



GEORGE MORRIS CENTRE

Canada's Independent Agri-Food Think Tank

Consumer Data for Farmers & the agri-food industry

CONDENSED LAMB REPORT ON NATIONAL PURCHASING PANEL DATA

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1. Introduction.....	3
1.1 Usage and Attitude Survey.....	4
1.2 Consumer Purchase Panel, Shopping diary.....	5
2. CPC Purchase Tracking, National Research Findings	6
2.1 National Market Penetration, by Retailer.....	9
2.1.1 Sales by Retail Outlets	12
2.1.2 Lamb Cuts through Selected Retail Outlets.....	16
2.1.3 Sales by Area of Origin, by Selected Retail Outlets.....	18
2.1.4 Demographics of Lamb Consumers, by Retailer	19
2.2 Core and Low-Usage Consumers	21
3. Summary	24

1. Introduction

In order for the Canadian agri-food segment to continue expanding and competing in the face of increasingly capable low-cost producing nations, a means is required to facilitate the development of differentiated and higher value agricultural and food products, and to establish closer links between the agri-food industry and consumers. To develop and supply food products that meet consumer preferences for attributes differentiated at the farm, food processing, or retail / food service level, detailed information is required on consumer choices, expenditures, and attitudes. However, up to this point market information had not been collected or analyzed with this intent in mind, nor did methods exist to distribute that information effectively across Canada's agri-food sector.

Based on a successful UK initiative, begun in 2003, a Canadian project was launched in November 2006 to address this information gap. The objectives of the Canadian project were as follows:

1. Capture detailed information on consumer purchasing habits for chicken, pork, lamb, and veal, as well as factors that influence those habits.
2. Enable producers and the agri-food industry to use this information to increase their long-term competitiveness and profitability.

The project has been supported financially by Agriculture and Agri-Food Canada through the national Advancing Canadian Agricultural and Agri-Food (ACAAF) Program, along with the associations representing the four meat types: the Canadian Pork Council, the Canadian Sheep Federation, Chicken Farmers of Canada, and the Ontario Veal Association. The Canadian Federation of Independent Grocers (CFIG), the Canadian Council of Grocery Distributors (CCGD), and Ontario Independent Meat Processors (OIMP) participated as project advisors.

Reflecting Canada's national demographics, the project utilized Ipsos Forward Research's (Ipsos) I-Say Panel to collect usage and attitudinal information relating to drivers of purchase decisions of 3,200 respondents. Ipsos Forward Research's (Ipsos) Canada-wide consumer panel was used to gather detailed and accurate information on the purchases of 4,600 family units over a 12 month period (started April 1, 2007). All types of retail outlets were included, from large chain retail stores to alternative shopping venues such as farmers markets. Both aspects of the project encompassed 243 demographic types, making for a detailed and highly informative dataset, which represents Canada's national demographics. Summaries of the methods and their objectives are contained in Sections 1.1 and 1.2 respectively.

A series of workshops and presentations were made across Canada during the fall and winter of 2008-2009, aimed at familiarizing producers and industry stakeholders with the project, and enabling them to digest initial findings from the information collected through the purchase tracking and usage and attitude studies.

The information emanating from this project is vast and unique in the extent to which it is being shared with industry. It provides insights into consumption patterns of various demographic consumer groups, as well as attitudinal analysis of consumer behaviour, relating to purchasing and consumption across both retail and food service sectors. The data can also be used to help determine drivers of

consumption and actual purchase activities relating to meal occasions (e.g. a mid-week time-constrained family eating occasion vs. a weekend dinner party with friends).

Nothing on this scale has previously been attempted in Canada or elsewhere. It is powerful information that businesses, wherever they are situated in the value chain can use to improve their business decisions and capture greater value from the domestic (and potentially export) marketplace. Simultaneously, with the depth and breadth of information exceeding that possessed by individual retailers and agri-food businesses, the project is expected to encourage members of the Canadian agricultural and agri-food industry to collaborate in order to better market agri-food products in what is a competitive and increasingly global environment.

This condensed report is prepared by the Value Chain Management Centre and the George Morris Centre. It presents national insights into the purchasing habits of Canadian lamb consumers, and builds upon reports and PowerPoint presentations contained on the Value Chain Management Centre website, http://www.vcmtools.ca/consumer_data.php.

Given the vast array of information collected through this research, and the many different perspectives through which it could be construed, the report uses tables and graphs to present the findings in the most concise manner possible. Text is used only to familiarize the reader with the information, by providing an introductory description of the data shown, followed by an identification of relevant highlights.

It should be noted that the Value Chain Management Centre and George Morris Centre are able to conduct additional analysis of the data, or present information in different formats, as required. A more inclusive report is also available, containing findings from the usage and attitude study and a presentation of purchasing data by region/province. A case study that acts as an adjunct to this report will also be completed. Taken from the perspective of a representative lamb value chain, the case study refers to findings contained in this report and described in the context of an anonymous value chain supplying lamb to a specific segment of the market.

1.1 Usage and Attitude Survey

A total of 3200 online surveys were completed by meat consumers across Canada. A minimum of 800 surveys was completed for each of the four types of meats. Consumers were recruited from Ipsos-Reid's I-Say Panel and were screened to ensure they consumed meat during the past 12 months. Results presented in this report are based on surveys completed between June 22 and July 9, 2007. Non-consumers of lamb were also surveyed to identify factors that discouraged them from consuming lamb.

The research objectives were as follows:

- Provide insight into consumption patterns;
- Understand the degree to which lamb is purchased for the home and/or at food service outlets, as well as drivers of choice;
- Identify the attitudinal aspects of consumer behaviour in relation to purchasing and consumption patterns;
- Gather performance ratings on key attributes;
- Determine consumers' attitudes toward food, health and lifestyle as they pertain to lamb, compared to veal, pork and chicken.

Findings from this portion of the project are not presented in this condensed report. They are included in a more extensive report, available from the Canadian Sheep Federation.

1.2 Consumer Purchase Panel, Shopping diary¹

Ipsos Forward Research recruited households from their Consumer Panel of Canada (CPC) whose total demographics reflect Canada's national demographics. Each family compiled a detailed diary of all meat purchases (including lamb) over a 12 month period, from April 1, 2007-March 31, 2008. At any given time, 4,600 households participated in the study. A total of 5,500 households participated over the year, to compensate for households who were unable to participate for the entire period.

Meat purchase details in the diary included the following:

- Meat category purchased;
- Cut of meat;
- Where purchased (retailer);
- Day of week purchased;
- Quantity (kg) purchased;
- Amount paid for purchase;
- Whether the purchase was on special offer.

