Customized Report Services

Canadian meat & beef trends

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Sector overview – Meat in Canada

The Canadian meat sector based on retail sales (including beef, chicken, lamb, pork, packaged or fresh turkey and other similar meat categories) is expected to grow from US$22.1 billion (C$28.2 billion) in 2018 to US$29.7 billion (C$33.9 billion) in 2023. Beef represented 41.2% of the overall Canadian retail meat sector in 2018.

In volume terms, the meat sector is expected to grow from 1,461.8 million kg in 2018 to 1,592.6 million kg by 2023, registering a compound annual growth rate (CAGR) of 1.7% in Canada. This Canadian sector is forecast to register an overall retail value growth of 34.8% and volume growth of 8.9% during 2018 to 2023. In comparison to the United States, the overall value and volume growth within Canada will grow faster, whereby the US holds a significant value (89.2%) and volume (92.3%) share of the meat market in 2018 and the American market is expected to grow in value (10.7%) and volume (5.5%) during the same period.

In terms of retail sales, purchasing fresh meat from over the counter was the largest preferred consumer choice, followed by chilled raw packaged and processed meat. Furthermore, frozen meat is expected to be the fastest growing category in volume terms with a CAGR of 2.6%, followed by continued growth in the fresh meat – counter (1.7%) and chilled raw packaged and processed meat (1.7%) during 2018-2023.

Per capita consumption of meat in Canada is higher than the global level (16.7kg) standing at 39.4kg in 2018, yet is lower when compared to the North American regional level (52.1kg) and is expected to reach 40.7kg by 2023. Per capita expenditure of meat in Canada stood at US$594 in 2018, which was higher when compared to both global (US$180.1) and North American regional (US$557.6) averages[1]

The top distribution channels in the Canadian meat sector were hypermarkets & supermarkets, accounting for a value share of 72.8% in 2018, followed by food & drinks specialists (20.6%) and convenience stores (4.0%). Key packing material used were rigid plastics by a 65% share.

Retail market in the beef industry

In 2018, beef represented 41.2% of the overall retail Canadian meat sector. The beef industry reached retail sales of US$9.1 billion within Canada in 2018. This segment category has been increasing at a CAGR of 2.6% from 2015 to 2018 and is expected to continue to expand at a CAGR of 3.3% between 2019 and 2022. Fresh beef from over the counter is the largest category with US$5.0 billion in retail off-trade sales.

[1] GlobalData Intelligence Center: Consumer. Country Profile: Meat in Canada, February 2019

Frozen processed or whole cuts of beef is expected to remain the fastest growing category at a CAGR of 5.0% between 2019 and 2022, however, chilled raw packaged – processed burgers & grills along with sausages are expected to gain as a popular consumer choice when shopping at hypermarkets & supermarkets, by a CAGR of 4.7% during the 2019 to 2022 period.

In the 'meat substitute' industry, soy based was the top category consisting of 41.9% tofu products such as burgers & grills, meatballs, sausage and other portions (also including any other soy based products other than tofu), which represented total sales of US$42.7 million in 2018. When compared to the beef sector with similar products such as burgers & grills, meatball and sausages, the demand for 'meat substitutes' (plant/based or vegetarian) products was low, which only held a 0.47% market share.

Canadian retail sales of the meat sector – beef, historical & *forecast*
using fixed exchange rates (2018), off-trade sales, US$ millions

