

Final report

Aussie Select Cuts: development and testing new lamb US deli products and insights (Meat Tender)

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Abstract

The aim of the project is to develop and test a suite of Australian lamb products (Aussie Select Cuts) to build on the ready to eat/heat and deli meats trend to grow demand in value added Australian lamb in USA.

Despite the COVID-19 pandemic, Aussie Select developed three hand-crafted, modern charcuterie offerings. After multiple rounds of research (including in-market assessment), Aussie Select met or exceed market demands for taste, sustainability, innovation, and health & wellness. Based on the research, current tonnage projections to meet the demand for Aussie Select show a potential for 3,700,000+ pounds of Australian raw product over the next five years.

Aussie Select is a significant solution to penetrate the US market to drive awareness, interest and preference of Aussie lamb. The brand is a clear call out to its Australia Country of Origin and prominently features True Aussie Lamb branding. However, manufacturing/processing is a huge challenge in the market given the “novelty” of the product and lack of familiarity with further processing of lamb. Limited-to-no availability of line time further depresses viable options for co-manufacturing and drives cost up. As such, successful commercialization faces production and pricing hurdles which will require significant investment to successfully overcome.

Executive Summary

Background

World Select Cuts/Aussie Select™ contracted with Meat & Livestock Australia to develop and test a suite of Australian lamb-based deli offerings to explore viability in the US market. Research addressed acceptance, viability and value/volume potential for a new Australian lamb based premium lamb charcuterie offering. The target audience for this includes Enlightened Eaters and Gastronomic Explorers (including multicultural millennials, health and wellness seekers, food trendsetters and influencers). Research results will be used to seek commercial funding.

Objectives

- Finalise RTH/RTE Lamb product and process specifications and preliminary marketing mix
- Test in-market product, pack, and brand concepts
- Develop economic model and business plan to scale up

Methodology

After initial product development and testing, the proposition and products were tested in multiple rounds among consumers and the retail/foodservice community to feedback on the concept, product tastings, and in-market assessments.

Results/Key Findings

Aussie Select has been validated through consumer research with high interest. Among industry the products rated highly among consumers and retail/foodservice operators.

- 94% Top Two Box Purchase Interest Score¹
- 86% Top Two Box Uniqueness Score¹
- 86% Expectation Fulfillment¹
- +15% increase in Purchase Interest AFTER trial/tasting²
- Highly positive product attribute scores (84% “hand crafted, Premium, Pasture Raised; 75% “Great tasting, naturally lean and tender lamb”)¹

Benefits to industry

No comparable lamb-based options exist in the U.S. Aussie Select is unique and a significant solution to penetrate the US market to drive awareness, interest, and preference of Aussie lamb. Beyond the value of having a “True Aussie” brand in the US, research highlighted the need for 3,700,000+ pounds of Australian raw lamb over the next five years to meet retail and foodservice demand. The offering will highly benefit the Australian Lamb industry.

- 82%+ of consumers claimed lamb in a deli format will increase the amount purchased and eaten¹
- Australian Country of Origin callout was generally positive or neutral, though many did not associate Australia with lamb – this is something Aussie Select can help build awareness for.¹

Future research and recommendations

World Select Cuts is prepared to launch commercial activities for Aussie Select in the U.S. retail and foodservice markets, with potential for more than 3.7 million pounds of lamb required over the next five years, exclusively sourced from Australia. There is huge upside for the industry with our commitment to Australia and growth for Australian lamb in the key U.S. market. But there are hurdles standing in our way that can only be overcome with additional funding. To accomplish this, World Select Cuts seeks to raise \$3 million in funding to launch commercial activities.

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1. Background

1.1 The US Market

\$7.7 Billion is spent annually by US consumers on deli meats.³ Deli sales numbers are expected to continue, with 80%+ of grocery leaders anticipating additional growth.⁴ Growth in past three years of consumers buying prepared ready-to-eat or ready-to-heat foods weekly has increased 154%.⁵ Despite the size of this sector there are no lamb-based products offered. Yet, lamb, and lamb from Australia, meet the needs of today's consumer.

