MARKET SNAPSHOT | BEEF & SHEEPMEAT

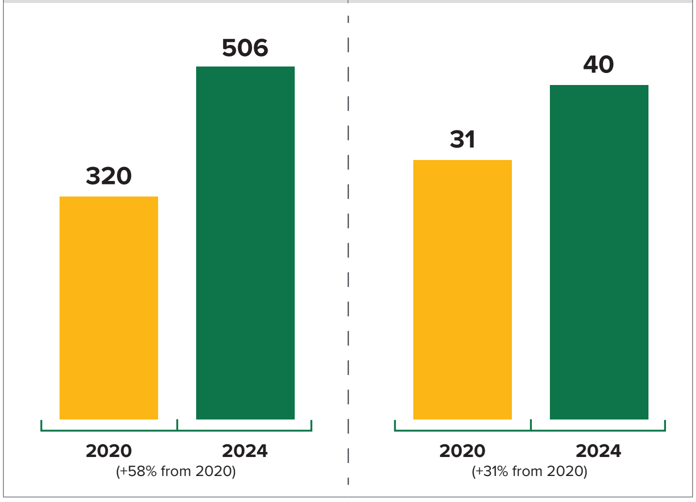
MEAT & LIVESTOCK AUSTRALIA

Thailand

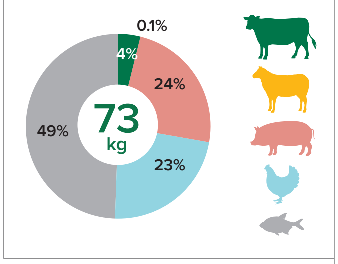
Thailand is a small but high-value market for Australian red meat exports, with about one-third of beef and sheepmeat products exported to Thailand being chilled. Despite heavy impacts of COVID-19 on the tourism and foodservice sectors, Australian beef exports to Thailand have registered healthy growth in the first half of 2020 following the removal of import tariffs and safe guard restrictions under the ASEAN-Australia New Zealand Free Trade Agreement in January.

Population[1]

Household number by disposable income[2] (thousands)



Meat consumption per capita[3]

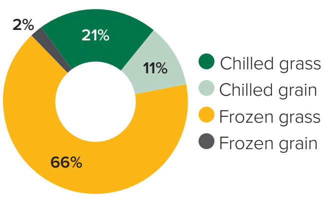


Grocery spend[4]

A$ 1,516 per person

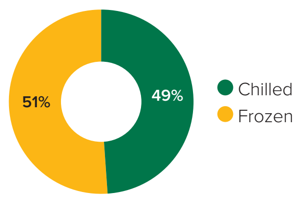
Australian beef exports

Australian beef exports – volume[5]



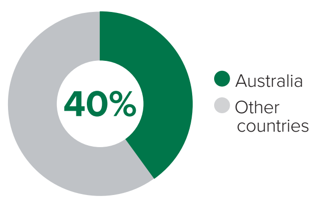
Total 7,181 tonnes swt

Australian beef exports – value[6]

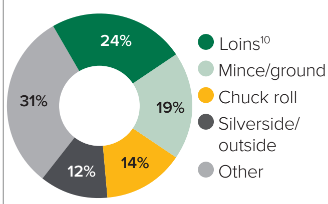


Total A$80.0 million

Australia's share of beef imports[7]

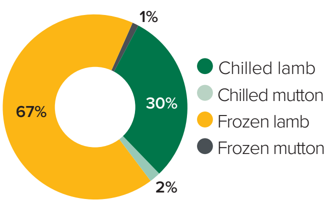


Australian beef export by cut[8]



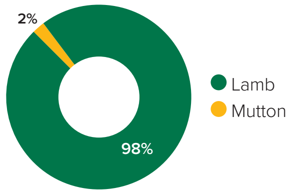
Australian sheepmeat exports

Australian sheepmeat exports – volume[5]



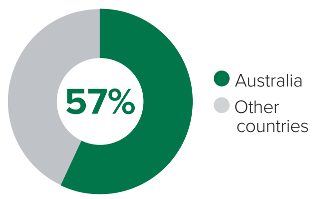
Total 635 tonnes swt

Australian sheepmeat exports – value[6]

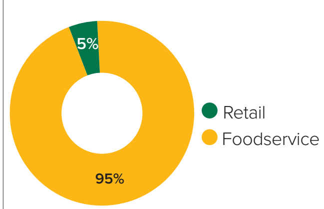


Total A$10.4 million

Australia's share of sheepmeat imports[7]



