

Marketing Breeding Sheep for Better Returns





Photography: Samuel Boon, Charollais Sheep Society, Innovis, Texel Sheep Society.

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Travelling around the country I see big differences in the way that pedigree breeders market their animals to customers. Some sires are undoubtedly sold for more money than they will ever return through progeny sales, while other genetically sound animals slip under the buyers' radar and are sold relatively cheaply – a wasted opportunity for the seller.

Ram buyers do not make their decisions solely on the basis of a ram's genetic merit and appearance – other features such as the flock's health status, the after-sales service and the personality of the breeder all play an important role. There are many ways to influence these purchasing decisions. This is why I want to encourage breeders to think more about their 'product' and their customers and, importantly, how they communicate with them.

With so much effort going into producing high quality breeding stock, it is a pity not to maximise returns by poor or non-existent marketing. I hope this publication will help breeders reap the true value of their livestock when they are sold.



Samuel Boon
Manager of Signet Breeding Services

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Making money from breeding sheep

Making money from selling pedigree livestock is not all about topping the market with the sale of one especially good home-bred ram.

Although this might offer a great deal of personal satisfaction, this type of one-off transaction does not always optimise profit for the business. To operate profitably, ram breeding flocks need to secure a consistent and reliable income stream that exceeds their annual costs of production.

When making strategic decisions about the future, breeders should take a wider view of the income achieved through all potential revenue streams, not just the sale of breeding rams.

Setting business objectives

Evaluate the profitability of the breeding ram enterprise by setting total enterprise costs against income. Use this information to identify some key business objectives for the future.

Ideas to increase profitability

Improve profit margin per ram by:

- Increasing average asking price
- Reducing ram production costs.

Change the size of the business by:

- Increasing the number of rams sold but reducing average ram production costs
- Reducing the number of rams sold but achieving a higher average price
- Increasing the proportion of lambs sold for breeding rather than slaughter.

Develop a new market by:

- Selling more rams to pedigree customers rather than commercial producers
- Selling more rams from home
- Travelling to a new location/sale to sell rams.

Sell a new product by:

- Selling semen
- Establishing a market for in-lamb females
- Introducing another breed.



Barriers to the business

Having decided how the business needs to change, take a moment to think about why this hasn't happened in the past.

Potential barriers to the business might include:

- Adverse farming conditions – physical or financial
- Lack of money to invest
- Limited awareness or understanding of your 'product' by potential buyers
- Lack of contacts
- Lack of time
- Lack of marketing and selling skills

Identify ways these barriers can be overcome.



Examine past performance

Look at the performance of the flock last year:

- What was the average price for rams sold?
- What proportion of the lamb crop was sold for breeding?
- What were slaughter sales worth?
- How much were semen/embryo sales worth?
- How much was made through the sale of breeding females?

Identify which of these could generate the most money if performance was improved.



Set a budget

Ram breeders should know their costs of production and forecast how changes to the business will affect flock profitability.

Levy payers in England can use 'Stocktake' – a stand-alone costings service run by the Agriculture and Horticulture Development Board (AHDB) to assess financial performance on an annual basis.

For more information call 0870 241 8829.

Remember to set resources aside for marketing. Non-farming businesses frequently set aside 10-20% of their time and money towards a range of marketing activities.

The Unique Selling Point (USP)

If every ram was the same, buyers would simply choose the cheapest.

As some breeders are at times prepared to sell rams below the cost of production and rams are in plentiful supply, no-one can make any money unless they distinguish their flock from all others so as to add value to it.

Breeders need to establish in their own mind why a producer should buy their stock over anyone else's.

What are a ram's USPs?

- Appearance on the day of the sale
- Parentage
- Pedigree breed type and silverware-winning potential
- Overall breeding potential – as assessed by an independent organisation
 - ranking within the breed on Estimated Breeding Values (EBVs) or Breeding Index
 - gene carrier status for major genes
- Health status
- Potential longevity.



Different buyers place a different level of importance on each of these attributes. A commercial ram buyer may be far more interested in rams he believes will have a long and productive life, than rams exhibiting excellent pedigree breed type characteristics.

Unfortunately, some breeders concentrate on qualities that are of limited commercial benefit, which are not what mainstream customers are looking for.

Add value to the flock

The appeal of stock can be broadened by developing additional selling points that make them different or special compared to others of the same breed. The entire flock need not possess all the extra attributes. In larger flocks a breeder may decide to keep different breeding lines – some to produce championship winning rams true to pedigree type, with other animals produced specifically for the commercial market.

