THE KNOWLEDGE BANK

Delivered by
Scotland Food & Drink Partnership

Meat & Poultry Deep Dive Report: GB Retail February 2022

Meat & Poultry category is experiencing steady growth but there are underlying factors having an impact on the market.

1. **Category Performance**
The market is experiencing steady growth over the past year with different types of behaviour driving performance in each sector. Consumers trading up in steaks, increasing spend on premium processed products within sausages and bacon whilst switching into cheaper cuts of chicken and growing demand for value added and prepared products such as flavoured ribs, underlines the potential for further development in relevant sectors.

2. **Route to Market**
Whilst the major multiples remain important, the Discounters continue to be a key growth area especially in more expensive red meat categories e.g. beef and lamb where they are successfully driving volume ahead of value. Underlining the importance of value for money within the current climate.

3. **Brands Vs Private Label**
Private label is strong within this category but brands do have a strong presence in key processed meat segments such as sausages and bacon. Premium brands are performing well within these segments underlining the importance of developing the quality benchmark in the market. Regional brands also have an important role within this category with consumers wanting local grown, reared or produced products

4. **Consumer Attitudes and Behaviour**
There has been a long term change in consumer attitudes and behaviour towards meat with sustainability rising up the agenda. Negative PR is contributing to consumers cutting consumption of mass-produced meat and poultry. Whilst for some meat consumers price will be important in the short term there are other consumers that are trading up highlighting an opportunity for producers.

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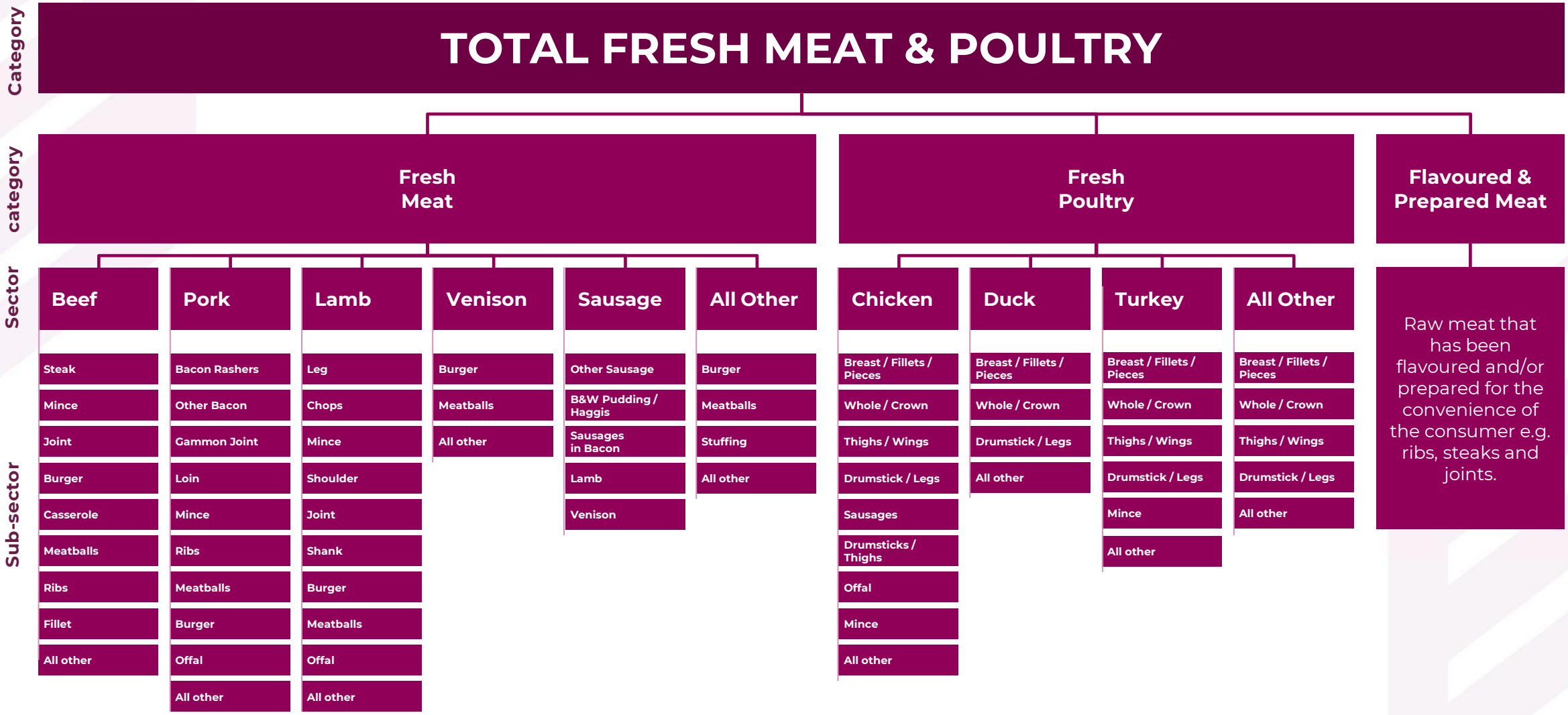
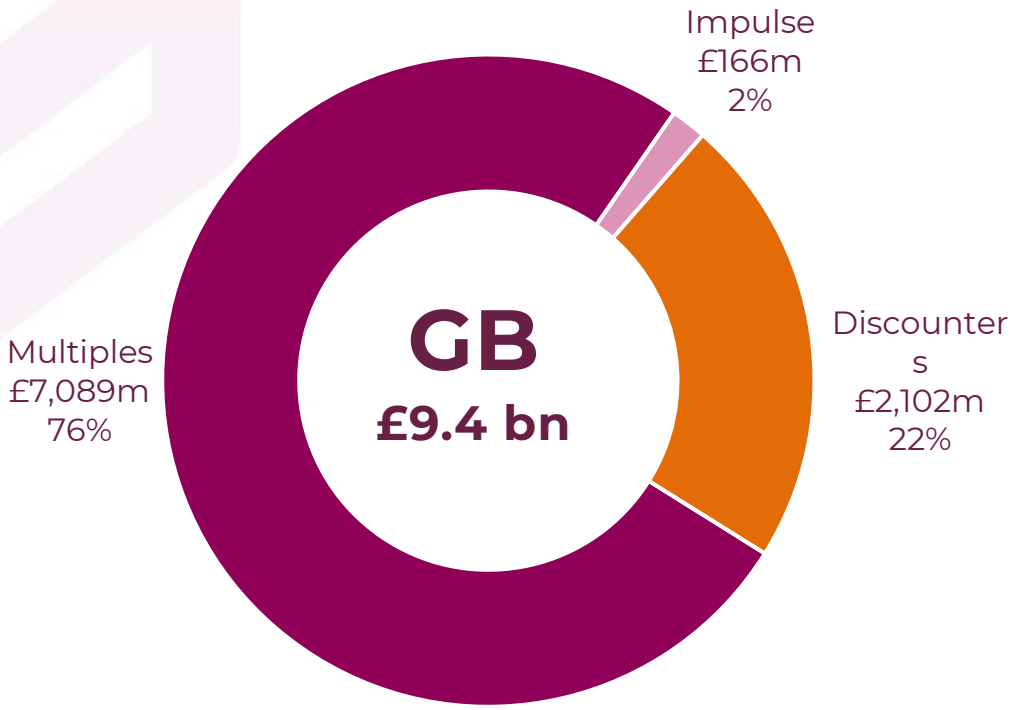
Total Fresh Meat & Poultry
GB Market including Discounters

Nielsen Meat & Poultry Category Structure

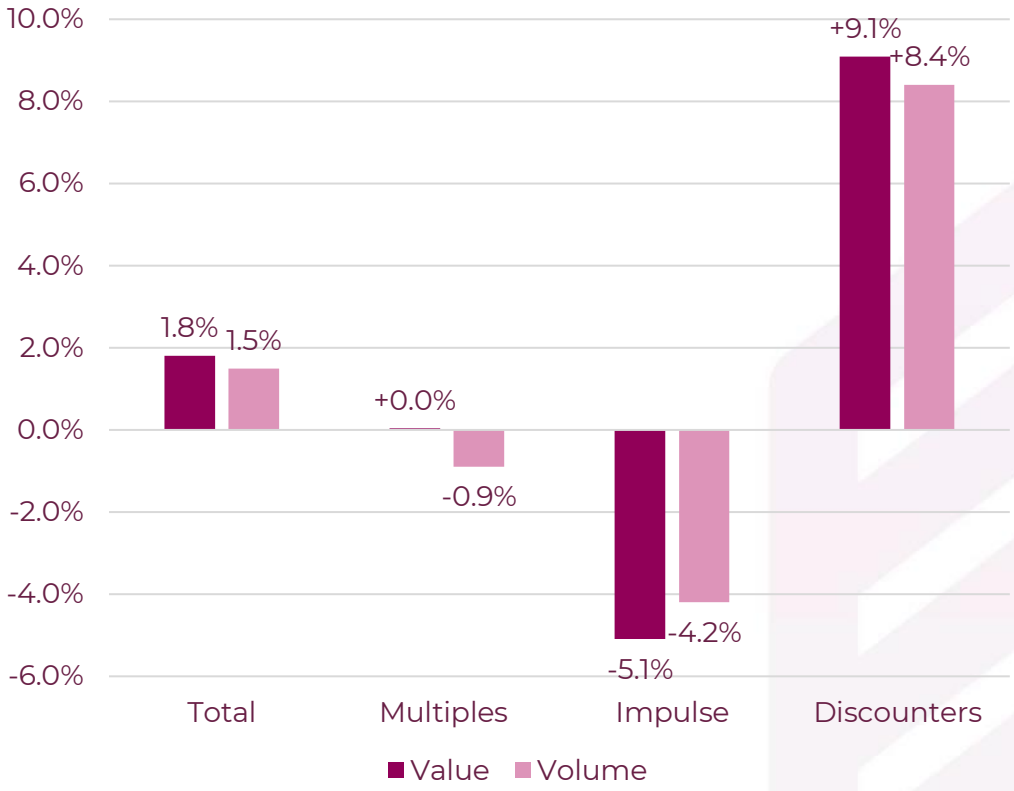


Total Fresh Meat & Poultry is worth £9.4 bn in GB retail and whilst Multiples account for the majority of sales, Discounters are driving all growth (+9.1%, +£176m).

Retail Channel Breakdown (in £%)

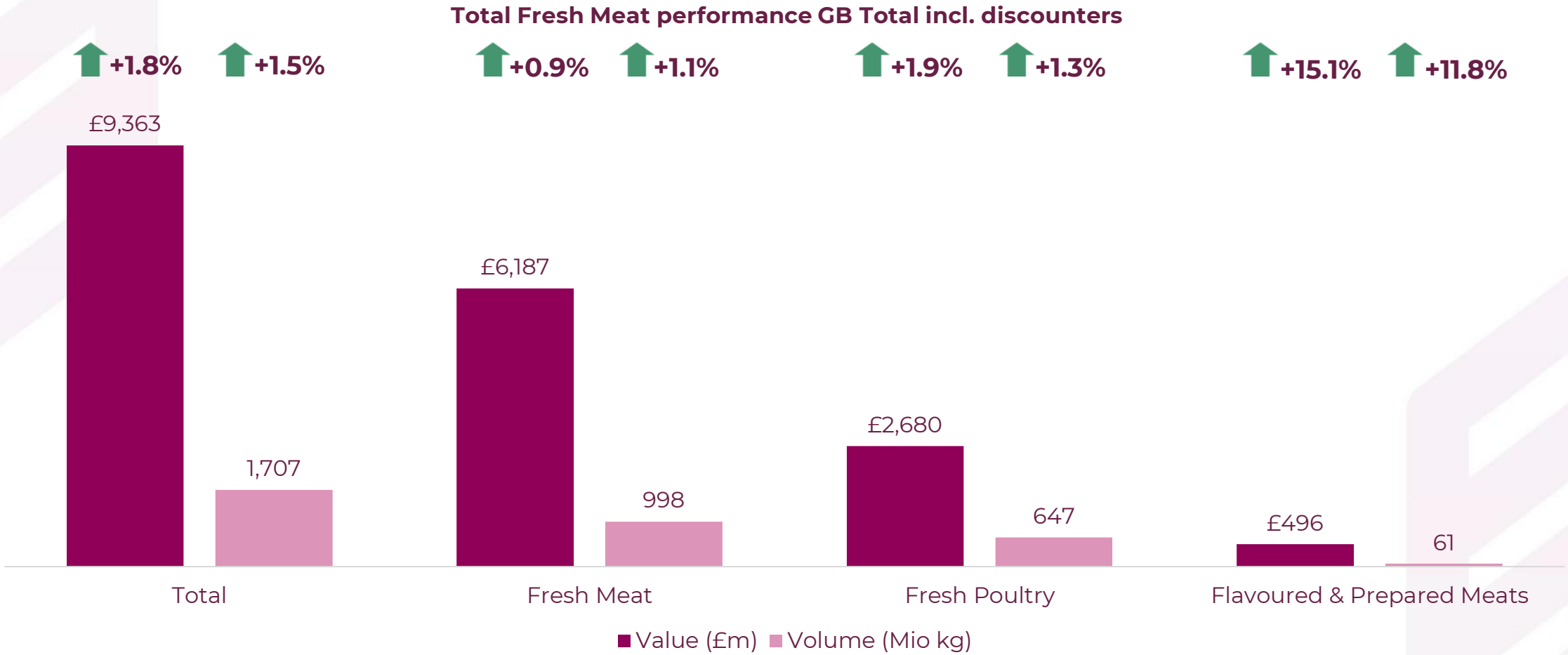


Retail Channel Year-on-Year Change (%)



