

Guarantees Are Important

Back when registered Angus bulls averaged \$1,500 it wasn't such a big loss if a bull proved unsatisfactory or was injured. A cattleman could get most of his money back selling the bull for slaughter.

Today a \$3,000 registered bull is worth only \$800 for bologna. A bull that won't or can't work is costly. That's probably one reason more Angus bull buyers look for a guarantee to protect their investment.

Guarantees and customer service appear to be more important to buyers than even a couple of years ago, regional managers tell me. What's more, they may be a more significant sales incentive in the years ahead as commercial cattle herds are culled and prices decline. With fewer cattle to breed and more bulls to choose from buyers could become even more selective. If you haven't taken a close look at your marketing program, and the intangibles you offer buyers, you might want to re-evaluate it.

The trend was evident during the winter and spring sales. As some regional managers pointed out, bull prices held up fairly well at auctions where owners guaranteed their cattle, provided free delivery, and in general made buyers feel that the seller was concerned about their business. Things were generally not as good at auctions where cattle were sold solely under the suggested sale terms and conditions with no other service or incentives offered. This year, for the first time as



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far as I know, one Angus breeder offered an unconditional bull guarantee for one year from the sale date. At least one other breeder guarantees against injury and death through the first breeding season.

Not everyone sees this as a good idea. One breeder told me he thinks an unconditional guarantee for 12 months is not good business. "It looks like a prescription for going broke," he said. Whether or not it is too extreme remains to be seen. Regardless, the trend is toward providing more service, and more

inclusive guarantees rather than less. For example, it wasn't long ago that only a handful of production sales advertised free delivery. Now it's fairly common in some areas of the country.

There are no rules chiseled in stone for marketing cattle, just as there are none for any other product. Sears, for example sells Craftsman® brand wrenches that are guaranteed forever. In the same store are similar tools carrying only the Sears name with a limited guarantee. You can buy top quality with an unconditional guarantee for

top price, or a product with a limited guarantee for less. Or you can go down the road to a discount store and pay bottom dollar for low, or at least unknown, quality.

Before you decide what kind of service and guarantee to offer, you have to look at your potential customers, and your own business. For certain you can't sell low quality or unproven quality for top prices. By the same token, you can't provide quality cattle, free delivery and an unlimited 12-month guarantee at bargain prices... at least not for long.

Everything being equal, except guarantee, bull customers will prefer the guarantee. But things are never equal. Buyers in some areas of the country may prefer price to guarantee. Some may prefer a breeder's reputation, and the kind of cattle produced to the seemingly more attractive benefits offered by a breeder down the road.

As we have discussed before, just breeding high quality cattle is seldom enough to guarantee top prices. A well planned and executed marketing program most always accounts for the price differential between cattle of equal quality. And no doubt about it, customer service is becoming a more important ingredient in successful marketing.

by Keith Evans, Director of Communications & Public Relations