

MARKET TO MAKE MONEY

Market planning can net added value for your calves.

Story & photo by Troy Smith, field editor

Plenty of cow-calf producers would be tickled pink to receive more money from the sale of their calves. Who wouldn't? Yet many producers are resigned to take what they can get on sale day. What, if anything, can they do to add value to their feeder calves?

According to Paul Dykstra, more calf sellers probably ought to consider what it is that motivates calf buyers. A beef cattle specialist for Certified Angus Beef LLC (CAB), Dykstra delivered a Learning Lounge presentation during the 2020 Cattle Industry Convention, hosted Feb. 5-7 in San Antonio, Texas. He suggested that a better understanding of what value means to beef consumers, beef packers and cattle feeders may help calf producers focus on a

marketing target and apply strategies that can help capture more value.

"The marketplace wants high quality," stated Dykstra, explaining how packers, in response to consumer demand for quality, are willing to pay a little more for the percentage of carcasses that beat expectations for Choice quality grade. Packers pay a little more than that for carcasses qualifying for the *Certified Angus Beef*® (CAB®) brand, and still more for Prime.

However, Dykstra also warned that red meat yield can't be sacrificed in the pursuit of quality. Grid-based marketing was developed in consideration of both, whereby carcasses with more marbling and lower yield grade earn the highest premiums, while the greatest discounts are assigned to carcasses with the least marbling and higher yield grade.

"Grid marketing, with its premiums and discounts, provides motivation for cattle feeders,"

said Dykstra, noting that some 79% of fed cattle are now marketed on a grid.

It follows, then, that calves with bred-in carcass merit represent more value to cattle feeders. Genetic selection for production of calves that will suit the grid-marketing system is an important step. Dykstra allowed, however, that genetic potential won't guarantee higher prices for a calf seller. They need to think about ways to capture that bred-in value.

"Market seasonality is a factor. Don't expect to get more for calves if you sell the wrong weight at the wrong time," Dykstra warned, noting seasonal shifts in fed-cattle markets and predictable changes in the Choice-Select price spread.

Dykstra explained that many cow-calf producers sell spring-born calves in mid- to late-October. Those 500-pound calves are likely to be finished, not in April or May when the Choice-Select spread typically spikes, but in July. Cattle feeders know those

cattle will hit the fed-cattle market when the carcass quality price spreads are seasonally narrower.

"It's none of my business how you sell your cattle," Dykstra told the audience, "but you might want to think about marketing more strategically."

Regarding other strategies for adding value to calves, Dykstra listed low-stress weaning and backgrounding on a nutrient-dense diet as strategies worth consideration. Enrolling calves in programs for source and age verification, or those targeting "natural" or "non-hormone-treated" markets may be advantageous. He warned that third-

party verification is becoming increasingly important to such programs.

Perhaps most important, in Dykstra's opinion, is conveying the information about the calves to potential buyers. There are experts in marketing who do a good job of representing sellers and their cattle, but Dykstra believes the best agents often may be the sellers themselves. To do it, they must build a network of potential buyers. Dykstra said there is no substitute for personal relationships, and those are best built face-to-face and kept fresh.

It takes some work, by the producer, to make the contacts and share the information on calves that represent added value. Quite frankly, some buyers may wonder if it's all blue sky. To build a reputation that makes marketing a bit easier, Dykstra said, "The cattle better match the claims." ■



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