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The Decline of the Meat Image and Consequences for the Meat Marketing in Germany

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Abstract

The decline of the meat image is a long term trend accentuated by certain events such as hormon scandals and the BSE-crisis. Main causes are saturation effects, intensified variety seeking, adaptation to overnutrition, convenience disadvantages, halo effects and critical mass media reports. Altogether the decline of the meat image is not only the cause but also the consequence of the market saturation. Consequently all attempts to regain confidence or to restore the meat image will meet with difficulties because they are directed to a symptom rather than to the cause of the problem. Communication should put more emphasis on the emotional aspects of meat consumption rather than on cognitive information. A critical appraisal of the role of generic advertising seems to be overdue. The establishment of strong brands has not yet been successful. Meat will remain an exchangeable product, which is subject to a strong price competition. The meat industry belongs to the less innovative branches of the food industry.

Key words: meat image, meat marketing, advertising, brand strategy, product innovation

Résumé

Le déclin l'image de la viande est une tendance à long-term, qui est accentuée par des événements comme des scandales des hormones ou le crise de la BSE. Les causes principales sont des effets de saturation, une croissance de la demande de variation par le consommateur, l'adaptation à des niveaux d'alimentation élevés, des désavantages vis à vis l'aise, des effets nommés „halo“ et des commentaires critiques dans les medias. Le déclin de l'image de la viande n'est pas seulement la cause mais aussi la conséquence de la saturation des marchés. Par conséquent, toutes les tentatives afin de rétablir l'image de la viande rencontreront des difficultés parcequ'elles envisagent le symptome plutôt que les causes du problème. La communication devrait plutôt mettre l'accent sur des aspects emotionels de la consommation de viande que sur des informations cognitives. Il semble être trop tard pour une évaluation critique de la role de la communication générique. La création des marques est resté sans succès jusqu'à présent. La viande reste un produit interchangeable, qui est largement sujet aux fortes promotions de prix. En outre, le secteur de la viande reste un secteur faible en ce qui concerne l'innovation des produits.

Mots clés: image de la viande, marketing de la viande, communication, strategy des marques, innovation des produits

1. Introduction

This paper consists of two parts: The first part reviews shortly the possible causes of the decline of the meat image in Germany. In the second and main part some consequences for the meat marketing are discussed.

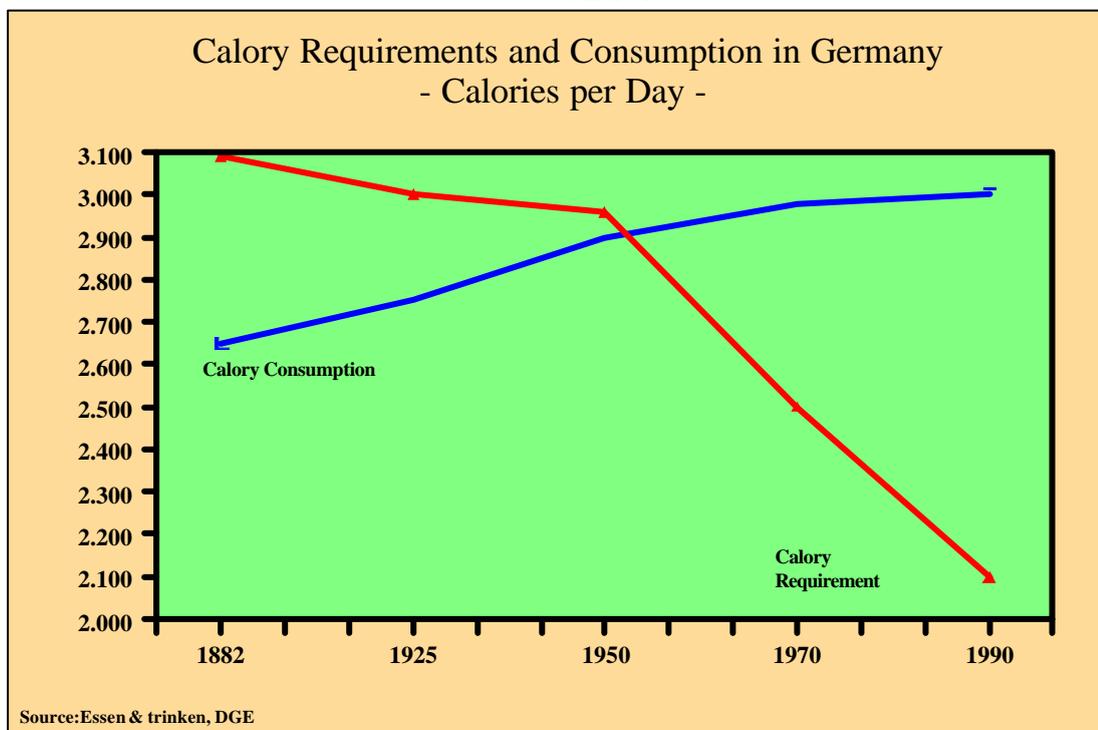
2. The decline of the meat image: possible causes