- 2/3 of shoppers look for 'healthy' options when buying meat. Lack of change and expansion in product assortment are consistent complaints.⁶
- 88% of shoppers want to see more new items and flavors in retail. When shoppers do see something new, sales pop.⁷
- Consumers are interested in seeing the deli featuring organic, non-GMO, and other mega trend-inspired foods
- Consumers increasingly want to express themselves and experiment with food, but these consumers also report time constraints

Clearly there is a market to help the deli and meat portfolio capture more growth and profit. To date, U.S. lamb has been sold primarily fresh or frozen, which research shows can be a barrier to consumers who are pressed for cooking time and have little preparation confidence. As the #1 provider of lamb to the US market, the Australian industry has a massive opportunity to break into this market as the first to market ready-to-eat lamb products, Aussie Select presents a line well-positioned to meet consumer needs and capitalize on current buying and dining trends in both retail and foodservice segments.

1.2 Meat Tender and World Select Cuts

Established in 2008 by two respected leaders in the export industry, each with long standing contacts throughout their network of producers, plants and logistics, Meat Tender exports premium quality chilled and freshly frozen meat around the world.

Meat Tender has partnered with a team to found World Select Cuts, bringing in extensive expertise in the food, beverage, and retail industries. The team includes culinary developers of award-winning food platforms and properties (including multiple successful restaurants) and industry-leading food and beverage marketers with experience from startups to operating billion-dollar brands across retail and foodservice

1.3 The Idea Behind Aussie Select Cuts

The founders of World Select Cuts have worked directly in and within the Australian Lamb industry for a combined 5-+ years. That work led to a full understanding that while lamb is loved by Americans, there was unexplored opportunity to drive better access. There exists an "I don't know how to cook it" fear that is overcome with a prepared item. People also traditionally associate lamb with special occasions. While it's true that lamb on holidays is a great fit, leaning into deli drives sandwich and charcuterie board application — which makes lamb relevant every day of the week. An "ah ha" moment at the deli made us wonder why lamb is not present behind the deli counter like other proteins...turkey, beef, pork, chicken... Could we do for lamb what turkey deli meat does for turkey? Providing access and sandwich relevance to drive an all-year consumption of lamb in the home?

2. Objectives

Despite the COVID-19 pandemic (and resulting shut down for most of 2020), Aussie Select fully developed an initial line of hand-crafted, modern charcuterie meats. The initial range of products includes Tikka Masala Lamb Ham, Agave Rosemary Lamb Ham and Lamb Pastrami. These products were tested and approved by the USDA for sale in the US with a 120-day shelf life unopened (compared to 60-day estimate from production sample testing).

Aussie Select has been validated through consumer research with high interest. Further, among industry the products rated highly among consumers and retail/foodservice operators.

- 94% Top Two Box Purchase Interest Score¹
- 86% Top Two Box Uniqueness Score²

Business case, economic model, and business plan to scale up have been successfully completed with pre-commercialization activities currently ramping up. However, manufacturing/processing is a huge challenge in the US market given the “novelty” of the product and lack of familiarity with further processing of lamb. Limited-to-no availability of line time also depresses viable options for co-manufacturing and drives cost up. However, overall finished goods costs can be reduced significantly (a current hurdle with potential customers) with better production options.

3. Methodology

3.1 Product Development

The initial line of Aussie Select products were developed in conjunction with leading US culinary development experts including Chef Aaron Brooks and Chef Michael Slavin. Recipes were developed and tested extensively during batch production at New England Charcuterie.

3.2 Concept/Brand Development

After an extensive marketplace and trend review, the Aussie Select brand was born to meet the needs of US consumers hungry for ‘enjoyable eating exploration’. The brand was developed to bring new, bold flavors that take consumers on a DELicious journey

Aussie Select has been validated through multiple rounds of consumer research and conversations with key industry executives, including:

- Concept/Marketplace Acceptance Screening (151 interviews)
- Retail/Foodservice Operator Concept Screen (132 interviews)

3.3 Product Testing

After product and concept testing, the Aussie Select line was extensively tested with retail and foodservice operators for feedback.

- In-Market Assessment (114 consumers)
- Consumer Product Tasting/Testing In-Home Product Testing (37)
- Retail/Foodservice Product Sampling (50+)
- Foodservice Operator Market Placement (44 locations)

4. Results

4.1 Product Development (see Appendix A)

Aussie Select is better from the start. All our products are hand-crafted from Lamb from Down Under that has an all-natural advantage, blended with the finest spices, creating bold flavors to take you on a DELicious journey through your taste buds.

