

# Thai Restaurant & Café Business

## Agenda

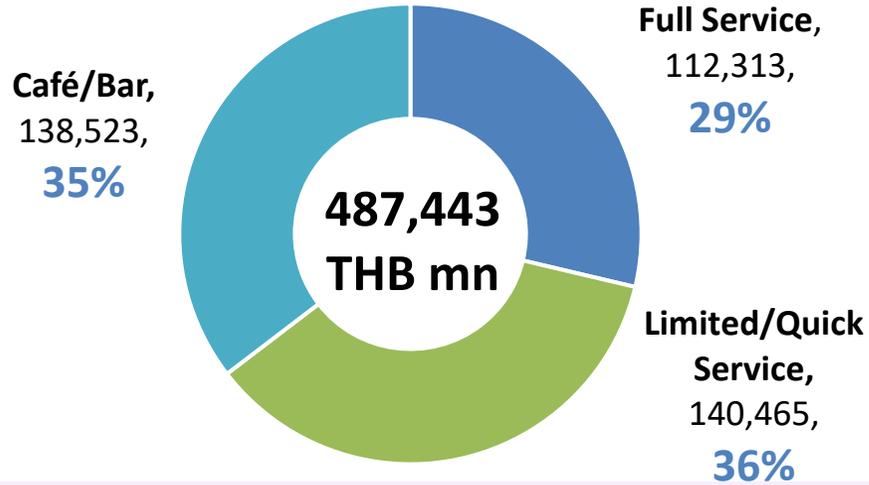
- Restaurant Business Conditions & Trends
- Thailand Restaurant Business :  
SMEs' competition and business opportunities
- Restaurant business Market Overview



Business Research  
November 2023



## Restaurant Market Value in Thailand, 2021



### Restaurant Type Definition

- **Full service** refers to a dining establishment in which the staff is prepared to provide assistance throughout the dining experience, including fine and casual dining, restaurants, food parks, Chinese restaurants, etc.
- **Limited/Quick Service** refers to a restaurant where customers must approach the counter to place their food order. These types of restaurants operate in a self-managed manner, similar to many fast-food establishments.
- **Café/Bar** refers to food services that focus on selling beverages (both alcoholic and non-alcoholic) may be accompanied by food or desserts. But generally, more than 50% of their revenue comes from selling beverages, such as Amazon, Starbucks, etc.

## Thailand's Restaurant Business

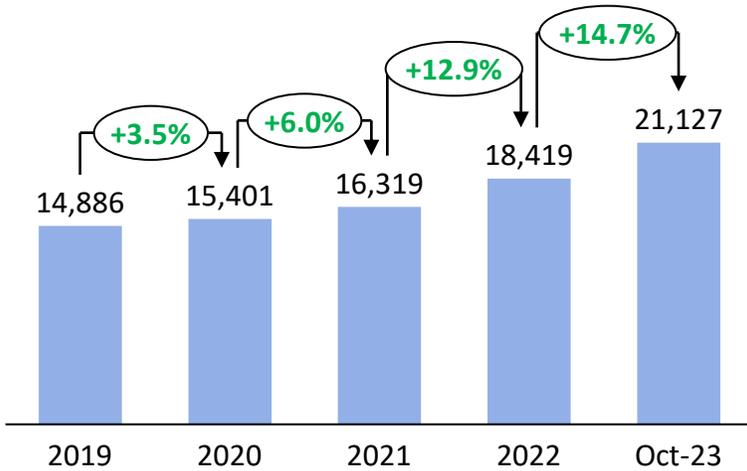
### Major Players

Company	Year Established	Quick Service Restaurants	Full-Service Restaurants
MINOR	1978	The PIZZA Company, BURGER KING	Sizzler, THE COFFEE CLUB, Bonchon, poulet
MK	1989		MK RESTAURANTS, yoyoi, MIYAZAKI, ณ สยาม
CRG	1989	KFC, อร่อยดี, KOWLUNE	SALAD FACTORY, CHABUTON, TERRACE, โอโตยะ, OOTOYA
THE QSR OF ASIA	2017	KFC	
CPF	2018	7-ELEVEN, CASHES, นวนิรันดร์, WOK, CP Kitchen	SAE GEM, HABU
McDonald's	1983	McDonald's	
S&P	1973		S&P, PATIO
RD Restaurants Development	2015	KFC	

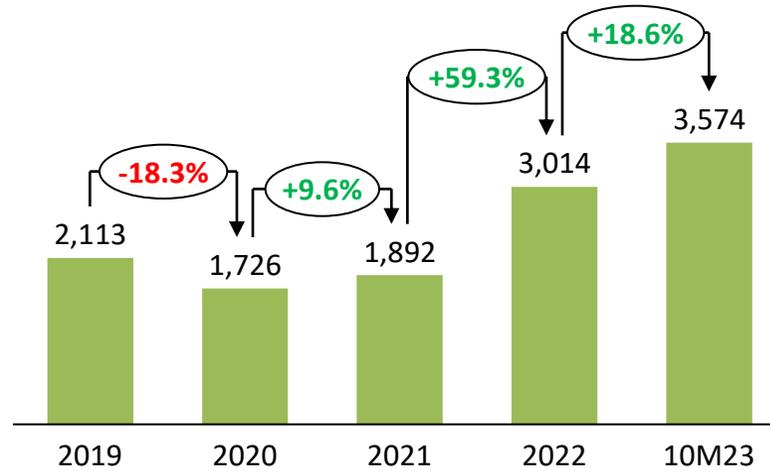


**Restaurant Business** are expected to continue expanding in 2023 due to the recovery of domestic economic activity and the return of foreign tourists. Nevertheless, the business still encounters persistent cost pressures, especially from raw materials, electricity, cooking gas, and wages.

