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AHDB Pork

The British pork industry has been generally successful in the last 5 years. Production has increased steadily due to improving productivity offsetting the decline in the breeding herd.

British pigmeat is valued in the marketplace with 8 out of 10 supermarkets choosing to sell only sell fresh meat produced in the UK, and increasing recognition at home and overseas of the differentiation of British product. The industry has become more concentrated both in terms of ownership and organisation and is becoming more focused on a reducing number of supply chains. For example, 16 farming companies now account for more than half of all the pigs produced in Great Britain. This developing structure should enable us to engage more effectively with pig farming and processing businesses in providing new tools, techniques and market insights that will help production grow further.

Exports have increased both in value and volume with all of the growth coming from outside the EU. This now contributes approaching £400 million a year to the value of the industry. We have worked successfully with the British Government in gaining access to markets such as China and Australia. With growing world demand, especially in Asia, there is an opportunity to expand exports further by extending access to new products within existing markets and to new markets for existing products.

However challenges remain. Productivity, especially in the breeding herd, remains behind that of our major competitors. The annual Interpig Report produced by AHDB that compares key production indicators in many of the worlds' leading pig producing countries, shows that the average number of pigs weaned a sow a year on indoor units in Great Britain remains about 0.5 pigs behind our immediate competitors in the EU.

Finishing herd performance is closer to the average for the EU but this is achieved at lower carcass weights than in most countries. Investment in new buildings is generally slow and the industry has a high level of straw-based finishing and naturally ventilated finishing buildings which adds cost. All these factors expose the British market to price-based competition.

Domestic consumption of fresh pork, from which the industry derives most value, is under pressure with retail sales volumes generally falling despite lower average prices. This is due to a perceived lack of relevance in modern eating habits and potential concerns about health. Consumer research shows that compared to other meats such as chicken and beef, pork does not score as well on attributes such as versatility, suitability for any day of the week and succulence. However, research also shows consumers value origin and ethics as important attributes after price and appearance especially when considering meat.



There is an overarching uncertainty about the eventual outcome of Brexit and especially the impact on trade. UK self sufficiency in pork and pork products is just over 60% with considerable imports from the EU. However, imports from the rest of the world and particularly major low cost producers such as the USA, Canada and Brazil, are negligible due to import tariffs. This means the trade deals eventually agreed with the EU and other countries could have a significant impact on the British industry.

AHDB Pork's strategy is to work with industry to address these challenges and maximise the opportunities in the next three years. We plan to build on the benefits from the existing Going for Growth strategy. We are focused on where the AHDB Pork levy can add most value within our limited resources and we will maximise the benefit of having access to expertise and resources across AHDB.

Key priorities

Improve productivity. We will work with producers in new and innovative ways to inspire them to adapt their business to a more competitive market place.

We will seek out the best new ideas from within the British industry and from our competitors in other countries through building effective knowledge networks. We will maximise the use of the €2 mill EUPiG (Pig Innovation Group) being coordinated through AHDB.

We will communicate information by all available channels from farmer to farmer contact through to the use of new technology. We will be more targeted and focused on those things that have the biggest impact on profitability.

Increase demand. We will substantially increase our investment in rejuvenating the image of pork in the domestic market and build on the success of the Pulled Pork Campaign.

We will move the focus of our work onto growing the relevance of pork in midweek meals.

We will focus on eating quality through improved product specification and cooking and communicate the health benefits of eating pork.

We will use our unique position to work with Government to secure new export markets and promote pork from Britain in these and existing growth markets around the world.

Improve Information. We will work to stimulate the introduction of a new carcase classification system which more effectively transmits consumer demands through the supply chain to producers.

We will work with other sectors to increase the in-depth understanding of the market dynamics vital for businesses across the supply chain are planning to invest. This will become more important as the UK moves out of the EU.



AHDB

PORK



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PORK

AHDB
Engaging Consumers
...to consumers at point of
... pulled pork really is



... pulled pork really is

AHDB
Pulled Pork
Pulling in the
19% £7.8M
6,000



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

AHDB Pork's objective is to close the competitiveness gap in English pig production.

Despite recent improvements the gap in productivity remains between English producers and our immediate competitors in the rest of Europe, particularly in the breeding herd. This exposes the industry to greater price based competition. A more efficient supply chain that maximises the difference between cost and value is the most resilient.

Targets:

Eliminate the gap between English and EU indoor producers in average number of pigs finished per sow per year

A top third producer in the EU ranking of feed efficiency

Improve productivity of those producers we work with by 10%.

Activity 2.1: Enhance pig health and welfare

The health of pigs has a major impact on overall productivity. We will work with Government and the industry to improve on-farm and abattoir disease surveillance and information feedback to producers so they can act. We will develop the infrastructure to facilitate a reduction in medicines usage while driving productivity and protecting pig welfare. We will develop the collection and communication of Real Welfare assessment to enhance productivity and the reputation of English pig farming. We will work with the Government to ensure contingency planning in the event of an exotic disease outbreak is effective. We will co-ordinate industry stakeholder actions through organising the industry Pig Health and Welfare Council.

