iSage Regional Workshop – Round Table Discussion
Wetherby, UK – 5 December 2019

Strategies to Improve consumer perception and consumption of sheep and goat products

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iSAGE Innovation for Sustainable Sheep and Goat Production in Europe

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Resilient supply chain?

- **Resilience**: 'the ability of a system to return to its original state or move to a new, more desirable state after being disturbed'.
- Implicit in this definition is the notion of **flexibility**, and given that the desired state may be different from the original, '**adaptability**' earns a place in our thinking too.

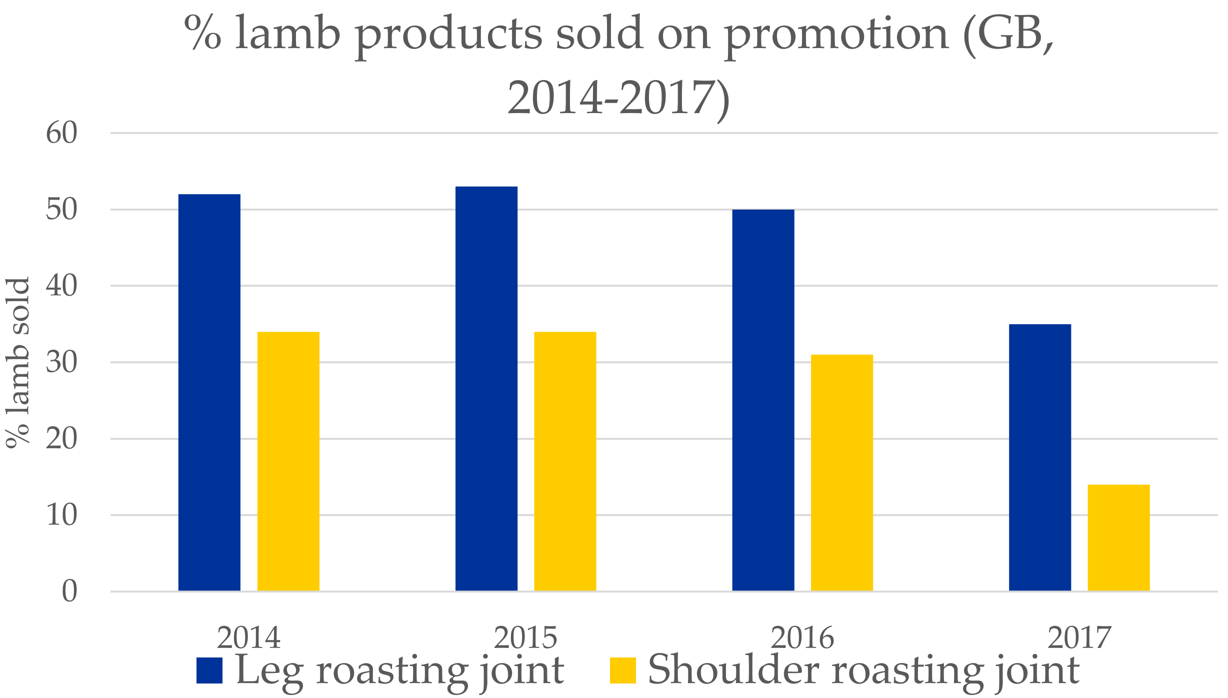
- **Nassim Nicholas Taleb has coined the word «ANTIFRAGILE»**

Antifragility

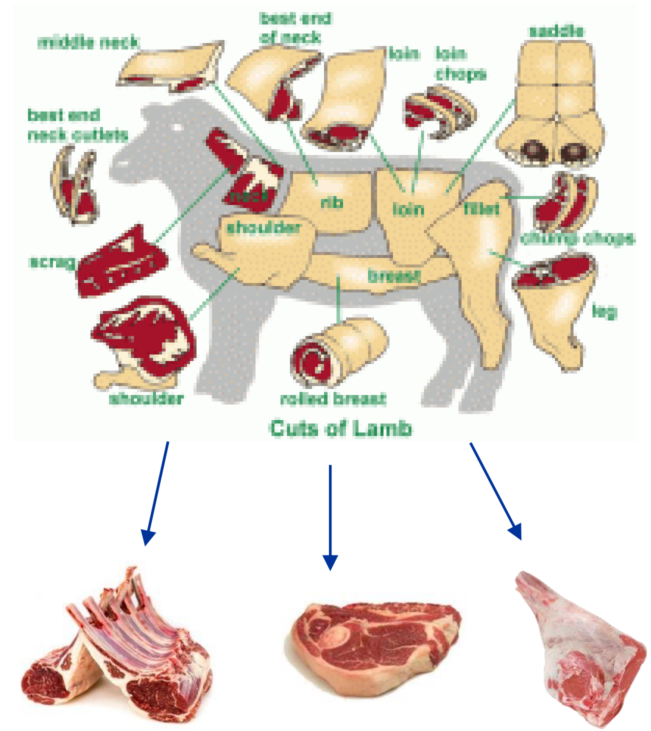
- «**Antifragility is beyond resilience or robustness. The resilient resists shocks and stays the same; the antifragile gets better**» (N. Taleb)
- The phenomenon is well studied in medicine, where for example Wolff's Law describes how bones grow stronger due to external load.
- According to Taleb, depriving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

Challenges for lamb meat SCs

Carcase imbalance

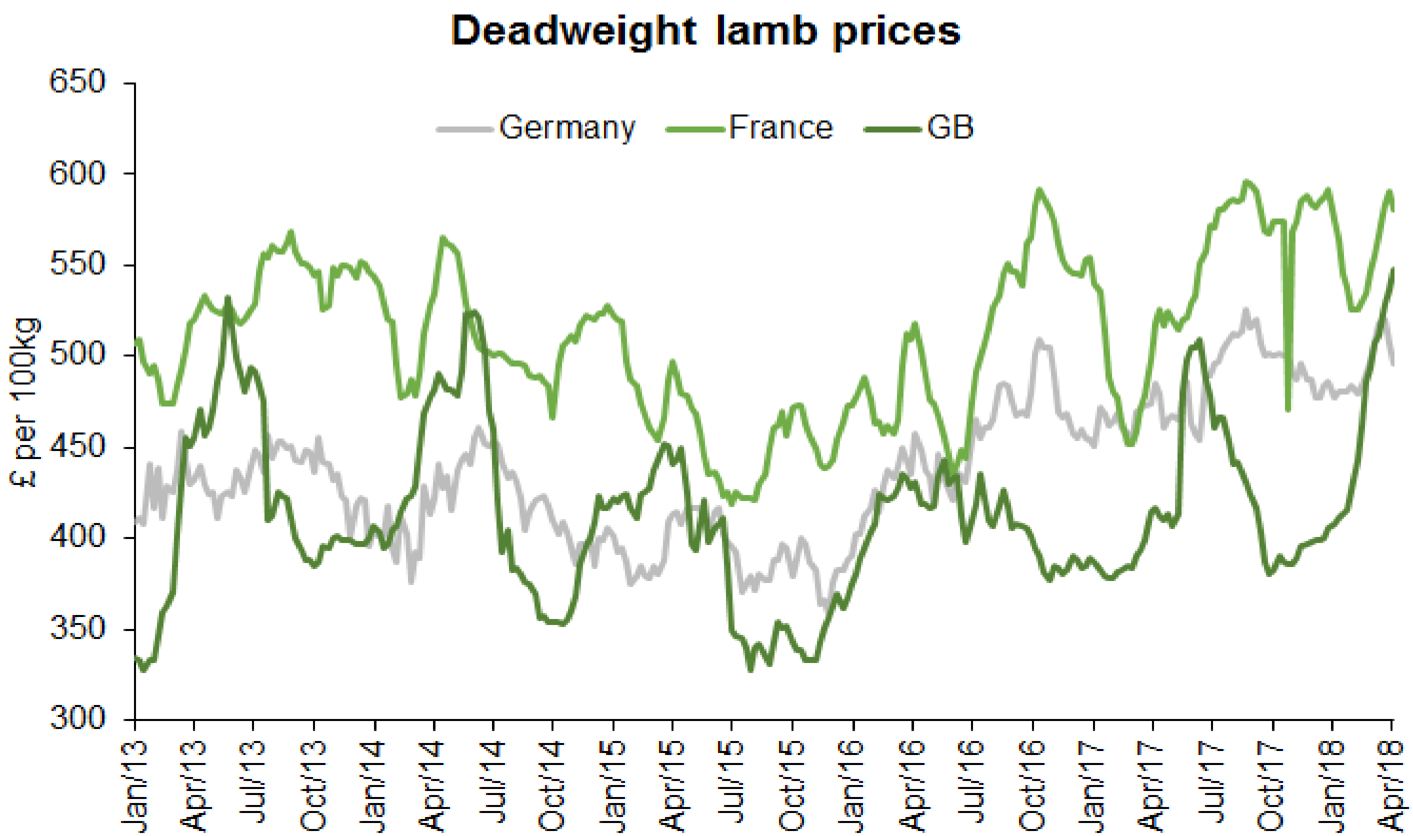


Source: Kantar Worldpanel



Challenges for lamb meat SCs

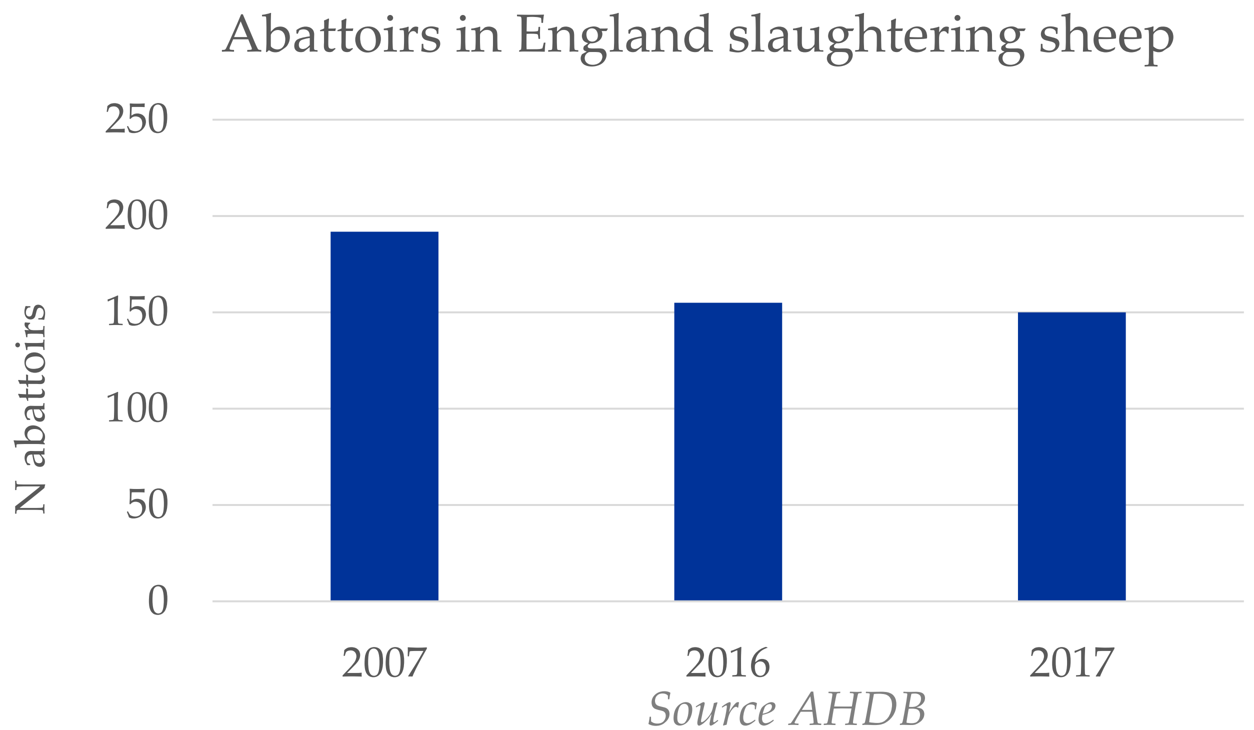
Market volatility



Source: European Commission

Challenges for lamb meat SCs

Supply chain consolidation



Lessons learnt from the case studies

Reduce carcase imbalance issues

- Identify quality specification and market a range of products that optimise the use of that specification
  - Includes development of new meat cuts
- Selling through different market routes
  - Target different consumer groups
- Export & Import