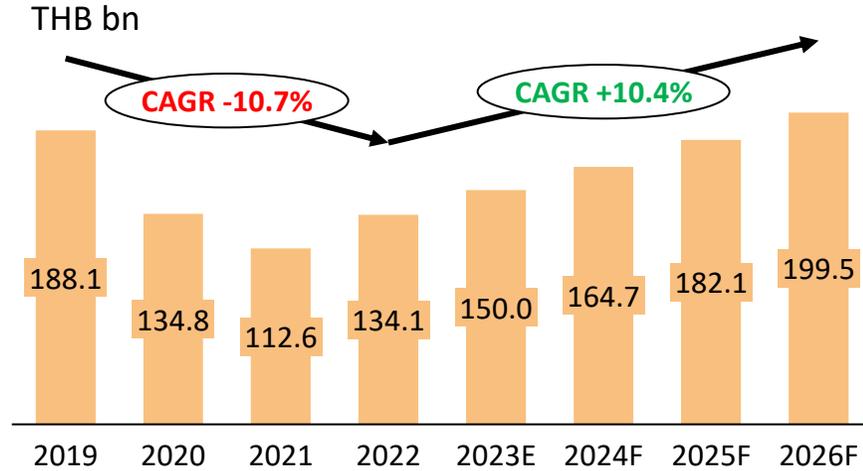
## Restaurants in Operation (Firms)



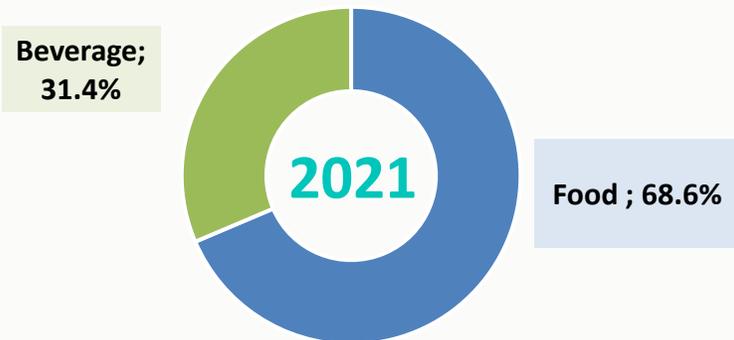
## Newly Established Restaurant Business (Firms)



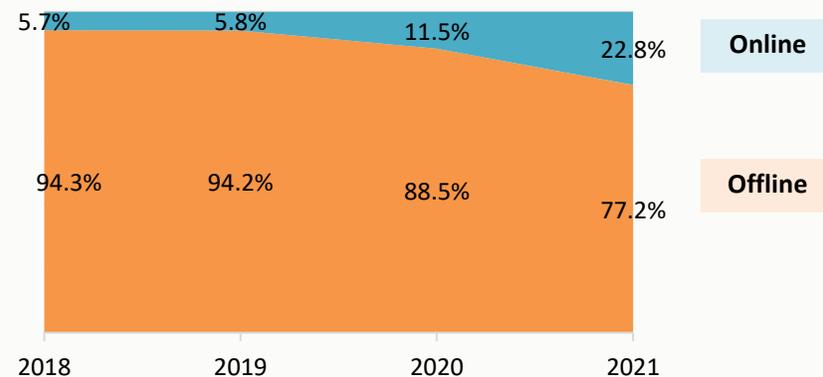
## Market Size (THB bn)



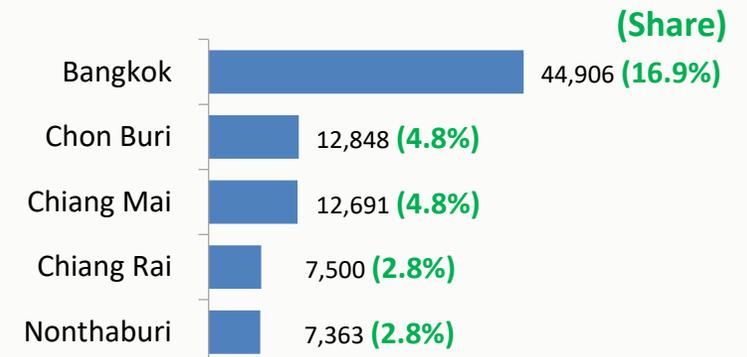
## Share Of Revenue From Food And Beverage Sales in Restaurant



