FURTHER PROCESSED POULTRY:
THE DYNAMICS AND ADDED VALUE
OPPORTUNITIES IN KEY
WEST EUROPEAN
POULTRY MARKETS
GERMANY, FRANCE, U.K.

A proposed Multi-Client Programme for:
– Major poultry companies
– Poultry boards and trade associations
– Poultry based ready meal suppliers
– Retailers
– Packaging producers
– Equipment suppliers

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LONDON   BARCELONA   FRANKFURT   MILAN
FURTHER PROCESSED POULTRY: 2000 – 2010

SUMMARY

RELEVANCE: The way forward for West European poultry operators inside the EU has to be via convenience and a widening and deepening of their activity in added value further processed poultry. GIRA has been researching developments in this field since 1980.

OBJECTIVES: To provide clients with a highly focussed and forecasting analysis of the market development in retail and catering of the main further processed poultry (FPP) products, the major players (including non-integrated processors) and the penetration of FPP in total poultry markets.

SCOPE: PRODUCTS: eight sub-categories of FPP which are essentially chicken and turkey based.

MARKETS: retail and catering / food service

COUNTRIES: Germany, France, UK (the three major markets in West Europe)

REPORTS: Separate reports per country and a short overall synthesis.

DURATION: Start October 2000: completion March 2001

SUBSCRIPTION: In EUROS:

– Total Programme 15 000
– Two countries (Synthesis included) 11 500
– One country 6 000
– Synthesis 3 000

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1. **BACKGROUND**

There has been steady growth in poultry per capita consumption throughout most of the EU for the last ten years. These gains have been made through a combination of poultry’s relative price (particularly to beef), continuous product innovation and its nutritional image. **THERE WERE EXCEPTIONAL GAINS IN 1996 THROUGH THE BSE CRISIS WHICH BENEFITTED POULTRY MORE THAN PIGMEAT. HOWEVER THE 1996 GAINS HAVE BEEN PARTLY ERODED BY THE VERY LOW PIGMEAT PRICES IN 1998 AND 1999.**

**THERE IS A DANGER OF COMPLACENCY SETTING IN AMONG THE MAJOR EU POULTRY GROUPS AND WARNINGS SHOULD BE SOUNDED:**

- financial problems among some of the largest EU poultry groups (e.g. BOURGOIN, HILLSDOWN)
- the reduction in the volume of extra EU subsidised exports will increase the internal EU competition
- pressure from 3rd country imports, into the EU (especially Brazil and Thailand) will increase:
  - low cost poultry meat “ingredient”, putting pressure on the vertically integrated EU poultry groups
  - increasing volumes of finished further processed product, at very competitive prices
- virtually no producer branding (compared with the US situation) and an even more concentrated modern retail
- the search for and need for ADDED VALUE POSITIONING will be intensified across the EU.

All major EU POULTRY GROUPS – the vast majority with only a “national” understanding – will need:

- to understand all the main EU markets and the retail and catering trade channels
- to know the product positioning of their competitors.

This new GIRA programme, to be completed in 2000, has been designed to help clients both to increase their knowledge of EU markets and to show the different added value positioning in the main EU markets.
FURTHER PROCESSED POULTRY MARKETS (FPP)

GIRA’s first added value poultry programme dates from 1979 when initiatives were just starting in France, UK and Germany and when the market was totally inexistent in Italy. It was also the era of the industrial frozen broiler which, while leveraging on poultry’s relative cheapness, did a lot of damage to the image of the meat.

Further programmes in 1984, 1988, 1992 and 1994 (Italy) showed the remarkable progress which had been made in adding value to poultry and widening the positioning of the meat to the consumer.

While, with the exception of Germany (14 kg in 1996), per capita consumption of total poultry is fairly similar (between 20 and 22 kg/capita), there are striking differences in the development of further processed poultry consumption between the countries.

GIRA’s 1996 programme showed that Germany, despite a relatively low overall poultry per capita consumption, has the highest penetration of FPP products.

