

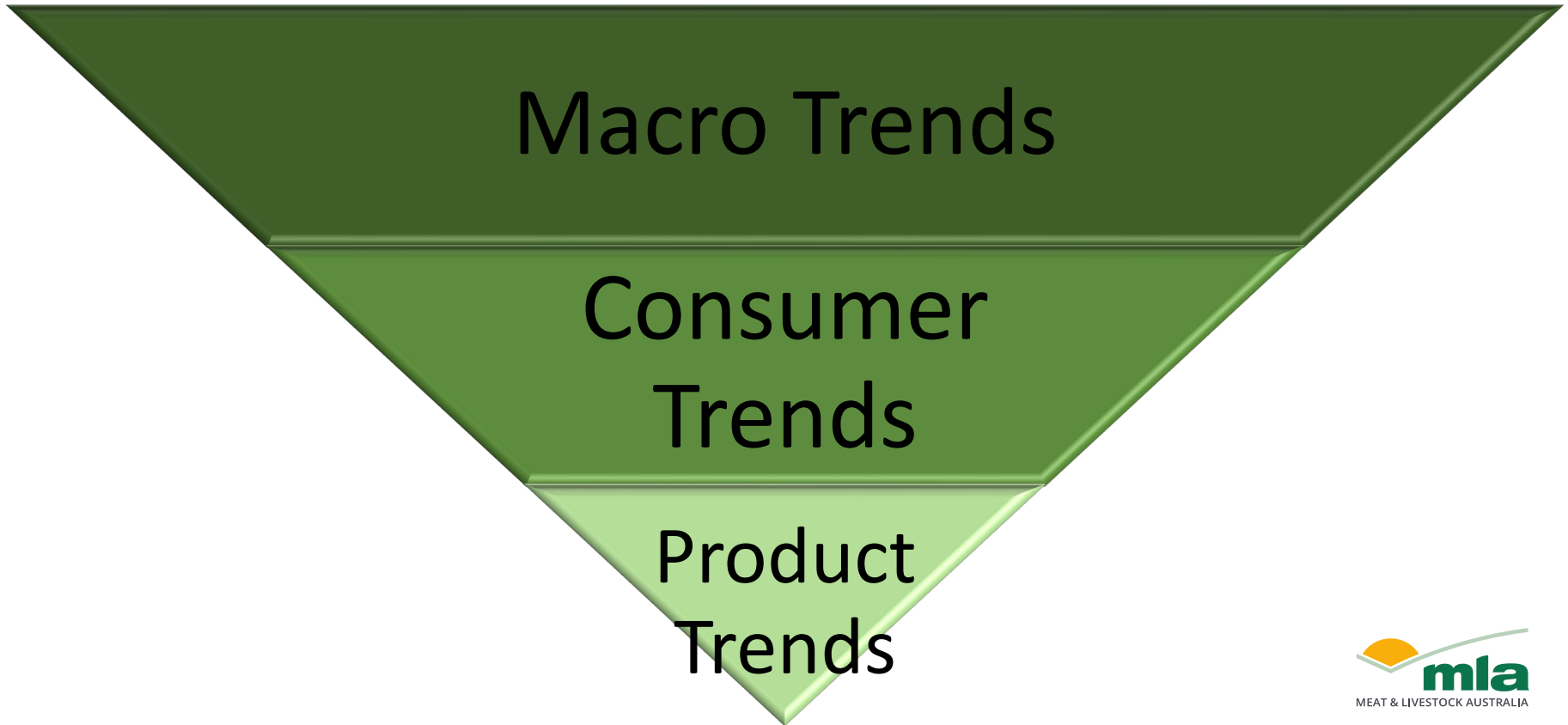
Global consumer trends

The trends the red meat and livestock industry
need to know

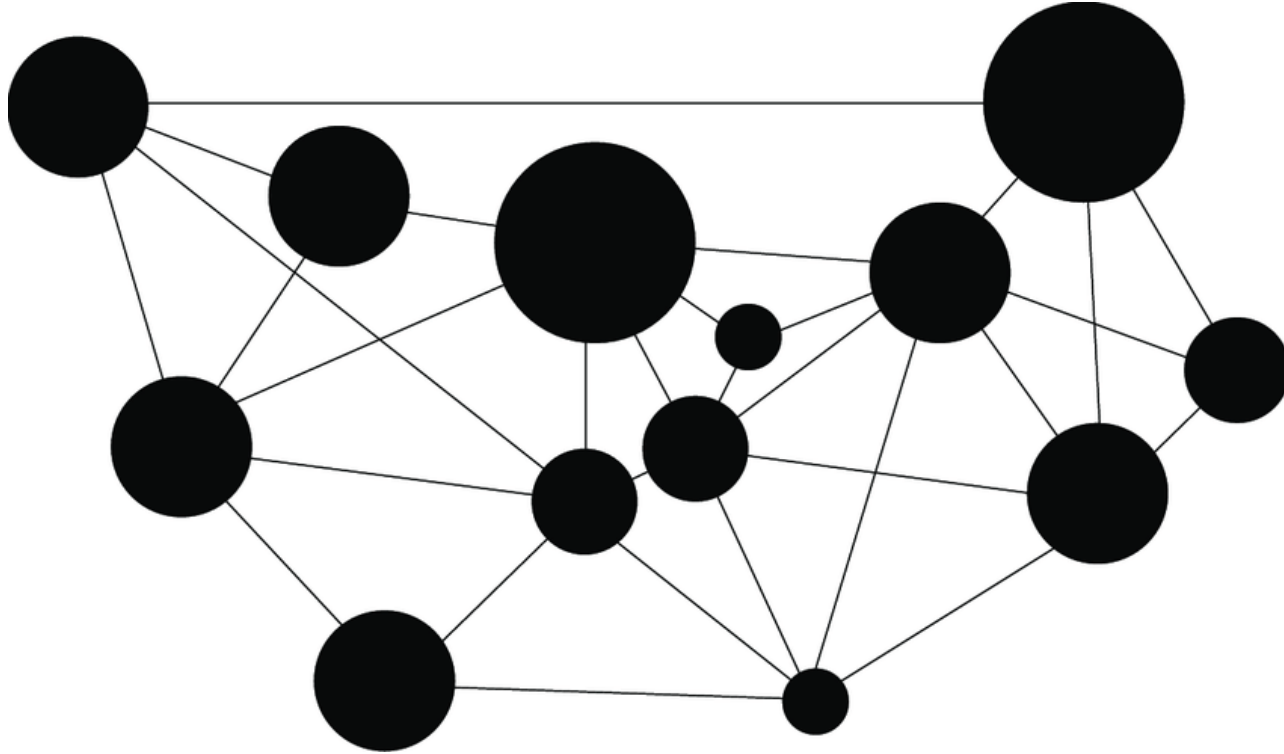
Lisa Sharp
Chief Marketing and Communications Officer



