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Marketing Range Cattle
Wyoming cattle are being sold at a younger age than was true during the early 1920's. At that time the common procedure was to sell 2-year-old or 3-year-old steers; today most sales are made when the cattle are yearlings.

There is no one "best" outlet to use in selling range cattle.

Facts such as these came to light in a study of market records from 200 Wyoming range-cattle producers.
THE RANGE OPERATOR is interested in marketing his cattle to the best possible advantage. When he offers them for sale, all his time and his ability as a manager as well as his investment are at stake. He has only one crop per year as a rule and the success of his operation depends on how well he sells his stock.

Marketing is the business of getting a product all the way from producer to consumer. Cattle marketed from the range usually require a stopover of several months in the feedlot. Then they go through the packing plant. Wholesaling and retailing complete the process. All this can involve many channels between cattle range and kitchen range.

This bulletin deals only with the first step in the marketing process—movement out of first hands. Even here, however, each rancher must consider numerous alternatives in choosing the best outlet for his own setup. Interviews were made during the summer of 1950 and covered ranching operations of 1949. Two hundred range producers chosen at random from all sections of the state were included in the sample.

Cattle are often trailed from the high mountain ranges and held on cut-over meadows a few days before shipping. These yearling steers will be sold the middle of October. (U. S. Forest Service)
Wyoming ranchers shipped about one-half their cattle through terminals and auctions. The other half they sold and delivered in the country to dealers, to order buyers, or directly to feedlot operators, other ranchers, or farmers. They used terminal markets twice as much as auctions. Nearness to any one of the three outlets had a bearing in many cases. Producers close to large auctions used that outlet. Others, like those in the eastern plains section, used terminals.

In three-fourths of the country sales, the cattle were sold and weighed within nine hours after their first move, and over half the transactions were completed within four hours. Three-fourths of the shipments to terminal markets took more than 24 hours to complete. Auction sales fit between these extremes. This time factor is important, since shrinkage may have a direct bearing on profit.

Trucks carried most of the cattle—especially to auctions. Railroads moved most of the shipments consigned to terminal markets. Stock sold in the country were either trailed or trucked to the weighing point.

Operators moved 45 percent of all cattle less than 25 miles, since many cattle were sold in the country and delivered on the ranch or to a nearby weighing point. Nearly all terminal-market shipments went over 100 miles.

Few stock were sold by the head—none by this method through terminals and only 7 percent through auctions. Thirteen percent of country sales were made this way. Scales were not always present at delivery point, but even where available they were not always used.

Weight is an important factor in determining value of cattle, hence sales by the hundredweight are recommended. Feeder and slaughter cattle should ordinarily all be sold this way. Fair prices for stocker cattle or for breeding-herd replacements may be arrived at in some instances on basis of so much per head. The producer buying this type of cattle often thinks in terms of production per head and therefore may be more interested in number of head bought than in number of pounds.

Western cattle have traditionally been sold in the fall. This is due to the normal feed production pattern on our ranges—abundant summer grass with cheap gains; scant winter feed with costly supplemental feeding. Our study shows that more than three-fourths of all cattle were delivered during fall months—September, October, November. Exceptions are fat, dry cows which go to market in late summer and cull cows which are sold in early winter after calves are weaned.

Contract purchase accounted for one-fifth of all cattle sold and for 43 percent of all cattle sold direct. More steers and heifers were contracted than calves or other classes. Well over half of the steers and heifers sold in the country were contracted. Down payment on all contracts averaged only 11 percent.

Producers credited radio and newspapers as the chief sources of market information. Government reports as such were used very little. Most ranchers considered their information sources adequate, but commented that quotations stressed highest prices and that they found it difficult to relate price information to their own situation.

Better roads were listed as the No. 1 need in improving the marketing setup. Impartiality in treatment of all
consignors at terminal markets was another suggestion. Still others included better service during transportation or at the market. Criticisms involved complaints of existing conditions and of unreliable rail service. There were other practical suggestions, too, for the betterment of marketing facilities and practices.

The chief value in comments from producers was that their remarks show the basis for determining where they market their stock and why they follow certain practices.

Mountain ranches supplied the heaviest classes of cattle. Those from other areas of the state showed no great differences. Heifers and cows sold through terminals were heavier than those sold direct.

