Introduction
Meat Trends Report: Approach

This report explores the key trends within the meat category globally, considered from the perspective of retail and foodservice.

The report references examples from retail and foodservice businesses, focusing on Argentina, Australia, Germany, Great Britain, Italy, Japan, Sweden and the USA. Each market highlights examples of how meat is being sold and marketed in the current climate and the new ideas emerging, the highlights of which are included in this report.

A key finding of the report is the pressures on the category in many key markets in the developed world. As austerity measures affect the pockets of consumers; the drive for value is ever present in both consumers’ and consequently retailers’ lives. Meat like many items perceived as an everyday essential or commodity by many has come under pressure to reduce price or offer deeper levels of promotion.

Many companies have sought to break this cycle by building deeper emotional connection with the consumer and establishing real ‘brands’ within these categories. The last chapter seeks to unpick the success factors that have enabled companies to achieve this goal.

For more information on this report or help in applying the findings to your business please contact:

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Meat Trends: Summary

Meat remains a traditional category with low levels of innovation versus other fresh food sectors. Many local preferences for types and cuts of meat remain broadly unchanged and dominate the wider consumer offer through retail and foodservice.

However, this report identifies that there are changes in the way retailers and foodservice are communicating, branding and selling fresh meat products:

Enhancing value and creating differentiation through provenance and transparency

- Breed branding is becoming a more common feature with breeds such as Angus and Wagyu at the fore of this trend.
- Retailers are also exploring

more direct channels to increase the connection of the consumer to the source – for example, by employing ‘straight from the source’ methods of selling and preparation.

- We have also seen retailers and foodservice companies increasing the quantity and quality of the information they provide, often about cuts and provenance of the meat they sell. The theatre of how produce is displayed in retail is also becoming part of how retailers educate consumers.

- Packaging’s role also appears to be increasing in both providing information and underpinning a message around the natural quality of the produce.

Meeting the desire for a greater involvement in the in-home cooking experience and the need for convenience

- Retailers continue to recognise that consumers seek products that are easy to prepare, consume and store.
- In the retail space, we have seen a number of packaging innovations that remove the need for consumers to handle raw meat.
- The rise in single-person households is driving a need for individually packaged portions and re-sealable formats.
Meat Trends: Summary

New flavours, tastes and religious preferences are shaping the style of meats being sold

- Global trends in flavours and tastes are influencing cuts and varieties in foodservice and retail; demand for new flavours is also impacting adjacent categories and expectations of pre-marinated and ready-to-cook products.

- Retailers are increasingly offering cuts associated with Asian and Latin American cuisine as consumers look to replicate dishes found in foodservice in their own homes.

- Religious practices also wield more and more influence over flavours and tastes. Food is an important part of religious observance and spiritual ritual for many different faiths, including Christianity, Judaism, Islam, Hinduism and Buddhism.

- Increasingly, food norms dictated by religion are influencing global foodservice brands – chains such as McDonald’s have actively responded to the needs of consumers following Islamic and Jewish food customs.

- The need to follow religious prescriptions is not the only driver of kosher and halal food sales – the number one reason people buy kosher is for food quality.

Retail models are shifting towards the consumers’ ongoing need for better value

- Consumers have demonstrated a willingness to dispense with in-store service in order to obtain products at lower prices.

- In the US, food and non-food retailers alike have been launching online grocery stores, many of which allow for bulk-buying.

- In some cases, retailers have responded by shifting their focus away from chilled meats and towards frozen varieties which are more economical for themselves and for the consumer.
Key Implications

- How can Irish meat producers benefit from breed branding? How can Irish meat producers raise the premium perceptions on the breeds found in Ireland? Would a focus on the premium breeds gaining popularity and support from foodservice outlets and retailers be an advantage to the industry in the longer-term?
- How can Irish meat producers tap into ‘straight from the source’ retailing trends and community supported agricultural schemes? How can a closer connection with sourcing be used to create consumer loyalty and build differentiation? How could this be made to work for both local and more distant consumer groups?
- What new packaging formats could enable consumers to have greater confidence to cook raw meat and feel involved in food preparation? How can new packaging satisfy some consumers’ desire to avoid handling meat?
- How does the rise of single-person households and their need for convenience change the styles and cuts of meat demanded? How can packaging be used to deliver the optimum portion sizes or keep meat fresh that is bought in bulk?
- What are the opportunities to deliver different styles and cuts of meat to both retail and foodservice to cater to the rising consumer interest in Asian and Latin American styles of cooking?
- Are there growing opportunities to serve consumers whose dietary habits are guided by religious specifications? Does this relatively untapped market, with few domestic brands catering to these consumers, offer wider benefits in helping to reinforce the production quality?
- How can meat producers exploit the emerging new channels, for example e-commerce, that offer manufacturers opportunities to extend reach? How can the price and quality image be maintained in these channels? Should these channels be avoided to prevent margin and equity erosion?
Provenance & Transparency
Enhancing value and creating differentiation through provenance and transparency

Provenance and transparency continue to be resonant themes in the meat category. Retailers and foodservice businesses are being pushed to new heights to prove the quality of their meat products and justify premium prices in a landscape where the pursuit of value is a major consumer motivation.