- 100% Australian pasture-raised lamb
- Each product is fully cooked and available in ~2lb whole muscle pieces
- 120-day refrigerated shelf life
- No artificial ingredients, flavors or colors
- Good source of protein
- Halal-certified

After extensive testing and market feedback, second generation products were refined under the leadership of Dirk Geleit from Meat Tender and Chef Michael Slavin working in partnership with Sadler's Smokehouse as the co-packing facility.

These products were tested and approved by the USDA.

4.2 Concept/Brand Testing (see Appendix B)

- Highly Unique, New-to-Market
 - *86% Top Two Box for Uniqueness*
 - *94% Top Two Box Purchase Interest*
 - *77% Top Two Box Liking*
 - *86% Expectation Fulfillment*
- Proposition is appealing to consumers
 - *The flavor profiles and "free from" claims are of interest*
 - *Consumers appreciate the "premium" positioning*
 - *Messaging for taste, sustainability, and pasture raised are compelling*
 - Australian Country of Origin callout is generally positive or neutral; education is needed to entice product trial and strengthen interest
 - High price limits uptake in retail & foodservice (which will limit fresh meat purchases from Australia)

4.3 Production and Development

Production and pricing are a significant barrier to successful commercialization

- Co-packer production facilities not set up for small-goods/specialty products
- Startup quantities are exorbitantly priced given the "novelty" of the product and lack of familiarity with further processing of lamb. Limited-to-no availability of line time also depresses viable options for co-manufacturing and drives cost up.

- Lowering costs and increasing profitability will allow Aussie Select to offer a lower price to market which will further increase the demand for fresh Australian lamb.

4.4 Market Interest

There is HUGE upside for Australia lamb industry with new offering in U.S. market. As the market has caught on to the development – and potential launch of Aussie Select, the “Brand Launch” has been featured in multiple national US publications

- *Retail: Supermarket Perimeter, Food Technology Top Trending Foods, [Deli Market News](#), [Natural Provisioner](#), [Grocery Insight](#), [Perishable News](#), [Meat+Poultry](#), [The Shelby Report](#), [Food Business News](#)*
- *Foodservice: [FSR Magazine](#), [Club & Resort Chef](#), [Flavor and the Menu](#)*

5. Conclusion

Aussie Select has successfully crafted a beneficial proposition for US consumers and the retail/foodservice industry. Aussie Select is a viable and valuable solution to penetrate the US market to drive awareness, interest, and preference of Aussie lamb. The brand is a clear call out to its Australia Country of Origin and includes True Aussie Lamb branding prominently on the front of label. However, successful commercialization faces production and pricing hurdles which will require significant investment to successfully overcome.

5.1 Key findings

- The Aussie Select line of all-natural, ready-to-eat/ready-to-heat, pasture-raised Australian lamb meets the demands of today’s consumers for health & wellness, sustainability, and flavorful food offerings.
- Retailers will be seeking to drive post-COVID growth through premium innovations. The initial products in the Aussie Select line only scratch the surface; there is exciting growth opportunity for lamb in the ready-to-heat, ready-to-eat and snack-kit categories.
- There is no slowing the desire for products that provide maximum convenience without sacrificing taste or quality. Today’s consumers may be time-constrained, but they are still open to experimentation.

5.2 Benefits to industry

- Aussie Select is a significant solution to penetrate the U.S. market to drive awareness, interest and preference of Aussie lamb. The brand is a clear call out to its Australia Country of Origin and includes True Aussie Lamb branding prominently on the front of label.
- Beyond branding, current tonnage projections to meet the demand for Aussie Select shows a potential for over 3,700,000 pounds of Australian raw product over the next five years.
- Aussie Select will introduce a new market to Australian lamb, opening up new occasions, new users, and new innovations beyond the deli.

6. Future research and recommendations

World Select Cuts is prepared to launch commercial activities for Aussie Select in the U.S. retail and foodservice markets, with potential for more than 3.7 million pounds of lamb required over the next five years, exclusively sourced from Australia.

