



The Beef Business: It's Never Been Better

Additional consumers and new technology are making the future bright for beef.

by **PAIGE NELSON**, *field editor*

"This is the best time — ever — to be in agriculture. There's never been a better time to be in agriculture: Phenomenal time!" exclaimed Lowell Catlett. The animated Angus University keynote speaker, known as an exciting futurist, addressed an Angus crowd in Kansas City, Mo., Nov. 5 at the Angus Means Business National Convention & Trade Show hosted Nov. 4-6 at the KCI Expo Center in Kansas City.

Catlett is a Regents Professor in agricultural economics, agricultural business and extension economics and the Dean of the College of Agricultural, Consumer and Environmental Sciences at New Mexico State University.

While we know we cannot predict the future, Catlett said, we can, with some degree of accuracy, make a plan for the future. He referred to the state of the world in 1970.

"In 1970 the world had 3.6 billion people. 1970 was the year that the United States became the world's first \$1 trillion economy. The world in 1970 produced slightly less than \$4 trillion," he said. "Guess what? We could not provide those 3.6 billion people 2,450 calories on average for normal bodyweight and maintenance per day."

In 2013, 43 years later, the world produced \$70 trillion, Catlett explained. The United States became the world's first \$17 trillion economy. The population has grown to 7.2 billion people. Now, the world's agriculture can feed itself. In fact, he said in the last 10 years, agriculture has produced, for every man, woman and child on the earth, 2,900 calories per day.

"That is phenomenal — that's never happened in history," emphasized Catlett.

Economic growth

He told his audience that China, India and Brazil housed half of the world's population in 1970. The second-largest economy then was the United Kingdom (UK) at \$250 billion.

"The entire output of China, India and Brazil in 1970 was less than the output of the second-largest economy, the UK," he said. Since that time, all three countries have experienced impressive economic growth. China has witnessed a 19-fold increase; India, a 13-fold increase; and Brazil, a ninefold increase.

Meat protein consumption has increased sevenfold in China and fivefold in India. Surprising due to its cultural and religious beliefs, India has doubled its beef consumption in the last five years. Catlett explained that the first thing people do when they exit impoverishment is change their diet by adding more meat protein.

"So, we think that by 2050 we will

have 9 billion people. That's a forecast. We don't know, but we do know this: If it goes to 9 billion people and incomes keep rising, and they are, we will have to double meat production," he said.

Doubling meat production

In Catlett's view meat production cannot be doubled through pastoral agriculture.

"I am telling you, if you want to double meat production, it's going to be in intensive animal operations. That's where the efficiency, the animal health, and that's where the least impact to the environment comes on board.

"The seedstock has to feed that. There's never been a better time to be in the meat business," he noted.

The meat business is good, but Catlett said the Angus business, especially the Certified Angus Beef LLC (CAB) business, has plenty of opportunity to get better.

"Last year when the world produced \$70 trillion, the *Federal Reserve* reported that the net worth of 121 million households in the United States was \$83 trillion," he said.

According to Catlett, in 2013 the second-largest economy was China at \$7 trillion. The third-largest economy was Japan at \$6 trillion. The gap is worth more than the output of the second- and the third-largest economies in the world.

"We have more money than we know what to do with!" he pointed out.

He noted, however, money changes people. They have fewer children, and they change their diet. Those in the Angus business, said Catlett, saw those changes coming. He said, with money, consumers "start differentiating a segment in the market, and they do not want just a piece of meat or a piece of beef. They will now ask, 'Is it Angus or can it be certified?'"

In a world of increasing wealth, both in developed and developing countries, Catlett said a company's most important marketing ploy is differentiating and segmenting its market because it adds value to the product.

Said Catlett, "Nobody's done it better in the meat business than you (Angus) folks. Keep on doing it because as we (in the United States) want more Angus beef, I guarantee, in a world that's getting richer, the world does, too.

"Folks, there's never been a better time to be in agriculture because the world has money now, and they want to spend on unbelievable amounts of differentiated and segmented food products," said Catlett, citing growth in organic and gluten-free markets.

