

PPI



Commercialisation of retail ready VSP beef and beef offal products M.719

1995

Prepared by:

B. Lee

Connectica International

ISBN: 1 74036 937 8

Published: June 1995

© 1998

Reproduction in whole or in part of this publication is prohibited without the prior written consent of MLA.

This publication is published by Meat & Livestock Australia Limited ABN 39 081 678 364 (MLA). Where possible, care is taken to ensure the accuracy of information in the publication. However, MLA cannot accept responsibility for the accuracy or completeness of the information or opinions contained in the publication. Readers should rely on their own enquiries in making decisions concerning their interests.



MEAT & LIVESTOCK
A U S T R A L I A

In order to obtain this feedback, KR Darling Downs commissioned MCR to undertake a research study designed to answer the following questions:

1. Do consumers see a real benefit in a longer shelf life for fresh meat cuts?
2. Are they comfortable and positive about the concept of purchasing fresh meat from a Convenience store?
3. Is the current Fresh Cut range what the customer wants ie would they embrace the concept more readily if the products were value added? eg: Pork stir-fry, Teriyaki Beef, Lamb satays in peanut sauce.
4. Is price an issue? (Currently the product is priced on a par with product available from the supermarket butchers)
5. Do consumers distrust extended shelf life? (How do they perceive the extended life to be obtained - through the pack style or the use of preservatives?)
6. What are typical consumer reactions to the VSP Fresh Cut pack?
7. Who is most likely to purchase VSP meat?
8. Does the colour of either the meat or the packaging influence their decision?

Part B - Shopper Survey

At the completion of the qualitative component of the consumer study, a face to face intercept survey with shoppers was undertaken. Interviews were conducted across six stores, with the locations detailed in the table below:

Location	# of interviews achieved
Franklins - Cannon Hills	43
Franklins - Brookside	40
Franklins - Indooroopilly	42
Lutwyche Night Owl (IG store)	24
St Lucia Foodstore (IG store)	31
Sunnybank Hills Foodstore (IG store)	27
TOTAL	207

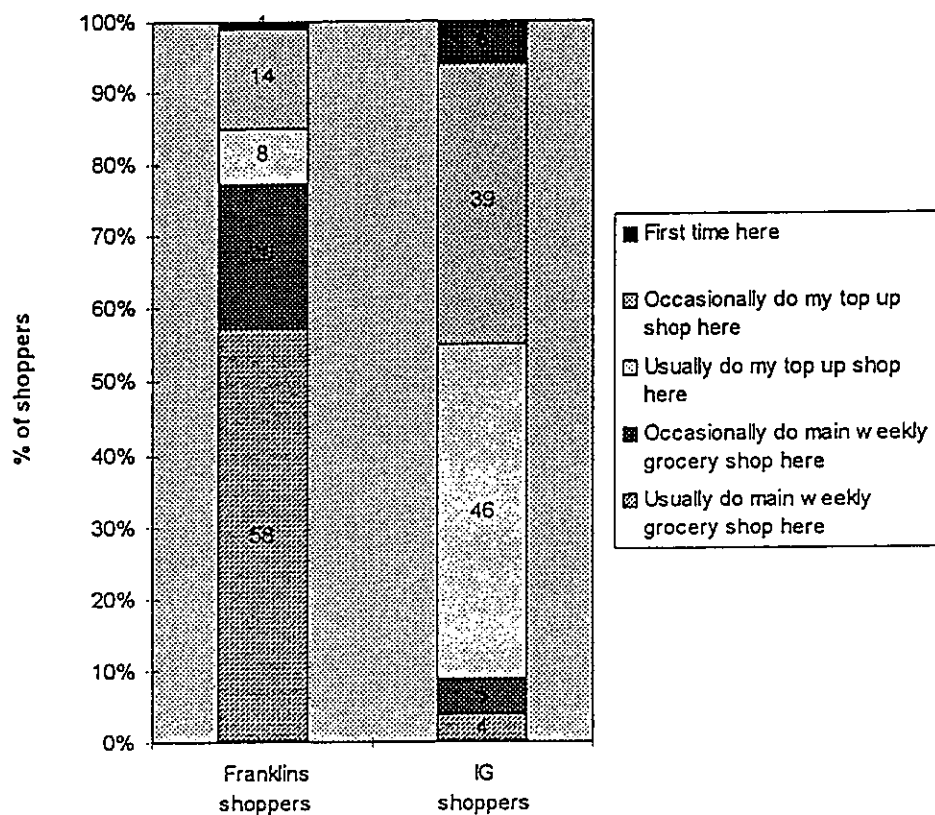
(The three Independent Grocery stores where interviewing took place already stocked the Fresh Cut range, whilst the Franklins stores were all non stockists.)

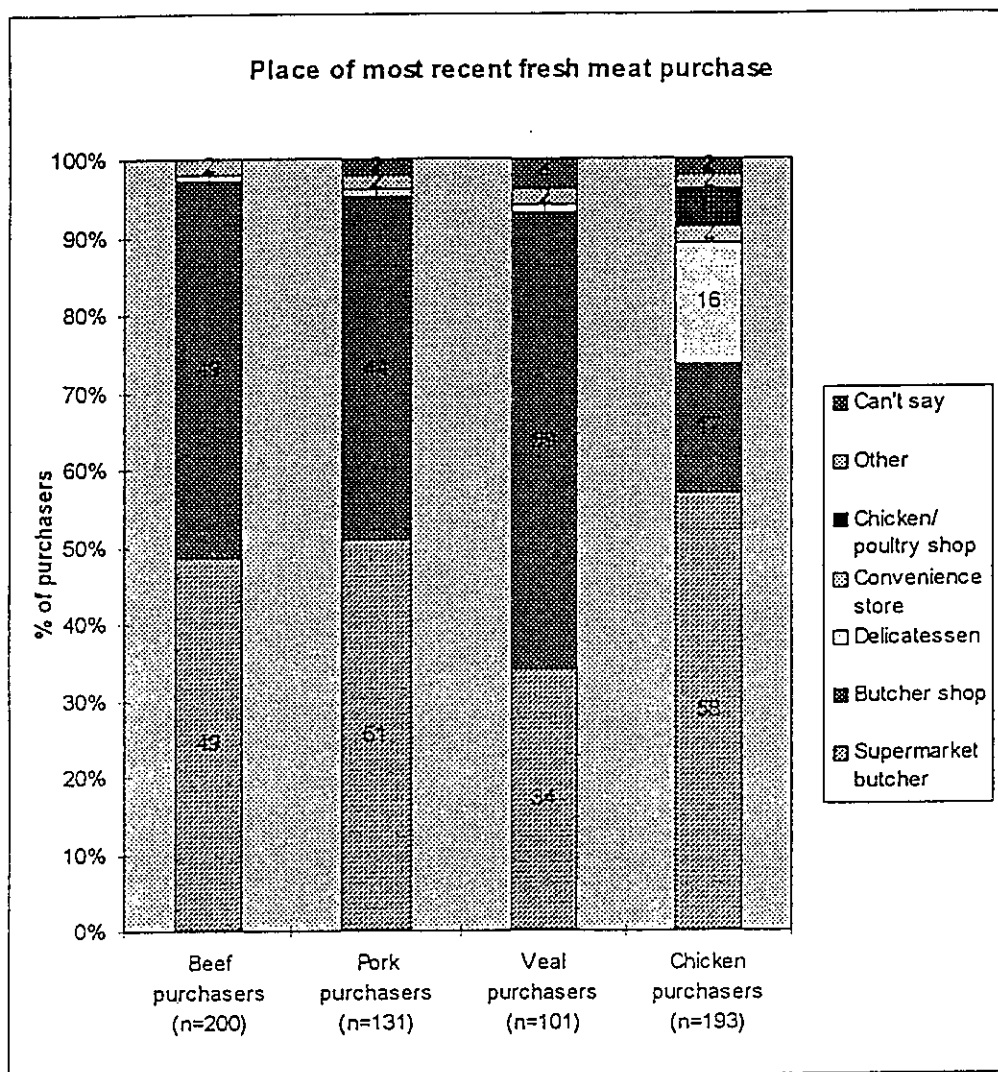
Retailers

In addition to talking with consumers, nine depth interviews were conducted with retailers. Managers of the six stores where the consumer research had taken place (three of which were stockists of the range), in addition to three other Fresh Cut stockists were interviewed.

