

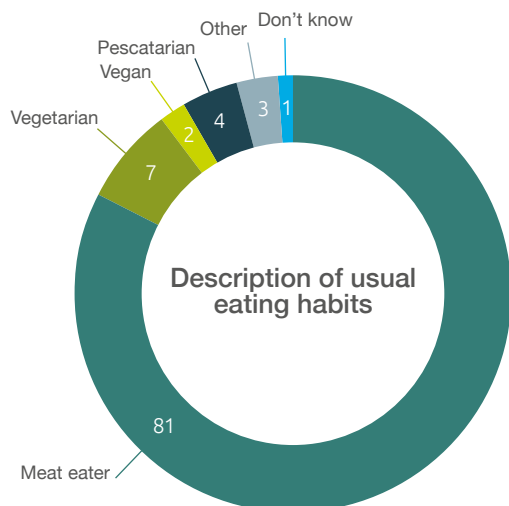
CONSUMER FOCUS: THE RISE OF PLANT-BASED FOOD PRODUCTS AND IMPLICATIONS FOR MEAT AND DAIRY

The media has recently paid a significant amount of attention to the plant-based food trend, with initiatives such as **Veganuary** and **Meat Free Monday** receiving more pick-up than ever before. This is both in terms of people experimenting with a plant-based diet and the attention given to it online and in the news.

Manufacturers and retailers have both responded to this trend by launching new vegan-friendly plant-based product lines, as has the food service sector. Yet only a tiny minority of the population are actually vegan, with meat and dairy remaining cornerstones of the British diet. But what factors are driving all this media attention and how does this play out in the marketplace? This report considers factors driving these changes in the food landscape and looks at how this will impact on future prospects for the meat and dairy industries in the UK.

UNDERSTANDING THESE CONSUMERS

According to AHDB/YouGov's consumer tracker, the vast majority of the population (81 per cent) regard themselves as meat eaters. This tallies with Kantar Worldpanel's figures that 91 per cent of British households purchase red meat. Seven per cent classify themselves as vegetarian (eat dairy and eggs but no fish or meat); 4 per cent as pescatarian (eat fish and dairy but no meat) and 2 per cent identify as vegans. It can be difficult to give a concrete definition of veganism as this varies between dietary vegans and lifestyle vegans – estimates vary between 1 per cent (Vegan Society 2016) and much higher, depending on definitions.



Source: YouGov June 2018



KEY FACTS

- 91 per cent of British households buy red meat¹
- Vegans make up 2 per cent of the population; vegetarians 7 per cent; flexitarians (for health) 7 per cent²
- Veganism is a minority interest (although it receives a disproportionate amount of media attention) – drivers towards meat reduction are more important to understand. (Only 0.2 per cent completely left the meat, fish, and poultry category last year)³
- There is high crossover in purchase of meat and dairy alternatives:
- Half of meat alternative sales come from meat eaters
- 45 per cent of dairy-alternative products are consumed at the same occasion at a real dairy product⁴
- Meat and dairy alternative sectors show strong potential for future growth. Health, environment and welfare, government/health agency support for cutting meat and dairy consumption and growing global demand for protein, all point to a more lasting disruption
- Investors see the sector as a key prospect, attracting high levels of investment and fuelling development of technology and further growth

¹ (Kantar Worldpanel) ² (AHDB/YouGov consumer Tracker May 2018)

³ (Kantar Worldpanel) ⁴ (Kantar Worldpanel Usage)



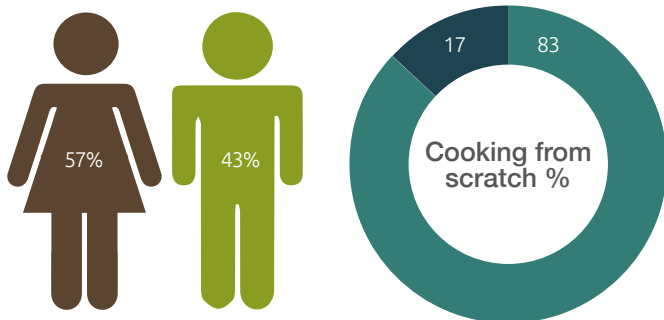
Demographically, vegans are more likely to be female and young. Indeed, over half of vegans are under 35 years old. They tend to be engaged with food and are more likely to cook from scratch than other groups. They are also technologically savvy and the online channel is critical to them for gathering information about their lifestyle choices, seeking recipe ideas, and sharing ideas and information with other people (both vegans and non-vegan).

Many more people are interested in taking on board some elements of a plant-based diet even if they are not willing to commit full-time. Public health initiatives to encourage people to eat more fruit and vegetables and cut down on red meat and saturated fat have encouraged this. These people may choose not to eat meat for one or more meals a week and have become known as flexitarians.

Twenty-one per cent are looking to cut down on red meat consumption. Kantar Worldpanel defines flexitarians more tightly as cutting-down for health reasons and sizes this group of people at 7 per cent of the population.

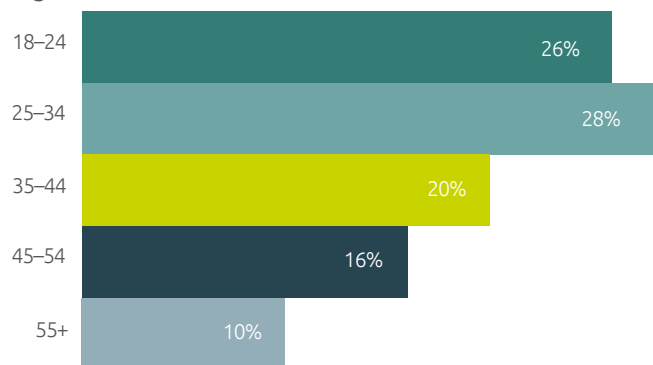
There are key demographic differences in that flexitarians tend to be older and are more likely to be in the family and post-family brackets, compared with vegans who tend to be pre-family. While vegans may command more media attention, the flexitarian group is arguably far more important to understand as they represent a much bigger target market segment.

