



Opportunities for red meat: The consumer is king

Richard Norton, Managing Director

Opportunities for red meat



Global landscape



Fostering growth

Competition is intensifying



Indonesia issues
100,000 tonnes of
Indian buffalo meat
permits



China lifts ban on
meat imports in
boost for Brazil

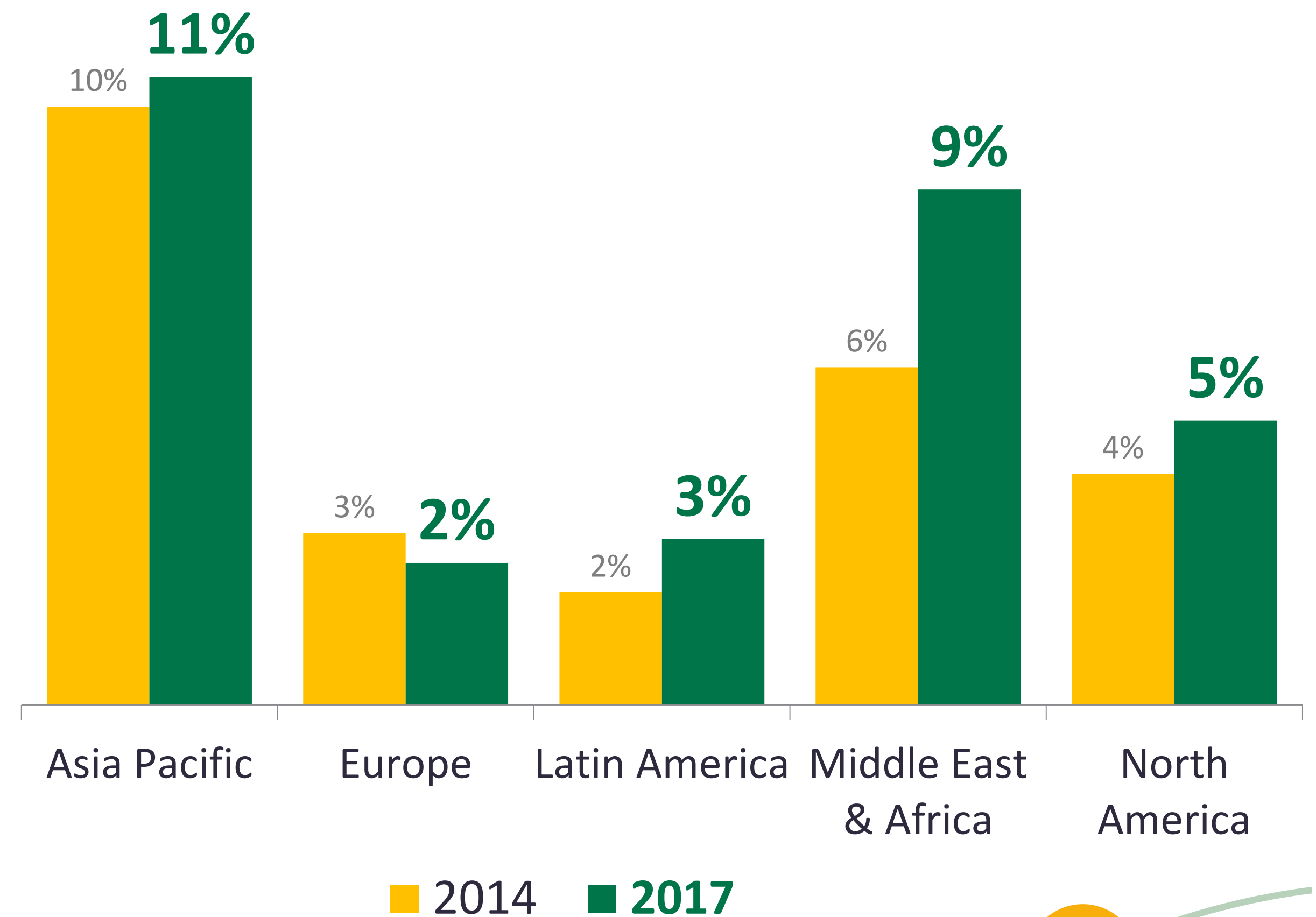


A wall of US
meat, or a tidal
wave?

We operate in an ever-changing marketplace...



Global: % consumers describing their diet as 'vegetarian'



Vegetarians and vegans...



- According to ABS/Roy Morgan 2016 surveys 11.2% of the population claim to eat mostly a vegetarian diet (up from 9.1% in 2012)
- MLA's Pollinate Survey (2017) found that 6.7% of consumers in metropolitan areas claim to be vegetarian
- Plant-based meat alternatives are not new. Many formats – be that shelf stable, frozen or fresh, have been available in supermarkets for years (1985)
- According to the Pollinate Survey, people become a vegetarian for a number of reasons – price of animal protein, health concerns, animal welfare concerns, environmental concerns
- The main reason consumers return to eating red meat is health related (low in iron)

Vegetarians and vegans...



The Dutch scientist who served up the world's first laboratory-grown beef burger says "cultured meat" could spell the end of traditional cattle farming within decades.

