# PROCESSED POULTRY AND RED MEAT MAIN MEAL COMPONENTS – UK – 2023

High inflation has fuelled rapid value growth in 2023, with volume cutbacks amid efforts to save on groceries. Rising incomes will bring opportunities and threats.


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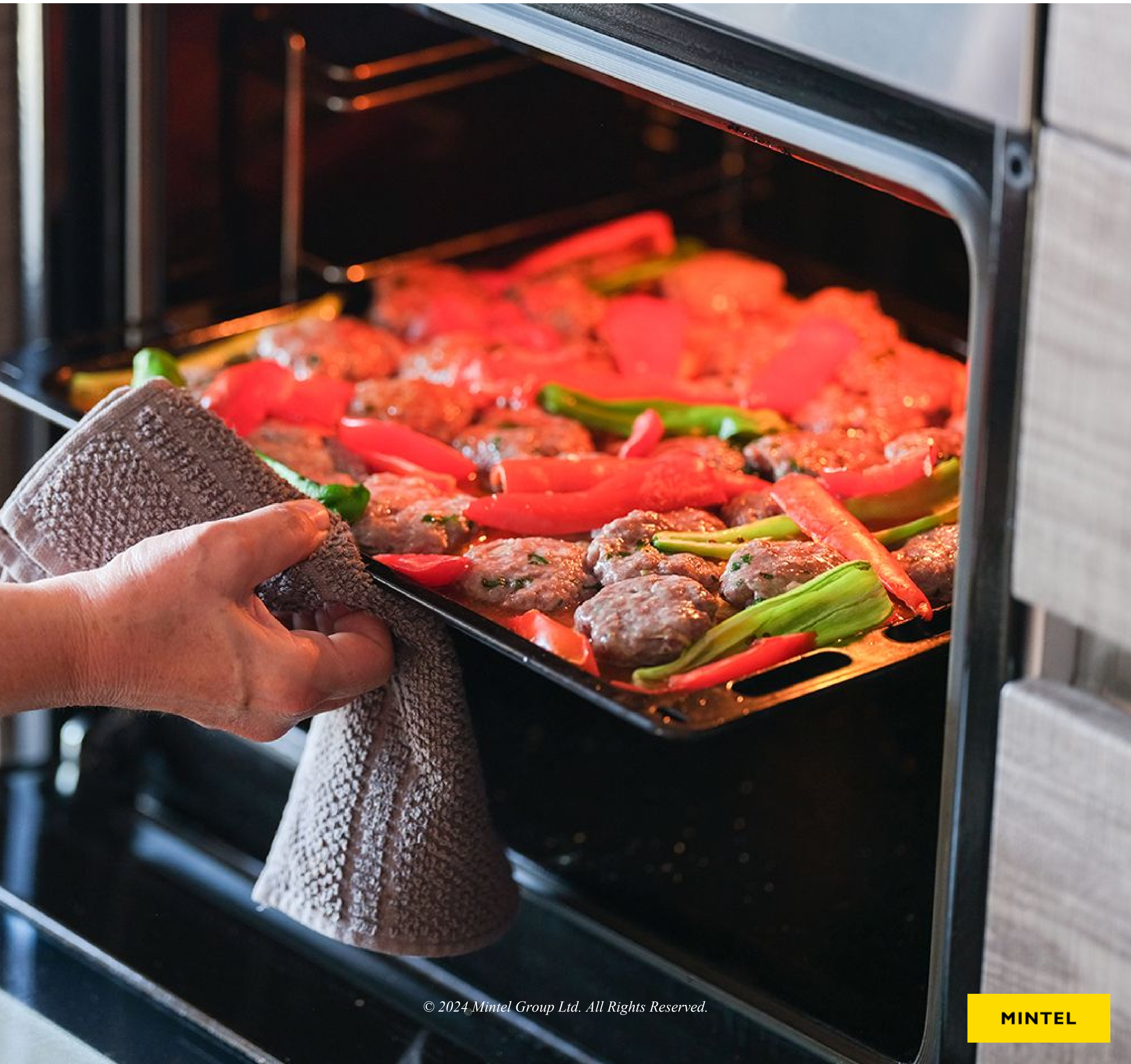



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# Processed Poultry And Red Meat Main Meal Components - UK - 2023

**This report looks at the following areas:**

- The impact of the rising cost of living on the processed meat market, including trading down into and within the category amidst high inflation
- Key trends in recent launch activity and future opportunities
- Usage of processed meat products and key demographics
- Factors consumers associate with value for money for processed meat products, including short cooking times and versatility
- Consumer behaviours and attitudes related to processed meat products, including opportunities to highlight green credentials and versatility of products

"High inflation has fuelled rapid value growth in 2023, with volume cutbacks amid efforts to save on groceries. Rising incomes will bring opportunities and threats.

