

RED MEAT ELITE

By Stephanie Soong, contributing editor
It was the kind of year that made men out of boys. Costs went up, prices came down, recalls skyrocketed and a certain Brazilian corporation set the industry on its ear with its appetite for acquisition.

The news wasn't all bad: New overseas markets opened up, traditional markets bought more and despite domestic economic warning signs, consumers continued to eat red meat.

Because our Red Meat Elite rankings are based on fiscal 2007 results, they do not show some of the recent headline-grabbing changes in the industry. JBS's proposed purchase of National Beef and Smithfield's beef operations are not reflected here, although JBS-Swift's consolidated financials are. Meyer Natural Angus's purchase of Coleman Natural Foods' beef business also is not counted here, even though the deal is due to be completed within a few weeks of publication. Those transactions, and their financial results, will show up next year.

As will other twists and turns of the market. And if 2008 goes out the way it came in, it'll be an even wilder ride than the year that preceded it.

About this year's Red Meat Elite Rankings

- ▶ Rankings reflect red meat production and are based on sales.
- ▶ Company information is self-reported via survey. Should companies elect not to participate, Meatingplace consults third-party market research in an effort to derive an estimate.
- ▶ Footnote: *estimate
- ▶ Rankings for individual categories beginning on page 42 likewise reflect red meat production, and are limited to activities involving retail sales.



Associated Press



Rank	Company/Headquarters	Sales (millions \$)	Bacon	Deli meat	Fresh/frozen beef	Ground beef	Ham	Hot dogs	Pork	Prepared foods	Sausage
1	Tyson Fresh Meats Dakota Dunes, SD	16,012.0	○	○	○	○	○	○	○	○	○
2	Cargill Meat Solutions Corp. Wichita, KS	15,000.0*	○	○	○	○			○	○	
3	Smithfield Foods Inc. Smithfield, VA	11,911.1	○	○	○	○	○	○	○	○	○
4	JBS-Swift & Co. Greeley, CO	9,549.0			○	○			○		○
5	Sysco Corp. Houston, TX	6,657.9*		○	○	○		○	○	○	
6	National Beef Packing Co. LLC Kansas City, MO	5,600.0			○	○					
7	Hormel Foods Corp. Austin, MN	5,031.0*	○	○			○	○	○	○	○
8	OSI Group Aurora, IL	4,200.0*	○			○			○	○	○
9	Sara Lee Corp. Downers Grove, IL	2,638.0	○	○			○	○	○	○	○
10	American Foods Group LLC Alexandria, MN	2,100.0	○	○	○	○	○				○
11	Oscar Mayer Madison, WI	1,398.1*	○	○				○			
12	Boar's Head Provisions Co. Inc. Sarasota, FL	1,265.0*		○			○				○
13	Seaboard Foods Shawnee Mission, KS	1,003.8	○						○		
14	Greater Omaha Packing Co. Inc. Omaha, NE	960.0			○						
15	Wolverine Packing Co. Detroit, MI	841.0			○	○	○		○		
16	Coleman Natural Products Inc. Golden, CO	675.0*	○		○	○		○	○		○
17	Indiana Packers Corp. Delphi, IN	625.0							○		
18	BPI Technology Inc. Dakota Dunes, SD	600.0			○	○					
19	Freshmark Inc. Massillon, OH	535.0	○	○			○	○			
20	Kenosha Beef International Kenosha, WI	526.0				○				○	
21	Hatfield Quality Meats Inc. Hatfield, PA	520.0	○	○			○	○	○		○
22	Advance Food Co. Enid, OK	516.0			○				○	○	○
23	Washington Beef LLC/AB Foods LLC Toppenish, WA	500.0			○	○					
24	Bar-S Foods Co. Phoenix, AZ	473.0	○	○			○	○			○
25	Lopez Foods Inc. Oklahoma City, OK	465.7*				○	○		○		○

*estimate

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World Leader in Slicing and Forming Technology.



Rank	Company/Headquarters	Sales (millions \$)	Bacon	Deli meat	Fresh/frozen beef	Ground beef	Ham	Hot dogs	Pork	Prepared foods	Sausage
26	Pierre Foods Inc. Cincinnati, OH	463.0*								○	○
27	Omaha Steaks International Omaha, NE	443.0			○	○			○	○	
28	American Foodservice King of Prussia, PA	400.0				○					
28	Nebraska Beef Inc. Omaha, NE	400.0*			○						
28	Sam Kane Beef Processors Corpus Christi, TX	400.0			○	○					
31	Quantum Foods Bolingbrook, IL	360.0*			○	○			○	○	
32	PM Holdings LLC Windom, MN	308.0			○	○			○	○	○
33	Ed Miniat Inc. Homewood, IL	300.0			○				○	○	
33	Harris Ranch Beef Co. Selma, CA	300.0*			○	○				○	
35	Specialty Foods Group Newport News, VA	288.0*	○	○			○	○			○
36	Stampede Meat Inc. Bridgeview, IL	275.0			○	○			○	○	
37	Bob Evans Farms Inc. Columbus, OH	268.6*	○					○	○	○	○
38	Dietz & Watson Philadelphia, PA	260.5*	○	○			○	○			○
39	Land O' Frost Inc. Lansing, IL	250.0*		○							
40	L & H Packing/Surlean Foods San Antonio, TX	245.0			○	○				○	
41	Superior Farms Davis, CA	223.4									
42	Murry's Inc. Upper Marlboro, MD	180.0*			○	○				○	○
43	John Soules Foods Inc. Tyler, TX	175.0			○					○	○
44	United Food Grp./Service Packing Los Angeles, CA	172.2*				○					
45	Rose Packing Co. Barrington, IL	169.0		○			○		○		○
46	Abbyland Foods Inc. Abbotsford, WI	160.4			○			○	○		○
47	Laura's Lean Beef Co. Lexington, KY	158.0			○					○	
48	Caviness Packing Co. Hereford, TX	150.0			○	○					
48	Kayem Foods Inc. Chelsea, MA	150.0		○			○	○	○		
48	Meyer Natural Angus Loveland, CO	150.0*			○	○					

