

Marketing Cattle During Challenging Economic Times: A State BCIA Perspective

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Background

- Alabama BCIA Bull Evaluations
 - Auburn University Bull Test-established 1951, ended 2006-07
 - North Alabama Bull Evaluation-established 1972
 - Wiregrass Forage Based Evaluation-established 1987
- Alabama BCIA Bull Consignment Sales
 - EPD Bull Sale-established 1990
 - Fall Round Up Sale-established 1995

Background

- BCIA Heifer Sales
 - Chilton County Heifer Sale – established 1981
 - Herdbuilder Replacement Female Sale – established 1999
 - Ag O Rama Heifer Sale – established 2001
 - North Alabama Heifer Sale – established 2001
 - BCIA Genetic Verified Heifer Sales – established 2008

Alabama BCIA Bull Sales: 2004-2008

	2004	2005	2006	2007	2008
No. of Sales	5	5	4	4	4
No. of Bulls	334	298	298	241	210
Avg. Price	\$1,995	\$2,189	\$1,803	\$1,957	\$2,094

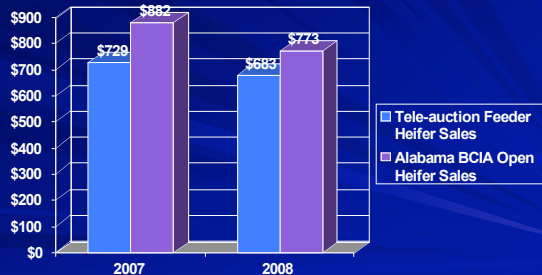
Competition from Various Bull Marketing Outlets

- Many purebred operations have established or expanded their operations through participation in the Alabama BCIA program.
- As a result, many have established private, on farm production sales.
- In 2008, 9 sales representing 25 breeders sold 770 bulls for an average of \$2,375 per bull through on farm production sales.
- This has contributed to the reduced number of bulls in Alabama BCIA sales, but it is also a success of the program.

Alabama BCIA Heifer Sales: 2004-2008

	2004	2005	2006	2007	2008
No. Sales	7	7	7	4	4
No. Open Heifers	286	296	265	180	105
Avg. Price	\$786	\$881	\$802	\$882	\$773
No. of Bred Heifers	266	281	300	246	234
Avg. Price	\$1223	\$1269	\$1180	\$1377	\$1230

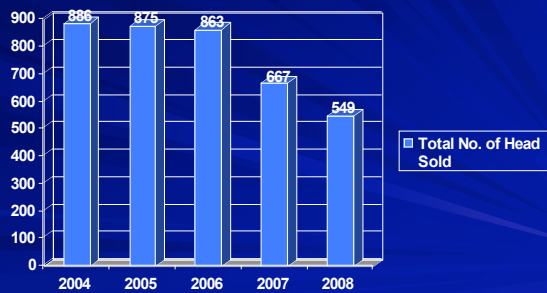
Tele-auction Feeder Heifer Prices vs. BCIA Replacement Heifer Sales



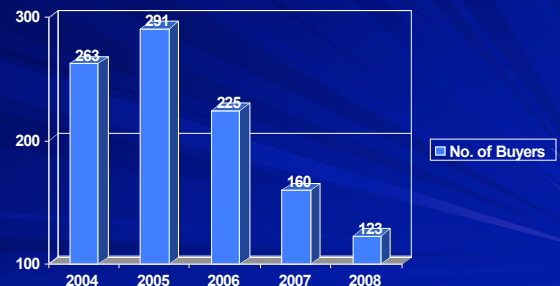
Alabama BCIA Commercial Record Keeping Program

Year	Total Herds	Total Calf Records	Avg. Adj. 205 Wt.	Total Small Herds	Total Medium Herds	Total Large Herds
2007-08	45	4,841	570	6	21	17
2006-07	48	4,816	582	11	23	14
2005-06	54	4,926	540	13	27	14
2004-05	60	6,783	549	16	26	18
2003-04	59	5,015	545	16	26	17
2002-03	81	6,108	560	26	36	19

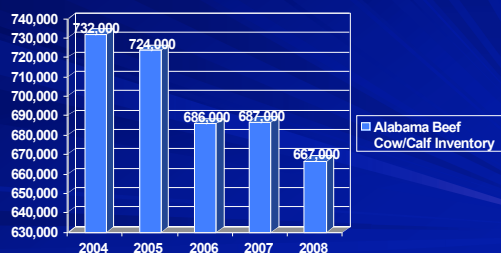
Alabama BCIA Sales:2004-2008 Total Number of Head Sold



Alabama BCIA Sales:2004-2008 Total Number of Buyers



USDA National Agricultural Statistics Service: Alabama Beef Cow/Calf Inventory



Average Evaluation Costs Per Bull

	2004	2005	2006	2007	2008
Auburn Bull Test	\$920.83	\$836.61	Sr. - \$750.51 Jr. - \$815.18	*	*
North Alabama Evaluation	\$903.09	\$686.75	\$726.12	\$813.58	\$884.71
Wiregrass Forage Evaluation	Sr. \$974.63 Jr. \$856.50	\$874.58	\$783.33	\$847.31	\$788.20

* No evaluation was conducted.

Average Bull Consignment Sale Commission and Average Per Bull Cost

	2004	2005	2006	2007	2008
EPD	11.76% \$235.91	12.44% \$242.95	12.61% \$201.76	14.53% \$238.00	14.54% \$264.92
Fall Round Up	11.67% \$255.69	13.2% \$283.67	12.08% \$186.64	10.35% \$226.56	11.16% \$287.70

Conclusions

- Consignments to bull evaluations and consignment sales are on a decline.
 - due to drought, tough economic times & competition from various marketing outlets
- Consignments are rapidly declining in open heifer sales, and it is becoming more difficult to sustain sale events.
- However, average prices per bull and heifer are not showing a decline.
- With a reduction in number of cattle sold, there are fewer buyers and also reduced income from sales commissions for the association.

Challenges

- Since 2004, restructuring in Extension personnel has resulted in fewer Extension agents to work with beef cattle producers.
- Drought on a statewide basis in 2006 and 2007 and the resulting downsizing in herd inventory.
- No Wiregrass Forage Evaluation will be held in 2009-10.
 - The evaluation site manager of the Wiregrass Forage Evaluation resigned in 2008, and with the current high input costs of fuel, fertilizer, etc., BCIA has been unable to find another site.

Potential Solutions

- Creation of the BCIA Genetic Verified Heifer Sales in 2008
 - Provide Alabama cattle producers an avenue to expand marketing of replacement heifers.
 - The sales target open and bred heifers with genetic documentation, group age, and source information.
 - New concept to reach a broader audience and to support BCIA membership and bull sales

Potential Solutions

- Specialized education for seedstock producers
 - Alabama BCIA Seedstock Continuing Education Program, launched in 2009
 - Introduction from Leaders in the Alabama Seedstock Industry
 - Business Goal Setting
 - Marketing and Market Positioning
 - Physical Aspects and Carcass Data
 - Management
 - EPDs and Performance Data
 - Reproduction
 - Health

Implications

- Even with challenging economic and environmental conditions, the US and Alabama beef industries and Alabama BCIA have displayed resiliency.
- Today, the US beef industry is producing more beef with fewer total cattle numbers.
 - In 2008, 637 lbs of beef was produced per cow vs. 449 lbs per cow in 1980, as reported by USDA.
- This illustrates the effectiveness of BIF principles and the efforts of state programs such as Alabama BCIA.