



Meat Marketing Planner: Strategic Marketing for Farm-to-Table Meat Enterprises

Introduction

This Meat Marketing Planner is not a guide for selection and production of farm raised meats, though it does assume the reader is a producer. The guide addresses marketing beef, pork, lamb, and goat, but not poultry since poultry processing falls under differing USDA, FSIS, and state regulations. While many of the key strategies discussed here can be applied to the sale of any

farm products direct to consumers, this publication focuses on marketing farm-raised meats.

A marketing plan is a major component of a larger business tool - the business plan. Other business plan sections include finances, production, and human resources. A business plan is a written set of business goals, the reasons they are attainable, and an implementation plan for reaching those goals. Tools for developing a complete business plan are available at the Maryland Rural Enterprise

Development Center, www.mredc.umd.edu. These tools include a business plan template, spreadsheets, case studies, and a business plan assessment tool.

Marketing should serve as the keystone in your business plan for designing a sustainable business. Your marketing decisions will impact a wide variety of production decisions – what breed(s) to raise, pasture establishment and maintenance, grazing rotations, breeding and meat harvesting schedules, and the labor needed for both production and marketing tasks. The most successful producers consider their marketing strategies long before they sell either live animals or processed products.

In today's competitive markets, just being able to produce a good product doesn't assure you a good price. You not only have to be able to produce a consistently, high quality meat product and sell it, but sell it at a price high enough to generate a sustainable profit. Production and marketing decisions must work in tandem.

This publication is designed as a “marketing planner” because the old adage, “failing to plan is planning to fail,” still applies for any business enterprise. We are more likely to reach our goals and marketing targets when we have taken the time to strategically evaluate our options and develop an intentional marketing plan. Wherever possible, visual tools and graphics have been used to help the reader evaluate their marketing options and make the evaluating process easier. The topics covered here include:

1. Marketing Channel Options
2. Pricing Strategies
3. Managing Logistics
4. Promotion and Marketing Claims

5. Customer Service

6. Feedback and Refinement

Moving From Producer to Marketer - Do What You Enjoy

While your marketing efforts are still in the growing stages, develop a marketing perspective that helps you find a comfort zone. Some farmers really like the challenges and social aspects of marketing. They enjoy talking with customers and other producers on a regular basis. Other farmers are perfectly happy staying on the farm and are uncomfortable with the idea of “selling.” If that's the case, then perhaps a spouse or other business partner would be better suited to handling your marketing program. It pays to know yourself and be honest about which jobs you like best and which jobs you dread.

Marketing Channel Options

Processor's Inspection Status

Where and how you have your meat processed will determine where and how you can market it. Having your meat processed at a USDA inspected facility will allow you to sell your product across state lines as well as through a wide variety of retail outlets.

Producers may slaughter and process their own animals for their private use on-farm. When selling livestock for slaughter to another person, you need to sell a LIVE animal and let the buyer process the animal himself, preferably not on your farm, or facilitate the slaughter of the animal at a custom or USDA slaughterhouse. You must not help the buyer process the animal, however, you have an obligation to ensure that the animal is handled and killed in a humane manner.

Determining Your Marketing Channels

The marketing channel drives all the other marketing plan components. It determines where and how the meat must be processed, the logistics involved in sales and delivery, the use of technology, which marketing tools are most effective, and the degree of customer service required to grow the business. Regulations for livestock slaughter and meat processing vary depending on which channel the farmer uses to market his or her product.

These channels can be separated into wholesale and retail outlets and are discussed in terms of the challenges and opportunities each provides. Using the criteria of available or attainable resources (financial, labor, farmstead, etc.) and the time required, producers can determine how well different marketing channels fit with their goals in terms of risk, lifestyle preference, volume sold, and associated costs.

Wholesale or Retail Sales?

Producing a quality product is the first step in the direct marketing process. If you're great at production, but shy on time, then wholesale marketing may be your best fit. Wholesale is selling in quantity to a buyer who then resells the product. Most agricultural products in the U.S. are sold through wholesale channels. Small farmers may sell wholesale directly to local grocery stores, natural food stores, food service establishments, and food buying co-ops, or to buyers who then serve as the middle men in the marketing chain. Typical wholesaler fees can run as high as 35 percent.

Direct or retail market outlets provide a wide variety of possible distribution channels including farmers' markets, on-farm sales, restaurants, community-supported agriculture shares, buying

clubs, Internet and mail order sales, and sales to schools and hospitals.

Sell the Whole Carcass

Before you determine your marketing outlets or channels, consider that you need to sell the whole carcass to be profitable. It is easy to sell high-end cuts such as steaks, but much harder to sell low-end cuts. The following charts give examples of how many pounds of each cut you can expect from a side of beef; about 300 pounds of saleable product.

| Summary of cuts | Pounds |
|-----------------|--------|
| Roasts | 81.5 |
| Steaks | 41.8 |
| Ground beef | 133.7 |
| Stew | 20.2 |
| Miscellaneous | 23.1 |

Source: American Meat Institute and USDA

Try to establish your customer mix in proportion to what you have to sell. For example, if a restaurant wants to purchase 20 pounds of steak a week, about half the yield of steaks in the example, you'll need to match that demand with customers that are willing to buy 65 pounds of hamburger that week. Low end cuts are also more price sensitive than high end cuts, so determine a profitable price for your ground beef and roasts and don't plan to change them often. By packaging lower end cuts in marinades, jerky, or summer sausage you can increase their value and profitability.

Seasonality

When selecting your market outlet also consider seasonality. When you market your cattle conventionally, you sell everything on one day.

With direct marketing, you have to consider how to offer your customers a constant supply of product. If you're marketing at farmers markets or through a CSA, if you miss a week, it's not so bad. But, if you're selling to restaurants or stores, you cannot run short. They will work with you if it happens occasionally, but not if they cannot trust that you will be a reliable supplier. Seldom do you get a second chance.

