



CHAROLAIS

VIEWPOINT

J. Neil Orth, Executive Vice President

It All Starts Here

Invest in the Consumer.

During the recent board meeting, Shawn Walters, Professional Cattle Consultants, presented a report on the Charolais Feedlot Study. Shawn is conducting the study. He is responsible for qualifying the feedyards and the cattle, gathering the data and ultimately, analyzing the data. One thing we all can take away from the ongoing process of a feedlot study is it takes a long time. Many continue to ask when will we have new information. Can you give us an update? What's happening with the feedlot study?

The Charolais Feedlot Study currently involves five feedyards with the possibility of adding at least two more in the northwestern U.S. and another in Kansas or Texas. More than 11,000 head of Charolais and Charolais-influenced cattle have been identified. Another 21,000 head have been identified as the control group. The study is a two-year project with the first detailed summary due to be completed after January 1, 2010.

The feedlot study is designed to provide comprehensive feed efficiency information. The study will analyze data reflecting closeouts in all four quarters of the year. The length of the project will enable us to compare feedlot efficiency and

reveal a changing trend in the average consumer purchasing our product in the meat case. A feature article written by Jennifer Latzke in the November 23, High Plains Journal presents very interesting information that translates to good news for beef producers. The report looks at the increasing Hispanic and Asian population in America and what that changing demographic means in the supermarket meat case.

You can read the entire article by going to <http://www.hpj.com/archives/2009/nov09/nov23/1109OpenFlexMACOHispanicbee.cfm>.

Meanwhile, here are a few points to ponder:

1. Hispanics spend \$42 per week more on groceries than non-Hispanic shoppers.
2. Hispanics spend 42% more on beef than non-Hispanic shoppers.
3. Hispanic income is expanding 60-70% faster than the general population at 7.4% per year.
4. 41% of Hispanic households are solidly middle class.
5. 96% of Hispanics feel very proud of their background and 90% feel the

"The prevailing message has been that seedstock and commercial cow-calf producers have plenty, more important, issues to deal with, like getting a live calf on the ground, weathering drought, flood, rising input costs and many other near disasters encountered in this business."

profitability data reflecting the ebb and flow of input costs through all four seasons. Timing of the study will also illustrate the seasonal demands for beef and the direct impact demand has on profitability.

As grassroots beef producers, we historically have not concerned ourselves near enough with consumer buying habits or changing trends. The prevailing message has been that seedstock and commercial cow-calf producers have plenty, more important, issues to deal with, like getting a live calf on the ground, weathering drought, flood, rising input costs and many other near disasters encountered in this business. However, as our industry becomes more and more transparent and the food chain becomes more and more seamless, we help ourselves enormously by making sure we understand what the data indicates.

The Cattlemen's Beef Board has wisely used the Beef Checkoff Program to fund initiatives to assist U.S. retailers. These initiatives use current, unbiased data from U.S. Bureau of Labor, U.S. Department of Commerce, Bureau of the Census and

need to preserve their traditions, which include beef as a central ingredient.

The reality of our entire beef production system is it takes a long time. Our industry revolves around breeding seasons, calving seasons, weaning, marketing and then we do it all over again. Once the calves are marketed, the next owner up the food chain, invests another three to five months before expecting any return on an investment. For all the dramatic changes that have been made in our beef production system, we will not likely change the length of time it takes to realize a return on our investment. Therefore, it is more important than ever before we pay close attention to changing consumer trends.

The end product in which consumers invest a portion of their weekly food allowance begins with us. We have the tools needed to make the product better, more profitable, more in demand and safer. There is no better product for our nutritional needs. It just takes time and our willingness to invest ourselves in the consumer's need and not just our bull buyers. 