Economy impacts meat case (3/15/2009) **Sarah Muirhead**

The fourth edition of the Power of Meat, a joint study by the American Meat Institute and the Food Marketing Institute, has shown that the recession is being felt throughout the grocery store, and especially in the meat department. Economic woes are affecting where people shop for meat as well as the kind of cut, brand and quantity purchased.

The report, which details the findings of a national online poll of 1,059 consumers conducted in November 2008, was released today at the 2009 Annual Meat Conference in Denver, Colo. The American Meat Institute (AMI) and the Food Marketing Institute (FMI) published this consumer research, which was sponsored by Sealed Air's Cryovac Food Packaging Division.

While shoppers are eating out less and cooking more, they are also trading down, substituting and eliminating, resulting in the overall spending amount remaining roughly the same, at $91 per week. While grocery expenses may be relatively unchanged, the way shoppers are spending most certainly is not. The study found that at least half are using coupons whenever possible, buying only what they need and switching from national brands to store brands. Other popular measures include resisting luxury foods and buying items on sale.

When it comes to the meat case, more than half of respondents (51%) have also changed their purchasing habits. Popular ways to save money in the meat department include greater preparation before going to the store and a longer selection process when in the store. No less than 71% of shoppers said they read the grocery flyers looking for meat and poultry deals more often and more carefully than a year ago. Sixty-nine percent stock up on meat when it is on sale, and 67% purchase less expensive cuts either frequently or every time they shop. Others cook more casseroles or pasta dishes to make the quantity go a little further or simply buy and cook meat and poultry less often.

A number of consumers also indicated that they were switching where they shop for meat in an effort to save money. While full-service supermarkets are still the most popular at 66% of the meat purchases, this is down from previous years. More shoppers are now going to warehouse club stores, especially shoppers with higher incomes.

Supermarkets continue to have high retention rates in the meat department, with 88% of supermarket patrons also purchasing their meat and poultry there. Supercenters, on the other hand, continue to lose business in the meat aisles with 40% of their patrons purchasing meat and poultry elsewhere.

Once the shoppers have selected a store, 87% compare the prices of different cuts and types of meat before making their final decision. The total package price is also growing more important compared with the price per pound.

Meat sales promotions were found to greatly influence the type of meat purchased as well as the quantity. Up by seven percentage points from 2007, 58% of shoppers now purchase meat in large quantities to portion up, freeze and use over time. They are also less brand-sensitive, both for fresh and processed meat, in their quest to save money. Shoppers preferring national brand processed meats, for example, dropped from 37% in 2008 to 29% in 2009.

The study found that saving measures differ vastly by demographic, with younger shoppers more likely to stock up on meat specials and buy cheaper cuts, bigger households more likely to engage in all meat-saving behaviors, especially stocking up or trading down; and lower-income households less likely to stock up on meat sales and more likely to trade down.

The growth of case-ready (prepackaged) meat sales continues with a median of 85% of total packages bought form the self-service meat case area. In fact, 30% purchase exclusively from the meat case without ever using the assistance of the full-service counter. \] Despite the economic difficulties, meat continues to be a staple at American dinner tables. According to the study, the average family has five dinners at home per week, with an average of 3.9 of these meals including a meat item, down from 4.2 last year. Chicken and beef are the top meat choices.

This year's study found that despite economic difficulties, health and well-being are still highly valued and food plays a major role. Almost two-thirds of shoppers put some (46%) or a lot (20%) of effort into eating healthfully, but the rate of success is much lower. Despite best intentions to eat better, 51% say they succeed in doing so less than half the time. In fact, 13% say they never manage to eat a healthy diet. As part of shoppers' healthy-eating strategies, they are most likely to cut back on portion sizes or second helpings, followed by eating fish or seafood more regularly. Some shoppers are also skipping meat (15%) or finding options with lower cholesterol (22%) on a regular basis. As for ingredients, shoppers' focus is back to fat, calories, saturated fat and sodium.

When surveyed, 18% of shoppers stated that they have purchased organic and/or natural meats in the past three months, down just one percentage point from last year.

Natural and organic chicken by far is the most frequently purchased item, followed by beef and ground meat. The positive long-term health effects and nutritional value are the top two reasons cited by shoppers for purchasing organic meat and poultry, which is likely why the organic market is relatively stable despite the economic pressure.

"As shoppers associate either immediate or long-term health benefits with organic products, they may be willing to give up goods they perceive as luxury, rather than foods they see as essential to their health," the report states.

According to respondents, better quality and variety would prompt shoppers to increase their meat purchases at their primary store. But the most frequently mentioned suggestions in this year's study surround price. Shoppers are asking for sales promotions, meal deals and price cuts.

AMI represents the interests of packers and processors of beef, pork, lamb, veal and turkey products and their suppliers throughout North America. Together, AMI's members produce 95% of the beef, pork, lamb and veal products and 70% of the turkey products in the U.S.

Food Marketing Institute (FMI) conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 1,500 member companies â?" food retailers and wholesalers â?" in the U.S. and around the world. FMI's U.S. members operate approximately 26,000 retail food stores and 14,000 pharmacies. Their combined annual sales volume of $680 billion represents three-quarters of all retail food store sales in the United States. FMI's retail membership is composed of large multi-store chains, regional firms and independent supermarkets. Its international membership includes 200 companies from more than 50 countries. FMI's associate members include the supplier partners of its retail and wholesale members.