The Livestock Sector: 2020
The Consumer Perspective

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Setting the Scene
Consumer Profile
  Changing Patterns of food consumption
Consumer Perception and Reaction
Food Marketing Issues
World-wide Meat Production (2011)

Meat consumption is influenced by its supply and trade (Rivera-Ferre, 2009)
World-wide Meat Consumption (2009)
Meat and the Human Evolution

The learning how to cook and eat meat has had evolutionary benefits that are ingrained in the human genes.

The desire to eat meat is deeply ingrained in human evolution.

Meat is a dense source of nutrition and calories which has had a lasting impact on the taste for flesh today (Jha, 2013).

Humans have a huge appetite for meat.

By 2060, the demand for meat is expected to double.
Evolution of food demand

- Diet food, Ready to eat
- Meat, dairy, oils, sugar
- Rice, bread, beans
- Western Europe, Japan, North America
- Eastern Europe
- Latin America, India, China
- Africa (Sub-Saharan)

Consumption stage:
- Surviving
- More staples
- Variety
- Quality
- High tech
Consumption and Growth of Beef and Poultry

Bord Bia (2013)
Trends

• Family Structure
  – Size
  – Formation
  – Cohabitation
• Fertility Rate
• Life Expectancy
• Migration

Source: ONS / IGD Research, November 2010

\[ \text{Dependence ratio} = \frac{\text{number aged 17-65}}{\text{number aged 0-16} + \text{number aged >65}} \]
Demographics Profile

UK

China

China and India 2035
The Population Crisis

Source: Line (2011) based on UN data

Expanding Population, but a middle class growth projection of 300% by 2030

Source: Goldman Sachs (2008)
Trends in the West

Source: ONS (2012)
Changes in the Social Structure

- 1 in 15 people is from an ethnic minority group.
- 75% of all ‘meal occasions’ involve 2 or less people.
- Over 60% of households with children are lone parent families.
- 23% of households with children are lone parent families.
- There has been a serious decline in cooking skills - ‘transferred downwards’.
- Over 60% of households with children have 2 wage earners, in 1983 it was 45%.

Source: MLC/EBLEX
Trends

Share number of Children European Household (2008)

Share family types EU 27 (2007)
Changing Consumer Attitudes to Food & Farming

50 years ago:

– Meat and sugar were rationed
– Many everyday fruits were ‘exotic’
– Chicken was a luxury
– Eggs were seasonal - and white
– Mother did all the cooking
– Families sat and ate together
– Families ate traditional ‘Sunday Lunch’
– Meat was consumed in every meal
– Little processed food (salt, fat and sugar)
Changing Consumer Attitudes

• People are better fed than ever before
  – But obesity, cholesterol, diabetes etc on the rise;
• Reduced proportion of income spent on food;
• Reduced proportion of sale price to the producer;
• Irrational trust in ‘fringe’ concepts;
Changing Consumer Attitudes

Mainstream
Fast
Ethnic
Ethical
Exotic
The Modern Consumer

“Increased choice possibilities of eating meat…”

More formats and places of ingestion of foods
Changing Patterns

• Sunday activities contributes to the decline in the traditional Sunday lunch;
• Pubs/restaurants offer Value for Money and encourage ‘eating out’;
• Lifestyles and demographic trends are geared towards convenience cooking.
The Elusive Modern Consumer

Disposable income
Globalised
Wired
(dis) Loyal
Worried
6 mega trends

Health and Wellbeing
Pro-sustainability
Back to Tradition
Value for Money
Indulgence
Fast food Britain:
By Sean Poulter,
The Daily Mail (17/01/12)

- Families are buying more food from fast food chains such as KFC because it is cheaper:
  - Low prices, with burgers available for as little as 99p (R$3) each, are a particular appeal in the current economic climate.

- In 2011, More than half of all meals eaten out in Britain were from fast food restaurants.
  - Burgers, fried chicken, pizzas, kebabs and take-out curry account for 50.4% of meals bought outside the home.
  - This is up from 47.3% in 2008 and comes to some 5.54 billion fast food meals a year.
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• The growth in fast food comes from all sections of society: families, pupils skipping school meals and workers who do not have access to a workplace canteen.

• McDonald’s and smaller rivals including Gourmet Burger Kitchen (GBK) and Byron Burger have made a major effort to appeal to middle-class families.
Changing Patterns

• ‘Distance’ between the producer and consumer has increased;
• Lack of general knowledge on agriculture;
• Trust in retailers;
  – Power of the supermarkets;
• Influence of the media.
Guaranteed Satisfaction –

Consumer resistance towards fat in meat starts when marmorisation becomes visible, around 4%.

- 7 ASDA/Walmart UK employees remove excess fat.
- 1.16 tonnes/day only from shoulder and sirloin.
- Some 424 tonnes of fat are removed per annum.
- This costs ASDA £126,000 per annum.
Beef Strip stir fry
Fajita Wraps
Chicken Strip salad
Sweet & Sour Pork
Lamb Medallions
Meat Strips in-the-hole
Baked Potato with Savoury Mince
Beef Strip Pasta Bake
Lamb Strips with mash, peas & carrots

✓ Low Fat
✓ Low salt
✓ Without adding colouring and preservatives
✓ Free of Dairy, gluten, wheat and soya

...sensational

Better Burger
Harper Adams University
Trends in Consumption in the EU Countries

Europe 27
- Supply
  - has 86Kg meat available /person/year
- Demand
  - 2/3 of all meat are consumed
  - Average consumption 236g meat/day
Trends in Consumption in the EU Countries

Europe 8
UK, NL, Germany, Finland, Hungary, Italy, Spain, Greece

Demand
Meat consumption doubled in 50 years

- Poultry 300% and Pork 80%– Up
- Beef - Stable (substitution beef for chicken)
Price of Beef

\( f \): price of poultry, pork, fish, beef's own price and income.

- Global meat supply chains, processing and industrialisation has made the price of beef more sensitive to the price of poultry.
- Dominance of the income effect over the substitution effect (Menkhaus 1985).
Trends in consumption

• Different European countries have different consumption patterns and preferences:
  – Mediterranean
  – Middle/North
  – East

The perception that meat is more nutritious than carbohydrates

(Wohlgenant, 1985; Kanerva, 2013)
EU 8 Trends in Consumption

- Beef
  - Stable, but slightly up in the UK, Spain and Germany.
- Poultry
  - Increasing, but dips in France, Hungary and Italy.
- Pork
  - Increasing in Spain and Italy but decreasing in the Netherlands and Hungary.
- Sheep
  - Stable, but decreasing UK.
The role of Science
Issues in Food Marketing

• 23.8% of meat and meat products are lost in the EU alone
  – Farm, Supply Chain, the Dinner Plate and the Rubbish Bin (FAO 2011).

• Packaging and Recycling
  – Post-consumption

• Health
  – Safe food
  – Good for you (trans fats)
  – Obesity (1 in 3 will be fat by 2010) (BBC 30/08/2006)
Ecological Footprint of 1 US$ million spent

Source: WWF (2006)
Shifting Sands

- Low Carb Diet: Atkins
- Mediterranean Diet: more fruit and veg
- The Meat Free Mondays Initiative
Conclusions

• Difficulty in understanding demand of a cash rich/time poor consumer society.

• The dilemma of over generalising or over segmenting consumers’ markets.

• Consumers are elusive because of family dynamics influencing household structures and gender roles which will further influence the need for convenience.

• Consumers are elusive because of their mobility and heterodox approach to buying and consuming food.

• Consumers are influenced by the 6 global mega trends which are shaping their needs and choices.
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