



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

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## **An International Brand**

*By Mark Spengler, CAB International Director*

December 23, 2003, is one of those days that will live in infamy, at least for the U.S. beef industry. That's when a single dairy animal in Washington State was confirmed to have had BSE (bovine spongiform encephalopathy, or what the mass media call "mad cow disease").

According to Cattle-Fax analyst Mike Miller, beef exports ordinarily contribute nearly \$15/cwt. to the value of fed cattle, but exports are off by 2/3. When you take \$10/cwt. off the price of 25 million, 1,250-pound fed cattle for nine months, that's over \$2 billion in already-lost revenue for producers.

We know that the *Certified Angus Beef*<sup>®</sup> (CAB<sup>®</sup>) brand accounts for 6% of all U.S. beef exported to Japan—more than 40 million pounds of CAB went to Japan in 2003. In fact, CAB typically represents a steady to growing 4% of all the beef that leaves this country.

Only 24 of 64 possible markets are now open to U.S. meat, but more are opening every month. USDA's limited resources are largely focused on reopening the largest export market: Japan. Once it is open, the remaining markets are expected to fall in line.

When BSE was confirmed in the U.S., the staff at Certified Angus Beef LLC, International Division, had new priorities. We surveyed the closed markets and estimated inventories held by our distributors abroad. Then we determined the direction of marketing efforts based on longevity of those inventories.

Markets that re-opened quickly, and even some closed markets, continued to contribute to CAB's success, fertile ground for our marketing initiatives. Canada's CAB foodservice business held firm at 4 million pounds of high-value product to some of the best restaurants in Canada. Retail Canadian business was off due to the collapse of domestic Canadian end-meat pricing and closed borders following that country's case of BSE in May 2003.

While the Mexican border was closed to U.S. beef last spring, CAB staff connected Canadian packers with licensed Mexican distributors and managed to ship 750,000 lb. of Canadian-produced CAB there. That kept licensed CAB restaurants in Mexico supplied with the high quality beef their customers count on. All of that volume has come back to U.S. suppliers now that the border has re-opened.

The Pacific and Caribbean islands continued to welcome CAB this year, with business up nearly 20% in Guam, Saipan, and the Marshall islands. The brand also saw double-digit gains in the Virgin Islands, Cayman Islands, Aruba, Barbados, Anguilla, and St. Kitts & Nevis.

Despite setbacks, the CAB international team worked around closed markets in 2004 to license six new distributors around the globe. Our small but cohesive team trained and “incentivized” local sales forces in Canada, Mexico, Indonesia, Puerto Rico, Russia and Hong Kong. They conducted the accredited “Science Behind the Sizzle” seminar at major culinary shows in Mexico City and Puerto Rico.

In Japan, CAB’s largest international market, staff focused on education, differentiation and positioning of the brand with retailers in anticipation of the market reopening. The Japan office worked steadily to secure commitments from multiple retailers to re-stock and promote CAB as soon as product becomes available.

With markets reopening, the advance of individual animal identification and greater potential for more Angus-type animals qualifying for CAB, the future of U.S. beef exports—particularly CAB—has never been more exciting.

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