



Feeding People.
Enriching Lives



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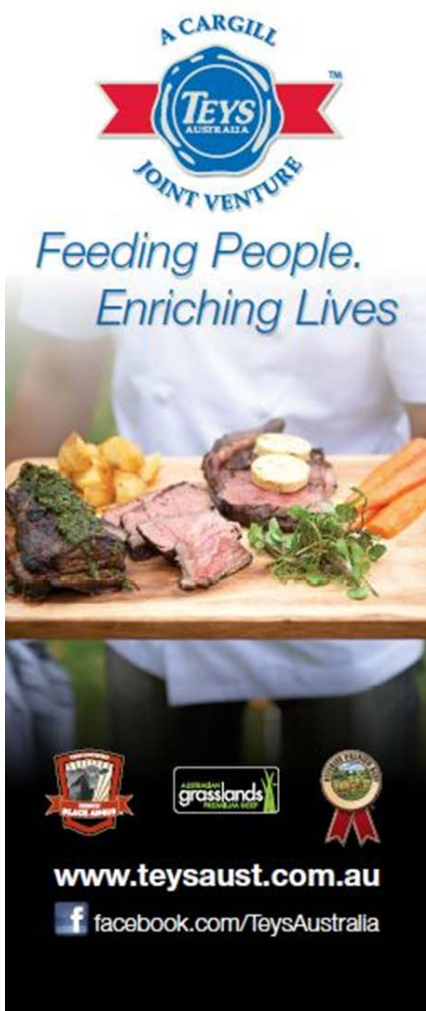
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Value Based Marketing - Valuing Genetics

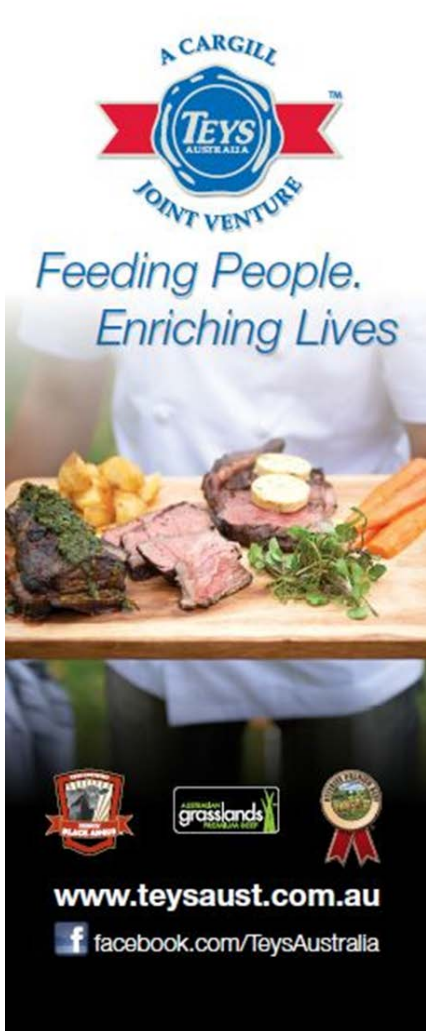
Tom Maguire – General Manager, Corporate Services

Long Term success based on innovation



- Generational family company that has prospered by continually evolving
- New strategic transition from commodity trading to company branded product directly reflecting customer outcomes
- **Two key requirements**
 - **Customers** – increase revenue by improving the value of the product to the customer. Each product in the branding matrix must deliver consistency.
 - **Cattle suppliers** – increase supplier sustainability and processing efficiency by improved cattle supply driven by an accurate and transparent value based payment system.

Brand Revolution – A new strategic focus



HOW

Utilise scientific knowledge underpinning consumer derived MSA Cut x Cook grading system



From:

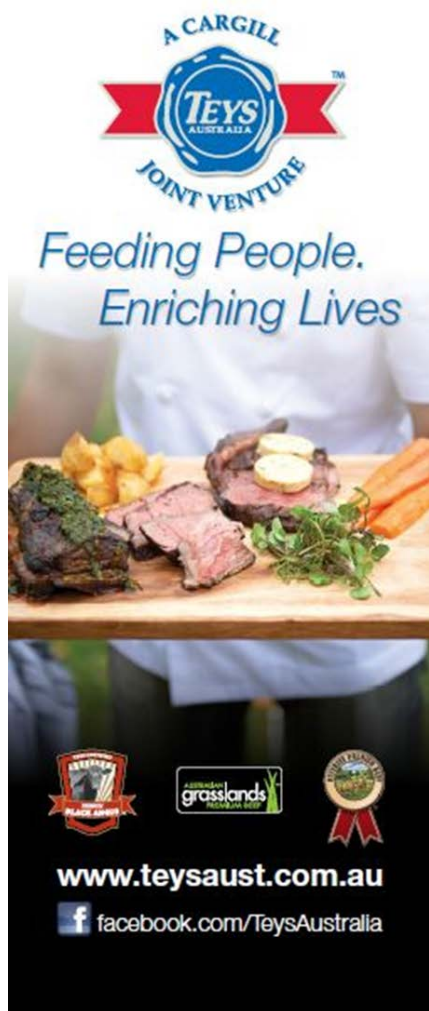
Traditional carcass description
 e.g. YP heifer = no consumer relationship

QRL	RST	SFR	TSL	YAK	SSB	SCT
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TO:

Graded meal outcome = total consumer relationship

Brand Revolution – A new strategic focus



For the Consumer







*From description of the animal to description of a **MEAL***

- Traditional cypher descriptions e.g. dentition, cut, sex, muscle and fat scores – **OUT**
- Consumer friendly language describing the meal outcome – Roast, Grill, Stir Fry... and the expected quality level – **IN**
- Delivered by company brands

