

Your Stake *in* Case-Ready

A new retail packaging system will demand higher red-meat yield by the time your next calf crop is ready to harvest.

Story by
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It's a trend still taking baby steps, but make no mistake: Case-ready beef has the potential to overhaul the beef retail business and to increase demand for cattle with less external fat.

In the future, store-cut and -packaged beef could be a thing of the past. Increasingly, retail outlets will purchase beef that's already cut and packaged — or case-ready — directly from packers or processors. The packaging trade-off means fewer hassles for retailers and more merchandising options for packers.

Indeed, some analysts predict retailers' move to case-ready beef will result in a more consumer-driven industry. It would supplant boxed beef sales, so trim fat would end up on the processor's table, not the retailer's. That's a step closer to the live-cattle market, so producers can expect a clearer signal to avoid the higher yield grades. A successful transition to case-ready beef increases overall demand, which should put more dollars in producers' pockets.

The time is right

Retail experts have been predicting the move to case-ready beef for nearly 25 years, says Texas A&M

University meat scientist Jeff Savell. But now two forces are converging to launch the concept into today's retail environment.

The biggest driver, Savell says, is the influential Wal-Mart retail chain and its offering of case-ready beef. "Wal-Mart is changing the way we retail many products," he says. "It's already changed the way we retail a lot of nonfood products.

"Wal-Mart is having the same impact on the food industry right now. It was easy for Wal-Mart to embrace the concept of retailing case-ready beef because they're 'the new guy on the block,' so to speak. They don't have a long-term allegiance to a traditional way of doing things."

Tradition may give way to necessity elsewhere, too. Meat cutters have enjoyed a long and proud heritage in retail outlets, but finding and employing them is becoming increasingly difficult for some retailers.

"Many of the meat associates have been in this field for 20 to 30 years. As they transition out of this type of work, it's hard for retailers to find the labor to replace them," says Chad Stine, Certified Angus Beef LLC (CAB) retail director. "Case-ready beef eliminates some of [the more recent] challenges retailers have had as a result of not being able to find skilled meat cutters to run their meat departments."

When this prepackaged, alternative product comes to a retail store, it simply has to be taken from a box and put into the meatcase. Poultry products have been delivered to retailers in this fashion for

some time, and the pork industry is transitioning to case-ready.

Clear advantages

Case-ready packaging of beef is "very similar" to traditional packaging, but with key improvements, Stine notes. One type of case-ready packaging looks like traditional overwrapping, he says, except the tray is plastic rather than foam.

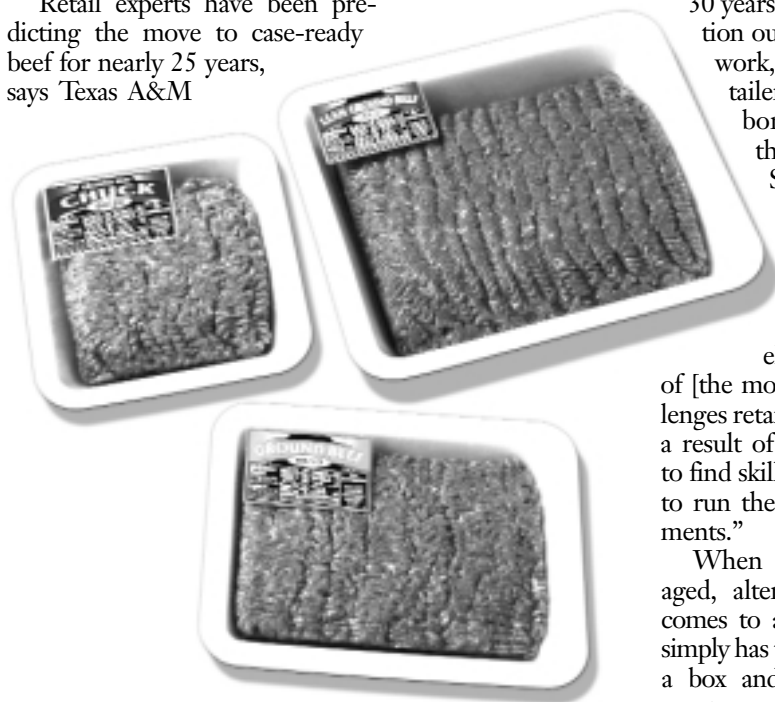
"A plastic wrap goes around the meat and the tray and is sealed at the bottom with low heat," Stine explains. "In another type of case-ready packaging, the meat sits in a deep plastic tray. A film is laid over the top and heat-sealed to the top edges of the tray."

