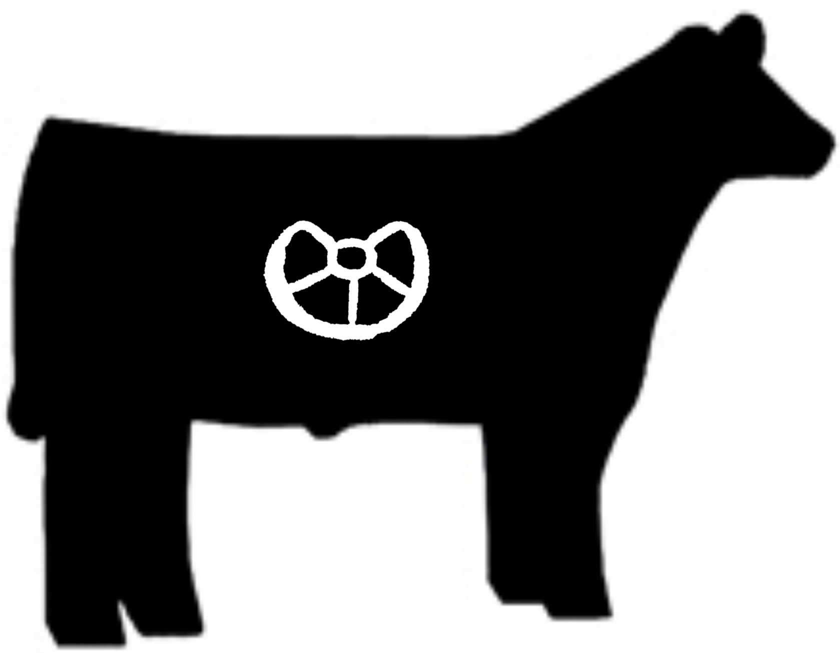
DIXON LAND AND LIVESTOCK JV
CLUB CALF SALE



DEVELOPED BY:
WASHINGTON STATE
LACROSSE CHAPTER
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Business Description
John and Laura Dixon of Dixon Land and Livestock JV have been working full time in production agriculture for over two decades, running 450 total head of cattle in addition to having a large dryland wheat operation. However, the Dixon Land and Livestock JV Club Calf Sale is a relatively new, annual club calf sale in Garfield County, Washington and the Dixons are looking to expand on this new business venture. This sale offers a large selection of quality steers and heifers, in a wide price range, for spring and fall fairs. In addition to Dixon Land and Livestock JV, other breeders consign steers and heifers to the sale. These steers and heifers are clubby in appearance and suited for large, competitive livestock shows.

Market Analysis

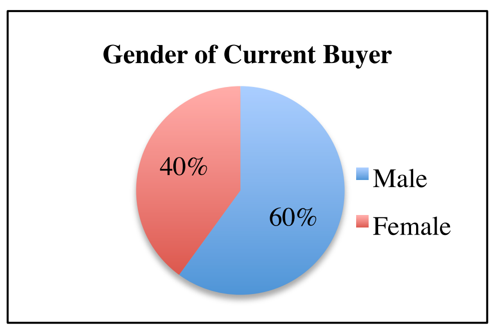
Status In Current Market
The Dixon Land and Livestock JV Club Calf Sale is a small, relatively new livestock sale and auction located in Southeastern Washington. The first annual sale was held in October of 2013 and was extremely successful. This past year's sale, in October of 2014, was even more so, bringing in revenue of approximately $141,240 from 57 calves[1]. While the Dixon Land and Livestock JV Club Calf Sale is relatively new to the market, they have received a fairly large showing of prospective buyers at their sale. There are many people in the area that buy club calves every year and the Dixon Land and Livestock JV Club Calf Sale is the largest club calf sale in Eastern Washington. Although 2013 was the first auction and sale for Dixon Land and Livestock JV, they have successfully been producing and selling market steers for over fifteen years.

