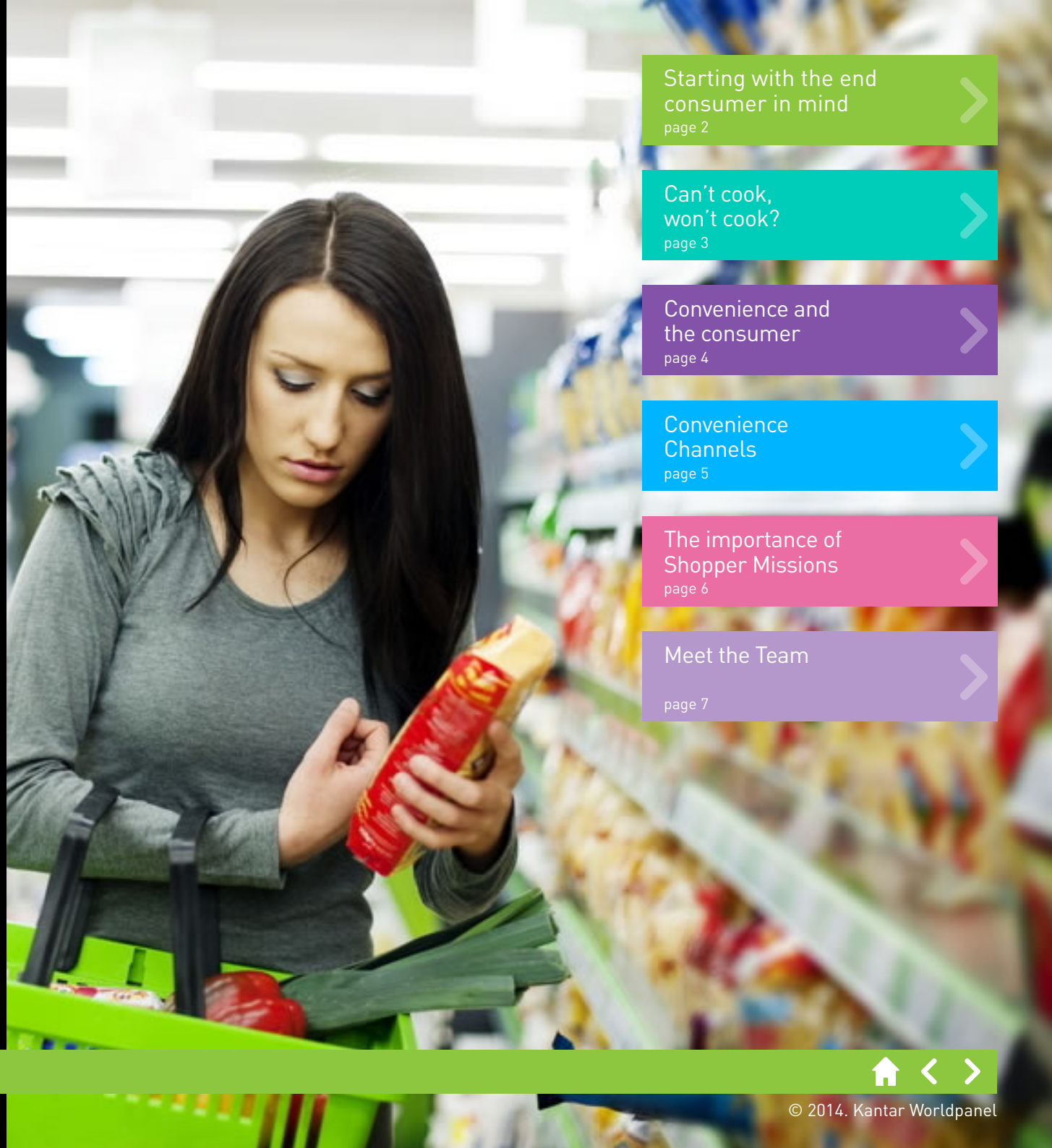
KANTAR WORLDPANEL

Meat & Poultry
Newsletter

April 2014



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Welcome to the April edition of the Meat & Poultry Newsletter. This month we are focusing on Convenience, from both the consumer and retailer angle. Our 5 articles aim to explore this growing shopper need and what it means for the Meat industry.

We would love to hear your thoughts on any of our articles within this newsletter. If you have any comments please do get in contact with your Client Service personnel, contact details can be found in Meet the Team.

Enjoy!

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Starting with the end consumer in mind

Whether it is store formats or pack formats, fitting into consumers' lives is an essential focus for manufacturers & retailers alike. In today's market where fresh red meat volumes are 4% lower than 5 years ago it is more important than ever to think about how you connect with the end consumer.

