

# FOOD *ff* FOCUS

BACON

## The *bacon* *wave* rolls on

Dollar sales of bacon have fallen, but volume continues to grow roughly a decade into the bacon craze.

By Ed Finkel, contributing editor

"We've been on a 10-year roll," says Patrick Fleming, director of retail marketing at the National Pork Board. "We were deflationary on pricing with bacon, but we're deflationary on everything due to the [pork] supply. [Volume] growth was strong. We're riding the bacon wave."

Overall the bacon market sized at \$3.2 billion in sales, down 2.1 percent from a year earlier although the volume sold rose 4.7 percent for the 52 weeks ended Nov. 29, 2015, according to Nielsen Perishables Group FreshFacts. Sales of cooked bacon totaled \$306.4 million, down 1.5 percent,

although volume rose 1.6 percent. Turkey bacon fell 4.4 percent to \$200 million, and volume fell 6.2 percent. Canadian bacon rose 2.8 percent to \$65.8 million, while volume rose 1.0 percent.

IRI tallies the overall market differently, at \$4.3 billion for the 52 weeks ended Nov. 29, 2015, down 2.6

percent from a year earlier, with volume sales growing 5.0 percent. Private-label bacon sales topped all brands, at \$902.5 million, down 5.1 percent, although Oscar Mayer was close behind at \$829.1 million, down 2.9 percent. Other top brands included Hormel Black Label (\$368.6 million, down

0.6 percent), Wright (\$338.2 million, up 0.6 percent), Smithfield (\$233.8 million, up 17.8 percent) and Farmland (\$202.0 million, down 2.3 percent).

Bacon brands remain optimistic about the market in 2016 and beyond, despite the ups and downs of prices. "Volatile bacon prices continue to

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challenge consumers, but we know our fans are still seeking great taste and quality," says Eric Dalmer, marketing director at Oscar Mayer. "Bacon fans are increasingly gravitating toward bacon with a classic smokehouse flavor that comes from being naturally smoked with hardwood and no added liquid smoke."

Prices and costs have remained fairly steady, according to Rafael Lampon, Aggregate director of product management. "The appetite for bacon remains strong — especially in the natural and organic channel," he says. "Natural bacon sales in 2015 rose 36 percent and natural turkey bacon sales went up 20 percent."

Jennie-O Turkey

Store Inc. has seen steady prices for turkey bacon, says Mary Wieland, brand manager. "We anticipate turkey bacon will grow as a part of breakfast," she says. "We also see that younger consumers index high for turkey bacon purchases."

In the broader category, prices haven't come down as much as the costs of raw material "because the demand is still there," says Michael Richardson, COO at SugarCreek. "We're looking to power the price point to the consumer with different package sizes," such as 9-ounce and 6-ounce options.

Pederson's Natural Farms has seen sales growth of 40 percent, 30 percent and 28 percent in the past

three years, says Neil Dudley, vice president of sales. "Bacon is probably 60 percent of our business, so it drives a lot of that growth," he says.

Smaller producers need to focus on higher-quality formulations, says Mike Satrow, president of North Country Smokehouse. "There's been so much consolidation in the industry that you can't compete with the big guys," he says. "You have to dance around the corners. You have to make a more interesting product. You can't make a less expensive product."

"We can't make enough," says Tim Vance, director of marketing at Kuzler and Co. "It's easy to run up. It's crazy."

## Consumers

ARE MORE  
LIKELY  
to want a

**PORK  
SANDWICH**  
(27%)

than a

**BEEF  
SANDWICH**  
(9%)

for

**BREAKFAST,**

PROBABLY  
because

OF THE

**traditional  
association**

with

**PORK  
and  
BREAKFAST,**  
according

to the

**2015  
BEEF & PORK**

Consumer Trend Report.

**un**

## WHAT'S NEW SLAB happy



Kuzler and Co. has rolled out 5-pound vacuum-sealed packages of slab bacon in five different flavors: smoky barbecue, Black Forest, applewood smoked, black pepper and original. These are available in the prepared foods sections of Safeway grocery stores in the mid-Atlantic region. The smoky barbecue flavor was developed along with a spice company, says Tim Vance, director of marketing. "It's a dry rub. We tumble our bellies and then we let them sit and smoke," he says.

Private-label bacon held **21.1%** of market share for the **52 weeks** ended **Nov. 29, 2015**, while **Oscar Mayer** led all brands with **19.5%**.



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**ff** **BACON**



Bacon has never been accused of lacking flavor, but brands are always experimenting with new ideas and drawing from popular flavors throughout the food business.

"Whatever little trend is going, bacon has a chance to tag on to it," says Neil Dudley, vice president of sales with Pederson's Natural Farms. "Sriracha is one of them. ... Here's the stuff going on, let's try it on bacon. Let's put something else on it, so we've got another bacon."

Applegate sees thicker bacon and differentiation of smoke types as trends, says Rafael Lampon, director of product management. "The big trend in bacon processing is going back to more traditional methods and artisan approaches, like natural smoking and thicker cuts," he says.

Ron Goddahl of Goddahl's Quality Meats says younger consumers in particular want "exotic" flavor profiles. "Thai and other Asian flavors are popular as well as Indian and Middle Eastern," he says. "And let's not forget the rapidly growing demand for Latin spice combinations."

On another exploratory front, in addition to different meat-type options for consumers like turkey, chicken and beef bacon, MacKnight Food Group has released a smoked salmon bacon that "supermarket guru" Phil Lempert reviewed positively. "This doesn't taste like bacon (nor should!)," he wrote on his blog.

SugarCreek foresees a need for continued creativity on the part of brands, says Michael Richardson, chief operating officer. "We're going to continue to innovate new flavors and cooking technologies, and try to be ahead of the consumer as much as we can," he says. "The trends remain around bold flavors, and people wanting different smokes. ... You're seeing a lot of the cherrywood and applewoods out there. Some of those can get better at times."

Mike Sattow, president of North Country Smokeshouse, agrees that imagination is key. "They're doing such an interesting job with flavors that 30 years ago, people wouldn't have touched," he says. "They're rewarded when people purchase them. It shows that creativity pays."