KANTAR WORLDPANEL

Meat & Poultry

Newsletter

November 2014

Welcome to the Meat & Poultry Newsletter.

Price up, volume down. That's the explanation behind the fall in red meat volumes over the last 5 years, right? Price is a factor but we're also being charged more for Chicken so it can't explain everything. This newsletter explores the other factors behind the volume decline in fresh red meat.

The Volume Challenge

So here's the situation. In the last 5 years British households have spent 14% more on fresh red meat but we've got 4% less volume for our money.

Clearly price inflation is a factor behind the contrasting value and volume sales performance. The average price paid per kilo of Fresh Red Meat has increased by 19% over the last 5 years. Price has impacted our shopping patterns. However, over the same period the price of Fresh Chicken has increased by 16%. The difference being that Fresh Chicken volumes have risen by 3% whilst fresh red meat volumes have fallen.

There have been subtle changes in the way British homes buy fresh red meat. Firstly, whilst over 90% of us buy fresh red meat, that number has fallen slightly over the last 5 years. In 2010 91.8% of us bought fresh red meat whereas today that figure stands at 90.9%.

However, the most important factor is shoppers buying in smaller quantities which has taken £247m out of the market in the last 5 years. British homes are buying 7% less than 5 years ago as we buy slightly less often and in smaller quantities.

A key reason for this is the type of products we're buying. Volume sales of roasting joints have fallen by 10% over the last 5 years. In the same period mince volumes have increased by 3%. Mince now accounts for 29% of fresh red meat volume. The movement towards smaller cuts of red meat is taking volume out of the market. There is also evidence of shoppers switching out of roasting joints in red meat towards smaller cuts of Chicken. Tom Baxter will explore the rise of Chicken further in his article on the impact of Chicken.

By Simon Parnell

Chicken says Cluck Off to Red Meat

Shall we have Chicken or red meat tonight? It's a common question for shoppers in supermarkets up and down the country. As more shoppers chose Chicken there is knock on effect for red meat volumes. To be more precise in the last 3 years 1/3 of all Chicken volume growth has come at the expense of red meat.

Chicken is a clear substitute for red meat and is well positioned to appeal to growing consumer trends towards versatility, price and health. Consumer interest in health has soared in the last 15 years with 22% of meals now being driven by a health motivation.

Chicken lends itself to so many recipes that it's difficult to think of a dish containing protein where Chicken doesn't fit, from roast dinners to curries. The biggest win for Chicken has been from beef roasting joints as shoppers are switching into more versatile cuts of Chicken. In a way this is a reflection on the nation's changing eating habits. Where once it was normal for families to eat together in the evening and come together for the Sunday roast the current trend is towards more fragmented meal occasions. Today nearly a quarter of all evening meals are eaten by one person alone and over 40% of all evening meal occasions are eaten in front of the TV. The versatility of Chicken means it is well placed to benefit from these changes in our eating habits. The development of roast in the bag technology will only help boost the appeal of Chicken to shoppers looking for convenient meal solutions.

The recent success of Chicken is not all about versatility and convenience; price does have a part to play. In the latest year fresh Chicken is on average £2.47 a kilo cheaper than red meat. Obviously this varies by cut but you get the picture. During the recession, shoppers have been much more careful about how much they spend. As we move away from meat and 2 veg towards more dish based cuisine such as curries and pasta dishes, it is the dish maker rather than the protein ingredient which carries the greater value for consumers. Retailers need to move from selling ingredients to selling meal solutions.

In response the red meat industry needs to address the consumer perception around the versatility and convenience of Chicken. The development of smaller roasting joints targeted at midweek meal occasion for 1-2 member households is a good start. Retailers also need to consider the whole meal value of red meat for retailers. For example, a roast beef dinner is 23% more valuable than the equivalent roast Chicken meal. We put more extras, such as roast potatoes and Yorkshire puddings, with beef than we do with Chicken which increases basket value for retailers.

To summarise Chicken is a good fit for the changing needs of today's consumer and a choice to buy Chicken often means a lost sale for red meat.

By Tom Baxter

Catering for The Individual

More and more of us are choosing to live alone. Catering for the individual is an important objective for the MFP industry which has been slow to respond to this change in the way we live.

