

final report

Project code: A.RMH.0020
Prepared by: David Jenkinson
DIJ Strategy Pty Ltd
Date published: 3rd August 2015

PUBLISHED BY
Meat & Livestock Australia Limited
Locked Bag 991
NORTH SYDNEY NSW 2059

Red Meat Innovation Insights Report: Food for Active Ageing

Meat & Livestock Australia acknowledges the matching funds provided by the Australian Government to support the research and development detailed in this publication.

This publication is published by Meat & Livestock Australia Limited ABN 39 081 678 364 (MLA). Care is taken to ensure the accuracy of the information contained in this publication. However MLA cannot accept responsibility for the accuracy or completeness of the information or opinions contained in the publication. You should make your own enquiries before making decisions concerning your interests. Reproduction in whole or in part of this publication is prohibited without prior written consent of MLA.

Table of Contents

1. Abstract

2. Background

3. Understanding the Existing World of Seniors

Emerging importance of seniors
Why the term 'Active Agers' – core motivations

4. A Deeper Understanding of Seniors

Segmenting seniors – contrasting personal values
Existing food drivers – food attitudes & existing capabilities

5. Foresight Themes - Drivers thru to 2020

Consumer Demand:

Designed for me
Fits my life
More than food

Industry Capability:

Shifting view of opportunity
Supply chain reinvented
Institutional response

6. Future Opportunities for Red Meat

1. Meal solutions that reflect seniors' values
2. Re-invention of existing grocery brands
3. Hi Protein meat based snacks
4. Foodservice embrace seniors
5. New food choices in Retirement Living
6. Supermarkets re-focus their efforts
7. Re-thinking red meat fundamentals
8. Reinvention of Meals on Wheels

1. Abstract

An ageing population has long been touted as having one of the most significant impacts on developed societies. But whilst industry sectors like health services, tourism and financial services have experienced significant change and growth; the over-riding sense in the food industry is that it has had little impact. However, Nielsen have forecast that the majority of growth in food grocery over the next 5 years will come from will satisfying the needs of seniors¹. For not only will they provide the largest growth in our population, but new generations of seniors have very different expectations and thus represent greater opportunities for value-adding offerings, particularly in enhancing their health and wellbeing.

In addressing this opportunity, it is important to recognise that not all seniors are the same, whilst many are shaped in their behaviours by their traditional values, growth will come from the Boomer generation who have far more progressive values.

Defining foresight themes enable us to anticipate how seniors' demands and expectations will manifest themselves. They will likely demand products designed for their unique requirements, as against compromising with family based, or single young adult offerings. Their active lives will also disrupt their meal 'long hand' meal preparation habits, seeking solutions that deliver the desired outcome for less effort. Finally food supports many needs beyond nutrition, with it being a catalyst for bringing often-lonely seniors together, as well as providing a source of personal achievement and self-expression.

Of equal importance is how industry and supply chain capabilities will evolve to address the opportunity. The greatest shift will be in attitude towards seniors, no longer an after-thought, many channels will realise the value in catering to seniors. Secondly, the re-invention of supply chains will enable substantially different offerings to be brought to market with vastly different value offerings. The greatest question facing the seniors opportunity and potentially of the most profound impact, is the reaction of government and other institutions – will they see satisfying the nutrition needs of seniors as part of the greater challenge of catering to their life needs.

Crystallising the combination of these foresight drivers into different combinations creates a number of defined opportunity spaces. There is an opportunity meal solutions for seniors, providing alternative offerings outside of the existing freezer case, that seniors don't find desirable. Other opportunities include snacks that allow seniors to consume their required protein allotment on a daily basis and the re-invention of meals on wheels to meet more demanding taste and nutritional expectations.

2. Background:

Australia is entering an era that has been long in the making. Birth rates through the 1950's & 60's were well above 3 children per adult female, have for the last 30 years been at around 1.8². Combined with much greater levels of life expectancy is now creating a never before seen large proportion of seniors within the population.

