What's Ahead for Beef?

Leaders of the beef industry in the United States believe the industry is at a major turning point. Leaders believe industry changes in the next decade will have profound long-range effects. And they feel how well individual cattle producers adapt will be a major factor in whether their returns will be good enough to let them remain in the business.

This new environment for the beef industry is perhaps best illustrated by the increased attention the past few years on the competition between beef, pork, poultry and meat substitutes for the consumer dollar.

The underlying reason for the increased competition is the key to understanding the scope of the changes that face the beef industry, according to Iowa State University extension livestock specialist Bill Zmolek.

"Basically," Zmolek says, "the meat industries in the United States, particularly the red meat industries, appear to have become what economists call 'mature' industries. Growth in per capita consumption of meat largely appears to be over. In this setting, competition between the various meat industries has increased and will likely continue to intensify."

Zmolek says a report prepared by a Special Advisory Committee of the National Cattlemen's Association pointed to this maturing of the U.S. meat industry as the major change from the past to use to assess the future. The 1982 report, "The Future for Beef," said demand for beef has slipped since 1976 because while there has been a decrease in per capita beef supplies, there has been no increase in "real" retail prices, or those adjusted for inflation.

Per capita consumption of beef in the U.S. declined from 96 pounds (retail weight) in 1976 to 77 pounds in 1980, then went up slightly each of the past two years. Combined per capita consumption of chicken and turkey climbed from 49 pounds in 1975 to 63 pounds in 1982, surpassing pork consumption for the first time.

"I think we are eating more poultry partially because it's cheaper," Zmolek says. "I think beef is a preferred meat, but that doesn't necessarily mean we are going to buy as much of it, especially when economic conditions are poor."

Zmolek says attempts to compete with poultry on a cost basis will be futile for the beef industry. "There's just no way that can be done, even with the ultimate in beef production efficiency," the ISU specialist says. "For one thing, the reproductive process is totally different. The broiler breeder hen starts laying eggs at 8 months or younger, and produces 150 or more eggs a year. A heifer doesn't have a calf until she's two years old, and will produce about .7 calf per cow annually in the U.S. Another factor is the high capital investment in land needed to maintain a cow. Of course, cattle do utilize forages. There's not much potential for poultry on Wyoming ranges or Iowa corn stalks."

What the beef industry can do, Zmolek says, hinges largely around the three general areas of trying to increase demand for beef, improve production efficiency and improve business management skills.

Zmolek says the beef industry needs more imagination in retailing beef. "The industry needs research to develop products to convince consumers to buy more beef," he says. "Several areas are possibilities—fast food restaurants, improvements in processing, better packaging, controlling portion size. Beef needs to be available in more convenient forms."

Zmolek says he sees two key areas where the industry should focus on improving efficiency. "The cow-calf producer needs to select cattle with the ability to grow and gain fast enough to reach market weight at 12 to 14 months," he says. "We have the genetic know-how to accomplish this. We need to apply this technology to commercial cow-calf selection and management programs."

"Cattlefeeders should focus on fine tuning to identify weaknesses in their finishing program. This largely involves better record keeping to determine what costs are, and then integrating this information into overall management and marketing."

The ISU specialist says improvements in

business management skills are essential to reduce the risk for cattle producers, especially cattlefeeders. "We need to take advantage of hedging and forward contracting, and possibly investor feeding to reduce price risk," he says. "And the successful producer is going to have to capitalize on new information and the instantaneous information sources now developing."

Zmolek says there will be profit opportunities for cattle producers in the years ahead, but returns in the black won't come easily. "Beef production is such a fiercely competitive industry," Zmolek adds. "We have so many resources that can potentially be used to produce beef that people go into beef production when it gets profitable. Basically, I think supply and demand conditions will stay in effect. In the next 20 years there will be chances for profits—but not everyone is going to make a profit."

Psychology Helps Move Cattle

To move cattle without their balking, it doesn't hurt to know a little "cattle psychology."

Cattle are near-sighted, color blind and have wide-angle vision that puts some fish's eyes to shame, said Donald Rains, extension agricultural engineer in northern Missouri.

Living in a black and white panoramic world, cattle are understandably scared of their own shadow—and everything else's shadow as well.

Knowing these bits of cattle psychology helps free the handling pen of skittish steers.

Solid fences are the biggest single improvement you can make in your handling pens, Rains said. Solid fences minimize confusing shadows, and act as blinders to block outside distractions.

In most instances, what the cattle can't see will help you move them faster and easier.

"Cattle should be able to see only where they're supposed to go," Rains said.

Sliding gates, dodge and squeeze chute gates should be designed to give the cattle some vision of what's before them. Cattle often balk before the crowding pen if they're faced with a solid sliding door.

Likewise, if a steer can see the animal ahead of it leaving the stanchion, it's less apt to freeze going in the squeeze chute.

Sliding gates and squeeze chute doors should be made of spaced planks or of a pipe frame covered with expanded steel mesh, Rains said.

Dodge gates and leadup alleys should also allow the cattle to see just enough to make them feel secure. Leadup alleys should be gently curved and shouldn't allow the cattle to see a straight run of more than 25 feet.

"The idea is to prevent cattle from seeing the squeeze until they are almost in it," Rains said. AJ