

# Case ready: The next phase

A variety of case-ready demands are fueling further development in this competitive, growing category.

Several years ago, growth in case-ready red-meat packaging surged to double-digit rates as processors scrambled to supply Wal-Mart SuperCenters' chain-wide conversion while some retailers accelerated long-standing programs. Rest assured case-ready continues growing, but the growth rate has slowed.

"There was more interest in case-ready two to three years ago because of a labor shortage," says Jim Herlihy, vice president communications of Swift & Co., Greeley, CO. He estimates a more modest 5-percent-a-year growth. Joe Weber, vice president, fresh pork, Smithfield Packing, Smithfield, VA, adds the downturn in the economy plus laid-off Wal-Mart meatcutters temporarily eased industry labor shortages. And Rex Moore, president and chief operating officer of Maverick Ranch Natural Beef, Denver, CO, cautions that "case-ready is a slow evolution."

Some companies are still experiencing healthy case-ready growth. American Foods Group, Green Bay, WI, added a 475,000-square-foot plant to accommodate growth, says Mike Zimmerman, director, case-ready. Alan Warren, director of meat and seafood for Ukrop's Super Markets Inc., Richmond, VA, has witnessed phenomenal sales growth since converting 98 percent of its meat department to case-ready product supplied by PM Specialty Foods. Meanwhile, extensive programs at Cincinnati, OH-based Kroger are growing steadily, H.E. Butt (HEB), San Antonio, TX, is undergoing a \$15 million expansion, and Albertson's is adding a new case-ready plant in the Dallas, TX, area.

David Newsome, director of case-ready business development for CFS, Plano, TX, predicts the global case-ready market will grow about 15 percent, spurred by conversions in Europe.

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Photo courtesy of Corona Sealed Air



# PACKAGING TECHNOLOGY

Despite the recent slowdown, the total case-ready market is still expected to surpass the 2.8 billion packages Keymark Associates, Marietta, GA, projected for 2005 in its research for *Case Ready Meat Packaging Systems 2001-2005*

— that's less than one-third of the total potential of 9 billion packages. More than one-third of these case-ready packages will come from Wal-Mart, assuming planned growth of 213 stores this year and 240 in the next is fulfilled.

## Product mix

Approximately 15 percent of beef whole-muscle cuts are case-ready, says Tom Hayes, president, case-ready business for Excel Corp., Wichita, KS. Fresh pork is about one-third case-ready and expected to grow to more than 50 percent. And approximately half of all ground beef is in case-ready form.

Wal-Mart's fast case-ready takeoff has diminished interest in case-ready among many retailers. Where case-ready goes from here is subject to debate, but it first must fit a retailer's strategy in order to succeed, Hayes says, adding traditional retailers like Wegmans and HEB have done well in case-ready. But costs alone won't justify the switch. Shrink is often reported as under 7 percent, but it most likely ranges between 13 to 15 percent. Missed sales from out-of-stocks are completely unknown. To compound the problem, a bad case-ready program can cost more. But if case-ready is done right, everyone involved makes more money.

## The risk factor

Few retailers know their costs, claims an industry consultant who ran successful case-ready programs for major retailers. The losses are washed away in store overhead. But the inefficiencies in case-ready plants often waste potential savings. And while case-ready promises further handling and labeling cost savings for retailers and processors, it also poses a financial risk for processors, warns Mike Westendorf, regional sales manager for AEW Thurne Inc., Lake Zurich, IL. Processors need to make major investments in portioning and slicing equipment, and they will suffer major losses in "giveaway" if they put too much weight in a tray. While case-ready poultry has been successful, case-ready red meat is more complex. Product not only must be sliced to weight, but it must be matched by color and sorted by type.

AEW has equipment to handle this task automatically. As a result, the processor can remove considerable

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labor from its plant and reduce variability while improving safety. Herlihy agrees that newer cutting and sorting equipment allowing for net-weight portion cutting will be the biggest advancement in case-ready in the years ahead. AEW has recently developed equipment capable of slicing, styling, and traying thin cuts of one-quarter inch.