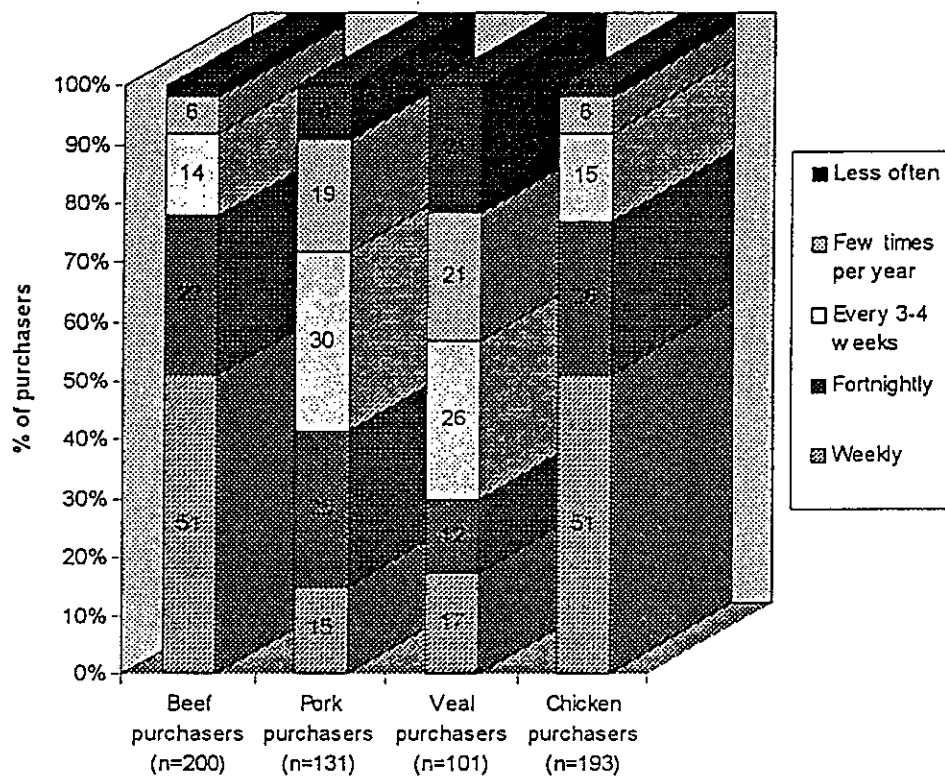
1. Franklins - Cannon Hills
2. Franklins - Brookside
3. Franklins - Indooroopilly
4. Lutwyche Night Owl
5. St Lucia Foodstore
6. Sunnybank Hills Foodstore
7. Tugun Foodstore
8. Spring Hill Super C
9. Lawnton 4 Square store

Use of store where interviewed



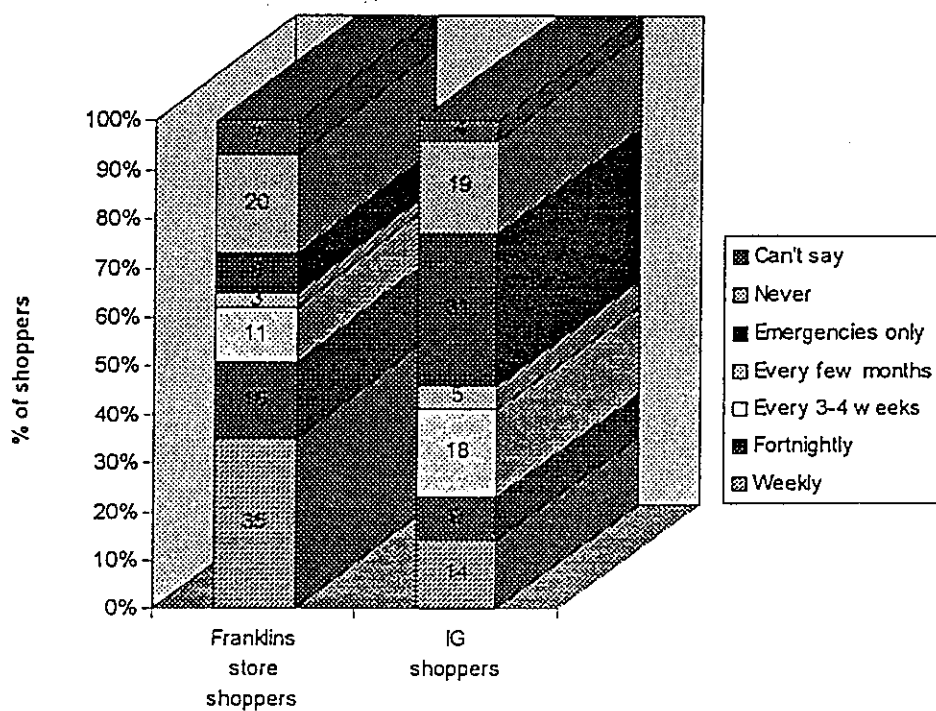


Frequency of fresh meat purchase



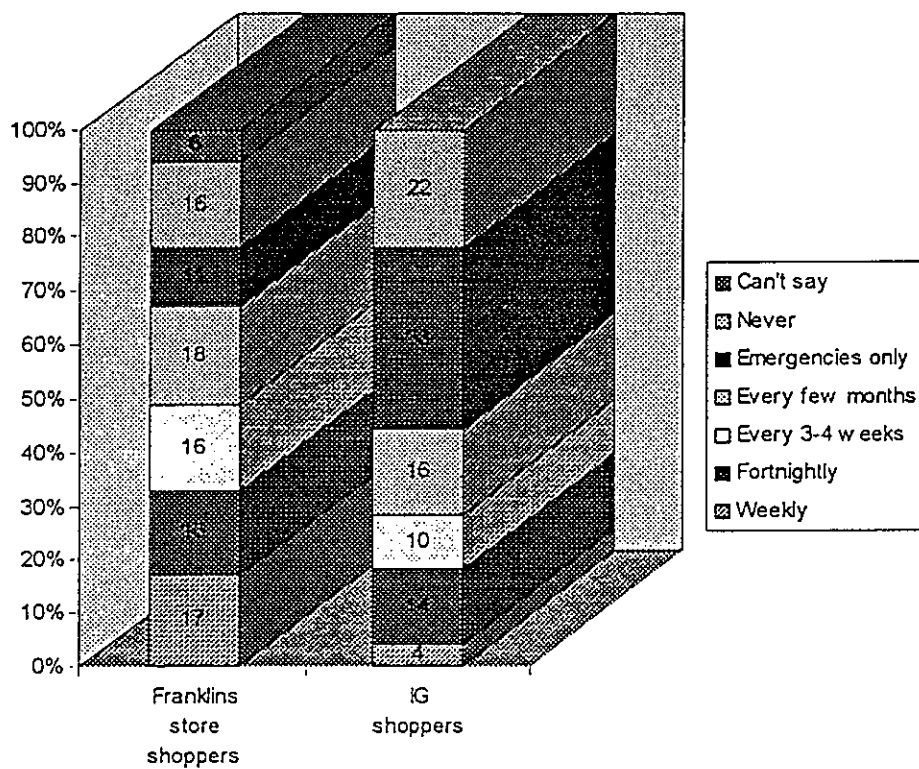
Base: Beef purchasers (n=200)

If fresh beef was available from this store how often would you purchase it?

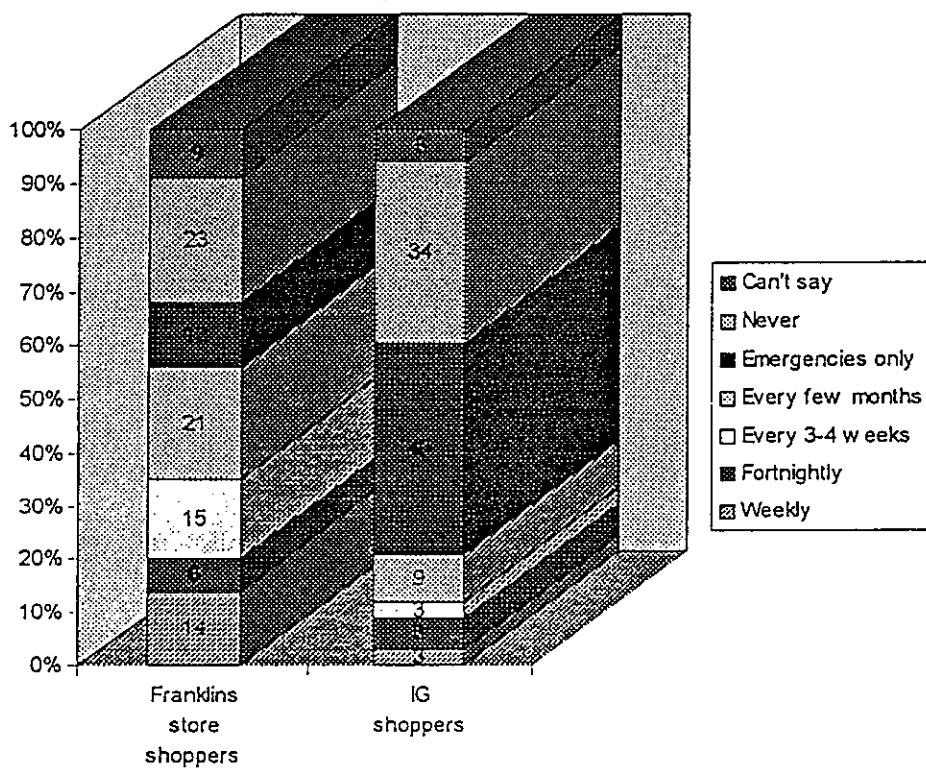


Base: Pork purchasers (n=131)

If fresh pork was available from this store how often would you buy it?