Current Industry Trends
Exhibiting steers and heifers at livestock shows and fairs is a hobby for many 4-H and FFA members across Washington State and the nation. Children and adults spend hours buying, breaking, and grooming their animals to show and sell at county fairs and livestock shows. Looking locally, the Junior Livestock Show of Spokane, the largest youth steer show in Washington, has had consistent steer numbers from 2004-2014, hovering around 125 head going through the market sale[2]. In addition to this, the beef industry as a whole can be utilized to predict information on show cattle trends.

In 2015, there are 89.9 million head of cattle in the United States, and beef production is up 1% from 2014[3]. According to the USDA, beef prices may fluctuate some between now and 2022 but will remain relatively close to the current calf prices[4]. Along with this, the amount of beef consumption across the United States is relatively high, making the beef industry a booming business. Even with increased emphasis on eating a lower fat diet, beef consumption is still over 58 pounds a person, higher than any other red meat product. In fact, in November of 2013 beef prices hit a record high of $5.00/lb. for retail cuts, and according to the USDA as of November 2014, beef prices for all grades of beef were at their highest prices ever. Along with the fact that consumers desire a locally grown food source, buyers of Dixon Land and Livestock JV cattle can ensure a consistent demand for their product.

Current Buyer Profile and Behavior
As part of our primary research, a buyer survey was distributed to showmen who have previously purchased cattle from Dixon Land and Livestock JV. The purpose of this survey was to get a better understanding of Dixon's current club calf buyers and their behavior. It was discovered that:

- 60% of customers are male
- 46% of customers were 16-19 years old
- 47% of customers purchase 2 steers annually



[1] Dixon, John. E-mail interview by authors. January 5, 2015.

[2] Junior Livestock Show of Spokane, *Junior Livestock Show of Spokane Premium Book* (Spokane: Junior Livestock Show of Spokane, 2015), http://www.juniorshow.org/sitebuildercontent/sitebuilderfiles/2015premiumbook.pdf

[3] "Beef Industry Statistics." *National Cattlemen's Beef Association*. 2015. Accessed February 3, 2015. http://www.beefusa.org/beef industrystatistics.aspx.

[4] World Agricultural Outlook Board, *USDA long-term projections to 2024* (Washington D.C.: United States Department of Agriculture, 2015), http://www.usda.gov/oce/commodity/projections/USDA_Agricultural_Projections_to_2024.pdf

Competition
Currently, club calf production is a niche market within the beef industry, and there are relatively few club calf producers in the Northwest. However, you identified three main competitors:

Name	Location	2014 Head Sold	Average Price	Type of Sale
Ledgerwood Gelbvieh	Clarkston, WA	5	$1800	Individual Sales
3G Farms	Pomeroy, WA	8	$2500	Individual Sales
Bye Beef Club Calves*	Pomeroy, WA	14	$1900	Auction

*Bye Beef is the only producer that currently runs their own club calf sale, making them your direct competition.

Bye Beef Club Calves
SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis

Strengths	Weaknesses	Opportunities	Threats
-Have an established sale and auction	-Sells a small number of calves annually (14 in 2014)	-Work with other breeders to expand their sale	-High production costs
-Over forty years in the beef industry	-Does no real promotion or advertising	-Advertise at fairs and shows throughout Eastern Washington	-Competition from new, more progressive breeders
-High quality show cattle	-Located and host sale in a very remote, rural area	-Change location of sale to attract more buyers	-Smaller producer, so potentially lower calf crop has significant impact

Dixon Land and Livestock Club Calf Sale
SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
-Offer show steers from a variety of sires	-A new sale with a relatively small customer base	-Possibility of collaborating with hog or lamb producer for multi-species sale	-Larger, more established sales taking current customers
-Extremely high quality with proven success	- Diverse agricultural operation, so unable to make club calves primary focus	-Possibility of putting on another specific sale for fall shows	- Relatively small market for club calves in the Northwest
-Consign with other breeders to increase variety and quality	-Only small amount of advertising done	-Potential of moving date of sale	- Higher feed prices

Primary Research Results
To develop a better understanding of Dixon Land and Livestock, as well as collect useful data, two surveys were distributed. The showman survey was given to steer showmen throughout the Northwest. It was hand distributed at livestock shows and fairs in Washington and online through show websites. We received 126 surveys back. Survey results showed that:

