

# INVESTING IN EXCELLENCE

by Jerilyn Johnson

If you were one of the 400 participants from 28 states and Canada who attended the 1991 National Angus Conference in Austin, Texas, your small investment for registration fees, travel and lodging was well rewarded. A power-packed lineup of speakers addressed current industry issues — from consumer acceptance to genetics.

"Everyone can take back something from this conference," said L.S. "Bill" Pope of Texas A&M University. "It was one of the best conference — as far as depth speakers, topics and relevance — I've attended."

Pope, who took on the role of conference analyst, believes the beef industry is at a turning point. "We are on the verge of a genetic revolution," he said. "Take all the genetic and technology advancements, add EPDs which get better every year, and you have enormous reach."

In Pope's concluding speech titled, "Angus Breeders, Here's Your Challenge," he asked the conference audience to reflect on these advancements and ask themselves, 'what's in it for me?'

"If the breed prospers, you prosper," Pope said. Collect data and information and put it to use. Promote Certified Angus Beef and value-based marketing. It's all bound to spill back."

Pope's conference analysis didn't come together until he had carefully listened to each speaker and jotted down 10 pages of notes over the two-day event. Here's his summary of the conference:

"Gary Smith set the stage, talking about beef safety, nutritional value and the diet-health issue. He reported the good news that family-style dinners are not going out of style. His message to us was to get more solid information on beef nutrition out to the consumer. Don't try to gloss it over.

"Mick Colvin of the Certified Angus Beef program told us that although they have the quality and demand, supply is the critical factor at this stage of the game. I don't know of any other ag sector with this scenario.

"Edd Hendee had a remarkable suc-

Marketing panel speakers (l to r) Charles Nichols, Jan Lyons and Cal Siegfried field questions from the conference audience.



cess story to share. He advised us how to promote our product for all its value.

"Bob Long laid the ground work for what producers think about the breed. Take the survey home and study it. It reveals that producers in the Southwest have a poor understanding of EPDs. They will, however, accept change. It shows that feeders are dragging their feet when it comes to value-based marketing and genetic fat trimming. The survey also points out that we need to emphasize marbling, mothering ability and calving ease in our seedstock genetics.

"Listen to Jan Lyons' advice on marketing Angus cattle. The name of the game is customer service.

"Ted Price's presentation on advertising showed us that we can learn a lot from other businesses on this subject.

"It was refreshing to see data from Bill Beal's milk EPD research project. This information fills the missing link. Now we know we're on the right track. His message, 'cull on performance — breed on EPDs,' is almost a classical statement."

**An in-depth report** of the American Angus Association's Southwest Beef Industry Survey and Bob Long's presentation at Austin is featured on the following page. Several of the conference presentations will be reported in future issues of the *Angus Journal*. The report, by Bill Beal of Virginia Tech, was fea-



*"If the breed prospers, you prosper"*  
— Bill Pope

ptured in an article called, "Milk EPDs and Milk — Are We Getting Anywhere?" in our December 1990 issue.

Following are excerpts from speakers' presentations at the 1991 National Angus Conference:

## Gary Smith

*Colorado State University, Fort Collins*  
*What Consumers are Telling Cattlemen About Their Product*

"As I look in my crystal ball I see room for growth in the high Choice grade. About 6 percent could be filled

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with high quality branded beef products such as Certified Angus Beef, Sterling Silver and Chefs Exclusive. There's also a growing market, about 6 percent of total beef production, in the low Choice or high Select area. Angus can meet these market demands coming or going.

Taste is still No. 1 on consumers' list. Studies show that they select and purchase meat based on taste 59 percent of the time.

Be careful about consumer perception vs. what they actually do. Consumption patterns are different than what people think they should eat. Perhaps the most accurate survey is the National Eating Trends Daily Diary. It records what people actually eat. The latest report shows that of the top meat preferences, the ham sandwich has moved from first to first; the hot dog from second to second; chicken has moved up to third position. Beef, previously in third place, is now fourth.

If we are going to better promote and reposition our beef product we will have to: 1) portray it as part of an active lifestyle and make it easy to prepare; 2) let consumers know it fits well into their overall diet; 3) make it socially acceptable and impressive to dinner guests; 4) push smaller portions of trimmed, tasty beef."

### **Louis "Mick" Colvin**

*Certified Angus Beef Executive*

*Director, West Salem, Ohio*

*The CAB Connection - A Quality Product for Today's Consumer*

"In the early 1980s it took 22 months to market 1 million pounds of Certified Angus Beef product. In 1990 it took only three days. During the early years only two smaller packers were licensed to process CAB. The majority of it went to the food service industry. Today, we have 18 licensed packers, including one of the "big three." About 56 percent of our product goes through the retail meat case.

