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Marketing Slaughter Goats through Livestock Market Auctions

This article addresses marketing your slaughter goats through livestock auctions. I will also be describing the New Holland Livestock Auction Market, one of the largest goat markets in the Northeast US.

One of the nice things about auctions is that a producer expends little effort finding a buyer when dropping goats off at an auction. Another advantage of livestock auctions is that auctions usually have to be bonded, thus, guaranteeing a producer prompt and reliable payment. The big downside is that there is no control over what price you will accept for your animals. This can make for a financially risky exchange. However, there are a few steps a producer can take to either 1) make the venture less potentially risky or 2) use it to make contact with future direct buyers.

My number one piece of advice is phone the auction manager in advance and let him/her know you are coming. Auction managers are busy people so sometimes you need to phone the office staff first and ask them when's a good time to call the boss. When you get through to the manager, describe the type of animal you have for sale and the quantity you plan on bringing. Solicit their opinion on the best week to bring them in. This allows them to work on locating buyers for your type of animal if they need to. In addition, some managers operate as order buyers for wholesalers and retailers. Because of this, they may have direct knowledge on what orders they need to fill. Even if they are not order buyers they usually have a good idea of how many buyers they expect certain weeks and what the demand is projected to be. If you are bringing in a large number of desirable animals it is in their interest to try to insure you have a positive marketing experience so that you will continue to bring your animals.

If you have more than one auction in driving distance from you, phone several of the managers. This way you can compare their projections on when market demand will be highest and also get a feel for who is most enthusiastic about getting your business. It is not out of line to ask for an estimate on how many goat buyers they have lined up that week and what sort of price range they are expecting. That does not mean their projections are going to be accurate. However, someone who has presented a glowing picture to you is usually going to try a little harder to sell your animals at a good price than someone who is pessimistic, acts as if they could care less if you bring them your business or is very vague about what buyers they have lined up. For example, last Easter I phoned several NY auctions to ask if they were having an Easter auction. Two auctions were very enthusiastic about their sales and volunteered that they had lined up several buyers and urged me to attend and tell other producers. Another auction said that they had sent out reminders to all their buyers urging them to attend and anticipated a good sale. Several of the others responded in lukewarm tones that "yeah, we're having an Easter sale" and when I prompted them about buyers, said "well, you know, our regular buyers will probably attend". Without fail, average Easter prices received for lamb and goat were far higher at the three more aggressive markets than at the lukewarm respondents. If you talk to several different auctions you can also compare their fees and commission rates.

If you have several local auctions on different days of the week that are likely to have the same group of buyers at them it is usually best (all things being equal) to attend

the earlier auction. If the same group of buyers attends one auction on Monday and another on Tuesday, chances are some of them will fill their orders on Monday reducing the Tuesday competition and dropping the price. Of course, the other side of the coin is that by the last auction buyers may be more desperate to fill orders if animals have been in short supply and will pay higher prices. It's all a gamble.

You should check whether the auction permits you to specify a floor price for your animals below which you will not accept a bid. Few auctions make provision for floor prices. However, if they do, be sure to take them up on it.

The order that animals enter the ring is at the manager's discretion. Be sure to ask the manager what their policy is and if it is within your power do what is necessary to try to get your animals in the ring early. (Again, this strategy may fail you if animal supply is limited and buyers get more desperate and prices higher as the auction progresses). However, keep in mind most buyers don't like to support an auction where there are not many animals to meet their orders. Thus, if you have picked an auction that solicits a lot of buyers your best bet is to get in the ring relatively early.

With this in mind, find out if animals can come in the night before. If so, what is the cost and are hay and water available to them? Suckling kids may look pretty gaunt after a night without their dam. However, if you are selling weaned kids or yearlings, bringing them in early (if food and water are available to combat shrinkage) may be to your advantage. In many auctions it improves your chances of getting in the ring early. It also gives your animals a chance to recover from a long trip without looking tanked up.

