URNER BARRY'S
Reporter

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the newsmagazine for the food industry professional

Looking for retail beef bargains?
It may be a long wait

If one is looking for some bargains on beef cuts at the grocery store, it could be a long wait, possibly two years or more and even then, it may be wise to not pass up a deal if one is found.

Cattle producers in some of the key states have battled severe droughts in recent years along with record-high feed costs, leading to a decline in the cow herd that put the overall herd as of Jan. 1, 2014 as the smallest since 1951.

> "CATTLE PRICES HAVE SOARED TO NEW HIGHS THIS YEAR. MEANWHILE, CORN PRICES ARE DOWN..."

Increased rainfall this year has improved the pasture and range conditions in parts of the Southwest while the Midwest has bounced back nicely from the severe drought it saw in 2012. However, some areas of the Southwest and most of California remain in dire condition due to the historic drought. Farmers and ranchers in those areas have trimmed their cattle herds significantly and are trying to find ways to maintain the current numbers.

Cattle prices have soared to new highs this year. Meanwhile, corn prices are down, well below the record highs, and front-month charts hit five-year lows in early October before bouncing back some recently.

Continued on page 70

California egg law set to be implemented ...

California proposition 2 avoids potential snag

On the 1st of January, 2015, California's egg market is set to change, potentially forever. After seven years of confusion and arguments on both sides, the voter-approved ballot initiative mandating changes to the state's production standards and 2010's state law AB-1437 are set to go into effect. Proposition 2 will require egg farmers in the state to expand their hen's enclosures to provide enough space for birds to lie down, stand up and fully spread their wings. Meanwhile, AB-1437 mandates that all producers selling into the state house their hens in facilities which meet these specifications and other vaccination and testing procedures.

In February, 2014, the Missouri Attorney General filed a lawsuit against California, attempting to block 1437 for reasons that it would be costly to the citizens of their state. Believing that one state mandating how others produce eggs was unconstitutional and hoping to avoid costly expenses to retrofit existing builds or constructing new compliant facilities, Iowa, Nebraska, Kentucky, Oklahoma, and Alabama joined the suit. On October

Continued on page 71

On the inside

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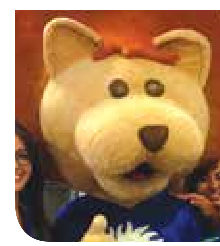
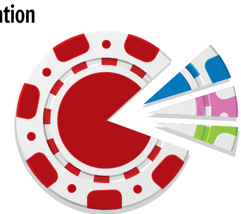
Center of the plate



Main ingredients

News bites



A la carte

National Turkey Federation celebrating 75 years

Contributed by the
National Turkey Federation

As turkey producers from 30 states chewed over their future 75 years ago, they had just organized a national promotion and advocacy group. During a luncheon featuring turkey steaks, those original National Turkey Federation members observed that broadening their product appeal with these new turkey selections would do much to open new avenues for turkey consumption. More broadly, their expectations were to work together to increase the consumption of turkey for a more profitable industry. Today, with product offerings continuing to be introduced and increased consumption still a core goal, the National Turkey Federation (NTF) celebrates its 75th anniversary.

The turkey industry has undergone an amazing transformation in the past 75 years. Workers are shown here with outdoor turkey flocks circa 1938. Photo Courtesy National Turkey Federation.

The pace of progress in those three quarters of a century has matched their times. NTF and its members met many early challenges. For example, NTF brought about the first government purchase of turkey for the federal school lunch program, but weather intervened in this market-boosting opportunity with the loss of 2 million turkeys killed by the "Armistice Day Storm" of November 1940. Modern-day convenience of frozen turkey was not yet available, destroying much of the supply of fresh turkey just weeks before Thanksgiving. Again, NTF addressed the needs of members, securing Farmers Mutual of Iowa to underwrite insurance compensating for future weather losses.

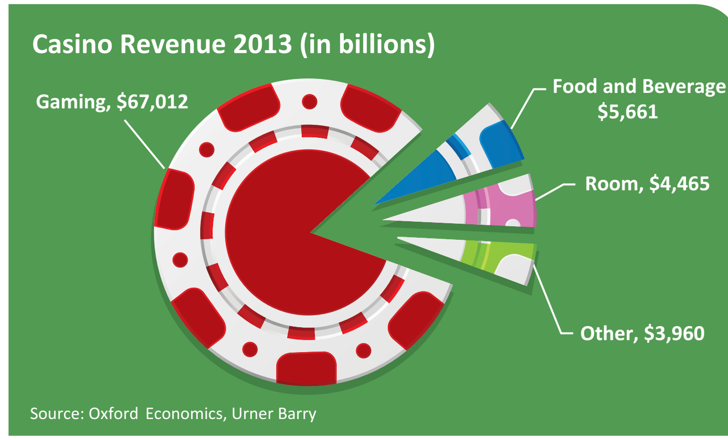
World War II brought a steady customer for turkey, supplying American troops, but as the war ended, NTF led the industry to adjust to attracting new customers in a peace time economy. In the mid-1940s, per capita turkey consumption stood just over two and a half pounds per person. NTF launched its first demand-building "Eat More Turkey" campaign, followed by "Summertime Turkey" that moved an additional 25 million birds onto the market. Other initiatives broadened turkey's appeal beyond the whole bird. Prior to this, some 90 percent of turkey was sold in the 40-day Thanksgiving marketing season and the other 10% stretched tight over the remaining 10 months. Today, 240 million turkeys are produced annually, with a variety brought to mealtimes where 81 percent of product is consumed year 'round, and no longer limited to Thanksgiving.

Research advancements followed in the next decades, funded with NTF member dollars, supporting innovations in animal care, management, mechanized processing and marketing turkey's nutritious and delicious appeal with "Meal Upgrade" and "Turkey. The Perfect Protein."

As NTF's 75th year begins, member support has committed voluntary investment to increase the per capita consumption of turkey. Consumer mealtime enjoyment of turkey has hovered around 16 pounds per person in recent years. Through the help of member companies volunteering their marketing managers and senior executives, NTF Chairman Gary Cooper has led a focused examination to influence consumers. His goal for increased poundage of "20 by 2020" is now backed by strategies to reach the decision-makers influencing turkey's availability and consumer's meal choices. NTF's engagement with those who influence consumers is more practical and cost-effective at this stage than directly advertising to consumers.

Many of NTF's member companies are celebrating their own 75-year milestones, in a business that has matured through work and wisdom for three generations. Many of the basic business approaches still hold true, and yet early progress was far from commonplace. Within a few decades, retail promotion of turkeys was year 'round, freezing and holding procedures allowed for sales throughout the year, and turkeys were right-sized to the ovens and lifestyles of the smaller family. For the business of selling turkeys to have gone from gathering eggs from outdoor nests to carefully-controlled genetics and climate controlled grow-out houses, is actually quite remarkable. If our past is indeed our future, 75 years has prepared us for a great start for generations to come.

Casinos looking to diversify revenue streams



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At the beginning of 2014, Atlantic City, New Jersey was home to 12 casinos. The onetime gambling hub along with Las Vegas has seen revenue taken away by competition from other states. With the decline of gambling revenue, four NJ casinos closed already this year, with another slated to close about the time of this writing. The Trump Taj Mahal is expected to join Trump Plaza, The Atlantic Club Casino Hotel, Revel, and The Showboat. Of the five, only The Showboat was making money. It is said that saturation in the Northeast market has contributed to the loss of income.

This is certainly a hit to the New Jersey market and the tourism industry the state is so dependent on. The consolidation may help the industry and it may force corporations to better meet customer demands, but that is better suited for another article. As previously stated, increased competition has led to one market's decline, but this has also helped the industry as a whole. While casinos diversify away from gaming revenues to reach larger audiences, this could help the food industry.

"CASINOS DIVERSIFY AWAY FROM GAMING REVENUES TO REACH LARGER AUDIENCES."

Oxford Economics was commissioned by the American Gaming Association to study the economic impact of the gambling industry. Some of the numbers are staggering. Total casino revenues, net of promotional allowances, was reported to be $81 billion in 2013. Of this total, 83% came from gaming revenue and 17% from non-gaming revenue. In addition, casinos employed more than 554,000 employees with nearly $26 billion in labor income. These are just some of the positive figures that came from the "Economic Impact of the U.S. Gaming Industry" released in September 2014.

It is the non-gaming revenue, and more specifically the Food & Beverage revenue that could incrementally help food companies. The report estimated the industry had $5.661 billion in revenue, or nearly seven percent come from this line item. Continued diversification, it would seem can only help the food industry.

So while one market is in need of help, it seems the stock market likes what these companies are doing overall. If we look at some of the publically traded casino names from the start of 2013 in the chart below, stock prices have appreciated between 1.79 percent and 85.66 percent. UB

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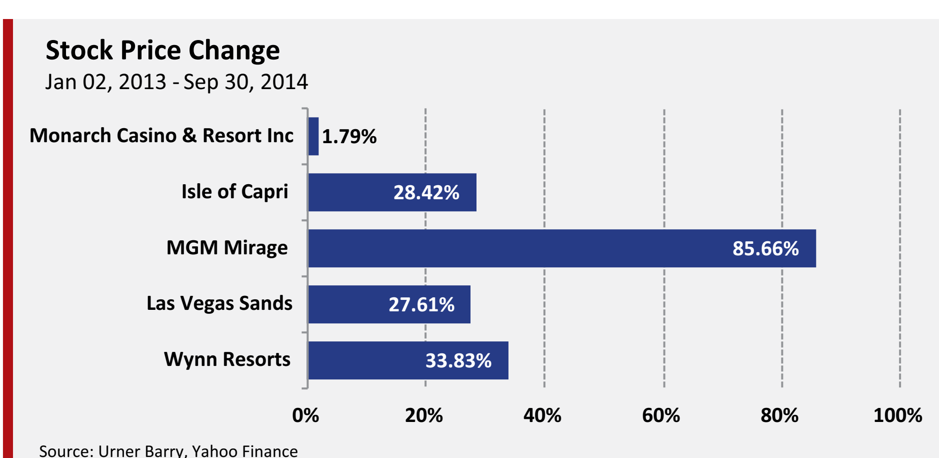

No mystery (meat) here ...

School lunch is a matter of taste...and health

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The United States Food and Nutrition Service administers several programs that provide healthy food to children including the National School Lunch Program, the School Breakfast Program, the Child and Adult Care Food Program, the Summer Food Service Program, the Fresh Fruit and Vegetable Program and the Special Milk Program.

Each of these state-administered programs is designed to help fight hunger and childhood obesity by essentially reimbursing organizations such as schools, child care centers and after-school programs for providing healthy meals to children. In 2012 new guidelines were introduced to help combat increasing instances of childhood obesity. According to the Center for Disease Control and Prevention (CDCP), childhood obesity has more than doubled in children and quadrupled in adolescents in the past 30 years. The percentage of children ages 6–11 years in the United States who were obese increased from 7% in 1980 to nearly 18% in 2012.

This rise in childhood obesity was the catalyst for a major overhaul in school lunch guidelines which was championed by First Lady Michelle Obama. It meant more grains, fruits and vegetables. A zero tolerance for trans fats was developed and caloric limitations instated. According to the USDA, 90% of schools are in compliance with students consuming 16% more vegetables and 23% more fruit.

However, the high costs of fresh foods and veggies are having implications on school lunch budgets. It is suggested that the wealthier districts, which can turn down government reimbursements, are doing just that in favor of more traditional meals that critics say are less healthy. Another drawback is the amount of food going to waste. The Government Accountability Office (GAO) released a wide-ranging audit of the Healthy Hunger-Free Kids Act nutrition standards this past March which found that 48 out of 50 states faced challenges complying with Mrs. Obama's Healthy Hunger-Free Kids Act. The new standards led to kids throwing out their fruits and vegetables, student boycotts, higher lunch costs, and odd food pairings such as "cheese stick with shrimp" in order for schools to comply with the complicated rules. Though the USDA has claimed the standards were "proving popular," the GAO report cited numerous cases where kids were unhappy with their new menus.

Be that as it may, Agriculture Under Secretary Kevin Concannon announced in May that additional tools were developed to help schools serve healthier meals and snacks in preparation of the new school year. The announcement included $5.7 million in Team Nutrition grants to state agencies administering the National School Lunch and Child and Adult Care Food Programs. The grants were to help states expand and enhance training programs that help schools encourage kids to make healthy choices.

"We're committed to supporting schools who want to ensure students head back to a healthier school environment," said Concannon. "Parents, teachers, and school nutrition professionals want the best for their children, and want to provide them with proper nutrition so that they can learn and grow into healthy adults. USDA is proud to support the Smarter Lunchroom movement that provides schools with practical, evidence-based tools that they can use to help their students have a healthier school day."

It may be working. According to a new report from the Robert Wood Johnson Foundation, the majority of the nation's children have grown to accept these new, healthier meals. Their study found that 70% of elementary school leaders nationwide reported that students like the healthier school lunches that rolled out in fall 2012. Other highlights of the research include:

- ✔ Across all grade levels, most respondents reported that students complained initially in fall 2012, but that far fewer students were complaining by the time of the surveys in spring 2013—showing that students like healthy food as they grow more accustomed to it.

- ✔ Respondents from elementary and middle schools, where a large proportion of the student body was eligible for free or reduced-price lunch, reported that very few of the students were discarding the meal.

Clearly the lines of deliberation can be blurred. School district economics are playing a leading role in muddying the waters as to the relative success or failure of the "new" school lunch program and its healthy leaning guidelines. Other influences can help shape success or failure as well. Some districts where students are allowed to leave for lunch say that when the new guidelines were put in place more student's left campus and less money was spent in the cafeteria. On the other hand, studies suggest that schools which predominantly serve lower income students tend to enjoy higher cafeteria revenues and student participation. The schools are unable to simply leave the program and, as many or most students can't afford to eat out, administrators and workers are making it work.

With nearly 31 million students now participating in the National School Lunch Program each day, the next generation of students will likely experience changing cafeteria roles and the nutritional responsibility they share with parents in supporting healthy eating habits. When the new standards were developed, USDA was also looking for students to enjoy the healthier offerings they receive. That isn't necessarily the case.

For 2014-15 another school year is well underway for the nation's 50 million elementary and secondary school students. Neither the FNS, USDA nor Mrs. Obama are showing any significant changes in posture. That leads many to the conclusion that, with some time, students will adapt and grow to like or at least appreciate the healthy leaning cafeteria menus. In the meantime, exploring financially feasible alternatives for families and school districts, while providing healthy and wholesome meals for American students, will continue to present a challenge for the National School Lunch Program and those who administer it. UB

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Jidori Chicken™ – delivering freshness

Nearly every self-proclaimed foodie, and certainly every master chef, is familiar with Kobe beef; the highly-marbled delicacy from the prized Wagyu cattle of Japan. Well, not to be outdone by its four legged farm friend, a special type of chicken, also rooted in Japanese tradition, is making a splash on the culinary scene.

Dennis Mao, President, Jidori Chicken (C) is seen here with the processing crew responsible for delivering the "freshest chicken possible."

Unlike Kobe beef, the Jidori Chicken™ brand does not correspond to a specific region of Japan. Its name however, is Japanese rooted. Conventional wisdom is that the original "Jidori" chicken began when a valued pure breed of chicken called Hinaidori was crossed with the Rhode Island Red to create Akita Hinai-jidori, with Akita referring to the prefecture of Japan, and Hinai referring to the town. In Japanese, the term "Jidori" means something like "from the ground." In its simplest translation then, a Jidori Chicken means "chicken of the earth." It was a term the Los Angeles-based chicken company first began using to market to the many Japanese chefs heading the kitchens of some of the best restaurants in LA. These chefs began the "Asian fusion" cooking movement that demanded the freshest quality ingredients much like their sushi traditions. From there Jidori Chicken quietly spread to include all chefs from a variety of backgrounds and training.

We are getting a little ahead of ourselves. *Urner Barry's Reporter* asked Dennis Mao, who founded the company about 20 years ago, about the origins of the brand. In the early 1990s, he believed there was an American market for Jidori-style, organic, free-range birds. It was then that Asian fusion and European-influenced cooking hit the scene and fresh ingredients were at the root. Mao, who worked with his mother Susan operating a small local live slaughter poultry house, started Mao Foods to deliver the highest quality, vegetarian fed, humanely raised, and perhaps most importantly, freshest chicken available. It's freshness that sets apart Jidori-style and traditionally processed chickens. Mr. Mao says that each day, "we start early in the morning before the public is awake. The birds are trucked in from California's Central Valley and processed under strict HACCP guidelines with USDA inspection of every single bird." The company guarantees that whole bird orders will be shipped within 24 hours of slaughter and any cut-up or fabricated pieces will be shipped within 48 hours. Mao says that the unparalleled freshness is evidenced by a pinker breast. Furthermore, birds are not allowed to retain water. According to Mao, reduced water content greatly enhances the natural taste of their chicken. Additionally, most of the processing is done by hand. "People simply do a better job than automated machines when it comes to product wholesomeness." Automated machines can't see when a cut is made poorly, which often results in product contamination. Also, by working with a small number of farmers and having a small boutique processing plant, the company controls the process throughout the supply chain.

Wolfgang Puck was an early adopter of Mao's Jidori Chicken. He, along with other prominent chefs and renowned culinary destinations, helped their status grow on the LA restaurant scene. When sous chefs would leave to go out on their own, they desired to have the new kitchen follow the same successful formula; including utilizing the Jidori Chicken! Dennis is quick to mention that he has never had to sell the product; "the chefs sold it for me." In speaking with Mr. Mao, it is apparent that he is a man open to new ideas and eager to be educated. He says that he has learned a great deal from some of the more visible household names in retail. "Why do I shop at Amazon, because I feel secure. If I'm not satisfied, I know they will do right by me, no questions asked. It's the same way with our chicken—100% guaranteed."

With such a strong reputation Mr. Mao has no shortage of customers who want his chickens and significant growth potential certainly exists. In Los Angeles alone there are 15 million consumers, and Mao has no intention of operating on a "grander scale." He says that is just a recipe to "lose control" of what he has been so fortunate to be a part of. "I just want to make sure that our existing customers are happy." UB

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"PEOPLE SIMPLY DO A **BETTER JOB** THAN AUTOMATED MACHINES WHEN IT COMES TO PRODUCT WHOLESOMENESS."

GOAL 2014 addresses array of issues ...

GOAL will return to North America in 2015

Article submitted by
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With a successful GOAL 2014 in the rearview mirror, the Global Aquaculture Alliance is gearing up for a productive GOAL 2015 in Vancouver, Canada—the first time in six years that the GOAL conference is being held in North America.

This year's conference program featured 50-plus speakers and more than 425 attendees. As usual, attendees spanned the seafood supply chain. According to the conference's automatic response system, buyers represented slightly more than 40% of attendees, followed by producers at 13%, suppliers at 8%, government/institution at 6% and other (finance, academics, NGO) at 32%.

The four-day conference program reflected the diversity of attendees, with an array of topics relevant to all. The major topics addressed at GOAL 2014 were health and disease management (particularly early mortality syndrome in shrimp), zone management, aquafeed sustainability, smallholder engagement and marketplace accessibility, food safety, and aquaculture insurance and risk management. Also, individual presentations touched on China's marketplace, the aquaculture landscapes of Indonesia and Vietnam, and engagement of the investment community.

EVOLVING THEMES

Next year's conference program is already in development. At least four themes will likely carry over from Vietnam to Canada.

Health and disease management is a fixture of the day one program, and GOAL 2015 will be no exception. At GOAL 2014, GAA President George Chamberlain was the bearer of good news and bad news. "The battle against early mortality syndrome is shifting from guessing what to do to implementing what works," he said. However, new diseases are already appearing in shrimp in Asia—diseases that will surely be explored at GOAL 2015.

Zone management is also shaping up to be a theme of GOAL 2015. Zone management—a key to effective disease management—created a buzz at GOAL 2014. Peter Marshall of R.S. Standards, who chairs the Best Aquaculture Practices Zone Management Technical Committee, expressed that zone management can be a vehicle by which to move small-scale farmers closer to third-party certification and help attract investment.

Aquafeed is sure to return as a theme at GOAL 2015. An entire day of the GOAL 2014 program was dedicated to aquafeed sustainability. The seminar—which featured 16 speakers and a robust question-and-answer session—drew more than 150 attendees and centered on the environmental and social concerns related to aquafeed production. GOAL 2015 will offer an update on the work being done to improve the social components and other aspects of reduction and by-catch fisheries.

Finally, the need to better involve small-scale farmers in the sustainable seafood movement is destined to carry into GOAL 2015, given the attention it garnered at GOAL 2014. GAA and others are advocating a stepped approach to smallholder engagement, because the majority of small-scale farmers are not ready to pursue third-party certification. GOAL 2015 will offer an update on initiatives to engage smallholders.

