AHDB Retail Insight Snapshot

Red meat product innovations

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Summary: Red Meat Product Innovations

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Red Meat Performance

- In the last 52 weeks ending June 18 beef and pork gained volume sales while lamb declined
- The growing proteins are gaining through added value for both beef and pork and 'other' (processed) products for pork
- Primary products are declining in volume for all proteins

Range Rationalisation

- The big 4 supermarkets are rationalising ranges to compete with discounters
- Range rationalising means more competition for space, meaning NPD needs to stand out and meet important consumer needs

NPD

Red Meat innovations are focusing on the consumer need for:

- Convenience
- Healthier alternatives
- Flexitarian alternatives
- Free-from alternatives
- More variety
- Protein snacking
- Premium products
- Environmentally friendly packaging

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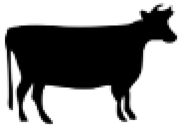
Beef and pork are gaining volume while lamb declines

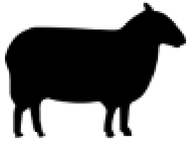
For the growing categories, this is driven by added value for both and ‘other’ (processed) products for pork, as primary products are declining in volume for both. These growth areas are reflected in the innovations we see in the category, with more products being ready to cook and eat. The focus is undoubtedly on greater convenience as well as health claims and benefits following media attention on this.

According to Kantar Worldpanel data, in the year ending 17 June 2018…



- 514,963 tonnes of beef were sold **+0.3%**
  - 284,424 tonnes of primary beef were sold **-0.9%**
  - 125,094 tonnes of added value beef were sold **+0.9%**
  - 105,445 tonnes of other* beef were sold **0%**

- 742,274 tonnes of pork were sold **+0.7%**
  - 158,501 tonnes of primary pork were sold **-1.3%**
  - 391,816 tonnes of added value pork were sold **+0.6%**
  - 191,957 tonnes of other* pork were sold **+2.6%**



- 99,436 tonnes of lamb were sold -7.2%
  - 64,269 tonnes of primary lamb were sold **-7%**
  - 0 tonnes of added value lamb were sold
  - 35,167 tonnes of other* lamb were sold **-7.6%**

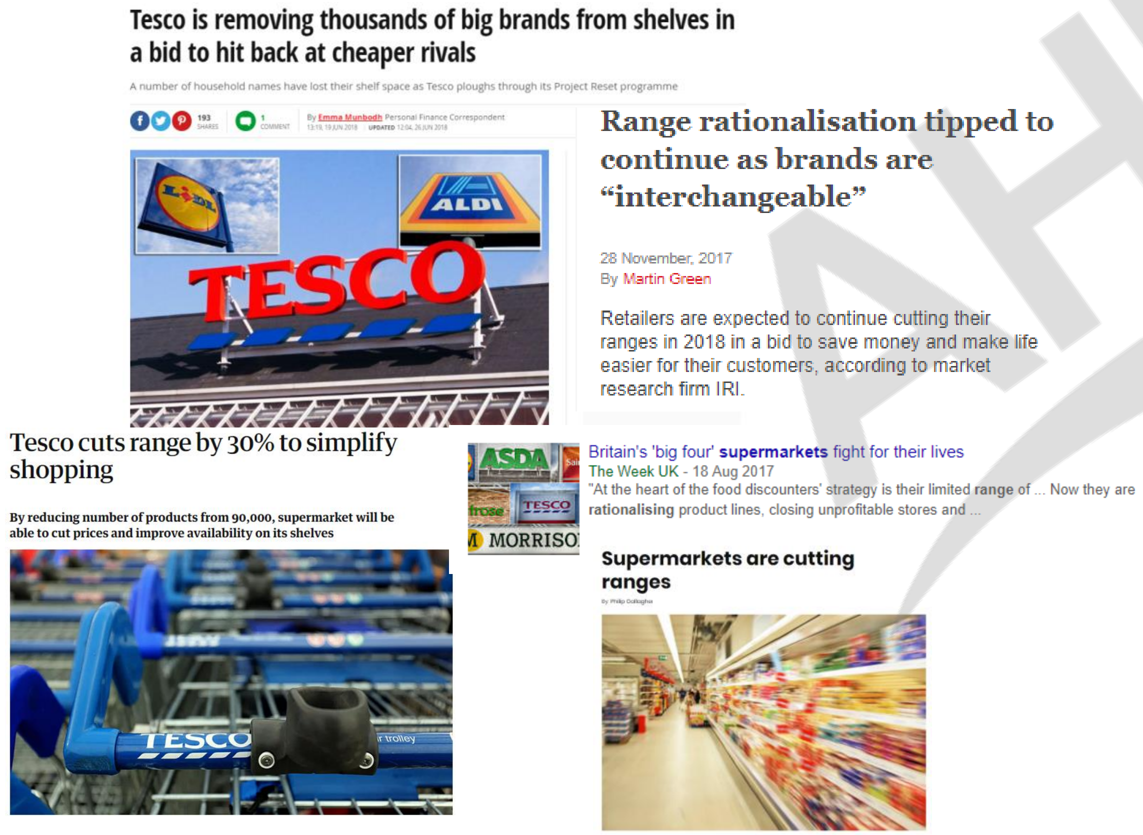
Source: AHDB/Kantar Worldpanel, 52 w/e 17 June 2018, figures for GB retail