Information about sourcing and production processes give new levels of transparency to consumers. Whilst health concerns, animal rights issues and wider concerns around food ethics are forces behind this trend, the primary aim of many of these initiatives is to drive deeper understanding of the processes and factors that lead to greater quality in the category.

Breed branding is becoming a more common feature with breeds such as Angus and Wagyu at the fore of this trend. Players in foodservice, and to a lesser extent, retail, have been actively promoting these breeds to consumers, citing their high quality and better taste characteristics.

Retailers are also exploring more direct channels to increase the connection of the consumer to the source – for example, by employing ‘straight from the source’ methods of selling. Equally, food clubs and societies are growing in popularity, providing producers and retailers ways to connect with a growing group of discerning meat consumers.

We have also seen retailers and foodservice companies increasing the quantity and quality of the information they provide, often about cuts and provenance of the meat they sell. Many retailers and foodservice companies are going beyond simple information provision and taking steps to educate consumers to help them better understand the category.

Some businesses are offering consumers the opportunity to benefit from more interactive experiences – such as butchery classes, talks and tours of their premises. The theatre of how produce is displayed in retail is also becoming part of how retailers educate consumers and reinforce a premium positioning.

Packaging’s role also appears to be increasing in both providing information and underpinning a message around the natural quality of the produce.
Angus continues to dominate branding of beef breeds

Drives to promote Angus beef are becoming more apparent, whilst efforts to promote other breeds are generally limited in retailer and foodservice spaces.

Angus beef’s association with quality appears to be well-entrenched in some markets through its promotion in retail and foodservice. The ‘Angus’ breed is lauded and is positioned as a cut above ‘ordinary’ beef.

Brands within retail and foodservice are increasingly playing on consumers’ apparent growing appreciation of Angus beef.

A quality meat for even mainstream foodservice

In Argentina, Aberdeen Angus is considered the best quality red meat of all cattle bred in Argentina, and is associated with high consistency, juiciness, tenderness and flavour. In 2010, McDonald’s Argentina launched its Angus Premium Deluxe. Made from Angus premium meat and certified by the Argentine Angus Association, it is produced to meet the most rigorous international quality standards.

A quality ingredient

Its value as a premium ingredient to enhance a premium position is also being leveraged. Four’N Twenty in Australia, an iconic meat pie brand (meat pies being a very traditional Australian favourite), launched its Legendary Angus Beef range made with 100% Certified Australian Angus Beef in May 2010. Interest in Angus beef has risen greatly over the last couple of years in Australia and Four’N Twenty is seeking to benefit.
Wagyu is an emerging contender for Angus

A true connoisseur’s choice

Though Angus appears to be by far the best known breed of beef among consumers and the subject of vigorous branding efforts on the part of retailers and foodservice outfits, these businesses are also increasingly capitalising on growing public awareness of Wagyu beef, particularly cuts of Kobe.

In Australia, a premium meat company in the wine region of Western Australia has launched a wine-fed Wagyu beef breeding program in response to a request from a top Japanese celebrity chef. The cattle are fed a litre of wine a day for 60 days before slaughter. The wine is mixed in with the feed to form a specially formulated ration that the cattle eat. The product is considered to have a sweeter flavour than ordinary beef, in addition to improved shelf life and a more attractive colour.

In Argentina, retailers and the foodservice industry have been active in promoting Wagyu beef. Las Lilas restaurant has been promoting a ‘tropical Kobe beef’. The restaurant explains in its communications that when cooked, the meat melts the fat in the beef, giving it a special juiciness and softness. The cut is a speciality of Las Lilas, and comes in rib, rump steak and cap of rump varieties.

The high-end Volver restaurant in Argentina runs KOBE CLUB, which specialises in premium meats. In its communications, Volver explains that “Kobe Beef Argentina is considered the best meat in the world by specialists, because of its superb texture, exquisite taste, tenderness and juiciness. Taste our exquisite grilled meat accompanied by gourmet garnish in a warm and elegant environment. Wagyu meat is known as the best meat in the world, due to its unique tenderness, succulence, flavour and scent characteristics. These characteristics are the consequence of the intense marbling and muscular tissue distribution”.
New channels offer opportunities to increase consumers’ connection with the source

“Straight from the source” shopping has taken off

Manufacturers are increasingly offering a ‘straight from the source’ proposition which bypasses traditional retail channels. Some businesses offer consumers the opportunity to dine on site, whilst others deliver meat straight from the farm to the consumer’s home.

Community Supported Agriculture projects are bringing farmers closer to their consumers

Marin Sun Farms in the US offers interested consumers the chance to participate in their CSA (Community Supported Agriculture program). Once signed up for a 6 or 12 month program, participants buy “shares” in meat to provide farmers the capital they need to bring their animals from field to market. In return, members receive monthly packages of steaks, roasts, ground and other items. This allows consumers to know exactly where their meat is coming from, and obtain quality meat products at a discounted price.
The in-store experience can help to promote transparency and the meat’s quality

The in-store experience has become a key point of differentiation for high street butchers

Butchers stores are increasingly offering a more premium in-store experience to consumers in order to differentiate themselves from other channels, particularly supermarkets. Premium interiors, butchery classes and guided tours are becoming more common in high street butchers.

