



# TOP LINE REPORT

May/June 2020

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★ ★ ★ ★ THANK YOU ★ ★ ★ ★  
**SUPERMARKET**  
**SUPERHEROES!**

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# IN THIS TOGETHER

A steady hand. During good times, it's easy to keep a steady hand. But when life throws curve balls like the world has never seen, those steady hands can become shaky rather quickly. At Associated Wholesale Grocers, we have thousands of examples of strong, steady hands keeping grocery stores running, true purveyors of hope for our communities. And there are thousands of steady hands at AWG supporting those ESSENTIAL pillars of communities in the 28 states we serve. We've been constantly tracking how our industry is changing long before the current crisis and we're focusing even closer on how the current situation will change things even more.

We have long prided ourselves on the lowest cost of goods. But now, and in the future, our retailers need far more than that. Everything from e-commerce to merchandising, digital marketing to support as we navigate through this crisis together. We have helping, steady hands for every area of your store. We have prided ourselves on being that steady hand for the Supermarket Superheroes that make up our membership for almost 100 years. That's because we are...

## #InThisTogether



### TO BECOME A MEMBER, PLEASE CONTACT:

Dave McKelvey 713-876-6240  
Keith Knight 615-290-6093

Associated Wholesale Grocers, Inc.  
5000 Kansas Avenue, Kansas City, KS 66106



★ ★ ★ ★ THANK YOU ★ ★ ★ ★

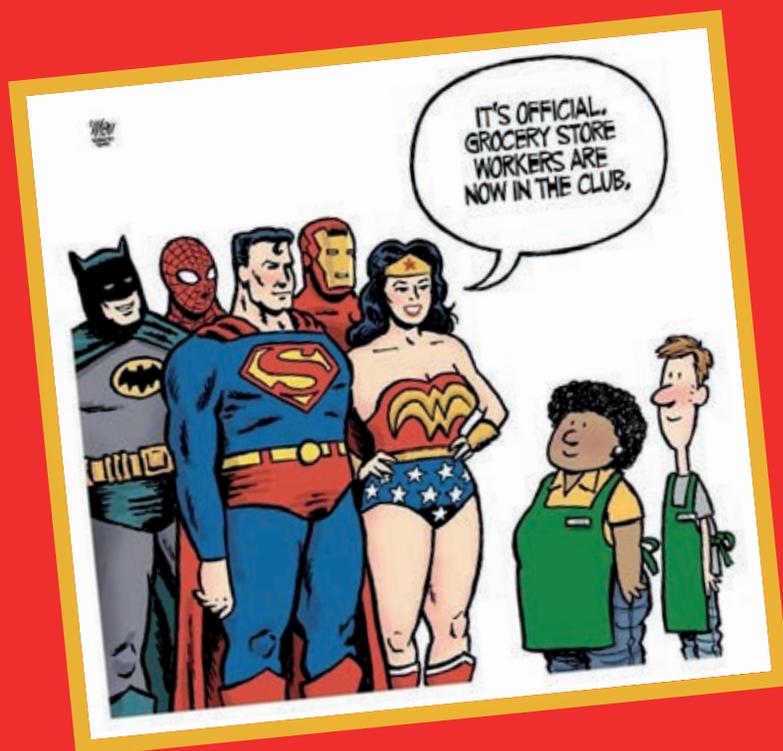
# SUPERMARKET SUPERHEROES!

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**D**uring these unprecedented times, we want to say thank you to the men and women across the grocery industry for your dedication and commitment to the communities you serve. As our world continues to witness the unimaginable circumstances we are experiencing, the men and women of the grocery industry have stepped up, with a smile on their face, and continue to serve their neighbors.

Thank you to our grocery store workers who have endure long hours, many times performing duties outside their everyday roles. Thank you to those who have worked around the clock to ensure the shelves are stocked as quickly as possible. Thank you to those who have worked tirelessly to keep the stores cleaned and sanitized, ensuring the health and safety of yourselves, your teammates and the neighbors you continue to serve.

Our hats go off to the supermarket superheroes who have stepped up in a time when they were needed. Your dedication and commitment are greatly appreciated.



