

## Quality Differences in the New Marketplace



Mark McCully, Certified Angus Beef  
Prepared for the Mid-South Stocker Conference  
February 12-13, 2008



The brand that pays.®

## Presentation Outline

- A look at the new marketplace for beef
- The quality trend
- Factors influencing quality - stocker level
- Genetic trends for stocker operators to consider



The brand that pays.®

## The New Marketplace for Beef

- Branded
- Marketing claims about production
  - Natural and organic
  - Environmentally-friendly
  - Humanely raised
- Export requirements
  - Age-verified
- Beef's new price:value relationship to pork and poultry



The brand that pays.®

## A Branded World



The brand that pays.®

## Can a Commodity be Branded?



The brand that pays.®

## Branded Beef Categories

- National – 
- Regional – 
- Store – 
- Premium – 
- Specialty – 



The brand that pays.®

### Today- 67 USDA Certified Programs

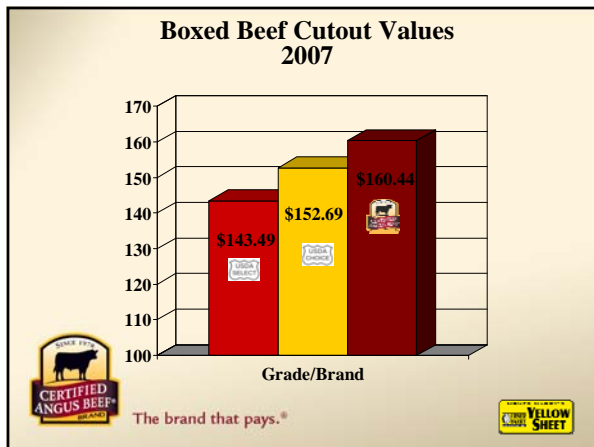
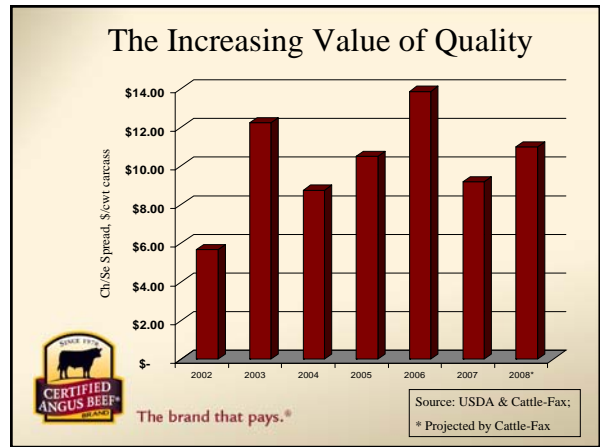
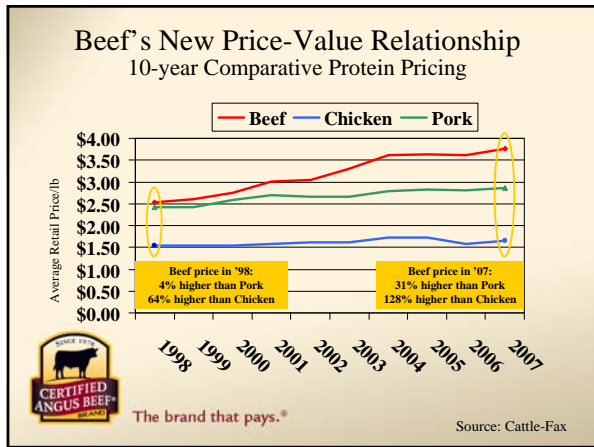
The brand that pays.®

\*USDA G-Schedule last updated June-07

### USDA Certified Beef Programs- 2007

- 67 total programs
- 51 have a breed in their name (49-Angus; 2-Hereford)
- 25 have Modest or higher marbling
- 14 are "Angus" with Modest or higher marbling
- 21 are USDA Select; 17 Low Choice
- 8 are "natural" or have natural extensions
- 2 are USDA Standard/Commercial