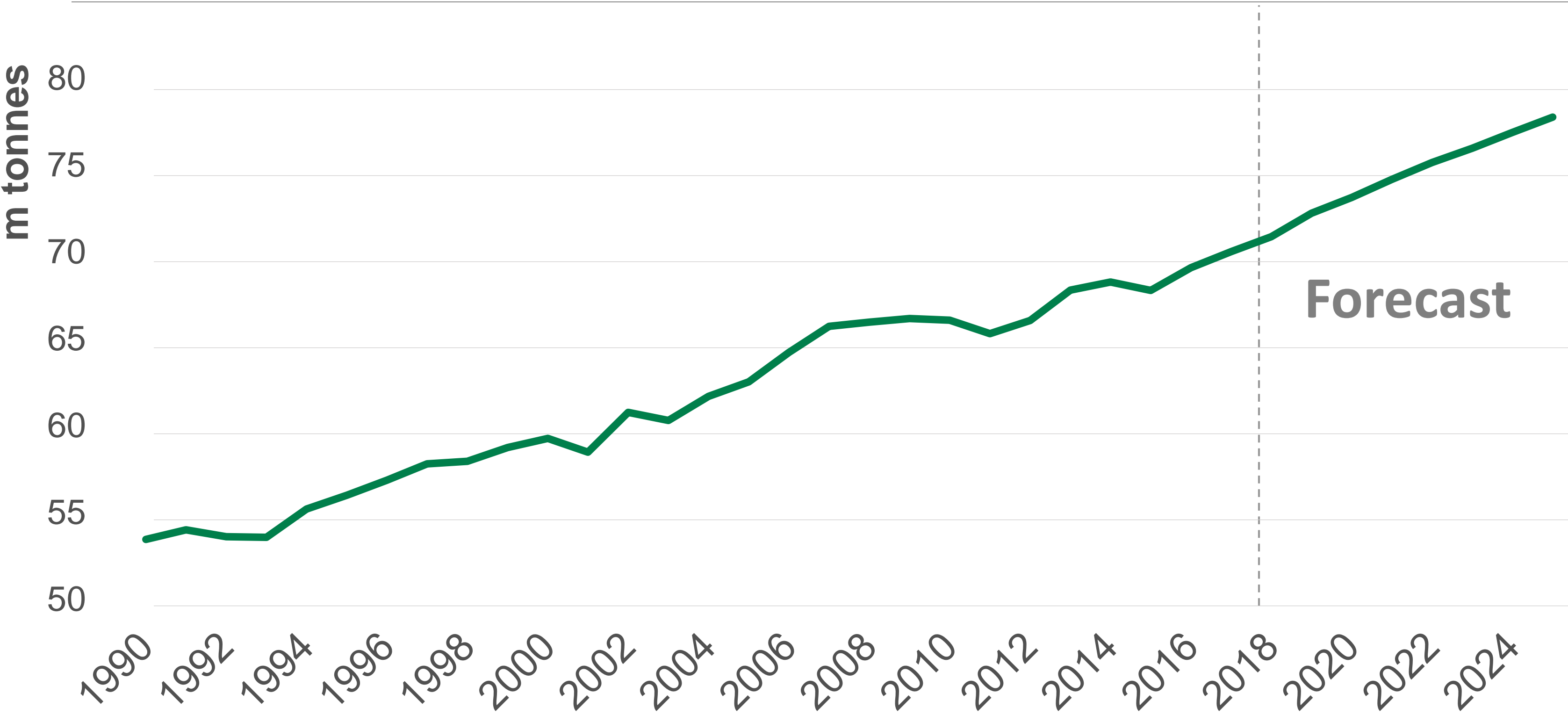
- Vegans believe:
 - animals have rights
 - we should stop animal farming.
- Cultivated meat – is derived from the cells of foetal blood taken from unborn calves, grown in a test tube in a laboratory.
- Commercial viability?
- Global mega trend of consumers wanting to know where their food comes and its impact on the environment.



