THAILAND’S RESTAURANT & FOODSERVICE INDUSTRY

YAMADA Consulting Group Co., Ltd.

Summary

The Thai foodservice market is rapidly consolidating, with large corporate chains capturing most profits while small operators face severe margin compression. Amidst rising inflation and aggressive competition from convenience stores, consumer demand is shifting toward digital convenience, “affordable premium” dining, and healthier menus. The culinary landscape remains dominated by Asian concepts, notably established Japanese and highly disruptive Chinese brands.

To secure future growth against these pressures, major foodservice operators are pivoting toward asset-light expansion, strategic M&A, and deep digital integration. Success in this saturated market requires forming strategic local partnerships to mitigate entry risks, balancing geographic expansion between Bangkok’s year-round stability and high-yield tourist hubs, and leveraging technology alongside menu innovation to command premium pricing and capture new market share.

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I. Industry Snapshot

770 billion THB*
2025 Total Market Value Foodservice

26,273 Operators
2025 Restaurant Operators in Thailand

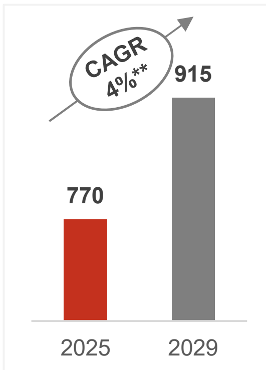
2025 Foodservice Market Value by Type

42% Street Stalls/ Kiosks

26% Limited-service Restaurant (LSR)

24% Full-service Restaurant (FSR)

8% Drinks



Top 5 Provinces of Restaurant Operators

#4 Chiang Mai
1,607 operators

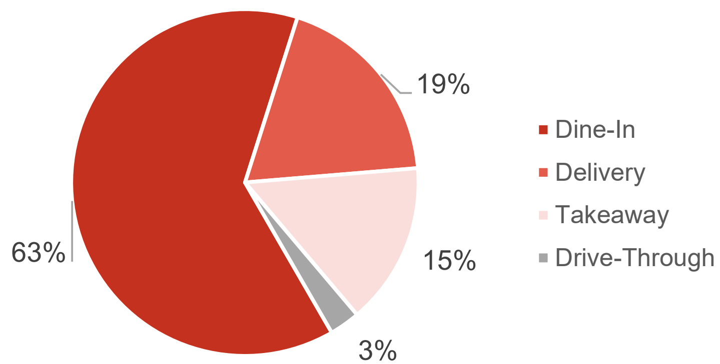
#1 Bangkok
10,462 operators

#2 Chonburi
2,838 operators

#3 Phuket
1,986 operators

#5 Surat Thani
1,448 operators

2025 Foodservices Market by Sales Channel



Major Restaurant Operators

Group	Type of restaurant/ food	Brand examples
MK Restaurant	FSR – Thai-style sukiyaki	MK Restaurant
Central Restaurant	LSR – Japanese, Western, and Thai dining	KFC, Yoshinoya, Ootoya
Minor Food	LSR – Casual dining	The Pizza Company, Sizzler
Oishi	FSR – Shabu-hotpot	Shabushi, Oishi Ramen
CPF Restaurant	LSR – Grilled Chicken	Five Star Chicken, Chester's

Note: *Market value is based on sales revenue from full-service restaurants (FSR), limited-service/quick-service restaurants (LSR/QSR), cafés, and street stalls/kiosks. Alcohol-serving outlets (e.g., pubs, bars) and cafeterias are excluded.
**CAGR number refer to 2026-2029 Market growth projection

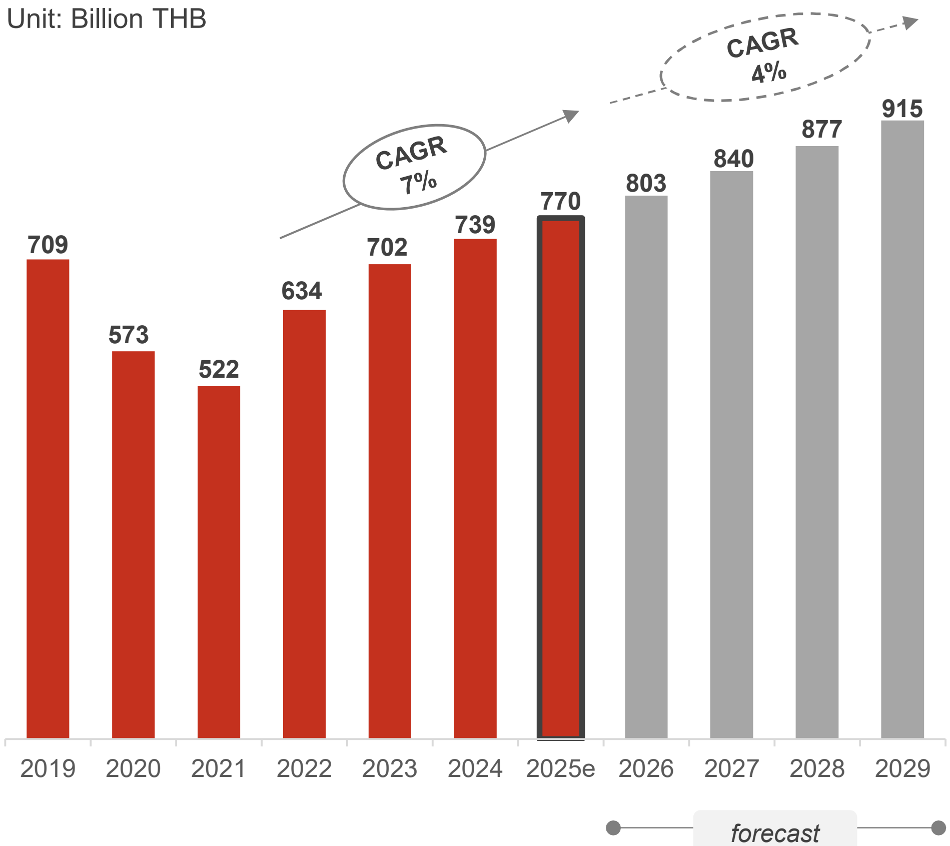
Source: Euromonitor, Department of Business Development

II. Thailand's Restaurant & Foodservice Market Overview: Market Size & Growth

- The Thai foodservice market has recovered since COVID-19: the 2022–2025 rebound was driven by domestic diners and returning tourists.
- Growth from 2026–2029 is expected to ease to around a 4% CAGR as consumers seek better value and tourist spending remains subdued.

Thailand Restaurant & Foodservice Market Value*

Unit: Billion THB



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From 2022 to 2025: The foodservice and restaurant market in Thailand was supported by both domestic demand and returning tourists.

- **Domestic demand**: Post-lockdown recovery drove higher dine-in spending as people resumed eating out and digital transformation expanded consumer's access to foodservice providers.
- **Returning tourist:** International travel picked up and hotels/restaurants regained momentum.

