

# Set Apart by Quality

Beef is big business for small Indiana retail chain.

by Jennifer Kiko

It doesn't take a conglomerate to mean big business in the retail market. Strack & Van Til Supermarkets, a 19-store grocery chain in Indiana, can testify to that. The company single-handedly marketed the equivalent tonnage of 15,879 head of Angus cattle in fiscal year (FY) 2003 (October 2002 through September 2003).

A relatively small chain catering to a largely blue-collar demographic, Strack & Van Til has offered Certified Angus Beef® (CAB®) cuts since 1997. How does the chain keep CAB sales moving in a challenging market brimming with premium prices?

The first ingredient is beef that exceeds customer expectations, says meat buyer Carl Lindsey. Then the store maintains loyal clientele with an aggressive advertising program. Wrap these attributes in value packaging and top with knowledgeable meat department staff to complete the grocer's recipe for success.

Strack & Van Til stores account for less than 0.5% of the 4,300 U.S. retail stores licensed by Certified Angus Beef LLC (CAB).

But, with seven of its stores listed in the top 25 retail outlets selling CAB, per pounds sold, the chain makes up 28% of the top sellers. Three of the stores rank in the top 10, and two are in the top five. The chain had sales exceeding 6.3 million pounds (lb.) of CAB product in FY 2003. Per-store averages for the same year exceeded 300,000 lb. In contrast, the per-store average for the top 500 CAB-licensed stores is slightly less than 200,000 lb.

"It's a remarkable feat for a community grocer offering no-frills shopping to customers who seek quality, ever-mindful of value," says Mark McCully, CAB assistant vice president in charge of sales.

## CAB offerings

Strack & Van Til stores are located in the northwest region of Indiana and branch into the Chicago market. The company's beef sales are 91% end meats — cuts from the chuck, round, brisket and plate. That allows the grocery chain to put out large portions at lower prices.

"They move a huge amount of tonnage by focusing on what the customer is looking for," McCully says. "They offer more bone-in cuts than typical retailers. One of their offerings is a seven-bone chuck roast — something shoppers wouldn't normally find in most retail stores."

The store keeps overhead to a minimum by offering CAB cuts in large quantities, using economy and family packs. That means pricing consumers can appreciate. "We know we're not always the cheapest, but in our market, in general — yes, we are," Lindsey says.

Strack & Van Til stores are loyal to the brand, and Lindsey says that's largely because of the customers. "We tried to establish a [USDA] Select beef counter in our newest location due to conditions in



► Larry Malchick (center), meat buyer for Indiana-based Strack & Van Til Supermarkets, accepted the Top Volume Store Award from CAB President Jim Riemann (left) and Al Kober, CAB retail director. The award was presented at the brand's 2003 Annual Conference.

that particular market," he explains. "Frankly, we didn't have much luck with sales. Certified Angus Beef brand recognition had far-reaching effects we hadn't anticipated."

Not only are Strack & Van Til customers requesting CAB cuts in the fresh case, they've come to expect it at the deli counter, too. Deli director Larry Malchick knew it was time to improve his deli beef offerings when customers were dissatisfied with the roast beef.

"We looked for a product that actually tasted like roast beef," he says. "One that was naturally tender and held up to heating without turning tough."

The response from customers was mostly positive, although the amount of marbling in the CAB roast beef did raise some eyebrows.

"The customers always appreciated the flavor and tenderness — the overall quality — but many didn't understand what marbling was," Malchick says. "Marbling is very visible when roast beef is cold. A few customers questioned the quality."

One taste was usually enough to override concerns, he says, and all Strack & Van Til stores offer free taste samples. "When customers find out it actually tastes like roast beef, they realize it's a high-quality product," Malchick says.

## Value of deli

He took initiative to ensure customers could buy CAB deli products at an attractive price. Malchick developed relationships with distributors and custom processors to



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produce deli meats more economically. He has a distributor purchase the raw materials directly from CAB-licensed packers. The product is billed to the distributor and shipped to a custom processor that cooks the meat and bills the distributor for cooking and packing costs, sending a yield report to Strack & Van Til. The distributor calculates a total cost based on raw beef, processor fees, storage and shipping, and sells to each store at that final price.

“This system results in the lowest cost of goods possible for this cut of meat, particularly if we time our buying correctly with the ups and downs of the beef market,” Malchick says. “Customers get a unique, high-quality deli beef at our lowest possible price.”

Quality and value are defining factors for Strack & Van Til stores, he says. “We use Certified Angus Beef deli items (roast beef, corned beef and pastrami) in lieu of a private label. It’s a unique brand for us in our trade area.”

The CAB brand suits the need for upscale, private-label deli meats in all 19 stores, which also include Ultra Foods, Town & Country Food Market, Key Market and Van Til Super Markets, Malchick says. The chain has been just as successful marketing deli items as CAB fresh cuts; six Strack & Van Til stores ranked in the top 25 of CAB-licensed deli retailers, with three of those stores in the top five.

How does a retailer maintain such performance standards?

“We’re very fortunate to have a good meat clientele, and we continue to offer a variety of cuts,” Lindsey says. “We advertise, use point-of-purchase materials and counter dividers, and promote the brand through large logos on the walls. Occasionally we hold cookouts and in-store samplings.

“Most importantly,” he adds, “we believe in the product. That’s the difference between us and other companies that may sacrifice quality to cut costs. The wholesomeness of CAB product sets us apart.”

So do innovation and paying attention to its shoppers. In the company’s own words, “It’s a little bit more neighborly. It’s a little more variety. It’s a little bit tastier. It’s a lot more of what you want. It’s a Strack & Van Til thing.”