*Other includes bacon, sausages, chilled main meal accompaniments, other processed products

In the future, NPD needs to stand out as ranges are rationalised

According to a study by SCALA, the UK's biggest grocers are reducing their product ranges to compete with discounters. Currently, discounters stock keep 7,500 units compared to 30,000 for a traditional supermarket. This simpler and more streamlined approach is coupled with market share growth for discounters.*

Range rationalisation has a big impact on NPD, making it harder for new products to gain shelf distribution and shorter time frames to prove themselves. Despite this, NPD is key for retailer success as innovation is news for a consumer and typically higher priced. Therefore, it is essential NPD stands out and meets consumer needs.



Tesco is removing thousands of big brands from shelves in a bid to hit back at cheaper rivals

A number of household names have lost their shelf space as Tesco ploughs through its Project Reset programme

193 SHARES | 1 COMMENT | By Emma Munbodh Personal Finance Correspondent 13:19, 19 JUN 2018 | UPDATED 12:04, 26 JUN 2018

Range rationalisation tipped to continue as brands are "interchangeable"

28 November, 2017

By Martin Green

Retailers are expected to continue cutting their ranges in 2018 in a bid to save money and make life easier for their customers, according to market research firm IRI.

Tesco cuts range by 30% to simplify shopping

By reducing number of products from 90,000, supermarket will be able to cut prices and improve availability on its shelves

Britain's 'big four' supermarkets fight for their lives

The Week UK - 18 Aug 2017

"At the heart of the food discounters' strategy is their limited range of ... Now they are rationalising product lines, closing unprofitable stores and ...

Supermarkets are cutting ranges

Recent Red Meat NPD has focused on:

- *Convenience*
- *Healthier alternatives*
- *Flexitarian alternatives*
- *Free-from alternatives*
- *More variety*
- *Protein snacking*
- *Premium products*
- *Environmentally friendly packaging*

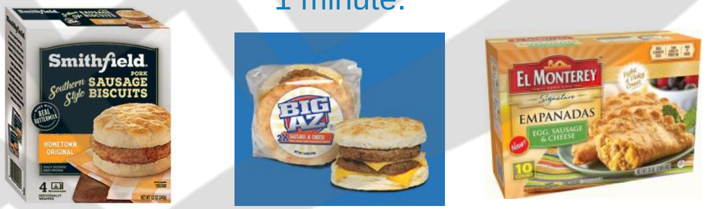
Source: https://www.kamcity.com/namnews/uk-and-ireland/supermarkets/leading-supermarkets-removing-product-lines-to-compete-with-discounters/

Need: Convenience
The range of quick red-meat meal options and accompaniments is expanding

The time taken to prepare and cook a main meal has halved to 30 minutes compared with 1980. Convenience is not just about reducing time but also about ease of cooking, meaning NPD must advance in these two areas without compromising quality.

In Colombia, Zenu has launched Albondigas en Salsa (pork meatballs in sauce) which cook in minutes. Typically, meatballs and sauces are available separately so combining and offering in a snack or meal-size microwaveable format is a USP for this launch. In the US, FarmRich has taken the same concept but tapped in to party-size portions.

