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Report Name: Thailand's Beef Market

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Prepared By: Ornkamol Puranabhandu

Approved By: Eric Mullis

Report Highlights:

Beef consumption has increased in Thailand over the last few years, and local cattle production will not be able to meet the increase in demand. The majority of imported beef comes from Australia and New Zealand due to lower prices through free trade agreements with the United States being the fourth largest supplier of beef products to Thailand.

Thailand's Beef Market

Thailand's beef consumption is about 170,000 tons per year, with per capita consumption at around 1.8 kilograms annually. Thailand imported 42,940 tons of beef in 2020, valued at U.S. \$130 million. Thailand's beef imports represented about 25% of total domestic consumption in 2020. Australia dominates Thailand's imported beef market with a market share of 58%, followed by New Zealand at 14%, Japan at 9%, and the United States at 5%. The value of U.S. beef imports was about U.S. \$7 million in 2020.

Beef is consumed less frequently by Thais than chicken, pork, or fish. It is often consumed as a treat for special occasions. However, beef consumption has been increasing over the past five years, corresponding with the expansion of the foodservice and tourism sectors. Beef can be found on the menu at more and more restaurants and is growing more popular among home cooks. Thai consumers cook beef in several ways (e.g., grill, stew, BBQ, stir fry, and hotpot); however, many Thai consumers still think beef is less versatile than other meats or find it more difficult to prepare and cook.

Thailand's Beef Market Segments

The beef market in Thailand is categorized into the following three quality groups: generic beef, medium quality, and high quality. Roughly 50% of the beef consumed in the Thai market is considered generic beef and is sold in traditional or wet markets. Most of the beef sold as generic beef is produced domestically. Marbling is not a necessary attribute, and tenderness tends to be less important to this consumer segment. Generic beef sales have declined during the COVID-19 pandemic due to decreased or uncertain consumer income. Consumers who regularly consume this category are price sensitive and have been switching to cheaper protein options such as poultry.

Medium quality beef or mid-value beef is commonly sold in fresh markets, supermarkets, hotels, and restaurants and is a strong market for beef consumption in Thailand. The expansion of Thailand's foodservice segment has grown the mid-value beef market. Medium quality beef sales of imported beef rose 25% over the past five years at Siam Makro. The number of menus that include beef as an option are increasing and can be found in almost every restaurant. Food suppliers in Thailand are looking to source more medium quality imported beef.

Premium or high-quality beef, which accounts for only 1% of the total beef market, is generally sold in supermarkets, hotels, restaurants, and online butcher shops. Characteristics of premium or high-quality beef include the level of tenderness and marbling, the color of the meat and fat, and the maturity of the carcass. Meat from the eye muscle area and rib fat are generally considered premium beef. Unlike consumers of generic beef, consumers of premium beef demand high quality with a fair amount of marbling. Demand for premium beef has been increasing over the last few years. Not only is cattle production in Thailand not enough to meet demand, but domestically produced beef does not usually have the characteristics to be considered premium. Imported beef is the primary source of premium beef in Thailand. The loin and tenderloin are the most expensive among all cuts of imported beef.

Thailand's Imported Beef Market

The Thailand-Australia Free Trade Agreement (TAFTA) and the Australian-New Zealand Free Trade Agreement (AANZFT) eliminated tariffs and quota restrictions on all imported beef from Australia and New Zealand in 2020. U.S. beef continues to face a 50 percent tariff in the Thai market. Despite severe COVID-19 impacts on tourism and foodservice, the quantity of Australian and New Zealand beef imports rose 40% in 2020. Demand for U.S. premium beef has been falling about 30% over the last few years due to the growing price difference between Australian and New Zealand beef and U.S. beef. The average price of U.S. prime cuts can be up to three times higher than Australian and New Zealand prime cuts. Several medium scale restaurants have been switching to Australian, New Zealand, and Japanese beef more and more due to the price of U.S. beef, especially for primary cuts (e.g., U.S. ribeye and striploin).

The lack of new meats or new cuts of U.S. beef in the Thai market also impedes the strength of U.S. beef. Australia, New Zealand, Japan, and even some local producers can offer the same products that are currently available in the Thai market from the United States. Importers and restaurants have a hard time marketing U.S. cuts when similar cuts from competitors are priced cheaper. In addition, importers tend to not have large enough orders to justify spending a lot of time marketing U.S. beef, especially chilled and primary cuts. Importers focus more on the U.S. secondary cuts that are usually only 15-20% more expensive than Japanese or Australian secondary cuts. The expansion of Japanese-Taiwanese suki-yaki and shabu styled restaurants have increased the demand for U.S. secondary cuts, such as U.S. short plates.

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. Japanese Wagyu is perceived to be one of the most premium beef products in the Thai market.

Opportunities and Advantages for U.S. Beef

Thailand's foodservice business and retail sectors have grown a lot over the last few years benefiting from the boom of the local tourism market. About 40% of all imported beef goes into the country's manufacturing sector, while the remainder is divided between retail, food service, and catering. The demand for beef has also risen with the expansion of urbanization. More beef options can be found in more menus with various applications. Over the past 3 years, several new concept restaurants have appeared, including specialized beef restaurants such as 35 Dry Age Beef, New York Steakhouse, Don Asadon, and Cocotte. The rise of these new concept restaurants is a great opportunity for U.S. beef importers since they are looking for premium beef quality.

The Thai beef market is highly competitive with an increase in local production and various international competitors; however, Thai consumers still regard U.S. beef as high quality for its outstanding tenderness and flavor. U.S. beef is known for its consistent buttery flavor and texture. Increased interest in home cooking is another great opportunity for U.S. beef products. Home cookers are always looking for the best quality of beef and often make that determination based on the country of origin.

End of Report

Attachments:

No Attachments.