

Merchandising

by Keith Evans



'Big' is not enough

Being a big producer and a longtime business success is not a guarantee for the future. The race for future success goes to the cattle breeder, the breed association or the company with the willingness and ability to innovate and to market.

Where are once-giants Packard and Studebaker? At one time the envy of the automobile industry, those companies lost their positions to carmakers who better understood their customers. Their competitors were more innovative and were better marketers.

For that matter Cadillac is no longer the "Cadillac" of automobiles. Trans World Airlines (TWA), the longtime airline innovator that flew the first transcontinental flight, soon will disappear. And where are International Harvester and Allis-Chalmers? They've been absorbed into companies that were once much smaller than the two long-gone agricultural equipment giants.

So when you look at the breeders in your business who are giants compared to you, in both sale price and number of head marketed, don't be intimidated. Many will not last. If you doubt this, get a 15-year-old copy of the *Angus Journal*, and look at the big guns back then. Chances are many of them are no longer in business or are now only minor players. They were outdone by breeders who studied the market more closely and weren't afraid to experiment.

Most of us can recall when frame score 10 or 11 cattle were the darlings of the showring and of many commercial bull buyers, too. Breeders of these giants, in every significant beef breed in the United States and Canada, enjoyed enviable success while lesser-known breeders were learning to understand expected progeny differences (EPDs) and using those figures to breed cattle that were genetically superior in traits of economic importance.

Not too many years ago, some highly respected meat scientists scoffed at

producing high-quality beef. What the industry needed to do, they said, was find the lowest-quality beef that consumers would accept, then aim our production sights for that level. Many people did, and we saw demand for beef decline. When the trend reversed, the breeders who had ignored the advice of the "experts" found themselves with a product that was in strong demand.

Registered beef cattle producers who have been successful for a long time are too often afraid to change.

They have done so well doing what they've always done that they don't see the logic in going out on a limb and taking a risk. Before long they cease to be innovators and become followers instead of leaders in their field. They cede these positions to those who

have a better vision of the future and a willingness to move into new and often uncharted waters.

In evaluating two highly successful home products manufacturers and marketers in the May 1999 issue of *Advertising Age*, Gary Stibel, a principal in a consulting group, said, "They do what they do so well that they tend to keep doing the same thing over and over again. ... Their greatest strength, their past success, is turning into their greatest weakness."

Unfortunately many cattle breeders feel uncomfortable as innovators. There is great comfort in running with the pack. But another problem with breeding and marketing cattle the way the majority of your beef seedstock competition does is that you will lose — or maybe never develop — a compelling sales proposition.

Breeders who can't stand out from the competition and can't explain why potential customers should buy their cattle, rather than those of the breeder down the road or in the next state, will lose some customers and fail to gain new ones. Successful marketers set themselves apart from the

pack. If you can't provide a potential customer with at least one sound reason why they should buy from you, they probably won't.

Before you decide that change is not for you, do some market research. A professional market-research firm may be too expensive for your budget, but you can do it yourself. The simplest way is to visit your customers and potential customers to observe and to listen.

Work out a set of good questions and let them tell you what makes their operations successful and what they need from you to help them be more successful. Take what they say to heart. You likely will discover that there are things you can do in your breeding program that will make your cattle more valuable to your customers and strengthen their loyalty to you.

You even can do your own mail or telephone survey, although you probably will need some help. And help is available more readily than you might think.

Most colleges with business departments teach market research. Instructors probably would help you prepare a telephone or mail questionnaire at a reasonable cost. Better yet, they might take on your business survey as a class project. The only cost to you would be supplies, postage and telephone, plus your cooperation to help them design the project.

There certainly is nothing wrong with being big and successful. It's a legitimate business goal. However, getting to the top is one thing, and staying there is another. Smaller, more nimble businesses can outflank their larger rivals and capture their compelling selling proposition.

Remember the story of David and Goliath? (You know it isn't just a Bible story for kids.) The "Davids" of the world win more often in life than we realize, and the registered cattle business is no exception.

Keith Evans
e-mail: evans34@ccp.com