Activity 2.2: Harness innovation through capturing best practise from pig industries around the world

Propelling the industry forward will come from understanding how our competitors gain an advantage and adapting their best practice to English conditions. We will help to prioritise research in those areas where there are gaps. We will identify opportunities to improve productivity through enhanced national and international networks. We will refocus our KE activity on areas that demonstrate maximum financial benefit.



Activity 2.3: Help improve the collection, exchange and use of management data throughout the supply chain

The use of quality management information is vital in managing pig production and the effectiveness of processing businesses. We will work with leading producers to demonstrate the benefits of automated data collection and how this can be integrated in the remainder of the supply chain. We will encourage the use of on-farm recording in all contact that we have with producers and use this to measure the effectiveness of our activity. We will develop the PigHub as the core infrastructure to maximise the effectiveness of data exchange.

Activity 2.4: Stimulate the introduction of a new method of carcass classification

The effective transmission of market signals from consumer to producer is essential for an efficient and competitive supply chain. The current system of assessing the value of a pig carcass in the market is inadequate as it is based entirely on the absence of fat at a single point. We will research existing and emerging methods of classifying pig carcasses, including measures of quality, as a means of rewarding producers. We will stimulate the introduction of new methods that match market requirements in England.

Activity 2.5: Introduce a new skills framework to improve the skills of existing people in the industry, motivating through a clear career path and attracting new entrants

Pig production is an increasingly technical business requiring highly trained staff to ensure the English industry remains competitive. Existing training and development provision is fragmented and undervalued. We will introduce a national framework for people training and development that is valued by the pig industry and recognises people as professionals in their work.

Activity 2.6: Help build trust in the supply chain

Consumers need to trust the food they buy is safe, wholesome and traceable at every stage in its production. This is particularly the case for meat in the wake of the “horsegate” scandal. We will work with producers and processors to ensure movements of pigs and pork in the supply chain are monitored, production standards such as Red Tractor are appropriate and enforced and auditing for origin is enhanced through the use of innovative techniques such as Stable Isotope Reference Analysis.

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

AHDB Pork's objective is to help sell more pork.

Realising the maximum value from the production and sale of the whole pig is vital to ensuring the English industry remains competitive. It is important to ensure the industry understands the value consumers place on British pork production and that we satisfy that demand. This could become more important in a post Brexit market.

Targets:

Improve the image of pork dishes for midweek use by 2% points as measured by consumer attitude tracking surveys. Ambitious targets for increasing retail penetration and frequency of loin medallions will be set in early 2017 based on market research results

Assist the growth in the value of pork exports by 35%.

Activity 3.1: Rejuvenate the image of pork in the British market

The perception of pork as a food appropriate for modern consumers is undermining demand and therefore value in the market. We will undertake promotional activity aimed at younger consumers featuring new and innovative presentations of pork in the context of meal solutions rather than a focus on the species. We will build on the success of the Pulled Pork campaign in attracting consumers to try pork and focus on mid-week meals. We will run campaigns that give a short term return on levy investment as well as the long term benefit of improving consumer attitudes.

Activity 3.2: Communicate the benefits of pork consumption

Consumers have a number of misconceptions about pork especially in relation to health. We will communicate balanced, evidence-based information to consumers and opinion formers about the benefits of including pork and pork products in a healthy balanced diet. We will also address growing misconceptions about production methods, welfare and environmental impacts.

Activity 3.3: Promote the export of pork and pork products

Exports of pork, offal and pork products contribute a growing value to the English industry, especially demand coming from outside the EU. We will work in cooperation with the industry to promote exports in existing and emerging markets and seek access to new markets and for new exporting companies.

Activity 3.4: Consumer insight to assist businesses

Insight into consumer trends is vital in knowing how and where to market products to achieve maximum value. We will help the industry identify these opportunities through the generation, interpretation and communication of high quality analysis of consumer markets.



AHDB Strategic Priority 4: Delivering thought leadership and horizon scanning

AHDB Pork's objective is to deliver better informed levy payer businesses.

Better informed businesses with an understanding of market dynamics are able to respond to opportunities and threats more quickly, driving improved resilience in the sector.

Targets:

AHDB scores at least 7 out of 10 with pork levy payers as the “go to organisation for tools to improve my business” as reported in the annual AHDB levy payer survey.

Activity 4.1: International innovation monitoring and communication

A clear understanding of the direction being taken by our competitors is necessary for effective business planning. A knowledge of new and emerging innovations is particularly important. We will use our networks, especially international ones such as EUPiG and the International Meat Secretariat, to gather, interpret and communicate this intelligence.

Activity 4.2: Excellence in market analysis

Excellent market information, intelligence and knowledge of market dynamics is essential if the industry is to plan effectively for the future. 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 businesses planning. This will be particularly important in assessing the likely impacts of the UK leaving the EU.

Activity 4.3: Promote the image of the industry

The pig production and processing industry is facing unwarranted criticism particularly from activist groups that would like to see an end to livestock farming. This is especially the case for animal welfare and increasingly for environmental impacts and human health. We will defend and promote the image of pig production and processing using impartial evidence and, where required, seek enforcement of legislative and industry standards.