Case-ready packaging heralds "a positive move for the beef industry," Stine says, because, for one thing, it improves the image of beef in the meatcase. "An important improvement is that the new packages prevent leakage that often occurs with traditional overwrap packaging," he says.

Not only does improved packaging enhance eye appeal of beef products, but it also saves retailers money previously spent on labor and costs invested in rewrapping packages. Meat-industry consultant Ken Johnson says, "Every day retailers pull from the meatcase packages that have started to get bloody or that have been damaged. Research shows case-ready packaging reduces the incidence of rewraps by 50% to 75%."

Still another advantage to case-ready packaging from the retailer's perspective — and one further enhancing consumers' image of beef — is that the new packaging lengthens beef's shelf life, Johnson says. "With conventional overwrap packaging, beef has an [ideal] shelf life of two to three days," he says. "But with case-ready beef, shelf life is more than doubled because the packaging keeps the beef in an environment that reduces the product's exposure to microorganisms."

An extended shelf life helps retailers reduce marketing losses. Retailers often must price-reduce or discard packages of beef because they're nearing the end of their shelf life. This results in marketing losses of 6%-10%, Johnson says. He esti-



Case-ready packaging reduces rewraps by 50%-75%, reduces marketing losses to as low as 1% and is easier for retailers to keep in stock.

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Beyond enhancing beef's image in the eyes of the consumer, case-ready packaging could increase beef sales further simply because the convenience of the prepackaged beef makes it easier for retailers to keep their meatcases stocked. Johnson, who has worked as a meat cutter in retail outlets, explains that, in many stores where beef is cut and wrapped, the fresh packages are often late getting into the meatcase in the mornings.

"The first thing we would do each morning to fill the meatcase was to set out the case-ready chicken," he says. "Given the amount of time and the degree of skill it takes to cut and wrap beef, it could take an hour for the retailer to get beef into the case. That's an hour of lost sales."

Case-ready beef offers retailers other advantages:

- Reduced shrink. Buying beef already cut and packaged eliminates the costly problem of shrink resulting from moisture loss during cutting, as well as from weight loss after trimming excess fat and connective tissue;
- Greater consistency in size and quality of beef cuts;
- Reduced food safety risks; and
- More-efficient stocking systems for stores. "Combined with today's retailer information systems, case-ready beef helps retailers to better track sales of individual retail cuts," Johnson explains. "Retailers can base their business on what they sell rather than on what they buy. This makes for a replenishment-management type of system."

For example, case-ready beef lets a store with good sales potential for steaks and hamburger but not for roasts adjust stocking to fit its unique demand pattern. This means the store is able to reduce price discounts that result from trying to move products customers don't want to buy.

"Case-ready beef improves product mix for both the packer and the retailer," Johnson says. Packers have a variety of outlets they can use to market the beef products retailers can't move.

Some doubts

However, in spite of obvious benefits, many retailers continue to "have mixed emotions" about adopting case-ready beef, Stine says. Changes in packaging historically have blocked acceptance. But this issue seems to be resolving itself with the advent of improved packaging that re-

INSIGHT:

Poised for change

Meat retailer Mark Greenberg predicts the evolution to case-ready beef will be widespread in just five years.

"The meat department of tomorrow will resemble today's dairy case," he says. "Each item will be an orderable product. When I, as a retailer, want to order London broils, for instance, that's what I'll order. I won't have to order a top round and then cut my own London broils here in the store."

Greenberg is vice president of meat for Wakefern Food Corp., a cooperative chain of 208 stores on the East Coast. Wakefern is licensed to sell Certified Angus Beef™ (CAB®) products and already stocks case-ready CAB ground beef.

