

The **CHICKEN NUGGETS**

Hot News and Trends in Foodservice and Retail

May 2010

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The **CHICKEN NUGGETS**

TABLE OF CONTENTS

Foodservice Report

Chicken on the Menu

Pg. 5

Chain Activity

Pg. 10

Chicken Trends

Pg. 20

Foodservice Trends

Pg. 24

C-Store Trends

Pg. 34

Retail Report

Chicken News and Trends

Pg. 40

Retailer Trends

Pg. 46

Consumer Trends

Pg. 51

Channel Trends

Pg. 55

The **CHICKEN NUGGETS**

Issue Highlights

In this issue, please look for these hot topics of special interest:

Foodservice

The 50 Fastest-Growing Restaurant Chains

Fire Up the Grill

Analysts See Start of Restaurant Recovery

Young Adults and Boomers Have Impact on C-Stores

Pg.

12

21

25

36

Retail

Meat Prices Seen rising on Demand, Lower Supply

Top 25 Meat & Deli Retailers Report

Retailers Offer Deals as More Pinch Pennies

Consumer Confidence Up in April

Growing the Meat Market

Pg.

44

47

49

53

57

(Click on page numbers to advance to specified pages.)

The **CHICKEN NUGGETS**

FOODSERVICE

Foodservice Report

The **CHICKEN NUGGETS**

FOODSERVICE

Chicken on the Menu

Section Contents	Page
Menu News	6-9

- KFC nationally debuted its much hyped Double Down “sandwich” on Monday, adding an item to its menu that includes two slices of cheese, the Colonel’s sauce and bacon sandwiched between two white-meat chicken fillets instead of a bun.



- ESPN Zone has launched a limited-time, baseball-themed, Pitchers & Sliders menu which features slider options including Buffalo chicken.
- Fresh & Easy Neighborhood Market has introduced its new eatwell line of healthier prepared meals. Each of the eatwell line's 17 items contains no more than 25% of recommended daily values for calories, fat, saturated fat and sodium, based upon a 2,000-calorie diet. Meals include Arroz con Pollo, Bruschetta Chicken, and Sweet Chili Chicken.
- Pizza Hut announced its new Award-Winning Bundle limited time offer which features two 9-inch pizzas, 10 chicken wings and a 2-liter Pepsi product.
- Tahoe Joe's Famous Steakhouse is promoting its lunch menu, which features 22 meals under \$10, including Hand-Breaded Chicken Tenders.
- Zaxby's announced the addition of a new salad, The Roadhouse, which features Southwestern grilled chicken breast; a blend of fire-roasted corn, black beans and sweet peppers; crispy potato sticks; and Cheddar and Jack cheeses. It is served on fresh greens with a side of signature Roadhouse dressing.
- Apostrophe has introduced new sandwich varieties including char-grilled chicken with tomato, kalamata olives and pesto on olive ciabatta.
- Quick Chek has launched a limited-time offer for spring, including Cool Ranch Chicken subs for \$2.99.

- El Pollo Loco will add two new sandwiches to its menu this month, the Guacamole Grilled Chicken Sandwich and the Jalapeno Grilled Chicken Sandwich.
- Both sandwiches begin with a citrus-marinated chicken breast grilled over open flames. The chicken is then placed on a grilled telera roll (Mexican style soft bread used for traditional torta sandwiches) and topped with shredded lettuce and pico de gallo. A helping of guacamole completes the Guacamole Chicken Sandwich. Sliced jalapenos, Pepper Jack cheese and spicy Southwest sauce finish the Jalapeno Chicken Sandwich.



- Jack in the Box has launched a “Pick 3 or \$3” limited-time offer as a way for guests to create their own value meals by selecting three choices among eight menu items for \$3. The options include a chicken sandwich.
- Boston Market has launched a “Get it Saucy” promotion that introduces five new sauces to complement the chain’s rotisserie chicken. Sauce flavors include Island Mojo, Zesty Barbecue, Sweet Thai Chili Garlic, Frank’s Sweet Heat and Honey Habanero.
- Chop’t, a salad chain based in New York City, is greeting spring with salad creations inspired by world cuisines. They include the Deep South Cobb, with barbecued chicken and Tabasco ranch dressing and the Capetown Cobb, with chicken and two types of exotic peppers from South Africa. 3 for \$3”



The **CHICKEN NUGGETS**

FOODSERVICE

Chain Activity

Section Contents	Page
New Look on the Menu at McD's	11
The 50 Fastest Growing Chains	12-13
Where Cool Kids Hang	14
QSR's Debut Pint Sized Food	15
Buffalo Wild Wings Eyes Late Night	16
KFC Makes News but Sees Sales Slide	17
Chik-fil-A Expands	18
Bob Evans Competes with Retail	19

- McDonald's Corporation is gearing up for a major makeover that will give the fast-food restaurant a more hip, coffeehouse design.
 - The new building exteriors will feature a stone façade and contemporary shaped arches on the sides of the roof.
 - The interior will feature wood paneling and be decorated in earth tones.
 - The company is adding wi-fi to its stores nationwide.
 - Drive throughs may be expanded to two lanes.
- A major goal of the redesign is to provide an environment that supports the sale of more premium items.
- The plan also calls for replacing many play areas and installing outdoor seating to attract more teenagers and young adults.