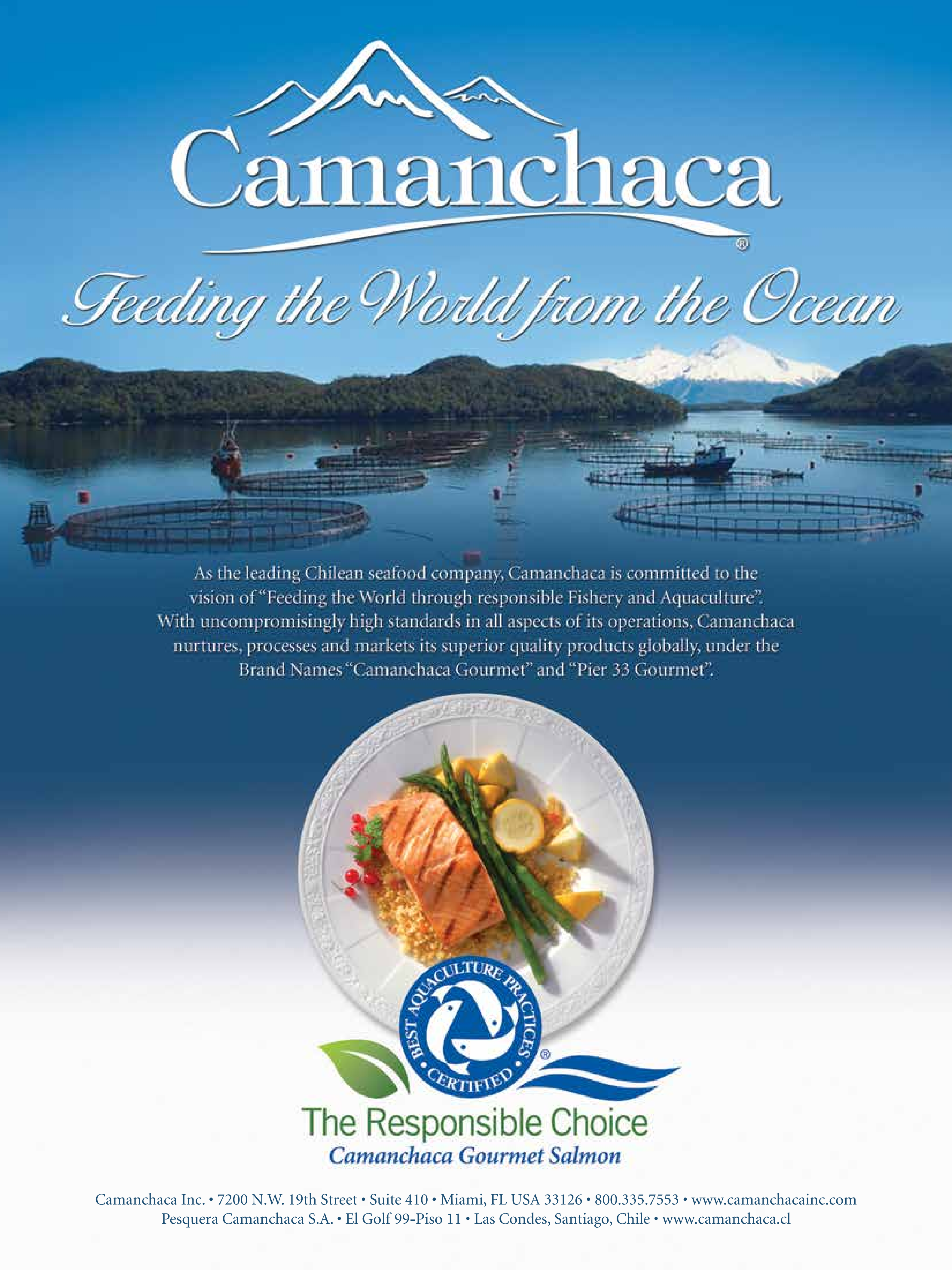
GOAL participants listen to presentations while attending the conference in Ho Chi Minh City, Vietnam.

NEW TOPICS

Other themes will be relatively new next year, particularly consumer education. At GOAL 2014, GAA Executive Director Wally Stevens added consumer education as the seventh major challenge facing aquaculture.

Vancouver is an ideal place to dive into the topic. It is an environmentally conscious city with sophisticated seafood consumers. It is also a breeding ground for aquaculture misinformation, so GOAL 2015 presents an opportunity to set the record straight.

Given its prevalence on Canada's west coast, salmon aquaculture will also be prominent next year. Canada's salmon aquaculture leaders—and those from other salmon-farming countries like Chile—are being invited to speak at GOAL 2015 about leadership and the future of their industry. UB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Dunkin' expands into Indian market

"…RESTAURANTS SUCCEED OR FAIL IN NEW MARKETS BASED ON THEIR ABILITY AND WILLINGNESS TO ADAPT TO CONSUMER TASTES."

Fred the Baker has been waking up in an unfamiliar place lately, and has since perhaps learned to say "it's time to make the donuts" in Hindi or Marathi. In 2011, Dunkin' Donuts began its deliberate but aggressive expansion into India, the second-largest country by population and the tenth-largest by GDP. Dunkin' typically uses a franchise model, and this expansion is no exception. The rights to Dunkin' in India are owned by Jubilant FoodWorks, the company responsible for turning Domino's Pizza into one of the most ubiquitous restaurants in India.

At the time of this writing, Jubilant FoodWorks has opened 36 locations in 12 cities, most importantly Delhi, Mumbai, and Bangalore—three of the most significant urban markets. According

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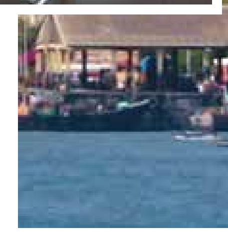

to Jubilant CEO Ajay Kaul, they are getting "great reception from [their] guests in cities including New Delhi and Mumbai." With Indian consumers loving the flavor and concept, this seems like an early win for the chain. Kaul has also said the company plans to expand to a total of 500 stores, sometimes ambitiously stating in interviews that this can be accomplished in about five years.

Figuring out to what one can attribute success or failure in a foreign market is no easy task. Undoubtedly, restaurants succeed or fail in new markets based on their ability and willingness to adapt to consumer tastes. For example, when McDonald's expanded into India in 1996, their core competency—beef—had to be abandoned. The Maharaja Mac, originally made with lamb and later switched to chicken, became their flagship, and other items such as the Big Spicy Paneer Wrap appeared later to appeal to local tastes and flavors.

Dunkin's approach appears no different, but they benefit from the fact that they do not need to abandon their core competency in order to comply with Indian dietary customs and restrictions.

Mumbai, a hub of Indian commerce.

Very few if any of their most common pastries and sandwiches even include beef, eliminating one of the most obvious problems of expanding most U.S. restaurants into India. They are also creating menu items to adapt to local tastes, such as the recently launched Wicked Wrap—which includes spicy chicken tenders and nachos inside a tortilla—and an iced tea flavored with Indian spices to appeal to the local palate.

Overall, it looks like this business venture may be destined for success. As the Indian economy continues to develop, it is likely that demand for quick, relatively low-cost food and caffeinated beverages will increase. Additional confidence is inspired by the fact that this venture is under the supervision of a company which has experience making U.S. brands shine in the Indian marketplace. These two truths will likely propel the brand to greater heights. UB

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Reaching consumers at the point of purchase

By Joanne C. Ivy, CAE,
President & CEO, American Egg Board

During the last two years, the American Egg Board (AEB) has increased its efforts in the retail channel through various promotions, outreach and even research. The incredible edible egg™ benefits from major shopper marketing promotions that help drive retail egg sales. Eggs remain a sought-after partner because of their versatility.

PROMOTIONS & PARTNERSHIPS

These partnerships are executed at minimal cost to AEB as the partner products need eggs to tie the offer together. Here is a look at AEB's efforts in 2014:

February: AEB teamed up with Avocados from Mexico and Cholula Hot Sauce on a national offer of *Buy 3 Avocados and 1 Hot Sauce, Get a Dozen Free Eggs.* A free-standing insert (FSI) delivered promotion details to 40 million households. Other elements included in-store radio in 9,600 stores, point-of-sale signage and recipe tear pads.

March: Butterball Turkey Bacon and Arnold Sandwich Thins partnered with eggs for an offter to *Buy Turkey Bacon and Sandwich Thins, Get a Dozen Free Eggs.* An ad in *All You* magazine promoted the offer. Both Butterball Turkey Bacon and Sandwich Thins, including the Arnold, Brownberry and Oroweat products, ran an and offered on-pack instantly redeemable coupons (IRCs).

April: For the second year in a row, AEB partnered with Keebler Crackers for an offer to *Buy Two Keebler Crackers, Get a Dozen Free Eggs.* The offer was communicated via 2.7 million IRCs on Keebler packages, in-store displays and e-newsletters.

In addition, as part of AEB's Easter outreach, coupons for *$0.55 Off the Purchase of Two Dozen Eggs* were offered to Incredible Egg Facebook fans. Nearly 50,000 coupons were downloaded in 24 hours. In-store signage also appeared in 7,800 stores. Last year, AEB saw a 4 percent lift in stores with signage, compared to stores without signage.

AEB also partnered with PAAS on a joint advertorial in *Parents* magazine, along with in-store signage and an online video component. This partnership included digital and social initiatives that centered on Easter—as well as integration in Parents "Mom+" App. Shelf-talkers were distributed in 250 Kroger stores nationwide.

August: AEB leveraged the popular social media application, FourSquare. As parents and kids check in at grocery stores to pick up breakfast and lunch supplies for the back-to-school season, they saw Incredible Edible Egg advertisements and recipe ideas on their mobile devices. These ads remind parents to pick up an extra dozen eggs for incredible weekday breakfasts.

August - October: Three different promotions with the Florida Dept. of Citrus reached consumers at 2,400 Kroger stores; 759 Ahold (Stop & Shop, Giant, Martin's) stores; and Walmart Supercenters; the latter was communicated via an ad in *Woman's World* magazine and in-store signage and recipe card tear pads. The coupon offers tied together to the purchase of eggs,

American Egg Board (AEB) has increased its efforts in the retail channel through various promotions.

Florida Orange Juice and Pillsbury Grands! Biscuits in varying combinations including:

Buy 1 Dozen Eggs and 1 Orange Juice, and Save $2

Buy 1 Orange Juice, and Get a Dozen Eggs Free.

Buy 1 Orange Juice and 1 Pillsbury Grands! Biscuits, and Get a Dozen Eggs Free.

Together, these promotions helped drive eggs sales ahead of the all-important holiday baking period.

OUTREACH TO SUPERMARKET DIETITIANS & ADVISORS

AEB presented a 20-minute presentation titled "Today's Nutrition Powerhouse: the Incredible Egg" at the 2014 Shopping for Health Supermarket Dietitian Meeting, attended by dietitians and consumer affairs advisors employed by major grocery retail chains around the country.

Goody bags with AEB's printed materials and flash drives were hand delivered to the supermarket guests who attended the conference including representatives from Meijer, Safeway, Weis Markets, United Supermarkets, HAC Retail, Whole Foods, Hy-Vee, Kings Food Markets/Balducci's, Mrs. Green's Natural Market, Wegmans, Loblaws Stores, Inc., Big-Y, Raley's, Ingles Markets, Redner's Warehouse Markets, Hannaford Brothers Supermarkets, Wakefern Food Corporation, King Soopers/City Market and Schnuck Markets.

AEB's presentation was highly ranked by attendees, and plans are underway to continue conversations with these influencers.

PACKAGING TASK FORCE

AEB also created an industry task force of egg producers and egg packaging companies to help re-invent the egg shopping experience. The task force started with inaugural research on the egg carton, itself. This research included a global audit of egg packaging from around the world and consumer focus groups. This process highlighted that fact that the United States is behind other countries' innovations in terms of packaging forms, colors and attractive graphics.

Two egg packaging concepts were developed and put into quantitative consumer testing. One concept was nutrition-messaging focused to highlight a variety of health benefits eggs provide, while the other was more pastoral and farm-themed in nature. The good news is that both concepts performed extremely well and are superior to existing packaging, as they positively influence consumer appeal and interest in buying eggs. Other key findings included:

- ✔Simplify and contemporize the graphics and design.
- ✔Consumers react favorably to the inclusion of health/nutritional messaging, which enhances/broadens potential usage occasions.
- ✔Farm scenery (and the color green) is also positively received, as it conveys the "natural" aspect of eggs.
- ✔The inclusion of inner-lid preparation instructions (how to hard boil an egg) is seen as helpful, and makes shoppers more interested in buying.

The task force has used this research to develop best practices for egg packaging, which can be found online in the retail section of AEB.org. Additionally, two in-market tests are underway to help further validate these findings. AEB will share those tests as they become available. AEB also recently completed path-to-purchase research intended to help us better understand egg shoppers' decision making process. Key findings from this research include:

- ✔Overall, shoppers have a positive mindset during purchase of eggs. Costco shoppers report the most positive shopping experience. This may be tied to the simplicity at shelf (fewer options). Kroger shoppers find the egg experience overwhelming. Walmart shoppers also felt overwhelmed, and freshness was a major concern at shelf—but they found the eggs affordable. Comparison of retailers highlights room for improvement especially for Walmart.

- ✔Price, egg size and package quantity are the top ranked factors in the shopper's decision tree, followed by "type" of eggs and perceived freshness. Consumer were very confused as to why the egg case is merchandised the way it is currently. There's an opportunity to reorganize and simplify the egg case by decision-tree segmentation: First by egg size, then package quantity, then type.
- ✔While price plays a big role in the selection process, recommendations from influential experts such as chefs and health professionals can also influence purchase desire.
- ✔There is high cross-purchase between dairy products and eggs.
- ✔In general, optimizing packaging can improve the shopper experience by better communicating product benefits and making it easier to evaluate preferences. Emphasizing eggs benefits can influence shoppers to buy more eggs.
- ✔Protein is considered the most important benefit of eggs. Interestingly, convenience was also ranked highly as a key benefit of eggs.

AEB will leverage this research to guide our consumer marketing efforts moving forward. If you would like more information on AEB programs or recent results, please do not hesitate to contact me by phone, 847.296.7043, or by email, jivy@aeb.org. UB

A recap of the 2014 corn season

The 2014 corn situation was a pleasant surprise to the meat and livestock industry. After experiencing record high feed costs which began in 2010 and lasted well into 2013, the expectation for ample supplies of corn this year were most welcome.

Crop progress and conditions reported weekly by the USDA exceeded industry expectations in many instances during the growing season. Favorable weather conditions in most states supported planting and propelled crops through each stage of growth with extreme efficiency.

Corn futures experienced an overall downtrend over the course of this year, hitting a 4-year low in late July, then dropping to a 5-year low in late September. The December contract found a bottom at around $3.20 per bushel in late September/early October trading. Since then, a slow but fairly steady appreciation has been noted.

The initial uptick was most likely a result of concerns over a slow start to the harvest season. The 2014 harvest lagged in many regions of the country as compared to previous years, as wetter-than-normal conditions delayed harvest activities. This prompted a rally in corn futures as the growing fear over completing the harvest, before corn quality deteriorated, was felt throughout the industry. Yet, despite a slower harvest progression, the health and condition of the corn crop remained positive and expectations for exceptional yields endured.

According to the USDA's November edition of the Crop Production report, corn production is forecast at 14.4 billion bushels, down slightly from the previous forecast, but up 3 percent from 2013. Based on conditions as of November 1, yields are expected to average 173.4 bushels per acre, down 0.8 bushel from the previous forecast but 14.6 bushels above the 2013 average. If realized, this will be the highest yield and production on record for the United States.

U.S. corn use for 2014/15 is projected slightly higher with a 5-million-bushel increase in expected food, seed and industrial use—according to the latest World Supply and Demand Estimates (WASDE) report.

As of this writing, portions of the upper Midwest are still struggling to complete harvest activities as snow has fallen in parts of Michigan, Minnesota, Wisconsin and the Dakotas. The corn harvest often extends into November, however the initial delays in the season are putting extra pressure on farmers to combine fields aggressively when the weather allows.

Going into 2015, the concern will be the cost and time it takes to dry the corn to maintain quality—especially after a wetter-than-normal harvest—in addition to storing and transporting of the record amount of grain that is anticipated. UB

Article written by **Jamie Chadwick** | jchadwick@urnerbarry.com

"... DESPITE A SLOWER HARVEST PROGRESSION, THE HEALTH AND CONDITION OF THE CORN CROP REMAINED POSITIVE AND EXPECTATIONS FOR EXCEPTIONAL YIELDS ENDURED."

Fresh and sustainable seafood

"THE MODEL THEY DEVELOPED HAS BEEN TO MATCH SUSTAINABLE FISHERIES AND THEIR FISHERMAN TO CHEFS IN NEED OF FRESH SEAFOOD …"

© Darryl Brooks | Dreamstime.com

Sustainability in the seafood industry is far from a new topic; nonetheless, an ever-growing movement exists towards ensuring there is a fishing industry in the upcoming years. Between an increasing global population and healthy demand from consumers, there is a delicate balance in meeting current demands without compromising the ability to provide enough species for consumption in the future.

A popular movement is community-supported fisheries such as "Sea to Table," "Boat to Throat," "Dock to Dish" and several other similar themes. Through these fisheries local chefs and fisherman are working together to have consumers eat what the ocean tells us is plentiful as opposed to overfishing these depleting populations of fish stock. For example "Dock to Dish" out of Montauk, NY is a community-supported fishery where fishermen provide local chefs with fresh seafood they catch in less than 24 hours from "Dock to Dish." For approximately $2,500/month these fisherman provide local restaurants with 100 pounds of fish per week. Each week, the fishermen provide chefs with 50% premium fish and 50% bycatch.

In Louisiana, the Louisiana Wildlife & Fisheries Commission passed the Louisiana Catch and Cook Program where retail establishments who acquire a free permit can cook seafood on site that customers bring in as long as it is properly packaged and refrigerated. This program is in its final approval stage and once it passes through a public-comment period, Louisiana restaurants will be able to acquire these permits.

"Sea to Table" which is owned and operated by the Dimin family started with an idea after a vacation to the remote village of Tobago, a small island off the West Indies. There they came across the problem of fishermen coming in with bountiful catch and no market to sell the fish. The model they developed has been to match sustainable fisheries and their fisherman to chefs in need of fresh seafood. Since then they have partnered with local fisherman throughout the U.S. to not only give chefs the freshest seafood possible, but also provide them with a connection to the fishermen who brought in their catch. While having different methods of going about it, each program has a common theme involved—to provide consumers with the freshest seafood possible while maintaining a balance with the ocean's plentiful catch. UB

Article contributed by **Nicole Bessemer**
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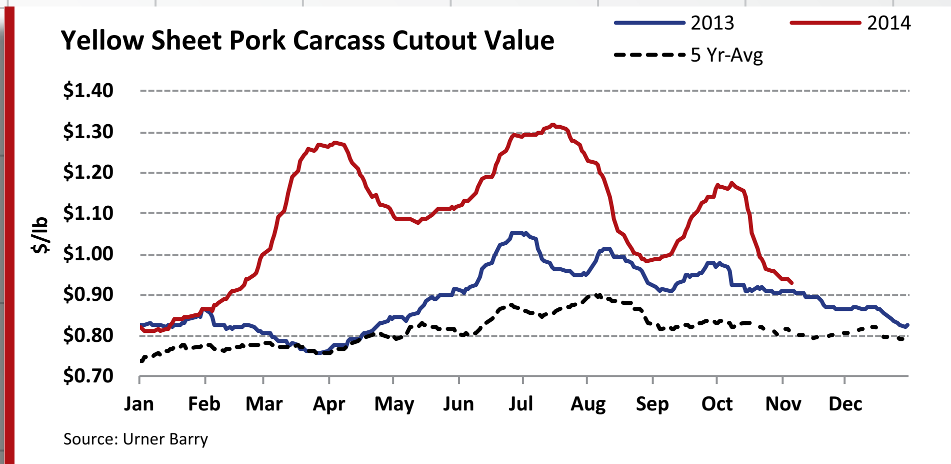
Pork values have been on a roller coaster in 2014 …

Irrational exuberance in the pork cutout

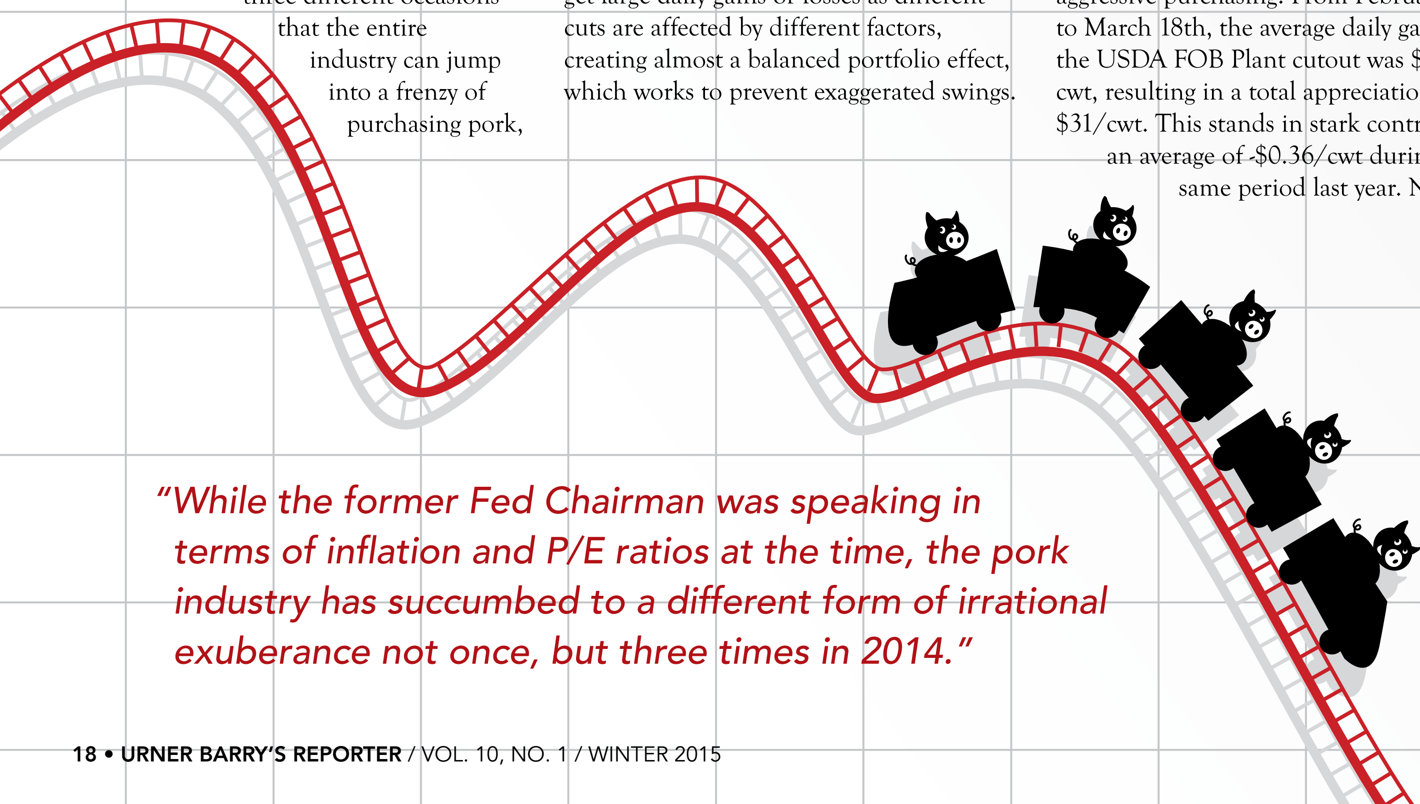


Source: Urner Barry

In 1996 during the "Dot-com bubble," Alan Greenspan posed the following question in a speech: "… how do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions…?" While the former Fed Chairman was speaking in terms of inflation and P/E ratios at the time, the pork industry has succumbed to a different form of irrational exuberance not once, but three times in 2014. We began 2014 with the knowledge that due to PEDv, or Porcine Epidemic Diarrhea virus, hogs were going to be less available throughout the year; yet to what degree and during what time period was largely speculative. While hog supplies were certainly constrained this year, the highly aggressive price movements of pork and hogs that occurred multiple times reflected a much more exaggerated situation than what was actually present. Perhaps participants were more sensitive to news of supply constraints than previous years due to the uncertainty of PEDv, however, we saw on three different occasions that the entire industry can jump into a frenzy of purchasing pork, resulting in unprecedented gains deep into record territory, only to reach a top and realize that the situation was not as dire as originally thought. The ensuing declines were often just as egregious as the way up.

