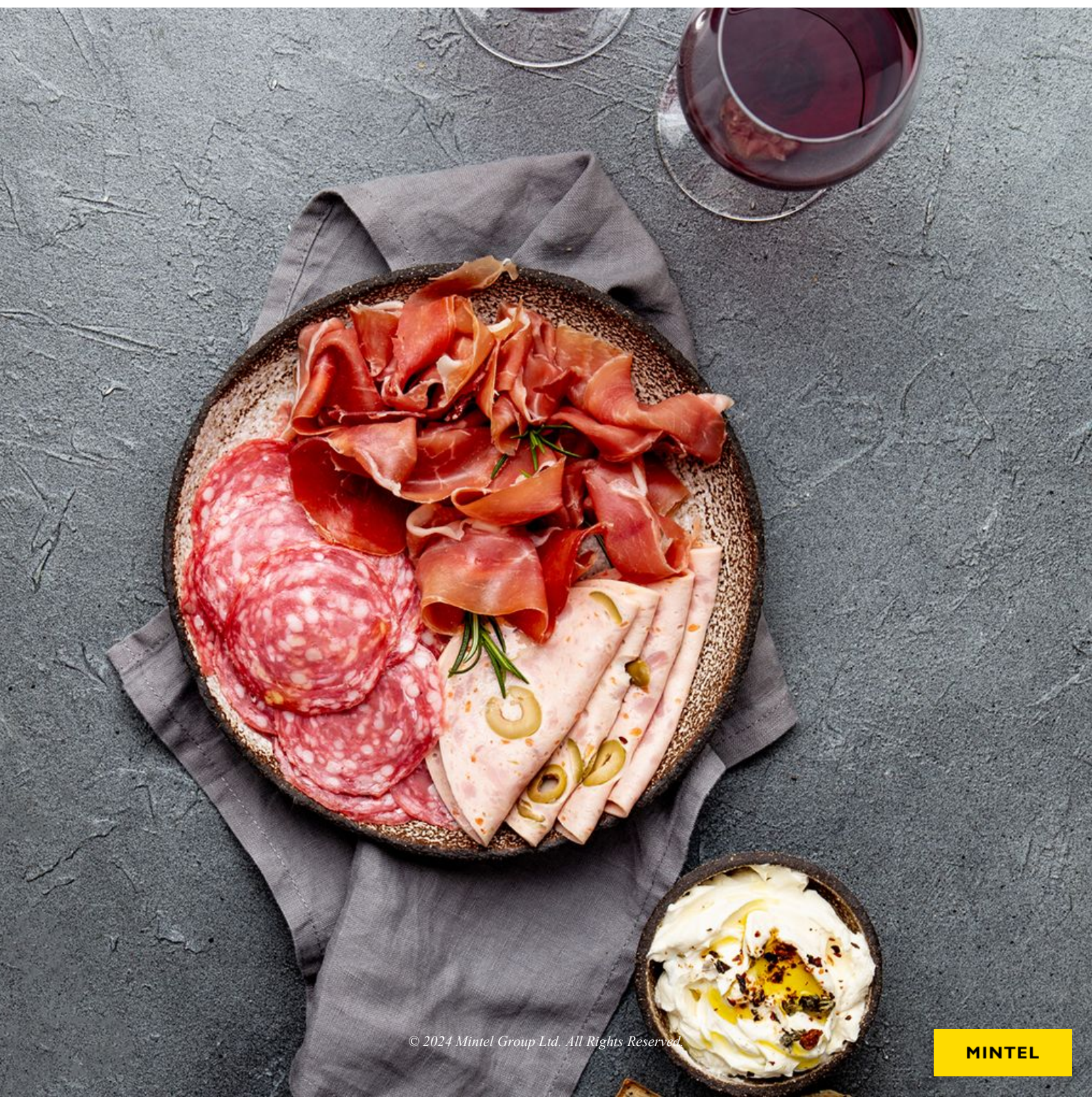


# PROCESSED MEAT – GERMANY – 2020

The appearance of a third zoonotic coronavirus could see a rise in concerns over meat safety, possibly accelerating the ongoing meat reduction trend.



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Research Director,  
Germany





# Report Content

## EXECUTIVE SUMMARY

### Note on COVID-19

- COVID-19's impact on processed meat and German consumer behaviour
- Mintel's perspective

### Market context

- COVID-19's impact on German consumers
- Meat reduction trend poses a serious challenge for the German processed meat market...
  - Graph 1: reasons for limiting/reducing meat consumption, November 2019
- ...and is chipping away at retail sales
- ...and is chipping away at retail sales
- Yet, processed meat remains on most Germans' menus...for now
- Innovation in meat substitutes will make them an increasingly popular alternative to meat
  - Graph 2: consumers who have replaced processed meat with vegetarian meat substitutes, by age, November 2019

