

How to Market Your Galloway Stud

Prepared by Peter R. McKeon
Southern Cross Galloway Stud, 9 Turuga Street
Turrumurra NSW 2074, Australia

Do you know that research done by the Agriculture and Business Research Institute at the University of New England, Armidale, New South Wales, shows that the average life of a beef cattle stud is seven years.

This fact seems at odds when you consider that a lot of successful studs in Australia have been in existence for over 40 years. Why then do a great number of studs fail to make any impact on the market or last long enough to enable them to recoup their investment in the area which they embarked upon with so much enthusiasm?

There are a myriad of answers to this question. Failure may be due to lack of skill, a lack of finance, a lack of anticipation of what the market place requires. I contend that the majority of failures can be put down to their lack of preparing a proper business plan.

One of the major elements of any business plan is the marketing requirements and this is the area which I wish to now address.

The success of your business depends on how you go about meeting the needs, wants and expectations of your customers. Your customer service strategy must therefore permeate your entire business plan. In order to attract and retain customers it is absolutely essential to create in their mind a desire to want to deal with you. Big business, after all, is nothing more than small business that got it right.

The details in this paper will be insufficient to provide all the answers to the challenges which are specific to the individual reader. But it does show you where the opportunities exist.

WHO IS YOUR TARGET MARKET.

If you asked most seed stock producers who their target market was they most likely could not tell you. They just hope that someone will come along and buy their product in preference to another producer. This will never happen and is a certain recipe for failure.

What seed stock producers need to do is to think what their customers require. In order to do this we need to know who they are, how they think, what they do, what they wish to achieve, where do they live, why they are in business, who are their potential customers. When we have built up a profile of information we can then target these persons to become potential customers.

When we understand precisely how potential customers needs can be satisfied we can then understand our customer.

Many people ask me how do we find out this information. The simplest way is to ask people. This does not necessarily occur in normal conversation but people are prepared to talk about themselves. The most important person in the world is YOU. Therefore, if you ask the right questions people will tell them about themselves. They will tell you about their aims in life, where they wish to be in five years time, what type of cattle they wish to breed, who they wish to target as their potential customers, what they are looking for - whether it is personal enjoyment, satisfaction, financial rewards or whatever. You have to get people to talk about themselves and you have to be observant.

PRICE EQUATIONS ("the price people are prepared to pay is equal to the dollar cost plus the perceived added value ")

People's perceptions are that the more they pay the better the product must be. It is a well known fact that if two similar products are in the market place a majority of customers will purchase the more expensive item. Their perception is that the more expensive product is "BETTER".

Therefore it is important that we build the perception of values of our products. We can do this by following up our customers to see how a bull has performed, or enquire how the calves have sold. At the same time this gives us the opportunity to promote the benefits of our products. After sale care is an important part of our overall marketing strategy.

DIFFERENTIATION

The strategy here is to differentiate your product or service in such a way that it is perceived industry wide as being unique.

David Jones stores use differentiation strategies. Their aim is to set

themselves above all of their competitors through the use of unique selling propositions. *"There's no other store like David Jones "* is an example of how they successfully position their stores in the market. They stock high quality merchandise including designer brands and create that certain "store ambience". There is an emphasis on customer service - store credit is readily available and all departments are fully staffed to assist with customer purchases.

When selecting bases for differentiation it is absolutely essential to select criteria that are deemed to be relevant to the customers you are seeking to win or retain. There's little point differentiating your product or service on a basis that interests no-one.

Another aspect of pursuing a differentiation strategy is the desirability of selecting a point of difference that is difficult or impossible for competitors to duplicate. Naturally, this will depend on the capacity of competitors to react. This in turn is influenced by, and in some cases absolutely determined by, the position they have selected to take in the industry and their own differentiation focus.

Differentiation provides insulation against competitive rivalry because of brand loyalty by customers and results in lower sensitivity to price. The resulting customer loyalty and the need for competitors to overcome uniqueness can be a successful marketing strategy.

POWERFUL PROPOSITIONS.

In order to get new customers it is necessary for your business to make a powerful proposition to potential customers. Why should a business buy products from you?

This is a key question. You have to analyse your business to find out what is special. Do you have the best genetics in the world? Do you have the highest weight gain performance? Are your cattle better muscled than others? It is necessary for you to ascertain what is special about your business and once you have worked out what differentiates yourself from your competitors then you do have a powerful selling proposition that can be put to potential customers.

If you are doing the same as everyone else or do the same that everyone else does in the stud world then you do not have a system or a product that can be differentiated in the market place and therefore why should people come to you to buy your product. You have to be different, you have to breed cattle that are different or that are in demand in the market place. Demand will only be

caused by a successful product which is properly marketed and differentiated to ensure that the customer achieves his own aims and goals from the product.

GUARANTEE

In order that your customers and potential customers can rely on your product it is necessary to give guarantees that the product that you will sell will perform in accordance with the buyers expectations. If the bull or cow or whatever we sell does not perform up to the buyers expectations then we will lose a customer unless we have a guarantee in place that will ensure that the seller hurts as much as the buyer through the non-performance of the product.

