

Know Your Customers

Every member of the meat industry — from producer to retailer — should make every decision with the customer in mind, Stephen Burnett, professor of strategic management at Northwestern University, recently told a group of meat industry people.

"You must realize that what you think of your product doesn't matter," said Burnett, speaking at a Demand Strategies sponsored by the National Live Stock and Meat Board. "What matters is what the customer thinks. Great marketers learn how the customer thinks and feels, and they base every action, every decision on that knowledge."

Buck Rogers, who headed IBM during the great computer company's most successful period, said much the same thing in a different way. Marketing, he told cattle producers a few years ago at an NCA convention, is finding out what the consumer wants and then producing and promoting that product. It is not, he emphasized, trying to convince the consumer to like and buy what you want to produce.

It all sounds so simple, but of course it isn't. And for registered Angus producers it is even more complicated than it is for, say a supermarket manager. The retailer need only find out what kind of beef the customers who frequent his store prefer most. If their preferences start to change, the retailer can change the product mix, day by day if necessary, to satisfy their wants.

Angus breeders, however, must satisfy a variety of customers, all of whom may not think alike. Bull customers are the primary income source for most Angus breeders. But bull customers can be a fickle lot. Research has shown that they are often influenced most by the kind of cattle that bring top prices at the local feeder cattle



auction this year. Fortunately, for Angus breeders today, our cattle generally top the market at feeder cattle auctions and as finished cattle.

Despite increased use of Angus bulls many commercial producers still don't have the long view in mind. If they sell calves at weaning they may never know how those animals perform in the feedlot or on the rail in the packing plant. As a result, these bull buyers may have no current interest this year in things like carcass quality. But they might next year, or the year after as their marketing program changes or as feeder cattle buyers become more selective. This presents problems be-

cause Angus breeders are not likeretailers.

You, for example, can't change the genetic mix of your bulls on a day's, a week's or even a year's notice. As a result, breeders must not only monitor the wants of their bull buyers today, but anticipate what they will want next year or five years down the road.

Most forward-thinking registered Angus breeders know that just producing black Angus bulls is not enough. They are aware, for example, that less than 20 percent of the cattle that qualify visually for the Certified Angus Beef (CAB) Program will yield a carcass that meets the CAB Program specifications. They know fur-

ther that as the CAB Program grows, a broader demand will develop for Angus bulls with the genetic ability to sire offspring that will marble.

Many Angus breeders are adjusting their production today, in anticipation of future demand. While these Angus business people fill the commercial producer's demands for Angus bulls that are well muscled and growthy, they keep in mind the growing demand for quality beef, and gear their breeding programs to fill the resulting demand a few years down the road.

When we as an Association, and as individual Angus breeders, understand our customers and work to fill their demand today and tomorrow, we do what Burnett advises. We keep our eye on the ultimate consumer and produce for a specific, segmented market — the quality beef market.

It's easy to be a registered Angus cattle producer. All one needs is a fertile registered bull and a few registered cows. Put them in the pasture together and nine or 10 months later you have offspring to register and sell if a buyer comes along. It's far more difficult and demanding, however, to operate a successful registered Angus seedstock business.

To be successful, according to Burnett, those of us in the meat industry must strive to serve almost all customers, be opportunistic, hate to lose a sale, design products to serve multiple consumers, and strive to find new markets for existing products. It's good strategy upon which to build our registered Angus business.

by Keith Evans, Director of Communications & Public Relations