

# Weaned Calf and Yearling Marketing Trends

Annie Maddalena, Glenn Nader, Larry Forero, and Steve Blank

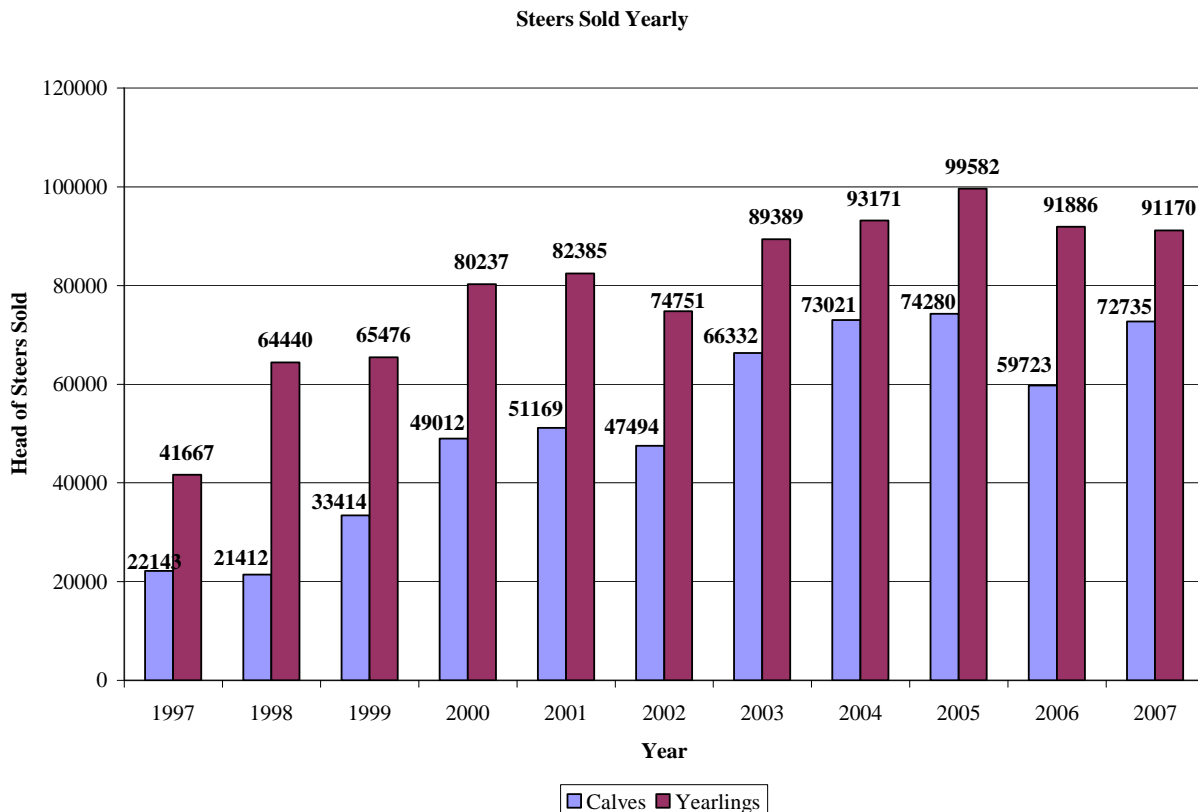
Steve Blank is an Extension Economist in the Agricultural and Resource Economics Department, University of California, Davis. Larry Forero is a University of California Livestock Advisor, Shasta/Trinity County Cooperative Extension. Glenn Nader is a UC Livestock Advisor, Sutter/Yuba/Butte Counties Cooperative Extension. Annie Maddalena is a graduate student in the Agricultural and Resource Economics Department, UC Davis.

Ranchers are interested in what management methods will increase the value of their calves. A University of California study analyzed eleven years of data to determine the market trends and price premiums for each identifiable price variable. Anonymous cattle sales from January of 1997 to December 2007 from Western Video Market were analyzed to determine changes and trends in management practices associated with the marketing and sale of steer calves at weaning (500 to 625 pounds) and yearling steers destined for the feedlot (750 to 925 pounds). Table 1 below shows a summary of the data studied. The number of calves and yearlings sold annually by video marketing has increased during the eleven year period and can be seen in Graph 1 below.

Table 1.

Class:	Calves	Yearlings
Total Head Studied	570,735	874,154
# of Lots	4,116	5,147
Smallest Lot Sold	40	42
Largest Lot Sold	920	2,500
Average Lot Size	139	170

Graph 1.



The cattle management information was coded according to the terms used to market the cattle in the sales catalog. It is assumed these marketing terms are used because the seller feels they add value to the calves. The change in the use of these terms represents the changing trends in marketing calves. The market price variables considered included: bunk broke, uniformity, forward contracting, adherence to a Quality Assurance Program (QAP), preconditioning, weaning, participation in the WVM Natural program, implanted, Certified Angus Beef (CAB), Western Rancher's Beef (WRB), age and source verification, born and raised in the USA, location of the cattle sold, yearlings from grass or haylots, and breed.

For the purpose of this study, preconditioning was defined as the vaccination of two killed viral vaccines IBR, PI3, BVD and BRSV, the use of a single vaccination of modified live vaccine before shipment, or one application of a modified live intranasal immunization, such as Nasalgen, at any time up to loading on the truck.

