



Case-Ready, Set, Go?

Most processors agree pre-packaged meat that's ready to stock the meat cases is an efficient distribution method. But selling retailers on the idea remains a challenge.

An exclusive NATIONAL PROVISIONER survey and ensuing interviews with key retailers put the case-ready concept under the microscope for a status report on marketing efforts. The survey, conducted by the National Pork Producer's Council, uncovered revealing information about how case-ready meat fits procurement plans at supermarkets.

The single-page survey developed by Keymark Associates was mailed to 135 retail meat directors throughout the country in late December and 23% responded.



BY HUSTON KEITH



belonging to supermarket chains closed. A few successful programs kicked off in Europe in the late '70s and early '80s. Then in the mid-1980s, several processors started programs in this country, the largest of which marketed vacuum-packaged fresh beef in more than 500 stores. But by the early 1990s, most of these programs were discontinued.

IT'S BACK TO THE PITS TO DISCOVER WHAT IT TAKES TO WIN THIS RACE

Based on our exclusive survey of retail meat directors, a successful case-ready package today would contain fresh pork or ground beef; be pack-

Drivers, start your engines! The race is on to determine the best meat processor in the marketplace capable of offering highly vaunted, supercharged case-ready red meat programs.

Huston Keith of Keymark Associates in Marietta, GA, is preparing a multi-client study on the case-ready red meat packaging market.

Cheering crowds of industry observers and experts hail the day as a great moment in meat history. Millions in prize money await the winners.

Then why are there only a few cars at the starting line? No matter, the race must go on.

In the early 1960s, experts predicted that cutting fresh meat in the backroom would soon disappear in the wake of efficient centralized plants. By 1970, most central plants

aged in an overwrapped or gas-flushed foam tray; bear a store brand or be a private label product; offer at least eight days shelflife; and cost less than \$1/lb. over primal cost.

These executives, who control \$2 billion to \$4 billion annually in fresh meat sales, see case-ready as an answer to sanitation problems and a way of keeping the meat case stocked.

Boneless pork, used by half our

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sample and tried by four out of five respondents, is the most popular case-ready commodity. This product usually is a vacuum-packaged boneless loin including such brands as Monfort's *Armour*, *Hormel*, and *Bryan*.

A recent trend? Offering marinated roasts, such as *Armour's* new line with seven different flavors. Michael Swanson, director of consumer product design at Monfort in Louisville, KY, said the company's broad product line of pork roasts offers a range of price points and sizes. The key challenge in offering a marinated product is developing a leak-proof package with acceptable production speeds that displays the product well, he explained. He credits work by Du Pont, Wilmington, DE, and Chicago-based American National Can with developing such films.



Bone-in pork reportedly is used by two-fifths of the nation's retailers. Robert Manly, president of Smithfield, VA-based Smithfield Packing Co., says his company has offered its case-ready, pre-priced product line for nearly five years — longer than anyone else in the United States. It started with the bone-in pork chop business in

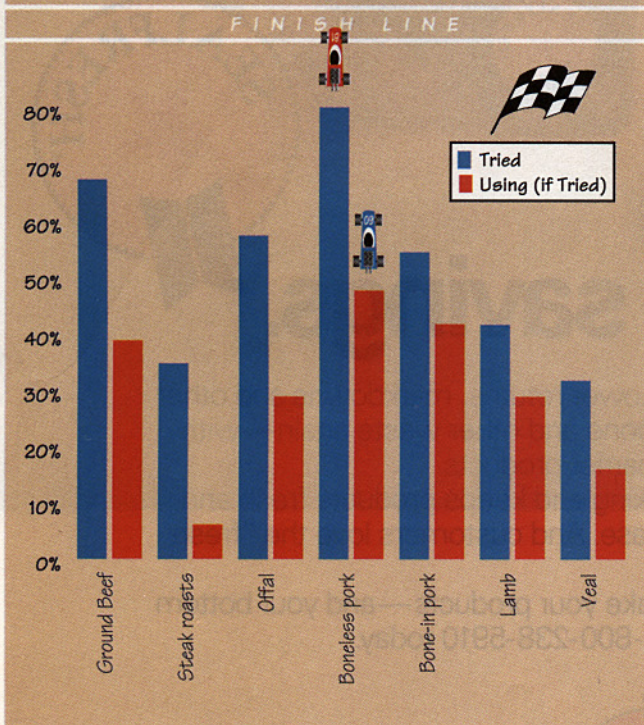
Kroger's Atlanta division. "We are seeing a tremendous expansion of interest in the last six months," Manly says. He believes that his product helps alleviate labor shortages while offering consistency — two very important issues for three out of five retailers.

