Mintel Research Overview

February 2007

A $3.2 billion market struggling to survive in a post-Atkins world

Total U.S. retail sales of meat snacks, at current and constant prices, 2001-06

Year	Sales at current prices $million	Index	% change	Sales at constant 2006 prices* $million	Index	% change
2001	2,510	100	-	2,865	100	-
2002	2,571	102	2.4	2,889	101	0.8
2003	3,050	122	18.6	3,351	117	16.0
2004	3,386	135	11.0	3,623	126	8.1
2005	3,166	126	-6.5	3,277	114	-9.6
2006 (est.)	3,200	127	1.1	3,200	112	-2.3

* Adjusted for inflation using the All Items CPI

SOURCE: MINTEL/BASED ON INFORMATION RESOURCES, INC. INFOSCAN ® REVIEWS INFORMATION/SFA

Targeting women to increase sales

HH usage of meat snacks and beef jerky, single-person households, by gender, 2001-06

	2001	2002	2003	2004	2005	2006
Males						
	#	#	#	#	#	#
Base: males aged 18+ who live in an one person HH	892	682	710	772	679	694
	%	%	%	%	%	%
Eats meat snacks and beef jerky	26	20	23	33	31	34
Females						
	#	#	#	#	#	#
Base: females aged 18+ who live in an one person HH	1,787	1,452	1,491	1,574	1,498	1,508
	%	%	%	%	%	%
Eats meat snacks and beef jerky	13	13	16	18	23	24

SOURCE: MINTEL/SIMMONS SPRING NCS, 2001, 2002, 2003, 2004, 2005, 2006

New product introductions paramount to market's sustainability

Meat snacks, new product introductions, by flavor, 2001-06

Flavor	**2001** # of new products	**2002** # of new products	**2003** # of new products	**2004** # of new products	**2005** # of new products	**2006*** # of new products	**Total** # of new products
Beef	36	24	29	34	21	28	172
Teriyaki	8	10	9	6	8	14	55
Smoke	4	3	9	7	8	11	42
Pepper (unspecified)	11	1	5	4	3	9	33
Spice/Spicy	4	6	5	6	2	10	33
Steak	14	5	5	8	0	0	32
Pepperoni	3	2	6	5	2	4	22
Barbecue	3	1	1	2	4	8	19
Sausage	4	2	2	4	1	4	17
Smoke (Hickory)	3	1	3	4	0	5	16
Cheese (unspecified)	1	2	0	8	3	0	14
Turkey	1	2	2	4	0	4	13
Not Specified	0	1	0	1	11	0	13
Jalapeno Pepper	0	1	1	4	1	3	10
Flavours Unavailable	4	6	1	2	3	14	30
Other	12	16	16	27	9	15	95
Total	**62**	**54**	**52**	**68**	**60**	**104**	**400**

*Through December 6, 2006

Source: Mintel GNPD

Meat snacks making product claims to drive sales

Meat snacks, new product introductions, by claim, 2001-06

Claim	**2001** # of new products	**2002** # of new products	**2003** # of new products	**2004** # of new products	**2005** # of new products	**2006*** # of new products	**Total** # of new products
Low/no/reduced fat	17	20	20	30	19	36	142
Low/no/reduced carb	0	0	2	19	11	15	47
No additives/preservatives	0	12	3	10	1	13	39
All natural	0	12	8	3	4	7	34
Convenient	0	3	0	11	3	4	21
Premium	0	0	0	2	0	15	17
Low/no/reduced transfat	0	0	0	0	4	8	12
Vegetarian	0	10	0	2	0	0	12
Low/no/reduced sugar	0	0	4	4	0	4	12
Low/no/reduced calorie	4	0	0	5	2	0	11
Low/no/reduced cholesterol	0	10	0	0	0	0	10
Co-branded	0	0	1	2	5	1	9
Organic	0	0	0	0	4	3	7
Children (5-12)	0	0	0	5	0	0	5
Not specified	43	25	22	25	23	49	187
Other	2	4	2	2	1	2	13
Total	**62**	**54**	**52**	**68**	**60**	**104**	**400**

*Through December 6, 2006

SOURCE: MINTEL GNPD

Private label growth

FDM sales of private label meat snacks, at current and constant prices, 2001-06

Year	Sales at current prices $million	Index	% change	Sales at constant 2006 prices* $million	Index	% change
2001	11	100	-	13	100	-
2002	12	109	9.1	13	107	7.4
2003	16	145	33.3	18	140	30.4
2004	28	255	75.0	30	239	70.5
2005	32	291	14.3	33	264	10.5
2006**	37	336	15.6	37	295	11.7

* Adjusted for inflation using the All Items CPI
**Represents 52 weeks ending Oct. 8, 2006