- 57% of showmen surveyed were male
- 41% of showmen were between the ages of 15-17 years old
- 63% purchased 3-4 show steers a year
- 41% show through the FFA organization
- 36% only travel 0-50 miles to purchase calves
- 44% are willing to pay $2000-$3000 for a market steer
- 96% show at a junior livestock show and/or county fair
- 35% found their current steer producer through word of mouth
- 75% of club calf buyers purchase their calves from a local auction or individual breeder
- 70% of buyers have heard of Dixon Land and Livestock JV

After evaluating the above information, we believe that Dixon Land and Livestock JV has the opportunity to develop a substantial customer base, as many steer showmen are willing to travel and pay for quality calves.

A customer survey was also distributed; it was given to Dixon Land and Livestock JV's current customers through phone and the Dixon Land and Livestock JV Facebook page. The survey we developed surveyed current Dixon Land and Livestock JV purchasers. This information was used to determine the buyer profile and behavior. Twenty-seven surveys were distributed and collected through the Dixon Land and Livestock JV Facebook page.

- 40% of current customers invest between $2500-$3500 per steer purchase
- 46% are between the ages of 16 and 19
- 60% learned about Dixon Land and Livestock JV through word of mouth
- A majority of customers show each steer purchased at multiple shows

Business Proposition

Mission Statement
The mission statement below was developed to show the purpose of the Dixon Land and Livestock JV Club Calf Sale and to convey that purpose to customers and potential employees.

At Dixon Land and Livestock JV, we breed and consign quality show cattle to make our sale the premier club calf sale in the Northwest, providing customers with a large selection of high-end cattle to choose from.

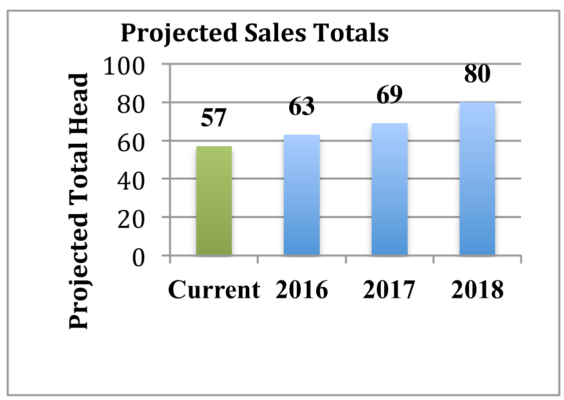
Key Planning Assumptions

- As a sale becomes more established, relationship with customers will grow.[5]
- Beef prices will be stable through 2017, and then is predicted to drop slightly.[6]
- 61% of beef showmen are willing to travel up to 100 miles to purchase their steers.[7]

Goals

Short-Term Goals

- Increase the number of club calves in sale by:
  - 2016: 10% above previous year
  - 2017: 10% above previous year
  - 2018: 15% above previous year
- Increase average price received per head for each year of the marketing plan:
  - 2016: 50% above market price
  - 2017: 55% above market price
  - 2018: 60% above market price
- Increase sale attendance by 10% each year of the marketing plan from its current attendance of 150.



Long-Term Goals (Completed at End of 2018)

- Exceed $30,000 in profit for Dixon Land and Livestock JV by the end of the marketing plan term (2018) and $200,000 in overall total sales, including consignors.

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[5] Community Futures Manitoba, *Business Plan Workbook* (Brandon, MB: Community Futures Manitoba, 2009), http://www.cfmanitoba.ca/cms-assets/documents/179933-455660.business-plan-workbook-2014.pdf

[6] World Agricultural Outlook Board, *USDA long-term projections to 2024* (Washington D.C.: United States Department of Agriculture, 2015), http://www.usda.gov/oce/commodity/projections/USDA_Agricultural_Projections_to_2024.pdf

[7] Britte Harder, Abigail McGregor, and Jason Wigen. "Beef Showmanship Survey" (original survey results, LaCrosse High School, 2015).

