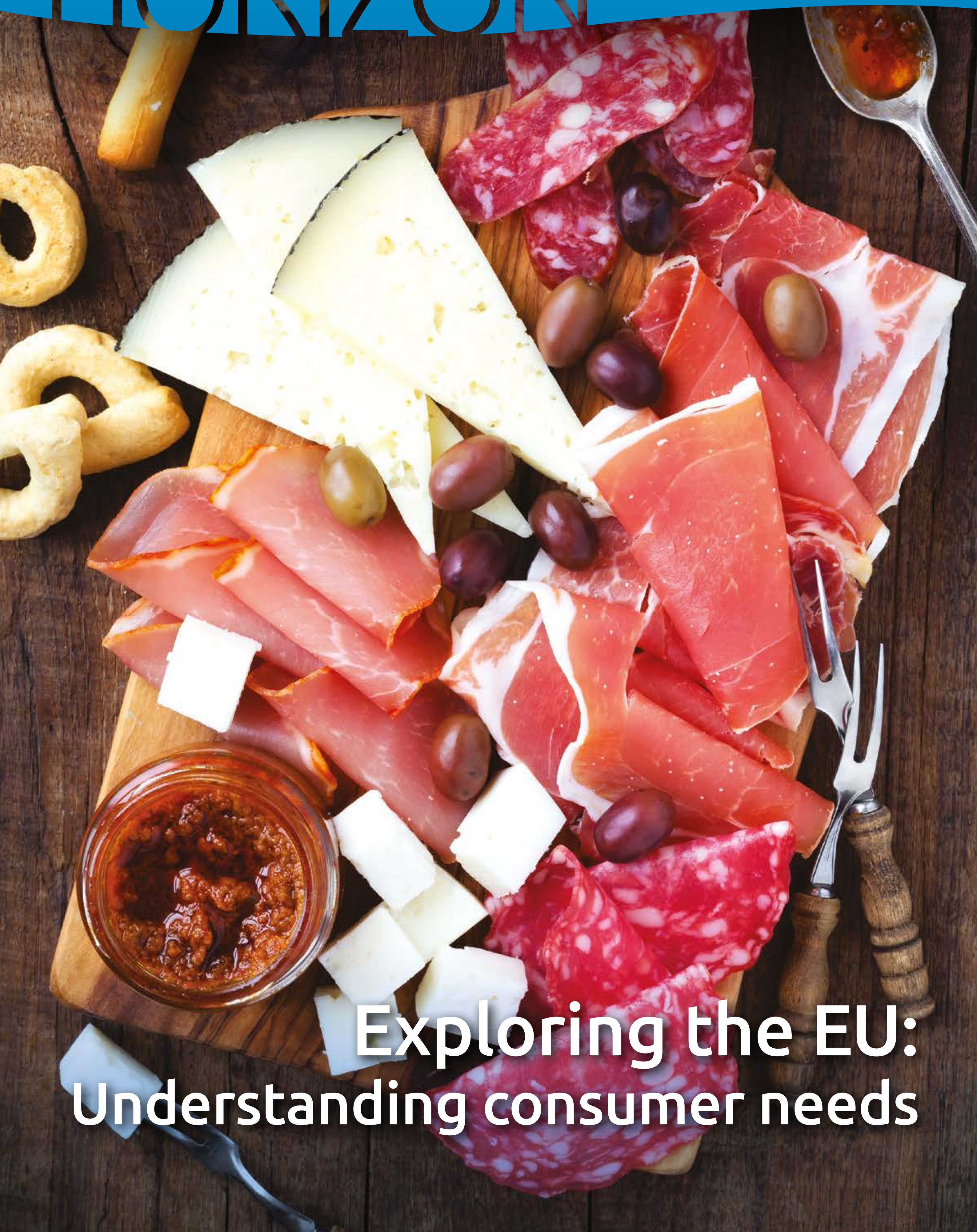
Market Intelligence September 2021

AHDB

HORIZON



Exploring the EU: Understanding consumer needs

HORIZON

CONTENTS

FOREWORD

The EU is a hugely important market for UK red meat and dairy exports, with the lion's share of our lamb, beef, pork and dairy exports shipped to our friends across the water for many years now. Despite a few challenging years with Brexit and coronavirus, the UK government and industry are committed to continuing this mutually beneficial trade with our neighbours and every effort is being made to ensure UK products remain in these important markets, maximising the good relationship we have enjoyed for the past 40 years.

However, if we are to continue seeing red meat and dairy products from the UK in hotels, restaurants, on shelves in stores and on tables across the EU, we must have a greater understanding of what consumers in these important markets seek out and desire when making their purchases. AHDB already has a wealth of knowledge, with a number of agents at key destinations in the EU and years of experience of working with importers in countries such as France, Germany and the Netherlands. But this new report goes even deeper to explore the new and growing trends in each country and to discover how behaviours have changed over the last year, with issues such as animal welfare, environmental concerns and an economic squeeze impacting buying decisions.

It is crucial that we have greater insight into consumers' behaviour and their needs as we look to compete with products from around the world. We are fortunate here in the UK that our animal welfare and production standards are among the best in the world and, as a country, we are rightly proud of our farmers and producers, who work tirelessly to provide us with high-quality, nutritious and sustainable products enjoyed by the majority of the population on an almost daily basis. But this next step is to help industry through what we know will be a challenging period as a result of the UK exit from the EU/single market. We believe AHDB's continued search for knowledge and a greater understanding of these markets will help our levy payers maximise any potential opportunities and maintain their position as a world leader in food and farming for years to come.

Dr Phil Hadley
AHDB International Market
Development Director

WHY THE EU?

Trade is critical to the long-term sustainability of the farming and food industry within the UK. While in general we are a net importer of food, importing more than we export, the UK also produces world-class food that is sought after around the globe. Exporting can also help balance supply and demand by selling products that do not have a strong market at home or have an abundance at certain times of the year.

AHDB understands the importance of the European Union (EU) as an export market and, despite our recent exit, it remains the UK's most important trading partner, presenting an opportunity for exporters. It is vital, therefore, that exporters understand the marketplace and consumer needs if they are to fully benefit from trade with the EU.

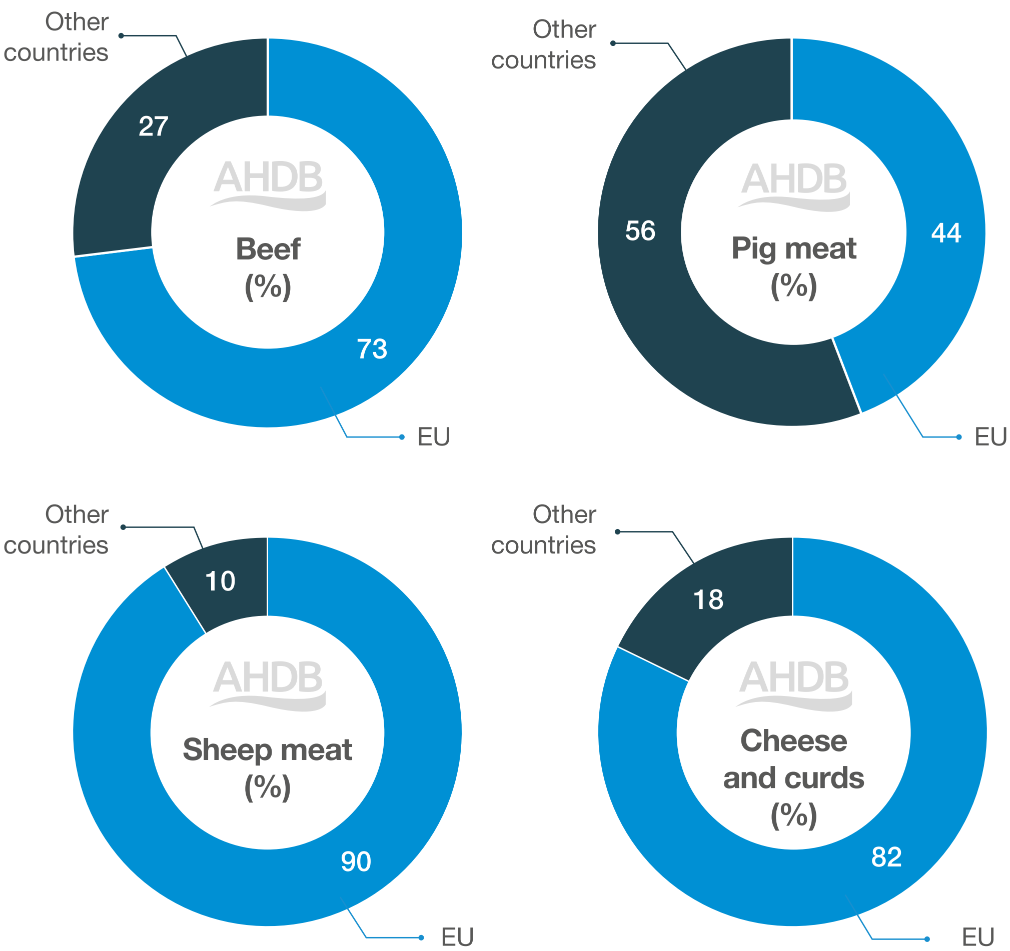
The EU is the number-one trading partner for UK agrifood, especially for red meat and dairy, and is the home for most of our exports. However, there are still opportunities to build on these areas and encourage growth.

According to IGD, Europe will reach €2,041bn grocery sales by 2022, making it the third-largest regional grocery market, behind Asia and North America. As European consumers have the highest grocery spend per capita in the world and are increasingly looking for their food to meet a wider variety of needs, there is an opportunity to show and communicate to consumers the quality of our products and justify any potential price premiums.

Trade with the EU

A large proportion of our exports – and in the case of lamb, a significant amount of total production as well – makes its way to the European market. The EU was worth £12.3bn to the UK food and drink industry as a whole in 2020, according to AHDB calculations using ONS data.[1]

Figure 1. **UK volume export destinations 2020**

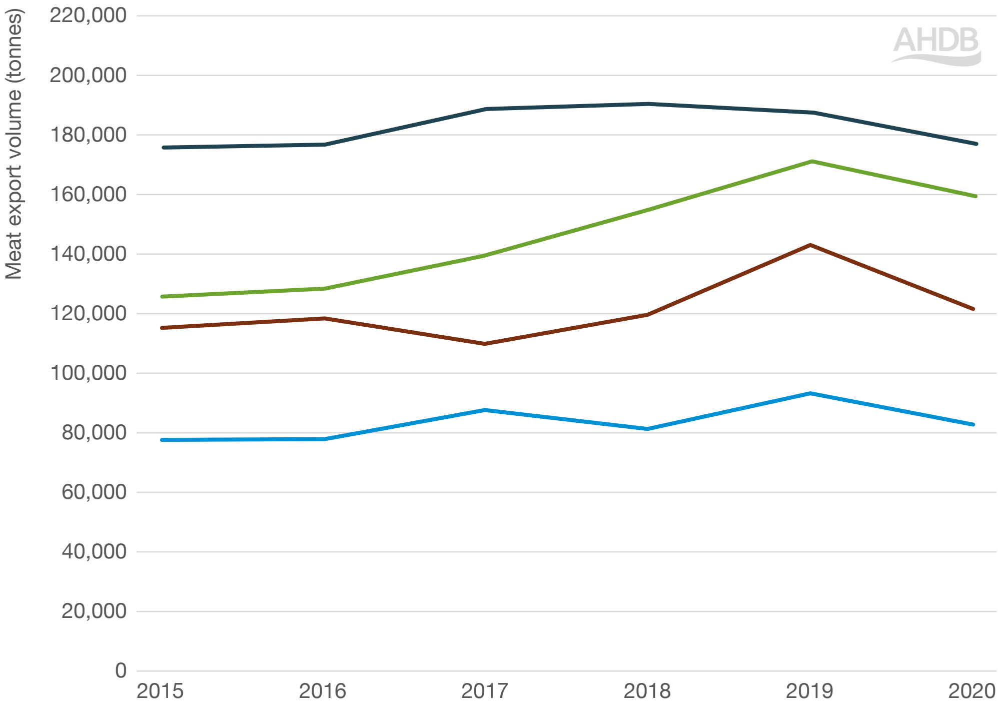


Source: IHS Maritime & Trade – Global Trade Atlas®, UK Exports total volume, red meat including offal – HMRC 2020

[1] Food and drink exports defined as comcodes 01-09 and 11.

Trading conditions were challenging in 2020, with shipments experiencing a decline. There were significant influencing factors around the UK leaving the EU, COVID-19 and the subsequent closure of foodservice during large parts of 2020. Over the past five years, there have been pockets of growth, but sustained growth has been hard to achieve. When looking at 2019 compared with 2018, the UK had a strong year exporting to the EU, with sheep meat (+13%), beef (+20%) and cheese and curds (+10.4%) increasing on 2018 levels, while pig meat saw a decline in exports of 1.7%, largely as a result of strong demand in Asia.

Figure 2. **Volume exports to EU**



Source: IHS Maritime & Trade – Global Trade Atlas®, UK Exports – HMRC, 2020

The most recent and more detailed **trade data** is available on our website.

The combination of almost completely frictionless trade that has developed since the UK joined the EEC in 1973, until EU exit, and the geographical proximity of the UK to the rest of Europe allowed a host of integrated supply chains to develop across the UK and the 27 EU member states. These supply chains have allowed businesses to add value to agricultural exports at various levels on the chain. The EU remains important, as it is a market of almost 450 million relatively wealthy consumers. While growth prospects in areas like the Asia-Pacific are better for meat and dairy products, per capita GDP, and therefore consumer spending power, still lags significantly behind the EU, which means higher-value products, such as specialty cheeses, are more suited to the European market.

The UK and the EU signed the Trade and Cooperation Agreement (TCA) back in December 2020. This allowed for the continuation of tariff- and quota-free trade between the two partners. Despite this, significant challenges have been thrown up by the process of leaving the single market and customs union. To start, suppliers of red meat and dairy products to the EU are now actually exporting product and with that comes an administrative burden, such as increased paperwork, customs checks and changes to labelling requirements. Previously, businesses would just deliver product to the European market with a simple consignment note. This increase in paperwork has placed pressure on businesses, with processes like pre-notification and the requirement for export health certificates (EHCs) all adding time and cost. For instance, a lamb carcase going from the UK to the French market is now taking 24 hours longer than previously, impacting the competitiveness of UK lamb in that market. A major headache has been navigating archaic export and import processes that require manual shuffling and entering of paperwork into various systems – something just-in-time supply chains between the UK and the EU haven't been set up to deal with.

Rules of origin have also caused some issues for food business since leaving the EU. Simply put, these determine where a certain product is made and how much input from 'third countries' can be used in the making of that product. Rules of origin can often get quite complicated quite quickly and the more processed a product is, the more complex the rules of origin tend to be. Additionally, as part of the TCA and the Northern Ireland Protocol, it was agreed that Northern Ireland would remain part of the single market and customs union. This was done to prevent a hard land border between Ireland and NI. However, it means that EU controls to protect public, animal and plant health apply and sanitary and phytosanitary (SPS) checks and relevant documentation will be required for goods going between GB and NI, unless the UK and EU reach some form of equivalence agreement.

In addition to the extra paperwork required and customs checks on products going from the UK to the EU, now the UK is a third country, there are also products that are prohibited from being exported to the EU, as detailed in the table below. Fresh meat preparations, such as sausages, as well as other items like chilled mince, are currently unable to be exported to the EU. On top of this, all fresh and frozen meat is unable to be re-exported to the EU. This has implications for major retailers that import meat and use GB as a cutting or processing plant before re-exporting to the EU.

Aside from this, products coming in from the EU to be sold on the GB market are currently facing less import restrictions due to the UK government's phased implementation of border controls for EU products. This is due to change in October 2021, where EHCs will be required for all products of animal origin – an issue which has caused headaches for businesses sending products to the EU since the beginning of the year. These changes were due to be introduced in April 2021, however a statement from the Government delayed this implementation by six months. It is worth noting that, currently, UK rules mirror EU rules and so once the requirement for EHCs for products coming into the UK enters into force, this will mean products such as sausages and fresh mince will also be prevented from being imported, unless the UK government decides to change these rules. This could impact on retail supply chains, given the prevalence of these products in the UK.

