# Australia

## MARKET SNAPSHOT | BEEF & SHEEPMEAT

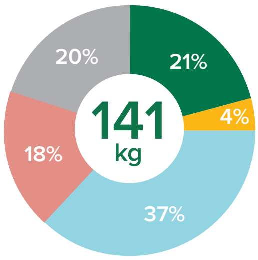
MEAT & LIVESTOCK AUSTRALIA

### MARKET
Largest single market for Australian beef and lamb

### CONSUMERS
Diverse pool of consumers who appreciate a range of red meat

### GROWTH
'Trusted quality' that's 'easy everyday' with options that fit all budgets

### Meat consumption per capita[1]

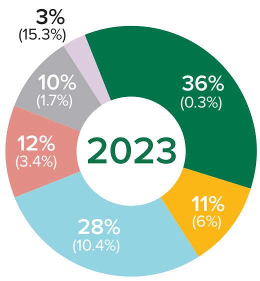



### Annual restaurant and grocery spend[2]

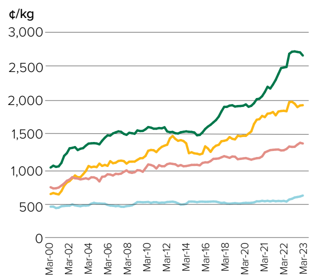
A$ 3,697 per person/year

A$ 5,636 per person/year

### Retail fresh meat value share (YOY % change)[3]

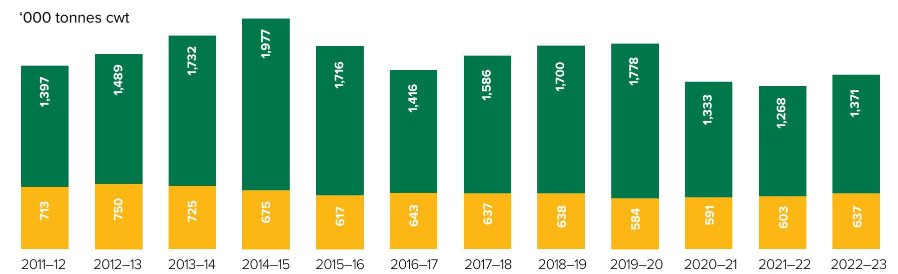



### Australian retail meat price[4]

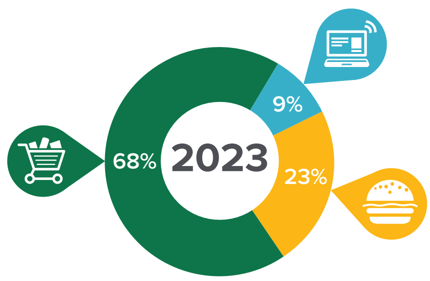



The Australian domestic market is the largest destination for Australian beef, consistently consuming almost 30% of total beef production volume.

### Beef domestic utilisation[5] (share of produced volume)

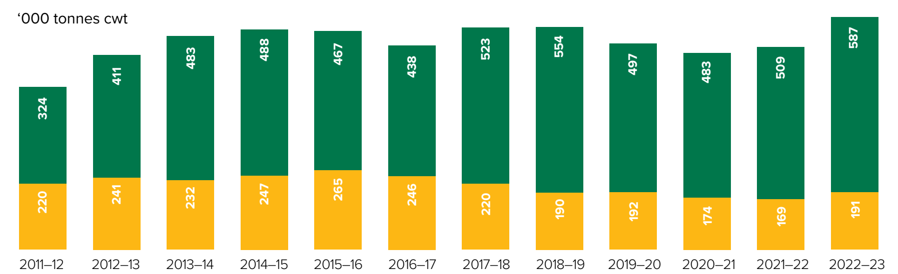



### Beef channel utilisation[6] (share of volume)

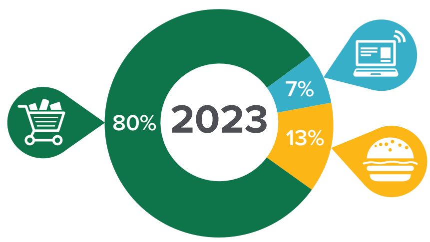



Australia is also the largest market for Australian sheepmeat, consuming about 35% of total production. Lamb occupies 95% of domestic distribution, while the majority of mutton produced is exported to overseas markets.

