SR683 Consumer perceptions of processed products in selected European markets

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Consumer perceptions of processed products in selected European markets

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This report is an output of Acrunet project Activity 5.

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1. Introduction

- This research is a broad review of consumer perceptions of brown crab processed products.
- The research is produced as a specific output of the wider Acrunet Activity 5 which seeks to understand the wider system of brown crab practices from production to consumption.

2. Rationale and requirement[1]

- Initial research conducted within Activity 5 suggested a number of macro developments affecting the industry:
    - Three countries represent the main brown crab markets on the European continent and these are stable/declining, served by an ageing, affluent consumer group
    - An emerging preference for convenience products
    - Emerging markets in far-east growing rapidly opening direct and secondary market opportunities.
- Given these developments, specific opportunities and threats arise from the dynamic between major systems (live and processed):
    - Live system;
        - Opportunity - Growing demand for very high quality live crab (China).
        - Threat – Lower volume, lower quality crab left for domestic markets.
    - Processed system;
        - Opportunity – Potential market for processed crab product (younger consumers).
        - Threat – Alternative providers of processed crab (Norwegian processors, substitute species).
- In response, Activity 5 research was to focus on investigating opportunities relating to:
    - new niche markets in existing European markets (UK, France, Ireland, Spain).
    - added value processed crab product.
    - younger consumers.

3. Aims and objectives[2]

- Added value processed brown crab is defined here as *extracted crab meat or partial shell based products (e.g. excludes whole crab). This would include dressed crab and claw only products.*
- The research objectives are to:
    - Establish consumer perceptions of added value crab products within the demographic group in all partner countries.
    - Provide guidance to subsequent research investigating market opportunities for brown crab products.

[1] Acrunet meeting (Paris) 29 June, 2013.
[2] Annex 1 Market Research Briefing – Brown Crab Products and Positioning, 10 September, 2013.

4. Approach

- The approach to this research involved the following research tasks:
    - Conduct an online omnimas consumer survey using established research providers and existing consumer surveys operating across multiple European nations.
    - Explore interest and preferences for brown crab based processed products in:
        - specific target age groups - younger consumers (18-35 years) and older consumers (35-50 years)
        - several target markets: seven European markets (18-35 years): UK, France, Spain, Italy, Ireland, Portugal, and Germany; four European markets (35-50 years): UK, France, Spain, and Italy
    - Target a sample of 1000 adults in each target country.
    - Target respondents are all to be in work, at least partly responsible for the household grocery shopping.
    - All to either consume or be open to consuming seafood.
- This research was conducted using nine standard questions and used a *Likard* type scale to explore respondent attitudes.
- The research took place in the period September – October 2013 (younger consumers) and November-December 2013 (older consumers).
- The findings were discussed and validated with industry between October 2014 and March 2015, using an industry consultation template as a guide (see Annex III).

5. Key findings for United Kingdom, France, Spain and Italy

- Underlying this analysis is an assumption that, over the long term, there may be a developmental pathway for:
    - Brown crab based products. Where products in the market move, over time, from whole animal, through minimal processing to fully processed and shell free products and ingredients.
    - Consumer taste and product preferences as they age. Different age groups face different financial, social and time pressures affecting their taste preferences and product preferences. There may be a spill over of preferences from earlier formative experiences – 'you tend to stick with what you know'.

5.1 Brown crab product market penetration and frequency

- Penetration is high for brown crab products in both age groups:
    - In home - in the younger group 11% have never tried crab products (11% in the older group).
    - Out of home - in the younger group 28% have never tried crab products (32% in the older group).
    - The younger group is more likely to eat crab 'out of home' compared to the older group. The latter are more likely to consume crab products 'in home'.
- Frequency is low for brown crab products in both age groups:
    - In home - around 46% of both age groups consume crab products less than once a quarter.

- Out of home - around 56% of both age groups consume crab products less than once a quarter.

5.2 Barriers and substitutes to brown crab products

- Barriers to eating crab vary by age group:
    - Either in home, or out of home, 'cost' is an important barrier to both age groups.
    - In home, 'preparation' is an import barrier to both age groups.
    - Out of home 'knowing whether I will like it' is a barrier for the younger group.
- Both groups share the same substitutes: prawns (in-home consumption) and lobster (out of home).

5.3 Interest in consuming brown crab products in future

- There is interest in consuming crab products in the future, but this as a niche product
    - For both age groups France, Spain, Italy & UK have the highest interest
    - However interest differs by age group, markets showing the greatest interest for the:
        - Younger group are *Italy followed by the UK.*
        - Older group are *France followed by Spain.*
- More specifically, for both age groups, products are of niche interest with average interest levels around 2.7[3]
- Interest levels in:
    - The UK are higher amongst the younger group (2.76) than the older group (2.62).
    - Italy are higher amongst the younger group (2.77) than the older group (2.72).
    - France are lower amongst the younger group (2.75) than the older group (2.86).
    - Spain are lower amongst the younger group (2.74) than the older group (2.85).
- Lowest average interest amongst the older group was the UK, the youngest group was Spain.

