

Charting trends for Asian meat processors



Participants from different animal protein industries converged at Animal Protein Asia 2018 in Bangkok, Thailand.

About 100 delegates from across Asia converged at the Anantara Siam hotel in Bangkok, Thailand on January 16 and 17, to hear about trends, advances and opportunities in the animal protein sector.

The two day Animal Protein Asia conference organised by *Asian Agribiz* and its *Asian Meat Magazine* addressed understanding consumer attitudes; catching the trends in food retail and service; developing and marketing innovative meat products; and a chaired roundtable discussion on adopting new meat processing technology.

It offered delegates a plethora of ideas to work with, innovate and develop within their own enterprises. This was derived from trends and working ideas; consumer knowledge, behaviour and profiles; innovation models; and market research presented by the speakers.

Opening the event, David Hughes, Conference Chairman and Emeritus



David Hughes

Professor of Food Marketing at Imperial College, London, UK said the uncertainty in mature markets, environment issues, the digital and technology drive that is reshaping consumption habits and rapid urbanization, are some trends that are bearing upon the meat industry.

"Food shopping is driving consumers to mindful choices such as natural products that are ethically and/or locally produced and those with

environmental claims," he said.

"Concerns about food waste and environmental impact is picking up in the West and could soon trickle across to Asia. Consumers want packaging that is either biodegradable or can be recycled."

He added that the concept of three meals a day is blurring, with the younger generation more keen on snacking on healthy food.

Busy lifestyles

Addressing rapid urbanisation in key cities in Asia and its impact on living spaces and time, Philip Steggals, Managing Director of Kadence International, a global market research company, feels strongly that urban consumers are ready to pay for convenience.



Philip Steggals

"Convenience is driving food choices as urban citizens are time-strapped and have to contend with smaller kitchens. Technology is offering a premium for time and delivery on demand for food and groceries is growing significantly," he said.

"Apartments and other urban living spaces are a convenience rather than a home and this too dictates eating habits. Urban consumers are ready to pay to claim back some time for themselves."

Innovation is key to understanding this trend and catering to what consumers are asking for.

Millennial mindsets

Goro Hokari, Prompohn Supataravanich and Ampa Theerapatsakul of Hakuodo Institute of Life and Living Asean, defined millennials as those born between 1980-1999.

Within this group too



From left, Patcharaporn Sagulwiwat; Rex Holyoake, Managing Director of Asian Agribiz; and Wuthichai Sithipreedanant, CPF's Senior Vice President of CSR & Sustainable Development.

there are behaviour patterns and mindsets that vary and shape consumer behaviour. They cannot be put into similar clusters, they surmised.

Millennials of the 80's had to contend with economic upheavals and hence believe that shopping creates character. They tend to compare quality, price and value when making purchasing decisions.

Those born in the 90's however, are impulsive buyers, more intent on the purchase being 'cool' and gratifying, even if only momentarily.

CPF's sustainable kitchen

There will be around 9 billion people in 2050. On the food supply side, more natural resources

are needed to feed the growing population, and this has potential to harm the environment.

Being part of the global food industry, Thailand's Charoen Pokphand Foods (CPF) has implemented sustainability strategies to ensure that every mouthful is meaningful across the value chain.

Patcharaporn Sagulwiwat, CPF's Assistant Vice President for Global Sustainability Network, said CPF is leading the way to sustainability through food security (by providing tasty, safe and good quality food products), self-sufficiency (by developing win-win partnerships with societies), and balance of nature (by reducing environmental footprint).

"By implementing this program, we want to be a

sustainable kitchen of the world," Ms Patcharaporn stressed.

Convergence of food service and food retail

Food service and food retail are converging, adjusting to consumers who are looking for convenience across channels. They want food that is convenient to buy, prepare, consume and dispose, according to Prof Hughes.

This trend has led to the growth of ready-to-eat and fresh convenience.

E-commerce giant Alibaba is a good example. Last year it took a USD 2.9 billion stake in a Chinese hypermarket operator in a bid to connect e-commerce and physical stores. Another example is convenience store chain 7-Eleven in Hong Kong which converges its offerings including ready-to-eat food, snacks, bakery, coffee among others into one.