## Share Of Revenue From Offline And Online Sales



## Top 5 provinces with the highest number of restaurant & beverage operating firms (2022)



# Casual Dining Restaurant (with Delivery) Industry Supply Chain#

Ingredient Procurement

Casual Dining Restaurant

Diners

Focus on Quick Service Restaurant

Focus on Full-Service Restaurant

- Locally Sourced
- Imported Ingredients




- At Premises
- Home Deliveries
  - In-House
  - 3PL

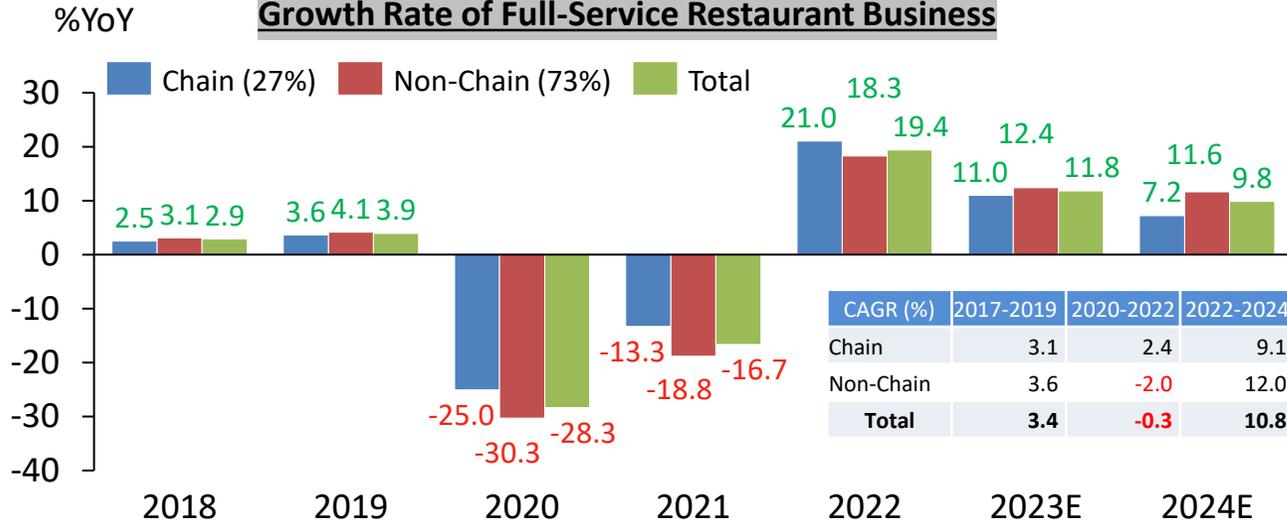






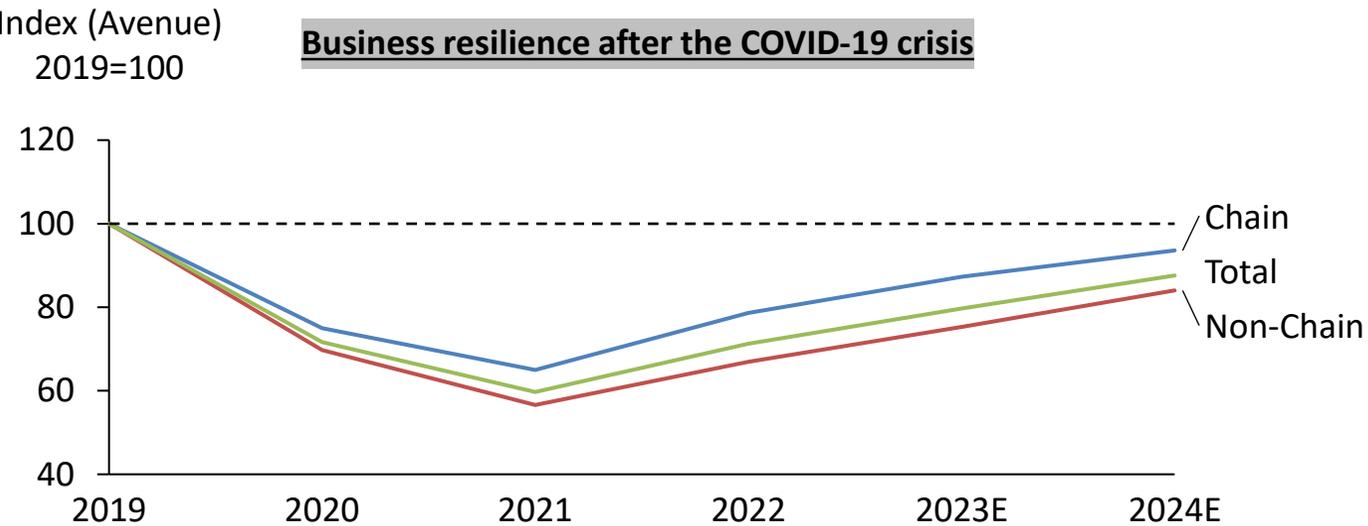
# Restaurant Business : Full-Service Overview

**Growth Rate of Full-Service Restaurant Business**



Note: ( ) Share by number of firms, 2021

**Business resilience after the COVID-19 crisis**



- The full-service restaurant market size is expected to grow **11.8%YoY in 2023** and continue to grow at **9.8%YoY in 2024**. Due to important positive factors resulting from the resolution of the COVID-19 situation, the tourism sector recovered, and the number of foreign tourists continued to increase. In addition, in 2024, domestic purchasing power is expected to receive positive factors from stimulus measures, including the digital wallet scheme and the increase in the minimum wage, resulting in an increase in Thai tourists.
- However, the business is still threatened by the slower than expected recovery of Chinese tourist arrivals. Due to China's economic problems and the violence that occurs among Chinese people while traveling in Thailand, On the other hand, raising the minimum wage will increase costs because the restaurant industry has a high proportion of workers who rely on low wages.
- When dividing firms into Chain and Non-Chain groups, it was found that the Chain group was less affected during the economic downturn of the COVID-19 crisis due to higher capital and liquidity. **When the economy recovers, the Chain group will recover faster than the Non-Chain group due to the flexibility of investment**, allowing the acquisition of technology to increase business potential, such as the use of robot waiters and ordering tablets to solve labor cost problems.

