



Canadian Beef Breeds Council

Purebred Risk Assessment Project

Feb 22/07

IPSOS-REID: Purebred Risk Assessment: Member-Producer Survey

Synopsis of findings

Note: This synopsis shares just one aspect of the findings of the Purebred Risk Assessment (PBRA) Project - Phase 1. While informative, these findings should not be considered in isolation, but as a contributing component to the overall findings from this initial, significant phase of the project.

Background

The Purebred Risk Assessment (PBRA) Project is a major initiative of the Canadian Beef Breeds Council (CBBC) designed to identify and address various producer business risks associated with producing and marketing purebred beef genetics. The PBRA project is funded through the Private Sector Risk Management Partnership (PSRMP), a Business Risk Management program of Agriculture and Agri-Food Canada, under the Agricultural Policy Framework (APF).

*The first phase of the project included a member-producer survey, cow-calf customer survey, evaluations of sector communications, and industry focus groups; during this phase seven key risk areas to the purebred sector were identified. We are pleased to share this overview of findings from the survey together with some interpretation/comment from CBBC. **The findings and feedback discussed here, and the percentages quoted, relate to the Member-Producers who responded to the survey and not to the purebred sector overall. They do however provide valuable insight on the activity, challenges and concerns of purebred producers.***

Focus

All active members of the 12 participating breed associations were invited to participate in the survey; 10 per cent shared their views in a number of areas, including:

- Role and relevance of their breed association; thoughts about services provided; expectations; satisfaction levels
- Insights re their breeding programs and genetic improvement expertise
- Perceptions regarding sector risks and existing tools used to manage risk
- Level of interest in international markets and their ability to exploit

Highlights

Association members are generally committed to the industry but are concerned with the business environment in which they operate. While they appear confident in their abilities as purebred producers they recognize their marketing skill is weak and limited time hampers their efforts. Many do not make use of risk mitigation tools available to them; some are unaware tools exist and others are unclear or do not see a potential benefit.

Producers cited many diverse risks in both production and marketing areas of purebred operations; they tend to address risk where they feel they may have an affect – and that is more often in production than marketing.

Many of the purebred producers use professional assistance for herd health-related activities and plans are informal/not typically written.

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Relatively few of the breeders are familiar with the Animal Pedigree Act although most sell their registered cattle with papers. Two-thirds of bulls and nearly half of females are sold as registered with papers transferred. Those producers, who do not sell their cattle with papers, feel their customers do not expect it.

While breeders do not see association membership fees as a major concern/issue they do appear uncertain as to the support/services they can expect from their association and too, from CBBC.

Purebred sector makeup

It was interesting to learn that 58 per cent of purebred producers consider they are in the purebred industry as a lifestyle choice. Just 28 per cent say it is a business choice for them and 16 per cent cited a family tradition as the reason for their involvement.

When it comes to attitudes regarding the primary reasons purebred breeders are in the sector—rather than operating as a commercial enterprise, they suggest they receive higher values/better returns for purebred cattle, and receive personal enjoyment and satisfaction from the challenge of producing genetically superior cattle and from working with fellow breeders. Aspects they like least about the business/sector include: politics, low profits, and paperwork.

It appears that attracting new breeders to the purebred sector is important in order to sustain and grow the industry—based on the indication from respondents that just 43 per cent expect a family member to take over their purebred operation in the future.

Perhaps this is in part a reflection to the earlier identification of low profits as a negative aspect of purebred production. It is also interesting to note that 65 per cent of producers indicate they have off-farm income. Thirty four per cent say they are also involved in commercial cattle production, 32 per cent have field crops and 25 per cent are involved in direct beef sales.

When asked about their purebred operation only, 77 per cent indicate their sales in 2004 were less than \$50,000. Fourteen per cent reported sales between \$50,000 and \$100,000 and just 9 per cent reported purebred sales over \$100,000.

As we reflect on how the purebred sector will best grow and be robust, as well as making significant genetic improvement, it was interesting to note that 73 per cent of purebred producers are not marketing either semen or embryos as part of their operations. We are exploring if this correlates to the low awareness of purebred genetic funding programs – while it is noted that few programs exist outside the breed associations, and then CBBC (in collaboration with breed associations) will respond as seems appropriate.

Nature of breeding herds

Very few of the breeders are considering switching the breed they produce over the next five years. Those planning a change are twice as likely to be considering an expansion rather than decreasing their herd. One in 20 expects to get out of purebred production in the next five years.

Marketing expertise

Close to half the producers say their marketing skills are average. A quarter feels their skills are above average and the remaining quarter feel their skills are lacking. Private treaty is the most often used sales avenue for purebred producers, and accounts for about a third of purebred animals sold.

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Use of management programs

When it comes to business planning and management programs, breeder guarantee programs are more common than customer service programs. However, most of the breeder guarantees are non-written, informal and developed without professional help.

While most producers have a herd health program, only a quarter have this as a formal written plan; seven in 10 have an informal plan developed with the help of a professional.

A quarter of producers have no business plan at all. Half have one that is non-written, informal and developed without professional assistance. Less than one in five has a formal written business plan.