QAP designations were given to any lot advertising the use of a quality assurance program, including BQA, QAP, WRB signed and certified, or any state QAP. Those lots stating that vaccinations had been given only in the neck did not receive QAP designation. In 2003, WVM required a QAP certification number for use of this market term or label.

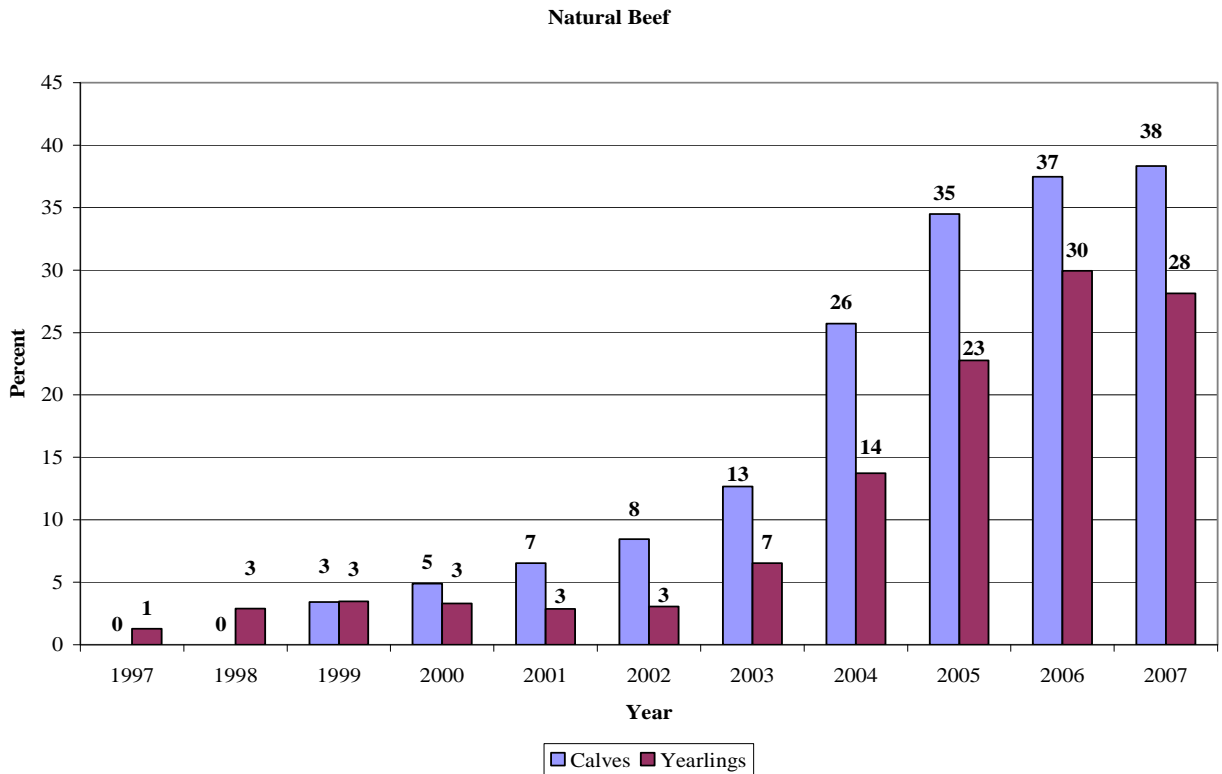
Management at weaning was considered. If there was no designation of the weaning process, it was assumed that they were weaned at the time of sale. Weaning was divided into three categories: on the truck, under thirty days, or thirty days and greater.

Lots advertised as WVM Natural Beef candidates and lots that were advertised as "owner will sign affidavit, no antibiotics, no implants, and no ionophores" were given the designation of WVM Natural.

Certified Angus Beef (CAB) designations were given to those lots that were listed as CAB Candidates. Upon harvesting the animal, ten specifications must be met in order to earn CAB recognition, which only eight percent of all beef sold meets (Certified Angus Beef LLC, 2008). However, on a live basis, the term CAB Candidate is used as a marketing tool.

One of the most notable market trends is that of natural beef (Graph 2). While a consistent increase can be seen for both data sets, the graph is showing signs of this niche market beginning to level off near 38% in 2006 and 2007 for weaned steers and 28% for yearling steers. It can also be seen that the proportion of natural lots in the yearlings are lower than in the weaned steers. This could signify the use of implants by stockers in order to receive greater gains.

