

Creative Marketing Workshop
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Good afternoon! This portion of the Free Range/Organic Poultry Workshop will focus on Marketing. I hope that you are here by choice and not because you feel obligated to sit through this session until the one you're waiting for begins! And if you are a farmer currently marketing poultry, or considering doing so for the first time, we hope to make this session worth your while.

My guess is that very few of you are just beside yourselves because you're making so much money that getting rid of it is a problem. At the same time, people don't stay on the farm because they're making big bucks! It's also possible that after today's meeting, things may not change all that much for you either! There is no get rich quick scheme in agriculture! There is no pot of gold at the end of the rainbow! It is all about hard work, commitment, passion, and some level-headed thinking!

First, we need to explore the opportunities as they currently exist. Egg and poultry meat consumption continues to increase in this country, and the assumption is that this trend will continue for some time. This is happening because our country's population is growing, because poultry meat is considered healthy to eat, and because eggs are regaining popularity. This increase consumption will mean opportunities for producers of all sizes, as both niche and commodity markets expand. So, one option is to expand with the intention of supplying the commodity market, although I don't think many people at this meeting are interested in doing that. Another option is to find a way to move into or expand presence in the niche market sector, an area that is showing strong growth now and will likely do so for quite some time.

Factors that suggest niche markets will continue to expand:

- “Locally Grown” is becoming an important identifier; it may replace “organic” in importance.
- There are now more than 100 websites on food grown outside the commodity sector.
- There is a growing connection between healthier food and efforts to alleviate obesity, diabetes.
- Agrotourism connects farmer marketers to consumers.
- Colleges around the nation are either teaching about or committed to using locally grown food in cafeterias.

You can find a place in this arena by:

- Selling to a distributor who services this market,
- Marketing to stores and restaurants directly,
- Direct marketing to individual consumers
- Form a marketing cooperative to expand supply in the marketplace.

All of these methods come with pros and cons. *It seems that there are always tradeoffs, no single sure-fire method of marketing that is 100% foolproof.* Here are some of the positives and not-so-positives of each method:

Advantage of selling to a distributor:

- Generally reliable market for your product,
- Consistent demand and profit margin allows longer term planning,
- Able to focus on production.

Disadvantages of selling to a distributor:

- May not be able to label your product,
- May not be able to expand,
- May not capture as much profit/unit sold as in other marketing approaches.
- If the relationship ends, you must quickly find a new distributor.

Advantages of Direct Marketing to Restaurants/Grocers:

- More relational in nature-chance to use people skills,
- Consistent demand (at least with restaurants),
- Consistent price (again, with restaurants),
- Possibility of greater profit/unit sold.
- Potential for expansion with your own label.

Disadvantages of Direct Marketing to Restaurants/Grocers:

- May be a tough sell- price is important,
- Neither may want the whole product- What to do with remnants?
- Must get involved in marketing end of business,
- Less time for production.

Advantages of Marketing Direct to Consumers:

- More relational in nature- chance to use people skills,
- Potential for capturing more profit.
- Flexibility- the enterprise can be big or small, at your choice.
- Satisfaction in supplying quality products and hearing buyers' compliments.

Disadvantages of Marketing Direct to Consumers:

- Time consuming.
- Profit/unit may be low if all of labor is counted against it.
- Consumers may not purchase all the parts,
- May not be reliable customers,
- Less time for production.

Advantages of Forming a Marketing Cooperative:

- Joining together rather than competing with each other,
- Can focus on production or marketing,

- Greater opportunities for expansion,
- Can purchase supplies at volume discounts.

Disadvantages of Forming a Marketing Cooperative:

- Poor communication between members can lead to problems,
- Everyone must understand their role,
- Everyone must agree to production practices and breeds to be used,
- If members don't cooperate, the coop is done.

Surveys suggest that consumers:

- Buy poultry base on appearance,
- Desire health benefits, but not at the expense of taste,
- Are more concerned about disease and bacteria than antibiotic residue,
- Value convenience and price,
- Don't always trust food source (even farmers),
- Feel that production method is less important than descriptors they can trust; "pasture-raised" is more meaningful than "free-range" or "natural".
- Will ultimately purchase products that offer direct benefits (lower fat, etc)

Relative Prices of Table Eggs

<u>Brand</u>	<u>Label Claim</u>	<u>% Above Base Price</u>
Byerly's	Grade AA, large, white	BASE
Sparboe Farms	All-natural, Omega 3 (250 mg), cage free, brown.	125
Larry Schulz	Organic, brown.	151
Organic Valley	Organic, Omega 3 (225 mg), brown.	298

Relative Poultry Product Prices-Meat

<u>Brand</u>	<u>Type of Bird</u>	<u>Label Claim</u>	<u>% Above Base Price</u>
Gold'n Plump	Chicken	All Natural	BASE
Kadejan	Chicken	All Natural	38
	Chicken	Organic	94

What are the selling points of your marketing effort?

- Healthier meat- animals raised on grass have less total fat, higher level of beneficial fats (omega 3) and vitamins.
- Special feeds to affect flavor and healthful aspect of meat.
- Raised in a way that is better for the environment.
- Better for the animals?
- Product needs to be labeled accurately.
- Natural, organic? Antibiotic Free?

Successful Marketers:

- Have passion and a mission.
- Identify with the consumer, and earn their trust, loyalty, and respect.
- Know what the product costs are and charge accordingly.
- If you sell to everyone who passes by, your prices are too low!

If you decide to sell at the St Paul Farmers Market (or possibly at other markets), here are some of the rules:

- No harm to other vendors.
- No harm to customers.
- Must be produced on farm.
- Truck size limited.
- Violators will lose access to St Paul Farmers Market.
- Pay fee to be a vendor.
- Market Board of Directors manages market operations.

Also Needed:

- Product liability insurance.
- General farm liability insurance.
- Truck liability.
- County Zoning.

Registrations:

- USDA inspected.
- Organic certification.
- City license and inspection.
- Interstate Transportation (Permit?).
- State license and inspection.
- Safe food handling training.

- Food Handlers License.
- Food Distributors License
- State Kitchen permit.

SOURCES:

Poultry Your Way: A Guide to Management Alternatives for the Upper Midwest.

Mike & Linda Noble, Presentation at the MN Organic & Grazing Conference, 2006.