



CHB Program Evolves, Increases Demand

I can clearly remember the day in 1995 when Certified Hereford Beef (CHB) LLC secured its first retail customer. I had been hired by Mid-Ag, the first CHB® packer, to join Craig Huffhines, who was the first American Hereford Association CHB program director, in marketing the new brand.

We had our sights set on Furr's, a large New Mexico grocery chain with 72 stores. After making one of a series of sales presentations, we flew back with the company meat director from Lubbock, Texas, to Albuquerque, N.M. About halfway through the flight, he looked at us and said, "I'm going to do it. I'm going to roll with CHB in all the stores."

Craig and I were totally taken by surprise. There we were, instantly transformed from a great idea on paper into a real branded beef program!

It is early experiences like these that remind me just how far the CHB program has come. The first harvest in 1995 consisted of 80 head, processed to provide samples for potential customers. We didn't know for sure if there would even be another harvest; now we're processing an average of 8,249 head per week, and the U.S. Department of Agriculture (USDA) is certifying about 5,221 of them to supply Hereford product to hundreds of grocery stores, restaurants, hotels and institutions across the U.S.

Hereford-influenced demand increases

This year, the effects of the program in terms of building demand for Hereford-influenced cattle were evidenced by National Beef Packing Co. LLC's advertising campaign launched last winter. Such a campaign had never been done before, and it built excitement in the industry. The company developed print, Internet and radio ads announcing its intention to buy more Hereford and black whiteface cattle to fill a growing market need. It was electrifying to see the ads come out in a variety of media outlets across the Central Plains and Midwest Corn

Belt areas. "Get Top Dollar for Your Hereford & Black White Face Cattle" was one of the campaign headlines.

National Beef advertised because orders for CHB product had exceeded the natural flow of eligible cattle into two of its processing facilities. This occurrence was an undeniable testimony of the growth of CHB sales and the resulting demand for Hereford genetics.

Although we're still calculating total sales for this fiscal year, they will exceed last year's, despite the May loss of one of our largest retail customers, Lowes Foods. Lowes accounted for 120,000 lb. of product each week. The CHB program was tested in this loss but proved to be hardy, generating enough new revenue to surpass last year's sales by an estimated 1.3 million lb. Several recent developments played a role in this impressive offset.

Retail sees growth

On the retail side, we've added new grocers this year and grown the business with existing customers through ad featuring. Established customers like The Fresh Market are growing CHB business by continually adding stores, between eight and 20 annually during the last several years.

Mike Richter of Coborn's in St. Cloud, Minn., became the launch customer for our new CHB ground beef chub program in August. Working closely with National Beef, we created a graphic label identity and set sales goals for this new program. The first orders shipped in August and promise to add more than 1 million lb. per year to our totals from Coborn's alone. Other CHB retailers, like Yoke's in Spokane, Wash., are testing the program and may come on soon. For more about the CHB Chub program see Page 29.

Our brand manager at National Beef, Mike Louderback, is using every resource in his sales support



organization to place CHB with licensed end users. His skill and tenacity are driving the growth in pounds sold that National Beef is reporting: FY2007 was about 26,975,000 and FY2008 was about 29,505,000 for an increase of more than 2.5 million lb. My hat is off to Mike and his team.

New brand launched

In my August "CHB Update," I wrote about CHB LLC's new brand for Hispanic shoppers, *Nuestro Rancho*™, and its launch by three different Los Angeles area retail grocery companies. The product we've sold through National Beef already to the grocers' supplier, Harvest Meat Co., is approaching 400,000 lb. in just three months. A huge advantage is that the Hispanic market calls for these pounds in Select-grade cuts of less value in most other demographics, increasing the CHB program's carcass utilization tremendously. For more about *Nuestro Rancho* see Page 24.

Foodservice sales advance

CHB LLC's foodservice component, too, has made significant strides for our carcass utilization, especially in the year past. Staff has worked tirelessly with distributors to get them

to offer more of the CHB animal, not just the high-end steaks. These efforts are evident in a sales increase of 1.3 million lb. in foodservice alone.

Mick Welch, CHB LLC food service director, is a talented, tenacious, street-smart meat salesman who knows just how to manage distributors and convince end users that CHB is, without a doubt, their best option. We're grateful for the experience and leadership he's provided in making CHB foodservice a major contributing factor in overall program profitability. See Page 26 for more about foodservice growth.

Iowa-based Vande Rose Farms has also given a boost to the program in its request to purchase CHB to help supply the online store, retailers and restaurants it serves. The company has created a need for about 300,000 lb. of product in just a couple of months time. Not a small drop in the bucket, to say the least. Greater Omaha Packing Co. Inc. is growing this large customer's sales.

These are just a few examples that demonstrate where the growing demand for Hereford cattle has originated — on the plate. The CHB effect is truly priceless, as Hereford bulls and females are purchased by producers seeking premiums for cattle known to provide an unbeatable plate experience. Hereford Verified has further enhanced the demand for these cattle with additional bonuses for those that are source- and age-verified.

I'm humbled to be a part of this organization that has come so far in so many capacities and continually strives to find new ways to create marketing opportunities for the whiteface cattle across the country. You can bet that Hereford will be on more plates and more commercial cattlemen's minds as the program continues to evolve into the future. **HW**