



## Industry News - AM

### Wal-Mart, packers adjust to new demand for Choice beef

By Tom Johnston on 11/9/2011

Wal-Mart Stores Inc. and the meat packers who supply the world's largest retailer with fresh beef are adjusting to an increase of demand for USDA Choice-graded product.

Wal-Mart confirmed Tuesday to **Meatingplace** that all of its 3,800 U.S. stores will carry Choice beef. The Bentonville, Ark.-based company known for low prices mostly had served up Select in its meat cases.

"Our company is dedicated to a broad assortment of product offerings for our customers, and this is another example of that," Wal-Mart spokeswoman Tara Raddohl said.

She declined to comment on product mix and expected sales, but analysts generally expect the move to help boost the company's lagging food sales.

For packers, new demand for Choice product had widened the Choice/Select price difference for several weeks until stabilizing recently (\$19.09 on Tuesday), but the trend so far has caused some difficulty on the supply side, Livestock Marketing Center Director Jim Robb told **Meatingplace**.

"Packers have struggled to meet their commitments to Wal-Mart and others regarding Choice product and they have compounded the problem by buying 'green' cattle in hopes of finding Choice carcasses," he said. "So packer margins have been squeezed so far by this change."

Major packers contacted by **Meatingplace** declined to comment on the impacts of Wal-Mart's move.

Robb predicts packers in the northern cattle states, such as Nebraska, will fare better than their southern counterparts because northern feedlots produce cattle that grade better.

Ron Plain, an agricultural economics professor at the University of Missouri, told **Meatingplace** Wal-Mart's shift to Choice will increase the Choice/Select spread and increase the value of English breeds of cattle relative to continental breeds.