

evaluation series |

3.1 Increasing cost efficiency & productivity – on-farm

2.6 Aggressive promotion in the market place

Building the Australian prime lamb industry

The industry impact

DEFINITIONS

Lamb Female, castrate or entire male ovine aged up to 12 months with no permanent incisor teeth.

Southern sheep and lamb producers Farmers from New South Wales, Victoria, South Australia, southern Western Australia and Tasmania who produce sheep or lambs for the red meat industry.

Benefit:Cost Ratio (BCR) Total project benefits divided by total costs. The BCR for agricultural R&D projects is typically in the range 1.5 to 5.

Internal Rate of Return (IRR) The discount rate that makes the net present value equal zero. Can also be the rate of growth the project is expected to generate.

Meat Research Corporation (MRC) The MRC (1991-98) evolved from the Australian Meat & Livestock RDC (1985-91) and its predecessor, the Australian Meat Research Committee (1966-85).

Prime Lamb Key Program In the early 1990s MRC collaborated with state departments of primary industry (DPIs) and established the Prime Lamb Key Program to increase industry capacity to produce large, lean lambs. The Program introduced the RD&E framework on which MLA's lamb and sheepmeat industry program is built.

Lamb Consistency Key Program An MLA program that followed on from the Prime Lamb Program and aimed to improve lamb consistency across Australia's various lamb producing states.

Industry Collaborative Agreements (ICAs) ICAs are 50:50 funding arrangements between individual processors and MLA for export marketing and represent an ongoing litmus test that indicates where exporters see their best return on investment occurring.

Australian Meat and Live-Stock Corporation (AMLC) Meat marketing body the AMLC merged with the MRC to form MLA following the meat industry restructure in 1998.

Sheepmeat Council of Australia Inc (SCA) The peak national body representing and promoting the interests of lamb and sheepmeat producers in Australia.

BACKGROUND

Meat & Livestock Australia (MLA), as the service provider to the Australian red meat industry, strives to build demand, improve access to global markets, develop a competitive advantage from 'paddock to plate' and, by partnering with industry, build capability.

Remaining accountable to stakeholders and providing quantifiable returns on government and industry investment are central to demonstrating performance against these goals.

In 2005 MLA engaged the Centre for International Economics (CIE) to conduct an independent review, and to develop an effective evaluation framework* for assessing the impact of its programs and their compliance with government priorities.

The framework provides independent estimates of the net benefits of MLA programs – including achievements relative to targets and industry benefits relative to a situation where the MLA program did not exist.

It also provides for interactions between the meat and livestock sectors and wider Australian economy, allowing national benefits to be measured. These benefits are not only economic, but also environmental and social, thereby supporting a rigorous triple bottom line evaluation of MLA initiatives.

* MLA's evaluation framework is explained in full in the booklet, *Why does MLA need a framework for independent evaluation?*, that accompanies the MLA program evaluation series.

All benefit-cost ratios in this report come from the MLA program evaluation framework unless otherwise stated. The figures in this report represent the net present value of industry value added between 1990 and 2015 and are based on the MLA global meat industry model (CIE).

Evaluations completed: 1.1 *Enhancing product integrity*; 1.2 *Maintaining and liberalising access to world meat markets*; 2.1 *Improving eating quality*; 2.2 *Enhancing the nutritional reputation of red meat*.

Information in this brochure is based on the CIE reports: *An Evaluation of Lamb On-farm Programs* and *An Evaluation of Domestic and US lamb Marketing (2008)*.

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PROMISE

A domestic and export lamb industry with a combined value of at least \$2 billion by 2000¹ and \$2.8 billion by 2005².

Where we started

In the late 1980s lamb attracted low auction prices, with fluctuating quality and an 'old fashioned' image labelling it an inferior choice to skinless chicken breast filets and 'New Fashioned Pork'. By 1990 the lamb industry was valued at \$1.1 billion and 85 per cent of its product was consumed by the domestic market.³

Two decades ago lamb was primarily a wool industry by-product: production was dominated by very seasonal supply and domestic market requirements, with per capita consumption declining rapidly at five per cent per year⁴. Consumer tracking studies showed that lamb was losing ground with younger consumers due to its perceived fattiness, wastage, lack of versatility and difficulty to cook.

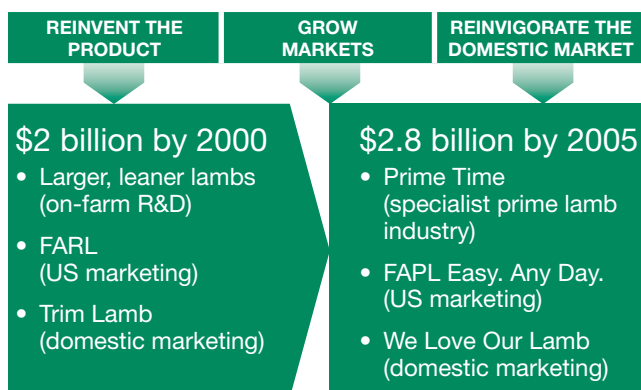
Meanwhile, in the United States (US) a weakened domestic lamb industry and restrictions on export competitors such as New Zealand provided lucrative opportunities for the Australian industry.

A strategic response

Industry leadership and collaboration

The 1995 Lamb Industry Strategic Plan (LISP) facilitated by the Meat Research Corporation (MRC) and the Sheepmeat Council of Australia (SCA) established high-level goals targeting an industry value of \$2 billion per year by 2000. The subsequent industry revolution was market driven and underpinned by a program to identify, promote and create supply pathways for what consumers wanted, and an on-farm research and development (R&D) program focused on delivering it.

MLA collaborated with the SCA and key industry players to execute R&D and marketing programs that facilitated cooperation and co-investment through the supply chain involving producers, processors, independent retailers and supermarkets. The federal and state governments' critical financial contribution saw state DPI extension staff and research institutions play a pivotal role in building industry capability. This collaboration has underpinned reported industry benefits.



¹ Lamb Industry Strategic Plan (LISP) benchmark

² Lange Analysis P/L (value estimate is a sum of the following market segments: retail in Australia; foodservice in Australia; export markets for lamb (including offal); export markets for live lamb; a selected co-product – lamb skins)

³ MLA

⁴ Fogarty, N 2008, NSW Department of Primary Industries Interview, 14th April 2008, viewed online at www.dpi.nsw.gov.au

PROGRESS

Changing consumer and industry attitudes and behaviours; increased demand for lamb products; broad industry participation in extension activities; widespread adoption of information and tools, and on-farm implementation of R&D outcomes.

What we did

REACHING \$2 BILLION BY 2000

Larger, leaner lambs

US consumer research led early 1990s on-farm research targeting larger, leaner lambs. Workshops and collaborative programs built producer capability; encouraged adoption of new tools; improved understanding of market needs; and drove participation in supply chain alliances and value-based marketing.

FARL

Efforts of the Australian Meat and Live-Stock Corporation (AMLC) and key Australian exporters to implement the 'Fresh Australian Range Lamb' (FARL) program generated US importer and retailer confidence that Australia could guarantee production to strict specifications. It established lamb as a premium quality product in the US. MLA cooperated with government and industry to liberalise access to international markets including the US (see evaluation brochure 1.2 *Maintaining and liberalising access to world meat markets*).

Trim Lamb

Concurrent efforts to reinvent lamb for the domestic market included a move towards dedicated lamb processing plants; and butcher education to extract more value from larger carcasses and develop leaner, more sophisticated and versatile cuts.

Aggressive promotion under the 'Trim Lamb' campaign, which aimed to reposition lamb as a modern meat, involved the development of 22 new cuts and collaboration with retailers to improve merchandising.

Eating quality improvements and research reinforcing meat's nutritional reputation encouraged value-adding and heightened retail marketing (see evaluation brochures 2.1 *Improving eating quality* and 2.2 *Enhancing the nutritional reputation of red meat*).

REACHING \$2.8 BILLION BY 2005

Prime Time

The 'Prime Time' campaign, launched in 2003, empowered producers to take advantage of proven breeding, feeding and management research and technologies to improve industry efficiency.

Easy. Any Day.

In 2000 FARL was replaced by the 'Fresh Australian Premium Lamb' (FAPL) brand, which established lamb as a 'special occasion' meal. In 2005 MLA repositioned lamb to appeal to a broader consumer base with the 'Easy. Any Day.' campaign and 'Australian Lamb' logo. Industry collaborative agreements (ICAs) were instrumental in enhancing generic and private brand lamb promotion in the US.

We Love Our Lamb

While the 'Trim Lamb' initiative transformed the product on offer to consumers, a new challenge to modernise lamb became apparent. From 1999, MLA re-focused on mainstream cuts to rekindle lamb's appeal among families and the subsequent 'We Love Our Lamb' campaign positioned lamb as Australia's national meat.

