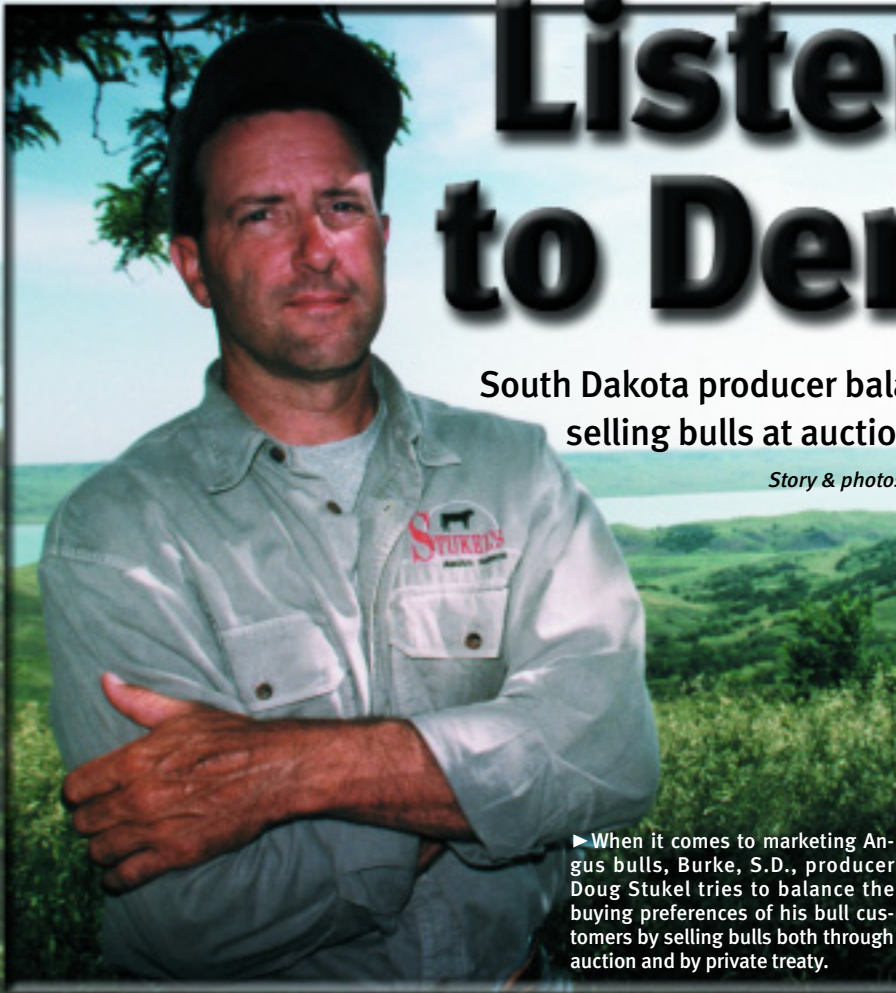


Listening to Demand

South Dakota producer balances needs of customers by selling bulls at auction and by private treaty.

Story & photos by *Cara Bieroth*



► When it comes to marketing Angus bulls, Burke, S.D., producer Doug Stukel tries to balance the buying preferences of his bull customers by selling bulls both through auction and by private treaty.

► Show pens of bulls offered private treaty are kept fresh. Once a bull is purchased, he is immediately moved out of the pen.



► The bull barn at Stukel's Angus Ranch is home to the operation's annual bull sale.

Driving down the lane toward Stukel's Angus Ranch, Burke, S.D., seems more like driving onto a movie set than onto an Angus ranch. It is hard to keep your eyes on the road as you drive along the length of a narrow pasture in which longhorn steers, buffalo and burrows peacefully cohabitate. Not far in the distance, the Missouri River makes its way along the rugged South Dakota countryside, creating a view so breathtaking it would rival many of the country's natural wonders.

Doug Stukel takes a lot of pride in the scenic beauty of the ranch where he was born and raised. He takes it a step farther to ensure his customers enjoy the atmosphere by adding these rare animals to the landscape.

When it comes to marketing Angus bulls, Stukel still has the customer in mind. To balance the buying preferences of his bull customers, he has moved to selling bulls both through an on-farm bull auction and by private treaty.

A base for customer satisfaction

The Stukels run a diverse operation, farming corn, wheat, soybeans and alfalfa. Their most valuable asset is their 650 purebred and 100 commercial Angus cows.

Quality in his herd is something that Stukel takes very seriously. "They have to be functional to raise a calf out here because we can't pamper them," he explains. "We provide the best genetics that we feel will work in our area to our clientele."

To ensure every bull Stukel sells is one he can be proud of, he says he culls hard,

offering only the top half of his bulls to buyers. Each year he sells about 100 bulls at auction and another 75-100 by private treaty.

He learned many years ago, by observing others, that selling poor-quality bulls was bad advertising. "Even if you sell your bulls cheap, if they are junk, then that is your advertising," he says. Stukel adds that he prefers to sell excellent bulls to the end of the offering.

Stukel says he wants to visit with and get to know every customer. He asks about his customers' genetic bases and available resources to make sure they get bulls that are right for their operations.

"The most important thing is that they feel comfortable with me — comfortable enough that if they have any problem with the bulls they purchased from our program, they will just call me," Stukel says. "Then I get a chance to do something about it instead of them just getting upset and getting bulls over at the next guy's place."

