



Marketing Update



CERTIFIED RED ANGUS

Pro-Cow

by Ron Bolze, Commercial Marketing Director and Greg Comstock, RAAA Marketing Programs Coordinator

Source & Age Yield Greater Returns on Genetic Investments

The Red Angus Feeder Calf Certification Program (FCCP) was the Beef industry's first USDA process verified program (PVP), and has a dozen years experience in providing source verification to the ranch of origin and USDA audited traceability to Angus bloodlines.

Over the past decade, the Red Angus FCCP has involved over 2,000 producers who have collectively enrolled over a million head of cattle. March 2006 saw FCCP enrollments surpass 22,500 head, marking the fifth month exceeding 20,000 head enrolled. For many years, the FCCP was the only show in town providing these USDA process verified claims. However, beef industry market forces, specifically export demand, has brought on a proliferation of programs that provide not only USDA source verification, but also verified age.

Countries importing U.S. beef have imposed age limitations ranging as low as under 21 months of age. Meeting these requirements mandated maintaining date of birth records by cow/calf producers seeking this market access for their cattle. It also required the creation

of processes which record and document birth dates. Since cattle are typically harvested in load lots, many age verification programs function as, "Group Age Verification"; meaning the age of the oldest calf is applied to all in the group. Hence, if the oldest calf is under a given age, then the whole load qualifies.

Earlier this year, the Red Angus FCCP's process verified claims were expanded to include age verification so that Red Angus bull customers could access markets offering premiums for age verified product. In fact, the last 12-18 months have seen the emergence of several USDA process verified programs with age and source claims, clearly coinciding with demand, which is expressed in premiums. Dale Moore, owner of Cattleman's Choice Feedyard in Gage, Oklahoma is one of the largest suppliers of age and source verified cattle to National Beef. Moore says the addition of age was an important component in the FCCP's continuing quest to increase market access for customers, adding, "We will buy feeder cattle that project break even on cost of gain, if they have documented age and source verification, because the age and

source verification premiums will be large enough to keep us in the black."

Superior Livestock Auction business manager, Jim Kelly points to their data which shows the increased interest for age and source feeder cattle has amounted to \$1.77/cwt added value [over \$10 per 600 lb steer] on the cattle sold though the country's largest video auction year-to-date in 2006. He adds, "We enrolled 45,000 head in our age and source verification program, and wouldn't be surprised if both the number enrolled and the premium per cwt doubled next year." Moore and Kelly both indicated that in time, market forces would continue to make age and source verification a means of value differentiation. Kelly suggests that as Age/Source become the rule rather than the exception, cattle without will likely be subject to discounts. Moore agreed, adding, "...as the volume of source and age cattle increase, we could even see market reporting that reflects that differentiated value".

While many programs may offer the same USDA age and source claims, the paths followed to achieve those claims vary signifi-



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Dale Moore, Owner, Cattleman's Choice Feedyard, Gage, Oklahoma

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cantly, as do their included bells and whistles, which are meant to add value. The Red Angus FCCP requires that calves be enrolled at the ranch of origin. Superior's Kelly supports this requirement, stating, "cattle selling as Source and Age verified through Superior need to be tagged before they are loaded." He continued, "Producers who enroll their calves prior to sale keep the added value from source and age verification, as opposed to giving 100% of those premiums away for cattle enrolled through programs which allow enrollment at the feed yard. Kelly indicated that calves enrolled in the Red Angus FCCP are not only identified as "Red Angus", but also are cataloged as source and age verified through the Red Angus Association. From a feeder's perspective, Dale Moore concurred that source verification programs, have more "teeth" when enrollment is required by the ranch of origin. "Enrollment at the ranch of origin increases my comfort level when buying feeder cattle - especially when I'm buying for my customers."

Producers utilizing Red Angus bulls may open the door to Angus product lines, as well as Source and Age premiums by enrolling their calf crop in the Red Angus FCCP. Enrolled cattle continue to be identified by the FCCP's official "yellow" ear tag, with the words RED ANGUS, and a unique, sequential ID number clearly visible on the front of the tag. A "Combo" tag is also available, and provides a "matched set" RFID component for producers who need electronic identification capability. The RFID option utilizes USDA NAIS approved Digital Angel technology. Either tag meets the USDA process verified claims of genetics, source and age. A "Certificate of Compliance" is available for enrolled cattle at no extra charge to producers, and provides documentation for buyers who require process verified age and source to supply export demand.



Red Angus' FCCP exists to assist commercial cow/calf operators capture a greater return on their investment in superior Red Angus Genetics. Enrolled cattle may access value-based grids, as well as supply source/age verified export markets and Angus product lines. Producers of Red Angus feeder cattle may also utilize the Red Angus Feeder FAX, a free feeder cattle marketing service, which provides e-mail descriptions of producers' calves to feedlot managers and order buyers who have expressed interest in purchasing Certified Red Angus calves.

For more information about marketing feeder or fed cattle, or how to enroll calves in the Red Angus FCCP, contact Red Angus Marketing Programs at (940) 387-3502 or visit us on the web at www.redangus.org.