Three out of four retailers say case-ready packages are key to keeping up their meat supply — something Jim Charles, meat products manager at Pittsburgh-based SUPERVALU supports. Dubuque's case-ready program keeps his retail meat counters in business 24 hours a day. Charles helped Dubuque develop this program four years ago, and it keeps expanding weekly and increasing profits, he reports.

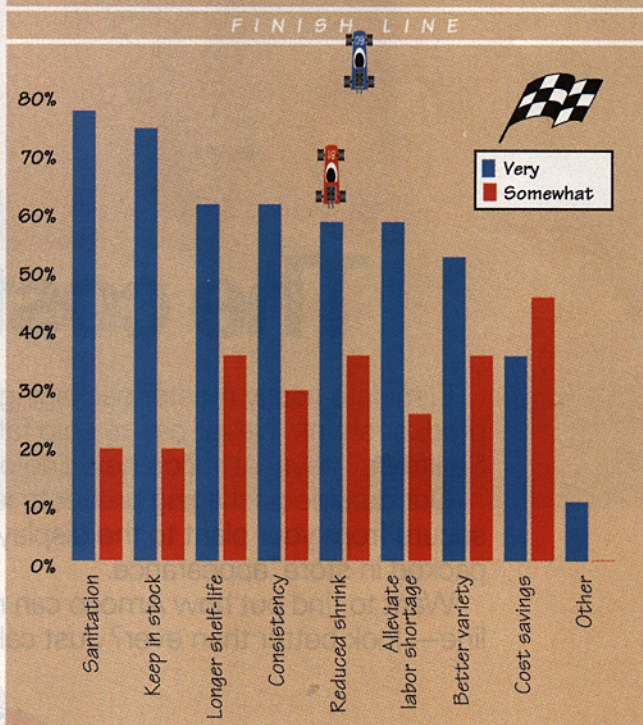
While Dubuque and Smithfield have been running practice laps,

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Which of the following products have you tried in case-ready packaging? Which are you still using?



How important are the following reasons for using or considering case-ready red meat packaging?



Austin, MN-based Hormel has been quietly fine-tuning its program. According to Jim Ulrick, national sales manager of Hormel's CONSUMER READY Fresh Pork program, consumers in a recent market test rated Hormel's product higher than store-cut pork by a small, but significant margin on all factors, including freshness, appearance, quality, and value.

Ground beef is also carried in case-ready form by two of five retailers surveyed. The shelflife of store-packed ground beef is only one to two days, because the many surfaces from grinding expose it to bacteria, points out Aaron Brody, a Devon, PA-based packaging consultant. He notes that retail backrooms are less able than inspected meat plants to control sanitation and temperature, the two most critical aspects of controlling bacteria. Because of this, three fourths of retailers cite sanitation as a very important reason for using case-ready meat — especially case-ready ground beef, which offers a longer shelflife — very important to three out of five retailers.

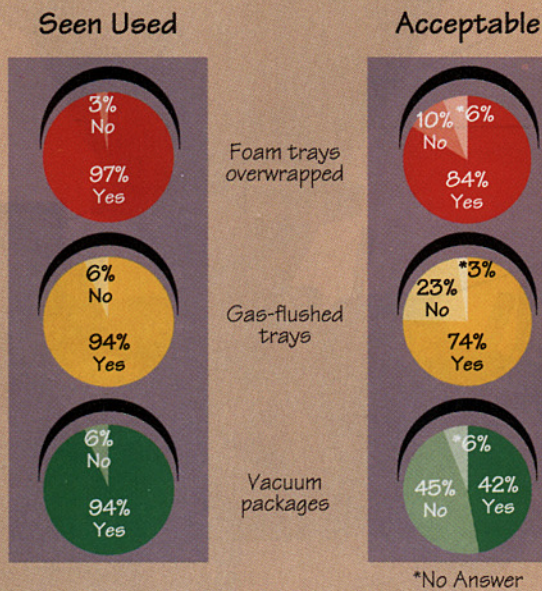
LOOKS LIKE IT'S GOING PLACES, BUT IT'S BOGGED DOWN AT THE GATE