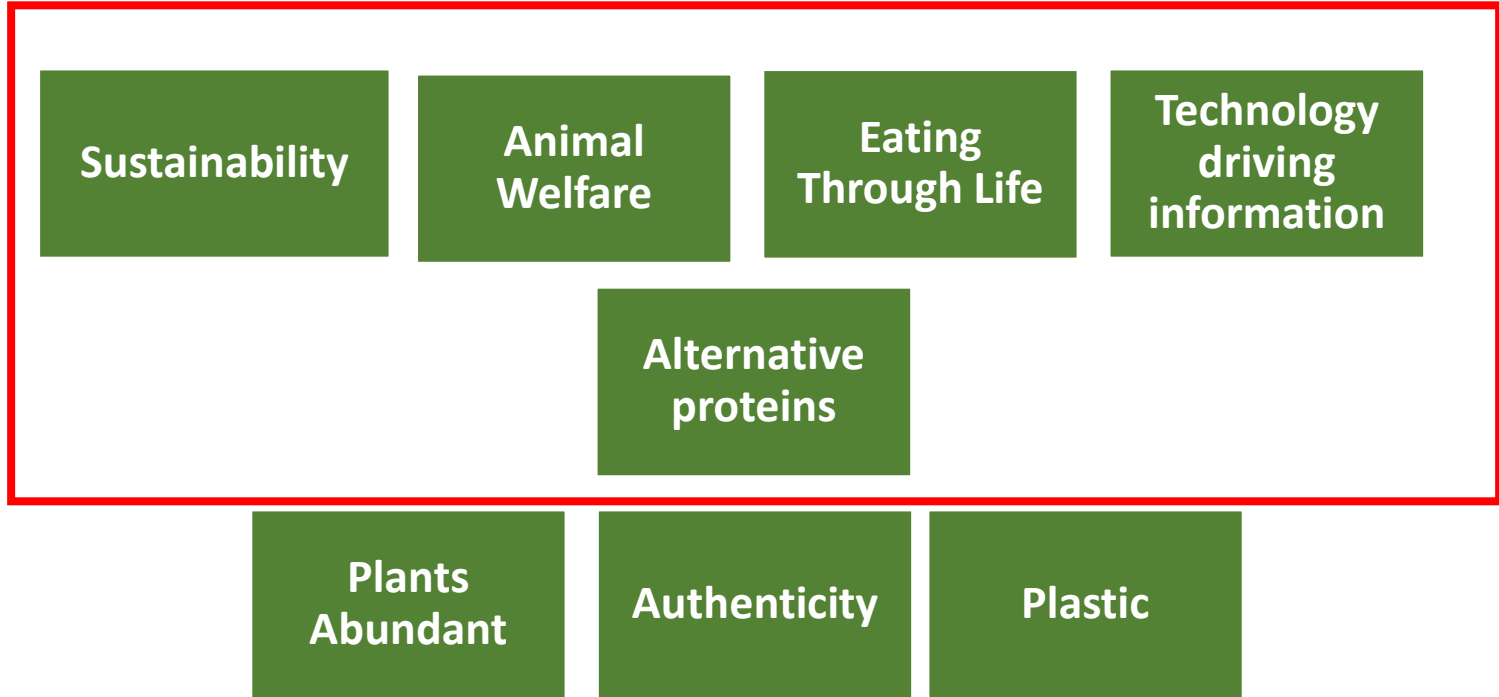
Trends can be broadly grouped into 3 types