To have a successful branded beef program you need: 1) a quality product; 2) abundant supply; and 3) consistent premiums for producers. Each year we have exhausted our supply. The CAB acceptance rate has swung from a low of 7 percent to a high of 67 percent. During the past year it has fallen to around 17 percent.

Significant long-term progress can be made in the supply area with improved genetics, but the time has come for value-based marketing. We can increase our CAB supply by selling more Angus bulls; convincing feedlots to stop blending cattle and use higher percentage of black pens; improving genetics through carcass EPDs, gene marking and identification of proven sires; identifying carcass characteristics to

increase end product value (value-based marketing); and working with packers who offer on-rail premiums.”

Mike McBride  
*Independent Meat Co.*  
*Twin Falls, Idaho*  
*Marketing the Gourmet Frank*

"You can characterize the meat industry as a duck on a pond. It may look calm and smooth on the outside, but underneath it's paddling furiously to keep up.

There's been many pretenders, but only one Certified Angus Beef. It has the consistent quality we look for. Our CAB franks mirror the move to leaner, more nutritious meat products. We use only lean CAB chuck meat. It has one-third less fat and sodium and one serving is only 140 calories.

It helps if you get a leaner product from the packer. Our packer guidelines are more stringent today. They are: modest or better marbling, age-maturity, firmness, texture and color.

We go a little bit further to keep our value-added professionals (restaurant, food service and retail clients). First, our sales staff identifies the right prospect. They have to be committed to our product, not just price. We work on a 50:50 partnership, setting up only long-term contracts. Our clients have to do more than promise, they have to deliver.

Communication and knowing our customers and their demands are two other important things we strive for. We get them to join "Angus family" activities and share ideas with us. We have open houses, tours, even golf games to keep explaining the Certified Angus Beef story."

## **Edd Hendee**

*Taste of Texas Restaurant*

*Houston, Texas*

*CAB— The Basks for a Quality Restaurant*

"We started our restaurant business in 1977 with \$10,000 of borrowed capital. This year we will have more than \$6 million in sales. During those early years we managed to put mediocrity on the table day after day. Then in 1985 we discovered Certified Angus Beef. Our goal was to become famous for steaks. We narrowed our menu down to just steaks, put in a product display area right up front, and told our customers we were giving them something different and delicious. If I'm not committed to the customer, how can he be committed to me?"

We took the show on the road, putting up billboards with the slogan, 'Certified Angus Beef — Taste of Quality; and giving out samples at malls and open houses. My wife set up school tours; more than 3,000 children came. We educated our staff on the CAB program. One young man wanted a job so bad, he studied the Angus breed before his interview.

Once you put CAB in a customer's mouth, all the explanations, all the genetics, all the hours of work, melt away faster than the meat on the plate. You can taste quality.

We recently built a new restaurant with 14,000 square feet. The day we opened our doors, we experienced a 48 percent increase in sales. We now serve 12,000 to 15,000 pounds of CAB per month. You can bet the CAB logo is everywhere — front door to back."

## **Marketing Registered and Commercial Angus — Determining Markets and Reaching Customers**

**Registered breeder — Jan Lyons  
Manhattan, Kan.**

"Marketing is beyond production. It is making people aware of what you have to offer and how our animals are going to help them. Our slogan is, 'Your Source for Superior Genetics.' It appears on all our ads and stationery. Our goal is to create an image of a place where customers can find better than average seedstock.

We don't try to be all things to all people. Our target customers are the serious commercial producers and seedstock producers who are committed to the commercial industry. About 88 percent of our bulls go to the commercial market.

To reach our customer, we first identify and target customers. Then we gear our ad campaign to reach them. Our customers are unimpressed if we boast of

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show ring winnings. They're interested in heavy weaning weights, marbling, cows that rebreed and increased profits.

Timing is crucial to your success. In order to create top-of-the-mind awareness most of our advertising must be at a correct time— long before we are trying to sell our product.

We invite potential customers to come to the ranch to view the cattle firsthand. We ask about their goals and production practices, answer any particular questions on EPDs or the sire evaluation report, and give them our honest opinion to help them make informed selections.

Buyers seem to be more satisfied if they make an informed decision and have no surprises later. If they leave the ranch thinking they bought the best bull on earth, they often become disenchanted at a later date. Realistic expectation is key to customer satisfaction."

#### **Commercial breeder — Charles Nichols, Arnett, Okla.**

"Our marketing philosophy is to own cattle as far into the system as economically feasible. We put calves through backgrounding and use custom feedlot programs. Our goal is to sell the maximum pounds of beef per cow.

I'm a believer in retained ownership. It allows you to take advantage of superior breeding programs. Retained ownership cuts out the extra costs of transportation, sale barn and buyer commissions, sickness and death loss. It allows you to operate more competitively and increases your marketing options.

