A Snapshot of

TODAY'S RETAIL MEAT CASE

2010 NATIONAL MEAT CASE STUDY EXECUTIVE SUMMARY

BACKGROUND & METHODOLOGY

Sealed Air's Cryovac Food Packaging, The Beef Checkoff Program and the National Pork Board teamed up in the first quarter of 2010 to conduct audits of the nation's retail meat cases. Texas Tech University conducted the bulk of the data collection, and First Stage Marketing analyzed data.

Surveyors audited 124 retail supermarkets and nine club stores in 51 metro markets across 31 states on various days of the week at random times. This summary only addresses the more than 160,000 packages representing more than 288,000 pounds and 21,000 SKUs of meat products that were captured in supermarkets to further understand the growing transformation seen in the retail meat case during the last eight years.

This research project, the National Meat Case Study (NMCS) 2010, was benchmarked against the same study conducted in 2002, 2004 and 2007 to provide insights into emerging retail trends.

While reviewing the findings from this 2010 study, it is important to keep in mind the overall economic and market conditions affecting the grocery industry during the study period. In the first quarter of 2010, the U.S. was still feeling the effects of an economic recession. Among other things, the recession caused consumers to eat at home more and dine out less. The Consumer Confidence Index dropped from 100.3 in January 2007 to 56.5 in January 2010, and the unemployment rate rose from 4.6% in 2007 to 9.7% in the first quarter of 2010. Competition among formats also remained strong during 2010, as club stores, traditional supermarkets and niche stores competed for market share.

As you review the executive summary, keep in mind it is only a summary. There are many more statistics available as well as entire modules specific to each protein. Contact one of the partners for additional information.

KEY FINDINGS

Each protein's share of package count and pounds found in the meat case during the audits remained relatively stable in 2010 when compared to 2007. Other key findings, however, surfaced and pointed to the important role information and marketing claims now have at the meat case.

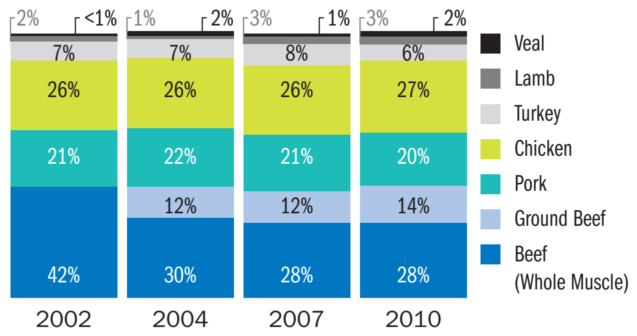
1. **Store branding** numbers changed the most of any audited categories in the study. The percent of packages with store branding in the meat case has tripled since 2004.
2. General **consumer information on package** grew. On-package nutrition labeling numbers and cooking information continued to increase. This year's study also captured production claims, COOL labeling and the use of bilingual labels for the first time, giving further insight into the marketing activities taking place at the meat case.
3. **Packaging** also changed. The amount of case ready packaging increased, while average package weight remained steady at 2 pounds.
4. Products with a **natural claim** grew in 2010, up 10 percentage points from 2004.
5. The **zero stock analysis** shines a spotlight on potential lost sales by documenting top selling cuts that were out of stock.

FINDINGS

Within fresh meat, the 3 core proteins (beef, pork and chicken including value added) represented 94% of linear feet, 89% of all packages and 89% of SKUs, reinforcing the importance of these proteins for category growth and department profitability. Changes in linear feet were driven by a 2 percentage point increase of ground beef linear feet.

The ratio of full service and self-service linear feet stayed the same in 2010 with 93% self-service and 7% full-service. Seafood continued to lead the way in the full-service case with 52% of linear feet, although it has steadily decreased from 67% in 2002. Beef (21%), pork (10%) and chicken (9%) had the next highest presence in the full-service case. Beef (including ground beef) commanded the largest share of the self-service case (42%) followed by chicken at 27%.