In Australia, Victor Churchill, a butchers store in a well-to-do Sydney suburb, has invested significantly in its in-store experience, including a premium store fit-out and near-theatrical meat displays. Consumers can see meat drying in the ‘dry ageing room, under the glow of the Himalayan rock salt wall’ and see the butchers at work in the specially designed cool room. The shop also offers meat masterclasses including ‘sausage making, beef butchery, pork butchery a kids class and more’.

La Cabaña restaurant offers courses teaching consumers how to prepare proper asados (barbecues). Consumers learn about tradition, culture and the different techniques for cooking asados, Argentina.

Victor Churchill offers theatrical meat displays and classes, Australia

Jamie Oliver’s Recipease stores in Britain offer lessons on how to cook meats (plus other skills) at its in-store kitchens.
Clubs and societies help businesses reach consumers seeking premium products

Meat delivery clubs offer premium and independent retailers a stronger connection with consumers

Retail channels are splintering as consumers seek more convenient ways of buying the products they need.

The popularity of food societies and clubs are on the rise, particularly in the US and Australia: with an increase in self-proclaimed “foodies” comes an increased willingness to spend extra money on services that allow them easy access to top range meats.

Some butchers and small retailers have launched meat subscription initiatives in response. The subscription channel guarantees retailers a steady source of quality assurance.

Swedish butcher Skebohas, for example, launched a meat subscription initiative which offers a box filled with different meat products delivered to your door. The content of the box will vary from month to month, but includes beef, pork, veal, lamb and venison as well as sausages, hams and smoked products.

In the US, local butcher shop Avedano’s offers weekly ‘Meat Boxes’, available for pre-order online, and ready for pick-up weekly on Fridays. The boxes are advertised as a way to “save 15%” on popular products. Consumers save both time and money on quality meat products.

The Gourmet Club brings people together to “celebrate the love of good food, and showcase new recipe ideas, cooking methods, and great prize giveaways”, Australia

Avedano’s weekly ‘Meat Boxes’, US
Educating consumers about the facts

**Information about different cuts of meat is being made more accessible by traditional butchers**

In Britain, traditional family butcher Allens of Mayfair’s offers in-store butchery classes and an online cut explorer, which suggests dishes you can make when specific cuts are highlighted.

In Australia, the Meat & Livestock Association (MLA) created an online information directory last year called ‘Red Meat, Green Facts’ as part of an ongoing effort to discuss the issues of sustainable farming practices. It contains facts about the impact of farming on our environment and the proactive initiatives undertaken by farmers and processors across Australia. The directory includes case studies and has resources for school projects.

Tools such as these are helpful for many of today’s consumers, some of whom will have little knowledge of different meat and cuts, particularly younger generations who are used to buying meat ready cut and vacuum-packed.

**Concern over preservatives is shining the spotlight on nitrates and nitrites**

Labelling which communicates a nitrate-free product is becoming increasingly common in the US as health concerns mount over the use of nitrates as a preservative. While there are conflicting studies and reports as to whether or not nitrates are linked with cancer, buying nitrate-free meats has become a popular trend for health-conscious consumers in Los Angeles.

Last year, the European Commission (EC) considered a ban on the use of nitrates in organic food. It was challenged by Britain’s DEFRA, which maintained that there are no viable alternatives to using nitrates in organic cured meats.

Although the EC ban was eventually dismissed, it highlights the increasing attention being given to the issue of nitrate and nitrite use in cured meats. Brands are increasingly taking steps to communicate nitrate-free products to consumers.

**Stickers that inform consumers that the product is nitrate-free, US**
Labelling and packaging help reinforce a premium positioning

Retailers are improving on-pack information

National flags are becoming more prominent and prolific and have become shorthand for quality and authenticity. Indicators such as the Traditional Speciality Guaranteed label are recognised as signs of quality, authenticity and tradition. This trend is well established in European markets, but is increasingly evident in emerging markets.

In Argentina, Rosenbusch’s Control-Ar traceability system allows consumers to ‘trace’ any product in its exclusive line of meat, ‘Pampa Mia’. You can find out all about the product you have just bought simply by entering the code on the label onto its website, where information is provided about breeding, slaughtering, production, packing and distribution.

In Japan, KOYO`s Kagoshima beef carries labelling with codes which help consumers trace where the meat comes from via its product labelling. The origin of meat products is a prime consideration when purchasing in Japan.

New packaging materials focus on highlighting quality and sustainability sourcing

Retailers are investing in techniques to make their product packaging more environmentally friendly. New formats are becoming more efficient to manufacture, allowing brands and retailers to save money on production costs and up their credentials in terms of producing sustainable products.

