

Merchandising

by Keith Evans, director of communications and public relations



Is your average below average?

The average price for all females sold at auction the first quarter of fiscal year 1998 was \$2,325. Bulls averaged \$2,524. With prices like this, what is there for Angus breeders to worry about?

Well for one thing, these are averages. If I sell a \$1,500 bull and you sell a \$4,500 bull, our average selling price is \$3,000. You can do fine with a \$5,000 or even a \$3,000 sale average. But my \$1,500 average is a different story, and there are still too many Angus sold in this range.

I've been looking over monthly reports from Association regional managers. They make for some interesting reading. Some bull sales during the month I reviewed averaged well over \$3,000, but others had only a \$1,400 average. The spread between females was more dramatic, ranging from around \$800 to \$26,000 in a single herd.

Why this disparity? It looks to be primarily two factors at work. In some cases the lower-selling cattle weren't worth any more than they brought. In other instances the cattle were fine, but they weren't backed by an adequate marketing plan. Now and then both factors seemed to come into play in the same auction arena.

For example, a regional manager had the following comments about one particular sale: "Very little advertising done on the sale. Cattle were for the most part thin and (had) somewhat cold pedigrees for today's market." There is nothing like poor marketing combined with poor-quality

cattle to keep a sale average down.

At one Angus auction, held in conjunction with a producer who raises another breed, the

old bulls read like this, "Nice crowd on seats, but needed a few more buyers." That brings up another point. There is a big difference between a "crowd"



analysis was, "Good-quality (Angus) females, but they averaged less than \$1,100 each." That's less than half the average price for Angus females the first quarter of the fiscal year. In an adjoining state, commercial Angus females with popular Angus breeding and backed by good promotion averaged \$925 per head for cows and \$840 for heifers.

The report from a Southeast auction that averaged just over \$1,400 for yearling and 2-year-

and a "crowd of buyers." It's easy to entice people to a sale on a nice day with the promise of some excitement and possibly free food and drink. Friends and neighbors love an outing. But for a successful sale those people who come to look, talk, eat and drink must also bring their checkbooks and an interest in purchasing registered Angus cattle. It's nice to fill the stands, but for the most part it's buyers, not spectators, who boost the sale average.

Another mistake is assuming that if arrangements have been made for buyers to be on hand to purchase the high-priced cattle that the lower end of the sale offering will take care of itself. That could be what happened at the auction that saw cows sell from a high of more than \$25,000 to a low of around \$800. It's fairly easy to promote a few top animals by word of mouth. However, it takes more than a few selected buyers to purchase a large group of Angus females. To put this number of buyers on the seats requires a well-planned advertising and promotion program. So never concentrate on selling the high-dollar animals to the detriment of the other cattle in your sale.

When business is good, some people always assume that the strong demand for Angus means they can reduce their advertising investment. Other breeders never really understand the value of a well-planned advertising and promotion program. Either way, both groups are forced to compete with breeders who know the value of advertising and use it effectively.

Nothing is more painful than watching potential customers turn up their noses at the cattle you produce because those cattle lack quality. The one possible exception might be to actually breed high-quality Angus cattle only to have them sell below value because too few potential customers show up to buy them.

Keith Evans