"The future is omni-channel because one product doesn't fit all channels. And food firms will navigate towards linking the physical and digital presence (phygital)," said Prof Hughes. ▷

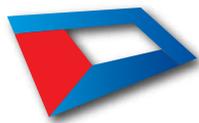


From left, Goro Hokari, Prompohn Supataravanich, and Ampa Theerapatsakul – all from Hakuodo Institute of Life and Living Asean.



From left, David Hughes; Nick Akkerman, Export Sales Manager at Union Micronclean; and Colin Marry, Managing Director at Ireland's Permapigs.

Animal Protein



Asia

15–16 January 2018
Bangkok

◁ FCR is growing in Asia

Fast casual restaurants (FCR) are growing in Asia, driven mainly by the growth of the middle-class population that is looking for better and healthier choices and more varieties at different times of the day.

“This category enjoys menus with a higher selling prices. It is also quick to grow with smaller retail sites. However, it is a competitive market and maintaining loyalty is challenging,” revealed Rob Gosney, Australia-based Protein Product Development and Innovation Advisor.



Rob Gosney

Thus, he said, continuous improvement and innovation is important in this category. For instance, Singapore-based Zest Group that has two FCR brands – ABC and ALT Pizza – is going to develop new animal protein (chicken breast, pork and beef) products to meet its customers’ demand for high standards of quality and safe food, said Mr Gosney who is helping the company innovate.

In his second presentation, Mr Gosney outlined nine interesting food outlets in Australia and Singapore that are

famous for meat products that he trusts. He said: “In this current competitive market, food business operators must remember to ask: ‘what am I famous for?’ to stay competitive.”

Asia must produce more with less

Asia continues to see a growing appetite for meat,



From left, Komsorn Mahawan, Director & Sales Manager at Thailand's Siam Heng Dee Trading; Chakrit Ridmontri, Project Manager at Asian Agribiz; and Rinlaphas Petchsuwan, General Manager at Thailand's Siam Heng Dee Trading.

Testimonies

Sugiman – Head of Sales & Marketing at Indonesia's Santosa Agrindo

“From this conference, we learned that there are trends that we must anticipate. One of them is the food-to-go trend adopted by the millennial generation. Santosa Agrindo, as an integrated cattle farming and beef processing company based in Indonesia, has to think innovative strategies to meet demand from the millennial generation.”



Alexis Lemaître – Sales & Export Manager at Hong Kong-based World Wide Food Distribution

“This is the second time I’m participating in this really interesting conference. A lot of new trends were revealed and this is a good platform to confirm trends that we already know, with industry professionals. For us involved in the meat distribution industry, it’s important to anticipate the trends, including the environmental concern and the growth of meat alternatives. Finally, this conference helped me understand about Asia and how this market will grow in the future.”

Mohamed Aftab Uddin – General Manager-Factory at Bangladesh-based Kazi Food Industries

“It’s a good conference where I got a lot of information and market insights. I like the presentation about the growing trend of fast casual restaurants, which gave me ideas on how to further develop our fast-food business in Bangladesh.”



Mohamed Aftab Uddin (left) and Narendra Pasuparth.

Narendra Pasuparth – Director at India's Nanda Group

“I really enjoyed the conference. While many other conferences address animal production and cost efficiency, this conference offered something different, more on market trends that are important to move forward. Topics about consumer trends, food retail and product innovation are relevant and important for our company to move from only selling [chicken] live birds to innovative food products which directly target end-consumers. Being present at the conference and listening to other food producers on how they target their customers was a great experience.”



Ricky Lin (left) and Leong Lai Peng.

thus the growing need for feed grain and oilseed, explained Jean-Yves Chow, Senior Vice President, Food & Agri Sector Coverage at Mizuho Bank.



Jean-Yves Chow

This is supported by strong underlying global growth contribution where emerging Asia contributes more on the growth.

However, Mr Chow said in terms of 'producing more with less', Asia is the major issue and key intrinsic solution to the meat-feed-grain challenging equation.

Therefore, "Asia needs to transform," said Mr Chow. "The first option is to change from backyard farms to mega farms to optimise production efficiency. Smarter trade options may also work. For instance, China is importing more pork which means less reliance on corn, soy and water as every kilo of pork imported equates to at least 3kg less of feed production."



Gordon Butland

Growth disruptors

Population and demographics, consumer habits, mindfulness and technology are some of the disruptors in the poultry sector today, said Gordon Butland, Director G&S Agriconsultants Co Ltd, Thailand.