From the farmer forward

A focus on what the consumer needs



The Occasion	 Grill	 Roast	 Slow Cook	 Stir Fry	 <u>Shabu Shabu</u>	 <u>Yakinku</u>
Very Special	Brand A++	Brand A++	Brand A++	Brand A++	Brand A++	Brand A++
Special	Brand A+	Brand A+	Brand A+	Brand A+	Brand A+	Brand A+
Good Everyday	Brand A	Brand A	Brand A	Brand A	Brand A	Brand A

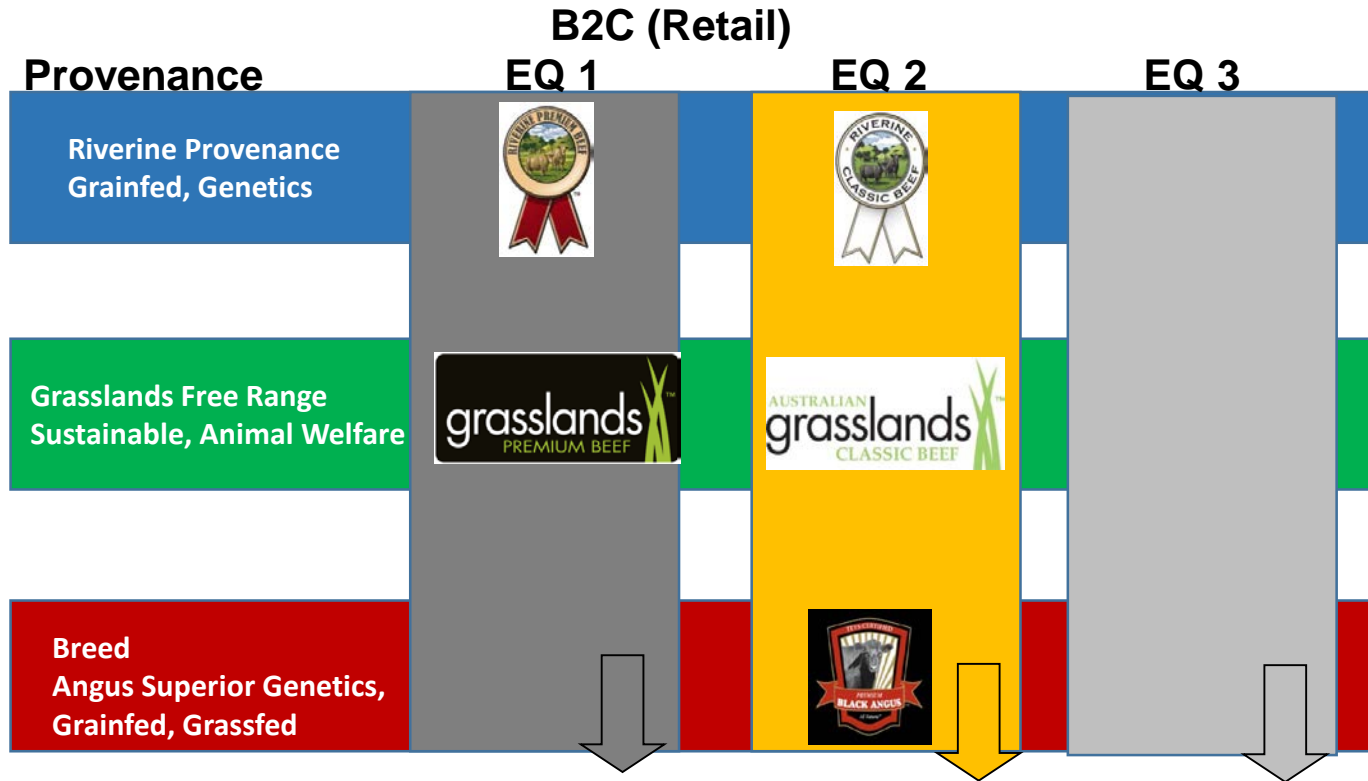


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Brand Map



Brand Focus Based on Eating Quality



B2B (Wholesale)

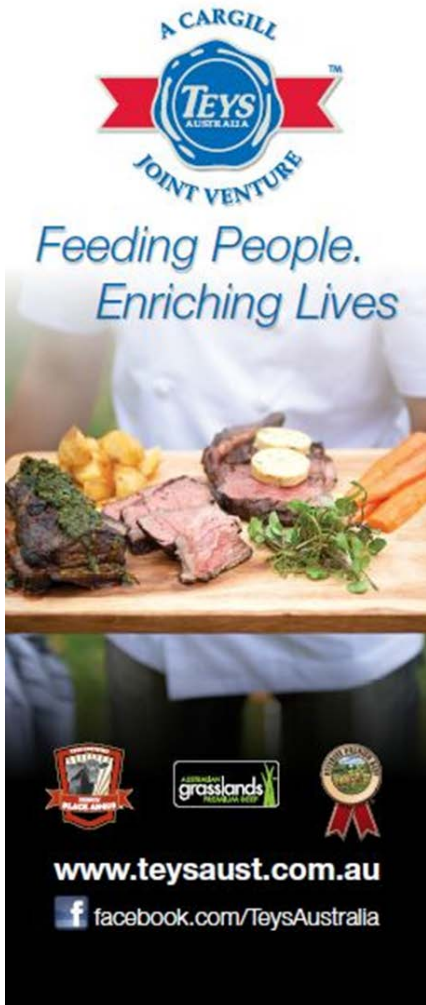



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Value Based Marketing – A new strategic focus



