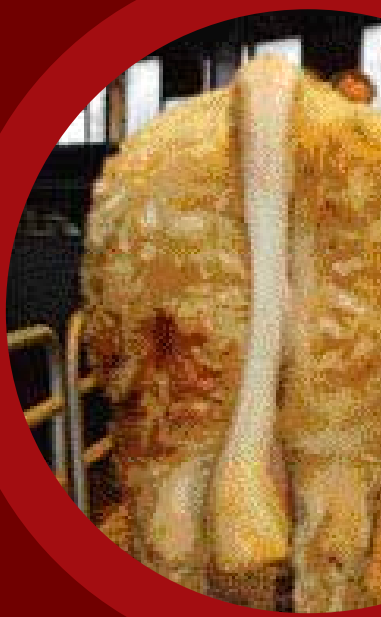
BEEF FOCUS



Which system of cattle production for you?

Pearse Kelly,
Teagasc Cattle Specialist

A question that is regularly asked is what is the best system of beef production to be in? In recent years it has been dairy farmers who are exiting milk that are most likely to be trying to find this out.
With all premia now gone cattle farmers in general are looking at what they are doing and wondering should they be making changes. Suckling versus dry cattle is the big question. After that, within dry cattle systems buying weanlings versus stores and the time of the year to buy and sell are all questions that answers to are being looked for.

What is your goal?

At the outset you have to decide what your primary goal is by having cattle in the first place. Is it to make a good income per hectare or is it to keep the farm stocked with the least amount of labour necessary? Most people would probably answer this by saying they want to make a high margin per hectare without having a significant workload. However, beef farming is no different to anything else in life. The lower the amount of work needed the lower the return there is overall. Systems of cattle farming that require very little work do not have the potential to make a high income per hectare. In fact some of them will on average lose money and the cattle will have been little more than either an expensive hobby or expensive lawnmowers. Take you pick.

Going back to ex-dairy farmers who are looking to go into all cattle farming. Many of these will tell you that they do not want to go into suckling as they have spent many years calving cows and this was one of the reasons why they have got out of dairying. They also do not want to artificially rear calves so buying young calves to rear through to beef is also out for them. When the purchase of continental suckled weanlings in the autumn to finish is suggested a number also shy away from this idea because they are nervous of buying these type of cattle. No experience and the potential for serious pneumonia problems are the reasons cited. After this you are really just left with buying stores for further feeding or finishing and it comes down to what time of the year to buy and sell them at. Many of these systems though would fall into the minimum labour requirement category already mentioned and so the potential margin to be made is limited.

Minimum requirement

No matter what system of cattle production a beef farmer is in, there is a

Enhancing Grass Utilization

Grass utilization needs to be maximised because it is the cheapest and most plentiful feed on farm. Unfortunately it has some limitations.

Tends to be high in protein and low in fibre during the spring:
- *DM content is weather dependent.*
- *Yield and quality varies.*
- *Grazing conditions can be unpredictable.*

Solution:

Complement with a grazing TMR to bridge these gaps. Use quality feeds like maize, whole crops, cereal grains, soya, pulp and straw, which have a low substitution rate with grass. This ensures high dry matter intakes which maximizes milk yields and solids, while minimising early lactation body condition loss.

Forage Options for 2006

The growing of alternative forages looks very favourable under the new Nitrate Directives. Seemingly it maximises the use of nitrogen allowed for the whole farm. Crops include maize, wholecrop cereals, fodder beet etc

Have you considered contract growing of alternative forage crops for 2006?

Raising Milk Solids

1 - Good income opportunity.
2 - A barometer for cow health:
- *Butter fat indicates rumen health.*
- *Protein indicates energy intake.*

3 - Feeding a grazing TMR with maize and cereals helps milk protein production.

Straw – The Great Fibre Provider

The addition of straw helps to keep the rumen healthy by buffering the stomach and increasing rumen capacity.

e-mail your questions to:
info@keenansystem.com
Best question will be dealt with in the next feature.

minimum requirement no matter what their goal is. This is that the cattle sales at least cover their direct costs. Where you are dependent on cattle farming for at least a proportion of your family income this will obviously not be enough and you will be also looking to make a worthwhile margin per hectare on top of this to pay you for your time.

