

Focus On the Consumer

Cattlemen's College sessions focus on various aspects of consumer demand, from answering questions about how the product was raised to portion size.

by Kasey Brown, associate editor, Kindra Gordon & Troy Smith, field editors

McDonald's statistics are impressive. It has 34,000 restaurants and just reached the milestone of serving 70 million customers a day. The famous golden arches can be found in 119 countries — and in mid-February 2014 that will bump up to 120 with the addition of a restaurant in Vietnam. The company employs 1.8 million people, and it is the world's largest marketer of beef, purchasing 2% of the beef produced in the United States and around the world.

Of the company's more than 50-year uber-successful history, Bob Langert told Cattlemen's College® attendees, "If we didn't change, we'd be a withering and dying business. . . . The customer is our primary business driver for McDonald's."

Langert has been with the food giant for 31 years and today serves the company as vice president of corporate social responsibility and sustainability. He told the more than 6,000 in attendance at the Cattlemen's College keynote address that what McDonald's and the beef industry have in common is a "commitment to selling beef — great-tasting beef."

That said, Langert noted that customers have — and are — dramatically changing their food demands. One way McDonald's is addressing this is its announcement a month ago that it plans to start purchasing verified sustainable beef by 2016. They already purchase certified sustainable fish and coffee.

"This is not a do-gooder effort. This is a journey for good — together," Langert said of this most recent initiative focused on beef. "We feel with sustainability we can grow our business and, in turn, grow your business."

He admitted that the company does not currently have a detailed, defined plan of what sustainability means for the beef industry. He emphasized

that they recognize a sustainable supply chain includes the three Es — ethical, environmental and economical.

He encouraged the industry to be a partner — and leader — in helping create a sustainability definition and plan for the future.

"Let's take charge in defining what is sustainable beef — and not let activists do it," he emphasized.

Langert mentioned the Global Roundtable for Sustainable Beef as one group they will look to heavily as they prepare to implement their new initiative for 2016.

As that future approaches, he emphasized, "Our pledge is to continue to collaborate, not mandate."

To the producers in attendance, he said, "You might be sustainable,

but you have to prove it and have evidence points. Telling stories and saying trust us isn't enough. It's about doing more."

He concluded by noting that sustainability "is part of business" and said, "Let's create this future together."

— by Kindra Gordon

Ranch sustainability and beef sales

Steve Sands, vice president of protein for Performance Foodservice Group (PFG), shared how his company is working to link beef sales with sustainability efforts at the producer, feeder and packing sectors.



PHOTO BY KINDRA GORDON

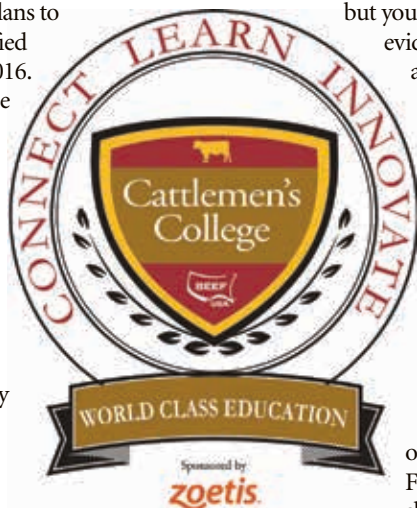
▶ "This is not a do-gooder effort. This is a journey for good — together," said McDonald's Vice President Bob Langert of the company's most recent initiative focused on beef. "We feel with sustainability we can grow our business and, in turn, grow your business."

As a food distributor the company does \$14 billion in sales annually, Sands said. "We are on the front lines of customer response to the product. We have 1,600 salespeople who interface with restaurants every day."

About 62% of the products they distribute are national brands, but the progressive company has created several of its own "house brands" — from chemical cleaning products to food products — to fill voids in the market. These represent about 38% of the distributor's business.

On the beef side, its Braveheart Angus Beef brand, which it began offering to customers five years ago, is the company's fastest-growing brand. Sands reported that it is seeing double-digit growth despite the consumer trend toward consuming less beef.

"In my 30 years in the industry, I've never seen a more rapid migration away from beef on menus due to high prices," Sands said. It is



primarily the mid-priced restaurants that are being affected. Fast-food beef restaurants and premium beef restaurants are still doing well, he added.

Sands said they developed the Braveheart brand to address some of the emerging issues of a need for smaller portions to fit a restaurant menu's price points, quality needs, and consumer interest in sustainability and transparency. It includes cattle specifications, such as DNAing every animal to verify genetics, as well as processing specifications, one of which is trimming more fat off of cuts at the plant so the customer isn't paying freight for fat and gets a better yield.

The company is working with Zoetis on audit points for the Braveheart beef brand.

Because PFG also distributes pork and poultry to its clients, Sands said they intend to add a source-verified pork line next and are exploring a poultry line.

Of the future for the food business, Sands concluded, "We have to be very, very vigilant. We have to be transparent. That's not going to change. We get more inquiries about animal handling than anything else. We have to do a much better job representing ourselves to the customer base."

