



*CAB Corner on Quality*  
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## **Act now for tomorrow's market**

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Case ready, value-based marketing, muscle profiling, instrument grading – terms we see in our cattle magazines and toss out for discussion in the coffee shop. But are we making the genetic and management changes to be prepared for the future market these factors are building?

We sell more cattle each year on some sort of grid or formula, usually with premiums and discounts from a predetermined base price. The main variables in the market are USDA quality grade, yield grade and hot carcass weight.

Why have we set off down this road? Well, common sense told us marketing on an “average” value was a crazy way to sell. Particularly if we cared about quality, we were uncomfortable taking an average price. It made no more sense than the old adage, “If your head is in the freezer and your rear is in the stove, on average, you’re pretty comfortable.”

Regardless of our comfort, the primary driver of value-based marketing has been the changing way we sell the end product. In the 1970s we began an industry transition. First it was from carcass beef to boxed beef. Then boxed beef evolved from whole subprimals (i.e. ribs and chucks) with most rind fat intact, to today’s closely-trimmed, block-ready “sub-subprimals.” Meat cutters take these out of the box and cut into retail or food service cuts with very little trimming necessary—that was done at the processing plant.

Currently, with mega-retailer Wal-Mart leading the charge, the beef industry is making another transition, to case-ready products. Today, all of the major packing companies operate case-ready facilities that produce tray-packaged, perhaps even labeled, weighed and priced beef cuts that can be taken from the box and placed directly into the meat case by any unskilled worker.

The beef industry’s “Muscle Profiling” project identified new, valuable cuts from the chuck and round. Researchers discovered many tender and flavorful muscles could be separated and offered as grilling alternatives. These were muscles that before have been ground or included in roasts and sold at a significantly lower price than steaks. Bottom line, extracting more value from chuck and round primals adds value to the entire carcass. Most of

the Certified Angus Beef, LLC, licensed packers today have started to incorporate some of these newly identified cuts into their *Certified Angus Beef*<sup>®</sup> (CAB<sup>®</sup>) product line.

With each of these industry transitions, significantly less trimmable fat is left on the cut. That's because the fat is left at the packing plant. Increasingly, it is the packing industry, not the retail or foodservice segments, that is absorbing the product yield loss caused by waste fat. With the packing industry's close relationship to producers, that means clear and accurate economic signals sent back to the production segment. In other words, there will probably be bigger premiums for high cutability cattle and bigger discounts for the poor ones.

Looking to the future, other drastic changes seem inevitable. Instrument grading, or using technology to objectively assess carcass value, will augment our current human judgment-based system. The USDA yield grade, adopted in 1965, has served the industry well. But technology will take its place over time, and the automated systems should more consistently predict eating quality and saleable product yield.

What should we do in the face of these changes? Certainly, genetic selection is the fundamental step. But don't trip over the mistake of single-trait selection. That makes no more sense in the case of selection for cutability than it does for marbling or milk. Long-term constructive mating decisions will always balance maternal function, productivity and carcass characteristics.

As our industry has become more consumer-focused, we have continually put more emphasis on the carcass traits. We used to think selection had to be for either quality grade (marbling) or yield grade. Fortunately, we have found that there are populations of Angus cattle that do both. The Angus breed has identified cattle that maintain positive expected progeny differences (EPDs) both marbling and percent retail product – more than 800 sires in the most recent Angus sire summary. When it comes to carcass trait selection, you can have your cake and eat it too.

Things are changing at the feedlot level as well. More and more managers are sorting cattle into different outcome groups. This can be as extensive as using ultrasound at receiving or implanting to determine each animal's ideal harvest date, identifying those cattle and marketing them accordingly. Or it can be as basic as marketing a pen at two different dates instead of the tradition of selling when, "on average," they were all ready.

Additionally, as we learn more about the genetic potential of the calves we produce, we must make an increasing effort to share the information with other segments as partners in bringing a better product to consumers. Cow calf producers must identify the genetics in their calves and let the feeder know how those calves are "programmed" to grow.

Pass along messages such as, “Don’t be afraid to feed these to heavier weights” or maybe more importantly, “Don’t try to feed these to heavier weights.” As cow calf producers, you have the blueprints; make sure you share them with those finishing the building.

We have known for years that the cost of waste fat adds up to millions of dollars each year. We have made some huge strides in reducing this cost through genetics and management but there is much work still to be done. Pick up the new tools and use them to harvest dollars from the changing market. The grids and pricing formulas of tomorrow will continue to favor high marbling (high USDA quality grade) cattle that have minimal waste fat and maximum product yield. Are we making the changes today that will allow us to take advantage of the marketplace tomorrow?

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