Looking ahead to 2026–2029: Thailand's foodservice sector surpassed pre-pandemic levels in 2024. However, future expansion is expected to be limited to around a 4% CAGR and will be influenced by the following factors and challenges.

- **Domestic consumers shift to value-for-money**: Rising inflation outpacing income has pushed Thai households to prioritize affordability without sacrificing quality, increasing demand for budget-friendly menu items and promotional offers.
- **Tourist F&B spending is under pressure**: Higher accommodation and travel costs are compressing tourist dining budgets, leading to lower average F&B spend per visit even though most tourists still participate in dining activities.
- **Loss of high-spend Chinese tourists:** China's renewed emphasis on domestic travel has resulted in fewer high-spending Chinese visitors to Thailand, lowering the number of large spenders in the F&B sector and further weighing on average ticket sizes.

Source: Euromonitor and public news

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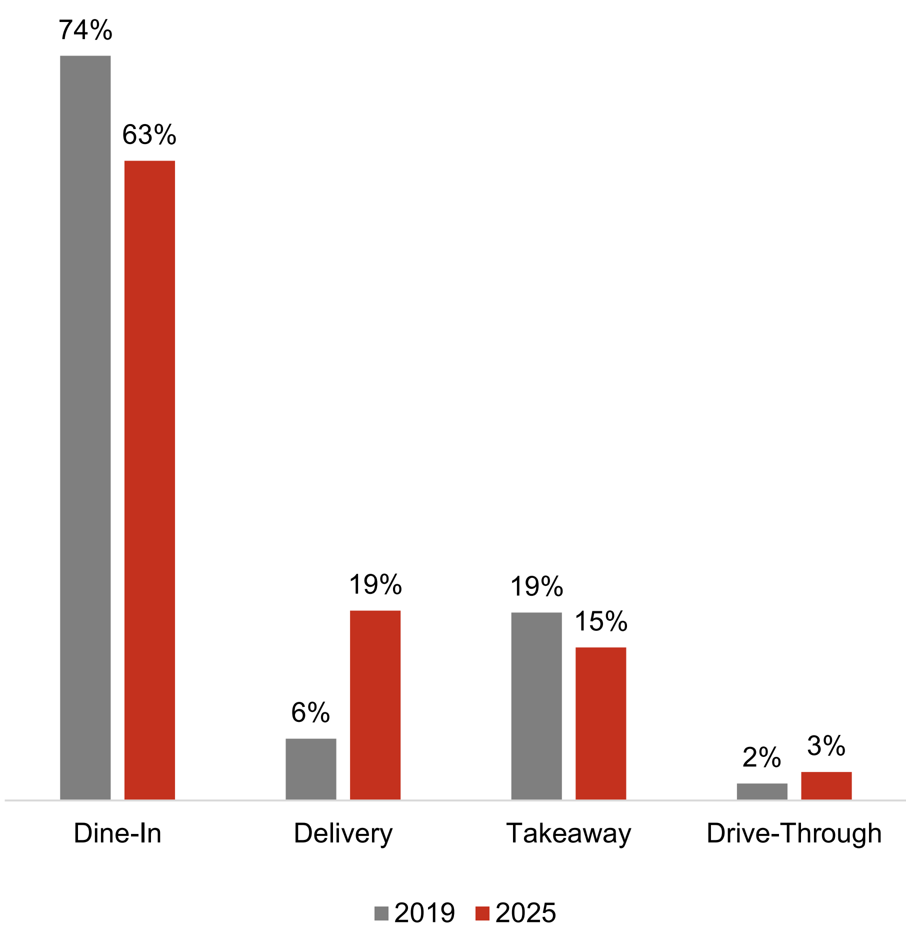
II. Thailand’s Restaurant & Foodservice Market Overview: Market by Sale Channel

● Eat-in remains the dominant channel in Thailand, while delivery, offered through third-party apps, continues to grow by helping restaurants reach a larger consumer base.

Foodservice Market by Sales Channel 2019 vs 2025



Dine-in

- **Dine-in remains the restaurant industry’s primary revenue channel for the following reasons:**:
  - Concepts such as buffets, grill/BBQ and hot pot require on-site dining.
  - Restaurants remain preferred venues for family and social gatherings.
  - Consumers seek restaurants for unique experiences, such as décor and professional plating, that cannot be replicated at home.

Delivery

- **Delivery has grown rapidly since COVID**, driven by digitalization and consumers’ preference for convenience and its food cost.
  - Super apps like Grab and LINE MAN have become mainstream, offering features such as group orders, multi-restaurant carts, reduced delivery fees, and time-saving convenience.
  - However, their coverage remains limited to certain urban areas.

Takeaway

- Takeaway sales share has slightly declined as consumers shift to delivery.
- It remains valued for speed and convenience during morning and lunch grab-and-go periods in Bangkok urban centers.

Drive-Through

- Drive-throughs are often concentrated at gas stations to provide convenient service for travelers.
- Its share has risen marginally with the expansion of modern gas stations.

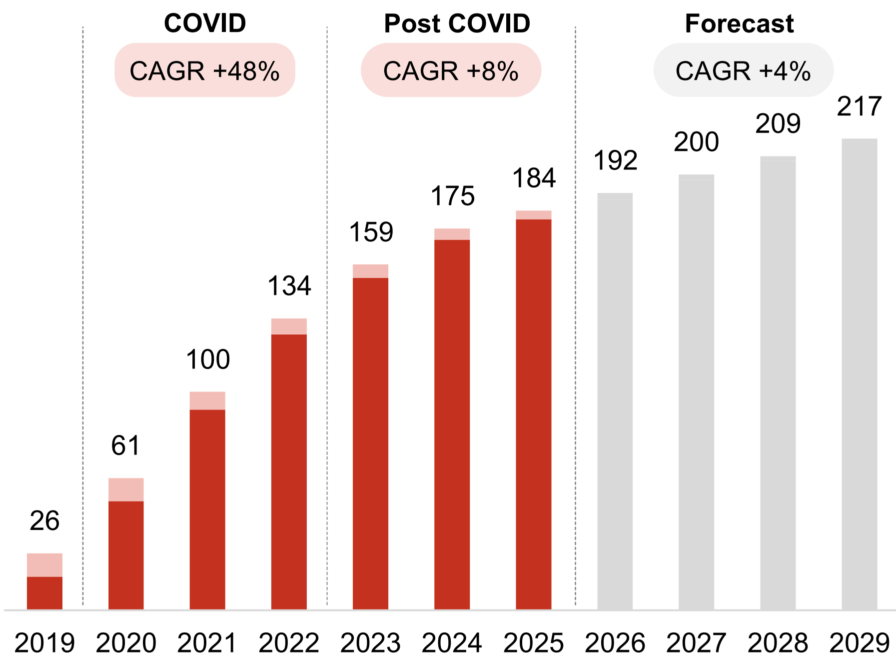
Source: Euromonitor, Public news

III. Recent Trends in Restaurant Market: Surge in Online Food Delivery

- Widespread adoption of third-party platforms since COVID has driven a surge in Thailand's online delivery market, reducing the relative importance of self-delivery.

