Supermarket butcheries have become an indispensible attraction for customers and their appeal a competitive issue. Tight consumer pockets and the recent ‘meat scandal’ have put a damper on sales and caused quite a bit of consumer reluctance. Ensure your butchery offer remains successful through good quality products, excellent service and transparency.

Differentiate through service

For generations, meat has been bought from the trusted butcher around the corner who knew his customers by name, their preferred cuts and could vouch for every product in his display cabinet. The hunt for margins and low prices has largely diminished the independent butchery business and most consumers today refer to their local supermarket to meet all their meat needs.

The butchery can therefore be a major attraction for customers and give them some of the personalised service that has been lost in many mass-market type stores.

This has recently gained even more significance with the City Press ‘meat scandal’ exposé that raised a lot of questions of where the neatly packaged meat on supermarket shelves actually comes from.

“There was a definite dip in sales of mince and boerewors when the meat labelling story broke and they are slowly picking up again. Customers also asked a lot of questions about the origin of the meat. For us, dealing with this came down to having an actual relationship with our customers. They know me and they know that we prepare our own meat from the carcass and can vouch for what is on our shelves,” says Deon de Lange, butchery manager at SuperSpar Glen Acres in Kempton Park, Gauteng.

These relationships pay off. The butchery is the heart of Glen Acres’ business and contributes an average of 16% to total store turnover. On an average week they turn over 12-15 tons of beef, two tons of lamb, two tons of pork and one ton of chicken. 36 marinated cuts are on offer and customers are supplied with recipes on request. 90% of all meat on offer is cut straight from the carcass and the remainder is bought in from Spar approved suppliers. “Customer service and product quality come at an absolute first. This is my policy and our recipe to success,” he says.

Quality on display

Much like eating a plate of food, customers buy their meat with their eyes as well. “All meat on display needs to be trimmed well and the excess fat taken off. Customers will not buy it if it doesn’t look right. The quality obviously has to be up to their expectations and meat thoroughly checked at the receiving bay,” says de Lange.

Meat with any imperfection needs to be returned to the supplier immediately. The supplier needs to be made aware of the grading and quality the butcher is looking for and what criteria he assesses the meat by. This helps to minimise product rejection logistics, which are equally inconvenient for both parties. It is also advisable to have several suppliers for flexibility and being able to negotiate the best buy-in prices.
Cutting down on cuts

Every week, if not every day, we read in the news that consumers are struggling financially, that disposable income keeps decreasing and that less money is spent on luxuries as a result. Unfortunately, rump steaks, lamb roasts and more expensive cuts are often among these luxuries that consumers skip on to save money.

“The appearance of a carcass gives an immediate indication of whether the meat is fresh or not. A fresh carcass will have a fresh smell and the meat must be red and moist. Slimy meat is the best indicator that the carcass is not fresh. Meat also needs to be stamped and come from a reliable source,” says Anzelle van Niekerk, owner of the SA Butchery School in Pretoria.

De Lange adds that vacuum-packed products also need to be inspected thoroughly. Meat that has been vacuum packed for a longer period will draw blood. “The more blood there is in the packet, the older the product is. Also remember that the blood in the packet is additional weight that you pay for,” he says.

Once retailers have ensured that the products on their shelves are of the right quality, they need to let customers know what the butchery is doing for them. “You have to be available at the butchery for any customer query and also be there to recommend the right cut. Inform them about specials, as customers often don’t realise when products are on promotion. This also helps to build trust and generates additional sales,” says de Lange.

“There has been a definite decline in the retail business for red meat in recent weeks. Supermarkets are purchasing less product per week and the current economic climate definitely has an impact on sales,” says Reinhard Mulder, sales and marketing director of Cavalier Foods.

This trend is pronounced despite meat prices currently being in the consumer’s favor. 

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favour. "The lamb price is the lowest it has been in five years. The beef price also is exceptionally low and consumers now pay less than they have been for the past two years," says Mulder.

