MP-170

Survey of Oklahoma Quality Beef Network Stakeholders

Final Report

2002

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2002 Final Report

Study conducted by

David Lalman, Associate Professor, Animal Science
John Evans, Assistant Professor, Animal Science
Clement Ward, Professor, Agricultural Economics
D.L. Step, Veterinary Medicine
Greg Highfill, Area Livestock Specialist
Robert LeValley, Area Livestock Specialist
Chuck Strasia, Area Livestock Specialist
Jack Wallace, Area Livestock Specialist

Introduction

The Oklahoma Quality Beef Network (OQBN) was organized in 2001 with the primary objective of adding value to weaned calves and capturing a portion of this value for both the cattle producer and the cattle buyer. The OQBN provides a process verification system relative to management practices applied to beef calves around the time of weaning. The fundamental concept is that by reducing costs associated with sickness, improving animal performance, and improving beef product quality, additional value can be achieved in beef cattle production. Additionally, livestock market owners cooperate with producers by assembling OQBN process verified calves and marketing them in special feeder calf sales. As part of the ongoing development efforts, this survey was conducted to determine strengths and weaknesses of the process verification system and marketing program.

Methodology

Survey data were collected from OQBN participants during the fall of 2002. In general, OQBN certification requires weaning calves a minimum of 45 days prior to sale or shipment, castrating, dehorning, and using clostridial and bacterial vaccinations with boosters, along with third party verification. Specific details of the OQBN certification requirements can be viewed at www.ansi.okstate.edu.

During 2002, the OQBN marketing component focused on public auctions where OQBN certified cattle were sold at six locations throughout the state. Livestock markets sponsoring an OQBN auction during the fall of 2002 included: Apache Livestock Auction, Apache; Holdenville Livestock Auction, Holdenville; Idabel Stockyards, Idabel; OKC West, El Reno; Winter Livestock, Enid; and Woodward Livestock Auction, Woodward. Stakeholders were identified as **producers** if they applied the preconditioning practices required for OQBN certification and sold cattle at the OQBN sponsored auctions. **Buyers** were identified as those individuals who bought OQBN certified cattle at these auctions.

A total of 130 stakeholders, who either bought or sold cattle through the OQBN during the fall of 2002, were identified (Table 1). Eighty producer surveys and 50 buyer surveys were mailed. The response rate was considerably higher for producers (46%) compared to buyers (8%). Perhaps at least a part of the low response rate for buyers is due to the fact that professional order buyers purchased many of these cattle for a client.

Table 1: Participation and survey response by producers and buyers in the OQBN, 2002

	Producers	Buyers	Total
Participants	80	50	130
Respondents	37	7	44
Response rate	46%	8%	34%

Results

Producers

Demographics

As would be expected, the typical OQBN producer operated a commercial cow/calf enterprise, with several producers involved in a combination of commercial cow/calf and purebred cattle or stocker enterprises (Figure 1).

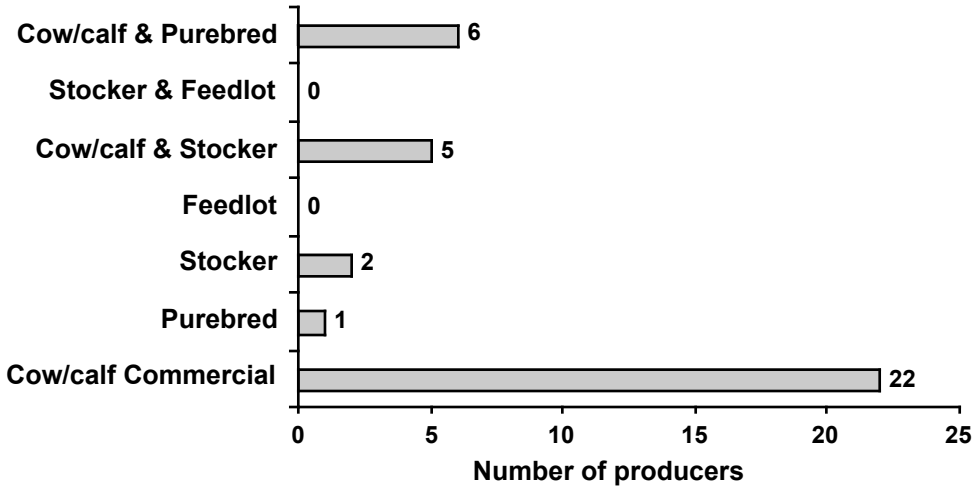

Figure 1: Distribution of producers by type of beef operation

Many of the producers had been involved in the beef industry for a long period of time (Figure 2). In fact, more than half of the respondents had been involved in the beef industry for more than 20 years. However, 24% had been involved for 10 years or less. Although, this years OQBN participants were experienced in the beef industry, few had extensive experience preconditioning cattle. Over 54% of producers had less than 5 years or no previous experience preconditioning cattle (data not shown).

