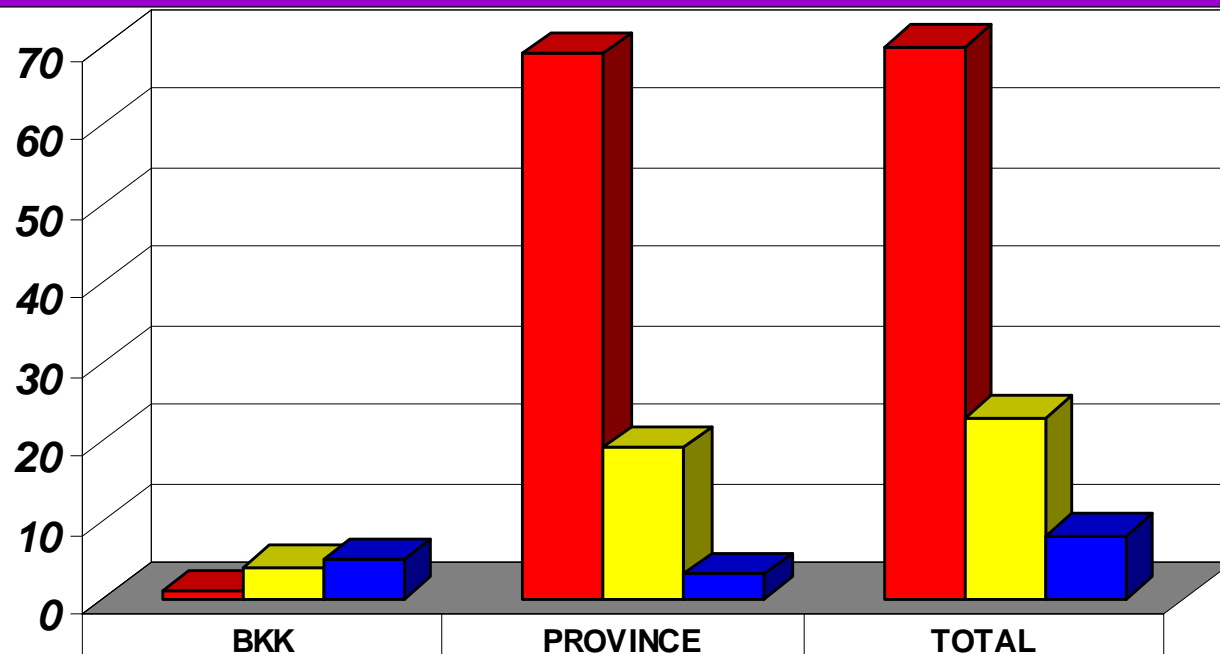


*(Pick-up Truck running around villages
for selling food & fruits)*

In Thai culture: Bazaar Market



Number of Wholesale Market (2007)



■ RICE & CROP	1	69	70
■ FRUIT & VEGETABLE W/S	4	19	23
■ FISH WHOLESALE MARKET	5	3	8

Talaad Thai :

