

2007 Cattle Industry Annual Convention & Trade Show

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Marketing in the Future

Speakers focus on how producers can fit alliances into their operations.

by Micky Wilson

NASHVILLE, TENN. (Jan. 31, 2007) — The days of selling generic beef are gone, Bill Mies told producers at Wednesday's Cattlemen's College® as he presented an overview of how markets will change in the future.

His presentation kicked off a discussion on how producers can fit alliances into their operations. Panelists Ken Conway, GeneNet; Patsy Houghton, Heartland Cattle Co.; John Paterson, Montana State University; and Tom Woodward, Broseco Ranches, gave their perspectives on the topic.

Brands are dominating the meatcase, Mies said. "The last survey that was conducted in the retail case across this country showed that 47% of the product in the retail case was in the form of a branded product or a house brand or a packer brand product."

Most brands have a story behind them requiring certification of something — like genetics or processes. An example program is the *Certified Angus Beef*® (CAB®) brand.

"The marketing plan in the future will involve producers managing their cattle to allow them to be used in the maximum number of programs possible," Mies said. "This will require producers to understand requirements and specifications of the various programs."

A set of calves would have the opportunity to enter multiple programs where premiums are being paid. But, Mies

warned, the producer has to decide if the costs of production are justified by the premiums being offered.

As an incentive, packers are making commitments to retailers and foodservice companies for branded products to be delivered at a certain volume daily. "Volume is the key to this commitment and, in order to meet it, packers put pressure on feedyards to source the right cattle," Mies said.

Feedyards committed to supplying those packers are going to become more active in direct contact with producers who can supply those cattle, Mies said.

Livestock markets will see consolidation of facilities, Mies predicted. The same number of cattle will move through the markets, but more special sales will take place to accommodate cattle for programs. Every market will need a cleanup day to run calves through that only qualify for the generic market.

Facts and data will cause the truly great cattle to bring large premiums, Mies said, and the cattle that have been getting by on perception to bring what they are really worth. If you are going to protect your investment, he concluded, you might want to find out where your calves fit.

Panel discussion

Mies moderated the remainder of the session, asking questions of the producer

panel as they shared their experiences with alliances.

Paterson is in charge of the Montana Beef Network, which has been growing rapidly during the last couple of years. As the owner and operator of GeneNet, Conway markets cattle under grid situations with Swift & Co. Woodward, who Mies described as an early adopter, is a veteran of alliances. Patsy Houghton has operated a heifer development business and has worked with several alliances.

The panel shared their experiences with alliances that worked and those that didn't, presenting the good, the bad and the ugly.

Mies and the panel presented their comments Jan. 31 during the Cattlemen's College session "MA103: Alliances — How to Fit Your Operation" at the 2007 Cattle Industry Annual Convention and NCBA Trade Show in Nashville. The Cattlemen's College is sponsored by Pfizer Animal Health.

Bios of the speakers, a PowerPoint presentation for the opening comments and audios of the session are posted to the www.4cattlemen.com newsroom.

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