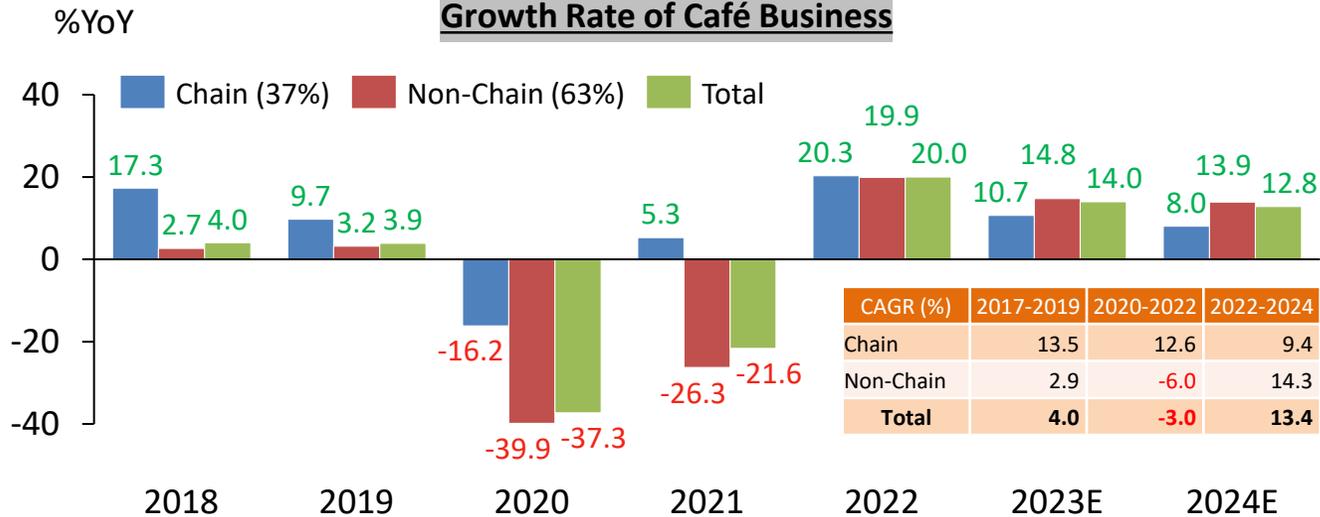


# Thailand's Tea and Coffee Shop Industry Value Chain: Overview



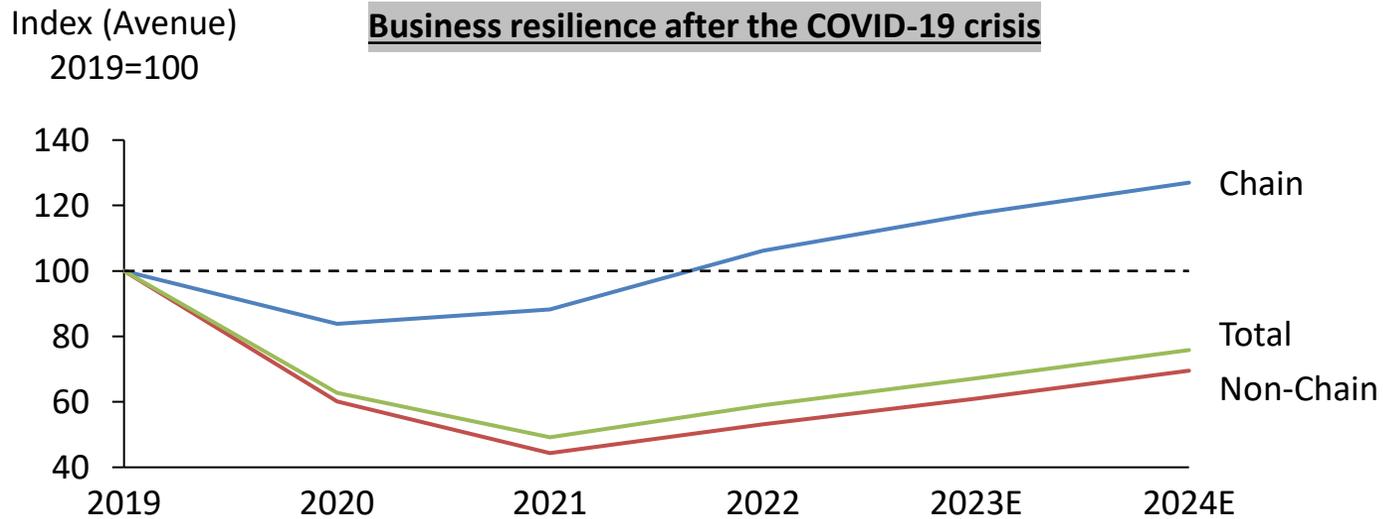
# Restaurant Business : Café Overview

**Growth Rate of Café Business**



Note: ( ) Share by number of firms, 2021

**Business resilience after the COVID-19 crisis**



- **The market value of the café business is expected to grow by 14.0%YoY in 2023 and continue to grow by 12.8%YoY in 2024.** In addition to the supporting factors from the recovery of the tourism sector after the outbreak of the COVID-19 virus and the measures taken by the government to stimulate domestic consumption, it is also the result of **consumers turning their attention to the café that is more unique and has a unique story.** Such as a cafe that uses coffee beans from local people, a shop that has many types of coffee beans, or a shop that designs photo corners for sharing stories on social media, etc.
- **Overall, the café business was severely affected during the epidemic because most of the operators were non-chain cafes, causing them to not have enough liquidity to adapt in a fragile economic situation.** However, chain cafes were found to be less affected and able to recover faster compared to non-chain cafes due to having high levels of capital and liquidity, along with having brand royalty, making them able to adapt well in times of crisis.
- The café business will continue to face risks from intense competition, **especially SMEs that must compete with large chain cafes that are continuously expanding new branches.** Meanwhile, the government's policy of raising the minimum wage will increase the cost of doing business.

