



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

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## Customers by the number

*By Dave Shock, CAB Director of Information Systems*

Business 101 teaches that you have to know something about your customers if you expect to satisfy them. Satisfied customers will be back, paying a premium to get what they want again.

Who are your customers? A cow-calf operator might name his auction market, or maybe a cattle grower or feeder. The feedlot may name a few packers. Maybe you can call them or even drive up to their door and knock. But those aren't your ultimate customers.

When we talk about customers of Certified Angus Beef LLC (CAB), we're not just talking about who buys the *Certified Angus Beef*<sup>®</sup> (CAB<sup>®</sup>) brand meat. Keep in mind that CAB does not own any cattle or processing plants, only our registered trademarks.

Our mission is to "Increase demand for registered Angus cattle through a specification-based, branded-beef program to identify consistent, high quality beef with superior taste." To do that, we have to partner with entities across the whole process, from the gate to the plate. They are all our customers; they are yours, too. Let's look at the numbers that describe them.

We partner with 65 feedlots in 14 states to provide for Angus breeders and their customers a clear way to capture data on their cattle and benefit from value-based marketing. Since the CAB Feedlot Licensing Program began in 1999, our feedlot partners have helped us collect data on more than 1 million beef carcasses.

In the last fiscal year, which ended Sept. 30, our 29 licensed packing plants sold more than 540 million pounds (lb.) of CAB branded products. That's our third-largest sales year, even though the industry is at the bottom of its long-term cattle inventory cycle. Since the start of CAB production in Canada in 2000, three plants there have consistently produced 2% to 2.5% of our total.

Licensed processors nationwide play a big role by adding value to less-utilized raw products. They produce deli meats, ground beef chubs, ground beef patties and many new and innovative products. Over the last several years, we have been selling 7 lb. of value-added products per certified carcass.

CAB summarizes sales by International, Domestic Foodservice and Domestic Retail. Since BSE (bovine spongiform encephalopathy) turned up in North American, international sales have been about 7% of the total, compared to 14% before BSE. We have distribution in 35 countries around the world.

Our domestic foodservice is made up of 108 licensed distributors in 45 states that sell across the whole U.S. They sell CAB products into restaurants, hotels, hospitals, nursing homes and country clubs.

In the last 12 months, they have sold products to 74,158 unique customers. Of those, 5,765 units are licensed to promote CAB to their customers. Monthly average CAB usage for licensees is 710 lb., compared to 110 lb./month for unlicensed units.

The retail business is much like the foodservice side in scope, though larger in total volume sold. Buying direct from packers or through distributors, 4,150 licensed stores in 49 states sold an average of 4,389 lb./month over the last year.

The top five states for CAB retail sales last year are Pennsylvania, Ohio, New York, California and Michigan. If we include foodservice sales, California moves to the top, followed by Pennsylvania, Texas, Ohio and New York (see table). The top five metropolitan areas for CAB total sales are St. Louis, Mo.; Washington, D.C.; Houston, Texas; Seattle, Wash.; and Boston, Mass.

At the other end of the sales spectrum are the states known more for cattle production than for consumer centers. The states lowest in total CAB sales run from Kansas north to the Canadian border, from Idaho to North Dakota. We need more consumer customers in cattle country—ask your local restaurateur or retail meat-case manager to consider stepping up to *Angus beef at its best*®.

And the next time you load up the cattle for market, think about the thousands of people who work everyday to cut steaks, package, and sell CAB products around the world. Think about the millions of consumers who spend \$2.5 billion each year to eat CAB products that you helped produce.

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**CAB<sup>®</sup> product sold to U.S. retailers  
and restaurants in fiscal year 2006**

<u>State</u>	<u>Pounds sold</u>
CA	36,445,564
PA	24,507,106
TX	24,347,292
OH	23,564,505
NY	21,859,831
MI	16,565,222
VA	16,034,782
WI	15,807,123
NJ	15,260,741
IL	14,345,067
MO	13,819,160
FL	13,345,253
MD	12,195,914
MA	12,105,125
TN	11,132,959
WA	11,105,340
IN	9,707,011
CT	9,595,794
AZ	7,157,416
OK	6,395,040
NV	5,969,554
OR	5,673,464
GA	5,083,536
AL	4,903,216
KY	4,076,814
SC	3,609,882
NC	3,372,184
MN	3,103,550
CO	2,648,842
NM	2,550,817
MS	2,481,749
LA	2,100,309
NH	1,849,683
RI	1,730,028
VT	1,587,925
KS	1,549,757
HI	1,485,133
DE	1,449,046
ME	1,266,528
MT	1,262,777
AR	1,209,405
DC	1,021,216
WV	958,468
NE	948,390
ND	876,664
AK	826,717
ID	783,530
UT	774,318
IA	756,104
SD	635,717
WY	447,281
Military	7,651