Like the body of a car, a package does much more than make meat look good. Certainly, making meat look good is critical to moving it out of the case and into the shopping cart to which our respondents attested. "The package must look like it was done at store level," notes SUPERVALU's Charles. Ulrick of Hormel cites the same

Three basic package types are available for centrally packaging fresh red meat:

- Foam trays overwrapped with film, similar to current fresh meat and poultry packages.
- Gas-flushed foam trays often used for fresh turkey.
- Vacuum packages used for processed meats..

Please indicate which, if any, you have seen used for case-ready red meats and which would be acceptable for your stores.



rationale in selecting foam trays, also used by Dubuque, Smithfield Foods, and poultry giant Tyson Foods for its fresh pork case-ready program.

While overwrapped foam trays are acceptable to 84% of our surveyed retailers, gas-flushed foam trays similar to fresh turkey packages also are acceptable to three-fourths of the meat directors. Retailers are split on vacuum packages, with about two-fifths saying they are acceptable and two-fifths rejecting them. Asked another way, half answer that "a long shelflife package in which meat naturally turns a darker color, yet blooms when opened by consumers" might be accepted with proper merchandising. The other half say it would never be accepted by their customers. A New York area retail-

er summarizes the views of those in this group: "Save your diesel fuel," he quips, meaning don't bring vacuum-packed meat to his store.

So, what is the ideal package for case-ready? "It depends," answers Jim Mize, case-ready market development manager for Cryovac. "The fresh-meat market has many segments-by-grade, including leanness, value-added qualities, and enhanced shelflife — thus different packages are better for different products." Jaime Grimes Huffman, marketing manager for Atlanta-based Amoco Foam Products Co. agrees: "We offer trays to meet our customers' various needs, whether it's using existing wrapping equipment or purchasing a tray sealer for extended shelflife."

While processors are touting their own brands, meat directors still want to preserve the uniqueness of their fresh-meat cases. Three out of five retailers prefer private-label case-ready or else their own store brand. The rest split between national brand and unbranded/generic. Montvale, NJ-based A & P's *America's Choice* case-ready pork has established a premium image for the product and created major sales increases in the fall quarter, reports Joseph Hoffman, vice president, Meat/Service Departments.

ConAgra's Berliner & Marx division in Edison, NJ, has seen significant sales increases from case-ready pork, lamb, and veal — indistinguishable from their customers' product except for the USDA emblem. Thus retailers can

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substitute these products for store-packed meat to prevent evening and weekend out-of-stocks.

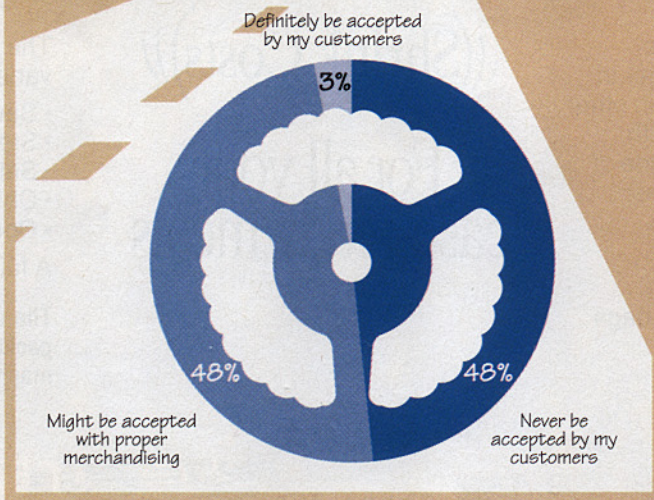
GETTING BACK ON TRACK WITH RENEWED VIGOR