The five main direct costs are
(1) The purchase of cattle
(2) The meal bill
(3) The fertiliser bill
(4) The vet bill
(5) The contractor bill

If your sales of cattle each year cannot cover these five costs, not only are you not making any money from having cattle, you are actually paying for the privilege of having them. If there is rented land involved this should be number six on the list and should also be deducted.

It is best to look at some of the different systems of cattle production individually from their labour demand, to meeting the minimum requirement and making a worthwhile margin on top of this.

Summer grazing

This is now a very popular system of beef production among part-time farmers. Rather than rent out grassland (or just to have an interest) cattle are bought in the spring sales to stock the farm and they are sold finished in the autumn. There is very little work involved throughout the year with none over the winter months and no housing needed. Buying and selling price are critical. The problem with this system though is that there are so many looking for that type of animal there is a big demand for them. With beef supplies scarce in the factories in the spring there tends to be a good factory beef price and this gives a high level of optimism in the sales ring with high prices then paid for stores. At the other end though there is an over-supply of finished product in the autumn and so the beef price is disappointing.
Last year high store prices in the spring and low finished prices in the autumn left many cattle being sold at little over their buying price. This meant they covered No. (1) on the Direct Costs List but nothing else on the list was covered.

Let us for one moment be an optimist and look at a possible budget for summer grazing last year (2005). Buying a 500kg continental steer in March at €850. Putting an impressive 200kg liveweight on him to sell a 385kg carcase in October. Average price in October (according to Bord Bia) for an R grade steer was 235c/kg excl VAT (88p/lb incl. VAT). The sale value of the steer was therefore €928 after levies and transport. This left €78 to cover the other four direct costs. This would just about pay for the meal, fertiliser and vet bill. So even where we expect exceptional weight gain this system would only meet the minimum requirement.

Autumn-to-autumn steers

This system worked very well for a number of years especially when there were significant premia to be collected per head. If the right type of bullock was bought he would still have two premia to be collected on him combined with two extensification payments topped off with the slaughter premium. You were more or less buying at the same time as you were selling so if the factory beef price was poor this should have been reflected in the mart. If it was good that was also passed on. Again labour is low with this system. Many cattle farmers have built up significant single farm payments on the back of this type of system. Sticking with it now though might not make sense.

Last autumn (even with the low beef price) the right type of store cattle for this type

		Gross Margin
Summer Grazing	120 steers	€0
Autumn to Autumn	100 steers	€5,000
Weanling to Beef	80 steers	€13,500
Suckling to Beef	40 Cows	€20,000

TABLE 1 – Potential Gross Margin on 40 Ha with Good Performance

	Gross Margin
Summer Grazing	-€6,600
Autumn to Autumn	-€1,500
Weanling to Beef	€5,800
Suckling to Beef	€16,000

TABLE 2 – Potential Gross Margin on 40 Ha with Moderate Performance

of system were making at least €250 with the kg. A steer of 450kg would therefore have cost a minimum of €700. Once again if he is sold at 385kg at last autumns prices this October he would be leaving you with a sales minus purchase price of €228. An extra €100 costs are incurred over and above summer grazing (to keep him over the winter) leaving a possible margin of €50 per head for keeping him for 12 months.

Weanling to beef

Buying in weanlings in the autumn to finish 18 months later as steer beef in the spring is more labour intensive but the returns are there to reward the extra risk and labour. You now have the animal in your control for a longer period so you can influence his costs over a longer period. You are also selling at a higher priced period. The price of R4 steers in the first week of March on average in 2005 and 2006 was 281c/kg excl VAT (105p/lb incl. VAT). On a 385kg carcase that gives a sale value after levies and transport of €1,114. A 300kg continental weanling would have had to be bought to achieve this carcase weight. An R grade weanling of this type was costing on average €550 last autumn. This will leave a sale minus purchase figure of €564 and the direct costs for this type of system are around €400 per steer in an efficient system using a lot of grass. A margin of €160 to €170 per head.

Dry versus suckling

Suckling systems of beef production are obviously more labour intensive per hectare than any of the dry cattle systems. They are though in return more stable when it comes to the margins made. A well-run suckling system would leave €400 to €500 per hectare over and above the minimum requirement. They are also much less susceptible to fluctuations (up or down) in either the performance levels achieved or in the beef price.