The deterioration of the meat image can be observed in Germany since the early eighties - an observation, which has been made at the same time in France, too (Combris, 1990). The possible causes have been discussed by v. Alvensleben (1995) and v. Alvensleben/Scheper (1997): The decline of the meat image seems to be a long term trend, which has been accentuated by some events, e.g. hormon scandals and especially the BSE-crisis. Summarizing the former findings the long term decline of the meat image may be due to

- saturation effects (Gossen's law, theory of the optimal stimulus level): Meat, which had been highly valued as a feast meal in former times has become an every day product and as a consequence lost appreciation and image.

- intensified variety seeking: Saturation leads to an increasing demand for product variety. The image problems of meat may be linked to a possible dropping behind of the meat industry in the competition for product innovation compared to other food industries (Schleyerbach, 1997). A similar conclusion has been drawn by Porin/Mainsant (1996) for France.

Chart 1



- increasing overnutrition (chart 1): The overnutrition of the consumers has increased in the long run and is causing strong health problems in modern societies. The decline of the meat consumption and

image may be interpreted as being a - long delayed - adaptation of the population to reasonable consumption standards which is occurring within the generational change.

- convenience disadvantages: Especially fresh meat has - compared to many other food products - disadvantages with respect to its convenience.

- halo-effects: The decline of the meat image may be exaggerated by negative halo-effects. Many consumers perceive negative properties of meat because of a negative prejudice. The negative image of meat may be partly due to perception distortions.

- critical mass media reports: It is very common to blame the mass media for the decline of the meat image. In our view mass media activities have to be considered to a certain extent as an endogenous variable of the total communication system. They are satisfying a demand of the public. For this reason critical mass media reports on meat are not only the cause but also the consequence of the deterioration of the meat image.

In general the conclusion can be drawn: The decline of the meat image is not only the cause but also the consequence of the market saturation.

3. Consequences for the meat marketing

3.1. Communication

What are the chances of improving the meat image by communication measures?

3.1.1. Communication goals

The communication policy of the German meat sector has focussed more and more on the goal "Regain confidence". We have to raise the question, whether this issue is a relevant and realistic goal:

- It may be not very relevant, because the consumer behaviour on the meat market is determined more by preference than by confidence (v. Alvensleben, 1997).

- It may be not very realistic, because the concern about food is closely related with some basic values and attitudes - a pessimistic view of life, environmental concern and scepticism against modern technologies - which hardly can be changed by communication means available for the meat sector (v. Alvensleben/Kafka, 1997).

The same applies to the goal "Improve the deteriorating meat image". If the decline of the meat image is more the consequence than the cause of the market saturation, the attempt to improve the meat image is directed to a symptom rather than to the cause of the problem.

3.1.2. Communication contents

If we want to achieve the goal "Regain confidence", we have to raise the question, whether it makes sense to address the safety aspects directly (by using slogans like "beef is safe"). The risk of

this type of communication contents is, that it may lead to reactance and more distrust, especially in the group of concerned people. Thus we may achieve the opposite of what we intended. The question is, whether indirect methods of regaining the confidence may be more successful - for example by stressing the enjoyment, fun, provenance and other aspects of meat without mentioning the safety aspects. More confidence may be achieved without talking about safety (v. Alvensleben/Kafka, 1997).