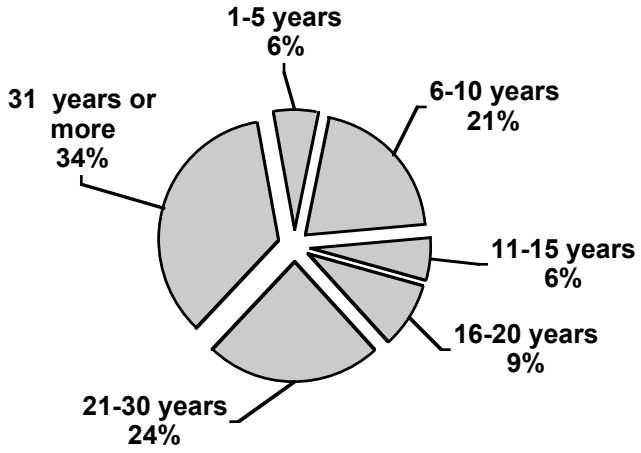

Figure 2: Producer years of experience in the beef industry

The majority of cow/calf operators that chose to participate in the OQBN can be characterized as small to mid-sized operations (Figure 3). It is interesting to note that 54% of respondents owned less than 100, cows while 46% owned more than 100 cows.

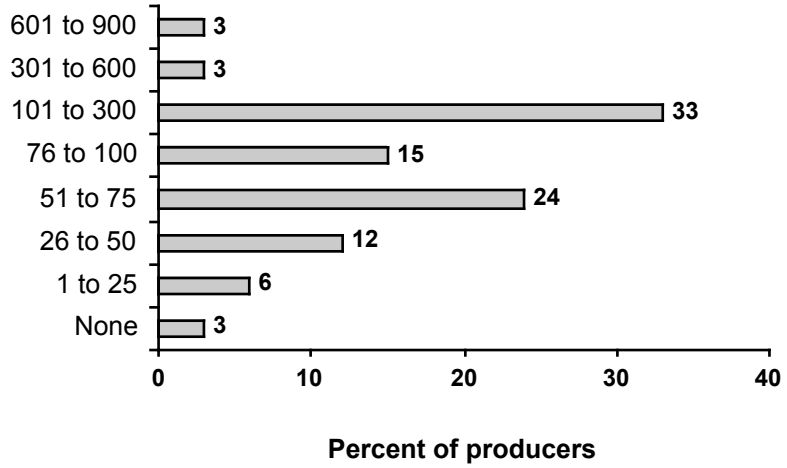

Figure 3: Distribution of producers by size of brood cow operation

The majority of producers learned of the OQBN and the associated certification requirements through multiple sources (Figure 4). However, extension educators, Oklahoma Cattlemen's Association, and livestock auction personnel had the greatest impact on awareness and education about the OQBN program.

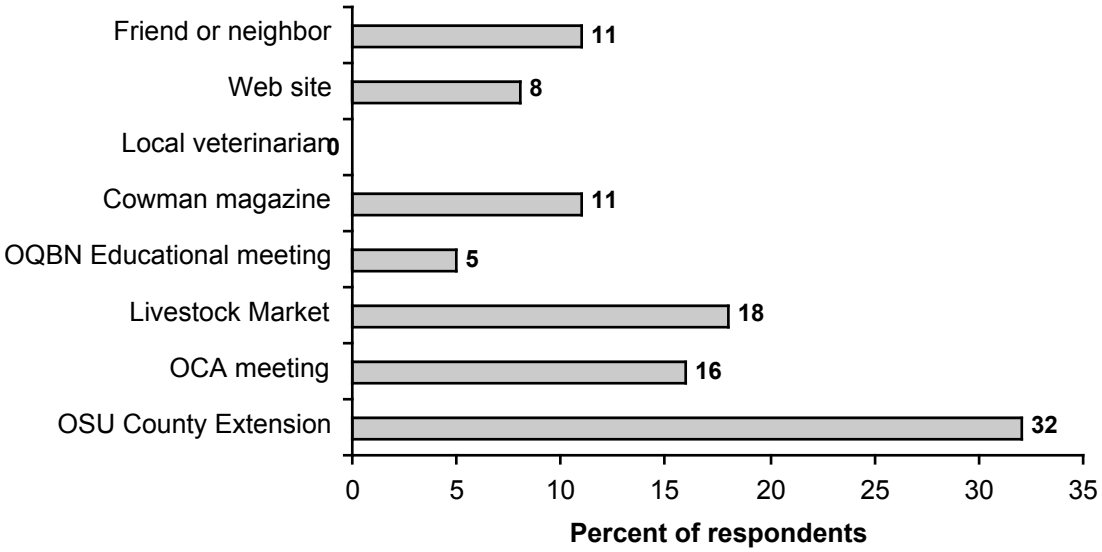

Figure 4: Distribution of respondents by selected means of awareness

The number of cattle marketed by any one producer through this value-added management and marketing system ranged from two to several hundred cattle. A total of 70% of producers sold less than 50 head of cattle in any one OQBN auction. Since 46% of respondents indicated they owned more than 100 cows, this data suggests that many participants marketed only a portion of their calf crop through this system during the second year (Figure 5).

