RECENT CHANGES IN THE CONSUMER BEHAVIOUR IN THE UK AND ITS IMPACT IN THE RED MEAT CHAIN IN SOUTHERN BRAZIL

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Abstract

This paper addresses some of the issues regarding the trends in consumption of beef in the European Union bearing in mind the case of the United Kingdom. From a brief analysis of demographic and lifestyle trends, the British consumer is profiled in order to highlight the dynamics of the food market in that country.

Subject to many food scares and the threat of genetic manipulation, the consumer in Europe has learned from the mistakes in modern food production and farming systems. Currently, the modern consumer of foodstuff has emerged from a cash-rich and time-poor society living in smaller household units. This has shaped the way food is prepared, presented and traded. Nonetheless, the food industry has captured these sometimes conflicting trends and has provided some solutions that satisfy the current demand trends.

For the beef producer in Rio Grande do Sul in Brazil, the paper attempts to explore some of the routes into the EU market where a dichotomous market provides opportunity for both commodity beef as well as for a more value-added product.

Introduction

Today, the ever-increasing internationalisation of food chains force those on the production side to move away from their comfort zone in order to reach more markets. Long gone was the day when farmers were simply involved in the production of foodstuff, and the marketing of agricultural products was delegated to

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an intermediary or broker. With markets become more accessible, at least from the logistics viewpoint (transportation, storage and handling), the input-output function that farmers were good at no longer guarantees a sustainable position. Thus, the objective of this discussion paper is to highlight the changes that are taking place in Europe regarding the marketing of red meat and how these changes affect farmers in the southern-most state of Brazil, Rio Grande do Sul.

It was not the intention here to analyse the internationalisation of a value chain or the ‘global commodity chain’ as proposed by Gereffi (1999) who expanded from the Porter’s concept of value chains. But as Gereffi correctly claims, being part of a global commodity chain also means acknowledging a dominant party, or parties, who determine the overall character of the chain. Nevertheless, such a effect has to be taken into account later on when the links between the Brazilian beef chain and the UK food chain are closed.

In addition, this paper will deal with issues such as consumer profile of important buyers of meat in Europe, taking for example the case of the United Kingdom. The consumer profile shaping the industry affects meat consumption patterns that are also a reflection of the recent food scares in the UK and in the EU. The paper will end with a brief description of the UK red meat chain that will serve to highlight the opportunities that exist for beef exporters from Rio Grande do Sul.

**Profile of the Consumer**

In general terms, the consumer in the European Union could be divided in two major groups. The Northern consumer comprises of citizens of colder countries such as France, Germany, the UK, Holland, Belgium, Finland, Austria, Ireland, Denmark, Sweden and Luxembourg (Europa, 2006). Due to the colder climatic conditions, the northern consumer prefers a staple with more red meats, with pork and pork preparations (sausages, bacon, pork pie) being predominant in the consumer choice, as well as poultry and potatoes. Whilst the southern consumer is characterised by those living in the Mediterranean basin such as Portugal, Spain, Greece, Italy, Cyprus and Malta. In the southern part of the European Union, the Mediterranean consumer would favour lighter foods with fish, lamb and pulses being the more predominant animal protein in the staple diet. However, with the advent of the new...
member states, a new category of consumer has been introduced which represent those living in the Eastern part of former centrally planned economies. The Eastern European consumer is made up of citizens from Poland, Czech Republic, Hungary, Latvia, Lithuania, Slovakia, Estonia, Slovenia whose food consumption preferences are similar to the former Western Europe northern portion of the continent (Kittler and Sucher, 2001). However, the effect of internationalisation of food habits is likely to have affected consumer choice more drastically in the UK than in other countries in the European continent. This is due to more disposable income, more access to cheap international holidays and immigration.

