



# HAY MARKETING TIPS

---

Dr. Curt Lacy

Extension Economist-Livestock



THE UNIVERSITY OF GEORGIA  
COLLEGE OF AGRICULTURAL &  
ENVIRONMENTAL SCIENCES

# Are you a Seller or a Marketer?

Sellers – Focused on convenience

- Produce what is easiest to sell
- Sell at the most convenient time
- Sell at most convenient place
- Price taker

Marketers – Focused on profits

- Produce what the market wants
- Market at the most profitable time
- Market using the most profitable method
- Have some control over price



# Two basic markets and their alternatives

## Commodity

- Typically cost-based
- Favors low-cost producers
- Ready-made market
- Hay examples
  - Round bales of grass/legume hay
  - Square bales of grass/legume hay

## Niche or value-added

- Allows producers to receive more of the true value of their animals
- Higher-margin/lower volume proposition
- Often requires market development
- Hay examples could include
  - Organic hay
  - “Specialty” varieties or types



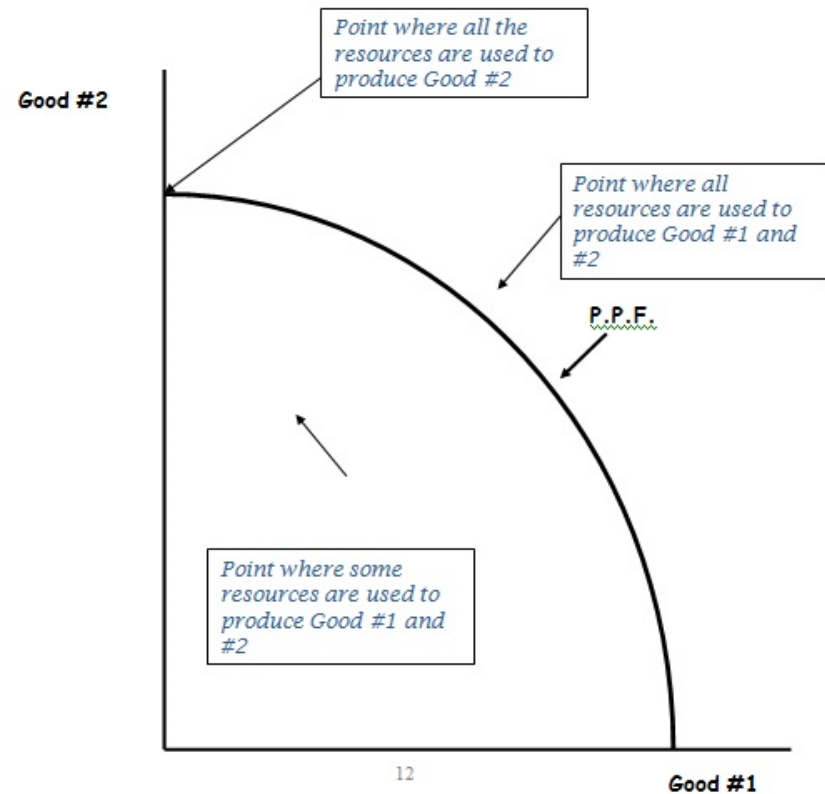
# 4 P's of Marketing

1. Product → what does the buyer want?
2. Price → what will they pay for it/can you make money at their price?
3. Place → when and where do they want it?
4. Promotion → why should they buy your product as opposed to someone else's?



# Developing a Profitable Marketing Plan

1. Determine your product
2. Determine your breakeven price
3. Promote your product
4. Get it to your customer (either picked up or delivered)
5. Evaluate the results
6. Repeat



# Hay Markets in General

- Even though called a commodity, not really true.
- Very localized or regionalized.
- Lack of standards – Define “horse hay” vs. “cow hay.”
- Quite a few niche or specialty markets.
- End result → there are many “hay” products and “hay” markets.



# Determine your product

- What are your resources?
  - Land (quality and quantity)
  - Labor (quantity and quality)
  - Capital (equipment, facilities, financial position, borrowing ability/tolerance)
  - Management (what are you good at?)



# Determine your product

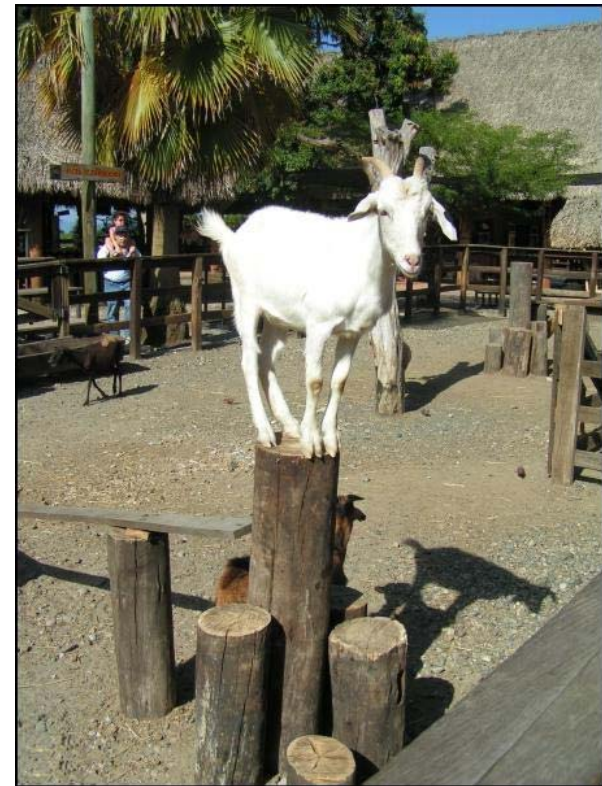
- What do potential customers want?
  - Forage type/quality
    - Horses → medium/high quality
    - Beef cows/goats → low-high quality hay
    - Gardeners/homeowners → low-quality
  - Bale type (square/round)
  - Bale weight – 40/50# square bale vs. 100#
- Why isn't someone else growing this product?