Raising awareness at ram sales

Doug Nesbitt

Texel Breeder, County Durham

"We have a growing number of clients interested in our 'Gold' standard rams which are in the top 10% of the breed. Sale cards provide a certificate of excellence and clients often like to take them when they pick up the ram."

We also like to publicise the way the flock is using the CT scanner. By posting up our CT scanning images at the major sales, we can draw attention to the carcase attributes of our sheep."



Motivation to buy

Selling a package of services

When a ram is sold, the customer buys more than just an animal to mate with his ewes. The 'package' he is purchasing includes:

- The product – the benefits derived from the ram, his breed and health status
- The breeder – his knowledge, expertise and reputation. How easy they are to negotiate with
- The breeder's approach to business – in particular the after-sales service.



Motivation to buy

Different buyers have different reasons for making a particular purchase.

When selling a ram, five 'motivational bases' can influence a buyer's decision-making process.

Motivation	Example
Expertise	<i>This breeder knows a lot about breeding sheep. If I buy one of his rams I can't go wrong.</i>
Benefit and Reward	<i>Investing in this ram will let me to make an extra £3/lamb.</i>
Self Satisfaction	<i>It will give me pleasure to see this ram running with my ewes – and I might show him in the summer.</i>
Affiliation	<i>Everyone is buying from this flock and I want some of these bloodlines to be like them.</i>
Fear of punishment	<i>If I don't buy this ram my partner will be angry – particularly if my neighbour buys him and is very successful.</i>

Promote your strong points

Robyn Hulme

Suffolk Breeder, Shropshire

"It is vital that producers understand their customers' requirements and believe whole heartedly in the product they are trying to sell them.

If you promote the fact that your sheep have good EBVs, you must understand what the figures mean and, more importantly, be able to explain them with confidence to the potential customer.

When talking to customers explain how your stock can make them money and support this with examples of producers who have done just that – providing practical proof to back up what you say."



The financial advantages of buying recorded rams

Breeders recording with Signet have an advantage over those who do not. This independent assessment of the breeding potential of their rams allows buyers to identify particular sheep that can make money in their farming system.

EBV records can indicate:

- How the ram's progeny will perform
- Trait leaders within the flock
- Rams suited to a particular production system
- How the flock has improved over time (genetic trends)
- That rams with lower indexes are still above the breed average
- How a ram compares to the rest of the breed.

The financial message to give potential buyers is clear. Independent research trials show a £3+/lamb benefit from using high EBV sires.

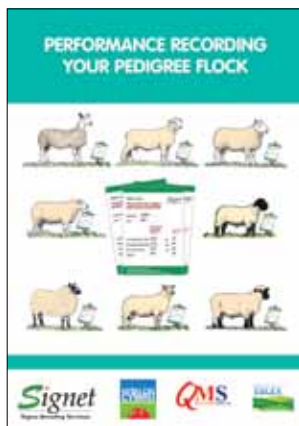
Multiply this benefit over a ram's working lifetime and it will more than justify an investment in superior genetics.

$\text{£}3 \text{ per lamb} \times 100 \text{ lambs per year} \times 3.5 \text{ years} = \text{an extra } \text{£}1,000/\text{ram}$

Publications that promote performance records

The EBLEX Better Returns Programme has a series of publications to help breeders explain the benefits of buying performance recorded stock to commercial customers.

For advice on how to performance record your flock go to **www.signetfbc.co.uk** and follow the recommendations for **Sheepbreeders**.



Email: brp@eblx.ahdb.org.uk or call
0870 241 8829 to request a free copy or download
from the EBLEX website – www.eblx.org.uk



Performance records as a marketing tool

Having performance records when selling stock will only provide a competitive advantage if the information is shared with and understood by the potential customer.

It has never been so easy to track down a particular ram's EBVs. Information on most recorded stock can be found:

- On the Signet website www.signetfbc.co.uk
- On cards on pens at sales
- On breed society websites
- In semen catalogues.

Even so, breeders should not rely on customers to track them down. Having the information to hand and talking through the figures can play a key part in the selling process.

Make EBVs more accessible by:

- Sending promotional mailings to potential and existing customers
- Placing advertisements in the farming press or breed society publications
- Preparing sale cards for each animal outlining his credentials
- Printing EBV charts for individual animals directly from the Signet website
- Providing a promotional list/mini catalogue at sales
- Including EBVs in the main sale catalogue
- Developing a flock website and keeping it up to date.



Creating your message

People buy benefits, not features.

