

A Retailer's Response on the Quality of Pork

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It is always most important for us to relate to what consumers do. We have 90 supermarkets and about a million customers. They're all spoiled. If they don't find exactly what they want, they balk.

Do you know why your wife is really choosy with her selection at the meat counter? Because she loves you and she wants to prepare the very best meal for you that she can prepare. Who are our customers? Do you think they want that great big center-cut filet mignon? They probably can't afford it. You can sincerely talk about the scientific facts, but when our customers walk up, they have to find the right cut to fit their budgets.

Some buy quality, most buy by appearance. Some really want fresh, some are just in a hurry; they buy quickly. I have customers who know quality and I have those who understand value.

Of the customers who prefer to buy certain products, they have to buy within their means, their circumstances, but they all buy to meet their expectations. Some customers buy by grade. They understand grade. USDA grades product for them. Others buy by Prime or Choice. Some buy by brand — a lot buy that way. Many who buy by label. Some prefer to buy specific products. Some customers just believe that if something is high-priced, it must be good; it's got to be high quality.

No Pork Quality Measures

I have to tell you there is no defined pork quality measures for the customer. There are for beef. There are for lamb and for veal and there are for poultry and turkeys and there are for seafood. But there are none for pork. Customers have to buy by appearance.

Our customers may have to buy the lowest-priced product or can afford the very highest quality — what do they want? They all want the same thing. It doesn't matter if they're

rich or poor. They all want good product. They want safe product. They want nutrition. Primarily they want lean. They want it quick and they want it healthy.

The average office executive does not understand the pork market or the beef market. Do you think a doctor or a lawyer or a Wal-Mart employee or a bus driver understands the market? They don't, so they don't care what the prices are. The price can be \$25 or \$48 or \$64 for hogs. They don't understand; they don't know. The only thing they're interested in is what it's going to cost them at the store.

Store Manager Attitudes

In our big new supermarkets, we have 45,000 items. Do you think the average store manager cares if pork sells? If the customer doesn't buy pork, he merely sells something else. A good retailer is going to sell what the customer wants to buy. You're all customers and you're all different. There are over 290 million of you in America, and a world population of just a little under six billion — and you're all different! But you or your wife, as a shopper, buy to meet your expectations.

If a customer doesn't buy pork, I sell him fish sticks or turkey breast or kabobs or pizza or pasta or salads. And that list goes on and on. Our American customer is highly spoiled. As they shop, they shop quickly. As they make choices, they make choices quickly. As a retailer, I have to see those quick choices. I must understand what they're doing. My vision of the future of a customer is based on their behavior and their choices.

Seventy percent of working women don't know what they're going to serve for dinner at 4:00 in the afternoon each day. Seventy percent of all working customers allow 15 minutes to prepare their evening meal. Over 80% of all supermarket customers want a fast checkout and a convenient location; they'll pay with plastic, and they want to get in and get out.

Thirty-three percent of all food dollars are spent in restaurants. Thirty-four percent are spent in supermarkets. The other 33% is spent in quick stops, fast food, the Wal-Mart type of supermarket. With this last group, you should be very concerned. You're going to have no opportunities to sell pork from this list of stores. You're losing about 33% of that potential marketing dollar.

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Health care, science and genetics are all very important, but when that customer is standing at the meat counter — those issues almost become insignificant. If they don't buy pork, you have lost your potential opportunity to have an end result for all of your efforts and purpose. At the point of sale, there's only one thing that matters and that's the customer; and in 1996, I assure you, the customers are taking charge.

Negative Issues

Over this past year, we've been really hit hard with a lot of negative press; it really hurts. Negative issues, like *E. coli*, scare people. Food safety is becoming more and more important. There have been product recalls and then we got hit with this "deadly mad cow" disease.

We also had an assault from Oprah Winfrey. Oprah made comments about mad cow disease and within the next three days, the cattle market dropped about 10¢. It cost the cattle industry millions of dollars and they still haven't recovered.

Do these comments hurt pork? Sure they do. When customers are scared to death, they're hesitant to buy any products. Negative comments actually result in customers' concerns, and that's an issue that we must always constantly address.

Meal Solutions

Both industry and retailers must have the serious problem of trying to address another issue that's very important, and that's meal solutions. In reality, many customers hesitate to go to the store to buy a meal solution; they go to a supermarket to buy groceries. The Boston Markets, that fast-food carry-out, has become one solution. "Carry-out" is a way of life. Customers will walk into a supermarket and they'll pick up a bunch of bananas, a head of lettuce, a quart of milk, walk to their car, put away what they bought, and go across our parking lot to a Boston Market and have their dinner.

Forty-four percent of all teenagers prepare the family meal. Seventy-one percent of all teenagers prepare their own meal. Supermarkets must address this need. We need your help. We don't have those meal solution answers. We have customers scattered through the store, but we've never been able to create that reason for customers to come to us to buy the meal. They buy their groceries. I need your help.

Chicken Marketing

I must address what the chicken industry has been able to do in marketing. At one time I sold chicken as chicken breasts. Then they split it and thought that was a big deal so I sold breasts two ways. Then they took the bone out so it became three ways. They skinned it; four ways. Now I sell boneless chicken breasts in 100 different ways. You need — in this pork industry — to take a look at how to create those 100 different ways of promoting each particular pork item.

