SOURCE-VERIFIED BEEF IN HIGH-END RESTAURANTS

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BACKGROUND

- Consumers use source-verification as a way to guarantee quality and safety
  - Know where it comes from and the methods used
  - If a problem arises, it can be controlled better

BACKGROUND

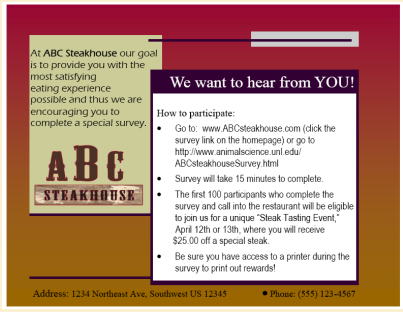
- Could create a market (and return value)
  - For source-verified products
- Must have a financial incentive

OBJECTIVES

- Conduct a pilot study to place source-verified beef in high-end restaurants
- Identify essential elements to build customer selection
- Quantify the appropriate premiums for source-verified beef

METHODOLOGY

- Online survey created (> 1,000 participants)
  - Advertised by 6 high end restaurants on the East Coast and the Southwest (3 in each area)
    - Email blasts
    - Postcards
    - Incentives



ABC
STEAKHOUSE

1243 Northeast Ave
Southwest, US 12345

Phone: 555-123-4567
www.ABCsteakhouse.com

GIFT CERTIFICATE

On behalf of ABC Steakhouse,

Thanks for your participation in our restaurant survey. Your feedback is important to us! As our way of saying thanks, here is a gift certificate for a ***FREE* Slice of Hot Apple Pie** with caramel and cinnamon swirl ice cream with purchase of a dinner entrée.

Offer Valid: March 18 - April 30, 2010

ABC STEAKHOUSE

Not redeemable for cash. Not valid with any other offers.

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ABC STEAKHOUSE

Special Invitation

"STEAK TASTING EVENT"

To be held at ABC Steakhouse
April 12 or April 13, 2010

We are hosting a special "Steak Tasting Event" for the first 100 survey participants who call into the restaurant and make a reservation for either *April 12th or April 13th*. Call ABC Steakhouse at 555-123-4567 to reserve you table today! At this "Steak Tasting Event," you will receive $25.00 off a special steak and have the opportunity to participate in the second phase of our survey project.

Survey Code: _____ ** This is the same code you input in the survey.*

When you call in for your reservation please provide the survey code as well as the name for the reservation.

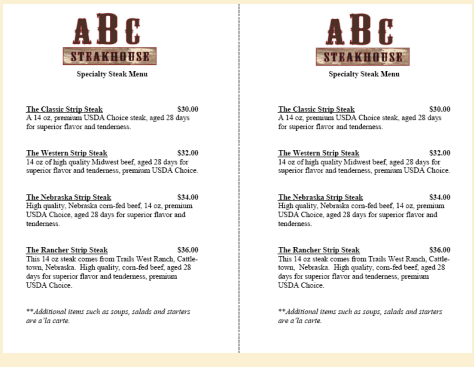
Not redeemable for Cash. One per household.

IN-RESTAURANT TASTE TESTING

- Three of the six restaurants were chosen to host an in-restaurant taste testing (ca. 200 participants)
  - Two on the East Coast and one in the Southwest
- Participants selected one of four New York strip steaks from a specialty menu

IN-RESTAURANT TASTE TESTING

- All strip loins
  - Upper 2/3 Choice
  - Aged for 28 days
  - Cut into approximately 14 oz steaks
  - Shipped fresh to the restaurants
  - The primary differences between the descriptions were price and origin specification (region, state, farm, or no origin)
  - Price was randomly assigned to each steak and all steaks were traceable to the ranch in Nebraska
- After the meal, participants completed a short questionnaire to rate sensory attributes of their steak



ABC
STEAKHOUSE

Specialty Steak Menu

The Classic Strip Steak $30.00
A 14 oz, premium USDA Choice steak, aged 28 days for superior flavor and tenderness.

The Western Strip Steak $32.00
14 oz of high quality Midwest beef, aged 28 days for superior flavor and tenderness, premium USDA Choice.

The Nebraska Strip Steak $34.00
High quality, Nebraska corn-fed beef, 14 oz, premium USDA Choice, aged 28 days for superior flavor and tenderness.

The Rancher Strip Steak $36.00
This 14 oz steak comes from Trails West Ranch, Cattletown, Nebraska. High quality, corn-fed beef, aged 28 days for superior flavor and tenderness, premium USDA Choice.

***Additional items such as soups, salads and starters are a la carte.*

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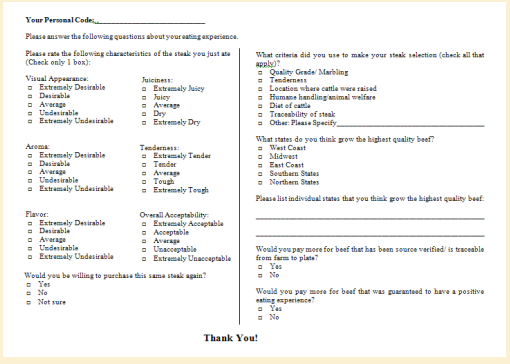


Your Personal Code:_____

Please answer the following questions about your eating experience.