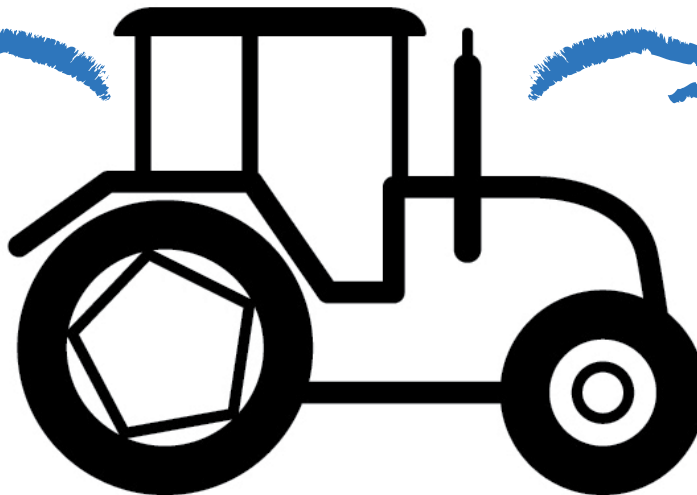
A new tractor may have an impressive range of features – such as engine size, fuel efficiency, braking system, air conditioning or sound system in the cab.

But the person buying it is really buying its benefits – the fact it is more reliable, more enjoyable to drive, cheaper to run, safer and something to show off to the neighbours!

Buying a tractor

Features

Engine size
Miles per gallon
Braking system
Air con



Benefits

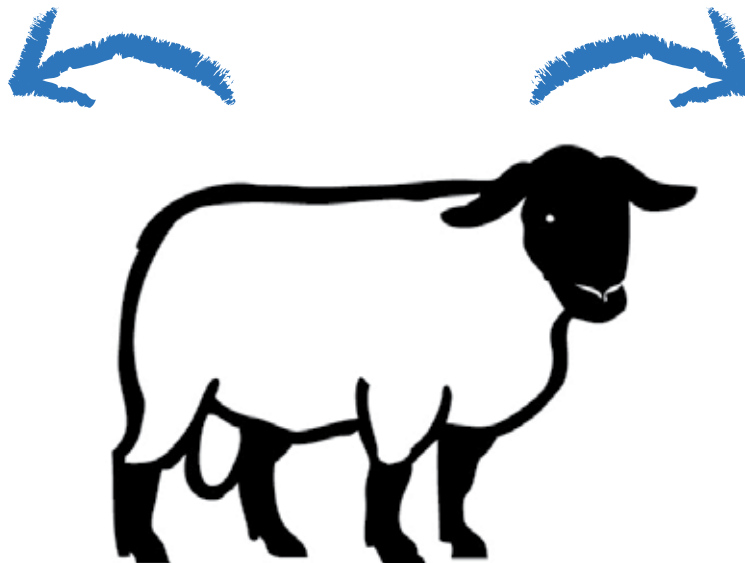
Reliable
Enjoyable
Cost effective
Safe
Prestigious



The same principle applies to the purchase of a ram

Features

EBVs available on
growth rates and
carcase traits
High health status
Breeder trusted and
well regarded
Great after sales
service



Benefits

Progeny will make
more money
Lower vet's bills
Pride in quality
purchase
Easy buying process
and made to feel
special



Here is an example of how to turn one feature, the availability of EBVs for carcass traits, into benefits that will attract and interest a potential buyer.

Original Feature	Impact	Consequences	Benefits	Proof
Rams with high EBVs for Scan Weight and Muscle Depth	Lambs grow faster	Lower feed costs	Saves money	In the last ten years various trials completed by SAC, EBLEX, QMS, Signet and the CST Recorded Ram Marketing Group have demonstrated these benefits which support the seller's claims.
	Lambs grow heavier	Carcasses worth more	Generates more money	
	Lambs finished sooner	Lambs hit period with higher prices	Generates more money	
	Lambs hit carcass specifications	Carcasses worth more	Generates more money	
	Lambs easier to batch	Less time spent sorting lambs	Saves time and makes life easier	
	Lambs top the market	Customer gets name in the market report	Generates more money and provides kudos	

The principle of customers seeking benefits not features not only applies to breeding livestock but also to the whole business.

