Consumer trends and needs, retailer views and value chains of sheep and goat products

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iSAGE Innovation for Sustainable Sheep and Goat Production in Europe

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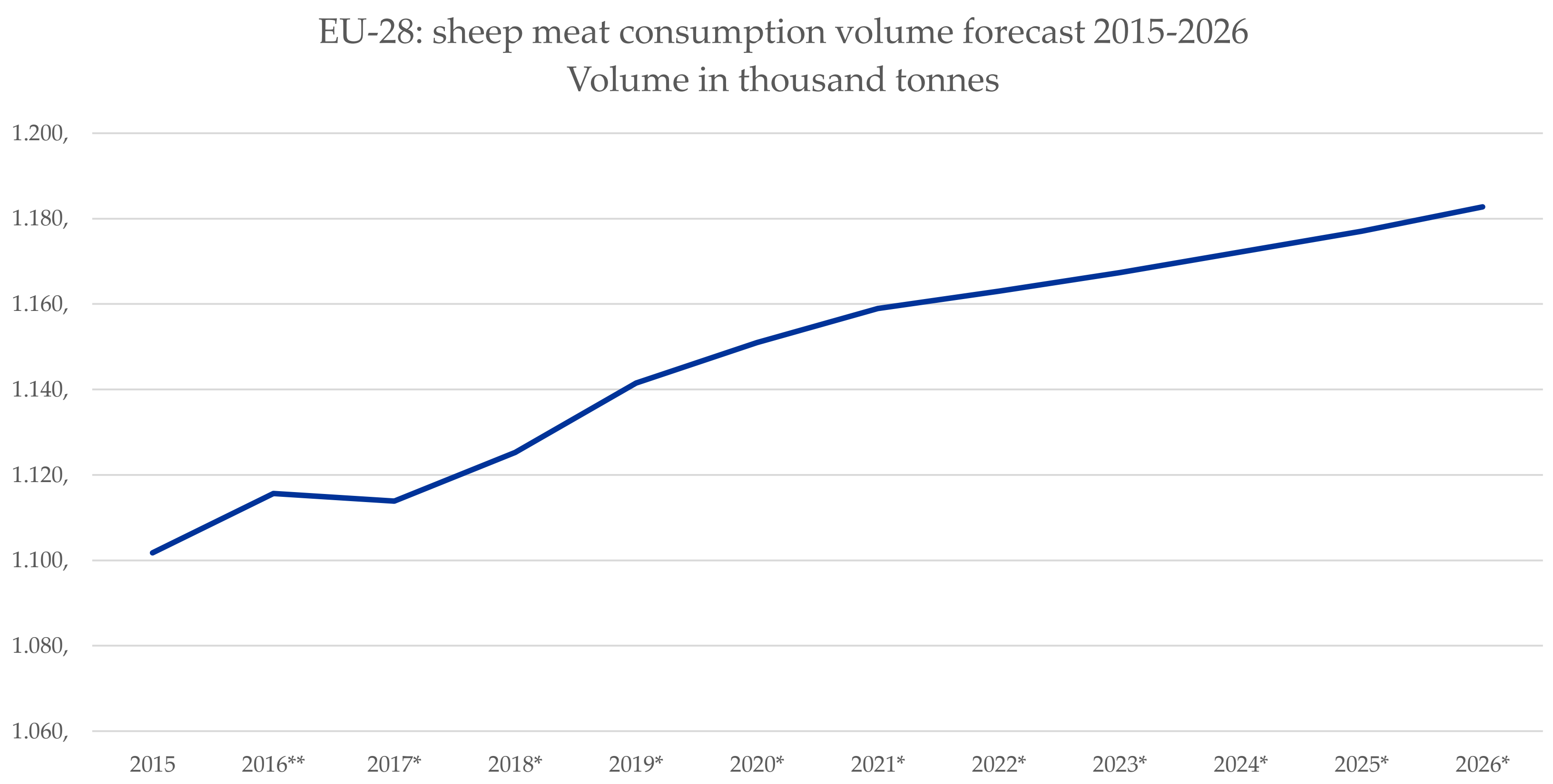
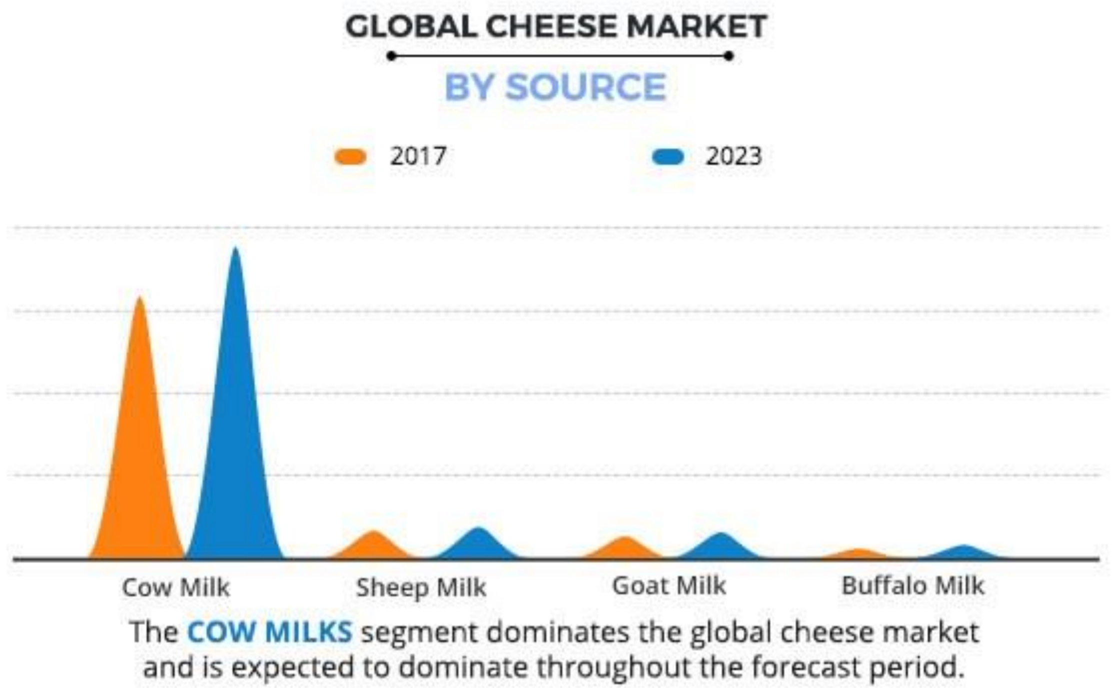
Sheep Meat market outlook