Table 1 looks at a 40ha farm and the potential Gross Margin (Sales minus Purchases of Cattle minus Direct Costs) with the three dry cattle systems outlined above and a suckling to beef enterprise (approx 40 cows). A good level of performance is assumed.

To me the message from this is very clear. The low labour cattle systems will at best return a low margin. They will go no where near covering the overhead/fixed costs on the typical drystock farm of approximately €450 per ha or €18,000 on 40ha. The more labour intensive dry cattle systems such as weanling to beef do have the possibility of covering these costs meaning you keep the full single farm payment, REPS cheque and CAS payment if it is available. Well run suckling systems still have the greatest potential to do this and are likely to be in this position for some time to come.

Table 2 shows how susceptible these systems are to the performance achieved. The carcase weight sold is just five per cent lower and the direct costs (excluding purchase price) are 10 per cent higher.

As can be quickly seen the dry cattle systems are very dependent on achieving good levels of performance every year. Even the weanling to beef system is severely affected by a drop in performance. The suckling system is obviously affected but to a much less degree showing that overall taking one year with the next it is a much more stable system to have.

Finally if the beef price deviates a lot from the prices used here the dry cattle systems will be the most affected (positively or negatively). A 14 c/kg price difference (5 p/lb) up or down on the prices used here would push the margin up or down by €6,500 for the summer grazing, €5,500 for the autumn to autumn, €4,500 for the weanling to beef and €2,000 for the suckling to beef. Although if the price did go up it would not necessarily mean the dry cattle systems would benefit as a large proportion of the benefit would be passed back to the sales ring in the purchase price of the animal.

Cattle breeding faces up to challenging times

Off-farm pressures is leading some beef farmers to switch back to traditional British bull breeds, such as Angus and Hereford, but this is a mistake writes John Shirley. He says the best long-term markets for Irish beef lie in high meat yield carcases and primarily lean meat.

Full decoupling, which removed subsidies from actually farming cattle, has left Irish farmers since January 1, 2005, having to produce beef at prices which are less than in the late 1980s.

And the economists tell us that WTO deals will drive Irish and EU prices even lower. Thank you for nothing, Commissioner Mr Mandelson. This is the challenge that is facing Irish cattle farming and its slipstream industries. Those of us in AI are in the heart of this challenge.

My vision is that if beef farmers are to make a margin over costs in this ultra competitive environment, this will be achieved by;

- Keeping suckler cows cheaply at grass for up to 10 months of the year.
- Getting the high quality progeny into premium weanling and beef markets.
- Breeding efficient suckler cows which have both high beef merit and high maternal merit; and
- Cashing in on cheap by products along with grass for fattening cattle.

Farm costs will have to be pared, but you can only go so far in this direction. To generate profit on cattle farms, output will be critical. This output will be achieved by;

- selling animals of high value per kg such as the tops of the Italy destined weanlings,

or,

- selling extra kgs of beef per acre though the breeding and feeding cattle with the potential for high growth rate.

In my travels I see that beef farmers in these high output categories can still generate net profit. The bulk of the remainder are subsidising cattle farming from their Single Farm Payment.

Couple this scenario with the trend of the herdowners being absent from the farm for most of the day as they take up employment elsewhere. So now the demand on cattle breeders especially the AI industry, is not only for high output cattle but these cattle will have to be easy-care as well.

The Irish Cattle Breeding Federation has framed its beef breeding programme to meet most of these challenges. The new Beef EBI (Economic Breeding Index) incorporates growth rate (BPSI), quality and conformation (WCSI), calving ease (BCSI and DCSI). Shortly the Maternal Sub Index (MSI) will be added.

I would also like to see a measurement for 'calf vigour' being included in the beef index. Not alone does the part-time farmer want to see his/her cow calving unassisted, he/she wants to see that newborn calf up and sucking without handling.