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48	Quality Sausage Dallas, TX	150.0*								○	○
52	Strauss Brands Inc. Hales Corners, WI	140.0									
53	Kunzler & Co. Lancaster, PA	133.0	○	○			○	○			○
54	Bridgford Foods Corp. Anaheim, CA	125.1		○							
55	Sierra Meat Co. Reno, NV	122.0	○	○	○	○	○	○	○	○	○
56	Lincoln Provision/Chgo. Gourmet Steaks Chicago, IL	118.0			○						
57	J.H. Routh Packing Co. Sandusky, OH	117.0	○				○		○		○
58	New City Packing Aurora, IL	114.0			○				○		
59	Loggins Meat Co. Tyler, TX	108.6			○	○			○		
60	Sioux-Preme Packing Co. Sioux Center, IA	106.8*							○		
61	Vienna Beef Chicago, IL	106.0		○				○		○	
62	Atlantic Premium Brands Ltd. Northbrook, IL	105.0	○	○			○		○	○	○
63	Agri-Processors Inc. Postville, IA	100.0*			○	○					
63	King Meats Inc. Los Angeles, CA	100.0			○						
63	Peer Foods Chicago, IL	100.0	○				○				○
63	Stockyards Meat Packing Co. Renton, WA	100.0*	○		○	○	○		○	○	
63	Valley Meats LLC Coal Valley, IL	100.0*			○	○			○	○	
68	Catelli Brothers Inc. Collingswood, NJ	95.0								○	
69	San Angelo Packing Co. San Angelo, TX	91.0			○						
70	R.L. Zeigler Co. Tuscaloosa, AL	85.0*	○	○			○	○			○
71	Michaels Finer Meats Inc. Columbus, OH	84.5	○		○	○	○		○	○	○
72	McFarling Foods Inc. Indianapolis, IN	82.0*	○		○	○	○		○		
73	Siméus Foods International Mansfield, TX	81.0*								○	○
74	Central Valley Meat Co. Inc. Hanford, CA	76.5*			○						
74	Martin's Abattoir & Wholesale Meats Godwin, NC	76.5			○						

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76	Chicago Meat Authority Inc. Chicago, IL	76.0			○				○	○	
77	Devault Foods Devault, PA	75.0*				○				○	
77	Fairbank Farms Ashville, NY	75.0*				○					
77	Farmington Foods Inc. Forest Park, IL	75.0							○		
80	White Apron Meats Brea, CA	70.0			○				○		
81	Cloverdale Foods Co. Mandan, ND	68.0	○	○			○	○	○		○
82	Al and John Inc. Paterson, NJ	65.0*									○
82	Leidy's Inc. Souderton, PA	65.0	○	○			○				
84	Lone Star Beef Processors San Angelo, TX	62.5*			○						
85	Don Miguel Mexican Foods Inc. Anaheim, CA	55.2*								○	
86	Cambridge Packing Co. Boston, MA	55.0			○				○		
86	Vincent Giordano Corp. Philadelphia, PA	55.0		○							
88	John R. Morreale Meat Co. Chicago, IL	51.0			○						
89	Berks Packing Co. Inc. Reading, PA	50.0	○	○			○	○			
89	Curtis Packing Co. Greensboro, NC	50.0	○	○			○	○		○	
89	Custom Food Products Inc. Montebello, CA	50.0*			○	○	○		○	○	○
89	Maid-Rite Steak Co. Inc. Dunmore, PA	50.0*			○	○				○	
89	Schenk Packing Co. Stanwood, WA	50.0*			○	○					
94	Premium Protein Products Lincoln, NE	48.1*		○	○	○			○	○	
95	Dole & Bailey Inc. Woburn, MA	47.0	○	○	○	○	○	○	○	○	○
96	Manda Packing Co. Baton Rouge, LA	45.0		○							○
97	First Class Foods Inc. Hawthorne, CA	42.0			○				○		
98	Chiappetti Lamb & Veal Co. Chicago, IL	40.0									
99	A. Stein Meat Products Inc. Brooklyn, NY	39.0	○	○	○	○	○	○	○		
99	Burgers' Smokehouse California, MO	39.0	○	○	○		○		○		○

*estimate

DELI MEAT: As foodservice continues to put the squeeze on retail deli meat, processors are changing tactics to get a slice of the action. But is it enough?

 The scenario was all too familiar: QSRs charging full steam ahead with consumer dollars, leaving the retail deli meat segment lagging behind.