the most complete and
largest agricultural
wholesale
market

24
hours market

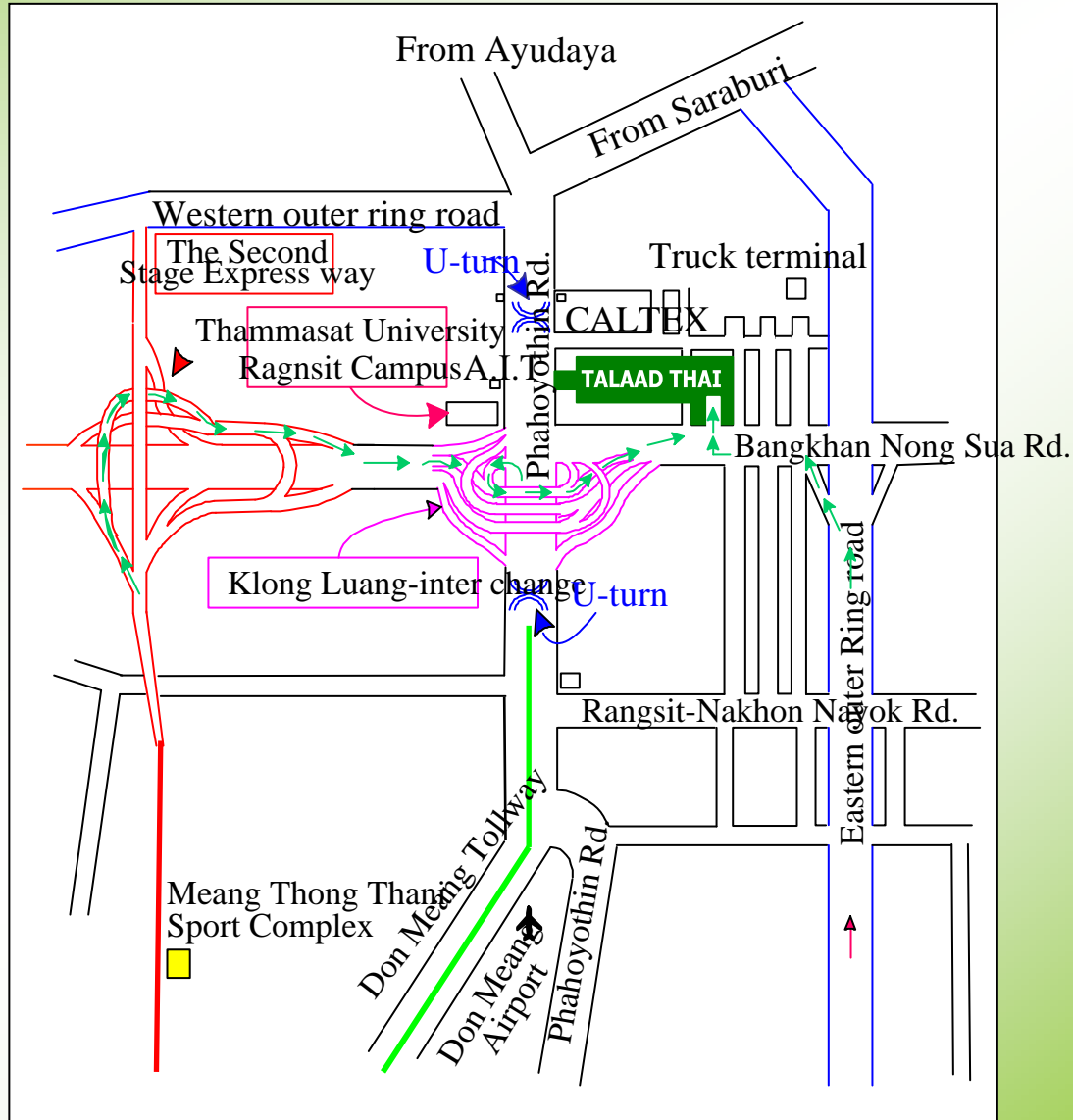
Talaad thai *top view*



Brief Facts :

Establishment	: November 12, 1995
Owner	: Thai Agro Exchange Co.,Ltd. (TAEEO)
Land	: 200 acres (80.92 hectors)
Registered Capital	: 2,000 Million Baht
Value of Transaction	: 400 – 600 Million baht / day
Vehicle Flow	: 30,000 / day
No. of market	: > 20 markets

To **T**alaad thai : *15 Kilometres from Donmuang Airport*
68 Kilometres from Suvarnabhumi International Airport



Lay Out of Talaad Thai





Markets in Talaad Thai :

Orange Market	Land size 12,800 sq.m.
Mixed Fruits Market	Land size 12,800 sq.m.
Seasonal Fruit Market(Ground)	Land size 40,000 sq.m.
Coconut Market	Land size 11,200 sq.m.
Water Melon Market	Land size 10,000 sq.m.
Farm Crops Market	Land size 6,400 sq.m.
Vegetable Market	Land size 9,600 sq.m.
Vegetable Ground	Land size 20,000 sq.m.
Fresh Food Market	Land size 6,400 sq.m.
Rice Market	Land size 3,200 sq.m.

Markets in Talaad Thai :

Fresh Water Fish Market (night)	Land size 14,000 sq.m
Fresh Water Fish Market (day)	Land size 2,600 sq.m.
Hygienic Meat Market	Land size 800 sq.m.
Pets Market	Land size 800 sq.m.
Plant Market	Land size 4,800 sq.m.
Flower Market	Land size 1,300 sq.m.
Assorted Market	Land size 14,000 sq.m.
Sweets market	Land size 2,200 sq.m.
Perishable One Stop Service Export Center Cold Storage	Capacity 1,000 ton

Who are our customers?

1. Seller

- *Collector*
- *Farmer/Grower*

2. Buyer

- *Wholesale Market in Region*
- *Retail Market in BKK & nearby*
- *Supermarket*
- *Hotel/Restaurant/School*
- *Bazaar*
- *Pick-up truck*
- *Consumer*

What is our responsibility?

- 1) **Buyer** - *Quality Product*
- *Traffic & Parking Control*

- 2) **Seller** - *Easy access to the market*
- *Convenient Facilities*
- *Traffic & Parking Control*

- 3) **Farmer** - *Fair Price*
- *Distribution Channel*
- *Increase farmers' profit margin*

Facilities :



- 6 lanes road with 30 metres wide*
- Spacious parking lot*
- 24 hours security*
- Waste Water System*
- 3 Food centers*

Facilities :



- Cold storage***
- POSSEC*** (*Perishable One Stop Service Export Center*)
- 8 commercial banks/ATM.***
- Transportation Service***
(*Bus/ Taxi/ Rental Truck*)

Globalization/ Government policy :



Trade Liberalization/FTA

Food Safety

From farm to table

- *GAP (Good Agricultural Practice)*
- *GMP (Good Manufacturing Practice)*
- *HACCP (Hazard Analysis Control Point)*

Kitchen of the World

Clean food good taste

Healthy Market

Step taken by Talaad Thai :

- Co-operate with government policy*
- Improve in 'healthy market' policy*
- Provide training course / information to both farmers and vendors*
- Encourage the quality farmer groups*
- Quality control; Conduct product test by laboratory.*