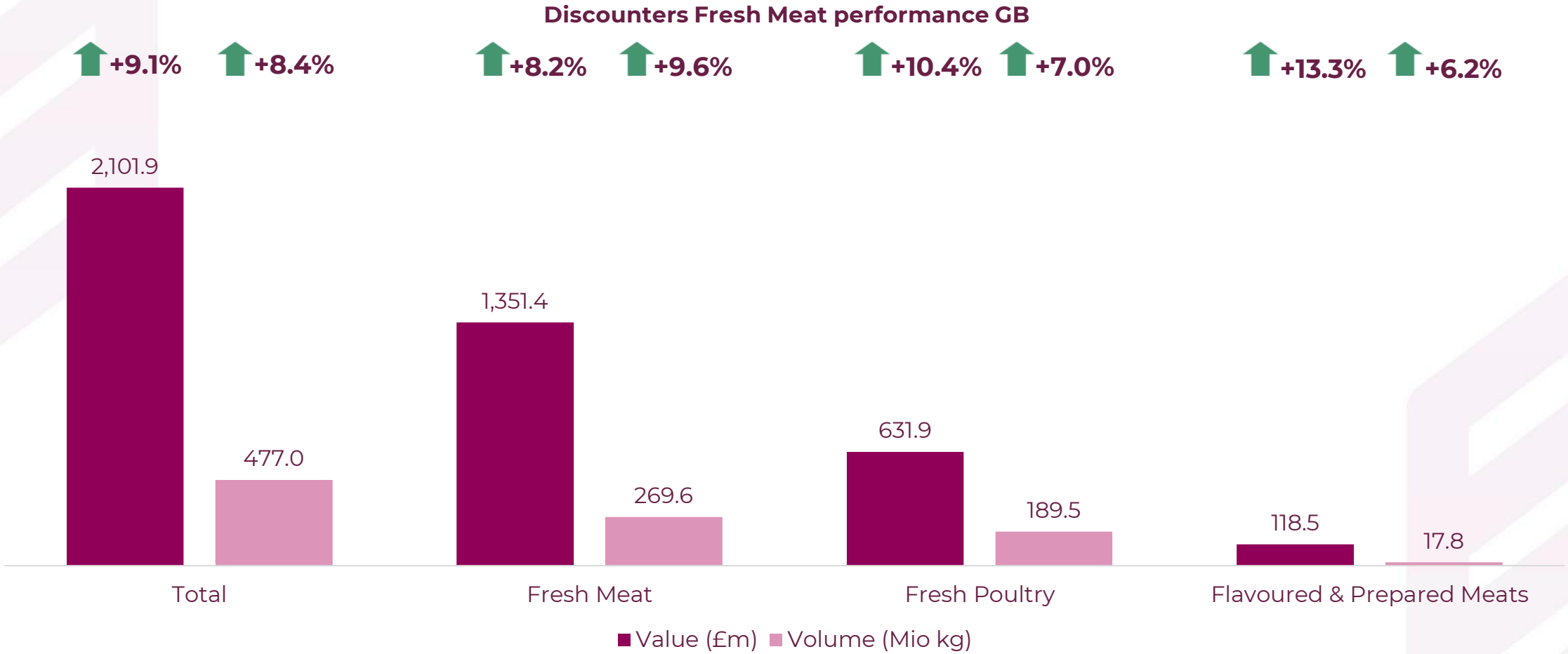
Source: Nielsen, Total GB Total Coverage incl. Discounters, 52 weeks – w/e 23 October 2021; Note: Data reproduction or re-use is not permitted

All sub-categories are in growth, however Flavoured & Prepared Meat is seeing the strongest growth from a low base as retailers develop their ranges



Source: Nielsen, GB Total Coverage including Discounters – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted.

Discounters are experiencing strong growth due to more affordable prices
Fresh meat growth was driven by cheaper Beef Steaks and Lamb Shoulder
A move to larger packs of chicken fillets has contributed to growth in poultry



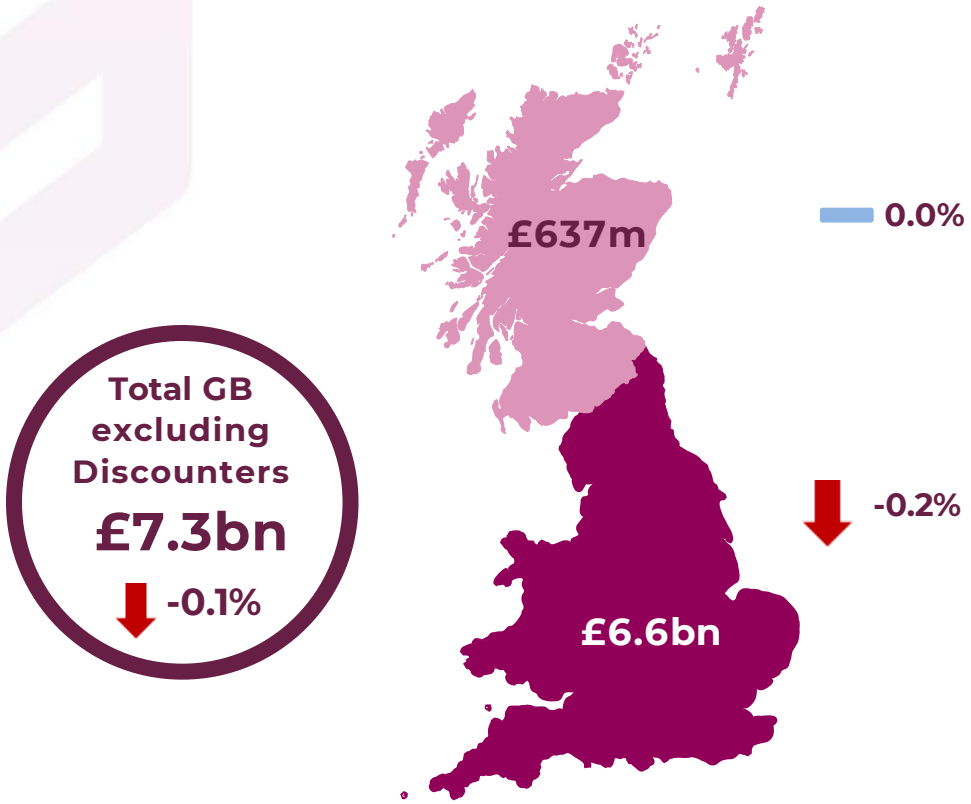
Source: Nielsen, GB Total Discounters – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted.

Scottish brands are important as they have at least double the share of sales vs brands in the wider GB market. Poultry is the exception.

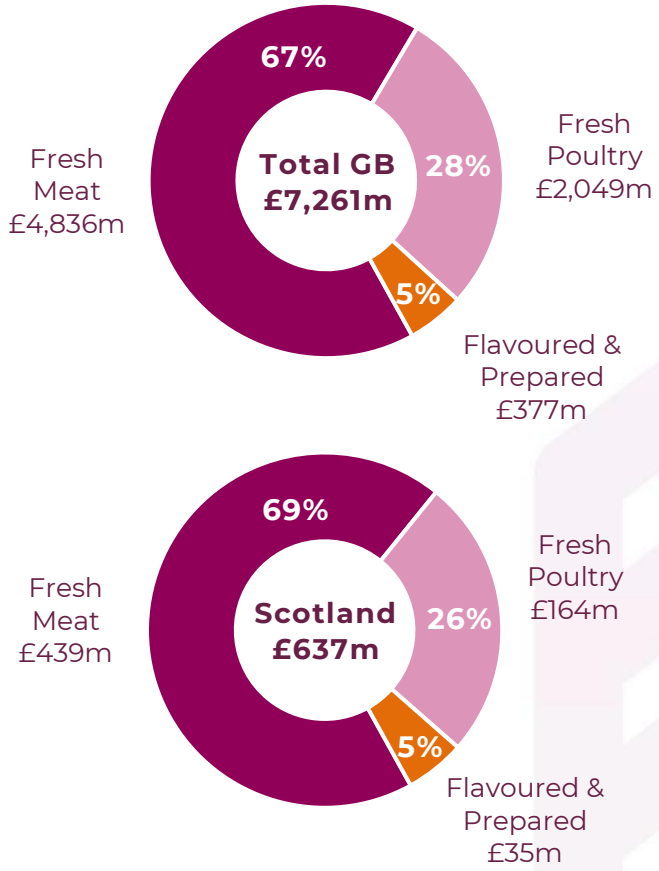
Source: Nielsen, GB Total Coverage – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted.

At £637m Scotland accounts for 8.8% of Total GB sales.
A greater proportion of sales in Scotland are derived from red meat categories.

Total GB Fresh Meat performance excl. Discounters (Value £)



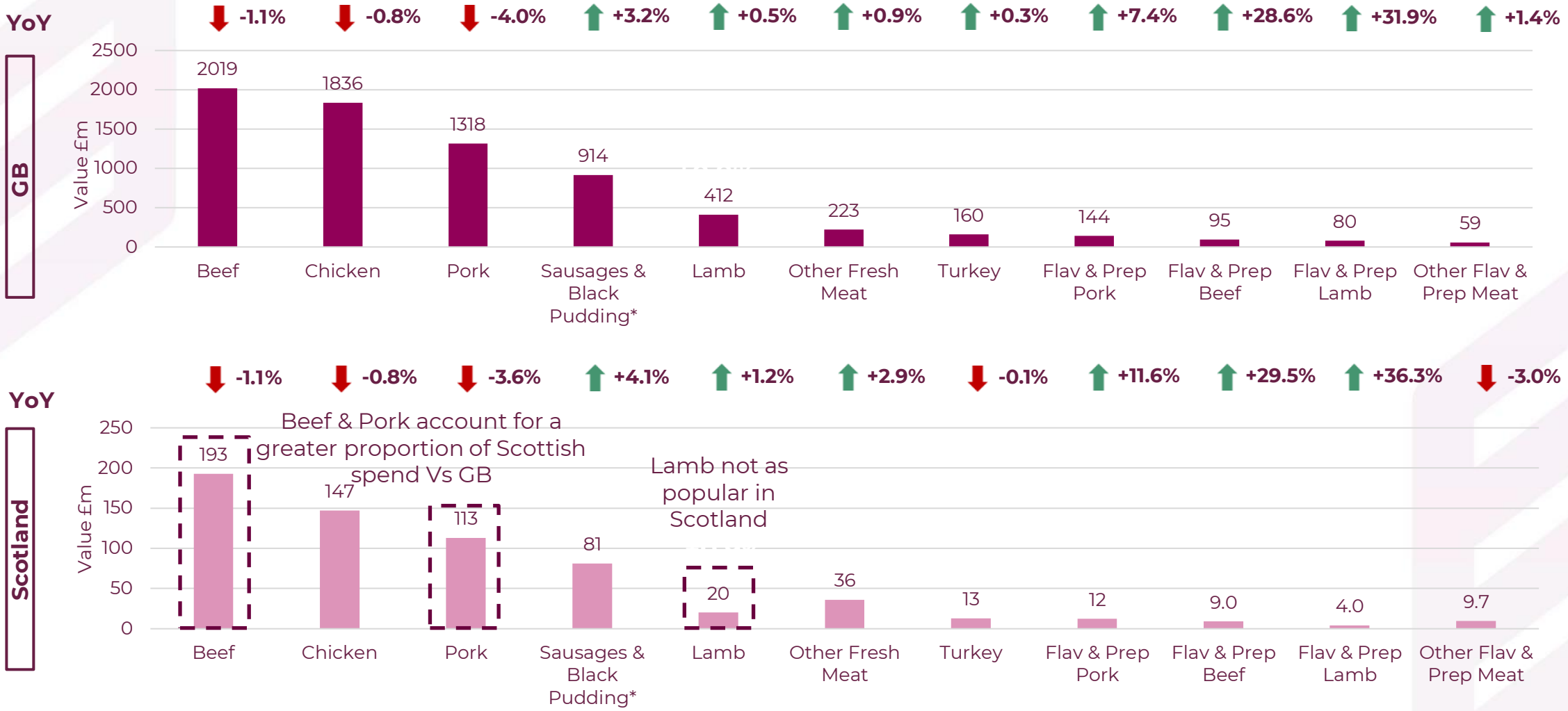
Total Fresh Meat performance excl. Discounters (Value £)



Source: Nielsen, GB Total Coverage excl. Discounters – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted.

The top 3 sectors (Beef, Chicken, Pork) are posting similar levels of decline in both GB and Scotland whilst Sausage, Lamb, Flavoured & Prepared Meat are growing.

