



Spring
2019

What's Happening in the Market:

MEAT & POULTRY REMAIN AN AMERICAN FAVORITE

MEAT & POULTRY PLAYBOOK

According to the USDA, 2018 hit the highest meat consumption within the last 50 years. Strong combined sales over the last 5 years indicate that meat and poultry remain an American favorite and hold their place in consumers' diets. This is despite red meat's challenge with health and environmental claims and poultry's modest growth due to its category dominance. The key driver in both categories lies in the fact that Americans simply enjoy the flavor of meat and poultry. Versatility, satiety, and convenience are also notable assets.

Although a protein-centric climate at the moment, it will be essential for meat & poultry brands to keep consumers engaged, interested, and excited to maintain its place at meal time. Being aware of the consumer's evolving lifestyle, changing demographics, and food and flavor trends will help in developing product and business strategies around them to ensure continued growth.

Creating innovative products that provide flavor variety, elevated convenience, and are natural and trustworthy will be viewed favorably; and touting the nutritional and satiety benefits of meat and poultry can help overcome the challenges of its current health identity, especially with red meat.

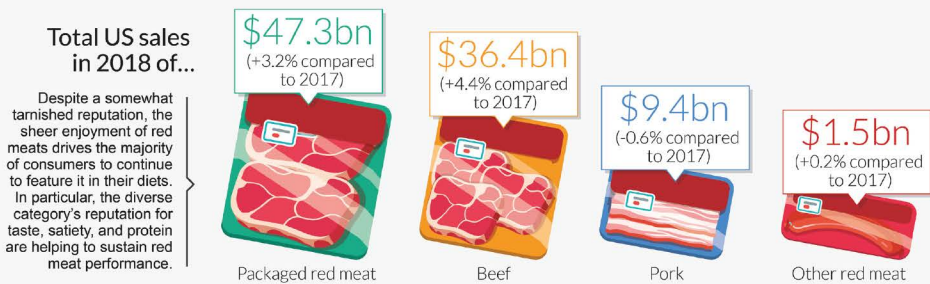
**SPECIAL POINTS
OF INTEREST**

Appealing to the Health Aware Consumer

Trends that will Spawn Growth

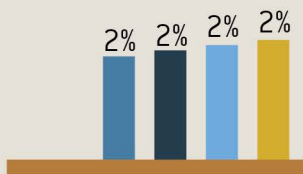
Snacking and the 3-meal-a-day Paradigm Shift

The opportunities with 25-44 Year Olds



Source: IRI Infoscan/Mintel

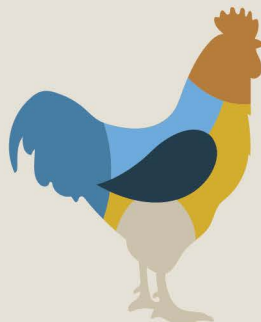
**IS POULTRY HITTING
A PLATEAU?**



Average sales increases of 2% each year from 2013-18, growth in the poultry category

HAS REMAINED MODEST

To help fuel growth in this category, retailers, brands, and processors will need to reinforce the virtues of poultry:



**VALUE
CONVENIENCE
VERSATILITY
HEALTH
& TASTE**

BETTER-FOR-ME, APPEALING TO THE HEALTHY

We see that 53% of consumers look to leaner cuts of meat as they fit the better-for-me trend.

The health trend is going strong and consumers today have a heightened desire for less processed, clean and simple foods that pack a nutrition punch. Meat and poultry most definitely delivers. To respond to the health trend and deliver on what consumers are desiring, brands need to highlight the nutritional benefits of meat and poultry, touting its virtues as a superior protein source and communicating the positive message that the consumption of meat can support the elimination of skin diseases, strengthen the immune system, provide long-term energy, build and repair body tissues, protect the body from infections, aid in the production of hemoglobin and is a rich source of protein and other essential amino acids, and most importantly, it is tasty.

Furthermore, health-aware consumers also respond positively to meats and poultry that are Organic, Free Range, and Natural, all conveying a positive and more-healthy perception of the meat and poultry products they intend to eat.

