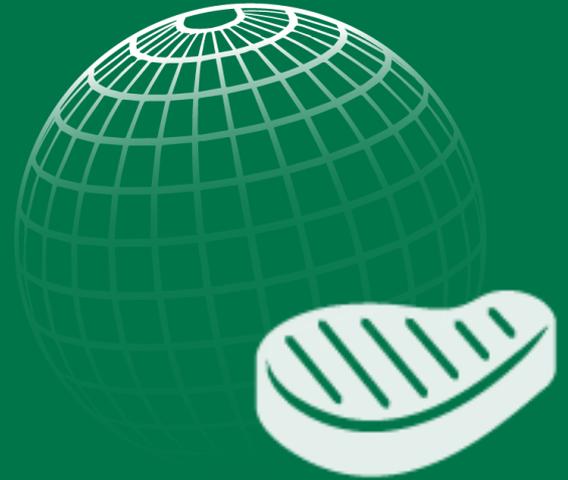


The global beef consumer

A diverse and demanding beast



Scott Tolmie

Market Intelligence Manager



Agenda

1. About MLA
2. Varied role of beef
3. Popular cuts and use
4. Attitudes towards fat
5. Challenges of a developed market
6. Global trends



MLA's remit



- Research, Development and Adoption
- Marketing



Source of Levies – Primarily producers, along with government, processors and external partners

Producer Levy



\$5 per head
per transaction



\$5 per head
per transaction



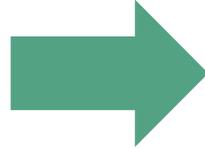
20c per head
per transaction



\$1.50 per head
per transaction



37.7c per head
per transaction



Marketing

~45% of spend

**Research &
Development**

~55% of spend

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Varied role of beef

Across a range of countries, consumers reflect diversity in their protein consumption

