

**Ginger S. Myers**

*Regional Agricultural Marketing Specialist  
University of Maryland Extension*

# **A MARKETING DECISION TOOL** **and Guide for Grass-fed Beef**

EB-374



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**“A Marketing Decision Tool and Guide for Grass-fed Beef”** helps beef producers evaluate their individual operation on six of the factors that are barriers to entering a market—finding a niche, product development and pricing, regulatory constraints, promotion and distribution, selling product, and managing risks. The information in this booklet is for educational use. Publication of this workbook was made possible through support from the Jorgensen Foundation and the University of Maryland’s Department of Animal and Avian Sciences.

Each person should consult the responsible local, state, and federal agencies and an attorney before using this information to engage in business activity. This guide does not address the regulations as they apply to retail outlets, catering businesses, or central kitchens.

Material for this guide was researched, written, and formatted by Ginger S. Myers, Regional Marketing Specialist, University of Maryland Extension. Where applicable, references have been cited from the United States Department of Agriculture’s (USDA) Food Safety and Inspection Service (FSIS) and the Code of Federal Regulations (CFR).

Reasonable effort was made to ensure the accuracy of the information in this guide. However, content and interpretation of laws and regulations are subject to change. The effect of future legislation and interpretation cannot be predicted. This guide is not intended as legal advice.

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## **Reviewers:**

Christopher R. Raines, Ph.D.  
Assistant Professor, Meat Science & Technology  
The Pennsylvania State University  
Department of Dairy & Animal Sciences

M. Scott Updike, Ph.D.  
Assistant Professor, Animal & Avian Sciences  
University of Maryland



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## The Purpose of This Guide

This guide is designed to help grass-fed beef producers formulate profitable marketing strategies. It is a decision tool to assist individual producers in making marketing decisions about what to produce; where/how/in what venue(s) to market it; and risk management strategies.

The grass-fed beef business has some unique characteristics to consider compared to traditional beef production. Marketing grass-fed beef directly does not differ from marketing traditional freezer beef. What does differ, however, are certain claims about the product. 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.

*Marketing comes before production or profits in the dictionary and it should also serve as the keystone in your business plan for designing a sustainable grass-fed beef business.*

Marketing comes before production or profits in the dictionary and it should also serve as the keystone in your business plan for designing a sustainable grass-fed beef business. Your marketing decisions will impact a wide variety of production decision—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 grass-fed beef producers consider their marketing strategies long before they sell either live cattle or processed products.

### Definitions—Clarification

Before World War II, virtually all cattle grazed on grass. Postwar agricultural development led to the development of beef cattle feedlots. Grass-fed cattle are free-range, pastured animals that graze on grass for most of the year, except during the cold winter months, when they are fed hay. The U.S. Department of Agriculture (USDA) guidelines for labeling meat as grass-fed is “those food products from animals that have eaten nothing but their mother's milk and fresh grass or grass-type hay from birth to harvest—all their lives.” The issue is currently further complicated in that some breeders supplement grain with grass or hay year-round, and some meat is labeled “pasture raised” that comes from animals that are not strictly grass-fed. Still other animals are raised on grass, yet finished with grain (i.e., fed a grain diet in the months prior to

harvesting). For the purposes of this publication, the term grass-fed refers to a wider definition anchored by grass-based production methods.

## **How to Use This Guide**

This guide includes the 4P's of marketing—product, price, place, and promotion—as major topic areas. Each topic is introduced with a questionnaire designed to help you gauge your knowledge of that subject area as it relates to marketing beef. You can read this guide and complete the questionnaires cover to cover, or if you are further along the product development timeline, you can jump directly to the marketing sections. However, completing the entire guide helps you to evaluate your individual operation on six factors that are barriers to entering a market—finding a niche, product development and pricing, regulatory constraints, promotion and distribution, selling products, and managing risks. Use the information in this guide and your answers to the questionnaires to help you develop your grass-fed beef marketing plan.

# Getting Started with Marketing Grass-fed Beef

## Questionnaire

Where are you now? Sometimes you don't know what you don't know. This is the first of the guide's questionnaires and is designed to cover both production and marketing issues. Remember, the two go hand in hand and knowing how and where to market your grass-fed beef is just as important as how to produce it.

Don't worry if you don't have answers to all these questions yet. We'll explore more of these topics further into the guide.

### Goals

What are my business and personal goals for my grass-fed beef business?

*Prioritize goals with the most important first.*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

### Full-Time or Part-Time?

Do I want a full-time enterprise?

Yes \_\_\_\_ No \_\_\_\_

## Labor

Will my family be involved and supportive? Yes \_\_\_\_ No \_\_\_\_

Will my spouse be involved in the enterprise? Yes \_\_\_\_ No \_\_\_\_  
*If yes, how will my spouse be involved?*

---

Is family labor available? Yes \_\_\_\_ No \_\_\_\_  
*If yes, how much?*

---

Is off-farm labor available? Yes \_\_\_\_ No \_\_\_\_  
*If yes, what type of labor is available?*

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Can I afford off-farm labor? Yes \_\_\_\_ No \_\_\_\_

## Skills and Resources

What knowledge and skills do I have to produce and deliver the product?

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What additional knowledge and skills do I need?

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What plans do I have to get the skills and knowledge that I need?  
*(This could be taking a class, hiring someone with the expertise, etc.)*

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What physical resources like land, soil, machinery, water, buildings, livestock, etc., do I possess?

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What additional physical resources will I need?

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Do I have the facilities I need to produce and deliver the product?

Yes \_\_\_\_ No \_\_\_\_

If I don't currently have the facilities I need to produce and deliver the product, what plans do I have to get the facilities that I need?

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### Profitability

If I raise and sell the products, will I make a profit?

Yes \_\_\_\_ No \_\_\_\_

Where can I go to get the data I need to do this analysis?

- Trade Magazines
- USDA Ag Marketing Statistics
- USDA Statistics from the Agricultural Census
- County Extension Service
- Private Marketing Research Firms
- Internet Searches
- The Competition
- My existing customers if I already have a farm or farm-related business
- Other \_\_\_\_\_

What analysis did I use to determine whether or not I will make a profit?

*(This can be partial budgeting, costs and returns analysis for the whole farm, cash flow analysis, etc.)*

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If the analysis shows I will not make a profit, what adjustments, if any, can I make to make this a profitable venture? Or even if it is profitable, what can I do to make it more profitable?

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## Products

What are some of the grass-fed products or live markets that will fetch the price I need?

- |          |           |
|----------|-----------|
| 1. _____ | 6. _____  |
| 2. _____ | 7. _____  |
| 3. _____ | 8. _____  |
| 4. _____ | 9. _____  |
| 5. _____ | 10. _____ |

## Marketing

How will I distinguish my product from my competitor's product?

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Does my business plan include consumer education? Yes\_\_\_\_ No\_\_\_\_  
*If yes, how?*

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What are the marketing resources or outlets in my area?

- Farmers' Markets
- Cooperatives
- Auctions
- Brokers or Buyers
- Retail Stores

Which, if any, of the available resources in my area fit into my marketing plan?

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Are any of the following vendors willing to buy locally raised, grass-fed beef?

- Restaurants
- Supermarkets
- Specialty grocery or health food stores
- Farm stands owned by other farmers
- Other farmers who will retail or re-wholesale my products
- Other vendors \_\_\_\_\_



## Get Prepared

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.

- Look at your competition, read the food section of the papers, and look for consumer food and health trends.
- Read both niche journals and commodity journals to become apprised of the many issues the industry faces.
- Learn about the cuts of beef, typical packaging, and how the cuts are used in cooking.
- Educate yourself so you can tell others about the differences between grass-fed beef and conventionally produced beef. What is your beef's unique selling point?
- 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 that prefer to buy locally, cooperative buying clubs, and community supported agriculture (CSA) shares.
- 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 grass-fed beef business to take off.

## 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.

# Direct Marketer Skills Questionnaire

Farmers who direct-market their meat typically keep 75 to 80 percent of the consumer price of the meat, compared to about 45 percent for animals they sell on the open market. But direct marketing meat takes more than just producing the safest, most tender, and tastiest meat possible. It requires a “marketer’s” mindset and constant attention to customer satisfaction.

While you need not answer “yes” to each of these questions, answering “no” to at least half of them indicates that someone else in your operation might be better suited to work directly with customers.

1. Am I willing to start lining up buyers a year in advance and develop secondary outlets such as value-added processing or bulk sales? Yes\_\_\_ No\_\_\_
2. Am I willing to take the time to call buyers for appointments, meet with them, and take free samples to gain credibility? Yes\_\_\_ No\_\_\_
3. Am I willing to do the research to find the decision maker to buy my products? Yes\_\_\_ No\_\_\_
4. Am I willing to knock on doors and let people know that I am a vendor? Yes\_\_\_ No\_\_\_
5. Am I willing to accept rejection and be persistent in finding buyers? Yes\_\_\_ No\_\_\_
6. Am I willing to build my network of contacts slowly and use them to reach out to prospective buyers? Yes\_\_\_ No\_\_\_
7. Am I willing to make daily deliveries and timely deliveries, and offer special varieties, freshness, personal attention, and a quick response to any problems that arise? Yes\_\_\_ No\_\_\_
8. Am I willing to listen to my customers and adjust processing and packaging methods to produce and package products that meet customers’ requirements? Yes\_\_\_ No\_\_\_
9. Am I willing to keep up with seasonal fluctuations and offer products that my consumers want? Yes\_\_\_ No\_\_\_
10. Do I know my competition, and can I identify existing gaps in available product lines? Yes\_\_\_ No\_\_\_

11. Am I willing to start small and establish realistic production and distribution goals? Yes\_\_\_ No\_\_\_
12. Am I willing to explore the possibility of a partnership with a local processor to expand my access to markets? Yes\_\_\_ No\_\_\_
13. Am I willing to accept that “the customer is always right?” Yes\_\_\_ No\_\_\_

# Marketing Options for Grass-fed Beef

No matter the size of your operation or the products you produce, a business and marketing plan are keystones in building a sustainable and profitable business. Intentional planning requires time and should involve all the active members in the business. Two important things to determine in the planning process are:

1. Realistically, what resources will it take to achieve your goals?
2. How long will it take?

Set three types of goals: short-term, interim, and long-term. Write them down and review them regularly. It is a proven fact that written goals, reviewed on a regular basis, have a greater chance of being achieved.

