

Canadian Gelbvieh Association



Seedstock Marketing Handbook

Gelbvieh...the Continental Breed of Choice

The Seedstock Business: Take it Seriously

The seedstock business is a serious business – for a number of reasons.

Year in and year out, producing seedstock costs more in time and money than does the production of commercial cattle. Not only are seedstock producers faced with day-to-day management challenges, they must spend countless hours away from home, meeting with long-time customers and making new contacts. They must complete registration and performance paperwork, strive continuously to maintain the integrity of their information and make ruthless culling and selection decisions that set the genetic trends of their cow herds for years to come.

In addition, seedstock producers must implement marketing programs – programs that add up to considerable expense and time. Most importantly, they must have the courage of conviction to either stay with their long-term strategies, or to know when to abandon them when they're not working.

Still, unprecedented opportunities exist for producers willing to plan ahead and take calculated risks in order to carve out a niche in this increasingly competitive business.

The following pages contain tools that you can use to make the right decisions to guide you through good times and bad. Hopefully, the information will have lasting and beneficial impacts on your operation.

This handbook includes industry trends on your business to help make educated management decisions and assist you in developing price-discovery systems for financial planning. The information will also show you how the telephone, the car or even a hand-written letter can help build your client base and keep existing customers for the long term. There's also technical information on advertising production – for radio, print and direct mail – that will help ensure the dollars you invest in marketing, return great dividends to your enterprise.

How Much Are Your Seedstock Cattle Worth?

Determining the value of registered cattle has always been a challenge for seedstock producers. You should consider several general rules regarding price discovery before setting your marketing plan budget.

Demand for different breeds varies significantly from year to year.

Demand for different breeds varies from region to region. Individual breeds will always have regional strongholds and weaknesses.

Changes in bull prices reflect changes in calf and fed cattle markets. Data gleaned from an analysis of bull markets over an eight-year period, shows relationships between calf and bull markets do exist. The average annual price for bulls sold during these years was equal to 22 times the 450-pound steer calf price. For example, if the price for the calf is \$1.10/cwt., then the price for bulls is \$2,420 (110×22).

The price can also be determined by multiplying the 650-pound calf price by 25, or the fat cattle price by 29. For example, if the price for the fat cattle is \$0.84/cwt., then the price for bulls is \$2,436 (84×29) or if the price of a 650-pound calf is \$0.97/cwt., then the price of bulls is \$2,425 (97×25).

Tough cattle markets mean seedstock producers must work harder for market share than any other segment. Simply put, when times are good, seedstock producers do well – probably better than their commercial customers – but when times are bad, they have to work harder to grab more market share.

Watch the fed cattle market closely as a method of determining the overall profitability of your commercial customers. When fed prices are good, they build value into your customers' feeder calf price, which, in turn, builds value into prices they can pay for your bulls. When prices take a downturn, and feedlots start to lose money,

they must pay less for calves. When that happens, your operation in all likelihood will take a bigger hit as a percentage of price than any of the other segments.

The seedstock business always over responds to increasing or decreasing cow herd numbers, much like being at the end of a whip, which puts it in an extremely good bargaining position half of the time and an extremely bad one during the other half.

Bull prices don't keep pace with inflation. Bull prices are so closely tied with the calf and fed markets, that the affect of inflation is minimal.

Like producers of any commodity, seedstock producers must do two things to stay competitive over the long haul: sell more product and/or cut costs.

“This tells a seedstock producer a lot about the business he's in,” says Tom Brink, past Executive Director of the AGA. “He's in a business in which he cannot expect prices of the products he sells to rise as fast over the long term as his business expense will.

The challenge he has is to continually become more efficient.”

The heifer and female market has a completely different dynamic form than that of the bull market. While about 85% of bulls sold typically sell to commercial producers, the reverse is true for registered females. Between 80% and 90% of registered females sell to registered producers. Additionally, there are more options to package females than there are for bulls; females can be sold bred, open or with calf. Female markets are also extremely susceptible to changes in total cowherd numbers. During rebuilding years, when producers are increasing their cowherds, the female market is strong. But when the cattle cycle is shrinking and producers are downsizing, the market for females shrinks.

Developing A Long-Range Marketing Plan

Receiving a premium price for purebred cattle means developing a market and planning ahead. To do so, you must market your cattle as well as your programs and services. Successful seedstock producers remember their livelihoods depend not only on the cattle they raise but also on how well they are able to identify buyers, meet the needs of those buyers and sell them cattle that meet and exceed their quality expectations. Without a well-planned promotion and marketing strategy and campaign, you won't receive proper compensation for your breeding and management efforts.

Successful purebred operations have three things in common:

- 1) Cattle that meet customers' wants and needs.
- 2) Realistic production costs in relation to sales.
- 3) A well-planned, effective marketing program.

To stake your claim in the purebred market, you must analyze your specific programs and customer base. You must also analyze your competitors' programs and customer bases. By answering the following questions, you can determine the strengths and weaknesses of their programs.

- 1) Who are my current and potential customers?
- 2) Where are my current and future customers located?
- 3) Where do I need to direct my promotional efforts?
- 4) What do my customers want?
- 5) What genetics are they seeking?
- 6) What are their goals?

- 7) How can my program help them meet their goals?
- 8) Does my breeding program meet current and potential customer needs?
- 9) Do I have a quality product to offer?
- 10) How do my customers determine quality?
- 11) How many potential customers are there?
- 12) Can my cattle compete for a share of the seedstock market?
- 13) What is my program's reputation?
- 14) What are my cattle worth?
- 15) How much are my customers willing to pay?
- 16) Who are my competitors?
- 17) Where are they located?
- 18) How does their program compare to mine?
- 19) What do they offer that I don't?

