Improved Local Meats Marketing
A Guide to Marketing Channel Selection

Matt LeRoux, Marketing Specialist
Matt LeRoux

- Marketing Specialist with CCE, Tompkins County.
- Recent Master’s in Ag/Food Marketing from Cornell.
- Worked for 5 years for the New England Livestock Alliance & Heritage Breeds Conservancy.
- Started 2 brands of Natural & Grass-fed beef.
Wholesale
Selling to a buyer who is not the end user.
- Restaurant
- Grocery/Retail
- Distributor
- Auction/Commodity
- Institution/Food Service

Direct
Selling directly to the end user.
- Farmers’ Market
- CSA/Buying Club
- Freezer Trade
- Farm Stand
- Web
Things to consider when choosing marketing channels:

Do you sell meat or animals?

What is your production like?

Location & Local Population

What do your customers want?
Do you sell meat or animals?
What is your production like?

In Scale & Diversity

Most accessible marketing channels, based on scale of production.

- Wholesale Channels
- Direct Channels

Volume Produced vs.

Diversity of products
What is your production like?

In Specialization

The more specialized your product, the larger a market area you may need.

- How far are they willing to go to get it?
- How far are you willing to go to sell it?
Location & Local Population

What kind of customers are around you?
• How many of them are there?
• What is your visibility?
Joe, if you bring your beef to the farmers' market the prices are so high you can sell $500 worth per hour! That's great. I am going to sell there.

But, it costs $300 per day to sell there.

...and it's only 1 hour per week...

...and it takes 12 hours to prepare...

...and if it rains no customers come.
How do you evaluate a market opportunity?

Six interacting factors impact the “performance” of a marketing channel including:

- **Lifestyle Preferences**
- **Price & Profit**
  - You can sell $500 worth per hour!
  - It costs $300/day to sell there.
  - …and it only 1 hour per week...
  - …and it takes 12 hours to prepare...
  - …and if it rains no customers come.
- **Associated Costs**
  - It costs $300/day to sell there.
- **Sales Volume**
- **Labor Requirements**
- **Risk**
What are the important factors meat & livestock marketing?

- Price
- Labor Required (include inventory mgmt.)
- Risk (includes inventory mgmt.)
- Sales Volume (in a given period).
- Sells whole carcass? % sold?
- Associated costs.
Simple Comparison of Labor & Sales

CSA: 18% of weekly labor, 45% of weekly gross sales.
Watkins Glen FM: 13% of weekly labor, 5% of weekly gross sales.
The Moving Target

• Which channel is best?

• One channel does well in one way, poorly in another so how do you know?
Risks & Preferences:

- Labor requirements
- Price risk
- Customer turn-out
- Competition
- Buyer back-out
- Processor is booked
- Dark Cutter
- Other discounts
- Ability to sell the whole carcass

- Customer interaction
- Time on the farm
- Setting up displays
Managing the Carcass

• Selling by the cut is tricky, even the “experts” struggle with it.
• Balance the cut list to sell the whole carcass.
• Price the cuts in proportion to yields.
• Sell “bundles” of high and low value cuts.
• Make them take it all!
### Rank & Compare Opportunities for Performance Factors

<table>
<thead>
<tr>
<th></th>
<th>Sales Volume Rank</th>
<th>Labor Hours Rank</th>
<th>Profit Margin Rank</th>
<th>Financial Risk Rank</th>
<th>Lifestyle Rank</th>
<th>Final Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IFM Tuesday</strong></td>
<td>4.9</td>
<td>5.4</td>
<td>3.9</td>
<td>2.0</td>
<td>1.0</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>IFM Saturday</strong></td>
<td>5.4</td>
<td>4.0</td>
<td>4.1</td>
<td>2.0</td>
<td>1.0</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Corning FM</strong></td>
<td>4.3</td>
<td>6.0</td>
<td>3.4</td>
<td>2.0</td>
<td>1.0</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Watkins FM</strong></td>
<td>6.0</td>
<td>3.1</td>
<td>6.0</td>
<td>2.0</td>
<td>1.0</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>CSA</strong></td>
<td>1.0</td>
<td>4.2</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Restaurant</strong></td>
<td>6.0</td>
<td>1.0</td>
<td>2.4</td>
<td>2.0</td>
<td>1.0</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Based on 5 factors and farmer chosen weights.
Practical Application: Marketing Decisions

• Considering a marketing change, what should it be?
• Reduce participation in weakest performing channel.
• Increase participation in best performing channel.
• Strategic channel combination to maximize sales and reduce risks.
Marketing Channel Assessment

- Identify your goals and lifestyle preferences.
- Keep marketing cost & returns records, if only for “snapshot” periods.
- Value your own time to present an accurate picture of marketing costs.
- Rank & compare opportunities to maximize profits.
- Combine channels to max sales & reduce risks.
Publications

  http://marketingpwt.dyson.cornell.edu/publications.html#smart

• Guide to Marketing Channels
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Narrowing the Focus

Our farm raises *claims/product(s)* for *target customers* who *activity/demographic/behavior*.

Impacts production and marketing decisions.
Targeted Marketing Impacts:

- Pricing
- Packaging
- Marketing Channel selection
- Cut selection
- Products (bundles, cuts, etc..)
- Claims used
- Value-added product selection
- Processors used
- Advertising & Promotion- format & location
<table>
<thead>
<tr>
<th><strong>The Perfect Porcine</strong></th>
<th><strong>Country Joe’s Natural Pork</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>“Our farm raises heritage breed, pastured pork for wine connoisseurs who host gourmet dinner parties.”</td>
<td>“Our farm raises pork without antibiotics for mothers with young children who want to save money and eat well.”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>PRICE</strong></th>
<th>Fresh, in a display case</th>
<th>$11/lb. bacon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frozen in butcher paper</td>
<td>$3.50/lb. bacon</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>FORMAT &amp; PACKAGING</strong></th>
<th>Spclty. Stores &amp; frm mkts.</th>
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</thead>
<tbody>
<tr>
<td>MARKET CHANNEL</td>
<td>By the cut, by the lb.</td>
</tr>
<tr>
<td>PRODUCTS &amp; CUT SELECTION</td>
<td>Frozen in butcher paper</td>
</tr>
<tr>
<td>½’s, family packs &amp; by the lb.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>VALUE-ADDED</strong></th>
<th>Pâté, confit, &amp; other charcuterie</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Sausage, smoked products</td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th><strong>PROCESSING CHOICE</strong></th>
<th>USDA-inspected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custom or USDA</td>
<td></td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th><strong>PROMOTION</strong></th>
<th>Tasting events at wine shops</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flyers at family events</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>COMMUNICATION</strong></th>
<th>Website, social media, full color brochures</th>
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<td>Price sheet, sign by the road</td>
<td></td>
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