

# The Link

## Get the most value for the value you produce.

by Troy Marshall, American Angus Association



Our industry spends a lot of time talking about premiums, which makes sense. Yet, what we are really talking about is maximizing pricing potential — getting the most value for the value we produce.

I've always been a little uneasy talking about premiums, because they have been synonymous with good marketing. In reality, cattle that are getting significant premiums in the marketplace may be selling under their actual value. At the same time, some cattle selling at a discount may be receiving a premium relative to their value.

With that said, we experienced record premiums for AngusLink<sup>SM</sup> cattle this year (see Figs. 1 and 2).

Cattle enrolled in only AngusVerified<sup>SM</sup> and/or the Genetic Merit Scorecard<sup>SM</sup> earned a premium of more than \$12 per hundredweight (cwt.)! Overall, cattle enrolled in AngusLink averaged a premium of \$21.61 per cwt., earning just shy of \$18 million for commercial cattlemen this year.

Without question, the return on investment (ROI) for these programs is extremely good.

The premiums earned by AngusLink cattle were the highest we have ever seen, and they are indicative of strong demand. These returns are especially good when one considers both the amount of time and the amount of money required to enroll in the programs.

The process-verified-program (PVP)-type programs are also beneficial for producers who have load lots to market. Many producers are managing cattle in ways that would allow them to participate in these programs with little or no change in their management or marketing programs.

### All in the execution

Capturing premiums isn't as much about doing what the market wants as it is documenting what producers are already doing. It is more about execution than it is doing something truly unique. Differentiation is important, but it really comes down to verifying for buyers so they can buy with confidence. The formula for premiums is pretty widely known:

- ▶ Use registered Angus bulls, and document that fact through AngusVerified.

## ANGUSLINK<sup>SM</sup>

### VALUE ADDED PROGRAMS

Fig. 1: By the numbers, 2023 premiums

|                               |              |
|-------------------------------|--------------|
| Only AngusVerified and/or GMS | \$12.03/cwt. |
| NHTC with AngusLink           | \$13.51/cwt. |
| All-natural with AngusLink    | \$25.29/cwt. |
| GAP with AngusLink            | \$28.08/cwt. |
| Avg. premium for all programs | \$21.61/cwt. |

GMS = Genetic Merit Scorecard; NHTC = non-hormone-treated cattle; GAP = Global Animal Partnership.

Fig. 2: AngusLink premiums

|                |                 |
|----------------|-----------------|
| 2023           | Since 2019      |
| \$17.8 million | \$36.05 million |

- ▶ Use genetics that fit your objectives and that allow your customers to profit from them through the Genetic Merit Scorecard.
- ▶ Have a strong health and nutrition program.
- ▶ Make sure your calf crop has maximum market flexibility by taking advantage of program eligibility through verifying access to markets.
- ▶ Build relationships with buyers and your seedstock supplier.
- ▶ Put your cattle in front of the right buyers at the right time.
- ▶ Finally, make marketing, like genetics, a priority for your operation.

Our industry is undergoing a significant change. Buyers now are not focused on averages as much as they are on margins and profits. Even our most commodity-oriented, straight-hedging operations are recognizing they will have to pay premiums for superior cattle — and that those cattle can mitigate their risk, while increasing their margins. There is no better way to earn a premium than to reduce the risk of the buyer while increasing margins, and that is what the AngusLink program is designed to do. *ABB*

Editor's note: Troy Marshall is director of commercial industry relations.



### Digital EXTRAs



Troy Marshall and IMI's Doug Stanton discuss how to "Get Rewarded for Your Calves" in this episode of *Angus At Work*.



Panelists at the 2023 Angus Convention discussed how cattlemen can capture value. We visited with panel moderator Troy Marshall and panelists Travis Mitchell and Lydia Yon afterward for this episode of *Angus At Work*.