

**Stakeholders and Member States
meeting on the implementation of
Council Directive 2008/120/EC:
Group housing of sows**

Retailers' perspectives

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The current context of European Distributors ...

- European Distributors are omnipresent in their home territory ...
- A consumption crisis that emerges gradually across Europe ...
 - All of the store aisles have been effected since 2008...
 - Textile, electronic, multimedia, tableware,...
- Today, 3 types of consumers seem to be imposed upon European distributors ...
 - The **Price** consumer (60% of the population)
 - The **Value to Price Ratio** consumer (30% of the population)
 - The « **Happy Few** » who exclusively account for the dramatization of the aisles (10% of the population)

The specific context of French distributors

- A unique oligopolistic situation which enables distributors to trade free of entry barriers, that is to say, any French Production / Manufacturing / Distribution legislative system in the channel.
 - The law of Galland (July 2, 1996, The law of Raffarin (July 5, 1996) and the LME (August 4, 2008) ...
- Proximity and the Supermarket VS Superstore that is in excess of 6,000 m² ...
- 60% of French distributors net margins are derived from fresh products, particularly the butcher / delicatessen

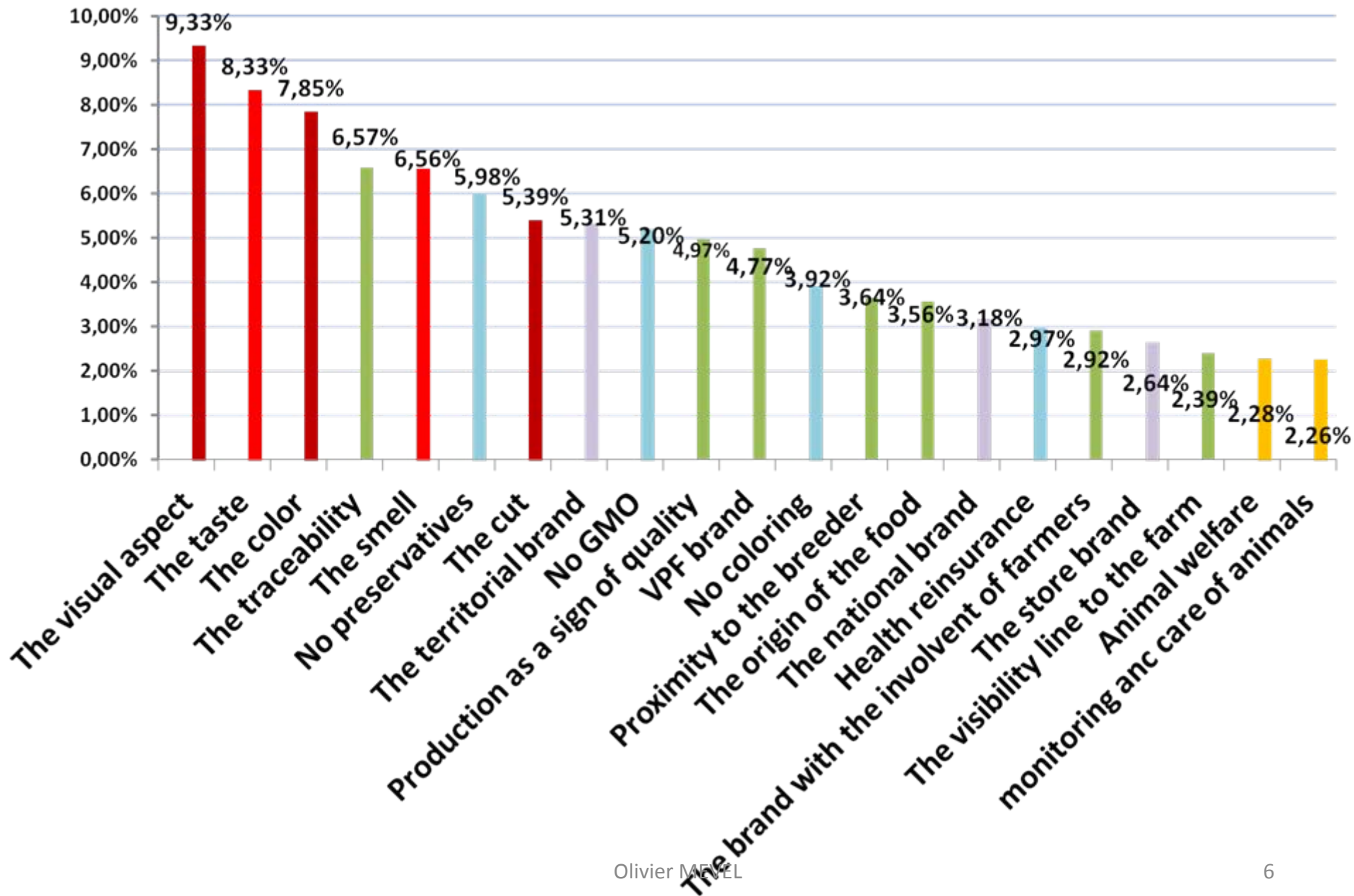
The context of the pork aisle in French supermarkets

