

# 2023

# Top Trends to Watch

MIDAN MARKETING



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**The past several years have caused shifts – in how consumers behave, in how we market to them and even in how businesses operate. 2022 was at times defined by record-high inflation, a frustrating labor market and food supply challenges. As we look toward a new year, understanding the overarching trends happening in five key areas can help you anticipate your customers' needs and keep meat in the mix:**

- **Economic Pressures • Health & Well-being • Sustainability**
- **Convenience • Technology**



# MacroTrend

## Economic Pressures

**In June, the 12-month inflation rate reached 9.1%, the largest annual increase since 1981. While inflation has calmed in the months following, the U.S. is now in danger of dipping into a recession.**

# 1.

## At the meat case, consumers will continue to trade up, down, out and everything in between

Most consumers have made changes to their meal plans, shopping habits and general decision making to weather the economic storm. More than half (59%) of shoppers are comparing prices between stores so they can purchase grocery items at the store with the overall lowest prices.<sup>1</sup> At the meat case, many are seeking out less expensive meat or chicken than they normally purchase and are more open to experimenting in the kitchen than they have been in the past.<sup>2</sup> Others, though, are trading up to premium meats at retail in lieu of dining out. When it comes to the specifics of what they're looking for, though, 35% of shoppers say they're buying in bulk to stock up and save while nearly the same number (32%) are buying smaller package sizes to keep spending low.<sup>1</sup>

**Takeaway:** If “pivot” was the buzzword of the pandemic, “value” is the buzzword now. Promoting value will help satisfy consumers as they navigate rising costs. But understand that not all shoppers define value the same way – for some, value comes from low-cost items like grinds and multi-meal roasts that help them put a nutritious meal on the table each night. For other shoppers, though, value comes from premium items like USDA Prime and Wagyu steaks. Whether to prioritize conventional products or premium will depend on how much the economic situation is impacting your target consumers. But all packer/processors and retailers should consider a product mix that serves both the low-cost shopper and the high-value shopper, to ensure you don't leave money on the table.

# 2.

## Business is changing: Big players are making big moves

One major change that came out of the disruptive COVID-19 period is how companies are conducting business and this is especially true in the meat and retail space. Tyson Foods' OneTyson initiative is consolidating employees from across the country to its world headquarters. The planned merger between Kroger and Albertsons is another strategic business decision helping Kroger to compete against giants like Amazon and Walmart. Twitter was recently purchased by Elon Musk, changing a major advertising platform nearly overnight. We are also seeing meat companies rethinking their investments in plant-based protein, with JBS closing its Planterra operations and Canada-based Maple Leaf Foods announcing the reduction of their alternative protein operations by 25%.

**Takeaway:** We will continue to see tectonic shifts in business, as companies scale up, scale down, merge and separate. Each of these changes affects the supply chain and ultimately consumers, so we have to be aware of the shifts and how our businesses may need to adapt in response.

# 3.

## Smart marketers will re-evaluate their messaging but keep ad spend

At the beginning of the pandemic, we all experienced a moment of coming together in advertising – smart marketers knew the message that would fare the best was one of hope and unity. As the economy continues to fluctuate, we are likely to see a similar movement as advertisers adjust how they talk to consumers. During recession, consumers are specifically looking for brands that match their personal values and products with a high perceived value.<sup>4</sup> So messages ranging from a product's convenience and versatility to the brand's focus on its workers will increase consumer confidence in the brand's products.<sup>3</sup>

**Takeaway:** Just like consumers, businesses are also looking for ways to pinch pennies. One change they won't be making, though, is reducing their advertising spend. Cutting ad spend in a recession is not a good strategy if a company wants to build long-term equity. During the last recession, WARC found that brands that increased their advertising budgets recovered market share 60% faster than those who maintained their spend and 90% faster than those who cut spending.<sup>4</sup> Expect to see advertising messages reshaped to focus on target consumers and their values.

# MacroTrend

## Health & Well-being

**Consumer concerns about illness have shifted to an increased awareness of diet and nutrition. When health and diet are tied, the impacts are felt around the store and in the meat case.**



# 4.

## High demand for high protein

Many consumers focus on health and wellness, but the exact approach ebbs and flows. Right now, some of the most popular diets are low-carb or ketogenic diets, defined by their emphasis on high-quality protein. In 2021, more than a quarter of U.S. shoppers followed one of these two types of diets.<sup>5</sup> We are also seeing a move toward simple ingredients and clean labels again, with meat department consumers showing less interest in plant-based meat alternatives.

