



PREMIUM

Consumers flock to cooked centre-of-the-plate entrées

OFFERINGS

We have gleaned some good and original information about meat and poultry consumers over the last 12 months and all of it bodes well for 2004 and beyond. Confidence in the safety of Canada's red meat supply chain was tested by the BSE crisis of last May and our cattle producers and meat packers passed.

Consumers readily paid premium prices for a greatly expanded selection of value-added and branded poultry and pork in the fresh meat cases of their supermarkets. The best sellers among precooked meats were refrigerated roasts priced at \$15 per kilogram. And last month McDonald's Restaurants of Canada launched a line of Protein Platters that deliver the beef, pork, chicken and eggs of its conven-

tional meals but without the sesame buns, English muffins, french fries and hash browns.

ECONOMICS

Chicken processors were surprised to discover that consumers would go on buying breasts, wings and drumsticks despite significant discounts on ground beef and blade roasts. "We knew the cross elasticity of demand for chicken

and beef was weak but we didn't realize how weak until last fall," says Robert de Valk. De Valk, general manager of the Further Poultry Processors Association of Canada (FPPAC) explains that chicken farmers cut back production by three to five per cent in the expectation that beef prices, 15 per cent below the peaks of April, would shift demand from poultry to beef but that didn't happen. Instead, consumer

BY DOUG BURN



demand continued to expand in 2003 as it has over the last 20 years. The shortfall in production was offset by drawing down stocks by 12 per cent to 25 million kilograms and increasing imports by two per cent to 99 million kilograms, but now there is a shortage

of chicken.

De Valk expects supply and demand to be back in sync within 12 weeks (by May) but increasing the flock will be a challenge because laying hens and breeding stock are being held out of the poultry meat supply longer. Hens

are needed to meet stronger than expected demand and prices for eggs and breeding stock is needed to replenish the flock. Regarding the outbreak of avian influenza in the Far East and its emergence in a much less pathogenic strain in B.C., Delaware, New Jersey and Pennsylvania, the Chicken Farmers of Canada are only concerned that public perception as to the safety of Canadian chicken may be undermined by the news coverage.

Beef exports rallied in the fall when the U.S. and Mexico partially lifted their bans on Canadian exports. September exports were 50 per cent of last year's levels. October shipments matched and November exports exceeded those of the same months of 2002. Due to the sharp appreciation in the Canadian dollar, the actual volumes were much greater with

Retail Sales of Pre-Packaged Meats: 2003 v. 2002

Category	Value 2003	Change v. '02	Volume 2003		Change v. '02
	Millions	Per Cent	Millions	Unit	Per Cent
Refrigerated Entrees*	\$40.5	+41%	7.6	Unit	+25%
Frozen Meat Patties	\$115.7	+16%	41.4	Lbs.	+14%
Frozen Meat Pies	\$50.4	-4%	17.3	Lbs.	-8%
Sausages	\$131.7	+10%	35.3	Lbs.	+11%
Wieners	\$264.6	+2%	50.0	Kg.	+3%
Bacon	\$289.0	+8%	35.6	Kg.	+3%
Sliced Meats	\$186.2	+5%	17.3	Kg.	+5%



* 52 wks to July 03

Source: ACNielsen National – Grocery Stores Sales 52 weeks to December 27, 2003

Canadian Meat and Poultry Sector:
2001 v. 1992

	Billions 1992	Billions 2001	Average Annual Growth 1992 to 2001
Shipments	\$11.0	\$18.8	+6%
Exports	\$1.8	\$5.2	+13%
Imports	\$1.2	\$1.9	+5%
Trade Balance	\$0.6	\$3.3	+21%
Domestic Market	\$10.6	\$15.4	+4%

Source: Statistics Canada, Trade By Industry (North American Industrial Classification System codes)

exports running 20 per cent ahead of year earlier levels as measured in U.S. dollars. Based on January to November data, 2003 beef exports are likely to be down a third less than those of 2002.

Hog producers and packers were fortunate to have strong export markets in 2003 because they lost some domestic sales to beef as Canadians rallied in support of the beef sector. Based on data from the first 11 months of the year, 2003 pork exports should be up five per cent to 10 per cent from 2002 in Canadian dollars and 15 to 20 per cent higher in U.S. dollars.

