

MSU Product Center

For Agriculture and Natural Resources

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Processed Beef Products – Few opportunities

Market drivers that provide few opportunities

- Processed beef products that appeal to the demand driver of **value** have few opportunities.

Specific opportunities

- In order to appeal to the demand driver of value a firm needs to be able to offer the product at the lowest price. In order to do that, the firm must be the low cost producer of the product. Generally speaking in order to be the low cost producer of the product a firm needs to take advantage of economies of scale. Large firms that handle large quantities of the product generally have a cost advantage. Small firms are generally at a disadvantage.
- Many consumers of processed beef products are price sensitive. They will purchase the product that is the lowest price. Fully one third of cold cut consumers prefer to buy on the basis of price.

New product examples

- Schweigert, Smoked Bratwurst, available in mass merchandise stores.
- Safeway, Private label, seasoned roast beef, rubbed with caramel powder and natural flavorings.

Special issues

- The five largest firms in the industry control 50 percent of sales. Barriers to entry are likely to be high.
- Private label brands account for 11 percent of sales.

Key to success

- Consider the level of competition, and how competitors may react to you. Be sure that you are the low cost producer if you are going after the value market.

Sources

Mintel. Breakfast and Sandwich Meats.

_____. Global New Products Database.