Many case-ready programs were reportedly run off the road by labor unions. But now, no restrictions apply to case-ready in the markets they serve, say three out of five meat directors. That opens the door to case-ready, but it also means lower labor costs and more flexibility. Several major retailers note that they control out-of-stock shortages by scheduling meatcutters on evenings and weekends. However, very tight restrictions still remain in Chicago, Minneapolis, Los Angeles, and other major areas. Chains, such as Kroger, have pledged not to eliminate jobs through case-ready programs, absorbing surplus jobs through growth.

But some chains may not have that luxury. D'Agostino's in New York City is not sure how to redeploy workers as its case-ready programs expand, says Al Marinelli, former meat director and now a retail counselor with Porky.

How much shelflife is needed to be in the race? Two out of five retailers say eight to 12 days from the day product is received is adequate. A New York area retailer said the 10 days Asheville, NY-based Fairbank puts on its gas-flushed ground beef is more than sufficient. Hormel offers 12 days, using a gas-flushed master-

Some packers have offered long shelf life case-ready meats in packages where the meat naturally turns a darker color, yet blooms to a natural red or pink when opened by the consumer. This package would



pack to extend freshness. Dubuque and Smithfield have a similar system with similar results. Jim Charles says that is sufficient, adding that processors need to establish local production, instead of extending shelflife to transport cross country. A third of the respondents, however, say 13 to 17 days are needed.

While cost savings is the least important reason for using case-

ready, with one-third of retailers saying it is very important, nearly half say it is somewhat important. However, no retailer will adopt a system that's more than current costs, which a third say is less than 50 cents/lb. A quarter say the total cost, including wages, benefits, shrink loss, packaging and all other costs related to cutting and packaging fresh meat in store, is 50 cents to 99 cents/lb. A third did not know or did not reply.

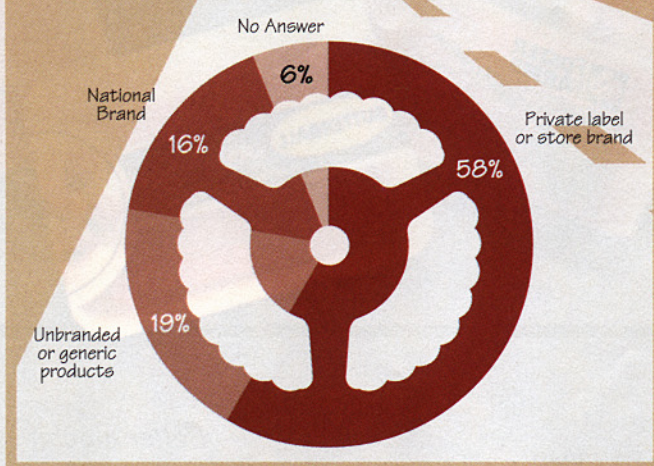
Except for some ground beef packages under 50 cents/lb., most case-ready systems available today have a net cost of 50 cents to 99 cents/lb. Charles says Dubuque is a good value partly because yields are 100%. A New York area retailer says he'd "rather have 20% of something than 40% of nothing."

Ulrick says, based on a Booz Allen study, retailers have found Hormel's product more than pays for itself through reduced shrink and a decrease in out-of-stocks.

And that doesn't include labor savings. But a Mid-Atlantic retailer, who cuts his own chicken, feels case-ready programs are asking retailers to "pay for their inefficiencies." A major Southeastern retailer says his tests show that current case-ready programs make him uncompetitive.

Who's right? In Atlanta, Kroger and Cub, who both carry case-ready pork, compete daily with Winn-Dixie and Publix who cut pork in store. Similar situ-

Processed meats, poultry and many grocery products are available as national brands, private label or store brands, and as unbranded or generic products. Most fresh meat today is sold unbranded. For a case-ready program to be successful, should it be marketed as a...



