

Cooperative Marketing of Beef Calves as a Role of the Powell River Beef Project

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The Virginia Quality Assured Feeder Cattle program has been utilized as a cooperative marketing effort of the Powell River Project and the Coalfields Land and Cattle Association in the falls of 2001 and 2002. The VQA program is an ear tag certification program that identifies feeder cattle with improved vaccination and/or genetic background as they enter the marketing process. Several southeastern states have somewhat similar ear tag certification programs such as the Kentucky Gold or Southeastern Pride programs.

The Virginia Quality Assured Feeder Cattle Program

The VQA program has two areas of certification. The two parts of the program are termed "Health Assured" and Genetics Assured". These are designed to give buyers of calves who are certified in the program added confidence in the vaccination history and genetic merit of the sire of the feeder cattle. There is also a color code system to the tag program. Cattle to which an approved health and vaccination program has been administered will be identified with a gold ear tag. Cattle that additionally were sired by bulls with superior genetics will be identified by a purple ear tag with the breed of sire designated on the tag. Additionally, cattle that have been weaned and backgrounder will be identified with a "W" on the tag.

The Gold Tag cattle are referred to as "health program assured." The Gold Tag guidelines are minimums for each of the additional program levels. These cattle must be vaccinated for IBR, BVD, PI3, 7-strain clostridial (blackleg), and Pastuerella (with leukotoxoid) at least 14 days before sale date. (Vaccinations are to be given according to label directions, except the initial dose of vaccines requiring a booster may be given at any time after the calves are 4 months; thus extending the period between the initial and booster doses. All required vaccinations must be given after the calves are 120 days old and at least 14 days before sale). Following label directions include administering a booster shot, if called for. This procedure may be referred to as "double vaccinating." All vaccinations are to be given in the neck area. Participating producers must attend a beef quality assurance educational program. A processing map listing the vaccine product, date, location, etc. must accompany the cattle at sale time. Additionally, the cattle must be owned by the seller at least 60 days and weigh at least 400 pounds, be dehorned, castrated, and healed. Heifers will be guaranteed open similar to graded calf sales with a rebate due on heifers found by the buyer to be bred. A similar guaranteed against stags will also be in place.

Cattle meeting the Gold Tag requirements that have also been weaned and started on feed will meet the Gold "W" tag criteria. These calves must be weaned at least 30 days and feed and water trough broken.

The Purple Tag program recognizes those feeder cattle sired by bulls with superior growth genetics. Feeder cattle tagged with the purple tag must meet the health requirements of the Gold Tag program plus the breed of the bull siring the cattle will be identified on the tag. For cattle sired by British breed (Angus, Hereford, Red Angus, Shorthorn, etc.) bulls the yearling weight EPD of the bull must be at least breed average for year in which the bull was born. For continental breed (Charolais, Gelbvieh, Limousin, Salers, Simmental, Tarentais, etc.) sired cattle, the bull's yearling weight EPD must be above "0" for the year in which the bull was born. In absence of a yearling weight EPD, the weaning weight EPD may be used to qualify the bull. In multiple bull breeding pastures, all bulls would have to meet the minimum EPD levels for the calves to qualify for the purple tag. The Purple Tag cattle sets Virginia's program ahead of the surrounding states.

To qualify for the Purple "W" tag program, the cattle must meet all the Purple Tag criteria plus be preweaned as in the Gold "W" requirements.

A qualified third party must certify the health and/or genetic minimums for the cattle. To maintain some consistency within the program the third party certifier must have participated in an educational program that discusses the VQA program in depth. To this point approximately 30 veterinarians and a similar number of Extension agents are registered as certifiers. Both the seller's and certifier's signature must appear on the certification form that accompanies the cattle at marketing.

The cattle may be marketed through whatever means the producer wishes. The seller should utilize a marketing method that recognizes the value of the health and genetic information symbolized by the tag. Early indications are that several load lots from single owners and multiple owners will make use of the tagging program. Some feeder cattle sales groups have expressed interest in all VQA sales or sales where VQA calves will be penned and sold separately from non-certified calves.

The Virginia Quality Assured feeder cattle program has been referred to as "Virginia's first step in value based marketing." The program is certainly an attempt to provide feeder cattle with honest, healthy cattle with feedlot performance. As the industry moves toward value based marketing, the cattle feeder will put more stock in predictable cattle backed by reliable producers.

Feeder cattle sold under similar certification programs in other states have brought their owners another estimated \$3 to \$5 per hundredweight. Approximately 2500 calves were sold in Virginia in the summer and fall of 1997 with VQA certification. The following table shows price differential when cattle sold in other sales in Virginia the same week are compared. These findings would indicate that, in many circumstances, certifying calves in VQA program provides a positive economic opportunity for Virginia Feeder Cattle producers.

Table 1. Comparison of VQA feeder calf sale prices with special sales, 2002.

