

Private Treaty Merchandising

by Ann Gooding

*What makes a successful private treaty merchandising program?
How do you get buyers to the place?
What do you do with them once they get there?
How do you price cattle to be sold at private treaty?
Here, five breeders who rely primarily on private treaty sales offer some suggestions.*

Kenneth Hodges, Julesburg, Colo., like thousands of other cattlemen, sells his product at private treaty. In his case that means moving 100-120 bulls a year plus about 50 females. There's no mystery in his

method; the success of his program relies on integrity and a knowledge of his market.

"The way we have developed our business over the last 25 years," he says, "is we provide a good product at a realistic price." A reputation for integrity and fair dealing along with that good product bring customers back year after year and those customers, he says, have a tendency to bring their neighbors.

That pretty well sums up the experiences of the four other cattlemen interviewed here. All successfully sell at private

treaty. All have a high percentage of repeat customers.

Integrity is at the top of their lists. And hand in hand with that is a good product, i.e. one that matches their markets. Fair pricing is of primary importance, of course, as is getting buyers interested in coming to see the cattle.

Of the five interviewed, Hodges sells the most cattle. And he's been customer-conscious since he started in the Angus business in 1956. Over the years he's been in tune with the trend to more size but he has realized, too, that his customers want bulls with lots of muscling. "They will move down a notch on height to get good muscling, thick quarters," he says. "That's what they know sells well in the ring."

And that's what Hodges tries to give them. He also gives them bulls ready to go to work; he keeps the bulls in large hilly pens where they not only have to cover a lot of ground to get to water, they

have to contend with their counterparts constantly. When they leave home they are tough and ready to go.

On top of that each bull is fertility tested and given a good physical check. "We just don't put out any that are questionable," Hodges says. "Therefore, we don't have complaints. Very, very rarely does one of our bulls go bad."

Hodges sells both yearlings and 2-year-olds. Although his customers (mostly area commercial breeders) once preferred older bulls they are gradually accepting the youngsters. They have learned Hodges' well-grown-out yearlings can go out and go to work.

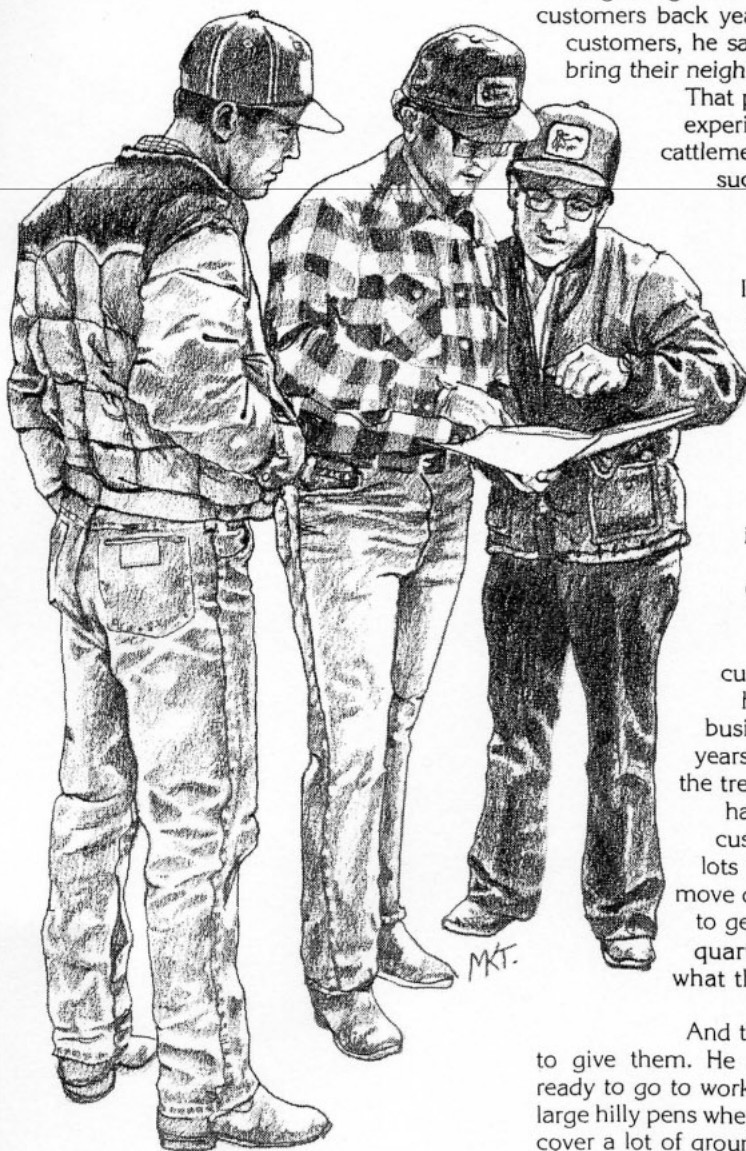
Experience has taught W.D. Pipkin at Clearwater Farm, Springfield, Mo., that his customers also are happy with bulls in good healthy, thrifty condition. Pipkin, whose 150-head herd supplies about 50-60 bulls to be sold privately each year, knows his market. "Most of our buyers down in this country first of all don't want to pay too much for a bull. They want to buy just before breeding season. They don't want to feed them and take care of them. In other words, they just want to turn them out and forget about them." That's why, as a rule, Pipkin sells 18-24-month-old bulls. "We have found over the years (the herd's been in the family since 1933) if you sell a bull under 18 months you have more trouble." Pipkin, in fact, does not guarantee a bull until he's at least 18 months old. After that? "I guarantee them. I stand behind them fully."