Online Delivery Food Sales

Unit: Million THB



Share	2019	2025e
Third-party Delivery*	**59%**	**98%**
First-party (Self-delivery)	41%	2%

Note: *Third-party delivery refers to external, technology-driven platforms (e.g., Grab, Line Man, or Shopee Food) that partner with restaurants to manage the order logistics and delivering goods to consumers.

- **Before COVID,** the market was split between in-house and third-party delivery, with in-house delivery especially common among quick-service restaurants.
- **Between 2020 and 2022**, COVID-19 lockdowns and social-distancing measures caused a sharp decline in dine-in traffic. To survive, many restaurants turned to third-party delivery platforms, rapidly accelerating platform adoption and expanding their customer base. Consequently, online food delivery sales grew at a CAGR of 48% over that period.
- **Between 2023 and 2025,** as pandemic restrictions eased, many consumers who had tried online ordering during COVID retained the habit because of its convenience. That sustained usage of third-party delivery platforms drove continued growth in overall online food-delivery demand.
- **The online food delivery market is expected to grow at about the same pace as the overall Food service sector,** around a 4% CAGR, driven by:
  - Lower barriers to entry for local foodservice providers
  - Rapid urbanization increasing demand for convenience
  - Digitalization and mobile payments that simplify ordering and payment
  - Intense platform competition, with aggressive promotions and expanded services (e.g., grocery delivery) that retain users

Source: Euromonitor, Public news

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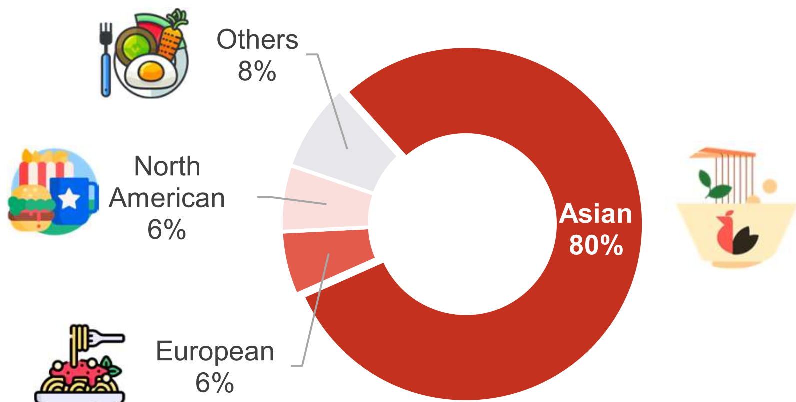
Information security category: SC-B

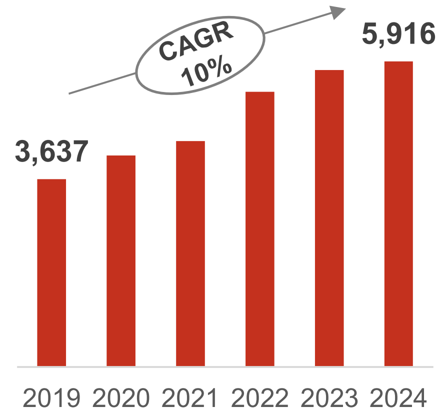
III. Recent Trends in Restaurant Market: Asian Food Dominance in Full-Service Restaurant

- Thailand's full-service restaurant market aside from Thai food is dominated by Asian cuisine with a strong presence of Japanese and Chinese cuisines.

Full-service Restaurant Share by Food Type in 2024



Japanese Restaurant Outlets, 2019-2024



Top 5 provinces with the most Japanese restaurants

Rank	Province	Number of restaurant 2024	Number of restaurant YoY Change
1	Bangkok	2,672	2.7%
2	Chonburi	363	1.4%
3	Nonthaburi	360	1.4%
4	Chiang Mai	280	8.9%
5	Samut Prakan	182	-1.1%

Asian Flavors Dominants the Foodservice Market in Thailand

- **Asian cuisine currently accounts 80%** of the total market value in the full-service restaurant (FSR) sector.
- **A strong presence of Japanese cuisine**: Japanese cuisine has a very strong presence of 5,916 restaurants in Thailand.
  - Japanese food remains a staple in the mid- to upper-tier dining segment, with strong representation in sushi, ramen, and donburi concepts.
  - Japanese brands in Thailand maintain strong and consistent standards, led by well-known chains (e.g., Sushiro, Katsu Midori).
  - Japanese restaurants are now expanding to other cities in Thailand, especially in Chiang Mai, which reported a growth of 9% in 2024.
- **Emerging Chinese food trends**: From 2023 onward, the market attracted noticeable investment from Chinese chains. According to Kasikorn Research, Thailand recorded **~1,600 Chinese** restaurants in 2024, representing a 14% rise compared with 2023.
  - Chinese flavors have seen a major surge in Thailand, primarily driven by the "Mala fever" trend (e.g., Haidilao and CQK Hotpot).
  - Chinese brands are expanding rapidly, especially in hot pot and shabu-shabu under casual dining formats, due to the taste of Thai people's preference for spicy and salty flavors.

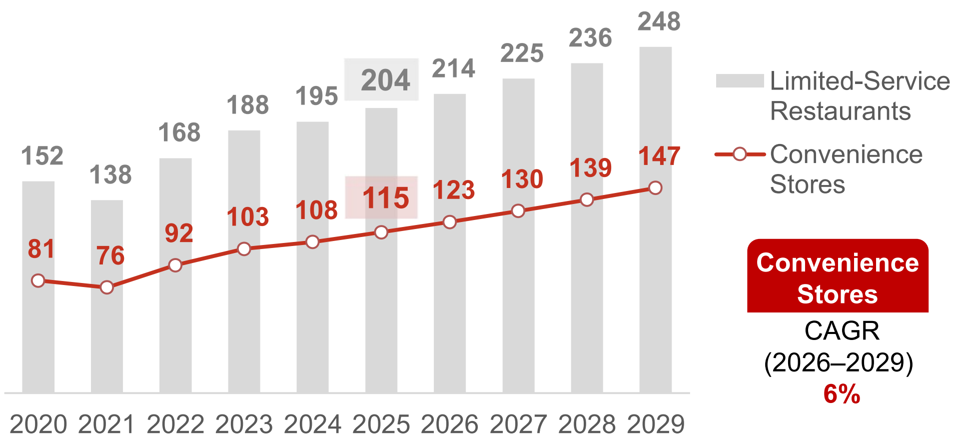
Source: Euromonitor, JETRO, Kasikorn Research, Public news