LIFE IS GOOD

Global consumption is set to continue rising

Global beef consumption



Source: OECD-FAO

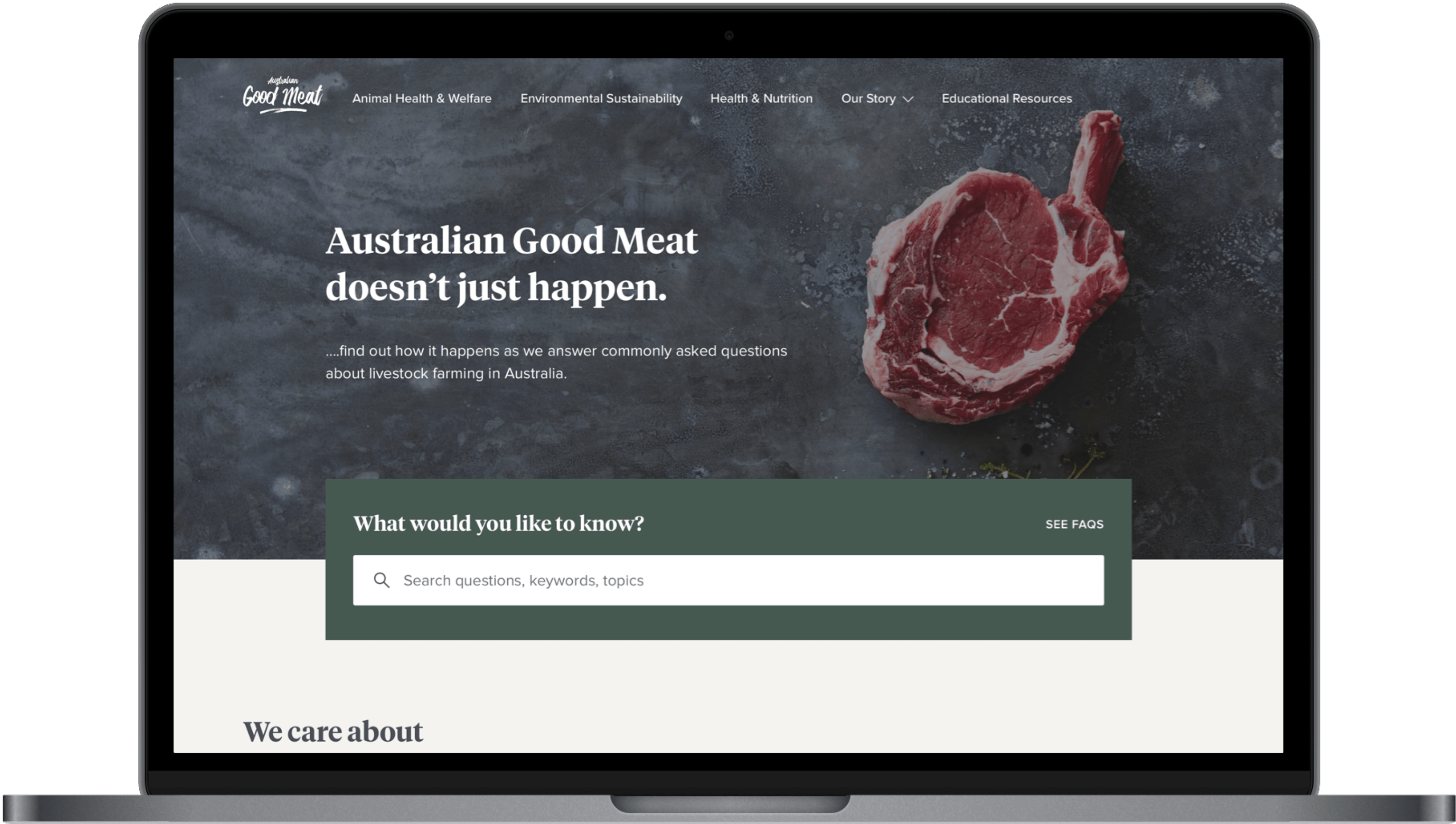
Carbon neutrality by 2030

<https://www.youtube.com/watch?v=eHfUvenurBQ&feature=youtu.be>

- The Australian Red Meat Industry has reduced emissions by 45% between 2005 and 2015
- It is a small (albeit growing) number of consumers who are limiting red meat for environment is 4% (down from 5%) or animal welfare concerns (8% - up from 7% year ago – and a live export incident)
- 70% of consumers in metropolitan areas have seen or heard a message from an animal activist group in the past month, however less than half of consumers believed the message