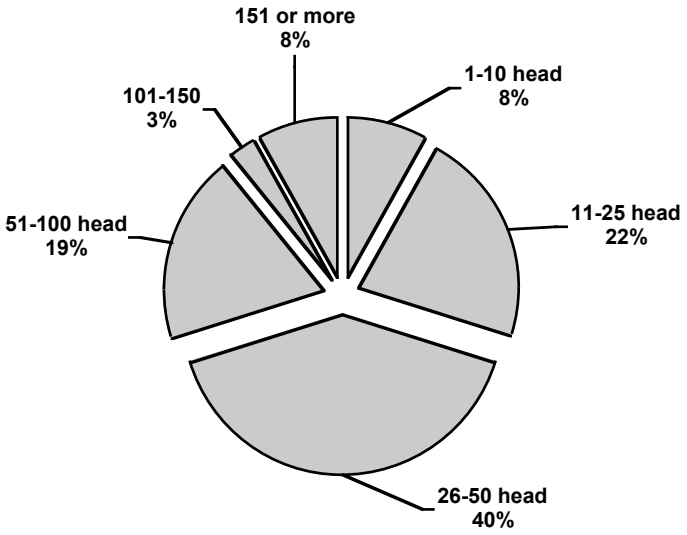

Figure 5: Distribution of producers by number of head sold during OQBN sales

Perceived market and animal health effects

The perceived premium received through participation in the OQBN, above the regular market price, was quite broad (Figure 6), ranging from zero to over $10 per cwt. A significant premium for the cattle and low cost weight gain during the 45-day or longer weaning period is necessary for this type of value-added calf program to be profitable for the producer. In the absence of producer profitability, this and other value-added cattle programs will not be sustainable. The majority of producers (88%) perceived that their cattle received a $4 per cwt or greater premium. Only 12% of the respondents perceived that they received less than $4 per cwt. This percentage is down from the 2001 survey (30%). Stakeholders and OQBN leadership should continue to work to develop the process verification system, marketing program, producer and buyer education, and other factors to ensure that a high percentage of OQBN certified cattle receive a market premium. Continued improvement in the OQBN system and quality of OQBN cattle should lead to fewer incidences of marginal premiums.

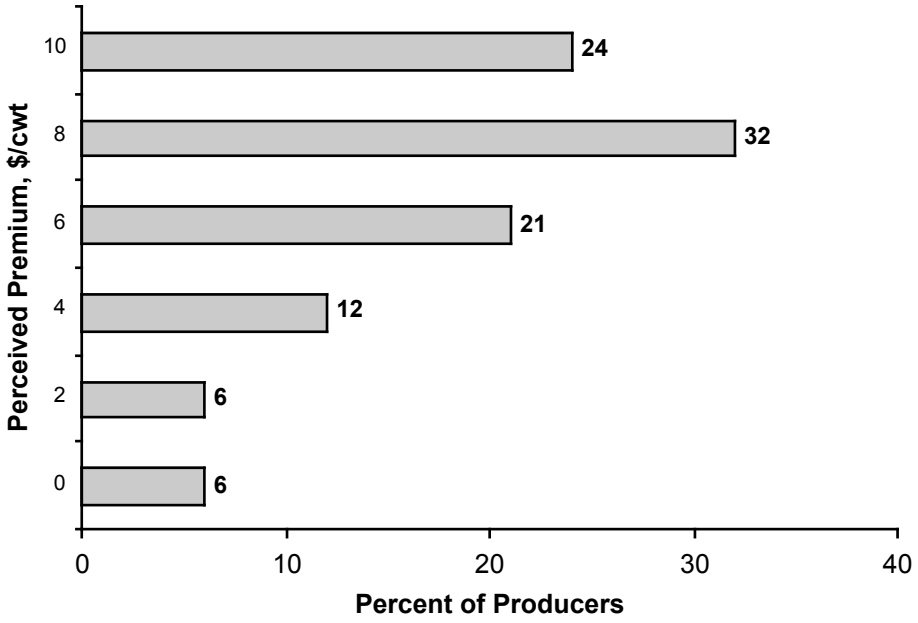

Figure 6: Distribution of producers by premium received over the average price

In value-added preconditioning programs, like the OQBN, at least a portion of the risk associated with cattle sickness and death loss is transferred from the buyer back to the producer. This risk is a serious concern and consideration for potential OQBN producers. However, the incidence of sickness and death loss should be much lower when calves are weaned at the ranch of origin and managed according to OQBN guidelines. In 2001, 68% of respondents indicated that they had no sickness at all during the weaning period and an additional 15% had to treat less than 1% of their calves. During 2002, these percentages declined to 56% and 11% of producers, respectively (Figure 7). This data simply points out that any cow/calf producer who chooses to participate in a similar preconditioning program should be prepared to treat at least a few sick calves. There is a high probability that at least a minimum amount of sickness will occur regardless of the preconditioning program. It should also be pointed out that these treatment rates are very low compared to industry averages where calves are immediately shipped to marketing or receiving facility at the time of weaning. In

cases where calves do become sick, early intervention will minimize any long-term negative effects on calf performance and carcass characteristics. Using the pre-weaning vaccination option, employing management practices to minimize stress, and providing a balanced ration will each go a long way in minimizing the incidence of sickness.