Key distribution channels of Australian sheepmeat[9]



Data source for charts: [1,2] Fitch Solutions, [3] GIRA 2020, [4] IGD 2019 (defined as the total annual grocery retail market turnover in a given year, divided by the population for the same year), [5] DAWE (FY 2019–20), [6] ABS/IHS Markit (FY 2019–20), [7] IHS Markit (FY 2019–20), [8] DAWE (FY 2019–20), [9] MLA market intelligence, [10] Loins include striploin, cube roll/rib eye roll, tenderloin and loin

Beef

CONSUMERS

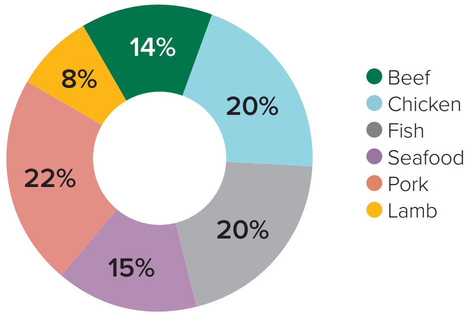
- Beef is a less frequently consumed protein in Thai daily diets compared to fish, chicken and pork. It is often consumed as a special treat or for special occasions.
- Beef is regarded as the most superior meat with delicious taste. More than half of consumers surveyed say they are willing to pay a bit more for it *(Source: MLA Global Consumer Tracker Thailand, 2018).*
- Thai consumers have a strong preference for Japanese-style beef and cuisine. 'Beef from a particular country' and 'marbling' are the top two determinants for a premium beef product, with Wagyu perceived to produce the highest quality.
- 43% of consumers, especially younger ones, indicate an interest in trying Australian beef, with about 60% saying they would consider buying it as their 'next beef purchase' *(Source: MLA Global Consumer Tracker, 2018)*

Important attributes when Thai consumers select between meat proteins	Thai consumers' associations with beef
Easy and convenient to prepare	The most superior meat
My/my family's favourite meat	Willing to pay a bit more for it
Consistent quality standards	Tastes delicious
The meat is usually tender	The animal is well-cared for
Fresh	Consistent quality standards

Source: MLA Global Consumer Tracker Thailand, 2018

- With increasing interest in healthy eating and natural food products, Thai consumers also tend to be interested in organic beef. More than 50% of consumers surveyed say they have bought organic beef in the past, compared to 30% of the global average. Safety credentials and natural attributes are among top influencers on Thai consumers' beef purchase decisions *(Source: MLA Global Consumer Tracker, 2018).*
- Thai consumers cook beef in a number of ways, with grill, stew, BBQ, stir fry and hot pot among the most popular beef dishes *(Source: MLA ASEAN Attractive Cities Study – Bangkok 2018).* However, many consumers think beef is a less versatile meat or find it difficult to prepare and cook.

Proportion of average serves in past seven days by protein



Source: MLA Global Consumer Tracker Thailand, 2018

FOODSERVICE

- Thailand is among the top 10 most-visited countries in the world. The nation welcomes almost 38 million international visitors a year, generating approximately US$60 billion *(Source: Howard HTL, WorldBank, 2018).*
- Thailand has well-established tourism and foodservice sectors. The country boasts about 20,000 hotels and approximately 100,000 restaurants *(Source: GlobalData).*
- Thailand has the region's highest number of international chain hotel brands (about 93 brands), as well as 4–5 star hotels (around 1,200) *(Source: Horwath HLT, Asia Pacific Hotels & Chains Report 2018; MLA Attractive Cities Study, 2020 estimated figure).*

Thailand hotel chains ranking by number of rooms

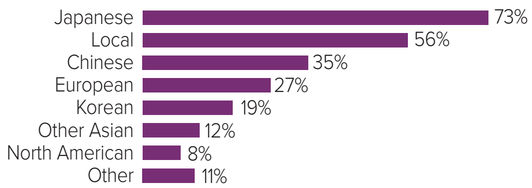
International chain groups		Domestic chain groups	
Accor	16,993	Centara Hotels	6,249
Marriott Int'l	11,885	Cape & Kantary Hotels	3,658
IHG	6,262	Compass Hospitality	3,444
Onyx Hospitality Group	5,188	Centre Point Hospitality	3,158
Minor	3,875	Imperial Hotels & Resorts	3,109
Dusit Hotels & Resorts	3,285	Hop Inn Hotels	2,425
Hilton	2,834	B2 Hotels	2,115
Ascott	2,091	LK Group	1,865
Wyndham	1,814	Sawasdee & Woraburi Group	1,860
Movenpick Hotels & Resorts	1,474	Aspira Hospitality	1,781

Source: Horwath HLT, Asia Pacific Hotels & Chains Report 2018

- Australian products are widely used in higher-end hotels and restaurants.