### Mintel predicts

- Ongoing meat reduction trend expected to continue to negatively affect retail sales
- Retail sales projected to see steady decline in next five years
- Stepping up efforts on sustainability and health will be vital for the market's future
- The impact of COVID-19 on processed meat
- Short-term lift in sales due to COVID-19

### What consumers want and why

- Consumers want: transparency on meat origin and animal welfare
  - Graph 3: agreement with select attitudes towards processed meat products, November 2019
- Consumers want: products made from natural ingredients
- Consumers want: products made from natural ingredients
- Consumers want: healthier products
  - Graph 4: interest in processed meat products with added health benefits, by age, November 2019
- Consumers want: variety and flavour innovation

### Opportunities

- Amp up animal welfare credentials and communicate them more tangibly
- Consider storytelling but use with caution
- Embrace regional/local provenance and be vocal about it
- Embrace regional/local provenance and be vocal about it

- Look to low/no nitrite claims to improve cured meats' image regards naturalness and health
- Capitalise on poultry's and vegetables' health associations
- Innovate around flavours and textures to meet consumers' demand for variety

### The competitive landscape

- Private label further expands its market dominance
- Private label grows both its value and volume share
- Quick download resources

## MARKET DRIVERS

- One in four Germans showed higher levels of concern about being exposed to COVID-19
  - Graph 5: "How worried are you about the risk of being exposed to the Coronavirus (also known as COVID-19)?", 3 March-16 March 2020
- Germans are equally concerned about the impact on their lifestyle
  - Graph 6: "To what extent are you worried about how the outbreak might affect your lifestyle?", 3 March-16 March 2020
- Meat reduction trend poses a challenge for the market
  - Graph 7: Frequency of limiting one's meat intake
- Conflicting health studies on red meat's links to cancer
- Growing availability of meat-free foods contributes to meat reduction trend
- One in four swap processed meat for vegetarian substitutes
- One in four swap processed meat for vegetarian substitutes
- Growing demand for minimally processed, clean label foods poses threat to processed meat market
- Growing demand for minimally processed, clean label foods poses threat to processed meat market
- Meat industry needs to step up its efforts to meet consumer demand for naturalness
- Rising pig prices put pressure on retail prices in Germany
  - Graph 8: pig slaughter prices for pigs of grades S + E\*, 2017-Q1 2020
- Public focus on plastic waste underlines the need for packaging innovation
- Public focus on plastic waste underlines the need for packaging innovation
- Changing age structure presents challenges and opportunities
- Changing age structure presents challenges and opportunities
  - Graph 9: Population, by age group, 2014, 2019 and 2024

## WHAT CONSUMERS WANT, AND WHY

### Types of processed meat eaten

- Processed meat continues to be widely popular
- Processed meat continues to be widely popular
- Germans love their cold cuts

- Graph 10: types of cooked/ready-to-eat processed meat products eaten in the last 3 months, November 2019
- Sausages benefit from a wide range of usage occasions
  - Graph 11: types of processed meat products eaten in the last three months, cooked from raw, November 2019
- Variety is key for German processed meat eaters
- Variety is key for German processed meat eaters
  - Graph 12: repertoire of types of processed meat eaten, by age groups, November 2019
- Chilled is the preferred format for processed meat shoppers
- Chilled is the preferred format for processed meat shoppers

### Factors people check when buying processed meat

- Meat origin is the most commonly checked factor when buying processed meat
  - Graph 13: factors people check when buying processed meat products, November 2019
- Meat origin warrants more attention
  - Graph 14: "its worth paying more for meat products offering detailed information about where the meat comes from", by age, November 2019
- Calling out regional or local provenance of meat can create stand-out
- Calling out regional or local provenance of meat can create stand-out
- Animal welfare is a vastly under-explored opportunity
- Animal welfare is a vastly under-explored opportunity
- Claims related to animal welfare need more tangibility
- Lidl UK trials new meat labelling system for its fresh chicken products
- Organic brands are not currently communicating their strong animal welfare credentials effectively
- Minimal use of antibiotics is an aspect organic brands should communicate more strongly
- Minimal use of antibiotics is an aspect organic brands should communicate more strongly
- Tangible quality is top of mind for processed meat shoppers...
- ...and needs to be communicated front and centre
- Fat content warrants more attention

### Behaviours related to buying and eating processed meat

- Health and environmental concerns encourage people to cut back on processed meat
  - Graph 15: behaviours related to buying and eating processed meat products, November 2019
- Health and environmental concerns cause people to cut back on processed meat
  - Graph 16: reasons for limiting/reducing the amount of processed meat eaten over the last 12 months, by age, November 2019
- Processed meat's link to cancer is a main health concern
- Blends with poultry could help improve red meat's health image
- Urgent need for processed meat to step up on sustainability
- Competition from meat substitutes is heating up
- Recyclable packaging can create stand-out in processed meat market

- Green packaging innovation remains limited to a handful of players
- Retailers test the use of reusable food containers at deli counters

