

Nuffield Farming Scholarships Trust

**Beef marketing and  
product differentiation:  
Opportunities for  
producers?**

**By**

**Sarah Long**

**A Royal Smithfield Club/Royal Agricultural  
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## **Disclaimer**

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## **Introduction**

My parents run a calf rearing and beef finishing enterprise in Norfolk where I grew up. I studied for an honours degree in Agriculture with Agricultural Marketing and Masters Degree in Food Marketing and Quality Management at Harper Adams University College which first gave me an insight into the importance of marketing, not just in agriculture but in everyday life. I completed my placement year at Tesco Stores Ltd within their agricultural department and since graduation have been employed by Assured British Meat as the Development Manager responsible for the beef and lamb assurance schemes across the supply chain. It is from this experience that my interest in the beef sector has grown, specifically in relation to the business at home. I have become increasingly frustrated with the volatility within the beef sector and the constant negativity the sector has suffered over the past twelve years, whether it be threats from disease or imports affecting production prices. I wanted to be able to see and learn from what other countries were doing in terms of production and marketing. My Scholarship has enabled me to see firsthand some of the threats and challenges facing the world beef industry and identify opportunities which may help UK producers, processors and the industry as a whole. I hope that my continued involvement with beef industry organisations, both through my employment and personal links, will help some of the recommendations of this report to be put into practice for the benefit of all UK beef producers.

## Background

UK Beef producers have been on a bumpy rollercoaster ride for the past twelve years, since the discovery of BSE and subsequent 'links' with nvCJD. The number of challenges faced by the industry has been endless and is continuing today with the spread of Bluetongue across the UK. Question marks have also been raised on a wider scale threatening the future of livestock across the world from the environmental aspect and the volume of methane contributing to the world's carbon footprint and increasing the hole in the ozone layer. However, the beef industry in the UK is resilient and producers have managed to survive through the issues and continue to supply consumers in the UK and Europe with 'great' British Beef.

Despite the challenges the UK beef industry is considered to be in a fortunate position. The UK is not self sufficient in beef and can currently only supply 70% of the total beef demand. This, coupled with the general concerns over food security supported by increasing wealth across Asia, will ultimately result in higher demands for protein, potentially beef, and decreasing stock numbers around the world. This is primarily driven by competition for land for both crop production aimed at fuel rather than food, and an increasingly industrialised environment.

On reflection, at this point it could be argued as to why we need to worry about marketing if the basic philosophies of supply and demand will naturally take control?

Global supply and demand will certainly play a significant role in the future. In the meantime, whilst there is still competition on retail shelves for a cheaper product, especially during the current 'credit crunch', with existing suppliers from South America and Ireland able to deliver on price, there is still a need to differentiate British product.

It is this final point which I have focussed on in this report. There are numerous examples already in existence of UK beef producers differentiating their own product, whether it is on a regional level, by breed or by production system. Whilst I will make reference to some of these examples throughout this report, the greater focus is on working together as an industry to promote British Beef against our competitors within the beef sector and across the protein sectors.

## How can we differentiate?

Firstly we need to know a few basic facts:

1. What is our product?
2. Who is our customer?
3. What does our customer want?

All the questions above must be answered and understood to enable us to clearly define and market our product to the best of our abilities. The best example of getting this wrong would be trying to sell sand to the Arabs or snow to the Eskimos. Although written tongue in cheek, unless the product provides the customer with something they want or need, there is little chance of selling it. We not only want to be able to sell beef, but we want to be able to add value to it to ensure the customer is satisfied with their choice and will repeat the purchase. The biggest threat to the beef industry is chicken, which provides similar dietary requirements for customers at a relatively cheap price.

In 2007 chicken and beef had a market share (by value) of 27% and 25% respectively of the total UK fresh and frozen meat market which topped £7billion including lamb, pork, sausages and bacon.

Consumer behaviour is a topic which itself could be the subject of a Nuffield study, but in the context of this report it is key to understand what our consumer wants and ensure we consistently supply it to stop the customer finding an alternative source of protein. It has been identified by the English Beef and Lamb Executive (EBLEX) that “Consumers’ initial purchasing decisions are based on price and visual appeal. Repeat purchases, and hence the profitability of individual businesses, are reliant on the product giving a satisfactory “eating experience””.

