

Merchandising— Performance—



By Erskine H. Cash

What makes the difference between a \$350 feeder bull and a \$1,500 to \$3,500 commercial bull?

Some say it's genetics or management or environment, and sometimes breeder integrity is questioned. Seldom does a merchandising program receive the credit.

All cattle eventually cross the scales at "fair market price per pound." A producer can have the best cattle in the area and optimum management to yield top performance, but if he does not tell someone, somehow, who will know?

Nobody. Merchandising can make the difference between profit or loss.

Program Analysis

Prior to getting all fired up for a promotional campaign to merchandise performance cattle, conduct a program analysis. Ask yourself these questions:

1. Do I have a quality product?
2. How is quality identified—pedigree, performance, showing?
3. Can my cattle compete for a share of the market honestly?
4. Who are my potential customers?
5. How many potential customers are there?
6. Where are my potential customers located?
7. What are the needs of my customers?
8. Will my cattle fulfill the customer's needs?
9. What are my cattle (bulls) worth to identified customers?

An analysis of a breeding program, its objectives, short-term and long-range goals, and results will assist in planning a merchandising strategy.

Once positive, enthusiastic and convincing answers can be given to questions similar to those above, then attention should be directed to promotion. Most customers are located within a 100-mile radius of the farm or ranch. This does vary for the most elite purebred herds. Therefore, the quality of cattle will have a definite influence on the marketing plan.

Promotion Aids

Establish identity for yourself, your farm and your product. Get involved in local, state, regional and national activities. Select a logo or letterhead for use on all promotional materials or correspondence. Print

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business cards giving such details as: Ranch name, owners, manager, herdsmen, phone numbers and a map on the back pinpointing the ranch location. Erect farm signs at key locations to direct visitors and customers to the ranch. Other promotional aids like pens, pencils and caps may also be effective.

Construct an advertising plan including: Where to advertise, when to advertise, what to advertise and how much advertising to do. The herd may warrant local, regional or national advertising. An analysis of cattle quality, past sales records of price and number of customers, and their locations will provide useful information.

Effective ads should attract attention, arouse interest, create a desire, generate a conviction for action and produce results—a sale. There are two types of ads: Image ads and cattle-for-sale ads.

Ads should have a central theme with a headline, illustration, persuasive body copy and the farm logo. Pictures used should be of professional quality. A quality picture is worth a thousand words, but the question is, what does a poor picture cost?

The goals of advertising are to put your ranch first and foremost in the minds of customers or potential customers and to sell more cattle at a profit.

Type of Sales

There are several types of sales available for purebred breeders to utilize in marketing their product. Perhaps those that breeders use most frequently are breed association consignment sales, production sales, private treaty sales and test station bull sales. Do not forget, however, that purebred cattle of low quality should be marketed through local auction barn sales.

Professionals who derive their livelihood in sale management, photography, advertising and auctioneering are more qualified than me to address these topics. Therefore, my comments will relate to sales in general with emphasis on production and private treaty sales.

Some breeders, primarily performance-oriented, are successful in conducting innovative types of auctions. For instance, a silent auction is conducted in the absence of an auctioneer. The services of other professionals, such as a sale manager and photographers, may or may not be employed. This decision will depend on the management expertise of the farm or ranch holding the auction.

Variations of silent auctions include: Established base price on all animals being offered for sale; limited bidding to those that

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have agreed by ballot to purchase an animal(s) at the base price; or open bidding to anyone willing to pay the base price.

Breeders interested in a new approach to marketing should discuss their plans with other breeders in the same breed, other

Erskine H. Cash, associate professor of animal science at Pennsylvania State University, presented the following article during the American Simmental Assn. annual convention in Fort Worth earlier this year.

breeds or even other species prior to launching a new idea. Taking advantage of the experience of others can increase the odds of success and help one avoid mistakes leading to failure.

Regardless of the type of auction or mar-

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keting program, there are some common features such as promotion, advertising, cattle condition and quality, cattle information (pedigree, performance, breeding status, herd health), sale site, accommodations for visitors and buyers, and personal involvement and salesmanship. A successful marketing program is not developed overnight, but is built and strengthened over time by paying attention to major and minor details.

Product Display—the Showcase

The image portrayed by the facilities of your farm or ranch is a reflection in the buyer's mind of your management and breeding program (sloppy here, sloppy there, sloppy everywhere).