Category	2014	2018	*CAGR % 2014-2018	2019	2022	*CAGR % 2019-2022
Meat – beef total	**8,307.3**	**9,071.2**	**2.2**	***9,357.1***	***10,325.4***	***3.3***
Shelf-stable beef	57.2	63.9	2.8	*66.5*	*74.0*	*3.6*
Chilled raw packaged beef – processed	529.9	605.1	3.4	*634.6*	*723.1*	*4.4*
Burgers & grills	199.9	229.2	3.5	*241.0*	*276.3*	*4.7*
Coated portions	213.3	242.1	3.2	*253.1*	*285.9*	*4.1*
Meatballs	17.6	20.0	3.3	*21.0*	*23.8*	*4.3*
Sausages	99.1	113.7	3.5	*119.5*	*137.1*	*4.7*
Chilled raw packaged beef – whole cuts	1,701.3	1,849.6	2.1	*1,901.7*	*2,078.1*	*3.0*
Cooked beef – counter	86.0	95.4	2.6	*99.0*	*109.2*	*3.3*
Cooked beef – packaged	974.5	1,053.3	2.0	*1,083.6*	*1,189.5*	*3.2*
Fresh beef – counter	4,585.0	4,973.2	2.1	*5,117.5*	*5,625.9*	*3.2*
Frozen beef	373.4	430.6	3.6	*454.3*	*525.5*	*5.0*
Processed beef	278.0	320.6	3.6	*338.2*	*391.3*	*5.0*
Whole cuts of beef	95.4	110.0	3.6	*116.1*	*134.2*	*5.0*

Source: GlobalData Intelligence Center: Consumer, 2019 ***CAGR=** Compound Annual Growth Rate

Canadian retail sales of the 'meat substitutes' sector, historical & *forecast*
fixed exchange rates (2018), off-trade sales, US$ millions

Category (segment)	2015	2018	*CAGR % 2015-2018	2019	2022	*CAGR % 2019-2022
Meat substitutes total	**121.3**	**158.9**	**9.4**	***174.6***	***227.5***	***9.2***
Grain-based (Seitan, other)	15.6	20.5	9.5	*22.4*	*28.7*	*8.5*
Single cell protein (Fungi – Mycoprotein/algae)	1.6	2.2	11.1	*2.5*	*3.3*	*9.7*
Soy based (tofu, other)	79.6	102.0	8.6	*111.3*	*143.0*	*8.7*
Vegetable/plant based proteins (legume or pea based, yam/sweet potatoe, other)	24.5	34.2	9.4	*174.6*	*227.5*	*9.2*

Source: GlobalData Intelligence Center: Consumer, 2019 ***CAGR=** Compound Annual Growth Rate

Foodservice distribution of beef (on-trade)

The beef foodservice industry in Canada pulled in US$2.6 billion in 2018, which includes the on-trade of beef varieties such as burgers & grills, meatballs, ribs, sausages and other beef products. Foodservice profit operators selling beef products represented 87.0% of the market share distributed mainly in the restaurant services, while institutional non-profit operators held the remaining market share of 13.0% distributed mainly in the education services in 2018.

Distribution channels of the Canadian beef sector by outlet type, sales value in US$, volume (Mkg) and market share (%) in 2018

Distribution channel type	*OBP sales value (US$ millions)	*OBP volume (million kg)	Market share %
Foodservice (profit operators)	**2,286.2**	**236.7**	**87.0**
Accommodation	137.0	14.1	5.2
Leisure	43.9	4.6	1.7
Mobile operator	16.1	1.6	0.6
Pub, club & bar	20.8	2.1	0.8
Restaurant	1,961.6	203.2	74.6
Retail foodservice providers	40.3	4.1	1.5
Travel	21.9	2.3	0.8
Workplace	44.7	4.6	1.7
Institutional (cost operators)	**342.6**	**35.2**	**13.0**
Complementary services	2.5	0.2	0.1
Education	221.0	22.8	8.4
Healthcare	76.2	7.9	2.9
Military & civil defence	22.4	2.3	0.9
Welfare & services	20.5	2.1	0.8
Beef foodservice total :	**2,628.8**	**271.9**	**100.0**

Source: GlobalData Intelligence Center – Consumer, 2019 ***OBP:** Operator Buying Price

Competitive landscape in the meat sector & beef industry

Leading brands in the meat sector in 2018 include Maple Leaf (10.3%) value share, Schneiders (5.2%) Marcangelo (2.3%), and Lilydale (2.2%). Private labels held a 4.0% market value share within the overall meat sector at a CAGR of 3.7% between 2013 and 2018, whereas 'name-brand' (trademark) brands registered a CAGR of 3.3%.

Schneiders (6.3%) and Marcangelo (4.4%) are brands that are also found within the top 10 leaders in the beef industry, yet private labels (2.9%) and other non-trademark (86.4%) companies represent the bulk of the beef market share by approximately 90% in 2017.

