



Leveraging Consumer Ready Fresh Meat To Drive Sales, Margin and Loyalty

Almost everything has changed when it comes to Fresh Meat in retail—including consumer eating habits, reductions in labor availability and skills, and sales growth expectations.

What hasn't changed: meat is still the center of plate purchase, and it still drives overall store choice.

THE LANDSCAPE

Today's retail environment is more competitive and complex than ever and your Fresh Meat business is also under attack on a number of fronts.



CONSUMER DEMANDS

- Consumers whose eating and cooking habits have changed have **higher expectations for a retailer's meat department experience.**
- Shoppers want to engage with a knowledgeable resource who can offer tips and recipe ideas.

COMPETITIVE PRESSURES

- When it comes to purchasing meat, **consumers have more traditional and non-traditional options than ever.**
- Over 80% of retailers already use a combination of Consumer Ready Fresh Meat items.¹

PRODUCT INCONSISTENCIES

- In-store cut items may be highly variable in terms of specification and quality. This can create an inconsistent customer shopping, meal prep and eating experience.
- Unavailability of certain cuts and variety during key parts of the day or when associate labor is solely focused on promoted items creates missed sales opportunities—and puts baskets at risk.

LABOR CONSTRAINTS

- **Skilled labor has declined in the last 20 years** and is not growing fast enough to keep pace with demand.²
- Few associates really have the experience and expertise to manage production, service, safety and the customer experience.

1. Radian experience with Retailer clients and market research (2003 - 2015) projected

2. Bureau of Economic Analysis, Bureau of Labor Statistics, Butchers and Meat Cutters (2003 - 2014, 2022 data)

THE OPPORTUNITY

Consumer Ready Fresh Meat offers you an efficient and easily-implemented means for keeping customers in your Meat Department and, therefore, your stores.



Winning in the Meat Department drives overall store success.

CONSUMER READY FRESH MEAT CAN AUGMENT YOUR FRESH MEAT SERVICE CASE STRATEGY BY:

- Giving you the best of both worlds: efficient, self-service cases and a **more focused, full-service case.**
- Focusing your limited resources on sales, service and customer engagement rather than production.

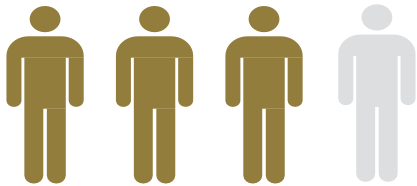
SUCCESS IN THE MEAT DEPARTMENT MATTERS. IT DRIVES STORE CHOICE AND CUSTOMER LOYALTY.

- **The average non-meat basket size increases by 85%** with a Fresh Meat purchase.¹
- **Improve shopping experience and satisfaction** through customer service, quality, variety and availability (in-stock).²

1. Nielsen Why Retailers are Keeping it Fresh, 2013; Progressive Grocer Expenditure Study, August 2015

2. Power of Meat 2015, American Meat Institute

Consumer Ready Fresh Meat is considered a high-quality, convenience format for fresh meat shoppers



3 out of 4 Consumers
view Consumer Ready Fresh Meat
items as good or better than in-
store cut product.¹

1. Power of Meat 2015, American Meat Institute

THE BENEFIT

Consumer Ready Fresh Meat programs can drive sales, increase variety and profitability and provide customer solutions that drive loyalty. Depending on your configuration, they can create a 20% to 50% increase in earnings and a 2 to 5 percentage point increase in share and customer loyalty.¹



20% to 50%
increase in earnings

IMPROVE SALES AND VOLUME

- **6% to 10% growth** from store level merchandising plans for assortment, pricing and placement
- Reduced lost sales from out-of-stocks by **3% to 5%**
- **2% to 3% growth** from better service and redirected labor

INCREASE MARGIN

- Reduced shrink from markdowns and throw-away **56% to 62%**
- Reduced (or re-directed) labor costs of **53% to 64%**
- **Up to 20% to 50% higher net** margin dollars from increased sales

OPTIMIZE OPERATING EFFICIENCY

- Associate training for product handling and cooler-management
- Ease of re-stocking the case due to product form and store level plan-o-grams
- **Improved product life** from case labeling, packaging innovation, and code dating

ENHANCE THE EXPERIENCE

- **Better service and quality image** from improved Fresh Meat offering and re-directed labor
- Better shopping experience from both improved product availability, service and engagement from re-directed labor
- Better consumer in-home experience from storage, preparation and eating quality

1. Radian experience with Retail / Meat Department clients.

THE COMMON MISCONCEPTIONS

Consumer Ready Fresh Meat should be about sales growth and customer loyalty -- Radian has the expertise and experience to help you overcome legacy barriers and misconceptions.

“Isn’t Consumer Ready Fresh Meat just another cost cutting initiative?”

No. In fact, the most successful Retailers leverage Consumer Ready Fresh Meat specifically grow sales, service and loyalty. It allows them to re-align their in-store focus and resources to the customer’s needs and shopping experience instead of backroom activities.

“My customers won’t like it. What do I tell them?”

Today’s Consumer Ready Fresh Meat processes, technology and packaging allow for a seamless transition without creating negative reaction—in fact, you will be able to better provide service through the right assortment and increased availability on the shelf.

“Consumer Ready Fresh Meat is not good quality or as fresh as in-store cut, right?”

It’s as good, fresh and high-quality—if not better—than what you can do today because of Suppliers’ expertise and consistency. You can optimize your assortment according to what your customers want—not what a comes off a primal.

“My Store Associates won’t accept this. How do I manage this?”

Change is difficult – but our proven approach emphasizes collaboration, communication and product handling/ordering training for associates to engage and be part of the consumer focused program to drive sales, service and loyalty.

