



## **Overview of an Emerging Market**

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by

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## *Case Ready is Here!*

- ★ It's more than doubled in 3 years!
  - ★ 500 million packages in 1997 1.2 billion in 2000
  - ★ 2.8 billion by 2005
  
- ★ Potentially 9 billion packages

Information in this presentation obtained from Keymark Associates research & analysis. More detail is available from *Case Ready Packaging Systems 2001-2005*, published by Packaging Strategies, West Chester, PA  
[www.packstrat.com](http://www.packstrat.com)

## *Case Ready is Here!*

- ★ **Most retailers do it**
  - ★ **Ground beef used by majority**
    - ◆ Now the largest product in volume
    - ◆ Surpassed pork in past 3 years
  - ★ **Pork also commonplace**
    - ◆ Earliest program
  - ★ **Significant number full-line**

## *Major Case-Ready Retailers*

- ★ Kroger (including King Soopers, Ralphs, etc.)
- ★ Wal-Mart Super Centers
- ★ Albertson's
- ★ Safeway
- ★ Ahold USA
- ★ Pathmark
- ★ Cub Foods
- ★ Tops Markets
- ★ Miracle Mart
- ★ Loblaw's
- ★ Wakefern
- ★ Super Target
- ★ Ukrop's

## *Key Producers*

- ★ IBP - over 10 MM lbs per week
- ★ Excel - over 4 MM lbs per week
- ★ Smithfield- over 1 MM lb per week
- ★ Kroger- over 1 MM lb per week
- ★ Farmland - over 1 MM lb per week

## *Why do it?*

- ★ Cost savings? Maybe, maybe not
- ★ Less shrink? Usually, but not much
- ★ Food safety? You bet
- ★ Better in-stocks? Usually
- ★ Can't find help? Almost always

## *Cost savings?*

- ★ **Difficult to track**
  - ★ Systems not in place for scanning
  - ★ Item level costing impractical
- ★ **Can't eliminate all cost items**
  - ★ No layoff policies/work rules
  - ★ Capability for custom cuts
  - ★ Capital already in place

## *Cost savings?*

- ★ **Case ready packaging costs more**
  - ★ Typically 30-80¢/lb. more v. chub/primal
  - ★ Known savings often don't offset
- ★ **Additional investments needed**
  - ★ Quicker distribution systems
  - ★ Sometimes new display cases
  - ★ Re-working department configuration

## *Less shrink?*

- ★ **Reported reductions vary widely**
  - ★ Major retailer says at least 10%
  - ★ Others say show 30-50%
    - ◆ 6% shrink to 3%
    - ◆ 3% shrink to 2%
- ★ **Often claimed to be low already**
  - ★ Usually under 5% total shrink
  - ★ Over 10% unheard of

## *Food safety?*

- ★ **Less handling in-store**
- ★ **Reduced liability**
  - ★ **Defer responsibility to packer**
  - ★ **Still requires temperature control**
- ★ **Better perceived sanitation in plants**
  - ★ **USDA inspection**
  - ★ **HAACP procedures**

## *Better in-stocks?*

- ★ Always in-stock now
  - ★ Late at night
  - ★ On holidays
  - ★ Throughout weekends
- ★ Ground beef hard to keep in stock
- ★ Less holiday/overtime pay
- ★ Better variety generally

## *Can't find help?*

- ★ **No one wants to be meatcutter**
  - ★ No sense of craft or trade
  - ★ Difficult, messy work
  - ★ Wages high, but not keeping pace
- ★ **Shortages in key markets**
  - ★ Atlanta, Denver, Northeast, others
  - ★ Record employment levels nationwide
- ★ **Offsets labor resistance**

## *What drove Tesco (UK)?*

- ★ Stricter in-store sanitation regulations?
- ★ Difficulty finding labor?
- ★ Better product control (quality/safety)?
- ★ Better inventory control?
- ★ Better return on expensive retail space?
- ★ Management commitment!
- ★ It also applies here!