"We plan on phasing in more case-ready products on an ongoing basis," Greenberg says. "Next, we plan to stock Certified Angus Beef retail cuts."

Case-ready beef products offer opportunities to increase beef sales, Greenberg says. One reason is increased consistency in the presentation of the beef. Another is the fact that case-ready products provide "the opportunity to have the meat in the meatcase a lot more frequently on an ongoing basis."

Greenberg adds: "Because the customer sees the beef in the case all the time, we should expect sales to increase. And we have seen that happen with the case-ready ground beef that we stock."

Positive customer comments tell Greenberg that case-ready packaging of ground beef has greater customer acceptance than store-packaged ground beef. When store-packaged product is opened, the inner meat tends to be darker than the outer, causing concern to consumers, he says. The darker color results from a lack of oxygen inside the package, Greenberg explains.



Mark Greenberg

"When case-ready ground beef is packaged, oxygen and carbon dioxide are added, which extend the shelf life of the product," he says. "When you open the package, the meat is red on the inside, as well as on the outside."

Certified Angus Beef LLC (CAB) has licensed one case-ready processing facility, where case-ready CAB ground beef is being processed. "We will begin processing whole-muscle cuts into case-ready packages in that facility within the next couple of months," says Chad Stine, CAB retail director. "We have a lot of interest in case-ready beef from our retailers. Many of them have expressed interest in working with our licensed facility."

In Greenberg's view, the evolution to case-ready beef is a virtual gold mine for CAB. "The move to case-ready offers the Certified Angus Beef Program a big opportunity to grow its business," he says. "When you have a central entity cutting and packaging your product to specific guidelines, beef products can be produced quicker, faster and better than they can be produced at store level. As a result, there's greater availability of product on a quicker basis, allowing retailers to better serve their customers."

tains the product familiarity consumers want.

Pricing strategies pose more-stubborn roadblocks to retailer acceptance of case-ready beef, Johnson says. "Case-ready represents a different way of merchandising beef," he explains. "Retailers are challenged to equate the proper price-value relationship of a cut that comes in prepackaged with a cut made right in the store.

"Both retailers and packer/processors have to understand what it costs to buy the product in a primal or subprimal and put it into the retail case. There are costs attached to that process on a per-cut basis.

"Case-ready products eliminate many of these costs for the retailer and shift these, instead, to the packer. The packer, in turn, adds these costs onto the price charged to the retailer. The retailer must understand what cost has been shifted from him to the packer."

Indeed, this implies a pricing system, paying the packer a greater share of the profit margin for finished beef products. It also brings packers expanded merchandising opportunities.

Savell says the trend to case-ready beef shifts more of the burden for product quality to the packer or processor. "The

packer will have a greater responsibility to understand what consumers want and to determine what kinds of raw materials are needed in order to fulfill those wants," he says.

"For too long, packers have simply slaughtered a bunch of cattle to fill their orders," he continues. "The trend to case-ready beef moves packers closer to having a vested interest in branded products [and embracing] all the features and responsibilities that go along with such products."

Clearer signal for lean

As packers assume the added challenges, the demand and price signals they send to producers are likely to become clearer, Savell says. He predicts cutability and palatability will be the key carcass traits.

"With case-ready beef, cutability of cattle will become more important," he says. "Packers taking beef all the way to the meatcase have to account for the fat they've removed in order to make a case-ready product. When packers' involvement stops at boxed beef, they're able to ship a lot of that fat down the line."

With fat an increasing liability, demand for leaner cattle should follow, and grid market premiums for Yield Grade (YG) 1 and 2 carcasses should increase, Stine says. Yet packers cannot afford to send signals that would eliminate "taste" fat — just the waste fat.

"Case-ready beef gives even more importance to palatability, from a packer's perspective, because now their name may be on the package," Savell says. "Because they're interested in building repeat business, it's even more important for them to make sure the product is as good as it can be. With that added responsibility, they're likely to pay closer attention to the raw materials they procure."

In short, case-ready product brings the entire beef industry closer to the consumer, Savell adds. That's good news for retailers, packers and especially producers. "If the shift to case-ready packaging ends up creating products that better fit what consumers want, the demand for beef will grow," he says.