The pork cutout is a common way to depict what happened this year for a few reasons. The cutout acts as a pork "index," incorporating most major cuts of the animal. Most times, it can be difficult to get large daily gains or losses as different cuts are affected by different factors, creating almost a balanced portfolio effect, which works to prevent exaggerated swings. For this reason, the events that occurred this year are especially noteworthy.

The first episode of irrational price movement occurred in late February through most of March. The threat of large holes in the hog supply was on the minds of both buyers and sellers when the purchasing for spring began, and all it took was the word of fewer hogs available because of PEDv to spur a flurry of aggressive purchasing. From February 24th to March 18th, the average daily gain in the USDA FOB Plant cutout was $1.90/cwt, resulting in a total appreciation of $31/cwt. This stands in stark contrast to an average of -$0.36/cwt during the same period last year. Not long



"While the former Fed Chairman was speaking in terms of inflation and P/E ratios at the time, the pork industry has succumbed to a different form of irrational exuberance not once, but three times in 2014."

after, prices began to give away, dropping 16 percent or $22/cwt in 27 business days.

The second and third bouts of irrational moves were just as, if not more, dramatic yet it is the lack of reprieve in between the moves which is most noteworthy. From May 27th to July 18th, the cutout gained 22 percent or nearly $25/cwt. July 18th was a Friday; on the following Monday, a decline began which would result in a 25 percent loss over 28 business days. But wait, there's more! The very next day after the decline, August 28th, the cutout rebounded, gaining $23/cwt in 27 business days; again, the very next day, the market sold off, falling $25/cwt in 14 business days.

Anyone can see by the included chart that 2014 was an anomaly. In fact, past early February, every day traded established a new year-over-year high for that given date. Meanwhile, hog values followed much of the same pattern as the wholesale pork prices with steep inclines followed shortly by aggressive selloffs.

The last part of Alan Greenspan's statement, suggesting long term contractions as a consequence of this price behavior has yet to be determined. While values were exploding, neither buyer nor seller truly came out on top. Prices often moved too quickly for forward-based sales, exceeding any level a packer had negotiated within days. Retailers found themselves deciding whether to purchase product at all-time highs or not to feature, and after getting burned one too many times, became noticeably conservative in their buying decisions.

As the panic around the PEDv breakout eases and hog slaughters return to more normal levels, time will tell if those industry participants who fell victim to these radical price swings return to the market in full health or if their reduced demand results in a prolonged contraction in pork prices. UB

Article contributed by Russell Barton
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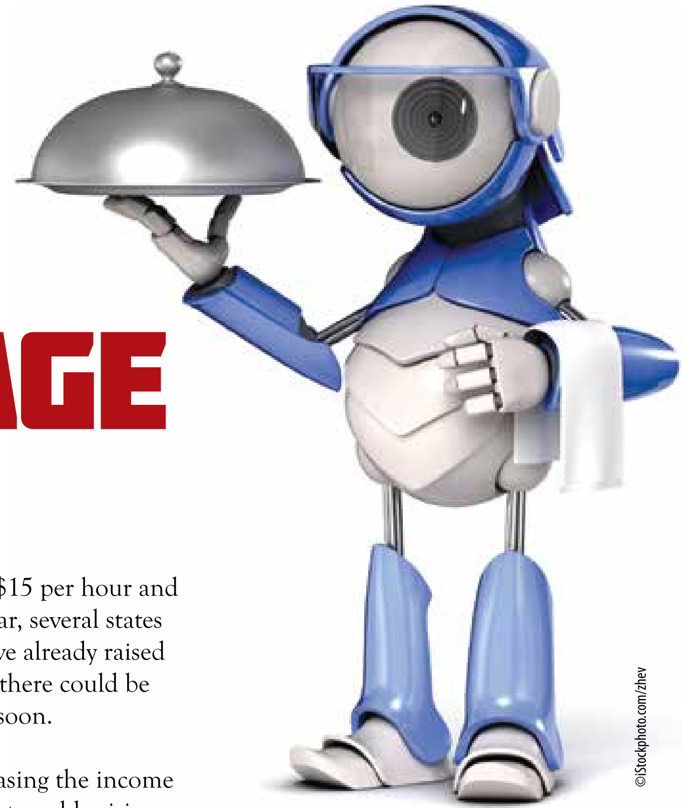
Pay strike could lead to workers taking a hike …

What MAXING OUT the MINIMUM WAGE could mean


©iStockphoto.com/zhev

Restaurant and retail sector workers across the nation have banded together in hopes of raising the federal minimum wage. It's turned into a living movement, a broad political project, and protestors aren't letting up until they believe their voices are heard.

Since November 2012, thousands of American workers have taken to the streets demanding a pay raise to $15 per hour and the right to unionize. So far, several states and local governments have already raised their minimum wage and there could be more joining the list very soon.

Sure, it's one way of increasing the income for working Americans, but could raising the minimum wage also lead to lost jobs? Will more companies look to automate and outsource in order to try and avoid paying higher wages? Naturally, no one definitively knows the answer to these questions. It's an issue that even our nation's leading economists can't seem to agree on, but that doesn't mean companies aren't already preparing themselves for a possible increase in the cost of service. As protestors continue to call for higher wages in restaurants and retail outlets, several companies have begun experimenting with new technology that could replace humans once and for all.

Alright, maybe that's a bit extreme, but as you know the food industry has been working towards automation for years with some success being had. Darren Tristano, a food industry expert with the research firm Technomic, said in a 2014 interview with CNN Money that digital technology will "slowly, over time, create efficiency and labor savings" for restaurants. The question though, is to what extent will this be true? Many restaurants have already introduced the use of kiosks and interactive tablets to help improve their efficiency in order taking. With the ongoing advances in artificial intelligence, it's likely that more jobs will be displaced. Will there be an epic drop in the restaurant workforce because of this? Probably not, but that doesn't mean that all fast food jobs are safe forever.

> "…DIGITAL TECHNOLOGY WILL 'SLOWLY, OVER TIME, CREATE EFFICIENCY AND LABOR SAVINGS' FOR RESTAURANTS."

For instance, Momentum Machines of San Francisco may have invented a piece of equipment that could significantly reduce the number of restaurant workers in the coming years. It's fully-automated; it can grind meat, slice tomatoes, grill patties, and wrap fully cooked burgers. Implementing a machine like this, however, isn't meant to increase efficiency among your employees, but instead would eliminate them all together.

A piece of equipment like the one from Momentum Machines may be a bit difficult to wrap your mind around in 2014, but in a decade or two, it very well may be the reality. If the federal minimum wage is raised to $15 per hour or somewhere in between, don't be surprised if more companies look to implement technology that will help offset the increases to their labor costs. UB

Article contributed by **Terence Wells**
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Blending mushrooms and meat

There is a new trend in ground meat; something unexpected, yet healthy and affordable—mushrooms! More precisely, the miracle of blending chopped mushrooms with ground meat when making meatballs, burgers, tacos or meatloaf. Chefs and restaurateurs all over are embracing the mushroom/meat blending trend as it simultaneously cuts calories, fat and costs. However, there is an added bonus of blending mushrooms into ground meat … exquisite flavor!

Mushrooms are a simple vegetable that are full of many nutritional benefits. They are low in calories and sodium, fat-free and cholesterol-free, high in vitamins B and D, and packed with potassium and antioxidants. To blend mushrooms into ground meat simply chop the variety of your choice (a food processor is helpful with this step to be sure the mushrooms have even consistency), sauté and season the mushrooms, then combine with ground meat and cook according to your recipe.

Mixing mushrooms into the recipe brings another serving of vegetables to the plate and adds bulk and volume, generating more servings and stretching recipes into more portions. The completed dish will be full of moisture and flavor. Blending mushrooms into ground meat can also be the way to sneak a vegetable into the meal of a picky eater.

Keep the flavor, cut the calories

Combine mushrooms and meat in recipes to create healthier versions

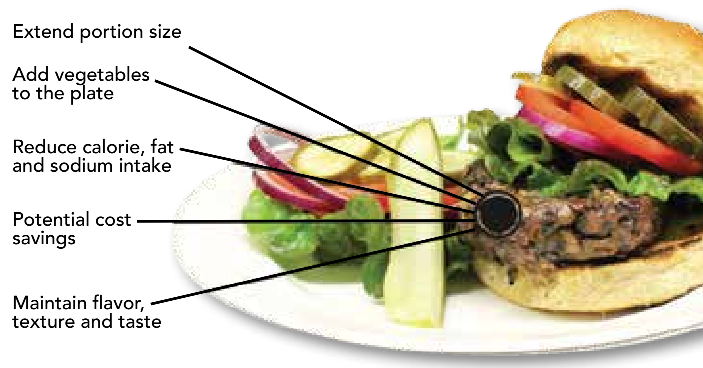


Photo courtesy of the Mushroom Council and MushroomInfo.com

"You can make things healthier by putting broccoli in it. You can make things cheaper by putting soy in it," says Bart Minor, president and chief executive of the Mushroom Council for 16 years. "This is revolutionary, because it's so simple. It's meat and mushrooms. They go together like peanut butter and jelly."

Mixing meat and mushrooms, Minor admits, is hardly a novel idea. However, a real push for blending started in 2011, when the Mushroom Council, an industry trade group, joined a Culinary Institute of America initiative called the Healthy Menus R&D Collaborative. Participants, which include McDonald's, Panera, Compass and Cargill, aim to develop practical ways to expand healthful dining choices.

More recently, a study published in the Journal of Food Science concluded that mushrooms blended into ground meat can be a healthy alternative for meat-based dishes mainly because of the reduction of sodium in the dish and the mushrooms flavor enhancing properties.

According to the study, "meat can be substituted with mushrooms without compromising the flavor of the dishes while also improving their nutritional quality… This is because of the presence of unique and so-called "umami" flavor-enhancing compounds in mushrooms."

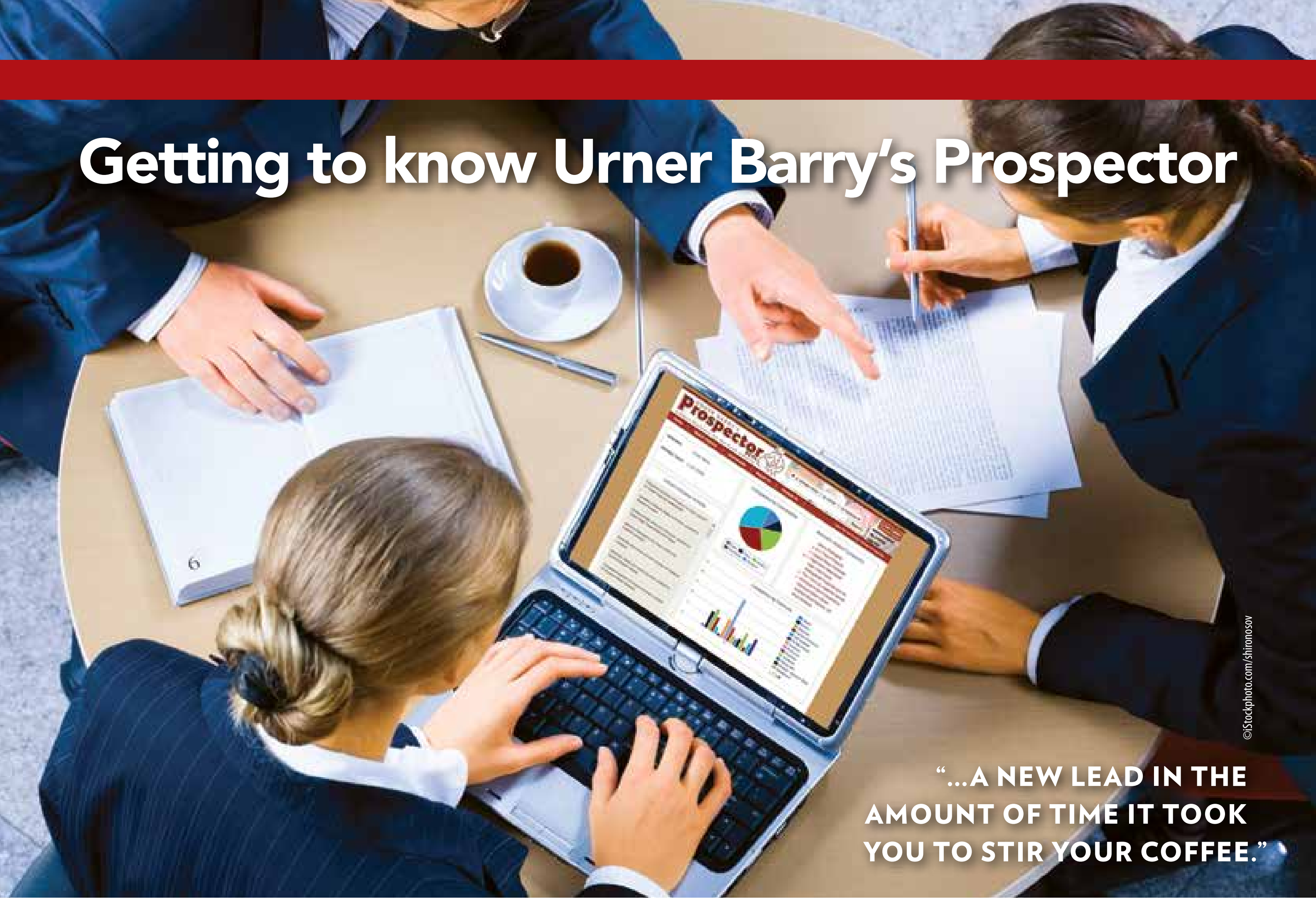
Umami is a subtle yet savory taste which occurs naturally in many foods including vegetables and meat. It is conveyed by glutamate, a type of amino acid, which enhances the flavor of food. Humans use all of their senses when eating, and "umami" plays an important role in taste.

"Mushrooms have really come into their own as a solution to changing dietary patterns, earning their place on the plate with their nutrient quality, flavor impacts and incredible functionality across the menu," said Greg Drescher, vice president of strategic initiatives and industry leadership at The Culinary Institute of America. The possibilities are endless when blending mushrooms into ground meat.

The "blendability" technique of blending finely chopped mushrooms and ground meat together allows consumers to enjoy healthier versions of the recipes they love. Blendability is served on menus from fine dining establishments to street festivals and Ivy League to elementary school cafeterias. The trend is to blend. UB

Article contributed by **Sandra Bailey**
sbailey@urnerbarry.com

Getting to know Urner Barry's Prospector



Almost inarguably, one of the most prohibitive constraints on a new or growing business is a lack of industry contacts. However, this problem is not exclusive to the amateur. Many experienced companies who need to refresh their contacts or leads list, or even just those which are exploring new opportunities, need to reach out to others in order to do business. Locating contacts can be a cumbersome process, involving deliberate networking, the investment of time and money, and a bit of luck.

URNER BARRY'S Prospector

On the sales side, many companies rely on email campaigns for inbound lead generation, or they may have a few distributors on their speed dial. Ultimately, this limits one's ability to seek out new opportunities through which to expand existing sales. On the purchasing side, most companies eventually develop a relationship with a supplier. But what if you haven't? Alternatively, what if you need to expand into a new market, and your existing supplier/distributor cannot help you? In these situations, a directory like Urner Barry's Prospector shines.

In its current form, Prospector is the cybernetic brainchild of those who brought you Who's Who in the Fish Industry and the Meat & Poultry Directory. With login packages available for just one user or large sales teams, the directory is a consistent source of information about buyers, sellers and distributors. Companies are organized, sorted and categorized based on company function, products handled, location and other attributes. Informed and filtered searches can be conducted, with many company listings that include the contact information and job title of specific people at the company.

So, for example, rather than calling 1 (800) TILAPIA and hoping to find a good lead, you can now reach out to Bob Jenkins, Director of Seafood Procurement. Congratulations, you just found a new lead in the amount of time it took you to stir your coffee.

Our Urner Barry team is dedicated to keeping the information in the listings accurate, so we audit listings every day, moving from state to state to ensure that the information is as complete as possible. We also reach out to companies periodically to find people willing and able to list their information in the directory, keeping the information fresh, current, and, perhaps most importantly, useful.

Account managers are standing by to assist you in using the advanced search tools on the site, as well as editing your own business's profile to help others find you. Those interested in a free trial can call (800) 932-0617 and speak to an Urner Barry sales representative. UB

Article contributed by **Adam Sharkey** | asharkey@urnerbarry.com

Misled by nominal figures

How often have we heard that "back in the day" the price of something was cheaper? From how much home prices are to the price of food, those who reminiscence on yesteryear's cheaper prices usually do so in nominal terms, not real terms. It seems many have forgotten that money has value over time, or to put it more simply, the value of money must be adjusted for time: otherwise known as inflation.

The value of your money is not constant. This means that the dollar you spent today at lunch does not have the same value a dollar for lunch did in 1994. For us to compare a price for "X" product we must "adjust for inflation" or we have to bring the value over time to the same constant dollar. This makes it possible to get the "real" growth—if any—of a particular item measured.

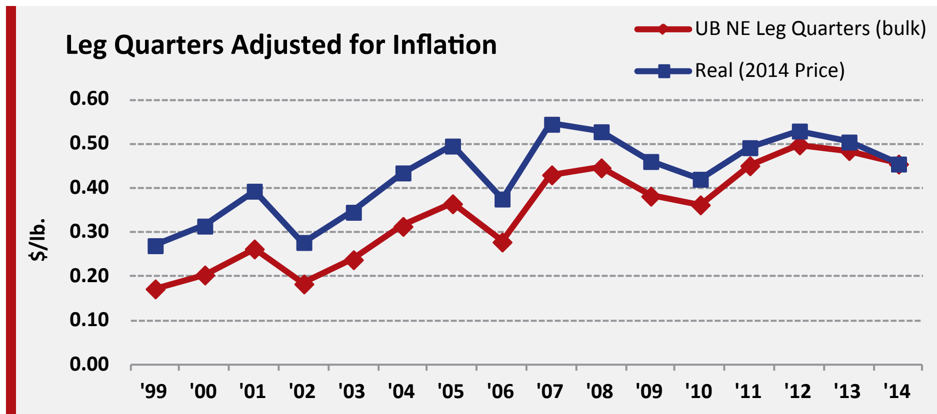
Adjusting for inflation is not a difficult calculation; in fact it is rather simple. First an "index" or some piece of data must be chosen that can help us "deflate" or use as a base to measure the changes in prices over time. For example, when we are looking for how inflation has changed prices at the consumer level, the Consumer Price Index (CPI) is often used. This "index" or "base" can vary depending on what you are measuring. In the case of the consumer, for example, an annual salary of $50,000 back in 2004 would be the equivalent to roughly $63,000 today; or $50,000 today would be roughly $39,700 in 2004.

While consumer inflation trends are interesting and crucial for those in wholesaler trading to understand, inflation occurs throughout the economic supply chain. To measure wholesale market inflation we turn to the All Finished Consumer Foods Index of the Producer Price Index, or PPI.

Finding wholesale food inflation

We'll use the PPI to calculate some wholesale chicken market inflation using Urner Barry's quotations for chicken leg quarters and jumbo boneless/skinless breasts. In nominal terms, leg quarter values have increased on average from $0.173 in 1994, to $0.455 in 2014, which represents an increase of 163 percent. However, when adjusting for inflation using the PPI, that growth is cut by over half to 68.3 percent. For this calculation we simply used the average price of leg quarters in 1999 at $0.173 and adjusted it to 2014 dollar values using the PPI Finished Consumer Goods. Under this formula the amount of $0.173 in 1999 would be equivalent to $0.27 in today's money (*chart 1*). You can see how nominal values can be quite misleading when inflation is not factored in.

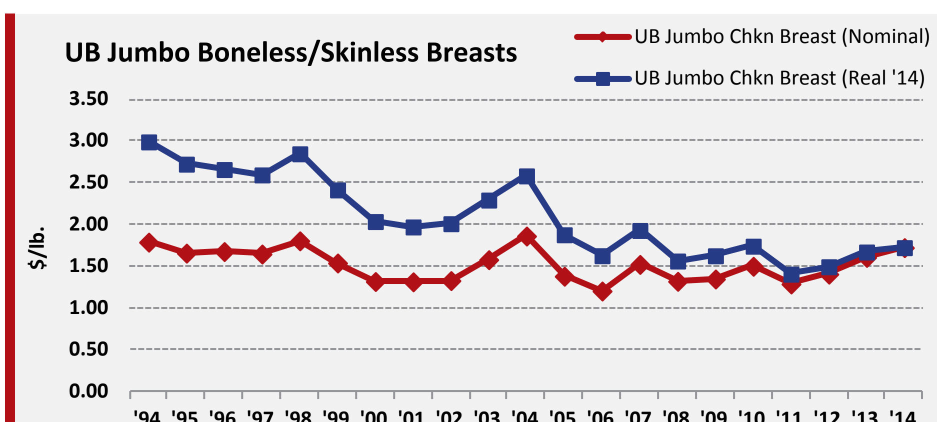
> "... THE DOLLAR YOU SPENT TODAY AT LUNCH DOES NOT HAVE THE SAME VALUE A DOLLAR FOR LUNCH DID IN 1994."



Source: BLS, Urner Barry

Chart 1

Another example, again using chicken, shows how nominal values of boneless breasts went from $1.795 in 1994, to $1.729, a comparably marginal 3.66 percent decrease. But when adjusted for inflation using the PPI, the real value in 2014 dollars shows this a much larger 42 percent decrease! This means that the real value of a jumbo boneless breast in 1994 was $2.99 compared to its nominal value of $1.795 (*chart 2*).



Source: BLS, Urner Barry

Chart 2

In practical terms, the real value of an item adjusted for inflation provides a clearer picture of the "real" changes of prices over time. This is particularly true when we know that a dollar today does not have the same value as it had 20 years ago. So the next the time you find yourself musing about the price of your car, a round of drinks at happy hour or that killer wholesale deal you made in the 90s, remember to adjust for inflation.