PERFORMANCE

The \$639 million[†] invested by MRC, AMLC and MLA between 1991 and 2007 has had a positive influence on lamb production, industry and consumer attitudes, contributing to increased turn-off of larger, leaner carcasses; increased consumer demand; higher returns; and \$1.39 to \$2.39 billion[†] in industry value added at the farm gate.^{††}

What we've achieved

An independent review by CIE showed that activities conducted under MLA's on-farm lamb R&D and marketing programs contributed to a significant reversal in industry and consumer attitudes, transforming lamb from discount commodity to aspirational product and valuable export.

The LISP aspired to achieve a lamb industry valued at \$2 billion by 2000 and \$2.8 billion by 2005.¹ The 2000 target was not achieved until 2003, however both LISP targets were surpassed in 2007 with annual industry sales valued at approximately \$2.9 billion (\$2.1 billion and \$820 million in the domestic and export markets respectively)². (The industry's environmental performance is not evaluated in this brochure – see 3.4 *Ensuring sustainability* for more information.)

In this report the estimated added industry value is conservative because generous assumptions for increasing lamb slaughter numbers and carcass weights are used in the *without* investment scenario. The benefit-cost ratios are calculated at the farm gate level and do not account for the added industry value post farm gate. To illustrate this point, in 2007 annual industry sales were valued at approximately \$2.9 billion where the farm gate industry value was \$1.5 billion.

FAST FINANCIAL FACTS[†]

Total MLA investment*

■ Total investment from 1991 to 2007: \$639 million**

■ Marketing = \$383 million

■ Research = \$256 million (including \$128 million in matching Australian Government contributions)

■ Total industry value added over 25 years***:
\$1.39 - \$2.39 billion at the farm gate

■ Marketing = \$860 million - \$1.43 billion

■ Research = \$530 - \$955 million

■ Total MLA internal rate of return: 16-26%

■ Total MLA benefit-cost ratio: 2.2-3.7:1

The Australian lamb industry revolution was driven by a major marketing program to identify, promote and create supply pathways for what consumers wanted, and an on-farm R&D program focused on delivering it.



¹ Sheepmeat Council of Australia Inc, McIntyre, R., MLA December 1998, *Strategically Positioning the Australian Sheepmeat Industry for the Year 2005*, Sheepmeat Council of Australia

² ABS, DAFF

[†] All results are net present values in 2007 dollars

^{††} If the investment of other industry stakeholders is accounted for, the added value of all industry efforts is \$4.78 billion at the farm gate level.

* The MLA investment comprises producer levies for marketing and research with the latter matched by the Australian Government on a dollar-for-dollar basis

** Excludes investment for market access, nutrition, eating quality and sustainability

*** 1990-2015: high and low net present values based on assumptions and sensitivity analysis on page 4

- \$128 million in matching Australian Government funds leveraged under the Australian Rural Research and Development Corporation model created a competitive advantage for Australia in the global economy.
- Co-investment by industry and the Australian Government secured a further \$225 million contribution by state DPIs to the lamb industry turnaround.

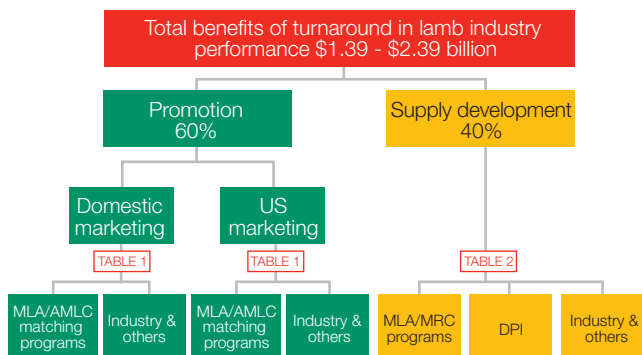


Integrated marketing and innovation

Close integration between demand and supply activities has been critical to the lamb industry’s transformation. An on-farm production shift away from light lambs towards large, lean lambs and development of a professional lamb production sector was largely precipitated by the wool industry decline, but was also driven by demand developments including the new consumer trend favouring leaner lamb.

Neither demand nor supply activities alone would have achieved the reported results. Promotion of lean lamb would not have had an impact without supply developments that influenced product transformation, and supply transformation would not have produced a significant impact without demand developments.

Key assumption around attribution of total benefits 1990–2015



Sensitivity analyses

TABLE 1. SENSITIVITY ANALYSIS ON ATTRIBUTION FOR DOMESTIC & US PROMOTION

MLA/AMLC	Industry & others	BCR†
50%	50%	3.7
40%	60%	3.0
30%	70%	2.2

TABLE 2. SENSITIVITY ANALYSIS ON ATTRIBUTION FOR LAMB SUPPLY DEVELOPMENT

MLA/MRC	DPI	Industry & others	MLA/MRC BCR*	DPI BCR††
50%	40%	10%	3.7	3.4
42%	33%	25%	3.1	2.8
28%	22%	50%	2.1	1.9

■ Industry and others (promotion) = A range of infrastructure/relationship-building activities by importers and exporters, supermarkets, butchers, SCA, Australian Meat Industry Council (AMIC), other MLA/AMLC programs (Eating Quality, Food Safety and Market Access) and external factors

■ Industry and others (supply development) = CSIRO, CRCs, other state DPI programs and external factors

Source: The CIE

† See range in *Fast Financial Facts* on page 3

†† See range in *Fast Financial Facts* on page 5

However, the benefit: cost ratio methodology requires an estimate for the attribution of benefit between supply and demand activity. The market-led transformation of the lamb industry supports an estimated 60:40 split in favour of promotion (see flow chart).

Leveraging co-investment with Departments of Primary Industry

MLA has a national, whole-of-supply chain focus incorporating supply and demand industry interests. In partnership with the Sheepmeat Council of Australia, it takes a lead role in scoping, implementing and evaluating on-farm R&D through consultation with the sheep industry, federal and state governments, and research organisations.

MLA’s cooperation with state departments of primary industry (DPIs) on lamb R&D projects and extension of results to producers have been critical to the positive outcomes reported.

Continuous marketing commitment

The industry’s successful turnaround is testament to the continuous marketing investment by industry through AMLC, MLA and private companies. MLA marketing programs in Australia and overseas have refocused in response to changing consumer requirements, emphasising the need to reinvest in new approaches.

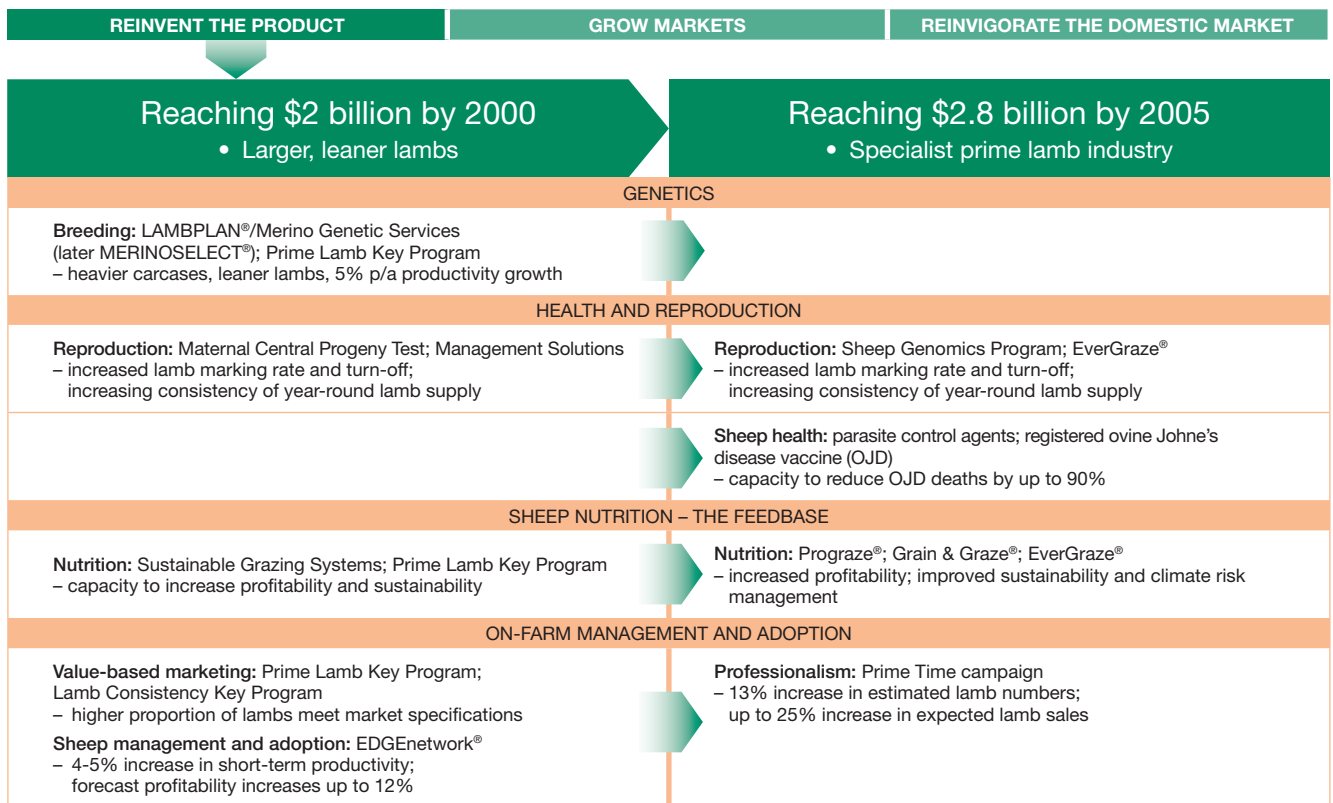
Attribution of benefits – a key challenge

