

Merchandising and Pricing Performance Tested Boars*

Gary Huisman
Clarksville, Iowa

I'm only a high school graduate; no geneticist, but I sold \$400,000 worth of hogs last year. My hog career started through my FFA experience back in 1961 when I purchased my first two Yorkshire sows. I sent my first Yorkshire boar to a central test station in 1965, the year I graduated from high school. This boar was the top Yorkshire boar in the station sale. This happening influenced my interest in producing superior performance tested Yorkshire hogs.

May I show some slides of my swine operation? We have 140 sows, raised mostly in total confinement. Our sales center is an open-front building where we sell approximately 500 boars and 500 gilts. Of this group, 10 percent is sold to purebred producers while the rest are for our commercial trade.

How do we price our performance hogs? We try to price them according to their breeding worth and try to get as much as we can. Certainly we could sell for less, but the problem is that we like to have fun, and that takes money. That reminds me of when Brownie bought walleye fillets when he went fishing up north and told of the "big ones" that got away.

In order to get the maximum price for your breeding stock, your first problem is to get the buyer. We get about 25 percent of our buyers from advertising through publications like The Yorkshire Journal and The Iowa Swine Producers Magazine. Another 25 percent of our buyers see our boar data through the central swine test station, and the other 50 percent of our buyers hear of us by word of mouth.

Our whole breeding program is built on performance. Therefore, our sales program is centered around the performance of our hogs. About 90 percent of our customers come to purchase our stock because we have built our herd reputation on performance testing and they want performance records. Therefore, performance determines the price of each pig sold on our farm.

How do we handle the buyer when he comes to the farm? We make the buyer as comfortable as possible. We ask him about the kind of operation he has, such as the number of acres in crop land, etc., the kind of hog operation, the number of sows to be bred, the type of facilities, what kind of boar (type) he's looking for, and where he bought his last boars, which indicates the quality he wants and how much he's willing to pay for it.

Throughout this process, I appraise the buyer for such items as the quality boar he needs and what he'll pay for it. The buyer determines the price and quality of boars shown. Our boars are priced on performance and quality. We take the buyer to the pen, depending on our evaluation of his buying potential. If he drives up in a nice car, has clean clothes and asks about performance, I show him the higher priced boars. If he comes in a clunker, wears dirty

clothes and manure covered boots, spits tobacco and says, "yo' got any stock hogs," I show him the cheap boars or say, "I'm just out of boars today."

The buyer must be at ease for you to make a sale. I told a story of a black lab and a great dane to a buyer. He liked the story and I sold 75 gilts. I told another story of a goat and a Lincoln Continental to a different buyer, and it rubbed him the wrong way. I lost a \$1500 sale. Know your buyer. There's a time and place for stories, try to make your buyer feel at ease.

How do we set prices? We normally get performance on all boars and set a standard price for an average boar. The traits we use in our pricing are the number of days to 230 pounds, backfat, and lastly, loin eye area. We try to weigh boars as close to 230 pounds or 154 days as possible. LeRoy Faint does our scanning for off-test groups, but not for individual pigs. No boars are sold at less than five months of age. We had one boar weighing 270 pounds at 151 days, which adjusted back to 131 days. Therefore, selling on size can give you problems in selling boars that will work for your customers. Boars have to be over five months of age when sold.

Our average number of days to 230 pounds is about 155. These boars are valued at \$400 to \$450. Boars at 145 days weighing 230 pounds are priced at about \$500. Those at 135 days weighing 230 pounds are set at \$600 to \$700. These prices assume that the boars have a good underline, are sound, and have good conformation and better than average backfat for our herd. If the boar is unsound, we don't sell him. Those boars which reach 230 pounds in less than 135 days could be priced at \$1000 and up.

Backfat is not a large factor in determining price. Our average backfat is 0.70 inch. As long as we have boars under 0.80 inch backfat, that's low enough to sire pigs which will grade number one at 230 pounds. Any boars which have over 0.95 inch backfat go to market.

Loin eye area is the least important in pricing our boars. We would like our sale boars to scan between 5.2 and 6.0 square inches at 230 pounds. We don't need many loin eye areas under 5.0 square inches and we penalize the price if they are. On the other hand, we do not increase the price for exceptionally large loin eye areas

Other factors influence the price like the genetic performance behind the boar. If he comes from a long line of super performing hogs, the price goes higher. Some of our hogs have eight to ten generations worth of performance testing records. If the boar has below average parentage, the price is lower.

If we have littermates in a central test station or at home, and the boar has top performance, the price is raised. Our rule of thumb has been to price home raised littermates from one-half to two-thirds of the price received at the test station sale. For example, if we sell a test station pig for \$2000, the littermates at home would be priced from \$800 to \$1400.

How much improvement have we made? In 1965, at the New Hampton Test Station, our Yorkshire boar had a 2.2 average daily gain, and a feed efficiency of 260 with 1.1 inches of backfat. In 1980, at New Hampton, we had a boar that had a 2.9 pound average daily gain, and a feed efficiency of 215 with 0.75 inch of backfat. The sire of this boar was a home-raised boar. Another boar at the Ames Test Station grew at 2.87 pounds per day on test, and had a 218 feed efficiency with a 0.75 inch backfat. Although we realize we may have some change over the years, due to the environment at the test station, certainly a large percentage of this difference must be due to our selection program.

If we have a buyer who wants to buy our lowest ranking boar or a boar out of the truckload we just sold, or if he argues over the price of a \$350 boar, he is setting a \$.32 price per pound. You should tell him that at that price, boars make darn good pizza sausage. I try to sell the buyer at least one more boar than he wanted to buy. He needs another boar to be satisfied, other breeders should do the same thing.

If all these figures and formulas don't seem to come up with a price, I recommend you call three breeders--Kent Brown, Dave Stewart, and one other. Get the average price, divide your boars up by performance, then add or subtract \$100 and go from there.

* This article was written by C. J. Christians, editor, from an outline and oral presentation given by Gary Huisman.