Use to which the stock was to be put, as well as type of market outlet, had some bearing on seasonal market weights of the different classes. The lightest weights were sold direct: heifers and calves in summer, steers in winter. Heaviest animals were sold through auctions, except heifers, which went to terminals. Winter was the season for heaviest calves, spring for heifers, and fall for heaviest steers and cows.

It cost on the average 39 cents per hundredweight to ship and sell all cattle. The greater the distance, the higher the shipping costs. Hence terminal markets located at greater distances had highest transportation charges. The costs of selling animals, however, were greater at auctions than at terminal markets because of the higher overhead per animal handled at the smaller market. Selling charges by the hundredweight were highest for calves, simply because officials assessed these charges by the head, and calves were the lightest class handled.

Total marketing costs were highest at terminal markets, next highest at auctions, and lowest at country points. The cash outlay expense for these three markets by the hundredweight for all cattle handled was 88 cents, 57 cents, and 11 cents. Loss from shrinkage and from death and crippling in transit to
the three markets could be expected to be in the same order—greatest at terminals, next at auctions, and least at country points.

Seven operators supplied shrinkage information on shipments to markets. Had they sold direct and delivered in the country, they could have received $2.32 per hundredweight less and netted the same number of dollars. Half this amount ($1.16) was due to transportation and selling costs, the other half to shrinkage. It should be recognized that the cattle in these shipments were transported further than the average of all cattle sent to terminal markets as described in the study. Since a direct relationship exists between distance and shrinkage, the shrinkage figure also would be greater with these seven shipments. The purpose in presenting these figures is to point out the wide spread between prices at a terminal market and prices in the country—which would net an operator the same amount. Obviously this spread would differ with each situation. The author as well as economists in other states are now analyzing large numbers of shrinkage records. Controlled experimental work is also being planned to furnish valuable information on this aspect of livestock marketing.

Loss from death and crippling in transit and at the market was small in relation to the total number of animals shipped. In most instances claims were paid in full without question. Of the five animals that died in transit and the two that were crippled, a total loss which was not reimbursed to the shippers was $126.25. Thus for the 11,000 head shipped it amounted to slightly over 1 cent per head.

View of yards and cattle in the fall at a typical Wyoming Livestock Auction.
As many cattle were sold and delivered “direct” as were shipped to terminals and auction markets combined. Weighing was done at a local railhead or at ranch headquarters as shown here.

Comparing the prices received at the different outlets was not practical, since we had no information on quality of cattle sold through each outlet. Highest prices were received for calves and steers at terminals and for heifers and cows at country points, but we cannot be certain whether a better animal was sold to the market paying the highest price.

This study also entailed interviews with 11 large ranchers having an average of 3,000 head of cattle. From their records it was apparent that their organization and methods of management differed widely from those of the 200 producers in the original survey. While the smaller ranchers sold mostly yearlings and calves, these 11 producers sold older cattle—yearlings and two-year-olds. Two of them operated steer outfits, which were not found among the smaller ranches. Marketing was almost always direct, whereas in the case of the smaller ranches over half of the cattle were shipped either to an auction or to a terminal market. The common method of delivery with the large operators was by trail to the railhead, where the cattle were weighed and delivered to the buyer, who shipped out by rail. (Trucks figured prominently in the marketings of the smaller producer.)

The larger operator has an advantage over the smaller operator in the marketing of his cattle, because of his better bargaining position due to the greater number of cattle he has for sale. Smaller producers may approach this position by pooling their offerings for one sale.

The Wyoming range-cattle producer is in the business of marketing the resources he has at hand—grass, other capital investments, labor, and management. In the fall, after the cheaper summer grass is gone he must dispose of the cattle he has produced, reaping the reward his fortune has brought, or taking the loss, as the case may be. At
this same season the feedlot operator is in position to invest his capital in production goods (cattle) and begin his phase of the production process.

The question at hand, then, becomes: "How can this first exchange of goods from rancher to feedlot operator be carried out most efficiently?"

There is no one best way to market feeder cattle. The study disclosed that ranchers felt that they were already using the best method, despite the fact that some who so reported were using each of the different outlets. Perhaps many were using the method best suited to their own setup. This was not true in all cases, however. Hence our aim was to set up guide posts that might help the producer in his choice of outlet.

The three outlets described here are the terminal market, the auction market, and selling "direct" with country delivery to a feeder, rancher, dealer, or order buyer.

