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MARKETING LIVESTOCK

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STOCKYARDS
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TEXAS AGRICULTURAL EXPERIMENT STATION

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SUMMARY

The Union Stockyards in San Antonio is the oldest of the major stockyards in Texas and is the second largest in the State in volume of salable receipts. In 1959, 249,477 cattle, 70,653 calves, 47,112 hogs, 60,028 sheep and 40,028 goats were received for sale. Some decline in receipts was experienced during the drouth years, but volume is now trending upward.

Responsibility for handling and selling livestock on the market is divided between the stockyards company and ten independent commission firms. The stockyards company furnishes facilities and personnel to handle livestock. The commission firms do some handling and are responsible for selling the livestock.

Buyers at the Union Stockyards may be separated into packer buyers, order buyers, provisioners and butchers and country buyers. In 1959, the packer buyers procured 36 percent of salable cattle receipts, 4 percent of salable calf receipts, 71 percent of salable hog receipts and 48 percent of salable sheep receipts.

Purchases by order buyers accounted for 58 percent of salable cattle receipts, 52 percent of salable calf receipts, 6 percent of salable hog receipts and 12 percent of salable sheep receipts. Provisioners and butchers took 6 percent of salable cattle receipts, 1 percent of salable calf receipts, 8 percent of salable hog receipts and 7 percent of salable sheep receipts. Country buyers purchased 22 percent of salable cattle receipts, 43 percent of salable calf receipts, 15 percent of hog receipts and 33 percent of sheep receipts.

One major problem faced by the Union Stockyards is variations in daily receipts with almost half of the volume of cattle and calves arriving on Monday. Development of a livestock auction on Thursday has increased volume and has improved utilization of facilities.

A survey of current shippers was made to obtain information on their opinions regarding stockyards facilities and services, commission firms and other aspects of operations. Shippers generally were pleased with all phases of operations. However, they did have some suggestions for improvement. Some of these suggestions have been carried out, others have been rejected and a few are still being considered.

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Marketing Livestock at Union Stockyards San Antonio

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STOCKYARDS ARE VERY IMPORTANT for marketing livestock in Texas. Union Stockyards, San Antonio, is one of the the three leading stockyards in Texas. A concurrent study of the markets at Fort Worth, San Antonio and Houston was initiated for evaluating and obtaining information on stockyard operations. Facilities for marketing livestock have undergone some major changes since 1889 when many of the major markets began operating. Consignments have become smaller, necessitating a change in the kind, size and arrangement of facilities required for efficient receiving, handling and selling of livestock.

Information for this study was obtained by observing daily market operations at Union Stockyards. The physical facilities and services provided were studied under actual market operations. Information on receipts, mode of transportation and marketing costs was gathered from the Union Stockyards office, commission firms, Animal Disease Eradication Service, USDA, and the Market News Service, USDA.

Public or terminal stockyards came into existence because of necessity. Prior to marketing livestock through public stockyards, the livestock producer depended on either local buyers or buyers at distant markets for disposition of his livestock. Marketing of livestock at distant markets often resulted in very low prices, since buyers were in a position to take advantage of livestock producers after long trail drives. The need for centrally located marketing outlets prompted the organization of stockyards in heavy livestock producing areas. The first public stockyard to be established was the Union Stock Yards and Transit Company of Chicago in 1865.

A public stockyard is defined by the American Stockyards Association as a market open on equal terms to anyone desiring to sell or buy livestock; as being federally regulated and supervised under the provisions of the Packers and Stockyards Act of 1921; as a market at which the stockyard owner undertakes only to provide facilities and furnish services, but does not undertake to sell or buy livestock either for his own use or as agent for others; and as a market at which selling func-

tions are performed by independent, registered market agencies or commission salesmen.

The first public stockyard to be established in Texas was the San Antonio Stockyards Company in 1889. This company was established by six ranchmen and trail drivers who saw the need for such a marketing organization in the Southwest. The stockyards company was established on 20 acres of land between South San Marcos and South Brazos Streets. In 1894 the original stockyards company was reorganized and called Union Stockyards San Antonio. Additional land was required, making a total area of more than 40 acres. Facilities also were modified and improved for handling the growing livestock consignments.

Market Receipts

Receipts of livestock at Union Stockyards have been influenced considerably by the extreme drouth conditions of the period, 1947-56, and by other factors. The livestock population of the area fell to a low point and restocking has only recently taken place. Table 1 indicates the extent of the decline in receipts during the latter part of the drouth period and in the years of restocking. Some recovery is indicated in 1959.

