

Tackling the Issues

Cattlemen consider issues affecting the beef industry during Beef Industry Issues Forums.

Understanding the Business and Consumer Climate” was the underlying theme of the Beef Industry Issues Forums presented in February at the 2008 Cattle Industry Annual Convention and NCBA Trade Show. Sponsored by Elanco Animal Health, the six sessions zeroed in on current issues, challenges and opportunities facing cattlemen and the beef industry.

Beefing Up the World

Demand for high-quality proteins is growing around the world, and beef-exporting nations are challenged to meet the demand. Is the U.S. in a position to take advantage of new opportunities in world beef trade? In this Beef Industry Issues Forum, a panel of industry experts responded to that question, sharing their views on the United States' role in beefing up the world.

Economist Dave Juday, World Perspectives, said pre-BSE (bovine spongiform encephalopathy) export markets lost by U.S. beef have been decisively claimed by other beef-producing countries. Even in South Korea and Japan, pork and poultry took much of the market share formerly held by U.S. beef. But countries whose consumers have growing food-buying power want fed beef. The U.S. still has an advantage in producing that kind of product, Juday said.

“It is cheaper to transport cattle to feed than the other way around — especially when feed is expensive.

That multiplies the U.S. advantage by feeding Canadian cattle brought to the U.S.,” Juday explained. “We should stick with tried-and-true foreign markets, strive to produce the high-quality, grain-fed beef they want. The devalued U.S. dollar also will help create opportunities to increase sales to those foreign markets.”

U.S. Meat Export Federation (USMEF) representative John Hinners agreed, saying U.S. beef exports are growing and are expected to exceed pre-BSE levels by 2010. However, the

assistant vice president of media relations said better-informed consumers residing in leading export markets increasingly

demand assurances of food safety.

“Information is the cost of admission to more foreign markets. There is an increase in branding, with traceability, and a growing trend toward ‘story meat’ accompanied with information that puts a face on the product,” Hinners said. “And USMEF is implementing promotions designed to build consumer confidence and create positive peer pressure to buy high-quality U.S. beef.”

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► A panel of speakers addressed the “Beefing Up the World” Issues Forum Thursday morning.

Convention & NCBA Trade Show

Cattle-Fax analyst Brett Stuart said 80% of grain-fed beef is produced in the United States, and that capability provides a competitive advantage. While growth of domestic sales is limited, Stuart called global growth potential immense. He predicted global demand for animal protein will double in the next 20 years.

"Nearly every country in the world now has high-end hotels, and they are demanding grain-fed beef," Stuart said, noting that many of these countries also desire organ meats and cuts that don't sell well in the U.S. "So, exports maximize the value of the whole carcass, adding \$50 to \$60 to the total value."

— by Troy Smith

The New Tactics of Anti-Beef Activists

When most people think of animal rights activism they think about scantily-clad People for the Ethical Treatment of Animals (PETA) members holding up signs. However, changing tactics of animal rights activists have moved toward some more-subtle strategies.

This doesn't mean PETA-style activism has gone away. In fact, it made an appearance early in the week at the 2008 Cattle Industry Annual Convention and NCBA Trade Show. A woman in a skimpy devil's outfit stood outside of the Reno convention center with a sign that said, "factory farms are hell on earth."

"PETA will always be there," said Steve Kopperud, senior vice president of Policy Directions Inc. "Always outrageous, always crazy, being a media grabber to get the headline. This allows the HSUS to come in the back door and play moderate."

The Humane Society of the United States (HSUS) is Kopperud's greatest concern when it comes to animal rights activist groups. Not to be confused with local humane shelters, HSUS is a special-interest group aiming to demolish animal agriculture. The group has become especially aggressive under its current president.

"Wayne Pacelle is handsome, a vegan and very good at what he does," Kopperud said. Perhaps Pacelle's view can best be shown by his comment that he wanted HSUS to become the National Rifle Association (NRA) of animal rights.

David Martosko, director of research at the Center for Consumer Freedom agreed Pacelle and the HSUS are a major concern.

"The Humane Society doesn't want to improve animal agriculture," Martosko said. "It's a vegan group. It's PETA with a nicer wristwatch. They want to destroy animal agriculture."

Examples of issues HSUS has involved itself with include the banning of horse slaughter, making gestation crates for sows illegal and trying to get an animal rights section into the 2008 Farm Bill.

