

MARKETING ASPECTS OF DRY SAUSAGE

by
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I. BACKGROUND

In the company for which I work, we often speak of the "Romance of Dry Sausage." There is an aptness in this characterization. Even the nomenclature of the sausage is remindful that the Dry Sausage segment of the meat packing business is in a world of its own, a world of "far away places with strange sounding names." A walk through the aging rooms excites one's olfactory senses with the aroma of choice spices which are an important contributor to the delicious flavor of well-made dry sausage. To carry the romance connotation one step farther than usual, I am tempted to observe that there are as many different techniques in making dry sausage as there are different techniques in making love, and some of both are very good and others very bad.

To give you an overview of the dry sausage market, it is important to define what we consider to be Dry Sausage. First let's consider the total sausage field which can be broken down into three parts: Fresh sausage, Prepared sausage, and "Dry and Semi-dry sausage." Fresh sausage is sold raw, just meat plus natural flavoring spices, and is merchandised uncooked at the retail level—but it is *always cooked* before it is eaten. Linked pork sausage, bagged pork sausage, Italian fresh pork sausage—these would be the most easily identified examples of Fresh sausage. Prepared sausage is sold "ready-to-eat," though the sausages within the category may be warmed or re-cooked before they are eaten, as in the case of wieners and Vienna sausage. But mostly Prepared sausage items are eaten the way they are bought—like bologna, Leona sausage, baked loaves, and Braunschweiger. The differentiating point is that Prepared sausages have been *cooked before* they are shipped to the retailer.

Dry sausage is seldom cooked, never before shipment to the retail store and infrequently in the home before it is served. This differentiation is important. We can take two sausages which are exactly alike as far as meat and spice are concerned, process one of them to an internal temperature of 140° and the other one to a maximum of 136° and you will find the contrast between flavors like night and day. Dry sausage is made safe to eat through methods of certifying the pork as trichina free, either by allowing salt-plus-time

to kill the trichina or by freezing the raw pork for a necessary certification period. Both methods are closely controlled by APHIS. Additionally, Dry and Semi-dry sausage are always acidulated, this being a distinct necessity for bacterial control as well as being an important contributor to the characteristic flavor of each dry sausage. Just one more definition: All dry or semi-dried sausage can be classified as being a salami or a Cervelat. A cervelat is ALWAYS fine-ground and NEVER contains garlic. Salami is everything else within the Dry Sausage category.

Dry Sausage was developed originally as a means of food preservation. Impure salt was the preservative as well as the color-fixing agent. Sausage makers added other available spices by their own intuition, and some of the recipes developed have survived essentially unchanged until today. Italians, blessed with a relatively warm climate developed the low temperature type products such as Genoa Salami, Sicilian Salami, Frizzes, and Sweet Sausage of Abruzzi. Northern Europeans used smoldering fires to provide the heat necessary to start the sausage's chemistry working, were the developers of Thuringer, Goteborg, and Hard Salami. It would be sacrilege if I did not mention in passing that it was the need for spices to flavor national dry sausage favorites that sent the explorers of the fifteenth century in search of better routes to the Orient. Finding economical sources and safe avenues for transport were the prime reasons for the voyages of discovery by Columbus, Magellan, Balboa and other names from your grade school history books. If it had not been for Dry Sausage, America might never have been discovered!! Each community developed its own sausage favorites, and they varied a great deal due to the variations in spices used and the variations in ambient temperatures in each area. Many of these local favorites have stood the test of time and are today still favored by third and fourth generation immigrants from that region.

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II. MARKET DIFFERENTIATION

For convenience in shaping our marketing strategy for Dry Sausage at Hormel, we view our total market as being made up of five different sub-markets. The first of these is the ethnic delicatessen. When immigrants started streaming to American shores late in the last century and early in this century, they often settled in close community with others who shared a common language and culture. Each community tended to be self-sufficient even though it was part of a larger metropolitan area, and the shopper of the family just naturally preferred to buy the food for the family in a store where a familiar tongue was spoken. As a matter of fact, Italians in this country, (when we speak of our ethnic market we are implying "Italian ethnic market"), even today, tend to shop in their friendly neighborhood delicatessen because there exists a prejudice against bigness—and this prejudice stems from widely held suspicion that the large stores in Italy were not paying their fair share of the taxes. To service this market we use (what else?) Italian salesmen who sell both directly to ethnic delicatessens or to jobbers and wholesalers who service the market.