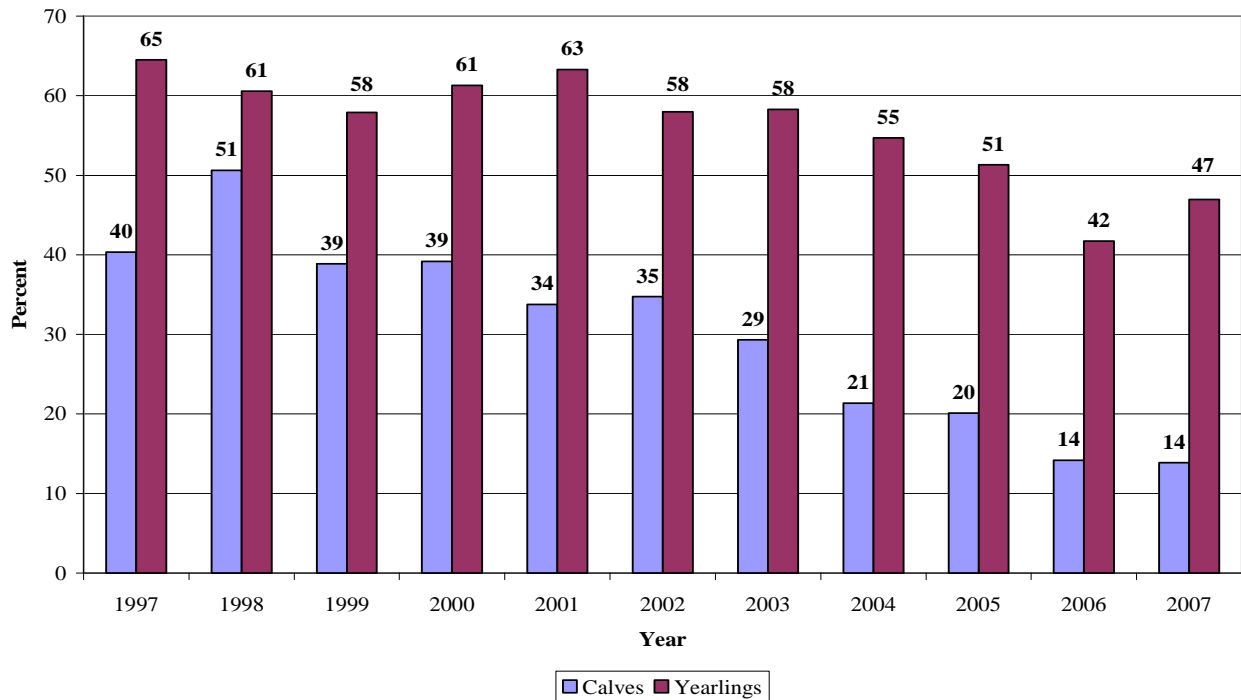
Graph 2.



Implants are the inverse trend of natural beef for the weaned steers. With consistent drops since 2002, implanted cattle seem to be leveling off at roughly 14%. The trend for implants in the yearling steers shows that more are implanted to increase the weight gain. Although the trend seems to be decreasing steadily since 2003, nearly half of the lots sold were implanted in 2007.

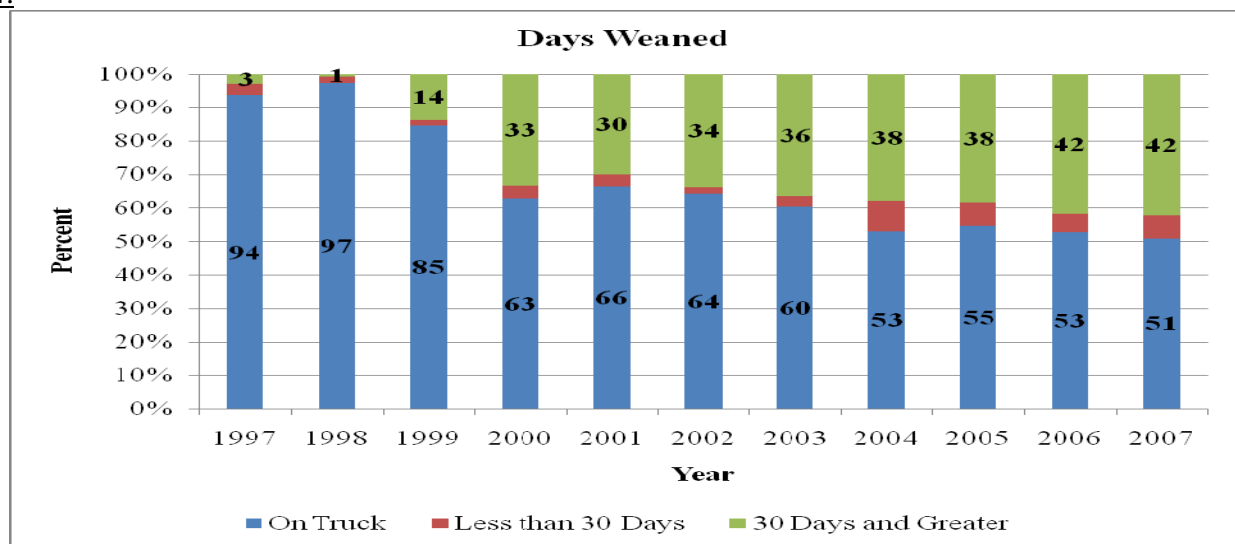
Graph 3.