The glut of Canadian beef in our domestic market prompted retail prices to fall 15 to 20 per cent between the 2003 peak in April and bottom in August. That shifted some red meat consumption from pork to beef, as pork prices remained relatively constant over the period. Within the fresh pork category, however, many consumers were willing to pay a premium for Medallion Naturally, the vegetable-grain fed with no animal by-products line that Maple Leaf Pork launched last spring. Similar to the Prime Naturally line of vegetable-grain fed chicken launched two years earlier by Maple Leaf Poultry, the pork cuts, marinated pork, sausage and other items are packaged and branded for the fresh meat cases of supermarkets. Randy Powell, president of Maple Leaf Pork, says the launch was so successful that only a lack of Prime Naturally pork prevents him from extending the program beyond Ontario and Western Canada.

Prepackaged and branded products are gradually taking over the fresh meat cases of supermarkets with notable gains in random weight fresh sausage and air-chilled chicken. The biggest increases in 2003 came in the precooked roast category. Retail Food Brands (44th Street) and the Meat Factory (Lou's BBQ) pio-



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Per Capita Consumption of Various Meats 2002 v. 1982*

	1982 Kilograms	2002 Kilograms	Change Per Cent
Chicken**	16.9	30.6	+81%
Beef	39.5	30.0	-24%
Veal	1.6	1.1	-31%
Pork	28.5	28.1	-1%
Lamb	0.7	1.0	+43%
Fowl	1.4	1.7	+21%
Turkey	3.9	4.3	+10%
Total	92.5	96.8	+5%

* Statistics Canada, Catalogue No. 23-2002, 23-010

** Poultry – eviscerated weight basis; beef, veal, pork, lamb – carcass weight basis

neered the category with the launch of pot roasts, meatloaf and other comfort food favourites four years ago in the Ontario market. The category grew at a good pace but it took the August launch of Maple Leaf Consumer Foods' five pre-cooked roasts (pot roast, turkey breast, pork roast, meatloaf and shaved roast beef) to really drive sales. ACNielsen notes that sales for the 52 weeks to July 30 were up 41 per cent over the preceding period to \$40 million. Andrew Thomson says category sales have doubled since then due to Maple Leaf's entry into the category and the massive TV, print and in-store ad campaigns accompanying the launch.

Thomson, who is vice-president and general manager of The Meat Factory, reports that the category's rapid growth and potential prompted the company to begin a 35,000 sq. ft. expansion of its Stoney Creek, Ont. plant in September that will be completed in March. Thomson also mentions that the company will repackage its line of beef pot roast, shaved beef, shaved pork, beef back ribs and new pork back rib tails to capture a more high-end look that conveys the restaurant quality that consumers seek in this category.

This focus on restaurant quality is back to the future for The Meat Factory, which was founded in 1997 to provide labour-saving meats to the foodservice sector and expanded into the retail market with the Lou's BBQ brand in 2000. In January, the company won the Foodservice Grand Prix New Product Award for its Fully-Cooked Lou's Pork Back Rib Tails. In the retail channel, the company prefers to build brand awareness and trial purchases through couponing and trade spending with retailers rather than through big budget broadcast advertising.

QUICKER MEALS FROM FROZEN

The refrigerated precooked roasts are particularly popular among those demographic groups that most value restaurant-quality entrées that can be prepared in less than 10 minutes. Those include time-stressed households with better than average incomes, plus empty nesters with a fondness for the taste and aroma of slow-cooked pot roasts and ribs and the

TURKEY TUESDAY IS HISTORY

Every promotional campaign eventually wears out and Turkey Tuesday was no exception. In mid-February the Canadian Turkey Marketing Agency (CTMA) replaced Turkey Tuesday with the new Turkey For Dinner campaign with the launch of a new website (www.turkeyfordinner.ca), TV and consumer magazine ad campaign.

CTMA's Janice Haight says the new ads will emphasize the nutritional advantages of turkey as lean, low-fat meat and the versatility of turkey parts and ground turkey in meal preparation.