7. References

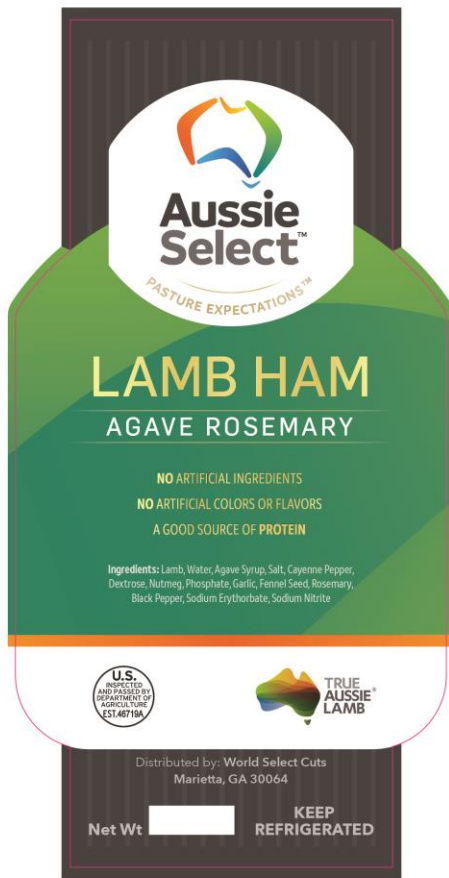
1. *Concept/Marketplace Acceptance Screening (2020)*
2. *Consumer Product Tasting/Testing In-Home Product Testing (2020)*
3. *The State of Meat 2019: Evolution of Protein (IRI Fresh Center of Excellence, 2019)*
4. *Kerry, Rethinking the Future of Deli Counters and Prepared Foods, (May 2020)*
5. *Total US multi-outlet sales, (Information Resources Inc. Market Advantage, March 2020)*
6. *The Power of Meat (FMI, 2020)*
7. ["Power of Foodservice at Retail" Report](#), (Food Marketing Institute 2020)

8. Appendix

8.1 Product Information

Agave Rosemary Lamb Ham

A dynamic flavor combination of 100% pure agave syrup and fragrant fresh rosemary with subtle notes from nutmeg, fennel, and garlic. This boneless leg of lamb is cured in the spirit of an authentic ham and made pleasantly sweet from agave syrup slow-cooked directly in and on the roast.



Nutrition Facts	
8 servings per container	
Serving size	2 oz (57g)
Amount Per Serving	
Calories	90
% Daily Value*	
Total Fat 3g	4%
Saturated Fat 1.5g	8%
Trans Fat 0g	
Cholesterol 35mg	12%
Sodium 720mg	31%
Total Carbohydrate 3g	1%
Dietary Fiber 0g	0%
Total Sugars 2g	
Includes 2g Added Sugars	4%
Protein 13g	26%
Vitamin D 0mcg	0%
Calcium 0mg	0%
Iron 1.2mg	6%
Potassium 140mg	4%

* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.



Tikka Masala Lamb Ham

Boneless Leg of Lamb captures the warm toasted spice flavors of Masala (Masala means “mix”). Our blend balances cumin, cardamom, coriander, cinnamon, cloves, and nutmeg into a robust rub that coats the lamb ham with its characteristic outer flavor crust.