Lab test for hygiene control



Hygienic meat market



Vegetable ground



Before



After



Cold Storage



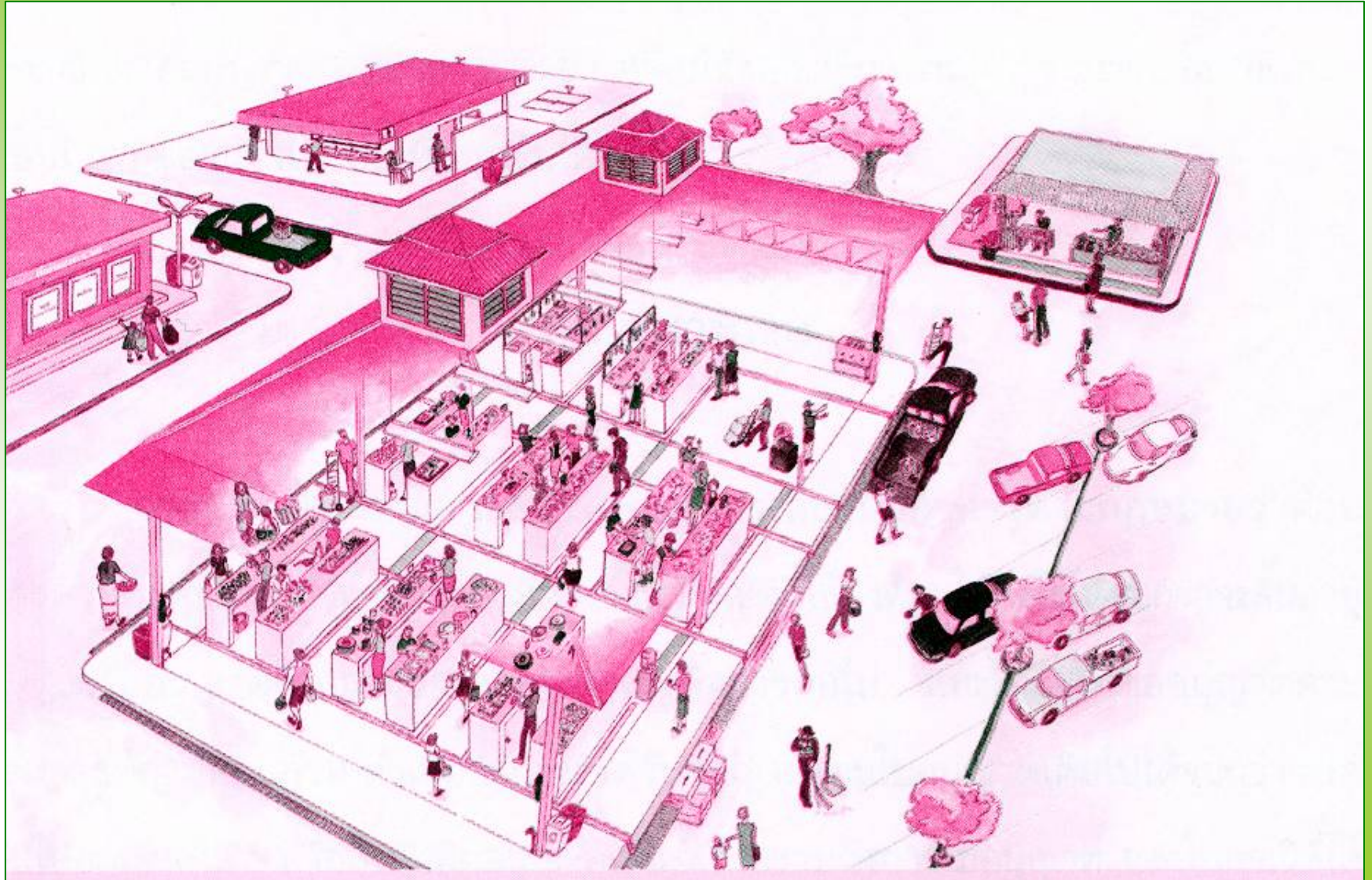
Perishable One Stop Service Export Center (POSSEC)





Retail Market in Thailand

Fresh Food Market in Thailand



The Definition

‘ Fresh Food Market’ in Thailand

- ❑ Fresh food market is the food trading center for a community. It is the traditional lifestyle of Thai people.
- ❑ Most Thai people buy fruit and fresh meat for cooking from the fresh food market.
- ❑ Government encourages ‘ food safety’ policy to the fresh food market
- ❑ ‘Healthy Market’ is a project of Ministry of Public Health

Model of Healthy Market





How to reach standard of “Healthy Market”

There are 3 significant qualified requirements:

- *Environmental health*
- *Food safety*
- *Consumer protection*

Good standard level



ตลาดสด น่าซื้อ
Healthy Market

สถานที่สะอาด อาหารปลอดภัย ใส่ใจผู้บริโภค
กระทรวงสาธารณสุข



Very good standard level



ตลาดสด น่าซื้อ
Healthy Market

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“Impacts of Hypermarket on the suppliers of fresh produce and its prices”

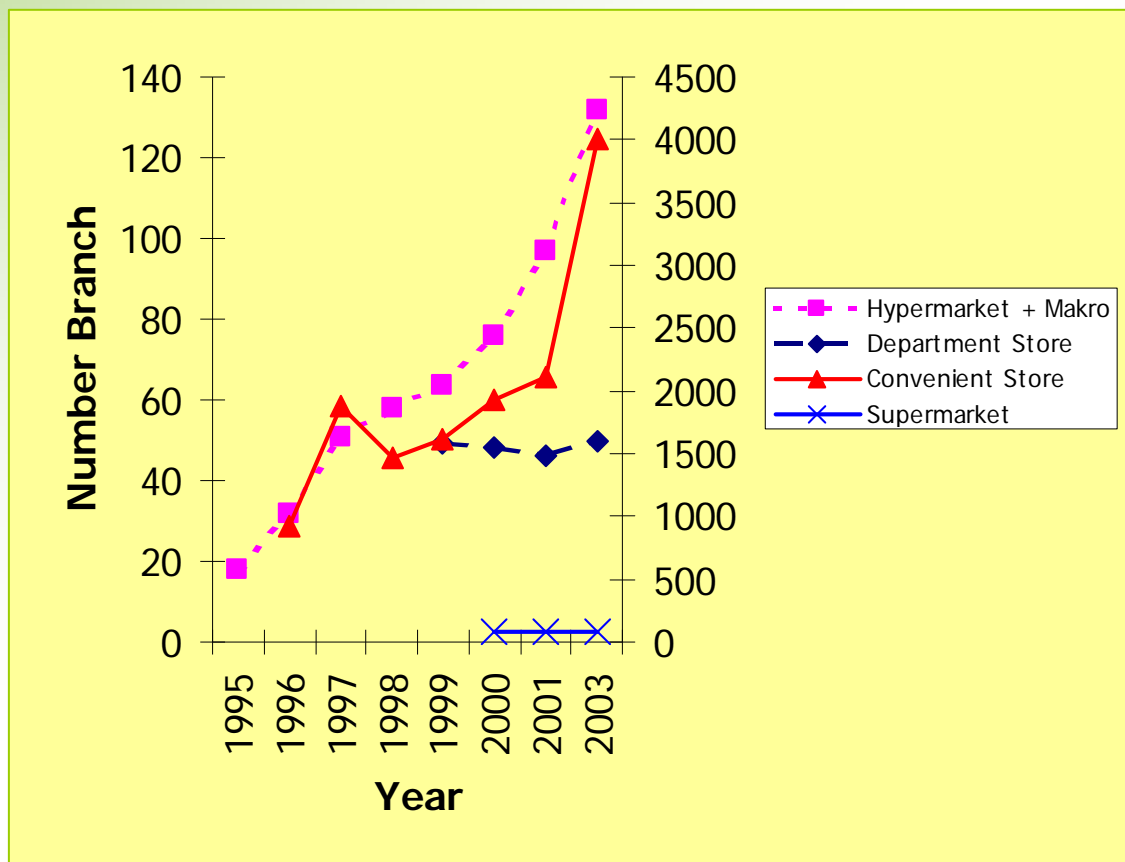
Researched by :