### Implants



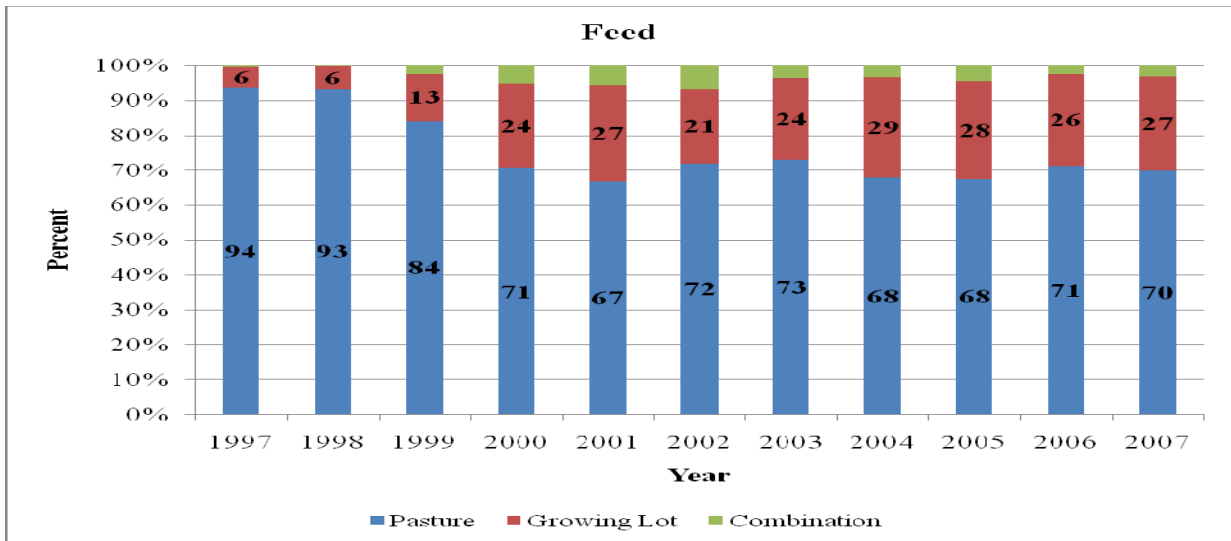
Many producers are beginning to offer calves that are weaned for more than 30 days, although weaning cattle at the time of sale is still a very widespread method (Graph 4).

Graph 4.



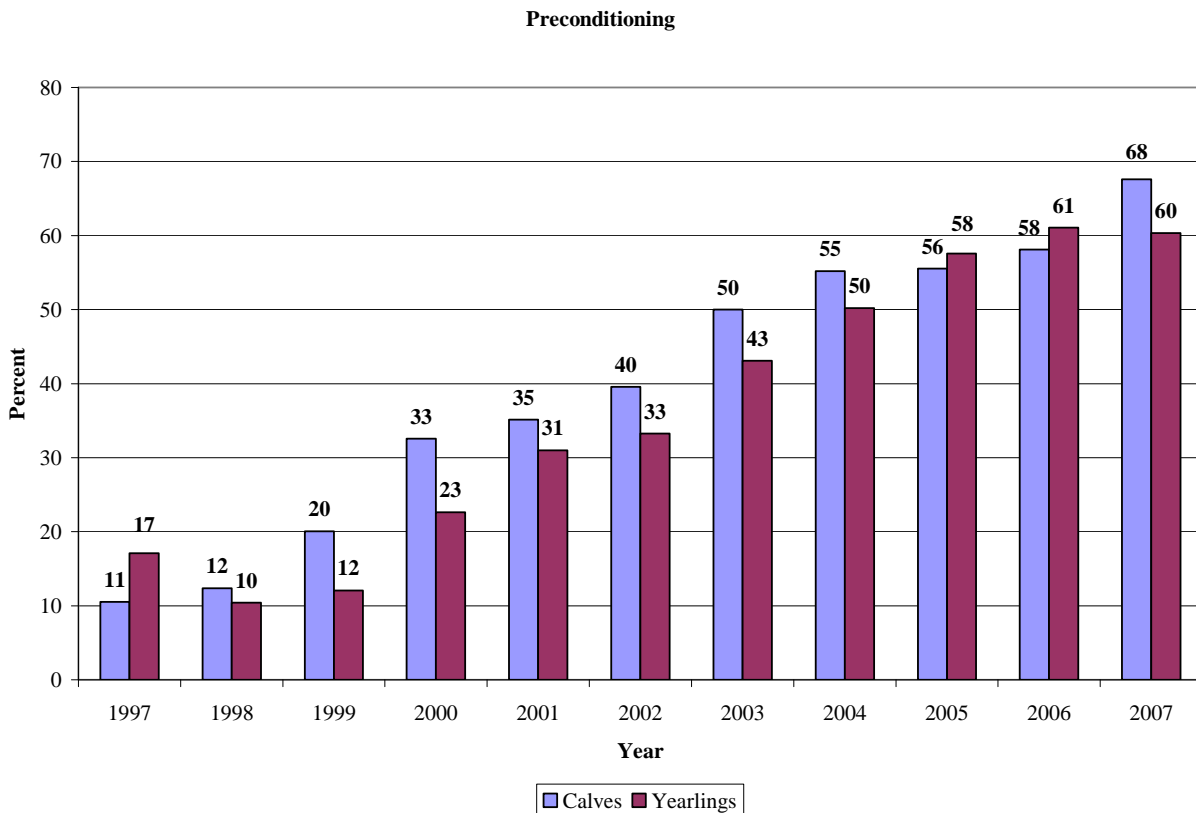
Yearling prices could be affected by their feed regime. Yearling cattle either grazed pasture, were fed in a growing lot or some combination of both. In this analysis, they were assigned to one of these categories. This data will later help to determine whether or not cattle placed in a growing lot before the sale receive lower prices than pasture cattle due to a potential loss of compensatory gains for the buyer. As can be seen from Graph 5, pasture fed cattle were always a majority of the market. Since the 13% decrease from 1999 to 2000, pasture fed cattle have maintained an average of 70% of the yearling steers sold for this weight category.

