

Keep 'em Coming

Demand for *Certified Angus Beef*® product continues to grow.

by *Kindra Gordon*, field editor

The demand for CAB® (*Certified Angus Beef*®) has never been stronger,” says David O’Diam, assistant director of business development for Certified Angus Beef LLC (CAB). Since the branded beef program began in 1978, it has continued to grow. This year it is expected to reach annual sales of 850 million pounds (lb.) by the end of 2013. That’s an average of 2.3 million lb. of CAB product sold per day.

This has been a banner year for the CAB brand, with total pounds sold up more than 6% since last year, with steady growth in end meats (7%), middle meats (5.2%) and grinds (4.3%). Additionally, the program is seeing a lot more CAB Prime cattle coming through the pipeline, with available pounds up 14.8% from one year ago.

Sales are soaring, too. Retail CAB sales were down in 2012, but they are up 2.8% for 2013. Foodservice CAB sales are up 6.1% and international CAB sales are up 16.4%.

“It’s an exciting year that all three sectors are up in net value,” states O’Diam.

For the year, CAB will post three all-time record sales months (March, May and June), and it was on track for August to be the first time CAB has ever sold more than 80 million lb. in a month.

All of this has been accomplished in spite of the decreased cattle numbers the last few years. Even with fewer cattle available, O’Diam reports that at 24.4%, they’ve had a record acceptance rate of cattle into the CAB program in 2013. That said, O’Diam says more Angus cattle that qualify for the CAB brand are still needed.

Meeting the specs

Beef earning the CAB brand name

Table 1: What specifications most affect CAB® acceptance rates?

	2008	2012
Marbling <500	94.0%	95.0%
Hot carcass wt. ≥ 1,000 lb.	2.6%	6.5%
Ribeye area		
< 10.0 sq. in.	2.7%	1.4%
> 16.0 sq. in.	6.0%	15.2%
Backfat	2.5%	0.9%

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



► Looking to the future, David O’Diam says CAB will continue working with licensed CAB partners to move more and more volume. Even with beef retail prices creeping up, O’Diam notes, “We have grown by having great partners who value the CAB brand.”

must meet all 10 of the brand’s stringent specifications for flavor, juiciness and tenderness. O’Diam says the No. 1 specification still affecting CAB acceptance rates is degree of marbling. CAB specifications require a “modest or higher degree of marbling and medium or fine marbling texture.”

In 2008, 94% of the carcasses that fell short of qualifying for CAB were due to marbling (see Table 1). In 2012, 95% of those that did not qualify were due to marbling.

However, O’Diam notes that hot carcass weight and ribeye area are starting to be a concern. CAB specifications require a “10- to 16-square-inch ribeye area, less than 1,000 pounds hot carcass weight, and less than 1 inch of backfat.”

In the late 1990s the average hot carcass weight was about 780 lb., but the trend has been toward increasing weights, with an average carcass weight today of 834 to 847 lb., says O’Diam. “Since 2010, we’ve seen a jump of hot carcass weight, which has eliminated more and more cattle from CAB.”

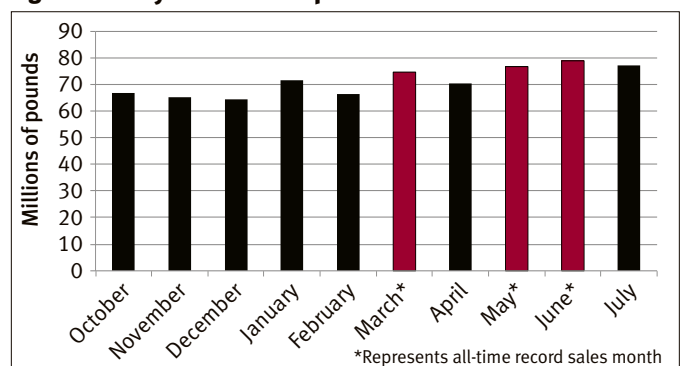
In 2008, 8.7% of Angus-type cattle did not qualify for CAB because they did not meet the ribeye-area specification. In 2012, that percentage jumped to 16.7%. Additionally, in 2008, 2.6% of Angus-type cattle did not meet CAB specifications because they had a hot carcass weight greater than 1,000 lb. In 2012, 6.5% of carcasses were disqualified from CAB for that reason.

