

Highlights

- Fed-cattle numbers released
- Program welcomes new staff
- More feedlots licensed through Supply Development

Salute your tastebuds

Summer brought the Certified Angus Beef (CAB) Program's fourth seasonal campaign. The campaign, which ran from Memorial Day through June, invited shoppers to celebrate the important people and events in their lives with *Certified Angus Beef*[™] ground beef and deli meats. The season's featured recipes were Cranberry Salsa Burger, Beef & Bacon Pizza, Southwestern Pita Pockets and Pastrami Pinwheels.

In conjunction with the promotional items displayed at more than 1,100 licensed retail stores, the Public Relations Division has been stirring up news coverage with a related media campaign targeting 400 food editors in locations having large numbers of licensees. The campaign included the release of the Program's first media kit, entitled "Unwrap the Flavor." News clippings are coming in from both the "Not Every Irish Tradition is Green" and spring roast campaigns.

Watch the *Angus Journal* for more details about the fifth and final promotion.

Tip line reaches Mexico

Although the toll-free *Certified Angus Beef* Tip Line has been available to consumers throughout the United States, Canada, Puerto Rico and the U.S. Virgin Islands, it is now open to consumers and tourists in Mexico. The number for Mexico is 001-800-921-1157 but remains 1-877-2-EAT-CAB for the other destinations.

Since the first of the year, more than 400 callers have dialed the tip line seeking information about *Certified Angus Beef* product or the CAB Program.

Fed-cattle numbers released

The U.S. Department of Agriculture (USDA) recently released calendar year 1998 livestock harvest statistics. Federally inspected steer and heifer harvest for the year was 28,329,000 head, and the number certified for the CAB Program was 1,730,000 head. This equates to a 6.1%

market share for *Certified Angus Beef* product, which is up from 5% in calendar year 1997.

Round up the knowledge

Food service and international staff hosted 130 distributor sales representatives, including nine representing distributors in international markets, at the 1999 Roundup Seminar in Topeka and Manhattan, Kan. The seminar helped attendees round up valuable knowledge about *Certified Angus Beef* product and study the unique alliances that form the CAB Program.

"With the product knowledge I gained the past few days, I have more confidence in the product and my ability to sell the Program," one attendee said.

Sessions included a visit to Lyons Ranch and Black Diamond Feedlot. At the Kansas State University Meat Science Laboratory, top meat and animal science professors demonstrated fabrication, discussed beef quality grades and led a taste test so attendees could compare *Certified Angus Beef* product to other beef grades and brands.

Since 1989, this annual seminar has been the introductory seminar to the CAB Program for sales representatives.

Staff news

Glenda Larkins joined the supply development staff in Manhattan, Kan., as its secretary/office manager. With her diverse background and associate's degree in animal science, Larkins brings experience as an office manager, as well as a research assistant.

The CAB Program is also geared up for summer with its internship program. **Melissa Pickrell**, a student at Western Kentucky University in Bowling Green, will help the Marketing Services Division with videos for the annual conference, research cross promotions and coordinate the National Culinary Competition.

In addition, two interns will visit licensed retail stores to update merchandising

Feedlot licensing expands

The Feedlot-Licensing Program currently includes 22 feeding companies operating 28 feedlots. Several new partner feedlots attended the *Commitment to Quality* Quality Assurance Training Program, May 6-7 in Lincoln, Neb. Total one-time capacity of the 28 licensed feedlots exceeds 440,000 head, with the average licensee just short of a 16,000-head, one-time capacity.

Newly licensed feedlots are listed below. For a complete list of licensees, see next month's issue of the *Angus Journal* or call Bryce Schumann, the CAB Program's assistant director for feeder-packer relations, at (785) 539-0123. You can leave Schumann voice mail at 1-800-725-2333, Ext. 368.



■ COLORADO

Hergert Land & Cattle Co., Greeley

■ IOWA

Silver Creek Feeders, Council Bluffs

■ KANSAS

McPherson County Feeders,
Marquette
Miller Feed Yard, Satanta
Pardu Farms, Burrton
T-Bone Feeders, Goodland

■ NEBRASKA

B&B Cattle Co., Holdrege
Roland & Gayle Pudenz Feedlot,
Plainview

■ OHIO

D&D Feedlots, London

■ OKLAHOMA

Neill Cattle Co., Welch

■ TEXAS

Hansford County Feeders, Gruver
Tri-State Cattle Feeders, Hereford

■ VIRGINIA

Heizer Farms, Fairfield

materials and review merchandise displays. They are **John Hankins**, a student at Arkansas Tech University in Russellville and the University of Arkansas in Fayetteville, and **Melanie Meiburg**, a student at Michigan State University in East Lansing. Their efforts will assist the CAB Program in building brand awareness among licensees and consumers.