Target Market

The target market for the Dixon Land and Livestock JV sale will help to ensure a large amount of sales for years to come. Those who should be targeted include:

- FFA and 4H members
- Showmen located in Eastern Washington (specifically within 100 miles of Pomeroy)
- Showmen who exhibit multiple steers at multiple shows, including jackpot shows

Strategies and Action Plan

Product

Unique Selling Position: Dixon Land and Livestock JV produces high quality club calves and partners with other breeders (including Missing Horn Ranch, McGregor Land and Livestock, and Kootenai Land and Cattle) to put on a premier club calf sale. The sale includes both show steers and heifers from the top breeders in the Northwest with a wide price range. These calves are aimed at competitive showmen that compete in spring or fall fairs, junior stock shows, and jackpot shows. The calves range in weight from 450 to 875 pounds and are fully weaned, vaccinated, halter broke, and clipped at the time of the sale. Dixon Land and Livestock JV artificially inseminates using the top bulls in the industry, including bulls such as: I-80, Heat Wave, Monopoly, Walks Alone, and Who Made Who.

Price

Since this marketing plan was developed for an auction, it is impossible to determine the price each animal will receive. However, based on current market prices and sale data from the 2014 auction, it is suggested that the following starting bids be used. Three prices are included to sort the animals by quality. The number of animals in each price range will vary from year to year based on the year's calf crop. Starting bids will be based on conformation, genetics, and disposition (as determined by Mr. Dixon). If market prices change dramatically, starting bid prices can be adjusted.

	Low bid	Mid bid	High bid
Steers	$1500	$2000	$2500
Heifers	$1400	$1900	$2400

In addition, a $25/head consignor's fee and 10% commission rate should be charge for those cattle that are consigned to the sale, which is roughly 60% of the cattle sold.

Place

Currently, Dixon Land and Livestock JV operates their business out of Garfield County, Washington and uses direct sales as their primary distribution channel. Calves are sorted and brought to the corrals west of Pomeroy on Highway 12. Here, many of the sale animals are halter broke and sorted by disposition. The club calf sale itself currently takes place at the Garfield County Fairgrounds. Dixon Land and Livestock JV and their consignors will transport their sale calves to the fairgrounds prior to the sale. Buyers are then responsible for transporting animals purchased from the fairgrounds.

Promotion

At present, little promotion is being done for the sale. Buyers have primarily learned about the sale by word of mouth and from Facebook. For future sales we suggest expanding on promotion by doing the following:

Advertising

Newspaper Advertisement

- Advertisements will be placed in newspapers and magazines that service the current customer base, as well as other communities in the area. This would include:
  - Capital Press- $75/week. 3"x2" ad running the five weeks prior to the sale. Advertisement will feature sale information and picture of the 2015 Junior Livestock Show of Spokane Grand Champion 4H Steer.
  - Western Cowman Magazine- $550/ half page per issue. This will include pictures of recent champions and will run in the July/August issue and the September issue. This magazine reaches 8,000 readers in the Pacific Northwest.

Jackpots Shows

- Signs and fliers for the sale should be posted at various jackpot shows throughout the Northwest. These fliers would include important information about the sale as well as the web address and Facebook page. The showmen at these jackpot shows best fit the target market of the sale.

Electronic Media
Website

- Dixon Land and Livestock JV should design and maintain a Facebook page for their sale as a means to keep current customers informed. However, a website should also be developed for a more detailed look at the sale for current and potential customers. The site would include pictures and videos of calves, a description list and potential prices, location, time and background on every other breeder (including links to their websites) they have consigned with for the sale.

Premiums
Hats and Shirts

- Each buyer at the Dixon Land and Livestock JV Club Calf Sale will receive a complimentary hat or t-shirt for their purchase. These will include the name "Dixon Land and Livestock JV Club Calves," a picture of their brand, and the positioning statement. 50 shirts of various sizes and 50 hats should be purchased. Those not distributed at the sale can be carried over to the next year's sale.