Source: OECD & FAO

Ewe/Goat cheese market outlook: niche confirmed



Source: Allied Market Research

Antifragility

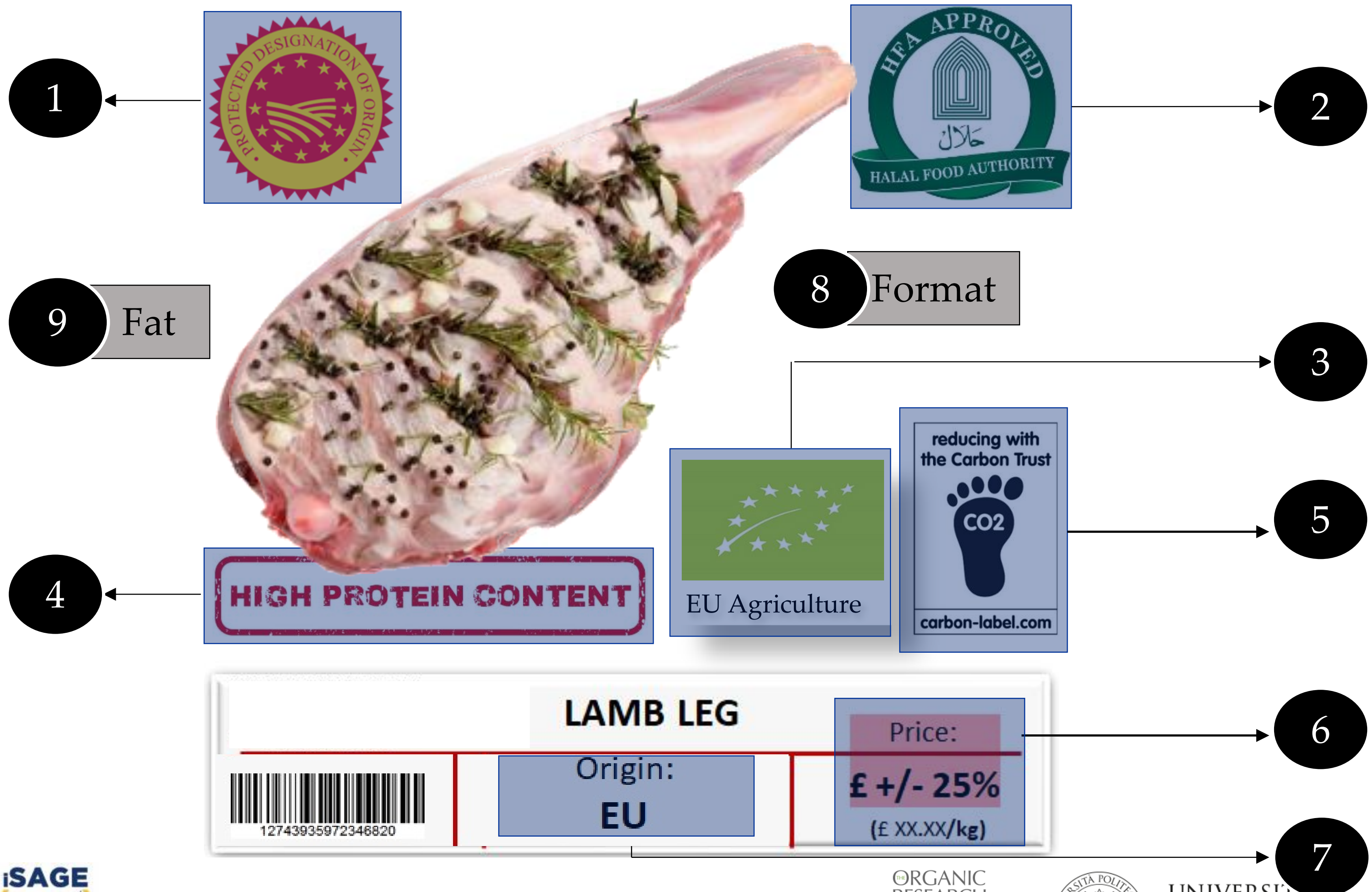
- **«Antifragility is beyond resilience or robustness. The resilient resists shocks and stays the same; the antifragile gets better»** (N. Taleb)
- The phenomenon is well studied in medicine, where for example Wolff's Law describes how bones grow stronger due to external load.
- According to Taleb, depriving systems of vital stressors is not necessarily a good thing and can be harmful.

