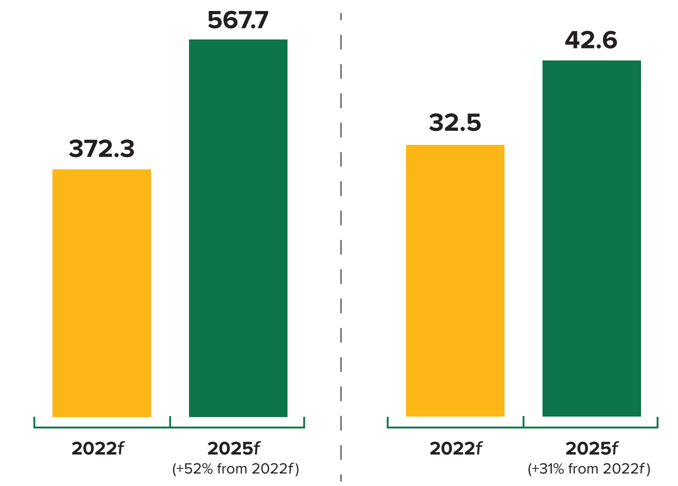
# MARKET SNAPSHOT | BEEF & SHEEPMEAT

# Thailand

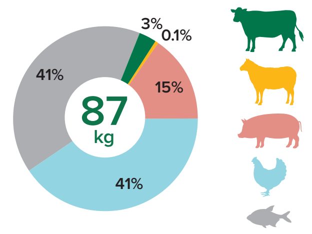
Thailand is a relatively small but high-value and growing red meat market for Australia, with around a third of exported beef and sheepmeat to Thailand being chilled. Despite significant pandemic impacts on tourism and dine-in foodservice, the complete removal of tariffs and quotas since January 2020 under both the Thailand-Australia Free Trade Agreement (TAFTA) and the ASEAN-Australia New Zealand Free Trade Agreement has supported growth of Australian red meat imports.

