

BUTCHERS' 2023

DEC 2022

TRENDS REPORT

NEW CONSUMER PREFERENCES

The new trends in consumer preferences you should know about

TECHNOLOGY TRENDS

INDUSTRY TRENDS WE'LL SEE IN 2023

TOP 5 THINGS TO DO RIGHT NOW FOR 2023

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KEY GROWTH FACTORS



The Good News

Several factors that spur growth are expected:

-  Meat retail trade will grow (more people will buy meat)
-  Low unemployment rates will increase overall consumer spending
-  Consumer spending per purchase will go up
-  More shoppers than ever are turning to small meat processors and brands

The OTHER News

- Traditional and nontraditional external competition (supermarkets and big online retailers) is expected to cut into revenue the meat industry would normally experience.
- Shoppers are scared of inflation, and the pressure is reflected in their meat-shopping habits.
- Baby Boomers (who spend the most and buy most often from butchers) will move into the stage of having a fixed income and will purchase less.



For butcher shop owners there's not much to worry about. Fortune Business Insights (2022) predicts huge growth in the US meat market: from \$172.94 billion in 2021 to \$215.76 billion by 2028.

ANNUAL GROWTH OVER THE NEXT 5 YEARS



\$6.7bn revenue

Annual growth 2016-2021	Annual growth 2021-2026
-2.0%	1.3%

Why can we expect an increase in industry revenue?

An overall increase in consumer spending, a higher number of shoppers buying across several stores in one run, and a return of social events will create a boost in industry revenue.

"Increasing consumer spending and low unemployment rates are expected to help boost industry revenue. As a result, industry revenue is forecast to increase an annualized rate of 1.2% to \$7.1 billion over the five years to 2026. (IBISWorld, 2022)."



7,846 businesses

Annual growth 2016-2021	Annual growth 2021-2026
-1.4%	0.0%

Will there be a rise in the number of butcher shops?

The number of butcher shops is expected to remain stable, without growth, primarily because of external competition.



42,685 employees

Annual growth 2017-2022	Annual growth 2021-2026
-1.6%	0.8%

What's projected for employment opportunities?

Although the number of butcher shops will remain the same, a slight increase of 0.8% in employment of butchers is expected. (IBISWorld, 2022).

LOOK WHO'S BUYING



Demographics - Consumers by Age

Age in Years	Percent
45 - 54	22.6
55 - 64	22.3
25 - 34	22.0
35 - 44	20.5
18 - 24	12.6

Source: Statista

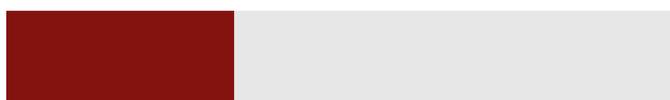
Of all meat consumers, these segments patron butcher shops:



15% Want Premium Meat



12% are Foodies



12% Sustainability Conscious Millennials

FUN FACT: People aged 35-44 spend the most on meat - an average of \$1,205 per year.



Now go market to them!

Source: Pew Research Center, 2021

INDUSTRY OUTLOOK

2018 -2028 REVENUE

Historical Performance Data

Year	Revenue (\$m)	Establishments (Units)	Employment (Units)	Per capita meat consumption (Pounds (lb))
2012	7,012	8,925	37,479	200
2013	7,922	9,516	41,252	201
2014	7,317	9,042	41,784	200
2015	7,344	8,920	42,761	209
2016	7,431	8,798	46,321	213
2017	7,301	8,562	43,012	215
2018	7,107	8,423	40,854	218
2019	6,996	8,586	43,772	222
2020	6,410	8,273	41,467	223
2021	6,705	8,328	42,685	222

Source: IBISWorld

Performance Outlook

Year	Revenue (\$m)	Establishments (Units)	Employment (Units)	Per capita meat consumption (Pounds (lb))
2021	6,705	8,328	42,685	222
2022	6,845	8,340	43,273	219
2023	6,931	8,335	43,624	220
2024	6,998	8,330	43,806	221
2025	7,072	8,346	44,134	222
2026	7,134	8,369	44,491	223
2027	7,160	8,364	44,607	224

Source: IBISWorld

Takeaways

- Revenue in the meat industry has been on a constant rise, and there are no signs that will change any time soon
- The quantity of meat intake per person will remain steady in the future
- The number of butcher shops and employment opportunities are projected to stay pretty much the same. However, that is because the meat industry is expanding into another sphere - the internet.