¹ The Consumer Panel of Canada (CPC) sample of households returning the Household Shopping Diaries is weighted on a monthly basis to adjust it back to national representation, as reported by Statistics Canada. The weighted purchase information is then projected on a region-by-region basis to the total Canadian household population of 12,488,000 households. Therefore, the information presented in this report represents the total projected household consumption for the meat category, in '000's kg annual consumption.

2. CPC Purchase Tracking, National Research Findings

Figure 1: Summary of National Buyer Characteristics

Households buying	13.1%
Volume per buying household	4.2kg
Average household expenditure on lamb during year	\$48.16
Lamb buying occasions per household	3.6
Average price paid per kg	\$11.51
% kg purchase on deal	21.2%

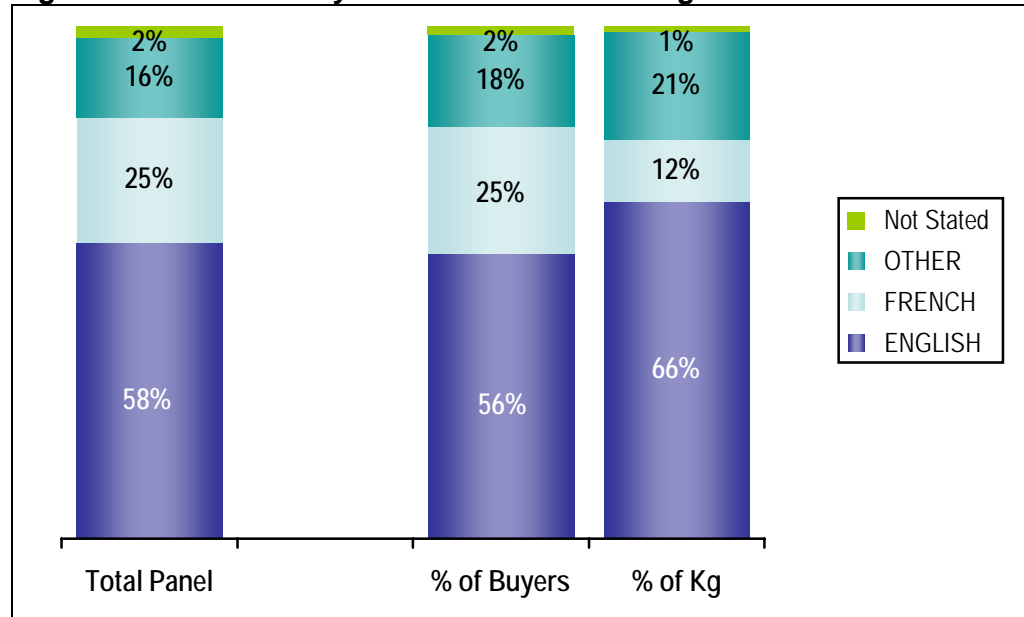
Figure 2: Importance by Region to Lamb Purchases

	BC	AB	MB/SK	ON	QC	ATL
<i>% of Panel</i>	14	10	7	39	25	6
Importance of region to fresh lamb, national purchases, % kg	19	6	1	57	16	2
Importance of region to frozen lamb, national purchases, % kg	16	7	2	53	20	3
% Households purchasing within region	16	8	3	16	14	7

Ontario is the most developed province for lamb sales, both fresh and frozen. British Columbia also has slightly higher percentage of sales compared to the relative size of their population. All other areas in Canada are under-developed.

Generally, Canadians purchase fresh (as opposed to frozen) lamb three quarters of the time. This is true in Ontario and BC, provinces with disproportionately high lamb consumption at home. However, in the Atlantic region and Manitoba/Saskatchewan, frozen lamb is purchased 37% and 43% of the time respectively.

Figure 3: Lamb Sales by Household Mother Tongue



Lamb is more popular among English and “Other” speaking households. In contrast, French speaking households eat a lower proportion of lamb representing 25% of buyers and just 12% of kg purchased.

The purpose of the value versus volume “dot” charts is to compare retailers in relation to price and/or volume sold. The centre point represents the Canadian average.

Figure 4: Price/Performance Matrix

<p><i>Y axis = Average \$ spent per household</i></p> <p>Below average volumes at above average prices.</p> <p>May indicate <i>overpriced</i> or high end, specialty store, or sale of primarily premium priced cuts.</p>	<p>High Performance Quadrant: Above average volumes at above average prices.</p>
<p>Low Performance Quadrant: Below average volumes and below average prices. Opportunities to improve in both areas.</p>	<p>Above average volumes at below average prices.</p> <p>May indicate <i>discount</i> stores, sale of non-premium priced cuts or loss leader opportunities.</p> <p><i>X axis = Average kg per household</i></p>

2.1 National Market Penetration, by Retailer

Figure 5: Comparison of National vs. Provincial Averages (\$/kg vs kg/hh)

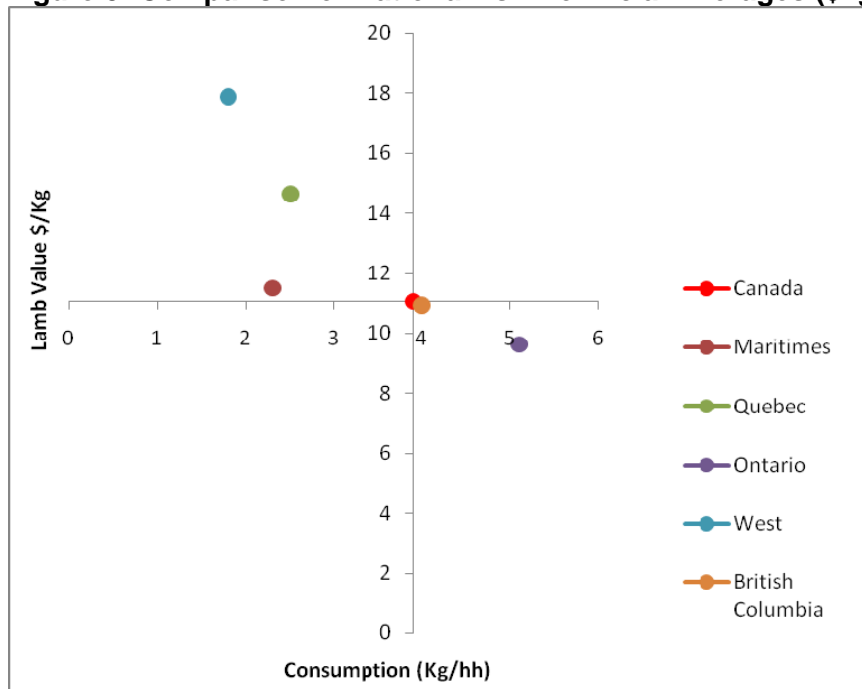


Figure 6: National Market Share by Province

Province	\$/kg	Market Share %
Canada Average	11.05	100.00
Ontario	9.62	55.90
Western Provinces	11.89	24.70
British Columbia	10.93	17.70
Quebec	14.64	17.20
Atlantic Canada	11.49	2.20

The charts below show average lamb sales in kilograms and dollar values reported (Canada total), for the stores indicated.

