



The Canadian Junior Hereford Association

Presents:

Marketing in the Purebred Cattle Business



*"Marketing Purebred cattle means making
the customer the most important part of your
business"*

Introduction

Marketing in every type of agricultural enterprise is becoming increasingly important for producers to have profitable and thus sustainable business operations. Angie Denton, editor of Hereford World, states “Purebred breeders spend hours trying to figure out the perfect mating or investigating ways to manage their land or cattle better. Marketing is something that does not come easily for some producers, and, in many cases, takes second place to everything else a producer does.

But marketing experts say the most successful business people indicate, the customer is their business.”

This pamphlet is being produced to encourage the junior members to become knowledgeable marketers; as, this skill will become the most important factor for future success in the Purebred Business.

Understanding the Benefits of Marketing

Why marketing? Why not just better genetics, rotational grazing, or something else? Because marketing is essential to attracting customers and making sales, and that makes all the rest of the things a purebred business does possible. Every hour spent thinking about and working on marketing usually yields a bigger bottom-line return than the time you spend on other aspects of the business. Marketing makes you focus on customers and your customer base determines financial success.

Things Marketing can do for you and your Purebred business:

- Increase customer loyalty and commitment to your breeding program and generate positive word of mouth from your customers
- Attract new customers to grow your business
- Helps you to expand your business to achieve income levels necessary for financial success i.e. profitability
- Fend off rival Purebred breeders from other breeds
- Promote your breeding program, your farm or ranch, and your business philosophies.

Marketing – it's very simple

Marketing comes down to your customer and the relationship between you and your customers. Marketing is all about successful relationships. First, and always, make sure you're building a relationship so you have committed customers who care about you and your genetics.

Four-pronged approach for customer loyalty

1. Acknowledge the customer as a person – an individual with a name, a life, needs and concerns. Take the time to

show appreciation for their business.

2. Learn everything you can about each of your customers, their families, their farm or ranch, and their business goals.

3. Ask each customer what they want from you. Determine their expectations.

4. Make it easy to do business with you and always keep your word.

Without a strong relationship and a committed customer, you're just selling a commodity.

Success in the Purebred Business is customer commitment or loyalty.

Knowing your Customer

To create a long lasting and profitable relationship with as many customers as possible, you need to understand your customers. This sounds obvious, but how much do you really know about your customers and potential customers? Your customers care about certain attributes or the things they believe are important when deciding whether to buy or whether they like what they bought. A simple exercise is to develop a list of attributes or specific factors your customers considers when deciding on a source of Hereford genetics. For example a list of attributes might include the following;

- Breeder reputation
- EPD information
- Temperament
- Breeders guarantee
- Pigmentation/Red necks
- Frame score

- Blood-lines
- Feet and legs, soundness
- Location of the breeder
- Customer service
- Calving ease/birth weights

Once you have developed your list, then start the process of rating each attribute by how important it is to each customer. Some attributes will matter more to some customers than to others, and you may be surprised when doing your ratings, based on customer feedback, on what is most important for each customer. You may also end up adding some attributes to your list that you did not think were initially important. The purpose in going through this exercise is to make sure you know which attributes matter most to the customer you care about and also for future customers. You need to keep these attributes in mind in all future marketing efforts and also in discussions with your customers. And you'll be looking for ways to be even better on the key attributes whenever you can, as they're going to be important, as you build stronger connections with customers and increase customer loyalty to you.

Knowing Your Product

Knowing what customers like is one thing, but succeeding in the market is quite another. It just isn't as simple as running an ad that shows pictures of your select animals. You have to be clearly different and better, at least in one or a few key areas. This can be a challenge. You may not be aware of this, but your breeding program will have certain qualities and strengths that will help you achieve some success in selling breeding stock. You can simply amplify and communicate these strengths through your marketing to achieve considerably more success. You have to make sure you're fully aware of your breeding program's strongest qualities and then be ready to leverage them in every aspect of your marketing.