Science is delivering the enabling technologies:

1. A measure of Quality – MSA grades
2. A measure of Yield – DEXA, E+V, Marel, etc

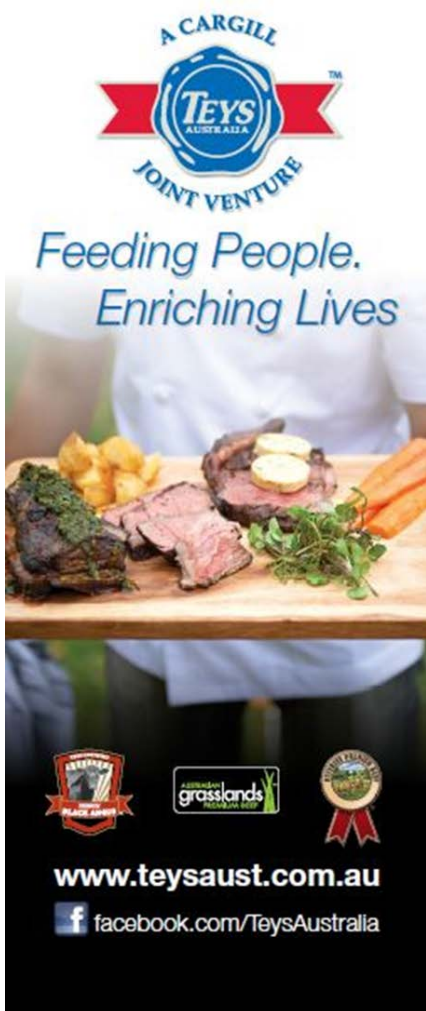
Quality + Yield = Value based payment

Value Based Marketing – A new strategic focus


For Cattle suppliers

More \$\$\$ through transparent focus on market requirements

- Payment amount related to yield x quality delivered
- More accurate feedback now underpins decisions
- Better decisions drive genetic & management improvement
- \$ captured as variation within herd is reduced
- Win Win for producer and processor as a profitable supply chain is built based on genuine transparency





