

Merchandising

by Keith Evans



The power of marketing

A breeding program that features the best genetics is essential to your long-range success as a registered breeder. However, profit or loss in your seedstock business will most likely hinge on the power of your marketing plan.

It's simply not true that producing high-quality cattle provides all the marketing a breeder needs. No one will stop by your place to buy bulls if they don't know you have them for sale. It follows that the more people who know about your business, who value your breeding program and genetics, and who respect you as a business person, the more cattle you will sell.

Studies of breeders who market registered beef cattle have shown that marketing isn't a simple progression. Spending \$2,000 on advertising and promotion isn't necessarily twice as effective as a \$1,000 advertising budget. You must have enough marketing power to get the job done. It's a little like bulldozing trees. If your tractor isn't powerful enough to push out the trees you need to eliminate, you'll not get the land cleared despite your investment in equipment, time and effort. Marketing works much the same way.

Promotion adds value

A few years ago researchers at Mississippi State University discovered that breeders with excellent advertising and marketing programs averaged \$353/bull more than breeders with similar-quality cattle but average or inferior marketing programs. The research showed that an average approach to promotion and marketing was not much better than an inferior program.

These somewhat surprising findings grew out of research to determine how

performance records affected the price of bulls sold at a Mississippi livestock evaluation station sale. The study included 48 breeders who marketed 11 different breeds. The preliminary results indicated higher prices were generally paid for bulls



with good performance records; however, there was something else at work, too. Performance seemed to account for less than half the price variation observed.

The researchers dug further into what affected bull prices. They delved into five factors they thought might affect prices — showing promotion, advertising, business longevity, public relations activity and breeder integrity. Business longevity had no effect on bull prices, so the researchers combined the other four factors into a single promotional score and ranked all the breeders as “inferior,” “average” or “excellent.”

The double whammy

Breeders with an excellent promotion rating and whose cattle had top performance records received an average premium of \$600/head. When this premium was broken down further, they found that top performance records earned \$247, while excellent promotion accounted for \$353 of the total \$600 premium.

There was little difference, however, in prices received for bulls from breeders who were ranked average or inferior for promotion. Even if they had top-

performing cattle, breeders who ranked average or inferior as promoters got less for their cattle. One breeder particularly stood out. His cattle had size and performance equal to the best cattle sold, the research report explained, but he ranked low on promotion, and his bulls brought one-third less than other bulls of similar quality.

On the other hand, breeders ranked as excellent promoters, but who had no better than average performance records on their bulls, didn't receive a premium. The research showed that one can't use excellent marketing to make average cattle worth more. Good marketing influences more people to try the advertised product, which means that more people find out more quickly that the well-promoted cattle are just average. The quickest way to kill a poor-quality product is to advertise it heavily.

Marketing advice

In this continuing column we will show how to develop a marketing program that allows you to receive top dollar for high-quality seedstock. As many of you know, marketing is the weakest link in most seedstock producers' businesses. There are volumes written on beef cattle genetics, breeding and production, but there is almost nothing written on advertising and marketing seedstock. I'll do my best to help you learn what you need to know.

The following installment and the next five columns will deal with basic advertising principles that every advertiser needs to understand in order to develop a successful marketing program. From that point on we'll deal with a variety of marketing ideas. If you have a topic you would like covered, write to me in care of the *Angus Journal*, 3201 Frederick Blvd., St. Joseph, MO 64506.

The first lesson: BUYING CYCLES

If a grocery store advertises a sale on steaks at equal to or less than the wholesale price, business will increase within hours. Advertise your registered Angus bulls today and you may not see a sales increase for weeks, months or even longer. That's because different products have different buying cycles.

The buying cycle is the time between when potential customers first learn about a product and when they finally decide to make a purchase.

Whatever you sell, your advertising and marketing program must recognize the appropriate buying cycle. Big-ticket consumer items and business products — like a tractor

or a set of bulls — generally have a long buying cycle. They are seldom bought on impulse, and they affect business for years to come. As a result, buyers of these products gather information from various producers and study it carefully for months before making a purchase.

Over the years I've run into several bull marketers who want to be sure ads for their production sales run only a month or two before auction day. They don't understand the bull buying cycle.

Commercial cattle producers start evaluating their bull needs at calving time, make at least a tentative decision at weaning and know what they want by the time the cattle are sold. That's why advertising a month or so ahead of your auction or when you want to sell by private treaty probably won't change many people's minds. The most that last-minute advertising can do is remind people about your business, when your sale will be and how to get to your place.

Learn from yourself

Look at your own situation. Do you decide a month or two before you breed cows what bull to use via artificial insemination (AI)? Not likely. Advance planning is essential because you must figure out what potential customers will want in the way of genetics two years from

the time you breed cows. It is a serious, long-range business decision and seldom made on impulse. Your customers are no different.

A breeder who sells the bulk of his bulls in March, whether in a production sale or by private treaty, will need to start delivering the herd advertising message and influencing potential commercial customers well in advance of weaning time. In other words, marketing is virtually a year-round proposition.

Advertising power

A few years ago some very valid advertising research was done on two industrial products, a \$10 portable safety product and a \$10,000 commercial transportation component. Both were good products but hadn't been backed by adequate advertising. When the two products were advertised properly, it took four months before measurable sales increases were recorded. When the test ad program was stopped, sales remained high for four months on the \$10 item and for six months on the \$10,000 item. Then sales headed south, and eventually they returned to pretest levels.

The results demonstrate both the power of advertising and the business buying cycle. Four to six months of good advertising is necessary if you want to build awareness

and increase your customer base. By the time business people need a production item, they probably already have a good idea of what they want and where they will get it.

Ted Price, a friend and marketing consultant, explains, "Nobody wants anything today. Maybe next

week, next month or next year, but not today." The person who reads your advertising today probably doesn't plan to go out and buy a bull today or tomorrow. However, if your ad attracts their attention and makes sense to them, they will store the information away and possibly act upon it later, particularly if they get another message about you and your cattle next month, and another the month after.

So, if you want immediate sales results from your advertising, you are probably in

the wrong business. Retail stores sell thousands of individual items. They can attract customers by advertising below-cost prices on several items that people use regularly and consume fairly fast. Once customers are in the store to get the sale items, past experience shows they'll buy other items priced not only to make a profit but also to cover the cost of the loss leaders.

You don't have this luxury. All you have to sell are cattle, and only a relatively few bulls and females at that. You can't advertise bulls at prices equal to or less than the cost of production and expect a buyer to purchase a second bull priced high enough to make both animals turn a profit.

Your advertising can produce quick results, such as getting people to contact you for a herd brochure, but that's another story. So, if someone reads your ad today and calls tomorrow with an order for bulls, just consider it a bonus.

Advertising goals

The advertising you do today should accomplish two things:

1. Attract the attention of your past customers and update them on your program. This reinforces their past buying decisions and encourages them to come back.
2. Most importantly, your ads must attract the attention of potential new customers. They must favorably impress new people and get them to consider you as a potential source of seedstock, as someone who can help them solve their production problems. If you accomplish this, there's a good chance they'll one day end up at your place looking to buy cattle.

So understand the cattle buying cycle, get comfortable with how it works and build your marketing program around it. It will strengthen your seedstock business next year and in the years to come.

Editor's Note: We are happy to again bring you Keith Evans' marketing advice. Evans, for nearly 30 years, was in charge of the national advertising and public relations program for the American Angus Association. He authored the "Merchandising" column in the *Angus Journal* until his retirement in April 1998. He is currently a freelance writer and marketing consultant living in St. Joseph, Mo. Now a syndicated columnist, Evans again provides merchandising insight for seedstock producers.

