

# Coming of Age in the Beef Industry

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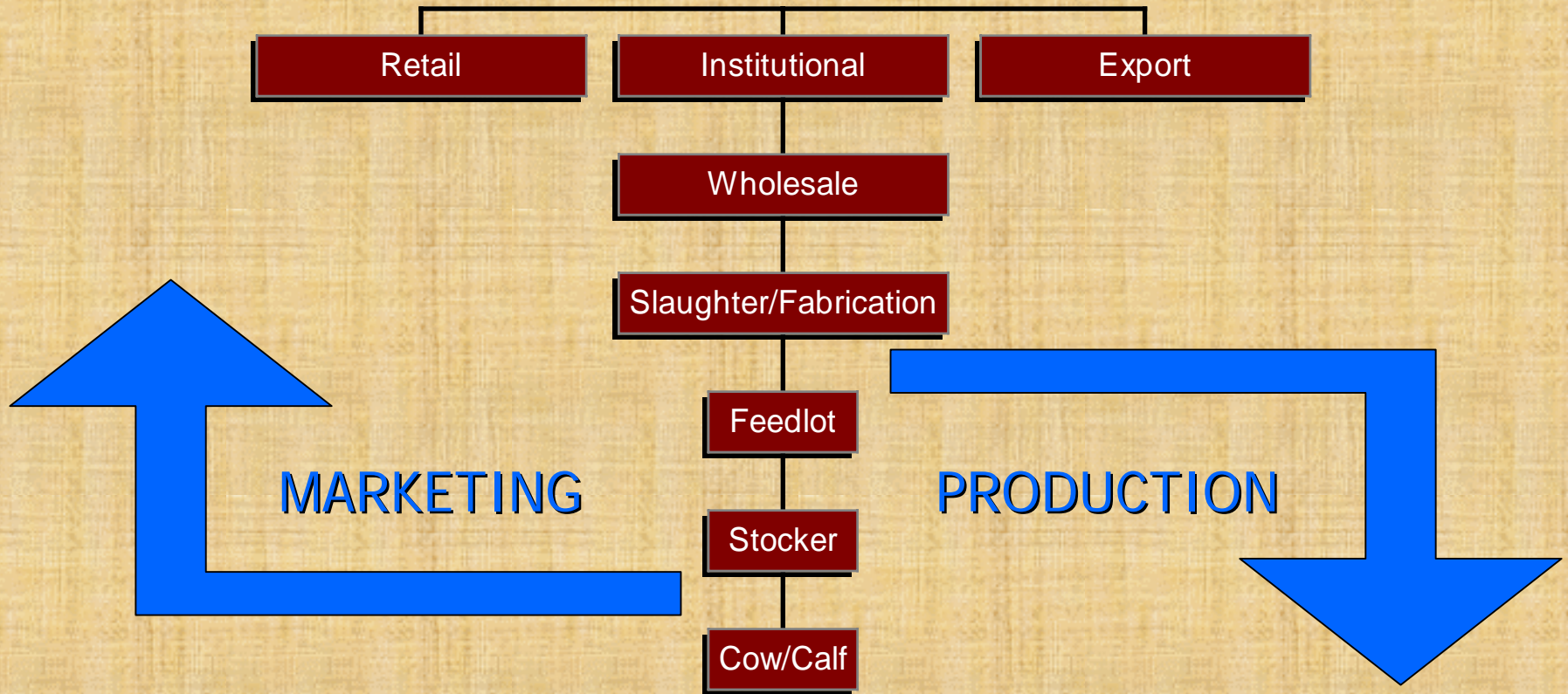
# Animal ID/Tracability

Why are we doing it?

Why have we not done it sooner?