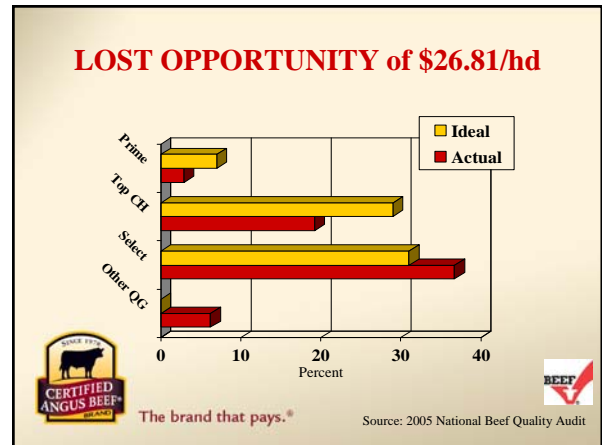
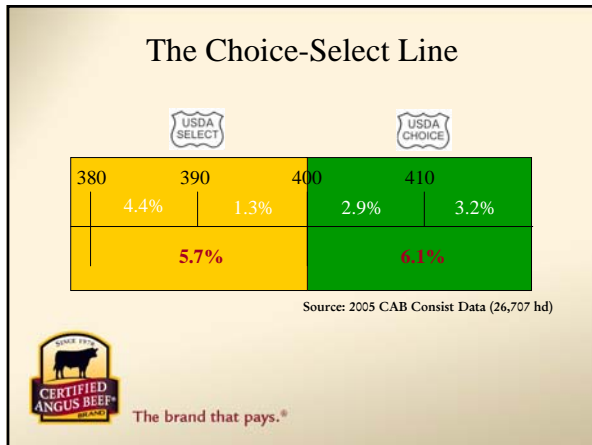
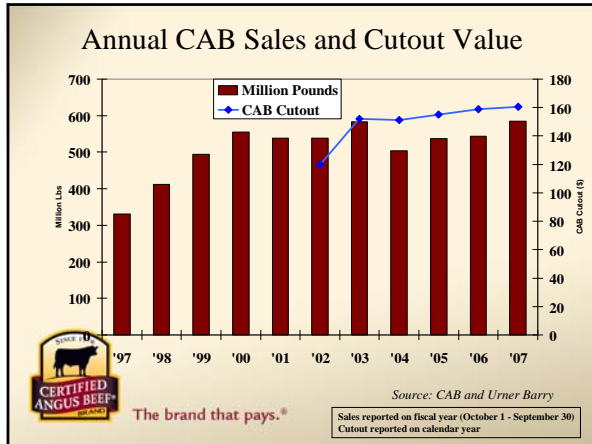
The brand that pays.®



### Wholesale Value Differences

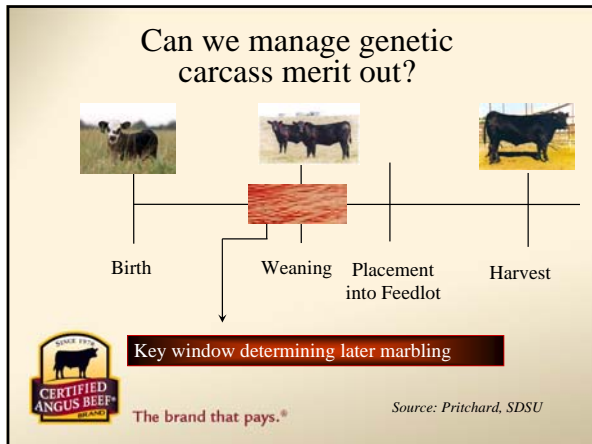
The brand that pays.®

\*Assuming 800 lb HCW & 2007 wholesale values  
YELLOW SHEET



- ### Top 10 beef quality concerns from purveyors, restaurateurs and retailers
1. Insufficient Marbling
  2. Cut Weights Too Heavy
  3. Lack of Uniformity In Cuts
  4. Inadequate Tenderness
  5. Excess Fat Cover
  6. Inadequate Juiciness
  7. Inadequate Flavor
  8. Inadequate Overall Palatability
  9. Low Cutability
  10. Too Large Ribeyes
- Source: 2005 National Beef Quality Audit





