

# CASE READY ON THE MOVE

More case-ready red meat is being offered in retail meat cases—but not at the volume proponents once predicted.

By Bryan Salvage, Editorial Director

**C**ase-ready proponents take heart. Although predictions made a decade or more ago by enthusiastic fans of this technology that most meat cases would be 100-percent case-ready by now hasn't panned out, its progress nonetheless has still been very impressive.

"In 2004, the case-ready market was about 2.6 billion packages, reflecting a growth of 19 percent annually since 2001," says Huston Keith, principal of Keymark Associates, a market research and business development firm based in Marietta, GA. "I expect it to grow more slowly over the next five years to about 10 to 15 percent annually."

More case-ready products continue to enter the meat case, points out Jerry Kelly, national coordinator, retail task force, for the Cryovac Food Packaging division of Sealed Air Corp.

"The most recent research we [participated in], the 2004 National Meat Case Study, indicates an 11-percent point gain in case-ready products in the fresh category," he adds. "This includes beef, ground beef, pork, chicken, turkey, lamb, and veal. It went from 49 percent of the packages up to 60 percent [from the 2002 to 2004 study]."

The list of retailers and processors leading the case-ready charge is equally impressive. Tyson Foods, Smithfield Foods, and Cargill Meat Solutions are the largest suppliers of case-ready products, Keith says. Other processors such as Swift, American Home Foods, Farmland Foods, and Shapiro have significant programs.

"Besides Wal-Mart, the leading retailers offering case-ready meat are Kroger [including King Soopers, Ralphs, etc.], Albertsons, Safeway, Ahold USA, Pathmark, Cub Foods, Tops Markets, Miracle Mart, Loblaws, Wakefern, Super Target, and Ukrop's," Keith says.

Case-ready red meat was initially driven by labor shortages, Keith contends.

"In many markets, there were simply not enough meat cutters to keep cases stocked," he adds. "Then Wal-Mart adopted [case ready] as part of a business model for its Supercenters causing a huge surge in growth. Now the market is being driven by Wal-Mart sales growth and the gradual transition by other retailers. It's possible, even likely, that another retailer will decide to make an accelerated changeover within the next five years, which would give the market a huge boost."

Photo courtesy of Cryovac/Sealed Air Corp.



Photo courtesy of Cryovac/Sealed Air Corp.

### Case-ready pioneer

Following several years of selling case-ready ground beef and poultry at some Supercenters, a March 2000 Wal-Mart news release relayed that the company was expanding its case-ready meat program to 180 Wal-Mart Supercenters and Neighborhood markets in six states. Furthermore, Wal-Mart announced it would begin selling case-ready pork in all Supercenters by the end of 2000.

Since that time, positive customer response resulted in Wal-Mart expanding its case-ready fresh meat product line to all Supercenters and Neighborhood stores.

"This technology, introduced by the meat industry, helps streamline distribution and reduce the time it takes for products to move from the manufacturer to the customer," Wal-Mart explains on its Web site. "This is consistent with other initiatives in place at Wal-Mart that help us pass additional savings on to our customers. In addition, case-ready meat provides Wal-Mart customers with selections that have enhanced quality control, leak-proof packaging, better overall appearance, and better tracking of product."

"Case-ready meat is simply becoming the best way to deliver quality at an everyday low price for

our customers," said Lee Scott, president and chief executive officer of Wal-Mart Stores Inc., on March 3, 2000. "It offers the straightest line of distribution to ensure the best possible product."

Although Wal-Mart has become the case-ready red-meat benchmark, other meat retailers are also sold on the concept. One smaller niche chain recognized the case ready advantage before Wal-Mart.

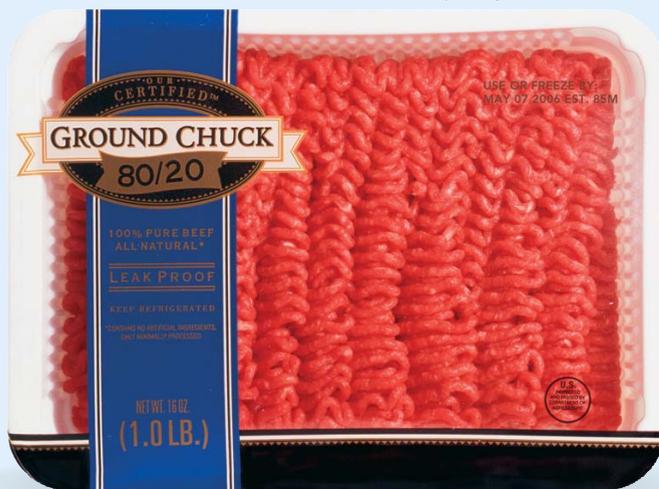
"Our fresh-meat case is as near to 100-percent case ready as you can get," says Alan Warren, director of meat and seafood for Richmond, VA-based Ukrop's Super Markets Inc. "The only reason it isn't 100 percent is that we do some special orders so there might be some store-cut products that find their way into the case."

