

INTRODUCTION



Segments of the Beef Cattle Industry

Karen Burlew, Assistant Extension Agent – 4-H, Avoyelles Parish
Ashley K. Edwards, Ph.D., Assistant Professor, Extension Beef Cattle Specialist

The beef cattle industry can be divided into multiple sectors, which include seedstock, cow-calf, stocker/backgrounder, feedlot/finisher, packer, retailer and consumer. While there is a typical flow of cattle from one segment to another, each segment supports the others and interactions may occur at any level.

Seedstock



Registered Angus bulls purchased from a seedstock operation.
Photos by Ashley K. Edwards

Seedstock producers breed registered purebred bulls and females to create ideal breeding stock for cow-calf operations. Bulls, semen, cows, replacement heifers and embryos can all be purchased from seedstock producers to improve the quality of a commercial herd. The majority of seedstock producers keep purebred herds that are registered with their respective breed associations. It is important that seedstock producers are able to efficiently market their animals and genetics to cow-calf producers. Often these producers have live and/or online sales for their livestock. According to the U.S. Department of Agriculture, approximately 5.9% of United States beef cattle producers claim to be a seedstock operation.

Cow-Calf



A cow-calf pair on a commercial beef cattle operation.

Cow-calf operations maintain a herd of cows on pasture or rangeland. An estimated 77.6% of cow-calf producers own commercial herds. Their goal is to breed females and raise calves that will be sold to stockers, feedlots and/or directly to consumers. These cows can be naturally bred or bred using artificial insemination. Most of the calves will be sold, typically at weaning. However, some females may be kept for use as replacement heifers. According to a USDA beef study, of the weaned calves in the United States, 59.4% are sold directly to the sale barn, 28.8% are brought to a feedlot, 3.6% are purchased by a stocker, leaving 8.2% for various destinations.

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Stocker



Brangus-cross steers grazing ryegrass before being sold to a feedlot.

Stockers, or backgrounders, purchase weaned calves from cow-calf operations and continue to support their growth. They primarily graze these cattle for several months with the purpose of continuing their growth without an extensive expense. Some stockers offer a mixed ration, where calves may have the opportunity to become accustomed to eating from a feed bunk. However, the primary sources of their diet are grazed or stored forages. After the grazing season is over, these cattle are sent to be finished. Calves that can be purchased in a load lot are often more attractive for feedlot representatives to select, so it is important that stockers feed calves to support uniform gain. Backgrounding specifically addresses the decrease of stress and increased feed efficiency of calves between the weaning and finishing phases. Stocker and backgrounding procedures, in addition to other best management practices, can add value to these calves.

Packer

When cattle have reached the desired weight and condition, they are sent to a packing facility. In this step, animals are harvested and processed. The beef will be graded and packaged for retail. Packing facilities are one of the smallest sectors. Some consumers buy directly from smaller packing facilities after processing. Large packers typically sell to distribution and retail companies.

Retailer

Retailers are responsible for the distribution of packaged beef. After the meat is processed, it is labeled and put on shelves for consumers to purchase. In order to be a successful retailer, companies must market their products to attract consumers. Retailers also provide beef products for the restaurant industry to purchase for use. According to a survey taken by the national Beef Checkoff, beef is the most purchased item for the food service industry. Beef cattle producers may serve as their own retailer and sell directly to consumers.

Feedlot



Cattle being fed on a feedlot in Kansas.

Feedlots, or finishers, can be one of two operations: a collection of yards where cattle are fed high-energy grain, or it can refer to finishing beef on a grass-fed diet. These calves are most often purchased from stockers but may also be purchased directly from cow-calf and seedstock producers. The purpose of finishing beef cattle is to allow for fat deposition, including marbling (intramuscular fat) of the meat, and to enable it to become tender and juicy within a shorter time frame. Many of the United States' feedlots are in the Great Plains and Corn Belt regions. Due to the sole objective of feedlot, their location is reliant on availability and affordability of grain. Feedlots provide a way for higher quality beef to be prepared and available for harvest in a reduced amount of time.

Consumer



Ribeye steaks purchased by a consumer.

The consumer is the party that directly benefits from the finished product. They can purchase various cuts of beef in stores or meat markets. Cattle and beef products can also be purchased from cow-calf operations, packers or sale barns through direct sales. Individual producers must determine what method of sales is most beneficial for their operation.

Summary

The beef industry is a complex web linking together the individual sectors. It is important to understand each of the sectors discussed to maintain a working relationship with people on each level. Dynamics within the cattle industry such as changes in input prices, weather conditions, cattle prices and other factors can influence relationships within the segments of the industry and can disrupt the traditional flow of cattle through the segments. Many industry members participate in multiple segments, though their participation may be fluid. An example would be a cow-calf producer who ordinarily markets cattle at weaning but chooses to feed them and market the beef direct to consumers during adverse market conditions. Best management practices are essential at every level of beef production for animal health and safety, as well as quality and safety of the beef produced.

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