

Opportunity Only Knocks Once

For Limousin, that opportunity is standing on the doorstep; don't pass it up.

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If you haven't evaluated the 2010 Cattle Production Genetics survey conducted by BEEF magazine, you should. It is a comprehensive study that provides a better understanding of the relationship between seedstock producers and commercial cow-calf enterprises. Beyond that, it gives insight into seedstock producers' thought processes and valuable information regarding genetic composition, selection criteria, and commercial producers' needs and wants. Regardless of whether you are on the seedstock or commercial side of the equation, information contained in the survey is conducive to allowing producers to position themselves better for the future and to increase returns and success in the industry.

Along those same lines, if you have a computer and Internet access, you should join CattleFax. CattleFax has been doing business for more than 40 years. Its focus is information about, by and for the beef industry. It is the global leader in beef industry research, analysis and information. Since 1968, its exclusive industry database has set the standard for market information and analysis. Expertise at CattleFax translates to a more profitable bottom line—whether you are a beef producer, allied-industry partner or financial institution. Joining CattleFax is an investment well worth your time and money.

At first glance, many would be discouraged by vertical integration towards particular breeds of cattle and the percentage of market share

they hold. On the other hand, you could view that as opportunity for the Limousin breed to increase its share in the marketplace. The Angus breed is not our competition; they are the kind of cattle we complement better than any other breed.

Over the last several years, the industry has been steered toward black, straightbred cattle. Loss in hybrid vigor has resulted in decreased weaning weights, and the associated genetics of those increasingly straightbred, English-based cattle have led to an increased number of Yield Grade (YG) 4 and 5 carcasses. Percentages based on averaging all weekly averages from CattleFax for 2009 revealed that on the rail: YG 1 = 9.34 percent, YG 2 = 34.00 percent, YG 3 = 38.14 percent, YG 4 = 8.33 percent and YG 5 = 1.27 percent, with 9.00 percent of cattle not graded. Combined, YGs 1 and 2, which usually receive premiums, equate to 43.34 percent, while YGs 4 and 5, which historically take heavy discounts, totaled 9.6 percent—a number that is too high in comparison to ideals and must be reduced.

The quality-grade estimates for 2009 were determined in the same manner (averaging all 2009 weekly averages from CattleFax): Prime = 2.98 percent, Choice = 59.71 percent and Select = 30.66 percent, with 6.65 percent classified as Standard and, subsequently, "no-roll." We must eliminate Standard carcasses and greatly reduce the percentage of YG 4 and 5 carcasses.

Driving Limousin genetics into increasingly straightbred English cowherds will allow for re-establishment of heterosis, increased weaning weights, and elimination of YG 4 and 5 carcasses on the rail. That will result in increased feeder-calf demand, which will drive bull sales. If we are selling bulls into British-type cow herds, we will be proving up and promoting our F1 hybrid because 83.1 percent of cow-calf enterprises retain their own replacement heifers. As Limousin genetics become more popular in commercial crossbreeding programs, that will lead to a need for additional seedstock suppliers.

Let's talk commercial statistics for a moment, then relate those numbers back to real-world opportunity. The BEEF survey found, in the commercial sector, high-percentage or straight British (for example, Angus or Hereford) females comprise 47.4 percent of the market share, and British crossbreds are 20.5 percent. In essence, English-based genetics account for 67.9 percent of commercial cows across the country. Mostly English-Continental crossbreds account for 11.7 percent, while high-percentage, specific British-Continental composites (such as Lim-Flex®, Balancer and SimAngus) comprise 6.6 percent. All said and done, English-Continental females hold only 18.3 percent of the market share.

Don't let those figures get you down. They represent an opportunity to grow our stake in the 68 percent

of English-based commercial herds that have yet to be touched. Those numbers indicate we have not topped out or plateaued. We have lots of ground to gain, along with great, untapped potential in commercial cowherds. Furthermore, consider that the Angus breed claims roughly 66 percent of the bull market, but 23.6 percent of commercial producers are seeking new seedstock suppliers. When they find a source for genetics, 53.9 percent will purchase private treaty, while 43.6 percent will acquire genetics through a live auction.

If seedstock producers are open to maintaining current customers while actively attracting and recruiting new clientele, it will be possible for Limousin and Lim-Flex genetics to increase their combined market share in the commercial bull sector from 3.9 percent and 0.3 percent, respectively. To put those percentages in perspective, consider that Charolais maintains 8.3 percent; SimAngus, 5.5 percent; Balancer, 5.4 percent; Gelbvieh, 5.0 percent; and Simmental, 4.6 percent. It is interesting to note that Simmental and Gelbvieh hybrids have more market share than their purebred counterparts do.

As a seedstock producer, you must cater to your customers and determine their needs, even before they walk through the front gate. You can be certain the details surrounding selection criteria will differ from customer to customer, but there are important factors and traits that rank highly in all commercial managers' minds when selecting their next bulls. The following traits are of particular importance, listed in order of priority, according to the BEEF survey:

- disposition,
- structural integrity,
- overall conformation,
- birth weight and
- expected progeny differences (EPDs)

for growth traits.

The lion's share of commercial enterprises require actual birth and growth numbers and a solid set of EPDs that include birth weight, direct calving-ease, weaning weight, milk, yearling weight, maternal calving-ease, scrotal circumference, carcass traits and disposition. Furthermore, 46.6 percent of producers say they savvy genomic information, and 30.2 percent now factor that information into bull-buying decisions. That truly firms up the fact that commercial producers not only favor phenotypic traits, but they also realize the worth of EPDs and the potential in genomic data.

It also is important that seedstock producers perform the standard tests on their bulls and specific tests that are of importance to the area into which cattle are marketed [for example, pulmonary arterial pressure (PAP)]. Commercial producers might be buying bulls, but the reality is they are investing in a program and, in essence, the seedstock producer. Therefore, service becomes of utmost importance in relation to long-term customer retention.

When asked, 35.1 percent of commercial producers seek assurance beyond the standard breeding guarantee, 27.4 percent desire outcross genetics available within a breed or composite, and 23.0 percent would benefit from a herd visit and consultation. Additionally, 20.8 percent would like the burden of transportation eased through either free or subsidized trucking, and 16.4 percent would benefit if more than one breed or composite were available.

Putting it into cowboy terminology, commercial producers are seeking docile cattle that are good-footed, structurally correct, big-ribbed, loose-flanked and soggy-made. They need to be above breed average

for testicular development. Cattle also should be low-birth-weight, moderately sized, progressive in their growth numbers and above breed average (ideally, positive) for marbling. Seedstock producers should strive to produce cattle capable of that while still maintaining the calving-ease, yield, dressing percentage and moderate milk for which Limousin cattle are known.

As a breed, we face a unique set of challenges, but there is no better or more opportune time to take them on. As we continue to make progress and provide consistent, uniform cattle of that caliber to complement English-based cows in the commercial sector, industry acceptance of Limousin and Limousin-influenced genetics will follow and be far easier to achieve. We will see Limousin bull sales increase and more F1 females kept back as replacements. That, in turn, will drive demand for progressive Lim-Flex bulls as commercial producers breed hybrids to hybrids to maintain halfblood calves for mainstream commodity markets. **LW**