### Population[1]


### Household number by disposable income[2] (thousands)




### Meat consumption per capita[3]

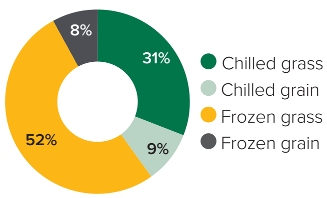



### Annual grocery spend[4]

A$ 1,802 per person/year

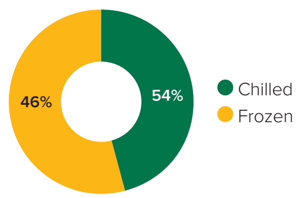
## Australian beef exports

### Australian beef exports – volume[5]



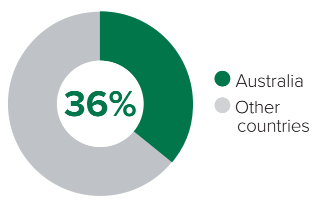

Total 8,547 tonnes swt

### Australian beef exports – value[6]

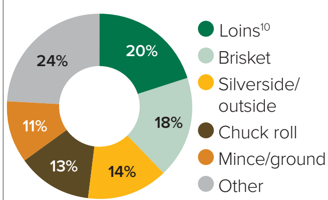



Total A$90.3 million

### Australia's share of beef imports[7]

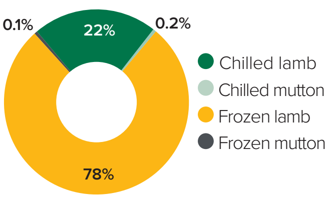



### Australian beef exports by cut[8]



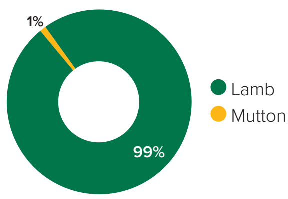

## Australian sheepmeat exports

### Australian sheepmeat exports – volume[5]



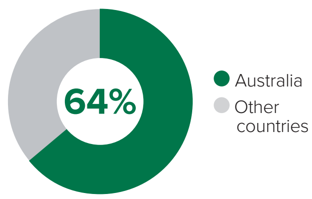

Total 628 tonnes swt

### Australian sheepmeat exports – value[6]

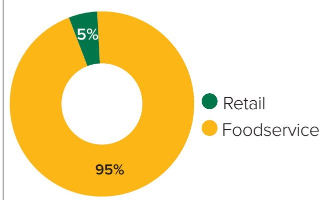



Total A$7.89 million

### Australia's share of sheepmeat imports[7]




### Key distribution channels of Australian sheepmeat[9]




*Data source for charts: [1,2] Fitch Solutions, [3] GIRA 2021f, [4] IGD 2022f (defined as the total annual grocery retail market turnover in a given year, divided by the population for the same year), [5] DAWE (2020–21), [6] ABS/IHS Markit (2020–21), [7] IHS Markit (2020–21), [8] DAWE (2020–21), [9] MLA market intelligence, [10] Loins include striploin, cube roll/rib eye roll, tenderloin and loin*

# Beef

## CONSUMERS

- Beef consumption in Thailand has been increasing over the years, underpinned by the growing popularity of beef cuisines and an expanding foodservice sector.
- Thai diets are dominated by fish and poultry, followed by pork – proteins that have perceived strengths of versatility and low price. However, Thais see beef as a superior protein that has a uniquely delicious taste, attributes considered worth paying a premium for *(Source: MLA Global Consumer Tracker Thailand, 2018)*. Hence, Thais often choose beef as an option to celebrate special occasions.
- Younger consumers aged under 30 enjoy beef more often, eating an average of 3.3 beef meals per week, compared to 2.4 for older Thais *(Source: MLA Global Tracker, Thailand 2018)*. Some 25% of young consumers aged 18 to 35 say they tend to purchase premium meat products, boding well for a future consumer base interested in premium beef *(Source: GlobaData, 2021)*.
- The number of affluent households earning at least US$35,000 disposable annual income is forecast to grow 52% to approximately 567,700 by 2025 *(Source: Fitch Solutions)*. This shift is increasing the consumer base that can afford to frequently purchase premium proteins such as beef and who demand a safer, higher quality product.
- Attributes such as ‘guaranteed safe’ and ‘consistently high quality’ are among the top priorities when choosing any beef product, while drivers of premium beef purchasing include ‘overall superiority’, ‘tenderness’ and ‘marbling’. Australian beef is in a good position in the market, with high awareness among Thais and a strong positive reputation for high quality dimensions such as quality consistency, safety and tenderness *(Source: MLA Global Tracker Thailand, 2018)*.

| Important attributes when Thai consumers select between meat proteins | Important claims when Thai consumers select between beef products |
|---|---|
| Easy and convenient to prepare | Safety certification |
| My/my family’s favourite meat | Quality grading or guarantee |
| Consistent quality standards | 100% natural |
| The meat is usually tender | Non-GMO (non-genetically modified) |
| Fresh | Antibiotic-free |

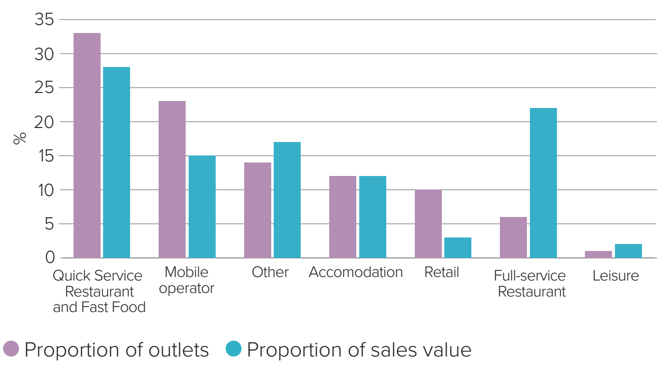
*Source: MLA Global Consumer Tracker Thailand, 2018*

