What’s at Steak:
Meat Category Report

October 2019

SCOTLAND FOOD & DRINK MARKET INTELLIGENCE

With almost 9 in 10 of the UK pop. being meat eaters, the category continues to achieve high value sales within retail

PRICE IS A KEY FACTOR ON MEAT PURCHASES AND CAN INFLUENCE WHICH TYPES OF MEAT CUTS ARE BOUGHT BY CONSUMERS

Yet, 4 in 10 meat eaters state they buy premium cuts of meat at the weekend

Price is not the only consumer need within the category, traceability of the product is also an important factor as well as pack size. 6 in 10 meat eaters state that there should be greater variety of meat in smaller pack sizes, especially important for single person households

Experiences in foodservice outlets and the role social media plays in consumers lives also influence consumers appetite to try new cuts of meat and experiment with recipe ideas

1.2 BILLION ROAST DINNERS TAKE PLACE IN HOME ANNUALLY AND THERE ARE 130.5 MILLION BBQ OCCASIONS EACH YEAR

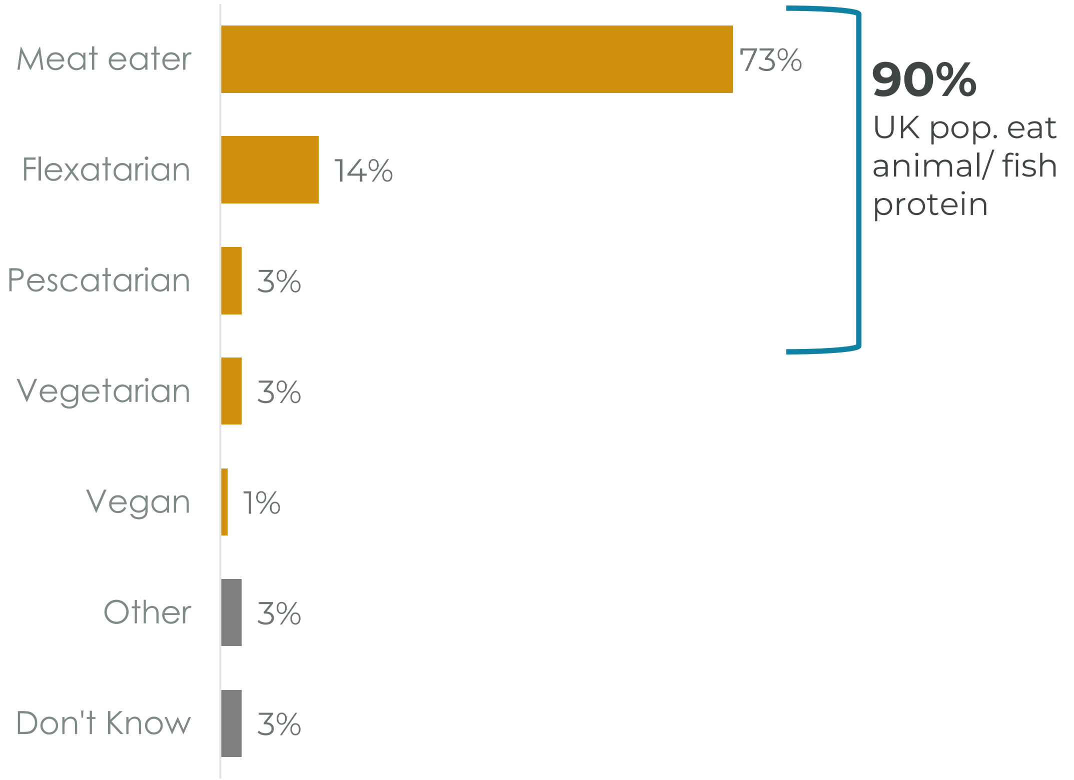
8 in 10 roast dinners are motivated by enjoyment of the experience, health is also an increasingly important factor. Roast chicken dinners have increased in popularity over the last year, with all other meat roasts (e.g. beef, pork, lamb and turkey) experiencing a decline

Within BBQ, occasions with fresh poultry and chilled burgers and grills have seen an increase (52 w/e 2 Dec 2018). Flavour profiles such as Asian, Middle Eastern, Thai and Indian are all being experimented by consumers. With consumers valuing convenience, health and exotic flavours within the BBQ space