O’Diam notes there is an upside to the heavier carcass weights. He shares that in 2012, 3,260,000 carcasses were certified as CAB, which was actually down by 230,000 head from the previous year. “That’s close to 57.5 million pounds that was not available on the market,” says O’Diam. Yet, he points out, with the increase in hot carcass weight of an average of 22 lb. per carcass, about 50 million lb. was replaced.

Moving more volume

Looking to the future, O’Diam says CAB will continue working with licensed CAB partners to move more and more volume. Even with beef retail prices creeping up,

Fig. 1: Monthly sales of CAB® product for FY 2013



O'Diam notes, "We have grown by having great partners who value the CAB brand. Their features promoting CAB are especially important for helping move more volume."

He explains that, at retail, front-page features drive 75% of the business. For CAB to become a bigger piece of retailers' relative business, O'Diam says they will work to educate licensed partners to "cut meat with a calculator." He explains that this means helping retail partners identify true product costs and understand yields so they can price CAB products on sale, help move more volume and still make money.

Other efforts to continue increasing CAB sales volume at retail will include case displays and signage; placing CAB beside non-branded products and letting the consumer decide if they want to trade up; and offering signature grinds, such as the CAB brisket burger.

O'Diam notes that they will also continue to work to license more partners without having competitor overlap, look at broadening distribution along the West Coast where licensees are currently fewer compared to the East Coast, and continue in educating buyers on CAB attributes.

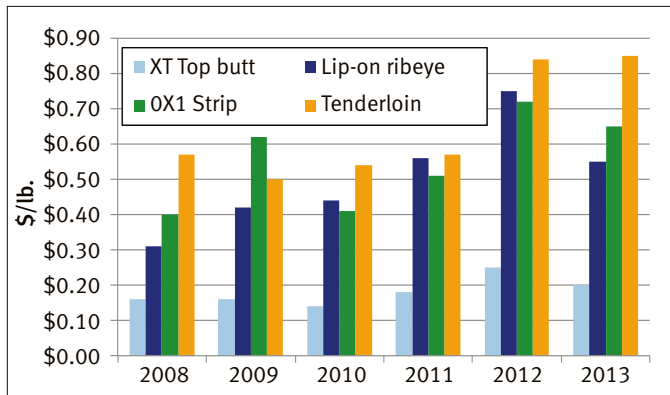
In a nutshell, he remains optimistic for the future of CAB, and his message to Angus cattle producers is "Keep 'em coming. We can sell more."

David O'Diam shared his remarks with attendees at the 2013 National Angus Conference & Tour hosted Aug. 28-30 in Albany, N.Y. To listen to audio from his presentation visit www.nationalangusconference.com.



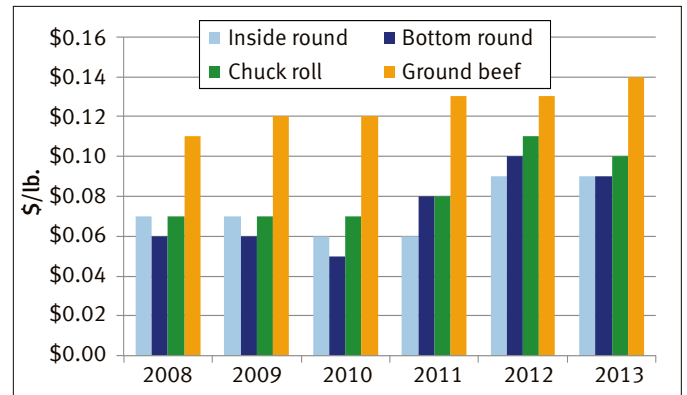
Editor's Note: Kindra Gordon is a freelance writer and cattlemaster from Whitewood, S.D.

Fig. 2: CAB® premiums over Choice, middle meats



Source: Umer Barry.

Fig. 3: CAB® premiums over Choice, end meats/grinds



Source: Umer Barry.