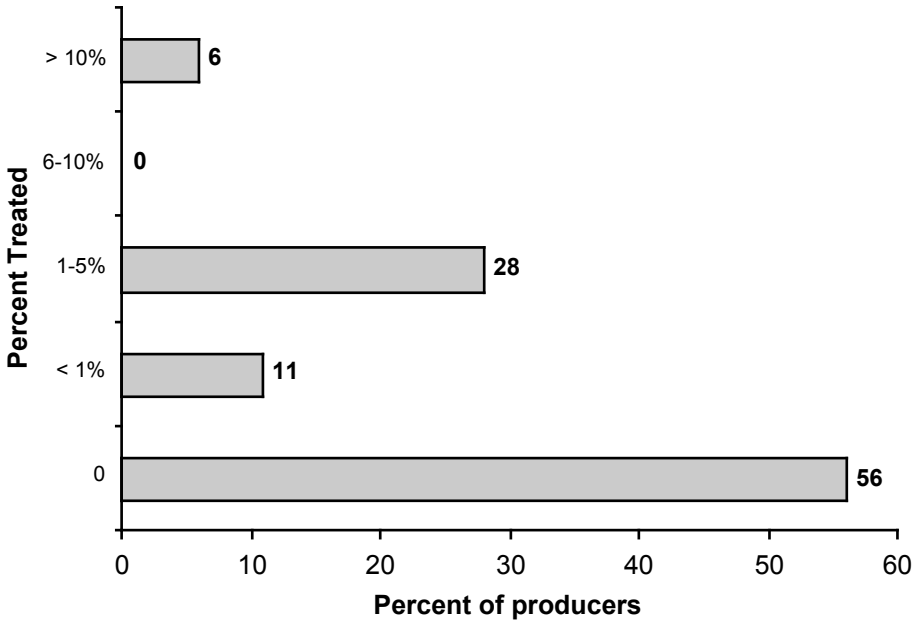

Figure 7: Distribution of producers by percentage of cattle treated for sickness during the preconditioning phase

In 2002, 67% of the respondents suggested that they had no or less than 1% of death loss during the preconditioning phase (Figure 8). This compares to 84% in 2001. In 2002, 33% of the producers incurred significant death losses at 1% or greater. This apparent increase in sickness and death loss could be attributed to many factors, including year-to-year variation in overall health problems in the beef industry.

A very high percentage (86%) of OQBN producers chose to use the “Weaning” or Option 2 vaccination schedule. In this vaccination schedule, the first round of respiratory viral vaccines is given at weaning and the second round is given two to four weeks after weaning. Unfortunately, most cattle require between 10 to 20 days after vaccination to build up effective immunity against several of these diseases. Another important point is that the time between exposure to the virus and evidence of clinical signs (incubation) is only four to 10 days in the case of several common respiratory diseases. Based on these biological principles, **the frequency of cattle sickness, both at the home ranch and after the sale and cattle shipment, should be reduced if more producers would use the Pre-weaning vaccination schedule or Option 1**. Although published data is not available, Option 1 cattle may represent greater value to cattle buyers compared to Option 2 vaccinated cattle.