### Sheepmeat domestic utilisation[5] (share of produced volume)




### Sheepmeat channel utilisation[6] (share of volume)




*Data source for charts: [1]Fitch Solutions, GIRA 2024f, [2]IGD, 2024f (Grocery spend defined as the total annual grocery retail market turnover in given year, divided by the population for the same year. Grocery retail market data excludes VAT/sales tax, Restaurant spend defined amount of spending on restaurants and hotels (food outlets, restaurants, catering services and accommodation services) divided by the population for the same year), [3]NielsenIQ Homescan, MAT to 10/09/2023 (year-on-year change), GIRA 2022f (per-person-per-year in cwt excluding fish/seafood), [4]ABARES, calculated using ABS data, [5]DAFF, ABS, IHS Markit, MLA calculations, [6]MLA Estimates 2023, [7]ABARES, calculated using ABS data*

# Beef

## CONSUMERS

- Australian consumer demand for beef is impacted by many factors such as demographic shifts, personal financial situations and changes in attitudes and beliefs towards food – influenced by family, friends and the media.
- The overall awareness and purchase rate of beef is high amongst Australians. It is the #1 'top of mind' protein type, more than twice that of chicken and more than four times that of pork *(Source: Kantar Brand Funnels Report Q2 2023)*.

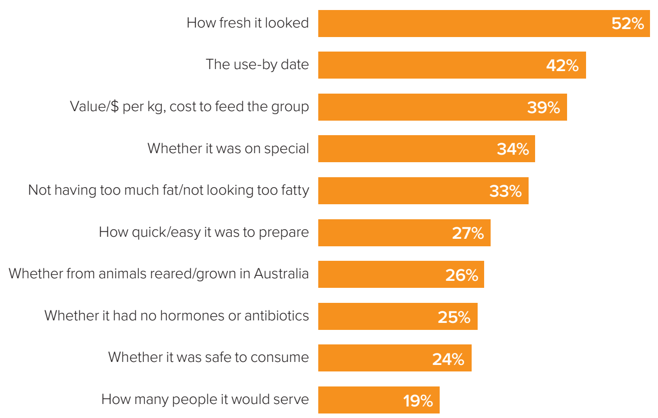
### Protein image profiles

| | Beef | Lamb | Chicken | Pork | Seafood |
|---|---|---|---|---|---|
| Easy everyday | | | ✓ | | |
| Goodness | ✓ | ✓ | | ✓ | ✓ |
| A little bit special | | ✓ | | | ✓ |

*Source: MLA Domestic Consumer Tracker Australia, 2022.* * Tick = Area of strength vs other proteins

- Beef's strengths are around its perception of being a 'trusted quality' product and as 'the greatest meat'. While it's also seen as something 'suitable for everyday meals' when compared to lamb, seafood and pork, it's well behind chicken on this association *(Source: MLA Domestic Consumer Tracker Australia, 2022)*.
- Inflationary pressures have meant that consumer behaviour is strongly focused on managing household budgets including food costs. Although everyday suitability and cooking confidence are key drivers when considering purchases, having options that are suitable for consumer budgets doubles in importance for making it into the shopping basket. This means understanding what 'value' means for consumers is more important than ever *(Source: MLA Domestic Consumer Tracker Australia, 2022)*.
- The pandemic brought an increased focus on health and an increased awareness of healthy eating. Consumers are looking to understand the role protein plays in their pursuit of making better health choices. This presents opportunities to highlight beef as quick, easy and convenient to prepare everyday healthy meals and boost consumers' confidence in preparing beef *(Source: MLA Domestic Consumer Tracker Australia 2022)*.