Another factor affecting receipts has been a growing tendency on the part of buyers to do their buying in the country. Some of the commission firms from the stockyards have participated in these country transactions. In other cases, packers, order buyers and even small buyers have dealt directly with sellers or have accomplished their buying through livestock auctions. Only a limited number of these livestock subsequently passed through the stockyards. It has become necessary for the stockyard to adjust to this changed marketing pattern in order to maintain its level of receipts.

Stockyards Services and Changes

The Union Stockyards operate under the provisions of the Packers and Stockyards Act and the regulations prescribed by the Secretary of Agriculture. The stockyards company provides necessary facilities for persons wishing to buy or sell livestock but does not buy or sell for itself or as an agent for others.

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TABLE 1. ANNUAL SALABLE RECEIPTS OF LIVESTOCK BY SPECIES AT UNION STOCKYARDS, SAN ANTONIO, 1950-59

Year	Cattle	Calves	Hogs	Sheep	Goats
1950	309,552	205,108	78,462	161,868	82,352
1951	259,457	242,607	79,600	113,873	115,547
1952	284,149	145,991	44,701	157,400	69,937
1953	320,588	167,926	6,676	128,705	73,101
1954	337,208	156,569	17,429	161,473	90,651
1955	309,774	155,253	33,602	161,157	77,023
1956	280,163	150,414	40,343	163,517	92,743
1957	212,492	84,745	28,715	72,657	48,556
1958	214,878	64,810	30,371	52,341	64,953
1959	249,477	70,653	47,112	60,028	40,028

Source: Market News Branch, Agricultural Marketing Service, U. S. Department of Agriculture.

The services provided by the stockyard company pertain primarily to the receipt of livestock and to the weighing and handling of livestock before delivery to the buyer.

The Stockyards is open for receipt of livestock on a 24-hour basis. A skeleton crew is maintained on weekends and holidays to facilitate shipment of livestock to or from distant points. Stockyard personnel are not required to assist the trucker or consignor in unloading.

While the livestock are being unloaded, the receiving personnel at the unloading docks prepare a receipt or waybill acknowledging receipt of the livestock. A copy of the waybill is provided for the carrier or consignor, stockyard company, commission firm and brand inspectors.

After the livestock have been unloaded by the carrier or consignor, the receiving personnel sort

TABLE 2. COMPARATIVE PERCENTAGE OF RECEIPTS SOLD BY THE COMMISSION FIRMS, UNION STOCKYARDS, SAN ANTONIO, 1958-59

Firms	Cattle and calves		Hogs		Sheep and goats	
	1958	1959	1958	1959	1958	1959
	Percent					
Alamo Livestock Commission Co.	3.1	3.5	5.4	5.7	9.0	9.1
Rissell Center Livestock Commission Co.	1.1	—	.1	—	2.2	—
John Clay & Co.	7.2	7.0	1.9	1.8	9.7	9.1
J. W. Kothmann & Sons	9.1	9.5	43.0	37.5	16.4	13.6
Oefinger & Fuos Commission Co.	6.4	6.9	11.6	17.9	1.5	2.7
Producers Livestock Commission Co.	15.4	17.3	19.5	24.9	9.4	8.8
Rocky Reagan, Jr. Commission Co.	21.8	17.4	10.9	4.5	24.2	10.9
San Antonio Livestock Commission Co.	6.7	6.7	2.5	1.8	2.7	1.7
Texas Livestock Market Association	16.4	18.1	2.1	3.1	22.4	42.6
Union Livestock Commission Co.	12.8	13.6	3.0	2.8	2.5	1.5
	100.0	100.0	100.0	100.0	100.0	100.0

Source: Union Stockyards, San Antonio.

the shipments by owners if mixed lots have been received. The livestock are then delivered to the assigned pens or alleys of the specific commission firm and custodial responsibility of the livestock is transferred.

The selling services are provided by the commission firms. These services include receiving livestock from the stockyard company, sorting livestock before selling, contacting buyers and selling and delivery of livestock to the scales and weighing. Certified and bonded public weighers, who are employed by the stockyard company, are in charge of the weighing operations. The livestock are delivered to the scales by commission firm personnel. Commission firms are also responsible for remitting the net proceeds of the sale to the shipper.

The major source of income to the stockyard is from a yardage charge. Yardage is payment for use of the basic facilities and services furnished by the stockyard company in connection with livestock received at the yard. Livestock which are sold or otherwise change ownership for the first time, whether by weight or by head, are assessed the following yardage charges per head:

Bulls (over 600 pounds)	\$1.50
Cattle (over 400 pounds)	.98
Calves (400 pounds or under)	.65
Hogs	.28
Sheep	.20
Goats	.15

Resale yardage charges are assessed for each change of ownership on which the full yardage charge already has been assessed. The resale yardage charges are the same as the full yardage charges even though such resales are made on the original scale ticket, by reweight, or by the head with a few exceptions.

