Bacon Trends

Provided by:
National Pork Board
The Bacon Market
Evolution of the bacon market

- Foodservice industry led bacon growth by adding bacon where it hadn’t been before
  - sandwiches
  - salads
  - combination dishes
  - flavor enhancer for other proteins
  - flavored sauces
- Retail market followed trend
  - variety of flavor options
  - pre-cooked options
Bacon in the U.S.

- Regular-sliced bacon is .062 inches thick (1/16 inch) with 16 - 20 slices per pound
- Thin-sliced bacon is .031 inches thick (1/32 inch) with 28 - 32 slices per pound
- Thick-sliced bacon is .111 inches thick (1/8 inch) with 10 - 14 slices per pound
Bacon nutrition facts

Two slices of bacon
- 73 calories
- 6 grams of fat
- 4 grams of protein
- 60 milligrams of potassium
Bacon in Restaurants
62% of restaurants have bacon on the menu

Bacon is mostly served in a breakfast entree, hamburgers and sandwiches.

Source: MenuMine Menu Incidence 2006
Bacon accounted for nearly half of the breakfast meat servings volume.

Distribution of Breakfast Meat Servings by Product Type

- **Bacon**: 45%
- **Sausage**: 41%
- **Ham**: 14%

Total Restaurants

Year Ending Nov 2007

Source: The NPD Group / NPD Foodworld / CREST
Though smaller, Other Dayparts proving growth opportunity for Breakfast Meats

Distribution of Breakfast Meat Servings: Yr. End Nov ‘07

Bacon growing fastest outside of Morning Meal

Servings Change vs. Year Ago

<table>
<thead>
<tr>
<th></th>
<th>Breakfast Meat</th>
<th>Bacon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Daypart</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Morning Meal</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>All Other Dayparts</td>
<td>8%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: The NPD Group / NPD Foodworld / CREST
Bacon relies more on independents when compared to total breakfast meats

Distribution of Breakfast Meat Servings: Yr. End Nov ‘07

<table>
<thead>
<tr>
<th></th>
<th>Major Chains</th>
<th>Small Chains</th>
<th>Independents</th>
<th>Breakfast Meats</th>
<th>Bacon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Chains</td>
<td>49</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Chains</td>
<td></td>
<td>10</td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Independents</td>
<td></td>
<td></td>
<td>41</td>
<td></td>
<td>46</td>
</tr>
</tbody>
</table>

Source: The NPD Group / NPD Foodworld / CREST
Bacon appeals to males slightly more than females

Distribution of Breakfast Meat Servings: Yr. End Nov ‘07

- **Men**
  - Breakfast Meats: 56
  - Bacon: 54

- **Women**
  - Breakfast Meats: 44
  - Bacon: 46

Source: The NPD Group / NPD Foodworld / CREST
Consumers over the age of 34 make up most of consumption

Distribution of Breakfast Meat Servings: Yr. End Nov ‘07

- Under 18: 15
- 18 - 34: 22
- 35 - 49: 24
- 50 - 64: 24
- 65 and over: 16

Breakfast Meats

- Under 18: 15
- 18 - 34: 23
- 35 - 49: 23
- 50 - 64: 23
- 65 and over: 17

Bacon

Source: The NPD Group / NPD Foodworld / CREST
Raw Bacon
Volume Comparison

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2006</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>86.5%</td>
<td>86.9%</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Non-Commercial</td>
<td>13.5%</td>
<td>13.1%</td>
<td>-0.4%</td>
</tr>
</tbody>
</table>

Source: Foodservice Research Institute BEST Reports, 2006
Raw Bacon
Commercial Market Segment Comparison

Source: Foodservice Research Institute BEST Reports, 2006
Pre-Cooked Bacon
Volume Comparison

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2006</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>96.3%</td>
<td>90.2%</td>
<td>-6.1%</td>
</tr>
<tr>
<td>Non-Commercial</td>
<td>3.7%</td>
<td>9.8%</td>
<td>+6.1%</td>
</tr>
</tbody>
</table>