The UK consumer is an ever-changing individual who is driven by money and ethics in various degrees! A recent drive to ‘buy local’ has created regional brands, developed by producers and processors alike but with the risk of further confusing consumers who are already exposed to a diverse range of brands/labels/logos on beef such as nutritional content, country of origin flags, the Red Tractor and EBLEX Quality Standard Mark among others. However, the current economic climate is resulting in the ‘money’ factor driving consumers to buy on price, although the ‘British’ brand is still very strong.

Notwithstanding current economic trends, there will always be a market for the discerning consumer with high levels of disposable income. These consumers will still make an informed choice about the beef they are buying, whether it be based on geographical features e.g. Scottish Beef, West Country Beef; production system influences e.g. ‘free-range beef’; assurance or quality schemes such as Red Tractor, EBLEX Quality Standard; or specific breed parameters e.g. Aberdeen Angus Beef, Rare breed beef. This is where I see producers being able to clearly differentiate their product and maximise marketing opportunities.

## **Differentiating Beef**

Product differentiation in beef can occur in many different formats, from production base; grass versus grain fed, intensive versus extensive: location based; Welsh, Scotch, Cornish, Cumbrian etc: and breed; Aberdeen Angus, Hereford, Rare Breed etc.

I firmly believe there is no right or wrong with any of these options providing that they clearly deliver the desired objectives and are communicated to the customer. However, following my travels, I strongly believe more work needs to be done across the UK industry which may help producers without the creation of a plethora of individual brands, which itself has the potential to confuse consumers and have a negative impact on the industry.

## Understanding the issue

Before embarking on my travels I needed to fully understand the current position in the UK. I identified a number of organisations with an interest in beef marketing, a number of supply chains which have their own internal challenges and a number of projects which were already in place to improve the marketing of beef at various levels. These include the Quality Standard Mark developed by the English Beef and Lamb Executive (EBLEX) and promoted via various media routes including television; devolved regional brands such as Scotch Beef; the Red Tractor Logo; the English Food and Farming Partnership working at regional levels and the food service supply chains alongside the retail supply chains as well as a number of individuals who have already adopted marketing strategies to differentiate their own product, mainly on a regional level.

## UK Retailers

UK retailers are responsible for 68% of total food sales by value and 80% of total food sales by volume. The meat market is valued at £7 billion a year in retail sales; not including meat based ready meals. Chicken has the largest share of this market at 27%, closely followed by beef at 25%, further confirming that the biggest threat to beef is chicken.

Retailers have worked hard on developing their own brands and brand loyalty specifically in relation to fresh food products. The work they have done in creating brand strength and loyalty is shown by the lack of other brands in the fresh food sector. The **only** example of private brands is 'Florette' in the salad market.

The range of existing differentiation within retailer own brands has made it very difficult for the meat sector to infiltrate with its own brands, as shown in figure 1, so the key is to work with retailers to ensure their requirements are delivered, and encourage them to educate their consumers for the benefit of producers.

**Figure 1: Retailer brand tiers**

<b>Tier</b>	<b>Tesco</b>	<b>Sainsbury</b>	<b>Asda</b>	<b>Morrisons</b>
<b>Premium/ Super Premium</b>	Finest	Taste the Difference / TTD Jamie Oliver	Extra Special	The Best
<b>Healthy</b>	Healthy Living	Be Good To Yourself	Healthy Eating	Good for You
<b>Organic</b>	Organic	So Organic	Organics	Organic
<b>Standard Plus</b>	Specially Selected			
<b>Standard</b>	Standard	Standard	Standard	Standard
<b>Value</b>	Value / Market Value	Basics	Smart Price	Fresh Choice

*Source: Supermarket Meat Retailing, MLC March 2008.*

Observations from UK retail outlets indicate that despite the differentiation and branding within store, consumers no longer understand the different cuts of meat which could be available, with the majority of retail packs being either, mince, steak (rump or sirloin) or joints. EBLEX are currently working on promoting lower value cuts to butchers and the catering trade in light of the recent downturn in economic environment, however there needs

to be much more done by both industry organisations and retailers to show consumers what is available and what can be done with it.

I see this being a real threat to UK producers. In reality a carcass is being sold under three main labels 'joint', 'steak' and 'mince' which is limiting the marketing and promotional activities as consumers no longer understand what other cuts are available and the difference between cuts

In comparison the reliance on the fifth quarter in South America as a revenue stream highlights a weakness in the UK market, which has been hampered by regulations imposed since BSE.