According to GlobalData Intelligence, the frozen meat category is a less diversified category in the Canadian meat sector with the top three brands accounting for a combined value share of 52.9% in 2018. Furthermore, in the packaged cooked meats category, the top three brands accounted for a combined share of 49%. There is high fragmentation among the shelf-stable and cooked meat over the counter categories at a combined share of 17.9% and 12.3%, respectively, in 2018. This is creating opportunity for several privately-labelled products to succeed in the market, where these latter mentioned categories are below the global average share of 33.7% across all meat categories, standing at an average share of 29.1% in 2018.

Leading companies & market shares for beef products in Canada, historical retail value sales in current prices, US$ millions and % breakdown

Category & company name	2014	2015	2016	2017	Market share % in 2017
Chilled raw packaged meat – processed (burgers & grills)	**898.8**	**940.5**	**980.4**	**1,025.9**	**11.8**
Others	341.3	361.7	378.1	397.3	4.6
Marcangelo	344.2	356.2	369.5	384.4	4.4
Schneiders	170.0	177.7	186.2	195.7	2.2
Private label	43.4	44.9	46.6	48.5	0.6
Chilled raw packed beef – whole cuts	**1,701.3**	**1,716.3**	**1,773.1**	**1,802.8**	**20.7**
Others	1,511.1	1,520.7	1,569.9	1,594.9	18.3
Private label	190.2	195.6	203.2	207.8	2.4
Cooked beef - packaged	**974.5**	**988.2**	**1,013.8**	**1,033.6**	**11.8**
Others	713.5	698.4	693.1	682.8	7.8
Schneiders	261.0	289.8	320.7	350.7	4.0
Fresh beef - counter	**4,585.0**	**4,631.8**	**4,776.6**	**4,859.8**	**55.7**
Others	4,585.0	4,631.8	4,776.6	4,859.8	55.7
Beef total	**8,159.6**	**8,276.9**	**8,544.0**	**8,722.1**	**100.0**

Source: GlobalData Intelligence Center – Consumer, 2019

Canadian & global consumption trends

According to global survey results, Canada follows closely with several meat consumption trends whereby females are more likely than men to limit their intake or replace meat with plant-based alternatives. The consumption of meat is slightly higher among males by 51.6% and 48.4% women. Survey results show that older consumers (55+ years) accounted for the highest consumption of meat with a 35.4% volume share in 2016. Generally, consumers (45+ years) are most likely to stick to familiar brands.

Meat with 'food minus' product attributes are expected to significantly contribute to the increased growth within the health & wellness sector with retail sales value expected to reach approximately US$381.6 million from 2018-2023. Other important claims on meat products such as 'weight & shape management', 'food intolerance', 'free from', 'health management' or 'general well-being' consumer benefits are expected to contribute to a combined total of approximately US$645.2 million during the same period.

Growth for deli meat in Europe was below the global average of 4% from 2013 to 2018, which was somewhat due to the strong and growing demand in China. Fastest-growing European markets with CAGRs from 2013-18 include Sweden (5.8%), Italy (4.8%), Switzerland (4%), Austria (3%) and the UK (2.6%).[2a)]

Results from a 2014 European survey, indicate the following consumer trends[2b)] :

- 41% of European consumers tend to buy the same products every time, while 38% occasionally buy something different and 15% often experiment when buying new meat products (6% not applicable to analysis). Swedes and Germans are the most experimental when buying new innovative meat products according to 21% of the respondents.

