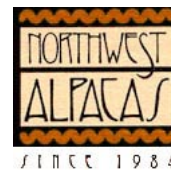




## **The 2002 Alpaca Market Belongs To The Optimist**

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By Mike Safley



## The 2002 Alpaca Market Belongs To The Optimist

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Alpacas are a part of people's thoughts with increasing frequency. Turn on the TV and you might see an ad that displays the ILoveAlpacas.com logo, or another one that directs you to ToAlpacaStyle.com. Open Martha Stewart Living magazine, and there they are happy alpaca breeders with their alpacas. Good things happen to happy people and alpacas make people happy--and optimistic. Optimism is an invaluable commodity. It's the difference between success and failure.

Optimism has been the fuel for world wide recognition of the elegant alpaca which until 15 years ago was almost unheard of outside of Peru. Today there are alpacas in the U.S., Canada, Australia, France, Germany, New Zealand, Poland, England, Japan, Italy and the Netherlands. A few years ago alpacas did not exist in any of these countries.

Many years ago, my dad and I were at the Oregon State Fair. It was hot. The alpacas were cushed in their beds of straw, and I had just settled down in a lawn chair with my Big Gulp. The fair crowd had thinned and was moving slowly. About that time, along came Jess. Jess was a sheep farmer; he looked the part -- bib overalls, plaid shirt, and a well-worn straw hat. Jess glanced my way and observed, "mighty funny looking sheep." Well, I immediately set about the business of telling Jess more than he ever wanted to know about alpacas. I was about finished with my spiel when Jess remarked, "You sound to me like one of those optimists." I allowed that I probably was pretty optimistic about alpacas. Jess offered that he had noticed over time that farmers were best served by optimism. He told me this story about an old sheep farmer that he knew.

It seems this farmer had raised sheep successfully for many years. He had first-class rams and fertile ewes. He constantly won blue ribbons at the county fairs with his flock. The herd was profitable.

One day his son, who had just graduated from a prestigious agricultural college, came to visit. The son told his dad, "I'm worried about you. The sheep business is bad all over. How are you going to make a living?"

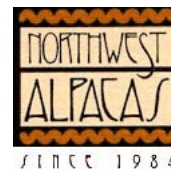
Well, the farmer hadn't noticed that things were bad; he was too busy being successful. However, he had spent a lot of money on his kid's education, and he thought that, maybe, he should listen to him, so the farmer began cutting back. He sold off his prize ram. He didn't clean the barn quite as often, and he began buying lower-quality breeding stock. It wasn't long before he took his whole herd to auction, and he got out of the sheep business. He'd lost his optimism for sheep.

I asked Jess if he was still in the sheep business, and he replied, "Yes, I've been a sheep farmer for 35 years, and business is good -- changed a lot, but good. Our herd has paid my bills and raised three kids. I sure can't complain."

Jess' point is well taken. Success is often a state of mind. The sheep farmer, in Jess' story, was successful as long as he viewed his business in a positive light. When he adopted a negative point of view, business immediately turned bad.

I've been thinking about this story for some time now. I looked up the definition of "optimism" in Webster's New Collegiate Dictionary:

"An inclination to put the most favorable construction upon actions and events or to anticipate the best possible outcome."



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I believe optimism can be a powerful force in shaping the future. It allows one to proceed in a constructive fashion. An optimistic outlook together with enthusiasm allows us to set and meet positive goals.

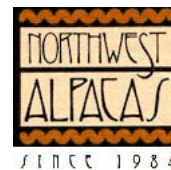
As I look back on the development of the alpaca business here in the United States, I see the creation of our domestic herd as a series of events, promulgated by optimists. Phil Mizrahie of The Pet Center in Chatsworth, California imported a large herd of alpacas to California in November of 1983. Back then, there was no demonstrable market for alpacas. Phil was optimistic enough to believe in the future of alpacas in America. The Pet Center maintained their herd intact and began selling weanlings to interested breeders. As a result, many of today's breeders got their start.

There were other optimists in those early days. Dick and Kaye Patterson brought alpacas from England. Ralph Uber is today's caretaker of this fine stock. Tom Hunt and Jurgen Schultz were instrumental in importing Chilean bloodstock into the country, and later, in the early 1990's, they joined with Phil Mizrahie and began importing Peruvian alpacas.

The smaller breeders who established their herds from the original import stock evidenced their optimism by forming The Alpaca Owners and Breeders Association (AOBA), adopting a constitution and electing officers. A breed registry was created. The registry was closed after an initial open period during which almost every alpaca in America was registered --another act of faith in the future.

Since AOBA was formed the following results of positive mental, alpaca, attitude have propelled the industry.

