

Merchandising

by Keith Evans



Define your primary market area

One of the first questions registered breeders ask is, "Where should I advertise?"

My answer is always the same, "I don't know; it depends upon your defined market area."

If your Angus business is geared to selling bulls to commercial producers within your county and the six to 10 surrounding counties, the best advertising media is far different than if your business draws customers from a 200-mile radius or even nationwide. That's why you must define the market area in which you want to do business before you can do an efficient job of advertising and promotion.

■ Define your marketing area

Start the process by digging out your sales records for the last three to five years. Get a map, and place a dot near the location of every buyer. If you are like most producers, you will find a shotgun-type dot pattern.

Over the years I have done this for individual sales and for state consignment sales. Almost always the heaviest concentrations of dots, representing buyers, will be closest to the bull's-eye, which is the breeder's location or the location of the consignment sale. The dot pattern thins out as the distance from the bull's-eye increases.

There are always thin or blank spots in the pattern. These show areas with no potential buyers, areas of heavy competition or areas that are not being adequately reached with advertising or promotion.

In the Midwest the bulk of a breeder's buyers will be within a 50-mile radius of home. In the range states it will usually be within 100-150 miles. Even sellers who attract buyers nationwide find that most of their buyers are relatively local.

Before you decide that the heavy concentration of dots on the map will be your defined market area, do some more research.

First, check out the number of commercial cattle in this area. In most states it's easy to do. The beef cattle Extension department of your state agricultural university should have a county-by-county breakdown of beef cow numbers. Add these county cow-number figures to your map.

Second, estimate the number of bulls in service within each county by calculating four bulls to breed each 100 cows. Figure a 25% annual bull turnover to get the number of new bulls needed each year in each county.

Also take into account the competition you face in the area. There are sure to be other breeders and consignment sales with which you must compete. To give yourself a complete picture, mark these competitors on your map and list roughly how many bulls they sell.

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You can't calculate exactly how all these factors affect your business. With this information in front of you, though, it will be easier to define your primary market area and to design your marketing plan.

Regardless of how large or how small a market area you map out, your advertising and marketing goal is specific: to establish awareness — hopefully top-of-mind awareness — of you and your business with a high percentage of the potential customers in that area.

You want every producer within that area to know about your business and to at least consider you and your cattle when it's time to buy bulls.

■ Select your marketing media

At this point the answer to your question, "Where should I advertise?" becomes more obvious. You should use media that will most efficiently reach all the potential customers within your defined market area.

If the area is small, say six to 10 counties, maybe county seat weeklies are an efficient

buy. There may be a well-read local farm or livestock newspaper that reaches a high percentage of your intended audience. In some areas a local radio station might cover the area well.

On the other hand, direct mail of some kind could be both efficient and effective.

It's likely, once you've checked the circulation and rates of all these options, you will use a combination of media.

As the market area enlarges, so do the media options.

A breeder with an entire state, or parts of two or three states, as a primary market area might find that using county seat weeklies is not cost-effective at all. Radio stations may or may not provide effective coverage.

On the other hand, state cattle books or a state farm publication might offer the best buy. The Internet might be a logical choice.

In some instances, various types of national publications could be efficient. Breeders who want to attract volume bull buyers from a distance or who target other registered producers can often make good use of national beef cattle magazines, national breed association publications or regional breed publications.

None of these would be efficient for the six-to-10-county market area.

Many breeders, once they are satisfied that their defined market area is well-covered, will reach out with advertising beyond the fringe of their sales map. This introduces them to new prospects, and it can eventually broaden their sales base, but never do this by taking money from the budget that covers the designated market area.

Every successful business has a good handle on its competition, customers and potential customers. Defining your market area and understanding the potential customers within it can save you money, give your marketing program direction and clout, and increase your business.