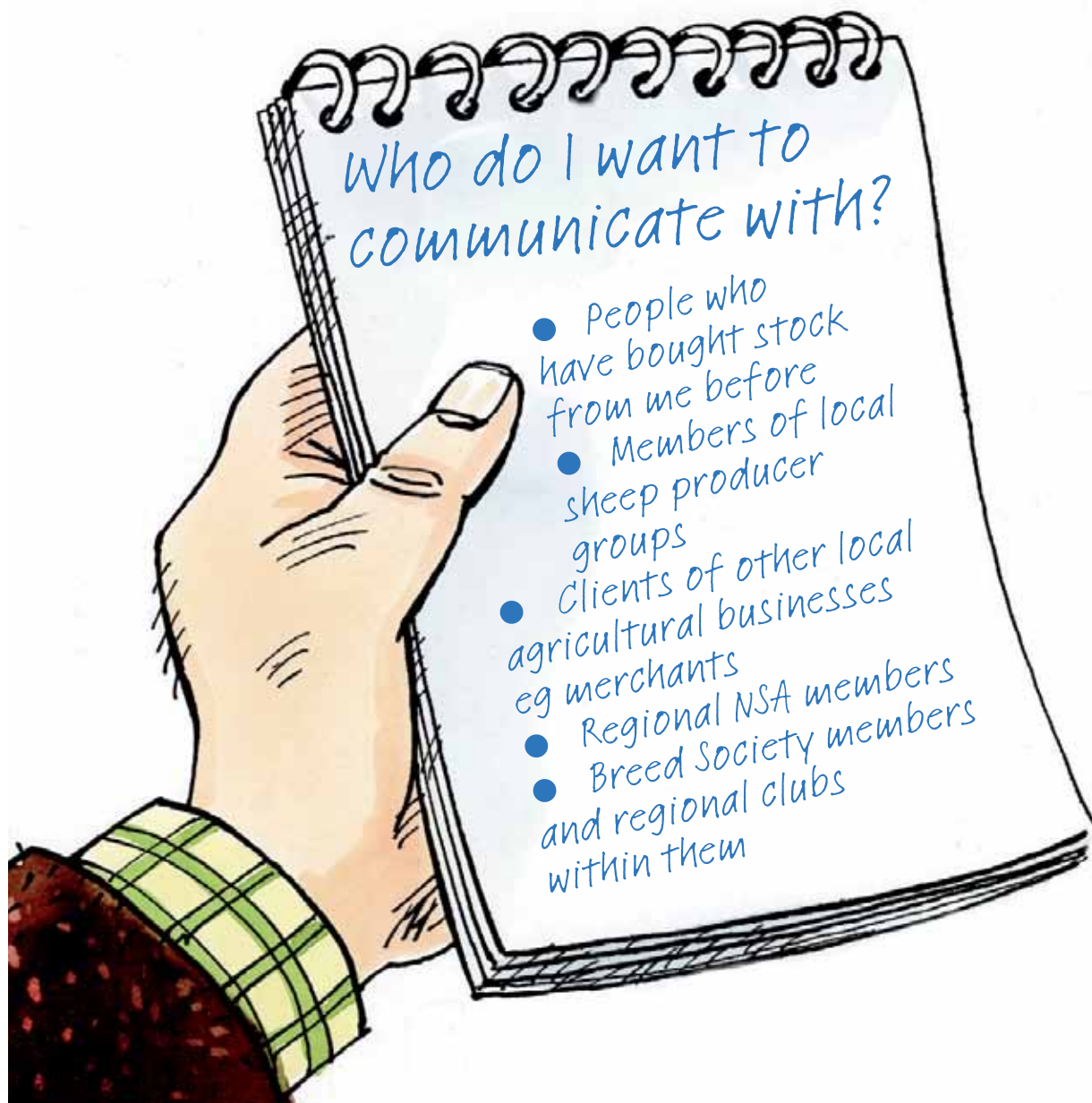
Original Feature	Impact	Consequences	Benefits
Breeder is approachable and well regarded	The transaction carries less risk	If problems arise they will be dealt with fairly	Avoids financial loss. Ram buying is easier/more pleasurable
High Health Status Flock	Less risk of buying-in disease	Potential saving in vet products and fees	Avoid losing time and money – peace of mind
Signet Recorded Flock	Genetic merit of rams is known. Ram buying is easier	Avoid risk of buying genetically inferior rams. Potential to produce progeny with superior performance	More money can be made
Flock wins awards	Progeny may do well in the show ring	Increases customer's profile and progeny may make more money	Potential to increase revenue from pedigree sales. Kudos for the customer
Breeder will look after rams until needed and arrange delivery	Rams can be purchased earlier	Buyer need not worry about finding time to buy and look after rams	Saves time and makes life easier

While many important **features** will be promoted by a breeder selling sheep, most of the **benefits** relate to the ability of the customer to make more money, save time or enjoy their new purchase.

