ANNUAL MEAT CONFERENCE 2016

FEBRUARY 21 – 23, 2016

GAYLORD OPRYLAND RESORT & CONVENTION CENTER

NASHVILLE, TN

the BEST IN MEAT on one PLATE

FMI THE VOICE OF FOOD RETAIL

NAMI Foundation NORTH AMERICAN MEAT INSTITUTE

Dynamics of the Meat Case

Jerry Kelly

National Meat Case Study™ 2015

Overview for 2016 AMC

National Meat Case Study™ Objectives

- To take a comprehensive look at the U.S. fresh meat case.
- Build science-based trend analysis over time.
- Identify changes in today's meat case.
- Reveal areas of opportunities.
- To supplement other industry research.

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2015 National Meat Case Study™ Methodology

Audit Team:

- Texas Tech University and Sealed Air Corporation

Sample:

- Major supermarket chains, Supercenters, Club stores and small format stores
- All Continental U.S. geographic areas - Northeast, Southeast, Midwest, Mountain, and West Coast

Scope:

- Physical count and attributes of all Beef, Pork, Veal, Chicken, Turkey, and Lamb
- Linear Feet of Self-Service Case Linear Feet for all proteins including Sausage, Heat & Serve, Seafood and Value-Added

Procedure:

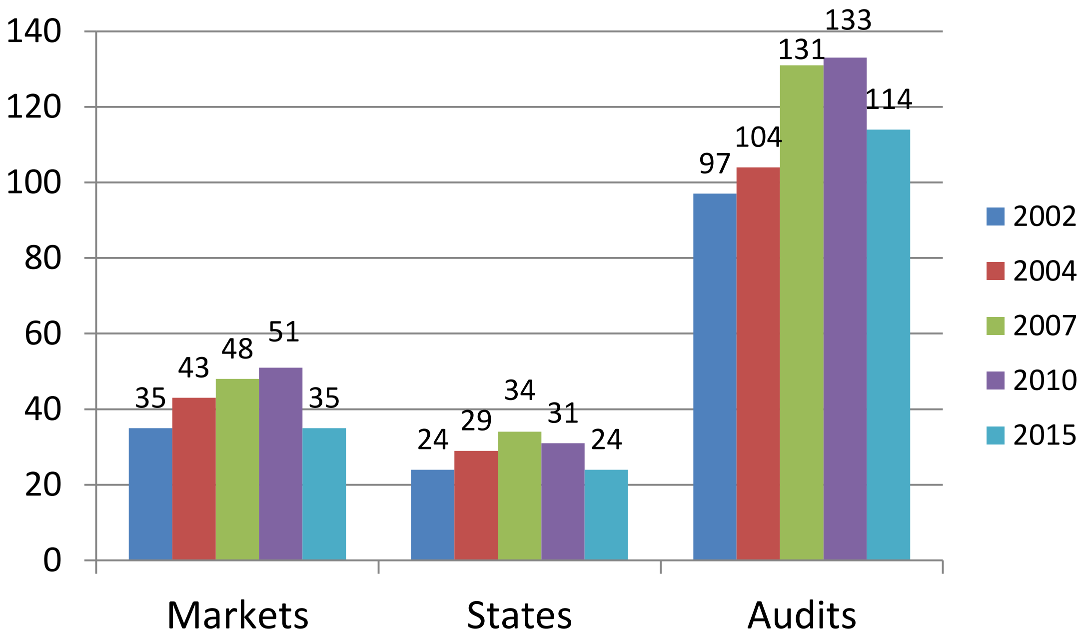
- Data was gathered in the Second and Third quarter of 2015
- Audited supermarkets at various times of day and varying days of the week

Goal:

- To best get a representative sample of major supermarket chains, club stores, and major metro markets

Data Scope

Over the past 5 studies, Sealed Air has collected data for over half a million fresh meat case packages, including over 116,000 in 2015.



The Average Supermarket Audited in the 2015 NMCS

Average of:

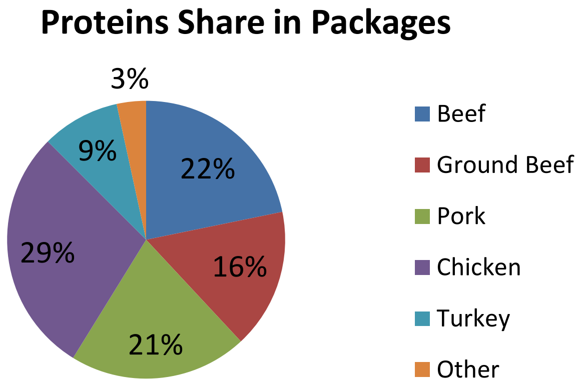
139 SKU's **1,056 Packages** **2,046 Pounds of Meat**

38% of packages will be labeled Natural, and 3.8% will be Organic.

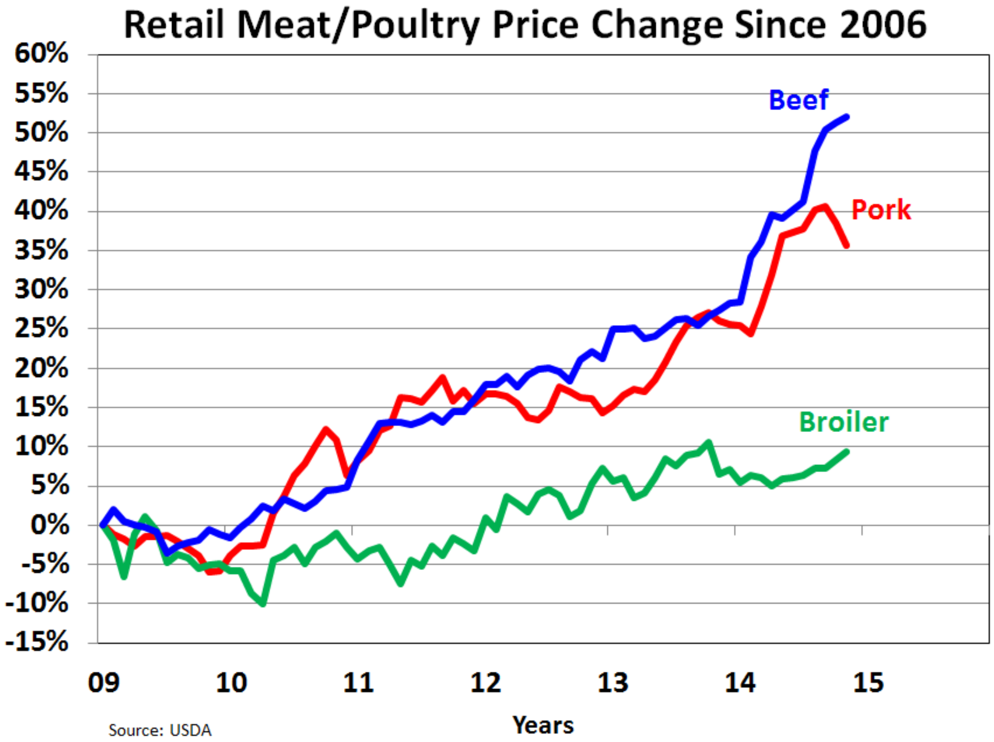
76% of packages are Case Ready, 31% will be Fixed Weight, and 32% will not be in a tray.