- Alpacas Magazine was founded. This full color high class magazine has propelled alpacas into the imagination of people around the world.
- Alpaca Fests, beginning with the International Alpaca Fest held at my ranch in July of 1992, have organized around the U.S., and today we have shows like Mid Atlantic Alpaca Association (MAPACA) in Harrisburg, Pennsylvania, which had over 1,000 entries.
- Alpacas have been seen nationally on every major television network, and USA Today proclaimed alpacas the investment animal of the 1990's. Today, alpacas are outperforming financial stocks, and the market has never ever been stronger or more dynamic.
- Alpaca investment seminars, which educate new breeders about alpacas and their potential are held in every region of the U.S., and here at Northwest Alpacas our seminar, "[How to Buy, Breed, and Succeed in the Alpaca Business](#)" is held almost monthly with breeders attending from around the country.
- AOBA holds an annual conference where attendance almost doubled last year.
- Jerry Forstner of Magical Farms in Ohio recently created a fabulously successful marketing co-op, [ILoveAlpacas.com](#). There have been more than one-half million hits on the website since December, with no end in view.



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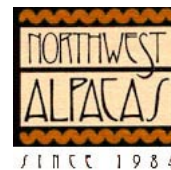
By any measure, 2001 was a record year for AOBA and 2002 promises to be even more exciting! Consider the following:

- AOBA had 685 new members in 2001, compared to 570 in 2000, a 20% increase. In the first quarter of 2002 there have been 324 new members, a 68% increase over the first quarter of 2001. If that trend continues AOBA will have grown by 50% in 2 years and surpass the 3000 member mark by the end of 2002!
- Visits to the AOBA website were up 38% for 2001 over 2000, and will increase again for 2002 by another 34% if the current trends hold up. AOBA is projecting over 300,000 visits to the AOBA website in 2002!
- Inquiry packets mailed to leads were up 60% for 2001 over 2000 and are projected to increase again for 2002 by 43%. AOBA expects to mail 27,500 inquiry packets to leads in 2002!
- Active subscriptions to Alpacas Magazine have increased 56% over last year and, as of this writing, stand at 1,068! The magazine has just signed a deal to have the magazine distributed nationally at book stores.
- Items checked out of the AOBA Library increased 16% for 2001 over 2000. For 2002 the rate is up 27% over 2001 for a projected total of 2,988 items going in and out of the AOBA library in 2002!
- Direct advertising buys by AOBA for print and TV for 2001 was just over \$250,000. If all goes well with the 2002 Conference and auction, AOBA expects to spend over \$400,000 in alpaca industry promotion in 2002, an increase of 60%!
- The new AOBA "check off on dues renewal" resulted in \$7,315 in donations to the Alpaca Research foundation (ARF) for alpaca research. AOBA will match this figure and add another \$10,000, bringing the total to \$24,630 as the amount that AOBA will donate to alpaca research in 2002.
- In 2001 the newly formed AOBA Show Division had 758 members. As of April 26, 2002 that number rose to 1,052 registered with the show division, representing an increase of almost 40% over the previous year. In addition, in 2001 AOBA certified just over 25 alpaca shows. In 2002 we expect to certify over 50 shows nationwide. And, on top of all that, AOBA has held two alpaca judge training clinics in the past 12 months, with a third scheduled in **the fall of 2002**.

Alpacas are easy to love. They produce a fine fiber which keeps us warm. They seem to adopt the humans who chose to care for them. They are quiet, easy keepers who provide their owners a fine investment return and cash flow. The future for alpacas is bright. **But stop--and consider this--there are only 30,000 alpacas and less than 2,500 alpaca ranches in the United States. We've only just begun.** Especially when you consider that more than 6,000,000 people in the U.S. own horses.

Why are alpaca breeders experiencing such an enthusiastic market? Here are just a few reasons:

- Alpaca are charismatic and loveable.
- Alpacas are a great business opportunity for women.
- The fleece is the most industrially perfect specialty fiber available to man. It is also the rarest, with only the wild vicuna fleece being more scarce.



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- Alpacas can be raised profitably on a small acreage.
- Alpacas are easy to raise and beginning breeders, with little animal experience, can be successful.

The simple fact is that, alpacas are the ideal farm animal and “The World Finest Livestock Investment.” Ask anyone who owns them.

The future belongs to the optimist! His herds will be of higher quality, more productive, and better nourished. When you really think about it, how could a pessimist have accomplished any of the above? And, now, as we look forward to the balance of the new millenium, what might an alpaca breeder expect to see?

For the past 18 years people have asked me how long will this breeders’ market last at these high prices. I’ve been telling people every year for 18 years that the market will last “at least 5 years”. Today my answer is still the same, but the truth is nobody knows the answer. I believe the market will be good for generations to come, but then I’m one of those optimists.

In the future, the fiber industry will become better organized. We will see things, such as, uniform grading, commercial milling, with more finished products made from alpaca right here in the U.S. One of the most persuasive reasons to own alpacas is their intrinsic value as a fiber-producing animal. I believe the AOBA fiber marketing co-op will soon take off and become a marketing juggernaut.

We are currently producing the finest breeding stock in the world. Traditionally, alpaca ranching in Peru and South America has been a very low-tech pursuit. The peasants of South America have not had the educational resource, nutritional programs, or genetic engineering techniques that are available to American breeders. Today, all of these resources are being organized into science-based alpaca breeding programs, and we are seeing the world’s most elite alpaca specimens being produced right here in the United States.

Alpacas are, and will continue to be for the foreseeable future, “The World’s Finest Livestock Investment.”