

US product trends: And what they mean for meat & poultry

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FIRST: WHY WATCH THE TRENDS?

Understanding the trends in the marketplace, even if you are not directly interacting with the consumer, is vital. Creating products that ultimately resonate with consumers will yield success throughout the entire value chain.

When looking at trends and new product introductions, it is clear that some products buck the trend or break the mould and are really successful, but those are very rare. Rather, most successful products rely on tangible insight into market and consumer trends. Thus, the trends identified here are ones that may not be revolutionary, but nevertheless offer opportunity for success.

Mintel has identified 10 key trends in the market, many of which can be important to the meat & poultry industry. We decided on these trends through conversations with our clients, through analysis of what's going on in the marketplace and one the minds of consumers, and through an appreciation of what constitutes a meaningful trend versus a short-term fad. Of the 10 we identified, the following five are most essential to the meat & poultry industry:

1. Weight loss evolves into hunger management
2. Private label ramps up innovation
3. Taking out the "fake"
4. "Green" isn't just about recycling—it's the whole supply chain
5. Flavors go experimental and experiential

To set the stage, it is instructive to look at new product introductions to understand overall product activity. This helps reinforce, in a clear and tangible way, that the marketplace is crowded, confusing, and complicated.

Figure 1 shows new product introductions in the US market of categories that contain meat & poultry prod-

ucts. All categories in the US market showed a drop in introductions in 2009 due to the recession, but those introductions rebounded somewhat in subsequent years. Meals and meat products as always drive overall introductions; note that poultry and pizza have remained steady over time. Note that each segment is about the same percent of total every year

DISCUSSION OF FIVE KEY TRENDS FOR MEAT & POULTRY:

Trend 1: Weight loss evolves into hunger management

Consumers know they need to attend to their weight, but they struggle with being successful at it. However, we do see companies are offering more products to help them. For example, we see that, according to Mintel research, 92% of consumers say living a healthy lifestyle is all about moderation. However, obesity rates continue to rise. Also, although 70% of US consumers say they would like to lose weight, only 25% say they currently are dieting.

One way to help consumers is to talk about the concept of satiety. We see products that offer satiety on the market

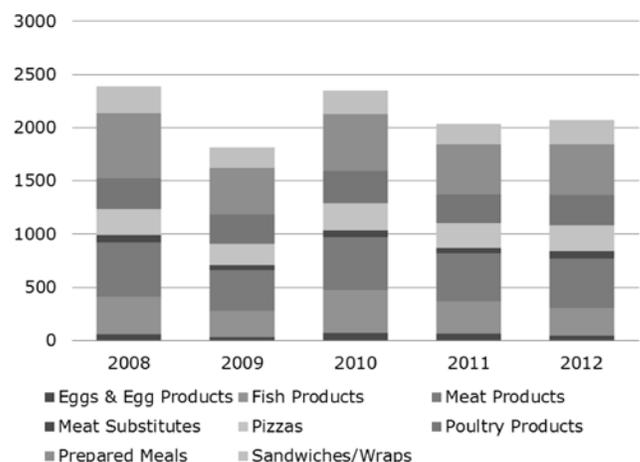


Figure 1. US introductions of meat & poultry, 2008–2012, by subcategory

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as ones that have a combination of fiber and protein to help consumers feel fuller for longer. In the meat & poultry industry, that can include products that offer protein with less calories and fat, or products that combine fiber and protein, such as complete meals or sandwiches.

How to capitalize on this trend

Positives, not negatives: Tell consumers how what you make will help them feel fuller for longer—focus on the positives of your message

Focus on satiety: Products with fiber and protein, plus those making high satiety claims, have skyrocketed in recent years

Amp up the flavor: More flavorful food can help compensate for reduced levels of fat and sodium

Trend #2: Private label ramps up innovation

Private label product introductions (and sales) are growing and growing, and are getting more and more sophisticated. Whether you are a retailer, manufacturer, or supplier, it is essential to understand what is happening in the market and how to address it.

We have seen private label product sales experiencing uninterrupted growth between 2006 and 2011, and that is likely to continue. Today, in the US market, about 25% of all product introductions are private label introductions.