To explore your greatest strengths and find out what will give your marketing the greatest power to pull customers to you, take the time to list your strengths and any special qualities you or your program has to offer. For juniors starting out in the business, you can plan ahead and think about what strengths you will want to focus on, in developing your herd or purchasing animals. You can determine how you plan to differentiate yourself in the market and then develop your genetics and program accordingly.

Upon making a good list of your strengths, then rate yourself on each one to determine which ones are the strongest and make you special or unique in the business. Hopefully some of your strongest qualities will overlap with the high priority attributes that customers want, and then you can promote these desirable strengths above the others.

You're going to succeed in marketing on the strength of your breeding programs best qualities and your special brilliance, not by trying to match competitors or being as good as average.

Focus on what makes your breeding program special and on what your customers consider important. When you do, you're building the elements of customer loyalty and strengthening your bonds with your customers, not to mention making your marketing a success.

Designing your Marketing Program

A marketing program is a coordinated, thoughtfully designed set of activities that help you achieve your marketing objectives. Your marketing objectives will include revenue targets that fit your strengths, the availability of resources, and allows you to be profitable. In order to build strong customer relationships and maximize sales, you need to put every possible marketing tool to work for you. Marketing is a broad field, including many elements, such as advertising, logo design, web-sites, brochures, customer service, sales calls, and field days. The more tools, the better. But the variety of choices makes getting organized and focused hard. To help with this exercise, there are some basic methods to organize a marketing program.

If you take any marketing class, they will always discuss the "Five P's" for the five broad areas to accomplish marketing goals. These apply to the cattle business as well and include; Product, Price, Placement, Promotion and People.

Product: The product is what you sell, be it an animal, or a breeding program. Thought and plans

have to be developed around your breeding program to improve quality or achieve customer needs. Any improvements in quality usually translate into gains in sales, plus any breeding program designed to meet identified customer needs, should increase sales.

Price: This is one of the most difficult areas in a marketing program. The place to start is knowing your cost of production, which is determined by the age and type of animal you plan to market each year. For example there will be different costs of production in selling yearling bulls versus two year old bulls. Breeders also need to determine if they are going to retain animals after they are sold, provide free delivery, volume discounts, and payment plans. These costs have to be incorporated into your budgets.

Placement: In the cattle business this means where and when you present your cattle to customers. Again in your plans, you need to decide if you are going to have a production sale, participate in consignment sales, and attend shows. Often other Purebred breeders become good customers, based on contacts made at shows.

Promotion: It's all in the sales activities, advertising, barn displays, signage, web pages and any other communications designed to inform and persuade people about your cattle and program. The goal of all promotions is to encourage people to want to buy your cattle.

One of the best, and most neglected promotional tools is a proper gate sign.

People: In the Purebred cattle business, which, is often described as a people business, and because relationships are very important, this area of marketing is very important. The best people to market cattle are the owners; however, much thought needs to be applied in situations where herdsmen, cattle fitters, and sales management personnel are involved in the cattle operation. The personal connection between your employees and consultants with your customers can be a powerful marketing force, but it can also be the opposite if the wrong people are involved.

The way to benefit from the 5P's is to annually look at weaknesses and strengths in each of the five areas. Then try and eliminate the weaknesses and make your strengths even stronger.

A Simple Marketing Plan

A marketing plan lays out your analysis of the situation in your market area, along with your strengths and how you'll use the various elements of your marketing mix to implement the strategy or plans. It also has sales projections and a budget. A good plan is always welcomed by your banker. Each year do an analysis of your past year to determine how well you achieved the plan and then develop a new plan for the next year of business, using the results and your experiences to develop budgets, which will become more accurate over time.

Elements of a Plan:

- A. Situation Analysis – what's happening in the cattle business, trends in the Hereford business, sales by customer for the current year and compared to past years, areas of business growth and decline, review of budgets and potential for new revenues, and review of costs of production.
- B. Review of customer attributes or areas of importance in sourcing breeding stock. Review of the strengths and weaknesses of your breeding program. Figuring out what you do best and what your customers like most.
- C. Plans and actions for the 5P's.
- D. Budgets and time-lines.



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