

Convenience Retail Meat Products for Microwaving

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I appreciate this opportunity to speak to you on such a short notice. My background is marketing. Dr. Frank Mello, who was scheduled to speak on "Completely-Cooked Meats," is unavailable.

Today the meat industry is under fire. We have taken action to counteract, but not enough. The per capita consumption of red meat is still falling and it's going to continue until we face the problem head on.

In terms of new products, the meat industry has tried to come up with new concepts. Completely-cooked meats is one of these concepts. There is a need for these products, not for the total market, but for a segment of the market. A quality product can be produced and targeted for a specific segment of the market. It is that portion of the market that demands quality, expects quality and can pay for quality to which we are focusing our efforts. The key factors are convenience backed with quality.

I would say that probably the demand for these products is close to inelastic or maybe unitarily-inelastic. It is one of the few times that you are able to create the so-called unitary or inelasticity for demand. The major meat packers have

generally failed in brand-new products. Why? Because they were suppliers of commodity meats. They did not create the consumer franchise for their products and obtain the margin and profit necessary to succeed.

Completely-cooked meats is a new approach. It was started by Kroger, Inc. Kroger has taken the bull by the horns and developed this concept. Bil Mar Foods, Inc. is participating with Kroger by supplying them with 5 beef items and 2 turkey products. Each supplier worked with Kroger on the total program. There was a contribution from each group in terms of what they felt should be marketed, how the products should be marketed and how consumer information should be gathered. Bil Mar Foods responded by developing brand name products and advanced packaging ideas. We responded not only in research and development but also in marketing.

Today, we have gone through four major markets with Kroger. It is a successful venture. It's a difficult venture and requires specific targeting for the so-called "niche" market. We are still in the development stage in terms of effective communication with the consumer.

Discussion

R. Terrell: Are you talking about the success with the total program or the success with just your products?

G. Kent: The total program. Kroger has committed to put these products in all their stores, approximately 1100. A commitment of that nature is based upon success.

My experience in marketing research has shown that most tests fall in the gray area, which requires analysis of all the data to come up with a meaningful interpretation. We feel that the fully-cooked meat products are a success and this success has given us an opportunity to develop and expand into new markets with our line. I foresee that, in the future, you will walk into a retail outlet and will find a service counter

which will have table-ready, completely-cooked meats. Today, fully-cooked meats are being displayed with fresh meats.

Delis provide an example of the potential of fully-cooked meats. Fifteen years ago, a retail store was not "in" unless it had a deli. Every store added a deli but they did not know what to do with it; consequently, they were not very successful. Today, delis are very successful. They are great in terms of volume, and more importantly, in terms of profit. I can see this fully-cooked line accomplishing the same results.

To effectively sell completely-cooked meats, there must be display impact at the retail level. When a consumer enters the fresh meat section, the completely-cooked meats display is set to catch the eye and communicate the quality and convenience. We have developed a complete line of point-of-sale material to communicate this concept – quality and convenience. Recipe books and brief descriptions are provided. For years, we have told the consumer that a select piece of meat should have a bright, cherry red color and now we are saying, "Here is a nice piece of meat but it looks brownish or grayish." How do you change people's expectations? That is one of the problems we will overcome.

One of the main concerns that we have with a completely-

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cooked product is shelf-life. How do we retail the product for a longer period of time? How do we keep it fresh? We guarantee 14 days on our steaks and roasts at the point of receiving at the warehouse of our customers. It takes approximately a week to process and ship our products. We would like to have 21 days or 30 days, provided the quality is maintained. These are important objectives from the standpoint of distribution, scheduling and production.

Terrell: Has Kroger given any concern to nationwide distribution on this product that only has a 21-day shelf life?

Kent: Not so far. I would say that most of the suppliers are in that area. We can't guarantee any more time than that right now, but we hope to add more in the future.

Terrell: You might face some severe problems, long term, with the national distribution system if you only have 14 days out of the warehouse.

Kent: There are restrictions. It is one of the problems we face. This is the development; that is the investment.

Terrell: Now, we are starting to reciprocate. You did not say much about Kroger's success in that Atlantic test market.

Kent: Well, the conclusion was that they felt it was successful to expand and go into other markets. And as far as our analysis was concerned, we felt we were in agreement. Weren't you in agreement?

Terrell: Not all the time! There is this niche and it is here to stay, but you must be careful. You have to be selective about how you get into it because Kroger's not the cheapest outfit to sell to.