VQA Feeder Cattle Sales vs. Graded Special Sales (LM1)				
<u>Steers</u>				
	<u>VQA</u>	Large & Medium Frame, 1 Muscle <u>Special</u>	\$/Cwt Price <u>Advantage</u>	
5 wt.	\$97.75	\$87.76	+\$10.01	\$9.99
6 wt.	\$90.15	\$84.81	+\$5.34	\$5.34
<u>Heifers</u>				
	<u>VQA</u>	LM1 <u>Special</u>	\$/Cwt Price <u>Advantage</u>	
5 wt.	\$79.40	\$77.60	+\$1.80	\$1.80
6 wt.	\$80.00	\$75.12	+\$4.88	\$4.88

Prices compared to special sales within a week of VQA sale (Abingdon, Wytheville, Winchester, and Front Royal)

The goals of the Virginia Quality Assured program are several: 1) Improve the health and genetics of Virginia feeder cattle; 2) Identify feeder cattle with superior health and/or genetic history to improve their marketability in an effort to reward the producer for his efforts; 3) Provide a marketing tool for Virginia feeder cattle producers; 4) Enhance the reputation of Virginia feeder cattle; 5) Provide a potential system for feedback as to feedlot and carcass performance; 6) Improve communication between Virginia feeder cattle producers and buyers.

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Powell River and VQA

The Powell River beef cattle project has been interested in cooperative marketing of calves to assure the highest price for calves produced in the project and as an educational and financial service to other producers of beef calves in the area. After a year of discussion, the first commingled group of calves was sold through the Abingdon Feeder Cattle Association in the fall of 2001. The Powell River Project and the Coalfield Cattle and Land Association as well as Virginia Cooperative Extension cooperated in organizing this effort. A significant increase in prices paid for calves was received as two groups of superior quality graded calves were sold. The marketing was repeated in 2002.

Table 2 below includes data on calves marketed from the project in 2002. It documents the weight and growth information for individual calves as well as the sales information. The actual sale price of each calf is compared with an average price for calves marketed the same week in Virginia at graded special sales. In every case calves brought a premium price when marketed through the VQA route. The average increase in values was more than \$30 per calf. Overall there was a benefit accrued to Penn-Virginia resources of \$994.05 for participation in the program. Other members of the Coalfield Cattle and Land Association would have expected to receive a comparable benefit for participation in the program.

Summary

The Virginia Quality Assured Feeder Cattle program has been utilized by the Powell River Project and Coalfield Cattle and Land Association to cooperatively market commingled groups of cattle to a significant economic advantage during the years 2002 and 2003. Another VQA marketing effort is planned for the fall of 2003.

Table 2. Calf data from calves marketed through VQA in 2002.

CALF	SEX	Birth	Bangs ID	Weight	ADG	SALE	Sale Price	Sp. Sales	\$ Per head
ID		Date	or VQA	9/5/2002		WEIGHT	\$/ cwt	Equiv.Price	Advantage
2	S	19-Mar	803	512	3.26	562	\$97.75	\$87.76	\$56.14
10	S	12-Apr	4157	548	2.50	598	\$97.75	\$87.76	\$59.74
33	H	19-Apr	4155	452	2.35	502	\$79.40	\$77.60	\$9.04
35	S	19-Mar	810	616	3.00	666	\$90.15	\$84.81	\$35.56
36	S	9-May	4151	360	2.26	410	\$100.75	\$97.60	\$12.92
37	S	14-Apr	4150	480	2.65	530	\$97.75	\$87.76	\$52.95
44	S	19-Apr	4152	498	3.00	548	\$97.75	\$87.76	\$54.75
48	S	14-Apr	4149	540	3.32	590	\$97.75	\$87.76	\$58.94
50	S	23-Apr	4162	475	2.65	525	\$97.75	\$87.76	\$52.45
51	S	20-Mar	795	634	3.18	684	\$90.15	\$84.81	\$36.53
54	H	16-Apr	4156	444	2.65	494	\$86.30	\$83.20	\$15.31
55	H	3-Apr	4158	484	2.56	534	\$79.40	\$77.60	\$9.61
56	H	10-May	4154	401	2.38	451	\$86.30	\$83.20	\$13.98
59	H	27-May	4164	325	2.65	375	\$92.40	\$89.50	\$10.88
61	S	16-Apr	4160	484	2.71	534	\$97.75	\$87.76	\$53.35
62	S	2-Jun	4161	317	2.41	367	\$102.10	\$102.10	\$0.00
63	S	31-Mar	4163	536	2.68	586	\$97.75	\$87.76	\$58.54
64	S	8-Apr	4159	500	2.35	550	\$97.75	\$87.76	\$54.95
66	S	19-Mar	797	528	2.88	578	\$97.75	\$87.76	\$57.74
67	S	15-Mar	796	518	3.18	568	\$97.75	\$87.76	\$56.74
68	H	7-May	4153	381	2.53	431	\$86.30	\$83.20	\$13.36
69	H	12-Apr	791	378	2.26	428	\$86.30	\$83.20	\$13.27
70	H	10-Apr	792	333	1.94	383	\$92.40	\$89.50	\$11.11
71	S	10-Apr	801	440	2.44	490	\$100.75	\$97.60	\$15.44
72	S	11-Apr	800	468	2.53	518	\$97.75	\$87.76	\$51.75
73	H	5-Apr	811	385	2.15	435	\$86.30	\$83.20	\$13.49
74	S	6-Apr	794	450	2.94	500	\$97.75	\$87.76	\$49.95
75	H	6-Apr	799	409	2.21	459	\$86.30	\$83.20	\$14.23
76	H	18-Apr	802	350	1.44	400	\$86.30	\$83.20	\$12.40
77	H	17-Apr	798	423	2.29	473	\$86.30	\$83.20	\$14.66
78	S	19-Apr	793	430	2.59	480	\$100.75	\$97.60	\$15.12
79	H	2-Apr	818	460	2.68	510	\$79.40	\$77.60	\$9.18
	AVG	13-Apr		454.969	2.5818	504.97		Total	\$994.05