Profile of vegans



Source: AHDB/YouGov Consumer Tracker April 2018

Age

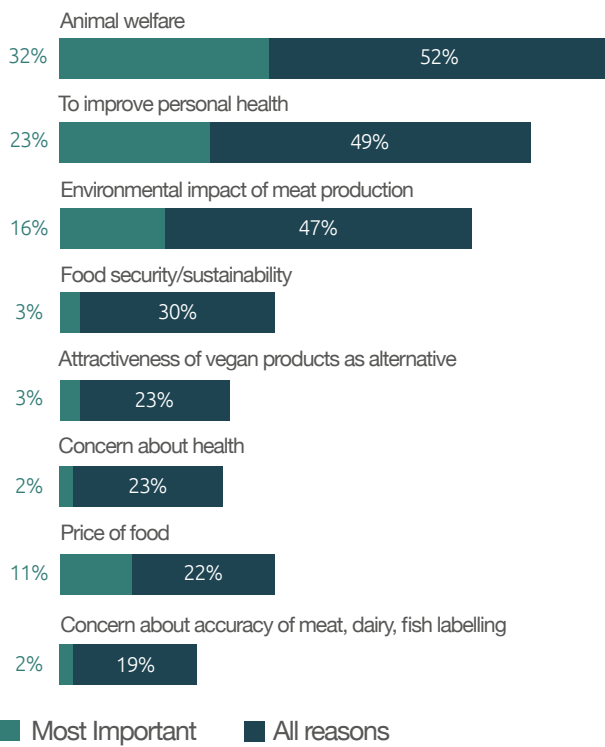


KEY DRIVERS FOR VEGANISM AND FLEXITARIANISM

Flexitarians differ substantially from vegans both in their motivations and demographics. While the majority of vegans are predominantly motivated by concerns about animal welfare, with any health benefits seen as a secondary consideration, flexitarians are predominantly motivated by health.

That is not to say health is unimportant as a driver. Vegan pressure groups such as People for the Ethical Treatment of Animals (PETA) make many health assertions in their materials, claiming that meat and dairy are unnecessary for a healthy diet. In addition, they have made less evidence-based claims that meat and dairy can cause serious disease. They also make a number of environmental claims, which are more influential among younger people.

Motivations for being/becoming vegan



Source: AHDB/YouGov Consumer Tracker April 2018

“Animal rights (animal welfare implies I would give up veganism if conditions in animal agriculture improved, I wouldn't). Animals have a right not to be exploited and used as a piece of property or a resource”

Female, age 29

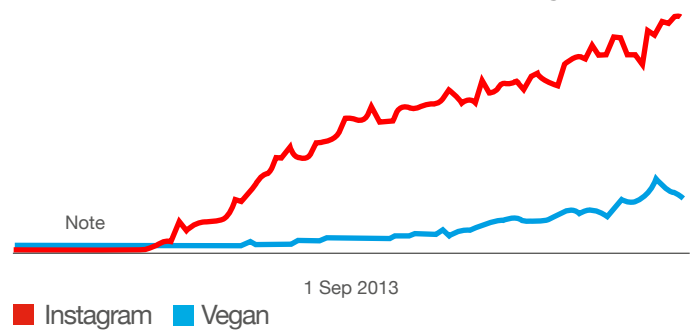
Kantar's research shows that **flexitarians as a group tend to be more introspective and worried about more health issues across the board** (not just cutting down on their meat and dairy intake). They are more concerned about getting enough fruit and veg, as well as the right amount of fibre and vitamins, and that their food choices are lighter (and less fattening).

“Most of my news on meat and dairy comes from friends or social media posting about the environmental impact and the positive effects of veganism on the world”

Female, age 25 Source: AHDB/2CV Young Consumers Research 2018

For this group, cutting down on meat and dairy is not an ideological choice and they may find that a diet that restricts certain food groups too far may not lead to the health benefits they are looking for. For this group, targeting with appropriate health messaging could turn the tide.

Among younger people, veganism has become a badge of identity or a tribal marker, much like identifying as other youth tribes such as 'gym bro' or 'craft beer nerd'. Research agency Youthsites identified this in their 'Top trends to watch' report in 2017. By claiming their credentials as a vegan, young people believe this shows the world they are ethical, healthy and environmentally aware. Not only this, they have taken to Instagram to follow vegan celebrities and lifestyle bloggers such as Big Gay Vegan and Deliciously Ella. In fact, the growth of veganism has partially been fuelled by the growth in Instagram. Of course, correlation does not imply causation but it is undeniable that the platform has been used very effectively as a tool to share recipes and ideology.



Source: Google Trends UK May 2018





SUSTAINABILITY OF THE LIFESTYLE

While it has been much talked about, there are question marks about how sustainable veganism might be as a permanent lifestyle change. To be a fully committed vegan also involves cutting out all animal products such as leather and wool, as well as cutting out products using animal-based ingredients or tested on animals. This entails a rethink on all products bought from food, textiles, beauty and household cleaning products.

In our recent qualitative research on young consumers, we found that although many young people were open to veganism and found the ideals aspirational, when they actually tried it they encountered barriers in terms of cost, taste and how it made them feel. According to research by Harris, commissioned by The Grocer in 2018, most vegans are fairly new. One in three has followed the diet for less than 12 months, another one in three for less than five years. Only one in ten had followed the diet for over 10 years.