A similar problem will arise, if we try to communicate the features of quality certification systems. The establishment of quality certification systems cannot contribute very much to the improvement of the quality image, because such a system will not deal with the real causes of the deterioration of the quality image. We have to keep in mind that the consumer's perception of a quality deterioration is first of all a subjective process and not so much based on objective facts, which may be changed by certification procedures. This does not mean that quality certification systems are useless. Their main function is to rationalize the processing and distribution chain and to reduce the risk of the companies to get involved in food scandals or complaint problems with their customers. Thus, the implementation of quality certification systems has to be regarded as a necessary but not as a sufficient condition for restoring or maintaining the confidence and the quality image.

Companies supplying products with a high brand equity have established very strict quality control systems but they rarely talk about their controls. They prefer the emotional positioning as a method of differentiation from their competitors. They create sympathy for their brand and thus confidence by using emotional stimuli rather than cognitive information.

3.1.3. Communicators and communication channels

In the communication process with the consumer the selection of the appropriate communicator is often more important than the communication contents. The communication effect depends heavily on the communicator's properties, whether he is regarded as sympathetic, competent and trustworthy. Another important factor is the communication channel. A contact with the consumer via personal communication is in general more effective than a contact via mass communication, however also more expensive. For this reason the possibilities of using more personal communication instead of mass communication should be investigated.

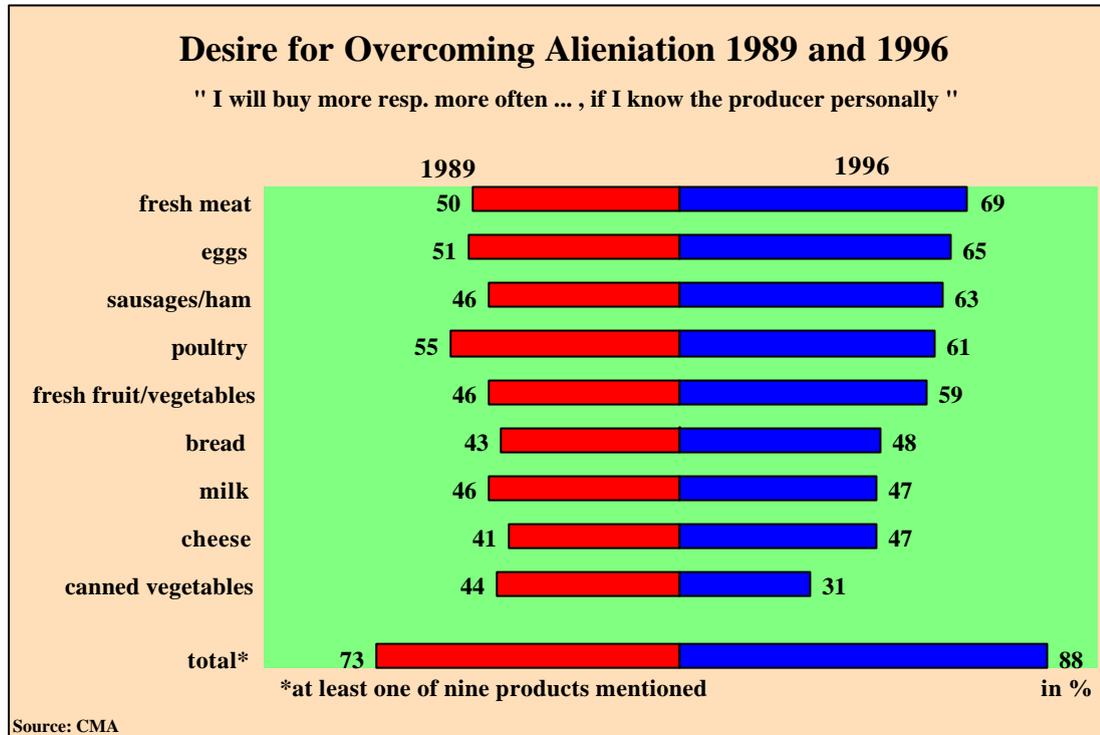
Concern about food is closely related with the alienation of the consumer towards the production and distribution of agricultural products in an industrial society. The higher the concern about food the stronger is the desire to overcome the alienation (v. Alvensleben/Kafka, 1997). The desire for overcoming alienation is increasing, especially in the case of meat (chart 2). We know, that concerned consumers buy more often