Sector Performance (Value £) - Total GB vs Scotland

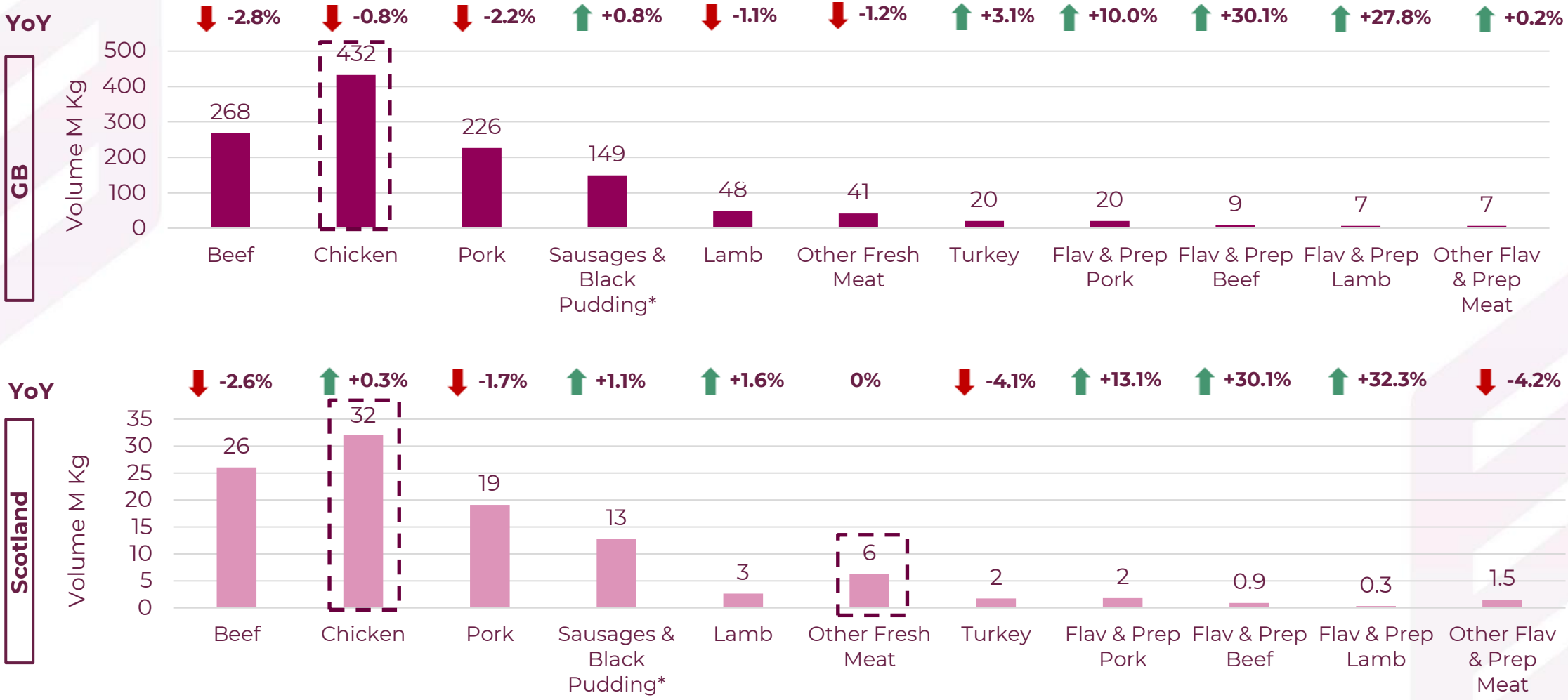


Source: Nielsen, GB/Scotland Total Coverage excl. Discounters – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted

* Does not include chicken sausages. Chicken sausages are included in chicken category.

Chicken accounts for most of the volume in GB and Scotland. Scotland has strong sales of “Other Fresh Meat” due to local lines e.g. Lorne Sausage

Sector Performance (Volume M kg) Total GB vs Scotland

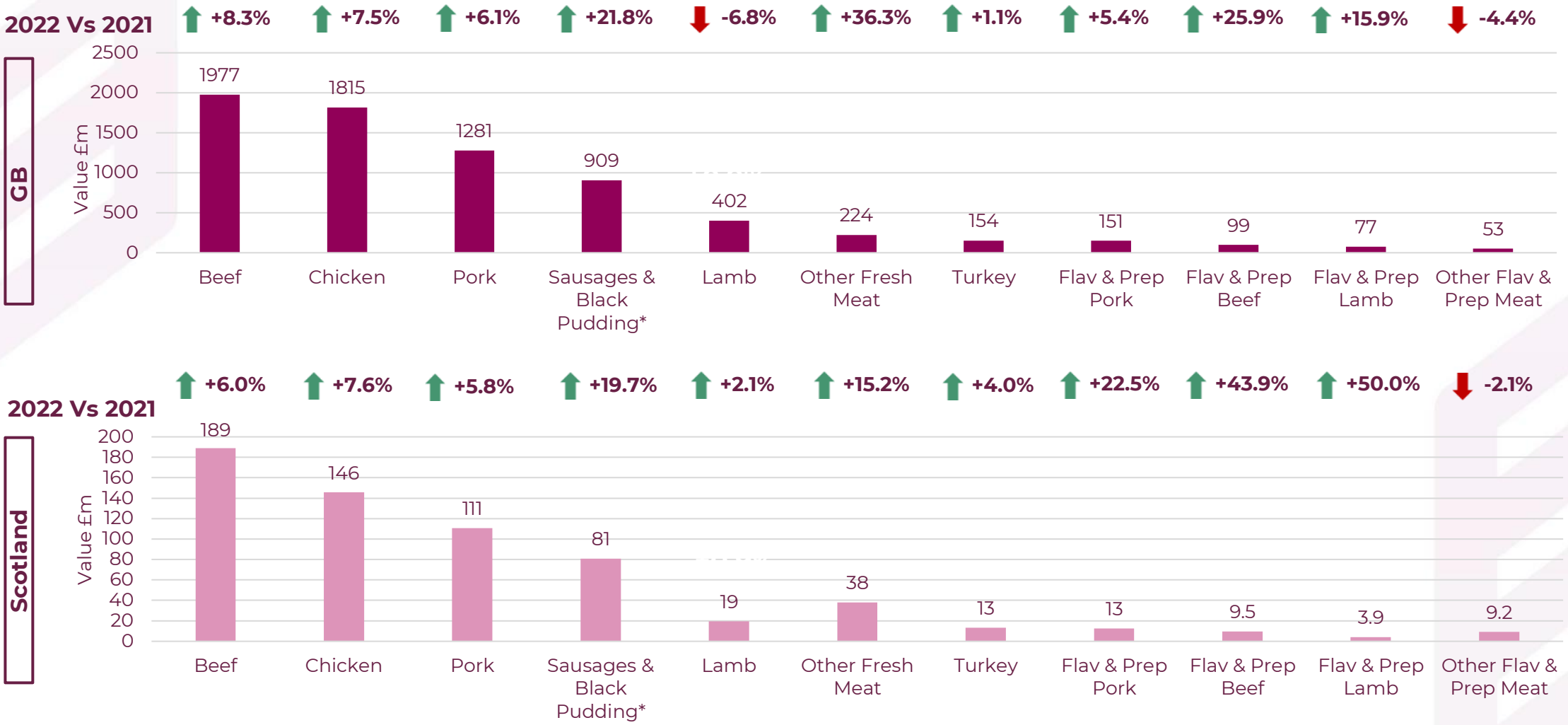


Source: Nielsen, GB/Scotland Total Coverage excl. Discounters – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted

* Does not include chicken sausages. Chicken sausages are included in chicken.

Most of the sectors have experienced good value growth since 2020

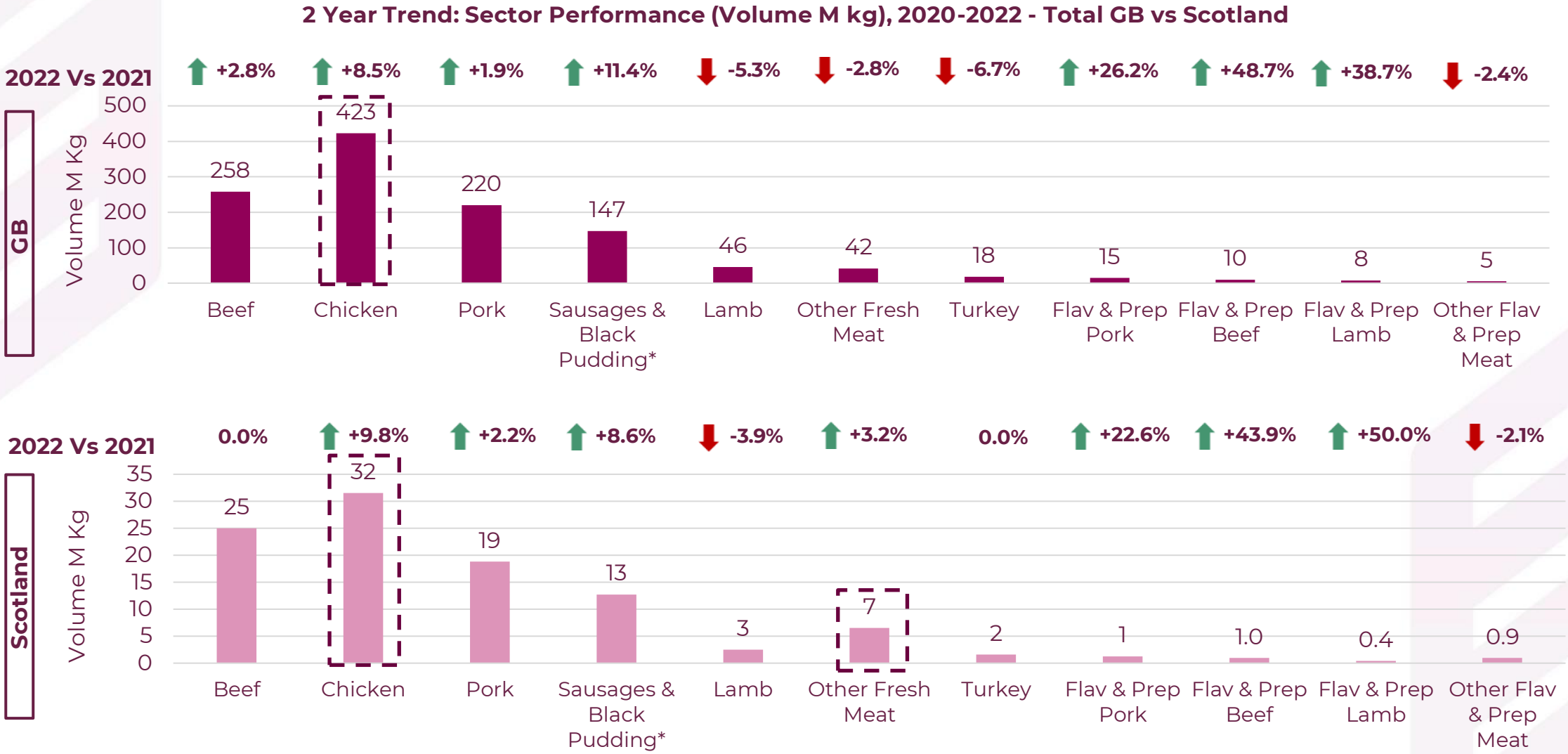
2 Year Trend: Sector Performance (Value £), 2020-2022 - Total GB vs Scotland



Source: Nielsen, GB/Scotland Total Coverage excl. Discounters – 52 weeks - w/e 15 January 2022. Note: Data reproduction or re-use is not permitted

* Does not include chicken sausages. Chicken sausages are included in chicken category.

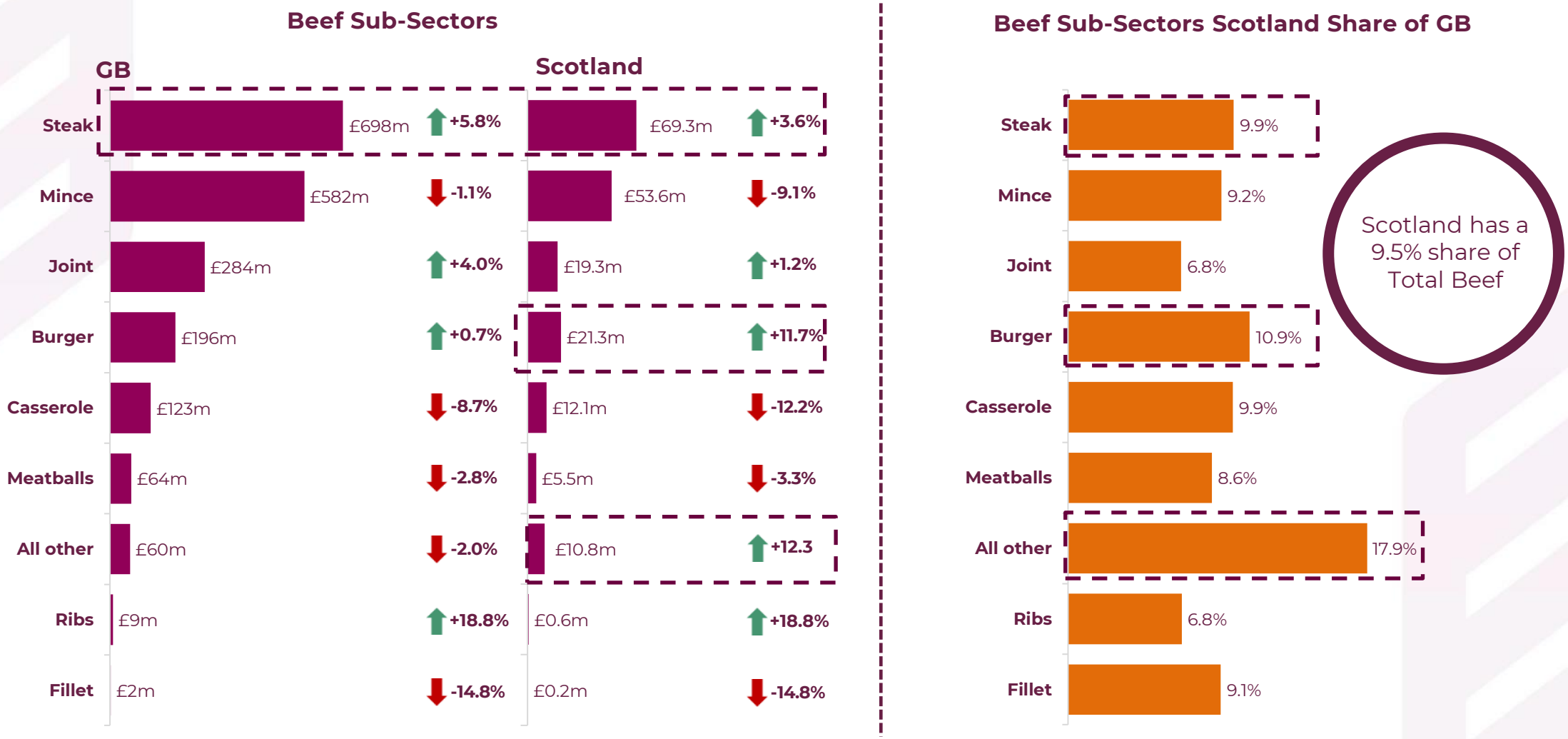
Majority of the sectors have also experienced volume growth over the 2 year period



