



Mainstream appeal

The meat-snack segment snaps out of its niche

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How popular have meat snacks become in the past 10 years? Just listen to Dave Weaver, co-owner of meat-snack manufacturer Weaver Meats in Painesville, Ohio, describe the category's growth of jerky, snack sticks, kippered beef, nuggets and other products.

Weaver says his wife works at a beauty salon, and the women who frequent the place love his company's products. Imagine a woman getting her hair done while reading *Cosmopolitan* and munching on beef jerky.

"You would be surprised how many people like meat snacks," says Weaver, who owns and operates Weaver Meats with his older brother, Mike. "The customer base has really expanded."

Twenty years ago, Mike Weaver says meat snacks were mainly consumed by men, mostly blue-collar types, such as construction workers and landscapers. The products were also popular with hunters, anglers and outdoorsmen.

They still are. But more white-collar

men, women and children are consuming meat snacks. Jay E. Link, CEO of Minong, Wis.-based Jerky Snack Brands, says he recently sat next to a woman from Africa on an airplane who was snacking on beef jerky. "She's probably one of the last people you'd expect to eat beef jerky," Link says.

"The customer base has really expanded. More white-collar men, women and children are consuming meat snacks."

But the fact the woman was eating it made Link realize how far the category has come the past several years. "Meat snacks have become much more mainstream the past five years," says Link, who has been in the industry for 26 years and previously worked for Jack Link's, which was founded by his father, John.

According to global marketing researcher The Nielsen Co., the meat-snacks category

has grown 65 percent since 2003. Nielsen estimates the meat-snacks category was worth about \$1.145 billion in 2008. It was worth about \$700 million in 2003.

The boom

Dave and Mike Weaver saw the meat-snack boom coming a mile away. The brothers operated two small retail butcher shops in the early 1980s. They began making beef jerky and snack sticks in the mid-1980s and struck the taste buds of their customers. Jerky and meat snacks were gaining popularity nationally, and Weaver Meats made a product that people liked – a lot.

People were coming from three different counties to buy the jerky and meat snacks. Out-of-state residents wanted the Weavers to ship their products. But the Weavers couldn't sell their products outside of their store because of the store's retail-exempt status.

After several years, and realizing they had something golden on their hands, the Weavers decided to sell their retail stores



Mike (left) and Dave Weaver, owner of Weaver Meats.

and build a USDA-inspected processing plant, which opened in 1997.

At the time, Dave Weaver says the business was taking off. "When we opened this place, it seemed like everybody was jumping into the business at the same time," he says.

Weaver Meats makes its own line of beef jerky and meat-snack sticks, and it makes several private-label products, including Pacific Mountain Farms, Wild Ride Cowboy Strips and Chubby Checker Snacks. Weaver Meats' customers include Gander Mountain and Cabela's. The company only did business in three states when it began. It now has customers in all 50 states.

"Our client base got bigger and bigger in the early to mid-2000s," says Mike, whose company's growth reflects Nielsen's statistics.

According to Nielsen, Jack Link's, based in Minong, Wis., is the largest player in the meat-snack category with about 40 percent market share. ConAgra Foods' Slim Jim is second with about 21 percent. While Jack Link's doesn't reveal annual sales, Nielson estimates the company's sales were \$450 million in 2008, an increase of 156 percent from 2003 sales of \$176 million.

Jeff LeFever, director of marketing for Jack Link's, says the core customers of the category are still millions of outdoorsmen and 20-something males. But LeFever stresses that emerging consumers are important when looking at overall category growth, and Jack Link's has adapted to their demands by introducing products with bolder flavors and softer textures.

"Global flavor profiles and spicier tastes and textures of products appeal to the masses, which include women, white-col-

lar professionals, teenagers and 30- to 40-year olds," LeFever says. "Although often perceived as a male-dominated snack, our meat snack consumer base is about 55 percent male and 45 percent female."

Jerky Snack Brands was formed in 2006 when Link purchased Pioneer Snacks and changed the company's name. (Link departed Jack Links after his father terminated his employment in 2005 over a business dispute. Ironically, Jerky Snack Brands is located a short distance from Jack Links in Minong.) Link says consumer interest in meat snacks has grown substantially the

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Link says on-the-go consumers enjoy meat snacks for many reasons, one of which is they can take meat snacks almost anywhere they go. The portability factor has spurred growth as has the shelf-stable factor, Link adds. A package of beef jerky can be safely stored in an automobile's glovebox for months without losing its freshness and taste, he adds.

While not in the media spotlight like it once was, Mike Weaver says the low-carb, high-protein diet craze still has an impact on meat-snack sales. The Atkins and South

Beach diets provided a big boost to the category a few years ago. "Those diets were trends, but their founding principles still continue," he adds.

The fad also taught consumers protein can be good for the diet. Women began eating more meat snacks when they realized this, experts say.

"Meat snacks continue to be one of the best options for protein snacking – the added benefit is most are low in fat and calories per serving," LeFever says.