Choosing how to schedule your cattle production is important in determining which markets will work for you. Most customers are conditioned to expect availability of a product 365 days per year. Customers don't realize it can take up to two years to grow out beef, or that cattle finish better during certain parts of the year.

It will be your job to educate your customers about time and seasonality of production or develop a production system that will satisfy their need for the convenience of having your beef available year-round. Having your beef processed and frozen can help alleviate some of these problems. You can have several animals processed at one time, put all the meat into the freezer, and sell it as needed. While there will be some additional storage cost to this method, it does help smooth out the bumps between supply and demand.

Selling Directly From Your Farm

To sell stored, frozen farm-raised meat directly from your farm, you must obtain a Food Processing Plant License. This is also sometimes referred to as an on-farm home processing facility license. Request the license application by contacting:

Division of Facility and Process Review

Maryland Department of Health and Mental Hygiene

Office of Food Protection and Consumer Health Services

6 St. Paul Street, Suite 1301

Baltimore, MD 21202-1608

410-767-8417

To facilitate a speedier plan review, include a one-page description of what you plan to sell, where, and how. This page can serve as your site plan. It should include:

1. A description of the designated area on your farm where the frozen meat will be stored.
2. A description of your freezer.
3. Describe how the product will be kept secure. The simplest answer is that your freezer locks. Security becomes a food safety issue to prevent contamination.
4. Describe how the meat will be kept frozen during transportation or storage at a farmers' market.

Once the plan has been reviewed, an on-farm inspection of your facility and equipment is required to confirm it complies with the local and state laws governing food processing facilities.

Marketing through Distributors

The American Marketing Association defines a distributor as "a wholesale middleman, especially in lines where selection or exclusive distribution is common at the wholesale level and the manufacturer expects strong promotional support." In the U.S. food industry, the terms "wholesaler" and "distributor" tend to be used interchangeably. Both purchase products from the producer or manufacturer and sell to a retailer or another distributor. Some people distinguish between the two, noting that distributors tend to specialize in a

specific market category (e.g., deli, bakery, grocery, or convenience) and to provide more retail services, such as stocking the retailers' shelves. Distributors usually take higher margins than wholesalers in return for these added services.

Food distributors purchase, warehouse, and deliver products. They also handle the billing and receivables of customer accounts. They are experts in the logistics of transporting and selling products to the retail or food-service customer. Distributors charge anywhere from 10 to 30 percent, which raises your product's shelf price considerably when you consider that a retail store will add an additional 30 to 40 percent on top of that.

Farm-raised meats could be considered a gourmet product. Distributors that handle specialty food items may be a good fit for this specialty product. The easiest way to find such a distributor is to call a very exclusive restaurant and ask them who distributes their hard-to-find meat products. These types of distributors are always on the lookout for new and different products, and price is not as much an issue. You'll need to evaluate your individual situation to determine if using a distributor is an effective marketing tool for your operation.

Restaurants & Stores

These two outlets are listed together because they share some of the same sales basics. Locally-owned or chef-owned restaurants have more desire and flexibility in their purchasing options. These types of restaurants are competing on their food quality, the originality of their menus, and their attention to details. Your locally grown meat fits well in their format. Some chefs want fresh product, so you may need to have product thawed or in the thawing process before delivery. Always contact the chef on the off hours of the day, never over lunchtime, 11:00 AM -2:00 PM, and never after 4:00 PM.

As previously mentioned, retail stores charge a markup of at least 30 percent so consider your price points before approaching the store to avoid over price of your product in the meat case. Store managers will ask you about:

- When and how you will make deliveries
- How many customers you have
- Case size
- Promotional materials
- Liability Insurance

When making a sales call to either a restaurant or a retail store, you should bring along multiple copies of your marketing brochures and business cards, your pricelist and sales proposal, and two perfect sets of your product. Do not charge for them.

Farmers' Markets

Regulations for selling meat at farmers' markets are determined by the state in which the farmers' market operates. The best way to determine if you can sell meat at your local farmers' market is to contact the farmers' market manager to find out any requirements of specific markets. An additional source of information can be your local/county health department.

Until you are ready to transport your meat and poultry products to the market, they must be stored in an approved manner, at safe refrigerated or frozen storage temperatures. If products are stored at home, they must be stored in a dedicated refrigerator or freezer, separate from personal use foods. Products must be kept frozen. The product must be transported and maintained as frozen at the market. This can be accomplished by either a freezer or an ice chest/cooler. All units holding frozen or refrigerated product should contain a

thermometer in order to monitor the temperature of the product at all times.

While a freezer is generally preferred, a heavy duty ice chest/cooler may also be used provided sufficient ice or cold packs are available to maintain safe product temperatures. You may need to have provisions for melted ice to drain away from the product. The meat should NEVER be sitting or floating in melted ice water.

Marketing Farm-Raised Meats through the CSA and Buying Club Model

The concept of Community Supported Agriculture (CSA) revolutionized direct marketing possibilities for small-scale farmers in the U.S. A typical CSA provides vegetables to a group of customers who have paid a "subscription" fee to receive a share of the bounty – however abundant or scanty – each week throughout the season.

New models of meat-buying are emerging that hook consumers with ranchers producers. In one, farms offer subscriptions to meat CSAs that give customers a steady grab bag of products. In another, a group of friends pool their resources and buy entire animals or parts of animals, and have plenty of meat in the freezer all year round. And in a third, people are forming neighborhood buying clubs. Buying clubs are groups of people who live close to one another, and who together decide upon a producer, order whatever cuts they want, and have it all delivered at once to the club host's house.

