New Zealand Agricultural Climate Change Conference

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Meat Industry Association

New Zealand red meat sector snapshot

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NZ$9.2 billion annual exports, New Zealand's second largest goods exporter

95% of sheepmeat and 86% of beef production exported to more than 110 countries

New Zealand's largest manufacturing industry

35,700 people employed directly-- more than 56,700 full-time jobs underpinned by sector

90%
of animals are processed as Halal

43%
of total exports were halal certified in 2019/20

The Role of the MIA

- Advocates on behalf of its members.
- Is the interface between the meat industry and government.
- Facilitates policy formation on economic, trade policy, market access, industrial relations, compliance costs, environmental, animal welfare, technical and regulatory issues facing the industry.
- Facilitates whole of industry innovation projects (syndicates).
- Contracts with AHOs for provision of halal certification services and recruitment of slaughtermen.
- Is governed by a Council of 9 members' CEOs plus an independent Chairman.

41 MIA members representing 99% of production and exports

The challenges and opportunities facing the sector

Challenges

- An anti-red meat narrative and a narrow interpretation of sustainable diets
- Continuous improvements to animal welfare
- Maintaining the highest ethical standards (Halal processing)
- False narratives: GHG footprint of products (food miles, per kg comparisons that ignore nutrition...)
- Shipping and logistics disruptions
- Increasing protectionism (border carbon tax; animal welfare standards; access to shelf...)

The challenges and opportunities facing the sector

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The opportunities

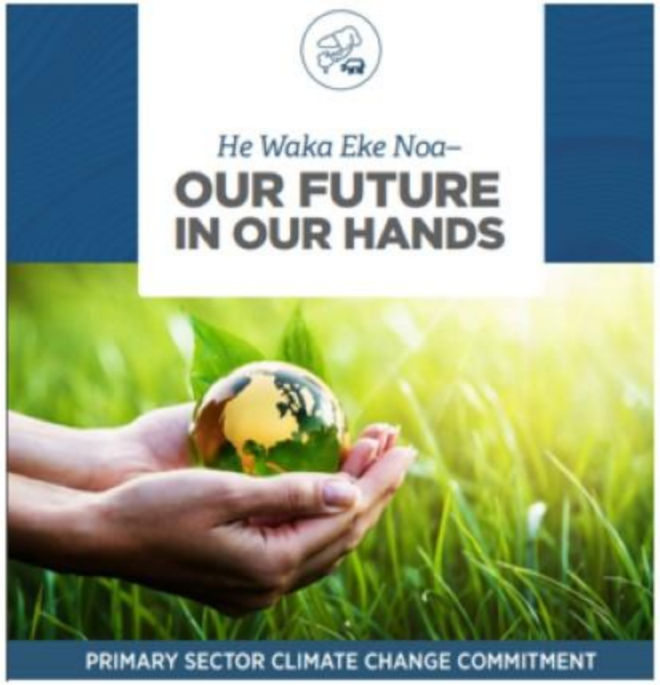
- Global growth in demand for protein
- Quality product, natural production system, well developed industry systems and robust NZ regulatory framework
- Create value throughout the supply chain
- Productivity improvement and innovation

How is the sector responding?

- **Pasture Raised Advantage** - impact of pasture raised red meat on health and well being when consumed as part of a well-balanced diet
- www.makingmeatbetter.nz – independently verified facts backing our environmental and nutrition story
- **Telling our story overseas and at home –** Taste Pure Nature, highest animal welfare standards, environmental plans and commitments to continual improvement and world-leading halal processing system
- **New Zealand's National Farm Assurance Programme –** is our seal of origin that delivers trusted and authentic standards to our global consumers.

How is the sector responding?

