



EFFECTIVE MEATCASE MANAGEMENT

The 1990s provided the backdrop for some of the most concentrated competition in the retail food trades of any period in history. At the center of solutions to meet that competition is a surge to affect the best possible level of customer satisfaction. The basic challenge is to access timely and accurate information for the smooth and continual flow of products matched to customer demand and linking the consumer to the supplier through the retail system. There is an industry-wide desire to take costs out of the supply system and improve the focus on providing consumers with products they want, where they want them, and at a fair price.

But for a retail food store to attain these goals, they must rely on support from internal management, vendors and suppliers. At the meat counter in particular, a store manager can meet the demands of his or her customers best when company management encourages innovative store management and is not locked into time-honored, but highly inefficient systems and procedures. And it is vital that the suppliers and the rest of the livestock and meat industry adopt a similar philosophy of open and innovative management.

Category Management has been defined as, “ the distributor/supplier process of managing categories as strategic business units, producing enhanced business results by focusing on delivering consumer value.” The purpose of establishing Category Management procedures in a retail operation is to shift the emphasis on sales to fit customer needs – to be consumer driven. It is often the case that a retailer will promote products because a supplier has offered special deals or advertising support. Understanding the meat case through Category Management allows the manager to see that this type of short-term activity is not necessarily profitable. While suppliers remain important to retailers, focusing on customer needs will bring the retailer closer to increased customer satisfaction, sales and profitability. At that same time, establishing a firm Category Management policy should strengthen relationships with cooperating suppliers because both managers and suppliers can see the potential for profit.

Many retailers think in terms of total store, but industry research indicates that many, perhaps most, consumers make buying decisions category by category, not based on the total store. By identifying categories, a store manager can set goals and objectives for each, some as traffic builders, some a sales generators. Because customers can buy products anywhere, the retailer who zeroes in on the customer needs of his or her market or store and emphasizes service or price or availability of the product categories is apt to gain the business.

Category Management is still a relatively new way of thinking for many retail meat department personnel, mainly because they have not always had the tools needed to collect and analyze data with

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which to assess the value of the products they merchandise. Because of the variable nature of many fresh cuts, historically retailers have had no effective way of accurately measuring the amount of a specific product that was sold during any given period, or how much it sold for. Without this information, insight into true profitability is impossible.

With the streamlining of retail operations, management is requiring profitability from all store departments. Bringing programs like Category Management into the meat department is important not only to the retail meat manager, but to the entire meat industry.

Background

The Uniform Retail Meat Identity Standards (URMIS) is an industry-wide program managed by the National Cattlemen's Beef Association and the National Pork Board that encourages retailers to adopt a uniform retail cut "language" for their customers. Prior to URMIS a specific cut might have had several different names, depending on the store or region of the country. But in adopting URMIS, retailers across the U.S. could label every retail cut uniformly, thereby reducing consumer confusion at the meat case.

The adoption of URMIS, in turn, led to a structure for collecting sales data at the store level. This was done through the creation of a Universal Product Code (U.P.C.) for each URMIS-identified cut of meat available at retail.

By the early 1980s U.P.C. numbers and scanning technology had entered the retail world – but not yet for meat. Scanners and U.P.C. numbers replaced manual price entry at checkout counters nationwide for fixed-weight grocery items such as canned vegetables, boxed pasta or non-grocery items. Retailers were able to access the data on their products and make purchasing, restocking and marketing decisions based on that information.

By the mid-1980s the meat industry was able to start playing catch-up via a system for bar coding random weight products. The absence of that information was compounded by the technological difficulties of developing equipment that could weigh and code random weight products and accurately scan labels.

The system and equipment have now been developed to allow retailers to use scanning technology to collect and analyze the data from random weight items. When a meat cut is scanned, the information gleaned through its U.P.C. number identifies the cut, how much it weighs and how it is priced. This information, combined with back room data, can help a meat manager understand and manage product mix, efficiently calculate profitability and reduce shrink.

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Scanning

Utilization of U.P.C. scanning of random weight meat has provided meat managers with the much-needed capability to gather information on fresh meat cuts. Some advantages for using advanced scanning technologies with URMIS are that each individual meat manager can:

1. *Control inventories more precisely.* Total product received can be recorded as soon as it arrives at the store, and then can be accurately compared to exact sales figures, providing information on yield, cutting losses, rework and even pilferage.
2. *Rapidly and easily monitor the impact of changes* in product mix upon sales and profits. Even minor, or “subtle” changes can be monitored and evaluated on a continuous basis.
3. *Gain a better understanding of product movement during different day parts, days of the week or seasons of the year.* Production and ordering, as well as labor scheduling, can then be coordinated around high and low demand periods in order to ensure better in-stock positions and avoid out of stocks and lost sales.
4. *Effectively monitor sales data* showing not only the weight and dollar volume for meat department operations, but also information down to the cut level.
5. *Determine, quickly and accurately, the impact* of various advertising campaigns, tie-in promotions and other merchandising efforts on meat sales.
6. *Effectively reduce the error incidence of checkout clerks* ringing up meat items as grocery, produce or other store department items.



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Bar Code Structure. There are some similarities between bar codes for fixed weight and random weight items. For instance, both have 12 digits and the first digit is used to indicate if the item is fixed or random weight. The 12th digit is a code check digit. There the similarities end, with the 10 central digits being used differently. The bar codes for fixed weight items are arranged in what is called the “five-five” format. That is, the first five digits of the 10 central numbers are the manufacturer’s permanent identification number, assigned to each manufacturer on a one-time basis by the UCC. It appears on every U.P.C.-coded product which that company packages. The other five digits in the “five-five” format are used to identify the specific item. The fixed cost is cross-referenced at the checkout, since each same sized unit (a box or can, for instance) has the same fixed unit price at any given time.