Value Based Marketing – Payment on TRUE VALUE



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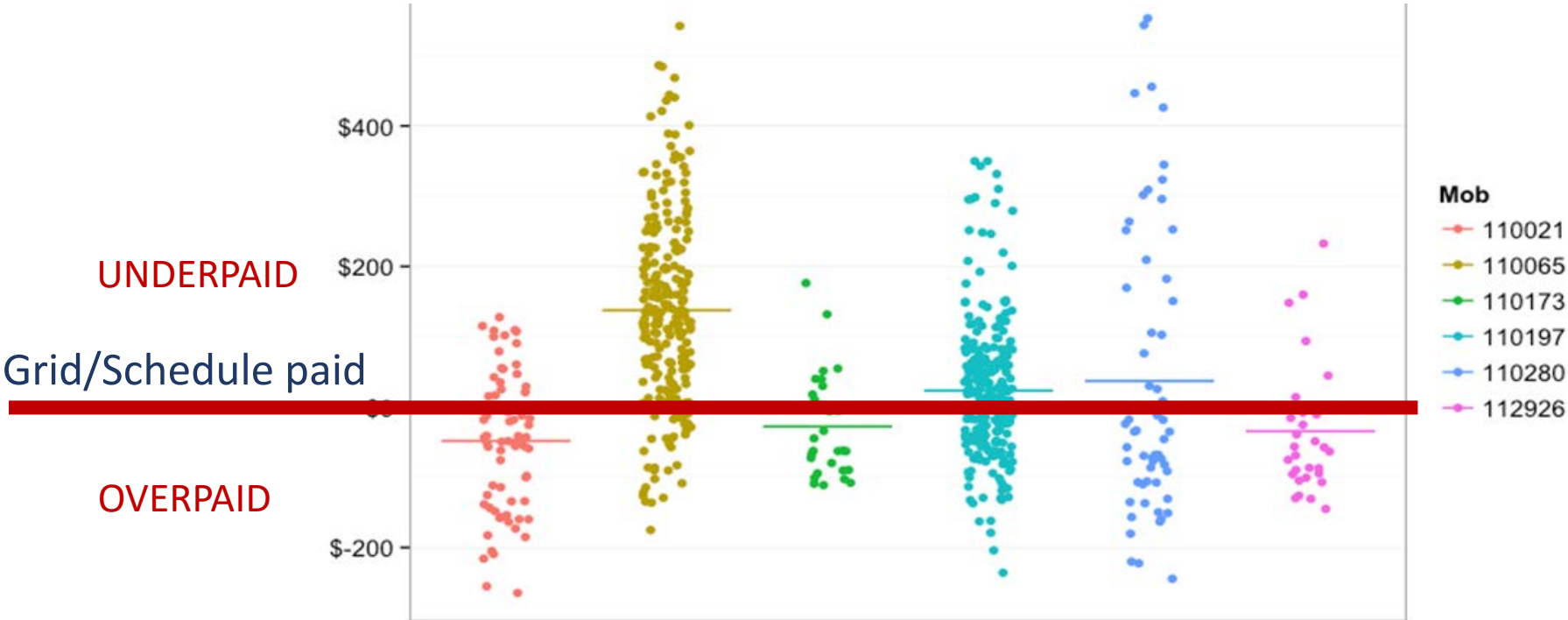
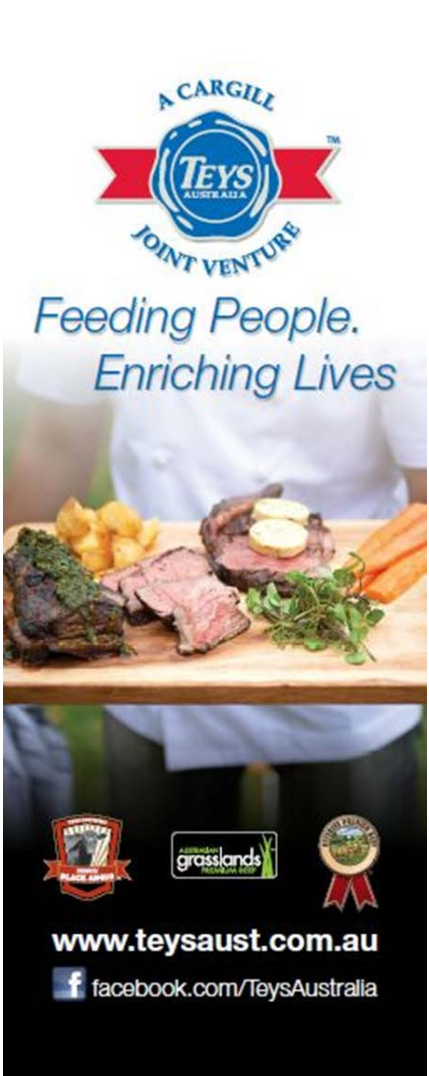
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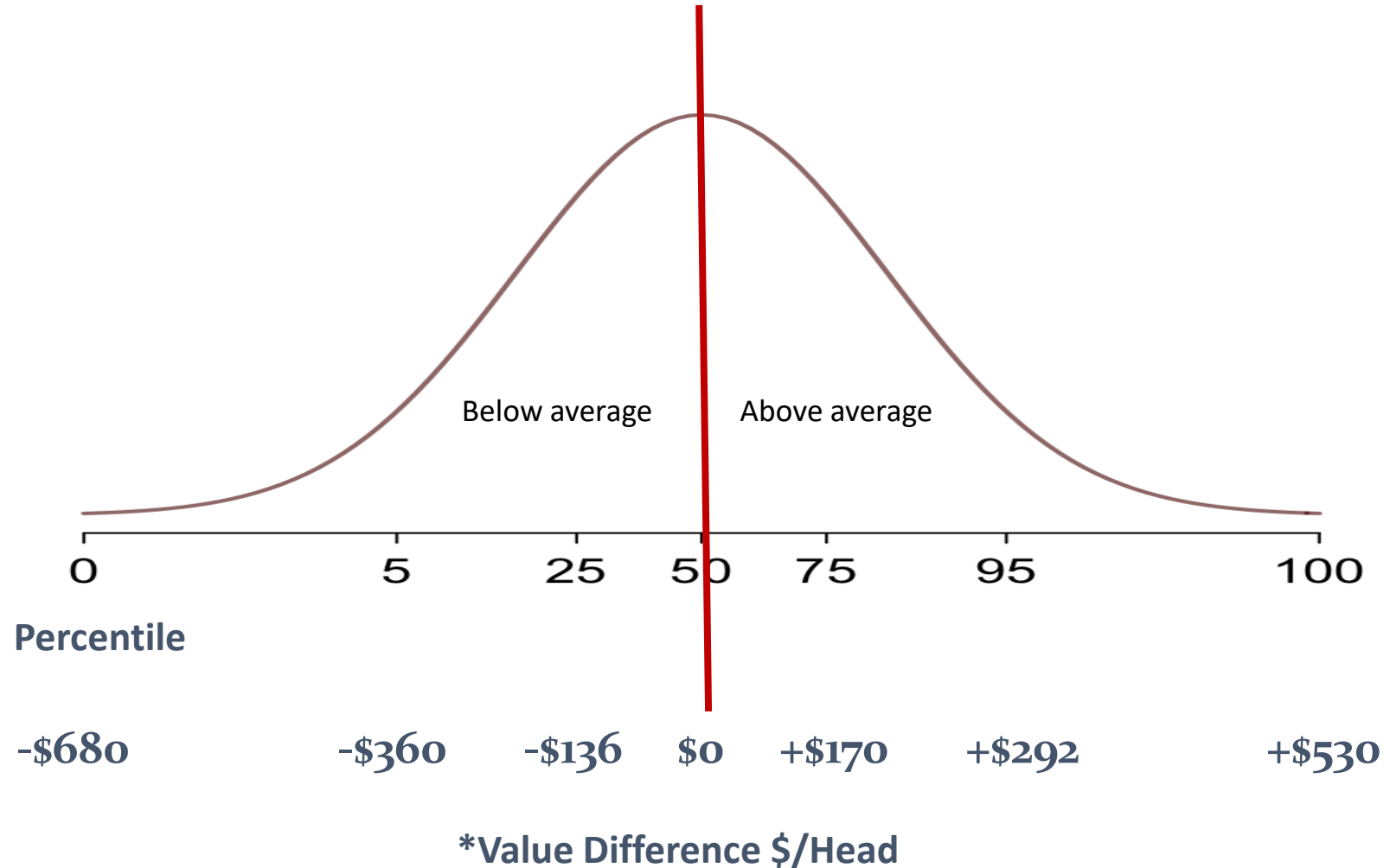
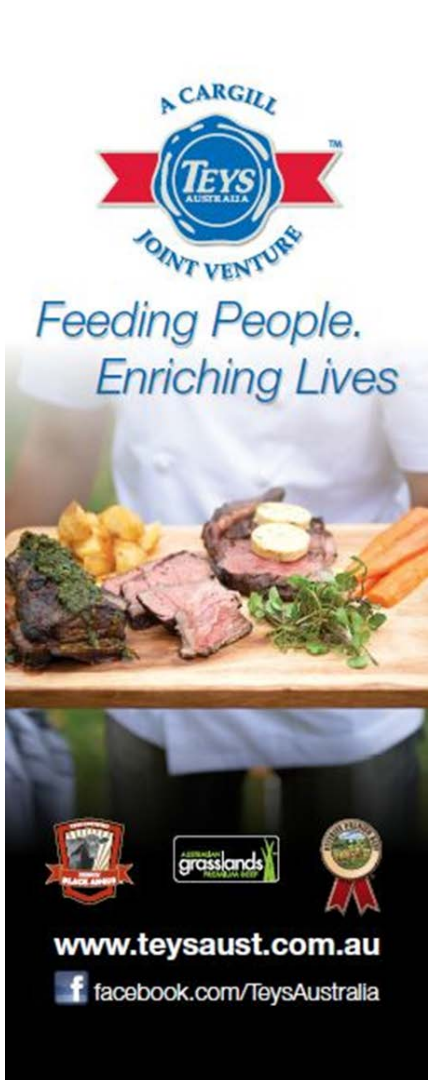