Livestock not subject to yardage charges are assessed charges for special service and for the use of facilities. These are mainly livestock received for delivery or for shipment.

An additional source of revenue for the stockyards company is from the sale of feed. Prices charged are subject to review by the USDA under the Packers and Stockyards Act.

Hay and corn are the two feeds generally used for livestock on the yard. Special arrangements can be made for obtaining other feed if required. The Union Stockyards does not allow feed to be brought on the yard by a producer or marketing agency.

The selling price for hay is the average inventory cost of hay delivered to the yard the preceding week, plus 70 cents per hundredweight. The selling price of corn is the average inventory cost of corn delivered to the yard the previous week plus 60 cents per bushel.

Selling Agencies

Livestock consigned to the Union Stockyards for sale are sold by one of ten commission firms operating there. They vary in their proportionate share of the receipts handled on the market (Table 2). The firm acts as an agent for the livestock producer in selling the livestock and performing incidental services. The consignor selects his selling agency. The firm mails or delivers to the producer, before the end of the day following the sale, an account of sale and the net proceeds from the sale. It also collects the amount of the sale from the buyer. For performing these functions, the commission company receives a specified return as contained in the Schedule of Charges, San Antonio Market Agencies Joint Tariff No. 10, August 4, 1959.

CALVES Per head

Consignment of one to five head inclusive	...\$1.10
Remainder of consignment	..... .90

CATTLE

Consignments of one to five head inclusive	\$1.55
Remainder of consignment	..... 1.40
Bulls of over 600 pounds weight	..... 2.25

HOGS

Consignments of one head only	.....\$ .70
Consignments of more than one head	
First 10 head in each consignment	..... .65
Next 15 head in each consignment	..... .60
Remainder of consignment	..... .55

SHEEP OR GOATS

Consignments of one head only	.....\$ .50
Consignments of more than one head	
First 25 head in each 250 head	
in each consignment	..... .30
Next 50 head in each 250 head	
in each consignment	..... .25
Next 75 head in each 250 head	
in each consignment	..... .20
Next 100 head in each 250 head	
in each consignment	..... .12

An assessment equal to one-third of the regular buying charge is assessed by the commission firms for clearing livestock which have been bought by the purchaser himself and not by a market agency. Five percent of the gross sale price, not to exceed \$5 per head, is assessed for selling bulls as breeding animals.

Volume of Purchases by Types of Buyers and by Species

For purpose of analysis, the buyers at the Union Stockyards are classified as packers, order buyers, provisioners and butchers and country

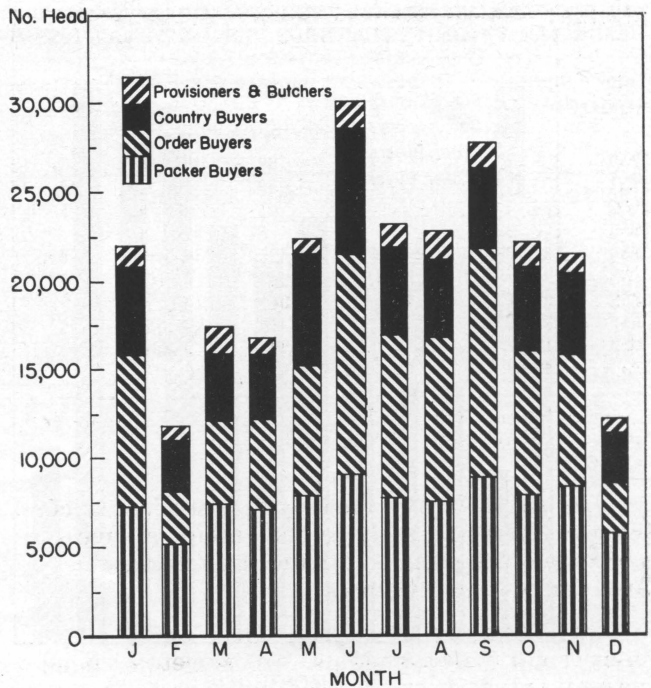


Figure 1. Cattle purchases by types of buyers by months, Union Stockyards, San Antonio, 1959.

buyers. The market activity of these buyers varies with the season of the year, the type of livestock received, the amount of livestock offered for sale at the Union Stockyards and the amount of livestock offered for sale by other market agencies in the San Antonio market area.

Cattle

An analysis of the cattle purchases during each month in 1959 indicates that packers and order buyers purchased the majority of the cattle consigned to the Union Stockyards (Figure 1).