Environmentally friendly materials do not necessarily increase cost or detract from the premium feel of a brand. M&S has launched sliced meat in paper packaging based on Billerud FibreForm – a type of paper with high stretchability, which can be formed in existing thermoforming lines without requiring costly investments. The FibreForm Packaging provides a premium look to its ham and is constructed from sustainable FSC certified sources.
Provenance & Transparency: Implications

- How can Irish meat producers benefit from breed branding? How can Irish meat producers raise the premium perceptions of the breeds found in Ireland? Would a focus on the premium breeds gaining popularity and support from foodservice outlets and retailers be an advantage to the industry in the longer-term?

- How can Irish meat producers tap into ‘straight from the source’ retailing trends and community supported agriculture schemes? How can a closer connection with sourcing be used to create consumer loyalty and build differentiation? How could this be made to work for both local and more distant consumer groups?

- What are the implications of retailers showcasing meat in displays as part of a retail theatre experience? How might this affect the retail outlet demand of which format the meat is supplied in? What further opportunities in-store are there to educate consumers on where the best meat comes from and build equity through the meat’s origin? How does the Irish meat industry show greater transparency in how meat is produced and where it comes from?

- How can Irish meat producers leverage the growing trend for in-store cooking experiences in foodservice businesses? What style of cuts are suitable for this type of DIY experience? How can producers support this emerging trend?

- How can packaging be further exploited to educate consumers and reinforce the positioning of Irish meat? What role can sustainable packaging play in demonstrating the naturalness of the product as well as environmental responsibility?
Convenience
Meeting the desire for a greater involvement in the in-home cooking experience and the need for convenience

The consumer demand for convenience is a driving force within the meat category. Both retailers and foodservice businesses are responding to this demand with increasingly innovative solutions.

Retailers continue to recognise that consumers seek products that are easy to prepare, consume and store. Retailers are increasingly experimenting with packaging to deliver solutions which bring more convenience to the consumer.

This drive towards convenience has not been limited to supermarkets and hypermarkets. Small, independent stores have demonstrated a proactive approach to providing their consumers with products that are easy to use.

In Argentina, for example, butchers are selling packed and ready-coated cuts of fresh meat sold in packaging designed for freezing.

In the retail space, we have seen a number of packaging innovations that remove the need for consumers to handle raw meat.

In particular, we have seen greater investment in new heat-proof, non-toxic packaging which has led to a rising prevalence of cook-in pouches. In Europe, Knorr, Erin and Maggi have recently launched cook-in varieties of meat with sauces and marinades included.

Consumers continue to look to retailers and foodservice businesses to provide them with guidance on portion control. The rise in single person households is driving a need for individually packaged portions and re-sealable formats.

Health concerns, particularly rising consumer awareness and concern about obesity, mean that consumers are increasingly dependent on retailers and foodservice businesses to provide information about appropriate portion sizes.
Packaging solutions that make meat simple to prepare and consume at home

The need to feel that you are preparing food but without the hassle

Consumers continue to seek products that save preparation time and are easy to use. Lack of knowledge about how to prepare food is the greatest barrier to take-up of fresh meat products, and ready-to-cook options are popular amongst consumers lacking cooking knowledge but wishing to feel they are more involved in the process.

Both retailers and foodservice businesses are increasingly offering innovative solutions that simplify home cooking. For example, butchers stores in Argentina sell pre-prepared ‘milanesas’ coated in different herbs. Some stores even offer special packaging designed for freezing the product.

In the GB, products such as Tesco’s Simply Cook Range offer pre-packaged whole meals to cook at home. Components inside the main packaging are all wrapped separately, giving the consumer a small sense of preparing a meal – that they are still doing the cooking.

Opportunities also exist for pre-prepared meat solutions that require more creativity in their cooking. Here packaging has a key role in preserving the product, for instance Tesco sells meatballs in packaging akin to egg cartons to keep each meatball separate and protected.

Retailers are responding to consumer demand for solutions which remove the need to handle the raw product

While consumers may hanker after ‘real’ cooking experiences, for some, handling the raw product is a deterrent.

Retailers have been responding to this need by devising packaging that removes the need for consumers to touch the raw product. For example, in the GB one supermarket sells chicken in a hard shell rather than film wrapping. The shell is not in direct contact with the skin, meaning that the consumer does not have to ‘feel’ the product through the packaging.
New ways of cooking and portion control

Cook-in pouches offer a new solution to meal preparation

Cook-in pouches have emerged in the retail space over the last couple of years and are particularly evident on the shelves of British retailers.

Whilst some brands offer an almost entire meal solution, other brands offer only the bag and the sauce or marinade. Many brands communicate the reduction in loss of nutrients as a key benefit of this type of format.

Nestlé has launched a range of recipe mixes with a special cooking bag included. The special bag enables the chicken to cook in its own juice meaning there is no need to add oil or sauce.

Portion control and catering to the single person household

The growth of single-person households is impacting the structure of mealtimes and the types of food that people eat at home. The rise in single-person and shared households means that consumers are seeking more convenient meals for one. These include ready meals, snacks, portable and single-portion foods.

Singles tend to make more frequent visits to food outlets, and buy less on each occasion. As they buy smaller amounts of groceries, singles tend to prefer carrying out their regular shopping in small, local supermarkets or convenience stores, rather than travelling to out-of-town supermarkets or hypermarkets.

