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## **Economic State Creates Marketing Opportunity for Retailers**

*Retailers can maximize profits as wholesale prices reach historic lows*

Denver, Colo. (March 9, 2009) – A unique merchandising opportunity has arisen out of the recent economic downturn. The value of beef is creating the occasion for retailers to offer customers significant savings while increasing beef sales, boosting profits and building customer loyalty. A culmination of factors has led to lower wholesale prices for beef, particularly middle meats and beef grading USDA Choice.

The Beef Checkoff Program is encouraging retailers to capitalize on the unusual marketing environment by promoting middle meats to their customers. To assist with this effort a new tool, The Retail Pricing Matrix, has also been created to help retailers take full advantage of the market conditions.

Many consumers are choosing to dine out less, which has led to a larger availability of middle meats, driving prices down. According to Urner Barry and CattleFax, the wholesale price for a Choice Rib, Ribeye Roll, Lip-On was \$4.14 per pound in February 2009, the lowest since January 2002. Wholesale prices for the Striploin subprimal have also returned to 2002 levels. Although there will be seasonal upward trends in pricing this summer, wholesale prices are still expected to be below historical levels.

The current downward trend in middle meat pricing, as well as the nominal pricing spread between USDA Choice and Select grades, signals a great value in Choice beef at the present time. This trend presents an opportunity for retailers to provide additional savings to customers while increasing profits.

“Now is the time for retailers to act. Retailers can take advantage of these bargain basement wholesale beef prices and benefit by putting hot features on middle meats that will not be loss leaders” said Jim Henger, executive director of channel marketing for the National Cattlemen’s Beef Association, which contracts to manage retail programs for the beef checkoff. “Consumers rank price per pound as the most important factor when purchasing meat. The current market has created a great avenue for retailers to capitalize upon beef’s appeal. By sharing these savings with customers, retailers can assist their customers in trading-up rather than having to trade-down while shopping the meat case. What a bonus for consumers during these tough economic times.”

As a resource to the industry, The Beef Checkoff Program funded the development of a Retail Pricing Matrix (RPM) tool to assist retailers in quickly determining retail prices while accurately predicting “going in gross” on selected middle meats. The gross margins reflected in the matrix are attainable when based upon commonly used cutting techniques for retail cuts. Cutting test yield information is also included on each matrix as a reference. More information on the Retail Pricing Matrix can be found at <http://www.beefretail.org/resoRetailPricingMatrix.aspx>.

*The Beef Checkoff Program was established as part of the 1985 Farm Bill. The checkoff assesses \$1 per head on the sale of live domestic and imported cattle, in addition to a comparable assessment on imported beef and beef products. States retain up to 50 cents on the dollar and forward the other 50 cents per head to the Cattlemen's Beef Promotion and Research Board, which administers the national checkoff program, subject to USDA approval. The checkoff assessment became mandatory when the program was approved by 79 percent of producers in a 1988 national referendum vote. Checkoff revenues may be used for promotion, education and research programs to improve the marketing climate for beef.*

*Producer-directed and consumer-focused, the National Cattlemen’s Beef Association is the trade association of America's cattle farmers and ranchers, and the marketing organization for the largest segment of the nation's food and fiber industry.*

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