Article contributed by **Angel Rubio** | arubio@urnerbarry.com

The Urner Barry bike team participated in the 26th annual Sea Gull Century Bike Ride on September 27, 2014 at Salisbury University in Maryland. Each year, Sea Gull Century proceeds benefit dozens of non-profit organizations. Pictured from left to right: Brandon Noelte, Phil Fabrizio, Jim Buffum, Bill Harrison, Rick Brown, Paul Brown and Bill Smith.

Seafood importing by day The Beat Tells by night

LIBERTY SEAFOOD

Many of us, at one time or another may have aspired to grow up to be something other than what we are … a movie star, a sports great, or a rock star. For those with a passion for music, the later would have applied, and while one may have enjoyed pursuing a profession to create a daytime career as their means to pay the bills, the yearning for that alternate career that makes life a little more interesting always lingers in the back of the mind. Here we explore how one president of a very successful seafood company found his passion for music was his *Ticket to Ride* toward filling his rock star dream.

At Liberty Seafood in Pennsylvania, President Mark McCloskey is known as the man who made it his mission to find and procure the world's best quality seafood. McCloskey, along with his partners, Jonathon Goldstein and Bob McLaughlin built Liberty Seafood on the philosophy of emphasizing all-natural, wild and sustainable products and offering them to consumers with a spirit of integrity, openness and with the highest levels of personal service as guardians of our planet's resources. While seafood was what McCloskey has known for over 35 years, first with Expack Seafood and then just this past July venturing to begin Liberty Seafood, he followed the *Long and Winding Road* to his first love—music, and what better band to emulate with that love, than the Beatles.

Nature's Seas

©iStockphoto.com/Victor_Tongdee

THE BEAT TELLS

On the side, and *With a Little Help From his Friends*, McCloskey is part of a Beatles tribute band—*The Beat Tells*. While most cover bands are a subculture all their own, McCloskey is a part of one that has mimicked the Fab Four to a tee. McCloskey plays and sings his part as John Lennon, his lifelong idol. His group has replicated all aspects of reinventing how the Beatles really were, with well-practiced movements, mannerisms, wearing of period-correct authentic costumes and the use of equipment (guitars and amps) and speaking in Liverpudlian just like John, Paul, George and Ringo.

The Beat Tells are a foursome that all carry secret identities, as when they are in character, their true selves are unknown, their day jobs are put aside and they are dedicated to bringing their audience back to the 60s to relive the music and times from the most influential band of all time. Complete with the musicianship and on-stage banter to delight any audience, the Beat Tells and McCloskey are the whole bowl of wax. They also concentrated on learning each song note for note, rhythm for rhythm—getting the signature moves and looks of the group down pat. Their show is to be seen to be believed!

McCloskey says he loved music all his life. In his youth he played in an original new wave band and always wanted to be a full-time musician, but it just didn't pay the bills. He turned to filleting fish, something he learned how to do being an avid fisherman, worked his way up in the business and ultimately became president of a new venture dedicated to the paradigm of carrying on integral business practice, and committed to the highest standards of social responsibility throughout the company and its global supply chain.

Through all his 35 years in the seafood industry, McCloskey never gave up his passion for music. So what started as an ad on Craig's List and over two years of practice, developed into a very busy Beatles tribute band performing in a wide variety of venues.

One can say today the Beat Tells work *Eight Days a Week*, as they put on shows throughout the year playing corporate events, private parties, Hard Rock cafes, casinos, county fairs and events for holidays. They've even experienced their own mini "Beat Tell mania" playing before crowds of 500 to 1000 people and have been featured on local NBC and Fox News in Philly. For McCloskey, the *Magical Mystery Tour* might take him away for a short while from his successful day job, but it certainly seems like his dreams of becoming a rocker have been fulfilled pretty well too. UB

Article contributed by **Linda Lindner**
llindner@urnerbarry.com

Beef production down, quality grades up

Article contributed by Certified Angus Beef,
Miranda Reiman

Fewer cattle equals more Prime beef.

It doesn't take a mathematician to think, "Something doesn't add up." Yet, that's the reality in today's marketplace. Fed steer and heifer harvest was down 6.2% for the first 32 weeks of the year, but it wasn't an even distribution across all quality grades (see chart).

EVEN AS THE U.S. BEEF INDUSTRY IS PRODUCING MORE HIGHLY-MARBLED PRODUCT, IT STILL HOLDS A STRONG PRICE-VALUE RELATIONSHIP FOR CONSUMERS.

Mark McCully, vice president of supply for the Certified Angus Beef® (CAB®) brand

"In pounds of Prime, we're up 2.5% to 3% [from 2013], and adding in Premium Choice, it's still pretty much a wash," says Mark McCully, vice president of supply for the Certified Angus Beef® (CAB®) brand.

Looking at lower quality grades, Select and No-Roll production had decreased 12% to 15%.

"We've taken all that supply away from Select," he says, yet cattlemen are still being rewarded for high quality.

Although the Select discount was less this year, the long-term trend still shows a widening valuation gap in beef quality grades, McCully says. Four years ago, an 850-pound Prime carcass would fetch $190 each more than Select beef. In 2011, that gap suddenly widened and as of early fall it was 65% higher, at $314.

"Prime graded beef has enjoyed a small increase in quantity and about a 13% increase in premium relative to Choice year-to-date, compared to last year," says ag economist Ted Schroeder, Kansas State University. "All indications I have are that Choice demand has so far been stronger this year than last, suggesting Prime demand is up even a bit more."

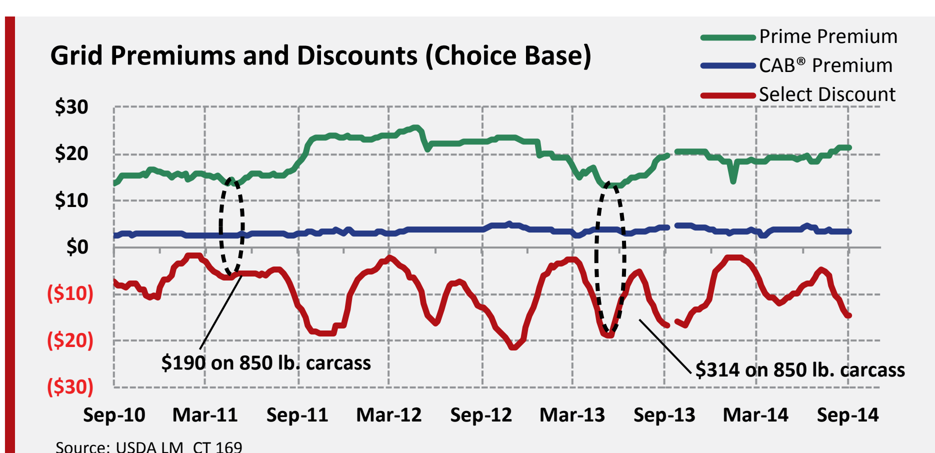
Ag economist
Ted Schroeder, Kansas State University.

Even as the U.S. beef industry is producing more highly-marbled product, it still holds a strong price-value relationship for consumers.

"The first beef products that would see demand decline are products that have stronger viable substitutes," Schroeder says. "Generally, high-quality branded Choice and Prime steaks have less viable substitutes than say ground beef, roasts, or Select steaks."

That's why when beef supplies are tight, higher grading beef has "more resilient demand," he notes.

"You hear this a lot, but it's so true. As harvest numbers have gone down, prices at the consumer level have increased, and they're still willing to pay more for our brand," McCully says. "This is telling me that we need to bring on the higher quality beef."



Meat color and the consumer

In the process of evaluation, humans have a genetic predisposition to utilize the five senses—sight, smell, taste, touch, and sound. In regard to food—everything from product selection to cooking and eating—a multitude of senses are employed to judge the quality of an item. Sight is quite possibly the most commonly used tool in a consumer's arsenal. When buying avocados, shoppers look for ripeness indicated by darker color. Likewise, bananas turn from green to yellow when they're ripe. Baking cookies to a "golden brown" is the common instruction for determining doneness. While sight and other sensory evaluations are effective in some food categories, it's not always the best, or the only, way to determine quality when dealing with meat products.

The meat industry is currently coping with consumers' preoccupation with color. Trying to dispel the myths and age old beliefs that have been widely regarded as fact is not easy. Many older cookbooks, and even some that are still in circulation, will advise the reader to look for certain color features when shopping for meat such as bright red beef, or light pink pork. It may also provide cooking instructions based on color, such as chicken is done when there's no pink in the middle. These indicators are widely understood to be reliable ways of judging the quality of meat, when in fact they are not always an accurate means of identifying freshness or determining cooking times.

Meat packaging is often stamped with the words *'Color is not an indicator of meat freshness'* in the effort to educate consumers to not solely rely on color. According to the Food Safety and Inspection Service (FSIS), optimum surface color of fresh meat is highly unstable and short-lived. When meat is fresh and protected from contact with air, such as in vacuum packaging, it has the purple-red color that comes from myoglobin, one of the two key pigments responsible for the color of meat. When exposed to air, myoglobin forms the pigment, oxymyoglobin, which gives beef a pleasingly cherry-red color. The use of a plastic wrap that allows oxygen to pass through it helps ensure that the cut meats will retain this bright red color. However, exposure to store lighting as well as the continued contact of myoglobin and oxymyoglobin with oxygen leads to the formation of metmyoglobin, a pigment that turns beef a brownish-red color. This color change alone does not mean the product is spoiled.

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"THE MEAT INDUSTRY IS CURRENTLY COPING WITH CONSUMERS' PREOCCUPATION WITH COLOR ..."

This subject of color-based purchasing becomes even more relevant in regard to case-ready items. The color of the meat is long preserved even past the point of expiration, so packers and stores are taking extra steps to educate consumers to not solely rely on color as an indicator of freshness, but instead follow the recommended use-by dates printed on the package.

In the late 80s, pork was dubbed "the other white meat." This catchy slogan propelled sales of pork in the U.S., although may have caused some confusion since pork is, in fact, red meat. It also implied to some shoppers to look for the lightest pink-colored pork in the meat case, which as we know is not the most desired color quality attribute as a reddish-pink color actually denotes a higher quality cut in most cases. The lightest, pale color of pink-grey pork is more likely to be soft and exudative, meaning it does not hold moisture as well. This misinterpretation of color qualities are still being combated by the industry today as companies move to educate consumers about color.

Yet another color-related issue the industry is dealing with is instructing consumers on how to cook meat products properly and thoroughly. Modern day cooking instructions are based on temperature—not on color. The FSIS states that doneness and safety cannot be judged by color, but must be determined by a food thermometer. This seemingly contradicts cooking instructions passed down from grandma advising to cook until there's no pink in the middle.

Varying colors in cured meats as well as the iridescence seen on sliced meat are common consumer questions, along with normality of changing colors during refrigeration and freezing. Converting consumers to proper evaluation and cooking methods is no small task and the biggest obstacle is misinformation circulated by family, friends, social media and outdated material. Educational campaigns and information supplied at the retail level has so far been key to dispelling some misconceptions about meat, one shopper and chef at a time. UB

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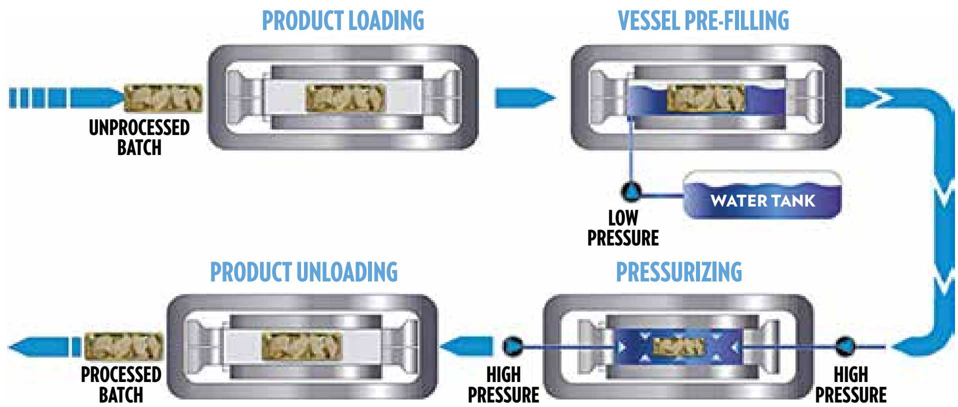
Product integrity and consumer safety

For poultry processors, there is no more imperative task than guaranteeing a safe and wholesome food supply for U.S. consumers and, indeed, international clientele.



During the HPP process, packaged ready-to-eat meat is placed into a cylinder which is then loaded into a high-pressure chamber. This chamber is then filled with water and pumps are used to pressurize it. At this point, isostatic pressure takes over which is then transmitted through the package into the food itself. Courtesy Hiperbaric USA

Once live poultry exits the farm, is transported, goes through "hurdles" to address potential microbial hazards, and finally leaves the processing stage; the birds have been subject to rigorous standards and operating protocols which all but guarantee the raw product is safe and secure. However, by 2015 the National Chicken Council is forecasting that nearly 50% of the chicken produced will be further processed. The turkey industry is experiencing similar growth in the valued added category. So unlike raw product where the responsibility to cook it properly and safely falls to the consumer, the burden to provide safe and wholesome cooked, sliced or diced poultry falls entirely on the shoulders of the valued added provider.

Much like the steps taken on the live and raw side of the industry, cooking operations, or further processors as they are commonly known, have adopted standard operating procedures which often exceed the requirements established by the USDA and FDA. To begin with, a HAACP plan must be filed by any establishment involved with, "any slaughtering, cutting, boning, meat canning, curing, smoking, salting, packing, rendering, or similar…" for each product it produces. The plan is to be proactive rather than react to a situation after the fact. According to Ken Martin, El Jay Foods, it wasn't until the late 70s that the actual foodborne threats such as listeria and salmonella were identified and were addressed before and during the process. Prior to that time, "Salmonella and listeria were just a couple of Italian guys from South Philly," jokes Martin.

All kidding aside, the threat of foodborne illness grew with the expansion of further processing in the poultry industry. More demand meant more production and more risk of improper cooking and handling procedures. At the very fundamental level the whole idea behind HAACP is determining where food safety issues can occur, and at the root of providing finished goods, is cooking. Foodborne illnesses such as listeria can be killed by cooking the product to 160 degrees. That's simple enough, but every stage following the actual cooking and leading up to consumption is a hazard-filled minefield.

"THROUGH A PROCESS THAT APPLIES AS MUCH AS 87,000 POUNDS OF HYDRAULIC PRESSURE PER SQUARE INCH... BACTERIA, VIRUSES, MOLDS, PARASITES AND OTHER VEGETATIVE MATTER PRESENT IN FOOD ARE RENDERED INACTIVE."

A well swept minefield is no threat and great precautions have been taken in everything from product and equipment design to the layout of the plant and stringent employee protocols to ensure food security. Ron Ramstad, President Emil's Gourmet, told Urner Barry's Reporter Magazine that further processors like themselves, "have made extensive efforts at managing and controlling listeria and foodborne bacteria that match or exceed standards set by pharmaceutical companies and hospitals." Passionate, but to the point; and it helps us to understand the enthusiasm meat manufacturers share for product integrity, wholesomeness and consumer safety.

In many finished goods operations, the raw product is steam cooked in a sealed bag which is then stripped off before the finished goods are placed in the final packaging or "film." During this brief interval of exposure, the potential for contamination exists. At this juncture there are a number of steps taken to negate this possibility. The first is to do nothing but follow good manufacturing practices or run the cooked product through an "IR tunnel" otherwise known as an irradiant heat oven. While this method used to be common practice in further processing circles, it had a number of drawbacks including the potential for product damage as well as creating additional purge in the finish package. In the end you still had to put the product in its final pack or label creating opportunity for potential contamination.

Today further processors utilize a variety of methods to ensure food security and wholesomeness. Post pasteurization is a common practice to help eliminate the chance for compromising product integrity. After stripping the cooking bag from the product the final bag is placed on the cooked item. It then goes through a hot water bath long enough to kill any bacteria which may be present between the new plastic film and the cooked product itself.

Another common practice is to apply an anti-microbial spray during the bagging process. This is usually accomplished in one of two ways. The first is by applying a spray which then sits between the finished product and the final packaging film. This is a similar practice to applying a cavity wash to freshly slaughtered poultry. A preferred method is to mix ingredients in the formulation which then get dispersed through the product during the cooking process. Proper product formulation utilizing antimicrobial additives is highly effective in preventing outgrowth of certain pathogens in the final ready-to-eat (RTE) product. Some of the more widely researched antimicrobials include organic acids, such as lactic, acetic and citric acids. These acids also can enhance or contribute to the flavor of some foods such as sausages, cheeses, or pickles. Salts of lactic acid, or lactates such as sodium lactate and potassium lactate, have also been examined for their antimicrobial effectiveness. The combination of sodium lactate and sodium diacetate has shown synergistic effect against listeria and its application in ready-to-eat (RTE) meat products has been widely accepted.

Widely-recognized as the cutting-edge technology to kill pathogenic bacteria in ready-to-eat foods is high pressure pasteurization (HPP). Through a process that applies as much as 87,000 pounds of hydraulic pressure per square inch to RTE products, bacteria, viruses, molds, parasites and other vegetative matter present in food are rendered inactive. The beauty of the process is that it is completed in the product's final packaging and because of the absence of heat; the product's nutritional qualities and sensory properties are unblemished. Maintaining its original freshness through an extended shelf life is an added bonus. UB

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Food vs. fuel, a different correlation ...

With grain costs lower, will consumers see relief in food prices?

If you thought lower grain costs would solely lead to lower food costs, it might be time to rethink that philosophy.

Even though cash corn prices are down over 63 percent from their peak, retail food prices continue to trend higher. As a refresher, corn prices rose in 2008 then hit an all-time high in August 2012 before falling. They are expected to remain low given expectations for a record crop in 2014.

So while corn and other grains are major inputs they make up a smaller percentage of the cost of retail food prices. According to University of Tennessee economist Aaron Smith, over 80 percent of the costs come from other things such as labor, packaging, transportation, and other supply chain costs. A recent World Bank study proclaimed "most of the contribution to food price changes comes from the price of crude oil." With diesel prices tied to the price of crude oil, it makes sense to look at price trends during the same period from peak corn to the August 2014 time period. Diesel prices have eased slightly but it's been more of a sideways trend.

If we correlate the data, 2009 through the same period, we can see that corn prices have very little correlation to retail food prices. In fact, diesel prices as stated by many studies have a much greater correlation to retail prices with pork and beef prices recording a 0.80 correlation.

Grain and oil prices are just two factors that affect retail food prices. The former is less correlated than the latter. There are macro factors that must be considered as well. Chicken prices have been relatively flat during this time, and cheaper feed costs have encouraged expansion recently. Supply issues in the beef and pork markets have contributed to price increases. Those associated with a drought in cattle producing regions have affected the beef market, while pig numbers were hurt by the PEDv epidemic. UB

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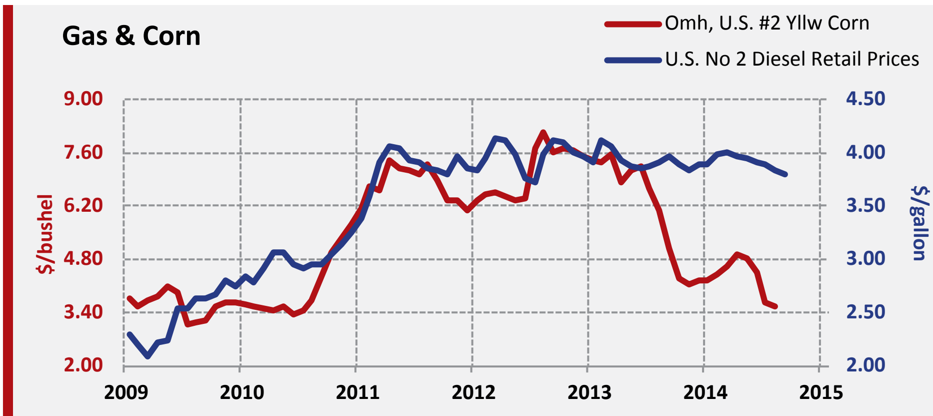
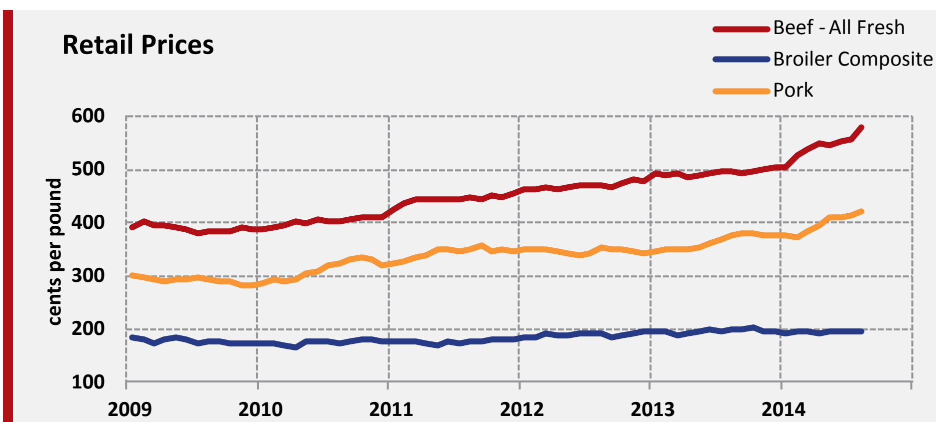
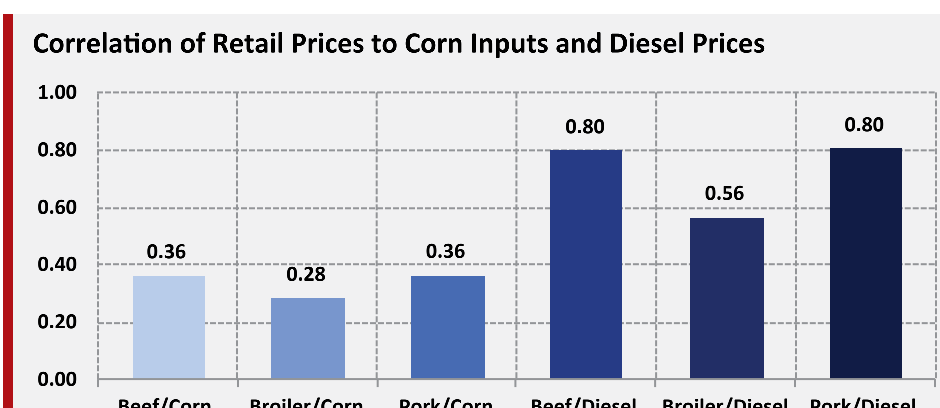
"EVEN THOUGH CASH CORN PRICES ARE DOWN OVER 63 PERCENT FROM THEIR PEAK, RETAIL FOOD PRICES CONTINUE TO TREND HIGHER."