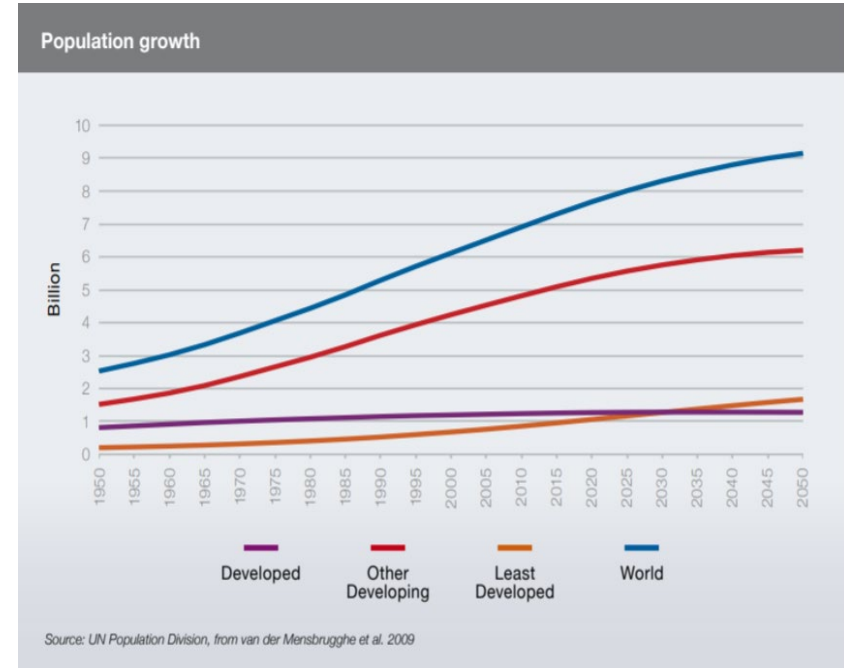
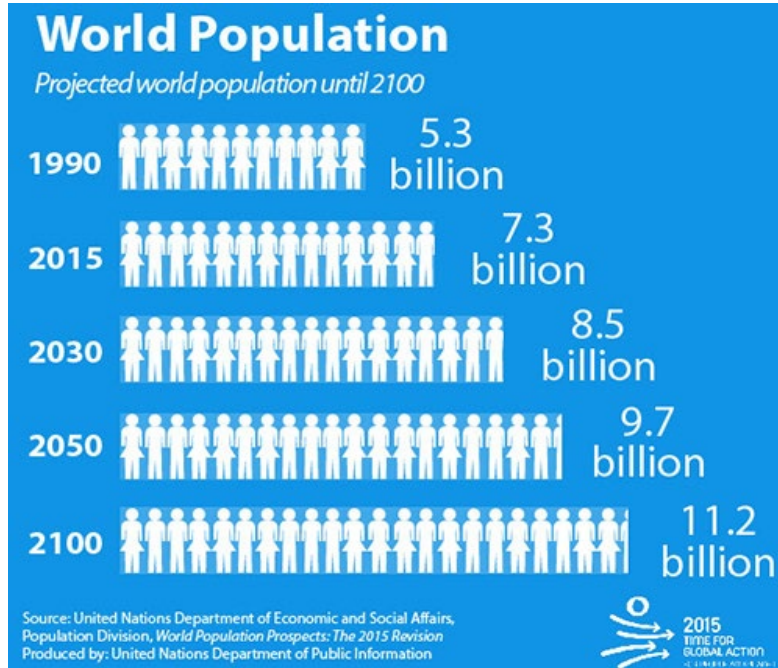
Trend spaces are generally not mutually exclusive



The most relevant trends for red meat



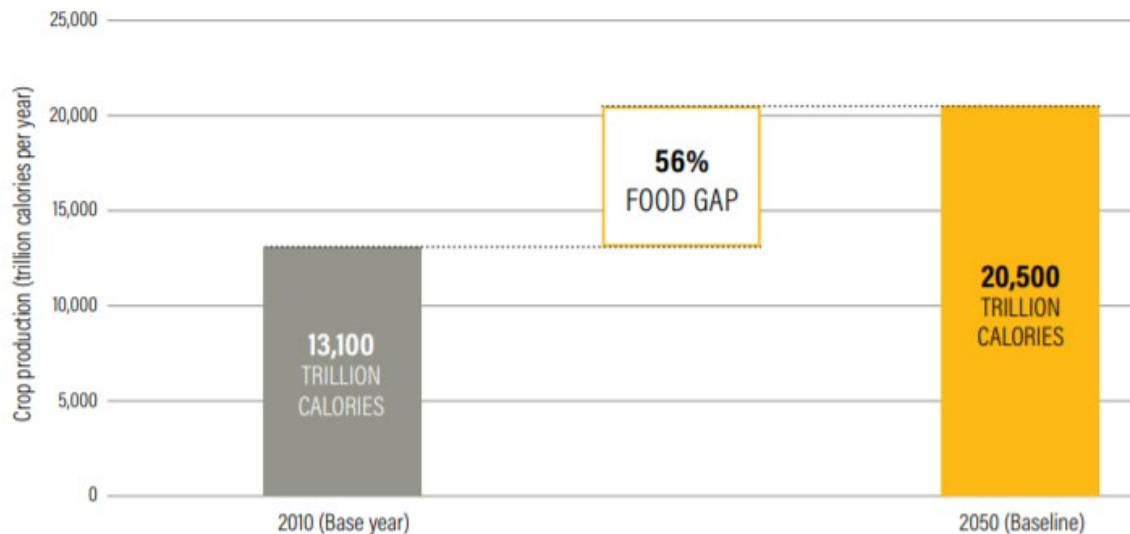
GLOBAL POPULATION: will continue to grow



An extra 1 BILLION people to feed every 15 years

The gap between calorie needs and calories produced is widening

Figure 1 | The world needs to close a food gap of 56 percent by 2050



Note: Includes all crops intended for direct human consumption, animal feed, industrial uses, seeds, and biofuels.

Source: WRI analysis based on FAO (2017a); UNDESA (2017); and Alexandratos and Bruinsma (2012).

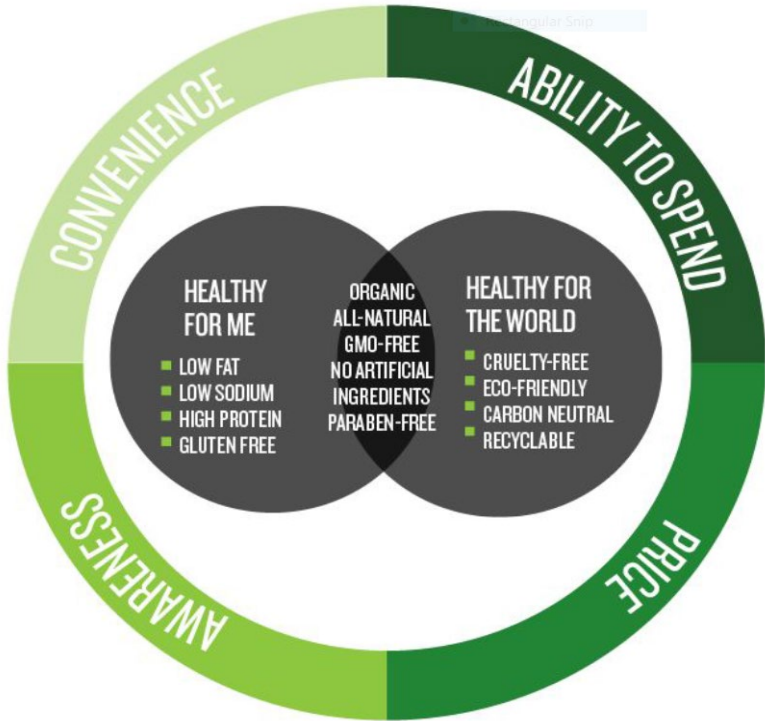
GLOBAL POPULATION growth (and the gap) means debate around sustainably produced food is here stay