However, the seniors' opportunity is far more than just the impact of seniors becoming a significant proportion of the population. New generations of seniors typically have high wealth, having been the primary beneficiaries of the property boom. Perhaps most

¹ Source: Nielsen 2015 Grocery Food Conference

² Source: ABS – Australian fertility rate

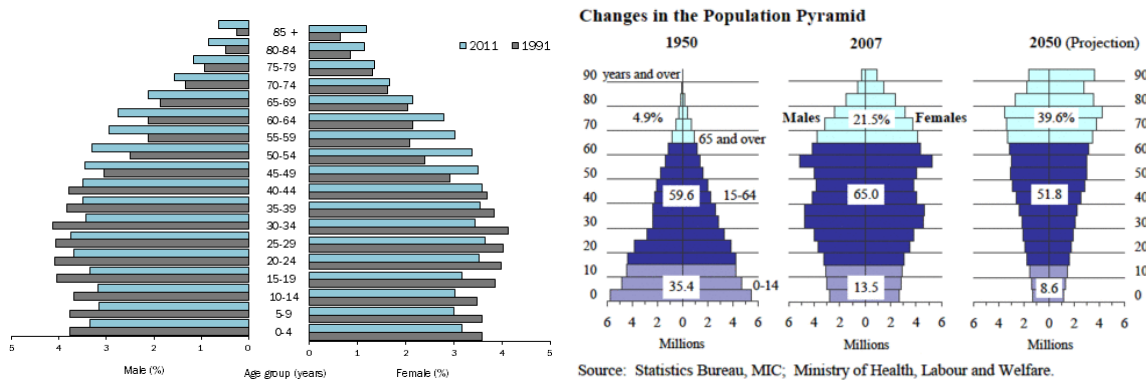
importantly is that they also have a very different attitude towards ageing and what their 'twilight years' holds. They believe, with the right approach to health & wellbeing, they can lead a full life: taking up new hobbies, exploring the four corners of the world and pursuing active interests.

The prevailing view is that seniors have been 'set in their ways', happy to consume familiar favourites. Regardless, their lack of significance as a proportion of the population has meant that they have had few choices. But in future, they will likely become innovators within the food market, demanding of new choices that meet their health & wellbeing needs.

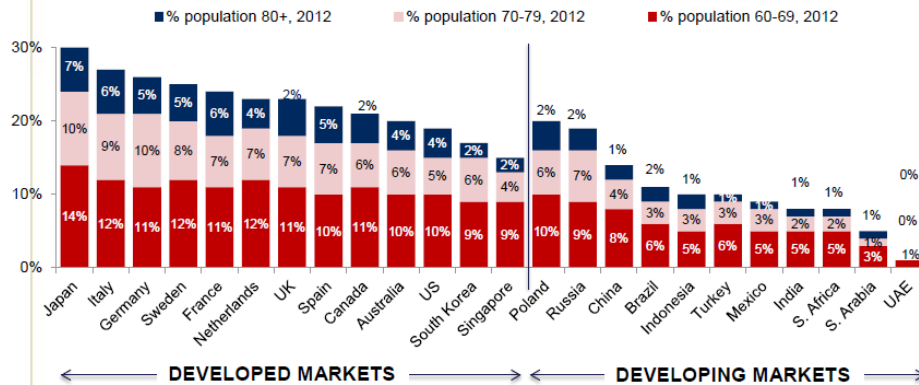
3 Understanding the Existing World of seniors

‘Active Ageing is the process of optimising opportunities for health, participation and security in order to enhance quality of life as people age, thus allowing them to realize their potential for physical, social and mental well-being through the life course.’³

Seniors are reaching a critical mass in Australian society – unable to be ignored from both a political and business perspective. The numbers of older people will increase rapidly as the ‘shockwave’ of baby boomers move past 65. ABS projections anticipate that the number of people aged 65+ will increase by 84.8% to close to six million people between 2011 and 2031. And over that time period, their proportion of the population will increase from 13.8% to 18.7%.⁴



Whilst Australia is by no means at the forefront of Seniors dominating the population landscape ... its not far behind either.



Importantly, these Baby Boomers are entering their senior years with vastly different economic and social expectations from previous generations of older people. They have redefined every life stage, and they will revolutionise what it means to grow old.

They will expect to stay physically fit, mentally alert and socially active as they continue to work part-time, volunteer their expertise and explore new interests. They will also have significant spending power. In Australia, 73% of net household worth (\$3,262b) is currently held by people 45 years and older.

