Superb and Marketable Meat from Efficient and Robust Animals

Markedsdrevet, højværdi økologisk kødproduktion med robust dyr

Report: Summary of GfK Panel Data Analysis

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Contents:

List of figures and tables:

GENERAL CONSIDERATIONS

This short report represents a summary of the analysis conducted so far on the GfK Panel Data. The focus was on the main three types of raw meat: chicken, pork, beef, as well as three categories of processed food products: liver paste, cold cuts and sausages. The aim was to look at the market indicators for each one of the six sub-categories, out of which market share and penetration were considered to be the most important. Besides these two indicators, I also included some extra calculations for each category, which can be analysed further and more in-depth if needed.

One of the desired outcomes of the analyses was to identify companies and brands that were successful in each sub-category. Unfortunately, due to the generally low market shares of the organic products, the number of options was limited. Beef and pork were two categories where no brands were registered in the original product and sales Files. In the chicken category there was only one brand registered between 2006 and 2010, however, the market shares were extremely low for this category. There were only one or two households buying organic chicken products. The processed meat sub-categories both had a few companies registered. However, the diversity isn't large. Still, it is good to notice that in the three sub-categories there were two companies that were most present: Farre Food and Hanegal.

Market shares were generally low for all six sub-categories. Organic beef, pork and liver paste were the only categories to reach market shares of over 1%, while organic chicken had the lowest market shares of all. The trends were generally fluctuating over time. The highest market shares for liver paste, pork, chicken and beef were registered in 2007. All these four categories had much lower market shares in 2009, but it is interesting to notice that in the same year, organic cold cuts and sausages registered the highest market shares. Except for chicken, all market shares dropped in 2010 compared to 2009.

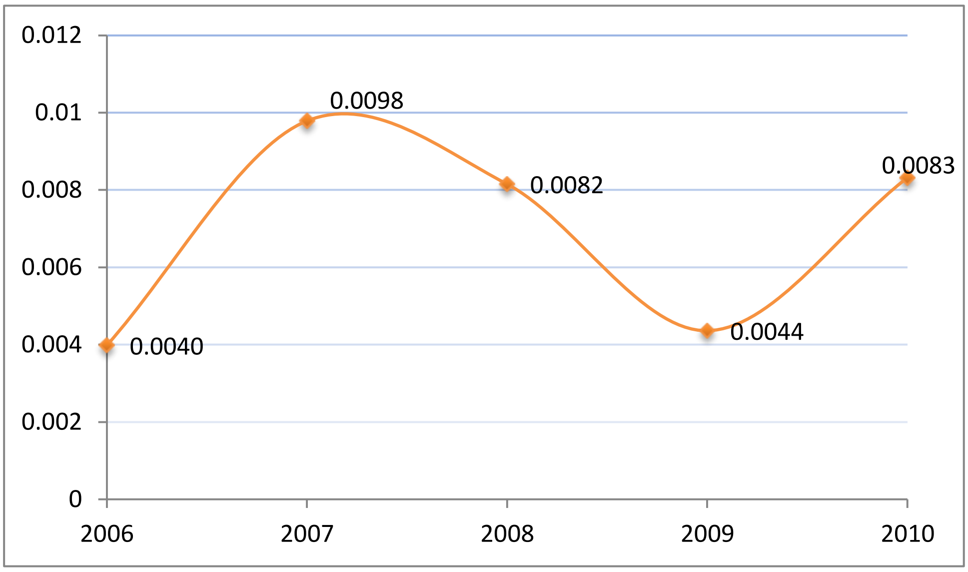
Penetration levels had a clear descending trend for organic beef and liver paste, whereas for the other subcategories the levels fluctuated. Organic chicken and sausage generally had an ascending trend, while organic pork and cold cuts usually had descending trends in penetration levels. The highest penetration rates were registered in 2006 for liver paste, beef and cold cuts and in 2008 for sausages, chicken and pork. Out of all the six sub-categories that were analysed, organic beef has had the highest market shares and highest penetration rates, even though the figures were lower and lower every year.

Regarding the average price paid/100 gr of meat products, we notice that in the organic category there is more fluctuation than in the conventional category, meaning that the price of organic products varies more between years. According to the analysis, the price difference between the organic and the conventional options in a sub-category is clearly notices in the processed meat category, but it is not as well defined for chicken, pork and beef.

There are some limitations regarding the analysis of the panel data. On the one hand, these are due to the fact that there are some incompatibilities between the product file and the sales file regarding the identification of products as being organic or not. On the other hand, some of the products were registered as “unknown”, meaning that they are neither analysed as being organic, nor as being conventional, but as being a separate category. It is considered however that due to the fact that the results of the analysis are so small, the correction of these errors would not change the numbers significantly.

CHICKEN

Figure 1. Market share (by volume) organic chicken (%)



- Organic chicken has the lowest market shares out of all the meat categories that have been analysed – less than 1% each year. Penetration levels are also low – less than 0,1%. These results reflect the fact that there were only one or two households/year buying organic chicken from 2006 to 2010 (average number of households registered during the five years of analysis is 2359) (Figure 1; Figure 2).