**Nipon Poapongsakorn (Faculty of Economic,
Thammasat University and Thailand Development
Research Institute)**

Dated:

October, 2004

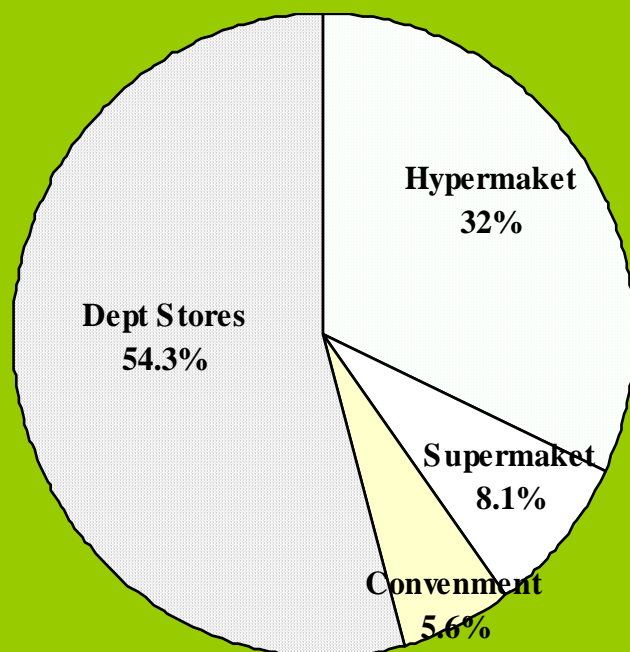
Number of Modern Trade Store (Branch)



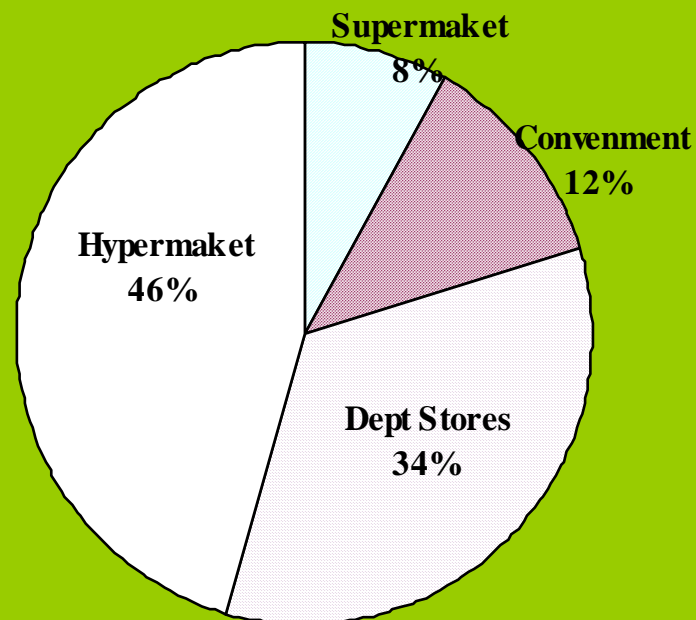
- The significant increasing numbers of hypermarket and convenient store.