Ukrop's made the commitment to case-ready red meat in 1996. Its meat department is open from 7 a.m. to 11 p.m. Monday through Saturday. The chain is closed on Sunday.

"The reasons are numerous [for this move to case ready], but the main reason was for consistency of product," Warren says. "You have a much better opportunity to have better cutting specifications in one meat room versus 29 meat rooms. Also, it allows us to set our cases up each morning in a hurry. Our

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Photo courtesy of Cargill Meat Solutions



goal is to have the cases completely set by 8 a.m. We get daily deliveries from our central cutting facility. Stores get the deliveries early in the morning. It's in their cooler before [employees] get to work."

Brands of case-ready red meat carried by Ukrop's include *Ukrop's Own Beef* and *Ukrop's Own Pork*. It also carries case-ready Australian lamb, that is processed at Ukrop's central cutting facility. And it also offers *Marcho Farms* Premium case-ready veal.

"We're unique in that we have our own *Ukrop's Own Beef* thanks to a partnership with PM Beef," Warren says. "The beef is raised to our specifications, and it's got all the bells and whistles—full traceability, it is processed verified by the USDA, and all of the beef cattle are raised on small ranches where additional care is taken. Vitamin E is fed to the cattle, which yields a better color. We also have a premium beef program with Certified Angus Beef.

"Our pork program is similar to the beef program," he adds. "Again, it is process verified, and our partner is Premium Standard Farms."

There are some retail food chains, however, with a case-ready philosophy that is on the other end of the spectrum.

"Costco has no fresh meat that is case ready," points out Charlie Winters, vice president of fresh meat operations for Costco Wholesale, Issaquah, WA. Several years ago, another Costco executive explained why its meat department adopted this philosophy.

"What has made us so successful is the product we're cutting for our members, not pre-packaged goods," said Andy LaRose, regional meat/service deli supervisor, Midwest Region, Oak Brook, IL, in an article honoring Costco as *MDR's 2003 Meat Retailer of the Year*.

Holiday Quality Foods, Cottonwood, CA, is an upscale niche marketer—a 23-store chain that serves communities in the northern end of California, up and down the Sacramento Valley and in the surrounding Sierra Nevada Mountain area. The only case-ready red meat it offers are its MAP-packaged *Atkins Ranch*-brand lamb products.

"[As an upscale niche marketer] we want to keep meat cutters on duty because one of the biggest things we want to offer our customers is friendly service," says Dave Parrish, meat director, Holiday Quality Foods. "And we want to have somebody there who can help shoppers with a selection, who can special cut an order for them or help them with a cooking idea. If we're 100 percent case ready, who can do this for our customers?"

### Supply side

There are many reasons why case-ready products continue to find success at the retail counter, says Kevin J. Lage, case ready brand manager, Cargill Meat Solutions, Wichita, KS.

"Competitive strategy, single-order management, food safety, labor shortages, and shrink reduction are just some of the factors that retailers are faced with and find solutions within case-ready to drive bottom line sales increases," Lage says.

Cargill Meat Solutions operates six U.S. plants and two Canadian plants that produce beef, grinds, pork, veal, chicken, value-added, and ready-to-cook case-ready products.

When asked what type or types of case-ready packaging systems his company uses, Lage answers:

- The company's patent-pending REDiFresh tri-gas MAP technology
- Traditional high-oxygen packaging
- Mother bag bead seal tray overwrap
- Traditional tray overwrap
- Cryovac packaging
- Multivac packaging

"The two dominant requests from Cargill customers are case-ready solutions that will first drive sales—and second, decrease costs," Lage says.