The HSUS utilizes lobbying resources to try to create change rather than a shock strategy. Consumers don't associate the group with radical tactics like they do PETA. However, this doesn't mean they are easy to work with.

"HSUS has a 'my way or the highway' attitude," Kopperud said. "Like they told the Colorado Livestock Association, 'you can be on the bus, off the bus or out of the way of the bus, but we will prevail.'"

Kopperud also expressed concern that the HSUS is teaming up with other animal rights groups and environmental groups to combat animal agriculture. This is especially daunting when looking at their combined budgets. Some activist groups spend up to \$200 million a year. Compare that to the checkoff budget of less than \$90 million.

"That 90 million isn't just for activism. It also goes to promotion, education, research and other things," said Daren Williams, NCBA executive director of spokesperson development. "Their \$200 million is strictly for activism."

Producers must realize they can't simply play defense, countering attacks

from activist organizations, Martosko said, stressing that the beef industry needs to go on the offense, introducing their

messages first. "If you spend the entire game playing defense, you don't score many points."

So what can producers do to chip in? Williams said the good news is there are ample opportunities.

"Consumers want to hear from you," he explained. "They want to hear from the people that produce their food. They trust that."

Williams said beef enthusiasts can promote the industry when giving group presentations, in one-on-one conversations and by seeking out media interviews.

Williams also encouraged attendees to represent the beef industry online, which he called a largely untapped way to reach consumers. He encouraged producers to start blogs about the beef industry. Also, by posting replies to negative news stories, individuals can counter anti-agricultural messages.

The process is simple. Beef activists should monitor the Internet and thoughtfully choose messages to which to respond. When crafting a response, it's important to not repeat negative words or ideas. Instead, producers should tell their own personal experiences, explaining why they care about their cattle's well-being and producing a safe, nutritious product for consumers.

— by Chelsea Good

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Driving Consumer Demand

“Beef is chosen by consumers because it tastes good,” Daryl Tatum, Colorado State University, told attendees of the issues forum focused on consumer demand. “Research studies have proven that there are firm connections between beef taste attributes and purchasing behavior amongst consumers.”

That research suggests that when beef tastes great, consumers are more likely to buy it no matter how much they may have to pay. It’s that good.

“To improve beef eating experiences for consumers, cattlemen need to control breed genetics and inputs, as well as maintain the proper feeding systems to ensure high-quality beef,” Tatum said.

Consumers accept beef tenderness “as is” 66% of the time. Factors that can influence beef tenderness are breed, finishing program, preharvest stress, delayed castration and whether cuts are from a heifer or a steer, Tatum said.

He continued, “Use of DNA technology to enhance postmortem tenderization

of beef from a Brahman-cross shows that marbling is necessary for ensuring beef flavor and desirability. As IMF (intramuscular fat) increases, so does tenderness of the beef.”

Derek Vote, senior food scientist at Cargill Meat Solutions, offered his knowledge of beef quality assurance (BQA). Cargill is introducing a vision grading system that assesses carcass merit and the information collected from vision grading. “Vision grading will be able to help track accuracy, repeatability and sameness of 97% of all carcasses for approximately 50 USDA graders in U.S. facilities.”

The visual grader will take digital pictures of both sides of the cut, giving a

quick but accurate glance of grade. Vote said, “Implications of this new grading system is that it has to have a ‘seamless’ transition into the industry. We cannot have a dramatic change in status quo. Another stipulation has to be increased sameness from grader to grader.”

Certified Angus Beef LLC (CAB) president John Stika closed the forum with thoughts on the importance of branding. He said that product differentiation, customer loyalty and added value are sure proofs of why brands succeed in the industry.

“Successful brands make a promise to consumers to deliver an expectation of great-tasting beef and address the consumer’s basic needs,” Stika said. “Brands present an image to consumers,

“Cattlemen need to control breed genetics and inputs, as well as maintain the proper feeding systems to ensure high-quality beef.”
—Daryl Tatum

CAB president calls for balance

Premium branding shows the way to balance sustainability today with beef’s long-term consumer demand, relative to other proteins. That’s the message shared by Certified Angus Beef LLC (CAB) President John Stika during the Beef Industry Issues Forum, “Driving Consumer Demand.”

Brands create loyalty by adding value beyond a name when they deliver on a promise. In the case of beef, that usually means taste, Stika said. “If we can’t deliver on that promise, what are consumers going to do? Buy something else.”

