

# Creating Enhanced Demand

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Beef producers have long looked at technologies to add efficiencies to their production. Many serve well in lowering the cost of production through either producing more pounds or making better use of natural resources. In recent years, an increasing number of beef producers have looked at the benefits of producing for the “natural” market to add value to their cattle. Unlike organic products, naturally produced beef has a voluntary marketing-claim standard that the Agriculture Department’s Agricultural Marketing Service (AMS) established in January.

The Samuel Roberts Noble Foundation recently conducted a phone survey of 32 companies that purchase and market naturally produced cattle. The survey’s goal was to discover the attributes preferred in naturally produced cattle to obtain price premiums.

The results showed that 44 percent (14 of 32) of the companies interviewed were interested in purchasing naturally raised feeder calves. Of the interested companies, 85 percent (12 of 14) wanted feeder cattle that weighed at least 600 pounds. In addition, 72 percent (23 of 32) were interested in purchasing finished cattle.

In the Noble survey, 84 percent (26 of 31) of the companies had restrictions on the use of antibiotics of any kind. In contrast, 94 percent (30 of 32) had no restrictions on fly control. Also interesting was the fact that 97 percent (31 of 32) had no restrictions on mineral supplements, although there are many mineral supplements available that contain antibiotics.

Seventy-eight percent (25 of 32) of the companies had an established target for quality grade. Sixty-eight percent (17 of 25) preferred mainly Choice cattle, while

44 percent (14 of 32) required cattle they purchased to be Angus-influenced or black-hided. Of the companies preferring mainly Choice product, 79 percent required cattle be Angus-influenced or black-hided. According to Noble, that suggests those businesses perceive Angus-influenced and black-hided cattle to grade predominantly Choice. Two of the 25 companies were interested in purchasing cattle expected to grade Select or leaner.

The survey results showed that the premiums companies offered for the naturally produced cattle varied substantially. They ranged from \$0.25 per hundredweight to \$15.75 per hundredweight on a live-animal basis. Noble noted the variation likely is due to the absence of an official, standardized definition for cattle that are “naturally produced.”

The average premium marketing companies are offering is \$5.79 per hundredweight, while feedyards are paying \$4.76 per hundredweight. Twenty-seven of the 32 companies reported their willingness to pay a premium of \$5.95 per hundredweight for cattle that never receive antibiotics, ionophores, hormones or animal by-products.

What are the primary variables to consider when raising cattle for natural programs? They are a.) identifying a market; b.) understanding the natural program’s specific production protocols, record keeping requirements, purchase price of feeder cattle, vaccination program and diet formulation; and c.) managing excluded cattle. The production protocols will vary among different natural-beef programs. Check with each program about its allowable and recommended management practices.

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Some programs offer incentives, such as guaranteed premiums and transportation assistance. If you do not secure markets for naturally raised cattle before marketing, the premiums you would obtain through conventional marketing outlets usually do not compensate for the lost production efficiencies. The opportunity to receive premiums still offers greater returns over the conventional cattle market for naturally raised cattle.

The North American Limousin Foundation (NALF) is assisting Strauss Brands and Laura's Lean Beef with procurement of cattle that fit their individual needs in natural programs. Both offer attractive incentives for producers that have Limousin-influenced animals that meet the requirements. Visit the NALF Web site at [www.nalf.org](http://www.nalf.org) or contact me at [frank@nalf.org](mailto:frank@nalf.org) to learn how those programs can enhance the value of your calves as well as your customers' Limousin-influenced calves. **LW**