### Interest in different product features of processed meat

- Naturalness and world cuisine flavours represent promising areas for innovation
  - Graph 17: interest in buying different processed meat products, November 2019
- Germans want natural formulations
- World cuisine flavours appeal to one in four processed meat shoppers
- World cuisine flavours appeal to one in four processed meat shoppers
- Over a third of 16-34s keep an eye out for new foods/flavours all/most of the time
  - Graph 18: consumers who look for new foods/flavours to try all/most of the time, by age
- Added health benefits can help combat health concerns and meat reduction trend
- Leading UK retailers offer inspiration in the meat & veg blend space
- Meat & veg blends warrant attention in the family market

### Attitudes towards processed meat

- Being vocal about product quality is essential for building trust
  - Graph 19: attitudes towards processed meat products, November 2019
- More transparency needed to build trust in the product/brand
- Mintel Trend: Prove It
- Two in five are willing to trade up for more details on meat provenance
- Scope to leverage local production in long-established styles of cured hams/sausages
- Suffolk Salami Co produce traditional-style cured meats in the UK
- Processed meat enjoys positive associations with cooking, but more can be done to unlock this occasion
- Processed meat enjoys positive associations with cooking, but more can be done to unlock this occasion
- On-pack recipe suggestions can help drive the cooking occasion
- Processed meat enjoys positive associations with cooking, but more can be done
  - Graph 20: frequency of choosing easy (ie quick to prepare) food

## LAUNCH ACTIVITY AND INNOVATION

- Private label now responsible for more than half of new processed meat launches
  - Graph 21: processed meat & poultry launches, by brands vs private label, 2015-19
- Seven of the top 10 players in terms of NPD are retailers
  - Graph 22: processed meat & poultry launches, by top 10 ultimate companies, 2015 vs 2019
- Lidl remains a key player in NPD
- Lidl's launch activity spans across flavours, premium meats and animal welfare...
- ...as well as street food and takeaway-style products
- Aldi Nord noticeably steps up its NPD efforts

## Processed Meat – Germany – 2020

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- Animal welfare, transparency and GMO-free are key areas of NPD for Aldi Nord
- Naturalness and sustainability remain key themes in NPD
  - Graph 23: processed meat & poultry launches, by selected claim categories, 2015-19
- Additive-/preservative-free formulations are a focus within the natural space, however, the industry still has a long way to go
  - Graph 24: processed meat & poultry launches, by selected 'natural' claims, 2015-19
- Few processed meat brands make low/no nitrite claims
- German meat manufacturers respond to interest in animal welfare
- German meat manufacturers respond to interest in animal welfare
- More guidance and transparency on animal welfare with "Haltungsform" label
- Some brands turn to storytelling to elevate their natural and/or sustainable positioning
- Several players explore game/wild meat
- American-style steak culture fuels innovation in prime meat cuts
- World cuisine flavours add differentiation in a largely traditional market
- Mediterranean flavours are a safe bet
- Asian-inspired flavours are so far rather generic
- Latin-inspired flavours gain ground
- Fillings add variety and texture in meatballs

## MARKET SHARE

- Private label further expands its market dominance

### Retail market share of processed meat & poultry, by value, 2017-19

- Private label leads the processed meat market with a 56% value share

### Retail market share of processed meat & poultry, by volume, 2017-19

- Private label further strengthens its volume share; little change for leading brands

## MARKET SEGMENTATION, SIZE AND FORECAST

### Forecasting during the COVID-19 pandemic

- Note on forecast in response to COVID-19
- Note on forecast in response to COVID-19
- German processed meat market suffers from meat reduction trend
- Value sales projected to decline consistently up to 2024
- Meat reduction trend will drive down volume sales in the next five years
- Short-term lift in sales due to COVID-19
- Short-term lift in sales due to COVID-19

- Short-term sales boost due to COVID-19
- Medium term, the category is expected go back to pre-COVID-19 normality fairly quickly
- Long term, a rise in meat safety concerns could accelerate the meat reduction trend
- Long term, a rise in meat safety concerns could accelerate the meat reduction trend
- Chilled segment dominates retail sales with 85% value share
- Chilled segment accounts for lion's share of retail sales

## APPENDIX

### Appendix – products covered, abbreviations and consumer research methodology

- Products covered in this Report
- Consumer research methodology

### Appendix – market size and forecast

- Forecast methodology
- Forecast methodology – fan chart

### Germany: retail sales of processed meat/poultry, by value, 2014-24

- Market size and forecast – value

### Germany: retail sales of processed meat/poultry, by volume, 2014-24

- Market size and forecast – volume

### Germany: retail sales of processed meat/poultry, by value, best- and worst-case forecast, 2019-24

- Market size and forecast – value – best- and worst-case

### Germany: retail sales of processed meat/poultry, by volume, best- and worst-case forecast, 2019-24

- Market size and forecast – volume – best- and worst-case

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