Focus: Research identifies chains with the highest unit growth.

Publication: Technomic Information Services

Date: April 2010

- Technomic has reported on the Top 500 chains' prior year sales performance. Overall, in 2009 U.S. restaurant sales declined 3.2%.
- With consumers trading down, sales at limited-service chains held steady with nominal growth of 0.1%
- The fastest growing LSR chains included the chicken wing concept, Wingstop.

Fastest-Growing LSR Chains >\$200 Million Ranked by % Change in Sales					
Rank	Chain Name	2009 U.S. Sales (\$000)	2008 U.S. Sales (\$000)	% Change	\$ Change (\$000)
1.	Five Guys Burgers and Fries	\$453,500*	\$302,000*	50.2%	\$151,500
2.	Tim Hortons	446,000*	363,429*	22.7	82,571
3.	Jimmy John's Gourmet Sandwich Shop	602,000*	496,626	21.2	105,374
4.	Wingstop	306,606	255,400	20.0	51,206
5.	Noodles & Company	230,000	200,000	15.0	30,000

*Technomic estimate

Source: Technomic, Inc.; 2010 Technomic Top 500 Chain Restaurant Report

Focus: Research identifies chains with the highest unit growth.

Publication: Technomic Information Services

Date: April 2010

- In the full service category, another chicken wings concept, Buffalo Wild Wings, showed the strongest growth.

Fastest-Growing FSR Chains >\$200 Million Ranked by % Change in Sales					
Rank	Chain Name	2009 U.S. Sales (\$000)	2008 U.S. Sales (\$000)	% Change	\$ Change (\$000)
1.	Buffalo Wild Wings	\$1,496,200	\$1,229,000	21.7%	\$267,200
2.	BJ's Restaurant & Brewhouse	429,700	377,100	13.9	52,600
3.	Johnny Rockets	259,000*	237,000*	9.3	22,000
4.	Cheddar's Casual Cafe	270,000*	247,500*	9.1	22,500
5.	IHOP	2,549,528	2,411,817	5.7	137,711

*Technomic estimate

Source: Technomic, Inc.; 2010 Technomic Top 500 Chain Restaurant Report

- A teen survey, conducted in classrooms across the country, measures chains' popularity among U.S. youth. The results closely mirror last year's with Starbucks, Chipotle and Olive Garden again ranking among the top five teen favorites. However, McDonald's dropped to sixth place and the Cheesecake Factory fell off the list entirely.

Top Restaurant Brand Preferences Among Male and Female Teens

- | |
|-------------------|
| 1. Starbucks |
| 2. Chipotle |
| 3. Olive Garden |
| 4. T.G.I. Fridays |
| 5. Chili's |
| 6. McDonald's |
| 7. Applebee's |
| 8. Red Lobster |
| 9. Taco Bell |
| 10. Panda Express |

Focus: The mini trend in food is infiltrating fast food chains.

Publication: NRA SmartBrief

Date: April 14, 2010

- Two quick-serve chains are trying out smaller portions of their signature foods, as consumers increasingly express interest in more nutritious eating. Dairy Queen is marking the 25th birthday of its Blizzard by testing a mini version of the sweet frozen treat and McDonald's has debuted McMini chicken sandwiches in Canada.
- McDonald's has launched McMini chicken sandwiches in limited locations. The sandwiches are made of grilled or crispy chicken breast pieces served on 5-inch mini baguettes with either pesto or spicy Thai sauce.



Buffalo Wild Wings Eyes Late Night**Focus:** Chain looks to late night to accelerate traffic.**Publication:** Nation's Restaurant News**Date:** April 29, 2010

- Buffalo Wild Wings outlined several new menu initiatives and items, including a late-night menu meant to accelerate weeknight guest traffic. The news comes as the chain opened its newest casual-dining unit located within the NASCAR Hall of Fame.
- The new Late-Night Snack Menu offers sharable bites and appetizers for \$3 each.
- The move signals that Buffalo Wild Wings will be joining other full-service brands including Denny's, Applebee's and T.G.I. Friday's which have focused on late-night consumers, happy-hour snack items or bar menus to complement typical day-part sales.



KFC Makes News but Sees Sales Slide

Focus: Competitors are gaining ground against the chicken leader.

