

COMPETITION AMONG DIFFERENT TYPES OF MEAT BOUGHT BY FRENCH HOUSEHOLDS WILL AND ESPECIALLY A QUESTION OF PRICE

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MARY The choice among the different kinds of meat consumed by households is still largely determined by the relation between the price of the different kinds of meat. This study utilizes the results of panel data from a survey of french households (SECODIP) over the period 1977-1991.

Expensive meats tend to increase their share of the market. This is the case with respect to chicken, turkey, fresh pork and ground beef. Poultry and pork benefit from low costs of production and a trend of rising productivity. Ground beef benefits from the economies of grinding.

Expensive cuts and expensive types of meat tend to lose market share. This is the case for the cuts of beef and horsemeat used for roasting and grilling, their price in Europe remaining elevated relative to the other meat. Nevertheless, for lamb, grilling cuts, which used to be popular in Britain fifteen years ago, are increasing their share of the market as a result of a decline in their relative price associated with the entry of lamb from the EEC.

Expensive meats have lost market share independently of the shift in relative prices. This is the case for cuts of beef, veal, pork and horse prepared by braising or other slow methods of cooking. These cuts and kinds of meats have drawn no benefit from their relative price as a consequence of the inadaptability of slow preparation to the modern way of life.

It is also true of veal, which for a long time has suffered the consequences of a certain aversion among some consumers for meat produced under "industrial" conditions.

CONCLUSION France, like the EEC, has experienced an erosion in the share of the market for meat held by the ruminants, in spite of the increase in the production of non-ruminants. Future reforms of the CAP could exacerbate this tendency by reducing the cost of cereals and feedstocks for pork and poultry.

PRODUCTION AND METHODS

Meat consumption can be divided into two parts: **household consumption**, on the one hand and **outside the household consumption**, on the other. The "outside" portion is currently increasing to the detriment of the "household" portion. In any case the "household" portion is largely superior in volume, approximately 75% of all meat consumption. In France this "household" portion is well documented through a panel study of 4000 households, called the **Secodip Panel**, which has operated for the past 15 years. This panel studies household consumption in detail, principally volume and price. Thus we can observe the evolution of market shares and relative prices for each animal and each type of meat.

Market share of a particular product is expressed as the % of the total annual meat purchase by households.
Relative annual buying considered here consists of fresh meat, fresh sweet meats and giblets, and cooked and uncooked ham.

Relative price of a product is calculated as an annual index:
$$\frac{\text{average weighted price of bought product}}{\text{average weighted price of all meats bought}}$$

A graphic representation of this last index permits the instantaneous observation of whether, how much, and when a product price has increased or decreased. By superimposing the relative price index graph with the market share graph for the same product, we can analyze, case by case, the influence of price. To be more precise we are superimposing the variations of relative price on the variations of volume bought by the households. We will see that price induced determinism is constantly present but that more and more other factors may mask it. The nature of these masking factors are both psychological and sociological.