Our homes may be full of cooking books but we're a nation spending less & less time in the kitchen. We can only spare around half an hour to prepare our main evening meal. Thirty years ago it was an hour. This creates opportunities for innovation. Ready to Cook is a great example of a category that has emerged to meet the need for quality food which can be prepared quickly & with limited involvement.

At the same time we're in the middle of a long term shift from protein centred to dish centred eating. Pasta, curry, stir fries are all becoming more popular choices in British homes. Categories such as meatballs & lardons, are great examples of categories which have successfully engaged with the growing demand for pasta based evening meals.

The trend towards dish based meals presents a huge challenge for the meat industry. In our kitchens the dish 'maker' has become the high value product for the consumer, the basic ingredients carry a lower value. The rise of Mexican meal kits is a great example of this shifting mentality. The kit is the vital component; the protein is one of several ingredients.

A key theme in the retail sector is the accelerated investment in convenience store formats. For the meat industry this is a crucial trade channel. One in five pounds spent on meat & poultry comes from shoppers who are looking for 'something for tonight'. Does merchandising by protein or cut type really help to inspire shoppers on this kind of shopping trip? Building the fixture around the end meal solution allows shoppers to construct their full meal & also gives the retailer the best opportunity to upsell an extra item. For a retailer selling the dish is more valuable than selling the ingredient.

At its best convenience retailing means fitting into your customers' lives. A good place to start is with the end consumer in mind.

by *Simon Parnell*

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Can't cook, won't cook?

That's how long we're prepared to spend cooking the main evening meal. This throws up a serious challenge to the meat industry & those products which require a high level of consumer engagement.

In recent years the Ready to Cook category has emerged to meet this need for easy to prepare evening meals. It is the ideal middle ground for people who want to cook but either don't have the time or the knowledge to do so. The category has grown rapidly to £413m a year with over 40% of British homes now buying into the category. Chicken is the most popular option for shoppers in the RTC category (51%) but Pork is the second most popular option (18%) suggesting there is still room for innovation across Beef & Lamb products.

However the big question for retailers is how to merchandise the category

Should RTC follow the ready meals path or should it be more closely aligned to the fresh meat category? Ready Meals and Chilled Main Meal Accompaniments are typically merchandised with the end meal occasion in mind. This helps shoppers to create the full meal solution & drives up the basket size for retailers. On the other hand fresh meat has always been merchandised by protein type. The Ready to Cook category sits snugly between fresh meat and ready meals, raising the challenging decision of protein or meal occasion led marketing for retailers. Currently the category does neither as RTC is traditionally split into two distinct sectors, 'Portions' and 'Joints'. The first in growth of 9%, aligned with the time-poor midweek occasion.

As a leading retailer for chilled ready meals, M&S is an interesting case study. M&S sell over a quarter of their RTC volume in meal deals, a clear strategy to allow shoppers to easily construct & purchase a complete meal. It appears to be working as M&S currently accounts for 1/3 of all Ready to Cook sales. However, RTC presents a challenge to the Big 4 retailers who collectively account for under half of the market but the prize for getting it right could be significant if RTC growth continues. The further complication for the Big 4 is the rise of ALDI in this category. With prices around 30% lower than the market average ALDI's market share has more than doubled in the last year.

by *Charlie McGregor*

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Convenience and the consumer

Every day in an office is different, yet there are some facets of the day which remain constant. With the increasing expectation that employees will work longer than the standard 9-5, more pressure is being exerted on consumers' time. This is borne out by the change in average time taken to prepare the evening meal – decreasing from 1 hour in 1980 to 32 minutes in 2013[1]. Consumers also indicate that at 30% of evening meals, one of the drivers of consumption is the need for food to be easy to prepare[2] – a signal which confirms the importance of convenience.

When I get home from work, I want something quick and convenient. This need for convenience is not unique to me – it has caused a notable change in consumers' meat eating habits. There has been a shift away from traditional protein cuts and meat style meals, which have been driven primarily by red meat – the foods which are winning at the evening meal occasion are Italian dishes, curry, baked potatoes and pizza[3]. One pot cooking dishes grew by 211m meals in the period 2009-2013[4]. The advantage of these dishes is that they can be prepared in advance and [re]heated when required, providing a balanced meal with minimal preparation time on the day of consumption. It certainly beats spending hours in the kitchen when all you want to do is crash in front of the TV with the latest Game of Thrones episode.