“I went vegan for a month or so but I couldn't keep it up – going round to people's houses was really difficult and I was spending loads more money to replace the protein I had previously got from the meat”

Source: AHDB/2CV Young Consumers research March 2018

There are several high profile cases of former vegan bloggers who began to eat meat again after encountering serious health problems that have attracted attention. Jordan Younger, who had 300,000 followers for her blog (according to Elle magazine), rebranded her former blog,

“The Blonde Vegan” to the “Balanced Blonde” after giving up on veganism for health reasons. She suffered attacks and death threats from the vegan community for betraying the cause. She reported that she had been suffering from orthorexia (an obsession with only eating ‘clean’ foods) and was reintroducing animal proteins to her diet, achieving better mental and physical health. Of course, some vegans can follow the diet successfully but it does require more attention to essential supplements and detailed nutrition for optimal health that may be a difficult task for more mainstream consumers, who find convenience among the biggest driver of their purchase decisions.

HOW HAS THE MARKET FOR ALTERNATIVES DEVELOPED?

Food manufacturers and retailers have been quick to spot and respond to growing demands for plant-based alternatives to meat and dairy. This is driven by both a growing domestic market for plant-based protein from vegans and flexitarians, but also in response to a growing global population (and expanding global middle class) fuelling the need for more protein sources. New Product Development (NPD) in this area has moved beyond traditional plant-based proteins such as tofu and more established entrants such as Quorn and Texturised Vegetable Protein (TVP). The new wave of innovation has been swift and prolific, and well-funded by investors. Meat substitute product launches accounted for almost 14 per cent of all new ‘meat’ launches tracked in Western Europe by Innova Market Insights in Q3 2015, compared with 6 per cent tracked in Q3 2011. The market can be grouped into several areas:



Plant-based ready meals

Ranges using vegetables, legumes etc in a ready meals format or plant-based but not intended to mimic meat



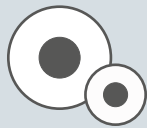
Dairy alternatives

Plant-based using ingredients such as soya, nuts, oats or coconut to produce an alternative to dairy products.
Appeals to vegans as well as the lactose intolerant and novelty seekers.



Pseudo meat

Plant based but aiming to mimic texture and taste of meat.
May appeal to vegans, vegetarians and flexitarians. Some appeal to more curious mainstream providing the eating quality is reasonable

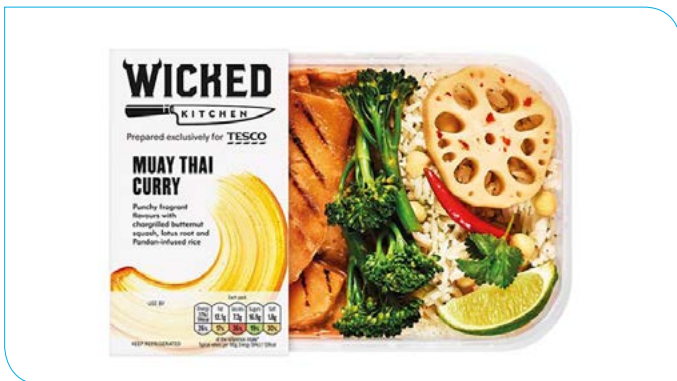


Cultured or 'clean' meats

Cell-cultured meat using technology to grow meat in a lab.
Potential to appeal to more mainstream meat eaters if the quality is good and price is at parity or below traditionally produced meat

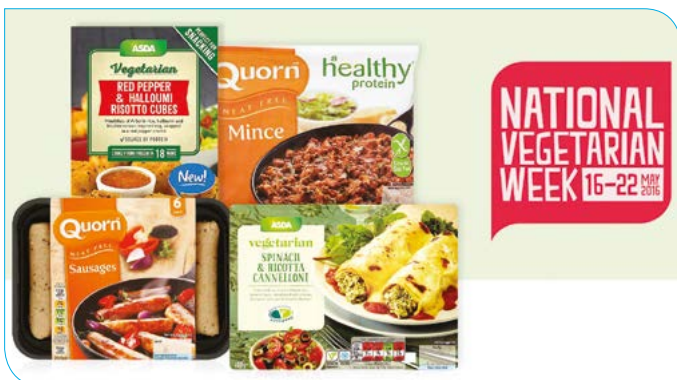
1. Plant-based ranges

Brands such as Quorn and Cauldron Foods, as well as retailers, have launched vegan-friendly plant-based food ranges. Some, such as Tesco's Wicked Kitchen, are plant based using pulses and vegetables, and focus on looking colourful and providing several portions of vegetables.



2. Dairy alternatives

The free-from dairy market has been developing rapidly and has been consistently in double digit growth for the past few years. The biggest end of the market has been in milk alternatives. While soya makes up the biggest market share, new entrants such as oat and almond are currently growing the fastest. According to Kantar, 45 per cent of dairy alternative occasions also feature a dairy product being consumed at the same time. This suggests that much of the consumption of alternatives is driven, not by vegans but by dairy consumers who are keen to try something new. As with meat, vegans/vegetarians don't account for the bulk of the market. Only 22 per cent of dairy alternative occasions are by vegetarians. Additionally, only 11 per cent of alternative usage is due to dairy intolerance (Source: Kantar Usage). The milk market in particular is heavily commoditised and ripe for disruption and therefore consumers may be easily tempted to try something new and different. The alternatives have been well branded and marketed in a sophisticated and interesting way. Alternatives are particularly appealing to younger consumers: according to Kantar usage, millennials are 10 per cent more likely to consume free-from dairy products.



However, repeat purchase rates for dairy alternatives are still far below that seen for dairy milk, suggesting that the sensory profiles of milk alternatives are not yet on a par with real milk. There are clearly opportunities for the dairy category to innovate to capitalise on this trend, with new and different products with a better taste profile than the alternative sector.

3. Pseudo meat (plant based but using proteins and sometimes other substances to try to replicate meat)

This area has been led by product development in the US, with brands such as Impossible Burger (made from a plant-based protein and infused with a heme iron that makes it taste and bleed more like meat) and Beyond Meat. According to The Grocer, Beyond Meat has landed a supply deal to Tesco that would see it on shelf as soon as August. They are planning to lead into the burger market, followed by a Beyond Sausage launch.