In the US, the range of protein-based convenient breakfast options are growing. Left to right - Smithfields on-the-go sandwich featuring buttermilk biscuits paired with sausage which is microwaveable in 4 minutes. Big AZ, ready in 90 seconds. Ruiz Foods breakfast empanadas filled with scrambled eggs, sausage, diced potatoes and cheese ready in 1 minute.



In the UK, advancements have been made in cooking times for sausages, with Walls Quick Cook Pork Sausages microwaveable in 2 minutes and Helen Browning's Speedy Sausages in 5.

In France, Broceliande has launched pre-prepared, diced meat with just enough sauce to perfectly accompany vegetables and carbohydrates without being dry. A cooking time of 1 minute in the microwave makes it an extremely simple meat accompaniment.

In the US, Hormel Black Label has replaced its existing bacon bits with 'real chopped bacon', which is more versatile in the dishes it's used in.

In the US, Kingsford has launched a range of fully cooked meat products including boneless pork steaks, pulled pork/beef and pork carnitas in microwave-ready trays for cooking in 4 minutes.

Need: Convenience
Packaging innovations in protein are aimed at ease of cooking

The time taken to prepare and cook a main meal has halved to 30 minutes compared with 1980. Convenience is not just about reducing time but also about ease of cooking meaning NPD must advance in these two areas without compromising quality.

In the UK, Moy Park was the first producer to offer the roast-in-a-bag chicken using cutting edge thermoformed packaging technology that can go straight into the oven. The packaging self-vents and enables the chicken to self-baste throughout the cooking process, which results in more succulent meat and an enhanced flavour according to the producer. Moy Park developed the range to offer consumers a convenient shelf to oven roast in the bag chicken, making it ideal for those who don't like touching raw meat or don't have time to prepare a raw chicken from scratch.

Retailers such as Aldi, Asda, Marks & Spencer, Morrisons and Co-Op also offer this technology for chicken, but it is not something currently available for wider proteins.

In the UK, brands and retailers are moving to ready-to-bake packaging for ease. This limits preparation time but can differ from the bag in that food still needs to be basted or turned. Examples include the Asda Chicken Dinner Joint, Richmond 'Ready to Bake' Sausages, Sainsbury's Just Cook Pork Medallions and Waitrose easy-to-cook Beef Wellington. In South Africa, Checkers offered a full range of limited-edition ready-to-cook joints for Christmas 2017.

While not directly linked to ease of preparation, Ready Pac in the US has launched soup and wrap kits that are packaged to allow the consumer to combine the ingredients themselves to get the best-quality meal from a pre-packaged offering instead of buying already assembled products.

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Need: Convenience
Full meal kits are now entering retail

Meal kits have been a big trend recently. These subscriptions allow for home delivered boxes of pre-portioned ingredients and easy-to-follow recipes. As consumer expectations around convenience evolve, the meal-kit market is likely to continue to grow and therefore poses an opportunity for protein providers. However, a restricted online-only presence hinders the market and therefore advancements are being made in distribution.

The existing meal-kit offering needs to innovate in order to maintain momentum, as seen by the recent demise of Chef'd. Getting meal kits by mail can be perceived as expensive, takes too long, limits customers' flexibility and still requires a lot of work for the user. The answer for many meal-kit companies has been moving more into the grocery aisles. Having meal kits in supermarkets decreases the amount of packaging (and therefore cost), customers no longer have to pay for shipping and it offers consumers the convenience of spontaneously deciding they want to purchase a kit.

In the US, Kroger acquired meal-kit company Home Chef to distribute in store. Blue Apron has also announced plans to start selling their prepared meal kits in supermarkets later in 2018, citing the reason as more customer reach.

Amazon has started selling its own pre-portioned meal kits via AmazonFresh which is online but without a subscription so can be delivered the next day using Amazon Prime.

In the US, after beginning to offer meal kits from third party brands in 2017, retail giant Walmart is set to roll out own-label meal kits to more than 2,000 stores in 2018. They are prepared fresh daily in the store and are sold in the deli section.

In the UK, Sainsbury's has trailled Hello Fresh meal kits in top London stores. Aldi has also experimented with 'Ready Set Cook' meal kits for 2 that include meat and vegetables.