³ Source: World Health Organisation

⁴ Source: Australian Population and Migration Research Centre, “The Demographic Facts of Ageing in Australia: Patterns of Growth”, Policy Briefs Vol. 2 No 2, by Graeme Hugo, February 2014.

This new generation of *ACTIVE AGERS* will expect dynamic new products, services and living arrangements to meet their needs and retain their independence. They will be interested in how the science of ageing can give them a 'Longevity Dividend' to slow the mental and physical decline of ageing. For example:

Decline in cognitive function – the systematic use of 'brain training' exercises has been shown to result in lasting changes to cognitive function that include better memory, faster visual and auditory processing, and sharper attention.⁵

Sarcopenia – the age-associated loss of skeletal muscle and function that causes reduced strength and physical function. Research has demonstrated that increased protein in the diet of older people, coupled with exercise, can significantly delay sarcopenia.⁶ Some aged care nutritionists have recommended increasing the amount of protein from .8g complete protein/kg body weight to 1.2g per body weight. (For example, a person weighing 70k will need to increase their intake of protein from 56 grams per day to 84 grams per day.)⁷

Loss of appetite – due to diminished sensitivity to taste and aromas, that can be further impaired by the multiple medications that many older people take. The frail elderly often have difficulty chewing and swallowing, which also affects their appetite.

Active Agers will seek solutions to maintain their physical, mental and social wellbeing. They will adopt a HIGH PROTEIN DIET combined with EXERCISE to retain their health, fitness and independence. They will seek meal solutions and snacks that stimulate their appetites to make sure that they get the amount of protein their bodies need.

⁵ Source: Willis SL et al, 'Long-term effects of cognitive training on everyday functional outcomes in older adults', Journal of the American Medical Association, 2006 Dec 20;296(23):2805-14.

⁶ Source: Deakin University, "More protein with ageing for active body and mind, American Journal of Clinical Nutrition, Deakin Centre for Physical Activity and Nutrition Research, 2014.

⁷ Source: Castellanos, VH et al, Nutrition Clinical Practice, 2006;21:485-504.

4 Developing a Deeper Understanding of Seniors

Segmenting Seniors

There is a long held belief that seniors are a fairly homogeneous group, with fairly consistent values and behaviours. There is recognition that a 65 year old is different from an 85 year old, age having finally caught up with latter, significantly restricting their capabilities. Thus seniors have tended to be defined purely on the basis of age (the young-old, old and the very old!).

The changing dynamic of seniors makes this 1-dimensional view inaccurate. Particularly the emerging generation of seniors – Boomers reaching their retirement years, but in truth, early signs have been around for along time. These seniors possess vastly different values, embracing new technologies, living it up during their golden years and most importantly, experiencing a great many new things in life.

Thus arriving at a Seniors Segmentation needed to recognise that whilst retiree is looking forward to tending their garden and living a fairly frugal life, another is taking numerous international holidays and planning new challenges. Thus we have both a Progressive segment of seniors, as a group with a more Traditional mindset. However, at the 80 plus, a general loss of physical capabilities and mental faculties does tend to shape their world.

Where as previous generations of retiree's have been predominantly of this more Traditional mindset (80:20), Boomers have both the desire & the means to live a fuller life and hence existing retiree's now skew marginally towards the more Progressive mindset (52:48), with this trend continuing.

Existing Food Drivers

Many providers of products and services for seniors still hold a view of them as the 'Laggards' of Society, with corresponding traditional food attitudes and behaviours. Typically seniors themselves often feel they have to fit in and around everyone else, making do with what everyone else wants or having to make appropriate compromises. Thus there are very few products on the shelves of supermarkets, or food service offerings specifically designed for the needs of seniors.

In a world where the success of Coles & Woolworth's has been achieved through focusing on the 'middle majority' / families, this has left very little space for the development of offerings appropriate to seniors.

The challenge looking forward to 2020 and beyond is to identify INNOVATIVE SOLUTIONS that will connect with Seniors' future food attitudes and behaviours with future supply chain and channel capabilities to deliver.

5. FORESIGHT THEMES – 2020 AND BEYOND

The *INSIGHTS 2 INNOVATION* process is designed to identify future drivers for the food industries development in general, and the Australian red meat industry in particular.