Nutrition Facts

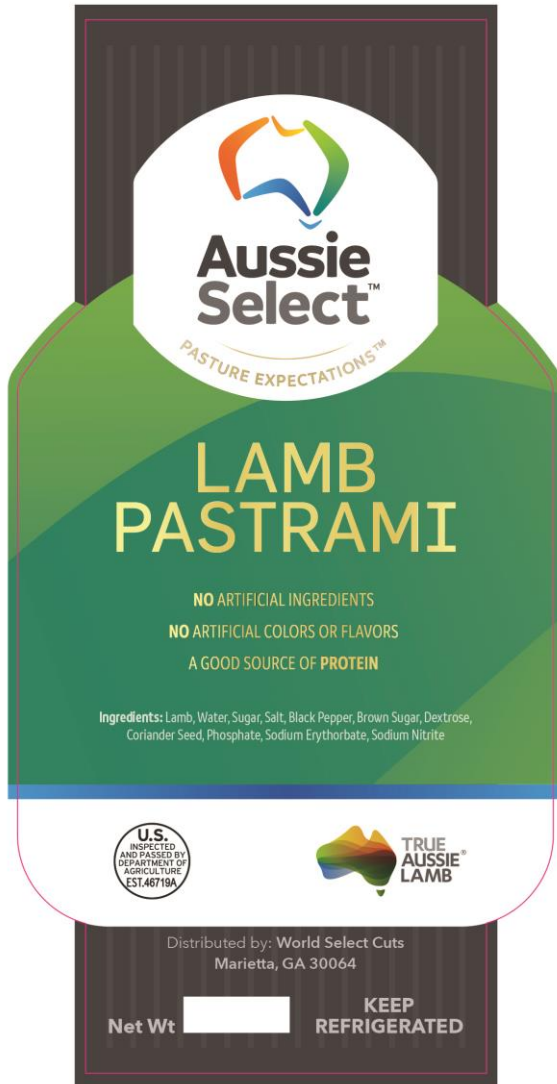
8 servings per container	
Serving size	2 oz (57g)
Amount Per Serving	
Calories	90
	% Daily Value*
Total Fat 3g	4%
Saturated Fat 1.5g	8%
Trans Fat 0g	
Cholesterol 35mg	12%
Sodium 840mg	37%
Total Carbohydrate 4g	1%
Dietary Fiber 0g	0%
Total Sugars 3g	
Includes 3g Added Sugars	6%
Protein 13g	26%
Vitamin D 0mcg	0%
Calcium 10mg	0%
Iron 1.4mg	8%
Potassium 160mg	4%

* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.



Lamb Pastrami

Coated with an authentic seasoning blend of traditional New York Deli flavors like coarse ground black pepper, coriander, and brown sugar. Then patiently smoked with hickory and mesquite wood. The finished smoked lamb yields big meaty flavors, a pleasant peppercorn bite with a tender texture and mouthfeel.



Nutrition Facts	
8 servings per container	
Serving size	2 oz (57g)
Amount Per Serving	
Calories	150
% Daily Value*	
Total Fat 11g	14%
Saturated Fat 5g	25%
Trans Fat 0g	
Cholesterol 40mg	13%
Sodium 510mg	22%
Total Carbohydrate 4g	1%
Dietary Fiber 0g	0%
Total Sugars 3g	
Includes 3g Added Sugars	6%
Protein 9g	18%
Vitamin D 0mcg	0%
Calcium 10mg	2%
Iron 1mg	6%
Potassium 140mg	4%

* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.



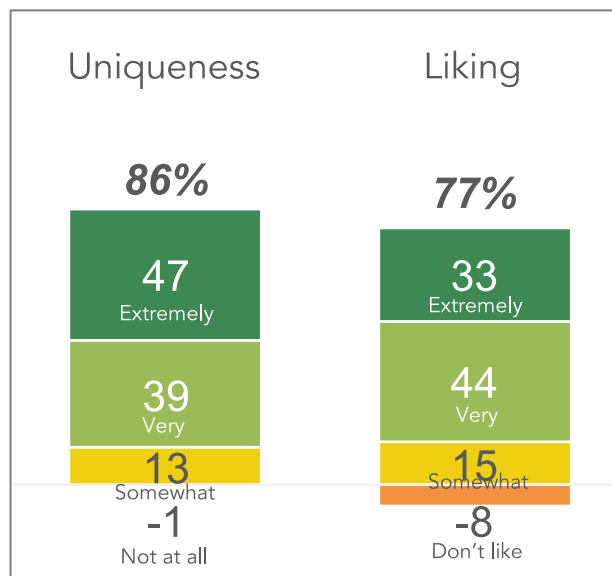
8.2 Concept/Brand Testing

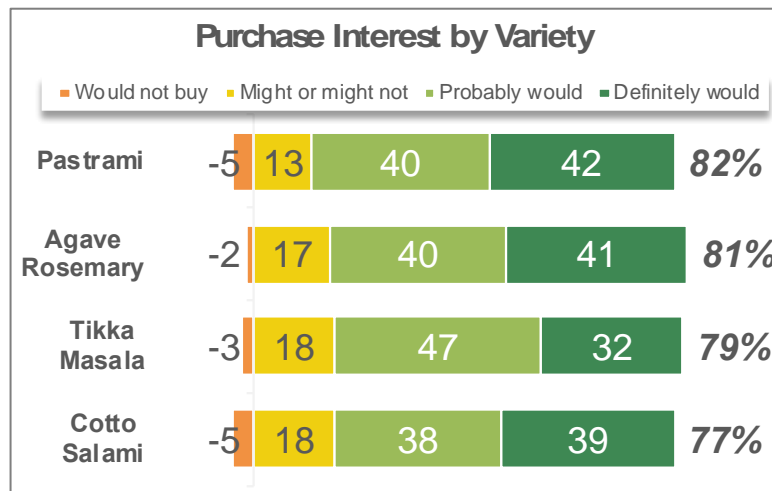
Concept/Marketplace Acceptance Screening (2020)

