

FACT SHEET

Rev. D. 5000-11-2-70

L-701

WHAT'S THE BEST WAY TO BUY BEEF?

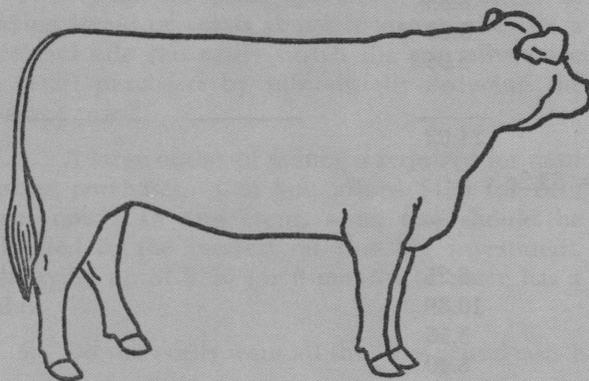
Ed Uvacek

Extension Livestock Marketing Specialist and Associate Professor
Texas A&M University

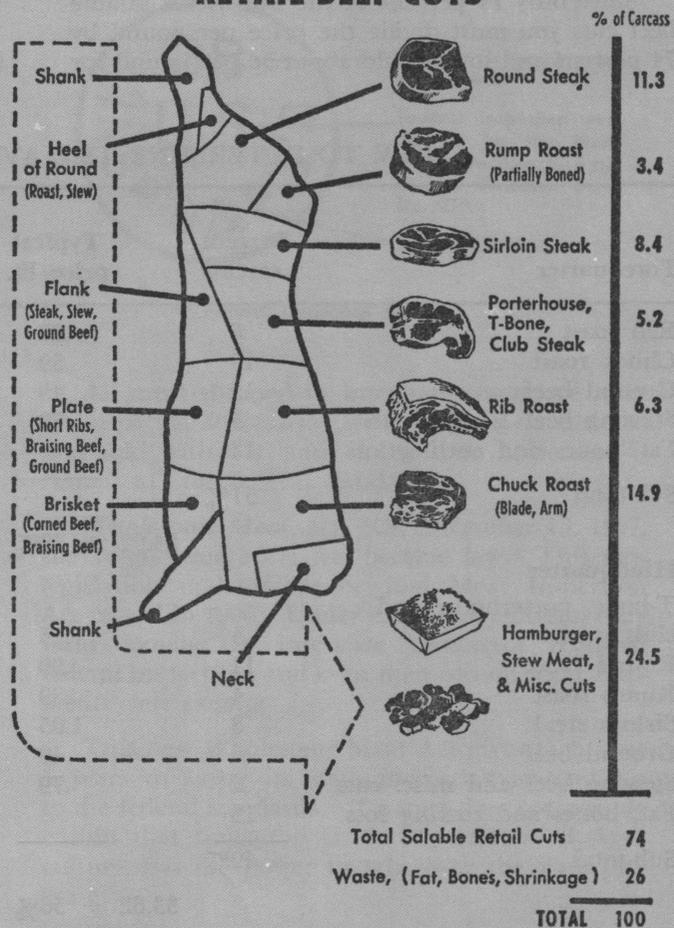
Advertisements that says "USDA Choice carcass only 45 cents per pound" sound good, don't they — especially in these days of high meat prices? Well, before you rush to the store to buy a quarter or half a carcass, let's examine the real cost comparisons of such an undertaking.

Unfortunately, all the carcass is not steaks and roasts. In fact, in the average Choice carcass there are only about 25 percent steaks, 25 percent roasts and 24 percent miscellaneous cuts, such as hamburger, short ribs and stew meat. Nearly 26 percent of the carcass is lost in bone, fat trimmings,

USDA Choice, Yield Grade 3



RETAIL BEEF CUTS



1000 lb.
Steer

=

600 lb.
Carcass

=

444 lb.
Retail Cuts

shrinkage, cutting loss and waste. It takes about 2.25 pounds of a live Choice grade steer to yield 1 pound of salable beef in a retail store.

Does it pay to buy beef by the side or by the cut? There is no set answer to this question. The following table, however, may provide information to help you make this decision. Major retail cuts coming from each quarter are listed along with the percentage of each in the average U. S. Choice carcass. To compute your total average cost, multiply the percentage of the carcass by the price for that cut in your local meat market. Add these individual costs together for the carcass and divide by 74 percent, since 26 percent of the carcass is waste. With the typical retail prices used here, the total cost is 77.9 cents per pound.