Average Protein Count

- 230 Beef Packages across 42 SKUs
- 172 Ground Beef Packages across 17 SKUs
- 219 Pork Packages across 31 SKUs
- 303 Chicken Packages across 31 SKUs
- 96 Turkey Packages across 12 SKUs



Retail Pricing 2009 - 2015



Since 2010:

Beef: +50%

Pork: +40%

Chicken: +15%

Beef Packages Declined Both in Supermarkets and Club Stores

Percent of Packages

	2010 Super-market	2015 Super-market	% Point Change	2010 Club Stores	2015 Club Store	% Point Change
Beef	25%	22%	-3%	31%	23%	-8%
Ground Beef	15%	16%	**+1%**	6%	8%	**+2%**
Pork	20%	21%	**+1%**	23%	25%	**+2%**
Chicken	29%	29%	0%	28%	32%	**+4%**
Turkey	7%	9%	**+2%**	5%	4%	-1%
Lamb	2%	2%	0%	6%	6%	0%
Veal	1%	<1%	-<1%	<1%	<1%	0%
Other	1%	<1%	-<1%	1%	2%	**+1%**

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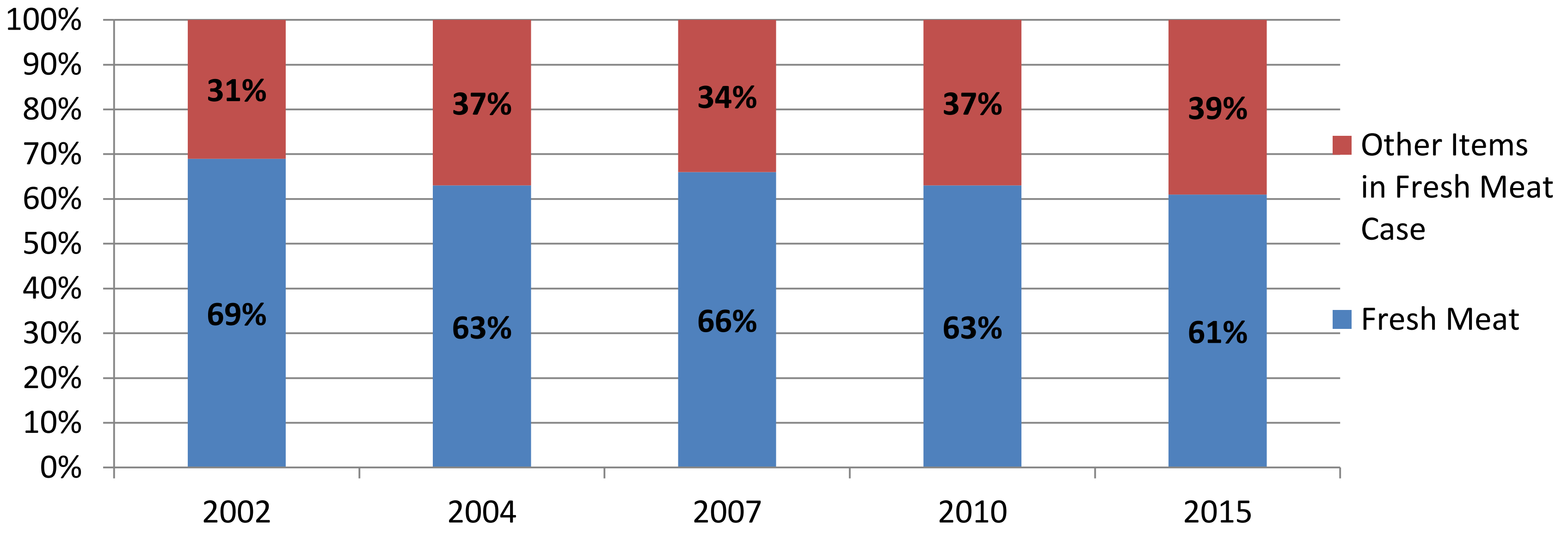
Beef Pounds Also Declined in Supermarkets and Club Stores

Percent of Pounds

	2010 Super-market	2015 Super-market	% Point Change	2010 Club Stores	2015 Club Store	% Point Change
Beef	21%	17%	-4%	28%	20%	-8%
Ground Beef	13%	13%	0%	5%	8%	**+3%**
Pork	21%	24%	**+3%**	26%	29%	**+3%**
Chicken	36%	36%	0%	34%	37%	**+3%**
Turkey	6%	7%	**+1%**	4%	3%	-1%
Lamb	1%	1%	0%	3%	3%	0%
Veal	1%	<1%	-<1%	<1%	<1%	0%
Other	<1%	<1%	0%	<1%	<1%	0%

Self-Service 'Other' Linear Feet Gained Share in 2015

Percent of Linear Feet



- **Fresh Meat: Beef, Pork, Lamb, Veal, Chicken, Turkey.**
- **Other Items Include: Processed, Sausage, Ham, Seafood, Heat & Serve, Value-Added, Non-Meat and Other.**

