



CAB Corner on Quality
(graphic file logo for heading
available on request)

September 2003

Focus on the customer

Who do we want as customers, and as consumers?

By Al Kober, Director, CAB Retail Division

Whether we are selling cattle or beef, success comes from a strong foundation. We'll never build that foundation by trying to produce all things for all people.

Producers see a variety of marketing options and warnings against putting all the eggs in one basket, to borrow a poultry metaphor. Similarly, retailers are challenged with advice to seek "multiple options in a multi-cultural environment."

It's true, retailers must change with the times and provide a wider variety of products to the meat eating public. But we cannot know which products to offer until we have built a business foundation.

To ensure the proper mix, we must start with the consumer—but remember there is a difference between customers and consumers.

In the beef business, the customer who buys the product may not be the one who will consume it. A seedstock producer sells to certain cow-calf producers, who may sell to certain stocker operators, who sell to certain feedlots. Packers, distributors and retailers also have their own distinct customers, not generic consumers. Get the picture? We must look down the chain to our customer's customer.

This is true for every business. K-Mart fashioned its marketing focus from those of Wal-Mart and Target. It tried to emulate both simultaneously and wound up shadowing neither, because K-mart did not identify its customer. It tried to be all things to all people.

The key to successful marketing is to first identify the *target* consumer and then build a marketing plan to meet the needs of that consumer.

Next, determine if your business can survive with that consumer as its primary customer base. Is that market big enough to support your business? Certified Angus Beef LLC (CAB) has done just that. We have identified the consumer who sees real value in "An Enjoyable Eating Experience, One Bite at a Time, Every time." One who sees the value of higher quality, better tasting, more tender and juicy beef, and is willing to pay more for it. That is what has built the equity for the Angus name and the Angus breed.

Rethink marketing efforts

In today's retail climate of consolidations and buyouts, it is particularly important to rethink marketing efforts. Three food retailer categories exist today:

- Wal-Mart
- Major retailers such as Kroger, Albertsons, Safeway and Ahold
- Independent niche retailers like Wegmans, HEB, Meijers, Harris Teeter, Piggly Wiggly, Publix, Wakefern, Winn-Dixie and Raley's

These retailer categories have different customers, based upon different wants and needs. There will always be some crossover, but effective marketing will prioritize efforts based on the customers' primary-target consumer.

We must identify each customer's target consumer. Determine what it will take to meet those wants and needs better than anyone else—and “go for it.”

Some retailers may increase the meat and poultry choices most important to their target consumer. Others might eliminate products not in demand by their target consumer and replace them with better-appealing options.

These ideas carry over into beef production, too. Everyone in the beef production chain needs to identify their customer, their customer's customer, and that customer's customer, etc., until we get down to the most important of all, the beef consumer.

None of us in this production chain can ever lose sight that we are all in the FOOD BUSINESS. What we produce and sell will ultimately be eaten. The continued success of the Angus breed will depend primarily upon meeting the consumers' needs better than any one else, or any other protein source. To do that we need to see that the quality of the beef we offer consistently meets the highest standards possible.

Aspire for quality

CAB has created equity for the Angus breed, and everything marketed as Angus beef. Some retailers try to capitalize on that equity by substituting a generic “Angus” beef that did not have the quality to be accepted as CAB product. They ask consumers to try that wonderful “Angus beef” everyone has heard about.

This creates a real danger for all of us in the Angus production chain. It may be Angus beef, but it will not perform like *Certified Angus Beef*[®] product. The more this lower quality beef is promoted—sometimes with the claim that it is “as good as Certified Angus Beef”—the more it dilutes the image and jeopardizes the equity of the Angus breed that we have worked so hard to create over the last 25 years.

I encourage all Angus producers to work with us to continue to improve the overall quality of the Angus breed and to maintain the high quality standard that CAB has established for the “Angus” name among consumers. It is in the best interest of all of us to support this goal.

The continued success of the Angus breed depends upon increasing the equity of our breed name by increasing the quality that the name stands for. We can continue producing, supporting and promoting lower quality Angus beef brands. We can market it as if all Angus beef is equal. But if we do, to return to a poultry metaphor, we risk killing the goose that laid the golden egg.

END