



Bacon Trends

Provided by:
National Pork Board



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The Bacon Market

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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

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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



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Bacon nutrition facts

Two slices of bacon

- 73 calories
- 6 grams of fat
- 4 grams of protein
- 60 milligrams of potassium



Bacon in Restaurants

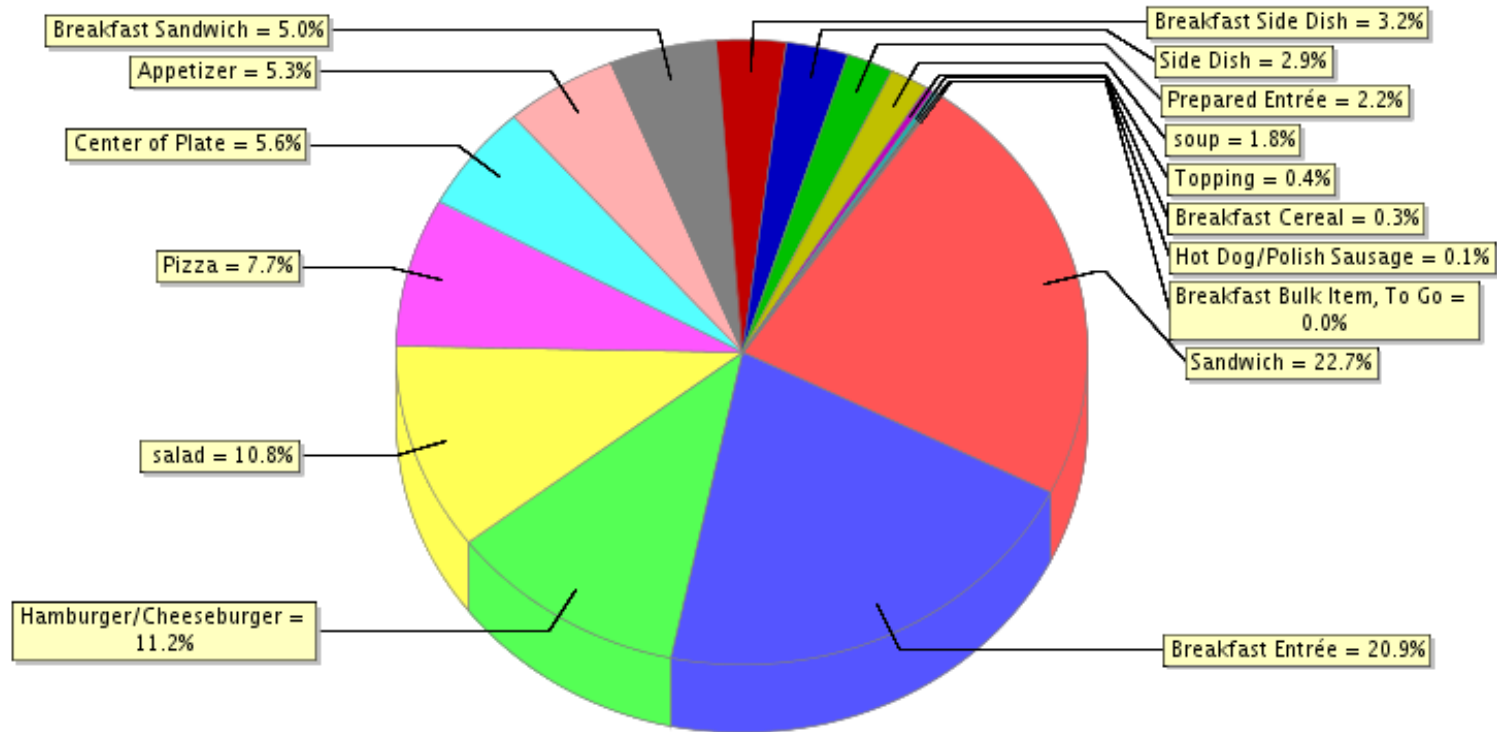




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62% of restaurants have bacon on the menu