Graph 5.



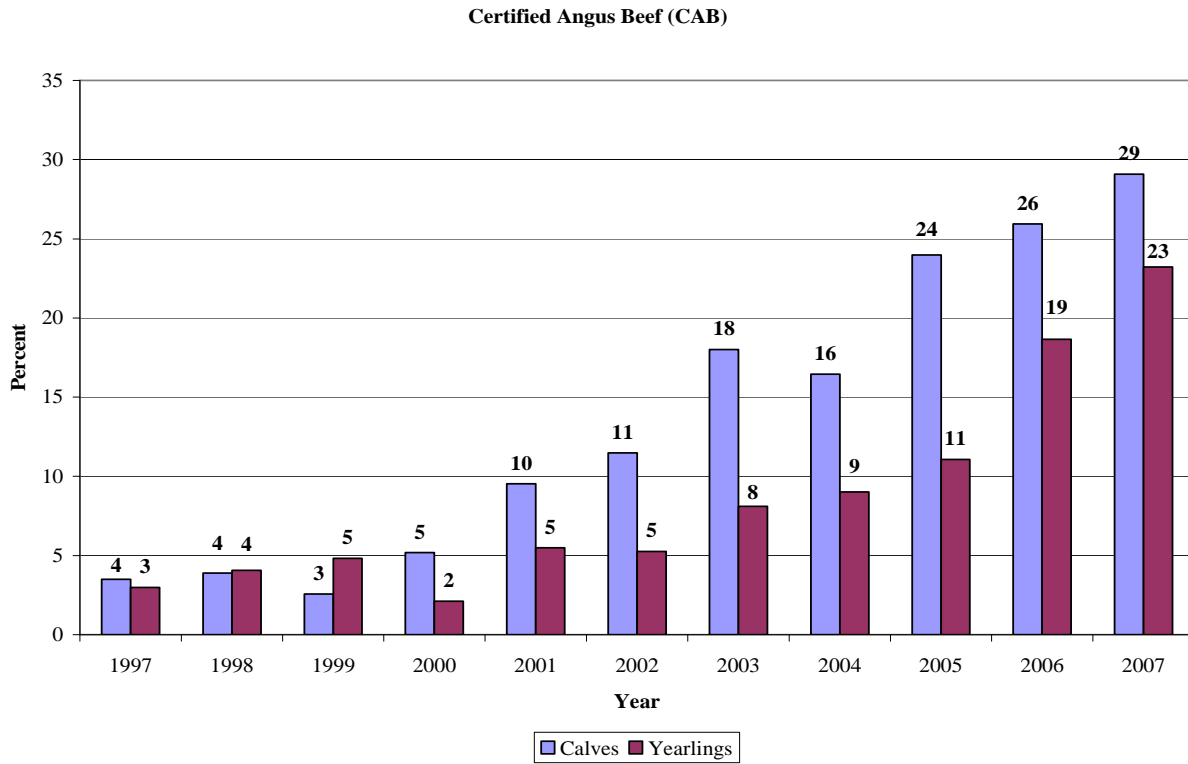
The percentage of preconditioned lots has steadily increased since 1997 for both weaned calves and yearlings. This trend shows an effort to vaccinate correctly to protect the calves against respiratory disease during the receiving period for the buyer. (Graph 6).

Graph 6.