Source: Urner Barry, Omaha Council Bluffs Grain, U.S. EIA



Source: Urner Barry, USDA



Source: Urner Barry, Omaha Council Bluffs Grain, U.S. EIA

Soggy sales prompt new Trix, not just for kids …

Cereal looking to make a comeback

Breakfast has meant a lot of different things to people over the last two decades. In 1984, the infamous *Time Magazine* cover pointed to eggs with a side of bacon as being the sad face of cholesterol, associating eggs with risk of heart disease and other worrisome health issues. Meanwhile, cereals reigned supreme as the "go to" breakfast choice. In 1999, the magazine turned that frown upside down however, highlighting research which backed eggs as a heart-healthy option. In the late 2000s, health professionals would turn their attention to obesity, as the U.S. had become the second highest country associated with the condition in the world. Sugary drinks, snacks and cereal were now the target, putting them in the crosshairs of mothers and trendsetting millennials everywhere.

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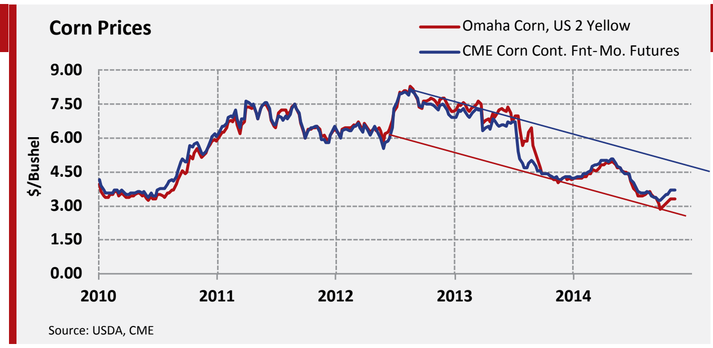
Cereal consumption peaked in the mid 1990s[1]. Though it remains the largest category in the breakfast arena, sales have fallen from $13.9 billion in 2000 to $10 billion in 2013 according to Euromonitor, a level the group expects to recede to $9.7 billion this year[2]. Consumers are instead backing healthier options with reduced disposable incomes. Not only do they want healthy choices, but they are seeking cheaper options with added benefits. Protein-centric diets have been a trend we've seen in the past, with fads such as the Atkins and South Beach Diets, and they seem to be back stronger than ever. Consumers have been steadily moving away from sugary breakfast cereals and are choosing better-for-you options like granolas, yogurts and eggs.

Popular cereal makers like Kellogg's, Post and General Mills have not only dealt with these issues, but sharp advances in input costs, stemming from crop crippling heat waves and drought over the last few years as well. They have experimented with numerous innovations to retain market share, yet many have been unsuccessful.

Eggs in the meantime have seen record market levels in the last year with per capita consumption rates soaring domestically.



Multinational companies like McDonald's, Taco Bell and others have used breakfast to make up for disappointing sales during lunch and dinner, highlighting eggs in their menu innovations and promotional activity.

All isn't lost for cereal makers, however, as grain prices finally appear to be easing after what was a fantastic growing season this summer east of the Rockies. Corn prices have fallen more than 60% from peaks seen two summers ago when heat waves and drought shriveled crops across the country. Per bushel prices have gone from over $8.30 in August of 2012 to under $3.00 during the third quarter of 2014. Prices on other inputs like wheat and soybeans are expected to provide relief as well, as much of the country experienced ideal growing conditions for grains in 2014. Some financial institutions expect these factors will lead to more profitable margins and rebounding share prices. Egg producers will see similar relief in grain costs, with corn one of the leading inputs in the feed they feed their layers. That, and the fact that eggs are already being heralded as a healthier option, leads me to believe cereal makers may be wise to try to reduce prices wherever possible and look to rebuild market share rather than pad margins.

They aren't likely to do it with the same sugary products as they did in the 90s though. The aforementioned companies are looking to fortify their offerings, reducing sugar and adding protein to their labels. Companies like MOM Brands have been able to climb up the ladder in the last few years by doing just that. Not only is the company selling bags of cereal at a fraction of the cost its big boxed cereal competitors are, but they are cleaning up their labels by removing artificial flavors and colorings. According to senior vice president for marketing and corporate strategy Paul Reppenhagen, "we've had five percent compound annual growth over the last five years."

Depreciating input costs are expected to provide much needed relief for cereal producers this year. However, simply looking to reestablish margins and plays on consumer nostalgia don't appear to be the long term answers for cereal giants. The millennial group is demanding more from breakfast at a cheaper price, and these trends may reshape the industry in the coming years if it plans a return to the glory days of the 90s. UB

Article contributed by **Brian Moscogiuri** | brianm@urnerbarry.com

[1]The NPD Group

[2]Euromonitor

Record-setting salmon catch helps push U.S. consumption up

Adapted from a story which originally appeared on Seafoodnews.com on October 31, 2014.

Record salmon landings in Alaska in 2013, combined with the huge production of pink salmon, has pushed salmon past tuna as the second most consumed seafood in the United States, after shrimp.

Imports of farmed salmon in all forms increased from 590 million to 620 million pounds, which is only 5%, meaning that it was Alaska salmon that drove the increased consumption.

Incidentally, in 2014, salmon imports year-to-date are up 8%, meaning that this strong consumer usage of salmon is continuing.

In October, NFI released its overall calculation of per capita consumption based on NOAA'S Fisheries of the U.S. report for 2013.

"... SALMON IMPORTS YEAR-TO-DATE ARE UP 8%, MEANING THAT THIS STRONG CONSUMER USAGE OF SALMON IS CONTINUING."

Overall in 2013, seafood consumption was remarkably stable, edging upward to 14.5 pounds of edible weight per person, from 14.4 pounds in 2012. This change is statistically insignificant. Percentages of fresh, frozen and canned fish remained constant as well; but within these numbers, major shifts in species sales were taking place.

The chart below shows the change from the previous year in pounds per capita consumption.

Salmon is up 34%, due to huge runs in Alaska, and the increased packing of pink salmon, including canned pinks.

Cod is also up, as the million metric ton Barents Sea quotas lead to more availability of cod globally. This is despite the poor catches of cod in New England, and a relatively stable harvest of Pacific cod.

Pangasius and catfish also increased; combined they now represent 1.4 pounds per capita, which is the same as tilapia.

NMFS is in the process of revising its per capita and per capita usage figures, as the volume of imports may be stated incorrectly.

The 2013 Fisheries of the U.S. suggested that imports represented 94% of all seafood consumption, but NMFS says that this is overstated because first, it does not reflect U.S. products exported for processing to China and then re-imported, and it relies on calculations of yield from live and processed weight to edible weight which may not reflect current practices.UB

Article contributed by **John Sackton**
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2012 Species	2012 lbs. per capita	Rank	2013 Species	2013 lbs. per capita
Shrimp	3.8	1	Shrimp	3.6
Canned Tuna	2.4	2	**SALMON**	**2.7**
SALMON	**2.02**	3	Canned Tuna	2.3
Tilapia	1.476	4	Tilapia	1.4
Pollock	1.167	5	Pollock	1.2
Pangasius	0.726	6	Pangasius	0.8
Crab	0.523	7	Cod	0.6
Cod	0.521	8	Catfish	0.6
Catfish	0.5	9	Crab	0.5
Clams	0.347	10	Clams	0.4

Souce: National Fisheries Institute

To be or not to be ... chilled?

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It's hard to believe that shell eggs can be stored differently from one place to another, after all, each one is only albumen, a yolk and a hard shell. Yet on each side of the Atlantic Ocean, eggs are processed in a different manner and therefore will be stored in a different way. Believe it or not, eggs graded by the United States Department of Agriculture would be illegal to sell in the European Union and vice versa. The question is, why? While a hen's egg production itself remains relatively similar, the difference of whether or not an egg must be chilled prior to consumption has to do with its processing.

According to the USDA, since an egg passes the hen's body the same way feces are excreted, bacteria can be on the outside of a shell egg, and therefore is required to be washed and sanitized at the processing plant. A hen naturally applies a thin protective liquid coating called a cuticle around the egg prior to laying, this cuticle (or bloom) acts as a natural protective coat against contamination for the egg. In the U.S. the cuticle gets washed off during processing and because of this eggs must be packed, transported and stored in refrigeration not to exceed 45 degrees Fahrenheit leading up to consumption to ensure they are free of Salmonella enteritidis (SE).

Measures to ensure SE doesn't reach the consumer actually begin prior to an egg's extraction from the hen. In 2010 the FDA implemented the Egg Safety Rule where under the requirements, egg producers are to

"SO THE QUESTION OF EGGS TO BE OR NOT TO BE CHILLED COMES DOWN TO BEING CONSISTENT WITH THE PROCESSING METHODS WITHIN THEIR COUNTRY OF ORIGIN."

implement safety standards to control risks associated with pests, rodents, and other hazards; to purchase chicks and hens from suppliers who control salmonella in their flocks; and to satisfy testing, cleaning, and refrigeration provisions to prevent SE.

In most of the European Union, the European Food Safety Authority has set out different regulations for what they call Class A eggs otherwise known as "fresh eggs" or "table eggs." A "class A" egg in the EU should have a "normal, clean and undamaged shell and cuticle; will not be washed or cleaned before or after grading, and will not be chilled or treated for preservation." The process of washing the egg removes the cuticle—the hen's natural protection of the egg. In the EU, it is believed to cause more harm than good to wash the egg after it has been laid as the removal of the cuticle allows for contamination and moisture loss, and thereby increases the risk to the consumer for SE. Since the cuticle remains intact in the EU, refrigeration is not necessary and eggs can be stored at a constant room temperature.

It isn't just the United States and the European Union who differ in their beliefs on egg processing. Many countries around the globe stand with contradicting views on the topic as well. So the question of eggs to be or not to be chilled comes down to being consistent with the processing methods within their country of origin. An egg whose cuticle remains intact does not need to be chilled and can be packed, transported and stored at room temperature under 68 degrees Fahrenheit while an egg that has been stripped of its cuticle must remain chilled under 45 degrees Fahrenheit throughout its shelf life. Both methods have proven to be beneficial in helping to prevent the SE virus from reaching consumers.UB

Article contributed by **Nicole Bessemer**
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The future of food security is heard in the chirp of night

"Hey Mom—What's for dinner?"

"Oh Honey, I told you this morning—we're having stir-fried grasshoppers."

"Arrgh, I was hoping for the ant tacos like you made last week."

This isn't a typical pre-dinner conversation one might overhear here in the United States, however, for 80% of the world's population insects are not only a feasible source of protein and nutrition, but a normal part of one's daily diet.

With a world population of about seven billion people, expected to reach nine billion by 2050, one of the biggest concerns of world leaders is sustainable food security. In May of 2013 the Food and Agriculture Organization of the United Nations (FAO) issued a 201-page report endorsing entomophagy, otherwise known as the consumption of insects. The FAO's report alledges that the increased production of livestock is one of the major causes of the world's most pressing environmental problems—global warming, loss of biodiversity, and the pollution of both air and water. The FAO report also points out that we can't sustain our current levels of meat production let alone increase them in the coming years without a supplemental form of protein, for example insects.

In comparison to livestock, insects are a more economical source of protein. They also contain healthy fats and are loaded with minerals particularly iron and zinc. Insects use much less water to grow. Because they are coldblooded, insects are more efficient at converting feed into protein. An added bonus is they can safely consume agricultural waste. Overall, insects are not only a good safe meat alternative but they are also partners in protecting the future health of our environment.

Insects can be farmed virtually anywhere, have a short life span, and require little skill to raise, plus—they are an ideal food source. Ants, crickets, and grasshoppers may never take the place of a grilled steak but they could become a great addition to the protein diet. Insects as food are extremely versatile: They can be consumed whole, raw, roasted, fried, or for the more squeamish they can be ground into flour from which they can then be made into a variety of products including cookies, breads, and pastas.

Humans are not the only creatures that can benefit from a diet that includes insects. Our industry is always looking for ways to healthily supplement livestock diets. Insect meal could be ideal in that respect.

CRICKET CLOUD CAKES

1 Cup Whole Milk
4 Eggs—Separated
1 Cup Bitty Foods Cricket Flour
Pinch of Salt
1 Tablespoon Sugar
½ Teaspoon Cinnamon
½ Teaspoon Ground Ginger
1 ½ Teaspoons Baking Powder
Butter, oil, or cooking spray as needed

Mix the dry ingredients. Beat the milk and egg yolks together. Whisk or beat the egg whites with an electric mixer until softly stiff, but not dry.

Combine the dry ingredients with the milk/egg yolk mixture and stir to blend. Preheat a griddle/skillet over medium low heat OR heat an electric griddle to 350 degrees F while the dry ingredients have a chance to absorb the wet ingredients.

When the griddle or skillet is hot gently fold in the whipped egg whites; they should remain distinct enough to still be seen in the batter.

Spray, butter or oil the griddle/skillet and then ladle batter out and make sure to include some egg white in each ladleful. Cook 3-5 minutes or until lightly brown and then repeat on the other side.

Exo makes nutrient-dense real food bars, designed by a three-Michelin-starred chef. The company says it combines minimally-processed cricket flour protein with ultra-premium ingredients for a bar without compromise.

Although bug-eating is generally frowned upon in the West, there are several companies in the United States that are making inroads toward entomophagic acceptance. One of the companies with which I came into contact was Exo Protein Bars, a new company started by two recent Brown University graduates that makes its bars with cricket flour. Of all the protein bars I've tasted these were the most flavorful. Each of the Exo Protein Bar varieties I tried was equally tasty and can be ordered from their informative website, exoprotein.com.

I also contacted Bitty Foods, which sells both cookies made from cricket flour and 20 ounce bags of cricket flour at bittyfoods.com. Made from a blend of roasted cricket flour, cassava flour, coconut flour, tapioca starch, and xanthan gum the flour is not yet certified gluten-free but it has no grains so there is little risk of gluten intolerance. Also, it has no nuts, soy, corn, or dairy. Cricket flour is paleo-diet friendly and depending on how strict a vegetarian one is it can be construed as vegetarian.

Bitty's proprietary cricket flour blend is specially formulated to help you whip up delicious, perfectly textured cookies, muffins, quick-breads and pancakes.

In my correspondence with the folks at Bitty Foods I was told that I could use the cricket flour just as I would normal flour so I decided to test it in a variety of ways. First, I baked ginger snap cookies, thinking that the purported nutty flavor of the flour would mesh well with the cookies' traditional flavor. Surprisingly, they came out pretty much as my usual ginger snaps, maybe a touch less snappy but otherwise no notable differences. Next, I used the cricket flour for the coating of fried-chicken. This is my grandmother's recipe; I am one who is often loath to monkey-around with tradition but I thought this would be a good test. The cricket flour is slightly more substantial in consistency. This served it well as a coating. The chicken fried well and my fellow testers agreed. It may have been imagined but we all thought it added an extra crunch to the crispy chicken.

"THERE ARE SEVERAL COMPANIES IN THE UNITED STATES THAT ARE MAKING INROADS TOWARD ENTOMOPHAGIC ACCEPTANCE..."

Finally, I made my favorite lighter-than-air pancakes with cricket flour served with one of my favorite more traditional protein choices, caramelized bacon. Because of the somewhat thicker consistency of the flour I had to use a little more milk than usual but other than that they cooked perfectly. In this case the nutty flavor of the flour was definitely a plus.

In the end, I am not so visionary nor dystopic to imagine living in a world without meat. However, an ever-increasing population demands an alternative that will alleviate the pressures on protein industries to provide sustainable meat. By choosing to include insects in our diets might just allow us to have our cake or meat, and eat it too. UB

Article contributed by **Jamie Patterson** | jpatterson@urnerbarry.com
Photograph by **Caroline Bober**

CARAMELIZED BACON

1 Pound Thick Cut Bacon
1 ½ Cups Dark Brown Sugar
½ Teaspoon Cayenne or Chili Powder

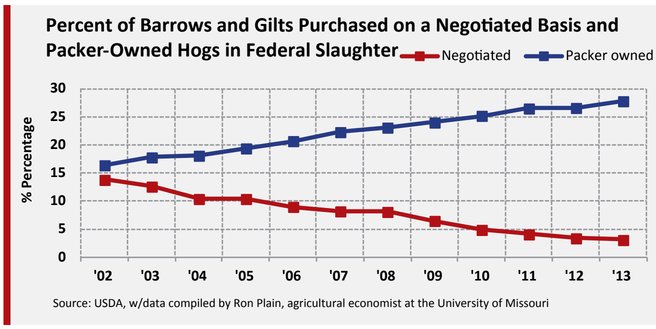
Preheat oven to 400 degrees F. Line a large rimmed cookie sheet with parchment paper or aluminum foil.

In a large bowl mix the brown sugar and spice with approximately 1/8 cup of water—mixture should be wet but NOT liquid.

Dredge the bacon in the sugar mixture, coating thoroughly, and place on lined cookie sheet. Spoon a little more sugar onto the bacon and then bake 7 – 12 minutes per side (depending on personal preference) spooning more sugar onto the bacon once it has been flipped. Serve at room temperature.

Livestock pricing continues to change as negotiated sales decline

Determining the value of livestock was once mainly determined at the local auctions or terminal market where a number of buyers would bid on the animals or through direct negotiations between a seller and one or more buyers to agree on a market price for that day.



These types of pricing methods have declined in use over time due to several reasons, including–among others–changes in industry structure, more forward selling and increased use of futures. Other forms of determining the value of the animals, especially for grain-fed cattle and hogs, have by necessity been employed. Some producers and buyers have turned to a weighted average price or a formula type method based on multiple days to determine the price of the animals. Others have switched to the wholesale beef or pork carcass values or a combination of the carcass cutout values and daily livestock trades to establish a price for the animals.

The number of hogs traded on a negotiated basis has declined by nearly 75% in just the past 10 years, from more than 40,000 head a day, or roughly 11% of the total, to less than 11,000 a day on average this year. The latest numbers represent only about 2.8% of slaughter, a figure that many analysts and economists have said in the past would not be enough to accurately reflect the market.

As of 1994, a survey of packers conducted by agricultural economists at the University of Missouri indicated that 62% of the hogs under federally inspected slaughter were purchased on a negotiated basis.

In 2002, 13.8% of the barrows and gilts processed under federal inspection were sold and priced on a negotiated basis, according to data compiled by Ron Plain, agricultural economist at the University of Missouri. By 2009, that number had fallen to 6.5% and as of 2013 it was down to just slightly over 3.0%. Meanwhile, the packer-owned share rose from 16.4% in 2002 to 27.8% last year, the data showed.

In the cash cattle market, the U.S. herd being the smallest since 1951 has added to the issue of fewer animals being sold on a negotiated basis along with other factors. In October, the weekly average for negotiated sales in Texas/New Mexico/western Oklahoma was just 1,900 head, down from over 23,000 head during the same period just four years ago in 2010. In Kansas, the average weekly figure for October was about 8,000 head, compared with nearly 35,000 head a week during that month in 2010.

As the number of animals traded on a negotiated basis has further declined, some industry participants and analysts have raised concerns whether the diminished sales volume accurately and equitably reflects the market.

In early October, the authors of the Daily Livestock Report from the Chicago Mercantile Exchange, said in reference to the small number of hogs being reported on a daily basis that "Concerns have risen to a very high level that so few trades cannot accurately arrive at a value for the 'margin pig' that, in both theory and practice, sets the value for all animals traded in a particular time period." They went on to say "there are serious implications for futures markets," and "these prices are key components of the delivery process for cattle and the cash settlement process for hogs."

Concerns were raised further back as well. In 2002, USDA said in its December Agricultural Outlook report that "as spot markets disappear, fewer price signals are available to convey messages to producers and consumers concerning available quantities, qualities, cost and value. Formula pricing in contracts also becomes problematic as too few animals are traded in public transactions to generate confidence in the prices."

Over time, the methods used to determine the value of livestock have become more complex and not as simple to define when observing the daily market data since in some cases multiple factors are pulled into the pricing equation.

A veteran livestock dealer in the western Corn Belt said the meat pricing formulas used to determine the value of the hog tend to buffer the variability of the market. But that may at times work against one of the parties involved in the deal and may tend to assure the buyer of a more consistent margin.

This is an ongoing issue that will take time to resolve, analysts said. Meanwhile, industry participants continue to seek ways to determine the value of the animals in a changing environment. UB

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Judging a chicken by its label

If judging a book by its cover is wrong, then what makes judging the quality of a chicken based solely on its label right?! More importantly, does one attribute carry more value than another? Here are some industry terms that may appear on chicken packaging. After reading through them, you decide whether value is intrinsic to the product or if it's all in a name.

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FREE RANGE

Since the federal government doesn't have a definition for "free range," the U.S. Department of Agriculture will approve these label claims on an individual basis. Generally, the USDA will permit the use of the term "free range" as long as said chickens have had access to the outdoors for at least some part of the day. According to the National Chicken Council (NCC), "less than 1% of chickens nationwide are raised as "free range.""

FARM-RAISED

All chickens are raised on farms, so any chicken can be labeled "farm-raised."

NATURAL

USDA regulations state a product is "natural" when no artificial ingredients, coloring ingredients, or chemical preservatives have been used and the bird has been minimally processed. Most ready-to-cook chicken can in fact be labeled "natural."

ORGANIC

The USDA is very specific in defining "organic" production and prohibits the use of the term on packaging of food that has not been produced using the approved methods. Cultural, biological, and mechanical practices that foster the cycling of resources, promote ecological balance, and conserve biodiversity are just some of the integral methods. Synthetic fertilizers, sewage sludge, irradiation and genetic engineering may not be used.

NO HORMONES ADDED

In the United States, no artificial or added hormones are used in the production of any poultry. Regulations of the Food & Drug Administration prohibit the use of such hormones. Chicken labeled "Raised without hormones" must also have a statement that no hormones are used in the production of any poultry.

"... ACCORDING TO THE NATIONAL CHICKEN COUNCIL (NCC), "LESS THAN 1% OF CHICKENS NATIONWIDE ARE RAISED AS "FREE RANGE.""

"RAISED WITHOUT ANTIBIOTICS"

This pertains to any flock that has been raised without the use of products classified as antibiotics for animal health maintenance, disease prevention or treatment of disease.

"ANTIBIOTIC-FREE"

All chicken is "Antibiotic-Free" since at the time of processing, there are no longer any antibiotic residues present in the meat. "Antibiotic-Free" can't be used on a chicken label, but it may be found in marketing materials not regulated by the USDA.