For random weight products, the store itself often becomes the “manufacturer;” however, random weight items present a special challenge. For example, two packages of Pork Loin Butterflied Chops will sell at the same price per pound (at any given time), but because the packages are likely to weigh differently, they will have a different total price. The scanning equipment must know how to sort that out.

Reading the U.P.C. Label. In most states, labeling requirements for fresh meat stipulate that product description, net weight, price per pound and total retail price all appear on top of the package and be easily readable by a consumer in pounds, ounces (or hundredths of a pound) and a dollar amount. If a U.P.C. number is used, it also appears on top of the package, but is not in a format readily understood by consumers. The code is structured with the following characteristics:

1. The code satisfies the requirements of U.P.C. Guideline #11 for random weight meat items, as described in the “U.P.C. Code Format” section (see following).
2. The system applies to all consumer meat retail cut packages, whether produced in the retailer’s store, or at a remote locale such as a central meat cutting and packaging facility.
3. The overall number blocks are based upon the Uniform Retail Meat Identity Standards program.
4. The system is flexible and adaptable to meet growth and/or changes occurring in the industry.

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The U.P.C Code Format

The schematic below indicates the number code system with the position-by-position description on how it works with the random weight code format. (See Figure 1) Note there are 12 positions, one at each end and 10 in the middle.

The first digit – the number “2” – has been set aside for random weight items. (A zero, [“0”] indicates a fixed weight item.) The number system “2” accommodates both retailer packaging and manufactured packaged items which are sold on a price-per-pound, or random weight basis.

Retailer assigned. Of the 10 central digits, the first position (X_1) is to be used by the retailer for any internal information. For example, numbers 0-3 could denote rewraps, markdowns, special sale items, etc. The retailer could assign numbers 4-8 to specific vendors for vendor-packaged items, or use them to denote service versus self-service items. The number 9 should be reserved for products that need more numbers than are available in the URMIS structure (e.g., further prepared, cooked, smoked, and specialty items). Use of the number 9 in the X_1 position will allow for an extended list of numbers to be assigned to new and value added fresh meat items that would not otherwise fit into the original URMIS structure.

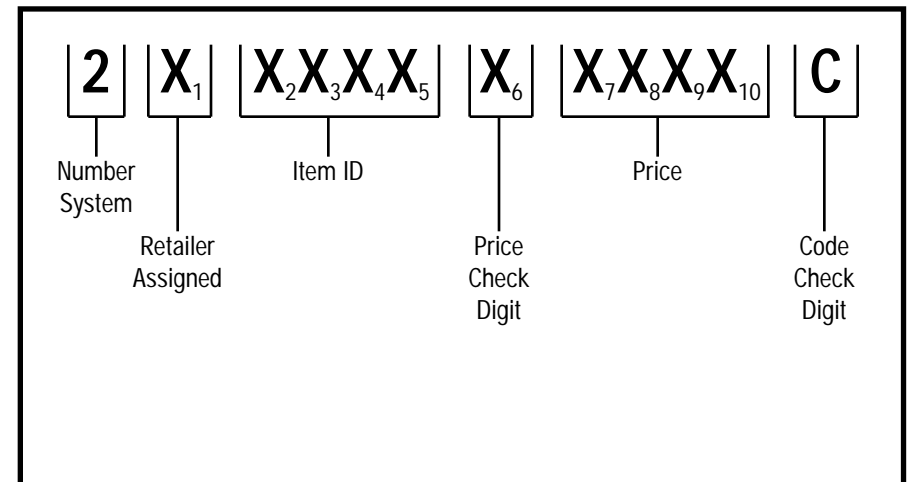
Retail cut. The next block of four digits (X_2, X_3, X_4, X_5) would be used to identify specific retail meat cuts, as identified in the U.P.C. listing.

Price check digit. The next position (X_6) is used by the electronic scanner as the check digit for the item’s package price.

Total price. The next four digits (X_7, X_8, X_9, X_{10}) have been designated to identify the total retail price of the individual package.

Module check digit. The twelfth digit (C) is the code check digit which verifies all other data.

Figure 1 – Bar Code Format.



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Summary

Once a retail organization has adopted the URMIS system supported by the standard U.P.C. numbers, it becomes possible to analyze and evaluate retail meat marketing systems accurately for the first time. The use of a uniform system assigning U.P.C. numbers to random weight meat cuts provides the retailer with an opportunity to capture detailed and accurate information on specific cuts sold in individual stores and also use those data across an entire set of stores. Coupled with scanning of incoming product, it provides an opportunity for the applications of improved accountability and management programs in the meat department. The information gathered allows for:

- ▲ Capturing weights from products shipped out of the warehouse after they have been selected.
- ▲ Electronic verification of product received at store level.
- ▲ Updating of cooler inventory showing the value of product in the cooler.
- ▲ Capture of production data, incorporating micro-processor capabilities at the scale into production systems.
- ▲ Electronic identification of what is in the meat case at any given time.
- ▲ Accurate reporting, via scanning, of what has actually been sold, to include the development of short and long term consumer purchasing trends, store by store.

While much of the information generated by scanning technology is not new, using the standard URMIS names and U.P.C. numbering system makes the information more accessible, useful, timely and more efficiently stored and retrieved, analyzed and summarized. It provides a keener measurement of store performance management. The data entry and retrieval terminal has replaced yesterday's clipboard with the information made understandable and useful to management. At last, the retailer has the ability to track actual sales across the scanning system at the front end and, in turn, interpret information necessary to make timely and effective merchandising decisions, thus maximizing profit opportunities. A store manager or division executive can tell suppliers exactly what is needed, and when, far in advance of the planned sales period.