You can also use auctions to sell to a buyer whose prices you like and whose credit rating stinks. In this case, it's advisable to phone the buyer and find out when they are going to have a high demand for the type of animal you are producing. As the time of demand approaches, contact them to find out what local auctions they will be attending. Ask them to look out for your animals. You can then double-check with local auction markets to see which auctions are expecting that buyer to attend. If a more lucrative auction than the one the buyer has suggested you attend says that they are expecting him/her there, call the buyer back and say that it turns out it's easiest for you to attend that auction instead. In all this conversation, the hint that it's their credit that bothers you will probably come out without you having to be rude or offensive. In answer to questions on why you are going to the auction rather than selling to them directly you can say that unfortunately the farm policy is to sell animals on a cash basis. The buyer may respond with a willingness to pay you in cash.

Auctions can also help you build up relationships with buyers. If the auction manager is willing to give you buyer names in advance, you can locate their phone numbers and call them up to introduce yourself and to ask them to watch out for you and your animals at the sale. Some auction managers are proprietary about buyer names (especially if you also ask for their phone numbers!). If so, it is worth your while to be present at the sale rather than just dropping off your animals. You can introduce yourself to buyers and hand them your business card when they are looking over animals or you can watch as they bid and either introduce yourself to them afterwards or ask who ever you are sitting next to if they know their name. When you get the check from the livestock market, be sure to record the buyer's name if it is on there. Otherwise you can try to call the auction to get more detailed information about which buyer corresponds to that name or number. However, not all auctions will share this information. Follow up

with a note or call to the buyer suggesting that they contact you the next time they need similar animals. Either way, the next time you have animals for sale, you will have some buyer contacts to call prior to making a decision to auction your animals. Auctions are inherently risky, thus, it's a good idea to not restrict your business to this sole marketing opportunity.

To try and minimize risk producers can seek out large regional auctions that are supported by numerous buyers and have fairly robust prices. Several large auctions have their average prices publicized on the web or in various marketing publications making it easy to track price trends. However, keep in mind that a single producer is a small fish at these auctions. If you enter the ring late, your prices may be far below the average. The same rules of contacting the auction manager prior to attending the sale, trying to make buyer contacts, etc. hold true for regional as well as local auctions. In addition, if the regional auction is near any large private treaty buyers, you may want to make arrangements to take your load of animal to the buyer for a bid first before going on to the auction if you can't agree on a price.

The Monday morning sale at New Holland Sale Stables, Inc., New Holland, Pennsylvania is probably the largest goat sale in my region. Information about many regional auctions is available on the web at <http://www.sheepgoatmarketing.info/PageLoad.cfm?page=directory/marketReport.cfm&type=3>.

Ken Smoker, one of the owners of the New Holland Livestock Market, is also its manager. According to Ken, number of goats sold at New Holland has continued increasing this year with ~2600 goats sold at the Monday sale prior to Easter and ~1300-1800 goats sold at each of the Monday sales during the month of Ramadan. During each of these sales ~40 bidders were present representing 50 to 60 actual buyers. Ken estimates that only ~25% of the goats at Easter were sold for the traditional Italian and Greek market in "Easter kids". Easter kids are typically 18 to 30 lb. live weight suckling kids. However, small hide-less carcasses dry out rapidly. Because of the hide-off regulations instituted in the United States in recent years, the size of desired Easter kids has increased to about 25 to 40 lbs. However, Ken estimates that ~75% of the goats bought at Easter were filling the demands of other ethnic groups for family festivities during the vacation. Fifty pound kids, weaned or not, were in very high demand at New Holland for the Easter holidays. Ken said that unless smaller suckling kids went through the sale in "A1 condition", the price on them might only be ~\$20 for a 20 lb. kid. His advice for meat goat breeders is to hold them to at least 50 lbs. Prices for well conditioned 50 to 60 lb kids have remained robust and Ken reports that even in mid July, prices are averaging ~\$1.00/lb. live weight. He does predict that the price will drop sharply for September and October before recovering for the Ramadan season.