*Thai panang curry with beef*

## FOODSERVICE

- Thailand has a large and well-established foodservice sector, boasting around 100,000 restaurants and 20,000 hotels *(Source: GlobalData)*.
- MLA estimates that in 2019 pre-pandemic, some 64% of Australian beef was utilised in Thailand’s foodservice sector.
- Thailand’s foodservice sector has faced several waves of restrictions in response to COVID-19 outbreaks hitting the sector hard. In 2020, Thai restaurant and accommodation spending fell 48% on 2019 levels and is not currently forecast to recover to pre-pandemic levels until after 2025 *(Source: Fitch Solutions)*. At the same time, tourist visitor numbers fell 83% in 2020 on 2019 and by a similar magnitude again in 2021.
- With constraints on dine-in services, some quick service and full-service restaurant operators have found some success with meal delivery and takeaway services. Some 46% of 25–34 year-old Thais are ordering restaurant meals for home delivery more often than before the pandemic *(Source: GlobalData Q2 2021)*. Although the pivot to alternative formats has been more limited at higher-end establishments, many fine dining establishments, including 5-star hotels and Michelin-star restaurants, have explored the at-home luxurious foodservice model to weather the pandemic.
- Generally, affluent and young Thais, especially Generation Z and young millennials (aged 18–35) are key drivers of growth in the foodservice sector, being open to new dining experiences such as trying new food trends and cuisines from different cultures. International cuisines have become increasingly popular, especially Japanese but also European and Korean, which all feature beef dishes.
- Thailand is among the top 10 most-visited countries globally and tourists roughly spend 15% of their holiday expenditure in restaurants *(Source: Food Export, USA)*. International tourism receipts were valued at US$67.1 billion in 2019, contributing 5.5% of GDP *(Source: Fitch Solutions)*. However, international border closures to contain COVID-19 abruptly suspended the arrival of international visitors from March 2020. In 2021, a number of key tourist areas in the country, mostly islands such as Phuket, Ko Samui, Krabi and Phang Nga, have been trialling re-opening to fully vaccinated tourists with quarantine measures in place *(Source: Tourism Authority of Thailand)*.

### Thailand foodservice sector by proportion of outlets and sales value

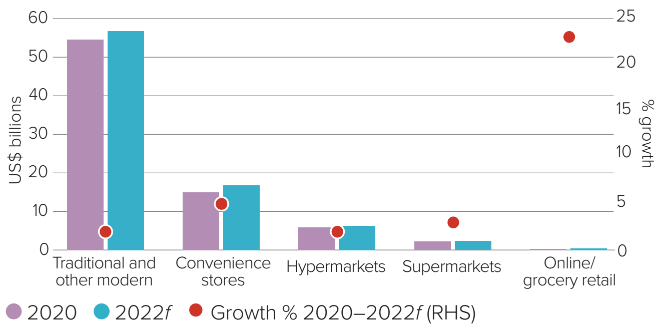



*Source: GlobalData. 2022f. Sales value based on Operator Buying Price.*

## RETAIL

- While traditional channels still account for approximately two-thirds of Thailand's grocery retail market, the modern sector is relatively well established. The pandemic saw retail sales across all channels increase, including for fresh meat, with more people cooking and eating at home.
- Pre-pandemic, Thailand already had the largest convenience sector in the region, including both convenience stores and minimarkets. This channel has seen strong growth, with shoppers seeking options closer to home in less crowded settings. Stores adjusted their formats and ranges to meet increased needs for home cooking, such as with fresh, chilled foods and meat. Many have also expanded into online pick-up and delivery services *(Source: IGD)*. With convenience sales forecast to continue to grow at a CAGR of 6% from 2020 to 2022, this is an important channel to explore growth opportunities for Australian beef.

### Total grocery retail sales and growth



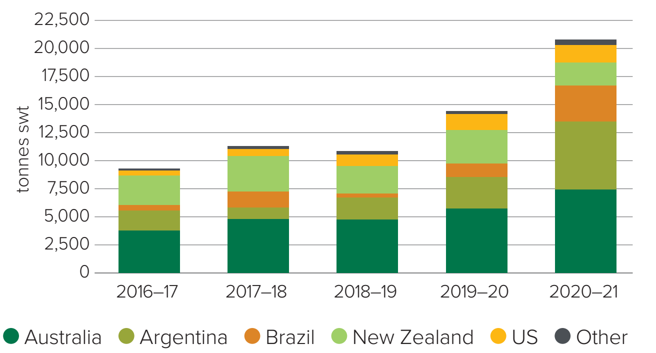

*Source: IGD, Growth % = Compound annual growth rate (CAGR) 2020–2022f, IGD forecast.*

