Evaluating Premiums for Weaned Calves Marketed with Value-Added Management Characteristics

Project Title: Evaluating Premiums for Weaned Calves Marketed with Value-Added Management Characteristics

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Background:

Cow-calf producers are often price takers with little opportunity to influence the price they receive for weaned calves. With a large portion of the calf crop coming to market at the same time each year (during the fall months), supply exceeds demand and prices decline. Value-added management practices are one way a rancher can differentiate their production from that of other producers in an effort to draw a premium in the price received for their calves. Research to determine which value-added practices draw premiums for weaned calves marketed via electronic auction can help cow-calf producers determine which practices are worth implementing.

Objectives:

This study will determine if premiums and discounts exist for certain attributes of weaned calves sold via electronic auction and how the premiums (or discounts) have changed over time. Attributes being assessed include both traditional (e.g., weight, breed, colour, sex, lot size, location) and value-added (e.g., vaccination status, implant status, preconditioning, age verification, VBP+ status, EU eligible).

What they will do:

Key deliverables will include:
measures of premiums (or discounts) at electronic auction for certain weaned calf attributes which allows producers to make informed decisions about weaned calf management and marketing,

metrics on what attributes are included in video lot listing reports and how attribute inclusion and premiums have changed over time, and

a comprehensive database that can be used for this and future analysis.

Years of interest for the study are 2013 to 2020 and data will be sorted to include calf sales from September to March for weaned and preconditioned calves.

A graduate student assigned to the project will develop a new database, using CanFax's historic sales information for weaned calf sales and adding attributes from the hard-copy (paper) lot listing reports. Industry advisors will be consulted to garner first-hand knowledge of market dynamics and additional insight when interpreting the data.

Factsheets, articles, and an Excel-based decision calculator will be developed to extend results to producers as well as a summary video and infographic. All resources will be posted on www.BeefResearch.ca.

**Implications:**

The expected implications of this research are that by examining the frequency with which cow-calf producers include non-visible characteristics to describe their animals, and the resulting premiums (or discounts) generated from these characteristics, cow-calf producers will have additional information as to whether to implement value-added practices on their operation as well as to ensure the practices/characteristics are declared at time of sale.

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