III. Recent Trends in Restaurant Market: Emerging of Convenience Stores in Limited-Service Restaurant

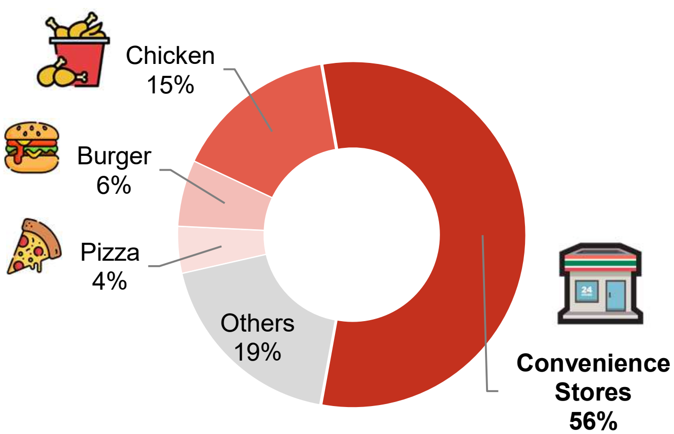
- Growth in limited-service restaurants has been driven by convenience stores, captured more than a 50% share since 2020.
- Grab-and-go formats are gaining interest from restaurant operators seeking to capture spending on ready-to-eat meals in urban areas.

Convenience Store and LSR Market Growth

Unit: Billion THB



2025 Limited-Service Restaurant Market Share



Convenience Stores Seizing Share from Limited-Service Restaurants

- **Convenience stores accounted for 56%** of the limited-service restaurant market in 2025 with the forecast CAGR of 6% by 2029.
  - Convenience stores can be a threat to restaurant operators by providing convenience to customers and offering ready-to-eat food sales.
  - Rapid urbanization, changing lifestyles, and high-density expansion by major chains such as 7-Eleven, Lotus's go Fresh, and Mini Big C are driving sustained growth in the convenience store sector.
  - In 2025, 7-Eleven has 15,000 stores and is a global leader in convenience retail. The sector is powered by ready-to-eat food sales, widespread accessibility, and a shift toward modern trade channels.

Emerging Grab-and-Go Format

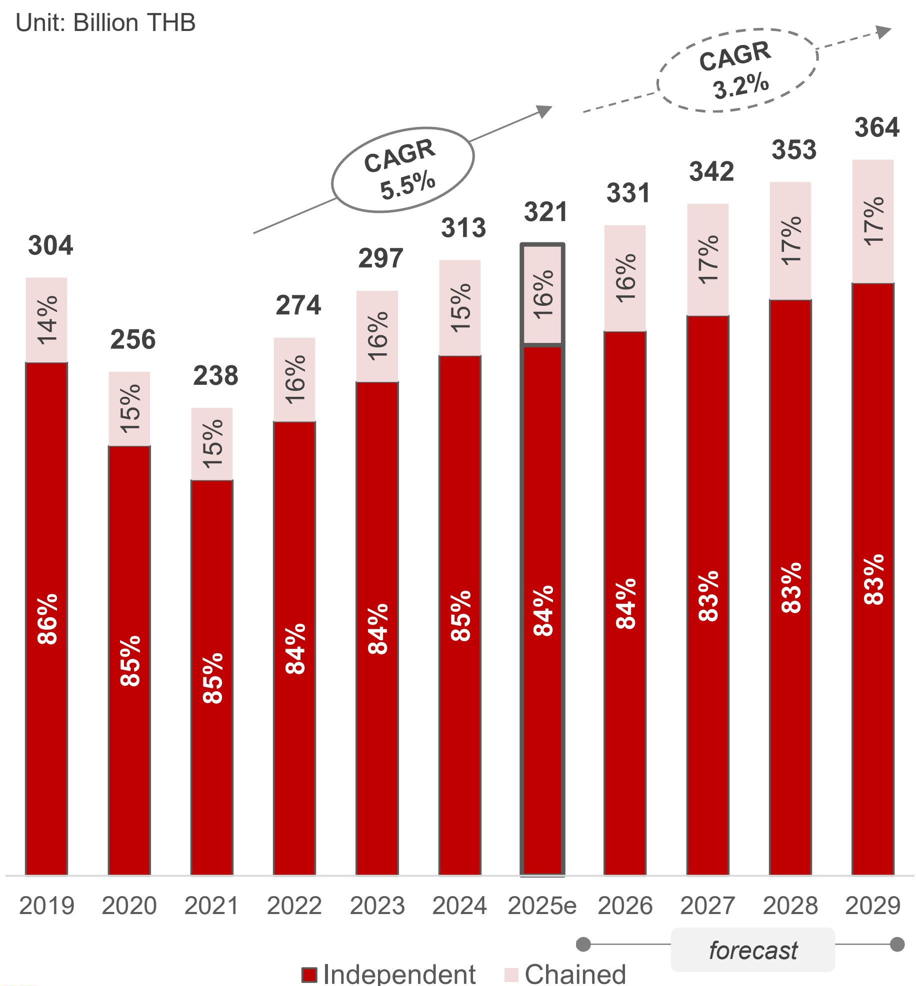
- **The grab-and-go format is gaining momentum** as convenience stores capture on-the-go customers and urban commuters or office workers who spend less time dining in.
  - Quick-service and casual-dining operators are introducing grab-and-go formats to reclaim migrating customers and capture a greater share of the ready-to-eat market.
  - Operators that implement this model can mitigate declines in dine-in revenue and enhance their competitive position relative to convenience retailers (Zen Box by Zen Group and Shinkanzen Sushi Go).

Source: Euromonitor, Public news

III. Recent Trends in Restaurant Market: Beverages Dominance in Street Stalls/Kiosks

- Street stalls and kiosks remain the dominant value channel in Thailand, driven by affordability, convenience and rapid menu innovation.
- Chinese tea brands are significantly taking market share in the chained street stalls market with a strong price point approach and the premiumization of their offerings.

The Growth of Street Stalls/Kiosks



Market Overview

- The street-stall market in Thailand was valued at 321 billion THB in 2025 and is projected to grow at a CAGR of 3.2% through 2029. Currently, independent vendors account for 84% of the market.
- The market growth is driven by three core factors: affordability (competitive pricing amid inflation), convenience (high-traffic urban placement), and menu agility (rapid adaptation to trends).

The Rise of Chinese Brands: Reshaping the Beverage Segment in Kiosks market.

A significant shift is occurring as emerging Chinese tea brands intensify competition within this street-level ecosystem. Thailand now hosts over 45 tea brands from Thai, Chinese, and Taiwanese operators, disrupting the market through two distinct strategies:

- Mass-Market Expansion (Affordability): Some entrants are mirroring the success of local affordable brands like *Nobi-cha or Five Star*. For instance, *Mixue* has disrupted by offering extremely low-price points (starting at 15 THB), directly competing with traditional vendors for budget-conscious consumers.
- Premiumization and Innovation: Simultaneously, mainland brands like *Chagee, Naixue, and Molly Tea* are filling gaps in the middle-to-high-end market. They introduce higher-quality ingredients and striking visual presentations that were previously absent from standard street-side offerings.

