

Foodservice Marketer's Viewpoint

With more than 30 years of experience in all phases of the meat business, Steve Sands shares perspective on the industry — and what prompted his company to establish its own beef brand.

by Kindra Gordon, field editor

If you went shopping for a vehicle, and the auto industry only offered the same product for everyone, would you be a satisfied customer? Steve Sands says the same analogy can be made in the beef business.

"Very few industries try to put out one product for the masses. It doesn't work," he notes. Consumers — no matter what the industry — prefer choices, often with a high, mid- and low price point.

This certainly rings true in the restaurant and meat business, where Sands has worked for more than 30 years. In 1979, he became the fourth generation of his family to own and operate Standard Meat Co. When Standard was sold in 2000 to Meyer Natural Angus, Sands helped build the company into the largest natural and organic beef company in the United States. Since 2009, he has been with Performance Food Group — the third-

largest foodservice distributor in the country, with \$14 billion in sales and 117,000 customers.

Performance Food Group has three business segments, including Performance Foodservice, a broadline food distributor. As a broadline food distributor, it has the ability to supply everything from produce and paper goods to center-of-the-plate proteins to clients who range from independent restaurants to multi-unit chains and food-away-from institutions, such as schools, healthcare facilities, and business and industry locations.

Says Sands, "Broadline suppliers are a one-stop shop. We can supply purchasing leverage across the spectrum." He notes that this is especially important to smaller restaurants that don't have the clout to negotiate for better prices, particularly for products like beef.

Monitoring trends

With 1,600 sales people who interface with restaurants every day, Performance Food Group also has the inside track on consumers.

"We are on the front lines of customer response to products," says Sands, who works from Lincoln, Neb.

What are some of the trends he's seeing, and how is his company responding?

Foremost, there is still demand for high-quality beef, says Sands. "Premium beef restaurants — those that serve brands like CAB® (*Certified Angus Beef*®) and Sterling Silver — are doing well."

Additionally, he's seen the burger business continue to proliferate, especially fresh, gourmet-style ground beef for burgers, Sands says. "It is

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more expensive, but it is quality."

However, as the industry has seen cattle inventory decline and fewer pounds of beef available, the tight supply has increased prices. As a result, Sands says, "I've never seen a more rapid

migration away from beef on casual-dining menus due to high prices. The trend is toward a lot more chicken on menus."

To the beef industry, Sands says, "There is work to do to recapture market share." He says the current trend indicates that although price is a factor, demand exists for quality beef, and producing quality beef must be a continual focus within the industry.

One example that he says is leading the industry away from quality is heavier cattle weights to try to make up for lower beef production from fewer head.

"Many restaurants actually want smaller portions because of cost and price points on their menu," Sands explains, adding that the beef industry must remain cognizant of what restaurants and consumers want.

Another consumer "want" is transparency, which Sands says the beef industry is going to need to embrace. Citing a December 2013 survey conducted by the U.S. Farmers and Ranchers Alliance, he reports that 45% of



those surveyed said information about their food was more important than price.

“We need to listen to that because that’s the consumer speaking,” says Sands.

Likewise, he reports that of 1,300 chefs surveyed by the National Restaurant Association among the top trends they emphasized for 2014 were locally sourced meats and seafood and locally grown produce.

With all those factors on the table, Sands says the big question for the beef industry going forward is this: “How do we embrace local and environmentally sustainable and still keep our product affordable?”

He notes, “Beef is in danger of becoming a celebration food — like lobster — unless we increase quality and manage costs.”

Coordinating quality supply

The future success for the beef industry will be achieved by those companies that are able to “coordinate the supply chain,” says Sands. “There’s a lot of inefficiency in our industry.” By focusing on eliminating inefficiencies in the supply chain, the industry can address improved quality and reduced cost at the same time.

To that end, five years ago Performance Food Group launched its own beef brand — Braveheart Black Angus Beef. Sands explains that often, to meet customers’ needs, Performance Food Group will launch a house brand. The company has done it with everything from cleaning products to beef. Currently, 38% of the brands it carries are its own house brands.