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



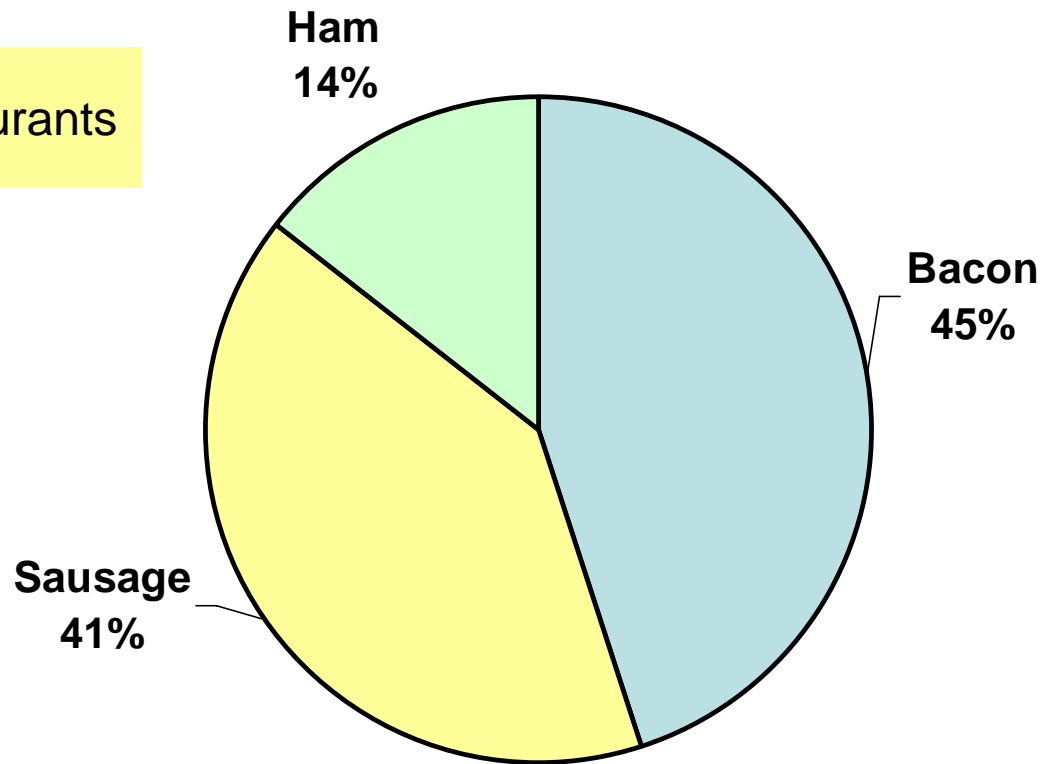


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Bacon accounted for nearly half of the breakfast meat servings volume

Distribution of Breakfast Meat Servings by Product Type

Total Restaurants



Year Ending Nov 2007

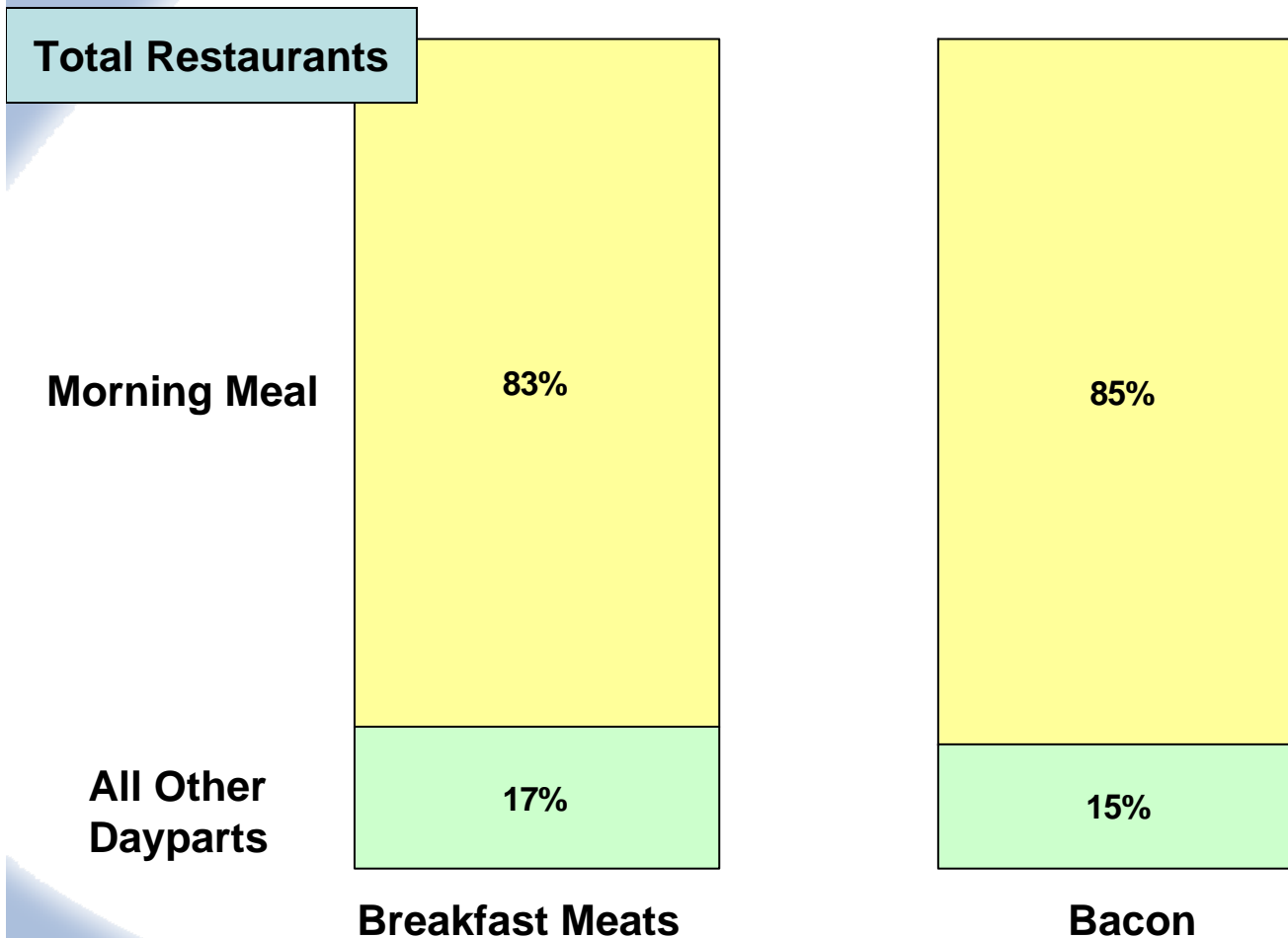




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Though smaller, Other Dayparts proving growth opportunity for Breakfast Meats