SUSTAINABILITY: is not a trend in isolation

• **Maximise resources at all steps** ->Farm -> Retail -> Fork -> Bin

- **Purchases that empower:** food purchases that include environmental/animal welfare/sustainability practices but also have a people impact
- **But Sustainability** can just mean **enough food** in many countries

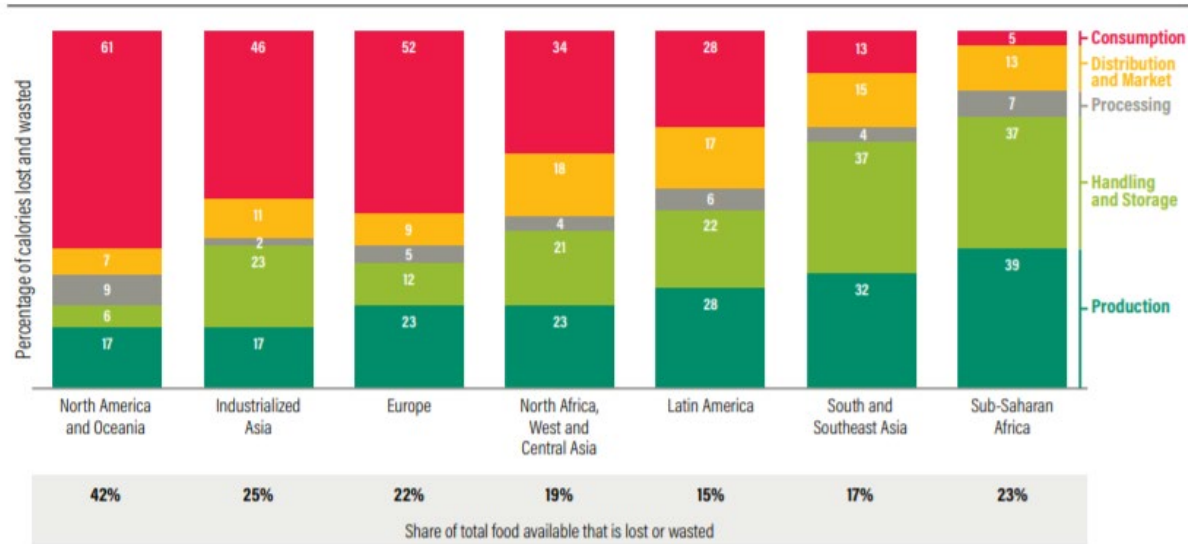


**Growth opportunity is where it meets all needs: Healthy for me
Healthy for the world**

Source: Sustainable Shoppers, Nielsen 2019; Global Food Forums, 2019 Food Trends & Forecasts

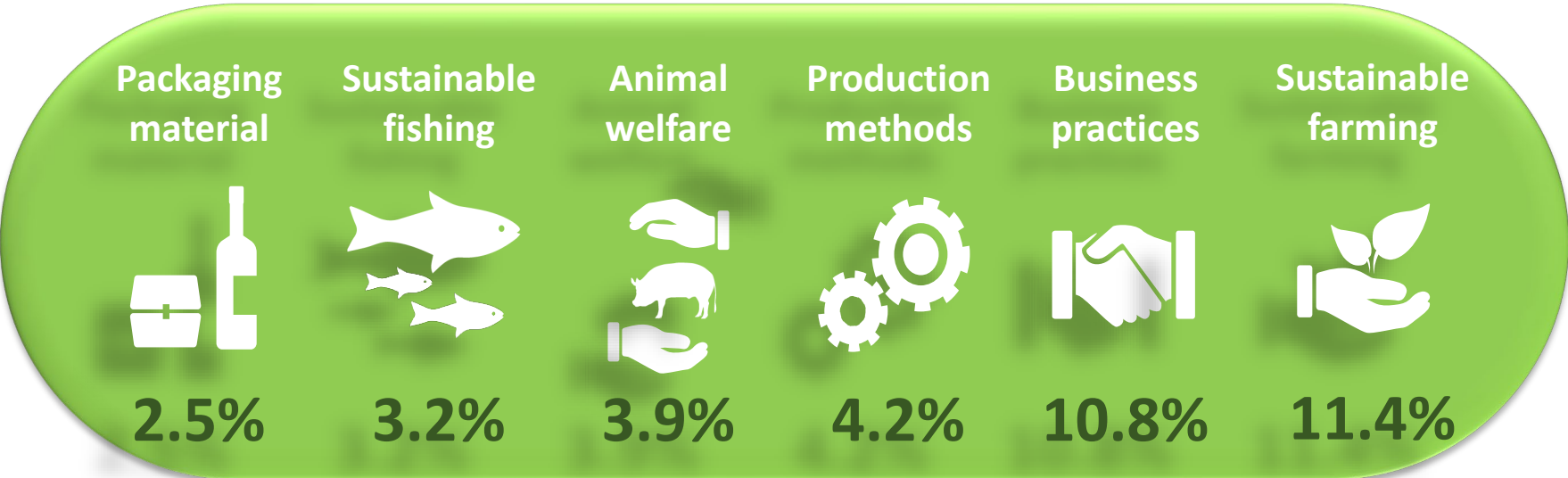
Maximising resources means something different (developed vs. developing countries)

Figure 4 | Food loss and waste primarily occurs closer to the consumer in developed regions and closer to the farmer in developing regions