Communication strategies

Communicating to prospective and existing customers is essential when selling breeding stock.

The first step is to decide who to make contact with and then how to reach them. Target potential customers quite tightly as it is a waste of time and money promoting to people who have no interest in buying the type of rams on offer.



Develop a database

Maintaining a record of existing customers can be as simple as a card-based filing system or data entered into a series of computerised spreadsheets.

The following details should be recorded:

- Name, address, holding number, telephone (landline and mobile), fax and/or email address
- Personal details – including name of wife and children
- Breed and number of ewes kept and where progeny sold
- Which animals were bought, where they bought them from, what they paid and whether they haggled, requested luck money or asked for help with transport
- How they heard about the flock.

Keep in touch after the sale and make a note of any feedback – good or bad for future reference.

There are many different ways that breeders can let their existing and potential customers know how their flock is performing and what stock is coming up for sale.



A mailshot at key times of the year will keep the flock in the mind of potential buyers as they decide what new breeding stock they need to buy. Send by post or email to those you have addresses for. Sending a card at Christmas is also a good way of maintaining contact and making the buyer feel remembered.

Websites are a great way of communicating to computer-savvy customers. But do not allow the pages to stagnate – update them regularly so there is something new for visitors each time they arrive.

Keep in regular contact with the Breed Society. Most will be happy to accept some well-written editorial about your stock and activities, as long as the promotional plug is not too blatant.

Open days and evenings can be a useful and relatively inexpensive way to encourage new and regular ram buyers to come to the farm to see the availability of stock on offer.

Communication tools

Marcus Bullock

Lleyn Breeder, Worcestershire

"We pride ourselves on a high level of repeat business. We are acutely aware that clients who come back to us often require bloodlines that are unrelated to rams purchased previously. Consequently we have retained a record of every ram sold over the past 23 years and who has purchased it."

This information is invaluable when customers return, removing the need for them to source new stock from a different flock to avoid inbreeding. It also allows us to identify potential rams that will compliment the genetics they have already bought from us over the years."



Printed publicity materials

Printed materials such as adverts and leaflets give the seller complete control over the presentation of their message, unlike articles in the press which can be edited down by other people.

Promotional messages do not have to be printed on paper. Hats, pens and beer mats are just some of the products breeders can use to get their message across to potential buyers.

Pros:

- Marketing messages can be taken away, stored or passed to others
- Relatively inexpensive if large numbers are printed
- Computer software such as Word and PowerPoint make it easy to design promotional material.

Cons:

- Literature needs to be creative and different so it stands out from the crowd
- The effects wear off over time so new materials with new information and images have to be produced.

Top tips for making successful adverts or leaflets

- Think about who the target reader is and adapt the material to suit them
- For leaflets – use good quality paper that is not too flimsy
- Use an attention-grabbing headline Use a cheerful, friendly 'tone' of voice
- Use short words and sentences. Include 'power' words such as earn, exciting, exclusive, extra, fast, new, profit and save
- Do not clutter the page – leave white space
- Break up text with pictures
- Use colour to make it attractive
- Close with a 'call to action' which tells the reader what to do next – eg look at the website or telephone for an appointment to visit.



Design eye-catching adverts

Carroll Barber

Charollais Sheep Society

"Every year I help many breeders create adverts for the Charollais Society Yearbook.

Firstly, I encourage them to obtain the best photograph they can – this is very important in getting the readers' initial attention.

Then aim to put your message across succinctly.

Promote your success – such as show wins or the purchase of new genetics.

Be remembered – adverts with novel themes or messages are usually the most memorable."



Internet marketing

The internet is being used increasingly for marketing breeding stock.

Pros:

- Adverts can lead to immediate sales
- Relatively low cost
- Easy to capture client details
- Reach extends overseas so good for promoting semen sales
- Images can move ie video clips bring animals to life.

Cons:

- Many farming customers do not use the internet regularly
- Buyers usually want to see the animal in the flesh before committing to purchase
- Websites need constant updating to keep content fresh and current.

Top tips for designing a website

Make the site easy to navigate:

- Organise the pages carefully
- Include a menu and 'home' button on every page
- Make sure everything is no more than two 'clicks' away
- Limit page length to two screens deep
- Put contact information on every page.

Make the text easy to read:

- Keep text short and do not make the page too wide
- Ensure text is large enough to read
- Create space between each line
- Use contrasting colours and simple backgrounds
- Do not distract visitors with blinking text or auto-loading sound
- Make sure every page has something valuable to offer
- Check external links periodically
- Make sure information is up-to-date and that dated material is archived.