Modern trade trend

Market share

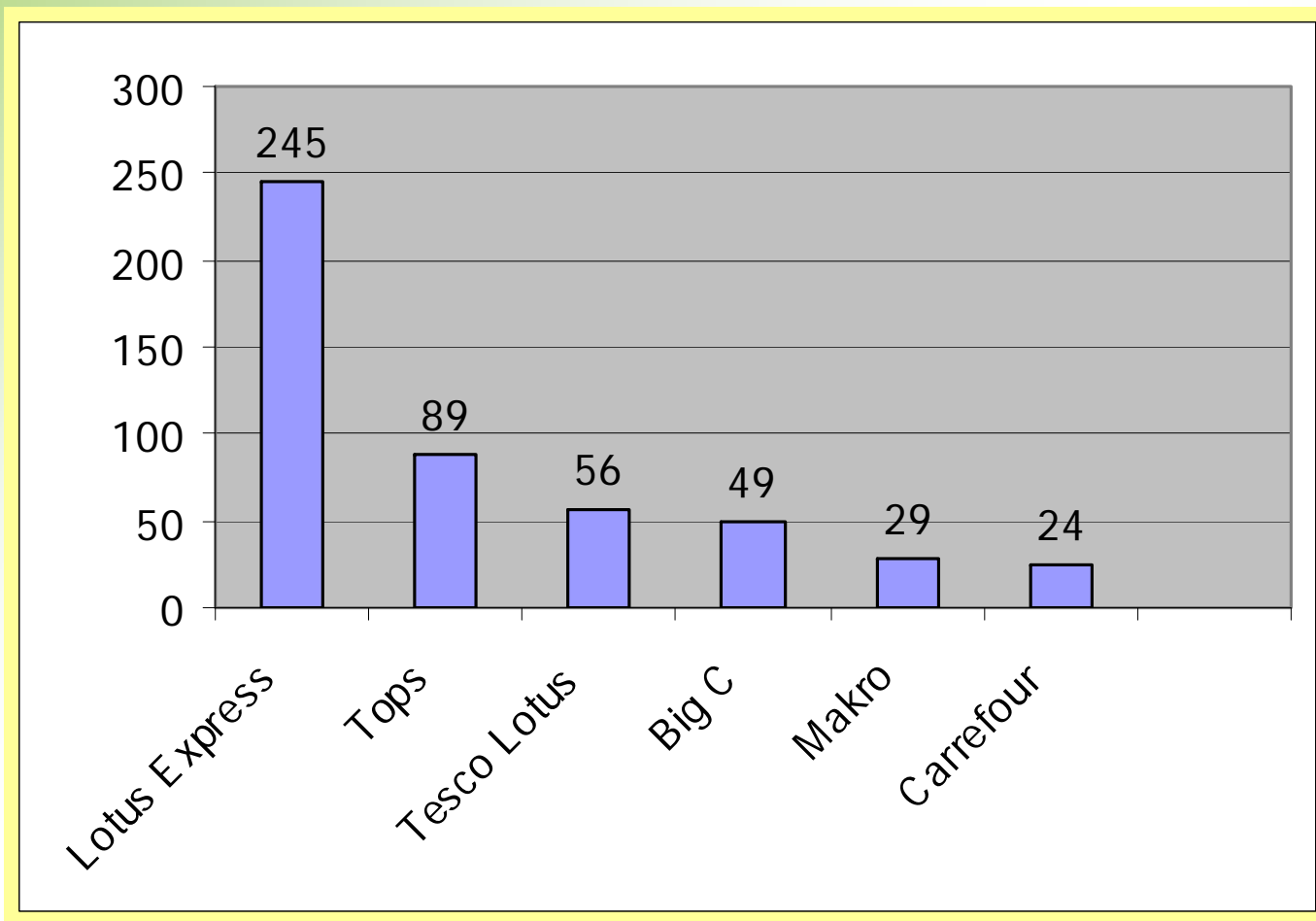


1997



2001

Modern trade in Thailand 2006



Source: Matichon Newspaper (15 – 21 June 2007)

Factors of Hypermarket growth

- ❑ **Changes in lifestyle: increase in Number of cars, time cost, less frequency of shopping and convenience**
- ❑ **Low price than grocery**
- ❑ **Easy to access**

Consumers pay less

Product prices by category

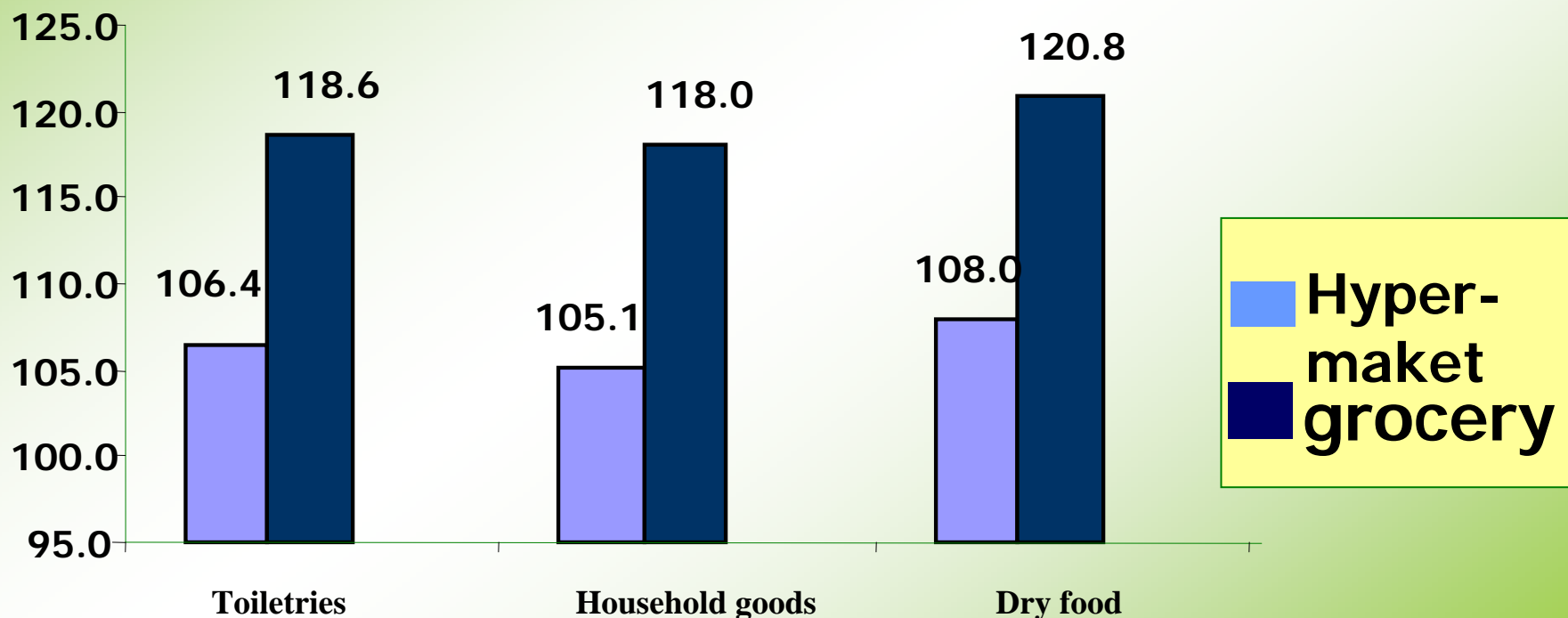


Figure: product prices in hypermarket is cheaper than grocery stores.