The meat industry has responded to consumer demand for convenience – the triple digit growth of sous vide[5] is testament to this. However, if meat cuts are to have a future outside of the weekend, two things must be achieved:

- Minimise the preparation time required, while delivering on taste[6]
- Clearly communicate this to consumers to prevent consumer migration to other categories

If the meat industry can respond to changing consumer requirements regarding convenience, this represents an opportunity to grow through the mid-week evening meal occasion.

by *Andrew Eagle*

[1]Kantar Worldpanel Usage, January 2014. [2]Kantar Worldpanel Usage, March 2014. [3]Kantar Worldpanel Usage, March 2014. [4]Kantar Worldpanel Usage March 2014. [5]Kantar Worldpanel Purchase, March 2014. [6]Taste is recorded as a need state for over 70% of beef consumption occasions, Kantar Worldpanel Usage, February 2014.

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Convenience Channels

It has been widely reported that the Convenience channel is expanding and is seeing accelerating growth. There is considerable evidence to suggest that this is certainly the case, with Morrisons recently opening 100 M Local stores, Tesco aiming to open 150 Express stores over the next 12 months, and Sainsbury's pledging to open 2 c-stores per week. This is clearly a response to the changing habits in the way we shop.

Convenience has grown in value at 3.9% over the last year with much of this driven by an increase in average price of 6% while volume has dropped by 2%. Of the proteins, only pork has seen growth in volume thanks to an influx of new shoppers.

With the number of impending c-store openings, expect the Convenience channel to grow. However, one main barrier for fresh meat & poultry remains the average price paid for primary proteins in Convenience stores where shoppers pay on average 7% more per kilo than in main estate stores. Convenience is presented with another challenge with the growing success of Online now accounting for 5.4% of total fresh meat & poultry sales vs. Convenience which accounts for 4.2%.

Unsurprisingly, average basket sizes in fresh meat & poultry in Convenience are considerably smaller than main estate and online, therefore, shoppers are more likely to be attracted to price cuts rather than volume deals. Chicken over-indexes heavily in Convenience and its popularity can be attributed to its ease of preparation, relatively short cooking time and versatility – all of which are readily sought by the time-poor shopper.

One area that could potentially hold the key to success for fresh meat & poultry in Convenience is providing shoppers with meal solutions tailored more to the burgeoning 'For Tonight' mission. The challenge facing Convenience will be how this is best merchandised.

by *Dominic Bath*

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The importance of Shopper Missions

As shoppers, the full scope of what we decide to purchase when we buy Groceries has potential to be influenced by the type of "Shopping Mission" that we embark upon. Clearly, if we set out to a large Superstore to do a regular "Main Shop" our consideration set will differ in comparison to if we stop off in a Convenience Store to buy something for dinner that evening. Better understanding the role and interplay of "Mission" within market thus affords both Retailers and Manufacturers the opportunity to ensure the offer is fully aligned with shopper requirements.

Through asking questions around low level detail trip motivations, we are able to assign all Grocery purchasing to four headline shopping missions and therefore understand "the why" behind our panellist's reasons to go shopping. The four missions are; Main Shop (a main regular shop or big stock up), For Tonight (specific meals or items for use on the same day), Replenishment (stocking up, or a few items for use on a different day) and Specific Journey (for example gifts, shopping for an event or specific item, or taking advantage of a specific promotion).

Across all Grocery, the Main Shop mission remains the most valuable accounting for 39% of all spend. Unsurprisingly, this is driven by holding the most valuable basket, as on average we spend just over £59 whenever we embark on a Main Shop. But in fact, of all shopping trips we make, the Main Shop actually only accounts for 10% of trips. The Replenishment mission is by far the more frequent, as we Replenish more than 137 times over the course of the year, which accounts for 53% of all trips we make. However, it is the For Tonight Mission that is seeing the fastest growth, more than doubling the pace of growth within all Grocery. This continuing rise in popularity could well be reflective of shoppers' lack of time and need for convenience and therefore, picking up dinner on the way home suits this.

Meanwhile within Fresh Meat & Poultry, we see even greater importance attached to the For Tonight mission as here it represents a fifth of all category spend. As in Total Grocery, it is the fastest growing mission type. Crucially, we can also note clearer levels of alignment with this mission by market too, as "Loose" Meat & Poultry, along with the likes of Burgers and Grills, Processed Poultry, Bacon and Sausages, see even more reliance and alignment with For Tonight. Comparatively Fresh Beef, Lamb, Pork and Poultry are less reliant on For Tonight, but it still returns the fastest growth, further underlining its emerging significance for the Industry on the whole.

(All Data based on 52we 02 Mar 14)

by *Simon Hulbert*

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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 & in the Dairy team.

