

PHASE I:

MAJOR FINDINGS OF SCIENTIFIC FACE-TO-FACE INTERVIEWS



Executive Summary: The 2011 National Beef Quality Audit





Each Market Sector Defines
'Quality' Differently, & This
Appears To Be Caused By
Incongruence In Economic
Signals Which Contributes To
Discontinuity In Messaging



Define “Quality”

To identify how customers of cattle, beef & variety meats define seven quality categories & quantify quality-related details/ practices that are important to each customer-sector.





Top Three¹ Definitions By Quality Category When Answers Were Pooled Across Market Sectors?

Food safety	Eating satisfaction	How & where cattle were raised	Lean, fat, & bone	Weight & size	Cattle genetics	Visual
No detectable <i>E. coli</i> O157:H7	Tenderness	Origin	Lean to fat ratio	Carcass weights	Primarily black hide	Correct product color
Tested for pathogens	Flavor	Animal well-being	Quality grade	Uniformity in cuts	Genetic potential for marbling	Amount of marbling
Produced in effective food safety environment	Customer satisfaction	Feed ingredients	Yield grade 2s and 3s	Appropriate ribeye size	Primarily British	Phenotypic attributes

¹ Based on the number of times that each characteristic was mentioned as a response to the question.



How Do Market Sectors Define/Describe¹ “Food Safety”?

Retailers BW Rank = 1	Foodservice BW Rank = 1	Packers BW Rank = 1	Feeders BW Rank = 5	Government & Allied Industry BW Rank = 1
Produced in effective food safety environment	Tested for pathogens	No detectable <i>E. coli</i> O157:H7	Produce safe & wholesome product	‘Everything’
Require application of HACCP	No detectable <i>E. coli</i> O157:H7	From cattle exposed to pre-harvest interventions	Vaccination given in correct location	Produced in effective food safety environment
USDA inspected & verified	USDA inspected & verified	‘Everything’	Documented conformance to withdrawal	Consumer education & confidence

¹ Based on the number of times that each characteristic was mentioned as a response to the question.

How Do Market Sectors Define/Describe¹ “How & Where Cattle Were Raised”?



Retailers BW Rank = 3	Foodservice BW Rank = 4	Packers BW Rank = 4	Feeders BW Rank = 1	Government & Allied Industry BW Rank = 5
Origin of product	Animal well-being	Animal well-being	Subjected to vaccination program	Practices
Animal well-being	Origin of product	Maintain health/ mgmt. records	Origin/ Adaptability	Origin/ Adaptability
Feed Ingredients	Feed ingredients	Age & source verified	Healthy	Genetics

¹ Based on the number of times that each characteristic was mentioned as a response to the question.

Your views

of beef quality

Producers say they recognize the need for improving quality, but their actions say they're still being paid for pounds.





“We try to drive economic signals that restrict weight & size, or at least cut off the trend of increasing weight.” ~*Packer*





Most Companies, In Each Market Sector, Suggested That Our Industry Is Not Transparent Enough & Does Not Do A Good Job Of 'Telling Our Story' To The General Public



Willingness-to-Pay

Sophisticated interview software was used to randomly formulate & select WTP values based on a company's answers concerning the seven specified quality attributes; so questions were dynamically routed based on previous answers.





Odds Of Requiring A Trait, Odds Of Paying A Premium For That Trait, & Percentage WTP

	Food Safety	Eating Satisfaction	How & where the cattle were raised	Lean, Fat, & Bone	Weight & Size	Cattle Genetics	Visual
Required	0.16 ^{ab}	0.12 ^b	0.25 ^a	0.12 ^b	0.06 ^c	0.10 ^{bc}	0.14 ^b
Premium	0.37 ^{ab}	0.45 ^a	0.31 ^{bc}	0.38 ^{ab}	0.40 ^{ab}	0.43 ^a	0.26 ^c
% WTP	8.95 ^{ab}	10.43 ^{ab}	10.14 ^{ab}	10.16 ^{ab}	8.83 ^b	10.04 ^{ab}	11.14 ^a

a,b,c Means within a row for each sector without a common superscript differ ($P < 0.05$)

Strengths Of The U.S. Beef Industry¹



Retailers	Foodservice	Packers	Feeders	Government & Allied Industry
Food safety	Product quality	Premium product	Quality product; wholesome	Safe eating experience; consumer demand
Product quality	Food safety	Taste	Taste & eating satisfaction	Research, technology, & innovation
Promoting the industry & the image of the industry	Marketing program	People – how they care for the animals & land	Food safety	Food safety

¹ Based on the number of times that each characteristic was mentioned as a response to the question.

Weaknesses Of The U.S. Beef Industry¹



Retailers	Foodservice	Packers	Feeders	Government & Allied Industry
Not telling our story	Cost	Variability	Not telling our story	Too fragmented
More concerned with exporting product than keeping it domestic	Marketing	Food safety	Consumer perception	Not telling our story to improve image
Food safety	Too fragmented	Too fragmented/ Not transparent (tie)	Too fragmented	Lack of education & knowledge about our industry

¹ Based on the number of times that each characteristic was mentioned as a response to the question.



