COMPETITION IN THE ASIAN MARKETPLACE:
PROSPECTS AND CONSTRAINTS

SOUTHEAST ASIA: GLOBALIZATION OF THE RETAIL INDUSTRY

Dee Richmond
Deputy Director
Food Export USA-Northeast
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

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

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