Stukel tries to cover all bases when serving his customers. He grew up selling bulls on a one-on-one basis. As his program gained popularity, it became difficult to satisfy all of his customers with solely private-treaty arrangements. To appease these buyers, he and his wife, Sandy, began implementing an annual auction 10 years ago, which he now supplements with private-treaty offerings.

Covering all bases

"The problem we had selling private treaty was that everyone wanted to be first," Stukel says. To accommodate customers, the Stukels set an opening date for offering bulls by

private treaty, then an opening time.

"We were still stepping on too many toes. . . . If they happened to be third or fourth in line for the private-treaty sale, and somebody beat them to that high-end bull, then they didn't get that chance that they wanted," he says.

The Stukels started the bull auction to accommodate customers who wanted a crack at the top 50 bulls. "If they wanted to pay the price, they could own that bull," he reasons.

But not all of his customers wanted to buy bulls at auction.

"You definitely have a clientele that is not comfortable buying at auction, and you have a clientele that is not comfortable buying private treaty," says Stukel, who struck a balance by offering about half of his bulls at auction and half by private treaty each year. "This way I can satisfy them both. It is just a personal preference. . . . Since I have done both, I've brought people to the table on both sides of the equation."

Stukel rates his bulls on a scale of 'Good,' 'Better,' and 'Best.' The oldest and the best bulls are sold at auction, while the good and better bulls and the younger bulls are sold by private treaty. This allows younger bulls to get a couple more months of age on them before they are sold. Dividing these groups by age ensures customers get a fair shake in the quality of bulls, and very good, young bulls are available by private treaty.

A fine line

There is a very fine line to walk when selling bulls both at auction and private treaty, Stukel says. The selling methods attract two different types of people, and both types have to understand what you are doing.

"We have to make sure that people

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► Doug Stukel (back row) was born and raised on this South Dakota Angus ranch. He is joined by (front row, from left) wife Sandy, daughter Bridget and son Nick. Son Scott was not available for the photo.



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at the auction don't feel that they are not getting to look at every bull on the farm and that the people buying private treaty don't feel like they are taking a back seat to the bulls at auction," Stukel says.

Prices also vary between sale methods. Private-treaty prices key off of auction prices, with the auction being in March and private-treaty offerings in April and May. "Each year my private-treaty prices will change somewhat, according to how the bulls sold at the auction," he says. "That is usually a very good barometer as to what the market will bear for that year."

There are a number of reasons for the difference in price. Stukel says the older and "best" bulls are at the auction, so someone buying private treaty shouldn't have to pay auction prices. There is not as much money tied up in selling bulls by private treaty. There is very little overhead in private-treaty arrangements, and buyers expect the prices to be lower, Stukel says.

Advertising is another element to consider, he says. The 10 years they have hosted the auction has been a constant learning experience. At first, they advertised the auction for three months via radio, television and print advertising, then followed up with full-page print ads for the private-treaty offerings.

"That wasn't the way to do it," Stukel says. "Customers were getting confused."

Customers buying through the auction felt taken advantage of when they saw the full-page ads for private-treaty offerings after the auction, he says, explaining that it left the

impression that those buyers didn't have an opportunity to view all of the available bulls.

So the Stukels stopped advertising their bulls offered by private treaty, confident that the auction advertising would carry over. "Private treaty is more repeat clientele," he says. "They know we have been here for 40 years, and they can come and buy a bull from us private treaty."

However, they soon learned that private-treaty customers expected that advertising; when they saw none, they assumed Stukels had no bulls left to sell. "After that experience, I do put reminder ads out just so our local clientele know that we do have bulls available," Stukel says.

"We have to watch how we approach the auction now, too. For a year or two, right at the end of the auction, I would announce that we would have bulls available private treaty at the ranch within a couple weeks, then we backed off on that, too, because there is a real balancing act. Some new people might be sitting on their seats thinking, 'What does he mean? I thought this was it,'" he adds. "There has to be a balance."

Clients that know the program know he will have bulls available a couple weeks after the sale. "We have found a way to balance both, but we are still learning," he says.

The one-on-one interaction of private treaty contributes to the comfort level of the customer, he says. "Buying private treaty, I feel that when he leaves here, he has the bull that fits into his program. He was under no pressure, and he could look at the bulls as long as he wanted to.

"But the auction is also great; there is definitely a place for the auction," he adds.



Extra mile

A lot of trust has been built between Burke, S.D., seedstock producer Doug Stukel and his customers. Seventy percent of his customers are repeat buyers, he says. "We have customers who have been with us for over 20 years."

Time management is a challenge for many people in the cattle business, but the relationship Stukel has with his clients makes it a little easier to balance. Some private-treaty customers want to look at bulls when Stukel is busy delivering bulls to auction customers in April and May. Private-treaty customers who know the program can make an appointment to stop by the ranch and pick out bulls — even while Stukel is away from the ranch.

"When I am gone, they can walk in and grab the data sheet, go out in the pens and select the bulls they would like to have, and write them down," Stukel says. He calls them that evening to visit about their selections and to see if they had any questions about the bulls.

This program of customer independence developed slowly, he says, as repeat customers became comfortable with the program. "They know where the paperwork is at, so they can grab a little bit of coffee and look the paperwork over, and we have excellent employees on the ranch who are also available to help if needed." About 40% of his private-treaty bulls are purchased this way.

With new potential customers, he prefers to be present when they view bulls so he can meet them and discuss the program.

► **Above:** To meet their time schedules, customers familiar with the program can make an appointment to view the bulls even while Stukel is away. Potential buyers can pick up a data sheet in the barn before heading to the show pens. Stukel follows up with a phone call later that evening.