Lessons included the *Marketing & Economics* section of the eLearning tool:

- Lesson 1: Canadian Beef Industry ................................................................. 102
- Lesson 2: Beef Value Chain ................................................................. 104
- Lesson 3: Cattle Cycle ................................................................. 107
- Lesson 4: Beef Marketing ................................................................. 109

*Key Takeaway:*

In an ever-changing industry and marketplace, being a knowledgeable, efficient and dynamic producer is crucial to sustainability and profitability. Producers must stay up to date on industry and market information, adjust to changing best practices, consumer preferences and markets while minimizing costs and maximizing returns.

**By completing the *Marketing & Economics* section of the eLearning tool, members will be able to:**

- Summarize the Canadian Beef Industry’s history.
- Advocate for how the Canadian Beef Industry ensures the safety and quality of Canadian Beef.
- Describe why it is important that producers understand how each of the links in the Beef Value Chain work together, and are knowledgeable of market conditions.
- Name the 4Ps of marketing.
Lesson 1: Canadian Beef Industry
Reference Sheet: History of the Canadian Beef Industry
Reference Sheet: Ensuring the Safety & Enhancing the Quality of Canadian Beef

Lesson 2: Beef Value Chain
Reference Sheet: The Canadian Beef Value Chain
Diagram: The Canadian Beef Value Chain
Activity Sheet: The Canadian Beef Value Chain

Lesson 3: Cattle Cycle
Reference Sheet: Cattle Cycle
Diagram: Cattle Cycle

Lesson 4: Beef Marketing
Reference Sheet: Marketing & The 4Ps
Activity Sheet: The 4Ps of Your 4-H Beef Project
Reference Sheet

History of the Canadian Beef Industry

1700s
- Settlers and rural dwellers of the Northwest Territory rely on cattle for their meat, milk, leather and as beasts of burden.

Late 1800s
- Growth and expansion of Western Canada is a result of the completion of the railway. Cattle are moved from the United States and large, commercial herds are established.

1940s-50s
- The cattle feeding industry becomes part of the supply chain. Finishing efficiencies and a more consistent beef product is achieved.
- Marketplace is growing.

1970s-80s
- Major processing plants are built.
- Packing industry evolves from carcass to boxed beef production.
- Transportation and logistical improvements allows industry to meet global market demand.

1990s-2000s
- Radio frequency identification and genetic technologies are adopted.
- Improvements to pasture management systems and herd health practices are made.

Early 2010s
- There are approximately 4 million beef cows in Canada.
- There are approximately 70,000 farms and ranches with beef cattle in Canada.
- Around 60% of those cattle farms or ranches have less than 50 cows.
- The average number of head per beef farm or ranch in Canada is 147, in Alberta it is 228.
- There are nearly 3 billion pounds of beef produced in Canada per year.
- Producing 1.8% of the world’s beef supply, Canada is the 11th largest beef producing nation in the world.
- Canadian’s are collectively consuming over 900,000 tonnes of beef per year, or about 44 pounds per person!
- Canada is the 6th largest beef exporter in the world. Excluding live cattle exports.
- Canada exports approximately 40% of total beef and cattle produced in the nation, mostly to the United States.
- The Canadian beef industry contributes over $30 billion dollars per year to Canada’s economy.
- The Canadian beef industry also creates over 200,000 full-time equivalent jobs directly or indirectly linked to the beef industry supply chain.

The Canadian Beef Industry – Today
The Canadian Beef Industry is over 300 years old and today, it contributes significantly to the Canadian economy! It’s a leader in industry research, innovation and marketing. Canada’s natural environment is well suited to cattle production. We have a cooler climate that doesn’t limit the selection of breeds to those which can tolerate high heat conditions, and there’s an abundance of fresh water, wide open spaces as well as access to high quality feed.
The Canadian Beef Industry is continually enhancing beef quality and safety through:

- Sustainable cattle production, including breed selection, genetics and feeding improvement programs;
- Animal welfare standards and enforcement;
- Disease surveillance and the protection of animal health;
- The National Cattle Identification System, designed for rapid and accurate animal identification;
- Environmental stewardship practices as well as provincial and federal laws that protect the natural environment, including water and soil quality;
- Rigorous and regulated inspection systems, and
- A beef grading system that sets and upholds quality standards and facilitates production improvements.

In Canada, all of this and more is done to ensure consumers have a consistently great eating experience!
A value chain provides a structure and a process for cooperation between each “link” in a chain of enterprises that adds value to an end product that a customer purchases – in this case the product is beef.

The links in the beef value chain include input suppliers (such as feed suppliers), producers, processors, food services, retailers, traders and associations as well as federal and provincial government policy makers. As part of the Canadian beef value chain, it’s important that producers are engaged and look beyond their farm gate to see the big picture.