- food direct from the farmer or the (personally known) butcher
- products of their region resp. with a known provenance
- products of natural production methods (free range keeping, organic food).

In all these cases the personal communication with a trustworthy communicator is most important. More personal communication may be a measure to overcome alienation. However, this method of communicating with the consumer causes high costs per contact. For this reason personal

communication with the consumer may be a solution for only small segments of the population with a corresponding willingness to pay for the higher costs. It is not a solution for the mass markets.

Chart 2



Furthermore, personal communication with multipliers and opinion leaders in a multistage communication process seems to be a rather efficient method and should be given a high priority within the communication mix (Scheper/Bruning/v. Alvensleben, 1997).

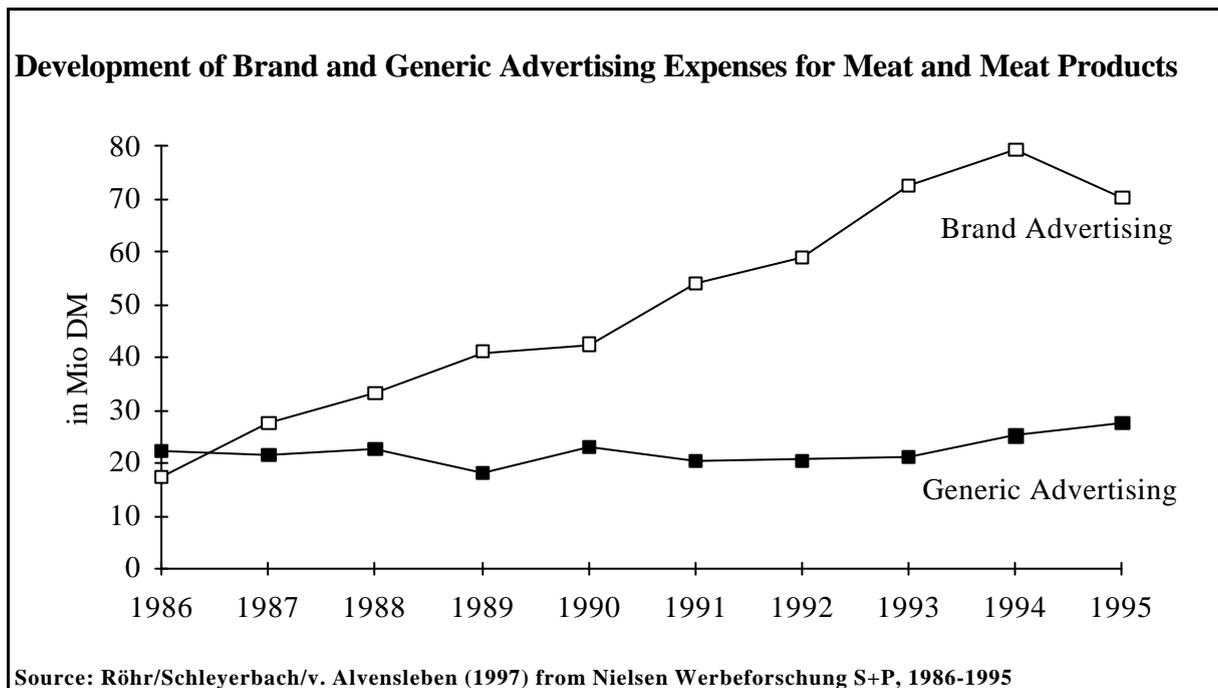
3.1.4. Generic advertising

In Germany, generic marketing activities are conducted predominantly by the CMA ("Centrale Marketing-Gesellschaft der deutschen Agrarwirtschaft mbH") as stipulated by a special law ("Absatzfondgesetz") enacted in 1969. The CMA is responsible for all agricultural products and is funded by a compulsory fee of about 0,3 percent of the sales of agriculture enforced by the law. In 1995 the CMA spent about 20 Mio DM for meat advertising. This is more than 80 % of the total expenditure for generic advertising in Germany. While brand advertising is increasing steadily the expenditures for generic advertising remained more or less constant over time (Röhr/Schleyerbach/v. Alvensleben, 1997). The share of generic advertising of the total expenditures for meat advertising has decreased from 56 % in 1986 to 28 % in 1995 (chart 3). The effectiveness of the investments in generic advertising is subject to controversial discussions. The major issues are:

