

Add Up the Value

Cut by cut, beef value adds up.

by **MIRANDA REIMAN,**
Certified Angus Beef LLC

When you sell live cattle, you don't get an itemized sale ticket.

The check stub from a sale barn or even a packer may limit details to weight, price and head count.

That doesn't mean the brisket brings the same value back as the loin.

Beef value source was the topic of a preconference program at November's Range Beef Cow Symposium in Cheyenne, Wyo. The event was cosponsored by the *Certified Angus Beef*® (CAB®) brand and Zoetis.

"The brand has to offer value across several cuts," said Gale Rhoads, CAB executive account manager. "If it wasn't bringing value to you as producers, as well as the foodservice distributors, restaurateurs, chefs and retailers, our brand wouldn't have been able to market over a billion pounds last year."

How does the math work out?

You may be used to hearing about the

Choice-Select spread, the value difference per hundredweight (cwt.) in boneless beef cut from carcasses of those grades. It

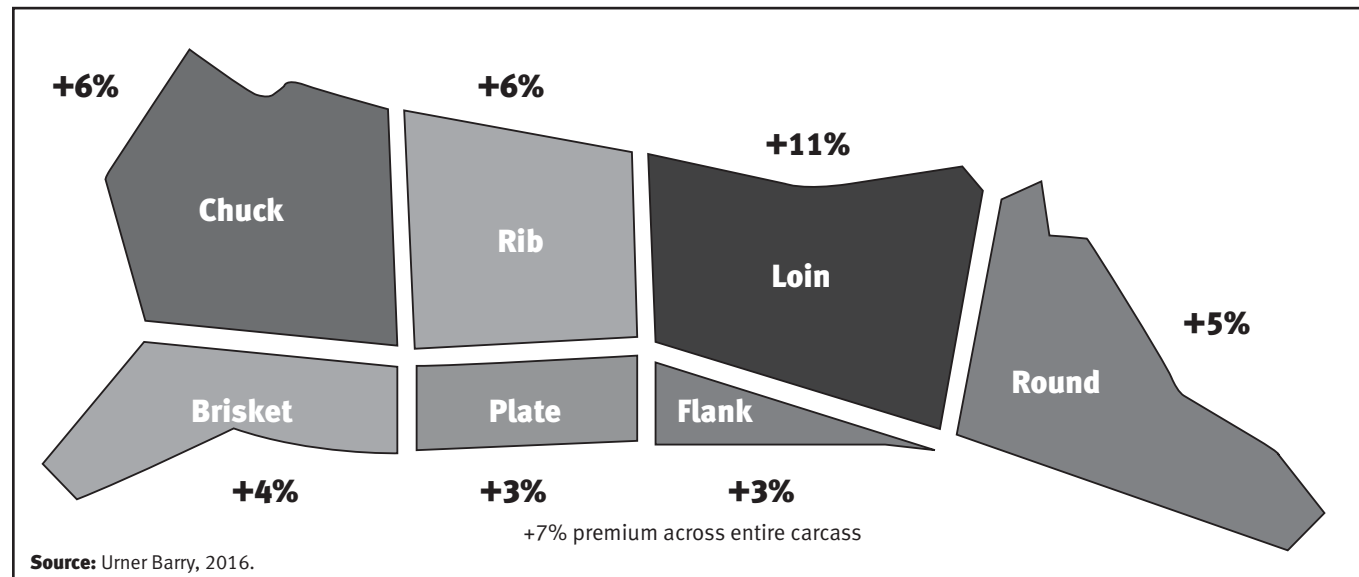
averaged \$13 for the first three quarters of 2017.

"The cutout is primal values rolled

up into one number," said Justin Sexten, CAB supply development director. On a 900-pound (lb.) carcass, that's a \$115

Fig. 1: CAB® carcass premium over choice

The CAB brand adds 7% in overall value to a carcass, compared to Choice. Here's the breakdown of which cuts provide what portion of the premiums.



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Certified Angus Beef LLC's Justin Sexten and Gale Rhoads demonstrated how value is distributed through the carcass and shared opportunities to create more value.

difference between a Choice carcass and a Select.

“Even when the Choice-Select spread narrows, the CAB-Choice spread adds value,” Sexten said, noting a \$9.23-per-cwt. advantage for carcasses meeting the brand’s 10 specifications during the same period. “That results in \$83 above the value of a Choice carcass.”

Breaking down value

Both weight of the primal and the cuts from it determine the share of overall value contributed by each part.

The loin is the top value-getter: 11% of brand premiums over Choice come from its tenderloin, strip and sirloin.

“Even though the chuck and round have lower-priced cuts, mass matters,” Sexten said. In a CAB carcass, they account for about the same added value as the rib, at 6%.

Meat marketers are always looking for ways to add value to each primal, and Rhoads fabricated a top sirloin to demonstrate that.

“Sirloin is typically going to sell at a lower value, but with proper aging it can still be a wonderful eating experience if the marbling is there,” he said, noting purveyors may age it well beyond the industry standard 21 days. “It isn’t going to be as tender as a tenderloin or a ribeye, but it will have the flavor profile of a good strip. Of course, you have to start with a higher-quality piece of meat — CAB or Prime — to make that happen.”

Taking off the cap muscle or “coulotte” lends itself to different applications, Rhoads said.

“If you’ve eaten at a Brazilian restaurant, they bring it out on the skewer and carve it tableside,” he said. “Big pieces of meat that look like big ol’ C’s when they fold them over. It’s the cap off this sirloin.”

Some retailers have started selling “center cut” sirloins, Rhoads said, and merchandizing them individually or as a 6-ounce (oz.) or 8-oz. “each” instead of per pound or in multi-packs.

“The consumer has driven that, because they want to know what their cost is to feed their family,” he said.

They can sell a 6-oz. steak for \$5, when the entire cut was maybe selling for \$8.99 per lb. “It’s extra work, but it brought back more revenue for them, and they created some extra sales.”

At foodservice, that might be cut into a baseball steak or sold as a sirloin filet.

“The marbling they have in this top butt, compared to what most people are probably going to find in that filet ...

this will knock the filets off the table with flavor,” Rhoads said.

It’s all about finding more ways to please the consumer and earn their dollars.

“When beef marketers get creative in what they can deliver to end users, it’s good for everybody,” he said. “That value puts more money back into the entire chain, so that it filters back to the producer.”

Despite growing supplies, this year sent

strong quality signals through the chain, incentivizing producers who aim for the top grades, Sexten said.



Editor’s Note: Miranda Reiman is director of producer communications for Certified Angus Beef LLC. For additional coverage of the 2017 Range Beef Cow Symposium, visit www.rangebeefcow.com.

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