

CHB LLC Diversifies Product Line

At the American Hereford Association (AHA) Annual Membership Meeting last October in Kansas City, AHA board members along with Certified Hereford Beef (CHB) LLC staff outlined several value-added strategies to help diversify CHB® product lines.

These value-added products included CHB hotdogs, hamburgers and seasoned-marinated products. The purpose of these products is to help generate additional revenue to offset the cost of manpower and marketing. This year has been dedicated to three key goals:

- 1) Maintain existing business with longtime customers.
- 2) Develop and go to market with several CHB value-added product lines.
- 3) Generate new marketing agreements with distributors, retailers and food brokers.

Although industry beef demand has seen a steady drop in the last two years, CHB LLC has done a good job of maintaining longtime customers even though their beef volume has been down compared to a year ago.

Consumers have traded down their protein expenditures at the meat case, buying fewer steaks and roasts and migrating to cheaper ground beef and alternative proteins (pork and poultry).

“In recent months, our retail customers are featuring less beef than a year ago,” says Mike Louderback, National Beef Packing Co. LLC CHB business leader.



AHA Board members had a chance to see the packaging for several new CHB products during the April Board meeting.

“Last year our retail partners featured at least three beef items per week; where this year it’s maybe one or two items on the front page of their weekly advertisement.”

Today’s relatively high price of beef has had a major effect on what retailers choose to use as traffic drivers in their stores. The meat case is the major draw for consumers, and as long as there is wide disparity in beef’s price relative to pork and poultry, consumers will trade down or purchase cheaper products particularly when the country is facing economic uncertainty.

Good news from the CHB LLC team, however, has been significant growth in both foodservice distribution channels along with a launch of the Nuestro Rancho seasoned-marinated line of products.

SuperValu and Associated Wholesale Grocers, two of the largest retail supermarket distributors in the country, have agreed to allow CHB LLC staff

to bring the seasoned-marinated lines into several warehouses. This development could lead to distribution of the product into hundreds of stores. Tom LeBeau, CHB LLC chief operating officer, and Larry Bailey, CHB senior vice president of retail sales, have been instrumental in launching this line that could create new revenue streams for the organization.

In addition, a new distributor has been launched in 2010 — Kohl’s Wholesale, delivering in western Iowa, south central Illinois and eastern Missouri. Kohl’s has gotten off to a quick start in the last two months and is projected to merchandise more than 2 million lb. annually once CHB is in full distribution mode within the company.

Foodservice remains a bright spot for CHB in 2010. Last year’s additions of several Sysco distribution houses along with continued cultivation of Merchants Foodservice across several states in the Southeast region of the U.S. have produced growth at a time when the restaurant industry is witnessing an unprecedented recession.

While overall volume of beef sold in 2009-2010 is scheduled to be close to last year’s levels, that in and of itself could be perceived as victory considering the state of the food sector during this remarkable recession. Growing revenue through the value-added strategy could be the “home-run” revenue driver staff has been working toward. **HW**