A clear advantage to UK producers would be to add value to the carcass, not only by including the fifth quarter, but by greater differentiation of individual cuts, both at the premium end e.g. fillet steak and topside, and at the value end of the market e.g. tongue and brisket.

### **UK Food Service**

I have already referred to the dominance of the UK retailers, but the food service market should not be undervalued. This sector spans top of the range premium dining to school and hospital catering contracts. The lower end of the spectrum is heavily price driven but work done by Jamie Oliver and the recently launched Government Public Food Service Procurement Initiative (PFSPI) are moving this sector to think about purchasing British which is a positive step forward. However, at the other end, chefs running high quality restaurants want high quality consistent product to put on their menus. More than any other part of the chain, this sector of the food chain is the most sensitive to consumer behaviours. A meeting with Brian Turner, Television Personality and Head Chef at the Millennium Hotel, Mayfair, London, highlighted the importance chefs' put on being able to source top quality consistent product, and the interaction needed with suppliers to be able to sell a story on menus to attract customers. They need to be confident that if a customer wants to find out more about the product, they would be happy to show them the cooking process right back to place of production. Chefs are limited in their ability to control supply chains as they generally only want specific cuts and must rely on their direct suppliers being able to market the rest of the carcass elsewhere. This largely prevents direct supply chains being established, but should not be seen as a barrier and producers should be encouraged to work with the catering sector more closely.

## **Travel Observations**

My Nuffield took me to Canada with the International Scholars Briefing, Brussels, Australia and New Zealand and also draws on findings from previous visits to Argentina and Brazil. This part of the report focus on key issues rather than specific country by country findings.

## **Breed and Production Systems**

Meat scientists are always advising of new ideas as to what factors contribute to the best eating quality beef. For many years they've insisted that breed does not have a significant impact on eating quality, but when combined with other variables such as production system, age, sex and cooking method it can make a dramatic difference between a tender juicy steak or one that is tough and has a leathery texture. It is this latter product which increases the risk of consumers seeking an alternative source of protein. Whatever product we wish to produce it must be consistent so that the consumer is confident of the product they are buying and what it will taste like.

The UK currently has eighty four different cattle breeds, not including cross bred cattle, registered with the British Cattle Movement Service (BCMS). In Australia, New Zealand, Canada and Argentina, the major beef producing breeds were the Aberdeen Angus, Hereford, Murray Grey and Shorthorn, although the last two at a much lesser extent. Other breeds were observed but not in any significant quantity.

Production systems seen during my travels were typically similar to the UK in terms of grass based systems; however greater importance in South America and Canada was put on feed lot production as shown in figure 2 and 3.

**Figure 2: Feed Lot in Canada**



**Figure 3: Grass Fed Beef in New Zealand**



The Canadians produce large carcasses with greater marbling of fat than would be generally acceptable for the UK consumer. This was also seen in New Zealand in a feedlot producing cattle primarily for export to Japan, shown in figure 4.

**Figure 4: Feed lot in New Zealand**



Brazil could also produce a consistent product using grass/feedlot based systems and the Zebu (*Bos indicus*) breed, shown in figure 5, which naturally produces a tougher carcass, partly due to genetics and age at slaughter, typically over 24 months, is consistent.

**Figure 5: Feed Lot in Brazil**



It did not matter where in the world I went on my travels, the use of fewer breeds despite production from grass or feed lot resulted in a greater consistency of product than seen in the UK.

These were interesting observations and although the concept of consistency is a major factor in beef production, it is an issue which the UK beef herd has yet to readily address, although the decision by one major UK retailer, Waitrose, to specifically market Aberdeen Angus and Hereford beef is evidence of differentiation using breed, combined with the desire to provide customers with a good quality, consistent product.

## Processors

Another focus of my travels was to understand the role of processors and how they worked with producers. It is important to note that in all the countries I visited there was not such an extreme dominance of retailers as we see in the UK. This provided greater opportunities for producers and processors to work together to supply their consumers.

Australia has its own logistics issues which means that it is easier to focus on regional based products, which was clearly evident in the Limestone Coast region of South Australia where many different products including red meat were branded with the Limestone Coast label.