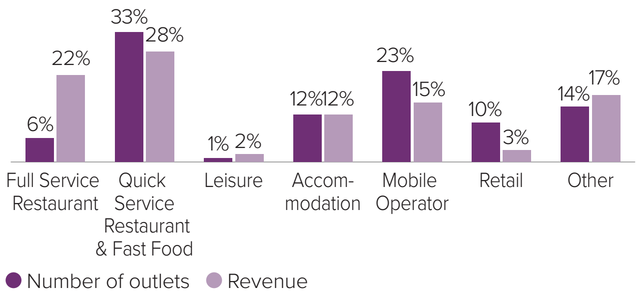
- Affluent and young consumers, especially Generation Z and young millennials (aged 18–35) are the key growth drivers for the foodservice sector, as they are aspirational and open to new dining experiences such as trying new food trends and cuisines from different cultures.

Which type of cuisine do affluent* consumers in Bangkok prefer when dining out?



Source: MLA Attractive Cities Study Bangkok, 2018
** Affluent: annual incomes of US$21,500 or above*

Thailand foodservice sector by proportion of outlet and value shares

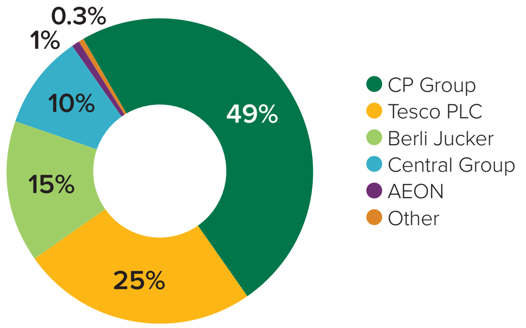


Source: GlobalData, 2020 estimate

RETAIL

- Traditional channels account for approximately two-thirds of Thailand's grocery retail market. However, the modern sector is relatively well established, predominantly penetrated by organised retailers.
- More than half of Thai consumers buy mostly local beef in wet markets. About one-third of them buy beef in modern retail outlets, with supermarkets, hypermarkets and department stores being the main places of purchase for high quality imported beef, including Australian.
- Online retail is expanding at an aggressive rate (approximately 34% per year until 2024). However, online retailing is still limited to food categories other than fresh. Only 1% of consumers surveyed indicate they purchase beef online. Thai consumers' preferences for directly inspecting the meat, concerns over product quality, authenticity and safety issues associated with delivery are key barriers to buying beef online *(Source: MLA Global Consumer Tracker Thailand, 2018).*

Market share among major modern grocery retailers



Source: IGD, 2020

- Shifts in demographics, the growing role of women in the economy and busier lifestyles have led to growing demand for convenience offerings. Thai consumers tend to purchase fewer items or smaller sizes more frequently *(Source: BCG).* 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.

Top five influencing factors on Thai consumers' beef purchasing decisions*

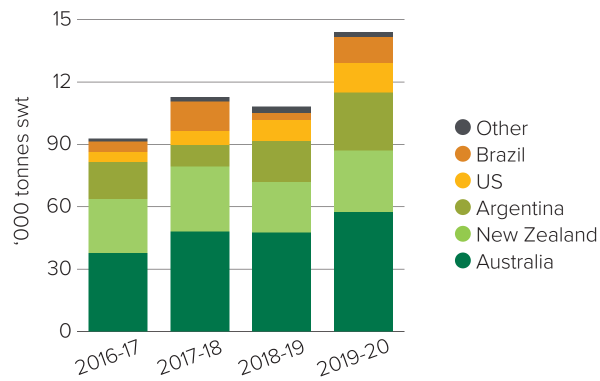
1	Safety certification
2	Quality grading or guarantee
3	100% natural
4	Non-GMO
5	Antibiotic-free

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

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.
- The imported beef sector is relatively small, with imports making up only about 12% of total beef supply in the country.
- Australia is the largest supplier of beef to Thailand, followed by New Zealand, Argentina and the US.
- Growing popularity of beef among local consumers, combined with expanding foodservice and tourism sectors and subdued local supply have driven strong demand growth for imported beef, at 8% per year on average for the last three years.
- Despite severe COVID-19 impacts on tourism and foodservice, overall, Thailand's beef imports in the first half of 2020 increased by 45% year-on-year to 8,800 tonnes shipped weight (swt), of which chilled imports surged 20% year-on-year to 1,300 tonnes swt.
- Australia remains a resilient beef supplier to Thailand, especially for chilled products during the COVID-19 outbreak. This is partly due to Australian cost advantages thanks to the removal of import tariffs and safe guards, starting from January 2020 under the ASEAN – Australia New Zealand Free Trade Agreement. Improved trade conditions are expected to continue to support further Australian exports to this lucrative market.