## Determining Your Marketing Options

Using the criteria of available or attainable resources (financial, labor, farmstead, etc.) and the time required, producers have three marketing models they can pursue.

### 1. Contracts, Stockyards, Live

**Animal Sales**—Contracting with feeder buyers may work best for some livestock producers. Stockyards provide a regular outlet for cull cows and excess livestock. Marketing contracts work best when the producer does not want to or is unable to market his products directly to the consumer. Selecting to start with contract marketing may be a good choice if resources and time are limited.

*Many live animal marketers depend on word-of-mouth sales and repeat customers. It can take several years to develop reliable, repeat customers.*

Selling live animals for freezer beef is another direct outlet, but involves finding buyers for the entire animal. Many live animal marketers depend on word-of-mouth sales and repeat customers. It can take several years to develop reliable, repeat customers.

When contracts are your major marketing option, be sure to have your contract in place before you get started. However, *contracts and selling to the “regular” feeder calf buyers puts the producer in the position of being a price-taker and not a price-maker.*

2. **Diversifying Your Outlets**—For livestock producers, alternative markets include graded public auctions, developing a cow-calf operation, breeding stock sales, selling specific breeds or specific types, ethnic markets, group sales, selling off-season, and strategic alliances that connect farmers with feed lots and, in some cases, packers. Your overall marketing goal is not to maximize price, but to earn the greatest profit. Selling at different times of the year may be more profitable, as long as costs are low enough to compensate for possible lower prices.

Another way to diversify your marketing options is to take advantage of your different production method—grass-fed—and produce for markets that value those methods. Grass-fed, organically grown, locally grown, free-range, and good land stewardship practices are examples of labels and production practices now attracting a substantial customer following.

Developing a diversified marketing mix does not require that you direct market all of your product or livestock. You may still choose to sell the bulk of your production through contracts or other established markets. But, *choosing to diversify your market outlets helps you manage risks and starts you down the path from price-taker to price-maker.*

3. **Value-Added and Direct Marketing**—Value-added products and direct marketing are two of the best strategies farmers can employ to improve their net profitability. Value-added products can open new markets, enhance the public’s appreciation for the farm, and extend the marketing season.

Value-added processing offers farmers the potential to capture a larger share of the food dollar. The farmer’s share of the consumer’s food shopping dollar has decreased from 46 percent in 1913 to just under 20 percent in 2006, according to the USDA Economic Research Service. Why? Consumers buy more “ready-to-eat” or “ready-to-cook” food while farmers generally produce and market raw agricultural commodities.

Producers see their product as the final result of their work. But, we are really seeking a different end product—a satisfied customer. Direct marketing of meat or dairy products requires producing the highest quality product. Your sales message is that “meat is not just meat” or “not all milk is the same” because of your grass-based production system, animal selection, and environmental stewardship.

Quality is a pasture to plate issue. Customers will purchase your products based on a set of expectations. They expect to pay a fair price, though probably higher than at their grocery store, for a product that is always safe and of a

certain quality and consistency with every purchase. Once you can produce a consistently high product, you can start to market its unique features and benefits. Here are some possible marketing niches within the grass-fed and pasture-raised market segment (remember, it is your duty to market with claims you can verify):

- Good taste
- Pesticide-free food (for customers with chemical sensitivities)
- A healthy, high-protein diet (for reduction of cancer risk or for cancer patients)
- No growth hormones, antibiotics, or animal byproduct rations (**rendered animal products such as blood meal**)
- Lean meat
- Cost-savings through prices lower than the store
- Convenience
- Desire to support producers and eat locally raised foods

Really knowing and understanding your product is the first step in determining your marketing strategies. Focusing greater attention on matching your product's traits with customers' needs will result in greater marketing success.

Unfortunately, there is no simple blueprint to follow that applies to everyone for value-added processing and direct marketing. Where and how you have your products processed will determine where and how you can market them. Important considerations for meat producers considering processing and direct marketing their products include:

- Availability of USDA processors and product development
- Packaging and labels
- Transportation, distribution, and storage
- Production and processing scheduling
- Regulatory requirements
- Quality control
- Pricing

## Wholesale or Retail Sales?

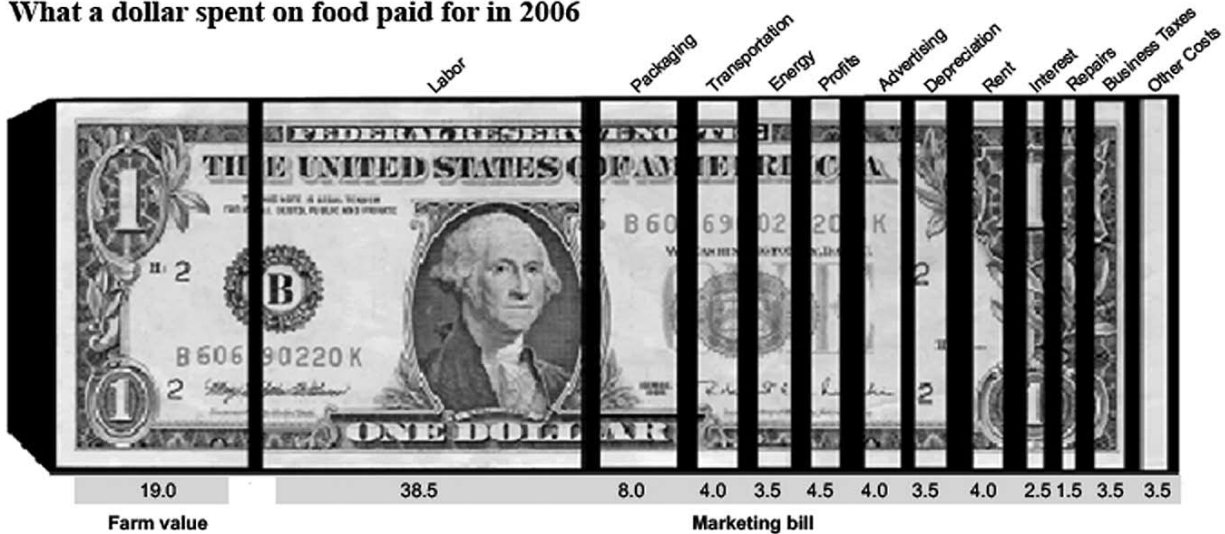
Producing a quality product is the first step in the direct marketing process. The second is to determine your marketing channels and distribution channels. Again, you must evaluate the resources you have to dedicate and the time it will take to actually get the sales completed to determine which outlets are best suited to you.

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 middlemen in the marketing chain. Typical wholesale 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.

Direct marketing sales require lots of time and perseverance to build relationships with buyers. So why bother?

### What a dollar spent on food paid for in 2006



Source: USDA's Economic Research Service

This graphic shows how much profitability from a sale producers are giving up when someone else markets their products. Marketing your products directly to customers can dramatically increase your net profits. *Direct marketers are price-makers, not price takers.*

# Identifying Customers and the Competition

## Questionnaire

### Customers

Who are my potential customers for my grass-fed beef?

*(This will help you know how to reach these customers and target your promotional activities.)*

1. Are they low \_\_\_\_\_, medium \_\_\_\_\_, or high \_\_\_\_\_ income?
2. Are they young \_\_\_\_\_, middle-aged \_\_\_\_\_, or elderly \_\_\_\_\_?
3. Is their highest level of education high school \_\_\_\_\_, college \_\_\_\_\_, post-graduate \_\_\_\_\_?
4. Are they local \_\_\_\_\_, tourists (e.g., will they pass your farm?) \_\_\_\_\_, or from more distant locations \_\_\_\_\_?
5. Are they mostly Caucasian \_\_\_\_\_, African American \_\_\_\_\_, Hispanic \_\_\_\_\_, Asian \_\_\_\_\_, Other \_\_\_\_\_?
6. Are they blue-collar \_\_\_\_\_ or professional \_\_\_\_\_ workers?
7. Are they male \_\_\_\_\_, female \_\_\_\_\_, or both \_\_\_\_\_?
8. Are they rural \_\_\_\_\_ or urban \_\_\_\_\_ residents?
9. Are they homemakers \_\_\_\_\_ or working spouses \_\_\_\_\_?
10. Do they purchase in large \_\_\_\_\_ or small \_\_\_\_\_ quantities?
11. Are they motivated more by price \_\_\_\_\_ or high quality \_\_\_\_\_?
12. What are my customers' needs? This applies whether or not you are selling to the final consumer or to intermediate buyers such as brokers or terminal markets.  
*(Do they need convenience? A particular size? Saturday delivery? Unique products? High value products? Large volume? Etc.)*

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13. Given my customers' needs, what kind of products am I considering?

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14. What type of promotion would best target this audience?

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### Competition

15. What is my competition doing? *(What products are they producing?)*

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16. How many customers do they have?

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17. What quality is their merchandise?

---

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18. What is their price for items similar to what I plan to offer?

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19. What are their package sizes and packing materials?

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20. Where do they market or distribute product?

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21. Do they have a website? Yes \_\_\_ No \_\_\_

## Identifying Customers and the Competition

From this point on, most of the material in this guide is directed toward producing, processing, and marketing value-added grass-fed beef products directly to customers. But the time-honored marketing tenets of who, what, when, and where to market any product still apply to marketing both live and value-added grass-fed beef.