What You Should Know  
**COVID-19**

We are frequently updating our website to include current information regarding COVID-19. If you visit our website you can click on the COVID-19 tab to view all the update information. Visit our website at [www.MissouriGrocers.com](http://www.MissouriGrocers.com) to learn more.

# Insurance Claims Mushrooming?

You need insurance coverage tailored to the grocery industry and resources to help cap off your risk management program.



Could you recover from a severe weather event? Scan to learn more about disaster preparedness resources for businesses.



**Commercial Insurance** Property & Casualty | Life & Disability Income | Workers Compensation | Business Succession and Estate Planning | Bonding  
**Federated Mutual Insurance Company and its subsidiaries\*** | federatedinsurance.com | Ward's 50<sup>®</sup> Top Performer | A.M. Best<sup>®</sup> A+ (Superior) Rating

20.07 Ed. 11/19 \*Not licensed in all states. © 2019 Federated Mutual Insurance Company

# BEEF

## RETAIL'S MVP

Advances in technology, genetics and nutrition results in higher-quality beef in the marketplace. Today more than 80 percent of beef graded and available to consumers is USDA Prime and Choice, the two highest quality grades.<sup>1</sup> Prime beef now makes up 8.6% of graded beef, up from 4.4% just five years ago. With Choice beef available in most grocers' meat cases, some retailers are offering their shoppers Prime beef to differentiate themselves in the competitive marketplace. Attracting beef shoppers can increase sales across the entire store, as the average shopping basket with beef is more than twice the value of the typical cart: \$85.70 vs. \$41.33, respectively.<sup>2</sup>

Prime beef commands a price premium thanks to its superior flavor, tenderness and juiciness, but what's the best way to convey these attributes to shoppers to motivate them to pay more for an elevated experience? The Beef Checkoff recently surveyed more than 1,600 shoppers to determine the best messaging for selling Prime beef in retail.

### SHOPPER INSIGHT

Before addressing USDA quality grades, participants were asked about buying experiences related to the concept of beef quality in general. The top defining attribute was "taste," followed by "USDA grade," "tenderness" and "juiciness." Therefore, incorporating these terms into your Prime beef messaging will do more to highlight its quality to consumers.

When it comes to understanding USDA quality grades, shoppers can be overconfident: while 72% of those surveyed stated they were aware of the USDA quality grades, only 22% were able to name Prime and even fewer were able to name Choice.<sup>3</sup> Consumers also

struggle to understand the ranking of USDA quality grades, with 62% of those surveyed correctly ranking Prime as the highest quality and 41% correctly identifying Choice as middle quality. Another interesting dynamic is USDA grade and awareness is even lower among younger consumers.

Overall marbling, taste, juiciness and tenderness resonated with quality and desire to purchase.

Outside of Prime selection, beef offers high-protein on the plate in variety of options. The beef checkoff continues to provide resources and recipes around economical cuts to include ground beef's versatility and flavor.

### COMMITMENT TO CUSTOMERS: ANIMAL CARE IS TOP PRIORITY

In a study by the National Cattlemen's Beef Association 68 percent of consumers say that they consider how their food is grown and raised, but only 24 percent of consumers claim to be knowledgeable about how beef is raised. Animals welfare is the top concern among consumers.

The good news is that the story around today's farmers and ranchers can address those concerns.

Today's farmers and ranchers are doing more with less, like never before.



Combined with a natural passion and respect for the land, animal and environment, farm families utilize technology and educational trainings to improve cattle management practices. Today more than 85% of the beef supply in the U.S. comes from a Beef Quality Assurance (BQA) program certified farmer or rancher. The BQA program is a program that trains farmers and ranchers on best cattle management practices set by the beef industry, to include health, transportation, handling and nutrition. An advisory group consisting of farmers and ranchers, animal scientists, nutritionists and veterinarians advise on best practices, that then are passed down to the consumer in an end quality product.

## IN THIS TOGETHER: POWER OF PARTNERSHIP

The Missouri Beef Industry Council (MBIC) values Missouri retailers as a crucial partner in getting quality beef to customers across the state. In today's climate, we are working to address any questions around beef preparation, freezer staples, and batch cooking — offering an extensive library of cooking videos, recipes, tips and more at [BeefItsWhatsForDinner.com](http://BeefItsWhatsForDinner.com). We can provide resources and information to assist your customers at the meat case. The National Cattlemen's Beef Association, a contractor to the beef

checkoff has developed resources to include retail insights, yield data, cut charts and resources for in-store dieticians. Contact us for more information at [mobeef.org](http://mobeef.org).