Figure 2. Penetration organic chicken (%)

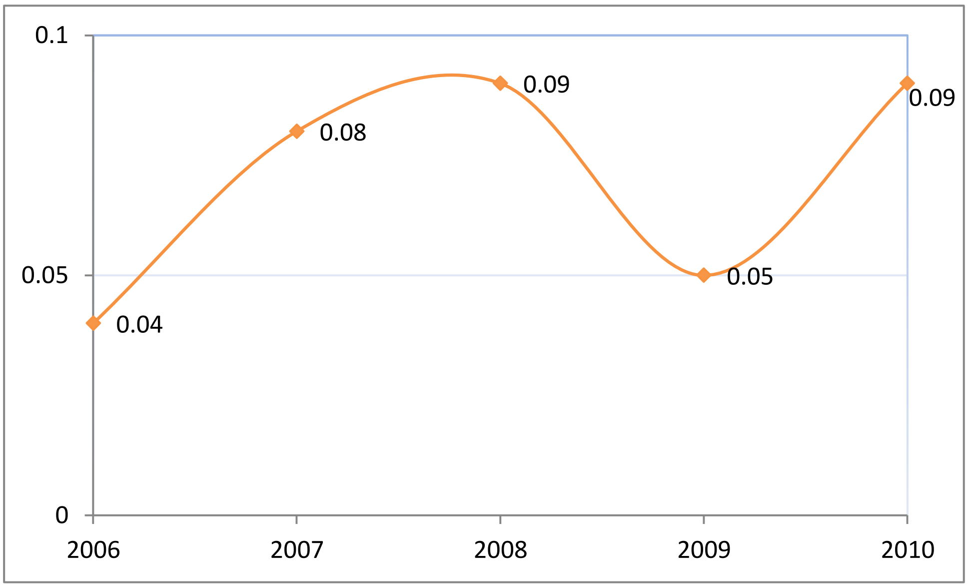
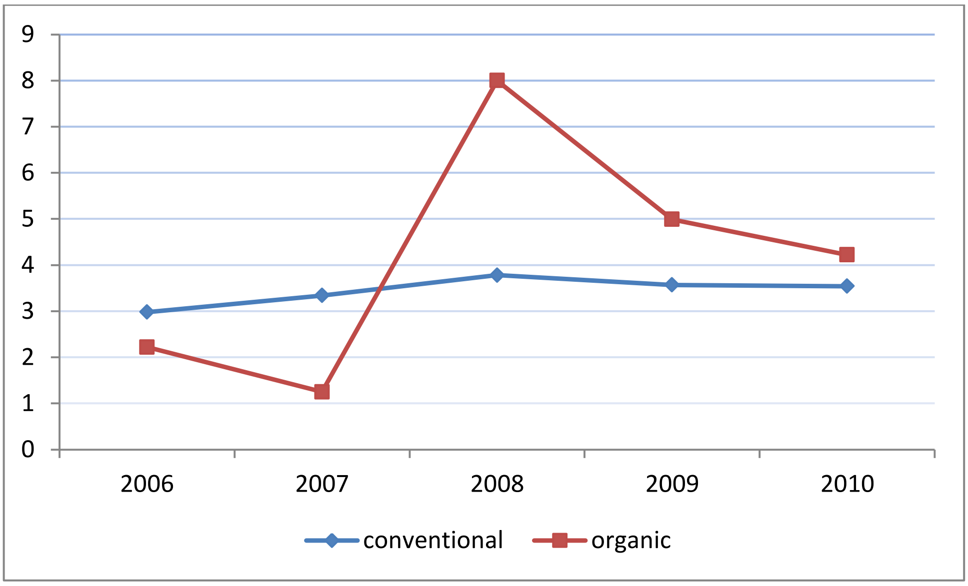


Table 1. Performance measures organic chicken

	2006	2007	2008	2009	2010
Category purchase volume (gr)[1]	900	1000	650	700	650
Category purchase frequency[2]	1	1	1	1	1
Category purchase rate[3]	1	1	1	1	1
Average expenditure (DKK)[4]	20	12,5	52	35	27,5
Average price paid/100 gr	2,22	1,25	8	4,99	4,22

