

The right >cut<

When it comes to meat purchases, consumers remain loyal to supermarkets.

BY CRAIG LEVITT

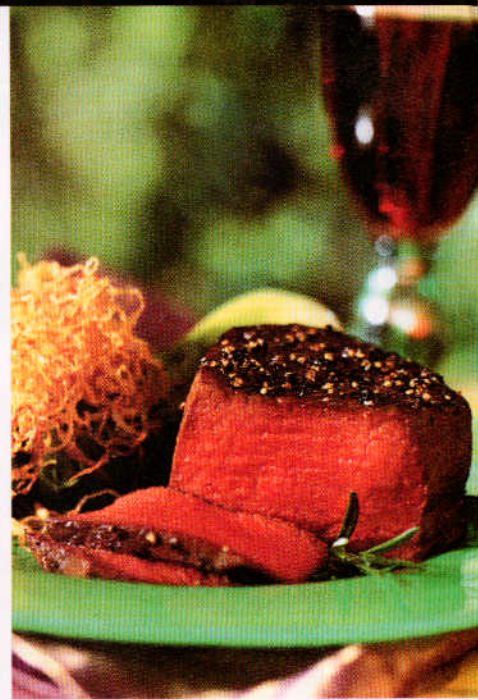
WHILE SHOPPERS MAY FREQUENT MASS MERCHANTS AND WAREHOUSE CLUBS FOR ITEMS THAT ARE TRADITIONALLY PURCHASED IN THE GROCERY CHANNEL, supermarkets remain firmly entrenched as the primary location where consumers purchase fresh meat. According to the Arlington, Va.-based Food Marketing Institute's *The Power of Meat 2008* report, 90.5% of shoppers who identified supermarkets as their primary store purchase their meat there, up 4.5% from 2006. Conversely, shoppers who typically buy their groceries at supercenters show much less loyalty to that channel for meat purchases. In fact 26.6% of these shoppers switch to supermarkets to make their meat purchases.

"Consumers like to think of the grocer as the guy they trust to choose the best things for them, especially in the peripheral departments—milk, produce and beef," says Arden Gremmert, general manager for Kansas City, Mo.-based Certified Hereford Beef. "In center store consumers may pay a bit more attention to brands and whatnot, but for beef, the consumer just expects the grocer to do a good job for them."

As grocers continue to do a good job for consumers, beef producers and organizations such as the Denver-based National Cattleman's Beef Association (NBCA) and the Beef Information Centre, based in Calgary, Alberta, Canada, continue to offer innovative ideas in an effort to help retailers improve beef sales. Providing a huge boost to beef sales over the past 18 to 24 months has been the NCBA's introduction of the flatiron cut to retailers.

FIRING UP FRESH IDEAS

Insiders say that it is rare for a new cut such as the flatiron to have a measurable impact. Yet the success of the flatiron cut has sparked many



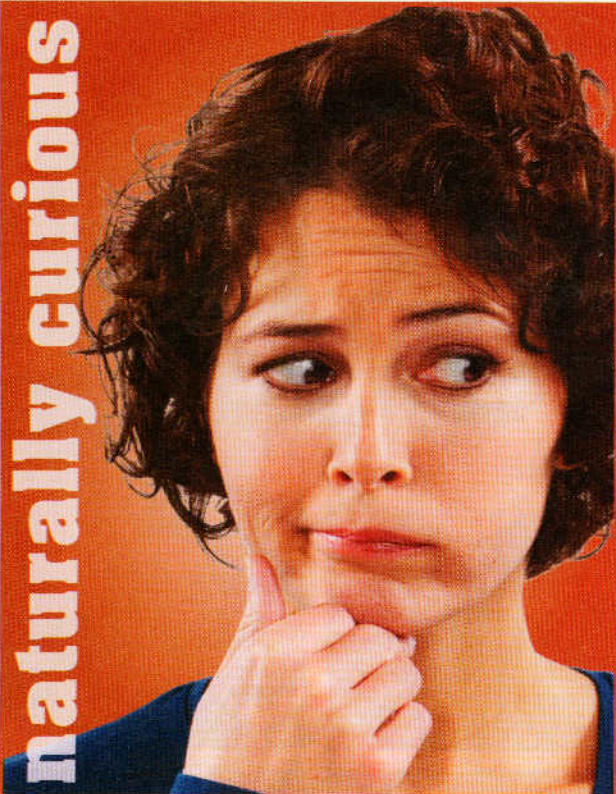
to develop new ideas intended to entice consumers at the beef case. Marty Carpenter, the Beef Information Centre's director of U.S. market development, says as baby boomers age they tend to look for smaller portions. Consequently, the traditional cuts of beef are often too large.

