

by **Troy Smith**

Cattle folk are often tagged as traditionalists who resist change. They're sometimes accused of lacking technological savvy. But, more Hereford breeders are thinking outside the box and becoming techno-smart. In cattle marketing, for example, some breeders have adopted online Internet auctions, either as an alternative or an augmentation to the traditional method of selling cattle through live auction sales.

For convenience, Dale and Mary Barber of Channing, Texas, have chosen to market range bulls and club calves through their own Internet auction. Nestled in the Panhandle's remote canyon country, the Barber Ranch is located well off the beaten path. Internet sales negate the need to haul sale cattle to a more accessible auction site but give the Barber family a marketing avenue in addition to private-treaty sales.

Mary Barber says the Internet auction idea took root as the Barber Ranch Web site gained a large following. Increasingly, potential buyers visited the site seeking information and the chance to view photographs and videos of the cattle.

"The amount of activity that our Web site has attracted just blows my mind," says Barber. "It really helped stir up our private-treaty sales of cattle, embryos and semen. As we progressed to Internet auctions, they were well received by the buying public. About 50% of our buyers say they actually prefer to buy strictly over the Internet. It's a little slower paced with less pressure than a traditional auction."

Technical difficulties

Not all Barber Ranch Internet auctions have run smoothly. The sales work best when potential buyers take advantage of the auction's proxy bidding system by registering their name, selecting the sale lots on which they wish to place bids and placing a maximum bid for each lot. The proxy system automatically enters incremental bids on each buyer's behalf, going only as far as necessary to make a purchase or halting if bidding goes beyond the maximum price a potential buyer has registered.

"But some people don't trust the system. They're hesitant to let it bid for them, so they try to place individual bids for themselves," explains Barber. "At our last sale, we had so many people log on

trying to bid, that the whole thing shut down and disrupted the sale. In that case, the technology failed."

So far, Colyer Ranch has never suffered a system failure during any of its Internet auctions. Located near Bruneau, Idaho, Guy Colyer and his family hold traditional production sales, but have also added Internet auctions to increase their marketing opportunities.

"We sell heifer calves through an Internet auction during the summer. It has provided access to more potential buyers. Most of them still visit the ranch to look at the cattle, but they do it at a time that's convenient for them. Selling heifers at that time of year is good for our cash flow too," explains Colyer.

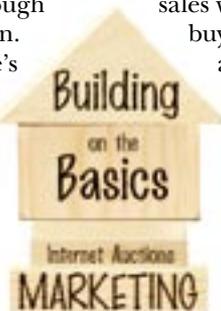
Colyer's daughter, Katie, creates the photographs and videos. Doing that preparatory work in-house, as much as possible, makes Internet auctions a cost-effective marketing tool.

"I think Internet auctions are most successful when you are already pretty well established and have reputation cattle — when buyers already know you and the kind of product you're selling. If you've already built relationships with the buying public, they're more likely to participate in your Internet auction," Colyer says.

"But you lose some of that one-on-one contact that you have when buyers come to an auction in person. And you don't have the live auction atmosphere that helps stimulate competitive bidding. On the other hand, some buyers are intimidated by that. They feel more comfortable bidding over the Internet. But bidders do need high-speed Internet service or they will be at a disadvantage. Dial-up service is too slow," Colyer adds.

A buyer's perspective

Marshall Ernst admits he experienced technological glitches the first couple of times he participated in Internet auctions. Since then, he has upgraded to high-speed service. The Windsor, Colo., breeder likes to monitor sales that he is unable to attend in person.



“Even if I’m not planning to bid, I can watch the sale to see what’s hot and what’s not,” says Ernst.

If he’s planning to bid during a particular sale, Ernst likes to go to see the cattle sometime prior to the auction. As far as he is concerned, pictures on the computer screen are a poor substitute for viewing cattle in the flesh.

“A real disadvantage to Internet auctions is that you can’t see who is bidding against you. I like to see who I’m up against,” Ernst says with a grin.

Bardwell, Texas, rancher Kathy Buchholz and husband, Gary, watched several Internet auctions before deciding to participate. They, too, would prefer to see who else is bidding on their picks, but they have become fairly comfortable with the Internet auction process as long as they can view a video of the offering. They typically request a copy well in advance of the sale so they can do their homework early.