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



Bacon growing fastest outside of Morning Meal

Servings Change vs. Year Ago

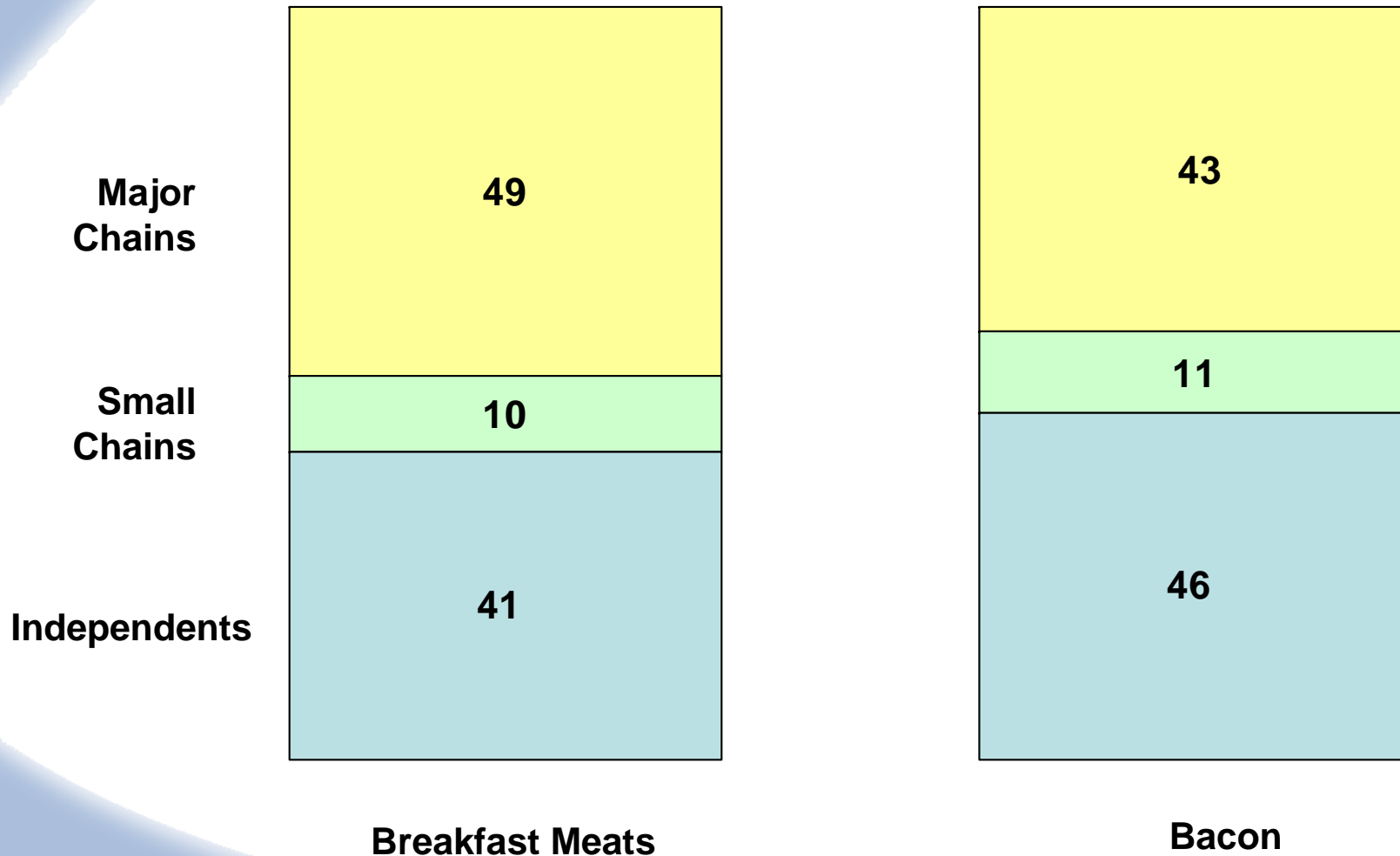
	Breakfast Meat	Bacon
Total Daypart	4%	4%
Morning Meal	3%	3%
All Other Dayparts	8%	10%



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Bacon relies more on independents when compared to total breakfast meats