iSAGE Consumer research

Results

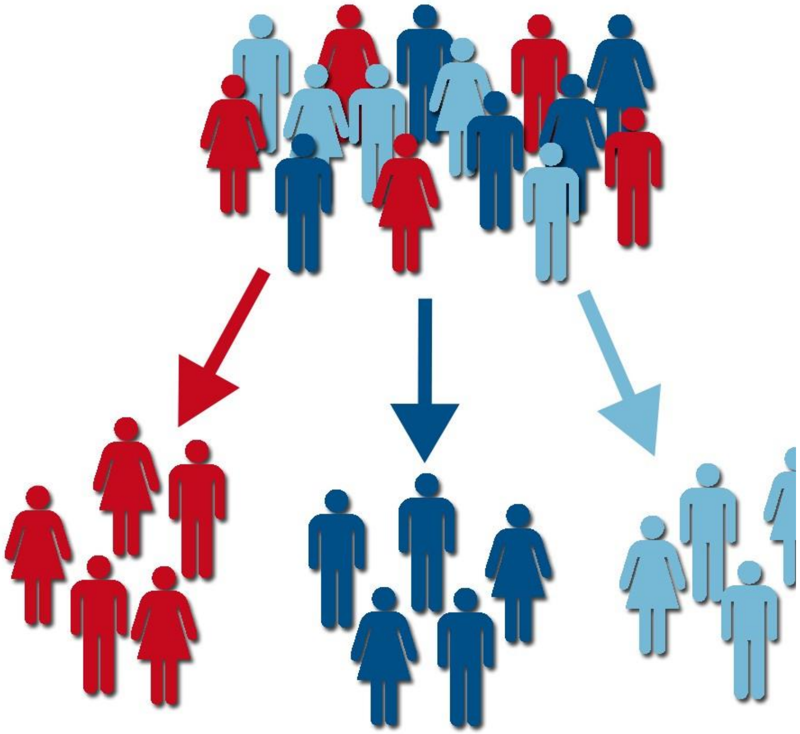
Choice experiment for meat

Choice experiment attributes

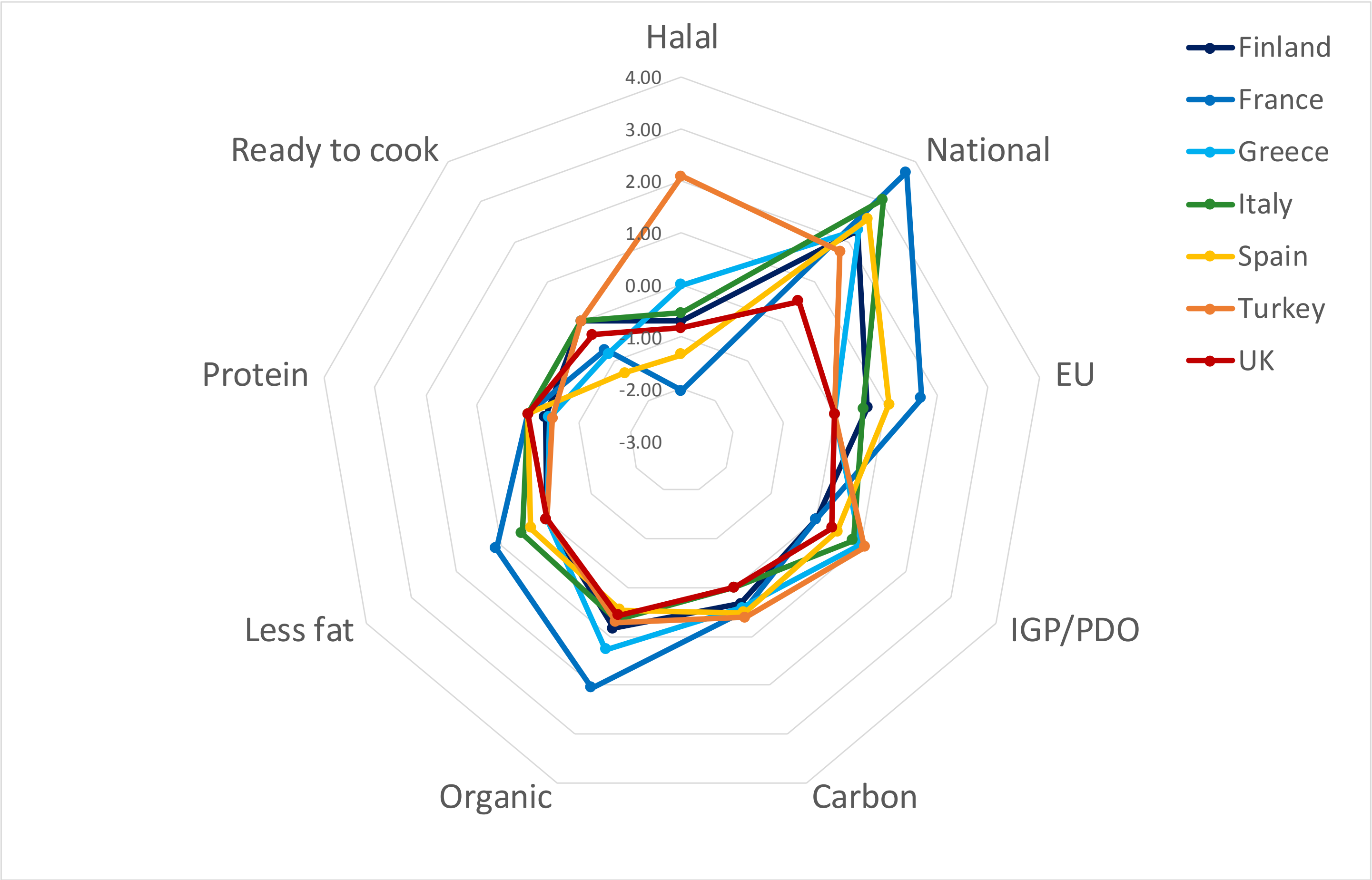


Consumers are not all alike

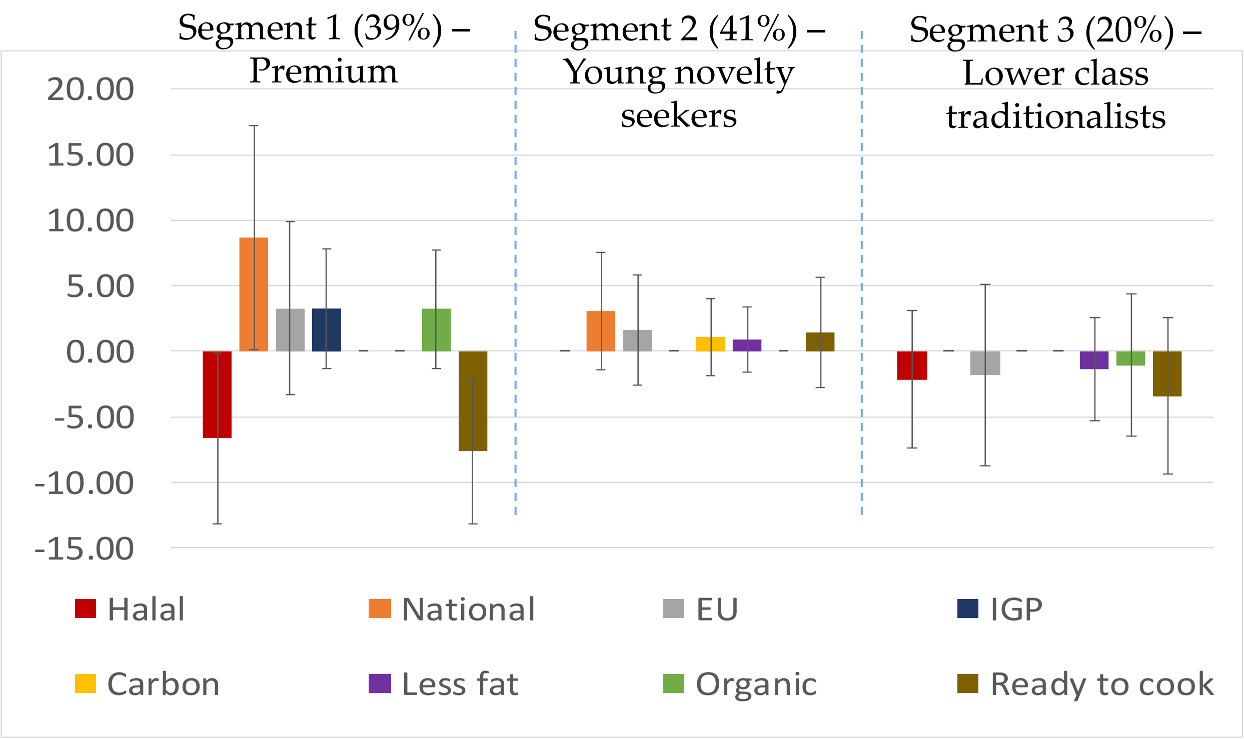
- Consumer have heterogenous preferences depending from status, culture, income, education, family & household characteristics, past experience, etc.
- They search for different **benefits**, and have different views of risks
- Market segmentation is necessary



Average Willingness-to-Pay (€) Comparison across countries



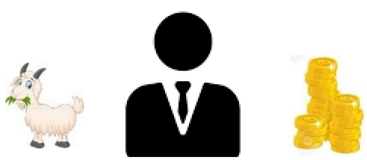
Spain meat segments (WTP - €)



ES Meat segment description

Segment 1 (39%) – Premium

- Employed
- High income
- Young household
- Healthy
- Buys Lamb at the butcher's



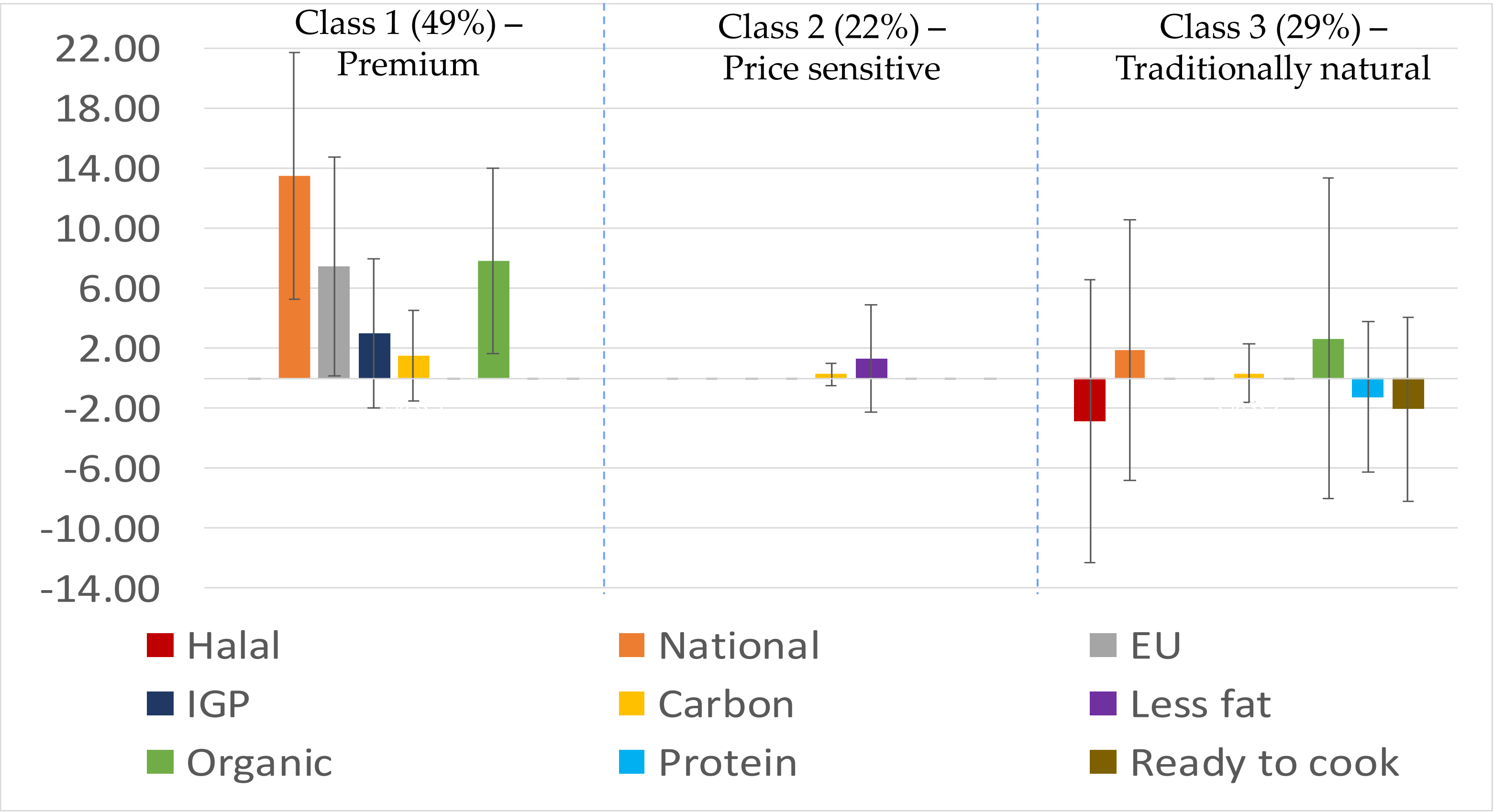
Segment 2 (41%) – Young novelty seekers

- Not employed and students
- 25-34 years old
- Neophilic
- Unhealthy
- Buys Lamb at the supermarket