The total cattle buying activity of the packers appears to be heaviest in February, March, April and December. The cattle buying activity of the order buyers is heaviest in June, July, August, and September. Purchases by country buyers and by provisioners and butchers did not reveal much seasonality.

The percentage of cattle purchases by packers ranged from 30 to 46 percent of the total cattle purchases. The ranges of the other buyers were: Order buyers, 25 to 42 percent; country buyers, 16 to 28 percent; and provisioners and butchers, 3 to 8 percent. In 1959 packers purchased approximately 36 percent of the salable cattle receipts on the Union Stockyard. Order buyers also purchased 36 percent, followed by country buyers with 22 percent. Provisioners and butchers ranked last with almost 6 percent.

Calves

Order buyers purchased more calves than any other group of buyers on the San Antonio market in 1959 (Figure 2). While order buyers appeared

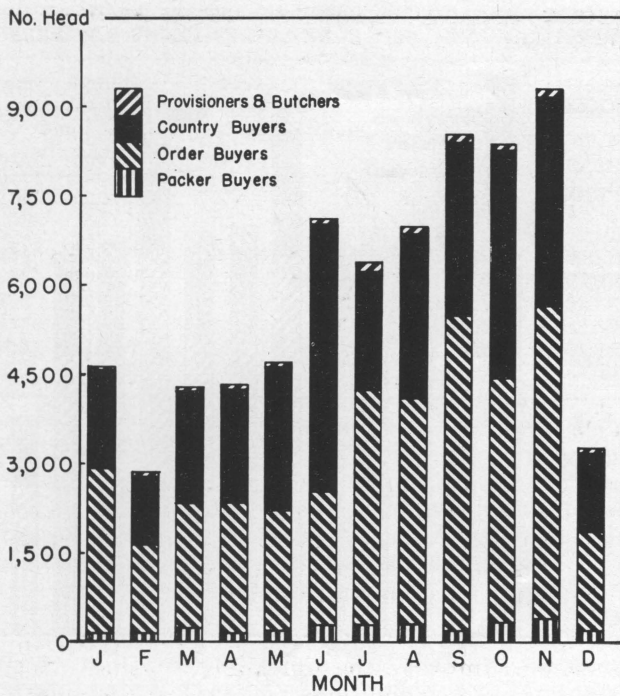


Figure 2. Calf purchases by types of buyers by months, Union Stockyards, San Antonio, 1959.

to be active throughout the year, July and September were the two primary calf-buying months. Purchases by packers, provisioners and butchers were small throughout the year. Calf purchases by country buyers reached a peak in June and appeared to be fairly evenly distributed otherwise.

Calf purchases, by buyers, ranged as follows: Order buyers, 31 to 62 percent; country buyers

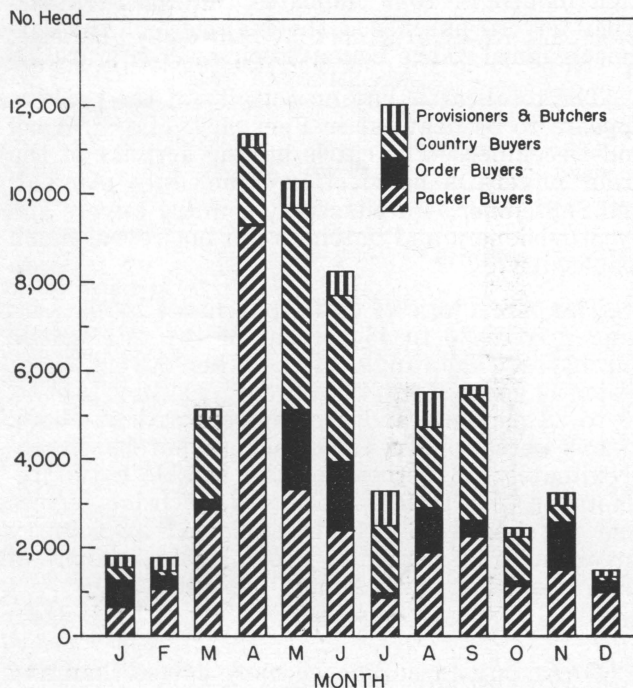


Figure 3. Sheep purchases by types of buyers by months, Union Stockyards, San Antonio, 1959.

36 to 64 percent; packers, 2 to 6 percent; provisioners and butchers, from about 1 to 2 percent.

Slightly more than 52 percent of the calf purchases can be attributed to the order buyers. The total calf-buying activity of the country buyers was 43 percent of the total. Packers bought 1 percent and provisioners and butchers were responsible for 1 percent of the calf purchases.