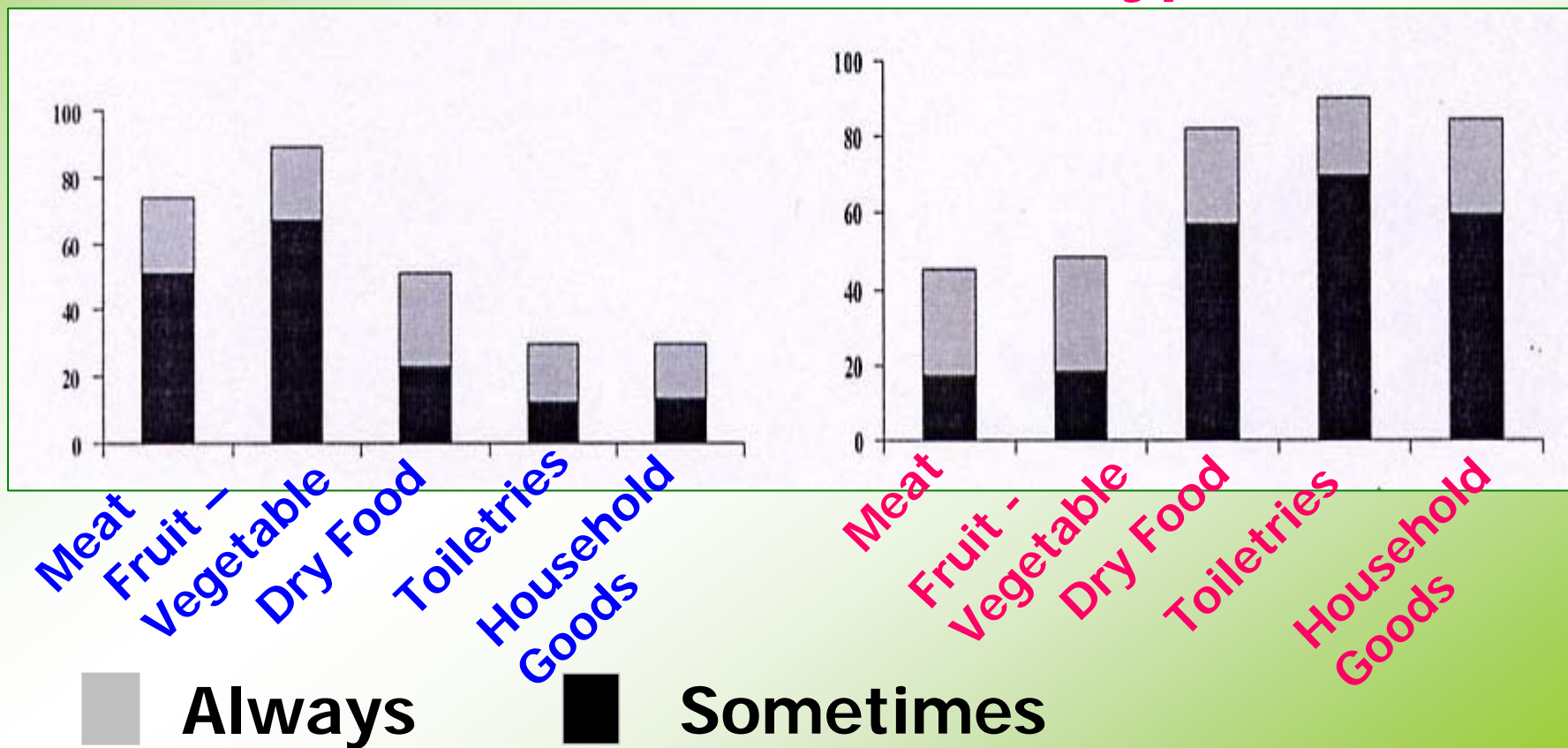
Hypermarket & Fresh Market

- **Hypermarket has become the most popular place for consumers to buy dry food, toiletries, and household goods, while most people still prefer to buy meat, fish, fruits and vegetable from the fresh market/ wholesale market.**