Segment 3 (20%) – Lower class traditionalists

- Low income
- No trust on the butcher for advise
- Neophobic

French meat segments (WTP - €)



FR meat segment description

Segment 1 (39%) – Premium

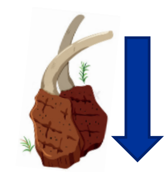
- Eats Lamb at restaurants
- Relies on butchers and doctors' advice
- Organic lifestyle
- No Price concerns
- Under 55 years old

Segment 2 (41%) – Price sensitive

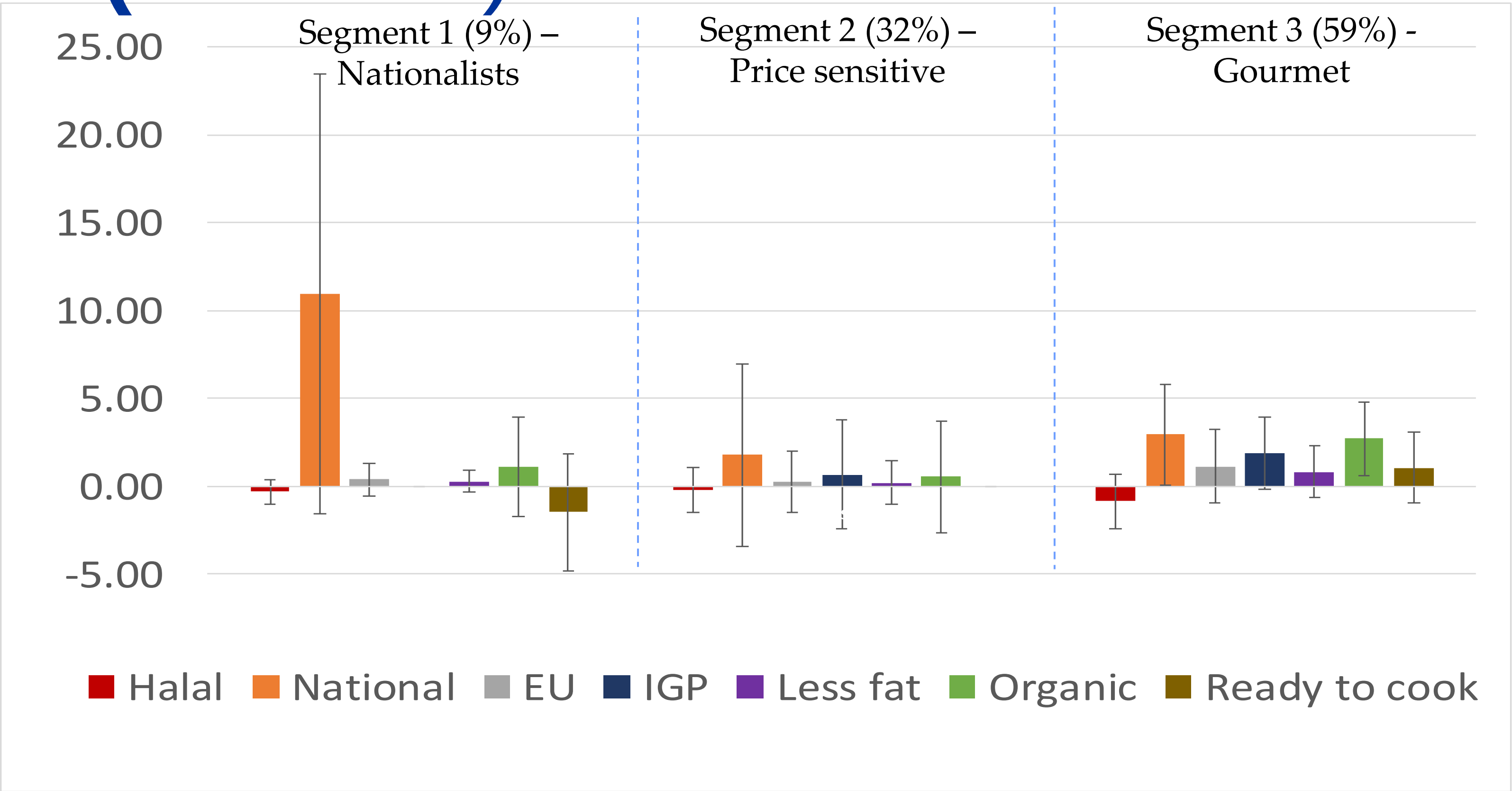
- Price concerns
- 25- 64 years old
- Not organic lifestyle
- Do not trust doctors' advice

Segment 3 (20%) – Conservatives

- No children
- No ready-to-eat/cook
- Neophobic
- Lower Lamb meat consumption



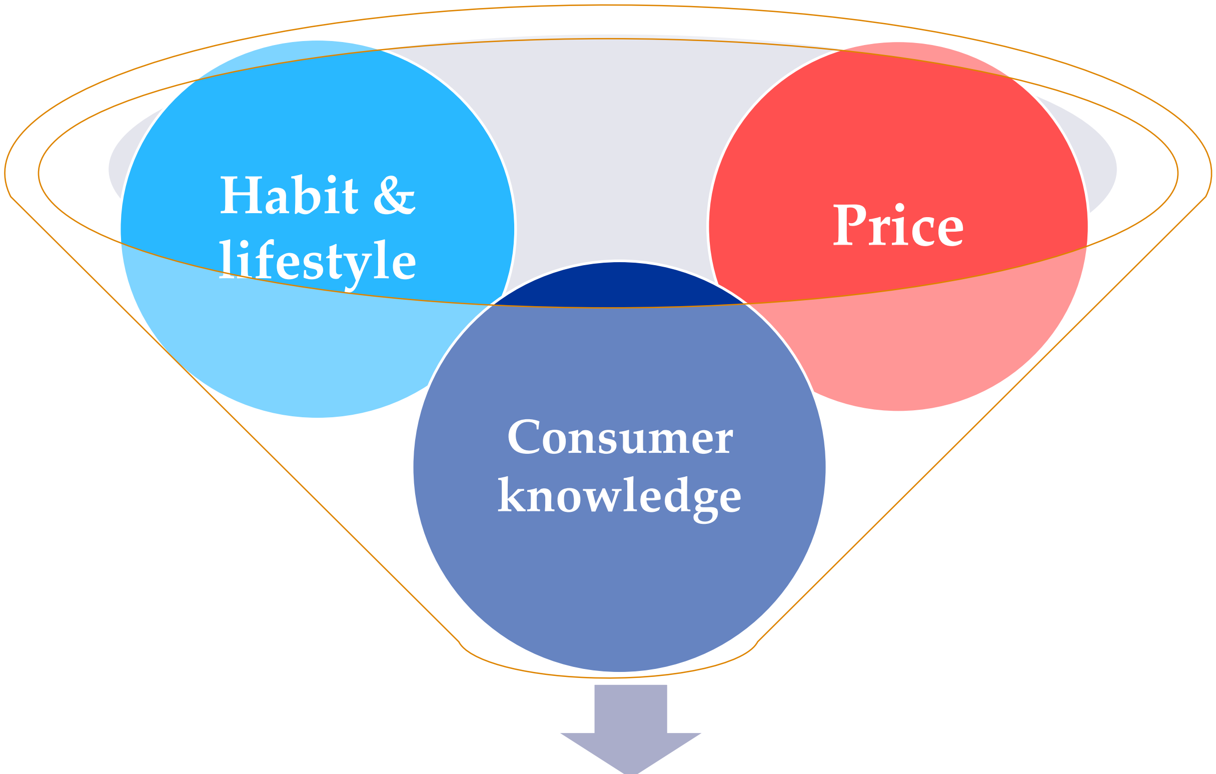
Italian meat segments (WTP - €)