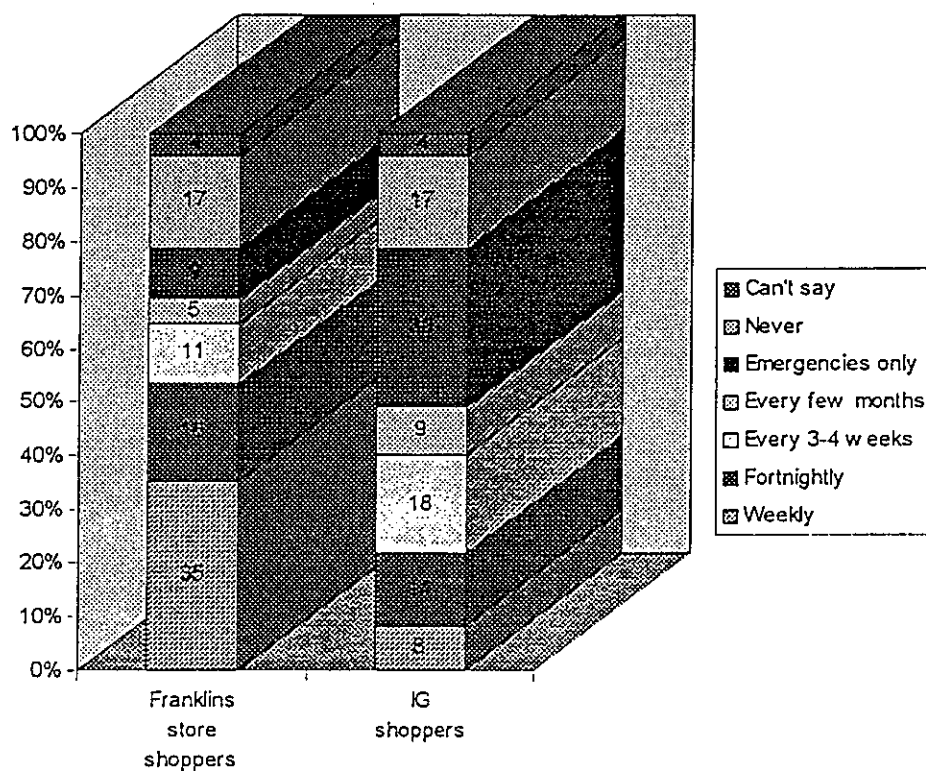


If fresh veal was available from this store how often would you buy it?



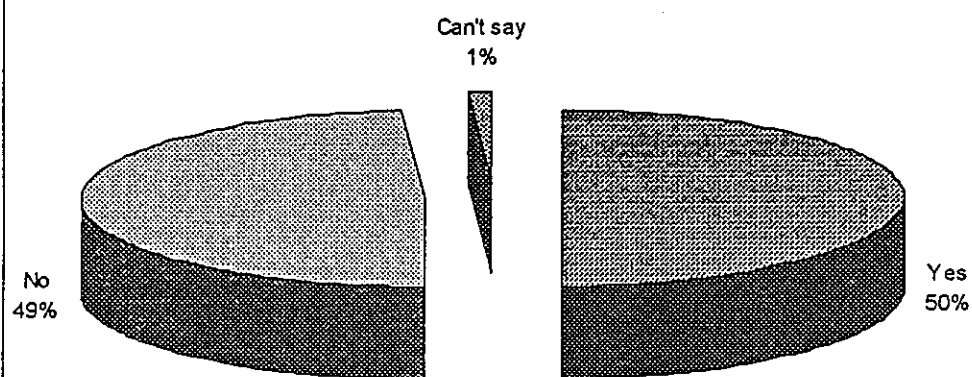
Base: Fresh chicken purchasers (n=193)

If fresh chicken was available from this store how often would you buy it?



Base: Fresh meat purchasers (n=205)

Have you ever bought meat in cryovac or vacuum sealed packaging?



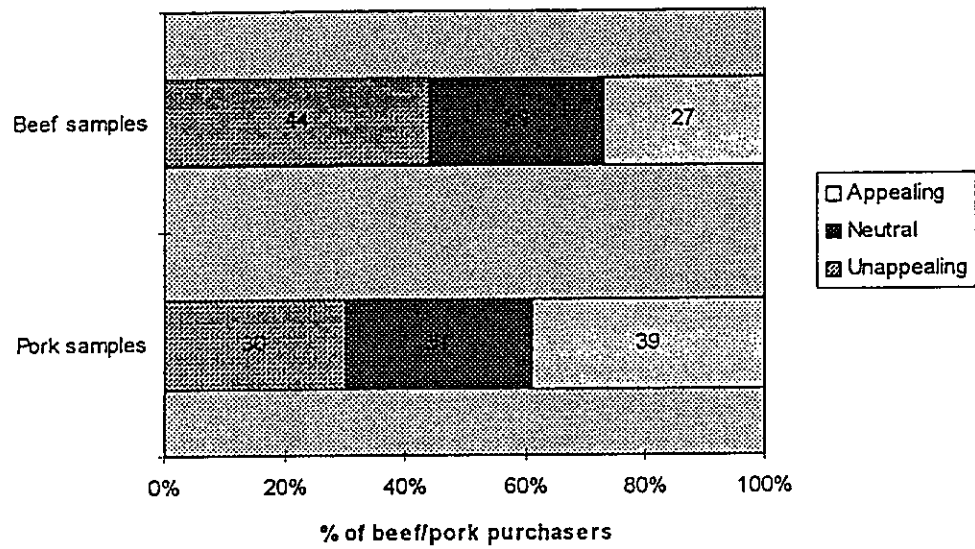
Base: Fresh meat purchasers (n=205)

Advantages of cryovac or vacuum sealed packaging	Purchased cryovac or vacuum sealed meat in the past (n=103)	Have not purchased cryovac or vacuum sealed meat in the past (n=100)
Keeps meat fresh for longer	39	21
Can keep meat in the fridge for longer/ don't have to freeze	10	11
Convenient	10	2
Allows meat to tenderise/ mature	7	3
Hygienic	3	4
Cheaper price	7	-
Pre-packed/ don't have to re pack	4	2
Buy in bulk	4	-
Easily stored	2	2
Can see what you are getting	3	-
Keeps moisture in	2	1
Easier to pick up/ handle	1	2
Other	16	1
No advantages/can't say	24	57

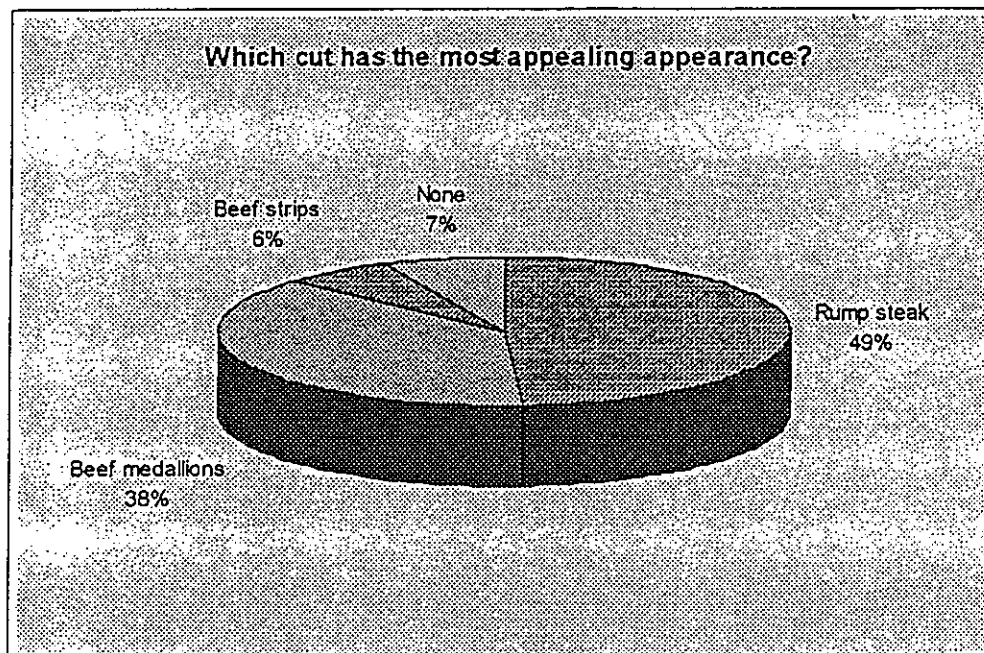
Base: Fresh meat purchasers (n=205)

Disadvantages of cryovac or vacuum sealed packaging	Purchased cryovac or vacuum sealed meat in the past (n=103)	Have not purchased cryovac or vacuum sealed meat in the past (n=100)
Meat is dry/ stale/ not fresh	9	14
Hard to open the packaging	6	4
Too expensive	5	5
Looks old/ unappealing	5	4
Can't choose the quantity/ size	7	2
Has preservatives added	3	4
Wasteful/ excessive packaging	5	-
Can't see what you are getting	3	2
Greasy/ oily	2	1
Leak if seal is broken	2	-
Lose freshness if seal is broken	2	-
Don't know how old it is	-	2
Hard to separate from packaging when frozen	2	-
Other	9	5
No disadvantages/ can't say	48	61