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ENHANCED

Fresh chicken products may be enhanced with chicken broth or a similar solution. If so, the presence and percentage of said broth or solution must be stated clearly and the actual ingredients listed on the label.

"ALL-VEGETABLE DIET"

Poultry feed is made from corn and soybean meal however, sometimes it also includes processed protein, fats and oils from meat and poultry by-products. Chicken companies that don't use feed containing ingredients from animals can be described as "all-vegetable." UB

Article contributed by **Terence Wells**
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Sources used: National Chicken Council, http://www.nationalchickencouncil.org/about-the-industry/chickopedia/

U.S. Department of Agriculture: Agricultural Marketing Service
http://www.ams.usda.gov/AMSv1.0/ams.fetchTemplateData.do?template=TemplateC&leftNav=NationalOrganicProgram&page=NOPConsumers&description=Consumers

PLAN

SUNDAY, APRIL 26, 2015

Registration 1:00 - 6:00 p.m.

One-of-a-Kind – Welcome Reception – 6:30 - 8:30 p.m. Poolside at Caesars Palace

PERFECT OPENER

- ✔ Meet and greet
- ✔ Develop strategies
- ✔ Focus your attention
- ✔ Set your goals

COMPETE

MONDAY, APRIL 27, 2015

GET INTO THE RACE

David Wasserman
House Editor, *The Cook Political Report*

SWITCHING GEARS

- ✔ Maximize strength, efficiency and direction with economic, industry and marketing presentations
- ✔ Competition continues with annual golf outing and poolside olympics
- ✔ Lighten up your gears and unwind at the evening's lavish cocktail party and annual awards presentation

SUCCEED

TUESDAY, APRIL 28, 2015

PULL OUT ALL THE STOPS – CLEAR THE HURDLES

Industry-specific general and breakout sessions:

- ✔ Jack Li, Marketing Director, Solutions – Datassential
  "The Big 5" – 5 key trends that impact how consumers eat, what they want, and where the industry is going
- ✔ Urner Barry's reporter roundtables will bring you to the finish line!

Celebrate your accomplishments – closing cocktail party 5:30 - 7:00 p.m.

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More than just a cafeteria …

A taste of college foodservice

As a current undergrad at Rutgers University in New Brunswick, NJ, I have had my fair share of dining experiences on campus. However, some people are not aware that dining halls here have transformed into more than just cafeterias. These dining halls (four in total on the New Brunswick campus) have grown and adapted to the times. The "what you see is what you get" service is long gone and a plethora of options are now offered. Not only are students given the choice as to *what* to eat, but of *when* to eat as well. In the past, meals were structured for the convenience and management purposes of the cafeteria, forcing students to stop what they were doing if they wanted to eat. Now there are many take out options allowing students to grab something and bring it back to the library to continue studying, or to their rooms for a late night snack. Today, it is all about convenience for the students, which translates into profits for the foodservice industry or self-operating facilities such as Rutgers.

With four dining halls and over 30 cafes and food courts, Rutgers serves over a million meals annually. Students choose between seven different meal plans with 50 meals (for off campus students) being the least expensive valued at $792 and 285 meals the highest valued at $2,543. The 285 meal plan is equivalent to 19 meals per week while the most popular plan, 150, allows an average of 10 meals per week and is priced at $2,165 per semester. This comes out to a little over $12 per meal depending on how often the student eats. Though some other private colleges have higher meal plan prices, Rutgers keeps its prices relatively low considering the fact that much of the revenue generated must fund the labor costs. Unlike many employees working for foodservice companies at other schools, Rutgers employees are paid a union wage. Other costs for self-operating facilities are their own repairs as well as fees to the school, which cover costs of additions and state-of-the-art facilities such as the new dining hall on the school's Livingston campus.

Because Rutgers is located between the New York City and Philadelphia markets, the university does not have trouble finding any type of item using an eclectic mix of vendors. Food cost for Rutgers is 30% compared to around 35% at restaurants, but this difference is mainly attributed to the high labor costs. Schools in the middle of the United States most likely have a harder time being isolated from popular markets. For example, Rutgers hosts annual theme nights in their dining halls including Thanksgiving Dinner and, the most popular, King Neptune Night. For this event Rutgers purchases a wide variety of seafood from various vendors in the region. A total of 18,000 lobsters were consumed this year. While it is essentially all you can eat, it usually averages out to about one lobster per patron. With all this food there are sure to be leftovers, but where does it go?

Many colleges and universities have found creative ways of eliminating waste including supplying farmers with leftover foods. Not only does this allow the producers to feed the scraps to their animals, but it also saves the colleges money on hauling costs. Another method of eliminating waste is going trayless which is becoming increasingly popular. Instead of students loading up on unnecessary food when their eyes are bigger than their stomach, they can take a little at a time. Going trayless also saves colleges money by reducing cleaning costs and water usage. It may also help students avoid the worrisome freshman fifteen, the weight students usually gain in their first year. This is another reason students are changing the food trends in college dining halls. They want to eat healthier. Brower Commons, the dining hall on the College Ave Campus of Rutgers in New Brunswick serves 1,000 grilled chicken breasts a day on the salad line which is popular for students searching for those healthier options. While there are those looking to avoid the freshman fifteen, fried foods still reign supreme at Rutgers. The most popular items for the students are chicken nuggets, mozzarella sticks, and wings, all served during Bite Night on Mondays in which about 1,600 students are served on the College Ave Campus alone. This take out system is especially popular during football season.

What was once a very structured system with the same meals served on the same days at the same times has evolved and adapted to the trending demands of the student body. Today, cook to order is becoming increasingly prevalent in dining halls with students looking to build custom pasta or stir-fry. One day they may want sushi or the next day they want a quinoa salad. If you aren't too afraid of the freshman fifteen, you could even eat ice cream at 9 a.m. because your mom won't be around to yell at you. UB

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"WHAT WAS ONCE A VERY STRUCTURED SYSTEM WITH THE SAME MEALS SERVED ON THE SAME DAYS AT THE SAME TIMES HAS EVOLVED AND ADAPTED TO THE TRENDING DEMANDS OF THE STUDENT BODY."

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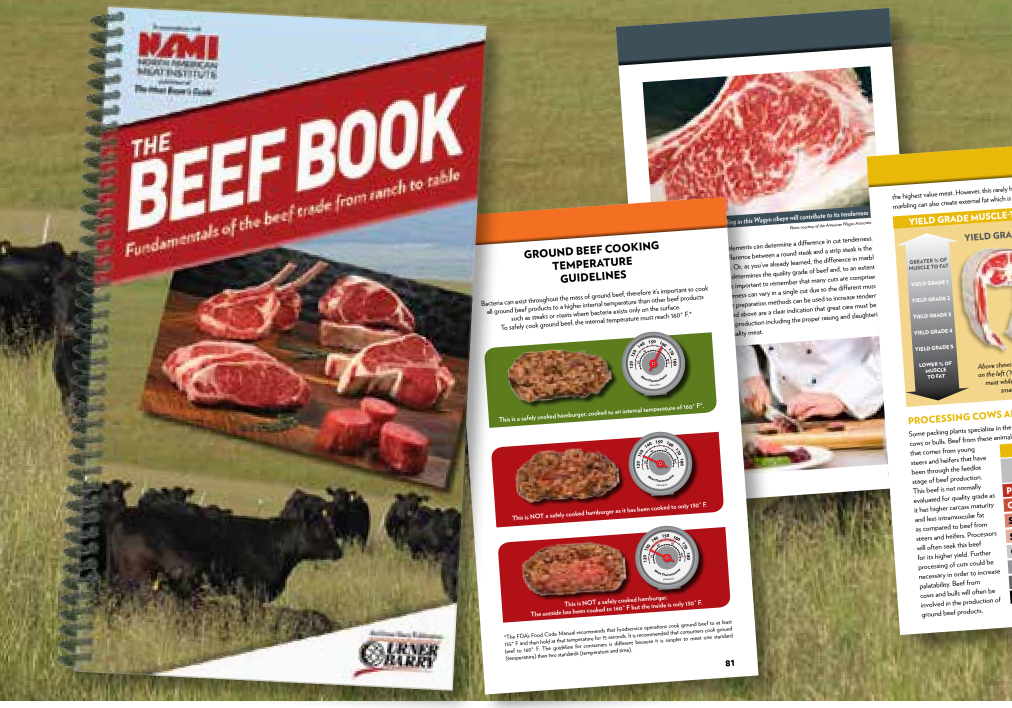
Learning about beef just got easier…

New resource available to learn about fundamentals of beef trade



It can take years to accumulate the knowledge necessary to have an understanding of how the beef industry works. But now it does not have to be that way.

The Beef Book: Fundamentals of the Beef Trade from Ranch to Table is a new book which enables people of all educational and professional backgrounds to obtain an expeditious education about the history and nature of the beef industry.

Published by Urner Barry, in association with the North American Meat Institute, *The Beef Book* conveys fundamental concepts of the beef trade with simple easy-to-read language, infographics, and charts.

Chapters in the new book include:

- ✔ *A brief history of the beef industry*
- ✔ *Cattle Breeds*
- ✔ *Cattle Production*
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- ✔ *Beef Production and the Environment*

In just a few hours people can vastly improve their knowledge of beef. End of chapter reviews are provided to ensure an understanding of key concepts. Because this is something that people want to bring around, we've made the book a small size and easy to carry.

Scan here to learn more.

The book can now be ordered on the Urner Barry shop at http://shop.urnerbarry.com UB

Slower Maine and delayed Canadian catches shakeup 2014 lobster season

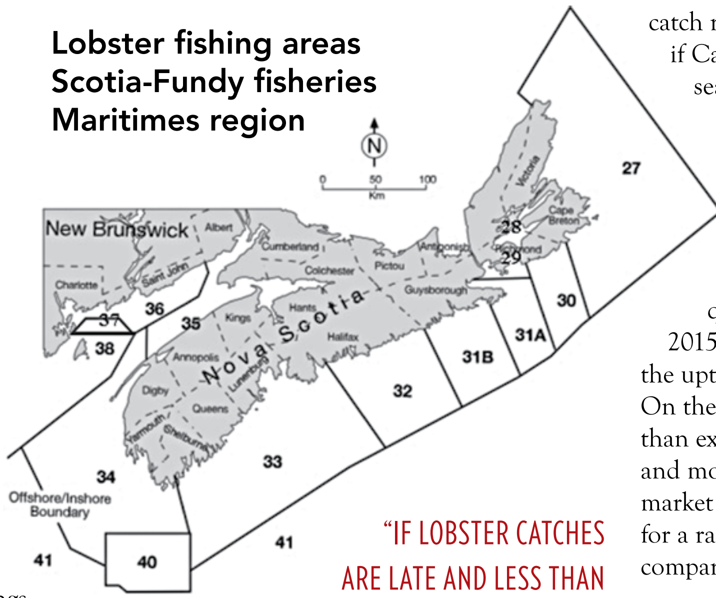
Over the last two North American lobster seasons, Maine and Canadian fishermen combined to haul in near record amounts of the crustacean. The volume was largely driven by an early season surge in "new" or soft shell lobster supplies from Maine, a trend that did not carry into the 2014 season.

Those familiar with the industry would know the 2014 season proved to be quite different from the 2012 and 2013 seasons. Warmer waters during those years helped produce record Maine landings of soft shell lobster. Those landings were also hauled much earlier in the year than was historically normal. Between 2008 and 2013 Canada and Maine saw their combined lobster landings rise over 58 percent. By 2013 the two regions combined for over 181 million pounds of lobster.

Soft shell lobsters generally do not ship well over long distances and are widely passed over by live market traders. Instead, they go to processors for tail and meat production. The increase in the soft shell supply over the past two seasons resulted in an uptick in lobster tail inventories, helping to drive American lobster tail prices in the U.S. market to near record lows.

2014 was a different scenario. Colder waters were largely blamed for a slowdown in Maine's lobster landings. This left processors short of product ahead of the opening to the Canadian seasons in the fourth quarter; evident in a 3 percent decline in Canadian lobster tail imports to the U.S. through October.

By mid-November, 2014 lobstermen commenced fishing efforts in Grand Manan where reports suggested the catch was plentiful. Historically, lobster landings during opening efforts are a good indicator



"IF LOBSTER CATCHES ARE LATE AND LESS THAN EXPECTED, BOAT PRICES GO HIGHER AND MORE LOBSTERS HEAD TO THE LIVE MARKET..."

of how the catch will trend for the season. Sources also said Maine was still producing landings at a relatively late point in their season.

At the same time the anticipated opening to Canada's most significant Lobster Fishing Area (LFA) 34 and 33 in Southwest Nova Scotia the week of Thanksgiving had both fishermen and processors prepared for the supply situation to improve. LFA 34 is Canada's largest fishing grounds and among the most productive in all of North America. The region, which spans an area about the size of New Jersey, accounts for about 40 percent of Canada's lobster haul and 23 percent of the entire North American catch.

However, gale force winds and high seas delayed the planned November 23 start to LFA 34 and 33 to after Thanksgiving. Fishing commenced in LFA 33 on November 28, followed by LFA 34's opening on November 29.

Fishing will eventually commence in Southwest Nova Scotia and official catch reports will ultimately determine if Canada and Maine's 2014 lobster seasons will be able to reproduce the record landings seen over the last two seasons.

If Canadian landings turn out strong and push down boat prices in the late fourth quarter of 2014 and early part of 2015, processors stand to benefit from the uptick in lower-priced lobster supply. On the contrary, if catches are late and less than expected, boat prices can go higher and more lobsters will head to the live market potentially setting processors up for a radically different market situation compared to the past couple of seasons. UB

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TECHNOMIC'S TAKE

TECHNOMIC

2015 10 Trends to Watch

The restaurant industry is evolving faster than ever; according to leading food research and consulting firm Technomic. Technology, consumer and menu trends are all revolutionizing foodservice. Technomic lays out 10 trends that its consultants and experts believe may be transformative in 2015. Predictions are based on Technomic research including consumer and operator surveys and site visits, backed up by data from its Digital Resource Library and vast MenuMonitor database.

Source: Technomic Inc.

1 Lights! Camera! ACTION!

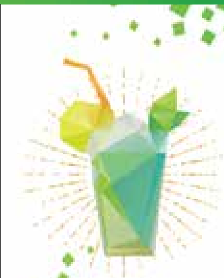
Dining is no longer just a personal experience, but a staged event that imparts bragging rights. Plating and lighting are increasingly designed with phone snapshots and social-media sharing in mind. Customers collaborate to put on the show; menus, marketing, even charitable efforts are crowd sourced.

2 SMALL-Minded

Small is in: Diners demand petite plates and flexible portions; units are smaller with shrunken, laser-focused menus, multi-use equipment and expanded hours to leverage fixed costs; labor pressures mean leaner staffing and more technology (though a backlash is brewing as many diners seek to unplug and be waited on).

3 Foodservice EVERYWHERE

Alternative forms of foodservice swallow share-from retailers' evermore-sophisticated onsite restaurants to fresh-food-and drink vending to enterprises that deliver ingredients to your door. Meanwhile, in the restaurant world, fast casual shakes out, segment lines blur further, pop-ups proliferate and demand for tech-enabled delivery heats up.



4 Signature BEVERAGES

Cocktails may come in kegs; classics like the Negroni ride the retro wave but get competition from new wine, beer and cider cocktails; flavorful and flavored whiskeys trend up along with spiced rums and liqueurs. Operators are increasingly differentiating themselves with non-alcohol drinks, too-from handcrafted or small-batch sodas to pressed juices to health-halo teas, crafted more for social media buzz than for eating.

5 There's something ABOUT ASIA

Asian foods have been trending for years, but the world's biggest and fastest moving continent always delivers something new. In 2015, look for the breakout of Korean, mainstreaming of Vietnamese and upscaling of spicy ramen noodles, the quintessential Asian street food.

6 BITTER is the new bold

Look for darker coffees, deeper chocolates, nextgen cruciferous veggies like cauliflower and collard greens, happy beers and cocktails with the bite of bitters.

7 DIY Health

More consumers care about healthy eating-but what does that mean to them? Menus increasingly display pick-and choose options for everyone from gluten-free eaters to vegans to paleo-diet partisans; offerings are switched out as nutrition fads and fashions come and go.

8 Micro-LOCAL

The stay-close-to-home spirit heightens interest in everything from house-purified water to regional seafood to locally manufactured products like beers and liquors. Even as the supply chain consolidates, specialty and citywide distributors gain share. An "antichain" ethos prompts chains and multiconcept operators to debut quasi-independent restaurants fine-tuned to local market demands.

9 Up with PEOPLE

The meaning of corporate social responsibility evolves as consumer concerns shift to the human factor. Diners care that restaurants deal fairly with their employees and offer opportunities for advancement. Others in the food chain also gain visibility as farm worker and Fair Trade movements win victories.

10 Channeling Z

The challenge of appealing to all ages intensifies as younger diners step up demands for speedy high tech service, heightened experiences, louder music and kinetic visuals ... and a new teen cohort of digital natives begins to make its voice heard.

MÉXICO

Mexican Beef

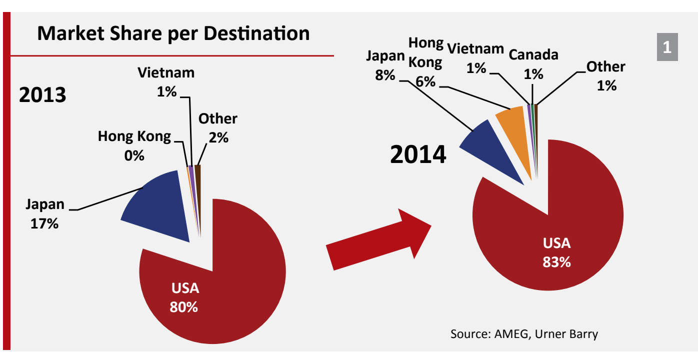
MEXICAN® BEEF

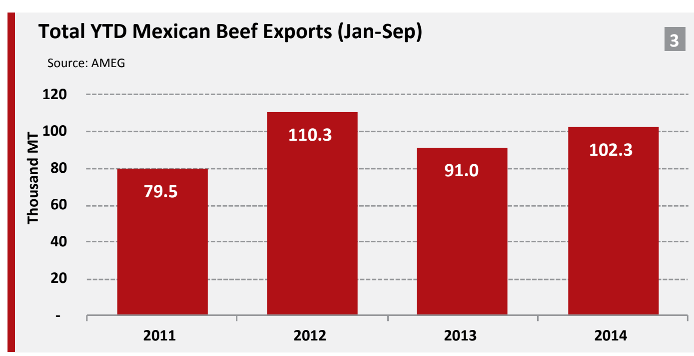
U.S. strong market for Mexican Beef

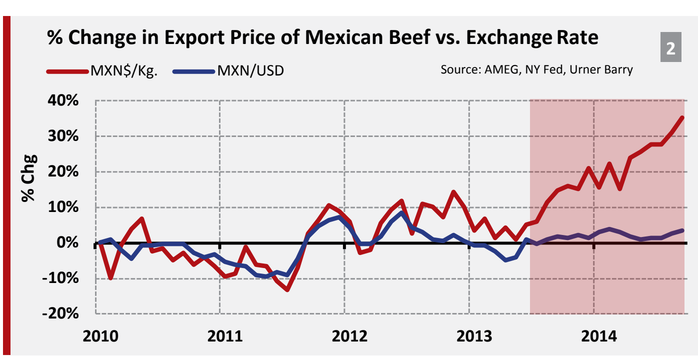
By the time this article is published, 2014 will be behind us; however, it will be a year that stays in the memories of many. From record high feeder and live cattle prices, to volatile cutouts and relatively inexpensive feed costs, both in the U.S. and for our neighbor to the south, this year won't be easily forgotten. The Mexican cattle market is going through the same issues as the U.S.—cattle is scarce and commanding premiums because of cattle liquidation a few years ago due to drought, cutout values are at record highs, margins at packing plants are being squeezed, and feeding periods are longer.

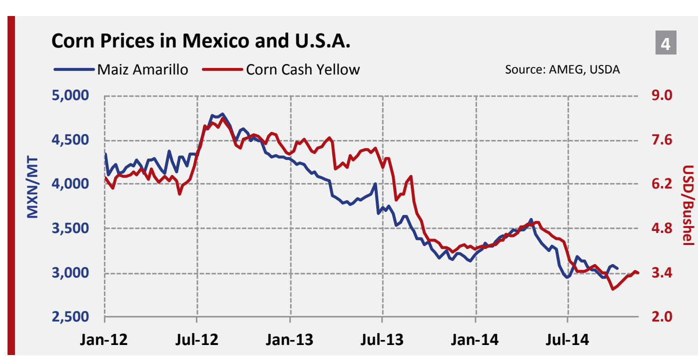
A bright side, however, where supply is short of full needs, is that due to the efforts of trade associations to seek entrance to new markets, product will find its way to those countries where prices may be more attractive. As such, Mexican meat packers have found other avenues to sell their product after Russia's ban of Mexican meat in 2013; such markets including Canada, Hong Kong, and Chile, among others, totaling 13 destinations in all. Still, most of the exports are finding their way to the U.S. *(chart 1)* as tight cattle supplies and a reduced kill in that country—while everything else constant—has resulted in tighter beef supplies.

Exports to the U.S. are at an all-time high on a year-to-date basis totaling 85 thousand metric tons, versus 73 thousand metric tons a year ago. This means that during the period of January to September, Mexico has exported 90 percent of the total volume exported in 2013, when total exports to that country reached a record high of 94.5 thousand metric tons. This situation comes as the U.S. copes with all-time high prices which in turn results in an attractive market for Mexican beef exporters. The interesting part is that, although historical data suggests a strong correlation between the MXN$/Kg of Mexican beef for export and its exchange rate versus the U.S. dollar *(see chart 2)*, this correlation sort of breaks as the market in the U.S. begins to trend sharply higher during the second half of 2013. In other words, although a favorable exchange rate has helped Mexican beef exporters' export value, the rise in MXN$/Kg seems to be affected in a much larger way by market









fundamentals; tight supplies across the distribution chain will send costs and prices paid by users and consumers up.

