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Assess the potential of low fat and low salt smallgoods M.187

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A U S T R A L I A

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1. Introduction

This report summarises the findings from three group discussions conducted in Sydney on 3 and 4 February, 1992. The purpose of the research was to investigate the level of market acceptance of new smallgoods to three market segments.

These smallgoods will receive Heart Foundation approval due to low levels of fat and salt, and will be labelled accordingly. The types of smallgoods evaluated were:

- * partly cooked sausages
- * frankfurts (hot dog style)
- * luncheon style meats
- * sliced ham
- * sliced corned beef.

Three target market segments were covered in groups:

- * middle and late middle age people who for health and medical reasons, are limited in their diet. In particular, persons with illnesses or conditions that require a diet low in fat and salt, such as heart disease and high blood pressure

- * younger persons who have no pressing health problems, though choose a low fat and low salt diet due to perceptions of nutrition and health
- * the typical consumer of regular smallgoods, with no health problems and regular smallgoods consumption.

The objectives of the study were as follows:

- * examine existing health and dietary patterns, including the nutritional value and desirability of food types
- * the image of smallgoods in terms of health and nutrition, contents, convenience, taste etc
- * smallgoods consumption patterns including changes in consumption over time
- * attitudes to low fat and salt foods in general
- * perceptions of Heart Foundation approval, and impact on consumption
- * interest in and intentions to purchase these modified smallgoods

- * perceptions and expectations of pricing, including purchase intentions at differential prices
- * suggestions for labelling, design, packaging
- * expectations and suggestions for marketing strategy.

Groups were shown a collection of posters (KR Darling Downs and Hormel) and some of the comments relating to the products and particularly the labelling and packaging referred to those products.

Groups lasted 90 minutes, and there was a good deal of involvement in the products and issues discussed.

Executive Summary

This report outlines the results of three group discussions to assess the potential of modified smallgoods. Key findings were as follows:

- * the driving force behind smallgoods consumption is taste. It is essential that the new products taste like the normal product
- * quality is essential. The products and all labelling should emphasise high quality. Quality and taste are at least as important as low salt and fat
- * smallgoods have a mixed reputation. A discriminating feature is the extent to which they look like real meat. As such, ham, corned beef and bacon are seen as good quality, albeit with salt and fat, and processed meats are seen as poor quality and unreliable, such as franks, sausages, luncheon meat
- * Heart Foundation approval is a decided advantage, though is not sufficient to lead to purchase. Several negatives were raised with such approval, and it implies poor taste, high price and low interest. Other product attributes must also be demonstrated

- * product reactions, though generally favourable, were mixed. Those with the most potential were ham, corned beef and to a lesser extent, sausages and franks. Ham and corned beef had the broadest appeal. Sausages and franks did appeal to people with health problems, though not to the other groups to any extent
- * labelling should indicate that the products are tasty, as well as low in fat and salt. More detailed nutritional information can be placed on the back
- * a 10% price differential was seen as acceptable, and resistance is likely at 20%
- * bulk purchases were the most likely, and blister packs were met with negative reactions. Both would be needed, with blister packs being small due to occasional usage only via convenience stores. Bulk purchases would arise via delicatessens
- * the barriers raised by group members concerning taste and appearance means that the main suggestion for promotion is tastings at supermarkets and other shops.

These products do have potential, though the primary market will be those who must watch their diet for health reasons. Those who are healthy, though choose to avoid foods with a bad image will buy them irregularly, and probably only ham and corned beef. Those who eat smallgoods now see the low salt and fat as an added benefit, though were price sensitive.

The market will not be large, as there are several barriers that must be overcome. Some can be broken down, though that is a longer term strategy. We expect that most sales would arise through delicatessens (particularly chains) as bulk purchases, which implies that promotional support at point of sale. Tastings are recommended, as are posters and brochures at point of sale.

If a fast rate of adoption is wanted or needed, then special introductory pricing could be considered, particularly through chains. Without aggressive marketing, it is likely that the rate of adoption would be slow.

The image must be of taste and quality, which was drummed home consistently during groups. Heart Foundation approval is not enough, and if not comparable with traditional products, consumers will avoid them. Most would prefer one piece of tasty meat to two less tasty, though healthier, pieces. Positioning is at the top end of the market in price, taste and quality, backed up with low fat and salt. All promotion needs to reinforce taste and quality as central themes, not just Heart Foundation approval or nutritional value. The rationale here is detailed further in the report.

SUMMARY OF RESULTS

1. Health Status, Behaviour and Food Perceptions

The profile of the three groups was striking in terms of attitudes to food and nutrition, and their attitudes give insight into how smallgoods can be marketed and produced.

