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Fed Up!

Feeders want to change how cattle are valued in the marketplace.

by *Wes Ishmael*

Cattle feeders are frustrated with the dated, oversized role that hide color plays in feeder calf value. That message is crystal clear as you leaf through results of a recent survey conducted by the Red Angus Association of America (RAAA).

Visit with Tom Brink, RAAA chief executive officer, who talked with respondents representing 35-40% of the nation's aggregate cattle feeding capacity and the level of frustration was downright palpable. Feedlots ranged in size from 1,000 head to more than 100,000. The average feedlot size was 28,130 head. He received the same response from buyers, backgrounders, auction managers and industry experts.

"Perhaps the biggest surprise was how strong the feelings are out in the country that the feeder cattle market needs to change," Brink says. "Even though the current emphasis on hide color is decades old, more than 90% of respondents want a future that is different from the past. They have little affinity for a future that is a mere extension of the present; they made a lot of comments along those lines."

Keep in mind, Brink spent much of his career in the cattle feeding business before taking the RAAA reins.

"Certainly, black hide color, when it was a fairly reliable indicator of breed composition, played a key role in the industry's journey to increased carcass quality and development of value-based beef programs," says Jack Ward, American Hereford Association (AHA) executive vice president. "As reliability of that phenotypic indicator has dimmed over time, as cattle of all colors can knock it out of the park or flop in terms of feedlot and carcass performance, it's easy to understand the frustration illustrated by the survey. Our members and their commercial customers have voiced the same frustration for a number of years."

As one survey respondent — a Kansas feedlot manager noted: "Black cattle are not even black Angus anymore."

In other words, Brink explains, "There cannot be an undistracted focus on improving traits of real value when hide color plays an influential role in price discovery. Important market signals become mixed with noise and static about color. The result is a partially compromised signal that slows the industry's genetic progress and may reduce advances in other value-creating characteristics as well."

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Survey says

The survey — conducted between October 2021 and February 2022 is the first to assess opinions about how the feeder cattle market functions, relative to animal appearance and genetics.

Survey questions focused on three areas.

- Appraising how the market currently operates and how effective hide color is assigning value from one group of feeder cattle to the next.
- Assessing the historical contribution of hide color to feeder cattle quality.
- Considering future market changes necessary to extend industry progress.

Percentage of survey respondents agreeing or strongly agreeing to statement:

95% — Hide color significantly affects prices paid for different groups of U.S. feeder cattle.

94% — Black-hided feeder cattle and calves frequently bring a higher price than non-black-hided cattle of equal weight, quality, sex and health history.

93% — Specific genetic or genomic information on groups of feeder cattle more strongly correlates to actual feeding and carcass results than does hide color.

92% — For the beef industry to continue improving its overall cattle quality and value, hide color should be replaced with more objective genetic criteria as a key price-determining factor(s) in the U.S. feeder cattle market.

88% — The use of specific genetic or genomic information on groups of feeder cattle would be preferable to hide color as an important price determinant in the feeder cattle market.

73% — During the past 25 years, emphasis on black-hided animals has helped the beef industry advance in a positive direction relative to overall feeder cattle quality and value.

Percentage of survey respondents disagreeing or strongly disagreeing to statement:

75% — Black-hided feeder cattle are superior to non-black cattle of equal weight, sex and health history.

71% — For the beef industry to continue improving its overall cattle quality and value, hide color must remain an important price-determining factor in the U.S. feeder cattle market.

“These results portray the sentiment of the cattle feeding sector and many others involved in the beef industry,” Brink says. “The logic of moving in the direction they desire certainly makes sense. A market that rewards objective value characteristics above superficial traits sends a strong signal for real improvement in feeder cattle quality and value.

“The industry as a whole needs to come up with creative ways to reduce and eventually eliminate our reliance on hide color as a value indicator. There are identifiable methods that can be employed to accomplish that, though it will take time and cooperation between various segments of the beef supply chain. We also need to continue to educate both cattle feeders and producers about the value of various types of genetic information, like EPDs and genomic results on commercial cattle. The ability to create more valuable cattle via genetics has never been better than it is today, so now is the time to make the market aware of genetic differences between one group of feeder cattle to the next.”

Survey results were also evaluated by notable livestock economists at Kansas State University, Oklahoma State University and the University of Nebraska.

“Cattle feeders are frustrated with the way hide color has become such a big factor in the way our markets work. They’d like to see things change in the future, with greater market emphasis on genetic merit and other objective characteristics. Many commented that we need to go beyond evaluating feeder cattle superficially, which is all hide color can offer. There is a great deal of interest in seeing genetic and genomic information play a greater role because they are confident such information will make feeding and carcass performance more predictable.”

— Tom Brink, executive vice president, Red Angus Association of America

Next steps

RAAA, AHA and other organization are actively gauging interest in an industry task force — comprised by representatives from all parts of the industry — charged with identifying ways to bring positive change to the feeder cattle market in line with those identified in the survey.

“The message sent by the survey comes from the industry. Only the industry can change the industry,” Brink says. “Cattle feeders painted the vision for us. Now we need to go forward and make it a reality.” HW

