

# The Angus taste of quality

*Unprecedented availability of high-quality cattle fulfills ever-growing consumer demand.*

*by Laura Conaway, Certified Angus Beef, LLC*

When more cattle mean better cattle, the beef industry's better for it. That's the story for today's cattleman supplying premium-quality beef to consumers asking for more. The Certified Angus Beef® (CAB®) brand is in the middle of it all.

Extending a 14-year streak of year-over-year growth and the third year for sales above 1 billion pounds (lb.), the first and largest branded beef company reported record sales of 1.21 billion lb. in Fiscal Year (FY) 2018, ending Sept. 30. That was an 8.1% increase, or 91 million lb.

"For the past 40 years, a community of people from farm to plate have shared a passion for excellence, a dedication to quality and ideas and inspirations to achieve our goals," CAB President John Stika says. "Through a shared vision, what started out as a simple idea among a small group of cattlemen has become the world's leading brand of beef."

Via a proven pull-through demand model, CAB set sales records in all 12 months of its 40th anniversary year, with more than 100 million lb. in March, May, June, July, August and September. Seven of the brand's 10 highest months in history were in FY 18, the most successful ever recorded occurring this past August.

## Starts at the ranch

None of it could be done, Stika says, without the commitment of cattlemen across the nation; 25,000 Angus ranchers own and help supply the brand.

Responding to economic signals from the consumer marketplace, ranchers aligned their genetic decisions and management practices in an unprecedented way. Access to an increased and focused supply led graders to certify nearly 100,000 carcasses per week — an increase of 650,000 head for the year, or 14.3% more than 2017, totaling 5.18 million.



Leading the charge for Certified Angus Beef, LLC in it's record-setting year is John Stika, current CAB president.

In 2008, only 17.8% of the eligible cattle sold through licensed packers qualified to earn the brand name by meeting its 10 standards. That year, 36% of fed cattle graded USDA Select. Consumers made their desires known and, quickly, Select fell to just 17.8% in 2018 while a record 32.5% of Angus-type cattle qualified for the brand. CAB's market share grew in tandem and represented 18.5% of all fed cattle harvested in FY 18.

"When you look at that dramatic of a shift in the quality of this industry,

that strongly suggests what you're doing with your efforts is having a direct impact," Stika told producers. "By changing its direction, aligning it more closely with consumers, you're creating a more sustainable future for all of us."

Quality-minded ranchers benefit, too, and stand to earn \$50 or more per head as a share of the \$75 million in grid premiums CAB cattle earn each year.

## Worldwide partners

It takes a team to get their premium product to the finish line. That's where a global network of nearly 20,000 licensed partners found their individual business success through brand recognition in retail meat cases and on restaurant menus. Manageable prices in tandem with strong demand led to sales records in every division of CAB.

The most explosive growth took place in the International Division, with 207 million lb. exported to 50 countries outside the United States — an 18.6% increase over last year and the best in the brand's history. What comprised more than one-third of total brand growth was due to the strong market in South Korea followed by Canada, Japan, Hong Kong and Mexico.

Quality-focused retailers remained the largest contributor to brand sales. A favorable price spread relative to other commodity beef options led to more CAB items featured in circulars, thus growing retail sales by 8.3% to a

# 2018 YEAR IN REVIEW

ENDING SEPT. 30.

new high of 494 million lb.

Nearly 11,000 licensed restaurants comprise the Foodservice Division that netted sales of 405 million lb. — a 5.3% increase. Known for consistency in growth, the division boasted a ninth consecutive year of record sales, further proof of the brand's value to chefs who prize its consistent quality, and patrons who crave its flavor.

Processors responded to growing consumer demand for high-quality convenience meals in both retail and foodservice with branded value-added products. Sales rose by 8.1% to 29.2 million lb., driven most by smoked brisket, marinated fajita meat and burgers in the frozen case.

Illustrating a steady desire from the industry's most discerning customers, sales of the brand's exclusive Prime product extension achieved its highest growth ever at 31.2%. Expected to keep climbing, the 26.5 million lb. in 2018 sales were made possible by the precision of cattlemen from ranch to feedyard.

Continuing a trend from last year, the brand experienced a more balanced rate of growth across divisions and product categories. Reflecting consumer appeal for a "better burger," ground beef led the charge with sales up 1.6 million lb., a 10.3% increase over 2017. Sales of roasts and other end meats, often the centerpiece of family meals, rose by 8.2%. Backed by traditionally strong demand, particularly for celebrations and special occasions, sales of middle meats such as premium steaks grew by 6.5% over last year. **AJ**

## SALES

1.21 BILLION  
POUNDS SOLD

91 million pound  
(8.1%) increase

## 7 OF THE TOP 10 MONTHS RECORDED IN HISTORY

MARCH JULY most successful  
MAY AUGUST month in history  
JUNE SEPTEMBER

25,000 ANGUS RANCHES  
own & help supply the brand

100,000 PER WEEK  
CERTIFIED CARCASSES

650,000 increase for the year  
14.3% more than 2017

207  
MILLION POUNDS

INTERNATIONAL EXPORT  
50 COUNTRIES OUTSIDE U.S.

5.18 MILLION  
total for 2018

18.6% INCREASE  
for 2018  
best in brand's history

