

Sentiment and Impact of pricing issues facing Australian Dairy Farmers

**IMI 24 TM
20th May 2016**



Study Overview

Situation

Milk manufacturers have been reducing the price paid to Australian Dairy Farmers to below cost, which is putting significant pressure on their business and the milk industry as a whole

Objectives

Need to understand...

- Do people know about this important issue?
- Who do they think is responsible?
- What is the impact on various stakeholders because of this issue?
- What can be done in the future?

Methodology

An online study was conducted on 20th May 16, amongst 250+ Australians based on general population

Key Takeouts

Important issue that people care about

Responsibility lies with all levels of stakeholders

Manufacturers and Supermarkets likely to take the brunt of the negative criticism

Sense of uncertainty in the near future on what will happen, but opportunity to respond in the right way

Thought Starters

Is it time for Coles and Woolworths to end the \$1 milk war?

Supermarkets and Manufacturers need to work together to resolve this issue and protect their brands. It's in their best interest.

He who recovers first, recovers strongest. The damage is done; it's now a opportunity for Murray Goulburn to beat Fonterra, or visa versa. Recovery must be genuine, credible and swift.

Awareness and size of the issue facing Australian Dairy Farmers...

Are you aware of the issues facing Australian Dairy Farmers, specifically large milk manufacturers reducing the price they pay to farmers to below cost?

Do you think Australian Dairy Farmers who produce milk are facing a crisis?



Milk pricing issue is definitely top of mind...

74%

*aware that milk manufacturers are reducing price paid to farmers to **BELOW COST***

Herald Sun
MELBOURNE 10-17 °C

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Opinion

Milk price crisis a crushing burden on our farms

'Dairy farmers being milked dry':
Waleed Aly

People are sharing photos of empty milk shelves to show their support for local dairy farmers

OLIVIA CHANG
MAY 22, 2016, 11:32 AM

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Dairy farmers' \$1.5m assistance package announced in wake of milk price cuts

Updated Sat at 2:55pm

The Victorian Government has announced a \$1.5 million assistance package for dairy farmers who are struggling with sudden cuts to farm gate milk prices.

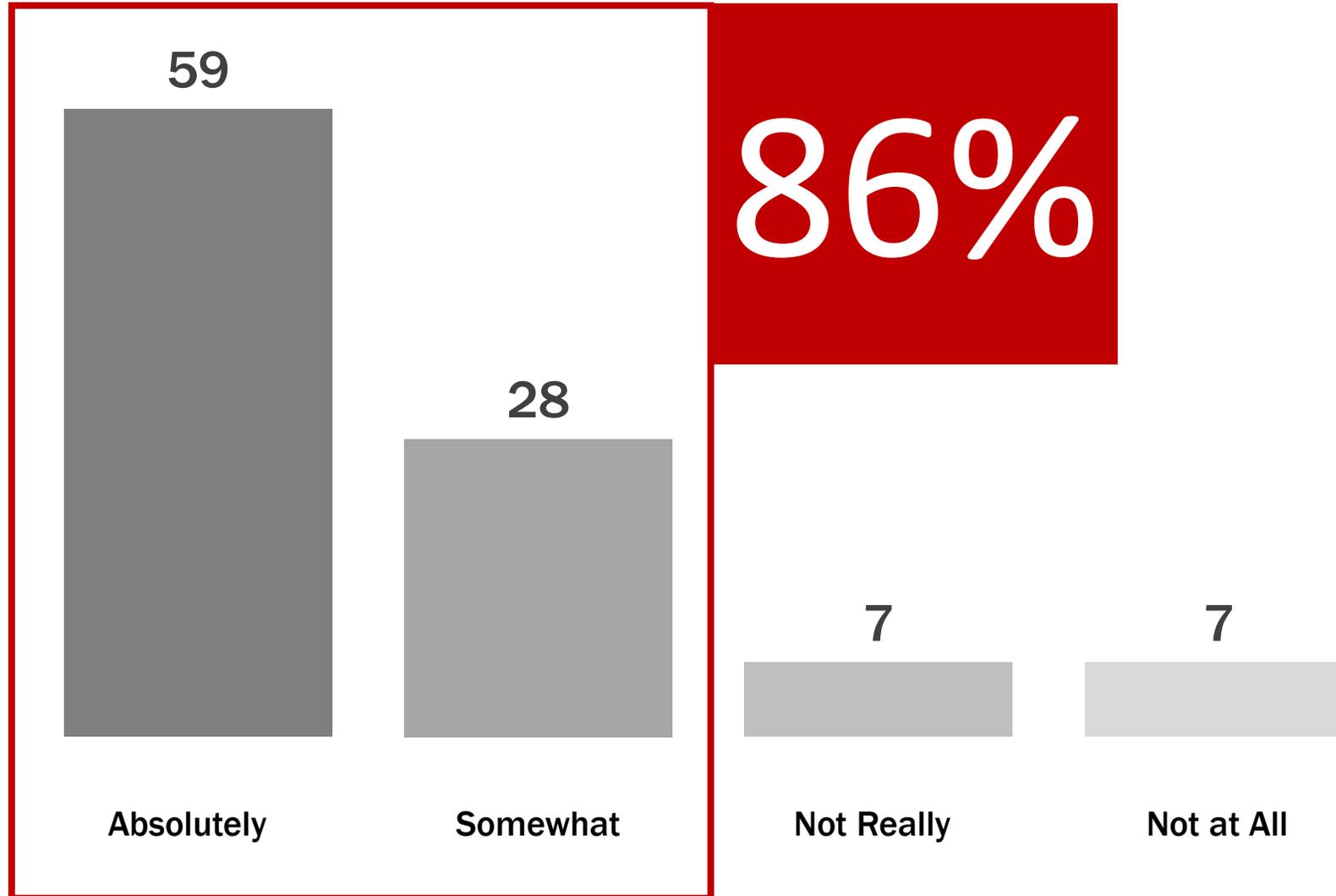
More than \$900,000 will go towards extra counselling services and Lifeline funding.