In the 52 weeks ended Feb. 28, 2008, dollar sales of prepackaged sliced lunchmeat were up only 1 percent, to \$3.2 billion.

A recent Quick-Track survey also found that the percentage of QSR customers ordering sandwiches for lunch had jumped to 25 percent in 2005 from 11 percent in 2002, which most likely curbed in-home deli meat consumption.

On the bright side, deli meat continues to have a presence in most U.S. homes. Mintel cites recent Simmons data showing that cold cuts are used in 88 percent of households. Mintel's own research revealed that more than half of respondents eat turkey (90 percent), ham (84 percent), roast beef (79 percent), chicken (81 percent), bologna (64 percent), corned beef (51 percent) and pastrami (51 percent).

For the most part, processors hold their own with competitive product introductions and healthier offerings.

"The convenience factor is the main draw," says Marcia Mogelonsky, senior research analyst for Mintel, of prepackaged cold cuts.

Oscar Mayer, the top-selling company in the category, kept things hot with heat-and-serve Deli Creations sandwiches, which have helped Kraft recoup dollars long lost to restaurants and other foodservice operators. Sales have reached far

beyond company expectations, says Julie Schaubroeck, Oscar Mayer brand manager.

Sara Lee stepped up the competition earlier this year with Hillshire Farm Deli Wraps, ready-to-assemble wrap kits.

New on the top 10 list is ConAgra's Healthy Choice deli meat offerings, indicating consumer interest in good-for-you designations. Hormel continues to capitalize on the success of its Natural Choice line, and in March 2008 converted all its Authentic Deli products to 100 percent natural with its TrueTaste technology that preserves food using water pressure.

Organic processors, such as Applegate Farms and Organic Prairie, also are exploring unconventional processing techniques using celery juice and lactic-acid starter cultures.

Although retail sales of presliced deli meat, organic or not, haven't matched foodservice sales, Mogelonsky notes that some processors, including private-label suppliers, probably aren't hurting too



Brand (rfg. sliced lunchmeat)	Dollar sales (retail)
1. Oscar Mayer	\$1,134,841,850
2. Private label	\$524,785,360
3. Hillshire Farm Deli Select	\$337,266,800
4. Buddig	\$129,646,100
5. Bar-S	\$96,581,060
6. Land O'Frost	\$88,902,100
7. Louis Rich	\$68,027,920
8. Butterball	\$55,971,970
9. Foster Farms	\$47,871,210
10. Healthy Choice	\$43,596,300

Source: Information Resources Inc. (52 weeks ended Feb. 24, 2008)

badly. "There are a lot of processors who are double-dipping in retail and foodservice," she says. "The retail owner is more likely to be threatened by QSRs."

Indeed, according to the International Dairy-Deli-Bakery Association's "What's In Store 2008" report, 72 percent of consumers say supermar-

ket delis are more convenient to visit than restaurants. "Convenience and variety are the two things consumers want most," says Alan Hiebert, IDDBA education information specialist. "Supermarket operators need to make deli sections as convenient as possible and provide the most variety they can."

Maybe then retail deli meats can hitch a ride on the Subway gravy train.

 Deli meat continues to have a presence in most U.S. households. Mintel cites recent Simmons data showing that cold cuts are used in 88 percent of households.

BACON: Retail sales may be flat, but with creative foodservice applications, new packaging and natural/organic offerings, don't count on bacon to go belly up just yet.



Wendy's

The bacon-loving masses have flipped for Wendy's Baconator burger, with its two beef patties, two slices of cheese and six strips of bacon — so much so that a spicy version was recently launched. However, that fervor for the crispy stuff so evident in foodservice has yet to spread to retail.

The most recent numbers show that retail bacon sales hit \$2.1 billion in the 52 weeks ended Feb. 24, 2008, a mere 0.23 percent increase over last year. Of the 10 top-selling brands, Oscar Mayer took the lead with \$427.7 million in sales, up 5 percent over last year.

It's no surprise: The brand was the first to come up with an innovative, sturdy, recloseable tray for bacon. The new packaging, which debuted last year, allows customers to re-seal the package without using an additional bag. Oscar Mayer also expanded its bacon plant in Coshocton, Ohio, in September 2007, adding more than 80,000 square feet of space.

Other processors are seeing crispier results with precooked bacon. According

to The Nielsen Co., in the 52 weeks ended Nov. 8, 2007, precooked bacon sales hit \$210.5 million, up 5.7 percent over the year-ago period and up 31.8 percent compared with four years ago. Hormel was bringing home the you-know-what with its Microwave Ready Bacon, and others — like Bar-S, Patrick Cudahy, Hatfield Quality Meats and even Omaha Steaks — are getting in on the action.

"The sales warrant the retail displays," says Jarrod Sutton, director of retail marketing at the National Pork Board. "Processors filled a consumer need."

Precooked bacon also cuts out a lot of the additional grease associated with cooking bacon the old-fashioned way,

making it appealing to people who love bacon's flavor but are watching their waistlines. "In moderation, bacon's not the most awful thing in the world," says Marcia Mogelonsky, senior research analyst for Mintel. "There are ways to eat it in a more healthful way. Precooked will encourage portion control."