Carbon neutrality by 2030

Good meat

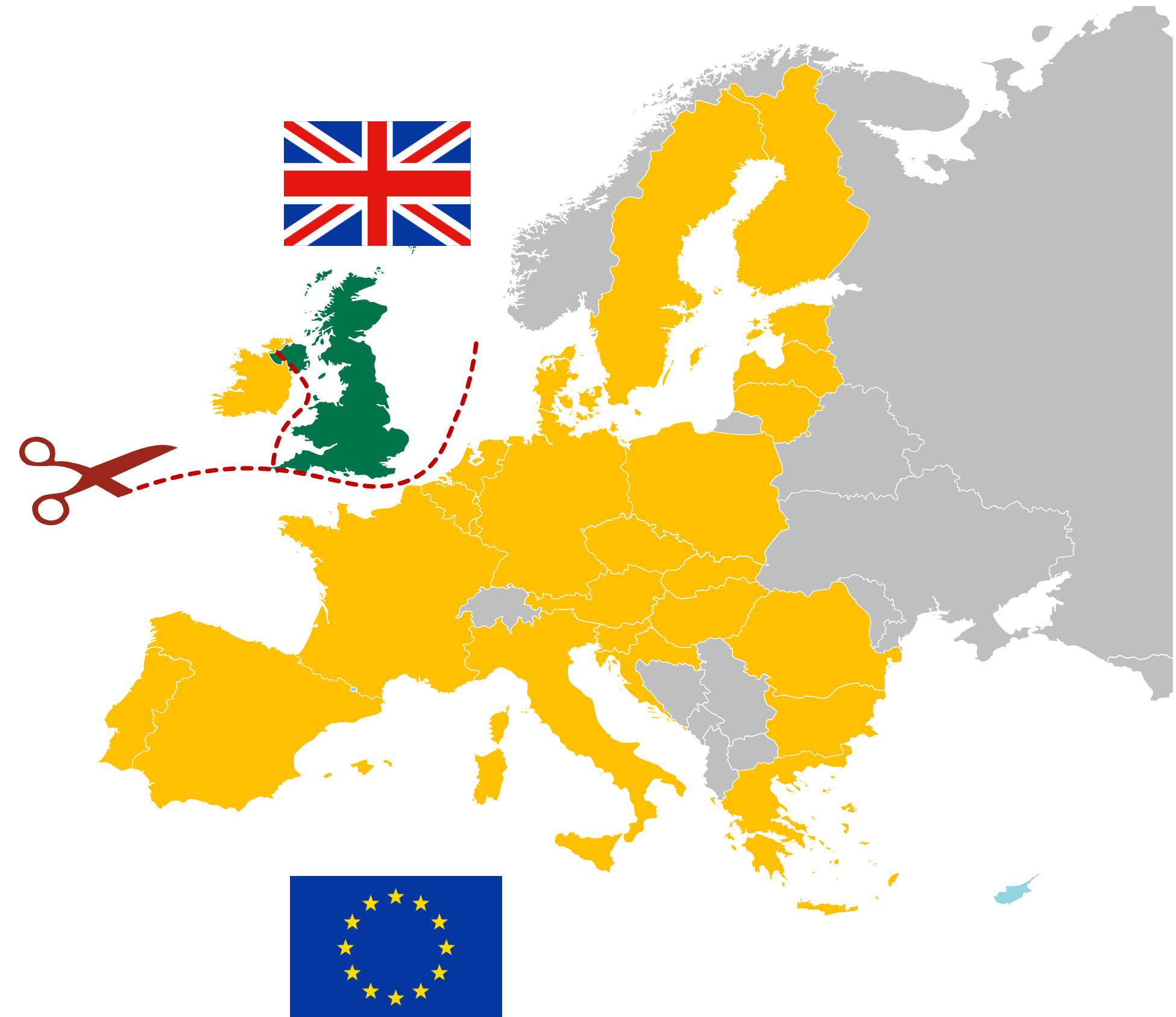


Fast facts

- Australian's are one of the largest per capita consumers of sheep meat in the world, eating around 9kg of Lamb and 0.5kg of mutton per person in 2016
- 24% consumers are willing to pay more for Lamb
- Australian Lamb exports have more than doubled in the last 10 years, shipping 250,000 tonnes in 2017, whilst value increase
- The number of main carers of sheep for health reasons has decreased over the last 6 months (from 15% to 12%) whilst demand remained stable for Lamb (19%)
- While it feels like there is much negative sentiment, 75% of all media about red meat in the Australia and red meat and health was positive or neutral in first 6 months of 2018

The world is eating the core breeding flock.