Discussion

Here are some factors which should be considered by the rancher in deciding which outlet to use:

**Size of Group He Has to Sell and Quality of His Cattle**

Small numbers of mixed cattle might find a better outlet at the auction than either through selling at home or shipping to a terminal market. At many auctions, buyers are often looking for a single animal or for small lots of cattle. In some instances these cattle are bought by another farmer or by a feeder and kept in the local area. In other cases the dealer who bought them would be performing the function of assembly by buying various lots of cattle at country shipping point. Order buyers and private dealers are always on hand to buy stock which have not been contracted or consigned to an organized market.
from different operators and sorting or grouping them into uniform carlot groups. Medium to large-size groups of uniform cattle are probably best sold in the country directly to a feedlot operator—or to another rancher if the cattle are lighter stocker grades. A large group of such cattle would attract competition from prospective buyers at the ranch.

**Use Which Is Likely To Be Made of the Cattle**

If the cattle are fat cows, or slaughter stock of any kind, a good market would be the terminal, where there are always packer buyers who bid in competition. An alternative would be to sell directly to a packing company. Other things being equal, the more directly a shipment can be made, the more satisfactory it should be to both buyer and seller. It is well known that stock do much better and adjust sooner to their new environment if they are moved quickly and with the least handling. This can mean many dollars to the buyer, who wants to get his animals on feed as soon as possible. Besides, it is costly to ship cattle into and out of markets.

If the cattle are to be used for feeders, it will be necessary for them to be shipped to an area where feeding is done. This step can be taken while the cattle are still owned by the range operator. Or it can be taken by the feeder, order buyer, or dealer who has bought the cattle. It makes little difference, so long as the price differential due to transportation costs and shrinkage en route get due consideration. The important thing is that no handling should be done, and no transportation expense should be incurred which does not add utility in line with its cost.

**Knowledge the Seller Has of the Market and His Ability as a Salesman**

Sometimes the producer is able to keep very well informed on the market situation. His training and background may make him a good salesman. An operator of this kind might be able to sell his own cattle to advantage. On the other hand, a producer who lives in an isolated area may have opportunity to see cattle sold on the market only once or twice a year. His time is taken up with the production end of the enterprise and he has not had time to go into the fine points of marketing. He should consider shipping to market—either an auction or terminal—and hiring specialists to sell his cattle for him. If he has a large group of uniform cattle which would best be sold at home (but he feels unqualified to handle the transaction himself), it would be well for him to call on a commission house, which has field representatives who specialize in this type of service.

The qualification and training of the buyer who contracts or buys cattle should not be underestimated. Most of his life may have been spent in buying cattle—an activity he engages in every day of the year. So the dealer is much better qualified than the rancher, in most instances, to drive a good bargain. Yet if the rancher cannot meet the buyer on equal ground, he should consider hiring an expert to represent him.
Range producers find it convenient to ship by truck. Large proportions of cattle now move from the country by this mode of transportation. (Denver Record-Stockman)

Selling Through a Reliable Buyer—or Consigning to a Sales Agency

A producer should be relatively sure that his sales have actually netted him more than he could have obtained if he had sold another way. If he can demonstrate that he has actually chosen the best method over several years, then he may rightly assume that it would be the best outlet again this year. It is not wise, however, to sell through the same outlet year after year without so much as a thought of investigation.

Some of the most successful experiences of selling direct to a feedlot operator, with repeated transactions each year for many years, were established by the feeder’s first buying the cattle at a terminal market. After feeding these cattle and being satisfied with the way they responded, he contacted the buyer the next year, and the sale was made direct. Each year thereafter arrangements were made to repeat the agreement.