The Marketing Plan

The traditional marketing plan consists of several steps:

1) Situation Analysis

- Assess where your marketing program has been and its current status
- Project where the program is headed with existing plans

2) Goal Setting

While goals come in many different packages for seedstock producers, here are a few examples. The key is setting them early

on, defining what they are and how long you want to take to accomplish them. Then, you must have definitive methods of monitoring your progress and measuring your results.

Here are a few examples of definable and measurable goals:

- A. I want to increase the percentage of new customers by 5% next year.
- B. I want to increase the percentage of repeat customers from 60% to 75%.
- C. I want to visit at least 20 of my customers this year.
- D. I want to assist in selling 1,000 of my customer's calves.
- E. I want to accurately report 100% of birth, weaning and yearling information.
- F. I want to call at least three customers a week for the duration of the year.

When goal setting, producers should also look at the various market segments at their disposal. For example, you may not just be limited to selling bulls. There may a market for your extra heifers or mature cows. Marketing alternatives, such as other countries or moving your sale to another state are also worth looking into.

3) Marketing Program

- Develop the program's marketing mix (controllable factors such as product, price, place, promotion)
- Develop a promotion philosophy that differentiates your program from others
- Develop your marketing budget
- Develop a budget for sale day

While some of these items are optional, producers should be careful not to eliminate them from consideration because of cost. Take sale management for example. While the commission a sales manager receives may seem high, consider what it will cost you to do that work yourself. Undoubtedly, you will spend less time on the ranch and more time doing promotion. What will the direct costs of that be to your operation? Second, consider that sale management firms can often build demand and bring a higher price for your cattle, plus they're professionals at marketing cattle when most producers aren't. Just make sure you do your homework first to get the best sales management firm available.

4) Implementation Phase

- Execute the marketing program by enacting all of the components, such as advertising, personal telephone calls, etc., that are going to get your cattle sold

5) Evaluation Phase

- Measure results and compare with your plan to identify successes and areas that need improvement

Pick Up A Good Habit

Developing an effective strategy is much like setting a New Year's resolution. It takes time, effort and discipline. Marketing plans need to be developed and updated on an annual basis. Periodic check-ups should also be conducted to re-focus your promotional efforts or realign your goals. Long-term goals also need to be evaluated on a continual basis. In return for your hard work and dedication, you will realize the potential of your cattle and receive that premium you've worked so hard for.

Building Value Into Your Cattle

The long-term challenge for seedstock producers is identifying ways to build value into their cattle without going overboard on expenses. There are several, general ways of doing so:

1) Register your cattle. That's why breed associations exist. They're built on the premise that registered cattle simply are worth more. That premise has held true for centuries.

2) Keep good records on your cattle. Surveys have shown that 75% to 90% of commercial producers now use Expected Progeny Differences (EPDs) to determine their bull-buying purchases. If you don't gather data, you will not compete with those producers who do.

3) Gather and evaluate economic information.

You know how the set of feeder calves out of your bulls performed in the feedyard, but how much money did they make relative to other pens of cattle?

The beef industry stands at the threshold of fundamental change in the way it analyzes the performance of the cattle it produces. Soon, seedstock producers will have at their disposal economic analysis tools that take livestock evaluation to another level, above and beyond EPDs. Computer models, and marker and gene-assisted selection will become a reality for making selection and culling decisions. Producers must first have an understanding of and be using current technologies.

4) Take an active role in ensuring the profitability of your customers and their customers. Successful seedstock producers today are just as concerned about the profitability of their customers as they are

with their own operations. The rise of retained ownership, in which producers own their calves through the feedlot and to the packing plant, means seedstock producers must take into account a whole new set of traits, namely carcass and beef quality traits, rather than just growth, feed efficiency and fertility in their selection.

Those seedstock producers who work with their customers to evaluate and compile carcass information will have a leg up on their competition. In the long run if they are able to base culling and selection decisions on this data, they will improve the quality of carcasses and the profitability for all segments of the beef industry.

5) Commercial producers don't just buy bulls; they buy philosophy. Take a look at the most successful seedstock producers in the country, and you'll find they have one thing in common: they are able to articulate what they believe in (their philosophy) and what their program stands for.

They have a clear understanding of their mission, backed up by a disciplined production program. The core values and knowledge base of the producer are relayed to customers and potential customers in a professional and confident fashion.

6) Promote your cattle. Keep in mind that marketing and promotions take many forms, such as advertising, direct mail, telephone calls, customer visits, bull test stations or the show ring. What works best for you depends on your own individual situation and philosophy.

7) Build trust. People pay more for cattle from people they know operate their business with integrity. Your reputation may be the most valuable asset you have in the seedstock production business.

Selling Seedstock Through Production Sales

Let's say you've been developing a herd of 150 head of registered cattle for the last seven years. On average, you sell about 40 bulls to neighbouring cattle producers, and, occasionally, you receive a phone call from a potential customer from another state who has heard good things about your program.

You've played around with the idea of holding an annual production sale 18 to 24 months from now, and now you think it's time to begin planning. What do you do first?

1) Determine the feasibility. While market research sounds like a complicated term, it's really nothing more than writing a few letters and making a few phone calls. Contact CGA, let them know what you're planning to do and invite a representative to come out and look at your cattle. In most cases, breed reps see cattle across the country and can give you an indication if your program needs work before you risk a production sale or if you're on target. Normally, they can also provide mailing lists and/or the names of potential customers in your region.