- ### Quality Considerations for Stocker Operators
- Health & parasite control
  - Growing systems and supplemental nutrition
  - Implant strategy
- CERTIFIED ANGUS BEEF**  
The brand that pays.®

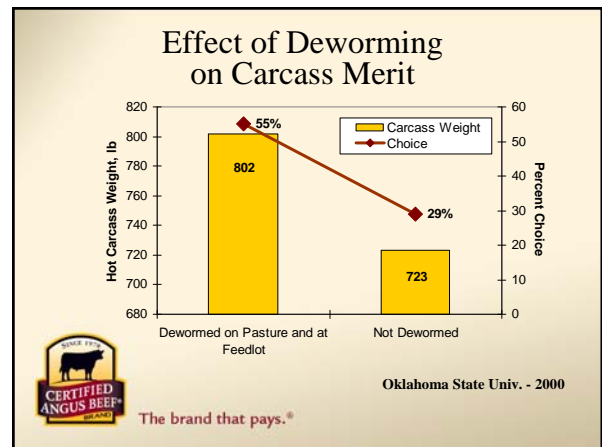
### Effect of health treatment frequency on quality grade

Quality grade	Number of treatments			Change
	0	1	≥ 2	
Prime, %	1.6	0.9	0.9	- 43.8
Choice <sup>o/+</sup> , %	21.7	19.1	14.6	- 32.7
Choice <sup>-</sup> , %	51.0	44.7	42.1	- 17.5
Select, %	23.6	30.4	33.2	+ 40.7
Standard, %	2.2	4.9	9.3	+ 322.7

Source: 2002-2004 Iowa Tri-County Steer Carcass Futurity

**CERTIFIED ANGUS BEEF**  
The brand that pays.®

BLACK STAR BEASIGS



### Impact of Growing Programs

	Growing Program	
	None	60 days dry lot; 78 days on cornstalks; summer grass
Carcass wt.	718	843
Prime, %	1.4	0
Premium Choice, %	31.1	1.2
Low Choice, %	33.8	14.5
Select, %	33.8	77.1
Standard, %	0	7.2
% Tough	0	19

Nebraska - 2005

**CERTIFIED ANGUS BEEF**  
The brand that pays.®

### Impact of Growing Programs

	Wheat Pasture	Sorghum Silage	Program-fed High Concentrate
Initial wt., lb	557 <sup>a</sup>	522 <sup>b</sup>	517 <sup>b</sup>
Growing ADG, lb	2.53 <sup>a</sup>	2.42 <sup>b</sup>	2.61 <sup>a</sup>
Feedlot ADG, lb	3.54 <sup>a</sup>	4.51 <sup>b</sup>	4.23 <sup>c</sup>
Final wt., lb	1345	1336	1312
<b>Marbling Score</b>	<b>409<sup>a</sup></b>	<b>449<sup>b</sup></b>	<b>423<sup>ab</sup></b>
USDA YG	3.19 <sup>a</sup>	2.76 <sup>b</sup>	2.94 <sup>b</sup>

<sup>a,b</sup> Differing superscripts are different at P<.05  
Oklahoma State University - 2005

**CERTIFIED ANGUS BEEF**  
The brand that pays.®

## Value of Supplementing on Grass

	Control	Supplemented
Initial wt., lb	644	648
Final wt., lb	765 <sup>a</sup>	825 <sup>b</sup>
Grazing ADG, lb	1.94 <sup>a</sup>	2.80 <sup>b</sup>
Feedlot ADG, lb	3.44	3.40
Marbling Score	503	518
Choice, %	51 <sup>c</sup>	67 <sup>d</sup>
Carrying Capacity	1	1.4