The will also be more than \$300,000 in grants for affected communities so they can better help



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...vast majority see this as a 'crisis' for our farmers



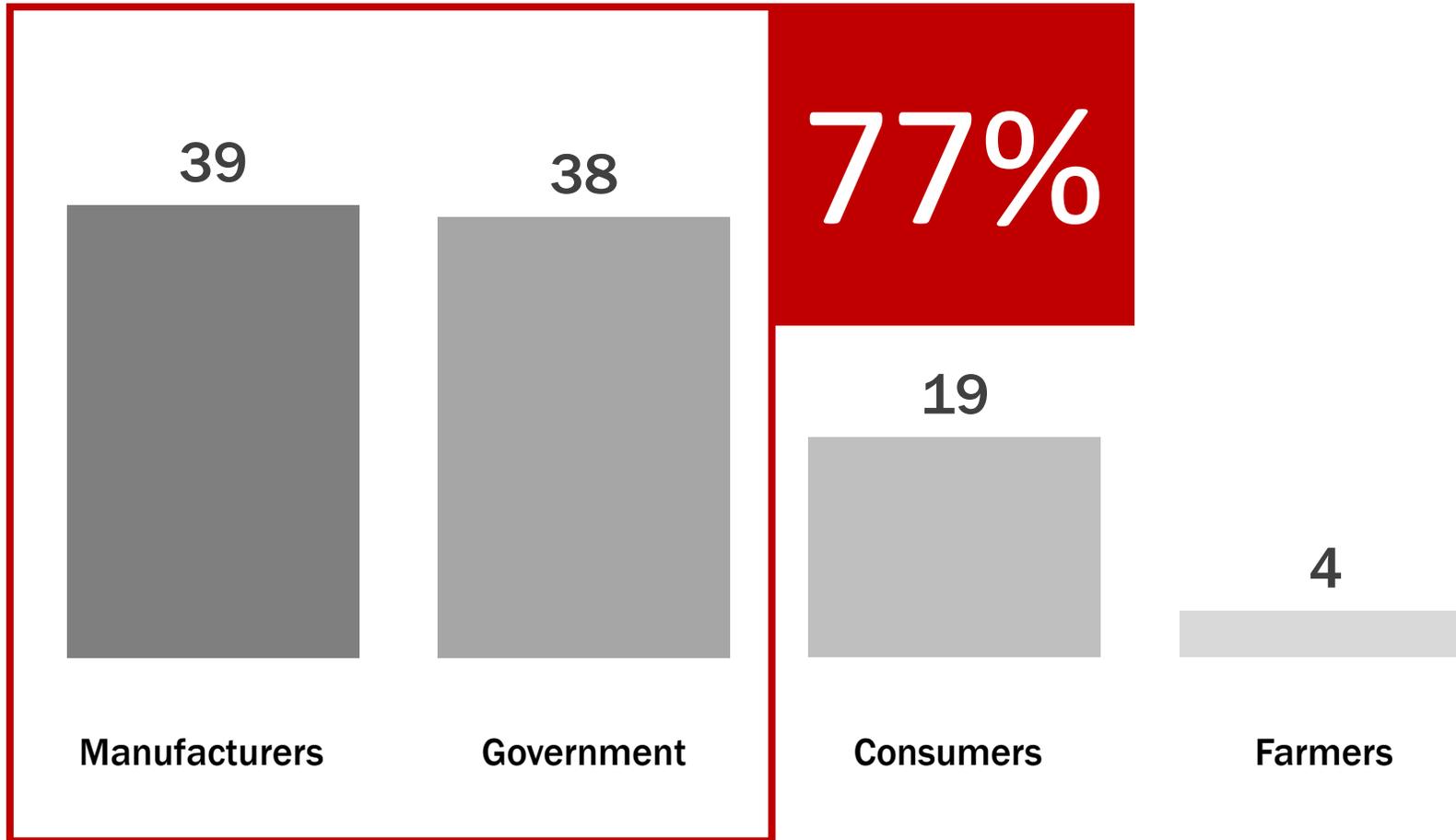
Responsibility for these pricing issues...