2) Estimate the costs. If you're already selling 40 bulls for \$1,200 and want to sell 60 for \$1,750, it may take considerable investment on your part. By selling an additional 20 head, will you have to expand cowherd numbers to do so, or will you have to compromise the quality of the lower-end bulls to sell more numbers? How much do you think it will cost to advertise your sale and are those costs justifiable? For instance, you could easily spend 15% of your gross sales income on marketing alone. Keep in mind the time you spend on advertising, while it doesn't show up on the spreadsheet, it is still money that you invest in your sale. It's time that you could be spending doing something else in your day-to-day operations.

3) Evaluate your personality. Production sales are risky, especially when you're first

starting out. Do you handle risk well? Do you enjoy meeting new people? Are you a comfortable self-promoter? Do you enjoy sales? Would you rather ranch than be bothered with all the extra work?

4) Evaluate your financial position. Can you afford to spend the amount of money it will take to promote your sale during the next 12 months, or is it a better investment to continue on the course you're on by just selling a few bulls now and then? If you're heavily leveraged, banking on hitting a home run through a production sale is usually bad business. It will take time – usually several years – to build the clientele you need to really have a successful event.

5) Select a date of sale. Make sure the day you select will give you ample time for preparation, preferably 12 months or more in advance. Keep in mind that the most successful sales usually are scheduled on the same day year in and year out.

For instance, one successful operation holds his sale the first Saturday in October every year. When you get that kind of repetition, it's worth thousands of dollars in advertising.

6) Consider weather. Holding a single-day sale means you will be at the mercy of the weather. While there are few guarantees, it's best to hedge your bets. In Alberta, for example, the heaviest snowfall months are March and April; in Ontario, September can be extremely hot.

7) Select a day when people would want to come to your sale. Some of the most successful bull sales take place in the fall, when the autumn leaves are at their glory. Other producers schedule their sales to follow or precede major breed events, such as shows or conventions. This "shirt-tail" approach capitalizes on the fact that many potential customers will already be in your neighbourhood. Find out what events are taking place in your area during the possible dates of sale. Select a sale date that someone else isn't using.

8) Select a sale site that's easy to go to. No one likes to drag a gooseneck trailer through traffic or over isolated, unfamiliar terrain. Convenience is a major consideration in people's travelling plans.

9) Select a sale site that has accommodations like restaurants and hotels. If not, let your customers know that you will provide lodging and meals. Work with your local innkeepers to "block out" rooms for your customers and possibly negotiate discount room rates by booking in advance.

10) Let businesses in your community know that you are planning a sale, and work with them to make the event as successful as possible. Your customers will spend lots of money before they leave the site of your sale – not just on your bulls. They'll buy trucks, machinery, spend money at local restaurants and hotels, buy toys for kids, gas for their trucks, etc. By involving others in your community in your plans, you will make customers feel valued and appreciated during the entire time that they are in town.

11) Make sure you don't lose your established, local customers to gain a few, new regional clients. Lots of times when seedstock producers host a sale of regional, rather than local scope, they lose the very people who have supported them for years. Sometimes, regular, local customers feel betrayed or are afraid that they will be priced out of the market because of your decision to sell bulls to a broader customer base. Let them know why you are making this decision, and that their support of your program remains the most important aspect for its long-term success.

12) Select a sale site that has good cattle working facilities. Nothing can hurt a bull sale more than on-site disorganization. Disorganization tells a lot about a program's management, and if you've got bulls tearing through already-broken-down fences, things will go from bad to terrible.

13) Select a site that's comfortable for your customers. No one likes to sit in a cold auction arena. Comfort means better bidding.

Selling Seedstock Private Treaty

Perhaps selling your cattle on one particular sale day isn't for you. Then you might want to consider selling your bulls private treaty.

Keep in mind, however, that it's not any easier to do so. In fact, selling cattle private treaty can take more time than selling your cattle at auction, although your actual cash outlays may be lower.

The most difficult aspect of selling private treaty is determining price. Many producers who have sold private treaty successfully for years use a simplistic, three-tier price classification system called the "good, better and best" system. The better – or mid-range – bulls determine the average price that you receive for your bulls. That price is usually calculated by using a multiple of fed-cattle price – usually 29 times the fed cattle price. For instance, if the fed cattle price is 70 cents, then the "better" bulls would sell for \$2030 (29×70). Prices for the "good" bulls would be \$250 to \$300 lower, and for the "best" \$250 to \$300 higher. Animals of exceptional performance and quality can be set at a much higher price if needed.

A second method employed by many seedstock producers is a silent auction. While still a private-treaty technique, it can help you receive a premium price for the better calves in your offering. For example, you can announce through your advertising that you will begin selling your bulls on a certain date. For the first two days, your customers will have the opportunity to bid, albeit silently, on the bulls they want. Producers submit to you in writing the amount they will pay for a particular bull. The bids are then posted for all to see. Bulls that receive just one bid sell to the buyer. Bulls with multiple bids sell to the highest bidder at the end of the bidding deadline.

While private-treaty sales require fewer, large scale advertisements, they are more advertising intensive, requiring that you advertise, in some manner, during most of the year. Some producers place "business card" ads located in the back of magazines. These advertising sections normally are segmented out by breed or state, and offer an excellent opportunity to reach prospective customers.

Keep in mind; producers who sell private treaty must be available at all times to sell cattle. When bull-buying season is in full swing, you can't afford to leave your operation for a couple of days, because customers may be calling and wanting to look at bulls...today!

Another key is having your cattle sorted into pens based on price and quality. These pens should be conveniently located, with easy access viewing and out-loading. By improving access to your cattle, and by sorting them into pens, you make your customers' buying decisions much easier.