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Cargill Meat Solutions finds its competition very singular in their approach and variety of product offerings, like a commodity boxed beef or boxed pork, Lage relays.

“Cargill Meat Solutions takes a consumer-focused approach to case-ready solutions,” he says. “We strongly believe that successful case ready needs to be treated like a sales program offering consumer-centric products coupled with shared score cards and point-of-sale data management services to measure success at the consumer level.”

American Foods Group, Green Bay, WI, offers further proof supporting the continuing growth of case-ready red meat.

“It is definitely growing,” says Mike Zimmerman, director of case-ready operations, American Foods Group. “More retailers are understanding the economics and expense of the meat department—that is, what it truly costs to produce meat at store level. By knowing and understanding those costs, you can make an intelligent business decision.”

American Foods Group offers case-ready beef, pork, lamb, and veal, which includes cuts, grinds, patties, seasoned, tumbled, enhanced, and marinated products. It also produces the same products for many of its foodservice customers. Case-ready systems employed by the company include low-oxygen, high-oxygen, or no-oxygen systems in over-wrap, lid seal, vacuum pac, roll stock, in-the-bag programs, chubs, and boxed. New formats are also being tested.

Knowing the cost of store-produced meat [or at least a fairly close estimate] and the comparison of a true-known cost of goods with case ready allows

retailers to put their category business plan together, Zimmerman says.

“Without this information, you cannot make an intelligent business decision,” he adds. “We have seen case-ready programs fail with retailers because the business plan was not put together prior to taking on case ready. Case ready is a valuable business tool. Knowledge is power.”

Some retailers told Zimmerman in the past that cutting their own meat was their major point of difference compared to fresh meat offered by the big-box stores.

“I have never agreed with that, and others are also changing their stance,” he says. “The real difference is the people servicing the customer, not who produced the meat in the counter. If you can display a quality case-ready product, does the consumer really know or care who cut it? I don’t think so, but what they will remember is now they can talk to Joe the butcher because he now has time to spend with customers. Joe is no longer tied up in the back room cutting or gone by 1 p.m. because he came in at 5 a.m. to cut that meat.”

Some retailers do not have a sufficient meat staff to operate a traditional meat department, and some retailers are opening new formats designed not to have meat cutters. Case ready can solve both issues, Zimmerman relays.

“American Foods Group’s case-ready business is growing due to the way we conduct our business,” he adds. “We are centered around customer partnering. Typically, we meet with a retailer, discover their needs, and build a program based around those needs. We realize that we both must remain profitable, and that we basically become the retailer’s meat department. Given that, we realize that we need to create a seamless program that satisfies the retailer, but more importantly the consumer. We are staffed with former retailers who understand how important this is.”

When asked what his customers are looking for in case-ready red meat packaging, Zimmerman answers it varies by retailer and their respective needs.

“Most traditional retailers want an exact replication of the current back-room look while others want fool-proof packaging,” he adds.

How do American Foods Group case-ready products differ from the competition?



Wal-Mart is the reigning “King of Case Ready.”

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“It’s not about products,” Zimmerman responds. “Any company can invest in the same equipment and process the meat. Why do you shop at X store versus store Z? If X and Z carry basically the same items and are priced competitively, where do you go? Probably where you are treated well as a consumer—and to where you have an enjoyable shopping experience.”

Whether it be vacuum packaged or modified atmosphere packaging (MAP), the case-ready meat category continues to grow as consumer acceptance of new-technology packaging and the demand for convenience expand, says Mel Coleman Jr., chairman, Coleman Natural Meats Inc., Golden, CO.

Coleman’s case-ready meats include a variety of beef cuts, plus an offering of grinds, patties, and hot dogs. Its case-ready lamb selections include butterflied legs and a four-rib rack.

### Obstacles to overcome

Keith relays that even as long as 30-years ago and as close as 10-years ago, many in the packaging and meat-packing industries anticipated that most of the meat case would have converted to case ready by now.

“This has been a huge disappointment for them,” he adds. “However, they greatly underestimated the obstacles that retailers would have to overcome. Those retailers who were the leaders in case ready did not always clearly see the benefits, and those who waited were often able to compete successfully with conventional in-store meat packing.”

The key problems holding back case ready were a combination of:

- Organized labor resistance
- Inability to measure labor’s effect on shrink reductions and sales increases in comparison to higher product costs.
- The difficulty of making the transition to the point of economic feasibility



“Those retailers that successfully adopted case ready had management that accepted case ready as an article of faith, as a better way to do business—and they stuck it out through the difficult transition,” Keith says.