# Policies to Support Restaurant Business

The government is implementing policies to stimulate the economy, both to reduce costs and to increase people's purchasing power. This will help the restaurant business to recover.



**The visa-free policy for tourists from India and Taiwan until 10 May 2024 is part of a plan to boost tourism and the economy.** Earlier, the government agreed to grant visa exemptions to tourists from China and Kazakhstan, which will run until 29 February 2024.



**The increase in the wage rate will increase purchasing power.** The new wage rates will be submitted to the Cabinet for approval and will be implemented by the end of this year. However, it will be less than 400 baht per day and will vary in each province.



**Economic stimulus measures such as the 10,000-baht digital wallet,** which will start in May 2024 and about 50 million people will be eligible for a 10,000-baht handout, and the handout can only be used to buy food and consumer goods.



**Reducing the cost of energy for the last four months of the year,** which is one of the main production costs for most consumer goods, will help ease the cost of living for people and reduce costs for businesses.

# Factors influencing Thailand's Restaurant Business

## Tailwind



- **The tourism sector, which continues to recover gradually, is having a positive impact on the business.** It is expected that the number of Thai and foreign tourists will increase, with the number of foreign tourists expected to reach approximately 34 million\* in 2024, which will help distribute money to the restaurant business in tourist destinations and stimulate private consumption to continue to expand.



- **Adjustment of service to limited service to reduce business costs and labor costs** to support changes in consumer behavior after COVID by focusing on takeaway customers, including home food delivery.



- **Domestic economic activity returning to normal has led to more consumers engaging in activities outside the home.** This includes going out to eat. This has had a positive impact on restaurants, especially those in shopping centers.

- **The government has implemented economic stimulus measures** to increase people's purchasing power and reduce costs, which will help to stimulate domestic consumption.



## Headwind



- **The cost of doing business continues to rise, including wages, raw material costs for cooking and energy, impacting profit margins.** As a result, some restaurant operators have increased prices for food and services. However, further price increases are limited. This is because the purchasing power of the consumer is still fragile.



- **The restaurant business is highly competitive due to the ease of doing business and the large number of players,** which means that they have to compete with large restaurants or chains, while general restaurants that don't have a selling point may find it difficult to adjust prices. In addition, consumer behavior is changing rapidly. There are a variety of channels for shopping, and they are looking for convenience and speed. This will make competition even more intense. As a result, entrepreneurs must constantly adapt to consumer needs.

# Restaurant Industry : Market Overview

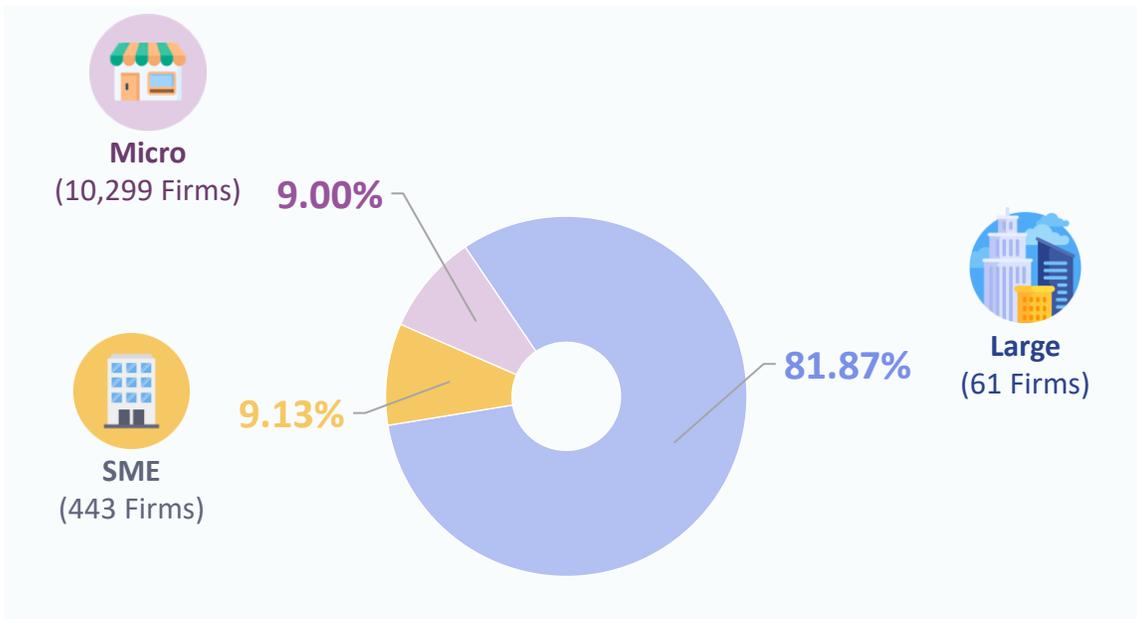
Based on selected TSIC groups (in 2022), Thailand's Restaurant Business was valued at 634,238.57 million baht, with large enterprises accounting for 81.87% of the market share. This is followed by SME with 9.13% and micro with 9.00%.