Figure 3. Average price paid / 100 gr chicken

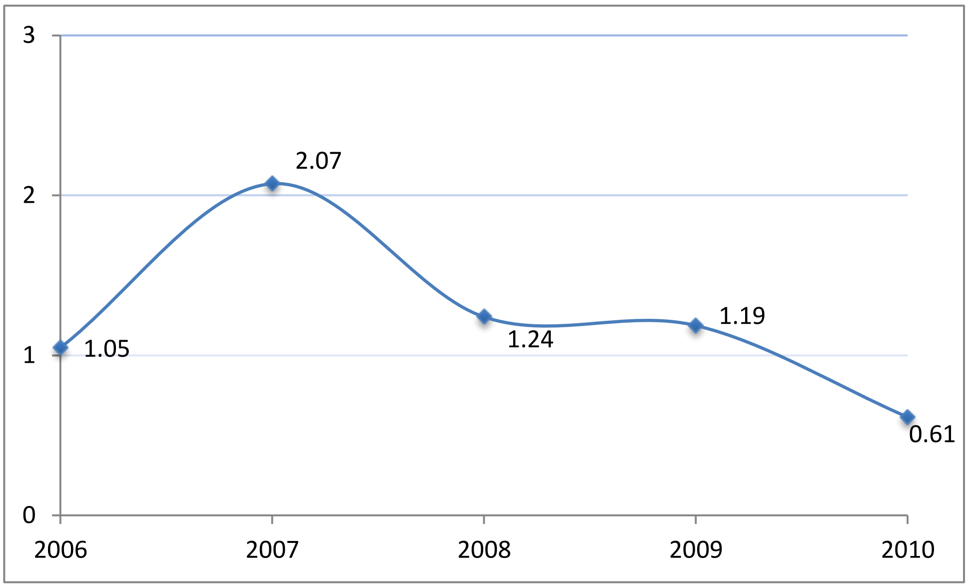


- The average price paid for 100 gr. of organic chicken varied between 2006 and 2010, whereas the price for conventional chicken has been more stable. It is interesting to notice that in 2006 and 2007 the average price was lower for organic than for conventional chicken. It might be possible that the organic products were bought at a discounted price (this is an assumption, as this is not mentioned in the panel data) (Figure 3).
- Except for the year 2008, the difference in price between organic and conventional is not high. The average price of organic has decreased since 2008, reaching a similar level to the one of conventional chicken. These measurements might be affected by the fact that the average price for the organic option is reflects either one product or the average price of two products for certain years, whereas the average price for conventional chicken takes into consideration tens of thousands of records (Figure 3).
- The organic products that have been bought between 2006 and 2010 all belong to the brand Danpo, so there cannot be any kind of brand/company comparison for the chicken category. All the indicators reflect sales values corresponding to Danpo.

[1] Average volume bought/household.
[2] Average number of packages bought/household.
[3] Average number of packages bought/shopping session.
[4] Average amount of money spent/household.

PORK

Figure 4. Market share (by volume) organic pork (%)



- The market shares for organic pork varied between 0,61% and 2,07%. The lowest level was registered in 2010, representing the fourth consecutive year of decline, accounting for a 70% drop from the highest market share, which was registered in 2007 (Figure 4).
- Penetration levels have also been declining, but unlike market shares, the decline started in 2008 instead of 2007 (Figure 5).

Figure 5. Penetration organic pork (%)

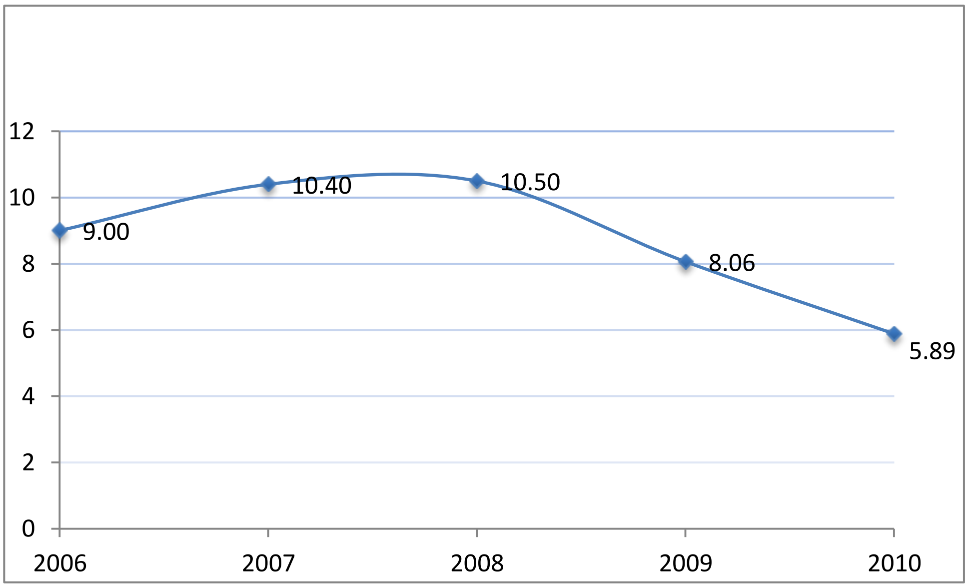
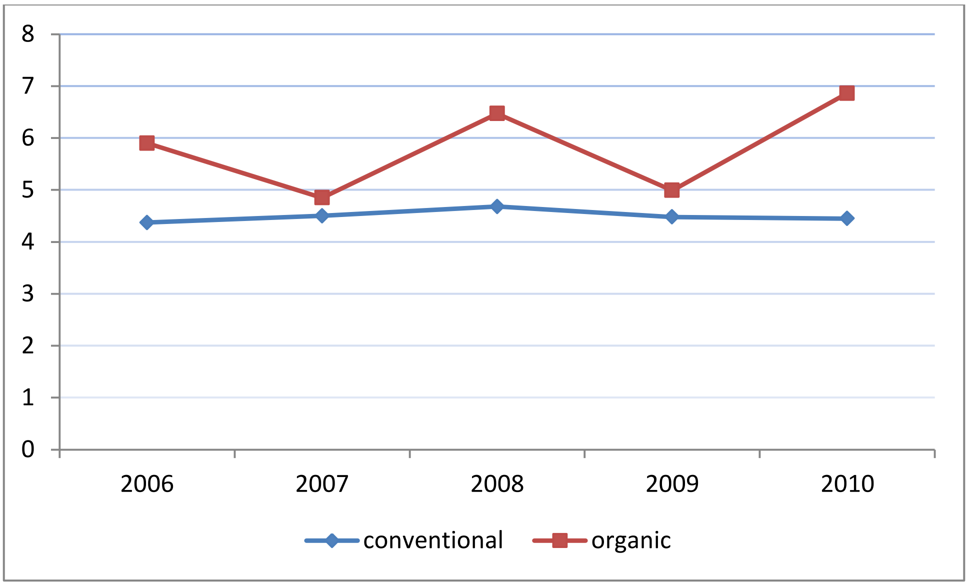


Table 2. Performance measures organic pork

	2006	2007	2008	2009	2010
Category purchase volume (gr)	2062	3466	1980	2448	1474
Category purchase frequency	2,71	2,88	2,85	2,47	2,33
Category purchase rate	1,17	1,21	1,15	1,28	1,21
Average expenditure (DKK)	121,64	168,11	128,12	122,21	101,17
Average price paid/100 gr	5,9	4,85	6,47	4,99	6,86

