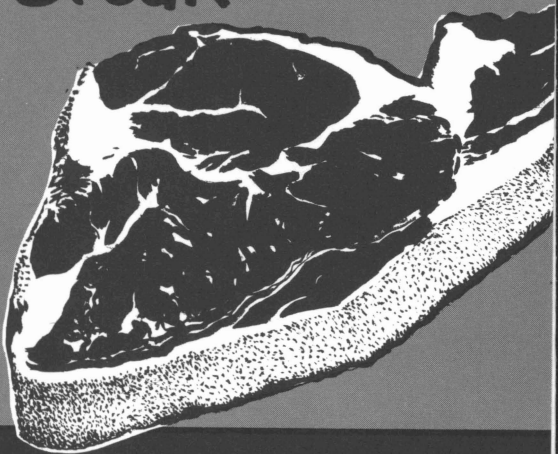


# From Steer



# To Steak



THE AGRICULTURAL AND MECHANICAL COLLEGE OF TEXAS  
TEXAS AGRICULTURAL EXTENSION SERVICE  
J. E. HUTCHISON, DIRECTOR, COLLEGE STATION, TEXAS



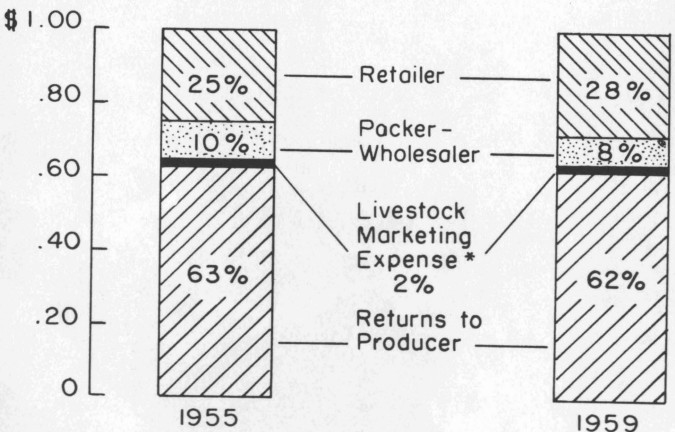
# FROM STEER TO STEAK

ED UVACEK

Extension Livestock Marketing Specialist  
The A&M College of Texas

The difference between what the farmer receives for cattle and what the consumer pays for beef is referred to as the "marketing" or "farm-to-retail margin." It includes all charges for distributing and processing services required to move live animals from the farm and to convert them to meat cuts in the consumer's hands. This spread represents costs and returns for services in three functional operations: marketing livestock, slaughter-wholesaling and retailing. The marketing margin increased from 20.2 to 32.0 cents per pound from 1949 to 1960.

The illustration below shows that there has been little change in the proportion of the consumer's dollar distributed to the livestock marketing step of the distribution system. However, the retailing level increased from 25% in 1955 to 28% in 1959. In contrast, a decline in the percentage



\*Includes transportation of live animals.

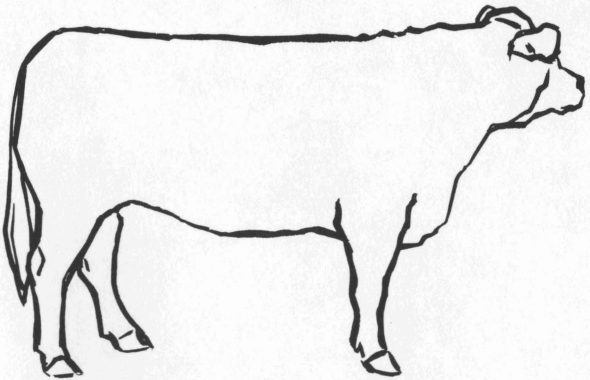
*Where the consumer's beef dollar goes.*

return to the producers and to the packer-wholesaler also is illustrated.

Marketing costs of cattle involve the process of transforming the steer on the ranch into beef ready for a consumer in a retail showcase. All these costs, therefore, must be included in the final selling price of beef.

### **FIRST SALE**

Cattle marketing begins when an animal is first sold by a producer. Higher grades of cattle usually are fed before slaughter, so the sale of feeder stock usually marks the beginning of the



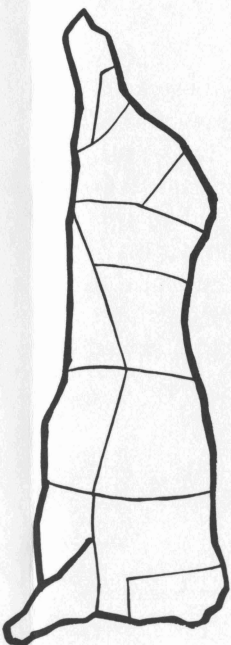
**1000 lb.**  
**Steer**








**=**

marketing system. Costs in transportation, sale or handling of the steer must be included in the marketing livestock expense.

## SLAUGHTERING

Slaughtering the beef animal and wholesaling the carcass comprise the next phase of marketing. For a U. S. Choice grade animal, only about 59 pounds of carcass beef are obtained from 100 pounds of live weight. The value of byproducts and the wholesale value of the dressed carcass determine the price paid for live animals. This live-to-wholesale price spread for each 100 pounds



	% of Carcass
 Round Steak	10
 Rump Roast (Partially Boned)	5
 Sirloin Steak	8
 Porterhouse, T-Bone, Club Steak	6
 Rib Roast	8
 Chuck Roast (Blade, Arm)	19
 Hamburger, Stew Meat, & Misc. Cuts	24
<b>Total Salable Retail Cuts</b>	<b>80</b>
<b>Waste, (Fat, Bones, Shrinkage)</b>	<b>20</b>
<b>Total</b>	<b>100</b>

**590 lb.  
Carcass**

**=**

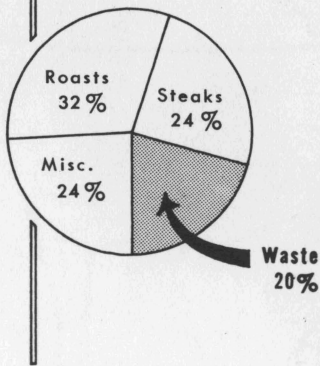
**470 lb.  
Retail Cuts**

of a U. S. Choice grade steer has remained fairly constant since 1949, at about \$2.50 per hundred-weight.

## **RETAILING**

The final step in beef marketing is the retailing of the meat. Retailers buy carcasses from the packers; fabricate each into smaller cuts; trim, bone and grind portions of the carcass into hamburger. Then they merchandise the products to the consumer. Breaking the U. S. Choice grade beef carcass into such retail cuts causes the loss of another 12 pounds from the 59 pounds left after slaughter. The wholesale-to-retail margin covers the services performed by the retailer. This margin, expressed in terms of a U. S. Choice grade carcass, has shown substantial gains since 1949, and in 1960 amounted to \$20.30 for each 100 pounds of carcass beef.

With only about 47 pounds of salable retail cuts of beef obtainable from 100 pounds of live weight of a U. S. Choice grade steer, the retail price per pound must more than double the live-weight price—just to equal the price paid to the producer for the live animal. This is before marketing costs are added. Each retail cut has a different demand. Some cuts sell at prices much less than the carcass while others bring prices more than twice that of the carcass.



*“All steer is not steak”*