Merchandising Pork to the Retail Market

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■ Introduction

The Canadian Retail Marketplace continues to be a very competitive one. Loblaws and Sobeys have national operations that go coast to coast. Along with the two national players, there exists strong regional players across the country. In the West there is Overwaitea and Safeway; Ontario has A&P and Longo's; Quebec has Metro and Provigo; the Maritimes have Atlantic Co-Op. All of these retailers compete very aggressively week in and week out for consumer dollars.

■ What do consumers want?

Those consumers wants and needs are ever changing. An example is to look at the following question we posed to a number of consumer's three years ago:

"What do you look for when making your meat buying decisions?"

Three years ago, in 1998, they told us the top three were:

1) Quality 2) Price 3) Variety/Selection.

The same question posed in 2001, the response was:

1) Quality 2) Food Safety 3) Price.

▪ Delivering Quality to Consumers

On the Quality side it is about branding…branding…branding. A branded program offers the opportunity to improve product consistency, appearance and presentation. As well as having a consistent production process aiding in improving food safety.

Consumers trust brands; they have worked virtually everywhere else in the store. By focusing on branding, we will reverse the practice of downscaling meat grades. It will result in greater attention to what goes into each and every package that is sold. Meat at retail will improve due to the consistency in taste, texture and overall performance. This is a huge opportunity for the Pork Industry!

Look at the growth of branded beef programs in the marketplace: Certified Angus Beef™, Sterling Silver, Rancher's Reserve, Chairman's Reserve, just to name a few. All these programs have created a better beef eating experience.

Even the fresh poultry side of the business is getting into the branding business (i.e. Maple Leaf Prime).

Branding of fresh and frozen meat is becoming the expectation and consumers are really buying in.

How can the pork industry get onto the branding bandwagon?

Opportunities: Moisture Enhancement, Value Added Products, Frozen Boxed Meats. These are just a few suggestions to continually build upon the image of pork as a source for great-tasting, great-performing consistent product.

▪ Delivering Food Safety to Consumers

When it comes to food safety, it is the price of entry in the food business today. Consumers have been bombarded with negative press over the past year especially. Whether it is *E. Coli*, Foot & Mouth, BSE, etc., consumers are now very concerned and in some cases fearful to purchase and consume meat products. Consumers have all kinds of questions and they want to have 100% assurance that the meat they are purchasing for consumption is safe. This has become an entire industry initiative throughout the entire value chain. Any further highly publicized food contamination experiences could drive the consumer into perceived safer havens. The last thing we need within the meat industry is more "vegetarians."

Hot topics that will arise from the food safety issue will be discussions pertaining to irradiation and possible "genetically-modified organisms" (GMOs). The issue will definitely be - How do we make meat products 100% consistently safe and at what cost? No matter what is done, a huge consumer education process will have to take place.

▪ Delivering Price To Consumers

Pertaining to price, the important question is - What is the consumer willing to pay for product? We must therefore consider the following issues.

Due to the present economy and world events, we are starting to see fewer people eating out, and therefore a huge opportunity at retail. However, there are two types of consumers in the marketplace – the quality shopper and the price shopper.

In the past, the pork commodity was seen as strictly a high profit category at retail. Not any longer! Retailers have become very aggressive in merchandising pork, and by doing so are seeing increased volumes. As an example, the pork category represented less than 10% of the entire meat mix within the Overwaitea Food Group's business three years ago, presently it averages 14% to 15%.

▪ What's in store for the future!

On the beef side of the business, although branding has maintained consistent demand and in some cases, increased numbers, the ongoing dietetic trend that favoured red meat consumption will taper off, reversing the red meat gains as of late.

Poultry will continue to gain pound share because of the lower grow-out cost and production advantages compared to other meats.

Pork will continue to be well positioned from a cost point of view, but will continue to be limited by its health image and consumer perception of inconsistent taste and appearance. This is and continues to be the biggest challenge and opportunity for the pork industry at retail.

▪ Conclusion

We continue to see great support by the Pork Marketing Boards as they continue to diligently remedy incorrect consumer perceptions. The education process as well as the noise level promoting the pork category must continue. If all levels of the pork industry are focused on the wants and needs of the end user, the consumer, then the opportunity for the pork industry to grow and prosper will continue!