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CATEGORY PROFILE Steak holders**Steak holders**

Sure, times are tough, but many consumers still want to treat themselves to steak.

By Stephanie Soong, contributing editor

All eyes are on the fresh beef industry now that feed costs are spiraling out of control and prices are higher at market, to say nothing of Hallmark/Westland's fall from grace. But there might be one bright spot in the segment: steak. Times are tough for most Americans in the short term, but it seems their taste for a juicy steak will always remain.

"Consumers' love affair with steak continues, and if they can get it in an economical way, they'll buy it," says Joe Pawlak, vice president at research firm Technomic.

According to the National Cattlemen's Beef Association, dollar sales of steak at retail increased in 2007 to \$6.6 billion, up 1.9 percent over 2006. That's 43 percent of total fresh beef sales.

"The steak category is doing well," confirms Jim Henger, executive director of retail marketing for NCBA, which contracts to manage retail programs for the Beef Checkoff, adding that the program is gearing up for another aggressive summer grilling campaign with radio spots and in-store promotions.

The checkoff also introduced five new beef cuts in February, including the Delmonico Steak, which tastes a lot like ribeye, in an effort to increase demand by another 10 percent by 2010.

According to a checkoff-funded Technomic study, steak volume in foodservice reached 1.4 billion pounds, an increase of 22 million pounds over 2006. T.G.I. Friday's, for one, rolled out an Argentinean Rubbed Flat Iron Steak, and Smokey Bones is adding steak-based items like sandwiches.

Casual steakhouse chains also are responding to a changing foodservice landscape. Limited-service chain Sizzler, for one, tested a full-service concept in May 2007 and signed a deal to open locations in Mexico next year. This year looks to be full of changes for the chain, which is up for sale by its Australian parent company.

Although the industry is dealing with its share of challenges and an economic slowdown, some category players, like Todd Allen Hatoff, president of Chicago-based high-end meat purveyor Allen Brothers, remain optimistic.

"Fortunately for us, beef is America's food," he says.

High steaks

Scottsdale, Ariz.'s restaurant industry was buzzing in February when Michael Mina's Bourbon Steak restaurant began menuing a 6-ounce filet mignon for \$190, more than doubling the price of the region's priciest steak.

The steak is Japanese A5 Kobe, arguably the world's best. Bourbon Steak first served it as a New York strip steak for \$175.

"When we opened with a strip steak, almost nobody was doing it," says Anthony Carron, corporate chef for the Mina Group.

Bourbon Steak isn't the first to offer "superpremium" steaks. Benjamin Steakhouse in Manhattan has featured a platter of Prime USDA porterhouse, sirloin, filet mignon, chateaubriand and ribeye for a whopping \$1,111. Donald Trump also got into the game last year with a line of exclusively Certified Angus Beef brand USDA Prime steaks at the Sharper Image, and packages ranged from \$199 to \$999.

So who's buying these over-the-top steaks? While most restaurants see a lot of high-powered types yielding corporate credit cards, Carron observes another buyer. "It's mostly regular folks looking to indulge," he says. "A lot of times, they order one for the table and use it for appetizers."

And Carron predicts the trend will gain steam. "These options will continue," he adds. "Going out to eat steak has always been an indulgent thing."

What's new

Chop, chop

Lean Cuisine's new Chophouse Steak Flatbread Melt features beef steak, red peppers, onions, blue cheese crumbles and a blue cheese-ranch sauce with only 330 calories and 9 grams of fat. Suggested retail price is \$3.19.

Sammie I am

Quiznos' Black Angus Steak Sammie, introduced with a Balsamic Chicken variety, includes sliced Black Angus steak, mushrooms, sautéed onions and a sweet-and-spicy steak sauce for only 200 calories. The Sammies sell for just \$2 each.

Melt in your mouth

Jack In the Box's Sirloin Steak Melt sandwich offers grilled sirloin steak; American, cheddar and Swiss cheeses; grilled onions; and peppercorn mayo between two slices of sourdough bread. It sells for \$3.99.

Getting fresh

Among nine offerings in Taco Bell's new health-conscious Fresco line is the Steak Burrito Supreme, which has only 8 grams of fat and 330 calories.