Looking initially at those with health problems, the most striking issue was that they had changed their behaviour begrudgingly. Overall, these people were paying the price for having a poorly balanced diet, together with a lack of exercise. Whilst they had changed their diet, they really liked food including smallgoods.

The over-riding view was that they do not like being careful. Some 'binges' were evident, despite avoiding fatty, salty foods, and in some cases, sweet foods. What this suggests is that foods that are "healthy" are not likely to be tasty or desirable.

Behaviour change was obvious, particularly reduced consumption of fatty meat, eggs, dairy foods, sugar, sweets and salt. Processed foods were also mentioned as being off their menu, at least most of the time. Cooking methods also changed to grills, microwave, steaming and boiling. Other family members were also said to change (thus they are penalised at least to some extent).

The rigidity of their diets was striking, and even some with chronic health problems admitted to eating "unhealthy" foods. The rationale is that they cannot deprive themselves of everything, and that they can in fact eat anything in moderation.

Looking now at the second group, being younger people who moderate their own diet due to choice, these people have embraced the "healthy" lifestyle concept, which involves:

- * "natural" foods are naturally better
- * processed food is "bad"
- * white meat (and fish) is better, particularly without the skin
- * take-away is "junk" and avoided if possible. Better than starving to death, though generally an emergency food
- * salt, sugar, fat are largely avoided, though still eaten in moderation
- * a balanced diet is essential, that is, large quantities of fruit, vegetables, carbohydrates etc, and small quantities of meat, fatty food, salt, sweet food etc.

It should be noted that there is some neurosis involved in this. Yes, they would like to eat more "unhealthy" foods like smallgoods, though there are deep rooted survival instincts involved. They talked of the prevalence of heart disease, high blood pressure, cancer and other diseases in the population, and have changed their diets to avoid the same happening to them. As with food, cooking methods have also changed.

The psychological process of conditioning has taken place. Many of the foods that were regarded as unhealthy were met with the reaction of "yuck", not due to taste though due to rejection of them as foods. This is a fundamental barrier for this group. It limits the extent to which traditionally unhealthy foods will be considered. They convince themselves that these foods (eg, take away, fatty or greasy foods) are both unpleasant to eat as well as unhealthy.

The above does not mean that they opt for light foods and modified foods. Many light dairy foods such as cheese were not acceptable due to concerns of additives, processing and importantly, poor taste.

An observation was that the first group and the third, being the traditional smallgoods eaters, took the view that healthy food, with some exceptions, is not particularly interesting. The second group, seeking well-being and a healthy lifestyle, were not of that opinion, and grew to like natural and fresh foods, and to dislike fat, salt, processed and adulterated food. That presents a barrier for the sale of modified smallgoods, a point discussed later.

The final group, the traditional smallgoods eaters, were a real contrast. For them, food was for enjoyment, more than nutrition:

- * they eat anything
- * spicy food, sauces and very tasty foods were liked
- * they had more positive views of meat and dairy products than the other groups
- * they were more concerned with the amount they eat, rather than what they eat. That does not mean that "healthy" food is avoided. Rather, they eat all types of foods, though a relatively high proportion of "unhealthy" food
- * healthy food, with exceptions, is uninteresting
- * they really like food. As described by one person, they "could eat all day". That philosophy also means:
 - if I like it, I eat it
 - I may die tomorrow
- * taste is the most important issue, and by a long way

- * presentation is also important. They drool over food that looks appealing.

These people are strongly driven by their senses. In reality, they were not that different to those who had to change their diet due to health. The latter had eaten whatever they felt like for years, and now modify their diet due to necessity, not choice.

In conclusion, taste is critical, and those now avoiding fatty and salty foods do recognise they are tasty. In the case of younger, healthier people, they condition themselves to react differently to food, being the triumph of the mind over the body. They do, however, binge occasionally. The other two groups loved food, including smallgoods.

2. The Image of Smallgoods

By this stage, it was obvious that smallgoods were regarded as tasty, though not particularly good for you. However, deeper consideration of smallgoods as a class of food revealed that:

- * smallgoods that look like real meat, such as ham, corned beef, bacon etc. were universally regarded as better for you than anything that does not look like real meat, especially luncheon, franks, sausages
- * quality is determined by the extent to which the product looks like meat. Leg ham is "good", and manufactured shoulder ham is "bad". In simple terms, it does not pass the eyeball test
- * many smallgoods were regarded as relatively lean, and secondly, how lean they are is naturally a measure of quality. Not surprisingly, anything that is ground up and processed such as sausages and franks are questionable
- * salt was not strongly associated as a major negative with smallgoods. Rather, fat is a more pressing issue, and where manufactured or ground up, concerns about additives were raised. Salami, pepperoni and long lasting smallgoods were seen as the worst in terms of food value

- * smallgoods were universally seen as convenient, and very much regarded as a convenience food for ad-hoc consumption, snacks, quick meals, parties etc
- * similarly, they were seen as versatile. They can be eaten as snacks, main meals, in salads, sandwiches, as appetisers, and for breakfast lunch or dinner, or any time in between.