Home Delivery

Home delivery of food products is both an attractive concept for harried, busy consumers who dislike their weekly shopping duties and an amazingly complex challenge for businesses to achieve at a reasonable cost. The ideal target customer for this service is a person who leads an extremely busy and

hectic life, dreads visiting busy grocery stores (where they often are jostling with fellow busy people who also can't get to the store any other time) and has a fairly high income. The other customer profile is someone who wants to purchase directly from local producers. Consumer demand for, "eat local, eat organic," is lending new life to local dairies, produce farms, baked goods, and meat and poultry producers who can handle the logistics of on-line administration, quality assurance for products that may set out in the elements, and transportation costs. Perhaps the best model to follow is delivery-only pizza places. They often lack dining areas and survive very well on home delivery alone.

Challenges for the home delivery marketing strategy include:

1. How to do marketing apart from the Internet. Most home delivery services maintain an on-line "store" where products are listed and deliveries placed.
2. How to maintain the service level consumers expect when purchasing items on-line for delivery. Webpages must have exceptional picture and clear weights so customers know exactly how much product they are ordering for the posted price.
3. Is there a norm for this? Home delivery of dairy products seems like a return to the past, but home delivery is now part of the marketing strategies for most major retailers.

Using local advertising, word-of-mouth, promotions at the farmers market or the on-farm stand, producers are spreading the word that home delivery is not a thing of the past.

Internet and Mail Order

Internet sales and other mail-order marketing outlets may represent a useful supplement to other

outlets, but appear to be of limited value at present. While home delivery orders are often placed on-line, the product is usually delivered by the producer and not shipped by mail or freight service. One of the barriers to this kind of "remote marketing", i.e. on-line sales, is that packaging and shipping costs can as much as double the end price to the consumer. Web sites can be useful in helping local buyers to locate producers in their area.

When shipping meat follow these guidelines:

- Ship in a sturdy box.
- Pack with a cold source, i.e., frozen gel packs or dry ice.
- When using dry ice:
 - Don't touch the dry ice with bare hands.
 - Don't let it come in direct contact with food.
 - Warn the recipient of its use by writing "Contains Dry Ice" on the outside of the box.
- Wrap box in two layers of brown paper.
- Use permanent markers to label outside of the box. Use recommended packing tape.
- Label outside clearly; make sure address is complete and correct.
- Write "Keep Refrigerated" on outside of the box.
- Alert recipient of its expected arrival.
- Do not send to business addresses or where there will not be adequate refrigerator storage.
- Do not send packages at the end of the week. Send them at the beginning of the week so they do

not sit in the post office or mailing facility over the weekend.

Marketing Groups

Individual producers often experience difficulties in profitably achieving either the level of marketing services or the volume necessary to service large retail outlets like grocery store or institutional markets such as schools and hospitals. To meet this larger volume market, several producers can pool their animals and share the fixed costs. Marketing with a group of producers can shift many of the time-consuming marketing activities away from any one producer. A marketing group can engage in bargaining, transportation, grading, processing, distribution, and research and development for its members. A related option is the marketing club, a more informal farmers' group.

A marketing cooperative or club allows producers to get into the value-added sector of the marketplace while pooling knowledge, risks, and profits. Since the meat market is very competitive and it can be difficult to get shelf space in supermarkets, it can be impossible for smaller producers to compete with the high-volume large producers. Smaller producers will find more opportunity in developing local markets through cooperative marketing, which may ensure the quality and consistency needed by volume buyers through membership production and processing standards. Organizing farmers in a formal cooperative can be very challenging; farmers are by nature independent. However, the University of Maryland Extension and USDA Rural Development Agency can assist farmers in developing these types of marketing ventures. The Tucarora Organic Growers Cooperative in Pennsylvania is an example of this type of marketing group.

| | Farmers' Market | CSA | Farm Stand | U-Pick | Distributor | Grocery | Restaurant |
|---|---|---|---|--|--|--|---|
| Risks | Low customer turn-out, price competition, leftover unsold product. | Farmer commitment up-front, customers share the risk. | Low customer turn-out. | Low customer turn-out. Weather. People on the farm. | Distributors "call the shots." Inconsistent orders, buyer back-out. | Inconsistent orders, buyer back-out. | Unpaid debts, buyer back-out. Can be slow to pay. |
| Prices & Profit | Prices varies. Can be highest among the channels. Labor costs relatively high. | Price is similar to wholesale, however, profit is generally higher. | Prices vary, but high profit potential. Location is a big factor in price. | Prices vary, high profit potential. Location is a big factor in price. | Price is low. Producer is a "price taker." Wholesale prices are generally low. | Price is low. Producer is a "price taker." Wholesale prices are generally low. | Prices vary. Usually higher than other wholesale prices. |
| Volume | Varies with market. Low to medium. | High: It is possible to "move" all the produce harvested. | Medium to low: location and competition pendant. | Medium to low: location and competition pendant. | High | High to variable. | Variable, usually small. |
| Level of Marketing Management Required | High. Many hours dedicated to selling. Most markets run 3-5 hours/day. | High: Must sell memberships & facilitate weekly share pick-ups. Less post-harvest work. | Variable: Ranges from unstaffed honor system to staffed stores. | Variable: Ranges from unstaffed honor system to staff supervision. Must advertise. | Low: Relatively quick & easy for volume sold. Must meet packing standards. | Low: Relatively quick & easy for volume sold. Must meet packing standards. | Variable: A high level of service for the volume sold. |
| Associated Costs | Market fees, equipment, travel, hired labor. | Packaging materials, advertising, brochures. | Road side signs and other advertising. Sales staff is optional. | Road side signs and other advertising. Sales staff is optional. | Washing, cooling & packing equipment for high volumes. Delivery costs. | Washing, cooling & packing equipment for high volumes. Delivery costs. | Washing, cooling & packing equipment for high volumes. Delivery costs. |
| Farmer Stress | Low: "Show up or don't show up." | Low to medium. Must meet customer expectations weekly. | Variable: Depending on overhead & scale. | Low | High: Distributors cited as highest stress customers. | Medium to high. | Medium to high. |