Publication: Advertising Age

Date: April 19, 2010

- KFC has run a series of notable marketing events recently. First there were online coupons for its grilled product and this month there is the highly promoted introduction of the breadless Double Down sandwich. The events have garnered a lot of attention but analysts are watching to see how sales performance is affected.
- According to Technomic, KFC – which continues to lead the chicken category – is experiencing pressure from competitors who are gaining ground.

Brand	2009 Sales (000)	Change %	Share/Sales %	Change %
KFC	\$4,900,000	-5.8	30.4	-1.6
Chick-fil-A	\$3,217,001	8.6	20.0	1.8
Popeyes	1,597,000	0.3	9.9	0.1
Church's	835,000*	1.6	5.2	0.1
Zaxby's	718,250	8.2	4.5	0.4

* estimated



Chick-fil-A Expands

Focus: Chain to introduce a new sandwich and move into a new market.

Publication: Atlanta Business Chronicle

Date: April 21, 2010

- The Chick-fil-A restaurant chain announced that it is expanding into the Chicago market with nine locations planned there by 2011.
- The chain also announced that this June it is introducing a spicy chicken sandwich, its first new sandwich since 1989.



Focus: Bob Evans bringing retail into its own stores.

Publication: QSRMagazine.com

Date: April 2010

- Bob Evans restaurants, known for their farm-style menu and aesthetic, are trying out a grab-and-go concept called Taste of the Farm in an effort to update the company's image.
- Taste of the Farm features an open refrigerated case with a Farm Favorites section of entrées and side dishes along with a Good to Go section stocked with salads, wraps, and desserts.



The **CHICKEN NUGGETS**

FOODSERVICE

Chicken Trends

Section Contents	Page
Fire Up the Grill	21
Citrus Flavors Spring onto Menus	22
Spice of Life	23

- Industry analysts say the success of KFC's Grilled Chicken signals that grilled menu items may be taking over for fried food. Grilled proteins, primarily chicken, are starting to cannibalize fried profits that have traditionally driven fast food companies.
- According to Mintel Menu Insights the number of grilled items at the top QSRs has increased by 8% in the past year.
- According to NPD, about 23 percent of dinners consumed outside of home are chicken entrees and more than half of that is fried chicken. But that could be changing. The better-for-you appeal of grilled food seems to be one of the primary drivers of its emerging success and expected growth.

Top grilled menu items

Sandwiches

Salads

Wraps

Burgers

Pizza



Focus: Current menus are showcasing lighter flavors, especially citrus.

Publication: Technomic Information Services

Date: April 12, 2010

- According to Technomic's MenuMonitor database, restaurants have begun adding new dishes that showcase citrus and fruit flavors. Lemon and lime are especially popular.
 - The fruit flavors are especially evident in chicken and seafood dishes as well as specialty beverages.



Focus: Mediterranean cuisines offer a wide variety of spices.

Publication: Foodservice Director

Date: April 15, 2010

- Mediterranean cuisine is having an impact on U.S. menus, and the flavor profiles are as various as the countries of the Mediterranean region. The different spices and how they are used can be implemented to perk up menu items like chicken.
- Recipe examples include:
 - Cinnamon, cumin and turmeric in Moroccan chicken
 - Blackberry balsamic chicken from Italy
 - Lemon, oregano and garlic in Greek chicken



The **CHICKEN NUGGETS**

FOODSERVICE

Foodservice Trends

Section Contents	Page
Analysts See Start of Restaurant Recovery	25
Inching Toward Recovery	26
Table by Table, Gaining Ground	27
Dining Out Regains Favor as a Simple Luxury	28
Salads on the Run	29
Celebrity Chefs Lead the Charge for Healthy Food	30
Calling Seniors to Supper	31
2010 Chef Survey	32
Menu Labeling; Some Make More Healthful Choices	33

Focus: Increased sales is the first sign of growth in consumer spending.