**Takeaway:** Although growth in plant-based alternatives has stagnated, the meat industry could learn a lesson from these products on how well they positioned themselves as high-protein offerings. Nearly four in 10 consumers who are eating red meat more frequently this year say they are doing so because they are trying to eat more protein.<sup>6</sup> Highlighting protein content boldly on the front of the package can help you capture health-conscious meat consumers more easily.



# MacroTrend Sustainability

**Sustainability is another trend that is here to stay, but one that continues to evolve over time. Between different consumers, industries and geographies, there are more definitions of this one topic than most of us can count.**

# 5.

## An evolving definition of sustainability

As retailers, restaurants and brands all make commitments to address sustainability, how consumers define it continues to shift. Right now in the meat case, most consumers define sustainably raised meat by properties related to animal welfare.<sup>7</sup> But in 2023, we expect to see some of the first "sustainable" or "carbon zero" meat products hit retail shelves. And the way these products position themselves could help expand how consumers define sustainably raised meat. Another factor in the sustainability conversation is Walmart. When Walmart makes a move, other companies take notice and often follow suit. In 2022, one of Walmart's moves was purchasing a minority stake in Sustainable Beef, LLC. In the language Walmart is currently using to communicate about this partnership, it seems the focus will be on both animal welfare and elements like grain sourcing and grazing management.

**Takeaway:** It's more critical than ever for your business to define how you're addressing sustainability and talk to your customers about your efforts. From manure management at the feedlot to business cards made from post-consumer recycled paper, every effort adds up to something your shoppers want to hear about. Because remember – as they struggle with the economy, they will be leaning into brands that match their values.

# MacroTrend Convenience

**There has always been a distinct portion of U.S. consumers that are particularly focused on convenience. They are looking for quick meal solutions, easy in-and-out restaurant meals and anything they can do to save time and make their lives easier.**



# 6.

## “Snack attacks” are on the rise

Snacks are back as consumers look for ways to boost their protein intake, reduce the amount of money they spend on meals and return to their busy, on-the-go lives.

Historically, meat snacks have been overwhelmingly beef-focused but new products in the marketplace are expanding consumers' options. Wilde, Brave Good Kind and Snack Mates are all chicken-based protein snacks creating a space for themselves on the snack shelves. We

also know that because of economic pressures, 62% of shoppers report opting for large snacks instead of meals – this number is even higher among Generation Z where a full 75% are replacing meals with snacks.<sup>8</sup>

**Takeaway:** Becoming consumers' snack of choice may be harder than it seems, as they are looking for all the qualities they seek from a brand, only now in a smaller, easy-to-carry size. More than 80% of consumers eat at least one snack for sustenance each day, so things like protein content and clean ingredients will be important for this group.<sup>8</sup> It's also key to be where shoppers are looking – whether that's in an aisle with protein bars and jerky, or by the register.

# 7.

## Faster, easier and more flavorful meal solutions will rule the meat case

Convenience also plays an important role when consumers plan to get a full meal on the table. In recent years, we have seen a rise in sales of value added meats at retail, but the current economic pressures combined with Millennial's and Gen Z's desire for discovery is creating a perfect opening for this category. Another time-saving convenience trend we're seeing is innovation around thawing. In the CPG space, Hot Pockets® has released the Deliwich™, which can simply be thawed in a school bag over the course of the morning instead of having to be heated at lunch time. In the frozen meat section, Pound of Ground has introduced ground beef crumbles that don't need to be thawed, so consumers can skip the thawing step.

**Takeaway:** Convenience is a huge driver for consumers and more shoppers have been prioritizing it in recent years. Innovation is the name of the game here: How can your products be reimaged to make shoppers' lives easier, save them time or solve every day meal challenges?

# MacroTrend Technology

**As our consumers evolve, engineers are building the technology to evolve alongside them. From convenience to inspiration to the things we're not quite sure about yet, technology is an area where there is always more to come.**

# 8.

## Retailers investing in technology to tackle convenience

Like the changes we're seeing in big business, retail is also considering how we interact differently now, post-pandemic. We are seeing an increase in convenient mini-stores popping up like Amazon Go Stores and BJ's Markets, as well as more tech in retail stores. H-E-B, Kroger and Amazon all have carts that act as tills, letting you simply walk out (or weigh and walk out in some cases) rather than having to pull out all of your items at checkout. Often, these carts will also have digital screens or voice assistants that can assist the shopper in finding the items they are looking for, or in the case of Amazon, even give suggestions on what wine to pair with your meal. These technologies play into consumers' desire for convenience and give shoppers a compelling reason to choose one retailer over another.

