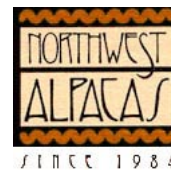




A New Kind of Alpaca Marketing Co-Op

By Mike Safley



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The alpaca industry is forever changing before my eyes, much the same as a mother turns into her cria and then her grandson, each somewhat the same, but hopefully improving with successive generations. As time passes (can it really be eighteen years ago that I bought my first alpacas), my idea about what to do next changes.

I recently finished my book, [Alpacas: Synthesis of a Miracle](#). Before it was completed I thought the book was an end in itself. But, just as a cria is created to create another cria, the book only led me to another point of departure. The process of researching and writing the book clarified for me how to do it ... alpaca breeding, that is. Now it is time to put that knowledge to work so that the truth of the concepts can manifest in improved alpacas.

History gives us many lessons about how to create a superior herd of almost any breed of livestock. The science of genetics is highly refined and entirely accessible by anyone who wants to breed anything for almost any purpose.

The question becomes how we proceed toward that goal of superiority in the alpaca industry. I would add "and make a little money while we are at it" into the formula, as well. With these thoughts in mind, I have conceived of a new type of alpaca improvement program and marketing co-op.

These ideas have evolved from discussions with my friend Alan Cousill, a close study of the Australian merino industry, my studies of the world famous alpaca stud, Accoyo, the art and science of animal breeding, and eighteen years of marketing alpacas.

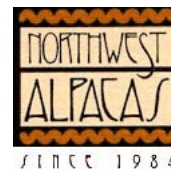
The platform for implementing these concepts and ideas is a mix of network marketing, the internet, and a herdsire certification program which is intended to identify "impact sires." In the language of genetic improvement programs, this network would represent a nucleus breeding scheme¹ with the addition of reference (impact) sires². These ideas have resulted in a vision of what I call the "virtual" alpaca herd.

THE VIRTUAL HERD

My idea can best be understood by thinking of a series of herds, under separate ownership, located in different states or at different farms, all linked together by the following similarities:

1. Common herdsires
2. Consistent record keeping
3. Shared data
4. Cooperative marketing
5. Branded promotion
6. A common website

Instead of existing as a series of small herds for breeding purposes the virtual stud becomes one large herd. If 50 breeders owned an average of 30 alpacas each, the herd would total 1,500 alpacas, about the same size as the herd at Accoyo. The individual herds might range in size from 5 to 150 alpacas.



A New Kind of Alpaca Marketing Co-op

By sharing herdsires and progeny data, the overall herd would improve at a rapid rate. The brand or the type of alpaca which is created would have a considerable competitive advantage in the marketplace, much like Accoyo enjoys worldwide.

MAKING THE MODEL WORK

Creating a breeding and marketing network for fifty or more breeders is not a small undertaking. The question becomes, how can it be structured so as to create an opportunity for success?

A member website underpinned by a common, interactive database is the ideal vehicle for implementing the idea. Members will input their records, search for breeding stock, market their alpacas and comment via the website.

It occurred to me that the herdsire driven "All American" alpaca futurity is the perfect organizational model. The futurity is organized as follows:

1. Herdsires are registered with the futurity.
2. Only the progeny of registered herdsires are allowed to compete in the futurity.

By taking this simple idea and combining it with a progeny database, it would be organized in the following manner:

1. Herdsires would be admitted only after satisfying objective standards. These herdsires will be selected and sold by Northwest Alpacas to owners in $\frac{1}{2}$ to $\frac{1}{4}$ shares; Northwest Alpacas to retain one share.
2. All of the certified sire's services would be required to be reported at conception. The information required would be:
 - a. Ownership of dam
 - b. Service date
 - c. Dam's pedigree

This information would be supplied by the herdsire owner.