Going forward, supply chains are likely to readjust in order to overcome some of these changes. Some changes have already taken place in order to circumnavigate rules of origin requirements. UK products will continue to face barriers to trade, when compared with other EU member states and competitor businesses, reducing our competitiveness in the marketplace. Having said that, if import and export processes can become more streamlined, with better integration using IT-based systems and e-health certificates, the well-established business relationships, proximity and size of the EU market mean the EU will remain an important export market for red meat and dairy for the foreseeable future.

Table 1. **Red meat and dairy product exports to EU**

Can export to EU	Cannot currently export to EU
• Fresh or frozen whole carcases • Fresh or frozen primary meat cuts, such as steaks and roasting joints • Frozen prepared meats, such as sausages, mince • Cured meats, such as bacon and ham • Offal • Raw milk • Dairy products from pasteurised milk, such as pasteurised cheese and yogurt	• Chilled prepared meats, such as sausages, mince • Poultry or game bird mechanically separated meat • Meat of EU origin • Composite products containing unpasteurised milk, such as a ready meal topped with unpasteurised cheese

Consumer and retail trends in the EU

Understanding the trends which shape consumer needs and shopping behaviour gives insight behind product demand and highlights potential future opportunities to tailor products and messaging to better meet consumer needs and expectations.

There are several trends at play in the EU market which are impacting consumer demand for meat and dairy. Consumers are looking for the food they eat to meet a greater number of needs, such as taste, quality, convenience and health, as well as increasingly looking for products which are environmentally friendly and have an ethical outlook, but they expect food to still be good value for money.

Value for money

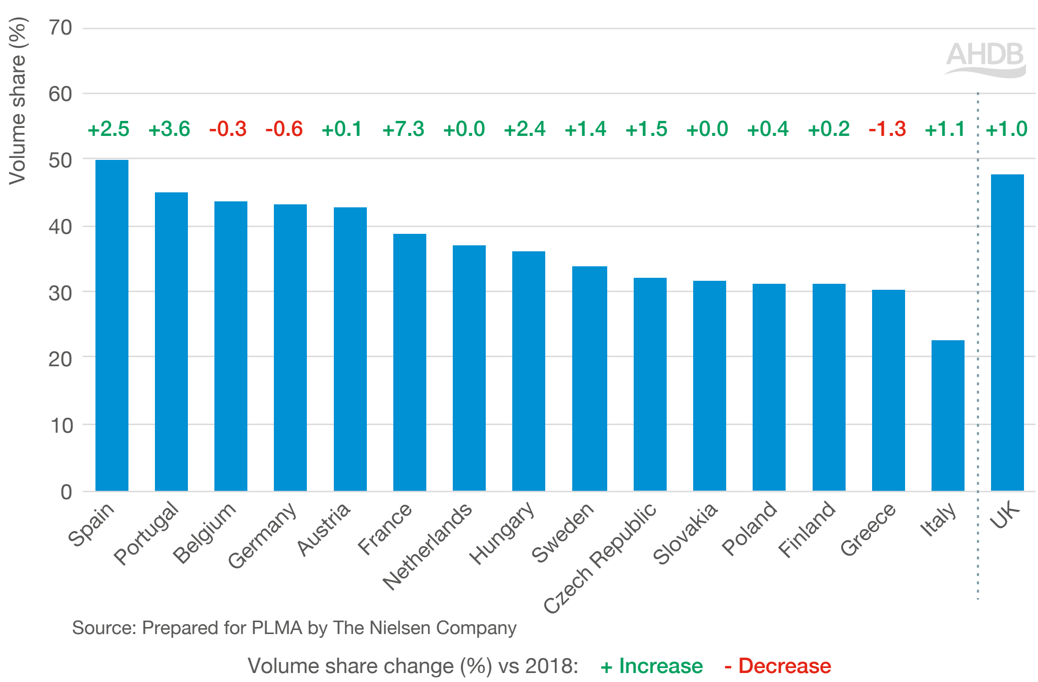
Research from GlobalData suggests the EU had the biggest spend and volume consumption of red meat and dairy per capita in 2019. However, Europe is expected to be the slowest-growing continent in the next five years, with most growth driven by inflation. Currently, many EU countries are experiencing deflation and consumer confidence is much lower than it was pre-pandemic. Research from the Eurobarometer in March 2021 says 69% of Europeans think the economic situation in their country is currently ‘bad’ and 61% fear their country’s economy will not recover from the impact of the pandemic until ‘2023 or later’.

Financially, consumers are already starting to feel the pinch – with many shoppers citing price as a concern. This has led many to look at trading down in products and channels, from more premium supermarkets or food specialty stores to discount retailers. The discounter channel is predicted to gain share of the retail market, up two percentage points to reach 25% of grocery sales by 2022, according to IGD.

To remain competitive in price, retailers are looking to make continued cost efficiencies, such as self-checkouts and reduced packaging, and pass these savings onto the consumer.

Retailers’ own brands, or private-label products, have seen growth across a number of EU countries in the last three years. France was the fastest growing, with private-label volume shares gaining 7.3 percentage points. Spain, Portugal and Hungary also saw significant share growth, reflecting the strong retail focus around driving value to meet the needs of the budget-conscious shopper.

Figure 3. **Private-label volume share 2020**



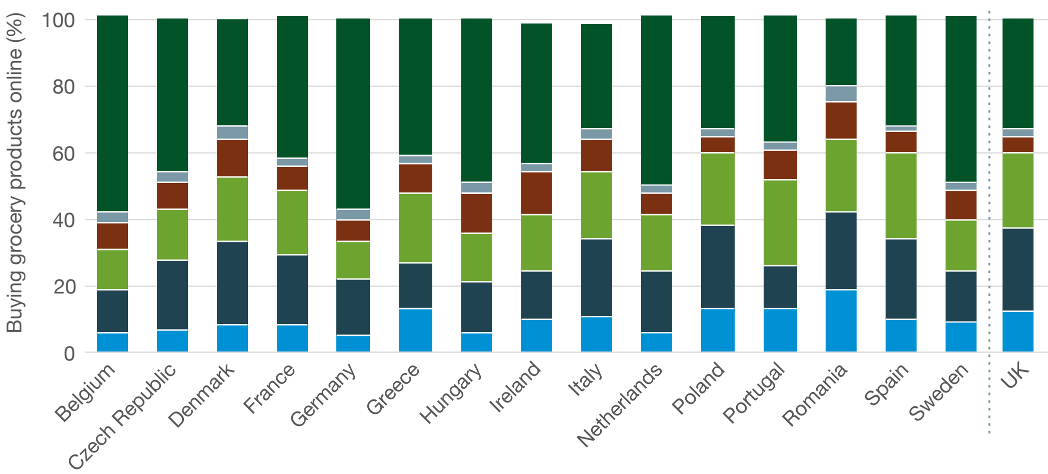
Online

While online shopping was steadily growing before the pandemic, the last year has delivered a massive boost, with grocery retail in the EU growing 41% in value in 2020 compared with 2019, according to IGD. France is by far the biggest market, with €10bn spend on online grocery in 2020, followed by the Netherlands (€2.1bn) and then Germany (€1.5bn). However, other countries have been growing at a faster rate, with Ireland and Sweden more than doubling online sales, but penetration in these countries is still low, with more than half of consumers in Belgium, Germany, the Netherlands and Sweden saying they never shop online. Romania has the highest number of consumers claiming to have started shopping online than prior to the pandemic and Spain and Portugal have the most shoppers who claim to have increased how often they shop online.

The infrastructure for online sales in the EU is behind that of the UK, with many retailers still trying to adapt to pandemic demand and meet consumer needs with internet groceries. Many EU countries are larger and more rural than the UK, so it is logistically harder for businesses to operate online. Similar to the UK, many EU retailers are turning to online specialists, such as Amazon and Ocado, to help them deliver more products to consumers. There are other innovations which retailers in the EU are using to meet customer needs, including collection lockers, picking robots and dark stores (where stores are not open to public but used to fulfil orders placed online).

However, there are still some hurdles to overcome, with research from McKinley establishing that in Italy, France and Germany only 13–16% of respondents feel very satisfied with their recent online grocery shopping in June 2020.

Figure 4. **Shoppers' online grocery habits as a result of COVID-19**



Source: GlobalData, Q1 2021 consumer survey

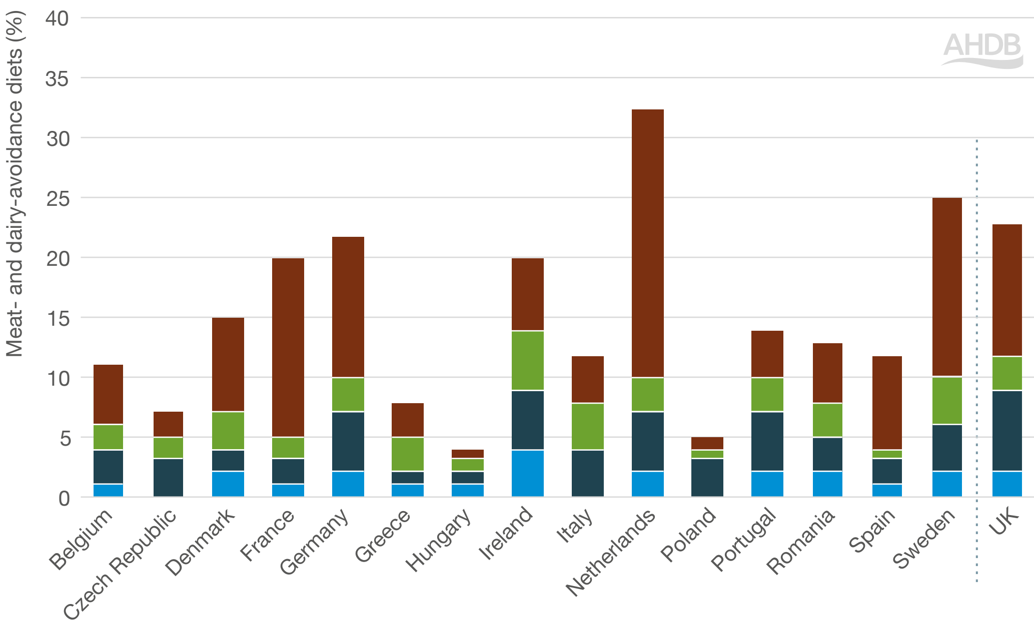
Started doing this | Continue to do this | Doing this more frequently | Doing this less frequently | Stopped doing this | Never did this

Note: some of these add up to more 100% due to rounding'

Environment and ethics

Increasingly, the reputation of meat and dairy has come under fire from the media and campaign groups. This has impacted the dietary habits of many consumers across the EU, with many citing health, animal welfare and environmental as reasons to restrict meat and dairy. A third of consumers in the Netherlands claim to follow a meat- and dairy-avoidance diet – the highest in the EU. From previous AHDB research in the UK, we know that consumers who claim to be following a reduced diet is higher than the number that actually follow these diets strictly.

Figure 5. **Meat- and dairy-avoidance diet**



Source: GlobalData, Q1 2021 consumer survey

Vegan Vegetarian Pescetarian (no meat, but fish and seafood) Flexitarian

At an EU level, 13% of people say the environment and climate change are among the most important factors affecting their country, according to research from Eurobarometer in March 2021. This is of higher concern in Denmark, Sweden and the Netherlands, where over a third of people claim it to be important. However, more people believe it is a problem to be tackled by the EU rather than themselves individually, with 83% of EU consumers believing all new trade agreements should have the highest standards of climate, environmental and labour protection.

Within environmental issues, similar to the UK, plastic packaging is one of the biggest concerns for consumers in the EU, with 48% saying fighting plastic waste and being a leader on the issue of single-use plastic should be a key component of the European Green Deal. However, developing renewable energy was the top concern, with 53% of consumers saying it should be a priority. This ranked higher than initiatives such as becoming climate neutral, reducing energy consumption and increasing biodiversity.

The amount of attention which consumers pay to how ethical or environmentally friendly a product is varies across the EU. Portuguese consumers claim to pay the most attention, with 53% saying they always or often consider the ethical and environmental impacts of the products they buy, according to research from GlobalData. While Polish and French consumers were also more likely to be ‘always’ or ‘often’ influenced by the reputational qualities of products.

Animal welfare is also becoming increasingly important to European consumers, with animal welfare accounting for 13% of ethically labelled products in Western Europe, according to Euromonitor. Nine out of ten Europeans believe imported products should respect EU animal welfare standards, according to Eurobarometer in 2016, and 59% of EU citizens claimed they would be willing to pay 5% more for animal-friendly products. However, they believe there is still more to be done, with 82% saying farm animals should be better protected. This presents an opportunity for the UK to showcase its world-class animal welfare standards.

Health

Seven in ten EU citizens believe a sustainable diet is about healthy food. According to research from Aarhus University, when considering a healthy and sustainable diet, 58% of EU consumers believe it is important to eat a variety of food and have a balanced diet. Also, 58% believe it is about eating more fruits and vegetables and 47% agree it is eating local, seasonal produce.

While the health credentials of food are important to EU consumers, they are often viewed as more expensive. In addition, 49% of EU consumers believe that if healthy foods were more affordable, it would help them adopt a more healthy diet. Research from Mintel suggests over half of French consumers think healthy food is too expensive to buy on a regular basis. Therefore, despite the EU having some of the highest grocery spend in the world, shoppers may not have the disposable income to purchase healthy foods as much as they would like.

Another barrier to buying healthy foods is education, with two in five EU consumers saying clearer food labelling would encourage them to buy more healthy products and 29% saying better education on a healthy diet would be beneficial (Aarhus University, 2020).

Unlike the UK, consumer-friendly health labelling is not prevalent across Europe. According to the European Commission's Farm to Fork action plan, mandatory front-of-pack nutrition labels will be introduced by the end of 2022. Currently, France, Sweden, Finland, Lithuania, Poland, Croatia and the Czech Republic, use colours, symbols or pictures to create consumer-friendly health labelling, according to the World Health Organisation.

Finland has the 'Better choice' heart symbol (below left), designed by the Finnish Heart Association in 2000, for foods, which was expanded to meals in 2007. It is the only symbol regarded as a nutrition claim in Finnish law. Criteria are set for nine food categories, including fat, salt, sugar and fibre.

France has a 'Nutri-Score' system (below right) which uses colours (green to red) and letters (A to E) to define the nutritional quality of products. The score is based on a nutrient profiling system derived from the UK Food Standards Agency (FSA). The score assigns positive points (0–10) for calories, sugar, saturated fats and salt and negative points (-5–0) for fruits, vegetables, nuts, fibre and protein. The score is on a scale of -15 (healthiest) to +10 (less healthy). The French government signed a decree backing voluntary adoption of the scheme.

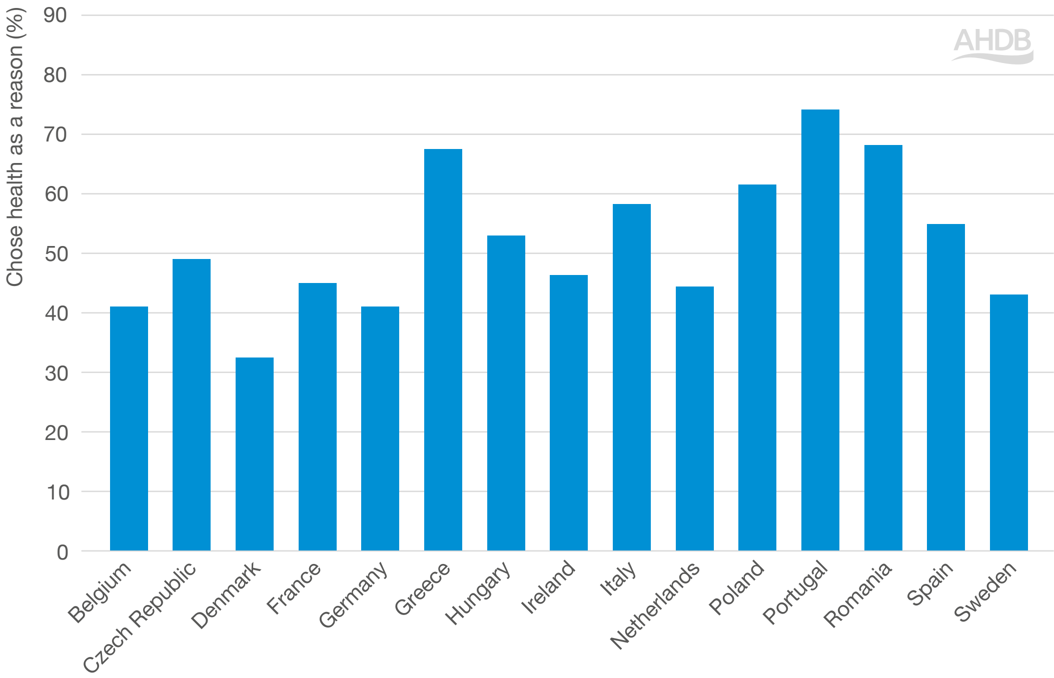
PAREMPI VALINTA • BÄTTRE VAL •

NUTRI-SCORE

A B C D E

As with the UK, health is a main driver for turning to meat and dairy alternatives. This varies across the EU but was the biggest driver for take-up in plant-based products in all countries[2]. Portuguese shoppers were the most likely to agree, with nearly three-quarters saying health was the driver for trying vegan foods. Plant-based products promoting their health benefits over meat and dairy have led to many shoppers trying them, even if they are not following a meat-avoidance diet.