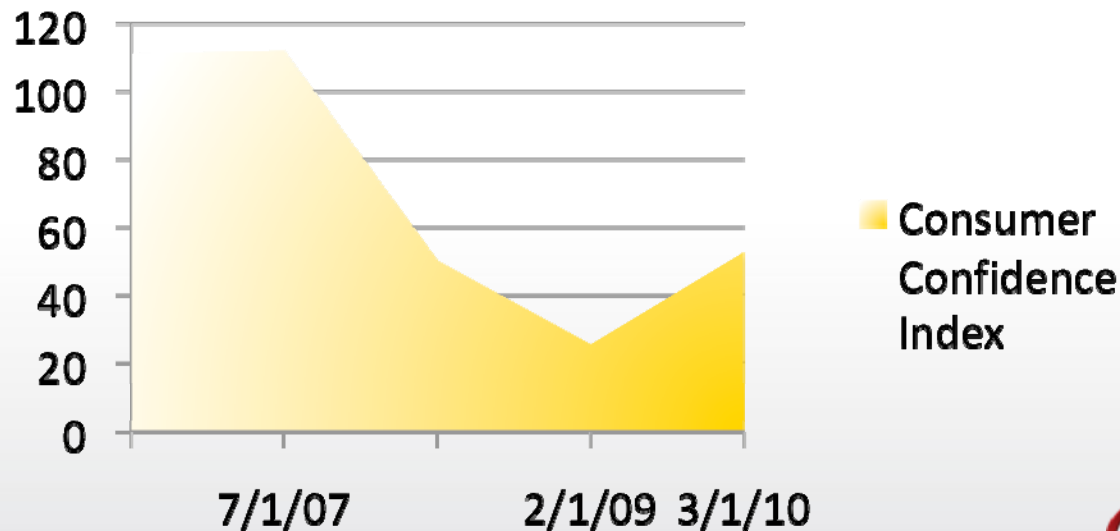
Publication: Nation's Restaurant News

Date: April 14, 2010

- After more than two years of slow sales and anemic guest traffic for restaurant operators, Wall Street analysts say a recovery in consumer spending may finally be here.
- Some indicators that analysts say are pointing to a recovery include:
 - Same-store sales appear to be rising at restaurant chains.
 - A monthly survey of restaurant spending in April showed that 16 percent of consumers plan to spend more at restaurants over the next 90 days, an increase of 2 percent over March.



- The foodservice industry is reporting several signs of recovery:
 - Sales in casual dining appear to be improving.
 - Major chains are decreasing discount offers.
 - Operators are planning capital expenditure programs.
 - The NRA's Expectations Index, which measures operators' six month outlook for same-store sales, employment, capital expenditures and business conditions was 101.4 in February, an increase of 1.2 percent over January and the strongest level in 29 months.
 - Consumer confidence rose to 52.5, up from a low of 25.3 in February 2009.
- Unemployment and high gas prices are still hurdles to a full recovery.



- Restaurants are beginning to see larger crowds and bigger checks, according to restaurant analysts looking at increases in foodservice sales this month.
- A number of factors could be behind the upswing, including an influx in cash from tax refunds, warm weather that drew people from their homes or increasing confidence that the economic recovery is under way.



- A number of major restaurant chains report that they are currently serving more customers. That's boosting bottom lines and increasing confidence that the worst of the recession is behind them. Chains reporting traffic increases include McDonald's, Chipotle, Panera Bread and Starbucks.



Focus: Grab and go salad options are gaining in popularity.

Publication: Foodservice Director

Date: April 15, 2010

- According to Foodservice Director, pre-packaged salads are gaining in popularity as a convenient, yet healthy, meal option in the foodservice setting.
- As operators look to create increasingly healthy versions, they are switching from high-fat ingredients, like cheese, to healthy proteins, especially chicken.
- Some of the popular grab-and-go salad options featuring chicken include:
 - Chicken Ceasar Salad
 - Thai Peanut Chicken Salad
 - Southwestern Chicken Salad



Focus: Chefs promote the benefits of non-processed foods.

Publication: Foodservice Director

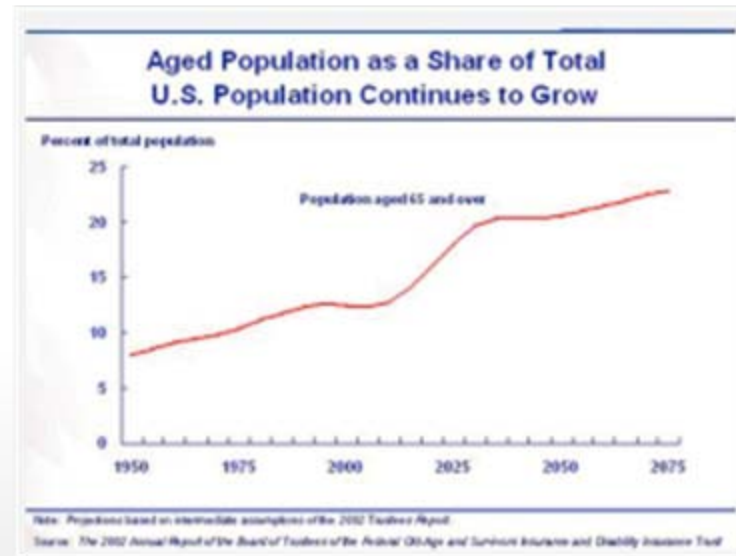
Date: April 15, 2010

- Celebrity chefs including Jamie Oliver and Rachael Ray are using their influence to promote healthy cooking and eating, especially among children.
- Working with fresh ingredients and real foods, the chefs' overall goal is to change attitudes about eating a balanced diet and showing that it doesn't need to be no-fun.
- A number of celebrity chefs are specifically looking to impact school lunches that have traditionally been heavy users of processed foods.



