



# Marketing Opportunities Available to Oklahoma Beef Cattle Producers

## Gant Mourer

Beef Cattle Value Enhancement Specialist

Value is created when a product or service is enhanced to meet or exceed the expectations of the consumer consistently. Value-added marketing of cattle has received much attention in recent years. Progressive producers are capitalizing on opportunities to increase income by securing a better price for calves that have added value. Value may be in the form of weaning, various management practices implemented to improve health and performance, source and age verification, documented genetics, and (or) documented production practices such as "natural" or "organic." Documentation of the value-enhancing characteristics is a necessary step in this process. The final step in adding value is to establish or identify a market outlet where the added value is rewarded. The purpose of this Fact Sheet is to identify marketing and management programs, and their specific characteristics intended to increase value of calves produced in Oklahoma and the surrounding region.

## OSU's Value Enhancement Program

The Oklahoma Cooperative Extension Service at Oklahoma State University (OSU) in cooperation with the Oklahoma Cattlemen's Association recognized the increased interest and participation in value-enhancement marketing strategies for cow-calf producers. However, many producers are unaware and unfamiliar with value-added programs available to them. As a result of the challenges facing the Oklahoma beef industry, a Beef Cattle Value Enhancement Specialist was hired at OSU to assist producers in taking advantage of the programs and opportunities available. An interdisciplinary group acts as the advisory committee for the value enhancement program. Research and communication is on-going to remain up-to-date on those value added programs, management practices and marketing opportunities for Oklahoma producers.

## Value Enhancement Practices

Various market, food safety, and national security issues have resulted in opportunities for producers to benefit from participating in value-added beef marketing and management programs. Several of these opportunities are briefly described below.

### Animal Identification

A traceability system records and transmits information on particular attributes about a food product as it travels through the food supply chain to provide information at any specific point, and trace the food to its source. Livestock identification is the first step in a traceability system for meat

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and meat products. In an international trade market where agricultural systems and consumers are susceptible to both local and foreign animal diseases, integrating a farm to fork (production, processing, distribution) traceability system into current food safety control measures for all animal products is becoming essential. Consumers want stronger controls and source verification at the retail level, offering industry a unique selling point.

### Age and Source Verification

In 2013 age and source verification along with Country-of-Origin Labeling (COOL) has seen changed effecting the programs substantially. Japan halted the import of beef from the U.S. in 2003 due to the discovery of bovine spongiform encephalopathy (BSE). Premiums for age and source verification increased in 2005 as Japan reopened its borders to U.S. beef but would only take beef 21 months of age or less. Market demands for beef in Japan allowed for the country to increase the age restriction to 30 months of age or less on February 1, 2013. This will make the majority of U.S. beef exports eligible for the Japanese's market. Country-of-Origin-Labeling (COOL) became mandatory March 16, 2009 and has been revised as of May 24, 2013. These two programs will both require a set of verification procedures for cattlemen to follow. The Audit, Review, and Compliance Branch of USDA's Agricultural Marketing Service (AMS) is proposing to use the same process for both programs, and thus producers can use the same relatively simple procedures to qualify for both programs. These procedures are also the foundations for other niche and branded programs. Producers who are prepared for these systems may have a distinct marketing advantage, but premiums for age and sourced cattle alone have disappeared.

Source and age verification is the ability for producers to qualify cattle for beef export markets, make other specific claims, and capture any associated premiums.

**Source and age verification for beef cattle has two components. Source verification is the ability to trace beef back to the farm or ranch where the cattle were born. Age verification is the ability to determine and verify the age of the animal at any point throughout the production system, including post-harvest. Standards**

**for age verification cannot be met without first meeting the requirements for source verification and your records alone do not qualify cattle to be sold as “source and age verified.” Source and age claims are validated either through a USDA Process Verified Program (PVP) or a USDA Quality System Assessment (QSA) program.**

Process Verified Programs (PVP) provide the beef industry the ability to make marketing claims about beef attributes beyond age and source verification, but nearly all PVP's include age and source verification as part of their program. Other attributes may include specific genetics, feeding practices, animal welfare, environmental production aspects, and other claims otherwise difficult to verify by visual inspection. Quality System Assessment (QSA) defines a type of USDA program with a narrower scope and less complex than PVP programs. USDA developed QSA programs beginning in 2004 primarily to qualify beef for export. The only beef attributes verifiable through a QSA program are age, source, and non-hormone treated cattle. More information is available in Extension Fact Sheet, AGE-612, "Minding your Cattle P's and Q's: Basic Facts on Source, Age, and other Claim Verification through PVP and QSA Programs," (Raper and Richards 2008).

