

Factors Influencing Investment Decisions in Ready-to-Eat Food Businesses in the International Market

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Abstract

The ready-to-eat (RTE) food industry has gained significant traction globally, fueled by shifting consumer preferences toward convenience, health consciousness, and sustainable practices. This study investigates the factors influencing investment decisions in Thailand's RTE food businesses targeting international markets. The research employs a mixed-methods approach, combining quantitative data from 200 industry stakeholders in Thailand, including investors, business executives, and experts, with qualitative insights from in-depth interviews. The results reveal that market demand, product innovation, and regulatory compliance are the most critical factors driving investment decisions, with market demand showing the highest predictive power. Qualitative findings highlight the importance of aligning business strategies with global consumer trends, technological advancements, and sustainability initiatives. The study concludes that businesses must adopt a multifaceted approach, balancing consumer preferences, innovation, and operational efficiency, to thrive in the competitive international RTE food market. Recommendations include enhancing product innovation through R&D, ensuring compliance with international regulations, and integrating sustainable practices into operations. These strategies can help Thai RTE food businesses secure investments and strengthen their position in global markets.

Keywords: Investment decisions, Ready-to-Eat (RTE), Food industry, International market

1. Introduction

1.1 Principles and Rationale

The ready-to-eat (RTE) food industry has emerged as a key segment within the global food and beverage market, driven by shifting consumer preferences and lifestyle changes. Urbanization, dual-income households, and the growing need for convenience have significantly boosted demand for RTE food products (Statista, 2023). In addition, the COVID-19 pandemic further accelerated this trend, as consumers sought shelf-stable and easy-to-prepare food options during lockdowns (Euromonitor International, 2022). Consequently, RTE food businesses have increasingly ventured into international markets to capitalize on this demand, creating new opportunities and challenges for investors.

Key drivers of this market include the increasing preference for health-conscious, organic, and sustainably sourced products, particularly in developed economies (Euromonitor International, 2021). Additionally, advancements in packaging technology and supply chain logistics have enabled businesses to meet diverse consumer needs across international markets

(Mintel, 2021; Chutimant, 2024). For investors, understanding these dynamics is essential to identify profitable opportunities and mitigate risks in a competitive global landscape.

Investors face multiple factors when deciding to enter or expand within international markets. Economic conditions, such as purchasing power parity and income distribution, play a critical role in determining market feasibility (Kearney, 2022). Moreover, cultural preferences significantly influence product acceptance, particularly in markets with distinct dietary habits and culinary traditions (Mintel, 2021). Regulatory environments also shape investment decisions, with food safety standards, labeling requirements, and trade barriers affecting market entry strategies (FAO, 2020).

Technological advancements in packaging and distribution have further enabled businesses to extend the shelf life of products and reach geographically distant markets efficiently (Grand View Research, 2023). However, competitive intensity within the RTE food sector remains high, requiring businesses to innovate and differentiate their offerings to secure market share (IBISWorld, 2023). Sustainability has also emerged as a critical consideration, with increasing consumer demand for eco-friendly packaging and ethically sourced ingredients influencing investment choices (Deloitte, 2021).

This background underscores the need for a comprehensive understanding of the multifaceted factors influencing investment decisions in the international RTE food market. By identifying and analyzing these factors, businesses and investors can make informed strategic decisions that align with market demands and global trends.

1.2 Research Objective

The study aims to guide businesses, investors, and policymakers in making informed decisions to optimize their strategies in the global market. The research will address the following specific objectives:

1. To identify key factors influencing investment decisions in the international RTE food industry
2. To analyze the influence of key factors on investment decisions in the RTE RTE food businesses in international markets.
3. To provide strategic recommendations for businesses and investors aiming to expand or enter the international RTE food market

2. Literature Review

The ready-to-eat (RTE) food industry has witnessed significant growth in recent years, driven by evolving consumer preferences, advancements in food technology, and globalization. This literature review examines key factors influencing investment decisions in the RTE food business in international markets, focusing on market dynamics, regulatory environments, technological innovation, sustainability practices, and cultural considerations.

2.1 Market Dynamics and Consumer Trends

The demand for RTE food has surged due to changing lifestyles, urbanization, and an increasing need for convenience. According to Statista (2023), the global RTE food market is expected to grow at a compound annual growth rate (CAGR) of 6.3% from 2021 to 2027, highlighting the lucrative nature of this sector. Kearney (2022) notes that economic stability and rising disposable incomes in emerging markets further incentivize investment in RTE food

businesses. Additionally, the COVID-19 pandemic accelerated demand for packaged and shelf-stable foods, transforming consumer buying behaviors (Euromonitor International, 2022).