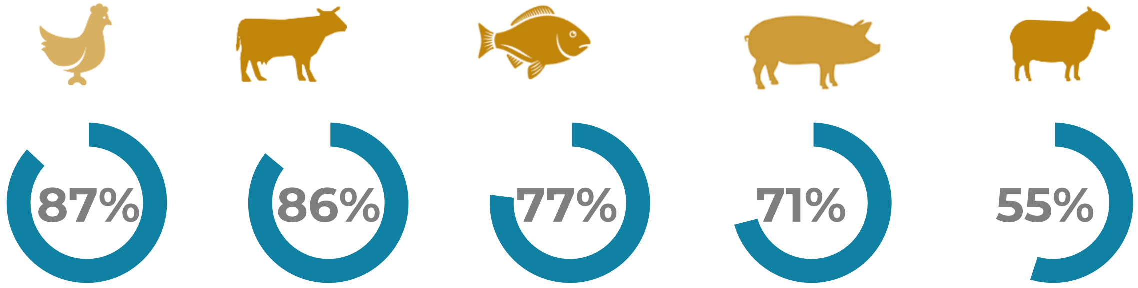
Almost 9 in 10 of the UK pop. are meat eaters

Half of UK households purchase primary meat, fish or poultry each week

UK Eating Habits



Protein Penetration



Proportion of UK households purchasing fresh primary meat, fish or poultry

97% 52 week average	**83%** 4 week average	**54%** 1 week average

Not everyone buys meat every week

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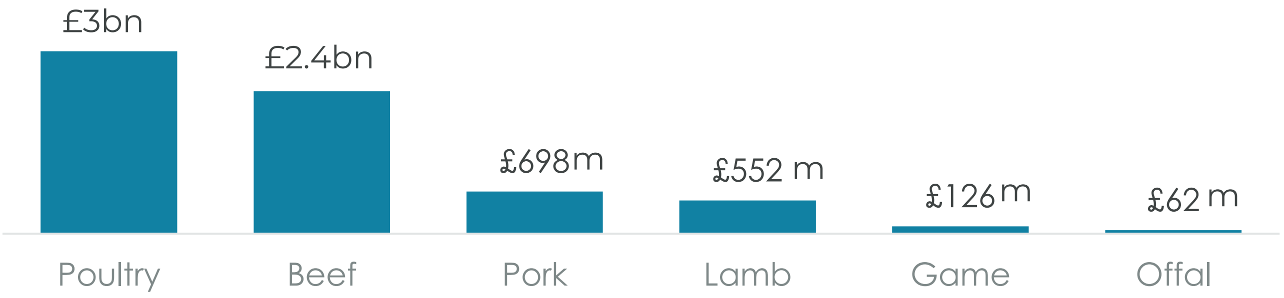
Source: YouGov, Is the future of food flexatarian?; Kantar WorldPanel, Meat, Fish and Poultry (Oct 18)

In 2018, poultry takes £3bn retail value sales followed by beef with £2.4bn

Consumer incomes influence the affordability of cuts of meat the household can purchase

UK Retail Value Sales: Unprocessed meat (estimated 2018)



UK Retail Value Sales: Processed meat (estimated 2018)

BEEF Price rises appear to have slowed in beef which has resulted in flat value sales over 2017-18. Any squeeze on incomes will put pressure on beef and may result in consumers switching to cheaper cuts within beef

PORK Pork has seen steep price inflation as a significant proportion of pork is imported. Despite inflation, pork's relative cheapness compared with other red meats means that it should benefit if disposable incomes are squeezed

LAMB Lamb's steep price rises over recent years has affected consumers ability to buy into lamb. Consumers have switched away to more affordable meats. Lamb has also struggled to stay relevant to time pressed consumers, with roasting being the most popular way to cook lamb in home