Appeal of Fresh Cut samples

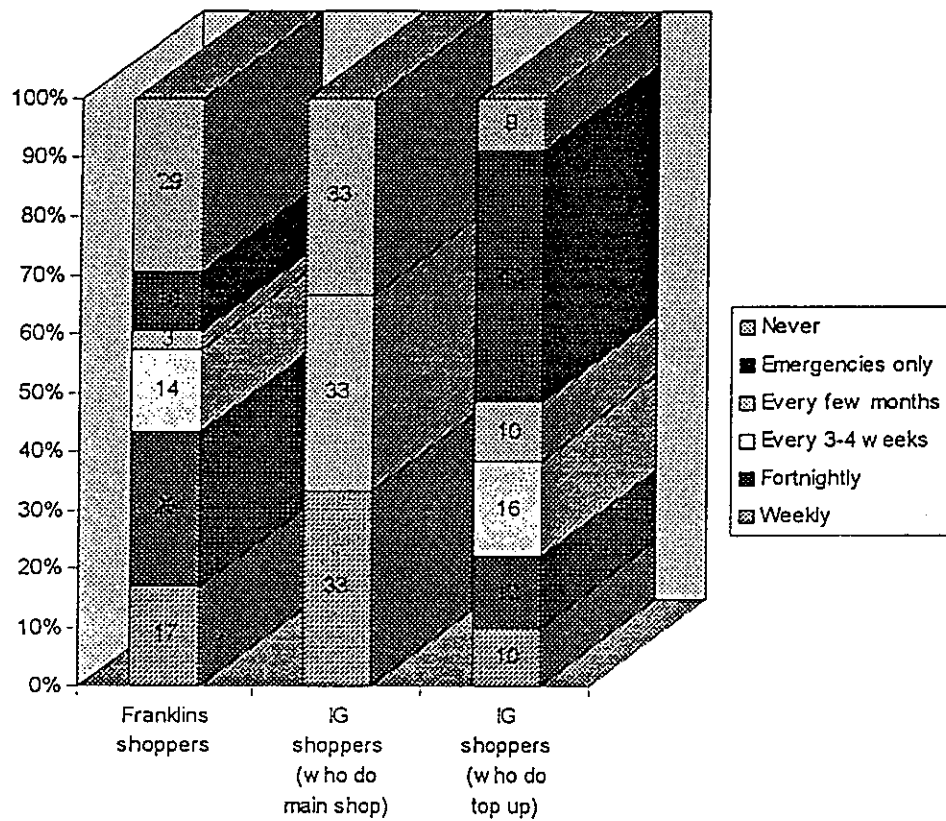


Base: Beef purchasers (n=200)

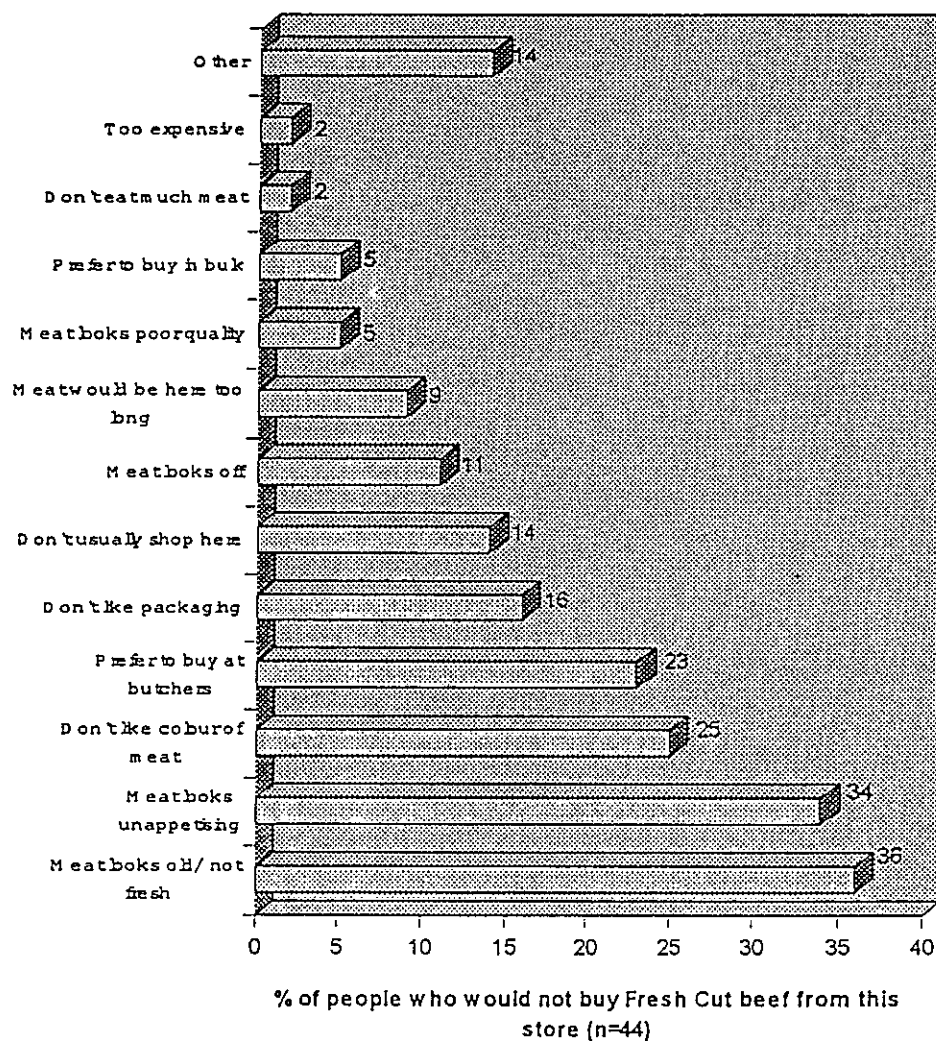


Base: Beef purchasers (n=200)

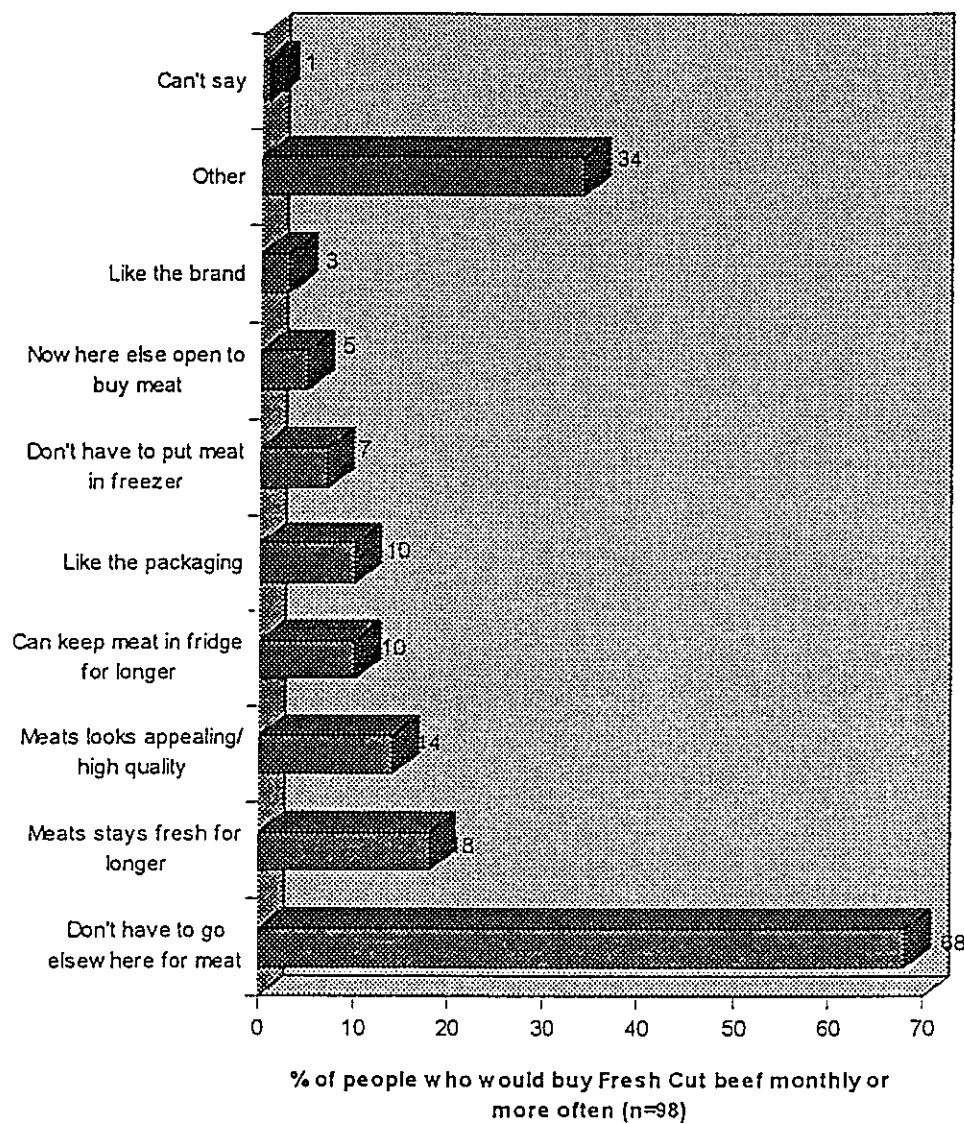
How often would you buy Fresh Cut beef *from this store*, if available at a price similar to fresh beef?



