Wilson County Agricultural Article from Ruth Correll, Agricultural Extension Agent

What is a Complete Marketing Plan for the Beef Producer

If you are a member of the Tennessee Cattlemen’s Association and received their January publication, then I hope you read the following article by Andrew Griffith about the importance of having a marketing plan versus having just a marketing method. This is vitally important to profitability for the beef producer of the future. There are savvy consumers out there that know what they want and this is reflected at the market. We have experienced a very high market the past few months but his is not likely to continue forever. When this happens it will be even more important to know the market and provide what the market is looking for. I hope you will take to heart the main points of Dr. Griffiths message.

“It is never too early to start developing a marketing plan for the current calf crop and the next anticipated calf crop. February is a prime time to develop a marketing strategy for the 2015 calf crop regardless if the herd is a fall, winter or spring calving herd. Every producer starts a marketing plan during the breeding season whether the producer is conscious of the decision or not. Producers in the Southeast have been successful marketing cattle derived from English breeds, Continental breeds, and exotic breeds and mixtures. However, careful consideration in breed selection is necessary for identifying the market for the cattle.

Marketing methods and a marketing plan are not the same thing. Many producers have a reliable marketing method which might include private treaty, auction market, feeder cattle alliance, or even retained ownership through the feedlot stage. These are all marketing methods but this is not a marketing plan.

A marketing plan includes all the production and management decisions made by the producer and is then linked to a marketing method. There is one very important further step for the more profitable producers. The one additional step is communicating with the purchaser of the cattle to gauge their satisfaction and to identify areas of improvement to make their purchase of cattle a more pleasurable experience the next time. This is important because a repeat buyer is a good sign and likely means the cattle are highly marketable.

Feedlot managers recognize when a pen of cattle performed well in their feedlot. When a feedlot is successful with a group of cattle then they generally prefer to go back to the producer and purchase those cattle again. Similarly, if a commercial cow-calf producer has success with a breeding bull from a seedstock producer then the commercial producer is more likely to purchase another bull from the seedstock producer while the opposite is true if the experience is poor. Thus, the last part of a mar-
A marketing plan may require communicating and developing a relationship with the folks purchasing the cattle.

Many of the decisions going into the development of a marketing plan are fixed, meaning they cannot be changed once they are made. However, a good marketing plan is fluid and constantly being reevaluated. The key for a producer is to institute management practices that add value to the animal and that open the door to as many marketing methods and avenues as possible.

The one decision many producers contemplate every year is the timing of marketing calves. Many producers market calves at weaning which is a common practice. However, just because something is common does not mean it is the best or most profitable decision. The dynamics of each year (weather, forage availability, capital availability, etc.) are generally the driver related to changing the timing of marketing. However, this is where continuing to reevaluate the marketing plan is integral.

Factors may dictate a producer has to market some calves earlier than originally anticipated. Thus, a producer must try to determine his/her most profitable direction. Producers will likely have to evaluate marketing steer calves versus heifer calves or marketing the heavy end of the steers versus the lighter end. Another, consideration is the purchase of additional feed resources and how costs compare to the additional revenue from adding weight to calves.

The take home message is to start developing a marketing plan early. It is easier to alter an established plan when production and market conditions change than it is to create a marketing plan on the fly. Producers with an established marketing plan will have a higher probability of being successful cattle marketers than producers without a plan. This seems like common sense, but it is evident that common sense is not so common anymore.”

Agricultural Market Summary

Cattle Market Trends

Local auction market prices witnessed a slight resurgence with lightweight calves experiencing the largest gains. The increase in prices is likely due to some stocker producers attempting to secure a few calves to place on grass this spring and due to the low availability of calves at this time. It would not be surprising to see those prices drop some between mid-March and mid-April. Producers may also want to keep an eye on slaughter cow prices the next three or four months as the price of slaughter cows generally peaks in May or June. Feeder steers under 500 lbs. $9 to $13 higher, over 500 lbs. steady to $6 higher, $151.00-$335.00; Feeder heifers $1 to $5 higher, $160.00-$315.00; Slaughter cows $3 to $8 higher, $84.00-$116.00; Slaughter bulls $3 to $5 higher, $118.00-$135.00.

Grain Market Trends

Corn, soybeans and wheat were up for the week. Corn – Cash prices were steady to slightly higher, $3.59-$4.15. March futures closed at $3.85 up 15 cents for the week. Soybeans – Cash prices were mostly weaker, $9.50-$10.27. March futures closed at $9.73 up 12 cents for the week. Wheat – Cash prices were steady, $4.52-$4.85. March futures closed at $5.27 up 35 for the week.

For additional information on these and other topics, contact the UT Extension Office, 925 East Baddour Parkway, Lebanon, TN 37087, 615-444-9584 or acorrell@utk.edu. UT Extension provides equal opportunities in programs and employment. Visit the UT/TSU Extension webpage at http://utextension.tennessee.edu/wilson or look for UT & TSU Extension, Wilson County on Facebook.

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