Dave Bremer, Bremer Bros., Metropolis, Ill., also stands behind his product. For successful private treaty merchandising, honesty, he feels, is the only policy.

With the exception of some bulls sold through test station sales in the mid-1970s, all Bremer Bros. cattle have sold privately. The herd, which numbers as high as 140 head, shares time and space with grain in an area where demand for purebred cattle leaves a lot to be desired. But integrity is building a repeat clientele for the 20-25 bulls Bremer sells each year.

Bremer sees to it that his customers know exactly what they are getting. If an ancestor of a bull carries the red gene, the prospective buyer knows it. If a bull's birth weight was high, the customer knows that. "In fact," Bremer says, "we want the buyer to know everything about the animal."

Bremer customers are told they are buying under the sale terms and conditions set forth by the American Angus Assn. Using the association's terms, Bremer feels, gives his word added strength. Relying on the association gives him more credibility. Bremer takes that concept one step further with performance records all based on the association's performance program.



Bremers clients prefer 2-year-olds and those bulls, like the ones sold by Pipkin and Hodges, are kept in working condition. "A lot of buyers," Bremer says, "will send bulls right into the cow herd. If the bulls are in working condition, it doesn't take special management to get them in shape and the buyer gets better service out of his purchase."

Bremer, by the way, maintains unrelated bulls for repeat customers, something he's sure to point out to a prospective buyer on his first visit.

Bob Miller, Viewlawn Herds, Mabel, Minn., like the others, ties his program to his market. And he says, quality cattle should be the first consideration in the private treaty merchandising process. Then he adds, "To have something to sell you must first have a live calf. Then you must cause that calf to become a desirable product as a result of proper feed and care."

A good nutrition program, he feels, is essential. Cattle on a good program, he points out, will be ready to sell when the buyer arrives. "And the time to sell," he says, "is any time you have a willing buyer."

"The most important thing in private treaty selling," Miller continues, "is getting the public to your farm, then doing a good job of presenting your cattle." Wife and family can help here by making the buyer feel welcome and, he adds, "Clean pens, neat sheds and good fences are a must. Keep the junk picked up."

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Hosting field days, Miller says, is one especially good way to get people to your place, as is an event the Millers host annually—a judging contest sponsored with a local FFA chapter. An event of this nature involves a lot of work, Miller admits, but he feels it's worth it. The judging contest brings in lots of youngsters, their parents and their instructors. "We are dealing with future buyers," he says, "and it does pay off in new customers."

Others use other methods to attract buyers.

Bill Hoffman, Hoffman Angus Ranch, Wheatland, N.D., says show ring exposure is the thing that calls buyers' attention to

the cattle owned by him, his two brothers and his father. The cattle have done consistently well in area shows since the days Bill and his brothers were in 4-H. In fact, one year as 4-Hers the Hoffmans had both champion halter steer and champion carcass steer at a nearby show. "That," says Hoffman, "really gave us a big boost."

The Hoffman operation lies on the edge of the Red River Valley 30 miles west of Fargo and includes about 125 cows and

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3,000 acres, most of which is farmed. It's primarily grain and sugar beet, not cattle, country. And that makes private treaty merchandising even more challenging.

That's one of the reasons Hoffman limits sales to about 15 bulls a year. "That's about what we know we can get rid of without too much trouble. We don't want to flood the market. Because a calf is a bull doesn't always mean we keep him as a bull." Castrating the lower end of a bull calf crop does more than limit the number of bulls on the market. According to Hoffman, when the bulls' steer-mates sell through the nearby stock yards, they generally top the market by as much as \$2. That definitely interests commercial breeders in the top-end bulls back home.