Kent: You have to take many things into consideration; many people have to get involved. The capabilities of improving the product go back to research. You must also take into consideration in your evaluation of the product whether you want to proceed with this product line. People need to understand the problem and see what the opportunities are.

Terrell: If I have a choice between a complete-meal concept like a "Lean Cuisine" or "Armour Classic" or what you have in the frozen case, that has well-established quality, why would I pay the kind of price that I have to pay for a pre-cooked product, take it home, microwave it and then prepare something else to go with it? Do you have an answer?

Kent: Have you eaten the product?

Terrell: Man does not live by meat, turkey or chicken alone. You must have something else. I would rather have a "Lean Cuisine."

Kent: Through marketing research, we have been able to evaluate the effectiveness of our products in terms of purchase and use in the home. Also we have been able to evaluate a potential buyer who did not purchase the product. We have done the research and we know we have something.

W. Schwartz: Could you share the research information?

Kent: Well, if you want to participate in the cost, we would be glad to do it. We did not get it for free. It is expensive. I remember back in the '60's when microwave bacon came out and we thought this was really great. However, there were no savings because people needed to fry bacon to obtain the grease to fry eggs. We believe with pre-cooked meat we really have a convenience and time-saving product for the consumer.

R. Field: What about the combination of reflection and microwave simultaneously? What state of advancement is

this in?

Kent: From a technical standpoint, I cannot answer that. We have only worked with microwave.

S. Weiffenbach/Field: Just how expensive are these products? If a person walked into a store with three or four dollars and wanted to buy a strip steak, what would a comparable steak in your package cost him?

Kent: Presently, our strip steaks are selling for roughly \$6.00 for a 12-ounce steak. This is too large, so we are cutting back to 8 ounces. Basically we are selling the cooked item for 30% per pound more than the fresh meat prices.

D. Huffman: Does that come to parity, with your fresh meat cost in terms of yield?

Kent: It reduces it. We are studying this now but need to quantify our results. There are differences between microwave cooking, broiling, oven and grilling. It appears to be a little more expensive with microwave.

R. Henrickson: In making these pre-cooked products, what fat level do you choose to start with in the raw product and what do you get in the finished product?

Kent: I really cannot answer that. I know we are concerned with nutritional data and are presently running tests. We have not done any nutritional labeling and we do not know if this segment of the market is concerned.

Henrickson: Is a certain moisture level required in these pre-cooked products when cooked by microwaving?

Kent: I am sorry, but I cannot answer that either. We have not had any problems of preparation with our products as far as moisture. The process which we use is confidential and our process provides these plus features that there is no cook after-taste, it is very tender and flavorful.

T. Flaherty: We have done some preliminary sensory analysis within house but do not have any publishable results. We have purchased pre-cooked products from Monfort, Lloyds and Wilson Masterpiece. We feel there is a good market potential for these products. We have not analyzed any of the products for nutrient composition.

J. Sofos: In this 14 to 21-day shelf life, is the limiting factor chemical or microbiological?

Kent: Research and development tells me that if we go beyond 14 days, we will get flavor deterioration. I do not know when the bacteria will take over.

A. Booren: Are you saying then that 14 days is for quality change and not for safety?

Kent: At this point in time, it is basically quality as far as the product is concerned. I have eaten this product and others have eaten it way beyond the 14 days. You notice a little different taste and it does not have that peak flavor, but people do not get sick from it.

D. Bartholomew/D. Kropf/Naumann: What are your refrigeration requirements on these products? Do you have temperature problems or abuse?

Kent: Basically, we try to maintain the same controls as we do on fresh meats. I believe we state on the package to keep refrigerated at 32° to 40°F. If people would adhere to the proper temperature controls, there would be fewer problems at the store level or in the distribution.

S. Shivas: Are these products open code dated and if so, do you rely on the markets to pull the product?

Kent: We have a "use by" date. This is what Kroger wanted to start with. As far as handling the product, that gets

into a short code situation. They are not discounting but they are trying to move the product or samples or going to another store that is not promoting the products. Some product also is frozen.

Kropf: What oxygen levels do you have in these packages?

Kent: I cannot answer that.

Kropf: Don't you think that could be a severe limitation? It seems to me that you are missing an important area of quality control if you don't know the answer.

Kent: All I can say is that I am in marketing and I know it is being covered in research and development.