Source: Nielsen, GB/Scotland Total Coverage excl. Discounters – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted

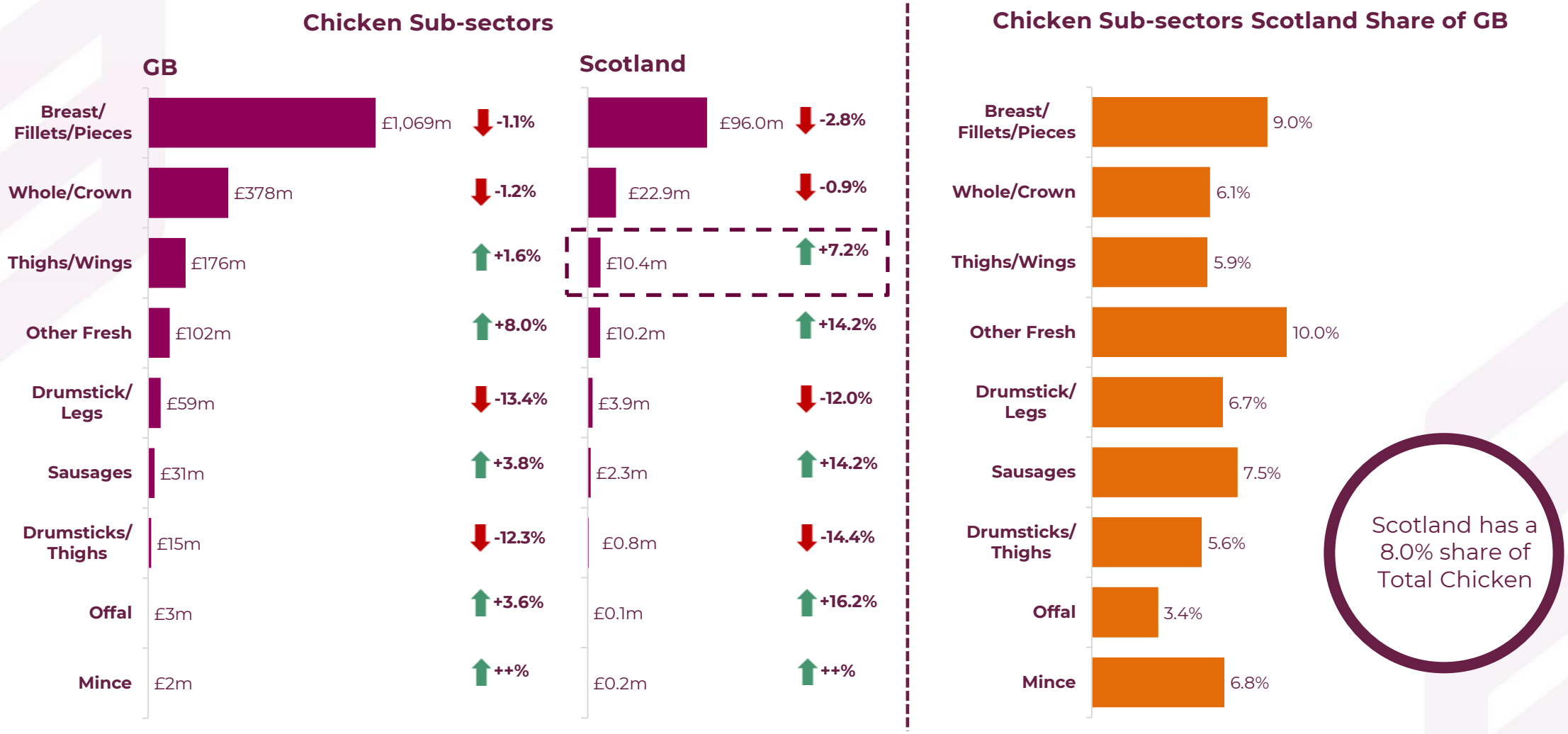
* Does not include chicken sausages. Chicken sausages are included in chicken.

Scotland overtrades in both steaks and burgers, which are performing well. Consumers are trading up to premium steaks. Burgers are achieving increased distribution. Beef sausages have been key to strong growth in “All Others”.



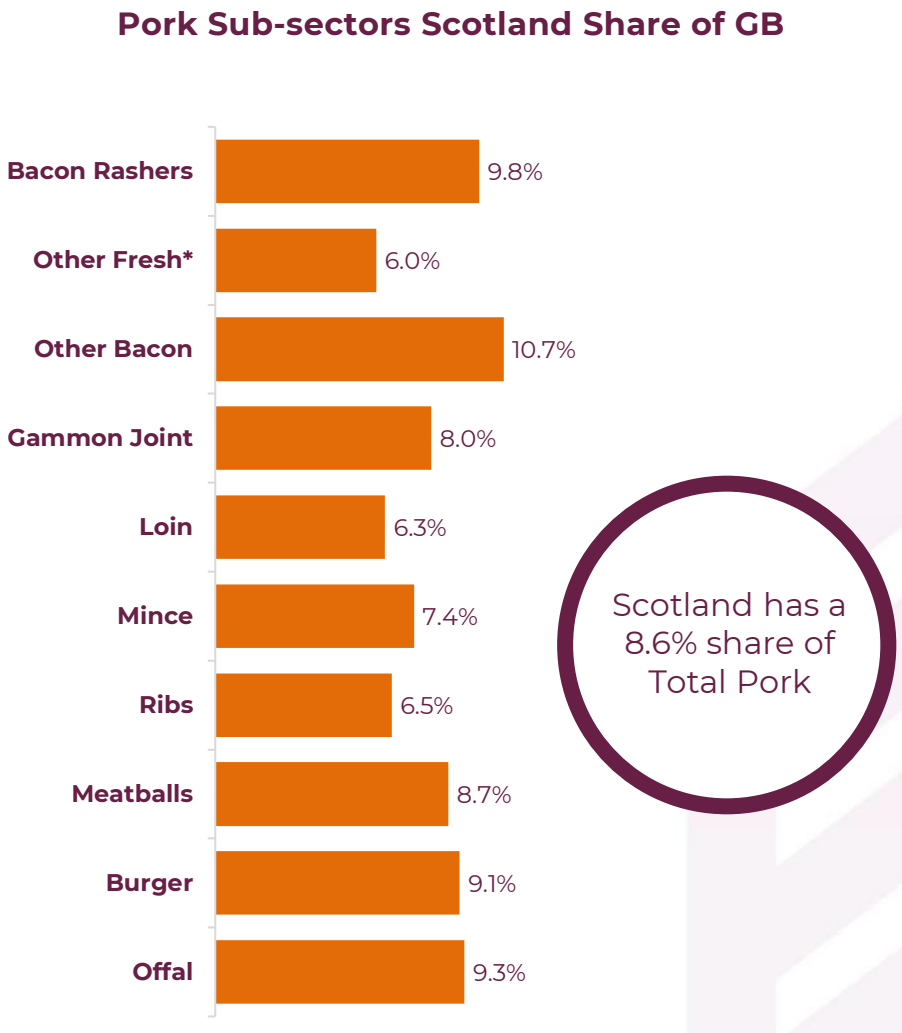
Source: Nielsen, GB/Scotland Total Coverage excl. Discounters – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted.

Scotland's share of Chicken is lower than its category average. This under-trade is further hampered by key sub-sector decline and growth from less expensive pieces.



Source: Nielsen, GB/Scotland Total Coverage excl. Discounters – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted.

Pork performance relies heavily on Bacon. Rashers, in both GB and Scotland, have lost value over the last year pulling back overall Pork performance.

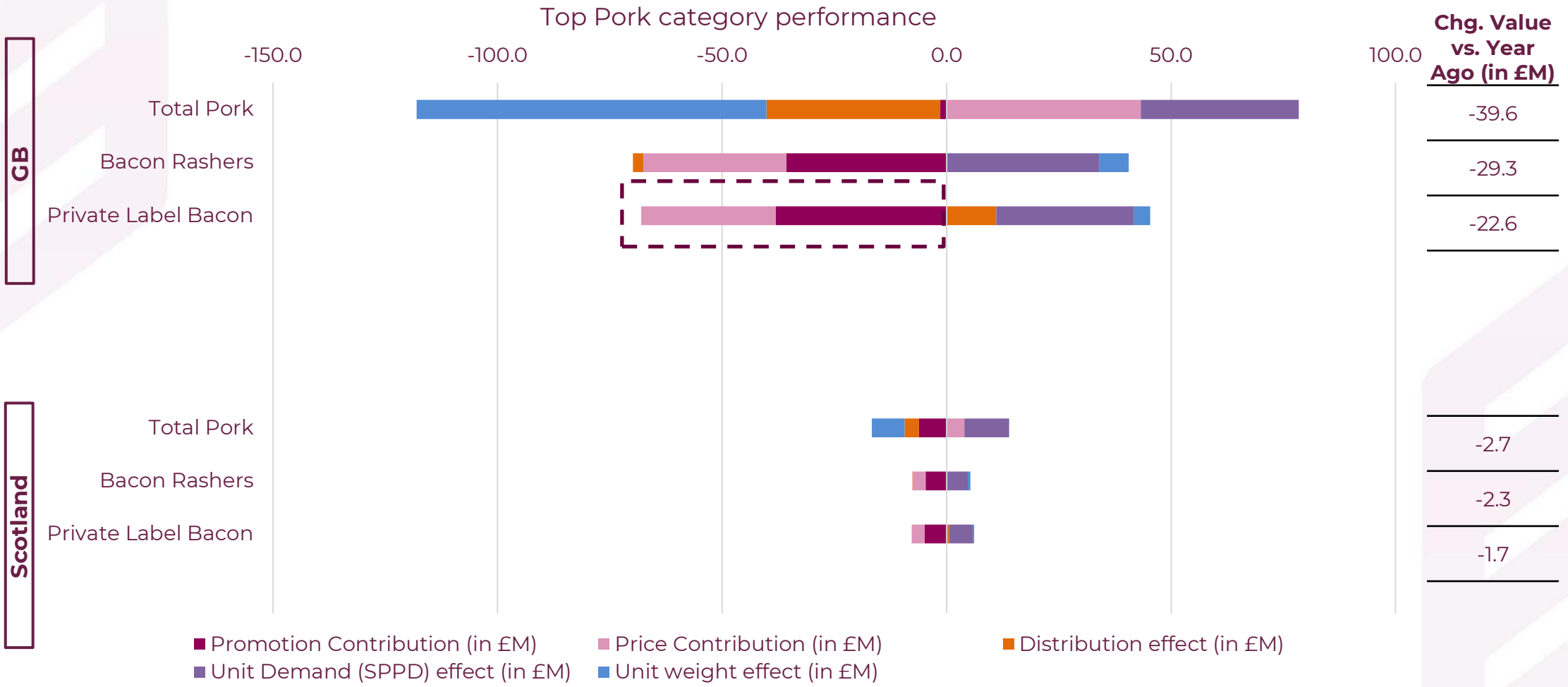


Scotland has a 8.6% share of Total Pork

Source: Nielsen, GB/Scotland Total Coverage excl. Discounters – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted.

* Includes chops, fillets, joints, medallions etc.

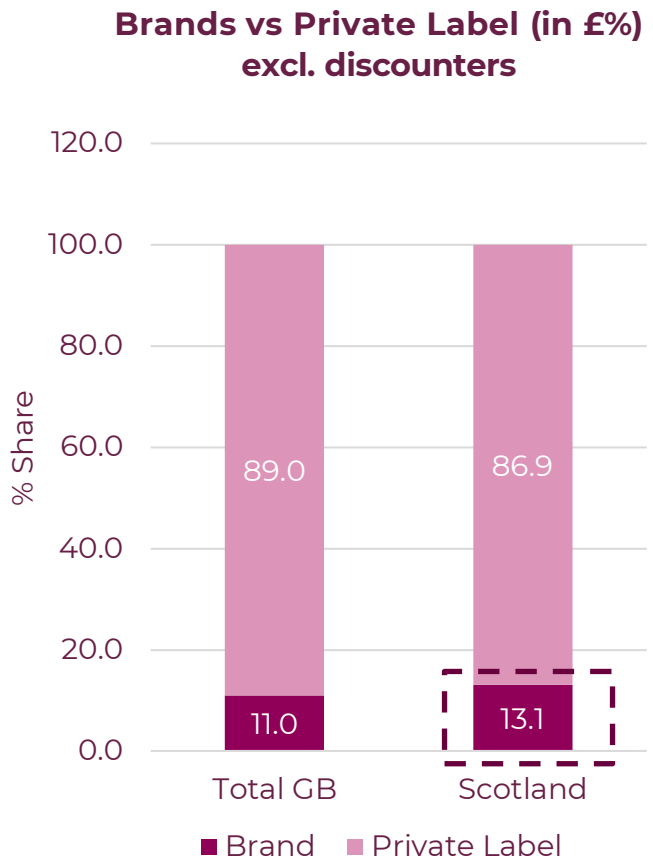
Rashers have been impacted by a fall in prices which has been driven by private label as producers move away from promotional activity and focus on low pricing.



