

**Sixth Meeting of the New Hampshire Meat Producer Working Group
August 9, 2017**

Attendees: 15

Working Group Members Present: Steve Normaton, Mark Florenz, Peter Kress, Pamela Bruss, and Jack Clarke.

Guests: Matt LeRoux (Cornell Cooperative Extension), Elaina Enzien (UNH Ext Livestock Specialist), Nada Haddad (UNH Ext. Field Specialist), Peter and Tara Roy (PT Farm), Joyce Brady, Denise Renk, and Carole Soule.

This summary reflects a range of views expressed on the issues as discussed during meetings of the New Hampshire Meat Producer Working Group (NHMPWG), comprised of meat producers throughout the state. They do not reflect the formal or public position of any one group of people, organization or coalition. All errors and omissions are the sole responsibility of Environmental Mediation Center (EMC).

Matt LeRoux from Cornell Cooperative Extension presented material on increasing profitability through effective marketing. His complete power point presentation is available on the project website and provides more detailed information.

The agenda for this meeting included:

- 1) Is it possible to squeeze more money out of marketing directly to consumers?
- 2) What are your farm's goals for gross sales and profit?
- 3) What prices support those goals? What channels can support those prices?
- 4) Would joint marketing be helpful?

Maximizing Profit from Direct Marketing to Consumers

There are different channels for marketing meat by the carcass versus the cut. Channels for the carcass include commodity, regional brands, retail stores, restaurants, freezer trade (custom) and institutions. Channels by the cut include farmers' markets, farm store, meat CSA, grocery stores, restaurants, institutions.

CSAs work well for many agricultural products but do not seem to do well for meat. The logistics are unnecessarily complicated and it is better for both the producer and buyer to sell/buy $\frac{1}{4}$ or $\frac{1}{2}$ a side of beef. One producer said she had tried to develop a beef CSA but there was little demand.

The growth in demand for local food has leveled off. It used to be that farmers could just show up at the farmers' market and sell out since demand was greater than supply. Supply has grown considerably and farmers must use marketing skills to sell all their products.

Producers' goal should be to improve marketing technique which can be measured by increased sales compared to time and money invested in marketing. For example, if you go to a farmers' market and you gross \$350 in 6 hours of work, your gross sales/labor is \$60/hr. On the other hand, if you sell a ¼ side of meat for \$800 and that takes you two hours, your gross sales/labor rate is \$400/hr. The opportunities for improvement include increasing sales or decreasing hours devoted to marketing. The goal is to figure out your most profitable marketing channels and devote your time and labor to that channel.

Even if farmers' markets are not as profitable/hour, farmers' markets help producers identify and develop their customer base. Ultimately, producers can direct new customers to their more profitable marketing channel.

Developing a Written Marketing Plan

A marketing plan should include strategy, research, objectives and communication. For example, producers need to start by identifying their target audience. What are the trends? What are the income levels of your potential customers? In developing a strategy, ask why would a customer buy from me compared to other choices? The more you understand your customers, the more effectively you can communicate with them.

Understanding your customers requires understanding their needs, motivations, desires, and buying habits. For example, a shopper may need carrots, but their motivation may be to support local farmers or avoid pesticides. Their desire may be to buy a particular heirloom carrot, but their buying habits may not allow time to stop at a farmers' market for just one thing.

There are four main types of local food buyers. Foodie/localvores appreciate the experience and enjoy talking to the farmer. Personal health/social cause purchasers are cause driven and like to vote with their dollars. Traditional buyers tend to be price driven and ethnic/cultural buyers (such as kosher or halal) are culturally driven. All but the traditional buyers are usually willing to pay a premium for local meat.

Developing your strategy enables producers to identify their target customers and focus their message to them. Producers should differentiate and position their farm to target customers. As a result, the marketing will become more effective.

A template marketing sentence could read: "On this farm we raise X product for this target customer who fit this demographic group". The more specific, the better. Do not approach it as we sell whatever we have to whoever will buy it.

Marketing objectives should make it clear what you are trying to accomplish. Are you trying to differentiate your product, position your product (that farm is the one who ...), brand your product (visibility and recognition), carve a spot in the market for your product, etc.

The marketing objectives should be specific and measurable. Just saying that you want to sell more beef is not specific, nor measurable. Last year we sold X beef and this year we would like to increase it by X%.