Rachael Ray developed a partnership with NYC Department of Education to provide a healthy change to their school lunches.

- The restaurant industry has suffered from long-term erosion in the dinner daypart, but the fast-growing population of older adults may support the dinner hours. According to the NPD Group, increasing dinner visits from the population age 52+ could begin to shore up sales.
- To take advantage of the trend, operators should not assume that seniors only gravitate to midscale chains offering a 4 p.m. special. Research shows that they have cut back visits to midscale places and are now just as likely to visit casual-dining establishments as their Gen X counterparts.
- Some of the ways to attract seniors:
 - Offer a senior citizen discount and/or a frequent diner program.
 - Offer the right portion size at the right price.
 - Offer healthful options.



- In QSR Magazine's 2010 Chef Survey, a panel of chefs weigh in on what's hot and what's not in menu trends. Some of the things the chefs said:
 - Local and seasonal ingredients will figure prominently in the new decade.
 - Reduced sodium will be important in the next decade.
 - Consumers want signature dipping sauces and flavorful, shareable appetizers.
 - Korean grilled meats and Vietnamese street foods were called out as the next Asian segment trends.
 - Mixing "high" and "low" menu items, such as champagne with fried chicken, will offer both value and luxury.



Focus: Some patrons choose dishes lower in fat and calories.

Publication: Los Angeles Times

Date: April 19, 2010

- A new study shows that restaurant menu labeling may help some, but not all, restaurant patrons choose dishes lower in fat and calories.
 - The study showed that 71% of patrons noticed nutritional information but only 59% of those who saw and comprehended the information made a decision based on it.
 - 20% of diners chose a lower calorie entree because of the nutritional information
- Nutritional labeling is being put in place in part because consumers can find it difficult to determine calories and fat from a verbal description alone. Similar items often have vast nutritional differences attributed to ingredients, side dishes and portion size.



The **CHICKEN NUGGETS**

FOODSERVICE

C-Store Trends

Section Content	Page
An Appetizing Offer	35
Young Adults and Boomers Have Impact	36
MAPCO to End GrillMarx	37
In-Store Categories Drive Consumers	38

Focus: Appetizers prove to be effective menu items at c-stores.

Publication: Convenience Store Decisions

Date: April 1, 2010

- C-store foodservice operators are focusing on offering appetizer menus with “craveable” items to gain additional consumer traffic.
- Convenience stores can meet consumers’ needs in unique ways:
 - Make it portable so the item is easy to eat in the car.
 - Add some spice and present new, interesting and bolder flavor profiles that keep the menu interesting and attract new customers.
 - Some convenience store operators say chicken wings are the ideal menu item because they can be offered as a meal or a snack.



- According to a recent study by NPD Group, two demographic categories that have most benefited the category are Baby Boomers (ages 46-64) and young adults (ages 18-33). Over the next decade, both demographic segments' shopping habits are expected to change and c-stores will need to adapt to meet their needs.
- Some of the expected changes identified by the report include:
 - Incidence decreases in the 18-33 age group and static incidence levels in the 41-65 age group. At age 65, expect incidence declines.
 - As boomers age and move toward retirement, convenience will become less of a concern and maintaining a healthy diet will become more of a concern.
 - As young adults move into middle age, convenience will outweigh value in importance.

MAPCO to End Grille Marx?

Focus: C-store chain reportedly installing Quizos.

Publication: Convenience Store News

Date: April 12, 2010

- MAPCO Express is reportedly replacing its proprietary foodservice brand, Grille Marx, with Quizos's convenience store offering. The article speculates that one of the factors that influenced the strategy change may be the high cost of supporting a regional foodservice brand.
- Earlier this year, MAPCO revealed that its strategic plan included the introduction of an enhanced QSR-driven foodservice offering.



- New research conducted by Convenience Store News measures consumers' purchasing habits for key product categories at c-stores.
- 25% of c-store shoppers purchased some kind of prepared food at a c-store in the past month:
 - Overall, they purchased prepared food at c-store 4.3 times in the past month.
 - Males are more likely than females to make prepared food purchases at c-stores.
 - The late lunch shift (1 p.m. to 3:59 p.m.) sees the most prepared food purchases.
- According to the survey, rice/value is the most important factor when considering a prepared food purchase, followed by food quality, taste and convenience.