Just as sunshine or dreary weather changes our entire outlook on the day's activities, the first impression of a set of facilities or entrance at your farm or ranch affects a potential customer's image of your operation and product. A neat and tidy set of buildings, signs, facilities, fences and equipment will have a definite positive influence on potential customers.

This is not to imply that the facilities should be elaborate with miles and miles of painted board fence. Many times such establishments have excellent facilities but cattle quality suffers. There must be a balance between cattle quality and adequate and attractive facilities.

Cattle to be offered for sale should be screened or culled. Believe it or not, auction barns will sell purebred registered cattle by the pound!

The sale offering should be at one location and penned separately from those to be retained or previously sold. When a buyer arrives, little is to be gained and much could be lost by showing animals you have selected as replacements or sold previously to other customers.

Right or wrong, the buyer gets the impression that he is buying lesser quality or seconds. Who likes seconds? Nobody!

Sorting the sale offering can be based on size, age, index, sex, stage of production, quality or price. Penning animals enables the producer to do a better job of merchandising. Car dealers do not have new, used, expensive and less expensive trucks and cars intermingled on their lot.

Implement marketing techniques utilized by successful industries when possible. Perhaps they will require additional time and expense, and the easy way out is to say "it's not worth it". Remember, though: Nothing ventured, nothing gained.

Well-drained grass lots, free of mud and

debris, are ideal for locating sale cattle. Nothing is worse than tramping through a muddy barnyard to get to an old, dark bank barn that is half filled with manure to evaluate sale cattle.

The condition of sale cattle is quite important in obtaining maximum dollars. Feeding grain to breeding cattle usually ensures greater market value. There is a happy medium between thin and finished cattle that purebred breeders must achieve to obtain buyer acceptance. Heavy ones bring more than thin ones.

Some producers selling performance cattle promote the image of unclipped, mud-covered cattle in their everyday working clothes for the commercial producer. This is fine and if it works for them, then this approach should be continued.

However, it should also be understood that performance cattle can be presented to the public as clipped, washed and groomed cattle. Perhaps the image of performance cattle has its tradition rooted in the bull test

Lot 1 KB RAMSES 121 10124352 Angus Bull

Estimated Breeding Value	Weaning		Maternal		Yearling	
	EBV	ACC	EBV	ACC	EBV	ACC
	104	.76	103	.69	105	.72

Calved: Feb. 10, 1982
Tattoo: 121

Consignor: Keefer Brothers
Olathe, Kan.

Ramases of Tera 7175092	}	Lost Lake Pharoah 6825091
		Rane of Tera 6920182
Lou of Tera 8175037	}	Land of Tera 8025927
		Free of Tera 7825109

Individual Data

Tag	Birth		Weaning		Yearling	
	Weight	Ratio	Adj. Wgt.	Ratio	Adj. Wgt.	Ratio
121	85	101	700	105	1,200	105

Adjusted Yearling frame score: 5.5

Dam's record: Weaning—3 calves, avg. ratio 104; Yearling—2 calves, avg. ratio 107

For bulls: ADG, WDA, test index, scrotal circ., etc. may be listed.

For females: Breeding status (open, safe in calf, breeding dates, A.I., natural, service sire due date) and production record (similar to dam's record above) should be listed.

station program that most producers are familiar with. The point is: Outward appearance of cattle does not affect genes for growth, so present them to your customers in the form that will return the most net dollars.

Pricing Your Cattle

Determining a sale price is often a difficult task for producers. Prior to pricing, determine how the bulls will be grouped or ranked for pricing.

Will the price be based on adjusted yearling weight or an index using several factors such as adjusted weaning weight and yearling weight? If you need assistance, consult your state beef extension specialist or the supervisor of the nearest bull test station for suggestions.

It is well documented that commercial beef producers will pay for performance as indicated by Tables 1 and 2.

An analysis of average prices paid by producers purchasing bulls in local test stations can serve as a guide in pricing bulls. These bulls have been culled for lack of performance, semen quality, frame size and other factors. Therefore, producers should cull their offerings likewise.

Cattle for private treaty sales should be priced before buyers arrive. Prices should be written down along with other pertinent information and should be the same for all buyers, unless factors such as volume discounts enter into the negotiations.

Buyers may be discouraged from returning to do business another year if another producer is given a better deal. Producers do talk and word will travel, so have a standard price. A price that is written down on a sheet with other data and distributed to buyers looks more official and discourages haggling.

