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QUALITY Always Wins

Think the highest-quality beef goes exclusively to fancy restaurants where reservations are required and gentlemen wear ties? Think again.

STORY & PHOTOS BY STEVE SUTHER

The folks at Reesor's supermarkets in the Tulsa, Okla., area never underestimate their customers' demand for quality. That puts the Certified Angus Beef LLC (CAB) licensee at odds with the majority — from producers to retailers — who assume most retail customers are only interested in price with "acceptable" quality.

Move over, white-tablecloth, black-tie, candlelit restaurants, because Reesor's has been selling *Certified Angus Beef*® (CAB®) Prime cuts for nearly two years. How can that be, when other stores only a few hours distant shy away from higher quality because, they say, CAB costs too much?

"The whole thing is commitment," says Paul Roach, director of meat for Reesor's, based in Tahlequah, Okla. "We tend to do things a little bit different than the norm," he says with a wide grin. That's what led Reesor's to seek CAB licensing in the 1980s — to offer a premium product at its full-service meat counters.

"We had Select grade beef then, due to competition, and wanted to have a noticeable difference in order to ask people to pay more for both service and quality," Roach says. The first licensed CAB retailer in Oklahoma found success and added more stores, each with a full-service meat counter, growing to employ 1,800 people. "We always tried to carry the best quality the customer could afford, and that was CAB."

Today, some of Reesor's 12 locations are regularly in the top 10 CAB marketers based on volume, says Russ Johnson, CAB assistant retail director. Reesor's is a great account for a lot of reasons, he says. They were the first retailers to offer CAB Prime and, as a 100% licensee, only CAB whole-muscle product to their customers.

"They are focused on quality and committed to consumers. They're quick to use suggestions, promotions and tag lines to describe and promote the brand in their stores," Johnson says.

A noticeable difference

It never was a question of "which Angus" beef to offer, Roach says. "I know there's a lot of copycat stuff out there now, but I don't like it. There

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When customers walk up to the service counter at Reasor's, they expect the best, Roach says. Reasor's was the first retailer to offer Certified Angus Beef® Prime and is a 100% licensee, selling only CAB brand whole-muscle product to customers.

QUALITY ALWAYS WINS CONTINUED

have to be certain guidelines and standards with branded items — variations threaten the integrity due to confusion.

“We believe in CAB and quality,” Roach states. “On a competitive basis, quality will always win — at the store level, or in any business — whatever you’re selling.”

Reasor's cut the deal with Tarpoff Packing Co. to supply CAB Prime in August 1999 as

part of the retailer's commitment to quality. “Again, we wanted a noticeable difference at the service counter,” Roach explains.

Did they get it? “Oh, yeah, they love the Prime,” he says. But, he admits, “It was a little hard to get it going at first, and a few customers stayed with the CAB Choice, but others told us about the difference and stayed with CAB Prime. National Beef has

been added as a regular supplier of closely trimmed product.

“We try to keep prices competitive and close so they can try the Prime, and as customers try it, they tell us,” Roach says. “No. 1, they tell us about the flavor vs. our competition.” Customers also appreciate being able to shop price among only CAB Choice cuts. “It's everything we do; it's all of our beef.”

Reasor's offers some CAB value-added products, too, having recently taken on Usinger's frankfurters, Roach adds.

Both sides of the fence

Roach has been with Reasor's since before CAB, and that job always has come first, but he's also a beef producer with 100 Angus-cross cows. “Some people like golf, others like fishing. I like my cattle and farm. It's work, and it's expensive, but I find it relaxing,” he explains. “My wife helps me, and if I get in a bind, our grown sons can help.”

His background as a former dairyman and current beef producer makes Roach as qualified as anyone to address the old mystery: Why does retail beef stay at a relatively high price when live cattle prices fluctuate? “Prices for Select beef still drive retail,” he says, “but there are a lot of other factors related to cutout values, shrink and yield that come into play.” And that's before you get to labor and consumer buying psychology. “You can't expect a direct connection to live cattle because



Dave Thompson, meat associate at the south Broken Arrow, Okla., Reasor's, sets up the full-service display case.

of competition with other meats driving retail prices while outside factors, such as other markets, weather and information, affect the cattle markets," Roach says. "Consumers dictate our prices by what they are willing to pay. You get beef too high or out of line, and they switch over to another protein."

Conversely, dropping prices relative to other proteins can make fair-weather friends of steady beef shoppers. An inability to plan purchases would disrupt the whole system and make most of retail demand an erratic unknown, he explains. "We're better off to make very small changes over time and in relationship to competing meats."

