

Overview of Demand for Alternative Pork Products



Bill Knudson, Marketing Economist
MSU Product Center for Agriculture and Natural Resources



Meat: Something Almost Everyone Eats

- 90 percent of those surveyed have eaten beef, 84 percent pork, and 96 percent poultry (Mintel)
- Only 3 percent of society are vegetarians



Meat is Something Almost Everyone Eats

Per Capita Meat Consumption 2003-2005 (lbs.)			
Product	2003	2004	2005
Beef	64.9	66.1	65.4
Chicken	81.6	84.3	85.6
Pork	51.8	51.3	49.8
Turkey	17.4	17.1	16.7
Lamb	1.2	1.1	1.1
Total	216.9	219.9	218.6
Source: USDA, ERS			



While Per Capita Pork Consumption is Relatively Flat, Sales are Increasing

- Retail Sales Rose from \$7.6 billion in 1999 to \$11.6 billion in 2004 an increase of 53 percent (Mintel).





There are Only Two Ways to Be Profitable in the Long Run

- Be the low cost producer
- Offer product attributes that consumers are willing to pay a premium for (this implies additional work by producers)



Low Cost Production

- Primarily a technical issue
- Places you on a technological treadmill (always need to adapt cost reducing technology).

Primary Demand Drivers

- Convenience
- Indulgence
- Ethnicity
- Wellness
- Value (Price)





Major Consumer Trends: Convenience

- On average cooking skills are declining, the need for easy to prepare or pre-prepared products is great
- 71 percent of respondents agree that there is not enough time to get everything done
- Only 38 percent of households with children ate their main meal together in 2001 (50 percent in 1980)
- Smaller households create a need for smaller portions and cuts of pork



Major Consumer Trends: Wellness

- Beef and Pork industries producing leaner cuts, or trimming the fat
- Pork: The Other White Meat
- Low carb diets increasing the demand for animal protein
- Mintel survey: 51 percent of red meat buyers try to purchase lower-fat, organic, or hormone-free milk products. 67 percent prefer buying red meat from a recognized brand name
- 40 percent of consumers are concerned about hormones and additives in meat.





Major Consumer Trends: Wellness

- Organic food is quickly becoming mainstream
- Primary consumer interest is health, not environment
- Organic meat industry increased by 365 percent from 2001 to 2004 and is a \$121 million industry
- This is a segment with a great deal of upward potential



Being Healthy is Not Enough

- Taste, price and convenience also play a role.
- The driving factor in U.S. food purchases is convenience
- Movement towards meal solutions



Ethnicity

- From 1990 to 2002 the numbers of Hispanics increased from 22.4 million to 37.4 million an increase of 67.5 percent (U.S. Census)
- Hispanics are now 13.3 percent of the U.S. population
- Hispanics are the largest minority in the U.S.
- The Asian population is also growing



Hispanics and Pork Consumption

- Hispanics consume pork similar to the rest of the U.S, although they are somewhat less likely to consume sausage
- Opportunities to develop products and cuts that appeal directly to Hispanic consumers
- Also market to retailers that specialize in serving Hispanic consumers





Indulgence

- Butcher Shops and Specialty Retailers have become more important outlets of meat products
- This creates an opportunity for high quality products
- Online sales also provide opportunities (Omaha Steaks for pork?)
- Animal Welfare also may provide opportunities in the future

Implication: You Need to Create Your Own Supply Chain

- Producers also have to be marketers, form alliances or be willing to do a multitude of tasks themselves (i.e. distribution, processing, etc.)
- Restaurants and specialty retailers are a potential market
- Potential for having some level of control over price (price premiums) in exchange for more marketing activities undertaken by the producer
- Farmers Markets have potential





Product Center

- Helps potential entrepreneurs interested in pursuing options
- We have counselors located throughout the state
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