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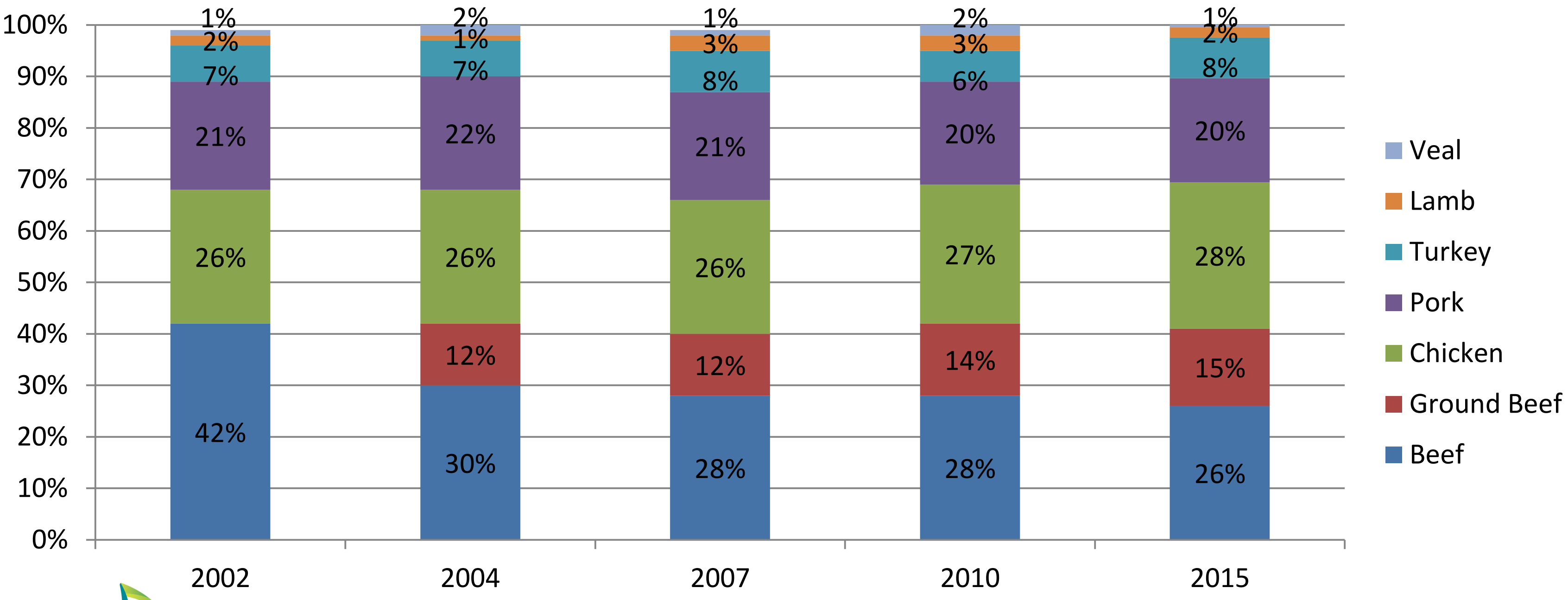
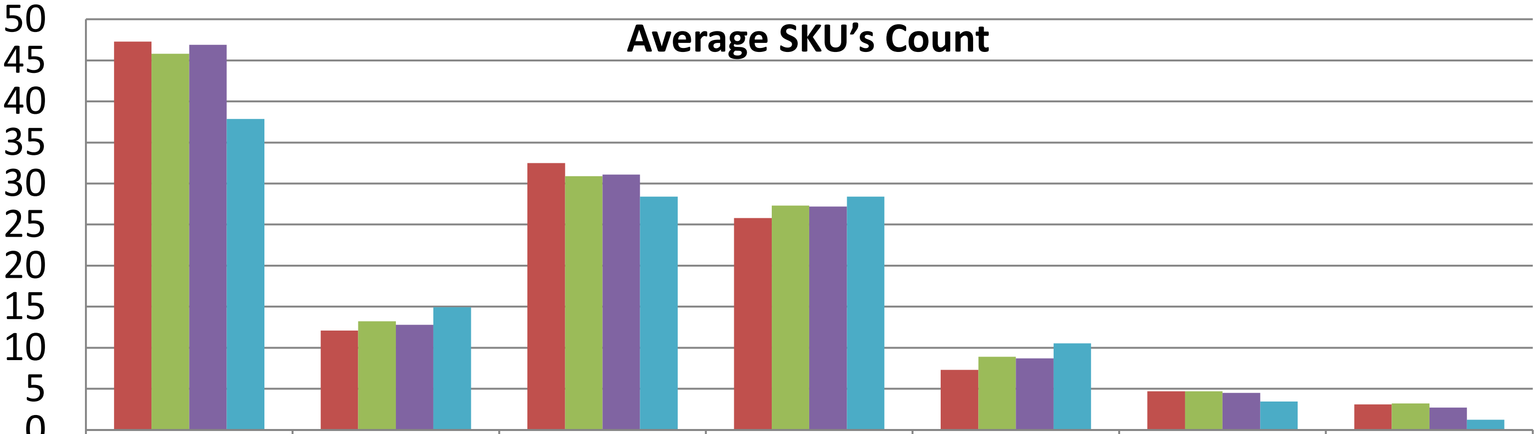
Turkey, Chicken & Ground Beef Gained Share in Linear Feet of Fresh Meat

Percent of Linear Feet



Beef (Whole Muscle) and Ground Beef Combined in 2002.