There are methods of calculating the price of bulls based on technology available. For example, let's examine adjusted yearling weight. If the average adjusted yearling weight for a group of bulls handled alike as a management group is 1,100 pounds and the producer is happy with an average price of \$1,100, then the value of the bulls above

Table 1.
Price breakdown in adjusted 365-day weight ratio of all breeds of bulls.

Ratio Range	Number of Bulls	Average Price
90-95	26	\$ 875
96-100	110	996
101-105	120	1,343
106-110	65	1,378
111-over	23	2,357
Total	344 bulls	\$1,270

Virginia data for bulls at Red House, Culpeper, and Wytheville test stations combined for test season, 1981-1982

and below the average adjusted weight can be determined based on their genetic value. What is the value to a buyer for top bulls weighing 1,300 lb. in this group?

Calculation I:

1,300 pounds top adjusted yearling weight
 - 1,100 pounds average adjusted yearling weight

 200 pounds difference between average and top bulls (selection differential)

Calculation II:

200 pounds selection differential
 × .45 heritability of yearling weight (45 percent)

 90 pounds REACH

Calculation III:

90 pounds ÷ 2 (½ of the genes come from the sire) = 45 pounds.
 Difference in yearling weights of progeny sired by the 1,300-lb. bulls compared to the 1,100-lb. bulls (genetic progress).

Calculation IV:

Assuming all progeny are sold at approxi-

Table 2.
Price breakdown and performance analysis by frame size for British breed bulls in various 1981 test stations.

Adj. Yrl. Hip Hgt. (in.)	Weaning Weight (lb.)	Avg. Daily Gain (lb.)	Yearling Weight (lb.)	Weight Per Day of Age (lb.)	Selling Price
45	555	2.96	987	2.59	\$ 527
46	542	3.09	1,006	2.65	862
47	558	3.06	1,021	2.70	1,081
48	580	3.07	1,051	2.79	1,314
49	597	3.12	1,081	2.87	1,676
50	638	3.25	1,125	3.00	2,490
51	652	3.19	1,159	3.12	3,390
52	721	3.11	1,208	3.15	\$5,199

Summary of British breed data from 16 performance test station bull sales (located in N.C., S.C., Ga., Miss., Va., W. Va., and Pa.) compiled by John R. Crouch in 1981. Data reflects 614 observations. These least-square means have been adjusted for breed-station effects.

mately one year of age and the bull will sire 90 calves during his lifetime (15 as a yearling, 30 as a two-year-old, and 45 as a 3-year-old), a value can be determined for the 1,300-lb. bulls.

45 pounds increased yearling weight of progeny from the 1,300-lb. bulls vs. 1,100-lb. bulls.

90 progeny produced while in service.

4,050 pounds increase number of pounds for the commercial producer to sell from the 1,300-lb. yearling bull vs. 1,100-lb. yearling bulls.

Calculation V:

Assuming all progeny are sold.

4,050 pounds increased progeny yearling weight for sale

× \$.60 pound market value

\$2,430 increased dollar value for the commercial producer comparing the 1,300-lb. bulls and the 1,100-lb. bulls.

By making assumptions that change from buyer to buyer, it can be calculated that bulls with 1,300-lb. yearling weights are worth \$2,430 more than the average bulls with yearling weights of 1,100 pounds. Therefore, in this example, they are worth \$3,530 to the commercial producer. I am not suggesting that this is where they should be priced, but this can be a guide and a method for educating or explaining your asking price to customers.

Most buyers will retain some daughters of their herd bulls and thus capitalize on superior genetics in future generations.

Pertinent Performance Information

The type of information provided to buyers will vary depending on the sex, age and stage of production of cattle selling.

One common feature that should appear on all cattle selling is pedigree information (two and preferably three generations) including name, birth date and registration number. Most producers are trained to evaluate branched pedigrees.

Most breeders will be merchandising young, unproven bulls and heifers, or cows in production. The examples on page 121 provide data valuable to producers when buying and selling. It is important to provide producers with adequate data, but put it in a form that can be understood.

In Summary

Merchandising performance cattle is challenging and can be a rewarding experience. Don't become entrenched in tradition. You have the product. Plan a program with objectives and short- and long-range goals. Continually monitor your progress. Radiate enthusiasm, be positive, be knowledgeable and be confident. Success requires a quality product backed by honesty and integrity. The motto "Do unto others as you would like them to do unto you," has worked for years and it will work for you. **AJ**