- Pre-pandemic, only 1% of Thais surveyed had ever purchased beef online, preferring to inspect the meat and with low trust on product quality, authenticity and safety *(Source: MLA Global Consumer Tracker Thailand, 2018)*. The pandemic boosted consumer confidence in using online retail, attracting both new users and increasing the frequency of existing users, particularly among the affluent *(Source: BCG)*. 50% of Thai women say they are buying groceries online more often than before the pandemic, with higher take-up in 25–44 years olds *(Source: GlobalData Q2 2021)*. While still relatively small, online retail is projected to maintain growth at a CAGR of 24% from 2020 to 2022 *(Source: IGD)*.
- A combination of Thailand's high female workforce participation, long commute times and long work hours mean that 'convenience' and 'easy to prepare' are particularly important attributes when choosing between proteins *(Source: MLA Global Consumer Tracker Thailand, 2018)*. Compared to neighbouring countries, where the majority of consumers prefer to cook beef from scratch or use a minimal amount of pre-prepared ingredients, Thai consumers are likely to use more pre-prepared options *(Source: MLA Attractive Cities Study, 2018)*. As Thais perceive beef as more challenging to prepare and cook than other proteins, there are opportunities for quick and easy beef meal solutions and communications. Some 53% of Thais find the idea of do-it-yourself (DIY) food packs like meal kits and mix-at-home ingredients very appealing and 39% are cooking this way more frequently than before the pandemic *(Source: GlobalData Q2 2021)*.
- In Thailand, as with globally, the pandemic heightened concerns around food safety. Even prior to the pandemic, Thai consumers placed a high priority on meat safety, hygiene and traceability when choosing between beef products. With Thais already associating Australian beef quite strongly with being guaranteed safe to eat, Australia is in a strong position to be able to reassure consumers seeking peace of mind *(Source: MLA Global Consumer Tracker, 2018)*.

## COMPETITIVE LANDSCAPE

- Thailand has a reasonably established domestic feedlot industry supplying cattle through the region and into China. The processing sector is fragmented and supplies almost exclusively into traditional channels.
- Thailand's imported beef sector is still relatively small, with imports making up only about 17% of total beef supply in the country, but this has grown rapidly at almost 40% per year on average since 2019, driven by increasing urbanisation, rising incomes and tourism. In addition, rising cases of COVID-19 in the second quarter of 2021 have caused significant disruptions to the domestic cattle market and distribution networks, further increasing import demand. In 2020–21, Thailand imported its largest ever volume of beef for domestic consumption at almost 21,000 tonnes swt, a 44% year-on-year increase.
- Australia is the largest supplier of imported beef to Thailand, with a volume share of 36%, equating to 7,400 tonnes swt in 2020–21, a 29% increase on the previous year. A high proportion of this growth has come from a 44% surge in chilled beef volumes, where Australia dominates with a 93% market share, meeting consumer needs as they shifted consumption from dining out to at-home.
- Australia has improved market access to Thailand following the total removal of import tariffs and quotas from January 2020 under the ASEAN – Australia New Zealand Free Trade Agreement. This improved access is expected to support further growth in Australian exports to this lucrative market.
- Argentina is a key competitor in Thailand's frozen beef market, overtaking Australia as the leading supplier with a sharp increase in volume of 118% to 6,000 tonnes in 2020–21. Similarly, Brazil overtook New Zealand and the US to become the third largest supplier, increasing 160% for the same period. The increase in frozen beef supply from South American countries has been facilitated by Thailand's domestic cattle movement restrictions imposed by authorities following the discovery of lumpy skin disease in the country, as well as their significant price advantage over other suppliers.
- Thailand is also a significant market for bovine offal – the second largest in the region after Indonesia. In 2020–21 Thailand imported around 29,600 tonnes swt, with Australia the second largest supplier after Argentina.