Source: Foodservice Research Institute BEST Reports, 2006
Pre-cooked Bacon
Commercial Market Segment Comparison

Source: Foodservice Research Institute BEST Reports, 2006
Bacon at Home
The bacon category

- In 2005, refrigerated bacon dollar sales totaled to $2B, compared with $1.8B in 2000 (+20.5%)
- Bacon offerings and eating occasions have grown beyond breakfast time
  - Increasingly used as pizza toppings
  - Ingredient in burger and chicken sandwiches
  - Bacon crumbles used on salads
- Flavor and packaging innovations expand bacon options
  - New sweet flavors such as maple honey or cinnamon
  - Spicier offerings such as jalapeño or roasted pepper

# Top 10 refrigerated bacon brands

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand</th>
<th>$ Sales (in millions)</th>
<th>$ Sales (% change)</th>
<th>Unit Sales (in millions)</th>
<th>Unit Sales (% change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Private Label</td>
<td>384.2</td>
<td>-3.7</td>
<td>137.3</td>
<td>4.4</td>
</tr>
<tr>
<td>2</td>
<td>Oscar Mayer</td>
<td>377.4</td>
<td>-3.6</td>
<td>99.1</td>
<td>0.2</td>
</tr>
<tr>
<td>3</td>
<td>Hormel Black Label</td>
<td>139.2</td>
<td>-4.0</td>
<td>41.4</td>
<td>2.4</td>
</tr>
<tr>
<td>4</td>
<td>Bar-S</td>
<td>68.0</td>
<td>-1.0</td>
<td>27.4</td>
<td>12.0</td>
</tr>
<tr>
<td>5</td>
<td>Farmland</td>
<td>66.1</td>
<td>-5.0</td>
<td>22.0</td>
<td>0.7</td>
</tr>
<tr>
<td>6</td>
<td>Wright</td>
<td>61.1</td>
<td>3.1</td>
<td>9.8</td>
<td>1.2</td>
</tr>
<tr>
<td>7</td>
<td>Smithfield</td>
<td>58.1</td>
<td>2.9</td>
<td>20.6</td>
<td>0.8</td>
</tr>
<tr>
<td>8</td>
<td>Gwaltney</td>
<td>56.8</td>
<td>-13.7</td>
<td>21.5</td>
<td>-9.4</td>
</tr>
<tr>
<td>9</td>
<td>Louis Rich</td>
<td>55.2</td>
<td>-2.8</td>
<td>18.9</td>
<td>-3.6</td>
</tr>
<tr>
<td>10</td>
<td>Hormel</td>
<td>47.7</td>
<td>-12.9</td>
<td>10.3</td>
<td>113.8</td>
</tr>
</tbody>
</table>

*52 weeks ending March ‘06; some numbers have been rounded
Percent change is vs. 1 YAG

In-home bacon consumption

- Overall bacon consumption has remained stable over time. It is consumed an average of 18 times per person per year.
- Over half of all households (53%) report that they always have bacon on hand in the kitchen (2005).
- 15% of all bacon is reported to be cooked in a microwave; 45% is reported to be cooked on the stove top.
- 59% of bacon consumption occurs during the week leaving 41% of eatings falling on Saturday or Sunday.
- Bacon is consumed averagely across all seasons, although the summer months have slightly more eatings.
- While bacon included in hot sandwiches is slightly on the decline, it is still twice as likely to be included in hot sandwiches than in cold sandwiches. Bacon included in cold sandwiches has remained stable.