**Overview**

High inflation fueled rapid value sales in the category in 2022, with this trend continuing into 2023. Whilst the category will have benefited somewhat from trading down from primary cuts and foodservice during the income squeeze, it has also faced cutbacks as consumers have economised on their grocery spend. With slow real wage growth expected in 2024, the relative affordability of these, compared to unprocessed cuts and convenience options like ready meals, will continue to appeal in the short term.

The easing of pressures on household incomes will facilitate trading up to unprocessed cuts of meat, as well as increase the competition from foodservice options, hitting volume sales. The recent media spotlight on ultra-processed foods and a predicted rise in consumers' focus on health as household finances improve will also pose a threat to the market.

While sustainability has taken a backseat for many people during the income squeeze, improving finances should see it become more of a priority. This stands to re-energise the meat reduction trend, posing a threat to the processed meat market. However, consumer interest in processed meat products which are transparent about their environmental impact points to an opportunity for producers to keep shoppers on side by exploring greener practices.

# Report Content

## EXECUTIVE SUMMARY

### Key issues covered in this Report



### Opportunities for the processed poultry and red meat main meal components



### Market dynamics and outlook



### What consumers want and why

### Innovation and marketing

- Environmentally-friendly packaging claims remain prevalent in launches
  - Graph 9: share of new launches in the meat and poultry* category, by ethical claims, 2019-2023**
- Own-label and branded launches signal high welfare standards on-pack
- Both premium and economy launches gain share
- AHDB's 'We Eat Balanced' returns while its 'Mix up Midweek with Pork' spotlights health

## MARKET DYNAMICS

### Market size

- High inflation drives value growth in 2022 and 2023
- Retail value sales of processed poultry and red meat main meal components
  - Graph 10: retail value sales of processed poultry and red meat main meal components, 2018-23

### Market forecast

- Value proposition of category will continue to appeal in the short term
- Processed meat category faces headwinds moving forward
- Learnings from the last income squeeze

### Market segmentation

- Value sales soar amidst high inflation
- Income squeeze boosts appeal of processed poultry
- UK: value retail sales of red meat main meal components and coated poultry, by segment, 2018-23
- Cooked sliced meat/poultry and canned meat sales rise amid inflation
- Canned meat faces a challenge to stay relevant, sliced meat comes under scrutiny amid income squeeze

### Market share

- Value growth in the frozen market driven by inflation
  - Graph 11: retail sales of leading brands in frozen processed meat/poultry meal components, by value, 2020/21-2022/23
- Own-label continues to dominate frozen processed meat and poultry meal components segment
- Own-label loses share in chilled cooked sausage segment
  - Graph 12: retail sales of leading brands in retail chilled cooked sausages market, by value , 2020/21-2022/23
- Leading canned meat brands Princes and Spam see value decline
  - Graph 13: retail sales of leading brands in cold canned meats, by value, 2020/21-2022/23

### Macro-economic factors

- The UK has avoided recession, but economic output has stagnated since the cost of living crisis began
  - Graph 14: GDP, 2021-2023
- Inflation is still the key factor affecting consumers' finances

- Graph 15: CPI inflation rate, 2021-23

- Meat prices continue to rise

  - Graph 16: Consumer Price Index annual rate for poultry, pork beef and veal, other meat and food, 2018-23

- Interest rates will rise in importance over the remainder of 2023 and into 2024
- Food and drink inflation is the primary concern for consumers – but interest rates are moving up the agenda

  - Graph 17: "Have you been affected by any of these issues over the last two months? Please select all that apply.", 2023

- Consumer sentiment: the recovery has begun…

  - Graph 18: the financial wellbeing index, 2016-23

- …and people feel more confident about their financial prospects

  - Graph 19: the financial confidence index, 2016-23

- Rising household incomes will bring opportunities and challenges

  - Graph 20: types of products people want to buy more of once the cost of living pressures eases (select up to three), 2023

### Social, environmental and legal factors

- Delay to Border Target Operating Model (BTOM)
- New labelling requirements for processed meat products moving from Great Britain to Northern Ireland
- Strong consumer interest in healthy eating

  - Graph 21: how often people try to eat healthily, 2018-22

- Media spotlight on ultra-processed foods
- Openness about manufacturing process can allay concerns
- Salt reduction remains on the agenda
- Flexitarian trend firmly mainstream