Types of prepared foods purchased at a c-store in the past month

29% Breakfast foods (e.g. fresh muffin, biscuits, bagels)

28.8% Deli/sandwiches

26.2% Hot dog

19.2% Pizza

14.4% Chicken

12.9% Hamburger

12.5% Breakfast sandwich

Source: Convenience Source News Market Research 2010



The **CHICKEN NUGGETS**

RETAIL

Retail Report

The **CHICKEN NUGGETS**

RETAIL

Chicken News and Trends

Section Contents	Page
New Chicken Products: Fresh	41
New Chicken Products: Deli	42
New Chicken Products: Frozen	43
Meat Prices Seen Rising on Demand	44
Organic Poultry Posts Sales Gains Despite Recession	45

- A supplier to the fresh chicken industry has introduced a new line of easy-open vacuum packaging and whole poultry bags. The design allows consumers to open the packaging without contacting the raw poultry and without the use of a sharp blade.
(Meat & Deli Retailer)



- A brand of grab-and-go sandwiches has introduced a hot and spicy line which includes Spicy Breaded Chicken Sandwich and Mini Spicy Chicken Twin Sandwiches. (CSP)
- A company has launched a new line of heat-and-serve, off-the-bone lunchmeats. Varieties include pulled chicken in Buffalo style sauce and sliced chicken breast with barbeque sauce. (Grocery Headquarters)
- A company has launched a line of complete meal entrees that are merchandised from the deli department. Varieties include Shredded Chicken Enchiladas, Italian Herb Breaded Chicken, Country-style Chicken & Buttermilk Biscuits, Smokehouse BBQ Chicken & Mashed Potatoes, Sizzlin' Fajita-style Chicken with Rice and Saucy Chicken Stir-Fry with Rice. (Grocery Headquarters)

- A new ultra-thin pizza variety was introduced in chicken fajita flavor. (Food Processing)
- A line of frozen Asian foods introduced Chicken & Vegetable Potstickers, Chicken & Garlic Wontons and Chicken & Cilantro Wontons. (Food Processing)
- A popular Asian restaurant chain has extended its brand through a line of frozen entrees in varieties including Orange Chicken, Sweet & Sour Chicken, General Chang's Chicken and Chicken & Broccoli. (R&FF Retailer)
- A spa-inspired line of frozen entrees has broadened its varieties by adding Apple Cranberry Chicken, Roasted Honey Chicken and Thai-Style Noodles & Chicken flavors. (R&FF Retailer)
- In a line extension, an organic frozen entrée producer has added a Spiced Chicken Morocco variety. (R&FF Retailer)

Focus: U.S. meat prices to rise this summer.**Publication:** The Seattle Times**Date:** April 26, 2010

- Demand for some cuts of meat and chicken breasts is rising as the economy improves, backyard barbecues resume and China and Russia allow more U.S. imports.
- Domestic meat and poultry supplies may drop further as producers confront high corn prices.
- Supermarkets have been "holding the line" on consumer costs. In March, retail chicken prices were 9.6 percent below the record high set last year.



Focus: Sales increased 2.6 percent.

Publication: Meatingplace.com

Date: April 23, 2010

- Organic meat, poultry and seafood posted 2009 sales of \$456 million, a 1.9 percent increase over 2008 figures, according to the Organic Trade Association's 2010 Organic Industry Survey.
- Organic poultry sales, which represents the largest part of that category, sales were up up 2.6 percent from 2008.

The **CHICKEN NUGGETS**

RETAIL

Retailer Trends

Section Contents	Page
Top 25 Meat & Deli Retailers Report	47
The Meat House to Open 20 Stores	48
Retailers Offer Deals as More Pinch Pennies	49
Sueprvalu Pares Items on Shelves	50

- Changing consumer eating habits, which are being influenced to a large degree by their economic situations, are having a major impact on meat and deli retailing. Many of the nation's major supermarket chains are adjusting their product and service offerings to lure budget-conscious shoppers who are eating out less, but still seeking restaurant-quality meals that require minimal preparation.
 - Some merchandisers are seeking to attract former restaurant diners by marketing larger arrays of prepared and value-added offerings in the meat and deli sections.
 - Retailers are also catering to traditional meat department customers who are trading down to lower-priced cuts or buying in bulk.
- According to a consumer survey by the Food Marketing Institute:
 - 60 percent of consumers are purchasing meat in larger quantities to use over time.
 - 40 percent of bulk-buyers noted that substantial pricing discounts prompt them to buy in bulk.
 - Price per pound dominates most meat shoppers' purchasing decisions, followed by product appearance, package size/total price, nutrition, preparation knowledge and preparation time.
 - In-store signage featuring sales promotions is most influential in spurring purchases of specific cuts of meat.

The Meat House to Open 20 Stores

Focus: Specialty butcher shops are experiencing growth.

Publication: The Gourmet Retailer

Date: April 19, 2010

- Responding to what the retail chain identifies as consumer-driven demand, premium meat retailer The Meat House is scheduled to open 20 new store locations and has territory agreements in place for more than 125 stores in 11 states.
- The Meat House specializes in offering premium cuts of meat and poultry and high levels of customer service.



