

A compelling fresh meat offer attracts business

Competition is hotting up as retailers strive to be the best destination to satisfy meat consumers.

By David Burton.

Most consumers eat meat. Even some non-meat eaters buy it for other members of their family.

Men love to spend time with a barbie just cooking snags, or perhaps a full blown chateaubriand for two, but it isn't just the domain of men to use meat and poultry in meal planning. Female chefs from Donna Hay and Nigella Lawson to Justine Schofield and Poh Ling Yeow all have recipes that satisfy carnivores.

For supermarkets, the meat department is big business and provides the drawcard for added sales and maintaining customer loyalty, but only, of course, if the quality and range pass muster.

The two competing channels

The combatants in the battle for the fresh meat category, worth around \$6 billion annually, are the supermarkets on one side and butchers and other specialty retailers on the other. Supermarkets are winning hands down, with more than three-quarters of the market choosing them for meat purchases.

However, it isn't exactly an 'us versus them' choice, and many shoppers choose to use both butchers and supermarkets at varying times dependent on needs.

Butchers will cut to order, but supermarkets cannot provide this service and certainly not where the meat offer is so-called 'retail ready' and delivered in cartons.

Consumers are now offered far more choice in the meat department – particularly over the past three years with a proliferation of value-added meal solutions on offer. This now includes 'infused cuts' designed for a 'more tender eating experience'.

What are the consumer preferences in the meat department?

When it comes to animal protein, chicken has been the most popular in terms of consumption per kilo per head for many years. However, in terms of dollars spent on meat,

beef is still number one. Lamb and pork also rate highly with shoppers.

Turkey is also very popular: 26 per cent of people surveyed buy it on a regular basis. This has been driven by expanding the choice of cuts available in supermarkets, but most butchers give this bird a miss, other than for Christmas orders.

Kangaroo and duck are purchased by 14 per cent and 10 per cent of respondents, respectively. Duck, which is increasingly promoted in meat cabinets, has the potential to grow with value-added lines in stores to help in meal planning.

With kangaroo, mainstream consumers haven't really taken to the meat despite its lean, high-protein composition, with just 14 per cent of the Shopper Pulse panel buying it. Perhaps it's a throwback to watching *Skippy the Bush Kangaroo* in the 1960s, or that the flavour is too gamey for many palates.

Organic and free range commands a price premium

At a time when beef prices are increasing and there has been talk that supermarkets are reducing pack sizes rather than

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increasing the retail price, one area of the meat cabinet is not sold on price alone.

Scour the catalogues from Woolworths, Coles, ALDI and IGA and the specials on beef, be it rump, porterhouse or T-bone, promote value with saving per kilo writ large.

At the other end of the scale, grass fed or organic beef and free-range poultry ranges sell for a higher price per kilo than similar cuts of meat from regular production methods.

Some Shopper Pulse panellists are concerned about animal welfare issues when supporting organic, others with the expectation of better quality and nutrition from an animal that is treated with more care during its lifespan.

One segment that is riding the premium price point is free-range poultry, where at least half of all panellists are prepared to pay more for their choice. While there are a number of options in free range, the brand that has done the most to foster the market is, undoubtedly, Lilydale.