Figure 7: National Lamb Sales by Retail Outlet (Value \$/kg and Volume kg/hh)

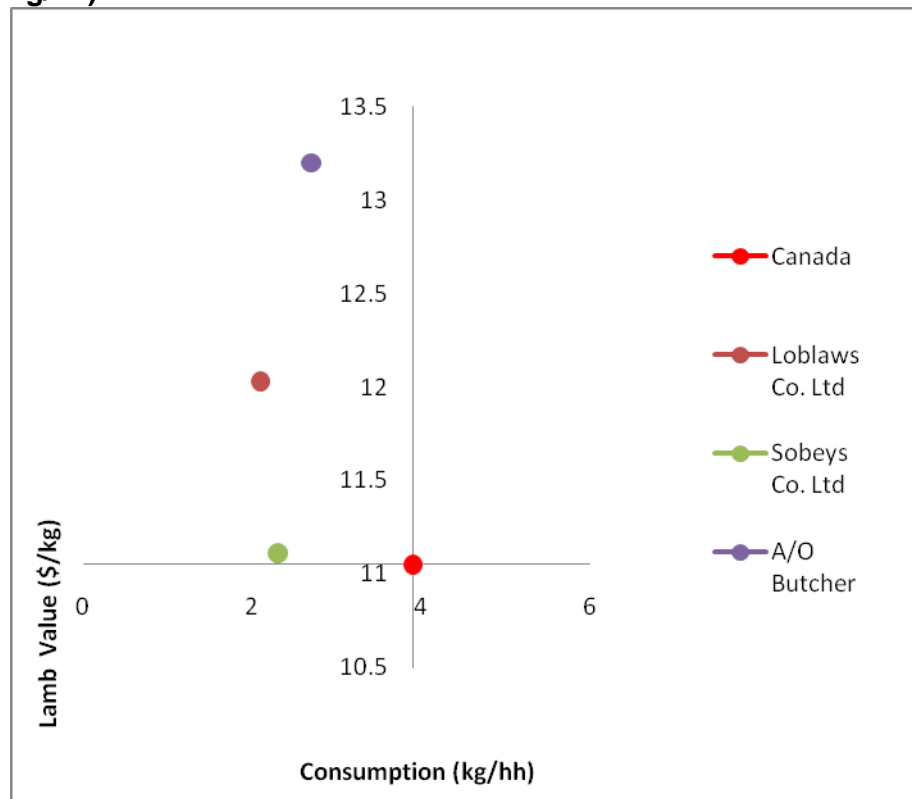
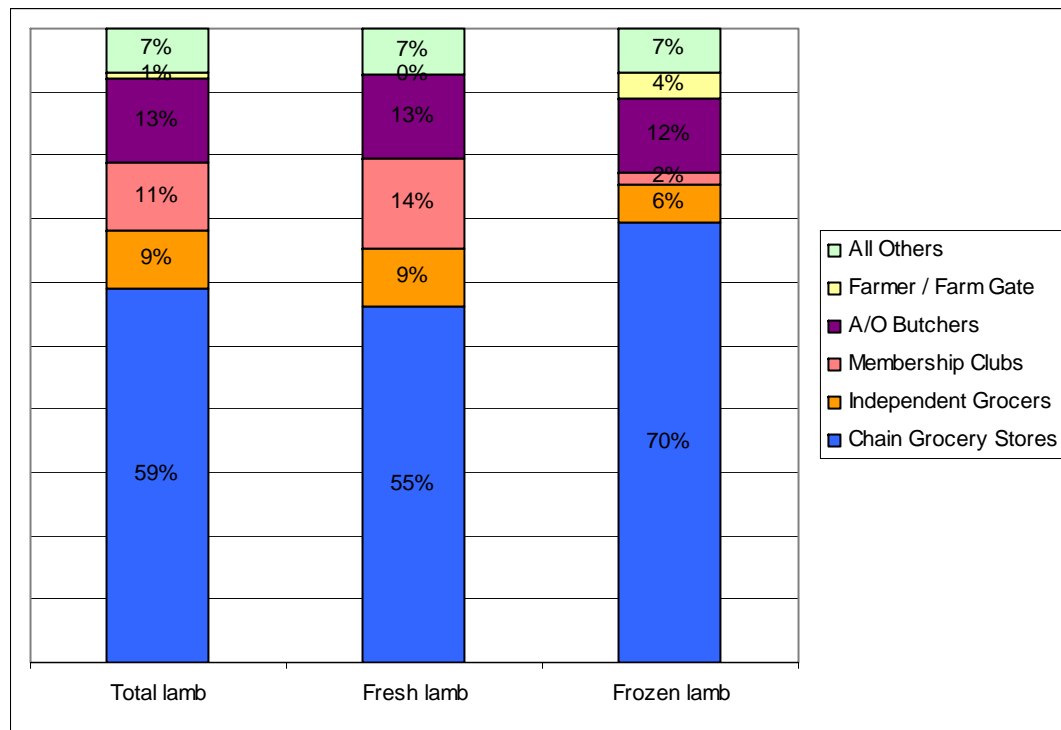


Figure 8: National Market Share by Retailer

Retailer	\$/kg	Market Share %
Canada	11.05	100.00
Loblaws Co. Ltd	12.03	26.97
Costco	14.43	10.55
Sobeys Inc	11.11	8.36
A/O Butcher	13.20	4.83

Traditional grocery outlets account for 58% of total lamb purchases by volume in the shopping diaries. The key outlets in this area were: Loblaw Co Ltd (27%), Metro/A&P (18%), Sobeys Inc (8%). Unlike other meats studied, a large proportion of lamb is sold through A/O Butchers (13%), Membership Clubs (11%) and Independent Grocers (9%). The top “individual” retailer across the country is A/O Butchers (13%), followed by Costco (11%) and Independent Grocers (9%). Loblaws alone accounts for more than half of all frozen lamb sold across Canada during the study period.

Figure 9: Percent of Volume Purchased (kg), By Retail Outlet



2.1.1 Sales by Retail Outlets

The following charts show the relationship between the average monthly sale price and volume sold across Canada.