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



Source: The NPD Group / NPD Foodworld / CREST

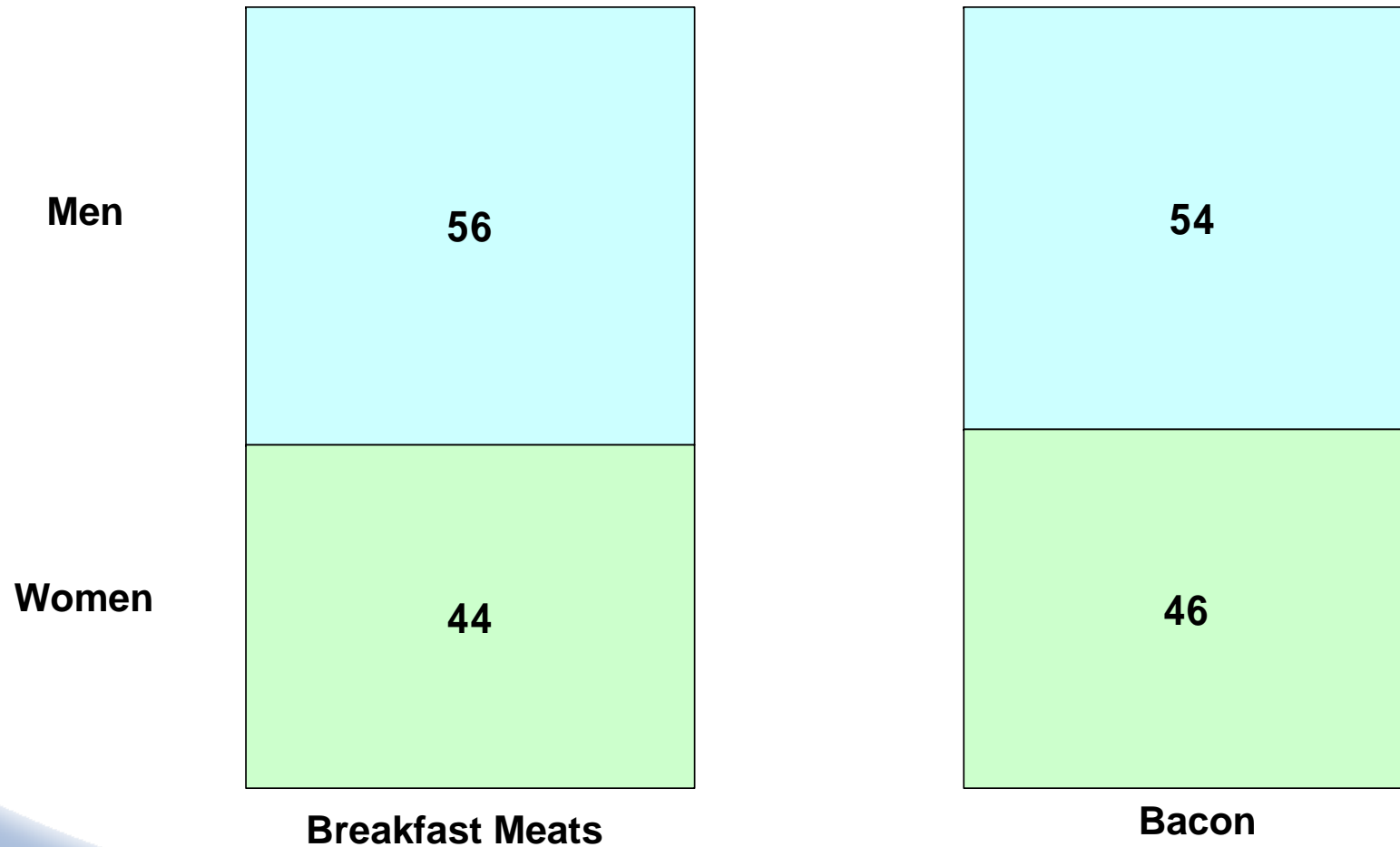




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Bacon appeals to males slightly more than females

