

Cattle Business in Mississippi – August 2016 **“Stocker Cents” article**

The more THEY know: Information is king when marketing calves

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Many of us have heard the phrase “the more you know” in many different contexts. In fact, NBC has made the phrase popular with its long-standing public service imitative focusing on sharing information focused on education and many other topics. For beef producers, this phrase hits home when it comes time to plan marketing of your calves. Information is important because it gives buyers a better insight into how your calves will perform in the future. In the absence of information, many buyers assume the worst case scenario with calves, and are unwilling to pay premiums.

For years, researchers at Universities across the country have attempted to put a value on information, and the value of certain traits of calves marketed. One key factor that always comes up is that buyers will pay more for knowledge. Whether that knowledge is positive or negative, it has been shown that buyers consistently will pay more to know. Implant strategy is a good example of this. With the rise of “natural” or non-hormone treated branded beef programs, many buyers have a market to fill for these calves. However, it is important to remember that calves of unknown implant history cannot be marketed through these programs. Therefore if you choose not to implant your calves, it is extremely important to make this known when you market them as you may receive additional premiums.

A sound marketing strategy allows a producer to capture added value in a group of calves. All too often, producers leave dollars on the table by not having a marketing plan in place for a group of calves prior to the day they’re ready to be sold. Regardless of the chosen marketing venue, producers should strive to provide complete and accurate information on calves

There are numerous options available to Mississippi producers including auction markets, private treaty sales, board sales, video auctions, and marketing alliances. Each option has both advantages and disadvantages, and these can change with market conditions and with each animal marketed. It is important to analyze each market carefully.

Another important point to include in a marketing plan is advertising and promotion. The best set of calves can’t sell themselves if no buyers know they’re there. This goes back to the original statement above. Buyers need to know not only that calves are available for sale, but also the description and background of the calves. If calves are marketed through a special board sale or other type of promoted auction, this is often handled by sale management. Often as a producer sells cattle over the years a reputation is developed among potential buyers for producing profitable cattle.

Currently, there is an analysis being conducted of past Mississippi Feeder Calf Board Sales, and how the information provided to the buyers in these sales effected the value of the loads sold. This exciting new study is being conducted by my graduate student, Elizabeth Caldwell, and will also include a follow up with past board sale consignors. Look for more information about this project in the spring of 2017.

A sound marketing strategy can allow a producer to decrease risk and take advantage of added value when marketing a group of calves. It is important that the plan is both reasonable and well plan to ensure its success. Knowledge really is power when it comes to marketing calves, and providing knowledge to potential buyers of how those calves might perform down the road is an essential part of any marketing strategy.

For more information about beef cattle production, contact an office of the Mississippi State University Extension Service, and visit extension.msstate.edu/beef.