- Product cannibalism: Generic advertising for single agricultural products may be little more than a "zero sum game": Since the demand for food as a whole cannot be increased substantially, successful advertising for product "A" must reduce the demand for product "B" and *vice versa*.

- Free rider problem: With increasing international integration of the markets it makes less and less sense to speak of separate German market. Hence, while the CMA's advertising may increase the demand for meat in Germany, this does not mean that it will necessarily increase the demand for German meat. The possible effects of the generic advertising may benefit not

Chart 3



only German producers but more and more foreign producers, too. They are exporting to the German market, but not contributing to the German generic advertising fund.

- Increasing importance of brand advertising: When the “Absatzfondsgesetz” was enacted in 1969, generic advertising played a major role in total food advertising. In the meantime the advertising markets are more and more dominated by brand advertising. This may lead to increasing conflicts between brand and generic advertising.

- Threshold of advertising effects: The growing competition of the advertisers for the consumer's attention may lead to an increasing threshold of advertising effects. There are more and more doubts, whether an advertising budget of 20 Mio DM spent for a wide range of meat products on a market of 80 million consumers will overcome a threshold of being effective.

- Problems of controlling the effectiveness: Up to now convincing controls of the effectiveness of generic advertising in Germany are not available.

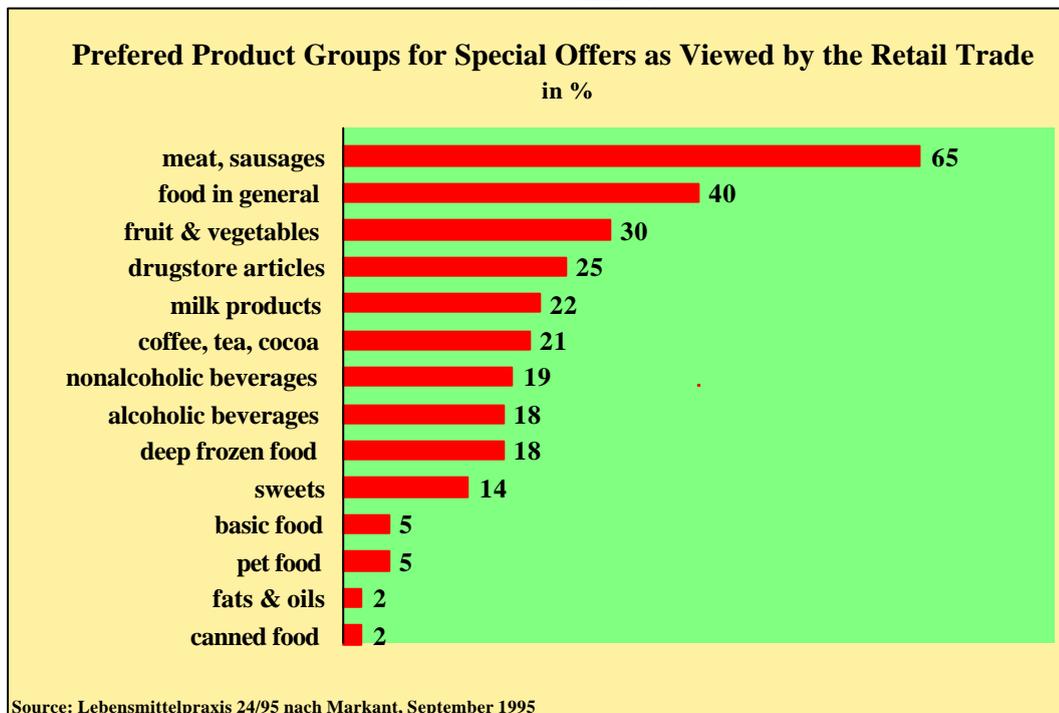
Altogether a critical appraisal of the role of generic advertising in Germany seems to be overdue (v. Alvensleben/v. Cramon-Taubadel, 1997).