- The French consume, on average, 85kg of meat each year.
 - 25 kg of chicken at 7.48 Euros / kg (+1% in 2011)
 - 21 kg of beef at 12.94 Euros / kg (-1% in 2011)
 - 32 kg of pork at 6.58 Euros / kg (-2% in 2011)
- In France, 70% of pork meat retail consumed is commercialized by the supermarkets...
- The pork aisle continues to grow, in volume, in all three store formats ... but it suffers from a **lack of segmentation** ...

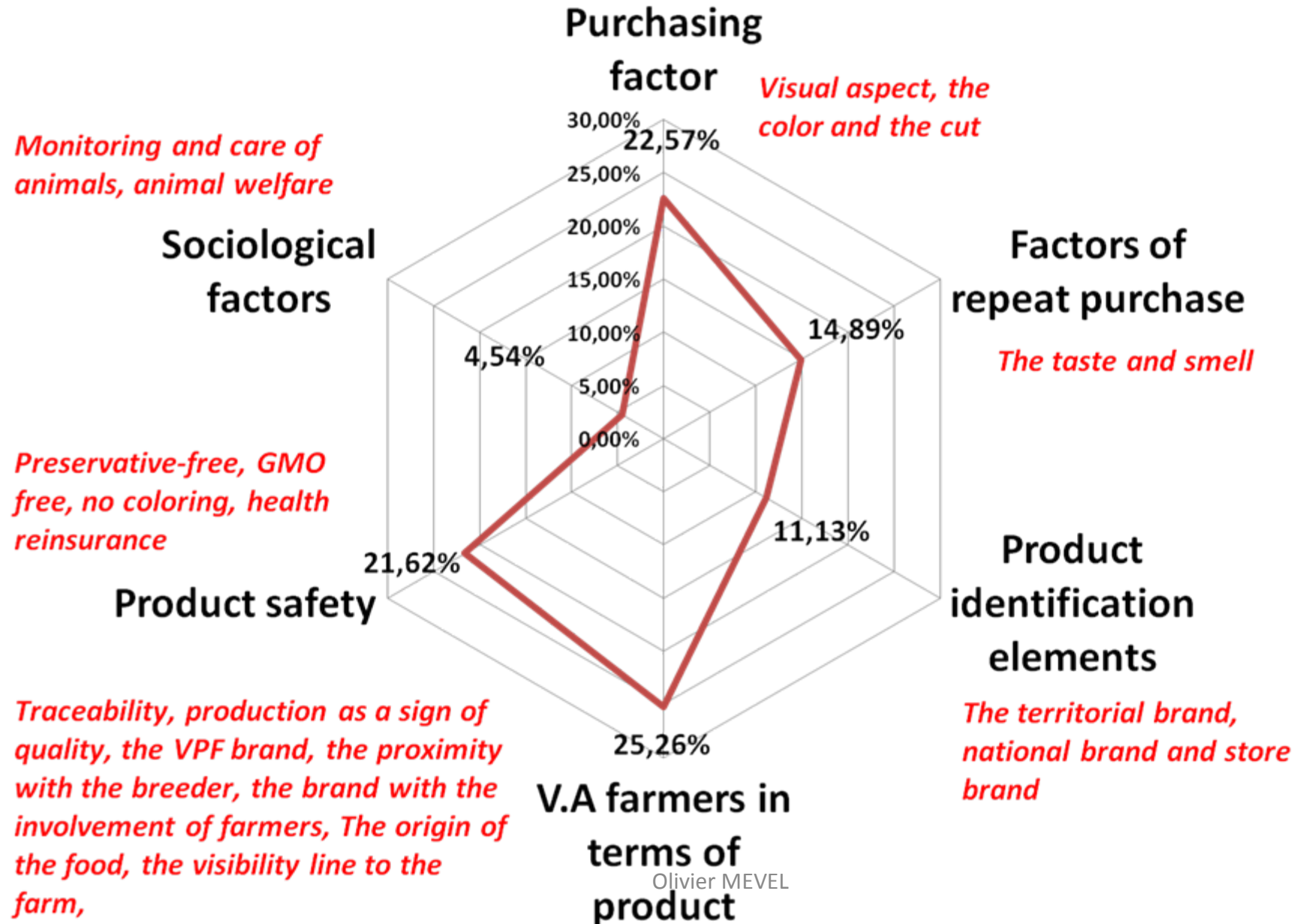
What about animal welfare regarding the pork aisle of French supermarkets?