Source: The NPD Group, Inc. National Eating Trends and Kitchen Audit
Trend in per Capita Consumption

Bacon Annual Eatings Per Capita

16.8 17.8 17.5 18.4 18.1 18.6 17.9 16.3 17.2 17.9

Source: The NPD Group, Inc. National Eating Trends

All data is for year ending February.
Bacon accounts for 19% of in-home pork eatings

Total Pork Consumption by Type

% of Total Pork Eatings

- Sausage, 19
- Ham Entrée/Lunchmeat, 30
- Bacon, 19
- Pork Ribs, 2
- Other Fresh Pork (excl. Chops), 9
- Pork Chops, 11
- Lunchmeat*, 11

Annual In-Home Eatings Per Capita: 95.3

One Year Ending February 2007

*Pork lunchmeat = bologna, salami, luncheon loaf, etc. ... excludes ham
Source: The NPD Group, Inc. National Eating Trends
And, breakfast consumption dominates

Source: The NPD Group, Inc. National Eating Trends
Bacon at in-home breakfast

- Bacon consumption at breakfast has remained stable over time.
- Bacon is consumed at breakfast an average of 12 times per person per year.
- Bacon eatings are tied closely to eggs … when bacon is served, eggs are present 71% of the meals.
- Both bacon and base dish eggs at the in-home breakfast meal occasion have increased in annual eatings in the past decade; bacon by one eating and eggs by eight.
- When eggs are served, bacon are present 26% of meals, and this down 2% compared to 1998. How can bacon latch on to egg’s growth since there are two items that are present with each other frequently?

One Year Ending February 2007

Source: The NPD Group, Inc. National Eating Trends
How bacon is eaten in-home

- **Bacon usage:**
  - Bacon “as is” 75.0%
  - Sandwich 12.8%
  - Casseroles/Hot Dishes 2.6%
  - Salad 1.8%
  - Egg Dish/Omelet 1.7%
  - Vegetables (mainly Green Beans) 1.4%

- Bacon as an ingredient has declined slightly over time. The increase in the bacon category has been driven by base dish eatings.

- Additive/Ingredient eatings account 25% of all bacon consumption.

Source: The NPD Group, Inc. National Eating Trends

One Year Ending February 2007
Appliance by Preparation Method

% of Eatings 2005/2006
Top Appliance/Preparation Methods

- Stove Top: Fried/Pan Broiled: 45
- Microwave: 15
- No Appl/No Prep Method/Nr: 14
- Stove Top: Warmed/Heated: 8
- Oven: Baked/Roasted: 3
- Stove Top: Boild/Stewed/Simmr: 2
- Ao Stove Preparations: 2
- Toaster/Toaster Oven: 2
- Grill/Bbq: 2

Source: The NPD Group, Inc. National Eating Trends

One Year Ending February 2007
All data is for year ending February.
# Demographic profile: bacon eater

**In-Home—Based on Index to Total Sample with an Index of over 120 (above average)**

<table>
<thead>
<tr>
<th>Demographic Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>HH income:</td>
<td>&lt;$10K; others average</td>
</tr>
<tr>
<td>HH size:</td>
<td>Not 1 or 4 member HH’s; others average</td>
</tr>
<tr>
<td>Age of female head:</td>
<td>65+; <strong>not</strong> &lt; 25</td>
</tr>
<tr>
<td>Occupation of HH head:</td>
<td>Retired; <strong>not</strong> professional career</td>
</tr>
<tr>
<td>Market size:</td>
<td>500M-999M; others fairly average</td>
</tr>
<tr>
<td>Race:</td>
<td>Black, Hispanic, Other; <strong>not</strong> Asian</td>
</tr>
<tr>
<td>Census regions:</td>
<td>E.+ W. South Central, Mountain; <strong>not</strong> New England, East North Central</td>
</tr>
<tr>
<td>Age/sex of eater:</td>
<td>Males 55+ and females 65+; <strong>not</strong> kids &lt;6; others average</td>
</tr>
<tr>
<td>Lifecycle</td>
<td>Single parents, married active seniors, 75+; <strong>not</strong> affluent singles, DINKS, affluent traditional families</td>
</tr>
</tbody>
</table>

Source: The NPD Group, Inc. National Eating Trends
One Year Ending February 2007