Sustainability: already part of the purchase decision for some consumers

Year-over-year sales growth (%) among products with these sustainability claims



Source: NPD Group Tracking Food Attributes in Australia (2016): Nielsen Product Insider, powered by Label Insight, 2017 (USA)

Sustainability: also a visible pillar of our customers strategies

35 specific targets



Improving Health & Well-being

HEALTH & HYGIENE

Reduce diarrhoeal disease

Improve oral health

Improve self-esteem

Provide safe drinking water

NUTRITION

Improve heart health

Reduce salt

Reduce saturated fat

Remove trans fat

Reduce sugar

Reduce calories

Provide healthy eating information

Reducing Environmental Impacts

GREENHOUSE GASES

Reduce GHG from skin cleansing & hair washing

Reduce GHG from washing clothes

Reduce GHG from manufacturing

Reduce GHG from transport

Reduce GHG from refrigeration

WATER

Reduce water use in agriculture

Reduce water use in laundry process

Reduce water use in skin cleansing & hair washing

Reduce water use in manufacturing

WASTE

Reduce packaging

Reuse packaging

Recycle packaging

Reduce waste from manufacturing

Tackle sachet waste

Eliminate PVC

SUSTAINABLE SOURCING

Sustainable palm oil

Sustainable paper & board

Sustainable soy

Sustainable tea

Sustainable fruit & vegetables

Sustainable cocoa

Sustainable sugar, sunflower oil, rapeseed oil & dairy

Enhancing Livelihoods

BETTER LIVELIHOODS

Help smallholder farmers

Support micro-entrepreneurs

A Year of Doing Our Part

McDonald's 2018 Environmental Commitments and Actions



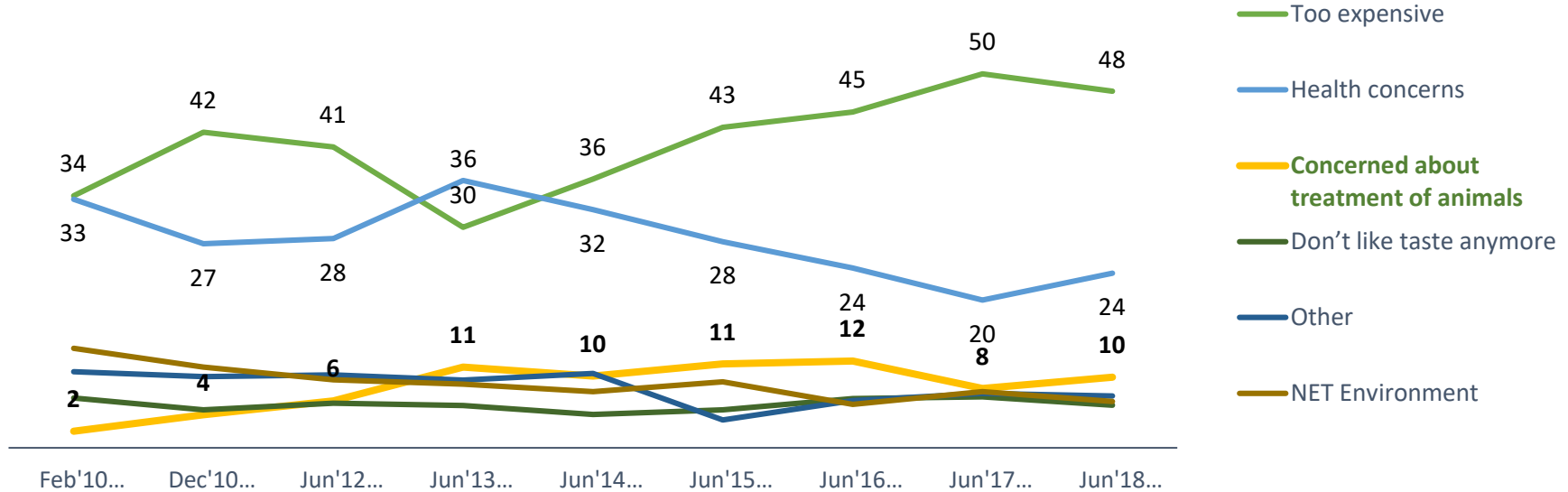
SUSTAINABILITY: Implications for red meat

- Red meat is part of the global shift to sustainable and ethical purchasing trends
 - Supply chain data needed to demonstrate credentials
- Governments and customers have made commitments to sustainability targets
 - Action plans will need to be part of an industry's strategic plan
- Shared challenge 'How sustainable is red meat production, really?'
- Conflicting information causes customer and consumer confusion
 - Opportunity to develop a common position and supporting narrative

ANIMAL WELFARE: In Australia, animal welfare has not been a primary reason for people consuming less meat

Main reason for eating less red meat (%) (among red meat reducers)

Forced one response only



And which ONE of the following best describes why you have reduced the amount of red meat you are eating? Base: Those eating less red meat.

Source: Project Daisy, Pollinate Research 2018

Like sustainability, corporate position on animal welfare facing increased scrutiny



50 largest food retailers globally with annual revenues in excess of US\$10 billion

TOP 40 global producers including top 10 poultry producers with annual revenues in excess of US\$4.6 billion

TOP 30 restaurants and bars globally with annual revenues in excess of US\$1 billion

Retailers and Wholesalers



And there is a strong commercial incentive for organisations

More than six in ten (63%) Americans say that *if they found out a company had a bad reputation for animal welfare*, it would make them *less likely to buy meat processed by that company*

