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NATIONAL MEAT CASE STUDY 2004 IDENTIFIES SHIFT IN MERCHANDISING STRATEGIES

Industry Leaders Partner to Evaluate Meat Case Trends

Chicago, IL (August 10, 2004) – A recent national meat case audit indicates a growing transformation of the retail meat case since 2002, leading to a shift in the allocation of space for store-wrap and case-ready meat. The National Meat Case Study 2004 (NMCS 2004) findings suggest retail penetration of heat and serve and value-added products has continued to grow in the meat case. The study was conducted to provide packers and retailers with further insight into emerging retail meat marketing trends on a national basis. Learnings from this study not only provide a current look at America's meat case, but they can also help create new meat merchandising applications to further drive incremental category growth.

The NMCS 2004, coordinated by Lee and Company, consisted of 104 audits in 29 states and 43 key metro markets. Auditors, including Texas Tech University, Cryovac Food Packaging Division of Sealed Air Corporation and the National Pork Board (NPB), visited major chain supermarkets nationwide collecting information on more than 117,000 packages, including more than 11,000 sausage packages. Information collected included, for example, use of cooking information, number of SKUs, packages per SKU, pounds per SKU, use of case ready technology and linear space by species. The study was funded in part by the Cattlemen's Beef Board (CBB), managed by the National Cattlemen's Beef Association (NCBA), the National Pork Board and Cryovac/Sealed Air.

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According to study findings, allocation of meat case space is shifting, with fresh meat and poultry's share of linear feet decreasing by six points since 2002. The big gainers from this shift included processed meats (sausage, ham and other processed) and heat & serve – both up two points with ready-to-cook value-added products and self-serve seafood up one point.

“The face of the meat case is changing and being led by an increase in processed, heat and serve and value-added meat,” said Randy Irion, director, retail marketing services for the NCBA, one of the contractors of the Cattlemen's Beef Board. “As this shift continues to develop, it's imperative we provide our industry partners with insight into these emerging trends to help adapt to these changes.”

The penetration of case-ready product continues to grow, as retailers appreciate the benefit of fewer out of stocks and reduced labor costs. Since 2002, case-ready penetration has increased across all major species. Specifically, whole muscle beef cuts experienced an eight percent increase in case-ready packages in the retail meat case, ground beef increased by 10 percent, while pork experienced the greatest gains with a 13 percent increase.

“This new research affords us the opportunity to provide our key partners – packers, manufacturers and retailers – with insightful trend analysis information to help make the industry, as a whole, more efficient,” said Jerry Kelly, national coordinator retail task force for Cryovac Food Packaging Division of Sealed Air Corporation. “Staying in touch with the packaging needs of the retailer and consumer will help us move seamlessly with the evolution of today's meat case.”

Also noted in the findings, popular point-of-purchase materials, including case danglers and price fins, were used by more than 90 percent of supermarkets surveyed. While point-of-purchase materials delivered nutritional information, the most frequently observed point-of-purchase materials dealt with price.

“Consumer demand is driving the evolution of the meat case,” said Karen Boillot, director of retail marketing at NPB. “Through better understanding of what consumers need we can work collectively with the industry to meet those needs and ultimately help increase meat case sales.”

Cryovac/Sealed Air and the Cattlemen’s Beef Board, managed by the NCBA, conducted a similar study in 2002, which was heralded by meat department executives, prompting the 2004 study to generate a continuing trend analysis.

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Beef Checkoff Program

Beef industry demand building efforts are funded by the Beef Checkoff Program. The Beef Checkoff Program was established as part of the 1985 Farm Bill. The checkoff assesses \$1 per head on the sale of live domestic and imported cattle, in addition to a comparable assessment on imported beef and beef products. States retain up to 50 cents on the dollar and forward the other 50 cents per head to the Cattlemen’s Beef Promotion and Research Board, which administers the national checkoff program, subject to USDA approval.

Producer-directed and consumer-focused, the NCBA is a trade association of America’s cattle farmers and ranchers, and the marketing organization for the largest segment of the nation’s food and fiber industry.

National Pork Board

The National Pork Board has responsibility for Checkoff-funded research, promotion and consumer information projects and for communicating with pork producers and the public. Through a legislative national Pork Checkoff, pork producers invest \$0.40 for each \$100 value of hogs sold. Pork importers also invest a comparable amount. The Pork Checkoff funds national and state programs in advertising, consumer information, retail and foodservice marketing, export market promotion, production improvement, technology, swine health and pork safety. For information on Checkoff-funded programs, call the Pork Checkoff Service Center at 800-456-PORK or check the Internet at www.porkboard.org.

Sealed Air Corporation

Sealed Air is a leading global manufacturer of a wide range of high performance fresh food, protective and specialty packaging products. Reaching nearly 80 percent of the world’s population, Sealed Air’s widely recognized and respected brands include Bubble Wrap® air cellular cushioning, Cryovac® performance packaging products, Jiffy® protective mailers and Instapak® foam-in-place systems. The Company’s products protect and preserve our customers’ products from the plant or warehouse through the rigors of the distribution chain. Many Sealed Air products also provide an appealing merchandising presence for retail display. Sealed Air’s industry-leading investment in research and development and constant focus on World Class Manufacturing principles allow us to continue delivering innovative packaging solutions that add measurable value to our customers’ businesses around the world.