Lessons learnt from the case studies

Facing market volatility

- Special contracts
  - E.g. Cost of Production model
- Collaboration
  - Reduce transport and processing costs

BUT the focus is more on reducing costs than increasing quality and… price!

iSAGE Consumer research

Results

Focus Group overall results: meat

Likes

- Unique taste
- Sheep and goat raised more naturally
- More genuine and authentic

Dislikes

- Fatty
- High cooking skills required
- Less variety and availability
- Taste not familiar to young people

Focus groups results for meat - UK

"The only reason I eat less lamb than chicken, is that with chicken I can do more things" (Female, Occ)

Convenience

"I must admit I don´t cook much, just easy things, so regarding lamb, I usually buy chops that are very easy to cook" (Female, Occ)

I wouldn't buy a lamb that I know has been treated badly" (Male, Reg)

Animal Welfare

"Lamb production has less [environmental] impact [than other meat production]" (Male, Reg)

Sustainability

"I think lamb is already natural, so I don't really see the reason why I should go for organic"(Male, Occ)

Situation

"It is the classic dish for Sunday lunch" (Female, Reg)

"It is usually quite fatty" (Male, Occ).

Fatty

"I don't like the joints, it's difficult to cut off the fat" (Female, Occ).

Cuts

"New cuts for example…lamb lollipops" (Male, Reg).

Results summary - Dairy

Likes	Dislikes
Unique Taste	Poor information on product labels
Versatility	High price and small variety
Sheep and goat freely graze	Taste/Smell
Healthier compared to other dairy products (cow milk)	Fatty not for daily consumption

Focus groups results for cheese - UK

“I didn’t know any goat cheeses whatsoever, until a few years ago” (Female, Reg)

“It is not said on the package whether it is from sheep or not, so I don’t really know if I ever ate [a ewe-milk cheese]”

Knowledge

I was not aware of it [feta cheese] before I went on holidays to Greece, and when I came back I wanted to prepare my own Greek salad” (Female, Occ).

Animal welfare

“It is a natural product…Goats are free to walk outside; they are not ‘mass produced’ as cows are. This is why [goat cheese] tastes so nice” (Female, Reg).

Taste

“It has a very strong flavour” (Female, Occ).

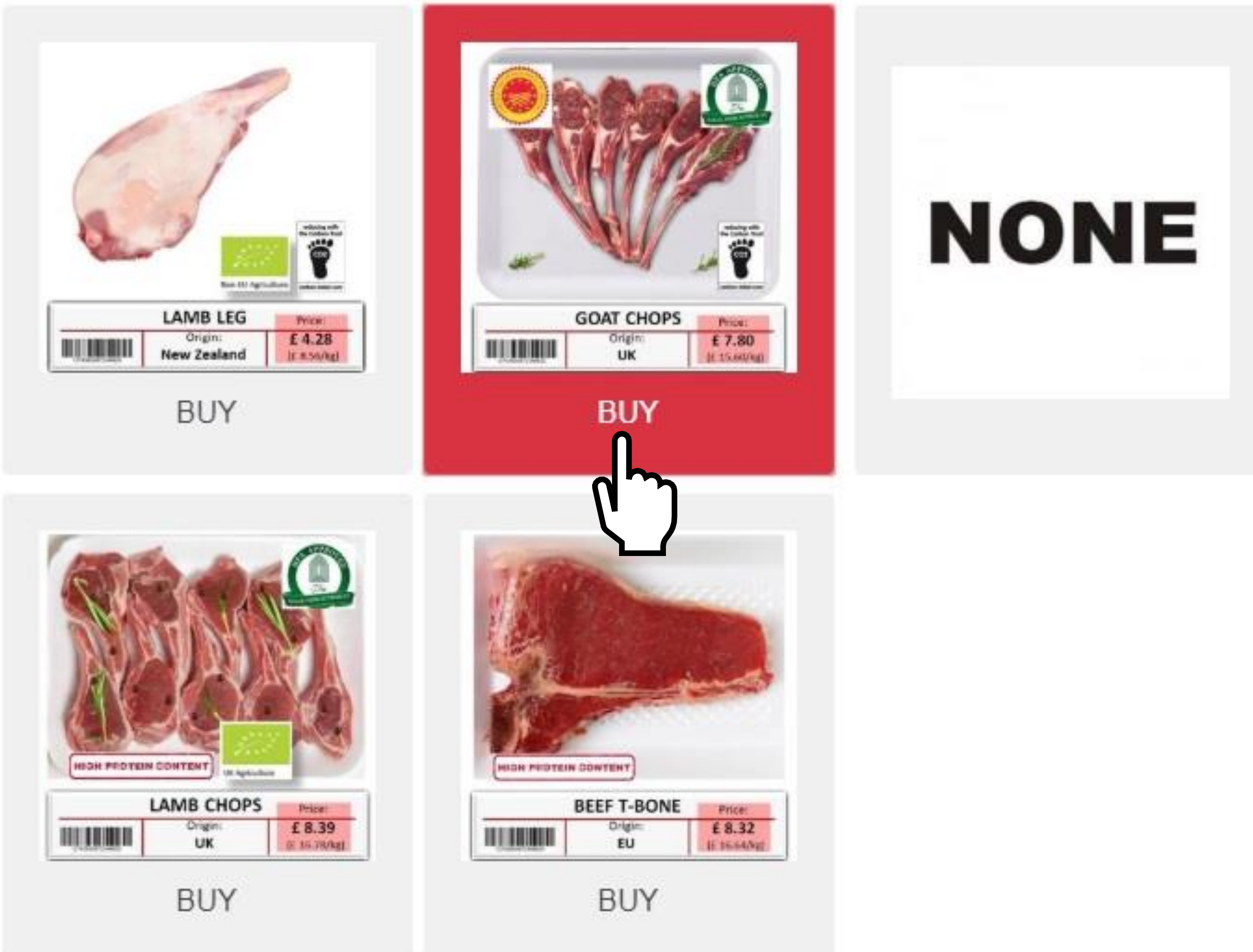
“It’s difficult to find in supermarkets when you are in a hurry” (Female, Reg).

Availability

“It’s a versatile product, you can eat it with pretty much everything” (Male, Reg)