Limestone Coast Lamb is a prime example of what producers and processors have worked together to develop. The product marketing, shown in figure 6, is undertaken by the producers and is based on association with a specific region together with a background of a dedicated supply base delivering specific production criteria. This is a very successful brand but is suffering from its own success and it is becoming increasingly difficult to source sufficient numbers of stock to meet demand.

**Figure 6: Limestone Coast Lamb restaurant table information**

**LIMESTONE COAST LAMB**  
 POST OFFICE BOX 1390 | NARACOORTE SA 5271  
 TELEPHONE: 08 8765 8088 | FACSIMILE: 08 8765 8099  
 WEB: www.limestonecoastlamb.com.au  
 EMAIL: info@limestonecoastlamb.com.au

**LIMESTONE COAST LAMB™**  
 A TASTE SENSATION  
 PRODUCE OF AUSTRALIA

LIMESTONE COAST LAMB IS A QUALITY LAMB PRODUCT FROM ACCREDITED FARMS BASED PREDOMINANTLY WITHIN THE LIMESTONE COAST REGION OF SOUTH AUSTRALIA. THE FARMS ARE SPECIALISTS IN GRASS BASED FEEDING SYSTEMS AND USE HIGH QUALITY GENETICS THAT INCREASES LEAN MEAT YIELD.

ACCREDITATION INVOLVES FARMS BEING ASSESSED REGULARLY TO

CHECK THAT THEY HAVE GOOD ENVIRONMENTAL AND ANIMAL HEALTH PRACTISES THEREFORE ASSURING A HIGH STANDARD OF PRODUCT THAT IS CHEMICAL RESIDUE AND ANTIBIOTIC FREE.

THE LIMESTONE COAST LAMB REGION STRETCHES FROM THE RIVER MURRAY MOUTH AND LAKE ALEXANDRINA IN THE NORTH, DOWN ALONG THE SPECTACULAR COAST BORDERING THE SOUTHERN OCEAN TO THE GLENELG RIVER OUTLET AND THE FARMING AREA WEST OF THE VICTORIAN BORDER.

WITHIN THIS FARMING AREA ARE THE FAMED VINEYARDS OF COONAWARRA, PADTHAWAY, KOPPAMURRA AND MOUNT BENSON.

LIMESTONE COAST LAMBS ARE CROSSBRED, THE BULK OF WHICH HAVE FIRST CROSS MOTHERS. THIS GIVES A LARGE FRAME WITH IMPROVED FERTILITY AND ENOUGH MILK TO SUSTAIN THE LAMBS OF MULTIPLE BIRTHS.

THE SIRENS ARE SOURCED FROM STUDS THAT HAVE SPECIALISED IN PRODUCING RAMS WITH CONSISTENT HIGH LEAN MEAT YIELD, LOW FAT AND GOOD SHAPE WHICH NOT ONLY ASSISTS IN THE EASE OF LAMBING GIVING A HIGH LAMBING PERCENTAGE, BUT HAS A POSITIVE EFFECT ON THE GROWTH RATES OF THE LAMBS.

SHEEP GENETICS AUSTRALIA LAMBPLAN™ ASSESSED RAMS ARE THE PREDOMINANT SIRENS USED.

LIMESTONE COAST LAMBS COME OFF HIGH QUALITY GRASS BASED PASTURES WHICH ENSURES THE SWEET, JUICY SLIGHTLY NUTTY FLAVOUR OF THE MEAT.

THE PASTURES CONSIST OF VARIED CULTIVARS FROM CHICORY, LUCERNE, CLOVERS AND GRASSES ENSURING A HIGHER CAROTENE INTAKE SO THAT THE MEAT MAINTAINS AN ENRICHED COLOUR. DURING THE SUMMER MONTHS, THE LAMBS ARE FINISHED ON LUCERNE/CHICORY PASTURES (SUMMER GROWING PERENNIALS), IRRIGATED GRASS/CLOVER PASTURES & GRAIN LEGUME/CEREAL STUBBLES AND/OR SUPPLEMENTED RATIONS TO MAINTAIN THE DISTINCT FLAVOUR OF THE REGION.

Another good example of producers and processors working together was the Terra Rossa beef brand, also in South Australia. This time the marketing was primarily done by the processor and made good use of the Meat Standards Australia grading system to ensure the tenderness and eating quality of every product. This brand was linked closely to the vineyards in the Coonawarra region and the marketing information below in Figure 7 highlights this. Figure 8 shows beef labelled with the Terra Rossa brand in a butchers shop.