### Private-label solutions

Except for Wal-Mart, most case-ready meat is private label, in fact, actually *no label*, so it looks the same as store-packed meat, Keith relays.

“Traditional retailers have long resisted giving up perceived advantages of having better meat than their competitor,” he adds. “Carrying the same brand as a low-cost competitor like Wal-Mart is even less appealing. Wal-Mart has long competed successfully with national brands, and it is quite happy to [continue that with] meat. The branded part will grow faster as retailers and consumers begin to see the benefits of consistency and improved products.”

Private-label case-ready growth continues. Abertsons kicked-off its new *Blue Ribbon Beef (Select)* program at its Chicago Jewel stores in 2004, says Cryovac’s Kelly.

“It’s in all the Albertsons stores—Jewel, Acme, I’m sure it will be in Shaw’s,” he adds. “Then they introduced their *Steakhouse Choice Premium Angus Beef* program to offer a *Choice* beef product. Right after that, Safeway, which owns

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Dominick's in the Chicago area, introduced its *Rancher's Reserve Angus Beef* throughout the country. These are examples of two major retailers that have introduced their own private-label programs just in the past year."

*Blue Ribbon Beef* includes a wide range of high-quality roasts and tender-aged steaks that are "guaranteed twice" for customer satisfaction. The brand is being marketed under the names *Albertsons Blue Ribbon* at Albertsons stores, *Jewel Blue Ribbon* at Jewel/Osco stores, and *Lancaster Blue Ribbon* at Acme stores.

*Steakhouse Choice Premium Angus Steaks* are aged naturally and guaranteed twice, as well. If not satisfied with their purchase, shoppers will get a refund and they can replace their *Steakhouse Choice* cut with another free of charge.

*Rancher's Reserve Angus Beef* includes sirloins, T-bones, and other cuts.

Target now offers *Archer Farms* private-label meat products, but most of the case-ready red meat growth is coming from branded companies like Tyson, Hormel, Cargill, and Smithfield Foods, says Phil Ryan, Cryovac's senior director of marketing and strategy for case-ready laminates and ready meals.

### Case ready packaging

MAP-lidded trays and overwrapped trays each account for a little less than half of all case-ready packages, Keith says. The remainder is vacuum packaging, including ground-meat chubs.

"The market for case-ready meat is growing at a slow pace, but growing year on year," points out Peter Mellon, president of Canton, MA-based Reiser.

Case-ready technology providers are doing their part to spur category growth. Reiser offers two new pieces of equipment for case-ready packaging. Its Vemag ground-meat portioning system for net weight packs features speeds of up to 100-portions a minute with minimum give-away. And the Ross Inpack S90 high-speed tray-sealing machine produces hermetically sealed packs from pre-formed trays in both high O<sub>2</sub> and low O<sub>2</sub> formats. The machine can run at speeds of up to 100-packs a minute, and tooling sizes can be changed in approximately 15 minutes for maximum flexibility.

Another case-ready packaging technology leader is Kansas City, MO-based Multivac Inc. "We see the market for case ready continuing to grow," says Bob Koch, director of sales, food division, Multivac Inc. "Retailers such as Wal-Mart are driving this trend because it increases efficiency and provides

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Photo courtesy of the National Pork Board

consistency to the meat case with attractive packaging.”

One of Multivac’s recent developments, FormShrink, serves this growing demand by giving processors the ability to shrink-package products, such as chub sausages, beef roasts, hams, and even whole chickens, using an automated rollstock system instead of pouches. Along with FormShrink, Multivac has also introduced a new mid-range traysealer, the Multivac T350.

“This system provides the speed and efficiency of an automated traysealer at a price that is affordable to smaller processors,” Koch says. “With case ready growing the way it is, small and mid-size processors have the opportunity to grow their businesses at a rapid clip provided they have the tools to do so.”

One of Cryovac’s newest products for case ready is its Lid 1051 printed lid film.

“It’s a multi-layer barrier shrink film that’s adhesively laminated to a biaxially oriented polypropylene—BOPP,” says Cryovac’s Ryan. “Its features include clarity; package tightness, or shrink; and anti fog—the ability of the package to go through the cycles in the meat case and deal with temperature change and the moisture that changes inside the package and still maintain good clarity.”