Consumer
Income

Availability

Health
Perceptions

Culture/
Religion

National
History

Environmental
Considerations

Trade
Policy

Competition

Social
Concerns

Dietary
Preferences

Natural
Resources

Place of
Origin

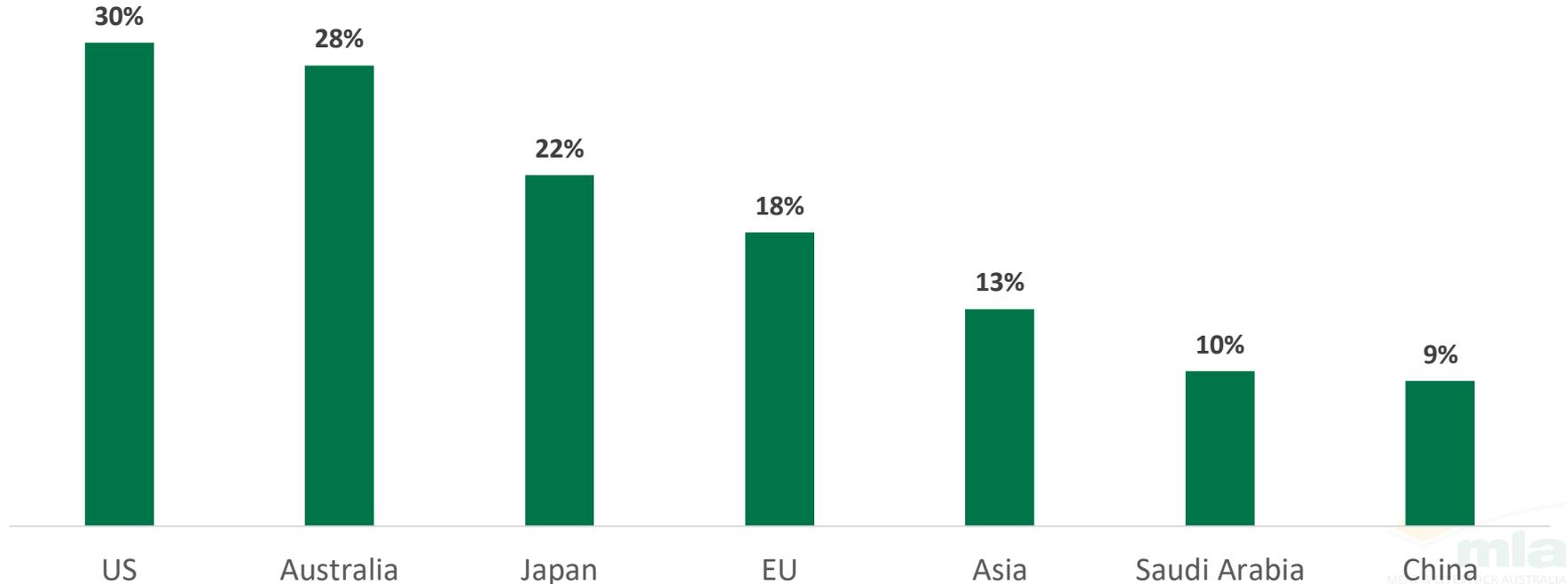


Role of beef around the world

- Long history of consumption in many markets
- Constitutes a major dietary protein globally
- Encompasses a wide range of products (low value offal to high value Wagyu cuts)
- In many western countries often considered the “prime” meat
- This role changes as we shift to Asia and the Middle East

Role of beef around the world

Beef as a % of Protein Consumption (excludes Seafood)



Although consumers' protein intake varies across the globe, their perceptions of proteins remain relatively consistent

THE STAPLE



- Cheap and easily available
- Versatile and easy to prepare
- Bland
- Not very nutritious



THE PRIME



- Good quality, good taste, superior meat
- Worth paying more for
- Nutritious

THE CURIOSITY



- Unfamiliar, occasional purchase
- Premium option
- Not sure what to do with it
- Fatty
- Taste is a barrier for some
- *In MENA and Australia, lamb is a 'Prime'*

THE SPECIALTY



- Few strengths or weaknesses
- Weakly positive on animal welfare and sustainability
- Taste is a barrier
- Lean/tough
- Unfamiliar and uncommon except amongst certain groups



THE HEALTHY ALTERNATIVE



- Nutritious
- Low in fat
- Fresh
- Tricky to use
- Welfare is not great
- *In SEA, fish is a cheap, low value protein - elsewhere it is premium*



The global beef consumer

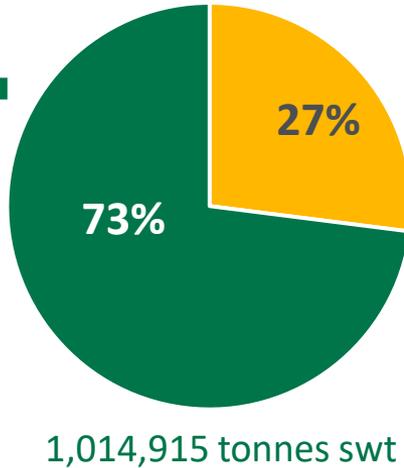
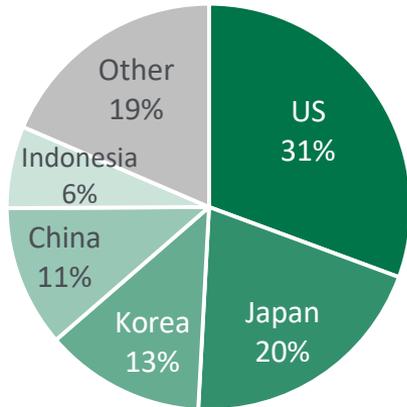
A diverse and demanding beast