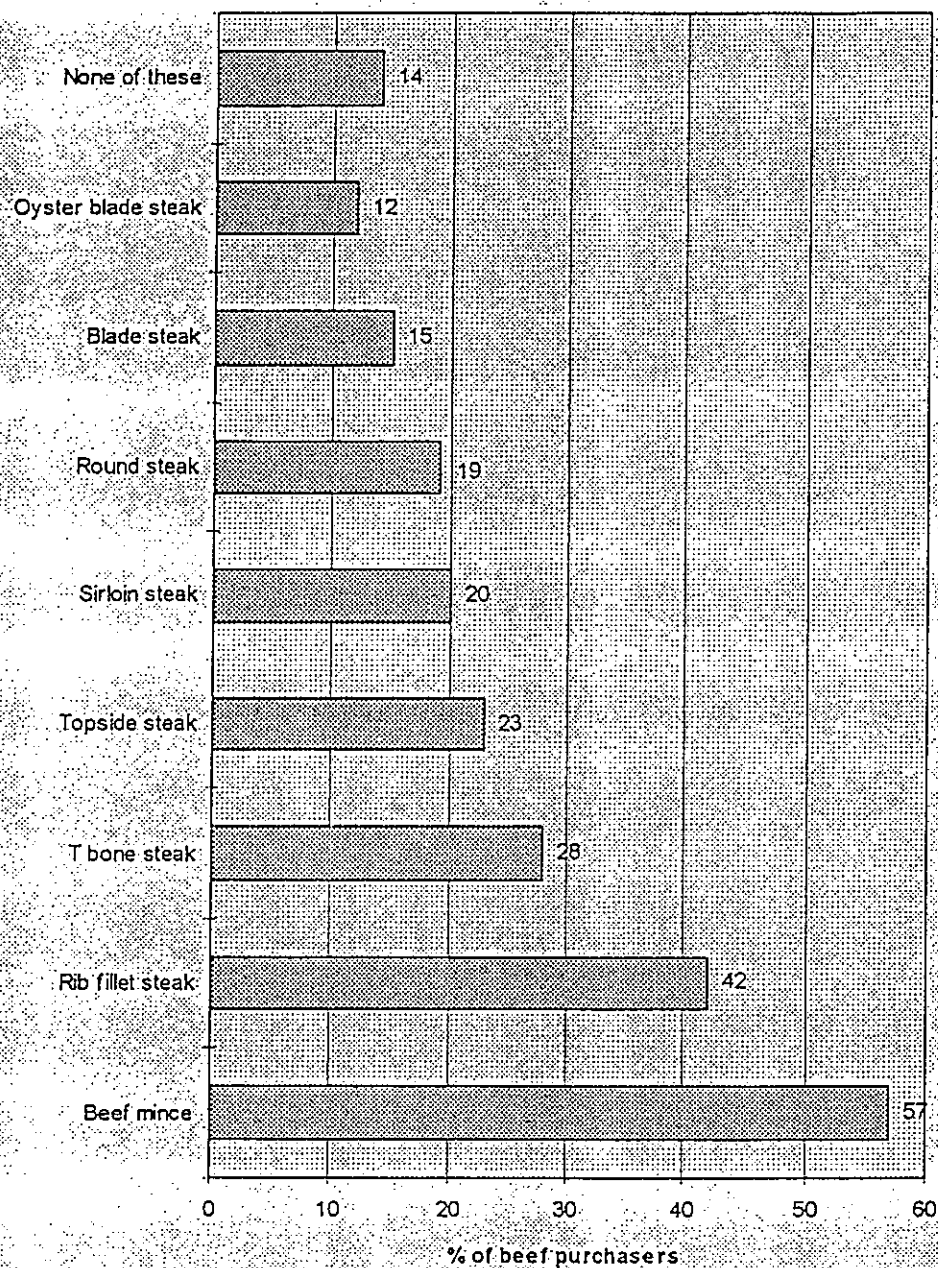
Reasons for not buying Fresh Cut beef from this store



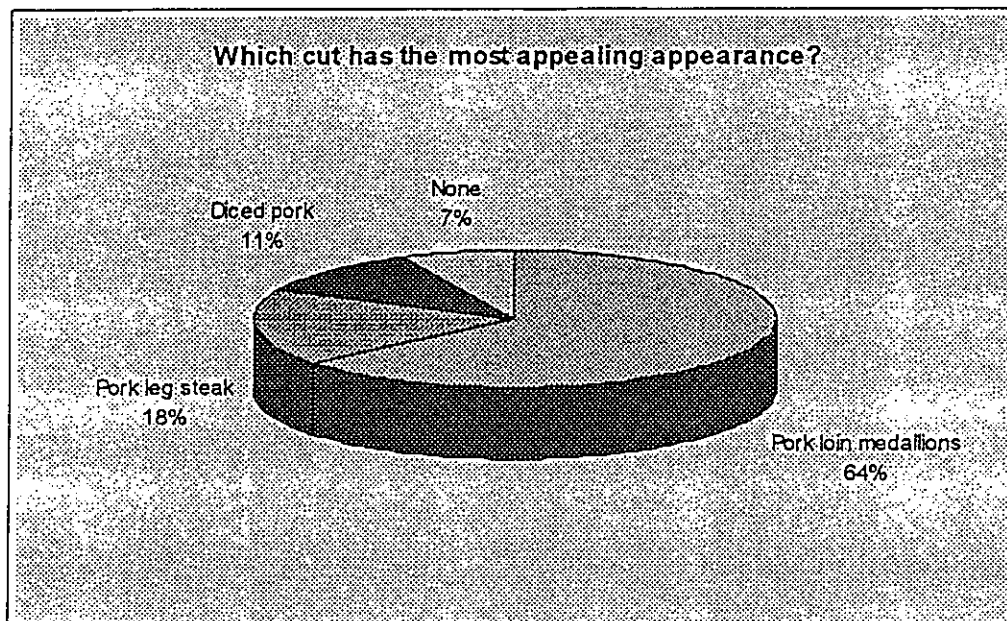
Reasons for frequent purchase of Fresh Cut beef from this store



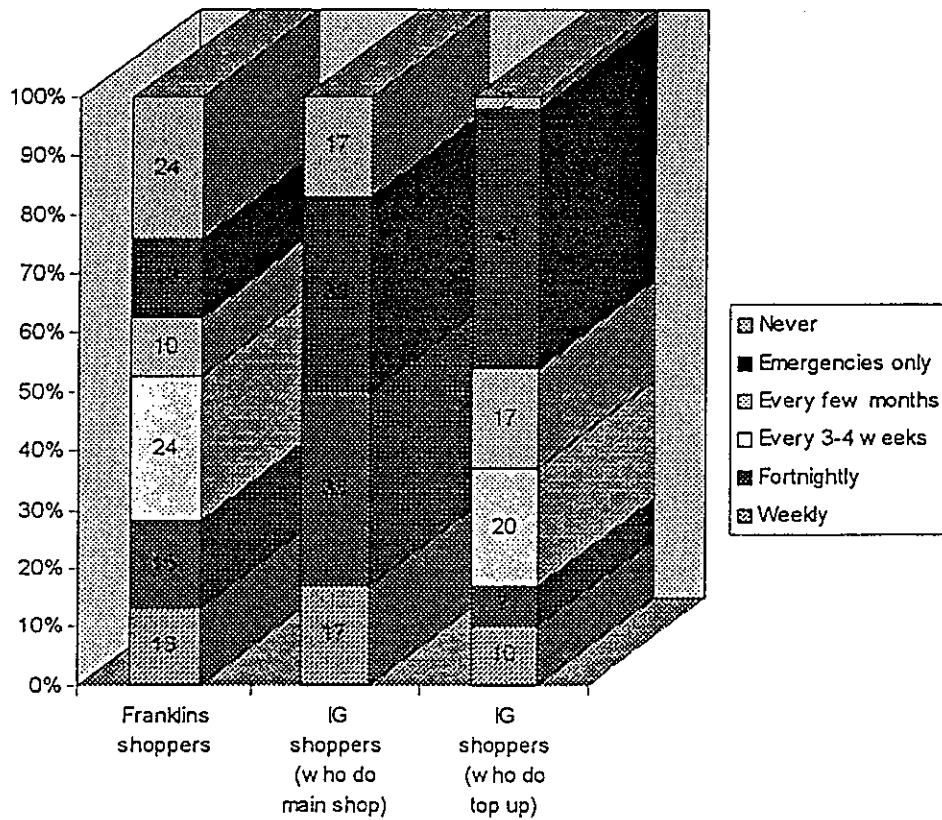
Which type of cuts would you buy from this store, if available at a similar price to beef you currently purchase?



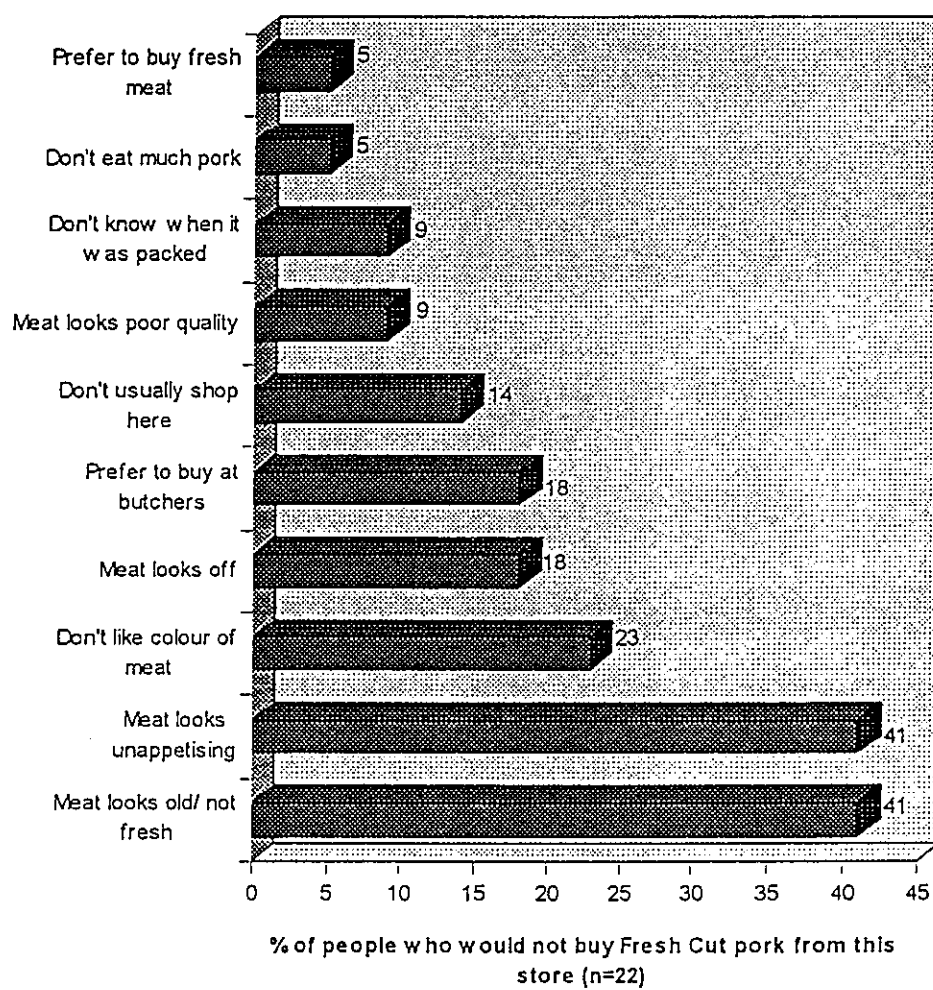
Base: Pork purchasers (n=131)