Situation

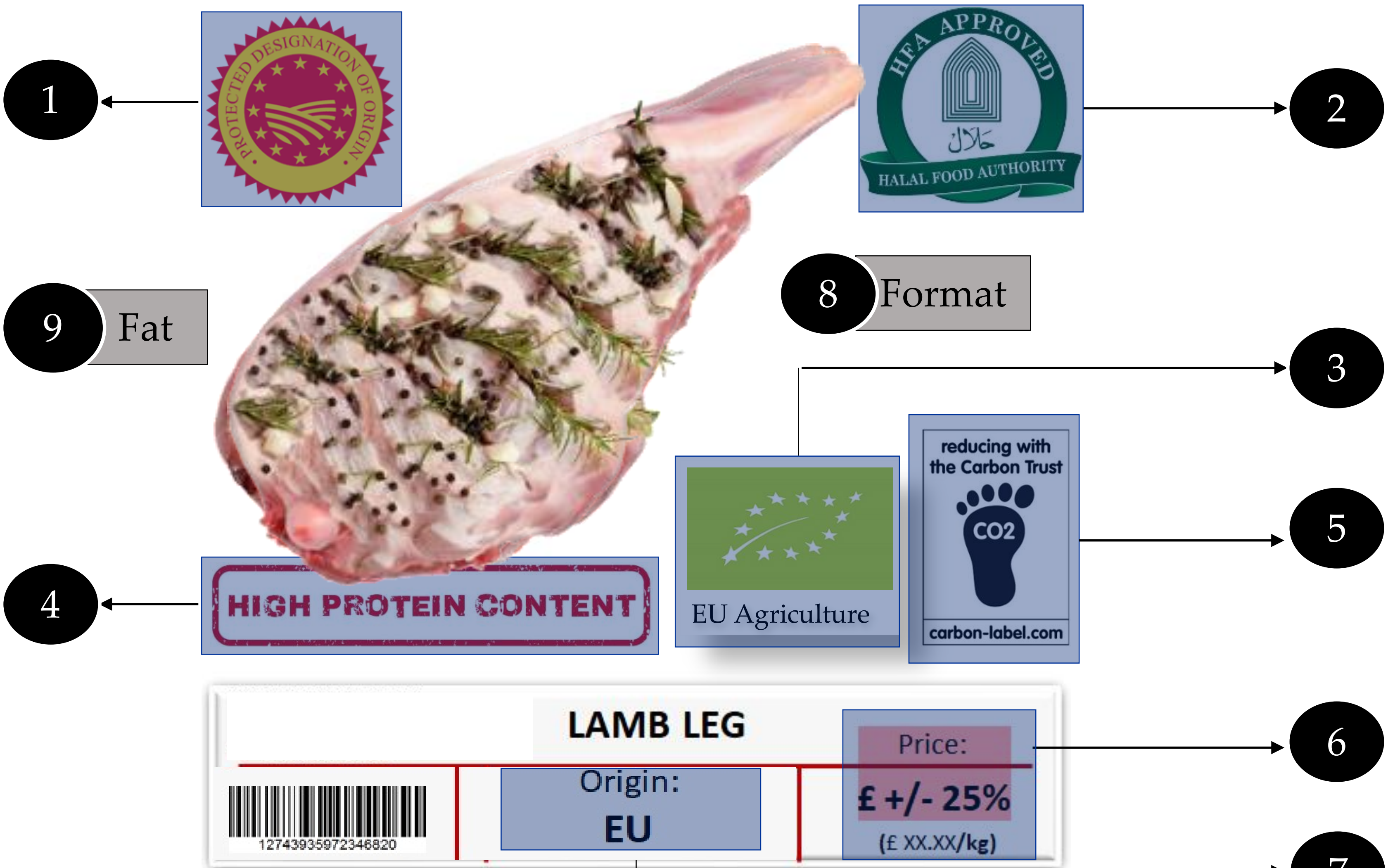
Choice experiment for meat



Choice set

Choice experiment for meat

Choice experiment attributes



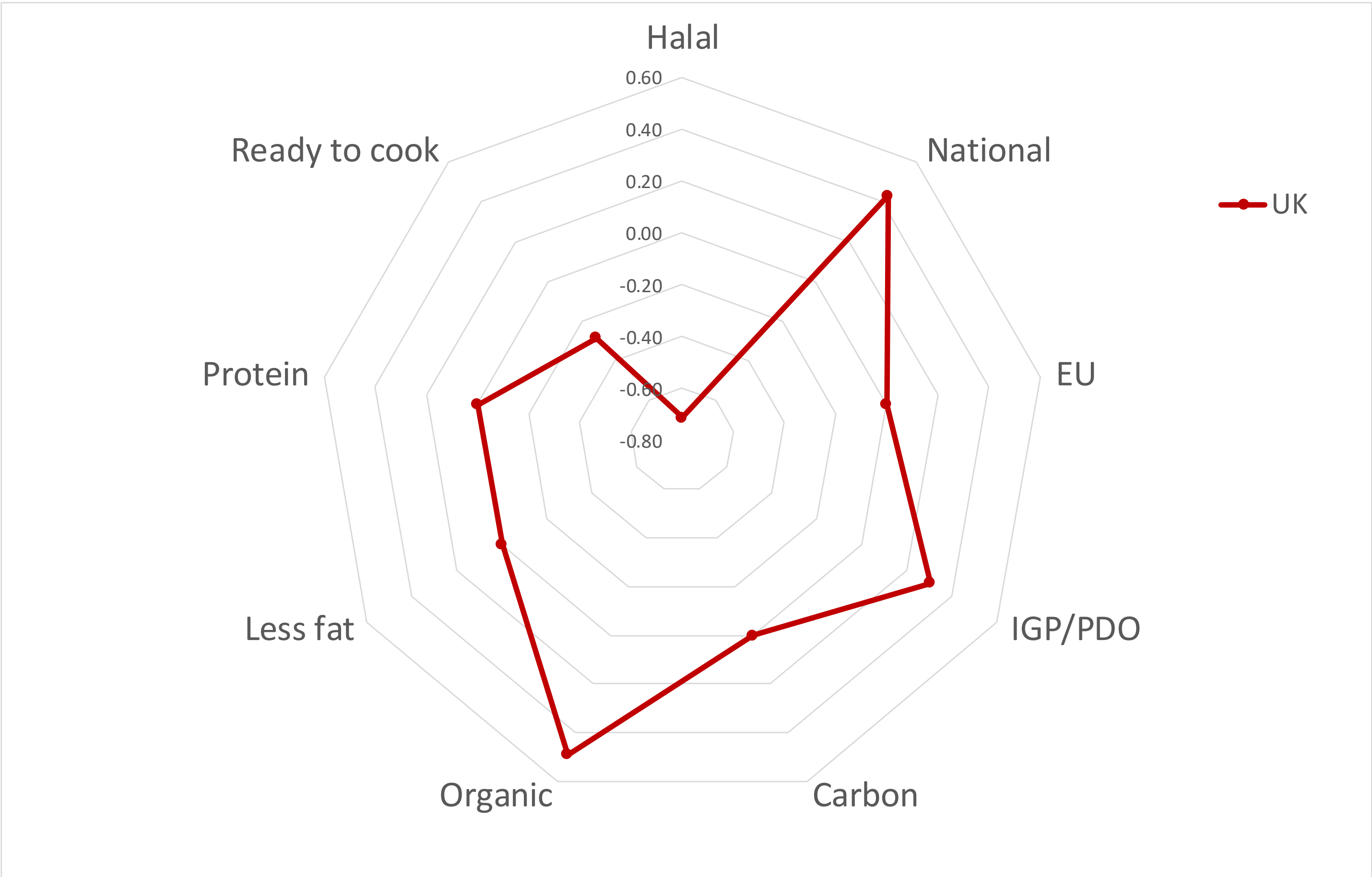
Results: meat cuts and type

*Beef is the reference category

Meat	Finland	France	Greece	Italy	Spain	Turkey	UK
 Beef T-bone	–	–	–	–	–	–	–
 Lamb leg	↓	↓	↓↓	↓	↓	↓	↓
 Lamb chops	↓	↓	↓	–	↑	↑	–
 Goat chops	↓	↓↓	↓	↓	–	↓	↓
None	↓↓	↓	↓	↓↓	↓↓	↓↓	↓↓