Maverick's Moore believes the most growth in case-ready will come from oven- or grill-ready entrées, such as fajitas, kebabs, and marinated cuts. They can be pre-priced in net-weight units, offering consumers a convenient, freshly cooked meal. Cryovac, Duncan, SC, multipart trays now feature compartmented trays for such products, says Phil Ryan, general manager, case-ready products.



### Debate rages

Case-ready red-meat packaging generally is available in two forms. Wal-Mart's standard, a solid plastic barrier tray, is gas-flushed with a mixture of 80-percent oxygen and 20-percent carbon dioxide and sealed with a barrier-lid film. Other retailers use this or a similar tray, called "hi-ox," for selected items like ground

beef. Shelf life ranges typically from eight to 15 days.

Most other retailers use polystyrene foam trays over-wrapped with polyvinyl chloride (PVC) or other gas permeable stretch film. The appearance is almost exactly the same as the trays used in retail backrooms, although the trays and film may be heavier to withstand distribution handling. Shelf life is one to five days, similar to the store, so one or more trays are often placed in a Master Bag pouch and gas-flushed, often with a gas mix similar to the pre-mentioned. Total shelf life can be as long as hi-ox until the bag is opened.

Each format accounts for approximately the same number of case-ready

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units. This includes technologies for longer shelf life such as Pactiv's ActiveTech and Cryovac's peelable lid. Less than 20 percent of the market uses vacuum packages, mostly for pork loins or ground beef.

### Put a lid on it

So far Wal-Mart's case-ready, hi-ox packaging has been very successful, says Swift's Herlihy. Smithfield's Weber adds that any store associate can stock the case since packages can easily be pre-labeled with the correct shelf life. Karl Peterson, case-ready meat specialist for ground beef processor Taylor/Excel Packing, Wylausing, PA, says that all of his retailer customers are happy with the package.

Lidded trays typically run faster with lower labor cost than overwrap trays, thus ground beef has been virtually standardized on this package, says Jay Siers, sales manager, case-ready, for HARPAK, Fremont, NE. He adds they are easier to stack for shipping and display, and they are leak-proof thus providing a neater appearance. It's also easy to automatically load lid-sealed trays into shipping containers at speeds up to 100 trays a minute, says Jon Donovan, marketing manager for Pearson Packaging Systems, Spokane, WA. Since current equipment is not easy to change sizes, Newsome states that CFS has introduced a new high-capacity, quick changeover tray sealer.

The chief disadvantages of lidded trays are the package headspace, as much as the volume of the product itself. They use more space in display cases, requiring more labor to stock cases — and they have an "over-packaged" look. Turning over the package can cause smearing of the film and darkening of the meat. While material costs are higher, proponents contend that productivity makes overall system costs lower than

other packages.

To offset the cost, Associated Packaging Technology (APT), Jupiter, FL is selling a lower-cost tray of crystallized polyester (CPET) with natural barrier properties coextruded with a polyeth-



Photo courtesy of Cryovac/Sealed Air



ylene sealant. Jeff Brown, marketing manager, reports that it has been adopted by several processors in favor of polypropylene (PP) trays laminated with barrier film.

Pactiv, Lake Forest, IL, a leader in barrier trays with its Rock-Tenn acquisition, has developed technology to seal its trays in half the time, says Mike Hranicka, vice president, national accounts and processor sales. Pactiv is also developing technologies to reduce the headspace and display area.

While Wal-Mart requires colored trays, Pactiv and APT both offer additional colors for merchandising. Not

only are its PP barrier trays in various colors, CPT Packaging, Edgerton, WI, also offers its trays with proprietary registered print on the bottom and sides, says Linda Bracha, company president.

Cryovac now has a narrow flange to reduce display, storage, and shipping space. Ryan says it is more popular in Europe, but is also being used by Excel for Shaw's and by Safeway in Western Canada.

Ironically, its greatest disadvantage comes from its greatest success — adoption by Wal-Mart. Many retailers avoid it for that reason; in fact, Weber, Moore, Zimmerman, and other processors have been asked directly by customers for "anything but the Wal-Mart package".

