



Your Link to

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Sizing up our response to change

Big companies often merge to become bigger companies — from ranch to feedlot and packer. That's at least as true on the beef-product side of the supply chain.

News reports often mention these business deals along with many other examples of change and consolidation going on in today's food industry.

Certainly, we took note late last fall when the No. 1 foodservice broadline distributor purchased the No. 2 broadliner. Both have been valued licensed partners of the *Certified Angus Beef*® (CAB®) brand, so of course Certified Angus Beef LLC (CAB), the company, has to consider what impact this will have on your brand.

Just as each Angus producer looks to see where his or her business fits in the big picture, we look out for your interest as stakeholder in the brand and constantly weigh changes and effects.

Every Jan. 1 brings volumes of government and corporate statistics that can be mind-boggling. Beef cow liquidation brought us down to 29 million cows in 2014, which compares to 45.7 million in 1975. Land prices have increased by a factor of three or four in 10 years; feedlots with more than 1,000-head capacity (less than 3% of total number) sell 88% of all fed cattle; the big three packers process 75% of the U.S. fed kill; and the top five retailers have 54.6% of the food market.

Where are you in that picture?

Perhaps you are coming off a good year where production met with great prices. At CAB, all of us take great pride in having achieved the seventh consecutive record year, with 865 million pounds (lb.) sold, and we look at the impact that has on all segments of the industry. We also ask ourselves, "How

do we stay nimble enough to more than just cope, but to make the most of all the change around us?"

There is no simple answer, but you quickly learn that you had better listen — to the 15,000-plus licensed partners who sell your product every day, to the 25,000 Angus breeders who create the right genetics and to the 700,000 or more commercial cow-calf producers who help supply this brand. Oh, and before we forget, listen to the consumers who spend their hard-earned money to support all of us.

We must listen to them above all others as we keep building demand for your product. It is those all-important consumers who drive our marketing team to conduct numerous focus-group meetings with them and partner with agencies and association groups like the National Cattlemen's Beef Association (NCBA) to analyze and make sense of it all. This kind of deep listening led to our new marketing theme, "From our table to yours," which we think captures today's consumer trends.

All the changes in how our final customers see the world open more doors for us to burrow deeper into understanding the economics of our foodservice, retail and global partners. One way CAB has done that is to shift from primarily central management to a team of 13 regional account managers that really know their licensed accounts to a depth we could only dream of 10 years ago.

Creation of the Education & Culinary Center (ECC) allowed us to host 86 different groups in 2013. With 86 customized variations, we brainstormed along such lines as in-depth menu ideas, figuring out how to best use new beef cuts and develop "go-to-market" strategies.

CAB is a beef-product marketing company, but of course our producer roots anchor us where it all starts, and

we devote much of our focus to helping producers of all sizes and scale fit into the evolving beef supply chain.

New DNA technologies a couple of years ago allowed us to work with Angus Genetics Inc. (AGI) in launching GeneMax™ as one more genetic selection tool for commercial cow-calf producers. We know communicating with Angus breeders and commercial cattlemen is critical, and in 2013 our Industry Information staff developed scores of news releases and feature articles, while developing a whole new social media platform via the Black Ink Blog, Facebook and Twitter.

We know how critical the feedlot industry is to the final quality of that fed steer, so in early 2014 we launched a new feedlot program to enhance our linkage to this sector of the beef chain. (See "CAB® Feeding Partners.")

Oh, and before we forget those newly merged foodservice companies: The foodservice market is enormous, selling close to 8 billion lb. of beef annually across the United States, and it is 32.3% of CAB total sales tonnage. To our brand, this new merger means we need to fully analyze the whole market segment and maintain a vigorous dialogue with the two companies involved so we understand their goals. That's how we figure out how they mesh with our goals.

We must keep top of mind that our brand has to be, yes, "economically relevant" to large operations. However, we are just as committed to being relevant to smaller producers, feedlots, packers, grocery stores and restaurants. Together, and across the spectrum of scale, we keep working to accomplish the goal of driving demand for Angus genetics.



Editor's Note: Larry Corah is vice president of supply development for Certified Angus Beef LLC.

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restaurant listings, retail store locations and cooking
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CAB® Feeding Partners

The *Certified Angus Beef*® (CAB®) brand re-launched its Feeding Partners program in late 2013, an update from the Feedlot-Licensing Program, the former FLP that had been in effect since 1998. Virtually any feedlot in North America can — and most do — produce cattle for this brand. Over those years, many feedlots in the licensed partner network developed close working relationships with producers of high-quality Angus cattle.

Those relationships represent the core idea behind the brand: adding value to all stakeholders from gate to plate through consistently high-quality beef. While the first 15 years featured a dedication to amassing a database of more than 2 million entries on enrolled cattle, the new Feeding Partners program is centered on building more relationships.

Partners pledge to send performance and carcass data back to customers to help them improve health, management and genetics proven to hit the CAB target, and to share at least some of that information with the brand. Publication will be by mutual consent of the feedlots and customers.

All existing partner yards in 2013 were invited to renew

under the simpler license, as were many additional feedlots known to prefer Angus cattle. As new partners sign on, they will be noted in the *Angus Journal* and *Angus Beef Bulletin*, as well as the Feedlot/Marketing tab on www.CABpartners.com.

As in the past, feeding partners may be featured in annual award stories or in a new monthly honor roll this spring, Targeting the Brand. Feeding Partners receive a weekly e-newsletter, *CAB Insider*, on marketing and beef-product price trends not available to the public, as well as a monthly *Insider Research Review*.



Beef cattle specialists work with feedlots based on location. From North Dakota to northwest Kansas, Colorado, Arizona or west of that line, the contact is Paul Dykstra at Chappell, Neb., 330-465-3662, pdykstra@certifiedangusbeef.com. From Minnesota to southern Kansas, Texas, Oklahoma and New Mexico or points east, the beef cattle specialist is Gary Fike in the Kansas office at 330-465-7295, GFike@certifiedangusbeef.com. In Canada, contact Larry Corah at 330-465-2772, lcorah@certifiedangusbeef.com.