General Session: The Power of Meat 2019: An In-Depth Look at Meat through the Shoppers' Eyes

Anne-Marie Roerink, Principal, 210 Analytics LLC

1. **With the emergence of digital and online purchasing, will the pendulum swing back as people yearn for human interactions and personal connection? Is this an opportunity for retailers who can perhaps deliver "an experience"?**
   Experience is absolutely an opportunity for retailers to get people in store. In the evolution of online shopping, food lags other areas, such as electronics or toys. Within food, meat lags center store categories. However, if we look at how current online shoppers are buying meat, we see that most have a combined online/offline strategy. The online portion for most are routine items and often brands they trust. Many still want to purchase other items in-store, subject to a visual inspection. However, as time passes by and consumer comfort with online shopping grows, experimentation with their trusted meat department is likely. So in my mind, the important questions are how retailers maintain their role as the provider of routine items, while adapting their in-store assortment to inspire additional trips to the store. If we look at other categories that have seen above-average online uptake, such a candy, it is exactly the experience that drives in-store success. In the case of candy, it's the seasonal periods with exciting seasonal aisles and new items that are driving trips and gains. For instance, more than 7% of total candy sales in 2018 came from new items versus an average of 3% for the total store. Event sales, seasonal celebration, new items, specialty offerings, LTOs, sampling, etc, all add experience that are hard to match online.

2. **We know there is more disparity of income. Did you look at animal welfare by income levels? Does it look different?**
   Correct. Just like income has a big influence on the importance of production claims, whether or not sales specials matter, animal welfare too is impacted by income. Given length of the report, those tables are not in the report. But happy to provide. Please email me at aroerink@210analytics.com

3. **About 3/4 of Gen Z are under 18...does your breakout consider this factor? How does the data in your study look at what is provided at home vs. how many actually have shopping responsibilities for the meat purchase?**
   In order to qualify for the study, respondents have to be:
   - at least 18 years of age
   - classify their diet as that of a meat eater or flexitarian
   - they have to share in the responsibility for grocery shopping or be solely responsible

   As to Gen Z, correct that their ages start well before 18, which is why you don't see that break out all throughout the report. In our case, we're only picking up a small sub-segment, that is 18-22, which means it is also a small part of the overall sample. Given that the smaller the size of the segment, the higher the margin of error, we were cautious to break out Gen Z unless the differences were statistically significant and focused on attitudes/opinions.

4. **Which demographic is more likely to tell you what they THINK they should say when asked these questions, rather than what they really think...or don't think. Gen Z or Boomers?**
   I have to say, as it relates to meat, consumers really seem to have a good grasp on their actual behavior versus their "aspirations." Over the past 14 years, the findings of the consumer survey have nearly always matched up with the real life overlay provided by IRI and Nielsen in terms of sales numbers. Where I think we may see a difference, is that while a good number of people say they are interested in the various health/nutrition areas and production claims, in reality, the latter are often subject to a price differential, in addition to issues surrounding actual knowledge, access, etc. Think back to the peanut butter/chicken breast example, that clearly showed people may aim to eat more healthfully but in reality, may not know what that actually entails. As to how that measures up by generation, there is no telling as the generational piece is just one of many things that influences meat consumption and shopping. Others are of course income, region, ethnicity, etc.

5. **To increase online shopping for meat: Do you think we will see a time where shoppers can pick their meat products in real time and receive the package they picked out?**
   Who knows! I imagine a more likely first step will be a greater assortment of package sizes in terms of online ordering choices. In other words, when purchasing say ground beef, they would be able to choose 4-5 different package sizes, each at slightly different price points. We know in-store, many consumers compare package on price points to start, so this kind of flexibility will be important online also, rather than selling one pound to everyone, regardless of household size. Another step may be production specifications much like how you order meat from the counter, aka, the type of marbling or thickness consumers may prefer based on pictures. But based on the type of online customization seen in other categories, who knows what the future holds!

6. **Is the biggest growth opportunity for meat in food service vs at the meat counter?**
   Meat in retail foodservice (deli prepared) is certainly growing faster, but this is also based on a smaller base number. The same goes for meat in meal kits, value added, etc. More than anything, I think we need to approach the meat purchase from the consumers' perspective. They are looking to solve tonight's dinner or the week's lineup. How can we help them across all solutions of value-added, meal kits, frozen, conventional, counter, deli prepared, etc to keep the dollar at retail rather than losing out to restaurants, regardless of which store department ends up getting the $ ring.