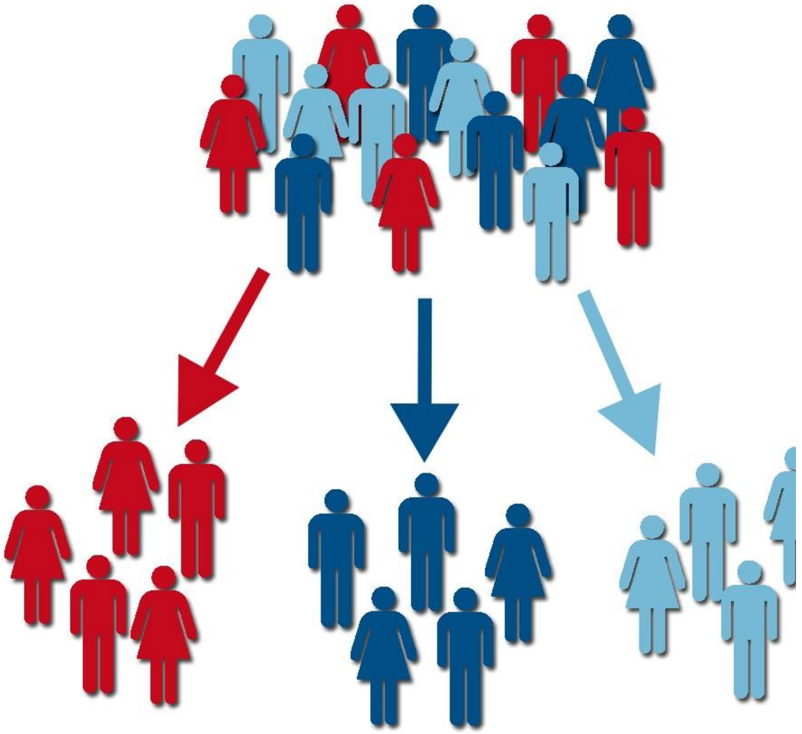
5% significance level

Average Willingness-to-Pay (£) UK Meat

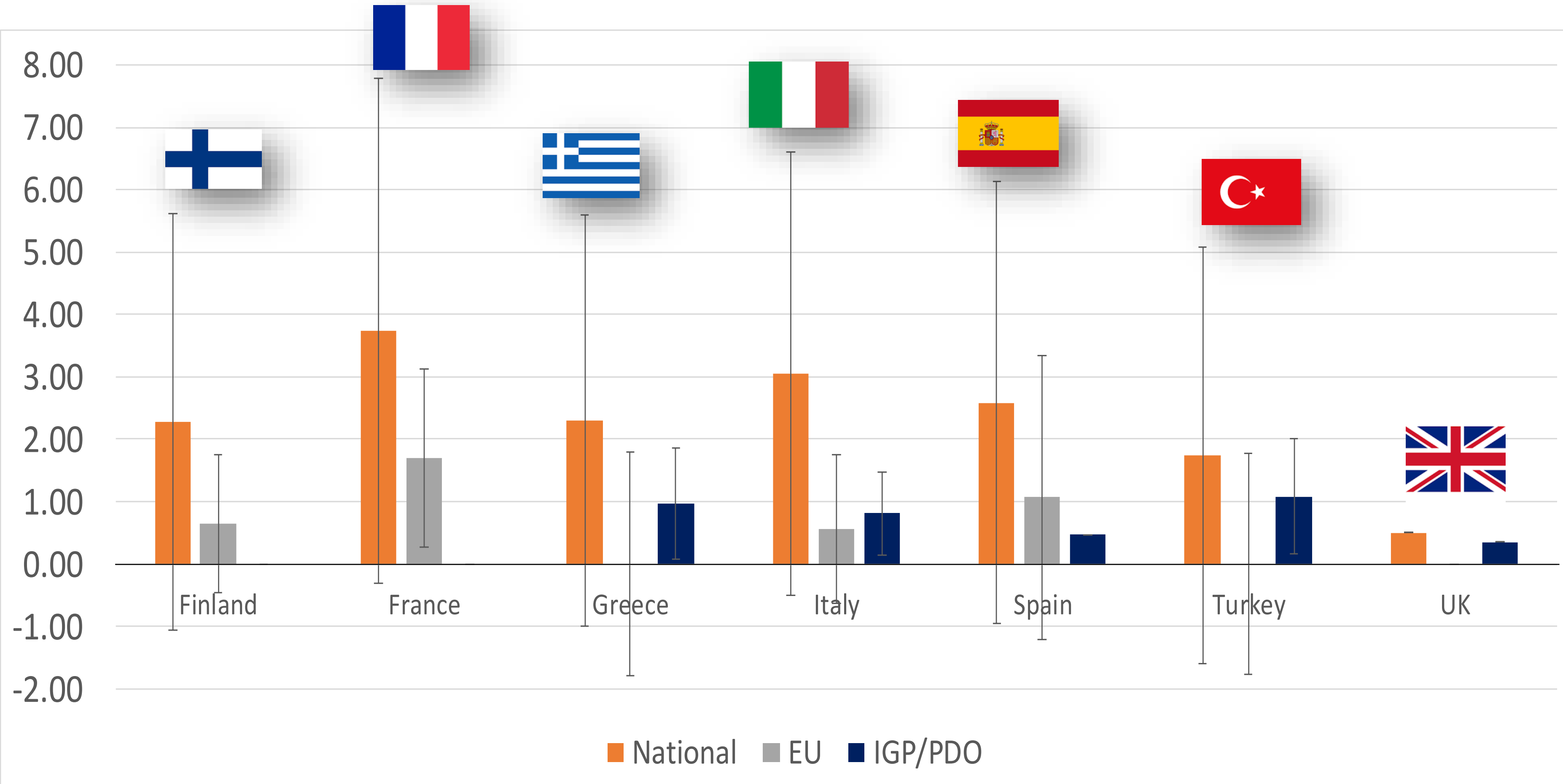


Consumers are not all alike

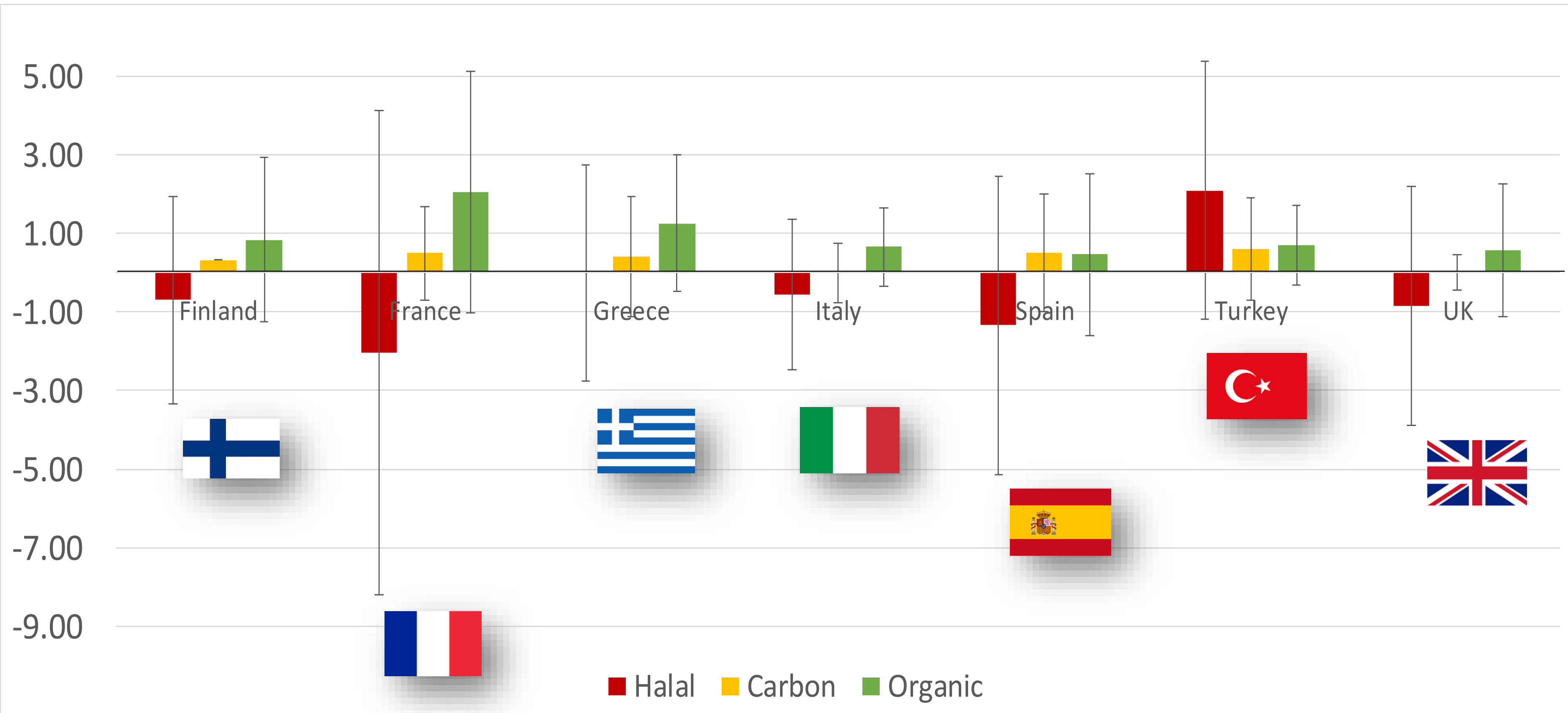
- Consumer have heterogenous preferences depending from status, culture, income, education, family & household characteristics, past experience, etc.
- They search for different **benefits**, and have different views of risks
- Market segmentation is necessary



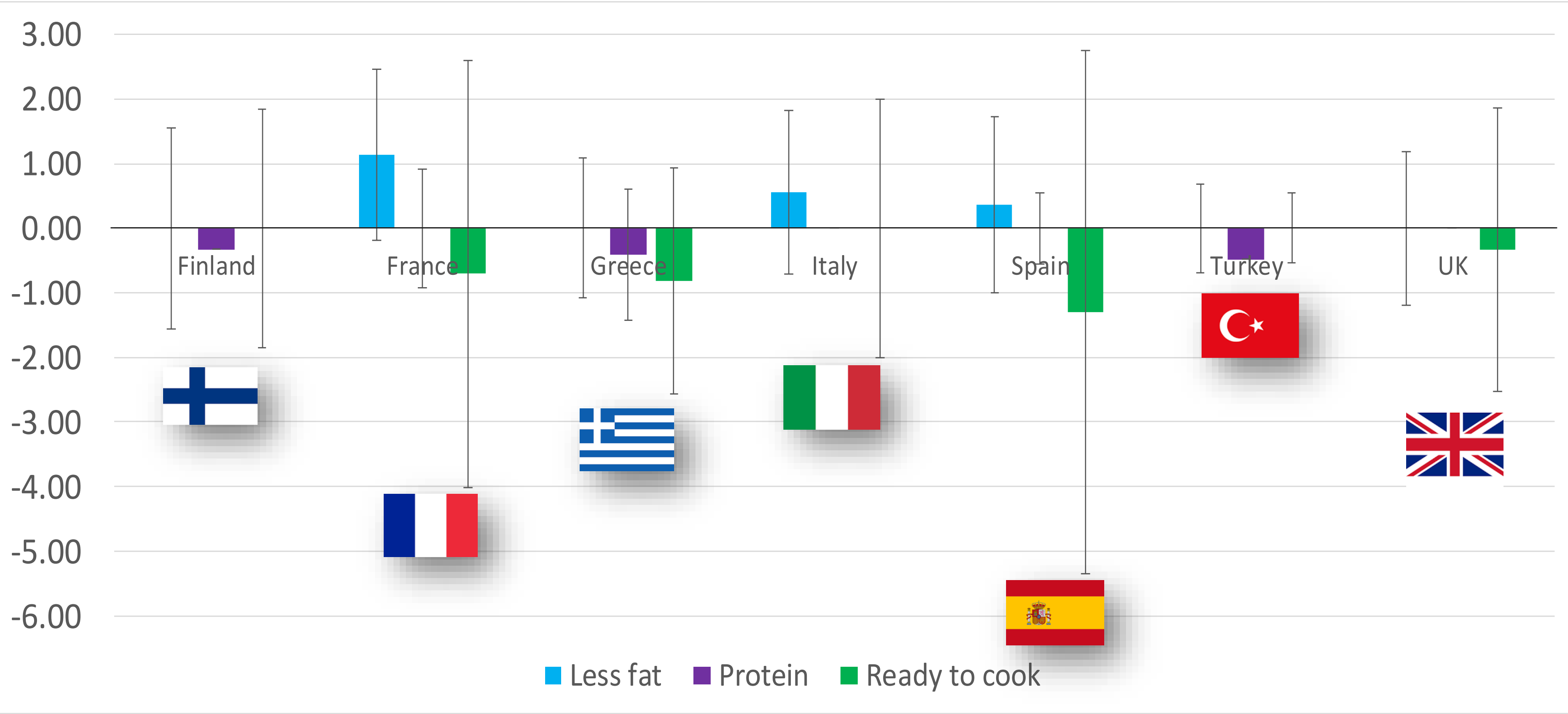
WTP for Origin and PDO/PGI label (euro)



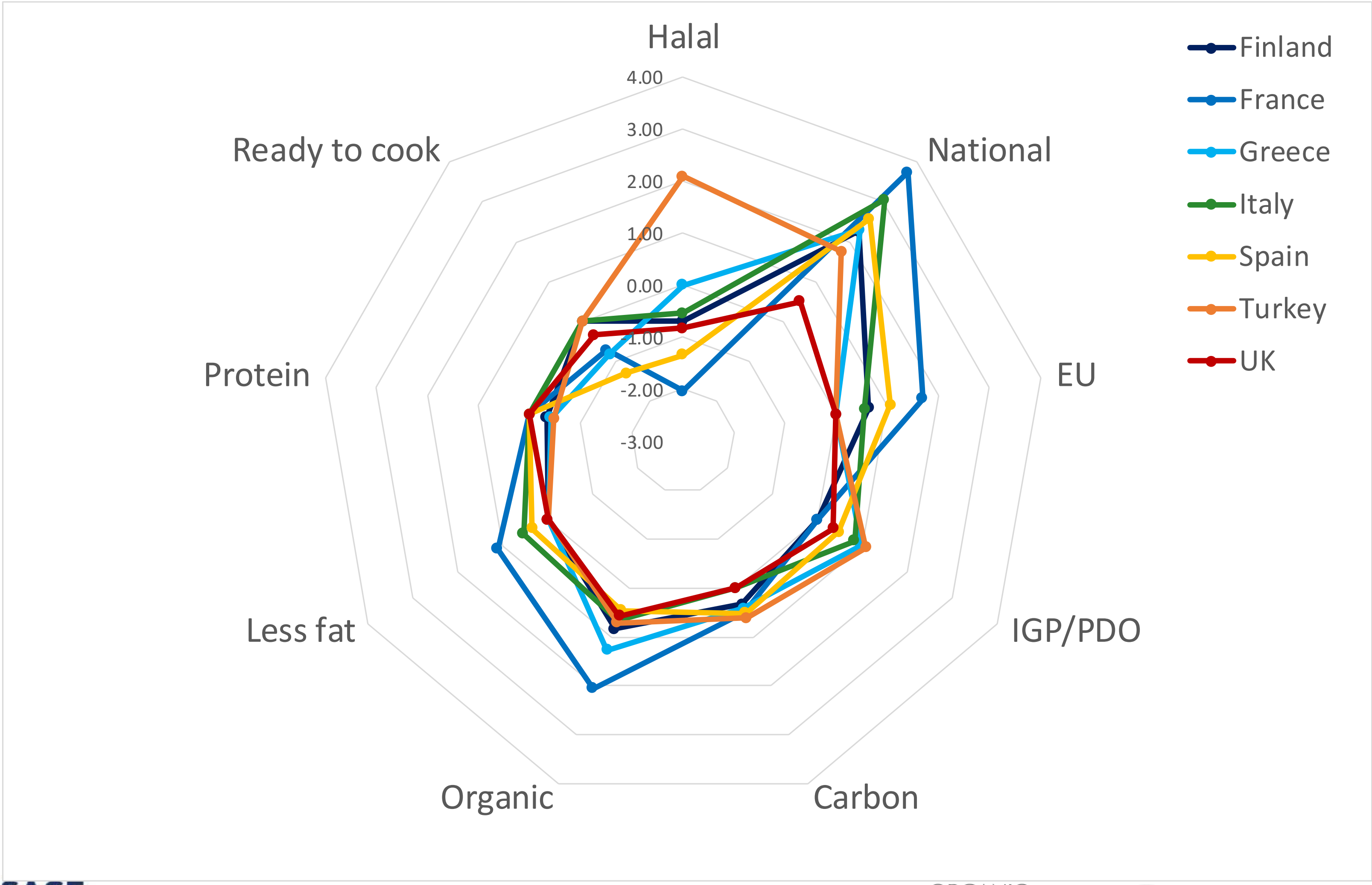
WTP for Halal, Carbon foorprint and Organic label (euro)