2.2 Regulatory Environment and Trade Policies

Food safety regulations, labeling requirements, and import-export policies significantly impact investment decisions in the RTE food industry. The Food and Agriculture Organization (FAO, 2020) emphasizes that compliance with stringent international standards, such as the FDA's guidelines in the United States and the EU's General Food Law, is critical for market entry. Non-compliance can lead to trade barriers, higher costs, and reputational risks, making regulatory analysis a pivotal factor in investment planning (OECD, 2021).

2.3 Technological Advancements and Innovation

Advances in food processing, packaging, and distribution have transformed the RTE food industry, offering competitive advantages for businesses. Grand View Research (2023) highlights innovations such as vacuum-sealed packaging, microwavable meals, and AI-driven supply chain solutions as critical drivers for market success. Additionally, the use of blockchain technology for traceability and transparency enhances consumer trust and compliance with global standards (Deloitte, 2021).

2.4 Sustainability Practices

Sustainability has emerged as a key consideration in the RTE food sector. Consumers increasingly prefer brands that align with eco-friendly and ethical practices, such as reducing plastic use, sourcing ingredients responsibly, and minimizing food waste (Mintel, 2021). Companies that integrate sustainable practices into their operations not only attract environmentally conscious consumers but also secure investment from stakeholders prioritizing Environmental, Social, and Governance (ESG) factors (PwC, 2022).

2.5 Cultural Preferences and Consumer Behavior

Cultural differences play a significant role in the success of RTE food products in international markets. Taste preferences, dietary habits, and religious considerations often dictate consumer acceptance. Mintel (2021) points out that localized product offerings are more likely to succeed, emphasizing the need for market research to understand regional demands. For example, halal-certified RTE products have gained traction in the Middle East, while plant-based RTE meals are popular in Europe and North America (IBISWorld, 2023).

2.6 Investment Risks and Market Barriers

Despite the promising opportunities, the RTE food industry faces challenges such as high competition, fluctuating raw material costs, and supply chain disruptions. According to McKinsey & Company (2021), businesses must carefully evaluate these risks while developing robust strategies to mitigate them. Diversification of supply sources, strategic partnerships, and investments in technology can help overcome these challenges.

The literature highlights that investment decisions in the RTE food business are influenced by multiple factors, including market trends, regulatory compliance, technological innovation, sustainability practices, and cultural alignment. By addressing these factors, businesses can navigate the complexities of international markets and capitalize on the growing demand for RTE food products. These insights serve as a foundation for further empirical analysis and strategic recommendations.

3. Research Methodology

This study employs a mixed-methods approach, combining quantitative and qualitative methods to provide a comprehensive understanding of investment decisions in the RTE food sector. A quantitative survey was conducted to capture measurable factors, while qualitative interviews provided in-depth insights into the reasoning behind these decisions. This approach aligns with the recommendations of Creswell and Plano Clark (2017) for exploring complex phenomena through triangulation.

3.1 Population and Sample Selection

The target population included investors, business executives, and industry experts involved in the RTE food sector. The sample was drawn using purposive sampling to ensure participants had relevant experience and knowledge of the industry.

Quantitative Component: A total of 200 participants, including investors, business executives, and industry experts involved in the RTE food sector in Thailand, were surveyed.

Qualitative Component: Semi-structured interviews were conducted with 20 industry experts, selected based on their expertise in investment and operations in the RTE food business in Thailand.

3.2 Data Collection Methods

Quantitative Survey: A structured questionnaire was designed to measure factors such as market demand, regulatory compliance, technological innovation, and sustainability practices. A 5-point Likert scale was used for respondents to rate the importance of each factor, ranging from 1 (not important) to 5 (very important). The survey was distributed through online platforms like Google Forms and Qualtrics, targeting participants in key international markets.

Qualitative Interviews: Semi-structured interviews were conducted with industry experts to explore underlying motivations and challenges associated with investment decisions. Open-ended questions encouraged participants to discuss specific strategies, market trends, and risks. Interviews were conducted via video conferencing and recorded with participant consent for transcription and analysis.

3.3 Data Analysis Procedures

Quantitative Analysis: Descriptive statistics, such as mean scores and standard deviations, were used to identify the most influential factors. Inferential statistics, including regression analysis and Pearson correlation, were applied to determine relationships between factors and investment outcomes.

Qualitative Analysis: Thematic analysis was used to analyze interview transcripts, focusing on recurring themes related to investment strategies, market challenges, and decision-making criteria.

4. Results

The results of this study identify key factors influencing investment decisions in the ready-to-eat (RTE) food businesses targeting international markets. Quantitative and qualitative analyses provide insights into the most critical elements shaping these decisions.

4.1 Key Influential Factors Identified

Through descriptive and inferential analysis of the survey data, the following factors emerged as significant influencers:

Market Demand: Market demand was rated as the most critical factor, with a mean score of 4.6 (SD = 0.5) on a 5-point Likert scale. High demand for convenience foods due to shifting consumer preferences, particularly in urbanized regions, was cited as a major driver. This aligns with research by Euromonitor International (2021), which highlights the growing demand for RTE food globally.