Success Story in Japan Continues

by Heidi Scheffler

Japanese consumers look for quality, taste and consistency when preparing their meals. That's what you provide when your cattle qualify as *Certified Angus Beef*[™] product. But what makes up the Japanese market? What makes up the consumer's mind?

Japan is the Certified Angus Beef (CAB) Program's largest export market, having purchased 35,464,675 pounds (lb.) during fiscal year 1998. That's 67% of all *Certified Angus Beef* product exported. The ninth most populous country in the world, with 126 million people, Japan is smaller than the state of California in terms of land mass. That makes for a population density of 860 people/square mile.

This Land of the Rising Sun, made up of four primary islands, has a total area of 978,625 square miles. Of that, about 85% is mountainous, with 78% of the remaining land being urban and 22% being rural. Agricultural production on any scale is limited. In fact, Japan is only 38% self-sufficient in its domestic beef production and must import a large percentage of its protein for daily dietary intake.

Japanese beef cattle, called Wagyu ("Wa" meaning Japanese or Japanese-style and "gyu" meaning cattle) are predominantly black, though there is a variant breed that is red. There are two strains of the black Wagyu. One was bred for its heavy forequarters for pulling carts; the other, to be pack animals and for their size and strength of topline.

Wagyu are known for superior palatability and marbling, typically grading at the top of the Japanese system and exhibiting a higher degree of marbling than USDA Prime. Production is expensive, as Wagyu are fed for longer periods of time to achieve that top grade. Therefore, Wagyu beef is exorbitantly priced and limited in quantity. For example, in Japan an 8-ounce (oz.) Wagyu ribeye steak is priced at \$70, while an 8-oz. *Certified Angus Beef* ribeye steak is \$30.

As an island country, fish and rice historically have been the dietary mainstays in Japan, but that's changing. The average annual per capita consumption of rice has dropped significantly, from 142.35 lb./person in 1993 to 120.45 lb./person in 1997. Average consumption of fish moved from 70.68 lb. in 1993 to 71.54 lb. in 1997, which is a slower rate of increase compared to the previous decade.

On the other hand, annual beef consumption is clearly on the rise, from 14.6 lb./person in 1993 to 16.06 lb. in 1997. This means potential for high-quality *Certified Angus Beef* product to become a more widely known brand in Japanese households.

In fact, *Certified Angus Beef* product is in a unique position because it satisfies the Japanese consumer's demand for quality, taste and consistency for less than half the cost of traditional Wagyu. That's important because last year's Asian currency crash created more price-conscious shoppers.

International Impact

The bearing the beef export market has on the entire beef industry is tremendous. The pricing effect of a 252-million-pound (carcass weight equivalent) increase in beef exports would increase the annual average fed-cattle prices by an estimated \$0.79/hundredweight (cwt.). This would, in turn, increase the annual average price for a 750-lb. feeder calf by an estimated \$1.09/cwt. Ultimately, the annual average 500-lb. steer price would increase by \$1.27/cwt. Therefore, a 252-million-lb. increase in beef exports would increase profits to cattle producers by \$1.27/cwt.

Source: Beef & Pork Exports: Impact on U.S. Livestock Industries, 1997.

The yearly average disposable income for a Japanese household is approximately \$61,710 (based on 1996 information and an exchange rate of 95 yen/dollar) with 22.2% of the living expenditures going toward food, that is, about \$9,863.90/year. Japanese people want quality, and they are willing to spend a significant portion of their income for the best.

The CAB Program is committed to building brand recognition for the tender, juicy and flavorful *Certified Angus Beef* product that you, the Angus producer, supply.

Through a complex distribution structure, Japan's volume of *Certified Angus Beef* product imported increased 88% from 31,126,801 lb. in fiscal 1997 to 35,464,675 lb. in 1998. A high percentage of imported *Certified Angus Beef* product is underutilized end meats, approximately 93% during 1998, specifically the chuck eye roll and short ribs.

Japanese consumers are able to purchase their groceries at a number of outlets, ranging from meat shops to department stores. The CAB Program has six licensed distributors within Japan, as well as 207 licensed retail units and 157 restaurant outlets. Advertising is an influential method to capture the interest of Japanese consumers and to educate them about what Angus cattle represent in terms of quality and taste. The CAB Program began this effort with a Japanese label for retailers and an educational video in Japanese aimed at retailers and consumers.