LeRoux, Matthew. Guide to Market channel Selection: How to Sell through Wholesale and Retail Outlets. <http://cctompkins.org/sites/all/files/factsheets/factsheet-1317.pdf>. July 2011

FARM-RAISED MEATS MARKETING CHALLENGES

| Challenges... | Direct On-Farm | Farmers' Markets | Buying Clubs, CSA | Local Wholesalers, Local Grocers, or Institutions | Restaurants, Internet | Home Delivery |
|---|----------------|------------------|-------------------|---|-----------------------|---------------|
| Difficulty getting into the market | Low | Medium | Low-Medium | Medium | High | Medium-High |
| Marketing time required | High | Low | Low | Medium-High | Medium | High |
| Compatible with off-farm employment | Low | High | Medium | High | High | High |
| Importance of product quality (especially shelf life) | High | High | High | Medium-High | High | Medium |

PRICING STRATEGIES

Marketing decisions generally fall into the following four controllable categories:

- Product
- Price
- Place (distribution)
- Promotion

The term "marketing mix" became popularized after Neil H. Borden published his 1964 article, The Concept of the Marketing Mix. Borden began using the term in his teaching in the late 1940's after James Culliton had described the marketing manager as a "mixer of ingredients". The ingredients in Borden's marketing mix included product planning, pricing, branding, distribution channels, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. E. Jerome McCarthy later

grouped these ingredients into the four categories that today are known as the 4 P's of marketing.

Setting a price is one of your most challenging undertakings when developing your meat products. Remember that price is the only marketing "P" that concerns money. If you set your prices too low in the beginning, it will be much harder to increase them to profitable levels later.

Customer perception of your product will play a vital role in determining your ceiling price. If consumers view your farm-raised meats as a "specialty" product, they will be willing to pay the premium price. However, you must also educate customers about the factors that not only add to the uniqueness your product, but also to your production costs.

- Small-farm production is management and labor intensive.

- Taking on the roles of both producer and marketer adds additional labor, transportation, time, and storage costs to each head processed.
- Food safety and production protocols add to costs.
- Some specific genetics may require additional time to grow to harvest weights.
- You do not enjoy the economic efficiencies of a large volume, production line operation.

However, you must also be sensitive to the barriers to direct marketing farm-raised meats that exist. These include:

- Consumers' lack of trust in unknown sources – particularly those seen as unregulated or lacking standards.
- Consumers expect pasture-raised products will cost more, which means they expect more.
- Concerns about effect on taste of grass-fed meats.
- The need for convenience—access – where will they pay this much for this type of meat on a regular basis?
- Resistance to buying in larger volumes. Consumers don't want to purchase a side or a quarter.

The key to profitable pricing is to determine the actual cost of production for a marketable animal. Find all processing, marketing, labor and management costs for a quantity of product produced, typically on a carcass basis. This method of actual costs determines the break-even price per animal. This information must be coupled with several external factors which will also affect your final price. These include knowing:

- What customers want and are willing to pay.

- What other direct marketers are charging.
- What the regular retail price for these cuts are in your area.

For example, consider a beef carcass that yields 300 pounds of retail meat. The calf and production costs are \$700, processing adds \$225, marketing \$100, and labor, land, and management adds another \$400. A total of \$1225 in costs must be spread over 300 pounds of retail meat. The average break-even price at those rates is \$4.08 per pound. But, remember that you are not in business to break-even; you're in business to make a profit.

Determining Your Costs

On-farm production - These costs are the most complex to calculate, but they will be the most useful. Costs include feed, veterinary services, breeding, pasture, utilities, fuel, equipment, buildings, custom work, interest, taxes, insurance and paid labor – same as for any farm enterprise. It may also be useful to consider your unpaid labor and management time in these calculations. Knowing these will allow you to better evaluate your alternatives, in addition to looking for ways to improve your overall cost structure. Software tools can be very helpful here, but paper and a pencil will work just as well.

Harvest and processing - Because these costs are billed directly, they are easier to track; however, do not forget live transportation costs and add the harvesting, rendering, cutting, storage, and wrapping charges. An article and worksheet that helps determine cut-out cost for beef, pork, or lamb was written by Dr. Christopher Raines, of Penn State's Department of Dairy and Animal Science. You can download Raines' document at: www.das.psu.edu/research-extension/meat.

Marketing and storage - These costs will include items such as phone calls, freezer space, electricity,

and any advertising you may do. Don't forget the cost of picking up the meat from the processor. Also, remember to factor in your time spent driving to the market, manning the sales booth or delivering the product to customers.

Determining Your Price

After processing, what you have left to sell weighs a lot less than your live animal because the hide is stripped, the animal is eviscerated and the bones are removed. Grass-fed cattle production may yield lower carcass weight with more trimming required at processing due to less fat, more shrinkage during aging of the carcass, and trimming of unsightly brown areas along the edge of a cut's external surface. Weight also depends on the breed, the animal's conformation, finishing feed rations, and overall health of the animal.

Your processor can provide guidance when addressing issues from weight to type of cuts. If you do not have specific cutting instructions from a customer, the processor may have some recommendations for standard cuts. Remember, when selecting cuts, you are not the end-customer.

When it comes to setting a final price, you have three different options:

1. Sell per pound based on the whole or portion of the carcass.
2. Sell meat packaged at specified weight and at a specified price.
3. Sell at a price per weight per cut.

Choosing how to sell depends on how you want to run your new business, and on your market and competitors. Keep records of your meat sales and soon you will be able to project the volume and the overall value.

A processor may be able to cut a beef carcass into over three dozen different cuts, but can all those cuts be sold to a customer at a profit? Market research is vital to determine which types and sizes of cuts sell well to your target audience. A continual problem for direct marketed beef is the limited market for less glamorous cuts and roasts. Consider adding value to these cuts or making them into other products that may be more profitable.

