

## CHAPTER 12: The principles of marketing livestock

### SA Stud Book Stud Breeders' Manual, Chapter 12

In the majority of cases, stud breeders are also stock farmers, who have to market their excess livestock and the products of their livestock along the usual marketing channels.

The South African agricultural economy is in a transitional phase at present and the problems being experienced around marketing are typical of many transitional economies. It takes time to establish healthy marketing systems and markets demand a supportive infrastructure, established institutions and policy guidelines. The onus is on every farmer to become actively involved in the structures that deal with marketing his or her animals and their products. Farmers and their organisations will have to ensure that the government pays adequate attention to functions such as the dissemination of information (on prices, markets, buyers, and more), infrastructure, research, the reduction of transaction costs, capacity building, grading and quality standards, as well as food safety, and that relevant legislation is effectively implemented to benefit all farmers.

Breeding material or stud animals, however, do not follow the normal marketing pattern found in the agricultural industry. Stud breeders and their breeders' societies have to rely largely on themselves to market their products, support their marketing efforts, and sustain the industry. The authorities are in no way involved in the marketing of stud livestock.

#### 1. KNOW YOUR MARKET

The essence of the business and the product may differ, but stud breeding is a business enterprise like any other. Marketing entails much more than a public notice of a breeder's annual sale to attract buyers' attention. The four Ps of marketing are as valid for stud farming as they are for any other product or service.

They are:

- product
- price
- promotion, and publicity
- place or distribution

The top priority of the stud stock industry is a thorough understanding of the needs of its market – the buyers of their breeding material – and to meet those needs with appropriate genetics; in other words, enable the buyer to produce effectively and profitably. Secondly, an effort must be made to make reliable information available on the standards of the industry and the quality and characteristics of the animals on sale.

Rather than only concentrating on the characteristics and assets of the breed or herd concerned, successful marketers must also thoroughly study the market to determine buyers' needs.

Guidelines for planning a meaningful marketing strategy include a series of logical steps:

- market analysis to determine what buyers want and need, what competitors are up to, and what the trends in the industry are;
- development of a marketing plan with particular marketing strategies for achieving set targets;
- implementation of these strategies; and
- evaluating the success of these steps and adapting your approach if necessary.

A successful marketing formula is to firstly make the product easy to sell; in other words, make it as good as possible. Secondly, the seller must provide the best possible client service.

#### 2. EXCELLENT CLIENT SERVICE

- Create a database of all existing clients, as well as those breeders you would like to have as clients, with their names, addresses, telephone numbers and email addresses, and the type and size of their herds. Record all purchases, sales and prices, and update the information regularly, as it can indicate what genetics they use in their herds and how much they are prepared to pay for stud stock. Always consult this information before doing business with a client.
- Ask pertinent questions that will indicate what your client expects from the stock he or she intends to buy. It will allow both of you to make better decisions.
- Follow up the sale with a telephone call or a visit to make sure that the animals arrived in good condition. Make contact again once the breeding animals have produced offspring.
- Handle complaints quickly and to the client's satisfaction, as far as possible. A satisfied client is your best sales representative.
- Visit each client's herd once a year, or at least once every two years. It will allow you to plan your breeding programme more effectively and sell your stock more easily. Also help clients to classify their animals.
- Be proactive: do not wait for former or prospective clients to show interest in buying more stud stock. Disseminate information on year-old results, new breeding animals, dates of sales, etc. by post or email.

