

CAB® Brand Sets Seventh Straight Record

Licensed partners cater to consumers, achieve 6.7% increase in fiscal 2013.

by **Jennifer Schertz**, *Certified Angus Beef LLC*

Certified Angus Beef LLC (CAB) reported record sales of its signature *Certified Angus Beef®* (CAB®) brand, marketing more than 60 million pounds (lb.) of product every month in fiscal year (FY) 2013. Its network of 16,000 licensed partners worldwide sold 865 million lb. for the year that ended Sept. 30, 2013, an increase of 6.7%, or 54 million lb.

As the brand's 35th anniversary marked a seventh consecutive year of growth, company president John Stika credited leadership from those partners and rising consumer demand for premium beef. A brand that consistently satisfies consumers offers a strong value for their dollar, he noted.

"The quality-beef movement our partners lead is gaining momentum," Stika said. "Everyone associated with it takes great pride in being part of a community that is committed to quality and something much larger than ourselves."

Research conducted this year showed 92% recognition of the three-word phrase, and 94% recognition of the CAB brand logo, more than double the closest other brands. Moreover, most consumers said they expect the best-quality beef when they see the brand marks and will pay more for it — at least another \$1 per lb. at retail and \$3 more per menu item in restaurants.

Shattering monthly records

That helped fuel growth across all sectors. Sales of premium steak cuts (middle meats) rose 6.6%, with end meats gaining 6.9% and ground beef up 5.1%. Increased sales were also reported for the Prime and Natural brand extensions — 15% and 4.6%, respectively.

Sales were strong all year, especially during summer, when partners heavily promoted steaks for the grilling season. FY 2013 was the first year with at least 60 million lb. sold each month, and 10 months set individual sales records. August, with sales of 83 million lb., was the all-time highest.

Division gains

Growth was also balanced among divisions. Retail partners again accounted for the most sales, 46%. Their 398 million lb. was an increase of 3.1% for the year. Sales for the top 25 retail chains were up 8%; the top 14 chains that regularly featured the brand in circulars and promotions were up 26%.

As consumers continue to seek high-quality, convenient meals, sales of value-added products set a new record of 24 million lb., up 11.6%. Beef for fajitas, marinated steak, fresh corned beef and brisket led sales.

Foodservice partners made up nearly one-third of the brand's total sales this year, responding to consumer demand for quality beef to set the record of 276 million lb. sold, up 6.2%. Much of the increase came from distributors licensed longer than two years, showing strong growth in established markets. In turn, sales at licensed restaurants were up 11%, demonstrating the brand's relevance to chefs, operators and the consumers reading those menus.

An international sales increase of 17% shows the demand for premium beef crosses borders and oceans. The record 110 million lb. was the first year sales outside the United States topped 100 million lb. Although some large markets like Russia and Saudi Arabia remain limited or closed to U.S. beef, the

CAB brand found strong growth in South America's Colombia, Chile and Peru. Canada, Mexico, Hong Kong and Japan represent the highest-volume markets.

Record started with focused supply

The acceptance rate, which tracks those Angus-type cattle meeting all 10 of the brand's specifications, rose to a record 24.2% last year. Cattlemen and women aim for those standards because of the higher prices they command, so despite a relatively static number of Angus cattle, their focus on quality genetics and management netted another 200,000 head that qualified for the brand. That was the equivalent of an extra three weeks of production in the year, and 66 million lb. more product going into CAB brand boxes.

"It's clear that we have a hallmark opportunity to drive taste to consumers," said Stika. "Their increasing demand equals increasing trust in the brand. Our responsibility is to stay focused on providing the flavorful, quality beef consumers want, and to understand the value it has to them."

The brand's 16,000 partners worldwide generate an estimated \$6 billion in consumer sales annually. Introduced in 1978, the CAB brand options are a cut above USDA Prime, Choice and Select thanks to 10 strict quality standards. For more information, visit www.certifiedangusbeef.com, follow the brand on Facebook or Twitter, and read the blog at www.gorare.com. Cattle producers, visit www.cabpartners.com.



Editor's Note: Jennifer Schertz is the communications and media manager for CAB.

