

Chapter 24

From Mass Distribution to Customer–Centric Awareness Tools: The Evolution of the German Meat Market

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ABSTRACT

The demand for meat grew in Western Europe after World War II: meat became a mass-product from the 70s of the last century onwards. However, while in the consumer product section “brands” were established, in the agricultural sector food was an anonymous product. Unfortunately, mass-production and discount-prices resulted in many food scandals starting in the 80s. In the beef-sector, especially the British Cow Decease (BSE) created a mistrust of meat. To re-gain “trust” meat-buyers of six German retail-chains started in 1995, together with the Cologne-based EHI Retail Institute, a tracking and tracing system—known later as the EHI-Meat-Label. This private initiative has been rolled out since 1997 by the EU via EU-regulations. Within the last five years, most stakeholders had been built up in the total supply chain in Western Europe with tracking/tracing systems from farm to fork, quite often with the help of IT. The evolution at the beginning of this decade is caused by mobile technology and social media, i.e. apps on smart phones that enable the communication “from fork to farm.” The challenge is a U-turn of info-streams strongly emphasizing consumer awareness. Part one of this chapter discloses what had happened at the backstage of the EHI-Meat Workshop between 1994 and 2001 to create a technical tool for tracing, to intertwine all stakeholders in the market, and to establish politics, both nationally and internationally. This work represents a case study of applied sciences to explain chronologically what happened within that time-period. Part two is an analysis of the marketing-tools and how the mix of the activities of EHI was used so that this success-story could unfold. Part three is a look at how to cope with the new challenge of smart phones and apps by integrating the individual pioneers into an EU-roof of Future Internet and Technologies. The chapter has been developed through an ethnographic observation platform by the author’s practical experience and observation.

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INTRODUCTION

Until the 20th century meat was something special for the consumers, very often only consumed on Sundays. In the German language, “*Sonntagsbraten*,” or Sunday roast, is relating to that habit. The growing distribution of wealth in Western Europe after World War II entailed “mass consumption of consumer products” and “mass distribution.” Examples of this phenomenon can be seen in Andy Warhol’s “Coca Cola” picture in 1962 (Hallier, 1999) or Andreas Gurski’s “99 cent” picture in 2001 (Hallier, 2009).

One big strategy for mass consumption was to discount prices. However, to offer discount prices it is necessary to have a low budget distribution and to pay low prices to the supply-industry. Surely, this is one of the reasons for many food-scandals appearing in the 80s and 90s, one of them having been the British Cow Disease (BSE). Experts expected thousands of dead people in a BSE-epidemic. Especially, German consumers became afraid of beef potentially sourced in the UK, and beef-sales dropped by 30 percent (Frohn, 1995). German consumers were afraid of British Beef at the counter and asked for a guarantee of the German source.

However, meat was an “anonymous product” lacking a uniform system of animal tagging and electronic files documenting the traceability of the meat bought from retailers by consumers. The origin of livestock and of meat was deliberately kept secret by the livestock and meat traders for reasons of competition. In the public sector, stand-alone registers were kept by the veterinary offices for the purpose of animal disease control; because of the federal principle, however, these were often structured differently: in the Federal State of North Rhine-Westphalia alone, there existed three different card indexes in the various administrative districts.

German consumers stated as reasons for abstaining from meat “scandals” (58%) and “changes in their eating habits” (23%) (Frohn, 1995). For

beef, in particular, 62 percent mentioned “mad cow disease” and 58 percent “negative press” as their abstention motives (Frohn, 1995).

Against this backdrop, the EHI-workshop decided against a “trust-campaign” as a marketing-tool designed by some agencies; instead, it was decided to work at the backstage to build a system of tracing/tracking for cows and beef. The consequence was to get retail-procurement involved in meat-wholesale/cutting- and processing houses/slaughtering/farms/feeding. Crisis management started for the sector “a new vertical thinking” (Hallier, 2012). The evolutionary process of the initial activity was leading to a joint-venture between agriculture and retail in this sector and even via the dialogue with politics to EU-regulations (Hallier, 2012). EHI is a scientific institute of the retail industry. The members of EHI include international retail companies and their industry associations, manufacturers of consumer and capital goods, and various service providers. It researches topics relevant to the future of retailing, organizes conferences and working groups, operates an own publishing house and is a partner to Messe Düsseldorf in staging the world’s biggest capital goods trade fair for the retail business, Euro Shop. It offers individual research projects to address specific problems.

STEPS OF CRISIS MANAGEMENT

In this section, the crisis management techniques are going to be discussed step by step.

Content and Organizational Background and EHI Retail Institute and the EHI-Label

At the invitation of Richard Lohmiller Senior, member of the Kaufland executive board, representatives of the production stages of the industry met with retailers in August 1994: in a joint statement, the “Frankfurt Declaration,” they called

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