Who will purchase your product and why? Determine who your customers are before you send a single steer to the processor. What are their purchasing traits? What would make a shopper select your grass-fed beef over that of the grocery store's or even a different type of meat such as pork or chicken? How does your product satisfy their wants or needs and translate into a sale?

### What Are You Selling?

Producers see their product as the final result of their work. But business guru Peter Drucker reminds us that we are really seeking a different end product—a satisfied customer. Direct marketing of meat products requires producing the highest quality product. Your sales message is that “meat is not just meat.” Your meat is “special” because of your grass-based production system, animal selection, and environmental stewardship.

As mentioned in the marketing options section, quality is a pasture to plate issue. Customers will purchase your products based on a set of expectations. They expect to pay a fair price, though probably higher than at their grocery store, for a product that is always safe and of a certain quality and consistency with every purchase.

Customers want tasty, tender meat and fresh wholesome grass-fed beef. Finish your animals on the same feed and to about the same weight. This helps ensure consistent portion sizes and flavors. Once you can produce a consistently high product, you can start to market your product. But what is your product? What are its benefits and features? One of the first steps in marketing is to identify your target customer segment. Who is your target customer and why should they buy from you? So, what are you selling?

### Differentiating What You Sell

The first step is to analyze your product from your customers' point of view. Remember, Gillette doesn't sell blades, it sells smooth shaves. 3M doesn't sell tape, it sells convenience and time. Begin by analyzing your product along four lines: What are its...

1. **Concrete Features**—These are the tangible things about a product that a buyer can see, hear, and feel. A car’s leather interior, front-wheel drive, and racy style are good examples of concrete attributes, as is a good price or loan terms.

Does your product have a good fresh color, attractive packaging, and an informative label? Can you provide shipping and cooling of products if necessary that are in compliance with local regulations?

2. **Abstract Features**—These are the intangible things about a product that you can’t see, hear or feel, but which exist nevertheless. You can’t see “good quality.” It is a conclusion derived from an overall evaluation of the product’s features by you and others. But that image is a powerful selling tool. Abstract features of ice cream include “rich taste” and “fattening.”

Is your product locally grown under good stewardship practices? Does your farm and family contribute to sustaining rural communities? What are your products’ other abstract features?

3. **Functional Features**—These are benefits created directly by the product. A car “handles well.” A toothpaste “whitens teeth.” A lending company gives “two-hour approvals.” In each case, the benefit comes directly from the product to the buyer.

Is your product hormone-free, antibiotic free, or humanely raised? How do the nutrition levels in your product compare to similar products? What are your products’ other functional features?

4. **Psychosocial Features**—These are psychological benefits that come to the buyer indirectly. A car that produces admiring looks from others, a cookie mix that makes a boy tell his mother, “These are sooo good.” These features are important because we want others to approve of us and what we have. It was psychosocial pressures more than anything else that compel young athletes to purchase the shoes and sportswear endorsed by a professional athlete.

Are your animals on pasture and out of confinement most of the year? Do they have daily access to fresh air and sunshine? Do your farming practices help save the Chesapeake Bay and preserve soil and natural resources for future generations? What are your products’ other psychological features?

In 2004 the grass-fed beef industry was estimated to be worth around \$5 billion, and growing at a rate of 20 percent per year. Angela Pride, Organic Grassfed Beef Coalition, Vermillion, S.D., [www.organicgrassfedbeef.org](http://www.organicgrassfedbeef.org), says her organization’s research shows that the majority purchasing grass-fed

beef are women who are younger, highly educated, and more affluent. The group purchasing these products was in the 25- to 39-year-old age bracket. But Jerry Jost, with the Kansas Rural Center, cautions that simply advertising to consumers with affluence but unknown health interests doesn't pay off. To capture this customer base, your product must connect with a social trend they support such as social justice, the nutritional attributes of food, or environmental stewardship.

Grass-fed beef is also a very different product in the eyes of a retail consumer when it is boxed in large quantities for preparation and cooking at home versus served one steak at a time in a restaurant. Many people are unwilling to spend hundreds of dollars at one time for a large container of boxed beef, while they may be willing to buy smaller packages. You need to know what most consumers in your geographical area prefer.

Invest some time doing market research. Explore how beef products are packaged at retail sites—pounds per package, number of steaks per pack, specialty cuts, etc. Check out grass-fed producers who list their products online at sites such as [www.localharvest.org](http://www.localharvest.org).

*Really knowing and understanding your product is the first step in determining your marketing strategies.*

Really knowing and understanding your product is the first step in determining your marketing strategies. Your ability to describe what products you sell, what they do, what makes them unique or special, who will buy them, and how much you will sell them for starts the marketing process. Focusing greater attention on matching your product's traits with customers' needs will result in greater marketing success.

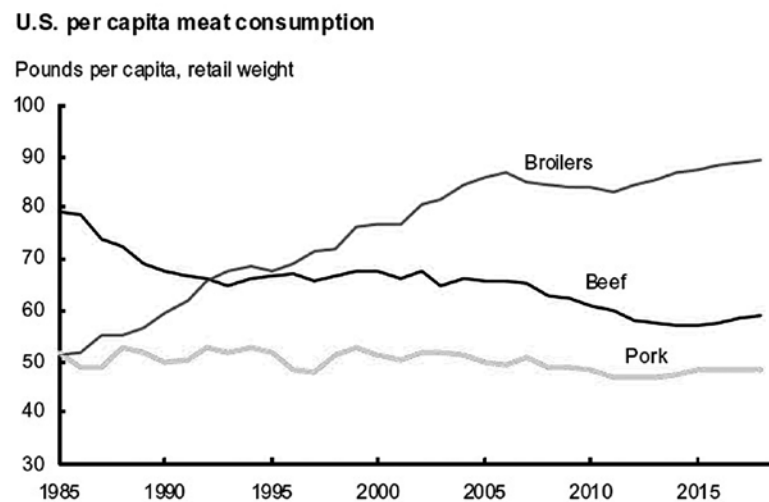
## Who Are Your Competitors?

Do you know what your competition is up to? If not, you could be headed for trouble because ignorance isn't bliss when it comes to your competition. There is always competition. Even if you're the only grass-fed beef producer in town, you face competition from the sale of other kinds of meats and proteins where your customers will spend their money instead of with you.

The first step to understanding your competition is to know who they are. This sounds easy enough, but it's more complicated than just listing your obvious competitors. There are really three types of competitors to study.

1. Competitors that sell similar products or use marketing strategies similar to yours, such as other beef producers.
2. Competitors that compete for the same customers' dollars.
3. Future competitors. Your competition could be a new business offering a substitute or similar product that makes yours less desirable. Don't just research what's out there already. You need to constantly be on the lookout for new competition.

This chart, generated in February 2009 by the USDA Economic Research Service, projects a long-term trend toward declining meat consumption in the U.S. with the exception of chicken. How will you position your grass-fed beef to compete in this scenario?



Source: USDA Agricultural Projections to 2018, February 2009. USDA Economic Research Service

## Scrutinize the Leaders

The second step is to monitor the way your competitors do business. Make notes on what you discover. You're not investing any money in this analysis, but you will need to be generous with the time you devote to completing it. Look for:

- Products or services offered—note especially any that differ from your own offering
- Price, packaging, quality, and selection
- Customer service, credit policy, expertise

- Type of distribution system for products
- Customer service—look for guarantees and policies
- Advertising campaigns and offers
- Strengths and weaknesses from the customer’s point of view
- Areas where the competitor holds a market advantage
- Vulnerabilities or gaps in what is offered
- The devices competitors employ to enhance customer loyalty and what back-up services are offered
- Their staff numbers and quality
- Their use of technology—do they offer a website and/or email?

## **Determining the Total Market**

Examining the competition will also tell you something about how much of the total market they sell to (called market share). This is difficult information to track, but if you do a good job of researching how many competitors there are in your area, you can “guesstimate” market share by assuming that number of competitors hold 100 percent of the market shares. If you have 10 competitors in the market, each has 10 percent of the market ( $100\%/10 = 10\%$ ). If one of the competitors is a large producer, you might assume it has 50 percent of the market and the other 9 have the remaining 50 percent. Then each of these small competitors has less than a 6 percent share of the market.

Based on this knowledge, you can determine the feasibility of entering the market. If you decide to proceed, can you offer something different? If you offer the same type of product, how will you offer it so that you are set apart from your competition?

## **Conducting a SWOT Analysis**

Every businessperson understands the principle of trying to offer something better than their competitors are offering. Capitalizing on an advantage is key to success. But many so-called advantages cannot be sustained. They are easily copied or negated. Just saying that you produce a “better” product doesn’t translate into a unique selling point. Real competitive advantages—things like brand name recognition, exclusive rights to a source, or trademark products—cannot be easily copied.

The primary reason for thinking like your competition is to identify your business's competitive advantage over your competition. Every company has a unique set of strengths, and it's critical that you determine yours, as well as your competitors'.

Hold a brainstorming session with your family or others who are familiar with the beef business and perform a formal SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. This analysis helps you see how your strengths stack up against your competitors' weaknesses and suggest ways to take advantage of marketplace opportunities. To begin the analysis, create a four-cell grid or four lists, one for each component: strengths, weaknesses, opportunities, and threats. Then, begin filling in the cells or the lists.

Strengths	Weaknesses
Opportunities	Threats

Strengths and weakness are internal factors. For example, a strength could be your marketing expertise. A weakness could be lack of a new product.

A strength could also be:

- a new, innovative product or service
- location of your business
- quality processes and procedures
- any other aspect of your business that adds value to your product or service

A weakness could also be:

- lack of marketing expertise
- undifferentiated products or services (i.e, in relation to your competitors)
- location of your business
- poor quality goods or services
- damaged reputation (think meat recalls, etc.)