Consumer Trend Reports

Beef & Pork

The Stars of the Center of the Plate

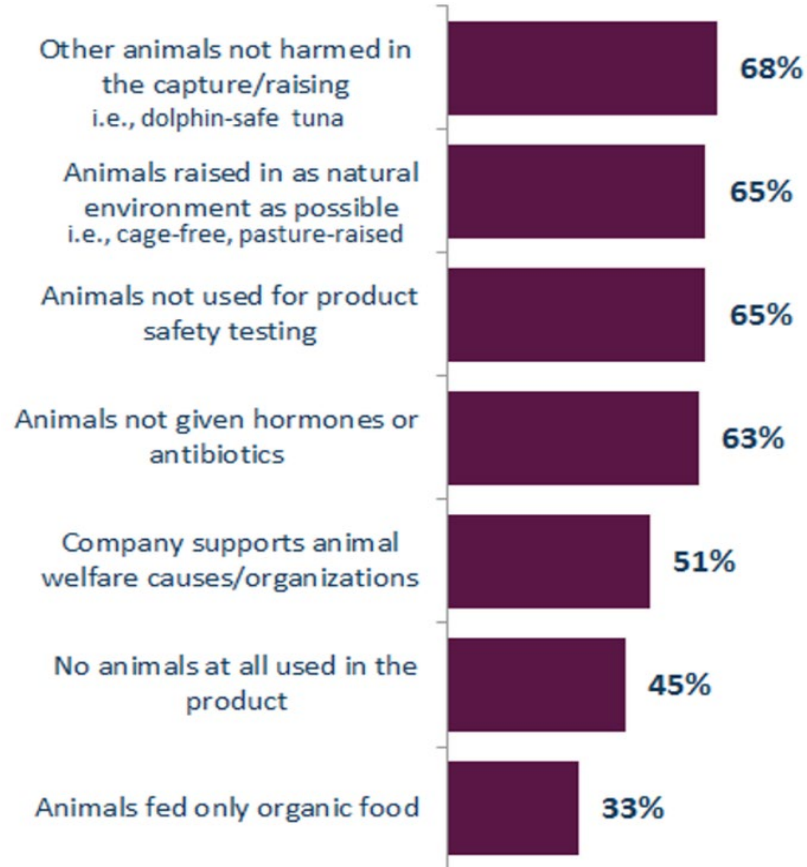
50%

of beef consumers say it's important they eat beef that came from animals treated humanely.

44%

of pork consumers say it's important they eat pork that came from animals treated humanely.

For consumers, animal welfare is linked to other trends like being natural and no-additives



ANIMAL WELFARE: Implications for red meat

- Animal welfare is part of corporate social responsibility
 - Some customers and consumers less likely to buy meat from a company with a bad reputation
- In some cases, country of origin is a proxy for brand/company
 - Opportunity for Australian red meat to build a good (the best) reputation
- Verified product claims and production narratives provide reassurance to consumers
 - Can provide a basis from which to communicate more complex or sensitive topics

EATING THROUGH LIFE: longer lives and being healthier throughout the lifespan



Food throughout life: Holistic, proactive, ongoing



Anti aging is out, Healthy lifespan is in



Functional foods, such as gut health going mainstream rather than medicinal.



And all of these elements are increasingly being considered when making diet choices throughout life



TRANSPARENCY



HEALTH



TRACEABILITY



FUNCTIONALITY



SUSTAINABILITY



ORGANIC



FREE RANGE



GRASS FED



CLEAN LABELS



HORMONE FREE



INSECTICIDE FREE

INFORMATION TECHNOLOGY: helping consumers to gain knowledge; enables connections between trends



Digital tribes are discussing food, values, brands, experiences together, remotely. They have tools to track, evaluate, **share and judge.**



myDNA Nutrition
& Fitness Test Kit
\$99.00
myDNA



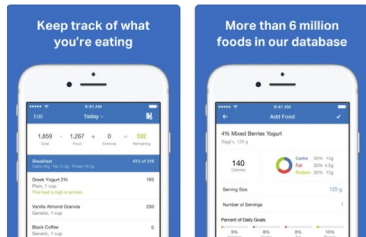
myDNA Vitamins
Test Kit
\$69.00
myDNA

Many tools to access food, sustainability, animal welfare knowledge, aligned to lifestyle & values - instantly

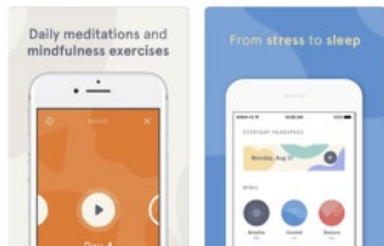
The technology and information is all mobile

Top 10 lifestyle & fitness apps

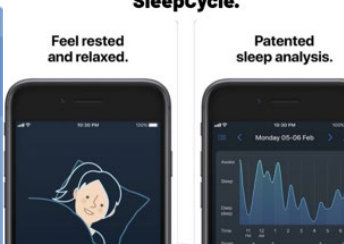
1
MyFitnessPal.



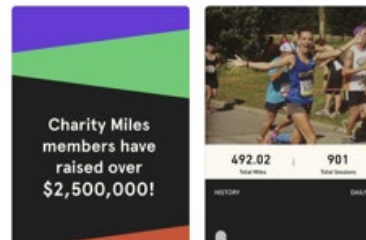
2
Headspace



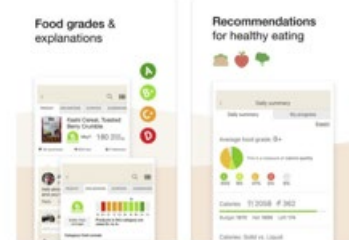
3
SleepCycle.



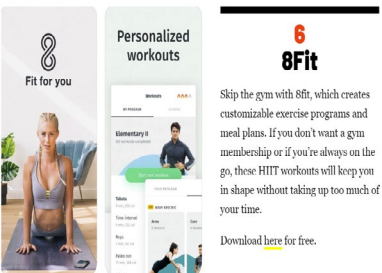
4
Charity Miles.



5
Fooducate.



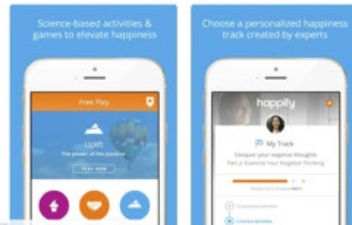
6
8Fit



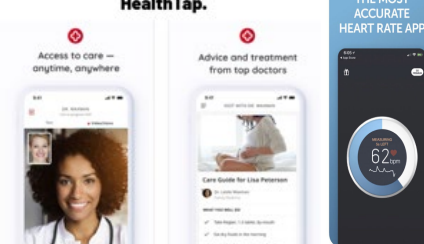
7
Lose It!



