

A man in a blue jacket and striped shirt is writing on a clipboard. He is standing in a livestock market, surrounded by other people and animals. The background shows a large indoor arena with many people and animals, including sheep and cattle. The man is holding a pen and writing on a piece of paper. The text is overlaid on the top left of the image.

“The core strengths and unique selling points of the beef and lamb sector, such as natural production systems, high quality and great taste remain fundamental.”



AHDB Beef & Lamb

The development of the English beef and lamb sector has been constrained by challenges at both ends of the supply chain over the last five years.

The fragmented breeding herd/flock limits producers' ability to improve their competitiveness. At the same time, changes in the consumer market mean demand for traditional beef and lamb cuts are falling, affecting all parts of the supply chain.

Domestic consumption is under pressure from the modern lifestyle with consumers lacking the confidence and knowledge to buy and cook with beef and lamb. The age profile of lamb eaters is a key challenge for the sector with consumers over the age of 55 making up 43% of the market.

However opportunities exist in the halal market which is of growing importance at home and overseas with an estimated 40% of meat consumption by Muslims being sheep meat. The Muslim population is projected to grow, both in the UK and across the EU.


After price, quality is the next key driver of choice and consumer data shows if a product does not meet expectations the shopper will exit the category for up to 12 weeks. Consumers are generally eating less red meat and evening meals which are meat-free have grown to 35% as the 'flexitarian' trend gains traction.

Consumers are increasingly looking for meat which has a better story to tell on environmental impact or other concerns, such as human health. There has recently been an increased focus on the impact of ruminant production on the environment, for example around greenhouse gas emissions,

water use and antibiotic use. Improved adoption of best practice in areas such as antibiotic usage, genetic uptake and shorter finishing times can further help the sector address these concerns.

Producers continue to experience the impact of volatility with profitability lagging behind that of major competitors in the European and global marketplace. This damages business confidence, resulting in a lack of investment in production and processing systems and in the skills that are the future of the industry. Many farmers are reliant on support payments and diversification to make a profit.

There is a stark difference in business performance between the top and average beef and lamb producers. There are significant differences in producers' ability to manage fixed costs and maximise output in areas like weight of weaned calves and carcasses hitting specification.



The ability to be more cost-focused will become increasingly important for the fragmented supply base to remain competitive and productive.

The processor base will continue to consolidate and build long-term relationships with its customers. The requirement for a more consistent end product will mean processes become even more focused on specification. The “trader mentality” (dealing with weekly price changes) within the industry is still a key challenge and suppresses long-term relationships, however the “value chain” approach will become more widespread.

Against a backdrop of a volatile export market the core strengths and unique selling points of the industry, such as natural production systems, high quality and great taste remain fundamental. Therefore, the long-term prospects are still highly favourable, in and outside the EU. With growing world demand, especially in Asia, there is an opportunity to expand export further.

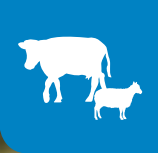
The proposed AHDB Beef & Lamb strategy seeks to help the sector address these challenges and to maximise the opportunities to create a successful industry.

Key priorities

Improve production consistency and competitiveness. We will prioritise a new pillar of work helping producers to hone their skills and knowledge to breed, grow and finish beef and lamb to meet market requirements. This will operate in tandem with our research programmes in the genetic arena to increase awareness and use of estimated breeding values in the selection of stock. Ultimately, driving more consistent product through the supply chain which will make our industry more competitive.

Increase demand. We will maximise our domestic marketing work by formulating an industry-led approach. Campaigns will be aligned with the supply base and retailers ensuring impact and industry uptake. This approach will also reach into the halal market. In light of Brexit our export investment remains a key pillar of our work where we'll add value by delivering first class market access and trade development working alongside industry.

Better meat quality. Provenance alone will not safeguard our market and revenue share. We will improve expertise in meat quality, driving end to end best practice which is clearly differentiated to the consumer.



Quality Standard Mark butchery demonstration

AHDB Strategic Priority 1: Inspiring British agriculture and horticulture to be more competitive and resilient

AHDB Beef & Lamb's objective is to create a more competitive beef and lamb supply chain.

Increased numbers of livestock meeting specification will result in improved returns to producers and an industry focused on consumer requirements.

Target: Increase the number of animals meeting supplier specifications by 2% year on year, reaching 58% for cattle and 58% for sheep by 2020.