While you probably won't need a high-priced sales catalogue, you will want to keep performance sheets available for your customers. The sheet should include such basic information on your sale cattle as date of birth, sire and dam, and birth, weaning and yearling weights. If they've been on feed, show their average daily gains and how they ratioed against their contemporaries. In addition, present the most accurate and up-to-date EPDs from your association.

It's also more difficult to keep your cattle looking good. Make sure that bedding is fresh and dry, and that you work hard to eliminate excessive mud and manure problems. Cattle that look good shows that you care, that you're a good manager and that you're committed to producing top quality products to your customers.

Implementing Your Long-Range Plan Through Advertising and Promotion

The success or failure of your marketing efforts depends on your ability to get the message out to customers and potential clients when and where your sale will be taking place.

Most importantly, your message must motivate them to want to come to your marketing efforts by showing them the benefits they will reap by purchasing your cattle.

There are several methods of promoting your purebred cattle and your sale: print advertising, radio advertising, direct mail and telephone marketing. Each of these is discussed on the follow pages.

Print Advertising

There are four basic elements in print advertising:

- Basic design or layout that pulls all of the various elements together
- Photographs and/or artwork that you use to show people what you would like to sell them
- Words that you use to express your ideas
- Performance and production data on your cattle

Element 1: Design

The most significant element of your advertising is how it looks. Cattle producers, like most people, tend to be visually oriented. If they see something they like, they will read your ad or purchase your product. If they don't, they will pass over the page, and, in many cases, purchase a bull or heifer from somebody else.

Your advertisement will receive only a few seconds of exposure before the reader turns the page. Those few seconds are crucial to the success of your investment. If you have done nothing to differentiate yourself from

the competitor on the opposing page, then your chances of getting the phone call are slim at best. Good design is the key.

The goal of good design is to get attention and leave a memorable impression. After all, you want your ad to motivate people to call for more information and, more importantly, purchase your product.

The challenge of good design – especially for the information-intensive seedstock business – is presenting adequate information (photos, EPDs, pedigrees, philosophy) about your program without ending up with an unattractive, disorganized and cluttered appearance. Too much stuff can hurt your ad's effectiveness. Before you begin developing an ad design concept, ask yourself these questions:

1) How can I differentiate my advertisement from everybody else's?

After all, if your ad looks like the one on the next page, you won't get noticed. Check out advertisements outside of agriculture – such as the automobile and computer industries. These can give you a fresh perspective not only on design, but also spark your creativity for new uses of words, logos and other essential elements.

2) What do I want my advertisement's design to say about myself and my program?

Do you prefer a bold, four-color presentation? Or, do you prefer a no-nonsense approach with the use of a simple straightforward black and white?

3) How much can I afford?

A four-color ad can cost two or three times more than similar black and white ads. However, you should also weigh the potential benefits of the additional expense. Oftentimes, a four-color ad receives a greater response.

4) Do I need professional assistance to do my design work?

Probably yes. While many people have home computers, most

don't have the software or the expertise to do their own design work. Most magazines and newspapers have graphic designers on staff to help you with your advertising. Generally, they offer that service as part of the cost for your ad or for an additional fee. There are also an abundance of freelance designers and design firms available that can design your ad and create a uniform and effective end-product. Select the person you feel best meets your needs, your attitude and your budget.

5) How can I build a consistent message into my advertising design? Obviously, the key to an effective ad program is a consistent, innovative and attractive presentation. Almost all successful marketers use consistent elements in their ads – such as logos, artwork or colour.

Take the time to design a ranch logo that can be used not only in your ads, but on your business cards, ranch signs, truck doors, trailers and hats as well. In addition, if you use more than one colour in your ads, choose a colour scheme that can be used for long term. By doing so, people begin to associate your operation with these colours, and can more easily find your ads.

Element 2: Photographs

Photographs are also essential in the seedstock business, and it's important that the photos you print are of the highest quality possible.

In most cases, cattle producers don't know a lot about photography, but good photos are relatively easy to take provided you have lots of patience.

Here are some tips for taking better photographs:

1) Take lots and lots of photos, even if they're of the same subject. Even professional photographers will take hundreds of photos of the same subject to get the shot that works. As a rule of thumb, it takes about 50 to 75 photos to get one that will work satisfactorily.

2) Take photos during different times of the day, especially in the early morning and at dusk, when the light is most even. Harsh, overhead light can sometime bleach out photographs or leave shadows where you don't want them.

3) Avoid shooting on location where the background is clutter, such as corrals, fences, gates or telephone wires. Even trees can be distracting.

4) Four-colour print film works even if you don't want to produce a four-color advertisement. There are two major types of film on the market, although there are dozens to choose from. Fuji films typically are more sensitive to cool colours, such as greens and blues. Kodak films are more sensitive to warm colours, such as reds and yellows. A good strategy is to employ the use of both types of film – you'll be surprised by the differences. Films rated as ISO 100 is the choice of many professionals, but it can be a little slow developing when your taking shots of moving critters. ISO 400 can develop too grainy. Using 200 speed is a fairly safe hedge.

5) Try using your flash, even if you're outside on a sunny day. Most cameras today will adjust automatically for flash fill, and the results can be astounding. Flashes can eliminate shadows and make hair coat more lustrous and beautiful.

6) Take your time. Give your cattle time to become accustomed to you and your camera. Stress shows in a photograph. If a bull or heifer isn't halter broke, don't force it to set up. If you are patient, and don't force things to happen, the animal will pose naturally for you. It may take awhile, but stay alert, all the time with your camera ready to go.

7) Help is good. It pays to have someone else along when you take your photos, especially when you want to get an animal to set up properly for photographing or help you make the subject look more alert.

