



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

August 2002

The Buzz Word

-----introductory or sidebar box:

- *I have tried some of your products and was delighted. I especially love your Beef Pot Roast with Gravy. I was hesitant at first since many such products are inferior, but I was pleasantly surprised. It's the best beef roast we've ever eaten, homemade or otherwise. We've had it several times now and it's consistently delicious, tender and juicy. And it really is quick and easy even if I don't have a microwave oven. I've raved about your product to friends and relatives. I've saved the wrappers to give to people so they can look for it in the market. You have a winner here!*
- *Your quick and easy entrees have been a God send. I found that I never had time to cook "home cooked meals" during the week... but I do now.... and they are ABSOLUTELY DELICIOUS. Keep up the good work... Thanks.*

- Consumer Comments from Summer 2002 for Certified Angus Beef® brand Quick-N-Easy Line produced by RMH Foods, Inc., Morton, IL

By Brett Erickson, CAB Value-added Director

In today's competitive market, it's refreshing to have products that not only satisfy, but exceed consumer expectations. *Certified Angus Beef*® (CAB®) brand value-added products have been doing just that, as demonstrated by a 26% increase in sales for the past year.

Oh sure, "value-added" is a buzz word today. But what's behind the buzz? The decisions you make now add value to your cattle and ensure their end-product delivers added value to consumers tomorrow. People aren't just asking, "What's for dinner?" these days. They are asking "Is it simple to make? Is it convenient? Is it easy to serve? Is cleanup fast?"

You know the bagged lettuce success story—most consumers now use the product at least a couple of times a month. Did you know 75% of consumers use pre-cut, ready-to-cook vegetables more

than once a month? Beef is working its way into the convenience circle, too. One-third of consumers use pre-cooked and value-added meats for main dishes at meal time at least every month.

“The U.S. Market for Refrigerated Processed Meats,” from *Packaged Facts*, reports such items as lunchmeats, lunch kits, frankfurters, dinner sausage, breakfast meats and convenience meats hit \$14 billion in sales last year. That’s projected to grow to \$17 billion by 2006, given emerging product developments in flavoring and convenience packaging. The report says consumer demand for convenience meats is growing the fastest.

Just five years ago, the words “beef” and “convenience” were rarely used together. The category now exceeds \$1.5 billion in annual sales, and more than 475 new beef products were launched in 2001. Many pioneers in convenience beef have teamed up with large brands, and more new brands debut continuously. These developments allow enough marketing clout to educate consumers that beef can deliver convenience, quality and food safety. That brings retail demand to expand shelf space for these items. CAB[®] brand value-added licensees have only to build on the brand’s quality to keep consumers coming back for more.

With so much industry buzz, doors are opening for many CAB[®] items. Consumers buy beef for the taste, and that goes for convenience items as well—which is why the CAB[®] brand is still winning, long after the last downhill run of the 2002 Olympic Winter Games.

That’s where thousands of consumers discovered CAB[®] frankfurters, chili, pot roast and barbecue beef—then went home and told their friends. Research indicates 45% to 65% of consumers seek advice from friends and family before purchasing products. Consumers are also 4 to 10 times more likely to purchases based on word-of-mouth.

Beef’s total sales in the heat-and-serve segment are nearly 20% larger than pork, but we still trail the poultry industry by nearly half in annual sales. However, beef’s sales growth is outpacing both chicken and pork. This year CAB is introducing sliced and pre-packed deli meats, savory garlic, Cajun and Italian roast beef flavors and new heat-and-serve entrees at the retail level. We’re also introducing

country fried steak, chili, pre-cooked fajita strips and Philly steaks with pepper and onions at the foodservice level.

Frozen beef products, specifically beef patties, dominate the value-added beef category. With food safety top-of-mind, consumers are turning to a product they can put on the grill frozen. This eliminates their worries of extra handling or potential cross contamination during preparation. Most importantly, the product performs – a frozen patty cooks in the exact same time as a fresh patty. Consumer packaged frozen patties today account for over one million pounds of CAB[®] retail sales. Trends indicate we may soon see new flavor profiles in the frozen patty category.

Value-added products are meeting consumer demands but they also add value to the carcass, coming from less utilized cuts in the chuck, round and brisket. Processors carefully inspect these “end meats” for injection-site blemishes and bruises, sometimes opting to avoid certain muscles because of problems in detecting blemishes. Cattle producers can help by adhering to strict beef quality assurance practices.

A “re-fabricator” tier has developed in processing to trim outside and seam fat. The existence of the tier adds to the final beef cost, or in some cases derails product development because an item cannot be produced at an acceptable price point. Producers have proven they can hit the high-quality CAB[®] marbling target while keeping the waste fat in check, and earning millions of premium dollars. Processors have learned they can’t afford to risk consumer complaints over a pot roast with excessive fat. Cattlemen must be just as stringent in the products that they market.

Value-added is a buzz word for a reason: It’s essential for industry survival. Processors are adding value through convenient items that feature less used CAB cuts. By adding value to each carcass, they add profitability to the production chain all the way back to the ranch. From adding value through genetic selection or management to adding value through carcass data collection and customer service, we all play a role in the ultimate end product that delivers quality, consistency and taste to consumers every time.

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