Also in Tesco, Vivera have launched the first plant-based 'steak' made from ingredients such as wheat and soy. This was well received and, reportedly, stocks were sold out in its first week on shelf.

Development in this area has occurred outside of the West as well. Beyond Meat has recently announced plans to expand into developing markets such as Chile, Mexico and other markets throughout Latin America. In new Chinese government dietary guidelines announced in 2016, citizens were urged by the government to halve their meat consumption. In April in Hong Kong, a new pork alternative called Omnipork was launched, made from pea protein, shitake mushrooms and rice.

Although these products try to appeal to the desire for natural and plant-based foods, some of the manufacturing processes involved are far from natural. According to the Guardian, Quorn may be less appealing to consumers than its healthy lifestyle-driven advertising would suggest.

“The short explanation is that Quorn is a “mycoprotein” fermented in vats from a fungus found in soil . . . it is made from a strain of the soil mould *Fusarium venenatum* by fermenting it, then adding glucose, fixed nitrogen, vitamins and minerals and heat-treating it to remove excess levels of ribonucleic acid. (In other words, it is a long way from what the phrase “plant food” may seem to denote.)”

Source: The Guardian February 2018



4. Cultured meat/‘Clean meat’ (grown from cells)

This area has been the most technologically driven and, although the technology varies, in some cases isn't actually vegan since the process relies on foetal calf serum as a growing medium. The technology has been widely invested in, but Tyson Foods, one of the largest meat processors in the US, has funded Future Meat Technologies as part of its venture capital arm. Proponents argue it is a largely cruelty-free and more environmentally sustainable method of producing proteins. Thus far, the process has been most successful in growing a mince-type substance that could limit the applications. However, plans are in place to develop this more widely.

The bigger limitation is that it is not yet economic to produce, with costs per kilo in the thousands of dollars. With high profile investors funding the technology, the makers are hopeful these costs will be reduced. Future Meat Technologies has claimed it can bring prices down from around \$800/kilo today to as little as \$8/kilo for its cell-cultured meat in six to eight months. Ability to produce at a competitive price in mass quantities will be governed by the development of the infrastructure to deliver scale. This would take a lot longer. However, the partnership with Tyson Foods, skilled in delivering high-volume and competitively priced product will speed up that process. Future Meat Technology's founder Professor Nahmias named the collaboration a “growing relationship.” He said, “we are learning a lot from them. For example, we need to learn from Tyson how we take the raw material we are producing – cellular biomass – and how to integrate it into standard supply chains for chicken nuggets, sausages, hot dogs and so on.”

Estimates on how long this will take vary. According to CNN, Josh Tetrick, CEO of clean meat manufacturer JUST, predicts that “before the end of 2018 is an accurate timeline” for some products to be offered in a number of restaurants in the United States and Asia, starting with chicken nuggets, sausage and foie gras. Other industry observers such as Paul Shapiro, author of 'Clean Meat: How Growing Meat Without Animals Will Revolutionize Dinner and the World,' believes we will see these products in shops by 2021. This may be an optimistic view (they have investors to satisfy of their progress, after all) but this is definitely on the horizon.

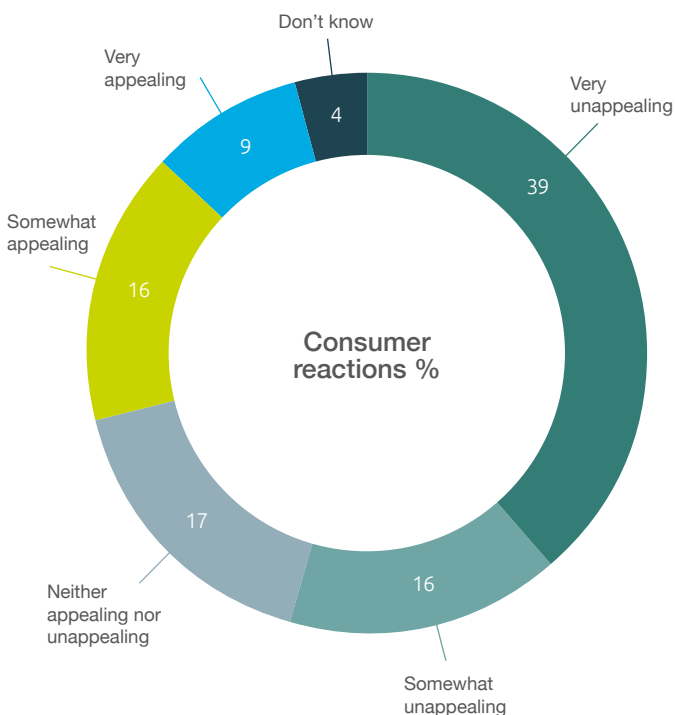


Consumer reactions to meat alternatives

However, there are question marks around the acceptability of these types of products to consumers, especially where the technology relies on genetic modification. The Grocer reported that British consumers were the least likely to buy plant-based burgers, even if they tasted convincingly like meat. Only a third said they would make the switch, compared to 40 per cent of Americans and 65 per cent of Filipinos.

However, attitudes vary by age. According to GlobalData, consideration of meat alternatives is highest among the youngest groups in the UK (only 40 per cent would never consider, compared with 77 per cent of the oldest generation). Drivers for consideration are ethics, environment and health. Still, these alternatives are likely to find enough of a market to fuel future investment in the sector.

Appeal of lab-grown meat



Crossover products incorporating both meat and plant content

Meat processors, keen to cater to the trend for consumers to reduce meat consumption while increasing consumption of plants, have come up with a number of crossover products that replace some of the meat content with vegetables. ABP Food Group is marketing a Debbie & Andrew's sausage under the Flexilicious sub-brand. Sainsbury's and other retailers have created sub-brands specialising in this type of hybrid product aimed at flexitarians and other health-conscious consumers (including parents keen to encourage vegetable consumption in children). Depending on the ingredients used, these types of products could command a higher margin. They are generally priced at a premium in any case.