In light of this trend some herdowners have switched back to the traditional British beef breeds such as Hereford and Angus. But I think this is a mistake. There are certainly niche markets for these breeds, which deliver marbled beef of high eating quality. These outlets will grow, due

to the efforts of the producers rather than the processors or even Bord Bia. But the bulk of the EU beef market demand is still for high meat yield carcases and primarily lean meat.
The challenge for us in the National Cattle Breeding Centre is to populate our bull stud in Enfield with;

- easy calving bulls which deliver vigorous calves that grow quickly into well shaped beef progeny; and
- high beef-merit bulls, which are easy calving.

And this will be the trend across all breeds.

To meet these apparently conflicting demands we are now looking at bloodlines, which deliver shorter gestation lengths. My mother used say "never worry about a calf being small at birth, once it's out, the calf has plenty of time and room to grow!"

GeneIreland

In the search for greater efficiency across beef breeds, the new programme for measuring the maternal traits will be critical. This has been labelled the GeneIreland Beef Maternal programme and will be operated by NCBC, Dovea AI and ICBF.
The aim of the programme will be to identify bulls which will breed more productive suckler cows. The objective is to breed suckler cows which are fertile, docile, have the ability to calve a good beef calf, have adequate milk yield and calve every 12 months.
The indications are that there is plenty of genetic variation for these important traits and that the GeneIreland Maternal programme can deliver major progress.
But breeding will take time, maybe even 10 years before real results are seen on the ground.
In the interim the challenge facing all in AI is to reverse the steady usage decline that has been evident, particularly since the FMD disruption in 2001.
A major Teagasc study in the 2005 Farm Management Survey showed that herdowners were switching back to stock bulls primarily for convenience and also because of less time for part-time herdowners to observe cows in heat.
To buck this trend will not be easy, but the Minister for Agriculture, Mary Coughlan, is now leading a campaign to increase AI usage.
This can be brought about by

- convincing herdowners that AI bulls are of such superior merit that using a stock bull will lead to a serious loss of income; and .
- making it easier for the herdowner to identify cows/heifers in heat and easier to catch and hold the cows for AI.

AI is most suited to autumn-calving herds which are already housed for the breeding season.
There is also merit in having more autumn-calving suckler to provide a more uniform supply of export weanlings across the seasons.
Assembling spring-calving cows for AI can be made easier by using electric fencing to channel cows towards the farmyard or a holding pen in the field.
Some herdowners continue to feed spring-calving cows at grass so that the cows in heat can easily be brought in for AI.
When bulls with good maternal proofs have been identified, the AI industry expects improved demand. Even if the herdowner runs a stock bull with the herd, it is anticipated that AI bulls with good maternal proofs will be used to breed herd replacements.
Meanwhile the challenge for the AI industry is to convince herdowners that at a time of wafer thin margins, an investment in improved genetics represents the single best investment that can be made in 2006. And remember genetic improvement from the use of a proven AI sire is permanent and cumulative.

John Shirley is the Beef Programme Manager at the National Cattle Breeding Centre, Enfield, Co Meath.

Finishing cattle as bulls

The effects of slaughter weight and forage: concentrate ratio on animal performance and meat quality of young bulls was one of the papers presented at the recent Teagasc Agricultural Research Forum in Tullamore, writes Jenny Moffett.

Following implementation of CAP's mid term review, there has been a renewed interest in finishing beef cattle as bulls.
One of the studies presented in Tullamore aimed to evaluate the effects of slaughter weight and forage:concentrate ratio (F:C) on animal performance and meat eating quality of bulls (which were ¾ or greater continental) from the beef herd.
One hundred and twenty (¾ or greater continental) bull weanling calves were fed either 50:50 forage to concentrate or ad libitum concentrate supplemented with 1.2kg silage DM. After a variable period of time (either 191, 218, or 254 days on the experiment), an equal number of cattle on each diet, randomly selected, were slaughtered. Carcasses were hung tenderstretch, chilled under standard commercial conditions and the lengths of muscle elements of the back muscle, longissimus dorsi (LD), were determined.
Using this, and other measurements from the LD, seven-day cooking loss and Warner Bratzler Shear Force (WBSF), 21 day assessment of cooking loss and WBSF, lean colour and ultimate pH were all assessed. The data were analysed using Genstat 5 regression procedures (Rothamsted Experimental Station, Harpenden, UK), with a model that factored in slaughter weight and treatment as independent variables.
The significance of these effects were examined by ANOVA and predicted values were calculated for each treatment at a range of slaughter weights.
According to the study, slaughter weight did not affect daily liveweight or carcass gains.. Increasing the weight at slaughter increased food intake, carcass weight, marbling score and food conversion ratio (FCR), but did not alter carcass conformation, fat classification, lean colour, cooking loss or WBSF after either seven or 21 day aging. Decreasing the F:C ratio increased food intake, kill-out proportion, carcass weight, carcass gain, but did not alter liveweight gain, carcass gain, carcass fat classification or conformation, marbling score, cook loss or WBSF after either seven or 21 day aging. This allows a conclusion that, provided there is a market, bulls can be taken to heavy slaughter weights without affecting daily performance or meat-eating quality.