In the US, the national roll out of a 'Steak Bowl' meal-kit line is underway. The kits were developed by American Foods Group (a beef processor owned by Rosen's Diversified Inc.), in collaboration with the Beef 'It's What's For Dinner' Programme.

Need: Healthier alternatives
Low-fat options are growing in the sausage market

Launch activity during 2017 in low-fat sausages ramped up. 24% of sausage launches in 2017 to November featured a L/N/R (low/no/reduced) fat claim, compared with 10% in 2016 (Mintel, Processed Poultry and Red Meat, UK - December 2017). Part of this has been driven by flexitarian sausages (see next slide) but full meat healthy alternatives have also been on the rise.

Premium sausage brand Heck launched low-fat pork sausages under the Super Slim name. The sausages contain less than 3% fat and are made from 65% lean pork with pea flour to keep the fat level low.

M&S, Asda and The Good Little Company used ingredients such as rice flour, chickpea flour, cornflour and potato starch in their sausages to reduce the fat content below 3%. M&S's Skinny Pork Sausages launched in January 2017, followed by Asda's Extra Special Light & Lean Pork Sausages in April 2017. Ethical brand The Good Little Company followed suit with the Great Skinny Sausages in June 2017.

G. White & Co's Porky Lights sausages were a sell-out success at launch, helped by Slimming World awarding them just half a 'syn' on its points table.

Bacon and sausages made from chicken or turkey attract interest from 38% of buyers (Mintel, Processed Poultry and Red Meat, UK - December 2017). Poultry is generally considered to be a healthier meat type, thanks to the typically lower fat content, while red meat has been affected by negative health stories.

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Need: Healthier alternatives
Flexitarian alternatives are appealing to more

The trend towards veganism has posed a threat to the meat industry for obvious reasons, but the trend towards flexitarian (semi-vegetarian diet or one that is plant-based with the occasional inclusion of meat) could be seen as an opportunity. With shelf space for meat alternatives growing, even meat eaters are trialling these products, with the health agenda being a reason why. 55% of consumers claim they are going to eat less red meat in the future as it is not good for them (AHDB YouGov Consumer Tracker, Nov 17) and 22% of consumers claim to have tried a processed-meat product with added vegetables (Mintel, Processed Poultry and Red Meat, UK - December 2017). Therefore, there is an opportunity for halfway alternatives so a consumer gets the nutritional benefits and tastiness of protein along with the 'healthiness' of vegetables.

Finnerbrogue Artisan has launched a #funkyflexitarian sausage range, including spicy lamb'alafal chipolatas, smokey pork n'bombay beet bangers, lightly curried cauli'nation chicken chipolatas and beef, tomato n'basil bangers. Each variety of sausage contains at least 47% vegetables and legumes, 40% prime British meat, 3% herbs, spices and seasoning and 10% gluten-free breadcrumb.

Mass-market sausage brand Debbie & Andrew's have followed with the Flexilicious Super Sausage range, including chilli con carne beef variant and chorizo pork and bean variant. The sausages comprise 40% meat and between 30% and 40% vegetables and legumes.

Kerry have extended in to the flexitarian market with a new brand 'The Crafty Carnivore'. Its new range consists of smoky chipotle pork sausages with sweet potato & red pepper and harissa spiced pork sausages with butternut squash & red pepper. These again contain 40% meat and between 30% and 40% vegetables and legumes.

Retailer own-label has also entered

MOR has launched a range of 4 sausage varieties – beetroot & bramley apple, Moroccan-spiced pork with cauliflower and chickpea, pork with super green veg & lentil and chicken with sundried tomato and basil.

Interest among 29% of parents who eat processed poultry/red meat in burgers and sausages containing vegetable pieces highlights this as a potential area of development for children's products (Mintel, Processed Poultry and Red Meat – UK, November 2016 Report).