Opportunities and threats are external factors. For example, an opportunity could be developing a distribution channel such as selling to schools that potentially increases demand for your product. A threat could be a report on greenhouse gas emissions generated by cattle.

An opportunity could also be:

- a developing market such as the Internet
- mergers, joint ventures, or strategic alliances
- moving into new market segments that offer improved profits
- a new international market
- a market vacated by an ineffective competitor

A threat could also be:

- price wars with competitors
- a competitor with a new, innovative product or service
- competitors have superior access to channels of distribution
- taxation is introduced on your product or service

A word of caution: a SWOT analysis can be very subjective. Do not rely on it too much. Two people rarely come up with the same final version of SWOT. It simply looks at the negative factors first in order to turn them into positive factors. So use it as guide and not a prescription.



# Product Development Questionnaire

What types of meat products do I plan to market?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Describe the benefits of eating my product(s)?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

## Producing a Safe, Consistent Product

Do I have management practices in place to ensure my product is consistently tasty and tender? Yes\_\_\_ No\_\_\_

Have I considered all it takes to make my product safe? Yes\_\_\_ No\_\_\_

Do I have a plan for the safe pick-up and delivery of my product(s)? Yes\_\_\_ No\_\_\_

Am I positioned to incur higher costs to produce higher quality products? Yes\_\_\_ No\_\_\_

## Regulations

What level of regulatory oversight applies to my product?

Federal\_\_\_ State\_\_\_ Local\_\_\_ Exemptions\_\_\_\_\_

Have I obtained the correct license to sell meat in my manner of choice? Yes\_\_\_ No\_\_\_

## Working with a Processor

Do I know what questions to ask my prospective processor?

Yes \_\_\_ No \_\_\_

Have I considered all the regulations that affect the level of the processing facility I plan to use?

Yes \_\_\_ No \_\_\_

Am I familiar with slaughtering procedures and how meat flows through a processing facility?

Yes \_\_\_ No \_\_\_

## Labels

What should my product labels contain?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

What claims can I put on my label related to method of production or nutritional comparison to other meat products?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

## Liability

Have I discussed my need for product liability with my insurance carrier?

Yes \_\_\_ No \_\_\_

# Product

Deciding to sell meat directly to consumers or via retail outlets means taking more into consideration than just selling meat. A critical first step is to put in place procedures and standards to ensure product quality and consistency.

## Produce a Quality Product

Customers want tender, tasty meat and a consistent product each time they make a purchase. How animals are raised and how they are processed will affect these two palatability factors. Practice consistency:

1. Finish your animals at the same fatness and on the same feed to ensure consistent size and flavor of cuts.
2. Always age the beef the same number of days.
3. Discuss your expectations with your processor. But DO NOT dictate to your processor. He or she knows the best approach.
4. Provide handling and cooking instructions to help consumers maintain product quality.

## Produce a Safe Product

Consumers are looking for assurance that their food is being produced in a safe manner. The beef industry needs to address customer perceptions that beef is unhealthy. Until they accomplish that, selling clean, healthy, grass-fed beef is one of the strongest marketing niches you can have as a small producer.

### Food safety procedures include:

On-Farm:

1. A thorough knowledge of the hazards and risks on your farm.
2. A good understanding of the contaminations (mechanical, biological, or chemical) that can affect your product.
3. An effective written plan for your farm on how to handle your finished product to ensure a safe product.

Transportation and Storage:

1. Provide adequate storage space for frozen meat cuts.

2. Monitor and record your temperatures in transport and storage.
3. Ensure your retail freezer storage is separate from your personal freezer.
4. Use coolers or freezers for sales and delivery. Document temperatures throughout travel and take action if the temperature rises beyond acceptable levels.
5. Ensure that customers know how to transport and store meat in a safe manner. Poor food handling practices can cause the meat to spoil faster and cause unacceptable flavors and odors.

## **Know the Regulations**

The purpose of government regulations for the inspection of meat products are to: 1) prevent the sale of adulterated, contaminated, or otherwise unsafe livestock products; 2) ensure the safety of consumers by establishing minimum standards for the production, slaughter, processing, and marketing of these products; and 3) create a system of licensing, inspection, and labeling to trace a product back to its origin if a public health problem should arise. Unfortunately, these regulations and validations often put smaller processors and farmers at a disadvantage due to economy of scales.

Meat processing and food safety issues are complex and differ among states. There are basically three levels of inspection: federal, state, and uninspected or custom-slaughter plants. Meat and poultry processed at a federally inspected plant may be sold in any state. Previously, meat from state-inspected plants could only be sold in-state, and was subject to state regulations. Provisions in the new Farm Bill have made exceptions to this ruling.

Uninspected plants usually process for the owners' use and meat processed in these plants must be stamped "Not For Sale." Maryland no longer has a state inspection program for meatpacking and depends on the USDA inspection program to inspect any facilities that slaughter and cut meat for resale.

Before embarking into the processed meat business, take the following steps:

1. Consult local, county, and state authorities on regulations governing the marketing of food products. Some rules that may apply include USDA inspection, health permits, licenses, sales taxes, weight and measurement requirements, sanitary requirements, zoning, and right-of-way regulations. Visit [www.agmarketing.umd.edu](http://www.agmarketing.umd.edu) to view a copy of "A Producer's Guide to Meat and Poultry Processing Regulations in Maryland" for more information and regulatory agency contacts.

2. Have your well water tested for bacteria.
3. Consider waste disposal if you are slaughtering and processing the animals on-farm.
4. Check with your insurance provider concerning product liability coverage.
5. Develop a product traceability program for compliance with the Bio-Terrorism Act of 2002.
6. Develop a specific product. Exactly what do you plan to sell? Knowing and understanding your product will help you ask regulators relevant questions. How you have your product processed will dictate where you can sell it.

Grass-fed beef producers can become discouraged by food regulations. Take the time to develop a working relationship with regulators and ask them questions early in the product development process. When considering meat processing and food safety regulations, it is important to know these three things:

1. Which federal, state, and/or local authorities have jurisdiction for setting standards, giving approvals, and issuing licenses or permits?
2. What specific labeling and distribution requirements are there for meat, poultry, and processed food products?
3. What authorities have jurisdiction over these types of products and how can you contact them?

For more information concerning processing and retail sales of farm raised meat products in Maryland contact: Jody Menikheim, Section Head, Department of Health & Mental Hygiene, Division of Food Control, Baltimore, MD 21202-1608, 410-767-8454, [JodyM@dhhmh.state.md.us](mailto:JodyM@dhhmh.state.md.us).

## Regulatory Exemptions

**On-farm slaughter.** Producers may slaughter and process their own animals for their private use on-farm in Maryland. When selling livestock for slaughter to another person, you need to sell a **live** animal and let the buyer process the animal himself 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. Another important consideration is waste disposal or composting of wastes if you are slaughtering and processing animals on-farm.

*There is a legal peril created when a producer sells a live animal to customers and then allows them to slaughter it on the farm. Technically, your premises are then considered a “slaughter facility” that must be licensed and inspected. You can’t get around the law by “renting” a portion of your property to them for slaughter either.*

A “custom exempt slaughter facility” is an establishment or part of an establishment that provides slaughter and/or processing services to the owner of the animal(s). Meat from animals slaughtered this way can only be used by the owner of the animal. Custom slaughter facilities are USDA inspected twice annually. There are distinct requirements under this exemption:

1. The animal must be sold to the individual prior to slaughter.
2. The resulting carcass must be stamped “Not for Sale.”
3. The facility operator must maintain written records.
4. The animal must be prepared or processed in a sanitary manner.

## **Finding and Working with a Processor**

Meat processors are business people just like you. The Maryland Department of Agriculture’s Maryland’s Best website has a list of all inspected meat processing facilities in Maryland. Your processor is vital to the success of your business and you need to think of them as a business partner. It is important to develop a working relationship with your processor, so plan to visit their facility before sending cattle there. A long-term relationship benefits both you and the processor. It provides the processor a new client and assures your customers a high quality, consistent product—important factors to your business success.

The Niche Meat Processing Assistance Network (NMPAN) is a national network of people and organizations providing technical assistance and other support to small to mid-sized meat processors and the livestock producers and niche meat buyers who depend on them. They suggest asking the following questions:

### **Q: How are the meats packaged?**

Generally, meats are either wrapped in freezer paper or vacuum-packaged in heavy plastic wrap. Some farmers prefer the vacuum packing because customers can see the meats before they buy them. Also, vacuum packing may better protect the quality of the meat while in the freezer. Most federally inspected plants offer vacuum packing. Many small, state-inspected plants only offer paper wrapping of meats.

**Q: How do you label the meats? What information is put on the label? Can I have my farm name on the label?**

Ask what information the processor can put on the label. Be sure to ask specifically if the weight of the package will be noted on each label. Also ask if they can put your farm name and logo on the label.

**Q: Do you offer any value-added processing like sausage making, smoking, or curing?**

To maximize the use of all the meat from the animals and to provide a wide variety of products to your customers, ask what kinds of value-added processing are available to you. Most smaller processors offer sausage making (country style and specialty link sausages), but a few can provide smoking and curing. Talk with your processor about offering these services in the future.

**Q: How long do you allow beef to age (or “hang”)?**

For highest quality, beef must be aged. Different processors allow different amounts of time to let beef hang. Most usually allow 2–3 weeks, but if you are interested in a longer amount of time, be sure to ask.

**Q: What is the fee to have animals slaughtered and processed? Is there an extra fee for packaging and labeling?**

Be sure to ask what fees are involved in having your meats processed and packaged. The processor usually charges a flat fee for the slaughter and an additional price per pound of meat processed. There may be an additional fee for a certain type of packaging or labeling or a value-added service, so be sure to ask. Ask if there are any taxes. Most processors require payment when you come to pick up the meat.