Animal and Mob Variation



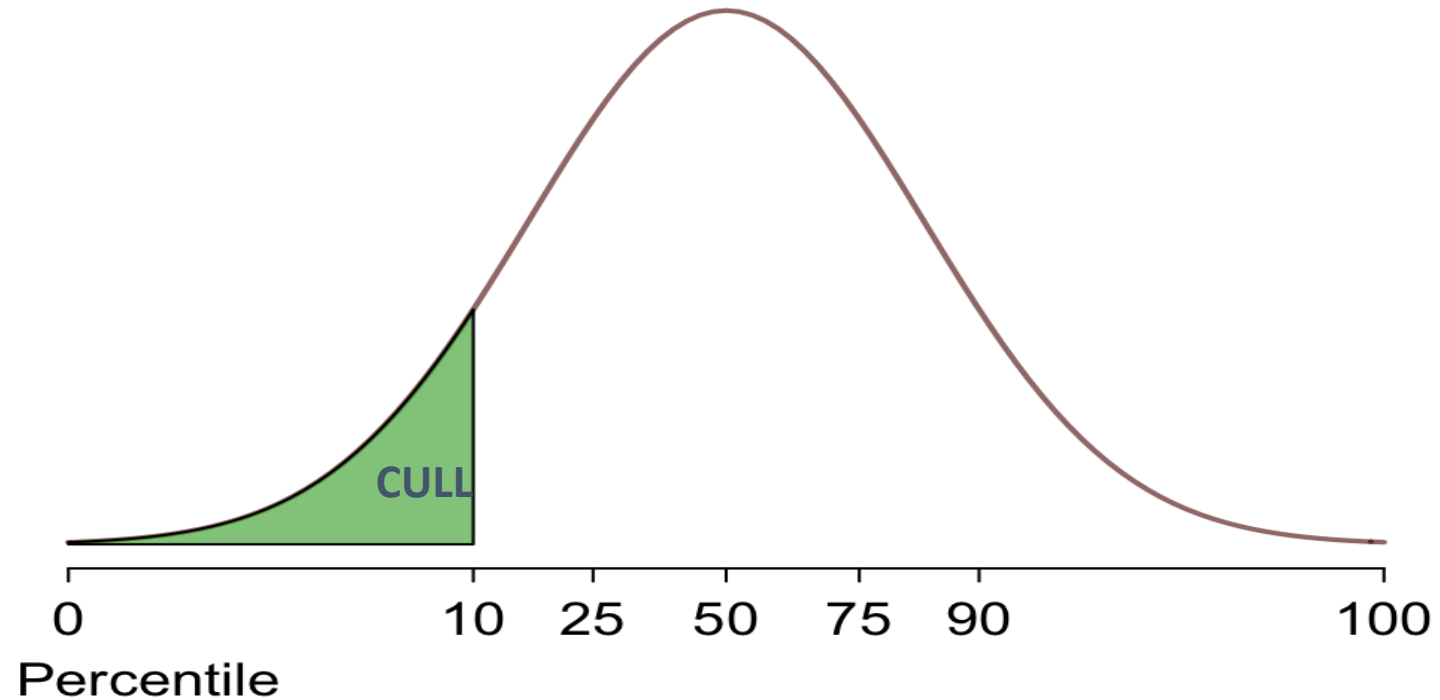
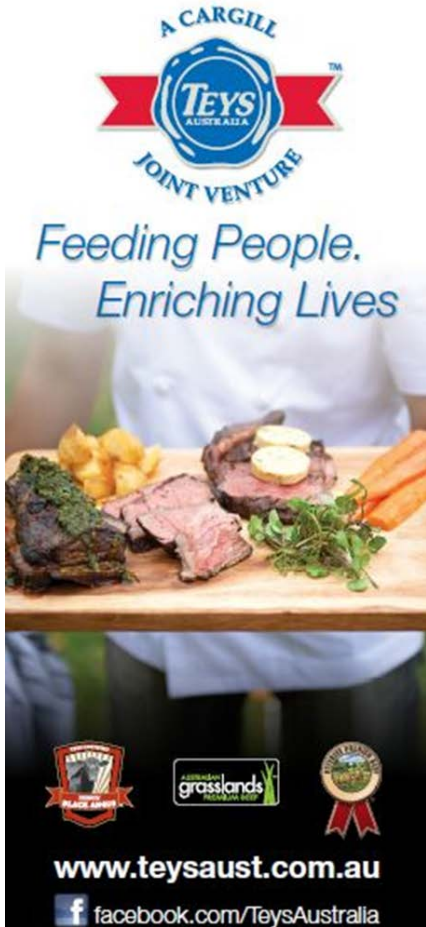
Every mob is different but each has a wide distribution