All Other (A/O) Independent Butchers includes all non-retail chain butchers in all regions of Canada. A/O Independent Grocers includes all non-retail chain grocers in all regions of Canada.

Figure 10: National Average Lamb Prices per kg and Volume Sold ('000 kg)

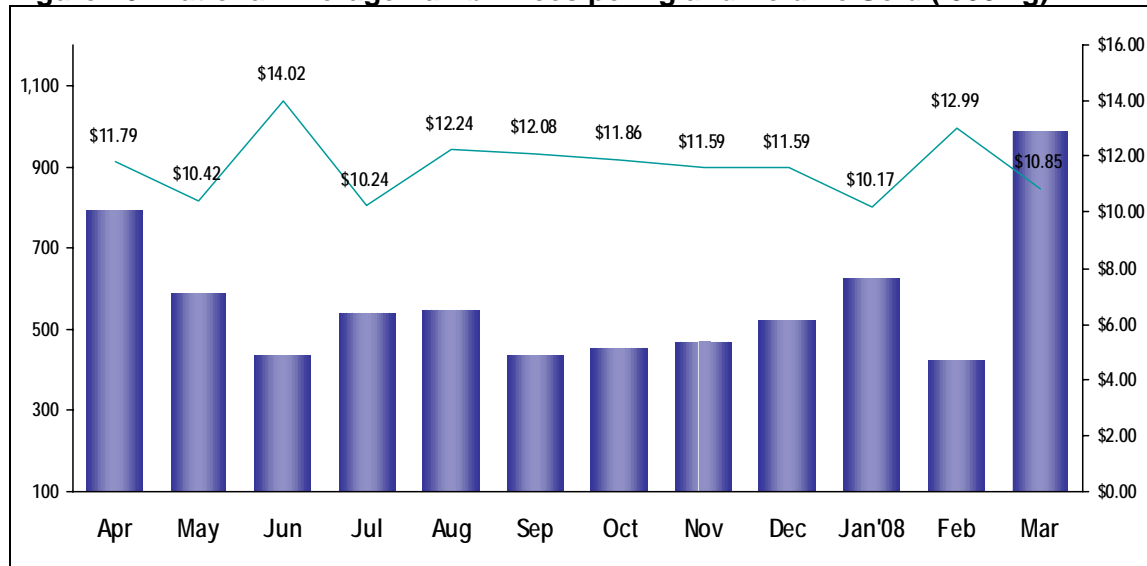


Figure 11: Loblaws Co Ltd. Lamb Average Price per kg and Purchasing ('000kg)



Figure 12: Sobeys Inc Lamb Average Price per kg and Purchasing ('000kg)



- Volumes and prices are consistent until fall/Christmas
- A January price increase had significant effect on volume or vice versa

Figure 13: A/O Butcher Lamb Average Price per kg and Purchasing ('000kg)

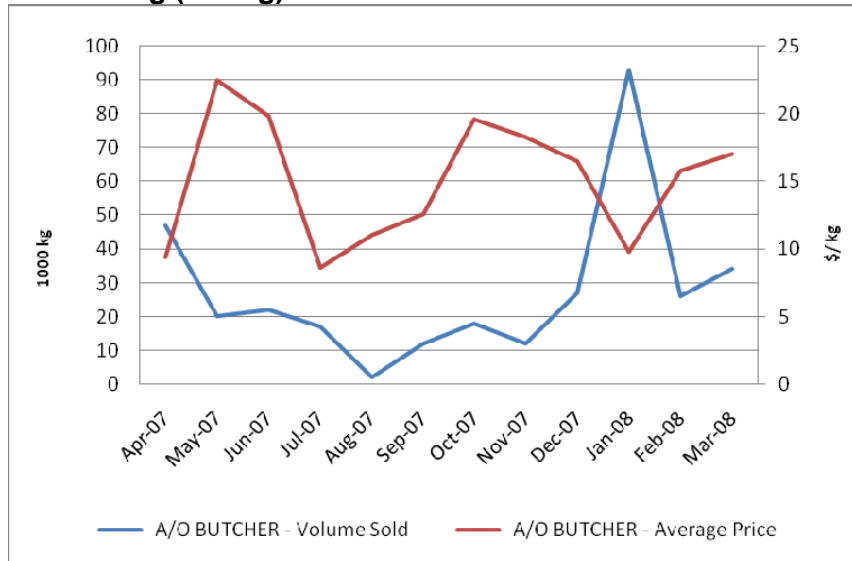
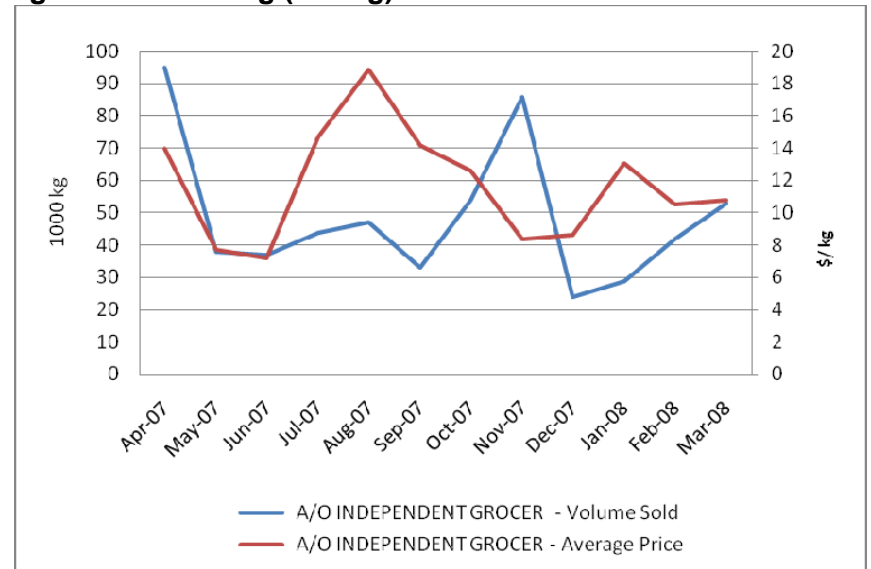


Figure 14: A/O Independent Grocers Lamb Average Price per kg and Purchasing ('000kg)