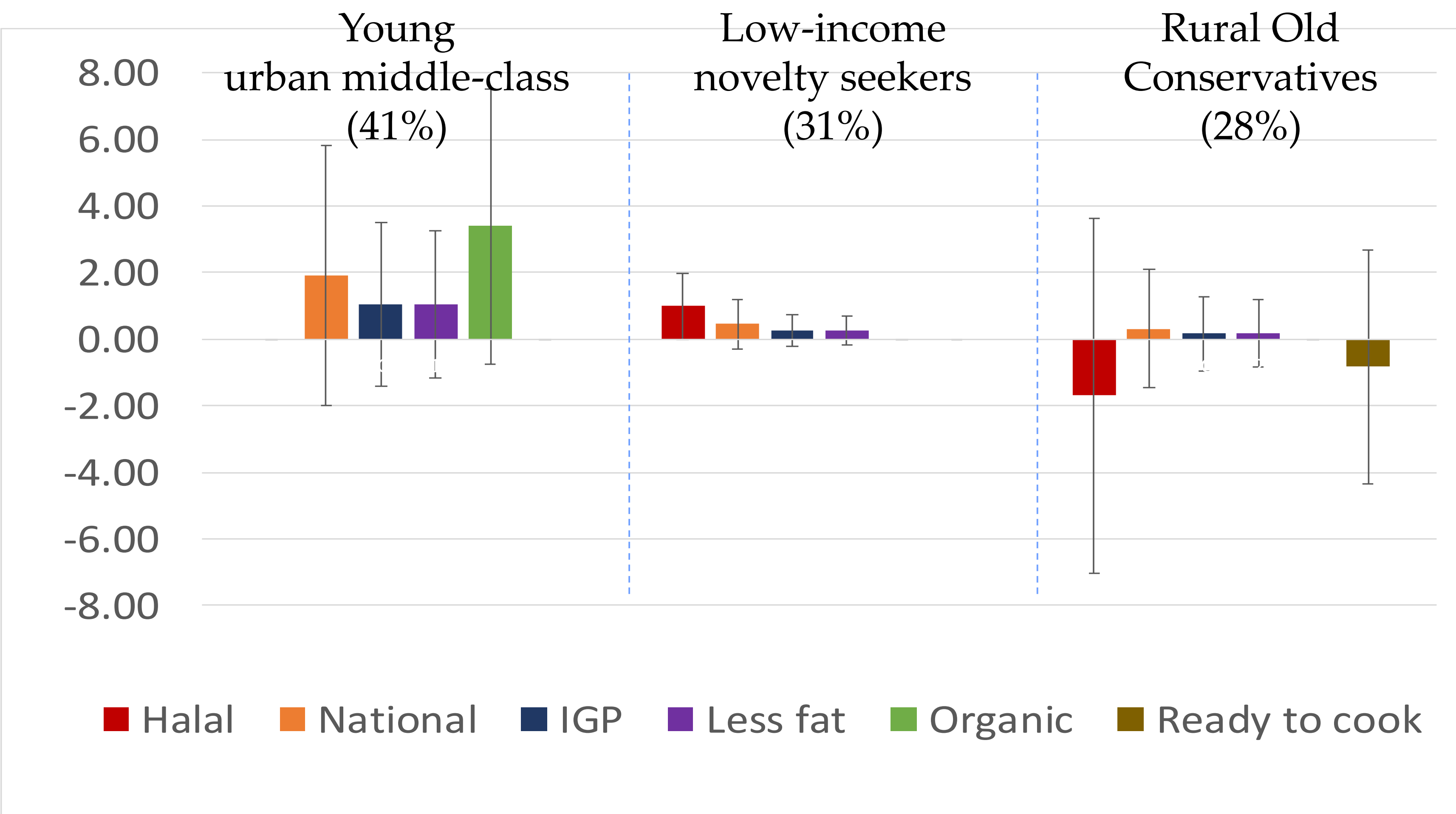
WTP for health labels (euro)



Average Willingness-to-Pay (€) Comparison with other countries



UK Meat segments (WTP £)



Let’s continue with ewe and goat cheese!

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	

Preliminary results: cheese type

*None is the reference category

Meat	Finland	France	Greece	Italy	Spain	Turkey	UK
None	–	–	–	–	–	–	–
Aged cheese	↑↑	↑↑	↑	↑	↑↑	↑↑	↑
Fresh cheese	↑	↑	↑↑	↑	↑	↑	↑

5% significance level

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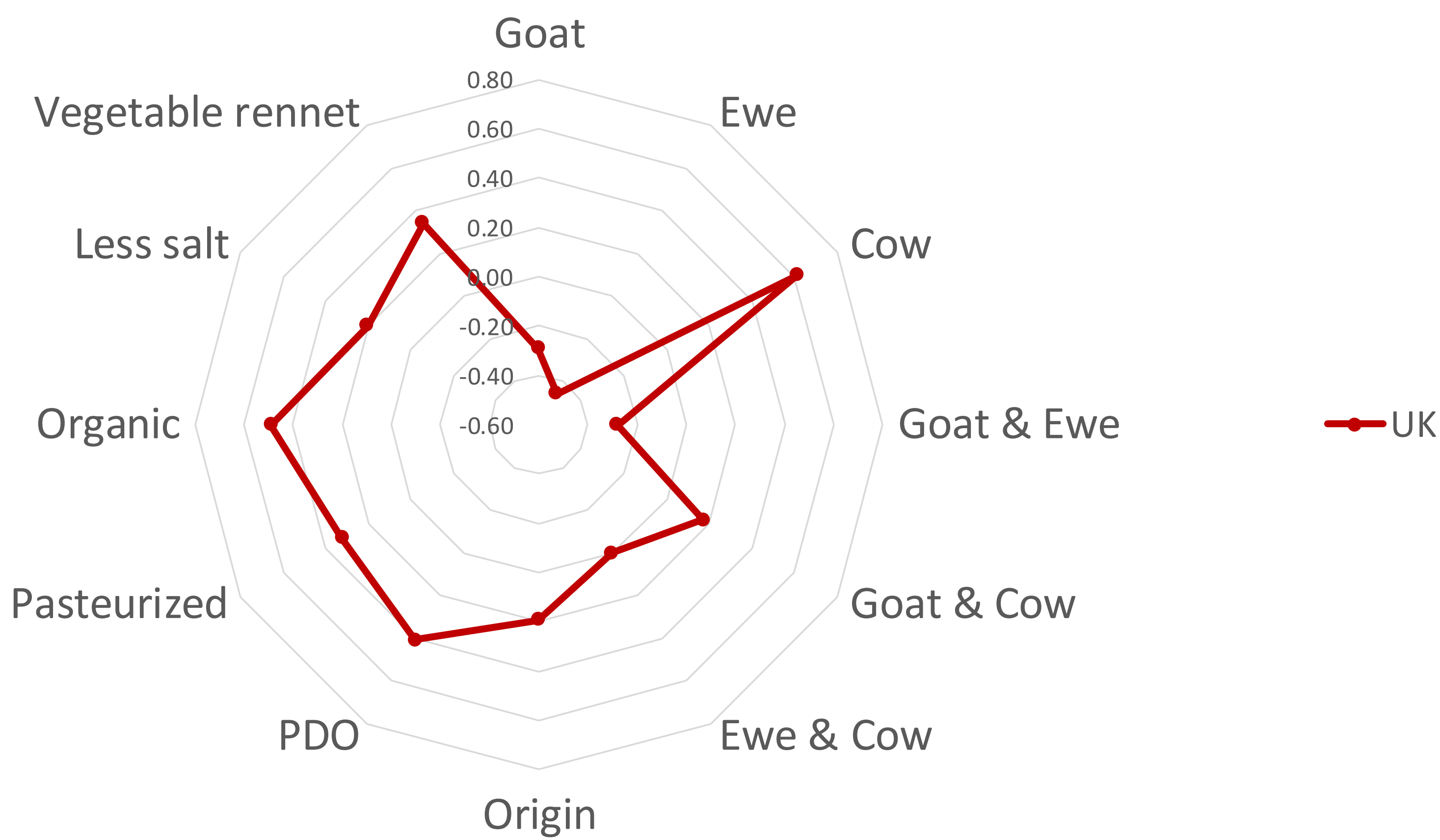
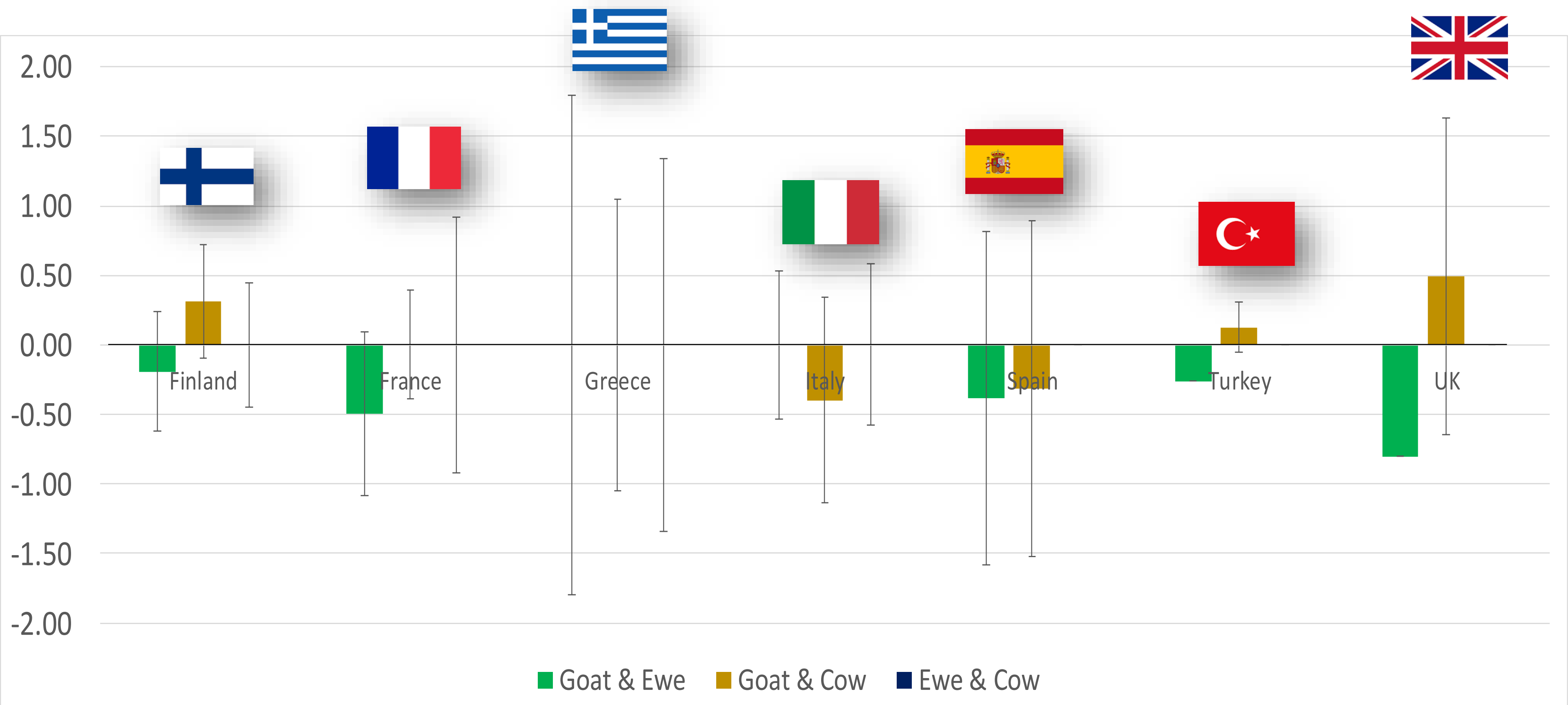
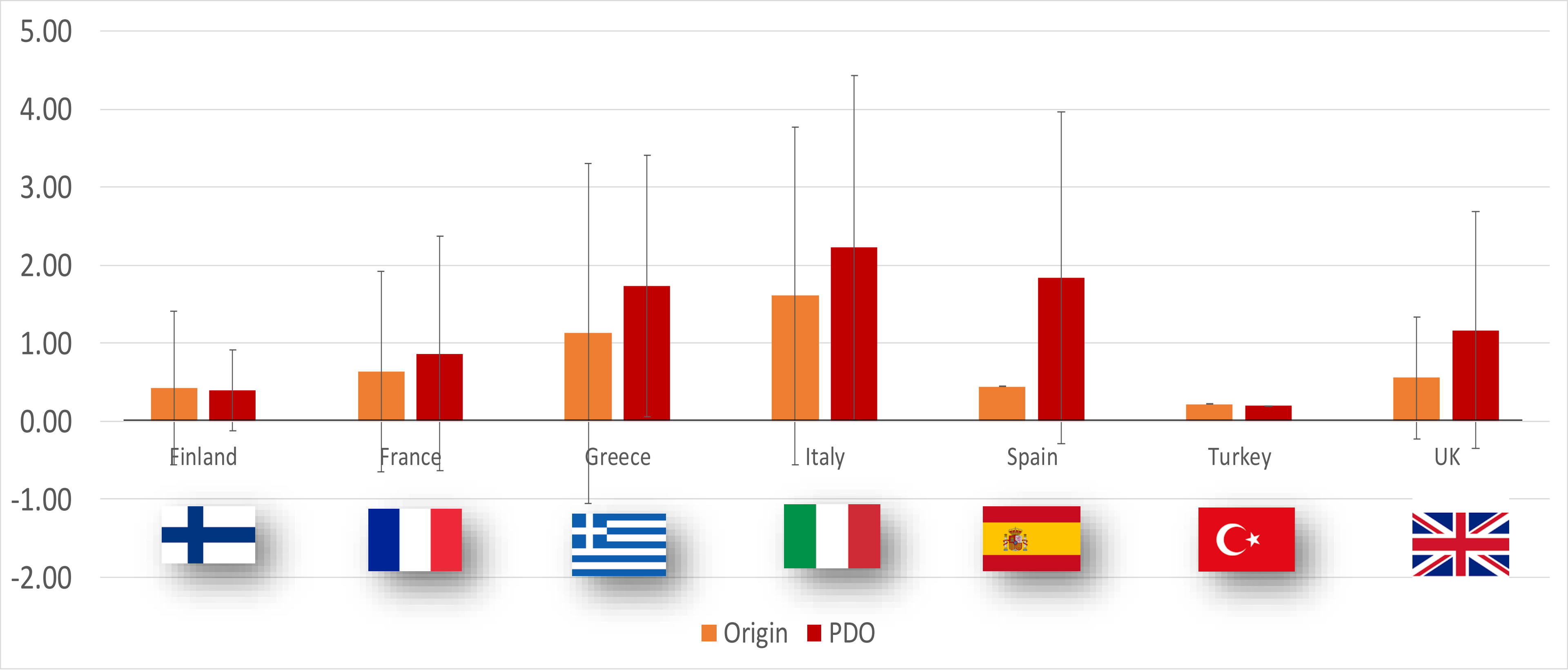
Average Willingness-to-Pay (£) UK Cheese



