

Today's Beef Consumer

Story & photos by
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An industry that aims to be consumer-driven must first identify its drivers. That's why "Defining Consumers – Emerging Expectations" was part of the Pfizer-sponsored Cattlemen's College® at the January National Cattlemen's Beef Association (NCBA) meeting in Phoenix, Ariz.



Consumer values, perceptions and opinions of a company's reputation are making more of a difference in buying decisions, NCBA's John Lundeen said.

Not surprisingly, many consumers felt a lack of confidence in the economy and their own finances last fall. It could be seen in a 40-year, all-time low "Consumer Confidence Index," which helped explain buying behavior, according to Tracey Erickson, vice president of marketing for Certified Angus Beef LLC (CAB).

"There are big differences in what people do when they feel optimistic compared to what they do when they feel pessimistic," she said. Differences can be seen in the volume and quality of steak vs. hamburger purchased.

A September survey showed 61% of consumers made food-buying changes because of higher prices, with 24% of those trading out of beef, 29% trading down and 47% making no change in beef buys, said John Lundeen, NCBA executive director of market research.

"The economy declined after September, so these numbers have probably gotten worse," he said. Trading down, he explained, means making a switch to lower-quality cuts or stocking up on featured specials. Those trading out preferred fewer beef meals to lower-quality beef meals, Lundeen noted.

"In consumer research, people surveyed often say what they think they should do, but it does not necessarily track with what

they do," Erickson added. "That said, we know *Certified Angus Beef*® (CAB®) brand foodservice sales were down somewhat this fall, but retail sales were up."

Both types of businesses used creativity to launch their own versions of economic stimulus. Retailers featured inexpensive cuts like CAB boneless chuck and eye of round roast, or a variety of grinds. Erickson showed examples of CAB promotions for newly identified and economical chuck cuts, such as the Denver steak and bistro braising strips.

Restaurants used such cuts to keep menu items under \$15 per meal, offered coupons for up to 25% off or introduced repeat-customer cards to clip until the 10th meal is free. Some restaurants and many retailers are increasing the amount of nutritional information they present to consumers, Erickson said.

Lundeen cited a December 2008 survey where price was the No. 1 limiter (50%) among those who did not buy beef. Safety, convenience and nutrition practically tied for second, with 35% to 37% of consumers naming those reasons for not buying.

The American Dietetic Association trend survey a couple of months earlier showed nutritional concerns have been increasing since 1991.

"Only 19% of consumers now say they don't think about nutrition when buying food," Lundeen said.

Increasing obesity in the U.S. is one reason for the greater attention to nutrition, he added.

CAB retailer QFC in the Northwest publishes a detailed brochure on the nutrient content of various beef cuts, Erickson noted. Tripps Restaurants became a line-item licensee just so it could feature CAB blackened sirloin Caesar salad on its menu.

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"Farmer's markets are up," he said. "People like it organic and local. They are paying more attention to company practices like energy efficiency, and want to know positions on the environment and animal welfare." Although a recent survey showed 97% think it is OK to eat meat if animals are treated humanely, 28% gave farmers a grade of "C" or lower in animal welfare.

Throw in the publicity for "carbon footprint" measurements and "we have a world where food, health, wellness and sustainability are converging," Lundeen said. "A lack of understanding causes angst and further misperceptions. They think cattle should all be free-range, not standing in 'cramped' feedlots."

Erickson said CAB added its Natural brand extension a few years ago to add customers, not to convince regular customers to switch. The company has promoted the producer side in helping



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consumers get to know the people who raise the beef, she noted.

"Still, we have to remember that taste is the main reason people eat beef," Erickson said. That leading indicator was named 88% of the time in a Consumer Beef Index July 2008 survey, up from 81% in January 2007. In fact, consumer expectations of beef have risen sharply across the board.

Perhaps that has to do with the emerging 80-million-member Millennial Generation, which outnumbers the Baby Boomers by 10 million. Half of them can't vote yet, but those who can are already voting with their dollars. Cell-phone text-coupons is one "experimental marketing" tactic tried.

The fast-paced world has affected beef consumers of all ages in many ways. Of course, there is much more take-out business in restaurants today than in years past; 120 meals per year by a 2006 survey estimate. The shift toward ready-to-eat meals has meant a boom for rotisserie chicken and other "grab and go" items in retail, but beef can compete well. CAB meatloaf and Salisbury steak have made recent inroads, Erickson noted.

Consumers simply prefer beef and, again, that's based on taste. Last December, Foodservice Factoid Research asked which "exquisitely prepared" meal consumers would tell their friends about later. Among beef, pork and chicken, beef was king with 73%. According to the Consumer Beef Index, 2008 saw growth in the segment of consumers for whom the positive attributes of beef "strongly outweigh the negative" and a decline in that segment where the opposite is true.

That trend does not stop at the U.S. border, Erickson said, noting that Canada, Mexico and the Caribbean in particular have been strong and fast-growing markets for CAB international sales. For more information on consumer demand for high-quality beef, visit www.certifiedangusbeef.com or www.beef.org.