

## TEXAS AGRICULTURAL EXPERIMENT STATION

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# Marketing Aspects of Lamb Feeding in Texas

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## SUMMARY

Lamb feeding represents an alternative enterprise which many Texas farmers might consider. In 1956, a number of Texas lamb feeders were contacted to obtain information on lamb procurement and marketing practices.

Size of feeding operations varied widely, from 250 head to several thousand. In the group interviewed, there was a high degree of concentration. One-eighth of the feeders were feeding 61 percent of the lambs.

Feeders had an average of 12 years of lamb feeding experience. Smaller feeders had fed lambs longer, on the average, than larger feeders. A number of reasons were given for feeding lambs. The most prevalent was feeling that lamb feeding generally was more profitable than other livestock feeding enterprises.

Although Texas is a major lamb-producing state, only 22 percent of the feeders were raising the lambs they fed. Eighty-three percent of the feeder lambs purchased were bought from lamb producers, either direct or through a dealer or order buyers. Only 17 percent were purchased at a public market.

Types of feeder lambs preferred generally were in line with the types of lambs produced in Texas, both with respect to breeding and to weight.

Sixty percent of the fat lambs sold went directly to packers, and an additional 19 percent bypassed public markets. Only 21 percent were sold through a public market.

Lamb feeding is an important farm enterprise in several areas in Texas. With the production of grain increasing rapidly in Texas and the market price declining, farmers are looking for profitable uses for their grain. Lamb feeding is one alternative for some of that grain.

For the purposes of this report, lamb feeding is defined as the fattening of lambs for market, either in a public market or through a combination of pasture and drylot.

The number of lambs on feed January 1 in Texas increased significantly between 1952 and 1955 and then declined 37 percent between 1955 and 1958, Figure 1. On January 1, 1960 there were an estimated 231,000 lambs on feed in Texas. This was 15 percent less than the 1953-57 average of 273,000 head.

This report summarizes the results of a study of lamb feeding operations in Texas. Information concerning their 1955-56 purchasing, feeding, handling and marketing practices was obtained from 40 lamb feeders in Texas in the summer of 1956. Each man fed 250 lambs or more per year. On January 1, 1956 these individuals reported a total of 108,000 lambs on feed, or 37 percent of the estimated total for the State.

Lamb feeding is carried on by individuals scattered throughout the southwestern and northern parts of Texas. The greatest concentration of lamb feeding is in the southern part of the Rolling Plains and West Cross Timber types of farming areas in Coleman, Brown and Comanche counties. This area contains a large number of farmers and ranchers feeding rather small numbers of lambs. Larger feeders are scattered throughout Northwest and Southwest Texas.

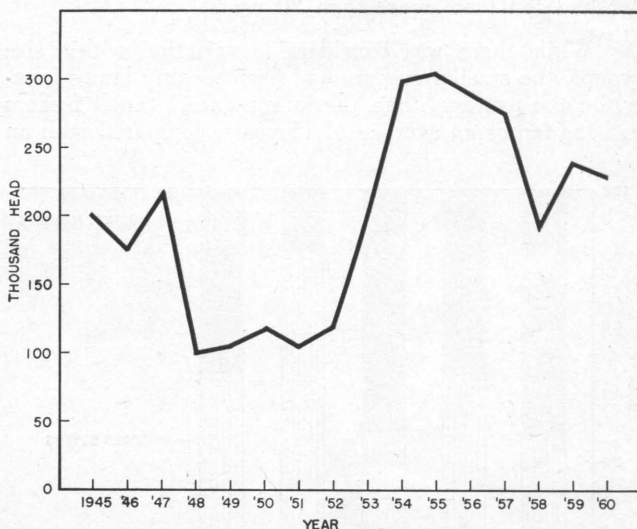


Figure 1. Sheep and lambs on feed, January 1, 1945-60, Texas. Source: Crop Reporting Board, Agricultural Marketing Service, U. S. Department of Agriculture, Livestock and Poultry on Farms and Ranches, January 1, 1945-60, Washington, D. C.

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**TABLE 1. SIZE DISTRIBUTION OF LAMB FEEDING OPERATIONS STUDIED IN TEXAS, 1955-56**

Number fed	Percent of feeders	Percent of lambs
250-999	40.0	7.7
1000-1999	37.5	21.5
2000-2999	10.0	10.0
3000 and more	12.5	60.8
Total	100.0	100.0

Lamb feeding in Texas is a seasonal operation, following very closely the production patterns of range sheep production. Feeder lambs normally move to market in the late summer and early fall, although a few are marketed in the winter and spring. Feeder lambs normally are available earlier in Texas than in the other Western states because of climatic conditions. In 1956, almost one-half of the Texas lamb feeders purchased their feeder lambs in September and October, with another one-fourth purchasing theirs in November and December. Only 13.5 percent were purchasing lambs before September and a like percentage later than December.