John Sheldon, CTMA manager of market information, notes that consumers are increasingly aware of turkey's attractive nutritional profile thanks to the promotion of poultry soups, salads and sandwiches by such leading national chains as Subway and Tim Horton's. Consumer Reports on Eating Share Trends reported that sales of turkey sandwiches by the national chains were up 28 per cent over 2002, adds Sheldon. "Turkey is a great match for what consumers currently want – high protein, low fat," he

discretionary income to avoid the time and mess of preparing these dishes from scratch.

Producers of precooked frozen entrées and appetizers realize that the refrigerated alternatives put them at a competitive disadvantage and are launching new products that can be cooked from frozen in less than ten minutes. "Our conventional products can take as much as 25 to 30 minutes to prepare from frozen so we've recently launched Meal Makers, that heat and serve in as little as five minutes while at the same time allowing consumers some involvement in meal preparation and menu planning," says Ron Habijanac, CEO of Janes Family Foods. Habijanac, also says that con-

sumers can take as many extra-lean oven-roasted carved chicken breasts as they need for a meal from the resealable Meal Makers bag and thaw and cook them or microwave them in a minute from frozen for a meal. The packaging includes serving suggestions combining the carved breasts in salads, sand-

wiches, wraps and more.

"In new product development we're emphasizing lower fat alternatives for breaded chicken and fish," says Habijanac. He explains that while chicken and fish are naturally low in fat, calories-from-fat can be above recommended levels for dieters due to the



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breadings and batters. Janes is currently developing reduced fat breadings and batters for both its Janes brand chicken and fish entrées and also those of President's Choice.

In December, J.M. Schneider launched Quick Serve, a line of fully cooked and frozen individual meat and poultry portions, similar to Janes Meal Makers that can be microwaved in a minute. The introductory lineup includes chicken fillets, breaded and grilled chicken breast portions, chicken wings and nuggets, and breaded pork loin steaks. Instead of the standard paperboard box that takes up space in the freezer, the Quick Serve items are packaged in resealable freezer bags. The 600 g to 800 g bags have a suggested retail price of \$8.99 and are now available nation-wide in supermarkets.

New product introductions prompted 16 per cent growth in the meat patty category last year after healthy but unspectacular growth in 2002. Mac Voisin, founder and president of

The program isn't likely to noticeably increase overall meat consumption but the visibility it gives to the Atkins diet should ensure that beef, pork, chicken and turkey aren't abandoned when dieters forswear other foods.

Kitchener-based M&M Meat Shops, credits the growth to the popularity of the high protein Atkins diet and product innovations by Loblaw's Inc. and his own company's 360-unit chain of specialty frozen food shops.

"We have burgers for every taste and occasion, burgers for kids, low-fat burgers for dieters, burgers with mushrooms and cheese for the gourmet niche and pre-cooked burgers for quick meals," says Voisin. Loblaw's lists a dozen President's Choice burgers, including meatless, turkey, chicken and beef, organic beef, all sirloin, prime rib, portobello mushroom and Swiss cheese beef burgers and a Thick and Cheesy

Fully Cooked Beef Burger that can be microwaved in two minutes. In all likelihood more consumers will be serving the burgers without the bun if McDonald's is right in reading the trends.

Considering the influence that the foodservice channel has on new product trends, it would be difficult to underestimate the potential impact of McDonald's new Protein Platters. In mid-February it launched the breakfast lunch and dinner platters, which are basically its sandwiches without the buns, for Canadians "looking for higher protein options," says Bill Johnson, McDonald's Canada's chairman, president and CEO, without mentioning the Atkins diet by name.

The program isn't likely to noticeably increase overall meat consumption but the visibility it gives to the Atkins diet should ensure that beef, pork, chicken and turkey aren't abandoned when dieters forswear other foods. In fact, in the last 20 years overall meat and poultry consumption has remained virtually unchanged in the 90 kg to 98 kg per capita range despite price peaks and valleys, gluts and shortages.

In 2003, consumers continued to buy their favourite meats and poultry despite health scares and volatile prices. They also showed a willingness to trade up from commodity roasts and ground beef to prepackaged and precooked roasts and burgers. The product innovations that drove the demand varied significantly, from homey pot roast to gourmet burgers and from simple breaded chicken nuggets to more elaborate white tablecloth dining.

Doug Burn is a Toronto-based freelance writer and editor and regular contributor to Food in Canada.

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