These future drivers will stem from Active Agers' changing food attitudes and behaviours to support increased lifestyle expectations, and from opportunities for food supply chains and channels to better meet these expectations by 2020 and beyond.

Future drivers fall into two broad areas, from which six foresight themes have been developed:

Consumer-driver: 'Designed for me', 'Fits my life', and 'More than food'

Supply chain capability-driven: 'Shifting view of opportunity', 'Supply chain reinvented', and 'Institutional response'

Consumer Driven Foresight Themes

5.1 Designed for me

Active Agers will ensure they are getting the foods they need to enhance and maintain their health and independence. They will follow exercise regimes and adopt a diet higher in protein when they realize the benefits to retaining their physical mobility and mental acuity.

However, due to diminishing appetites, they don't want the quantity of food they used to eat. Their preferred food choices will need to be packed with the protein and nutrients they require, and come in smaller portion sizes. And they will want meals with stronger and richer flavours to compensate for diminishing taste and smell capabilities. RED MEAT has an advantage of having a distinct, strong flavour that is already one of their favorites.

And they will want packaging to be designed to be EASY TO USE and EASY TO OPEN. Arthritis Australia has developed a coding system for packaging that addresses sensory, motion and cognitive functions important to seniors.

5.2 Fits my life

Active Agers will not structure their lives around three home-prepared meals. They will be living life to the full and will expect their food choices to keep pace with their active life styles.

They will want convenient meal options, but they will have high expectations as to the quality and freshness they expect of convenience. Traditionally, they have not embraced 'convenience foods' because they see them as being too processed and artificial.

Existing ready-meal solutions are not designed for, nor marketed to Active Agers. Meals on wheels is largely seen as a support service that provides social contact as much as food for house-bound ageing seniors. A gourmet dinner service may well appeal to 'Active Agers' in the 'Living it up segment'.

Active Agers will also want to be eating on the go as they pursue their diverse interests. They will be prepared to pay for what they want if it's available when and where they want it. They will want foods that help them stay fuller for longer, contribute to their overall

wellbeing and keep them energized to pursue their activities. Tasty energy and snacking products packed with their nutrient requirements may well appeal to them.

5.3. More than just food

For Active Agers, food will be more than just nutrition. It will be the basis for social connection that reconnects them with their past, fuels their adventurous spirit and is a source of great pleasure.

Active Agers will believe they have earned the right to spoil themselves and will give themselves permission to indulge in special experiences. Many are already developing sophisticated palettes and becoming food and wine connoisseurs. Authentic flavours and fresh ingredients will be particularly valued as natural ways to achieve a premium product.

For some seniors, food brings back family recollections and fond memories with strong emotional ties to the foods they grew up with. Research has shown that food enhanced fragrance is particularly important in stimulating these emotional memories.

Meal times provide opportunities for socializing for many seniors. Pubs and restaurants will design 'senior experiences' – food offerings and spaces to encourage active social interaction.

For Active Agers seeking new hobbies and interests, food will provide an avenue for 'soft adventure' and artistic expression. They will go on food tours and learn how to cook authentic foods from other cultures. The more affluent Active Agers are already buying artisanal and premium products at Farmers Markets and specialty stores.

Supply Chain Capability Driven

5.4. A shifting view of opportunity

In many parts of the world, retail and food service channels are recognising there is profit to be made by targeting more than the 'middle majority' or the premium segment of the population – seeing opportunity in a segment that seeks a value-added solution.

In the developed world, supermarkets have generally evolved to reflect the needs of the core family group. Their locations, ranging, format and approach to pricing are based on the volume family shopper, even whilst this group now divides their food shopping over many occasions. They have evolved their offerings to appeal to more peripheral groups, such as the fast checkout for the 'Grab & Go' customer, seeing these as incremental opportunities, never at the expense of the core.

In the UK supermarket landscape, it is these mainstream offerings that are struggling for relevance in a changing shopping landscape. The 'one-size fits all' broad offering approach, aiming to achieve the lowest cost base, is losing out to a number of more focused offerings.

Australian supermarkets have started to target consumers with distinct needs, as demonstrated by their support of gluten-free offerings even though less than 1% of the population have coeliac disease and only 6% to 7% have some form of gluten intolerance.