	Chg. Value vs. Year Ago (in £M)
GB Total Pork	-39.6
GB Bacon Rashers	-29.3
GB Private Label Bacon	-22.6
Scotland Total Pork	-2.7
Scotland Bacon Rashers	-2.3
Scotland Private Label Bacon	-1.7

Source: Nielsen, Total GB/Scotland Grocery Multiples w/e 23 October 2021. Note: Data reproduction or re-use is not permitted.

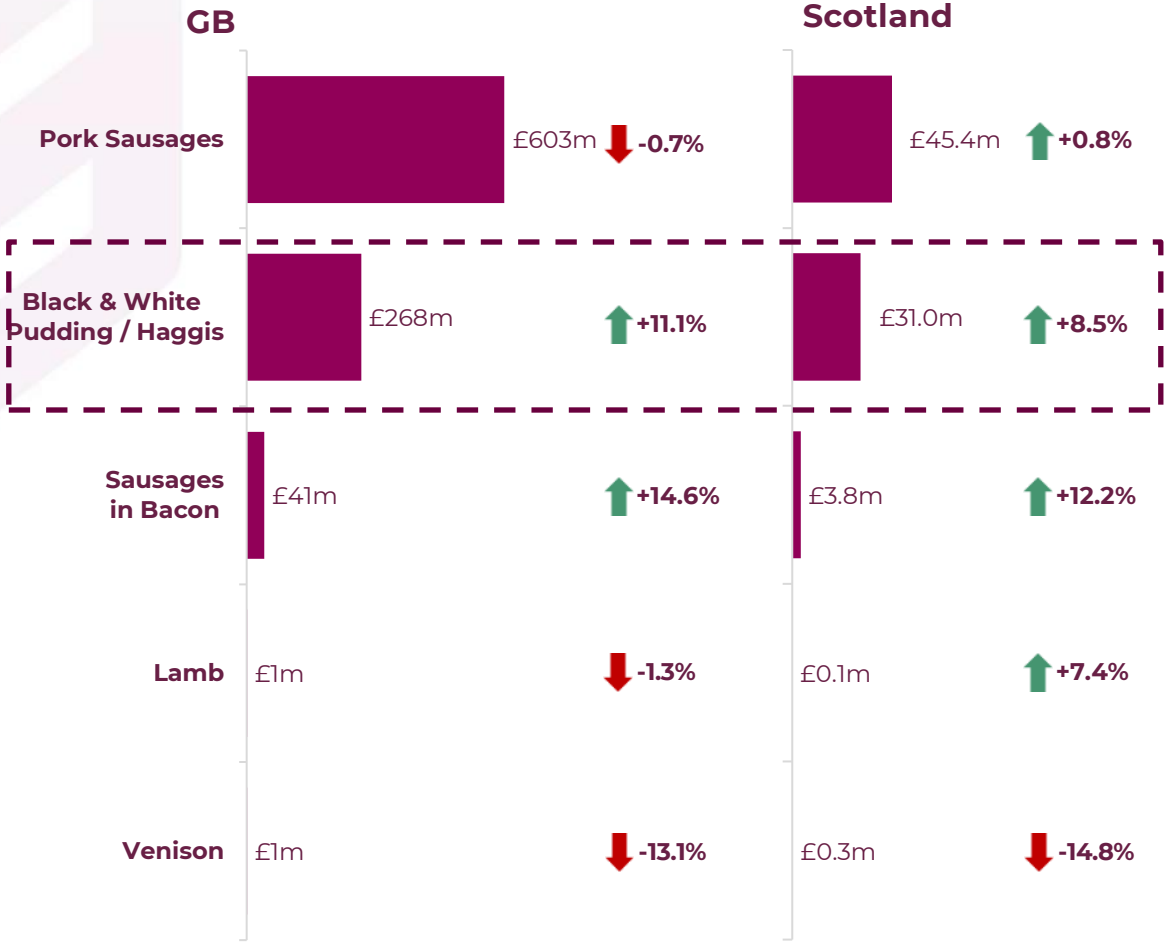
Bacon Rashers is a category with strong brand presence especially in Scotland. Premium brands are also gaining share of the market



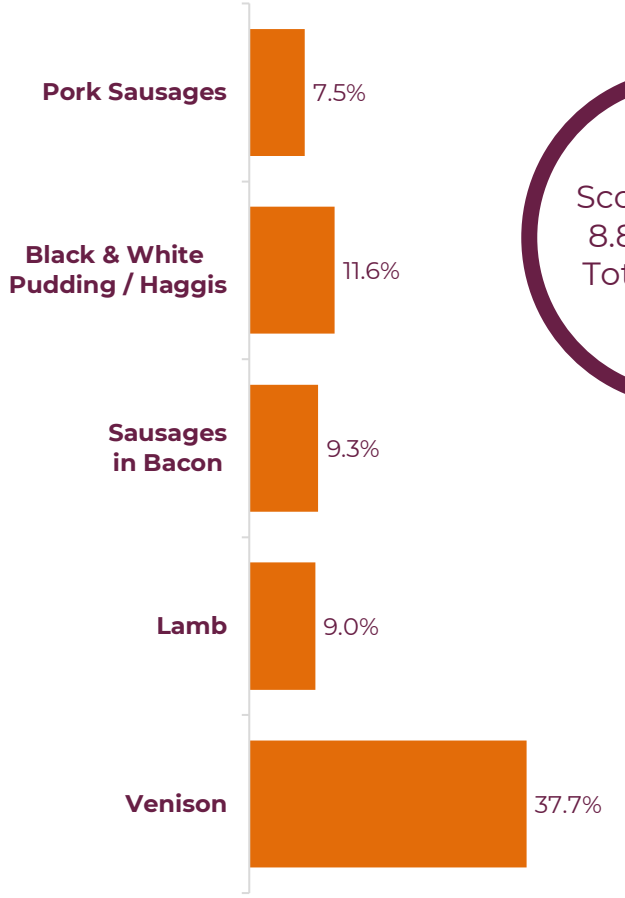
Source: Nielsen, Total GB/Scotland Total Coverage, 52 weeks – w/e 23 October 2021; Note: Data reproduction or re-use is not permitted

Scotland is growing ahead of GB within Pork Sausages, the largest sub-sector. The sub-sector contributing most to growth (in £m) has been B&W Pudding/Haggis.

Sausage & Black Pudding Sub-sectors



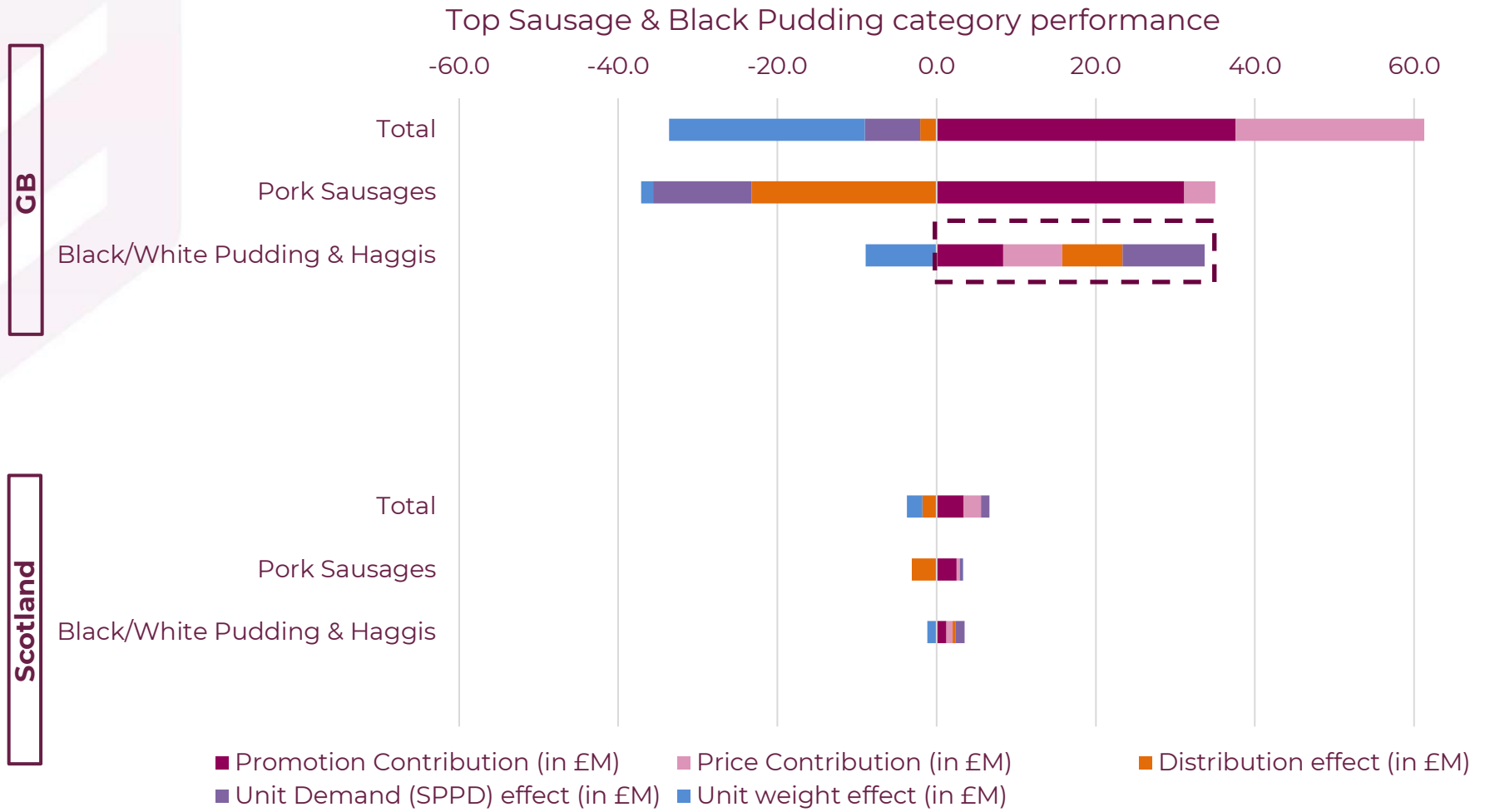
Sausage & Black Pudding Sub-sectors Scotland Share of GB



Scotland has a 8.8% share of Total Sausage

Source: Nielsen, GB/Scotland Total Coverage excl. Discounters – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted.

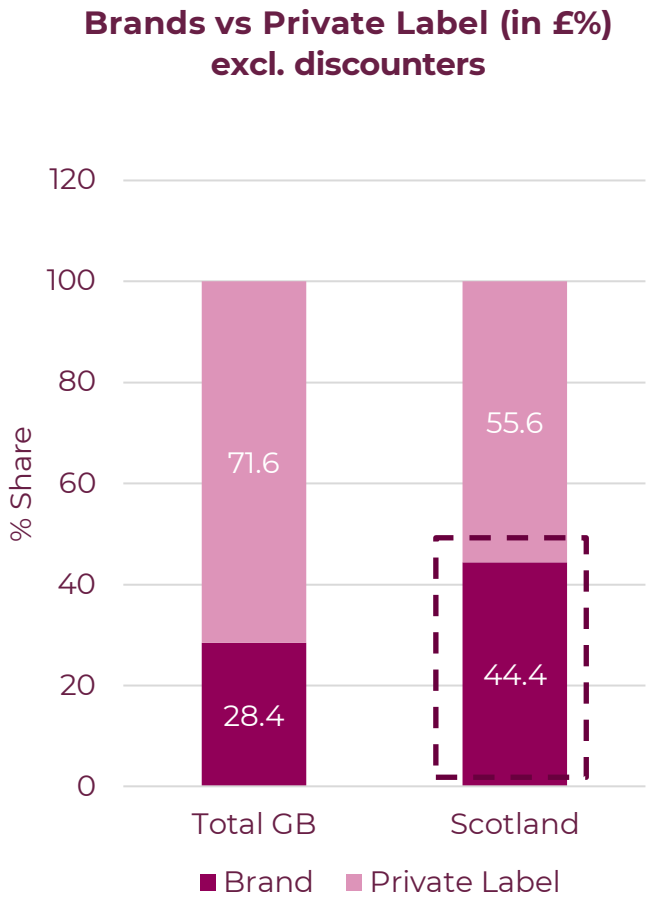
Sausages & Black Pudding has been driven by promotional activity. Black Pudding & Haggis has grown in popularity over the past year as the majority of the growth is derived from increased demand.