### CHARACTERISTICS OF TEXAS LAMB FEEDERS

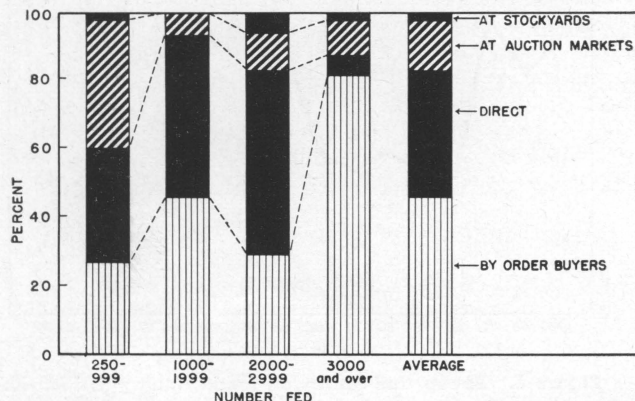
#### Size of Operation

There was a wide range in the number of lambs fed each year, from 250 head to several thousand. The average number fed was slightly more than 2,000 head. A high proportion of the lamb feeders fed less than 2,000 head per year, Table 1. While 77.5 percent of the feeders fed less than 200 head, they accounted for only 29.2 percent of the lambs. Thus, 70.8 percent of the lambs were fed by less than one-fourth of the feeders.

#### Lamb Feeding Experience

The feeders surveyed had been feeding lambs for an average of 12 years. The range was from 1 year to 30 years. Almost one-half had been feeding lambs less than 10 years, slightly more than one-third had been feeding lambs between 10 and 20 years, and the remainder had fed them more than 20 years.

While there was considerable variation within size groups, the smaller feeders had been feeding lambs longer, on the average, than the larger ones. Small feeders had fed lambs an average of 15 years, compared with an



**Figure 2. Sources of feeder lambs purchased by number fed, 1955-56.**

average of less than 10 years for feeders feeding more than 2,000 lambs per year.

Feeders who had been feeding lambs for 20 or more years were feeding an average of 1,500 lambs. Those who had been feeding lambs between 10 and 19 years were feeding an average of 3,300 lambs, while those who had been feeding less than 10 years were feeding an average of 2,000 lambs.

#### Reasons for Feeding Lambs

The feeders interviewed offered a variety of reasons for feeding lambs. The majority (72 percent) stated that lamb feeding was usually more profitable than other feeding enterprises. Other reasons dealt with ease of handling, personal preferences and the need for diversification.

Seventy percent of the lamb feeders were feeding other classes of livestock, primarily cattle, although several were feeding hogs.

#### SOURCES OF LAMBS

Texas is a major feeder-lamb producing state, but very few of the feeders who were interviewed were raising their own feeder lambs. In 1956, only 28 percent of these feeders were raising any of the lambs that they fed. The remaining 72 percent were purchasing all the feeder lambs that they fed. Most of the lambs purchased were purchased within the State.

Feeder lambs can be obtained in a number of ways. In addition to regular public markets such as terminal stockyards and auction markets, they may be purchased directly from ranchers or they may be purchased through an order buyer or commission man operating in the country.

One-half of the feeders who fed less than 1,000 lambs in 1955-56 were purchasing their feeder lambs at a public market, while the others were purchasing them either directly from ranches or from order buyers operating in the country. Only 9 percent of the larger feeders were purchasing their feeder lambs on a public market, while 91 percent were bypassing public markets.

In terms of the numbers involved, 83 percent of the lambs purchased in 1955 were obtained through direct purchases and commission men, and 17 percent were obtained on public markets, Figure 2.

#### TYPE OF FEEDER LAMB PREFERRED

Most (97.5 percent) of the feeders surveyed were feeding either Rambouillet or Rambouillet-cross lambs. Sixty percent were feeding Rambouillet lambs, while 37.5 percent were feeding Rambouillet-cross lambs.

Rambouillet and Rambouillet-cross lambs were preferred primarily because of the high wool values. Slightly more than one-fourth of the feeders fed these types of lambs primarily because they were plentiful in Texas.