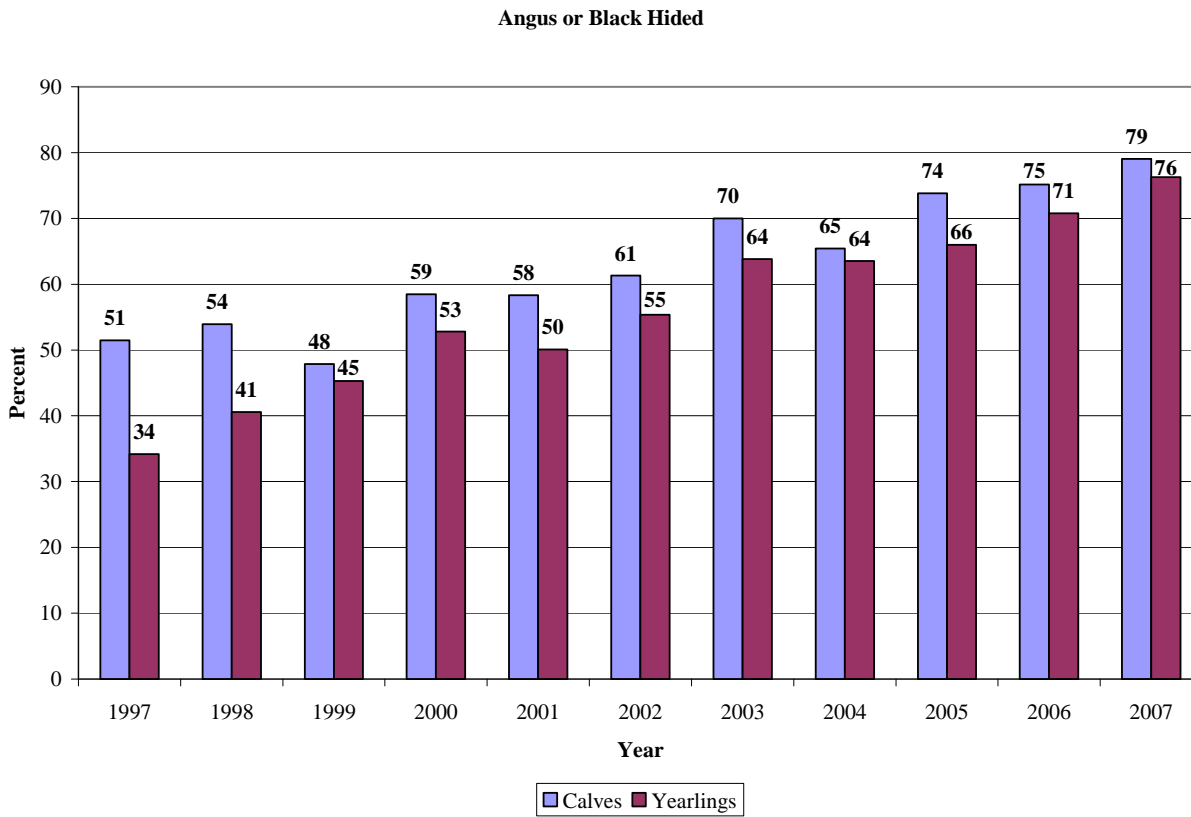


Certified Angus Beef is assumed to be valued by buyers, with an overall increase from 3.5% to 29% in the market share during the 11 year period for weaned calves. CAB also held 23% of the market in 2007 for yearling steers (Graph 7). This trend is also reflected in the 28% increase in Black Angus or black hided weaned steers and the 42% increase in the yearlings on the market (Graph 8).

Graph 7.

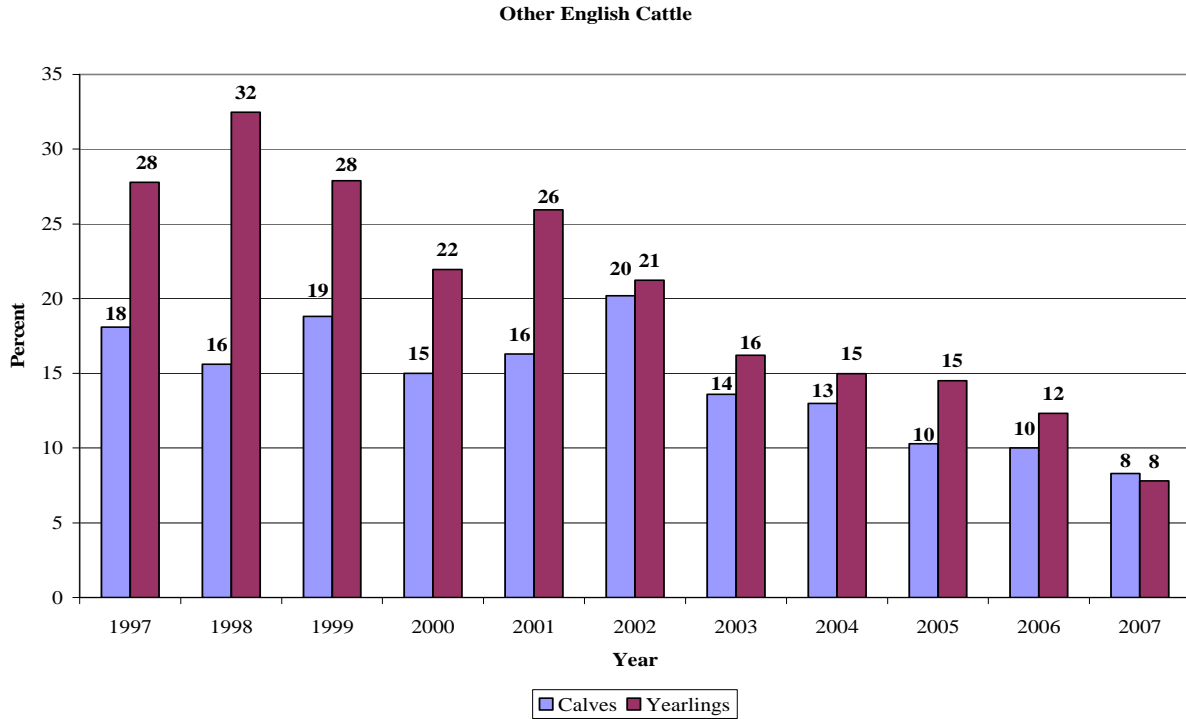


Graph 8.