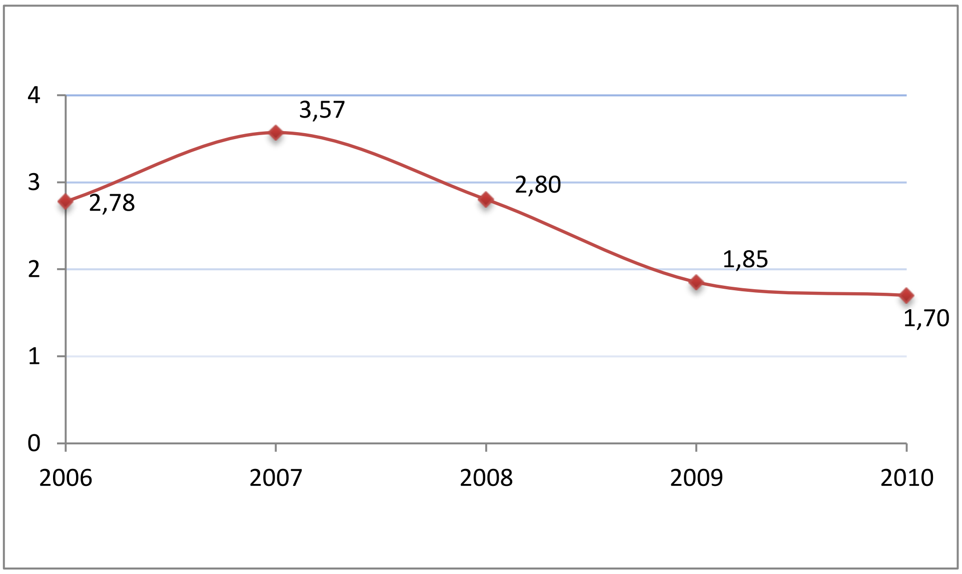
Figure 6. Average price paid / 100 gr pork



- The average price paid/100 gr. organic pork fluctuated, whereas the same indicator is more stable in the case of conventional pork. The graphic representation of the average prices shows that in 2009 the price for organic and conventional pork were almost the same, but in 2010 the average price that the households paid for 100 gr of organic pork was approximately 50% higher than the price for conventional pork (Figure 6).
- The pork category lacks any kind of brand information in the sales and product files. The only identification of the products is the EAN code. Thus, an analysis of brand performance measures cannot be made.

BEEF

Figure 7. Market share (by volume) organic beef (%)



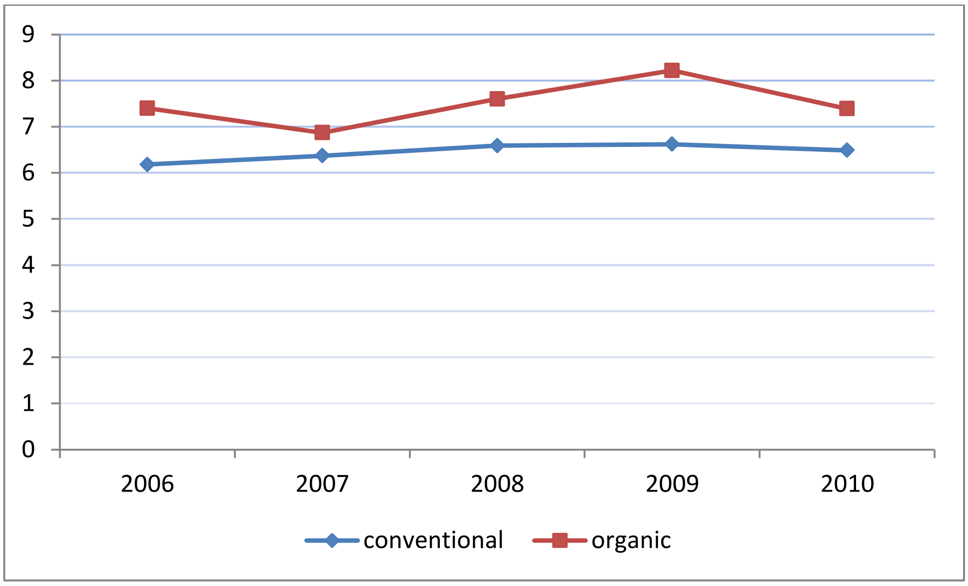
- Both market shares and penetration levels have generally been decreasing between 2006 and 2010. Organic beef reached a market share of 3,57% in 2007, which is the highest market share recorded in the meat category in the analysed years. However, by 2010 the market share decreased by approximately 52% compared to 2007 (Figure 7, Figure 8).

Figure 8. Penetration organic beef (%)

Table 3. Performance measures organic beef

	2006	2007	2008	2009	2010
Category purchase volume (gr)	2150	3088	2326	1915	1823
Category purchase frequency	3,69	4,14	3,68	3,26	3,55
Category purchase rate	1,3	1,34	1,3	1,28	1,42
Average expenditure (DKK)	159,06	212,07	176,85	157,37	134,71
Average price paid/100 gr	7,4	6,87	7,6	8,22	7,39

