



***Making the Case:***  
***Benefits and Pitfalls of Case Ready***  
**The Retail Scene**

Presentation for:

**THE ANNUAL MEAT CONFERENCE**

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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**



## ***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**



## ***Why do you 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**
- ★ **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***

- ★ **Very popular for pork & beef**
  - ★ Looks like in-store package
  - ★ Consumers feel comfortable with it
  - ★ Lowest risk in changeover
- ★ **Some problems**
  - ★ Short case life
    - ◆ Masterpack for distribution/storage life
  - ★ Still leaks often



## ***Gas-flushed barrier trays***

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



## *Others*

- ★ Vacuum packaging
  - ★ Consumers won't accept color
  - ★ Very little usage
- ★ Re-bloom rarely used
  - ★ ActiveTech, peelable, Securefresh, etc.
  - ★ Generally not aware of
  - ★ Perceived too expensive



## ***Summary***

- ★ **Case ready is here now**
- ★ **Key drivers**
  - ★ **Labor shortages pushing**
  - ★ **Food safety concern**
- ★ **Systems still evolving**
  - ★ **Understanding costs better**
  - ★ **Adapting meat production/distribution**
- ★ **Regional packing likely**