Taking the case of the northern consumer, this is the most affluent consumer in the European Union who enjoys high levels of disposable income and education. Since the end of the Second World War the population demographics has seen a boom in the birth rate followed by a decline in the natural growth of the population to alarming low numbers in recent years (National Statistics, 2006). With the ‘baby boomers’ arriving at their 60s, the effect of them in the consumption of food that drove most of the 1970s and 1980s can now be reflected in a population that is becoming older and greyer, who have raised their children, but that has specific needs to be addressed. Moreover, the declining population growth has attracted many migrants to the UK to fill the gap left in the job market of unwanted jobs that Britton does not aspire to. Since the 1950s, the phenomenon of the emigration of ethnic minorities originated in South East Asia, the Indian sub-continent and Africa and the Caribbean have drastically influenced what food is eaten. In the UK, one person in fifteen now belong to an ethnic group (MLC, 2003).

Evidence of the above can be seen in the UK the population pyramid (National Statistics, 2006). Those under 15 years of age are less in number than those around 35 years of age and are more prone to take up the vegetarian cause. Nevertheless, the younger population has reached higher levels of education than other older segments, and the implication of this is that the modern consumer is well-informed and versed about current affairs and issues that are important to them, such as health, nutrition and anything that relates to the environment. In addition, those who are 55 years of age and older show that the male mortality is slightly higher than the female counterpart. This means that more elder women will live longer and they will
demand specific food products that cater for illnesses related to old age, such as osteoporosis. We are going to explore this more towards the end of this paper when we will tackle the issue of food alternatives: nutraceuticals.

Another reality of the population residing in the northern part of the EU is that these follow the Christian Protestant faith whilst the Mediterranean is predominantly Catholic. This cultural-religious divide has major implication in the family dynamics and group ethics. The number of people in one household, households with single parents (Social Trends, 1999) and the age that children leave home is in general determined by the higher divorce rate in the North than in the Mediterranean basin (Social Trends, 2005). The care of the elder in the South takes place amongst the extended family, a factor that is again distinct from the north where the elder is often cared for in homes run by private or governmental institutions. These fundamental differences lead us to separate markets where the implications of household size and the ages of people under the same roof will demand from the industry different approaches to marketing of foodstuff. In the North smaller household sizes, with a larger number of people would require smaller portions and more convenience to cater for the demographics of a consumer who does not also want to spend time in cooking preparation (MLC, 2002). Thus, in the northern market quantity and size of food is not an issue. Conversely, food quality and presentation, especially for meat, becomes an important attribute of food purchasing behaviour.

With about sixty million people, the population in the UK is stable with a declining birth rate. This is also valid for countries of similar population size such as Germany and France. In the UK, about 10% of the household expenditure goes on food with an average expenditure of £25 per person per week, with some £15.24 going on food eaten at home and £7.32 on food eaten outside the house and £2.44 spent on drinks (IGD, 2004).

According to the Food Standard Agency (2005), a more educated consumer demands more from the food industry. From a survey, 75% of the respondents said they checked the sell-by date of food products as well as the cooking and preparation instructions. Some 70% of the sample showed that the ingredients in some products were also part of the consumer’s scrutiny. This is likely to be related to food intolerance and allergies common in the population. The same study showed that
60% of the respondents were interested in nutritional and caloric information contained in food products with some 13% interested in ethical information (where and how food was produced, animal welfare and care for the environment).