SKUs are consolidating for Beef, Pork, Lamb and Veal



	Beef	Ground Beef	Pork	Chicken	Turkey	Lamb	Veal
2004	47.3	12.1	32.5	25.8	7.3	4.7	3.1
2007	45.8	13.2	30.9	27.3	8.9	4.7	3.2
2010	46.9	12.8	31.1	27.2	8.7	4.5	2.7
2015	37.9	14.9	28.4	28.4	10.5	3.5	1.2
'10 -'15 Diff.	**-9.0**	**+2.1**	**-2.7**	**+1.2**	**+1.8**	**-1.0**	**-1.5**

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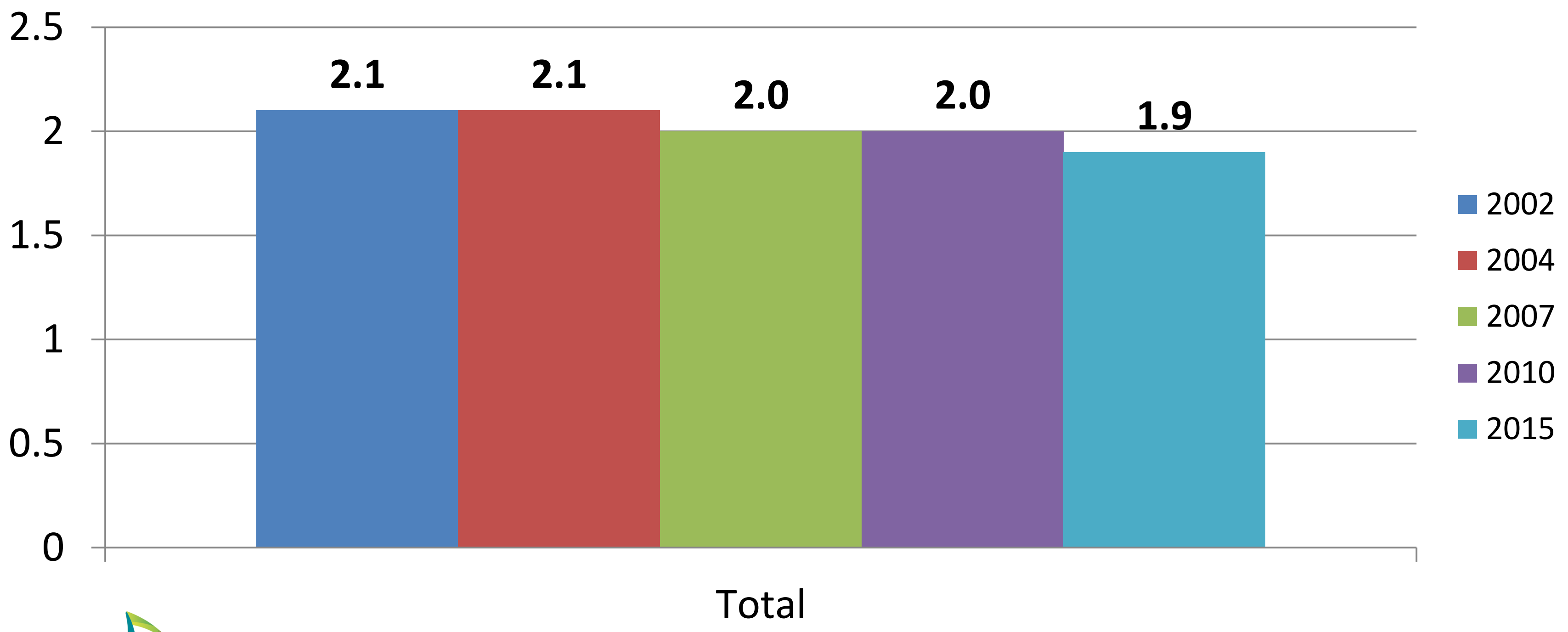
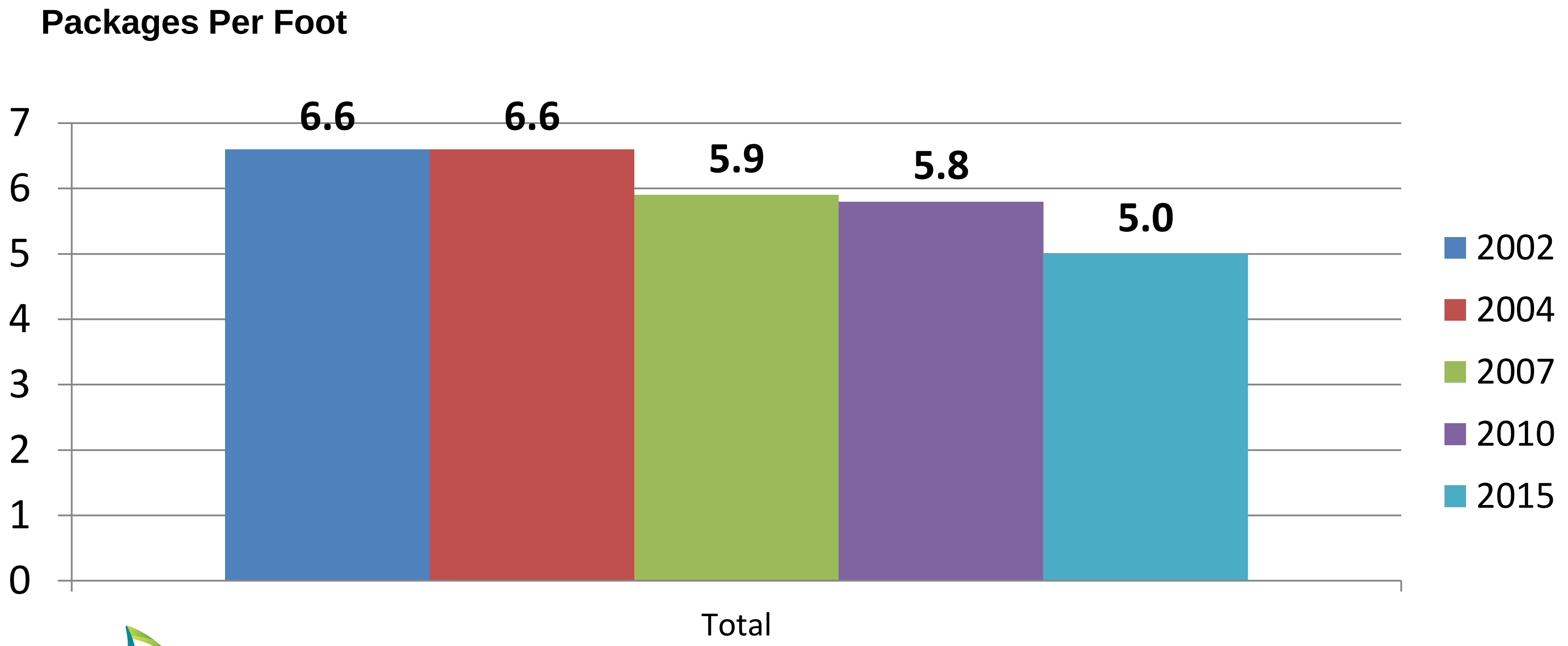
Average Pounds Per Package Fell in 2015