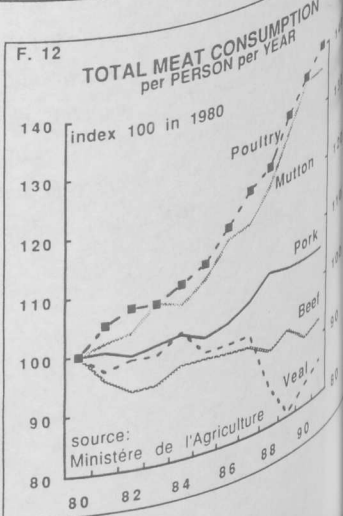
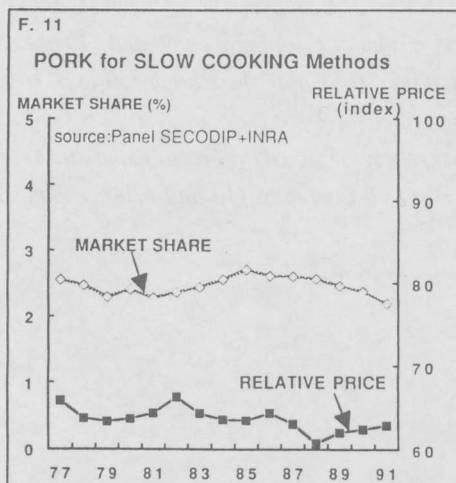
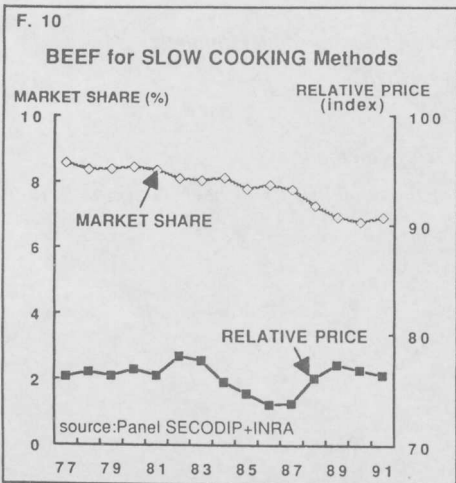
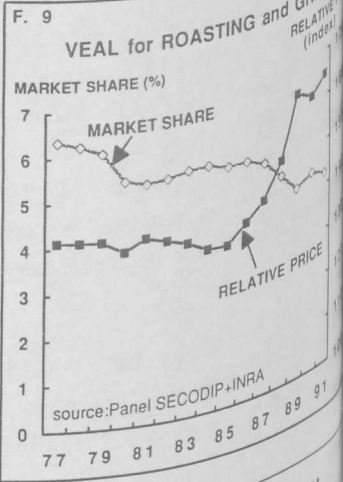
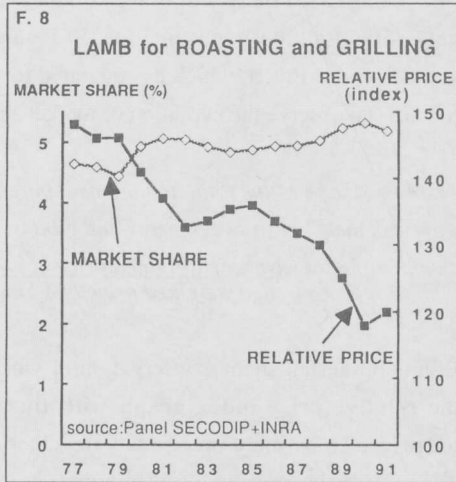
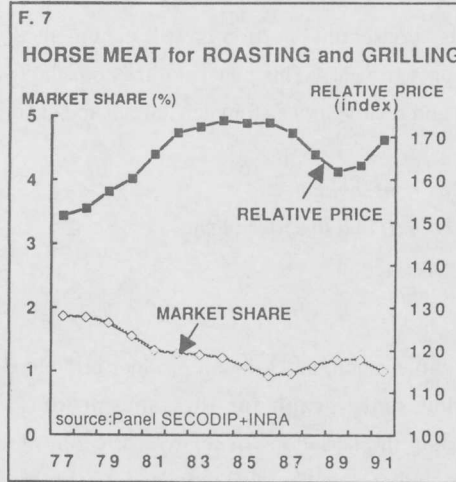
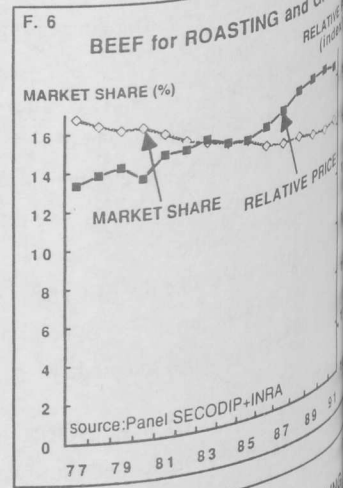
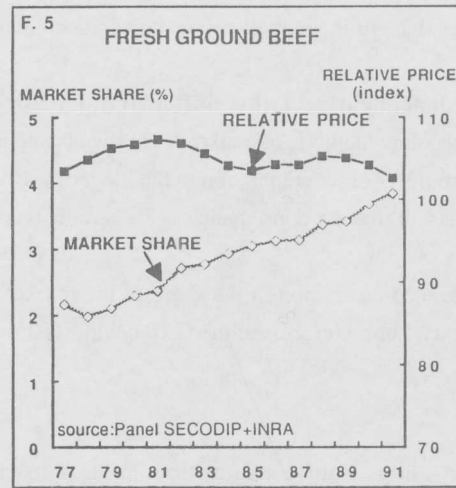
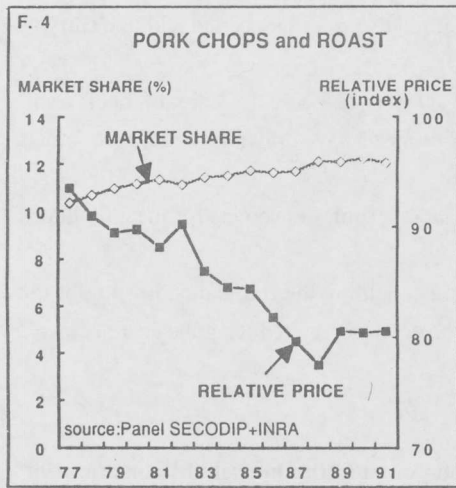
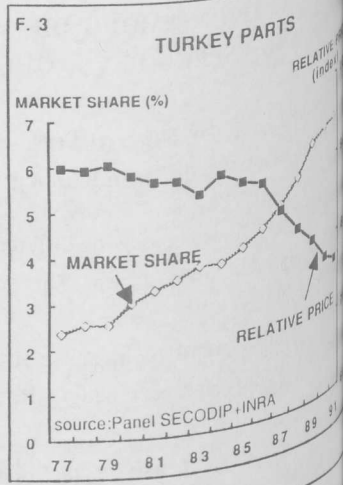
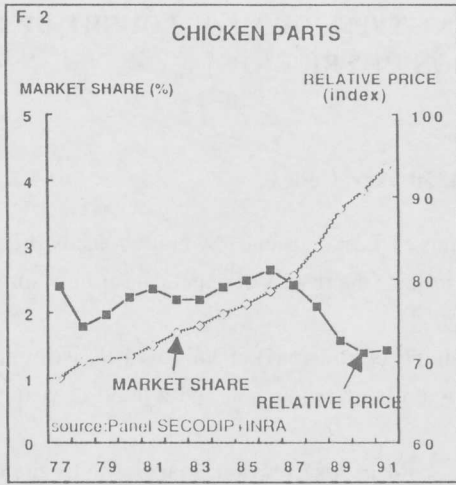
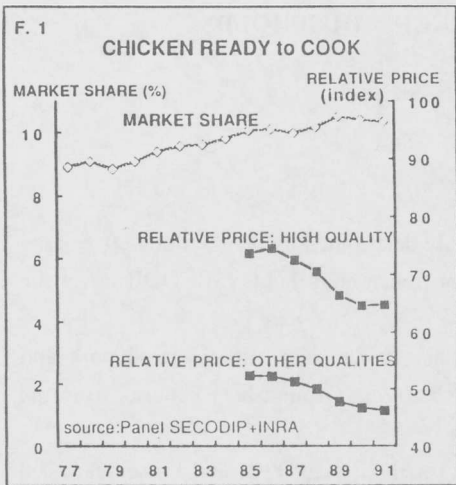
Expensive meats, those that by convention have a relative price between 60 and 110 are comprised of three product families:

The meats of non-ruminants: chicken, turkey, fresh pork-these are meats to be roasted or grilled

The ground meats of beef-meats to be grilled

The meat cuts of beef, veal, lamb, pork, horse- destined for braising and other slow cookings methods

Expensive meats, those that have a relative price index between 110 and 170 are comprised of those meat cuts of beef, veal, lamb, and horse to be grilled or roasted.



EXPENSIVE MEATS, EXCLUDING THOSE INFERIOR CUTS PREPARED BY BRAISING OR OTHER SLOW COOKING METHODS, TEND TO INCREASE THEIR MARKET SHARE

The relative price of the meat of non-ruminants (pork and poultry) decreased during the period under consideration. In fact, their production costs are essentially dependent on the price of grain and the price of grain has clearly decreased in constant prices in the period 1977-1985. In addition these animals (chicken, turkey, pork) have benefited from a constant progress of productivity during the entire period due to genetic advances as well as advances in breeding and slaughtering techniques. The high level of competition that reigns in the market forces the producers of these species to pass on to the consumer a major portion of the benefits of the progress in productivity. We observe at the retail level, that the relative prices of chicken, chicken parts, turkey parts, and pork chops and roasts tend to decrease by approximately 10% (figure n°1 to n°4).

An increase in relative price means that for the consumer, these products become increasingly more economically attractive. In a parallel with these same consumers grow more and more aware that these are "industrial" products. Products which inspire more and more distrust, as the press largely echoes. In spite of this unfavorable opinion, **the market portion of these products has increased**

- Chicken :
- + 1 market share points between 1977 and 1991 (figure n°1)
 - Chicken parts + 3 market share points between 1977 and 1991 (figure n°2)
 - Turkey parts + 4 market share points between 1977 and 1991 (figure n°3)
 - Pork chops and roasts + 2 market share points between 1977 and 1991 (figure n°4)

Ground beef is a relatively inexpensive meat : its relative price index is close to 100 (figure n°5). Its relative price has been approximately stable for the entire period with a slight tendency to decrease at the end of the period. The industrial production of ground beef has developed immensely particularly during the observed period. This one has gradually been substituted for whole ground beef. **The market share of ground beef has dramatically and regularly increased during the observed period**. This increase is certainly favored by the stability in relative price but not exclusively. In effect the development of brands, of publicity campaigns, and of the bacteriological as well as organoleptic qualities of industrially produced ground beef are other factors favoring this increase in market share.