<table>
<thead>
<tr>
<th>Country</th>
<th>FPP Market as % of Total Poultry Market</th>
</tr>
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<tbody>
<tr>
<td>Germany</td>
<td>23.9%</td>
</tr>
<tr>
<td>France</td>
<td>14.6%</td>
</tr>
<tr>
<td>U.K.</td>
<td>13.3%</td>
</tr>
<tr>
<td>Italy</td>
<td>7.3%</td>
</tr>
<tr>
<td>Spain</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

Source: GIRA

The new research programme will concentrate on the three key markets and show:

- the different country product positioning in the eight sub-categories per country
- the relative importance of broiler versus turkey as the main raw material, with turkey the most developed in France
- the significance of catering as opposed to retail markets for FPP sales, with Germany showing a very high importance of catering
- chilled as opposed to frozen presentation

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– the shift from raw to cooked products

– the types of players active in FPP markets, producer versus retailer brands

– retailer margins and positioning of FPP products.

The programme is available in three detailed country reports and with an overall synthesis.
2. **OBJECTIVES OF THE STUDY**

The basic objective of the study is to provide clients with a highly focussed analysis in a forecasting context of the markets for added value/further processed poultry products in the overall poultry markets of the chosen countries.

This requires the following sub-objectives:

- to provide a clear analysis with historical perspective of the overall poultry market in each chosen country: production, main players, foreign trade, consumption

- to analyse the further processed poultry markets by sub-category and to show the major trends in both retail and catering markets

- to profile the major poultry groups active in the further processed poultry area in each country

- to forecast trends in demand for poultry in total and for the main categories of further processed products to 2005 with long term trends to 2010.
3. **Scope of the Study**

3.1 **Further Processed Poultry Products**

These are essentially chicken and turkey based with some rôle of duck.

They can be classified by the added value operation made to the poultry:

- de-boning
- forming, shaping
- dicing, slicing
- filling stuffing
- coating, marinating
- cooking, smoking
- ready-meal incorporation, etc.

They can also be classified by major family with specific functionality and with some overlap and in either chilled or frozen form.

The following eight sub-categories will be used by GIRA in this programme:

- raw elaborated products (raw roasts, rolls, minced/diced meat, kebabs, etc.)
- breaded/coated products (escalopes, nuggets, etc.), either raw or cooked
- cooked cuts and whole birds
- marinated/flavoured cooked products
- charcuterie products (hams, roasts, etc.; usually presented in sliced form)
- sausages (raw, cooked) reflecting the national sausage traditions
- poultry meat pâtés
- poultry meat-based ready meals.
3.2 **MARKET SEGMENTS**

The study will focus on:

- **modern retailing systems** which have been the motor of FPP products

- **“commanding heights” of the catering market:**
  - large institutional buyers
  - contract caterers
  - fast food restaurant chains
  - other chains
  - transport caterers

- **key suppliers of ready meals.**

3.3 **GEOGRAPHICAL**

The research will cover:

- the U.K.
- Germany
- France.

3.4 **TIME SCALE**

- Present (1999/2000) situation with relevant historical perspective.
- 2005 medium-term forecast.
- Trends to 2010.
4. **REPORT PLANS**

**COUNTRY REPORTS**

SEPARATE COUNTRY REPORTS WILL BE PUBLISHED FOR:

- U.K.
- GERMANY
- FRANCE.

Each of these reports will from 70 to 100 pages and will follow the following outline structure.

**CHAPTER 1 TOTAL POULTRY MARKET**

- volume of national output
- industry structure
- foreign trade
- supply.

**CHAPTER 2 FURTHER PROCESSED POULTRY MARKETS**

- product definitions
- main suppliers and profiles
- retail markets
  - market size and product segmentation
- catering markets
  - market size and main using segments
- ready meal markets.

**CHAPTER 3 FUTURE TRENDS AND MARKET FORECASTS**

- innovation of domestic producers
- stimulus/penetration of imports
- trends in retail markets for FPP
- trends in catering markets for FPP
The separate synthesis report of approximately 50 pages will have the following main chapters:

- review of total poultry market
- Further Processed Country Markets Overview
- the Players in the Market
- Distribution Circuits (retailing and catering)
- Future Trends and Market Projections
- Conclusions / Recommendations.

* * * * * * *

In the green page annexe to this proposal, we have shown the actual table of contents for the 1996 Germany Report and the Synthesis.
5. **METHODODOLOGY**

Three stages will be used.

