



Marketing Feeder Cattle the Video Way

Producers react to market signals and find success marketing on the video.

by Troy Smith

Since the mid-1920s, the Munn family has been raising straightbred Herefords. Back when a passel of order buyers prowled around cattle country, they called regularly on Munn Ranch, located near the Nebraska Sandhills community of Mullen. The ranch's current ramrod, Charlie Munn, says selling cattle at private treaty wasn't too difficult — not when several buyers were anxious to claim Munn's yearling feeder steers and replacement-quality heifers.

"But the order buyers thinned out several years ago," tells Munn. "I had a few neighbors that were selling cattle through video auctions, and I knew one of the area representatives for Superior (Livestock Auction) video sales. We talked back and forth for a couple of years before we decided to take the plunge."

When Munn and his wife, Sandy, finally made up their mind, they jumped in with both feet. Since then, they have marketed six

calf crops through video auctions, with pleasing results.

"We like it. It really broadened our buyer base again," affirms Munn. "Usually our yearling steers still go to that Platte Valley feeding country, but there are more buyers bidding on them.

And we've picked up new interest in our heifers, selling them into Colorado and Texas."

Jim Odle, who founded Superior Livestock Auction with partner Buddy Jeffers, would like to see the firm handle more Hereford calves and yearlings. Odle says the demand is strong and it's not unusual for Herefords to bring market-topping prices. He attributes this to the fact that video auctions attract a national buyer audience.

Building buyer access was the reason that video marketing pioneers like Odle pursued this livestock merchandising method in the first place. Odle organized his first "alternative"

auction in 1979. In the beginning, he says, consignments were presented through slide shows. Photographs quickly gave way to video technology, with "movies" of livestock shown to buyers gathered at auction sites. These auction events were held in hotel ballrooms, and still are, but satellite broadcast technology now allows bidders to participate while viewing the livestock on television.

Superior isn't the only video auction firm, but its growth illustrates the increasing popularity of this marketing technique. Back in 1987, when Odle and Jeffers combined their respective companies, Superior handled less than 300,000 cattle per year. Now, some individual sale events feature more than 500,000 head.

"We marketed just under 2 million head of cattle by satellite auction last year," tells Odle. "The video auction is most popular in regions where ranchers sell load lots of cattle — enough calves or yearlings to fill a semi-trailer. With over 3,000 registered buyers across the U.S., the bidding isn't limited to local buyers."



The Huff Ranch crew (pictured, l to r) are: Amy Huff, Clint Huff, Boyd Huff, John Huff and Dan Huff with Lanny Cook, Superior Livestock Auction cattle buyer.

Cost effective

Huff Ranch, Allison, Texas, has been selling its yearlings through video auctions for close to 20 years. Clint Huff calls it a cost-effective way to merchandise both straightbred Herefords and black baldie steers. For one thing, the 2% commission rate is affordable.

"Working through a reputable firm, you also know the check will be good," adds Huff. "If, on sale day, the price is off and you don't want to let your cattle go, you have the option to hold onto them. They're still in the pasture and you haven't

hauled them anywhere. There isn't any freight bill until after they're sold, and the buyer pays it."

Huff believes video marketing has provided greater exposure to buyers interested in cattle with history. The catalog provides buyers with a complete rundown on how the cattle were managed. In Huff's case, it tells how the cattle received no growth implants and includes details about the ranch's health management program. Huff is convinced that presenting the cattle in their home environment and telling their story adds value.

Superior's General Manager Jim Kelly also emphasizes the value of a sound vaccination and weaning program. Over the last 10 years, reports Kelly, preconditioned weaned calves have brought up to \$8 per hundredweight more than non-vaccinated, unweaned calves. Source and age verification also enhances value in the eyes of buyers sourcing cattle for branded beef programs.

Increased competition

Based in California but handling cattle from 13 states, Western Video Marketing (WVM) merchandises about half a million head annually. Among their consignors is the Warren Ranch, located near Cheyenne, Wyo. Manager Steve Price says he had watched WVM's Cheyenne-based video auction for several years before deciding to consign calves.

"Typically, that was a hot sale, so we tried it in 2000. Every year since then, we've been consigning calves to the August sale, for delivery in late October," Price explains.

"We're fortunate enough to have the numbers that appeal to buyers. We've got a pretty complete vaccination program and we can age verify the calves. We've sold steers into Texas, sent heifers to California and still sell quite a few calves to repeat buyers in Colorado," he adds.

Price says more bidders increased competition for the calves, but he emphasizes how successful video marketing hinges on the sellers' ability to estimate delivery weights accurately.

Delivery weights

"We weigh a sampling of the calves and try to keep a good handle on how they're gaining so we can list the expected delivery weight as close as possible. It's important. If the calves come in lighter than you expect, you're going to leave money on the table," warns Price.

Sellers don't want to underestimate weights either. Video marketing companies typically employ a price slide, as protection for buyers. If cattle come in heavier than the advertised delivery weight, the price is adjusted downward. The amount of the price slide varies among video marketing firms and individual contracts for different classes of cattle.

Charlie Munn agrees that learning to estimate weights is important. He also advises

producers considering video marketing to utilize a seasoned representative of their chosen video marketing firm.

"A good rep can help you present your cattle to better advantage," states Munn.

"But don't expect the rep to do it all. Do your own homework too, by contacting past and potential buyers. Let them know what you're offering and when the cattle will be sold."



Charlie Munn



Matt Beery

Vida, Mont., rancher Matt Beery has tried a variety of methods for marketing both Hereford seedstock and feeder cattle, including video sales. He sees video marketing as a way to compliment a calf buy-back program.

"We've been buying calves from our bull customers — mostly smaller operations using our Hereford bulls on Angus cows. We wean the calves, grow them awhile and sort them into load lots to sell," Beery explains.

"We want to expand the program and be able to offer more large strings of cattle representing our genetics. If we put them through our management program, they'll appeal to the video auction buyers. I think it will

Helping customers

Hereford seedstock producers can help their customers realize more value from feeder cattle sold through video auctions. According to Hereford breeder Lee Haygood, Canadian, Texas, seedstock producers' first responsibility is to provide genetics that represent value. That should be obvious, but breeders can do more.

"We can help bull buyers by making sure they are familiar with programs and practices that add value. We can encourage them to have their cattle Hereford Verified, and make sure they get their calves tagged," says Haygood. "The customer's cattle represent our genetics, so it's in our best interest to help them with marketing. We might not be able to buy their calves, but we can help them make connections with potential buyers. Make them aware of branded beef programs, like Certified Hereford Beef (CHB) LLC, and we can encourage them to adopt management practices necessary for them to participate."

Jim Williams, CHB LLC vice president of supply, agrees, noting that customer education is a valuable service that seedstock breeders should provide.

"Breeders forge relationships with customers, so take that a step farther," advises Williams. "Some commercial producers are not technologically savvy. They may not have an understanding of marketing alliances or programs like Hereford Verified or CHB. Inviting them to educational meetings and encouraging their participation will help them discover ways to add value to their cattle and become better customers too."

Ben Brillhart, American Hereford Association (AHA) field representative, often attends video auctions where buyers ask him about genetics.

"The buyers want to know if the genetics offer carcass quality and yield," adds Brillhart. "If seedstock producers will attend sales where their customers' cattle are sold, there will be opportunities to talk to the buyers and help build the reputations of customers. Breeders need to be talking to video auction representatives too, making sure they know what the genetics offer. And make some calls or e-mails to potential feeder cattle buyers. In short, help represent the customers' cattle." **HW**

allow us to help our customers, and adding value will make the program profitable for us. I think the video auction will probably be the way to go." **HW**