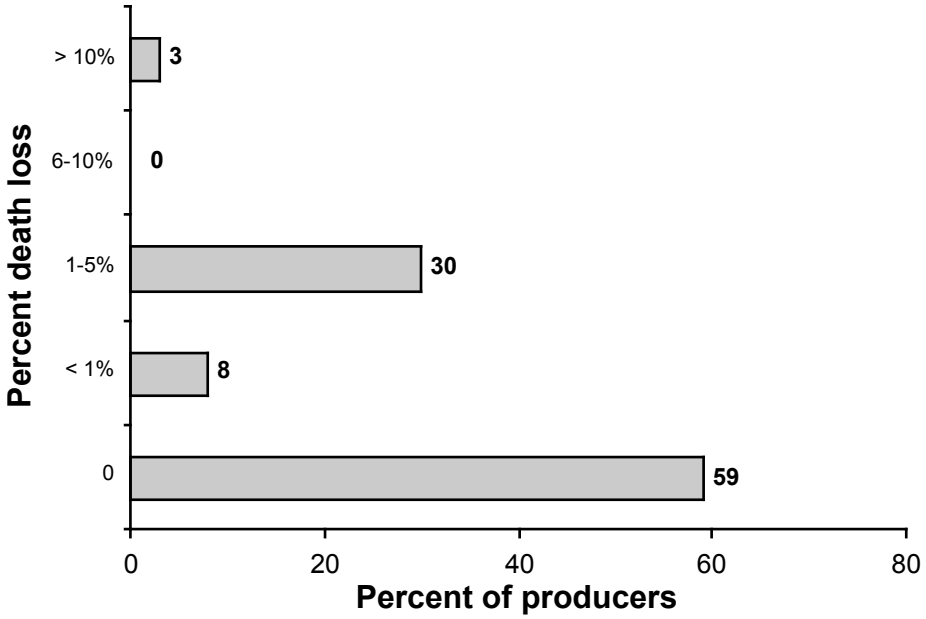

Figure 8: Distribution of producers by percentage of cattle that died during preconditioning phase

Table 2 shows the distribution of producers by their desire for educational information. This part of the survey indicates that genetics and breeding should be targeted as an educational priority.

Table 2: Distribution of producers by educational needs

Need of other information	Percentage (%)
Nutrition	21
Forage management	12
Genetics and breeding	40
Cow herd management	21
Other	6
Total	100

Another important question asked of the OQBN participants was related to their level of comfort with the certification process. If producers perceive the OQBN coordinators and other producers take the certification requirements seriously, the integrity of the program should remain intact and improve over time. In general, producers had positive perceptions about the enrollment and certification process. Figure 9 indicates that 94% of respondents felt comfortable or very comfortable regarding the certification process.

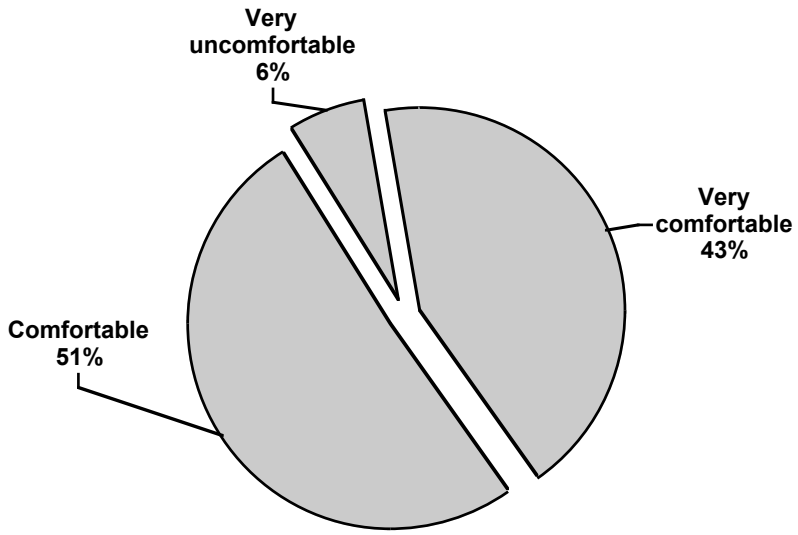

Figure 9: Distribution of producers by perceived level of comfort with OQBN certification process

In addition, producers were asked about their participation in the OQBN in the future based on their experience this second year. The data show (Figure 10) that 95% of respondents plan to participate again, whereas 5% indicated that they would not. This represents a slight improvement compared to 2001 with 84% indicating that they would be willing to participate again.

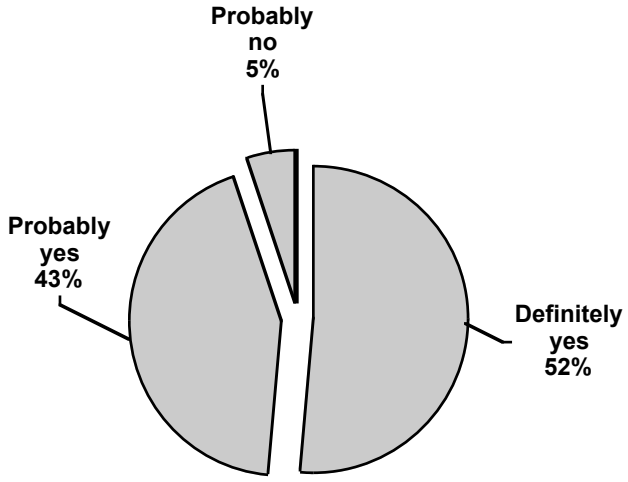

Figure 10: Distribution of OQBN producers by probability of future participation

Reasons for participating in the OQBN

The producers were asked to select one reason for their participation in the OQBN. As expected, there was a wide range of reasons for participation. Similar to the results from the 2001 survey, it is clear that the producers' most frequent reason for participating is to achieve a premium price for their calves.