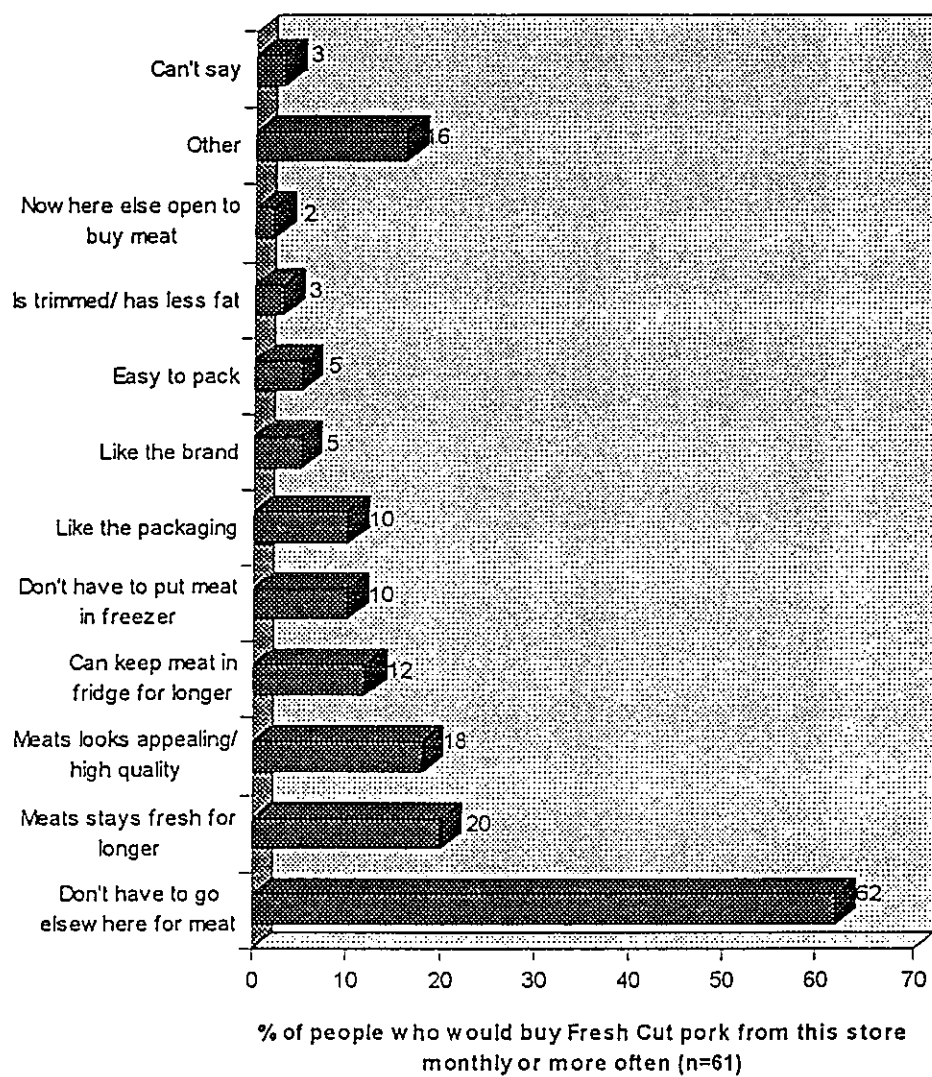
How often would you buy the Fresh Cut pork *from this store*, if it was available at a price similar to fresh pork?



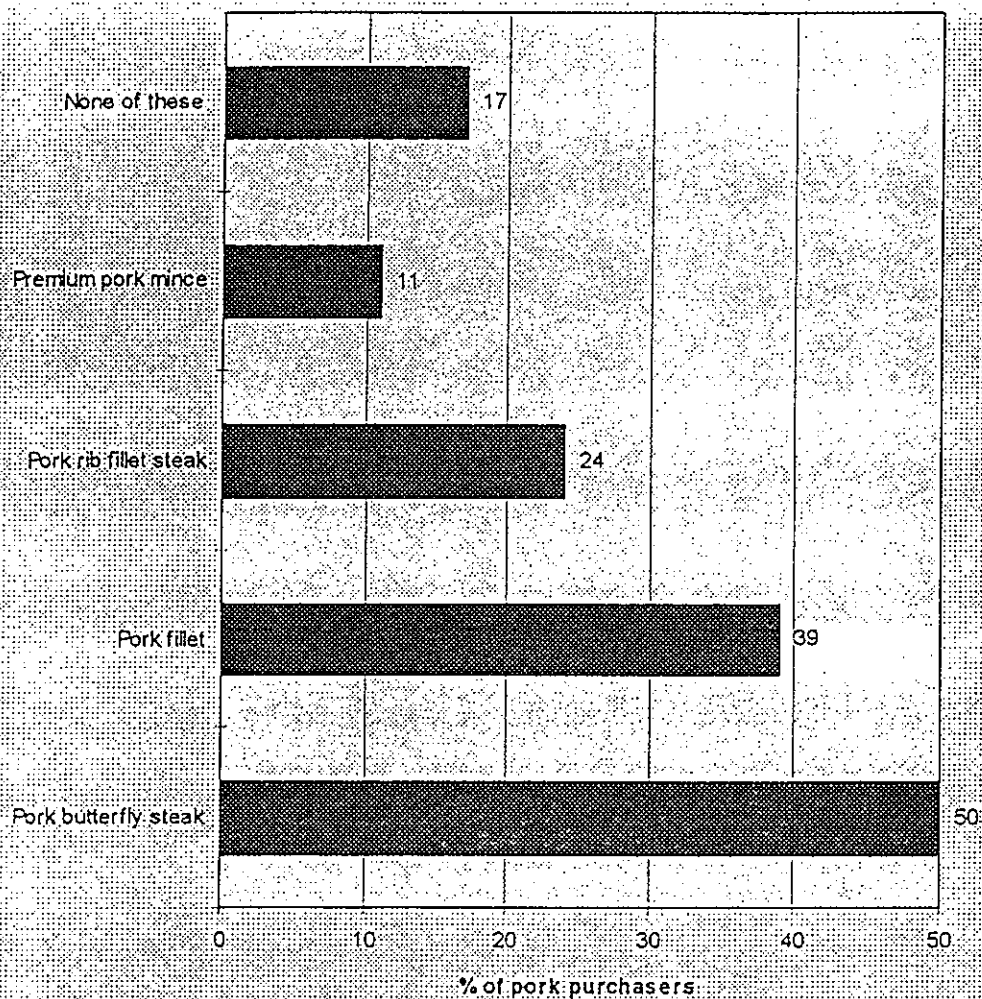
Reasons for not buying Fresh Cut pork from this store



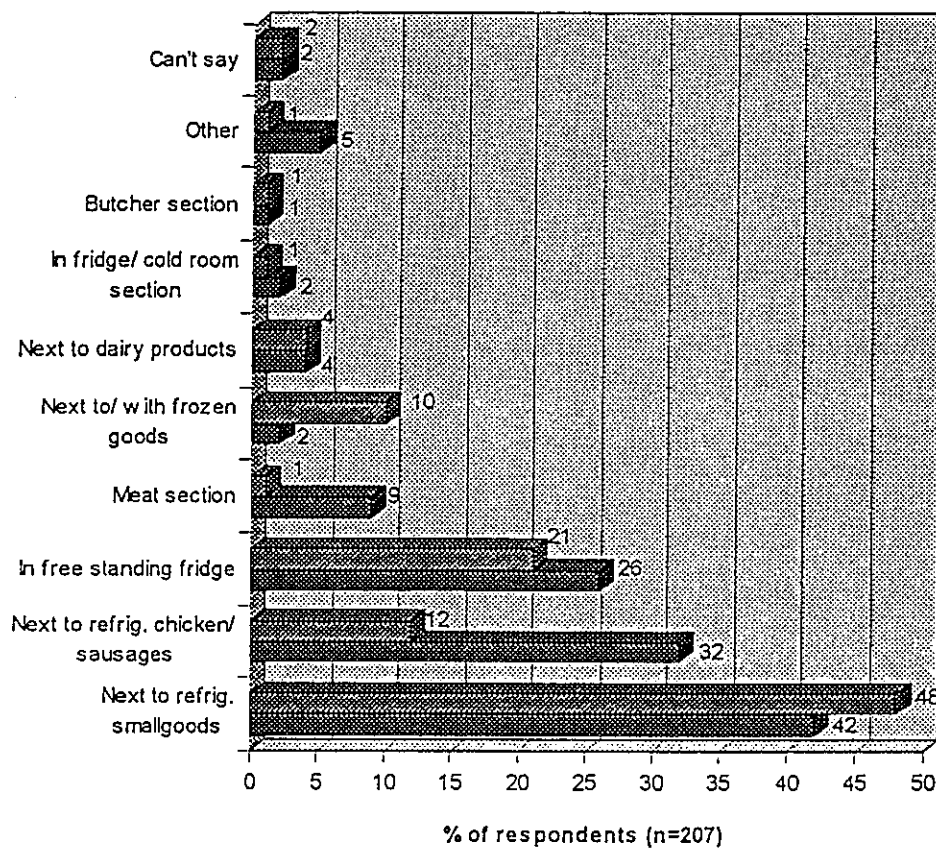
Reasons for frequent purchase of Fresh Cut pork from this store



Which type of cuts would you buy from this store, if available
at a similar price to pork you currently purchase?