[2a) & b)] GlobalData Intelligence Center: Consumer. Consumer and Innovation Trends in processed meat, October 2014

- Frequency of meat consumption results in Europe indicate that 2% never consume meat, 8% consume meat once a month or less, 20% a few times a month, 34% a few times a week, 23% almost every day, and 13% of consumers eat meat on a daily basis
- Russians (54%) are the biggest meat consumers and Germany (19%) are the least frequent meat consumers in 2014
- Meat consumption generally increases with age (45+ years) and European female consumers are more likely than men in limiting consumption or avoiding meat entirely in 2013 by 26:31 and 12:11 (female:male) percentages, respectively
- An innovative product targeted towards females is the introduction of the Sahin "odorless garlic sausage", which is claimed to be free of any fenugreek or garlic smell
- Targeted innovation can shift spending habits where Europeans are willing to spend anywhere from moderate to premium prices on meat products. Consumer (female:male) percentage statistics include the following: don't notice price (13:17), will only pay low price (22:22), willing to pay in the mid-price range (53:51), or willing to pay a premium price (12:11)
- Consumers are positive about the health benefits of protein, where reasoning differs by gender. 48% of women (35% of men) consume as much protein as possible to lose weight, while 21% of men (8% of women) are trying to gain weight.

Product launch analysis of beef & meat trends

According to Mintel, there were 1,674 beef products launched in Canada compared to 5,060 beef products launched in the United States (US) between the period of January 2014 to June 2019. In North America, 62.3% of these beef products were either new product launches or of new variety/range extensions. Tailoring to opportunities such as using smartphone apps, positioning claims on meat as sports nutritional products, and using online subscription services appeal to premium consumers.

There are five main trends in processed meat that were identified in a reported European survey in 2014:[3]

Convenience

Many consumers are time-poor and require packaging formats that make meat preparation and consumption easier. About 37% rely heavily on time-saving products and services and 38% claim that they would not have time to read food labels when shopping. Consumers like easy to open, re-closable packaging. Including utensils within packaging for ready-to-eat products is also a convenient trend. About 13% of consumers cook an evening meal from scratch every day and an additional 29% claim that they cook a meal from scratch almost every day. The remaining 58% of consumers cook from scratch either a couple of times a week, once a week or less often.

Clean labeling

Resonating highly with consumers is the presence of clean labels on meat products that claim to contain natural ingredients and/or that come from a trusted & traceable source. Food safety issues often impact consumer confidence in the meat market where between 20-30% of survey responders say that they distrust claims about ingredients and manufacturing methods used and that consumers often distrust efforts made by retailers to ensure that the 'farm-to-plate' supply chain in production is safe for consumption.

Known product scandals include the labelling claiming that the beef product contained 'lean, finely textured beef', where instead critics in the media dubbed as "Pink slime" (US, 2012); horse DNA found in processed meat products and ready meals (Europe, 2013), and a McDonald's scare where the company was accused of falsifying sell-by dates on expired meat (China, 2014). As a result, manufacturers should be prepared for consumers to increasingly scrutinize the safety standards of meat they purchase as consumers will often conduct their own research instead of relying on manufacturer and retailer claims. 67% of European consumers will pay more for added trust and transparency claims found in premium brands.

[3] GlobalData Intelligence Center: Consumer. Consumer and Innovation Trends in processed meat, October 2014

Functional (ready-to-eat or 'on the go') protein meat snacks

These snacks go beyond the meat aisles and appeal to more than just athletes and weight trainers. Offering these products in convenience stores or other readily available distribution channels, helps to encourage impulse purchases. An average of 58% of high meat consumers in Europe find new and exotic flavors appealing like President's Choice bacon marmalade (made in Canada) and Hommond's Pigs N' Taters milk chocolate bar with crispy bacon bits and potato chips (made in the United Kingdom). A bacon sundae as a desert is popular in the US sold at Burger King.