Developing new products and markets for Australian lamb requires a team approach with various stakeholders’ cooperation. Industry organisations’ investment in business development; marketing and promotion; and research and development is reflected in the annual budgets, however the contribution of industry and others in the form of in-kind marketing, infrastructure investment and other costs is more difficult to measure. Therefore, attributing the economic benefit of developments in the Australian lamb industry to individual stakeholders is fraught with difficulties. In order to maintain transparency and credibility in the attribution process, a sensitivity analysis (see tables 1 & 2) was employed to identify the range of economic benefit arising from co-investment by MLA/ AMLC/ MRC and DPIs. This approach is better than calculating an absolute figure which would rely too heavily on multiple assumptions.

The \$256 million invested by MRC and MLA between 1991 and 2007 has had a positive influence on the productivity and efficiency of lamb production, contributing to increased turn-off of larger, leaner carcasses; consistent supply; and development of a specialist prime lamb industry. Lamb's 'reinvention' has generated an additional \$955 million in industry value added.[†]



Lamb's reinvention was dependent on identifying opportunities to deliver practical R&D tools and information to producers through effective channels.



FAST FINANCIAL FACTS[†]

Total MLA on-farm investment

- Total investment 1991 to 2007: \$256 million (including Australian Government funding)
- Total industry value added over 25 years*: \$531 - \$955 million at the farm gate
- Benefit-cost ratio: 2.1-3.7:1

Total DPI on-farm investment

- Total investment 1991 to 2007: \$225 million
- State breakdown of investment
 - NSW 24%
 - SA 6%
 - VIC 48%
 - TAS 2.5%
 - WA 18%
 - QLD 1.5%

- Total industry value added over 25 years*: \$424 - \$764 million at the farm gate
- Benefit-cost ratio: 1.9-3.4:1

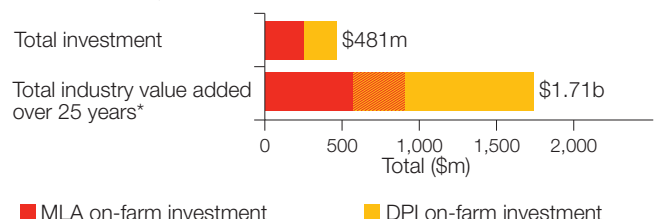
Total MLA/DPI on-farm investment

- Total investment to 2007: \$481 million
- Total industry value added over 25 years*: \$955 million - \$1.7 billion at the farm gate
- Benefit-cost ratio: 2.0-3.6:1

Producer adoption of R&D outcomes and industry capability development was dependent on four fundamental principles

- Appreciating the needs of different industry segments
- Identifying opportunities to deliver practical R&D tools and information through effective channels
- Building industry capability to understand and implement best practices
- Demonstrating the commercial benefits of new technologies and systems to stimulate uptake

Benefits from on-farm investment in lamb supply (net present value 2007)



[†] All results are net present values in 2007 dollars

* 1990-2015: high and low net present values based on assumptions and sensitivity analysis on page 4

Source: CIE

- Since the LAMBPLAN® genetic evaluation technology was introduced, a higher percentage of lambs have reached target market specifications.
- Use of MERINOSELECT® has increased the rate of genetic progress in Merinos by about 10 per cent of average gross margins per year.

“A really good ram only comes along every so often and through LAMBPLAN® we can find those superior rams from an early age. Measured genetics allow producers to know what they are buying and to produce to market specification.”

– George Carter, Linton Stud seedstock producer, NSW



Sheep genetics

REACHING \$2 BILLION BY 2000

MLA’s investment in sheep genetics encompasses scientific capacity building; delivery of genetic improvement tools to producers; and genetic evaluation technologies including LAMBPLAN® and MERINOSELECT® – a joint MLA/Australian Wool Innovation (AWI) initiative. The combined MLA/AWI Sheep Genomics Program is another major collaborative project designed to identify sheep genes for improved animal health, welfare and productivity.

LAMBPLAN®

Established as Meatsheep Testing Services by the NSW Department of Primary Industries in 1980, the system became the national LAMBPLAN® project in 1989 with industry support. It was handed to the MRC in 1992 to facilitate commercialisation and industry ownership and MLA has continued that role.

LAMBPLAN®’s key outputs are Australian Sheep Breeding Values (ASBVs), which are calculated based on comparison with relatives and other animals. ASBVs predict individual animals’ ability to produce progeny that meet market specifications.

Investment:

- LAMBPLAN®/MERINOSELECT® – \$350,000 per year on average*
- Supporting R&D – \$1 million per year on average

Outputs: LAMBPLAN® genetics information and ASBV evaluation system

Outcomes:

- 70 per cent of terminal sire breed rams bought by commercial producers come from flocks that use LAMBPLAN®
- All major terminal, maternal and dual-purpose breeds in Australia use LAMBPLAN®

Impacts:

- Higher percentage (66 per cent) of lambs reach target market specifications
- Heavier carcase weights and leaner lambs (carcase weight is increasing by 0.25kg per year with almost no change in fat and bone as a result of genetic changes facilitated by LAMBPLAN® – see chart opposite)
- Higher crossbred ewe lambing rate and improved second-cross lamb carcase merit
- Significantly higher prime lamb productivity growth (about five per cent per year) compared with the overall sheep population¹

Merino Genetic Services (MERINOSELECT®)

From 1994, Merino Genetic Services provided Merino breeders and producers with information on the genetic potential of sheep through ASBVs, enabling them to select the best sire or dam for their breeding objectives across a range of commercial production and quality traits.

MERINOSELECT® replaced Merino Genetic Services with the formation of Sheep Genetics Australia in 2005 – a joint venture with AWI which provides a platform for standardisation, calculation and use of credible breeding information across all industry sectors.

Investment: See LAMBPLAN® investment

Outputs: MERINOSELECT® genetics information and evaluation system

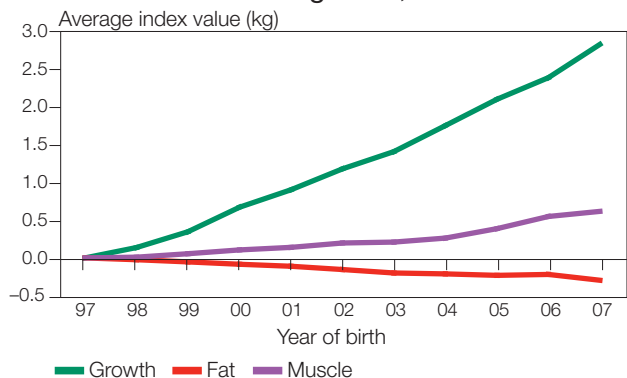
Outcomes:

- Merino breeders and producers have access to credible, accurate breeding information
- Approximately 25 to 30 per cent of Merino rams entering industry have MERINOSELECT® information and this proportion is growing
- Ram buyers are paying significant premiums to purchase Merino rams with ASBVs¹

Impacts:

- The rate of genetic progress in Merinos has increased significantly since 2000 and is now running at about 10 per cent of average gross margins per ewe per year¹

Standardised trends in growth, fat and muscle



¹ Harris, J & Ryce, C 2005, *Outcomes of MLA’s livestock production research and development*, MLA

* MLA investment only (nominal dollars)

Source: Sheep Genetics, 2008



A registered vaccine reducing OJD deaths by up to 90 per cent was a major output of the National OJD Program coordinated by MLA.

- A technology platform has been developed to pave the way for new parasite control agents.

