

## The changing processing sector

*Case-ready has not only changed the retail meat case, it has created a change in the way the industry operates.*

BY HUSTON KEITH

**T**he growth of case ready has been a major driver in changing the structure of the meat

packing industry. The primary focus has been establishing a regional processing network.

After many years of seeking methods of central packaging, packers have decided it is simply not practical for the foreseeable future.

The trend to regional processing was initially led by small processors such as Alpha Meats in Southgate, CA, and Fairbank Farms in Ashville, NY, both of which were positioned to serve the densely populated West and East coasts. They could process and package ground beef, pork chops, and offal in over-wrapped trays and could deliver to stores the next day, sometimes using gas-flushed masterpacks for extra shelf life. Fairbank was also an early user of lidded trays.

As Kroger, Wal-Mart and others tested product and increased case-ready programs, other smaller processors developed capabilities. Taylor Packing, Wyalusing, PA, Colorado Boxed Beef, Winter Haven, FL, and Pinnacle Meats, Pottstown, PA, began supplying lidded trays, as did Clougherty in Vernon, CA. ConAgra's Swift & Co. plant in Santa Fe Springs, CA, in cooperation with Ralph's, also used over-wrap trays.

Things began to change when the giants began to develop regional plants of their own. Excel first bought a facility in Toronto, then used it for a model to develop a plant in Newnan,

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GA, to serve Kroger. It is reported that Excel is discussing similar opportunities with other retailers. Furthermore, it purchased Emmepak in Milwaukee, WI, and Taylor in addition to the plants being built in Massachusetts and Pennsylvania. Just two months ago, Excel signed a joint venture with Hormel, called Precept Foods, to supply branded case-ready meat to the market.

Fast-growing Smithfield, oper-



ating a small case-ready facility serving Kroger and other East Coast facilities, began rapidly augmenting its capabilities internally and via acquisition. It bought John Morrell, then re-started its moribund operation. The Morrell purchase was followed by Smithfield's acquisition of Packerland, Green Bay, WI, with its own case-ready beef operation, a half interest in Pinnacle Foods, and others. Smithfield has also attempted to buy IBP, American Foods, and Farmland Industries.

Industry giant IBP (now Tyson) began with central facilities. It purchased two closed Oscar Mayer plants, one in Sherman, TX, and the other Goodlettsville, TN, both ideally situated to serve the Southwestern and Southeastern states. IBP also converted a facility in Council Bluffs, IA, to further expand its capabilities.

Farmland National has also opened regional plants in Georgia, Pennsylvania, and Utah, not surprising since sister company Farmland Foods has long been

a proponent of regional plants. Farmland National is partly owned by Farmland Industries, which recently declared Chapter 11. It has reminded customers and investors, however, that it is a separate healthy company and

will continue its case ready growth as planned.

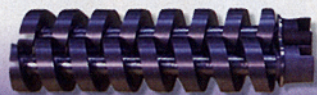
With the size and fast growth of case ready, more acquisitions are likely as processors position themselves for the gain market share and economies of scale.

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