Food Safety & Eating Satisfaction
Were Important Across The
Board . . . A Clear Sign That
These Beef Attributes Are
Fundamental Demand Drivers

Best-Worst Scaling



A Best-Worst scaling task was used to establish an objective ranking of importance of the seven specified quality categories by sector, as well as an overall ranking of importance for the entire beef industry.

133.	Which of the following attributes is <u>most important</u> and which attribute is <u>least important</u> to your company or organization?		
	How & Where the cattle were raised (Production History/Practices)	Cattle Genetics	Visual Characteristics
Most Important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Least Important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Best-worst Scaling¹: Ranking of Seven “Quality” Attributes



2011 - Phase 1	Cattlemen's College	Strategy Workshop
Food safety	Eating satisfaction	Food safety
Eating satisfaction	Food safety	Eating satisfaction
How & where the cattle were raised	How & where the cattle were raised	How & where the cattle were raised
Lean, fat, & bone	Lean, fat, & bone	Cattle genetics
Weight & size	Cattle genetics	Lean, fat, & bone
Cattle genetics	Visual characteristics	Weight & size
Visual characteristics	Weight & size	Visual characteristics

¹ Based on computed Shares-of-Preference derived from BW-Scaling questions.

How Do Market Sectors Define/Describe¹ “Eating Satisfaction”?



Retailers BW Rank = 2	Foodservice BW Rank = 2	Packers BW Rank = 2	Feeders BW Rank = 6	Government & Allied Industry BW Rank = 2
Flavor	Flavor	Tenderness	Tenderness	Tenderness
Tenderness	Tenderness	Flavor	Marbling	Flavor
Consistency	Customer satisfaction	Marbling	Customer satisfaction	Customer satisfaction

¹ Based on the number of times that each characteristic was mentioned as a response to the question.



“Everything about food safety is important, especially eliminating pathogens on the front end or having intervention processes in place.” *~Packer*

“Food safety is first & foremost for us. We are the last kill step for pathogens, & training our employees is key to combatting this concern.”
~Food Service




An advertisement featuring a man in a cowboy hat and jacket, Steve Foglesong, sitting on a horse. The background shows a field with a herd of cattle. The text is overlaid on the image.

I'm what you'd call
a BEEF SNOB.

Fact is, you can't get great taste without great quality.
I should know. The high-quality beef I raise, the beef I put
on my table, is the same 100% beef I supply to McDonald's.
- Steve Foglesong, Black Gold Cattle Co. IL

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i'm lovin'

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“We solely sell Premium Choice beef because we’ve created ‘meat snobs’ & our customers demand it.”

~Retailer



Retailers 'Mean What They Say', The Most Important Genetic Attributes Are Hide Color & Potential For Marbling (Molecular Tools Were Not Mentioned), & Several Defect Items Identified In Previous NBQA's No Longer Are Evident Problems



Retailers 'Mean What They Say' When It Comes To Beef Quality!

N = 30; \$294.9 billion in estimated annual sales

	Food Safety	Eating Satisfaction	How & where the cattle were raised	Visual	Weight & Size	Lean, Fat, & Bone	Cattle Genetics
Required	0.23	0.23	0.20	0.27	0.07	0.23	0.17
Discount	None	0.03	None	None	None	0.07	0.03
Premium	0.50 ^a	0.47 ^a	0.33 ^{ab}	0.33 ^{ab}	0.43 ^{ab}	0.20 ^b	0.43 ^{ab}
Premium, %	9.67 ^{ab}	12.64 ^{ab}	11.60 ^{ab}	11.70 ^{ab}	10.85 ^{ab}	15.67 ^a	8.69 ^b

^{a,b} Means within a row for each sector without a common superscript differ ($P < 0.05$)

How Do Market Sectors Define/Describe¹ “Genetics”?



Retailers BW Rank = 7	Foodservice BW Rank = 7	Packers BW Rank = 5	Feeders BW Rank = 3	Government & Allied Industry BW Rank = 3
Primarily black hide	Primarily black hide	Primarily black hide	Predominantly black hide	Quality genetics
Genetic potential for marbling	Primarily British	Genetic potential for marbling	Genetic potential for marbling	Genetic potential for marbling
Not <i>Bos indicus</i>	Not dairy type	Primarily British	Genetic potential to gain	EPDs

¹ Based on the number of times that each characteristic was mentioned as a response to the question.

NBQA Greatest Quality Challenges: Changing Nature Of The ‘Big Ticket Items’



NBQA -1991	NBQA-1995	NBQA-2000	NBQA-2005
External Fat	Overall Uniformity	Overall Uniformity	Traceability
Seam Fat	Overall Palatability	Carcass Weights	Overall Uniformity
Overall Palatability	Marbling	Tenderness	Instrument Grading
Tenderness	Tenderness	Marbling	Market Signals
Overall Cutability	External & Seam Fat	Reduced Quality Due to Use of Implants	Segmentation
Marbling	Cut Weights	External Fat	Carcass Weights
Hide Problems	Injection-Sites	Quality Grade Mix	Cutability
Injection-Sites	Price vs. Value	Hide Problems	Ribeye Size
Cut Weights	Carcass Weights	Bruise Damage	Reduced Quality Due to Use of Implants
Carcass Weights	Hide Problems	Liver Condemnations	External & Seam Fat