



Marketing Focused on Customer's Profitability

by Clint Berry, RAAA Communications/Member Services Director

The term "profitability" is often misunderstood by cattleman.

Sometimes it's described in a way that makes it harder to understand than is necessary, but simply put:

profitability = output - input.

Cattleman can make their programs profitable by focusing on increasing outputs and decreasing inputs. Sounds easy doesn't it, however, many cow/calf producers struggle year after year with keeping their ranch in the black. Several factors figure into the equation of profitability, but keeping it simple is the first step to success. So

you're currently moving full steam ahead with your commercial cow/calf operation. Your ranch is efficiently utilizing the acreage it has available by producing the best possible forage that your environment and production practices will allow. You are aware of the importance that range management plays in to the cost of inputs for your program. As a manager your animal health program is on track, your culling practices are continually improving the quality of your cowherd, your record keeping protocols allow you to keep track of each individual cow's performance and you are even realizing the value of using

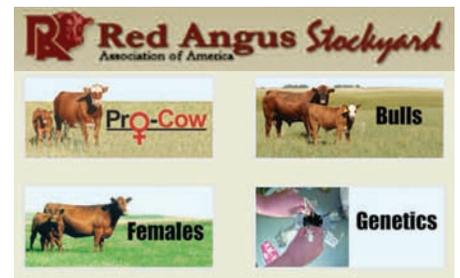
Red Angus in your planned cross breeding program. All of these management practices help to reduce the cost of inputs. So what's the next step in creating a successful and profitable (the most important) operation?

The simple answer is to increase the value of your outputs through a successful marketing program. Sometimes we as producers get so caught up in the day to day activities of ranch operations that we forget to pay attention to marketing the product we spend all year producing. There is a ton of labor,

sweat and ingenuity that goes into producing a calf. From breeding, to calving through weaning; a lot of energy is spent raising the calves on the ranch. It's easy to get lost in the commotion; leaving the income you receive (or the value of your outputs) from the year's work up to whoever may be sitting in the sale barn the day you decide to sell your calves. When you step back and think about that scenario, it sounds unrealistic that a rancher could make that decision. However, that marketing technique is commonly used in cow/calf operations across the country by both large and small, novice and experienced producers.

But fortunately, you are utilizing Red Angus genetics and are a customer of one of our Red Angus seedstock producers. This distinction comes with a few added benefits, including the fact that the Red Angus Association (RAAA) was founded on the principle that our success in the industry is only possible through the success of our customer, the commercial bull buyer. RAAA spends its energy and resources increasing the demand for the cattle our commercial customers produce, directly increasing the demand for the genetics our members produce. This is in stark contrast to the marketing programs most other breed associations promote. They focus their resources into directly trying to market their member's genetics, while paying little or no attention to their customer's bottom line. The RAAA features several programs designed to help commercial cattlemen market their Red Angus influenced cattle; ranging from simple internet listings, to national promotions educating ranchers on the value of Red Angus females, to an advanced

feeder calf program that helps ensure the value of Red Angus feeder cattle.



The Red Angus Stockyards is one of the programs the RAAA uses to help their customers and members market their cattle. Located on the Red Angus website at redangus.org, the Stockyards is the electronic version of your local livestock market on the World Wide Web. The Stockyards is divided into four categories that classify the type of Red Angus influenced cattle and/or genetics.

Pro-Cow: Red Angus influenced commercial replacement females.

Bulls: Registered Red Angus sires.

Females: Registered Red Angus Females of all ages.

Genetics: Red Angus semen and embryos.