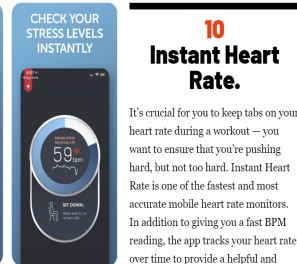
8
Happify



9
HealthTap.



10
Instant Heart Rate.



And all accessible, on the go, on my 'watch'

<https://www.menshealth.com/health/g22842908/best-health-and-fitness-apps/>



EATING THROUGH LIFE & INFORMATION THROUGH TECHNOLOGY: Implications for red meat

- Elements outside of the physical product are being taken into account in food choices
- Significant change in influencers. From highly skilled and trained researchers, dieticians and doctors to everyone
 - New influencers greatly empowered through technology
 - Shift from telling to listening and showing – actions speak louder than words

ALTERNATE PROTEINS: there are two main 'types'

1. Plant based or 'nature sourced'
2. 'Lab grown'

Driven by consumer demand, through the other trends

Red meat reduction and/or interest in alternatives is evident across developed markets



Plant based alternatives are growing, challenging numerous categories not just red meat

There are a wide range of plant based products



GLOBAL TOFU INDUSTRY
TO REACH \$24 BILLION BY
2022



And, those mirroring meat are making claims against meat

THE BEYOND BURGER® WEIGH-IN



THE BEYOND BURGER®
PLANT-BASED BURGER PATTIES



VS



ANIMAL-BASED BEEF
RAW UNSEASONED 80/20 BEEF

THE BEYOND*
BURGER

VS

ANIMAL-BASED
BEEF*

20	PROTEIN (G)	19
25%	IRON (DV)	12%
5	SATURATED FAT (G)	9
0	CHOLESTEROL (MG)	80
22	TOTAL FAT (G)	23
290	CALORIES	287

✓	PLANT-BASED	✗
✓	ANTIBIOTIC-FREE	?
✓	HORMONE-FREE	?
✓	GMO-FREE	?
✓	SOY-FREE	✓
✓	GLUTEN-FREE	✓

*% DV ARE APPROX. VALUES BASED ON 2000 CALORIE DIET

USDA NATIONAL NUTRIENT DATABASE

INGREDIENTS: Pea Protein Isolate, Expeller Pressed Canola Oil, Refined Coconut Oil, Water, Yeast Extract, Maltodextrin, Natural Flavors, Gum Arabic, Sunflower Oil, Salt, Succinic Acid, Acetic Acid, Non-GMO Modified Food Starch, Cellulose From Bamboo, Methylcellulose, Potato Starch, Beet Juice Extract (for color), Ascorbic Acid (to maintain color), Annatto Extract (for color), Citrus Fruit Extract (to maintain quality), Vegetable Glycerin.