8) Take time to clean up your cattle before photographing them. Mud clods,

manure and long hair add up to an ugly photo; it pays to put your cattle into a chute, brush them out, clip the longer hair and improve their overall appearance.

Element 3: Words

The majority of livestock advertisements use too many words. The result is clutter, and the message gets lost in the shuffle. The temptation always exists to tell your readers everything about your program, when just a few, choice words will do.

1) Don't tell your readers everything, because you want to leave a question, or an excuse, in their mind to call you and get more information. Ads should tease, not tell all.

2) Words take up space. Every word you use costs you money, because you're buying the entire ad.

3) Words should support your visuals – photographs and artwork – not smother them.

▪ **Use action words** when writing ad copy, instead of the passive “to be” verb. For example, rather than writing “was awarded,” write “received.”

The passive voice happens any time you use “is,” “was,” “were,” “being,” “been,” “has,” “have,” “had,” “having,” “do,” “did,” or “doing.”

Example of passive voice: The bull is drinking the water.

Example of active voice: The bull drinks the water.

Passive: The cow is jumping over the fence.

Active: The cow jumps over the fence.

Passive: This sire is strengthening the breed's competitive position.

Active: This sire strengthens the breed's competitive position.

- **Eliminate “that.”** The word “that”

takes up substantial space in any type of ad copy. When editing your ad copy, try to take out the “thats.”

Example: Our bull sale takes place during the same week **that** the national western stock show does.

Improvement: Our bull sale takes place the same week as the National Western.

- **Keep your sentences short, sweet and snappy.** Sentences need not contain more than seven or eight words. If they're too long, cut them in two, and eliminate words that clutter your copy.

“Emperor's calves were the winners of the best overall progeny performance award for profit at the Great Western Beef Expo that was held earlier this year.” (26 words)

“Emperor's progeny took champion profit honours at this year's Great Western Beef Expo.” (13 words)

Element 4: Performance and Production Data. Everybody likes to know what they're buying, and with each passing year your customers will be expecting increasing amounts of production data on your cattle. Surveys of commercial producers show that on average 75% to 90% of them evaluate EPDs before they make a buying decision. While levels of technical sophistication varies from person to person, you should be aware that in general, the more information on your cattle you give people, the happier they'll be. Keep in mind, too, the EPDs and other performance data need to be presented in a uniform manner. Don't print a birth weight EPD on one of your reference sires and not on another. Omission of information can cause people to be sceptical. Be up front and direct, and accentuate the positives while addressing the negatives.

Radio Advertising

Many of the principles of good radio advertising are identical to those of print

advertising. The only major consideration is that in some regions radio advertising works much better than in others. If your customers live in isolated, mountain country, it can be tough to get a clear, consistent signal to them. Consider, too, the ranchers in the West typically are not as diversified as producers in the Midwest and East who grow lots of crops in addition to cattle. Midwesterners are much more information dependent because they market products during various times of the year, where producers who raise only cows tend not to listen to the radio as much because they don't need the latest market news.

Direct Mail

While direct mail sounds like a complicated term, it really isn't. It can be something no more complicated than sending out a letter to all your customers and inquirers. Some seedstock producers have incorporated newsletters into their marketing plans, which work very effectively provided they're written, designed and photographed well.

The problem – and advantage – with newsletters is that they raise your level of commitment to the marketing plan. Quite simply, once you start one, people expect to get another at some point in the future. Still, some research shows that people take more time to read newsletters than they do advertisements.

One of the great advantages to newsletters is that you can give your readers more information about your program than you can with either a print or radio ad.

Some successful producers include short articles about their customers or write articles about newly purchased herd sires and what the impacts of those new genetics will have on their customers' bottom lines. It's also a good method of helping your customers network with order buyers, feeders and packers. Customers interested in retaining ownership, buying crossbred replacement females out of your bulls from other customers or contacting order buyers who really like your genetics, will find the benefits of a newsletter can be immense. If used correctly, it's just another way of

building value into your cattle by making it easier for your customers to use them.

Telephone Marketing

The telephone can be a very important link between your customers and the sale of your cattle. Many businesses instruct their receptionist to answer the telephone in a particular way. Here are some telephone etiquette tips that can help establish a favourable impression of your operation.

- Answer the telephone on the second or third ring.
- Even though the person on the other end of the call can't see you, smile. By smiling, your voice will convey friendliness.
- Answer the call with a friendly salutation such as "good morning" or "hello."
- State your name, and the name of the business – if it is different from your name.
- Speak clearly and directly into the receiver.
- Instruct anyone who answers the telephone to do the same.
- Keep a notepad and pen by every telephone, and ask everyone who answers the telephone to properly take and write down messages. Always ask for a name, telephone number and the reason of the call. Also ask when the best time to return the call is.
- Return the call as soon as possible. It could mean the loss of a sale if you don't.
- Answering machines are useful, especially if you don't have someone near the telephone most of the day. The message you record for your callers should follow the same rules as those that apply above.

In case of an unhappy customer, keep your cool. The customer may not always be right, but to keep that customer and prevent any unfavourable word-of-mouth repercussions, operate on the premise that the customer is in the right. Take a deep breath, and try not to let yourself get on the defensive. Listen with empathy and for the facts. Ask questions and clarify the caller's concerns. Use positive phrases and always be polite. Remember, dissatisfied customers tell an average of 10 other people about their bad experience. Take care of the problem before it takes care of you.

When selling cattle, complete customer satisfaction is impossible to achieve; however, the best way to deal with unsatisfied clients is to build a program built on customer service. If ever you should think customer service doesn't pay consider this:

- Some 90% of unhappy customers never buy from an offending seller again.
- Dissatisfied customers tell an

average of 10 other people about their bad experience; 12% tell up to 20 people. Whereas, only 5% of people tell about their positive experience.