Brands have responded to the rise in single person households: Germany’s ‘Für den kleinen Kauf’ specialises in small pre-pack products aimed at single person households. It offers a range of ready-made or semi manufactured products – such as the meatballs - that only need to be heated up: perfect for those who eat alone and therefore don’t want to spend a lot of time on cooking.

Convenience: Implications

- What new packaging formats could enable consumers to have greater confidence to cook raw meat and feel involved in food preparation? How can new packaging remove the desire for some consumers not to handle raw meat?

- How can cook-in formats or other packaging types allow consumers to cook fresh meat and enhance the end meal solution or preserve the nutritional value of the meat?

- How can meat manufacturers tie in with sauce manufactures to create ideal meal solutions that use certain types of meat? How can the Irish meat industry help encourage the use of less popular or cheaper cuts of meat, e.g. chicken thighs, through recipe solutions?

- How does the rise of single-person households and their need for convenience change the styles and cuts of meat demanded? How can packaging be used to deliver the optimum portion sizes or keep meat fresh that is bought in bulk?
Flavours & Changing Tastes
New flavours, tastes and religious preferences are shaping the style of meats being sold

Global trends in flavours and tastes are influencing cuts and varieties in foodservice and retail; demand for new flavours is also impacting adjacent categories and expectations of pre-marinated and ready-to-cook products.

We are witnessing a rising sophistication of consumer tastes, particularly towards Latin American and Asian flavours. In GB and the US, Asian and Latin American flavours and varieties of food are increasingly prominent in foodservice and on retail shelves.

Retailers are increasingly offering cuts associated with Asian and Latin American cuisine as consumers look to replicate dishes found in foodservice in their own homes. Religious practices also wield more and more influence over flavours and tastes. Food is an important part of religious observance and spiritual rituals for many different faiths, including Christianity, Judaism, Islam, Hinduism and Buddhism. Religions often impose restrictions on what can be eaten, at what times of the day or year and with what, and how it is prepared.

Increasingly, food norms dictated by religion are influencing global foodservice brands – chains such as McDonald’s have actively responded to the needs of consumers following Islamic and Jewish food customs. Meat designed for consumers following religious specifications is by and large dominated by smaller and specialist retailers; in the future, we expect larger retail brands to take a greater role in delivering meat products that are compliant with religious food norms.
Asian flavours are becoming increasingly prominent in Western retailers and foodservice

Foodservice growth proves popularity of Asian flavours

The growing popularity of Asian food in Western markets has driven demand from consumers for retailers to provide sophisticated and authentic Asian ingredients.

In the US, the value of the market for Asian fast food grew a total of 34.2% between 2004 and 2009. In Britain, the value of the market for Asian fast food grew a total of 33.5% between 2004 and 20091.

Consumers keen to replicate cooking methods of street food vendors

Sandwich shops and carts serving Vietnamese banh mi sandwiches - crispy baguettes stuffed with vegetables and roasted or grilled meats - have cropped up in cities around the US.

In California, Roy Choi has turned the "Korean taco" served from his Kogi BBQ food trucks into a famous L.A. dish. Asian methods of grilling meat are migrating from high-end restaurants and streetside food trucks to outdoor grills, where consumers are looking to mimic the grilling techniques of Asian street vendors.

Speciality food stores are tapping into the rising desire to create these food experiences at home. Some specialty food stores feature meat cuts found in Asian cuisine. Each package is labeled with the weight, price, and handling instructions. The packaging specifies that this meat is cut for Shabu-Shabu dishes, which makes it easier for novice cooks to understand how to use the product.

The popularity of noodle bowl products has surged

Noodle bowls, consisting of small pieces of cooked or partially cooked red meat or chicken served as part of a pre-pack salad or noodles, have become more prominent in retail. Ready meal products have emerged on retailer shelves over the last five years and the format has been adopted by several supermarkets - Iceland in Britain has recently launched a line of frozen noodle bowl meals.

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Latin American styles of food consumption are growing in foodservice

The trend towards Latin American flavours is prevalent in the US & GB

There is a growing demand for fresh, Latin American fast food, particularly in the US and Britain.

The value of the market for Latin American fast food grew 21.7% in the US between 2004 and 2009 (burger fast food grew 15.6% and chicken fast food grew 15.5% over this period)\(^1\). This demand is driven by immigration and the perception of Latin American fast food as convenient.

In Britain, Latin American fast food grew 20.9% between 2004 and 2009 (burger fast food grew 8.9% and chicken fast food grew 36% over the same period)\(^2\).

Growth of Latin American foodservice

US burrito chain Chipotle Mexican Grill is a strong testament to the growing popularity of fresh, Latin American food in Britain.

Chipotle also believes that food served fast does not have to be what is known as traditional fast food in America – greasy, unhealthy or low quality.

Chipotle has succeeded by emphasising freshness and customisation. All items are made to order and are cooked from raw ingredients within restaurants, rather than arriving frozen at each outlet.

The chain launched its first outlet in Britain last year, on Charing Cross Road in London. The company opened 118 stores in 2009 and experienced one of the greatest share increases among fast casual players in 2009.