Figure 6. **Health as a reason to consume plant-based foods**



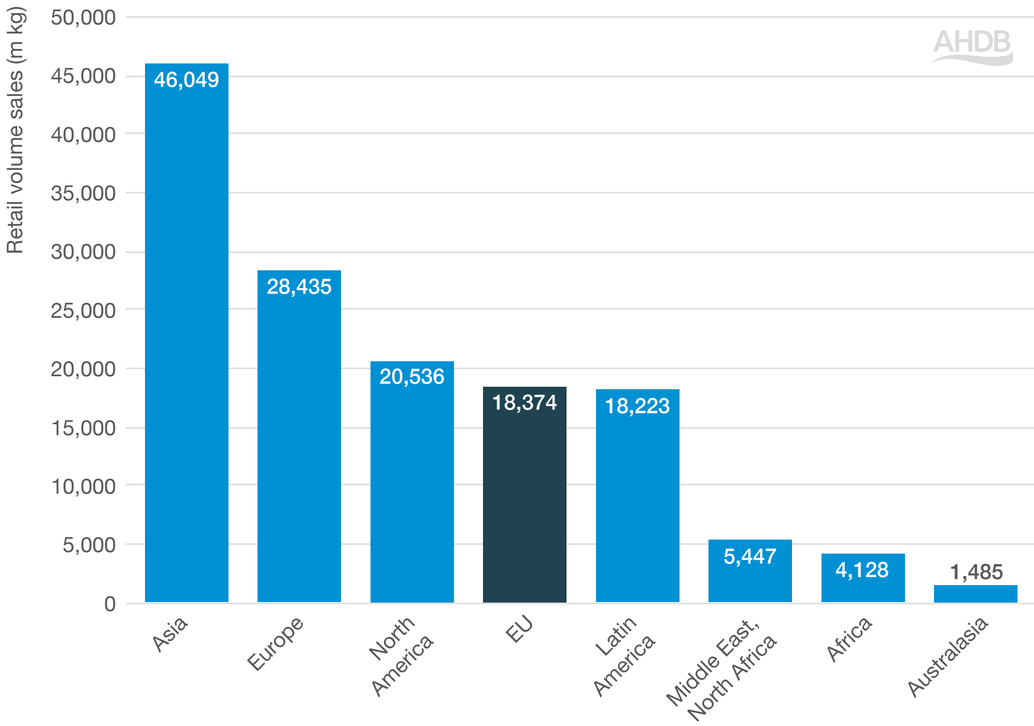
Source: GlobalData, Q1 2021 consumer survey

[2] Please note the environment was not included in the list of drivers.

MEAT

In 2020, Europe was the second-largest continent for meat in volume terms, with EU countries making up 65% of European consumption. GlobalData valued the EU meat retail market at US$254bn in 2020[3]. With value growth of +2.45% value compound annual growth rate (CAGR), it is expected to reach US$287bn by 2025. The chart below puts the size of EU consumption volumes into context. The EU is a subsector of Europe as a whole.

Figure 7. **Meat retail volumes by continent**



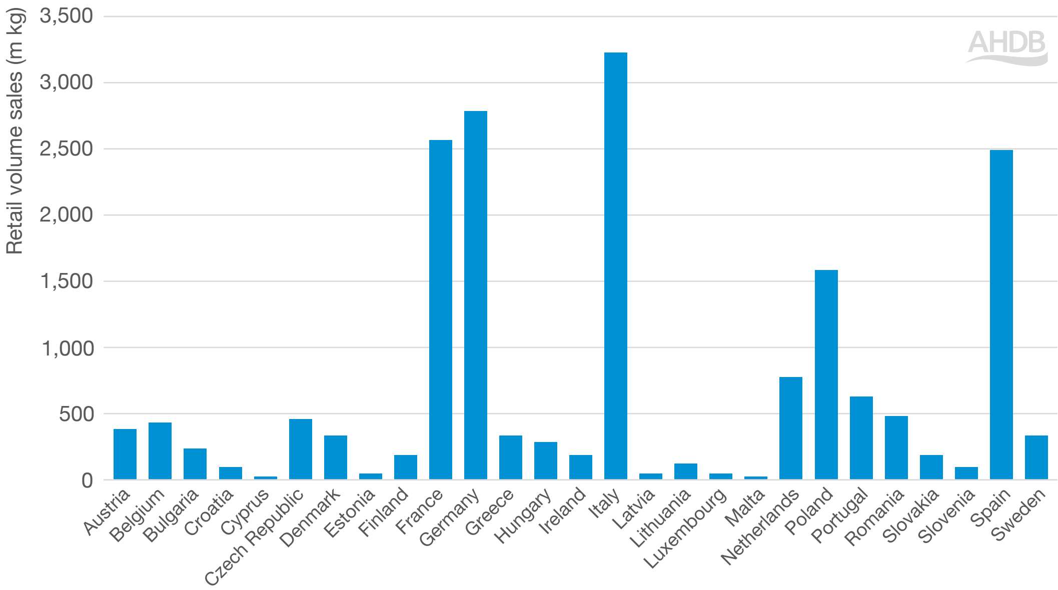
Source: GlobalData, meat retail volume sales, 2020

While value growth is predicted in the EU, it is forecasted that meat volume growth will be harder to achieve, as the EU is a well-developed market. OECD's five-year predication highlights that Europe's meat volumes will be fairly static, with 0.2%CAGR from 2020–2025. While looking at a global context, OECD predicts Africa and Asia are to see the strongest CAGR volume growth, at 2.5% and 1.5% respectively from 2020–2025. Asia, for instance, has rising levels of disposable income, growing population and a strong appetite for meat – this was further explored in **AHDB's 'Exploring Asia' report.**

Within Europe, GlobalData shows Italy is the largest buyer of meat through retail, accounting for 18% of total EU volume sales. Germany, France and Spain are also large markets for meat, mainly due to larger and wealthier populations.

[3] For the purposes of this report, we have used US dollars throughout. For reference, the average dollar was 1 USD = 0.7798 GBP = 0.877 EUR.

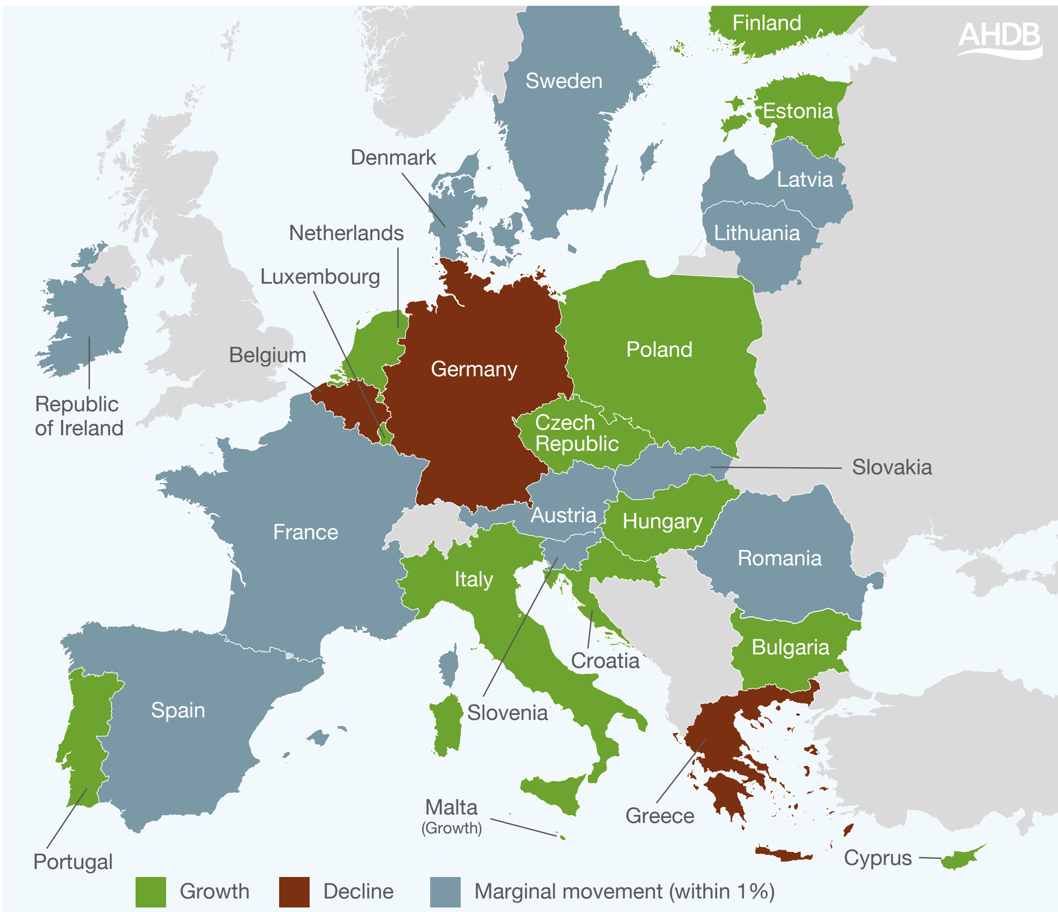
Figure 8. **Meat retail volume sales by country**



Source: GlobalData, meat retail volume sales, 2020

Estonia is the country predicted to have the biggest growth over the next five years, with meat volume sales predicted to grow 4% CAGR. Hungary, Luxembourg and the Netherlands are also predicted strong meat volume growth to 2025. Germany and Greece are expected to scale back on their meat consumption in the next five years, with CAGRs of -2% and -3% respectively.

Figure 9. **Meat Volume CAGR movement 2020–2025**



Source: GlobalData, meat volumes, 2020, CAGR 2020–2025

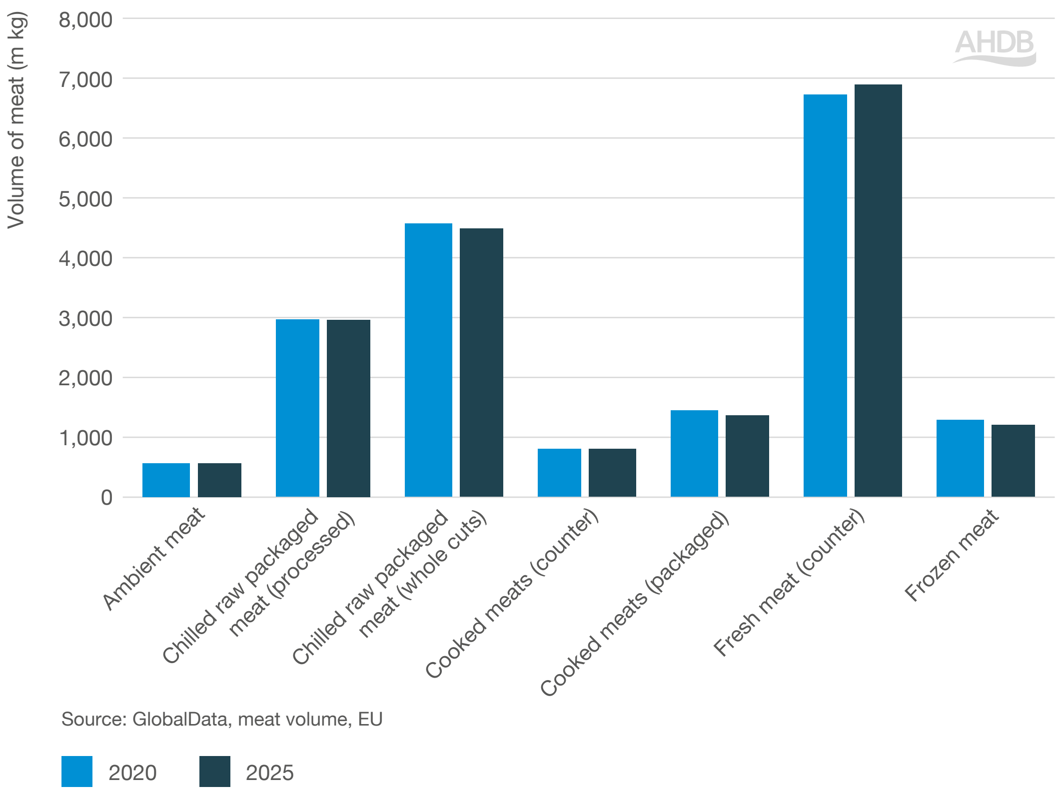
Local demand for beef has stagnated across much of the EU over the last five years, leading many businesses to look for export opportunities. However, prior to coronavirus, there had been a shortage of high-quality beef, much of which catered to restaurants and tourists. Therefore, once the foodservice sector reaches pre-pandemic business levels, demand for higher-quality beef and lamb imports could return.

Meat across the EU

In retail, chilled raw packaged meats, combining whole cuts and processed, are the most popular format, accounting for 41% of volumes. Primary cuts are more popular than processed meats. Pork is the biggest primary meat in volume terms at total EU level. However, beef has a higher spend per capita of whole cuts in Germany, France and Italy, according to data from GlobalData. Pork is by far the cheapest red meat in this format, on average costing US$15/kg in retail, compared with around US$28/kg for beef and lamb. In packaged processed meats, bacon is the most popular cut, followed by meatballs. Fresh meat is also popular, with 37% of meat volumes sold loose over the counter in supermarkets, butchers or specialist stores. Again, pork is the primary protein sold through this method.

In GlobalData's predictions to 2025, fresh and cooked counter meats are predicted to see growth, whereas other cut types are predicted to decline slightly. Overall, these will balance as volume levels are expected to see minimal growth to 2025. However, predicted price increases for meat mean that value is projected to grow 13% over the next five years.

Figure 10. **Volume of meat by cut type**



Source: GlobalData, meat volume, EU

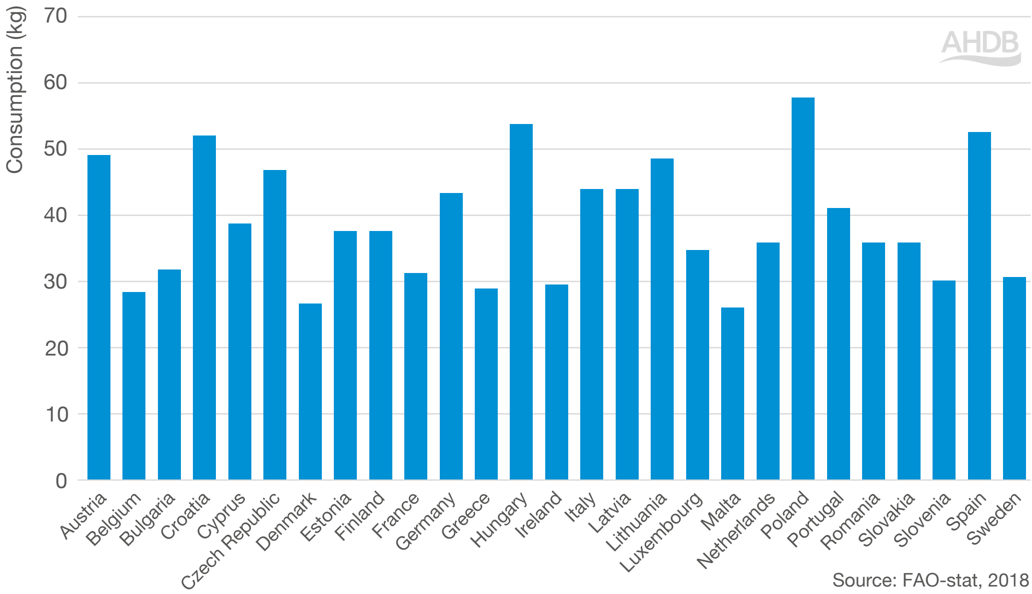
Meat category consumption by country

On average, in 2018 an EU citizen consumed 22 kg per year of animal-based proteins and 16 kg per year of plant-based proteins according to FAO. Similar to the UK, red meat in the EU has seen long-term stagnation as consumers increasingly turn to poultry and fish. This change in European diets has been driven by price and health over the long term and, more recently, by concerns over the environmental impact of red meat.