- It costs five to 10 times more money to attract a new customer than to keep an existing one.
- Nineteen of 20 customers who are dissatisfied with your service won't tell you they are dissatisfied; 14 will take their business elsewhere.
- Up to 90% of dissatisfied customers will not buy from you again, and they won't tell you why.
- Dissatisfied customers will become loyal customers 95% of the time - if their complaints are handled well and quickly.

Getting Your Ad Dollar's Worth

The beef business probably has more trade publications per capita than any other industry. Although the number of publications in which to place advertising may seem overwhelming, the abundance of advertising vehicles can actually work to a cattle producer's advantage. He or she can be very selective and identify publications that will offer him or her the best return on investment.

When identifying which publication can do the best job, producers should measure them against three factors:

- 1) Is the publication well read?** Select magazines that are well written and designed, that offer readers timely and interesting information. Even in a magazine that has the lowest advertising rates and tremendous circulation, if it's a poorly constructed product, your advertising investment will never be realized.
- 2) Does a high percentage of the publication's readers represent a viable market for your cattle?** To answer this question, refer back to your marketing and advertising plan. Who is your target audience? Does the publication reach a significant portion of the same audience?
- 3) Which of the publications that meet the first two criterion are the most cost effective?** Top quality publications that reach a high percentage of your customers and do it at the lowest cost per reader will maximize your advertising dollars. The lower the page cost, the more pages you can purchase. By calculating the cost per thousand (CPM), you can quickly determine the one-time cost for a full-page, black-and-white advertisement, multiplied by 1,000,

and divided by the publication's total circulation:

$\text{Page rate} \times 1,000 / \text{Circulation} = \text{Cost per page per thousand (CPM)}$. This calculation can be extended to cost per reader: $\text{Page rate} / \text{Circulation} = \text{cost per reader}$.

Other considerations include the scope of the publication. Does the magazine address multiple breeds of cattle or a single breed? A multi-breed magazine will go to a variety of people who may or may not care about the breed you offer. It may also go to cattle producers ready to switch breeds or try a different breed in their commercial programs. On the flip side of the consideration, a single-breed publication ensures a dedicated audience but offers a small percentage of breeders looking to change breeds.

It's important to always use facts to help you select the publication you advertise in. Going by the numbers will increase your confidence level in your advertising program. It also justifies your decision when you evaluate your marketing program each year and insures a better return on investment. A final component of the equation, however, is your personal satisfaction with the publication. Does its staff offer the kind of service you like? How willing are they to help you develop and place your advertisement? Will advertising your sale a particular number of times entitle you to ring service for your live auction?

Advertising should be a year-round project to keep your program in front of potential customers. Doing your homework ahead of time will help you prepare an effective advertising campaign and stretch your advertising dollars the farthest.

Counting Down To Sales Day: The Month-to-Month Checklist

Use the following checklist to help you manage your sale more successfully:

Twelve to Ten Months Prior

- Establish what kind of sale you will have; select potential sale dates, identify possible sale help
- Establish your sale budget
- Determine how you will market your sale cattle
- Plan advertising schedule
- Identify potential sale animals
- Establish a sound feeding and health management program
- Determine matings if you will offer bred heifers
- Start the gentling process early

Ten to Eight months Prior

- Finalize the sale date.
- Hire an auctioneer and/or sale-management firm. Hire an auctioneer who knows your product. The auctioneer must be knowledgeable about the breed, pedigrees, sires used and the cattle's true value. The auctioneer's fee is usually 1% of the gross sales or a one-day minimum fee plus expenses. Sale-management firms are professional individuals that have the experience and expertise necessary to handle the magnitude of details in a timely manner. Their assistance may help you avert an unsuccessful sale. For their services, sale management firms are paid a fee, usually 5% to 10% of the gross sale total depending on services rendered.
- Check availability of and reserve sale

facility.

Eight to Six Months Prior

- Start a mailing list of potential buyers.
- Advertise your sale on a personal basis. It's important for people to recognize you and your program as well as your cattle.
- Start placing your notice of your sale in targeted livestock publications. Many magazines publish schedules of events such as sales.

Six to Four Months Prior

- Finalize the sale offering. Make sure all sale animals are registered and performance information needed for the catalogue was sent to the breed association for processing.
- Schedule a photography session for advertisements and the catalogue. If you are not experienced at this, hire a competent professional photographer. Poor photographs hurt important first impressions.
- Arrange print advertising in the publications you have identified as being the most effective for your sale. Keep in mind most publications require a 30 to 60 day lead time to receive your advertising materials and produce the magazine. Most publications have staff that can help you design your advertising. (Refer to section on creating your advertisements.)
- Start preparing your catalogue. (If the catalogue will be inserted into publications for distribution, start this process as early as possible.) The presentation of the sale offering in the catalogue is critical in creating interest in your sale. Use professionals to help create a catalogue that identifies and describes the sale animals in a manner that will help the potential buyer's

decision to purchase your animal.
Budget between 1%- 3% of the total gross sales for your catalogue, depending on catalogue size, number of pages, photographs, colour use, etc.