This is particularly critical when creating meat & poultry products that are ready-to-eat, pre-cooked, pre-prepped, or frozen as past perceptions of processed foods can be associated with less healthy ingredients. Consumers will scan labels to ensure that items such as sodium, nitrates, and sugar are minimal when reaching for a high-protein meal or snack. Ensure your product labelling and graphics clearly reflect simple, clean, and healthy virtues of your meat and poultry item.

WHERE ARE THE GROWTH OPPORTUNITIES?

VALUE-ADDED FORMATS

Busy lifestyles are driving uptake of convenient value-added formats. Hence, innovations highlighting ease-of-use/preparation, and suitability for on-the-go consumption, are likely to resonate among many consumers as it delivers on convenience and flavor adventure.

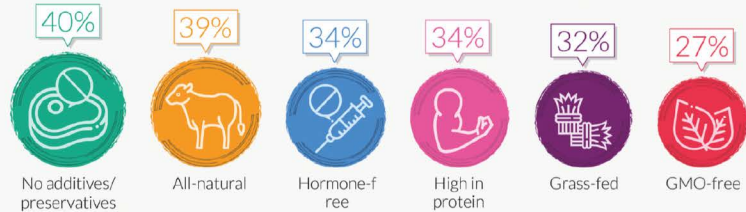
DELIVERY ON CONVENIENCE

Act as the consumer's sous chef. Anything that a purveyor, retailer, and brand can do to elevate convenience in creating a home cooked, fresh, and healthy meal will be favorable.

Meal preparation solutions in the fresh perimeter, in the Deli, and in the freezer is where the opportunity exists. Ready-to-eat, pre-cooked and prepared meat and poultry is one way respond to that need. Think pre-seasoned, marinated, ready to heat from the store to the stove. Solve a problem and offer variety to fend off mealtime fatigue, highlight "artisanal" cuts, and preparation to resonate with consumers. By staying in-tune with the consumer's desire for healthy foods, we see that value add, precooked and seasoned meats and poultry are positioned as a healthy choice and gaining in both popularity and sales.

COMMUNICATE CLEAN INGREDIENTS, HIGH PROTEIN CONTENT

Claims most important to consumers when purchasing red meat...

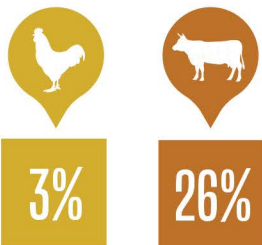


The more indulgent nature of red meats and its associated pitfalls lead to consumers seeking out freshness and cleaner labeling, especially from unambiguous and recognized claims like no additives/preservatives. For consumers reporting increased red meat consumption, seeking more protein is the leading driver. A high protein claim is important in this category and others, and the playing field is getting dense.

Lightspeed/Mintel

ACCORDING TO MINTEL GNPD, 38% OF TOTAL NEW PRODUCT LAUNCHES IN THE MEAT, FISH AND POULTRY CATEGORY OVER THE PAST YEAR FEATURED SOME KIND OF NATURAL CLAIM.

THE APPEAL OF GRASS-FED



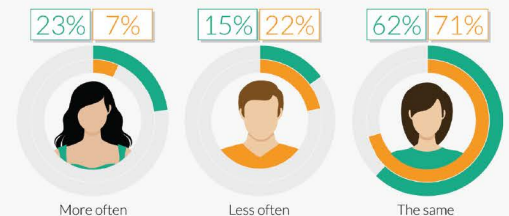
of total processed meat, poultry and fish products launched in North America featured a grass-fed claim.

of US red meat eaters think grass-fed is an important purchasing factor, besides price.

The grass-fed claim has potential for future growth. Products bearing grass-fed claim appeal to a consumer base that is looking for natural production methods. The claim aligns with the trend for naturalness, permeating across food and drink innovation at the moment.

HOT TARGETS

Changes in red meat consumption



More often

Less often

The same

Lightspeed/Mintel

PREACH TO THE CHOIR, THE HIGH PROTEIN DIET

The protein packed benefits meat & poultry deliver are second to none.

15% OF CONSUMERS report that they've increased red meat consumption because they follow a specific high-protein diet indicating a widespread appeal of meat and poultry protein as a nutritional powerhouse.

YOUNGER CONSUMERS

This age group loves their meat and are more likely to increase consumption. We see that they show less propensity than other age groups to cut meat intake and is said to maintain or increase current meat consumption. This presents a perfect opportunity for brands to make long lasting connections with these consumers and increase future growth.