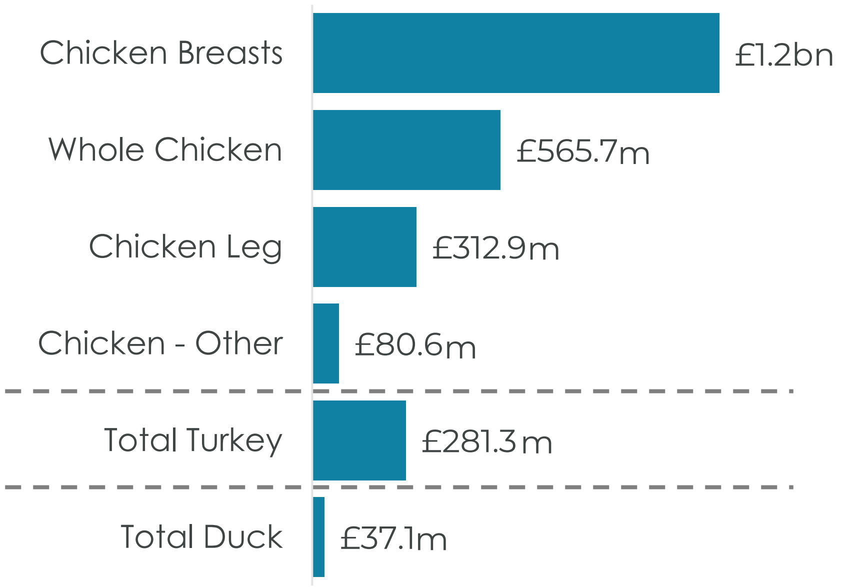
GAME Increased availability in supermarkets along with consumers desire to try new foods has seen an ingoing increase in value sales

Source: The Grocer, Focus on Meat (October 2019); Mintel, Unprocessed Poultry and Red Meat (October 2018); Mintel, Poultry and Red Meat Main Meal Components (November 2018)

Lower chicken prices have been a contributing factor into the category's success

The British Poultry Council have warned prices could rise under a no deal Brexit

UK Retail Value: Poultry Sales (52 w/e 24 March 2019)



The cheaper the product, the faster it's growing which accounts for chicken success and turkey and duck faltering. Average price per kilo of chicken is down 0.5% to £3.82 (turkey prices are up 0.5%, £5.93 with duck prices falling -4.9%, £9.03)

The average British household tucks into 26 whole chickens a year

'Fake farm' own label lines have been seen to be driving the chicken prices down, from Aldi's Ashfield Farm chicken at £1.65 per kilo or Tesco's Willow Farm brand costing £1.66 a kilo for 750g of chicken thighs

However, last year The British Poultry Council warned there could be a 25% price increase in the event of a no deal Brexit. These would be due to a rise in cost of production caused by a weaker pound and scarcer supply of workers

The British Poultry Council are concerned that cheaper imports will take the place of British poultry among consumers who can't afford that extra 25%. Imports from countries with lower animal welfare and food safety standards could result in poorer consumers having to 'make do' with low quality imports. Although, even if the Government allow lower-quality imports into the country, it doesn't mean they will sell. Instead of buying poorer quality chicken, consumers may cut back on volume bought

Data: Kantar WorldPanel 52 w/e 24 March 2019

Source: The Grocer, Focus on Poultry (July 2019)

4 in 10 meat eaters state they buy premium cuts at the weekend

Manufacturers can aim to meet the needs of single person households through packaging design

Consumer behaviours and attitudes related to meat, poultry and game

Traceability

7 in 10 of meat eaters agree that you should be able to trace meat back to the farm

Inspiration

4 in 10 meat eaters say they have bought meat after trying it somewhere else first (e.g. a restaurant, friend's house).

There is also opportunities for more restaurant-branded ranges

Price

64% of meat eaters say that rising prices would cause them to cut back. The importance of low prices to consumers highlights the need for manufacturers and retailers to ensure there are affordable priced meat in their ranges

Pack size

6 in 10 of meat eaters/ buyers agree that there should be a greater variety of meat in smaller pack sizes. Almost 7 in 10 of one person households would like to see smaller pack sizes as food waste is an issue.

Tesco have smaller split packs of meat whilst Sainsbury's have individually sealed portions at Sainsbury's, there is still room to improve

Experimentation

In the social media era, the desire and ability to step out of your comfort zone has never been stronger.

