



Your Link to

by **AL KOBER**, Retail Director, Certified Angus Beef LLC



Quality, variety and service still rule

We all know how changes in family and farm finances affect our purchasing decisions. Many consumers are shopping around for bargains, using coupons more than ever and comparing prices. Look at gasoline prices at the pump. They change so often you almost need live updates or a market report.

You probably did a lot of shopping and comparing before buying that pickup truck the ranch needed. But in an uncertain economy, even the little indulgences make us think. Is it still OK to buy the brand of leather gloves that has stood the test of time? Or is it time to look at more options? The answers could be “yes” and “yes.”

I personally eat a lot of dark chocolate, and prefer the Dove® brand. I used to buy it on the routine trip to my favorite supermarket, hardly noticing, much less comparison shopping for price. Now, I feel obligated to shop around. It's not the money, really. It just seems like the thing to do.

It turned out that a bag of these chocolates sold for \$4.89 at my supermarket. In my line of work, I visit other formats and other stores, where I found the same product for \$3.50. I am not generally frugal and usually just buy what I want where it is the most convenient, but that's almost a 30% price difference. And at the rate I consume, \$1.39 a bag really adds up. When I can get the same value at a lower price I make that choice. I am not willing to trade down to a lower quality dark chocolate, but I am willing to change the place where I purchase it.

Purchasing beef

When it comes to purchasing beef, many consumers consider similar changes. There are two basic approaches to food buying. For some it is, “I need to eat to survive, and I will shop for whatever and wherever I can get the most food for the least money.” The other mind-set is, “I buy food that consistently satisfies and won't sacrifice quality — but I feel obligated to be a little more resourceful now, even if it means switching stores.”

Fortunately for most retailers their “good” customers make shopping decisions based on more than price, so it will take major sticker shock to offset all the desirable attributes like customer service, cleanliness and variety. Certainly, there are parallels in bull buying, where decisions go beyond price.

What's the bottom line on spending? According to “The Power of Meat” produced in 2009 by the American Meat Conference as a joint industry project, 33% of consumers are spending more for meat this year, 40% about the same and only 27% are spending less. Although price was more important this year than last, quality still ranks high.

Home-cooked and “eat-at-home” meals took a giant leap forward, a good sign for retailers and perhaps even for America, as research links this trend to stronger families. Other factors and issues that need to be considered in the changing retail market are the aging population, sustainability, health and wellness concerns, job security and consistency of income.

Two things that haven't changed in relative importance over the last four years are found in the answer to this question:

“What would encourage you to purchase more meat at retail?”

Other factors are listed in Table 1, which shows the top seven answers.

Although the percentages have changed because of a more extensive list of answers, the order of importance has not changed — and nine percentage points separate the top two.

Quality counts

The consistent high quality of the *Certified Angus Beef*® (CAB®) brand is one attribute that has enabled it to continue outstanding growth during these financial times. Consumers will trade down on items where quality is not sacrificed, such as cut of beef. But they are not willing to give up that great eating experience that only comes from choosing the brand.

Variety is still the second most important factor that can build beef



demand. The CAB sales and marketing teams keep working to discover new cutting methods and produce brochures that showcase the eating quality of individual beef muscles. By separating these and marketing them on the basis of their quality and performance, the consumer gets more variety of beef cuts that meet their requirement for tender, flavorful and juicy beef, but at a more economical price.

The 31-year tradition of quality, as determined by Angus influence and 10 science-based specifications meet with CAB staff innovation to keep your brand in a unique position. CAB is equal to the challenges of this economy and

continues to satisfy the desires of the changing consumer.

CAB sales at retail are above last year's record-breaking pace, and it has not come at the expense of a reduced price spread between the lower-quality USDA Choice and Select grades. Rather, the premium that CAB still generates at retail is still being passed back through the supply chain all the way back to the ranch. That's how the brand continues to accomplish its mission: “To increase demand for registered Angus cattle through a specification-based branded beef program to identify consistent high-quality beef with superior taste.”

Table 1: Factors that encourage shoppers to purchase more meat at retail

	2007, %	2008, %	2009, %
Better quality meat	49	41	34
More variety	40	33	23
Country-of-origin labeling	23	28	18
More nutritional information	23	26	17
More information about cuts	20	22	16
More about my lifestyle meats	20	19	17
Better customer service	21	18	10

Source: Excerpted from “The Power of Meat” 2009.

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