Reach customers via the internet

Arnold Park

Texel and Suffolk Breeder, Scottish Borders

"The internet is an important tool for communicating with customers. We used a professional company to create our website to get it right."

When you have a website, remember:

- *The site must be kept fresh. News and images must be updated to prevent the site from dating and to encourage viewers to return*
- *By using the internet we can now link to other websites and databases to promote EBVs and our pedigree breeding*
- *CT images and video links also provide extra interest and increase the professional image of the flock."*



Creating a marketing plan

Committing a plan to paper (or the computer) focuses the mind on what the marketing needs to achieve, and how to proceed. Marking dates on a year planner or having a timetable written down will make sure important deadlines for adverts or trade stand bookings are not missed.

Useful headings for a marketing plan:

Objective

What are the future objectives for the business? What aspects need to change to take the business forward? How will any changes affect productivity and profitability?

Future Vision

Where will the business be in five and ten year's time? Consider the potential to increase the market and number of customers for the stock.

Review current performance

- Consider the strengths and weaknesses of the flock and the breed in general, as perceived by potential customers
- Review the marketing activity undertaken in the past. What worked well; what can be improved?



Farm sign



Christmas card



Compete in show



Advert in local paper

Review previous marketing activity and assess which generated the most interest from potential and existing customers.

Target audience and communication methods

List and group the type of people you wish to communicate with and the best ways of reaching them.

Messages

Outline the unique selling points, features and benefits that can be promoted.

Create a slogan and compelling images that will help sell the animals. Employ a professional photographer to take photos not only of the stock but you and your family, as well as general shots of the farm.



