

Cost vs. Value: Why Cheaper Is Not Always Better



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With the large selection of products available to the farming community, knowing what is needed, what isn't, and which product to buy can be difficult to sort out. Cost often plays a role in making the selection between different products and services. While cost is

important to consider, looking at a product's value is a wiser approach to efficient decision making.

Cost And Value: What Is The Difference?

Cost is simply what is paid for a product; value is the worth that the product has. To truly evaluate value, an understanding deeper than cost needs to be looked at. In agriculture, cost is frequently measured in dollars per pound, dollars per ton, or dollars per bag and many times this is how purchasing decisions are made. While this does need to be taken into account, these measurements of cost fail to take into consideration the amount of product used, the quality and composition of the product, etc. **Figure 1** shows a chart that outlines a very typical scenario seen with feeding mineral. While one mineral may have a higher cost per bag, the ingredients in that bag are much higher in quality, making the value of the mineral much more. A thorough look at the mineral tag will unveil a lot about the value of what is in the bag. Look for organic trace mineral sources like polysaccharide complexes (e.g. Zinc Polysaccharide Complex). These organic trace mineral sources are over 95% bioavailable and resistant to being bound up by antagonists in the environment. Non-organic alternatives are much cheaper, but have a much lower bioavailability (approximately 50% less) and can also tie up beneficial nutrients in the diet.

In this scenario, the brand X mineral appears to be cheaper up front, being less expensive per bag. When evaluating it more deeply, it is seen that when the feeding rate is taken into account, the mineral that was less expensive per bag actually becomes much more costly when looked at in price per head per day. To take it further, and evaluate the true value of each product, additional factors must be looked at.

Figure 1

	Crystal Creek® 2:1 Dairy Mineral	Brand X 2:1 Dairy Mineral
Cost/50 lb. Bag	\$41.30	\$30.00
Cost/lb./of Mineral	\$0.83	\$0.60
Recommended Feeding Rate	8 oz./hd/day	16 oz./hd/day
Cost/hd/day	\$0.41	\$0.60

Animal performance is one of the factors that needs to be analyzed and monitored. Money saved on cheap products that later ends up being spent on vet bills or never provides a return on investment is not money saved at all; it is money wasted. Correctly evaluating performance can become quite complex. Reproduction, longevity, milk components, cell counts, vet bills, and replacement animal costs are all topics that can be affected by the mineral. In some scenarios the value gained in the way of performance may be difficult to measure. Immune status, for example, is difficult to see. Unless an active condition like ringworm or pink eye is present and improves, the strengthening of a herd's immune system is hard to quantify. Immune status is, however, a very valuable component that will increase profit. Many of these topics will often improve after switching to the Crystal Creek® mineral program due to the superior quality of the mineral. All of these factors, play a role in assessing the value of a mineral. A return-on-investment calculation should be done for every dollar spent.

This scenario can be seen over and over with many products that are offered. With dairy prices where they are currently, producers are being pressured to become more efficient and look at value to make sure that their money is being spent in areas that have efficient returns. When times are tight it can be tempting to fall into the "price per bag" mindset, because it feels like money is being saved. Many times the reality is the exact opposite. Purchasing cheap products that are attractive because of their up-front cost, can lead to more problems down the road that dramatically decrease the value of the product and unfortunately decrease profit for the producer.