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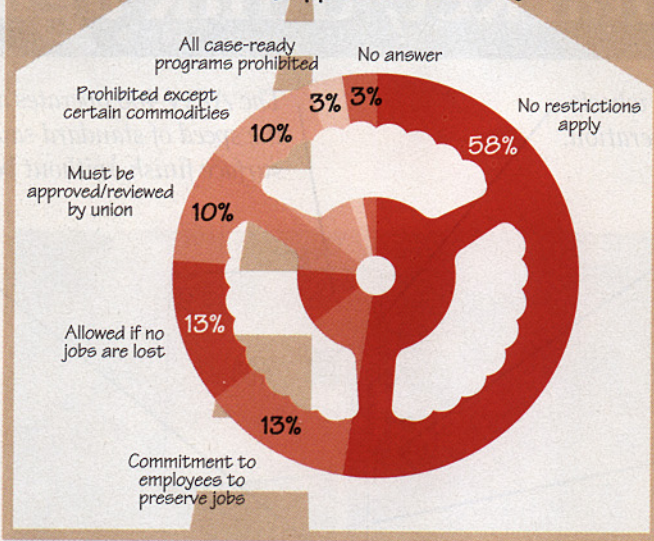
ations exist in markets around the country. These chains reportedly are profitable.

WHO WILL WIN THE RACE?

Despite the flurry of growth and activity, case-ready is still a small part of the fresh meat business. That's because most programs are in pork, which is 14% of the \$27 billion retail fresh-meat market. Case-ready ground beef chubs are about 5% of the total market. A third of retailers carry case-ready lamb and beef offal, while one-sixth handle veal, all in niche markets.

But in the \$13 billion retail beef steak and roast market, only 6% of retailers carry case-ready product. Excel Corp., Wichita, KS, expects to change this with its *Double Diamond* brand. To overcome retailer reluctance to carry vacuum packages, its new packaging technology offers better presentation than its product several years ago, says

Implementing a case-ready program may require union approval or other workforce adjustments. Which of the following applies for markets you serve?



Steve Petersen, Excel's business manager for case-ready. To promote the product, three in-store demonstrations are conducted the first 12 weeks a store carries the product, reinforcing the theme "Great Tasting Beef Time After Time." Market tests are promising enough to soon expand the 19-item line to include 92% lean/200 calorie per serving items. The 19-day

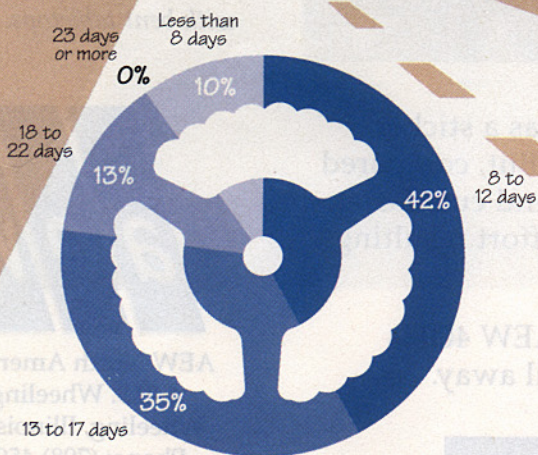
shelflife (12 for ground beef) is a plus because products include the highest out-of-stock and shrink items.

Direct store delivery of a complete line of over-wrapped steaks and roasts for a major chain in Canada is the new program from Better Beef, Guelph, Ontario. Benny De Jonge, president, says this gives complete control of temperature and sanitation from slaughter to the store door. No other shelflife extension is used. For ground beef, sausage, stir-fry and other products not delivered

directly, he relies on Ilapak equipment to provide extended shelflife in a gas-flush package.

The case-ready red meat market reminds me of another fabled race between the tortoise and the hare. Those hares that zoomed out of the starting line have quickly tired of the long, grueling race, leaving it to the slow, steady, methodical tortoises to endure to the finish line. ●

For a case-ready program to be successful, how much shelf life is needed from the time product arrives at your warehouse until it is sold at your retail store?



Including wages, benefits, shrink loss, packaging, and all other costs, how much per pound does it cost you on average to cut and package fresh meat in a store?

