

Current Market Situation For Brahman Influenced Fed Cattle

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Past

During the 1960s, 1970s, and early 1980s, Brahman-influenced cattle realized a surge in popularity among all segments of the beef industry. Leading cattle feeders, geneticists, and meat industry professionals extolled the virtues of Brahman genetics in producing the right kind of product for the consumer. The Brahman X English cross steers excelled in the feedyard and hung lean, high yielding carcasses. Their heifer mates were the most productive cows to ever graze the Gulf Coast and Southwestern United States.

This same time frame saw the introduction of Continental European breeds into the US. With the influx of terminal sire genetics, growth, and leanness became the buzzwords of our industry. The cattle population in the US was basically English (Angus, Hereford, and Shorthorn) through the Midwest and North, and Brahman-influenced throughout the South, Southeast, and Southwest. Environment dictated the breed-type of cow that would fit in a given production environment. The addition of Charolais, and later Simmental, Limousin, Gelbvieh, Saler, and other Exotic breeds of bulls gave producers a genetic opportunity to change the phenotypic composition of their production to better meet industry targets.

As is typical with our industry, if a little bit is good, a whole lot must be better. Self-appointed industry representatives have stated the shift in cattle type to larger, heavier muscled, leaner cattle, created palatability problems for beef and thus drove down

consumer demand for our product. Some of this is true in part, but more importantly the beef industry lost site of the demographics of its customer base.

Other providers of meat products, namely poultry and pork, listened to consumer wants and developed customer friendly products. The era of name branding had come into it's own. This shift in market philosophy pulled consumer dollars away from beef and into the pockets of chicken and hog processors. The results of which created a decline in the demand for beef and sent our industry scrambling for some type of corrective action. By taking a page from the poultry play book of product branding, certain companies managed to grow beef consumption while the commodity industry continued its downward spiral.

Present

There are currently 50+ branded beef programs in the US with more coming on line each year. Out of these branded programs, 40 specifically state they WILL NOT accept any cattle with *Bos indicus* influence, roughly 10 have a maximum amount they deem acceptable (as measured by hump height), and only one actively seeks Brahman-influenced cattle to meet its product specifications. It is clearly evident that branded programs drive, shape and change the structure of our industry. Case in point, the price discrimination producers of Brahman-influenced cattle face each and every day at sale barns and feedyards from coast to coast.

Is there a true difference in value between Brahman-influenced cattle and their English or Exotic counterparts? The simple answer is yes. The value difference that exists depends upon how you perceive market signals from beef consumers.

Our industry has a mentality of commodity production. "We produce it and you eat it." "Don't tell me what you want, I'll tell you what you need." Because of our lack of responsiveness, we have lost momentum in the quest for the consumer protein dollar. The red meat industry is just beginning to realize that our market is as diverse as the world's population. Not everyone wants the same thing.

In recent years, several new alliances and vertical partnerships have come onto the scene with an appreciation for the positive attributes of Brahman-influenced cattle. A quick review of the literature will reveal Brahman-influenced cattle produce high yielding, lean carcasses that are tender and acceptable in marbling. These carcasses also tend to hit industry targets for rib-eye area and carcass weight much more readily than their English and Exotic counterparts. If you have a relatively predictable product coming in the front door, proper cooler management of product, targeted marketing and strong brand appeal, you have the necessary ingredients for a successful branded beef product.

Nolan Ryan's All-Natural Tender Aged Beef (NRTAB) is an example of a vertical partnership developed with Brahman-influenced cattle in mind. The concept of NRTAB is simple, take a commodity that supposedly no one wants (in this case Brahman-influenced cattle) and manage the cattle and carcasses to a product specification. For years, the American consumer has told the beef industry they want a lean, tender, predictable product that performs the same each and every time. We expect our trucks to start each time we turn the ignition key, why shouldn't beef be as predictable. The

companies that provide this predictable product to consumers will be the driving force in the future of the beef industry.

Future

Beef processors are undergoing tremendous changes in order to meet the wants and desires of the market place. Consumers are demanding more convenience in their food items, as well as greater controls on food-borne pathogens. In order to deliver these products, packers and retailers are developing entire lines of case-ready beef products. IBP recently launched Thomas E. Wilson[®], their case-ready beef line. This product is carried in Wal-Mart[®] and Sam's Club[®] Stores across the nation. Consumer acceptance has been positive to date. Whether knowingly or unknowingly, Wal-Mart[®] is training a huge portion of beef consumers that case-ready product is the trend of the future.

As case-ready beef becomes the "norm" in meat market counters of grocers, packers will change the way they buy fed cattle. The current emphasis is on marbling, but future trends point in the direction of leanness and red meat yield. Cattle that fail to provide lean, high yielding, tender carcasses will lose favor in the packing industry. It will not take very long for packers to pencil the difference between selling fat on a sub-primal versus trimming the fat for a case-ready product. Yield is, and will always be, the ultimate driver in both the feeding and packing industries.

The definition of "Quality" will change as well. In the past, an inference to "Quality" referred to marbling score, or the USDA Quality Grade of a beef carcass. Quality in the future will be defined as high yields of closely trimmed, boneless retail cuts that are consistent in palatability. Marbling as an indicator of eating quality has out lived its usefulness to the US Beef Industry. Because it explains less than 10% of the variation in

eating satisfaction, it will only be part of the palatability equation, not the entire answer.

Brahman-influenced cattle will play a major role in the future beef industry. The fed end of the population will supply a highly desirable carcass that fits modern consumer needs. Likewise, the Brahman-influenced female will always be the most productive cow for the Gulf Coast and Southwest.

Ranchers will have the opportunity to participate in many different alliances, vertical partnerships, and marketing programs in the future. To quote Wendell Schronk, Executive Vice President, Beefmaster Breeders United, "Participate in the branded programs that allow you to raise the type of cattle that are the most productive for your environment. The days of single trait selection are quickly coming to an end."

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