Evidence suggests that a large share of the market for meat alternative products does not come from vegans or vegetarians but from meat eaters who are simply seeking a change from their usual chicken or beef. According to Kantar Worldpanel, 49 per cent of these meat-free alternatives are eaten by non-vegetarians.

Lab-Grown meat that does not come from animals is being explored as an alternative way to produce meat to combat issues such as animal welfare concerns and greenhouse gases emissions. How appealing does this sound to you?
Source: YouGov/AHDB Consumer tracker May 2018

Amongst the youngest consumers 26 per cent would consider buying meat alternatives to help the environment, 25 per cent for ethics and 24 per cent for health (GlobalData 2018)

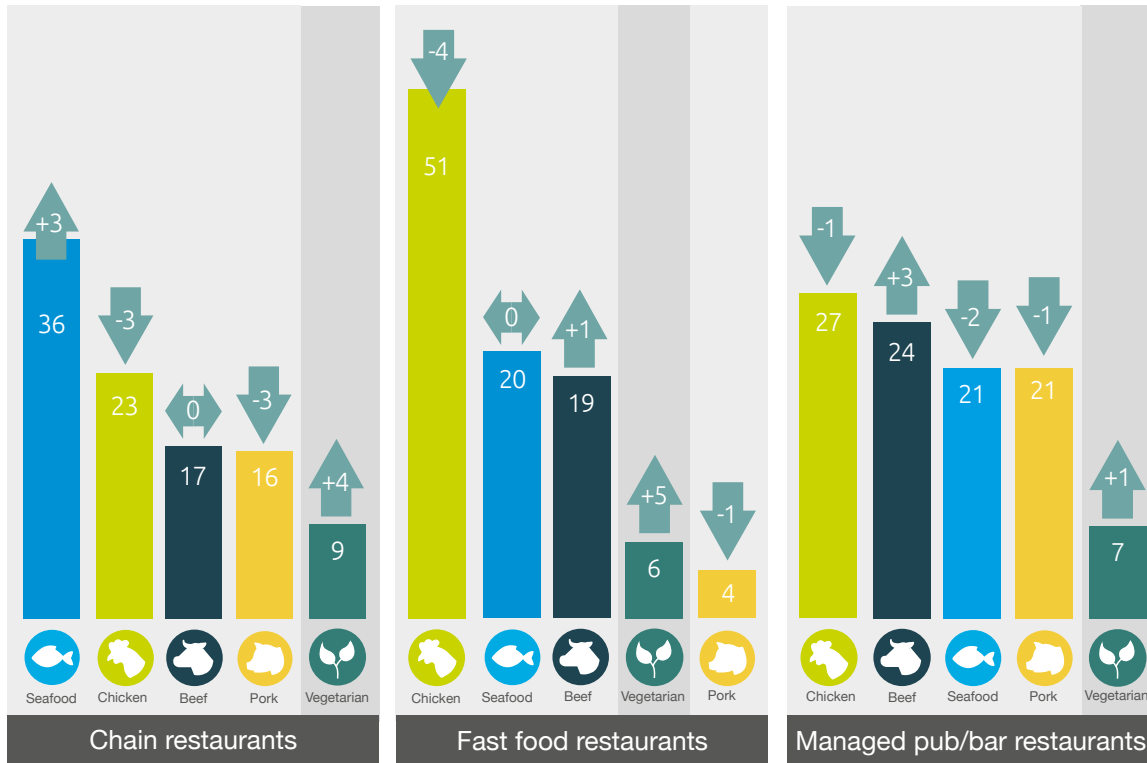


HOW HAS THE MARKET DEVELOPED IN FOOD SERVICE

Menu choice for vegans is increasing across all channels (chains, fast food and pubs/bars) with vegetarian and vegan dishes as a main driver (particularly in fast foods and chains), although they are still the smallest in terms of share of menu.

Menu labelling continues to move towards vegetarian and vegan food and away from gluten-free. The operators with the highest (over 40) menu flags for vegetarian items are Zizzi, ASK Italian and Nando's.