Please rate the following characteristics of the steak you just ate (Check only 1 box):

Visual Appearance:
- ☐ Extremely Desirable
- ☐ Desirable
- ☐ Average
- ☐ Undesirable
- ☐ Extremely Undesirable

Juiciness:
- ☐ Extremely Juicy
- ☐ Juicy
- ☐ Average
- ☐ Dry
- ☐ Extremely Dry

Aroma:
- ☐ Extremely Desirable
- ☐ Desirable
- ☐ Average
- ☐ Undesirable
- ☐ Extremely Undesirable

Tenderness:
- ☐ Extremely Tender
- ☐ Tender
- ☐ Average
- ☐ Tough
- ☐ Extremely Tough

Flavor:
- ☐ Extremely Desirable
- ☐ Desirable
- ☐ Average
- ☐ Undesirable
- ☐ Extremely Undesirable

Overall Acceptability:
- ☐ Extremely Acceptable
- ☐ Acceptable
- ☐ Average
- ☐ Unacceptable
- ☐ Extremely Unacceptable

Would you be willing to purchase this same steak again?
- ☐ Yes
- ☐ No
- ☐ Not sure

What criteria did you use to make your steak selection (check all that apply)?
- ☐ Quality Grade/ Marbling
- ☐ Tenderness
- ☐ Location where cattle were raised
- ☐ Humane handling/animal welfare
- ☐ Diet of cattle
- ☐ Traceability of steak
- ☐ Other: Please Specify_____

What states do you think grow the highest quality beef?
- ☐ West Coast
- ☐ Midwest
- ☐ East Coast
- ☐ Southern States
- ☐ Northern States

Please list individual states that you think grow the highest quality beef:

_____

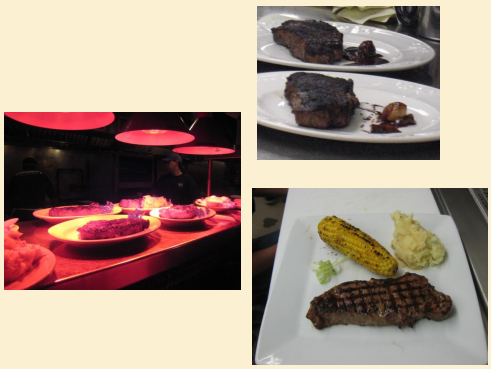
_____

Would you pay more for beef that has been source verified/ is traceable from farm to plate?
- ☐ Yes
- ☐ No

Would you pay more for beef that was guaranteed to have a positive eating experience?
- ☐ Yes
- ☐ No

Thank You!

STEAK LOFT



SURVEY RESULTS
BEEF CONSUMPTION

- 76% of participants consume beef on a weekly basis
  - 52% prepare beef in the home 1 to 2 times a week
  - 48% consume beef outside of the home 1 to 2 times a week

SURVEY RESULTS
RESTAURANT BEHAVIOR

- 30% dine out 1 to 2 times a month
  - 28% dine out on a weekly basis
- While dining at a high-end restaurant, beef is the most preferred meat type ordered
  - Filet Mignon most popular cut

SURVEY RESULTS
RESTAURANT BEHAVIOR

- 46% of participants don't normally seek advice when ordering
  - When they do, 92% of the time they will consult with their waiter
- Most participants liked to frequently try new menu items (78%)
  - Others will order something new if they have the opportunity to sample it first (78%)

Rank of deciding factors among steak attributes for participants of the on-line survey

Steak traits/attributes consumers use when making a decision among several options	Rank
Specific cut (e.g. T-bone, Sirloin)	1
Price	2
Tenderness verification/guarantee	3
USDA Quality Grade (e.g. Prime)	4
Grass-fed	4
Nutritional information	6
Certified organic	7
Other	8
Free range	9
Natural label	10
Aged for at least 14 days	11
Locally raised	12
U.S. origin	13
Traceable from farm-to-consumer	14
Corn-fed or grain-fed	15
Brand (e.g. Certified Angus Beef.)	16
Breed (e.g. Angus, Hereford)	17

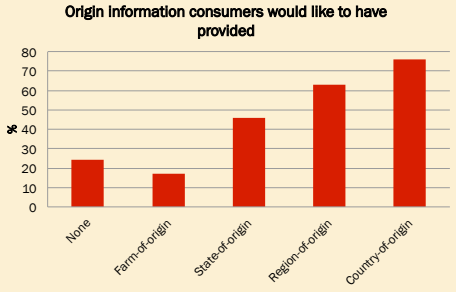
Rank of factors that determine eating satisfaction for participants of the on-line survey