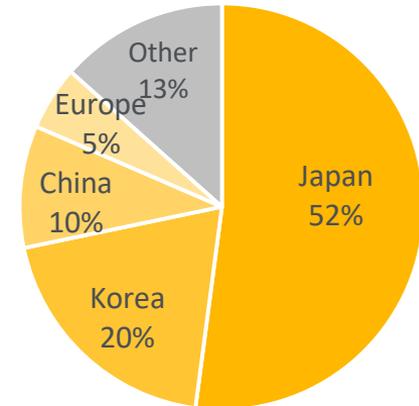
**Popular cuts
and use**

Destination for Australian beef exports varies by grassfed vs grainfed

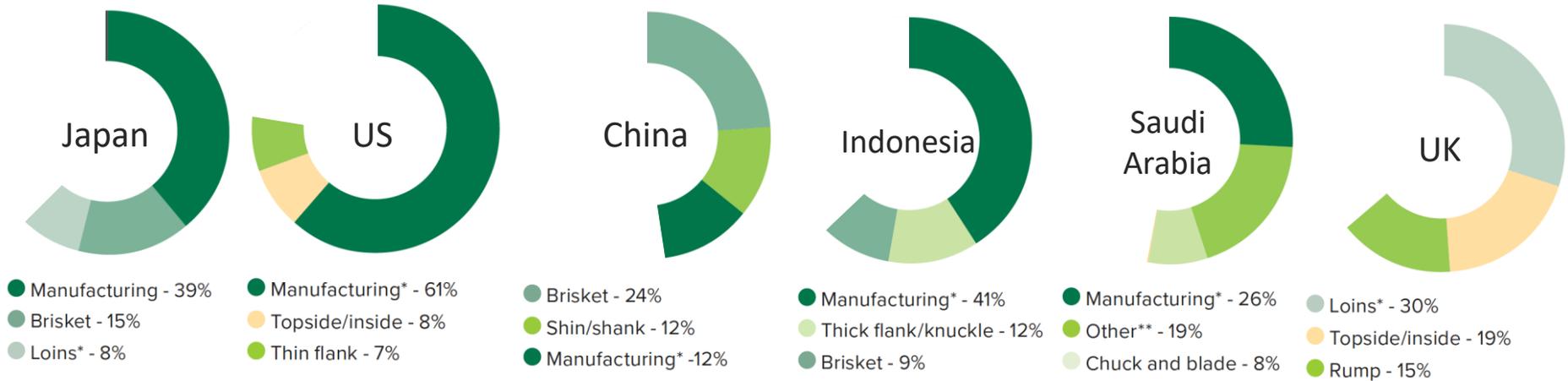
Grassfed beef
742,232 tonnes swt



Grainfed beef
272,682 tonnes swt



Cuts also vary greatly...



*Includes loin, tenderloin, shortloin, striploin and cube roll

* Mostly trimmings and forequarter rib

*Mostly trimmings

*Includes mostly trimmings and forequarter rib

** Includes tenderloin, shortloin, striploin and cube roll

* Mostly trimmings- forequarter rib & finely textured beef

**Includes minced beef and hamburger ground beef

*Loins include- tenderloin, shortloin, striploin & cube roll

Along with use within the market...



*Brisket Noodle
Soup*

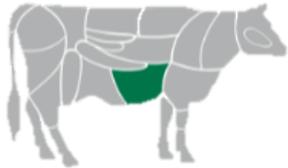


*Gyudon Beef Rice
Bowl*



Smoked Brisket

Brisket



*Chilli Brisket
Soup*



Brisket Barbeque

Along with use within the market...



*Beef Pho
(Noodle)*



*Beef Bento
Box*



*Slow Cooked
Beef*

Top Side



*Stir-Fried
Beef*



*Philly
Cheesesteak*

Along with use within the market...



Gyu Tan
(Beef Tongue)



Slow Cooked Beef Cheek



Beef Skin Curry

Offal



Tripe in Soup



Tail Soup

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**Attitudes towards
fat**

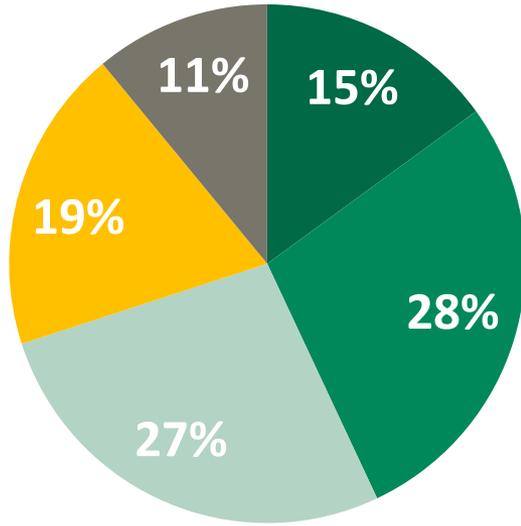
Consumers have a broad range of views about fat in meat