IT meat segment description

Segment 1 (9%) – Upper-class nationalists	Segment 2 (32%) – Price sensitive	Segment 3 (59%) - Middle class
• No trust on advertisment • Neophobic • 18-24 and 35-54 years old • Medium-high income	• Female • No interest in new products • Price sensitive	• Regular goat/lamb consumers • Focused on taste experience • No Price sensitive • Medium income

Retailers views: barriers to market development sheep & goat meat



Market consumption

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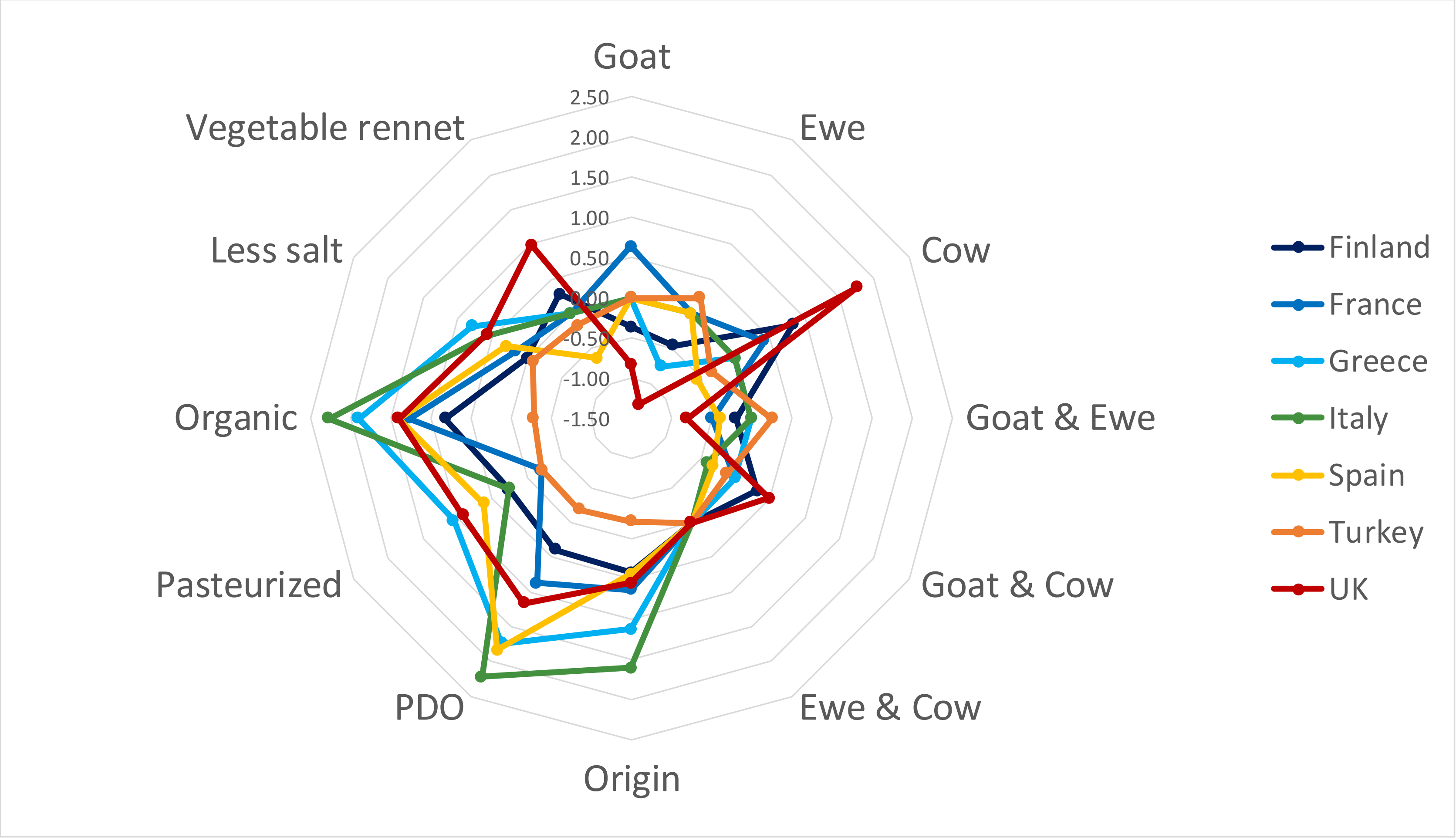
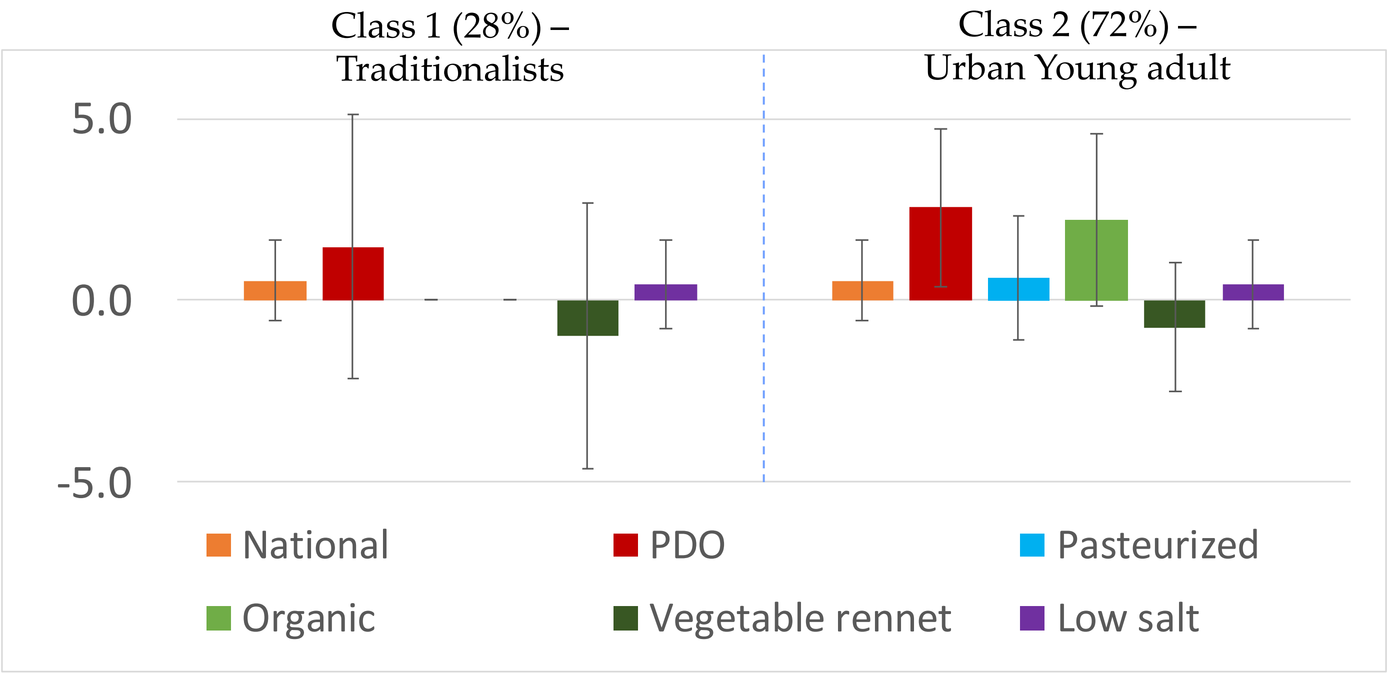
Choice experiment for cheese