PROTEIN'S SHARE OF FRESH MEAT CASE - % OF LINEAR FEET OF SELF-SERVICE CASE



B R A N D I N G

The biggest news from NMCS 2010 was in the area of store branding. The percentage of packages carrying a store brand has tripled since 2004. Store brands increased from 12% in 2004 to 36% in 2010; this growth was at the expense of packages carrying supplier brands, which decreased 13 percentage points from 2004 to 2010, and no brand packages, down 11 percentage points for the same timeframe. It appears retailers are taking advantage of the consumers' no brand preference, as sited in the Power of Meat studies below to introduce store brands in hopes of gaining loyalty and differentiating themselves from competitors.

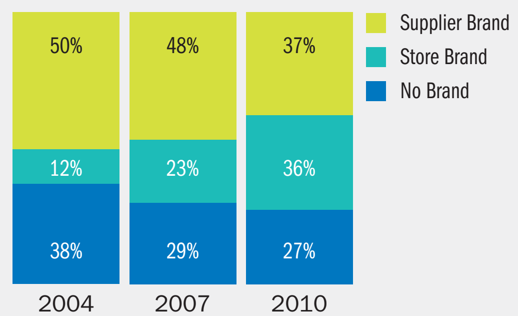
Store brand growth was seen across all proteins in 2010. Beef store branding increased from 31% in 2007 to 51% in 2010. Store branding of ground beef increased from 21% in 2007 to 37% in 2010. Pork store branding increased from 19% in 2007 to 26% in 2010. Chicken store brands actually gained against supplier brands. The supplier brand decreased from 69% in 2007 to 56% in 2010 while the store brand increased from 26% in 2007 to 35% in 2010. These trends are even stronger when taking 2004 package counts into account.

CONSUMER BRAND PREFERENCES

FRESH MEAT/POULTRY:	2007	2010
No brand preference	72%	74%
Prefer private brand	13%	13%
Prefer national brand	15%	13%

Source: Power of Meat, An In-Depth Look at Meat Through the Shoppers Eyes, 2007 and 2010.

STORE BRANDING - % OF PACKAGES



STORE BRANDING BY PROTEIN - % OF PACKAGES

		Beef	Ground Beef	Pork	Chicken
Supplier	2004	27%	18%	56%	77%
	2007	20%	18%	58%	69%
	2010	12%	12%	43%	56%
Store	2004	15%	7%	11%	15%
	2007	31%	21%	19%	26%
	2010	51%	37%	26%	35%
No Brand	2004	58%	75%	33%	8%
	2007	49%	61%	23%	5%
	2010	37%	51%	31%	9%

FINDINGS

Consumer communication plays a key role in meat case merchandising. More information is being placed on packages and signage to help communicate the many benefits of today's meat products. As a result of this importance, many areas of consumer communication are getting more emphasis.

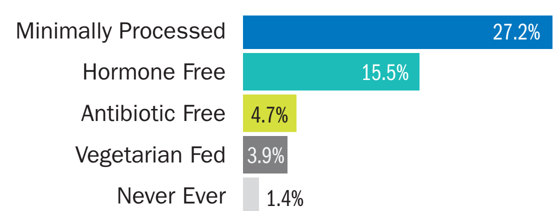
On-package production claims were collected in 2010. Top production claims included "minimally processed," "hormone free," "antibiotic free" and "vegetarian fed." The total percentage of all fresh meat packages carrying the "minimally processed" claim was 27%.

On-package "minimally processed" claims were found on 57% of chicken, followed by 45% of turkey. Next was lamb with 34%, veal with 26% and ground beef with 22%. Just over 15% of all fresh meat packages were labeled as "hormone free." Chicken packages carried the "hormone free" claim significantly more often than the other proteins. It was found on 43% of all chicken packages.

The "antibiotic free" claim was found on 5% of all packages. It was most often found on chicken (8%), ground beef (6%) and lamb (5%).