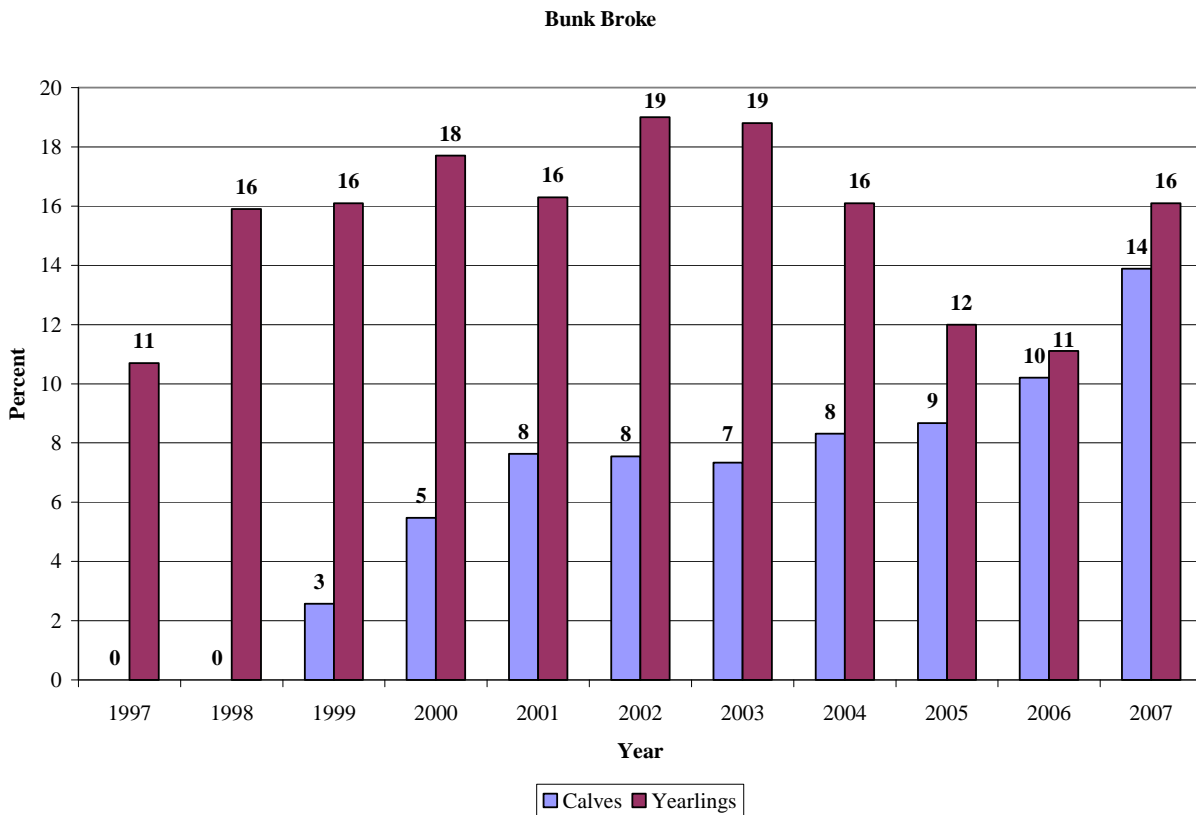
Other English cattle have been steadily decreasing, mainly due to the popularity of the Black Angus breed in recent years. As seen on the graph below, other English breeds dropped to 8% for both weight categories in 2007.

Graph 9.



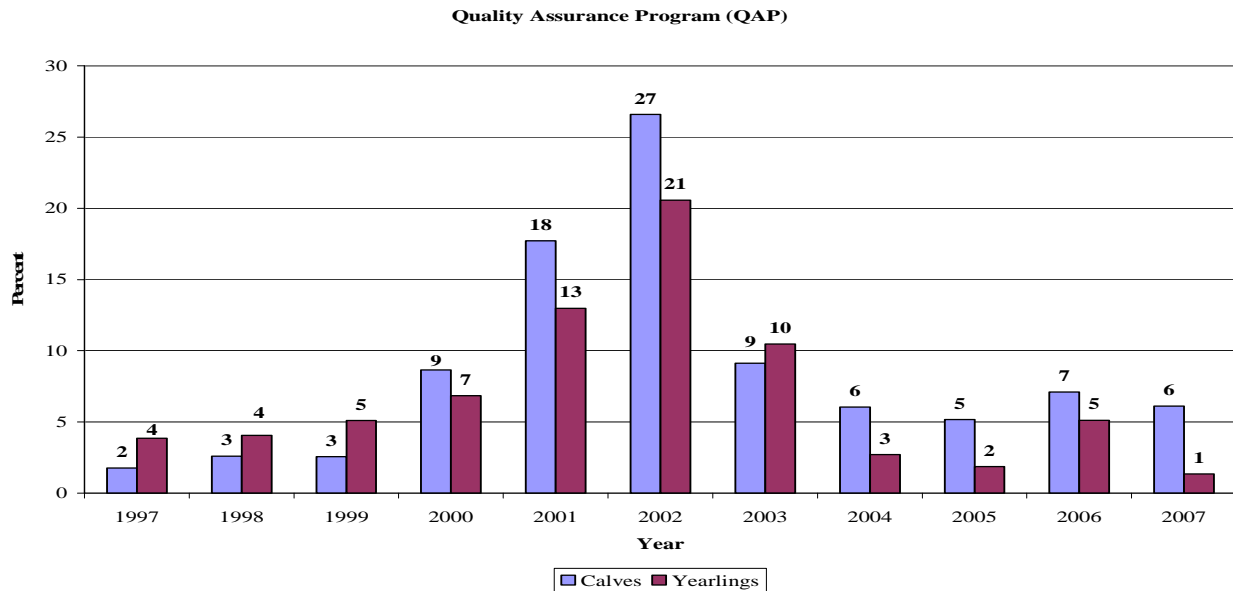
While many may have thought that bunk broke was a marketing tool that was phasing out, it can be seen from the data that it is actually becoming a more prominent marketing term for lighter cattle, nearing 14% in 2007. The trend for bunk broke is slightly more sporadic for the yearlings; however, it can be seen that the percentage of bunk broke yearlings compared to the lighter steers is consistently higher (Graph 10).