The Stockyards' service is available to both seedstock members and commercial customers, and serves as a means of connecting buyers and sellers. Buyers can view listings of cattle and genetics for sale in a no pressure format that allows the buyer to contact the seller directly, eliminating the worry of receiving unwanted solicitation while searching for cattle to expand their operation. Best of all, this is a free service provided by RAAA. There is no cost at all to utilize the Stockyards, it's simply another tool used to help increase demand for Red Angus. Sellers can even list cattle that

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will sell at auction at a later date, such as a set of Pro-Cow females that are selling on a video auction or a group of registered heifers that are consigned to a registered sale. Sellers simply go to the Stockyards at RAAA's website, click on the "submit listing" tab, follow the steps while filling out their contact and animal information, edit and then finalize the listing. The listing will be sent to RAAA for approval by the marketing staff and then added to the Stockyards. The listing will remain active for 60 days before being removed or until you inform us that the animals and/or genetics listed are sold. This allows the Stockyards to remain current and prevents it from being bogged down by old listings that are no longer available.



Pro-Cow is an educational and marketing program designed to add value and interest to the positive qualities that the Red Angus influenced female demonstrates. Launched in 2003, this program draws attention to the traits that make Red Angus the premier breed in the beef industry. The Red Angus female excels in many areas but perhaps its most profitable trait is that it doesn't fail in any area, giving it the distinction of the model of efficiency.

Fertility: The most economically relevant trait to cow/calf producers.

Maternal Efficiency: The cornerstone in any cow/calf operation, it's the cumulative effect of production vs. inputs x longevity and is Red Angus's strongest trait.

Calving Ease: The first step to profit and the Red Angus image that is recognized by most commercial producers.

Carcass: Strengthen the calf's carcass traits by providing superior marbling, adequate red meat yield and moderate carcass weight.

Longevity: Industry professionals state that the breakeven point for a cow is age six, the Red Angus female can add years of productivity.

Maintenance: The Red Angus female is ideal to lower the cost of production through improved feed efficiency, fleshing ability and foraging capacity.

Convenience: Polled, solid coloring, great dispositions and ability to uniform a cross bred calf crop, all add to the marketability of product and can be realized through using Red Angus genetics.

These traits empower the Red Angus female with the ability to perform in a multitude of environments and increase the profitability of the commercial cattleman. In turn, driving demand for Red Angus genetics by adding to the success of the customer. In 2007, more than 50,000 females were sold through the Pro-Cow program.



Certified Red Angus

The Red Angus Feeder Calf Certification Program (FCCP) adds value to the Red Angus feeder calves produced by the registered bulls (and females) purchased by our customers. This program was initiated in 1994-1995, and in the 12 year history has marketed over one million head of Red Angus influenced feeder calves. It was the industry's first USDA approved genetic verified program. With new requirements added in the fall of 2006, the tag now guarantees both source and age verification. Enabling producers to access premiums through branded product lines and value based grids as well as supplying product for the increasing export demand. The FCCP yellow tag is helping producers' feeder calves push the prices paid at auctions across the country. Beginning with the video auctions held earlier in the year, FCCP feeders are receiving premiums ranging from \$3-\$5 per hundred weight over similar, untagged cattle selling that day. A strong national advertising program and alliances formed with industry partners, such as Cargill Meat Solutions and Meyer Natural Angus, are spreading the message of the superior quality that the tag guarantees. Bull customers wishing to become involved in the FCCP need to be sure that the registration papers are transferred on the bull(s) or female(s) they purchase. Red Angus seedstock producers should make this a priority when marketing their genetics to help ensure the marketability of their customer's calves as well as helping to keep their bull inventory correct. This is a necessity as each tag order is referenced with the number of registered Red Angus on inventory with the customer. The cattle must be tagged at the ranch of origin, before leaving the ranch on their marketing journey, and records must be maintained for a minimum of three years documenting at least the beginning birth date of the first calf born, if not individual birth dates. The producer must also be aware that they are subject to audits by both the RAAA and the USDA; this only ensures that the program is correctly identifying the cattle that the program promotes.

Always keep in mind the formula profitability = outputs - inputs; so the key is to always manage your program to increase the value of your outputs and decrease the cost of your inputs. Taking advantage of the marketing programs offered by the RAAA will help you to increase the value of your outputs. Sticking with our founding principles, RAAA is ensuring the success of its members by developing demand for Red Angus genetics by improving the profitability of their customers. ■