



Proving beef's worth

By Miranda Reiman

People often measure value by their expectations.

The bargain bin toolsets are OK for folks with occasional need, but your own shop bench is lined with Snap-On® and Craftsman®. After all, they have to stand up to a lot of heavy use.

You might buy a set of dishes at the “dollar store” because they’ll last long enough for your teenager to get through college, but your cupboards are stocked with those from a brand-name department store.

The bottom line is, you’re willing to pay more for an item if you know it’s worth it.

Even a routine Saturday night out on the town could illustrate that point. Buck’s Steakhouse might be a bit pricier than the local drive-in, but the food and atmosphere keep you coming back.

The beef industry relies on the “value association” consumers have with the product. Sure, it costs more, but it’s worth it. But is it always worth it? The question must be asked and continually evaluated, because if beef ever loses that appeal, it’s in a world of trouble.

Today’s marketplace is different than it was a decade ago. In 1998, the average retail price for chicken was \$1.50 per pound (lb.), compared to \$2.50 for beef. Pork was just slightly less than beef. Ten years later, that value difference has been amplified. Beef used to come in at a price 64% higher than chicken and now it’s 128% more. It’s 31% higher than pork.

Beef producers, packers, distributors, restaurants and retailers are asking the next person down the line to pay more for their product than the competing protein. That eventually trickles down to the consumer who has to make the ultimate call. Is a steak worth so many more dollars per pound?

If both proteins are readily available, easy to prepare and tender, then there is one last factor in that decision: taste. Research keeps telling us, people purchase beef for the distinct flavor for which there is no substitute.

Intramuscular fat, or marbling, is where that taste comes from. The more marbling, the higher the quality grade; the higher the quality grade, the better flavor of that beef. If the beef industry can't produce enough of what the average meat-eating grocery shopper wants, it's bound to feel the effects of substitution of cheaper choices.

That's why it's the responsibility every cattleman to pay attention to the kind of product that leaves the farm or ranch. When it comes to beef demand, everybody's in it together.

Some people think their everyday decisions cannot make or break the industry, but if everyone thought that way, then nobody would be focusing on the bigger picture. You probably don't raise enough cattle to supply even one grocery store for the entire year, but you raise enough to feed one consumer several times. All it takes to leave a bad taste in their mouths is a bad eating experience, just one time.

If you've ever had slow service at a restaurant or bought a loaf of stale bread, you likely remember that. The next time you opt for a different eating establishment. You buy a different brand of bread, especially if you find one that's less expensive and delivers satisfaction.

Meeting those expectations is the important part. That's why mega-stars can charge more for a concert than a local musician, Disney World can get droves of people to cough up serious dough for its theme park and the Hilton often costs more for a one-night stay than a whole week at a poorly managed motel. People like to get what they pay for.

With retail beef, consumers are paying more—way more today than they were 10 years ago. They'll shell out additional cash for the unmatched flavor, but it must be better than other competing proteins every time. That's why it should matter to every beef producer: you don't want that next time to be the time they decide it's not worth it.

Next time in *Black Ink*, Steve Suther will look at weaning and what comes next. Questions? Call toll-free at 877-241-0717 or e-mail mreiman@certifiedangusbeef.com.

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