Genotype origin

The effect of genotype origin on animal performance, carcass characteristics and meat quality was also looked at during the conference.
The Irish and UK beef herds currently comprise a diverse range in genotypes, which results in major variability in animal performance, carcass characteristics and meat quality. Based on various economic projections, it is likely that the proportion of prime beef sourced from the dairy herd will increase and this study aimed to evaluate the effect of genotype origin on animal performance, carcass characteristics and meat quality.
A total of 524 experimental animals, used in several different studies, were slaughtered at the same meat plant over a two-year period. The animals were categorised into two main genotypes; beef origin and dairy origin, and consisted of steers and heifers of a range of breeds including Charolais, Limousin, Blonde D'Aquitaine, Simmental,Belgian Blue, Aberdeen Angus, Saler, Shorthorn, Welsh Black, Holstein and Norwegian Red.
All animals were finished indoors on slatted accommodation and, at slaughter, carcasses were hung tender stretch.
Meat quality assessment was undertaken on the back muscle longissimus dorsi including measuring sarcomere length (two days portmortem) and ultimate pH, cooking loss and shear force (seven days post mortem). All data were analysed by the REML procedure in Genstat, using a linear mixed model where study was treated as a random effect and animal type as a fixed effect.
According to the results of the study, dry matter intake, on a metabolic live weight basis, was similar for both genotypes. Dairy animals were slaughtered at a younger age, and at a lower final live weight than beef animals. Animals with the beef genotype

Table 1. Heritabilities (on each diagonal), genetic (above diagonal) and phenotypic (below diagonal) correlations with standard errors1 for carcass weight (Wt), carcass conformation class (Conf) and carcass fatness class (Fat) in each crossbred group.

Breed Group		Wt	Conf	Fat
Holstein n = 28,228	Wt Conf Fat	0.19 0.37 0.33	0.30 0.14 0.22	0.34 0.39 0.19
Dual purpose n = 5,026	Wt Conf Fat	0.17 0.33 0.32	0.24* 0.47 0.14	0.18* 0.05* 0.15
Continental n = 5,276	Wt Conf Fat	0.42 0.38 0.26	0.48 0.30 0.01*	-0.11* -0.70 0.36
British n = 6,665	Wt Conf Fat	0.21 0.29 0.32	0.23* 0.11 0.16	0.42 0.86 0.16

**Parameters whose absolute value was less than twice the respective standard error*

grew faster than those of the dairy genotype.
Dairy animals had a significantly higher yield of internal fat relative to beef animals, resulting in the dairy genotype having a lower dressing proportion.
Although both genotype origins produced a carcass with a similar fat classification, the longissimus dorsi muscle quartered at the 12th rib from dairy carcasses was one unit more marbled than that from beef carcasses. Beef genotypes produced carcasses with a significantly better conformation score and had larger eye muscle areas relative to carcasses of dairy origin.
These results allows the conclusion that cattle of beef origin grew faster, and produced heavier, better conformed carcasses with a similar fat classification relative to cattle of dairy origin. Meat of dairy origin was more tender, as determined by a lower shear force and had a lower cooking loss relative to meat of beef origin.

Genetic parameters

Recently, genetic evaluations and a breeding programme have been developed for Irish beef cattle with the improvement of carcass traits constituting an important aspect of the selection goal.

