

All Calves Are Not Created Equal

Profitable feeder calf marketing requires planning ahead, extra effort.

by Sara Gugelmeyer



Are you marketing your calf crop or simply selling it? Yes, there is a difference. According to North Dakota State University Livestock Economist Tim Petry, producers must make a conscious effort to market their calves; otherwise, they are just selling.

“The old way of just putting cattle in the trailer and hauling them to town was called marketing at one time, but that is really selling,” Petry explains. “There is an additional effort required in marketing, like verifying and documenting management practices, but that’s what real marketing is all about. The days of just loading up cattle on sale day, hauling them to town and getting top price are done.”

Quality from the beginning

What is involved in the actual marketing process, then? Well, it



starts with the cow and bull. In a time of tight margins, feedlot managers don’t want to spend much for calves that don’t come from solid genetics. David Trowbridge has been managing Gregory

Feedlot, Tabor, Iowa, for 33 years, and he says the feedlot simply doesn’t buy cattle that don’t have good genetics to back them up. Gregory Feedlot is a relatively small, niche-market yard that usually tops the market when it buys calves and when it sells them to the packer. Trowbridge’s standard is feeding calves that will grade 85-90% Choice, so he doesn’t mess around with sorry calves.

And he says he’s not afraid to spend a little extra on a lot that is the right kind. “We prefer to have past years of carcass information, but we also look at genetics, what kind of bulls you

buy, what kind of cow herd you have, EPDs (expected progeny differences) that work for us. We want a lot of information and we’re pretty picky about what we’re doing.”

Once you’ve got good cows and good bulls, it’s all management from there. Buyers want calves that are vaccinated with a good vaccine according to protocol, castrated, dehorned and weaned. “We won’t buy them if they’re not weaned and vaccinated at least once on the cow with modified live vaccine,” Trowbridge says.

Above and beyond

Those are the basics, but nowadays, producers must go above and beyond to get above and beyond average prices. Some of the top sellers right now are age- and source-verified cattle.

Petry explains, “Really source and age verification go together because producers usually do both at the same time, but it’s the age verification that earns the premiums.” The reason age verification is important right now is because of the growing export market, Petry says. Beef exports to Japan are up 30% this year, and all cattle must be age verified to qualify because Japan will only take beef that is guaranteed 20 months of age or younger. There

are a number of other countries that will only import beef that is verified 30 months of age or younger, so age verification is necessary to sell to those countries as well.

If packers can sell it, then feeders want to provide it, which means cow-calf producers will earn a premium for it. Trowbridge says, “Nearly all of the calves that go through here are age and source verified; we think that is a very important program. We want them because we earn a premium on them, and if a producer wants to retain ownership, it’s even more important because that’s pretty easy money to get.”

Trowbridge explains that when it sells to the packer, the yard earns anywhere from \$15 to \$40 more per head, depending on the time of year, than for cattle that aren’t verified. That’s up to \$40 more per head he’s willing to pay for cattle if they fit his other criteria also.

Source-verified premiums have been slow to come about because there aren’t enough source-verified cattle in the marketplace to supply large buyers who would like to promote their beef as such, like McDonald’s and Wal-Mart, Petry says. “Premiums for source verification is something I think we will see in the future,” Petry says.

When you are considering what source- and age-verification program to use, Heidi Tribbett, Hereford Verified and Hereford Marketplace specialist, strongly recommends IMI Global.

IMI Global’s age- and source-verification program is easy to use in conjunction with Hereford Verified tags (see “Got Herefords?” for more on Hereford Verified), and IMI Global is one of the top companies providing third-party verification, Tribbett says. For more on IMI Global’s program, visit www.IMIGlobal.com.

Another relatively easy value-added strategy is to qualify for a “natural” program. In order for calves to be called natural, they cannot receive antibiotics or growth promotants. “A lot of calves in the U.S. are raised naturally anyway, but the producer does not take the time to document it,” Petry says. By simply having a third party

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document your calves as natural, they can earn premiums, if sold in the right marketplace.

But, he adds, "You have to have buyers interested. There are auction barns that hold special sales just for natural calves, but the key there is to make sure that you can document them as such."

Petry also stresses the importance of marketing calves in the right place for any of these special programs. If there is only one buyer looking for natural calves at the sale, then he only has to pay \$.25 more per hundredweight than the others, he says. But, if there are three or four buyers wanting those cattle, premiums can be up to \$15-20 per head.

Cattle that are proven to be BVD-PI negative may also bring a premium, Petry says. "There are actually special sales being organized now for calves which have tested negative for BVD-PI. Feedlots are willing to pay more for these cattle because they know the cattle aren't likely to get sick and won't infect other cattle."

In the last few years as corn prices have risen, feeder heifers in particular have taken a beating in price because they are a bit less efficient. "There is a really good demand for replacement quality heifers in the U.S.," Petry explains. "And I think that's going to increase in the coming years because of people expanding herds. Again, it takes a little bit of work on the cattle growers part, but document the genetics, vaccinate them and document that and that will help to bring heifer prices up."