While more women have gravitated to the category, they're bringing their children with them, Link says. Appealing to younger consumers allows companies to be more creative with packaging.

"We've had some fun with the jerky chew products in a snuff can, which have been popular, especially in the past five years," Link says.

Speaking of packaging, improvements in that area have also helped spur the category, LeFever says.

"Knowing meat snacks have long been somewhat of an impulse item, we understood there was an opportunity to dial up the appetite appeal on the package as well as emphasize our brand," LeFever says. "Since our new packaging launch, we have seen marked improvements in our brand awareness and sales across our product lines."

Retailers, led by convenience stores, have also been marketing meat snacks more the past five years, Link says. They're allocating more slot space and running more advertisements than in the past, which has aided the category. Convenience stores account for 72.5 percent of meat-snack sales, according to Nielsen. Grocery stores account for about 20 percent.

Link says meat snacks have also gained more distribution in other segments, such as hardware stores, bait shops, legion halls and golf courses.

What's cooking with flavors?

If the meat-snack category continues to grow, will consumers see new flavors?

"There continues to be opportunity for new-product development driven by evolving consumer tastes," LeFever says. "The key to driving significant growth relies on bringing products with flavors that attract



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new users to the category and offer taste varieties that encourage more frequency among current users.”

Jack Link's recently introduced Flamin' Buffalo Chicken Nuggets, Sesame Teriyaki Chicken Nuggets and Sweet & Spicy Thai Beef Jerky to help attract new consumers.

Mike Weaver says barbecued flavor meat snacks “are taking off.” He notes that black pepper and teriyaki flavors have also been mainstays in the category.

Would consumers be interested in other unique flavors, perhaps something with a fruity twist?

“I don't think many people will want to try fruity flavors,” Dave Weaver says. “I

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think we can get too crazy with flavors.”

That said, Dave says Weaver Meats would be willing to manufacturer a new flavored jerky if a customer asked for it.

Link says the industry has tried several flavors over the years, and he expects companies will continue to test new profiles.

“There's always a new flavor coming out, and it's good to keep the category exciting,” Link says. “But at the end of the day, the sales are really in three flavors: original, teriyaki and black pepper. That's where 70 percent of the business is with all companies.”

Link is confident it will stay that way. “There are certain flavors in a smoke-cooked cured protein that bond to the proteins well and there are other flavors that don't,” he says.

Looking ahead

The Weaver brothers have had a good run with their business the past 11 years. Sales were so good – 15 percent to 20 percent growth the past several years – the Weavers had to double the size of their plant about four years ago. The business recently acquired a building next door to use as a warehouse.

Despite the recession, Weaver Meats had double-digit sales in 2008 and has done well thus far in 2009, says Mike, who would not

reveal annual sales. “We take every phone call that comes in,” he adds, noting that good customer service is vital to good business. “We try to cultivate relationships and give people the service they need.”

While the Weavers say the down economy hasn't hurt their business, both agree that high gas prices last summer did. Four bucks a gallon led to increased shipping and packaging costs. “Sales didn't go down,” Dave says. But profits were flat, he adds.

Link says the down economy has slowed the meat-snack business, but not as much as other food-sector categories. Link says Jerky Snack Brands has experienced an uptick of growth. The company's branded business was up more than 25 percent in the first quarter this year. But Link says this is expected because the young company is still in a growth mode.

“Overall, I think the industry is holding

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its own and ticking up a little bit in the first quarter,” says Link, but noting that it's not double-digit growth overall.

Category growth increased slightly in 2008 from 2007 – to \$1.145 billion from \$1.135 billion, according to Nielson.

Five years ago, several small- to medium-sized regional companies were fighting for a piece of the category's pie. Retailers car-

ried about eight brands, Link notes, which he says is too many.

“A lot of those companies have been acquired,” Link says. “The industry has gone through a lot of consolidation the past five years.”

But the fact that some of the smaller players have disappeared from the crowded category has increased opportunity for the major players to grow their businesses, Dave Weaver says.

Link expects more consolidation in the next five years. “And the moves will be bigger,” he adds. He also expects the category will become even more popular through increased marketing.

Jerky prices have increased little in the past 10 years, Dave Weaver says, but this



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is not necessarily bad news for meat-snack processors. For instance, Weaver Meats purchases raw materials cheaper than it did 10 years ago because it's buying more volume, thanks to growth in its business.

And speaking of growth, there's more room for the category to grow, considering that household penetration for meat snacks is around 40 percent, Link says.

“At least 60 percent of consumers aren't even shopping the category,” he says. “There's a lot of prize left.”

LeFever says the meat-snacks category is in a strong position for continued growth, given that it meets three key consumer trends in snacking – convenience, healthy choice and satiety.

“Convenience is met by widespread distribution, product portability, product packaging and no-mess eating – ideal for people and families on the go,” he says. **M&P**

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