1. <https://www.ams.usda.gov/sites/default/files/media/LSmn05gradingsummary.pdf>
2. IRI Panel Data. All Outlets, 52 weeks ending 1/6/19, Market Basket Study, February 2019
3. Prime Messaging Survey 2019

## DID YOU KNOW?

- Missouri is home to 45,000 cattle farms
- Missouri ranks third in the nation for beef cows, with 2.06 million head
- The average herd size in Missouri is 40 cows
- A 3-oz serving of lean beef provides about half of daily value of protein needs
- Missouri agriculture is a 88 billion industry, employing nearly 400,000 people across the state
- Missouri ranks second in the number of farms, with 95,000 farms averaging 291 acres each

# MAY IS BEEF MONTH

From millennial moms to grandpa grill master, home chefs continue to discover how delicious and convenient every cut of beef can be. Nothing is more rewarding than being able to sit down and have a nutritious meal with your family.

So, thank you to beef farmers and ranchers for continuing to provide safe, high-quality and nutritious beef, every day of the year.



Funded by Beef Farmers and Ranchers

[mobeef.org](http://mobeef.org)

MISSOURI  
**BEEF**  
INDUSTRY COUNCIL



# COVID-19: THE IMPACT ON DAIRY AT RETAIL

**G**rocer organizations are credited with commemorating the first “National Milk Month” in 1937. Today June is recognized as National Dairy Month; still, never has a Dairy Month existed with such unprecedented strain on dairy farmers, processors and grocers as everyone works tirelessly to get nutritious dairy foods into the hands of those who need it most.



*“...Never has a Dairy Month existed with such unprecedented strain on dairy farmers...”*

You’ve no doubt experienced the changing environment and are seeing customers’ needs and shopping patterns change because of the COVID-19 pandemic. Because people are now preparing and eating most of their meals at home, demand for dairy products has increased. Following is a look at emerging trends offering immediate opportunities for grocers:

## DEMAND FOR LOCAL

Supporting local businesses, from farm to fork, has been top of mind for consumers prior to the pandemic. In fact, 50% of global consumers already associated “high quality” with locally sourced products (Global Data). COVID-19 has reignited a sense of localism and community among consumers. Local businesses are adapting to support their communities and globalization is shrinking, supporting this more local mindset. With more than 6,500 dairy farms

in the Midwest and 550 farms in Missouri, milk’s journey from the farm to the grocery store only takes about 48 hours, giving dairy a local story to tell.

## E-COMMERCE

In March 2020, more than half of consumers reported that they had purchased groceries online. The pandemic has generated a huge group of first-time online shoppers who, now having experienced the convenience of online grocery shopping, may return. In fact, 35% of consumers said they are very likely to buy groceries online after the stay-at-home restrictions have ended and 49% say they are somewhat likely (IRI).

According to a 2020 MilkPEP and Kantar study, milk currently ranks #9 in fastest growing categories in e-commerce, up 279% from this time a year ago. Separately, a MilkPEP study conducted

# TIMES CHANGE.

# VALUES DON'T.

Delivering a frictionless experience for your customers is a top priority for your success. And that's why we'll continue to work behind the scenes to advocate for open standards that foster innovation and competition, and ensure interoperability in the payments industry.

## ADVANCE WITH THE RIGHT PARTNER.

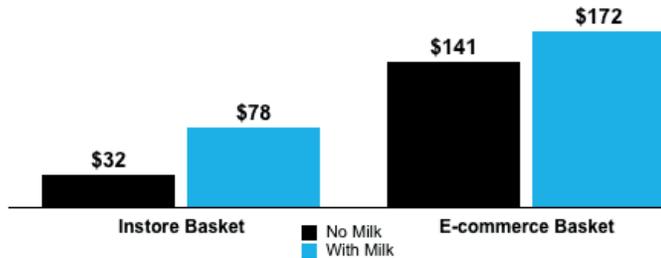
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in 2018 in partnership with Inmar showed that shoppers adding milk to their online cart had a larger e-commerce basket. There is a strong opportunity for retailers and brands to win with e-commerce and dairy.