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Need: Free-From Alternatives
Buzz around differing dietary needs has boosted the free-from range

Estimated at £718 million in 2017, the UK free-from market more than doubled its size over 2012-17 and is projected to grow by 25.2% over 2017-22. 39% of UK adults claim to use/buy free-from food and drink, up from 31% in 2016 (Mintel, Free-From Food, UK, Dec 17).*

Examples include**:

*Free-from foods are defined as foods that are manufactured and targeted specifically at consumers who suffer from food intolerances and/or food allergies or who are following avoidance diets e.g. gluten-free, wheat-free and dairy-free

**not sourced from Mintel

Need: More variety
Flavours are evolving to help keep categories engaging

Consumers want variety and excitement with their food. This is becoming more and more the case as world cuisines become more prominent and traditional dishes dwindle. Examples below:

For sausages, bold flavours such as andouille, spicy chorizo and bratwurst continue to be strong category leaders, while new flavours such as beer and cheddar combinations are becoming popular…

In the UK – Powters Chilli and Sainsbury's Chorizo sausages. In the US - Johnsonville Andouille sausages. In Columbia Ranchera Chimichurri sausages.

…In the UK, cheese varieties - Asda Pork & Welsh Cheddar sausages and Sainsbury's West Country Cheddar & Chive sausages

In the US, craft beer varieties - Mighty Spark and Johnsonville Bratwurst

In the UK – Ale, cider and other alcohol varieties…

Left to right: Black Farmer Pork, apple & cider sausages, Waitrose Venison & Pork, Port, Thyme & Citrus sausages, O'Hagans Pork & Gin sausages, Powters Port & Ale sausages, Booths Pork, Apple & Cider sausages, Speldhurst Pork & Ale sausages

This trend is also appearing in other processed red meat products…

Consumers in France can purchase new Boulettes de Boeuf au Fromage Cantal (meatballs with cantal cheese). In the UK, Waitrose offers Meatballs with Parmesan.

In the UK, Asda is offering burgers pre-topped with Truffle Mac & Cheese or Jalapeno Cheese.

BBQ ranges are expanding in flavours (below - Honey Sriracha, Mexican, Harissa & Date, Salt & Chilli)…

Need: Protein Snacking
Poultry can play on a healthy snack

According to Mintel, the snacking culture in the UK is pervasive, with 96% of people reporting to eat between meals. This is a daily habit for 69% of those people and 18% have eaten a meat snack in the last 2 weeks (Consumer Snacking, UK, May 2018). Snacking needs to provide energy, fit in with time-poor lifestyles and increasingly be healthy, following PHE's (Public Health England) scrutiny of snacks.

Poultry is expanding in the snacking sector as it can play on the health benefit of protein and low-fat…

In the UK, Taste Inc has launched Chargrilled Chicken fillets, Kerry Foods Fire & Smoke chicken pieces and Moy Park Good to Go chicken chunks.

In the US, Tyson Foods has launched the Yappah protein crisps made from chicken-breast trim, vegetable puree and spent grain. So too have Wilde Crisps which allow 'you to refuel or simply satisfy that salty fixe guilt free'.

Red Meat NPD is also gaining momentum due to the rising profile of high-protein diets.
The range of sticks, bars, jerky and biltongs focused on 'high-protein' has grown…

In the UK, pork sausage snacking company Peperami has expanded in to beef.

In the US, Slim Jim has introduced a premium range of beef and pork stick which is 100% meat and therefore provides 10g of protein.

In the US, Nature's Rancher have introduced fully cooked snacking bacon.

In the UK, Fori bars have launched which are beef, lamb or chicken snack bars providing 20g of protein, marketed as an on-the-go snack for workers, sportspeople and explorers. Prime beef bars have a similar concept.

Biltong is a form of dried, cured meat but is more naturally processed than jerky. A number of brands have expanded in to this.

As the range of nuts, seeds, and pulse snacks increases some protein brands have started combining the different category elements…

In the US, Oberto has introduced trail mix snack bags including beef jerky, nuts, seeds, dried fruit and dark chocolate with each bag providing 12g of protein.

In the US, Hormel Natural Choice deli meats has launched four new deli meat snacks, paired with cheese and dark-chocolate confection.

In the US, Hillshire has introduced 'small plates' which are a combination of meat, cheese, crackers, crisps and nuts.

Need: Premium products
Premiumising existing offerings extends appeal for those eating out less

As consumers start to feel the pinch of the income squeeze, launches which are more premium should appeal to consumers cutting back on eating out.