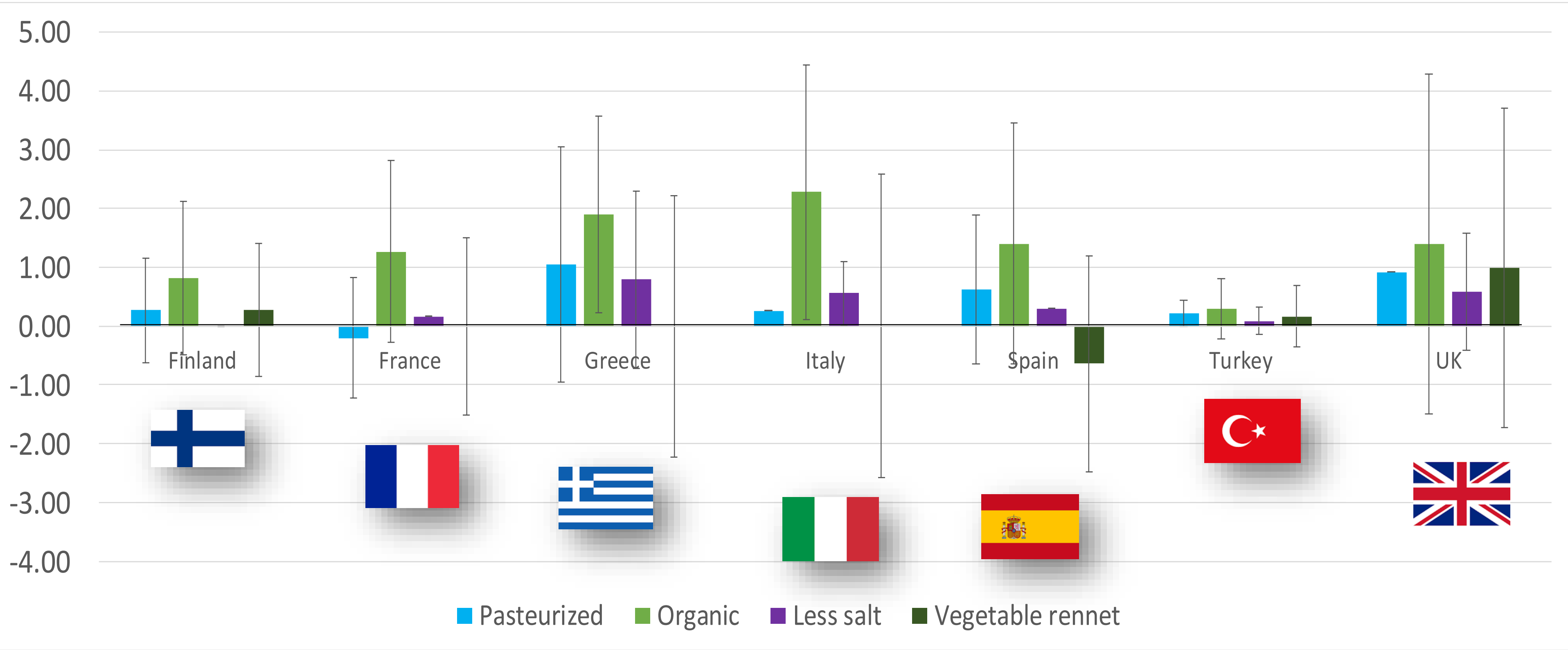
WTP for mixed cheese (euro)



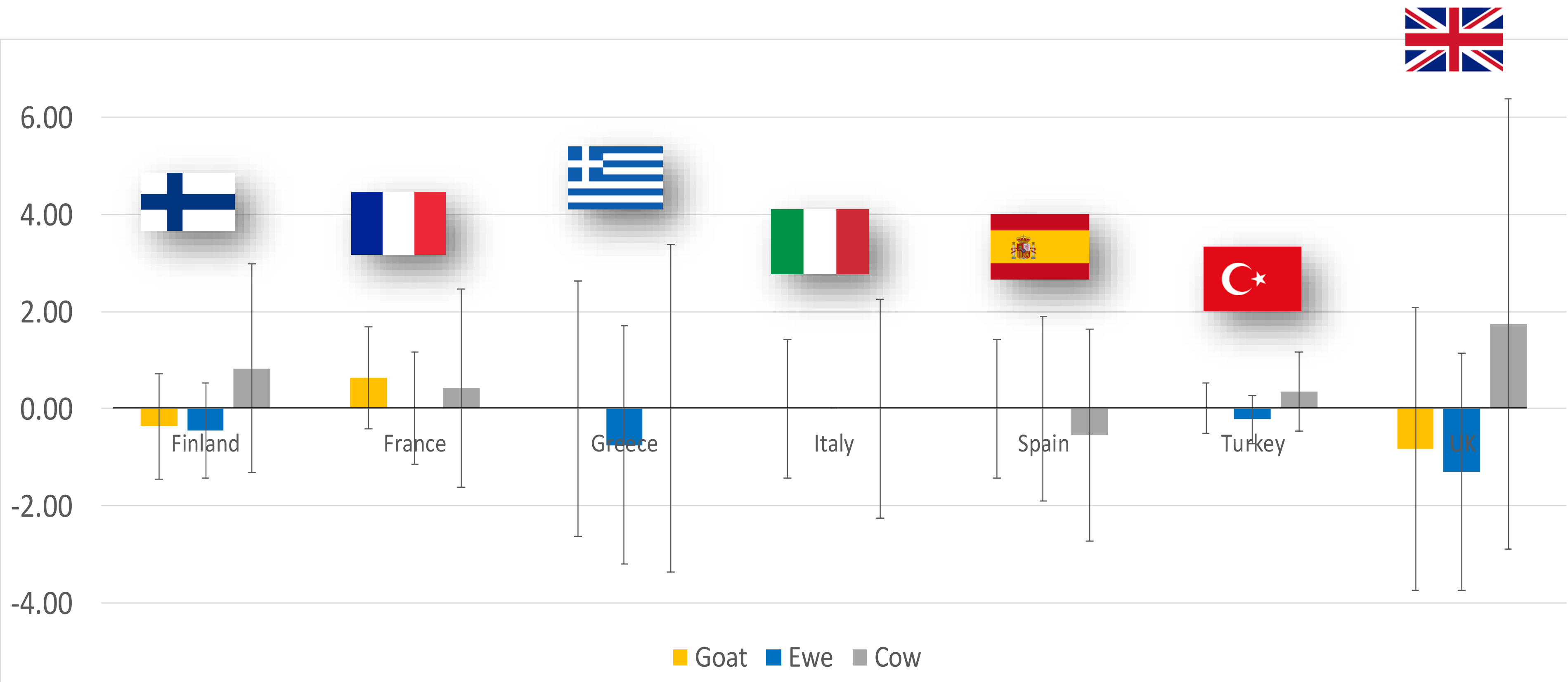
WTP for cheese origin (euro)