However, pig meat remains the most popular meat, with the highest per capita consumption, and is the most consumed red meat in all of the countries in the EU. Pig meat has particularly high consumption levels in Eastern European countries, such as Poland, Hungary and Croatia. More recently, demand for pig meat has dropped in some areas as pork prices have been relatively high, largely because of increased demand from China, which has drawn pork away from the European market. The European Commission's Agricultural Outlook 2020 predicts that many shoppers who switched to cheaper proteins may not return to their previous levels of pork consumption.

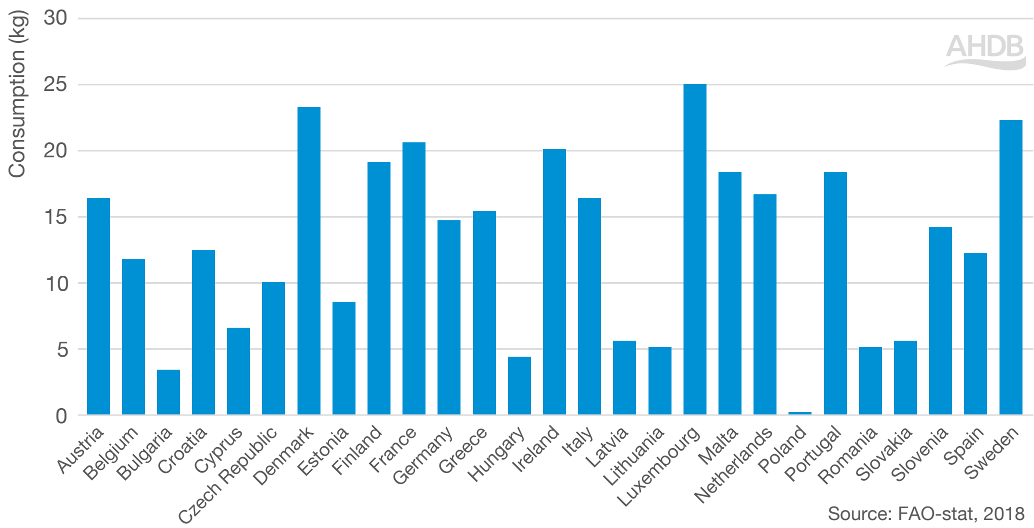
Consumption of pig meat in Europe is more likely to be primary whole cuts, compared with the UK, where processed cuts dominate the market. Although Germany and Italy are well known for their sausages and have high consumption rates of cured meats like bacon compared with the rest of the EU, these are smaller than the market in the UK.

Figure 11. **Per capita pig meat consumption**



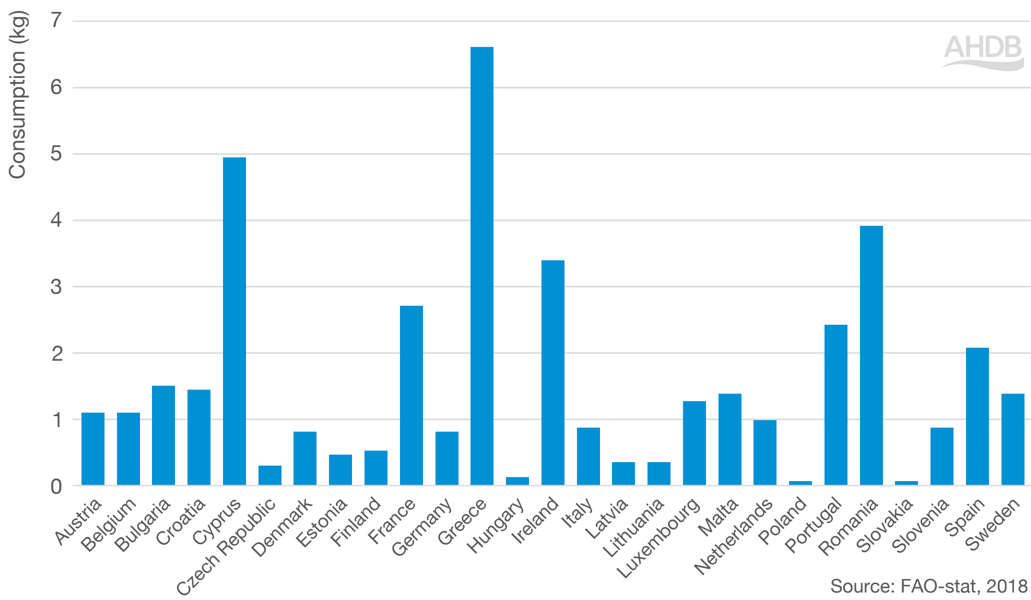
Source: FAO-stat, 2018

Figure 12. **Per capita beef consumption**



Source: FAO-stat, 2018

Figure 13. **Per capita sheep and goat meat consumption**



Source: FAO-stat, 2018

Luxembourg has the EU's highest per capita beef consumption, followed by Denmark. Luxembourg has many traditional dishes featuring beef, such as Rieslingspaschtéit, a pie filled with veal, vegetables, herbs and breadcrumbs. Stews and casseroles are also popular, with traditional Luxembourg dumplings. Féierstengszalot, a Luxembourgish classic, is a meat salad often served with bread. It translates in English as 'Flintstone salad', probably because there aren't many vegetables involved.

While Poland has very little beef consumption, it is reported to have seen growth in the five years leading to 2020, but this is expected to ease back, with a CAGR of -0.55% from 2020–2025, according to GlobalData. Polish consumers are exceedingly exacting in their quality standards for beef, with many brands calling out the animal welfare and quality signals on pack. Most companies are pushing a grain-fed product, so there is an opportunity for high-quality grass-fed cuts.

Lamb consumption varies across the EU but is more prevalent in Greece and Cyprus than many other countries. Sheep meat is traditional in these areas, with meals like kebabs, koftas and mince dishes. However, they are net exporters of sheep meat so provide little opportunity to UK businesses. France and Ireland are also major consumers of lamb. Lamb dishes in these countries are likely to be more similar to the UK, with roast lamb legs being traditional, as well as simple lamb stews with seasonal vegetables and potatoes.

EU meat purchase drivers and attitudes towards British meat

AHDB commissioned a study with consumer research agency Two Ears One Mouth to gain insight into meat-buying habits of consumers in the EU. More than 11,000 consumers across nine markets in the EU took part in an online quantitative survey, to see whether they would consider buying British products. All had to be the main shoppers and eat meat or dairy for respective surveys.

Table 2. **AHDB Consumer research sample**

Area	Sample
Belgium	1,750
France	2,001
Germany	2,007
Netherlands	2,001
Poland	2,005
Scandinavia	1,910*

Source: AHDB/Two Ears One Mouth, Dec 2020

*Made up of Denmark (1,609), Sweden (166), Finland (75) and Norway (60) (not part of EU but included in study).

Purchase drivers – key themes

Across the EU region's member states covered by the AHDB study, quality, price, taste and value for money were the overriding themes which came through as key purchase drivers. The study followed up by asking consumers specifically about British meat, which revealed a similar set of drivers. Therefore, effective communication across these key themes is critical for long-term success for British exporters to the EU.

Meat purchase drivers in the EU

Figure 14. **Meat purchase drivers in the EU**

Source: AHDB/Two Ears One Mouth, Dec 2020

While there are overriding themes, it's important that UK exporters also consider nuances and variations by markets. Exporters would benefit from understanding country variations, especially if the product is destined for a particular country. For those supplying meat across the EU, it's important to be clear on overarching messages to consumer propositions.

For example, in France the research highlighted that consumers rate origin as important – with strong sentiment coming through in past research around 'locally produced'. Therefore, within these pockets of consumers who favour local meat and are passionate about local produce, it's harder for British to be top of mind.

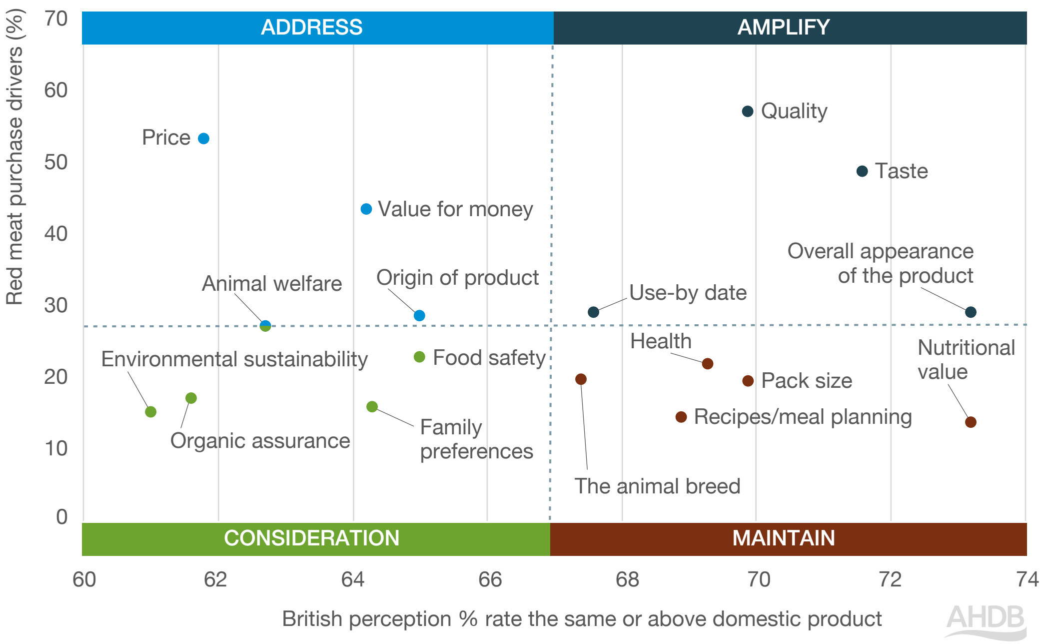
Beyond the top drivers, there are nuances by EU markets

- Consideration around the origin of the product comes through as more important in France, with larger pockets of French consumers interested in locally produced compared with wider EU markets
- Animal welfare features higher up the priority list in Germany
- In the Netherlands, origin of product and being locally produced rank lower, with more consideration for animal welfare than some other markets
- In Poland, health and purchase practicalities, such as appearance and use-by date, come through. Food safety and high standards are more important in Poland compared with EU counterparts
- Animal welfare is of greater importance in Scandinavia than other markets
- Nutritional value and environmental sustainability are not currently key purchase drivers for red meat in these markets

One key consideration is how British meat is perceived compared with alternative origins that consumers see in supermarkets or in foodservice. AHDB's study asked consumers to assess how they would rate British red meat across key purchase drivers versus meat produced in their own country.

How do consumers perceive British compared with other available meat across key purchase drivers?

Figure 15. **EU average perception of British meat compared to domestic product purchase drivers**



Source: AHDB/Two Ears One Mouth, Dec 2020

The constructed map helps identify opportunities based on how British red meat is perceived versus domestic product on key purchase drivers. The study also asked consumers the same question for other imported products, to act as a comparison. The findings showed that whether the benchmark is domestically produced or imported, the relative perceptions of British meat are similar and exporters need to be mindful of this. Importantly, this highlights the importance of amplifying taste and quality across the EU. Price is also a concern, and in the context of British meat, it's important to remember it is often more expensive than domestic counterparts. Therefore, communicating 'quality' of the product to justify its price position is vital.

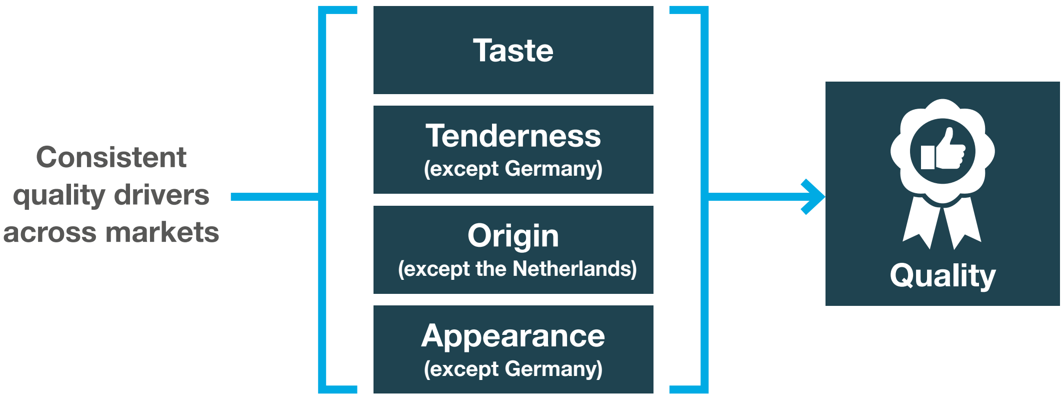
Getting underneath the quality scores

Evaluating what contributes to consumers' views on quality is critical, as that starts to unearth key opportunities where British meat can look to differentiate in the competitive market.

The AHDB study was able to identify key drivers of quality perceptions across markets, which highlighted just how critical 'taste' is to any perceived quality. This is where a focus on messaging and imagery becomes key.

Looking more in-depth at what drives consumers' views around quality provides an overview of factors that exporters should closely consider when talking to consumers. Overall, views on 'quality' show a strong correlation with taste and tenderness perceptions.

Figure 16. **Quality purchase drivers**



Source: AHDB/Two Ears One Mouth, Dec 2020

The infographic below shows the primary considerations made by consumers when judging the quality of a red meat product. They follow a lot of the overarching themes of taste, tenderness, origin and appearance. There were a couple of variations by markets, for example, animal breed (Netherlands), animal welfare (Germany) and food safety (Poland).