## *Key packages used*

- ★ **Overwrapped foam trays**
  - ★ Gas-flushed masterpack
  - ★ Nearby cutting, no other packaging
- ★ **Gas-flushed barrier trays**
  - ★ Plastic or foam
- ★ **Others: vacuum, re-bloom**

## *Overwrapped foam trays*

- ★ **About 35% of packages**
  - ★ Looks like in-store package
  - ★ Consumers feel comfortable with it
  - ★ Lowest risk in case ready introduction
  - ★ Low entry cost
  - ★ Easy to offer multiple sizes
- ★ **Some problems**
  - ★ Short case life
    - ◆ Masterpack for distribution/storage life
  - ★ Still leaks often

## *Overwrapped foam tray process*

- ★ Polystyrene foam trays, often heavier weight
- ★ Wrapped with film
  - ★ PVC stretch - like store, more sparkle, lower cost
  - ★ Polyolefin shrink or stretch-shrink - more leak resistant
- ★ Elevator or in-line wrappers
- ★ Gas-flushed masterpack for extended life (8-15 days)
  - ★ 4-8 trays per pouch
  - ★ Evacuated/gas-flushed w/CO<sub>2</sub>/O<sub>2</sub>/N<sub>2</sub> mix

## *Gas-flushed barrier trays*

- ★ **Used by Tesco (UK) & Wal-Mart**
  - ★ Some consumers really like
  - ★ Completely sealed & leakproof
  - ★ Generally 8-10 days case life, up to 21 possible
- ★ **Some problems**
  - ★ Too much space in case
  - ★ Some consumers hate, overpackaged

## *Gas-flushed barrier tray process*

- ★ High gas barrier trays
  - ★ Polystyrene foam or solid plastic (polypropylene most used)
  - ★ Laminated with gas barrier sealant film (PE/EVOH/Tie)
- ★ High gas barrier antifog lidding film
  - ★ PE/PVdC/PET traditional
  - ★ Others: polyolefin/EVOH stretch, PE/EVOH/nylon oriented coex
- ★ Evacuated, gas-flushed & sealed in tray sealer
  - ★ 80% O<sub>2</sub> / 20% CO<sub>2</sub> or 60% O<sub>2</sub> / 20% CO<sub>2</sub> / 20% N<sub>2</sub>

## *Others*

- ★ Vacuum packaging
  
- ★ Re-bloom systems less frequently used
  - ★ ActiveTech
  - ★ Peelable lidding
  - ★ Securefresh
  - ★ Gas exchange

## *Vacuum Packaging*

### ★ Process

- ★ All oxygen is taken out of package
- ★ Meat is a purple color due to lack of oxygen
- ★ Longest shelf life package
- ★ Lowest cost for extended shelf life

### ★ Market

- ★ Little usage, except chubs, loins
- ★ Consumers don't accept color
- ★ Significant growth unlikely

## *Active Tech System*

- ★ Initially overwrapped foam trays
- ★ Then overwrapped in a gas-flushed (N<sub>2</sub>/CO<sub>2</sub>) pouch
  - ★ All oxygen removed
  - ★ Oxygen scavenger sachet removes entrapped oxygen
- ★ Outer pouch removed by retailer
- ★ Looks like current retail package
- ★ Long distribution life (20 to 30 days)
- ★ High cost (\$0.30 per unit)
- ★ Developed, promoted by Pactiv
- ★ Used for selected pork & veal applications

## *Peelable Lidding*

- ★ Special gas barrier lidding developed by Cryovac
  - ★ Gas barrier part can be peeled away
  - ★ Permeable part remains
- ★ Gas barrier tray
- ★ Package evacuated, & often gas-flushed (N<sub>2</sub>/CO<sub>2</sub>)
- ★ Distribution life 14-21 days
- ★ Lidding removed in store to achieve bloom
- ★ Difficult to pre-price/label
- ★ High cost lidding somewhat offset by smaller pack size
- ★ Ground beef & steak applications

## *Gas exchange*

- ★ Same package as gas-flushed barrier trays
- ★ Package evacuated, gas-flushed with N<sub>2</sub>/CO<sub>2</sub>
- ★ Distribution life 14-21 days
- ★ Gas exchanged with O<sub>2</sub> in store to achieve bloom
- ★ Require special in-store equipment
- ★ Safety of oxygen tanks in-store?
- ★ Some instore handling required
- ★ No commercial equipment and applications

## *SecureFresh*

- ★ **Master Pack System**
- ★ **Extremely low residual oxygen**
- ★ **Evacuates or flushes with N<sub>2</sub>/CO<sub>2</sub>**
- ★ **Shelf life claimed as high as 28 days**
- ★ **Uses solid plastic trays or scavenger with foam trays.**
- ★ **Primarily used for lamb**

## *What will happen in the future?*

- ★ **Key drivers**
  - ★ Keeping meat in the case
  - ★ Safe food assurance
- ★ **Key needs & issues**
  - ★ Understand costs better
  - ★ Technology is not the answer
  - ★ Adapt meat packing regionally
  - ★ Multiple package styles
- ★ **Case ready is here now!**