Hogs

Packers were the predominant category of hog buyers on the San Antonio market in 1959, buying 71 percent of salable receipts. Country buyers purchased about 15 percent, provisioners and butchers accounted for slightly more than 1 percent and order buyers took approximately 8 percent of the total hog purchases.

Sheep

The most important category of sheep buyers on the San Antonio market in 1959 was packers, followed by country buyers, order buyers and provisioners and butchers, in that order (Figure 3). Sheep buying by packers appeared to fluctuate with the volume of sheep receipts. Order buyers were most active in sheep buying from November to January, while country buyers were fairly active from May through October. Provisioners and butchers purchased a very small number of sheep and did not reveal any definite seasonal patterns.

Packers accounted for about 48 percent of the total sheep purchases, while country buyers and order buyers accounted for almost 33 and 12 percent, respectively, of the purchases. Provisioners and butchers purchased about 7 percent of the sheep consigned to the San Antonio stockyards.

Goats

The packers were also the most important goat buyers on the San Antonio market in 1959. Packers purchased approximately 60 percent of the total market goats consigned to the Union Stockyards. Country buyers and order buyers accounted for 21 and 12 percent, respectively, of the goats purchased, while provisioners and butchers took 7 percent.

Problems of Stockyards Operations

Management of the Union Stockyards faces several operating problems. Receipts have declined while costs continue to rise for labor and capital items. Also, extreme variations in daily receipts make it difficult to utilize labor efficiently (Table 3). Figure 4 shows the way in which cattle and calf receipts are concentrated on Monday, Tuesday and Thursday. Less than 10 percent of the volume is handled on Wednesday and Friday combined. A labor and sales force which can handle Monday's receipts eff-

TABLE 3. SALABLE RECEIPTS BY SPECIES BY DAYS OF WEEK, FIRST FULL WEEK IN MONTH, UNION STOCKYARDS, SAN ANTONIO, 1959

Days of week	Cattle		Calves		Hogs		Sheep and goats	
	Num-ber	Per-cent	Num-ber	Per-cent	Num-ber	Per-cent	Num-ber	Per-cent
Monday	26,349	46.9	6,557	45.5	4,078	36.8	5,890	53.8
Tuesday	14,485	25.8	2,554	17.7	3,942	35.6	2,838	25.9
Wednesday	2,237	4.0	1,290	9.0	2,031	18.3	1,254	11.5
Thursday	12,518	22.3	3,236	22.4	786	7.1	533	4.9
Friday	509	1.0	784	5.4	238	2.2	423	3.9
Total	56,098	100.0	14,421	100.0	11,075	100.0	10,938	100.0

Source: Market News Branch, Agricultural Marketing Service, U. S. Department of Agriculture.

used their own equipment and were not convenient for 11 shippers. The average time spent waiting in line to unload was 11 minutes, while 5 minutes were used, on the average, to make out waybills and 8 minutes to unload.

Shippers were asked whether anything could be done to improve the unloading routine. Suggestions included the following typical comments:

"Have more men filling out the waybill."

"Paint guide lines on the pavement to square trucks and avoid getting too close to next truck."

"Have more men at unloading docks at peak time and by all means have men who are courteous and want to work."

"Need a chute for unloading pickups."

Many of the shippers who accompany their shipments to the market remain to watch the livestock sold and observe the weighing. Some of them are accompanied by other members of the family who wait at the stockyards or spend

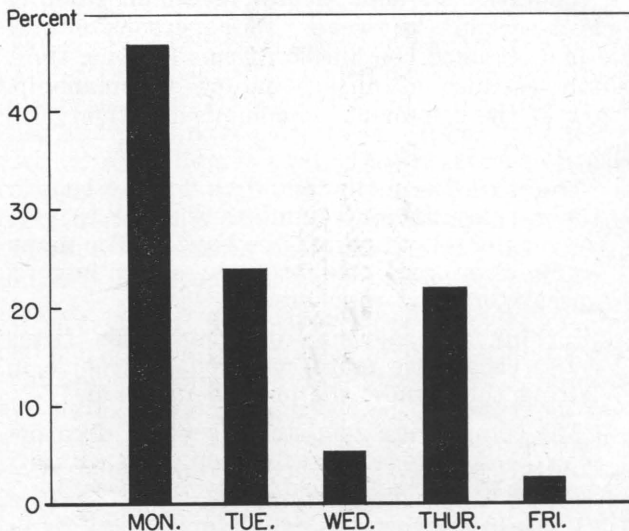


Figure 4. Distribution of salable receipts of cattle and calves by days of week, Union Stockyards, San Antonio, 1959. Source: Market News Branch, Agricultural Marketing Service, U. S. Department of Agriculture.

is far too large for the Friday consign-
ment. Yet labor can be shifted efficiently from
one job to only a limited extent.