Consider Calculating a Cost-Plus Price?

Cost-plus pricing involves knowing all your costs including production, processing, waste, spoilage, transportation, storage, distribution, and marketing. Once you have calculated the total cost of producing your processed beef, you can try different margins or markup to come up with a price.

- Markup is the amount the cost is raised to achieve the desired selling price.
- Margin is the percentage of the selling price above the cost of producing the product.

A product is only worth what a customer is willing to pay for it. To calculate the markup for a product you multiple the cost of producing the product times the percentage you want to mark it up. The result is added to the selling price.

Example of markup pricing for a pound of grass-fed ground beef:

Using our earlier example, let's say one pound of ground beef cost you \$4.00 to produce. You want to have a profit of 30 percent.

Markup amount (in \$) = Cost X Percentage markup

Markup = \$4.00 X 0.3

Markup = \$1.20

Selling price = \$4.00 + \$1.20

Selling price = \$5.20 per pound

To calculate the margin for your pound of grass-fed ground beef, again you need the total cost and how much above that cost you want to receive for your meat.

Example of using margin pricing for a pound of grass-fed ground beef:

Using the same cost and percentage as in the markup example, you would calculate your selling price as:

Selling price = Cost ÷ (1.00 - Margin percent)

Selling price = \$4.00 ÷ (1.00 - 0.30)

Selling price = \$4.00 ÷ 0.70

Selling price = \$5.70 per pound (price rounded down from \$5.71)

As you can see, the different methods give you different prices. The more perishable the product you sell, the higher will be your markup or margin. As you calculate your costs and margins and markup, keep in mind your competition, the quality and selection of what you are offering, the uniqueness of what you are selling, your image, the season of the year, and customer response. Any and all of these can and will affect how much you are able to sell and, consequently, your profit and loss.

FARM-RAISED MEATS PRICING STRATEGIES

| Factors Affecting Pricing... | Direct On-Farm | Farmers' Markets | Buying Clubs, CSA | Local Wholesalers, Local Grocers, or Institutions | Restaurants, Internet | Home Delivery |
|---------------------------------|----------------|------------------|-------------------|---|-----------------------|---------------|
| Uniqueness of what you sell | High | High | High | Medium | Somewhat High | High |
| Your business image | High | High | Medium | Medium | High | Somewhat High |
| Season of the year | High | High | High | Low | High | Medium |
| Importance of customer feedback | High | High | High | Medium | High | Medium |

Logistics

Logistics is the management of the flow of resources, between the point of origin and the point of destination in order to meet some requirements, i.e., your meat products to your customers. The logistics for your farm-raised meats business will usually involve production, processing, packaging, inventory, transportation, storage, and oftentimes the integrity of your product.

Production & Processing

Managing the logistics of the farm-raised meats business means managing a lot of details. These include matching your harvesting schedule to the product demands of your marketing channels. While farmers' markets can be seasonal, wholesale accounts can be year-round, necessitating a

constant and consistent supply of product. Will you have the animals available and processing dates secured to match that demand? Consider your short-term and long-term market commitments to develop a year-round production and processing schedule.

Inventory

Develop a system that reflects "first in, first out" (FIFO) for your meats. Even frozen meat does not have an indefinite shelf life. Develop clear guidelines on how long you will retain product before getting rid of it through sales or donations. Having some organization to your inventory will also assist in packaging and order fulfillment. Having a clear picture of what cuts or packages move out the quickest is excellent feedback for developing your cut sheet orders to match customer preferences.

Transportation & Storage

Marketing logistics (physical distribution) involves getting the right product to the right customer in the right place at the right time. Your transportation needs are dictated by your marketing channels. If you are selling your meat by the side or quarter, you can arrange to have your customer pick-up their meat at the processors. Otherwise, you'll need to transport your meat back to your farm or directly to your customer in approved freezers. Storage on your farm requires obtaining all appropriate permits and licenses, an approved freezer unit, and maintaining the product at recommended temperatures with verification these temperature are constant.

Product can be transported to market and deliveries in approved coolers or refrigeration units. In Maryland, a Mobile Farmers Markets License is required to transport this product. Transportation across state lines requires the meat to have been processed in a USDA approved processing facility.

Direct delivery of your meat products to your customer's home may be a growing trend, but can require a significant amount of your time. Remember to factor in the cost of your delivery vehicle, fuel costs, and the cost of portable storage units when determining transportation costs for any marketing channel.

Integrity of Your Product

You need a protocol for handling your fresh or frozen meat products based on time, exposure, and temperature. If you take frozen product out of your freezer, how long can it be out before it can't be returned? Do you have processing dates on your label to determine product age? Do all your meats carry a safe handling label?

Developing your own food safety protocols and written program can help you answer types of

questions. It can also help maintain the quality and safety of your product. It is a good idea to have already developed your food safety system before talking with your insurance agent about product liability insurance.

FARM-RAISED MEATS MARKETING LOGISTICAL CHALLENGES

| Implementation of Management Required | Direct On-Farm | Farmers' Markets | Buying Clubs, CSA | Local Wholesalers, Local Grocers, or Institutions | Restaurants, Internet | Home Delivery |
|---------------------------------------|----------------|------------------|-------------------|---|-----------------------|---------------|
| Licenses/ Permits Required | Low | Low | Low | High | High | Medium-High |
| Transportation/ Equipment Needed | Low | Low | Low | Medium-High | High | Medium |
| Additional Storage/ Management Costs | Yes | Yes | Somewhat | Somewhat | Somewhat | Yes |
| Labor Requirements | Low | Medium-High | Medium-High | Medium-High | High | High |

Promotion & Marketing Claims

The old adage “a good product sells itself” no longer applies. Today’s meat cases are packed with a variety of meat choices and packaging options. Promotion is a term which many people confuse with the word “marketing.”