**Desk Research**

GIRA has a strong knowledge, with historical and future perspective, for the three countries. The desk research stage comprises:

- analysis of in-house GIRA dossiers
- analysis of key trade reviews in the poultry area
- review of other published material, audits, reports
- contact with the poultry trade associations in each country
- choice and fixing of interviews both with poultry groups and major retailers.

**Field Research**

This is the key information yield. Interviews are made with:

- poultry groups active in the main areas of further processed poultry (about 5-10 per country)
- poultry based ready meal suppliers
- major retailers (FPP products have been essentially pushed by modern retail) with 6-8 interviews per country
- major system caterers.

The retailer interviews are backed up with store checks to confirm product varieties, packaging, price and linear presentation.

**Report Writing**

The information assembled in both prior stages is analysed and presented in a final report per country.
6. **S**UBSCRIPTION, **R**EPORTS, **L**IAISON

**S**UBSCRIPTION

The following are the various subscription possibilities in **Euros**.

<table>
<thead>
<tr>
<th>Description</th>
<th>Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>total programme (3 countries plus Synthesis)</td>
<td>15 000</td>
</tr>
<tr>
<td>two countries (the synthesis is included)</td>
<td>11 500</td>
</tr>
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<td>one country</td>
<td>6 000</td>
</tr>
<tr>
<td>synthesis</td>
<td>3 000</td>
</tr>
</tbody>
</table>

**T**IMING

Reports are scheduled to be published by 31 March 2001.

**R**EPORTS

Reports will be published in English. Two copies of reports for which a subscription is entered are supplied.

**L**IAISON

Clients are entitled to a half-day presentation of the results with the GIRA head of project.

Travel costs only will be billed if the meeting is requested in the client’s offices.

ARRIVÉ
AVICOR
BERNARD MATTHEWS
BRONTE FOODS LTD
CEVAL
CONAGRA
DANISH POULTRY EXPORT
DOUX
F.I.A. (FRENCH POULTRY FEDERATION)
GARBINI
GRACE
GROVE TURKEYS
HILLSDOWN / BUXTED
IRISH FOOD BOARD
MOY PARK
NESTLE
NUTRECO
OFIVAL
PERDIGAO
PLUSFOOD / FRIKI
PVE (NETHERLANDS)
SADIA
SARA LEE
SHIPPHAMS
SUN VALLEY FOODS
SWEDISH POULTRY ASSOCIATION
SYNAVI
UNIGATE
UNIGRAINS
UNILEVER

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# TABLE OF CONTENTS
(GERMANY: 1996 REPORT)

1. TOTAL POULTRY MARKET ............................................................... 1
   1.1 BIRD SUPPLY ............................................................................. 1
   1.11 BROILERS .................................................................................. 1
   1.12 TURKEYS .................................................................................. 3
   1.13 DEGREE AND TYPE OF INTEGRATION ..................................... 5
   1.14 MAIN TYPE OF CONTRACT .......................................................... 5
   1.2 PROCESSING STRUCTURE ........................................................... 7
   1.3 PRODUCTION VOLUME OF POULTRY MEAT ............................... 11
   1.4 FOREIGN TRADE .......................................................................... 13
   1.41 EXPORTS BY PRODUCT TYPE AND MAIN COUNTRIES OF DESTINATION ........................... 13
   1.42 IMPORTS BY PRODUCT TYPE AND MAIN COUNTRIES OF ORIGIN ........................................... 14
   1.5 INTERNAL MARKET SUPPLY ......................................................... 15

2. FURTHER PROCESSED POULTRY MARKETS ............................... 17
   2.1 PRODUCT DEFINITIONS ............................................................... 17
   2.2 MAIN SUPPLIERS ......................................................................... 19
   2.21 DOUX GEFLÜGEL GMBH ............................................................. 21
   2.22 KALVELAGE-HEIDEMARK GROUP – HEIDEMARK PUTENSCHLACHTEREI GARREL GMBH + Co.KG ................................................. 24
   2.23 HöHENRAINER-TRUTHAHANDLUNG GEORG LECHNER GMBH & Co KGF .................................................. 28
   2.24 LOHMANN/WESJÖHANN GROUP .................................................. 32
   2.25 SCHLOSS STETTEN GMBH & Co.KG/NÖLKE GROUP ................. 37
   2.26 SPREHE GEFLÜGEL- UND TIEFKÜHLEKOSTENHANDELS GMBH & Co.KG ................................................. 41
   2.27 VOSKÖTTER GMBH & CO ............................................................. 43
   2.28 IMPORTANCE OF THE FURTHER PROCESSED POULTRY PRODUCT FAMILIES COVERED BY THIS STUDY AS TO THE PRODUCT RANGE OF THE MAIN SUPPLIERS ................................................................. 47
   2.3 TOTAL MARKET FOR FURTHER PROCESSED POULTRY PRODUCTS ...................................................... 48
   2.4 RETAIL MARKETS ........................................................................ 50
   2.41 SUMMARY OF RETAILING STRUCTURES .................................. 50
   2.42 TOTAL VOLUME AND VALUE OF FURTHER PROCESSED POULTRY IN RETAIL MARKETS .............................................................. 53