Naumann: One of the reasons for my concern is, with fresh meat, we do not have salt, we do not have nitrates and like these products, we do not have any control over consumer abuse; but it has your name on it.

Sofos: There is a difference between that and fresh meat because in fresh meat you have the organisms that may spoil the product, while in this product, you are killing the spoilage organisms and you may get re-contamination with pathogens.

Kent: Again, we are not putting a product out on the market unless we are sure this product is absolutely safe.

B. Klein: How can you do that on a product that has only a 14-day shelf life? You can only test for what is there, not what is going to grow.

Kent: If you take so much out of each lot, set them up into holding in a simulated in-store activity and then run your tests, one is able to obtain precise measurements.

Klein: You mean while the food is out in the store?

Kent: No, in the research and development laboratory. The meat manager will be checking in the store. He is an expert on meats. The meat manager is looking at this with a very critical eye, because he does not know how this product is going to be accepted by customers.

Kastner/Sofos/Kropf: How does packaging play a role in the microwavable products?

Kent: We experience some leakers with our beef roasts. We came out with a different kind of packaging, clear on both sides, so that customers could see what they were getting. We had problems with our packages for roasts and ended up going back to a Cryovac bag.

Sofos: Do you expect to get someone to share his research with you?

Kent: Yes, definitely. But you must work with the same source all the time. If you work with someone, you generate the most success instead of jumping from one person to another.

Kastner/Carpenter/Reagan: What do you do to prevent warmed-over flavors? Can you share with us what makes the difference?

Kent: We do not have a warmed-over flavor and basically it is in the cooking process. We feel that we have a secret process so I cannot go any further.

C. Adams: Is the roast beef sliced? What size package, and is there gravy with it?

Kent: We put out a 2½-pound top round roast; this is not sliced. There is some liquid (juice) in the package that can be used for gravy. We also have a 2½-pound ribeye roast, 12-ounce ribeye steak, 14-ounce top round steak and a 12-

ounce strip steak. We are reducing the portion of our steaks to 8 ounces because that is too much meat for a fully-cooked product.

Weiffenback: Why do these products have salt and monosodium glutamate? Why aren't they just precooked and leave it at that?

Kent: Our products are not for the masses but for a select part of the market. We are not sure if the nutritional aspects are a problem. We know that it is a big problem for the industry as a whole, but we are producing a quality and convenience product. There is a lot of negative publicity about monosodium glutamate. We think it is fine, but consumers and food editors do not. We are going to take it out because we do not have the time or the money to try to re-educate the consumer. We feel that we can remove it and not detract from the quality of, or taste of, the product. We need to emphasize the positive aspects of our products and capitalize on them.

J. Thornton: We do not have these sorts of products in Australia, other than chicken, but it seems to me there is a tremendous potential here to add things that are nutritionally good, such as omega 3, omega 6 fatty acids and remove some of the salt and monosodium glutamate.

B. Patterson: I believe you would run into the same type of labeling scare as you would by adding monosodium glutamate. Consumers do not know what they are eating and any additive is scary. What products is Kroger sacrificing in their retail case to make room for these pre-cooked products?

Kent: Only Kroger can answer that because they have the statistics on what is happening. If 100% represents the sales, then it would be a 50-50 ratio. Fifty percent comes from their own products and 50% comes from new business. It is a trade-off with their fresh meat. But they are capturing a different kind of market and it is a more profitable line item. It is an opportunity for the meat department to compete with the service deli and the frozen food dinners. They are also trying to compete with white-tablecloth restaurants, but then you have to overcome more than just food. It is matching steak for steak. It is matching environment, enjoyment, relaxation, cocktails and just getting away from home.

Jennings: Do you have a personal label on this product?

Kent: Not at this point.

Jennings: You have not mentioned the market. You have identified your customer but how do you reach your customer to get them to purchase your product?

Kent: What we are doing right now is building displays with point-of-sale material. We feel that this will attract attention and will reach 2 to 4 target people out of every 20 that walk by. If we had to sit down and write a plan, we could do it. But we are doing it on the basis of real facts and backing it up with supporting information. For example, I would say that if we would advertise in any of the airline magazines, we would be reaching a good percentage of the target audience.

D. DeRovira: How long did you offer coupons for the product?

Kent: Our couponing program lasted 12 weeks. We started with 4 weeks straight with an ad which represented an insert for the best food day ad. During that period, we put on demonstrations and provided coupons to be handed out. We place emphasis on selling the concept.