Figure 17. **Quality aspects of red meat considered when judging the overall quality of a red meat product**

FRANCE	BELGIUM	GERMANY
Origin Taste Product Appearance Tenderness Locally produced	Origin Taste Product Appearance Tenderness Locally produced	Taste Animal Welfare Origin

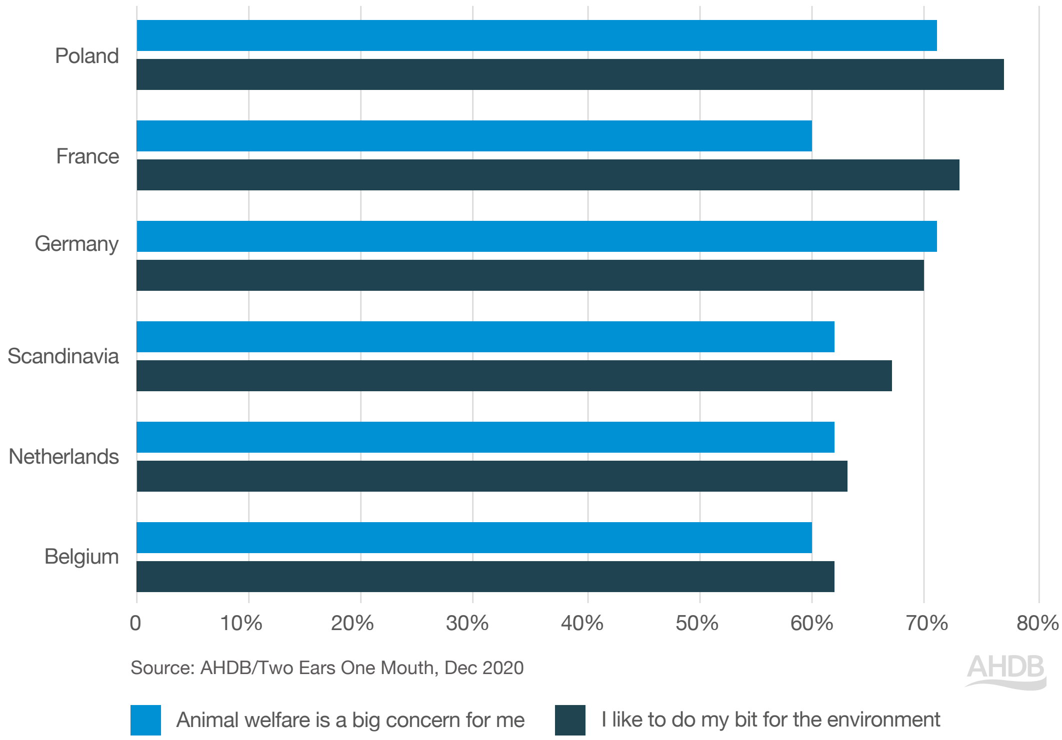
NETHERLANDS	POLAND	SCANDINAVIA
Taste Product Appearance Tenderness Animal breed	Taste Product Appearance Food safety Origin	Taste Product Appearance Origin Tenderness

Note: No significant differences by meat type (pork, lamb, beef)
Source: AHDB/Two Ears One Mouth, Dec 2020

Environment and welfare as purchase drivers

Environmental impact is often a key talking point with consumers. Like the UK, concerns around the environment are often linked to why consumers might consider reducing their meat consumption. Therefore, proactively communicating environmental credentials to consumers is vital. Currently, environmental sustainability does not feature highly as a key purchase driver for EU consumers and a lack of understanding on the subject presents a challenge for British meat exporters. However, communicating about sustainability differentiates British products from competitors and there is a clear desire among consumers to do their bit for the environment.

Figure 18. **Importance of the environment and animal welfare (net agree)**



Source: AHDB/Two Ears One Mouth, Dec 2020

The study showed that consumers in these markets recognise the importance of the environment and animal welfare in general – both topics have the potential to resonate. Previous AHDB studies around domestic reputation messaging also showed sustainability and welfare factors featured as strong motivational messages. Therefore, it is important to provide evidence and reassurance to consumers considering reducing their red meat consumption.

Consumer dynamics in evaluating meat production: hormone and welfare standards

For British exporters, it is important to evaluate how EU consumer preferences differ. A Horizon report exploring Asia highlighted the importance of food safety, whereas research in the EU revealed animal welfare and the use of hormones scored significantly higher in importance than high standards and food safety. This shows a real need for British meat exporters to clearly communicate welfare standards and wider industry positions on hormone use, all of which holds strong weight in EU markets. It would help differentiate British meat and, in some cases, justify any price premium on products.

Figure 19. **Important factors when evaluating meat production**

Source: AHDB/Two Ears One Mouth, Dec 2020

Note: average score across markets

Animal welfare 49%

Hormone free 48%

Natural 39%

High standards 39%

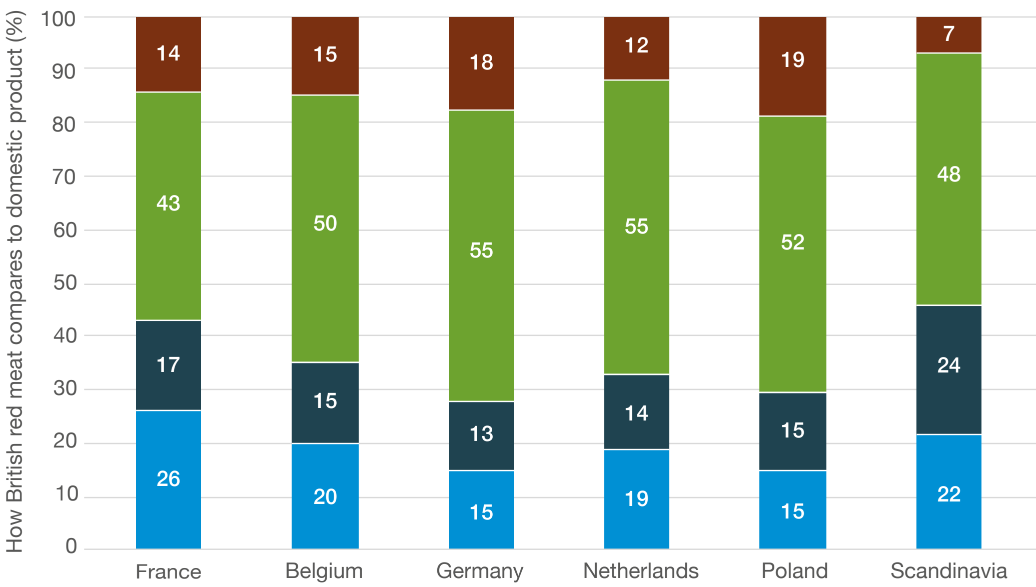
Safe 39%

Free range 39%

Traceable 36%

To gain a better understanding of how British meat is perceived within the EU, we asked consumers to rate British products against their own country's meat on production factors. The average scores (charted below) were measured across 15 different key metrics, including standards, welfare and traceability. While overall there was a solid 'above' or 'the same' score for British versus domestic, Germany and Poland had the strongest sentiment towards British meat. Scandinavian countries have the largest proportion falling into 'about the same' and 'don't know'.

Figure 20. **How would you rate British red meat compared with meat produced in the country where you live?**



Source: AHDB/Two Ears One Mouth, Dec 2020

Don't know   Below   The same   Above

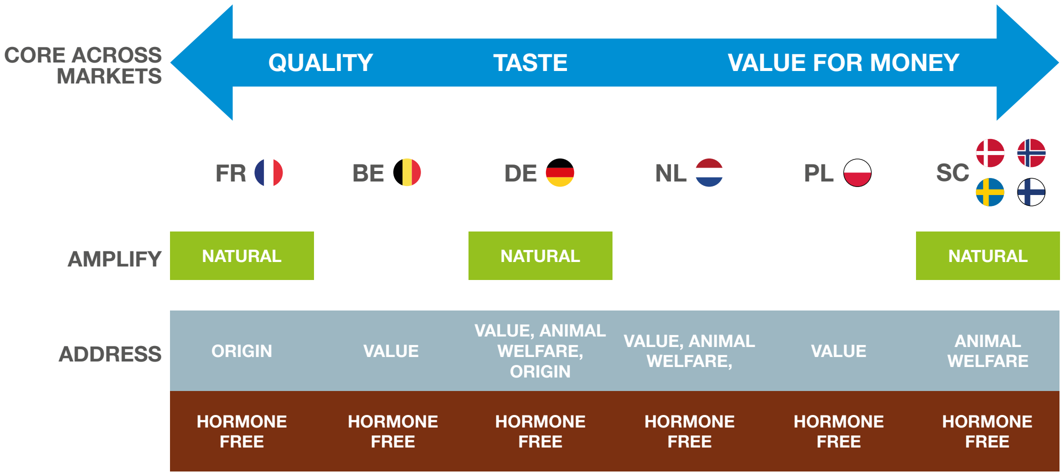
AHDB

Average across the following Metrics: (A) High standards, (B) Animal welfare, (C) Traceable, (D) Safe, (E) Assured, (F) Grass-fed, (G) Natural, (H) Hormone-free, (I) Tradition, (J) Heritage, (K) Provenance, (L) Free-range/reared mainly outdoors, (M) From small/family farms

Red meat messaging opportunities

The EU remains a key market for British meat exports. From a consumer perspective, the purchase drivers are focused on product attributes, with key quality drivers being around taste and tenderness rather than a direct loyalty/premium to the source of their meat.

Figure 21. **Summary of key recommended messages for red meat**



Source: AHDB/Two Ears One Mouth, Dec 2020

It is important when positioning British meat to EU consumers that core messages around taste, quality and value for money (justifying any price position) are consistently at the heart of communication across multiple markets. As there is a great deal of overlap in quality drivers across markets, delivering taste and tenderness perceptions by showcasing great-looking products is key for driving quality perceptions.

Opportunities remain around layering specific messages by market where consumer messaging allows – for instance, consumer welfare was very topical in the Netherlands, Germany and Scandinavia. There are strong synergies with the domestic Eat Balanced campaign, so there remains an opportunity to commutate any British differential to consumers on the wider reputational factors, including naturalness, welfare and the environment.

Market context

Remi Fourrier, Head of AHDB France Office – AHDB Exports – EU

In France, communicating about the UK's sustainability and high animal welfare would be well received by French consumers. Currently, there is very little UK beef on shelves, so consumers are unaware of its high quality. Most UK beef is sold into the foodservice sector as it is ideal for French commercial restaurants, with brands such as Vintage and Herdshire British beef cuts very successful due to their consistency, tenderness and smaller portion sizing.

Unfortunately, there is still some negative feeling for UK beef, especially with older generations, and to combat this, exporters should focus on production methods, such as grass-fed and organic, as well as highlighting the expertise and the development of beef breeds, including Aberdeen Angus and Hereford.

Eating habits in France do not differ too much from the UK, with lamb chops and leg steaks grilled or fried and popular for barbecues. As soon as volumes increase and prices decrease in the second half of the year, UK lamb will be back in force on French supermarket shelves, in time to promote our 'St George lamb' with hypermarkets and supermarket chains.

Dr Tim Schaefer – AHDB Export Agent in Germany and Austria

In the German and Austrian markets, UK red meat is generally more expensive than most competing products. Therefore, meat from the UK can be considered a premium and customers rightly expect quality, regardless of the origin. Excellent taste, high quality, animal welfare and naturalness are the positive aspects that consumers associate with English meat.

When it comes to beef, the older generation at least still has historic prejudices. Apart from the breakfast ham, English pork hardly plays a role in the German and Austrian markets. However, with respect to animal welfare, English meat products have a good reputation.

When selling English meat, the focus should be on the premium markets and the HORECA (foodservice/hotels) sector, where high prices are more likely to be accepted.

Pascale Audergon – AHDB Export Agent in Belgium

Belgians are, and remain, meat lovers, with many households eating meat-based meals around four times a week. Red meat is the most favoured and is mostly consumed within the home. What we have seen is that price is a major factor for consumers, and with an economic crisis looming, this will continue to play an important role in purchasing decisions.

In Belgium, more and more we are seeing concerns among consumers about animal welfare and eco-responsibility. Therefore, there is an opportunity for UK meat exporters to highlight their credentials around both issues to reassure consumers in this key market.

We know that British meat is highly recognised as being of good quality and a strong reputation. Its natural and extensive grass-based outdoor production system is also valued among consumers. However, the major barrier to buying British meat is lack of knowledge and understanding of the product.

We will continue to focus on premium markets, HORECA (foodservice/hotels) and quality butcher's shops as this is where high prices, when it comes to superior quality, are more likely readily accepted.

Jeff Martin – AHDB Export Agent in Italy

There are opportunities in Italy for UK beef and lamb. UK beef is normally considered excellent in terms of flavour and tenderness. Our tradition is well known, and we have overcome the negative animal disease issues. The picture of grass-fed and high-water environments, as well as traditional breeds such as Angus and increasingly Hereford, are on our side.

However, there is a strong tradition for bull beef, which we do not satisfy anymore. Price is a real issue, especially at present, as well as a difficulty in shipping groupage loads.

UK lamb has a much stronger position, with a technically superior product and much longer shelf life, resolving many of the problems faced by store managers. The flesh is often darker than locally milk-fed lambs, which does still act as a break on consumption as many people believe it to have a strong flavour – but the tenderness is a real winner.

Marek Schejbal – AHDB Export Agent in Poland

The key opportunities in Poland for UK meat are organic beef and pork as there is a growing demand among consumers. Also, we have seen a continuing growth in the consumption of lamb – presenting an opportunity for British lamb exports. There is also a desire for added-value products from British meat which is then made in Poland at a lower cost, which includes the likes of filled dumplings, pork sausages and general meat snacks.

When you look at how people in Poland are using British meat products, most of the beef they import is consumed in restaurants, whereas lamb is usually consumed at home as roasting and frying mainly with garlic and rosemary. When choosing their lamb, consumers opt for premium quality and prefer fresh over frozen. They are also health-conscious and look for the healthiest option, with a delicate taste.

John Schilder – AHDB Export Agent in the Netherlands

In the Netherlands, UK red meat is perceived as being of high quality. Consumers have indicated that quality, taste, price and healthiness of the meat are the most important aspects – with brand being the least important in their decision-making when purchasing fresh meat.

The Netherlands is a dairy nation and most beef consumed is from the dairy herd. UK beef is (mostly) beef herd and therefore much better in quality. Consumers don't know or understand this quality difference and therefore also don't understand the price difference. AHDB is focused on raising awareness of different breeds to justify the higher price.

The consumption of lamb in the Netherlands is relatively low in comparison with Belgium or France but is growing, with the majority eaten in restaurants. There is a great deal of activity around creating awareness of the meat, specifically British lamb.

Luis Garcia – AHDB Export Agent in Portugal

In Portugal, lamb is still perceived as a very traditional product, troublesome to cook and kept for festive occasions. However, Portuguese lamb is perceived as good quality and consumers are quite sensitive to origin – where the national/local elements are more valued. Therefore, when it comes to over-the-counter products, at the same price, most consumers will go for domestic lamb over other alternatives such as British.

To help counter those issues, UK lamb is often portion-sized and pre-packed to communicate quality and convenience to consumers. This way, we've brought new consumers to the party, which were those we want to attract (younger and more affluent), while at the same time we've broadened the usage of the product, making it easy for time-constrained consumers.

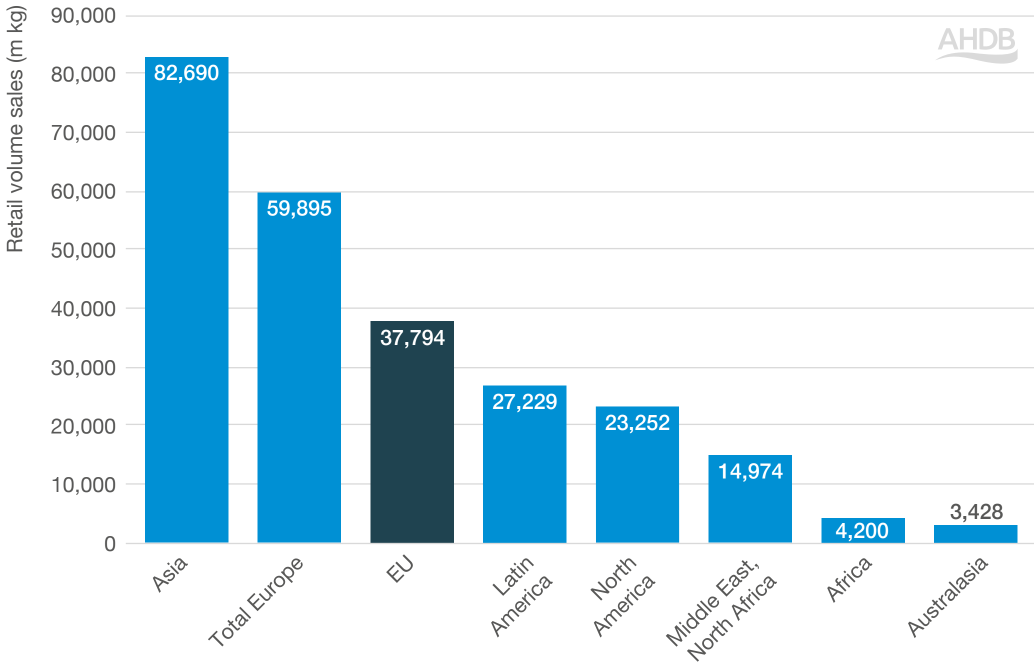
Beef is more cross-sectional – the favoured meat type regardless of region, age and social class. Cuts selected depend on budget, occasion, convenience and preferences. The image associated with UK beef is better, despite historic issues which have not been entirely forgotten. While UK meat is mostly considered pricey, the native breeds help to project heritage, quality and consistency, and the sustainability and animal welfare issues may very well go in favour of British beef.