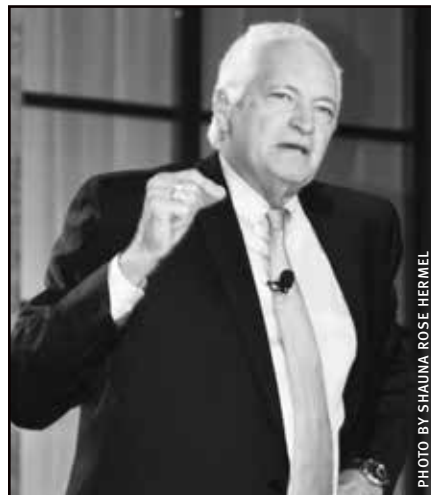


PHOTO BY SHAUNA ROSE HERMEL

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Generational transfer

Adding a word of caution, Catlett turned the focus back to American wealth. He said of the \$83 trillion in the United States, two-thirds of it is controlled by the baby boomer generation.

"You're going to see, in the next decade, the largest intergenerational transfer of wealth that's ever occurred in 6,000 years of recorded history," he stated.

Only 20% of businesses survive second-generation takeover, he noted, and only 4% survive the third generation. Referring to Generation X, the people born in the mid- to late-1960s through the mid- to late-1980s, Catlett reported that the entire generation consists of 44 million people.

"When you fire the baby boomers, who [are] you going to replace us with, the smallest generation ever?" he asked.

"Let's talk about the one coming after them. They are the most fun, and you're going to want to pay attention to them because they are your workforce," he transitioned. "They're called Generation Y, though they prefer to be called the millennials. They were born in the late-1980s to the 2000s. They're 75 million strong ... They're the first generation that grew up totally mobile.

"They don't know life without this," he emphasized, holding up his cell phone. "This generation, if it ain't mobile they ain't doing it."

A high-tech world

From millennials, Catlett moved on to emerging technologies. "Do you remember the tricorder from Star Trek?" he asked. "It could do everything you wanted it to do."

A real-life tricorder is on its way, according to Catlett. A team competing for the Qualcomm Tricorder Xprize has produced a device that attaches to the back of a smartphone. Its purpose? It analyzes a drop of blood.

"It does an instant blood cell count of red blood cells, white blood cells. It does an instant reading of whether you're HIV positive or not. Folks, pick what thing you want to measure, it does it," he said. "It doesn't have to be a drop of human blood, either. It changes the face of diagnostics, the likes of which you cannot imagine."

Catlett explained two emerging trends pertinent for agriculture: big data from many different farms and "n of 1" — each individual in the population is unique. "The trend is every cow is a little different. You do a blood sample with your smartphone. Now you have data on that cow, that bull," he added.

People with money like to tell you if your cattle are happy or not, said Catlett. He described a French car company that has a camera in the rearview mirror of every 2015 model. The camera senses the driver's mood, and then plays the appropriate music. Now, imagine a drone, he said, that flies through your cattle herd, looks at a cow's eye, and records whether she's happy or not.

"You put all that data together and you've got a heck of an argument," he emphasized. "You're going to have tools now, folks, that will help you manage [your herd] in ways you never dreamed possible."

Speaking of tools, Catlett predicted that one day, through the use of 3D printing, ranchers will be able to print their own tools and parts. "We now have the ability to manufacture things in people's garages," he said.

Home Depot wants to sell you a device similar to a 3D printer, Catlett told his listeners. They will also sell you the raw materials and digitized blueprints to make parts. He explained, "You won't have to go to Home Depot anymore. If you need a No. 5 washer, you just make it."

3D printers can print vaccines, said Catlett. It's being done.

He concluded, "What a time to be in agriculture. It's going to be tied to everything that makes life better for everybody. And everybody wants what you in this room have, and it's called the highest quality of beef that's ever been produced on this planet."



Editor's Note: Paige Nelson is a freelance writer and cattlemaster from Rigby, Idaho.