

Cattlemen to Consumers

Learn best management practices to reach CAB, and how CAB increases the value of registered-Angus cattle.

Story & photos by **Steve Suther**, Certified Angus Beef LLC

Mark McCully, vice president of supply for Certified Angus Beef LLC (CAB), noted some bad news/good news to open the education series on producing for the consumer.

Overall, he said, cattle harvest in the United States has declined 4.1 million head per year since 2000, nearly 57 million fewer cattle during those 14 years. Yet, incredibly, the supply of cattle qualifying for the Certified Angus Beef® (CAB®) brand has increased by 1.5 million head per year during that time, amassing 20 million more head of cattle.

The dramatic shift to quality has come from the producer response to market signals, using ever-better registered-Angus genetics and selection tools, along with focused management, McCully explained.

Not surprisingly, the share of Angus-influenced cattle in the harvest mix moved up half a percentage point to 63.5%, he said. The most significant shift was in the share of those cattle accepted for the brand, a record 27%.

“We monitor why the others don’t make it,” McCully said. Insufficient marbling was a factor in 94% of those falling short in 2008, and that edged up to 95% in 2012. No other of the 10 specifications comes close, but oversize ribeyes and heavy



►The CAB booth in the Convention’s trade show demonstrated where beef cuts come from and how to prepare them with Meat Scientist Phil Bass (right) and Chef Michael Ollier.

carcasses are growing in importance as disqualifying factors (see Table 1).

“In 2000, we used to hold up anyone who could hit 30% CAB as a great example of what’s possible, but all of the black cattle have done that some weeks

this year,” McCully said. “So we looked at what the feedlot groups look like that averaged more than 40% CAB in the last two years.”

They averaged 93.2% Choice or better,

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Table 1: Where do cattle miss the CAB® target?

Defect	2008	2012
Insufficient marbling	94.0%	95.0%
Hot carcass weight more than 1,000 lb.	2.6%	6.5%
Ribeye area out of spec	8.7%	16.7%
<10.0 inches	2.7%	1.4%
>16.0 inches	6.0%	15.2%
Excessive backfat	2.5%	0.9%

Source: 2008 CAB consist study; 2012 plant camera data.

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52.8% CAB with 8.1% Prime, and Yield Grade 2.9 at 834 pounds (lb.) of carcass weight. They averaged 105 head in the pens.

“Anybody can get to that level today,” McCully said, showing examples from harsh environments in Wyoming and Oklahoma, where ranches have produced thousands of calves exceeding 60% CAB, and noting a single generation of breeding to the best Angus bulls can make a dramatic first step.

He advised a “holistic approach” to management, since environmental factors account for 60% of each animal’s ability to qualify: “We can screw those genetics up in a lot of ways.”

After reviewing dozens of specific recommendations from the brand’s “Best Practices Manual,” available at www.cabpartners.com, McCully said the best way to make that attention to detail pay is by keeping good records and bringing them to bear on individuals in the herd, then selling calves through value-based marketing channels.

Consumer research & product development

With its mission of adding value to registered-Angus cattle, “the *Certified*



►The Master of Brand Advantages (MBA) series begins with ranch, feedlot and packer tours, followed by fabricating cuts from primals and finally overcoming sales objections.

Angus Beef brand is your partner,” said CAB’s vice president of marketing, Tracey Erickson, during the education series on consumer research and product development.

“How do we do it? Layers,” she said,

noting targeted consumers are primarily females 34 to 55 years old with \$70,000 or more in household income and children. CAB also markets to chefs, restaurateurs and retailers.

“Being a nonprofit, our goal is for every dollar invested to buy \$4, \$5, maybe even \$10 worth of marketing with our partners,” Erickson said. “This approach has built a premium beef brand known around the world.”

Tactics include bringing beef marketers to the farm or ranch: “They want to know.”