— by Kindra Gordon

The fifth dimension

Imagine for a minute that your family is traveling down a busy highway. As you drive past a large cattle feedyard, your teenage daughter says, "If that's where our beef comes from, I don't think I want to eat it anymore."

An incident like that was Mike Nichols' welcome to the "fifth dimension" of beef production. According to Nichols and fellow Zoetis technical service veterinarian Robin Faulkner this fifth dimension encompasses the perceptions people have based on what they have seen or heard regarding



► "Being beef ambassadors, refuting the myths and sharing the science used in beef production is good, but we all need to be 'Beef Commanders,'" stated Robin Faulkner.

the beef industry. Speaking in tag-team fashion, Nichols and Faulkner said the fifth dimension should be of concern to all industry stakeholders.

Most stakeholders probably don't realize there are five dimensions to their business. According to Faulkner, most concentrate on only three — the cost of various practices, the return on investment and efficiency of production. A fourth dimension, not included in financial accounting, is the impact that "taking care of business" has on people and their relationships.

However, it was the fifth dimension that caught Nichols off guard. His daughter was familiar with some aspects of cattle production — mainly the cow-calf side of the business.

"It started me thinking about what she saw in that feedyard that I didn't," Nichols said.

On his next trip past the feedyard, he more closely observed the particularly pungent odor and how the air was heavy with dust. He also saw a dead calf being removed from a pen, strung by a chain from a front-end loader. All of that could be seen from a highway where some 73,000 vehicles pass daily.

"Every operation is like a billboard to passersby. What's on your billboard?" Nichols asked. "The fifth dimension is all about community. It's about what we do says about our industry. It's about the image projected to people who don't know anything else — people that are two, three or more generations away from production agriculture."

Faulkner noted that a growing percentage of people disapprove of hunting, but judging by the television show's popularity, a lot of the same people are fans of Duck Dynasty.

The show's portrayal of respect for animals, strong human relationships and family values is praised. According to Faulkner, every cattle operation is like a reality show to people that drive by.

"Being beef ambassadors, refuting the myths and sharing the science used in beef production is good, but we all need to be 'Beef Commanders,'" stated Faulkner. "Be a fifth-dimensional cattleman by showing people that you care about animals, your industry and the community. Make that part of your legacy."

— by Troy Smith

U.S. beef in the global marketplace

Tight supplies mean high beef prices, especially with growing global demand for beef, Brett Stuart, CattleFax global market specialist, told Cattlemen's College attendees.



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Export levels in 2014 are expected to remain steady with record 2013 levels, an even more impressive feat since supplies will continue to tighten until 2016, Stuart noted. "New demand" from burgeoning populations in several Asian countries is straining the beef supply, but will support high prices. The current population boom is like the equivalent of adding the population of New York City nine times every year. However, global beef production is relatively stagnant, which creates a "highest bidder" situation.

Politics do and will continue to influence beef trade, especially in terms of access. China still has not opened its borders to U.S. beef since 2003. Though rumors indicate it will open in July of this year, Stuart predicted that trends indicate plant approval or export



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PHOTOS BY TROY SMITH

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certificates would be very slow to occur, if they do at all. China currently uses a feed-additive ban to restrict U.S. beef, so U.S. beef exports for the area are sent to Hong Kong. China is on the cusp of making difficult decisions involving strategic food crops and import policies.

China is self-sufficient in food, but just barely. Stuart added that the self-sufficiency rates are not sustainable. If China starts importing even 1% of the country's meat demand, the tonnage of product needed would be massive. He emphasized that current food policy in China is ambiguous. An example is the Chinese government uses food inflation to keep poorer farmers from moving into the cities because agricultural products are needed.

India has the highest concentration of beef cattle in the world, with more than 300 million, though Brahman cattle are sacred to Hindus. The beef industry in India focuses on water buffalo in Muslim states, and buffalo consumption is increasing on a global scale. Meat consumption on a whole is very low, but their exports are very lucrative. However, the markets for Indian beef do not compete with U.S. beef.

Foot-and-mouth disease (FMD) concerns in India limit access to many of the U.S. export markets. Mandatory vaccination is under way, but due to bovine living conditions in India, the prospect of eliminating the disease is very slim, he said.

— by Kasey Brown



PHOTO BY KINDRA GORDON

► CAB's Phil Bass shared an enthusiastic presentation showing new cutting methods for the top and bottom sirloin.

New beef cuts and methods of preparation

Thinking outside the box is the approach meat scientists are taking in their efforts to revolutionize the future of beef restaurant and retail cuts.

“We have to adjust our cutting styles — take

muscles apart — for a better eating experience,” Certified Angus Beef LLC (CAB) meat scientist Phil Bass told Cattlemen's College attendees at the consumer relations session.

Bass presented a step-by-step cutting demonstration showing the various “new” cuts into which the traditional top and

Practical applications in animal welfare

Animal welfare scientists relate purpose and measures of animal well-being.

“We have a moral obligation to treat the animals in our care humanely,” Karen Schwartzkopf-Genswein, beef welfare scientist with Agriculture Canada, told attendees of the 21st Cattlemen's College® sponsored by Zoetis and hosted Feb. 3-4 during the 2014 Cattle Industry Convention in Nashville, Tenn.