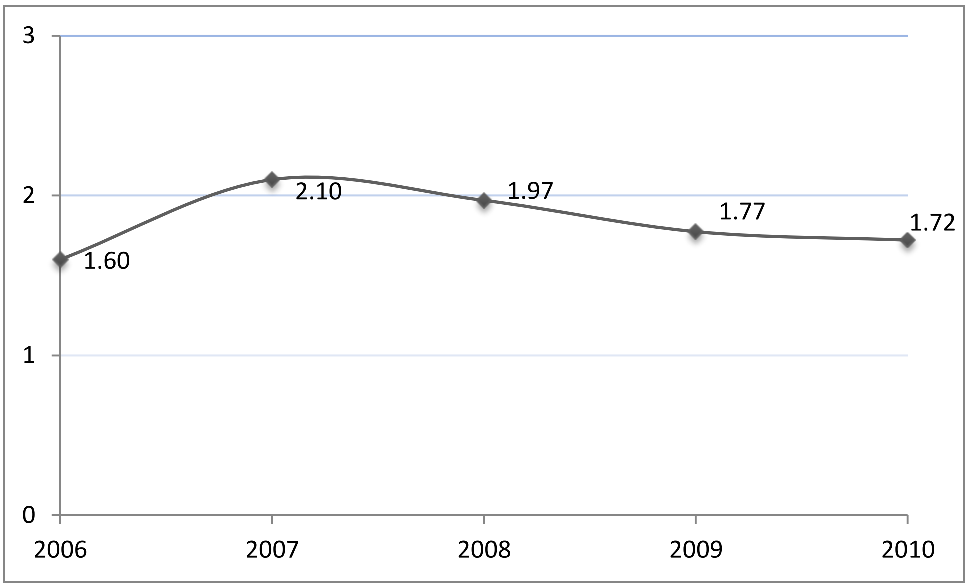
Figure 9. Average price paid / 100 gr beef



- Similar to the chicken and pork categories, conventional beef had a more stable price over the years. The average price paid for organic beef has also fluctuated, but not as much as in the case of pork and chicken. Like in the case of chicken, the price for organic beef has declined in 2010 compared to 2009 (this did not happen in the organic pork category though, where the average price increased). The price difference between organic and conventional beef has not been very big over the five years (Figure 9).
- Like in the case of the pork category, beef products lack any kind of brand information in the sales and product files. The only identification of the products is the EAN code. Thus, an analysis of brand performance measures cannot be made.

LIVER PASTE

Figure 10. Market share (by volume) organic liver paste (%)



- The market share for organic liver paste had an almost linear evolution between 2006 and 2010, but it has been decreasing after 2007. Also, the market share for organic liver paste has been quite high compared to other products in the meat category : maximum 2,1% in 2007 (Figure 10).
- Penetration rates have been decreasing by approximately 0,3% each year (Figure 11).

Figure 11. Penetration organic liver paste (%)

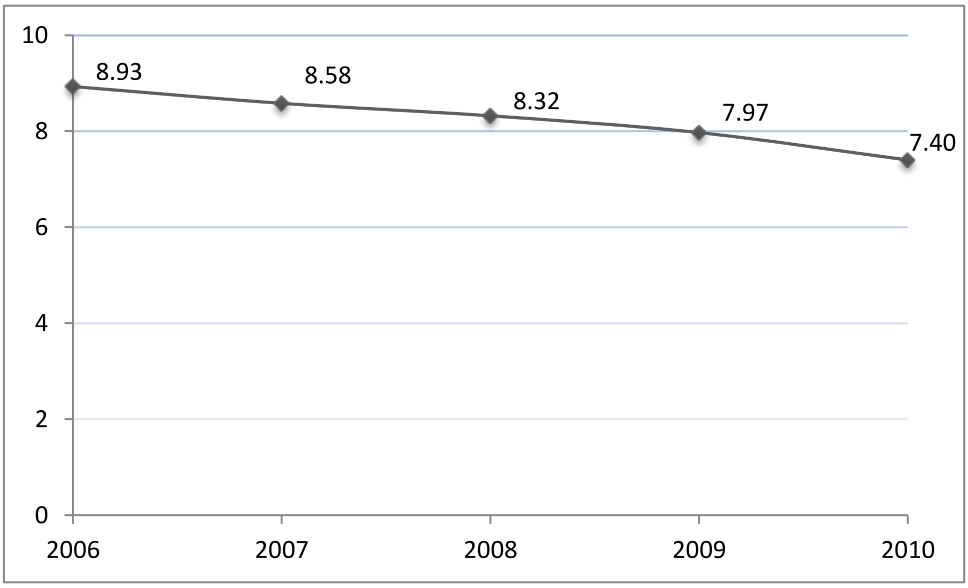
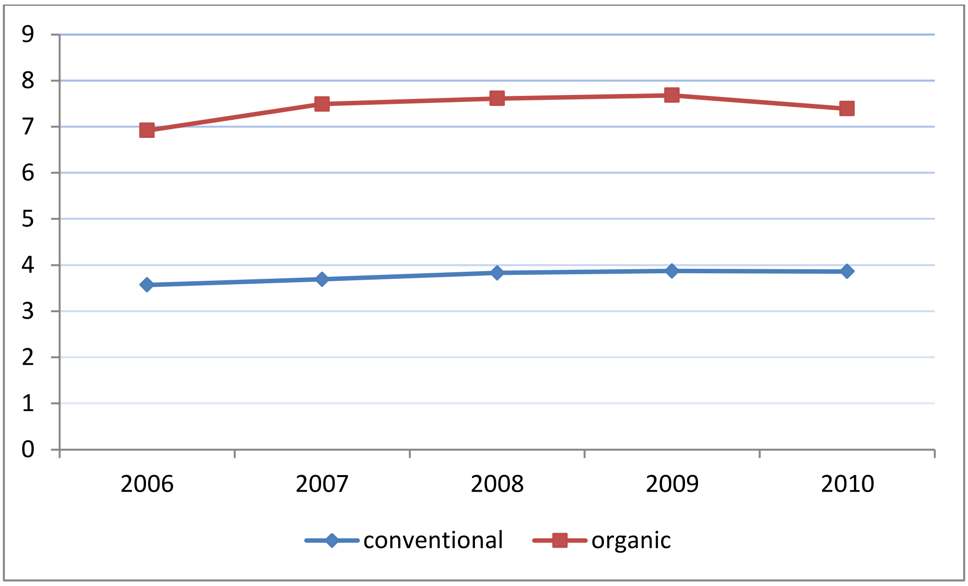