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



Source: The NPD Group / NPD Foodworld / CREST

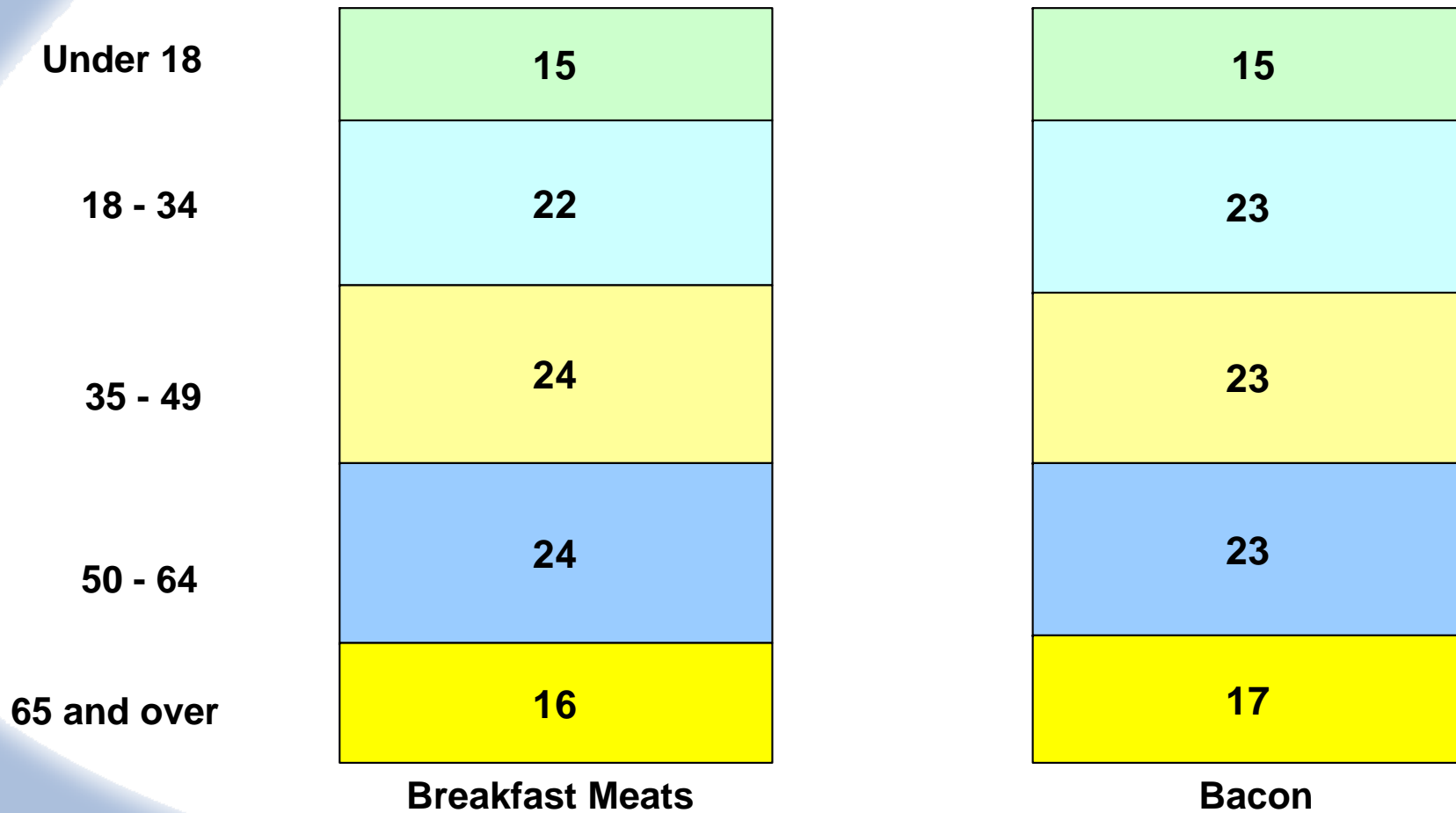




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Consumers over the age of 34 make up most of consumption

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



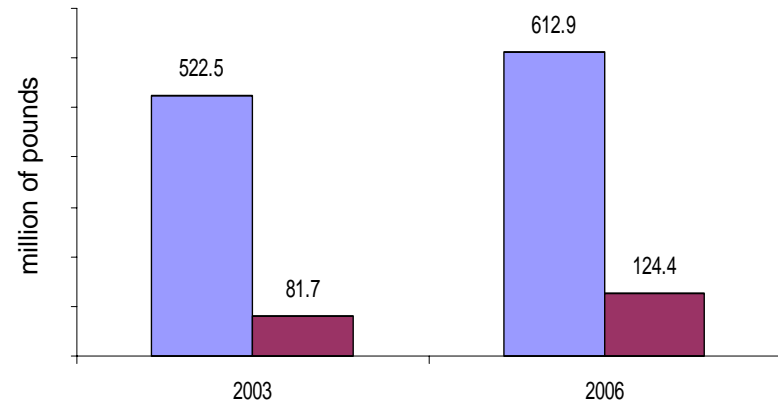
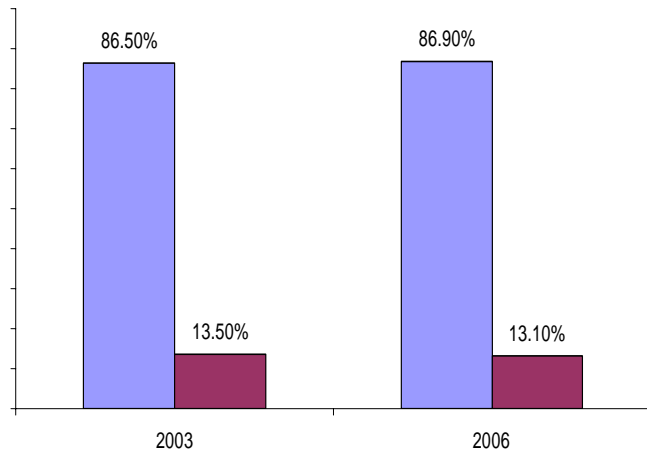
Source: The NPD Group / NPD Foodworld / CREST





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Raw Bacon Volume Comparison



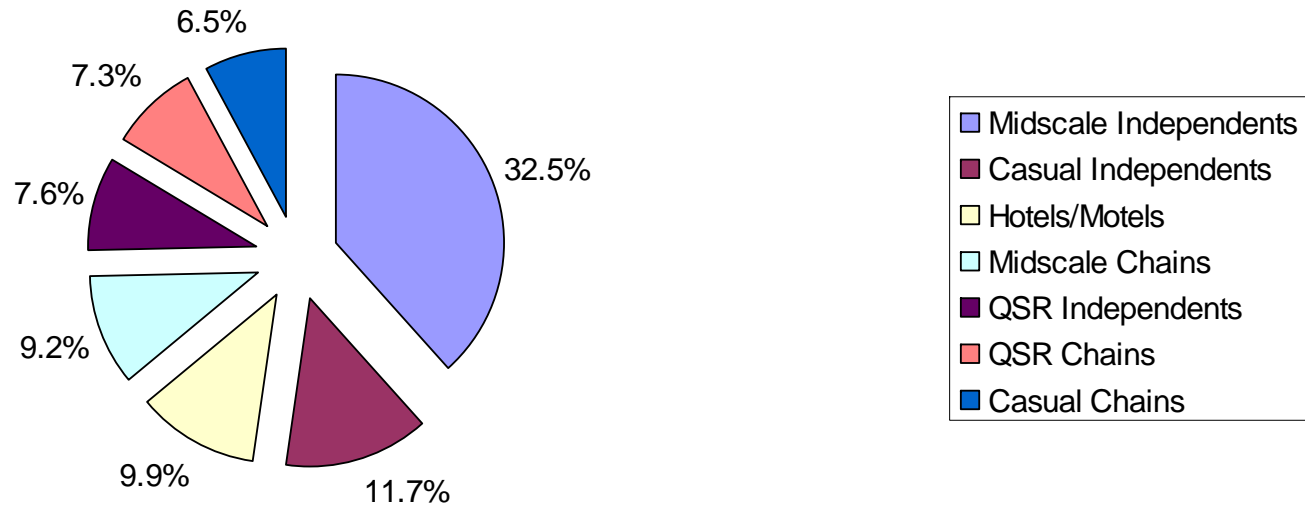
	<u>2003</u>	<u>2006</u>	<u>Difference</u>
Commercial	86.5%	86.9%	+0.4%
Non-Commercial	13.5%	13.1%	-0.4%

