

Business Concept Model for BigStar Livestock Images, LLC

BigStar Livestock Images will provide still and video imaging, graphic design and website design to purebred cattle producers who are looking for innovative strategies to market their cattle.

Consumer Need

Progressive beef cattle producers who raise and market genetics in the form of purebred cattle for breeding purposes and exhibition are using the internet for creative solutions to market their animals. These animals are often produced by utilizing artificial insemination and embryo transfer techniques. Many can be registered by a specific breed association or be competitive in livestock shows. As a result, purebred cattle are very valuable. Effective marketing of sale animals is key to profitability in the world of purebred cattle production because there is often a sizable distance between producer and buyer.

Producers are looking to market through production sales, private treaty sales or promote sires and dams for semen sales and embryo sales. These producers are located all over the nation but are concentrated in the Midwest. Our target consumers are those looking to challenge the norm and take their animals to the buyer using cutting edge technologies. Progressive producers are even changing the way cattle are sold by holding private bid-off sales, live auctions over the internet, or internet bid-offs instead of traditional auction sales. They need marketing images or video, print advertisements, web advertisement and easy-to-update websites to hold productive sales.

Livestock shows around the country are looking for professional photographers to document their event in photograph and video media and take pictures of winning animals on a backdrop. Photographing cattle at shows requires a different skill set than taking promotional images and the images are offered for sale online.

Current Market State

Many producers take photographs themselves to use in their marketing, but not many will venture into taking video footage. At least 20 professional photographers are trying to develop a reputation by photographing cattle. Ninety percent of these photographers are located East of Kansas. There are a handful of photographers who cover California but do not travel East. Only six firms have the capabilities to produce quality video and DVDs. When it comes to graphic design, only two firms have the capability to both take photographs and produce graphic work. There are approximately 10 firms that solely do graphic work for cattle producers, including website services. There are only two companies nationwide who will produce live video auction feed from sales over the internet or who can host internet sales.

Livestock shows have a more limited selection of photographers who will work the events. There is one firm from Canada who covers most major shows in North America and one American who covers intermediate-sized shows in the Midwest. A number of small shows and regional shows are not covered at all. Most shows have multiple species exhibited--like hogs, lambs or goats--requiring photographers to be ready to work with species other than cattle.

Current Solutions Available

Currently, no firms can provide one-stop-shop service to cattle producers by taking video and still images, producing advertisements and other graphic work, maintaining the producer's website while also having the capability and knowledge to cover livestock shows. BigStar Livestock Images, LLC can fill this gap in the industry and produce a professional, high-quality product.

BigStar Livestock Images, LLC

BigStar Livestock Images, LLC was created in 2008 as a imaging service that provides both video and still shots to cattle producers and livestock shows. Since its inception, BigStar has served clients in Wyoming, Colorado, Nebraska and South Dakota and covered five different livestock shows since January 2009.

BigStar will offer its services either individually or packaged. Images for sale catalogs and websites are charged a daily rate starting at \$250 for half days (4 hours) and full days (8 hours) at \$500. There is no limit to number of head that can be shot per day. Travel expenses to farms further than 250 miles from Cheyenne, WY may be in addition to day rate and will be negotiated with clients individually. Most fall sales average around 70 live lots, but not all lots will have pictures or video. With favorable weather and working conditions and assuming half of a 70 lot offering will be imaged, it's estimated that 15-18 head could be covered per day (assuming each animal will have both still and video images produced), meaning that contracting one sale could net \$1,250 (again, assuming 2.5 days). From importing images to editing

completion, completing pictures and video for each animal requires 1.25 labor hours totaling 44 hours of labor required post-shooting. DVD creation will add another .5 hour to the animal total. Production cost will be billed in addition to daily shooting rate. It must also be noted that many jobs will be shooting single animals or fewer than five. Single graphic and website projects will be billed at \$25 per hour plus materials. BigStar will coordinate print advertising and press production of items like business cards for the client.

Packaging image and design services together will offer the client a streamlined marketing approach. Clients can choose from One Star-, Two Star- and Three Star Packages. Instead of limiting packages to a certain set of services Star Packages can be customized to fit each producer's needs. One Star packages will let the client choose three services/projects (i.e. videos of bred heifers for a sale, print ad design and DVD design and production). Imaging services will be billed out at \$225 per half day with design services for \$22 per hour. Two Star Packages allow the client to choose from four services/projects with imaging services at \$200 per half day and design services at \$20 per hour. Similarly, Three Star Packages allow selection from five or more services/projects at \$175 per half day for imaging and \$18 per hour for design.

In the last six months BigStar contracted to produce images and video of sale cattle for six clients which grossed \$3435 (two jobs were multiple days) with an estimated 15% paid out for traveling and other expenses. Projecting into 2010 with a single employee, it is estimated that BigStar could contract for 20 jobs total with five of them being sales (requiring multiple days of shooting), and the rest being short, day jobs. Estimated gross from imaging clients alone would be an estimated \$13,500 with 5% being paid back out to cover expenses because travel expenses would be negotiated in the final price. If BigStar was set up to provide graphic and web services it is estimated that at least 50% of the 20 jobs would be interested in packing design and imaging services. If those 10 clients took advantage of the One Star Package with two design projects totaling five design hours an additional \$1100 would be grossed from design services alone though they would get a discount on the daily imaging rate. It is likely some clients would come to BigStar only for imaging and others may come only for graphic production.

Show photography is also priced out as a daily rate. Covering single day shows will cost \$300 while shows lasting from 2-7 days will be billed at \$200 per day. Shows that last longer than a week will be negotiated with the show management staff. Covering shows will require hiring additional help, ranging from 1-3 people depending on the size and duration of the show. Day rates are intended to cover the costs incurred when photographing at a show (travel, lodging, wages, etc). Selling images is where the money is made. Seventy-five percent of past orders were for 8"x10" and/or 5"x7" prints which are priced at \$27 and \$15, respectively. Printing is contracted with Bay Photo Lab in California. Wholesale prices of 8"x10" pictures are \$3.50 and 5"x7" pictures are \$1.99, and Bay Photo will drop ship orders directly to the client for \$6. Wyoming Sales Tax is collected on orders based on what county the order is shipped to. Some clients have requested images emailed in electronic form (\$10 charge). Eventually, BigStar will transition to fulfilling orders electronically via email or downloads to USB.

Projecting into 2010, BigStar could easily contract with 15 shows three of which could be week-long shows, three would be day shows and the rest being smaller 2-day shows. The estimated gross would be around \$8700 with all travel covered by the shows. Grossing \$175 in picture sales per day of shooting and after printing and shipping costs is a reasonable estimate based on past picture sales. Picture sales from 15 shows could reach \$7350 but would likely be less as some orders would be subject to Wyoming Sales Tax.

Target Market size

While BigStar would ideally serve clients around the nation, estimating industry size is difficult. Bauman Cattle Co. a purebred cattle operation in Cheyenne, WY who has a yearly female sale with multiple breeds represented has a catalog mailing list of 250 producers and past buyers from around the Midwest. John Bauman, owner of Bauman Cattle Co. estimates that only makes up one-quarter of producers in the area because his sale does not target all major breeds and many producers, like Mr. Bauman, raise more than one breed of cattle. A conservative estimate of possible consumers that BigStar could target in Wyoming, Nebraska, North and South Dakota, Colorado and Utah would be approximately 500 producers. There are approximately 150 shows in the same region who are not covered by a photographer at this time.