

# meatingplace

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## Branding Iron

**Certified Angus Beef is one of the strongest brands in the business, and it's John Stika's job to make sure it stays that way.**



# brandmanager

**John Stika** passionately works to keep the original and still most-recognizable ‘certified’ Angus beef brand at the center of the meat case, the plate and the consumer’s mind.

By Tom Johnston, managing editor

Wooster, Ohio, pops up in the middle of nowhere, a sudden pit stop among a rolling swath of dairy farms. It’s the capital of Certified Angus Beef country — the brand, that is.

At 206 Riffel Road, in the parking lot of the handsome, ranch-style office, the logo is posted at spots reserved for visitors. The logo, emblazoned on a big hunk of glass framed in an oak wall, greets them in the lobby. Most everyone inside wears a button-down shirt embroidered with, of course, the logo on the left breast.

John Stika, president of Certified Angus Beef LLC, puts his hand there often as he talks to *Meatingplace* in an interview. The brand clearly is near and dear to his heart. After all, the logo is all the company owns; it’s his baby to protect.

Founded in 1978 by the American Angus Association — a group of cattle producers who wanted to increase demand for beef by showcasing the best of their breed — the Certified Angus Beef brand only adorns product that meets 10 stringent standards evaluated by USDA to ensure a consistent quality. The brand has been integral in creating in consumers’ minds an association between Angus and high-quality beef.

But there’s confusion out there, as well, as more programs try to capitalize on that association. Stika, who has worked for Certified Angus Beef since earning a doctorate in meat science from the University of Kentucky a dozen years ago, is making sure his brand stands out in the crowd.

**Meatingplace:** To what extent would you say the Certified Angus Beef brand is responsible for consumers associating the term ‘Angus’ with higher-quality beef?

**STIKA:** For us to claim sole responsibility would not be accurate ... [b]ut as a brand, it would be overly humble to say that we haven’t had a major role in creating that association. In 1978, Certified Angus Beef was established with USDA as the first certified program. When you take our 10 standards of product quality and provide a consistent, high-quality eating experience ... [consumers] make that association.



CERTIFIED ANGUS  
BEEF

LAND

GIANT  
EAGLE



GIANT EAGLE  
1504 CHOICE BEEF ROUND  
ONE LONGHORN 80% TOP STEAK  
1.65 lb. \$10.50  
\$6.38/lb.  
\$10.50  
KILLER HANDBLING INSTITUTION  
100% GUARANTEE  
IF NOT SATISFIED WITH YOUR PURCHASE  
WE WILL REFUND YOUR MONEY  
OR EXCHANGE FOR ANOTHER CUT OF MEAT  
OR A STORE CREDIT



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**Meatingplace:** There tends to be debate or confusion about what constitutes 'Angus' and about the growing number of brands associated it. What truly is 'Angus' and how do you differentiate yours from the rest?

**STIKA:** First and foremost, Angus is a breed of cattle; that is important for folks to understand. And Angus beef originates from cattle influenced by Angus genetics. Confusion has come about when we think of Angus as an inherent quality level, not a breed. We believe marketers and consumers have moved the category into a quality level as opposed to strictly a category of beef. Angus has evolved into something more than the original intent for what our brand was. That has created confusion because today Angus product represents the gamut of quality levels and eating experiences.

It's created an opportunity for us, as more people ask questions about this Angus beef category. Since Day One [we've positioned our program on] taste and that there are different eating experiences. Our tagline says we're 'Angus beef at its best.' We identify Angus as a category and challenge the consumer to question the differences about others out there. Certified Angus Beef is sold at some of the highest-end restaurants and retail markets in the country, and yet we also see generic Angus beef in fast food. We're trying to communicate that ... not all Angus is created equal.

**Meatingplace:** CAB put up brand-record sales numbers even in the depths of the recession, when consumers were flocking to private label. How were you able to do that?

**STIKA:** We have a number of licensed partners who take ownership in this brand just like they do their private-label brands. In many markets we see (CAB) positioned as that retailer's private-label brand, so to speak. Our brand has benefited [from the transition away from

national brands to private label] because our retailers have used it to position the product in the meat case. In addition, the consumer has become more aware of price and value. Our brand has served the need [for] an extremely high-quality eating experience at a fair price.

What we saw during the recession is that those retailers who decided for the customer that prices were too high ... their sales went down as they featured, for example, strictly 49-cent chicken leg quarters. And those retailers that put the options out there with our brand for the consumer to choose on their own ... that alone was probably the reason for the success we've had.

**Meatingplace:** With food prices reaching record highs, what's your strategy to keep consumers interested in a premium beef brand?

**STIKA:** It's not only trying to get consumers to ... buy at a premium but also how we can ... make [a higher-priced protein item] profitable for people managing their meat cases or menus. We're not changing our messaging to the consumer [but we] work closely with our retail partners on product availability ... bringing versatility and a broader mix that maybe hit a lower retail ring.

**Meatingplace:** Why is fresh beef such a tough thing to turn into a brand? Where do most companies go wrong in their efforts to do so?

**STIKA:** Beef as a category is unbranded in consumers' minds. ... [I]t's just beef. It's just a t-bone, just a sirloin, just a chuck roast. They haven't been conditioned to think brand, up until now. The branded beef revolution is getting up and running.

I don't know that I can comment on what others do wrong, but I can [say that] ... we don't want to tout a marketing claim that creates a short-term point of differentiation but is not sustainable. Ultimately consumers migrate to what is important to them. We believe that is

taste, and that's the focus of our brand. If Certified Angus Beef wasn't different in a positive way from a commodity product, they wouldn't buy it. So one of the challenges ... is this idea that [a company] can just put a brand name on a commodity and create lasting success.