The CAB Program enjoys a unique and invaluable relationship with the United States Meat Export Federation (MEF). With offices covering 14 international regions and manned by market experts, the MEF helps place U.S. meat on the world's tables through extensive and highly successful promotions. By linking the *Certified Angus*

Tomato & Onion is the largest licensed Certified Angus Beef (CAB) Program international restaurant chain with 82 units located in the Kinki region of Japan. The most popular menu item is the *Certified Angus Beef*[™] chuck eye roll.



Rebecca Thomas, director of the International Division, visited licensed CAB Program retailer Meat & Deli OHTA in March 1998. This gourmet retailer, located in the mountainous Yamanashi region, specializes in *Certified Angus Beef* chuck eye roll, short ribs and ribeyes.

Beef logo with this notable organization, licensees are able not only to obtain marketing resources but also to have technical expertise and marketing know-how at their fingertips.

Identifying the link to U.S. producers is also important in creating consumer confidence in *Certified Angus Beef* product.

As a primarily homogenous society, the Japanese people expect uniformity and want to be able to know and to identify with the product they consume.

For display in retail stores, the CAB Program has developed a panel board showing a photo of *Certified Angus Beef* product used in yakiniku, a common Japanese dish, along with a herd of Angus cattle. Also in production are two recipe cards, translated to Japanese, so that consumers will be able to prepare

Westernized beef dishes in their own homes.

Japanese consumers are looking for consistent quality and taste. The CAB Program fits the bill by assuring consistent, high-quality beef with superior taste through its stringent, specification-based branded beef program. The *Certified Angus Beef* product that you produce satisfies Japanese desires with its tastiness, affordability and uniformity.



CAB STAFF CONTACTS

EXECUTIVE OFFICE

206 Riffel Rd., Wooster, OH 44691-8588
phone: (330) 345-2333; fax: (330) 345-0808
Louis "Mick" Colvin, *Executive Director*
Jim Riemann, *Associate Executive Director*
Brent Eichar, *Assistant Executive Director*
Tracey Erickson, *Assistant Executive Director*

FOOD SERVICE DIVISION

Mark Polzer, *Director*

INFORMATION SYSTEMS DIVISION

Dave Shock, *Director*

INTERNATIONAL DIVISION

Rebecca Thomas, *Director*

MARKETING SERVICES DIVISION

Lori Stickley, *Director*

SHIPPING DEPARTMENT

phone: 1-800-725-0070; fax: (330) 345-0803

PACKING DIVISION

Chad Stine, *Director*

PUBLIC RELATIONS DIVISION

Dena Krumwide, *Communications Manager*

RETAIL DIVISION

George Romig, *Director*

TRADEMARK COMPLIANCE DIVISION

Amanda Barstow, *Director*

VALUE-ADDED PRODUCTS DIVISION

Russ Johnson, *Value-Added Products Specialist*

SUPPLY DEVELOPMENT TEAM

CAB Program Satellite Office, 1107 Hylton Heights Rd., Manhattan, KS 66502

phone: (785) 539-0123; fax: (785) 539-2883

Larry Corah, *Assistant Executive Director*

John Stika, *Assistant Director, Feeder-Packer Relations*

Bryce Schumann, *Assistant Director, Feeder-Packer Relations*

Glenda Larkins, *Secretary/Office Manager* (Manhattan office)

Ron Bolze, *Director, Progeny Tests for Carcass Merit*

1380 CR I, Colby, KS 67701

phone: (785) 462-6404; fax: (785) 462-6789

Steve Suther, *Director, Industry Information*

16360 Victory Rd., Onaga, KS 66521

phone: (785) 889-4162; fax: (785) 889-4163

Rod Schoenbine, *Coordinator of Carcass Data*

Services (Wooster office)

Christy Johnson, *Supply Development*

Marketing Manager (Wooster office)

Carol Grantonic, *Secretary* (Wooster office)

CAB PROGRAM BOARD OF DIRECTORS

Chairman, Steve Brooks, Bowman, N.D.

Leroy Baldwin, Ocala, Fla.

Henry Bergfeld, Summitville, Ohio

William Fielding, Johnson City, Texas

Arnie Hein, Charlotte, N.C.

Howard Hillman, Sioux Falls, S.D.

Brian McCulloh, Viroqua, Wis.

Cal Siegfried, Scandia, Kan.

Charles "Bud" Smith, Russell Springs, Ky.

Ex officio, Richard Spader, St. Joseph, Mo.

Ex officio, Louis "Mick" Colvin, Wooster, Ohio

Ex officio, Bill Borrer, Tehama, Calif.