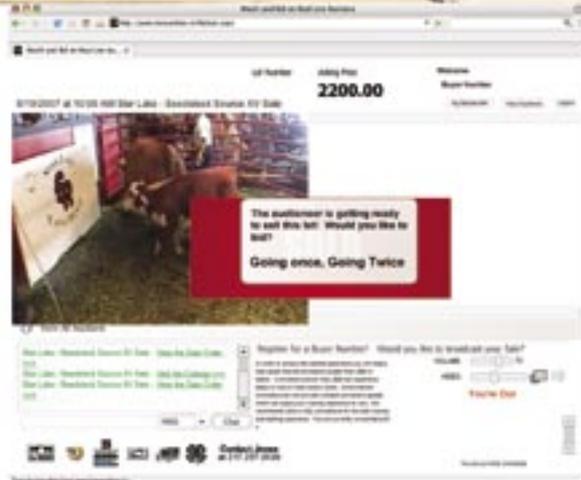
“I’ve heard of Internet sales that

didn’t go well because of technical problems, but we’ve never had any trouble,” says Buchholz. “One time our high-speed service went down, but we still accessed the sale with dial-up service and made it work.”

Buchholz particularly likes the Colyer sale, calling its format “excellent.”

“Registration is easy. A floor-price is set on the cattle, so we know what the base is. And the final selling prices and buyers’ names are posted right away. We really like that feature,” she says.

“Gary misses the live-auction setting and competitive bidding action, but we often have people over to watch a sale with us. We can get pretty fired up right there in our living room,” Buchholz says. “Our experience has



been good. If you like auctions, it’s still fun to bid over the Internet.” **HW**

Thinking of holding an online auction?

Have you been pondering the Internet auction concept? Based on his experience with this modern marketing method, Idaho Hereford breeder Guy Colyer offers a few tips that Internet auction “newbies” might want to consider. Daughter Katie Colyer is now associated with an online auction service company, so she provides advice from a professional’s perspective.

According to Guy, a breeder must first decide which type of Internet auction to utilize. The “silent” auction format, which Guy likens to an “eBay kind of auction,” is a laid-back affair. Potential bidders view posted photographs and videos of sale cattle. They must register to participate and may bid on selected sale lots during a specific time period. Bidding opens at a prearranged time and closes at a prearranged time at which the last and, of course, highest bid wins.

Another option is the real-time Internet auction. It’s conducted like a traditional live auction except potential buyers may watch the sale and submit their bids via their Internet connection. Guy prefers the real-time auction format.

“The cattle are sold as they come through a sale ring, as opposed to just looking at a video and photographs. It has more of the auction ‘feel’ that most of our customers are accustomed to,” Guy says.

“A breeder has to decide which (Internet auction) type suits them and their customers best and then find a company that can provide that service. You want people you’re comfortable with. They’re going to provide the technical expertise, but they

need to be knowledgeable about the cattle business. It helps if they’re familiar with your breed,” he adds.

Katie advises prospective Internet sellers to first become familiar with how Internet auctions work. Then, in order to select a suitable company, she encourages sellers to observe a variety of sales handled by different firms and to check each firm’s record of performance by talking to breeders who have used its services previously. Once aligned with an Internet auction service company, a breeder can decide which features will be included in an auction “platform.”

“They can help you decide how to present sale cattle information you want to show like pedigrees, EPDs (expected progeny differences) and ultrasound data. Photographs of sale cattle (as well as those depicting sires and dams) should be top quality. A video on DVD can be prepared ahead of time and mailed out to potential buyers,” says Katie.

Video clips can be integrated with a real-time auction platform too. Buyers can view the video in a corner of the screen, while cattle are shown in the sale ring. A chat-room feature allows viewers to enter comments and questions during the sale and to receive answers from a technician. Most breeders also appreciate a tracking feature that reveals how many online viewers are watching a sale.

“Of course, as with any auction, you have to advertise to attract viewers to participate online. And you want to make it as easy as possible for them to do it,” Katie says.

“You can’t cut corners,” Guy adds. “You have to offer the best cattle and the best service you can.” **HW**