**Q: What other farms do you slaughter and process for?**

Ask for names of other farmers who use them. Speak with these farmers about working with this processor. Buy some of their product to see how it is cut and packaged. Most farmers are very willing to give you the “inside story” on the processor they use and how to get the best meats from your animals.

**Q: Can I take a tour of your facility?**

There is no better way to get to know your processor than to take a tour of his facility. It will also give him a chance to get to know you and your business. It is also a good way to determine how long it will take to get to the processor. Typically for the comfort of the animals and to keep the meats fully frozen on the return trip, most farmers go to processors less than two hours away

(though this may not be possible in many parts of the country). Be sure to wear close-toed shoes.

Source: Niche Meat Processing Assistance Network [http://www.extension.org/pages/Niche\\_Meat\\_Processing\\_Community\\_Page](http://www.extension.org/pages/Niche_Meat_Processing_Community_Page)

Your processor needs to be USDA inspected. Meat that has been federally inspected is stamped with a round purple mark. The dye used to stamp the grade and inspection marks onto a meat carcass is made from a food-grade vegetable dye and is not harmful. An inspection stamp is put on large cuts of meat or meat

*An inspection stamp is put on large cuts of meat or meat products to assure consumers that the product was wholesome when it was shipped from the plant where the meat was inspected.*

products to assure consumers that the product was wholesome when it was shipped from the plant where the meat was inspected. After trimming it might not appear on retail cuts such as roasts and steaks. Every plant that is inspected has a unique, individual identification number. This number can be found as part of the round inspection stamp on meat labels.



*Inspection mark on raw meat*



*Inspection mark on processed products*

### **New, Alternative, and Creative Cuts**

Fabrication is the breaking down of a carcass of meat into consumer cuts or boned meat. In addition to the traditional cuts such as porterhouse steaks or top sirloin roasts, meat fabricators are developing many new and different cuts. The National Restaurant Association conducted an Internet survey of 1,609 professional chefs—members of the American Culinary Federation—in October, 2008. Chefs were given a list of 208 food items, beverage items, culinary themes and preparation methods, and were asked to rate items as a “hot trend,” “yesterday’s news,” or “perennial favorite” on restaurant menus in 2009.

The top item they selected as a hot trend in the main dishes/center of the plate category was new/fabricated cuts of meat, such as the Denver Cut. Furthermore, new/fabricated cuts of meat were ranked as the 5th hottest trend overall among all food, beverage, and preparation category options. Other new cuts from the Chuck Roll include America’s Beef Roast, Boneless Country-Style



Beef Ribs, the Delmonico Steak, and the Sierra Cut.

Source: [www.beefinnovationsgroup.com/enews\\_january2009\\_trend.aspx](http://www.beefinnovationsgroup.com/enews_january2009_trend.aspx).

Consider working with your processor to develop maximum flavor from the meat, to incorporate underused parts of the animal into innovative dishes, or customize cuts that trim fat content. These newer cuts can give your product a “unique” selling point and help differentiate your beef from your competitor’s.

## Labeling

There are specific state and federal laws regarding product labels. If you plan to have your product cross state lines, you are required to have a federal label and a federal label can only come from a federal processing plant. Labels for cattle products must include:

- Product name
- Ingredients (if applicable, for products such as sausage)
- Name and address of processor, packer, or distributor
- Proper handling statement such as “Keep Refrigerated” or “Keep Frozen”
- Safe handling label for raw products
- Inspection legend or USDA stamp
- Net weight unless weighed at the time of sale

The USDA website, [http://www.fsis.usda.gov/PDF/Labeling\\_Requirements\\_Guide.pdf](http://www.fsis.usda.gov/PDF/Labeling_Requirements_Guide.pdf), offers detailed information concerning meat and poultry labeling policies, procedure, and claims. Available at this site is “A Guide to Federal Food Labeling Requirements for Meat and Poultry Products” (Nov 16, 2007; PDF only), a user-friendly, comprehensive guide to assist food companies in the development of food labels that comply with the array of requirements and policies.

The USDA-inspected federal meat processing facility that you work with is a great resource for labeling information, can apply for a federal label, and many can refer you to a printer that will design and print your label containing all the pertinent information. Have your labels sent to your processor. It is much easier to label meat products before they are frozen than afterwards.

Expediter services are available. However, if you are going to be marketing single meat products (such as steaks or roasts) rather than products such as sausage that include other ingredients, you can go through the labeling process yourself.

## Certified Organic

Use of the term “organic” by itself is not permissible on meat and poultry products, but they may be labeled “certified organic by (name of the certifying entity)” if processors seek prior approval from USDA’s Food Safety and Inspection Service (FSIS) and the claim meets certain basic criteria. Specifically, to use the claim in labeling, processors will need to show that products have been certified as organic by an authority or entity that certifies products as “organically” produced. That entity must have standards that define “organically produced” and a system for ensuring that products it certifies meet those standards.

FSIS will permit the claim “certified organic by (a certifying entity)” along with the use of animal production claims and the term “natural.” FSIS has permitted the application of “animal production claims,” i.e., truthful statements about how the animals from which meat and poultry products are derived are raised, on

*...meat and poultry products may be labeled “certified organic” [with] prior approval from USDA’s Food Safety and Inspection Service...*

the labeling of meat and poultry products. For many years, animal production claims have served as an alternative to the use of the term “organic” on the labeling of meat and poultry products in the absence of a uniformly accepted definition. Thus, producers may wish to continue the use of animal production claims on meat and poultry labeling. Examples of animal production claims are “No Hormone Implants Used in Raising,” “Raised without Added Hormones,” “No Antibiotics Used in Raising,” “Corn Fed,” “Fed an All Vegetable Diet,” “Raised in an Open Pasture,” and “Free Range.” The system FSIS has in place for evaluating the necessary supporting documentation to ensure the accuracy of animal production claims, such as producer affidavits and raising protocols, will continue to be used whenever these types of claims are made.

## Product Liability Insurance

Product liability is the food processor’s largest risk. If your products make someone sick, your general farm liability insurance will not cover the claim. No matter where or when the injury occurs, you as the supplier, will be held liable. Most retail outlets “require” that a product have a minimum level (normally \$1 million) of product liability coverage before they agree to stock the product. Stores selling your products may request a Certificate of Insurance as proof of your coverage as the producer.

The cost of food product liability coverage varies with the specific product characteristics. Most companies will be able to give a quote on a \$1 million policy, based on a standard set of questions about your business and how your product is produced. While premium rates vary, one “rule-of-thumb” estimates the premium of a \$1 million policy to be around \$1,000 annually. The level of gross sales and prior claims history are variables that seem to significantly contribute to the price. Liability insurers may also require federal inspection of your product.

# Pricing Questionnaire

How much will it cost to produce my product? *Consider live animals vs. processed meat.*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

How much are customers willing to pay for my product?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

What is my competition charging for similar products?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

What price will I charge?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Will the price I choose support my:

- 1. Sales objectives? Yes\_\_\_ No\_\_\_
- 2. Distribution? Yes\_\_\_ No\_\_\_
- 3. Promotional strategies? Yes\_\_\_ No\_\_\_

Which of these practices do I intend to use?

- 1. Produce high quality products Yes\_\_\_ No\_\_\_
- 2. Carefully grade my products Yes\_\_\_ No\_\_\_
- 3. Look for niche markets and products that consumers want, especially those that other producers are not supplying Yes\_\_\_ No\_\_\_
- 4. Offer good service Yes\_\_\_ No\_\_\_
- 5. Be in the market at the right time Yes\_\_\_ No\_\_\_
- 6. Make sure I know the cost of production so I know my bottom price Yes\_\_\_ No\_\_\_

What are my plans for obtaining the highest price possible?

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_
- 5. \_\_\_\_\_

## Price

Setting a price is one of your most challenging undertakings when developing your meat products. Remember that price is the only marketing “P” where money comes in. 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 grass-fed beef as a “specialty” product, it will command a premium price. However, you must also educate customers about the factors that not only add to the uniqueness of your product, but also to your production costs.

- Cattle raised on grass take longer to finish than confinement cattle.
- You build the humane treatment of your cattle and environmental stewardship into your system.
- Grass-fed production is management- and labor-intensive.
- Taking on the roles of both producer and processor adds additional labor, transportation, rendering, and storage costs to each head processed.
- Food safety and production protocols add to costs.
- Since some breeds finish better on grass, specific genetics can be essential to producing tasty, tender beef.
- 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, which exist whether you’re producing beef or any other meat. 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 a “grassy” taste being carried over into the meat.
- The need for convenience and access. Where do consumers shop where they will pay this price 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 calf. Find all processing, marketing, labor, and management costs for a quantity of beef produced, typically on a carcass basis. This method of actual costs determines the break-even price for beef. This information must be coupled with several external factors that will also affect your final price. These include knowing:

- What customers want and are willing to pay.
- What other direct marketers are charging.
- What regular retail prices for beef 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 \$1,225 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. 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 packaging charges.

**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 (internal organs removed), 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 a specified weight and 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 multiply 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 costs 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, 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. Generally, direct marketers use a 30 percent margin or a 40 percent markup. The more perishable the product you sell, the higher your markup or margin will be. As you calculate your costs, 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.

Here is a table you can use to determine your expected retail value from a side of grass-fed beef.