Some processors are taking health concerns to heart by improving organic bacon. While organic or natural offerings of years past looked more like mystery meat than actual bacon — thanks to the absence of nitrates and nitrites — new technology is helping processors offer more appealing products. LaFarge, Wis.-based Organic Prairie uses a celery juice lactic acid starter culture to make its bacon products, explains General Manager Tedd Heilmann.

On the other side of the spectrum, foodservice continues to capitalize on consumers' tendency to throw health concerns out the window when eating out. "They're going to indulge," says Joe Pawlak, vice president of Chicago-based foodservice consultancy Technomic.

Foodservice operators, from QSRs to high-end restaurants, seem to be putting bacon in everything and getting rave reviews from consumers. Burger King, for one, has plenty of new bacon items in store for 2008, like the Angry Bacon and Cheese Whopper. "Foodservice has taken it to another level," says Sutton.

Let's hope that bacon mania translates to better retail sales next year.

Brand (rfg. bacon)	Dollar sales (retail)
1. Oscar Mayer	\$427,691,800
2. Private label	\$426,865,500
3. Hormel Black Label	\$123,240,300
4. Farmland	\$72,951,060
5. Bar-S	\$66,218,520
6. Hormel	\$64,244,050
7. Wright	\$62,841,860
8. Smithfield	\$61,652,540
9. Gwaltney	\$56,828,920
10. Louis Rich	\$53,722,920

Source: Information Resources Inc. (52 weeks ended Feb. 24, 2008)

While organic or natural offerings of years past looked more like mystery meat than actual bacon — thanks to the absence of nitrates and nitrites — new technology is helping processors offer more appealing products.

PREPARED DINNERS: Category players upped the ante with cooking innovations, healthier offerings and celebrity star power, but it wasn't enough to thaw stiff sales last year.

In March, the National Frozen & Refrigerated Foods Association celebrated the 25th anniversary of National Frozen Food Month with a promotion to warm up sales in the frozen food aisle. NFRA used FSIs to direct consumers to EasyHomeMeals.com, which features food preparation videos, recipes and trivia. A \$10,000 sweepstakes was also a lure to the Web site.

Although NFRA is doing its best to drive traffic to the frozen food section, sales were tepid in 2007. Single-serve frozen entrées brought in about \$3.8 billion, a mere 0.29 percent increase over 2006.

The refrigerated entrée presents a big challenge. "It doesn't last very long, so that means someone has made it recently, which means it's fresher," says Marcia

Mogelonsky, senior research analyst for Mintel.

In spite of stiff competition, frozen entrée companies sallied forth. Healthy Choice brought in about \$207 million, an increase of about 77 percent over the prior year, thanks to new products like

Café Steamers, microwavable meals cooked with steam to preserve flavor, color and texture. Healthy Choice partnered with Robert Irvine of Food

Italian meals are on the rise. According to Mintel, 44 percent of consumers who eat individual frozen meals say they want more ethnic offerings. Seventy-one per-

Brand (single-serve frozen entrées)	Dollar sales (retail)
1. Stouffer's	\$388,968,100
2. Banquet	\$321,674,900
3. Weight Watchers Smart Ones	\$310,849,800
4. Stouffer's Lean Cuisine Café Classics	\$259,903,400
5. Healthy Choice Complete Selections	\$207,001,200
6. Marie Callender's Complete Dinners	\$193,505,600
7. Stouffer's Lean Cuisine One Dish Favorites	\$138,561,100
8. Stouffer's Lean Cuisine Comfort Classics	\$122,944,600
9. Kid Cuisine	\$122,344,400
10. Boston Market	\$119,240,700

Source: Information Resources Inc. (52 weeks ended Feb. 24, 2008)



National Frozen & Refrigerated Foods Association

Network's "Dinner: Impossible" to promote the line, which boasts 12 varieties such as Beef Merlot.

In January, Heinz came out with Weight Watchers Smart Ones Fruit Inspirations, frozen entrées devel-

oped in part by celebrity chef Devin Alexander that combine lean beef and chicken with fruits and vegetables.

General Mills also hitched its wagon to a star, teaming with Mario Batali to create two new frozen pasta entrées.

cent clamor for Chinese, 67 percent crave Mexican and 65 percent want Italian.

Growing interest in Asian and Latin flavors also reflects the country's explosive Hispanic and Asian populations. Mintel notes that, according to Simmons data from 2006, consumption of family-size frozen meals was lowest among Hispanics (26 percent) and Asians (23 percent). By comparison, 46 percent of African-American households and 42 percent of white households consumed larger frozen meals. This consumption gap could present opportunities for companies to appeal to a largely untapped market with authentic recipes, Mintel reports.

With all the activity in the category, here's hoping that, by the time next year's National Frozen Foods Month rolls around, frozen entrées aren't left in the cold.

One formidable obstacle for frozen entrées continues to be the rise of the refrigerated entrée.

BREAKFAST/DINNER SAUSAGE:

Category players are enjoying sizzling returns at dinner, but breakfast sales have yet to rise and shine.

 Last summer, Sara Lee brand Jimmy Dean made headlines when its fully cooked sausage patties blasted off with the crew of the space shuttle Endeavor on a 14-day mission.

That's one small step for Jimmy Dean, one giant leap for all breakfast sausage. Even though the brand's sales rose 16.3 percent in the 52 weeks ended Feb. 24, 2008, according to Information Resources Inc., the breakfast sausage category as a whole was grounded, falling by 0.3 percent, with sales of \$882.7 million for the period.