Activity 1.1: Increase the number of beef and lamb animals meeting market requirements

Processors remain focused on specification, whether it be movement, weight, conformation or age in order to match customer requirements. Not meeting specification is heavily impacting upon producer profitability. We will deliver tools to increase the number of stock attaining the right specification at the right time, to the right market, by maximising genetic potential, on farm management and marketing decisions. We will encourage uptake of sexed semen to increase genetic value and develop 'Beef Focus Farms'.

Activity 1.2: Increase the eating quality of beef and lamb

After price, quality is the next key driver of choice for consumers. Beef and lamb is facing direct competition from chicken, which is seen as a more consistent product. We will deliver increased supply chain uptake of the Quality Standard Mark and trial the Quality Standard Mark Plus scheme, and support industry with meat quality best practice. We will explore research into new technology on carcass classification based on quality rather than yield and increase the use of more scientific measures of meat quality and consumer attitudes to provide feedback to the industry.

Activity 1.3: Engaging levy payers with production costs

AHDB Stocktake data continues to show a stark difference in business performance between the top and average beef and lamb producers. There are significant differences in producers' ability to manage fixed costs and maximise output. Adopting and rolling out AHDB's Farmbench costings system in addition to exploring industry partnerships will provide a consistent platform for increasing farmer understanding of, and engagement with, costs of production. This will help address industry inconsistencies in accounting conventions which act as a barrier to engagement and restrict like for like comparisons between farm enterprises.



AHDB Strategic Priority 2: Accelerating innovation and productivity growth through coordinated R&D and KE

AHDB Beef & Lamb's objective is to accelerate productivity growth of beef and sheep production.

Improved productivity underpins the sector's ability to function profitably in a highly competitive global market. It also enables the sector to better cope with volatility.

Target: 5% increase in profitability per hectare of producers who benchmark with AHDB.

Activity 2.1: Driving greater on-farm uptake of genetic potential by increasing the use and understanding of estimated breeding values (EBVs)

Genetic expertise is required to drive and deliver increased specification targets which will result in increased producer profitability. We estimate current industry benefit of EBVs at £10.7m annually, with the potential scope to increase this by an additional 3%. This relies on both producers and pedigree breeders having a common goal to increase the genetic potential of the national flock and herd.

We will use Signet and RamCompare projects to provide performance recording services and highlight the benefits of superior genetics in beef and sheep.

We will also deliver a programme of research to deliver innovation in the genetic improvement of beef cattle and sheep. We will increase the impact of superior genetic stock through enhanced engagement with both commercial and pedigree producers.

Activity 2.2: Improve the efficiency of meat production through improved nutrition and management

Over 90% and 80% of the energy requirement for sheep and beef systems comes from grass, but it is thought only around 50% of the grass grown is fully utilised. The use of grass and forage has a crucial role in the profitability of systems. A renewed focus on production per hectare drives producers towards making the most of their resources including use of supplementary feeds where appropriate.

We will showcase best practice in integrated crop and animal systems to ensure practical outcomes in areas such as weed and pest control, organic matter improvement and soil remediation.

Activity 2.3: Improved animal health and welfare, while reducing costs and driving uptake of best practice of on-farm medicine use

Poor animal performance due to disease and sub-optimal management is responsible for a significant drop in productivity.

We will provide evidence of the consequences of disease and its management, and identify areas where additional research is still required, for example watery mouth in lambs or rumen fluke in cattle.

We will deliver KE programmes to instigate behaviour change in this area working alongside vets, consultants and advisers to make sure consistent messages are being communicated. Getting this right means improved animal performance and reduced costs.

Tackling antimicrobial resistance in humans is a key priority for Government which is asking the UK livestock sector to deliver a plan for reduction of use in animals. We will work with industry organisations such as RUMA and VMD to develop and coordinate industry information. Clear evidence will be provided to producers on how a reduction in antimicrobial use is possible without affecting animal performance. This will be supported with embedding best practice into our KE activity, alongside work conducted by the Cattle and Sheep Animal Welfare Groups.

A continued focus on appropriate use of other medicines, such as anthelmintics for parasite control, will be maintained.

AHDB Strategic Priority 3: Helping the industry understand and deliver what consumers will trust and buy

AHDB Beef & Lamb's objective is to develop the market for English quality assured beef and lamb at home and abroad.

Consumption of beef and lamb is under pressure from modern eating habits. With convenience of increasing importance primary red meat cuts are vulnerable in the context of modern lifestyles which are focused on dish-based cuisine. It's essential beef and lamb meet consumer requirements in terms of quality, versatility, convenience and value for money.

Export markets are fundamental to maximising carcass balance and value and to deliver returns to producers and processors.

