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Agricultural Outlook Forum 2003

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**COMPETITION IN THE ASIAN MARKETPLACE:
PROSPECTS AND CONSTRAINTS**

SOUTHEAST ASIA: GLOBALIZATION OF THE RETAIL INDUSTRY

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Southeast Asia: Globalization of the Retail Industry

**Agricultural Outlook
Conference**

Dee Richmond

Supermarket Industry in 1980s

- Industry was small and local
- Stores were traditional
- Consumers shopped at wet markets
- Purchases from many suppliers
- Fragmented industry inhibited change

Bright Spots for U.S.

- Sales were expanding
- Supermarkets were receptive to U.S. food
- Promotions well-executed

Current Situation

- **Rapid change since 1997**
- **Thailand very competitive and innovative**
- **Most multinationals are European**
- **Variety of formats**

Major Players in Thailand

<u>Company</u>	<u>Thai Stores</u>	<u>Other Countries</u>
SHV Makro	21	Mal, Phil, Ind
Casino	32	
Tesco	40	Mal, Ind (A)
Ahold	48	Mal, Ind
Delhaize Le Lion	35	Sing, Ind
Carrefour	17	Sing, Ind, Mal
Dairy Farm	0	Sing, Mal, Ind

Source: Thailand Food Retail Sector Report 2002

Positive Impacts

- **Modernized food retailing**
- **Exert greater control**
- **Upgraded small local suppliers**
- **Increased sophistication of competition**
- **Provided new markets**

Positive Impacts

- **Fostered innovation**
- **Consumers are pleased**

Negative Impacts

- **Local and small retailers have suffered**
- **More difficult to get and keep products on shelves**
- **Potential to shrink number of suppliers**
- **Strong presence in critical sector**

Concerns from U.S. Perspective

- **Most targeted at mass market**
- **European management**
- **More difficult to get and keep products on shelves**
- **Direct buying is not all the answer**
- **In-store promotions more difficult**

Outlook for Future

- **Modern sector continue to grow**
- **Market will be more segmented**
- **Brand name will be increasingly important**
- **Consumer demand a key**
- **Global trends will become local more quickly**
- **New small retailers may emerge**

Recommendations for U.S.

- **Build relationships**
- **Work with partners**
- **Build consumer demand**
- **Change MAP regulations**
- **Encourage promotion of innovative items**