# Determine your product- Conducting Market research

- What uses are there for hay in your area?
  - Livestock
    - Beef cattle
    - Dairy cattle
    - Sheep and goats
    - Straw for chickens
  - Pets
    - Rabbits
    - Goats
    - Chickens
    - Others?
  - Other
    - Gardeners
    - Road construction



# Determine your product- Conducting Market research

- How much could you sell at a reasonable price?
- Understand the difference in Market Demand vs. Quantity Demanded.
- What is the trend for your target-market?
- If this market disappears, now what?

# Determine your product- Conducting Market research

- Places to conduct research
  - Livestock markets
  - Flea markets
  - Feed stores
  - Veterinarians
- Sources of information
  - USDA
    - National Agricultural Statistics Service [www.nass.usda.gov](http://www.nass.usda.gov)
    - Economic Research Service [www.ers.usda.gov](http://www.ers.usda.gov)
    - Ag Marketing Service [www.ams.usda.gov](http://www.ams.usda.gov)
  - Other hay and forage websites

# Product-"Quality" depends on the Customer

- USDA Grass-Hay Guidelines based on Crude Protein only
  - Premium → 13%+CP
  - Good → 9-13% CP
  - Fair → 5-9% CP
  - Utility → under 5% CP
- Don't forget RFQ
- Generally speaking customers want:
  - Dry
  - Green
  - Free of weeds, insects and diseases



# PRICE

---

How much will they pay? How much do you need?

Price – It all begins with your cost

**The first step in any successful marketing plan  
is knowing you cost.**

$$\text{Breakeven Cost} = \frac{\text{Variable Cost} + \text{Fixed Cost}}{\text{Production}}$$

# Determining Prices

- Cost of production
  - Input costs
    - Variable
      - Fuel
      - Fertilizer
      - Chemicals
      - Repairs
      - Labor
      - Interest
    - Fixed
      - Depreciation and interest
      - Management
      - Taxes and insurance
- Weather
- Your risk tolerance
- Your purpose for producing hay
  - Profits
  - Minimizing costs?

# PLACE

---

When and where do they want it?



# Place – When and where do they want it?

- FOB your farm (picked-up)? Cheapest, easiest but likely limits customer base.
- Delivered? Additional cost, time and aggravation but probably expands customer base.
- Local feed store/ag supplier? Less trouble than delivering to individuals but lower price. Can you make it up on volume??

# Delivery Considerations

1. Operational costs of trucks and trailers (fuel, repairs, tires, etc.),
2. Fixed costs of trucks and trailers (depreciation, insurance, tags, other taxes, etc.) and
3. Labor costs of loading hay out of the barn, hauling, loading hay into the buyer's barn.
  1. Who makes the deliveries?
  2. Do you want them representing you 150 miles from home?



# PROMOTION

---

Why are you so special?

# Two Economic Truths

Long-term the price of a commodity will approach the total cost of production.



Be a low-cost producer

Anything can be profitable if you can charge enough.



Get more from your crop by adding value

## Ways to Reduce Costs (per unit)

- Soil test
- Alternative sources of fertilizer
- Lower fixed costs
  - Lease
  - Share
  - Custom-hire
  - Rent additional land
- Irrigation??

## Ways to Add Value

- Sell at peak times of year (summer/winter).
- Sort and sell by quality
- Square vs. round
- Not all customers want big bales
- Square bale “bad” hay for mulch?
- Educate the consumer



# Promotion – Know your competition

- What products substitute for your product?
- What is your cost per pound of energy or protein?
  - How does it compare to other types of hay?
  - How does it compare to purchased feeds?
- If yours is more expensive, why should they buy yours?

# Promotion – What Makes Your Product So Special?

- Quality? What the customer wants.
- Service? Can you dependably provide them a quality product at a reasonable price?
- Quantity? Can you sell 2 bales or 2 semi-loads?

# Marketing Outlets

- GA Farm Bureau
- GA Cattleman's Magazine
- Market Bulletin
- Word of mouth
- Internet
- Printed materials
  - Feed store
  - Vet office
  - County extension office





# Summary

- Sellers are focused on convenience, marketers are focused on profits.
- Product identification is key.
- “Quality” is subjective.
- Know your costs.
- Explore ways to add value by merchandising hay in different forms and packaging.
- Be willing and able to tell customers why they should buy your products.

# HAY MARKETING TIPS

---

Dr. Curt Lacy

Extension Economist-Livestock

[clacy@uga.edu](mailto:clacy@uga.edu)



THE UNIVERSITY OF GEORGIA  
COLLEGE OF AGRICULTURAL &  
ENVIRONMENTAL SCIENCES