- **He Waka Eke Noa** – Primary Industries Climate Change commitment, where every farmer will "know their number" by end of 2022.
- **Phasing out of coal fired boilers** and investment in more energy efficient system



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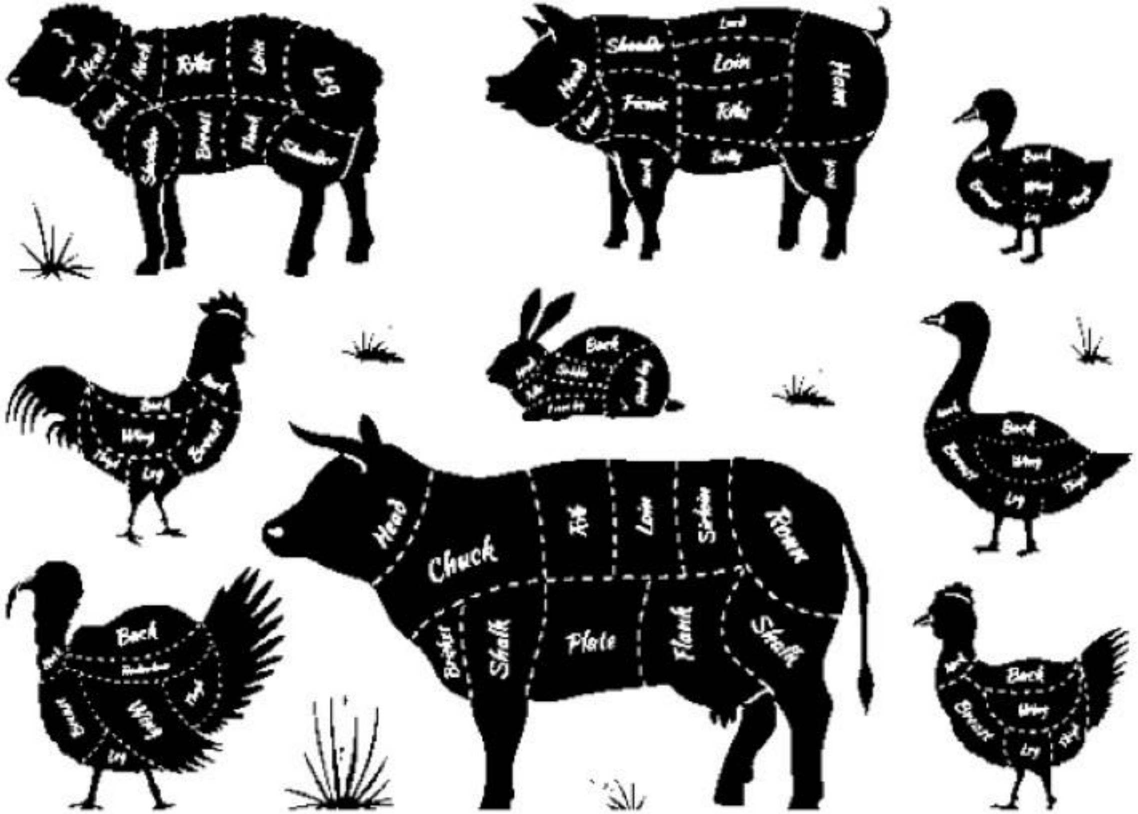
Volume vs Value

- Value is subjective
- Cultural values and cuisine play a strong role in determining consumer demand and price points
- Trends change – co-products now make up approximately 20 percent of red meat exports or approximately $2 billion.



Are consumers paying a premium?