For participation in a USDA-approved Source and Age Verification Program, producers must be willing to share production records to prove the source and age of the cattle. At the very minimum, producers must be able to prove the first and last calf born in every group of calves marketed. Producers must also be willing to participate in an audit process to verify the birth dates of cattle enrolled in a source and age verification program.

### **Beef Export Verification**

To qualify for export to foreign markets, beef must comply with the regulations of the Beef Export Verification Program (BEV) for Japan. Producers and processors of any cattle providing beef for the Japanese market must participate in a Quality System Assessment (QSA) program that has been pre-approved by the USDA's Agricultural Marketing Service. Cattle must have been raised by feedlots, backgrounders, and cowherds that were under a QSA program. Records documenting age of the cattle and signed affidavits by the producer are necessary, but not sufficient.

### **Genetic Verification**

Beef breed associations have taken a proactive role in promoting their particular breed of cattle within the industry. Associations will assist producers by providing services enabling access to source and age verification, process verification, genetics, and management practices. Breed associations also provide marketing assistance to producers in locating and establishing markets for their cattle based on specific genetic characteristics. Other companies and programs are currently available for genetic verification as well. With the decline in demand for age and sourced cattle, some companies are beginning to quantify traits valuable to feed yards such as marbling and post-weaning growth potential on calves while still on the ranch.

### **Health Management Verification**

Improper management practices, particularly prior to marketing of cattle, leads to a high frequency of sickness among calves. These losses negatively impact producer profitability, impacting each and every level of the beef production chain. Preconditioning is a general term referring to management practices occurring around the time of weaning that are associated with improving health and performance of cattle post-weaning. For example, these practices may include vaccination, castration, dehorning, feeding cattle in a bunk, weaning, and deworming.

Most calves are healthy when they leave the ranch, but stress caused by weaning, transportation, change in environment, etc. lowers the level of resistance at the same time exposure to disease is increased. Vaccination programs raise the level of resistance and immunity to viruses and other pathogens before a health issue occurs. Proper vaccines, administered correctly and adequate time allowed for immunity to establish in an environment where stress levels are reduced are critical in a successful health program.

There are several vaccination management programs designed to get calves ready to enter subsequent marketing and production segments of the beef industry after they leave the ranch of origin. These vaccination protocols are designed to help cattle resist disease and address health issues. There are effective immunization programs to fit different management and marketing systems. Programs are available for administration before, during, and after weaning of ranch-raised calves and purchased calves. These immunization protocols will prepare calves for marketing at weaning or after the backgrounding phase.

### **Production System Verification**

The beef industry is currently undergoing a marketing revolution where less beef is being sold as a commodity and more beef is being marketed based on specific characteristics and/or quality. These “branded” beef programs have grown tremendously during the past ten years and are increasingly resulting in price premiums paid to producers who can provide cattle that excel in the given program's carcass specifications. Two such companies, U.S. Premium Beef and the Iowa Quality Beef Supply Network, reported an average of about \$21 per head above the cash market during fiscal year 2004.

There are numerous natural beef programs available for producers to enroll their cattle and take advantage of the growing demand. Each natural beef program is different with each having its own set of production requirements. In order to qualify for the natural program, management claims specify not to use implants, growth promotants, antibiotics, or feeding animal byproducts. It is recommended to contact the “branded” beef program to become familiar with the required practices.

The U.S. Department of Agriculture has put in place a set of national standards that food labeled “organic” must meet. Certified Organic Beef is a fully verifiable production system that collects information on the history of every animal including the breed history, veterinary care, and feed. Furthermore, the cattle must have never received antibiotics, growth-promoting hormones, or fed animal byproducts and must be born and raised with humane treatment on certified organic pasture. They must also only be fed organic feeds and hays.