Braveheart has become its fastest-growing beef brand, with double-digit sales growth each of the last five years. “This is despite the consumer trend of eating less beef,” reports Sands.

Sands explains that the Braveheart brand has specifications in place along each step in the beef production chain to ensure a commitment to quality. Among its criteria are requirements for genetics — including DNA-testing of every animal to confirm it is from Angus genetics; requirements for a vegetarian diet for the cattle and finishing on corn; requirements for processing in state-of-the-art facilities with primarily Prime- and Choice-grade carcasses; and requirements for a ¼-inch maximum fat trim on boxed beef.

Of this last item, Sands points out that this is unique to its brand, and it is in place so that restaurant customers are not paying freight on fat. Reducing trim loss allows customers to receive a better yield when they cut their steaks. Additionally, with the DNA-testing, Sands says they can trace any unacceptable

More about the Braveheart brand

In the five years since Performance Food Group launched its Braveheart Black Angus Beef brand, Steve Sands reports, the company has reduced costs and increased value of the beef it markets. He also notes that premiums back to supply chain partners — beef packers and farmer-feeder operations — have approached \$60 per head.

Sands does clarify that the brand is not a “never-ever” program; it does allow the use of implants and antibiotics, but producers must adhere to withdrawal times.

The company also strives to offer transparency.

Says Sands, “We have to be transparent; that’s not going to change.”

He notes that Performance Food Group gets more inquiries about animal handling than anything else. Thus, it has agreements with the producers it works with to ensure proper animal-handling practices are being utilized.

Sands encourages everyone in the beef production chain to employ best management practices.

“We live in a world where everything is transparent; everyone has a camera in their pocket on their phone,” he says. “One bad operator can soil all of us.”

With regard to the DNA-testing done on carcasses, Sands says, “We market our traceability. Consumers may not know exactly what DNA-testing means, but it has a good connotation, especially among tech-savvy millennials. They recognize it has a value. ... You can’t improve what you don’t measure, and you cannot measure what you don’t track.”

Sands and his marketing team are also working to address the “local foods” conversation with customers.

“We need to define local for the consumer and explain how and why the beef industry does things, instead of letting them create their own definition,” Sands says. “We need to help consumers come to an understanding that beef is not local to New York City due to environmental reasons, humane animal treatment and costs.”

He adds, “We have to help consumers realize that food grown within 20 miles of where most of the population lives is often not sustainable.”

With that said, the entire industry must continue to work to do a better job representing itself to the customer base, Sands says. “We must convince them that the industry is vigilant; we care; and, at end of day, we produce a beef product that provides a quality eating experience for the consumer.”

Along with that, he notes, information — the story behind the beef — is important. While organic and natural beef have embraced this tactic, Sands says even commodity beef has a story to be told with a focus around the fact that American cattlemen provide a valuable service — helping supply safe, nutritious beef to feed the world.

Sands says, “The story doesn’t have to be about the particular animal, it’s about the people raising those animals.”

He adds, “We play defense too much. As an industry, we’ve got to promote food safety, jobs, and the economic vitality created by the beef industry.”

Lastly, Sands emphasizes, “One size does not fit all consumers. We’ve got to offer consumers what they want. There is room for different beef products and brands and different consumers want different things.”

He concludes, “Let’s all work together to produce quality beef as efficiently as possible to create more beef sales and keep customers eating beef. In order to have a successful future, the beef industry must be responsive to changes in consumer preferences and we must plant the seeds of that change today.”

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steak or carcass back to the animal from which it came.

As a result, Sands says, “Information is extremely valuable for efficiency and cost. And, with the information, we feel we are able to improve the quality of Braveheart beef every year. The Braveheart program is a process. ... We’ll continue to improve it.”

He adds, “Producing better quality and much more consistent beef is key. People want consistency. They don’t want surprises.”

Sands shares that based on the success of its Braveheart branded beef, Performance Food Group is exploring adding a source-verified pork brand in the future, and possibly a value-added fresh poultry line, as well.



Editor’s Note: Kindra Gordon is a freelancer and cattlegirl from Whitewood, S.D. For more information about Performance Food Group, visit www.braveheartfoods.com/.