Materials needed to submit to the designer and or typesetter are:

- 1) Pedigrees of sale cattle
- 2) Photographs and logos
- 3) Performance information, EPDs and accuracy values
- 4) Breeding dates, pregnancy status
- 5) General information such as date, time, place, sale headquarters, sale-day telephone number, map to ranch or sale facility, transportation arrangements, hotel information
- 6) Schedule of events, letters from the owner, manager, sale management, past customers
- 7) Sale staff: auctioneer, sale management, and livestock publications personnel
- 8) Terms of sale
- 9) Honoured guests

Four to Two Months Prior

- Start heavy pre-sale advertising.
- Contact your breed association to get the most accurate and up-to-date EPDs on sale cattle and plug revised numbers into sale catalogue.
- Catalogue should be ready for the printer (if it is not being inserted into a publication). Allow for enough catalogues to be printed to cover your mailing list, 100 extra for requests and 200- 300 extra for sale day.

Two Months Prior

Double check sale-day refreshments, food and social details. If you plan to have a meal catered, visit with the caterer about the expected crowd. Ask your auctioneer or sale management firm for assistance in estimating the crowd size.

Six Weeks Prior

- Mail special invitation letters to previous customers, special association members and breeders.
- Start contacting prospective buyers over the telephone or by personal visits. Let them know you have something of value to them.
- Invite breed association personnel, auctioneer, livestock publications personnel and sale management to your ranch to view your sale offering. These people visit with numerous potential buyers every day. Word-of-mouth promotion can greatly help your sale be a success. Sale cattle, as well as herd bulls and service sires, should be presentable to visitors.

Finalize the mailing list, which should include the following:

- 1) Previous customers
- 2) Ranch inquiries
- 3) Catalogue requests
- 4) Ranch visitors
- 5) Association mailing list
- 6) County and state cattlemen's associations
- 7) Sale management buyers list
- 8) 4-H and FFA groups
- 9) Neighbours

One Month Prior

- Mail catalogue.
- Tag all cattle according to the catalogue lot numbers.
- Schedule radio advertising on your area farm stations.
- Finish ranch clean-up, painting and prepare for visitors. The sale offering should be close to headquarters and in

pens or pastures that showcase their quality.

Two Weeks Prior

- Remind auctioneer and sales force of sale date.
- Re-check sale facility, public-address system, microphones, and electrical outlets.
- Set up pens for sale day and easy handling of cattle.
- Finalize food, refreshments and social arrangements.
- Ensure seating arrangements are sufficient and safe in the sale and eating areas.
- Make sure roads leading to the sale location are clearly marked.
- Order any office supplies needed by the sale clerks.
- Telephone potential customers to make sure they received their catalogues and answer any questions.
- Check with your breed association to see if EPDs on your cattle have changed. It's possible that the association could have run a new cattle evaluation.
- Handle any motel needs, airline pick-ups and transportation needs requested.

Three Days Prior

- Transport all livestock so that they are near the sale facility and in presentable condition.
- Insure the sale facility, pens and speaker system are ready.
- Re-check details with your veterinarian, clerks, sale crew, and brand inspectors.
- Finalize breeding information, performance updates or additions,

deletions or corrections to the catalogue. Make sufficient copies of the supplemental information.

- Organize the sale order so that the cattle or lot numbers that have generated the most interest are at the front of the sale.

Preparation of Cattle on Sale Day

No matter what you do on sale day, marketing starts months in advance. The appearance of your cattle on sale day and the facilities reflect how well you've done your homework. Rarely is there a quick fix for the poor presentation of your cattle and the facilities. Marketing is a cumulative process.

Checklist

- Ensure animals are clean
- Feed and water
- Make sure cattle have a safe pen with clean bedding
- Clean, presentable surroundings
- Cattle should be ready for the buying public early
- Pen signs should clearly indicate the location of each lot
- Prepare the sale ring and seating for maximum comfort. Little things can make a big difference. Water down the sale ring to cut down on dust. Plants and flowers add colour and style to otherwise bland surroundings.
- Do a final test of the loud-speaker system. Adjust volume to auctioneer and buyers' desire.
- Check sale-day telephone number; make sure telephones are functioning
- Visit with sales force, auctioneer, clerks, load-out crew and ranch personnel

- ❑ Make sure your guests are treated to a nice meal
- ❑ Meet and greet your guests
- ❑ Make sure the guest book is located in a place where people will be inclined to sign it. The list of guests will help with the sale follow-up.

Fitting

Just like you wouldn't wear a tuxedo or full length dress to a rodeo, you want the manner in which your cattle are presented to fit with the type of sale it is. How you present your cattle will depend on the type of sale your cattle are being sold at and your clientele. Some sales targeted for seedstock producers will require the cattle be show clipped and fitted. Other sales will only call for a good clip job and clean animals. No one wants to arrive over- or under-dressed to any occasion. The same applies for your cattle. (Consult your breed association or sale-management firm for help on fitting techniques.)

Feeding and Nutrition

Although cattle management varies from region to region and from operation to operation within regions, a couple of simple rules of thumb will help producers raise cattle that achieve their maximum potential.

1) Develop a good health and nutrition program to keep your cattle growing well through weaning and to yearling age.

2) Be conscious of the environment your cattle will be put into after they are sold and manage them accordingly.

Most producers have an idea what their cattle should weigh at weaning, and after taking pasture and feed quantity and quality into account, plan accordingly. Some breeders include creep feeding in their programs. A growing creep ration is ideal for growth calves while still on their mothers. Dry summers or harsh winters may make creep feeding a necessity to ensure your cattle are stout enough as yearlings.

Most producers have yearling-weight targets for their cattle. A general rule of thumb is a minimum bull yearling weight of 1,000 pounds. Whatever your target is, cattle have about 150 days from weaning to reach your target yearling weight goal. For bulls, that means they must gain 2 to 2.5 pounds a day from weaning to yearling.

Best weight gains are normally achieved by using a combination of concentrates and roughage. Separating young cattle from older ones is ideal.

