



Your Link to

by **JOHN STIKA**, *Certified Angus Beef LLC*



Why not grow?

As the *Certified Angus Beef*® (CAB®) brand looks toward the 38th anniversary of that first pound sold on Oct. 18, 1978, it's both humbling and satisfying to look back. I'd guess most of us are a bit amazed at the impact this brand has had on the whole beef industry and how that served our mission of increasing demand for registered-Angus cattle.

You can measure growth in many ways. Count the licensed CAB partners or the growing number of countries where our brand is sold. Look at research that documents consumer brand loyalty.

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restaurant listings, retail store locations and cooking
information, visit www.certifiedangusbeef.com.

We can add other metrics, but none are as straightforward and paint as vivid a picture of that trajectory as simply plotting global CAB sales volume over time (Fig. 1).

Since 1978, there have only been four years when those pounds did not increase. The most recent was 12 years ago after foreign markets closed in the wake of bovine spongiform encephalopathy (BSE) discovery in the United States. Yet, every year since then saw more tonnage sold, ultimately setting nine consecutive yearly records with a 10th virtually assured in 2016. How long can this continue?

That could be the most popular question I get when speaking about our amazing trend line: Is it realistic to expect it to continue? It's a fair and logical question.

After all, supply and pricing dynamics are largely out of our control, and those can limit availability and competitiveness of our branded products. The competitive landscape and consumer interests keep shifting. Today, there are more than 100 competing Angus brands in the market, more than ever before. That creates a lot of choice for consumers, but also confusion. In a society where "newer" and "smaller" are often misperceived as better, it can be hard to keep consumer attention on the oldest and largest brand, even when we know it's *Angus beef at its best*.

Those are some dynamics we can't control, but there are several that we can at least exert an influence over that support further sales growth. One base that Angus producers have provided in clear support of growth is the investment in premium-quality genetics. Given that great advantage, many of the dynamics we control have been incorporated into our five core strategies.

1. Maximize brand integrity

This was our foundation from the start, long before Wyoming Senator Alan Simpson first said it: "With integrity nothing else matters, and without it nothing else matters."

CAB was born of the vision to back a promise with science-based specifications. It was established on the premise that to earn and maintain consumer trust, a brand must provide the same high quality they expect every time they buy an item with that name or logo. The positive experience becomes synonymous with the brand so that consumers seek it out, often willing to pay more for it.

The brand logo is our most valuable asset, and protecting its still-growing value must never be less important than growing market share. We will remain

diligent in protecting it and the premium image it represents. That is completely within our control, and essential to any plans for continued growth in sales.

2. Provide unparalleled customer service

This benchmark is much higher than merely returning phone calls in a timely manner. We're all about being fully present and engaged with our partners to make sure CAB delivers on its business objectives. It takes proactive, intentional and frequent engagement to create relationships that keep your brand visible in the marketplace and keep us in tune with their ever-changing needs.

Demand for CAB has increased 98.1% since 2009, while commodity USDA Choice demand declined and has been relatively flat since 2002 (Fig. 2), according to an ongoing study at Kansas State University. The economists note our team's targeted interaction with more than 16,000 partners around the world explains some of the remarkably robust rate of demand growth. We can control how we engage our customers, knowing that a well-articulated brand proposition shared frequently does create demand and supports continued growth in sales.