Branding can go beyond taste to self-image, Stika added. “For example, ‘natural’ needs to deliver on an image as well as the product promise, so that consumers feel good about themselves; they value that production system.”

But it can’t be just about perceptions, he warned. There must be a tangible value.

“You can fool consumers for a while, but they will figure it out,” Stika said. “They will either switch to something just as good but cheaper, or something better that truly delivers on the price-for-value relationship.”

Demand can be evaluated as “pull-through” or “push-through,” he said. When demand is greater than supply, we have a sustainable, pull-through system. Stika said premium-

quality beef is a good example.

“In a push-through system, there is more supply than demand, so you end up cutting prices to move inventory, which is not a sustainable system,” he added. Select or lower-grading beef fits this latter category.

Stika said the U.S. Department of Agriculture (USDA) certifies 22% of all beef into 67 programs. “That’s up from 41 programs in 2001, so branding has seen tremendous growth. But only a quarter of those programs require upper two-thirds Choice and Prime,” he said. “Those programs are pulling cattle through, taking in 46% of all certified cattle.”

The other “push-through” brands must deal with a floor level of demand. “They are really just commodities,” Stika said,



CAB President John Stika

making them feel good about the product they are purchasing. They also deliver value, conveying the idea of more for your money.”

Beef checkoff research shows consumers say the No. 1 reason they purchase beef is for the great taste and tenderness it possesses. “The last time we put beef’s taste on the back seat, the beef industry experienced a 22-year decrease in sales,” Stika said. “When I go out to dinner, spending \$3 a gallon in gas and the money for a babysitter, I want a fantastic-tasting dinner.”

Stika said the beef industry has found the higher ground among proteins, and now it is time for it to maintain that ground and find a balance between efficiency and quality.

“The United States’ fed-beef industry is not low-quality,” he said. “We need to be more committed to quality and price for our consumer.”

— by *Tosha Powell*

Producer and Industry Benefits of Premises Registration

Premises registration is a touchy subject in many areas of the country. Beef industry representatives joined together to explain the program’s advantages to producers and to the industry during the Thursday morning Beef Industry Issues Forums.

“It is all about animal health,” said USDA Under Secretary Bruce Knight. “It’s that simple.”

Premises registration is a top priority for the USDA as it seeks to safeguard the nation’s herd from disease and open export opportunities, he said. “Our goal is for a 48-hour traceability program.”

Beef’s competitors — pork and

chicken — were well on their way to having traceable programs, he said, noting the beef industry is sort of a victim of its own success in being able to reduce the frequency of several diseases without a traceability program.

Knowing the two most important

points of an animal’s life — birth and harvest — is what Knight called the bookend approach to traceability. With those two dates determined, it is believed traceability could be faster than the approximate 199 days it takes to trace an animal now.

By reducing that time from 199 days to 48 hours, premises identification (ID) would save a lot of animals, Knight said, referring to the animals that must be

depopulated because of potential contact with an infected animal. “It’s the right thing to do.”

“We need a traceable system to be safe, and the first step to that is premises identification.”

— *John Peirce*

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“unless there is something else such as a guaranteed tender or natural claim that adds value to that image component some consumers find important.”

While tenderness is a very important component of taste, Stika said it has become a “threshold trait. If it’s tender, it’s in. If not, they’re going to another protein. The industry has done such a good job in addressing tenderness concerns that the other taste traits are more important now.

“We talk about quality as being more than marbling, and I agree; it is a number of things,” the CAB president continued. “But the idea that you can have quality that doesn’t involve marbling is a crutch to justify producing low-quality cattle.

“The consumer wants taste, and that’s tied to marbling. The consumer pays for quality, and that’s tied to marbling,” Stika said. “So let’s use our customer’s definition, from the National Beef Quality Audit, where marbling was the top concern.”

The U.S. is the world’s leading supplier of high-quality beef, which makes marbling even more important, he added.

Of course, profitability must be the watchword.

“Planning to maximize the value of every calf that leaves the ranch means sustaining ourselves in the short term, while building beef’s position relative to other proteins,” Stika said. The industry went through 22 years of declining market share the last time it took its eyes off of consumer demand.

“If we look at history, we have some guidance through these challenging economic times,” he continued. “According to Cattle-Fax, the premium beef sector generates half a billion dollars a year, or \$20 per head for the entire cattle industry. Meanwhile, our customers are saying if they want Select beef or

lower, they can get it cheaper outside of the U.S.”