Pounds Per Package



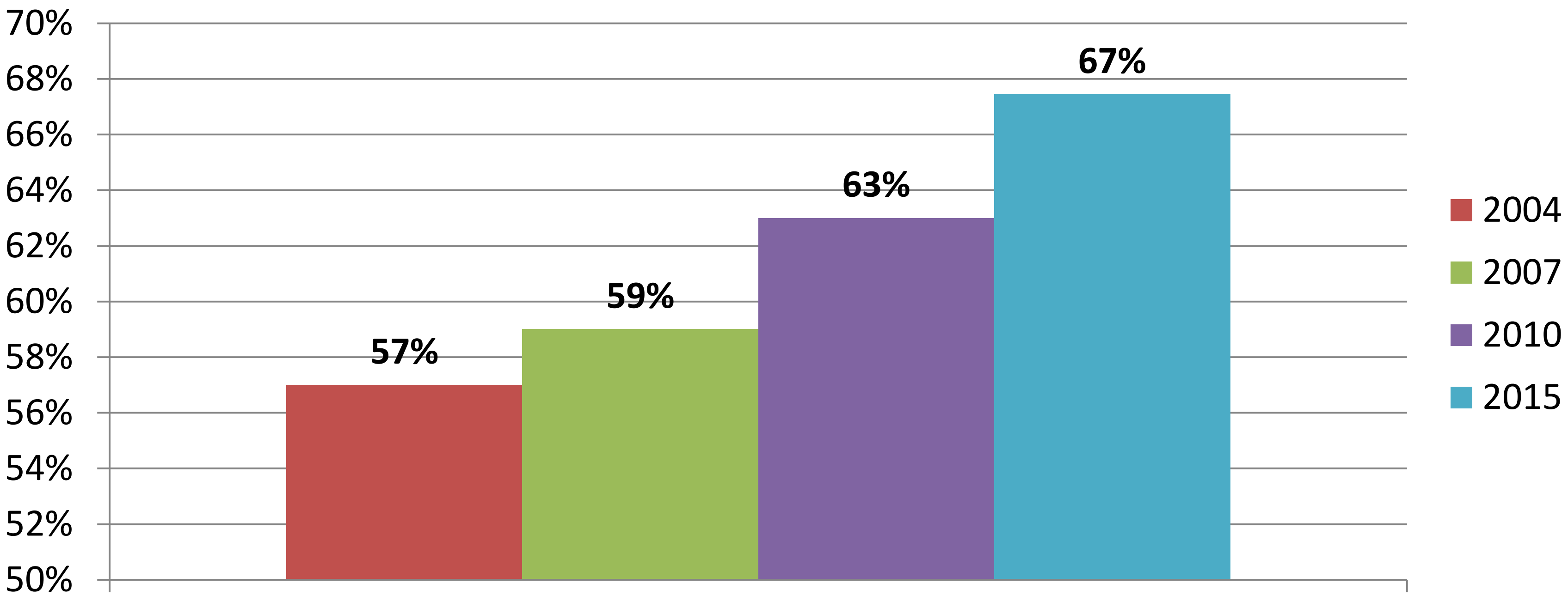
Average Packages Per Foot Declined Again in 2015