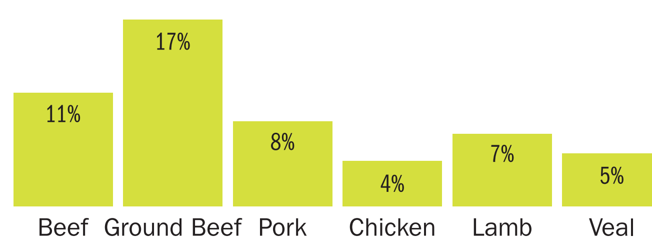
The "vegetarian fed" claim was also found most often on chicken (8%), lamb (4%) and ground beef (3%).

TOTAL PRODUCTION CLAIMS - % OF PACKAGES



Bilingual language usage was another new item audited in 2010. The average of all fresh meat packages with bilingual information was 8%. Ground beef has the largest percent of bilingual packages, with 17% of packages including information in both English and Spanish. Ground beef was followed by beef at 11%, pork at 8% and lamb at 7%.

BILINGUAL LABELING - % OF PACKAGES



Nutrition labeling on package expanded yet again in 2010, significantly increasing over the last four studies from 34% in 2002 to 61% in 2010.

On-pack nutrition labeling has continued to expand across proteins in the meat case. Beef increased from 24% in 2007 to 29% in 2010. Ground beef also increased 4 percentage points from 2007 to 2010. Chicken, turkey, lamb and veal also increased the amount of packages with nutrition labeling.

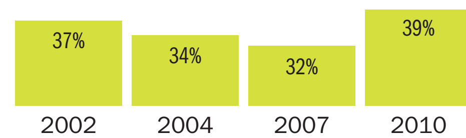
Nutritional Labeling on Package - % of Packages

By Species	2002	2004	2007	2010
Beef	9%	16%	24%	29%
Ground Beef	57%	68%	77%	81%
Pork	32%	41%	53%	53%
Chicken	46%	58%	74%	80%
Turkey	65%	78%	88%	90%
Veal	6%	8%	10%	29%
Lamb	10%	18%	18%	36%
Total	34%	44%	57%	61%

FINDINGS

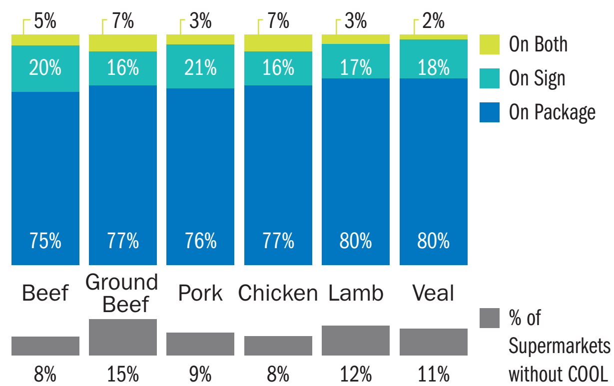
Cooking information on packages increased in 2010, up 7 percentage points from 32% in 2007 to 39% in 2010. All major proteins increased the percent of packages with cooking information. The highest increase among proteins was ground beef with an increase of 16 percentage points. The protein with the highest percentage of packages containing cooking information was turkey at 76%.

COOKING INFORMATION ON PACKAGE - % OF PACKAGES



Country of Origin Labeling (COOL) information was another element added to the 2010 audit. In the supermarkets audited, COOL information was displayed 75-80% of the time on the package, depending on the protein. The proteins with the highest percentage of COOL displayed on package were lamb and veal, both at 80%. Category A (USA only) was recorded for over 70% of beef, pork, chicken and veal. Category B (USA and other) was the code found most often on ground beef (45%). Lamb was categorized as mainly 54% category A and 23% category D (other).