Table 4. Performance measures organic liver paste

	2006	2007	2008	2009	2010
Category purchase volume (gr)	715	932	878	844	739
Category purchase frequency	3,27	4,26	4,03	4,01	3,48
Category purchase rate	1,1	1,1	1,07	1,07	1,03
Average expenditure (DKK)	50	69,83	66,9	64,8	54,6
Average price paid/100 gr	6,92	7,49	7,61	7,68	7,39

Figure 12. Average price paid / 100 gr liver paste



- The average price paid for 100 gr of liver paste was relatively steady for both conventional and organic products. However, unlike in the case of chicken, pork and beef, a clear difference can be seen between the organic and conventional categories – the average price for organic is generally two times higher than the price of conventional liver paste (Figure 12).

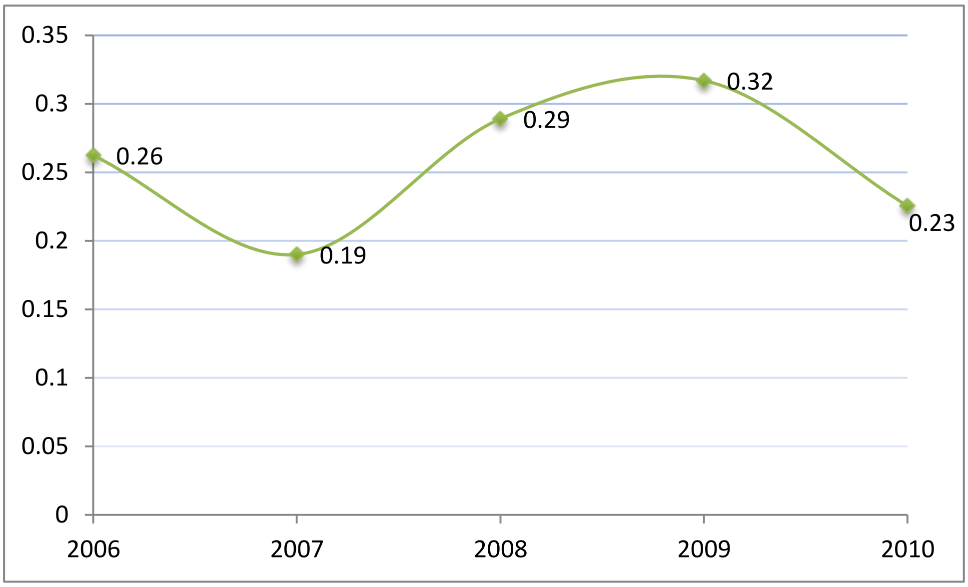
Table 5. Company indicators - organic liver paste

	COMPANY NAME	2006	2007	2008	2009	2010
Market share (Ø)	**Farre Food**	**0,5**	**0,53**	**0,46**	**0,48**	**0,65**
	Hanegal	**0,5**	**0,47**	**0,54**	**0,52**	**0,29**
	Coop	-	-	-	-	**0,05**
	Aldi	-	-	-	-	**0,02**
Average price paid/ 100 gr.	**Farre Food**	**6,44**	**7,17**	**7,61**	**7,33**	**7,1**
	Hanegal	**7,39**	**7,84**	**7,62**	**8,01**	**8,05**
	Coop	-	-	-	-	**7,52**
	Aldi	-	-	-	-	**7,48**

- As shown in Table 5, there were four different companies producing the organic liver paste that the households bought. Out of these four, only two of them (Farre Food and Hanegal) registered sales in all five years, whereas the other two (Coop and Aldi) registered few sales only in 2010.
- The market shares in the organic liver paste category were more or less equal between 2006 and 2009. Farre Food and Hanegal both had approximately 50% market share. The leading position was not constant over the five years, shifting between the two companies.
- However, in 2010 Farre Food registered 65% market share, being the leader, while Hanegal's market share dropped by 23%. Even though two other companies "entered the market", their market shares were significantly lower (5% and 2%).
- The company Farre Food sold products under three different labels: Farre, Rossini and Virkelyst. Hanegal is both the name of the company and the brand.
- Coop and Aldi sold organic liver paste under private label.

SAUSAGE

Figure 13. Market share (by volume) organic sausage (%)