Note: Excludes sales from Wal-Mart

SOURCE: MINTEL/BASED ON INFORMATION RESOURCES, INC. INFOSCAN ® REVIEWS INFORMATION

Market Segmentation

FDM sales of meat snacks segmented by type, 2004 and 2006*

	2004		2006		Change 2004-06
	$million	**%**	**$million**	**%**	**%**
Dried meat snacks	313	70.4	308	76.4	-1.6
Pork rinds	131	29.6	95	23.6	-27.4
Total	**445**	**100.0**	**404**	**100.0**	-9.2

* Represents 52 weeks ending Oct. 8, 2006

Notes: Excludes sales from Wal-Mart
Data may not equal totals due to rounding

SOURCE: MINTEL/BASED ON INFORMATION RESOURCES, INC. INFOSCAN ® REVIEWS INFORMATION

Company and brand sales

FDM manufacturer sales of meat snacks in the U.S., 2005 and 2006*

Manufacturer	Sales 2005		Sales 2006		Change 2005-06	% point change 2005-06
	$million	%	$million	%	%	
Frito Lay	95	23.3	91	22.5	-4.5	-0.7
ConAgra Inc.	71	17.5	65	16.2	-8.5	-1.3
Link Industries	46	11.3	59	14.7	28.8	3.5
Bridgford Foods Corp.	22	5.3	20	5.0	-6.1	-0.3
Private label	31	7.6	37	9.2	19.4	1.6
Other	144	35.2	131	32.4	-9.0	-2.8
Total	**409**	**100.0**	**404**	**100.0**	**-1.4**	**-**

* Sales for 2005 represent 52 weeks ending Oct. 9, 2005 and sales for 2006 represent 52 weeks ending Oct. 8, 2006.

SOURCE: MINTEL/BASED ON INFORMATION RESOURCES, INC. INFOSCAN ® REVIEWS INFORMATION

Company and brand sales: dried meat snacks

FDM manufacturer brand sales of dried meat snacks in the U.S., 2005 and 2006*

Company	Brand	2005		2006		Change 2005-06	% point change 2005-06
		$million	%	$million	%	%	
Frito Lay	**Total**	**68**	**22.4**	**68**	**22.1**	**0.3**	**-0.3**
	Oh Boy Oberto	67	22.0	67	21.7	0.8	-0.2
	Rustlers	1	0.4	1	0.3	-23.3	-0.1
ConAgra Inc.	**Total**	**71**	**23.6**	**65**	**21.2**	**-8.5**	**-2.4**
	Slim Jim	51	16.8	51	16.5	-0.1	-0.3
	Pemmican	20	6.5	14	4.5	-29.3	-2.0
	Other	1	0.3	1	0.3	-25.1	-0.1
Link Industries	**Total**	**46**	**15.2**	**59**	**19.3**	**28.8**	**4.0**
	Jack Links	46	15.1	59	19.1	29.1	4.0
	Other	0	0.2	1	0.2	7.8	0.0
Bridgford Foods Corp.	**Total**	**22**	**7.1**	**20**	**6.6**	**-6.1**	**-0.6**
	Bridgford	22	7.1	20	6.6	-6.1	-0.6
Private Label		21	6.9	27	8.8	29.6	1.9
Other		75	24.8	68	22.1	-9.0	-2.6
Total		**303**	**100.0**	**308**	**100.0**	**1.8**	**-**

* Sales for 2005 represent 52 weeks ending Oct. 9, 2005 and sales for 2006 represent 52 weeks ending Oct. 8, 2006.

SOURCE: MINTEL/BASED ON INFORMATION RESOURCES, INC. INFOSCAN ® REVIEWS INFORMATION

Retail distribution

U.S. retail sales of meat snacks, by channel, 2004 and 2006*

	2004		2006		Change 2004-06
	$million	**%**	**$million**	**%**	**%**
Supermarkets	368	10.9	323	10.1	-12.2
Drug	36	1.1	40	1.2	9.8
Mass	40	1.2	40	1.3	0.5
FDM subtotal	**445**	**13.1**	**404**	**12.6**	**-9.2**
Convenience stores	1,491	44.0	1,275	39.8	-14.5
Wal-Mart estimate	710	21.0	725	22.7	2.1
Other**	740	21.9	796	24.9	7.6
Total	**3,386**	**100.0**	**3,200**	**100.0**	**-5.5**

* Represents 52 weeks ending Oct. 8, 2006
** Other includes vending, food service, truck stops, dollar stores, online, catalog, independent retailers and any supermarkets or drug stores not tracked by IRI.