5.4 Brown crab products of interest

- For both age groups, products that received the greatest interest levels were *crab meat as part of a meal or starter.*
- However, this interest level varies by country and age group, products of interest in:
    - The UK: younger group (crab meat as part of a seafood meal, 2.98), older group (crab meat as part of a seafood starter, 2.86).
    - France: younger group (crab meat as part of a seafood starter, 3.08), older group (crab meat as part of a seafood starter, 3.31).
    - Spain: younger group (crab meat as part of a seafood starter, 2.97), older group (crab meat as part of a seafood starter, 3.11).
    - Italy: younger group (crab meat as part of a seafood starter, 3.18), older group (crab meat as part of a seafood starter, 3.21).
- Across all markets both age groups showed least interest in whole live crab.

[3] on a scale of 1-4 (where 1 is not interested, 4 is very interested)

6. Conclusions and recommendations[4]

- In conclusion, the findings:
    - Confirm there are two discrete pathways: *live, whole animals* and *processed, shell-free products.*
    - Indicate, in terms of the balance of interest between processed and non-processed product, across the four markets, a greater interest in processed products across both age groups.
    - Highlight similarities in tastes and preferences between age groups:
        - interest in processed product, high penetration, low frequency, similar competitive substitutes, cost barriers, and preparation barriers in the home.
        - high interest levels for *crab meat as part of a meal or starter* suggests a clear role for crab from a consumer perspective. Consumers, regardless of country, are seeking products that are easy to use (and prepare) and are shell free. As seen in many other seafood categories, consumers are seeking products where the supply chain has 'disconnected' the meat from the animal.
        - Increasing frequency of consumption amongst those who currently buy crab is potentially an easier market expansion strategy.
    - Reveal clear differences in tastes and preferences between age groups:
        - Younger groups show greater interest in the UK and Italy, are more likely to eat crab out of home, but impeded by a concern over 'whether they would like it'.
        - It is clear that there remain differences across age groups and markets in their interest and desire levels for crab based products. Some of this will be related to the historic role of crab in each market.
    - Do not confirm whether the younger group is more oriented towards processed products than the older group.
- Reflecting on the above results, feedback from industry in the UK, France and Spain highlighted agreement that there were:
    - Market opportunities for processed products.
    - Specific opportunities for industry in the UK (opportunities lay in wholesale/food service outlets on European markets), in France (opportunities lay in retail/food service in Eastern France), and in Spain (retail/food service in Spanish regions).
- On the basis of the above conclusions, industry recommended that further research and industry engagement should focus on:
    - Market opportunities in retail/wholesale/food service.
    - Key regions in France and Spain.
    - Identifying, targeting and engaging key outlets.

[4] Acrunet meeting (Edinburgh) 12 March, 2014.

ANNEX I

(MARKET RESEARCH BRIEFING – BROWN CRAB PRODUCTS AND POSITIONING)

DRAFT

Market Research Briefing

Brown Crab Products and Positioning

10 September 2013

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1 Background

Seafish is a UK NDPB established by the Fisheries Act 1981. The organisation is sponsored by Defra, the Scottish Government Marine Directorate, the Welsh Assembly Government and Department of Agricultural and Rural Development, Northern Ireland. Seafish is funded by levy paid on all seafood landed or imported into the UK (excluding salmon and canned product). Our work cuts across all segments of the seafood value chain – from catching and farming; through primary and secondary processing, importing and distributing through to retail and foodservice operators. Seafish are currently working to a Corporate Plan which received Ministerial endorsement in March 2013 with key activities determined by three industry Sector Panels. More information is available on our web site www.seafish.org

Brown crab sector and situation analysis (to be completed)

- The live brown crab trade is showing growth in emerging SE Asian markets but stagnation in existing European markets
- The added value processed brown crab trade appears to be showing growth in European markets. This is particularly so in the UK, but also in some continental markets.
- Added value processed brown crab is defined here as *extracted crab meat or partial shell based products (e.g. excludes whole crab). This would include dressed crab and claw only products.*
- The existing markets for brown crab in Europe are generally held by an older demographic group.
- There appears to be potential growth in added value processing amongst a younger demographic group.
- This younger demographic group is defined as *individuals under 35 years, earning a wage, living independently in their own home, and purchasing their own food*.

