

# CAB CONNECTION

## Priming retail demand

by Steve Ringle, Certified Angus Beef LLC



“What’s the percentage of cattle grading Prime?”

A lot of people still say 2%.

Calculated against the annual harvest of all cows, bulls, steers and heifers, it was even less than that for decades. But it’s more relevant to note the share of fed steers and heifers from 1997 to 2006 grading Prime was 2.8%.

As that number crept up to 3%, then 4% and above 5% in 2016, and even when it blew the doors off in 2018 at 7.8% Prime with a few weeks last fall near 10% of the mix, a lot of people were still thinking 2%. Those people included retailers.

If they ever thought of Prime, it was as some exclusive, mostly inaccessible product for somebody else’s business model.

I work in business development for the *Certified Angus Beef*® (CAB®) brand, helping to find opportunities in the market that might spell success for our thousands of partners around the world. I watch trends — like that rising “Prime rate” — and have been a bit amazed with what our retail division has been able to get done.

We’re creatures of habit. Those Prime percentages held for so long that folks just said, “We know how much there is, and it’s not going to change.” So when the Prime grades started to run stronger and stronger, we needed to create a tremendous amount of awareness within our licensee base.

We knew it was coming on strong when it got to 5% and began putting more focus on this category in our conferences and seminars, not to mention the countless conversations that our executive account managers had with folks directly involved in the day-to-day at our retail partners.

### Real opportunity

First we brought the subject up: Prime is getting to be a real opportunity.

Then we brought the marketing materials and training. We empowered them to sell, and sell they did.

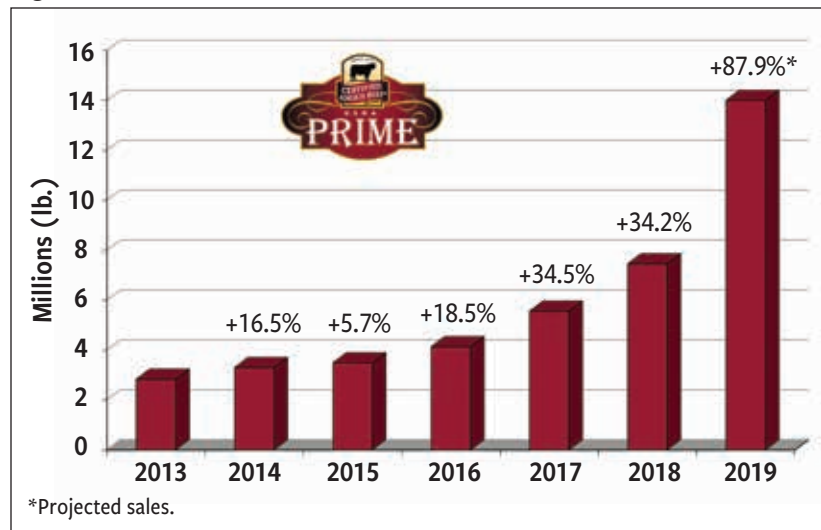
So far this fiscal year, CAB-licensed retailers have doubled their Prime sales compared to last year. Talk about demand for high-quality beef! They are responding to it and building it (see Fig. 1).

As a result, Prime sales went from dismissive assumptions not long ago to a 5-million-pound increase in the first seven months of the year. Our



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Fig. 1: CAB brand Prime retail sales



for a long time — Reasor’s in Oklahoma, for example — but we’ve never seen it sold across major retailers coast to coast.

We’ve never had the ability to promote it across the whole country like we do now. With the supply of Prime doubling in five years, cattlemen

retail partners are committed to this product and have it in their case every day of the week.

Five years ago, we wouldn’t have been able to sustain the demand we’re seeing today. We’ve had some very committed Prime partners

have stepped up to the challenge in response to premiums and genetic capabilities, bringing a higher-quality harvest mix to market than ever before. That allows us to bring on new customers who haven’t experienced CAB Prime until now.

Growth in that brand extension was an occasional thing from its start in 2000 until the last few years. Now it’s fueling an explosion in retail growth overall. CAB product sales are up across all divisions so far this fiscal year; but, as summer begins, we have retail making up about half

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of that growth, nearly 10% higher year-over-year. That's double the tonnage of foodservice growth for the same period.

At retail, ad features are the biggest drivers of meat department sales. Perhaps you open the grocery store flier in your mailbox and notice when beef makes the front page. When CAB gets top billing, we shoot emails around our sales team and talk about it in the hallways here in Wooster. It's a big deal.

While beef prices are pretty stable right now, our retailers definitely have stepped up to the challenge of featuring. Many of them have different quality levels they could lead with on the front page, but the fact that they're choosing to lead with quality rather than lowest price shows us their customers appreciate that quality.

### **Long-term insurance policy**

There have been very few additions

to our 4,000-store licensee base at retail this year.

Aside from one new Texas chain, most of that 10% growth has been from long-term relationships. The vast majority of our top 20 retailers have been with us for two or three decades, and I think that's a testament to what your brand is able to do for them. They haven't had a reason to leave.

If you've been buying higher-marbling bulls, paying attention to all the details as you raise their calves, partnering with or marketing them to people who care about quality

— then you are part of this long-term insurance policy. You've given our retail partners the quality they need to sell, and that consistency



**As the supply of high-quality beef continues to rise, we're working hard to make sure demand keeps pace.**

keeps customers coming through their doors. That keeps them at our doors. That keeps your next buyers at your doors.

As the supply of high-quality beef continues to rise, we're working hard to make sure demand keeps pace. We want you to keep seeing the rewards. Let's just say, retail is pulling its weight this year. |

Editor's note: Steve Ringle is the vice president of business development for CAB.