One must be alert to the negatives of each market. In the case of the ethnic delicatessen, we now have fewer Italians and southern Europeans migrating to America than we had a few years ago so the influx really does little more than offset the losses caused by death, and the obliterating effect of intermarriage with other segments of the vast melting pot. Thirty to forty years ago Italian boys generally married Italian girls and produced new generations of Italian sausage eaters. Now that tendency is becoming recessive.

And while urban renewal is a great thing, it tends to occur most frequently in the areas which housed ethnic groups. The ethnic groups are broken up and move out to the suburbs. However, it is not uncommon to have these fine people go back to a favorite deli, which may be 40-50 miles away from where they live, to do their shopping for cheese and sausage favorites.

As supermarkets came on the scene in this country in the late forties and early fifties, they perceived a need for a wide selection of self-service items—not only dry sausage—but also prepared sausages and even fresh sausages and cheeses and pickles which would broaden the selection available to the many different types of shoppers. We believe this was, partly, the result of the cross pollination of cultures which resulted from WASP Americans sharing the

same fox hole with southern Europeans and men of other differing cultures during the war. They fought together; shared CARE packages from home, and assimilated at least a portion of each other's favorite food traditions. The self-service supermarket broadened the use and popularity of the various dry sausage beyond the confines of the ethnic community. With modern packaging it became possible to offer dry sausage pre-sliced, or in chubs or chunks all across the country. At Hormel we view this as a second and separate major market for dry sausage.

The self-service market will probably disappear in a few years. There are several forces which seem to be exerting a thrust in this direction. First of all, your real "heavy users" of dry sausage disdain prepackaged foods in favor of the "more authentic" bulk style sausage items. Second, energy concern and conservation of resources presage a decrease in this prepackaged market. Third, most new supermarkets are including *service* delicatessens, not self-service shelves as the superior way to market dry sausage. We feel that this segment of the market, which reached its peak in the early sixties, is now plateaued in the seventies, and will actually decrease in the years ahead.

In recent years most new supermarkets have included a new department in their stores. It goes by many different names regionally, but in our marketing terminology we call it the "service delicatessen section" where product is sliced fresh in the quantity you want at the thickness you want just as in the ethnic deli. The only difference is that an ethnic delicatessen caters only to one ethnicity but tends to offer a wider variety of products within that ethnic preference. A supermarket service deli must still cater to many different ethnic preferences. The selection will not be as broad within a single ethnic group of dry sausage, but there will be more different groups present in the case. We view the supermarket delicatessen as being a third major market segment with its own distinct problems and opportunities.

And what *are* the problems of the supermarket deli? We hear alluring statistics about its growth. "By 1980, four of every five supermarkets will have deli sections."¹ "Dry Sausage sales are growing by 15% per year."²

Perhaps it's the devil's advocate in me, but we advise strong caution in accepting this enticing invitation to a growing market within the meat industry. We submit that much of the "growth" is being camouflaged by the rapid expansion of the service deli into more stores. The important thing to understand

is that if 30% of the supermarkets have service delis in 1976³, and 80% of the supermarkets are expected to have service delis in 1980¹, one could assume that roughly 75% of the advertised growth is coming from new outlets—not necessarily new consumers. New supermarket delis go through discouraging times as they try to develop the clientele to support the installation. The real test of the market growth potential is whether the necessary numbers of new users can be found and developed. We will speak briefly on that subject later.

A great challenge to operators of supermarket service delis is the finding and training of good counter help. If you've ever stood back and watched a skilled deli operator and the way he handles food, you realize his technique is very artful. Most of the truly outstanding deli operators I've met were born into the business. There is a rhythm to their motions in handling food and equipment, of being able to converse simultaneously with a customer while slicing his order. These virtuoso techniques are difficult to teach. Giving a man a slicing machine and a piece of salami does not automatically make him a deli man.

A supermarket deli, to be successful, must attract new users within the store's trade area. It must identify, in the mind of the consumer, as being a specialty section offering strictly top-drawer items. We see an early death to the supermarket service deli phenomenon if purchasing directors make price their primary decision-making guide. Cheapest is not best!

We believe that this third great market for dry sausage stands at a crossroad, trying to decide whether to seek the image of being a discount center or of being a purveyor of the finest of the great authentic ethnic food favorites.

