



CAB Corner on Quality
(graphic file logo for
heading available on
request)

March 2007

“The Brand that Pays” at retail, too

By Al Kober, CAB Retail Director

Whether shopping for a bull or a pot roast, our customers base decisions on quality and value, real and perceived. The live animal can sell over a wider time window than the pot roast, but sometimes we want everything to sell on a scheduled sale day or week.

Certified Angus Beef LLC (CAB) licensed retailers have a common quality link to producers. Let’s consider the retail consumer market, often measured by data. We know that dollars spent for fresh food increased by 1.7% over the last year among U.S. shoppers, while fresh meat sales actually declined by 1.4%. That’s not encouraging, but the CAB retailer has an edge that lifts them above average.

Most shoppers walk past the meat department, not realizing the variety available there. If they stop to buy, it’s usually the same items every week, just out of habit. The CAB retailer introduces excitement to allow high quality beef to sell itself. We provide them with effective point of sale (POS) materials, attention grabbing merchandising tools that educate consumers about the value of high quality.

Knowing that beef sales represent 9.6% of typical supermarket sales, we collected data from our retailers. We wanted to see the impact of adding the high-quality factor of the *Certified Angus Beef*[®] (CAB[®]) brand to the meat case. We found that CAB lifts not only meat department sales, but also total store sales.

Using a three-prong CAB marketing concept of dual ads, shadow pricing and integrated merchandising, retailers from different demographic find similar results. The CAB shopper; increases total store sales, shops more often, spends 20% more per shopping trip, and spends between 52% to 145% more per week, than shoppers who purchase lower quality beef in the same store.

You know the kind of bidders you want at your sale. Supermarket managers have lots of reasons to want CAB shoppers in their stores.

The retailer, offering both USDA Choice beef and the CAB brand using these concepts can expect a 10% higher gross profit from CAB, compared to commodity Choice. The more profit in selling CAB, the more demand for the kind of Angus cattle that can produce it.

CAB is “The Brand that Pays,” not only at the producer level but to every segments of the conception-to-digestion beef chain. The packer, distributor and retailer all achieve higher sales and more profit from every pound of CAB product they take in. Why? Because quality makes a difference.

There is an intrinsic, real difference, in the quality of CAB, backed by our 10 exclusive carcass specifications. That's what delivers the higher level of juiciness, tenderness and flavor in every bite. That's the difference for which consumers gladly pay.

The market signals work. Retailers gladly buy CAB product to fill consumer demand, and packers gladly—OK, at least, willingly—bid up to acquire cattle that qualify for the CAB brand. It's a market reward for performance, not perception.

We should all gladly work to keep this thing growing, this successful model of a pull-through, high-quality beef market best fill by the use of focused Angus genetics and management.

Are your cattle worth more? Do they produce calves with an increasing percentage that meet the high quality specs to get into a CAB box? If they do, history says the market will reward you for the effort.

END