- An exploratory study was conducted in 2012 among **220 section managers** of the six French super central purchasing centers.
- The section manager remains the only **determinant** of his supply throughout the ascent, from his order form to the purchasing center...
- The research objective concerns the recognition and **identification of the attributes associated with the Added Customer Value (ACV)** that recognizes the consumer by the offer proposed directly in the pork aisle.
- In short: **How are the different purchase criteria's of French consumers organized?**

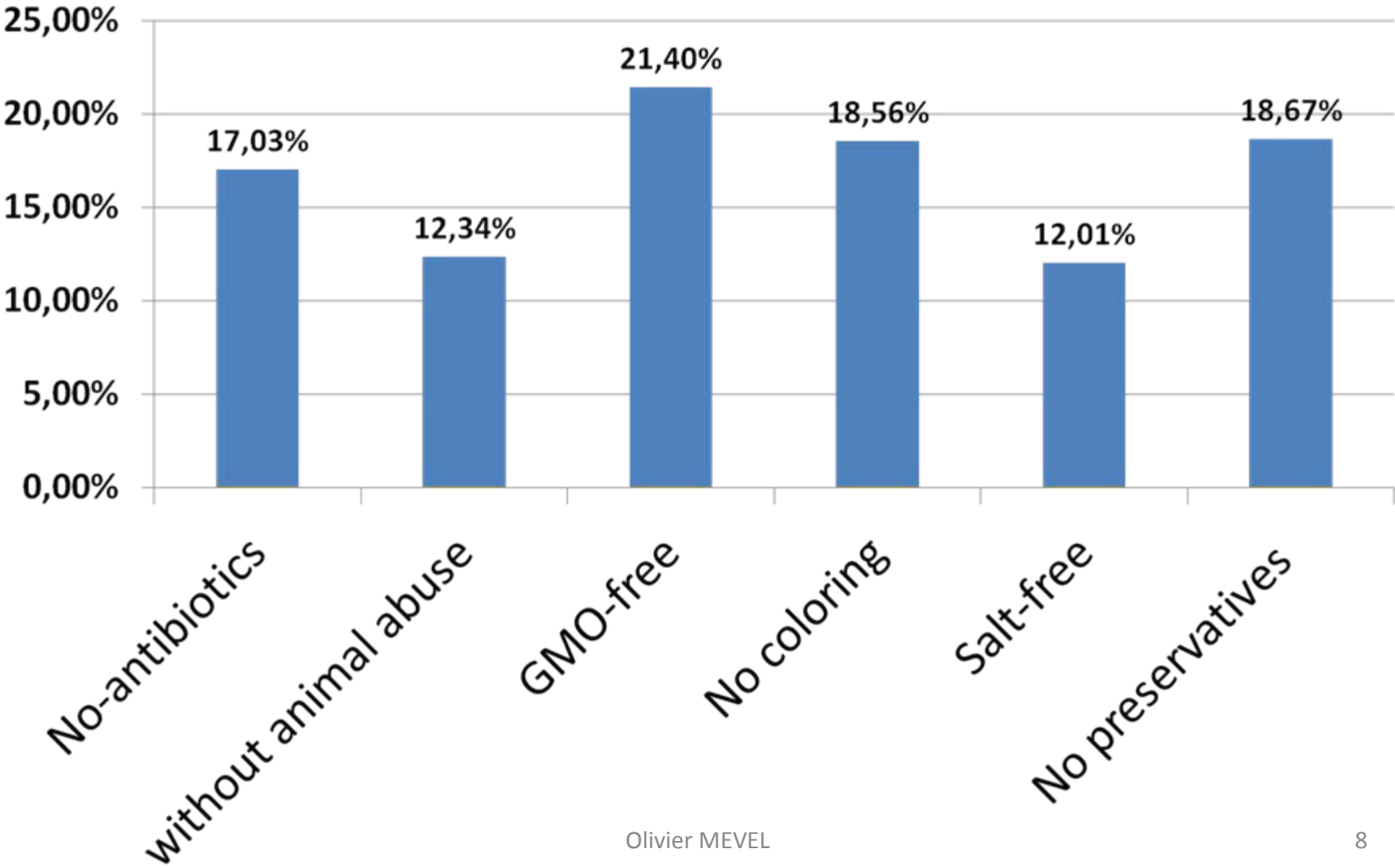
Attributes related to quality in the pork aisle