Every mob has a substantial value range



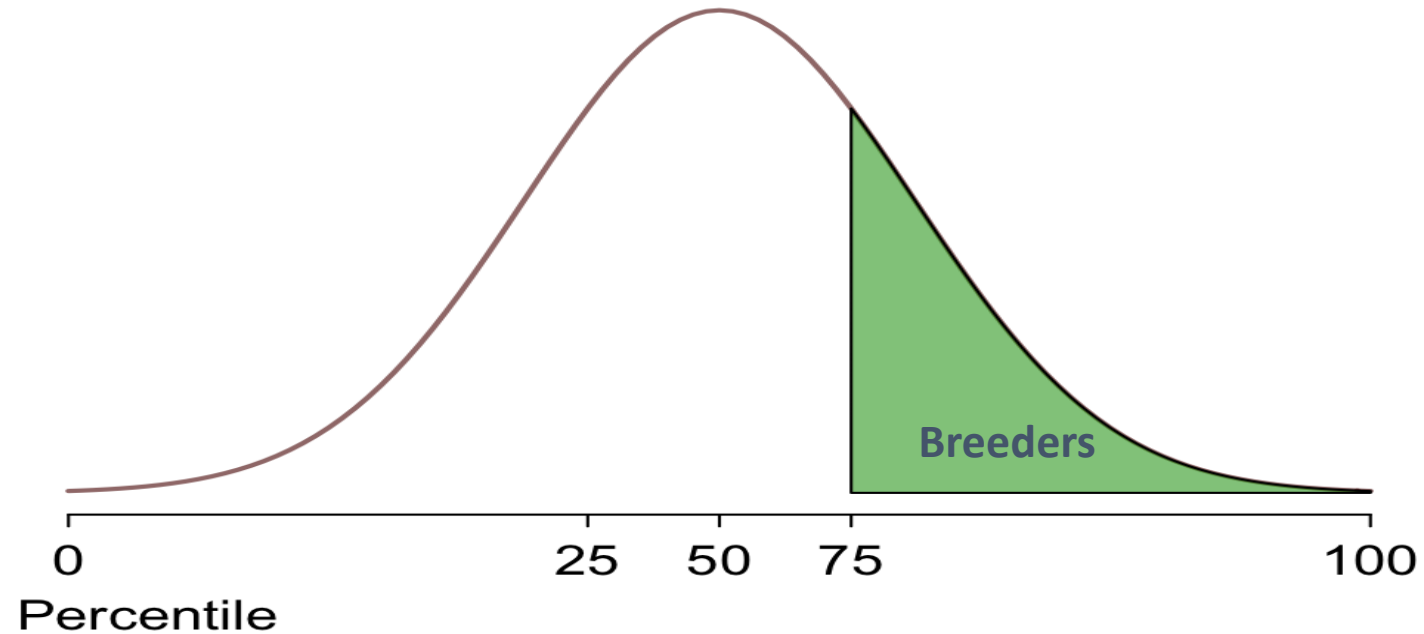
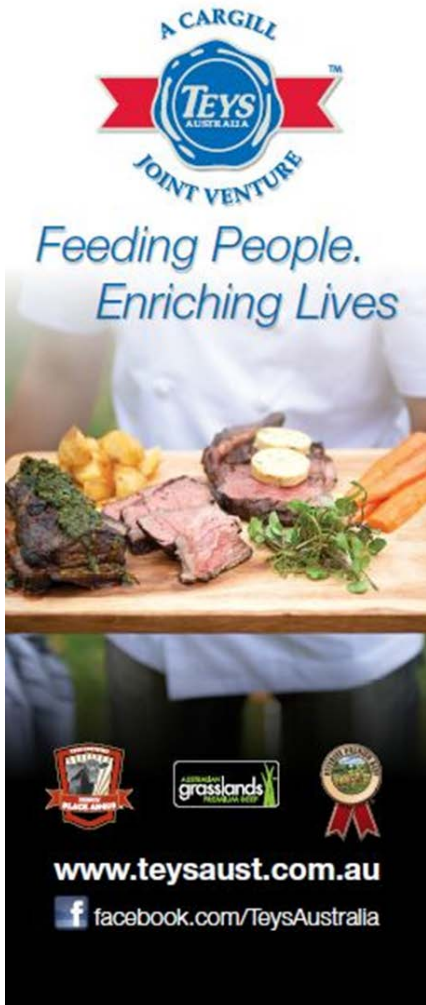
*Values adjusted to common carcass weight