This last price, 77.9 cents, is the average retail cost per pound, if you had bought the beef cuts in a retail store at these prices. Now, suppose that the butcher offers you a side of Choice beef for 50 cents per pound, cut and wrapped.

Since only 74 percent of the side yields salable beef cuts you must divide the price per pound by 74 percent and to that add about 5¢ per pound for

a storage cost. (It costs money to rent a locker or to operate and maintain a freezer.)

Cents per pound	
Price of beef side	50.0
Divide by 74%	67.6
Add 5 cents per pound for storage costs	72.6
Av. cost per lb. for beef from carcass	

Using the typical retail prices for beef cuts in my local meat market, you would save about 5 cents per pound by purchasing the carcass at 50 cents per pound.

Cents per pound	
Average cost of retail cuts at my prices	= 77.9
Average cost of beef at 50 cents per pound for carcass	= 72.6
Savings (or loss) by purchase of beef side	= 5.3

These "thumb rule calculations" can be used to figure the advantage or disadvantages of purchas-

HOW TO DETERMINE THE AVERAGE COST PER POUND

Forequarter	Percent carcass	Typical price/lb.	Total cost	Your price/lb.	Your total cost
Rib roast	6	.89	5.34		
Chuck roast	15	.59	8.85		
Ground beef	12	.49	5.88		
Stewing beef & misc. cuts	5	.79	3.95		
Fat, bones and cutting loss	13				
Sub-total	51%		24.02		
			$24.02 \div 38\% = 63.2¢$		
Hindquarter					
T-bone, porterhouse and club steak	5	1.25	6.25		
Round steak	11	.99	10.89		
Rump roast	4	.89	3.56		
Sirloin steak	8	1.05	8.40		
Ground beef	6	.49	2.94		
Stewing beef and misc. cuts	2	.79	1.58		
Fat, bones and cutting loss	13				
Sub-total	49%		33.62		
			$33.62 \div 36\% = 93.4¢$		
Total carcass	100%		57.64		
			$57.64 \div 74\% = 77.9¢$		

ing a side of beef. Extra columns are provided in the table so you can enter your local price for beef cuts and compute the average retail cost per pound. The sub-total percentages also can be used in deciding about a forequarter or hindquarter purchase.

For example, using the price quotes in the table, the sub-total cost of the forequarter was 24.02 cents per pound. Dividing that figure by 38 percent (sum of the percent retail cuts in the forequarter) the average retail cost of the forequarter is 63.2 cents per pound.

If a butcher offers you a forequarter of beef for 45 cents per pound, since only about 74 percent of it will yield retail cuts, divide this forequarter price by 74 percent. The resulting 60.8 cents per pound, added to a storage cost of about 5 cents per pound will give an average beef cost of 65.8 cents per pound for the forequarter. The loss, if you purchased the forequarter rather than the retail cuts, would be 2.6 cents per pound using the quoted price levels.

Considerations. Several important factors will further affect your decision to buy retail cuts or a wholesale portion of beef.

1. Since these figures are based on average yields for Choice beef carcasses, remember that yields could be higher or lower in individual cases.

2. Make sure you are comparing the same grade beef in each case. The difference between U. S. Good and U. S. Choice is a big one in terms of price and satisfaction.

3. Watch for price specials. The effect of buying steaks or roasts at much lower prices on a weekend sale can easily switch the cost advantage to retail purchases by substantially reducing the average price.

4. A large outlay of money is required for most carcass purchases. Can you afford \$150 for beef right now? In any event, some cost should be allocated to the interest on this big investment. The tying up of \$150 for 6 months or more has a value.

5. Do you really want all the "low priced cuts"?

6. Most retailers guarantee their meat products. The ability to return a "poor" steak to the store and get a refund is an important factor to the consumer.

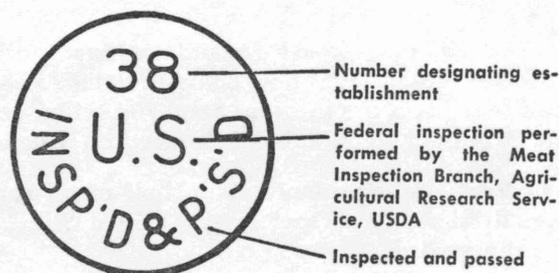
7. Processing, cutting and wrapping are assumed to be included in the price quotation for the carcass. Often, however, it is an extra charge.