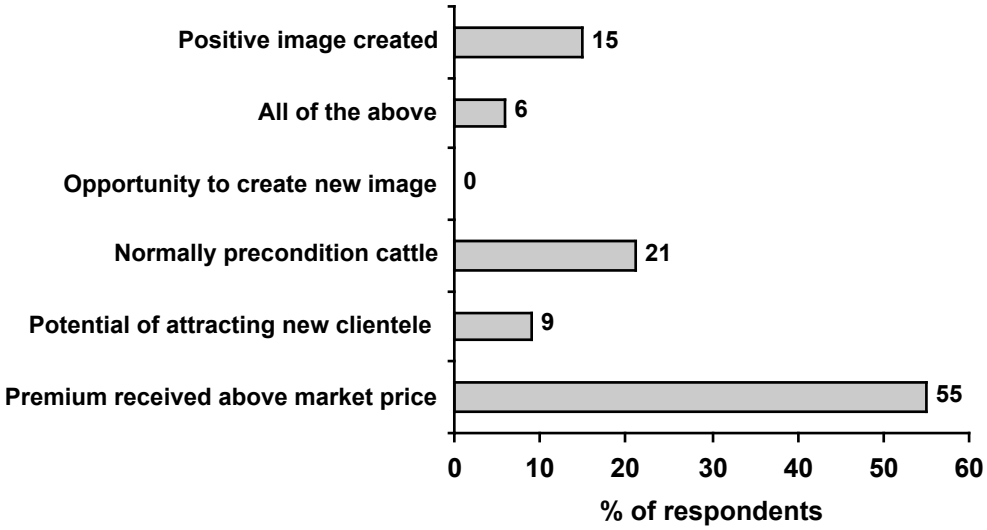

Figure 11: Distribution of respondents by reasons of participation in the OQBN

OQBN Buyers

Demographics

Since only seven buyers responded to the survey, these results must be viewed with caution. It is impossible to know whether or not this small sample is a true representation of the all of the buyers' opinions and experience with the OQBN program.

Compared to 2001 survey results, buyers tended to purchase larger groups of cattle in 2002 (Figure 12). The majority of buyers (6 of 7) that responded to the survey purchased the cattle for their own operation as opposed to purchasing the cattle for a client (1 of 7).

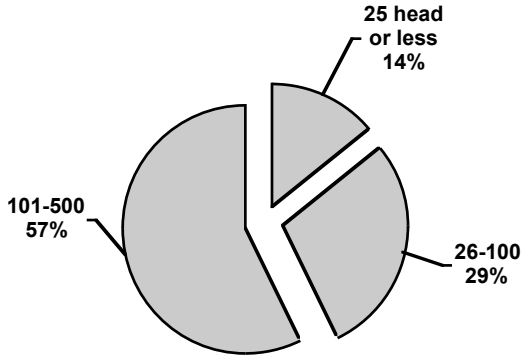

Figure 12: Distribution of buyers by number of head purchased at OQBN sale

The OQBN cattle were primarily shipped to wheat pasture or directly to the feedyard (Figure 13). A smaller percentage of cattle were destined for a dry-wintering program while none of the buyers indicated that the cattle were destined for a backgrounding or growing yard.

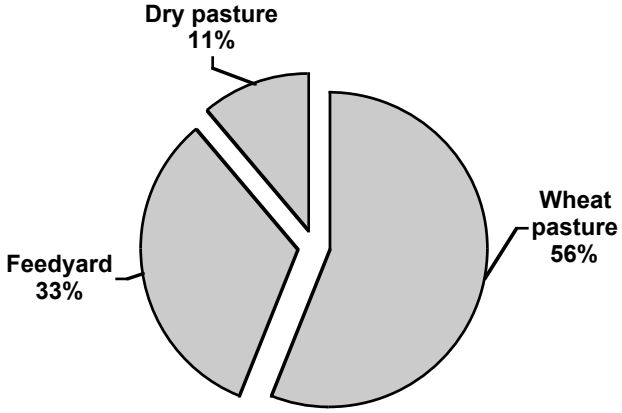

Figure 13. Distribution of OQBN cattle destination after sale

Six of the seven buyers that responded indicated that they had to treat less than 10% of the OQBN cattle that they purchased. This is an apparent improvement compared to 2001, where only six out of 18 (33%) buyers indicated less than 10% treatment or “pull” rate. However, several buyers indicated a specific concern regarding too many sick cattle as well as the integrity of the process verification system.

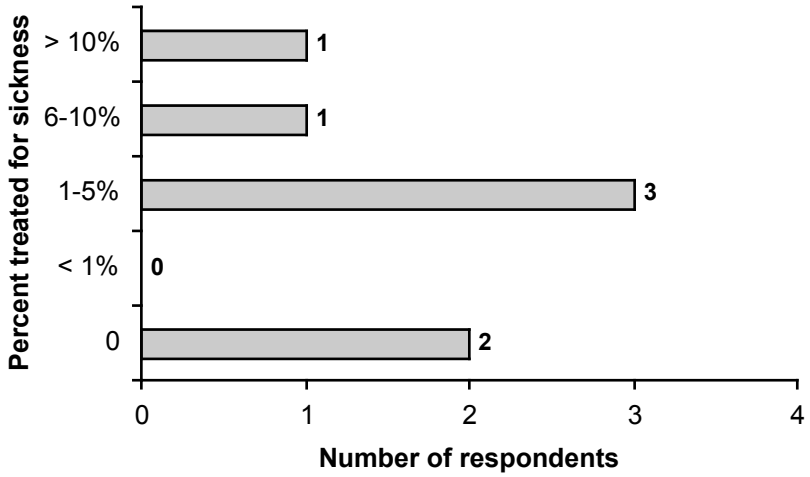

Figure 14. Distribution of buyers by percentage of cattle treated for sickness during the preconditioning phase