### Thailand beef imports by major supplier




*Source: IHS Markit, Australian Fiscal Year*

## Market access overview – beef

| Trade agreements | Import tariffs | Competitors | Volume restrictions | Technical access |
|---|---|---|---|---|
| ASEAN – Australia New Zealand Free Trade Agreement **(AANZFTA)**<br>Thailand – Australia Free Trade Agreement **(TAFTA)** | Under AANZFTA:<br>0% for all product lines | **New Zealand:**<br>same conditions as Australia<br>**US, Argentina, Brazil:**<br>No FTA, tariff 50% | Zero | No major hurdles |

Best access — Major challenges

*Source: Trade agreements, DFAT, WTO*

## Australian beef exports to Thailand – summary table

**Volume – in tonnes swt**

| | | 2020–21 | % of total | 2019–20 | % of total | five-year average (2015–16 to 2019–20) | % of total | change 2020–21 vs five-year average % | change 2020–21 vs five-year average in tonnes swt |
|---|---|---|---|---|---|---|---|---|---|
| | **Total** | **8,547** | | **7,181** | | **6,138** | | **39** | **2,409** |
| Storage | Chilled | 3,398 | 40 | 2,301 | 32 | 1,790 | 29 | 90 | 1,607 |
| | Frozen | 5,149 | 60 | 4,881 | 68 | 4,347 | 71 | 18 | 802 |
| Meat type | Grassfed | 7,136 | 83 | 6,231 | 87 | 5,236 | 85 | 36 | 1,900 |
| | Grainfed | 1,411 | 17 | 950 | 13 | 902 | 15 | 56 | 509 |
| Storage/meat type | Chilled grassfed | 2,641 | 31 | 1,518 | 21 | 1,051 | 17 | 151 | 1,590 |
| | Chilled grainfed | 756 | 9 | 782 | 11 | 739 | 12 | 2 | 17 |
| | Frozen grassfed | 4,494 | 53 | 4,713 | 66 | 4,184 | 68 | 7 | 310 |
| | Frozen grainfed | 655 | 8 | 168 | 2 | 163 | 3 | 302 | 492 |

*Source: DAWE, figures are rounded*

**Value – in A$ 000**

| | | 2020–21 | % of total | 2019–20 | % of total | five-year average (2015–16 to 2019–20) | % of total | % | in A$ 000 |
|---|---|---|---|---|---|---|---|---|---|
| | **Total** | **90,809** | | **79,981** | | **65,206** | | **39** | **25,603** |
| Storage | Chilled | 49,090 | 54 | 39,066 | 49 | 32,496 | 50 | 51 | 16,593 |
| | Frozen | 41,719 | 46 | 40,916 | 51 | 32,709 | 50 | 28 | 9,010 |

*Source: ABS/IHS Markit, figures are rounded*

**Volume – by major cut (in tonnes swt)**

| | 2020–21 | % of total | 2019–20 | % of total | five-year average (2015–16 to 2019–20) | % of total | % | in tonnes swt |
|---|---|---|---|---|---|---|---|---|
| Brisket | 1,498 | 18 | 599 | 8 | 430 | 7 | 248 | 1,068 |
| Silverside/outside | 1,154 | 14 | 872 | 12 | 635 | 10 | 82 | 519 |
| Chuck roll | 1,126 | 13 | 1,040 | 14 | 667 | 11 | 69 | 459 |
| Mince/ground | 961 | 11 | 1,339 | 19 | 1,492 | 24 | -36 | -531 |
| Striploin | 858 | 10 | 802 | 11 | 679 | 11 | 26 | 179 |
| Cube roll/rib eye roll | 621 | 7 | 522 | 7 | 448 | 7 | 39 | 173 |
| Blade | 437 | 5 | 274 | 4 | 210 | 3 | 108 | 227 |
| Manufacturing | 391 | 5 | 397 | 6 | 381 | 6 | 2 | 9 |
| Topside/inside | 370 | 4 | 228 | 3 | 170 | 3 | 118 | 200 |
| Other | 1,130 | 13 | 1,109 | 15 | 1,025 | 17 | 10 | 105 |
| **Total** | **8,547** | | **7,181** | | **6,138** | | **39** | **2,409** |