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LIST OF TABLES AND FIGURES

Table 1-1 Structure of Broiler Farming, 1984, 1990, 1992 and 1994.................1
Table 1-2 Broiler Stock in German Poultry Farms, December 1984, 1990, 1992 and 1994.................................................................2
Table 1-3 Structure of Flock Size, 1984, 1990, 1992, 1994..............................2
Table 1-4 Number of Turkey Farms, 1984, 1990, 1992, 1994.........................3
Table 1-5 Turkey Stock in German Farms, December 1984, 1990, 1992 and 1994.................................................................4
Table 1-6 Number of Poultry Slaughtering Facilities, 1985-1995....................7
Table 1-7 Poultry Slaughtering Capacities by Size Categories, 1985-1995...............7
Table 1-8 Birds Raised and Relevant Yield of Tons CWE per Year, 1985-1995..........................8
Table 1-9 Key Data on Leading German Poultry Producers.........................9
Table 1-9 Key Data on Leading German Poultry Producers (cont.).............10
Table 1-10 Poultry Meat Production – Total and by Species, 1985-1995.............11
Table 1-11 Production of Whole Broilers and Turkeys and Share in Relevant Meat Output, 1985-1995.....................................................12
Table 1-12 Production of Broiler and Turkey Parts and Share in Relevant Meat Output, 1985-1995.....................................................12
Table 1-13 Exports of Poultry Products, 1985-1995..........................................13
Table 1-14 Imports of Poultry Products, 1985-1995.........................................14
Table 1-15 Internal Market Supply of Poultry Products – Total and by Type of Species, 1985-1995.....................................................15
Table 2-1 Importance of Further Processed Poultry Product Families in the Product Range of Main German Producers...........................47
Table 2-2 Number and Turnover of the Main Types of Retail Outlets, 1992-1995.................................................................50
Table 2-3 Turnover of the Twenty Largest Retailing Groups – 1995............51
Table 2-4 Number of Outlets and Turnover of Key Accounts, Jan. 1996 and 1995, Respectively.................................................................52
Table 2-5 Typical FPP Products, Branding and Prices.................................55
Table 2-5 Typical FPP Products, Branding and Prices (cont.)........................56
Table 2-6  DLG Quality Award Granted to Poultry Products in 1995..............58
Table 2-7  Number of Catering Establishments, Meals Served, Value of Meals Served and Estimated Meat Purchases, 1993/1994.............64
Table 2-8  The Top 20 German Contract Caterers, 1995.................................66
Table 2-9  Important German Restaurant Chains and Transport Caterers, 1995..................................................................................67
Table 2-10 Estimated Total Meat Demand and Demand for Poultry Meat by the Individual Catering Sectors, 1993/1994.........................69
Table 2-11 Typical Poultry-Based Read Meals..............................................76
Table 2-12 Poultry Meat Consumption in Ready Meals, 1995..........................77
Table 3-1  Further Processed Poultry Products Launched between January 1994-March 1996...............................................................81
Table 3-2  Forecasts of Total Poultry and FPP Product’s Sales, 2000 and 2005............................................................................................89
Table 3-3  Evolution of Total Sales of Further Processed Poultry Product Categories, 1995, 2000, 2005..........................................................90
Table 3-4  Evolution of Volume Sales of Further Processed Poultry Products in the Retail Market, 1995, 2000, 2005.................................91
Table 3-5  Evolution of Volume Sales of Further Processed Poultry Products in the Catering Market, 1995, 2000, 2005.................................92