Predicted WTP price premium for red meat and dairy products

Source: Yang & Renwick, 2019

Overall price premium	Credence attribute	Red meat price premium %	Dairy price premium %
HIGHEST	Organic	31	29
	Hormone/Antibiotic-free	24	34
	Animal welfare	19	31
	Food safety	23	39
	Country/Region of origin[1]	23	30
	Protected designation of origin/Protected geographical Indication[2]	22	26
	Environmentally friendly	19	25
LOWEST	Grass-based	22	25
	Traceability	18	26

1. e.g. made in New Zealand
2. e.g. champagne can only be made with grapes from the Champagne region in France

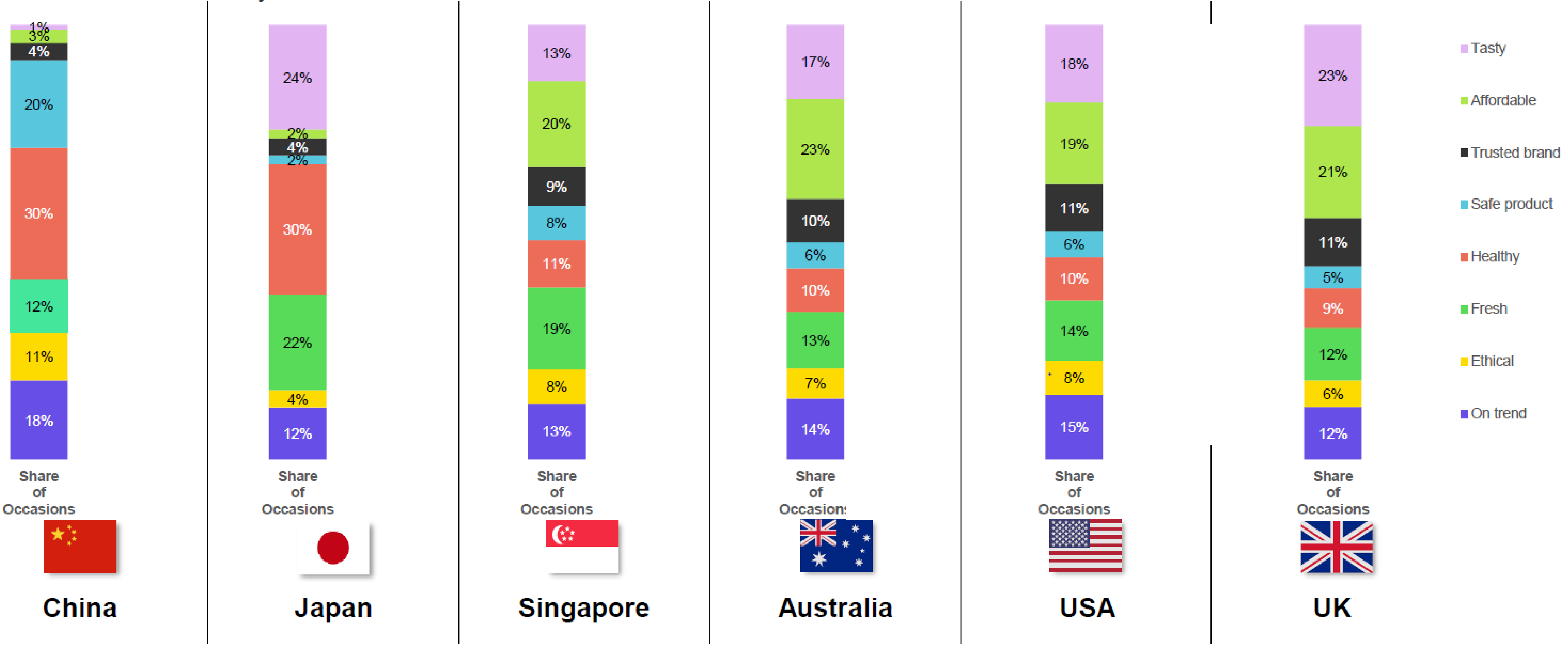
Eight segments were identified across the six markets in the Food & Beverage market

Tasty	Affordable	Trusted brand	Safe product	Healthy	Fresh	Ethical	On Trend
These purchase decisions are driven by the **taste / flavour** of a product / brand	These purchase decisions are driven by price – both **affordability and value for money**	**Trust in the brand** is driving these purchase decisions Associated with **well-known brands**	Having **belief in the safety** of the product / brand is driving decision making	Making a **healthy choice** is what drives these purchase decisions	These choices are based on how **fresh the product / brand looks**	These purchase decisions are driven by **ethical, environmental or social issues**	These purchase decisions are driven by **environmental/ organic trends** and how this makes them **appear to others.**