Targets: Increase the value of English beef and lamb categories within retail and foodservice by 3% over three years

Increase consumer confidence and satisfaction with beef purchases while reducing the barriers to purchase

Increase the volume and frequency of lamb sales to younger consumers

Maintain current export volumes in established markets for beef and lamb to 2020.

Activity 3.1: Develop, deliver and promote beef and lamb products

After price, quality is the next key driver of choice for consumers. Beef and lamb is facing direct competition from chicken, which is seen as a more consistent product and easier to prepare. Sales of both meats are in long term decline. We will meet consumer requirements and drive better carcass utilisation through accelerating the uptake of innovative new product development by supply chain businesses.

Our beef and lamb promotional campaigns will be aligned with the supply base and retailers ensuring impact and industry uptake.

Activity 3.2: Drive a greater understanding and nurture the development of the halal marketplace in the UK and targeted export markets

An estimated 40% of meat consumption by Muslims is sheep meat. A growing Muslim population in the UK and in the EU requires a better two way flow of information about the market to exploit potential opportunities. We will carry out a market research project on the UK market, increase supply chain engagement by appointing a dedicated resource to the halal supply chain and deliver a bespoke halal consumer campaign. A greater understanding will lead to better market segmentation and positioning to help develop the market.

Activity 3.3: Exploit fresh international trade opportunities and protect current levels of trade

Post Brexit, AHDB must continue to protect the sector's strategic interests in existing and potential overseas markets. The EU lamb market in particular is critical due to its key role in providing balance to the UK domestic market. We will work in cooperation with the industry and partners to promote exports in new and emerging markets and seek access to new markets and for new exporting companies. A key focus will be on trade missions and maximising the opportunities arising from AHDB's investment in China.

Activity 3.4: Promoting the nutritional and environmental benefits of beef and lamb to the public

We will communicate balanced, evidenced-based information to consumers and opinion formers about the benefits of including beef and lamb in a healthy balanced diet. We will also address any misinformation and / or misconceptions about the role of beef and lamb in relation to human health, production methods, animal welfare and environmental impacts. We'll do this by buying into AHDB's combined education health and nutrition programmes in addition to working with key industry partners.



AHDB Strategic Priority 4: Delivering thought leadership and horizon scanning

AHDB Beef & Lamb's objective is to deliver better informed businesses through improved market intelligence and horizon scanning.

Better informed businesses are able to respond to both opportunities and threats more quickly, driving improved resilience in the sector

Target: Increase the number of livestock farmers using and valuing AHDB market intelligence products as measured via our levy payer survey.

Activity 4.1: Increase the quality of industry intelligence for producers and processors to help deliver a more profitable value chain

Producers and supply chain businesses are asking for more market intelligence insight in addition to provision of price reporting and market data. This will help drive more informed business decisions. We will continue to invest in quality market data collection, analysis and communication both in this country and in competitor markets. We will build on excellent analytical and forecasting skills to assist levy-payer business planning. This will be particularly important in assessing the likely impacts of the UK leaving the EU.

Activity 4.2: An agile and impactful communications plan to levy payers and stakeholders highlighting the benefits of AHDB Beef and Lamb, delivered through improved audience segmentation

AHDB's recent levy payer survey shows AHDB has potential to improve its reputation as the go-to organisation for tools to improve business performance. We will segment and target producer audiences to deliver up take of AHDB Beef & Lamb messaging. We will utilise both digital and peer-to-peer channels to convey our messages and deliver key stakeholder contact via our knowledge exchange team.

Activity to phase out, divest or reduce investment in for 2017 - 2020

Activity: UK trade events

We will reduce expenditure at UK trade events and industry event sponsorships. Our new approach will be integrated with industry via first class supply chain account management. This will reduce the need for presence at such events.