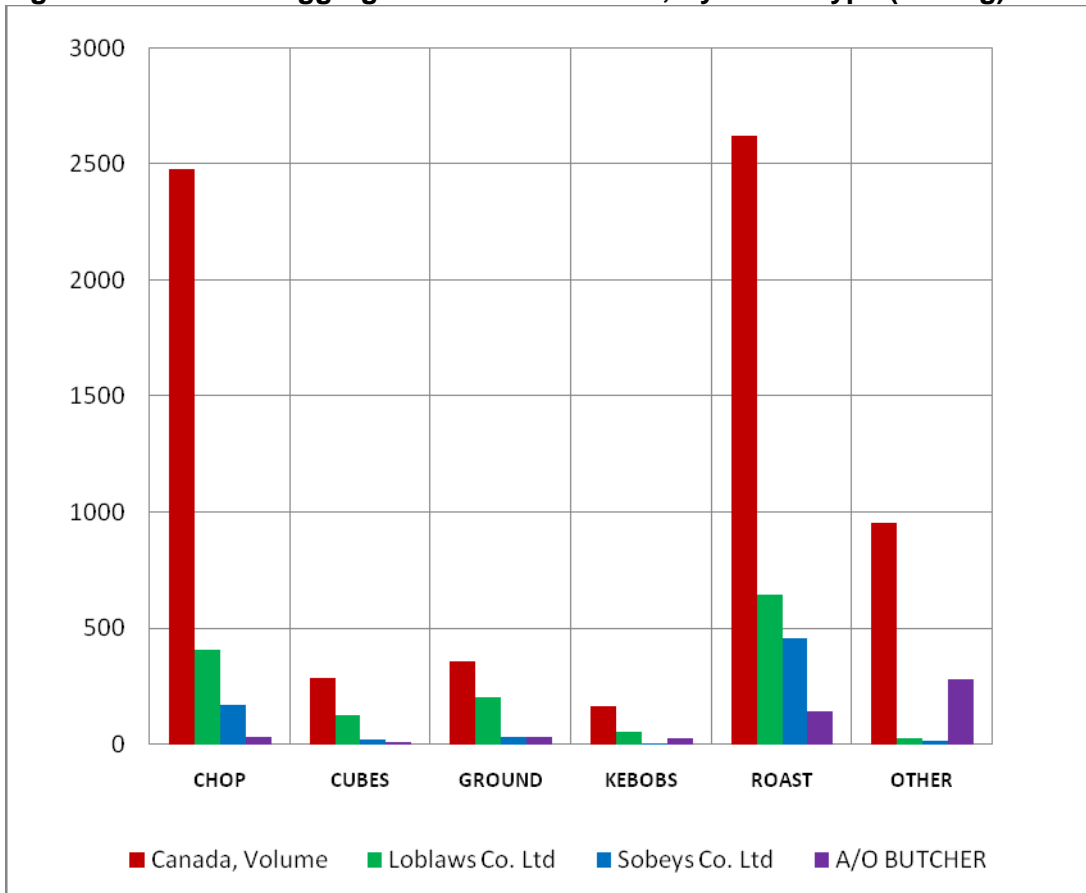


- Significant variation in price at A/O Butchers, ~\$11.50 per kg. Unlike most other outlets, which spiked around Easter, a lower price and a spike in volume occurred in January at A/O Butchers.
- At A/O Independent Grocers, there was significant variation in prices and volumes with three cross-overs in the last 6 months.

2.1.2 Lamb Cuts through Selected Retail Outlets

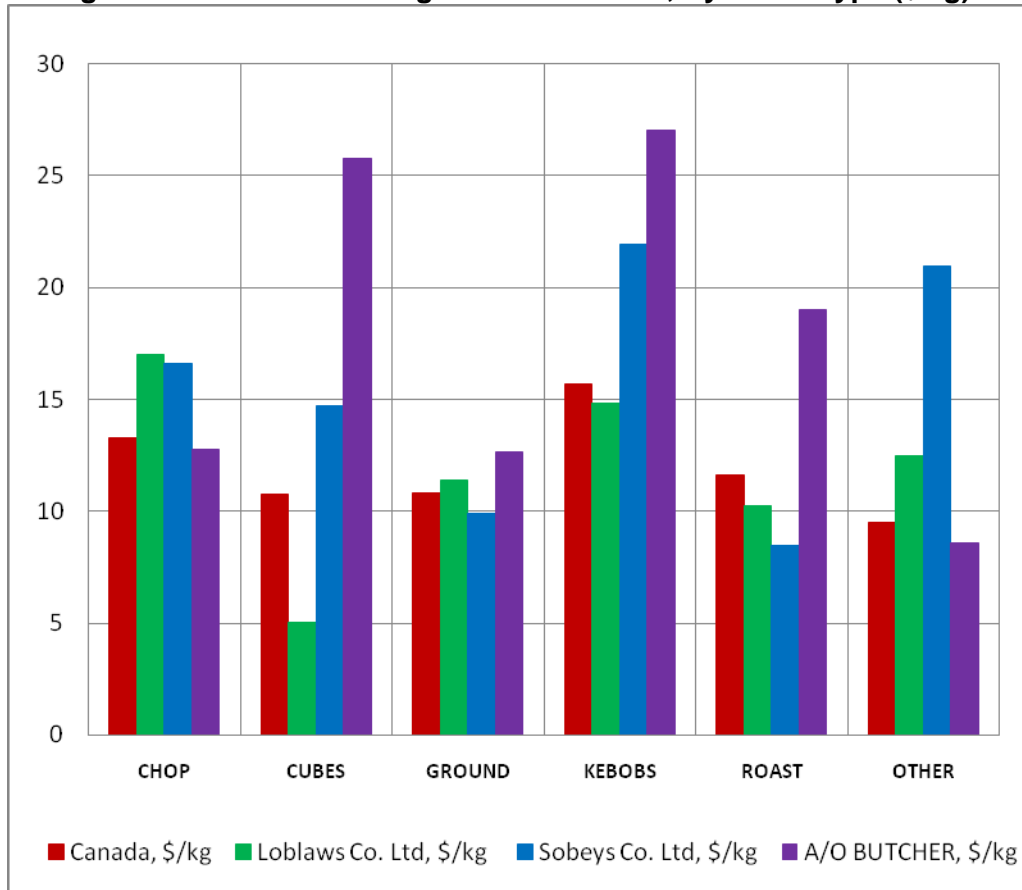
The following charts show the national aggregated volume and average prices for the top six cuts of lamb, plus the category reported where the cut was ‘unidentified’.

Figure 15: National Aggregated Volume of Cuts, By Retail Type ('000 kg)



- Lamb roasts and chops are the most popular choices nationally, except at A/O Butchers, where “Other” cuts were significant.