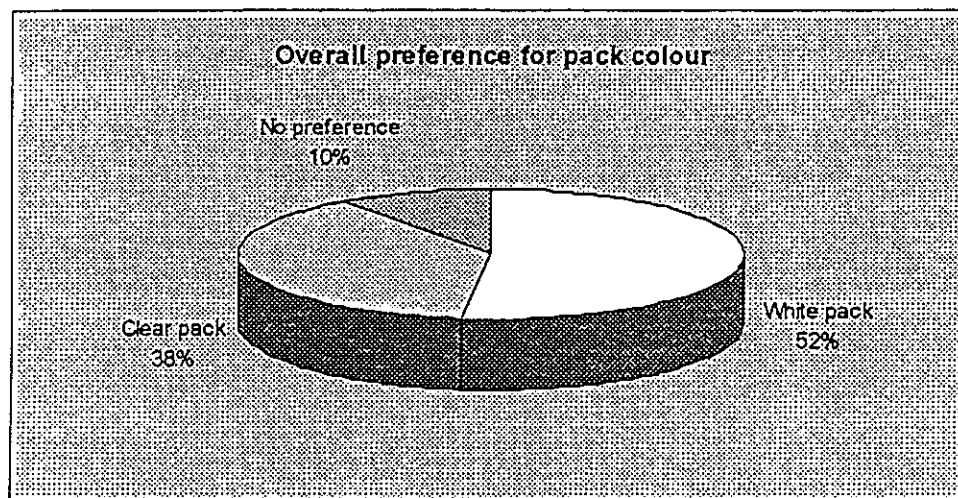
Expected placement in store of Fresh Cut range

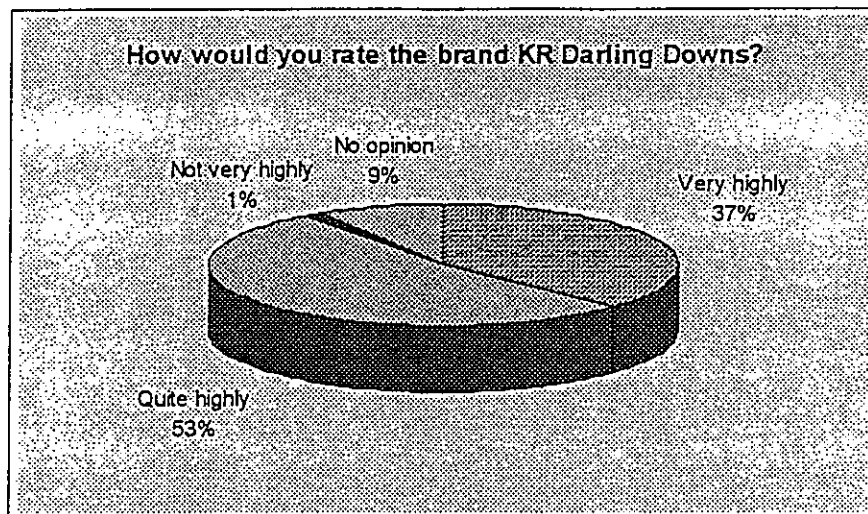


■ Frankins shoppers

■ IG shoppers

Base: Total respondents





Independent Grocery stores

Current stocking situation

All the Independent Grocery (IG) store managers interviewed still stock, or had stocked, the Fresh Cut range. All store managers interviewed had also stocked the Austral brand of vacuum sealed meat at some time, with some managers still stocking this brand.

Current stocking policy	# of stores (n=6)
Now stocking KR Fresh Cut range rather than Austral	4
Now Stocking Austral rather than KR Fresh Cut range	2

Other brands of VSP or cryovac meats stocked by retailers in the past include Fresh Pack, and Associated Meats.

Advantages of stocking vacuum sealed meat

Retailers are pleased to be able to offer their customers fresh meat because it

- adds to the convenience of their shopping experience.
- increases their chances of keeping custom. This is especially true for those retailers who are operating within a centre or area where there are no butchers or outlets that stock fresh meat.

"There is no butcher here, so stocking fresh meat keeps customers in the centre."
(IG store manager, Fresh Cut stockist)

"It is another convenience item for customers."
(IG store manager, Austral stockist)

"It gives you another dimension to your store."
(IG store manager, Fresh Cuts stockist)

"If they know you've got it they will have another reason to shop here."
(IG store manager, Austral stockist)

The advantages to customers of stocking the Fresh Cut range (as identified by the retailers) include:

- they can now buy fresh meat when supermarkets and butchers are closed
- they can now buy everything they need from the single outlet (ie fruit & vegies, meat, shelf stable products etc)
- they can now purchase fresh meat for spontaneous entertaining events (rather than being limited to serving smallgoods only)

Disadvantages of stocking vacuum sealed meat

- the benefits of being able to offer customers a range of fresh meat far outweigh any disadvantages associated with stocking this type of product.

Dissadvantages:

- the cost of leasing a stand alone refrigerator to house the range
- the extra time taken to ensure that all products are within their shelf life
- using up valuable refrigerator shelf space to display the product
- having to price the product themselves (which is time consuming and decreases the value to the retailer of stocking the range)

Reasons for stocking KR Fresh Cut

Retailers give the following reasons for stocking the Fresh Cut range rather than Austral's range of fresh meat:

Positives of Fresh Cut:

- the packaging is more appealing to consumers as it is brightly coloured and shows the entire contents of the pack
- the Fresh Cut range "is moving faster" than the Austral range did (however sales are still considered slow and relatively low volume)
- KR Darling Downs is a well known brand

Negatives of Austral:

- the colours used in the packaging are not as attractive as those used for the Fresh Cut packaging
- the packaging was leaking on the shelves
- the meat smelt upon opening of the packaging
- the presentation of the meat wasn't as attractive as the Fresh Cut range
- the range was not selling (possibly because it was introduced around the time of the Garibaldi meat scare)
- the Austral name is not as well known and recognised as KR Darling Downs

"The Austral range just wasn't making a big impact."

(IG store manager, Fresh Cut stockist)

Store managers feel that the KR Darling Downs brand is a positive attribute of the range because it is well recognised, and symbolises good quality in consumers' minds.

"Everybody knows it - especially older people."

(IG store manager, Fresh Cut stockist)

"It makes it (the range) more credible It is better known than Austral."

Cut stockist)

(IG store manager, Fresh

Typical purchasers of Fresh Cut meat

Independent Grocery store managers are generally unable to identify a specific demographic group most likely to purchase this type of product. However many describe a typical purchaser of the Fresh Cut product as someone who is “desperate”, “caught out”, or “in a bind”.

“It is just people who have run out at the last minute.”

(IG store manager, Fresh Cut stockist)

“It is all types of people.”
stockist)

(IG store manager, Fresh Cut

Past purchasers include:

- young married couples
- single men
- empty nesters

Requests by KR stockists for improvements

To make the Fresh Cut range more appealing to retailers, stockists of the range suggest KR Darling Downs:

- assist in the purchase or lease of stand alone refrigerated units to dedicate to the Fresh Cut range (similar to those supplied by Latina for their fresh pasta range)
- offer promotional support in the form of a TV advertising campaign designed to raise consumers awareness of VSP meat, the packaging process, and its benefits

"They (consumers) need to be reassured that it is tip top."
(IG store manager, Fresh Cut stockist)

"There is just no customer awareness."
(IG store manager, Austral stockist)

- offer promotional support in the form of in-store advertising material designed to improve customers' awareness of VSP meat, the packaging process, and its benefits
- advertise the range and the packaging style in local newspapers
- conduct in-store taste tests designed to reassure consumers that the meats are good tasting and fresh
- reduce the wholesale price, to make it more profitable for retailers to stock the range

"I only stock it (the Fresh Cut range) for the convenience of the customers. It is impossible for me to make any money on it because it is too dear for us to buy."
(IG store manager, Fresh Cut stockist)

- reduce the retail prices so that the range is cheaper than other "traditional" types of fresh meat, to encourage product trial
- set up an on line computerised ordering system to make the ordering process simpler

- ensure that the ordering and distribution system is simple, and guarantees delivery of orders within two to three days
- price all packs regardless of whether a carton has been purchased or not
- offer mixed cartons with a range of cuts in each
- offer smaller pack sizes (designed for single person households)
- design packaging so the product can be “hung” on shelves, in order to maximise use of shelf space, and display the product as attractively as possible
- develop a range of marinated meats (eg honey soy pork, teriyaki beef)
- drain the blood from the beef strips

Franklins stores

Reactions to KR Fresh Cut range

The three Franklins store managers interviewed feel they would stock the KR Fresh Cut range were it available to them. The Franklins managers feel that any additional lines that can be offered to customers are a positive for their store.

