



# final report

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Prepared by: Adam Laitt  
Milne AgriGroup

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## Milne Agrigroup red meat ready to eat capability development

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## **Abstract**

This project supported the development of 6 Ready to Cook (RTC) beef and lamb products in order to build the red meat valued added capability within Milne Agrigoup.

## **Executive Summary**

This project was targeted at developing the red meat value adding (VA) capability within Milne Agrigroup (MAG) to leverage the organisations existing innovative capabilities.

The project supported the development of between 5-8 Ready to Cook (RTC) and Ready to Eat (RTE) products in beef and lamb and specifically undertake the following activities:

- Understand the market and identify key usages and occasions for red meat RTC and RTE products;
- Develop and enhance procurement capabilities and understanding of the red meat supply chain and carcass utilisation/returns for value adding;
- Direct New Product Development resource towards red meat products;
- Undertake consumer research to determine optimal packaging and messaging to execute these initiatives; and
- Undertake extensive R&D to ensure product quality and safety was demonstrated to the targeted market channels with key enabling technology platforms described when applied to red meat

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## 1.0 Background

Milne Agrigroup (MAG) is a diversified agribusiness based in Western Australia, comprising of:

- a feed division (Milne Feeds) which is Western Australia's largest ruminant feed producer; and
- a meat division (Mt Barker Free Range Farms), which produces, processes and markets free range chicken, free range pork and beef.

MAG produces, processes and markets chicken under the Mt Barker Free Range Chicken brand and is also one of the largest free range pork producers in Australia.

MAG delivers six days per week to around 400 chain supermarkets, independent supermarkets, butchers, caterers and other retailers.

### 1.1 Innovative Products

MAG is regarded as a leading innovator in convenient meat products.

As one of the pioneers of "Ready to Cook" retail ready meat, MAG led the development of marinated, seasoned, ready-to-roast and other products which were attractively packaged and highly successful in the chicken and pork markets. MAG's RTC products receive strong support from Coles, Woolworths and independent supermarkets in Western Australia. RTC products accounted account for c. 30% of MAG's free range chicken sales and 50% of free range pork in FY2016.

Since 2014, MAG has led the development of "Ready to Eat" retail chicken products in Australia. MAG supplies roasted chicken to Victoria, South Australia and Western Australia, with a major contract for private label supply to a national chain.

In 2014, MAG built one of Australia's leading RTC and RTE production facilities at Rockingham in Western Australia. MAG's facility has a wide range of product and packaging capabilities and contains one of the only genuine high-care facilities for the production of RTE products in Australia.

## 2.0 Beef and Lamb Opportunity

Prior to collaboration with the MLA, MAG used its significant value adding capability exclusively for pork and chicken. MAG saw an opportunity to leverage its innovative capabilities in RTC and RTE products in beef and lamb. MAG believed that the RTC and RTE markets in these proteins were significantly underdeveloped and that there was scope to grow the demand for each protein with product, packaging and processing innovation.

While MAG believed there was an opportunity to improve returns on lower value cuts in these proteins, it faced several barriers including:

- uncertainty regarding consumer acceptance of red meat RTC and RTE products;
- procurement, supply and specification issues;
- unfamiliarity with red meat product development.

The MLA red meat capability development program enabled MAG to overcome these barriers. It harnessed MAG's existing innovation, new product development capability and new-value adding facilities to develop a range of beef and lamb RTC products. This range has been listed by a national retailer and is being progressively rolled out during 2016.

## 3.0 Project process

### 3.1 Range Design

Initially, MAG developed a draft range of 12 beef and lamb RTC/RTE products for consideration and evaluation by consumers. It then hired a leading consultancy to undertake market research and evaluate consumer feedback from focus groups. MAG also approached leading retailers with range mock-ups and product concepts to assess trade support.

Key findings from MAG's research included:

- There was a strong level of interest in the product concept and many consumers would be willing to 'give the product a go.'
- Chicken & Beef had stronger levels of consideration compared to those of Pork and Lamb.

- Convenience is the largest appeal of the product. The ease of preparation, absence of cooking and cleaning and the ability to have a meal on standby were key characteristics of the products' desirability.

Following focus group and retailer feedback, MAG scaled back its initial launch to 6 RTC beef and lamb products. The final products selected received the best trade feedback and consumer support in taste testing. Appendix A sets out key findings from our market research. The technology section sets out in more detail the objectives pursued by MAG in compiling the range and how this was achieved.

### **3.2 Meat supply**

One of MAG's major constraints for processing red meat products was the procurement of good quality meat from a reliable supplier. MAG found it difficult to find a supplier who could consistently meet their specification requirements.

In order to secure a reliable beef and lamb supplier, MAG utilised an experienced butcher, with substantive knowledge of red meat characteristics, to source and manage an appropriate supplier.

In designing the range, MAG sought to develop a complete retail-ready selection that was attractive to retailers. However, MAG is at a competitive disadvantage vis a vis processors in premium cuts of meat, and the opportunity is to improve returns to processors on carcass by enhancing the value of excess cuts. This isn't the structure of the entire range but is a significant influence.

Accordingly, MAG spent a significant amount of time in product development identifying suitable cuts and ways to make them marketable. By way of example, MAG is:

- taking an oyster blade, trimming it substantially and marinating in a chimichurri to create a south American-style flat-iron steak; and
- utilising several cuts in its lamb products to be able to solve carcass balance problems for a major processor, with flexibility in which leg cut is used for each product.

The quality of the beef and lamb is still an ongoing challenge for MAG. Buying cheaper cuts of meat in order to value-add is difficult as the quality of the meat can vary significantly. Having clear specifications and ensuring suppliers understand the needs of MAG is essential during this procurement process.