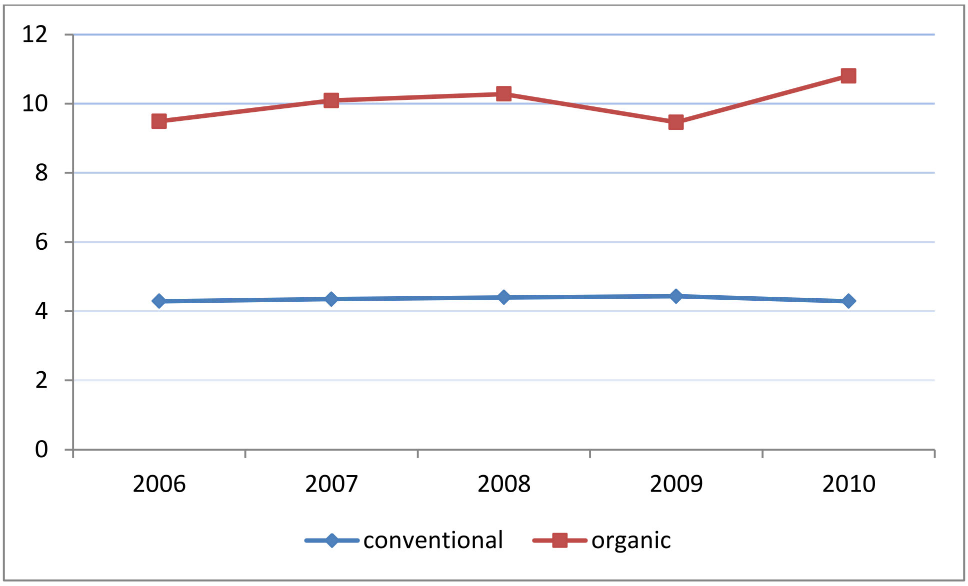
- The market shares for organic sausage were low between 2006 and 2010. The highest value was registered in 2009 (0,32%). Unlike other categories, the market shares for organic sausage have been growing from 2007 to 2009, but then in 2010 there was a decrease of 0,09% compared to 2009 (Figure 13).
- Penetration levels have usually been on the rise, except for the decrease that happened in 2009 compared to 2008 (Figure 14).

Figure 14. Penetration organic sausage (%)

Table 6. Performance measures organic sausage

	2006	2007	2008	2009	2010
Category purchase volume (gr)	1069	750	855	1030	635
Category purchase frequency	3,57	2,59	2,9	3,8	2,4
Category purchase rate	1,4	1,35	1,33	1,9	1,5
Average expenditure (DKK)	101,43	75,7	87,91	97,5	68,6
Average price paid/100 gr	9,49	10,09	10,28	9,46	10,8

Figure 15. Average price paid / 100 gr sausage



- Like in the case of liverpaste, a clear difference can be noticed between the average price paid for organic and conventional versions of sausages. In 2010, the average price paid for 100 gr organic sausage is almost three times bigger for the organic versions (Figure 15).

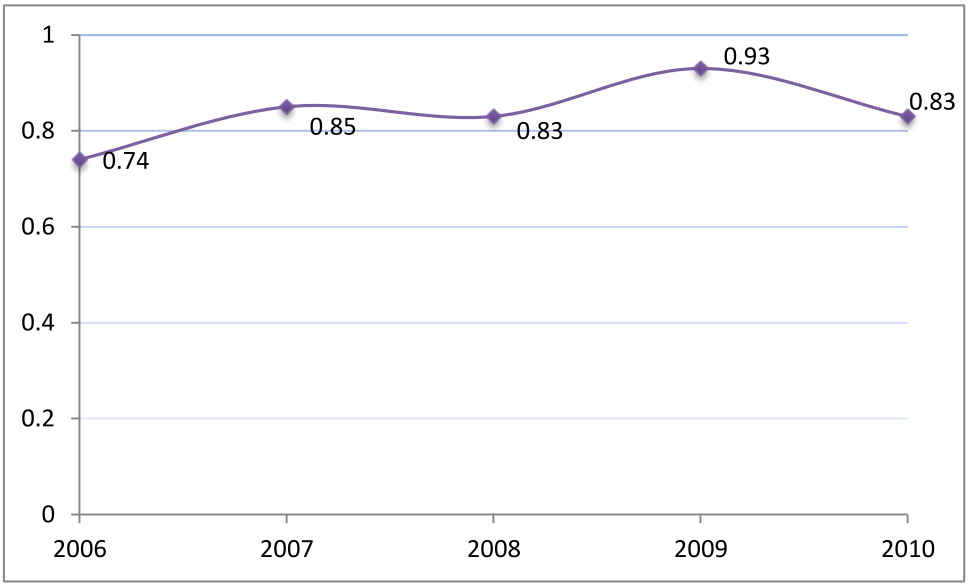
Table 7. Company indicators - organic sausage

	COMPANY NAME	2006	2007	2008	2009	2010
Market share (Ø)	**Hanegal**	**0,89**	**0,98**	**0,97**	**1**	**1**
	Farre Food	**0,11**	**0,02**	**0,03**	**-**	**-**
Average price paid/ 100 gr.	**Hanegal**	**9,79**	**10,09**	**10,44**	**9,46**	**10,8**
	Farre Food	**7**	**7,76**	**7,63**	**-**	**-**

- Hanegal and Farre Food were the two companies producing the organic sausages that were bought by the households. In 2009 and 2010, Hanegal was the only registered company, meaning that all the sales that were registered in those two years were attributed to it.
- As seen in Table 7, Farre Food's market shares were significantly lower than Hanegal's in 2006, 2007 and 2008.

COLD CUTS

Figure 16. Market share (by volume) organic cold cuts (%)



- The market shares for organic cold cuts increased each year between 2006 and 2009, but then a decrease followed in 2010, when the market share reached the same level as in 2008. The market share levels were generally low, ranging between 0,74% and 0,93%. Penetration levels had a descendant tendency, with the exception of the year 2009, when penetration increased by 1,52%. In 2010, the penetration level was almost half of the level in 2006 (Figure 16, Figure 17).