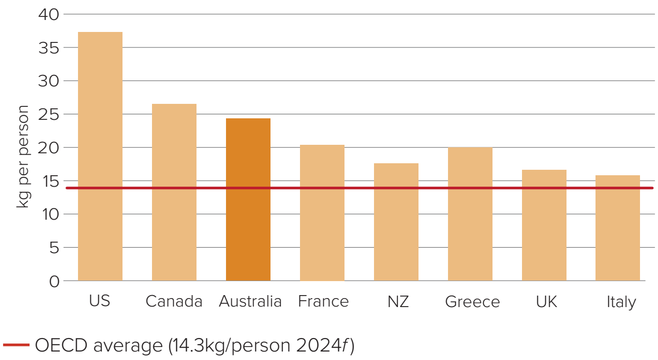
### Top factors influencing meat shopper decision making




*Source: Kantar Sustainability Module 2022. Note: Only top 10 factors displayed*

- Despite declines in domestic volume consumption of beef over the past two decades, Australia remains one of the world's largest consumers of beef, with per capita consumption sitting well above the global average.

### Beef consumption per capita




*Source: Fitch Solutions 2024f; OECD (for OECD average, OECD includes Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States)*

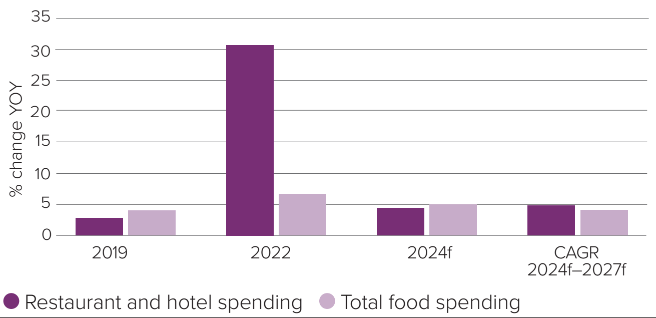
### Australia's increasingly diverse population

The return of overseas migration has spurred on Australia's population growth, adding to our increasingly diverse population. The 2021 Census saw India move ahead of China in terms of immigrant numbers and New Zealand becoming the second largest country of birth for Australian residents (after England). Over 50% of the Australian population is born overseas or has at least one parent who was, meaning there is ample opportunity to understand and appeal to Australia's changing preferences *(Source: ABS)*.

# FOODSERVICE

- Eating out is a key part of the Australian way of life with around 35% of Australians' food and non alcoholic beverage budget spent on eating out of home *(Source: Food Industry Foresight)*. While Australia's per capita restaurant spend at A$3,697 is not as high compared to the US (A$5,550 per capita) and UK (US$A$4,741 per capita), it's quite significant placing Australia among the higher end of foodservice spending globally *(Source: Fitch Solutions, 2024f)*.
- As with many other developed countries, the Australian foodservice sector is still going through challenges including rising costs from inflation, supply chain disruptions, staff retention issues and skilled labour shortages.
- While 2022, saw record growth numbers for the foodservice sector as Australians came out of lock down, inflationary pressures in 2023 resulted in softened discretionary spending with a decrease in restaurant patrons of up to -9% compared to last year from the first quarter of 2023 onwards *(Source: OpenTable, October 2023)*.

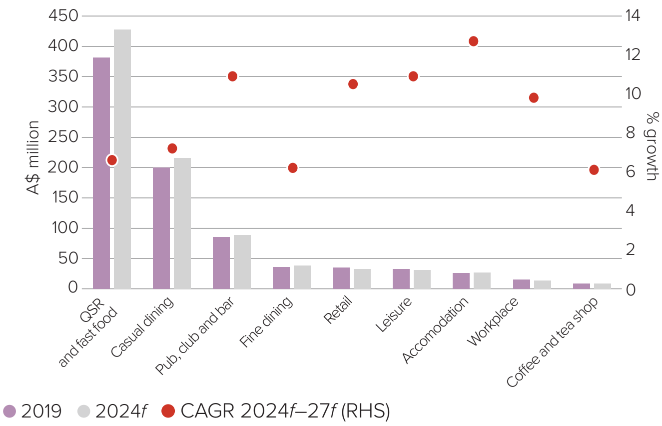
### Foodservice spending and food spending




*Source: Fitch Solutions, data accessed July 2023. CAGR = compound annual growth rate.*