The attributes related to quality in the pork aisle



The selection criteria that encourage the purchase of a ham marked "no" in the pork aisle

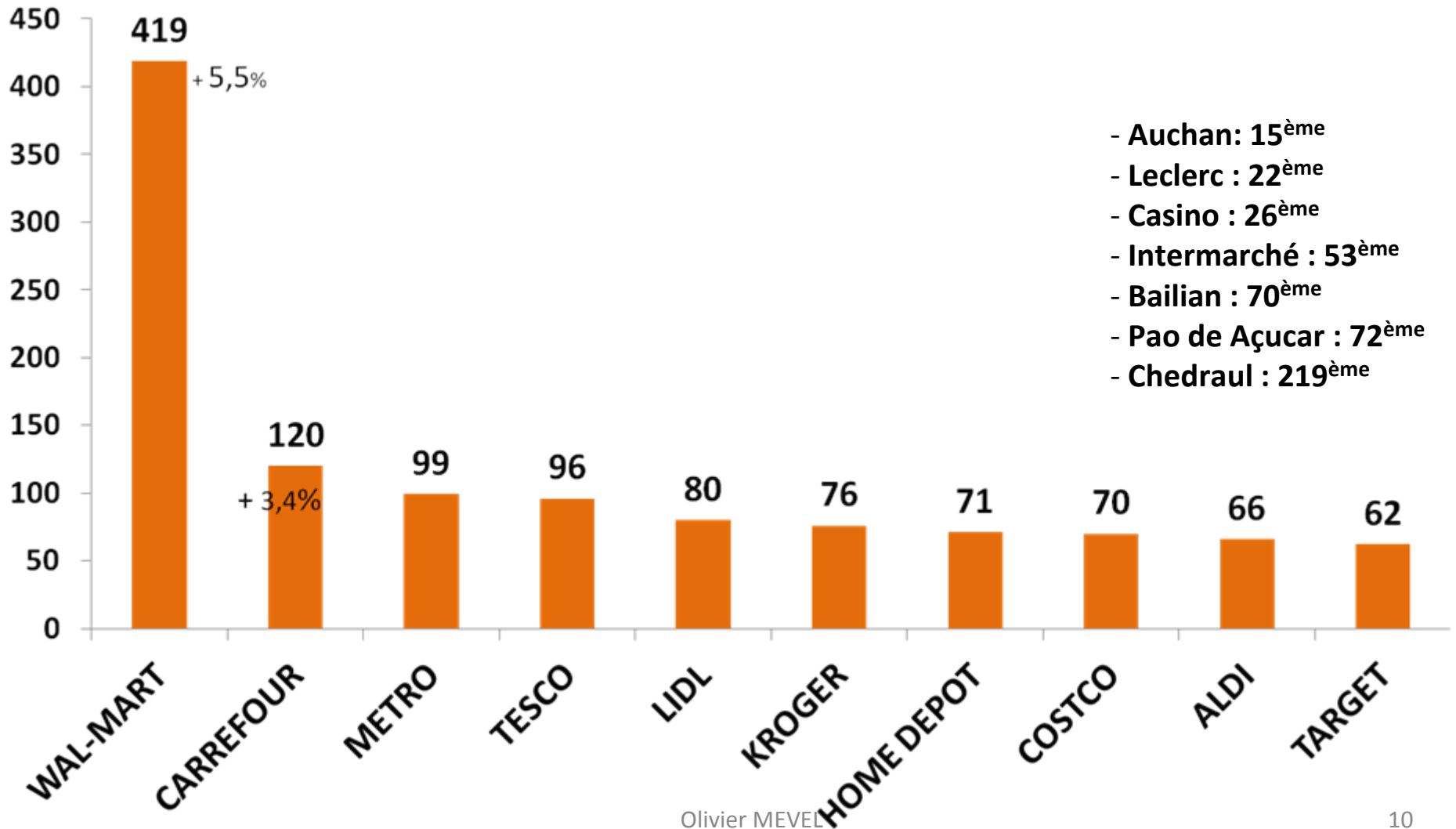


Conclusion

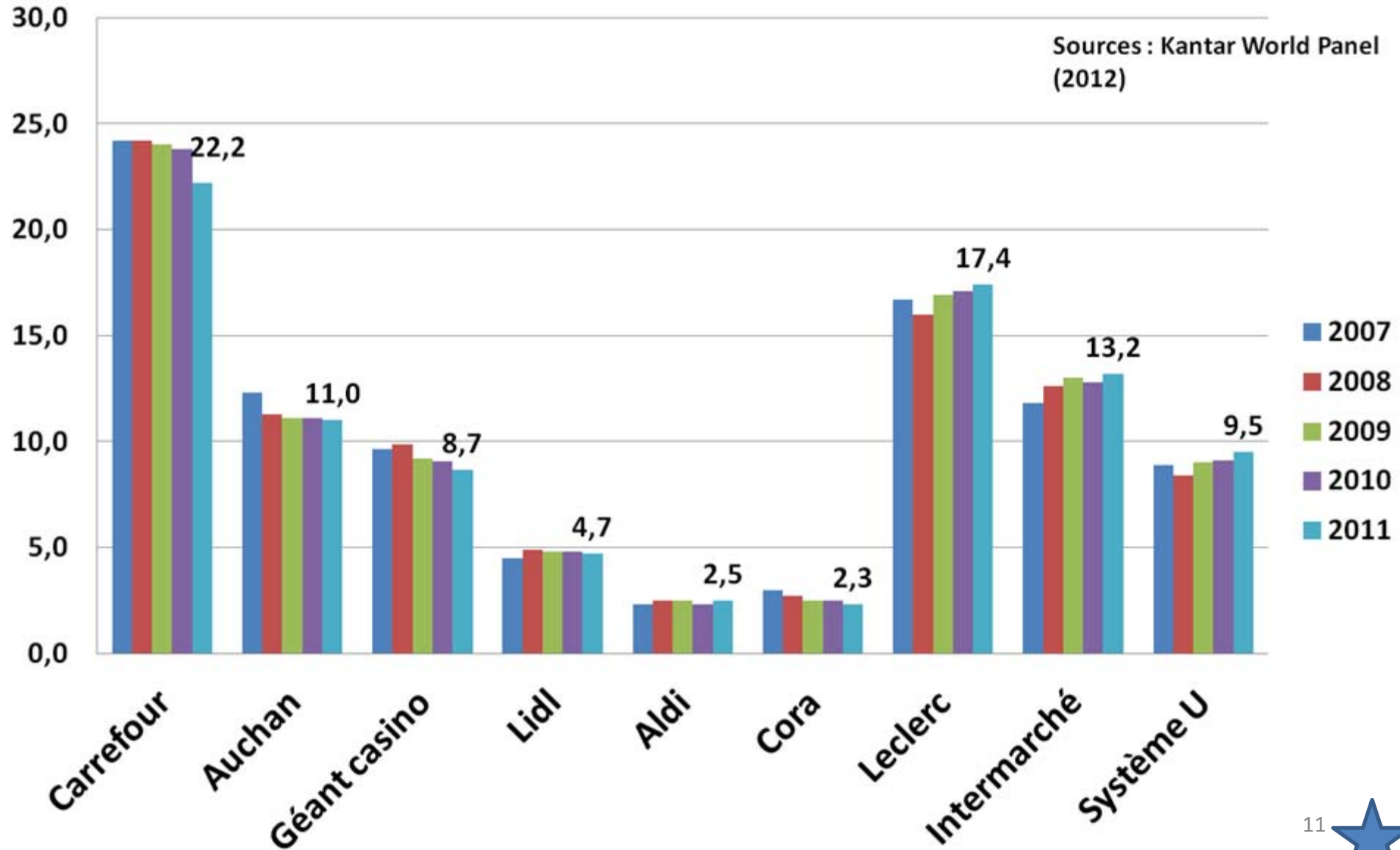
- **The economic impact of animal welfare remains very uncertain for retailers ... but also for consumers ...**
- Even if **animal welfare** can be considered a new **differentiating attribute** appearing on the market ... and, as such, can potentially be valued...
- In light of our study, this does not seem at all clear on the consumer side...
- This raises the question of a **paradoxical relation to the reception of this attribute by the consumer**
- If the consumer does not value the improved attribute downstream, **it is the upstream aspect that risks having to fund animal welfare alone ...** with all the risks that that entails for those involved in the pig industry