**Table 1. Summary of the programs currently available to Oklahoma cattle producers.**

Company	Website	Weaning	Health Management Verification <sup>1</sup>	Age Verification	Source Verification	Production System Verification <sup>2</sup>	Genetic Verification
ABS Global, Inc.	www.absglobal.com			x	x		
AgInfoLink USA	www.aginfoLink.com			x	x	NHTC	
American Gelbvieh Association	www.gelbvieh.org						x
American Maine Anjou Association	www.maine-anjou.org			x	x		x
American Shorthorn Association	www.shorthorn.org			x	x		x
American Simmental Association	www.simmental.org			x	x		
American-International Charolais Association, Charolais Advantage	www.charolaisusa.com			x	x		x
AngusSource, American Angus Association	www.angussource.com			x	x		x
Arkansas Agriculture Department	www.arfp.org			x	x		
AzTx Cattle Co. LTD	www.aztx.com			x	x	NHTC	
Beef Verification Solutions	www.agsolusa.com			x	x		
Boehringer Ingelheim Vetmedica, Inc.	www.productionsvalues.com		WVP				
Cargill Cattle Feeders, LLC	www.cargill.com			x	x		
Cornerstone Cattle Company, LLC	www.cornerstonecattle.com			x	x	NHTC	
Creekstone Farms Premium Beef	www.creekstonefarms.com					N	
Dakota Beef LLC	www.dakotabeefcompany.com				x	O	
Decatur County Feed Yard, LLC	www.decaturfedyard.com			x			
Fort Dodge Animal Health	www.fortdodgeivestock.com/beef/beef-prime-protect.htm	45d	CDWVBP				
Gardiner Guaranteed Genetics	www.gardinerangus.com			x	x		x
Global Animal Management, Inc. (ISPAH)	www.mygamonline.com			x	x		
Gottsch cattle Company, LLC	www.gottschcattlecompany.com			x	x		
Hereford Verified, American Hereford Association	www.herefordbeef.net			x	x		x
IMI Global, Inc. - US Verified	www.imiglobal.com			x	x	NHTC, NE3	
Integrity Beef / The Noble Foundation	www.noble.org	45d	CDWVBP	x	x		
International Brangus Breeders Association, Optimaxx	www.int-brangus.org			x	x		x
Intervet/USDA, Intervetusa.com	www.intervetusa.com	0, 45d	CDWVBP	x	x		
Joplin Regional Stockyards	www.joplinstockyards.com	0, 45d	CDWVP	x	x		
Laura's Lean Beef	www.laurasleanbeef.com	30, 45d	CWVP	x	x	N	
Livestock Marketing Association	www.lmaweb.com	0, 30, 45d	CDV				
Merial	http://surehealth.us.merial.com/	45d	CDWVBP	x	x		
MFA Health Track Beef Alliance	www.mfahhealthtrack.net	45d	CDWVBP	x	x		
Micro Beef Technologies CattleLog PVP	www.micropvp.com			x	x		
Missouri Cattlemen's Association	mocattle.org			x	x		
Missouri Department of Agriculture	www.mda.mo.gov			x	x		
Missouri Stocker-Feeder Quality Assurance Program	www.mvma.us	0, 45d	CDWVP	x	x		
Montana Ranch Brand	www.montanaranchbrand.com	45d	CDWVP	x	x	NE3	x
Morgan-Davis International	www.nalf.org			x	x		
North American Limousin Association	www.livestock.novartis.com	45d	CDWVBP	x	x	N, NHTC	x
Novartis Animal Health	www.odpm.okstate.edu	45d	CDV				
Oklahoma Quality Beef Network	www.organicprairie.coop/					O	
Organic Prairie	www.selectvac.com	0, 45d	CDWVBP	x	x		
Pfizer Animal Health	www.powergenetics.com			x	x		
Power Genetics Company Passport Program	www.ranchersrenaissance.com	45d	CWVB	x	x		
Ranchers Renaissance	www.ranchersrenaissance.com			x	x		
Range Ready, boehringer Ingelheim	www.rangeready.com	60d	WVP				
Vetmedica, Inc.	www.redangus.org			x	x		x
Red Angus Association, Red Angus Feeder Calf Certification Program	www.samson-inc.com			x	x	N	
Samson, LLC	www.sterlingtraceback.com			x	x		
Sterling Solutions	www.superiorlivestock.com		CDWVP	x	x		
Superior Livestock Auction Inc.	www.superiorlivestock.com	0, 45d		x	x	N, NHTC	
Texas Cattle Feeders Association	www.tcfca.org			x	x		
TriMent	https://www.mygamonline.com/triment			x	x		
US Natural Beef	www.usnaturalbeef.com/			N			
US Premium Beef	www.uspremiumbeef.com		x	x			
Value Added Calf-Vaccination Program (VAC-45)	www.valscience.tamu.edu	45d	CDWVP				
Verified Beef, LLC	www.verifiedbeef.net		x	x		NHTC, NE3, GF	

<sup>1</sup> Practices that are required for the health management verification programs: Castration-C, Dehorning-D, Deworming-W, Vaccinations-V, Bunk Broke-B, or Parasite Control-P.

