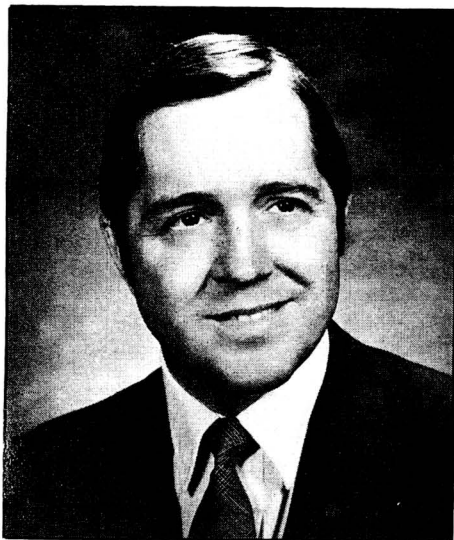


# from the office

## LEAD IN

By Richard Spader  
Executive Vice President  
American Angus Association



It is impossible to serve two masters and nearly as difficult for the registered Angus breeder, or any other serious marketer, to serve two types of markets. Specialization, targeting and proper positioning are keys to marketing success.

Positioning of a product so that it is perceived by the public to fill certain specific needs or for specific groups of people is a vital part of merchandising. Major companies with millions of advertising dollars to spend are first concerned with where they want their product to fit into the marketplace—where it is to be positioned. We in the Angus business, who too often try to be all things to all customers, can learn a thing or two from them.

Let's look at an example of product positioning far removed from the cattle marketing. Cross pens have long positioned their product as quality writing instruments that are ideal prestige gifts. On the other hand Bic mass produces utilitarian pens that sell for 59 cents. They are cheap, work perfectly until the ink runs out and then are thrown away. You can't tell if the letter you receive is signed with a Bic pen or a Cross pen. But you certainly feel differently about the per-

son who gives you a 59-cent Bic for a present as opposed to the person who gives you a Cross.

I haven't seen their balance sheets, but it is likely that Bic makes as much or more profit from their low cost pens as does Cross with their expensive ones. Bic doesn't waste money and effort trying to move into the high-priced pen market, and management at Cross knows they would destroy their quality image if they mass produced a 59-cent Cross pen. The success of each company is directly related to their position in the market.

How you position your herd in the overall market for registered cattle (or your failure to establish a position at all) can have a similar effect upon your own success. Remember, Angus, as far as you are concerned, is a generic product. There are all kinds and qualities of Angus. Conversely, your herd is a brand of Angus. You should develop your brand name, position it and protect it as jealously as any big company does its own brand.

Your position in the market depends upon many factors. You may be interested in producing and selling Angus cattle that compete effectively in the show ring. You may carve out a market for high-quality, genetically superior cattle that sell for very high prices to other registered Angus breeders. On the other hand you may position your herd as one that produces bulls for the discriminating commercial cattle rancher who demands quality and performance in the bulls he uses. Still, your location or temperament might make it more profitable for you to mass produce easy calving bulls that sell for \$800 to \$1,000 to commercial cattlemen who want good Angus cow fresheners. And there are many other specific markets that need serving. There is nothing intrinsically right or wrong with any of these positions. People have made a good living and gone broke in all of them. The point is, it is easier to market in a narrow range than to try to cover too broad an area.

Attempting to expand the appeal of an

Angus herd to cover more than one type of market can not only be difficult but costly. One of our regional managers recently related an excellent example. A particular Angus breeder he knew had built up a solid range bull trade over the years. The breeder's annual production sale usually averaged nearly \$2,000 on a large group of bulls with a top of no more than \$6,000.

But the man looked with envy at breeders who could sell untested bull calves or yearlings, for big money, to individuals or syndicates who were willing to gamble on the calf's future earning power. He thought it would increase his income and he longed for the recognition. As a result, he obtained a small group of people with available risk capital to come to his sale. Their purchases produced a top price several times higher than he had ever experienced, high enough to make headlines in the livestock press.

The next year the same people with risk capital were back. Absent were many of the cowboys who a year earlier sat in the stands and bought bulls in the \$2,000 to \$4,000 range. The high top prices had changed the atmosphere of the auction. It was mostly psychological, but the ranchers knew that they could no longer afford to compete for the best bulls this breeder had to offer. Whatever their reasons, though, the net result was a lower average price for all the bulls sold, despite the high top.

Fortunately, the breeder was able to back-track and recapture all his commercial market. But he had learned a costly lesson on product positioning.

Take a look at your herd, your abilities and your market. Chances are you can isolate a type of market for your product that best fits the genetic makeup of your herd, your own temperament and abilities, and the needs of cattlemen in your market area. If you position your brand of Angus to appeal to a singular type of customer with specific seed stock needs, and then concentrate your efforts on exploiting and serving this market, you should be able to do a more effective, efficient job of merchandising your Angus cattle. **AJ**