Only Beef, Ground Beef, Chicken, Pork, Turkey, Lamb, Veal included

Boneless Share Grew Again in 2015

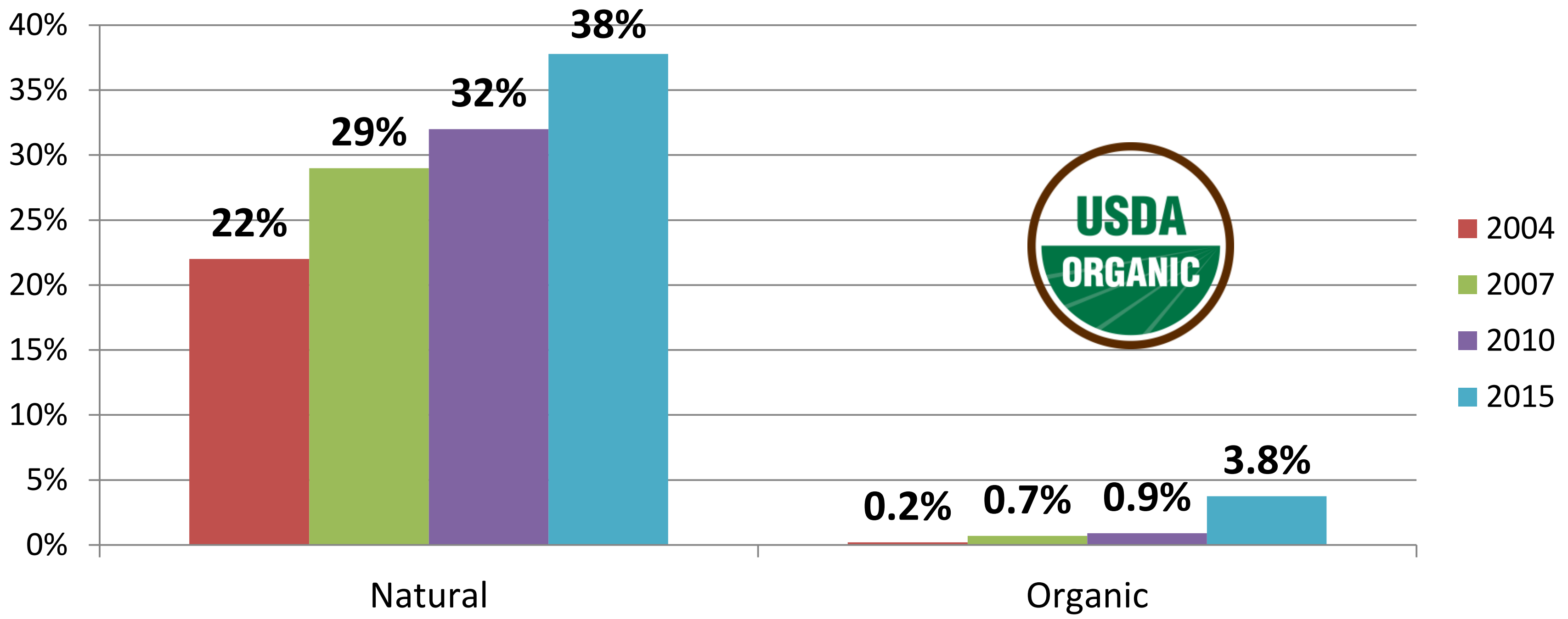
Boneless Percent of Packages



This analysis excludes Ground Meat and Sausage

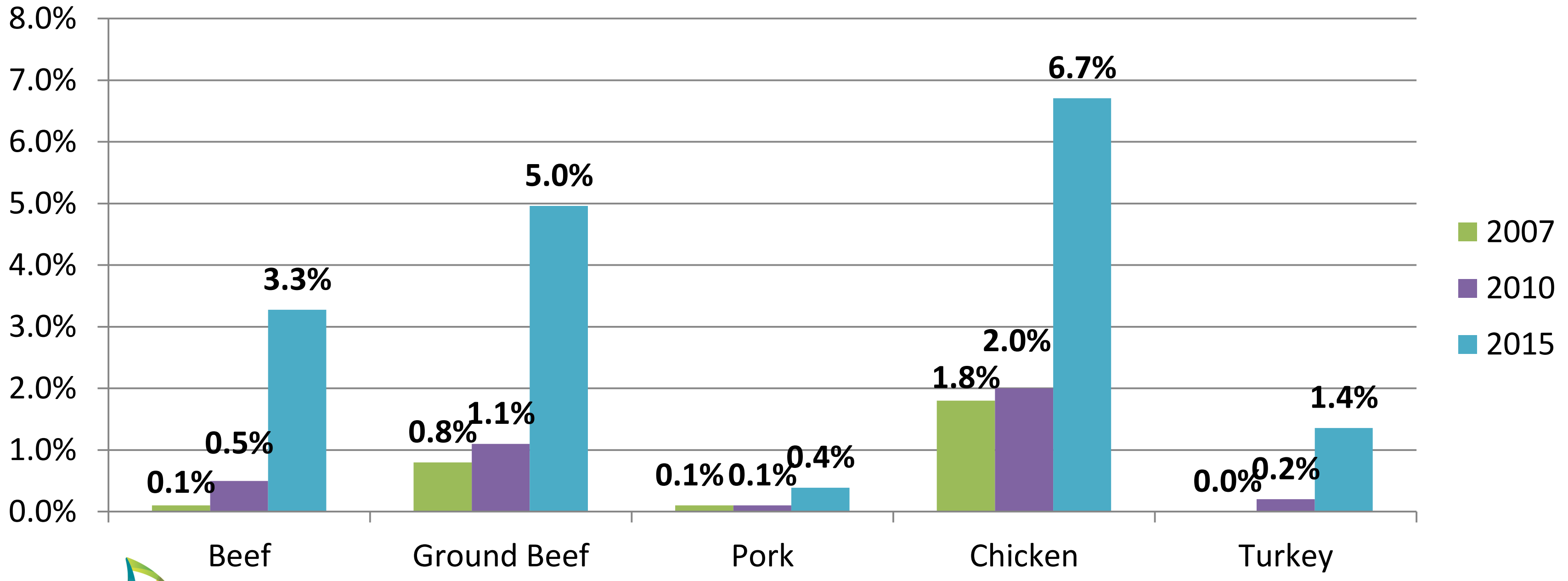
Production Claims Surged in 2015