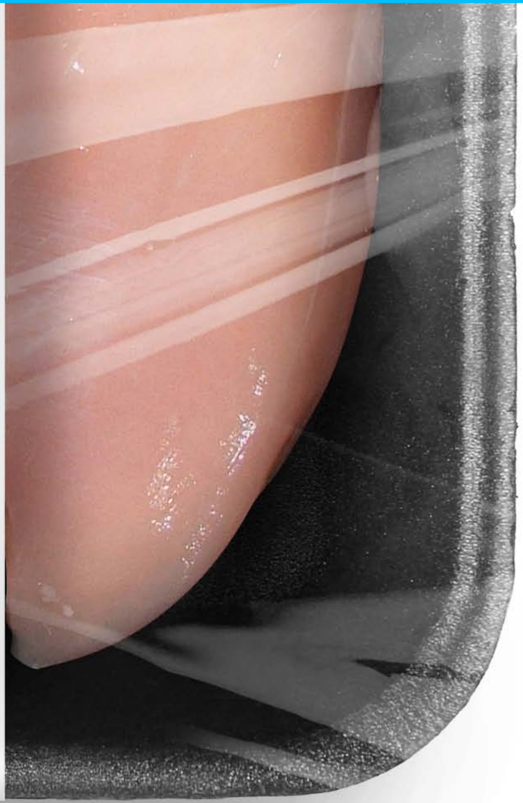
Smaller households are becoming an increasingly important target for retailers. Single person homes are growing and not surprisingly single person meal occasions are growing too. Living alone has a big impact on your choice of meals and red meat really struggles to get onto the plate when people eat alone.

Whether we live alone or not the reality is that in homes across Britain we're spending less time in our kitchens. Over the last 30 years the average preparation time for a meal has halved to 31 minutes.

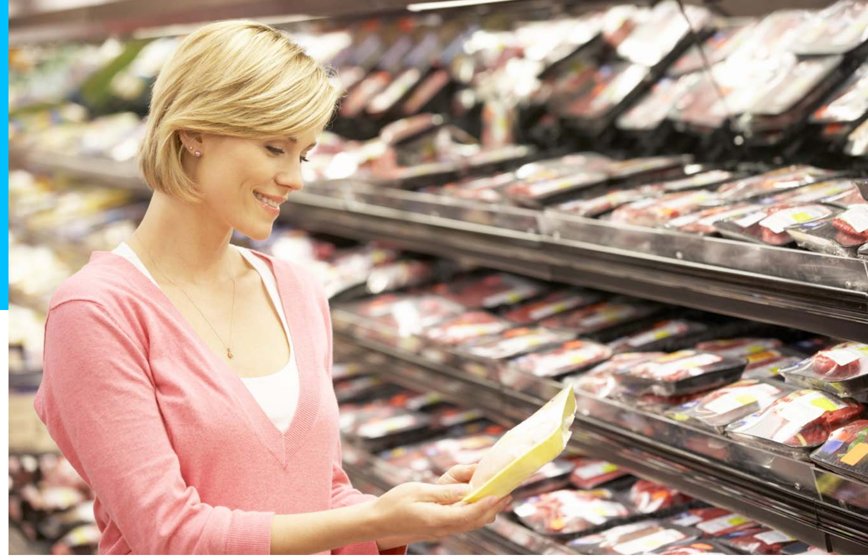
This is a concern for the red meat industry as consumer engagement with meal preparation falls. The well documented long term decline of the roast dinner – year on year it is down by 7% – reflects this trend. For the meat industry it is a big challenge; the less involved we are in the preparation of the meal, the less likely red meat is to appear on the plate. Red meat meal occasions are more likely to have been planned in advance and feature people eating together. The number of meals featuring red meat drops drastically when the preparation time falls under the magic ½ hour mark.

Chicken on the other hand has benefited from this long term move away from hands on to hands off cooking. There is a growing movement towards dish based cuisine where Chicken dominates. Dishes such curries, fajitas and assembled pasta dishes are well suited to Chicken as the flavour carrier in a meal where the dish maker is often the sauce rather than the protein. Chicken has benefited from the fact that solutions are more valuable to consumers than ingredients.

Protein Pricing War



With grocery inflation hitting its lowest level (0.2%) for the first time since October 2006, further scrutiny is being applied to pricing and promotions. Much of this, of course, is attributed to the competitive pricing amongst the Big 4, with much of the focus on staple categories such as milk, bread and vegetables. However, pricing of red meat is of increasing importance given the volume decline it has experienced over the last few years. The high level of interaction and interchangeability between fresh primary proteins seemingly explains the price sensitivity of shoppers as they are quick to switch their spend to a protein deemed better value for money.