Consult with your local or state extension agent for the best feeding and nutrition program for your cattle. Marketable cattle should be in good flesh – not overly fat or too thin.

Countdown To The Private Treaty Sale: A Month-To-Month Checklist

The following checklist provides a working example of how you might want to plan for your private-treaty sale. Keep in mind that there are about as many methods of selling private-treaty cattle, as there are seedstock producers. However, it is essential that you plan ahead.

Twelve To Ten Months Prior

- Select sale date, location or period of day and months that your cattle will be for sale (remember: it's important to have set a period of time in which your cattle will be available; if not, your sale could linger on for months without any results.)
- Determine whether you want to sell bulls private treaty for one day, one weekend, one week, one month or 90 days.
- Develop advertising and marketing budgets around your sale day format.
- Plan advertising schedule and develop advertising theme.
- Determine planned matings if you will offer bred heifers.

Ten To Eight Months Prior

- Finalize sale date.
- Fine-tune your mailing list of potential buyers and existing customers.

Eight To Six Months Prior

- Communicate to your customers when your bulls will be available through phone calls, letters or personal visits.
- Place your notice of your sale in targeted livestock publications.

Six To Four Months Prior

- Begin finalization of sale offering.
- Make sure all sale animals are registered with the breed association.
- Check that performance information is as complete and up-to-date as possible.
- Arrange print advertising in monthly publications. Most monthly magazines require ads be placed 30 to 60 days in advance of date of publication.

Four To Two Months Prior

- Increase pre-sale advertising in weekly newspapers.
- Submit additional performance information to breed association and request most accurate and up-to-date EPDs on sale cattle.
- Begin performance sheet or catalogue. Materials needed include pedigrees of sale cattle; photographs; performance information; EPDs; breeding dates and/or pregnancy status; general information such as date of sale, time and place; telephone number; map to ranch or sale facility; transportation arrangements; and hotel information.

Two Months Prior

- Make sure sale cattle are in good physical condition, and that they have received all necessary vaccinations.
- Consult veterinarian for blood testing and to ensure your cattle meet health requirements for transfer into other states.

- Consult nutritionist to ensure cattle's nutritional needs are being met.
- Ensure cattle have dry bedding to keep them out of the mud and manure.
- Contact by phone or post card key customers and potential new ones to remind them of your upcoming offering.
- Begin finalization of performance sheet or catalogue on your sale cattle.

Six Weeks Prior

- Mail special invitation letters to previous customers, special association members and breeders.
- Contact prospective buyers. Call or write existing customers, ranch inquiries and visitors, fellow breed association members, county and state cattlemen's association representatives, 4-H and FFA groups and friends and Neighbours.
- Finalize performance sheet or catalogue and send it to the printer.

One-Month Prior Through Sale

- Mail performance sheet or catalogue.
- Ensure cattle are in presentable condition. Cattle that are covered in mud and manure may not look as good as they should.
- Haul in straw or wood shavings to ensure cattle stay dry and out of mud during course of the sale period.
- Remove excessive manure and mud from pens.

- Make sure cattle continue to receive adequate nutrition so they are in good condition on sale day.
- Tag all cattle according to the performance sheet or catalogue lot numbers.
- Schedule radio advertising on your area farm stations.
- Finish ranch clean-up and prepare for visitors.
- Set-up or clean-up pens for sale day and easy handling of cattle.
- Make sure roads leading to the sale location are clearly marked.
- Telephone potential customers to make sure they have received their catalogues or performance sheets and answer any of their questions.
- Check with your breed association to see if EPDs on your cattle have changed. It's possible that the association could have run a new cattle evaluation. **(Make sure your customers have the most up-to-date information).**
- All livestock should be in an easy-access location and in presentable condition.
- Handle any motel and transportation needs and airline pick-ups requested by your customers.
- Make available sufficient copies of performance sheets or sale catalogues.

Following Up After The Sale

After the sale, be sure to thank all the buyers, as well as those in attendance, personally, if possible. Write follow-up letters to new buyers thanking them for their purchases. Write follow-up letters to potential buyers as gesture of appreciation even though they did not purchase anything. Ask them how you might assist them in their future cattle needs. Thank everyone involved with the production of the sale.

In addition, make sure you transfer the ownership of your cattle to their new owners. A great source of aggravation for many people is not receiving registration papers in a timely manner. By doing so, you'll be making a great investment in next year's sale.

Guaranteeing Satisfaction

To ensure customer satisfaction, produce and market a product that meets or exceeds customer demands. Several consumer products offer a "satisfaction guaranteed or your money back" program. Your program should not be any different. If a customer purchases a bull that doesn't work out, replace the bull. An unhappy customer can undo a lot of valuable advertising and promotion, whereas as a satisfied customer means repeat business.

Prevention Is The Best Medicine

Just in case something goes wrong, prevention is key to dealing with an unhappy customer. In addition to guaranteeing your product, there are other things you can do to keep your customers coming back.

1) Pre-sale communication

- Personally invite past and potential customers to your sale via telephone and/or mail

2) After-sale communication

- Thank your cattle buyers personally and send them a follow-up letter

3) Create customer files

- Start information on your customers that include the following things:
 1. Name, address, telephone number
 2. CGA Member Number
 3. First names of spouse and children
 4. Name of farm manager
 5. All purchased made, date of purchase, name or identification number, sex and sire and dam of animals purchased, and amount paid
 6. Breeding on bulls purchased so you can help buyers avoid inbreeding
 7. Directions to the farm or ranch (especially useful if you make deliveries)
 8. Information on potential customers and existing customers.
- Customer files help develop a personal link between you and the customer that makes business more enjoyable.



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