

The Principles of Seedstock Marketing

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Introduction

- Marketing in the seedstock industry is a complex, ever-changing, & often neglected aspect of business for seedstock breeders.
- Breeders see themselves as ranchers and cattle producers & not as sales and advertising representatives.
- However, the success of a seedstock operation depends nearly as much on the marketing program as it does the breeding program.

Marketing

Marketing is the process or technique of promoting, selling, and distributing a product or service.

- Advertising
 - print, internet, farm radio, & direct mail
- Networking
 - being active in county, state & national cattle associations & agricultural groups
- Customer Service
- Reputation
 - quality of you the breeder & of the cattle

Market Positioning

Market positioning is the process to create an image or identity in the minds of a target market audience for a product.

- **What is my product?** Identify the types of breeding animals your operation will market.
 - **Bulls for commercial and/or registered breeders**
 - **Registered females to other registered breeders**
 - **Semen to commercial and/or registered breeders**
 - **Commercial replacement females for fellow commercial producers**

Market Positioning

- **Who is my audience?** Each type of breeding animal represents a different marketing position with a different target audience.
- **Be Focused!!** Select your target product or products & the target audience for your operation.
- **Be Efficient!!** Your marketing message can then be conveyed more effectively to your specific target.

“Top-of-the-Mind Awareness”

- *“Built Ford Tough”*
“Nothing Runs Like a Deere”
- The business that comes to your mind when you think of a particular product or service.
- How do you develop “top-of-the-mind awareness?”
 - ***“By developing a marketing program that keeps your name in front of the buying public, virtually year-round, and by developing a reputation for quality, honesty, & good service that makes people want to do business with you.”*** Keith E. Evans

Advertising

- Developing an advertising plan is the **KEY** to succeeding in advertising.
- The frequency of ads are more important than ad size. Keep your name out there!
- Concentrate your advertising on publications that best reach your target audience. Know your target audience!!
- Timing of ads is important, but one ad a month before your marketing time once a year is NOT going to cut it!

Networking

- Being active in county, state, & national cattle associations & agricultural groups
- Establishing a relationship with your county, regional & state ACES agents
- Hosting tour groups, field days & 4-H club events
- Being a leader & advocate for the associations/groups you are involved in

Customer Service

- Talk with your customers & maintain files of the contact information & specifics of each of your customers
- Follow up on sales with your customers
- Address complaints, doing your best to result in a satisfied customer
- “Full Service Genetic Providers”
- *Service Sells!!!*

Where are You Selling Your Product?

- Auction – a public sale conducted by a licensed auctioneer to the highest bidder.
 - Production Sale – Sponsored by a particular breeder or select group of breeders, usually feature 1 or 2 breeds
 - Consignment Sale – Usually sponsored by an association made up of multiple breeders and/or breeds

Where are you selling your product? (continued)

- Private Treaty – A breeder places a price on each animal or group of animals to be offered and sold from the farm or ranch.
 - Price can include customer services such as, breeding guarantees, delivery, marketing assistance, etc.

Factors Affecting Price

- Marketing
 - Advertising, networking, customer service, and reputation
- Demand
 - The current prices of the marketing season, based on the current beef commodity prices
 - Affected by the breed or breed composition of the animal and the supply in the area
- Quality
 - Conformation, muscling, EPDs, production weights & ratios, frames scores, scrotal circumference, carcass ultrasound, etc.

Quality Elements for Bulls

- Conformation
- Muscling, weight, & body condition score
- EPDs
- Production weights & ratios
- Frame scores
- Carcass ultrasound
- Scrotal circumference
- Disposition

Producer Valuation of Herd Bull Characteristics, Alabama, 2004

- 1st: Breed
- 2nd: EPDs - 30.84% of buyers willing to pay additional \$500 or more to have EPDs & performance data available on a bull
- 3rd: Temperament
- 4th: Performance Traits
- 5th: Conformation
- 6th: Price
- 7th: Seller Reputation

Source: Holt, J. D., Deacue Fields, J. Walt Prevatt, Lisa Kriese-Anderson. 2004. *Producer Valuation of Herd Bull Characteristics*. American Agricultural Economics Association 2004 Annual meeting, August 1-4, Denver, CO.