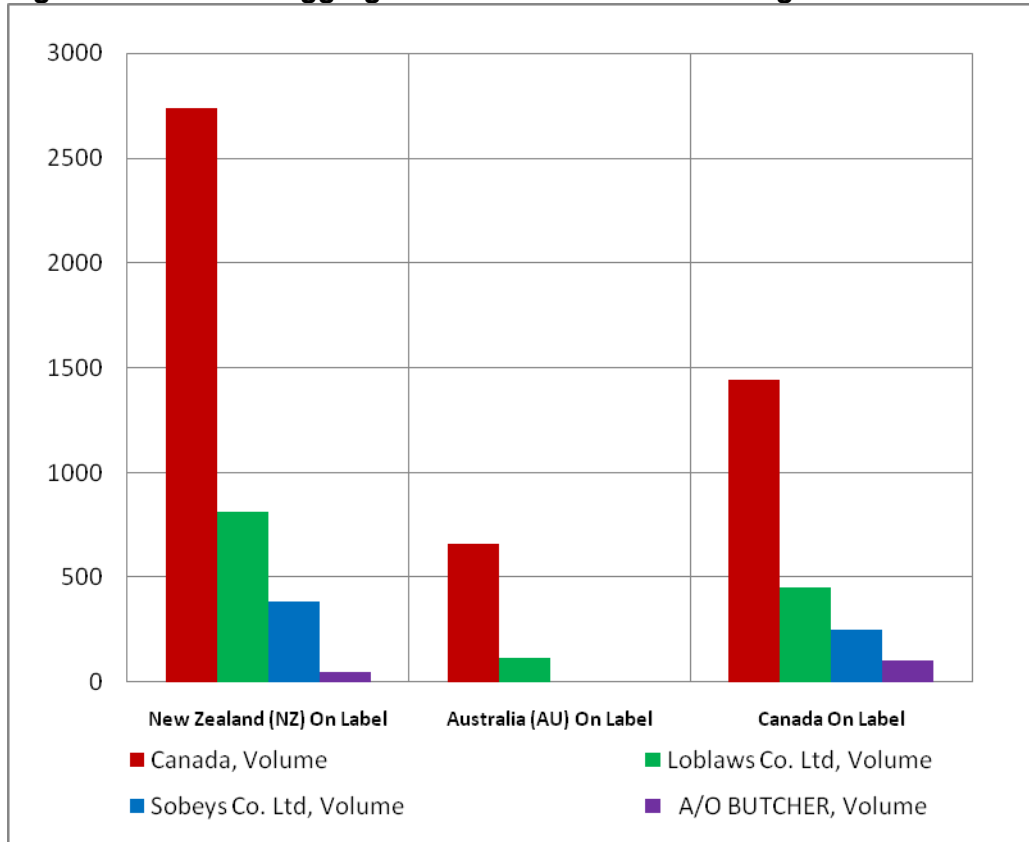
Figure 16: National Average Prices for Cuts, By Retail Type (\$/kg)



- A/O Butchers sell for the lowest average price for “chops” and “other”. Although A/O Butchers secured higher sales in “other”, sales for “chops” were very low, despite a more competitive price.

2.1.3 Sales by Area of Origin, by Selected Retail Outlets

Figure 17: National Aggregated Volume and Area of Origin of Lamb Sold Through Stores ('000 kg)



2.1.4 Demographics of Lamb Consumers, by Retailer

The following charts consider overall lamb consumption by demographic groups, further separated by retailer. The purpose of these charts is to show which demographics are under-performing and, therefore, where there is potential opportunity to increase the volume and value of lamb sales.

Figure 18: Consumer Demographics & Household Consumption (kg/hh)

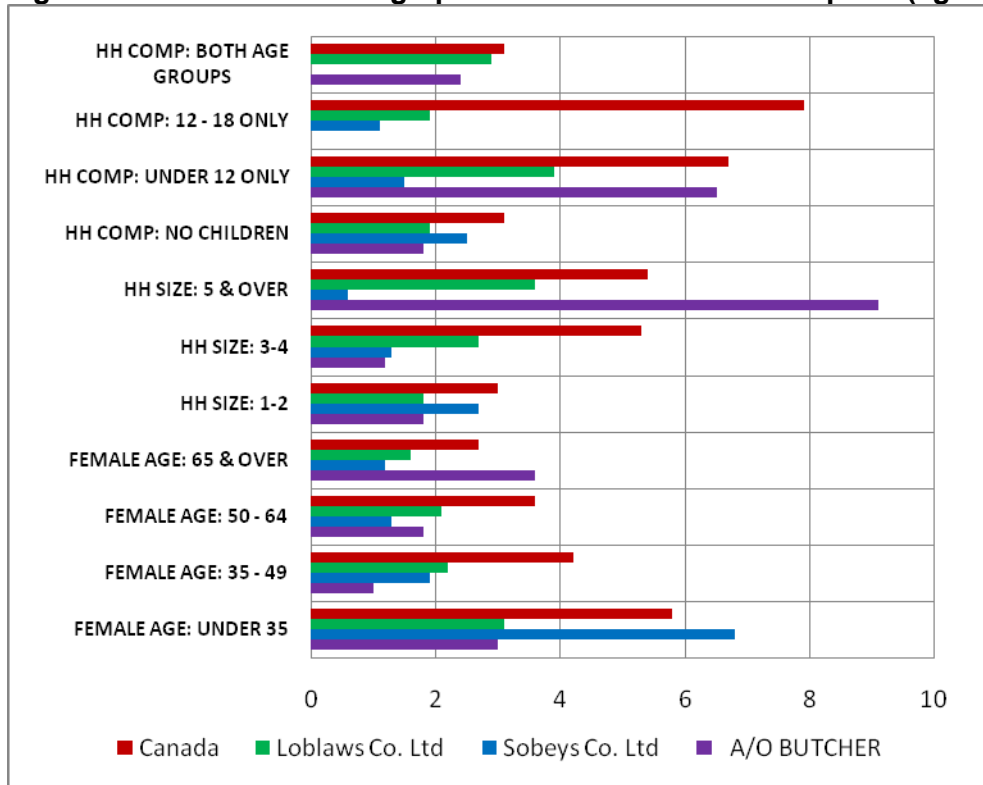
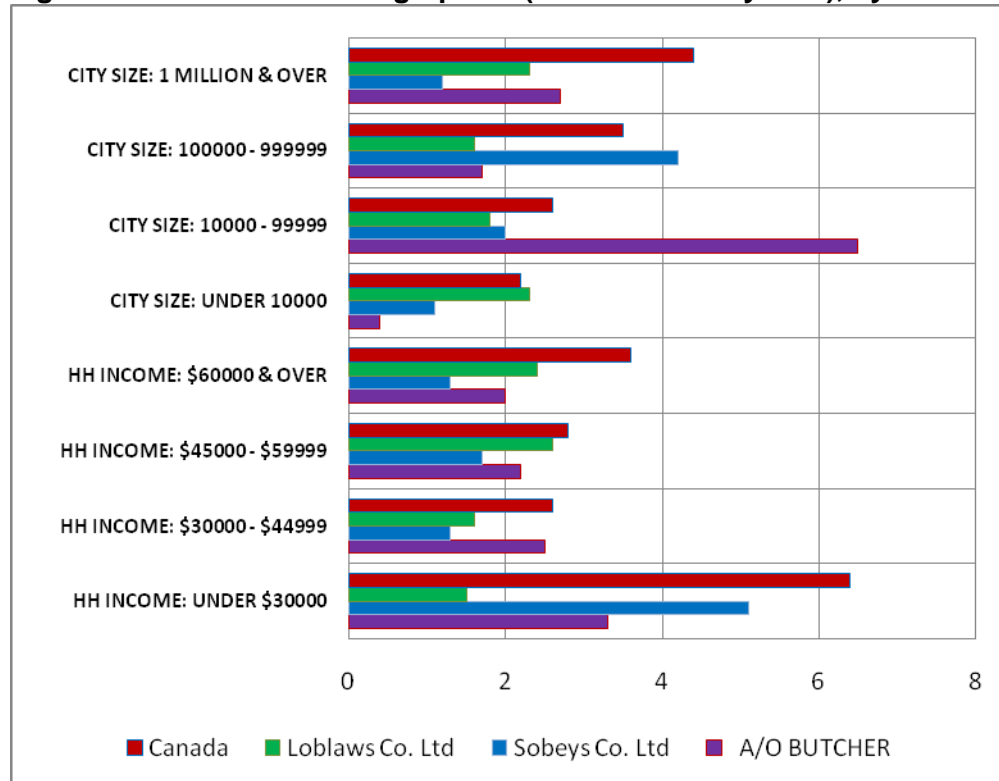