However, the core of a supermarket's offering – ranging, pack sizes and pricing – is at odds with the needs of seniors. This is in stark contrast to the UK where both Marks & Spencer's and Waitrose have built successful businesses through focusing on seniors, particularly those with spending power.

The food service industry has long recognised the opportunity to target new meal occasions that incur only marginal incremental costs. Some pubs/hotels in Australia are targeting mid-week lunch times to local seniors. Whilst these offerings are largely discount-based, they demonstrate the emerging opportunity that seniors represent.

5.5. The supply chain reinvented

Through innovative packaging technologies and re-thinking supply chains as the basis for new business models, new players are entering market sectors with fundamentally different offers.

It used to be the case that there was a huge difference between a 'fresh' and a 'pre-prepared and stored' product. New processing and packaging technologies, such as HPP, have changed the paradigms of "fresh, tasty and nutritious", or "convenient and good value". Increasingly a number of offerings span both, as Luv-a-Duck, with their Peking Duck kits illustrate.

Many food service operations have determined that they can value-add farther back up the supply chain without compromising their offering to the customer. Even at 'high end' restaurants, there is little need for a qualified chef.

One of the most significant new food concepts is the emergence of mobile food solutions that can be found in progressive cities such as London and San Francisco. These focused offerings have lower overheads and greater flexibility in targeting opportunities. Most significantly, they have redefined expectations of 'fast food' by delivering great tasting, authentic food experiences, with a fresh and healthy offering.

5.6. Institutional Response

Government and health care providers recognize the burgeoning cost of a growing population of seniors. Some countries are concerned they will see an exodus of younger working people if too much onus is placed on them to support a growing proportion of seniors. They are looking for solutions that keep people healthy and independent for as long as possible.

The nutrition and wellbeing of seniors is increasingly being brought into the spotlight. To date, regulations have focused on food standards and hygiene, particularly in Aged Care facilities. With many of these facilities being run on a tight budget, the taste and enjoyment of food is often quite poor. But with health professionals advising the importance of a high protein diet, residential care facilities will need to respond.

The stereotype that seniors will choose the same living arrangements as previous generations will likely be challenged. Already, seniors are moving into facilities which offer shared living arrangements, not dissimilar to University Halls of Residence. When meal preparation becomes a shared task, the dynamic of food choices and preparation will likely change significantly.

The 'Aged Care' sector is seen as a high growth prospect with some of the 'hottest' new stock market listings. The market recognises the growth potential and new value-creating opportunities that exist in this sector. In particular, the breadth of choice is expected to increase significantly with the development of more up-market and active lifestyle-oriented facilities.

6. Outcomes Overview

1. Meals solutions, in various forms, will have the opportunity to be embraced by a willing recipient, eager to embrace value-added products & services

Key Drivers:

The challenge in balancing a high protein content, in a smaller offering, that also delivers to their tastes.

Seniors have better things to do than daily cooking – pay a premium for others to do as they would do

New supply chain configurations enable efficiency & addition of a fresh component, closer to purchase

New regulatory guidelines on nutrition & a strong commercial underpinning could broaden relevance



2. Existing products that have long appealed to Seniors, currently occupying the lower supermarket shelves, will have the opportunity to reinvent themselves as value-added offerings

Drivers:

Seniors expect food to be of higher quality, deliver strongly on taste & bring back fond memories

Seniors are increasingly frustrated with many forms of hard to open packaging (makes them feel 'old')

New prod'n models & channel expectations makes the delivery of small-serve offerings good value

The development of rating systems will need to highlight nutritionally sound offerings for seniors



3. There is the opportunity for a meat based snack that promises to optimize muscle regeneration post vigorous exercise

Drivers:

Seniors will embrace weight bearing exercise with vengeance, to stave off muscle wastage

Like athletes, Seniors will recognise the benefits of consuming quality protein post exercise

As much a channel solution, as Seniors 'live the life style' frequenting adjacent Café's post work-out

Expert nutritional advice from respected sources will be required to educate Seniors of the way forward

3 A high protein snack that truly delivers

Drivers:

Seniors will embrace weight bearing exercise with vengeance, to stave off muscle wastage

Like athletes, Seniors will recognise the benefits of consuming quality protein post exercise