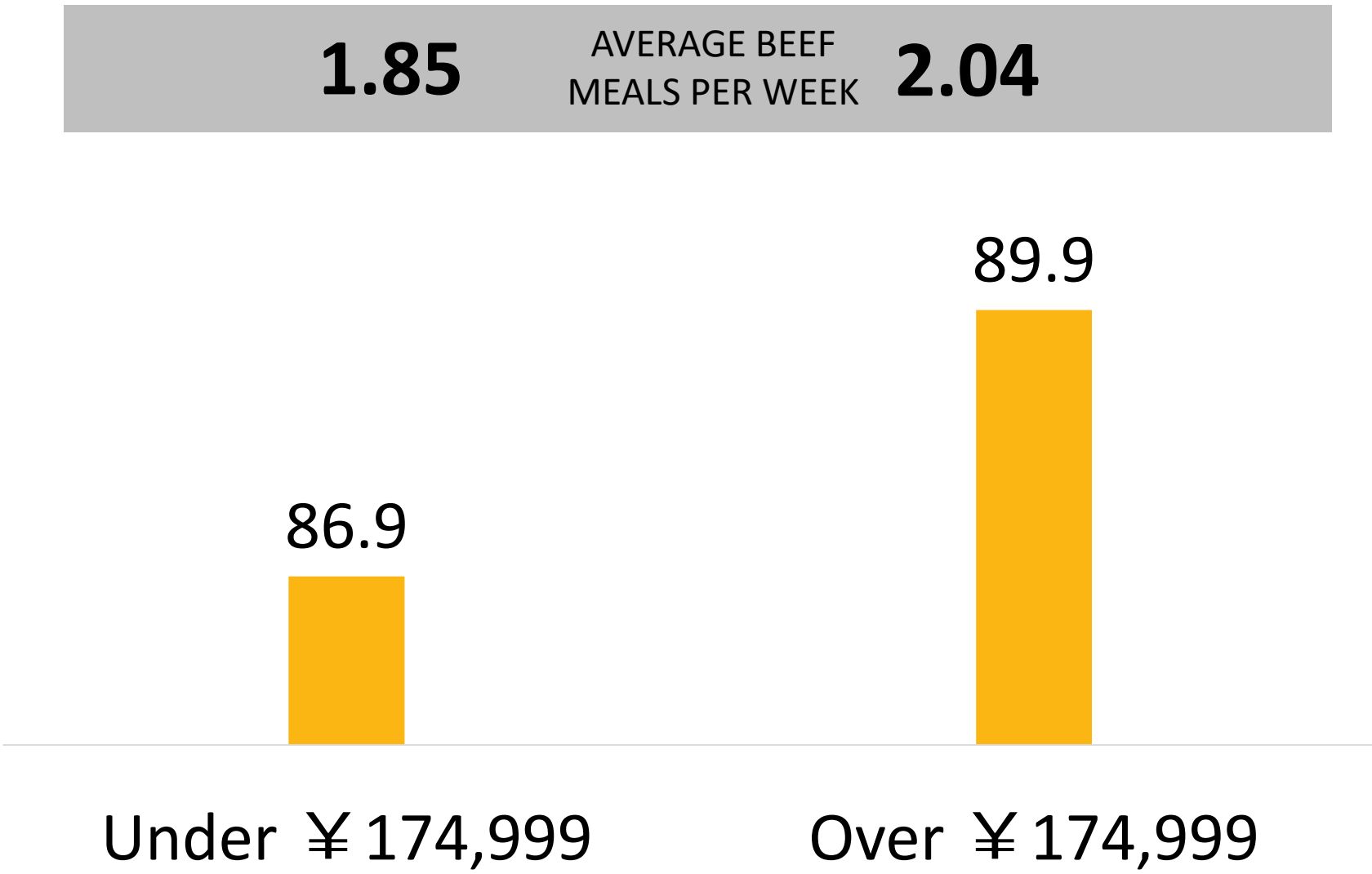
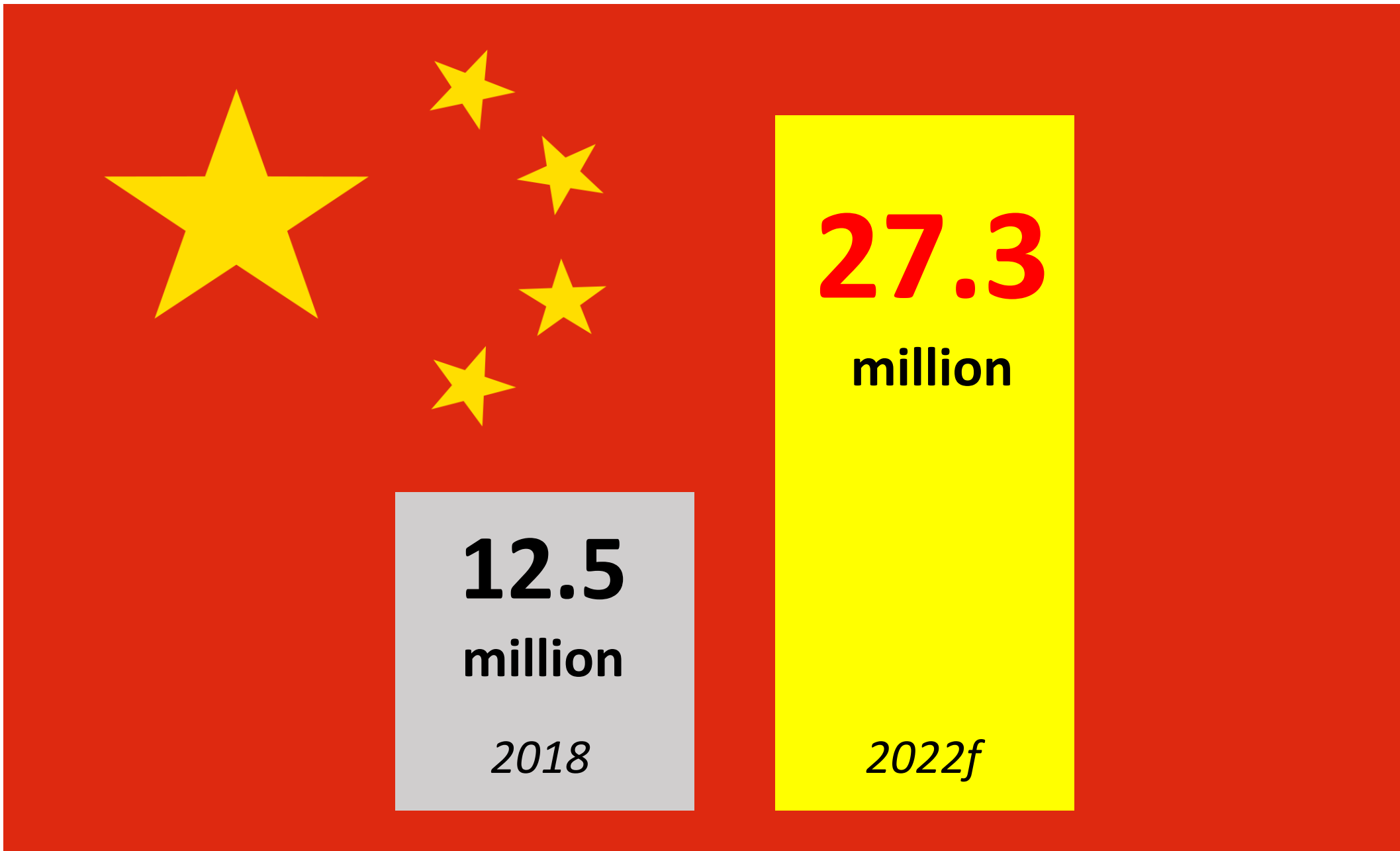
But there are numerous opportunities