### Wrap it up

Because of case-ready growth and perhaps anti-Wal-Mart sentiment, South Hackensack, NJ-based AEP's PVC stretch film sales are up, says Dave Ewan, technical director. It is used by major retailers such as Kroger,

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Albertson's, HEB, SuperTarget, and Ukrop's. AEP introduced Beadseal film because customers needed a PVC Beadseal film that can breathe better than current films on the market, Ewan says.

Dick Maskell, of M-Tek, Elgin, IL,

asserts that his new Mark VI offsets the productivity disadvantage of the master-pack process by packing 50 percent more trays than a tray sealer for the same capital investment. It still retains the flexibility of its smaller, manual machines, a

major advantage for the diverse range of beef and pork whole-muscle cuts.

He adds that material cost is one-half to one-third less than that of lidded trays. The similarity to the in-store package is not only familiar to the consumer, but it can be easily rewrapped in the store. It has no headspace so it can be displayed compactly.

ULMA Packaging Systems, Ball Ground, GA, has complemented its line of wrappers with the Pacifica automated flowwrapper for master packing, says Bill Chastain, vice president, commercial director. Its wrappers provide the flexibility to immediately change sizes.

To provide shelf life in an over-wrapped tray without masterpacking, processors and retailers have begun to turn to Cryovac's BDF barrier shrink film, Ryan says. While it is used in Europe much more, it has seen several new applications in the United States with Ulma's Alaska wrapper.

Wrapped packages now feature open-cell, self-absorbent trays from Huhtamaki, De Soto, KS, says Brad Alcock, director fresh foods. These trays eliminate the need for a separate pad, thus upgrading package appearance and purge retention. Currently imported from Europe, production begins this summer in North America.

### Extending shelf life

While most case-ready meat is shipped from regional plants, some processors want shelf life of 20 days or more to ship nationwide. While that is easy with vacuum packaging, the purple meat color is not appealing to most consumers. Most systems involve a process where the meat is kept away from oxygen until it is displayed. But the use of carbon monoxide and irradiation show great promise, and vacuum packaging is being used more often.

Following years of consumer resistance due to the dark purple color vacuum-packed red meat exhibits, these products are now being accepted.

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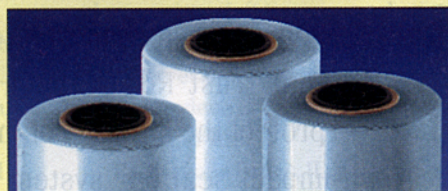
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Herlihy and Newsome say some retailers like the shelf life they need to reduce shrink. Wegmans, Rochester, NY, has been selling marinated steaks in vacuum skin packs for about a year, Ryan says.

Pactiv's ActiveTech process originally consisted of an overwrapped foam tray placed in a barrier bag with an oxygen absorber — and gas-flushed with carbon dioxide and nitrogen. The absorber eliminated residual oxygen entrapped in the tray. While it provided a long shelf life, cost limited its application to veal, lamb, and other products.

Two years ago, Pactiv obtained FDA approval to use trace (0.4 percent) carbon monoxide (CO) in its R3 process to keep the meat red. Marty Watson, national sales manager, says it is now used by Excel to pack for SuperTarget. Sold in 1,000 stores last year, it has been



sold in 2,000 stores so far this year. Excel's Hayes believes it fits a niche, where the economies of national distribution offset cost.

### Satisfying demand

Whether it's long or short shelf life, overwrap or lidded trays, most processors strive to provide retailers with what they need. Processors can offer multiple packaging formats. And sup-

pliers offer multiple formats and commit considerable resources to improving packaging techniques.

Not one company can meet all needs, and this complex, fast-changing market demands resources and flexibility as technology evolves toward a further improved case-ready package. **NP**

*Huston Keith is principal of Keymark Associates Marietta, GA, a market research and business development firm. He has conducted several case-ready market studies, including primary research and analysis for Case Ready Packaging Systems 2001-2005. Formerly employed at Amoco Foam (now a part of Pactiv), Keith developed the barrier foam tray for case-ready meat. Phone (770) 579-5979.*

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