**Scares and Perceptions**

In the past decades the consumer in the European Union has also suffered from many food related scares. Bacterial infection in food such as *E. coli*, Salmonella, Lysteria and contaminants such as Benzene and Dioxine in food and animal feed have left indelible marks in the European psyche. The Bovine Spongiform Encephalopathy (BSE) commonly known as ‘mad-cow-disease’ outbreak in 1995 served as a major health scare platform for more regulation in the food industry. The possible link of BSE with a variant in humans caused great concern not only for the consumer, but also members of industry and government. As a result, the consumer perception is that anything alien should be treated with caution. The spill-over effect of the European consumer resistance to things new has also far-reaching implications in the case of more radical science manipulation such as the GMO. In the EU, GMO products are still restricted and under scrutiny by a population that does not want to run unnecessary risks regarding their health. As the author writes this paper, a new scare regarding a GM variety of grass resistant to herbicide and developed to cater for the golf courses around the world has ‘escaped’ its experimental cultivation controlled condition and has contaminated nearby drainage ditches in Oregon (Associated Press, 2006). Despite no possible direct implication for the food industry as yet, news such as this one revive the debate of consumer sovereignty, not only in Europe but also around the world, for not allowing GM food into the human food chain too soon. Nevertheless, when the latest Sudan 1 food colouring contamination scare took place in February 2005 (BBC, 2005) the industry and government was prepared to quickly respond to the crisis by removing any beef-based ready meals from supermarket shelves that contained Sudan 1 as part of their food ingredient. Beef consumption was not affected by the Sudan 1 scare.

In 2001, especially in the UK with the outbreak of foot-and-mouth disease, the food sector was again shaken by the news of the slaughter of many animals in an attempt to control the spread of the disease. But with good information, the public
responded well and the initial drop in beef consumption was recovered in a couple of months. The UK beef consumption is back to the same level of consumption as pre BSE crisis (MLC, 2005). Much of this recovery is attributed to the work carried out by the Meat and Livestock Commission in the period. When asked what are the most important issues influencing the purchase of food, the average British consumer name price, taste and quality. Other attributes such as food safety and country of origin rank low in the public's perception (Food Standards Agency, 2001). However, the consumers are also concerned about how animals are raised and treated as well as the production method used by the farming community. In a ranking situation, one cannot forget that despite price, taste and quality are high order attributes; ethical issues have become more and more part of the modern consumer-buying behaviour.

**The ‘New’ Consumer**

The ‘new’ consumer could be characterised as being elusive and globalised. He or she is elusive because of his or hers mobility and unorthodox approach to buying and consuming food. With many hours spent driving or travelling to and from work, this consumer wants choice, wants convenience, and wants more eating venues. The modern car has become a major consumption site with the car manufacturers responding rapidly to this trend. Trays and adaptations for drinks and snack holders allow the mobile consumer to enjoy a quick bite whenever he/she deserves. The food service sector along the European motorways as well as in airports, train stations and the restaurant wagon compartment in trains caters for this new type of food on the move consumption. It is very unlikely that this consumer who commutes for two to three hours to and from work everyday will have time to arrive home and prepare a roast beef or fry some steaks. The ‘beef solution’ comes to this consumer in the form or sandwiches, baked potatoes minced fillings and Mexican style *fajita* wrappers (Richardson and Aguiar, 2004). As a result of an IGD consumer panel (IGD, 2004), the majority of the respondents, 26%, spent a maximum of 30 minutes preparing a main meal in the UK. About 10% of the sample would cook for one hour, but almost the same number, 9%, would spend less than five minutes preparing a meal. A survey carried out by Eurest (2004) shows that despite sandwiches being the number
one lunch choice in the UK, they have lost their position to healthier lunch solutions, such as salads, fruit, yoghurt and soups between 2002 and 2004.

To understand a cash-rich/time-poor consumer is an easy task, but to cater for such consumer base has become increasingly more complex. The act of food intake has changed dramatically in the last decades. From a traditional meal with all the members of the family sitting around a table, many in the British society have abandoned the table in favour for a tray in front of the television or a snack on the way home in the car or in the public transport system. The traditional Sunday roast is more and more rare these days. The food industry and food retailers have responded to this diversity in consumption (Hornibrook and McCarthy, 2004). Taking the case of the largest supermarket chain in the UK, Tesco plc, they have come up with five generic consumer profile segments in an attempt to satisfy everyone that goes through their doors (Cook, 2004). Tesco is strong for their own-brand products carrying the name of the supermarket: The Finest range caters for a more affluent consumer and make up 24% of the shoppers; Tesco mainstream is aimed at the average income customers and Tesco Value at those more price sensitive consumers, some 23% of the clients (Cook, 2004).