THE COMMON MISCONCEPTIONS

Through truly understanding how to redirect Labor towards service and customer engagement, as well as quantifying the real impact of complex financial changes.

“It’s all the same, how can I differentiate my Meat Department with Consumer Ready?”

Today’s Consumer Ready Fresh Meat programs are highly flexible and the product specifications (cut, thickness, trim and packaging) and service level targets are developed based on your Merchandising, Operations and Supplier inputs and requirements.

“I have a Labor Union. How can I think about Consumer Ready Fresh Meat?”

We recognize and have experience with the complexity of Meat Associate Labor. In today’s environment, Retailers and Unions are working together given the decreasing availability of qualified Butchers/Cutters and increasing demand for service, education and engagement by the shoppers in your stores.

“How can I afford the Cost of Goods and Gross Margin impact?”

The Gross Margin (Cost of Goods) impact is real—but so are other line items that drive Net Margin. Radian has deep expertise in Meat, Consumer Ready Fresh Meat and Retail economics to mitigate Consumer Ready costs—and also maximize the Shrink, Out-of-Stock and Labor benefits.

“I can’t have a Service Case with Consumer Ready Fresh Meat—Can I?”

Absolutely! Consumer Ready Fresh Meat suppliers and technology, combined with redirected labor hours can support a highly effective and targeted Service Case offering for your stores and customers with the right items, cuts and convenience.

THE RANGE OF CONSUMER READY OPTIONS

Consumer ready can be configured to the Retailer's strategy, consumer expectations, labor profile and category or competitive strategy. It is not a one size fits all approach to managing your department.



"I need a more efficient way to stock some of my items to satisfy my shoppers needs."

Filling The Gaps Augmenting Fresh Market Assortment

- Merchandised Cuts - Thin Cuts, Stir Fry, Stew Meat, Cube Steak
- High Lean Point Grinds
- Ad Items – Supplement Volume



"While I produce many of my items in-store, I need a smart way to supplement some of my volume."

Destination Creating Managing Complex, High-Volume Items

- Premium and/or Value Tiers
- Ground Beef, Ground Beef patties
- Specialty Items - Grassfed, Organic, Unique Attributes, Natural
- Multivac Programs - Skirt, Flanks, Tri-tip, etc.
- Net Weight Programs



"I need to fundamentally transform my meat department and make it the driver of customer loyalty it should be."

Category Innovation Changing the Role and Profitability of the Meat Department

- Full Category Replacement - Beef, Ground Beef, Pork, Poultry
- Service-case Ready product
 - Consumer Ready Self-service Items, Value-Added
 - Outsourced Meat Department Management



“Consumer Ready Fresh Meat allows my department to have the items we just couldn’t cut at each store every week because of the complexity and demands of the entire department.

Now our sales are up and my shoppers get what they want when they want.”

- Meat Department Vice-President

THE RADIAN APPROACH

Our experience in Meat, Consumer Ready and Retail give us the expertise and tools needed to design, launch and successfully grow consumer ready meat programs with different types of categories and retailers.



CONSUMER READY DESIGN

Pre-Launch Support

- Develop Consumer Ready Fresh Meat Strategy and Business Plan
- Define Fresh Meat Specifications
- Define Store Level Meat Assortment and Plan-o-grams
- Conduct Financial Analysis and Review
- Develop Communications Plan

PROGRAM LAUNCH

Launch Support

- Execute Communication Plan
- Identify Store Meat Handling Requirements
- Develop Consumer Ready Training Content and Plan
- Design Consumer Marketing Programs
- Execute Consumer Ready Fresh Meat Training Field Store Support During the Initial Launch

MANAGING CONSUMER READY

Post Launch Support

- Provide On-going Process Management
- Measurement and Analyze
- Conduct Category Financial Review
- Perform Demand Planning and Inventory Management
- Conduct Customer and Competitive Research

We ensure that Merchandising, Distribution and Operations understands the program, benefits and business process requirements. Our end-to-end support between the Supplier, Retailer and Shopper ensures a successful transition and long-term program.

THE NEXT STEP

Radian will review your specific operating and competitive environment to assess how, where and if a Consumer Ready Fresh Meat model aligns with your store and Meat Department go-to-market strategy.

No Cost ... Just a Discussion

An Initial Conversation - Understand Where You're At And Where You Want To Go

Consumer Ready Fresh Meat Overview

A "State of the Nation" discussion of Radian's observations, success stories and the future of Consumer Ready.

Get the Lay of the Land

A casual discussion of your concerns, questions and/or priorities for Consumer Ready Fresh Meat – we recognize that every Retailer is different.

Have an Informed Conversation

From individual Consumer Ready Fresh Meat products to fully outsourced meat service departments, we'll help you understand which Consumer Ready Fresh Meat program works best for your business.

A Deep Assessment Of Your Meat Department and Consumer Ready Fresh Meat Opportunities

Meat Department Assessment

- Volume, Sales and Margin for the Department and Areas of Interest
- Review Fully Allocated P&L
- Shrink, Out-of-Stock and Labor Review and Observations
- Competitors and Customers: Offering, Image, Loyalty, etc.
- Financial and Operating Summary of the Department
- Beef, Grinds, Pork or other Sub-Category "Deep Dive"

Custom Recommendations

- Meat Department Strategic Recommendations
- Category Specific Recommendation
 - Which items, categories, DCs and stores?
 - Associate, Customer and Marketing Requirements
 - P&L Impact and Summary
- Implementation Planning, Supplier Assessment



Let's discuss how we can provide you ideas to make your Meat Department both a **profitable and loyalty-driving** element of your business.

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