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NEWS

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Photo available at: <http://www.cabpartners.com/news/photos/JohnS048.jpg>

Stika honored at K-State

CAB president named Outstanding Young Alumnus

As the first brand of fresh beef and category leader today, Certified Angus Beef LLC (CAB) must maintain a focus on excellence. John Stika, CAB president since 2006, has led a staff of 100 to realize the brand's potential for consumers and cattlemen alike.

The Lincolnvile, Kan., native and Kansas State University meat science graduate (1993, MS '98; PhD Kentucky '03), was named 2010 Outstanding Young Alumnus at the K-State Agricultural Alumni Awards Banquet on Saturday, May 8, as part of the "Wild 4 Ag Weekend."

Stika traveled from company headquarters in Wooster, Ohio, arriving a couple of days ahead to address the K-State animal science faculty, including several who once taught him. On "Building and Managing a Brand in the U.S. Beef Industry," he noted that CAB owns nothing else, so its strategy is to add value to that brand, build equity in it and make it more relevant.

In the face of unemployment at a 25-year high, with most consumers eating out less and 37% budgeting retail purchases more closely, 76% still say they are not willing to compromise on food quality, Stika noted.

"Consumer spending is based on a price/value relationship," he pointed out. "Beef costs more than other proteins, and CAB costs more than most beef, but a 2009 study showed demand for CAB outpaced commodity Choice. That suggests brand resilience."

The study showed that CAB sales have added half a billion dollars to the beef industry since 2005, compared to selling as commodity Choice.

"To be successful a brand must address a basic need, deliver on an expectation, offer value and be available," Stika said. In this case, the need is food with an expectation of taste at a premium price.

CAB, a brand developed on the idea that consumers choose beef for its taste, is produced in 28 plants with access to 85% of the fed beef in North America, he added. Moreover, the percent of black-hided cattle in those numbers continually rises, moving from less than 30% in the 1980s to a projected 63% this year.

“We qualified 1.8 million cattle in 2006, and it will be 3.3 million this year, or 750 million pounds sold,” Stika noted. Most of that is retail, 51.5%, but foodservice sales are also bouncing back.

Stika said the real growth needs to come from international sales, which currently represent 10.4% of the brand’s total. To move to a billion pounds sold annually, as the company projects by 2020, those export sales need to grow to a 25% share. With opportunities to grow in Canada and Mexico, as well as the Middle East and Asian markets, annual consumer sales should soon reach \$3 billion annually.

Ten years ago, less than 5% of U.S. beef sold as branded. Now, more than 25% of beef from fed cattle carries a brand, including 84 USDA-certified programs, 61 of them Angus. CAB has a 97% market share of the high-quality Angus market, Stika noted.

Building the CAB brand entails continuing education from the producer level through end users and consumers, using effective communications and strategic partnerships.

Stika named six “valuable perspectives” that he said college graduates should keep in mind to be strong candidates for a career in beef marketing and reaching consumers today.

Technical, biological, economical, social, culinary and marketing points of view must be merged into a balance to connect with consumers and partners.

“We must keep in mind that relevance is not what we say it is, but what the consumer says it is,” Stika added.

In the university arena, Stika served as the assistant meats judging coach at K-State and head livestock judging team coach for three years at Kentucky. As a graduate student, he taught a variety of undergraduate classes on livestock selection, function and evaluation.

The Animal Science Department’s nomination for the award said, “From his early involvement in the meat business to his current role in leading CAB, Stika has shown the vision and ingenuity to face future challenges, and the practicality to take steps one at a time.”

Stika was pleased to share the weekend honors with industry icon Max Deets, Beloit, Kan., (K-State ’51), former National Cattlemen’s Beef Association president, cattle feeder and CAB consultant, who was named 2010 Outstanding Alumnus.

In March, The Ohio State University’s College of Food, Agricultural and Environmental Sciences had named another CAB leader as 2010 Distinguished Alumnus. Brent Eichar (OSU ’87), CAB senior vice president, was honored for his contributions over the past 23 years, from developing product tracking in 1988 to legal and fiscal management today that help ensure brand integrity for 15,100 partners worldwide.

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