Percent of Packages



Organic Product Claims Made Huge Gains Over Previous Years

Percent of Packages



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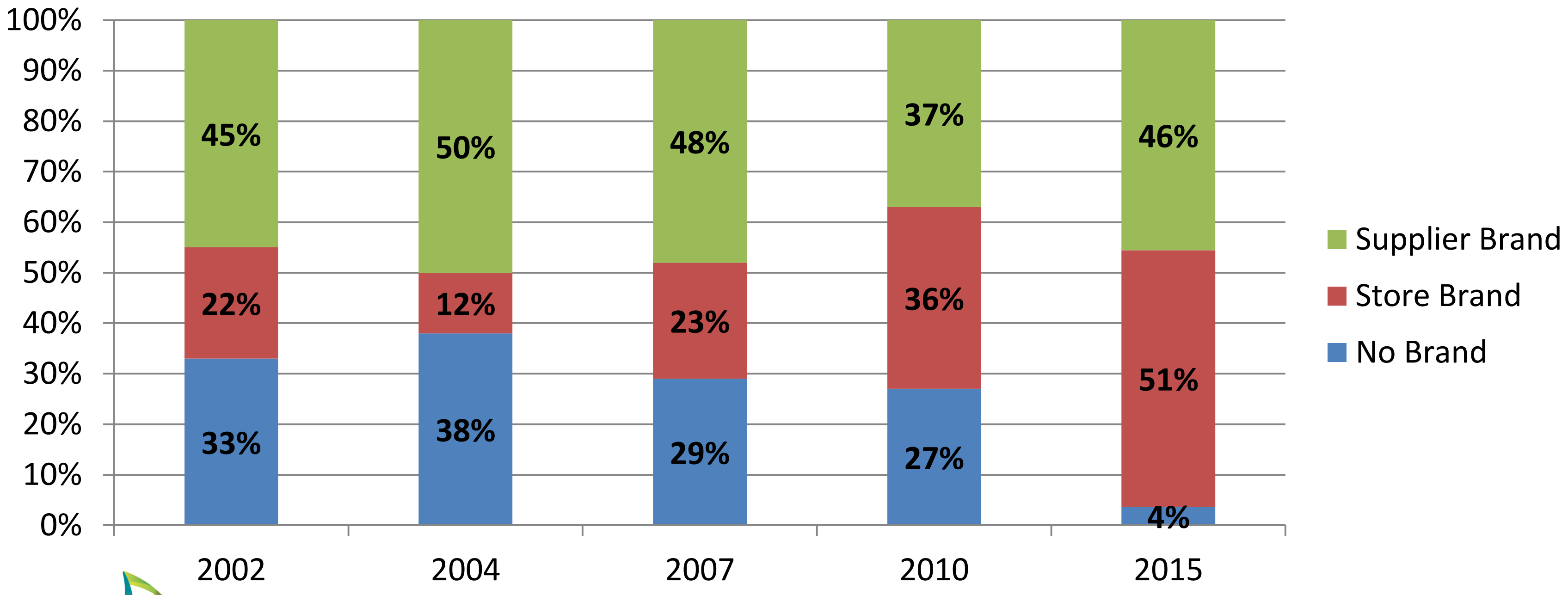
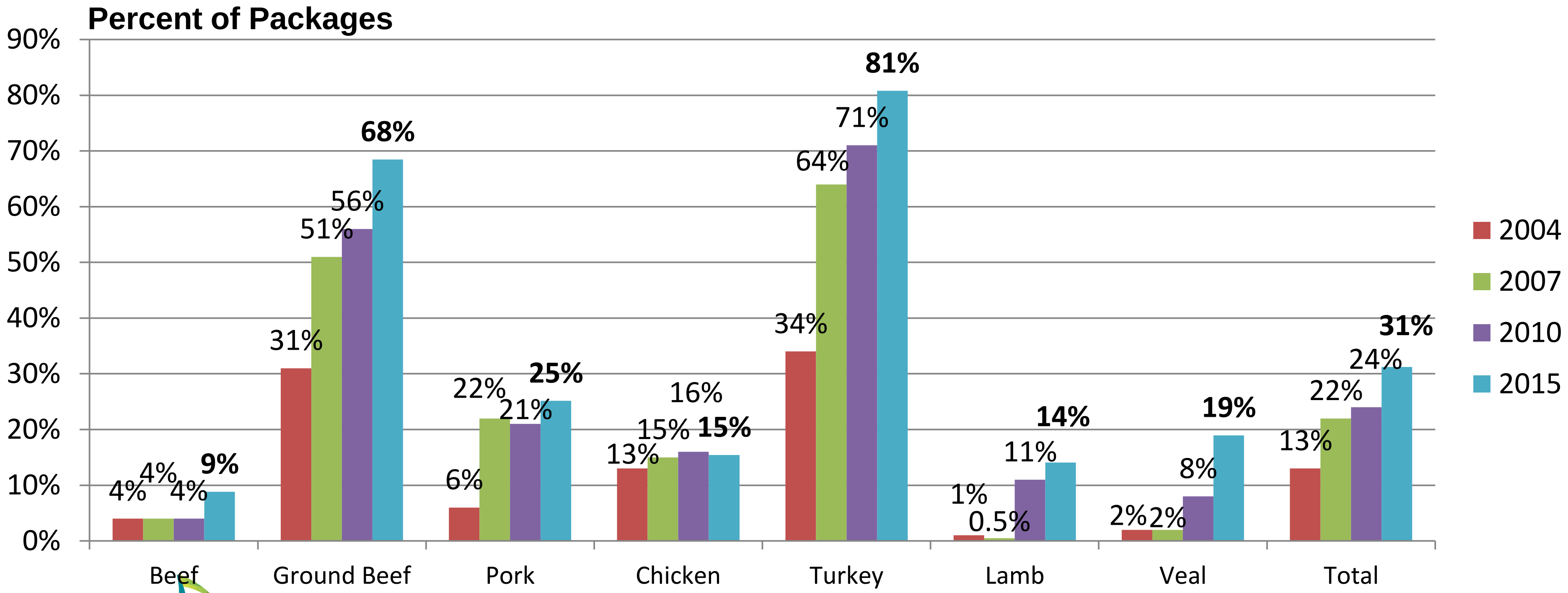
Store Branding Gained Significantly in 2015