## Share of Restaurant Business Value by firm size

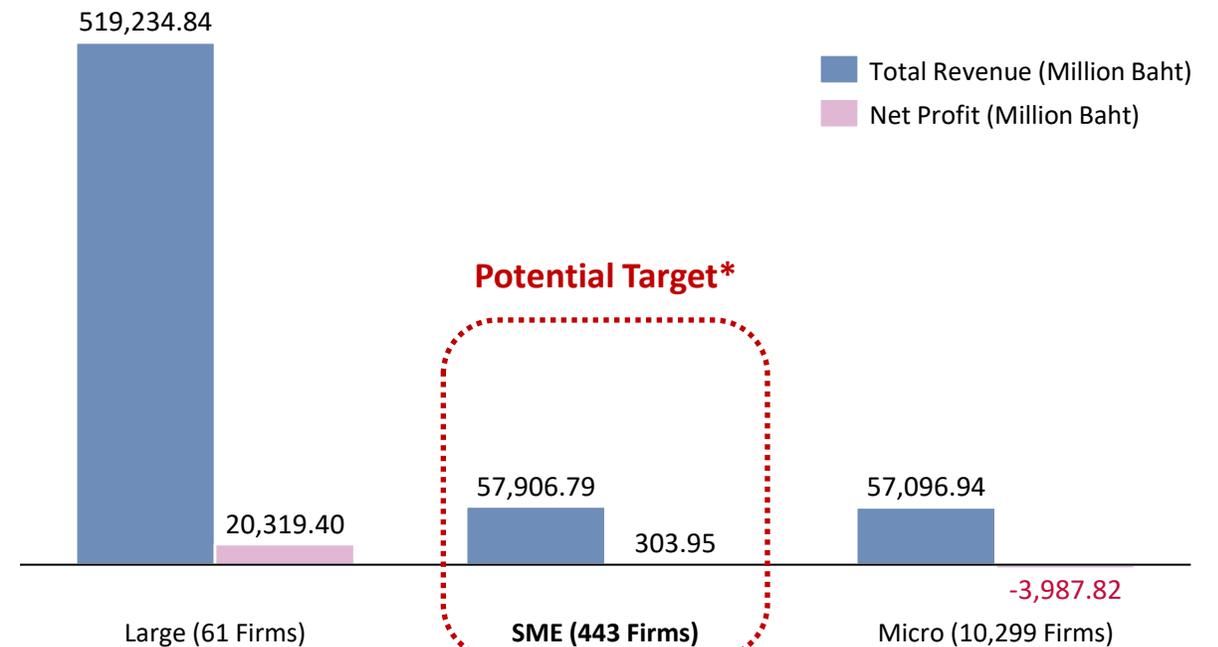
(56302, 56101)

Market Value (L, SME, Micro) = 634,238.57 Mn THB

Total Firms = 23,293 Firms



Note : No. Firm (L, SME, Micro) = 10,803 Firms No. Firm (Not Specify) = 12,490 Firms No. Total Firm = 23,293 Firms



SME with revenue of 50-500 MN THB

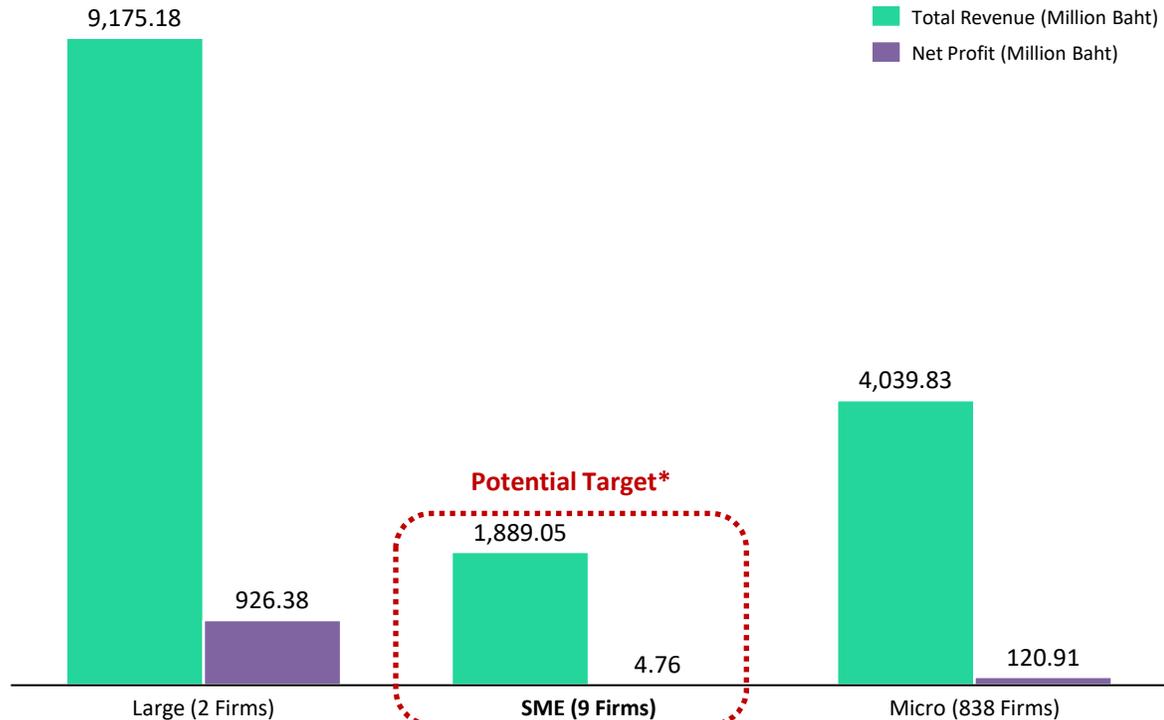
Source: LH Bank Research Analysis based on BOL Database (Data as of 2022). Note: Only firms that submit financial statement in 2022.

