

## The Meat Market

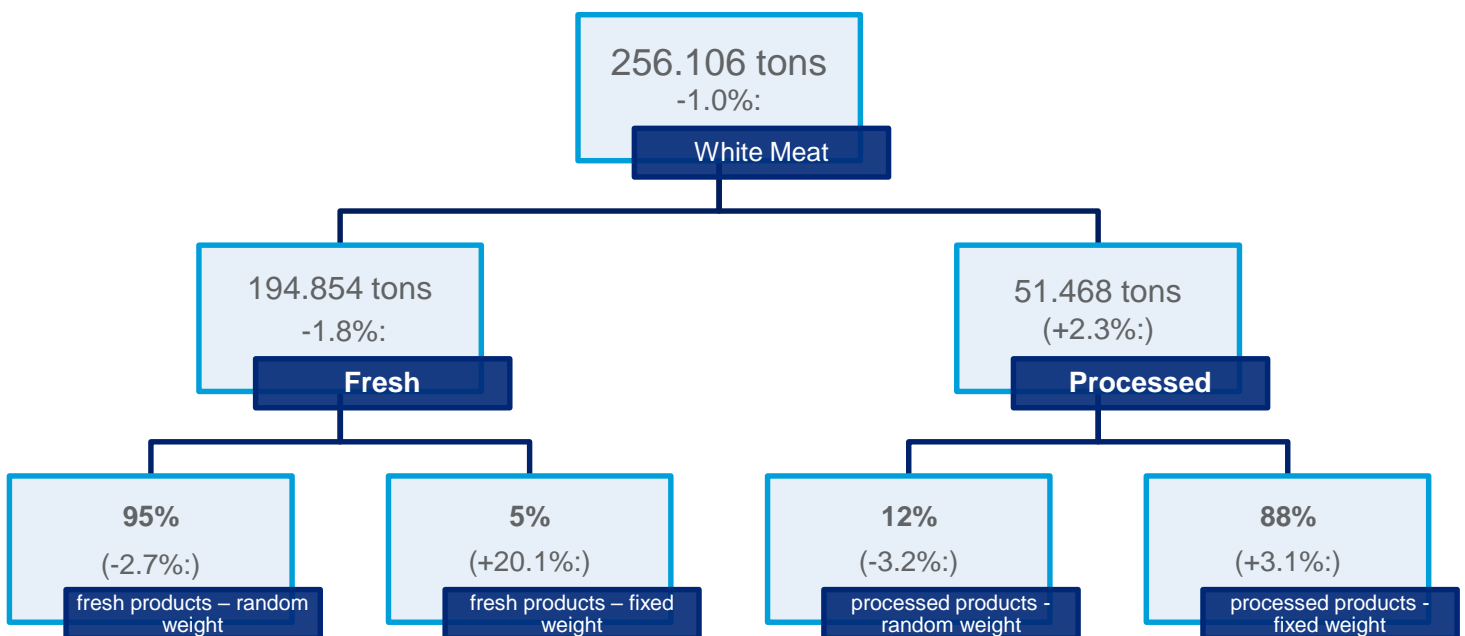
The Meat market in 2019: 5.8 billion Euro turnover

In the Food market as a whole, the meat one is the main market by business turnover: in 2019, considering only Hypermarkets and Supermarkets, it achieved a turnover of 5.8 billion Euro, with a total of 685 tons sold. The Cheese market (4.6 billion and 455 tons) and the Cured Meats market (3.8 billion and 217 tons) are the next in importance.

If we consider the entire meat market (red meats, white meat and pink meat), 2019 showed a slightly falling trend: the market is in fact showing a substantially stable situation in volume (0.2%) but a slight increase in prices, linked both to inflationary logic but also to a change in consumers' shopping basket mix. Shoppers have now consolidated a trend that has been ongoing for some years, preferring processed products (e.g. Cutlets, hamburgers, sausages etc) to fresh products.