- Investments across a range of projects have resulted in improved genetic use and nutrition to achieve the capacity to maintain lamb supply during extended drought and increase lamb turn-off despite a declining flock.

Sheep reproduction

REACHING \$2 BILLION BY 2000 AND \$2.8 BILLION BY 2005

Reproduction

From 1991 to 2007, MLA and its predecessors invested in R&D to equip producers to manage and improve lamb marking rates and ewe reproductive capacity. Specific outputs for the period 1990 to 1995 included genetic evaluation tools delivered through LAMBPLAN®; a Maternal Central Progeny Test to measure genetic variation in lambing rates; Management Solutions projects to explore genetics and grazing system interactions; and knowledge to develop superior ewe genetics using new perennial pasture systems under the EverGraze® initiative.

As few projects have focused on breeding alone, the investment summary below overestimates actual amounts specific to reproduction. However, evaluation indicates work in this field has helped producers to use genetics and ewe nutrition to achieve marking rate targets, and to make more informed choices. Not all producers or regions pursued an increased marking rate, reflecting local and individual preferences regarding optimal lambing times, the wool-meat balance, and supplementary feed and improved grazing management costs.

Investment:

- Maternal Central Progeny Test – \$750,000 over seven years*
- Management Solutions projects (Morelamb, LambMax and others) – \$2 million over five years*
- EverGraze® – \$2.5 million over five years*
- Sheep Genomics Program (refer p6), Maternal Temperament program, EDGEnetwork® courses and tools, Prime Time campaign (refer p9) – total investment \$3.5 million*

Outputs:

- ASBVs for various reproductive traits
- Best-practice guides, training courses and on-farm tools (eg Weaner Planner)

Outcomes:

- Steady genetic progress in weaning rate of major maternal breeds
- Improved producer capacity to manage weaning rate
- More precise management of ewe nutrition throughout the reproductive cycle

Impacts:

- Genetic improvement in lamb marking rate
- Increased lamb turn-off in the face of a declining ewe flock
- Capacity to maintain lamb supply during extended drought
- Capacity to increase lamb turn-off in favourable seasons

Sheep health

REACHING \$2.8 BILLION BY 2005

MLA's investment in animal health research has focused on internal parasite control; disease prevention and management; and nutritional/integrated management practices.

Parasites

Many internal parasites are costly to sheep production but resistant to drugs. MLA and AWI launched a research program in 2002 to create commercially available sheep worm control technologies to address this issue. Projects have employed leading biochemical, genomic and proteomic technologies to investigate the most economically damaging parasites and their interface with the host.

Investment: \$4 million joint MLA/AWI investment over four years

Outputs: Knowledge of potential new parasite control targets

Outcomes: A technology platform for further applications in genomics and post-genomics of globally significant pathogens

Impacts: Dependent on co-investment with pharmaceutical companies to further develop new parasite control agents

Ovine Johne's disease (OJD)

Since 1998, MLA has provided critical overall coordination of the National OJD Program.

OJD is caused by bacteria that infect the intestinal wall and can result in death. The annual cost to Australian producers is estimated at \$53 million.

Investment: Total \$19 million joint investment with Animal Health Australia (AHA), the Australian Government and research partners, including a \$2.5 million MLA contribution

Outputs:

- Registered OJD vaccine
- Livestock movement recommendations
- Grazing management strategies
- OJD on-farm management guides

Outcomes:

- Capacity to reduce OJD deaths by up to 90 per cent
- Capacity to reduce pasture contamination
- Disease control
- Improved understanding and management of OJD

Impacts:

- Increased trading options
- Mitigated economic loss (estimated at \$7.68 per dry sheep equivalent (DSE))¹

¹ Harris, J & Ryce, C 2005, *Outcomes of MLA's livestock production research and development*, MLA

* MLA investment only (nominal dollars)

- More than 80 per cent of Sustainable Grazing Systems participants claimed changes to their grazing systems would increase sustainability and profitability.
- More than 80 per cent of PROGRAZE® participants predicted grazing and pasture management changes would improve profitability and 95 per cent anticipated improved sustainability.

“Grain & Graze® gave us the confidence to graze two 38-hectare Gairdner barley paddocks last year before the start of stem elongation, helping to fill the winter feed gap without compromising grain yield.”

– Nathan Scott, Peel Agriculture livestock manager



Sheep nutrition

REACHING \$2 BILLION BY 2000

MLA's investment in nutrition research aimed to: understand animal nutrition needs and the effectiveness of various options on production; assess diet quality; and increase pasture utilisation.

Sustainable grazing systems

In 1996, MLA and partners including Land and Water Australia (LWA) and the Murray Darling Basin Commission developed the five-year Sustainable Grazing Systems (SGS) program to address declining pasture productivity and sustainability in southern Australia's high rainfall zone. The SGS program trained and entrusted respected producers to direct R&D addressing local issues.

Investment: \$2 million per year, with total funding of \$10 million over five years (1996 to 2001)*

Outputs:

- Experiment model to investigate interaction between production and sustainability variables
- Regional producer network
- SGS National Farm Walks (attracted 6,400 producers and involved 135 sites)

Outcomes:

- Up to 8,000 producers adopted changes to grazing systems following SGS participation¹

Impacts:

- 81 per cent and 85 per cent of SGS participants said changes would increase profitability and sustainability, respectively¹

REACHING \$2.8 BILLION BY 2005

PROGRAZE®

Developed by NSW Agriculture to teach producers pasture and animal assessment for grazing management, PROGRAZE® is now delivered through MLA's EDGENetwork® program.

Investment: Actual cost since 1999 \$1 million*

Outputs: More than 11,000 producers have participated in a PROGRAZE® workshop¹

Outcomes:

- 41 per cent of participants have adopted rotational grazing¹
- 62 per cent of participants changed grazing practices¹
- 48 per cent of participants changed pasture management¹

Impacts:

- Increased profitability predicted by 86 per cent of participants¹
- Improved pasture base sustainability predicted by 95 per cent of participants¹

¹ MLA 2008, *Economic Evaluation of Lamb Production RD&E Investment 1990/91 – 2007/08*

² Price, R 2008, *G & G Program Report*

* MLA investment only (nominal dollars)

Grain & Graze®

A joint initiative between MLA, the Grains Research & Development Corporation (GRDC), AWI and LWA, the Grain & Graze® research and extension program (2003 to 2008) encouraged producers to implement management changes to increase crop, pasture and animal production while enhancing natural resource condition.

Investment: \$6.3 million over five years from 2003*

Outputs:

- More than 8,000 producers were actively engaged in Grain & Graze® program activities²
- More than 5,000 producers trialled Grain & Graze® recommended practices²
- More than 200 publications, products and information tools²

Outcomes:

- More than 3,200 producers adopted recommended practices²
- 800 participants improved farming practices on Grain & Graze® advice¹
- New enterprises or production processes introduced to existing farming systems

Impacts:

- Average nine per cent profit increase from adoption of Grain & Graze® recommended practices¹
- Five per cent crop production profitability increase
- Improved climate risk management and environmental benefits

EverGraze®

A joint initiative of MLA and the former Cooperative Research Centre for Plant-based Management of Dryland Salinity, the EverGraze® program researches new livestock systems by combining improved animal genetics and management approaches with different perennial pastures to meet year-round nutritional needs and reduce groundwater recharge to control salinity.

Investment: \$3.4 million over five years since 2004*

Outputs:

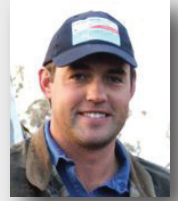
- New perennial based grazing systems knowledge transferred to 4,243 producers and 2,429 advisors
- 58 demonstration sites in conjunction with regional natural resource management bodies
- 16 producer publications; EverGraze® database (2,450 members)

Outcomes:

- Improved knowledge to extend growing seasons with new pastures and improve continuity of lamb supply
- Stimulation of new research to improve lamb production efficiency

- EDGENetwork® participants reported a four-to-five per cent increase in short-term productivity and long-term profitability increases of up to 12 per cent.
- MLA's 'Prime Time' campaign was instrumental in boosting prime lamb production to meet export demand for sheepmeat and influenced a 13 per cent increase in lamb numbers.

“As a result of attending a Prime Time forum, we are aiming for higher weaning weights, improved paddock management and finishing lambs earlier.”



– Lachie Stewart, SA prime lamb producer

Sheep management and adoption

MLA's investment in management has focused on facilitating industry change and improving production and marketing through information materials, workshops, forums, on-farm trials and demonstration sites. Participants rated MLA's R&D communication and extension programs as very positive (71 per cent), with 54 per cent reporting increased profitability or reduced cost of production.¹

REACHING \$2 BILLION BY 2000

Value-based marketing

Value-based marketing was used to support producers in understanding: how to produce what the market wants; how to understand price grids and utilise forward contracts; and the advantage of selling lambs through value-based marketing systems.