Figures 1, 2 and 3 show how shipments of
various species were concentrated in certain months
in 1959. Cattle and calf shipments were largest
during the summer and fall and lowest in winter
and spring. Sheep receipts have a similar tend-
ency. Within the periods of peak runs, receipts
on individual days reach totals far in excess of
normal. Stockyards operations must have suf-
ficient flexibility to handle these peaks while still
withstanding the extremely low totals of other
species. This lack of control over volume is one
of the major problems of the stockyards business.

Attitudes of Shippers

The management of the Union Stockyards felt
there was a tendency on the part of shippers
to be critical of certain phases of stockyards op-
erations. However, there were differences of
opinion as to the extent of the criticism and the
action that would be required to improve opera-
tions. The decision was made to obtain informa-
tion on attitudes directly from current consign-

A questionnaire was developed jointly by the
Texas Agricultural Experiment Station in coop-
eration with representatives of the stockyards
and commission companies. Weekly mailings of
questionnaires went to persons who had ship-
ped to Union Stockyards during the past 7 days.
Individual shippers were selected by commission
company representatives each week, and the ac-
tual mailings were made by the stockyards com-
pany using questionnaires and stamped envelopes
provided by the Texas Agricultural Experiment

Station. Over a period of 9 weeks in 1958, 1,500 ques-
tionnaires were mailed seeking the unbiased opin-
ions of shippers towards the operation of the
stockyards. Returns from the questionnaires totaled
over 80 percent, indicating considerable inter-
est on the part of the shippers. Logical recom-
mendations were made to correct certain dislikes
on the part of the shipper and a great deal was
learned about general attitudes and characteris-

tics. Over 46 percent of the shippers replying lived
within 50 miles of San Antonio and an additional
13 percent lived 50 to 100 miles away. About 13
percent had headquarters 100 to 150 miles from
the stockyard and the remaining 6 percent lived
more than 150 miles away. This shows that a
relations program can be concentrated on
shippers within a 100-mile radius of the market.

Only one of the 514 shipments made by
individual shippers was transported by truck, and
the remaining were divided about equally between
company-owned and hired trucks. The unloading facilities
were convenient for 252 of the 263 shippers who

the time in downtown San Antonio. A question requested suggestions for improving services at the market for greater convenience in the use of facilities by shippers and their families. A few of their replies follow:

"Parking is a problem, often have to park two or three blocks away."

"I think a lounge room should be prepared for ladies and children and the building should be kept clean."

"After cattle are purchased and weighed, it takes two hours or longer for any one other than packers to get his livestock—too long."

"Work toward spreading the receipts over the week rather than Monday."

"The stockyards at San Antonio are well managed and are certainly a necessity."

"The stockyards should be moved farther outside the city of San Antonio where better parking and loading and unloading could be built."

Most of the people shipping to San Antonio were satisfied with the services and facilities at the market. This could be expected since the persons contacted were users of the market and could be expected to have a preference for it. Their points of dissatisfaction, however, may explain why other potential consignors are using alternative markets.

Attitudes toward Commission Firms

Several questions were asked to determine the experiences of shippers with commission firms at San Antonio. About three-fourths of the shippers use the same firm for all species of livestock. In choosing a firm, the reputation of the firm was the main reason for its selection with the reputation of a particular salesman ranking a close second. However, four persons out of five had changed commission firms at some time, usually because of unsatisfactory salesmanship. A few of the comments on commission firms follow:

"The main thing that could be done to benefit the rancher is for commission firms to represent the seller and not the buyer. Too many commission men are brokers, order buyers, speculators and ranchers."

"I think the salesmen of commission firms could be a little more courteous to people in letting them know the price being paid."

"The commission company I send to does not ever send anyone to see me or advise in any way or even thank me for my business."

"I would suggest that the commission firms consult the seller more on the sale of livestock, especially when selling some below the quoted market."

A few comments giving reasons for changing commission firms are:

"Because of courtesy call at my home and for my business."

"Because they failed to sort so that they would bring the most money."

"Salesmen didn't try hard enough to get prices."

"I heard salesmen offer to cut price on cattle if buyer would take other cattle at quoted price."

Responsibility for pleasing the shipper price received rests with the commission firm. Dissatisfaction can be attributed to practices followed in sorting, feeding and watering, and maintaining good relations with the shipper. This is intensified in many cases by an improper evaluation of livestock values by the shipper.

About one shipper in three contacts a commission firm before he ships to San Antonio and a slightly smaller percentage also contacts a buyer. Three shippers out of four get information from commission firms in the form of market cards and letters, personal calls and appeals, assistance in purchasing replacements, phone calls and letters.