- In value terms, beef has been, and continues to be, the number one largest fresh meat protein consumed through foodservice. However, beef share in foodservice is under threat from lower-cost proteins such as chicken and pork *(Source: GlobalData)*.
- The Australian foodservice channel was estimated to account for around 30% of total domestic beef utilisation in 2019 but due to the impacts of COVID-19 on this channel, current estimated utilisation is still slightly below pre-pandemic levels *(Source: MLA Estimates 2023)*.
- The foodservice landscape is large, competitive, and highly fragmented, with many individual companies having a small market share. Commercial restaurants contribute to the majority of the total foodservice industry's value. Less than 10% of beef consumed through the foodservice channel is through non-commercial restaurants (such as aged care, health care, military, education and others) but given Australia's ageing population, there are opportunities to cater to segments of this sector *(Source: GlobalData)*.

### Foodservice value sales by channel



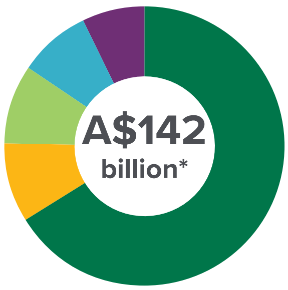

*Source: GlobalData, Retail here refers to retail foodservice such as a café in a supermarket, QSR = Quick Service Restaurant*

- After the strong growth driven by the pandemic, meal delivery services were used by around one third of Australians in 2022. Not surprisingly, Millennials and Gen Z are the most likely to use these services – with Millennials more than doubling their usage since 2020 *(Source: Roy Morgan)*. While Uber Eats is the market leader, used by one in six Australians *(Source: Roy Morgan)*, Menulog has seen higher growth numbers in 2022 and is catching up in market share *(Source: Dashmore)*.
- Higher quality, better tasting offerings and socialising are the key influences when consumers choose to dine out as opposed to eating at home which is more driven by value and the convenience of not having to go out *(Source: GlobalData Global Consumer Survey Q4 2022)*. Motivations behind foodservice visitations tend to be more emotionally driven than functional especially in 'indulgence/reward' and 'enjoyable/fun' influences. Foodservice meals already feature a higher incidence of meat compared to home cooked meals. This provides an opportunity to understand what consumer needs are met by foodservice so as to provide unique offerings and increase the red meat share in this channel. *(Source: MLA Consumer Protein Landscape 2022)*.

*Higher quality, better tasting offerings and socialising are key drivers of eating out*

- Fresh meat is the largest supermarket category (excluding liquor and tobacco) and plays a key role in driving store traffic and store loyalty *(Source: NielsenIQ Homescan)*.
- Beef represents the highest share of retail sales of any meat, holding a 35.8% share of fresh meat sales (by value) and is the largest animal protein type ranked by sales in retail outlets. Although beef is growing slower than fresh meat category, in the second half of 2022 onwards, beef has seen both value and volume growth driven by mainstream or value cuts such as mince, or cheaper steak cuts like chuck or gravy *(Source: NielsenIQ Homescan 52 weeks to 10/09/2023)*.

### Grocery retail sales and growth by channel




*Source: IGD, Liquor specialists excluded. * 2024f, % figure in brackets = Compound annual growth rate (CAGR) 2024e–2027f*

