

# Merchandising With Records and Pricing by Performance

by Ann Gooding

Owning the highest number of Pathfinder Cows, especially when those cows are home-grown, has to indicate a certain devotion to performance and its corollary, record keeping. And sure enough, like many performance-minded breeders, the men responsible for Nichols Farms' 45 Pathfinders, Dave and Lee Nichols, Anita and Bridgewater, Iowa, do take records and measurements seriously. But they go even further. They merchandise with records; they price by performance. Religiously. And it works.

This spring, in a little more than a month, they have already sold privately at a pre-established price nearly 300 of the 360 Angus bulls they will market this year. And many of the bulls went to repeat customers.

After the lower 25% of the bull calf crop is culled each year, the rest go on test at Nichols' facilities, where after 60 days they are sorted into three equal groups. Breaks are determined by weight per day of age.

Since the Nichols brothers want their bulls to average twice what a fat steer would bring on the current market, whatever that pencils out to is the basis for the middle group's price. The higher and lower groups are then valued accordingly. For example, this year's price tags are \$1,000, \$1,500 and \$2,000.

## Stick With Their Prices

By the end of the test (on which this year's top gaining group will probably average 3.41 lb. ADG), there is some overlapping between groups, but the Nicholsons stick to both the original breaks and the established prices. Those, by the way, are delivered prices. If buyers do their own trucking, which most of them do, the Nicholsons knock off \$50.

In addition to yearlings, they also sell their used bulls, the top of the previous year's crop with a season's work to their credit. Their prices are based on performance and breeding value ratio.

The Nichols brothers use the post office to let customers know when they're ready for business, sending a letter to past buyers as well as anyone else who has expressed interest in their bulls. This letter lists both used bulls' and yearling bulls' prices

and performance data. It also includes the first day the cattle will be available for sale.

Soon after the mailing, the Nicholsons usually have a lot of visitors; however, no bulls are sold until the published date. (This year that was Jan. 21, and by nightfall buyers had claimed 86 bulls.) Customers either come to the farm or call and it's first come, first served. There are no bid-offs no matter how many customers are interested in the same bull.

## Marketing Philosophy

That's because they feel auctions often result in one bull bringing more than he's worth, another not as much. Their cattle marketing philosophy may be a little different, Lee admits, but they want to set the price on their own product. Besides, private treaty sales give them an opportunity to get to know their buyers' needs so they can help them find the bulls best suited to their programs.

Nichols customers are definitely interested in performance. When buying, many select their price range first, then they spend time in the office studying records and selecting several likely prospects. Only then do they head out to the pens.

The bulls are not released until they come off test and have been semen tested, and even then the Nicholsons will keep bulls as late as June 20. They realize many breeders don't have an extra pen to turn over to a young bull. And Lee maintains that a young bull needs a little more feed than he might get if he were penned with older bulls; he needs to go into his first breeding season in top condition.

The Nichols operation has another dimension, a feedlot, and it serves several important functions. First, they buy feedlot calves from several large herds in which their bulls have been used for years. And there they merchandise their corn crop through their cattle. Probably most important, though, by doing the same thing their customers are doing—feeding out cattle—they get a better handle on the traits they should be breeding for. According to Lee, several bull buyers have said they would never buy another bull from someone who didn't feed cattle. 