Other Problems

The cattlemen who cooperated on the San Antonio study sold 72 percent of their cattle and calves on this market. Their preferences for markets for their other cattle were as follows: local auctions, 43 percent; local dealers, 17 percent; butchers, 21 percent; packer buying stations, 7 percent; packer plants, 12 percent. This competition is available at all times and gets the consignments of livestock if the stockyards service is inadequate.

The Union Stockyards, San Antonio traces its origin to 1889 and the city of San Antonio has changed a great deal since that time. Urban development has extended far beyond the stockyards and has complicated the problem of access. Tremendous increases in numbers of cars and trucks has created traffic problems for livestock shippers. The recent development of an expressway adjoining the stockyard has improved access from some directions but this is not equally popular to all drivers. No urban location is completely suitable and some shippers will continue to avoid San Antonio because of the traffic situation.

The transition from rail to truck transportation of livestock has created a parking problem in the stockyards area. Many shippers bring livestock in personally owned car trailers and pickups remain in the stockyards area until the consignment is sold. Many additional vehicles belong to employees of the stockyards or commission companies and to the many buyers on the

yards. Parking space is inadequate during peak periods and this is particularly undesirable to consignors since they seldom are acquainted with alternative parking areas away from the Exchange Building. There is a growing tendency for people to refuse to do business at any establishment which cannot provide adequate parking and the stockyards will continue to have this problem.

The concentration of receipts during the early part of the week creates many problems. Some shippers find it inconvenient to bring their livestock on these days. The present pattern of receipts is so well established that many buyers attend other markets on the days when volume is small at San Antonio. Similarly, commission salesmen and other persons who have no work to do when livestock are not present in large numbers proceed with a variety of tasks away from the market. This results in a vicious circle of no buyers late in the week because livestock volume is lacking and no volume because buyers are lacking. The Thursday auction discussed later was organized to help deal with this situation.

The success of the private treaty method of selling depends upon the ability of the commission salesman to obtain the true market value for each consignment of livestock. Ideally salesmen receive bids from several potential buyers and sell to the highest bidder. The salesman may sell to any bidder if, in his judgment, the fair market price has been offered. Some shippers contend that favoritism is shown in accepting bids from certain packers or dealers who buy in larger volume.

Salesmen vary in their ability to judge livestock values and in their awareness of changes in wholesale meat prices, receipts at other markets and other supply and demand factors affecting prices in the short run. Only the individual commission firms are in positions to evaluate the efforts of their salesmen and to eliminate those who lack selling ability or who act contrary to the best interests of individual consignors. Unfortunately some salesmen are retained who are less skilled and this reflects on the stockyards as a whole.

A large proportion of the stockyards functions are performed by manual labor, and costs of operation have risen in direct proportion to increased wages. At the same time, costs of material for building or repairing pens, gates, troughs and other maintenance items have increased. The period of rising costs since World War II has been a period of drought and decreased volume of livestock sales. This has resulted in a squeeze on stockyards returns which might normally be met by higher yardage fees. The stockyards is considered to be a public utility by its regulating agency, the Packers and Stockyards Branch, AMS, USDA, and is considered to

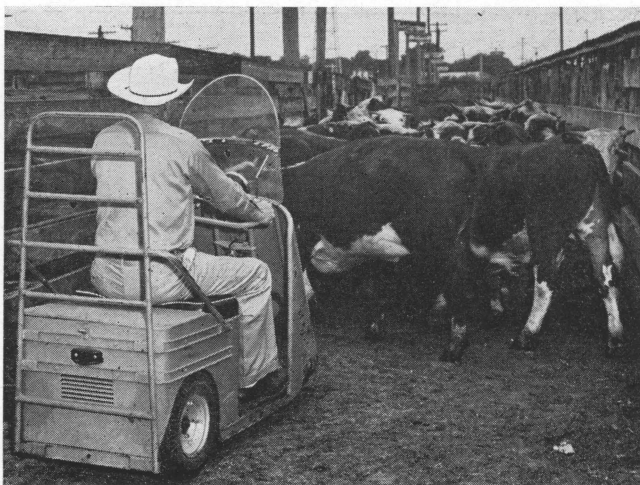


Figure 5. An electric cart used in driving cattle along the alleys.

be entitled to a reasonable annual return on its capital investment. However, strong competition exists among competing livestock markets and a substantial increase in the present tariff might cause potential consignors to use other markets. Some of them complain that present market charges are excessive.

The Union Stockyards management is trying to improve performance of market functions by mechanizing operations where possible. An electric cart has been improved and strengthened for use in driving livestock along the alleys (Figure 5). Remote control gate opening and closing devices have been developed to speed up the penning operations. Yet it is difficult to compensate in any manner for the problems created by rising costs and variable volume.