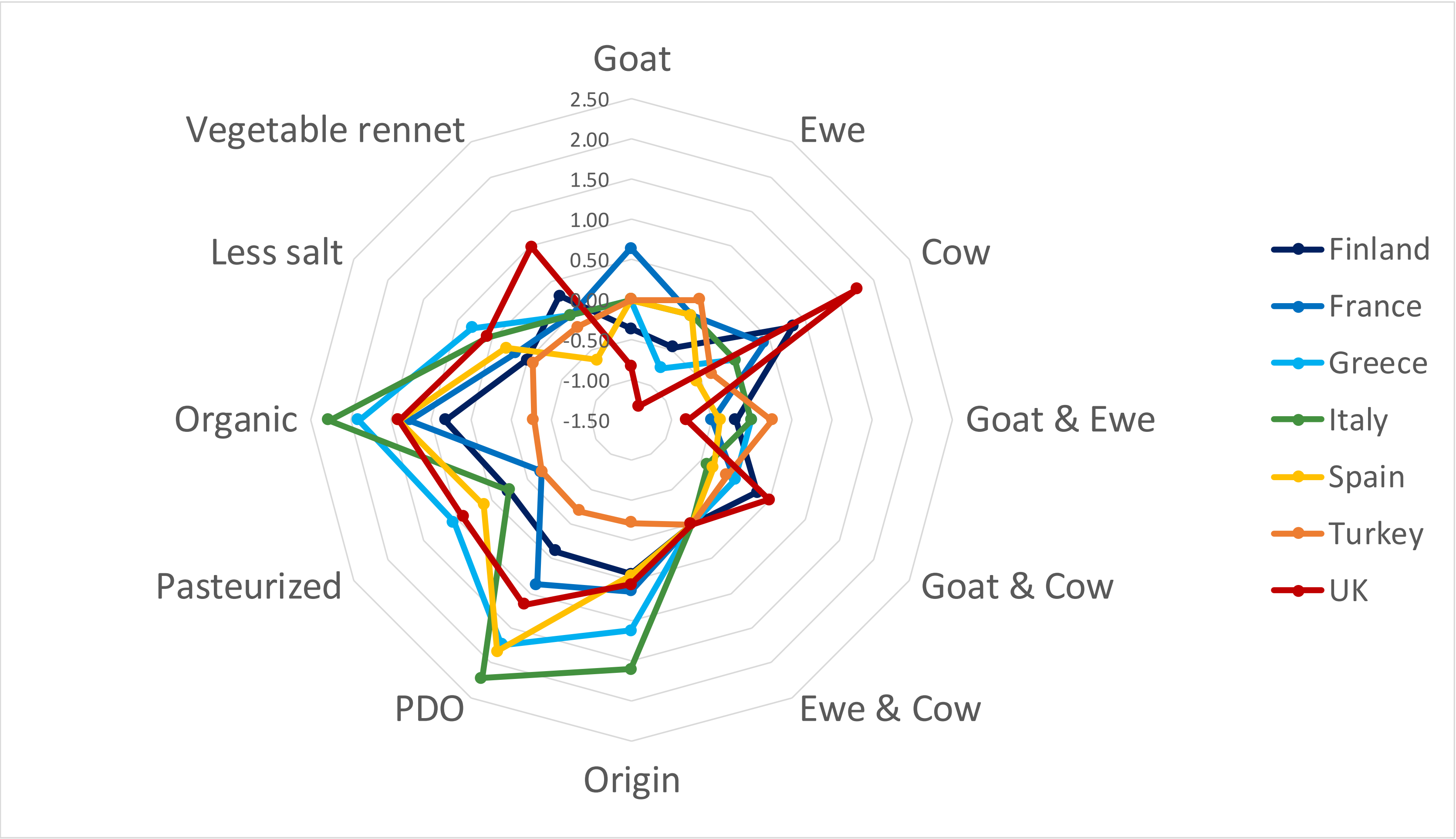
WTP for pasteurization, organic label, less salt & vegetable rennet (euro)



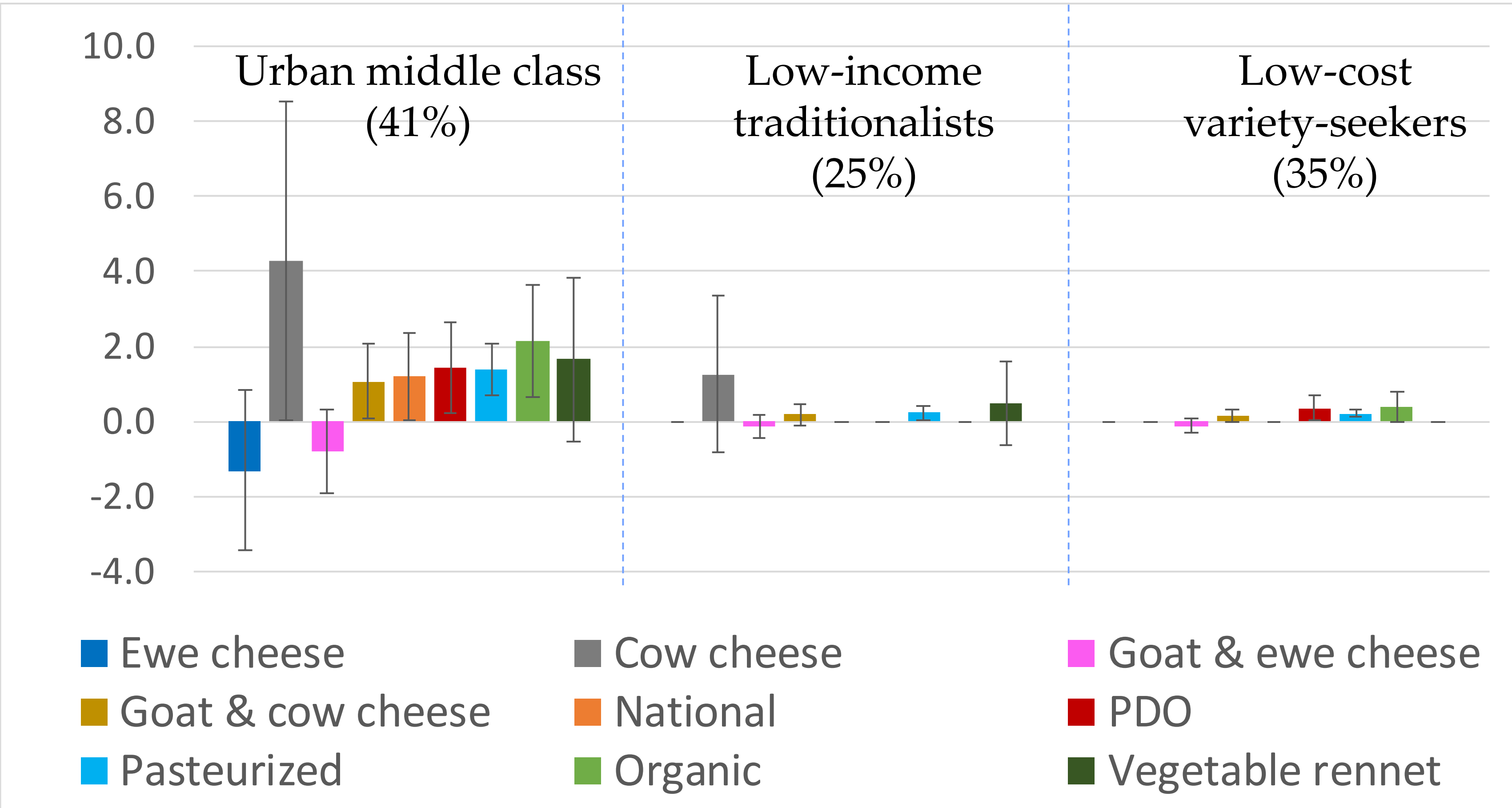
WTP for one milk type cheese (euro)



Average Willingness-to-Pay (€) Comparison with other countries

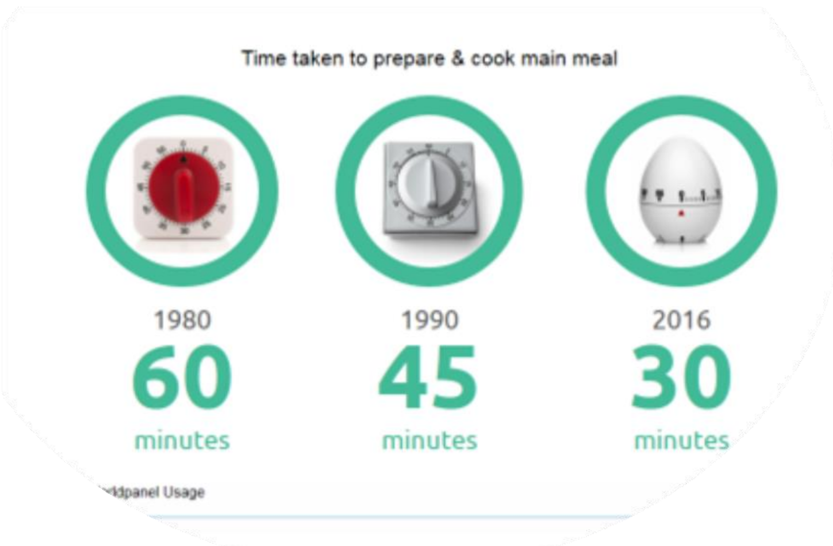


UK Cheese segments (WTP £)

