



CAB Corner on Quality
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Keep beef king of the menu

By Mark Polzer, CAB Foodservice Director

Wow—what a ride the last couple of years have been! Finally, live cattle prices that pay the bills, thanks to strong demand for high-quality beef. Prices may jump because of the weather or news reports, but they fall just as quickly. This is solid, built on consumer dollars. What can we do to keep building that base and achieve long-term higher support levels for beef pricing?

To fully appreciate the prices, think about the record. For more than 10 years, we looked back to a fed-cattle high price mark posted in March 1993. That \$84/cwt. level stood until 2003 when, as you know, the market didn't just edge past. It shot past \$94, then \$104, and shattered the record at \$109/cwt. More important, we have settled into a trading range in the low \$90s for the last year and a half. Beef demand is the driver that has taken us to this historically high ground.

From the heights, look at how beef competes for its traditional place of honor on the restaurant menu. The manager knows he can buy an 8- to 10-ounce (oz.) chicken breast for less than \$2.50; he knows he can buy a 12-oz center-cut pork chop for less than \$3. And yet, he knows beef is king of the menu. That's why he invests more than \$10 for a 12-oz. New York strip and up to \$17 for an 8-oz. tenderloin filet.

He pays four or five times more for those "middle meats" from the beef loin than he does for chicken, pork or seafood. With normal restaurant markup, those beef items may go onto the menu for \$35 or more per meal. Poultry and pork, although higher than two years ago, have portion prices of \$10 to \$22 per entrée. Obviously, this has high quality beef at a competitive risk in the foodservice marketplace.

To keep the other proteins at bay, the beef industry has been promoting and producing unique and affordable cuts from the chuck. These include the teres major (shoulder tender), flat iron steak, and clod heart roasts and steaks. With the packers' help, by breaking the carcass further, we can offer lower cost, high quality alternatives.

That puts more beef items on the menu at affordable prices, and distributes the strong demand to help reduce pricing pressure on the middle meats. The National Cattlemen's Beef Association (NCBA) has coordinated Beef Checkoff-funded research at several universities to lead this effort.

What can you do on the ranch to build our demand base while keeping beef prices affordable to consumers? Keep working to improve genetics and increase the *Certified Angus Beef*[®] (CAB[®]) brand acceptance rate from your cattle. More qualified cattle will help meet the strong and growing demand that already pays producers \$50 million a year in premiums.

In the CAB Foodservice Division, we're doing our part with innovative waitstaff training programs. Educated waiters help consumers understand the mouthwatering features of the brand. We help them tell the story of how the beef you produce provides the ultimate in a tender, juicy and flavorful dining experience.

Our teamwork approach is working. In spite of record high prices for both cattle and steaks, the CAB Foodservice Division has grown sales the first seven months of the fiscal year by nearly 10%.

We need to continue to make beef affordable on menus across the country. That doesn't mean cutting corners to produce the cheapest beef possible.

It does mean maximizing your long-term profitability. It means taking the long view to build that consumer demand base with each breeding and management decision. It means creating added value from the entire beef carcass by employing unique cuts at all levels of pricing. Working together, CAB, NCBA, producers and packers will build the steps to drive the beef economy to the next new level.

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