



Finding the Right Marketing Venue

Seedstock producers can choose from a variety of marketing options — private treaty, open house, consignment sale, production sale, online sale or video auction.

One of the toughest decisions for seedstock producers is deciding how to market cattle. Today there are a variety of options to choose from depending on what producers are trying to sell. In this article we'll review some of the pros and cons of selling private treaty, holding an open house, participating in a consignment sale, hosting a production sale, having an online sale or broadcasting your sale via satellite. Also, to learn more about marketing strategies used by Hereford breeders, see Page 47 for a list of marketing articles in this issue and previous issues.

Reading about what has worked for others can help you evaluate which marketing options are best for your program.

Start selling cattle privately

For some seedstock producers, new and old, the easy and smart choice is to sell private treaty. This allows the producer to market the cattle on his time, set the price and avoid a lot of overhead costs.

Guy Colyer, Colyer Herefords, Bruneau, Idaho, encourages producers wanting to develop a marketing program to first develop a reputation locally as being a

seedstock producer who markets superior cattle. "Don't hurry it," he says. "Develop some repeat buyers before deciding to sell volume groups of cattle."

Guy suggests producers start marketing seedstock using the private treaty strategy. "Private treaty is a way to build relationships," he says. "Be critical of what you have to offer. When selling cattle for the first time, make sure they are above average.

Don't sell cattle you are not proud of or that won't do a good job for your customer. Always sell outstanding, better-than-average cattle so people realize you are in the business of raising quality."

Selling private treaty can be time consuming. While stopping what you are doing each time a customer calls or visits your farm can be frustrating, it can also be an advantage as it gives you an opportunity to better serve your customers. You can use this time to get to know your customers on an individual basis, find out about your customers' programs and help customers select the best bull for each program.

Before 2008 Kevin Schultz, Sandhill Farms, Haviland, Kan., had sold cattle private treaty for about 20 years. This year he switched to a production sale. Kevin admits there are pros and cons to both marketing options. "At the sale I didn't have the opportunity to visit with all the people one-on-one," he says. "It is nice to visit with the prospective buyers to find out what they need and guide them to the bulls that fit their program. With the sale, I placed all the data, EPDs and info with each lot, so they could make a better decision, and if they wanted advice, many people called or sought out help sale day."

Hosting an open house

If selling cattle private treaty is too cumbersome, an option to consider is hosting an open house. Cattle can be displayed according to price range, or customers can

be supplied with individual prices. Cattle can be sold on a first-come, first-served basis, or you can close the bidding at a certain time. If more than one person is interested in a particular animal, you can have a bid-off.

This option allows you to sell a majority, or even all, of your cattle in one day and can eliminate the added time it takes to show customers bulls or females on an individual basis.

Consignment sales increase exposure

Along with private treaty sales, seedstock producers can also consider consignment sales as a way to establish a reputation and build a customer base. Guy explains his family utilized this option by participating in several Northwest consignment sales prior to hosting their first production sale.

Just as with private treaty, Guy says it is important to consign only your best. The American Hereford Association (AHA) organizes several national sales each year. To learn more about the AHA-sponsored sales, contact your area fieldman or Joe Rickabaugh, AHA director of field management and seedstock marketing. To learn more about consignment sales in your area contact your state, regional or local Hereford or cattlemen's association.

The Colyers participate in national sales and utilize the sales as an opportunity to offer elite cattle. "We want to support the association and breed," Guy says. "We're committed to offer cattle in those sales, as we believe they promote the breed as well as our own individual cattle and breeding program."

Hosting a production sale

When making the decision to host a production sale, Kevin says it is important to make sure that your current buyers who have supported you through private treaty or consignment sales are comfortable buying bulls in an auction situation.

Kevin explains four reasons why he decided to have an auction: "1) I wanted to have a better measuring tool of demand so I could have a feel on how many bulls I could sell. 2) It is fairer for all the bulls to be sold at

one time. I had buyers calling wanting the best bulls, and they might call six months apart. This way, all the bulls are available for all the buyers. 3) A good sale promotes itself for next year. And 4) I had always wanted to host a sale."

Kevin says that switching to a production sale did not change how he prepared the bulls or change the data he collected and provided to potential buyers. "I collected the same data, and the bulls were fed the same," he says. "The differences were the sale catalog and working with the auctioneer and sale staff. We probably also advertised more, as we needed people to know the sale data and the fact we were changing from private treaty to an auction."

The Colyers have hosted 28 annual bull sales. Guy strongly suggests that when producers move to hosting a production sale, they should consider not selling cattle private treaty prior to the sale. "It is understood by our customers that the best of our offering is available on sale day. We do not sell anything prior to our production sale," Guy says. "When we had carload and pen bulls in Denver, we did not think it was fair to our customers to sell those bulls in Denver. We think our customers appreciate having all of our bulls offered in one day. You don't want customers to think the top end of your production sale is not necessarily the top end of your production."