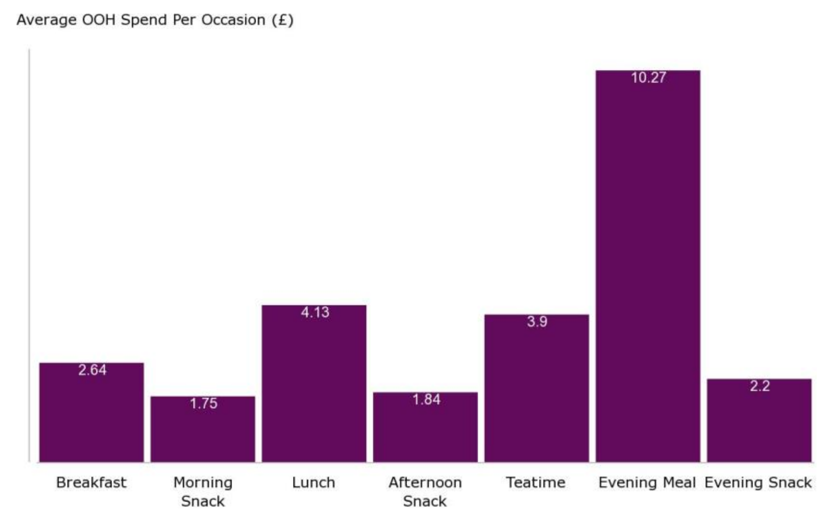


Challenges: Changing families & habits

Households spend less time preparing and cooking meals



In 2017 the UK spent over £49bn on eating and drinking out

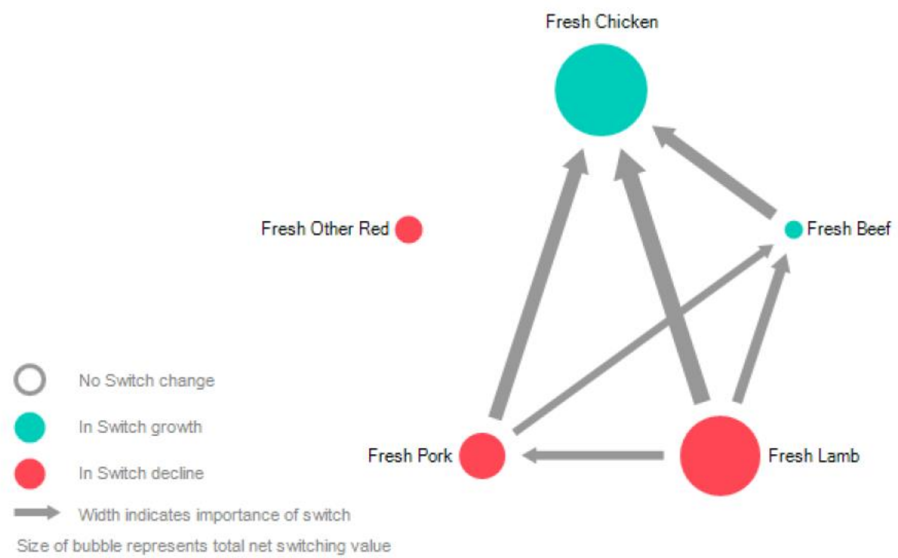


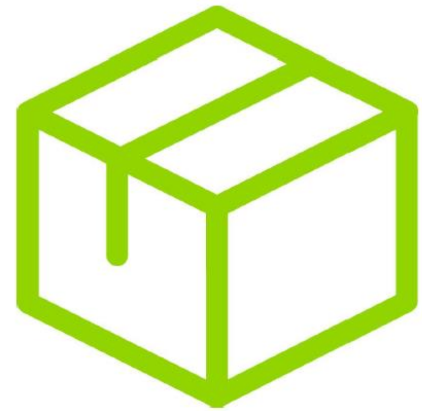
Ready-to-eat or Ready-to-cook meals?

Eating out-of-home?

Challenges:
Switching to other meats….

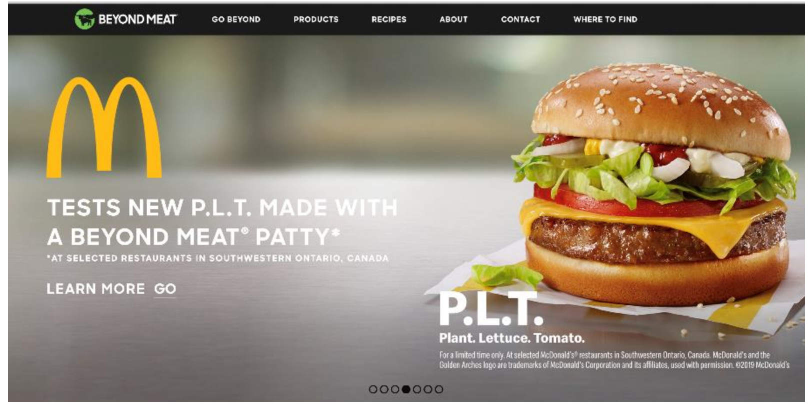
Lamb has lost spend to all 3 rival meats

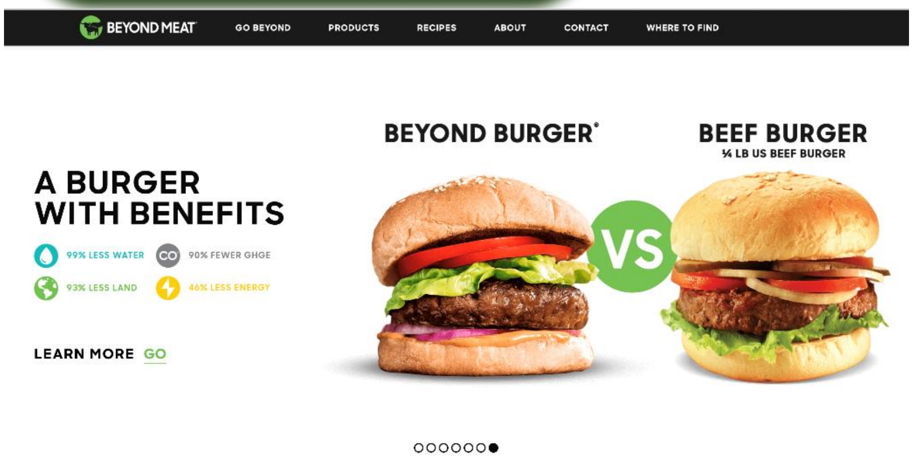




82.5%

Source: AHDB, UK





and Beyond meat!

https://www.beyondmeat.com

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!

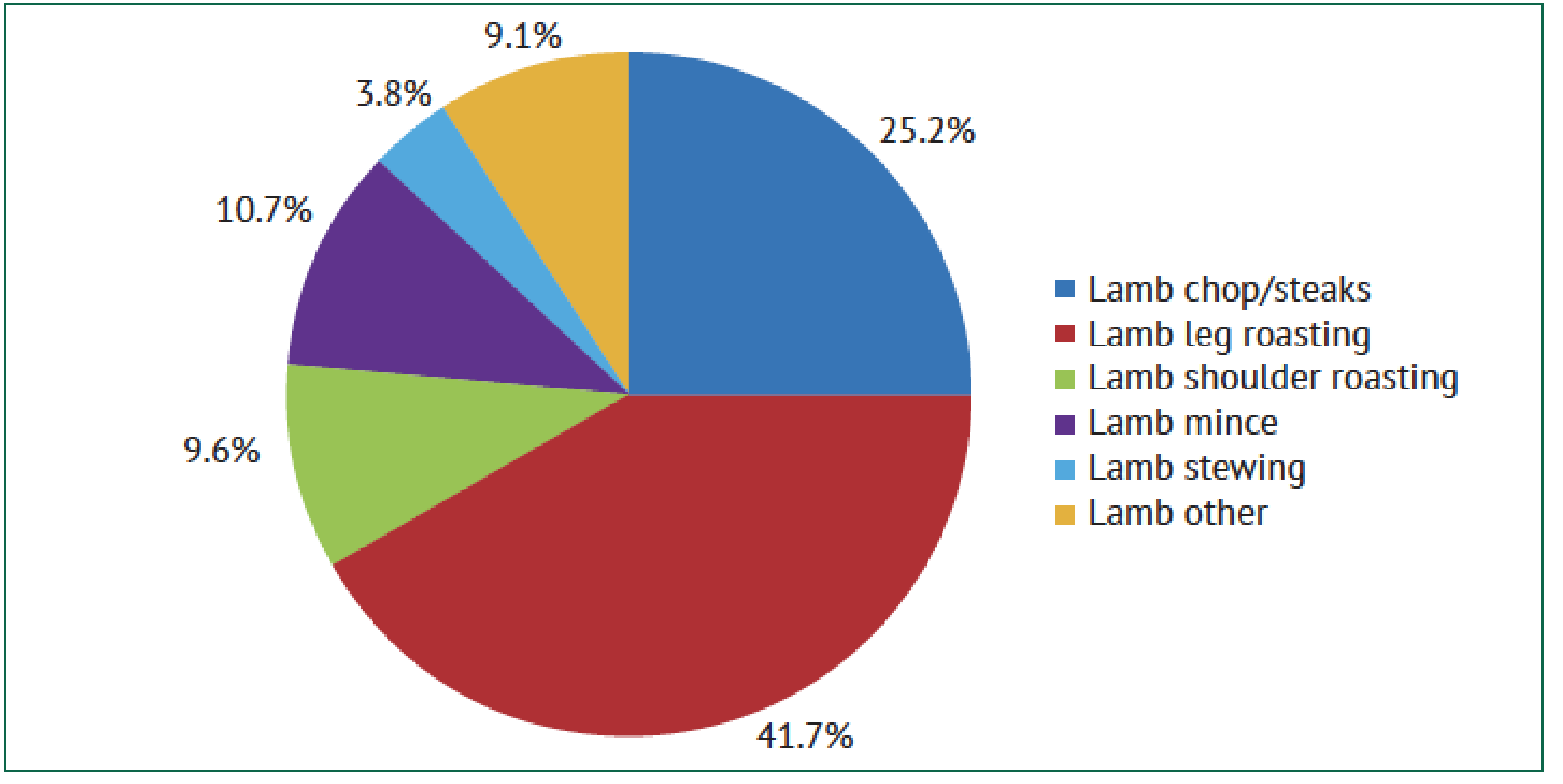
- There is nothing as little seducing than meat. Dead flesh and blood are not really sexy, unless for those who love *The walking dead…*
- Sexy, attractive, trendy packaging may help

What about cut innovations?

Or convenience innovations?

iSAGE results: convenience as ready to cook not relevant for average consumers, but cuts do make a difference according to consumption situation

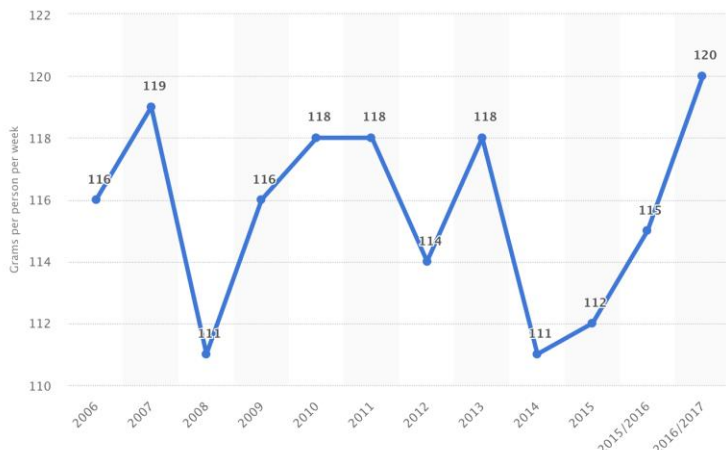
Retail lamb cuts sold in UK (2018)



Source: Kantar Worldpanel

Ewe/Goat cheese market still niche

Average purchase per person per week of cheese in the United Kingdom (UK) from 2006 to 2016/2017* (in grams)



Source: Statista.com

- Overall, the cheese market is expected to grow of 2.2%/year in the near future (Statista.com)
- Shoppers are buying more per trip and more often, but there has been a consistent decrease in the average price per kilo. Avg. per capita consumption is 8.4 kg.
- Mini portions have seen the strongest growth in both value and volume.

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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