7. **What are your thoughts on single portion meats?**
   Portion size variety has been a strong call for years in the open ended section of the report. Many one and two-person households argue that they are not interested in a full pound of ground beef or four pork chops. Depending on where you're located in the country, the share of singles may be as high as 40% in areas like Manhattan and Chicago. In other areas, families may be more prevalent. The Census provides pretty detailed information here:
   https://www.census.gov/topics/families/families-and-households.html
   https://www.census.gov/newsroom/pdf/cah_slides.pdf
   In addition to household size, the focus on moderation, meat being more of a meal ingredient than center of plate and other trends are all pressuring volume. While bigger packages drives volume, some shoppers may actually skip the purchase because they cannot find the amount they are looking for. In Europe, many of the common SKUs, say chicken breast, are offered in single, two, four pack and volume discount pack, not to mention value added pre-cut or pre-marinated options. A different solution to this are variety packs, that provide smaller portions but still generate a larger ring.

8. **What are some ways retailers can connect on this "one meal at a time" trend? Are meal-based cases or recipe suggestions good options?**
   I think on the one hand, we need to make sure we maximize that one meal purchase and make sure we remind shoppers about the appetizer, dessert, beverage, sides, etc for said meal. On the other hand, among shoppers buying one meal at a time, retailers are fighting for the meat/dinner dollar every single night, with other proteins, other retailers and with restaurants. Some retailers have become very active in helping shoppers meal plan for the week, touting savings and highlighting freezer-friendly packaging in case dinner preparation plans go awry. In a way, this is where center store tactics on prompting impulse come into play more. How can "end caps" and signage, sampling, demos, etc prompt a purchase that the shopper had not anticipated?

9. **Only buying for one meal at a time. Are we wasting our time trying to reverse this trend based on single households? Is there no going back?**
   For some consumers, once they start families, the need to plan becomes bigger. However, among Older Millennials and Millennials with kids, we still see an elevated tendency to think one meal at a time. So reversing it, probably not going to happen. But our biggest opportunities are to maximize the ring of that one meal. To make sure that when the impromptu inspiration strikes, these

shoppers think of your store or your brand due to a strong reputation or "being there when it matters." And by providing ample inspiration AND reason to buy tomorrow's meal as well. This can be a frozen meal, so waste isn't an issue.

10. **When do you suggest that retailers can drop print ads? Ever?**
    The issue is that the print ad for many is not necessarily a cost center for the retailers as a whole based on the funds provided by CPG manufacturers in center store. In terms of what consumers want to see on the key front and back pages, it's produce and meat. So fresh ends up spending lots of time on weekly ad planning. That said, it's still the primary way to research specials among Boomers in particular and is still extremely effective at driving dollars. And this is where most retailers struggle with digital, including apps and emails. They are not quite as effective at driving dollars than the circular. So shorter-term, yes, I think the print circular is going to be smaller (fewer pages), more targeted, perhaps at a lower frequency but very few retailers at this point in time are walking away from it. Longer term, a growing number of retailers are investing in loyalty programs to have targeted/digital ways to reach their shoppers. If you're interested in a study on this, just shoot me an email: aroerink@210analytics.com

11. **When will Gen Z begin to make an impact on your research?**
    Right now, we're only looking at a small slice of Gen Z, from 18 years on up. So the bulk of respondents are Millennials, Gen X and Boomers, proportional to their percentages according to the Census. Every year, their share grows, which means their share of the sample size grows and we'll be able to include their opinions/behaviors in more areas. For now, we're cautious as we don't want to report on Gen Z unless statistically significant.

12. **Referring to the slide in which you indicated that flexitarian and vegetarian/vegan trends toward the younger shoppers: do you have a growth projection based on maturation of Generation Z as they transition from purchase influencers to shoppers?**
    It's hard to say as this was the first time we asked the question, so I don't have a trend line to see how behaviors/attitudes may be shifting over time. In the vegan/vegetarian side of things, we also see a much greater uptake among younger shoppers, in their early twenties especially. But many go back to eating meat as the years pass by, which is why the share of vegans/vegetarians has remained around 5-6% throughout the years.

13. **What do you think about changing Meat Departments to Protein Departments?**
    I like it a lot. Seafood prominently features their Omega 3 superiority. Produce cashes in on their health halo. It is time meat takes back protein. While on-pack references may be subject to other changes, making sure consumers realize meat and poultry are excellent sources of protein is a win all the way around. Peanut butter, breakfast bars, frozen, etc are making these claims for a reason!

14. **If plant-based products are suggested to be merchandised in meat departments, is it a potential deterrent to the veg/vegan shopper?**
    Anecdotally, some of the consumer videos I didn't include because of loud music in the background were with several ladies who adhere to a vegan lifestyle. One did not want plant-based alternatives in the meat department because she doesn't like going there. The other didn't want it there because she felt it wasn't a fair comparison and they would always lose out to what she called "the real thing." In reality, more than 70% of all plant-based meat alternatives are sold in frozen. Current core shoppers (vegans/vegetarians) are used to going to the frozen department. However, consumers who are looking for some plant-based integration, be it blended items or complete alternatives, leaned slightly more to having it in the meat department.