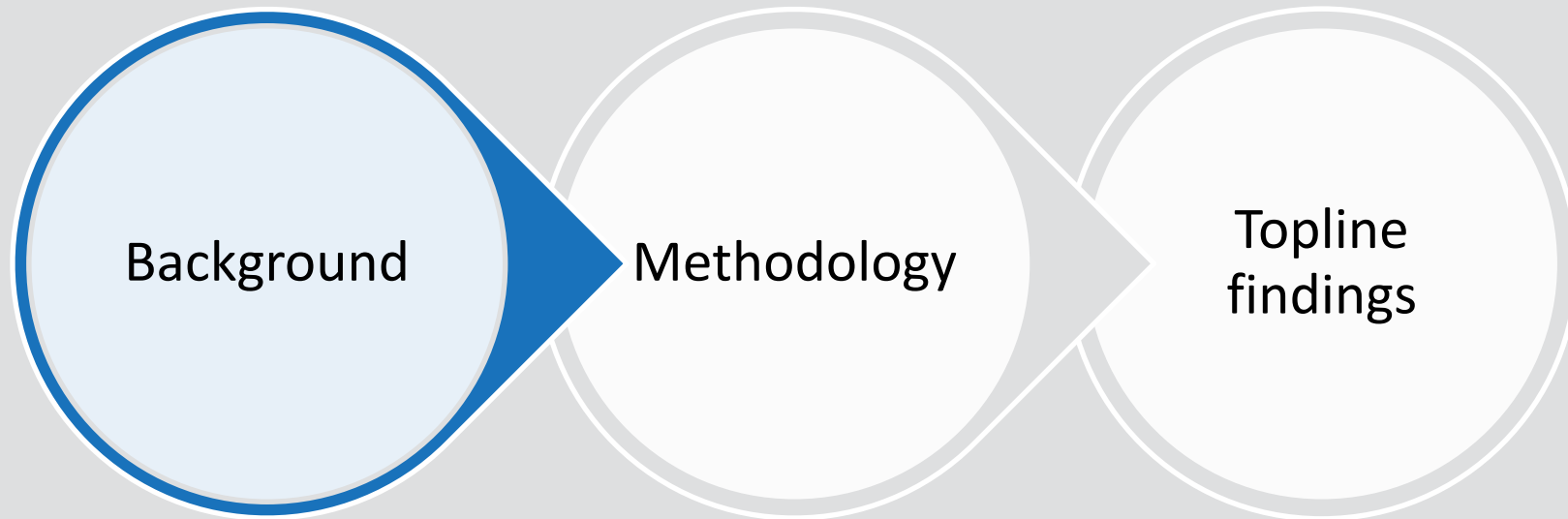


QUANTUM

MARKET RESEARCH

NSW Farmers & NSW DPI Continuous Consumer Tracker

October 2018
PN: NFA18033



How we got here... | Background & purpose

NSW Farmers is currently undergoing a...

Community & Consumer Engagement Project

What is the purpose:

- A project to investigate and deliver insights to primary industries to address community and consumer trust challenges
- The project is being undertaken against an MOU commitment between the Government (NSW DPI) and NSW Farmers' Association
- Seeking a national, whole of industry approach is required to ensure long term, effective consumer and community engagement by Australian primary industries and its stakeholders

Project milestones



Critical Take-outs from Each Phase

1. Market audit

The market audit told us:

- 4/9 sectors had access to market-facing research
- A strong desire to share learnings and co-ordinate effort
- Enough talk, time to get on and finally do something

2. Qualitative Investigation

Initial research told us:

- Overall there is no trust issue ... but there is emerging risk
- Little knowledge of farming practices has little influence over fresh food shopping habits
- Supermarkets largely control the market image of the ag industry today
- Lots of scope to build on already strong quality perceptions in market

3. Kick-Off Roundtable

The roundtable told us:

- To keep the project scope do-able (it can't be too big to handle)
- Everyone agreed managing trust was the end game
- Whatever we do, plan for it to be sustainable (it must be long-term)
- Actionable (enough talk about it, let's get on with it)

Critical Take-outs from Each Phase

4. Industry consultation

One on one industry consultations refined scope further:

- No appetite yet to create a quality mark that supported QA programs
- Sectors wanted to maintain their own QA systems
- Industry is concerned about making promises it can not keep

5. External consultation

External Stakeholder* Consultation told us:

- They call into question the ability to defend reputation without having a base level of understanding of what matters to consumers.
- There is an expectation that the project should go beyond *monitoring* trust towards *influencing* trust.
- Stakeholders see direct benefits for their organisations from increased trust, including improved investment opportunities, benefits from a stable industry and maintenance of market access

6. Continuous Tracking

The Continuous Tracking will tell us:

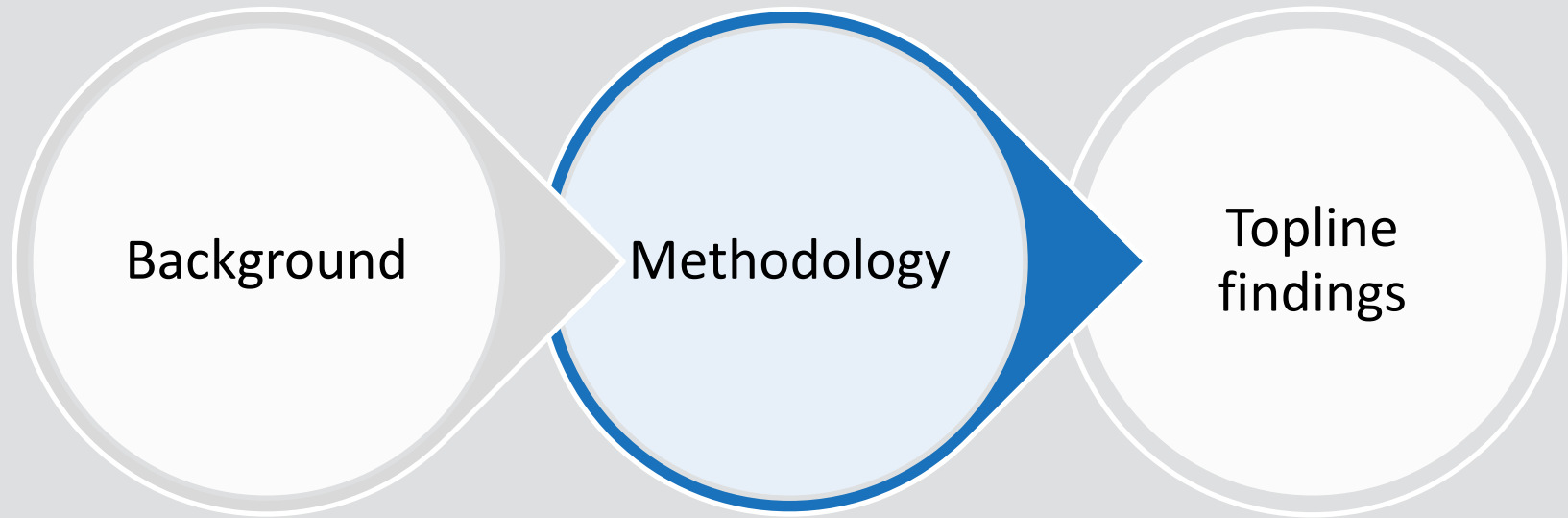
Establish a benchmark and the levers of trust.

Track the level of trust consumers and community groups have in the industry:

- Which issues shift trust (up or down)
- What issues influence purchasing behaviour and opinion

Those issues across the different commodities that help or harm other sectors' reputations

- What common, high-impact issues to watch out for and manage



Benchmark study | Methodology & survey design

This program monitors KPIs identified in the benchmark study completed in March 2018

Screener		• LOI: 1.5 min							
Category		<ul style="list-style-type: none"> • N=280 respondents per week for the category • LOI: 3 min 							
<ul style="list-style-type: none"> • Trust • Levers to trust (quality, value for money, safety and ethical production) 									
Red meat	Eggs	Dairy	Chicken	Pork	Fish	Grains	Horticulture	Wool & Cotton	<ul style="list-style-type: none"> • Each respondent will randomly rotate through 2 modules Min. n=50 per category per week • LOI: 10 min
<ul style="list-style-type: none"> • Trust • Levers to trust (quality, value for money, safety and ethical production) • Attitudes • Point of sale facilitators • Awareness of concerns • Influence of concerns • Impact of concerns 									
Adaptable Module		<ul style="list-style-type: none"> • This module is dedicated to providing NSW farmers with customised questions. These can be and are not limited to: <ul style="list-style-type: none"> • Consumer's perception of farmers • Consumption behaviour • Global vs local • Only available 4 out of the 6 months. 	<ul style="list-style-type: none"> • Approx. n=280 per week • LOI: 1.5min 						
<ul style="list-style-type: none"> • Only available 4 out of the 6 months. 									
Demographics		• LOI: 1 min							