Figure 19: Consumer Demographics (Income and City Size), by Household Consumption (kg/hh)



2.2 Core and Low-Usage Consumers

In order to better understand consumption, lamb consumers were segmented in this research: **core consumers** (the top 25% of lamb consumers by volume) and **low-usage consumers** (the bottom 25% of lamb consumers by volume). The following charts show the national demographics for core and low-usage lamb consumers. The first chart reports kg per household. The second chart shows the total volume reported.

Figure 20: Demographics by Core Consumers and Low-Usage Consumers (kg/hh)

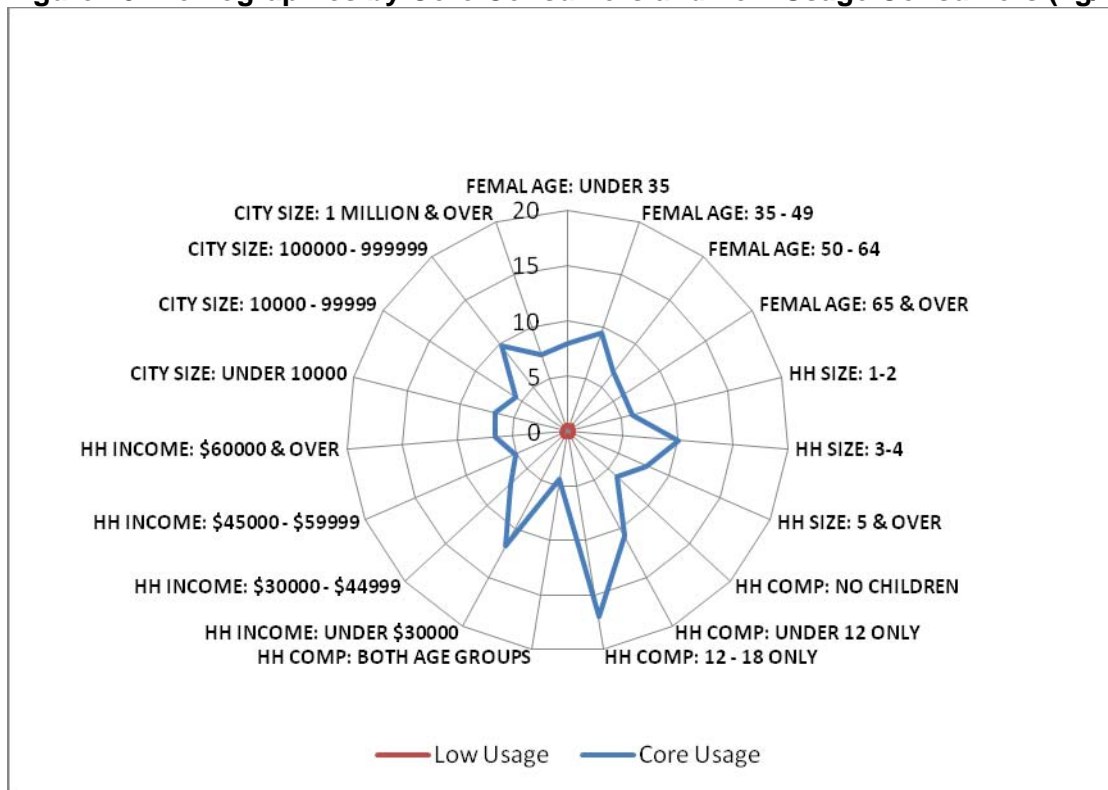


Figure 21: More Demographics, by Core Consumers and Low-Usage Consumers ('000 kg)