Fresh cheese A	Aged cheese A	Fresh cheese B	Aged cheese B	
Milk source: Ewe milk	Milk source: Ewe milk	Milk source: Mixed goat and cow milk	Milk source: Mixed goat and cow milk	None
Raw milk	Pasteurized	Raw milk	Pasteurized	
Animal rennet	Non-animal rennet	Animal rennet	Non-animal rennet	
-	Low salt	-	Low salt	
-			-	
Origin: EU	Origin: UK	Origin: UK	Origin: UK	
	-	-		
Price: 5.57 euro	Price: 4.28 euro	Price: 3 euro	Price: 7.95 euro	

Average Willingness-to-Pay (€) Comparison across countries



Spain cheese segments (WTP - €)



ES Cheese segments description

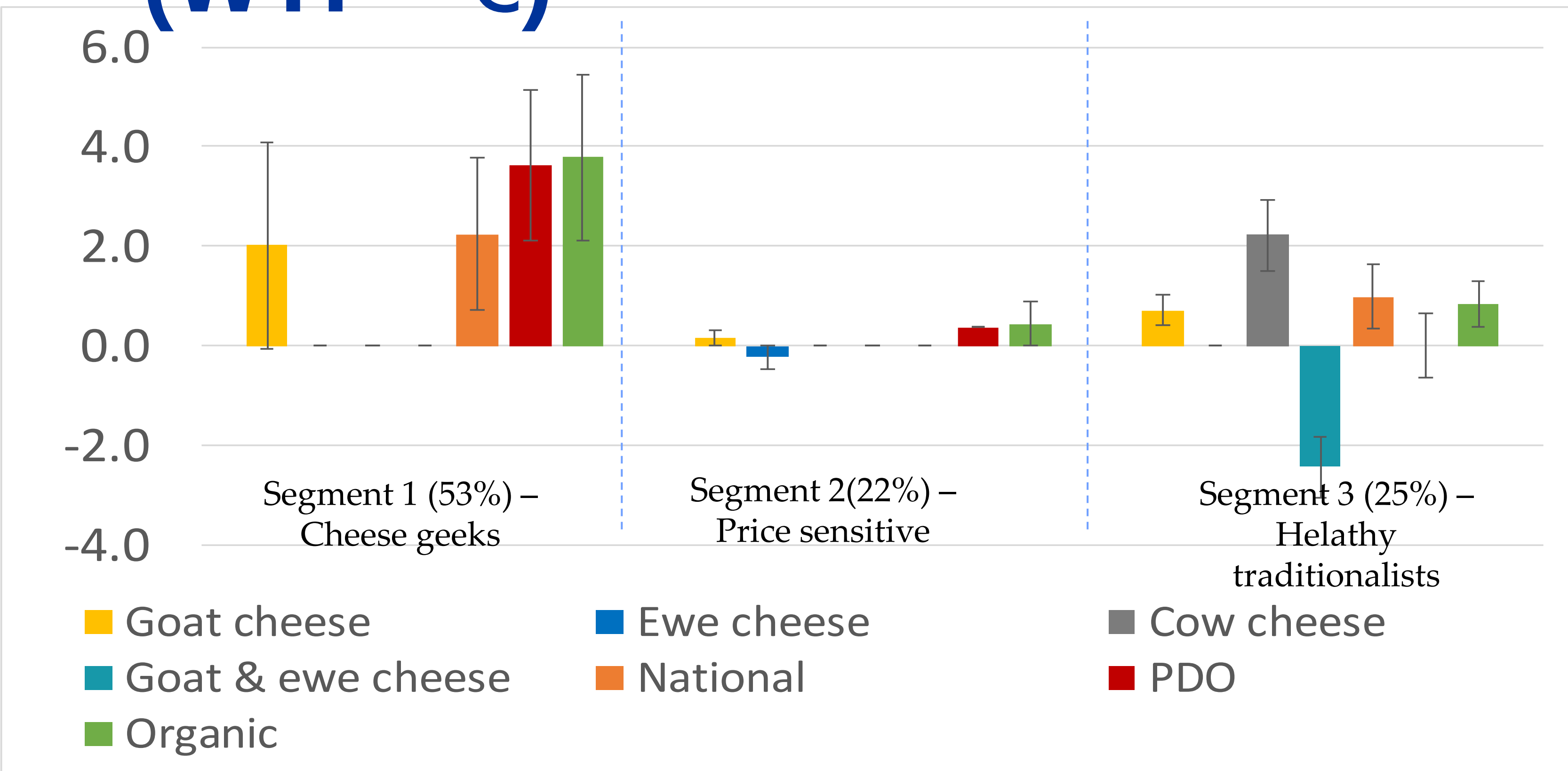
Segment 1 (28%) – Traditionalists

- Low income
- Not a regular ewe cheese consumer
- Do not buys Manchego
- No Organic
- No Novelty

Segment 2 (72%) – Urban young adult

- High income
- Regular ewe cheese consumer
- Buys Manchego cheese
- Organic lifestyle
- Likes novelty

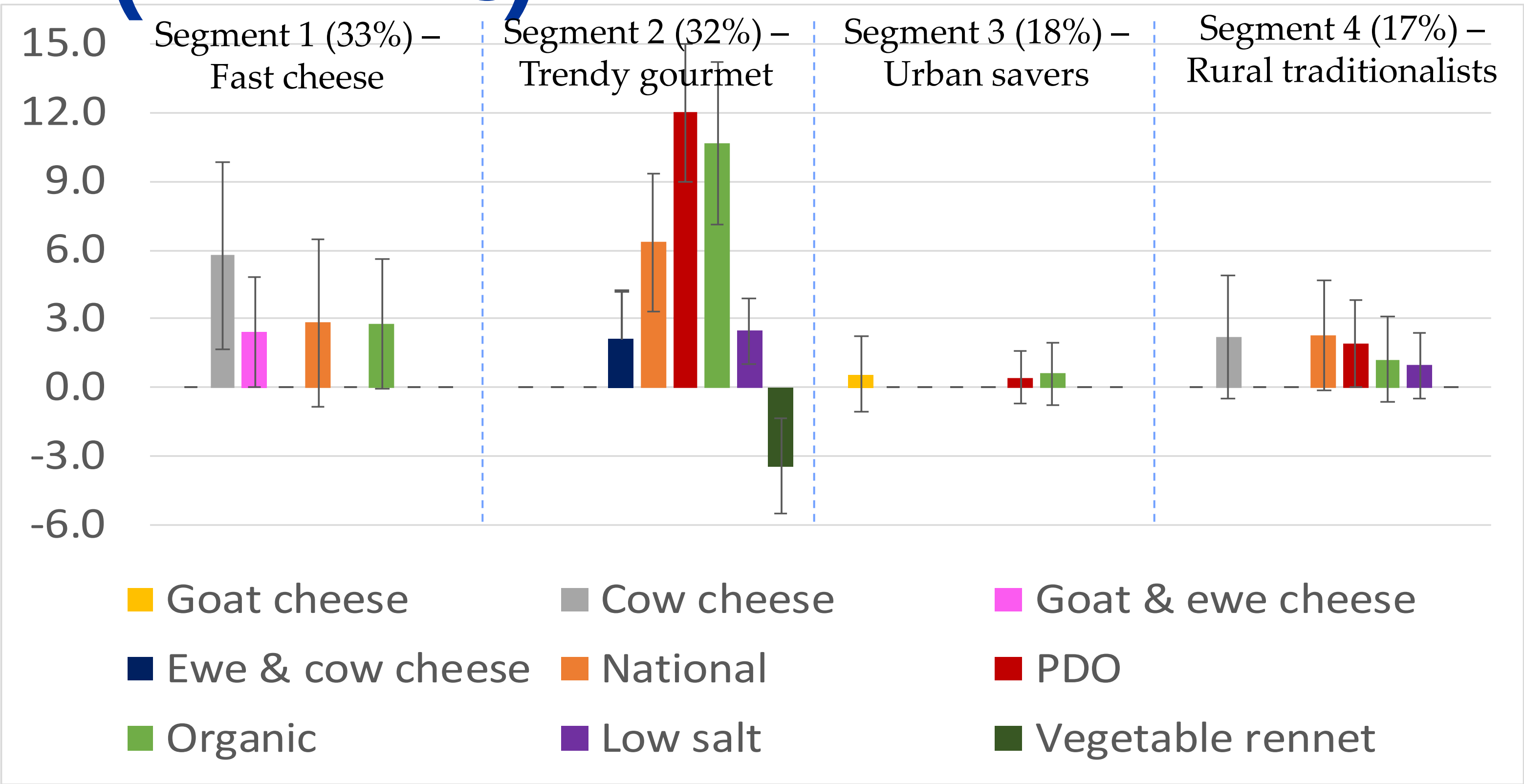
French cheese segments (WTP - €)