Animal welfare is not just a buzzword, she emphasized. Its technical definition is the multifaceted concept combining animal, technical, legal and human perspectives. It is the state of an individual as it attempts to cope with its environment, and welfare is adversely affected when the animal must shift energy away from biological functions to manage discomfort or pain. Behavior is

the first indicator an animal isn't doing well.

Welfare matters because it has a relationship to animal health, food quality and food safety. Public and consumer concern also make it relevant, and mean that animal welfare will not go away, she said. Compromised welfare equals a stress response, which suppresses the animal's immune system, increases morbidity and mortality, lowers feed intake and growth, and increases antibiotic use and pathogen shedding.

Often dismissed as a soft science, there are quantifiable and objective ways to measure animal welfare. Behavior observations can be counted, like tail flicking, foot stomping, vocalization, escape behavior, respiration rate, panting and drooling, feeding and drinking, lying or standing, walking, locomotion score, posture or body alignment and rumination.



PHOTO BY KASEY BROWN

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Cattle are often noted as stoic animals, and pain is hard to notice, but Schwartzkopf-Genswein says cattle are anything but stoic if you observe them closely enough.



PHOTO BY KINDRA GORDON

► Cattlemen's College attendees were also able to sample a microwaved trip-tip roast.

muscles apart and producing nice little steaks. They have altitude on the plate. Chefs like that," Bass said.

Bass, who has an obvious enthusiasm for his profession, would shout "Holy cow!" and sing as he tactfully named and cut apart the muscles.

"Meat cutting is easy. Find the seams. It's like taking apart a puzzle," said Bass.

As he began to work on the top sirloin primal, Bass said, "The top sirloin is one we haven't taken the knife to properly." He noted there are several muscles within it that can be appealing steaks.

"We need to liberate this piece of meat and produce a boneless cut," he emphasized. "The top sirloin butt does have a lot of bone attached to it."

The Sonoma steak, coulotte steak and baseball steak are all examples of new cuts that can be fabricated from the top sirloin.

bottom sirloins can be fabricated. Examples for the bottom sirloin include the bavette steak, the ball-tip steak and the tri-tip roast, which has been popular in California for years and is now gaining popularity in other regions.

"We can add value by seaming the

The new steak options offer smaller portion sizes and thick cuts, which consumers and chefs like. Bass noted they are helping add value to the carcass, and said, "Lots of chefs are continually trying to be different, and these cuts appeal to them."

He concluded enthusiastically, "We are

making progress on teaching chefs and retail how to merchandise your product. I think there'll be a lot of movement with these new cuts the next few years if I have anything to do with it."

Following Bass in the consumer relations session, Steve Wald, executive director of the Beef Innovations Group, provided an update on efforts with Convenient Fresh Beef. Wald said, "Consumers need help. They don't know about shopping the meatcase and selecting or preparing beef cuts."

He added, "Chicken has a perception that it's easier to prepare, so we need to make fresh beef an easy option." Wald said their efforts are focused on producing beef products that are simple to plan, prepare and clean up; able to be on the table within 30 minutes; and delicious and nutritious.

The beef industry is test-marketing fresh beef skillet and sandwich kits, as well as microwaveable roasts and hamburger. Within the next 18 months, those products could be available on a broader scale.

For more about new beef cuts and merchandising efforts visit: www.beefinnovationsgroup.com/.

— by Kindra Gordon



Editor's Note: This article is compiled from Angus Journal's event coverage of the 2014 Cattle Industry Convention, which is available in its entirety in the Newsroom at www.4cattlemen.com.

Physiological signals include cortisol in the blood, saliva or hair; catecholamines or adrenaline; substance P, a neuropeptide biomarker of pain; immune function; and infrared thermography and heart rate. These can show that the body is reacting to certain stresses and to what extent.

Dean Danilson of Tyson Foods' FarmCheck™ program explained that the program was designed to maintain responsible on-farm treatment of animals. He noted that customer requests have changed from 15 years ago. Back then, they wanted to ensure proper handling was done at the slaughter facilities. Now they want to ensure proper handling is done in all aspects of the supply chain. This program is designed to hold all suppliers of Tyson accountable, but not to tell producers how to raise their animals.

Danilson mentioned that consumers like beef and pork quality-assurance programs, but they don't like that they are voluntary and without a third-party audit.

The FarmCheck program launched in



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2012 with its business-to-business pork audits. The beef program is still in the works, with a projected timeline of a mid-to late-2014 launch.

"You can say what you're doing, but it has to be verified to be credible," Danilson explained.

"Report cards" from the pork audits have indicated areas that could use improvement. For instance, improvements could be made in animal welfare training, site self-checks from managers and daily observations. He said Tyson will work with producers if any areas are unacceptable or need improvement to improve those practices or management.

"It doesn't tell you how to manage your animals, but it will observe if animals are handled appropriately," he concluded. "The supply chain accountability has changed. If we don't do it, someone else will do it for us. We don't want undercover videos to be the driver of business. We are blessed that the beef industry doesn't have a real 'lightning rod' issue right now, but let's keep it that way."

— by Kasey Brown