Focus: Retailers are responding to changes in spending habits.**Publication:** USA Today**Date:** April 22, 2010

- Consumers' spending habits have changed throughout the recession with increasing demand for deals and special pricing. Retailers, and now even upscale retailers such as Whole Foods, are responding with more sales and price promotions.
- Some indications that consumers are continuing to “pinch pennies” and the effect it's having on retailers:
 - The number of consumers who buy most products on sale has increased by more than 5% over the last three years, according to NPD Group. Furthermore, the number of consumers who shopped in a discount, big-volume or off-price store increased by 20% over the same three years.
 - The personal savings rate has gone up as more consumers are putting their money away.
 - Food makers aim promotions at consumers who purchase in high quantities or in bulk.
 - Loyalty cards that earn money back on purchases are in high use.

Supervalu Pares Items on Shelves

Focus: Retail chain to reduce items in 10 major food categories.

Publication: Wall Street Journal

Date: April 20, 2010

- Supervalu Inc. says it has reduced items in 10 major food categories by 20%, a move intended to leverage lower costs with suppliers and free up shelf space for the grocer's private-label products.



The **CHICKEN NUGGETS**

RETAIL

Consumer Trends

Section Contents	Page
Consumer Confidence Up in April	52
Consumers Follow Social Brand Referrals	53
“Serving Size” Frustrates Consumers	54

Consumer Confidence Up in April

Focus: Consumers are more optimistic and retail sales are up.

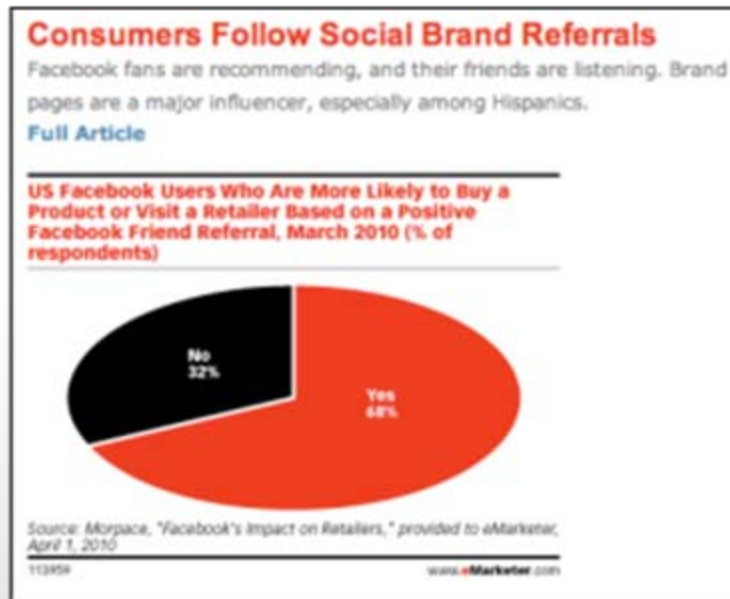
Publication: Candy&Snack Today

Date: April 29, 2010

- Consumers are slightly more optimistic about the economy, according to the Conference Board Consumer Confidence Index released this month.
- The Index, which had first rebounded in March, increased further in April. It now stands at 57.9, up from 52.3 in the prior month. A measured Consumer Expectations Index also improved to 77.4 from 70.4. The index is now at its highest reading in about 18 months.
- Shoppers have increased spending in recent months, pushing retail sales up 1.6 percent in March.

Focus: Facebook fans recommend brands and their friends are listening.**Publication:** eMarketer**Date:** April 14, 2010

- More than two-thirds of U.S. Facebook users said a Facebook friend referral would increase their chances of purchasing a product or visiting a retailer.
- Fan pages are used by 41% of respondents to show their friends what products they support.
- The study provided fan page activity by ethnic and racial breakdown.
 - White Facebook users were generally least likely to become a fan of brands and retailers.
 - Hispanics had the greatest propensity to become fans in all the categories including restaurants, clothing and electronics.



“Serving Size” Frustrates Consumers

Focus: Most shoppers consider the measure unrealistic.

Publication: Supermarket Guru

Date: April 30, 2010

- The serving size element of the nutrition facts panel found on retail food products is considered unrealistic and frustrating by most consumers, says a new consumer survey by The Lempert Report.
- Most consumers said they find it hard to relate what they eat to the printed serving size on the package because it is less than the amount they actually eat.
- Shoppers also said that if the serving size accurately reflected the package contents, they would be more apt to practice their own portion control or would further compare labels to find a healthier choice.

