Farm meat marketing in cattle suckler breeding: economic results and impacts on breeding system management

Stéphane INGRAND, Mathilde LIMON, Patrick VEYSSET
INRA UMR Metafort, équipe TSE
INRA LEE
63122 Saint-Genès Champanelle, FRANCE
Introduction

- Beef sector: uncertainty for selling and price levels
- Some stockbreeders choose on-farm sales to face uncertainty for price levels (especially organic farming)
- On-farm sells = 0.8% of the national beef market (Office de l’Élevage, 2006) = 30% of the organic beef sector for the Limousine breed (GabLim, 2005)
- Little knowledge about economic interest and about the consequences on the LFS organisation
Methodology

- Surveys carried out in 20 private farms in the centre of France (around Clermont-Ferrand)

- Sampling = Fattening systems, specialised in beef meat production, excluding collective selling

- Objective according to farms sampling:
  - Diversity of animal range (categories sold)
  - Cutting-up management: Internalised / Externalised
  - Organic / conventional farming
### Sampling (1/2)

#### Cutting-up management
- Internalised: 10 farms
- Externalised: 10 farms

#### Production mode
- Organic: 7 farms
- Conventional: 12 farms
- Org + Conv: 1 farm

- Larger size farms, more workers, compared to the regional situation (RICA 2004):
  137 ha, 76 calvings and 2.4 Worker Units

- On-farm sales since 2001 (average) ➔ very recent

- Not all the animals sold: 22 animals / year (9 to 83)
  = 32% of total production (heads)
Sampling (2/2)

- Range: 2.9 categories / farm (average)
  mostly females, specific categories

<table>
<thead>
<tr>
<th></th>
<th>Cows</th>
<th>Heifers</th>
<th>Steers</th>
<th>Bulls</th>
<th>Milk calves</th>
<th>Older calves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nb of farms (/20)</td>
<td>17</td>
<td>15</td>
<td>9</td>
<td>3</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Nb of animals /farm</td>
<td>6</td>
<td>9</td>
<td>6</td>
<td>11</td>
<td>12</td>
<td>7</td>
</tr>
</tbody>
</table>
- Economic results
- Impacts on breeding system management
- Conclusion
<table>
<thead>
<tr>
<th></th>
<th>Adults</th>
<th>Bulls</th>
<th>Milk calves</th>
<th>Older calves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>6.62</td>
<td>5.31</td>
<td>11.21</td>
<td>8.18</td>
</tr>
<tr>
<td>Organic – Conv. (%)</td>
<td>21</td>
<td>8</td>
<td>-20</td>
<td>8</td>
</tr>
</tbody>
</table>

Higher prices for organic meat, especially for adults. Lower prices for young calves, very well valorised in conventional farming.

Weighting according to nb of animals / farm
## Direct costs (€/kg of carcass)

<table>
<thead>
<tr>
<th></th>
<th>Transport</th>
<th>Slaught. Cutting-up</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average</strong></td>
<td>0.23</td>
<td>1.56</td>
<td>0.13</td>
<td>1.92</td>
</tr>
<tr>
<td><strong>Intern. – Extern.</strong></td>
<td>0.0</td>
<td>-0.20</td>
<td>0.12</td>
<td>-0.09</td>
</tr>
</tbody>
</table>

Ponderation according to tons of carcass / farm

- Costs including equipment depreciation
- Higher costs when cutting-up is externalised
- Threshold = 8 t of carcass = 20 adults/year
Net prices (€/kg of carcass)

<table>
<thead>
<tr>
<th>Category</th>
<th>Net price</th>
<th>Difference with classic circuits (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults</td>
<td>4.64</td>
<td>+ 36</td>
</tr>
<tr>
<td>Bulls</td>
<td>3.84</td>
<td>+ 19</td>
</tr>
<tr>
<td>Milk calves</td>
<td>8.62</td>
<td>+ 17</td>
</tr>
<tr>
<td>Older calves</td>
<td>6.34</td>
<td>+ 12</td>
</tr>
<tr>
<td>Total</td>
<td>5.37</td>
<td>+ 29</td>
</tr>
</tbody>
</table>

- Net prices 29% higher on average (+1.10€/kg)
- The highest difference = adult animals (cows)

Weighting according to nb of animals / farm
**Link with the time spent in direct selling**

<table>
<thead>
<tr>
<th></th>
<th>Annual income (€)</th>
<th>Time spent (d/year)</th>
<th>Daily income (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aver.</td>
<td>8 103</td>
<td>40</td>
<td>203</td>
</tr>
<tr>
<td>Min.</td>
<td>-1 274</td>
<td>4.5</td>
<td>-80</td>
</tr>
<tr>
<td>Max.</td>
<td>33 081</td>
<td>123</td>
<td>1 280</td>
</tr>
</tbody>
</table>

Weighting according to nb of animals / farm

- Very high between-farms variability
- 84 euros / LU
- Extra work encouraging employment creation
Economical results

Impacts on breeding system management

Conclusion
Farming practices: methodology

- Comparison between "before" and "day of survey"
- "Change" = specific to farm marketing
- Distinction between cow management (reproductive herd) and other animals (to be sold)
- Identification of accurate variables (n=5; n=7)
- Description of modalities of changes
Farming practices

Reproductive cows (5 variables identified):
- Animals: younger cows, higher genetic level
- Schedule: longer calving period, especially to sell young calves

Animals to be sold (7 variables):
- To increase the quality of feeding and choose specific periods for selling each category
- To change range (categories sold) without changing practices
Changes in the management of animals to be sold

Increase of fattening activity

More and better

Better

Less but better

Decrease of fattening activity

Change in feeding

Other categories

Change in range

EAAP meeting Dublin 2007
Changes in the management of animals to be sold

<table>
<thead>
<tr>
<th>Change in feeding</th>
<th>Change in range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight</td>
<td></td>
</tr>
<tr>
<td>Cows</td>
<td>+ 9 %</td>
</tr>
<tr>
<td>Heifers</td>
<td>+ 9 %</td>
</tr>
<tr>
<td>Steers</td>
<td>+ 8 %</td>
</tr>
<tr>
<td>Calves</td>
<td>+ 5 %</td>
</tr>
<tr>
<td>Animals sold / Nb calvings</td>
<td>+ 27 %</td>
</tr>
<tr>
<td>Costs due to on-farm sales</td>
<td>+ 106 %</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
</tr>
<tr>
<td>Adults</td>
<td>+ 12 %</td>
</tr>
<tr>
<td>Calves</td>
<td>+ 7 %</td>
</tr>
</tbody>
</table>
Conclusion

- Higher growth margin despite higher costs
- Possibility of valorising animals that are not "standard"
- An additional sales circuit within the farm
- Alternative to increasing the farm size
- Reinforcement of links with the outside world
Thank you for your attention

http://www.clermont.inra.fr/tse

ingrand@clermont.inra.fr
veysset@clermont.inra.fr