DAIRY

In 2020, Europe was the second-largest market for dairy and soy[4] in retail volume terms, with the EU making up 63% of Europe's total consumption. GlobalData valued the EU dairy and soy market at US$129.1bn in 2020 and it is forecast to record a compound annual growth rate (CAGR) of +2.3% between 2020 and 2025, to reach US$145bn by 2025. The chart below puts the size of EU dairy and soy retail volume sales into context.

While the dairy and soy market is predicted to have strong value growth over the next five years, volume growth is going to be more challenging to achieve, as the EU is an established market. Therefore, the EU is predicted a 1.2% CAGR decline in volume between 2020 and 2025. In a global context, Asia and Africa are predicted to see the greatest volume growth, at 5% and 3% CAGR respectively, from 2020 to 2025.

Figure 22. **Dairy and soy retail volume sales**

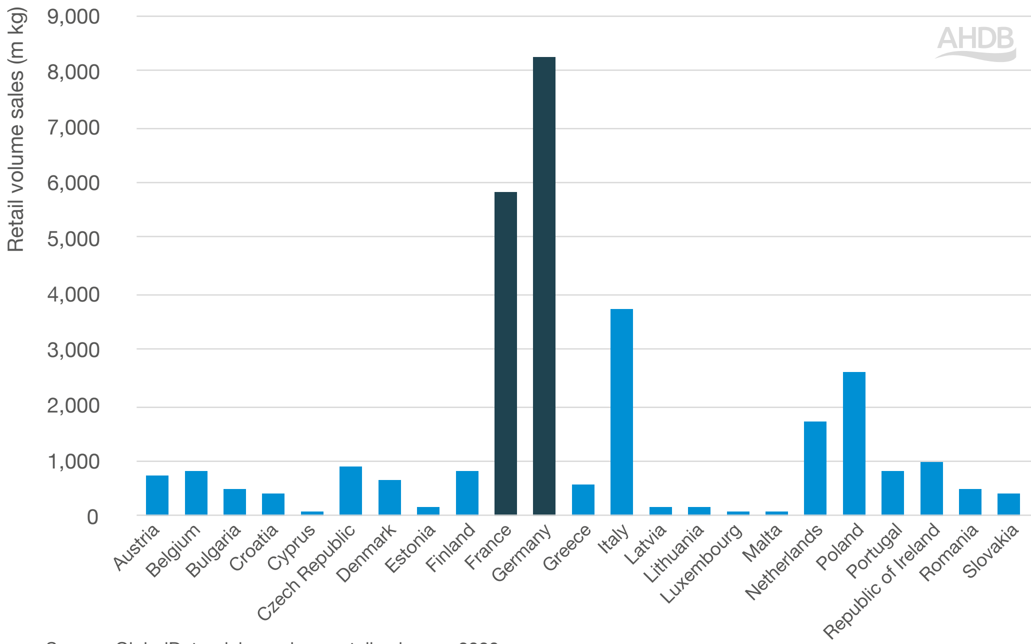


Source: GlobalData, dairy and soy retail volumes, 2020

[4] The dairy and soy market includes dairy milk, cream, cheese, butter and spreadable fats, yogurt and drinkable yogurt, fromage frais, quark, soy milk and drinks and dairy and soy-based desserts.

Within the EU, Germany is the largest buyer of dairy and soy, accounting for 22% of total EU retail volume sales. France and Spain are also large markets for dairy and soy, mainly due to having larger and wealthier populations when compared with countries with a lower GDP.

Figure 23. **Dairy and soy retail volume sales by EU country**



Source: GlobalData, dairy and soy retail volumes, 2020

As highlighted earlier, the EU is an established market, therefore most EU countries are predicted to decline in terms of dairy and soy volume over the next five years. Cyprus is the country predicted to have the biggest percentage growth, with dairy and soy volume predicted to grow at 3.3% CAGR between 2020 and 2025, albeit from a low base. Romania, Bulgaria, Malta, Croatia and the Republic of Ireland are also predicted to witness dairy and soy volume growth to 2025.

Within the EU, per capita spending on dairy and soy products varies depending on whether the country is within Western or Eastern Europe. For instance, in 2019, per capita spend on dairy and soy in Western Europe was four times the global level of US$76.5, at US$306.6, whereas per capita spend in Eastern Europe was much lower, although it was still above global spend, at US$102.7.

Dairy across the EU

Milk is the largest category in the EU dairy and soy market in terms of retail sales volume, accounting for 53% of the total dairy and soy market, followed by yogurt and cheese. The EU milk category was valued at US$25.8bn in 2020, while yogurt and cheese were valued at US$17bn and US$49.8bn, respectively. GlobalData does include soy in its wider categorisation of the market. In the EU, soy milk was valued at US$1.1bn in 2020, with value sales forecasted to grow at a CAGR of 0.7% between 2020 and 2025.

As the Western Europe dairy and soy market is mature and population growth is relatively slow, the market is predicted to grow at a steady rate between 2019 and 2024. Whereas the Eastern European market is predicted to grow at a faster rate, as unemployment levels have started to decline, and GDP was increasing in 2019. However, the economic impact of coronavirus will likely affect the consumption of dairy, particularly cheese, as consumers will likely switch from higher-priced specialty cheeses to lower-cost alternatives. In addition, consumers may also switch red meat for cheese as a cheaper source of protein.

Value sales in both Western and Eastern Europe will be supported by a growing consumer demand for healthy and nutritious foods, benefiting dairy, milk, cheese and yogurt categories. In addition, dairy and soy consumption in Eastern Europe is being driven by retail performance, with an increase in the number of private-label offerings in food retail stores. As consumers face the economic impact of coronavirus, it is likely we will see more consumers down-trading to private-label dairy goods.

Key consumer themes for dairy in Europe

Healthy lifestyle

A study conducted by IRI in 2017 found that 70% of European consumers said they purchase health foods. Health claims such as ‘reduced salt/sugar’ and ‘probiotic’ are very popular in Europe, with general wellness being the biggest driver for consumers to purchase health foods. In addition, since the coronavirus pandemic, consumers are actively looking for products with functional ingredients or claims such as ‘immunity boosting’.

Dairy is a source of calcium and multiple vitamins, providing a strong link to health requirements. In addition, many yogurt drinks have functional claims, such as ‘good for your gut’. This provides a key opportunity for UK dairy products packaged to highlight health claims.

Food reputation

Claims that coincide with the reputation of food, for example organic or antibiotic- and hormone-free, are becoming more popular in Europe as consumers perceive the product to be of better quality and healthier for them (EFSA, 2019).

The consumption of organic dairy food and drink in Europe is predicted to grow at 11% annually between 2019–2028. France, Italy, Spain, Germany and Russia are driving the growth of the organic market (Europe Organic Dairy Food and Beverage Market Report, 2020). Organic-only grocery chains are gaining presence throughout the EU, contributing to organic dairy food and drink market growth. However, the financial impact of coronavirus may see consumers move away from organic dairy due to its price premium.

The UK's regulation of food production presents a key opportunity to deliver British dairy products with messages and claims around food reputation. For instance, growth hormones are banned from use within UK dairy production, and strict procedures are in place regarding withdrawal periods of antibiotics.

In addition, the UK is certified and currently produces and exports organic dairy products to the EU. Therefore, with supply chain links already in place, as the demand for organic dairy grows in the EU, the UK could further contribute towards meeting this demand.

Ethics and environment

Ethical and environmental production of dairy food and drink is becoming more popular within the EU. During recession, consumers tend to focus on their own needs; however, the coronavirus pandemic has seen consumers supporting others, through purchasing food and drink with ethical and environmental values. This trend also allows for moderate price increases to products, so long as the price increase can be explained by additional quality, safety or corporate social responsibility. For instance, French brand C'est qui le Patron gives consumers input into product characteristics and price. Its milk costs an extra €0.30 for French origin, farmer welfare and other claims (Mintel, Global Food and Drink Trends 2021).

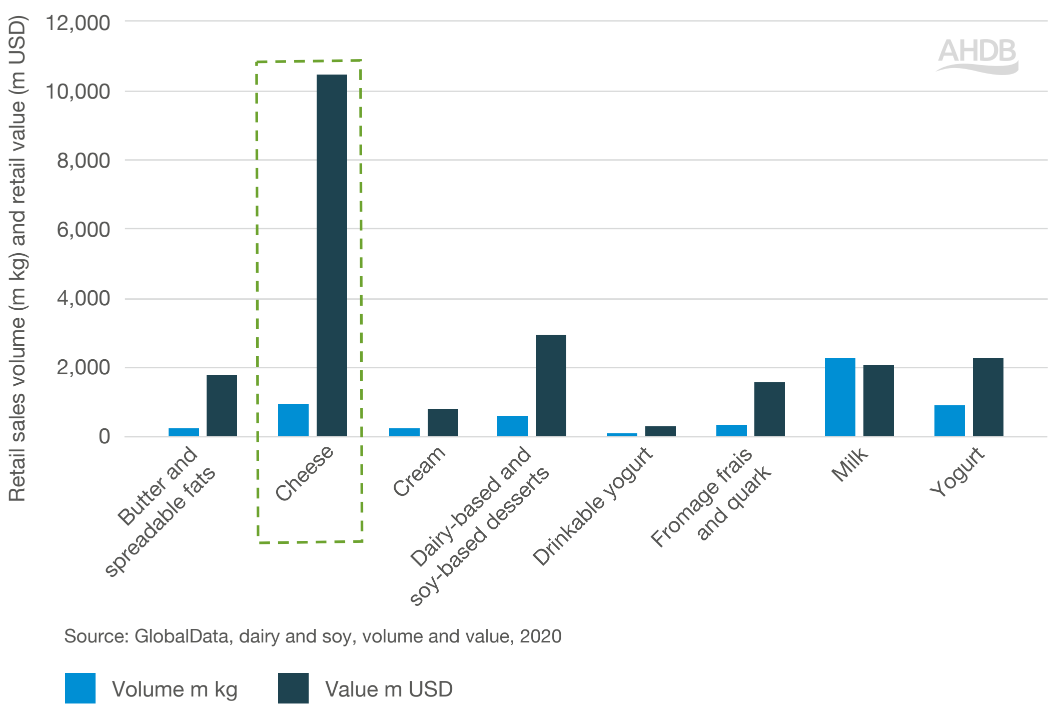
The UK requires a high level of standards on British dairy farms, with farm assurance schemes such as Red Tractor helping to ensure animal welfare and food safety. In addition, there are also dairy processor programmes aiming to support farmers in reducing their environmental footprint. Therefore, the environmental and ethical reputation of British dairy could be used to market UK dairy products.

Dairy purchase habits in France and Germany

For the purpose of this study, we have chosen to focus on two key countries within the EU: France and Germany, as they account for 36.5% of EU dairy and soy retail volume.

In France, cheese is the second-largest dairy and soy product, after milk, in terms of volume. However, cheese is the largest dairy and soy category in terms of value. This is due to cheese being a higher-priced dairy and soy product in comparison with others.

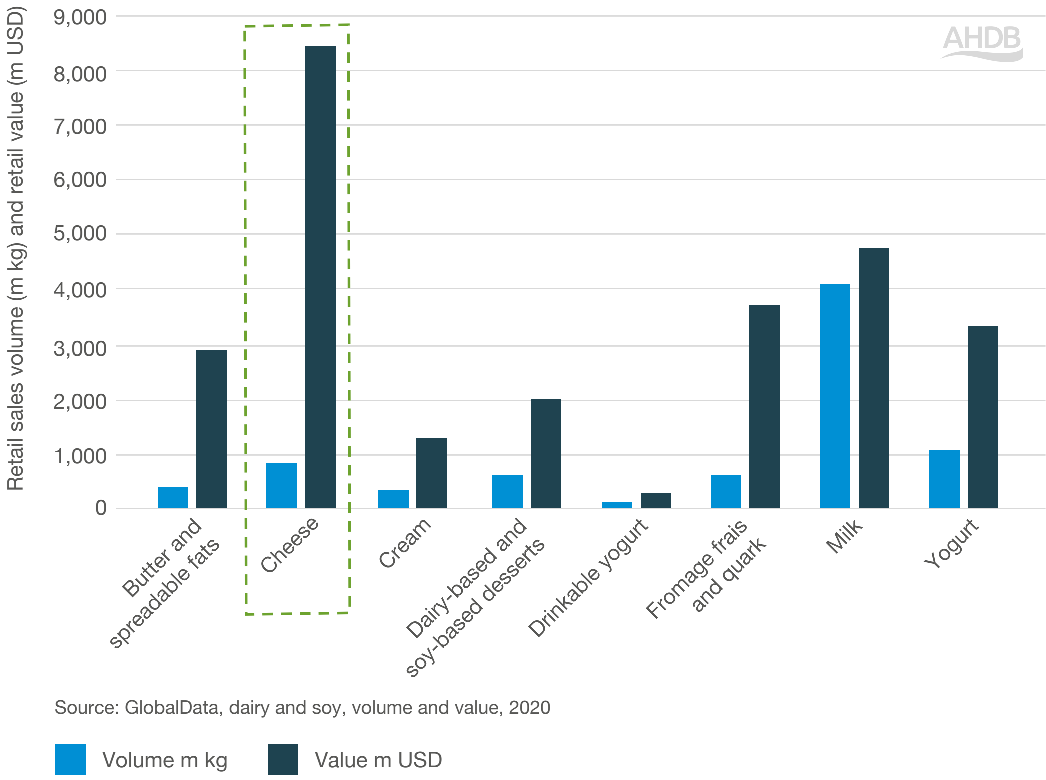
Figure 24. **France total dairy and soy retail sales volume and value by product category**



Source: GlobalData, dairy and soy, volume and value, 2020

In Germany, cheese is the third-largest dairy and soy product in terms of volume, following milk and yogurt. However, consistent with France, cheese holds the greatest share of value within the dairy and soy category.

Figure 25. **Germany total dairy and soy retail sales volume and value by product category**

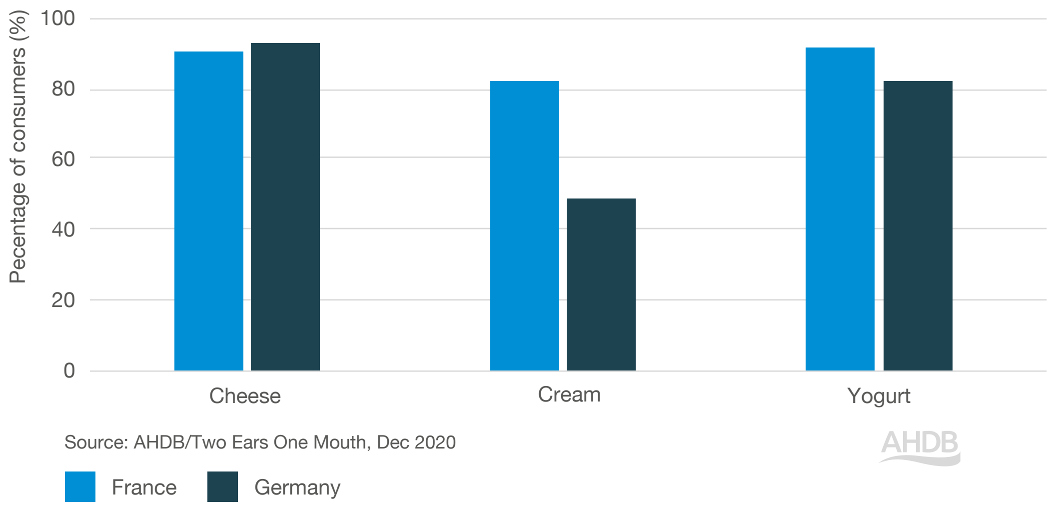


Source: GlobalData, dairy and soy, volume and value, 2020

Therefore, this section of the report will focus on the results of the UK cheese research conducted by AHDB and Two Ears One Mouth, in France and Germany as they are the two largest countries in terms of dairy product value.