Chg. Value vs. Year Ago (in £M)
+27.6
-2.1
+24.7
+2.9
+0.2
+2.3

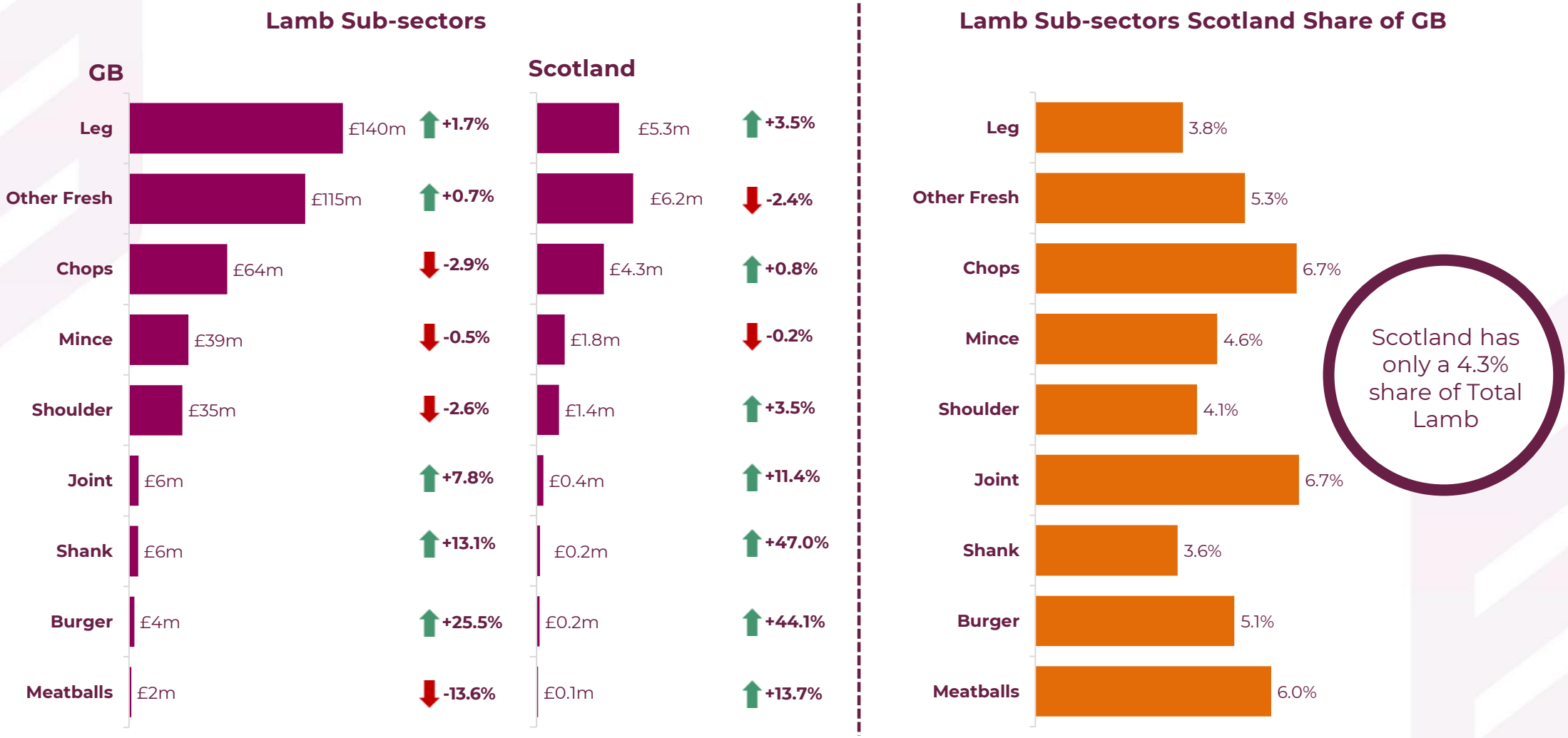
Source: Nielsen, Total GB/Scotland Grocery Multiples w/e 23 October 2021. Note: Data reproduction or re-use is not permitted.

Brands are important, especially in Scotland where they account for 44% of sales. Regional brands contribute to this strong share. In GB there has been strong growth in premium brands



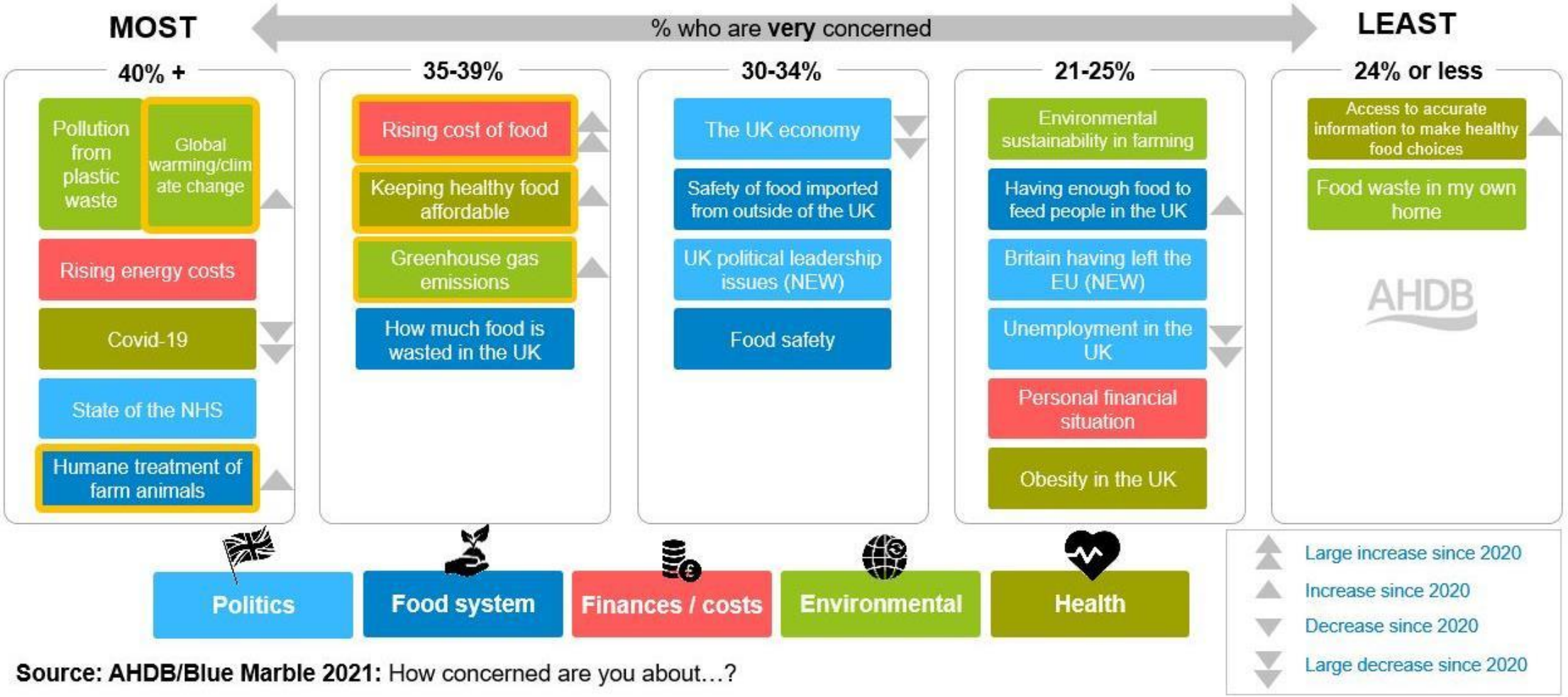
Source: Nielsen, Total GB/Scotland Total Coverage, 52 weeks – w/e 23 October 2021; Note: Data reproduction or re-use is not permitted

Despite out-performing GB across all sub-sectors Scotland's significant under-trade in Lamb continues. In terms of cuts there is a preference for Chops, Joints and Meatballs.



Source: Nielsen, GB/Scotland Total Coverage excl. Discounters – 52 weeks - w/e 23 October 2021. Note: Data reproduction or re-use is not permitted.

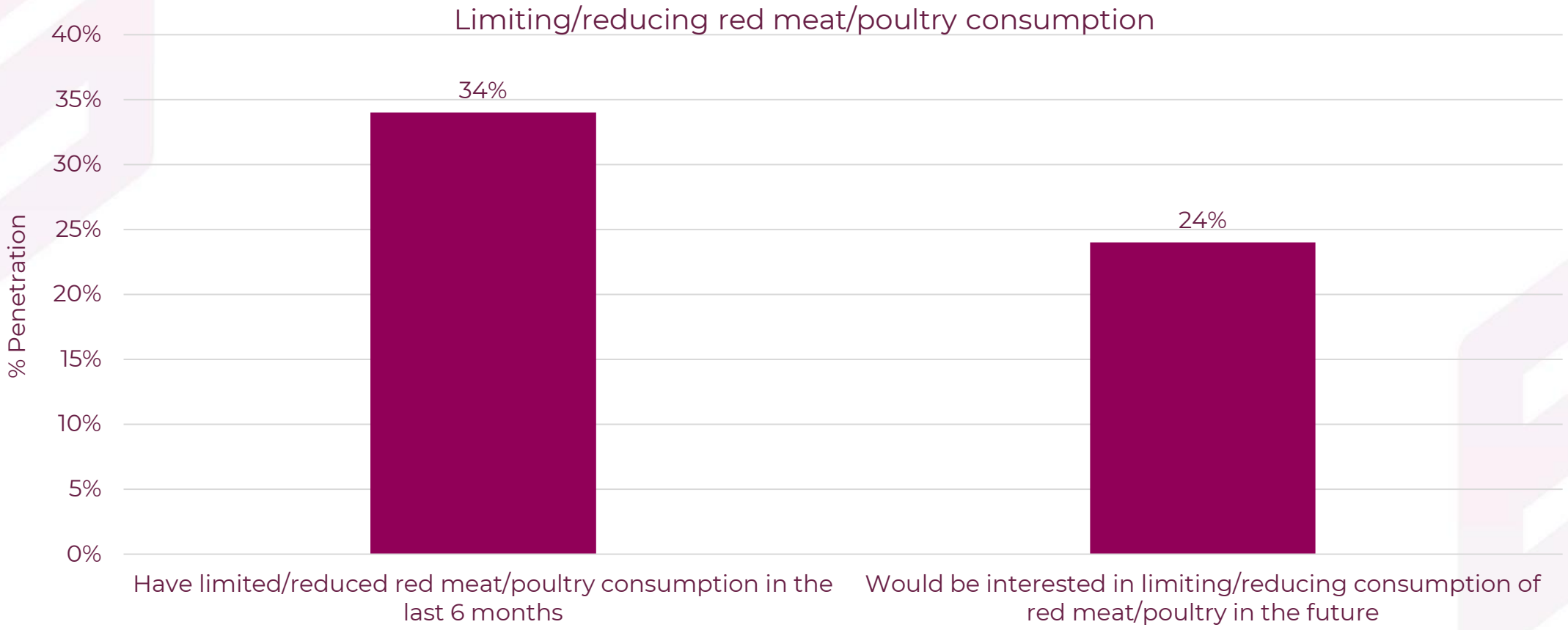
In terms of macro trends the climate, animal welfare and affordability have risen up the agenda underlining the importance for meat producers to address these concerns.



Source: AHDB/Blue Marble 2021: How concerned are you about…?

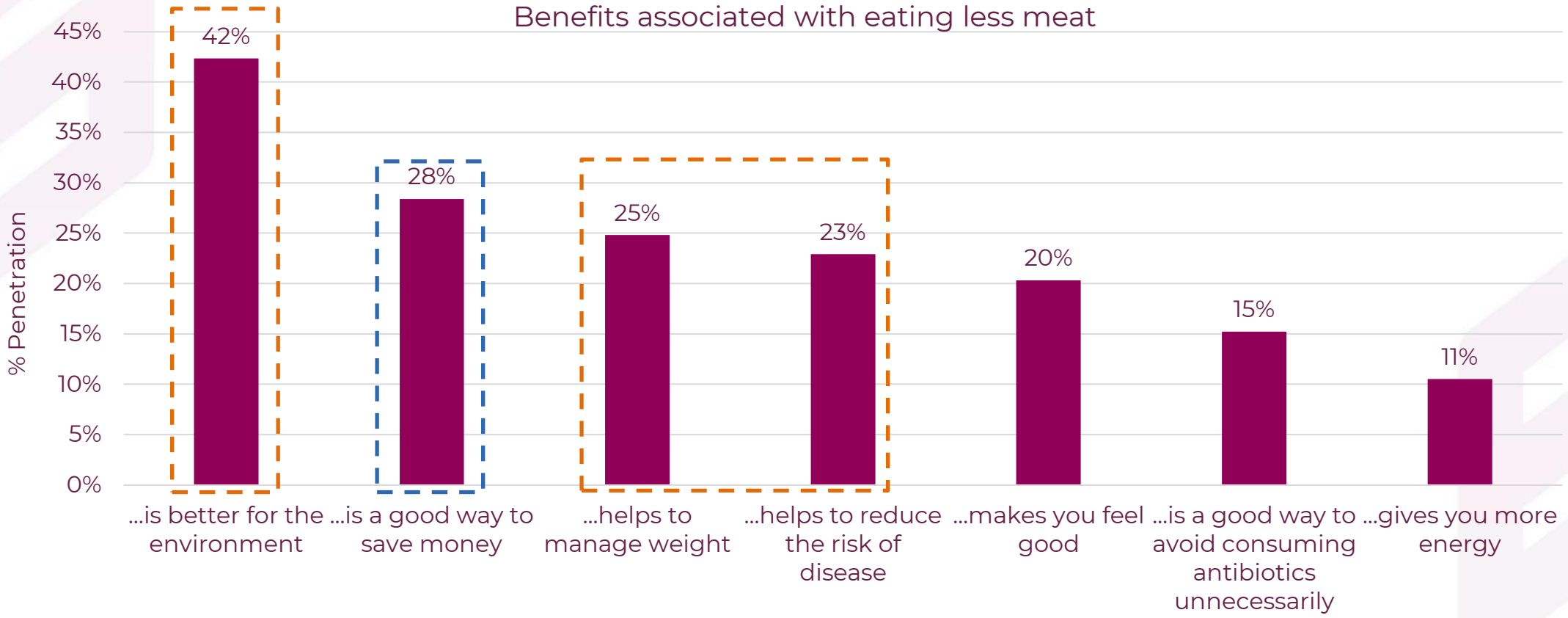
The meat category is likely to face more pressure.