3.2. Brand strategy versus low cost strategy

Meat, in particular fresh meat is more or less an exchangeable product - a situation, which is unlikely to alter in foreseeable future. The establishment of strong brands has not yet been successful, especially in the case of fresh meat (v. Alvensleben, 1996). The advertising expenses of the German meat sector are comparatively low (Röhr/Schleyerbach/v. Alvensleben, 1997):

- About 100 Mio DM/year (1995) are invested in brand and generic advertising. This is a share of only 0,3 % of the turnover.
- The total food and beverages industry is spending about 2,4 % of the turnover for advertising.
- However, companies with strong brands are investing 5 % of their turnover and more in brand advertising - twenty times as much as the meat industry.

Chart 4

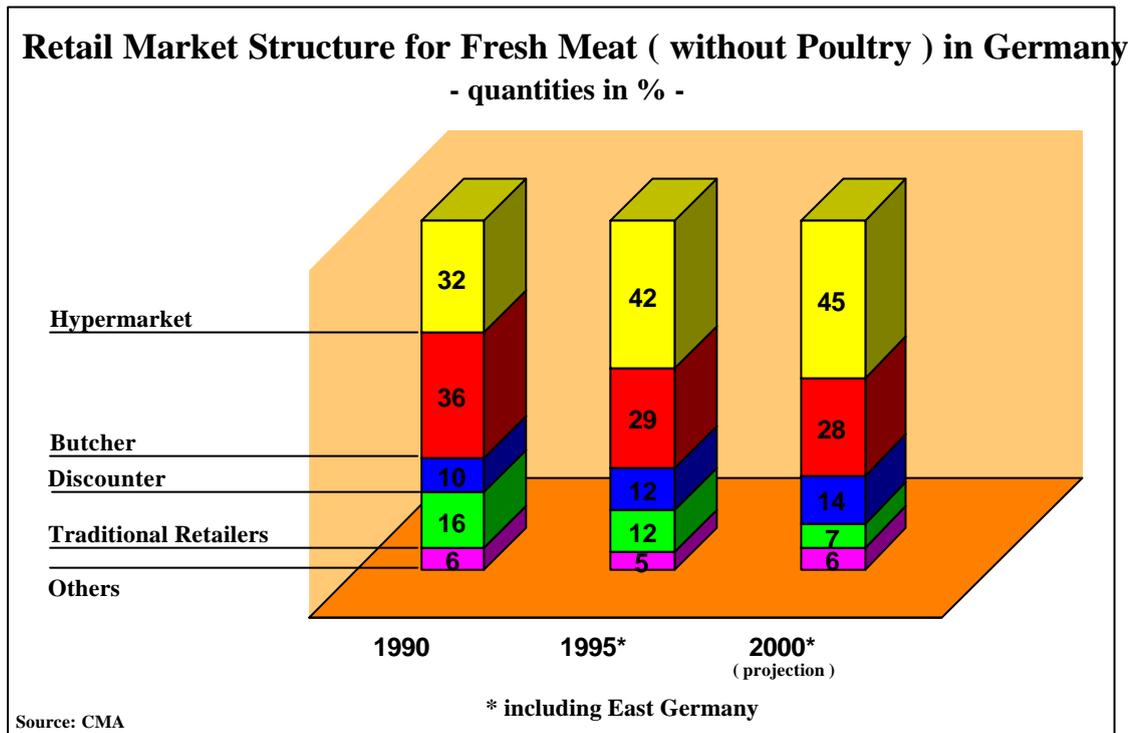


The reason for the low advertising expenditures of the meat industry are obvious: The structure of the industry consisting mainly of small to medium-sized companies and the high share of fresh products complicate to build up brands where high advertising expenditures would be profitable. The consequence is a strong price competition. Meat and sausages are the food items in the retail trade, which are used most frequently as special offers (chart 4).