Furthermore, three out of the seven buyers (43%) indicated that they experienced at least some death loss (Figure 15), and one buyer experienced a high rate of death loss (greater than 2%). Even though several buyers were positive regarding health of the OQBN cattle that they purchased, these concerns should be viewed as a high priority for ALL OQBN stakeholders. Nothing builds trust and value like true value. If the OQBN process verification system does not consistently deliver healthy cattle, buyers will not continue paying a premium for these calves. Improvements should be achievable through three key areas: a stringent certification system, improved producer education, and the development of a feedback system to inform producers of their cattle's health and performance after the marketing event. In cases where animal health or performance is unacceptable, an investigation and education system should be implemented, thus improving animal health and performance over time and gradually improving greater value and trust.

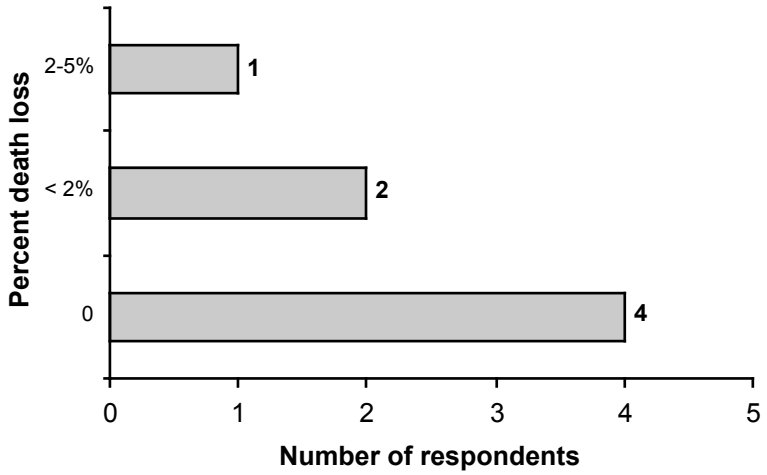

Figure 15: Distribution of buyers by percentage of cattle death loss

In the 2001 survey, buyers were evenly divided in terms of their comfort level with the certification process, with nearly 1/3 in the very comfortable, comfortable, and uncomfortable categories. In 2002, again recognizing the very small sample size, the percentage of buyers indicating the “very comfortable” category declined to one of seven, while the relative number indicating the uncomfortable category increased to three of seven buyers (Figure 16). While many buyers evidently had a good overall experience, these data, coupled with the animal health data and individual comments, indicate that several buyers were disappointed in the performance of the OQBN cattle that they purchased. This is further evidence that quality control or program integrity must be maintained as a high priority.

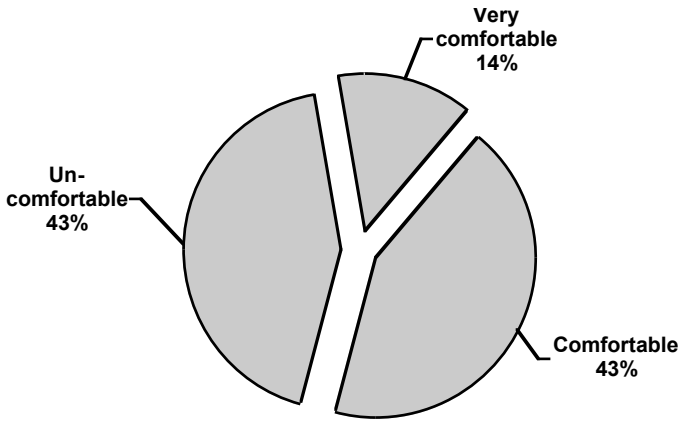

Figure 16: Distribution of buyers by level of comfort with OQBN certification process

Even with the expressed concerns mentioned above, six out of the seven buyers suggested that they would definitely or probably purchase cattle in the OQBN program in the future (Figure 17).