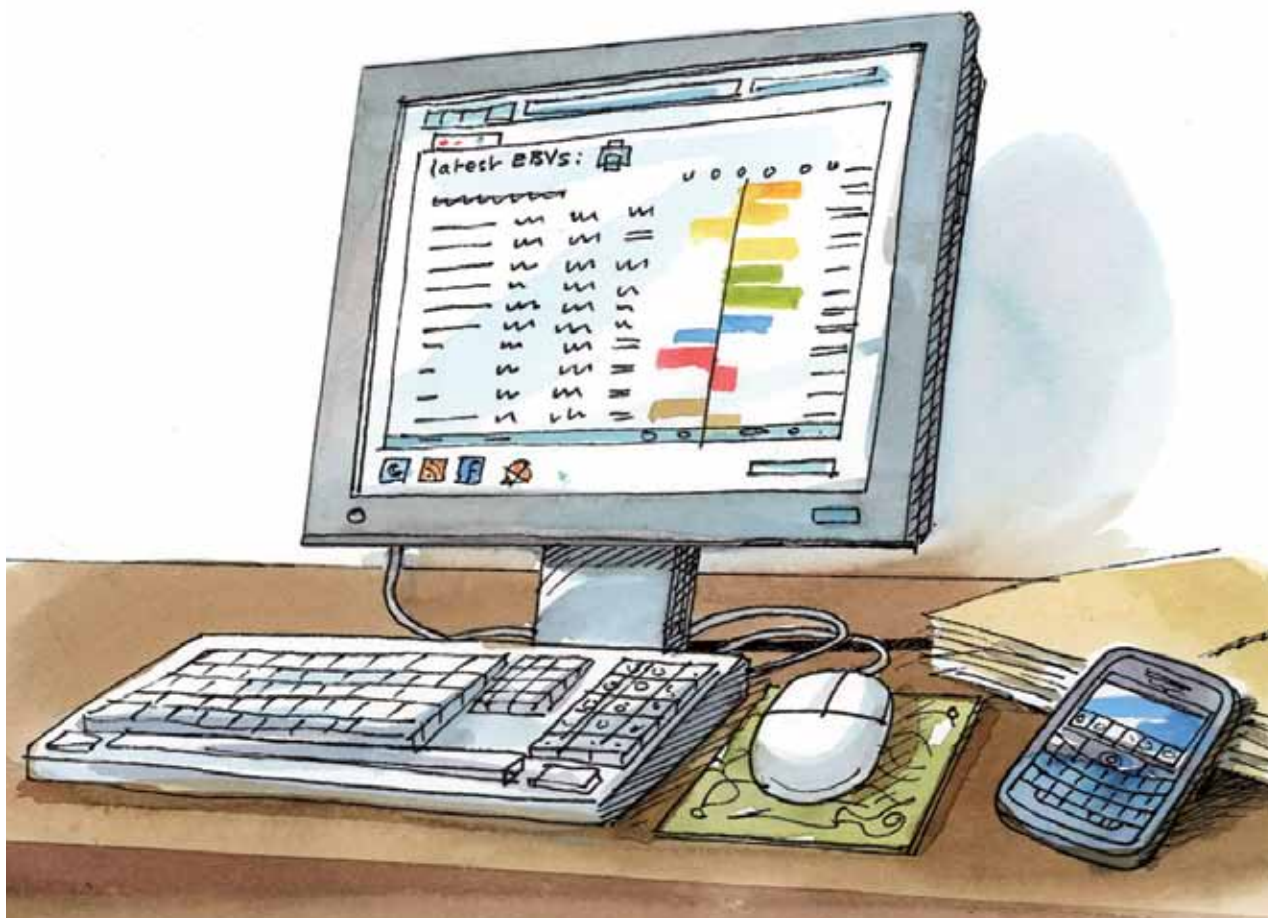
Activities and resources

Decide what marketing activities will be undertaken during the year. Delegate jobs to decide who is responsible for what task – eg building up a database of potential clients, booking the show stands, organising an open day etc.

Allocate costs and set a budget.

Measure response

It is important to monitor how well each marketing activity does with regard to generating new business and sales. Write down some key aspects of success which can be measured, eg the number of visitors to a website, enquiries received since launch, response to an advert in the breed year book etc.



Economic impact

Marketing, like any aspect of business, should generate a return on the investment made in it. Make sure the money spent on marketing will be more than covered by the increased income from sales.

Costs of production	Marketing costs	Income	Profit
£££	£	£££££££	££ ✓

Future developments

Bear in mind any issues within the industry or the breeding strategy that could force a change in the marketing plan in the short or medium term. Retain some flexibility and have a contingency plan in place if needed.

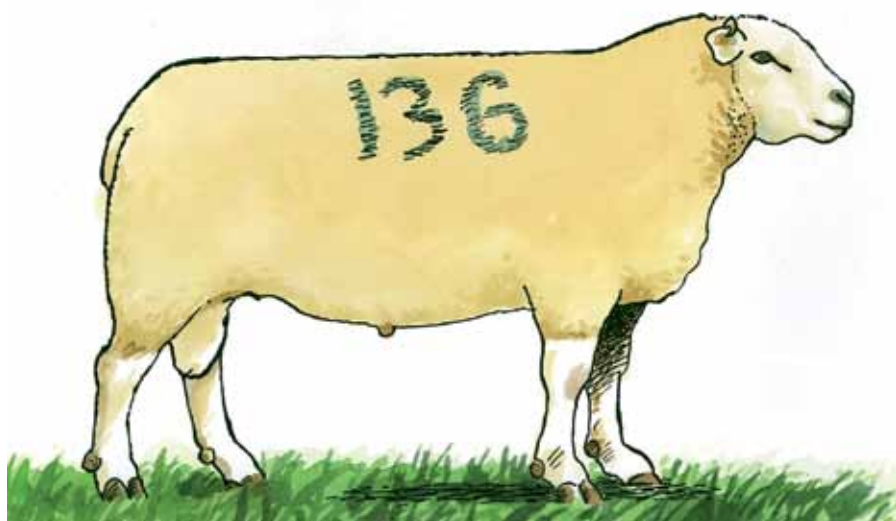
Presenting rams for sale

The appearance of a ram is important to all potential buyers, even those who rely on performance figures to make their final decision. EBVs explain a great deal about an animal's genetic potential for certain traits but a buyer will still want to see there are no physical defects and that the ram has the right body condition to do a good job.

The way in which a ram is sold will affect the amount of time required and how he is prepared, ie for a pedigree ram sale, a commercial ram sale or off farm.