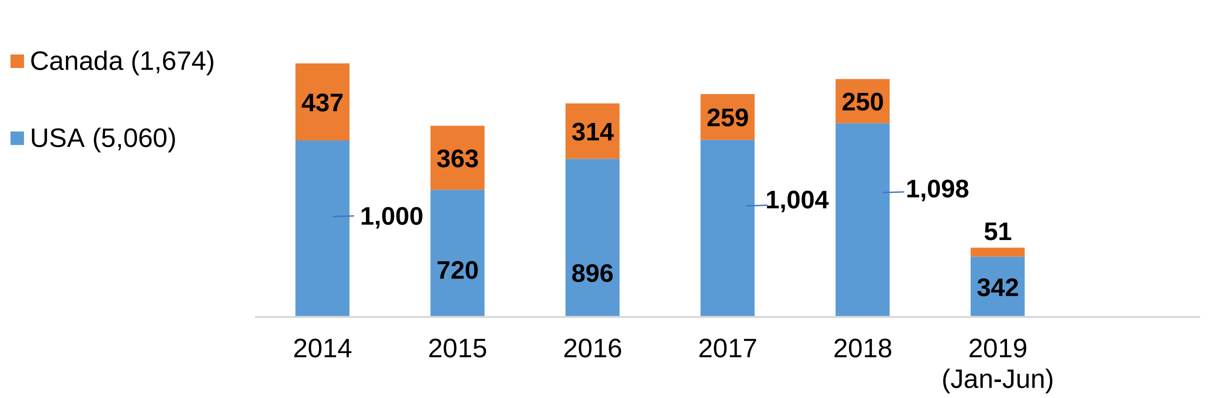
Online Subscriptions

Straight to your door delivery through online service subscriptions offers ultimate convenience and tailoring to consumer's personal tastes. Also, offering dietary preferences along with healthy snack box options are positive opportunities.

Meat flavors

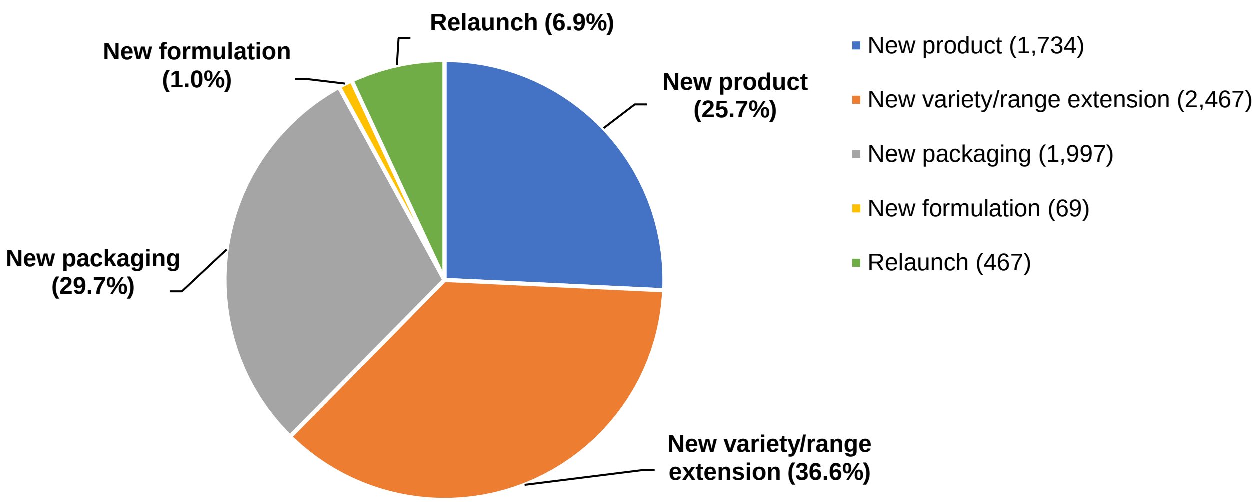
A variety of new meat flavors are entering the energy drink category like the 'Cue currywurst-style energy drink'.

Number of beef products launched in North America, total product item count (6,734), historical (Jan. 2014 – June. 2019)



Source: Mintel, 2019

Number of beef products launched in North America, by launch type, historical (Jan. 2014 – Apr. 2019)



Country	Launch type				
	New product	New variety / range extension	New packaging	New formulation	Relaunch
Canada	420	587	554	17	96
United States	1,314	1,880	1,443	52	371
Total	**1,734**	**2,467**	**1,997**	**69**	**467**

Source: Mintel, 2019

Resources

GlobalData Intelligence Center: Consumer. Consumer and Innovation Trends in processed meat, October 2014

GlobalData Intelligence Center: Consumer. Country Profile: Meat in Canada, February 2019

GlobalData Intelligence Center: Consumer database, 2019

Mintel Global Data New Product (GDNP) database, 2019

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