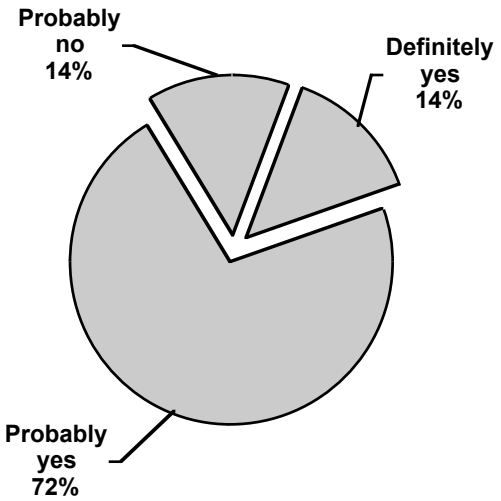

Figure 17: Distribution of buyers by probability of future participation in OQBN

Buyers were also asked what additional information they would like to have before buying OQBN cattle, compared to what was made available in 2002. Table 3 shows the frequency of selections for various pieces of information that could be provided. In general, this data indicates that most buyers would like to know more details regarding the process verification system and management applied to each set of cattle. Buyers were especially interested in weaning date and vaccination details. Perhaps some of this information could be provided to the buyer at the livestock market when the cattle were purchased, or mailed to the buyer immediately after the sale. A second alternative would be to develop a sale "catalog" including this specific information. This method would simplify dissemination of the data because it would be available to the public.

Table 3: Distribution of buyers by type of additional information requested

Type of information	Percentage
Weaning date	31
Specific information on amount of feed received	8
Specific vaccinations used and dates	38
More specific genetic information	15
Other	8
Total	100

Producer and buyer comments

Producers and buyers were given the opportunity to make open-ended comments on the survey instrument. Twenty producers and seven buyers chose to do so (Tables 4 and 5). These comments are revealing in terms of participants concerns and suggestions for improvements, and in many ways, these comments reflect results of the frequency data presented in the previous sections.

Table 4: Comments from producers

Why did we pay 3 days of feed (over $100), when the sale barn has cattle for 48 hours or less?
We need to be able to follow calves through harvesting to capture performance.
A smaller list of vaccines to choose from, mandatory deworming and lice treatment. Require clean trucks for transport. Treat water source at sale for disease organisms.
I like the opportunity to co-mingle cattle so small bunch have equal opportunity for higher exposure
Information needs to be available on the internet more timely. Type of sale, by location, allowed vaccines, online registration.
See if it would be possible to track the steers to the rail through this program. Know who the frequent buyers are and how many they purchase.
I didn't get a break down of the average weight and price, since they sold in mixed lots this made it hard to determine the price. If the sale barn would figure this it would help.

Table 4. Continued
Shrinkage that (specific livestock market) took off calves, needed more buyers at sale, excess vet insurance fee.
You should have only one fall sale and one spring sale until we have enough sellers to warrant more sales.
We were very pleased - for the first time.
I like the program because I don't have to sell any odds or doubles. The preconditioning is similar to what I have been doing for years. Most of the vaccinations I do anyway.
My cattle (10 head) lost 200+ pounds from my house to processing about 2 hours - question? How can you assure cattle are put in the sale when they get there rather than put at end of regular sale with no mention of precondition?
I participated in another sale last year and the one at (specific livestock market) this year. The one this year was well managed and I'll be back. It would be nice to be able to follow these calves to see how they do.
Why does Oklahoma Cattlemen's Association have a big sale of their own, two days after this sale?
If you want cattlemen to be happy, cut out some of these extra fees charged. We are bringing the sale barn great cattle, but they are making all the money, without much work.
At (specific livestock market) they sold some that were culled from the groups first. This was very good because the message to the buyers was that they are looking at the cattle close.

Table 5: Comments from buyers

Too many sick cattle.
Quality was acceptable, too many health problems.
Nutritional factors must be included.
There were no death losses and none had treatments for sickness.
(Specific livestock market) did not follow the print out material furnished. They sometimes referred to calves selling as stock # and other times as owner's name. They need to be more consistent during the auction.
Many of the calves were too fleshy to go to wheat pasture. Cattle need to be sorted for frame size and other variables to maximize value. Sorting was not good.
Calves were worth the extra money if you can be sure everything they say has been done.
I would like to have a copy of their shots when you pay for the calves.
Probably need to be sorted better.
If I were selling I wouldn't think it was worth the trouble.
Need to get word out to more buyers, I go to these sales every week and this was probably the only reason I knew.
I would love to find a way to verify that producer has handled cattle as advertised and a way to get the money back if they are not.

Conclusions

Producers clearly state that their primary interest in participating in this program is to gain a premium for their calves. Secondly, most respondents indicated that they believe that they received a premium of $4 to $10 per cwt. In general, producers are very positive regarding the OQBN program and plan to continue participating. There appeared to be a higher frequency of health problems at the home ranch in 2002 compared to 2001. Few buyers responded to the survey and the results must therefore be viewed with caution. Eighty-six percent of buyers suggested that they had to treat 10% or less of the cattle for sickness. However, 43% of buyers had one or more of the OQBN calves die during the first 60 days after the sale. Furthermore, buyer comments continue to express concern regarding cattle sickness and the process verification system. While the management and marketing phase of the OQBN continues to be successful, results of this survey indicate the need for more extensive information exchange and continued emphasis on quality control.