Source: Foodservice Research Institute BEST Reports, 2006





Raw Bacon Commercial Market Segment Comparison



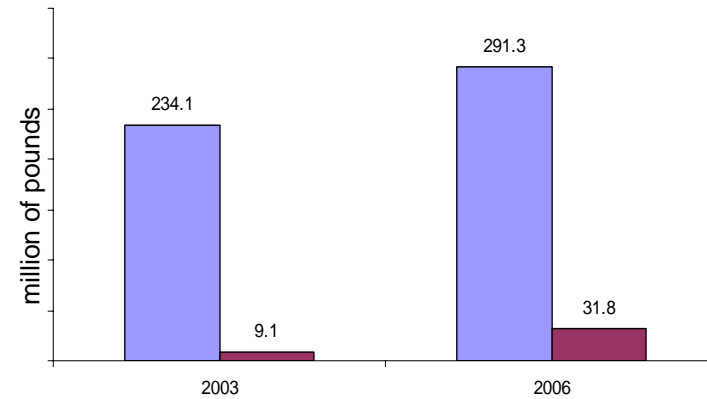
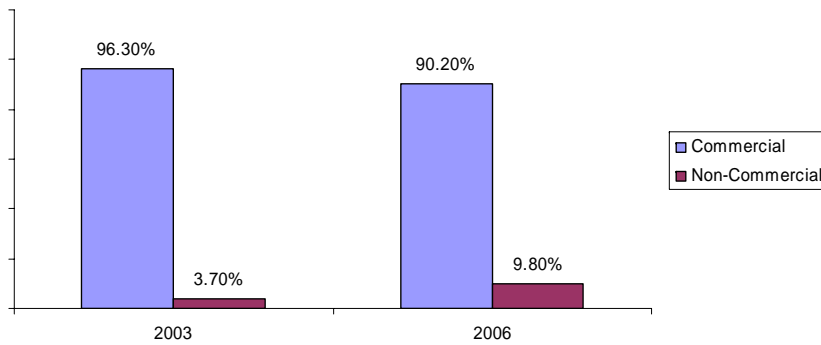
Source: Foodservice Research Institute BEST Reports, 2006





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Pre-Cooked Bacon Volume Comparison



	<u>2003</u>	<u>2006</u>	<u>Difference</u>
Commercial	96.3%	90.2%	-6.1%
Non-Commercial	3.7%	9.8%	+6.1%

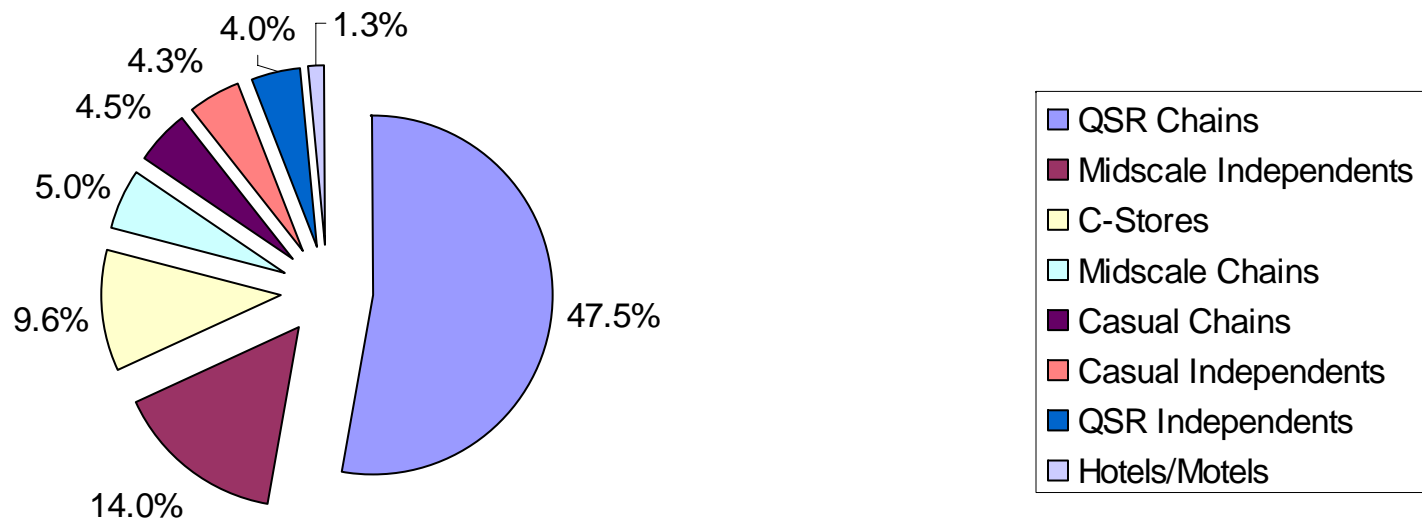
Source: Foodservice Research Institute BEST Reports, 2006





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Pre-cooked Bacon Commercial Market Segment Comparison