Purchasing behavior by different product categories

Wet market

Hyper market



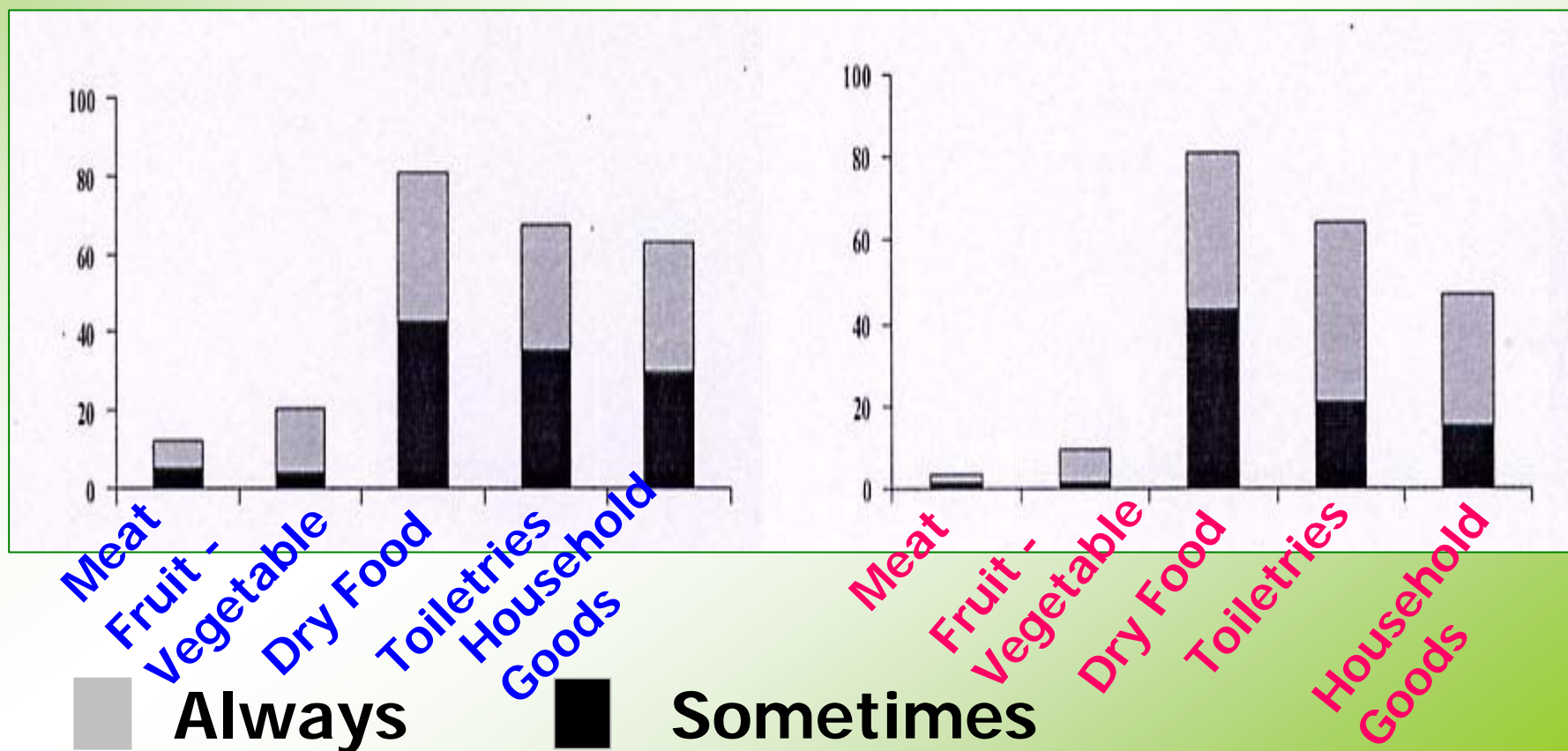
Convenient stores & groceries

- **Convenient stores & grocery stores are the place for ready-to-eat food. But convenient stores have better location & well-known brand name.**