The openness to recipe suggestions is something retailers could use to drive awareness and familiarity of cheaper cuts. However, this relies on consumers feeling they know how to cook with such cuts

Trading Up

42% of meat eaters say they buy premium cuts at the weekend.

This is higher among full-time workers (50%), AB social class (56%) and higher earners £50k+ (59%).

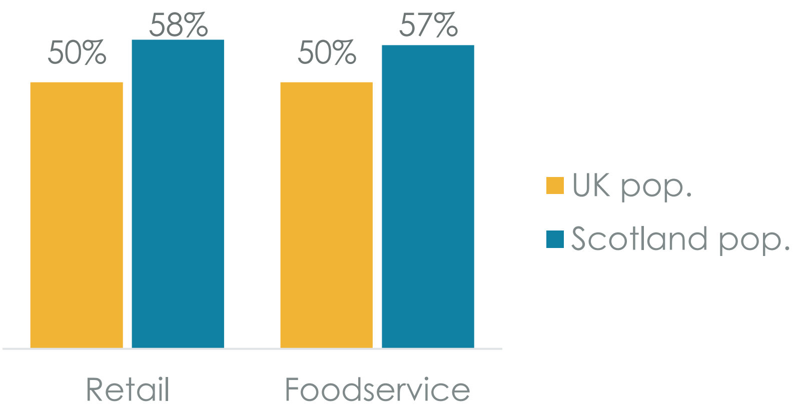
Those who trade up are also more likely to eat the more premium types of meat e.g. lamb, duck, veal or game

Source: Mintel, Unprocessed Poultry and Red Meat (October 2018)

Availability of local products in retail is important to majority of those in Scotland

Two thirds of poultry & red meat consumers claim intention to buy Scottish if they knew country of origin

Those who state it is important to have local products/ ingredients in retail/ foodservice…



Why?

Those who state availability of locally sourced products is important believe so because of environmental concerns, to help boost the local economy and quality, taste and freshness of the product

Perception of Scottish fish: Those who state better quality vs elsewhere (those who buy category in home)

	UK pop.	Scotland pop.
Poultry	**23%**	**57%**
Red meat e.g. beef, lamb, pork	**39%**	**69%**

67%

Of **poultry** retail shoppers in Scotland claim they would be more likely to buy the product if they knew it was made in Scotland (similar number of poultry consumers in foodservice channel, 69%)

69%

Of **red meat** retail shoppers in Scotland claim they would be more likely to buy the product if they knew it was made in Scotland (similar number of poultry consumers in foodservice channel, 72%)

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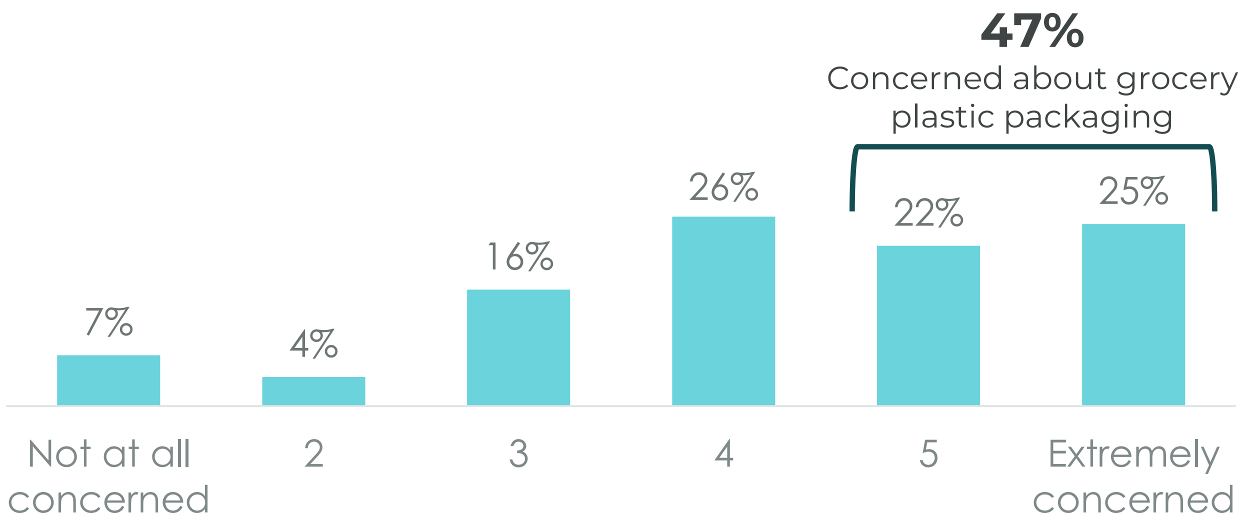
Source: Scotland Food & Drink, Local and Scottish Consumer Perception research July 2019 (Exclusive to members of SF&D)