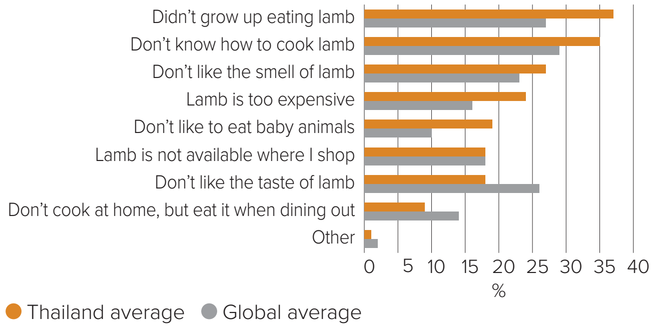
*Source: DAWE*

# Sheepmeat

## CONSUMERS

- Sheepmeat in Thailand is a niche protein, typically consumed on special family occasions and mainly in foodservice venues.
- Although consumption has been relatively low and stable for some years, it is projected to increase at a CAGR of 5.6% between 2020 and 2025 *(Source: GIRA)*. This is due to the increasing population of affluent, urban consumers seeking greater variety in proteins in terms of taste.
- Thai consumers have comparatively little experience with lamb at home compared with neighbouring countries and hence find it somewhat difficult to prepare and cook. However, some indicate they would likely buy and cook lamb after trying it at a restaurant, if they are given a free sample or provided with recipe ideas *(Source: MLA Attractive Cities Study, 2018)*.
- Tenderness, nutritiousness, high quality and superiority are the most important attributes Thai consumers associate with lamb and those they believe make it worth paying a premium for *(Source: MLA Global Tracker, 2018)*.
- For Thai consumers, Australian lamb is positively associated with consistent quality standards and safety. Thailand is already Australia's largest chilled lamb export market in the South-East Asia region, after Singapore.

**Reasons Thai consumers don't buy lamb**

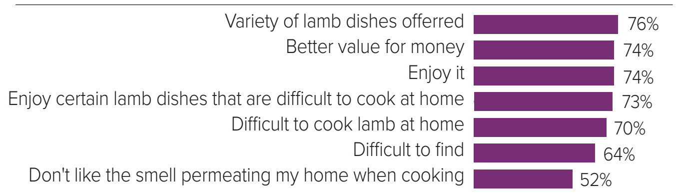



*Source: MLA Global Consumer Tracker Thailand, 2018*

## FOODSERVICE

- Foodservice is the key channel for sheepmeat in Thailand, as most consumers either do not know how to prepare it or find it difficult to cook sheepmeat at home. The vast majority of Australian sheepmeat exported to Thailand is utilised in foodservice.
- The significant impact of the pandemic on the country's foodservice sector has notably reduced import demand for sheepmeat, with total imports for 2020–21 down 33% on the previous year.
- With the pandemic causing sector shutdowns, demand for sheepmeat has fallen, given the aforementioned perceived challenges in cooking it at home. Hence, lamb consumption has been less able to switch to retail in the way that beef has. This has posed significant challenges for Australian sheepmeat exports in the short- to medium-term. Takeaway and meal delivery are opportunities to fill this gap until dine-in service can resume, along with prepared meals and other ready-to-eat offerings.

**What motivates affluent Bangkok consumers to eat sheepmeat* when they dine out?**




*Source: MLA ASEAN Attractive Cities Study Bangkok, 2018*
**including goatmeat*

## RETAIL

- A relatively small proportion of sheepmeat in Thailand is sold through retail for home consumption, with the majority utilised in the foodservice sector. However, the restrictions on foodservice due to the pandemic are expected to have driven some uplift in retail sales of sheepmeat, as consumers cooking more at home seek greater variety in proteins, flavours and cuisines.
- The most common Australian sheepmeat purchase points used by affluent Thai consumers are supermarkets and hypermarkets, followed by butchers and department stores.

**Top five factors influencing Thai consumers' lamb purchase decisions***

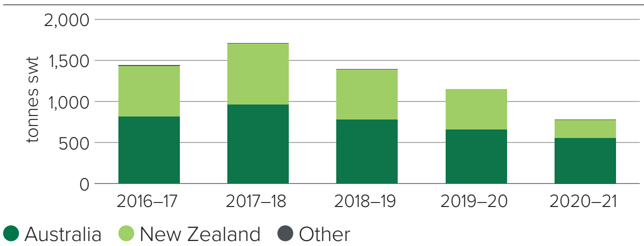
| | |
|---|---|
| 1 | 100% natural |
| 2 | Safety certification |
| 3 | Quality grading or guarantee |
| 4 | Antibiotic-free |
| 5 | Non-GMO |

*Source: MLA Global Consumer Tracker Thailand, 2018*
**when they are selecting lamb at a retail outlet*

## COMPETITIVE LANDSCAPE

- Thailand has a relatively small sheepmeat (including goatmeat) market, with domestic annual production forecast to remain steady at around 2,000 tonnes cwe. However, with consumption expected to grow in the next several years, increased demand is forecast to see imports increase at around CAGR 17.5% from 2020 to 2025 from a small base of 1,000 to 2,000 tonnes cwe *(Source: GIRA)*.

