

ECONOMICS OF THE PHEASANT INDUSTRY

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Pricing

- ▣ Are game birds a commodity or a specialty product?

Commodities are priced by

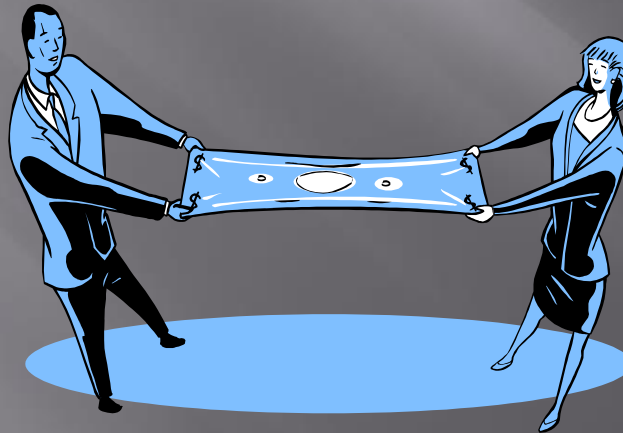
- ▣ 1. Board of Trade
- ▣ 2. Government price supports

Definition of Commodity

- ▣ com · mod · i · ty (kə mäd' ə tē) *n., pl. -ties*
- staple products, as of agriculture

**My interpretation is that
game birds are not
commodities**

**Assuming game birds are not
commodities – how do
producers price birds?**

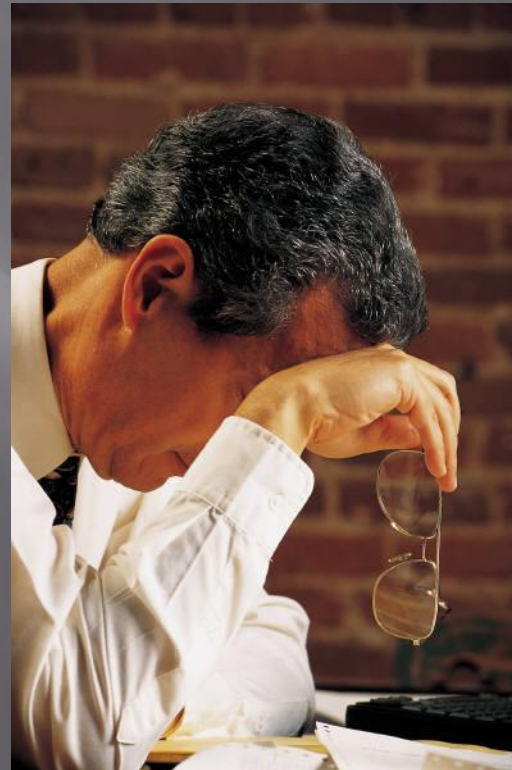


Two Types of Pricing Strategies

- ▣ Market Pricing –
 - Setting your prices based on what prices other farms are charging
- ▣ Cost Base Pricing –
 - The amount it costs you to produce a product (including all expenses) is taken into account when setting the product price.

Fear

Fear is what keeps
producers from
raising prices!



High - Low Price Comparison

In quantities of 1000 or more



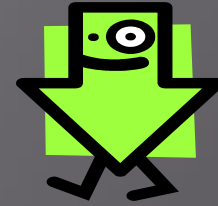
- ▣ Pheasants Chicks
 - \$1.10

• Chukar Chicks

- 1.20

• Quail Chicks

- \$.70



- ▣ Pheasants Chicks
 - \$.83

• Chukar Chicks

- \$.75

• Quail Chicks

- \$.27

You Get What You Pay For

- Quality
- Health
- Reliability
- Service With the Sale



Today's Game Bird Market

- Highly competitive
- Harder to delineate one's product (uniform higher standards in our industry)
- Price sensitive
- Flat demand



A Job or A Business

Are you running your business or is your business running you!

If you rely on “end of the year profits” as your payment for your labor – your farm is your job.

Pay yourself a salary AND budget your business to make a profit on top of your salary.



OR



Running your business as a business

- Budgets
 - Labor
 - Expenditures
 - Income
- Lock in as many input costs as you can
 - Feed
 - Labor
 - Propane

After you know your costs THEN determine the price you will charge for your birds

Be Realistic

If the commercial operations aren't cutting the corner –
why do new producers think they can

Know your costs – e.g. delivery costs

Being a game bird producer is not a “get rich” strategy

Feed Prices

- Volatility
- Cost Per Bird



Pen Costs

- ▣ We figure that the cost of construction of pens and the necessary equipment (waterers and feeders cost about \$11,000/acre (not including the cost of the land)
- ▣ Amortize the pen over 15 years
- ▣ Figure you can raise 2,000 pheasants per acre
- ▣ Yields a “per bird” cost per year of \$.36
- ▣ Analysis is that it makes no sense to crowd pheasants in the pen

Being adequately capitalized

- ▣ Pheasant production is capital intensive
- ▣ Being adequately capitalized and having sufficient lines of credit is vitally important

Making good decisions purchasing inputs (equipment, feed, propane, labor)

- Thoroughly research what you will need before you contact suppliers
- Get more than one quote
- Be sure to ask about volume discounts and payment discounts
- Negotiate and contract your feed, propane and labor requirements before you set your season prices