



Brand News

► News and highlights from Certified Angus Beef LLC*

For the love of burgers

Americans annually consume 8 billion burgers in restaurants alone. More than half of the beef purchased at grocery stores is ground beef, and most of that is used to make burgers. The same trends are found within the *Certified Angus Beef*® (CAB®) brand. Annual ground beef sales have soared to 53 million pounds (lb.), almost 10% of all CAB product sold. That's a 17% increase compared to the previous year, and double the growth rate of total CAB sales.

To drive the value of Angus cattle for the producer, and CAB product for processors and distributors, one of the biggest challenges is to market as many pounds of each certified carcass under the brand as possible. CAB ground beef provides an avenue to maximize carcass utilization. In 2003, ground beef volume sold per certified carcass ranged from 5 lb. to 40 lb. among all licensed packers. The average of 20 lb. per head still leaves half of the overall potential.

Foodservice and restaurant licensees marketed more than 60% of all CAB ground beef in 2003. Chains led the way, including Blake's Lotaburger, operating 75 units throughout New Mexico and Texas, and the Cheesecake Factory's 76 restaurants coast to coast.

The average U.S. household buys ground beef a couple of times a month, and labels are important. All grinds must be identified with a percent lean, but consumers perceive

an increased level of quality when packages are also identified by primal cut, such as chuck, round or sirloin. Most CAB grinds are ground chuck, typically labeled 80% lean. Ground round, at 85% lean, and ground sirloin, 90% lean, complete the category at 23% and 10% of total sales, respectively.

The retail sector is CAB's greatest opportunity. Two leaders are Reasor's Inc. in Oklahoma, and Buehler's Food Markets Inc. in Ohio, which offer only CAB grinds. Other areas of future growth include expanded offerings such as



93% or more lean, case-ready chubs (bulk packages), and case-ready, modified-atmosphere packages.

It's still a high-volume, low-margin business, but there is huge potential for CAB product growth, driving demand and value for Angus cattle.

Partners strengthen the brand

Ray's Food Place, an independently owned retail chain spanning southern Oregon and northern California, was 100% licensed with the CAB brand in January. Ray's stores sell 60% end meat and 40% middle meat CAB items. The company launched the brand in 39 stores with a comprehensive media campaign that includes television and radio advertisements, newspaper placements and signage. Customer incentives included displays and

coupons, designed to energize consumers about the brand's availability. The ad campaign will run through March.

"Most Ray's stores are located in communities where there may only be one or two grocery stores in town. It's a significant statement to offer only CAB products in the meatcase," Heidi Scheffler, CAB executive account manager, says. "Ray's previously carried a niche brand of beef, but felt that upgrading to the CAB brand would offer better choices for the store and its customers."

Ray's Food Place stores are also supportive of local organizations like 4-H and FFA. "Bringing these stores 'into the fold' gives us more solid penetration in this part of the country," Scheffler says.

The company's enthusiasm for CAB products reaches to store employee level. In conjunction with its media launch, Ray's conducted a sales contest for employees. The company's goal: infuse enthusiasm for CAB products all the way through the system. Its appreciation for high-quality beef may have something to do with Portland-based Western Boxed Meats Distributors Inc. (WBM), CAB supplier to Ray's. WBM has been a licensed retail distributor for almost 10 years and has brought on other retailers throughout Oregon and Washington, including Roth's Family Market stores. Due to WBM's commitment to the CAB brand, the company is identified as a paramount account. These accounts are partners at the highest level, and their input helps CAB continually improve its services to producers and licensed partners.

During November and December 2003, 231 new retail stores were licensed. The majority of stores were new accounts, including Tops Markets with 152 stores in Ohio, New York and Pennsylvania. A total of nine new retail distributors were also licensed.

Scholarship winner named

Allison Meyer says consumers want beef that is consistently high in quality, flavorful, tender, safe and healthy. Most importantly, it must be worth their hard-earned dollars.

Meyer, a native of Greensburg, Ind., is a junior animal science major at Michigan State University (MSU). She is the recipient of the CAB brand's 2004 Colvin Scholarship Fund Award. The \$2,500 scholarship is based on an applicant's activities and leadership; communication skills, both essay and verbal; scholastic achievements; and letters of reference.

Meyer is a member of MSU's Block and Bridle Club and is co-chair of the Michigan Beef Expo Junior Show. As an ambassador for MSU's College of Agriculture and Natural Resources (CANR), Meyer

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To order CAB merchandise, call 1-800-725-0070 or fax (330) 345-0803.

TOLL-FREE CAB FLAVOR FINDER

A source for recipe ideas, storage and handling tips, restaurant listings, retail store locations, and cooking information.

1-877-2-EAT-CAB

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represents students and actively recruits new freshman and transfer students. She attended the 2001 Youth Beef Industry Conference (YBIC) in Denver and represented the Indiana Junior Beef Cattle Association at the 2003 National Cattlemen's Beef Association (NCBA) annual meetings.

In May 2003 Meyer participated in "Food, Agriculture, and Environmental Systems in the United Kingdom and Ireland," a study abroad program offered through MSU's CANR. She is a member of the intercollegiate livestock judging team.

To apply for the scholarship, Meyer wrote an essay titled, "Sharing Information: the Key to Producing Consumer-Friendly Beef."

"All segments of the industry, from purebred seedstock breeders to commercial

cow-calf producers, backgrounders, feedlot managers, and all the way to meat packers, processors, and retailers, have a hand in what kind of beef eating experience consumers have," Meyer writes. "These separate, yet continuous, entities must strive to align themselves even further and listen to what consumers want in order to meet the goal of delivering a positive eating experience to consumers ..."