Thailand beef imports by major supplier



Source: IHS Markit, Australian Fiscal Year

Market access overview

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN – Australia New Zealand Free Trade Agreement **(AANZFTA)** Thailand – Australia Free Trade Agreement **(TAFTA)**	Under AANZFTA: 0% for all product lines	**New Zealand:** same conditions as Australia **US, Argentina, Brazil:** 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

		2019–20	% of total	2018–19	% of total	five-year average (2014–15 to 2018–19)	% of total	change 2019–20 vs five-year average %	change 2019–20 vs five-year average in tonnes swt
	Total	**7,181**		**6,372**		**5,881**		**22**	**1,300**
Storage	Chilled	2,301	32	1,906	30	1,579	27	46	721
	Frozen	4,881	68	4,466	70	4,302	73	13	578
Meat type	Grassfed	6,231	87	5,297	83	5,063	86	23	1,168
	Grainfed	950	13	1,076	17	818	14	16	131
Storage/meat type	Chilled grassfed	1,518	21	1,005	16	921	16	65	597
	Chilled grainfed	782	11	901	14	658	11	19	125
	Frozen grassfed	4,713	66	4,292	67	4,141	70	14	572
	Frozen grainfed	168	2	174	3	161	3	4	7

Source: DAWE

Value – in A$ 000

		2019–20	% of total	2018–19	% of total	five-year average	% of total	%	in A$ 000
	Total	**80,041**		**68,176**		**60,081**		**33**	**19,960**
Storage	Chilled	39,123	49	35,897	53	28,731	48	36	10,392
	Frozen	40,917	51	32,279	47	31,350	52	31	9,567

Source: ABS/IHS Markit

Volume – by major cut (in tonnes swt)

	2019–20	% of total	2018–19	% of total	five-year average	% of total	%	in tonnes swt
Minced/ground	1,339	19	1,671	26	1,340	23	0	-1
Chuck Roll	1,040	14	628	10	570	10	83	470
Silverside/Outside	872	12	573	9	662	11	32	210
Striploin	802	11	662	10	711	12	13	91
Brisket	599	8	344	5	370	6	62	229
Other	2,530	35	2,496	39	2,230	38	13	300
Total	**7,181**		**6,372**		**5,881**		**22**	**1,300**

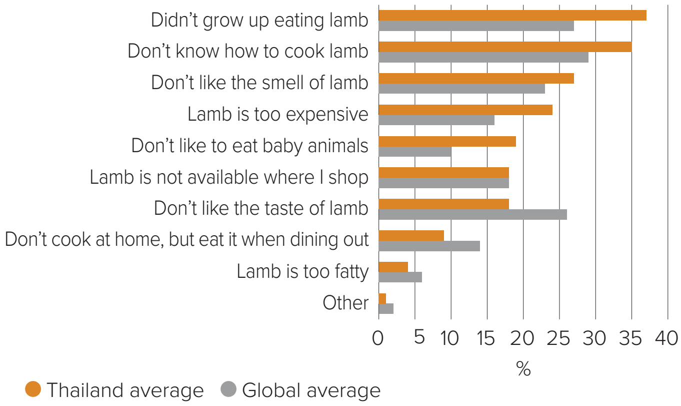
Source: DAWE

Sheepmeat

CONSUMERS

- Sheepmeat is a niche protein in the Thai diet. It is typically consumed on special occasions at foodservice venues rather than at home.
- Consumer awareness and associations with lamb are relatively low compared to other meat proteins. However, lamb tends to be associated with superiority and animal welfare. Some consumers indicate they are willing to pay a bit more for it.
- 'Unfamiliar with the meat' or 'don't know how to cook it' are major barriers for Thai consumers to buy and cook lamb at home.
- Thai consumers tend to have very little interest in cooking lamb at home compared with those in neighbouring countries. However, some indicate they would try to buy and cook lamb if they have tried out lamb in a restaurant, are given a free sample or provided with recipe ideas.