All groups admitted to eating less of them. In the case of the traditional consumer of smallgoods, they accepted that the increasing community awareness of health and nutrition had affected them, and secondly, the issue of choice affected all groups. The plethora of different types and styles of foods available now compared to twenty years ago has, in their minds, reduced reliance on smallgoods. Further, technology was seen as playing a part, with the historical value of smoked, cured, pickled and dried meats being to ensure they can last.

Looking at consumption frequency, we found that:

- * those with health problems still eat them though irregularly. Some avoided sausage, franks, salami etc. altogether, though still occasionally ate ham and corned beef, pastrami and pressed chicken or turkey. Others ate all types, though irregularly. To this group, they were a "treat"

- * these people would love to eat them more often, if they could get away with it
- * behaviour for those restricting their diet due to choice was similar to those with illnesses. Again, consumption was occasional, and more likely to be ham or corned beef. They would like to eat them more, though they do not suit their definition of healthy food, and as such, they do not think about them much
- * the traditional smallgoods eaters do not think about nutrition much, and buy on taste. As such, smallgoods are regularly eaten. Further, convenience is a real advantage. As was the case with the other groups, those which do not look like real meat were frowned on, more for additives, calories and taste than nutrition.

It was universally agreed that pre-packaged smallgoods, such as luncheon meat in blister packs, were of low quality, and often avoided. They were not seen as fresh, had too many additives, and were more emergency supplies rather than desirable foods. Only the third group had anything positive to say about them.

Irrespective of the level of fat or salt, luncheon meat arose as a low interest product, and potentially a niche market at best.

3. Heart Foundation Approval

Prior to relating approval to smallgoods, we looked at Heart Foundation approval generally. This approval is clearly an advantage, though reactions to it were not always enthusiastic:

- * firstly, it does not mean that the food is good for you. It was interpreted as having a regulated level or standard of fat, salt etc., though not necessarily a guarantee
- * to some, such approval was a commercial issue, with the approval being purchased, irrespective of food quality. That was not a common perception, though clearly credibility of Heart Foundation approval is not absolute
- * group members were not convinced that sufficient research such as product tests would be undertaken by the Heart Foundation to ensure that appropriate standards were met
- * they had a lot of difficulty working out what the difference was in some foods which already have approval. This is exemplified by anecdotal evidence of meats which are already low in fat being given Heart Foundation approval, without any change or modification, yet sold at a higher price

- * food that is Heart Foundation approved was often regarded as being more expensive than the regular version
- * importantly, foods which are salt or fat reduced were often regarded as being boring or with little taste.

Overall, Heart Foundation approval is an advantage, though it is not in itself a sufficient guarantee that the food is "healthy", and secondly, it raises a series of concerns about taste, price and credibility of the offer to the public. By all means, seek approval, though also ensure that the concerns raised are addressed.

4. Reactions to the Product Concept

Reactions were very mixed, and varied within and between the groups. As such, the products have appeal, though not as mass market products.

The first group, with a forced low salt and fat diet, were the most sceptical, though they would like the promised benefits, if achievable. They raised the following issues:

- * even with approval, these products would still be high in salt and fat. They would want detailed information on these levels
- * they were concerned about the taste. They would rather have one piece of regular smallgoods rather than two of the modified product, if the taste was not up to their expectations
- * labelling must provide a lot of information.

Whilst barriers were raised, they found the concept appealing. However, quality and taste are critical issues. If not up to expectations, they would not continue to buy them.

They expected that ham and corned beef would be regular purchases in hot weather, with franks and sausages being irregular though throughout the year. Luncheon meat was not seen as desirable, and despite approval, classified as junk.

The health conscious group pushed the need for the products to be natural (or as close as possible to that) and to look natural. They wanted details of contents, the meat content, nutritional information and explanation of chemicals or additives.

Most agreed that they would like to try these products, particularly those looking like meat (ham, corned beef), though did not expect them to be a frequent purchase. Even with Heart Foundation approval, they still had doubts, and had virtually no interest in franks, sausages and luncheon meat. To this group, food quality is critical, hence the focus on appearance.

The third group, being regular smallgoods eaters, were interested in the products and wanted to try them. They did raise some concerns:

- * any reduction in flavour will mean they would not buy them
- * there may be more additives than the usual products
- * they would balk at a price differential.