Data may not equal totals due to rounding

Source: Mintel/based on Information Resources, Inc. InfoScan ® Reviews Information/SFA

The Consumer: personal use of meat snacks

Personal usage of meat snacks, by gender and age, January 2007

Base: 2,000 adults (18+) with Internet access

	Yes %
Total	**48**
Gender:	
Male	51
Female	45
Age:	
18-24	60
25-34	51
35-44	53
45-54	52
55-64	41
65+	29

SOURCE: MINTEL/GREENFIELD ONLINE

The Consumer: frequency of meat snack purchases

Frequency of meat snack purchase, by gender, January 2007

"Please tell me how often you buy meat snacks, such as beef jerky, beef sticks or turkey jerky?"

Base: 958 adults (18+) with Internet access who have eaten meat snacks in the past year

	All	**Male**	**Female**
	%	%	%
More than once per week	7	8	6
Once a week	11	13	9
A few times per month	24	25	24
Once a month	16	16	16
Less than once a month	39	36	44
Never	2	2	1

SOURCE: MINTEL/GREENFIELD ONLINE

The Consumer: source of purchase by frequency of purchase

Source of meat snacks purchased, by purchasing frequency, January 2007

"Please tell me where you buy meat snacks (select all that apply)?"

Base: 941 adults (18+) who have bought meat snacks in the past year

	All	**Once a week or more**	**A few times a month**	**Once a month**	**Less than once a month**
	%	%	%	%	%
Grocery/supermarket	67	72	73	65	62
Wal-Mart	46	57	52	46	37
C-store or gas station	41	41	47	39	37
Club store	19	30	21	20	12
Other mass merchandiser	19	26	20	15	17
Drug store	12	17	16	13	7
Health food store	6	3	4	6	8
Other	3	8	2	3	2

SOURCE: MINTEL/GREENFIELD ONLINE

The Consumer: when users eat meat snacks

Occasions for eating meat snacks, January 2007

Base: 958 adults (18+) with Internet access who have eaten meat snacks in the past year

	All
	%
As a snack between meals	65
When camping or traveling	28
Anytime	25
As a meal replacement	8

SOURCE: MINTEL/GREENFIELD ONLINE

The Consumer: interest in non-traditional meat snacks

Interest in non-traditional meat snack types and flavors, January 2007

"Please indicate if you have tried or would be interested in trying the following meat snack options?"

Base: 2,000 adult aged 18+ with Internet access

	Have tried it; would eat again %	Have tried it; would not eat again %	Have not tried; not interested in trying it %	Have not tried; would like to try it %
Type:				
Ham	15	5	49	31
Chicken	12	5	51	33
Salmon	10	4	59	26
Vegetarian	6	4	64	25
Flavor:				
Flavored with barbeque	20	6	42	31
Flavored with jalapeno	15	6	54	26
Flavored with maple syrup	10	4	57	29

SOURCE: MINTEL/GREENFIELD ONLINE

The Consumer: interest in meat snacks as healthy snacks

Health/diet beliefs concerning meat snacks, by key demographics, January 2007

"Do you agree or disagree with the following statements about meat snacks?"

Base: 958 adults (18+) with Internet access who have eaten meat snacks in the past year

	Agree I eat them as part of a low-carb diet %	Agree They are a healthy snack %
Total	**30**	**68**
Gender:		
Male	30	67
Female	30	70
Ethnicity:		
White	29	68
Black	25	69
Asian	37	71
Hispanic	30	71
Region:		
Northeast	29	54
Midwest	30	71
South	28	70
West	33	73

Source: Mintel/Greenfield Online

The Consumer: reasons for not eating meat snacks

Reasons for not eating meat snacks, January 2007

Base: 1,042 adults (18+) with Internet access who have not eaten meat snacks in the past year

	All
	%
I don't like the taste	37
They are too salty	36
They are not healthy	28
I don't like the texture	25
They are too fattening	22
I don't like the smell	19
They don't fit with the image I have of myself	16
They are not naturally made	11
They are not filling enough	9
Other	21

SOURCE: MINTEL/GREENFIELD ONLINE

Future trends

- **Recent product introductions to impact growth**
- **Future product innovation**
- **Increased attention to advertising and promotion**
- **The next big thing: premium & organic meat snacks**

Forecast

Forecast of total U.S. sales of meat snacks, at current and constant prices, 2006-11

Year	Sales at current prices $million	Index	% change	Sales at constant 2006 prices* $million	Index	% change
2006	3,200	100	-	3,200	100	-
2007	3,334	104	4.2	3,221	101	0.7
2008	3,468	108	4.0	3,237	101	0.5
2009	3,602	113	3.9	3,249	102	0.4
2010	3,735	117	3.7	3,255	102	0.2
2011	3,869	121	3.6	3,258	102	0.1

* Adjusted for inflation using the All Items CPI

Source: Mintel