

COW/CALF CORNER

The Newsletter

From the **Oklahoma Cooperative Extension Service**

July 27, 2007

In this Issue

Why not be pro-active with marketing strategy??

Glenn Selk, OSU Extension Cattle Reproduction Specialist

International Beef Trade Ups and Downs

Derrell S. Peel, OSU Extension Livestock Marketing Specialist

Why not be pro-active with marketing strategy??

Glenn Selk, OSU Extension Cattle Reproduction Specialist

How many times have you heard it? “I raise good cattle, but I just take them to town and I take what they give me!” Many Oklahoma commercial cow calf ranchers do a great job of selecting, feeding, caring for, and taking to market top quality cattle, yet do very little, if anything, about promoting the products they sell. Perhaps most of us are not boastful by nature and hope that the quality of the calves we raise will speak for themselves. Nonetheless, doesn’t it make sense that we would do everything in our power to assure that our calves bring top dollar at market time?

Recently I read of a commercial cow calf operator that “promotes” his calves. He is confident that his cattle are genetically sound and will perform well for the stocker operator or feedlot that purchases his calves. He pre-conditions the calves. They are properly vaccinated and weaned 45 days before he takes them to market. These management practices all have value to a potential buyer. Therefore, he makes certain that as many buyers as possible know when and where these calves will be offered for sale.

This producer keeps track of all of the previous buyers of his calves. He makes an effort to locate and contact other potential buyers of his weight and breed of calves. Then he composes a short letter telling them that he will be bringing his calves to XYZ Livestock Market on a given sale date. He will include information on the number, weight, breed makeup, and sex of the calves. He will also tell when the steers were castrated, implanted, and when the calves were vaccinated and which products he used. He makes certain that the buyers know that the calves were weaned on a certain date and how they have been fed since weaning. He includes data on previous calves (that have been evaluated in programs such as the O-K Steer Feedout) or closeout data from past buyers that fed out his calves. In other words, he is telling potential customers that they can buy his calves with additional confidence about their performance and their health.

Whether you participate in an organized Value-Added Calf program (i.e, one sponsored by pharmaceutical company or local livestock market) or whether you simply sell your calves on the regular sale date at the closest market, it makes good business sense to tell buyers that your good calves are available for sale. Don't just rely on others to tell your story. This fall promote the good quality, healthy cattle that you raise. They deserve it!!

International Beef Trade Ups and Downs

Derrell S. Peel, OSU Extension Livestock Marketing Specialist

There is good news and bad news regarding international beef trade at the current time. The good news is that it appears that beef exports to Japan and South Korea are beginning to gain some traction. The official data is a couple of months delayed but the weekly preliminary data suggests that volumes of beef movement to Japan and especially into South Korea have jumped sharply in recent weeks. At this point, this information does not mean that we should raise our market expectations significantly for the remainder of the year. First of all, it is too early to see if the recent trend is sustainable and secondly, much of this increase is already factored into the markets. Nevertheless, we could see exports having a somewhat stronger than expected positive impact by the fourth quarter if the current trends continue.

The bad news is that, this week, there was yet another mistake with some bone-in product shipped to South Korea and mistakenly labeled as boneless product. It does not appear that this is causing a huge disruption in the overall movement of product to South Korea but it adds to the uncertainty of markets and market impacts both domestically and internationally. There is a natural and to some extent justifiable feeling of exasperation by many in the beef industry at our ability or lack of ability to get it right when it comes to international beef shipments.

There are several lessons in this for all the industry. First, is to understand that the volume and complexity of product movement in this industry is vast and it is not easy to "get it right" every time. In an industry this size, some mistakes are inevitable but the consequences are growing. Every component of the industry must recognize that it is more important than ever to get it right and that means some change in mindset. More and more, it is the case that international and domestic product channels are very specific and detailed in their requirements. It is essential that every step of the value chain diligently ensure that all aspects of product specifications are met. This includes final distributors all the way back to cow-calf producers. To a growing degree the beef industry is not a commodity industry anymore and much of the potential for value-added markets hinges on our ability to understand and meet product market needs consistently. There is value for everyone but only if everyone does their part. The value chain is indeed only as strong as the weakest link.

Oklahoma State University, in compliance with Title VI and VII of the Civil Rights Act of 1964, Executive Order 11246 as amended, Title IX of the Education Amendments of 1972, Americans with Disabilities Act of 1990, and other federal laws and regulations, does not discriminate on the basis of race, color, national origin, sex, age, religion, disability, or status as a veteran in any of its policies, practices or procedures. This includes but is not limited to admissions, employment, financial aid, and educational services.