Protein groups of mains as percentage of total by channel, Spring/Summer 2018

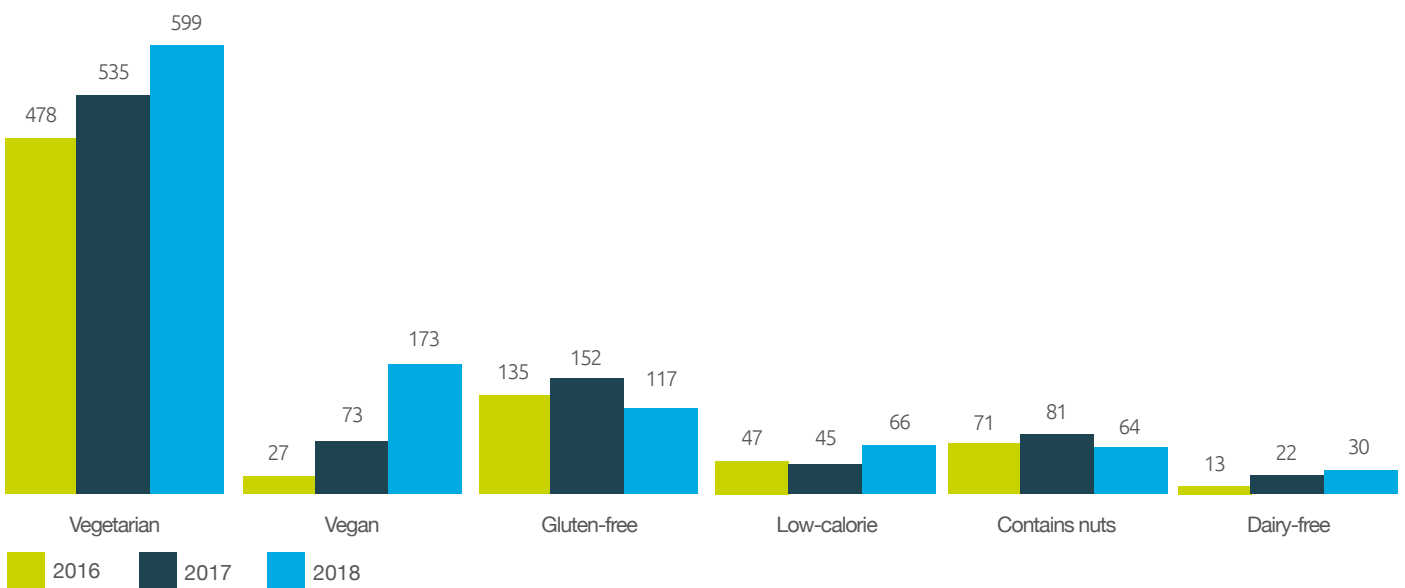


Arrow = change of percentage share versus 2017

MCA Menu tracker: Product analysis based on consistent set of 31 leading chain restaurants, managed pubs/bars and fast food brands.

Filters: Brand standard region, day part – lunch/dinner/undefined

Vegan claims have now overtaken gluten free and are the fastest growing dietary requirement on menus



Source: MCA Menu Tracker: Product analysis based on consistent set of 31 leading chain restaurants, managed pubs/bars and fast food brands.

Filters: Brand standard region, Day part – Lunch/Dinner/Undefined

Many operators are increasingly offering separate menus for these dietary needs. Vintage Inns has a vegan menu featuring 15 items including starters, sides, mains and desserts. ASK Italian and Zizzi have substantial vegan menus, containing over 20 products each, as do Wagamama in the Asian food sector.

There is also a trend in vegan-only concepts/restaurants (smaller chains/stand alones) particularly in big cities, eg 'Redemption Bar' wholly vegan including cocktails and 'What the pitta', a vegan kebab concept aimed at flexitarians.

What happens in food service is important, as exposure to new dish types in restaurants often sparks a desire to cook these at home, particularly when demystified by detailed Instagram and YouTube tutorials. What once would have seemed intimidating or too difficult, becomes a much more accessible prospect with these channels.

FUTURE PROSPECTS

The trend towards veganism is perhaps symptomatic of a wider societal trend towards increased reflection and consciousness about what we are eating, how we are living and the impact we are having upon the environment. According to Global Data, 59 per cent of people now value environmentalism in their purchases. While still niche, veganism has become increasingly mainstream. Even among those who have no intention of committing to this lifestyle full-time, one in three still say they find the ideals aspirational, according to work done by Edelman for AHDB.

Even though there are more plant-based options than ever before, it remains a difficult diet to stick to permanently, as lots of the nutrients readily available in meat and dairy are more difficult to get from plants and, for this reason, the numbers who choose to fully commit to this lifestyle are likely to remain quite low.

INVESTMENT AND RETURNS

It is likely that the numbers of people who sometimes choose to limit their meat or dairy consumption will continue to grow, and retailers and manufacturers are certainly catering to that market segment. Several high profile investors such as Bill Gates and other well-funded venture capitalists are pouring investment into this area, so we would expect to see the proliferation of new products in this area continue. Over the past two years (2016-2017), Crunchbase has identified about \$250 million in disclosed investments in alternative proteins.

These investors will, in the longer term, require a return on investment but the market is becoming crowded. Innovation in the food sector generally can be difficult, which means many new brands fail. According to new research by market analyst E Fundamentals, more than £30.4 million a year is being wasted by food manufacturers on failed product launches.

Plant-based brands will have to work just as hard to get their business fundamentals in place to establish

themselves and turn a profit and, currently, the plant-based market is tiny in comparison to meat and dairy. Most of these products are at a premium price and will need to ensure they deliver on the nutritional and taste promises made, to gain long-term traction with consumers.

A big opportunity for the development of alternative proteins will be within developing markets. With growing wealth and the emergence of middle classes, diets in these markets are changing and consumption and demand for protein foods will grow. With more mouths to feed, if alternative proteins can be made more economically viable to produce, they will find a willing market. Meat-alternatives are seen as consumer-friendly in some markets such as India, where vegetarianism is more culturally traditional, but demand for protein is growing. We may even see the development of a two-tier market with real meat representing a higher quality and more natural option, going head-to-head with cheap alternatives.



Source: KWP Usage Meat free consumption Lunch/Evening/Teatime meals 52 w/e August 2017

LIKELY IMPACT ON HEALTH

However, there is evidence to show that, as a society in the UK, we are not getting the right macronutrients – we are fatter than ever before and we have more chronic diseases such as type 2 diabetes. Despite this over-consumption, many people are nutritionally compromised, or overfat and undernourished. According to the National Diet Survey, young women are not eating the recommended levels of red meat. Globally, anaemia is the biggest nutritional deficiency. In the UK, between 2 to 5 per cent of men and non-menstruating women suffer but this is much higher among menstruating women (PatientUK). Anaemia can be easily and naturally remedied by eating more red meat.

The Times also recently reported that many young people had become deficient in iodine, a nutrient that is critical for the developing brain of the infant in pregnancy. The best source of this nutrient is milk or white fish, but alternative sources only contain 3 per cent of the levels found in real milk.

We are also woefully short of meeting the five portions of fruit and veg a day recommendation (estimates are at around three and a half portions a day according to the National Diet and Nutrition Survey). One way of tackling this crisis is to encourage people to eat more real food from the edges of the supermarket – fresh produce, meat, and dairy. They are less processed, more nutrient dense, naturally high in protein and more satiating.

There is a tension and a contradiction between the desire people have to be healthy and do their bodies good by eating more natural, unprocessed foods and their consumption of some of these alternatives which, by their nature, tend to be much more processed. Vegan is not a shorthand for healthy and we don't yet know

what the long-term impact of full-blown veganism is on a larger population in the West. Alternatives will need to demonstrate their health credentials to compete more broadly.