Although there is a basic demand for USDA Select beef, Stika questioned, “Should that be our goal? Shortsighted decisions can have long-term ramifications. We have to look at history to find sustainable solutions for our industry that keep consumers coming back.”

Looking at a 10-year retail meat price trend, he noted beef prices have risen dramatically compared to pork and chicken. “Our value proposition to the consumer is more important today than it has ever been. If we try to produce a lower-quality product and sell at this highest price, it’s easy to see what the consumer is going to do, and they are doing it today.”

Stika concluded, “In premium-quality beef, we have the high ground — flavor — and we should build on it rather than give it up. Yes, we are in the pounds business. Even CAB evaluates success by how many pounds licensees sell. But, a pound of gold is worth a lot more than a pound of lead. Our future depends on finding the balance between least cost and keeping consumers coming back to beef, not switching to pork or poultry.”

— by *Steve Suther*



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John Peirce, veterinarian for AzTx Cattle Co., agreed to the importance of premises registration, citing its value in marketing beef products.

“People are missing opportunities,” Peirce said, referring to consumer demand for background information on the products they purchase. “Businesses don’t last long if they ignore their customers.”

Peirce said countries importing U.S. products are concerned with traceability, animal welfare, hormones and expense.

“The bottom line is that there are millions of consumers worldwide that want a safe product,” Peirce said. “We need a traceable system to be safe, and the first step to that is premises identification.”

Daniel Bell of ZZ Cattle Co., located in southern Arizona, shared a cow-calf producer’s perspective. After noticing people crossing through his land uninvited, and random cattle showing up in his herd, Bell became a proponent of premises registration.

“What is coming through?” Bell asked, noting the need to be able to trace the source of a disease problem.

Brand recognition is nothing new in Arizona. Brands have been a major identifier of owners for many years, but now they also serve a vital role in disease control.

“I support the voluntary program,” Bell said. “Let producers know this is a good thing.”

Gary Smith, Colorado State University, rounded out the forum by examining the markets that could be opened by the use of premises registration in the U.S.

“Quality, consistency, tenderness and size of cuts,” Smith said, “that’s what

international markets are wanting.” These same countries are also looking for traceability, documented animal welfare and Beef Quality Assurance (BQA).

“The three countries that we are wanting to sell beef to all want a mandatory farm-to-fork documentation,” Smith said. The U.S. needs suppliers, and premises identification will go a long way toward getting there. “All we gotta do is trace the animal from birth. The first step is premises ID.”

Six Beef Industry Issues Forums, sponsored by Elanco Animal Health, were offered to cattlemen Feb. 7 during the 2008

Cattle Industry Annual Convention and NCBA Trade Show in Reno. For summaries of other sessions visit the Issues Forums section of the Newsroom at www.4cattlemen.com.

— by Mathew Elliott

Building Beef Value in Foodservice

Attendees of a 2002 issues forum focused on foodservice learned of the chuck’s premiere in foodservice through the introduction of flat-iron steaks, the petite tender and ranch steaks. Six years later, those cuts continue to draw crowds, selling more than 174 million pounds (lb.) a year.

The 2008 Beef Industry Issues Forum “Building Beef Value in Food Service: The Sequel” continued the legacy, featuring the newest innovative cuts from the chuck.

“Value in cuts, well how about muscle?” asked Mark Thomas, National Cattlemen’s Beef Association (NCBA) vice president of global consumer marketing. “With checkoff dollars, a chef event takes place to expose them and their businesses to new cuts of beef.”

For more convention coverage

For additional coverage of the 2008 Cattle Industry Annual Convention and NCBA Trade Show, visit www.4cattlemen.com.

To discuss the new cuts of chuck, Tony Mata, an NCBA meat consultant, led a discussion about the chuck roll and the new products being developed from it. Mata showed forum attendees examples of each new beef cut.

“The muscle under the scapula contains the third and fourth most tender muscles in the entire carcass,” he said.

However, NCBA is not selling the chuck eye and underblade just yet. A team of researchers is developing cuts to attract consumers and the foodservice industry. “Chuck eye steaks, country-style boneless ribs and chuck eye roast are the new cuts of the chuck roll, while, the Sierra cut (much like a flank steak, only cheaper) and a Denver cut (much like a flat-iron cut, yet more tender) are the new cuts from the underblade,” Mata said.