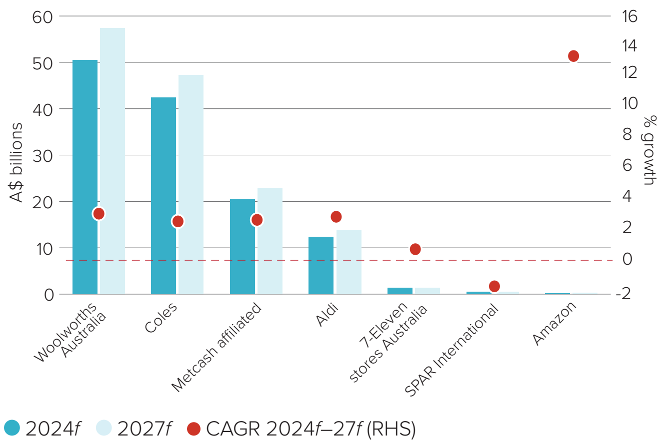
- Beef is a critical product for retailers. The average grocery basket is typically worth A$36, but this jumps to around A$77 when the basket includes beef *(Source: NielsenIQ Homescan 52 weeks to 10/09/2023)*.
- Cost pressures have seen shoppers making extra efforts to find the best deals with 75% shopping at three or more different retailers each quarter. Meanwhile, discounters such as Aldi have seen significant volume growth from the increased number of shoppers as a result of shoppers switching from other retailers *(Source: NielsenIQ Retail Landscape (Homescan Survey) Q2 2023)*.
- Fresh meat is predominately sold in supermarkets, representing just over 85% of fresh meat, with butchers making up just under 15%. Although butchers experienced a period of growth during the pandemic due to lockdowns, they have continued to experience slow long-term share decline due to lost foot traffic and occasions *(Source: NielsenIQ Homescan 52 weeks to 10/09/2023)*.

### Place of fresh meat purchase by average customer spend and market share

| | Value share | A$ per trip |
|---|---|---|
| Total Australia | 100% | 23.37 |
| Total Aust. supermarkets | 85.1% | 21.73 |
| Aust. non supermarkets | 14.9% | 41.11 |

*Source: NielsenIQ Homescan 52 weeks to 10/09/2023. Non supermarkets includes butchers*

### Top grocery retailer sales and growth




*Source: IGD, Growth % = Compound annual growth rate (CAGR) 2024e–2027f*

- The online channel already holds the advantage of convenience and as such, represents a key opportunity for red meat – from developments to improve consumer confidence with cuts or recipes, to partnering with major retailers to leverage their online reach and ongoing expansion initiatives in this space.
- Online growth is behind total grocery, returning to normalised growth after cycling through COVID lockdown-fuelled growth. Although fresh meat under indexes in online sales with 8.1% share compared to bricks and mortar (B&M) which is 11.5% of total grocery, more Australians are becoming omnichannel shoppers. While the majority of households still purchase groceries through B&M, one in four households also purchase groceries online meaning it's now the new normal *(Source: NielsenIQ)*.
- While beef mince is the leading cut across supermarkets, online and butchers, there are variances between these channels which signal differing consumer needs and occasions. More premium cuts like steaks make up a greater share of purchase in butchers while pre-prepared and pre-cut strips/diced/sliced beef tends to hold a larger share for online sales compared to their share of B&M or butchers *(Source: NielsenIQ Homescan 52 weeks to 10/09/2023)*.
- The food box meal kit trend in Australia (such as Hello Fresh and Marley Spoon) which generally include portioned ingredients and simple recipes that allow consumers to quickly create their meal at home, saw double digit growth because of the pandemic. While penetration at just over 14% of Australian households (households that purchased the product) and share of 1% of total grocery, are both lower compared to other convenience categories, households are spending seven times as much on this category compared to other convenience options such as frozen meals, packaged salads, ambient/canned meals, etc. *(Source: NielsenIQ Homescan 52 weeks to 10/09/2023)*.