"There will always be folks who want that big steak," says Carpenter. "That's great and we can service them all day long. The question then becomes, how do we continue to service those consumers that are looking for smaller portions but still want a specific eating experience? That is where the missing link is."

Carpenter thinks that missing link can be found in Canada with the Beef Information Centre's quick roast concept. In addition to providing smaller portions, Carpenter says the quick roast concept—which is essentially a pound to a pound and a half roast that cooks in about an hour—also competes with roasted chickens and other prepared foods in terms of consumer convenience.

An established category north of the border, the quick roast idea is new to U.S. retailers, according to Carpenter. He says that the roast can be one of a number of cuts, ranging from a strip loin or bottom round to a top sirloin or top round. Though the quick roast idea is still in the conceptual stage for the U.S. market right now, Carpenter says the Beef

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According to the **Beef Checkoff**, administered by the Denver-based National Cattleman's Beef Association (NCBA), Hispanic customers spend 42% more on beef purchases than any other ethnic group in the U.S., roughly \$326 annually per Hispanic customer versus \$230 annually for non-Hispanic consumers. Hispanics also eat beef four to five times per week compared two to three times per week for non-Hispanics.

"Hispanic shoppers are much greater purchasers of beef products,



but one of the challenges they face when shopping in U.S. supermarkets is that the cuts are unfamiliar to them," says Randy Irion, director channel marketing for the NCBA. "We have developed a bilingual dictionary along with picture diagrams to help the meat cutters com-

municate more effectively and help Spanish speaking consumers recognize the cuts they are looking for."

In an effort to cater to the Hispanic consumer, Certified Hereford Beef, based in Kansas City, Mo, has created its *Nuestro Rancho* brand. After testing in three different store groups Certified Hereford Beef decided to make *Nuestro Rancho* available in the 31 Superior Grocers in the Los Angeles area. Arden Gremmert, general manager for Certified Hereford Beef, says that based upon initial orders consumers are buying three to four times more than the average retail customer in other demographic areas. He adds that as the brand grows he expects more opportunities to arise.

"Hispanic brand beef is yet to be a proven idea," says Gremmert. "For us it's only been in the market in its current constitution since June but all indications are it is going to be very successful and there are a lot of opportunities for targeted marketing within the Beef industry."

Information Centre is open to discussions with any U.S. retailers that believe they can create a strong demand.

When it comes to promoting beef insiders say that retailers need to have a strong grasp of who their customer is and what they are looking for. Jim Rogers, marketing vice president for Arkansas City, Kan.-based Creekstone Farms, says while some retailers are reporting sagging beef sales, they say premium products are holding up fairly well, sending the message that consumers may be spending less in the category, but when they do spend they are looking for quality.

In spite of this, some insiders say they have watched—and recommended against—retailers cut quality in search of lower prices. More often than not those retailers' sales have suffered even more. Perhaps more importantly, the retailers' image with consumers suffered. That is not to say however, that all retailers should disregard price.

"It really depends on what a retailer's demographic is and what market they are in," says Rogers. "There are certain areas where the con-

sumer is going to shop purely on price. In those areas consumers will shop at the retailer with the lowest price. In other areas there is a value or quality price equation."

Insiders say in-store sampling demonstrations, can be very helpful, especially when dealing with a premium product. Sampling can be risky, as it can be quite expensive. Done correctly however, it is a valuable tool.

"Anytime you have a good product, you get it into consumers' mouths and let them try it," says Al Kober, retail director for Wooster, Ohio-based Certified Angus Beef. "It takes away some of the concerns consumers have in investing another dollar or two in a product."

Certified Angus Beef has also conducted studies of consumers' beef buying habits in which representatives are actually in the store watching as consumers shop the meat section. The results, Kober says, were eye-opening. "We think that we have all the answers and that we know what customers are looking for," says Kober, "but many times you wouldn't



Photo courtesy of Certified Angus Beef LLC

believe the answers we'd get. From 'I don't like the looks of that one' or 'that package has four pieces and there are four people in my family,' to 'how do I know this is a good piece of meat?' Through our surveys we decided to add a few more talking points on our labels."

Some of those points include the nutritional aspects of beef. The Beef Checkoff Program, administered by the NCBA, recently launched its On-Pack Nutrition Labeling Imple-

mentation Guide, designed to help retailers increase sales and customer loyalty. Randy Irion, director channel marketing for the NCBA, encourages retailers to adopt the program, saying that the more consumers know about beef's positive nutritional message, the more inclined they will be to purchase beef.

"There is some misconception [to the health benefits of beef], and education is the way to overcome that," says Irion. □

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