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MARKETING INFORMATION FOR
TODAY'S FEED PROFESSIONAL

Realizing Your Calf Milk Replacer Potential

Are you getting your share of the milk replacer market?

Smart feed marketers always have the right to ask themselves and their sales team, "are we really getting our share of the calf program business with our existing dairy customers?" This is a logical place to start. Any review of potential versus results should include an evaluation of the following questions:

Where is the system breaking down?

You need to identify your potential milk replacer business with existing dairy customers. The market exists for milk replacers and calf feeds with your current dairy customers, only right now, someone else has a piece of this business, if you're below your potential.

Use your feed sales database to scan for non-buyers of milk replacer within your dairy customer base. You can also pick your dairy prospects and lead with your calf program. It's an effective place to start with new customers.

Are you getting your share of the calf program business within your current customer base?

You can calculate your milk replacer potential as a percentage of calf feed. Calves will consume, on average, 35 pounds of milk replacer. During the first 3-4 months of life, they will also consume 350 pounds of starter/grower, therefore:

Your calf milk replacer sales should be at least 10% of calf feed sales

If your calf starter is in fact a "prestarter," of which you only expect 100 lbs./calf to be fed, then your milk replacer business potential will be more like one-third of your prestarter sales. How much is your territory?

You can also calculate your potential sales volume on a per cow basis. If you calculate 35 lbs. of milk replacer/calf, only heifer calves raised, and only 62% of dairymen using a milk replacer at all, you can even pessimistically estimate that:

Milk replacer sales should be 5-7 tons/year for every 1000 dairy cows you feed

Once you understand your potential, it's time to try and distribution? Are your dealers really helping you sell? Do you sell direct to larger calf raisers? Within your sales force, does everybody sell everything? Or would you be better off having some people become calf specialists? Are certain territories better potential areas?

The Fun Part: Problem Solving/Strategizing

What is working in your current system? What is helping you achieve your present level of success?

What is not working? What obstacles are preventing you from achieving your goals?

What changes need to be made to help you sell more milk replacer? By identifying 2-3 things to change, and attacking these aggressively, *you will sell more.*



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What are the objectives of your milk replacer marketing program?

- ◆ Profitability
- ◆ Market Share (Volume)
- ◆ Customer Satisfaction
- ◆ Lead-in to other business

What do your customers require? Market research reveals that *dealers* want the following:

- ◆ No problems
- ◆ Brand recognition
- ◆ Satisfied calf raisers
- ◆ Consistent quality
- ◆ Product which performs up to expectations
- ◆ Service to support business growth

What do your dairy producer customers require?

In 1998, 69.1% of dairy producers reported using a calf milk replacer (Hoard's Continuing Market Study, 1999). The most important reason one brand was selected over another:

- 30.6% - Performance
- 27.0% - Purchasing convenience
- 10.2% - Cost per bag
- 8.7% - Mixability
- 6.3% - Medication option
- 6.0% - Protein source
- 4.8% - Brand reputation
- 2.4% - Product specifications or guarantee
- 1.2% - Research
- 2.7% - Other

Who decides which milk replacer to buy? Who feeds the calves?

Person	Purchase Decision	Who feeds the calves?
Husband	70.0%	36.0%
Wife	20.7%	26.7%
Child 13-18 yrs. Old	0.8%	12.1%
Child under 13	-	7.7%
Employee	6.8%	16.4%
Custom Calf Raiser	1.1%	1.1%

Hoard's Dairyman Continuing Market Study, 1995)

What does the professional calf raiser need?

To differentiate yourself from others in your area, you must strive to create a position of difference - move beyond commodity status by solving problems, rather than selling products. Professional calf raisers, those who see their calf enterprise as a business, seek:

- ◆ Acceptable mixability
- ◆ Performance which meets their cost/benefit expectations
- ◆ Consistency in growth and health
- ◆ Management/technical assistance



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Do good economics exist?

In addition to biosecurity benefits, milk replacers continue to provide a very good cost/benefit ratio compared to feeding saleable whole milk today:

Farm Gate Price/cwt.	Price per Bag of Milk Replacer					
	\$32	\$34	\$36	\$38	\$40	\$42
	<i>Dollars Saved per Bag of Milk Replacer</i>					
\$11.00	12	10	8	6	4	2
\$11.50	14	12	10	8	6	4
\$12.00	16	14	12	10	8	6
\$12.50	18	16	14	12	10	8
\$13.00	20	18	16	14	12	10
\$13.50	22	20	18	16	14	12
\$14.00	24	22	20	18	16	14
\$14.50	26	24	22	20	18	16
\$15.00	28	26	24	22	20	18
\$15.50	30	28	26	24	22	20
\$16.00	32	30	28	26	24	22
\$16.50	34	32	30	28	26	24
\$17.00	36	34	32	30	28	26
\$17.50	38	36	34	32	30	28

What are the keys to selling existing customers?

- ◆ Have the right product, in the right place (it has to be in stock), at the right price (know your market).
- ◆ Know technical basics
- ◆ Know product features & benefits
- ◆ Believe in what you're selling
- ◆ **Ask for the order!**

What are the keys to selling prospective new customers?

- ◆ Right product, right place, right price
- ◆ Know technical basics
- ◆ Know product features & benefits
- ◆ Believe in what you're selling
- ◆ Have a Plan: Goals, Targets, Samples, Knowledge of your area (you may not know these people)
- ◆ **Ask for the order!**

What are the technical basics?

- ◆ Tag information
- ◆ Medications
- ◆ Protein level and source
- ◆ Fat level
- ◆ Incorporate with total calf program
- ◆ Identify producer's problem area(s)

Remember, when selling calf programs, there is always: ***Rule Number One: The person who asks for the business is often the one who gets it!***