



Marketing North Dakota Livestock

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Beef production is North Dakota's second most important agricultural enterprise. Cattle and calf sales usually account for about 25 per cent of all cash receipts from North Dakota farm marketings, compared to about 40 per cent for wheat. In 1973, the state ranked twelfth in the number of beef cows, producing three per cent of the nation's beef calves (2).

North Dakota cattle numbers have increased substantially in recent years. The state's farmers and ranchers have over twice as many cattle in 1974 as they had in 1940. This increase in cattle

numbers, plus changes in communication and transportation facilities, have led to changes in the structure of the marketing systems for North Dakota cattle and calves.

The limited opportunities that existed for marketing livestock in the days of the old cattle

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Table 1. Channels for North Dakota Cattle Marketings - 1964-1973.

	Terminal Markets	Auction Markets	Other*	Total
1964	468,139	678,644	240,372	1,387,155
1965	486,270	818,600	278,654	1,583,524
1966	393,802	760,962	291,414	1,446,178
1967	419,639	881,917	354,660	1,656,216
1968	357,726	849,855	422,245	1,626,826
1969	329,937	773,483	422,737	1,526,157
1970	261,191	713,495	374,238	1,348,924
1971	251,377	784,724	437,807	1,473,908
1972	256,655	823,094	433,288	1,490,199
1973	233,817	858,665	417,776	1,510,258

* Includes local brand inspections, feedlot inspections, and inspections by other states.

drives have been replaced by more efficient and convenient marketing alternatives. A total of 157 livestock dealers and marketing agency firms were registered with the U.S. Department of Agriculture as operating in North Dakota in September, 1973. These included 28 auction markets, 22 firms registered at the West Fargo terminal stockyards, and 107 dealers or marketing agencies at other locations (4).

Livestock marketing data, as reported by the North Dakota Stockmen's Association, indicates that in 1973 over 1.5 million head of cattle were marketed from North Dakota ranches and feedlots (3). Of this total, 231,242 head or about 15 per cent

of the total were marketed at the terminal market in West Fargo. Local auction markets handled about 57 per cent of total cattle marketings, and the remainder were apparently marketed direct, bypassing auctions and terminal markets.

Livestock producers in North Dakota are following the national trend in marketing fewer cattle through terminal markets, as evidenced in Tables 1 and 2. Greater numbers of cattle are being marketed through local auctions and through direct sales to order buyers. Local auctions accounted for over 60 per cent of cattle marketed in 1973, a jump from 50 per cent in 1964.

A large portion of all cattle produced in North Dakota are shipped out of state. During 1973, about 30 per cent of the cattle shipped direct out of North Dakota went to Minnesota. South Dakota received 29 per cent, followed by Iowa, 18 per cent; Colorado, 7 per cent; Nebraska, 5 per cent; and Montana, 3 per cent (2). It is evident from Table 3 that the North Central states are the most important market for all classes of North Dakota cattle, purchasing 95 per cent of the cattle shipped out of state. The neighboring states of South Dakota, Minnesota and Montana offer a market for breeding stock as well as for feeder calves.

Cattle marketed by auction are shown in Table 4. The volume of sales at auctions is related to their location, the location of other markets, cattle numbers in their trade area, transportation facilities, and the reputation and effectiveness of the management. Recent data available indicate

Table 2. Channels for North Dakota Cattle Marketings* - 1964 and 1973.

Inspection Point	Number of Head		% of Total	
	1964	1973	1964	1973
Terminal Markets	468,139	233,817	33.7	15.5
West Fargo	352,516	231,242	25.4	15.3
Out of State	115,623	2,575	8.3	.2
Auction Markets	681,668	858,665	49.1	56.8
Local Inspections	164,804	303,998	11.8	20.1
Feedlot Inspections	—	29,764	—	2.0
By Other States	72,544	84,014	5.4	5.5
Total	1,387,155	1,510,258	100	100

* Data from report of cattle brand inspected at markets, North Dakota Stockmen's Association.

Table 3. Major Destinations for North Dakota Cattle Shipped Direct* - 1973.

