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

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The world turns toward CAB

By Mark Spengler, CAB International Division Director

The odds did not favor a big year for the International Division of Certified Angus Beef LLC (CAB). Outside of a peek back into Korea, there were no new markets to speak of—so how did international sales jump 30%, with one of its largest sales surges ever?

The answer is fundamental and broad-based marketing success.

You don't have to look far to find it. Canada, CAB's top export market, representing 40% of all international sales, showed 51% growth over the past year. There were new retail inroads, and newly licensed Gordon Food Service carried the brand from the St. Lawrence to the Pacific.

Yes, some CAB brand product comes from Canada, but it is not even half of that needed to meet demand there. While 8% of all U.S. beef qualifies for CAB, only 4% of Canadian beef is accepted, due to a scarcity of well-marbled Angus cattle.

There's a better supply of dedicated licensed CAB partners in that country. This year, our annual awards for top international distributor, commitment to integrity and international marketer of the year all went to Canadian companies.

Mexico has grown nearly 20% as a CAB market in the last 12 months to make up 30% of divisional sales. The growth was broad based, driven by existing retail and foodservice distributors throughout the country.

Even more exciting is that CAB's share of total U.S. beef exports to Mexico nearly doubled from 2% to 4% of all U.S. beef exports since 2003. Strategic marketing in Mexico after the 2003 "mad cow" disruption actually built a more receptive home for the CAB brand in that country.

Of course, any discussion of world beef trade must take note of the Pacific Rim. Japan and Korea continue to pose reliability problems. CAB is still out of the game in Japan, except for a few well-received loads of 20-month source- and age-verified product.

A full-fledged return to Japan will have to wait on a return to its accepting 30-month cattle. Although negotiations are in progress, outcomes and timelines are as they have always been: uncertain. Australia has made up all of the U.S. beef trade loss to Japan since 2003, with a bit coming in from Mexico as well.

In Korea, the market was open, closed upon discovery of bone chips, open, closed again, open again . . . By now, packers are literally scared to deal in this market, but have managed to move nearly 750,000 pounds of CAB in just a couple of months. Benefits to CAB cutout value may have to wait until the market is reliably open to all beef, including bone-in shipments. The trade is hopeful this will happen yet this year, despite nearly four years of disappointment.

Lesser-known Pacific Rim markets are growing rapidly, so that 8% of international sales go to Taiwan or Hong Kong, the latter also serving as a conduit to a larger Chinese market. The remaining 22% of CAB world trade goes to 53 other countries (see graph).

The restructured international market has shifted from a focus on the end meats that produce sukiyaki to the cuts with more universal appeal. That only adds demand for the familiar ribeyes, strips and tenderloins.

In a market where there is no penalty for optimism, our representative in Japan helps project future sales. 'In my scenario, in which Japan remains largely closed to CAB sales, the international division nonetheless recovers to 2003 levels by 2010. If Japan should open fully within the next year, as senior sales manager Daisuke “Shimo” Shimojima expects, CAB international sales will quickly bounce back to set all-time records. Either way, we are in for exciting times.

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International Distribution by Region

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