**It's Not Easy Or We Would  
Have Done It Sooner!**

# ***Beef Production and Marketing System***

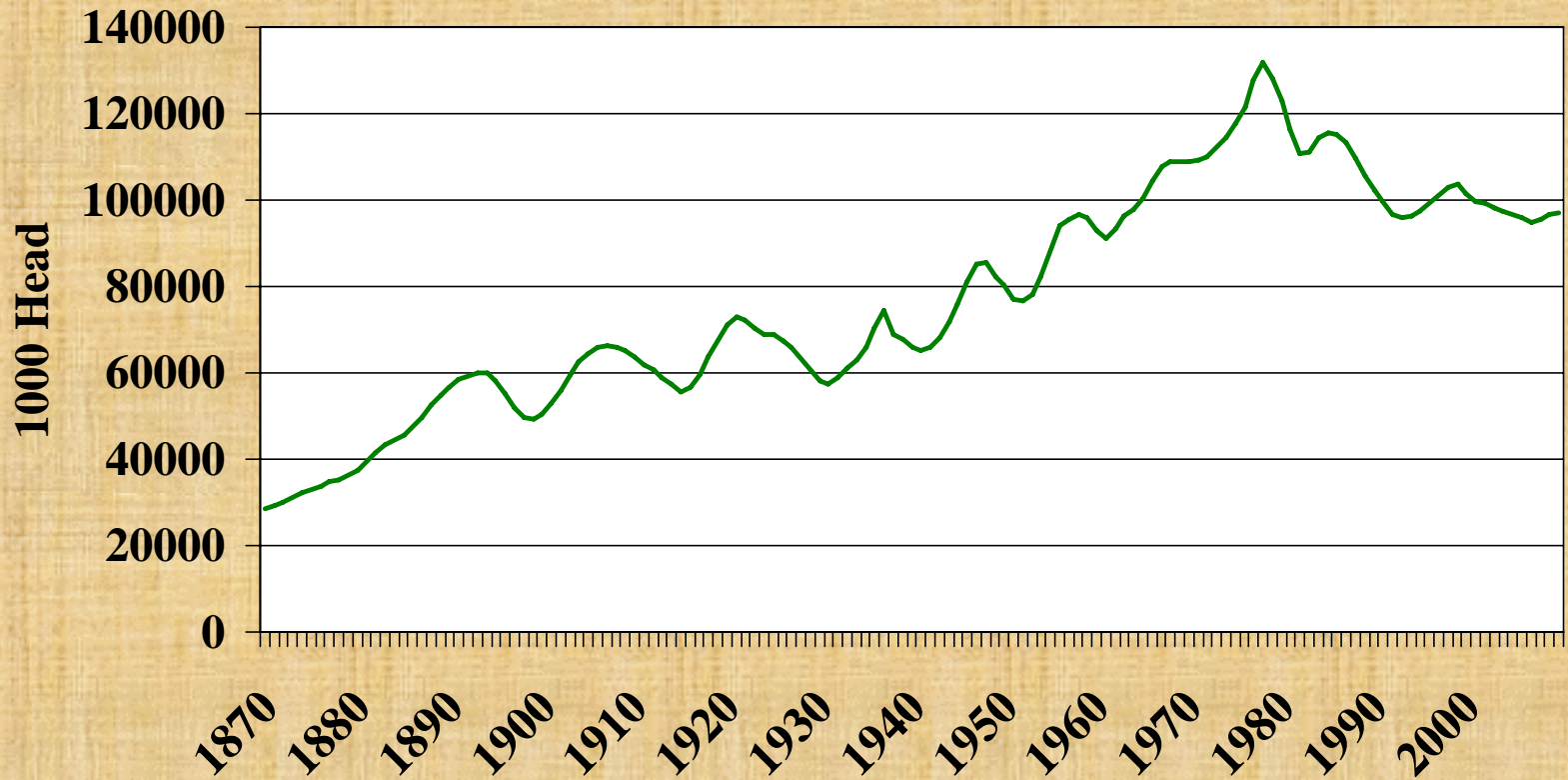


# Many Factors Make the Beef Industry Complex:

- Multiple Production and Marketing Sectors
- Diverse Final Markets
- Perishable Products
- Joint Production/Disassembly
- Geographical Dispersion
- Biological Influence
- Variable Production Systems
- Seasonality of Production and Consumption
- Dairy Sector Impacts