Q+A

Dare to be different ...and the same

Steakhouses are starting to mix it up on their menus to appeal to a broader audience, but for established restaurants, that means striking the right balance between offering variety and staying true to their steakhouse roots. White-tablecloth chain Ruth's Chris Steakhouse has started offering buffalo ribeyes, seafood specials and domestic lamb, but still maintains a 95 percent-steak menu. Jim Cannon, culinary vice president for the Heathrow, Fla.-based brand, shares his thoughts on American steakhouse trends.

What are customers looking for in steakhouses?

They're looking for different things to try. Last year, we ran venison, and people loved it. That's what we're all about, trying to give guests more options.

We focus on doing the best job we can do with our core menu and giving our guests other menu options. We're also looking for those special items to run for a short time to excite their palates. We've been pretty successful with that, but we'll always be a steakhouse.

What are some of the things you look for in a meat supplier?

Consistency is huge. We've been with our supplier for 43 years. It's about consistency and making sure you can get meat from the right sources.

What does the future hold for steakhouses in general?

One of the things we're looking at is natural, hormone-free beef and organic beef. There's no grading whatsoever, but the trend will be going that way. And if you look at Wagyu, it will be more mainstream because it will be like buying Angus. You'll see it in more places.

I also think that people really want to know what it is they're eating. Australian menus tell you where the meat is coming from. We're not even close to doing that in the United States, but it's a growing trend. People are really getting knowledgeable about where their food comes from.

A different breed

Steakhouses aren't the only ones serving up breed-specific steaks - retailers are also catching on.

Northeast retailer A&P started carrying Premium Gold Angus Beef at more than 350 stores, and Stew Leonard's, another Northeast retailer, launched Naked Beef, a line of natural Black Angus products. Houston-based Logan Farms last August started offering Akaushi beef, a heritage breed that wasn't available outside Japan until 1994.

Chicago-based Allen Brothers touts several Wagyu cuts, including filet mignon, the company's best-selling Kobe-style offering. Prices range from around \$100 for a Wagyu smoked barbecue beef brisket to around \$445 for a four-pack of sirloin strips.

One reason for retailer awareness is that consumers are much more savvy about the differences among beef breeds thanks to their exposure in foodservice. "With the rise of steakhouses, the differences became more known," explains Todd Allen Hatoff, president of Allen Brothers, adding that even average consumers are drawn to the company's high-end offerings. "It can be a once-a-year thing for people who want a special evening. That's a growing segment."

Retailers, though, are taking care to educate consumers about breeds. A&P, for example, provides in-store educational materials, including a 12-page grilling brochure. It also guarantees that if consumers are not satisfied with the new Angus products, they will get triple their money back.

Despite an economic slowdown coupled with challenges in the beef industry, Hatoff is confident consumers will remain willing to shell out money to upgrade their beef. "They might not be able to buy a new car or furs," he says, "but they don't want to give up the quality of what they eat."

Quick thinking

It may be called Jack in the Box, but the San Diego-based quick-service chain was definitely thinking outside the box when it started introducing steak items in 2006. Drive up to any location, and you'll find hearty offerings such as the Sirloin Steak and Egg Burrito and the Sirloin Steak and Mushroom Ciabatta.

"We found that steak was broadly appealing," says Teka O'Rourke, director of menu marketing and public relations. "Consumers like the idea of premium steak products with the convenience of a drive-through."

The steak items have been popular, especially with the chain's target audience of males aged 18-24 - so much so that the company added a barbecued bacon sirloin burger in April.

Other QSRs continue to beef up their menus too: Quiznos has rolled out steak flatbread "Sammies"; Wendy's added a steak-and-egg breakfast sandwich; Subway launched a carne asada sub in some markets; and Taco Bell introduced a steak burrito and a grilled steak soft taco to its health-focused Fresco Menu.

One reason for steak's popularity on QSR menus is that while consumers may be less inclined to spend money on steaks at high-end restaurants because of the economic turndown, that doesn't mean they've lost their taste for steak, says Joe Pawlak, vice president at research firm Technomic. Bottom line: If consumers can buy steak products at a good price, they will.

For now, the trend has strong legs. "Without a doubt, QSRs have been able to increase traffic by focusing on quality, variety and value, with steak playing an important role," says Jane Gibson, director of foodservice for the National Cattlemen's Beef Association. "It's an extremely versatile product, well-suited to a variety of creative applications and flavor profiles - the possibilities are endless."

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