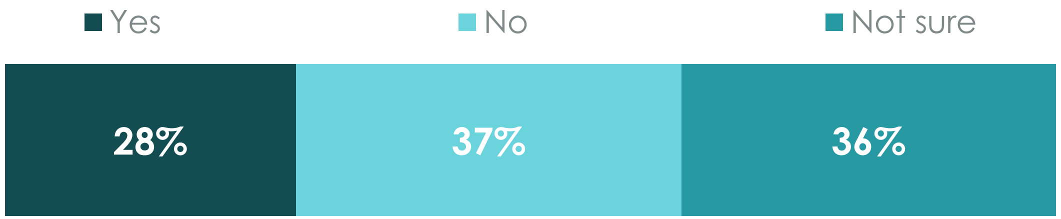
7 in 10 meat eaters/ buyers want environmentally friendly packaging

Companies such as Cranswick and ABP are moving towards less plastic

Groceries Plastic Packaging: Levels of Consumer Concern



Plastic Free Packaging: Consumers willing to pay more?



72% of meat eaters/ buyers agree that there should be more environmentally friendly packaging for meat

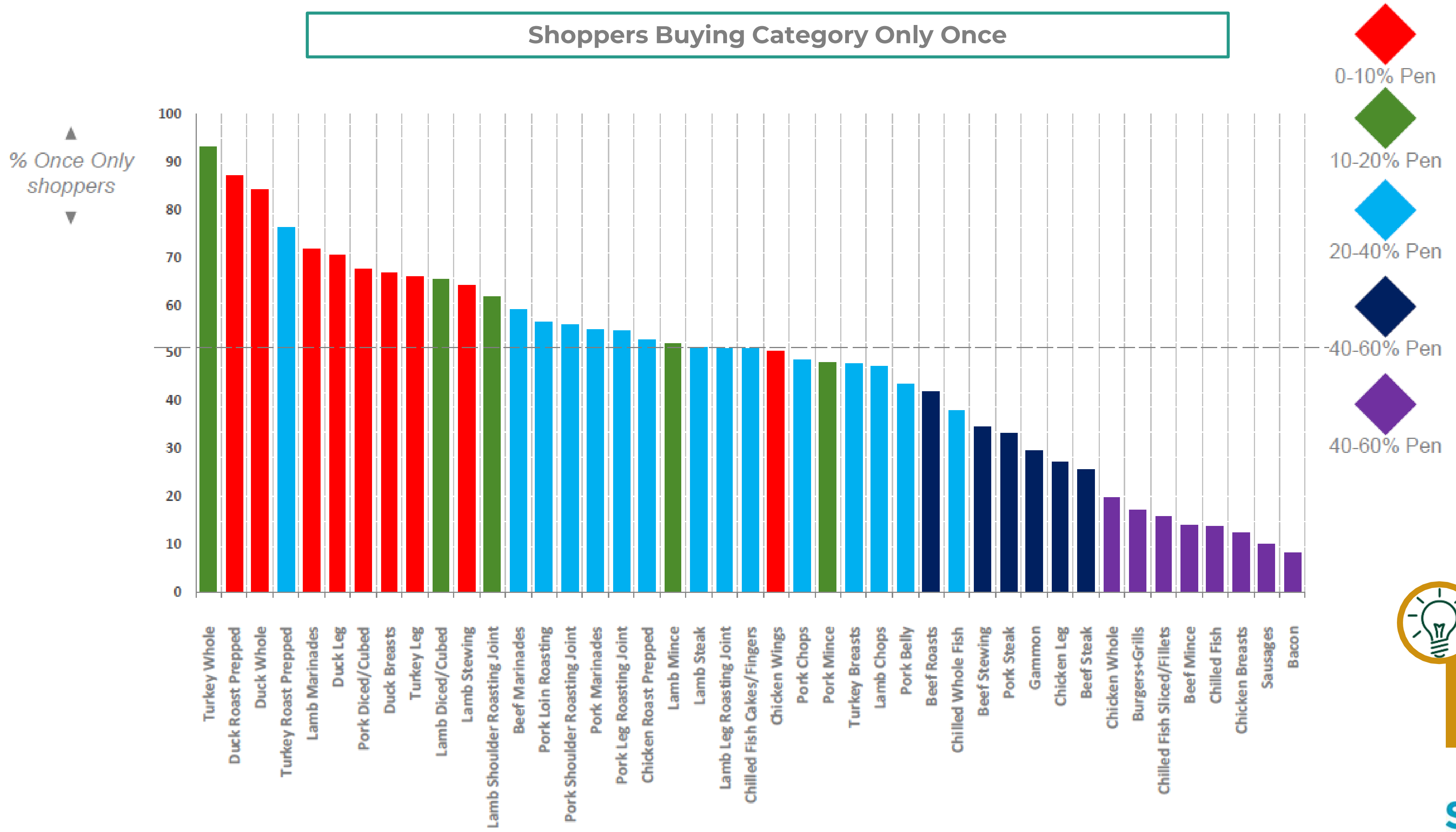
Became a member of UK Plastics Pact, led by WRAP (Waste & Resource Action Programme) in April 2018 and pledged all of it's packaging will be 100% recyclable and sustainably sourced by 2025. It has removed single use plastic, is using lighter plastics and removing unnecessary plastic