She provided examples from leading retailer Meijer, which featured CAB in television advertising. The retailer’s Jerry Suter said, “The days of cheap beef are gone. We make sure when you buy from Meijer, it’s the best.”

The brand’s customized approach with 27 retail chains results in thousands of ads from print to television. “The cost is 99% relationship and design, not paying for advertising,” Erickson explained, noting that retail accounts for 43% of sales.

Foodservice, 34% of sales through more than 9,000 licensed restaurants, grew to record sales by a program that “teaches them to be experts,” she said. The Master of Brand Advantages (MBA) series begins with ranch, feedlot and packer tours, followed by fabricating cuts from primals and finally overcoming sales objections.

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Another layer involves chefs as Brand Ambassadors, CAB-trained experts who interact with media in their markets across the United States and other countries, all at no cost to the brand.

Waitstaff training — with contest options — helps everyone at licensed restaurants understand those brand advantages and accurately represent what they are serving. A team of six graphic artists keep busy designing menus for partner restaurants, thus ensuring brand integrity.

This in-house ad agency developed last year's "Join Our Table" campaign with brand ambassadors in Montana. Next is the "Brand Heritage" campaign showing the people, years and practices behind the taste: "From our family ranchers to your family table."

Erickson said more than 100 groups have learned through programs at the CAB Education & Culinary Center since its opening in 2012, those including the staff of the Travel Channel's *Bizarre Foods* for a segment on beef aging.

She told of consumer research that showed name recognition of 92%, second only to USDA Choice and higher than Prime. Interestingly, most thought Select was higher quality than Choice, however. Other research showed no other Angus brand had near the name recognition as the original, *Certified Angus Beef* brand.

In another aspect of the research, 30% of consumers said they would drive up to 30 minutes to a grocery store to buy the brand, and nearly 44% would drive 30 minutes or more to a CAB restaurant, Erickson said.

State of the brand

It's all about the price-value relationship these days. That's what CAB President John Stika said in a "State of the Brand" session in Block 4: Cattlemen to Consumer.

"That's our drumbeat," he said, noting the eighth straight record sales year at 882 million lb., a 29% increase in CAB brand Prime in the last year and a 65% increase during five years. Meanwhile, reduced supplies of Select beef narrowed the spread



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as the price of Select beef climbed faster.

Not a problem, but rather an advantage, Stika said.

"In perspective, CAB is a better value at higher prices, which is why we've seen breakaway demand growth for the brand," he said. That same price-value advantage applies equally to registered-Angus bulls and Angus feeder cattle.

When 92.5% of the 302 million lb. in the foodservice sector sell through licensed

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restaurants, and more than one-third of that branded on the menu, that's a mark of strong demand, Stika said.

He noted competition from hundreds of other brands, and acknowledged a few of them have been good for the beef industry, but explained CAB will never lower its standards.

"I'd rather justify the price than apologize for the quality," he said. "Worldwide, people see that logo and they rest assured it is the same standard of excellence. We still use 4% of our resources to protect that integrity, but taste is the high ground we've owned for 36 years."

Supply is the biggest concern for the fast-growing, world's largest brand. Harvest

at 30 North American plants was down 3.8% last year. Identified black-hided cattle were down 2.1%, yet there were half of a percentage point more black-hided cattle in the mix, and the 25.6% CAB acceptance was 1.4 points above the previous year's record.

Still, because of pull-through demand and improved Angus genetics, another year of growth is possible in 2015, Stika said.

International sales are one key. At 120 million lb. last year and 14% of business, he said that could reach 20% of the total. When Japan dropped out of the market in 2003, it represented more than half of the 90 million lb. that year. It was only 10 million lb. last year, but coming back strongly.

"We think there's another 30 or 40 million pounds of business to get in Japan alone, and it's our third-leading export market," Stika noted.

The Cattlemen to Consumer block of workshops at the Angus Means Business National Convention & Trade Show was one of four blocks. For more information on the convention, visit www.angusconvention.com.



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