Product Innovation: Innovation in product offerings, such as plant-based meals and nutrient-rich options, scored a mean of 4.5 (SD = 0.6). Respondents emphasized the importance of creating unique and diverse offerings to differentiate from competitors and cater to evolving health-conscious trends.

Regulatory Compliance: The ability to navigate international food safety and labeling regulations was a significant concern, with a mean score of 4.3 (SD = 0.7). Markets in Europe and North America were particularly highlighted for their stringent standards, echoing findings by Henson and Caswell (1999) on the role of regulatory environments in food market entry.

Sustainability Practices: Investment in eco-friendly packaging and sustainable sourcing practices received a mean score of 4.2 (SD = 0.8). Many investors recognized the competitive advantage of adopting sustainability measures, consistent with the findings of the Food and Agriculture Organization (2020) on the importance of sustainable development in food systems.

Cost and Profit Margins: Cost-efficiency and potential profitability were identified as key determinants, with a mean score of 4.1 (SD = 0.7). Respondents emphasized the need for balanced production costs and competitive pricing to ensure profitability in international markets.

4.2 Predictive Factors for Investment Decisions

Regression analysis revealed three key predictive factors significantly influencing investment success in the ready-to-eat food businesses for the international market ($p < 0.05$). Market demand emerged as the strongest predictor ($\beta = 0.40$), highlighting the importance of understanding consumer preferences and trends to capture market opportunities. Product innovation followed closely ($\beta = 0.35$), emphasizing the need for businesses to continuously develop unique and high-quality offerings to maintain competitiveness. Regulatory compliance also played a critical role ($\beta = 0.25$), underscoring the necessity for firms to adhere to international standards and regulations to ensure smooth operations and market entry. These findings suggest that strategic focus on these factors can enhance investment decisions and overall success in the global market.

4.3 Insights from Qualitative Data

Semi-structured interviews provided deeper insights into industry dynamics:

Consumer Trends: Experts emphasized the influence of health-conscious and sustainability-driven consumer preferences. The global shift toward healthy eating and eco-friendly lifestyles has created significant opportunities for RTE food businesses.

Technology Adoption: Participants highlighted the importance of technology integration, such as automation in production and e-commerce platforms for distribution, in capturing global markets.

Risk Management: Regulatory challenges and geopolitical risks were frequently mentioned as critical considerations for international investments.

The findings highlight the multifaceted nature of investment decisions in the RTE food industry. Market demand, product innovation, and regulatory compliance emerged as the most influential factors, supported by both quantitative and qualitative evidence. These results align with existing literature, emphasizing the importance of aligning business strategies with consumer trends, technological advancements, and regulatory requirements.

5. Conclusion

The study identifies key factors influencing investment decisions in the ready-to-eat (RTE) food business in the international market. The findings reveal that market demand, product innovation, regulatory compliance, sustainability practices, and cost efficiency are the most critical factors driving investment success. Market demand emerged as the strongest determinant, reflecting global consumer preferences for convenience and health-conscious products. Product innovation, particularly in creating unique offerings such as plant-based or nutrient-rich options, significantly contributes to competitiveness. Regulatory compliance, especially in regions with stringent standards like Europe and North America, is essential for market entry and risk mitigation. Additionally, sustainability practices, such as eco-friendly packaging, and effective cost management play crucial roles in ensuring profitability and long-term success.

These findings align with prior research, including studies by Euromonitor International (2021), Henson and Caswell (1999), and the Food and Agriculture Organization (2020), which collectively emphasize the interplay of consumer trends, technological advancements, regulatory compliance, and sustainability in shaping investment decisions. Henson and Caswell (1999) highlighted the critical role of regulatory and market factors, while Euromonitor International (2021) and the FAO (2020) stress the increasing importance of aligning strategies with sustainability and global consumer demands. These results underscore the necessity of a multifaceted approach, balancing innovation, compliance, and operational efficiency, to achieve sustainable growth and competitiveness in the dynamic international ready-to-eat food market.

To capitalize on the opportunities in the international RTE food market, the following recommendations are proposed:

1. Businesses should prioritize understanding market demand by offering innovative, health-conscious products, and regularly conducting market research to identify emerging trends and consumer preferences.

2. Companies expanding internationally must adhere to food safety and labeling regulations to ensure compliance. Eco-friendly practices, including sustainable sourcing and biodegradable packaging, can enhance brand value and attract environmentally conscious consumers.

3. Governments and industry organizations should support this growth by offering grants or subsidies for technology adoption.

4. Businesses can leverage advanced technologies such as AI, IoT, and blockchain to improve supply chain management, production automation, and quality assurance.

5. Marketing strategies should focus on building strong, trustworthy brands. Digital marketing, storytelling about sustainability efforts, and transparency in product sourcing can effectively attract consumers and investors.

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