CLEMSON
EXTENSION

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LIVESTOCK PROJECT

Beef Cattle Marketing Project Guide

For most livestock producers, marketing is the last step in a long chain of production events. This is where the payoff comes. A poorly planned or rushed marketing program could easily lose in a few hours any profit made in the entire production cycle.

A good marketing system should operate efficiently and be price effective. How well it operates is judged on how well the system assembles (gets the animals into truck load lots), processes (identifies, weighs, and grades), packages (pens), and distributes (moves livestock to new owners). Pricing efficiency is determined by how well the marketing system reflects supply conditions (number of animals available for sale) and how accurately price reflects buyer demand for quality and services.

Because of production patterns, livestock marketing within a state or area is often seasonal (spring and fall). This sometimes overloads the available transportation (livestock trucks), markets' facilities (pen space), and buyers' capital (money supply or credit) requirements. This overloading reduces marketing efficiencies and can cause price fluctuations that wouldn't otherwise occur.

Several marketing alternatives are available to cow and calf producers of the Southeast. No one system can be classified as the best, but cattlemen should always try to improve their marketing procedures, just as they do in their production systems.

Different systems of marketing, systems of production (calves, stockers, yearling, and slaughter cattle), feeding systems (grass, silage, and grain), and buyer demands make specific recommendations on preparing cattle for market very difficult. However, some preparations pay handsome dividends. The practices listed here are generally good animal husbandry recommendations listed in the order you should do them.

1) Castrate all male calves not kept for breeding between one day and two months of age.
2) Dehorn all horned calves between one day and two months of age.
3) Vaccinate for blackleg and malignant edema before weaning.
4) At or just before weaning, vaccinate for the shipping fever complex and other respiratory diseases, such as:
   (a) Hemorrhagic Septicemia Bacteria
   (b) PI-3 (Para-Influenza 3)
   (c) IBR (Infectious Bovine Rhinotracheitis).
   These vaccines should be given at least two weeks before shipment or exposure.

AUCTION METHOD

4-H Club Steer and Market Steer Sales
Auction sales have proved to be the most desirable type of marketing for these sales. Auctions give recognition to both the seller and the buyer. Prices in these sales do not always reflect the true buyer demand.

Weekly Auction Sales
Most markets sell all species of livestock at their weekly sales. These markets let the cattle producer with a small number of calves economically exhibit his product to several buyers. The auction system helps assure the seller a "market" price on the day of sale. The auctions also serve buyers by assembling calves from many producers, letting them be more efficient and productive than they would be buying small groups directly from the farm.

PRIVATE TREATY

Marketing calves by private treaty may be divided into two categories:
1) immediate delivery, and
2) forward contracting.

When considering private treaty for immediate movement you have three basic sales outlets: direct to farmers and feeders, order buyers and dealers, and terminal markets. Private treaty is best suited to producers who can provide semi-trailer loads of 75 or more calves that are uniform in sex, breed, weight, and quality.

An order buyer acts as an agent for his customer. The dealer may serve as an order buyer or he may pay for the cattle from his company account, take full possession, and resell for his own account at any price he can get. When cattle are consigned to a terminal market, a third person, the commission agent, is involved. The commission agent provides pens, feed, and water and merchandises the consignor's cattle to a buyer by private treaty.

FORWARD CONTRACTING

Forward contracting is selling cattle at an agreed-upon price with the cattle to be delivered at a later specified date. There are two main outlets for this method of selling cattle--direct to farmers or feeders or to order buyers and dealers. Hedging on the commodities exchange may be considered one method of forward contracting. This procedure is practiced more by dealers and order buyers who deal with producers of large groups of cattle. Most contracts are made 30 to 60 days ahead of the delivery date, with the selling price based on a combination of the current situation and what is expected at the date of delivery.

VERTICAL OR PARTIAL INTEGRATION

This is an alternative available to calf producers who choose to keep ownership beyond the weaning stage in order to use feed resources and get greater gross returns to the farm operations.

The first and most short-term alternative is to wean calves, place them on a preconditioning feed for 30 to 60 days, and develop market outlets for these specially prepared calves.

The second alternative is to keep calves for about 6 months on a growing ration and market them at 700 pounds as stockers to go directly into feedlots.

The third alternative is to keep the calves on a growing ration for 1 year after weaning and market them as 800- to 900-lb yearling feeders to go directly into feedlots.

The fourth alternative is to place the cattle in a custom feedlot at the end of any of the systems mentioned from weaning on. There are other special sales also, such as:
1) sponsored special sales,
2) on-farm sales,
3) board auction sales,
4) tele-auction sales, and
5) computer sales.

ACTIVITIES

1. Attend a county, area, or state 4-H steer show and sale.
2. Visit a local weekly auction sale.
3. Visit a beef producer and discuss his marketing program.
4. Visit a purebred auction sale, if one is available in your county.

QUESTIONS

1. ____________________________ is the final step in a long chain of production events.
2. A poorly planned or rushed marketing system could cost you ____________________________.
3. A good marketing system provides for efficiency in ____________________________ and effectiveness in ____________________________.
4. Prices should reflect ____________________________ ____________________________.
5. Two types of market alternatives are: 1. __________ __________________ 2. ________________________
6. ____________________________ markets are better suited to small lots of cattle.
7. How many feeder cattle are needed for a semi-trailer load? __________
8. What are the two most important recommendations in preparing feeder cattle for market? 1.____________________ 2. ____________________

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