Guy says the No. 1 key to hosting a successful production sale is to be customer friendly. "Make people feel welcome," he says. "Find out what your customers' needs are. Show them you care about their needs and try to meet those needs."

Another tip he shares is to be organized so the sale runs smoothly. "Have everything planned so you give the appearance of being a well-run and organized ranch and sale," Guy says. "Prepare the catalog so it represents your cattle accurately. Have the facts right in the catalog."

Online sales can cost less

This summer the Colyers will host their seventh online sale utilizing *sellingcattle.com*. "To host a successful online auction, you need to have nationally recognized cattle and a known track record for selling superior cattle," Guy says. "You need to have really good pictures and video footage, since the buyers do not get to see the cattle in person. We post photos and video clips online and produce a video to mail out to prospective customers."

The online auction system utilized by the Colyers works very similarly to eBay. For a specified period of time, buyers can view and bid on the offering online. To learn more about this

continued on page 132...

Which road to take?

Seedstock marketing guru Keith Evans shares these thoughts about choosing between selling private treaty and hosting a production sale. Some breeders like to sell cattle one day of the year at a production sale. For others this is too risky. They prefer not to put all of their eggs in one basket, so to speak. But there is even more to consider before deciding which road to take.

Most people agree that the out-of-pocket cost of a properly managed auction is higher than selling privately. On the other hand, private-treaty selling takes time. Someone needs to be available and willing to visit with customers. What's more, the person responsible for marketing must understand the business of one-on-one, private-treaty selling. That person needs to know how to make a customer feel comfortable, how to determine the customer's needs and how to focus attention on the cattle that will best fill those needs. Finally, the salesperson must know how to ask for the order — to make the sale.

Selling by auction or selling by private treaty are both effective ways to market cattle. The two can be combined into one marketing program; however, they take different skills and present different time demands. Some people are better equipped for one kind of selling than another. It is a good thing to understand these differences before heading down an unfamiliar fork in the road. **HW**

Marketing

Mastering



marketing option, visit www.sellingcattle.com.

Online, Satellite auctions

By utilizing *LiveAuctions.tv* the Colyers have also broadcast their production sale on the Internet the last two years. "It is a growing trend," he says. "The Internet auction format gives customers the opportunity to feel like they are at the auction. I was a little bit shocked at the tremendous acceptance of the technology."

During the Colyers' 2008 sale, they had 200 online viewers and sold 51 head to online bidders, which is a fifth of the Colyers' total sale offering.

LiveAuctions' services include real-time video and real-time audio. Producers can watch the sale and bid online. LiveAuctions also offers sale accounting services such as printing invoices, approving bidders and preparing a sale average report, a top sale item report and invoice summaries.

Another marketing strategy to complement hosting a production sale and to allow customers who cannot be at the sale to bid is to broadcast the sale on RFD-TV. Superior Productions offers a range of services including broadcasting purebred auctions on RFD-TV, video taping cattle to use as a promotional tool and broadcasting the auctions on the Internet.

Jason Barber, who leads Superior Productions' purebred division, says, "An advantage that Superior Productions offers over competitors is the fact that potential buyers call in and actually talk to auction savvy personnel instead of just pressing a button on a computer. We try our best to make sure a bid gets turned in at the correct amount and in real time."

Superior Productions charges a per hour broadcast (TV or Internet) fee and charges no commission. All sales that are broadcast on TV are also broadcast simultaneously online at www.superiorlivestock.com for no additional cost.

"Another advantage to Superior Productions' service is the quality of video that is broadcast," Jason says. "Regardless of whether the sale is broadcast over the television or over the Internet, we will video the cattle prior to the sale and edit the video. This, in turn, allows us to have pre-edited video available for viewing online before sale day and also to create DVDs to send out upon request. You will not find a sale through Superior with video being broadcast via Web cam."

Superior Productions offers a service that allows clients to expand their customer base in addition to receiving bids when distance and scheduling conflicts arise. "Not only do we provide a means to increase a sale average, but we supply an extremely progressive

way for our clients to take advantage of television advertising. We also offer insurance when bad weather occurs — we have provided a way to successfully host a sale during a bad snow storm when nobody except sale staff can make it to the ranch on more than one occasion," Jason says.

Several Hereford breeders have utilized both the online and satellite broadcasts as ways to reach more potential customers. "I haven't been involved in any production sale broadcast over RFD-TV when the total dollars sold from our services have not covered the cost," Jason says. "The bottom line is that I believe in the services that we offer and for that reason you can find my family's fall bull sale on RFD-TV on Oct. 2."

Evaluate options

Developing a marketing strategy can be overwhelming, but realize you are not alone when considering what is the best option. There are hundreds of other seedstock producers who contemplate what is the best plan for their program. Ask questions; read about and discuss with other breeders what strategies have worked for them. Utilize cattle marketing specialists like the AHA fieldmen as a resource and sounding board. Then choose an option that fits your program. Finally, don't forget to annually evaluate your marketing strategies and fine-tune your marketing program. **HW**