A 1/3 of consumers have actively limited meat consumption over the past year and further ¼ would be interested in doing so in the future.



Source: Mintel Meat Substitutes: Inc Impact of COVID-19 - UK - November 2020. Note: Data reproduction or re-use is not permitted

Environmental, affordability and health reasons will be driving consumers to limit/reduce consumption of meat.

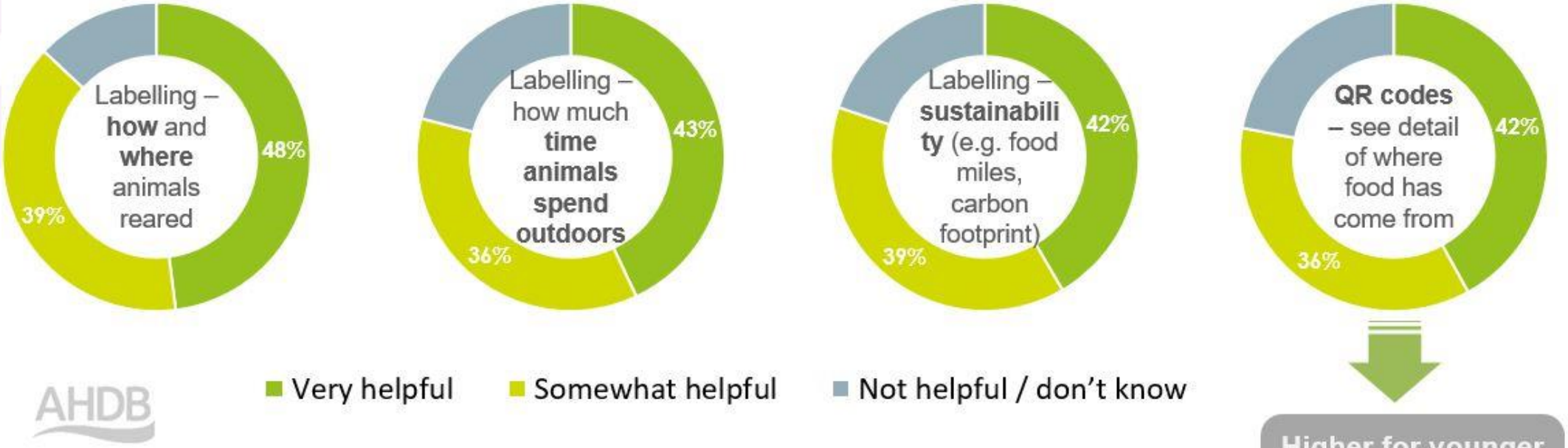


Source: Mintel Meat Substitutes: Inc Impact of COVID-19 - UK - November 2020. Note: Data reproduction or re-use is not permitted

Quality and reassurance is likely to be important for future meat consumers. Extra labelling around provenance, welfare and sustainability would be helpful in improving the quality perception of meat.

Response to new labelling ideas

How helpful would these be…

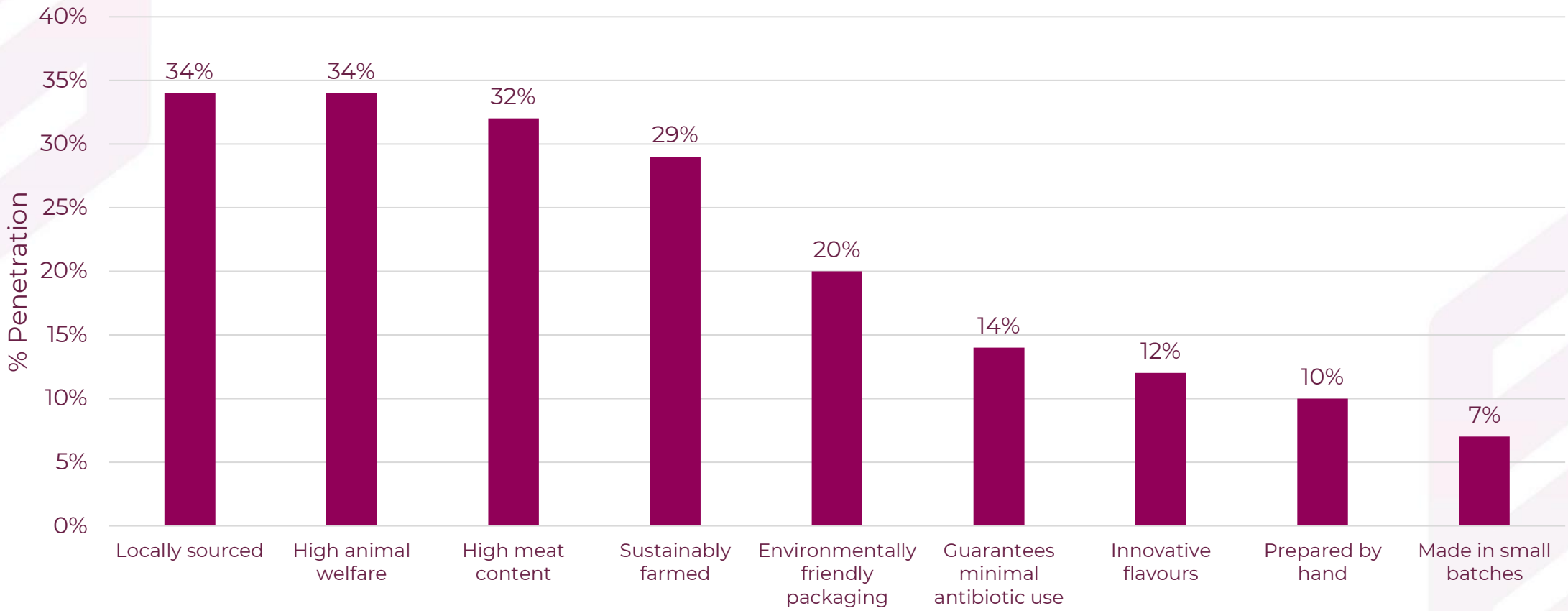


Higher for younger age groups than oldest

Source: AHDB/Blue Marble 2021: How helpful do you think each of these ideas would be in improving your knowledge and trust in the UK food system?

Specifically focussing on processed meat, consumers are most prepared to pay more for provenance, welfare, quality and sustainability.

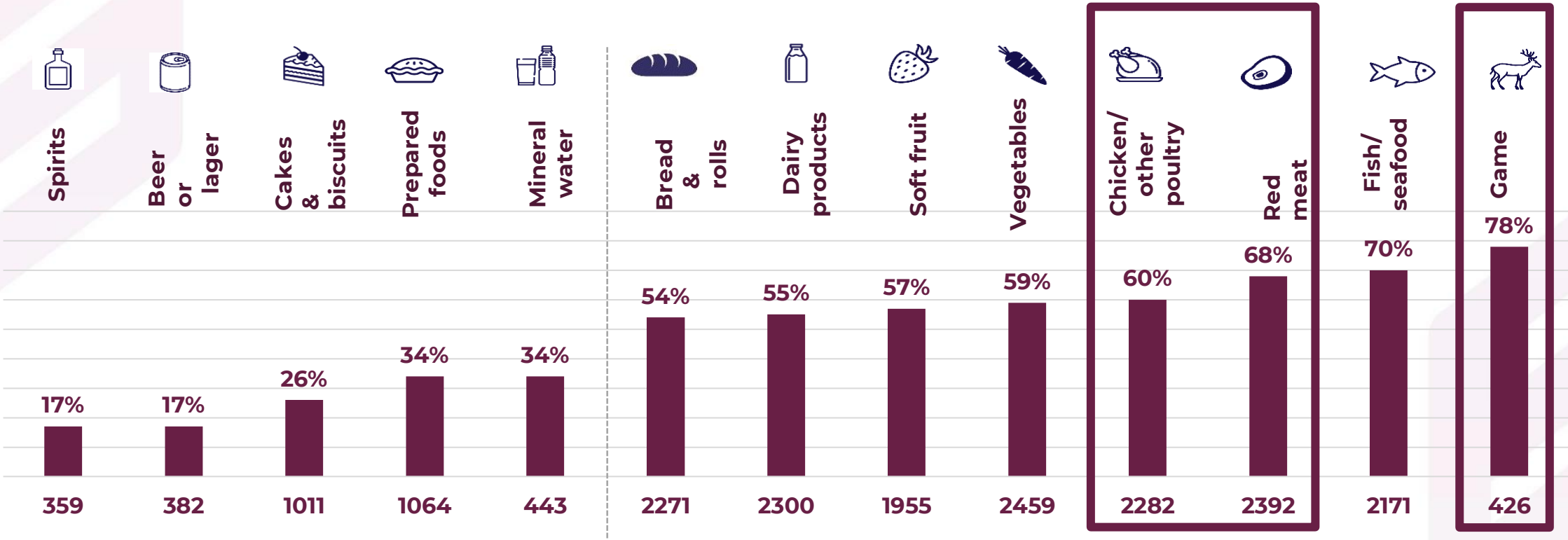
Which attributes would you be prepared to pay more for in a processed meat product?
Choose up to 3



Source: Mintel – Processed Poultry and Red Meat – UK – November 2020. Note: Data reproduction or re-use is not permitted

A large proportion of consumers consider it important the availability of local supply in meat and poultry.

Very or Quite Important: Availability of local products (amongst those who have purchased items since March 2020):



Estimated population consuming & rating local as important ('000s)

Q17. When you are grocery shopping for any of the following types of food and drink, how important is being able to buy products which are grown, reared or produced locally?

Source: The Knowledge Bank, Buying Local in Lockdown March 2021; Note: Data reproduction or re-use is not permitted

This is driven by desire for better quality and to support the local economy indicating a clear role for local producers in raising the quality perception of meat & Poultry.

Why is it important to buy local food and drink

*"I believe Scottish produce is of a **high quality**. I like to think I'm **helping local farmers/producers**."*

*"I generally prefer Scottish produce as I think it's **better quality and hadn't travelled as much**. I also think it's better to **support my own country**."*

*"Supporting local food producers is important to me, it **helps reduce food's carbon footprint, encourages diversity of production, encourages more ecologically friendly use of land and tastes better**."*

Q18a) You stated that it is important to you that the following types of food and drink are local. Why is that?

Source: The Knowledge Bank, Buying Local in Lockdown March 2021; Note: Data reproduction or re-use is not permitted

Fresh Meat & Poultry Summary

Discounters have been important over the past year as consumer search for better value.

Whilst price is important in the short term there are other underlying trends.

Sustainability and health concerns are growing in importance.

There is still demand for quality.

As cuts such as steak are in growth and also premium brands are performing well.

In the long term, more consumers will be less likely to want to consume mass produced meat.

This is partly driving the current demand for plant-based foods.

The importance of quality is likely to become more significant in the long run.

Brands that can demonstrate a clear focus on sustainability and welfare will be likely to succeed.

Regional brands will also remain important as provenance and traceability will be key.

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Key Considerations & Market Summary

Retailers and Brands frequently call attention to Scottish, British and Irish origins using country of origin flags in packaging design, shelf ready packaging and fixture signage. Building on provenance and traceability in the future will be key.

Source: Levercliff Retail Audits Dec 2021

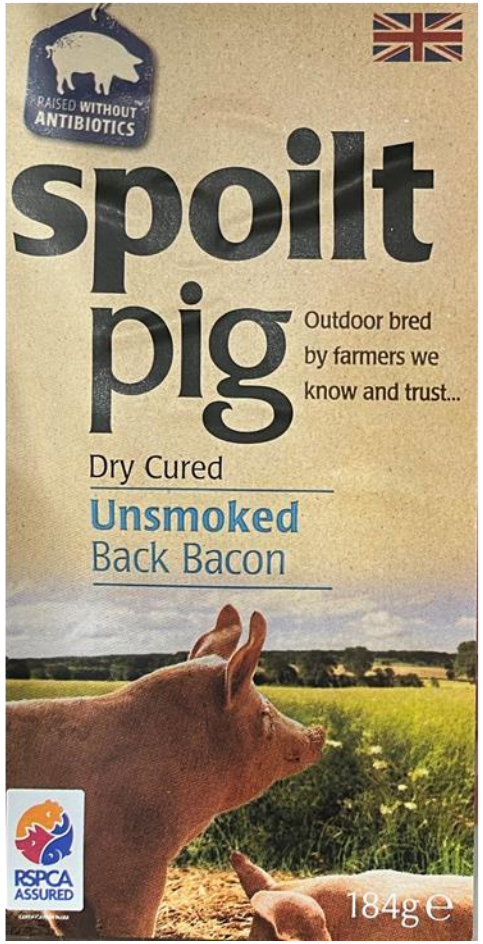
Private label and brands already invest in additional packaging and instore information around breed and provenance to build consumer trust, raise quality cues and differentiate in a highly commoditised category.