COMPETITIVE LANDSCAPE

INTERNAL COMPETITION

Butcher stores will continue to compete with other butchers for their local market.

Traditionally, butchers compete based on location, price, the range of products stocked, the range of services provided, the quality of goods, product knowledge. Today, they also compete on convenience offered and their online presence.



BUTCHER QUIZ

DISCOVER YOUR COMPETITIVE EDGE

Rate your butcher business on a scale of 1 to 10

1 = Weakest in this area

10 = Strongest in this area

Add Guidance to each factor

Location	1	2	3	4	5	6	7	8	9	10
Price	1	2	3	4	5	6	7	8	9	10
Range of Stocked Products	1	2	3	4	5	6	7	8	9	10
Quality of Goods	1	2	3	4	5	6	7	8	9	10
Product Knowledge	1	2	3	4	5	6	7	8	9	10
Convenience Offered	1	2	3	4	5	6	7	8	9	10
Online Presence	1	2	3	4	5	6	7	8	9	10

What area(s) could you strengthen? How?

How could you better market your competitive advantage?



COMPETITIVE LANDSCAPE

EXTERNAL COMPETITION

Big Box Retailers

- Supermarket meat sales will remain the primary competition to local butcher stores' retail.
- More budget-conscious customers are opting for low-cost products.
- Large retailers, such as Walmart, Costco, and Target Corporation, are tapping into people who want convenience.

Ways Butchers (are expected to) Respond to Competition From Supermarkets and Large Retailers

- More consumers are turning to butcher stores known for their good reputation and employee knowledge for advice on how to prepare meat.
- To catch customers' attention, butcheries are striving for attractive product presentation and promotions.
- Many owner-operated butcheries are becoming part of franchise chains to expand geographically and economically.
- Increased product differentiation, such as ethnic varieties and premium cuts, are helping butcher shops stay competitive (Source: IBISWorld, 2022).



Online Services

Large online retailers, such as Fresh Direct and Amazon Fresh, are providing consumers with the opportunity to purchase from home. As a result, they are posing a threat to local brick-and-mortar butcher stores without an online presence (Source: IBISWorld, 2022).

“The pandemic fast-tracked grocery e-commerce adoption by several years. We’re seeing that a lot of shoppers who moved online plan to stay there, even as pandemic restrictions loosen” stressed Ozlem Worpel, the director of fresh meats marketing for Tyson Foods (Loria, 2022).





How Butchers (are expected to) Respond to Competition From Large Online Retailers

- More than 12,000 US butcheries and seafood markets are looking for e-commerce solutions to expand their local businesses online.
- Butchers are expected to introduce new products and marketing plans to draw in younger, tech-savvy clientele.
- Large and small butcher businesses have been promoting their businesses using social media over the five years to 2022, a trend that is expected to continue.

And it's no wonder since more meat consumers than ever before are now shopping online (61% compared to 39% in 2019), with almost half of them (46%) making online meat-shopping part of their regular routine (Source: Henderson, 2022).

In 2022 only, e-commerce meat sales are forecasted to grow by 22.4% (Source: Kentley Insights, 2022).

TECHNOLOGY TRENDS



Online Ordering

The pandemic increased online purchases across all industries – the meat industry included.

Some butcher shops have found a new source of revenue by attracting customers that want to purchase premium meat products online.

They also discover that online ordering makes things so efficient operationally. Most people find a butcher shop on Google. So it significantly **reduces the time spent answering phone calls** when the most common questions are answered on their website.



Online Platforms for Butchers

Think adding online ordering will be extra work? Think again.

Some online platforms, like Promenade for Butchers, offer butcher shops their own e-commerce website and methods to deliver directly to customers without the hassle of setting it up themselves.



Offering Delivery

Butchers are able to use apps to offer delivery to their customers, though some apps charge fees that cut significantly into butchers' profit. Alternatively, **some online platforms for butchers include access to a network of delivery services.**



Social Media Adoption

Many butcher shops have figured out how to engage and entertain a following on social media. More importantly, they're enjoying **a big return on investment** by attracting new customers and encouraging repeat business with a genuine connection to their customers.



In-store Pick Up

Shoppers increasingly want the convenience of in-store pickup. And butcher shops find they **save lots of staff time** when customers order online and pick up in-store.