These people did, however, find a broader range of products to be appealing, though reasonably, they would substitute from others rather than eat more of them. They liked the idea of franks and sausages as well as ham and corned beef, though did not like luncheon meat per se.

After discussing the concept of low fat and salt smallgoods, we then showed them the posters. We deal with each in turn:

- * the "KR Royal" lean ham was easily the most desirable. In particular, it looked like real meat, the labelling gave the appearance of high quality, and it was being sliced from the round - like a real ham
- * negatives of the ham related to the messages on the label - how much fat is 95% fat free?, and 30% salt reduced is confusing - reduced from what? For some, particularly the first two groups, 30% may not be a big enough reduction
- * does it taste like the real thing? Overall, most wanted to try it to find out.
- * the Hormel "Light and Lean" franks were met with mixed reactions. The likes were low fat, the presentation was encouraging, and calories (not kJ) were indicated
- * the labelling design was not really associated with quality. The KR label won hands down. The light and lean concept was seen as rather tired and over-used, and implies light-on in terms of taste. Again, this is a real barrier, and does not indicate product quality

- * the back of the poster raised some concerns. Though not intended for consumer use, they found the features rather confusing. Keep it simple was the recommendation.
- * the "Light and Lean" luncheon meat was rejected due to the product more than the poster. In fact, made up as a sandwich, it was believed to be appealing. 25% less fat and 15% less calories, though a reduction, was not seen as adequate to justify usage.
- * the KR Royal sausage poster was also met with mixed reactions. Blister packs were met with negative reactions, though some did think they were tasty. Labelling was seen as better than the Hormel product, though the over-riding concern is ingredients, nutrition and taste.

Overall, the luncheon type meats are likely to be a niche market, and despite the low fat and salt, are not desirable. Some did want to try them, though the perception of poor quality was pressing. They would rather see them in bulk, and being sliced off a loaf than in small packs.

In summary, the ham and corned beef were desirable, sausages and franks of some interest, though not the luncheon meats. Regarding the labelling, a few guidelines arose:

- * made sure that the designs are attractive and indicate quality. Do not skimp on the projection of quality
- * indicate great taste - this is why people eat smallgoods in the first place
- * indicate calories and kilojoules
- * provide comparative data, if possible, to back up claims of low fat and salt, and the actual salt and fat levels
- * try to made the meat look like real meat wherever possible
- * luncheon meats are better to be square (for sandwiches) than round. This is preferential only, and a minor issue.

5. Pricing and Price Sensitivity

All expected these products to be more expensive than the regular product, though some, particularly those with health problems, questioned why that is the case. That is, they felt that manufacturers cash in on such products. Other groups were not so cynical.

Females usually had a good idea of pricing, and believed that prices varied enormously depending on where you buy them. Note that the blister packs were universally seen as poor value. Males generally had no idea.

The expectation for pricing was "a few dollars more" in most cases. Looking at the three groups individually, we found that:

- * those with health problems will pay extra, assuming taste and quality are up to expectations, and nearly all considered 10% to be acceptable, with resistance commencing at 20% more
- * those interested in health and nutrition (group two) were not price sensitive, believing that they would pay for quality. However, they were less interested in the products, and should not be used as the norm. Note that they saw 20% to 30% more as being reasonable. Their barriers were not price related

- * existing buyers of smallgoods were price sensitive. They accepted that these products would cost more, though hedged their bets. Some asserted that they would not pay any more (not concerned about health) whilst others would pay 10%.

Given the low volume of usage of smallgoods, price was not an issue to those who do not already eat them. We recommend that 10% would be an acceptable premium, though 20% would lead to resistance. Note that those most likely to buy them were more price sensitive. The second group, whilst not price sensitive, saw these products as an irregular purchase only.

6. Marketing and Distribution

- * most preferred bulk purchases, due to the belief that they are fresher, cheaper, and they can see the product being cut
- * pre-packed sizes should be small. Several suggested 125g due to irregular usage of luncheon, and 250g to 500g for sausages and franks
- * all usual distribution channels were expected, including convenience stores, supermarkets and particularly delicatessens for bulk purchases
- * virtually everybody recommended tastings, such as demonstrations in shopping centres, supermarkets and delicatessens. The rationale is concern about taste. If taste is not good, they would not buy them
- * media advertising was suggested, though the tastings were seen as crucial. Some suggested promotion through doctors' surgeries, if possible
- * point of sale material like posters or information leaflets was also suggested, which would give simple and informative information.

On a final note, some wanted these products to be Australian, and would not buy them if imported. Additionally, KR Darling Downs was regarded as a credible brand.