### 3.3 Technology

Successfully value adding lower value cuts, as described above, in a way that was acceptable to consumers required effective tenderising as well as suitable mass-production trimming and cutting to create appealing products.

In addition, MAG needed to ensure sufficient shelf life to supply a national market from Western Australia. It also needed to use technologies to cost-effectively produce fixed-weight products, which are standard in value-added retail products and expected by retailers.

In order to produce these new product lines, MAG utilised a range of specific value adding equipment, including:

- A tenderising injector
- Mincers
- Stirfry strip cutter
- Tote bin tumbler
- I-cut portioning machine
- Darfresh packing line
- Thermoformer packing line
- Metal detector
- Label applicator
- Vacuum tumbler

Ultimately MAG learnt a significant amount about managing its supply chain to enhance ultimate shelf life, as it managed incoming cuts from a range of different suppliers packed in different ways. Shelf life targets were met following a number of trials and use of different marinade structures. With the use of sufficient acidity in marinade and DarFresh packing, shelf life targets were achieved. The DarFresh also tested well as a means of presentation both with trade buyers and consumers.

MAG trialled a number of injectants, different marinade and flavour profiles in order to match the shelf life requirement with an appealing consumer product. Over the course of the project it developed capability in working with beef and lamb. In particular, the organisation now has better understanding of the differences in necessary flavour profiles and processes as compared to chicken and pork, which tend to be more neutral in flavour and respond differently to factory process in terms of moisture absorption and meat quality on shelf.



Finally MAG improved its capabilities substantially in terms of producing fixed weight beef and lamb products. This was a new task for MAG manufacturing as the nature of the cuts being used and their variability made them quite different to the proteins MAG was familiar with which could be cut to suit. MAG utilised its laser cutting capability and developed suitable processes in factory to allow the production of the products in this way in an economically viable fashion.

### 3.4 Marketing

In order to successfully launch the 6 new product lines into store, MAG developed a clear marketing and sales strategy, including:

- **Merchandising:** MAG provided one-to-one planning support and store specific branding opportunities
- **Point of Sale:** The marketing team provided shelf stripping, shelf talkers, wobblers and recipes to retailers
- **Demonstrations:** A staff team of 6 were allocated to dedicated livery, product sampling, consumer brochures and recipes
- **Social Media:** Leveraging via Facebook, Instagram, twitter etc.

Metcash Ltd have listed the products and will be providing catalogue support for their launch. MAG has leveraged its existing retailer relationships and distribution networks to secure WA listings in 104 Independent Supermarkets. SA listings for c. 60 stores have been arranged for launch in the first week of October. Meat managers have provided strong support for the product, with Appendix B providing examples of in-store displays.

Going forward, MAG intends to launch into other retail outlets and food service, with demonstrated success in the existing market.

## **4.0 Review of Project**

The project was a success. MAG successfully launched 6 new red meat products into WA on the 16<sup>th</sup> August 2016 with plans for a national rollout. MAG now understands and has improved capability to sustain ongoing R&D for ready to cook products for the red meat market.

One month into launch, these products comprise approximately 5% of MAG's pre-project RTC chicken and pork volumes. MAG projects that as the products gain traction and are rolled out beyond Western Australia, they could grow to 10-15% of the MAG Value Added business.

It expects that as it expands its capabilities and expands the geographic reach of the range. If successful listings in other national chains are achieved, this could increase significantly.

## 5.0 Appendix A – Marketing Research Review

Tastes Great	Good Value for Money	Quick to Prepare	Variety of Flavours	Healthy Meal Option
Pack to feature prepared dish for appetite appeal	Beef & Lamb can command higher price than chicken and pork	Weekday meal time very limited: 25 min max prep for marinated or 1 hour for oven roast trays	Range presented included something for everyone's taste	Centre plate meat is the meal hero so needs to project fresh, healthy image
Large window on pack necessary to reassure on quality/taste	Shopper don't compare to fast food prices, rather to home cooked meals for one or emergency occasions	Two needs identified – 1. like to cook but wants to save time. 2. Don't like to cook but wants easy and healthy	All flavours well received in taste tests. Request for larger pack size (e.g serves 2-4 ready to eat family meals)	Pair meats with existing fresh prepacked and cooked accompaniments to simplify meal
Sampling will provide strongest inducement to purchase	Introductory pricing will best induce trial, as will '2 for' special price deals for repeat buyers	Men do a lot of the cooking, flavours pack and instructions must appeal	Variety in protein necessary to increase purchase occasions	Pack to include 'serve with fresh vegetable and or salad suggestions' to reinforce healthy
Delivering something new yet mainstream	Price used as indication of quality (particularly beef)	Minimum clean up is important for ALL consumers (most hated task)	All meat types viewed positively, but beef and chicken critical at launch stage	Ingredient listings to minimize additives, promote fresh, natural
Black pack colour denotes quality and authenticity	Coloured photo of served product on pack can command a higher price point	Ready meals appeal to singles/couples and emergency meals (e.g shift workers)	All cooks want something new that has broad household appeal – makes the cook look good	Visible fat and grizzle biggest turn off
Milne Pastoral preferred brand name – reinforces Australian, freshness & quality	Brand name reflects quality considerations and lowers perceived risk of purchase	Ready meals – 'Heat & Serve' preferred term. Must easily differentiate from RTC pack.	Flavours need to permeate meat not just as a sauce	Weekends offer opportunity for more decadent/entertaining meals
Chicken and Beef stronger sales prospects than pork and lamb	Value add products located in fresh meat case. Pre cooked best with ready meals	Heat and Serve meats – close proximity to complementary fresh foods. (Salad bags etc).	Ready to eat preference for NO potatoes, rice etc in pack	Heat & Serve meats for lunch meal options suggested