Chipotle’s philosophy is “food with integrity”, meaning it sources the highest-quality ingredients that are grown or raised with respect for the environment, animals or the people who grow them.

US burrito chain Chipotle, GB

Growing influence of religious food

Retailers are responding to the growing demand for meats prepared in accordance with religious specifications

Increasingly, food norms dictated by religion – namely Islam and Judaism - are influencing global food brands. Kosher and halal food are becoming more prominent in mainstream foodservice and retail.

Halal

In Western countries, supermarkets have only recently started to sell halal products\(^5\).

The halal market alone is worth US$2.1 trillion a year and is growing at US$500bn a year\(^1\).

Total volume sales growth of fresh meat in (predominantly) Muslim countries is often higher than regional/global averages\(^2\).

At a retail level, distribution of fresh halal meat is still primarily the domain of small, specialist family butchers, although of course supermarkets in Muslim countries do sell halal meats, often exclusively so\(^3\).

In countries where Muslims make up an important minority, Middle Eastern full-service and fast food restaurants are usually very popular\(^4\).

Kosher

Christians, Muslims, Jews and Atheists alike are helping fuel the robust market for kosher foods. Of adults who purchase kosher food, Mintel has found that the number one reason people buy kosher is for food quality (62%)\(^6\).

The market for kosher food is strong and growing in the US. Sales of kosher foods totalled $12.5 billion in 2008, a 64% increase since 2003. A recent survey of 2,500 adults revealed that 13% of US adults intentionally purchase kosher foods\(^7\).

Flavours & Changing Tastes: Implications

- What are the opportunities to deliver different styles and cuts of meat to both retail and foodservice to cater to the rising consumer interest in Asian and Latin American styles of cooking? Are there particular styles of meat such as the pre-cut Shabu-Shabu meat in the US that can be promoted specifically for particular international dishes?

- Are there growing opportunities to serve consumers whose dietary habits are guided by religious specifications? Does this relatively untapped market, with few domestic brands catering to these consumers offer wider benefits in helping to reinforce the production quality? What does this mean in terms of seasonal cuts and varieties of meat which correspond to religious celebrations?
Value
Retail models are shifting towards consumers’ continuing need for better value

The economic situation in many markets continues to be challenging and recovery from the global recession has been sluggish. Value for money is still a key concern for consumers and retailers and foodservice businesses are clearly acknowledging this need.

Consumers continue to trade down to more affordable cuts rather than giving up certain types of meat altogether – opting for chicken thighs and drumsticks over boneless and skinless chicken breasts, or beef rumps rather than sirloin or fillets.

Consumers have demonstrated a willingness to dispense with in-store service in order to obtain products at lower prices. Self-service style meat aisles are becoming more prevalent, especially in European retailers. Some retailers are exploring online channels in order to cut costs and deliver better value to the consumer. In the US, food and non-food retailers alike have been launching online grocery stores, many of which allow for bulk-buying. Group-buying has taken off globally, as websites such as Groupon and MyCityDeal facilitate and simplify the process. Retail businesses and foodservice are taking advantage of these sites to operate promotions and generate sales.

In some cases, retailers have responded by shifting their focus away from chilled meats and towards frozen varieties which are more economical for themselves and for the consumer.
Discount stores dispense with the frills

**Discounters continue to be the fastest growing meat retailers**

Discounters Aldi and Lidl entered the top ten list of the world’s biggest retailers in 2009. Discounters such as these are continuing to squeeze supermarkets.

In Argentina, hypermarkets and supermarkets are flourishing by routinely advertising special meat promotions on Fridays and Saturdays, as many consumers will consume large quantities of meat at *asados* over the weekend.

Italian local discount hypermarket, Ipercarni, which offers mainly fresh meat and poultry has become particularly successful over the last couple of years as its no-frills format has become popular with consumers looking to save money throughout the economic downturn. Local meat dealers associations have tried in vain to force the store to close.

**There has been a shift away from in-store butchers and towards self-service style meat aisles**

Retailers are increasingly subscribing to a self-service model of meat retail – i.e. consumers help themselves to an array of pre-packed meat in whatever cut they wish.

In the US, Costco offers consumers the opportunity to buy meat in bulk. Aisles which offer a huge variety of chilled and/or frozen cuts, are becoming increasingly common in supermarkets which do not traditionally offer bulk-buying options.

Over the last two to three years discounters have become dominant in meat retail and many have adopted this self-service approach.

In Germany, some retailers offer a particularly large chilled meat selection with every type of cut available and have removed the in-store butcher, a strategy that has proved popular among consumers.

New ways of buying are gaining popularity

New online sources are appearing

Online retailer Amazon is offering meat products to consumers. Its Grocery Store site offers free delivery on its range of grocery products, which include meat packs, featuring everything from Gressingham ducks to a mixed pack of meat for families that includes sirloin steaks, chicken breasts and pork loin steaks.

Australia’s Grays online is an auction site that has a large range of meat packs available to suit different needs and different people. The range includes packs such as ‘Grandpa’s favourite’, ‘Slow cooker delight’, ‘couples special’, ‘singles special’ and so on. Like e-Bay, consumers bid for the packs with the highest bidder winning (the modern version of the pub meat auction). The products are delivered to your door to offer both convenience and value.