How can I use my Value Based Marketing Data



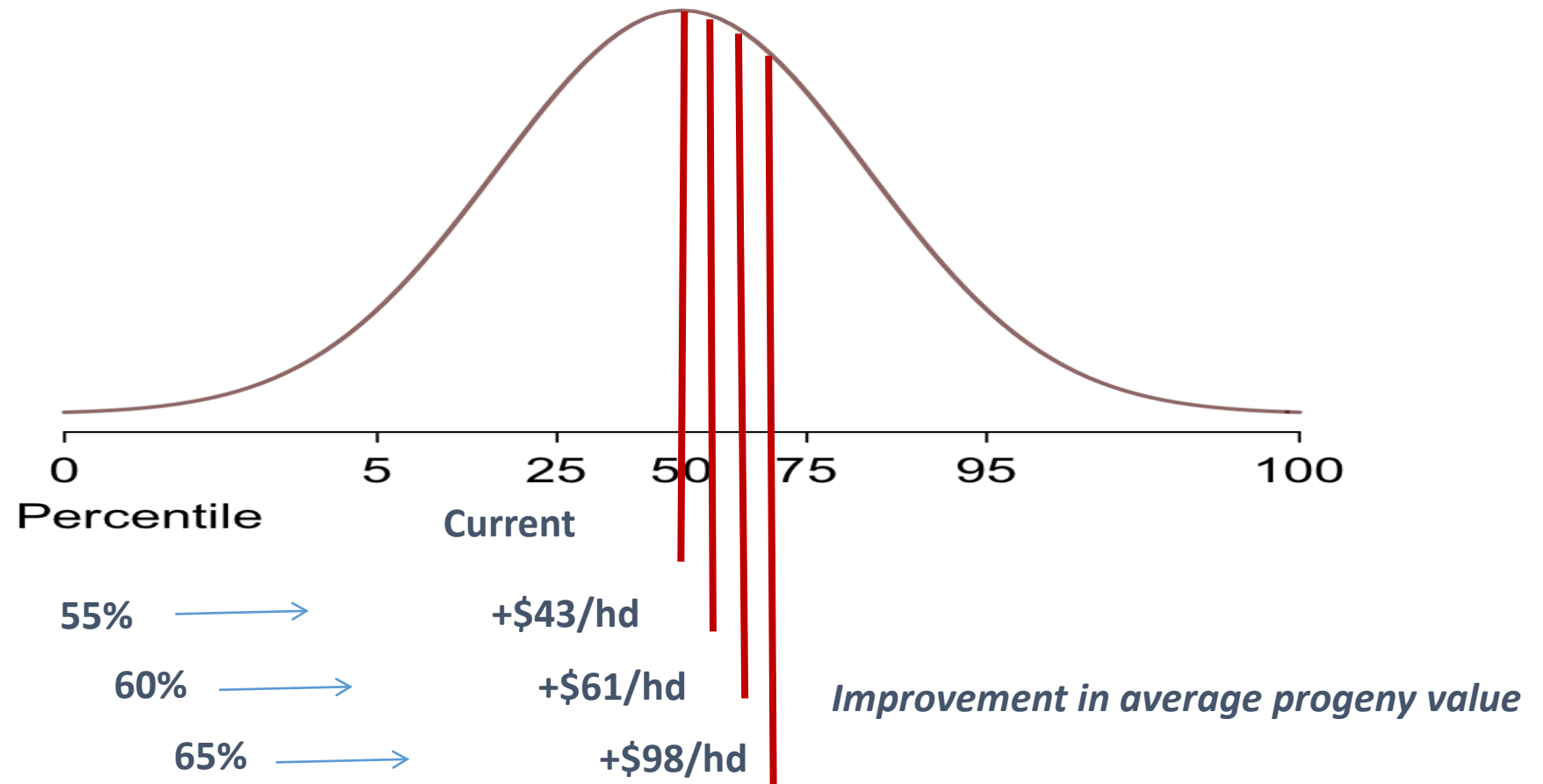
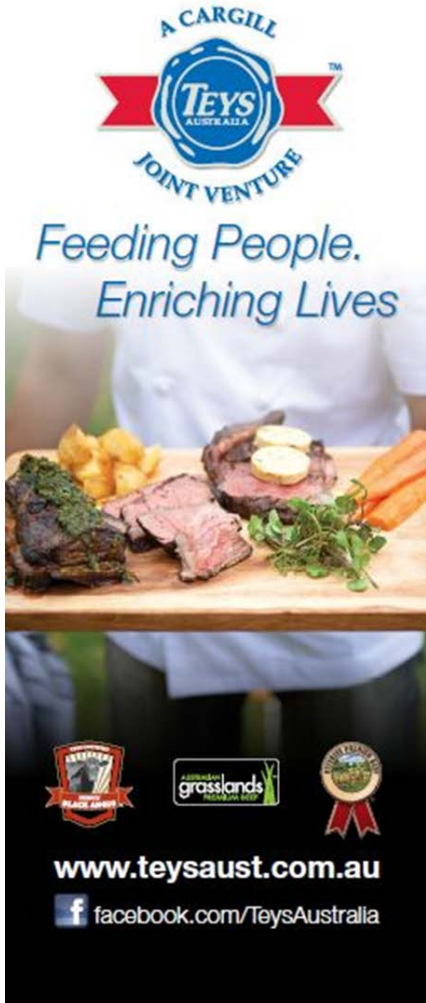
Cull worst 5%	Increases remaining 95%	by \$22/hd
Cull worst 10%	Increases remaining 90%	by \$43/hd