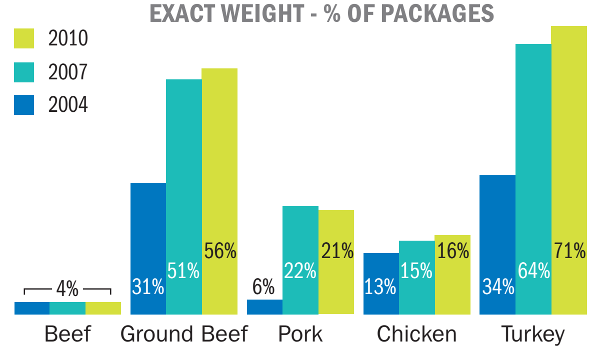
COOL LABELING IN-STORE - % OF STORES WITH COOL INFORMATION



In addition to information displayed on package like nutrition labeling, the audit also evaluated package weight, exact weight and case ready representation. Average pounds per package has remained consistent over the years at 2 pounds. Case ready representation has continued to increase to 66% of all packages in 2010.

Average pounds per package has remained consistent at 2 pounds while the number of exact weight packages has grown. Chicken and pork packages tended to be slightly heavier, averaging 2.5 and 2.1 pounds respectively. The number of exact weight packages increased 2 percentage points in the meat case in 2010 to 24%. Turkey had the most exact weight packages at 71% (up 7 percentage points from 2007 to 2010).

EXACT WEIGHT - % OF PACKAGES



Case Ready representation continued to increase, jumping 17 percentage points during the last 8 years, from 49% in 2002 to 66% in 2010. All proteins either maintained or increased their percent of case ready packages. Poultry products continued to have the highest percentage of case ready products, with turkey at 98% and chicken at 94%. This is followed by ground beef (71%), lamb (60%), pork (58%), veal (54%) and beef (31%).

Protein Case Ready Growth by Protein, Top Five

By Species	2002	2004	2007	2010	Change vs. '02
Ground Beef	56%	66%	67%	71%	+15
Beef	15%	23%	27%	31%	+16
Pork	37%	50%	56%	58%	+21
Lamb	38%	47%	60%	60%	+22
Veal	28%	37%	51%	54%	+26
Total w/ Poultry	49%	60%	64%	66%	+17

FINDINGS

NATURAL VS. ORGANIC

The share of packages carrying a natural or organic claim showed steady growth again in 2010. Packages with a natural claim increased to 32%. Packages with the USDA organic seal remained very small at 0.9% but still showed an increase compared to prior years.

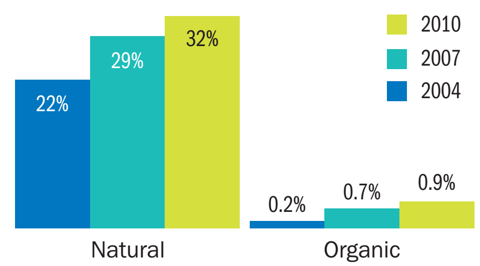
Packages with a natural claim* increased to 32% of the packages, up 3 percentage points from 2007. Also, 46% included a natural claim and at least one production claim; 24% included two production claims. (See the section on production claims for more information.) Nearly one-third of ground beef packages carried a natural claim.Turkey, lamb and veal also had large increases in the number of packages labeled as natural products.

While only 0.9% of all packages had the organic seal, the percentage has continued to increase since 2002. Two percent of chicken is labeled organic. Ground beef (1.1%) and whole muscle beef cuts (0.5%) showed the most growth since 2007.

* In this study, products classified as natural included: 1. Natural as defined as containing no artificial ingredient or added color and only minimally processed and 2. Naturally-Raised products as defined as raised entirely without growth promotants, antibiotics and have never been fed animal by-products.

Products Labeled Natural - % of Packages			
	2004	2007	2010
Beef	2%	4%	5%
Ground Beef	7%	25%	31%
Pork	9%	15%	18%
Chicken	61%	67%	59%
Turkey	17%	16%	61%
Lamb	22%	27%	38%
Veal	15%	6%	42%

NATURAL AND ORGANIC GROWTH - % OF PACKAGES



OUT OF STOCK

The zero stock analysis revealed which products were out of stock during the audit and showed the potential for lost sales when top selling cuts were not in the meat case.