**Meatingplace:** How does a processor become a licensed supplier of CAB?

For a licensed packer, it's about as simple as making a phone call. Then we're going to look at the fit. At the packing level we require some things that don't always logistically fit into the efficient running of any facility. We require that they report their sales, segregate product, and they need to be federally graded, which tends to be one of hurdles — we rely on federal USDA grading to clearly define whether an animal meets [our] 10 specifications. And then we just go through what the customer base is. It's not a formal process; really it's dialogue on where the mutual benefit is.

**Meatingplace:** Two new frozen steak and beef items launched by John Soules Foods in Tyler, Texas, represent CAB's expansion in frozen foods. How did this come about? Was perception of quality a concern?

**STIKA:** We had a growing amount of interest from distributors looking for a high-quality Certified Angus Beef item to take to the growing Hispanic culinary market. We went looking for a potential processor, and obviously in this category John Soules would be a category leader. As we started to work with John Soules and look at how we could grow the demand-pull for their production of this item, retail became a part of it.

This is our first venture into frozen foods [with] product like this, but we've been in the frozen food section ... in the burger category for quite some time. Consumers are used to seeing the Certified Angus Beef brand on a product they trust in the frozen food section, so

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moving this item into the frozen category is a calculated move that creates little concern in terms of brand image. Again, if we can be the highest-quality brand in every area where the consumer is looking to buy beef, that builds brand equity.

**Meatingplace:** The CAB program requires 10 quality standards, but before that the live animal must have 51 percent black hide. How does that translate into higher quality?

A 51 percent solid black hide or solid black hair coat is just an eligibility requirement. Oftentimes, people ... believe that's where it stops. It's just an initial threshold.

Statistics would say those cattle are more likely to provide a higher-quality eating experience simply because there's probably a higher percentage of Angus genetics. That's not a guarantee because ... other breeds are black as well. And so, what takes place after the eligibility becomes even more important. It's not just about being black-hided; if it were, there would be limited consistency in our brand. It's about those 10 quality

standards that must be evaluated by an independent third party, being USDA, to determine if those eligible cattle qualify. For them to meet those specifications ... it takes cattle that are a higher percentage of Angus. A black Continental breed cross animal might be eligible for evaluation, but his chances of hitting our specifications are greatly diminished.

**Meatingplace:** Certified Angus Beef LLC owns nothing but the CAB marks. What is the significance of that?

**STIKA:** We own this building, four vans and this trademark. It doesn't make this brand better than other organizations merchandising similar products, but it's specific to our culture, how we work with our licensees and what we focus on in working with producers as well. Perhaps more significant, we are a nonprofit of the American Angus Association, which is also nonprofit. It centers us into being a pure service organization. Our job is to create value and pull-through demand from the consumer where the consumer is willing to pay more for the product, the retailer pays more to the packer, the



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packer pays more to the feedyard, the feedyard pays more to the cow-calf producer and the cow-calf producer pays more for registered Angus bulls from the membership that owns this brand.

We're unlike some entities that are more profit-driven. ... At the end of the day, never are we forced to make the decision: 'Do I lower quality to hit a price point so I can access [more] business?' It allows us to stay focused on ... protecting the brand at all costs, even if it means foregoing market share.

**Meetingplace: More and more retailers are trying to build loyalty with their own store brands. Is it becoming more challenging to sell retailers on making room for CAB?**

**STIKA:** What we're finding is obviously there is an interest in creating identity within retail for their own stores and their own products. When our brand might not

be exclusive to their meat case in a given area, this idea of how they treat Certified Angus Beef as a private label is important.

We work with our retail partners to ... [create] a store identity in their meat case [while making] sure we're leveraging the value of [our] brand. What we find ... is that this brand has identity with the consumer, great consumer recall in areas where it has been positioned. There's no need to start a brand from scratch when we have something that is already part of the meat case and ... [keeps] the consumer coming back. The challenging part is if a store label doesn't represent quality but just represents price: [T]hen the consumer impressions we're trying to accomplish are contrasting. At that point we run into issues about what we're really communicating.

**Meetingplace: With foodservice still flat, what are you seeing in that arena**

and what adjustments are you making?

STIKA: We're seeing a resurgence of foodservice. What we saw (during the recession) was a shift to ground beef, a shift away from steak items to end cuts and value cuts. One thing we did, two years ago, was launch our 'Middle Meat Smackdown.' It was a six-month promotion for our foodservice distributors to focus on selling Certified Angus Beef middle meats, which are the core of our foodservice business ... helping sales associates sell on price-value and quality. It really was about ... communicating to restaurateurs in a difficult market that, 'Now is not the time to cut quality.'

It's created a positive benefit, not only a morale boost in a difficult segment of beef merchandising but also in numbers. Last year the brand was up 17 percent and middle meats were up 16 to 16.5 percent. That's significant to us because in years prior, when the economy was starting to turn and we had record years of growth, our middle meats didn't keep pace.

**Meatingplace:** Times are tough for meat processors and other beef



Photo courtesy of CAB

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those economic signals back to the production sector.

We're excited that demand for quality beef continues to grow. Coming out of the worst economy many of us have ever experienced, we believe this brand and other premium programs have emerged as strong as ever, with as much momentum as we've experienced since I've been here. That equates to opportunities for packers and processors. ©

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purveyors. From CAB's perspective, what's exciting about the current times?

STIKA: There are some things that concern us about the continual evolution and progression of the value-based system that has been so important to our brand's growth, such as components of the proposed GIPSA rule changes. Value-based is the vehicle we have for consumers to tell retailers and foodservice distributors what they want, for retailers and foodservice distributors to pass that signal back to the packer and for the packer to send