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Chris Hogan

Client Manager

Joined Kantar: 2011

Favourite Meat Dish: Green Pesto Chicken Linguine

Chris is now entering his 4th year with Kantar after joining from P&G in 2011, with a background in Category planning. Chris works across a variety of different meat clients, including Levy boards and leading Meat suppliers.

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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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Anish Mashru

Category Analyst

Joined Kantar: 2013

Favourite Meat Dish: Wild Boar & Chorizo Burger

Anish joined on the graduate scheme after completing a degree in French and Spanish and working as a Marketing Executive in Spain. Anish works with suppliers across 8 different markets in the Meat industry.

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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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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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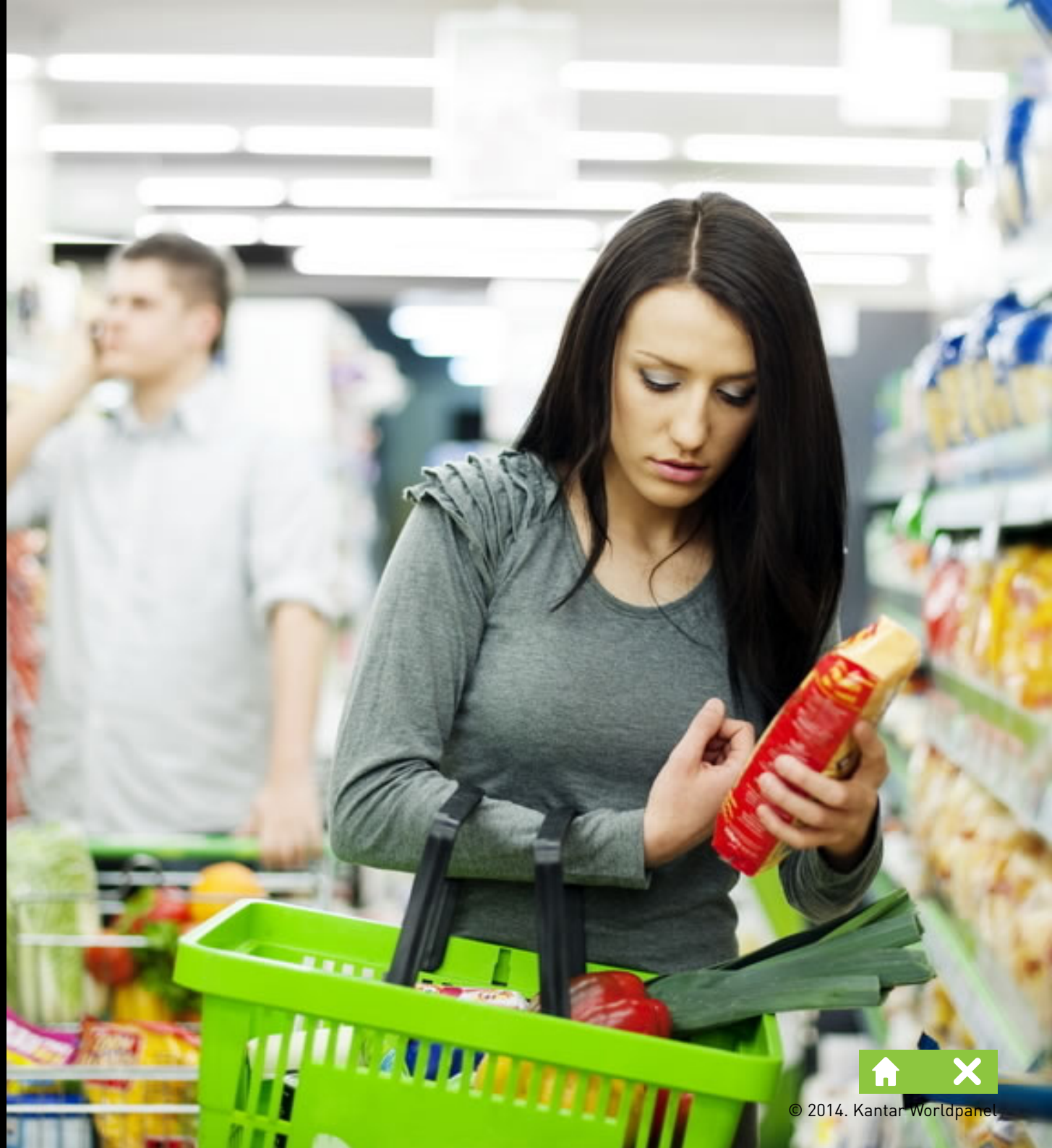

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