Each market spans multiple viewpoints about fat, often in the same person

The choice they make will ultimately be determined by the occasion

Size of "Fat Clusters"
Australia



- Stage 1 - Lean Meat Eaters *"Fat is unhealthy"*
- Stage 2 - Fat Apologists *"I prioritise health over enjoyment"*
- Stage 3 - Fat Appreciators *"Fat adds taste and tenderness to meat"*
- Stage 4 - Fat Lovers *"I love marbled steak"*
- Stage 5 - Fat Fanatics *"I want more fat in my meat"*

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**Challenges of a
developed market**

Australia is still the largest market for our beef, but growth is difficult

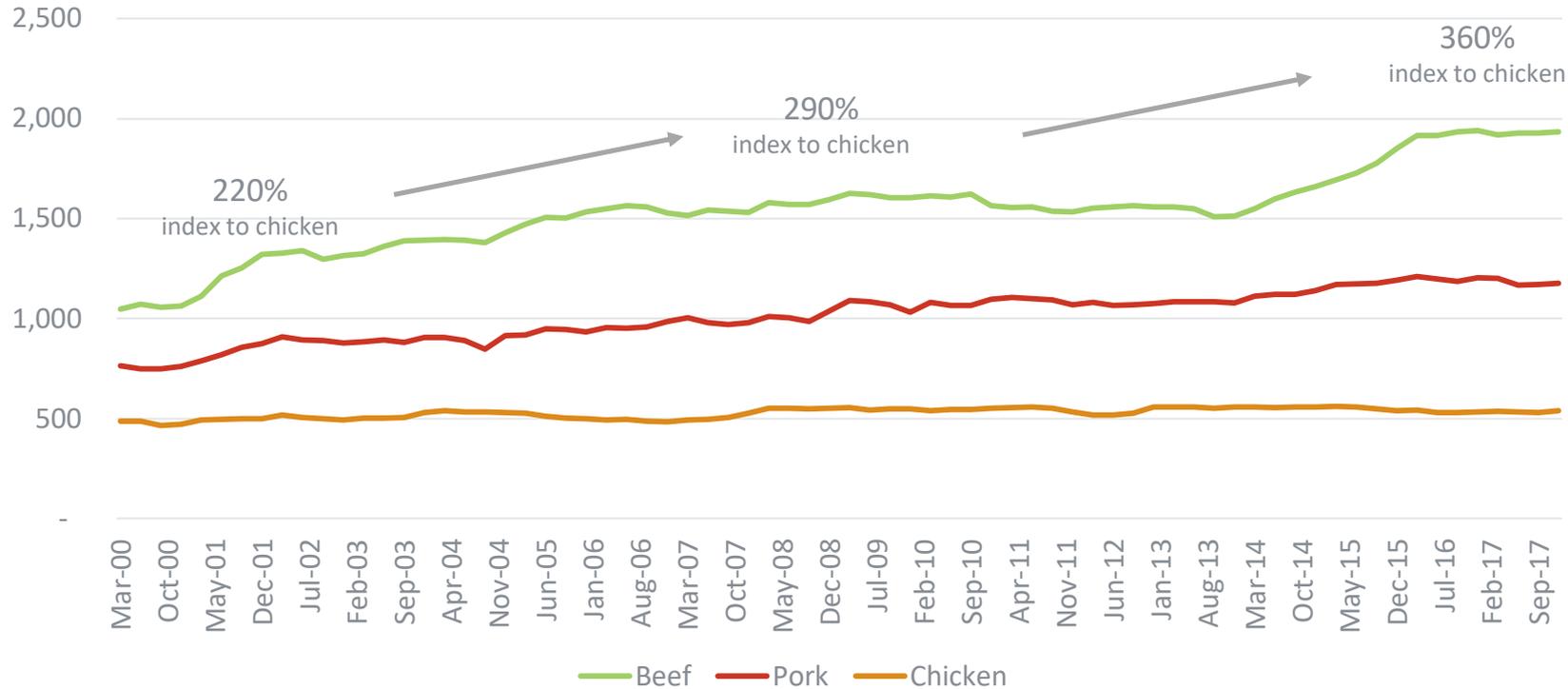
Beef is #1

value fresh meat protein

3x the size of
fresh pork

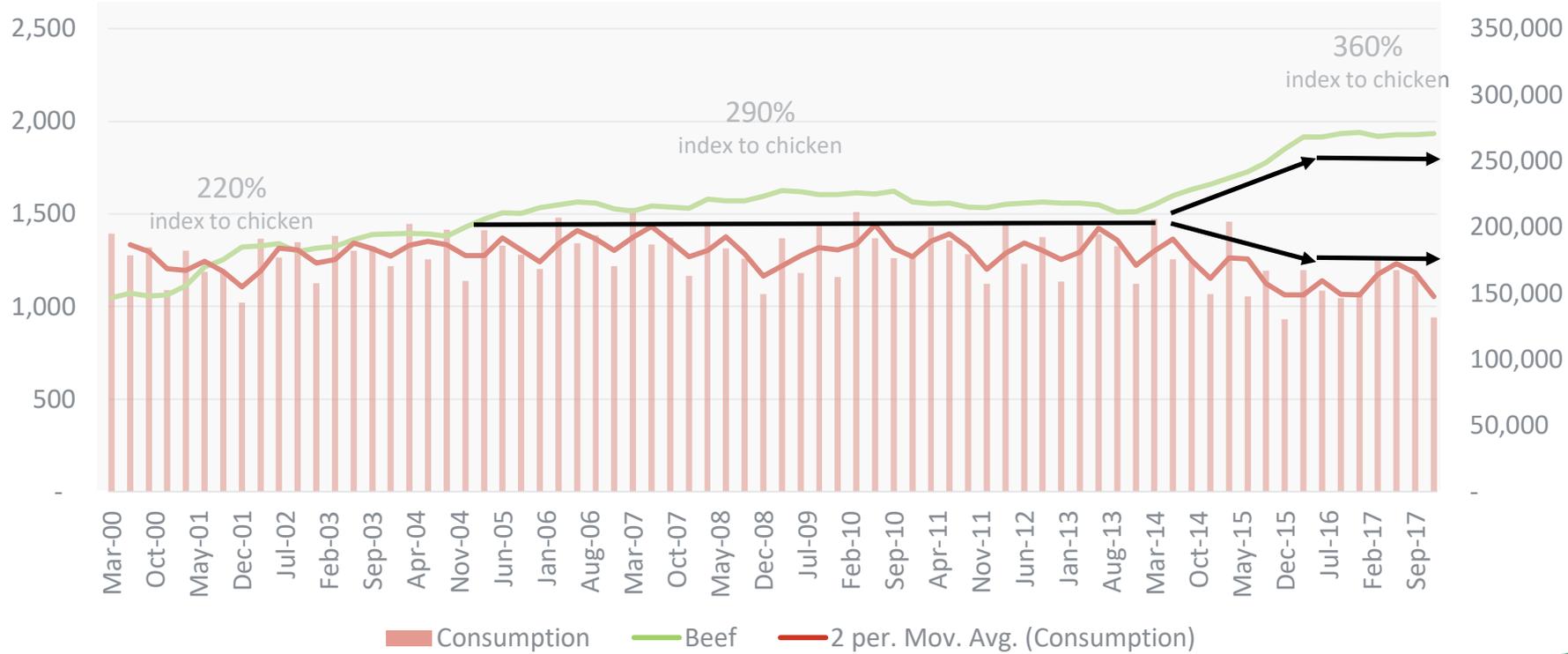
97% of Australians
considering purchasing beef