France – cheese segment description

Segment 1 (53%) – Cheese geeks	Segment 2 (22%) – Price sensitive	Segment 3 (25%) – Healthy traditionalists
• Ewe cheese regular consumers • Good knowledge • Organic • No Price sensitive • Cheese is a snack	• Cheese is used for cooking • Buy a whole wheel of cheese to eat at home • No knowledge • Price concerns • Unhealthy	• Not regular ewe cheese consumers • Healthy lifestyle, not so worried about organic • No interest in novelty

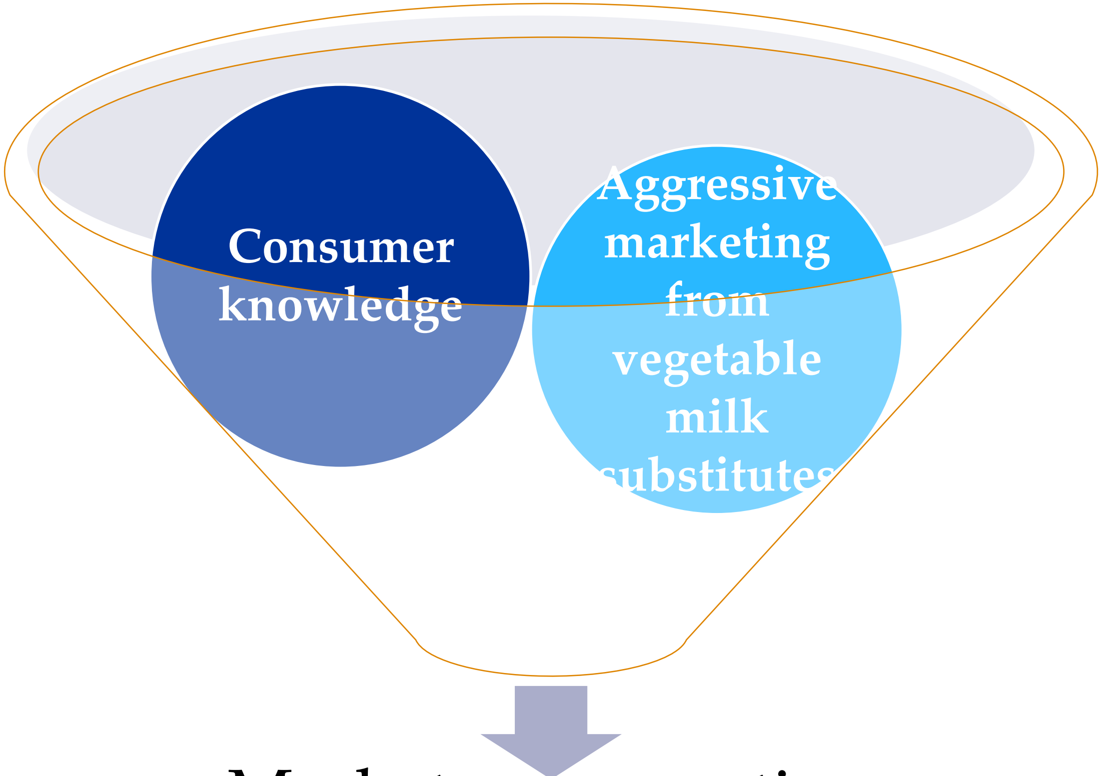
Italian cheese segments (WTP - €)



IT cheese segment description

Segment 1 (33%) – Fast cheese	Segment 2 (32%) – Trendy gourmet	Segment 3 (18%) – Urban savers	Segment 3 (17%) – Rural ,,,,,,,,l
• Female • Over 35 years old • Trust on government • Cheese as a main dish • Sliced format • Convenience driven • No Price concerns	• Eats cheese at home • Buys at specialized shops • Organic • No convenience • Trust sales person, no real knowledge of milk types	• Medium income • Cheese is consumed in an usual day and at home • No knowledge • Price concerns • Grated format	• Rural • No trust on advertisment • No foreign cheeses

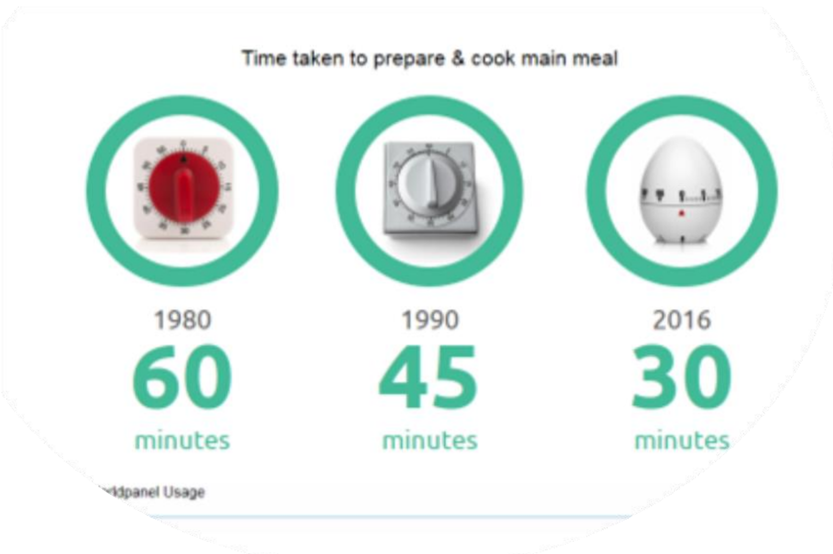
Retailers views:
barriers to market development sheep & goat dairy products