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

Activity: Transition of abattoir surveillance

The industry seeks greater value from abattoir CCIR information that it already pays to have collected. Once we are assured the CCIR data is sufficiently accurate we will transition the current resource supporting CCIR and BPHS to a new scheme to enhance health surveillance.

Activity: Education work

It is proposed Pork activity in education currently delivered as part of Meat and Education is delivered through AHDB's overall food programme. Investment in communications initiatives such as This is Pig Farming will be maintained and greater use will be made of social media to combat unwarranted criticism of meat. This requires a more detailed review.

How AHDB Pork will invest

The proposed budget comprises the allocation of AHDB Pork levy income across the AHDB delivery functions. These charts are indicative and show how expenditure will change over the next three years. Income is expected to increase in the next three years, partly from an increase in levy income, with the remainder from EU project funds.

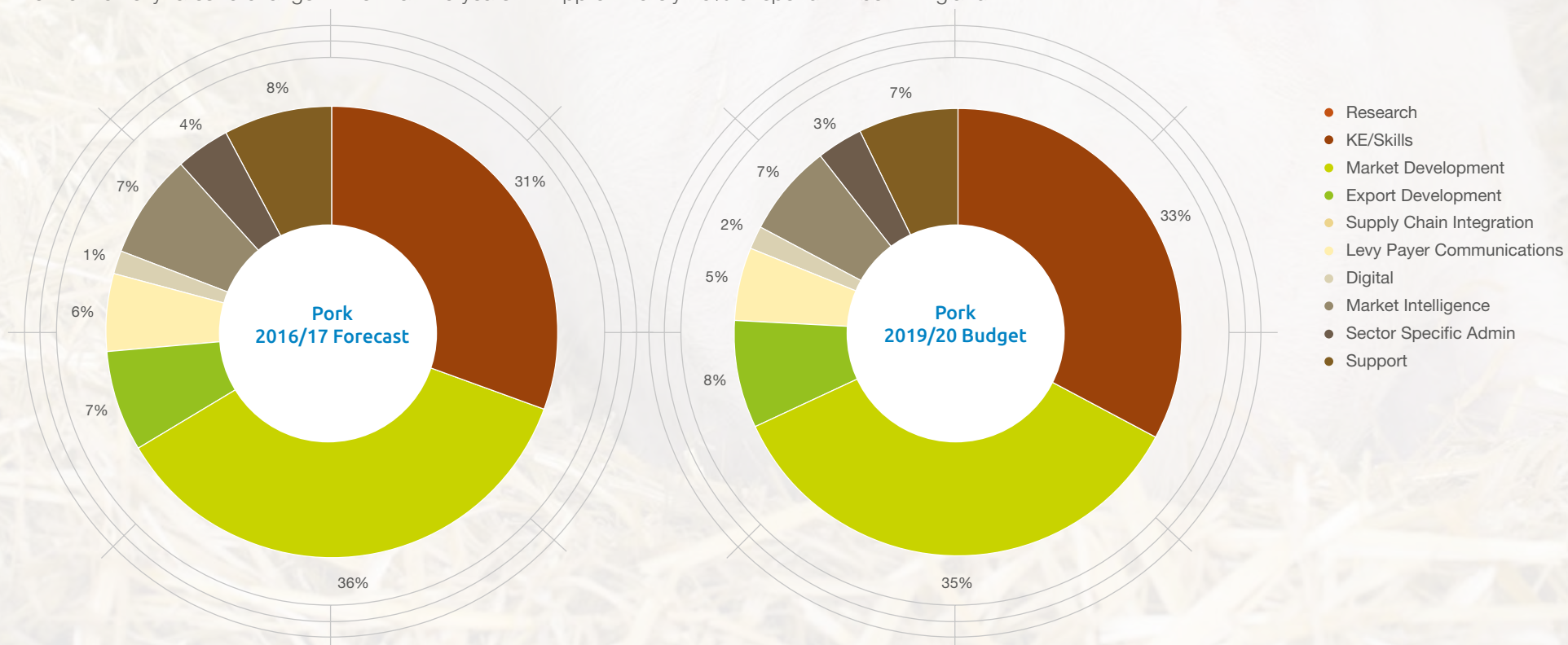
Levy rates will stay the same for 17/18 and there is no intention for levy rates to change in the final two years

of the strategy. Any changes to levy rates would be subject to industry consultation. Current levy rates can be found on page 88.

There will be an increase in spending on domestic marketing of £1 million, weighted towards the start of the plan. Export marketing spend will increase to drive demand. Spending on KE will be augmented by funds administered through the EU PiG project. Approximately 10% of spend will be in England.

Other KE spend will be maintained but redirected to priority areas. There will be a small increase in spending on market information, especially targeted at analysing the impact of Brexit.

Overall, the AHDB Pork budget will operate a deficit over the three years of the strategy, funded from reserves. We will remain within the AHDB reserves policy.



The 2016/17 figures for KE includes fully funded expenditure relating to the EU PiG project which is 1% of total expenditure. In 2019/20 the EU PiG project accounts for 4% of total expenditure and remains fully funded.