Increasing wealth means more people who can access red meat and want to eat it

Households with disposable income >US\$35,000

China - Consider Australian Beef



150 million more beef occasions per year

Australia is well-placed... but competition is intensifying

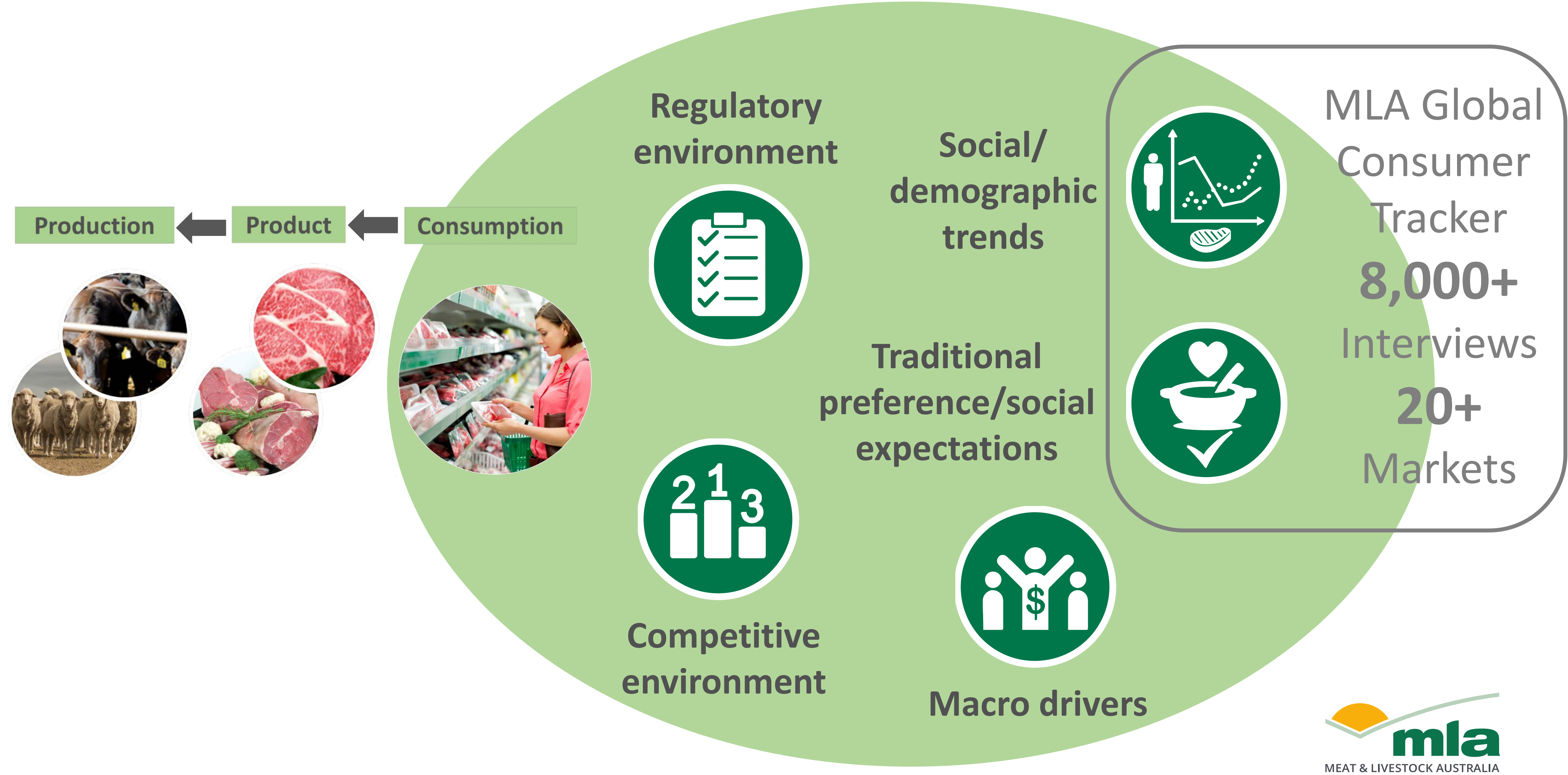


Global landscape



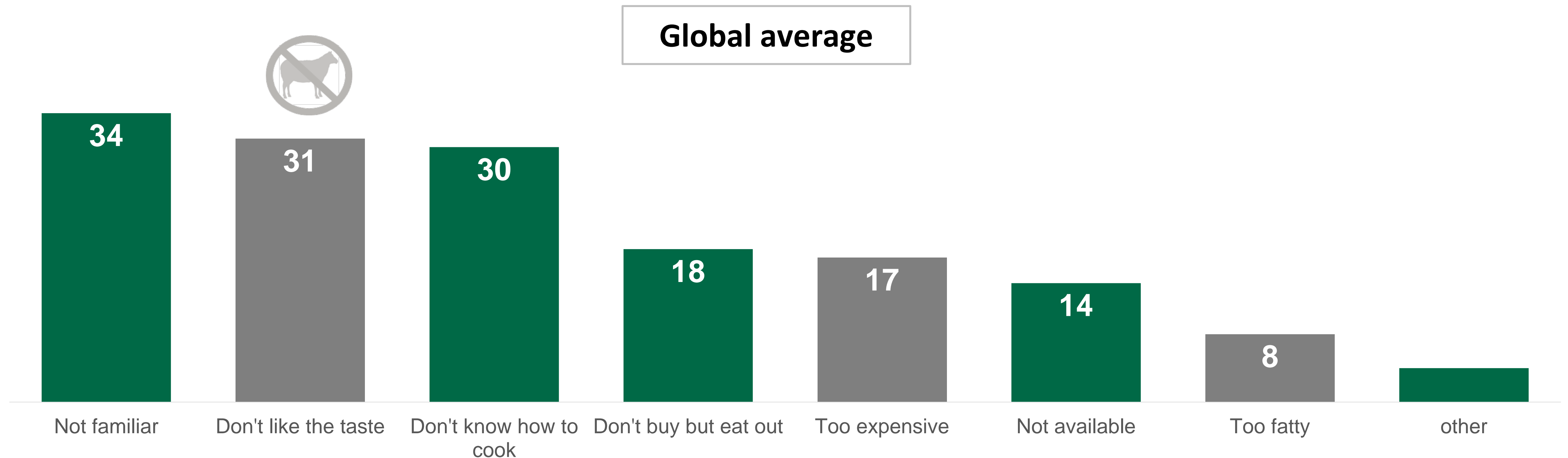
Fostering growth

However, path to opportunities starts with consumers



