Future markets for sheepmeat
“Innovations in animal production to meet consumer expectations” Producer Forum
University of Western Australia
2 August 2007

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Address outline

• Demand for Australian lamb?

• Who are the main customers?
  – Look at 4 key markets

• Prospects?
Demand for Australian lamb
Demand for our lamb has risen rapidly both locally and overseas.
Hence, prices are historically high and production is expanding, despite drought.

Source: ABS, NLRS, MLA
Australian lamb utilisation 2006
Total: 398,907 tonnes cwt

Source: DAFF, ABS, MLA
Australian sheep utilisation 2006
Total: 347,396 tonnes cwt

Source: DAFF, ABS, MLA
## Lamb market specifications

<table>
<thead>
<tr>
<th>Weight</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light</td>
<td>Middle East, Africa, Pacific etc</td>
</tr>
<tr>
<td>Light trade</td>
<td>Butchers</td>
</tr>
<tr>
<td>Trade (20-22kg)</td>
<td>Butcher &amp; supermarket</td>
</tr>
<tr>
<td>Heavy (&gt;22kg)</td>
<td>Export</td>
</tr>
</tbody>
</table>
... markets share the carcase
The 5 pillars of meat demand

- **Integrity**
  - safe
  - responsible
  - ethical

- **Enjoyment**
  - quality
  - popular
  - interesting

- **Nutrition**
  - Essential
  - 3-4 times/wk

- **Convenience**
  - easy to prepare
  - easy to choose

- **Value for money**
  - affordable
  - price options
Local lamb demand up

Purcell’s Demand Index (1980 = 100)

highest since 1985
Local lamb demand up: why?

• 15 years of good economic growth

• Lift in lamb size and quality
  – development of a specialist prime lamb industry

• Improved marketing by butchers and supermarkets
  – Including new lamb cuts

• Successful lamb promotions

• Improved health image of red meat
Lamb carcase weights

Source: ABS
Consumers confident in quality

“How do you rate the quality of _______ you buy today?”

always excellent

never excellent

Beef | Lamb | Chicken | Pork
---|---|---|---
7.6 | 7.6 | 7.2 | 7.4

Source: Stancombe 2005
NOTICED ALL THE OVERSEAS VISITORS?
MUST BE THE SPRING LAMB

COOK YOUR MUM A LAMB ROAST ON MOTHERS DAY
HOW MANY TIMES DO YOU HAVE TO BE TOLD?

FOOTY FINAL TIP: REMOVE MOUTHGUARD BEFORE EATING BBQ LAMB

AN IMPORTANT MASSAGE FOR LAMB LOVERS

AMERICA REMOVES TARIFFS ON AUSSIE LAMB
They must be sick of junk food
The integrity pyramid

Source: Dr Geoff Spreigel, Sainsbury, 2000
RED MEAT.
Feel good.
QuickTime™ and a YUV420 codec decompressor are needed to see this picture.
Mums more confident on nutrition

% mums who limit red meat consumption to avoid possible health problems

Source: Sweeney, Millward Brown
Additives in food is becoming more of a concern for consumers.

Population 18+ who agree with the statement
I Try to Buy Additive Free Food

Roy Morgan Single Source Oct01-Sep06
Total Population 18+ who agreed/disagreed with the statement
I try to buy additive free food: 110,234
There are integrity issues associated with chicken.

Q - Overall, would you say that the way Australian ... are farmed and raised, and the way the chicken industry is regulated is....?

- Beef: 12 Very good, 31 Excellent, 41 Fair, 47 Poor
- Chicken: 5 Very good, 12 Excellent, 35 Fair, 31 Poor
- Lamb: 13 Very good, 24 Excellent, 44 Fair, 16 Poor
- Pork: 9 Very good, 20 Excellent, 47 Fair, 21 Poor

* = significant at 95% CI
Consumers genuinely worry about chicken and “additives”

Q - It bothers me that … may contain traces of chemicals and hormones used in rearing the animals

- Beef: Tend to agree 25, Strongly agree 32, Neither agree nor disagree 19, Tend to disagree 16, Strongly disagree -12
- Chicken: Tend to agree 48, Strongly agree 26, Neither agree nor disagree 9, Tend to disagree -12, Strongly disagree 19
- Lamb: Tend to agree 24, Strongly agree 29, Neither agree nor disagree 23, Tend to disagree -14, Strongly disagree -14
- Pork: Tend to agree 24, Strongly agree 29, Neither agree nor disagree 23, Tend to disagree -14, Strongly disagree -14

*= significant at 95% CI
Food for thought

Should we be worried about the level of hormones in the meat and vegies we eat?

Hormones are naturally occurring chemicals, produced by the body to drive our cells and organs. Every animal and every plant needs them and they’re essential for life. If we have too few, our metabolism slows, while too many can cause over-activity and stress.