# Restaurant Industry : Market Overview

**56302 : Beverage serving activities in store, of mostly non-alcoholic beverages**

Market Value = 15,104.06 Mn THB

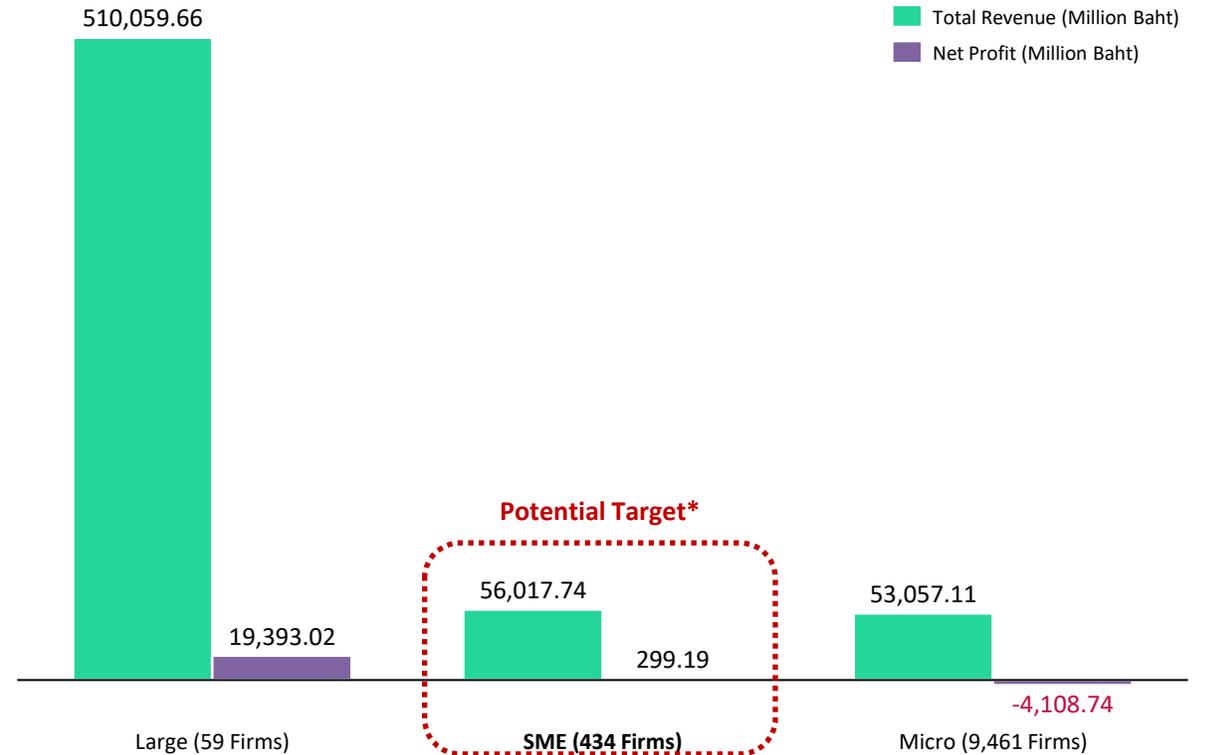
Total Players = 1,648 Firms



**56101 : Restaurants activities**

Market Value = 619,134.51 Mn THB

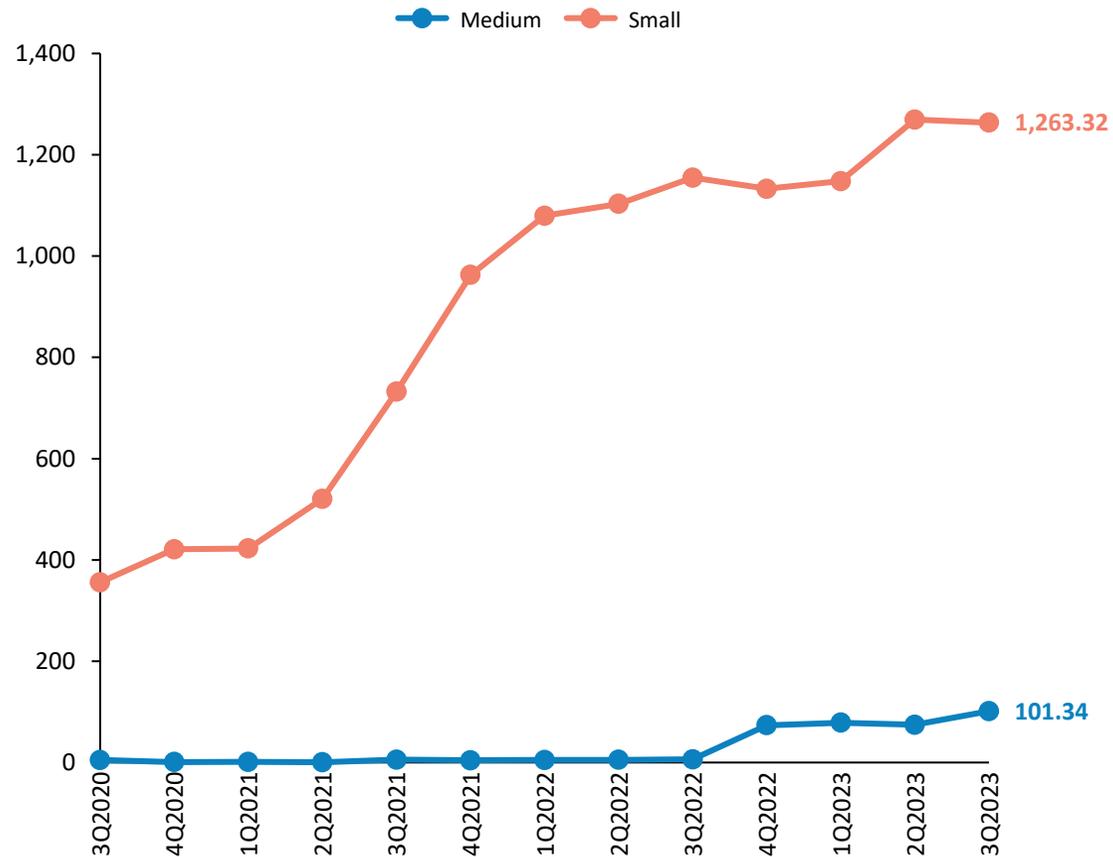
Total Players = 21,645 Firms



# Restaurant Industry : Loan Outstanding

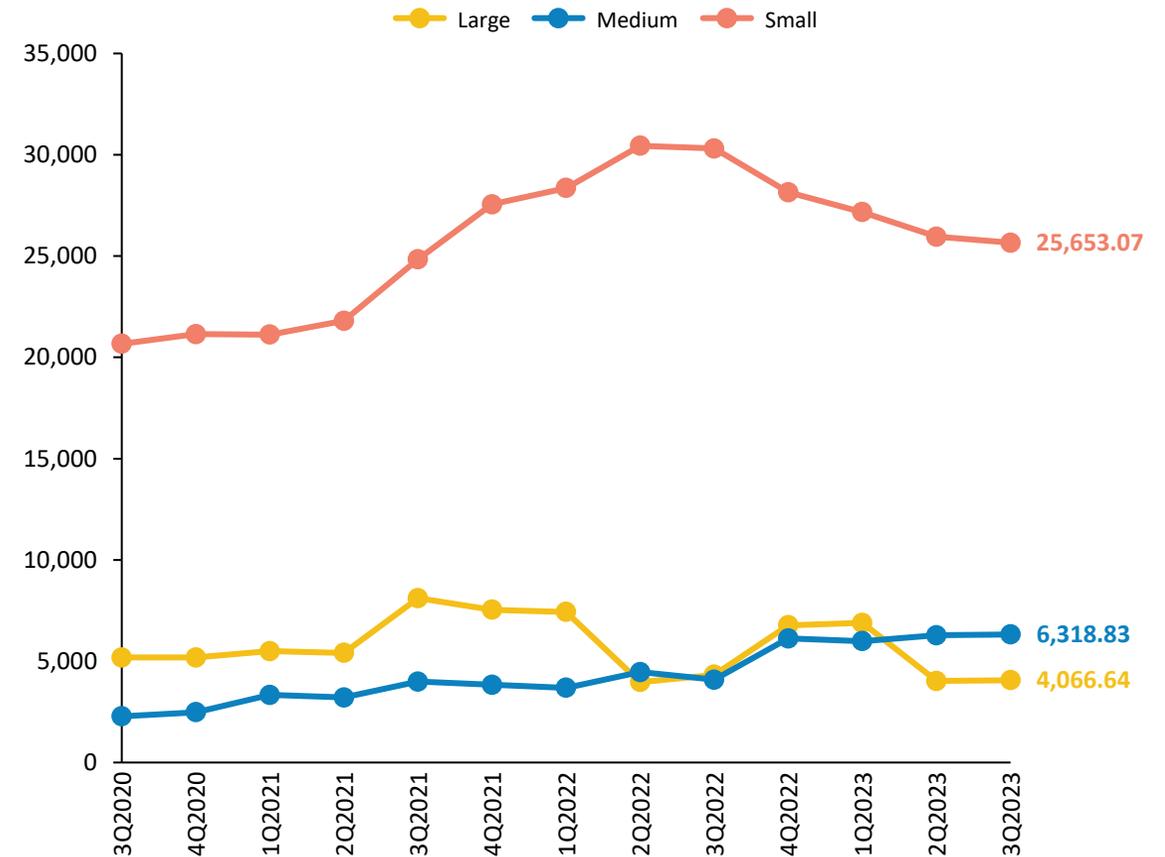
**56302 : Beverage serving activities in store, of mostly non-alcoholic beverages**

Loan Size = 1,364.66 Mn THB



**56101 : Restaurants activities**

Loan Size = 36,038.54 Mn THB



\* Data as of 3Q2023

# End of Presentation

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## Disclaimer

ข้อมูล บทวิเคราะห์ และการแสดงความคิดเห็นต่างๆที่ปรากฏอยู่ในรายงานฉบับนี้ ได้จัดทำขึ้นบนพื้นฐานของแหล่งข้อมูลที่ได้รับมาจากแหล่งข้อมูลที่เชื่อถือได้ เพื่อใช้ประกอบการวิเคราะห์ภาวะเศรษฐกิจและอุตสาหกรรมซึ่งเป็นเอกสารภายในของธนาคารแลนด์ แอนด์ เฮ้าส์ จำกัด (มหาชน) เท่านั้น ทั้งนี้ธนาคารฯ จะไม่รับผิดชอบความเสียหายใดๆทั้งปวงที่เกิดขึ้นจากการนำข้อมูล บทวิเคราะห์ การคาดหมาย และความคิดเห็นต่างๆ ที่ปรากฏในรายงานฉบับนี้ไปใช้ โดยผู้ที่ประสงค์จะนำไปใช้ต้องยอมรับความเสี่ยง และความเสียหายที่อาจเกิดขึ้นเองโดยลำพัง

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