Turkey costs stay low as stores eat loss

Despite high feed prices, tight supply, bargains remain

BY RANDY MCCLAIN • THE TENNESSEAN • NOVEMBER 17, 2010

Cheap turkey is a blessing that grocery stores bestow on shoppers every November, but this year the bargains are especially meaningful.

Stores are paying a higher wholesale price for turkeys because of high feed prices and low inventory, according to The Food Institute, a trade association that tracks Thanksgiving spending and food costs.

In the first eight months of this year, the U.S. slaughtered 157 million turkeys, down 3.4 percent from the same period in 2009; stocks of cold-stored birds are down 24 percent; and prices for wheat and other feed are high after a disastrous drought in Russia.

That means many stores are paying steeper prices — an average of $1.05 a pound — for turkeys this holiday season, but many will sell them far below their cost.

In Nashville on Tuesday, Kroger supermarkets had turkeys on sale for 69 cents a pound to Kroger cardholders, and other stores were below $1 a pound. At Aldi in East Nashville, turkeys for sale in the German-owned store's cooler were marked 99 cents a pound. Bill Martin's Corner Foods at Fatherland and South 11th Street had special turkey prices of 77 cents a pound.

"There's always a Thanksgiving competition among stores to see who has the cheapest turkeys for sale," said Eddie Warner, meat department manager.

Turkeys traditionally are loss leaders at Thanksgiving, as are soft drinks in the summer. Because Thanksgiving is such a narrow window, turkey pricing remains highly secretive and is not

TURKEY DAY PRICES

Though some holiday foods will cost more this year, the turkey remains a bargain. (FILE / THE TENNESSEAN)

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
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<tbody>
<tr>
<td>2010</td>
<td>$43.47</td>
</tr>
<tr>
<td>2009</td>
<td>$42.91</td>
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<td>2008</td>
<td>$44.61</td>
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<td>2007</td>
<td>$42.26</td>
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<td>2006</td>
<td>$36.57</td>
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SOURCE: American Farm Bureau Federation
discussed publicly until the birds arrive in stores and sale prices appear in advertisements.

Nationally, Costco Wholesale escaped the run-up in turkey prices this year by booking early. It contracted with vendors in February and March to ensure it would have the turkeys it needs in November, which number "well over a million," said Jeff Lyons, Costco's senior vice president of fresh foods.

The warehouse club locked in prices before they spiked. "We're in a very good position, and I want to be humble about it because we were lucky," he said.

**Holiday Meal Costs Rise**

Consumers are relatively lucky, as well.

Thanksgiving dinner in the U.S. will be just 1.3 percent more expensive this year because of higher prices for milk, whipping cream, pumpkin pie mix and shells, sweet potatoes, and pre-cooked rolls, according to the American Farm Bureau Federation.

The average cost of the 12 items typically served during the holiday meal for 10 people will be $43.47, up from $42.91 last year, the federation said in a statement.

The price of a 16-pound turkey dropped to $17.66 from $18.65, although birds aren't even that costly in most Nashville-area supermarkets at midweek.

"Thanksgiving dinner prices are basically in line with the modest changes that we've seen in the overall price level this year," said John Anderson, an economist at the farm group. "Our traditional Thanksgiving feast is still a better deal than most fast-food value meals."

_The Seattle Times_ and Bloomberg News contributed to this story.