Public Relations
Jackpot Awards

- To encourage showman to exhibit steers from your sale at multiple shows, as well as getting your name out to your target market, Dixon Land and Livestock JV will partner with the Wheatland Jackpot Show. At the jackpot show in June, monetary prizes will be awarded for the top three steers that were purchased at your sale ($300-1st, $200-2nd, and $100-3rd).

Sponsorship of Junior Show

- We suggest sponsoring the Grand Champion FFA Junior and Senior Beef Showmanship belt buckle. This will be awarded annually at the Junior Livestock Show of Spokane. This is another way to get Dixon Land and Livestock's name out to exhibitors at the biggest steer show in Washington.

Buyer Appreciation Lunch

- A lunch will be provided at the sale for those prospective buyers who attend. This would include steak and burgers (to please adults and children), salad, beverages, and dessert and would be served just prior to the live auction. This is a way of thanking buyers for their business and support as well as drawing new potential buyers to the sale.

Social Media
Facebook

- As a Facebook page has already been established, it is suggested that Dixon Land and Livestock JV continue to update the Facebook page with pictures and videos of calves that will be in the sale, show results, featured steers and heifers purchased at the sale, and updates on sale steers, as well as general sale announcements.

Position

The Dixon Land and Livestock JV Sale holds a unique position in market. It is the largest club calf sale in Eastern Washington and most importantly, it offers a wide variety of quality club calves to the competitive showman. In addition the sale consigns with other breeders to ensure diversity and quality of the cattle in the sale. With little direct competition, Dixon Land and Livestock JV Club Calf Sale sets themselves apart from other cattle breeders in the area.

An important part of any business is a memorable positioning statement. As a positioning statement, we suggest:

"Champion Cattle for Champion Showmen"

Budget

The budget developed focuses on Dixon Land and Livestock JV's finances singularly, and does not include consignors' revenues, expenses, or financial returns. As it is an annual sale the budget developed projects the financial returns for each of the next three years. Below is the pro forma income statement detailing revenue, expenses, and profit for Dixon Land and Livestock JV.

	2016	2017	2018
Revenue			
Calf Sales (Dixon Calves only)	$59,116	$66,896	$78,624
Consignment Fees ($25/head)	$1,025	$1,125	$1,300
Commission (10% of consignors sales)	$10,974	$12,423	$14,601
TOTAL	$71,115	$80,444	$94,525
Expenses			
Production and Sale Costs			
Calf Production Costs (Dixon calves only)	$34,398	$37,674	$43,680
Fairground Rental/Transportation*	$300	$350	$400
Auctioneer ($600 flat rate + 3% of sales)	$5,067	$5,734	$6,739
Labor**	$750	$800	$900
Promotional Costs			
Capital Press	$375	$385	$395
Western Cowman Magazine	$1,100	$1,200	$1,300
Website	$480	$180	$180
Fliers/Posters	$117	$117	$117
Hats and Shirts	$875	$950	$1,045
Jackpot Sponsorship	$600	$600	$600
Buyers Appreciation Lunch	$1,000	$1,050	$1,100
Jr. Show Belt Buckle	$150	$150	$150
Other Expenses			
Miscellaneous Expenses	$1,500	$1,500	$1,500
TOTAL	$46,712	$50,690	$58,106
Net Profit (Before Taxes)	$24,403	$29,754	$36,419
Return on Investment (ROI)	52%	59%	63%

* There is no cost for fairground rental, however it is encouraged to make a donation to the fair association.

** Labor calculated as additional labor brought in for the sale day.

The above budget was calculated for Dixon Land and Livestock JV specifically. Overall sales totals (including consignors) for the sale would be:

-2016: $168,903
-2017: $191,130
-2018: $224,640

Financial Return
Even with the expected drop in beef prices during the duration of the marketing plan, with implementation, your ROI will increase 11% over the three-year period.