Factors Influencing the Purchase of a Bull, By Herd Size, Mississippi, 1999

| Herd Size | Price | Breed | EPDs | Seller Reputation | Disposition | Appearance | Other |
|--------------------|-------------|-------------|-------------|-------------------|-------------|-------------|------------|
| | 3rd | 2nd | 6th | 5th | 4th | 1st | |
| Percent | | | | | | | |
| 1-49 | 40.8 | 59.2 | 14.3 | 22.4 | 20.4 | 67.3 | 8.2 |
| 50-99 | 40.0 | 71.3 | 27.0 | 25.2 | 33.0 | 63.5 | 11.3 |
| 100-249 | 42.0 | 72.5 | 39.5 | 26.5 | 32.5 | 61.5 | 4.5 |
| 250-499 | 46.2 | 79.1 | 51.6 | 30.8 | 46.2 | 72.5 | 6.6 |
| 500+ | 42.9 | 75.0 | 50.0 | 39.3 | 35.7 | 67.9 | 3.6 |
| Overall Avg | 40.9 | 63.8 | 20.8 | 23.8 | 25.1 | 66.0 | 8.4 |

Source: Little, Randall D., Charlie S. Forrest, and Curt R. Lacy. 2000. *Cattle Producer Attitudes Towards Alternative Production and Marketing Practices*. Mississippi State University Departmental Research Report. Dept. of Agricultural Economics.

5 Factors of Buying Decisions

- **Confidence-** Does the product instill confidence to the buyer?
- **Quality-** Does the buyer believe you produce a high quality product?
- **Service-** Does the buyer expect to be treated well & know that you will be there for him/her?
- **Selection-** Does the buyer know that you can provide him/her with what he/she needs?
- **Price-** If all the previous 4 are met, then price comes into play.

Reference: Evans, Keith E. "What Is That Bull Really Worth?" *Angus Journal*, August 1996.

Quality Elements for Replacement Heifers

- Conformation
- Muscling, weight, & body condition score
- Production weights & ratios
- Frame scores
- Disposition
- Sire information (including EPDs)
- Dam performance history
- Pedigree & EPDs for registered heifers
- For Bred Heifers – Service sire information & projected calving dates

The Value of Carcass Characteristic EPDs in Bred Heifer Price, Missouri, 2005

- Heifers scheduled to calve in the first part of the calving season received a \$23.69/head to a \$25.97/head premium.
- A. I. bred heifers earned a \$18.69/head premium vs. natural bred heifers
- Buyers also paid a higher prices for a pen of heifers bred to the same sire.
- A one pound increase in heifer wt. led to a \$0.58/head increase in price.

Source: Parcell, Joe L., Kevin C. Dhuyvetter, David J. Patterson, and Richard Randle. 2005. *The Value of Carcass Characteristic EPDs in Bred Heifer Price*. Conference on Applied Commodity Price Analysis, Forecasting, and Market Risk Management 2005 Conference, St. Louis, MO, April 18-19.

The Bottom Line..... from Keith E. Evans

- “Advertising & promotion is a cumulative process. Your reputation as a breeder & a marketer is built one small building block at a time.”
- “By developing a marketing program that keeps your name in front of the buying public, virtually year-round, & by developing a reputation for quality, honesty & good service that makes people want to do business with you.”

Guidelines to Designing an Annual Advertising Plan

1. **Set aside a convenient time to plan your advertising program.**
2. **Draw up a sales map of your market area.**
3. **Decide on a 12 mo. advertising budget.**
 - a. **Review what you had done in the past & think about what you want to accomplish in the year ahead and how advertising you will need OR**
 - b. **Set aside a certain % of gross sales for an advertising budget.**
4. **Start planning your advertising calendar by determining when you need ads to be published. Be mindful of the deadlines for your targeted publications.**

Source: Evans, Keith E. “How to Plan an Ad Program” *How To Sell Angus Cattle:2nd Edition*.

Guidelines to Designing an Annual Advertising Plan (continued)

5. Use your goals, your sales map, your budget, & your calendar to start to plan your ads. Ask these questions.
 - a. What publications cover your market area & your target audience?
 - b. Do you want to use some media that goes beyond your marketing map?
 - c. What are the advertising rates for each publication I want to target?
6. Start assigning a \$ amount for each month of your advertising calendar per ad size & frequency. Use a pencil and plan to juggle.

Source: Evans, Keith E. "How to Plan an Ad Program" *How To Sell Angus Cattle:2nd Edition*.

Questions or Comments?

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