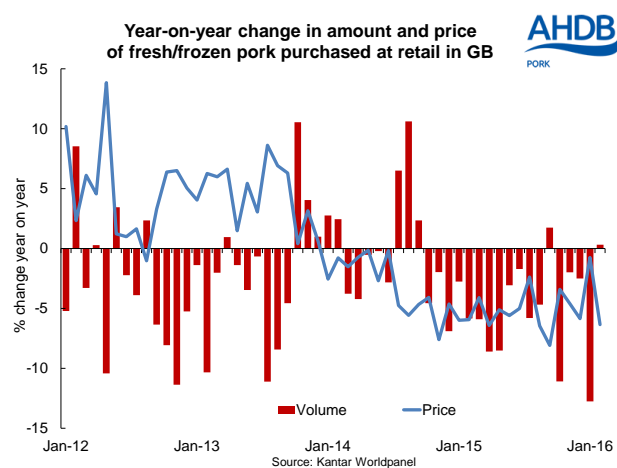


## Fresh pork struggling to attract retail demand

GB pig prices have been under pressure in recent years. In part, this is because of increasing supplies on the UK market, due to both higher domestic production and rising imports. However, as always, demand is also part of the equation.

Normally, as prices for a product decrease, we expect it to become more attractive to consumers, leading to higher purchases. Conversely, as prices rise, less is bought. Usually, that is the pattern which is observed for meat products, although price changes for competing proteins and external factors like the weather can also have an effect.

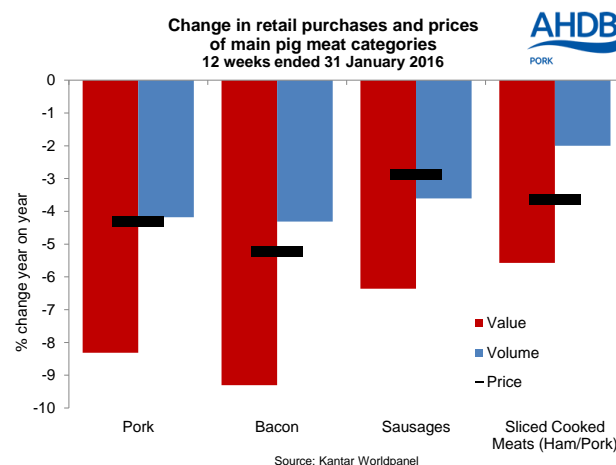
Until the middle of 2014, this general pattern seemed to hold true for pork as well as for other meat products, based on analysis of data from Kantar Worldpanel. For example, through much of 2012 and 2013, retail prices were rising (as were pig prices) and, as a result, less pork was purchased. In late 2013 and early 2014, prices start to fall slowly and, for the most part, retail sales were stable or rising.



However, from the autumn of 2014, the normal pattern appears to have changed. Since then, prices paid for pork in retailers have been consistently lower, typically by around 5% compared with a year earlier. Despite this, with a couple of exceptions, purchases of fresh/frozen pork have also been lower than a year before. The only periods which saw year-on-year growth in the amount of pork purchased were when the price falls were largest, suggesting that price was still having some influence on purchase decisions.

Further analysis of the data shows that, in effect, the price which consumers are willing to pay for pork has decreased. Since autumn 2014, it seems that the average price needs to be around 50p/kg (about 10%) cheaper to generate the same volume of sales as before. With year-on-year falls around half that level, sales have declined. If anything, demand seems to be continuing to reduce. The most recent periods still show annual falls in both prices and sales, despite being compared with periods after the downturn in autumn 2014.

Until recently, this problem seemed to be confined to pork. Prices were also falling in other pig meat categories but purchases were stable or rising. However, in recent months that pattern seems to have changed. In the 12 weeks to the end of January, the price paid for bacon was, on average, 5% cheaper than a year earlier but 4% less was purchased. Similar trends were apparent for sausages and ham.



The decline in demand for fresh/frozen pork is not limited to GB. Figures from Ireland show a very similar pattern, with prices in the 12 months to 8 November averaging 9% lower than a year earlier but 5% less pork being sold. France, Germany and Italy also saw lower pork sales despite falling prices. Of the major EU consumer markets, only Spain bucked the trend, with both sales and prices higher.

So why is retail demand for pork struggling so much? In truth, we don't yet fully understand and further work is underway within AHDB to get to the bottom of the situation. There are factors which are acting against the category but none really explains why things changed during 2014.

One driver may be the rise of the [convenience market](#). Pork is currently under-represented in this sector, which is growing and taking consumers from primary red meat. Foodservice is also performing well as people feel better off, also reducing retail sales but potentially good news for pig meat as it is well represented in some parts of the sector.

In addition to these trends, pork has an image problem among consumers, particularly in younger age groups. Many perceive it as bland, dry, unhealthy and lacking versatility. In these respects it suffers in comparison with chicken but isn't seen as a treat in the same way as beef and lamb can be. There may even be risk that falling prices make it seem a lower value product in the eyes of consumers.

With GB supplies set to rise further in 2016, addressing the decline in retail sales will be crucial to any recovery in the pig market. In part, this will mean rejuvenating the image of pork, one of the aims of the ongoing [Pulled Pork campaign](#).