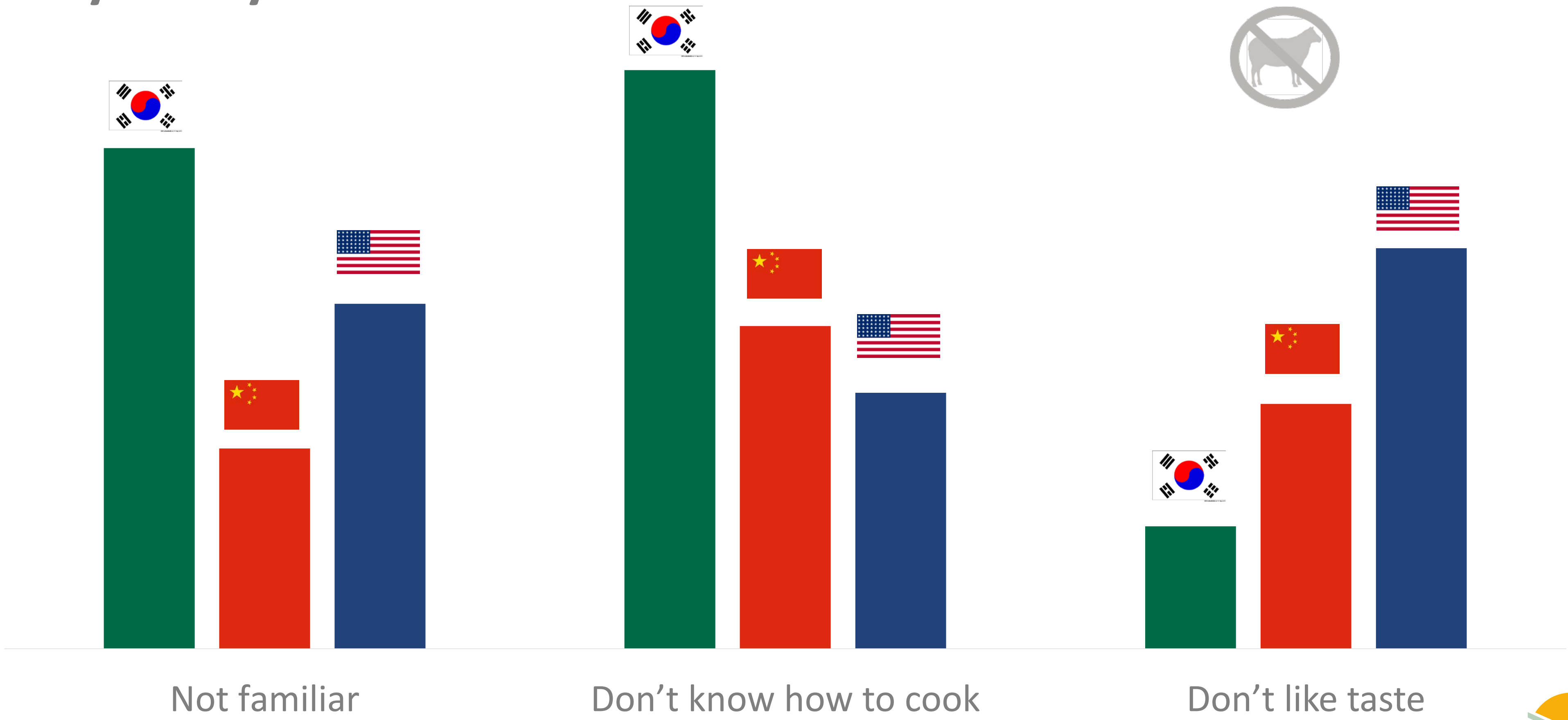
We understand consumers' main barriers to buying lamb; some being easier to influence than others

Why don't you buy lamb?



These barriers can differ significantly by country, changing our in-market approach

Why don't you buy lamb?



Source: MLA Global Tracker 2017

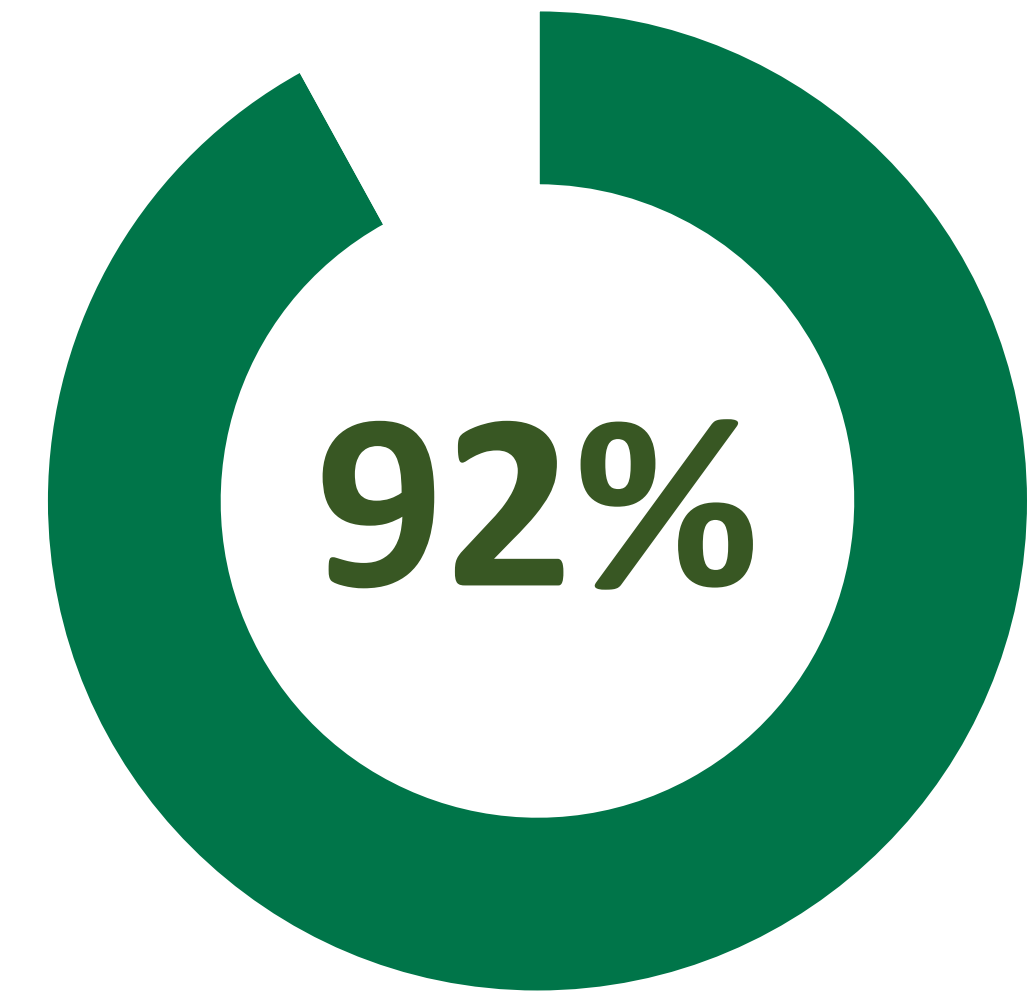
In Japan, trends are in Australia's favour



