



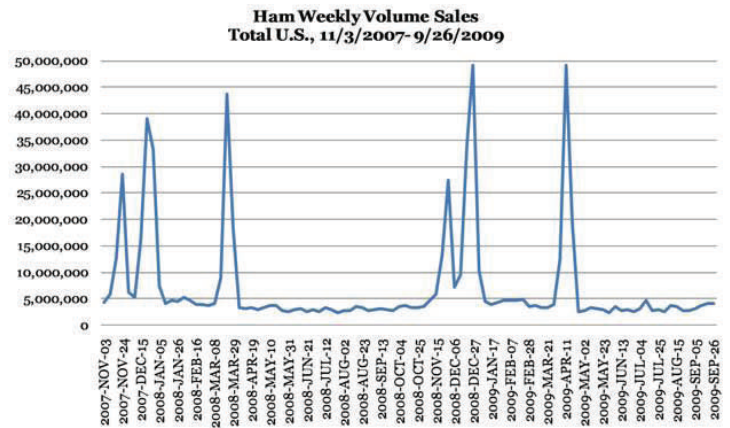
The Fresh Perspective

November 2009

Holiday meat showdown: Last year's trends, and what to expect this holiday season for ham, turkey and beef

This holiday season provides a unique opportunity for fresh food suppliers and retailers in that consumers are expected to spend less on holiday gifts, but sales of food and beverages are predicted to grow 11.7%, as reported by *Progressive Grocer*. Many retailers will capitalize on this expectation by offering more promotions to draw shoppers to their stores for holiday meal purchases. As a result, this is the ideal time to reflect on 2008 promotions and sales to help identify enduring trends and opportunities for this year's holiday season.

As we approach Thanksgiving, turkey is in the forefront of most shoppers' minds. Turkey sales will skyrocket over the coming days, but many families also choose to supplement their holiday meals with delicious and flavorful ham.



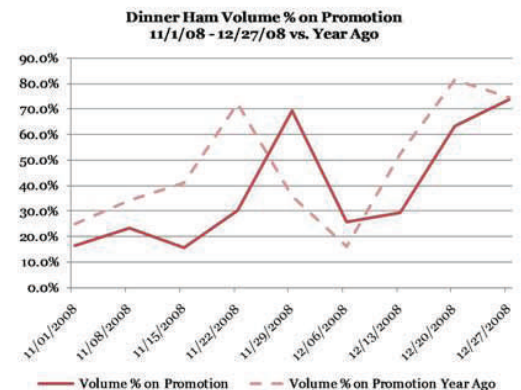
Source: Perishables Group FreshFacts® Powered by Nielsen

Ham holds an advantage over turkey in that ham is a staple of many holiday meals, and is not primarily associated with just one holiday, making it an exceptionally seasonal product. Ham sales trend consistently low during non-holiday weeks, while spikes occur during the Easter, Thanksgiving and Christmas holidays. Over the latest 52-weeks ending Sept. 26, 2009, approximately 60% of ham volume sales occurred on the weeks leading up to and during these holidays.

During the 2008 holiday period of Thanksgiving and Christmas, whole turkey remained the sales leader with 3% volume growth nationally from Nov. 1 through Dec 27, 2008, compared to the same time period the previous year. But the dinner ham category followed closely behind at 2.5% volume growth, while beef roasts (which include prime rib) experienced a 3.5% decline in volume compared to the same time period the previous year.

Key ham trends from the 2008 holiday season:

- Although there was increased pricing across many fresh food categories in Q4 2008, dinner ham's average retail price remained relatively flat compared to the previous holiday period, which likely helped drive the increase in volume as consumers sought out inexpensive meal options.
- With the price of ham remaining stable, retailers did not promote the ham category as heavily as they did during the previous year's holiday period. Ham's low non-promoted average retail price was enough of a draw to consumers, without having to lower the price further through deep promotions.
 - Frequency of promotions and depth of discount was lower compared to the previous holiday season
 - According to Promo Data, ham ad frequency declined 8.9% in Q4 2008 compared to the same time period the year before
- \$2.00 per pound for dinner ham seemed to be the pricing threshold for consumers; volume spiked when the price fell below \$2.00 per pound



Source: Perishables Group FreshFacts® Powered by Nielsen

Which concept(s) would you most like to learn more about in the Perishables Group's Fresh Perspective newsletter?

Demographic differences in fresh food shopping
5%

International fresh food trends
16%

Consumer purchase trends
53%

Promotion trends
5%

Private label/branding comparisons
11%

Retail pricing trends
New product trends
0%

New product trends
11%

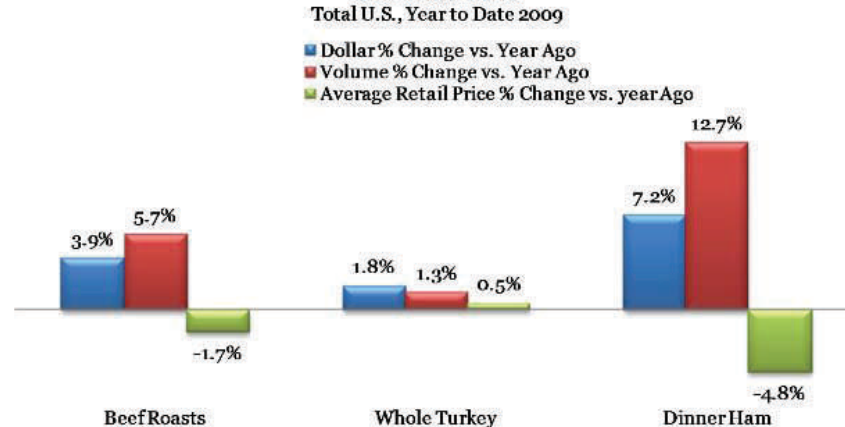


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This year, even considering many categories are experiencing price deflation, consumers continue to look for value when purchasing fresh foods to cook at home.

Year to date through Sept. 27, 2009, dinner ham experienced significant sales growth compared to the previous year, up 7.2% in dollars and 12.7% in volume. With an average retail price that declined 4.8%, consumers reacted by buying significantly more volume, producing a dollar gain despite a retail price decline. Similarly, beef roasts experienced a nearly 2% decline in average retail price, helping drive up dollar and volume sales, 3.9% and 5.7%, respectively, compared to a year ago. On the other hand, turkey experienced a slight increase in average retail price, up 0.5% year to date compared to the prior year. Consequently,

Beef Roasts, Whole Turkey and Dinner Ham Sales and Average Retail Price Growth



Source: Perishables Group FreshFacts® Powered by Nielsen

As we head into the 2009 holiday season, how will ham trends differ from 2008?

- Dinner ham pricing has declined 4.8% year to date. *Will consumer price thresholds decline as well?*
 - *Will retailers follow the same trends of last year, offering ham at a shallower discount since the price is already low, and will consumers still purchase ham even if it's not on promotion?*
- *Will consumers continue looking at ham more as an inexpensive option for everyday purchases rather than waiting for the holidays or promotions to spark the sale?*

The Perishables Group will examine the 2009 holiday meat sales trends early next year to shed light on how the pricing and sales trends have changed for center-plate meat.