Factors that determine consumer's overall satisfaction with the eating experience of the steak	Rank
Flavor/Taste	1
Tenderness	2
Degree of doneness (matched what I ordered)	3
Juiciness	4
Others	5
Little fat trim/less waste due to fat	6
Aroma/Smell	7
Portion size	8
Thickness of the steak	9
Accompaniments – e.g. potatoes, vegetables, salad	10

SURVEY RESULTS
WHERE CONSUMERS PERCEIVE MEAT WITH AN UNSPECIFIED ORIGIN COMES FROM

- Somewhere outside of the U.S. (e.g. imported) 3.24
- Somewhere within the U.S. 62.31
- Regionally or locally raised 3.14
- Unsure 15.70
- I do not think about it, I am not really concerned about the origin 15.60

SURVEY RESULTS



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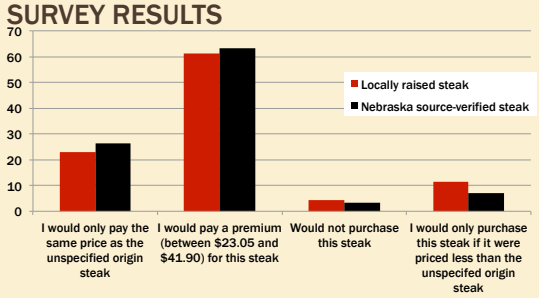
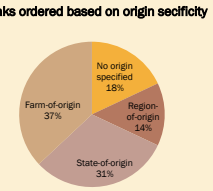


- Most participants perceived "Nebraska Source Verified Beef" as being of a high quality (35%)

TASTE TESTING RESULTS



- The state-of-origin and farm-of-origin steaks were the most ordered regardless of price
  - About 2/3 of the participants preferred steaks with a more specific source-verification in the description and were willing to pay extra for steaks that had it.

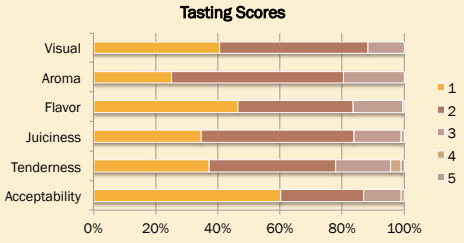
TASTE TEST RESULTS – MEANING OF NE SOURCE-VERIFIED BEEF

- Premium quality 35%
- Corn-fed 32%
- US Choice 31%
- US Prime 31%
- Flavorful 30%
- Very tender 26%
- Farmers who care about land and animals 21%

TASTE TEST RESULTS CRITERIA FOR SELECTING STEAKS

- Quality grade/marbling 20%
- Tenderness 20%
- Location where animals raised 17%
- Animal diet 14%
- Traceability of steak 10%
- Humane handling/animal welfare 4%

TASTE TESTING RESULTS



Visual, Aroma, and Flavor: 1 = Extremely Desirable and 5 = Extremely Undesirable
Juiciness: 1 = Extremely Juicy and 5 = Extremely Dry
Tenderness: 1 = Extremely Tender and 5 = Extremely Tough
Acceptability: 1 = Extremely Acceptable and 5 = Extremely Unacceptable

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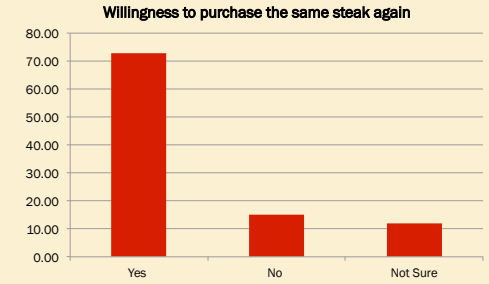

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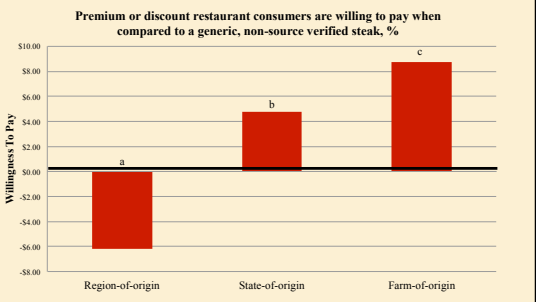

TASTE TESTING RESULTS

- Where participants believed the best beef comes from:
  - 83% believed it was the Midwest
  - Specific states:
    - Nebraska (63%)
    - Texas (22%)
    - Iowa (21%)
- After tasting, 65% of the participants said they would be willing to pay more for beef that is source-verified
  - Implies that Nebraska source-verified beef products would be in high demand

IN SUMMARY

- Consumers care about where their meat comes from
- Willing to pay a premium for this information, especially after tasting

THANK YOU!

- This research was sponsored by the Federal-State Market Improvement Program of the USDA, the University of Nebraska, and the Nebraska Department of Agriculture.

Funds for this project were matched with Federal funds under the Federal-State Marketing Improvement Program of the Agricultural Marketing Service, U.S. Department of Agriculture