Ninety percent of these feeders preferred to buy a woolled feeder lamb, while only 10 percent preferred a shorn lamb. Those who preferred the lamb in the wool planned to shear the lamb during the feeding period. Shorn lambs were preferred because they were felt to make better gains out of the wool.

The average feeder lamb weight preferred by the feeders surveyed was 63 pounds, Table 2. Slightly more than one-third preferred a feeder lamb weighing less than 60 pounds. One-half preferred a lamb weighing between 60 and 70 pounds, and one-sixth preferred a heavier lamb.

### MARKETING FAT LAMBS

Texas lamb feeders have a number of ways in which they may market their fat lambs. They may sell them at the feedlot to a packer buyer or to a local buyer. They may ship them to a terminal market such as Fort Worth or San Antonio for sale, or they may sell them through an auction market.

Their decisions as to where to market their fat lambs are influenced by a number of considerations. Among these are the number and quality of lambs ready for sale, the location of their feedlots, their confidence in their own bargaining ability, their ability to stand risk and the number and level of price bids received at the feedlot.

In the 1955-56 feeding period, 60 percent of the lambs fed by the feeders surveyed were sold directly to packers at the feedlot, Figure 3. Twenty-one percent were marketed at stockyards, 17 percent were sold to a commission man or order buyer, 2 percent were sold to other feeders, and less than one-half of 1 percent were sold through auction markets.

Small feeders marketed the highest proportion (71 percent) of their lambs through stockyards, while large feeders sold the highest proportion (81 percent) of their lambs directly to packer buyers. Feeders who fed between 1,000 and 2,000 lambs sold the highest proportion (44 percent) of their lambs to commission men and order buyers.

Most of the lambs that were sold at stockyards by large feeders were reported to be cull lambs.

Slightly less than one-half (47 percent) of the feeders had contracted their fat lambs in the past. Most of these (77 percent) had had favorable experience in contracting and were not adverse to the idea.

TABLE 2. WEIGHTS OF FEEDER LAMBS PREFERRED BY TEXAS LAMB FEEDERS, 1955-56

Weight of lamb, pounds	Percent of feeders
Less than 50	2.6
50-59	31.6
60-69	50.0
70-79	13.2
80-89	2.6
Total	100.0

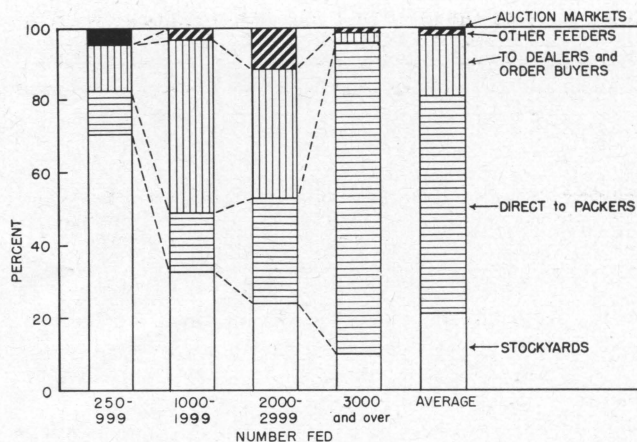


Figure 3. Distribution of lambs sold by market outlet by number fed.

Two-thirds of the feeders surveyed felt that they received the best prices from their particular method of marketing. A number of feeders who sold at the feedlot stated that they felt that they saved marketing expenses by selling in that manner. Having a firm price before the lambs left the feedlot was an important reason that a number of feeders sold at the feedlot.

Another important consideration for lamb feeders is the date on which to sell. The decision in this matter will depend on the ages and weights of the lambs, current and expected prices, feed supplies and such. The feeders surveyed were asked to specify the most important consideration in deciding when to sell. One-half stated that the ages and weights of the lambs were the most important factors; one-third said that price behavior was the most important factor; and one-sixth said that the available feed supply was the most important factor.

One-fourth of the feeders stated that they received outside advice concerning the sale of their lambs. Three-fourths of these received this advice from commission firms.

### ACKNOWLEDGMENT

This study was made under the Texas Agricultural Experiment Station's State Contributing Project to the Western Regional Livestock Marketing Project Number WM-22, "Sheep and Lamb Marketing Problems in Specific Western States." This is the second of a series of four Texas publications growing out of this study. The first, Bulletin 875, "Marketing Sheep and Lambs in Texas," was published August 1957. Subsequent reports will be concerned with MP-435, "Major Economic Factors Affecting Returns from Lamb Feeding in Texas" and MP-438, "Marketing Aspects of Range Sheep Production in Texas."