Sainsbury's in 2017 wanted to tap in to the 'opulent' food trend by launching a range of 4 'restaurant cuts' including British Bone in Ribeye Steak, British Bone in Sirloin Steak, British Picanha Steak and Flat Iron Steak. Coupled with this, they recommended applying Taste the Difference 23 Carat Edible Gold Leaf to the cooked and rested steaks for a 'uniquely luxurious and "Insta-worthy" dish'.

Asda in 2017 introduced British beef rump steaks accompanied by a pink peppercorn and prosecco butter, catering for special occasion meals.
Similarly Waitrose tapped in to the prosecco trend by having a turkey parcel basted in prosecco Christmas 2017.

Pork crackling, a product previously associated as a pub snack, has regained its premium status thanks to The Snaffling Pig and Gruntled.

Need: Environmentally Friendly Packaging
Reduced carbon footprint and plastic packaging will be well received

The need for attractive but environmentally friendly packaging is growing, as 63% of shoppers agree they would prefer to buy products wrapped in paper, steel, glass or aluminium rather than plastic, as they are better for the environment (IGD ShopperVista, UK action on plastic, May 18).

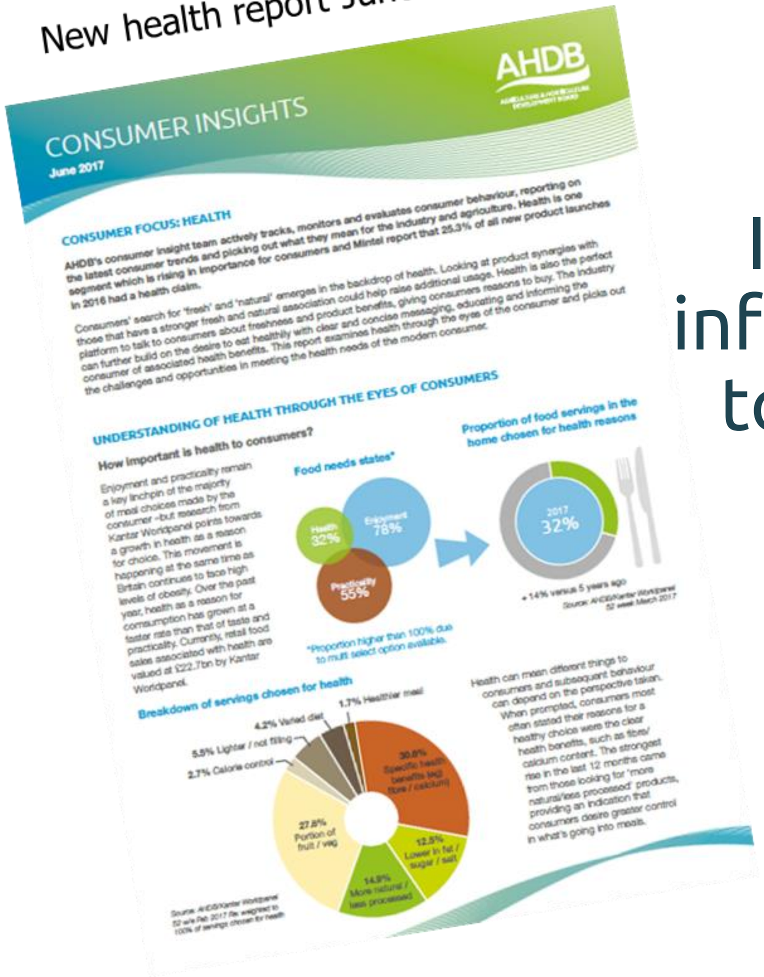
Coop in Sweden has recently launched a new packaging for its ground-beef product, replacing the traditional plastic tray. The manufacturer claims the new ‘beef in a roll’ design reduces the amount of packaging by 82%, therefore making transport more efficient, with a reduction on emissions of 31%.

RAP (‘Removing Avoidable Plastics’) is a UK company that currently provides patented carbon food trays for chilled produce, allowing manufacturers and retailers to switch from traditional plastic. Initially only for cooked meat products (Waitrose were the first retailer to trial with a trio of turkey) the trays are extending in to uncooked meat products.

Colpac in the UK is launching an all-in-one, dual-ovenable, paperboard solution for the ready-meal market, providing an opportunity for red-meat ready meals without plastic packaging.

www.ahdb.org.uk/consumerinsight

New health report June 2017



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