Hoffmans don't rely entirely on the show ring and the stock yards for promotion though. They do some print advertising, primarily in the NORTH DAKOTA ANGUS NEWS and in the ag section of one of the state's major newspapers. And they do consign to state association-sponsored sales where their cattle have sold well, which, says Hoffman, also helps private treaty selling.

Pipkin has had similar experience. "Our biggest source of bull promotion has been our state performance tested bull sales where we've sold some bulls and then sold bulls privately to neighbors of those buyers. Satisfied customers and neighbors of satisfied customers probably sell more bulls for us than any other source of advertising."

And Miller brings up another point—"If you want customers, it doesn't hurt to be a customer yourself." He recommends local newspapers and small classified ads to reach buyers close to home, the ANGUS JOURNAL to reach all Angus breeders. And he says, "Don't overlook the service

available from the American Angus Assn. fieldmen. They work every day selling and promoting."

So there are a number of ways to call attention to cattle for sale at home. But getting the buyer to pay a visit is only part of the battle. Once he drives in the driveway—what then?

"Keep the dog off," Pipkin says. "Make him feel at home and find out what he's interested in. How will he use the bull? How much does he want to pay?" With that sort of information, Pipkin's ready to help his customer. If possible he likes to show bulls in small groups of 8-12 head, sorted by price and age. He tries, he says, to keep things simple.

Bremer, on the other hand, has the best results running all his sale bulls together in a 10-acre lot. That, he feels, makes comparison shopping easier. Bremer's first concern, like Pipkin's, is to find out what the buyer wants. Then he tries to head the buyer in the right direction. His approach, however, is strictly soft-sell. "Basically," he says, "we let them buy cattle rather than oversell to them because they are much more pleased with a bull they select themselves." That's not to say Bremer doesn't offer some guidance. "If they come in and they want a bull to use on heifers we have the birth weights and we give them our opinion. And I try to tell them what I think they'll do because I know the dam and sire and the grandams and grandsires better than they do."

Like Bremer, Miller tries to guide customers carefully. Some buyers want help with their selections, others don't, he says, and

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he tries to abide by their wishes. If they do want advice, though, Miller gives it to them straight. "Here," he says, "is a chance to make a friend."

"Special care should be taken in dealing with the inexperienced buyer," he points out. "The results of the over-selling, over-pricing and over-loading of the inexperienced customer comes home to roost on the doorstep not only of the individual producer but of the entire association."

The buyer's well-being, those interviewed agree, is directly related to that of the seller. "Surely it is our objective," Miller says, "to make a permanent customer out of him. If he doesn't have some degree of success in his first venture, in all likelihood he will quit—and usually in an unhappy frame of mind toward the breeder who sold him the cattle and toward the association. Let's make a continuing customer out of every customer."

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And that customer has to be able to make a profit, Miller feels. That means the price he pays has to be a fair one.

But where should that price be set? And how?

Generally Bremer prices bulls according to their performance records and their eye appeal. But he says, pricing is a problem. "It's hard," he says, "to keep in touch with the industry to know what your cattle are worth. When you sell 2-year-olds at private treaty it's hard to figure what you'll need. You have to guess what the cattle market is going to be like a year ahead and figure out how many to keep. One year you might hit it and the next year you don't. We try to keep a minimum of 20 bulls. Sometimes that depends on our bulls; we like them to have a weaning weight ratio of above 100. That is another thing that helps us be sure we have some quality in there."

The current calf market helps Hoffman set his private treaty price. When the calf market is down so is the asking price at Hoffman Angus Ranch. Hoffman says he would rather sell bulls than have to keep them as 2-year-olds, not because the older bulls are hard to sell (some of Hoffman's customers, in fact, prefer them) but because of the added cost of keeping a bull an extra year.

Hodges recommends another indicator. "I guess if you want to get right down to basics," he says, "you go to livestock auction markets to see where bulls are selling there. Bulls that have been used come in

and sell either by the pound or go back to the country. Well, your bulls are better than that, you assume.

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"We know," Hodges says, "we don't extract top money out of a lot of our bulls but a good price does bring the customers back and they are happy. Without the added expense of sales and a big advertising program we can afford to sell them at the right price for our buyers."

Miller takes a slightly different approach; he tries not to change prices too much from year to year reasoning that a customer will be more willing to buy if he knows that his replacement costs are going to remain fairly steady. This arrangement, says Miller, can be very beneficial to the seller in a dropping market and to buyers in strong market years. 