**Figure 7: Terra Rossa Beef promotional card**



**Figure 8: Beef labelled with the Terra Rossa brand**



Processors in South America had also developed various brands which they used to market their own beef to both the domestic and export markets. Bertin Ltd has its own retail shop in Sao Paulo state, alongside the processing plant, and has used the Bertin brand to market beef in UK meat industry magazines. Bertin has also developed different brands for different markets in different countries as demonstrated in figure 9. Marfrig is another large South American processor who has developed brand to fit different markets. Most of the brands focus on the aspect of 'natural production' which under EU law is justified as long as the product has spent no longer than ninety days in a feed lot system.

**Figure 9: Examples of Bertin brands.**



New Zealand processors have also identified and created different brands, from Wakanui Blue promoting grain fed beef to New Zealanders, to Angel Bay promoting beef burgers as a specific product shown in figure 10.

**Figure 10: Angel Bay brand**



Although, as previously mentioned, it is more difficult for UK processors to develop such strategies due to the dominance of the retail market, I believe there is scope for producers and processors to work more closely to deliver what the customer wants, if not develop own brands.

## Marketing Organisations

At the beginning of this Report I identified a number of organisations who had a direct interest in the UK beef industry marketing activities. I also used my travels to identify if similar organisations existed around the world, and if so, what their strategies for marketing and promotion were.

Australia and New Zealand have the most similar strategic organisations to the UK, with Meat and Livestock Australia (MLA) and Meat and Wool New Zealand (MWNZ) the respective organisations. Both organisations also have a similar remit to the UK, to promote the product as well as promote research and development across the industry.

Both organisations had strengths which I believe the UK should learn from. The most striking difference was the general emphasis on promotional activities, based largely on nutrition and health, specifically obesity and iron deficiency in children in New Zealand.

MWNZ also had a strong relationship with the National Heart Foundation who had agreed that eating beef and lamb was good for you and subsequently developed a sticker to add to product packs as shown in figure 11.

**Figure 11: National Heart Foundation stickers**



MWNZ had also produced stickers which identified the nutritional benefits of Iron in beef and lamb, shown in figure 12.

**Figure 12: 'Packed with Iron' sticker**



MWNZ also had good links with schools and their focus on education, both of children and chefs, was very impressive. They had developed competitions for both groups with national publicity. The schools competition required participating schools to hold inter school competitions to make a beef burger, which then lead to regional and national rounds. Coupled with this, MWNZ has produced comprehensive teaching resources to make it as easy as possible for teachers to introduce the competition and accompanying teaching material into the syllabus.

A project is currently being run in the UK by Harper Adams University College to get trainee teachers onto farms to understand agriculture's role in a wide variety of National Curriculum subjects. However, I would argue that more could be done by the marketing and promotional bodies to promote red meat alongside this.

MLA has focussed its marketing activities on national celebrations such as Lamb for Mothers day. Other campaigns had used highly successful global brands such as the perfume brand Lancôme to promote Lamb as a 'fragrance for spring' to give it a 'sexier' image, see figure 13.

**Figure 13: MLA Lamb adverts.**



Another dominant element of marketing activities in New Zealand is the link with educating the consumer, both in terms of the nutritional aspect of meat and how to cook meat. Some of the themes of promotional leaflets link meat with sport using the slogan 'food for sport'; building on the fact that thousands of New Zealand women don't get enough iron in their diets and one poster compares 120g lean beef steak with eating 3kg of spinach to obtain half the daily iron intake for a woman; links the need for iron in the diet of babies and toddlers with a series of facts and recipes for mothers; and promotes meat as being 'Delicious, Nutritious and Fast'.

The success of marketing activities in New Zealand can also be attributed to the faces used in all marketing campaigns. New Zealand had three female gold medallists in the 2004 Olympics, two rowers and a cyclist. These three 'personalities' were adopted by MWNZ and are known as the Iron Maidens. Research has identified a strong link between them as trusted and well liked people with positive buying behaviours of beef and lamb products.

MWNZ has also produced point of sale stickers for meat packs to provide hints and tips on how to cook meat, shown in figure 14. Alongside this they have also developed the New Zealand Beef and Lamb Quality Mark, shown in figure 15, which focuses on high tenderness and leanness standards and is supported by the two major supermarket chains. This logo also reinforces the National Heart Foundation message.