*LOI: Length of interview

Benchmark study | Methodology & survey design



- n = 280 per week
- Nationally representative
- Those who were main grocery buyers or household shoppers
- Whether they have concerns and if so, what they are
- Whether they consider themselves well informed around these areas of concern



- Quarter 1 Fieldwork dates: 2nd Jul – 30th Sep 2018
- Sector debriefs and workshopping: early Nov 2018
- Length of interview: 17 minutes



- Data collection method: Online
- Core set of questions asked of all respondents. Each respondent invited to respond on two modules (i.e. red meat, fish, eggs etc.)
- Sectors include: Red meat, Chicken, Pork, Eggs, Dairy, Grains, Fruit & Vegetables, Fish & Wool/Cotton



- Weighted to national representation by gender, age and location
- Respondents were sourced from an ISO accredited market research panel which is considered among the highest quality in the industry.

What Questions are We Asking?

The benchmark study had revealed that consumers think of trust in two lenses; they think of their Australian Farmers and they also think about the production of food and fibre. Based on this we are measuring trust in these two respective ways.

Measuring Trust

To what extent do you agree or disagree with the following statements...

**I trust Australian
farmers**

**I trust how food
and fibre are
produced in
Australia**

What are the Levers of Trust?

Unpacking Trust

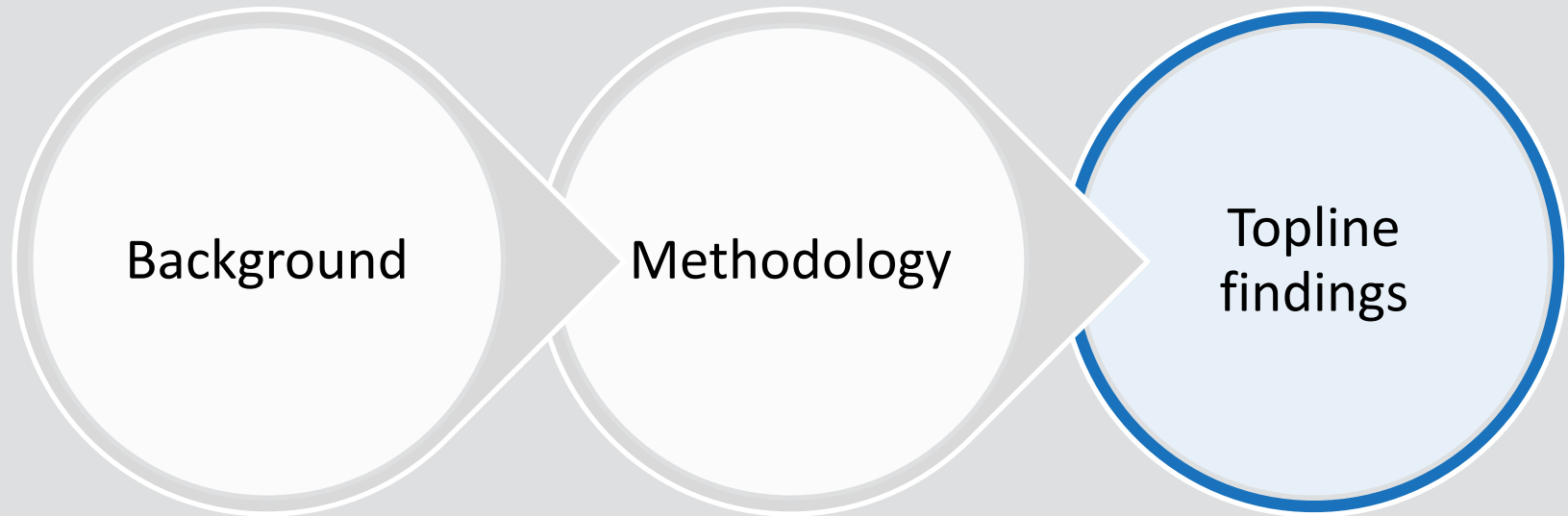
Value for money	Ethics	Quality	Safety
Australian produce is good value for money	Australian farmers are transparent with their practices	Supermarkets have improved in the quality of produce that I can buy there	Australian regulations are in place to ensure that the produce I buy is safe to eat
Australian farmers are paid a fair price for their produce	Australian farms are sustainably managed	Australian produce is consistent quality for the cut bought	Australian farm animals are raised safely
Good quality Australian produce is expensive	Supermarkets are not looking after the interests of Australian farmers	I trust the quality of the produce that I buy	I trust the safety of the produce that I buy and eat
	Australian farmers raise their animals ethically	Australian farmers innovate to improve the quality of produce that I buy	Australian farmers adhere to appropriate standards for producing
	Australian farmers produce ethically		

What are the Issues People are Aware of and Influenced by?