Livestock Auction

Stockyards have been experimenting for several years with auctions held during the latter part of the week. The objective of an auction is to increase salable receipts and utilize the facilities and personnel more fully. Also, the auction method of selling is preferred by some potential consignors and they send livestock which would not otherwise be received at the stockyards. Experience has shown that buyers will be present if the volume justifies their presence.

The Union Stockyards tried a series of special stocker and feeder sales in 1957-59 and found that added volume could be attracted to the market on auction days without detracting from regular sales days. The decision was reached to initiate regular auctions every Thursday, beginning in May 1959. The sales are handled jointly by the stockyards and commission companies with advertising and other promotion handled through the jointly sponsored San Antonio Livestock Market Institute.

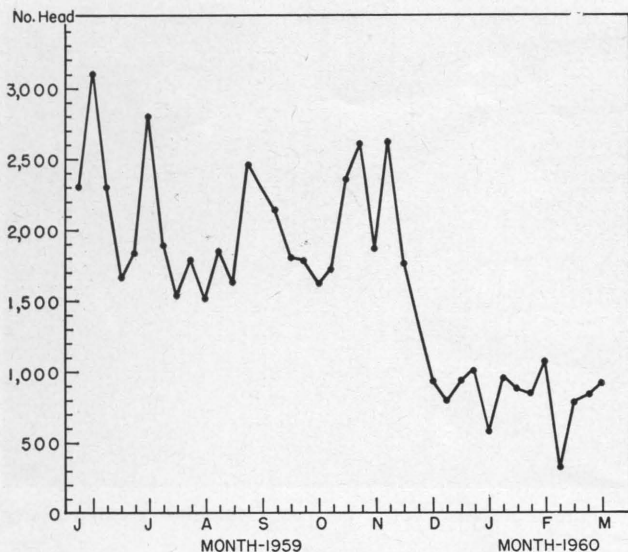


Figure 6. Salable auction receipts of cattle and calves by weeks at Union Stockyards, San Antonio, June 1959 to March 1960.

The stockyards receives livestock at its docks and trailer alleys, issues the regular receipts and delivers the consignments to the commission firms receiving alley; the commission firm sorts the livestock and delivers it to the sales ring at the proper time. Each firm draws for turns through the ring, and for the first turn, each firm has 10 drafts of one or more head. For all subsequent turns the firm has five drafts plus one draft for each percent of its 1959 through April percentage of total market volume. Each firm is to send its drafts into the ring in the order in which they were received at the dock.

A commission salesman makes a starting bid for cattle consigned to his firm. If no higher bid is received or if additional bids are unacceptable to the commission firm, then no sale is made and the cattle are returned to the commission pens. They may be sold at private treaty or may be returned to the ring for sale after all other stock have been sold.

If a satisfactory bid is received for cattle, they are sold and payments are made to shippers by the commission firm in the regular manner. Usual yardage and commission charges are levied plus 1 percent of the gross selling price which is received by the San Antonio Market Institute and paid out for services and expenses in connection with special event and auction sales.

Auction sale volume at the Union Stockyards has been as shown in Figure 6 for the first 12 months of operation. Seasonal fluctuations in volume have occurred but the overall results are considered satisfactory. Market receipts of cattle and calves are increasing, and this volume is being spread more evenly over the 4-day period from Monday through Thursday. Better utilization is being made of personnel and facilities. Additional consignors and buyers are attracted to the market and the market as a whole has been strengthened.

Joint Efforts

A continuing problem in the operations of stockyards is to develop a joint public relations and advertising program between the stockyards company which owns the facilities and the commission firms who are responsible for bringing in and maintaining business on the market. Management of the ten commission firms and the stockyards company are not always in complete agreement as to the best program for the market.

The San Antonio Livestock Market Institute was developed in 1958 to serve as the organization for market promotion. It is a nonprofit organization with no capital stock and all of its funds are used for defraying expenses in connection with advertising, promoting and developing the San Antonio market and the livestock industry of the State.

The Institute handles a program of advertising through newspapers, radio and other media selected to reach farm and ranch people. It sponsors special events such as stocker and feeder sales. It operates a central clearing office on cattle auction days to assist buyers in establishing credit and making payment for purchases. Also, it arranges various social functions and promotional meetings to improve relationships among the various groups operating on the market.

The Institute is performing a desirable function in promoting new programs. Consignors will not continue to patronize any market indefinitely unless this market adjusts its methods to the changing needs of its customers. The cattle auction, for example, would be much more difficult to promote and operate if the Institute were not available to perform certain functions on a joint basis.