8. Storage costs vary tremendously and depend upon the number of times a freezer is refilled.

Our estimate is based upon research studies of operating costs, repairs and depreciation of home units.

9. Convenience in each case is difficult to assign to either situation. It may be in favor of store purchases each week or more favorable for home freezer availability of meals. The location of the freezer, preference for fresh meats, available funds to spend on meat, and numerous other personal desires enter into the convenience criteria.

Federal inspection. The bulk of cattle slaughtered in this country — about 88 percent — is examined by federal inspectors. Meat passed under federal inspection is wholesome at the time of inspection. A meat inspection stamp denotes that a piece of meat was checked by a federal inspector and found free from diseases or contamination and did not violate any of the numerous conditions. There are 61 federally inspected slaughtering plants in Texas.



The Federal Inspection Stamp

All meat shipped in interstate commerce must be inspected federally. Meat may be slaughtered and sold within a state if the state inspection is "equal to" the federal standards.

Wholesome Meat Act. On December 15, 1967, the Wholesome Meat Act became law. This new legislation updates the original Meat Inspection Act passed in 1906. Under earlier regulations, only meat moving in interstate commerce required federal inspection, and even then certain meat shipments were exempt.

This new Wholesome Meat Act gives each state 3 years to bring its state inspection systems up to the federal standards. If a state does not comply within that time, the U. S. Department of Agriculture, has the power to take over the state program.

States which do pass a mandatory state inspection system that is up to the federal standards may receive federal assistance of up to 50 percent of the cost of such inspection.

Even though such a law is passed in a state, the USDA reserves the right to take action, at any time, against any plant found selling unwholesome meat within a state.

This new legislation eventually will affect almost everyone in the meat business. The USDA even has authority over industries that might divert unfit meat into the human food supply, such as transporters, brokers, renderers, cold storage warehouses and animal food manufacturers. New powers also are granted to withdraw or refuse inspection services, to detain and seize unfit meat and to increase the department's investigative power.

Not only will every wholesale meat packer and processor in the state be affected, but the law also requires registration and record keeping by most all firms dealing in meat.

Many new regulations are expected from Washington regarding this new law during the next several years.

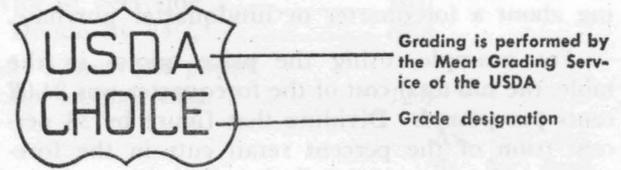
Texas has now passed a mandatory state meat inspection bill and it is now being initiated. This new law replaces the previous State Inspection and State Approved (or Municipal Inspection) systems.

Federal grading. Only about half of all commercially slaughtered beef in the United States is federally graded.

Official grading and stamping of beef began in May, 1927, and was on a continuous basis by July, 1928. To be federally graded, the meat must have been federally or state inspected.

Each grade name is associated with a degree of quality, conformation and maturity. Consumer research studies show more general acceptability of loin steaks from a Choice grade carcass than from a Good carcass.

The present federal grade stamp on meat is easily identified and represents a federal grader's quality classification.



The Federal Grade Stamp

Since a large proportion of beef is federally graded, the livestock and meat industry relies heavily on such grades in the tradings of these meats. Consequently, beef grade standards have been changed three times since their initiation to conform with current needs of the industry.

U. S. Federal Beef Grades

		USUAL OUTLETS
Prime	}	Hotel and restaurant types
Choice		
Good	}	Retail store requirements
Standard		
Commercial	}	Lower income stores and restaurants
Utility		
Cutter		
Canner		

Estimates show that about 40 to 60 percent of beef carcasses sold in the wholesale trade carries the private brand name of a packer or retailer. Many retailers put a brand name on meat for retail sales, but purchase according to the federal grades.

Texans for the most part can have confidence in the meat they buy. If inspected, it is wholesome and was prepared in a sanitary manner. Through the grading system, a reliable indicator of quality differences is offered to the consumer.