One problem retail players face is foodservice's renewed focus on offering more options on their breakfast menus. Hardee's, for one, put a Hillshire Farm sausage link biscuit on its menu; Burger King launched its Honey Butter Homestyle Melt with sausage, egg, honey butter sauce and cheese on sourdough; and McDonald's rolled out its sausage McSkillet Burrito.

Some in the category are putting up a fight by offering new heat-and-eat sandwiches. Jimmy Dean, for example, launched its new D-lites, a healthier version of its bestselling breakfast sandwich with one-third fewer calories and half the fat.

Meanwhile, dinner sausage's popularity continued to fly high in 2007. The category took in \$1.7 billion last year, up nearly 4.8 percent from 2006.

One reason for dinner sausage's surge is convenience, but another is innovative flavor profiles. In October, Hillshire Farm revved up its dinner sausage offerings by introducing Honey BBQ Smoked Sausage

and Chipotle Hot versions of its Lit'l Smokies cocktail wieners.

Big, bold ethnic flavors seemed to be the name of the game in the dinner sausage category, not only at retail but also in foodservice. In November, Springfield, Mo.-based Willow Brook Foods introduced its Kettle Fried 3-Pepper Blend Sausage Bites, which feature a mix of jalapeno, chipotle and habanero chiles, for use in foodservice, and Omni Hotels ran a Choripan con Chimichurri, a grilled Argentinean-style sausage.

Mintel notes that there's room to grow in the organic and natural segment as well. According to a poll, 15 percent of respondents who consume dinner sausage say they enjoy organic versions and often look for them while shopping.

Niman Ranch was all over it in April 2007, when the natural-meats purveyor

launched a line of uncured all-beef franks with tongue-tickling flavors like Cajun Three Pepper, Southwest Fajita and Jalapeno Cheddar.

With so much innovation, it looks like the sky's the limit for dinner sausage.

Brand (dinner sausage)	Dollar sales (retail)
1. Johnsonville	\$294,374,000
2. Hillshire Farm	\$280,253,500
3. Private label	\$150,013,400
4. Eckrich	\$80,903,290
5. Aidells	\$31,906,090
6. Premio	\$29,595,470
7. Bar-S	\$29,521,800
8. Shady Brook Farms	\$29,062,000
9. Johnsonville Beddar with Cheddar	\$29,039,100
10. John Morrell	\$24,986,280

Source: Information Resources Inc. (52 weeks ended Feb. 24, 2008)



Yande Rose Farms

Big, bold ethnic flavors seemed to be the name of the game in the dinner sausage category, not only at retail but also in foodservice.

HAM: Sure, ham has a hard time shaking its seasonality, but with ham sales and consumption on the rise, maybe that's not such a bad thing.

When a celebrity as big as Martha Stewart puts her name on a product like ham, it's a big deal. In December, the grand dame of domesticity partnered with Costco Wholesale to deliver to the masses Kirkland Signature Martha

NPB recruited celebrity chef Rick Bayless to host a satellite media tour and share recipes such as chipotle-glazed ham with cherry-jicama salsa.

It's not that NPB wants to pigeonhole ham as a seasonal product, but, as

Consumption is growing too: 24 percent of consumers eat ham (excluding ham lunchmeat) at least once in an average two-week period, reports the NPD Group, up 4 percent from last year.

Processors are taking note. Farmland Foods introduced three new all-natural ham items including Natural Juice Spiral Ham Slices that are thick enough to be an entrée. Double-G Brands launched hickory spiral-cut ham and ham steaks, both cured with a family recipe of cane and brown sugar.

In foodservice, several chains hammed it up on their breakfast menus. According to NPD, the distribution of all ham entrée servings skewed greatly



Rick Bayless' chipotle-glazed ham with cherry-jicama salsa

Brand (rfg. canned ham)	Dollar sales (retail)
1. Hormel Black Label	\$9,259,344
2. Farmland	\$9,036,181
3. Hormel Dubuque	\$8,711,713
4. Hormel	\$3,283,304
5. Private label	\$3,164,465
6. Krakus	\$2,308,193
7. Smithfield	\$2,065,983
8. Old Kentucky	\$2,061,437
9. Hostess	\$2,057,486
10. Hatfield	\$1,764,929

Source: Information Resources Inc. (52 weeks ended Feb. 24, 2008)

National Pork Board

Stewart Favorite Holiday Ham, a slow-cured, antibiotic-free, bone-in ham lightly smoked over applewood chips.

The timing of the ham's launch was no coincidence. Hams are a hit during Easter and Christmas: According to Fresh Look Marketing, as reported by the National Pork Board, ham sales were strongest during April, November and December 2007. December outperformed an average month's sales by 227 percent.

To capitalize on ham's holiday surge,

Director of Strategic Marketing John Green notes, the group doesn't have much choice. "The holidays are when retailers want to promote [ham]," he says.

The good news is that seasonality doesn't necessarily affect ham steaks, according to Fresh Look. Ham steaks performed consistently from month to month in terms of sales, and by the end of 2007, ham steak sales grew 6 percent over 2006. Entrée hams, by comparison, grew only 1 percent in the same period.

toward breakfast with 63 percent, versus 18 percent and 17 percent for dinner and lunch, respectively.