**Takeaway:** Making an experience out of the weekly grocery trip isn't a new suggestion – hip grocery stores around the country already offer experiences like brewery tap takeovers to help lure shoppers into their stores. Today, we are seeing that with technology, too. While much of the technology is put in place to make shopping easier and more convenient, it's also creating a new experience that shoppers will be excited to try.

# 9.

## Ongoing evolution of omnichannel impacting where and how consumers shop

The evolution of retail also includes omnichannel shoppers who are purchasing from the comfort of – anywhere. Over the last couple years, the number of direct-to-consumer meat companies has increased. Now, some, like Holy Grail Steak Company, are looking at subscription services as a way to keep their shoppers in a regular buying habit. We're also seeing big box retailers considering (or reconsidering) their subscription models in an effort to compete with Amazon. Walmart, for example, recently added Paramount+ to its Walmart+ subscription to feel more like a direct equivalent of Amazon Prime Video. Research shows that if these loyalty programs come with discounts or rewards, 73% of shoppers say they'd consider signing on as a way to save with inflation.<sup>9</sup>

**Takeaway:** While subscription services are growing in general, meat consumers don't seem to be in a rush to adopt them. In early 2022, only about 8% of meat consumers had recently purchased meat online from a meat-specific delivery service. More often, shoppers are purchasing online from their local retailer.<sup>2</sup> For a subscription model to work in meat, it will have to offer more than just convenience – for example claims, breeds or cuts not available in retail stores.





# 10.

## TikTok as a business driver

In 2021, TikTok overtook Google as the most visited website in the world. The app, first created for lip syncing and dancing, is now a powerhouse for ideating new products, building brand awareness and even driving traffic. The impacts of the social media site are huge and far-reaching and food content is some of the app's most influential. Over a third of TikTok users have visited or ordered from a restaurant after seeing a TikTok video about it and we are starting to see products debut at retail that began as TikTok trends, like the Heinz® Dip & Crunch Burger Dipping Sauce.<sup>10</sup> Possibly the wildest case of TikTok influencing the food world we've seen came during the Baked Feta Tomato Pasta craze. This one-dish meal was so popular with TikTok users that the entire country of Finland ran out of feta cheese and retailers across the world struggled to keep it in stock.<sup>11</sup>

**Takeaway:** Since this platform is only increasing in popularity and engagement, brands as well as marketers need to find their place on the app. Whether users are finding value in recipe videos, restaurant recommendations or influencer content, the impact that this platform has on its users is undeniable. Plus, as you're considering how to reach younger consumers, showing up authentically on the platforms they're frequenting will bring your biggest return on investment.

## On the radar: tomorrow's technology

We would be remiss to not mention the dozens of technologies that are either new or in development that could end up having a major impact on the meat case, from the metaverse and how it will revolutionize social media to the ways blockchain can redefine our supply chain's transparency. AI is already at work making wine recommendations in Amazon's brick-and-mortar stores and in December, a new AI text bot was released with the ability to generate text ranging from recipes to marketing copy to essays from a simple prompt. As they grapple with economics and labor, the meat industry will continue to invest in automation and find ways to implement more robotics in packing plants to create safer and more efficient production. Staying abreast of the latest technologies and seeking out opportunities to evolve business practices will be key in keeping up with consumers, retailers and even other producers.

**Look for more insights from the Midan team throughout 2023.**

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<sup>1</sup> dunnhumby, Consumer Trends Tracker, July 2022

<sup>2</sup> Midan Marketing, Meat Consumer Tracking Survey, March 2022

<sup>3</sup> WARC, What we know about advertising in a recession, July 2022

<sup>4</sup> WARC, Why brands that maintain share of voice in a recession will build long-term equity, April 2020

<sup>5</sup> The Hartman Group, Health & Wellness Across the Globe, July 2021

<sup>6</sup> Mintel, The Protein Report: Meat & Meat Alternatives, 2022

<sup>7</sup> Midan, Sustainably Raised Meat Research, July 2021

<sup>8</sup> Mondelez, Global Consumer Snacking Trends Study, 2021

<sup>9</sup> Inmar Intelligence, Understanding Today's Grocery Shopper, 2022

<sup>10</sup> MGH, How TikTok Influences Restaurant Dining Behavior, September 2021

<sup>11</sup> FACES Magazine, This Viral TikTok Pasta Cleared Grocery Shelves of Feta Cheese, June 2021