# U.S. All Cattle and Calves

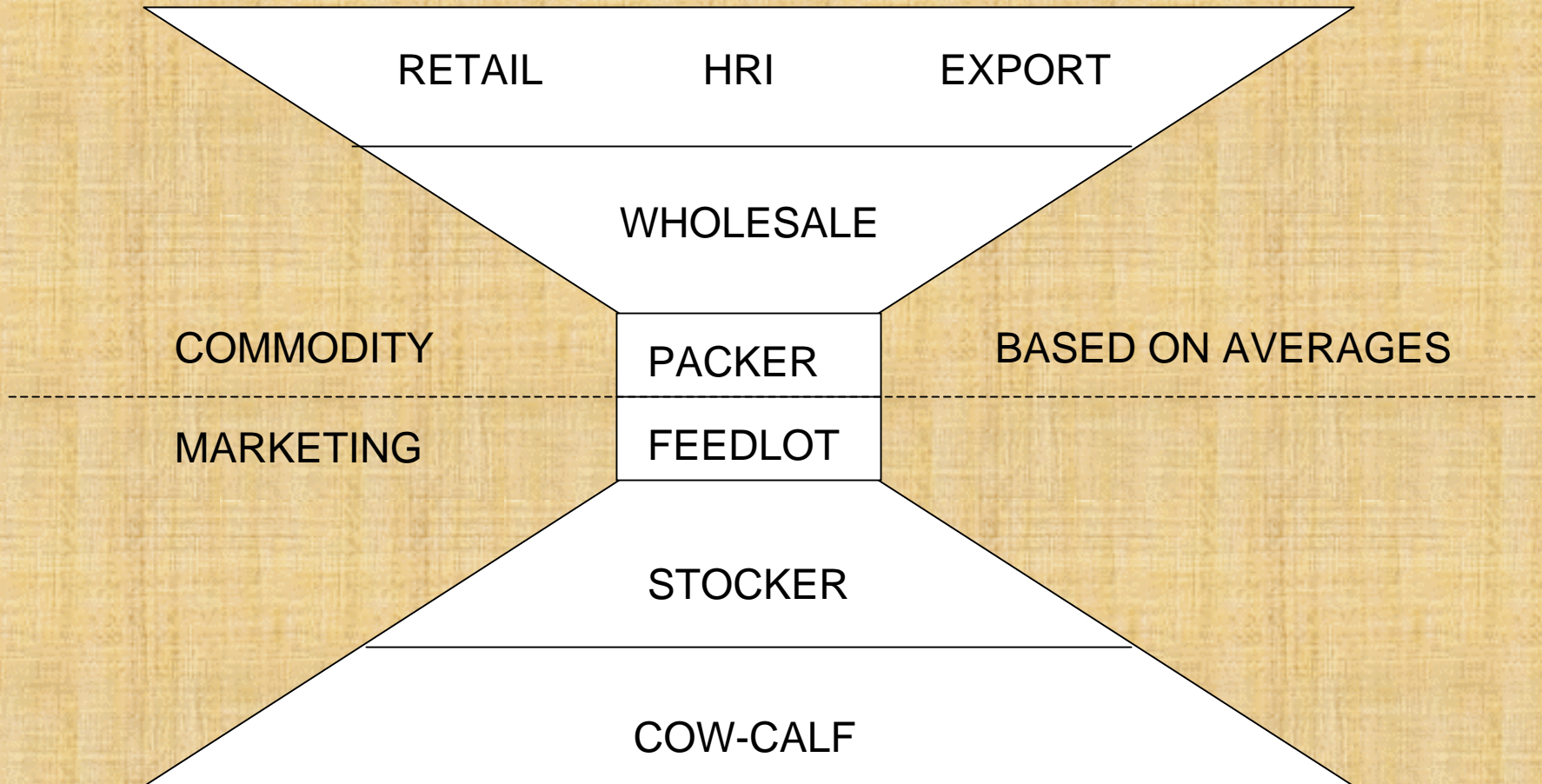
Since 1867



# *Commodity Beef Markets*

- Increased Productivity but is Optimization of Subsectors
- Little Product Enhancement
- No Targeting of Production/Marketing
- “Find What We Need”