3. Grow brand awareness

The more people know about the

Fig. 1: Global *Certified Angus Beef*® brand sales

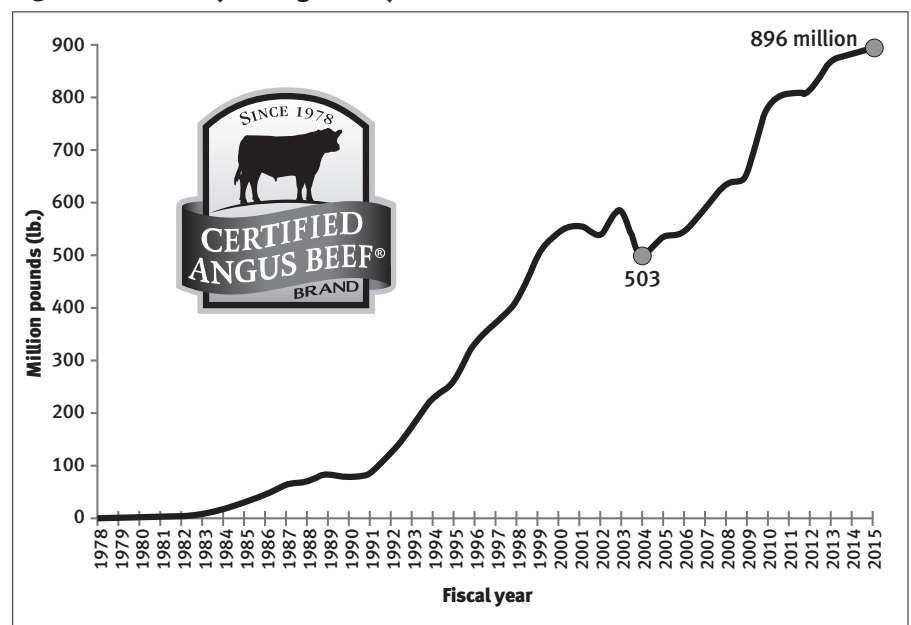
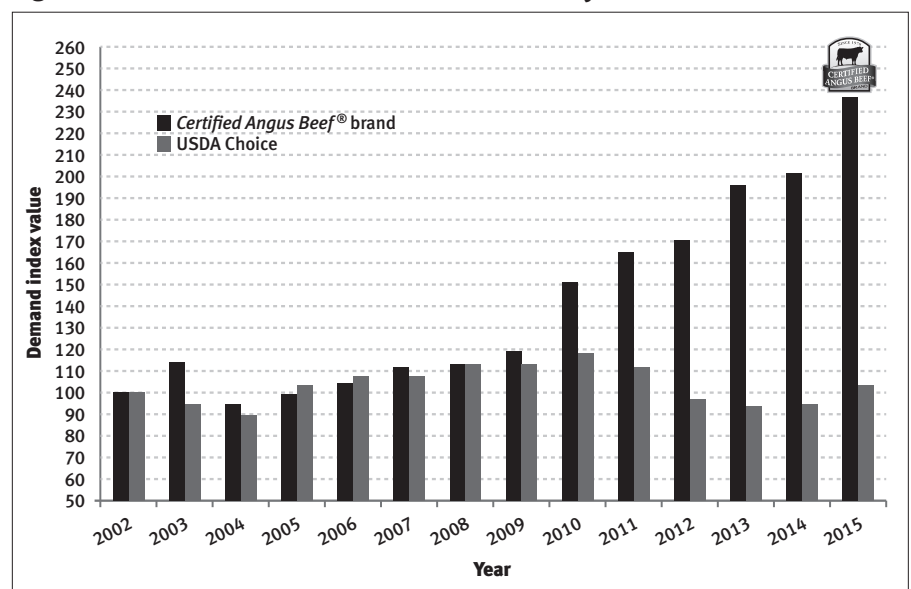


Fig. 2: Wholesale beef demand index values, base year = 2002



Source: Zimmerman and Schroeder, 2016, data from USDA Urner Barry and Certified Angus Beef LLC.

brand and its features and benefits, the more likely they are to consider it relevant when they buy beef. When they see it as relevant to their needs, values and tastes, price becomes less of an issue. They tend to buy the CAB brand, and buy it more frequently.

Communicating the brand's value in an effort to increase awareness and relevance to the broader beef community requires the use of multiple advertising platforms, public relations and educational approaches. We control how all these methods fit together in a seamless approach that drives sales and adds value to Angus cattle.

4. Innovate

We embrace open-ended creativity. Many associate this strategy with our Value-added Products Division's efforts in developing a wide array of items from fully cooked burgers, prime rib and brisket to frankfurters, sausages and beef bacon. However, to really harness innovative thinking means bringing that to bear on everything we do as an organization.

That's how we continue to improve every aspect of our brand and how we go to market with our message. It was an innovative mind-set that led to opening a 7,000-square-foot Education & Culinary Center (ECC) next to our office four years ago. That's how we grew to more effectively engage the culinary world and transition away from a dependency on PowerPoint slides to a much more interactive and effective experiential way of communicating the brand's quality.

It is hard to quantify the direct impact the ECC has had on growing brand sales, but I believe it has been the single most impactful thing we have done in the last four years to further establish our brand as the premium beef leader.

5. Increase brand sales through licensed accounts

Every pound of CAB brand product sold drives the brand forward, but some sales have a bigger impact than others. It stands to reason that those made to a licensed account, such as a retailer or restaurant committed to using the brand logo or name have a greater impact.

Those partners that further promote the CAB brand message to consumers contribute more to growing the brand's value than one who chooses to purchase CAB product but not tell anybody about it. That's why a growing part of the effort to grow sales in years to come will include a focus on channeling the highest percentage possible of available CAB product through those who will tell our story.

We have found that by remaining disciplined and intent on the things we can control through these Core Strategies, we foster more "pull-through" demand for the brand throughout the market chain. Cattle producers, feeders, packers and end-users have strongly responded to these

signals to the mutual benefit of all and continuing through to the consumer.

It was not so many years ago that we promoted the exclusivity of the CAB brand with the statement that less than 8% of all cattle qualify. Today, in spite of wide-spread drought, herd liquidation and the worst global economic recession my generation has experienced, the supply chain increased its production of

cattle qualifying for this brand to where CAB represents 15% of all fed cattle in the harvest mix.

We've heard the saying that all good things must come to an end. As noted, there are reasons to question how long the brand can continue its year-over-year growth in sales, and we all know growth of any kind is never guaranteed. Yet, until you tell me that Angus breeders

and their cattle can no longer improve, that their commercial-cattle partners can no longer respond when the market signals to produce more of the best beef, my response to whether this brand can continue to grow will simply be, "Why not?"



Editor's Note: *John Stika is president of Certified Angus Beef LLC.*