

# for immediate release **NEWS**

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## **Today's beef consumer**

An industry that aims to be consumer driven must first identify its drivers. That's why "Defining Consumers – Emerging Expectations" was part of the Pfizer-sponsored Cattlemen's College at the winter National Cattlemen's Beef Association (NCBA) meeting in Phoenix, Ariz.

Not surprisingly, many consumers felt a lack of confidence in the economy and their finances last fall. It could be seen in a 40-year, all-time low "Consumer Confidence Index," which helped explain buying behavior, according to Tracey Erickson, vice president of marketing for Certified Angus Beef LLC (CAB).

"There are big differences in what people do when they feel optimistic compared to what they do when they feel pessimistic," she said.

A September survey showed 61% of consumers made food-buying changes because of higher prices, with 24% of those trading out of beef at least occasionally and 29% trading down, said John Lundeen, NCBA executive director of market research.

"The economy declined after September, so these numbers may have gotten worse," he said. Trading down, he explained, means making a switch to less expensive cuts or stocking up on specials. Those trading out said they are eating fewer beef meals, Lundeen noted.

"In consumer research, people surveyed often say what they think they should do, but it does not necessarily track with what they do," Erickson added. "That said, we know *Certified Angus Beef*<sup>®</sup> brand foodservice sales were down somewhat this fall, but retail sales were up."

Both segments used creativity to launch their own versions of economic stimulus. Retailers featured inexpensive cuts like CAB boneless chuck, eye of round roast or grinds. Erickson showed examples of promotions for newly identified and economical chuck cuts such as the Denver steak.

Restaurants used such cuts to keep menu items under \$15 per meal, offered coupons or introduced repeat-customer deals. Some restaurants, and many retailers, are increasing the amount of nutritional information they present, Erickson said.

Lundeen cited a December 2008 consumer survey where price was the number one limiter among those who did not buy beef, but safety, convenience and nutrition practically tied for second.

An October 2008 American Dietetic Association trend survey showed nutritional concerns have been increasing since 1991. “According to the survey, only 19% of consumers now say they don’t think about nutrition when buying food,” Lundeen said.

Consumer values and perceptions of a company’s reputation are affecting buying decisions.

“Farmers markets are up,” he said. An increasing, but very small subset of consumers, “like it organic and local. They are paying more attention to company practices like energy efficiency, and want to know positions on the environment and animal welfare.” Still, a recent survey showed 97% think it is OK to eat meat if animals are treated humanely.

Throw in the publicity for “carbon footprint” measurements, and “we have a world where food, health, wellness and sustainability are converging,” Lundeen said. “A lack of understanding causes angst and further misperceptions.”

Erickson said CAB added its Natural brand extension a few years ago to gain customers, not to convince regular customers to switch. The company has promoted the producer side in helping consumers get to know the people who raise the beef, she noted.

“We have to remember that taste is the main reason people eat beef,” Erickson said. That leading indicator was named 88% of the time in a Consumer Beef Index July 2008 survey, up from 81% in January 2007. Consumer expectations of beef have risen sharply across the board.

Perhaps that has to do with the emerging 80-million-member Millennial Generation, which outnumbers the Baby Boomers by at least five million. Half of them can’t vote yet, but those who can are already voting with their dollars, too.

There is much more take-out business in restaurants today than in years past; 120 meals per year by a 2006 survey estimate. The shift toward ready-to-eat meals has meant a boom for rotisserie chicken and other “grab and go,” items, but CAB competes with its meatloaf and Salisbury steak, Erickson noted.

Consumers simply prefer the taste of beef. Last December, Foodservice Factoid Research asked which “exquisitely prepared” meal consumers would tell their friends about. Far above two other major proteins, 73% named beef. According to the Consumer Beef Index, 2008 saw growth in the segment of consumers for whom the positive attributes of beef “strongly outweigh the negatives.”

That trend does not stop at the U.S. border, Erickson said, noting that Canada, Mexico and the Caribbean have been strong and fast-growing markets for CAB. For more information on consumer demand for high-quality beef, visit [www.certifiedangusbeef.com](http://www.certifiedangusbeef.com) or [www.beef.org](http://www.beef.org) END