Consumers are asked to spontaneously recall any issues in relation to this sector’s farming practices before exploring awareness and influence of a sector-specific list that was identified through the benchmarking study

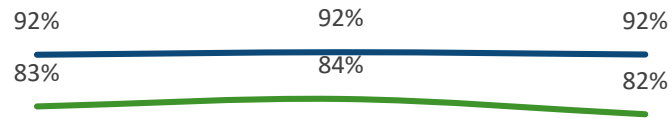
Awareness & Influence of Farming Practices

Farmer Sentiment	Animal Welfare	Modifications or Additives	Environmental Impacts	Labelling / Transparency
Struggling farmers	Live Export	GMO	Pollutants	Super-markets ripping off farmers & consumers
Underpaid farmers	Living Conditions & treatment of animals	Hormones	Pesticides	Over-refining
	Wastage	Antibiotics	Land care	Product descriptors and claims
	Harm	Grass-fed	Water use	Unnecessary Secondary packaging
		Grain-fed	Destruction / Damage	Cheap imports
				Locally sourced



Generally, there is High Levels of Trust in Australian Farmers and Production Methods

Performance of Trust



Jul 2018 (n=1,455)

Aug 2018 (n=1,162)

Sep 2018 (n=1,153)

— Trust Australian farmers

— Trust how food and fibre are produced in Australia

Q. To what extent do you agree or disagree with the following statements (sectors)

Base: 3,770

Performance of Sector Trust | Quarter 1

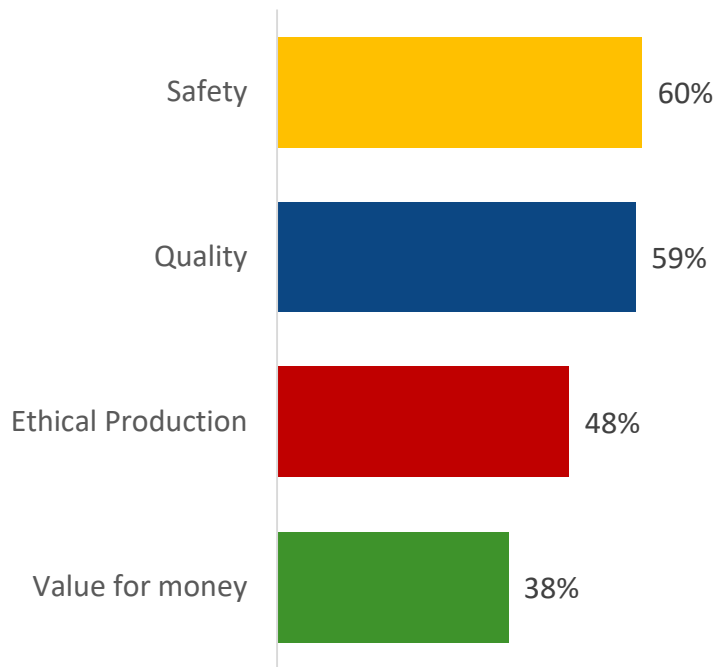
Index (0 is average)

	Trust Farmers	Trust Production
Horticulture	+9	+9
Dairy	+6	+6
Grain	+5	+7
Wool/Cotton	+2	+1
Red Meat	+1	+2
Eggs	-5	-8
Pork	-6	-5
Fish	-6	-4
Chicken	-7	-7