<sup>2</sup> Production system Markets: Natural-N, Organic-O, Non-Hormone Treated Cattle-NHTC, or Never, Ever 3 Program-NE3.

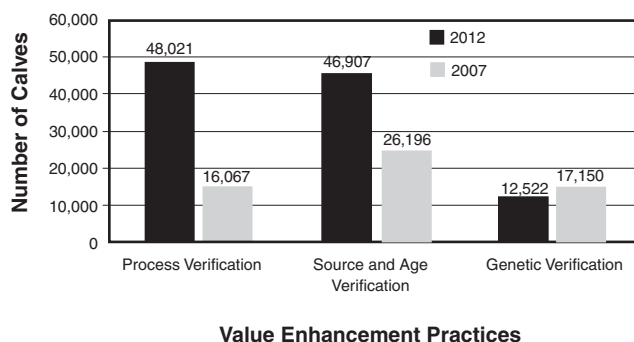
## Extent of Value-Enhancement

### Participation

To identify programs in which Oklahoma producers were involved in 2007, various marketing programs were contacted to measure producer participation and the number of cattle marketed through value-added efforts. Contacts were made with source and age verification companies approved through USDA, breed associations, feedyards, pharmaceutical companies, and livestock markets as reported by the USDA Agricultural Marketing Service (AMS). Contact was made again in 2012 to re-evaluate producer involvement and growth over a five year period.

Companies reported the total number of Oklahoma producers who participated in the value-enhancement program and total number of calves enrolled. In 2012, 117,221 calves in Oklahoma were enrolled in a value added program of some kind. This is an increase of 55% in producer involvement in value added programs since 2007. Also, value added cattle accounted for 3.23% of all cattle in the state during 2007. With the increase of cattle participating in value added programs and the decrease in overall cattle number in the state during 2012, value added calves represented 6.68% of all cattle in 2012.

Of the 117,221 calves, 41% of those were involved in age and source verification while 40% were enrolled in a natural program or health verification program. 11% of calves were enrolled with a breed association while 8% were auctioned through a livestock market and considered "Value Added" by AMS reporters.

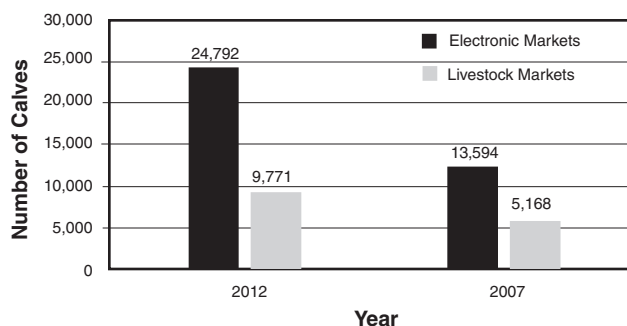


**Figure 1. Estimated enrollment of Oklahoma calves in 2007 and 2012 through value-added programs.**

The information given here is supplied with the understanding that reasonable effort has been made to gather correct information for this fact sheet. The programs and service companies listed in Table 1 were known programs available to Oklahoma producers at the time of publication. No discrimination is intended and no endorsement is made by the Oklahoma Cooperative Extension Service or the Oklahoma Cattlemen's Association.

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**Figure 2. Estimated marketing of Oklahoma calves in 2007 and 2012 through value-added programs.**

A summary of the value-enhancement program categories and number of calves enrolled in 2007 and 2012 is shown in Figure 1. Figure 2 shows the venue through which value-added calves were marketed.

### Oklahoma Value-Added List

A summary of the programs currently available to Oklahoma cattle producers along with services and/or requirements of each value-added program is shown in Table 1. Data presented in the table was provided by representatives of that particular program. As value-added program opportunities may change, we will continue to keep this publication updated electronically at [www.beefextension.com](http://www.beefextension.com). For corrections to the listed programs, or to add a program that is not included in this fact sheet, contact Gant Mourer at [gantm@okstate.edu](mailto:gantm@okstate.edu)

### References

- Agricultural Marketing Service (AMS). "Market News and Transportation Data." U.S. Department of Agriculture. <http://www.ams.usda.gov/AMSV1.0/ams.fetchTemplateData.do?template=TemplateP&page=Cattle>
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