



Movin' Forward

by **BRYCE SCHUMANN**, chief executive officer, American Angus Association

It's the economy

It is impossible to pick up a paper, turn on the radio or watch TV and not be confronted with a report on the latest economic woes occurring in the U.S. economy. These news reports have everyone bracing for what negative news may be next. The cycle of bad news building momentum on more bad news is not a new scenario, and it always seems to be worse in an election year.

Consumer response

For us in the beef industry, consumer spending is critical to our economic well-being. Consumer confidence has seemed to stabilize as the financial and credit markets have started to gain some stability. Gasoline is much cheaper with the huge decline in oil prices, and retailers and auto manufacturers have pulled out all of the stops to try to attract new buyers.

Consumers have definitely shifted their buying habits over time. The number of families eating their main meal in a restaurant is 1.2 times per

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week, down from 1.3 times in 2007 and 1.5 in 2006.

In a recent survey by Ipsos that queried primary household shoppers on how the economy is affecting their buying habits, 61% of consumers identified themselves as price-sensitive. Two adjustments in purchase behavior were identified by this group:

- ▶ 48% of price-sensitive consumers buy less-expensive cuts and/or smaller packages; and
- ▶ 39% of price-sensitive consumers reduce or eliminate purchases of certain types of food.

As an industry, we Angus breeders and beef producers make adjustments based on our economic outlook just like consumers do. Recently, I have read several articles about making adjustments to economic downturns.

A key theme that emerges is to focus on your customers and the services or products you provide.

Focus on customers

Your customers are your key consumers, and they stick with you if you provide them with good services and a quality product. In times of downturn it is not uncommon for us to pull back on marketing, but that tends to be the worst time to cut since sales are the lifeblood of business, and people in softer economic times are looking for better ways to do business.

In many ways, surviving or even thriving in tough economic times depends as much on attitude and

creativity as anything. People who embrace change and new technology will discover new opportunity. People who fight change fall further behind.

These messages should ring a familiar chord with Angus breeders. We could have chosen to fight change in the 1970s. Instead, we led change with the establishment of structured sire evaluation and the Certified Angus Beef (CAB) Program. This adoption of new technology and establishing our own brand in the face of an extended economic downturn helped create the popularity we now enjoy in the Angus breed.

We should be viewing our current circumstance as our next opportunity to improve the Angus business and the beef industry in the future!



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