Another paper estimated the genetic (co)variances between EUROP carcass confirmation class (Conf), EUROP carcass fatness class (Fat) and carcass weight (Wt) within common crossbred groups of Irish cattle. Some 45,000 bovine carcasses from commercial abattoirs, collected over a two-year period, were assigned to one of four crossbred groups based on their breed composition. Continental breeds were Charolais, Limousin or Belgian Blue, dual-purpose breeds were Simmental, Montbelliard, Friesian and Meuse Rhine Issel while British breeds were Aberdeen Angus and Hereford. Slaughter age ranged from 300 to 875 days and within each of the four crossbred groups a separate multivariate animal model was fitted in ASReml, with Wt, Fat and Conf as dependent variables to estimate genetic (co)variances for these traits. In each model the four fixed effects were, gender, the herd-year management group of birth, the herd-year management group of finishing and the abattoir-year of slaughter contemporary group effects as well as the eight fixed regressions with second order polynomials for age at slaughter and the interaction between gender and age at slaughter and linear regressions for Holstein percentage, British breed percentage, Continental breed percentage, dual-purpose breed %, heterosis and recombination. Random animal and residual terms were fitted. For each data set a relationship matrix was formed incorporating the three previous generations of ancestors.
Estimates of heritabilities, genetic and phenotypic correlations are given in Table 1. Heritabilities ranged from low to moderate (0.11 to 0.47) and were in the range of results from recent similar studies. This suggests that carcass data collected in Irish abattoirs is suitable for estimating breeding values. Conformation in the dual-purpose crossbred group was the most heritable trait, while the same trait in the British crossbred group was the least heritable. All phenotypic correlations ranged from low to moderately positive (0.01 to 0.38). Genetic correlations were positive between each of the three carcass traits with two exceptions. The genetic correlations between Fat and Wt (-0.11; s.e. = 0.16) and between Conf and Fat (-0.70; s.e. = 0.13) were negative in the continental corssbred group. Negative genetic correlations between similar traits have been found in other studies of Continental breeds.
These initial results indicate that heritabilities varied from low to moderate and that (co)variances differed across breed groups. More sophisticated models to accommodate breeds individually, rather than the arbitrary groupings used in this study, could be used to improve the estimates of these parameters and to estimate breeding values accounting for different (co)variances.

Authors

The effects of slaughter weight and forage: concentrate ratio on animal performance and meat quality of young bulls
This paper was written by T.W.J. Keady[123], B.W. Moss[2] and D. Kilpatrick[2].

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The effect of genotype origin on animal performance, carcass characteristics and meat quality was written by F.O. Lively[1,3], B.W. Moss[2,3], T.W.J. Keady[1,2,3,4], D.C.P. Patterson[1,2,3] and A.Gordon[2].

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Meanwhile, the genetic parameters for carcass traits within crossbred groups of cattle in Ireland was written by J.M. Hickey[1,2,4], M.G. Keane[1], P. Brophy[2], A.R. Cromie[3] and R.F. Veerkamp[4]

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Growing beef markets

Irish beef exports to the Continent have trebled in the past five years, but according to Gerard Brickley, Manager of Bord Bia's Meat Division, the relationship between consumer, processor, and farmer must improve for such growth levels to continue, writes Margaret Donnelly.

The EU's entire beef situation has changed drastically over the past 10 years. "You have gone in the last ten years from exporting 1.2m tonnes to now exporting 285,000 tonnes last year. It is a massive change so with that Ireland's role has changed. We would have been the sluice gate or the safety valve through which, when there was a surplus of beef in the EU, Ireland was encouraged to export onto the lower priced international markets through the use of export refunds. Now we have returned to what I would call our rightful place within Europe."

"Two years ago if you went to talk to farmers all they wanted to know is the price this week and the price next week. Now those who go to meetings are interested more in 'what future is there for me?', 'Is there a viable future?', and that's a longer term look at the situation." This change in farmers' mindset, he says, is a direct response to the introduction of the Single Farm Payment.

From now on, he estimates, that over 90 per cent of Irish (beef) exports will be to the EU. "Within that there has been a growing role for the Continent. Exports to the Continent in the last four or five years have trebled. In 2001 they were 72,000 tonnes, this year they are likely to reach 230,000 tonnes. That is a massive growth."
He puts this down to what has happened within the industry, and the work of Bord Bia to build a sustainable trade to the Continent.
"We would say there are three preconditions, or three legs, to that strategy. The first one was getting more customers - because we had very few customers, in very few countries, in 2001 - and that gives us more bargaining power.