Is Aussie meat safe?

Around the world, some concerns have been raised not only about what these hormones do to the animals, but what they might do to us.

The use of HGP is closely monitored. Dr Andreas Dubbs, executive director of the Australian Chicken Meat Federation says: ‘No hormones (or steroids) are administered to chickens under any circumstance. Feeding hormones to chickens, both in Australia and around the world, has to that in the US. Our beef is predominantly pasture-fed, is much leaner than US beef, is lower in saturated fat and it also has more nutritional value.

Professor Ian Caterson, human nutrition expert at the University of Sydney, says: ‘The advice for Australians eating our beef is to continue to add lean meat to your dietary guilt a balanced.

ANIMA
Some animal products contain ger materials s
The three processors
Only touching the surface of potential demand in the US – mainly hispanics
Hispanics a growing part of the US

- 45 million
- 61% of immigration
- US born hispanics 60% of US pop growth
- 3% growth/year
- ‘If a meal has no meat, it is not a meal’
- Preference for lamb and goat meat
- Unfrozen lamb and goat meat legs, racks and chops
... and now consumers in North Asia are discovering lamb
Factors considered by North Asian consumers when buying beef

**Korean consumers**

- **Freshness**
- **Safety**
- **Clean**
- **Taste**
- **Tenderness**
- **Colour**

**Japanese consumers**

- **Safety**
- **Purchase with confidence**
- **Chemical free**
- **Delicious**
- **Juicy**
- **Price**

Average rating
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Date of birth</td>
</tr>
<tr>
<td>2</td>
<td>Sex</td>
</tr>
<tr>
<td>3</td>
<td>Name of the production process manager</td>
</tr>
<tr>
<td></td>
<td>Address of the above</td>
</tr>
<tr>
<td></td>
<td>Date of the management commenced</td>
</tr>
<tr>
<td>4</td>
<td>Address of the feedlot</td>
</tr>
<tr>
<td></td>
<td>Date the cattle entered the feedlot</td>
</tr>
<tr>
<td>5</td>
<td>Date of slaughter</td>
</tr>
<tr>
<td>6</td>
<td>Breed</td>
</tr>
<tr>
<td>7</td>
<td>Phone number of the feedlot</td>
</tr>
<tr>
<td>8</td>
<td>Name of the person or company that organized slaughter</td>
</tr>
<tr>
<td></td>
<td>Phone number of the above</td>
</tr>
<tr>
<td></td>
<td>Name of the abattoir</td>
</tr>
<tr>
<td></td>
<td>Address of the above</td>
</tr>
<tr>
<td>9</td>
<td>List of feed the animal has been raised on</td>
</tr>
<tr>
<td>10</td>
<td>List of veterinary treatments by therapeutic category</td>
</tr>
</tbody>
</table>
Sharp lamb export rise to Middle East and Africa

'000 tonnes swt

- total Middle East
- South Africa
- other Africa*

Year:
- 95
- 96
- 97
- 98
- 99
- 00
- 01
- 02
- 03
- 04
- 05
- 06
- 07f
Also lamb consumers are increasing

- Global market for Halal food estimated at US$150 billion in 2005
- World Muslim population increasing in size and affluence
- Estimates suggest that this market could grow to be worth in excess of US$500 billion.
Lots of lamb growth opportunities

Key overseas growth markets for Australian lamb next decade:

- USA
- China
- Mexico
- India
- GCC, esp. Saudi Arabia & UAE
- EU (if barriers eased)
But globally & locally the big issue may be our ability to supply...
 Achieved growth in lamb production in recent years – particularly in WA

Source: ABS
But flock now lowest since 1925 – constraining growth potential in short term
And sheep supplies are sure to be low.
Australian sheepmeat has a strong, diverse and growing demand base – supply likely to remain the big issue

The integrity challenge provides great opportunities for Australia’s sheepmeat industry …

• essentially natural, minimally processed, nutritionally sound
• the centre of a great family meal
• produced by people passionate about conservation, animal welfare and the environment

Enterprise opportunities for
• further brand development and positioning, based on consumers’ integrity expectations
The Australian sheepmeat industry
But as an industry ... we must continue to be sensitive to, and respond to mainstream consumer and community demands.
**H Number of lamb sold for slaughter, south-west Western Australia**

Average per farm

**J Rock composition, slaughter lamb producers, south-west Western Australia**
Australian Rainfall Deciles
1 April to 31 July 2007
Distribution Based on Gridded Data
Product of the National Climate Centre

http://www.bom.gov.au

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Issued: 31/07/2007
WA farm gate prices move volatile than retail

retail up 74% since 1999
saleyard up 120%

Source: MLA's NLRS, ABS

* simple average of forequarter, leg and loin chops