2023 CONSUMER PREFERENCE TRENDS

The 2022 Power of Meat annual report recently released key information on shopping habits and predictions for the meat industry. This study was conducted by 210 Analytics on behalf of FMI—The Food Industry Association and the Meat Institute’s Foundation for Meat and Poultry Research and Education. Based on this report and other resources, we bring you **key takeaways and trend predictions** for the next year and beyond.

2023 Consumer Preference Trends

- Value-added Meats
- Healthier, Sustainable, and Humane
- Premium Cuts at Home
- Meat Alternatives
- Meat Promotions



MEAT TREND FOR 2023

VALUE-ADDED MEATS

Value-added meats are convenient meal solutions.



What the Numbers Say:

75% of all meat purchases are made at the self-serve meat case



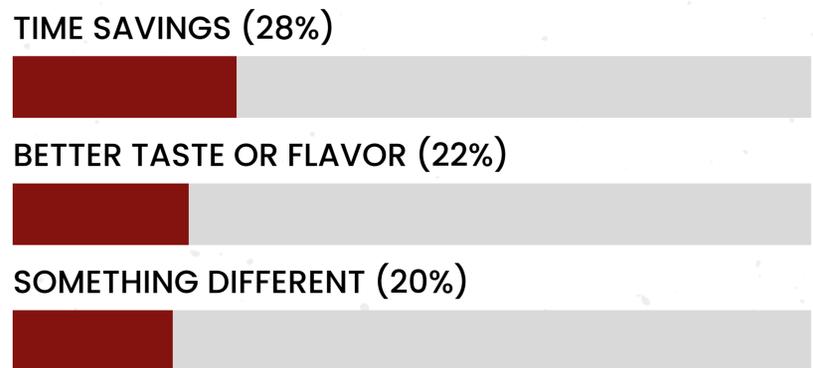
Value-added meat increased by a 4.7% in dollar sales compared to 2021



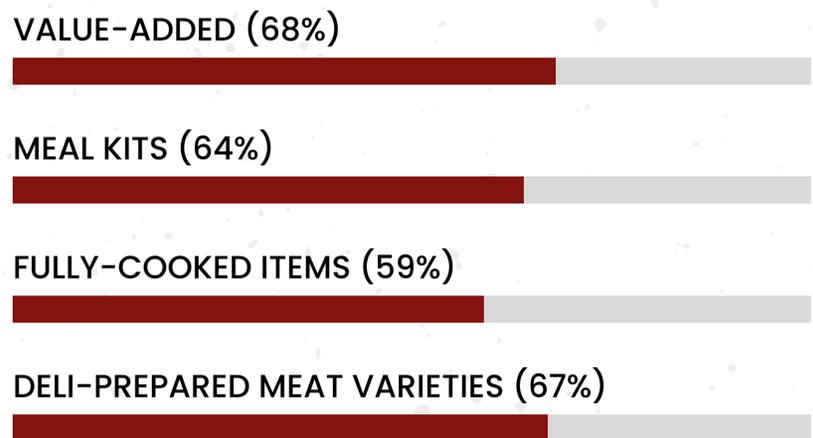
Two-thirds of meat shoppers surveyed said that they “frequently” or “sometimes” purchase value-added products, compared to 37% in 2016.



The top replies from shoppers were



Shoppers like to see more



(Source: Annual Meat Conference, 2022)

“Value-added meat products” are convenient meal solutions that have surged in popularity since the pandemic. And the trend is here to stay.

“It boils down to one word—convenience,” said Ozlem Worpel, director of fresh meats marketing for Tyson Foods (Source: Loria, 2022). As we return to our busy lives, the newly confident cooks of the pandemic continue to prepare food at home. Easy on-the-go **solutions that take out steps from their cooking routine** are just what they are looking for.



“As consumers continue to prepare more meals at home, convenience and variety are of increased importance, so they are experimenting with seasoned and marinated products for variety, or cubed/diced meats to save time,” says Worpel (Source: Loria, 2022).



Value-added options are also an inexpensive way for a growing number of **bold gourmands to try out new meals** at home. “Now, after two years of cooking at home, adventurous eaters are looking for bold, authentic foods that are also simple and do not require complex pantry items or a full day of cooking,” said Annie Hennen, senior account executive for Chicago-based Midan Marketing. “Value-added meat delivers a time-saving solution that delivers on flavor and eating experience. Value-added meat offers the ability to align with a variety of dietary habits and even personal values” (Source: Loria, 2022).