"The second one is getting the best possible customers in each of those markets - which obviously by definition is the one who pays you the most money."
These two elements, he says, are well underway and a lot of work has been done on it. And the third element is building a preference for our product and that work is only starting now.
But evidence of the work, done on the first two elements, is beginning to come through now, and he points to Bord Bia's 2005 European autumn beef campaign. This was the first time that Irish beef, identified by the Irish beef mark, was promoted in a co-ordinated campaign on retail shelves across such a spread of markets. The approach of using an on-pack promotional sticker to attract consumer interest in, and affect the purchase of the product, had been successfully implemented in Britain for

some years – and had achieved high levels of consumer participation, resulting in increased awareness of Irish Beef carrying the Irish Beef mark and driving sales. However, in Continental Europe, on-pack and point of sales promotions of this type were relatively unknown. Despite this though a high level of participation was achieved from retailers in most markets. In fact 8,000 retail outlets in 10 countries with over 100 million customers per week were targeted.

The idea of an on-pack promotion was new to most of the retailers on the Continent and one of the most positive responses from some of them was that they found it interesting in that it was the first attempt to move away from price promotions in moving volumes of beef.
"We had one particular retailer who had three lines of beef on sale that were the same cut of beef at the same time. One was on standard offer, just normal price, the other one was on a price discount and the third one was on our price discount pack, which was not a price discount it was an offer of a recipe leaflet. And our one (with the on-pack promotion) outsold the other two - including the one that was at a discount price.
"That really opened their eyes and made them very positive to doing business with us in a bigger way this year."

"Eight thousand outlets is a phenomenal amount of market penetration, I know there's no other Irish product, certainly no other food product that has anything like that penetration in Europe. So it is now a question of working in those outlets to build this preference."
And while a deficit of beef across Europe has led to imports of beef from countries such as Brazil and Argentina these are cheaper cuts. And the role of Bord Bia, he says, is to differentiate Irish beef from lower-priced alternatives.
"And when we talk about building preferences about the third leg of the strategy there are two things or two legs to the future if you like. One is ensuring a greater use of the Irish beef logo through co-branding where possible, or through just the use of the logo on its own where we can't. The other then is targeting tailored product to the very diverse range of niche markets that are there in Europe and that is a new element if you like."

Both of those elements are about differentiating the product, about building customer loyalty and hopefully, he says, it will deliver better prices, more secure markets, and protection from the low-cost competitors. "But in order to do all of that we'll have to change what we are doing. We need to progress and that means if you take the industry, the processor's point of view, they need to continue with new product development."
He points to their input - developing individual portion controlled products; further processing; and pre-cooking of product. But he says there needs to be a more integrated information flow for niche markets.
"If you look at them (niche markets) there are a couple of crucial elements to address if you are trying to supply them. The first one is they are very precise specification that you must stick to. The second one is that you must have the exact volume and the third one is that you must have the exact timing. It all must be synchronised properly and that at a minimum means a very good flow of information from the consumer or from the customer back through the processor and to the producer."