Beef vs Pork vs Chicken – Retail Price



Source: ABS

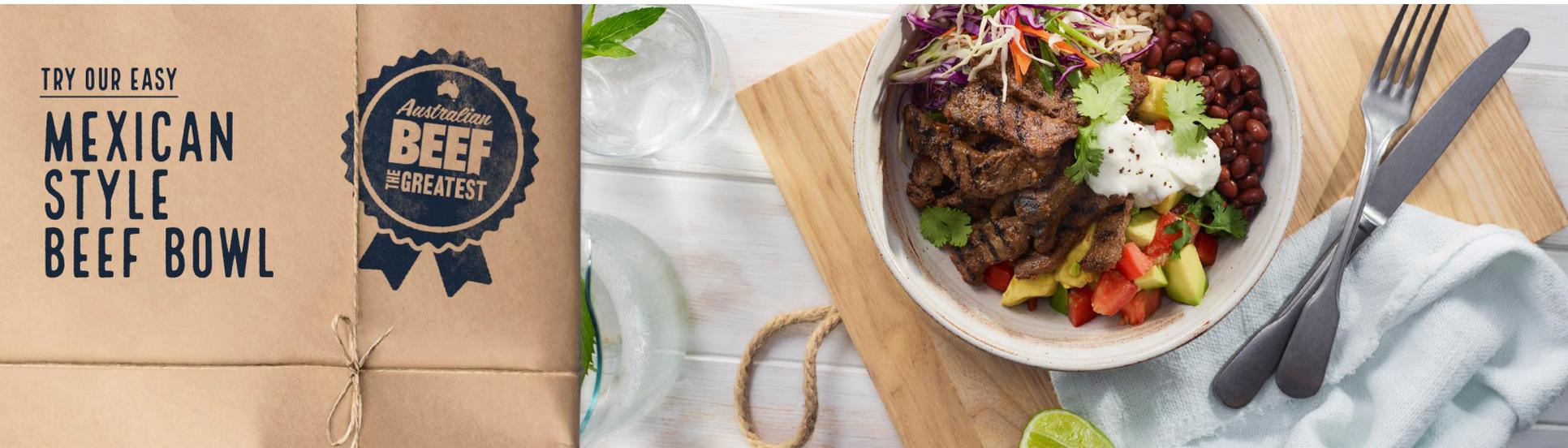
Beef vs Pork vs Chicken – Retail Price



Source: ABS

The challenge has been to better demonstrate beef's value beyond price along with it's versatility

While not forgetting nutrition, provenance, sustainability and eating quality



Easy



Quality



Healthy



Versatile



Sustainable



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Global mega trends

WHAT IS A MEGATREND

“A global pattern of change in economic, social, technological or cultural context that produces changes in consumer behaviours and attitudes”

**TRENDS DO NOT OCCUR OR INFLUENCE
IN ISOLATION**

Mega trends:

- More for less
- Great expectations
- Convenience
- Health & Wellness
- Reach of Technology



Mega trend 1: More from less



Organic / Natural

Organic ticks a lot of boxes and is a 'shortcut' for many consumers

TOP PERCEIVED 'FREE FROM' BENEFITS OF ORGANIC FOOD

The top 10 perceived benefits of organic food in 2016

- | | |
|---|-------------------------------------|
| 1. Chemical-free | 6. Hormone and antibiotic-free meat |
| 2. Additive-free | 7. More nutritious |
| 3. Environmentally friendly | 8. Knowing where my food comes from |
| 4. Free range | 9. Cruelty-free |
| 5. Non-GMO (genetically modified organisms) | 10. Better tasting food |