As much a channel solution, as Seniors 'live the life style' frequenting adjacent Café's post work-out

Expert nutritional advice from respected sources will be required to educate Seniors of the way forward

4. Food service will need to go beyond tokenism & discounted offerings to bring seniors in during quiet times, to embracing the opportunity by developing their offer

Drivers:

Not prepared to work around others, expectations are for an tailored offering to meet their requirements

Seniors are not stuck at home; active lives (café's) & grand children (fast food) take them out & about

Seniors desire & requirement to get out and socialise, means popular venues will win out

New approaches to food preparation will be required to deliver fresh & tasty offerings at all times of day

4 Food Service adapting their offering

Drivers:

Not prepared to work around others, expectations are for an tailored offering to meet their requirements

Seniors are not stuck at home; active lives (café's) & grand children (fast food) take them out & about

Seniors desire & requirement to get out and socialise, means popular venues will win out

New approaches to food preparation will be required to deliver fresh & tasty offerings at all times of day

5. Retirement homes will need to make a greater effort to accommodate the diverse needs and preferences of a demanding audience

Drivers:

Not prepared to work around others, expectations are for an tailored offering to meet their requirements

Seniors are not stuck at home; active lives (café's) & grand children (fast food) take them out & about

Seniors desire & requirement to get out and socialise, means popular venues will win out

New approaches to food preparation will be required to deliver fresh & tasty offerings at all times of day

6. Supermarkets will need to respond to capture the 'hearts and minds' of the new Seniors as they increasingly account for a greater proportion of society

Drivers:

Seniors will expect a range of nutrition, quality & taste offerings appropriate for their needs & tastes

In some regional center's (i.e. mid-NSW coast), Seniors will be the dominant customer group

Seniors will demand a variety of pack-sizes, not penalized on value & ease of opening packaging

Seniors will need objective guidance & advice to help them make smart nutritional choices

7. The exacting requirements of Seniors will require shifting from a 'yield first' perspective on Red Meat development, to explore more fundamental solutions

Drivers:

The challenge of eating a high protein diet requires a wider range of protein-rich products that they love

Not happy to fit in with the majority, they will seek their own versions (smaller, tastier, easier to eat, ..)

Deserving of a more premium version that delivers to their nutritional requirements – natural elixirs

As has happened in other categories, explore other dimensions of performance, beyond yield

7 Developing more fundamental solutions

Drivers:

The challenge of eating a high protein diet requires a wider range of protein-rich products that they love

Not happy to fit in with the majority, they will seek their own versions (smaller, tastier, easier to eat, ..)

Deserving of a more premium version that delivers to their nutritional requirements – natural elixirs

As has happened in other categories, explore other dimensions of performance, beyond yield

Many 'much loved' cuts of red meat can no longer be stomachached by Seniors – requiring a re-think of the possibilities

DESIGNED FOR ME

FITS MY LIFE

MORE THAN FOOD

SHIFTING VIEW OF OPPORTUNITY

SUPPLY CHAIN REINVENTED

INSTITUTIONAL RESPONSE

8. Meals on Wheels will need to be reinvented, no longer a local community initiative, instead a commercial operation that delivers value-added solutions to support a diversity of needs

Drivers:

Big picture view of benefit of nutrients / high protein for Seniors, against availability of residential beds

Seniors recognise their 'voting power' – demands of quality & taste will be enhanced

New supply chains will enable 'fresh' & higher quality offerings, with desired variety, maintaining value

New regulatory frameworks will be required to deliver a consistent high standard of nutrition & service

8 Meals on wheels re-invented

Drivers:

Big picture view of benefit of nutrients / high protein for Seniors, against availability of residential beds

Seniors recognise their 'voting power' – demands of quality & taste will be enhanced

New supply chains will enable 'fresh' & higher quality offerings, with desired variety, maintaining value

New regulatory frameworks will be required to deliver a consistent high standard of nutrition & service

Whilst the societal need to boost meals on wheels services will continue to grow, new standards will have to match rising expectations

DESIGNED FOR ME

FITS MY LIFE

MORE THAN FOOD

SHIFTING VIEW OF OPPORTUNITY

SUPPLY CHAIN REINVENTED

INSTITUTIONAL RESPONSE