

Range Beef Cow Symposium XX

Dec. 11-13, 2007 • Larimer County Fairgrounds and Events Complex, Fort Collins, Colo.

Selling Beef Successfully at Wholesale

by **Tosha Powell**

FORT COLLINS, Colo. (Dec. 12, 2007)—An ice storm did not hinder the 20th Annual Range Beef Cow Symposium in Fort Collins, Colo., Dec. 11, 2007, where about 700 cattlemen gathered to gain additional insights into production and marketing beef at different levels.

Charlie Winters from Costco Wholesale Corp., Issaquah, Wash., led a discussion of the success Costco sees from selling beef as a retailer. Winters revealed that Costco's main focus is the quality products it brings to cardholding members.

CostCo is the fourth-largest retailer in the United States, is eighth-largest in the world and ranks 29th among Fortune 500 companies. The company has 527 warehouses nationwide, including buildings in Canada, the United Kingdom, Mexico, Korea, Japan and Taiwan.

Although the company is large in numbers and profits, Winters said its No. 1 focus is and has always been its customers.

"Our mission at Costco is to continually provide our members with quality goods and services at the lowest possible price, and that will never change," he said.

CostCo has been providing USDA Choice beef to its consumers for 20 years. The company has seen \$63 billion in sales thus far in 2007 with 53 million cardholding members. It expects to end the year with an additional \$50 million for the holiday season. Winters listed the following strengths embedded in Costco's promise to its customers:



► Charlie Winters

- 53 million loyal cardholding members;
- 86% membership renewal;
- absolute pricing authority;
- fantastic employees; and
- merchandise that speaks for itself.

Winters said Costco believes they set the pace within the retail industry on product prices. "The main competitors Costco has are Sam's Wholesale and Wal-Mart's Wholesale markets," he explained, "but our Choice beef never goes out of style."

CostCo beef has a better palatability, Winters says, because the warehouses use a

mechanical tenderizer to give it a consistent bite no matter the amount of marbling. Costco is the largest buyer of USDA Choice Beef in the world, as well as the largest buyer of salmon and lamb.

"We sell one billion pounds of fresh meat yearly, with 700 million of that to the U.S. alone," Winters said. "We are one of the best custodians of red meat. We have seen that with the rising cost in corn, fuel and transportation the cost of meat has risen as well. Now all the proteins are fighting for value."

Price may be a deciding factor for some consumers; however, Costco's detail and manner in how meat is processed is proof that quality outweighs price in most cases.

"With Costco you receive 100% edible product on your plate," Winters said. "We remove bone felt from muscle cuts, back strap from rib cuts, and we never place the first cut in a package for sale, which is something our competitors never do."

CostCo has continued its success in the beef retail business because of its focus on quality, along with quantity. Through warehouse produced testing and customer analysis, Costco does what is necessary to ensure product quality.

Additional coverage of the Range Beef Cow Symposium XX is available at www.rangebeefcow.com.

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Editor's Note: API coverage of the symposium is made available for distribution to all media via an agreement with the Range Beef Cow Symposium Committee and API. Headquartered in Saint Joseph, Mo., API publishes the Angus Journal and the Angus Beef Bulletin, as well as providing online coverage of events and topics pertinent to cattlemen.