Purchasing behavior by different product categories

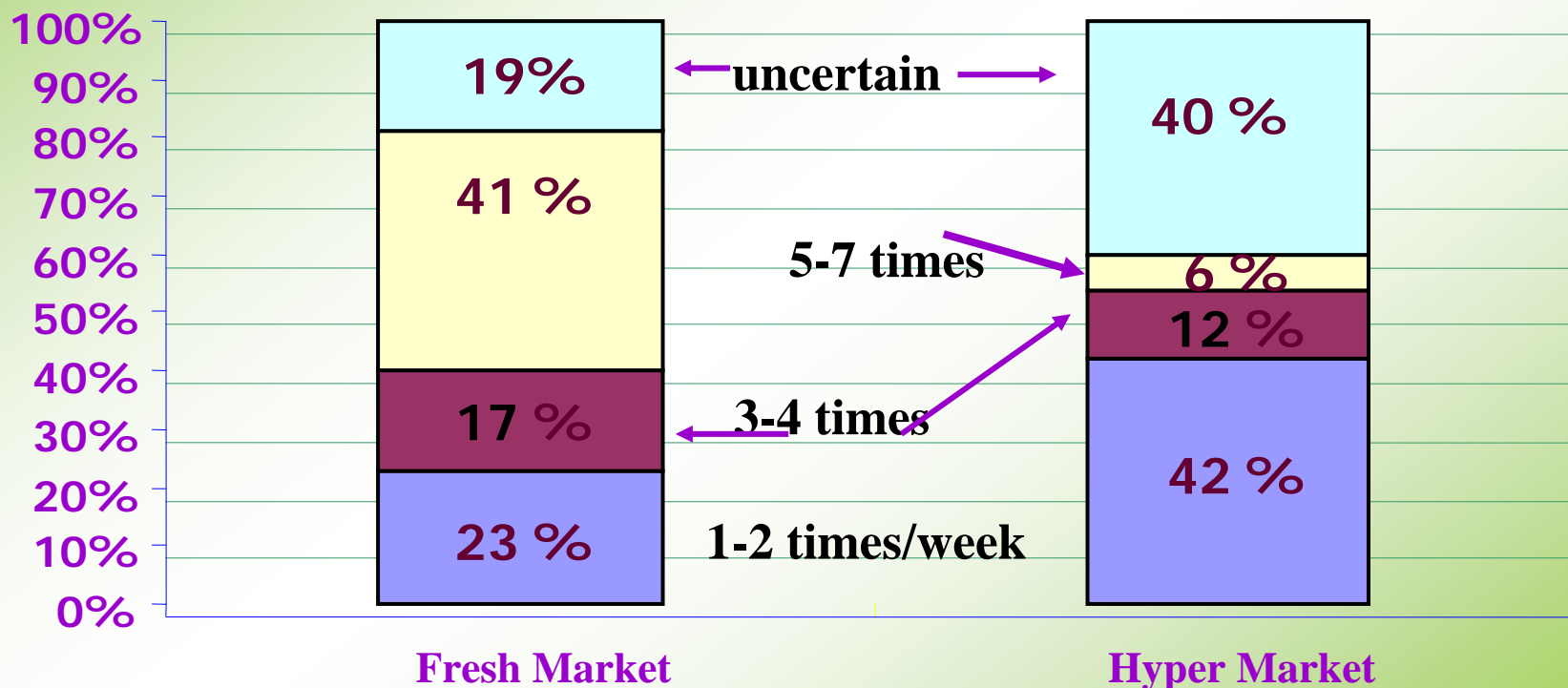
Grocery Store

Convenient Store



Shopping behavior of consumers has changed

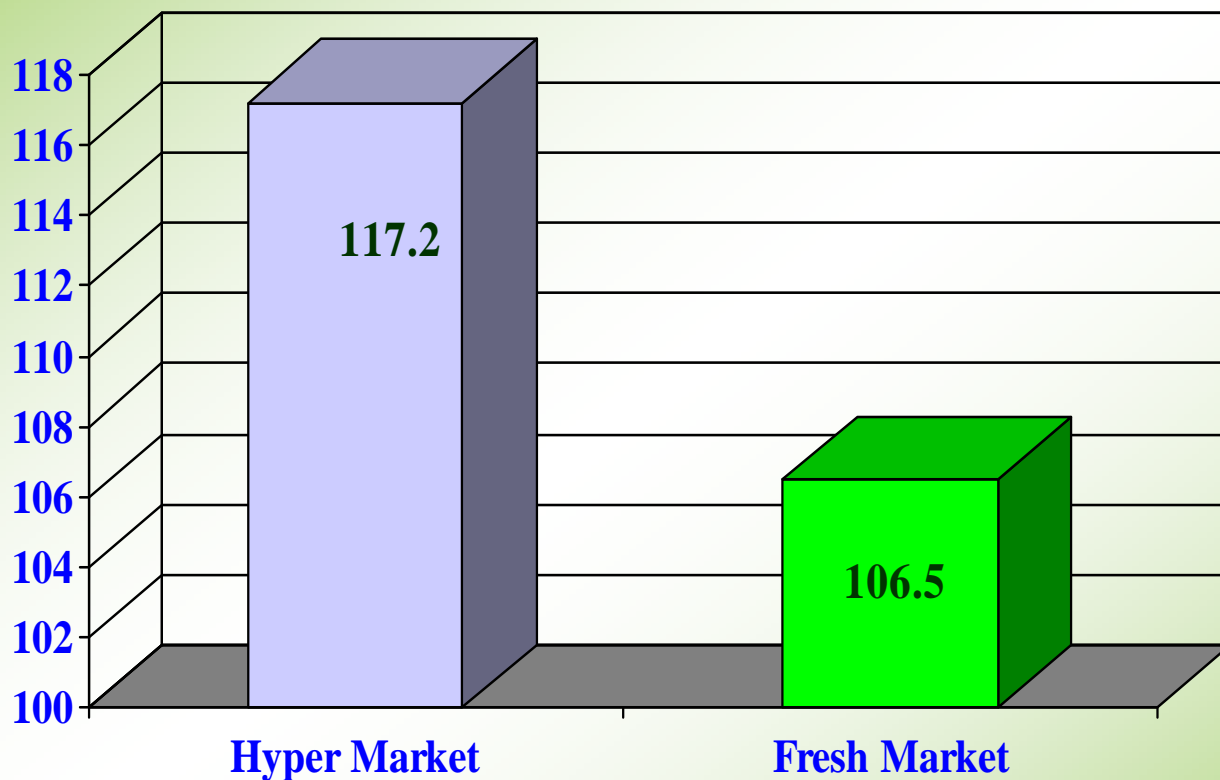
Percent of Shoppers in 2002



- Consumers go to fresh market 3-4 times but they go to hypermarket just 1-2 times/week

Prices of fresh produce

(100 : lowest price)



→ Why ?

Grading & quality ??

Conclusion

- **Hypermarket has been the most popular place for dry food and consumer products.**
- **Fresh market and wholesale market are still the most popular for fresh products.**
- **Convenient stores and grocery stores are the places for ready-to-eat food.**

Conclusion

- Even though supermarket has been less popular, three high-end supermarkets (Tops, Home Fresh Mart, Gourmet) have begun to procure directly from farmer groups, in order to receive 'high quality' products (sizing, grading and weight). All the products from farms are controlled QC inspection in DC.
- Farmers are trained for product grading. At the moment the number of farmers has increased because of obtaining higher price than hypermarket.

Conclusion

- For the purchasing method of hypermarket, it buys from a large number of large and reliable suppliers. The purchasing price is the lowest price, offered by the competing suppliers (approximate 10 suppliers for fresh fruit).

Conclusion

What is happening with the players in Thailand

<u>Players</u>	<u>Trend</u>
• Grower	More consolidation and contract farming
• Wholesale market	Stable, no significant change
• Fresh food market	Decrease in number
• Bazaar/ Mobile Van	Increase in number, more popularity
• Hypermarket	Offer more fresh food in low price
• Supermarket	Offer more premium products
• Foodservice (restaurants/hotel)	More popularity-Thai consumer prefer to eat outside or “ready-to-eat” product

To enter international market / new market

- Producer should try to improve production and quality control, in order to increase competitiveness in international market, or to meet the customer needs.
- Obtain more market information to better meet consumer needs & generate sale volume.



Thank You