**Figure 14: Cooking Hints stickers**



**Figure 15: New Zealand Beef and Lamb Quality Mark.**



Other point of sale material specialises in different cuts of beef and lamb and how to cook them, and in a slight twist on generic promotion, work has been undertaken with the Maori representatives to produce a recipe book for the different cooking styles of the Maoris.

Looking at producers, MWNZ has spent a lot of resource on creating the 'Lamb Oscars' and 'Steak of Origin Challenge' which is supported by a wide network of sponsors to ensure positive coverage across New Zealand. The 'Steak of Origin Challenge' carcasses are split into four categories, European, British, Crossbreed and Other, and Retail, Wholesale and Food Service, and are judged on tenderness, measured with a tenderometer looking at the cooked muscle fibre of the steak; percentage cooking loss, (high cooking loss is often associated with pumping preservatives into the produce and can lead to a dryer and/or tougher steak although the science has yet to be established) and pH, below 5.7 as high pH promotes colour change, increases risk of bacterial spoilage and reduces shelf life. The semi finalists, after the science had been established, were subjected to a tasting by a panel of ten, including chefs, dieticians, restaurateurs, food writers and critics and industry representatives. The top four carcasses were then subjected to a public taste panel, before a final taste panel, including a television and radio celebrity and a chef. The winner of each class and overall champion were then used in publicity campaigns and attracted coverage from TV One News, radio interviews and press stories. Interestingly, the grand champion of the last two years was from an Angus.

Marketing has a significant role in all walks of life and the strength of advertising in affecting buying behaviour is evident whether it is cars, confectionary or clothes. The red meat industry needs to be engaging more positively with advertising, with very clear messages and the ultimate goal of increasing beef consumption in the UK.

## Carcase Grading

The quality of a beef carcass is an integral part of the overall quality of the eating experience the consumer will have. Although even the best beef can be spoiled by improper cooking, if you don't start with the best possible product in the first place, there is little hope of achieving the best eating quality.

The UK grading system is based on the EUROP classification scale, shown in figure 16, which is a visual assessment of conformation and fat level. This system provides a good system for pricing, but does little to promote eating quality. The 'best' grade, according to many pricing structure is an E, but in reality this is a highly muscled carcass, which is unlikely to have sufficient fat to add any definition of eating quality. The preferred retail specification grade is R4L but in reality under a quarter of cattle slaughtered in the UK meet this specification, again adding to the lack of consistency I have alluded to in this report.

**Figure 16: EUROP Grid.**

Fat Level \ Conformation	1	2	3	4L	4H	5L	5H
E							
U							
R							
O+							
O-							
P+							
P-							

Throughout my world travels I observed different approaches to carcass grading which all had benefits for eating quality and consumer marketing.

The best example observed was in Australia. MLA has focussed some of its activities on product quality with the development of the Meats Standards Australia (MSA) eating quality grading system. Many Nuffield Scholars have written and spoken about this system and I will also support as it is based on the science of eating quality of different joints rather than just conformation and fat grade as is currently used in the UK. The MSA logo, shown in figure 17, is used on pack and is widely recognised across Australia as a sign of good quality product.

**Figure 17: MSA Logo**



In Canada visual imaging assessment (VIA) of the carcass is used to establish grade, which for prime stock was based on an A grade system, shown in figure 18, with 'Prime' and AAA being the best and A being the poorest. This was all linked to the marbling of the carcass and was translated directly onto the pack. Psychologically, an A always seems good and accepting that the perception of fat within beef amongst Canadian consumers is different to the UK consumer it shows how a grading system can be used not only for carcass quality, but also for consumer marketing. The VIA system is also being used in the Republic of Ireland to ensure consistency of grading and is currently being looked at for Northern Ireland. This does not go far enough in terms of beef quality as it is only a mechanised system for the current grading method.

**Figure 18: Canadian Grading System**



Brazil did not have a national grading system and it was for each individual plant to establish its own grading criterion. This had both positives and negatives for producers, but from the number of carcasses observed in a variety of processing plants, it didn't appear to be an issue in terms of quality and gave processors greater control over pricing, which the producers were very quick to react to if they were not happy!

## Global Challenges

It would be very easy to suffer a case of ‘the grass is greener on the other side’ syndrome but everything has to be put into perspective before any conclusions can be drawn.