Each link in the value chain must work together to give the Canadian Beef Industry a long-term competitive advantage in both domestic and international markets, and to effectively and efficiently respond to customer preferences. To achieve these goals, the Canadian beef value chain engages in the:

- Creation of a shared vision, trust and long-term, cooperative strategies;
- Identification of research, policy, regulatory and technical requirements;
- Sharing of information and data;
- Evaluation of performance; and
- Coordinated response to crises.

The value chain is key to the success of the Canadian beef industry, ensuring that each aspect of the industry is responding effectively to changing markets and customer preferences in order to keep that competitive edge!
Instructions: Label each of the following links on the Beef Value Chain.

- Finishing & Feedlots
- Capital & Equipment
- Marketing
- Consumer
- Retail Distribution
- Feed Supply
- Local Distribution
- Backgrounding
- Land
- Butchering
- Cow/Calf Operations
- Animal Husbandry
- Chef
- Slaughter
The more knowledgeable of market conditions a producer is, the better they can position themselves for success and the more profit they could potentially realize when the time comes to market their product. It’s important that producers stay up to date as markets for Canadian beef are constantly changing, along with factors that affect the domestic and international markets, such as supply and consumer demand.

Cow-calf producers tend to expand inventory numbers in response to profits and reduce herd size in response to losses. Generally, as cattle numbers go down, prices go up and as cattle numbers go up, prices go down. Ultimately, this process has resulted in long-term patterns in the cattle inventory, what is commonly called the cattle cycle.

The lag time between when producers get the price signal to expand production, and when they can actually expand due to beef cattle biology, is what makes the average length of a typical cycle about 10 years.

**Typical Cattle Cycle**

**Beginning of the Cycle**
- There are low cattle numbers and prices begin to increase because of this;
- The increasing prices encourage existing producers to expand and new producers to enter the market, causing cattle number to increase.

**Mid-Cycle**
- Cattle numbers begin to peak and these high inventory numbers begin to push prices downwards;
- This is followed by a turn-around phase where cattle numbers begin to decrease as price margins become less attractive.

**End of the Cycle**
- Cattle numbers are at their lowest since the beginning of the cycle;
- Prices begin to increase and the cycle begins again.

Keep in mind that this is a typical cattle cycle, and that changing consumer demand, mixed market signals, internal production factors as well as external factors such as weather or trade barriers for example, can have a greater influence on producer decisions than price, and can therefore disrupt the cycle. Therefore, no two cycles are exactly the same.

4-H beef project members should keep in mind that most 4-H market beef animals are bought at a premium price that exceeds actual market price.
Diagram

**Cattle Cycle**

**Beginning of the Cycle:**
As cattle numbers decrease, price begins to increase. Increasing prices encourage expansion and new producers to enter the market.

**Mid-Cycle**
Cattle numbers begin to peak; high inventory pushes prices downwards. Cattle numbers then begin to decrease as price margins become less attractive.

**End of Cycle**
Cattle numbers are at their lowest since the beginning of the cycle. Prices begin to increase, cycle begins again.
Reference Sheet

Marketing & The 4Ps

Marketing is a process that involves identifying and understanding customer’s needs and wants, and profitably producing a product or service that satisfies those needs and wants. When developing a marketing plan for a product or service, one that will positively impact production and your bottom line, think about the 4Ps: Product, Price, Place and Promotion.

Product: What are you going to sell?
- Is your product replacement heifers, live steers, bulls, semen or embryos, carcasses, boxed beef, valued added products or individual meat cuts for example?
- Is your beef Grass Finished or is it produced organically or locally? Is your product part of a current consumer trend?

Price: How much can you charge for your product?
- What are your estimated costs of producing your product?
- What are the market conditions and price forecasts for your product?
- Based on estimated production costs and breakeven calculations, what is your target price?
- Is there currently a premium offered for your product?
- How will the product be delivered to the buyer? How does that affect the price?

Place: Where will you sell your product?
- Through live, video or electronic auction, private contract, producer or breed association sales, direct sales to packers, wholesale distribution or retail distribution including farm-gate, farmer’s markets or speciality stores for example?
- What is the associated pricing method for each market delivery option?

Promotion: How will people find out about your product?
- Will your product be branded?
- Does what you’re saying about your product align with what you’re delivering?
- Is your product meeting the customer’s wants or needs?

With so much to think about when it comes to marketing, having a plan to refer back to is crucial. And like any plan, it’s important that you refer back to it and evaluate how well it worked in order to make timely adjustments and improvements.
Member Activity Sheet

The 4Ps of Your 4-H Beef Project

Instructions: For your 4-H beef project, work through the 4Ps of Product, Price, Place and Promotion.

Product: What are you going to sell?
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Price: How much can you charge for your product?
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Place: Where will you sell your product?
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Promotion: How will people find out about your product?
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