Shipments to Hong Kong have also increased quite significantly in 2014. From shipping a total of 410 metric tons in 2013, volume shipped to Hong Kong in 2014 has totaled over 6 thousand metric tons during the first nine months of the year. This simply indicates that Mexican Beef packers have been able to penetrate other markets despite experiencing a year of record high prices for feeder cattle due to a supply shortage (chart 3). However, shipments to Japan, which is the second largest destination for Mexican beef after the U.S., have decreased 45 percent in 2014 vs. 2013. Still, total exports in 2014 have outpaced those in 2013 but are still short of 2012, when exports reached a record high *(see chart 3).*

Finally, but not least, although exports have been the pinnacle for Mexican beef in the last few years, the Mexican domestic market has also absorbed price hikes throughout the year. Urner Barry's Mexican Beef Cutout has surged over 20 percent throughout 2014 while feeder cattle prices in Mexico have surged over 30 percent. The only bright spot at the moment is that feed costs are significantly lower when compared to a few years ago *(chart 4)*. This has helped feeders keep cattle on feed longer, which in turn has also caused prices of live cattle to rise even further.

Overall, as the market adjusts to current supply patterns, it might not see a herd expansion until late 2016. At the moment the incentive to sell cattle at record prices might be too good to be overlooked. However, given the rising costs to replace animals and the inability to pass on cost increments in the price of beef, many have opted to look for markets were prices are more attractive. Mexican Beef packers have been able to sell their beef in other markets like the U.S., Hong Kong, and Japan, where prices are simply higher which has also pushed prices in the Mexican domestic market up. Yes, the highest bidder gets the beef, but not all sellers get access to the same markets. Mexican Beef exporters are gradually opening new markets and it is expected that total exports will reach 143 thousand metric tons for an approximate value of $US 950 million in 2014.UB

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"MEXICAN MEAT PACKERS HAVE FOUND OTHER AVENUES TO SELL THEIR PRODUCT..."

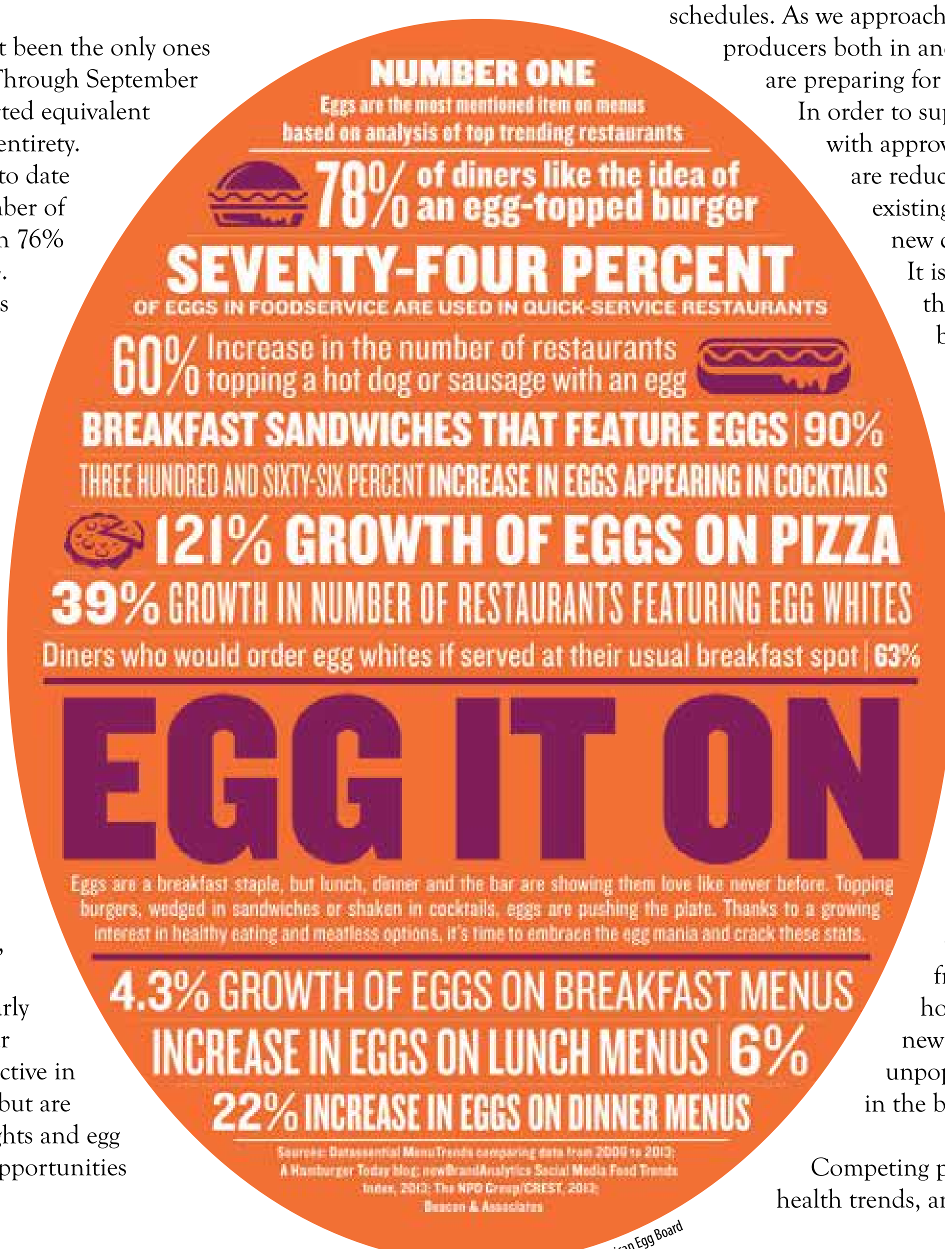
Why egg prices hit record highs

U.S. shell egg prices shattered the all-time record ahead of Thanksgiving, 2014. It isn't unusual to see prices climb in the weeks before the holiday season, but what exactly prompted a move in which Midwest large prices shot past $2.25 per dozen, up 25% from previous record levels set this past March? *(see chart 1)*

Wholesale buyers began preparing inventories early in the month, expecting traditional demand increases and features through the middle of December. They weren't expecting inventories to move so well prior to the holidays, however, as shoppers were motivated by weather changes and the return of the "Arctic Vortex." Temperatures dipped below the freezing mark for more than 200 million Americans. Cold weather not only increased consumption rates, but always encourages warm breakfasts--both positive for egg sales.

U.S. consumers haven't been the only ones hungry for shell eggs. Through September of 2014, Canada imported equivalent volumes to 2013 in its entirety. When comparing year to date figures through September of 2013, Canada has taken 76% more shell eggs in 2014. Even more impressive is the fact that the fourth quarter is typically the best time of year for shell egg exports to Canada.

Shell egg exports to Mexico set all-time marks in 2013, motivated by avian influenza issues in the country. Buyers down south have remained active in the market through the first three quarters of 2014, and though high prices have limited volumes some from those peaks, YTD totals through September were up nearly 125% from the five year average. Buyers are selective in the current landscape, but are bringing in lighter weights and egg products where price opportunities present themselves.



American Egg Board

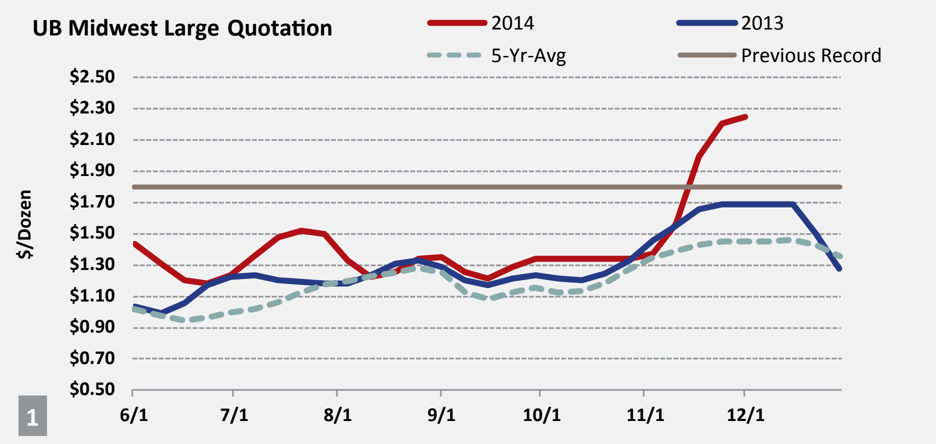
Given the strong market conditions, further processors in the States have sent as many eggs as possible into the cartoned market. Breaking schedules leading up to the period and throughout the year have been aggressive however. In fact, through November, nearly 4 million more cases of eggs were broken than last year, and 6 million more cases were broken than the five year average for the period. Processors were motivated by strong contractual sales of liquid, record egg whites prices, and deficit dried egg inventories. Not only were more eggs broken this year, but they were done at a higher cost. Breaking egg prices are up nearly 22% compared to last year's annual average. *(see chart 2)*

Most believed that production levels above the 300 million layer mark since August would adequately supply the domestic marketplace, even with exports and heavy breaking schedules. As we approach the first of 2015 producers both in and out of California are preparing for Prop. 2 regulations. In order to supply their customers with approved supplies, producers are reducing the population of existing houses or building new compliant production. It is estimated that nearly three million birds will be pulled from the current flock east of the Rockies alone before the end of the year and more will likely follow depending on regional price relationships.

Layers in the state of California will have to be reduced roughly 40% for compliance, a process which is already underway. Much of the additional supply needed to service the state will come from new production; however some of the new buildings will go unpopulated until sometime in the beginning of 2015.

Competing proteins costs, consumer health trends, and QSR promotions

"...DOMESTIC EGG CONSUMPTION, PROCESSING VOLUMES, EXPORTS, AND THE UPCOMING CALIFORNIA LAW CREATED WHAT SOME CONSIDERED AN EGG SHORTAGE..."



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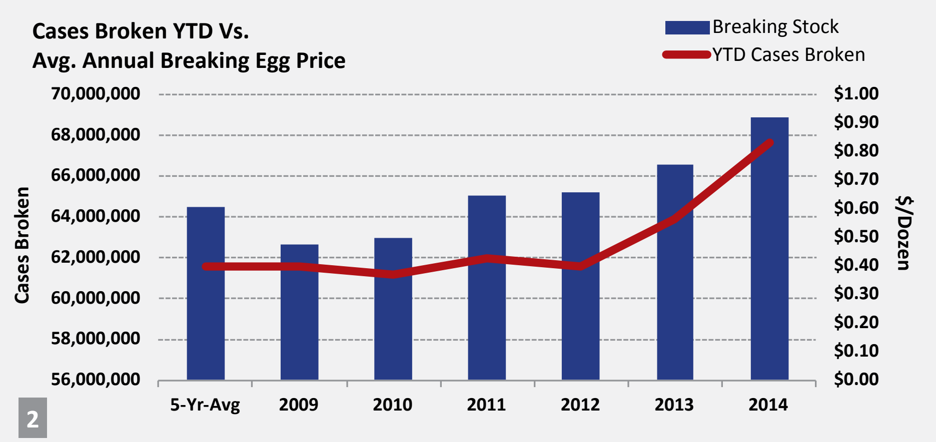

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have helped to bolster shell egg and egg product sales since late last year. We saw domestic per capita consumption increase by 3 eggs in 2013 and industry experts believe that number could be as high as 6-7 additional eggs this year. Though more than 300 million birds are in lay, domestic egg consumption, processing volumes, exports, and the upcoming California law created what some considered an egg shortage as wholesalers prepared for Thanksgiving 2014, and these factors led to egg prices never before seen. UB

Article contributed by **Brian A. Moscogiuri**
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What Americans

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The United States was founded as a melting pot for different cultures and culinary ideas, each bringing something new to the table. It's no surprise that for each region, down to the state, there is a unique favorite protein. Research was compiled (from multiple independent studies) from works published on the Estately Blog, Business Insider, Fast Co.Design, and Slate.

Beginning with poultry, Kentucky stands by their famous fried chicken, just as Tennessee does with both chicken and turkey prepared the same. Georgia and North Carolina prefer breaded chicken tenders and, occasionally, chicken and waffles. In contrast, Illinois is exclusive to variations of the chicken wing.

Moving to seafood, eleven of the mainland states have shown to be fanatics, with seven on the East coast. These states include Maine, Massachusetts, Rhode Island, Maryland, New Jersey, South Carolina and Florida.

Haddock is the top searched fish of Maine, Massachusetts and New Hampshire, among other assorted seafood. Rhode Island and New Jersey both searched for clams more than anything else. In Maryland, data shows crab cakes to be of popular demand, whereas South Carolina prefers shrimp. Florida is shown in a less decisive light, as Grouper, Mahi Mahi, and the restaurant chain Red Lobster are equally important to the locals. The two inland states with a taste for fish are Minnesota, which has a distinct love for Walleye, and Utah choosing halibut.

The West Coast has Washington, Oregon and California with halibut, prawn and caviar, respectively. Reports on all three states keep them on equal ground when it comes to the consumption of prawn. However, a report of caviar in California and halibut in Washington challenges these findings.

"...THE 50 STATES HAVE SHOWN TO HAVE STRIKINGLY UNIQUE PALETTES."

are eating throughout the states

Our two non-contiguous states are also seafood lovers to no surprise. Alaska provides a wide selection of seafood for diners, such as king crab and salmon. The same goes for Hawaii, however, much data shows a trend in the consumption of pork. This can be attributed to the cultural significance of this staple dish dating back to pre-annexation into the United States. Additionally, Hawaii consumes the most SPAM out of any other state. According to the company, during World War II, SPAM was given to officers stationed there as a meal. It became a staple food to residents, and as a result, remains a favorite dish to this day.

When it comes to pork, no state keeps to the classics like Virginia. Not ironically, the state's most popular protein is Virginia Ham. For the bacon lovers out there, Iowa is your state. Although chipped beef was popular among residents, it was surpassed by bacon and bacon burgers in these studies. Following the trend of processed pork, Delaware is known for a dish comprised of trimmings and cornmeal. Locally known as "scrapple," hog offal is boiled and stripped of meat, combined into a mush, and cooked in a pan. Mississippi followed suit with smoked pork rinds.

In the lead for Montana are pork ribs, same with Missouri, even though cattle make up the largest portion of their livestock industry. However, beef jerky and venison were popular in this state as well.

The most popular form of beef seems to be steak. However vague, it is listed as the collective favorite for six different states. In Idaho, finger steaks are preferred, while the cheesesteak is understandably Pennsylvania's favorite. New York and Oklahoma love all kinds of cuts, while Nevada and Wyoming have a more expensive taste, they prefer Wagyu beef and prime rib.

The only meat to make the cut for Nebraska is ribs, and for Vermont, it is pot roast showing just how beloved they are to the individual states. Other popular dishes include corned beef in Michigan and burnt ends in Kansas. Arizona is listed as having a palate for carne asada, a type of Mexican cuisine usually made with beef. South Dakota is the home of beef chislic, a dish comprised of cubed meat.

Lastly, is classic ground beef. Meatloaf is the top form of meat in Alabama and hamburgers being so for Connecticut. When it comes to cheeseburgers, reports show that residents of Indiana share an abundance of enthusiasm.

Along with beef, Indiana has a taste for something a little different—mutton. Research shows that it ties with burgers for the number-one spot, but in other states it is easily a favorite. Mutton is recorded for New Mexico as the only thoroughly-searched food, along with Colorado. However, that's not so strange for this progressive state, as they also enjoy eating rocky mountain oysters along with Montana.

The consumption of bison in North Dakota shares the spotlight with venison in Wisconsin.

Louisiana and Arkansas are in the "alternative meat" section due to their overwhelming passion for rabbit, and West Virginia likes its squirrel. Ohio shows pride for turtle meat, but Texas takes the cake with searches for edible bugs.

From the most common home cooked meal to bizarre searches for new delicacies, the 50 states show to have strikingly unique palettes. Some patterns are regional, while others are scattered across the map, bringing new and diverse dishes to every corner. Only time will tell which foods are trends and which will continue to be an American classic in this melting pot of timeless culinary creations.

Article contributed by **Kim Wheeler**
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Grupo Bafar's foundation helps kids stay healthy and strong

In 2014, Angel Rubio, a representative from Urner Barry, attended the "Third Annual Une-T Golf Tournament" in Chihuahua, Mexico. Organized by "Fundacion Grupo Bafar" or Grupo Bafar's Foundation.

Groupo Bafar is one of Mexico's largest food processors that is active in its community in terms of social responsibility, and that takes pride in overseeing the needs that are important to local areas. Since the creation of Grupo Bafar's Foundation, back in 2007, it has delivered over 1.9 million servings of food to children, the elderly, single mothers, and people in vulnerable positions. It also works together with another organization to give medical checkups to more than 1,000 kids in need.

Groupo Bafar's 2014 event brought together many of the company's suppliers, customers and friends as a means to raise funds for the Foundation.

During the Une-T Golf Tournament, participants had the chance to not only enjoy the company of industry friends, but also to help raise money for the charity. Ex-pro golfer Lorena Ochoa was present to sign autographs and speak about her most recent book. After the tournament Mr. Eugenio Baeza, president of Grupo Bafar, addressed what impact the funds raised would have on approximately 5,000 children in need.

One of the Foundation's main goals is to create "better Mexican citizens." Since its launch, it has concentrated on the well-being of the communities it operates in. The Foundation aims to develop programs for improving nutrition, promoting sports, taking care of the environment and improving the health and values of the people in its community.

Suppliers, clients and friends from different parts of the world attended the 2014 function and had the chance to learn more about Grupo Bafar's operations as well as enjoy a guided tour of its facilities. More importantly, however, people who made the trip were able to see what the Foundation is doing.

Grupo Bafar Foundation's Fourth annual tournament will take place around September 2015 with the aim of continuing to grow the event in terms of participants and funds raised. For more information please visit the company's website at www.grupobafar.com.

Article contributed by **Angel Rubio**
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Angel Rubio with two children of the foundation.

Left to right: Jesus Manuel Castro, Sukarne; Antonio Diaz, Grupo Bafar; Gabriel Elizondo;Karfri; Ana Valdez, AAK; Erika Martinez, Grupo Denes; Raul Garza, Grupo Denes; Humberto Melendez, Pilgrim's Mexico, and Angel Rubio, Urner Barry.

Bad PR - How to handle a crisis

There are plenty of examples of public relations calamities across different companies and industries. Some current notable ones have been recalls by various car manufacturers, oil spills and handling by the NFL of recent domestic violence cases. It also happens in the protein industry with product recalls or animal handling among others.

Crisis is defined by Merriam-Webster as "a difficult or dangerous situation that needs serious attention." If this occurs to a company, it can significantly harm the reputation and/or impact it financially. These crises can sometimes be foreseen, but oftentimes happen unexpectedly and suddenly. While difficult, the way the predicament is immediately handled afterward is important to restore credibility and minimize damage. So what should a company do to effectively communicate to all stakeholders that a situation is being addressed?

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There is a plethora of handbooks or guidelines to follow, however, ultimately every situation is different, and what needs to be done isn't always black and white. A very good first step is to convey to anyone within the organization who may have to deal with outside stakeholders what happened, and set the tone for what can be communicated initially. After this, investigate what happened. Find out not only what happened, but how it has impacted the organization. If the negative press is warranted by a company's actions, do not ignore it, take responsibility for it. This can go a long way towards restoring credibility. Once you understand what happened and have owned it, you have the chance to show devotion to making it right, and not just because of the public fallout. This is what the NFL did when it created the new council for domestic and sexual violence. It wasn't legislated to do this, but it felt it needed to. Clearly communicate your message and follow through. Once this is done, learn from the crisis. The company then needs to move on.

A PR crisis can happen to anyone in any industry. The way a company handles it is a reflection of the top-down culture. Following these steps could help minimize fallout while allowing the company to restore its image. UB

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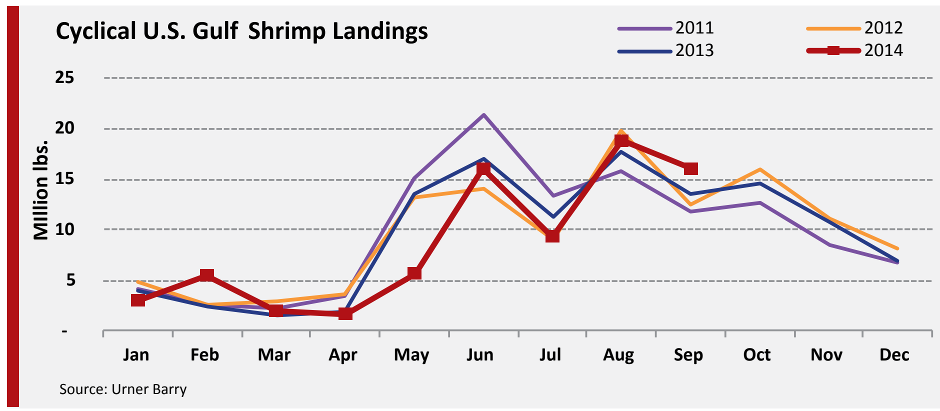
White shrimp season returns to Gulf in the fall, offsetting early spring season losses

The return of white shrimp to the Gulf of Mexico in September 2014, helped offset losses from weather-related delays that started the season in May. Louisiana led the region in landings during the month, with the state's catch hitting a five-year high.



The return of white shrimp in September helped boost the month's landings well above last year's totals this season. It remains to be seen if the Gulf will be to catch up to last year's totals ahead of the seasonal decline in fourth quarter fishing.

In September, Gulf fishermen landed just over 16 million pounds of shrimp, an 18 percent improvement from the same time last year and 20 percent above the five-year average.

The month's sharply higher figure appeared to confirm earlier reports that fishing delays in May created a timing issue that pushed back the landing pattern for the season. A look at May's landings shows the month's harvest was down about 60 percent compared to the average over the past three years.

September's landings certainly helped mitigate those losses from the start of the season. In August the total catch was off 17 percent from the five-year average and 15 percent from 2013. By September the catch year-to-date stood at 75.2 million pounds, off 9 percent both from last year and the five-year average.

Landings out of Louisiana carried the September increase with the state's catch up over 46 percent from 2013 to about 7.9 million pounds.

While government data does not specify the catch by species, Gulf producers credited the return of white shrimp to the region this fall for the heavier landings in September.

According to Greg Ladnier, owner and president at Sea Pearl in Alabama, Gulf white shrimp production was virtually nil in 2013, a continuation of the fishery's production over the past few seasons.

Ladnier said the white shrimp harvest in September was quite strong. For the month, landings out of Alabama were up one million pounds compared to 2013.

Nello Cassarino from the Galveston Shrimp Company in Texas agreed that it was the return of white shrimp to the Gulf that drove up landings in September.

Mixed opinions prevail whether the 2014 Gulf shrimp catch will be able to recover to match the previous season's totals. Over the last few years the fourth quarter marks both the peak and the downturn for catches out of the region.