Consumer Product Tasting/Testing In-Home Product Testing (2020)

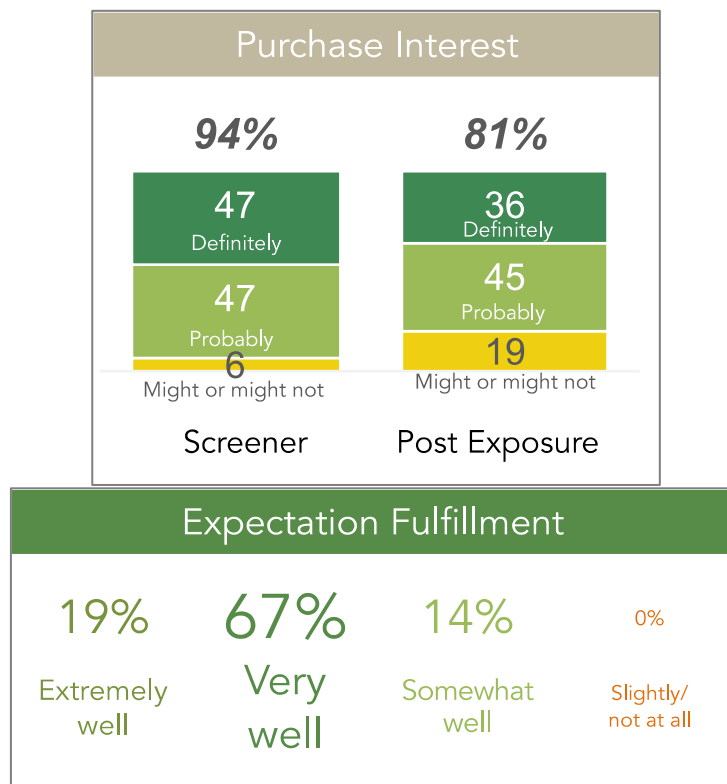
Timing:	August 18-19, 2020
Session length:	75-minute sessions <ul style="list-style-type: none"> • 15-minute individual feedback • 60-minute group discussion
Process:	<ol style="list-style-type: none"> 1. Recruiting via online survey (quantitative) <ul style="list-style-type: none"> • Protein liking and eating frequency • Deli meat shopping and eating habits • Concept reactions (liking, uniqueness, purchase interest, variety interest) 2. In-person review and discussion of products in simulated deli case (qualitative - detailed on next page) 3. Home-use testing (opt-in) <ul style="list-style-type: none"> • Household reaction to products In-home usage/experiences, impact on interest
Scope:	114 screened consumers (conceptual interest) 37 consumer participants (in-person)

Pre-Screening: Nearly all consumers are open to trying the Aussie Select products, with nearly half finding it “extremely unique”.





Post-Exposure: After consumers saw the Aussie Select offering in the deli case, the concept was revisited. Purchase Intent remained high (81% top-two box score), with most (86% top-two box score) stating the product met their expectations based on the value proposition.



Themes/Feedback from Discussion

- “Lamb is intimidating, but I love how these products make it more approachable.”
- “The idea of lamb as somehow “unapproachable” just isn’t in my mind. Maybe “accessible” is better word.”
- “Pasture and sustainably raised both draw me to this.”
- “It’s so unique that no one would think of lamb as deli meat.”
- “Never thought of lamb for deli meat.”
- “Leftover lamb isn’t good so I’m unsure of ingredients and how it’ll stay fresh tasting.”

Summary and Implications

- Aussie Select is an appealing product proposition, especially the flavor profiles and “free from” claims.
- Consumers appreciate the positioning around “premium” more than “approachable”.
- Messaging around taste, sustainability, and pasture grazed are compelling; however, “modern technology” and “packaged” mentions tend to contradict “premium”.
- The products deliver an enjoyable eating experience which exceeds taste expectations set by the concept.
- Reactions to texture and fat ratio were polarizing across the products. The products tend to provide a unique eating experience which is differentiated by serving temperature, generally more positively received when warmed.
- Within a staged deli case, Aussie Select and its green label is noticeable and delivers on the feeling of premium, natural meats.