Cryovac’s Darfresh vacuum skin packaging system was introduced in Europe years ago, and it has been emphasized at trade shows in the last two years. Multivac is Cryovac’s worldwide equipment partner on Darfresh.

“It gives high shelf life—it’s a barrier vacuum-skin package—and it also results in excellent product,” Ryan says. “It’s fully dimensional because it wraps itself around the product. The Darfresh format is available either on a semi-rigid bottom or pre-made tray and primarily used for whole-muscle product.”

### Moving to case ready

Converting to case ready is not an easy process for many retailers. Ryan relays several points made during an economics of case ready presentation by an industry expert at an industry event several years ago.

“If you’re a meat manager or vice president of perishables at a large chain and you’re looking at



your profit and loss [P&L], there’s a portion of your meat merchandising costs that are fixed—your labor, the space you’re consuming in a store, equipment rental or leases, and so forth,” he says. “To the extent you start replacing product you were fabricating and then merchandising with case-ready product—and you maintain the same fixed level of expenses—you’re probably not going to have the same degree of profitability you had in the past because you’re paying the processor for what you used to do in the back room.”

But, several other studies show that case ready allows retailers to better manage their shrink plus have more product to sell at any given time.

“I’ve heard over the years that guys who have gone to a case-ready grind program from store-produced product, when they look at their leanest grinds—90 percent and above—they say, ‘We never realized how many sales we were missing!’” adds Cryovac’s Kelly. “When it’s case ready and you’re putting product in the case as you need it, it’s amazing how many additional sales you’ll get.”

How much time should retailers give a conversion to case ready to accurately measure results?

“The feedback we have from retailers is it’s not more than a couple of months,” Ryan says. “That’s assuming they’re able to make adjustments in their cost structure at the fastest pace. The issues they have in launch are orientation to ordering, stocking, and merchandising inventory levels.”

A lot depends on how good the store-by-store information is.

“Do they know their sales by day, by item?” Cryovac’s Kelly says. “If so and they have good information that’s fed back to their stores, the stores can do a better job ordering to match up the case-ready product to what they were formerly producing at the store.”

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## The future

Case ready will continue to grow rapidly, but in-store packaging will still maintain a significant presence for the next five to 10 years, Keith predicts. Case-ready products are poised to continue on an ever-steepening growth curve. Consumers desire consistency, selection, and convenience at a value, says Cargill Meat Solutions' Lage.

"While there are many ways for retailers to strip costs from their operations, most have a detrimental effect on the consumer—whether it is product consistency, selection, or convenience," he adds. "Case ready enables retailers to focus on those backroom products in which they have an identity and are perceived by their customers as 'the' destination for that product or products."

Case ready continues to be driven largely by retailers, says Multivac's Koch. The ability to extend shelf life using MAP is very attractive to them.

"For their part, consumers seem to be responding well to the neat, consistent packaging they see with case ready," Koch says. "Introductions of new prepared entrées and other convenience foods are likely to continue as well, which will only expand the market for case ready."

"As food-safety issues dominate our industry, we believe that more and more retailers will look to major meat packers to centrally pack meat in her-

metically sealed packs and send them to the store case ready," adds Reiser's Mellon.

Case-ready red meat is still in its infancy, reflects Mel Coleman Jr.

"The benefits of new technology, extended shelf life, reduction of shrinkage, and [lower] labor costs will contribute to continued growth," he says. "The variety, flexibility, and convenience of case-ready meats will appeal to more consumers as the variety of options grow."

Meanwhile, Ukrop's will remain committed to its case-ready red meat program.

"We think it is the way to go," says Ukrop's Warren. "We get no push-back from our customers. Most of the product looks as though it was cut in the back room. We have meat cutters on duty for cutting any special orders. There's no down side for having case-ready meat at Ukrop's."

Will those retailers currently not heavily into case ready change course in the future? At least one retailer feels they may someday be forced to change.

"Someday, we may not be able to buy beef any other way than case ready," Holiday Quality Foods' Parrish says. "But you have to make a lot of substantial cuts to make that happen, and you can't just do one line of cuts. All the research I've seen indicates you have to be case ready 100 percent." **MDR**

Photo courtesy of Ukrop's Super Markets Inc.