Even canned ham saw some action in 2007, raking in \$52 million, a healthy 6 percent increase over 2006.

Green says the future looks rosy for ham and pork in general, especially with the price of other proteins climbing. "Pork has had the least price inflation of other proteins in the last five years," he says. "We believe pork represents a huge value opportunity for the consumer."

Ham sales were strongest during April, November and December 2007, with December outperforming an average month's sales by 227 percent.

HOT DOGS: Despite relatively flat sales in 2007, processors and foodservice operators continued to reinvent the wiener.

It seems the old adage “every dog gets its day” rings true for the hot dog category. After years of declining sales, in 2007, hot dog retail sales totaled just over \$1.6 billion, up 0.04 percent from last year. Not impressive, but at least the trend wasn’t in the red, as it was in 2006.

Could 2007 be the start of a hot dog turnaround? If Oscar Mayer’s actions are any indication, the category could see some changes. Recently, *Crain’s Chicago Business* reported that the brand will launch a reformulated frank — a meatier wiener made with higher-quality beef — in time for Memorial Day.

The new frank, which will have a stronger flavor and a deeper red color, marks the first time in two decades that Oscar Mayer has rejiggered the formula.

The move is in line with consumer preferences. According to research firm Mintel, 81 percent of consumers said they used beef hot dogs in their households, while only 22 percent went for corndogs and 16 percent favored turkey dogs.

Consumers also continued to gravitate toward kosher. Hebrew National took in \$113.7 million in 2007, up 20.5 percent over 2006. In June, the ConAgra brand unveiled its new Jumbo Beef Frank, which is twice the size of a regular hot dog.

Sara Lee also is focusing on kosher, giving a facelift to packaging for its Best’s Kosher brand of hot dogs. The new package features an eye-catching product shot on the front to increase shelf visibility.

“Many shoppers that don’t keep kosher find the designation appealing because it



stands for high quality,” says Jon Hauptman, principal at Willard Bishop, a Barrington, Ill.-based retail consultancy.

That quest for quality also drove consumers to organic and natural franks. Howard, S.D.-based Dakota Beef entered into a partnership with the NBA’s Houston Rockets last year to supply organic franks to basketball fans, and has grown its territory to cover about a dozen sports venues.

The move not only adds depth to Dakota Beef’s presence in the marketplace, it also appeals to consumers who may not be familiar with organic meat but can try it in a familiar format. “It takes away the granola stigma,” CEO Scott Lively says.

Other organic and natural processors are catching on to hot dog growth opportunities in foodservice, too. In September, Niman Ranch got in on the action by partnering with Centerplate to serve all-natural

Brand (rfg. franks)	Dollar sales (retail)
1. Oscar Mayer	\$297,384,200
2. Ball Park	\$276,671,000
3. Bar-S	\$137,009,600
4. Hebrew National	\$113,704,800
5. Nathan	\$87,362,640
6. Private label	\$85,986,690
7. Gwaltney	\$44,611,410
8. John Morrell	\$24,709,250
9. Bryan	\$24,535,020
10. Eckrich	\$23,577,140

Source: Information Resources Inc. (52 weeks ended Feb. 24, 2008)

hot dogs, burgers and sausages at sports venues nationwide. In October, Coleman Natural teamed up with Vail Resorts Inc. to supply natural hot dogs, among other products, to its on-mountain restaurants.

Foodservice operators also are doing their part to keep America’s love for hot dogs alive. Nathan’s Famous, a Westbury, N.Y., quick-service restaurant operator, tested a new Frank & Fry concept at eight locations in Pittsburgh and in the South in August, while Chicago-based Levy Restaurants is planning to open multiple locations of a new concept called Hot Dog Hall of Fame.

Who knows? Perhaps category sales next year will be as plump as the red hots on the grill this summer.

In 2007, hot dog retail sales totaled just over \$1.6 billion, up 0.04 percent from last year. Not impressive, but at least the trend wasn’t in the red.

GROUND BEEF: Even though 2007 seemed like a total recall year for processors, ground beef still reigned in the meat case and on restaurant menus.

Things weren't looking good for ground beef for awhile. The almost monthly reports of ground beef recalls in 2007 — which culminated with the now-defunct Topps Meat Co.'s then-unprece-



National Cattlemen's Beef Association

TOTAL U.S. GROUND BEEF DOLLAR SALES, 2003-2007

Year	Dollar Sales
2003	\$4,743,954,822
2004	\$5,066,055,493
2005	\$5,336,059,107
2006	\$5,322,097,262
2007	\$5,416,086,812

Source: Fresh Look Marketing

dedent recall — seemed to cast a pall over the future of the category.

Surprisingly, though, ground beef still was the leading segment in the meat case. Fresh Look Marketing reported that in the 52 weeks ended Dec. 30, 2007, ground beef sales totaled \$5.4 billion dollars — a 1.8 percent increase over 2006. Not impressive, but not too shabby either, considering the bad press.

Even better is that more than 5.1 billion pounds of ground beef (bulk and patties) were sold in foodservice in 2007, an increase of 3.5 percent over the previous

year, according to a Beef Checkoff-funded study by Technomic.

Most of it goes into burgers. Technomic's Menu Monitor reported that the incidence of "specialty burgers" grew 5 percent in 2007, with beef burgers leading the way.