**Table for estimating the retail value of a beef side (300 lb.)**

<b>Retail cut</b>	<b>Pounds/side</b>		<b>Price/lb</b>	<b>Total \$</b>
<b>Round</b>				
Round steak	20.4	x	\$_____	\$_____
Tip roast (or steak)	8.5	x	\$_____	\$_____
Rump roast (or steak)	6.4	x	\$_____	\$_____
Stew and ground beef	12.2	x	\$_____	\$_____
Fat and bone	20.8			
<b>Loin</b>				
Porterhouse and T-Bone	16	x	\$_____	\$_____
Sirloin steaks	20	x	\$_____	\$_____
Stew and ground beef	2.4	x	\$_____	\$_____
Fat and bone	12.5			
<b>Flank, Kidney, Fat, and Hanging Tender</b>				
Flank steak	1.7	x	\$_____	\$_____
Ground beef	7.4	x	\$_____	\$_____
Fat and suet	15.9	x	\$_____	\$_____
<b>Rib</b>				
Rib steak	11.7	x	\$_____	\$_____
Rib roast	6	x	\$_____	\$_____
Short ribs	2.3	x	\$_____	\$_____
Stew and ground beef	3	x	\$_____	\$_____
Fat and bone	5.6	x	\$_____	\$_____

<b>Retail cut</b>	<b>Pounds/side</b>		<b>Price/lb</b>	<b>Total \$</b>
<b>Chuck</b>				
Blade roast	20.3	x	\$_____	\$_____
Arm pot roast	11.1	x	\$_____	\$_____
Cross rib pot roast	10.2	x	\$_____	\$_____
Stew and ground beef	15.9	x	\$_____	\$_____
Fat and bone	15.1			
<b>Plate, Brisket, Shank</b>				
Short ribs	11.2	x	\$_____	\$_____
Stew and ground beef	13	x	\$_____	\$_____
Fat and bone	17.1			
Other				
Oxtail	1.6	x	\$_____	\$_____
Liver	5	x	\$_____	\$_____
Heart	2	x	\$_____	\$_____
Tongue	1	x	\$_____	\$_____
<b>Retail Wt (excluding fat &amp; bone)</b>	<b>218.3</b>			
<b>Total Retail Value</b>				<b>\$_____</b>
<b>Retail Value/lb of Hanging Carcass (Total \$/300 lb)</b>				<b>\$_____</b>

*Source: American Meat Institute and USDA*

## Place Questionnaire

If you are not a people person, you probably want to consider conventional cattle marketing. Much has been said about “cutting out the middleman” and marketing directly to the final consumer. However, that “middleman” performs a valuable function in selling the products. If you don’t use a middleman, then you will have to perform those sales functions yourself, allowing you less time to devote to production.

You will also want to consider what markets exist in your area. Established markets (freezer sales or retail) can give you an easy entry into direct marketing your grass-fed beef.

1. Do I want to do the marketing myself? Yes\_\_\_ No\_\_\_
2. Do I like to work with people? Yes\_\_\_ No\_\_\_
3. Do I have a location that would allow me to retail to consumers? Yes\_\_\_ No\_\_\_
4. Do I have facilities that I can use to sell directly to consumers? Yes\_\_\_ No\_\_\_
5. Is the consumer base for grass-fed beef large enough to support direct marketing? Yes\_\_\_ No\_\_\_
6. Am I willing to develop markets for my products? Yes\_\_\_ No\_\_\_
7. Do I have funds to promote my products? Yes\_\_\_ No\_\_\_
8. Would my customers like to buy direct-marketed products? Yes\_\_\_ No\_\_\_
9. Is an on-farm freezer and distribution facility feasible? Yes\_\_\_ No\_\_\_
10. Have I considered the potential for entertainment farming and tourism? Yes\_\_\_ No\_\_\_
11. Am I willing to take on the legal risk of having customers on my farm? Yes\_\_\_ No\_\_\_
12. Are my target customers interested in how the product was produced? Yes\_\_\_ No\_\_\_
13. Do I have a large volume of product? Yes\_\_\_ No\_\_\_
14. Do markets already exist for the products I plan to produce? Yes\_\_\_ No\_\_\_

15. Would I prefer to work through these existing markets rather than develop my own markets? Yes\_\_\_ No\_\_\_
16. Do my customers prefer buying at mass retail outlets where price is the main consideration? Yes\_\_\_ No\_\_\_
17. Can I develop a “pipeline” to have my product(s) available year round? Yes\_\_\_ No\_\_\_
18. Would I prefer to pay someone else who I do not have to train to market my products? Yes\_\_\_ No\_\_\_
19. Do I prefer to be producing products on the farm rather than selling products to customers at the farm, farmers’ market, or other venues? Yes\_\_\_ No\_\_\_
20. Do I want to lock the door and go home at 5 p.m.? Yes\_\_\_ No\_\_\_
21. Do I want to specialize in producing only a few products? Yes\_\_\_ No\_\_\_
22. Can I merchandise the entire carcass? Yes\_\_\_ No\_\_\_
23. Do I have a place for how products will be distributed/transported? Yes\_\_\_ No\_\_\_
24. Do I have a marketing plan for my grass-fed beef? Yes\_\_\_ No\_\_\_
25. Am I willing to learn new ways of doing business? Yes\_\_\_ No\_\_\_

## Place

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.

## 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 chart gives 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	59.8
Ground beef	33.7
Stew	20.2
Miscellaneous	23.1

*Source: American Meat Institute and USDA*

On average, roasts and ground beef will account for more than half of your total processed meat. Try to establish your customer mix in proportion to what you have to sell. For example, if a restaurant wants to purchase 25 pounds of tenderloin a week, you'll need to match that demand with customers that are willing to buy 500 pounds of hamburger. Low-end cuts are also more price sensitive than high-end cuts, so determine profitable prices for your ground beef and roast and don't plan to change them often. You can increase the profitability of low-end cuts by adding value in ways such as packaging them in marinades, jerky, or summer sausage.

## 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 can't trust that you'll 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 takes 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 grass-fed 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, throw all the processed 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 should obtain a Food Processing Plant License. This is also sometimes referred to as an on-farm home processing facility. Request the license application by contacting:

Carolann Liszewski, 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

You will receive a one-page application form that is fairly simple to complete. The license type to request is "On-Farm Processor." The license fee for on-farm distribution is \$30 if you stay under \$40,000 in sales per year. If you go over that amount, the fee is \$150. Payment must be returned with the application.

To facilitate a speedier plan review, include a one-page description of what you plan to sell, and 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. You will need an NSF-certified commercial freezer. These are available at a number of retailers such as Sears and, although they cost slightly more than home freezers, are better insulated and more energy efficient.
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.

## **Start Out Small**

A key factor in your marketing plan is the availability of your product. Grass-fed beef producers usually are not geared for large-scale production and need to consider introducing their products in small geographical areas or to one or two select distribution channels (market outlets). Match your distribution channels to your production capabilities. Remember the possible problems with scheduling and the seasonality of processing beef.

Overextending yourself and selling to too many outlets too soon will exhaust finances, can cause quality control issues, exaggerates labor problems, and may cost you hard-sought sales. Prioritize your distribution channels and review the profitability of those decisions over several growing seasons. Key factors for prioritizing your choice of markets include:

- How much money do I have to develop my markets?
- Do my competitors already “own” certain markets?
- Do I have any management experience with each market outlet to understand what opportunities or threats it offers my farm?



- Will the strengths of my product's uniqueness help sell it to interested buyers and can I communicate that uniqueness effectively in a particular market?

At the risk of oversimplifying, a good practical way to determine, or at least analyze, appropriate markets for your grass-fed beef is to start at the point of final purchase. Who is the final consumer or user of your product? Where does that person look when buying your type of product? If he or she buys this product from a retail foods store, then where does the retailer obtain his products...and so on.

Give your product to your family and friends to try. Ask them for feedback on the cuts, packaging, presentation, taste, and tenderness. This is valuable feedback and can help you avoid costly mistakes. If your family and friends like your product, encourage them to tell their friends and to promote buying your grass-fed meat. Third party testimonials can ignite your word-of-mouth promotion and sales. These small marketing steps will allow you to grow incrementally.

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 rarely find in large chain stores, buying clubs, or wholesale markets.

## **Positioning and Differentiating Your Product**

While place commonly refers to markets, it can also refer to product positioning. Marketing is really about positioning your product in your customer's mind. What is your positioning message? There are many ways for a business to be unique and to position its product in the customer's mind. These include product benefits, seasonality, packaging, and pricing.

In all cases, your product's uniqueness has to be examined in relation to other meat products that your target customer is currently purchasing, i.e., meats that you hope to replace with your grass-fed beef. Differences only really matter when they are important enough to the customer to influence his or her purchasing decision.

## 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 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.

*Specialty food distributors are always on the lookout for new and different products...*

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.

Grass-fed beef 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 and 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, grass-fed 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 a.m.–2:00 p.m., and never after 4:00 p.m.

As previously mentioned, retail stores charge a markup of at least 30 percent, so consider your price points before approaching the store to avoid overpricing 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, 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 stored at 0 degrees Fahrenheit, if frozen, or 41 degrees Fahrenheit (or colder) if refrigerated. The product must be transported and maintained at these temperatures at the market. This can be accomplished with 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.

At the market you have to use a tent or large umbrella so the product is covered. At all times the product should be protected from human and environmental contamination, including insects and dust. Most activities involving the handling of meat, including packaged product, can cause your hands to become soiled. Consequently, the health department will typically require that each vendor provide a suitable portable hand wash station. A simple set up could consist of an elevated 5-gallon container of potable water that is equipped with a turn-spout dispenser or drain, with a catch bucket placed below the container. Liquid soap and disposable towels should also be provided at the hand wash station.

## **Displays and Marketing Tips**

Meat is hard to display while maintaining correct temperature and storage requirements. Vacuum packaging greatly increases sales appeal. Customers are accustomed to looking through meat packages to choose the one with the right marbling, size, thickness, etc., that they want. Good displays of most products at a farmers' market start with techniques that let the customer see and choose their selections. Meat in a freezer doesn't allow for such merchandizing.

Items sold at farmers' markets need to be fairly low priced and small enough for people to carry easily. Displays are crucial. The Polyfoam Company (800-323-7442) offers some products that producers recommend including Styrofoam™ display boxes designed especially for frozen foods. Again, vacuum packaging greatly increases sales appeal, provides longer shelf and freezer life, and helps prevent freezer burn.