The low lamb price can be explained with good rainfalls over the past year, as 80% of all lambs graze on the open field, as opposed to beef, of which approximately 90% stems from feedlots.

"Prices will go up again in the long-term, the question is just when this will happen as they have been flat for the past four months. Prices also pick up seasonally and are traditionally higher during winter and the highest just after winter, explained by supply and demand," he says.

Difficult economic times obviously factor into meat choices. "When time are tough, as they are now, consumers tend to buy more chicken and pork. The meat scandal did have some degree of influence on buying behaviour, but issues like this will never profoundly change buying patterns. The sales of low-priced products will continue to grow. However, prices are also under tremendous pressure due to a lack of consumer buying power," says Philip Britz, national sales manager for chain store meat markets at Deli Spices.

Chicken sales benefitted from the economic downturn, as many customers see it as much more value for money. Yet, chicken did not have a great time in the press either.

**Chicken issues**

The chicken industry received quite a bit of negative publicity in recent months and the practice of injecting meat with water or a water/brine mixture, called brining, has been put in the spotlight. Many customers also question why imported chicken from the other side of the world is cheaper than locally bred birds.

The local chicken industry is a massive operation. South Africa produces 1.6% of the global chicken volumes, compared to 19.6% in the US, 16.8% in China and 11.5% in the EU. Brazil exports 2.5 times the volume of South Africa’s entire production. Local chicken cannot currently be exported because of previous incidents of Avian Influenza, better known as the bird flu, in ostrich populations.

South Africa’s annual per capita chicken consumption is at approximately 36kg, of which imports account for about 6kg. "This causes a huge problem in the industry. The volumes of imported chicken are equal in size to either an Astral or Rainbow Chicken and have created massive price pressure for local producers," says Phil Tozer, marketing manager of Earlybird Farms.

Approximately 20 million birds are slaughtered in South Africa each week and if imports were locally produced instead, this figure could increase to 23-24 million birds. There are concerns around imports with regards to repackaging practices in terms of origin, production and expiry dates. In many instances, these are not visible to consumers in loose serve packaging.

"Imported chicken is usually delivered in bulk cartons, repackaged into smaller units and sold in loose serve format. Often
they don’t have production or expiry dates on them and there are no means of tracing them back to their source. Especially in rural areas, controls and enforcement of labelling legislation is low. As a result, imported frozen chicken is often still sold with no form of traceability,” says Tozer.

**Imported problems**

There are basically two categories of imported chicken – frozen chicken products for sale to consumers and mechanically deboned meat (MDM) sold to the processing industry. MDM is mainly used in the production of polonies and sausages, as well as for further processed food products. Chicken MDM imports are at 11 000 tons per month and leg quarter imports average at 14 000 tons per month.

“Local chicken consumption is more than double of the beef consumption and it accounts for an estimated 54% of the total volume of all animal protein sold in SA, according to the DAFF,” says Tozer.

The price of chicken is primarily dependant on the maize and soya prices. Constantly increasing electricity and gas prices add to manufacturing costs and drive prices up further. SA maize prices follow the import parity price, which fluctuates with the Rand/US Dollar exchange rate – which is not good news at this time.

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“Yet, there is a good market for fresh chicken, albeit significantly smaller than IQF, with higher margin potential. Retailers have been asking the chicken industry for a long time to find ways to add shelf-life to the products and we are working hard on this,” says Phil Tozer of Earlybird Farms.

Added differentiation is possible through the introduction of free-range chicken as well as value-adds. “The industry and ultimately the customers would benefit from more consistent and predictable demand. An additional challenge for the local industry is the ability of importers to opt in and opt out, depending on exchange rates.

Local producers, on the other hand, are invested in long-term production cycles. Going forward we are likely to see an increased focus and move to fresh chicken to improve the sales mix and to lessen the dependence on IQF mixed portions,” says Tozer.

Salty business
Something that government has already made a decision on is the sodium content of processed meat products. “South Africa is the first country that has started to regulate the sodium content of certain food types. In other countries, sodium reduction is based on voluntary guidelines.”