2 Proposed Composition

To fully understand younger consumers' perceptions and attitudes to brown crab and brown crab added value products, the research will involve three market research activities focussed on:

A. Consumer perceptions (Quantitative research)
B. Trade attitudes (Qualitative research – optional)
C. Consumer usage and occasions (Qualitative research – online methodology)

A. Consumer perceptions (Quantitative research)

Objective: 1. Establish consumer perceptions of added value crab products within the demographic group in all partner countries

2. Provide guidance to conducting Task B (establishing consumer usage and occasions)

Online omnimas research, using established research providers and existing consumer surveys[5], provides us with the opportunity to run across multiple European nations.

- Sample of 1000 adults under 35 years, in each partner country plus Germany and Italy
- All to be seafood consumers and not rejectors

To establish perceptions relating to 5 questions from the following list (must be equally relevant to retail and food service):

- Do you currently buy, or consume, any crab products?
- What type of products?
- Where do you buy these products?
- How do you use these products?
- Do you think they are good value?
- If you didn't buy these products, why didn't you?
- If you didn't buy these products, what would you buy?
- How frequently might you purchase crab products (with frequency table)
- Most relevant factors when purchasing (e.g. price, packaging, visual product, recipe suggestion, health)
- Suggestions for new types of processed products (providing example choices; pasta, salads, sushi, soups, sandwiches etc.)

(Note, current costs for sample size of 2000 UK adults are £250 (Euros290) per question)

[5] For example IPSOs/MORI or YouGov (http://research.yougov.co.uk/services/international-omnibus/)

B. Trade engagement research

Objective: 1. Communicate findings from Task A and establish attitudes and barriers towards brown crab and added value brown crab products in particular

To undertake telephone interviews with a range of seafood buyers and seafood category marketing managers in selected retail and foodservice suppliers across all 5 partner countries. Industry to provide a range of contacts including phone numbers to allow this research to take place quickly.

Interviews to communicate findings from Task A, and explore attitudes and barriers through the following key questions:

- Engagement and level of interest with the subcategory
- Continuity, product availability and pricing issues
- Interaction with other crab or shellfish products – do they view them separately or as one category
- Competitive set (if you didn't sell brown crab what would you sell instead?) and relative pricing
- Consumer demand (including promotions and seasonality)
- Sustainability and traceability
- How are these changing and how do you foresee them changing in the future?
- Desire to see new products and or renewed focus on the subcategory

Retail	Foodservice suppliers	Foodservice operators (used by young consumers)
For example in the UK…	*For example in the UK…*	*For example in the UK…*
Tesco	Brake Brothers	Hotel chain (Hilton)
Asda	Direct Seafood	Pub chain (Whitbread)
Sainsburys		Contract caterer (Compass)
Morrisons		
Waitrose		
M&S		

C. Consumer usage and occasions – online methodology:

Objective: 1. Establish usage and attitudes to added value brown crab products within the demographic group in selected partner countries

Usage and attitudes to be established via an online longitudinal study (across a 4 week period) using 12 'bloggers' split into 3 subgroups:

- Foodies (including crab rejecters)
- Under 35 years
- Trainee Chefs (to include trainee retail buyers depending on feasibility)

Selected partner countries will be identified on the basis of successful industry engagement in Task B. Key questions to be answered through a range of tasks concerning the following areas of interest:

- How is crab currently presented/purchased/consumed?
- Where is it expected in store?
- What are the key usage occasions?
- What are the potential occasions?
- How is the product used currently? How could it be used in the future?
- What are the accompaniments and potential category partners?
- What are the barriers to consumption, and increasing consumption?
- Are there any price barriers?
- What is the competitive set? What product would be purchased if brown crab were unavailable?
- What is the price and value for money positioning (current and potential)?
- How can the taste and flavour of crab be described in everyday words?
- What is the awareness of, and motivations concerning, potential health benefits, health/safety risks, sustainability?

As this is a higher risk methodology, these risks must be actively mitigated. Risks include being able to deliver processed crab to bloggers that may not have local brown crab suppliers.

3 Timetable

Work stage	**Tasks**		**Schedule (week/beginning)**		
			1st iteration	**2nd iteration**	**3rd iteration**
Preparation	1.	Distribution of briefing document	29th Jul 2013		
	2.	Quotation requirements set	5th Aug 2013		
	3.	Quotation returns	12th Aug 2013		
Research design	4.	Recruitment commences	26th Aug 2013		11th Nov 2013
	5.	Research design	20th Sept 2013	10th Oct 2013	11th Nov 2013
Fieldwork	6.	A. Quantitative research fieldwork	23rd Sept 2013		
	7.	B. Trade research fieldwork		1st Nov 2013	
	8.	C. Online methodology fieldwork live			11th Nov 2013
	9.	C. Online methodology fieldwork closes			16th Dec 2013
Reporting	10	Quantitative research debrief	3rd Oct 2013		
	11.	Trade and quantitative debrief		11th Dec 2013	
	12.	Online methodology debrief			6th Jan 2014
	13.	Final report	9th Oct 2013	11th Dec 2013	20th Jan 2014