State	Steers	Heifers	Calves	Cows	Bulls
Minnesota	86,892	34,542	21,782	4,545	343
South Dakota	83,917	24,844	22,348	7,724	736
Iowa	60,844	16,519	9,348	818	205
Colorado	21,870	8,271	6,521	646	96
Nebraska	17,360	5,557	2,247	580	468
Montana	5,439	3,274	2,180	1,893	468

* Direct movement from seller to buyer, bypassing such market agencies as auctions and terminal markets.

Table 4. Auction Marketings of North Dakota Cattle, 1964 and 1973.

Auction Markets	Cattle Marketed	
	1964	1973
No. of Head		
In North Dakota		
Ashley	20,166	23,045
Beulah	10,201	9,544
Bismarck	41,903	58,596
Bowman	22,362	18,057
Carrington	7,657	23,598
Devils Lake	9,232	6,783
Dickinson (Schnell)	63,191	89,468
Dickinson (Western)	88,263	95,076
Edgeley	4,167	22,240
Ellendale	18,246	12,447
Harvey	20,529	15,672
Hazen	13,397	10,256
Hettinger	7,763	4,120
Jamestown	11,650	16,918
Linton	27,988	26,145
Mandan	65,600	83,243
Mayville*	7,738	—
Minot (Harrington - Farmers & Ranchers)	48,622	28,936
Minot L/S Auction	30,906	58,471
Mott*	2,163	—
Napoleon	15,331	15,659
Oakes	1,582	9,660
Park River	16,748	4,880
Rugby	24,622	8,428
Turtle Lake	27,818	13,856
Valley City	6,998	14,887
Wahpeton	—	6,538
Watford City	8,454	10,756
Williston (Meyer)	13,719	3,017
Williston (Sitting Bull)**	2,913	51,360
Wishek	25,005	91,444
Total in North Dakota	664,934	833,100
In near-by South Dakota Markets		
Aberdeen (Hub City)	4,628	4,357
Aberdeen (Aberdeen Livestock)	516	405
Britton	1,703	1,791
Eureka	2,298	387
Herreid	1,852	2,006
Leola	—	502
Sisseton	2,713	16,117
Total in South Dakota	13,710	25,565
Total marketings	678,644	858,665

* No longer in operation

** 2 months, 1964

that the majority of cattle sold through auction markets originates within an area less than 50 miles from the auction. The competitiveness and convenience of the local auction markets have resulted in a 27 per cent increase in local auction marketings from 1964 to 1973 in North Dakota.

As indicated in Table 4, North Dakota auctions on the average are larger operations than in the past. Most of the growth in auction marketings, however, has occurred at the larger auctions. The seven largest auctions¹ in North Dakota increased their share of marketings from 51 per cent of the cattle marketed through auctions in 1964 to 62 per cent in 1973. The eight smallest auctions' market share declined from 12 per cent to 6 per cent of total cattle marketed through auctions during the same period.

Research has shown that size economies exist in auction marketing operations. A cost-volume study of North Dakota auction markets by McDowell et al (1) suggested an annual volume equivalent to at least 30,000 head of cattle per year would be necessary for an auction to keep its costs at a competitive level in the long run. Only 12 of the 29 auctions in North Dakota approached or exceeded the suggested minimum number of 30,000 annual marketings in 1973.

Although terminal markets and auction markets developed in a time when transportation, slaughtering and communication systems were much different than they are today, these markets are still important in livestock marketing. They continue to provide the price basis for direct and contract marketing. Even those producers who do not use them benefit from their existence.

Livestock production is a dynamic industry, in both the production and marketing phases. It is likely we will continue to see a trend toward increased marketing via direct sales. Future marketing systems will be altered from today's structure as cattle producers and buyers adapt to new technology and changing alternatives.

¹ Excludes auction market at West Fargo.

References

1. McDowell, James I., Wold, Dennis L., and Anderson, Emory E., 1965. **Cost Volume Relationships at North Dakota Livestock Auctions**. North Dakota Agricultural Experiment Station Bulletin No. 452.
2. **North Dakota Crop and Livestock Statistics**. 1974. Agricultural Statistics No. 32 (and earlier issues).
3. **North Dakota Stockmen's Association Report of Cattle Inspected at Markets, 1964-1973**.
4. United States Department of Agriculture, Packers and Stockyards Administration, **Registrants Operating in North Dakota**, as of September 11, 1973.