Evaluation

Benchmarks
To determine if Dixon Land and Livestock JV has met its marketing goals, specific monitor areas will be assessed and compared to expected results at the end of each fiscal year. The following steps will be taken to evaluate success:

- *Consignor survey (Short-Term Goal 1)*- Survey consignors to determine if they will be returning and number of head they will be bringing, as well as consignor satisfaction with sale. Add addition consignors if necessary to meet sale needs.
- *Determine average price per head (Short-Term Goal 2*)- Calculate total sale revenue and divide by total head in sale. Compare this to current market prices.
- *Monitor sale attendance (Short-Term Goal 3)*- Have a sign-in sheet at sale for those who attend to sign and use this to calculate annual sale attendance.
- *Monitor profit and sale totals (Long-Term Goal)*- Use farm accounting software to determine profit for Dixon Land and Livestock as well as total revenue for sale.

Alternative Strategies

Contingency Plan

If things do not go as planned, a contingency plan has been established for Dixon Land and Livestock JV. It is suggested to:

- Explore the possibility of moving sale date to attract more customers
- Re-evaluate current industry trends and adjust promotions accordingly
- Make changes to prices to satisfy demand

Future Action

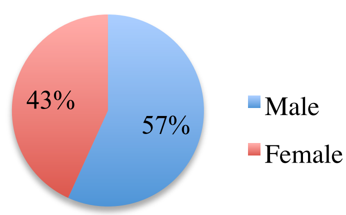
Hopefully, the marketing plan is a success. In the future, the sale will:

- Expand to a separate fall and spring sale
- Partner with other species producers to have a multi-species sale
- Expand to allow for online viewing and bids during the auction

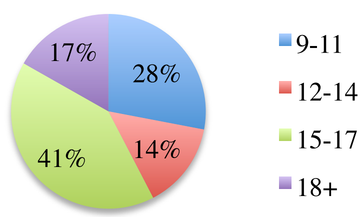
Appendix

Complete Beef Showman Survey Results

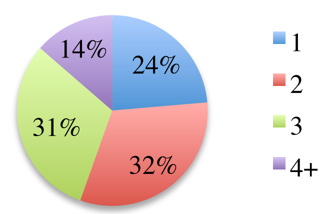
What is Your Gender?



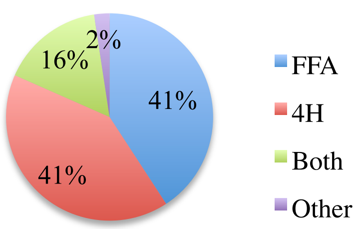
How old are you?



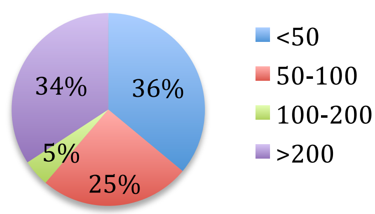
How Many Steers do you Purchase a Year?



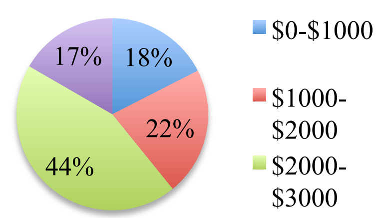
What Organization do you Show Under?



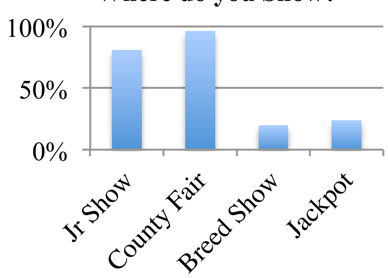
How Many Miles will you Travel to Purchase Steer(s)?



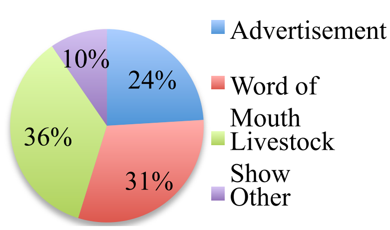
How Much are you Willing to Pay for a Market Steer?



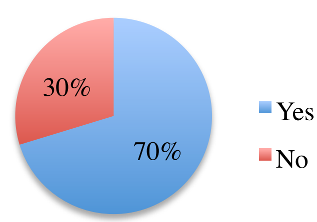
Where do you Show?



How did you Find Your Primary Steer Provider?



Have you Heard of Dixon Land and Livestock?



Where do you Currently Purchase Your Steers?