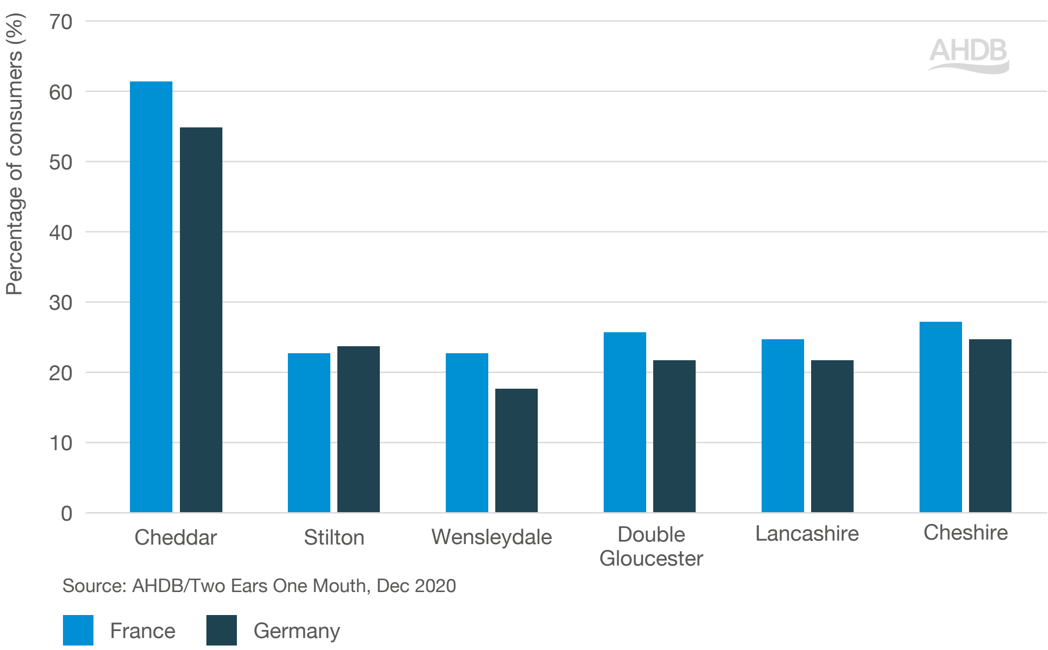
Germany and France are two of the EU's largest cheese producers and, together with Italy, account for almost 60% of the EU's total cheese output. Roughly 90% of French and German consumers purchase cheese at least once a week, with 20% already purchasing British cheese on a regular basis.

Figure 26. **Percentage of consumers purchasing dairy products at least once a week**



Over half of French and German consumers would be willing to buy British Cheddar cheese in the future. However, consumers were less likely to consider purchasing other varieties of British cheese, such as Stilton, Wensleydale, Double Gloucester, Lancashire and Cheshire cheese, which suggests French and German consumers recognise Cheddar cheese as it's a global commodity, whereas British regional cheese is more specific to the UK. Therefore, marketing of British regional cheese is crucial in achieving export success.

Figure 27. **Percentage of consumers likely to buy types of British cheese in the future**



Key dairy purchase drivers in France and Germany

There are three key dairy purchase drivers in France and Germany: quality, taste and price/value for money. Wider reputational aspects around dairy production fall slightly behind these purchase drivers, but areas such as animal welfare, hormone-free and naturalness can be strong messages to help underpin the top three purchase drivers.

Quality

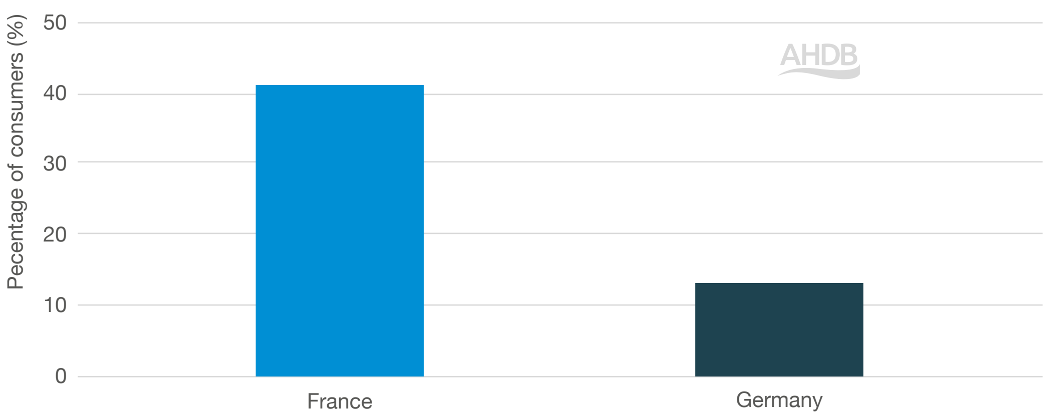
British cheese is perceived to be produced to the same standard as French and German domestic cheese, with 41% of French consumers and 54% of German consumers agreeing British cheese is produced to the same standard as their domestic cheese. In addition, 13% of both French and German consumers agree that British cheese is produced to a higher quality than domestic cheese. The two key areas in which British cheese performs most strongly aside from quality are that the product is perceived as natural and safe.

In addition, British cheese is perceived to be of the same high animal welfare standards as French and German domestic cheeses. However, British cheese was viewed to underperform in terms of traceability and hormone-free compared with German domestic cheese.

Origin also plays an important role in the perceived quality of dairy, with 41% of French consumers giving 'a lot of thought' to the origin of dairy products they purchase, compared with only 13% of German consumers.

Therefore, the quality perception of British cheese needs to be amplified, particularly within the German market, where perceptions of traceability are not as high. 'Natural' and 'safe' are two relatively motivating strengths of British cheese that could build into the overarching quality messaging.

Figure 28. **Percentage of consumers who 'give a lot of thought' to where their dairy products come from**



Source: AHDB/Two Ears One Mouth, Dec 2020

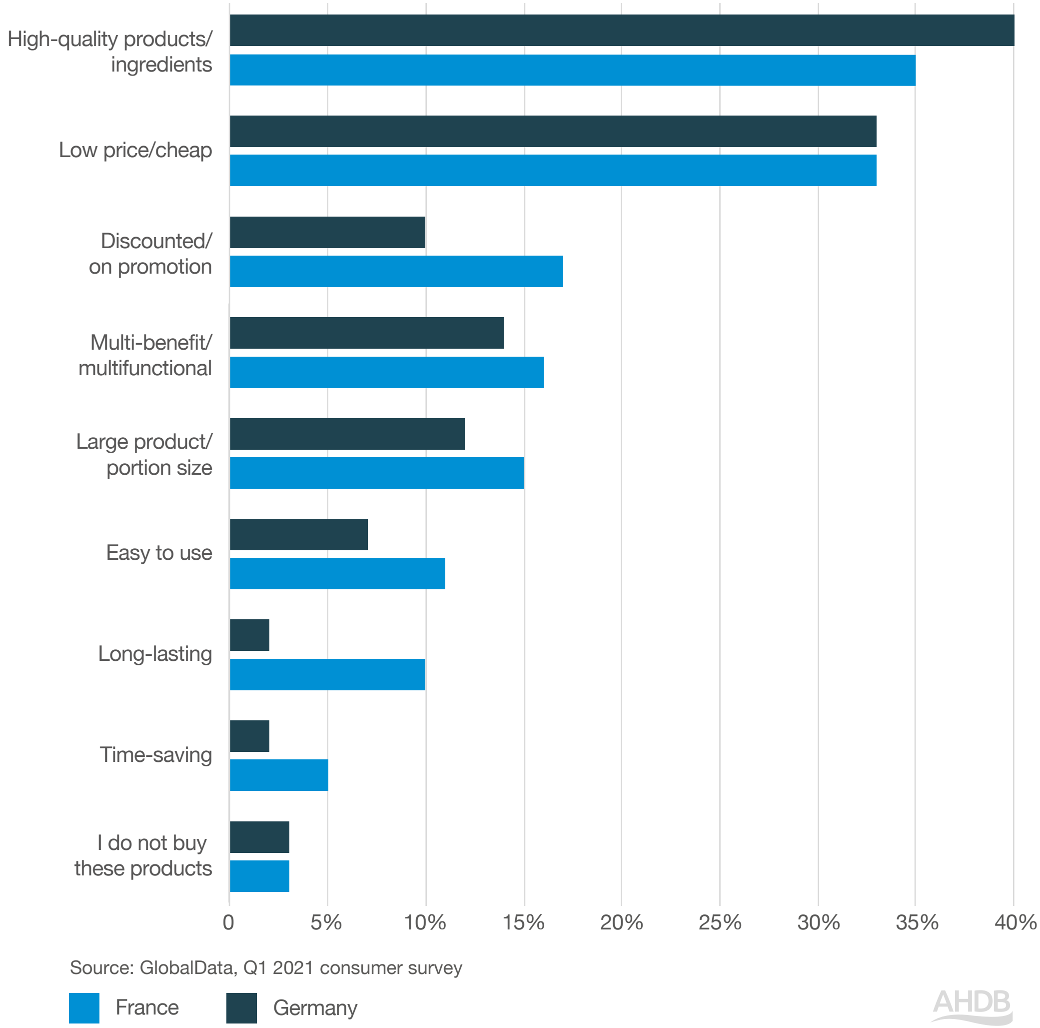
Taste

Taste and flavour are widely related to the perceived quality of cheese. British cheese performs well in terms of perceived taste when compared with German domestic cheese; however, it underperforms compared with French domestic cheese. As highlighted earlier, over 50% of French and German consumers are willing to purchase British Cheddar cheese, whereas other regional British cheeses, such as Wensleydale, are less likely to be purchased. Therefore, driving taste perceptions of all British cheese through messaging is crucial, especially within the French market.

Price/value for money

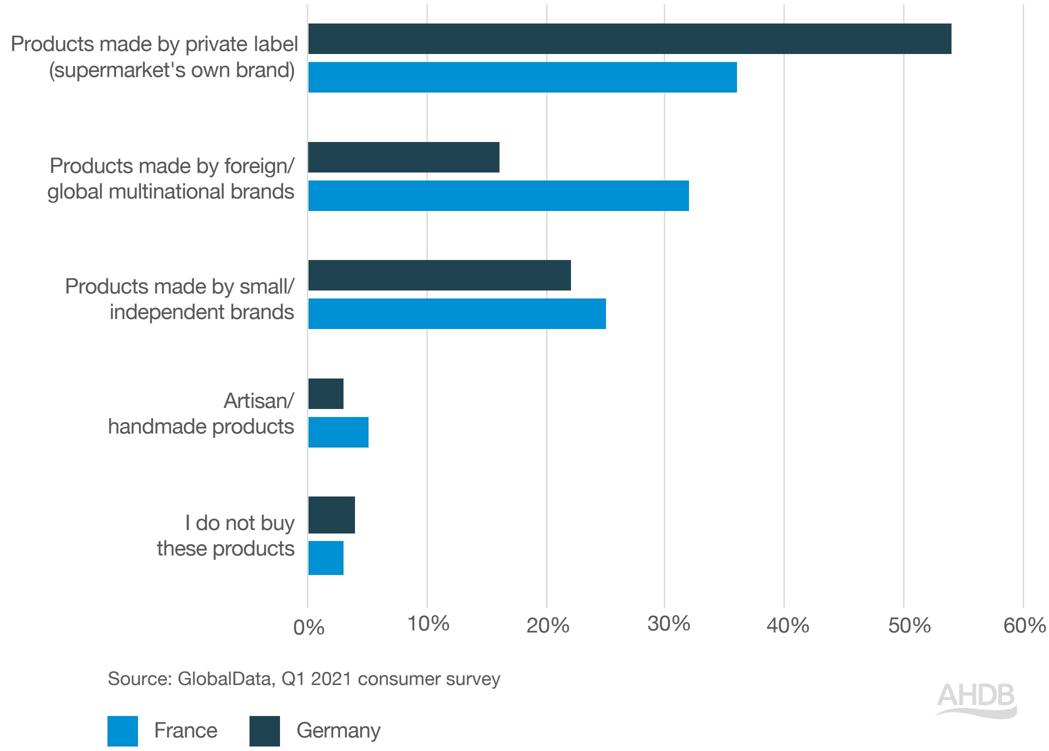
Price and value for money go hand in hand when purchasing food, with both France and Germany considering 'good value for money' when purchasing dairy products to mean that the product is of a high quality but a low price. In terms of price, 36% of French consumers purchase private-label dairy products, whereas 54% of German consumers purchase private-label dairy products.

Figure 29. **What does good value for money mean to you when buying dairy products?**



Source: GlobalData, Q1 2021 consumer survey

Figure 30. **What type of dairy products do you typically purchase?**



As the economic impact of the pandemic is felt, price and value for money will become an even more prevalent purchase driver. Consumers have already started to down-trade to private-label dairy goods, therefore the perceived price and value for money of British cheese may be impacted. Consequently, the price point and value for money of British cheese needs to be justified, particularly to succeed in the German market.

Lucy Randolph, Senior Exports Manager (Livestock) – AHDB Exports Dairy

AHDB Exports attends events and trade shows across the EU, as well as other markets around the world, to showcase the quality, high production standards and food safety of the UK's dairy products.

Keeping taste, quality and value for money at the heart of communications is important in these markets and there are a lot of strong and positive messages that exporters can adopt, for example, British Cheddar can convey quality and being flavoursome.

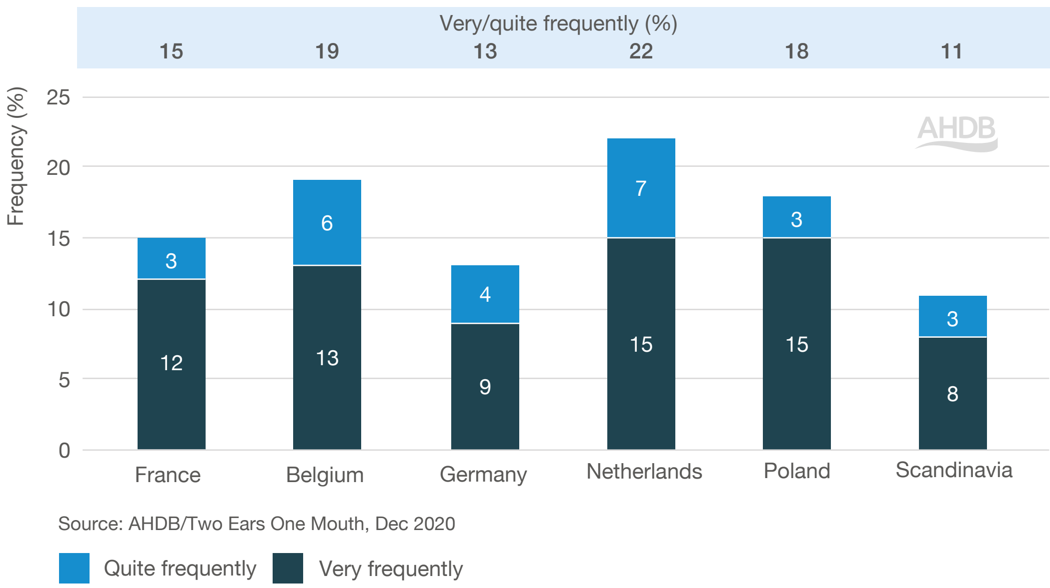
For dairy exports, strong consideration about quality messaging can help differentiate a product and make it stand out. There is strong British heritage messaging that exporters can tell about the product, with strong use of imagery to reflect what consumers can enjoy both in terms of taste and naturalness.

Organic and antibiotic-free products are also growing in popularity as they are regarded by some as being healthier and of better quality, so there are opportunities for UK dairy exporters to gain more space in various markets by amplifying the health messaging of their products and promoting the 'naturalness' of UK dairy products.

ROLE OF BRITISH

The current reality is that British products are still very niche in export markets. This was highlighted in a previous Horizon report which looked at International Consumer Buying Behaviour and explored the perceptions consumers held for British food. It revealed that a lot of consumers have not had direct exposure to British food products and, therefore, have not had the opportunity to establish a view on qualities. With this in mind, can more be done to establish a British food export brand for meat and dairy products in the minds of consumers?