Promotion differs from marketing in its function to create product awareness, although awareness is just the beginning. The objective of promotion is to move customers through the following phases: Unawareness > Awareness > Beliefs > Attitude > Purchasing Intentions > Purchase. Your customer could skip over one of these phases, but he still needs to move through them. Your promotional activities must help him move from one phase to the next and finally to a purchase if you are to make sales and develop repeat customers.

This process is known as “branding.” Most successful specialty foods are branded, for example: Lean Cuisine - a low calorie entrée; Organic Valley - organic dairy products; and Ben & Jerry’s - a premium ice cream. A brand has a collective impact or lasting impression that results in customer loyalty. Branding entails owning a “place” in the customer’s mind. When customers think of farm-raised meats, you want them to think of your product.

When designing your promotional materials, determine who wants your kinds of products and why. List the attribute of your perfect customer and then start designing your sales materials with that perfect customer in mind.

Purposeful Promoting & Marketing Tools

A “Promotion Mix” is a set of elements which includes print and graphic media, electronic media, and personal efforts. These elements are tools for “marketing communications.” Think of it like a cookie recipe: the basic ingredients are always the same. However, if you vary the amounts of one of the ingredients, the final outcome is different. Like adjusting a recipe, you can integrate elements of the Promotion Mix differently to deliver a unique promotional plan.

Print and Graphic Materials

What’s in a Name?- No way around it, people judge your business by its name. Many small business owners come up with a clever name for their business rather than one that explains what they do. Use the name as a marketing tool. Have your name communicate the right message to your customers. Name your meat business something that appeals to your customers. Use colors that appeal to your customers (avoid reds since they can contrast to the color of the meat). And, use language in your promotional materials that your customers can understand.

You can check names available for businesses in Maryland at their website www.dat.md.us.gov. To check out available Web site domain names, log onto www.networksolutions.com or www.icann.org or www.register.com

Building Your Image into a Marketing Tool

Your marketing tools don’t have to be costly or glitzy, but it does need to be professional and designed with your target market in mind. Remember, you’re a meat producer, not a graphic designer. Below are valuable marketing tools that can build your business’s image. People buy from people and businesses they like. These tools will

help people “like” your business and project that your product is safe, tender, and tasty.

Do you have a consistent “Look”?

A little bit of effort in designing your “look” can go a long way in building your image. At the very least, you should use the identical typeface (font) for your company name (your logo) on your letterhead, faxes, envelopes, labels, business cards, ads, catalog, and literature. Remember, business cards aren’t working for you if they’re in the box. Pass them out! Give prospects two business cards and brochures — one to keep and one to pass along.

Logos

If you are a skeptic about the value of a good logo and professional marketing materials, then consider trying this exercise in logo recognition. Picture this: two hands cupped together, palms up.. If you thought of State Farm Insurance, you were right. With the visual image in mind, you also might recall their tag line, “Like a good neighbor, State Farm is there.” A child as young as 18-months old can identify a McDonald’s restaurant by its golden arches. Ultimately, your logo can make the sale by speaking for the company when there is no sales representative present. It delivers the message to the public that a company is unique, reputable and dependable.

Don’t rush your name or logo. Draw up a couple of your best ideas and post them in the office or on the refrigerator door. After a while, a clear favorite will emerge.

Brochures

Promotional materials come in all shapes and sizes - the designs are endless. However, there are three things to remember:

1. Make sure the piece reflects the tastes of your target audience.
2. Keep it simple.
3. The quality of your printed materials reflects directly on the perceived quality of your products.

Your brochure should tell your “story.” What is your product, how do you produce it, and where and why should customers purchase it. The most cost effective size is the 8 ½ x 11 inches that can be folded and mailed in a number 10 business size envelope or a trifold brochure. Don’t put in pricing, because it often changes. Have your pricelist printed separately. Make sure the graphics fit your operation. A picture of endless miles of Montana range with cattle grazing just doesn’t fit for grass-fed cattle from this region.

Get some good pictures of you, your family, and your farming operation taken for use in printed materials and for your web site. Dress in clean work clothes and pay attention to what’s in the background. Try to get pictures taken when the grass is green and growing or when Mother Nature’s in her glory.

Marketing Claims in Your Promotional Materials

American consumers can be confused about the differences between meat products with special marketing claims (i.e., organic, natural, naturally-raised, and grass-fed) and regular or commodity meat products. Be sure you understand the meaning and restricted use of any of these terms before including them in your promotions.

Label claims must be approved by your state’s Meat and Poultry Inspection office for state-inspected plants, or by the USDA office in Washington, D.C., for federally inspected plants. The label approval is

granted to your processor—not to you—even though it will only be used on your product. This is because your approved label is assigned that processor’s unique inspection legend number, and your processor is responsible for all labels with that inspection legend number.

The USDA only accepts certain phrases when making claims.

Label claims that are typically approved are:

- Raised without added hormones
- Raised without antibiotics
- Not fed animal by-products
- Free range
- Free roaming
- Grass fed
- Corn fed
- Grain fed
- Certified organic (see paragraph below)

Claims that are not approved are:

- Antibiotic free
- Hormone free
- Residue free
- Residue tested
- Naturally raised
- Naturally grown
- Drug free
- Chemical free
- Organic

- Organically raised

Organic certification may be claimed only if you have complied with the organic regulations, received a certificate from an approved certifier, and take your animals for slaughter to an abattoir that is also certified organic.

Defining "Naturally Raised or Produced"

The FSIS definition of “natural” says nothing about how an animal can or should be raised. On January 21, 2009, the Agricultural Marketing Service (AMS) division of the USDA released the “Standards for the Naturally Raised Claim for Livestock and the Meat and Meat Products Derived from Such Livestock.” The entire USDA standard for Naturally Raised can be found at:

<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5075017>.