3. Once a progeny was born, the owner would be solicited to provide the performance information (histogram, pictures, show results, and as much production detail that can be practically assessed) on the progeny.
4. Assuming the owner of the progeny complied with the reporting requirements, they could then make the progeny available for sale on the website.

PROGENY TESTING

The most effective way to select alpacas with high breeding value is by progeny testing. This involves using the selection index (see [Alpacas: Synthesis of a Miracle](#)) to evaluate a stud's offspring for important traits, such as fleece weight and density. This means not just evaluating the stud's outstanding cria; either all of the offspring, or a random sample large enough to ensure accuracy, must be measured.

By way of example, alpaca shows have a class called Get-of-Sire where three offspring are shown together, hopefully representing the male's production capacity. As a breeder looking to purchase a replacement male, would you rather base your buying decision on the three offspring that the exhibitor brought to the show or a complete survey of the cria from the stud's production? The idea of the member site would be to provide as complete a record of the certified herdsires cria as possible.

SUCCESSFUL PROGENY TESTING

Many livestock industries have successfully adopted progeny tests. Dairy cows are bred by prospective bulls and their daughters are milked to determine volume and fat content before the bull is put into general service. Boar pigs are bred to a limited number of sows to determine their influence on litter size, survivability, and weaning weight before they are used further. The same system is employed in poultry breeding operations.

Progeny testing is not just a strategy for large breeders. Small breeders can use the concept to choose service sires for outside breeding. Purchasers can use it to select foundation breeding stock. For a complete discussion of progeny testing, see [Alpacas: Synthesis of a Miracle](#). By creating a marketing cooperative, based on these principles, our market message will be based on a science driven program to create elite breeding stock

A MEMBER BASED WEBSITE WITH PROGENY TESTING AS AN ORGANIZING PRINCIPLE

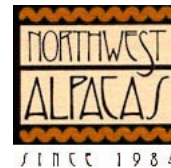
By joining together with a geographically diverse group of people to breed and market alpacas, we should be able to accomplish the following goals: 1) the rapid improvement of the alpaca breed using scientifically sound animal breeding practices, 2) the promotion of their individual members breeding operations, and 3) the sale and marketing of alpacas.

I envision a group of breeders who 1) share the use of impact sires, 2) keep objective, transparent records, 3) make their selection decisions based on progeny testing, 4) promote their animals in the show ring, 5) market their alpacas via a member website, and 6) maintain their collective breeding results on a member owned and herdsire driven, transparent database which would be linked to each members website. In other words, a "virtual" alpaca herd.

CERTIFIED IMPACT SIRES

The first step, or better yet, the organizing principal of this member driven "virtual herd" will be the certification of herdsires. Our criteria will include progeny records, show results, phenotypic analysis and production records.

These herdsires will be owned by multiple breeders, therefore guaranteeing a wide progeny base for quality assessment purposes. Joint ownership would also guarantee the distribution of the genetics to allow for a wide selection of replacement stock for continued generational improvement.



A New Kind of Alpaca Marketing Co-op

TRANSPARENCY

Anyone who has been in the alpaca business knows it is very difficult to research animals from any other than a phenotypic perspective. Even the phenotypic information is often out of date. Genotypic information is even harder to come by. The ARI will not allow the recording of performance statistics, such as histograms or show records. They do not have a herdsire certification program even though many other livestock registries maintain these types of programs.

The ARI is however, a scientifically sound registry where parentage is confirmed by DNA. This makes it an ideal foundation data source for the progeny tested database. All animals listed in our member website will be required to be registered with the ARI.

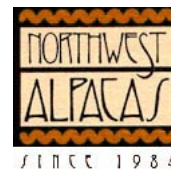
An ideal information source for breeders would be entirely transparent and include the following information about individual animals:

1. Phenotypic information, i.e. height, weight, bite, testicles, color, abnormalities, etc.
2. Fleece performance data, histograms, annual weight, character, etc.
3. Number of breeding each year, including who, when, and the ownership; all recorded when pregnancy is confirmed.
4. Show records on all progeny.
5. Pictures demonstrating type as the animal ages.
6. ARI number (every animal in the data base would have to be registered with the ARI).
7. Sibling production records.
8. A searchable database containing all of the above information.