In order to analyze zero stock items, a rollup of top package counts by protein was conducted. Data regarding the percentage of stores that did not have these items in stock during the store visit (zero stock) was then added. Because not all stores call the same cut by the same name, the product descriptions found on the price/unit labels were rolled up for a better represention.

Pork has the most to gain from overcoming a zero stock situation. Four of the top selling pork items were among the top 5 zero stock items. Back ribs and non-flavored tenderloins were missing from the case most often, 27% and 24% respectively. The analysis showed the Ribeye Steaks, Top Sirloin Steaks and Cube steaks are most likely areas of lost profit for retailers in the beef category. Wings led zero stocks for chicken.

Top Beef, Pork and Chicken Items		
Beef	% of Packages	% Zero Stock
Beef Stew	6.4%	0%
Strip Steak Boneless	5.9%	8%
Ribeye Steak Boneless	5.4%	11%
Sirloin/Top Sirloin Steak Bnls	4.6%	12%
Cubed Steak	4.0%	11%
Pork	% of Packages	% Zero Stock
Loin/Top Loin/CC Chops Bnls	12.8%	4%
Loin/Top Loin/CC Chops Bone-in	6.4%	15%
Tenderloin (Non-Flavored)	4.4%	24%
Spare Ribs (including St. Louis)	4.3%	19%
Back Ribs	3.8%	27%
Chicken	% of Packages	% Zero Stock
Boneless Breasts (including Skinless)	17.0%	6%
Drumsticks	9.6%	2%
Whole Chicken (including Whole Roaster)	8.2%	4%
Thighs	7.8%	7%
Wings	5.8%	11%

CONCLUSION

The data from this series of meat case audits across the country is a valuable tool in understanding how the national retail meat case is evolving. In addition to the snapshots provided here of major trends, there are separate modules specific to each protein. Each protein has additional trending news. Here are a few findings from each protein:

Beef In addition to store branding, another major development in 2010 for beef was value/family packs. Most beef categories increased the percentages of total packages that were family/value packs. The category that increased the most was offals, which increased from 2% in 2007 to 14% in 2010. Ground beef had the second highest increase from 3% in 2007 to 11% in 2010.

Pork Among the data for pork, the most change was in the area of enhanced product. Enhanced product counts for pork significantly declined 6 percentage points from 45% in 2004 to 39% in 2010.

Chicken Many retail areas have seen an increase in family and value size packs. Chicken saw a significant increase in the value/family packs sold. It increased from only 6% in 2007 to 15% in 2010.

Turkey For turkey, the major change was in natural claims. Natural claims increased 45 percentage points to 61% of turkey packages. Also, 71% of turkey packages are now exact weight, driven by ground turkey. Cooking information increased 9 percentage points to 76% of packages, leading all proteins.

Lamb Nutrition labeling was a big story for lamb. It doubled to 36% of lamb packages. Also, ground lamb increased 4 percentage points to 13% of lamb packages.

Veal Ground veal increased 11 percentage points to 23% of veal packages. Veal Scallopini, a higher priced cut, increased 10 percentage points to 21% of packages despite the economic conditions. Nutrition labeling also increased for veal, up 19 percentage points to 29% of packages.

PROJECT FUNDING AND CONTACTS

Additional information is available by contacting one of the organizations below.

Funded in Part by
The Beef Checkoff

Sealed Air Corporation
Cryovac Division

100 Rogers Bridge Road, Building A
Duncan, SC 29334
Email: cryovac.mkt@sealedair.com
Web: cryovac.com

National Cattlemen's
Beef Association

9110 East Nichols Avenue
Centennial, CO 80112
Email: retailmarketing@beef.org
Web: BeefRetail.org

National Pork Board
Retail Marketing

1776 NW 114th Street
Clive, IA 50325
Email: jsutton@pork.org
Web: PorkRetail.org

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