The over-supply of lamb during the first half of 2013 is a prime example of this. Heavy promotions were used to shift the surplus, forcing the average price of lamb down to £7.40 per Kg (its lowest price since 2010). During this time, 50% of all lamb sales were from shoppers switching directly from other fresh primary proteins, highlighting the promiscuity of shoppers when a protein becomes cheaper.

Of the red meats, we've seen pork performing well in volume this year. This has been driven largely by mince being included in more gondola end deals such as 3 for £10 or 2 for £7 as shoppers substitute beef for its less expensive pork counterpart. Cheaper pork roasting joints have also driven volume (+6%) and helped stem the overall decline in roasting joints seen in both beef and lamb, which have both seen price increases this year by 6.9% and 6.7% respectively.

However, increasing prices of roasting joints are only partly to blame for their struggle as these types of larger cuts are limited to more price reduction mechanics rather than volume based deals. The growing 'for tonight' shopping mission, and therefore fewer planned meals, as well as decreasing meal preparation times have all contributed to the decline of the roasting joint as shoppers opt for more versatile and convenient cuts or proteins such as Chicken.

Overall promotional levels on fresh red meat have remained the same (around 46% of volume) for the last five years, however, compared with a decade ago promotions are now both deeper and more widespread. Price will always be one of a number of determining factors when fighting for shopper spend, however, the execution of promotions is clearly of growing importance.

By Dominic Bath

Meet the Team

Simon Parnell – Strategic Insight Director

Joined Kantar: 2005
Favourite meat dish: Flank steak
Simon has 9 years' experience working with leading processors and trade boards across the UK meat & poultry industry. Now heading up the Worldpanel Meat & Poultry team Simon is the senior contact for operators in this industry.
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Tom Baxter – Consumer Insight Director

Joined Kantar: 2009
Favourite meat dish: Fillet steak
Tom heads up half of the Meat & Poultry Team working with a range of suppliers in the UK. Tom has 2 years' experience in the meat industry, having previously spent his time at Kantar working with Tesco and in the Dairy team.
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Rachel Cook – Consumer Insight Director

Joined Kantar: 2012
Favourite meat dish: Fillet of venison
Rachel heads up the other half of the team, alongside Tom. Rachel has been at Worldpanel for over 2 years working across a wide variety of categories and brands and joined the Meat team in July 2014. Previously, Rachel spent 4 years working in the Research and Marketing team within the Cabinet Office.
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Charlie McGregor – Client Executive

Joined Kantar: 2012
Favourite meat dish: Crispy pork belly
Charlie has been at Worldpanel for over a year having previously worked for a Branding Agency. He is the day-to-day contact for a diverse portfolio of clients working across multiple markets.
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Dominic Bath – Client Executive

Joined Kantar: 2013
Favourite meat dish: BBQ lamb ribs
Dom previously worked in qualitative research for a packaging Research Agency. During his 2 years, he conducted studies in over 20 countries for clients such as Unilever, Nestle and Kraft. He speaks French having spent a year in France as part of his University degree.
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Hayley Lomax – Client Executive

Joined Kantar: 2013
Favourite meat dish: Lamb shank
Hayley graduated with a degree in Psychology from The University of Manchester in 2011. After working for two years in Research and Insight Recruitment, she joined Kantar Worldpanel in September 2013.
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Charlotte James – Category Analyst

Joined Kantar: 2014
Favourite meat dish: Hog roast
Charlotte graduated with a Biology degree from Queen Mary University of London in 2014 and has joined Kantar's Graduate Scheme. As a keen foodie she can't wait to develop her meat awareness.
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Michelle Coggin – Category Analyst

Joined Kantar: 2014
Favourite meat dish: Sausage and mash
Michelle graduated from Loughborough University in 2013 with a degree in Human Biology. She joined the Graduate Scheme in September after travelling around the USA.
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Andrew Eagle – Usage Business Development Manager

Joined Kantar: 2011
Favourite meat dish: Spaghetti Bolognese
Andrew joined Kantar's Usage division after ten years of experience as an information and insight provider to the paper, packaging and print industries at Pira International. Andrew works with dairy companies as well as suppliers throughout the meat category.
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Simon Hulbert – Consumer Insight Consultant

Joined Kantar: 2005
Favourite meat dish: 12 hour (minimum!) slow smoked BBQ beef brisket
Simon has worked across several leading clients, spending 4 years in the Fresh Foods division, before a 3 year spell on the Unilever account. During his time there, Simon moved to specialise more directly in Analysis and Insight, and Expert Services Project delivery, a role he now holds back within the Fresh Foods division since the start of 2013.
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