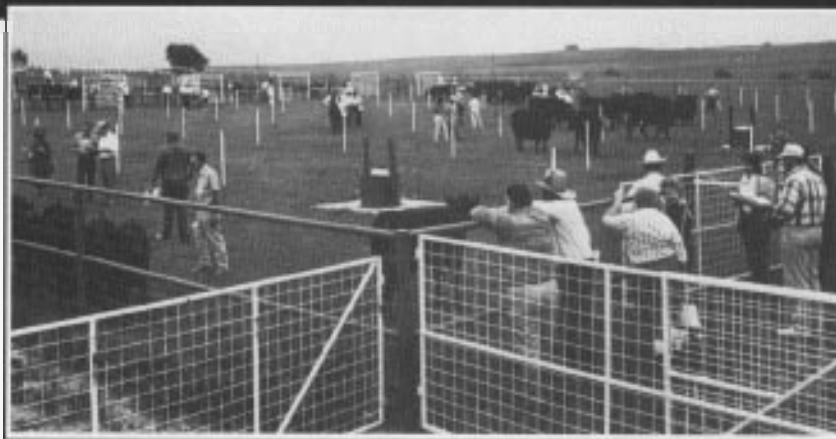
It has disadvantages, too, or everyone would be doing it. It increases credit needs as well as risks.

You need to know your cattle and what performance level they are at. A lot of producers aren't aware of this. Learn this so you can accurately record your production costs.

My selection criteria (EPD values) for Angus bulls are: low birthweight, EPD +4.0 or less (92 pounds or less actual weight); milk EPD +5 to +12 pounds; yearling weight EPD +35 to +45; scrotal circumference of at least 36 cm or more on yearling bulls.

Other important traits I look for are good disposition; structural soundness; .15 to .30 backfat thickness; moderate muscling; moderate mature size of 5-6 frame score and 1,100-pound average cows; and uniform, sound udders.

I would like to have a better measurement from breeders on mature size of bulls and heifers."



R&J Ranch, Briggs, Texas, was one of the featured stops of the Texas Angus Tour.

#### **Feeder's Viewpoint — Cal Siegfried, Decatur Co. Feed Yard, Oberlin, Kan.**

"We believe in good cattle in the commercial cattle feeding business. Four years ago Decatur County Feed Yard owner/manager Warren Weibert and I sat down and decided to hang our hat on the Angus breed. No question, black cattle sell better. The trend today is back to more moderate animals; back to cattle that will grade and yield. We can talk value-based marketing all day and night, but we still sell cattle on grade and yield — that's what packers want. The Angus industry has done a nice job, but believe me this job is not over— we have a long way to go.

The old saying, the difference between breeds is not as much as within, is true. I can quote you figures on a pen of Angus steers grading 86 percent Choice; 57 percent meeting CAB specifications. I can also quote you figures on another Angus pen with 35 percent grading Choice; 1 percent CAB.

Inconsistency is the one thing standing in front of us that makes it extremely difficult for packers to buy more cattle and pay a premium. Packers increasingly ask the question, 'Do you have information or data to back what you say these cattle will do? Sad to say friends, we don't have it a lot of times.

We're going to see the definition between good and bad continue to become clearer and clearer as value-based marketing evolves in the industry.

A gentleman in the conference audience said he felt he had been getting mixed signals from the marketplace. Well, you've had a target laid out in front of you since 1978 called Certified Angus Beef. That target has not changed or moved.

I guarantee you, if 13 or 14 years ago everyone had started breeding cattle to hit that target we would really be hav-

ing a ball here today. You still have a very clear target. One thing you need to do is continue to improve yield grade — get that outside fat off. That's the next step in this ever so slow, painstaking process we call the cattle business."

#### **Bill Turner**

Texas A&M University, College Station  
*The Beef Cow of the Future*

"Extremes are seldom efficient. Cow size is not an effective trait due to environmental influences. Uniformity and predictability within a breed will be required which implies a balanced selection emphasis of traits.

The traits of an efficient cow are a combination of reproductive, maternal and growth traits. The best measure of these combined traits is pounds of weaned calf per cow exposed.

The designer cows of the future will be:

1. The Least Squares Cow — an average trait cow for carefully chosen characteristics.
2. The Elastic Cow — Ability to respond to environmental or husbandry inputs with increased yield.
3. The Specialist Cow — An ideal genotype and phenotype for a unique trait.
4. The Organic Cow — The low-cost, low-input cow that is natural and doesn't require intensive management.

The Angus breed has the advantage of name recognition and acceptance in the industry. To position ourselves for the future we want to sell the 'maternal side' of Angus. In order to sell cows, however, we need more Angus bulls to start this population.

The future Angus cow will likely be somewhat larger but with less milk yield for effective reproduction in restricted feed situations. Select cattle for the poorest condition your environment or operation can experience."

