

One of the biggest questions producers ask when deciding if load lot marketing is right for them is “Will it be worth it?” Though some producers quickly decide that it is not, we challenge you to think again and look at the potential that load lot marketing has to offer. This week we will look at how load lot marketing can be “worth it” for you and your operation.

A challenge many producers face with load lot marketing is that it often requires more labor and management compared to the traditional sale barn auction marketing. However, this extra work in creating preconditioned calves is often largely compensated when it comes time to sell them. A study done before the run up of cattle prices confirms this. An article published by Oklahoma State University explains this study that was performed on four groups of calves in order to determine the costs and benefits associated with preconditioning calves. This study revealed that on average, it cost approximately \$10/head to cover health costs, including vaccinations. Further, it cost about \$1 per animal per day to cover feed costs, or \$45 for a 45 day preconditioning program. The study showed that calves in a typical preconditioning program can be expected to gain about 1.4lb per head per day. How can you use this information to decide if load lot marketing is something you should try?

Using the expected weight gain of 1.4 pounds per day, along with today’s market price of \$2 per pound, you can quickly calculate that calf’s worth increased approximately \$126/head from the beginning to end of the preconditioning period simply due to the extra weight that was gained. Subtracting the health and feed costs required, a producer can expect to receive a \$70/head increase for preconditioning his/her calves. If 40 calves are in a lot, this equates to \$2800 per lot. But the benefits don’t stop there. As we discussed a few weeks ago, we found that preconditioned calves sold for 13 cents per pound more than calves that were not preconditioned, or about \$84 more per head. Again, with 40 calves in the lot, this equates to a \$3360 increase for marketing preconditioned calves through a load lot. Altogether, this means that a producer that preconditions his calves and markets them as a load lot, can expect to make approximately \$6160 on one load lot.

Because preconditioning and load lot marketing do require some extra management and inputs, many producers shy away from trying this method of marketing. However, we strongly encourage you to look closely at the potential that load lot marketing has to offer. We feel that as the studies reveal, the extra labor and management required to produce a load lot is minimal compared to the amount of potential returns that load lot marketing has to offer. For more information about load lot marketing and how to implement it in your operation, please contact us. Please visit the link below for more on the referenced article: <http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-4574/AGEC-247web.pdf>

Thanks,

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