Competitive Impact: The "Surge of Entrants" broadens choice and forces local operators to raise standards, refine branding, and speed up service to remain competitive.

Source: Euromonitor, Public news

IV. Consumer Trends

- Thai Consumers tend to seeking for affordable, convenience in the hurried lifestyle and tend to be more selective about the nutrition and concept when it's come for lifestyle or socialize consumption.

I. The Rise of 'Affordable Premium'

- **Amid rising living costs, urban low- to mid-income consumers are selectively** trading up to accessible premium experiences. Motivated by repeatable self-reward, they seek elevated quality without the full price or formality of fine dining. This behavior shifts growth toward higher visit frequency with slightly lower average checks, making traffic and throughput the primary levers.
  - For example, Shinkanzen Sushi, a CRG subsidiary, offers a standing omakase format to lower price points while increasing table turnover.

II. Time-Wealth & Delivery-First Behaviour

- **Consumers are prioritizing "time-wealth," depending on delivery service more than queuing.** This preference has made delivery the primary choice for many urban consumers.
  - Operators without delivery sales channel are increasingly disadvantaged relative to digital-ready competitors.
  - Looking ahead, emerging technologies may further disrupt the sector while elevating customer experience and operational efficiency.

III. Not just the taste but better experiences

- **In the social media driven society, diners especially Gen Z and Millennials increasingly seek meaningful, care-driven food experiences** with menu narratives that convey origin, purpose and authenticity. For example:
  - Offering contemporary local cuisine by reinterpreting seasonal local ingredients with modern techniques to showcase regional flavors.
  - The combination of seasonal & viral menus, and limited-time seasonal or trend-driven items can help generate excitement, urgency, and repeat visits.

IV. Healthier, More Active Lifestyles

- **Thailand is moving towards a silver economy causing healthy lifestyle to gain momentum across all consumer group for a better "health span"**
  - Thais are seeking healthier food choice and concern more about the protein and sugar level, which the restaurant operators may offer the tag on each dish nutrition detail or add-ons.
  - For example, restaurant offer add-in for extra meat to increase the protein or a sweetness level in beverage. In additional, collaboration event with sport brand also an ideal for large restaurant operators.

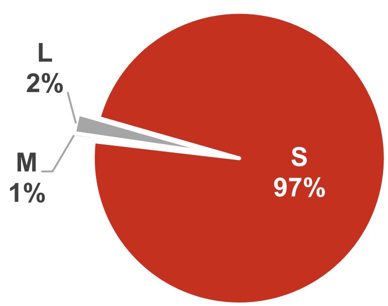
V. Industry Structure: Market Landscape by Corporate Size

- Thailand's restaurant industry is highly fragmented in terms of the number of operators, but revenue and profits are concentrated among the large-scale operators.

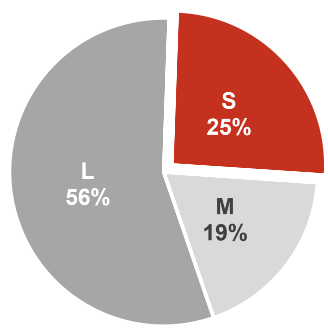
No. of Operator And Revenue Share By Business Size

Total 23,891 Restaurant Operators in 2024

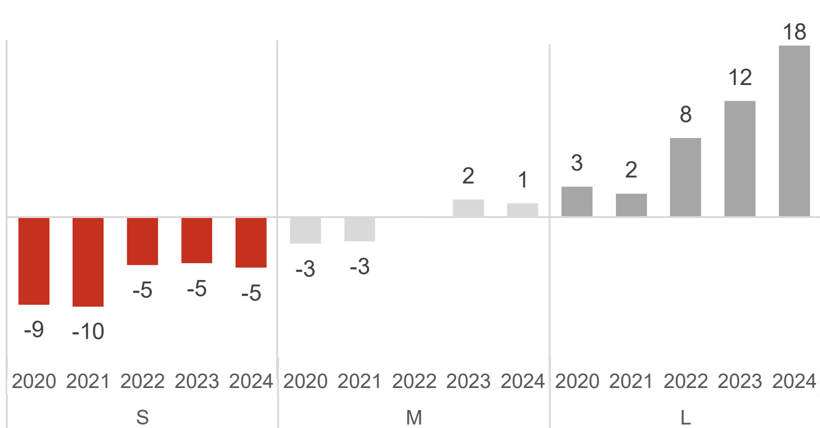
2024 Restaurant Operator Share by Size



2024 Revenue Share by Business Size



2020-2024 Restaurants' Net Profit by Business Size



Size	2024 Profit Margins
S	-5%
M	5%
L	**12%**

Note: Business size is categorized by revenue
S: <50 million THB in revenue M: <300 million THB in revenue L: >300 million THB in revenue

Market fragmentation with many players in long tail

- The Thai restaurant sector is highly fragmented, with a large number of small operators.
- Small restaurants make up 97% of all operators but account for only 26% of industry revenue.
- Small operators are experiencing a "tired" environment with low, negative, or razor-thin margins due to high competition, rising operating costs (energy/food prices), and fragile consumer purchasing power.

Large corporations especially major chains are taking control of profitability

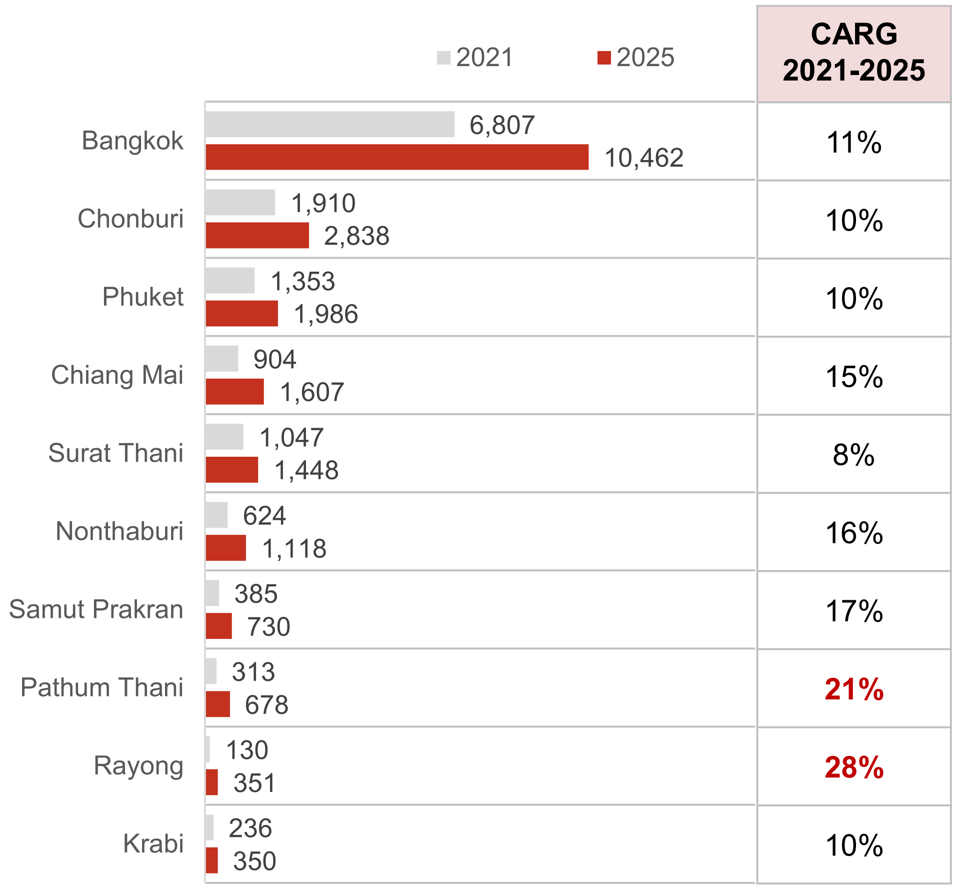
- The market is increasingly concentrated around large players because they can manage costs better and, in some cases, dominate specialized, high-profit, or premium-casual segments.
- Large companies generated 56% of total restaurant revenue in 2024, concentrating market power and profits among leading firms such as ThaiBev, Minor Food, Central Restaurants Group (CRG), and MK Group.