What the USDA Naturally Raised Standard States

The standard states that in order to sell animal products as “naturally raised,” animals must be raised entirely without the following:

- Growth promotants
- Antibiotics
- Mammalian, avian, or aquatic by-products

These “naturally raised” animals can be administered the following:

- Parasite control products (de-wormer)
- Vaccinations
- Bloat prevention and treatment products (feed grade probiotics or buffers)
- Ionophores, though only according to the manufacturer's label recommendations for coccidiostat levels for parasite control

Defining Grass-Fed

The AMS division of USDA released the established standard to market meat from “grass-fed” livestock on October 16, 2007.

What the USDA Grass-Fed Standard States

The standard states that in order to sell products as “grass-fed,” post-weaning ruminant animals must be fed only:

- Forage from pasture

OR

- Harvested forage

The standard also specifies that all animals whose products are marketed as “grass-fed” must have:

- Continuous access to pasture during the growing season

Additionally, if animals accidentally consumed grain or were supplemented grain during harsh weather conditions to maintain their well-being, the amount and frequency of grain supplementation must be documented explicitly.

The Internet

Not having a website today is like not having a telephone. Websites are no longer optional for successful marketing. If you want your business to grow, then marketing on the Internet is one of the most cost effective ways to do it. The Internet is the perfect marketing medium with lots of eye appeal, a world-wide outreach, and the capacity to conduct sales at the click of a button. Marketing materials can be updated regularly on-line, saving on printing costs. Special events and calendars can be posted and updated as needed.

There are lots of references on how to design and operate a web site. Before rushing to build a website for your business, consider how the Internet fits into your marketing plan. Do you simply want to use it as a communication tool - giving dates of special events, directions to your business, or as a catalog to display your products? Do you want to sell products and services over the web?

The number one reason people are using the web is to get information, so cut the fluff and deliver your story simply and without exaggeration. Many people build websites that are doomed to failure because (1) they don't have a clear picture of what they want their websites to do for their business, and (2) they have failed to spend time researching who else is on-line with similar products and what those websites offer.

Help Keep Web Visitors Coming Back

1. Keep it Simple: While animations may look neat, they seldom increase your marketing results. Regular updates generate return visits.
2. Make it Easy to Read: People read by recognizing the overall shape of words. CAPS slow down character recognition. Arial and Times Roman fonts are very legible both on the screen and in print.
3. Keep your line lengths short, no more than 85 characters.
4. Use sub-Headings to Break Up your Paragraphs.
5. Make Your Pages Load Fast: Use graphics, but with web-friendly resolution size. Keep your loading time under 20 seconds.
6. Tell Your Visitors What to Do: If you want someone to click a link, then make it look like a link by making the font blue and underlined.

7. Organize Your Web Site and Web Pages: Break down your information into logical sections. Have separate buttons for "Directions and Maps," "Calendar of Events," "Contact Us," etc.

8. Remind Them Who You Are: Have your logo, address, phone number & hours of operation at the top or bottom of every webpage. Sounds obvious, but many sites don't include this information on every page.

9. If you plan to sell the product over the web, make it easy for customers to complete the purchase.

10. After a customer has bought something and the purchase is complete, follow-up with a thank you page.

Using E-mail Newsletters Helps Build Customer Relations

One of the best uses for your website is to collect email addresses. Today email is ubiquitous. It is an undeniably effective method to conduct business communication when sending promotional materials and newsletters. When compared to traditional direct mail, the expense of e-mail messages and newsletters is pennies on the dollar due to the high cost of print, postage and other production factors. Research shows that customer retention may be the highest and best objective of e-mail marketing.

Prominently post a sign-in box or button on your home page accompanied by brief copy that induces visitors to join your list. This simple one-click button or single-entry form should click through to a more in-depth form where you can gather demographic and other pertinent information.

Electronic Media

Internet-based communications tools popularly known as “social media” has created a new wave of creative marketing tactics. Technology savvy entrepreneurs must stay abreast of emerging these low-cost, direct advertising opportunities. Like the Internet, advertising through wireless communications to cell phones and PDA’s will make companies size-neutral and focus the consumer’s attention entirely on the product’s quality, features, and services. Social media platforms such as blogs, Facebook, and Twitter and others provide marketing opportunities that lower costs by utilizing wireless or Wi-Fi rates, rather than the ever increasing postal rates.

These technologies include personal computers, modems, fax machines, electronic bulletin boards, email, and interactive discs. There are an increasing number of on-line directories available with which you can list your business. Examples include Marylandagriculture.com and MarylandsBest.org.

These directories allow customers from all parts of the state, country and world easy access to your business. Many directories offer free listings and are product specific such as Eatwild.com or LocalHarvest.org. Failing to become technologically literate will severely hamper your promotional campaign and limit your marketing program.

Personal Efforts

“Networking” and “Word of Mouth” referrals are the most effective way to reduce out of pocket costs and cultivate a customer. The valued opinion of influential customers is the most important and cost effective promotion that a business can develop. Markets never buy anything; only customers buy products and services.

FARM-RAISED MEATS

PROMOTION & MARKETING CLAIMS

| Importance. . . | Direct On-Farm | Farmers' Markets | Buying Clubs, CSA | Local Wholesalers, Local Grocers, or Institutions | Restaurants, Internet | Home Delivery |
|---|----------------|------------------|-------------------|---|-----------------------|---------------|
| Promotional materials target "perfect" customer | High | High | High | Medium | High | High |
| Defensible marketing claims | High | High | High | Medium | Medium | High |
| User-friendly web site | High | High | High | Medium | Medium | High |
| Electronic & Social Media Usage | Medium | High | High | Medium | Medium | High |

Customer Service

Once the various markets have been identified, it is easier to determine which ones make the most sense and which ones offer the path of least resistance. Whether you are marketing your products through wholesalers, retailers, or directly to consumers, your success depends on personal, "whatever-it-takes" customer service. This is something customers can't find in large chain-stores, buying clubs, or wholesale markets. Give some intentional thought to your farm business' philosophy of customer service - what customer experience is your business trying to deliver?