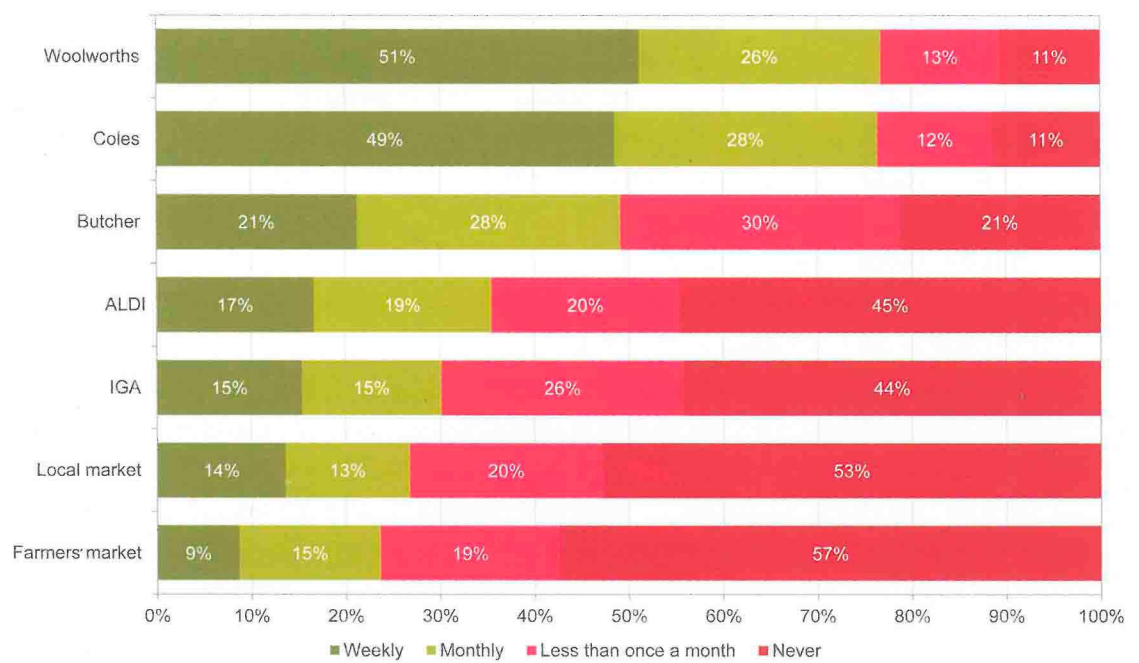
However, when it comes to pork, the pronouncements from retailers regarding ensuring that all pork is sow stall free has not produced quite the same high response and 35 per cent of respondents will pay more for this product. Yet, if the pork is free range, then the figure jumps to 45 per cent who will fork out more to get some 'pork on their fork'.

Metcash Project Diamond addresses fresh

At present, IGA stores fall into fifth place as the destination to purchase fresh meat. Coles and Woolworths would be expected to be ahead of them, but IGA lags behind butchers in third spot and ALDI in fourth. This has not gone unnoticed over the past 18 months at Metcash.

Project Diamond – designed to lift the fresh offer in IGA stores as well as meet other critical issues – is meant to improve

Meat and poultry shopping frequency



SPQ3. How often do you buy fresh meat or poultry from the following stores? | Base: Total shoppers (n=411)

sales across all fresh departments, not just meat.

Stores are being upgraded based on the initial pilot projects and excellent results from outlets in all five mainland states where Metcash controls the IGA brand have been realised. In the past, the meat offer at Metcash had been hit and miss and the company tried its best to emulate the kind of product innovation seen at the major chains.

The previous attempt fell short due to lack of support from stores and uneconomic order quantities for the Metcash meat suppliers. All this occurred before Project Diamond, so there is now a renewed opportunity for the Metcash Food & Grocery offer to succeed. Better fresh stores equals more meat sales.

Specialists are the experts

Major shopping centres are vital for consumer choice, often with Coles and Woolworths and, in a growing number of cases, ALDI too. In some cases there is also a SUPA IGA in the mix competing for the shopping dollar. Add to this Lenard's, the likes of the Bush's Meats butchery chain, and other independents, and shoppers are spoilt for choice.

The ability to buy per kilo or by item at the butcher is a drawcard. While a supermarket deli has poultry in its cabinet, this is not so for beef, lamb and pork. Available in prepacked trays, the option of just one steak isn't available in the majority of supermarkets.

So with a butcher able to sell one New York cut steak, one T-bone and a couple of pork cutlets, dinner for four needn't be a compromise – there is also no need to freeze additional quantities of meat for later. Pensioners and single households can purchase the exact quantity of meat they need for each meal and get friendly interaction from most butchers.

Lenard's has retained strong business in the face of competition from supermarkets, particularly Coles, which has made chicken breast portions a key part of its low price offer. In spite of the strong competition, Lenard's has just announced plans to double its store count.

Consumers have their say

To determine the attitude to organic and free-range labelling, the panel was asked to respond

to the following question: How important is how ethically grown or sourced your meat/poultry is to you? Do you think organic or free range is better and worth the premium?

There is often concern regarding the standards, and who enforces them, when it comes to ethical farming. So it is no surprise that some people believe that these are two genuine sub-categories in the meat department while others are yet to be convinced on matters of provenance.

A cynical view from one panellist sums up the dichotomy: "Currently, the standards that qualify a business for free range are not high enough. However, if I felt they genuinely were, this may change my shopping behaviour."

On a more positive note, another said: "Yes it's certainly better for you and so it's worth paying a little more for the sake of the family's health. However, sometimes it is a little too much more than we can afford."

Another felt it was "Slightly important – I only ever buy free-range eggs. I prefer meat suppliers to be ethical, but to me it's not an overriding principle."