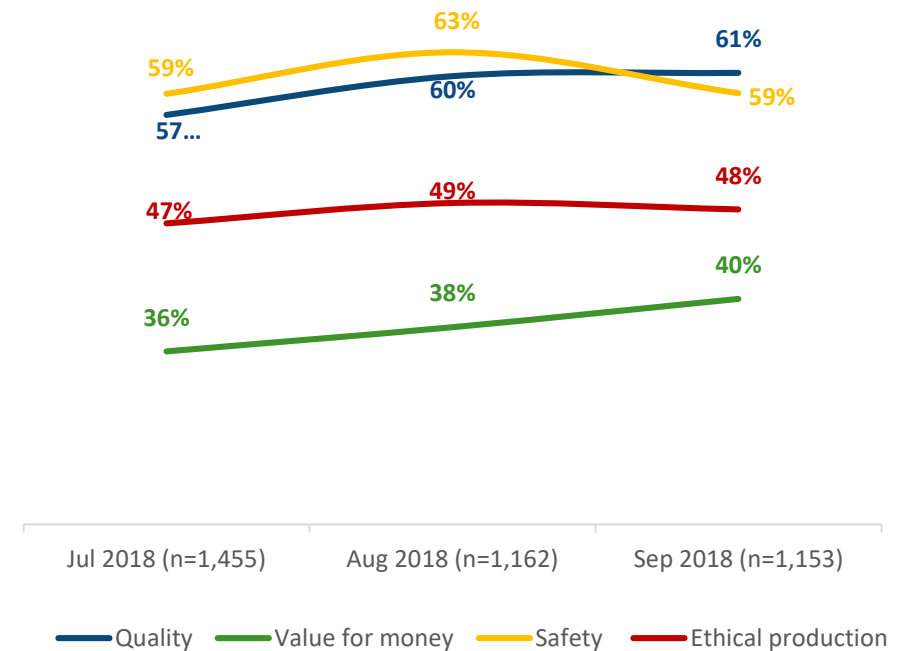
Above and below norm identified as +/- 5 pts from the average (0)

When Unpacking What Drives Trust, we Know Four Factors are Critical ... Some More than Others

Performance of Trust Drivers












Performance of Trust Drivers | Monthly Tracking












Q8. How would you rate... (overall)
Base: 3,770

Quarter One | Overview of key metrics by sector

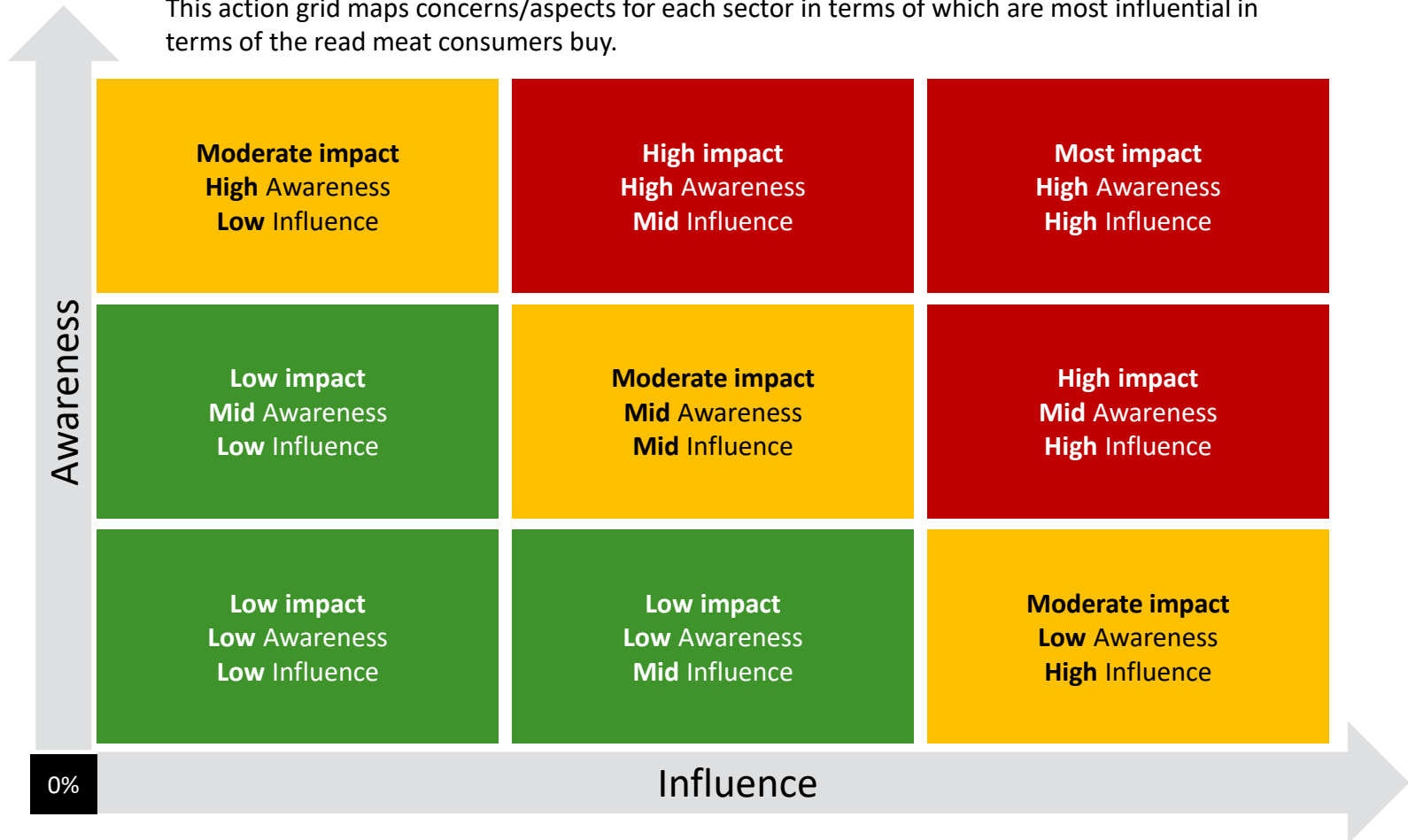
	 Red meat	 Chicken	 Pork	 Fish	 Eggs	 Dairy	 Grains	 Horticulture	 Wool/cotton
Trust in Australian Farmers	79%	70%	72%	72%	73%	84%	83%	87%	79%
Trust in food/fibre production	77%	68%	70%	72%	68%	81%	82%	85%	77%
Quality (T2B)	59%	49%	60%	54%	53%	66%	61%	56%	60%
Safety (T2B)	62%	48%	57%	52%	53%	65%	60%	55%	56%
Value for money (T2B)	35%	44%	43%	35%	40%	51%	45%	40%	41%
Ethical Production (T2B)	46%	33%	45%	45%	32%	51%	54%	50%	46%
Concerns about production in Australia	26%	33%	18%	24%	36%	34%	13%	28%	21%
Influenced by concerns (based on total sample)	67%	60%	54%	61%	63%	63%	48%	68%	53%
n=	832	831	828	821	831	830	832	830	832