Reasons Thai consumers don't buy lamb

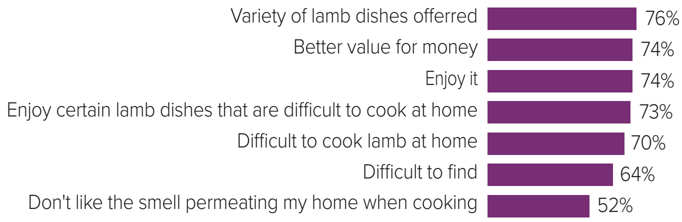


Source: MLA Global Consumer Tracker Thailand , 2018

FOODSERVICE

- Foodservice remains Thailand's key channel for sheepmeat as most consumers either do not know how to cook it or find it difficult to cook sheepmeat at home.
- Australian sheepmeat exported to Thailand are mostly utilised in foodservice.

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



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

RETAIL

- Thai consumers in urban cities buy sheepmeat from multiple retail outlets including supermarkets, hypermarkets, department stores and wet markets.
- Grills, stews, roasts and BBQs are the most popular ways of cooking lamb at home *(Source: MLA ASEAN Attractive Cities Study Bangkok, 2018).*

Top five factors influencing Thai consumers' lamb purchase decisions*

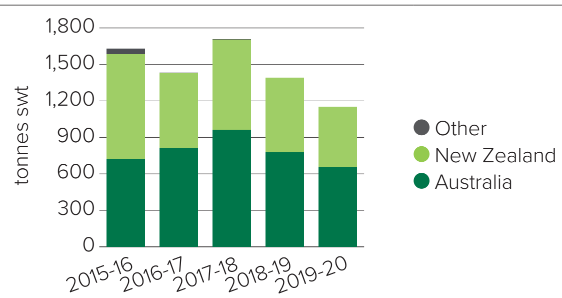
1	100% natural
2	Safety certification
3	Quality grading or guarantee
4	Antibiotic-free
5	Non-GMO

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

COMPETITIVE LANDSCAPE

- Thailand has a small sheepmeat (including goatmeat) market, with domestic production and imports estimated at around 2,000 tonnes carcase weight equivalent (cwe) and 1,000 tonnes shipped weight (swt) per year, respectively.
- Australia and New Zealand are key suppliers of sheepmeat to Thailand.

Thailand sheepmeat imports



Source: IHS Markit, Australian Fiscal Year

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Best access — Major challenges

Source: Trade agreements, DFAT

Australian sheepmeat exports to Thailand – summary table

Volume – in tonnes swt

		2019–20	% out of total	2018–19	% out of total	five-year average (2014–15 to 2018–19)	% out of total	change 2019–20 vs five-year average %	change 2019–20 vs five-year average in tonnes swt
	Total	**635**		**760**		**818**		**-22**	**-183**
Storage	Chilled	202	32	245	32	256	31	-21	-54
	Frozen	433	68	515	68	562	69	-23	-130
Meat type	Lamb	620	98	738	97	785	96	-21	-165
	Mutton	15	2	22	3	33	4	-55	-18
Storage/ meat type	Chilled lamb	191	30	227	30	239	29	-20	-48
	Chilled mutton	11	2	18	2	17	2	-36	-6
	Frozen lamb	429	68	511	67	546	67	-21	-117
	Frozen mutton	4	1	4	1	16	2	-76	-12

Source: DAWE, figures are rounded

Value – in A$ 000

		2019–20	% out of total	2018–19	% out of total	five-year average	% out of total	%	in A$ 000
	Total	**10,424**		**11,944**		**10,495**		**-1**	**-71**
Storage	Lamb	10,240	98	11,578	97	10,205	97	0	35
	Mutton	184	2	366	3	290	3	-37	-106

Source: ABS/IHS Markit

Volume - by major cut (in tonnes swt)

		2019–20	% out of total	2018–19	% out of total	five-year average	% out of total	%	in tonnes swt
Lamb	Rack	243	39	295	40	311	40	-22	-68
	Leg	161	26	175	24	195	25	-17	-34
	Shoulder	81	13	77	10	87	11	-8	-7
	Other	135	22	190	26	191	24	-29	-56
	Total	**620**		**738**		**785**		**-21**	**-165**
Mutton	Rack	11	71	13	60	12	36	-12	-1
	Leg	4	24	6	27	8	25	-58	-5
	Boneless Loin	1	6	1	3	1	2	32	0
	Other	0	0	2	10	12	37	-100	-12
	Total	**15**		**22**		**33**		**-55**	**-18**

Source: DAWE