Even after the September surge the total catch was short by about 8 million pounds with the Louisiana and Texas hauls still lower compared to 2013.

"It would be very difficult to make up the pounds," Cassarino said.

The final 2014 shrimp catch tally won't be available until around mid-January 2015. While it doesn't appear likely that the season will produce more overall Gulf shrimp compared to 2013, there's no doubt that producers were able to offset at least some losses from the season's late start due to the return of white shrimp to the region. UB

Article Contributed by **Michael Ramsingh**
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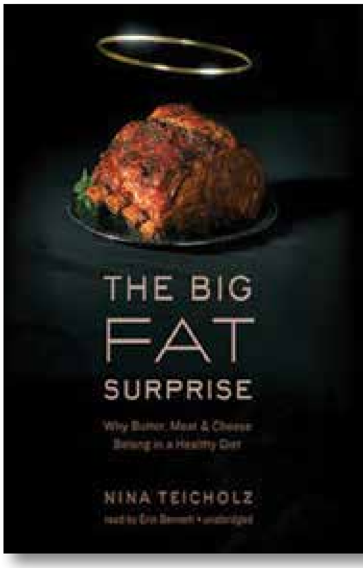
Nina Teicholz and *The Big Fat Surprise*

Nina Teicholz has a message to get out. As the author of a new bestseller, The Big Fat Surprise, Ms. Teicholz not only explains why meat is important in the diet, but further explains why the fat found in meat is absolutely essential.



Teicholz has been on a circuit of keynotes and appearances not only to publicize her work, but to reveal "the unthinkable"-- that everything we thought we knew about dietary fats is wrong. Combining scientific rigor with riveting storytelling, she argues that more, not less fat—including the saturated fats in meat, dairy and eggs—is what leads to better health and weight loss.

According to Teicholz, American's distrust of saturated fat dates back more than 50 years. Back then the American Heart Association and ultimately the U.S. government were influenced to subscribe to the notion that saturated fat was our chief dietary culprit. Fat generally – and saturated fat specifically – came to be blamed for causing heart disease, obesity and cancer. This belief became ingrained as the national dogma, and many nutrition scientists today still endorse this idea. Teicholz's book dispels that belief and supports the consumption of red meat, more importantly, her analysis of significant, published nutrition research reveals that we need not just the protein, but the fat that comes with it – hence, the book's title-- The Big Fat Surprise.

In a nutshell Teicholz's argument is this, the government effectively encouraged carbohydrate consumption, pushing up obesity and diabetes rates. Eating less fatty foods, like meat, which fill people up quickly, meant people were eating more carb-heavy foods like potatoes, bread and pasta, which don't satisfy hunger as well. People then tend to overeat more, consuming more calories in the process. In other words, the government's war on fat made us more fat. It may seem contradictory, but that's exactly what happened.

Teicholz says that from the original Food Guide Pyramid to the current MyPlate, government recommendations have pushed consumers to eat more grains, fruits and vegetables, and limit consumption of meat and dairy. In fact, the Dietary Guidelines Advisory Committee (DGAC) is currently formulating its 2015 guidelines, and Teicholz warns that even more restrictions on saturated fat are likely.

"Saturated fat guidelines are limited to 10% of total daily calories, but it appears the committee is considering ratcheting them back even further," says Teicholz. "There is hardly any science to show that this recommendation is a good idea. This is based on 'I think,' believing that saturated fat is a dietary culprit. It's very hard to reverse three generations of medical professionals endorsing low-fat diets."

Teicholz adds, "If you take fat out of foods, you are taking the flavor out, you are taking the texture out, you have to put a fat replacer in there, and that's almost always carbohydrate-based, often just sugar," she said.

Teicholz believes that Americans have been following a lower fat diet and as a consequence consumers who have adopted this eating style have shifted from eating 40 percent of calories as carbohydrates in the 1960s to now over 50 percent. As a result, the pounds have come on because less fat, and more carbs, actually makes us more fat.

While there are many that argue against the findings, Teicholz asserts that science is on her side and that depriving yourself of animal foods only hurts you in the long run. "People do not need to feel guilty about or restrict themselves when it comes to eating cheese, whole fat dairy and red meat," she said. "The science supports a higher-fat diet."UB

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"IF YOU TAKE FAT OUT OF FOODS, YOU ARE TAKING THE FLAVOR OUT..."

Farm bureau survey: bacon cheeseburgers costing just a bit more

Shoppers are paying slightly more for food at the grocery store compared to the first half of 2014. Higher retail prices for beef and pork products such as ground chuck and bacon, among other foods, resulted in a slight increase in the American Farm Bureau Federation's latest Semi-Annual Marketbasket Survey.

The informal survey shows the total cost of 16 food items that can be used to prepare one or more meals was $54.26, up $1.06 or about 2 percent compared to a survey conducted about a year ago. Of the 16 items surveyed, seven increased and nine decreased in average price.

"Several beef, pork and dairy products rose in price during the second half of the year, accounting for much of the increase in the marketbasket," said John Anderson, AFBF's deputy chief economist. "As anticipated, food prices have increased moderately—by about 2 percent—during 2014, which is essentially in line with the average rate of inflation over the past 10 years."

Items showing retail price increases from a year ago include:

- *sirloin tip roast, up 27% to $5.52 per pound*
- *ground chuck, up 17% to $4.31 per pound*
- *sliced deli ham, up 16% to $5.44 per pound*
- *bacon, up 9% to $5.11 per pound*
- *shredded cheddar, up 6% to $4.78 per pound*
- *eggs, up 7% to $1.95 per dozen*
- *whole milk, up 2% to $3.78 per gallon*

Items showing retail price decreases from a year ago include:

- *Russet potatoes, down 15% to $2.72 for a five-pound bag*
- *vegetable oil, down 14% to $2.69 for a 32-ounce bottle*
- *chicken breast, down 12% to $3.46 per pound*
- *bagged salad, down 10% to $2.55 per pound*
- *orange juice, down 8% to $3.21 per half-gallon*
- *flour, down 7% to $2.47 for a five-pound bag*
- *white bread, down 6% to $1.72 for a 20-ounce loaf*
- *toasted oat cereal, down 3% to $2.99 for a 9-ounce box*
- *apples, down 2% to $1.56 per pound*

"On the retail side, we're seeing higher beef prices which can be attributed to lower production," Anderson said. "Consumers can expect to pay a little more for their bacon cheeseburgers as we look toward the end of the year."

AFBF, the nation's largest general farm organization, conducted an informal quarterly marketbasket survey of retail food price trends from 1989 to 2012. In 2013, the marketbasket series was updated to include two semi-annual surveys of "everyday" food items, a summer cookout survey and the annual Thanksgiving survey. UB

Adapted from an article that appeared on Foodmarket.com on October 2, 2014

FOODMARKET.COM News from the Center of the Plate

"SEVERAL BEEF, PORK AND DAIRY PRODUCTS ROSE IN PRICE DURING THE SECOND HALF OF THE YEAR..."

Currencies, supplies sway global shrimp shipments …

U.S. market primed up for

SEAFOOD news.COM

A stronger U.S. dollar combined with both supply and production factors in 2014 helped the U.S. emerge as a comparably attractive market for shrimp imports by the fourth quarter.

In the second half of 2014, the U.S. dollar strengthened immensely due to numerous factors according to an analysis by Urner Barry Market Reporter Russell Barton. The strengthening started with the tapering of the Federal Reserve's Quantitative Easing program.

"The program involved the Fed buying $85 billion worth of treasuries a month," Barton said. "The proceeds from the sale then entered the monetary system, adding liquidity but also diluting the value of the dollar. With this program having recently been wound down and then concluded, it made sense for some investors to own dollars again."

In addition to the Fed's move away from QE, Barton said other factors that pushed up the dollar had little to do with dollar strength and more with weakness among its counterparts.

By the end of 2014, Japan entered a recession while the Euro-area narrowly avoided one; all while weaker economic news from the UK, Australia and China contributed to broad-based interest in the dollar.

"An overall risk averse mentality," Barton said.

However, Ecuadorian shrimp exporters—among the U.S.'s top three shrimp suppliers in 2014—were in a unique position compared to other global producers since Ecuador adopted the U.S. dollar as its national currency. For Ecuador it meant while their other customers were seeing an effective price increase, U.S. buyers were not.

"This factor alone may help trade with the U.S. remain more appealing than with competing importers. The country can avoid any exchange rate volatility," Barton said.

A look at U.S. shrimp supplies for the year shows Ecuadorian shrimp exporters—and many others for that matter—had little trouble selling product to buyers. U.S. shrimp supplies in 2014 were up considerably over 2013. Total shrimp imports were up 13.8% for the year through the first three quarters; 13.6% higher in September alone.

The U.S. is on track to set a record this year for shrimp import volume, with year-to-date imports of all types of shrimp slightly ahead of 2011, the previous all time high.

Along with these economic factors, China's domestic shrimp supply contributed

shrimp imports by end of ’14

to higher interest in the U.S. market. Well supplied from its own domestic production, by the fourth quarter China was not as aggressive in its purchasing as it was earlier in the year.

In fact, traders suggested that Chinese buyers had walked away from deals they already put deposits on. This was counter to strong Chinese buying earlier in the year that had a significant effect in the international market, which helped bump Asia past the U.S. for the second highest share of Ecuador’s shrimp exports by October.

In 2014, a strong U.S. dollar, weak international currencies and a well supplied Chinese market combined to create a comparably favorable market for those exporting shrimp to the U.S. by the fourth quarter. This was at least partially evident by a marked increase in U.S. shrimp imports that put shipments on track to set a record volume through the first three quarters of the year.UB

Article contributed by **Michael Ramsingh**
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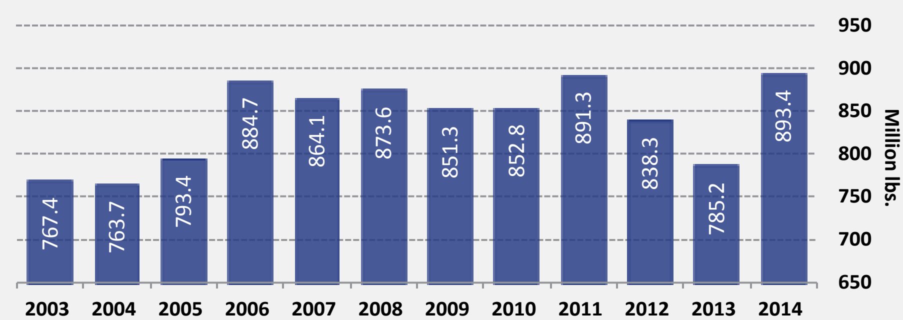
U.S. YTD Shrimp Imports (Jan-Sep)



Source: USDOC, Urner Barry

"THE U.S. IS ON TRACK TO SET A RECORD THIS YEAR FOR SHRIMP IMPORT VOLUME..."

Seasonal factors and record production

Adapted from a series of articles that first appeared on Seafoodnews.com in October and November 2014

Record global production, Russia's widespread ban on imports and retail promotional prices were among the top developments that gripped the U.S. salmon market in the fourth quarter of 2014.

This year's salmon market experienced record Chilean salmon production and a surge in Norwegian shipments. Combined, these factors fueled the U.S. market with all-time high fresh fillet volumes through September. In fact, in the first three quarters of 2014, fresh Atlantic salmon imports into the U.S. were up about 19 percent to a record volume of 199.7 million pounds.

This run up in U.S. imports was mainly driven by Chilean salmon production. In 2014, farmers met and then surpassed production volumes not seen since before an outbreak of salmon anemia wiped out Chilean production in 2010. Through September 2014, the U.S. imported over 153 million pounds of fresh Chilean salmon fillets, a 15 percent increase from last year and a 10-year-high.

As the Chilean salmon harvest was reaching these record levels, Russia's government banned imports on foodstuffs from major markets around the world.

Russia's action resulted in Norwegian salmon exporters turning to the U.S. as an alternative market for their shipments. The U.S. imported 139.5 percent more

> "…PRODUCERS NOTED GENERALLY STRONG SALMON DEMAND IN ALL OVERSEAS MARKETS ALL YEAR."

Norwegian salmon fillets through the third quarter of 2014 with the total volume at a five-year high of 18.5 million pounds. Norway also exported 8.6 million pounds of wholefish to the U.S. market which is 40.8 percent higher through September.

These record imports were a factor throughout 2014, not just in September,

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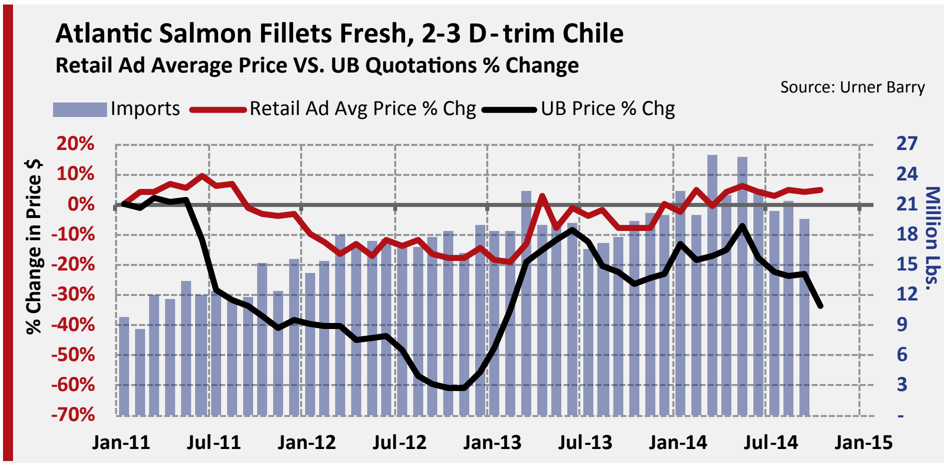
Joseph Muldowney, Managing Editor

swing fourth quarter salmon prices



The chart shows the wide margins between promotional salmon prices and the wholesale market compared to U.S. imports.

as prices have trended down. Urner Barry quotations for 2-3 lb fresh D-trim salmon fillets out of Chile were about 23 percent lower on average in October compared to prices in May.

The salmon market traditionally declines in the third and fourth quarter for a few reasons. Alaska's summer salmon season puts additional product on the market to compete with farmed Atlantics. Also the start to the fall season usually sees consumers transition away from grilling and dining out. The time between Labor Day and Thanksgiving—with no other major holidays in between—is a notoriously slow period for seafood demand in general.

Still, even during the typical downturn, producers noted generally strong salmon demand in all overseas markets all year. Through September, Chilean exporters reported a 30 percent increase in their export values. In other words, U.S. buyers continued to import salmon not only at record volumes from Chile, but also stepped up shipments from the Norwegians.

Higher salmon demand was evident in the National Fisheries Institute's Top 10 List of per capita seafood consumption among Americans. Overall seafood consumption was about steady in 2013, but salmon surpassed tuna for the first time ever as the second most consumed seafood item with consumption up 34 percent to 2.7 pounds per capita.

A RETAIL OPPORTUNITY

Amid the record imports and seasonal market declines, retailers used the fourth quarter market conditions as an opportunity to expand their margins.

During the fourth quarter, retail ad prices resisted the seasonal salmon market decline as average ad prices were up 6 percent in October compared to 2013, and 4 percent from 2011.

This retail behavior directly contrasted the wholesale market situation. The wide disparity between the two markets was part of an extended cycle that retailers use to even out margins based on wholesale market behavior.

Unlike the wholesale arena, retail prices are far more resistant to change. When supplies tightened in Chile from the aforementioned disease issues in 2010 and 2011, retailers continued promoting salmon but with much tighter margins.

Then when prices started to fall in the spring of 2011, retailers were slow to follow suit, preferring to rebuild their margins.

The same thing happened again in 2013, when wholesale prices shot up, and retailers absorbed some of the increase with tighter margins. Now that salmon values are weaker, retailers are again embarking on a period when they are likely to keep prices stable in order to add to their margins as they did during the disease stricken years mentioned earlier. Expectations are this retail trend could continue for months, until some retailer breaks the dam and sees a competitive opportunity to lower prices. Then retailers as a whole could follow suit.

This should be seen as a temporary situation that carries the possibility of lowering retail prices, which could stoke consumers to buy more salmon. Also remember the Christmas holiday typically drums up a bit more demand, which usually results in a slight market rebound to close out the year. The late quarter market upswing could carryover in 2015, driven by early Lenten season demand with Ash Wednesday falling in on February 18th just four days after Valentine's Day, another popular seafood holiday.UB

By Michael Ramsingh and Janice Schreiber
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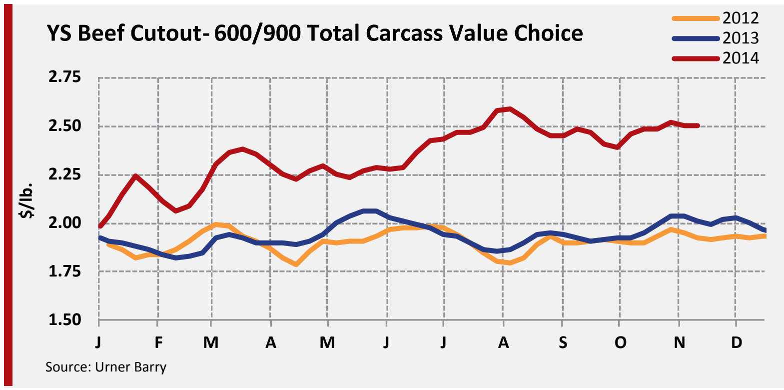
Retail beef

Continued from page 1

The result of increased rainfall throughout much of the Plains and Midwest, high cattle prices and cheaper feed costs has been an effort by producers to rebuild the cattle herd. That has led to a significant reduction in cow slaughter and fewer grain-fed cattle expected to be available for slaughter throughout all of 2015 and into 2016.



USDA predicts that cattle slaughter and beef output in 2015 will be below that of 2014. Some analysts look for 2016 beef production to be up slightly from 2015 but still below the average for 2013-2014.

If these predictions are correct, it could be 2017 before wholesale beef prices decline enough to allow retailers to feature the product at what consumers would consider to be bargain prices.

David Anderson, agricultural economist at Texas A & M University, predicts that it could be four to five years before beef "bargains" are seen again at the retail counters. "That is based largely on how long it takes to expand the herd," he said. Anderson looks for production to begin to increase in 2017. He predicts 2016 beef output to be about the same as 2015. "I think this also means the (amount of) time to get beef production back up to pushing 26 billion pounds per year"...and assuming the cow herd can get back to where it was in 2010, he said.

Marty Foreman, cattle analyst with Doane Advisory Services in St. Louis, is looking for the January 2015 inventory report to show the total cattle herd larger than the year prior for the first time since 2007-2008. Dan Vaught, also with Doane, said "those cows will be giving birth next spring at the earliest, so we can't really look for increased calf numbers to impact the fed cattle market until mid-2016. In fact, if the industry is still in an aggressive expansionist mode into next fall, the diversion of heifers to the cow herd could continue limiting feedlot supplies through much of 2016 as well."

Derrell Peel, agricultural economist at Oklahoma State University, projects beef supplies to be smaller in 2015, with no change or a slight increase seen in 2016 before significant year-over-year increases begin in 2017. He looks for the first price relief for customers occurring in 2017. "And that will be from a lower beef supply level than we have today," Peel said.

Cattle herd rebuilding began in 2014 and will continue, weather permitting, potentially for the rest of the decade. It will probably take until 2017 or 2018 just to recover the drought liquidation, Peel said.

The calf crop will begin growing in 2015, but feeder supplies will tighten through 2016 due to heifer retention. Cattle slaughter will be smaller in 2015, year-over-year, and down slightly in 2016 before growing in 2017. Heavier carcass weights will offset some decline in slaughter in 2014, 2015 and 2016, which could lead to a modest increase in beef supplies in 2016, with slightly smaller slaughter. Carcass weights will not increase as much in 2015 and 2016 as in 2014, Peel predicts.

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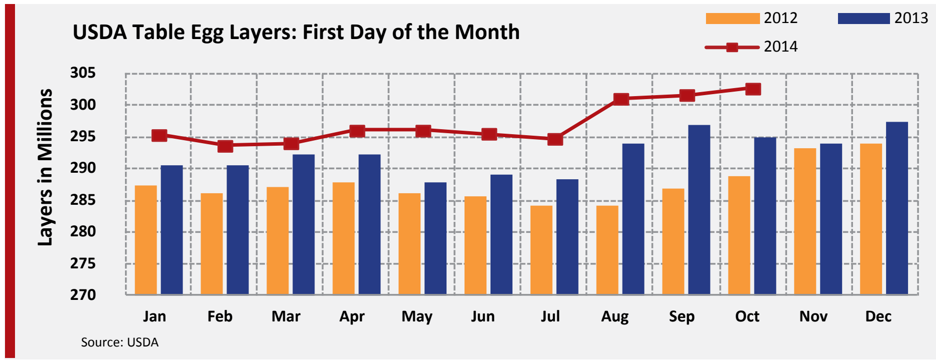
Advertiser Index ...

Proposition 2

Continued from page 1

2, 2014, however, a U.S. District Court judge in California told the plaintiffs they did not have a case, stating that the only citizens that would be harmed financially would be the farmers needing to comply with the California legislation in order to participate in the state's egg market. Though there are plans for an appeal, the decision seems to have set the January 1, 2014 deadline in stone.



U.S. table egg layers have run over 300 million since August, 2014.

Those planning to ship eggs into the state have already begun to have their facilities

Sample compliance label.

inspected by the California Department of Food and Agriculture and are preparing to package product in cartons marked with a compliance label. Others will wait until after the holiday markets to adjust their bird populations in order to comply with the 116 sq. inches per layer benchmark or place birds in newly constructed, compliant facilities.

Wholesale traders, retailers, and distributors in California have been hard at work sourcing compliant production for the new year. Most feel they have secured adequate supplies, but given the flock reductions in the already deficit state and reluctance of producers to reduce outputs during high markets, it will likely take some time before California demand can be balanced by compliant outside sources.

These conditions will likely lead to a wide price discrepancy between California and the rest of the country. How the spreads will react and for how long is anyone's guess, but given the fact that U.S. table egg layer numbers have breached 300 million layers since the summer of this year, most believe shortages will be temporary. Any wide price differentials will likely encourage producers to comply as quickly as possible and a number of new compliant facilities should be populated through the first quarter of the year.

Proposition 2 has loomed over the egg industry for nearly a decade, but consumers are soon to realize exactly what they voted for and the egg industry, both in and out of the state, is anxious to find out what exactly it will mean for the markets. UB

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