HEALTHIER, SUSTAINABLE, AND HUMANE

The 2022 Power of Meat Report shows that more and more consumers, especially younger generations, are putting in the effort to live **healthier, sustainable, and more environmentally friendly** lifestyles. These values are mirrored in how they consume meat.

Social media reflects cultural shifts:

In 2022, Twitter conversations shifted to topics of sustainability by 32%. We are seeing more consumers share their personal efforts to live sustainably and are urging companies to do the same (Source: Midan Marketing, 2022).

What does the term **“sustainability”** actually mean to your customers?

64%

focus on healthier-for-me (or my family) meat products by searching for leaner cuts (40%) and avoiding second helpings (33%)

32%

look for meat that is better for the planet and are shifting towards local, grass-fed cuts in environmentally friendly packaging

31%

prioritize animal welfare when purchasing meat and are turning to search engines, package information, social media, documentaries, and their own social circles for this information

(Source: Annual Meat Conference, 2022)

Healthier, Sustainable, and Humane

Give your customers what they want:

Meat brands and butcher shops that show off a **farm-to-fork production story** are seeing more success. More consumers than ever are turning to manufacturer brands (29%) and private brands for fresh (31%) over processed (26%) meat (Source: Annual Meat Conference, 2022). Sustainability is also becoming a crucial aspect of their purchasing decisions, with 32% of meat consumers opting for grass-fed or meat in environmentally-friendly packaging.

Accountability is becoming an important meat industry trend as unions and worker advocates fight against huge meat-processing corporations (Source: 2022, Schweizer). In a world where meat production is becoming more politicized, presenting authentic effort is a competitive advantage over grocery stores or meat processing corporations. Let your customers know if your butcher shop emphasizes animal welfare, environmentally-friendly packaging, or other sustainable practices. Add it to your website or in-store signage to encourage loyalty to your business.