PROJECTED GROWTH FOR CONVENIENCE-FOCUSED MEATS

+51%
VALUE-ADDED

+2.5%
FULLY COOKED

+4.2%
DELI

+51%
MEAL KITS

TRENDS TO SPAWN GROWTH

GLOBAL FLAVORS

Population diversity, foodies, and sophisticated palates are driving an interest in global food experiences and more adventurous flavors. Processed meat and poultry products with flavours inspired by global regions, including pre-marinated/seasoned formats, can provide consumers with an affordable and convenient way to explore new cuisines and create exotic, unfamiliar dishes.

Trending ethnic specialties include Middle-eastern, Pacific rim and African flavors, and spice inspirations such as ras el hanout, and rooibos, as well as, Ethiopian flavors. We also see cumin, coriander, cardamom, turmeric, curry, fenugreek, mustard seed, sumac, amchoor, tamarind and mugwort amping up the flavor in a range of new recipes and dishes.

ROTISSERIE RE-INVENTED

When looking to provide elevated convenience, consumer brands need to think out of the box and consider new takes on old favorites, for RTE options rethink the Rotisserie Chicken. What other meats can benefit by heat-and-eat, or be fully prepared in store and ready for the table?

A great example of this is the Golden West Food Group's Certified Angus Beef brand "Beefitsserie" roast and an American BBQ Co. Porkisserie roasts. Both of these innovative products are hand-cut by Golden West and slow-roasted in store providing flavor, variety, and a quick meal option to the "go to" and successful Rotisserie Chicken.

NOSE TO TAIL

As the foodie culture continues to go mainstream, and the American population diversifies (African-American, Hispanic, and Asian population have increased buying power) non-traditional cuts of meat are becoming more prevalent and creeping up on menus around the U.S. Meat cuts that were ignored for decades and being used for sausages and processed meats are now making their way to the table.

Think briskets, skirt steaks, short ribs, rabbit kidneys, and even brains, cuts that follow the European traditions of butchering animals into smaller pieces, which are also tasty and enticing. Non-traditional cuts are keeping the meaty side of protein interesting and trending. Consumers and chefs are taking cues from how cultures around the world make less expensive cuts such as brisket taste incredible. Many previous cuts that were overlooked such as pork shoulder are also experiencing a resurgence in popularity.

This new food trend is beneficial from a sustainable viewpoint as much as the flavor and taste as it supports the movement to reduce food waste.

PROVIDE INSPIRATION

The on-the-go consumer is always looking for mealtime inspiration in helping them break routine and eat more palate pleasing meals. Brands can spark growth by providing the consumer with menu and cooking ideas that highlight your product. Think about displaying recipes on your package, implementing in-store strategies, and using your brand's online and social media sites to provide inspiration in the kitchen.

PROTEIN SNACKING AND THE 3-MEAL-A-DAY PARADIGM SHIFT

The impact of a busy life has resulted in the decline of three meals a day as we know it and has given rise to smaller, more frequent meals. More consumers, whether due to a time crunch or purported health benefits, are eating five smaller meals throughout the day versus the traditional breakfast-lunch-and dinner. As a result, protein snacking is a growing category as it hits all the notes for high protein, low calorie, healthy, convenient and portable. According to a Mintel Meat & Poultry Innovations Study, a variety of new meat snacks are flying off the shelves of grocery stores demonstrating the consumer's desire to nibble on a protein packed treat.



SALES OF MEAT SNACKS, INCLUDING JERKY BARS, STICKS AND PORK CRACKLINGS, GREW 15% IN US DOLLARS & 18% IN VOLUME

LAST YEAR ACCORDING TO NIELSEN.

When it comes to meat snacks, processors and brands are responding to the category trends with new flavor innovations, highlighting health and environmental attributes such as "grass-fed", and offering lean-cuts, lower sodium, and lower nitrates. One example is a new product launch called Biltong, an African meat jerky-like product which has similar qualities to jerky - with one important difference: the product is not marinated prior to drying therefore it contains much less sugar presenting greater health benefits. As well, it is offered in a range of exotic flavors such as Spicy Peri-Peri and Hatch Green Chile for variety seeking consumers.