Quarter One | Influencers & detractors of consumer purchase by sector

	 Red meat	 Chicken	 Pork	 Fish	 Eggs	 Dairy	 Grains	 Horticulture	 Wool/cotton
Barriers and facilitators that influence consumers (ranked in order)	Grass fed (26%)	Use of hormones in chickens (34%)	Country of origin (16%)	Mercury in large fish (29%)	Free-range isn't genuine (35%)	Supermarket price war on milk (32%)	Use of pesticides (22%)	Fruits and vegetables packed in plastic unnecessarily (32%)	Environmental impact of cotton production (15%)
	Added hormones (23%)	Lack of space for chickens (26%)	Added hormones (15%)	Mercury in farmed fish (21%)	Use of hormones in chickens (25%)	Dairy farmers are struggling (32%)	Genetic modification of grains (19%)	Plastic packaging of fresh fruit or vegetables (28%)	Amount of water required to grow cotton (14%)
	Australian meat farmers are struggling (21%)	Antibiotic use in chickens (26%)	Antibiotic use (13%)	Depletion of local fish stocks in the wild (18%)	The definition of free-range eggs is too confusing (19%)	Dairy farmers being squeezed on price (30%)	Grain farmers are struggling (16%)	Waste of fruit and vegetables due to shape or size (25%)	Wool/cotton farmers are struggling (13%)
	Antibiotic use in animals (20%)	Chicken meat food safety (19%)	Pork producers in Australia compete with high imports (11%)	Environmental impacts of fish production (18%)	Antibiotic use in chickens (19%)	Added hormones (12%)	Overseas investment buying grain farms (13%)	Cheaper imports compared to Australian grown (19%)	Use of pesticides (13%)
	Grain fed (17%)	Genetic modification of chickens (18%)	Quality assurance (11%)	Release of pollutants into waterways adjacent to fish farms (17%)	Genetic modification of chickens (13%)	Antibiotic use in cows (10%)	Environmental impact of grain production (8%)	Fruit/vegetable farmers are struggling (18%)	Water theft by cotton farmers (11%)
	The poor treatment of livestock in abattoirs (14%)	Overly large chicken breasts that are not natural (16%)	Factory farming (10%)	Bycatch (unintended catching of other species) (17%)	Egg farmers are struggling (10%)	Live export of dairy cows (9%)	Amount of water required for growing grains (8%)	Use of pesticides being too high (17%)	Surgery (e.g. tail docking, mulesing) without pain relief (10%)

Action Grid is provided for each sector | Highlighting the high impact and moderate impact issues

This action grid maps concerns/aspects for each sector in terms of which are most influential in terms of the read meat consumers buy.



Reputational Management Framework