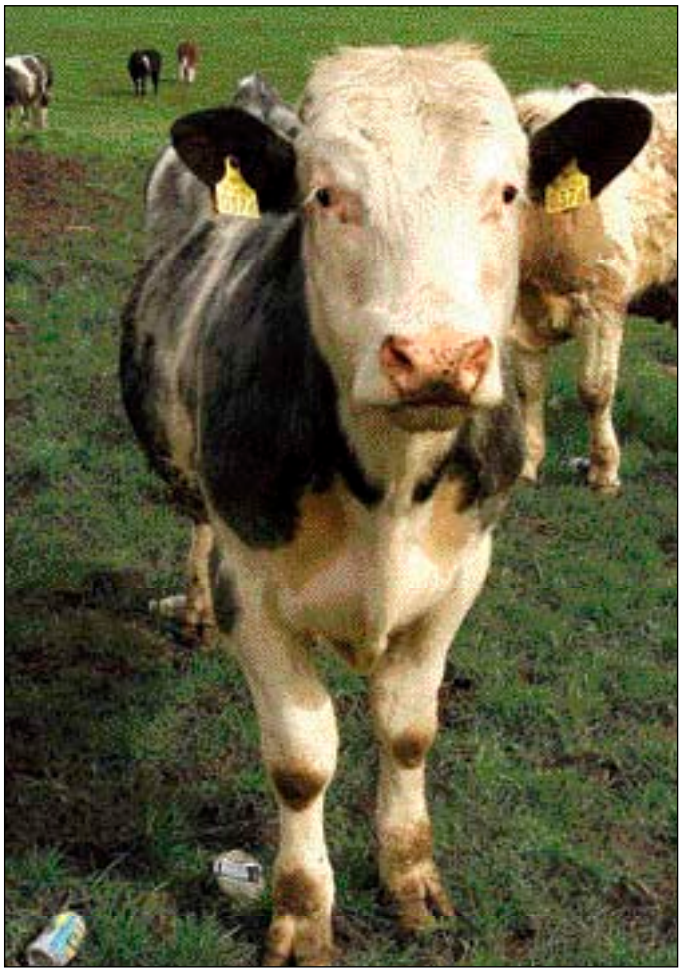
Simply put, he says, product for some of those markets needs to be in the pipeline and being produced in a specific way (anything from three months to a year or more).
"You can't just come along and say I have a product here, I am going to find a customer for it. It needs to be very integrated."

While there are a number of producer groups working with processors around the country, he says these on their own are not going to be huge, but together they are going to amount to quite a bit, and the key to it is the exact volume and exact timing. "The factory has to be talking to the farmer and have some arrangement - and it could be anything from the factory owning the cattle to giving promises or guarantees - but it does involve building a trusting relationship between the two of them."

However that's not a road Bord Bia has any plans to travel down. "That is down to a commercial relationship between them (farmers and processors). Where we can add value to the thing is in helping to define the market segments, to quantify them, to quantify how the trends are going in them, 'is a particular sector growing or declining?' or 'is the volume of product being produced elsewhere for it growing or declining?'. And then when it comes to the marketing phase, (we can) test market the product or introduce the customers etc, but the actual production element of it is not something we get involved in."

And while farmers need to become more market focused, he says there is no one solution for everyone.
"It is gone beyond that. It is about tailoring production to individual farms or farmers having particular suitability. Some of them want to do an extensive system, it suits their set up on the farm. Others want to do intensive. What I would be saying to people is pick exactly what market you are going to produce for because, no matter what you are at, you will get a better price if you have all your animals fitting into the one type of market and produced specifically for that.
"If you are producing a standard product then you can go and market it on the day. But if you are doing something different particularly at the request of a customer or a processor. Then you'll have to get a return for that. You'll only do that if you are getting paid for it so there is reward for doing that and these clubs and groups are finding that and are moving that way."

Immediate future bright - ICOS



Throughput at ICOS marts last year was up at 1.55 million head of cattle. According to TJ Flanagan, Secretary of the National Co-ops Marts Committee, this figure is up 3.7 per cent on 2004, and three per cent across all marts nationally. This comes after a drop of approximately 8,000 head throughput in 2004, he says. "People are very happy with the number of heavier cattle coming back into the marts. The cost of killing cows over thirty months in the factory means more cows are going through the marts again, which is also welcomed." While there are report of a "fair" number of cattle being bought in the mart for killing, he says, these numbers are not hugely significant in terms of the overall numbers. "The weanling numbers in 2005 were down almost six per cent which is a little worrying as people held onto weanlings to have stock. But that was in the autumn and we could see many of those come out this spring." While numbers going through the marts are not huge concern, according to TJ, one area of concern is the increasing costs in relation to insurance, rates, and environmental procedures. "So if the revenue is not increasing you have to look at taking costs out of the system or diversifying into other things." The WTO, he says, will determine a lot on the future of beef production and their level of market access. Now the UK's export ban has been lifted calves from Northern Ireland are cheaper, and that may have an effect on calf prices here, and those bound for the Dutch market, he says. "Last year 300,000 calves were destroyed in the UK and they will be back in the market from next year, but it shouldn't affect us this year, at least not until the end of the year."