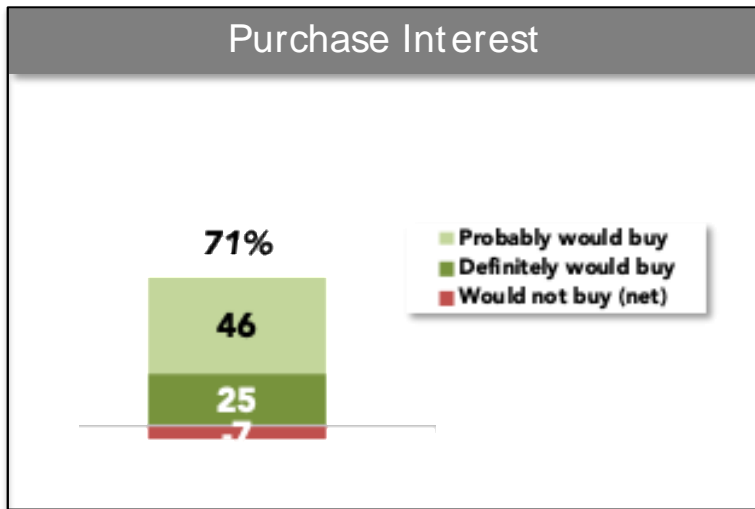
Foodservice Operator Market Placement Testing

Timing:	February 2 - 16, 2021
Segments:	Casual Dining Fine Dining/Country Club Lodging
Session length:	75-minute sessions <ul style="list-style-type: none"> • 15-minute individual feedback • 60-minute group discussion
Process:	Participant screening was based on those exhibiting interest in product (top three box) during the concept test. As such, all participants were screened for: <ul style="list-style-type: none"> • Being the purchase decision maker for the unit • Currently purchasing/menuing meat • Using/open to using deli meat or charcuterie in their operation Products were shipped on February 2, 2021 and post-trial interviews were conducted February 4-16, 2021.
Scope:	Concept Test: 132 interviews Product Placement: 44 locations

Key Findings

- Aussie Select Cuts was very well-received and viewed as highly unique during the concept testing phase. Notably, lamb is present on roughly half of menus within target US foodservice segments, compared to 95%+ for beef, chicken, or pork.
- Interest was highest among Fine Dining and Lodging, as well as Casual Dining locations offering charcuterie or special event catering.
- The test varieties all performed well, exceeding most operator's expectations. In fact, acceptance among Lodging operators increased to surpass Fine Dining levels though interest continued to skew lower in Casual Dining. Few operators expected to menu all three varieties.
 - Lamb Pastrami was the top performing variety.
 - Agave + Rosemary Lamb Ham performed well, particularly the mild flavor profile which complimented other ingredients, making it more versatile to menu.
 - Tikka Masala is viewed as highly unique, perhaps too much for some operators.
- Price sensitivity is tempered following product trial, as the three tested varieties exceeded expectations. Those operators showing strong purchase interest in specific varieties were unlikely to be negatively impacted by price of that variety. Providing operators with a price frame of reference like prosciutto and duck seemed to make them less price sensitive overall.
- Initial expectations are that these items will be additions versus replacements to current items, slowing ramp-up.

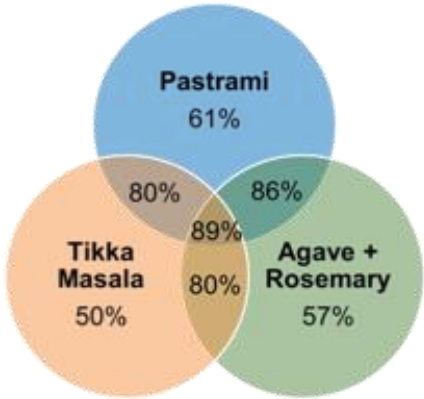
Product Performance



Consistent with flavor interest from concept testing, Pastrami exhibited the most potential for success within foodservice. All products were deemed highly unique and exceeded operator expectations. Pastrami and Agave + Rosemary should be the lead varieties due to their broad appeal, menu versatility, and easy frame of reference. Tikka Masala is an “interesting” variety that can showcase range, and challenge those seeking to create signature dishes.