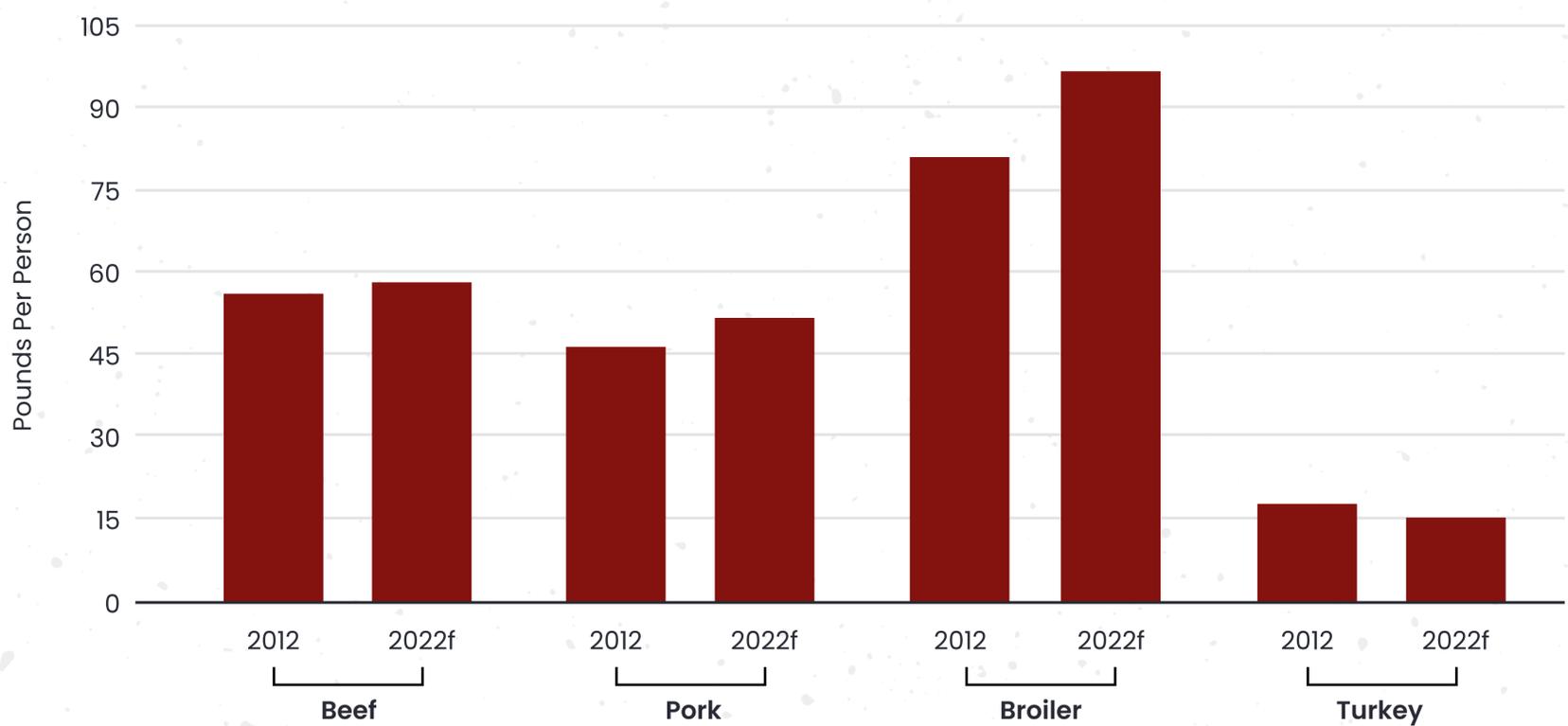


PREMIUM CUTS AT HOME

In today's uncertain economy, 61% of Americans say they're cutting back on restaurant spending and takeout. However, **62% claim they're not giving up on premium meat cuts** and are recreating stellar restaurant experiences at home (Source: Annual Meat Conference, 2022).

Product variety is important: In 2021, the average American bought 42 different cuts annually in the meat department (Source: Parker, 2022). In comparison to previous years, fresh beef volume increased by 5%, bacon by 7%, and fresh lamb by almost 20% (Source: Brown, 2022).

Retail weight per capita disappearance for beef, pork, broilers, and turkey, 2012-2022f



Notes: Shaded areas represent forecast values. Per capita meat disappearance is a measure of meat supply divided by the total population and does not account for indirect consumer uses such as pet food and food waste. While often used as a proxy for consumption, as a measure of supply it does not bear information about factors that determining consumer demand.

Source: USDA, Economic Research Livestock, Dairy, and Poultry Outlook.



Where do people find their inspiration and recipes for cooking meat

With so many people eager to cook, Americans are turning to the internet for cooking tips and ideas:

- 72% use Google or another search engine
- 57% use YouTube
- Generation Z and Millennials use Pinterest, Instagram, and TikTok
- 53% of Generation Z find meat inspiration on TikTok, but only 4% of Boomers

The top three searches for all generations are by:

- (1) type of meat
- (2) type of cuts
- (3) preparation methods (like air fryers)

(Source: Nelson, 2022)

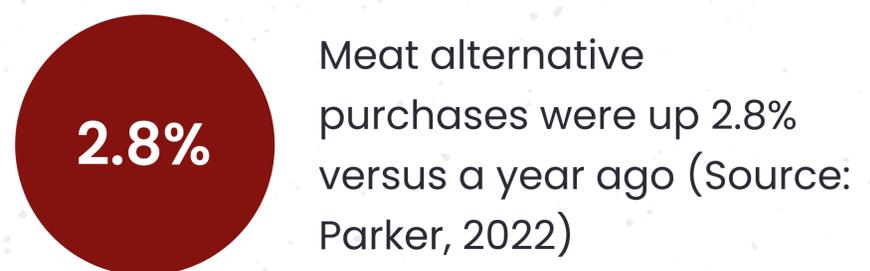
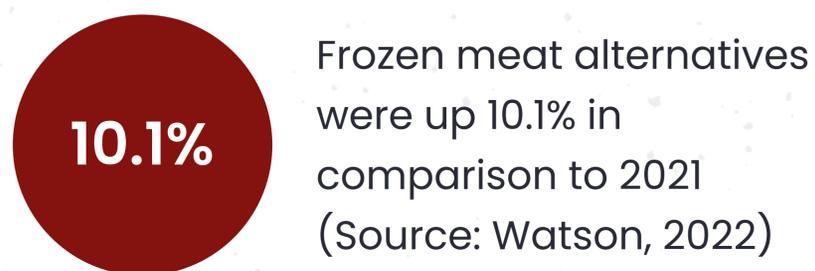
MEAT ALTERNATIVES

When a cultural shift toward sustainability meets a surge of adventurous meat eaters, it's no surprise that we are seeing **a rise in the popularity of meat alternatives**.