**The importance of intangible and fringe attributes**

Despite ranking low in the shopping behaviour, the modern consumer is also worried about intangible and fringe attributes such as the impact of farming on the environment, organic production food miles and food-health related issues. After growing steadily for the past decade, the organic market segment has now stabilised at around 6% of the UK total food market. However, issues related to food miles, carbon efficiency and neutrality as well as the desire to reconnect the UK farming activity with the local consumer has made possible a new trend in consumption. Farmers’ markets have become the first point of choice for consumers to source their groceries locally. Here, the return of open-air fairs, at least at the weekends, makes it possible for the consumers who are busy throughout the week, to talk to some food producers. Of course, the consumer who attends a farmer’s market is well-educated and tend, on the whole, to have higher income (Bridges and Aguiar, 2006) compared to the average shopper in a supermarket. However, these tend to look for special...
meat joints for a special occasion meaning that the beef will be savoured over a Sunday lunch with friends. Moreover, top quality meat can also be sourced not only from specialist butchers and farmers’ market but also farm shops that have become a popular outlet for the more conscious consumer who is interested in intangible attributes to satisfy their needs. Quite often, farmers selling meat through farm shops and farmer markets also tend to be organic, thus reinforcing a whole idea of healthiness, good for you and good for the environment.

In general terms, health issues have ranked middle in the consumer’s preference when shopping. Nevertheless, food that is healthy is food that can be described as ‘cross category’. Fat content is a major issue in this cross category in relation to the levels of cholesterol, saturated fats, trans fats, free radicals etc. The immediate evidence of the relationship between fat content and health and its implications on obesity (Richardson and Aguiar, 2004) has made the population start to re-think the way they relate to food. During a BBC Breakfast show recently (BBC, 30/08/2006), it was stated that one in three Britons will be obese by 2010. The obesity phenomenon that has initially become more evident in the USA has taken on an international dimension, with the UK in Europe following closely the pattern established in that country. In 2005, after some media campaign the Department for Education in the UK started to re-think the quality of food given to children of school age and the way school meals are prepared. Evidence from the link between fast food and obesity is strong in many western countries. This, coupled with the lack of exercise, provides the elementary equation for obesity in children and in the adult population.

A more radical stream of modern consumers would perhaps opt out from eating if possible. Those advocating functional foods and nutraceuticals propose that a series of quasi-foods would provide all the nutrients that a person may require without the need of ingesting solid foods. This is expected to counteract the harmful effects that proper real food may have in the body. The industry has to offer smoothies, liquid yoghurts and preparations with pro-biotic bacillus and other good micro-organisms that help one’s gut health, play some role in cholesterol reduction, improvement of the immune system, give a boost of calcium for bones and teeth, not to mention energy boosting for those aficionados in spots and also provide brain
stimulation. Hence, in the future it will be possible that animal protein in the form of meat will never enter the diet of at least a segment of the population. This is again a global trend with some of these effects also being felt in Brazil. Record Network, a Brazilian television channel broadcast in its Fala Brasil news programme in early August 2006 showing that the some 28% of the Brazilian population would be considering reducing the intake of red meat in the future because of health related issues.

In order to survive, the food industry has followed these trends closely and has provided the so-called solutions for the modern consumer. Currently, foods and snacks have enabled the consumer on-the-run to satisfy their needs with less salt, less fat, no added preservatives in foods. Any food item has in its packaging information on allergenic and presence or absence of animal protein to suit the vegetarian and vegan consumer. The packaging and the brand it carries has sometimes become more important than the product itself as already seen from the supermarket own-branded range. The industry has created extra packaging to cater for the consumer who prefers convenience and to allow for a longer product shelf life. Nevertheless, consumers have raised some concern about the impact of excess packaging that end up dumped the cities’ landfill. The dumping of rubbish generated by extra packaging is considered a transfer of the problem associated with environmental degradation and pollution to future generations. As expected, members of the industry have carefully listened to what the issues in food retailing are and are trying to provide a solution to the concerns of the more ethical consumer. As a result of the packaging ‘time bomb’, the food retailer chain in the UK Sainsbury’s has introduced biodegradable packaging in 500 items out of 20,000 items traded in their hypermarkets (BBC, 2006). It may seem a small drop in the ocean, but it is very likely that other food retailers will follow suit closely.