Who do you think is responsible for resolving this issue of paying farmers less than it costs them to produce the milk?

Do you think \$1 per litre milk at Woolworths and Coles has played a role in these pricing issues?



This is a shared responsibility between both manufacturers and government...



...though manufacturers play a large part

78%

***agree the supermarkets
play a role in these
pricing issues***



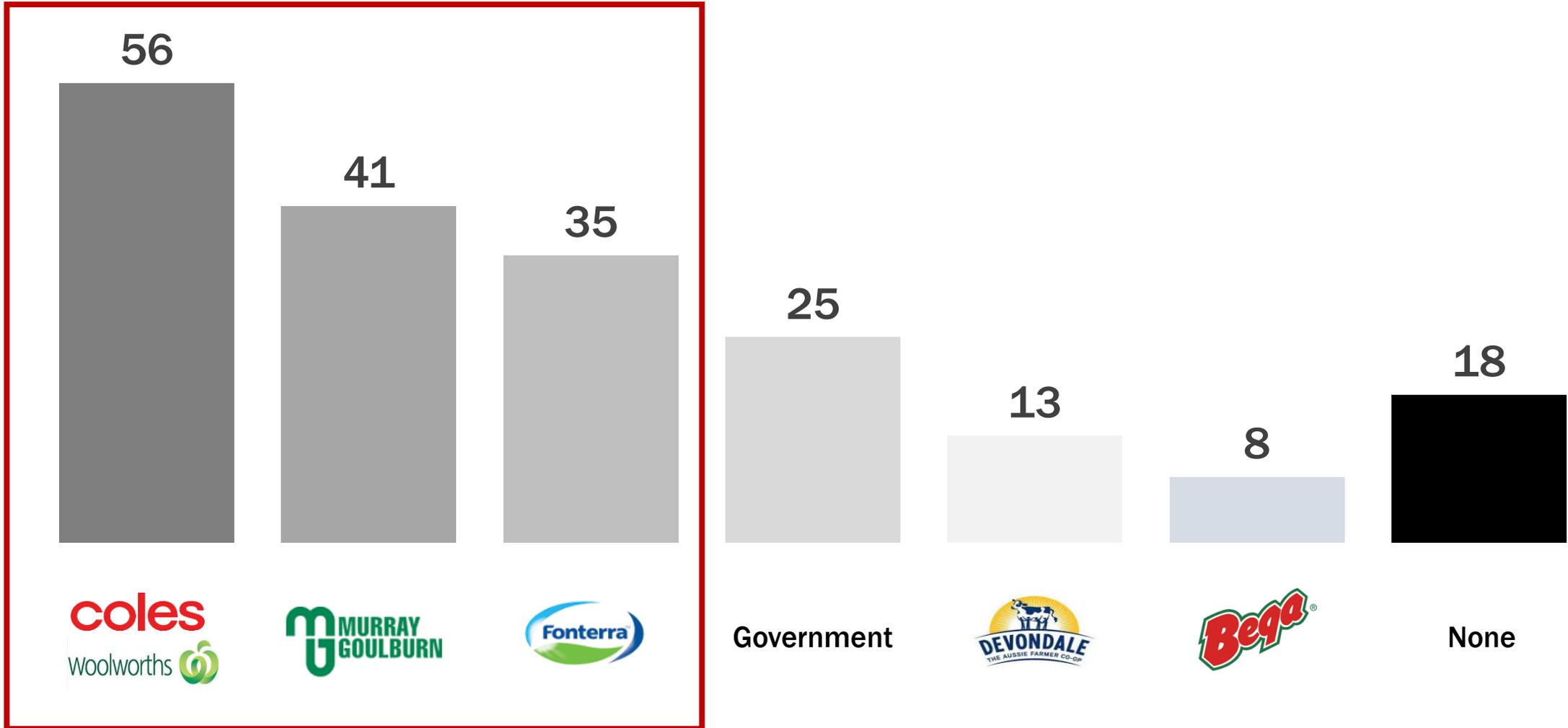


Sentiment towards these pricing issues...