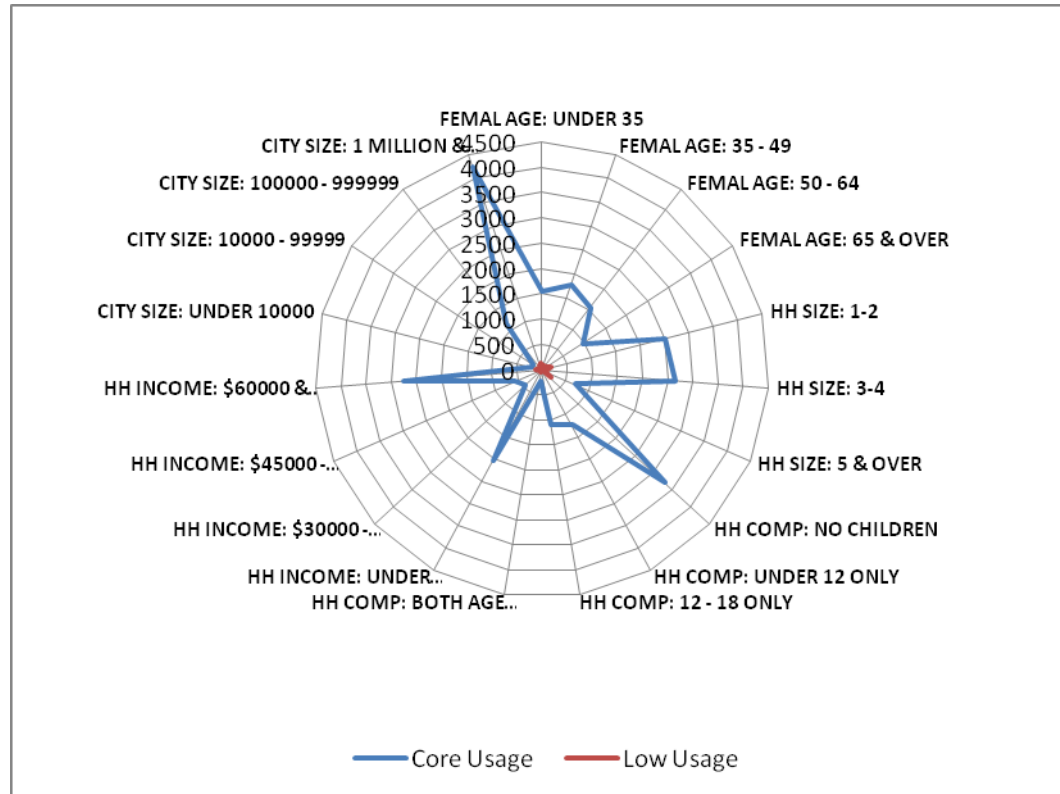
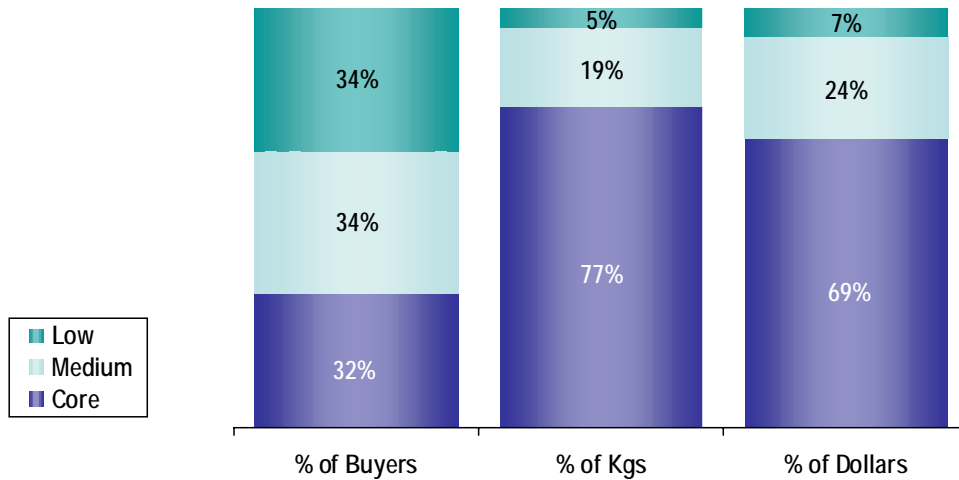


Figure 22: Lamb Purchasing, By Buyer Groups



- **Core Buyers** represent 32% of lamb buyers and 77% of lamb volume.
- **Medium Buyers** represent 34% of lamb buyers and 19% of lamb volume.
- **Low Buyers** represent 34% of lamb buyers and 5% of lamb volume.

Figure 23: Summary of Lamb Buyer Characteristics

	Core Lamb Consumers	Medium Lamb Consumers	Low-usage Lamb Consumers
kg per buying household	9.4kg	2.2kg	0.5kg
Average price paid per kg	\$9.96	\$14.20	\$16.29
Average household expenditure on lamb during year	\$93.90	\$30.54	\$8.73
Lamb buying occasions per household	5.0	2.8	1.2

- Core buyers are vital to the lamb market - they buy on average 5 times per year and spend more than 10 times on lamb than do low buyers
- During the research period, core buyers purchased 3.2 kg or more of lamb, medium buyers purchased between 1.0 and 3.2 kg of lamb, and low-usage buyers purchased less than 1.0 kg of lamb.

3. Summary

The purchase diaries found that 13% Canadian households purchased lamb at least once during the past year. On average, each lamb buyer purchased just under four times during the year, for a total of four kilograms, spending just over \$48 in total. One in five purchases was made on a deal. Not surprisingly, overall lamb purchase incidence is highest around the Easter period. Prices generally relate to volumes across all retail types, with higher prices leading to lower volumes.

Ontario is by far the best developed lamb market, despite just 16% of households in the province buying lamb during the year. Ontario lamb purchases account for 57% of total Canadian fresh lamb volume and 53% of frozen lamb volume. British Columbia also has slightly higher percentage of sales compared to the relative size of their population. All other areas in Canada are under-developed in sales by volume.

Generally, Canadians purchase fresh (as opposed to frozen) lamb three quarters of the time. This is true in Ontario and BC, provinces with disproportionately high lamb consumption at home. However, in the Atlantic region and Manitoba/Saskatchewan, frozen lamb is purchased more often, 37% and 43% of the time respectively.

Respondents indicated that 45% of their lamb purchases were from New Zealand, 22% were Canadian and 12% were Australian. Canadian lamb sells for a higher average price than lamb from New Zealand and Australia.

Considering demographics, lamb is more popular among English and “Other” speaking households and lamb volume is disproportionately purchased by higher income households. 51% of buyers have an income of \$60,000+. Larger, younger households were also significant to lamb sales over the study period. Households headed by those under 35 years old represent 16% of buyers but 24% of kilograms purchased, and families or households with children were found to represent a small proportion of buyers (25%), but account for 41% of volume.

Core buyers are vital to the lamb market. They buy on average five times per year and spend more than 10 times on lamb than do low-usage buyers. These core buyers are more likely to have larger households (3-4). Medium level buyers have a higher percentage of households under 35 years old (23% vs. 19% national average). The shopping panel found that low-usage buyers are disproportionately aged over 65 (33% vs. 21% national average) and are more likely to have households with 1-2 people.

Traditional grocery outlets account for 58% of total lamb purchases by volume. The key outlets in this area were: Loblaw Co Ltd (27%), Metro/A&P (18%) and Sobeys Inc (8%). Unlike other meats studied, a large proportion of lamb is sold through A/O Butchers (13%), Membership Clubs (11%) and Independent Grocers (9%). The top “individual” retailer across the country is A/O Butchers (13%), followed by Costco (11%) and Independent Grocers (9%). Loblaws alone accounts for more than half of all frozen lamb sold across Canada during the study period.