Figure 17. Penetration organic cold cuts (%)

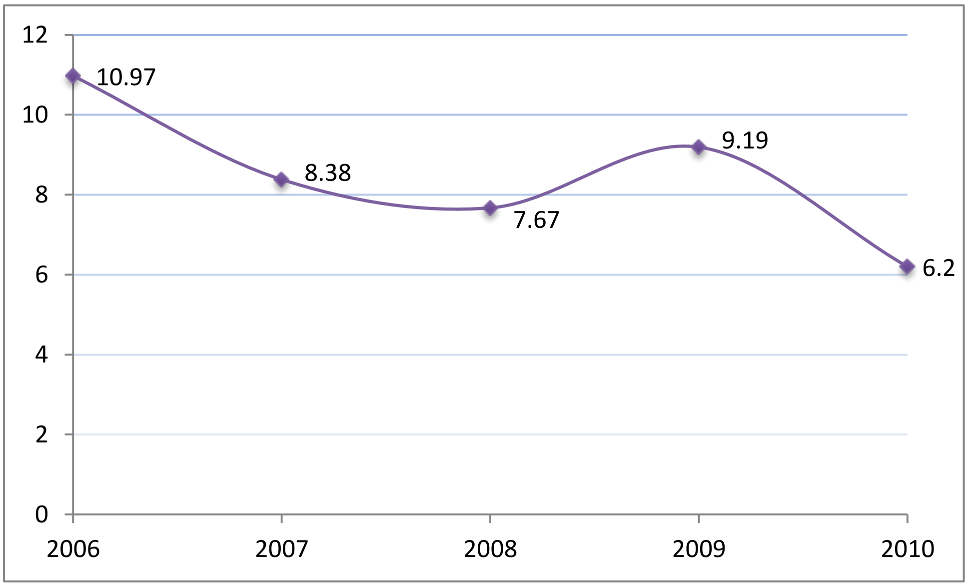
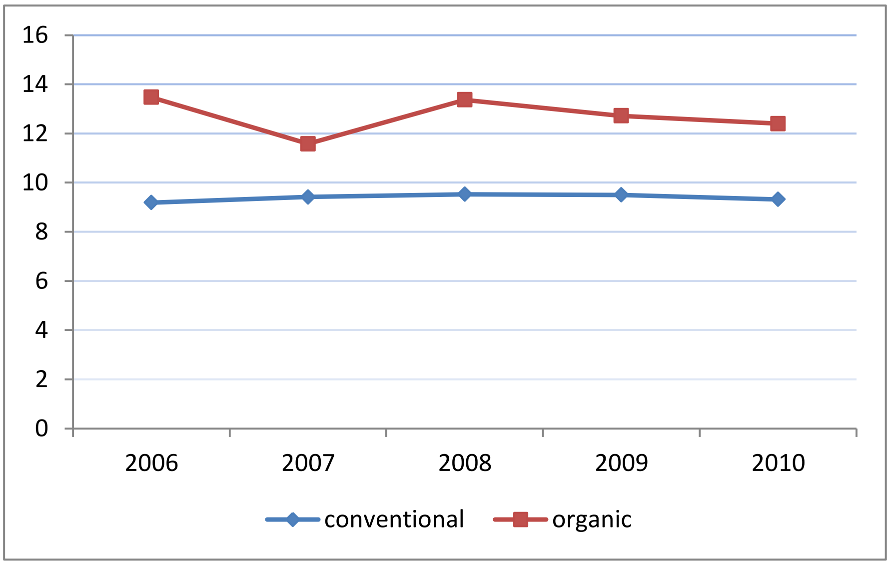


Table 8. Performance measures organic cold cuts

	2006	2007	2008	2009	2010
Category purchase volume (gr)	521	576	627	595	676
Category purchase frequency	2,6	2,4	2,8	2,4	2,8
Category purchase rate	1	1,06	1,1	1,05	1,04
Average expenditure (DKK)	70,1	66,8	83,86	75,7	83,84
Average price paid/100 gr	13,47	11,58	13,37	12,72	12,4

Figure 18. Average price paid/ 100 gr cold cuts



- The price difference between organic and conventional cold cuts was not as big as in other processed meat categories. Still, a clear difference between categories can be noticed. Since 2008, the price for organic cold cuts has been decreasing at a faster rate than the conventional option (Figure 18).
- Out of the six meat categories that were analysed, the most companies and brands were registered in the cold cuts sub-category (Table 9).
- Similar to the other sub-categories of processed meat products, Farre Food and Hanegal were the two most present companies. The sum of their market shares accounted for 88% to 98% of the organic cold cuts market between 2006 and 2010.
- Farre Food was the company with the most sales and thus had the highest market shares. Hanegal has the second highest market shares. The other companies that sold organic cold cuts had very low market shares and they usually had sales recorded for maximum two years out of the five that were analysed.

Table 9. Company indicators - organic cold cuts

	COMPANY NAME	2006	2007	2008	2009	2010
Market share (Ø)	Farre Food	0,55	0,49	0,58	0,50	0,57
	Hanegal	0,41	0,39	0,38	0,47	0,41
	Green Respect	0,02	0,03	0,02	-	0
	Harboe Farm	0,02	0,02	-	-	-
	Defco Food	-	0,07	0,01	-	-
	Aalbæk Farre	-	-	0,01	0,01	0
	Mozami	-	-	-	0,02	0,01
Average price paid/ 100 gr.	Farre Food	12,4	12,48	13,12	12,83	12,27
	Hanegal	12,26	10,48	13,01	12,68	11,97
	Green Respect	14,23	14,42	14,43	-	15,18
	Harboe Farm	13,65	13,39	-	-	-
	Defco Food	-	17,17	20,71	-	-
	Aalbæk Farre	-	-	14,54	15,98	13,98
	Mozami	-	-	-	11,73	10,23