The auction method of sale has grown rapidly during the past 15 years. It has a definite place in the marketing of cattle from Wyoming ranges. Auctions, however, differ widely in their practices. One criticism is that price fluctuations from sale to sale are wide. This may be true of the smaller sales, particularly during seasons of light runs. Still, prices of feeder cattle received through special feeder sales have compared very favorably with prices received through terminal markets the same day. When advertised widely and held on an annual basis, this method of sale is recommended. Many buyers look forward to it and plan weeks in advance to attend. Some have bought cattle from this sale in the past and have fed them out successfully. Only the higher-quality offerings are solicited, and very good sales, with strong prices and satisfied consignors, have resulted. The regular weekly auction can be used advantageously by smaller producers and for odd lots from larger operators, but it is important for the rancher first to consider how successful the auction has been in recent sales. Prices cannot be satisfactory without active, competitive bidding among buyers.
The terminal market sometimes is valuable as an outlet for feeder cattle. Most terminal markets are located near large feeding areas. The U. S. Department of Agriculture reports prices received, and these prices serve as the starting point for price determination through other outlets. One disadvantage is the expense of handling cattle through the terminal. The extra shrink because of the less direct route is evident. In most cases at least one dealer—besides the commission firm to which the cattle were consigned—makes a profit on the animals.

If a producer ships to a terminal market, he should accompany the shipment to look after the cattle during transit, particularly if it is necessary to unload for feed and rest en route. His presence at the market may also help the salesman to get a higher price for the cattle. No one is quite as much interested in a person's stock as the owner. The time and expense necessary to accompany the shipment is small in comparison with the investment in cattle. The trip also affords the producer the opportunity of seeing other cattle and observing grades and prices so that he may be better informed.

The direct sale is especially adapted to the rancher who has at least a carload or two of good-quality, uniform cattle. This method is recommended for several reasons. Costs of marketing are less, especially for stocker cattle that might stay in the locality. Even for feeder cattle the marketing costs are much less because of the more direct routing, which saves in transportation expense, selling expense, loss from shrinkage, chances of loss from death or crippling, and the great advantage to the feeder in being able to get his cattle adjusted and gaining sooner.

Also, the large producer has a very great investment with which he is gambling if he consigns to a market somewhere and has to take whatever the cattle bring on the day they are sold. He is interested in knowing what his cattle are going to bring before they leave his place. It is common procedure for a producer who prefers the terminal market to make a practice of shipping several times during the fall so that not all his cattle will reach the market at the same time.

Selling directly to the feeder, or to a dealer who will receive the cattle at a local point, is not the answer to all questions on marketing of range cattle. There are some things that the producer should watch when selling at home. If a buyer comes into an area early in the season, he may try to buy any stock he can get at several cents below market value. If he can buy even one lot of cattle, a precedent has been set, and it will then be much easier for him to buy other cattle in the community. If he had bought the best cattle first, and had given full value, it would have been very difficult for him to buy any other cattle, for it is human nature for any producer to feel that his cattle are as good as his neighbor's. Therefore, a producer who has exceptionally good cattle may be ahead to ship them to market.

In some instances a buyer will make two offers—one by the head, the other by the hundredweight. Since he is generally better qualified to estimate weight of cattle, it would likely be to the advantage of the producer to sell them by the hundredweight.

It is very important from the seller's standpoint to weigh promptly in accordance with the agreement. Some dealers like to work the cattle just before
weighing, to make sure there are no unmerchantable stock among them, even though time to weigh has arrived. The buyer may have had tire trouble on his way to the receiving station so that he arrives late. Any of a number of things may happen to waste time. If some few head of stock need to be cut out, the seller should insist that the cattle all be weighed at the appointed time. Then those that are to be cut out may be weighed back and the weight deducted from the original.

Direct selling does not lend itself to moving small groups which are not uniform. Cattle of this type require the service of sorting and combining, which may be performed more efficiently at the market. If an operator with only a few head decides to sell at home, the cattle will have to be trucked to a weighing point. It may be better for the rancher to send the cattle on to a local auction in the vicinity where there is more competition.

A number of problems have come to light which need further study:

1. Time to sell—as it relates to feed resources and seasonal prices.
2. The necessity for fuller market news coverage at the local level and including auction markets.
3. Contract selling—relative advantages and disadvantages.
4. Study of relative prices and costs, including shrinkage, of selling through alternative outlets.
5. Delineation of tissue shrinkage from all shrinkage—designing of ways of studying it separately and recommending ways and means of minimizing it.
6. Publishing of economic and demand/supply information to be used in forecasting cattle prices.
7. Detailed transportation cost studies.
8. Problem of how the small operator can market his stock at less disadvantage than he now has.

The railroad was once used almost as the sole mode of transportation for range livestock. When new rolling stock and fast diesel engines are used and prompt attention is given by trainmen, this is still an efficient method of transportation. Large numbers of cattle are moved by rail, particularly to more distant points.