### MILK IS UNDERLEVERAGED IN E-COMMERCE E-BASKETS WITH MILK ARE BIGGER THAN THOSE WITHOUT



Source: 2018 Inmar Willard Bishop Ecommerce Super Study and The NPD Group/National Eating Trends®, 6 months through February 2018.

## HEALTHY SNACKING

The frequency of snacking has recently increased from two to three times a day (Civic Science, March 2020). However, snacking is no longer driven by single-serve and on-the-go formats. Snacks that are winning with consumers may be frozen, value-add or health focused. Snacks offered through an e-commerce or subscription-based platform are also winning with shoppers.

58% of consumers surveyed in April 2020 shared that how the product impacts their health and wellbeing has the greatest influence on their choices (Global Data). Knowing that health is still top of mind for consumers, the dairy category is in a rare position to leverage a role as a tasty treat that delivers healthy benefits, such as protein and calcium.

## VALUE OVER CONVENIENCE

Product choices prior to COVID-19 were often shaped by the demands of on-the-go lifestyles, which no longer apply as consumers are spending more time in their homes. Now there has been a shift away from premium and convenience to value.

In April 2020, 52% of Global Data's survey respondents say they're on a tight budget. The combination of job losses and general uncertainty about the future is driving consumer interest in value packs and affordable luxuries. In 2009, there was a 27% increase in coupon usage during and immediately following the recession (CNN). In the first two weeks of March 2020, digital coupon redemption increased 22% compared to 2019 (Inmar). Dairy's affordable nutrition, approximately 25 cents per 8 oz. serving of milk, will connect well with today's consumer priorities.

These are four insights into how the COVID-19 pandemic impacts dairy at retail today. What's next for dairy? From retailer to processor to farmer – each member of the dairy supply chain brings a valuable perspective fueled by a common passion for bringing

dairy to life for today's consumer. We hope you'll continue the conversation at the virtual Dairy Experience Forum on July 15, 2020. Registration details are included in this issue.

For more information on consumer research, food and beverage trends or other questions, visit [www.MidwestDairy.com](http://www.MidwestDairy.com) or contact Lorna Riggs at [lriggs@midwestdairy.com](mailto:lriggs@midwestdairy.com).

## CONVENING THE ENTIRE DAIRY SUPPLY CHAIN VIRTUALLY

The third annual 2020 Dairy Experience Forum is going virtual, allowing American Dairy Association of the Midwest to bring the latest insights into what is driving consumer demand to the dairy supply chain while you remain safe at home and continue serving your customers. You are invited to this event which is sponsored by Midwest Dairy.

With the rapidly changing food and beverage climate, remaining at the forefront of what is driving dairy demand has never been more important. The Dairy Experience Forum convenes members across the dairy supply chain from retailers, to processors and dairy farmers to share actionable consumer insights, future forecasting and industry thought leadership. How has the pandemic impacted food and beverage trends? What is next for dairy? The Dairy Experience Forum brings these insights directly to you!



The Dairy Experience

July 15, 2020 | VIRTUAL

THE VIRTUAL CONFERENCE WILL BE HELD ON  
**WEDNESDAY, JULY 15**  
FROM 10 A.M. – 3:15 P.M.  
THE \$50 REGISTRATION FEE INCLUDES:

- A consumer panel providing real-time insight into shopper attitudes, beliefs and behaviors
- Virtual breakout rooms to network with others across dairy supply chain
- An IRI speaker shedding light into the post COVID-19 dairy category
- A panel of industry leaders discussing sustainability
- A food futurist discussing "what's next" for food and beverage
- A motivational speaker sharing the secret to navigating change

To view the full agenda and register,  
visit [www.DairyExperienceForum.com](http://www.DairyExperienceForum.com).



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New Single-Serve Flavored Cottage Cheese!



New Probiotic Yogurt Smoothies!

No Artificial Growth Hormones

All Hiland Milk Is Tested for Antibiotics



Locally Made. Naturally Delicious.™

Along with great-tasting dairy, our local farmer-owners also care about the environment. With each farm's commitment to sustainability, we're doing more with less — while still producing the highest quality product.

See more about sustainability at [HilandDairy.com/Sustainability](http://HilandDairy.com/Sustainability)