The Role of Ethical Consumption

The modern consumer in the EU is much more interested in products with a story. Thus, what is determining the consumption of one food item in detriment of another has to do with the way food is produced, the country of origin, the miles that that specific food had to travel to reach the supermarket shelf. If one can trace back
to the individual farmer where the food has originated and guarantee trust in the system this guarantees an extra layer of satisfaction. This layer, despite intangible, has allowed for market opportunities for red meat produced in the UK. Beef and lamb farmers are exploring the countryside features and its particular characteristics to market their meat. There are many experiences such as the Chil terns food, the West Country beef, the National Trust beef, the Herdwick lamb, among others that have been successful in bringing to the urban consumers all the desired countryside traits that they expect to find. So the countryside imagery plays an important role in consumer demand (Goodman and Goodman, 2001). Food with social-geographical context where quality, taste and texture are of high standard does not come cheap. In this sense, we are dealing now with an ethical consumer who would be interested in knowing how animals were raised, fed and slaughtered. Thus, ethical credence has become a major determining factor for product choice since the credence attributes that a product may have such as quality standards and safety (Inciarte and Aguiar, 2006) are now taken for granted. As ethical credence becomes more widespread amongst the consumers, beef producers who move away from the low cost low price commodity market are faced with important decisions to make. For the case of beef from Rio Grande do Sul, animal welfare credence will be important for some European consumers.

**Challenges for Beef Producers**

In order to compete in the EU market, beef producers and traders in Rio Grande do Sul are faced with many challenges. In the Union, the consumption of meat is stable with small growth margins.

The herd aptitude is basically for milk production. With beef production being a side line, the meat texture might not be the best that could be achieved. This becomes an advantageous point for the gaucho producer whose herd aptitude is for beef production. But it is also true that, from the demographic and lifestyle trends seen above, the most popular meat purchased by the British consumer is minced beef with 42% in 2002 (MLC, 2002). Roasting beef and beef used for stewing have declined in consumer preference since 1996, whilst beef for frying and grilling has maintained stable from 1996 to 2002.
There are many ways for the gaucho beef to enter the market. One cannot lose sight that 80% of all foodstuff is sold via a supermarket in the UK. Consequently, it is true that whatever efforts Rio Grande do Sul producers and traders may engage in in attempting to enter the UK market it is very likely that the beef, should it go to supermarket shelf, will end up minced. The catering service, leisure and food service market segments are more likely to be attractive to the Brazilian beef. Hence the Brazilian beef will be part of some processed ready meal type of food preparation. In this case the brand or image ‘Brazil’ is lost and any marketing efforts to promote such meat are pointless. For the consumption of beef at home we saw that it depends on many variables. Supermarket chains with their own-brand products must guarantee safety, origin and credence to their consumers and would be sourcing beef from the UK and Ireland to satisfy their fresh and chilled demand.

The perception of risk in-built in the Brazilian beef is larger than in beef from Argentina for example. This may be attributed to many issues, with the most important being the image that Brazil has in the British perception. Whilst things Argentine are generally good, high quality, Brazilian goods raise some eyebrows. Bauer (1967) and Bettman (1973) propose that the perceived risk is to do with uncertainty (the unknown) and the possible adverse consequences that the ingestion of such a product may cause to a consumer. In view of this, at a supermarket level, as seen the most popular outlet for sale of food in the UK, with consumers spending less and less time shopping, just high quality reaches the shelves. Hence, level of tolerance for an average Brazilian beef is likely to be low. For the UK consumer, battered by many food scares, the supermarket format is tried, tested and trusted. As in the evaluation of expected risk that the Brazilian beef may carry and thus triggering an information seeking stage as proposed by Bauer (1967) perhaps the consumer may not find it worth its while when compared to the safest choice of buying British. Here the role of own-brand beef is determinant in making it difficult for the access of the Brazilian beef to the supermarket shelf.