Investment: \$4.4 million*

Outputs:

- Prime Lamb Key Program (1989 to 1994) – showed producers how to produce and market elite lambs to specification
- Lamb Consistency Key Program (1995 to 1999) – focused on consistency of quantity and quality

Outcomes:

- Promotion of lamb industry developments along the supply chain
- Evaluation and commercialisation of objective online carcase measurement systems
- 34 per cent increase in the proportion of lambs supplied using value-based marketing systems between 1994 and 2004 (40 per cent)¹
- More even lamb turn-off throughout the year

Impacts:

- A higher proportion of lamb product met market and consumer requirements

EDGENetwork®

Developed in 1998 in partnership with the Victorian Department of Natural Resources and Environment, the EDGENetwork® extension program enables MLA to communicate R&D outcomes to assist on-farm decision-making and technology adoption.

Investment: \$3.5 million since 1999 (net of income received from EDGENetwork® course participants)*

Outputs: More than 6,000 producers have participated in EDGENetwork® workshops

Outcomes:

- 75 per cent of EDGENetwork® participants have changed at least one management practice (increasing pasture production, stocking rates, natural resource management, business planning)²

Impacts:

- Four-to-five per cent increase in short-term productivity²
- Long-term profitability increases up to 12 per cent²

REACHING \$2.8 BILLION BY 2005

Prime Time

Developed in conjunction with the Sheepmeat Council of Australia, the Sheep Industry CRC and private sector partners, MLA's 'Prime Time' campaign was launched in 2003 and aimed to meet growing export demand by empowering producers to take advantage of proven breeding, feeding and management technologies that required little or no cost and would accelerate productivity.

Investment: \$1.6 million over three years since 2003*

Outputs:

- 60 Prime Time producer forums across Australia (2003 to 2005)
- Prime Time information distributed to about 18,000 producers²
- About 7,000 producers engaged with at least one Prime Time activity²

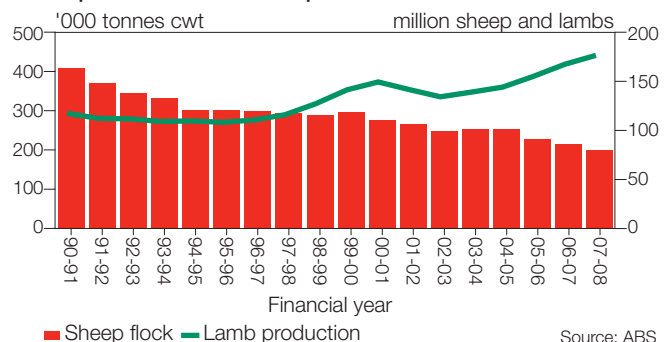
Outcomes:

- 67 per cent of producers who participated in Prime Time or Making More from Merinos changed management practices³
- Mixed farmers' use of LAMBPLAN® ASBVs rose from nine per cent to 42 per cent, use of Merino Genetic Services ASBVs jumped from six per cent to 28 per cent, and use of PROGRAZE® principles doubled from six per cent to 12 per cent³
- 75 per cent of mixed farmers affirmed higher sheep productivity could be achieved without affecting grain production³

Impacts:

- 16 per cent increase in ewes mated to produce Merino lambs³
- Forecast five per cent increase in ewes joined to produce prime lambs³
- 13 per cent increase in estimated lamb numbers³
- Up to 25 per cent increase in expected lamb sales³

Sheep flock and lamb production



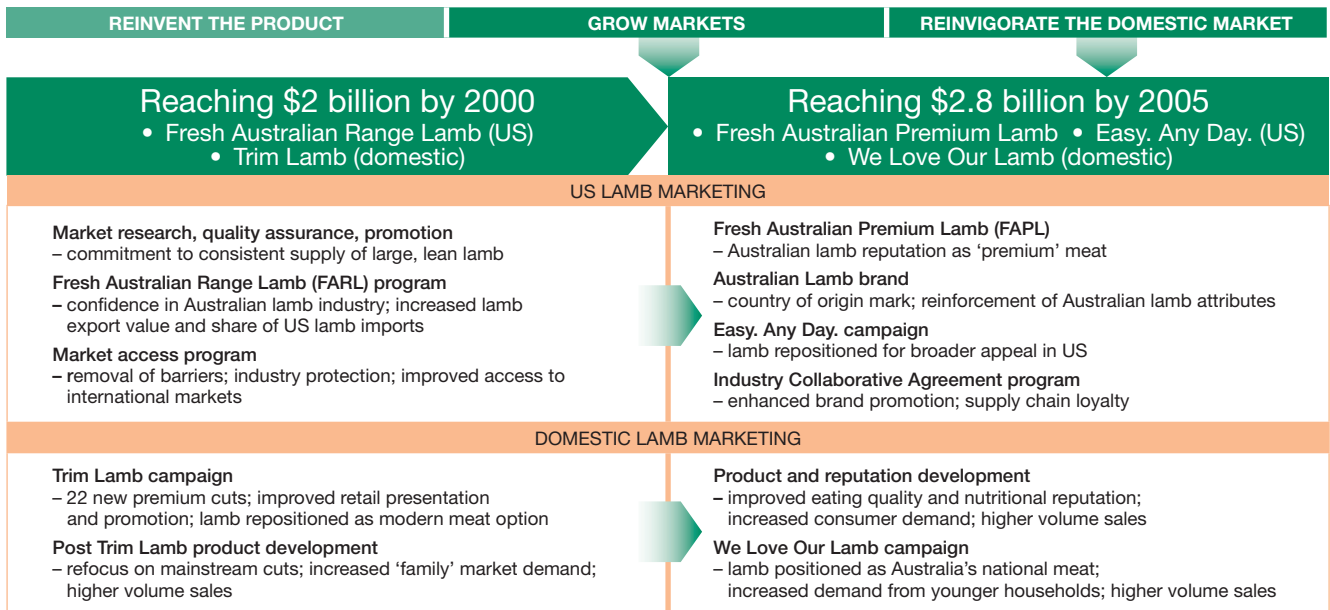
Source: ABS
¹ Axiom Research 2007, *Meat & Livestock Australia Awareness & Adoption KPI Evaluation 2007*
² MLA 2008, *Economic Evaluation of Lamb Production RD&E Investment 1990/91 – 2007/08*
³ Harris, J & Ryce, C 2005, *Outcomes of MLA's livestock production research and development*, MLA
 * MLA investment only (nominal dollars)

AGGRESSIVE PROMOTION IN THE MARKET PLACE

- The 'Trim Lamb' campaign introduced new cuts and trimming practices to address declining lamb popularity.
- The 'We Love Our Lamb' domestic marketing campaign positioned lamb as Australia's national meat.
- The 'Easy. Any Day.' US marketing campaign positioned lamb as a product that was easy to prepare to boost consumer appeal.



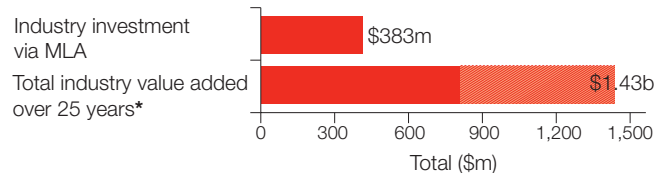
Mother's Day lamb promotion in Australia.



Aggressive promotion increases lamb demand and value

The \$383 million invested by MLA's Lamb Marketing program between 1991 and 2007 has improved lamb quality, satisfied international taste preferences and differentiated Australian lamb in export markets. These developments have had a positive influence on industry and consumer attitudes towards lamb, contributing to increased demand, higher prices and an additional \$1.43 billion in industry value added†.

Benefits from Lamb Marketing program (net present value 2007)



Source: CIE

FAST FINANCIAL FACTS†

Total Lamb Marketing program

- Industry investment via MLA 1991 to 2007: \$383 million
- Total industry value added over 25 years*: \$860 million - \$1.43 billion at the farm gate
- Benefit-cost ratio: 2.2-3.7:1

AMLC/MLA marketing support and industry development initiatives ensured supply continuity that underpinned year-round consumption in the domestic market and the substantial growth of Australian lamb exports to the US.

The 'We Love Our Lamb' campaign positioned lamb as Australia's national meat while the 'Easy. Any Day.' campaign repositioned lamb in the US to generate broader appeal.



† All results are net present values in 2007 dollars

* 1990-2015: high and low net present values based on assumptions and sensitivity analysis on page 4

- Australian lamb exports quadrupled between 1994 and 2007, and now represent 45 per cent of industry production – up from 15 per cent in 1990.

