



Phil Lempert-Facts, Figures & The Future

Recession Felt Hard in the Meat Department



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The fourth edition of the *Power of Meat*, a joint study by the American Meat Institute and the Food Marketing Institute, finds that the recession is being felt throughout the grocery store, and especially in the meat department. Economic woes are affecting where people shop for groceries, their channel choice for meat as well as the kind, cut, brand and quantity purchased. While value has always been very important in the meat department, cash-strapped shoppers are now more focused on price than ever before.

There is no lack of studies to point out that people are eating more home-cooked meals, which should favor food retailers' bottom lines. But at the same time, shoppers are very focused on finding ways to save money inside the store, 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. 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 that are on sale.

More than half (51 percent) of shoppers have also changed their meat purchasing habits. These are especially shoppers in the lower and middle incomes, families with children and supercenter patrons. Popular ways to save money in the meat department include both greater preparation before going to the store and a longer selection process when in the store. No less than 71 percent of shoppers say they read grocery flyers and advertisements to look for meat and poultry deals more often and more carefully than one year ago. Sixty-nine percent stock up on meat when it is on sale and 67 percent purchase less expensive cuts of meat 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.

Shoppers Seeking Meatcuts Among 11 Percent Who Have Changed Their Meat Purchase	Every Time I Shop %	Frequently %	Occasionally %	Rarely %	Never %
Read Grocery Store Advertising More Often/More Carefully	33	38	18	8	3
Stock Up on Meat When It is on Sale	32	37	21	8	2
Look More at Price per Pound, Rather Than Package Price	27	27	38	13	3
Buy Less Expensive Cuts of Meat	23	44	23	8	3
Buy Meat at Less Expensive Stores	20	35	23	12	12
Look More at Package Price, Rather Than Price per Pound	19	25	33	18	8
Use More Casseroles or Pasta Dishes to Stretch Meat	18	42	28	12	5
Buy and Cook Meat Less Often	12	30	41	11	6

Source: The Fourth Edition of the Power of Meat, a joint study by the American Meat Institute and the Food Marketing Institute.

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A number of shoppers are also switching channels in their cost-saving efforts. While full-service supermarkets are still the leading channel at 66 percent of the meat purchases, they lost some business compared with prior years. This share was predominantly picked up by warehouse club stores. Especially shoppers in the higher household income categories are prone to shop here. In fact, no less than 18 percent of those shoppers making more than \$100,000 purchase meat and poultry at club stores, compared with 8 percent of the population overall. Supermarkets continue to have high retention rates in the meat department. Eighty-eight percent of supermarket patrons also purchase meat and poultry there. Supercenters, on the other hand, continue to lose business in the meat aisles with 40 percent of patrons purchasing meat and poultry elsewhere. Supermarkets absorb most of the traffic, followed by club stores.

Once shoppers have decided on the store, 87 percent compare the prices of different cuts and types of meat within the store before making their final selection. This equates in a great emphasis on the importance of in-store signage,

particularly sales promotions, meat mark-downs and meal deals. The total package price is also growing in importance in comparison to price per pound. Meat sales promotions greatly influence the type of meat purchased as well as the quantity. Up by seven percentage points from 2007, 58 percent 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 (bacon, sausages, etc) dropped from 37 percent in 2008 to 29 percent in 2009, underscoring the growing interest in private brands.

The growth of case-ready (prepackaged) meat sales continues with a median of 85 percent of total packages bought from the self-service (meat case) area. Fully 30 percent purchase exclusively from the meat case without ever using the assistance of the full-service counter. Those that do, tend to be looking for something special, such as a different quantity or cut or a meat to match a special occasion.

Meat offerings have always been a prime way for stores to differentiate themselves from the competition. In this economy, choosing the right strategy in the meat and poultry department has become even more important. While shoppers are enormously focused on value, it would be a mistake to see price and value as being the same thing. In the mind of the shopper, value is made up of the best price within preset boundaries of quality. Both price and quality perceptions are different for various audiences making "knowing your shoppers" more crucial than ever.

*For a copy of The Power of Meat 2009, visit [www.fmi.org/store/](http://www.fmi.org/store/).*