Technomic also found that burger consumption is widespread: 85 percent of consumers eat burgers at least once a month.

"The burger category is definitely hot, and it's growing across the board," says Jane Gibson, director of foodservice for the National Cattlemen's Beef Association.

One driver is the spate of high-end celebrity chefs throwing their toques into the casual-burger chain ring. Food

Network personality and restaurateur Bobby Flay recently inked deals to open three units of Bobby's Burger Palace in New York and New Jersey, and French Laundry's Thomas Keller is due to open Burgers and Half Bottles in Napa, Calif., any day now.

The rise of the specialty burger is also a significant trend on which casual-dining chains like Red Robin are focused. The chain,

whose menu includes such items as the Whiskey River BBQ Burger with crispy onion straws and the teriyaki Banzai Burger, continues to do well by dressing up an old classic.

The "create your own burger" marketing tool also has drawn a lot of consumer interest to casual-dining establishments. Applebee's partnered with the Food Network to launch "The Big Burger

Showdown," for which Tyler Florence judged contestants' gourmet burger entries for a \$5,000 prize and a spot on the chain's 2008 menu. In June, Wendy's debuted a 25-city tasting tour and invited the public to create their own burgers from a selection of 54 ingredients.

"Burgers are present throughout food-service," says Nancy Kruse, president of menu analyst The Kruse Co. "To stand out from the pack, you need to build a noteworthy campaign."

While casual-dining chains attract attention with specialty burgers, they struggle with rising real estate, construction and operating costs, as well as look-alike menus, says Darren Tristano, executive vice president of Technomic. Consumers still are flocking to QSRs for convenience, value and lower prices, and global expansion of some chains indicate that the burger's popularity is going beyond North American borders. Burger King, which posted \$49 million in net income on \$613 million in revenue in the second quarter ended Dec. 31, up 29 percent from a year ago, opened new restaurants in Japan, Indonesia, Poland, Egypt and Hong Kong.

Fatburger, a California-based burger chain, also is pursuing an aggressive global strategy, opening a location in Macau with 10 more China locations in the pipeline. The chain also is considering moving into Japan, Dubai and Europe.

Although the category has seen its share of trouble in 2007, one thing is for sure: It's standing its ground, especially where burgers are concerned.

85% of consumers eat burgers at least once a month, according to Technomic.

FRESH PORK: Unparalleled exports buoy the category, but producers struggled to keep up with high feed costs and falling hog prices. Processors, though, lived high on the you-know-what with record margins.

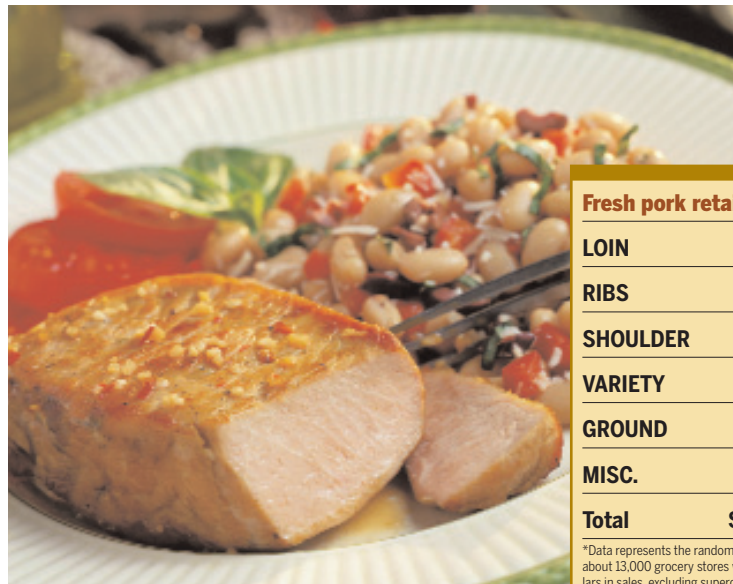
The world's love affair with U.S. pork continues. Exporters sent a record 3.1 billion pounds of pork to 114 countries, up 4.8 percent over 2006, making 2007 the 17th straight year in which export volume outpaced the prior year's totals, says USDA's Economic Research Service.

Although Japan was the No. 1 buyer, China could be the dark horse in fueling export demand in 2008, according to USDA's agricultural attaché in Beijing. Severe snowstorms and a slow recovery from porcine blue-ear disease still plague production in China, one of the biggest global consumers of the other white meat. That, combined with lower prices and a weak U.S. dollar, makes it a perfect storm for exports.

It could be just the thing to keep pork on the home front afloat. "We have 15 years of consecutive export growth, which has helped the domestic market as well," says Jarrod Sutton, director of retail marketing at the National Pork Board, adding that harvesting set records and herds continued to expand in 2007.

Feed prices, though, continue to skyrocket, leaving producers with shrinking margins and hog prices slipping under the break-even point. Bad news for producers, but great news for processors.

For vertically integrated companies like Smithfield Foods, however, production costs outweigh the benefits, so in February, the industry Goliath said it would cut its sow herd by up to 5 percent.