  - Graph 22: meat eating habits, 2018-23

- Flexitarian trend poses long-term threat to meat market
- Activists win right to challenge England's Food Strategy
- Decline in under-15s will dampen volume sales in the next five year

  - Graph 23: trends in the age structure of the UK population, 2018-28

- Mixed effects from changes in age groups

## WHAT CONSUMERS WANT AND WHY

### Usage of processed meat and poultry products

- Raw processed meat/poultry enjoys near-universal usage

  - Graph 24: usage of raw processed meat/poultry products, by type, 2021-23

- Sausages and bacon maintain popularity, low engagement with younger demographics poses challenge moving forward

  - Graph 25: usage of selected raw processed meat products, by age and presence of children in the household, 2023

- Usage of cooked/ready-to-eat products remains steady

- Graph 26: usage of cooked/ready-to-eat processed meat/poultry products, by type, 2021-23

**Factors associated with good value in processed meat**

- Short cooking time and flavouring are top factors associated with good value in processed meat products
  - Graph 27: factors associated with good value in the processed meat category, 2023
- 35% associate short cooking time with good value in processed meat products
- Front-of-pack cooking time call-outs will communicate value
- Spotlight opportunities opened up by time saved to highlight value
- One in four see suitability for energy-efficient appliances as marker of good value
- Scope to call out energy-efficient cooking beyond airfryers
- Showcase versatility of processed meat products
- Recipe ideas can boost appeal of traditional products
- International products offer inspiration for showcasing recipe ideas on pack to signal versatility

**Attitudes towards processed meat products**

- Environmental transparency appeals in processed meat products
  - Graph 28: attitudes towards processed poultry and red meat main meal components, 2023
- Appeal to those interested in sustainability
- Strong demand for environmental transparency
- Opportunity to showcase green credentials
- Highlight industry's commitment to sustainability
- Eco scores can drive consumer engagement
- Eco score trial set to provide recommendations
- Low-carbon claims have potential to appeal
- Interest in cell-based processed meat
- Consumer acceptance will be key in success of cell-based products
- Cell-based meat is in beginning stages in the UK

**Behaviours related to processed meat products**

- High consumer enjoyment in trying new processed meat products
  - Graph 29: behaviours related to processed meat products, 2023
- Three in five users enjoy trying new products
- Continue engaging consumers with NPD
- Recipe inspiration can cater to consumer demand for newness
- Recipe ideas can bolster a sense of newness
- Further opportunities to explore less familiar cuisines
- Half of eaters welcome ideas for making processed meat go further
- Show how processed meat products can go further
- The convenience of ready meals poses competition to processed meat

- Appeal to those looking for quick meal solutions
- Co-locating meal components in store can boost convenience proposition

## INNOVATION AND MARKETING TRENDS

### Launch activity and innovation

- Environmentally-friendly packaging claims remain prevalent in launches
  - Graph 30: share of new launches in the meat and poultry* category, by ethical claims, 2019-23**
- Rise in ethical animal claims' share continues
- Sainsbury's updates chicken welfare standards
- Brands continue to look to NPD to challenge own-label
- The Jolly Hog rebrands, also flagging B Corp status
- Myprotein brings exclusive range to Iceland
- Leon expands retail offering with gluten-free nuggets, Spam launches new fritter
- Finnebrogue focuses on gut-health in new launches
- Both premium and economy launches gain share
  - Graph 31: economy and premium claims' share of processed meat products, 2019-23
- Premium brand DukesHill secures retail listing, Simon Howie extends range
- Premium looks to luxury ingredients, Sainsbury's revamps economy range
- Heck enters the bacon market and launches lamb NPD
- Slow-cooked dishes continue to attract NPD
- Seasonal variants, less-established shapes and additions continue to be explored…
- …ranging from Halloween to chilli jam

### Advertising and marketing activity

- Adspend jumps in 2022
  - Graph 32: total above-the-line, online display and direct mail advertising expenditure on processed poultry and red meat products*, 2020-23*
- Tesco's new Food Love Story
- AHDB's 'We Eat Balanced' returns while its 'Mix up Midweek with Pork' campaign spotlights health
- M&S promotes welfare standards
- SPAM launches new TV campaign to attract younger consumers
- The Jolly Hog launches first out-of-home campaign

## APPENDIX

### Supplementary data: market share

- UK: retail sales of leading brands in frozen processed meat/poultry meal components, by volume, 2020/21-2022/23

**Market forecast data and methodology**



**Report scope and definitions**



**Methodology**

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