Put a lot of effort into your signs. Describe your product to the customer. Tell them how thick the steaks are cut, describe the marbling, etc. Tell them why your product is different. If it is raised by your family on a nearby farm—tell them. Better yet, take photos of your farm and your family busy at work, blow those up to poster size, and put them up on your booth. Tell them that your beef is grass-fed, and also tell them why that is important to you and why it is important to them.

Clearly display prices. If your sirloin steak is \$9 per pound and most steaks weigh between ½–1 pound, explain this. If ground beef is packaged in 2-pound packs, make this clear.

Recipes are important. Give a customer the answer to what to cook for dinner that night and he/she will be a steady customer. Offer “goes with” ideas as well to complete the meal. Feature seasonal fruits and vegetables as your “goes with” suggestions. Ask your fellow market members what recipes they have and use those. Cooperatively sell the makings for an entire meal with fellow vendors.

## **Marketing Grass-fed Beef through the CSA 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.

CSA subscribers know exactly where their food comes from and often develop a loyalty to “their farmer.” Vegetable farmers get an infusion of cash in the spring, when they most need it to purchase seeds and supplies. Although many CSAs have expanded the menu of options to offer shares of berries and fruit, eggs, or flowers, there are relatively few that offer meat shares. But they’re coming.

## **Go It Alone or Partner**

A farmer who secures subscriptions in the early spring can have the cash on hand to purchase feeder animals in time for the grass flush, and the peace of mind of knowing that the animals have already been sold. If you partner with a local vegetable CSA to offer a meat share, the results can benefit everyone involved. Vegetable farmers can offer more diversity to retain their members’ interest, livestock producers get access to a pre-organized and very receptive market, and the CSA members can source more of their diet from trusted local sources all in one place.

## **More Seasonal Changes**

Part of the appeal of a vegetable CSA is that subscribers learn to eat what’s in season. As they eat the changing contents of their share throughout the season, they directly experience the transitions from Spring to Summer to Fall.

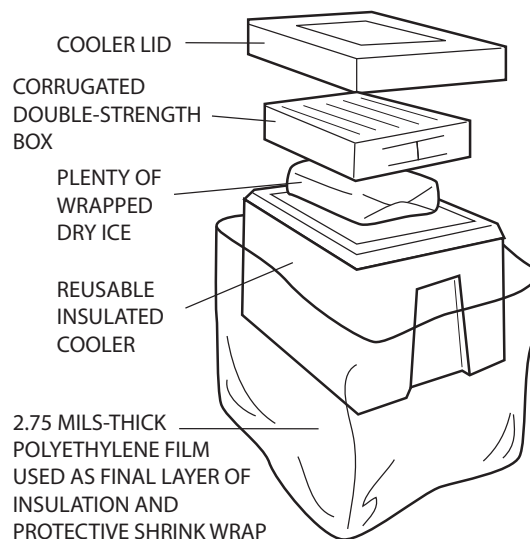
It’s more difficult for a meat producer to mimic this seasonality. But consider Summer and Winter share options the same way you might if selling at a market. Include steaks and other grilling meats in a summer share, and roasts and stew meats for the colder months.

## **Internet and Mail Order**

Internet, catalog, and other mail-order marketing outlets may represent a useful supplement to other outlets, but appear to be of limited value at present. One of the barriers to this kind of “remote marketing” is that packaging and shipping costs can as much as double the end price to the consumer. Websites 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:
  - Avoid touching the dry ice with bare hands.
  - Dry ice must not 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.

**“MINIATURE DEEP-FREEZE” PACKAGING**



*Source: USDA Food Safety Inspection Service*

## 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 stores 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 can ensure the quality and consistency that are vital to retail sales. 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.

## Promotion Questionnaire

As a direct marketer, you must focus on your image and how it reflects your “story” to customers. You only get one chance to make a good first impression. If your image and product doesn’t project safe and healthy, sales will be lost.

A goal of advertising is to keep old customers while attracting new ones. Many promotional things can be done to build your image for little cost.

Are my facilities neat and clean? Yes \_\_\_ No \_\_\_

Are my marketing trucks neat and clean? Yes \_\_\_ No \_\_\_

Are the areas around my farm, office, and buildings uncluttered? Yes \_\_\_ No \_\_\_

Are my products top quality, fresh, clean, and graded? Yes \_\_\_ No \_\_\_

Are my products labeled? *(This applies to retail and wholesale farmers)* Yes \_\_\_ No \_\_\_

Are my displays neat, full, and convenient? Yes \_\_\_ No \_\_\_

Are my employees who come in contact with customers appropriately dressed? Yes \_\_\_ No \_\_\_

Are all the management and staff courteous, friendly, and helpful to customers? Yes \_\_\_ No \_\_\_

Are owners and employees constantly looking for ways to improve the business and benefit customers? Yes \_\_\_ No \_\_\_

Do I seek assistance from outside advisors such as my local Extension staff? Yes \_\_\_ No \_\_\_

Who are my competitors? *(Are they other farmers, or vendors who produce competing products for your customers’ dollars?)* Yes \_\_\_ No \_\_\_

What is the population in my target area? \_\_\_\_\_

What are the strengths of my product compared to competing products?

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_



How will I attract customers to my farm or to my products?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

What promotional plans do I have for my farm?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

How much do I plan to budget for promotion and how will I advertise/  
promote my product?

*(For example, \$500 for direct mailing newsletters, and \$500 for a newspaper ad with a coupon.)*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Am I willing to take the time to make sure my customers  
know how to find me?

Yes \_\_\_ No \_\_\_

Am I willing to link my page to websites that strive to  
connect farmers and consumers, such as *www.localfarm.net*,  
*www.upick.com*, and *www.localharvest.com*?

Yes \_\_\_ No \_\_\_

Am I willing to update my product list or website often  
with new product information and uses?

Yes \_\_\_ No \_\_\_

Can I make sure that my site is secure for credit-card users?

Yes \_\_\_ No \_\_\_

Can I provide regular and toll-free telephone numbers for  
customers who prefer to call in orders?

Yes \_\_\_ No \_\_\_

Can I find reliable and cost-effective shippers who will  
deliver products on time and in good condition?

Yes \_\_\_ No \_\_\_

Am I willing to invest the time to bring customers back  
to my website by sending email announcements  
about new features?

Yes \_\_\_ No \_\_\_

Am I willing to maintain an electronic list of customers, and send them weekly or monthly announcements that beckon them back to my site?

Yes \_\_\_\_ No \_\_\_\_

## Promotion

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. The fourth P of the marketing mix model stands for “promotion.” Promotion is a term that 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 grass-fed beef, you want them to think of your product.

When designing your promotional materials, figure out who wants your product and why. List the attributes of your perfect customer and then start designing your sales materials with that perfect customer in mind.

## Purposeful Promoting and Marketing Tools

Advertising, word of mouth, electronic and print newsletters are all components of the “Promotion Mix.” The variables considered in the Promotion Mix include print and graphic media, electronic media, and personal efforts. Each element of the Promotion Mix affects consumers at the various buyer readiness states differently. Understanding the strengths and weaknesses of each of these elements is vital to ensuring the success of your marketing.

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.

## Cooking Tips and Recipes

Cooking instructions and recipes are key to helping customers have a positive first experience with a grass-fed product. Instruct customers that because grass-fed beef is so lean, they need to reduce the cooking temperature of standard (grain fed) beef recipes by 50 degrees. This refers to the cooking (oven/grill) temperature. The meat temperature should still be the same (i.e., 160°F for medium). The cooking time for pasture-raised beef will be about 30–50 percent less than standard (grain fed) beef, even at the lower temperature.

Use a digital meat thermometer (140°F for rare and 160°F for medium) and don't overcook your meat. All ground beef, regardless of production claim, should be cooked to at least 160°F. The meat will continue to cook when removed from heat. Since the meat cooks quickly, it can progress from perfectly cooked to overcooked in less than a minute.

Visit [www.eatwild.com](http://www.eatwild.com) and refer to *The Grassfed Gourmet Cookbook* by Shannon Hayes, *Pasture Perfect* cookbook by Jo Robinson, or Sally Fallon's *Nourishing Traditions* cookbook (a highly recommended read for health conscious people) for more recipes and preparation. Many more recipes are available on the web, or you can share some of your family favorites with customers.

Distribute recipes with every purchase whether at the farm, the market, or over the Internet.

## 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 with the color of the meat). And use language in your promotional materials that customers can understand.

When naming your meat business, ask yourself:

1. Who exactly are my target customers?
2. What words or phrase appeal to them?
3. What are the three to five most attractive benefits my meat brings to customers?

4. What names do my competitors go by?
5. What kind of name would differentiate me in the marketplace?

Your answers to these questions will help you formulate a list of five possible names. To narrow your list down to the names with the most potential ask yourself:

1. Does the name appeal to my target customers?
2. Does the name give me room to expand, or is it limiting?
3. Does the name distinguish me in the marketplace?
4. Is the name simple to spell?
5. Is this a name I'm proud to have associated with my farm?
6. Is the name available for a domain name for your website?

After you've winnowed your list down to two or three choices, check to see if these business names are available with the Maryland Department of Assessment and Taxation. You can check names available for businesses in Maryland at their website, [www.dat.md.us.gov](http://www.dat.md.us.gov). To check out available website domain names, log onto [www.networksolutions.com](http://www.networksolutions.com) or [www.icann.org](http://www.icann.org) or [www.register.com](http://www.register.com).

## **Building Your Image into a Marketing Tool**

In a television commercial, the sale is made or lost in the first three or four seconds. In a print ad, tests have shown 75 percent of the buying decisions are made at the headline alone. You rarely get a second chance to make a good first impression. So what image are you presenting to your customers? What are you presenting to help them choose your products or services?