The world's top 10 retailers in 2011

■ 2010 revenue in billions of dollars

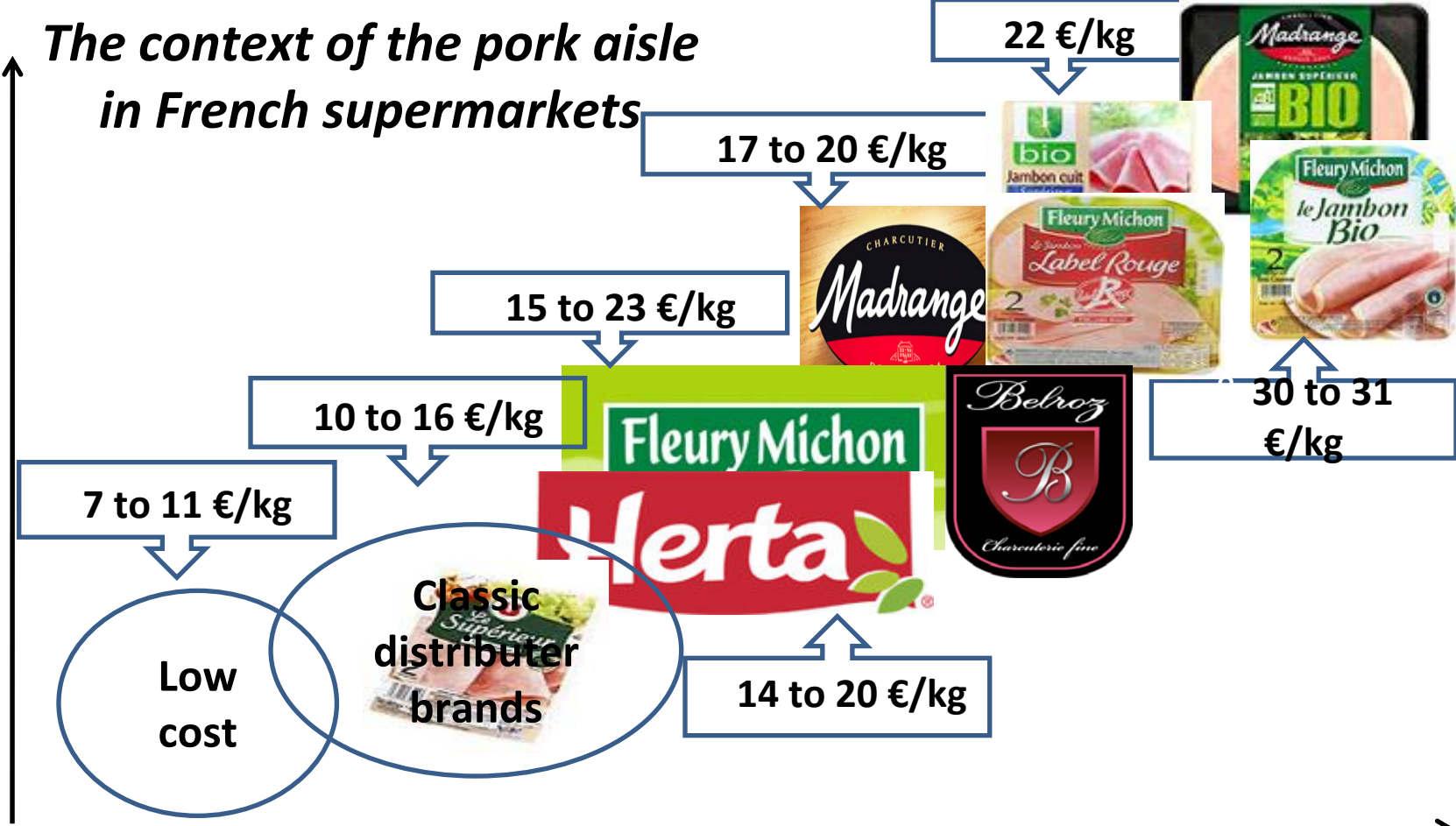


Market share consolidated distributors in France (2007-2011)



The context of the pork aisle in French supermarkets

Expected value / Perceived Value,
Low cost Ham, Store brands, Superior quality, Eco friendly



Price in €/kg

ABSOLUTE POVERTY

- Standard Products (at best VPF)
- Simple pork protein
- No message for the consumer
- No promises

THANKS TO THE BEST

- Territorial brands (Products in Brittany, Flavors of Ile de France...)
- Message of sustainability (Eco,...)
- Production under the label of quality (Red Label)