Chefs from across the country read Food Arts, a magazine directed toward a culinary audience. The associate publisher and vice president of the magazine, Barb

Mathias, spoke to attendees about the chef experiment her magazine produced with the new chuck cuts.

“Twice a year Food Arts has an editorial feature called ‘Mystery Basket,’” she explained. “The mystery basket contains 27 random ingredients that

are sent to chefs to create a new entrée. Four years ago we worked with the Beef Council to come up with a recipe for the mystery basket using petite tender.”

This year the magazine teamed up again with the council to develop an experiment with seven renowned chefs who basically played with the chuck roll to try and figure out how to get great cuts of protein on the center of their plates.

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“Chefs love it when they can put good food on their menu and for good value,” Mathias said.

She showed video clips from the experiment that showed the delectable dishes each chef created. Fajitas, country-fried, braised, broiled and grilled — chuck proved to be a hit.

“Who would have ever thought the muscles under the scapula would have tasted so good?” NCBA’s Jane Gibson asked. “A cow is a cow is a cow. The animal we thought we knew everything about is still producing diamonds in the rough in foodservice.”

Money spent by foodservice shows clear opportunity for beef steaks to remain high contenders in the foodservice industry. “The chuck roll is a golden opportunity for the beef industry,” Gibson said. “It can grant profitability, business/menu solutions and added value to the beef industry.”

The beef checkoff continues the “Going for Gold” attitude with all new publicity. Its new theme, “BeeFlexible,” is catchy and attractive to its audience.

It is sometimes a challenge to get new items into the hands and mouths of people. However, chefs such as the ones in the chuck experiment have the opportunity to put this service out into the consumer’s reach. It is important for foodservice providers to believe in the product and put it on the menu.

— article & photo by Tosha Powell

Beef checkoff introduces five beef cuts

The checkoff-funded Beef Innovations Group (BIG) introduced five bright new stars to its team of new beef cuts. The result of extensive chuck roll optimization efforts, the new cuts include:

- The Delmonico Steak (chuck eye steak) — extremely tender and juicy, exceptional beef flavor, and taste similar to a ribeye;
- The Denver Cut — tender, flavorful, versatile; the fourth-most-tender muscle; perfectly marbled for a restaurant-quality steak experience;
- America’s Beef Roast — great beef flavor; dry-roast application; an impressive roast that is affordable and simple to prepare;
- Boneless Country-Style Beef Chuck Ribs — flavorful, juicy, meaty and tender; the meaty boneless ribs are extremely convenient and perfect for backyard cookouts; and
- Country-Style Beef Roast — fully-cooked; a premium, flavorful roast that is perfect for time-challenged families; great with barbecue sauce.

“Expanding the chuck cuts line is among the checkoff-funded tools aimed at reaching the industry’s Long Range Plan goal to increase beef demand another 10% by 2010,” says backgrounder and stocker Mark Pendleton from Lawsonville, N.C. A member of the Cattlemen’s Beef Board (CBB), Pendleton is vice chairman of the Joint New Product & Culinary Initiatives Committee.

While the new cuts are ideal for consumers, they also mean good news for producers, Pendleton says. “Cattle-Fax estimates that the first group of value cuts, led by the flat-iron and the petite tender, added \$50 to \$60 a head to the value of the chuck, so we know from experience how popular products can affect our bottom line.”

The new product development process hinges on work completed in 2006. The following year, the BIG team created product names and conducted consumer validation of those names as well as sensory testing on the cuts. This process was followed by meetings with key meat processors to explore culinary applications and recipe development, meetings with chefs and retailers, additional consumer testing and, ultimately, the launch into consumer markets.

The new cuts represent “the next big stars” to the program that began in the late 1990s with the checkoff’s groundbreaking muscle profiling research. Chuck roll optimization research will also result in two new cuts in a subsequent fall 2008 launch — the Sierra Cut and Beef Strips.

BIG is a team of culinary professionals, food scientists, marketing, operations and research experts working together to inspire beef and veal product innovation and facilitate success by providing information, insights, ideas, science and tools to the beef industry. Visit www.beefinnovationsgroup.com for cutting guides, cooking applications and sell sheets.

Editor’s Note: This article is adapted from a news release supplied by the Cattlemen’s Beef Promotion and Research Board. For more information, or for the original release, visit www.beefboard.org/PressReleases.aspx.

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