How can I use my Value Based Marketing Data

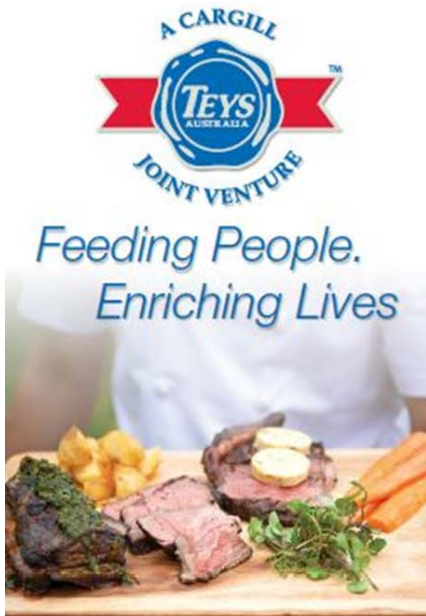


Value of top 25% + \$208/hd

Progressive Improvement from use of Value Based Marketing Data




Value Based Marketing provides the incentive for improvement

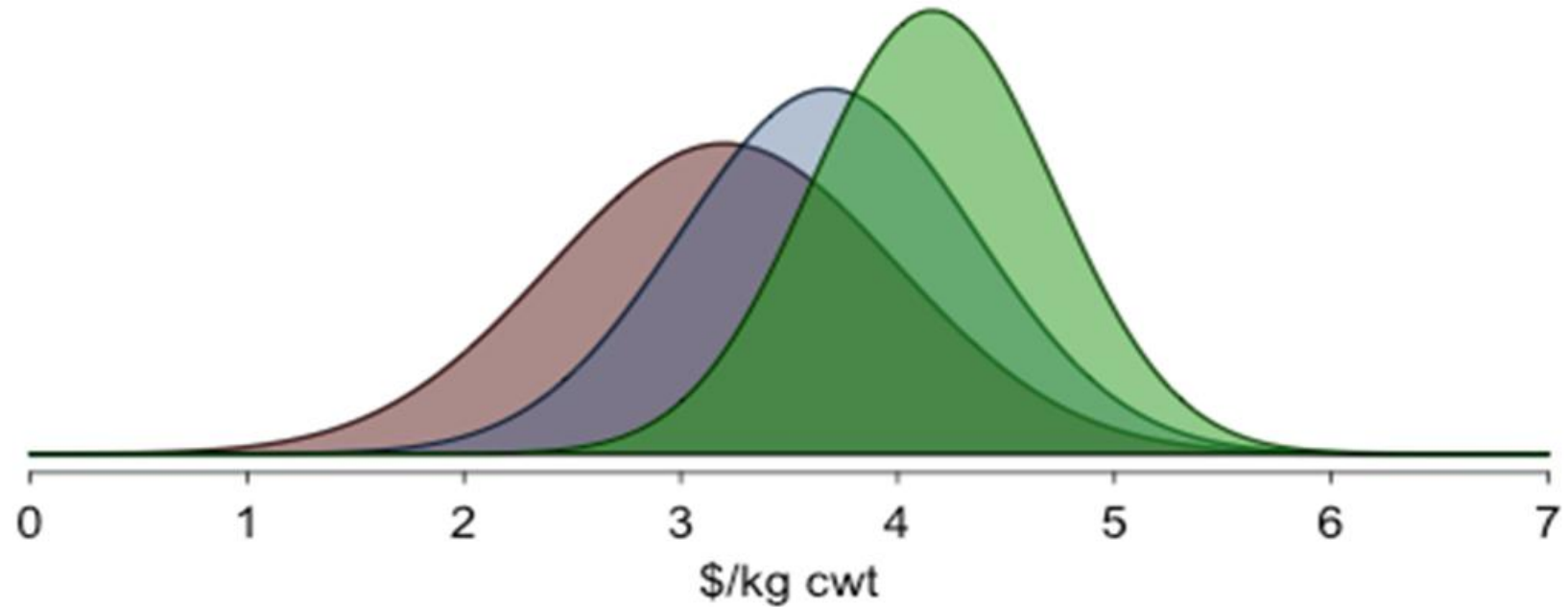


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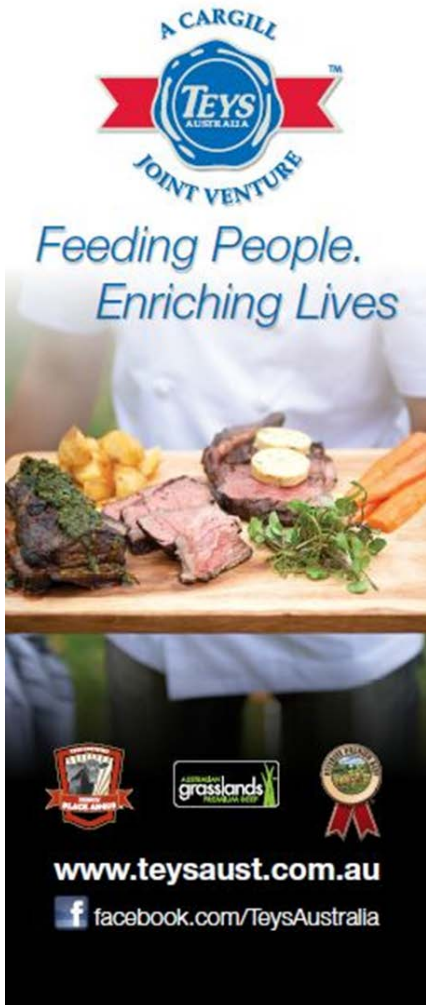
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Distribution of cattle supply value

But.....

While every animal we process with have Value Based Marketing Data



Will this data be used to calculate breeding values?

Will our suppliers have tools that apply to multi-breed commercial herds?

It seems to me 'there's a lot of money on the table'

"If we index Australian milk yield per dairy cow and average beef slaughter weights at 100 in 1970 by 2016 the dairy index was at 220 while the beef index was at 160, meaning the rate of dairy productivity growth has been double that occurring in the beef industry"

Mick Keogh, ACCC Commissioner