Source: Foodservice Research Institute BEST Reports, 2006



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Bacon at Home

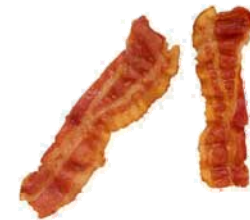
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The bacon category

- 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





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Top 10 refrigerated bacon brands

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

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

Source: "Bacon Becomes the Any-Meal Staple," *Meat Processing* magazine, May 2006





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In-home bacon consumption

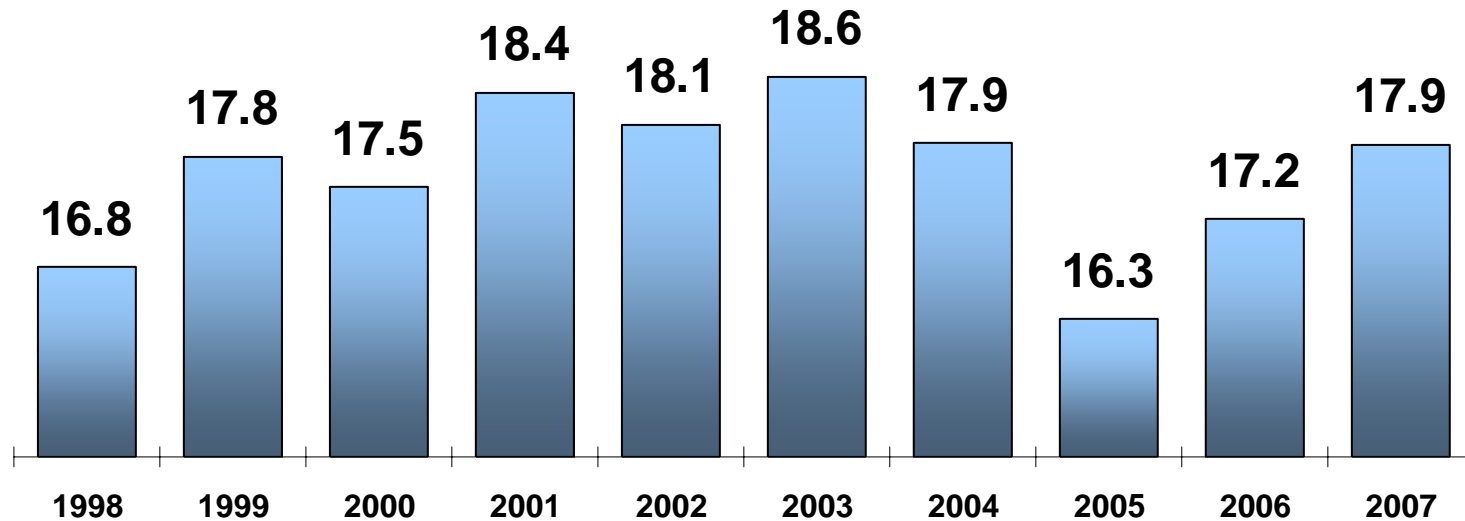
- Overall bacon consumption has remained stable over time. It is consumed an average of 18 times per person per year.
- Over half of all households (53%) report that they always have bacon on hand in the kitchen (2005).
- 15% of all bacon is reported to be cooked in a microwave; 45% is reported to be 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.



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Trend in per Capita Consumption

Bacon Annual Eatings Per Capita



Source: The NPD Group, Inc. National Eating Trends

All data is for year ending February.

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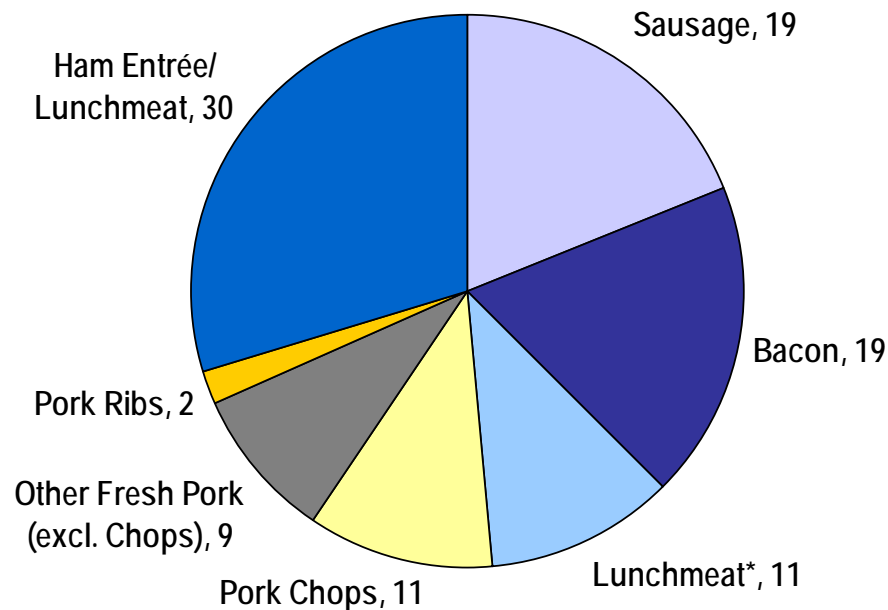


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Bacon accounts for 19% of in-home pork eatings