Hot Dogs you can Trust

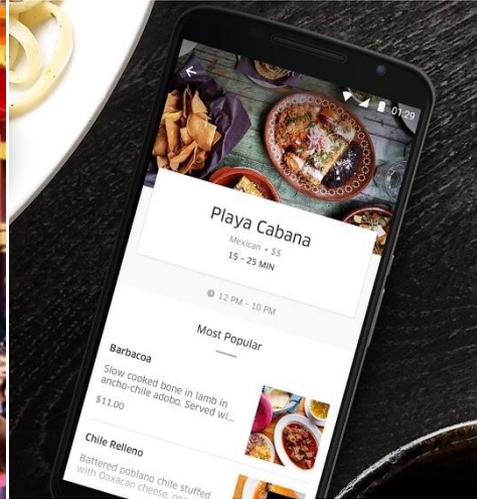
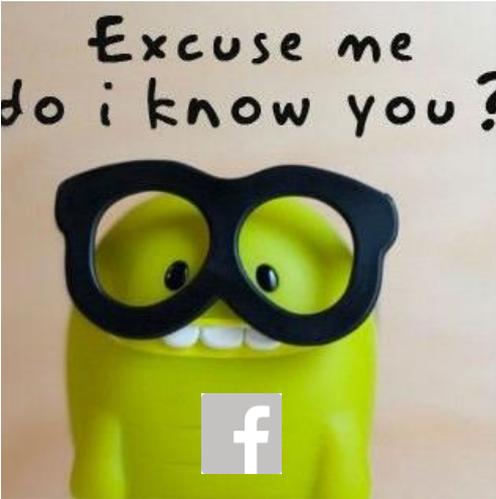
Cleaver's certified organic grass fed beef hot dogs are a delicious high quality organic product the whole family will enjoy. They're great tasting and convenient.

These traditional American style wood smoked skinless hot dogs have the cleanest list of ingredients possible. They're certified organic, so there is nothing in them except organic beef, organic spices and organic onion & garlic. Australians finally have hot dogs they can trust.

Find them in the FRESH MEAT SECTION of selected Coles and Woolworths supermarkets.



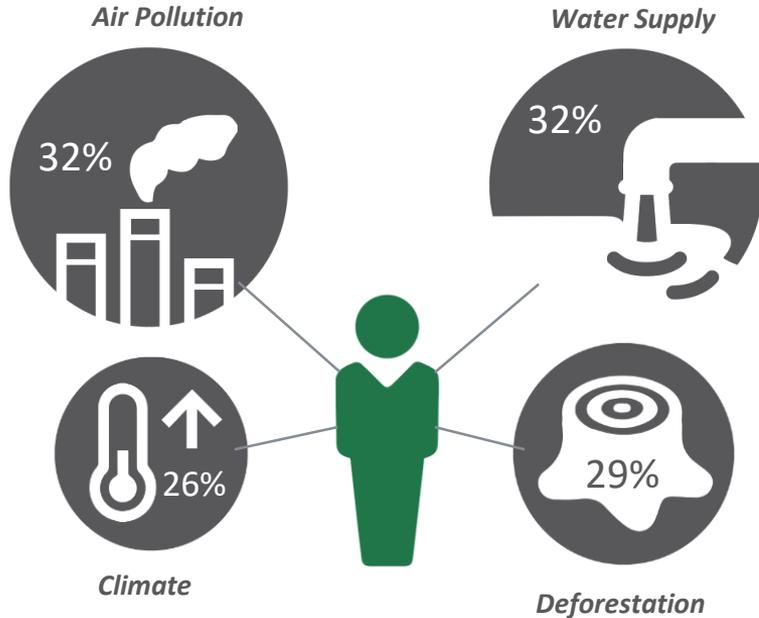
Mega trend 2: Great Expectations



**Socially Responsible, Sustainable,
Locally Grown**

Mega trend 2: Great Expectations

Shoppers are very concerned about...



Trends are reflected in Australian data



The Farmer's Daughter

- ✓ “Carefully looked after morning, noon and night to make sure they are happy”
- ✓ 100% Traceable Irish Beef
- ✓ Sourced from free roaming animals
- ✓ Grass based diet

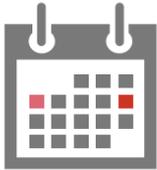


Mega trend 3: Need for convenience

The majority of shoppers decide what to eat for dinner in the 24 hours before the meal.

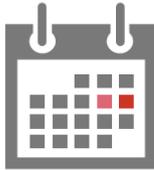
Planning for the main meal

When it is decided what will be prepared for the main meal?