Graph 10.



Quality Assurance reached its peak in 2002 and has declined dramatically to below 7% for both calves and yearlings. (Graph 11). While many producers still may be practicing quality assurance, the requirements set by WVM in 2003 may have caused this trend to decline. Many producers who previously reported being a part of QAP may have not felt the need to get the certification number in order to use this marketing tool, but rather note that they are practicing quality assurance.

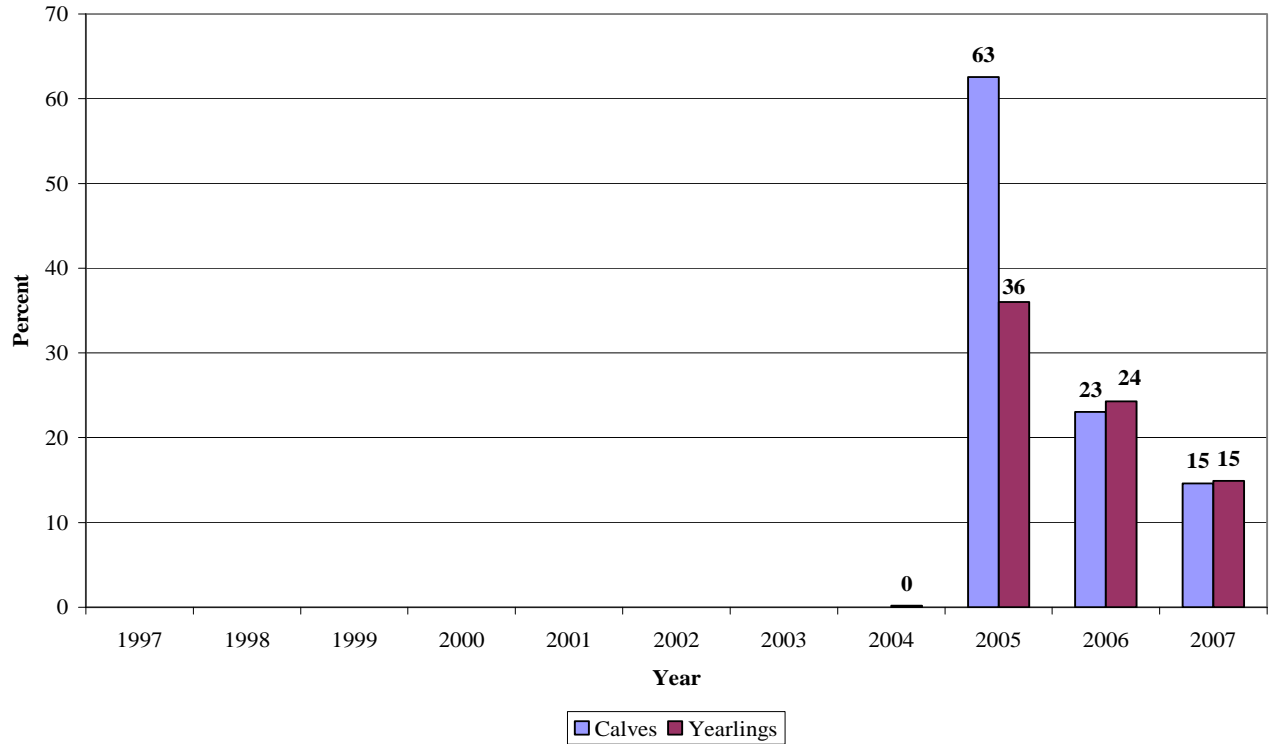
Graph 11.



The number of producers reporting cattle as age and source verified peaked in 2005 and has declined since for both calves and yearlings, although the yearlings show the trend in a smaller proportion (Graph 12). Prior to 2005 producers could provide an affidavit that served as documentation for the age and source of their cattle. In 2005, USDA developed a program that required third party verification. The additional rigors of third party verification may have discouraged producers from using this marketing technique.

Graph 12.

### Age & Source Verification



Other trends analyzed in this study included cattle marketed as Western Rancher's Beef, which held 2.7% of the market in 2001 and dropped to .2% of the market in 2007 for calves.. For yearlings, Western Rancher's Beef peaked in 1997 with 2.6% of the market and dropped to .2% in 2007. Born and Raised USA Certified for calves hit its peak in 2003 with 9% of the market and declined to 0% in 2005. For the yearlings, Born and Raised USA Certified was only seen in 2003 holding .8% of the market.

The second phase of the study work is now starting with the analysis of 16 market term variables to determine the impact on price by UC Davis Economist, Steve Blank. Then each term will be studied to see if a price premium is realized.