We see great opportunities for the service deli section in the fast food area, an opportunity which has so far been neglected by most supermarket operators, and this is in the sale of take-out sandwiches utilizing various dry sausage items.

The fourth and fifth major markets for Dry Sausage are within the Pizza area. We separate them for marketing purposes into Pizzerias, where Pizzas are made to order, and Manufacturers of the Pizzas which are sold usually out of the frozen food cases of supermarkets. These two markets use Pepperoni, of course, but very little else within the Dry Sausage line.

While the Pizza market came on the horizon like a comet, we do not feel it should be identified as a temporary phenomenon. The number of Pizza manufacturers continues to grow; the number of Pizzerias

continues to expand. The number of people who find Pizza a completely acceptable new form of food is growing every year and its popularity seems to have no geographic restrictions. Pepperoni as a topping for Pizza will continue to show growth in the U.S. and even in the larger world market.

There are two things any supplier to the Pizza business must have in hand for success. If you are servicing manufacturers you must have consistency of quality, and shelf-life attributes. Manufacturers of Pizza, for sale in the frozen food sections of the supermarket, are big business and they buy like big businessmen. They want uniformity of moisture levels so that the method of applying the Pepperoni topping can be smooth and efficient. They insist on strict levels of bacterial control and they require tight uniformity in diameter so that they can exercise good portion control.

For a Pizzeria, which is, after all a fast food enterprise, convenience is the primary requirement. Pre-sliced product is popular. Slices that stay fresh and don't turn rancid are a must. Again portion control is exacting, and the slices of Pepperoni, however they are packaged, must be easily handled for speedy application on the Pizza.

III. MARKET OPPORTUNITIES

Although the market for Dry Sausage has grown, it is not what one can call a large market. The latest federal figures indicate per capita consumption at only a little more than 1½ pounds per person per year. The market formerly was concentrated heavily on the East Coast with a few smaller markets in other metropolitan centers of the upper Mid West and West Coast. Supermarket activity has greatly broadened the geographic distribution; however, those contemplating entry into the field should recognize the slower rate of growth in the traditional Eastern market. While in the relatively recent past the immigration of southern Europeans guaranteed the growth of the East Coast market, current law sets a quota of only 25,000 Italians per year. Immigration has shifted to favor heaviest increases among Western hemisphere Latins. They bring with them different eating habits and little background for eating dry sausage except for the Portuguese Linguisa and Spanish Chorizos. Our market research studies seem to indicate our biggest potential market for dry sausage is in the new-user category. Finding new users requires a long term educational program combining advertising with demonstration and sampling, which becomes an expensive marketing exercise. Yet, I guess you'd say that those of us within the field think our

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product is so good that there will be a reasonable growth in market through finding "new users." The potential market is there. No longer do most working Americans require a daily intake which combines bulk and high calorie count. Today's consumer is searching for flavor—he still wants protein—but he doesn't want to be overfilled. Dry Sausage seems to answer that need. One program we have offered is what we call a deli-feature promotion. We offer kits of decorating materials: posters, streamers, festoons, shelf-talkers, rail strips and mobile displays. All are designed to create the feeling that something special is going on in the deli department. Before the feature is ever run we sponsor a training program for the demonstrators, and involving key store personnel, explaining the products that will be demonstrated and trying to fill them in on the historical romance and basic facts about each sausage. The whole thrust of the program is to attract new shoppers for the deli section of the supermarket. Once there, we hope the taste of our product will attract a respectable number of triers and buyers.

IV. PROBLEM AREAS

What are the problems in marketing dry sausage? It is high-priced, semi-perishable, labor intensive, and highly burdened with overhead. The relatively slow drying cycle requires large brick and mortar expense and high energy costs to keep adequate refrigeration. It is a relatively inelastic market by virtue of its tiny per capita consumption. And, when you are confronted with a production process failure, you have a heavy exposure to risk of losing a large inventory.

And it will delight you in the audience to know that an absolute requirement is to have a first rate research and development body capable of accurate and fast trouble shooting. I'm pleased to have two members of our R&D facility within your group today. I really don't like to go anywhere without them (except on vacation).

FOOTNOTES

- 1 Institutions/Volume Feeding
- 2 Progressive Grocer
- 3 Institutions/Volume Feeding