- Australia has emerged as the world’s largest exporter of red meat and livestock and the US remains Australia’s dominant lamb export destination.



The growth of a dominant lamb export destination

Strong industry marketing differentiated Australian lamb in export markets by emphasising Australia’s clean, natural image and reputation as a reliable supplier of safe, quality meat.

AMLC then MLA, together with producers and exporters, developed a strategy to expand lamb sales to the US based on research and industry consultation that showed US consumers preferred cuts from large, lean lambs.

Under the AMLC co-funded Market Access program, MLA worked with government and industry to remove barriers to key international markets and defend the industry against economic and technical issues threatening existing access conditions (see evaluation brochure 1.2 *Maintaining and liberalising access to world meat markets*).

Australia is the world’s largest exporter of red meat and livestock, exporting to more than 100 countries. The US remains Australia’s dominant lamb export destination.

Growth in overseas demand for Australian lamb has predominantly been driven by:

- increased production of heavier, leaner meat breed lambs designed primarily to meet the needs of the US market
- improved market access – reduced US import restrictions since 2002 and a reduction of tariffs in Japan, China and Taiwan
- falling lamb production in the US and EU.

Australian lamb exports have increased four-fold from \$A190 million in 1994 to \$A823 million in 2007, and represent 45 per cent of industry production – up from 15 per cent at the beginning of the past decade.¹

Global diversification/international marketing and market access are tackled by separate MLA evaluation reports: 2.3 *Developing new markets and products* and 1.2 *Maintaining and liberalising access to world meat markets* respectively.

¹ DAFF volumes, ABS values, MLA forecasts - 2007

REACHING \$2 BILLION BY 2000: FARL

Overseas key to vibrant lamb industry

While growing demand in the domestic market was fundamental to the Australian lamb industry’s revitalisation in the late 1980s, MLA, SCA and exporters also recognised significant export potential.

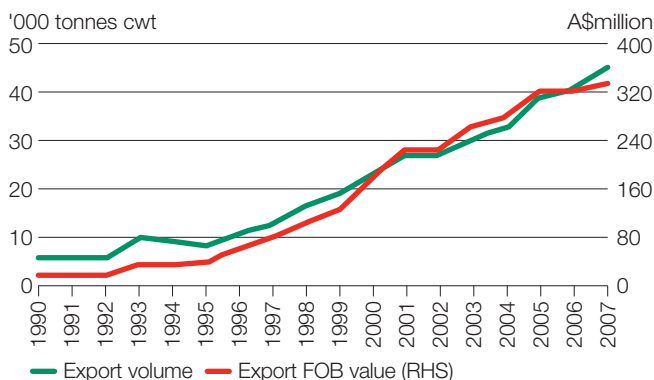
Traditional European lamb eating markets were restricted by tariff rate quotas, however the higher per capita disposable income and expanding consumer base in the US represented a strong untapped market.

Targeted efforts to build a substantial market for Australian lamb in the US took advantage of market conditions:

- The US lamb industry was in terminal decline due to production constraints and failure to meet customer preferences.
- Surging sheep numbers in Australia triggered concerns about market prospects for increased sheepmeat production.
- The New Zealand sheepmeat industry focused on the EU market where it enjoyed preferential access. Small carcass size and seasonal production restricted its capacity to seize US opportunities.

Since developing the initial strategy to build the US market, AMLC then MLA have provided ongoing funding and on-ground personnel who have worked closely with supply chains to support marketing activities in the US.

Australian lamb exports to the US (1990-2007)



Source: USDA



“FARL focused on providing a premium quality product – chilled, cut, trimmed to minimum basic specifications and branded only by accredited Australian exporters. It kicked off the industry’s strong growth of value-added, fresh lamb exports to the US.”

– Craig and Neville Newton, Southern Meats

- The US lamb marketing program boosted awareness of Australian lamb's quality and safety attributes.

- A heightened commitment from producers and processors to provide more consistent quality and supply, strengthened Australia's market share.

In-store tasting and education is a key tactic to increase awareness of Australian lamb in the US.



Marketing lamb to the US

REACHING \$2 BILLION BY 2000: FARL

Research informs marketing plan

The 1980s strategy to expand lamb sales to the US was based on market research and industry consultation that found:

- US consumers preferred cuts from large, lean lambs but were unfamiliar with how to cook lamb
- a lack of retail availability and high prices had limited demand
- a consistent, regularly available lamb product had a lot of potential
- retailers required a chilled product.

Recommendations to undertake trade and consumer education and promotion; implement quality assurance; establish a more consistent supply; and develop a product tradename were adopted. The 'Fresh Australian Range Lamb' (FARL) program was launched in 1988 to accredit exporters, importers and retailers to use the FARL quality assurance mark. FARL was a precursor to US-based trade development, merchandising support and sales growth.

REACHING \$2.8 BILLION BY 2005: Easy. Any Day.

Strategy adapts to changing times

Legal advice determined that 'range' implied Australian lambs were raised only on pasture. Grain finishing was not common, but not all lambs raised for the US were entirely pasture fed. In 2000 the FARL logo was adapted in response to enforcement of US truth in labelling laws and 'Premium' was substituted for 'Range'.

In 2003, stakeholders claimed the 'Fresh Australian Premium Lamb' (FAPL) brand elevated Australian lamb as an 'elite', expensive product, and a 2004 MLA review concluded that the FAPL program should enter a new phase.

A new era for US lamb marketing

In 2005 the FAPL logo was replaced with the 'Australian lamb' logo – a country of origin mark that is used in all generic marketing campaigns. Today the North American program balances generic marketing and promotion of company brands through the Industry Collaborative Agreement (ICA) program. Generic marketing aims to increase consumption by positioning Australian lamb as an 'Easy. Any Day.' meal option, while the ICA program focuses on growing sales through established channels with costs split between MLA and suppliers. It promotes loyal supply chains, builds brands through targeted promotion and in-store advertising, and fosters business development.



A new tradename/logo was developed to differentiate Australian lamb in the US market.

Collaboration = market development

The Australian lamb program in the US has historically relied on collaboration between producers, processors and exporters, the US trade and AMLC/MLA. Today collaboration is embodied in the ICA program, whereby exporters and importers consult with MLA and work with US retailers to market Australian lamb.

US export performance

Australian lamb exports to the US have increased in carcase weight terms from around 6,000 tonnes in 1990 to about 57,000 tonnes in 2007 – an average annual increase of 14 per cent. Over this time, the value of lamb exports to the US has increased from about A\$18 million to US\$335 million, or an average of 22 per cent per year. Between 1990 and 2007, Australia's share of total US lamb imports grew from 53 per cent to more than 72 per cent.

There was a significant compositional shift in Australian lamb exports to the US between 1990 and 2007:

- Chilled lamb accounted for about 44 per cent of total exports in 1990 and exceeded 70 per cent by 2007.
- Prices for chilled lamb rose between 1990 and 2007, and are now almost 80 per cent higher than frozen product.
- The Australian share of the boneless lamb market rose from 11 per cent in 1990 to 26 per cent in 2007.
- Average free on board (FOB) prices received by exporters increased from A\$3.10 per kilogram in 1990 to \$7.43 in 2007 in nominal terms (almost seven per cent per year on average).

While prices in recent times have been tempered by the appreciating Australian dollar, a key driver for increased prices in the US has been the move to chilled product, along with a shift from a largely carcase-based trade to a cuts-based trade.

Export marketing strategy boosts confidence

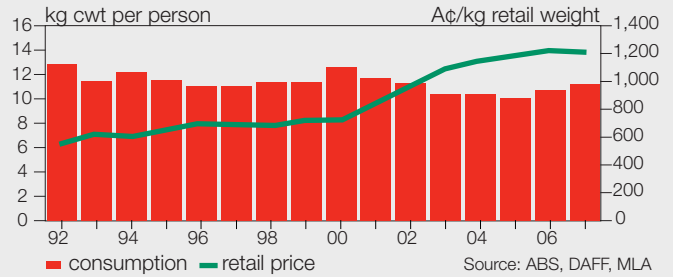
The comprehensive marketing strategy developed by AMLC in the 1980s attracted attention from distributors and introduced specifications that established reliable quality standards, giving potential customers confidence to stock Australian lamb.

Coordinated partnerships between AMLC, and exporters and importers such as the Australian Lamb Company, Foodcomm International and Superior, were instrumental in securing access to prospective US clients and developing the distribution capability to provide continuity of supply. FARL lamb sales expanded as new retail chains emerged as a result of cooperation between AMLC staff in the US and participating exporters.