The brand that pays.®

<sup>ab</sup> Differ at P=0.01

<sup>cd</sup> Differ at P=0.15

Nebraska - 2007

## Recommendation

- Keep gain above 2 lbs/day during stocker phase
- Avoid periods of no gain, especially early in stocker phase



The brand that pays.®

## Effect of Implant Program on Quality Grade

CAB® Acceptance Rate	Total Implant Potency Score*
0	5.25 <sup>a</sup>
.1 to 19.9%	4.16 <sup>a</sup>
20 to 29.9%	4.17 <sup>a</sup>
Over 30%	2.53 <sup>b</sup>



The brand that pays.®

Source - CAB Licensed Feedlot Database

<sup>a,b</sup> Differing superscripts are different at P<.05

\* Total Implant Potency is simply the number of times an animal is implanted, multiplied by the mean implant potency score

## Effect of Implant Program on Carcass Measures

	Number of Implants				
	0	2	3	4	5
Marbling	538 <sup>a</sup>	485 <sup>b</sup>	461 <sup>bc</sup>	447 <sup>c</sup>	447 <sup>c</sup>
Choice & Prime, %	82.0 <sup>a</sup>	70.0 <sup>ab</sup>	68.7 <sup>ab</sup>	59.3 <sup>b</sup>	65.3 <sup>b</sup>
Upper 2/3 CH & Prime, %	54.0 <sup>a</sup>	36.0 <sup>ab</sup>	25.3 <sup>bc</sup>	24.7 <sup>bc</sup>	21.4 <sup>c</sup>
Steaks < 4.5kg after 14-d aging, %	82.0 <sup>a</sup>	66.0 <sup>ab</sup>	51.3 <sup>b</sup>	59.3 <sup>b</sup>	52.7 <sup>b</sup>



The brand that pays.®

<sup>abc</sup> Means with unlike superscripts differ (P<.05)

Colorado State University - 2003

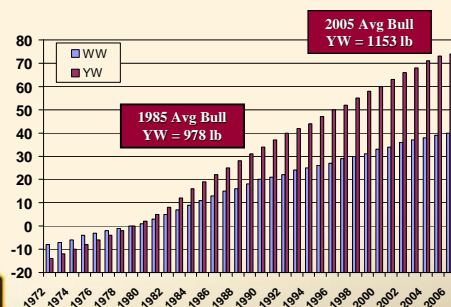
## Things to consider

- When cattle are adapting to stocker program, delay implanting
- Avoid aggressive implants during growing period
- Match the implant to the calf
  - Genetics, age, frame



The brand that pays.®

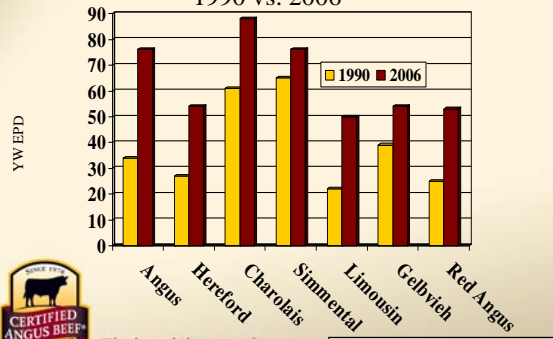
## Genetic Trends in Angus Cattle



The brand that pays.®

Source - American Angus Association

Adjusted\* Yearling Weight EPD by Breed  
1990 vs. 2006



The brand that pays.®

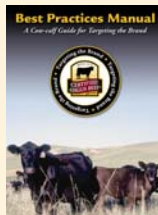
\*Using MARC across-breed adjustments.

### Genetic Considerations

- Many of today's high growth genetics need managed differently to maximize value
  - Growing programs?
  - Implant strategy?
- Genetic information on feeder cattle is available



The brand that pays.®



Mark McCully  
 Director, Supply Development  
 mmccully@certifiedangusbeef.com  
 (330) 345-2333



The brand that pays.®