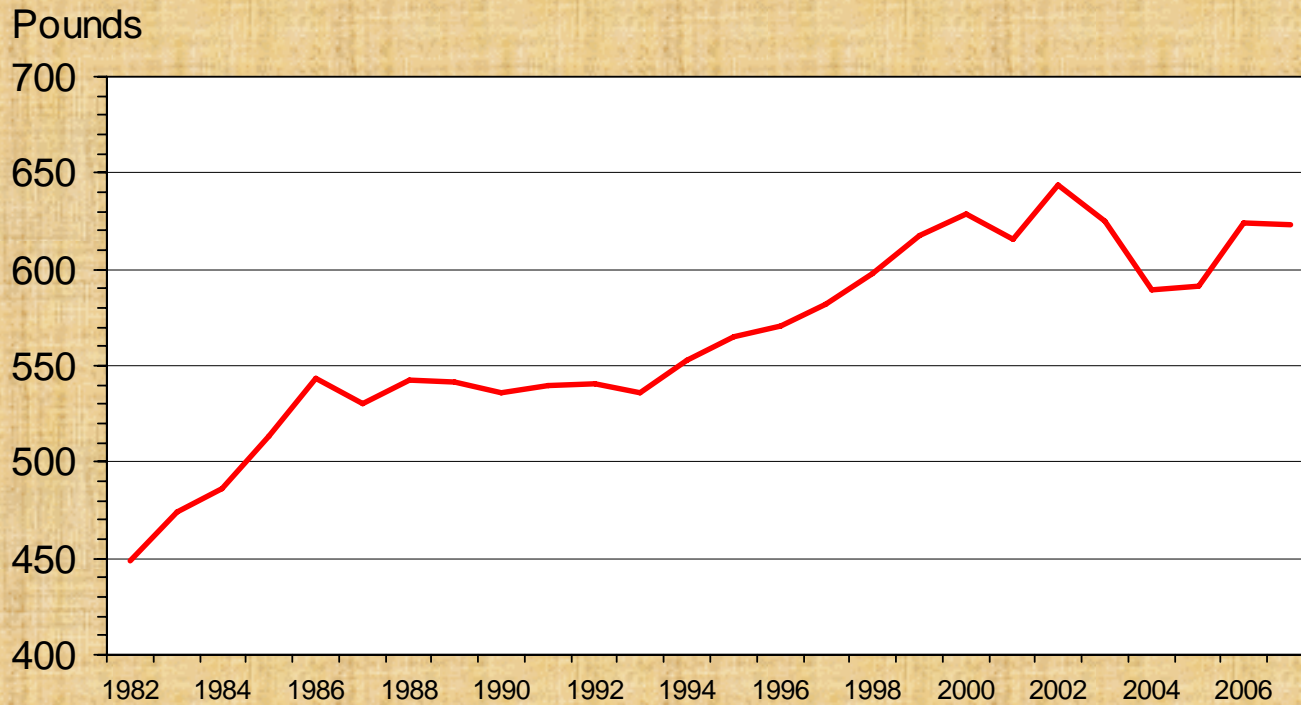
# Commodity Beef Industry



In The Commodity Beef Industry,  
“Pounds” Trumps “Quality” Every  
Time

# BEEF PRODUCTION PER COW

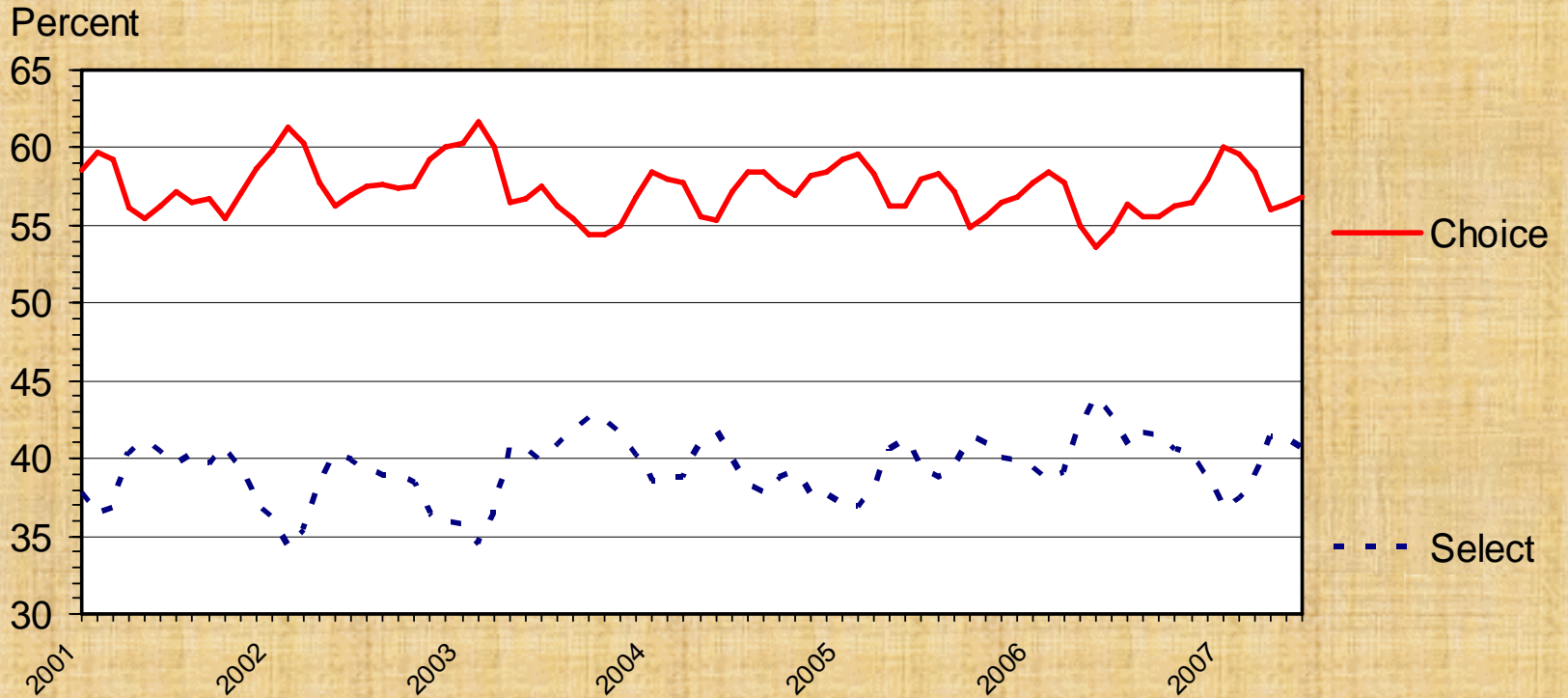
1982-2007 (Est.), Annual



M-S-08A  
07/31/07

# BEEF GRADED CHOICE AND SELECT

As a Percent of Beef Graded, Monthly



# *The “New” Beef Industry*

- Less Commodity Oriented
- More Valued-Added Products
- “Produce What We Need”
- Optimization of the Entire System

# *Value-Added Beef Production*

- Differentiated Products with much Product Augmentation
- More Targeted Production/Marketing
  - Increased Average Quality
  - Improved Product Mix
  - More Cost Efficient Production/Marketing

# Information is the Key

- As the industry changes from less commodity orientation to more product orientation, having and using information will be more critical to success.
- More need/incentive to keep records
- Much of the “value” in value-added production is the value of the information.

# *Implications of a Traceable Cattle and Beef System*

- Animal health and food safety
  - Regulatory system
- Market Demands
  - Food quality and quality assurance
  - Product Uniformity
  - Process verification
  - Source verification
- Management Value
  - Less Managing by Averages

# The Future

- The industry, or at least the vast majority of it, appears to be headed towards a fully traceable, full information system that can integrate regulatory, marketing and management needs in a single record system.

# How Will We Do It?

- Voluntary or Mandatory?
- Market Push, Government Push or Industry Push?
- Industry Push or Pull?
- Comprehensive Approach or Piecemeal
- The answers to these questions will determine how fast it will happen, how costly it will be and how quickly it turns into a net value rather than a net cost.

# Changing Producer Attitudes

- Commitment to a Value Chain
  - “New Opportunity” or “Loss of Independence”
- Traceability
  - “Brand Identification” or “Loss of Anonymity”

# Summary

- The future of the industry offers tremendous opportunity.
- Implies simultaneous changes across the industry.
- Industry can do a lot to make it less costly and more beneficial and sooner rather than later.



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