THE MARKETING ADVANTAGE

This virtual herd concept should provide a plethora of marketing opportunities. Think of yourself as a buyer wanting to make sound purchase decisions. Would you want the following information available at the click of a mouse on the alpacas you were considering buying?

1. Herdsire certification information
2. Progeny performance records
3. Show records
4. Fleece records
5. A marketing opportunity for your production
6. Highly promoted herdsires as sires of your progeny
7. A searchable data base



A New Kind of Alpaca Marketing Co-op

Even more important would be the relative advantage a member of the marketing cooperative would have over competitors that did not or could not supply the same transparent information. A member would also have the ability to offer his customers the same marketing advantage that he enjoys as a member of the network.

THE NETWORK WEBSITE

The member website would be organized much the same as a shopping center. Each member would have their "store" or website which would be linked to the main site which would act as a hub to direct leads and referrals to the member sites.

The site would work as a marketing cooperative. The focus would not be on advertising, but on using leads already generated by AOBA from their marketing co-op and by capturing names from internet users who are researching alpacas on the web. Each network member would be required to join the AOBA marketing co-op. The leads from the AOBA co-op would be downloaded into the network marketing database and used to prospect on behalf of members. AOBA is currently generating over 1,000 leads per month. Based on our experience, the network site should be able to captivate another five hundred to one thousand leads a month. To give you an idea of the power of network marketing, the Alpaca Breeders Coop (ABC) generated over 230,000 hits on their website in just the last few months of operation.

The virtual herd site would list as many of the certified herdsire progeny as possible. The progeny, which were available for sale, would be listed with their ownership and a link to the owner's website. Each network member would be required to have a website. We can help our new members establish appropriate sites for marketing their alpacas.

The network web administrator will process the leads from the database in a manner intended to drive buyer traffic to the member farms. All leads would be maintained in a member database and be immediately accessible to all network members equally.

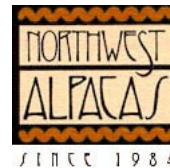
Northwest Alpacas is currently building this network site. We plan to have it operational during 2002. We also plan to build an online auction site which will be made available to network members who desire to sell their alpacas in that fashion.

The network members will each pay a monthly fee to be linked to the Alpaca Marketing Co-Op. All herdsire owners will pay additional promotional fees for advertising that will be used to direct traffic to the network site.

NETWORK MEMBER BENEFITS

As a member of the proposed network you would enjoy the following benefits:

1. Accurate information as to the probable genotype of prospective herdsires and their offspring for breeding decisions.
2. A market place for your production.
3. An availability of diverse genetic material from which could be used to create breeding programs.
4. An opportunity to collectively improve in a significant way the alpaca breed.



A New Kind of Alpaca Marketing Co-op

5. Participation in a sophisticated alpaca marketing network.
6. The ability to offer your purchasers a marketing platform for their production.

We plan to have a test design of the site up soon and we may ask interested parties to review our design. These ideas are presented more fully at our seminar: "How to Buy, Breed, and Succeed in the Alpaca Business." Please feel free to email or call Alan or Mike at www.alpacas.com or phone (503) 628-3110 if you would like more information.

(Footnotes)

¹ Herd, flock or group in a breeding scheme containing the best (elite) animals in which genetic improvement is practiced and from which breed improvement flows.

² These sires leave offspring in several, possibly all, of the cooperating flocks. The offspring of the reference sires can then be compared with the offspring of any other sires used in the same flock. Thus, the best males in the whole of the group breeding scheme: 1) can be identified, with the help of appropriate statistical programs; 2) can become available to the scheme as a whole; and 3) can be used to breed the next generation of males.