Source: Department of Business Development, Ministry of Commerce

V. Industry Structure: Geographic Distribution of Restaurant Operators

- Thailand's restaurant operators concentrated in Bangkok and tourism-driven provinces e.g., Chonburi, Phuket, Chiang Mai.
- However, Rayong and Pathum Thani have shown a strong growth since 2021, impacted by new industrial estate and the expansion of residential areas to outer Bangkok.

Registered Restaurant Businesses: Top 10 Provinces



Note: The number of registered businesses does not correspond the actual number of restaurant outlets, as companies with multiple locations nationwide may register their headquarters in Bangkok.

Bangkok Leads Thai Restaurant Market and Tourism Hubs See High Growth

- Bangkok leads Thailand's restaurant-operator market. In 2025 the city accounted for 10,425 active operators, about an 11% CAGR since 2021 driven by population density from in-migrants and a high spending per capita.
- Tourist destinations show high visibility of restaurant operators driven by Chonburi, Phuket, Chiang Mai and Surat Thani that have high number of operators concentrations.

Rapid growth in emerging industrial and residential areas

- **Non-tourism provinces are showing a strong expansion of restaurant operators**, with CAGRs above 20% in some areas—for example, Rayong (28% CAGR) and Pathum Thani (21% CAGR).
- Rayong's growth is tied to EEC-related new manufacturing expansion and migrant workers.
- Pathum Thani's growth is supported by universities and the expansion of nearby housing development.

Source: Department of Business Development, Ministry of Commerce

VI. Competitive Environment: Major Restaurant Operators

- Listed in the table below are the top ten restaurant chain operators by net sales.

Rank	Company Name	Brands Example	2024 Net Sales (mil. THB)	Number of Branches	Restaurant Segment			Key Food Region		
					FSR	LSR	Drinks	Asia	Europe	American
1	MK RESTAURANT GROUP PLC. (MK)	MK Restaurant, Yayoi, Laem Chareon Seafood	12,677	692	✓	✓	✓	✓		
2	CENTRAL RESTAURANTS GROUP CO.,LTD. (CRG)	KFC, Mister Donut, Auntie Anne's, Pepper Lunch, Ootoya	11,708	1,300	✓	✓	✓	✓	✓	✓
3	THE QSR OF ASIA CO.,LTD.*	KFC	10,635	500		✓				✓
4	MCTHAI CO.,LTD.	McDonald's	7,957	228		✓				✓
5	BNN RESTAURANT GROUP CO.,LTD.	Suki Teenoi	7,029	90	✓			✓		
6	S&P SYNDICATE PUBLIC CO.,LTD.	S&P Restaurant and Bakery, Bluecup Coffee	5,706	470	✓		✓	✓	✓	
7	THE MINOR FOOD GROUP PLC.	The Pizza Company, Swensen's, Sizzler, Burger King	5,371	1,500	✓	✓	✓	✓	✓	✓
8	OISHI GROUP PLC.*	Shabushi, Oishi ramen, Oishi Buffet	5,361	284	✓	✓		✓		
9	CPF RESTAURANT AND FOOD CHAIN CO.,LTD.	Chester's, Five Star	5,183	~5,000		✓	✓	✓		
10	SUSHIRO GH (THAILAND) LTD.	Sushiro	2,877	41	✓			✓		

Note: *The QSR of Asia Co., Ltd, and Oishi Group. Plc., are listed under Thai Beverage Plc.

Source: BOL and Company Annual Report 56-1

VI. Competitive Environment: Strategic Movement of Major Restaurant Chains

- Key priorities for major players in Thailand are to expand portfolios, adopt asset-light and international growth models, accelerate digitalization in the operations, and broaden consumer-oriented outreach strategies.

Key Strategic Initiatives and Movements of Major Restaurant Chains

Brand Expansion & Portfolio Diversification

Expanding brand portfolios through M&A or the acquisition of foreign franchise rights.

- **MK Restaurant Group:** Diversifying beyond core "Suki" into specialty concepts by acquire a famous Japanese Hamburger chain and monetizing brand equity through nationwide retail/CPG distribution (e.g., MK Dipping Sauce).
- **Central Restaurants Group (CRG):** Executing the *"Greater WE"* strategy to drive a new growth S-curve via targeted M&A and joint ventures (e.g., 2025 strategic investment in Lucky Suki).

Franchising, Asset-light & Global Scale Expansion

Increasing points of sale and accelerating international store expansion.

- **Minor Food Group (MINOR):** Adopting an asset-light model to drive margins and agility and utilizing multi-brand cloud kitchens to scale delivery reach with minimal capital investment.
- **Oishi Group (ThaiBev):** Leveraging parent company ThaiBev's global logistics network to accelerate international distribution and overseas market penetration.

Digitalization, Operational Efficiency & Omni-Channel

Improving efficiency through technology adoption (e.g., AI, kiosks, apps, cloud kitchens)

- **Sushiro GH (Thailand):** Tech-driven operations with an AI-based lane management system to reduce waste and ensure freshness.
- **Central Restaurants Group (CRG):** Applying AI for personalized marketing capturing data from an omni-channel ecosystem that enables cross-ordering using multi-brand cloud kitchen or shop-in-shop model across 11 brands in one transaction on delivery app and physical stores.

Customer-Oriented Strategy Initiatives

Expanding customer outreach through targeted pricing, concept innovation, and location strategies.