Total Pork Consumption by Type

% of Total Pork Eatings



Annual In-Home Eatings Per Capita: 95.3

One Year Ending February 2007

*Pork lunchmeat = bologna, salami, luncheon loaf, etc. ... excludes ham

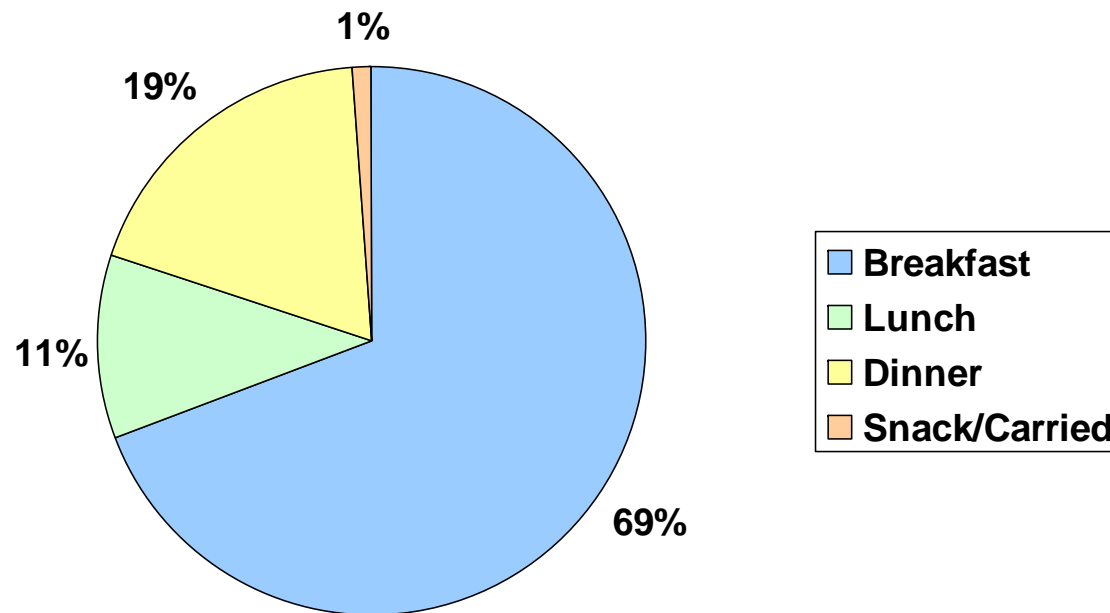
Source: The NPD Group, Inc. National Eating Trends





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And, breakfast consumption dominates



One Year Ending February 2007

Source: The NPD Group, Inc. National Eating Trends



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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

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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.

One Year Ending February 2007

Source: The NPD Group, Inc. National Eating Trends



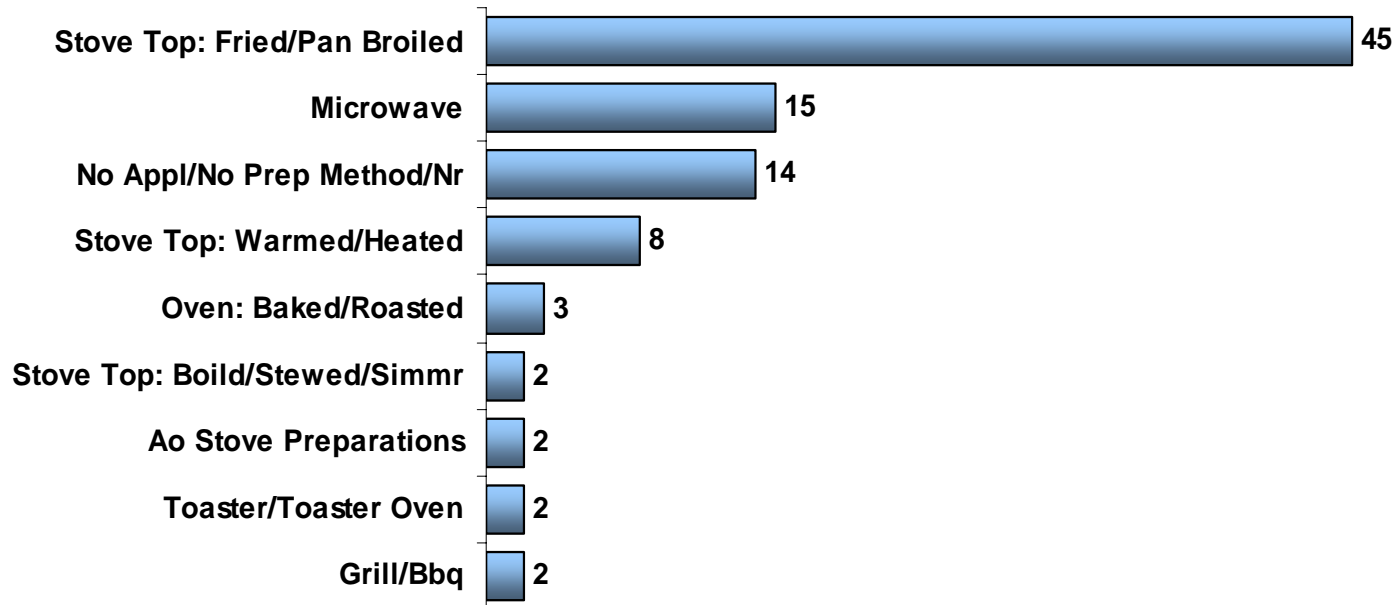


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Appliance by Preparation Method

% of Eatings 2005/2006

Top Appliance/Preparation Methods



GROUP

One Year Ending February 2007

Source: The NPD Group, Inc. National Eating Trends

All data is for year ending February.

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Demographic profile: bacon eater

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

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

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