Under Industry Collaborative Agreements (ICAs), which now account for about 50 per cent of the US lamb marketing program's expenditure, exporters and importers work with collaborating US retailers to promote consumer awareness of Australian lamb brands through targeted advertising and promotion.

- The new 'Trim Lamb' range of premium cuts drove higher volume and demand among younger households, and established lamb as Australia's national meat.
- Lamb marketing, eating quality improvements and research confirming red meat's health benefits contributed to higher demand and prices, generating \$644 million added value to the Australian lamb industry.

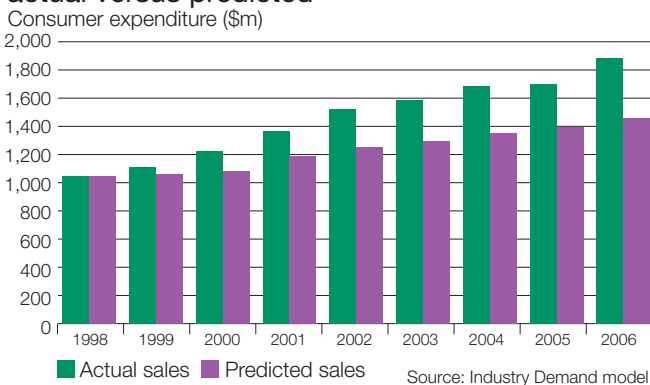
Domestic lamb consumption and price



Promoting lamb to the domestic market

The \$263 million invested by MLA's Domestic Lamb Marketing program between 1991 and 2007 introduced consumers to 'Trim Lamb' premium cuts, drove higher volume and demand among younger households, and established lamb as Australia's national meat. Domestic marketing activity, together with eating quality improvements and research that confirmed health benefits connected to red meat, facilitated retail value-adding and promotion. This contributed to increased local demand, higher prices and an additional \$644 million in industry value added.[†]

Consumer expenditure on lamb 1998-2006: actual versus predicted



[†] All results are net present values in 2007 dollars

REACHING \$2 BILLION BY 2000

Modernising lamb

Domestic lamb marketing undertaken by MLA's predecessor, AMLC, from 1991 to 1998 aimed to reposition lamb as a modern meat option that could compete with other products.

This strategy involved the development of 22 new lamb cuts, communication of associated benefits and profit potential to the retail and food service sectors, and consumer promotion of new-look cuts.

Product development

The new 'Trim Lamb' range initially consisted of 14 premium cuts that were trimmed of fat, boneless and endorsed by the National Heart Foundation.

'Trim Lamb' provided scope for retail prices to rise, allowing higher margins to flow along the marketing chain. Importantly, it could be sourced only from lamb 18 kilograms or more with a fat score of 2 to 3. This weight specification, which represented 45 per cent of total Australian production, was the minimum for adequate portion size, while the fat specification provided retailers with a higher yielding, more profitable carcass.

Product development continued beyond the initial 'Trim Lamb' launch, producing a variety of cuts including the 'Easy Carve Lamb Leg', forequarter entertainer cuts and lamb mince.



Woolworths welcomes changes to lamb

MLA's Lamb Marketing and on-farm programs have significantly boosted supermarket confidence to market lamb. The signals that producers are receiving from the domestic marketplace on quality expectations, coupled with increased export demand, have been responsible for driving higher carcass quality and meat yields, and have addressed drought-related issues in many regions of Australia in a proactive manner.

Woolworths Business Manager Lamb, Robert Carratt, says that the new confidence in consistent lamb supply and increased meat quality has allowed a wider range of value-added lamb to be sold in supermarkets.

"The advent of products such as the butterfly marinated lamb roast, corned lamb silverside and oven-ready roast lamb are ensuring that lamb remains contemporary and delivers what we believe our customers want," Mr Carratt says.

"Lamb is a very significant component of our business and we are excited about the breadth of opportunities that exist. The joint initiatives of Woolworths and MLA are important to maintain and drive further sales and profitability."

- Robert Carratt, Business Manager Lamb, Woolworths Supermarkets

- Domestic marketing stimulated interest and built consumer loyalty by improving product quality and cut variety year-round.
- Improvements in eating quality inspired a greater commitment to value-adding at retail level, driving higher profits.

Retail offer improves after a shaky start

Most independent retail butchers did not support or offer 'Trim Lamb' following its initial launch due to factors including:

- their failure to understand that 'Trim Lamb' was not a replacement for traditional lamb
- their inability to appreciate the product's potential profitability
- higher production costs linked to the length of time required to bone out carcasses and fabricate cuts
- perceptions that consumers were unwilling to pay a premium for 'Trim Lamb'.

Conversely, supermarkets recognised that stocking shelf-ready vacuum-packed or modified atmosphere packaged (MAP) 'Trim Lamb' products was an opportunity to further meet consumer needs.

Effective communication and capacity building gradually wooed independent butchers. The 'Trim Lamb Selected Butcher' campaign, launched in 1993, was a business-building program offered exclusively to retailers who supported 'Trim Lamb', while the 'New Trim Lamb' test market program, launched in 1996, provided training in fabrication, merchandising and pricing.

Foodservice

The foodservice sector responded positively to 'Trim Lamb', quickly recognising the product's potential for portion control, minimal plate wastage, shorter preparation time and easier cooking.

Key foodservice wholesalers reported significant increases in 'Trim Lamb' sales – some exceeding 2,000 kilograms per week.

“Since we introduced the ‘Trim Lamb’ products in 1992, demand has been unprecedented and our profit margins have increased.”

– Brendan Watts, Melbourne butcher



REACHING \$2 BILLION BY 2000: Trim Lamb

Ads show consumers lamb has ‘changed its ways’

A major advertising program supported lamb product development throughout the 1990s. The 1991 launch introduced the 'dog in the window' concept, which communicated that 'Trim Lamb' had no fat or bone. Tracking showed that 85 per cent of consumers perceived 'Trim Lamb' to be low in fat; 70 per cent believed it was healthy and nutritious; and 66 per cent regarded it as easy to prepare.

This initiative evolved to support activities in the foodservice sector from 1993, and to launch the 'Easy Carve Lamb Leg' family meal in 1994. A new-look campaign, 'Lamb – the Multicultural Meal', was also introduced in 1994 and focused on new cuts, flavours and ease of preparation in the context of international cuisine such as souvlaki and tandoori.

The 'Trim Lamb' campaign was the keystone of lamb advertising throughout most of Australia until 1998. In Victoria, advertising supported the 'New Trim Lamb' test market from 1997.

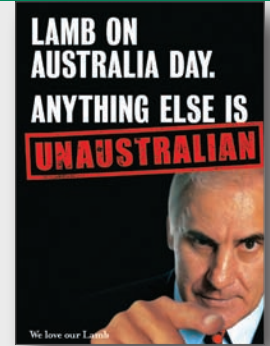


The 'dog in the window' advertisement effectively communicated that 'Trim Lamb' had no fat or bone.

Five principles of lamb marketing

The challenge to position lamb as a relevant meal choice for contemporary Australians prompted the development of five marketing principles which are the backbone of the 'We Love Our Lamb' campaign:

1. Lamb needs a distinctive voice.
2. Lamb needs year-round activity.
3. The volume opportunity is with mainstream families.
4. The volume is with mainstream cuts.
5. Integration of all activity is vital.



Modified plan boosts lamb volume and demand

REACHING \$2.8 BILLION BY 2005:
We Love Our Lamb

Taking lamb to the masses

Roy Morgan research conducted for MLA in 1999 revealed lamb's staple buyers were older households. The findings presented a problem for the lamb industry going forward, and the strategy was modified to drive increased lamb volume and demand among mainstream consumers from 1999.

Promotional activity – principles in action

The mission to target families with lamb chops and roasts year-round was tackled using marketing initiatives to drive demand, and tactical spikes to attract non-routine buyers and grow the customer base.

Brand work

Brand activity expanded lamb's core customer base by targeting younger household groups with highly focused communications. Under the 'We Love Our Lamb' campaign, a new 'Veg Goth' commercial was directed at families with teenage children while a 'Hands' commercial targeted families with young children. The 'Stuart' commercial hinted that lamb enthusiasts would invite an imaginary friend to dinner to guarantee an extra serve. The ad achieved high awareness among the target family audience.

Tactical work

Leveraging events on the Australian calendar to seize tactical opportunities for lamb also proved a successful approach.

Australia Day

Australia Day has become a major springboard for the lamb message since 2000, with television campaigns including the 'Lamb's Australia's Fare' parody of the national anthem and commercials featuring outspoken personality Sam Kekovich helping to position lamb as an iconic Australian meal.