Guarantees are an excellent way to enable you to "value add" the price of your products. Because you give such sound guarantees you can better justify the price that you charge.

However, with a guarantee you will not lose a client and you will add comfort and certainty to your business transactions. Your customers will also be comforted by the guarantee as he knows that he has nothing to lose from using your product.

PARETO PRINCIPLE [*"20% of effort gives 80% of results"*]

As we well know the Pareto Principle runs our lives. In major retail stores eg. Coles and Woolworths, 80% percent of profits are generated from 20% of products. The same applies to our business and to our business systems. 20% of our business systems generate 80% of our profits and 20% of our customers also generate 80% of our profits.

Therefore, who should we concentrate our efforts on? The answer is quite obvious. It is important that we know the customers who generate our profits and these should receive fantastic service and special attention. The balance of our customers should be looked after and properly serviced, however, it is the 20% of our customers who produce our profits that are the main purpose of our business. Write to them frequently, talk to them often, find out their problems. We must have a caring attitude to these people and that will generate additional business and profits.

LOOK AFTER YOUR CUSTOMERS.

We must show our customers that we care for them and their businesses. We should have a regular newsletter which tells the customers of what is happening with our business and what specials are for sale. We should write to our customers frequently thanking them for being a customer and offering additional services at special rates. We could even commence a "customer club" that will build value between our customers and ourselves. This will build everlasting business and encourage the 20% of customers that provide us with 80% of the profits to have more dealings with us thereby adding additional value to our business.

Post sale reassurance is vitally important. You should contact your customer after a sale and say "You have purchased the best bull in my herd to suit your particular requirements". We all love reassurance. It helps reinforce the decisions that the customer originally made.

HOW DO WE GET NEW CUSTOMERS / INCREASE BUSINESS.

One of the prime concerns of any business is to continually expand. To do this we must have a proper strategy to ensure that our business aims are achieved. One of our aims should be to educate and inform customers. When customers are educated and informed as to the quality of our products and how they will perform in the market place then they will become advocates for us. They will refer customers to us because they know that the referred person will get the right service and that the products will perform and that their word will not be let down.

Another way to obtain additional customers is to hold an open day or seminar. You can write to all your existing customers inviting them to your place of business and have some interesting speakers on the beef industry and you can show your livestock. You can also ask your customers to invite a friend or friends so that they can learn more about your products and about the beef industry in general.

A further way to increase the number of customers is to share your customer list with another business. This will not necessarily be someone in the same industry but with someone in an associated industry eg. an agricultural consultant. What you can do with your customers is write to them advising that Mr X is an expert agricultural consultant who has produced wonderful results for his customers. Mr X can do the same with his customer list so that you both have mutual benefits.

Endorsements by customers who have successfully used your products as a

powerful marketing tool. Endorsements have a high level of credibility in the market place use them often.

It is also necessary for you to make offers regularly to your customers. Customers wish to know what products you have for sale and when. It is up to you to keep them fully informed of your operations at all times. Don't forget that in all these letters which you write to clients you must bear in mind that the customers are looking to improve their business and that you must be able to convince them that their actions will result in increased benefits for their operations.

LOGOS / LETTERHEADS / BUSINESS CARDS / BROCHURES / ADVERTISEMENTS

All businesses have these documents yet most of them are dull and boring. None of them are attention getters.

What every business needs to do is to design or structure their stationery so that it grabs the attention of their customers. Unfortunately, everyone has a logo, everyone has their name at the top of the letters.

We need to be different, we need to have a sign on the top of your letter or envelopes saying "This letter will produce you more money" or "This letter will enable you to restructure the Australian Beef Industry". These attention grabbers will enable your customers to fully read your letter and receive your message so that you can make them a powerful proposition.

ACTION PLAN

Talking-and thinking about marketing strategies will not improve your business. What will improve your business is an attitude of enthusiasm plus a commitment to make it happen. You must "DO IT". The following action plan will help you take the initial steps to develop a successful marketing strategy.

- Prepare a list of customers names and addresses.
- Instigate systems to market your products. Test each of these systems and refine them. Once you have a successful system stick with it.
- Know your market. Know what your customers need, what they require and when they require the product. When you

know this you will be able to market your products successfully.

- **Find out What is Special About Your Business** You must be able to differentiate your business from others. Work out your strengths so that these can be promoted. Have a unique selling proposition.
- **Make Customers An Offer.** It is important to make offers to customers so that they are
- continually buying your products.
- Have a "pareto analysis" of your business. Find out which 20% of customers produce you 80% of the profits. Give them fantastic service and love them to death.
- **Make An Offer To Someone Else's Customers.** Use other people's customer lists and work with them.
- **Guarantee.** Have a system that will guarantee all products that you sell so that customers can have absolute faith in them.
- **Put into place a system whereby current customers continually refer new customers.**

IF YOU FOLLOW THIS ACTION PLAN YOU WILL HAVE ONE OF THE MOST SUCCESSFUL GALLOWAY STUDS IN THE WORLD.

*Paper presented at 'Belties Down Under'
International Belted Galloway Conference
February, 1995*