Percent of Packages



Exact Weight Packages Gained Everywhere Except Chicken



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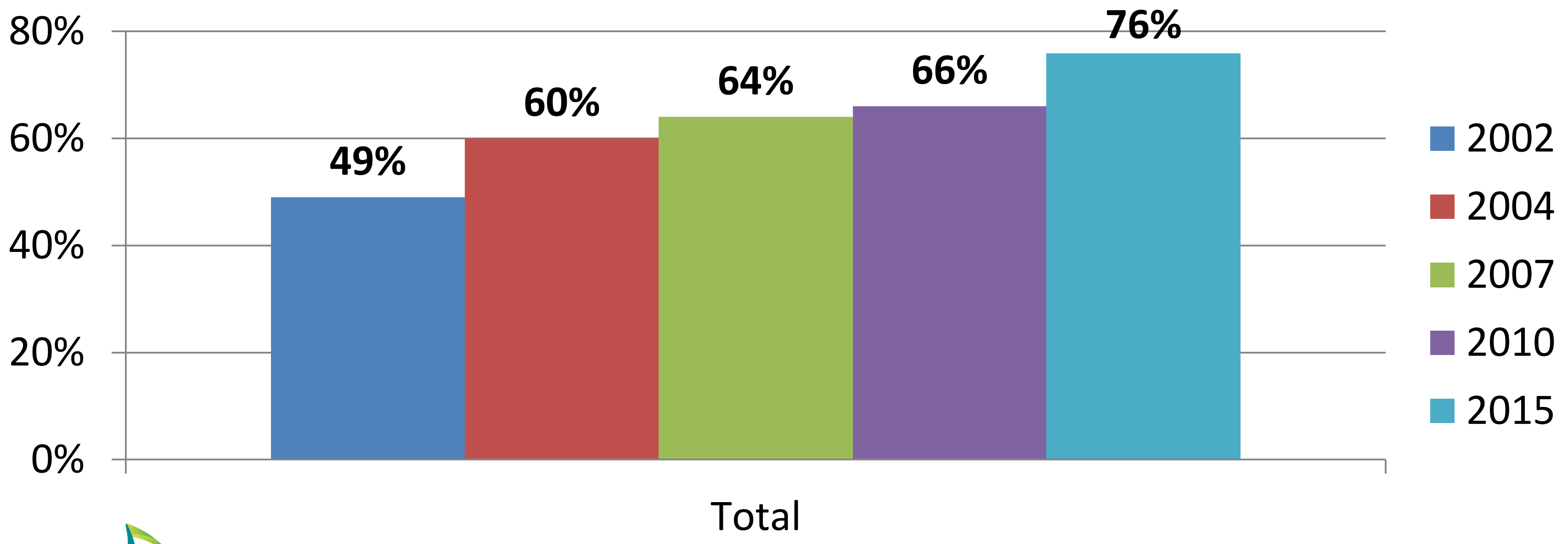
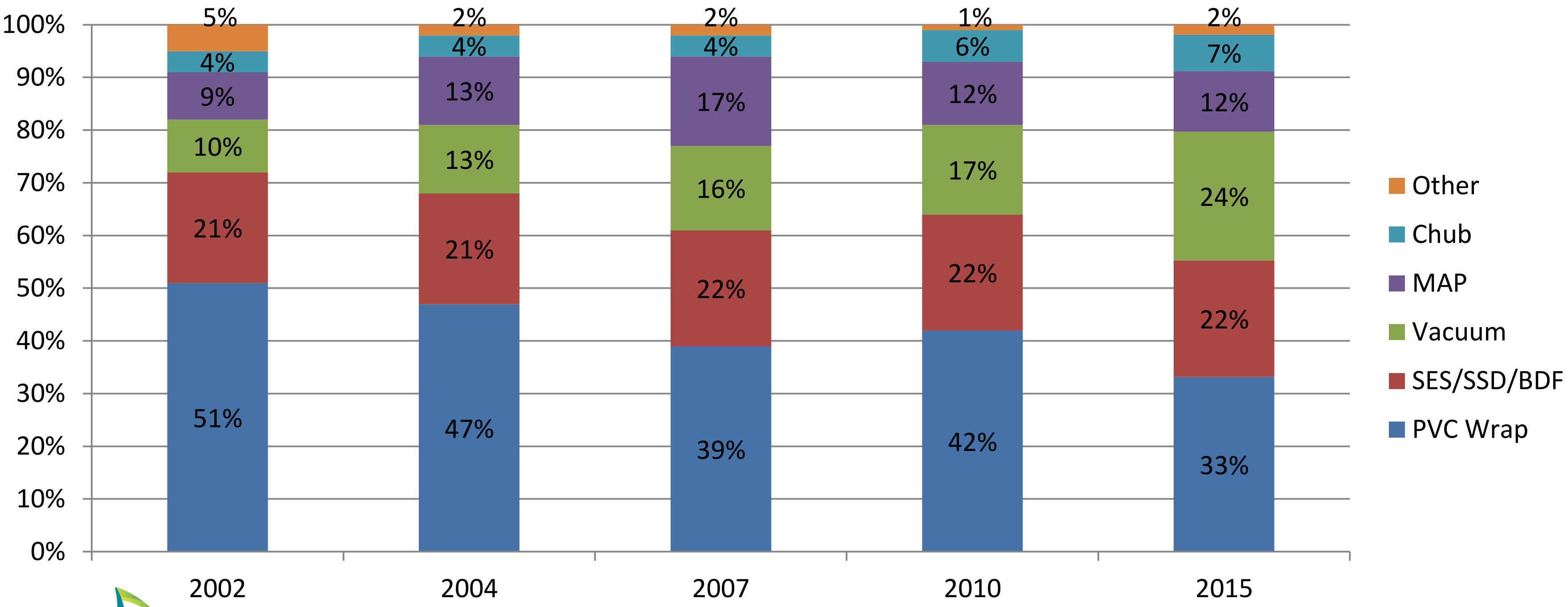
Case Ready Increased for the Total Fresh Meat Case

Percent of Packages



Vacuum Made Significant Gains in 2015

Percent of Packages



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Thank You for Your Time, Questions & Follow Up

For More information on this study please

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CRYOVAC® Food Care

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Appendix

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Natural Vs. Organic

USDA ‘Natural’ definition for Meat and Poultry: A product containing no artificial ingredient or added color and is only minimally processed. Minimal processing means that the product was processed in a manner that does not fundamentally alter the product. The label must include a statement explaining the meaning of the term natural (such as “no artificial ingredients; minimally processed”).

USDA ‘Certified Organic’ foods are grown and processed according to federal guidelines addressing, among many factors, soil quality, animal raising practices, pest and weed control, and use of additives. Organic producers rely on natural substances and physical, mechanical, or biologically based farming methods to the fullest extent possible. As for organic meat, regulations require that animals are raised in living conditions accommodating their natural behaviors (like the ability to graze on pasture), fed 100% organic feed and forage, and not administered antibiotics or hormones.

Data Overview

	Comparable Sample					Total Supermarket Sample			Total Club Store Sample		
	2002	2004	2007	2010	2015	2007	2010	2015	2007	2010	2015
Stores	97	104	121	124	114	121	124	103	10	9	11
States	24	29	34	31	24	34	31	24	9	7	8
Markets	35	43	48	51	35	48	51	35	9	7	9
Packages	90,987	105,153	123,204	121,919	116,880	157,896	160,978	108,802	6,347	7,050	7,998
Pounds	191,032	221,922	239,765	243,151	257,029	281,025	288,113	210,706	34,515	35,017	46,323
SKUs	11,383	13,617	15,982	16,486	15,136	20,309	21,396	14,358	644	660	778