Steak/BBQ boom



Increased health awareness — lean beef

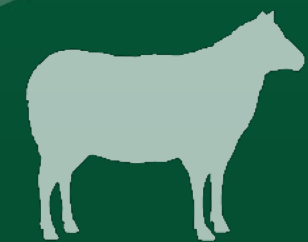


Country of origin

Successful consumer campaign built on consumer insights



Driving innovation and prosperity



Driving innovation and prosperity



MSA – outcome-based language



Producer Innovation Fast-Track



Single step – Genetic evaluations



Insights 2 Innovation



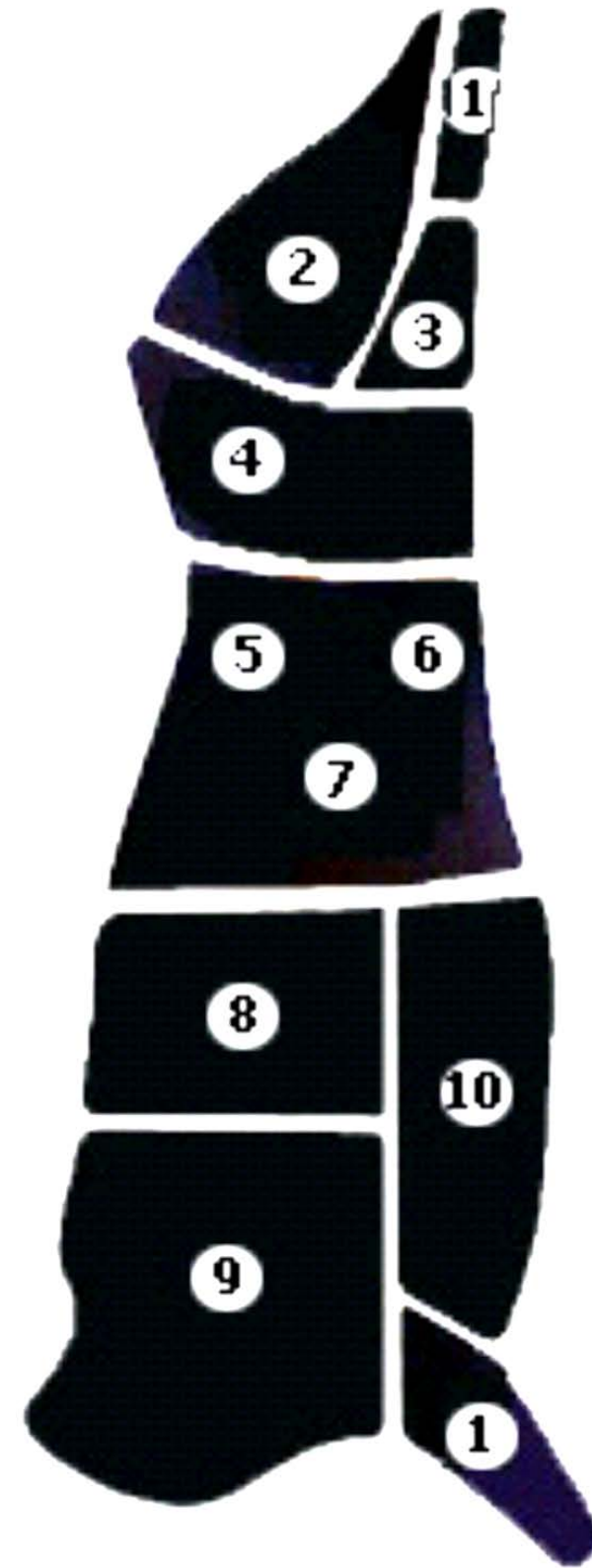
National Livestock Genetics Consortium



Objective carcass measurement

A vision for the 2025 red meat value chain

Cheaper genomic tests
↓
DNA testing animals routine
↓
Beef bred to end market specs
↓
Objective measures of live animals to
predict market spec compliance
↓
DEXA provides a lean meat yield prior
to cut-out



Objective measurement of eating quality
traits
↓
Brand specifications, quality and yield
reflected in pricing incentives
↓
Producers paid on the value of the
carcase
↓
Cuts and portions linked to live animal
and producer
↓
Consumers purchase by meal occasion,
quality, provenance



Thank you – any questions?

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