Source: Levercliff Retail Audits Dec 2021

Products look to establish trust by communicating their animal welfare standards, traceability and farmed with care messages via their on pack product descriptions, official certified standards or both.

RSPCA ASSURED

Reared by trusted farmers, expertly selected for supreme succulence and rich depth of flavour



Source: Levercliff Retail Audits Dec 2021

Brands are differentiating themselves within the category using specific trust and welfare claims.

Spoilt Pig brand makes the claim "raised without antibiotics"

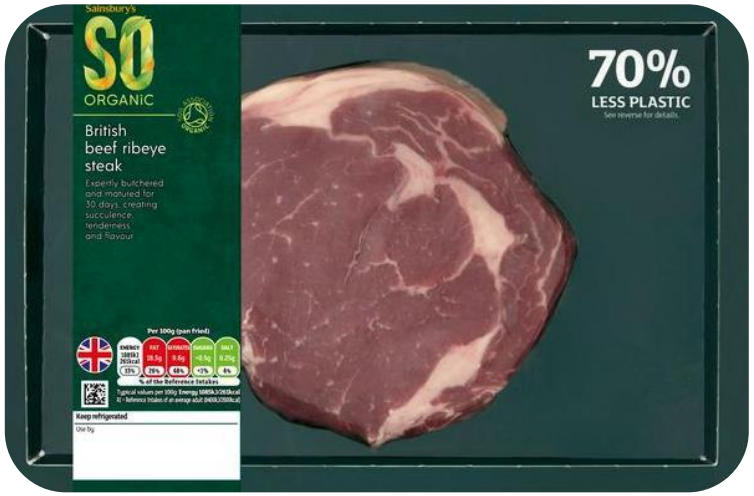
Finnebrogue's Naked brand claims "made without nitrites"

Source: Levercliff Retail Audits Dec 2021

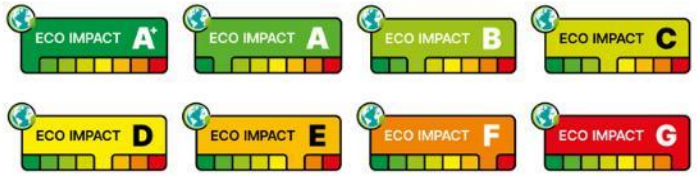
Sustainable packaging messages and environmental impact transparency are gaining prominence and appearing front of pack.

Finnebrogue's "Naked" brand amplifies sustainability credentials to differentiate

Sainsbury's "So Organic" offers packaging with 70% less plastic



Simon Howie moving to clear plastic



FOUNDATION EARTH foundation-earth.org

Move to clear trays = less packaging
And can be recycled

Source: Levercliff Retail Audits Dec 2021

Impact of Plant Based Diets: Both Asda and Morrisons have plant based /meat alterative products sharing fixture space with Flavoured and Prepared Meat.

Source: Levercliff Retail Audits Dec 2021

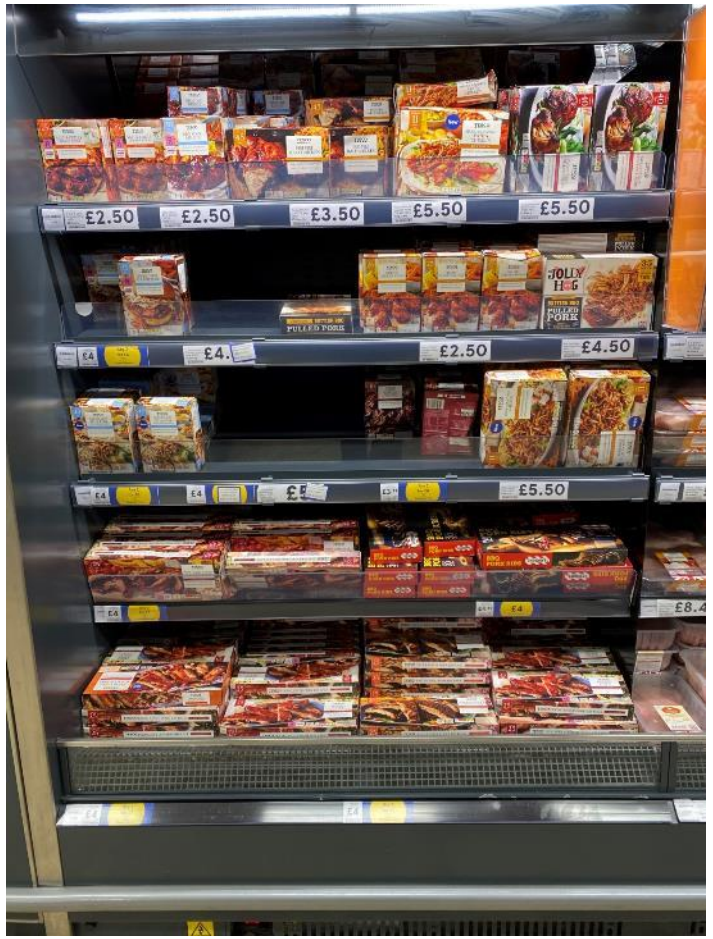
Impact of Plant Based Diets: Tesco give significant space to meat alternatives within the meat fixture and have a dedicated bay to its flexitarian “Meat & Veg” range.

Tesco offers many brands in the meat alternative fixture

Tesco’s “Meat & Veg” range is designed to help health conscious customers

Source: Levercliff Retail Audits Dec 2021

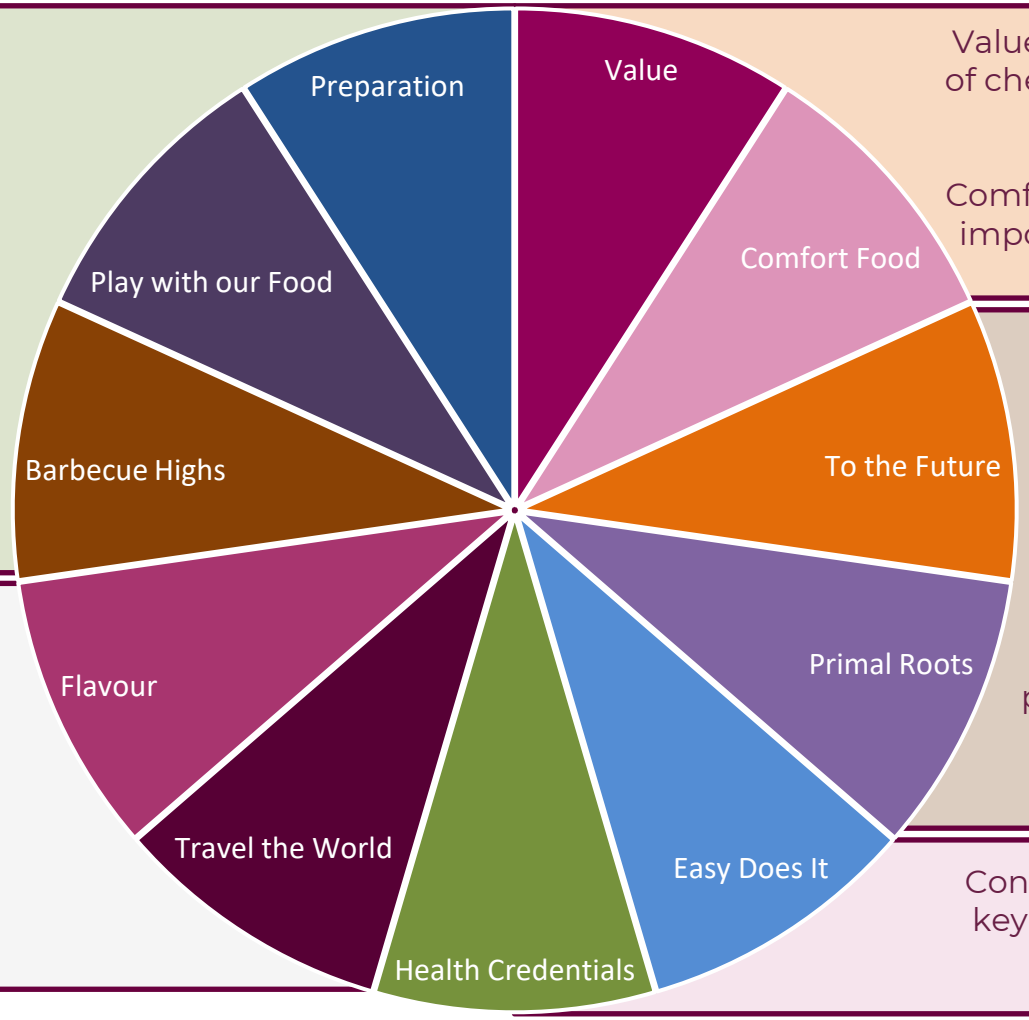
Value Added Meats will continue to be important tapping into trends for convenience (Easy & Quick to Cook) whilst tapping in to the latest culinary trends to create Inspiration for meal times



Source: Levercliff Retail Audits Dec 2021

Growing interest in sustainability and quality will present opportunities for producers.

Meat & Poultry Trends 2020



As consumers become increasingly confident in their cooking skills there will be opportunities for producers to tap into the latest trends with quality cuts and ingredients

Value is likely to manifest itself in terms of cheaper cuts and more back to basics cooking.

Comforting classics are likely to become important in the short term due to the economic uncertainty.

As consumers strive for a more sustainable future this will lead to an Increased focus on higher welfare, nose to tail eating, regenerative farming and local produce.

Plus a focus on less mass produced forms of meat e.g. game and also heritage breeds.

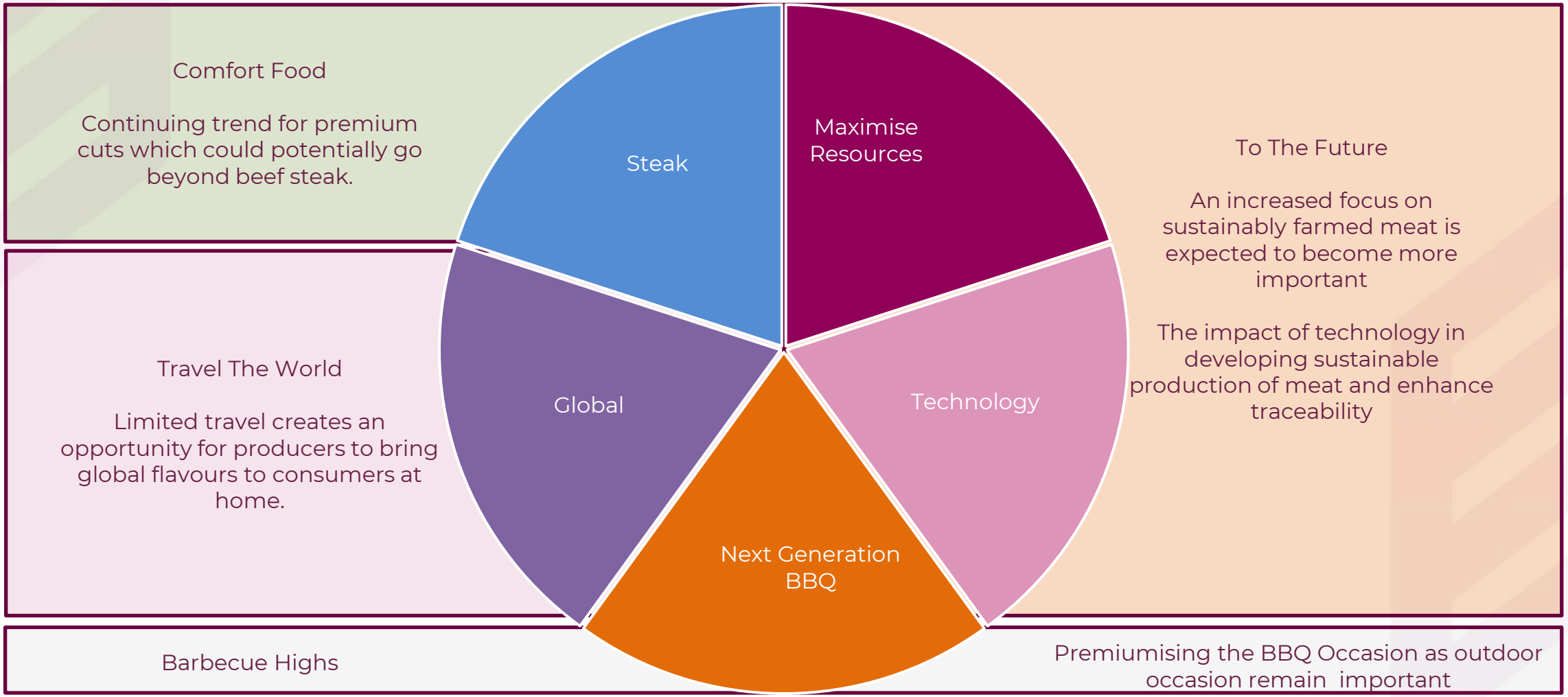
There will be the opportunity to cater for more sophisticated tastes at home with more adventurous cuts and flavours.

Convenience and Health will be key for those that lack cooking skills or want healthier alternatives.

Source: The Food People: Meat & Poultry Category Report, 2020

This is set to continue into 2021 as consumers will hopefully emerge from the COVID 19 pandemic.

Meat & Poultry Trends Update 2021



Source: The Food People: Meat & Poultry Category Update, 2021

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Thank you

If you have any queries about this presentation, please contact: info@theknowledgebank.scot

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