No guarantees

Now just because the producer implements a few of these value-added strategies doesn't automatically guarantee a higher price. "One of the frustrations that cattle producers have is there isn't an exact discount or premium scale for calves," Petry says. "Individual lots of feeder cattle are price discovered at a market. To say that they're going to be worth exactly this much per hundredweight is very difficult to do. Even within a sale it may not be consistent; things change as buyers' loads fill up and different things happen. Premiums are especially hard to identify because producers that are into value-added strategies tend to do more than one. If the cattle qualify for more than one, it's impossible to know how much is due to which program."

Don't give up just yet, though. Petry encourages producers to do some research, starting at the local sale barn. "I think producers need to work closer

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with their local auction market than they have in the past and find out what premiums are available for cattle in that area. We have different types of cattle throughout the U.S., and to make a blanket statement is tough. Different types of cattle are worth more in different areas. For example, Brahman-influenced calves will bring more in the South and Southeast and here in the North the black baldie calves are king."

Especially with the high cost of freight and added shrink, check locally first. "Many auction markets now not only hold sales but also provide video options for sellers," Petry says. "Many also have special sales and breed-influenced sales because all cattle do not fit in a video sale category. We have a lot of smaller producers in the U.S., so working with the local market can tell you what different type of sale may be the best for you."

Trowbridge shops for reputation calves, which often come straight from the ranch, but he has bought cattle from the Greater Midwest Certified Hereford-Influenced Feeder Calf sale at Carthage, Ill. Increasing demand for Hereford feeder calves is dear to him because he is raising some purebred Herefords. "The Herefords can do everything the Angus can do if we can just continue to improve our genetics and improve our image," he says. "That's what we all should be doing." (See "Got Herefords?" for more on Hereford-specific selling strategies.)

Document it

Remember that all of this added effort cannot be rewarded without documentation. Simply telling the sale staff that your calves have had "all their shots" isn't enough anymore. Third-party verification is often needed, and, at the very least, producers must provide brand names of the vaccines and dates the shots were administered.

Even producers who may have waited until the last minute should call ahead to the sale barn and let the staff know they plan on selling. They should also ask if there is sorting or other

tasks that can be done before arriving to help the value of the calves, Petry says.

The question still is 'Do you want to market your calves or sell them?' because there is a difference and it will likely show up in red or black. Petry says, "Marketing does take time, effort

and documentation, but I think we are going to see the range in prices for similar weights and grades at markets continue to widen, so it's even more important to be at the top of the range rather than at the bottom."

Trowbridge encourages producers to sell cattle that make them look good. "There are too many producers that are doing really good jobs out there, and they need that extra money to continue to do that good of a job. You need to top the feeder market, and we need to top the fed cattle market to make money. If we both can't make money, it doesn't do anybody any good." **HW**

Got Herefords? We can help you sell them.

The following are marketing tools that the American Hereford Association (AHA) or state organizations have implemented to help producers who purchase Hereford seedstock. All cattle that are 50% Hereford or more are eligible for these programs. The AHA staff members will gladly aid cattlemen in any way they can. Visit Hereford.org or call the office at 816-842-3757 for assistance.

Hereford Verified – Hereford Verified is a breed-specific program that allows producers to earn a premium and receive carcass data on cattle enrolled in the program when marketed to the Hereford Verified-participating packer, National Beef Packing Co. LLC. Producers can enroll Hereford or Hereford-influenced cattle online at HerefordVerified.com, and receive an EID tag at \$1.85 per tag. If the cattle are Hereford Verified enrolled, fed through a CHB (Certified Hereford Beef) participating feeder and harvested at a CHB-participating packer, the producer earns a \$3 per head premium. Heidi Tribbett, Hereford Verified specialist, is available to help producers enroll cattle or to answer any questions. She can be reached at hktribbett@hereford.org or toll free at 866-437-3638.

Hereford Marketplace – Hereford Marketplace is a new online marketing tool for feeder cattle and seedstock alike. Hereford Marketplace has replaced HerfNet. At HerefordMarketplace.com, producers can list or view Hereford and Hereford-cross cattle for sale; and stockers, feedlots or order buyers can peruse the site and contact the producer about the cattle. Heidi Tribbett also helps producers with this process and says that it is a simple way to let buyers know about cattle for sale. Some producers list cattle private treaty; others list the information about where the cattle will be consigned. Tribbett stresses the importance of getting cattle listed early. "Get the cattle on there early instead of waiting until the day of or the day before the sale so the feeder can look; otherwise, it doesn't do any good," she says. If the producer isn't particularly computer savvy, Tribbett says she is happy to list the cattle if given the information. Cattlemen can call her toll free at 866-437-3638, or e-mail hktribbett@hereford.org.



Hereford and Hereford-influenced feeder calf sales – Many state organizations are hosting feeder calf sales for Hereford or Hereford-cross calves. Each sale has individual criteria that must be met, but all have earned premiums for sellers. For more information, contact the AHA at 816-842-3757.

- Montana Hereford Association Hereford-Influenced Feeder Calf Sale, Three Forks, Mont., Oct. 17, 2010.
- Kentucky Hereford Association Hereford-Influenced Feeder Calf Sale, Stanford, Ky., Oct. 27, 2010.
- Greater Midwest Hereford-Influenced Feeder Calf Sale, Carthage, Ill., Jan. 4, 2011. **HW**