I highlighted at the beginning of this report some of the challenges that the UK beef industry has faced, many of which have been outside the direct control of beef producers e.g. disease and rising input costs. However, we are not alone. This section highlights some of the challenges faced by the countries I visited.

Canada is still suffering from the effects of BSE, with yet another case found in November 2008, affecting consumer confidence in beef. Climate is also another challenge in Canada, with snow a regular feature.

Brazil has a livestock industry which is currently playing second fiddle to ethanol production, with a general shift of cattle into the North of the country to make way for ethanol production. Figure 19 shows a Brazilian feed lot which is slowly being overtaken by sugar cane production and an ethanol plant. Brazil has a climate which can only realistically sustain large scale beef production from Zebu cattle which itself limits its’ ability to produce a quality carcass. Brazil also has to work to tight EU import quotas which limit the impact Brazilian product has on the UK industry. This could be considered a potential threat if quotas were ever relaxed as production costs are significantly lower than the UK. However, the current economic climate means that Brazilian product is not as cheap to import.

**Figure 19: Ethanol plant in Brazil**



Argentina is better placed to produce good quality beef by using British breeds on a very extensive grazing system. However, Argentina also faces EU import quotas and as a result doesn't have the impact on the UK which it could have. Another problem in Argentina is the political interference which has a direct impact on prices. Drought is another challenge, and has resulted in under finished cattle on the market. Argentinean consumers also consume the highest volume of beef in the world, with an estimate of 65gk/person/year, which has a significant impact on the domestic beef market.

Argentina and Brazil could have a significant impact on the UK retail beef price if quotas were relaxed, but both countries have domestic challenges which the UK producers could ultimately benefit from. Issues such as slave labour, deforestation, traceability and foot and mouth are all concerns of not only UK producers but UK consumers.

Australia has suffered one of its worst periods of drought which has affected world cereal prices and ultimately UK feed prices. It has resulted in poorer cattle on the market and a reduction in cattle numbers in general. Australia also has huge logistics problems with limited processing plants and journey time up to four days, an issue which is causing concern amongst animal welfare groups and consumers. Australia also has a strong live export market to the Middle East which is also causing concerns for domestic consumers.

New Zealand is facing its own red meat issues as dairy production is increasingly profitable and sheep and beef farms are rapidly being converted to dairy. Quotas are also a barrier for New Zealand supplies in to the UK.

In summary, the countries I visited all have their own challenges which the UK must be aware of and use to build a strong national brand and create brand ownership across the industry from producers to consumers.

## Conclusions

My travels revealed a number of different factors which could all benefit from further research in their own right to add to our knowledge of beef marketing and product differentiation. The basic marketing principles of supply and demand must be considered with any marketing activity, whether it is on a local or national scale, to ensure the customers' needs and expectations are met. Any diversion from this can result in a negative impact for the brand and the product.

The diverse factors that influence beef marketing and product differentiation, coupled with the typical profile of the UK consumer make it difficult to recommend a simple solution to my original objectives but there are a number of factors that should be considered at various levels that can help either individual producers maximise their marketing options or the industry as a whole.

The UK beef industry must not be afraid to learn. The industry must not shy away from some of the issues which I accept may be challenged by any number of organisations and individuals but for which there is science available to support claims. This is especially true where nutrition and health is concerned. Producers, processors and industry organisations should be working together to promote beef as a product against the competitors like chicken and pork, which have, because of economic conditions and media scrutiny, worked together to support the product and engage with consumers. I firmly believe that the UK beef industry is currently too fragmented and although internal 'debate' should be encouraged, it must not be allowed to get into the public eye as it does no service to the industry and ultimately producers.

My study aimed to find opportunities for producers but has uncovered a wide range of issues which need to be addressed across the supply chain to enable producers to benefit. Individual producers and processors may be able to take advantage of local supply chains or entrepreneurial activities, but my aim was to investigate what could be achieved for the majority of producers. The minority will always succeed through sheer enthusiasm, drive and determination but only by working together will we see improvement. Any industry is only as good as its worst producer/processor/supply chain.

I believe that UK producers fit into one of four categories, which has an influence on current and future marketing activities. Every producer should understand which category they fit into before reading the recommendations of this report.