What's interesting (and why we're including it in a report for butchers) is that most purchases of lab-grown and plant-based protein were not made by vegans and vegetarians but rather it was adventurous **meat eaters who wanted to diversify their protein intake** (Source: Parker 2022).

What alternatives are the most popular?

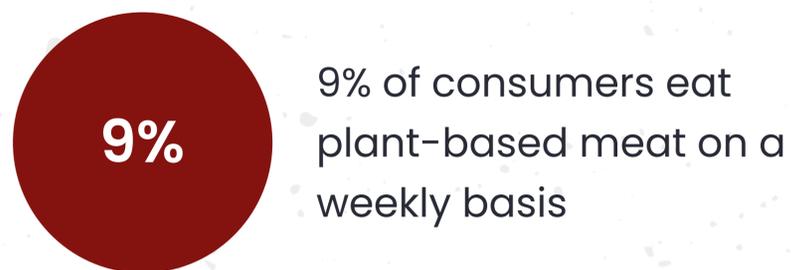
While interest in "lab-grown" meat is on the rise, consumers still prefer plant-based protein sources. Some butcher shops already capitalize on this trend by offering homemade plant-based protein, like black bean burgers.



40% are unwilling to try cultivated (lab-grown) meat



29% are open to trying



Source: Annual Meat Conference, 2022



For the meat industry – producers and retailers alike, protein alternatives could mean new demand. Since most meat alternatives are bought by regular meat-eaters, incorporating plant-based meat-alternatives to butcher store selections could open up a whole new set of possibilities.

Provide choices that reflect the quality of your other selections and beat the overly processed options found at grocery stores. You may attract new customers through word-of-mouth by adding custom-made meat alternatives, like veggie burgers, using real ingredients that taste good. Customers who want these unique selections tend to be loyal and rave about their favorites.



MEAT PROMOTIONS

Shopping decisions have always been influenced by **purchasing capabilities**, and that won't change in the near future. As global events spur up inflation and rising meat prices, 95% of shoppers express concern about rising food prices and see them as an important decision-making factor (Source: Parker, 2022).

Particularly, 73% of shoppers cite beef and pork prices as becoming noticeably higher (Source: Parker, 2022).

With the overall cost of living increasing, shoppers are looking for ways to save money. **Meat promotions** are one of the main things on their radars. As inflation makes fewer promotions available overall, here is how shopping habits are influenced:

75%

of shoppers look for specials pre-trip

80%

of buyers compare prices/promotions

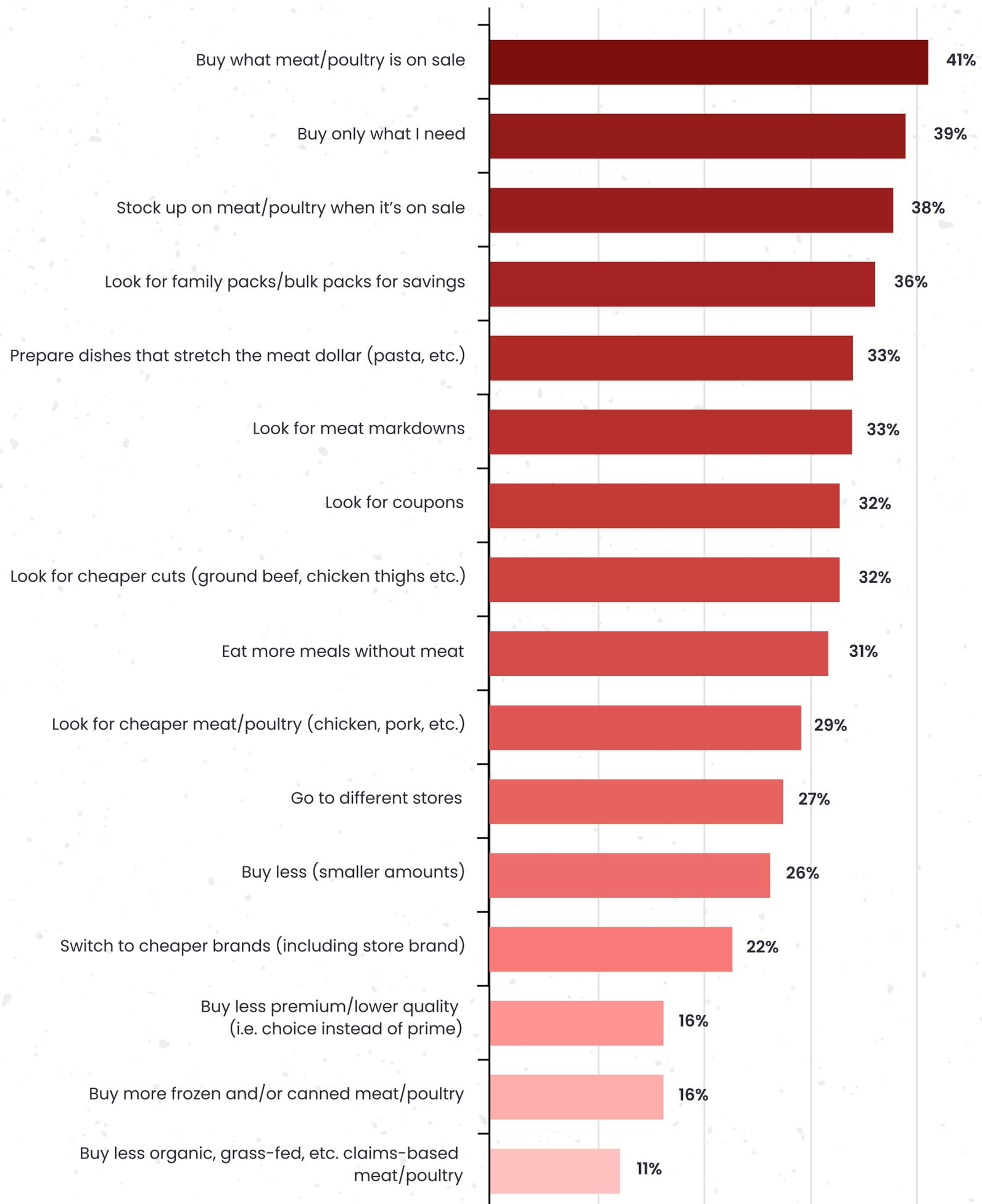
89%

of shoppers are looking for the ideal package price

- ✓ In-store signage, the digital circular, and store apps are becoming more popular than the once popular printed circulars
- ✓ The top discount is cents-off the price, followed by BOGO meat deals

(Source: Top Findings of the Power of Meat 2022)

Changes Made to Meat/Poultry Purchase in Response to Higher Prices



Source: SupermarketNews

TOP 5 THINGS TO DO RIGHT NOW FOR 2023 AND BEYOND

The meat industry has only good things ahead. More people will be buying meat. However, supermarkets remain a threat to the profits local butchers would otherwise see from this growth, especially with more people ordering online and getting delivery from grocery chains and apps. The following ideas can help you navigate the trends and keep your business growing.

- 1** Get an **ecommerce website** and offer online ordering.

- 2** Do more **social media marketing** to grow your customer base. Share tips for meat preparation, food pairings, and your favorite recipes.

- 3** Boost **social media** posts and do paid social media advertising.

- 4** Use **email marketing** to increase sales around holidays and stay top-of-mind.

- 5** Offer customers more **conveniences**, like delivery or in-store pickup, to compete with grocery stores. Often, these features save you time too.



Are you old school?

Old schoolers are cool. And we've got you covered. Even if you're not interested in learning new technology, that shouldn't stop you from selling online.

Why sell online with a custom website from Promenade?

- 1. Saves you time!** When customers order online and choose pickup—it saves you precious time! A modern website also cuts down on phone time, answering questions people can easily find on your website.
 - 2. A new revenue source.** More people than ever are buying meat online. Tap into this new revenue source!
 - 3. Getting your website is fast and easy!!** Promenade does the work for you, and you have access to their customer support for any issues.
-

Promenade for Butchers is a complete business solution built from the ground up for butcher shops.

Services Include:

- Custom, branded website
 - Ability to offer online ordering & delivery
 - Payment processing and in-store card reader
 - Automated email and social media marketing
 - Online reputation management and more Google reviews
-



Book a demo to see how we can help your business grow.

getpromenade.com/grow-butcher-shop



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