Meyer says the information chain begins with consumers, who pass their desires on to restaurants and retailers. In turn, they should pass the information on to processors and packers.

"In order for feedlots to provide better cattle for packers, they must have more information ... giving feeders the opportunity to evaluate every area of their management more comprehensively.

Feedlots need to take this

information and pass it on to their sources of cattle, who can use this information much as the feedlots did, to evaluate their nutrition and health programs along with sources."

Meyer says with the increase of branded products and alliances, the information exchange becomes easier. "In any industry, consumers determine the ultimate profitability of the product produced, and the sharing of information is key to making the appropriate changes in [the] product. In order to provide a desirable eating experience to consumers 90% to 100% of the time, all segments of the beef industry must join together, listening to what consumers want and striving to make the best beef product possible."

Thanks to the generous support of CAB-licensed business partners, producers and individuals, the Colvin Scholarship Fund will continue to benefit students like Meyer who aim to achieve great things for the beef industry. The application deadline for the 2005 award is December 2004. For more information, visit www.certifiedangusbeef.com.

Spotlight award winners for December^a

Hergert Feeding Co., Mitchell, Neb., has been selected as the Certified Angus Beef LLC (CAB) Feedlot Partner of the Month for December 2003. "This partner continues to push the envelope for managing and marketing high-quality cattle to maximize returns for carcass traits," CAB Feedlot Specialist Paul Dykstra, says. "In December, the feedyard harvested close to 300 head of CAB[®]-eligible cattle posting a 35.1% acceptance rate for the brand. Additionally, a group of 44 head qualified for the prestigious '30-0' program, which highlights harvest groups with 30% or better Prime and CAB[®]-brand acceptance and zero 'out' carcasses."

Kendall Lock, of Thomas County Feeders Inc., Colby, Kan., is Quality Assurance (QA) Officer of the Month for December. "Kendall is an extremely conscientious individual and does a good job of keeping the Thomas County-CAB partnership at the forefront," Dykstra says. "He calls in to the office to address any problems or questions that he encounters with accessing carcass data, and clearly identifies each pen of Angus cattle enrolled in the Feedlot-Licensing Program (FLP) with a 'CAB Partner' sign at the pen."

CAB began its monthly "Spotlight Award" series in 1999. It is based on volume, quality, customer service and attention to detail. The FLP also honors partners that harvest 30-0 groups of cattle; group size is sometimes small, because CAB encourages precision in sorting. Here's a summary of accomplishments from data reported in December.



Licensed CAB [®] Feedyard	Head	Sex ^b	%YG 1&2	%CAB	%Prime
Hergert Feeding Co.	44	H	59.1	60.0	9.1
Honorable Mentions	Head	Sex ^b	%YG 1&2	%CAB	%Prime
Schmitz Feedlot LLC	21	S	52.3	55.6	4.8
Irsik & Doll Feedyard	55*	H	58.2	52.7	3.6
Hergert Feeding Co.	24	H	8.3	52.4	16.7
Hergert Feeding Co.	41*	H	12.2	48.8	7.3
Thomas County Feeders Inc.	69	S	56.5	41.5	0.0
Hergert Feeding Co.	36	H	19.4	39.4	36.1
Hergert Feeding Co.	42*	H	30.7	28.6	2.4
Hays Feeders LLC	63	H	20.6	27.6	0.0
Pratt Feeders LLC	120*	S	20.0	26.7	1.7
Schmitz Feedlot LLC	36	S	27.8	26.1	0.0
Schmitz Feedlot LLC	12	S	16.7	25.0	0.0

^aIn the On-Target "30-0" program, the FLP honors partners that harvest qualifying groups of cattle with at least a 30% Prime or CAB-acceptance rate that are free of discount carcasses. There is no minimum group size because sorting is encouraged to bring out the best in each animal. Honorable mention groups stood out for CAB acceptance, but contained discount cattle for one reason or another.

^bH=heifers; M=mixed; S=steers.

*Indicates 100% CAB eligible. Acceptance rate figured on eligible portion.

Call (785) 539-0123 or visit www.cabfeedlots.com for a complete and current list of feedlot licensees.

Take to the streets

Trucks belonging to Palmer Food Services of Rochester, N.Y., recently received an updated wardrobe. The company's delivery trucks are now wrapped with the CAB logo and steak photos, promoting the brand message to its foodservice customers and consumers who happen to follow the trucks down the road. Palmer Food Services has been a licensed distributor since 1998.

Customer service expands

With nearly 5,000 CAB-licensed retail stores and four retail account executives, it's nearly impossible to visit every store each year — but that is changing. The brand recently instituted a new program to increase customer service. Part-time customer service representatives (CSRs) have been hired in three areas to visit stores, replace and update point-of-sale materials and accept and answer concerns from store personnel.

"The primary reason for the program is to have a presence at the store level," says Steve Ringle, CAB retail executive account manager. "The CSRs are responsible for the education of the meat associates, gathering information for the account manager and maintaining our displays within the store."

The CSRs currently cover the areas of Hershey, Lancaster, York and Harrisburg, Pa.; the Akron, Canton, Columbus, Ohio areas; and the greater Cleveland, Ohio, area, including stores in Pittsburgh, Pa., and Detroit, Mich. The program will soon expand to the Baltimore, Md., and Sacramento, Calif., markets.