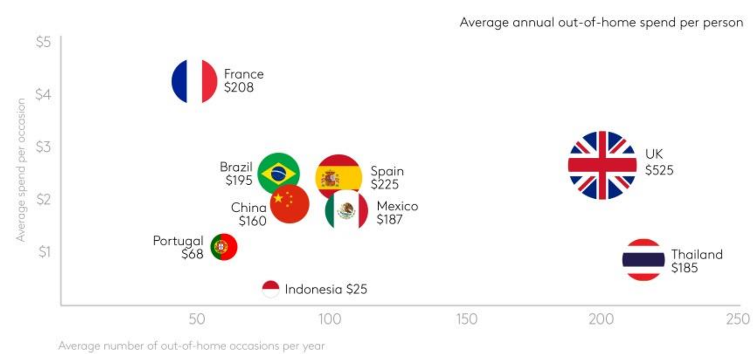
Market consumption

Challenges: Changing families & habits

Households spend less time preparing and cooking meals



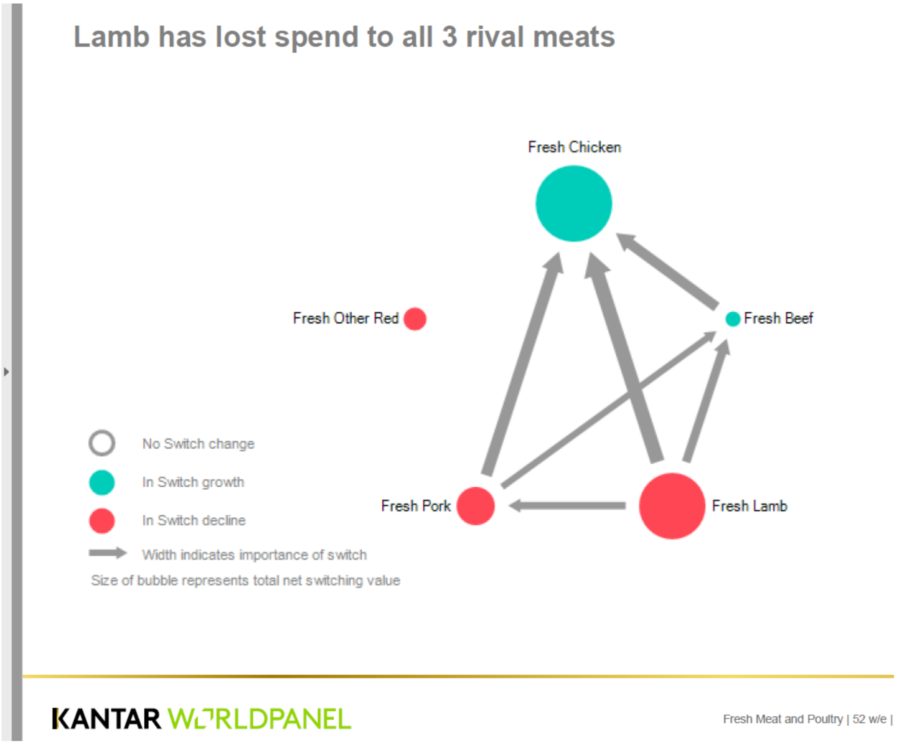
In 2017 Spanish consumers spent over €225/person on eating and



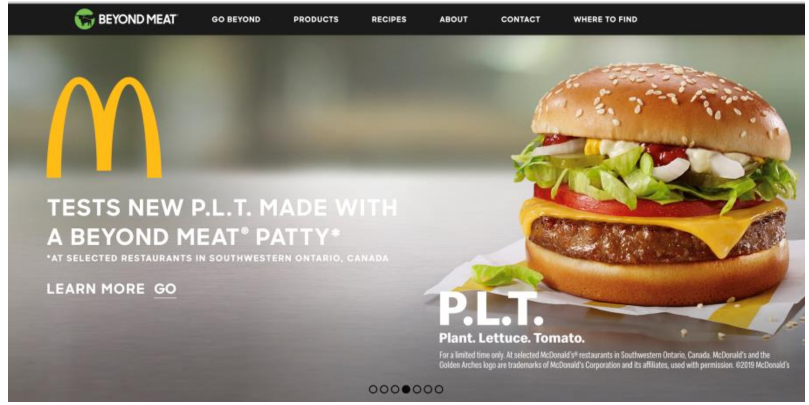
Ready-to-eat or Ready-to-cook meals?

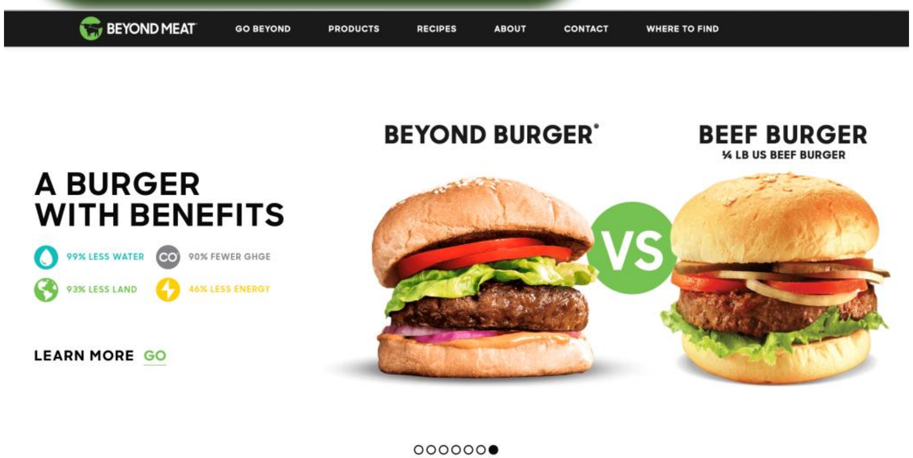
Eating out-of-home?

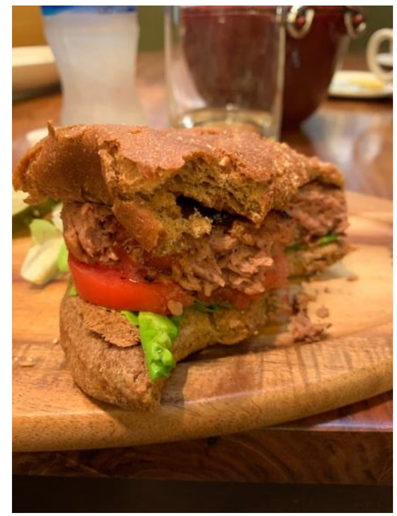
Challenges:
Switching to other meats….



- In general, each Spaniard consumes an average of 46.9 kilos of meat a year, mainly chicken (12.81 kg), cured meat (11.6 kg) and pork (10.10 kg).
- Only 1.43 kg of sheep and goat meat.







and Beyond meat!

https://www.beyondmeat.com

and beyond milk (no-mooh cheeses)

How to become antifragile?

- The small ruminants sector is mainly unbranded (meat) or, at the best, “under-branded” (cheese>).
    - You have generic/PDO cheese names (like feta, pecorino), or PDO/PGI labels in meat, but no real renown brands
    - Even organic label is generic, although it increases value added
- Introducing and marketing (collective) **brands** and **fancy packaging** may be a strategy to increase sales especially in the meat sector.

Nice to meat you!

- There is nothing as little seducing than meat. Dead flesh and blood are not really sexy, unless for those who love *The walking dead…*
- Sexy, attractive, trendy packaging may help

What about cut innovations?

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Or convenience innovations?

INTERNATIONAL CHEESE AWARDS NANTWICH 2015 EST.1897
BRONZE AWARD

Or packaging innovation?

- Packaging allows innovation in terms of shape (that has inherent symbolism), labelling, as well as serving suggestions, etc.
- **Mini-portions** are also a packaging innovation but need nudging
- That’s a mean to achieve brand equity

We live in a reputation economy

- As consumers **we value experience more than knowledge** and **benefits more than product characteristics**
- (Social) Media, Influencers, Chefs are very important

«The future of artisan production lies in restaurants.

They are run by people by people who care about provenance, ethics and quality more than they do about price»

James Whetlor,

founder of Cabrito



Chefs can help making sheep/goat meat and cheese more trendy

Pictures from iSAGE taste lab at TerraMadre/Slow Food in Turin, 2018

How to become antifragile?

- The major idea is to develop antifragility by design, building a system which improves from environment's input.
- An antifragile S&G value chain would have:
  - Focus on the **right knowledge**, making it possible to detect, understand, and endure the changes affecting the supply chain
  - **Real-time adjustment**, to react while there is still a chance to influence positive change
  - A **network approach** instead of a linear pipeline, avoiding single points of failure

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