"By 2050, the global population will be 9.7 billion and Africa, India and Asia will account for the highest numbers. This would determine where and how your business will grow," said Mr Butland.

He added that growth disruptors also include changing consumer habits and perceptions of the food industry, activists that lead opinions and consumers who are mindful of food sources, animal and employee welfare, and the environment.



Robert van Barneveld

The science of product innovation

Robert van Barneveld, Group CEO and Managing Director – SunPork Group, emphasised that understanding a target market involves more than looking at the market as a whole as in say China or Thailand.

"You need to dive down into understanding your target consumer. At SunPork, we adopt the Karo model in which products are defined by three elements – basic, performance and excitement," said Dr Barneveld.

"All products have to have some basic elements. We then add performance attributes that create excitement, and this is what differentiates the products, adds value and gains a premium," he said.

Raised without antibiotics certification

The ban on use of antibiotics in livestock farming is a hot issue. Kentucky Fried Chicken (KFC) for instance, announced last year that it will discontinue purchasing chicken treated with antibiotics used in humans by 2018.



Peter Bracher

Animal protein producers, including Asia-based producers, are making changes. One of the ways is by being certified by NSF International, a global independent organisation in public health and safety.

Peter Bracher, Managing Director for Asia Pacific at NSF International said more players in the chicken sector are applying for the raised without antibiotics certification, followed by players in the shrimp, pig and dairy sectors.

"We are now working with several animal protein players in Thailand, with enquiries are also coming from Vietnam, India and China," he said.

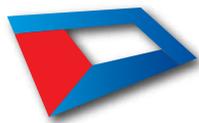
Plant-based meat alternative

Growing population, climate change, sustainability and disease concerns led Ricky Lin to set up a start-up focusing on innovative functional foods called Life3 Biotech, based in Singapore.

With Leong Lai Peng from the National University of Singapore, he developed Veego, a plant-based protein which he says is a healthy & nutritious, natural, sustainable and versatile product.

"The product was >

Animal Protein Asia



Asia

15–16 January 2018
Bangkok



Sara Aparicio Hill

“created not to displace meat, but to be an alternative,” said Mr Lin.

He said plant-based protein as a meat alternative is estimated to reach USD 5.9 billion globally by 2020 where the greatest growth will be in Asia.

Food safety and competition rules

Food safety scandals have global repercussions, said Sara Aparicio Hill from international law firm K&L Gates.

At the same time, these scandals are a real challenge for authorities. In China for instance, the government insists on ‘strictest’ controls in food safety and urges harsher penalties for those who endanger public well-being.

Ms Hill called on food business operators to

be proactive and comply with food safety rules, a key element of company culture.

Competition rules including cartels are another important thing to consider for Asian food business operators. If not checked, warned Ms Hill, this could harm the reputation/brand, decrease share value and disrupt business.

“Again, food business operators should be proactive and comply with competition rules as part of company culture by documenting meetings with competitors and having competition law in mind, among others,” she reiterated.

Product innovation

Product innovation is a critical element of an effective pig carcass disposal model, said Mr van Barneveld of Sunpork.

He explained that innovation strategy needs to take price pressure of primals to account for the fact that 40% of the pig carcass sells below the cost of procurement.

“A robust product innovation process is required for success.



From left, Maxime Lemaitre, Managing Director at World Wide Food Distribution; Marina Ambroset of Cooper Brocелиande; and Alexis Lemaitre, Sales & Export Manager at World Wide Food Distribution.

Consumer trends and modern markets are well suited to the introduction of new and innovative pork products,” he said.

Sunpork’s German pork knuckle is one of the company’s innovations that enjoys good sales. Preferred by multi-age consumers, the product has ‘low-risk’ production, high yield, simple process, long shelf life, simple packaging, great presentation and good margin.

Autism and agriculture

This is a world-first initiative of SunPork Farms where it employ autistic adults with a high attention to detail in specialist animal care roles, said Mr van Barneveld.

SunPork Farms has completed a customised

recruitment process in Queensland, Australia and has offered seven autistic adults full-time positions with the company. They commenced work in January 2017.

“We recognise that by employing autistic adults and providing an appropriate working environment, the human resource standards for the entire business were enhanced,” he revealed.

SunPork Farms views these positions as long term, full-time positions and when the pilot is completed, it expects that regular recruitment processes will be undertaken to further increase the number of autistic animal carers on its farms. **AM**



Discussion panels at Animal Protein Asia 2018.