### 3. ADD VALUE FOR EASY SALES

- Register your stud animals. The assumption that registered animals are worth more has been valid for centuries and it will remain so.
- Keep accurate records of your stock. Without data you cannot compete with those who do record their animals' performance.
- Collect and evaluate economic information – in other words, how much money did your stock generate in comparison with similar stock? Study and utilise available technologies.
- Contribute to your clients' and their clients' profitability. Be aware of how the market demands influence other traits, for example carcass characteristics and quality of meat, instead of merely growth, fertility and feed efficiency. This kind of information enables you to satisfy buyers' needs more effectively and gives you a head start on your competitors.
- Commercial breeders do not buy only bulls or rams. They buy your philosophy, mission, core business and knowledge, that they, in turn, can convey confidently to their clients.
- Use email marketing to keep potential buyers informed of events and new developments. It can also be utilised as an after-sales service to sustain buyers' interest. Email is an inexpensive form of marketing.
- Replace mail marketing with email marketing; it is cheaper and you can be more certain that the client will receive the information.
- Sales and shows: Find out who the auctioneers are and provide them with the relevant information timeously. Make sure that you deliver a sound product and good after-sales service. Also ensure that the advertising material and catalogues contain comprehensive and accurate information and are available well ahead of time.
- Utilise your breeders' society's marketing campaigns and channels. Annual journals, newsletters and web pages can be used effectively to support a herd's marketing campaign.
- Advertise strategically in relevant magazines such as the SA Stud Breeder, Farmer's Weekly, Veeplaas, Landbouweekblad, and other local publications.
- Webpages provide information and services to a global, targeted segment of commerce. Include your website address on all marketing material, forms, catalogues, advertisements, and other documents. Keep your website updated with new information and photographs.
- Compile your own newsletters and post or email them to your client base. Actively use your breeders' society newsletter.
- Visit and participate in shows, farmers' days, auctions, bull testing stations, and more. Employ a combination of these marketing tools to draw up the most effective marketing strategy.
- Establish and maintain trust. Buyers are prepared to pay more if they know you run your enterprise with integrity. Your reputation is probably your most valuable asset.
- Marketing involves more than simply advertising – a stud breeder must be prepared to better his competitor's service.
- Breeders whose animals perform well at sales are the ones who do their homework by contacting prospective clients beforehand, who render good general service, and who make sure their clients experience a pleasant buying event. For example, handing out gifts at an auction will not guarantee sales, but it provides a personal touch and reinforces your brand name.

### 4. THREE PLANS FOR SUCCESSFUL STUD STOCK MARKETING

#### • The financial plan

Always consider time – for example, the gestation period of animals: how long before one animal becomes two? Unlike the stock market, you cannot acquire a profitable herd today and sell it again tomorrow. A herd also does not appreciate or depreciate as rapidly as shares do. Time is at the core of the stud breeder's financial plan.

#### • The genetic plan

It is crucial to identify the best and most sought-after animals and then to breed with only those that consistently show good breed characteristics, have respectable pedigrees, and deliver progeny that meet expectations.

#### • The marketing plan

This requires hard work: hours on the telephone, compiling advertisements, and interacting with different people. The most significant requirement is allowing adequate time to reflect on and learn from a marketing programme. Marketing strategies can be acquired – there are plenty of books and courses that provide knowledge and skills on the subject. With the right approach these three plans can enable the stud breeder to manage his enterprise as a business. And that, after all, is why stud breeders exist – to make a profit and to expand their interests, like any other business.

In marketing stud animals, the main question is whether the seller's target market is stud breeders, commercial farmers, or both. To be a successful stud breeder means that you must select animals to suit the target market. They are then prepared and offered in a practical way to make the production and performance records meaningful. The local market should always be your top priority. Even if a breeder has previously sold countrywide and to neighbouring countries, as a seller, your own province and region remain the most reliable market.

The best prices are paid for much more than a popular pedigree; successful breeders know the value of their animals; know what makes their breed or herd unique; are well-travelled; know the difference between 'good' and 'excellent', and have learned to recognise it in their own product. They market their breeding programmes enthusiastically; and they broadcast their breeding philosophy, their stud bulls and the available AI-bulls. In a nutshell, they believe in and are proud of their product. Successful breeders emphasise the positive features of their animals and sell them as they themselves would like to buy animals: as a fine product that was honestly marketed.

The purpose of any business is to deliver a quality product, and this also applies to the stud stock industry. Market research is the very first step, followed by design and production. Stud breeders who rely on a promotion programme to compensate for an inferior product or inadequate preparation can be certain that they will have to recruit new, once-off clients every year. The eventual goal of establishing a satisfied, loyal client base is only attainable if the stud breeder delivers a quality product and provides exceptional follow-up service that meets his or her clients' expectations.

There is a saying, 'Successful marketing is like a good golf swing: it's the follow-through that helps to improve the distance'. As a breeder you are responsible for your own success: your own initiative and creativity determines the success of your marketing programme, and your follow-through determines how successful you will be, and for how long.