



Beef's Place in Retail

Survey shows how retailers are responding to consumer needs.

by *Steve Suther*

Cattlemen must continually evaluate market conditions and make adjustments accordingly. It's no different for businessmen on the other side of the beef chain.

Meat marketers completed a survey of 121 retail stores in metro areas across 34 states and compared it to a similar report from 2004. "The 2007 National Meat Case Study" identified the ways retailers are responding to their consumers.

The research, funded by supporters of the Annual Meat Conference, addressed two major questions:

- ▶ What are retailers around the country merchandising in cases featuring fresh meat?
- ▶ How has this changed in the last couple of years?

"Consumers will be very vocal," says John Cremens, director of meat operations for Foodmaster Supermarkets Inc., based in Chelsea, Mass. "When they're in the store and they're looking for something, if there's somebody there to listen, they'll ask."

The 10-store chain has been Certified Angus Beef LLC (CAB)-licensed since 2002 and recently won the National Beef Backer Award.

"If a customer asks for it, we'll try to get it," Cremens says.

Some of those requests include more information, easier-to-prepare cuts and more choices.

"At Foodmaster, we use the Easy Fresh Cooking® labels that give cooking instructions and preparation instructions, which definitely help those consumers out," he says.

The survey showed a 50% increase in the percentage of whole-muscle beef packages with on-pack nutrition labels.

"Retailers have been doing a better job of getting more information on the package," Cremens says.

Promoting value cuts

CAB helps its partners address other customer demands.

"Consumers have more choices than they had in the past," Cremens says. "A lot of underutilized cuts that we're starting to find have a place in the meatcase and a value to the consumer. Through CAB and the beef councils, there are a lot more of these value cuts that we're promoting."

Al Kober, CAB director of retail, says the company helps its licensees provide that edge over the competition.

"As carcass weights continue to increase, CAB has assisted its retailers by creating new cutting methods for many primals," he says. Some examples include top butts, ribeyes, chucks and strips. "These new cuts enable retailers to offer high-quality beef cuts that their competitors do not have."

Cremens says these new initiatives are successful for a number of reasons.

"We still have a lot of traditional cuts in the case that require some finesse. That's an



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obstacle we face on a day-to-day basis," he says. "That's why you see companies doing value-added cuts and different fabrications. That makes it easier for the retailers to take those muscles and prepare them in a different way for retail sales."

Although new merchandising methods have been implemented, beef is still given relatively the same amount of retail space. The survey says 27% of the entire self-serve meatcase is made up of beef products, with 8% being ground beef.

"Grinds are areas where we see growth and new offerings," Kober says. "In the past, the impression was that when you grind CAB, it becomes just ground beef. Not so. The quality difference extends to the grinds."

Grinds go center of the plate

Cremens sees value-added opportunities in the ground beef category, too.

"You generally have your four traditional blends of hamburger that you sell, but a lot of people are taking that to the next step and making seasoned burgers," he says. Prepattied hamburgers also hold appeal, especially when other ingredients, like portabella mushrooms or jalapeños and cheese, are added.

"These initiatives are changing the role of ground beef from just burgers to becoming 'center of the plate' items for dinner," Kober says.

The average number of ground beef stock-keeping units (SKUs) rose from 12.1 in 2004 to 13.2 in 2007.



► "The majority of heat-and-serve is chicken, but we're trying to gear toward all ready-to-eat categories," Cremens says. Today, just more than a quarter of all heat-and-serve items are beef.



► "I've always been of the philosophy that a person who wants natural wants everything natural. They don't just want to buy natural beef, but also dishwashing liquid, produce and toiletries," Cremens says.

"I see those SKUs increasing, based on more innovative ways of taking it one more step that the consumer doesn't have to do," Cremens says.

Adding ingredients is one way to add value to meat. That category is on the increase, from 4% in 2004 to 7% in the current study.

"Value added will continue to drive new sales," Kober predicts. "CAB offers consumer-ready marinated top round London Broil in three flavors — fresh corned beef, beef entrées like pot roast and CAB patties."

Those precooked items are growing in popularity.

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"We find the consumers either don't have the knowledge or the time to prepare a lot of cuts," he says. "The more we can do in retail to get it prepared for them or be one step closer to getting it on the table is definitely the way people are going."

Natural buzz

One area consumers and grocers alike don't fully understand is the natural arena. Ground beef with natural claims jumped from 7% to 25% in three years, a 257% increase. Whole-muscle cuts climbed 2 percentage points.

"It's definitely the buzz in the industry. All retailers are jumping on board in some natural aspect with beef," Cremens says, noting that Foodmaster offers CAB Natural. "In our particular locations — urban, inner-city Boston — we only have a couple of stores that have great success with it."

He suggests the price point as one hurdle and the lack of knowledge about it as a second.

"I've always been of the philosophy that a person who wants natural wants everything natural. They don't just want to buy natural beef, but also dishwashing liquid, produce and toiletries," Cremens says. "Supermarkets try to gear to that type of format, but in the conventional supermarket, we still have our staple items that we sell to a mass majority of the consumers."

The study points to many upward and downward trends, but some parts of the business will always remain constant.

"Every retailer needs to show consumers that they offer something special and something different from the other choices they have to purchase their food," Kober says. "One thing that hasn't changed is that the knowledgeable consumer wants quality beef."

Cremens learned that several years ago.

"The company grew as a meat image company, and it's stayed that way to date," he says. "We saw that beef quality grading lacked some consistency. We looked at *Certified Angus Beef*® (CAB®) where the quality was there day-in and day-out, and that's when we decided to make that switch to a brand that was always going to have that consistency."

Around 85% of the company's beef offerings are CAB and CAB Natural.

"CAB retailers know they have the best, and they know why it's the best. It is real science and not marketing fluff," Kober says. "They know quality needs to be intrinsic."

In a competitive business, that might just give them the edge they need to respond to the demands of their customers.