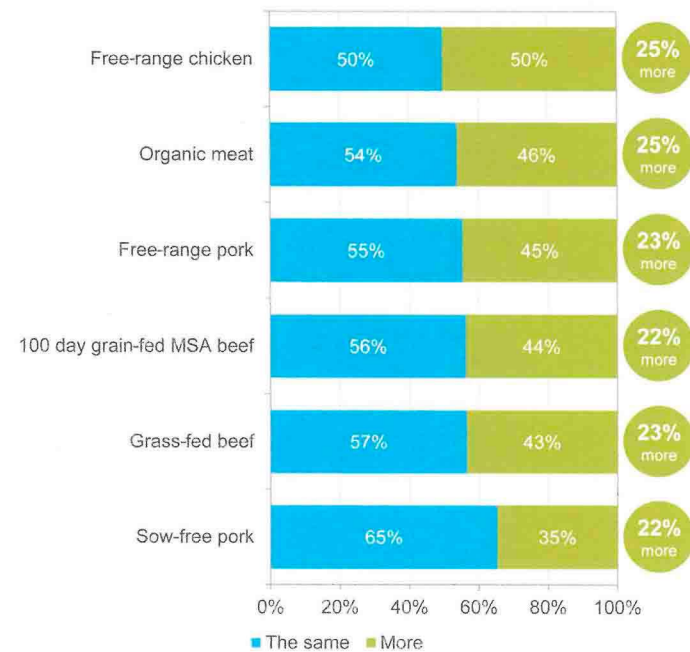
To reinforce the confusion factor, although it is likely that retailers think labelling is quite clear, one respondent said: "It is very hard to tell which is free range and which isn't when the only way for me to source meat is from a supermarket that prepacks its meats, and you cannot rely on the label." Another consumer is quite emphatic that "the 'benefit' of organic is a con: free-range is more than dubious."

Of course, there is a whole regimen behind the organic movement, and certification means that shoppers should trust the checks and balances that go towards earning the right, and legal responsibility, that goes with the organic status claim.

Free range is an area where the occasional prosecution for false claims, be it regarding poultry or eggs, leaves some consumers wary. The answer lies in brand trust. Major brands do not want to jeopardise their reputations on misleading the shopping public.

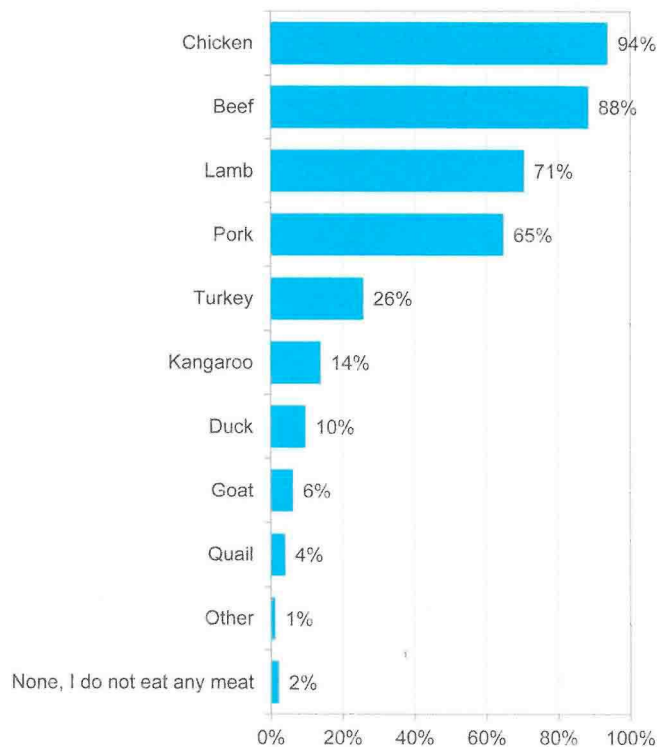
Whichever way you look at the meat department, there is always a battle to be part of the weekly meal plan. When a retailer wins that war, it starts selling a lot more than just the meat and poultry that goes on our dinner table each night. ♦

Willingness to pay more for



SPQ5. How much more or the same are you willing to pay for the following meats/poultry?
Base: [The same/more] purchasers of each type of meat (min. n=272); [per cent more] Purchasers of each type of meat who are willing to pay more (min. n=97)

Types of meat purchased



SPQ4. Which of the following types of meat do you buy? | Base: Total shoppers (n=411)



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