The opportunities lie in simple strategies to launch products in portable, bite-sized or mini formats that target the significant portion of time-pressed consumers who seek out healthy, filling yet portion-controlled products.

PACKAGING

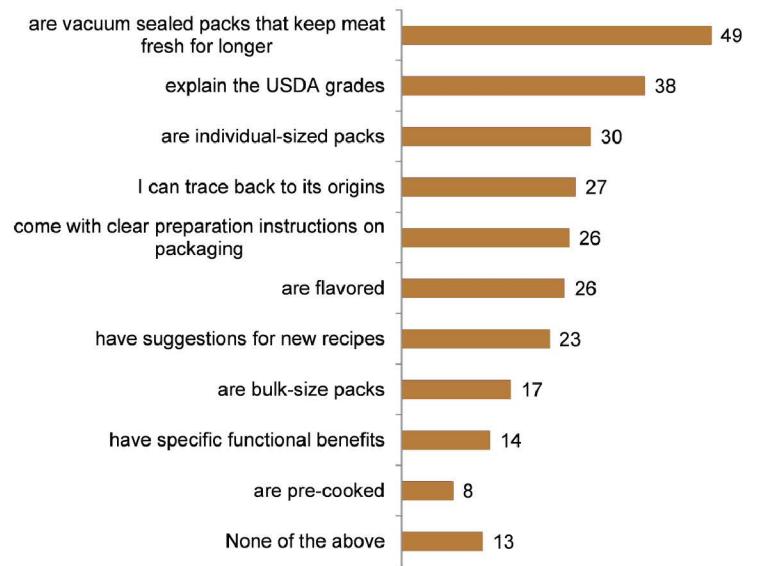
Packaging can be as important as the cut of meat itself as consumers' top priority. Vacuum-sealed packs and individual sized options that can ensure freshness rise to the top of the list of importance. Packaging informs consumers about the product they're about to buy, it allows the consumer to view the meat's freshness, and, is key to reassuring value-added meat consumers that the product quality is high. Furthermore, your package is your billboard. Ensure your graphics clearly communicate all you want to announce about your product's natural, healthy, free-from, and artisanal virtues, as well as, product preparation and recipe information.

TRANSPARENCY

Committing to a completely transparent approach to information – including details about sourcing and the manufacturing process of the meat, poultry and fish product – will help to build trust between suppliers and consumers. Traceable products and ingredients will also help to drive value growth in the market. After all transparency is the currency of trust.

HOW CONSUMERS FEEL ABOUT RED MEAT PACKAGING FEATURES

"Which of the following red meat products would you like to see more of?"



Source: Lightspeed/Mintel

THE TAKE-AWAYS



Provide elevated convenience for the ever-busy consumer

Appeal to the health conscious consumer

Make long-lasting connections with the younger consumer

Respond to adventurous palate and global flavors

SHOPPERS BUY MEAT ACROSS THE STORE:

79% The Meat Case
49% Frozen
43% Meat Counter
39% Fully Cooked
37% Fully Cooked

90% of shoppers check for meat/poultry sales specials. Drive bigger unplanned purchases, stock up, brand switching, item trial and even store switching.

Although supermarkets are still the leading area to purchase fresh meats, online growth is likely. 45% of online meat shoppers expect they will purchase more meat/poultry online in the next year.

Power of Meat 2019, 210 Analytics

DRIVE SALES WITH INNOVATIVE PACKAGING SOLUTIONS.

When thinking about how to capitalize on these trends to drive sales growth, don't forget about packaging possibilities you may have not considered in the past. Outstanding graphics, crystal clear and high gloss packaging that highlights your fresh meat and poultry, barrier to keep your product fresh and tasty, and sustainable options to appeal to the conscientious consumer, can enhance your product and pronounce your product virtues.

TC Transcontinental Packaging blends art, science, and technology to create innovative, high-performing meat and poultry flexible packaging. Our wide range of solutions include ClearShield®, high-gloss, patchless bone-in technology, Envio® forming films, Nextrus® boneless vacuum shrink bags, TuffTite® fresh and frozen poultry bags, and much more. We create custom packaging that protects your product, stands out in retail, and resonates with consumers.

To learn more about how TC Transcontinental can support you with your flexible packaging requirements, contact us at

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