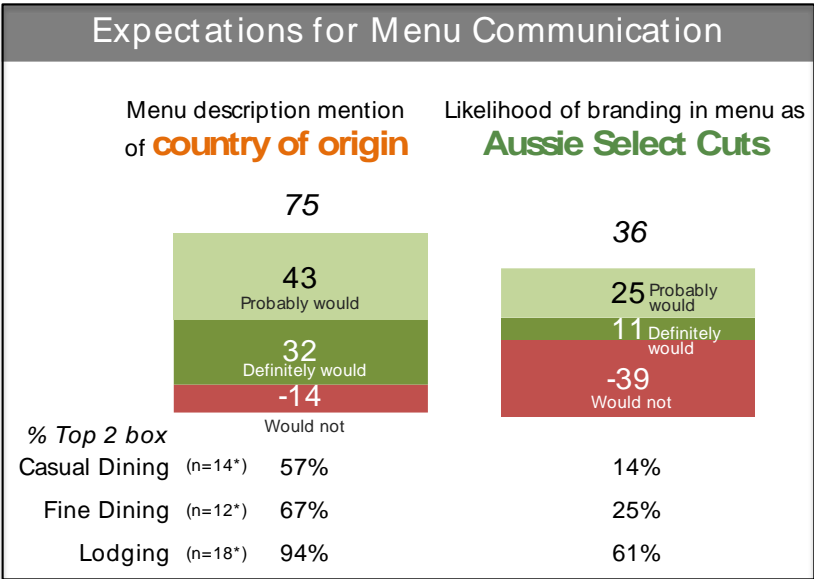
	Pastrami	Agave + Rosemary	Tikka Masala
Purchase interest <i>(top 2-box post-trial, unpriced)</i> Performance hurdle = 55%+	61%	57%	50%
Overall liking <i>(top 2-box post-trial)</i>	68%	64%	64%
Uniqueness <i>(top 2-box post-trial)</i>	75%	75%	89%
Meet expectations <i>(top 2-box post-trial)</i>	73%	61%	61%

Market Reach Optimization



Derived from variety purchase interest scores and TURF analysis.

Foodservice operators were more likely to menu the “country of origin” for these products than to use the brand “Aussie Select Cuts”. Country of origin would likely be included in menu descriptions, while inclusion of the Aussie Select branding would likely be limited to Lodging menus.



Concept Theme Reactions

	Positive			
	Total	Casual Dining	Fine Dining	Lodging
	(44) %	(14*) %	(12*) %	(18*) %
Hand-crafted	84	86	83	83
Premium, pasture-raised	84	71	92	89
Great tasting, naturally lean and tender lamb	75	79	75	72
Add new, bold flavors	66	64	58	72
Australian lamb	64	50	67	72
Meet demand for exciting new protein offerings	59	29	58	83
On-trend	55	50	42	67
Easily approachable way	46	36	50	50
Australia's abundant pasturelands	41	29	50	44

Themes/Feedback from Foodservice Operator Research

- *“I was delightfully surprised at how traditional the flavor turned out with it being lamb.”*
- *“I didn't expect Lamb to turn out well in a pastrami application, but it was a pleasant surprise with the flavor and texture.”*
- *“You expect pastrami to be salty, have some bite and a cure of some type. This checked all the boxes.”*
- *“It looked well crafted, more of a natural product than I was expecting. It was easy to work with, sliced well, ate well, tender, and flavorful with a great mouthfeel.”*
- *“I was expecting a clash of the natural lamb flavoring and the pastrami spice, but I thought it worked beautifully.”*
- *“The flavor of the pastrami when warmed was phenomenal. Once the fat cooked down just a touch and it mellowed out the pepper, it was amazing. Easy to work with once it was warm.”*
- *“The presentation was appetizing as I took it out of the pack. The texture and aroma really resonated with me. The flavor was bold and moist.”*
- *“Flavor phenomenal. Good flavor to accentuate the ham and what I put it in.”*
- *“The dark red color of the product makes for great plate appearance. The subtle agave and rosemary flavors were very good. The lamb ham is extremely tender and very easy to work with. This product held up great when heated as well.”*