The British supermarket own-brand feature is unique in Europe with some chains carrying up to 40% of the product line under the banner of the shop. To one extreme, the retailer Marks and Spencer sells 100% of its limited product ranges of foodstuff under its own brand name. With the ever-increasing sale of food
preparation and ready meals containing some animal protein as food ingredient, the Brazilian producer faces a dilemma. On the one hand, the identity of the Brazilian product, its name, credence and story is lost under an own-brand ready meal product. On the other hand, the advantage of selling beef to a supplier of own-brand product is guaranteed ordering. Moreover, the catering route into the UK market offers opportunities that cannot be neglected. This is the route where the Brazilian beef ends up reaching the British consumer via a sandwich format, in hotels and restaurants or under some institutional format either private or governmental. Consumers in restaurants never ask the origin of the beef presented unless featured on the menu. This may seem to be a less than noble end for a high quality product, but it is a reality.

With the evolution of convenience retailing and the present stage of food demand in the European Union (ready meals x high technology in food processing x high income) the consumer satisfaction resides in the value added and non-price benefits. In order to achieve this, the industry in Brazil has to consider value driven long-term partnerships. For those in beef production, to compete on low margin and short-term objectives is to treat beef as a commodity. The pattern to follow is that of what has happened to the poultry sector.

Conclusions

The changes in demographics and household composition have determined some of the present lifestyle in the British society. Such a lifestyle has implications in the way food is purchased and consumed which, on its turn, has also been affected by recent food scares.

The marketing of food in mainland Europe and in the UK, despite its complexities, is unique and provides some interesting background for investigating the dynamics between farmers, food processors, retailers and consumers.

The author believes that the solution for the many variables is rather complex and no simplistic solution can be achieved. The discussion proposed here should serve to alert anyone in the beef production chain in the State of Rio Grande do Sul about the far reaching implications of taking part in an international food chain. Whatever decision taken at farm level today is linked to a larger dimension, a global
market that affects everyone. However, the understanding of the consumer and his/her changing habits is key to more effective marketing.

With the ban on British exports of beef since May 2006, the Brazilians who until now benefited from relatively less competition in markets in other European countries, will have to fight harder for their share. It is clear that the market is not homogeneous. There are many segments and niche market opportunities that could be explored for those producing high quality top specification beef. For those competing in the commodity market, there is no other way than further reducing production unit costs and achieving economies of scale in production, processing and marketing.

In view of this, those studying the beef industry or in the production of beef in Rio Grande do Sul have to be aware of the destination of the animal protein they are selling in order to cater for such demand. Since the research from the Food Standards Agency (2001) identified that country of origin and brand name were not relevant regarding the purchase decision-making process there is hope for the beef producers who produce quality commodity beef.

One lesson that can be learned from the European scenario is that with more stable income in Brazil and other South American countries, some of the trends experienced now are likely to be repeated in that region. Convenience in food preparation and ready meals is already a feature in the Brazilian supermarket and more is expected in this sector. Likewise, partnerships with beef producers and supermarket chains involving trust and sharing of information is the way forward following the European experience. Perhaps, the solution for food chains is the strengthening of the relationships. An effective red meat chain should function following the fundamental marketing principles which are based in the market orientation underpinned by identification of the consumers needs and wants and the total satisfaction of these needs: a simple but elegant solution.

The author’s intention was not to exhaust the discussions in this paper, but to serve as a platform for the other contributions and to provoke some debate during the 1ª Jornada Técnica em Sistemas de Produção de Bovinos de Corte e Cadeia Produtiva: tópicos em tecnologia, gestão e produção.’
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