4 Costs (Euros)

COST PROFILE	ONE COUNTRY		TOTAL	
TASK	Costs (excl VAT)	Costs (incl VAT)	Costs (excl VAT)	Costs (incl VAT)
A. Consumer perceptions (Quantitative research)	**3,530**	**4,236**	**24,708**	**29,650**
5 questions @ Euros 706 per question in sample size of 2000 in 8 countries*	3,530	4,236	24,708	29,650
B. Trade engagement (Qualitative research) - part of wider Activity 5 action	**4,640**	**5,568**	**23,200**	**27,840**
Trade depth interviews in 5 countries**	4,640	5,568	23,200	27,840
C. Consumer usage and occasions (Qualitative research)	**19,210**	**23,052**	**57,629**	**69,155**
Blogging forum for 12 bloggers across 4 weeks in 2 countries***	12,110	14,532	36,331	43,597
Intensive workshop	5,011	6,013	15,034	18,040
Travel and subs	2,088	2,506	6,264	7,517
TOTAL	**27,379**	**32,855**	**105,537**	**126,644**

Note: For Task A, current costs for sample size of 2000 UK adults are Euros 706 per question

*8 Countries would be UK, Ireland, France, Spain, Portugal, Italy, Germany, Switzerland

**5 Countries would be all partner countries, UK, Ireland, France, Spain, Portugal

***2 Countries would be decided after stages A and B, based on results from those stages

BUDGET	TOTAL
UK	51,000
Ireland	20,000
France	10,000
Spain	15,000
Portugal	-
TOTAL	**96,000**

A total budget of no more than Euros 96, 000 is available for this project (Tasks A and C). In the first instance we would ask the tenderer(s) to give an indication of budgetary spend necessary to meet the requirements.

5. Delivery

Task A research will be managed by the UK partner across all European contexts. Task B will be undertaken by each partner on a country-by-country basis. The delivery of Task C will be informed by the delivery of Tasks A and B.

6. Comparative methodologies

This project could be conducted using a traditional qual/quant methodology. However, due to the relatively low engagement with the product and the difficulties recruiting young people into meaningful focus groups, this methodology is not recommended. In addition, the project objectives are to find a means by which we can engage with this younger target market and therefore a longitudinal study is recommended. It is also believed to be a more cost effective means of delivering a bank of actionable insights for the project. However, if the tendering organisation has an alternative methodology that can fit the requirements we will consider this.

ANNEX II (OMNIMAS RESEARCH RESULTS)

ANNEX III

(INDUSTRY CONSULTATION RESEARCH TEMPLATE)

Activity 5 – Industry consultation research template

This template is structured in three sections: presentation, interpretation, direction.

1. Presentation

Objective: Present key findings from under-35 & under-50 research (likely some overlap)
To include:

- Research purpose:
    - *there appears to be potential growth in added value processing amongst a younger demographic group*
    - ***Objective:** to fully understand younger consumers' perceptions and attitudes to brown crab and brown crab added value products.*
    - *establish consumer perceptions of added value crab products within the demographic group in all partner countries*
    - *provide guidance to conducting further research (establishing consumer usage and occasions)*.
- Overall headline results (four main countries – Italy, UK, France, Spain)
- Overall penetration – crab based product mix eaten in home, out of home
- Overall frequency – crab based product mix eaten in home, out of home
- Overall interest level in crab based product
- Identifiable differences in the above by specific age groups/life stage (particularly the interest level).

2. Interpretation

Objective: to identify underlying drivers and agree the substance of the 'processed crab' opportunity in the four main countries
To include following prompts:

- What is driving the interest of younger consumers in the consumption of various brown crab products (both in home, and out of home)?
- Is the 'processed crab' opportunity sufficiently attractive to explore further?
- What do you feel are the specific opportunities and challenges, in:
    - Retail, e.g. volume requirements?
    - Foodservice, e.g. understanding competitive products, menu gaps, and menu development?
    - Export markets, e.g. Market identification, engaging key customers, arranging logistics, etc?
- What should be the specific focus of the market research (Tasks B and C) - UK retail? Foodservice? Export markets?

3. Direction

Objective: Secure agreement on interpretation and next steps
To direct: How attractive the 'processed' opportunity is. Where next (how do we use research to date, where do we conduct further work).

NOTE: There are at least three scenarios to the direction, there is:

a. a definite opportunity - progress to tasks B and C
b. a vague opportunity (very niche) - identify the focus of the opportunity and the stakeholder
c. no opportunity - review use of Task A results, need for tasks B and C, and use of remaining resource.