

CAB Brand Update

The *Certified Angus Beef*® brand is still setting records.

Story & photo by *Kasey Brown*, associate editor

Of 144 USDA-certified brands, 106 of those are Angus. These 106 programs represent 80% of all carcasses certified by the USDA, said John Stika, president of Certified Angus Beef LLC (CAB), during the Angus educational forum at the North American International Livestock Exposition (NAILE) in Louisville, Ky. However, the *Certified Angus Beef*® (CAB®) brand represents 62% of all Angus carcasses certified. Talk about market share.

Stika explained the vision of the brand is to “offer a product that is ultimately pulled through the system by the consumer rather than pushed by the supply chain.” From the record-setting year of 865 million pounds (lb.) sold in 2013, the brand is climbing toward an ultimate goal of 1 billion lb. sold, he said.

The five historical top sales months happened in 2013 in August (83 million lb.), June (78.7 million lb.), July (77.2 million lb.), May (76.6 million lb.) and March (74.7 million lb.). However, to reach 1 billion lb., every month would have to increase, but those top five would need to reach 92.2 million lb. in August, 88.8 million lb. in June, 88.7 million lb. in July, 85.0 million lb. in May, and 86.3 million lb. in March, he noted.

To reach those goals, he mentioned needing more cattle that meet all 10 carcass quality specifications. Nearly 65% of cattle going to market are black-hided and receive the “A” stamp, but only one in four Angus-

influenced cattle meet brand specifications.

In 2013, 24.2% of all cattle were accepted into the CAB brand, the most so far. Improved carcass quality resulted in more than 225,000 additional CAB carcasses, and 55 million lb. of additional sales. For those cattle accepted into the brand, Stika said more than \$30 million in grid premiums are paid directly to producers by packers annually.

Source of demand

More high-quality cattle are needed, but where does the meat go? Since 2002, demand for the brand has increased 79%, compared to 3% for commodity Choice, Stika said. However, beef prices in 2012 were 35% higher than pork and 148% higher than chicken. Consumers are willing to pay for quality, and CAB trends illustrate this point. Consumer spending decisions are based on a price and value relationship

Forty-six percent of CAB is sold in retail, 32% in foodservice, 13% as international sales and 9% as miscellaneous. In retail, sales increased 3.1% this year. Admittedly, most of the licensed retail stores selling the CAB brand are on the East coast, Stika said, adding that he hopes to increase the number of stores westward.

For foodservice, sales increased by 7% in FY 2013, and two of every three licensed distributors purchased more product than a year ago.



► To meet the goal of selling 1 billion lb. of beef in a year, more cattle need to meet all 10 carcass quality specifications, emphasized CAB President John Stika during an educational forum at the NAILE.

The international market continues to be an avenue of growth, he reported. Sales increased by 14%. Leading volume growth markets are Canada, Hong Kong, Japan and Taiwan, while leading percentage growth markets are Colombia, Chile and Peru. CAB product is sold in 76 countries.

Ninety-two percent of consumers recognize the brand, because CAB spends considerable effort in education and marketing, Stika noted. The company has full-service capabilities in design, marketing, public relations and education. Their education efforts include ranch experiences, meat-lab-based training, sales training, on-the-street testing and media outreach.

The CAB Education & Culinary Center is a new and popular tool in these education and marketing efforts. Additionally, the newest campaign showcases the relationship between ranchers and chefs, Stika said. More information about this partnership can be found at www.joinourcabtable.com.