	<b>Production System</b>	<b>Marketing Activity</b>
<b>1</b>	Constraints on production	No marketing activity – trading as normal
<b>2</b>	Constraints on production	Identified as a marketing opportunity e.g. grass fed, breed specific
<b>3</b>	Flexibility within production system	No marketing activity – trading as normal
<b>4</b>	Flexibility within production system	Ability to change system to fit market requirements e.g. change breed or feeding

On a global level, the demand for beef is only likely to increase, and domestic production will have to remain or even grow, to meet both domestic demand, and global demand. This reassures us that we have an industry to develop to ensure both producers and consumers reap the benefits.

## **Recommendations**

The UK Beef industry is a very diverse industry with diverse supply chains and markets. The key for any producer is to fully understand what his/her specific market wants and supply it.

My recommendations are split across the supply chain:

### ***Industry Organisations***

- The industry as a whole needs to focus on consumer confidence and satisfaction, gaining loyalty for beef as a product to prevent consumers seeking alternative sources of protein or moving away from meat altogether. The volume of meat sold in the UK via the retail sector is steadily increasing by 6% from 2006 to 2007; however this is low compared to lamb at 9%, pork at 8.7% and chicken at over 7%.
- Industry research should be focussed on producing a consistent eating quality and engaging the supply chain to this issue.
- Industry marketing activities should primarily focus on generic product marketing and investigate marketing messages combined with health and nutrition with greater investment in communication of nutritional benefits of beef to consumers
- Industry activities should also focus on education, both through point of sale material and through the national curriculum.

Without these issues being addressed on a national level, the opportunities for producers are limited.

### ***Processors***

- Although it is recognised that opportunities are constrained by the strong retail market in the UK, there are still opportunities to work in conjunction with dedicated producers to develop strong brands based on various factors e.g. local, breed specific etc.

Aside from this, processors need to work more closely with producers to ensure that their customer specifications are regularly delivered thus providing greater consistency to the end consumer.

### ***Producers***

I have identified that UK producers fit into one of four categories (see conclusions). Producers in category 3 have the greater opportunity to benefit from these recommendations, however all producers will benefit from the industry and processor section of the recommendations.

In order to gain any benefits all producers must have a clear understanding of his/her 'customer's' needs and specifications, whether this be the requirements of buyers at the local market, or the processor.

There is also opportunity to investigate possibilities to add value to their product; based on understanding who their customers are and what their customers want. There are already

existing opportunities to get closer to the customer through farm shops and/or farmers markets.

Alternatively there may be an opportunity to re-evaluate the production process to better meet the needs of existing markets/brands.

### ***General***

**The most significant finding from my travels is the message of consistency and education.**

For the UK Beef industry to remain and grow, we must ensure the consumer is satisfied with the whole experience of purchasing and consuming the product every time. With better education across consumer profiles, ultimately creating demand for different cuts/joints, and better understanding of the nutritional benefits of eating beef we can ensure that we have a thriving beef industry for all involved. Combined with this, better communication across the supply chain will ultimately reap rewards for all involved.

## **The Future**

I have had a wonderful eighteen months undertaking my Nuffield Scholarship, meeting many fascinating people and seeing parts of the world I would otherwise not have seen.

Since completing my travels and the first part of this report, I have changed jobs and am now Agriculture Manager for Hilton Food Group, a retail packing company for predominantly for Tesco in the UK, but also with operations in Ireland, Sweden, Holland, Poland and under development, Turkey.

This new role is enabling me to implement my findings, specifically from a meat quality view point, within the retail sector. I am currently looking at ways to improve the Tesco Pillar brands to clearly differentiate them for both producers and consumers. Producers currently send cattle to the abattoir without fully understanding whether they meet the criteria for Finest, Standard or Value which does little to help the producer focus on what the retailers/consumers want, and limits progress in the area of meat quality. One of the aims of one project is looking at rewarding farmers for producing 'quality' beef using the Aus-Meat grading techniques, one of the first supply chains in the country to do so. Until the legislation surrounding meat grading changes at an EU level, the UK will be limited in the way it can use Aus-Meat techniques, however, by implementing them in our supplying plants, complementing the current system, we can hopefully achieve the goal of improving meat quality. However, until the UK moves away from a system where 'weight pays' there is still an ongoing challenge with meat quality.

My Nuffield experiences and learning are helping me to fulfil my role in ways which will help both consumers and producers, satisfying a number of the objectives of my Nuffield study.