



CAB Corner on Quality
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You can STILL taste the difference

By Mark Polzer, CAB Vice President for Business Development

You may not go out for a steak dinner this year as often as last year. But if you're like many consumers who enjoy the *Certified Angus Beef*[®] (CAB[®]) brand, your expectations have not fallen off at all. In fact, you could be grilling more CAB steaks at home this summer.

In unsettled times, people take comfort in small rewards like premium ice cream or their favorite and most consistently delicious brand of steak. If anything, steakhouse customers have become more discriminating; they think about value and avoid disappointment.

Some steakhouse owners and managers tried different strategies in the face of 8% to 14% declining sales. Some maintained their menu prices but cut back on quality grade; a lot of those folks will be among the thousands who go out of business in 2009.

Others cut menu prices along with quality in an effort to save their customers money, but only a few new customers came around, and most of them won't be back. Those businesses have seen their net incomes fall, and they have devalued their image in the eyes of consumers.

Customer retention is critical for the restaurant industry in these days of lower traffic and a more critical dining audience overall. That's why the smart money is with the managers who resisted the temptation of reducing quality to try and generate additional short-term profits.

Many restaurateurs realized the best strategy was to stick with the quality level on which they built their brand – at least that's true if they're CAB partners. They entice customers with dependable quality and offer appreciation rewards like coupons or menu specials. Business may be down, but managers who visit with their patrons often hear thanks for continuing to deliver a great dining experience.

When the economy starts to rebound, those who stayed the quality course will be the first to bounce back along with it.

Competition will always revolve around satisfying consumer demand for a steak that delivers juiciness, tenderness and flavor. Long ago the dining public made the correlation between CAB and consistently satisfying beef.

They demanded more of the best, and that created a “pull-through” effect in the economy—one that is still working. The CAB premium over Choice remains as strong as ever, and that’s one of the few things producers have been able to count on.

Bull customers may talk to you about ways to economize. They may even ask why you have selected for above-average carcass traits that seem to add cost to the bulls. That’s an opportunity to share your quality vision and point out the ways quality adds more value than cost.

High-percentage Angus calves continued to command strong premiums over non-Angus calves even as the U.S. economy was struggling last fall. In fact, the premiums were at a record 10-year level.

For functionality in the cowherd, no other breed has the combination of natural ability and enormous genetic database to make cattle that deliver quality at every level. Increasingly, the bulls that transmit traits of importance on the ranch are the same bulls that improve beef product quality.

That’s no coincidence, of course, but the result of your dedication and commitment that keeps everything working for the good of loyal customers, from the ranch to the restaurant and retail store.

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