One in five producers have no marketing plan at all. One in ten have a formal written marketing plan and just one in eight of these had professional assistance to develop it. The majority of producers relies heavily on marketing by reputation and do utilize general advertising in local newspapers and breed association publications. A third uses the World Wide Web for advertising.

Consignment or production sales figure quite highly in the marketing. Producers are generally not taking advantage of potential marketing support from breed associations and four in ten do not use shows for marketing purposes.

Customer relations

The majority of producers spend less than 10 days visiting with current customers each year; those they do contact are most often commercial customers rather than other purebred producers. Producers spend even less time making contact with new or potential customers.

International marketing

Other than to the U.S., producers sold to many countries with Mexico and Australia heading the list. Before May 2003, many producers had international sales. Not surprisingly due to BSE implications, international sales have dropped dramatically since May 2003; live animal sales are virtually non-existent and sales of semen and embryos are at levels less than half of pre-May 2003. Sales to the U.S. represented about seven per cent overall purebred sales before May 2003 and less than one per cent after that date.

Apart from BSE, producers say the biggest challenges facing international sales are government regulations, trade barriers and animal health or age regulations and inspections.

Producers do plan to increase international sales in next five years; 36 per cent expect more sales to the U.S. and 24 per cent are targeting Australia and England.

Genetics and performance information

For their own operations, producers focus primarily on the quality and performance of the purebred cattle they produce. Objectives include: fertility of females and calving ease with low maintenance; and increasing the quality of the animals overall including achieving good growth rates and structurally sound animals. Consistency of the herd, improved genetics and increased performance are also primary goals for producers.

When considering the overall purebred sector, producers believe the primary objective is increased marketability of the breed through carcass quality, and increased sales and promotion of the specific breed.

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Seventy-five per cent of producers said they are unaware of publicly funded initiatives in purebred genetics; some awareness of programs specific to breeds, through breed associations or via CBBC was mentioned. A third of producers have consulted an animal breeding specialist at some time, but few do regularly.

Most producers use a computer in their operations, however despite intentions to keep performance records on-line only four in ten do – and just a third registered animals on-line. A quarter of producers maintain a website for their operations. In-field records are still primarily in the form of notebooks; performance records kept tend to include: birth weight, weaning weight and yearly weight.

Producers say they keep performance records primarily to improve their own herd and note that time, or technology, to maintain them is limited. When seeking carcass data, EPD data and general genetic information producers look to breed publications, their breed association and peers.

Association services

About two-thirds of producers participate in some breed association activity at the provincial level. A quarter participates with the board of directors at the provincial level and one in six participate in annual meetings/conventions at a national level.

Most producers say they receive good or excellent value from their breed association. Staff support/prompt response and information is valued. Producers do suggest there needs to be more participation from members and more (cost effective) marketing/advertising by associations on behalf of Member-Producers.

Producers view the most important role of the associations as the registration of animals followed by advertising and promotion of the breed. They do cite education including marketing seminars for members as important; three quarters of producers say they would attend a two-day training program to improve business and marketing skills. Producers also identify – the collecting of performance records including EPDs, and genetic testing as important services from their association. Almost all producers feel that association fees for specific services are an appropriate way to pay for membership support.

Animal Pedigree Act of Canada

While most producers have heard of the Animal Pedigree Act of Canada, just one in ten suggests they are very familiar with the Act. Half of producers are aware that breed associations must be incorporated under the Act. Only a third of breeders are aware they can be legally charged for selling an animal as purebred and not transferring registration papers to the purchaser.

Perceived risks

When producers were asked to identify their perceived risks in purebred production they fell into two categories: production risk and market risk.

Disease is the number one overall perceived production risk to the industry and not surprisingly, BSE was frequently cited. Other production risks identified include: operating costs, weather, and government regulations/interference.

Market risks were identified as: access to export markets, consumer demands and preferences, market price for beef, and the financial health of the commercial industry.

When identifying business competition, producers see other purebred producers within and outside their breed as the greatest competitors to their operation. Those breeders marketing crossbred or synthetic seed stock are perceived as significant competition as they are often large, vertically integrated operations.

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When considering the value of purebred genetics to feedlots/packers, two thirds of producers feel a lot, or some, value is placed on purebred stock by feedlots and packers.

Insurance use

Producers say they carry numerous insurance products for their purebred operation, however they do not appear to be tools specific to the purebred cattle sector; awareness of insurance products tailored specifically to the sector is low.

More than half of producers cite insurance as too expensive in general and is the main reason they do not carry a specific product.

A quarter of producers do mention participating in Agriculture Policy Framework Risk Management Programming.

This synopsis highlights most, but not all findings from this survey. If you would like further information or have questions about this content please contact CBBC, or

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The Canadian Beef Breeds Council (CBBC) represents the Canadian purebred cattle industry. Its members include national breed associations that in turn represent more than 10,000 producers of breeding stock. Associate CBBC members are exporters and service providers. The mandate of the CBBC includes: Animal health policy; Trade access and market development; Genetic improvement; Research and development; Education and extension.

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