Customers are at the heart of all your marketing efforts. You no longer have the processor or retailer between you and them. Your goal is not only to have a "satisfied" customer, but a "repeat"

customer. It is always more cost efficient to retain a customer than cultivate a new one.

Satisfying Customers

Your customer will not only expect a quality product, but family-sized packaging, precise and informative labeling, and ease in completing the ordering and payment process. While the "customer is always right," you may have to invest some time in educating them about new cuts such as the Flat Iron or Ranch steak, the difference between a pork butt and a picnic roast, or misconceptions about production or processing methods. A common question is whether you sell half or whole animals or just by the cut. Your customers will come to see you as a trusted source of information about the meats they serve their family.

Complaints will come with the marketing territory. If a customer complains, ask clarifying questions such as how the meat was defrosted and prepared. These complaints can actually serve as Q&A material that you may want include in your marketing materials.

It is important that customers feel respected and that they are getting good value for their money. If a customer complains, offer to make it right with them by offering a refund, a replacement product, or a special deal. Customers will be forgiving if they feel their concerns have been acknowledged and addressed.

Provide Cooking Tips and Recipes

Cooking instructions and recipes are key in helping customers have a positive first experience with many farm-raised meat products. Instruct customers to use a digital meat thermometer (120-145 degrees for rare-medium) and don't overcook your meat. You can find many recipes on the web or share some of your family-favorites with customers. Distribute recipes with every purchase whether at the farm, the market, or over the Internet.

Regular Hours and Ordering Procedure

Wholesale accounts will expect regular hours for placing orders and a standard billing procedure. Set-up your ordering and billing programs before recruiting wholesale or large institutional accounts so the ordering and payment terms are clear from the very beginning of the business relationship.

Post the hours customers can purchase products at your farm or what retail outlets and markets carry your products on your website and all include this information on your promotional materials. Make it easy for them to find your products. Also, let them know what form of payment you accept - cash, checks, or credit cards.

FARM-RAISED MEATS MARKETING

CUSTOMER SERVICE

| Importance. . . | Direct On-Farm | Farmers' Markets | Buying Clubs, CSA | Local Wholesalers, Local Grocers, or Institutions | Restaurants, Internet | Home Delivery |
|---|----------------|------------------|-------------------|---|-----------------------|---------------|
| Ability to order custom cuts | High | Low | Low-Medium | Medium | High | Medium-High |
| Regular ordering hours and ease of completing transaction | High | Medium | High | High | High | High |
| Recipe and cooking techniques | High | High | High | Low | Low | Medium |
| Labeling and safe handling instructions | High | High | High | Medium-High | Medium | High |

Feedback and Refinement

Becoming a successful marketer requires becoming as deeply immersed in the ins and outs of marketing and consumer trends as you are in the fine points of production. Be prepared to educate yourself about marketing. Also, any marketing strategy requires constant refinement and ongoing consideration to make sure it continues to serve your purpose. That also goes for the components of the strategy – making sure that your website, social media campaigns, ads, promotions, etc., are all optimized to serve your purpose.

- Look at your competition, read the food section of the papers, and look for consumer food and health trends.

- Read trade journals and articles that help you understand the meat business.
- Learn about the cuts of meat, typical packaging, and how they are used in cooking.
- Educate yourself so you can tell others about what are your meat's unique selling points.
- Learn about regulations and food safety practices.
- Determine your geographical marketing area and the demographics of your potential customers in that area.

- Look for training in marketing, including demonstrating, sampling, cold calls, restaurant and institutional sales, and negotiating.
- Look for markets such as health food stores, restaurants who prefer to buy locally, cooperative buying clubs, and community supported agriculture (CSA) shares.
- Listen to your customers' feedback about your product or service and implement strategies or services that improve customer experiences.
- Be professional, but be yourself. Capitalize on your family farm image and consumer concerns for safe, locally produced foods.
- Be prepared for it to take at least two to four years for your farm-raised business to take off.

LeRoux, Matthew. Guide to Market channel Selection: How to Sell through Wholesale and Retail Outlets.

<http://ccetompkins.org/sites/all/files/factsheets/factsheet-1317.pdf>. July 2011.

Myers, Ginger S. A Marketing Decision Tool for Grass-fed Beef.

<http://mredc.umd.edu/Documents/EB-374.pdf> June 2009.

Moyer, Brian. How much should you charge? Pricing your meat cuts. <http://extension.psu.edu/start-farming/news/2011/how-much-should-you-charge-pricing-your-meat-cuts>. April 2011.

References

Dill, Shannon, Benjamin Beale, Dale Johnson. Farm Business Plan Workbook.
<http://mredc.umd.edu/rootbeginningFarmBusinessPlanning.html>.

Farm to Fork -A Direct-to-the-Consumer Beef Marketing Handbook, 2nd Edition
<http://www.ncsu.edu/fvsi/beefhandbook/docs/NCSU-BeefHandbook-0510.pdf>.

Ginger S. Myers

This publication, EB-403, ([publication number](#)), is a series of publications of the University of Maryland Extension and Maryland Rural Enterprise Development Center. The information presented has met UME peer review standards, including internal and external technical review. For more information on related publications and programs, visit: <http://www.mredc.umd.edu>. Please visit <http://extension.umd.edu/> to find out more about Extension programs in Maryland.

Issued in furtherance of Cooperative Extension work, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, University of Maryland, College Park, and local governments. Cheng-i Wei, Director of University of Maryland Extension. The University of Maryland Extension programs are open to all citizens and will not discriminate against anyone because of race, age, sex, color, sexual orientation, physical or mental disability, religion, ancestry, national origin, marital status, genetic information, political affiliation, and gender identity or expression.