Figure 31. **How often do you purchase British food products in general?**



This latest consumer research in the EU looked to build on these points in more detail and revealed that very few consumers are consciously purchasing British food products regularly across the EU countries sampled in the research. Consumers claiming they purchase British food ‘quite’ or ‘very frequently’ ranged from 11% to 22%. There was slightly higher frequency in the Netherlands, which recorded the highest purchase frequency across the sample.

Looking at perceptions of British food in the EU, we see that good quality is a key hallmark of products overall, which gives us a strong foundation to build on. But targeting the correct audience is a real challenge, as not all consumers look at the origin of the product. This makes it vital to link origin to direct product attributes like ‘quality’, as referenced earlier in the report. There are strong British products to export, but clearly communicating key product attractions beyond country gives a stronger proposition to consumers and further contributes to market success. While awareness of British is low, exporters should focus on what is relevant to consumers.

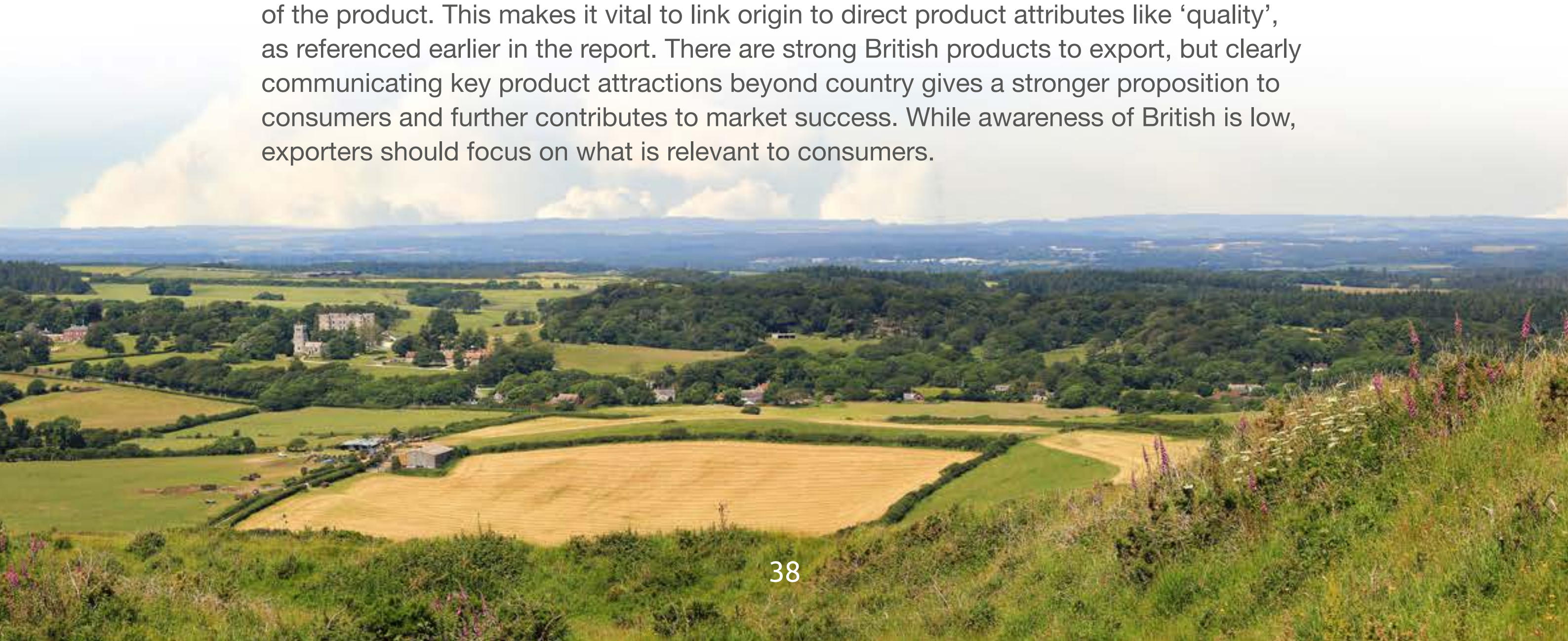


Figure 32. **Consumer views on British food**

Source: AHDB/Two Ears One Mouth, Dec 2020

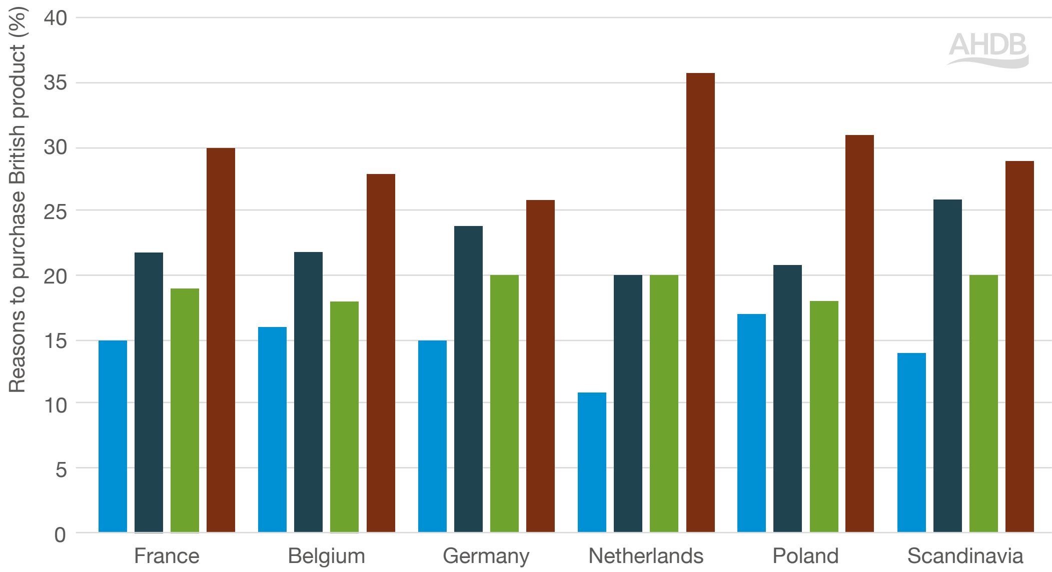
Figure 33. **EU consumer research**

Source: AHDB/Two Ears One Mouth, Dec 2020

*Average across France, Belgium, Germany, Netherlands, Poland and Scandinavia

Reasons for choosing British food products are remarkably similar across markets, with the majority of British food products bought on impulse without a particular meal in mind, with lowest sentiment towards typical everyday use.

Figure 34. **Which of the following, if any, reflects why you buy British products?**



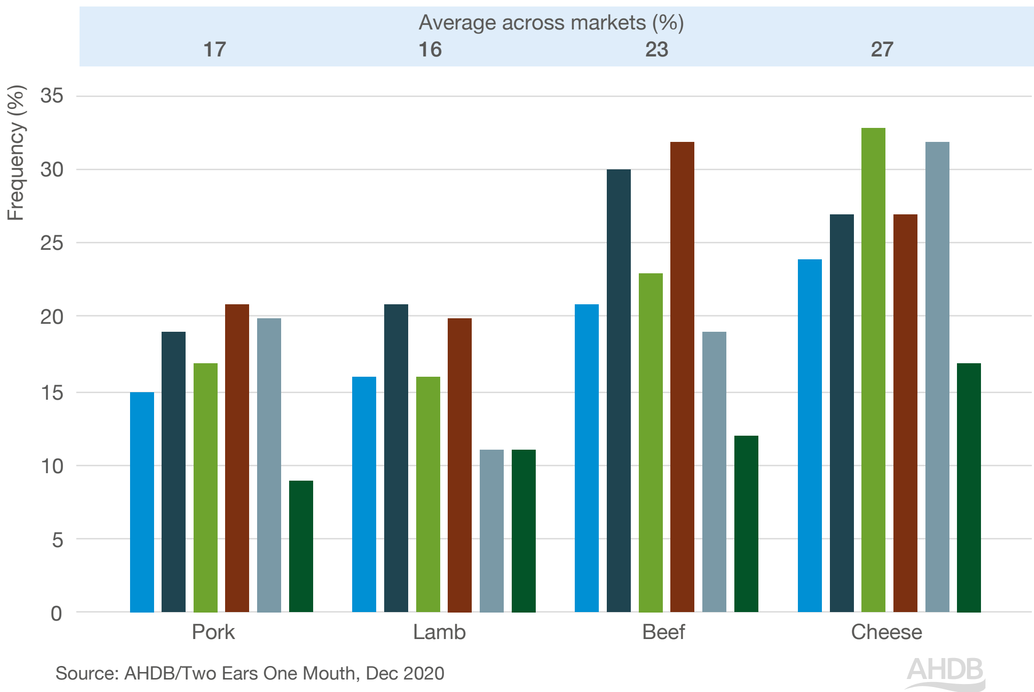
Source: AHDB/Two Ears One Mouth, Dec 2020

For a typical everyday meal · For a particular recipe · For use on a special occasion · Bought on impulse without a particular meal in mind

What the role of 'British' looks like for meat and dairy in the EU

When it comes to purchase behaviour across the EU, 16% of consumers said they consciously purchase British food 'very/quite' regularly across all food groups. Looking within meat and dairy, the number is above that average, most notably for beef (23%) and cheese (27%). While slightly above average, it does still point towards British being fairly niche, highlighting an opportunity to raise exposure to British meat and dairy. Further opportunities lie around using on-pack labelling and point-of-purchase prompts for British products to drive more conscious purchases.

Figure 35. **How often do you purchase the following types of British food?**

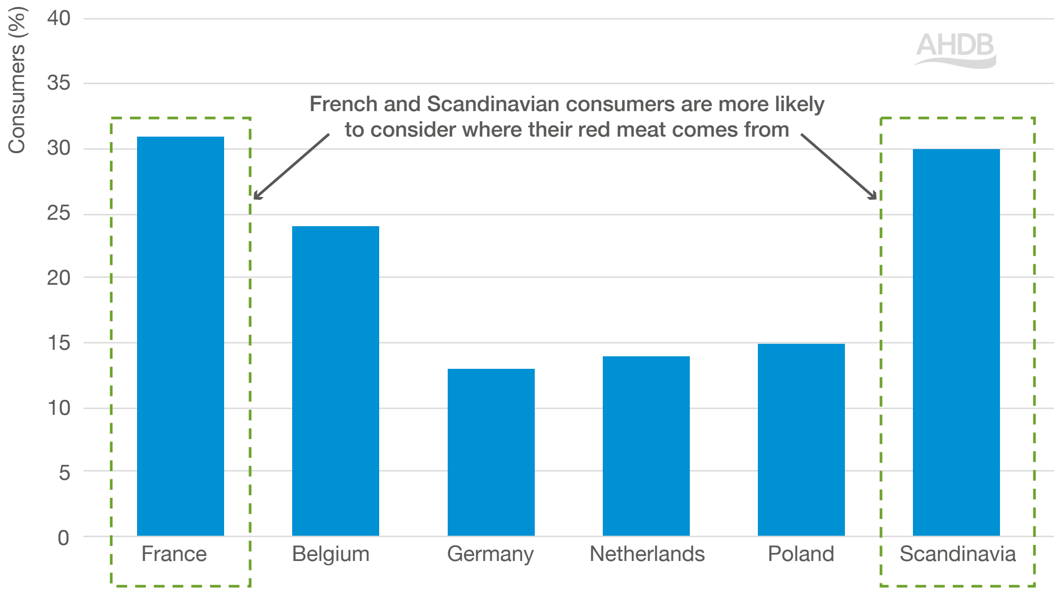


Source: AHDB/Two Ears One Mouth, Dec 2020

France · Belgium · Germany · Netherlands · Poland · Scandinavia

Often, consumers stated a preference for domestic red meat and dairy, but the strength of feeling varies by market. For example, French and Scandinavian consumers showed strong consideration about where their red meat originated.

Figure 36. **Percentage of consumers who give 'a lot of thought' to the country of origin of the red meat they buy**



Source: AHDB/Two Ears One Mouth, Dec 2020

While British is not the top consideration, the research did highlight British products are not performing notably worse than other import markets. A question which influences awareness and perceptions is 'how identifiable is UK meat to consumers on EU shelves?' with evidence suggesting it is quite hard for consumers to spot. Until 31 December 2020, UK red meat was often included as 'EU origin' and labelled as such in many EU stores. However, from 2021, signals were that it could be labelled more clearly as 'origin UK'. Therefore, opportunities exist around labelling, with supply chains working with importing processors and retailers to raise awareness and recognition of British products.

Differentiation at point of sale is critical, so any in-store promotion should reference core messages around taste, quality and value, clearly communicating the consumer benefits of UK products to justify any price premium that may exist in market.

KEY EU CONSUMER OPPORTUNITIES/CONSIDERATIONS

The EU remains a key trading partner for UK red meat and dairy exports. While it is an established market, it is important to avoid taking consumer demand for British products for granted. Understanding consumers in these key markets and building on clear messaging can help maintain and grow the customer base across the EU in future years.

Careful consideration to the unique selling points, messages and visual cues are critical to land the right messages with consumers. When looking at communication, it is important to consider both global messaging around Brand Britain, as well as more targeted communication to meet the needs of consumers within EU markets.

EU meat consumer opportunities

- **Deliver on quality messages** – Reference around production/heritage is important, but it's also vital to showcase great tasty meat products to consumers. Provide clear communication around how meat delivers on taste and tenderness, which the evidence pointed to as key drivers of consumers' assessment of 'quality'
- **Define the common narrative behind British meat** – Address the big issues around 'natural' both in terms of 'quality' and 'nutrition' – potentially through health and sustainability messages. Further backed up with trust-welfare assurance schemes, such as Red Tractor/Quality Standard Mark. Provision of strong online platforms can help consumers find out more and delivers strong evidence behind any messaging claims
- **Validate price position** – Stand out and achieve differentiation through core messages around taste and quality. Build on core quality messages, alongside wider reputational topics such as production, natural, welfare. This can help validate the price position of UK exported meat products

EU dairy consumer opportunities

- **Amplify core messages** – Keeping taste, quality and value for money at the heart of communications – this is important for dairy in both French and German markets. Overarching messages are important, but the level of emphasis by market can vary. For instance, for cheese – amplifying 'quality' in Germany to justify value for money is important, while in France there could be benefits in driving taste perceptions of British cheese
- **Build on consumer perceptions for British dairy to stand out** – For instance, 'natural' and 'safe' are two relatively motivating strengths of British cheese that could build into the overarching taste, quality, value messaging. Tackling the challenge to stand out from both domestic products but also other exported products. Important to reinforce messages around production methods, welfare, sustainability and health benefits of eating dairy
- **Justify price position** – Link product attributes back to wider dairy production in the UK. Underpinning quality with communication around topics such as animal welfare, hormone free and naturalness. This can also build stronger justification for consumers of the price point for British dairy exports

AUTHORS

Steven Evans
Senior Consumer Insight Manager
steven.evans@ahdb.org.uk

Grace Randall
Retail Insight Analyst
grace.randall@ahdb.org.uk

Rachel Rose
Consumer Insight Analyst
rachel.rose@ahdb.org.uk

With special thanks for inputs from:

Tom Forshaw – Senior Analyst – Policy

AHDB Exports – Remi R, Phil Hadley, Lucy Randolph and AHDB export agents in the EU

Jenny Waddington – AHDB Press Office

Produced for you by:

AHDB
Stoneleigh Park
Kenilworth
Warwickshire
CV8 2TL

T 024 7669 2051
E comms@ahdb.org.uk
W ahdb.org.uk

If you no longer wish to receive this information, please email us on **comms@ahdb.org.uk**

AHDB is a statutory levy board, funded by farmers, growers and others in the supply chain. Our purpose is to inspire our farmers, growers and industry to succeed in a rapidly changing world. We equip the industry with easy to use, practical know-how which they can apply straight away to make better decisions and improve their performance. Established in 2008 and classified as a Non-Departmental Public Body, it supports the following industries: meat and livestock (cattle, sheep and pigs) in England; horticulture, milk and potatoes in Great Britain; and cereals and oilseeds in the UK. AHDB's remit covers 72 per cent of total UK agricultural output. Further information on AHDB can be found at **ahdb.org.uk**

70049 0923