- **Sushiro GH (Thailand):** Executing a selective location strategy focused on tier-1 malls and dense urban zones of high purchasing power.
- **MK Restaurant Group:** Implementing an aggressive pricing strategy of 219-299THB buffet to capture the low-mid-tier market and boost SSSG.
- **BNN Restaurant Group:** Establishing a clear market position with *"Teenoi Gold,"* elevating the culinary offering by partnering with a 5-star hotel chef.

Source: Company Annual Report 56-1, Public news

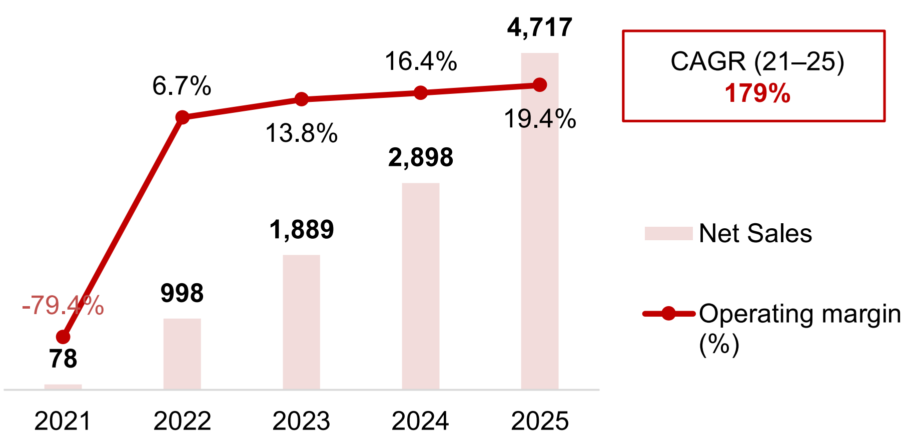
VI. Competitive Environment: Success Case of International Restaurant Operator

● Sushiro leads Thailand's kaiten-sushi market by combining authentic Japanese experience with a tech-driven, data optimized operational model that minimizes waste while maximizing customer value and turnover.

Sushiro GH Thailand Co., Ltd.

Business Performance

- **Sushiro entered Thailand in 2021** at CentralWorld, bringing Japan's No. 1 Kaiten-sushi experience to Bangkok from Osaka.
- The company has recorded **exceptionally strong sales growth of 179% CAGR** over five years of operation, with an operating loss only in the first year.
- Since its launch, the brand has achieved rapid expansion and maintained high profit margins, solidifying its position as the market leader through a blend of authentic quality, technological innovation, and affordable tiered pricing.
- In 2025 Sushiro operated 41 branches, averaging more than 100 million THB in sales per branch.



Sushiro's Key Success Strategies

- **Delivering the "Authentic Japan" Experience**: Sushiro brings the Japanese kaiten sushi experience to Thailand by maintaining original service standards, traditional decor, and authentic flavors across its branches, fulfilling the local demand for "Japan-quality" authenticity.
- **Accessible Tiered Pricing Model**: The menu uses color-coded plates, for example white at 30 THB and red at 40 THB, allowing customers to monitor their spending easily and make dining choices that fit their budget.
- **Dynamic Seasonal Campaigns**: Sushiro publishes monthly seasonal menus to keep customers returning. The "limited-time" urgency drives repeat visits and keeping the brand fresh even for regular diners.
- **AI Data-Driven Business Insights**: Sushiro analyzes plate movement and selection data in real time to forecast demand, optimize kitchen output, reduce food waste, and design seasonal products that match customer preferences.
- **Precision Freshness via Smart Tracking**: Each plate has an IC chip, and a tracking system removes any plate that travels 350 meters on the conveyor without being selected, ensuring consistent freshness and food safety across branches.

Source: Public news and company website

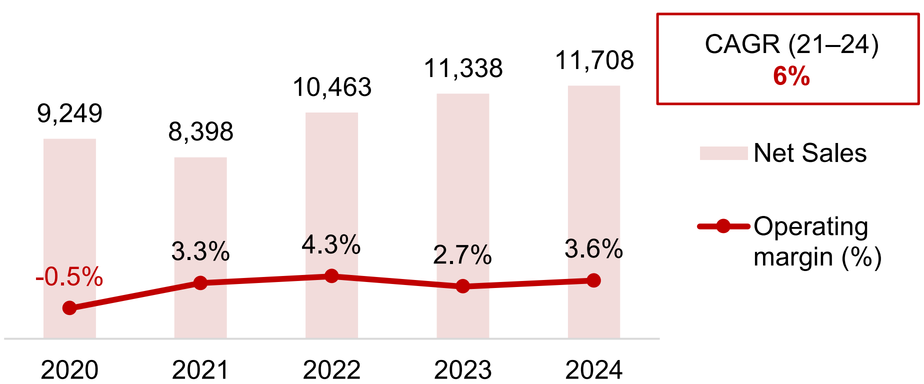
VI. Competitive Environment: Success Case of Thai Restaurant Operator

- CRG is driving sales growth through rapid footprint expansion, delivery and cloud-kitchen scale-ups, and strategic M&A initiatives.

Central Restaurant Group Co., Ltd (CRG)

Business Performance

- **CRG, which is one of the leading chain restaurant operators in the country**, manages a multi-brand portfolio that spans various food categories.
- As of December 31, 2025, CRG operated 1,429 food outlets nationwide across a portfolio of 20 brands (excluding Lucky Suki and Lucky BBQ).
- The company has achieved *a historical CAGR of 6% since 2021* with annual sales surpassed 10 billion THB since 2022.
- The steady sales growth stems from store expansion, omnichannel development, and new brand launches. Meanwhile, the company is enhancing technology integration, closing underperforming brands and outlets, and pursuing joint-venture partnerships to reduce capital exposure.



CRG's Key Success Strategies

From 2022-2025, ***CRG has successfully executed its "new S-curve" strategy***, shifting from a sole focus on franchise launches to a comprehensive approach built on 4 strategic pillars:

- **Expansion of restaurants and development of ecosystems:** Targeting an expansion to 2,000 outlets by 2028 with the CAPEX of 6 billion THB and implementing CRM membership to access the data infrastructure for consumer analysis.
- **Creation of new restaurant models and a revamp of existing formats:** CRG is rolling out new formats like shop-in-shops and compact container stores to boost brand synergy and penetrate non-traditional sites, exemplified by *Mister Donut's shop-in-shop inside Arigato* and its standalone compact outlets at gas stations.
- **Accelerating the delivery services and expansion of cloud kitchen facilities:** Launched "Every Food Cloud Kitchen" model, allowing customers to bundle orders from multiple CRG brands and street food partners in a single delivery with plans to expand cloud kitchen hubs to cover prime metropolitan and upcountry areas.
- **Forming of new partnerships by M&As and joint ventures**: This strategy has proven highly successful for CRG, enabling the company to accelerate the revenue of acquired brands by over 50%. For example, the revenue of The Food Selection Group boosted from 1.4 billion THB to 2.4 billion THB in 2024.

