



High-quality Beef Grilled

CAB® brand partners enjoy record June.

by **Steve Suther**, *Certified Angus Beef LLC*

As Labor Day ushered in the fall grilling season with a nod toward the season's more traditional pot roast, some in the beef trade were stewing over supply concerns.

While all beef costs more this fall, those selling the best can maintain confidence in consumer acceptance, as seen in June sales reports announced in September.

Partners with the *Certified Angus Beef*® (CAB®) brand sold 74 million pounds (lb.) of steaks, roasts, burgers and other products in June, 4% above a year ago and the highest monthly volume in the brand's 34-year history, said Mark Polzer, vice president of business development. By October, CAB confirmed 2012 as a sixth straight year of record sales, with 810 million lb.

"We've been fortunate to continue

growing in spite of the declining overall beef supply," he said, noting the result of recognized value for the money. "As beef prices in general have had to go up, that created an opportunity for our brand to set itself further apart. If you have to pay a bit more for beef, you certainly want an enjoyable experience, and I think that is what we deliver."

Promotions such as the retail "Steaks of Summer" and the foodservice "Middle Meat Smackdown" helped lift sales, especially among licensed restaurants.

"Foodservice business has been up all year, and June sales of 23.5 million pounds in that sector accounted for 31.8% of the total," said David O'Diam, CAB business development assistant director (see table). It didn't hurt to

have eight new foodservice distributors sign on this year, he added.

"Retailers had a harder time keeping CAB at a 'hot price point' on front-page flyers, the ads that drive about 70% of their sales, so they were down slightly," O'Diam said. "But they are rolling out some new strategies this fall to hit those price points."

International business was brisk and on pace for a new annual record. The 11.5% of June sales as exports to 54 countries compared to 10.1% of the smaller 2011 month and 9.6% of June 2010, Polzer reported.

Sales by primal cut favored the chuck and round, and grinds — drawn mainly from those end meats — were up most of all.

Table 1: June CAB brand sales, million lb. and share of total

Division	2010		2011		2012	
	Lb. (000,000)	Share	Lb. (000,000)	Share	Lb. (000,000)	Share
Retail	34.7	51.5%	36.8	51.6%	35.7	48.3%
Foodservice	19.6	29.1%	22	30.9%	23.5	31.8%
International	6.5	9.6%	7.2	10.1%	8.5	11.5%
Miscellaneous	6.6	9.8%	5.3	7.4%	6.2	8.4%
Total	67.4		71.3		73.9	

“We’ve seen that people are a little more adventuresome and willing to try more of the new cuts like the flat iron, *teres major* and boneless short ribs,” Polzer said. Sales of those cuts were up 26.7%, 17.8% and 47.6%, respectively, June over June volume, with the short ribs nearly doubling to 1.34 million lb.

Fewer cattle have been accepted for the brand in fiscal 2012 to date, and overall USDA-inspected harvest was down 2.5% through June. Yet CAB brand sales are on pace to match or exceed last year’s annual record.

Carcass weights, at 836 lb., averaging 15 lb. more for the year help explain that, O’Diam said, “but it’s more than that. Demand has been significant on the declining national beef cattle harvest,” he said. “Our brand drives demand and packer profitability as shown by their willingness to put more pounds from each carcass in a box.”

Average carcass utilization was 248 lb. sold this June compared to 211 lb. the previous year.

Volume is only part of the story, added CAB Vice President Larry Corah. “We not only are selling a lot of pounds, but at a significantly higher price point.

“The spread between CAB and Choice is twice what it was last year, and individual cuts are as much as \$1.50 higher per pound,”



► The CAB® brand posted a record sales month in June. Vice President Mark Polzer explains the factors behind the good news in a video clip provided by CAB and the American Angus Association. Viewers of our digital edition of the *Angus Journal* will be able to click on the photo to start the video, or you can access the video at <http://bit.ly/ST6dqA>.

he noted. “Grinds are 21.7% higher than last year — all of this is telling us consumers are willing to pay more for a great eating experience.”

Summer months tend to be among the heaviest in CAB commissioned sales, O’Diam said. During the past five years, June, July and August have accounted for 8.92%, 9.08% and 9.19% of annual sales, while other months range down to 7.4%. Given that trend, the

next monthly record could be waiting in the late-summer reports.

Polzer assigned credit beyond the brand’s marketing team: “It’s our licensed partners who really do all the heavy lifting, getting the product into the proper channels. That is paying off with these positive results.”



Editor’s Note: Steve Suther is director of industry information for Certified Angus Beef LLC.