# Sheepmeat

## CONSUMERS

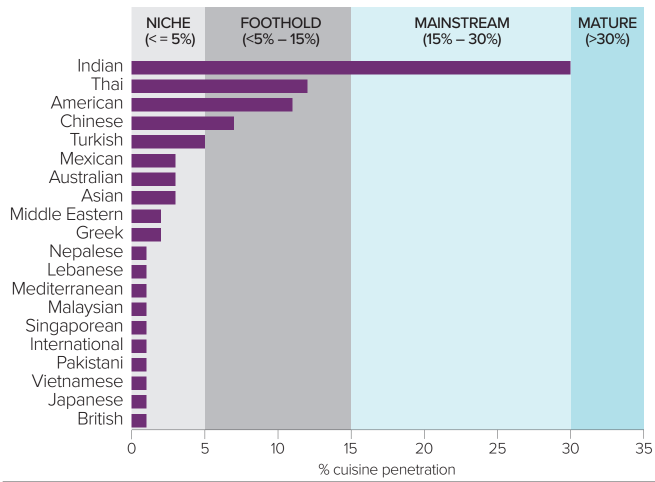
- Lamb remains one of Australia's favourite proteins and has a unique role in the national diet of Australians, who are among one of the largest per capita consumers of lamb in the world *(Source: OECD)*.
- Australian consumers have a traditional affinity with lamb: around 73% of Australian households purchase lamb, on average 8.6 times per year *(Source: NielsenIQ Homescan 52 weeks to 10/09/2023)*. Lamb consumption has a skew to older Australians, and while this group are typically heavy buyers of lamb, they are also showing signs of decline, purchasing less frequently and less volume, so there are opportunities to attract younger consumers to pave the way for future consumers.
- While lamb features in many cultural cuisines, it under-indexes among Northern Asians (includes Chinese, Japanese, Mongolian, Korean) and South East Asians (includes Indonesian, Thai, Vietnamese, Filipino, Singaporean, Malaysian, etc.) meaning there are opportunities to drive lamb consumption within these groups. On the other hand, those that eat Halal foods also eat more lamb and with the growth of Islam trending upwards in Australia (3.2% in 2021 Census due to increased migration from Southern Asia), this presents additional opportunities for lamb to feature more on center of plate *(Source: MLA Consumer Protein Landscape)*.
- Consumers perceive lamb as something that's 'special', 'full of flavour' and 'worth paying more for' compared to other proteins, usually associating it more for 'special occasions'. However, demonstrating lamb's versatility and providing recipe inspiration that's quick and easy to prepare, will ensure lamb consumption is spread across more occasions beyond special occasions *(Source: MLA Domestic Consumer Tracker Australia 2022)*.

*Lamb stew recipes were ranked as the 10th most Googled recipes in Australia for 2022, pictured above Irish Lamb Stew*

## FOODSERVICE

- In Australia, lamb use in foodservice was estimated to account for 25% of the volume, however in 2023, it still hasn't realised its pre-pandemic volumes, estimated to be around 13% due to the impacts of the pandemic with many foodservice operators streamlining menus and restricting ranges *(Source: MLA estimates 2023)*.
- Cuisines which feature lamb a little more prominently in food service are Italian and Indian, however there are opportunities for lamb to feature in other cuisines where there is currently less menu penetration, such as Turkish, Mexican, Asian – leveraging lamb as a feature protein and additionally demonstrating lamb's ability to be diverse across a range of cuisines. Consumers are always on the search to 'spice it up' with something new, using lamb in different types of dishes can also be something to attract renewed interest in lamb *(Source: GlobalData Menu Intelligence)*.
- Asian cuisine continues to be Australia's favorite with Indian being the most popular cuisine ahead of Thai and Chinese, then followed by Italian and Middle Eastern food to complete the top five cuisines for 2022, showcasing Australia's diversity in food *(Source: Uber Eats)*.

**Lamb cuisine penetration by cuisine type**




*Source: Global Data – Menu Intelligence Database. Online menus only, Top 20 cuisine types listed, data accessed April 2023*

## RETAIL

- In retail, lamb has a similar market share to pork, accounting for around 11% of fresh meat sales (by value), behind beef and chicken but has shown significant growth ahead of total fresh meat category in 2023 due to a combination of increased supply and easing retail price *(Source: NielsenIQ Homescan, 52 weeks to 10/09/2023)*.
- Lamb buyers are premium buyers for retailers, increasing the value of the average grocery basket from A$36 to around A$81 when the basket includes lamb *(Source: NielsenIQ Homescan 52 weeks to 10/09/2023)*.
- More than 80% of lamb is purchased at supermarkets, mainly from Woolworths and Coles. Across Woolworths and Coles, lamb is growing in both volume share and absolute volume sales while butchers and online has declined in both volume share and absolute volume sales *(Source: NielsenIQ Homescan 52 weeks to 10/09/2023)*.
- By far the most popular lamb cuts are legs and chops representing over 50% of volume sold in retail stores with lamb legs in particular growing significantly in the last year *(Source: NielsenIQ Homescan 52 weeks to 10/09/2023)*.



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