Fresh or frozen?
Fresh chicken, 100% natural and un-brined, costs consumers almost double per kg, compared to frozen IQF chicken. The market is also limited with approximately 10% share of total chicken product sales. About 60% of the total chicken sales is IQF and value-added products account for an estimated 2%. “If you compare IQF chicken to fresh chicken and strip out the bones and brine content, IQF still is a very attractive value proposition,” says Tozer.

The distribution of fresh chicken remains a logistical nightmare, as it only has a five to seven day shelf-life or freeze-by date. Retailers are faced with the choice of either dropping their prices significantly prior to the sell-by date or accommodate huge wastage. Frequent deliveries of smaller quantities help to control this, but also add to the bottom line.
The first announcement by government was released in October 2011. The first draft published in March 2012 and signed into law in March 2013,” says Alida Rossouw, sector head of the meat division at Crown National.

She adds that the South African processed meat market is quite small in comparison to overseas volumes. The local demand is mainly generated by LSM 5-10 customers. The new legislation has specified targets for the salt content reduction to be met by 2016 and 2019.

The salt content of raw processed meat is to be reduced to 800mg per 100g by 2016 and 600mg by 2019. The current average is at about 850mg across most raw processed meat products. Sodium in

In tough economic times, customers tend to trade down from red meat to chicken and pork.

Cross-merchandising meat with marinades and spices is an easy way of motivating impulse sales.

Prices for red meat and lamb are lower than they have been for the last few years. Yet, customers still seem to prefer cheaper meats.
The topic of injecting chicken with brine prior to freezing has been hotly contested in various news channels and led many consumers to believe that they are being ripped off. The situation is a bit more complicated than that as brining does have a purpose and its place if done responsibly.

“The practice of brining is nothing new. Un-brined frozen chicken is dry when cooked and has a tough texture. It essentially is a tool to improve product quality in terms of succulence. We do, however, need to have a new set of rules in place to prevent abuse of this practice,” says Phil Tozer of Earlybird Farms. Most producers currently declare a meat to brine ratio of 70% chicken and 30% brine.

Frozen IQF chicken portions average at a retail sales price of about R15-16 per kg, largely due to oversupply. Brining brings production costs down as it costs a fraction of the meat price. Many manufacturers therefore try to maximise their profit margin or bring down their prices to remain competitive by brining excessively.

“Some producers are known to brine up to 50-60% of the total product weight. The industry broadly recognises the need for regulation and leading manufacturers are in discussions with the Department of Agriculture, Fisheries and Forestry (DAFF), regarding the implementation of acceptable brine levels,” says Tozer.

Excessively brined chicken is quite easy to identify, as the product looks swollen and the skin is visibly stretched. Retailers need to do their part in protecting consumers from excessive brining by keeping their suppliers accountable to a certain brine ratio. They should also stick with reputable suppliers that are committed to sound practices. This will in turn put their customers at ease and secure continued sales.
“There is always a discussion in the supermarket industry whether in-store butcheries or co-packers to supply the butchery are the best way forward. There are obviously good reasons and arguments for both and many stores are very successful with co-packers.

However, retailers are wary of closing their butchery altogether and only having display counters due to the fear of losing sales. South African consumers still want the opportunity to interact with the butchery personnel,” says Philip Britz of Deli Spices.

The basis for an appealing and good quality offering is a well-trained and experienced butcher, which unfortunately is much easier said than done. “South Africa does not have many good butchers left and quality is lost every single day. Unfortunately there is no enforced legislation in place that regulates butchery training. A lot of training happens on an informal basis and proper procedures and safe operation of equipment are not properly taught,” says Anzelle van Niekerk of the SA Butchery School.

This very unfortunate trend also illustrates a great opportunity. Good butcheries with skilled staff, good quality products and great service are few and far between. Make your butchery the best in town and customers will go out of their way to buy their steak from your store – as well as other impulse lines they pick up on the way!

Preparation of your own biltong is another way of setting your butchery apart from the competition.