Also a member of WRAP, has been working with suppliers to reduce unnecessary laminates and additives to packaging to ensure it can be recycled alongside similar plastics without contamination

Source: Kantar WorldPanel, Meat, Fish and Poultry (Oct 18); Mintel. Unprocessed Poultry and Red Meat, UK (Oct 2018)

The greater the reach for the category, the less likely there will be once only shoppers

Turkey and duck have the highest level of once only shoppers



The greater the reach for the category, the less likely there will be once only shoppers

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Source: Kantar WorldPanel, Meat, Fish and Poultry (Oct 18)

1.2bn roast dinners in home annually, with slight frequency decline YoY

Number of roast chicken dinners increased, with all other meat varieties experiencing decline

1.2billion

Roast dinners in home annually

Last year experienced a -2.6% decline in the number of roast occasions. The frequency is reducing; however, they are seen as something a little bit special. Roast dinners are Britain's third most popular dish!

Enjoyment is the key reason motivating roast dinners, with 8 in 10 occasions being driven by this. Health reasons are also an increasingly important factor with roasts proving the opportunity for fibre and vitamins, which was a consideration in 13% of roast occasions

Roasts: The Meals

603.8m Roast chicken dinners	↑ **+7.7% YoY**
193.2m Roast beef dinners	↓ **-10.9% YoY**
178.7m Roast pork dinners	↓ **-9.1% YoY**
88.7m Roast lamb dinners	↓ **-15.5% YoY**
53.7m Roast turkey dinners	↓ **-18.4% YoY**

Data: Kantar WorldPanel 52 w/e 24 March 2019

Source: The Grocer, Focus on Roast Dinners (August 2019)

Travel is encouraging consumer experimentation of meat, glazes and rubs

With trends towards Asian, Middle Eastern, Thai and Indian flavours

BBQ (52 w/e 2 December 2018)

130.5m Total BBQ occasions ↑ **+45.3%**

35.7m Occasions with fresh poultry ↑ **+59.4%**

33.2m Occasions with chilled burgers and grills ↑ **+75%**

As a nation, we're travelling more and are exposed to a huge variety of different flavours. Consumers are experimenting with new cuts of meat, glazes, rubs and marinades both within restaurants and takeaways as well as at home

Flavours being seen this year are;

- Russian shashlik glaze
- Texan BBQ glaze
- Sriracha & maple glaze
- Jalapeno & honey
- Katsu crumb

