



Too much grade?

By Miranda Reiman

*“Too much fun – what’s that mean?
It’s like too much money; there’s no such thing.
It’s like a girl too pretty, with too much class;
Being too lucky, or a car too fast.
No matter what they say I’ve done, well I ain’t never had too much fun.”*

Country music fans know that comes from a song popular in the mid-1990s, but it seems the lyrics could be altered to fit today’s beef business.

*“Too much quality – what’s that mean?
It’s like too much money; there’s no such thing.
It’s like a bull too good, or too much hay;
Neighbors too friendly, calves bringing too much pay.
No matter what the other cattle made, well I ain’t never seen too much grade.”*

It was just three years ago when industry experts were pointing to a 30-year decline in beef quality. Barely more than half of the cattle were grading USDA Choice, but today the picture is much different. Improvements in genetics, ration changes and better feeding conditions all led to a rise in quality to where Choice cattle made up 60% of the total last spring. Recent weeks find that nationwide number closer to 65%.

That seems like happy news for an industry that seemed to be spinning its wheels, actually losing ground in the consumer acceptance arena. But now that the quality surge appears steady and strong, rather than just an anomaly in the data or a seasonal spike, some wonder if it’s too much of a good thing.

Don’t be fooled. Few other businesses can get by with the mentality that mostly Choice is good enough. At the implement dealer, getting an acceptable product just over half the time wouldn’t sit well with you. What if your coveralls or rubber boots met your expectations 6 out of 10 times you bought them? You wouldn’t choose that brand again.

That's no different than picking beef as your protein source. You may feel an allegiance, a duty, to have a steak or burger when you dine out, but millions of consumers only connect to the flavor, juiciness and tenderness. Surely 65% Choice isn't too much of good thing in their eyes.

Evaluating the economics might leave you puzzled then. The Choice/Select spread has slipped from its record levels of a few years ago, and producers selling on a grid might get discouraged.

Take a closer look and you'll find the reason for a lower price spread between Choice and Select: That ratio typically just includes low Choice, perhaps only a couple of marbling flecks better than Select. That's because nearly all of the premium Choice beef has gone into branded products.

There's a larger and more stable premium out there for higher Choice and Prime brands. And study after study has proven that it doesn't cost any more to aim for quality.

Plus, market signals need time to adjust. Cow numbers are shrinking and all of these consumers that have developed a taste for Choice and better beef are going to continue craving it. The result? An increased premium, especially if your neighbor decides he's put too much quality in his herd.

As the economy continues to recover, pent-up consumer demand should drive up the incentive for hitting quality marks.

Some years you might actually get too much rain. Although the green pastures are appreciated, if you can't get hay put up or the wet weather causes problems with mud and sickness you might think, "Enough is enough." When you're trying to build your herd numbers, too many male calves can be a challenge, or too much "attitude" in a cow. But too much grade? That's just a myth.

Next time in *Black Ink*, Steve Suther will look at profits and prophecies. Meanwhile, if you have questions for us, call toll-free at 877-241-0717 or e-mail mreiman@certifiedangusbeef.com.

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