



BeefTalk 718: Grass or Grain Fed?

SUPPORTING MATERIALS

Grass or Grain Fed?

Spayed heifers

\$1,281 per head off grass
\$1,688 per head after 108 days on feed
\$1,454 per head value back to the ranch
after feeding

A simple concept that is hard to explain, but beef producers will follow the dollar, which is grain fed in this case.

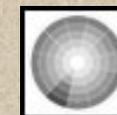
As a producer, when successful with placing the appropriate product with the appropriate program, the reward is financially satisfying. If not, a new program will be sought.

There is a “Y” in our road. If we go one way, we are sending the spayed heifers to harvest as grass finished. If we go the other way, we are sending the heifers to the feedlot for more pounds. Which direction to take was last fall’s question.

The answer was the feedlot. Why? The spayed heifers were valued at \$1,281 per head off grass. After 108 days on feed, the spayed heifers were valued at \$1,688 per head. Per-head value back to the ranch after feeding was \$1,454 per head.



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A simple concept, but how often has one had to try to explain a concept to someone else? Why do we do what we do?

The other day, much to my surprise, a student asked me to explain grain-fed beef because the sign on the restaurant wall took pride in noting all the beef menu selections were grain-fed beef.

At the same time, the news media was discussing the need for grass-fed beef. This probably was the source of the question and, if one ponders, one can see why future generations will get confused. As producers, the word beef conjures up images of cattle and associated production and marketing scenarios. As a consumer, the word beef means food, more specifically meat.

These two concepts, one of production and one of food, often overlap in the media. As a result, there is a clamor of ideas and thoughts that are related to products, programs, economics and marketing. The latter, marketing, often drives economics.

Economics essentially drives programs and programs drive the products. As a producer, when successful with placing the appropriate product with the appropriate program, the reward is financially satisfying. If not, a new program will be sought.

The failure of financial success, although not immediately evident, is linked to long-term supply- and-demand economics

and front-end marketing programs. Marketing commonly known as advertising, is much like fishing: Bait the hook and see what can be caught. In this case, it's finding the right price consumers will pay and then evaluating supply.

The beef industry has an excellent market analysis system for that very reason. The ability to read, interpret and develop a plan of action is key to fiscal success. These comments may seem somewhat academic, but they come to mind as grass beef and grain-fed beef battle for the marketplace. The student was certainly right in asking.

The traditions that ultimately become production programs often are steeped in history. In this case, it's decades of grain production that needed to be marketed. Livestock were and still are the obvious choice. The student pursued the thought further and asked, on a positive note, if the feeding of grain to other types of livestock and poultry was similar and was the end result a more palatable source of meat?

With some chagrin, the student quickly ascertained the need to confine livestock and poultry to encourage grain consumption, so there was the beginning of an understanding of modern livestock and poultry feeding. Having a brief discussion on the economics of scale, the student went away with a better understanding of why the beef industry does what it does. Thus, the note on the wall says grain-fed beef.

Customer satisfaction and marketing are the keys to success, and there certainly are long- and short-term ramifications. Habits do not change quickly; however, the generational waves certainly will bring new habits or at least questions to future generations.

The give and take of directional change depends on the changing masses or groups of people. If an idea is relatively new, with limited financial rewards, the force of change or a new idea will not have much effect, but some will change. Not until the idea propagates and slowly gains acceptance with a growing group of people will change occur.

This process can take a long time, but it is effective, so change will come. Agree or not, as the masses change, subsequent implementation of that change will occur because we always are more comfortable with those who think like us.

Yes, the goal of advertising is to get those who spend money to spend money on your product. The process can be long and tedious but can create change in how we think, particularly as those around us positively reinforce our choice.

However, beef producers will follow the dollars. As times change, perhaps the sign will read grass-fed beef. For now, the feedlots still are pulling the cattle with dollars. As with any concept, advertising grass-fed beef will produce demand and, in time, may produce supply if the dollars are there.

May you find all your ear tags.

Your comments are always welcome at <http://www.BeefTalk.com>. For more information, contact the NDBCIA Office, 1041 State Ave., Dickinson, ND 58601, or go to <http://www.CHAPS2000.com> on the Internet.

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