



# Merchandising

► by Keith Evans

## Maintaining a customer base

*Despite your best efforts, you will probably lose 15% of your customers this year. These people will stop buying for many reasons — death, a change in management practices, trying another line of seedstock, dissatisfaction with your cattle or because they went out of business.*

### Business is business

It is usually not personal; it's just the way business is. "My records show that customer loss is inevitable," a respected registered breeder and successful beer distributor told members of the Livestock Publications Council (LPC) some time back. "It is as true for the beer business as it is for the cattle business," he added.

So unless you are an exception, you must replace 15% of your customer base each year — just to stay even. Breeders who plan to grow at a modest rate of 5% a year need to attract even more new customers.

If, for example, you have sold cattle to 100 people annually, then your program must be geared to attract 15-20 new buyers every 12 months.

A small-scale breeder might be able to do this through personal contact with potential new customers. But a breeder with a large customer base probably won't have the time to make enough personal sales calls, while still serving his or her large customer base. Very few potential customers that you visit in any given year will soon buy from you. That's where a good marketing plan comes into play. Advertising and public relations are what you can do when you can't go out and see people.

Keeping customers happy and coming back each year should be a marketing program's first order of business, since those repeat customers account for some 85% of sales. Keeping customers satisfied requires a lot of tender loving care.

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### Beyond good genetics

Customer service includes more than providing an outstanding genetics package. It involves looking after customers, keeping them satisfied and knowing what they want and need. Customer service is time-consuming and involves a lot of personal contact.

And, good customer service brings in new customers. New people can learn about you from your most enthusiastic, satisfied customers.

However, sometimes it seems that seedstock producers rely on word-of-

mouth advertising a little too much. I was on a program with some registered breeders earlier this year. They all seemed to believe that most of their new customers come from word-of-mouth advertising, even though they each invest a good deal in media advertising. Too few breeders seem to understand the power of advertising and public relations, and how to use it properly.

Attracting new business requires you to have a program that reaches out to people who know little or nothing about you and your operation. This program must be designed to convince potential customers that you and your cattle offer value for dollars invested. You must convince them that you know what you are doing and that you will stand behind your product. You do this by offering potential customers real benefits that they will receive when they deal with

you and purchase your cattle. Since most new customers will already be in the cattle business, you must convince them that they should buy from you rather than from the breeder with whom they last did business. The competition is tough, particularly when the cattle business isn't expanding. When you win a new customer, it usually means that someone else has lost one.

### A segmented industry

To make things more complicated, nearly every registered breeder must attract customers from two different cattle-market segments. Most breeders sell bulls to commercial cattle producers. They sell females, bull semen and only a few, if any, bulls to other registered breeders. Seldom can buyers from these two markets be reached with the same media and marketing program.

An Oklahoma breeder once explained to me what a revelation it was when he realized that the people who bought his bulls were in a different business from those who bought his registered females. These two market segments often read different publications and associate with a different group of people. Running an ad for registered females in a publication that is read primarily by commercial cattle producers isn't an efficient use of money.

This is all basic seedstock marketing. You identify markets, set breeding goals and then develop effective marketing programs to reach and influence the right people. And, as it turns out, one of these goals must be to attract 15%-20% more new customers each year to

generate the new business you need in order to grow and prosper as a registered seedstock breeder.

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