

“We learned that it’s not just price that drives consumer purchasing decisions. It’s price in relation to value,” said CAB President John Stika. “That value is defined by the taste and the experience that our beef products provide the consumer.”



PHOTOS COURTESY OF CERTIFIED ANGUS BEEF LLC

RISING TO THE IDEAL

What consumers demand, ranchers provide.

by Morgan Marley, *Certified Angus Beef LLC*

Beef cow herds change each year, adapting management to improve profitability. So when the first National Beef Quality Audit (NBQA) found a quality shortfall, producers knew they could shift directions. It just took time for market signals to provide incentive.

At the 2019 Feeding Quality Forum in Amarillo, Texas, *Certified Angus Beef*® (CAB®) brand President John Stika spoke to the changes in “ideal” since 1991.

“At the time, we’d have been lucky to be producing 2% Prime,” he recalled, noting the NBQA report indicated the need to be at 7%.

The seeds of change were planted. Twenty-eight years later, the fed-cattle harvest mix is 8.8% Prime and 72% Choice.

“We didn’t get there by randomness,” Stika said. “We got there by being intentional

in responding to consumer demands and the market signals that were sent back to the cattle feeder and the cow-calf producer.”

One-third of all Angus-influenced cattle now meet the 10 CAB science-based specifications, a “paradigm shift” to double the rate of a dozen years ago, all going back to producers’ efforts.

The market gave the incentive.



Even through a “Great Recession” and widespread drought, the brand saw record consumer demand at record prices.

“We learned that it’s not just price that drives consumer purchasing decisions. It’s price in relation to value,” Stika said. “That value is defined by the taste and the experience that our beef products provide the consumer.”

It’s easy to forget the beef end of the supply chain in the day-to-day of cow country, he noted. However, that’s the end that drives price differentiation and change in beef herds.

“The most sustainable source of revenue comes from the consumer,” Stika said. Efforts to keep genetics and cattle management focused on that demand require discerning the target.

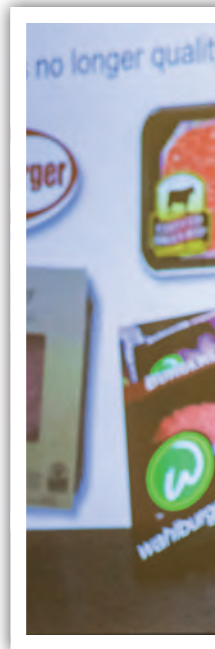
“Ideal changes as consumer preferences change,” Stika

said. “While there isn’t necessarily an ideal, there is a mix of grades: Prime, Choice, the *Certified Angus Beef* brand, Select and so forth. There is more ideal today based on where the market is and where consumers are telling us they want us to focus our production.”

In 2018, it took 5.5 million Angus-type cattle to supply the 1.2 billion pounds (lb.) of CAB sold, eclipsing the supply of USDA Select-grade beef.

“The reason we reached that was because the packer partners we work with sent an economic signal back into cow country,” Stika said, “to the tune of \$1.4 million a week in the form of *Certified Angus Beef* premiums that said keep the supply coming.”

Despite record levels of quality, he pointed out in the two-thirds of cattle that failed to qualify for the



brand, 92.6% did not have enough marbling. That's relatively easy to add as herds change going forward, but has the trend line outpaced demand?

"We can continue to put more marbling into these cattle, and the market is still indicating that it's willing to

reward us," he said. The mission for high-quality beef is not over. There's still a lot more to do.

"To maximize what you have in your herd today or in your feedyard or in your backgrounding program, it's really about managing the health and nutrition of those cattle," Stika emphasized.

Intentional care to get the most out of current genetics will have the quickest impact on supply.

"What we know through data is that if an animal has a bad day with regards to health or poor nutrition," Stika said, "the likelihood of that animal ever reaching a quality end point with regards to *Certified Angus Beef* or Prime are almost non-existent."

Drive herds in the quality direction through selection and culling, he advised, noting Angus genetic trends for carcass merit keep moving upward.

"If you're a cow-calf producer, you can work with your seedstock

supplier to find those high-quality carcass traits," Stika said. "At bull sales, look for our *Targeting the Brand*[™] logo" used to designate sires with above average marbling and ability to earn quality grid premiums.

"The most sustainable source of revenue comes from the consumer." — *John Stika*

"The American Angus Association also offers tools to help cattle feeders

identify quality," he said, noting the AngusLinkSM indexing for gain and grade potential.

Added focus on quality can fall short of paying its way when cattle are sold as average, Stika commented. Value-based grid marketing captures rewards and generates more data for future selection and management.

"This has really been the way the merchandising and production chain has driven the quality signal back to the production side of the business," he said. "It puts us in closer touch with the demands and desires of the end users."

For cattlemen, it's never a wasted effort to study those signals while driving change toward the ever-shifting ideal.

For more information, visit www.CABcattle.com. |

Editor's note: Morgan Marley is a producer communications specialist for Certified Angus Beef LLC.