Group buying sites are gaining pace in cities around the world

Group buying sites such as Groupon feature deals for various retailers, restaurants and bars. Groupon is regional and it is not uncommon for retailers to offer promotions valued at up to half of the standard price.

Frozen cuts of meat have risen in popularity across Europe

Before the recession, the consensus in retail appeared to be that frozen formats were giving way to chilled. Since the economic crisis, this opinion has flipped as price-conscious consumers have proven more open to frozen products than before.

Techniques such as freezing with nitrogen are becoming more prevalent. Italian retailer Sapore di Mare uses nitrogen to freeze fresh fish and seafood within seconds of it being caught.

In countries hit by the recession, it may be reasonable to expect more beef to be sold frozen in the future as retailers and manufacturers can offer better value in this area.
Value: Implications

- How can meat producers exploit the emerging new channels, for example e-commerce, that offer manufacturers opportunities to extend reach? How can the price and quality image be maintained and improved in these channels? Should these channels be avoided to prevent margin and equity erosion?

- How can group-buying websites offer potential for promotions and create opportunities to introduce products to new consumers?

- What role could frozen play in extending the reach of Irish meat to other European markets where its popularity is growing? Are there more premium ways of freezing that can be exploited?
Building brands from commodities
Six key principles that help to build a brand from a commodity

1. Be clear about the drivers of value
2. Create a distinct positioning
3. Don’t miss the hygiene factors
4. Remember value needs to be implicit and part of your story
5. Tread new ground with breakthrough thinking
6. Nurture and protect your idea
1. Be clear about the drivers of value

- Gain a deep understanding of what’s shaping your market and where these category drivers & consumer trends are heading:
  - Identify the drivers that will lead change.
  - Understand emerging consumer views.

- Consider your options for playing in this market:
  - To win by playing within the rules (by being better).
  - To win by stretching/changing the category (by playing to drivers currently underserved).

- Within meat, the US is in a different place to UK:
  - US concern for quality of food supply chain is a more mainstream issue.
  - UK supermarket power means independent meat brands are less prominent, so meat branding happens underneath trusted umbrella of supermarket product brand architectures.

CASE STUDY: INNOCENT

- Created by 3 friends with the simple principle to produce smoothie drinks made simply of fresh fruit and juice, with no concentrates. Primarily built on an adult smoothies range and subsequently extended to a kids offering. Innocent then decided to tackle trickier markets of lunchboxes, soft ‘squash’ drinks and breakfast.

- Huge success by playing to multiple drivers: Keeping It Real (100% natural), Health & Wellness (5-a-day & superfoods), Making a Difference (sustainability & anti-corporate) and Fluid Lives e.g. people really liked smoothies but didn’t have time to produce their own.

- Company now turns over +£120 million a year and in 2009 sold 18% to Coca-Cola for £30 million. In 2010 Coca-Cola increased the stake to 58% for £65 million.
2. Create a distinct positioning

- Ownability is key so create a space/territory for your brand to own so you can defend and provide the consumer with a new choice that matters to them.

- Consumers need to feel your positioning is true (to who you are and what you do):
  - If not, your brand won’t be joined-up (between the idea, company philosophy and category) and so will lose power as a result.
  - In an era of increasing scrutiny, consumer will see through your offer and likely reject it.
  - Will miss expectations at the moment of truth and damage the brand on basics.

- The big idea at the core of the positioning is what matters most and techniques such as story-telling are critical to developing a compelling narrative.

**CASE STUDY: MALDON SALT**

- Maldon Salt has become a savoured institution that is not available in bulk from any source. The salt is comprised of small crystalline flakes easily crushed with your fingers. Considered by many to be one of the best salts in the world and sought after by health conscious consumers and gourmets.

- Underpinning the success of the premium salt brand are two factors: Provenance - combination of low rainfall, strong winds, bright sunshine and low-lying marshland produces good salty water. And, Authentic production methods – using traditional natural processes developed by one family over generations in Maldon.

- Delia Smith recently included Maldon Salt among her ‘essential ingredients’. In 2005 Pret A Manger joined forces with Maldon Salt to introduce it to their offer.
3. Don’t miss the hygiene factors

- Once you are clear about your brand positioning and happy it is distinct, you need to check back against hygiene factors (or table-stakes) to ensure you haven’t missed them as hygiene factors matter. While not being particularly sexy, they won’t help differentiate your brand but they could hurt it if your brand positioning suggests they have not been taken into account. Examples are: safety (airlines), stability (banks) and with meat...clean, fresh & fairly slaughtered.

- Inevitably hygiene factors are also particular to the market you operate in so will differ by country. The UK, for instance, currently operates with an established hierarchy of meat grades ranging from value to mid-range and through to premium. Sainsbury’s typically offer the following for example:
  - Organic
  - Taste The Difference
  - Standard (mid-range)
  - Basics

- All are assumed to deliver clean & fresh & fairly slaughtered.