National Pork Board

Fresh pork retail sales, 2007*	
LOIN	\$2,735,335,471
RIBS	\$1,040,902,725
SHOULDER	\$375,847,497
VARIETY	\$47,845,045
GROUND	\$46,269,143
MISC.	\$147,570,899
Total	\$4,450,669,984

*Data represents the random weight pork business at about 13,000 grocery stores with at least \$2 million dollars in sales, excluding supercenters; these stores represent about 63% of total U.S. ACV.

Meanwhile, it's just as well that foreign countries are snapping up the current glut of pork in the marketplace, as it continues to trail behind chicken and beef as the top protein for American consumers. According to research firm Mintel, 89 percent of consumers eat chicken on a regular basis, 81 percent gravitate toward ground beef, but only 63 percent put pork on their plates on a regular basis.

Sagging consumer preference isn't stopping Smithfield Foods from concentrating on its fresh pork business. This spring, Smithfield exited the beef business, selling off its Beef Group and Five Rivers Ranch Cattle Feeding to JBS-Swift. After the company's groundbreaking deal to sell 60 million pounds of pork to a Chinese trading company in August 2007,

Smithfield plans to explore new territory in China in the coming year.

That intrepid spirit carries over to NPB. Its "Don't Be Blah" campaign keeps going strong, teaming up with celebrity chef duo the "Too Hot Tamales" to promote pork recipes; a media tour and culinary art exhibit targeting Hispanic moms; and "The Other White Meat" tour, an experiential mobile marketing campaign that will travel cross-country.

NPB also introduced four new pork cuts — the pork breast, the cap steak, the petite tender and the pocket roast — to encourage the same innovation spurred by the beef industry's value cuts.

Even *People* magazine is creating buzz, placing pork among foods "redefining" 2008. Now that's something to talk about.

It's just as well that foreign countries are snapping up the current glut of pork in the marketplace, as it continues to trail behind chicken and beef as the top protein for American consumers.

FRESH BEEF: Times are uncertain for producers and processors, but at least they can count on consumers' ongoing love affair with beef.

It was the best of times, it was the worst of times — so the story goes for fresh beef in 2007. But from the looks of things, more bad things than good seemed to be happening in the category.



National Cattlemen's Beef Association

Total U.S. beef roasts and steaks dollar sales, 2003-2007			
	Beef roasts	Beef steaks	Combined
2003	\$1,707,120,136	\$5,540,085,566	\$7,247,205,702
2004	\$1,864,794,745	\$5,926,373,595	\$7,791,168,340
2005	\$1,958,343,792	\$6,250,505,497	\$8,208,849,289
2006	\$2,000,175,455	\$6,313,952,320	\$8,314,127,775
2007	\$2,021,450,894	\$6,443,745,657	\$8,465,196,551

Source: Fresh Look Marketing

At the National Meat Association's annual convention in February, Tyson CEO Dick Bond predicted a gloomy 2008 for beef, as record prices for feed will force producers to reduce their herds, packers to reduce their capacity and consumers to pony up at the cash register. "Producers are feeling the grain price

increases and aren't getting paid for it," he said. "Prices are going to have to increase significantly."

Already, domestic beef slaughter is only at 70 percent to 75 percent of capacity, Bond said, and he called on the industry to offer consumers better products, scale back large cuts of beef and push traceability to ease consumer concerns.

Not a bad plan, especially with the industry reeling from the Hallmark/Westland recall debacle. Despite concerns, Joe Pawlak, vice president of research firm Technomic, says the hubbub around Hallmark won't last. "It doesn't impact behavior," he says. "Publicity fades."

High prices and food safety issues notwithstanding, consumers still champion beef. According to the Food

Marketing Institute's "Power of Meat," more than eight in 10 people cook beef and chicken at least once a week.

Fresh Look reports that in the 52 weeks ended Jan. 27, 2008, fresh beef sales hit nearly \$15.5 billion, a slight 1.7 percent increase. Prices,

however, rose 4.2 percent to reach \$3.67 per pound. Will high prices discourage consumers from buying fresh beef?

The National Cattlemen's Beef Association sure hopes not. To stimulate demand, its Beef Innovations Group introduced five new beef cuts in February. "Expanding the chuck cuts line is among

the checkoff-funded tools aimed at reaching the industry's goal to increase beef demand another 10 percent by 2010," says Mark Pendleton, vice chair of the Joint New Product & Culinary Initiatives Committee, and an NCBA member.

Quick-service chains also are starting to offer more beef items. Schlotzky's brought back three Angus roast beef sandwiches, and Jack in the Box introduced several sirloin steak items, including a breakfast sandwich. The hope is that these items will appeal to consumers who want to scale back spending but still crave the taste of beef.

Organic and natural beef continue to see soaring demand too. FMI's Power of Meat study revealed that half of all consumers who bought natural or organic meat in the past three months bought beef. But again, supply issues involving cattle, land and feed are forcing producers and processors to figure out alternative ways to keep up with that demand.

Passion for U.S. beef is extending beyond borders, too, now that the industry is starting to recoup international markets lost due to fears surrounding bovine spongiform encephalopathy. USDA said that total U.S. beef exports in 2007 were 1.4 billion pounds, a 25 percent increase from 2006.

On the home front, plenty is still hazy about the future of fresh beef, especially in light of the recent spate of JBS-Swift acquisitions. Category players will have to wait and see if their story will have a happy ending after all.

According to the Food Marketing Institute's "Power of Meat" report, more than eight in 10 people cook beef and chicken at least once a week.