

DIFFERENTIATION, VERIFICATION AND EXPECTATIONS

What your bull buyer's customers want.

by Miranda Reiman, senior associate editor



When it comes to selling cattle, competition isn't just nice, it's essential.

"How would you like to have only one buyer to buy your cattle?"

That's a scary thought, said Clint Berry, Superior Livestock Auction representative, and it's the reason he takes his job seriously. "Our primary market focus is to spread those cattle out to the biggest buyer base we can get in front of us."

Part of getting the largest number of bidders is making certain the cattle offered fit the orders for that day. Some buyers may require vaccination and weaning protocols, and others may seek well-documented specific genetics, he noted.

Berry spoke on the Capturing Value Panel, part of the 2021 National Angus Convention and Trade Show in Fort Worth, Texas, in November. Kelli Payne, Oklahoma National Stockyards; Bruce Cobb, Certified Angus Beef; and Doug Slattery, Prime Pursuits, also offered their perspectives on the changing feeder calf market. What commercial producers are getting paid eventually extends back to what's in demand at the seedstock level.

"I've probably never been as optimistic about the beef business as I am right now," Berry said, but

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that doesn't guarantee profitability. "If you think there's been a lot of change in the way we differentiate and market cattle in last five years, wait until you see what the next five years have."

Troy Marshall, director of commercial programs for the American Angus Association, moderated, asking short- and long-term demand drivers.

PROGRAM CATTLE POPULARITY

The panel's top themes were more separation and higher expectations.

"There's going to be less and less cattle, I think, marketed without a third-party verification of some kind as we go forward," Slattery said.

Prime Pursuits, the feeder calf procurement arm of 44 Farms, purchases cattle for their McClaren Farms brand, sold in 500 Wal-Mart stores throughout the Southeast. The cattle must have never received a growth-promoting hormone and are traceable with an electronic identification (EID) from producer to store shelf. Last year they bought

450,000 head of third-party verified, Angus-sired calves from across the United States.

Best practices, such as having a relationship with a veterinarian and nutritionist, are also musts.

"Anybody who's not weaning their calves is losing a lot of money. You have to wean your calves," Slattery said, especially considering the effect on health. He's had exceptionally high-grading cattle with an 8% death loss. "We're probably not going to buy those cattle next year."

It's a matter of economics, and experiences stick.

"You remember when you make money and you remember when you lose money," Payne said.

During the busiest run of 2020, her Oklahoma City-based auction market had 18,000 head selling on a single day and Payne watched buyers return with strong bids for the 3,500-head special Angus turn. This December marked their third year of this Angus offering.

"They had confidence that every animal coming into that ring was handled right — minimum 60 days weaned, two rounds shots and some of them were AngusLinkSM," she said. "You'll never forget the bad cattle, but you're certainly going to remember those cattle that you buy and put in

the feedlot that grow and grow and grow.”

A LOOK UNDER THE HIDE

Verifications give buyers confidence to step outside their usual purchases, Berry said. This summer Superior started publishing some of the Genetic Merit Scorecards® (GMS) on cattle selling on video.

“It goes back to helping to differentiate what the product is that we’re looking at, especially on a set of cattle that maybe you have no experience with,” Berry said. “It’s a lot like what’s underneath the hood without popping it up, to know what’s there.”

During the 2021 fiscal year, the AngusLink program added about \$13 per hundredweight (cwt.) to enrolled cattle, Marshall noted. That was across all categories of enrollments, including the premiums for Global Animal Partnership (GAP) and all natural certifications. During the past three years, that adds up to \$12.5 million in premiums back to participating producers, he said.

Cattle feeders are rewarded for carcass quality, Cobb said, so they continue to dial in to which cattle are likely to perform well on a grid. Even as national grading trends and *Certified Angus Beef*® (CAB®) brand acceptance rates reach record highs year after year, that’s still true.

“Whatever increase in supply we’ve had from the quality-grade standpoint, it’s always been more than offset in the increase in demand we’ve experienced,” Cobb said.

Last year, 6 million carcasses were certified into the brand.

“In most all of agriculture, when you continue to add volume on



From left, Clint Berry, Doug Slattery, Kelli Payne and Bruce Cobb talk to moderator Troy Marshall, American Angus Association, about current and future feeder calf market demand drivers.

volume on volume, what happens in the commodity world? Price decreases, correct?” he asked. “Not so in high-quality beef.”

Through November of 2021, CAB grid premiums were holding at just over \$5 per cwt.

NEW PREMIUMS POSSIBLE

Health and genetics add value today, but panelists said the sustainability category has potential to grow.

“It is a chance for us to continue the legacy we’ve been doing and actually get paid for it, because that is a terminology for something that, in essence, we’ve been doing, or at least the lion’s share of,” Berry said. “You may need to take care of some paperwork on your side, but there’s going to be a lot of money made in being able to deliver a sustainable product.”

Slattery says the topic comes up often.

“We literally have a sustainably conversation if not every day, several times a day. It’s that high of a priority for Wal-Mart and for 44 Farms and Prime Pursuits,” he said. There’s already value for verifications like non-hormone-treated cattle (NHTC) or third-party humane handling programs, and he expects the list to grow.

Cobb said as feeders get more familiar with them the premiums will continue to trickle back.

“Whenever the entire supply chain has an opportunity to be rewarded because of what packers are looking for because of what cattle feeding operators are looking for and on down through the seedstock operators,” Cobb said, “it’s quite exciting.” [A](#)