Research by Kantar shows that meat is still regarded by most people in the UK as the primary source of many essential vitamins and minerals. While there has been a lot of media interest in this area, 91 per cent of households continue to buy red meat and only 0.2 per cent of people actually left the category last year. Meat and dairy, along with fresh produce and complex carbohydrates, are, and should continue to be, regarded as the cornerstones of a healthy diet.

FAD OR HERE FOR THE LONG TERM?

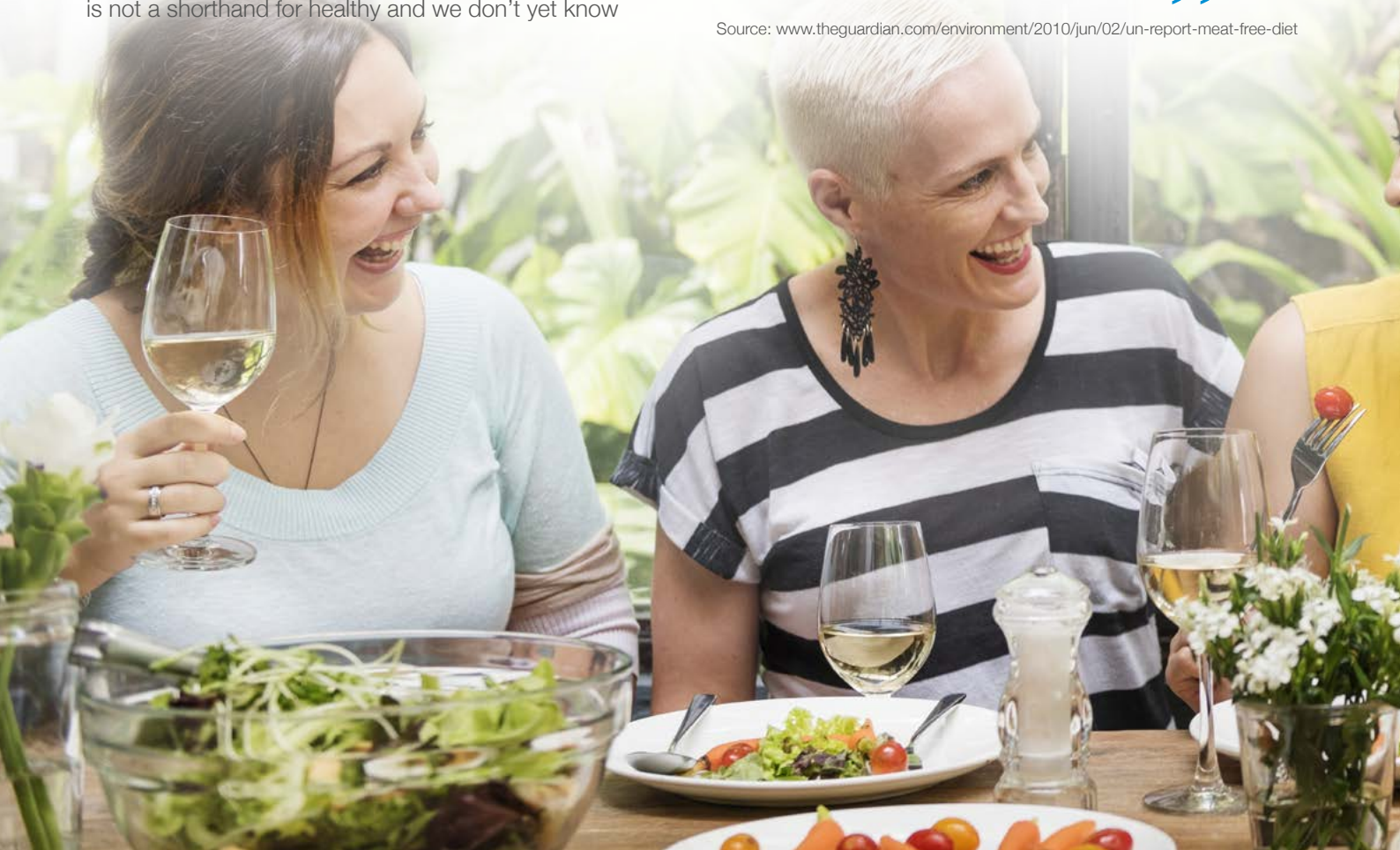
Some might argue that veganism and flexitarianism is a fad or a passing trend but there are several anchor points that could potentially begin to put pressures on the industry moving forward: consumer desire to seek good health (even if misguided), teamed with medical professional backing for plant-based, investment in alternatives, technological capability, concern about the environment and government support or lack thereof. This set of factors points to a more lasting disruption.

“UN urges global move to meat and dairy-free diet”

Source: www.theguardian.com/environment/2010/jun/02/un-report-meat-free-diet

“Meat Tax. Denmark considers a tax on red meat to fight climate change”

Source: www.theguardian.com/environment/2010/jun/02/un-report-meat-free-diet



However, the future is always uncertain and the development of the market is unknown. There is still work to do in properly quantifying the environmental impact of meat consumption, particularly in the UK where systems of production may differ substantively from other overseas markets in terms of balance between pasture and feedlot, and where global issues such as water use and deforestation are less relevant. The sustainability narrative has certainly been exploited by those promoting vegan diets, highlighting harm done by the meat and dairy industry globally, while ignoring the impact of alternative production.

“California’s almonds suck as much water annually as Los Angeles uses in three years”

Source: www.motherjones.com/environment/2015/01/almonds-nuts-crazy-stats-charts/

There are strongly held views on both sides of this debate and it is important to have balance and scientific rigor around this, removed from ideology. Of all groups in society, farmers probably have the most vested interest in avoiding the negative effects of climate change.

