



# Merchandising

► by Keith Evans

## Avoid short-sighted marketing

*Registered cattle breeders, like many other business executives, can get so wrapped up in what they are doing that they fail to look into the future. It is a mistake, because planning a marketing program has a lot more to do with conditions three to five years from now than it does with what's happening now.*

### Seeing what's to come

Wayne Gretzky, the great hockey player, explained this theory best. His success, he said, came from the fact that, "I skate to where the puck is going to be, not where it has been."

Like hockey, serving customers should be farsighted, not myopic. "Myopia happens when you worry more about short-term profitability than about the ultimate value you provide for your customer," C.J. Fraleigh, executive director of advertising and corporate marketing for General Motors Corp. (GM), told a group of advertising professionals at *Advertising Age's* 2003 AdWatch Outlook Conference in June. "Believe me, once your customers migrate away from you, it's a long road back, because customers will soon actively look for other solutions."

Bull buyers today have more choices than ever before, and they expect more from seedstock

producers. Most commercial producers purchase bulls that will fill the needs of their next calf crop. The most successful registered breeders set their sights on what their customers will likely need in a few years. Those who hesitate, who skate to where the puck is, could find that their farsighted competitors will score most of the sales goals.

Times are generally good in the cattle business today, and some predict that they will get even better. It's likely that you have more cattle income now than you've had in some time. Use some of it to put more muscle into your breeding and marketing programs.

It is easy, when the cattle market is favorable, to rationalize that investing more money in marketing is a waste. Why plan a better marketing program when things are

going well? But cycles always change, and improving your marketing program now is an investment in the future.

### Take action now

I don't know what your program needs, if anything, to keep you competitive five years from now. But planning should be a constant activity. The job will be much easier if you do your homework and even attend some classes. There is a lot of information out there being presented by some very smart, knowledgeable people if you take advantage of it.

Here is an example that I am familiar with. A major national beef breed association organized a national conference this fall. Out of thousands of association members, about 400 were expected to attend. The cost was minimal, and the program content was outstanding. In

addition, the event gave breeders an opportunity to visit some outstanding cattle operations and to meet and talk with their peers.

Even so, most association members were too involved with what was happening "now" to bother with learning about some of the things that could impact their future. This scenario is repeated year after year in almost every breed association in the nation.

Study industry trends on your own. Know what is happening with the market for feeder cattle, finished cattle and registered cattle. Keep up with the price spreads between different grades of beef. Are there premiums that your customers might be able to earn if you make changes?

Can your breeding program help your customers cut costs and increase their profits?

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**—C.J. Fraleigh**

Talk with people who know retailing to get an idea of where the market is going. What is popular now may not be what will be popular in 2008. On the other hand, it may be more popular. Ask your good customers. Many of them have ideas about what it will take for them to remain profitable.

### Show them you're for real

When you make changes, it is imperative that people hear about them and become convinced that you are doing the right thing. In his speech about GM, Fraleigh said GM research shows that the public perception of the quality of GM cars is far behind reality. The company, he said, needs to communicate to the public what is really happening.

That's good advice. A lot of registered cattle producers have better cattle than others believe they do. Design your marketing program to ensure that public perception of you, your registered herd and your breeding program corresponds to reality. Explain how your program and the cattle you have for sale will benefit buyers. Benefits are what people buy, not features.

The fact that you work hard is of little interest to potential buyers. What they want to know is how they can benefit from your hard work and carefully planned breeding program. Buyers want to know how the genetic packages you produce can affect the price of their cattle or reduce their work and worry. Someone once said that the only reason people buy anything is to make them look good, feel good or make more money. The cattle business is no different.

A future-oriented marketing program reaches and influences producers who have never bought from you before. Studies show that normal customer turnover is 50% every five years. Some registered cattle breeders say it can be even higher. Investing in improved marketing can help replace the customers who inevitably fall by the wayside and can build an even larger customer base for the future.

We are fairly traditional people in the registered beef cattle business. When things are going pretty good, we are often satisfied. But when one looks realistically at farming and ranching and the beef cattle business, "pretty good" may be a prescription for trouble down the road. Breeding and marketing programs that are very good or excellent may be necessary to sell seedstock at profitable prices in the years ahead.

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