Leading market research agency Millward Brown concluded the ads usually attract more than 50 per cent recognition using low media spend, with 89 per cent of consumers definitely remembering the brand advertised as lamb against a benchmark average of 62 per cent. The ads successfully communicate "Australia's national meat" to 90 per cent of consumers, and lamb has surfaced as the meat most associated with the declaration "Is loved by Australians"¹ (increasing from 55 per cent² to 74 per cent between 2001 and 2008).

Spring

Traditionally a period for peak supply and brand communication, Spring has emerged as a strong tactical opportunity for MLA. The 'Falling in Lamb' commercial (2007 and 2008) – a romantic comedy spoof in which two people fell in love over lamb – was measured by Millward Brown as well above average for consumer

impact, with 79 per cent definitely remembering the brand advertised (against a benchmark average of 62 per cent).³

Mother's Day

MLA's Mother's Day crusade has given lamb another hook in the calendar, with recognisable campaigns such as 'Dog in the window' pitching a lamb roast cooked by the family as "the perfect gift for Mum".

The 'Lâm' television commercial – a take on women's fragrance advertising introduced in May 2006 – generated increased top-of-mind awareness of lamb and helped to boost servings during the period. Brand recognition associated with this television commercial was also high, with 90 per cent of viewers linking it to lamb.⁴

Other tactical opportunities

News events have also sparked tactical opportunities. MLA produced newspaper advertisements and butcher posters linked to the 2004 Federal Election, the Sydney and Athens Olympic Games, and the marriage breakup of Tom Cruise and Nicole Kidman.

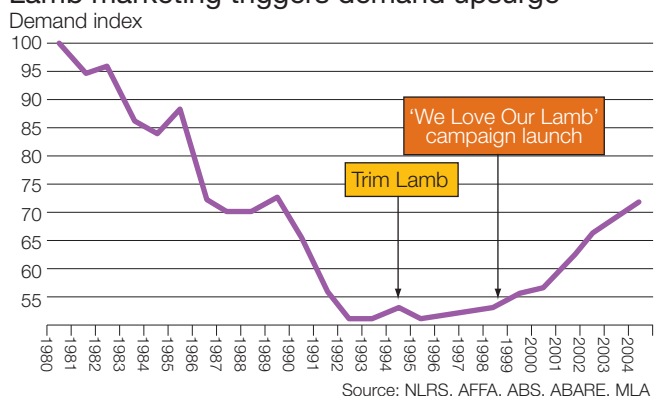
Raising the retail lamb offer

Retail lamb activities have predominantly centred on increasing adoption of consumer campaigns and point-of-sale installation, with initiatives such as the Australia Day campaign boosting retail awareness and contributing to positive sales reports.

Improvements in eating quality have enabled retailers to dramatically increase the number of value-added product launches in major supermarket groups. Smaller outlets have also displayed a greater commitment to value-adding, with items such as barbecue shoulder cuts and multicultural flavoured lines driving higher prices and profits.

Retail confidence in lamb is strong across all channels and support for the lamb marketing campaign has not waned despite soaring prices for high-yielding carcasses.

Lamb marketing triggers demand upsurge



¹ Millward Brown 2008, *October 07-January 08 Tracking Presentation*

² The Leading Edge 2002, *Lamb Tracking 2002*

³ Millward Brown 2007, *July-September 07 Tracking Presentation*

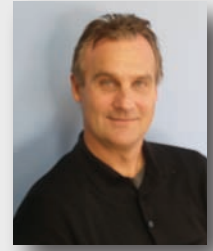
⁴ The Leading Edge 2006, *Advertising Evaluation-Lâm*

LESSONS LEARNED

- Market and product research, demand and supply integration, and R&D extension underpinned lamb's reinvention.
- Industry collaboration influenced eating quality improvements, value-adding and marketing to reinvigorate the domestic market.
- Government and industry engagement facilitated international market access essential to export growth.

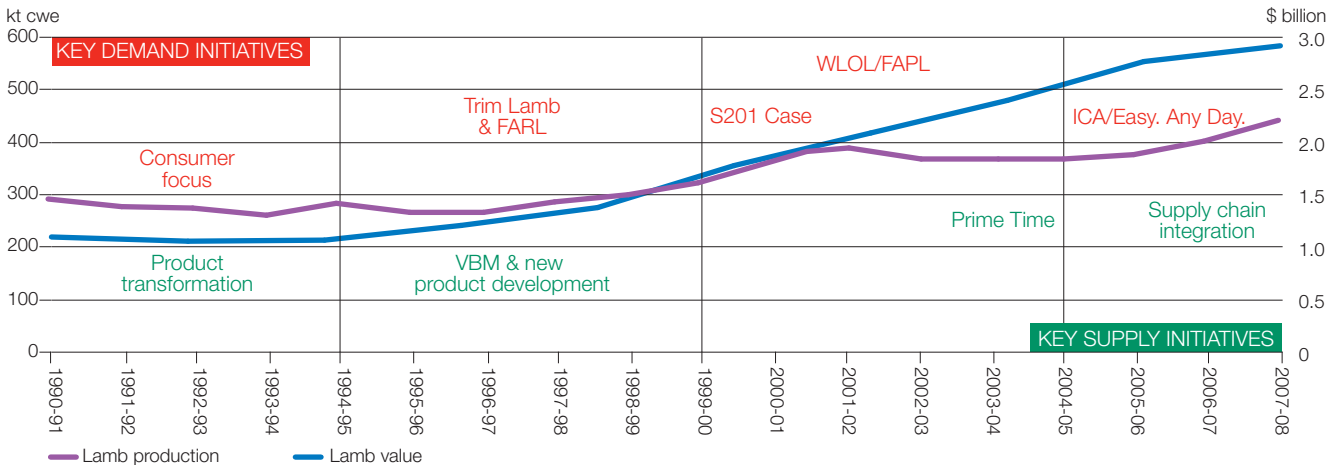
“The collaboration between AMLC/MLA, exporters and importers represented a coordinated approach to marketing that was instrumental to US market access.”

– Gary Castricum, Castricum Brothers



Lessons in reinvention, reinvigoration and growth

Lamb production over time – industry evolution & revolution



The chart above tracks the transition of the lamb industry from reinventing the product to reinvigorating the market, growth and global expansion towards market diversification. Each stage of this journey has been facilitated by key industry and MLA initiatives that have integrated emerging market opportunities with the development of an export-oriented specialist prime lamb industry.

Source: ABS, DAFF, MLA estimates

REACHING \$2 BILLION BY 2000

Reinvent the product

Market research identified domestic and international preferences, while product research equipped the industry to meet requirements for large, lean lambs; move to dedicated lamb processing; and develop trim, versatile cuts. Demand and supply integration was fundamental to industry revival, however this also rendered it difficult to separate each stakeholder group's contribution to documented outcomes. Collaboration with DPIs was significant; apart from facilitating research and adoption of R&D outputs, state DPIs maintained research facilities critical to delivery of R&D outcomes.

Reinvigorate the domestic market

Transforming retail supply from lamb carcasses to cuts and generating consumer demand required collaboration between AMLC/MLA and industry: on-farm and retail. Engagement to communicate domestic expectations encouraged producers to turn out higher carcase quality and meat yields, which influenced value-added retail products. The 'Trim Lamb' campaign introduced new cuts and trimming practices to address the lamb popularity slump. Re-focusing on mainstream cuts to renew appeal within the family market, MLA discovered that value-adding to drive retail interest required groundwork to enhance eating quality and substantiate nutritional benefits.

Grow markets

Engagement with government and industry was necessary to overcome barriers, economic and technical issues impeding international market access. AMLC/MLA marketing and distribution support helped to sustain supply and export growth.

REACHING \$2.8 BILLION BY 2005

Reinvent the product

R&D extension enabled MLA to maximise outcomes from its on-farm investment, encouraging adoption of new technologies and a production shift towards large, lean lambs. This approach was key to ensuring the development of a specialist industry.

Reinvigorate the domestic market

The Australian lamb industry's turnaround was dependent on comprehensive marketing to popularise lamb as Australia's national meat. Leveraging media and community interest and seizing tactical promotion opportunities was a valuable lesson and MLA has continued to build on this approach. Eating quality improvements attracted retailer interest and motivated value-added products attracting higher prices. Focusing on the core product's potential and cementing retailer confidence in lamb has ensured ongoing marketing support.

Grow markets

The use of 'Premium' in the 'Fresh Australian Premium Lamb' (FAPL) brand typecast lamb as an elite product in the US. The 'Easy. Any Day.' marketing campaign repositioned lamb to appeal to a broader consumer base. Industry collaborative agreements (ICAs) – 50:50 funding between MLA and private companies – were instrumental in enhancing generic and private brand lamb promotion in the US.

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