Consumers’ views as to what constitutes healthy eating are certainly not intractable. Controversy over the healthiness or otherwise of saturated fat rages among the medical research communities, and consumer hostility towards fat has certainly softened over time. Growing interest in the low-carb high-fat and paleo diets, and desire for higher protein foods, act as counterpoint to some of the arguments around health made by the vegan community.

The key drivers for consumer purchase are always price, appearance and quality (including taste) and, unless the alternatives can deliver on that trifecta, appeal will remain more niche. They are certainly trying hard to improve in all the above areas, and the technology is developing fast.

There are changes on the horizon but, as yet, British consumers, by and large, are maintaining their desire to eat meat (the switch to chicken, and to more processed meals such as ready meals, is a far more significant driver in the switching between protein types). Meanwhile, beyond Western millennials, global demand for meat continues to grow as we see the emergence of a growing middle class in developing countries.

There are opportunities to be had in moving beyond commoditisation of meat and dairy and looking towards more brand- and solution-led marketing. Consumers today are more willing than ever to spend money on added-value products that save them time and deliver on taste and quality. This is evident in the development of the value-added sector such as sous vide, ready meals and marinades. The industry needs to look at new ways of marketing meat and dairy products, keeping meat and dairy relevant by seeking out real innovation and telling compelling stories to consumers.

In order to retain consumers’ trust in and demand for meat and dairy production, the industry will need to commit to working together throughout the supply chain. Investment in driving down environmental impacts, more ethical methods of production, and in paying close attention to product quality will cost more in the short term but if meat and dairy alternatives end up being a viable, acceptable tasting and cost-effective option for consumers, then this could become the price of entry.



INSIGHT AND OPPORTUNITY

Farmers/Growers: Implications and opportunities

- Build consumer trust and confidence in meat and dairy production:
 - Develop consumer awareness of existing welfare standards and the independence of inspectors. Minimise any instances of poor welfare practices that may drive negative publicity. The industry needs to ensure Brexit does not lead to race to the bottom in welfare standards. Seek opportunities to proactively raise welfare standards ahead of legislation
 - Demonstrate transparency and the positives of farming – initiatives such as Open Farm Sunday are a great opportunity to showcase on-farm practices. Social media like Twitter can also be a useful tool to present the positive and human face of farming
- Know your market. Who is the end buyer of your product? There should be a sharper focus on identifying and producing what there is a market for. Are you high-end or mass-market? For British market or export?
- Quality and taste will become a key differentiator. Sensory elements of meat eating such as texture, taste complexities and aroma are much harder for alts to replicate. As consumers become more discerning, close attention to producing to spec (eg not over-fat lambs) and eating quality becomes more important
- There may be more opportunities in premiumisation in future. The organic and free-range sectors with demonstrable higher welfare and quality have the potential to do well in a two tier system. A third-tier may well be cheap poultry. Where do you aspire to be?



- Explore the possibility of plant-based farming. It won't be right for everyone but there will be opportunities for some farms in some sectors
- Build upon an industry-wide sustainability narrative. Carbon footprint and emissions reduction and demonstration important to retain consumer confidence, eg NZ promises to make beef and lamb carbon-neutral by 2050 with tailored on-farm action plans. Innovation in more sustainable/efficient feed (non grain-based). Sustainability is everybody's problem





Processors: Implications and opportunities

- Some processors will have the opportunity to diversify into plant-based
- Seek opportunities for diversification – plant-based and hybrid products may be produced using some of the same technologies and established supply chain – spread risk
- Offer more convenience led and interesting meat-based innovation such as sous vide/marinades etc. Take meat beyond commodification
- Return of the brand – tell compelling product stories. Heritage and values have often been forgotten in the race to be low-cost. Dovecote Park has recently launched The Juicy Meat Co as a test bed for branded NPD in beef and venison tapping into this need
- Opportunities for premiumisation – less but better. While processors such as Tyson are investing in plant-based technologies, Tyson has just invested in new organic poultry capacity suggesting belief in the future appeal of more premium animal-based products
- Language suggesting naturalness such as grass-fed and outdoor-reared have the potential to be buzzwords. Appeal to consumers’ nostalgia for how ‘real food’ used to be. Provenance and heritage could represent other ways to tap into this area

Retailers: Implications and opportunities

- Where there are opportunities in plant-based, value of MFP category far outstrips plant-based currently. Red meat purchase can often lead to higher value baskets (accompaniments, wine etc) so important to not neglect innovation and listings in the meat and dairy sectors
- Lots of opportunity in plant-based but don't forget other competing emergent trends such as Low Carb high fat and paleo offering opportunity in the meat, fish and poultry sector (MFP)
- Drive convenience values by offering meat alongside veg, spices etc – solution-based marketing to keep curious consumers in the MFP category more often
- Look for opportunities to get more vegetable content into traditional meat-based ready meals to appeal to flexitarians





Report Author: Susie Stannard,
Senior Consumer Insight Analyst, AHDB
Susie.Stannard@ahdb.org.uk T: 02476 478711

Susie Stannard has spent 18 years in the market research industry, focussing on consumer insight. She has worked for two large market research agencies (Millward Brown and Nielsen), focusing on the food and drink industries in areas such as brands, advertising, consumer usage and attitudes and how attitudes shape buying behaviour. She also worked for H.J.Heinz, supporting marketing and innovation. Latterly she brings these skills to the agriculture sector at the Agriculture and Horticulture Development Board (AHDB), where she focusses on leading insight into the Dairy sector, amongst other projects. She contributes to AHDB's Targeted Activity Group (TAG) on Animal Welfare and Behaviour.

AHDB's Consumer Insight team actively tracks, monitors and evaluates consumer behaviour, reporting on the latest consumer trends and picking out what they mean for the industry and agriculture.

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Produced for you by:

AHDB
Stoneleigh Park
Kenilworth
Warwickshire
CV8 2TL

T 024 7669 2051
E comms@ahdb.org.uk
W ahdb.org.uk
Twitter [@TheAHDB](https://twitter.com/TheAHDB)

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