In meat & poultry, private label offerings get more sophisticated. In the marketplace we see new competition coming from new store outlets, such as activity from drug store chains such as Walgreens (which sells frozen meals, meat snacks, and cheese under its own brand). We also see growth in products that are just as good (or better) than leading national brands, such as a Prime Rib of Beef (sold vacuum packed and chilled) from Trader Joe's. And private label organic meats offer a sometimes lower-cost choice to consumers.

With private label, the question becomes, do you capitalize on this trend? Or counter it? Private label will continue to launch new "brands," and is not going to be going away. One advantage of private label is that it can very easily capitalize on the trend of "local." But any successful brand needs to "live its values," meaning overall success has to do with far more than just the price or availability of products.

Trend #3: Taking out the "fake"

Consumers look for simple messages, and they think that "natural" is "healthy." Thus, we see more companies looking to clean labels and other expressions of natural goodness.

For some consumers, sometimes it is as simple as additive-free. When we look at overall new product introductions in key countries, we see that the percent of products that make a "no additives" claim, we see a significant,

and sometimes growing number of products making the claim.

Not surprisingly, the UK leads, but China and Mexico show increases, which may seem a bit counterintuitive, as this "no additive" claim often is found on more expensive or value-added product. However, this simple message tells the "natural" story perhaps most clearly. The insight here is that the way you tell consumers about the "real" values in your products must be clear and basic.

Consumers see "natural" as something different than you might—for US consumers, "all natural" often means "healthy." In fact, we see US consumers saying that when they see products labeled as "all natural," they think it is healthy. This means it is essential to be clear in your communication about the values of your product. "Natural goodness" means many things, but for success, focus on simple, easy-to-communicate values.

For meat & poultry, provide all the good messages you have. That means if you can talk about where a product is from or how it is raised or caught, you should. We see that with seafood (e.g. "wild caught") and with more clear and open communication regarding how animals are raised and treated.

Trend #4: "Green" isn't just about recycling—it's the whole supply chain

It may seem as if all we think about is package recycling, but this trend is so much more. There is opportunity in helping consumers feel good about your products by offering "green" benefits across the spectrum. This is complex and confusing for consumers, so education is key—companies must communicate their stewardship initiatives.

Environmental issues appear to be almost all about recycling. But there's much more to it than that. Although eco-friendly packaging dominates among environmental product claims, other types of claims have perhaps stronger or more "active" benefits.

One approach to address "green" issues is to look at packaging that goes beyond recyclability, as we have seen in other markets. For example, there is potential for more packaging that focuses on less materials or perhaps also compostability. Another approach is to look at the best ways for greening the supply chain. This can include promoting use of alternative energy sources, using seasonal products (especially in meal products, with seasonal vegetables), and supporting local industry.

Trend #5: Flavors go experimental and experiential

Consumers like to play with their food, and that includes flavor. We know that they will experiment, but within limits. Thus, there is plenty of room for new flavor ideas, from familiar to radical. We know that consumers like to try new things. They are influenced by restaurants, friends for ethnic foods, and they also experiment with what they find in stores. About 25% of US cooking enthusiasts say

that cooking gives them a way to explore foods eaten in other cultures, and two thirds say the most important ethnic food characteristic is that it has authentic or traditional flavors or forms.

In meat & poultry, we see more flavor combinations, unique flavor additions, and more ethnic inspiration. Protein portions can be the perfect carrier for new and unique flavors and cuisine types. To capitalize on flavor trends, look to foodservice, niche markets for ideas, move flavor ideas from one country to another, and borrow flavors from other categories.

FINAL THOUGHTS FOR MEAT & POULTRY:

What you offer consumers is one of the major building blocks of healthful eating. The challenge is overcoming

the perceived negatives to focus on the importance of animal-based protein in the diet. The opportunity may lie in protein snacks, or on-the-go foods.

Consumers seek simple messages, and often don't understand nutrition and science. The challenge is to convey the benefits of animal protein in clear, compelling, and easy-to-understand ways. The opportunity may be in focusing on easy-to-understand ingredient statements and nutritional information (e.g. "it's just chicken").

Consumers crave flavor experimentation. The challenge is that sometimes, too "exotic" can be a barrier to acceptance. The opportunity is to pair the familiar with the unexpected.