Roach has seen demand for beef strengthen over the last year. "We've been able to sell more, higher-quality tonnage and at a higher price." The move to CAB Prime was not so much a setback as a learning curve. "Prime has more competition, and that requires learning for both customers and retailers," he says. But the high-end customer typically is not a hard sell when the product satisfies the hunger for quality.

"When customers walk up to our service counter, they're expecting the best," Roach explains. "When you have CAB Choice tenderloin at \$11.98 and CAB Prime at \$12.98, they don't see it as much of a difference. They already want the best of the best, so it's an easy reach for them."

Reasor's advertises CAB Choice and Prime every day, with a total of eight to 10 items per week. "We have price and quality," Roach notes. "We have ad shoppers, and we have the others who just come in to buy [CAB products]."

Plan ahead

About 5%-6% of the CAB Prime steaks and chuck roasts have kernel fat that can require trimming, but CAB Prime ground beef has about the same fat-to-lean ratio as Choice, Roach says. Availability of CAB Prime

can be a concern and requires planning. "We work very closely with Fleming buyers on what's coming in and going out of the warehouse in Oklahoma City, working four weeks out," he explains. "We monitor what's selling and order ahead."

December is the leading month for sales, compounded by foodservice competition at that time, Roach says. "For all the holidays, we know supplies will be tight, so we buy ahead." Weather and seasonal grading slumps can complicate matters, but so far the two licensed CAB Prime packers have met demand.

The industry needs to plan several years ahead to keep pace with other changes that are ongoing. "You have to stay ahead of it," Roach says.

One big challenge is the retail meat department labor force. "They're getting older, and you can't find them anymore; if we train people, they jump ship unless we can pay them enough — and that increases retail meat prices. We can't sell whole chucks, so what are we going to do five or seven years down the road? We're going to have to innovate across the whole industry." Roach figures that may include case-ready packaging.

Reasor's operates its retail business the way a beef producer manages a successful cow herd — satisfied that their CAB-based beef departments are going well, but working toward making it better all the time. "Once you get established, it's as hard to maintain at the top as it is to get there," Roach says.

Shop for CAB Prime at Reasor's, and you'll find a standard of sales and service equal to the product quality. "You won't find it any better, and we're competitive in our marketplace," Roach says. "You can see that noticeable difference, but eating it, you'll really notice."

"You want to try a CAB Prime chuck roast," he suggests. "Fix that up, with potatoes and gravy, and I'll tell you what — you'll be driving back to Tulsa to get you some more."



Thoughts before sunrise

You have to wake up early to get ahead of Paul Roach, the high-energy meat director for Reasor's, Tahlequah, Okla. A persistent aftereffect of his dairying years in the early 1990s, Roach regularly rises before 4 a.m. now to do chores for his 100 Angus-cross cows before starting his "real job."

He generally sells calves "right off the cow," mostly at the local auction, and he hasn't been able to follow them through the packing plant. "I understand there are opportunities, but my time and commitment haven't allowed for it," he says.

Nobody could argue with the price received for visual quality last summer, when his 500-pound (lb.) steers topped at \$1.44/lb. But Roach wishes it were easier to track calves after the sale, with dollar-value adjustments, too.

The market says it wants better cattle, but the message doesn't always make it to the producer, Roach says. "If we are going to continue improving beef, we have to start on the farm."

The current system gives too much to traders and too little to small-scale producers, Roach says. "Even the guy with 500 cows isn't really making it because it takes so much to operate." What would it take to make it work better? A checkoff-sponsored information system would be a good start, he says.

"I don't have time to follow that calf after I sell, but it's not rocket-science work, either," Roach says. "We just need a system. If the calf made his way to a feedlot three weeks later, I want to know how he got there and how he did — put accountability in the market. When the packinghouse is settling accounts with original producers, then you'll close the gaps on producing quality and eliminate some sponges in the system."

If a producer organization or government made an individual identification (ID) and information system available, accountability could be worth the risk, Roach says, especially when producers start to make changes. "The information would tell you to change that bull, compare cows, even feedlots. Then the guy across the fence will see his calves bring 20¢ less, and he will see he needs to change."

"You fill the gap as you get more cattle to go CAB® (*Certified Angus Beef*®)," Roach projects. There would be lower per head premiums because of more qualifying cattle. The price of CAB Prime would go down, closer to Select, but because of CAB leading a recovery in demand for quality, all beef would move higher.

"We all think big, but we need to stand up for the little man, give him the tools to stay competitive and clean up the waste. Invest in a system like that, and you end up making a difference for producers directly."



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