Quality focus (Trusted brand, Safe product) · Health focus (Healthy, Fresh) · Environmental focus (Ethical, On Trend)

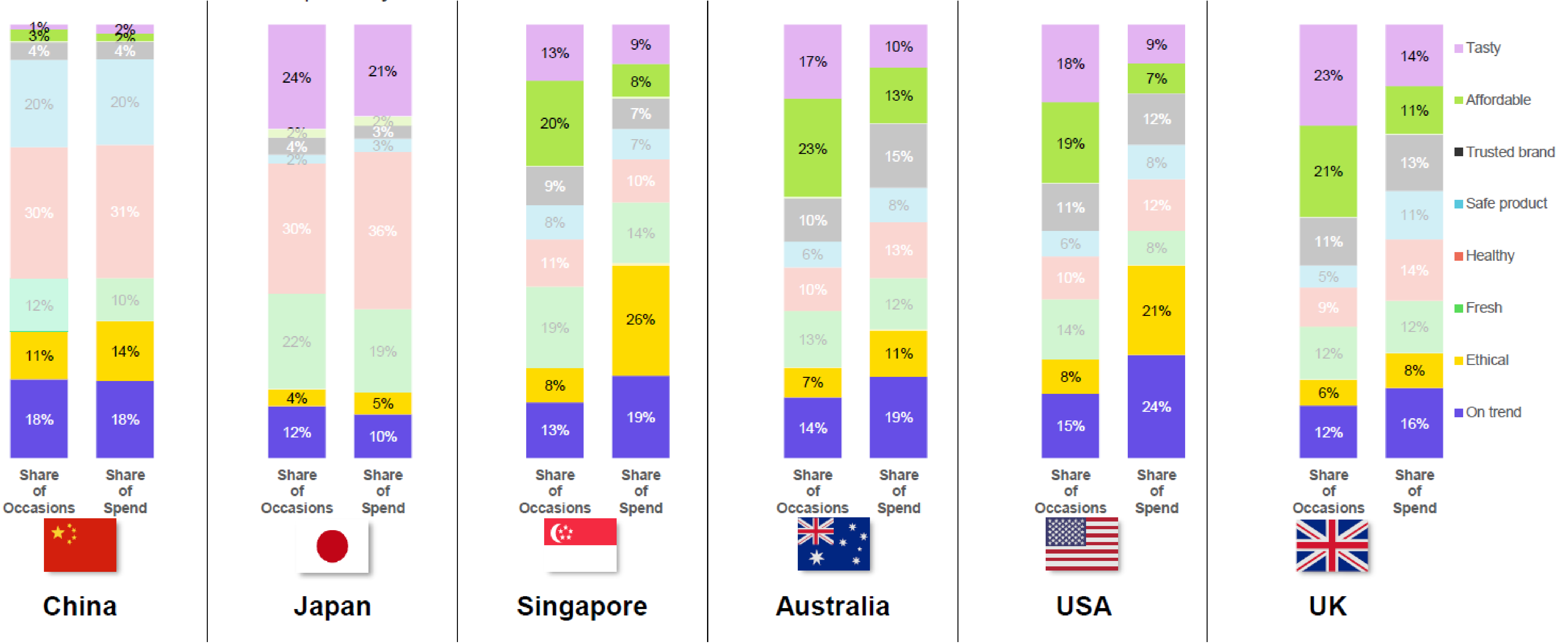
What drives purchase decisions differs across markets, therefore the way offers are constructed and communicated needs to be tailored

Share of occasions by market



The sustainability-focused Ethical and On Trend segments tend to deliver higher value

Share of occasions and spend by market




mia
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Thank you
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