Investigating Channels and Prices

Each channel requires labor, some channels are labor intensive, some less so. Selling livestock to a processor is at one end of the spectrum and selling individual cuts of meat at the farmers' market is at the other end. The more labor involved, the higher the price/lb. But just because you receive more money/lb. does not necessarily mean it is more profitable. If labor costs are significantly higher, does it justify selling at the farmers' market? Each channel has a price that justifies participating in the channel.

Think of it as your beef production sells to your marketing business. After the livestock is ready for processing, determine the cost of processing and marketing (sales) to decide which channel to use (selling wholesale or retail).

Producers should determine their cost of production and then they can figure out the price they need to charge to make a profit. One estimate was that the breakeven price for small scale grain-finished beef in New England was approximately \$2.45/lb. HCW.

The website www.calculator.meatsuite.com has a livestock yield and price calculator that can help producers determine which channel is the most profitable and the price they need to charge to make a profit. Producers can input a flat rate profit or the percentage profit they want to make on sales.

Matt LeRoux demonstrated how to input the information into the calculator to determine the price a producer would need to charge to make a certain profit. The demonstration highlighted the potential profitability of the "freezer" or "custom" trade. Advantages include premium pricing, USDA inspection not necessary, little labor required for marketing, affordable to consumers, less need for year round supply, and little inventory management.

Marketing Together

The simplest collaboration is producers selling meat to each other to take advantage of marketing opportunities that one producer may have. On the other end of the spectrum is creating a branded business which is much more logistically complicated and requires a significant investment of time and money.

Other possibilities include collaboration on promotions to increase sales of locally produced meat. Producers agreed and commented that "a rising tide lifts all boats."

Matt LeRoux demonstrated the online MeatSuite livestock directory in New York State as an example of a joint marketing promotion. After consumers input their zip code and distance willing to travel, they can search among a variety of criteria such as product (beef,

chicken, pork, etc) and attributes (certified organic, grass fed, pasture raised, halal, etc) to locate farms that meet the criteria.

The development of MeatSuite was funded by grants. There is no charge to producers to be listed on the directory. The farm profile must be updated annually or the listing will be removed.

Working group members were impressed with MeatSuite and discussed trying to adopt it or a similar online directory in New Hampshire. UNH Ext Field Specialists, present at this meeting, plan to explore if this is something they could get a grant to implement and support. The members thought that this would be an effective tool that would benefit all meat producers.

Matt LeRoux explained that in order for a livestock directory such as MeatSuite to be effective, it needs to be publicized to consumers. Producers in New York State were happy to hand out business cards promoting MeatSuite. In addition, educational programs were conducted for consumers introducing them to the benefits of MeatSuite.

Challenges to Selling Local Meat

Many consumers are interested in buying grass fed meat and some may presume the meat is locally raised. Inexpensive grass fed meat is imported from New Zealand, Australia, and Uruguay and our higher cost of production makes it impossible to compete on price. Some consumers who value grass fed may think buying the imported meat is “good enough.”

Producers must target the consumers that want local and grass fed, not just grass fed meat. Consumers must be educated about the quality difference and the value of buying local.

In addition to efforts by producers, working group members discussed the need for agricultural organizations and the State to play a role in educating consumers. Matt LeRoux highlighted the work of Community Involved in Sustaining Agriculture (CISA) based in western, Massachusetts. <https://www.buylocalfood.org>. CISA works with hundreds of farms, organizations, and government agencies to promote local food and educate consumers about the value of buying from local producers.

Working group members discussed possible steps the New Hampshire Department of Agriculture, Markets, and Food could play in promoting locally raised meat. First, in order to differentiate New Hampshire raised meat from commodity meat and imported grass fed meat, a state labeling program is crucial. Second, a joint marketing campaign that educates consumers about the value of buying local meat and the reasons why it costs more than commodity meat would be helpful.

The working group also discussed the challenge that most consumers prefer to buy fresh meat and most local meat is sold frozen. Working group members commented how they

can't display their products at farmers' markets because it must remain frozen and out of sight. In addition, consumers generally don't impulse buy meat.

Matt LeRoux commented that one producer he knew bought a glass case that he set up in a local retail store to sell fresh meat. Product that didn't sell within a certain period was frozen for later sale. This notion could be discussed with meat buyers from retail stores at an upcoming meeting.