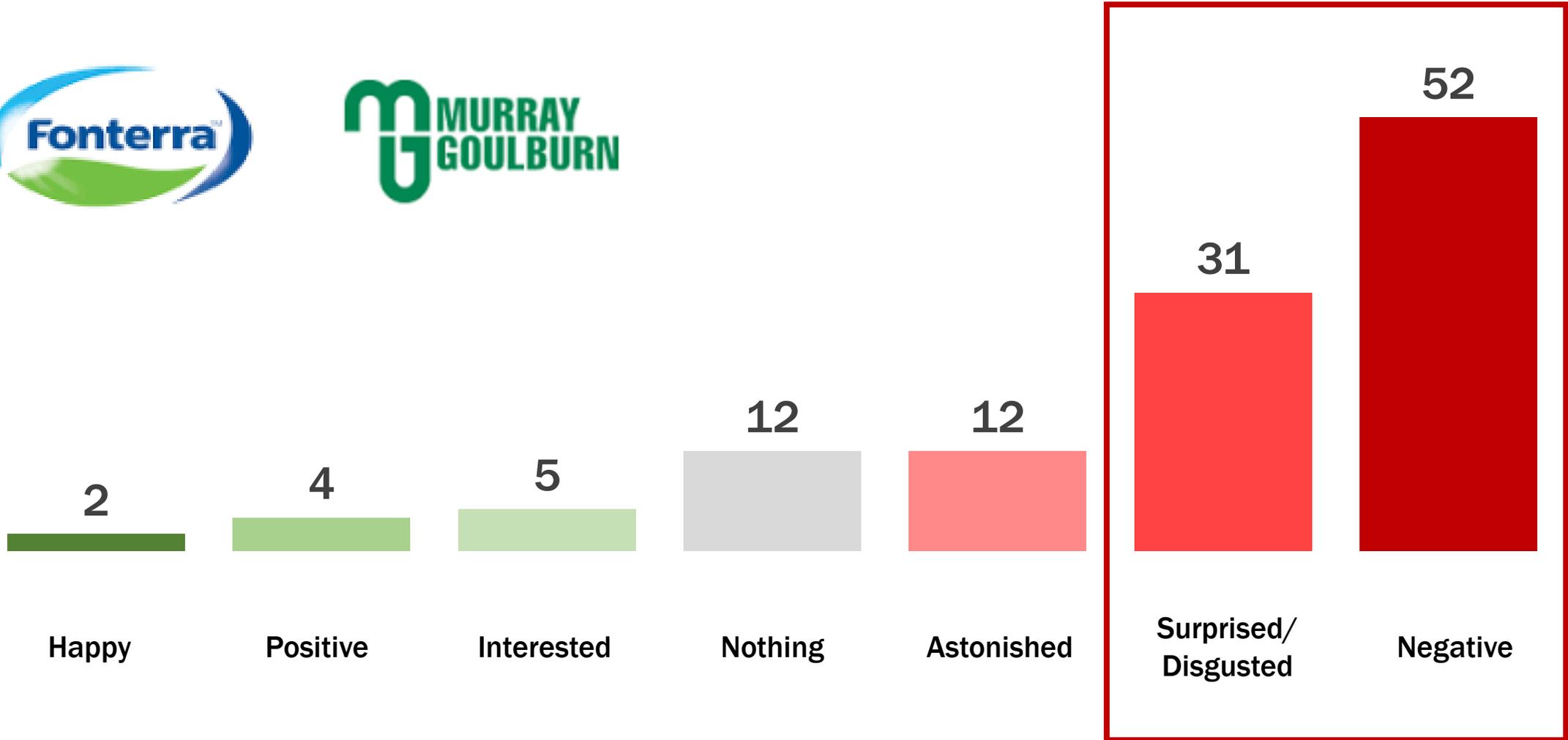
Do you feel LESS FAVOURABLE toward any of the following as a result of these pricing issues facing Australian Dairy Farmers?

How do you feel about Fonterra and Murray Goulburn, the two major manufacturers that have lowered the price farmers get paid?

Supermarkets and manufacturers need to work together to head off major backlash and protect their brands



Overwhelmingly negative sentiment toward Murray Goulburn and Fonterra – opportunity to recover and build, but it *must be swift, credible and visible*



Current state of play and opportunity...

What do you believe is the current future outlook for Australian Dairy Farmers who produce milk?

Would you be willing to pay more, less or the same for your milk if you knew by raising prices it could directly help Australian Dairy Farmers?



Sense of uncertainty in the short term, though opportunity exists as the bulk are clearly willing to change behaviour to help



66%
are willing to pay
MORE *if it helps*
Australian Dairy
Farmers



What do you believe is the current future outlook for Australian Dairy Farmers who produce milk?

Would you be willing to pay more, less or the same for your milk if you knew by raising prices it could directly help Australian Dairy Farmers?

This report has been prepared for use by Australian news, media, dairy wholesale and supermarket organisations. Any use and interpretation of the data should be checked with IMI International prior to publication.



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