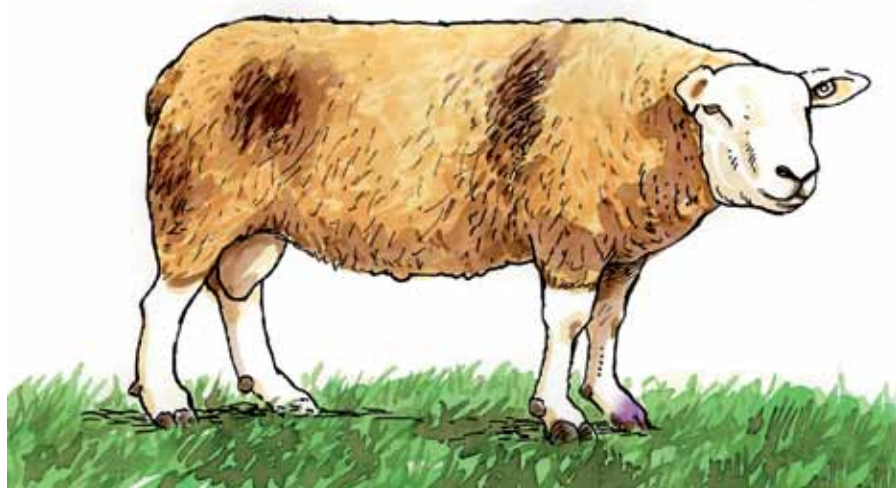
Where animals are sold at a multi-vendor sale, it is human nature that the biggest, most eye-catching rams make the most money. But sellers beware – excessive levels of feeding prior to a sale can adversely affect a ram's performance and reduce his longevity. This will only create disappointment for the buyer who is unlikely to seek rams from the same breeder again. He may also spread the word that his expensive ram did not live up to expectations, which will reflect badly on the seller.

Breeders should decide which market they are aiming for and prepare their rams specifically for this. Rams that are either badly presented (poorly washed or trimmed) or are significantly smaller than others at the sale are unlikely to realise a premium.



Fit for sale

- ✓ Clean, even colour
- ✓ Relaxed, calm stands well
- ✓ Head clean and lightly oiled
- ✓ Tag well placed and free from infection
- ✓ Coat evenly trimmed
- ✓ Lot number clearly marked
- ✓ Fleece thick and firm
- ✓ Gigot carefully trimmed



Not fit for sale

- ✗ Open coat caused by recent washing
- ✗ Not halter trained or regularly handled
- ✗ Uneven bloom dip
- ✗ Badly trimmed
- ✗ Wool removed from gigot
- ✗ Dirty coat with faeces at rear
- ✗ Feet need trimming
- ✗ Loose wool under belly
- ✗ Evidence of lameness
- ✗ Lot number not marked or clear

Recently, an increasing number of ram breeders have been lambing later and selling rams which have been fed less concentrates off farm. Assurances of breeding merit can be provided through the availability of EBVs and the buyer can have confidence that the rams are fit for purpose, ready to work and will have a long working life.

Selling this way can be cheaper and less hassle for the vendor. On the downside, rams are unlikely to sell for the highest pedigree prices selling this way. However, if done well, breeders can achieve good average prices over the season. They also develop a more personal relationship with the buyer and levels of repeat business can be high.

Whichever route is taken to sell pedigree rams, it is important that breeders understand their target market and prepare and present them for sale in the most appropriate and cost effective manner.

And finally... look after your customer

Investing in your customers

It costs four times as much to generate a new customer than it does to retain an existing one.

Repeat trade is the life-blood of any business and breeders should keep in contact with all those that have bought from them in the past.

On farms where stock is sold mainly through the ring, collect as much information as possible about the people who buy the animals.

Find out:

- Who buys your rams?
- Which sector of the market they produce lambs for?

Consider:

- Can you recommend/supply more rams that suit their production system?
- The level of repeat trade – is it good enough? If not, find out why customers do not come back.



Look to the future

Having developed your market, keep looking forward and consider new ideas. The effectiveness of most marketing strategies will decrease over time – so watch out for new ideas that you can adopt.

Remember that your customer is constantly changing. For example, many producers are now using modern forms of communication (text messaging, email, social media). This provides new marketing opportunities for the forward thinking pedigree breeder.

Your customer's enterprise is also changing; ensure that your breeding policies evolve to meet these needs. This might mean selecting for new traits, placing a different emphasis on existing traits or simply changing flock management to provide a better product.

In the UK there are many examples of breeds that were not willing to change and whose place in the industry was taken by another. Develop a breeding and marketing policy that will ensure your flock stays one step ahead of the competition now and in the future.

Build long-term relationships with your customers

George Fell

Meatlinc Sheep Company, Yorkshire

"Remember that every client is an individual. Some like to visit the farm and chat about their enterprise; others are happy to deal with us over the phone – trusting us to select their rams for a set price and then arrange their delivery."

A high volume of our business is repeat trade – but this doesn't mean we can sit back and wait for the orders.

We communicate with our clients throughout the year, particularly at the start of the ram buying season. We want them to know that the rams this year are even better than those purchased in the past and that they can invest with confidence."