**Thailand sheepmeat imports**




*Source: IHS Markit, Australian Fiscal Year*

# Market access overview – sheepmeat

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|---|---|---|---|---|
| ASEAN – Australia New Zealand Free Trade Agreement **(AANZFTA)**<br>Thailand – Australia Free Trade Agreement **(TAFTA)** | Under AANZFTA:<br>0% for all product lines | **New Zealand:**<br>Same conditions as Australia | Zero | No major hurdles |

Best access — Major challenges

*Source: Trade agreements, DFAT, WTO*

# Australian sheepmeat exports to Thailand – summary table

**Volume – in tonnes swt**

| | | 2020–21 | % of total | 2019–20 | % of total | five-year average (2015–16 to 2019–20) | % of total | change 2020–21 vs five-year average % | change 2020–21 vs five-year average in tonnes swt |
|---|---|---|---|---|---|---|---|---|---|
| | **Total** | **628** | | **635** | | **796** | | **-21** | **-168** |
| Storage | Chilled | 137 | 22 | 202 | 32 | 251 | 32 | -46 | -115 |
| | Frozen | 491 | 78 | 433 | 68 | 545 | 68 | -10 | -53 |
| Meat type | Lamb | 626 | 99.7 | 620 | 98 | 763 | 96 | -18 | -137 |
| | Mutton | 2 | 0.3 | 15 | 2 | 32 | 4 | -95 | -31 |
| Storage/ meat type | Chilled lamb | 136 | 22 | 191 | 30 | 233 | 29 | -42 | -98 |
| | Chilled mutton | 1 | 0.2 | 11 | 2 | 18 | 2 | -94 | -17 |
| | Frozen lamb | 491 | 78 | 429 | 68 | 530 | 67 | -7 | -39 |
| | Frozen mutton | 1 | 0.1 | 4 | 1 | 15 | 2 | -96 | -14 |

*Source: DAWE, figures are rounded*

**Value – in A$ 000**

| | | 2020–21 | % of total | 2019–20 | % of total | five-year average | % of total | % | in A$ 000 |
|---|---|---|---|---|---|---|---|---|---|
| | **Total** | **7,922** | | **10,424** | | **10,883** | | **-27** | **-2,960** |
| Meat type | Lamb | 7,867 | 99 | 10,240 | 98 | 10,576 | 97 | -26 | -2,709 |
| | Mutton | 56 | 1 | 184 | 2 | 307 | 3 | -82 | -251 |

*Source: ABS/IHS Markit*

**Volume - by major cut (in tonnes swt)**

| | | 2020–21 | % of total | 2019–20 | % of total | five-year average | % of total | % | in tonnes swt |
|---|---|---|---|---|---|---|---|---|---|
| Lamb | Rack | 216 | 34 | 243 | 39 | 301 | 39 | -28 | -86 |
| | Shoulder | 140 | 22 | 81 | 13 | 88 | 12 | 59 | 52 |
| | Leg | 128 | 20 | 161 | 26 | 194 | 25 | -34 | -66 |
| | Other | 143 | 23 | 135 | 22 | 180 | 24 | -21 | -37 |
| | **Total** | **626** | | **620** | | **763** | | **-18** | **-137** |
| Mutton | Leg | 1 | 64 | 4 | 24 | 8 | 23 | -86 | -6 |
| | Boneless loin | 1 | 32 | 1 | 6 | 1 | 2 | -24 | -0.2 |
| | Rack | 0.1 | 4 | 11 | 71 | 12 | 39 | -99 | -12 |
| | Other | 0 | 0 | 0 | 0 | 12 | 36 | -100 | -12 |
| | **Total** | **2** | | **15** | | **32** | | **-95** | **-31** |

*Source: DAWE*