EXPENSIVE CUTS AND EXPENSIVE TYPES OF MEAT TEND TO LOSE MARKET SHARE

Meats, whose relative price indexes are situated between 110 and 170, meats cuts of beef, veal, lamb and horse for grilling or roasting. These species all have in common their use of rougher feed than the monogastric (non ruminant) animals, meaning cellulose feeds (hay, silage). Although the horse is not a ruminant, given its marginal share we will regroup it under the term of "ruminant".

Meats for grilling or roasting are the meats most representative of this group (figure n° 6). They were already expensive 15 years ago (index of 150 in 1977) and have become even **more expensive** relative to the other meats (index of 163 in 1991). Over the entire period these meats **lost market share** ; 4 points in 15 years.

Meat for grilling or roasting, whose market share is very small, followed exactly the same evolutionary tendencies as the beef cuts discussed above.

On the other hand, **lamb cuts for grilling or roasting** (figure n° 8), which were, like beef cuts of this group, an expensive meat in 1977 (index close to 150) have followed a volume-price evolution exactly opposite that followed by the beef cuts. **Their relative price has not diminished** (index of 120 in 1991) and **their market share has gained more than one point in 15 years**. This gain represents a 20 % order of magnitude increase in volume per person.

Meats for grilling or roasting, which are a medium expensive meat, do not clearly obey the simple logic of relative price which we observed in the cases of beef, horse meat and lamb (figure n° 9).

The conclusion is that the evolution of market shares of expensive cuts of meat depends especially on the evolution of the relative price level.

CERTAIN MEATS HAVE LOST MARKET SHARE INDEPENDENTLY OF THE SHIFT IN RELATIVE PRICES

The simple, general conclusion illustrated and pronounced above is not applicable to all meat products. The exceptions, which as we know often confirm the rules, are interesting to analyse. They reveal the existence of factors other than relative price which can occasionally mask its influence.

Veal cuts to be grilled or roasted, which were expensive in the 1960's, have slowly become a **medium expensive** meat because of powdered milk subsidies and progress in productivity (figure n° 9). Despite this, until 1986, **these meats slowly lost market share**. We know that these meats, traditionally highly consumed in France, have suffered the mistrust of some consumers with regards to the veal said to be "industrial". Stockyard veal production was introduced into France during the 1960's and the immediate mistrust by the consumer has been subject to periods of severe crisis (1973 and 1981 boycotts). Nevertheless an important shortage of veal occurred from 1987 to 1989. This provoked a relative price escalation for veal. The veal shortage was the indirect consequence of the milk production restructuring policy of the EEC and has nothing to do with consumer mistrust. This spectacular scissor gap of price to market share in 1989 testifies to the **permanence of the sensibility towards supply and demand** beyond the tendencies to abandon consumption.

Veal cuts have again become very expensive in France and have again lost a supplementary market share.

Those cuts of beef, veal, lamb, pork and horse, for braising and other slow cooking methods, are inexpensive meats. Their relative price index is situated between 60 and 110 and are generally stable or in slight regression. **Their respective market shares do not profit from this retail price advantage.** Their market share even shows a tendency to slightly decrease (figure n° 10 and 11). We know that these products are more and more excluded from modern ways of living because they require long cooking times and culinary knowledge that is little by little being lost. The success of ground meats, which are fabricated with the same muscles as those for braising and slow cooking, bears witness to this inadaptability and remedies the meat marketers' problem with these meat cuts.

CONCLUSION

After having examined, case by case, the different meat products bought by households, **relative price has appeared most often as the principal factor to explain the evolution of respective market shares.**

The meat cuts of ruminants for grilling or roasting are expensive meats.

- they have tended to lose market share when they become even more expensive (beef + veal)
- and they tend to gain market share when they become less expensive (lamb)

The meats of non-ruminants are inexpensive meats that are becoming even less expensive. They all tend to gain market share despite their industrial meat character.

This dominant influence of price is occasionally masked by other factors of a psycho-sociological nature. Thus veal crystallizes the consumer's mistrust concerning meats said to be "industrial". Veal has long suffered a slow erosion of its market share, despite its favourable (except since 1988) evolution of relative price. Similarly, all meat cuts for slow cooking methods, despite their advantageous prices, have progressed in market share. They reveal themselves inadapted to the living conditions and manners of our modernized societies.

The next reform of the CAP (common agricultural policy) of the EEC envisions a price decrease for cereals of 25 % over three years. This evolution will translate mechanically by a reduction in the price cost of non-ruminants by a magnitude of 20 %. This savings could be passed on to retail prices, with of course a clearly weaker amplitude. The relative prices of the meats of non-ruminants could take a greater advantage from this grain price decrease than the meats of the ruminants. **The observed tendency for the recent past could therefore be further accentuated during the next ten years.**

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