One hint that folks might take from this is that it is best to sell your top quality typical "Easter" kids direct to the buyer or through highly promoted local sales rather than sending them a long distance to a regional sale. Another hint is that you do not need to apologize at Easter for your Boer/dairy cross kids gaining ½ lb. on their dams even though these kids may be 40 to 60 lbs. at 8 to 12 weeks of age. They are still in high demand at Easter as many of us have observed. Ken's comments suggest that the Easter season has opened up to include more ethnic groups than traditionally expected, thus leading to an acceptance of a larger kid.

Ramadan will be starting November 27th this year and ending on December 27th. There is a strong demand at New Holland for large young bucks during Ramadan. Prices are also high for 50 to 80 lb. wethers and doe kids with all their milk teeth. In a phone conversation with Ken on July 7th, I asked him if Boer-cross male kids 8 to 10 months old and weighing 70 to 110 lbs would generally have their prices reported in market reports as small and medium bucks rather than kids. In the past, I had been told they were reported as kids. This has caused problems for NY producers trying to sell such goats to NYC buyers based on New Holland prices. Ken responded affirmatively that this past Ramadan big buck kids in this weight range were often reported as small bucks rather than kids. He also stated that New Holland could sell a group of goats by the lb rather than by the head if a consigner requested it and if the group was large and very uniform. He felt this might be a benefit to consigners with Boer-cross goats as buyers tend to underestimate their weight but would be a disadvantage for consigners with dairy or Spanish goats whose weights tend to be overestimated. He predicts that we may see a gradual trend towards selling goats by the head rather than by the pound but predicts that this trend will be fairly slow in coming. According to Ken, selling by the head often makes sense because 1) goats are generally sold in small lots and 2) when the lots are large, they often include a wide variety of goats that fit the needs of a very diverse group of buyers.

As an auction manager, Ken makes the decision on what order animals enter the sales ring. Ken says that suckling kids that have come in the night before usually go through the sale first. They are followed by the consignments of his regular, weekly shippers. After this he tries to send through goats that have arrived before 5:00 am followed by those that arrived after 5:00 am. However, he says if you have the bad luck of being in a pen that is sandwiched in by other pens, he is going to have to sell those pens before the handlers can reach you.

Bob Herr, who runs both Nix Besser Livestock Company (order buyer at New Holland) and his own goat feedlot, likes to say that there is a person for every goat at New Holland. Some ethnic groups want small goats some want large, some want castrated males, some want bucks, some want lean goats, some want fat. However, there are some goats that are harder to sell than others. Pygmy and angora goats have a reputation for having little meat on their carcasses. However, Pygmy kids command top prices because they make great “shoebox” kids for many ethnic groups to offer as a sacrifice upon the birth of a child.

Extremely fat goats are penalized by most cultures because this fat is viewed as a waste that will drop out of their body cavity at slaughter. Your standard Boer buck in show condition would be considered extremely fat as would many dairy does at the tail end of lactation. Does that look pouchy (i.e. possibly pregnant) are also penalized by most buyers. More moderate body conditions are harder to call. Suckling kids can be as fat as you want without any penalty. However, some ethnic groups have absolutely no tolerance for fat on a weaned kid or yearling, while other cultures feel the lean kid definitely needs a few months in a feedlot.

The Muslim goat is usually characterized as still having milk teeth. However, older goats are also in demand for the Muslim trade during the Festival of Sacrifice, which will be March 5th this year. These animals must be “unblemished”. Different Muslims have different interpretations for unblemished. For all, the animals must be

sound with no open wounds, broken horns, deformities, and for most it must be uncastrated and not docked (in the case of lambs). Disbudding and ear tags are usually acceptable.

In summary, young, healthy goats with shiny short coats are always in demand at New Holland. Ken Smoker feels that meaty, well-fed young goats will always bring good money. As a buyer, Bob Herr seconds this with the belief that goats with “smooth hair, a hair coat that shines, and a clear eye, trim and well muscled are hard to beat for the price, all things being equal.”