



Quality TimeTM

Quality news and features for farm broadcasters from Certified Angus Beef LLC
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The Value of Quality

30-second story

U-S-D-A Prime, Choice, Select and Standard have been the staples of graded beef since the late 1970s. But recently a sort-of fifth grade as emerged: Premium Choice.

According to Cattle-Fax, that “upper two-thirds of Choice” distinction adds half a billion dollars to the beef industry each year.

Randy Blach (BLOCK) says at least \$19 per head is added through the entire production chain.

Actuality, Blach :09: “Obviously for animals that really hit the target, those premiums are much more significant than that. For animals that don’t, there’s a significant discount.”

(LINK: http://www.cabpartners.com/news/radio/blach_qva_qt2_13_1.mp3)

Q: “...a significant discount.”

Those remarks are from the Cattle-Fax vice president, who spoke at the Certified Angus Beef annual conference last month.

60-second story

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At the Certified Angus Beef annual conference last month, Randy Blach (BLOCK) explained what that means on an individual animal basis.

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(LINK: http://www.cabpartners.com/news/radio/blach_qva_qt2_13_2.mp3)

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The market analyst expects that premium to increase as branded beef sales continue to grow.

269-word story

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Actuality, Blach :11: “I would tell you the branding, the differentiation is here. It’s still not a huge chunk of our overall market, but based on what we see out here, I believe it will continue to increase over time.”

(LINK: http://www.cabpartners.com/news/radio/blach_qva_qt2_13_3.mp3)

Q: “...increase over time.”

Blach said that, as more cattle reach higher quality grades, premiums will strengthen. Every percentage-point increase in Choice is worth 20 cents more per head than the baseline. The converse is also true. As the percentage of Choice in the mix decreases, the premium weakens.

These added values only take into account the production side, Blach said. The foodservice and retail trade also make more money on high-quality beef. That magnifies the value of a Premium Choice carcass even more.

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