23%

Several days before



35%

The day before



18%

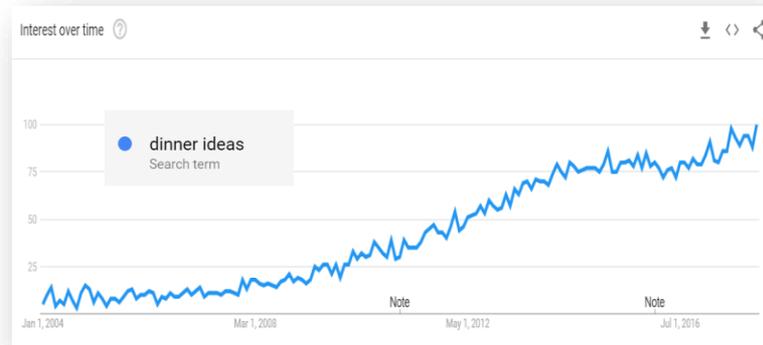
Before 12pm on the day



16%

After 12pm on the day

Eating and shopping habits are also changing, with the meal planning window shortening



Mega trend 4: Health & Wellness

Reflect increased awareness and taking control



TRANSPARENCY



HEALTH



TRACEABILITY



FUNCTIONALITY



SUSTAINABILITY



ORGANIC



FREE RANGE



GRASS FED



CLEAN LABELS



HORMONE FREE



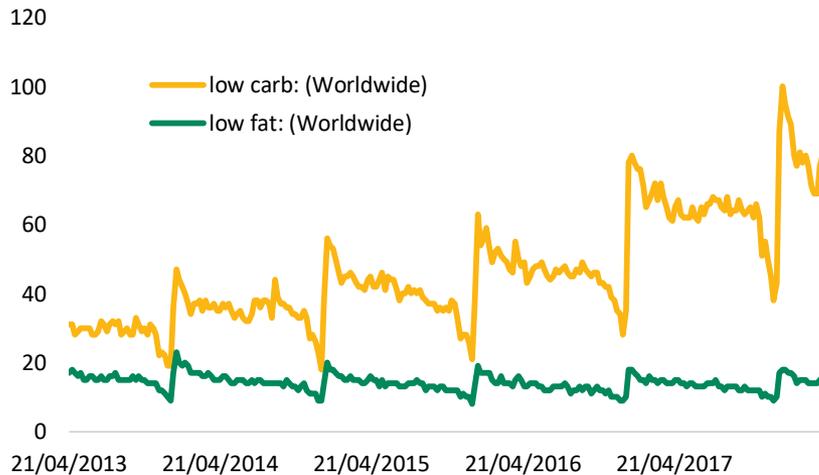
INSECTICIDE FREE

Healthy lifestyle habits are becoming a normal way of life - red meat has historically been villainised with a fear of fat front and centre

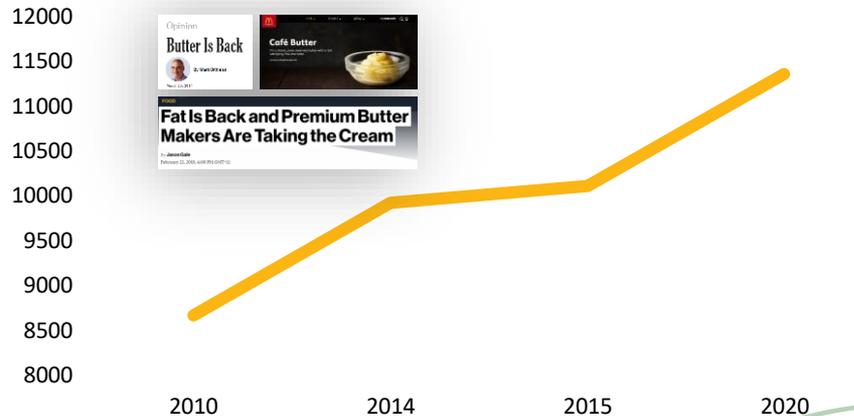
But the world is changing and sugar is the new fat – 61% of people are avoiding sweet foods vs. 36% meat

As fat makes a comeback, beef has the opportunity to revisit its place on global dinner tables much as butter has done in recent years

GOOGLE SEARCH TRENDS



BUTTER PRODUCTION – GLOBAL (MT)



Mega trend 5: Reach of Technology



Frictionless ordering



Smart Fridges and toilets