The price competition will be intensified by changes in the structure of the retail trade: The share of the price-aggressive retail shops (hypermarkets, discounters) is growing steadily while the traditional retailers and even the butchers are losing (chart 5).

For these reasons the majority of the suppliers will survive in the competition only, if they follow a low-cost-strategy: They have to produce big quantities of uniform standard qualities at minimum costs.

Chart 5



3.3. Product innovation

Competitive advantages will be with suppliers, which will satisfy the major motives of food demand: convenience, health, the desire to enjoy food, to have more diversified food and food with emotional properties, etc. This is a big challenge to the product policy. The meat industry belongs to the less innovative branches of the food industry. We have analysed the product innovations of the meat sector compared to other branches of the food industry for a period of two years (5/1993-4/1995):

- In this period 184 new meat products have been recorded. This number seems to be rather high. However, in relation to the total turnover of the meat industry the figure is below average. In the total food sector 2768 new products have been introduced into the market in the observed period.
- We have checked the new products, whether they have been really innovative. In the case of meat the share of innovative products was 9 % of all new products. With this share the meat industry was ranking at the last place among seven branches, which have been investigated.
- Most of the new products can be put into the categories premium and tasty products, convenience products, fat- calory- and cholesterol-reduced food and regional specialities. These categories are certainly in the line with the major trends, however other food industries are more innovative (Schleyerbach, 1997).

A particular challenge to the meat industry is the problem, how to overcome the disadvantages with respect to the convenience of the meat products. The demand for convenience products is growing fast. The housewife is a dying profession. Thus, the ability of the consumers to prepare meat at home is more and more deteriorating. Consequently the supply of more services will be the major market growth potential of the meat sector.

4. Conclusions

Altogether the following conclusions can be drawn:

- The decline of the meat image is a long term trend accentuated by certain events such as hormon scandals and the BSE-crisis.
- The main causes are saturation effects: The decline of the meat image is not only the cause but also the consequence of the market saturation.
- Mass media activities have to be considered to a certain extent as endogeneous variables of the total communication system. Critical mass media reports on meat are not only the cause but also the consequence of the deterioration of the meat image.
- Consequently all attempts to regain confidence or to restore the meat image will meet with difficulties because they are directed to a symptom rather than to the cause of the problem.
- Quality certification systems can not contribute very much to the improvement of the quality image, because such systems do not deal with the real causes of the deterioration of the quality image. The implementation of quality certification systems has to be regarded as a necessary but not as a sufficient condition for restoring or maintaining the confidence and the quality image.
- Communication should put more emphasis on the emotional aspects of meat consumption rather than on cognitive information. A critical appraisal of the role of generic advertising seems to be overdue.
- More personal communication with the consumers may be a measure to overcome alienation and to create confidence. However, personal communication with the consumer causes high costs per contact and is for this reason a solution for only small segments of the population with a corresponding willingness to pay for the higher costs. It is not a solution for the mass markets.
- Meat, especially fresh meat is expected to remain more or less an exchangeable product which is subject to a strong price competition. The creation of strong brands has not yet been successful. For this reason the majority of suppliers will survive the competition only if they follow a low-cost-strategy: They have to produce big quantities of uniform standard qualities at minimum costs.
- Competitive advantages will be with suppliers, which will satisfy the major motives of food demand. This is a big challenge to the product policy. Up to now the meat industry belongs to the less innovative branches of the food industry.
- The supply of more services will be the major market growth potential of the meat sector.

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