BEEF MINCE

Typically **82% MEAT 18% FAT**
With nothing else added

No Artificial Colours, Flavours or Preservatives



Lab grown is another alternative

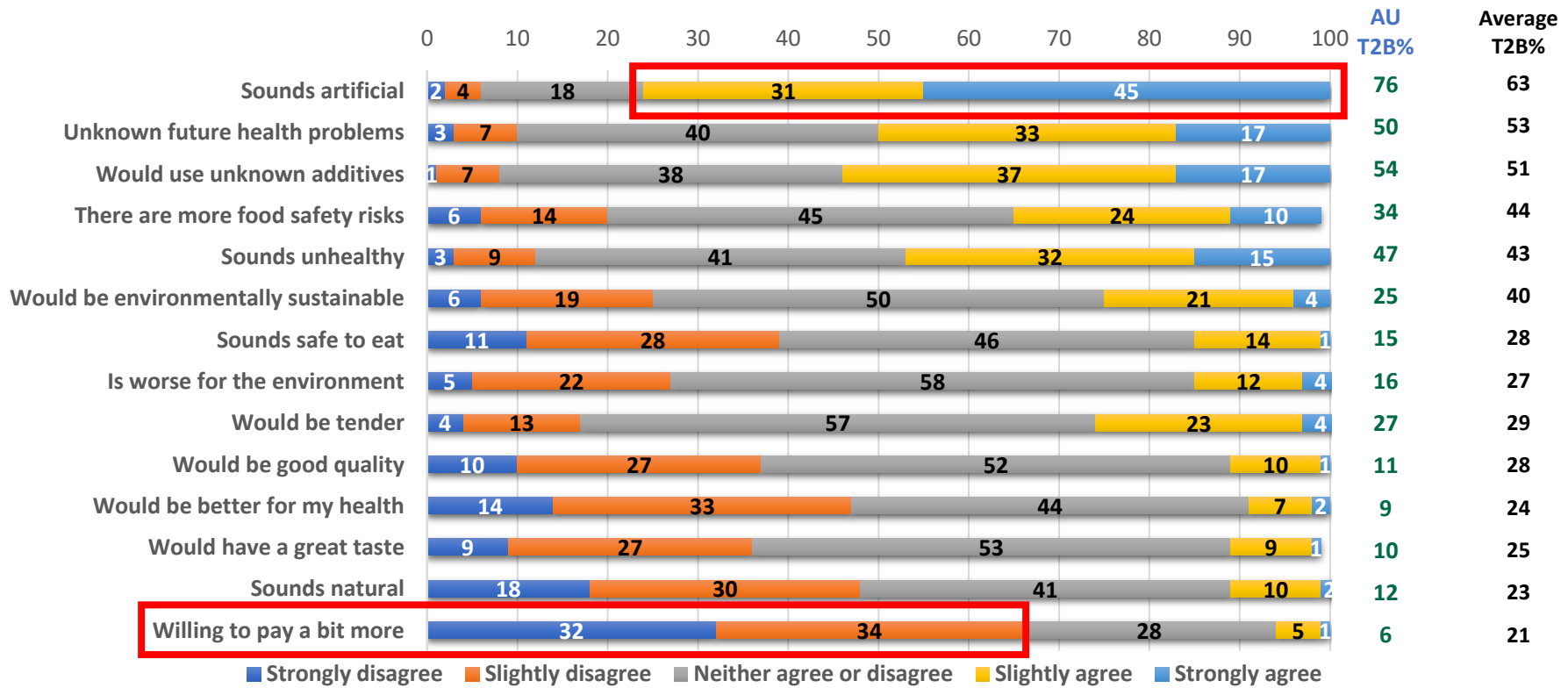
Ground beef
– USD **\$3.52** per pound



Memphis Meats meatball
– USD **\$2,400** per pound



Today, consumer barriers to trial are significant: Australia



QN9. We want to understand what you think about the idea of scientifically developing meat (such as beef) from a culture in a laboratory as an alternative to replace the beef from cattle people consume today. How much do you agree or disagree with these statements? Base: (n=832)
 Source: Domestic and Global Consumer Tracker, Kantar Millward Brown, 2018



Authenticity trend: consumers seek certification for quality, safe and natural

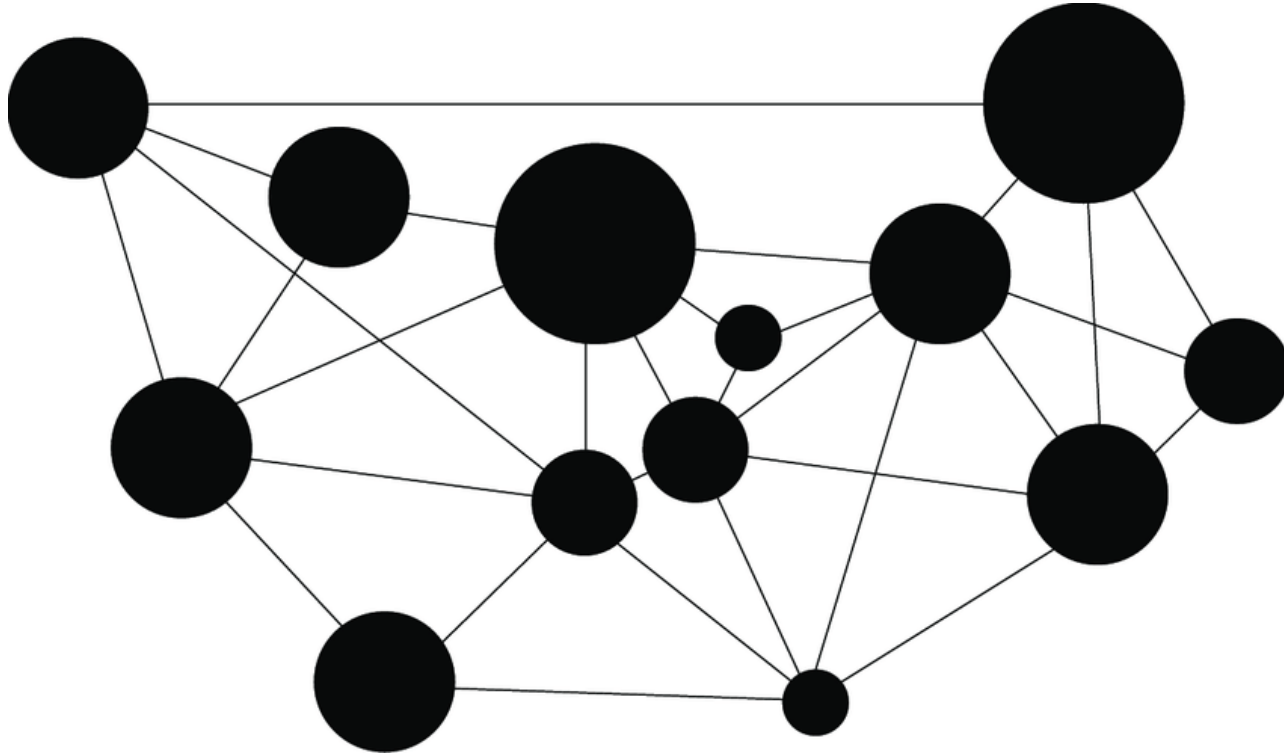
Quality grading or guarantee
Safety certification
All natural / 100% natural
Colour of meat
Price per kilo
Use by date/Sell by date
Price per pack
Antibiotic-free
No added hormones
No preservatives



TOP 10 THINGS LOOKED FOR ON PACK/SHELF Global Average



Trend spaces are generally not mutually exclusive



Product trends such as alternate proteins, 'natural' are a response to a range of connected consumer and macro trends

Meeting consumer needs: MLA and Industry actions

- Environment - RD&A initiatives including CN30, LiveCycle Assessment of alternative proteins, water and waste management
- Animal Welfare - RD&A initiatives including pain relief
- Integrity Systems - LPA animal welfare module; Meat Standards Australia
- Beef Industry Sustainability Framework (evidence to customers, investors, NGOs of industry practices)
- Community Engagement
 - Targeted Communications to 'curious consumers' (Good Meat, Events)
 - Mass Communications 'Telling our Story' (with NFF)
 - Schools Program
 - Advocates Program (producers, chefs, health care professionals)
 - Monitoring (Community Sentiment Tracking; Social Media)

In closing

- Sustainability trend is underpinned by an urgent need to feed a growing population within the confines of scarce natural resources
- Trend spaces not mutually exclusive - technology key to connecting macro trends, consumer trends and product trends
- Technology helps consumers gather information and choose products that align with their wants needs and beliefs
- Technology can help industry gather information to raise product to meet specific consumer needs and to demonstrate to governments, customers, consumers and community our sustainable and ethical practices

Thank you