Activity: Separate trade and domestic marketing work

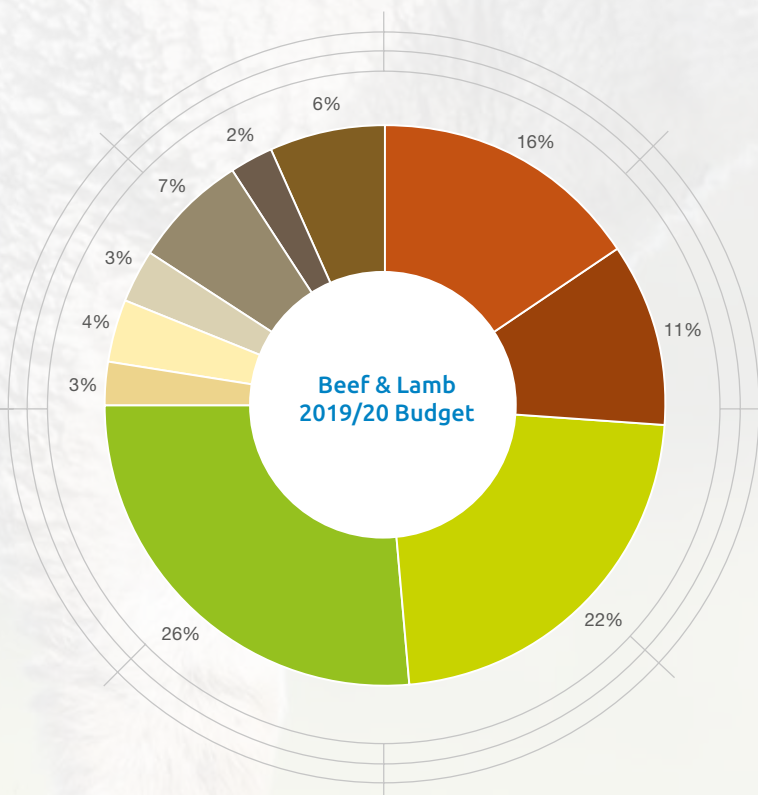
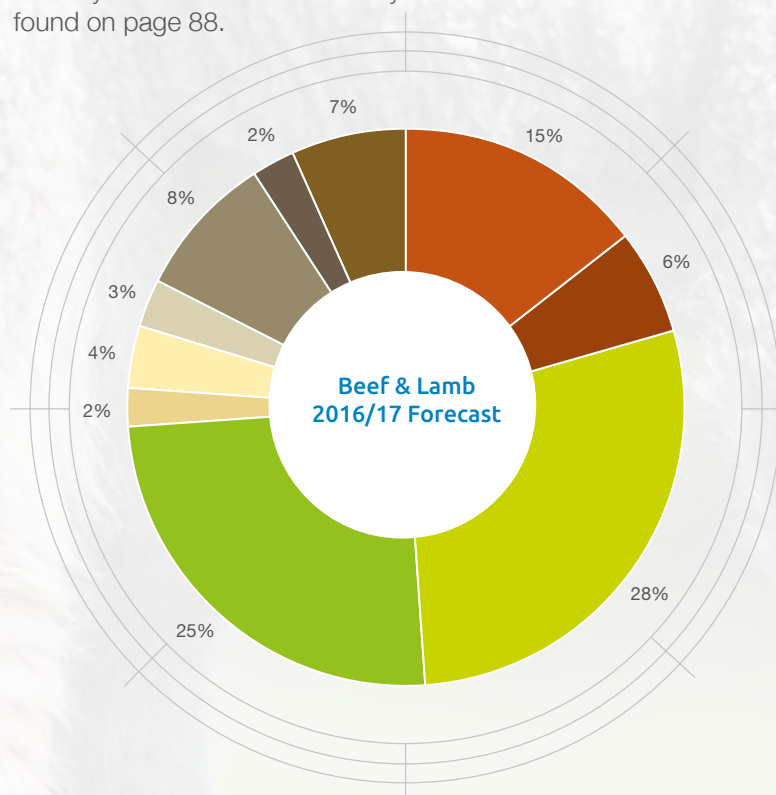
Working with industry we will produce a programme of integrated work across both trade and domestic marketing areas. This will maximise our impact and reduce duplication.

How AHDB Beef & Lamb will invest

The proposed budget comprises the allocation of AHDB Beef & Lamb levy income across the AHDB delivery functions. These charts are indicative and show how expenditure will change over the next three years. Levy rates will stay the same for 2017-2018 and there is no intention for levy rates to change in the final two years of the strategy. Any changes to levy rates would be subject to industry consultation. Current levy rates can be found on page 88.

Key points to note are:

- Enhanced activity in KE and skills to improve the number of animals meeting supplier specifications
- Enhanced work in supply chain integration to support the growth in the halal market
- Further investment in export development in year three to capitalise on Brexit opportunities
- Reduced investment in stand-alone trade projects within market development



- Research
- KE/Skills
- Market Development
- Export Development
- Supply Chain Integration
- Levy Payer Communications
- Digital
- Market Intelligence
- Sector Specific Admin
- Support

The 2016/17 forecast includes EU grant-funded export expenditure which is 2.6% of total expenditure. The funding will cease in 2017/18.