CASE STUDY: AMAZON

- While Amazon’s user reviews, 1-click ordering, used options and Prime delivery are the features often recalled about the service, it is getting the basics right that’s driven the brand’s ongoing trusted relationship with its consumers.

- Put simply consumers trust Amazon to transact with and to deliver on its promise, and they do so because Amazon has delivered on:
  - Choice - matching bookstores range & offering other sourcing options
  - Convenience - intuitive website and crucially, a trusted delivery service
  - Value - cheaper and transparency on delivery

- It is only because these elements have been delivered can Amazon deliver the differentiating features that will protect the brand against other e-commerce retailers.
4. Remember value needs to be implicit and part of your story

- Communicating value is key to developing premium brands but brands need to be careful about how they talk about value.
- The rule is not to ‘say’ value but to communicate something in place of value so the take-out is the same.
- We need to give the consumer a credible reason to believe. Below are some examples of how this can be done:
  - Specialist or tailored nature to the product e.g. a unique cut of meat
  - Provenance and sourcing story e.g. Norwegian prawns etc.
  - Product process e.g. Triple distilled for vodka or volcanically filtered for water
  - Premium design look & feel e.g. iconic can size and design like Red Bull
  - Unique way to serve the product e.g. in branded glass and over ice like Magners

CASE STUDY: KOBE BEEF

- Kobe took an established and largely homogenous category and staked their claim to luxury within it.
- Kobe is the cut from the black Tajima-ushi breed of Wagyu cattle raised according to the strict tradition in Japan. The meat is considered a delicacy because of flavour, tenderness and fatty / well-marbled texture. And Kobe beef is considered by many to be the best form of beef available in the world, prohibitively expensive and virtually impossible to import. Kobe beef is also a registered trademark.
- Nature of cattle raising (strict tradition) is loaded with mythology: “I made it my mission to learn about the famous buttery, marbled Kobe beef, which I then believed came from specially pampered Wagyu breed cows, massaged by beautiful geisha girls, one per beast, who gave them beer and sake to relax them, while the geishas' nimble fingers redistributed the fat within the muscle tissues…” (Raymond Blanc, 2010).
- The success about powerful story-telling combining provenance (country & breed), food processes and mythology; allied to taste and texture promise.
5. Tread new ground with breakthrough thinking

- The most successful brands tend to get on and lead the market with what we call ‘verve’. They’re not afraid to bring new ideas to consumers and they’re not afraid to break the rules of the market.

- Leading with gusto has to be earned however and it can be damaged through mistakes. The test of all new activity / innovation undertaken by the brand is that it is real, significant and proven. If it isn’t then the increasing sceptical / considered consumer disposition will find you out.

- Fast moving consumer products, like meat, are good categories to experiment in because they are relatively easy to create new products from at minimal investment.

- Success is about developing:
  - Product ideas with the right insights that associate themselves with the brand positioning in a meaningful way.
  - A culture around your innovation so it is lived and breathed – from strategy to HR policy.

CASE STUDY: CRAVENDALE

- Milk is not the most exciting of products but Cravendale have successfully developed a powerful brand personality and advertising campaign to match.

- Perhaps even more impressive than the advertising campaigns (‘The cows want it back’ and now ‘Cats with thumbs’) is the brand’s innovation imagination: into flavoured milk, collectable offers and through high levels of online engagement.

- Great examples are the lateral innovation vehicle of an on-pack collector scheme which allows for direct brand engagement, the development of an ‘in-club’ feel to the brand (while driving repeat purchase and habitual behaviour) and access to an adjacent category product-set (crockery!) with Cravendale acting as facilitator. The milkmatters.com site, and alongside this the makethetea.com site, reflect the brand’s continued energy.
6. Nurture and protect your idea

- Once you’ve launched your brand positioning and consumers have had time to understand and recognise it, you need to nurture and protect this idea.

- This isn’t the same thing as preserving the brand ad infinitum (in exactly the same format as you first conceived it) because the world and your category are evolving and so you need to be flexible enough to adapt when you need to.

- The trick is to evolve whilst staying true to the core of the brand in order to stay relevant for consumers by tackling evolving issues and keeping your competitive advantage and leadership.

- Part of this is about ensuring your communication is consistent and well executed, and part is about protecting the core idea, the DNA, while evolving how that core idea sits in a changing environment.

CASE STUDY: GUINNESS

- Guinness is an iconic brand with a strong Irish heritage and a history of distinctive and ground-breaking advertising campaigns. Guinness has remained true to this heritage over time, namely a stout from Ireland that is brave enough to market itself as ‘different’ to other drinks.

- The formula used by Guinness has been to celebrate this difference (difference is communicated by some notion that it’s better or aspirational) while at the same time underpinning its DNA with Irish heritage and provenance.

- The campaign ‘Good things come to those who wait’ specifically plays to the concept of stout taking time to settle in the glass which differentiates it from other drinks. All TV campaigns (except St. Patrick’s Day) play to this positioning. Meanwhile, the Irish heritage is gently nurtured through the shamrock stamp, events and occasional superstar visits to the Dublin brewery!
Growing the success of Irish food & horticulture