Five years ago I sold chicken wings at 19¢. Couldn't do that at times. Today I sell chicken wings at \$2.99 because I call them buffalo wings. It wasn't a retailer who was smart enough and it wasn't the industry; it was a pizza place who created a reason for customers to believe that chicken wings were a meal solution. You guys need a buffalo wing in your arsenal.

The customer — the male shopper, the busy mother, the single, the professional — will pay the price for your items. We're asking more out of lean. You make it ultra lean, they'll pay a little more. You make it totally lean, they're not really sure if they want to buy it, but they'll pay your price.

Product Appearance

Most important to over 60% of our customers standing in front of the meat counter is how the product looks. Customers must buy pork with their eyes. Some time each day, pork does not create a good first impression. It causes a poor lasting impression.

Customers will not buy gray, wet product. When a product like this is shown to the consumer, they pass it and buy other products. Why does the retailer put this product out? This is what's shipped to him; he's got his total money invested in it. This product comes to him the same as top-quality, quick-sell products. I'm here to tell you that heavy fat trim, small eyes and gray products will not sell. The customers will not buy them. They opt for other products.

Dark, firm and dry pork is a real problem because the customer doesn't quite understand. Genetically, we can define why. But you don't get to explain this to the customer. And if it's laying side-by-side, she'll set them both down and buy a chicken breast. She thinks the dark one's beef and I've displayed it wrong. Gray product is a real problem. Wet product is a real problem. Today's modern consumer will not buy this product. A nice five, five-and-a-half inch eye, really marbled nicely, and you put it up against any item and it's going to sell well. Where is the five-and-a-half to six inch eye?

Why do we have this product being shipped to the retailer in 1996? It comes in the same box. You buy three pounds and down or three and up; I get them mixed. You think customers don't see this? When you get the bruised and the wet and the poor muscling — I've got to ask you — what do you think that costs you? If you're in the pork business, I think it costs you everything. I think if you're in the pork business, I think it costs you everything. I think it costs you a sale, I think it costs you profit and I think it costs you the customer.

When I display a product of choice, it walks out of the store. If a 14-year-old is going to prepare the meal for his family, Dinty Moore Beef Stew becomes important. Spaghetti O's. Little kids pick up their own meal. Tremendous world of explosions here because the retailers are buying products from suppliers who are attentive to the customer's preference of meal solutions. When you see products displayed with a tremendous acceptance and customer appeal, it makes it easy.

Ground meats are exploding; you've been very good. You've really captured the sausage market. A tremendously fresh-looking variety and selection of pork is also very, very, very important. We put this out; you get absolutely the first choice in sales. But you display one of those unacceptable products and you take away all customer interest. Customers are wanting lean today.

Is branded meat important? It doesn't take away from the marketing and merchandising of the product that I cut in our own stores. It offers the customer an alternative. Do they prefer to buy a branded label product? Somebody says what's the difference? It's no different. If my product looks perfect and this product looks perfect, there is no difference. Mine is my cut product; Hormel's is Hormel cut product. And they get a little better opportunity of selecting and sorting the exact product that goes into a package, therefore it should look better than mine. I offer other items. Even things like yam patties are getting very quick sale appeal.

We're doing Mexican, we're doing Chinese, we're doing Japanese, we're doing chicken dinners. Why not a pork pot pie? Turkeys continue to grow. I sell venison, buffalo and wild boar. I sold ground elk from Sweden. I sell quail, pheasant, rattlesnake and alligator. I just started selling emu. You've got to be proud because there are a lot of people doing magnificent things with ribs. A steakhouse sells a lot of ribs.

You're very short in frozen product. I've got about four items in here of pork. You have never paid a lot of attention to marketing pork in a big frozen pack. Frozen food displays have a limited number of acceptable pork items. I'm not faulting pork; I'm just saying there's many opportunities.

Lunch meats are very important. You get about 60% here because about 60% of all these items are pork, and it's very, very important. Smoked sausages and those items have

done really well. We sell a lot, including weiners, rolled sausage, even sausage gravy, patties and sandwiches. All of the new items continue to grow.

Last year, 17,631 items were introduced; we look to do the very same next year. But we're not getting a fair proportionate share of pork.

I still sell a lot of bacon. Some of our higher cost bacon is up to \$3.50 and \$4.00 a pound; still doing well. Everybody says they want lean, then they want all of those things that are healthy, and bacon sales continue to increase.

Children's lunch packs are one of the fastest growing categories that I have. If I get that just about at a seven-year-old's level, he shops for me or she shops for me. I don't have to worry about Mom buying it for them; they'll buy it and throw it in the cart. This one has about six slices of bologna, three little crackers and a little brownie, and as you can see, sells for \$1.69, \$1.89, \$2.19 — I want to do this all day. It's the greatest new selling item that I have in all of our supermarkets.

Think this way as you think about marketing pork. Create products that have great acceptance to the consumer and you will have created what I believe to be the buffalo wings of the pork industry.

Our customers are changing because we're in a changing time. When you see a supermarket that has 45,000 items, there are lots of choices. Truly understand what the customer is doing, they are buying quickly — they're working for a living. And some of the choices that they have to make are so fast, it all reflects on what looks good at that point, walk right up the counter, choose and go on. You have to be quick, offer options, have it perfect, make it right, answer their needs, meet their expectations, etc. If I do that, they come back and shop me again. If they don't — you know what they do? They go to my competitor!