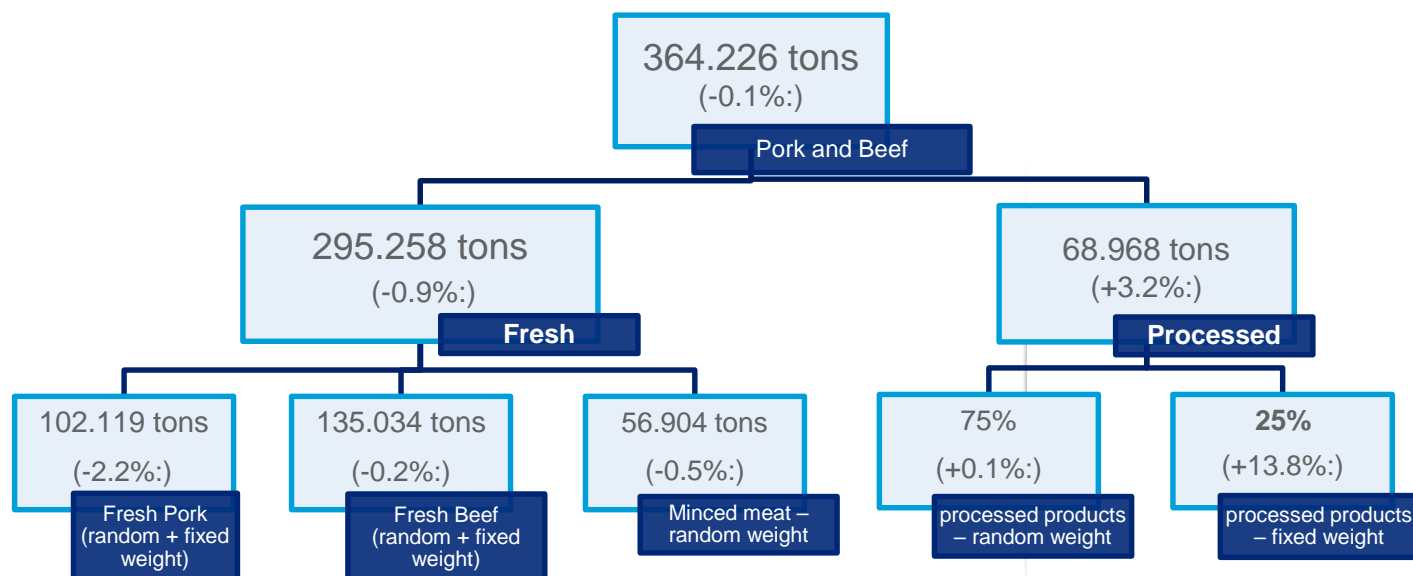
There has also been a return to a growth in sales of red meats (beef) that had seen sharp drops in recent years.

## White meat in 2019



Source: IRI InfoScan Census®. IRI Random Weight® Hyper+ Supermarkets. Year Ending November 2019

## Red and pink meats in 2019



Source: IRI InfoScan Census®. IRI Random Weight® Hyper+ Supermarkets. Year Ending November 2019

## The impact of the Covid-19 emergency

In 2020, in a context wherein the entire FMCG sector has reached a +9.1% increase in sales (IRI Liquid Data®, Total Store View – Hypermarkets + Supermarkets - Year-to-date updated at 31 May 2020), Random Weight products suffered a setback, with much smaller growth (+1.3%).

The main reasons for this gap are due to consumer choices, as they have preferred to not purchase products in some departments in the Random Weight product world (e.g. Bakery and Delicatessen) and to the fact that shoppers avoided some areas within stores (counters with service), also because they were closed during “phase 1” of the Covid-19 health emergency, and also due to the fact that consumers wished to purchase pre-packaged products and do their shopping expedition in the shortest time possible, not therefore stopping to queue and wait their turn.

These choices penalised the world of Random Weight Cured Meats in particular, which registered at -1.2% drop. On the other hand, in the Fresh Foods segments, Fixed Weight Sliced Cured Meats are the category that showed the largest growth in turnover during the Covid-19 epidemic: +132.3 million Euro, with a 15.8% increase (IRI Liquid Data®, Total Store View - Hypermarkets + Supermarkets + Self-Service Convenience Stores + Discount Stores).

**Random Weight Products: limited growth during the Covid-19 emergency**

If we consider Fixed Weight Meats, 2020 data up to 31 May shows a +6.2% growth: Meats were less impacted than cured meats, due to the lack of counters with service, as they were the products most bought in “Take Away” mode.

Like many other FMCG products, during Coronavirus, consumers mainly bought meat in Retail Channels stores, due to reasons linked to the lack of ability to travel around and due to the need/desire to do all the shopping in one sales point, thus penalising specialised stores.

However, with the start of “phase 2” and a progressive return to normality, it has been possible to begin to stock up at specialised stores and consequently there has been a readjustment of sales trends in Retail Channels towards more limited growth.

**+6.2%: sales of fixed weight meat in the early months of 2020**

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