Consumers value convenience, health and exotic flavours and products having all 3 attributes is the sweet spot

KEY TRENDS

Asian Skewers:
Lao Beef

Indian:
BBQ lamb kebab pao, pulled raan, biryani onions, methi pachadi and sappers egg

Middle Eastern:
Balkan Kebab with beef and pork, served with shakshuka sauce and garlic yoghurt

Spice:
Red hot chicken with Carolina reaper chicken

Thai:
Smoked lamb ribs rubbed with laab spice (made with dried chilli, ginger, long pepper, coriander root and fennel)

Longanisa sausages:
Course sausage served over the Fillipines, favoured with local herbs and spices

Data: Kantar WorldPanel 52 w/e 2 December 2018

Source: The Grocer, Focus on BBQ (March 2019); The Trend Hub, Australia & Asia (March 2019); The Trend Hub, Foodwatching (August 2019)

Fried or grilled chicken skin is appearing across Australia and Asia
Driven by high protein, non-potato snacking consumer needs

Trend: Chicken Skin

Across Australia and Asia (in particular Indonesia, Korea and Japan) there has been a surge of crisp deep fried or grilled chicken skin appearing on fast food menus and on retail shelves. Driven by high protein, non-potato snacking consumer preferences as well as a desire for the nose to tail of eating.

Chicken skin, the next crisp snacking protein to hit the high street in the UK?

Versions of chicken skin;

- Taiwanese style ultra crisp batter , fried like a fritter
- Puffed version
- Skewers (for those who don't like greasy fingers)
- Served with sauces, chilli and sesame
- Snacking alternative to crisps

Taiwanese fried chicken joint Hot Star has a limited edition run of friend chicken skin (Melbourne)

KFC fried chicken skin with the signature spices coating (Korea)

Fried chicken from Max Oceans (Thailand) come in three flavours – plain, salted egg and spicy Sriracha

Source: Trend Hub, Fried Chicken Skin (July 2019)

Scotland Food & Drink
Market Intelligence Services

We're here to help grow your business on a one-to-one basis

This ensures confidentiality and tailors research and analysis to your business needs

Our market research team can provide you with independent research, analysis and expertise through a range of methodologies, such as primary research (from online surveys to focus groups) and EPOS data analysis. We can support your business growth by working with you on a one-to-one basis – it's a tailored approach that gives you the edge, at membership rates

Understand the market
Know the size of the potential opportunity and whether the category is in growth or decline. We can assist you in uncovering what is happening within your market

Understand and uncover consumer needs
Discover the 'why' that drives consumer behaviour. Propel brand performance by basing decisions on an understanding of customers' current and emergent needs

Demonstrate brand and product performance
Our analysis gains and retains shelf space for Scottish food and drink business by providing insight into your brand (and competitors) performance down to individual product level

Produce successful, innovative products
We can work with you from idea generation to evaluation of the product in market, During development, we help you get closer to consumers to incorporate feedback during the design process

Meet the Market Intelligence team to support your business

HAYLEY BRUCE
Commercial Market Intelligence Manager

Member of the Market Research Society
Advanced Certificate in Market and Social Research Practice, Market Research Society
MSc Marketing, Edinburgh Napier University

With 6 years experience, Hayley previously worked within an Insight team of a FTSE 50 company where she led and managed primary research projects. She has experience in quantitative, qualitative and mixed methodology studies over a range of business areas

Since joining Scotland Food & Drink, Hayley has worked on several EPOS data analysis projects for food and drink manufacturers

WIEBKE PETERSEN
Market Intelligence Officer

MSc Nutritional and Consumer Economics, University of Kiel
MSc Agricultural Business, University of Kiel
Diploma in Dietetics, University Medical Centre Hamburg

Wiebke has a background in quantitative and qualitative research. She is a key member of the Market Intelligence team at Scotland Food & Drink. Over the last 2 years, Wiebke has worked on a range of EPOS data analysis projects and she is the account lead on the analysis of EPOS data for one of our snack food clients, providing regular analysis every 2 months

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Contact

Hayley Bruce

Commercial Market Intelligence Manager
hayley@foodanddrink.scot
Tel: 0131 335 0947

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