VII. Regulatory Framework: Regulatory Constraints on Foreign Investment

- Thai law generally restricts foreign ownership of businesses, requiring local (Thai) participation in most cases.
- To comply, foreign investors typically enter joint ventures or adopt a master-franchise model.

Key Restrictions

- Under the Foreign Business Act (FBA), restaurant operations are classified as a List 3 service business, which are restricted.
- Foreign entities* generally may not operate restaurants without a Foreign Business License (FBL); U.S. investors entitled to benefits under the US–Thailand Treaty of Amity** are exempt.
- Securing an FBL is often unpredictable, complex, and time-consuming. Applications are frequently refused when applicants cannot prove they will transfer and retain distinctive expertise within the local workforce.

Key Requirements to Obtain FBL

- **Minimum paid-up capital**: THB 2,000,000.
- **Company incorporation**: Register the entity with the Department of Business Development (DBD).
- **Documentation and supporting materials**: Submit a comprehensive business plan, financial projections, and evidence demonstrating technology or knowledge transfer to the local workforce.
- **Estimated processing time**: Typically, 4–6 months; actual timelines may be longer depending on circumstances

Note: *Foreign entities are the companies with 50% or more non-Thai shareholding.
** Under the US–Thailand Treaty of Amity, US citizens and companies may hold majority ownership of Thai firms. They are exempt from most restrictions under the FBA.

Recommended Business Models

Minority-Owned Joint Venture With Local Partner	Establish a JV company with local partner in which foreign investors hold a minority share with no more than 49%. The JV will be treated as a Thai entity. **Advantages:** • Streamlines the licensing process as no FBL required • Delivers critical insights into local market dynamics and government relations
Franchising	**Partnering with a local master franchisee** is an effective strategy for international restaurant brands to accelerate market entry and bypass the initial startup phase. **Advantages**: • Enables fast market penetration without heavy capital investment, significantly reducing financial and operational risks. • Local partner's deep understanding of Thailand market.

YAMADA Consulting Group

Source: Ministry of Commerce

VII. Regulations: Restaurant Operation Permit & Alcohol Selling License

- Post-registration, a valid restaurant operation permit is required to commence commercial operations in Thailand. If the restaurant intends to serve alcoholic beverages, the operator must also obtain a Type 2 Retail Alcohol License.

Restaurant Operating Permit

Regulatory Requirement:

- The Business must obtain the appropriate operating permit with local hygiene standards prior to commencing restaurant operations under the *Public Health Act B.E. 1992 and the Food Act B.E. 1979.*
- Permit requirements are determined by the restaurant space:
  1) Restaurant Notification Certificate**:** Required for establishments with a floor space of less than 200 m².
  2) Restaurant Operation Permit: Required for establishments with a floor space exceeding 200 m².

Application & Documentation Details:

- **Permit Application**: Application submitted at the Environment and Sanitation Department at district/municipal offices in the operating area.
- **Supporting materials**: Company Legal's documents, store layout plan, and food handler's health and hygiene certificates.
- **Estimated processing time**: 2-3 months including site visits

Statutory Health & Hygiene Criteria: Authorities will evaluate the premises based on certain criteria in five key areas including:

- ✓ **Premises:** Clean, well-ventilated, with active pest control.
- ✓ **Food Storage**: Separate raw/cooked items; store ≥60 cm off the floor.
- ✓ **Equipment**: Sanitized and covered; separate tools for raw vs. cooked food.
- ✓ **Waste Management:** Covered leak-proof bins and functional grease traps.
- ✓ **Staff Hygiene:** Mandatory aprons, hairnets, and gloves/tongs for ready-to-eat food.

Alcohol Selling Licenses

Regulatory Requirement:

- Under the *Alcohol Beverage Control Act and Excise Department* selling alcohol are limited to the entities or individuals who exceed the legal age and the Alcohol Selling License is required for operators intending to serve alcoholic beverages alongside their menu where the amount of alcohol sold less than 10 liters per bill, apply under *An Alcohol Retail Selling License (Type 2)*.

Application & Documentation Details :

- **License Application**: Application submitted at Local Excise Department of the operating area.
- **Supporting materials**: Company Legal's documents, and restaurant maps.
- **Estimated processing time**: 2-3 months including site visits (if any)

Prohibited Criteria: Under the *Alcohol Beverage Control Act and Excise Department* selling alcohol are prohibited in area as follows:

- X **Educational institutions**
- X **Religious sites**
- X **Health facilities**
- X **Petrol stations**
- X **Public areas** e.g., parks or government office area.

Source: Ministry of Commerce, Ministry of Public Health, Ministry of Commerce and Excise Department

VIII. Future Trends, Opportunities and Challenges

- Digital transformation is reshaping the restaurant and food service sector, with tourism channels and high-density upcountry locations presenting growth potential.
- However, the operators may face headwinds from weakening consumer purchasing power, rising cost, and intensifying competition.

Future Trends

Digital transformation and integration

- Technology adoption has moved from optional to essential.
- Leading operators are investing in integrated, data-driven systems across the customer journey and back-of-house, e.g., loyalty and CRM integration, AI-driven demand forecasting, inventory and labor optimization, QR-ordering, cashless payments, and automated kitchen equipment.

Limited-service formats, kiosks, and grab-and-go dominance

- Economic pressures and time scarcity are driving consumer demand toward lower-price, faster meal solutions.
- Limited-service models (kiosks, grab-and-go, micro-stores) are expanding in urban centers and transit hubs because they lower operating costs, shorten service time, and better serve commuter and convenience segments.

Opportunities

Partnerships and innovation

- Form partnerships with established local brands/ operators or pursue master-franchise deals to accelerate market entry, increase brand recognition, and reduce go-to-market risk.
- Operators can further differentiate by negotiating exclusive territory or format rights, co-developing localized menu items, and leveraging partners' operational expertise.

High-potential locations

- Target expansion to prime geographies, with Bangkok for scale and stable year-round demand and tourist hubs such as Phuket and Chonburi for high-value seasonal volume.
- While these markets present significant growth opportunities, their intense competition demands careful site selection and competitor analysis.

Menu innovation and differentiation

- Growing consumer demand for healthier, sustainable, and eco-friendly foods creates substantial business opportunities for operators that develop tailored products and clearly communicate their positioning, enabling them to capture market share, command premium pricing, and strengthen brand differentiation.

Challenges

Eroding consumer purchasing power

- Thailand's elevated inflation is prompting consumers to curb discretionary spending and trade down on dining choices.
- This shift increases demand volatility and requires close monitoring of pricing, promotions, and value propositions.

Rising operational cost

COST

- Energy, rent, raw-material prices, and higher minimum wages in major economic zones are putting upward pressure on operating expenses and compressing margins.

Intensified competition from large chains & international entrants

- Although the market is fragmented, it is dominated by large chain players and is becoming increasingly saturated.
- Entry by lower-cost foreign competitors (e.g. some Chinese chains) is heightening price and share competition.

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Contact Information

YAMADA Consulting Group Co., Ltd.