The **CHICKEN NUGGETS**

RETAIL

Channel Trends

Section Contents	Page
Fan Favorites	56
Growing the Meat Market	57
Specialty Food Sales Are Growing	58
The Ethnic Foods Market	59
Retailers Make Room for Meal Solutions	60
Package Deal	61

Fan Favorites

Focus: Supermarkets are leveraging their customers' chicken purchases.

Publication: Meat & Deli Retailer

Date: April 21, 2010

- Supermarkets are leveraging promotions of top-selling chicken parts and products to generate greater traffic and higher sales activity in the meat department.
- Features tend to include items with a special advertised price, as well as “no price” promotions, such as “Buy One, Get One Free,” and “40-Percent Off The Price Of All Poultry.”
- Boneless/Skinless Breasts generated a 10.1 percent average annual feature share in 2009, meaning the cuts were featured in one out of every 10 advertisements. Fried Chicken had an 8.8 percent share, and Whole Rotisserie Chicken accounted for 8.5 percent.
 - Whole Rotisserie Chicken feature activity was up 1.4 percent and Fried Chicken features rose 1.3 percent, the largest gains for any of the chicken parts and products.
- With chicken production set to increase in 2010, ample supplies of birds will likely result in attractive feature values.

- The meat department is one of the few areas within a supermarket that can generate or discourage consumer loyalty.
 - 88% of shoppers who do their primary shopping at a supermarket make the majority of their meat purchases there. Only 60% of super-center or warehouse shoppers make their meat purchases there.
- This past year, more supermarkets have offered their own bulk packaging to accommodate consumers' need for better pricing in response to economic pressure.
- Supermarkets' overall ability to adjust to consumer need is key to generating loyalty within the meat department.
- According to The Power of Meat 2010 report from the Food Marketing Institute, consumers continue to include meat as a dinner ingredient, most frequently chicken.
 - 84% include chicken for dinner at least once a week, the same percentage reported last year.



Focus: Sales of specialty foods top \$63 billion in 2009.**Publication:** Progressive Grocer**Date:** April 12, 2010

- Specialty food sales increased 2.9 percent in 2009, according to “The State of the Specialty Food Industry 2010,” an annual report from SPINS, Mintel International and the National Association of the Specialty Food Trade.
- As consumers do more cooking at home, the specialty food category has grown.
 - Specialty food now accounts for 13.1 percent of all food sales, and is on track to account for 20 percent of all food sales by 2015, Tanner said.
- Other highlights from the report include:
 - Importers named Mediterranean, Latin and Indian as the three fastest-emerging cuisines.
 - Retailers report that 23.4 percent of the foods they sell are local, that is, produced within 250 miles of the store.
 - 85 percent of specialty food manufacturers make or market natural foods
 - Local, sustainable and eco-friendly products were identified as the items that will grow the most in the coming years.

The Ethnic Foods Market

Focus: The market for Hispanic, Asian and Indian foods is growing.

Publication: Prepared Foods

Date: April 9, 2010

- A recent study from Iowa State University (ISU) found that ethnic foods account for \$1 out of every \$7 being spent on groceries. Overall, Mintel estimates ethnic food sales in the U.S. exceeded \$2.2 billion in 2009 and predicts the trend will increase sales by 20% into 2014.
- The largest segment of the ethnic foods market, Mexican/Hispanic foods, is responsible for 62% of sales. While Hispanics are by no means the sole purchasers of these foods, it should be noted the buying power of the Hispanic demographic is growing quickly. The Selig Center for Economic Growth at the University of Georgia estimates the group's buying power stood at \$978 billion in 2009 and projects it to rise to \$1.3 trillion by 2014.
- Mintel finds that the popularity of ethnic foods is also being driven by the Asian and Indian food segments, growing 11% and 35%, respectively. Similar to the market for Mexican foods, the segments have benefited strongly from a surge in quick-service options.

Focus: Cross-merchandising between departments drives sales.**Publication:** Supermarket News**Date:** April 19, 2010

- High-traffic departments like meat and produce are prime real estate for meal solutions. Progressive retailers are capitalizing on this notion by cross-merchandising everything from proteins and vegetables to shelf-stable sides, spices and even serving platters.
- Some retailers are offering in-store cooking demonstrations and sampling of featured meals, plus recipe cards that list every ingredient and direct shoppers to the location in the aisles where the products can be found.



Package Deal

Focus: Global emphasis on safety, waste reduction and convenience.

Publication: Meat and Poultry

Date: March 2010

- Interest in more eco-friendly packaging has impacted the global protein industry as processors seek out solutions that are safe and convenient while reducing the amount of waste.
- Processors are finding packaging solutions that are more and more product-specific.
 - Shallow trays and new film that allows for product contact.
 - Reduced carton packaging.
 - Convenience factors like easy-open bags that allow consumers to remove the wrap without touching the poultry product.

