

# Beginning With The End In Mind: Cattle Marketing



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The spring calving season is near completion and producers have a few management decisions to address in the near future based on the intended marketing option. Tennessee producers should evaluate every alternative marketing option before calves are sold. Producers wanting to market calves for the greatest profit must begin production with the end in mind. The true beginning is with sire and dam selection and the true end is the eating experience from a cut of beef. However, many cow-calf producers view the beginning as the time when a live calf hits the ground, and the end is when a check is deposited. Therefore, the latter is the definition used for the beginning and the end as it pertains to this article.

Feeder cattle producers in Tennessee have a number of marketing alternatives. These include private treaty, weekly auction, graded sale, marketing alliance, video sale, Internet sale and retained ownership (market as a finished animal).

The first option, a private treaty, is a sale between the producer and a cattle buyer. It allows the cattle producer to be independent and merchandise his or her own cattle. Buyers like this method because cattle are "farm fresh." There are drawbacks and unforeseen costs, such as the producer having to stay abreast of the market to know the value of the cattle, lack of competition between buyers, not regulated by Packers and Stockyards Act, and cattle shrinking if the truck arrives later than planned to load cattle.

Weekly auctions are the most common option, with 41 weekly auction markets across Tennessee. Auction markets have competitive pricing and generally lower transportation cost because they are conveniently scattered across the state. Auction markets are also supervised by the Packers and Stockyards Act, which is an advantage compared to a private treaty. The disadvantages of auction markets include the seller having little effect on price, competition may vary between auctions, and potential spread of disease as a cattle collection point.

Many of the weekly auctions offer graded feeder calf sales through the year. Marketing

feeder cattle through a graded sale requires additional management compared to private treaty and weekly auctions. Cattle in graded sales are normally weighed on arrival, resulting in less shrink and calf weights being 2 to 3 percent higher on average. The additional management usually pays off because prices are generally \$2 to \$4 per hundredweight higher than the weekly market average price for similar cattle. The increased price is largely due to cattle being marketed in larger groups. Graded sales are not a place for poor quality cattle, because those cattle will likely take a significant price hit.

There are a number of marketing alliances established throughout Tennessee. Alliances tend to require more management than graded sales. Requirements may include a uniform calving season (60-90 days); uniform bull genetics with specified expected progeny differences, or EPDs, for growth and carcass traits; uniform vaccination program; and uniform management programs (weaning, deworming, etc.). Alliance sales have traditionally marketed truckload lots of cattle for about \$10 per hundredweight more than weekly auction single head lots for the same week because of reduced risk to the buyer.

Video board sales have been in Tennessee since 1981. There are a couple of standalone video sales and a few held in conjunction with weekly auctions and graded sales. These sales are best suited for uniform load lots, but they usually bring a premium for the given week due to load lot size and reduced death and health risks to the buyer. Internet sales are very similar to video board sales.

Retained ownership is also a marketing option. This option subjects the producer to more production and price risk, delays income and requires top-notch management. However, it provides producers the opportunity for greater profits, eliminates some marketing risk, and allows a producer to find out carcass characteristics of owned cattle.

Producers have many marketing alternatives for feeder cattle. The time to plan for marketing is today. Producers should make marketing decisions based on resources and management available. Therefore, begin with the end in mind, and manage cattle to meet requirements of marketing method.  $\Delta$

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