It doesn'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 beef producer, not a graphic designer. The following 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 for your company name (your logo) on letterhead, faxes, envelopes, labels, business cards, advertisements, 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.

Once you have selected your name and determined your target customer, you can have your material designed. Call a community college with a graphic design program or try a small printing company. These resources are local and usually the least expensive. Don’t give the task to Aunt Sally or the kid next door. Don’t go to an independent graphic designer, as these are usually very expensive. Network with other producers, Extension staff, or your breed associations to find referrals for good graphic designs that fit grass-fed beef products.

## Logos

If you are a skeptic about the value of a good logo and professional marketing materials, consider trying this exercise in logo recognition. Picture this: a royal blue, solid piece of rock in a circle. Concentrate for a moment to see if you can recall which company uses this imagery to visually represent itself. If you thought of Prudential Insurance, you were right.

With the visual image in mind, you also might recall their tag line, “Get a piece of the rock.” 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.

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Take your time when deciding on 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, where and why should customers purchase it? The most cost-effective size is 8½ x 11 inches, which 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 website. 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 is in her glory.

Use recycled paper and soy ink when you print and have the printer include the appropriate recycled symbol in the bottom corner. Customers who purchase grass-fed meats also want to know you are environmentally sensitive too.

## The Internet

You do have a website...right? Not having a website today is like not having a telephone. Websites are no longer optional for successful marketing. A website is increasingly becoming the gateway to a company’s brand, products, and services—even if the firm does not sell online.

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 worldwide outreach, and the capacity to conduct sales at the click of a button. Marketing materials can be updated regularly online, 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 website. 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 fail because: 1) they don't have a clear picture of what they want their websites to do for their business, and 2) they failed to spend time researching who else is online with similar products and what those websites offer.

Think you don't need to spend money on developing a website to attract local customers if you have an ad in your local Yellow Pages? Think again. Many potential customers are forsaking the Yellow Pages for Google and other search engines. It's easier and faster to do a search for "grass-fed beef New Midway," and if you don't find one in that town, widen the search to "grass-fed beef Maryland," than it is to try to widen a search in the Yellow Pages.

## **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 subheadings to break up your paragraphs.
5. Make your pages load fast—use graphics sparsely. 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 website 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, and 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. Make it easy for customers to complete the purchase if you plan to sell product over the web.
10. Follow up with a thank you page after a customer has bought something and the purchase is complete.

## **Using Email Newsletters Helps Build Customer Relations**

One of the best uses of your website is to collect email addresses. Today, email is widely used and very effective. 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 email 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 email marketing.

To launch a successful email marketing campaign you must start by building your contacts email list. Today, having a terrific website is simply not enough. You need a marketing program that drives traffic there and keeps visitors coming back. And since email to rental lists is often kicked out as spam, it's essential to build your own opt-in list of customers and prospects. These are individuals who have visited your site and have given you permission to contact them.

Prominently post a sign-in box or button on your home page accompanied by brief copy that invites 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.

It all boils down to building good customer relations. With a relationship comes credibility and trust, and with trust, when the time is right, a sale. We all buy from the people we like and trust.

## **Working Your Sales**

- Never let a day pass without engaging in at least one marketing activity.
- Read newspapers, business journals, and trade publications for new business openings and for personnel appointments. Send your business literature to appropriate individuals and businesses.
- Give your sales literature to your lawyer, accountant, printer, banker, office supply salesperson, etc. (Expand your sales force for free!)

## Electronic Media

Increased use of cellular telecommunications creates a new wave of creative marketing tactics. Technology savvy entrepreneurs must stay abreast of emerging low-cost, direct advertising opportunities. Like the Internet, advertising through wireless communications to cell phones and PDAs will make companies size-neutral and focus the consumer's attention entirely on the product's quality, features, and services. Budget-minded entrepreneurs have a growing list of technological options that lower costs by utilizing telephone and wireless 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 online directories available with which you can list your business. Examples include *www.marylandagriculture.info* and *www.marylandsbest.net*.

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.

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Yesterday, people asked if you had a fax number, email address, or webpage. Today they assume you do. Having the proper equipment and the knowledge to use the technology, or at least hiring someone to help you harness these marketing tools will more than pay for itself over the long run.

## 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.

Community involvement expands the personal network of contacts and marketing intelligence. Sponsorship of special events can help raise awareness of your farm and products. Attributes of the event are then associated with the sponsoring business. However, this should be the byproduct of genuine interest in the community.

Other networking opportunities:

- Join a Chamber of Commerce or Civic Club.
- Join a breakfast or dinner club with other professionals to discuss business and network referral.
- Volunteer to serve on community organizations.
- Hold an open house.
- Join a community listserv on the Internet.
- Volunteer to work with youth.
- Join professional industry organizations.

### **Ways to Make the Most of Your Advertising Budget**

1. **Get a memorable phone number**, such as 1-800-Lettuce.
2. **Obtain a memorable URL and email address** and include them on **all** marketing material.
3. **Provide a Rolodex card, magnet, or phone sticker** with your business contact information.
4. **Promote your business jointly** with other professionals via cooperative direct mailing, tradeshow, or special advertising sections.
5. **Advertise** in an online specialty directory or printed handouts.
6. **Create a direct mail list** of “hot prospects.”
7. **Consider a vanity automobile tag** with your company name.
8. **Code your ads and promotions** and keep records of the results.
9. **Sponsor** and promote contests or sweepstakes.
10. **Packaging** includes your boxes, truck, deer/elk trailer, sales people, and you. Packaging will attract or repel customers and prospects.
11. **Get a toll-free number**. These are really cheap and make it easy for people from anywhere in North America to call/fax you. Studies also show that toll-free numbers are associated with larger, reputable companies. Toll-free numbers work particularly well with direct mail campaigns.

12. **Dress appropriately** for your clientele and customers. Consider shirts with your farm name/logo that you can wear at conventions and other events. People will develop attitudes about your business based on what you and your employees are wearing.
13. **Decorate appropriately.** Prospective customers will form opinions about your products based on the decor of your store, office, or farm. Your decor should reflect your honest identity.
14. **Hours of operation.** These can provide you an advantage over your competitors. Provide alternatives for people to buy from you, e.g., taking telephone orders, providing catalogues, accepting orders by email and having an Internet website with your products and an order form. Make some of these alternatives available 24 hours a day.
15. **Practice good phone manners.**  
This is the first contact many customers have with your company. It can be positive or negative. Get an answering machine or voice mail to take messages. Return these promptly.
16. **Neatness counts.** Messiness causes lost sales because people believe the sloppiness will carry over to other parts of your business. Keep your farm neat and tidy—grass cut, buildings painted, fences fixed, etc.
17. **Follow-up** is the key to a loyal customer base. It is very important to establish a database of your customers so you can use it for follow-up and repeated marketing.
18. **Reprints of ads or articles.** These make inexpensive reprints for mailings and signs.
19. **Staging unique events** around your business is a good way to attract free publicity. Have a contest and award a trophy, throw a party for prospects, have an open house at your farm, arrange for school visits, or take a fawn/calf to schools.
20. **Solicit testimonials.** These are free, easy to obtain, and very impressive to new prospects. Use them as signs, in your brochures, ads, and in direct mailings.

*Provide alternatives for people to buy from you—taking telephone orders, providing catalogues, accepting orders by email and having an Internet website with your products and an order form.*

21. **Greet your customers with a smile.** Make customers feel special. Employees should smile in person and on the phone.
22. **Credit cards.** The easier you make it for someone to buy, the more they will buy. The discounts and paperwork are worth the effort. Belonging to some organizations such as the Chamber of Commerce may entitle you to lower discount rates.
23. **Team sponsorships** are a good way to get involved in the community.
24. **Phone “on-hold” messages.** When customers are on hold, impart useful information about your company.
25. **Posters.** These can be anything you want but should add pizzazz and visibility to your identity. They can be used everywhere.
26. **Gift certificates.** Consider offering them so your product can be given as a gift.
27. **Reputation.** One of the most important components to marketing. Be sure to establish and maintain a good reputation.
28. **Establish a customer mailing list.** Start putting one together now. The list should include all people that have purchased from you, people that have phoned or written in for information, and information gatekeepers. Use this list for direct marketing as described above.
29. **Signs.** It’s a personal choice as to whether you should have a sign on your farm or not. However, if you do, it should include contact information such as phone and web address, especially if there is a lot of traffic. Signs with the same information should be put on vehicles.
30. **Host a special event once or twice a year.** This could be having schoolchildren visit your farm, a barbecue (grass-fed beef, of course) for your customers and so on. Be sure to invite the local media and politicians.
31. **Seminars and workshops.** If you are comfortable providing training, this is an excellent way to bring prospective customers to your farm, and to impress them with your knowledge, integrity, and professionalism. Be sure they all have your brochures and business cards. However, a bad workshop could have negative consequences.
32. **Directories.** Be sure your farm is listed in the appropriate directories. Many communities have a business directory—get your farm listed.

33. **Enthusiasm.** It gets passed on by you to your employees, from employees to customers, and from customers to potential customers.
34. **Satisfied customers.** These can single-handedly create your word-of-mouth campaign, whereas, unhappy customers can put you out of business!
35. **Enjoy your business.** It will show in everything you do.

Each element of the Promotion Mix affects consumers at the various buyer readiness stages differently. In the introduction stage, advertising and publicity are most effective in producing awareness, and sales promotion is useful in getting consumers to try your grass-fed beef. In the growth stage, advertising and publicity continue to be important, while sales promotions can be reduced because fewer incentives are needed. In the mature stage, customers only need to be reminded through advertising. Understanding the strengths and weaknesses of each element of the Promotion Mix is key to knowing when to utilize which element and which portion each element should contribute to your total marketing campaign.



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