"Well I'd give it a go. We don't sell fresh meat now so anything would be a bonus for our customers." (Franklins store manager)

"I would like to offer it to customers who ask if we have fresh meat." (Franklins store manager)

One Franklins manager feels that some customers currently expect Franklins to stock fresh meat, and therefore would happily stock the Fresh Cut range to meet that expectation.

"Some people are wanting to know why the store doesn't have it (fresh meat)." (Franklins store manager)

All three Franklins managers find the packaging of the Fresh Cut range very appealing, which increases their likelihood to stock the range.

"I really like the packaging. It looks very good." (Franklins store manager)

Advantages associated with stocking VSP meat

Stocking the KR Fresh Cut range offers retailers the following advantages:

- it extends the range of products available to customers
- the retailer can cater to the full range of customer needs
- the retailer saves freezer space because the range doesn't have to be stored frozen
- staff time is saved because the products are already labelled
- staff time is saved because the products are already bar coded
- staff time is saved because the products are already priced
- it stops customers going elsewhere (eg Coles)

"I would like to give the customers the opportunity to buy fresh meat."
(Franklins store manager)

Franklins store managers feel that stocking the Fresh Cut range represents the following advantages to customers:

- they can buy meat when butchers and other supermarkets are closed
- they can do all their shopping in one store
- they can see the meat because of the clear packaging
- they can keep meat fresh for longer
- they can keep meat in the fridge for longer
- they don't have to store the meat in the freezer
- they can now buy fresh meat for last minute meals and spontaneous entertaining occasions

Disadvantages associated with stocking VSP meat

Store managers explain that the lack of consumer awareness about this type of meat packaging makes the product a high risk. Retailers are concerned about being left with unsold goods, and feel that the "returns and credit system" would need to be known prior to deciding to stock the range.

"Would you receive a credit for any stock not sold by the use by date?"
(Franklins store manager)

Retailers would prefer any credits to be issued directly to the store rather than via Franklins head office.

The additional staff time required to monitor the range's shelf life is a disadvantage for some retailers. Although they are currently monitoring products with a shorter shelf life, it is still an additional consideration for them when evaluating the likelihood to stock the range.

"We would really have to be on top of it." *(Franklins store manager)*

Promotional support

Franklins store managers feel the following promotional support would be crucial to customers' acceptance of the range:

- the production of a leaflet or pamphlet that could be placed next to the fixture housing the range, explaining the packaging style and its benefits
- in-store taste tests and demonstrations designed to reassure customers of the taste and quality of the products
- price specialling to encourage trial
- the inclusion of packaging details explaining the packaging style and that the colour reverts to normal upon opening

"It is important that people can try it and taste it." (Franklins store manager)

"The biggest obstacle is to get people to try it." (Franklins store manager)

"The price will need to be very competitive with other suppliers." (Franklins store manager)

Conclusions & recommendations

Product range

Situation	Conclusions & recommendations
<ul style="list-style-type: none">• The Fresh Cut beef products have appeal and would be purchased at Franklins by six in ten Franklins shoppers who buy beef monthly or more often (61%)• The Fresh Cut pork products are also appealing and would be purchased at Franklins by eight in ten Franklins shoppers who frequently buy pork (78%)• The majority of regular meat buyers who are doing their top up shopping at IG stores are likely to purchase the Fresh Cut range, however this would only be a few times a year or in emergency situations	<ul style="list-style-type: none">• The products in their current form are acceptable to consumers. For the majority of consumers there are no major problems associated with purchase of the Fresh Cut product
<ul style="list-style-type: none">• The range of products available is believed by retailers to be adequate and catering to a broad consumer base. Retailers however are baulking at offering more than one or two styles of meat because of KR's policy of only pricing packs bought by the carton	<ul style="list-style-type: none">• Consider introducing mixed cartons (with all packs pre priced) to allow retailers to stock a wider range of cuts• Consider introducing smaller "half cartons" of the range, with only 4 or 5 packs in each (all packs pre priced)

Product range cont.

Situation	Conclusions & recommendations
<ul style="list-style-type: none">• The key reason some meat buyers aren't likely to purchase the Fresh Cut range is because of its appearance, with the paleness of the meat colour being a problem	<ul style="list-style-type: none">• It is recommended that a reference to the meat's reversion to natural colouring be made on pack, and in point of sale material placed near the range
<ul style="list-style-type: none">• Products that attracted criticism in the research were either those that included fat or those that contained more liquid	<ul style="list-style-type: none">• It is recommended that the liquid of the beef strips be removed, and the diced pork cuts trimmed of all fat. If this is not possible it is suggested that these two cuts be deleted from the range, as their appearance detracts from the overall quality of the Fresh Cut range
<ul style="list-style-type: none">• A factor contributing to a positive image for the Fresh Cut range is that the product can be clearly seen through its packaging, and a selection of good quality cuts are available• Some consumers have a poor perception of pre-prepared and pre-sauced meat believing them to contain meat of an inferior quality	<ul style="list-style-type: none">• It is recommended that the meat cuts be left in their natural state, and that cuts which consumers associate with high quality (eg fillets, medallions) be featured

packaging cont.

Situation	Recommendations
<ul style="list-style-type: none">• Previous purchase of VSP meat is most likely to have come from family households and households with singles• Main grocery buyers from family households are more likely to purchase meat in bulk• Customers of IG stores typically prefer smaller Fresh Cut packs, whilst Franklins shoppers are more likely to opt for larger packs (ie more than half a kilo)	<ul style="list-style-type: none">• The key targets for this product are families and young singles• If Franklins is to be a future point of distribution, both large and small Fresh Cut packs will be necessary
<ul style="list-style-type: none">• Of the white and clear packs, the white has a slight advantage over the clear, except amongst those purchasers who are most likely to purchase the Fresh Cut product regularly. These purchasers do not show a strong preference either way	<ul style="list-style-type: none">• There is a benefit to packing the product on a white background, given its similarity to other “fresh” meat pack styles (ie styrofoam trays)

Packaging

Situation	Recommendations
<ul style="list-style-type: none"> One in two fresh meat purchasers (50%) have not experienced VSP or cryovac meats and the benefits this packaging style offers 	<ul style="list-style-type: none"> As many consumers are unfamiliar with the VSP style of packaging, and therefore not necessarily familiar with using food packed in this way, the inclusion of an indicator on pack suggesting cooking styles for each cut (eg suitable for grilling/frying/casseroles etc) may remove any uncertainty to purchase
<ul style="list-style-type: none"> A barrier to purchase amongst some meat purchasers (5% - 9%) is a perception that the product might be of a lower grade or of a lower quality 	<ul style="list-style-type: none"> Any indication on pack of the high grade of meat product would assist in overcoming this barrier to purchase
<ul style="list-style-type: none"> A small percentage of meat buyers (4%) mistakenly believe that there are preservatives included in meat packed in VSP 	<ul style="list-style-type: none"> Although the packaging does not have any major associations with preservatives and additives, for the minority of people who do make this association, the inclusion of indicators as to the products' natural, preservative free constitution would assist in overcoming this barrier to purchase
<ul style="list-style-type: none"> Customers of IG stores are buying emergency food for immediate consumption, and therefore a products' "long life" bears little or no value 	<ul style="list-style-type: none"> For the top up buyer there is no value in differentiating the Fresh Cut product from fresh meat available from other outlets on the basis of shelf life. Rather the product should be positioned strongly as "fresh, good tasting meat"

Price

Situation	Recommendations
<ul style="list-style-type: none"> • When presented with the product and advised that pricing is comparable to other fresh meat, consumers do not regard price as a barrier to purchase • However retailers feel that current pricing of the Fresh Cut product is higher than other fresh meat available elsewhere • Retailers also feel they are offered a better profit margin by Austral meats. 	<ul style="list-style-type: none"> • Ensure that a competitive pricing structure is in place • Review retailer margins to ensure they are competitive to the retailer
<ul style="list-style-type: none"> • One in two meat buyers have not yet experienced cryovac or vacuum sealed packaging, and are therefore unfamiliar with the performance of products in this packaging style 	<ul style="list-style-type: none"> • KR needs to consider options designed to reduce financial risk to consumers who have not yet tried VSP meat, such as: <ol style="list-style-type: none"> 1. in store trial of the product (particularly if the product is distributed through Franklins) 2. discounted pricing, or price specialling 3. the offer of a money back guarantee 4. the promise of a high quality product

Promotion

Situation	Recommendations
<ul style="list-style-type: none"> • Due to the newness of the product category, and limited supplies stocked, it can be assumed that awareness of the KR Fresh Cut brand is low • The research demonstrates that once consumers are aware of the product they react positively to it. Increasing product awareness is therefore of critical importance at this time 	<ul style="list-style-type: none"> • A mass media campaign would be recommended as a means of increasing consumers' awareness of the product, and to demonstrate to retailers KR's commitment to the range. Such a move would give retailers more confidence in stocking larger quantities of the range • A mass media campaign (such as television) is only recommended if retailers are able to respond to customer inquiries with adequate levels of stock. If distribution is limited, a local area campaign is recommended, with local media (ie newspapers) being used in those areas where there are stockists of the range • Key messages to be included in promotional support are the quality of the KR brand, the products' freshness, and the participating retail outlets. (The issue of the packaging style and its effect on meat colour should be addressed on pack and in point of sale material) • Improved awareness of the product might also be gained through the use of eye catching, specially designed signage for the IG store market, particularly if the signage is designed to be placed outside the store or in view of passing trade • In-store signage and pamphlets are also recommended at point of sale, educating consumers about the packaging type, the colour reversion process, and benefits of VSP