

PORK: MARKETING ALTERNATIVES

MARKETING AND BUSINESS GUIDE

Abstract: This publication suggests that sustainable hog producers consider alternative marketing approaches for their pork. Sustainable hog producers are creating products that many consumers can't find in their grocery stores, but want to buy. Consumers perceive sustainably raised pork to be healthier to eat. They are willing to pay hog producers more for raising pigs in a manner that is humane, helps sustain family farms, and is more environmentally friendly than conventional production methods. Direct marketing and niche markets are among the alternative marketing strategies discussed. Legal considerations, labels, trademarks, processing regulations, and obstacles are addressed. Sources of additional information are also provided.

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Related ATTRA publications

- [Considerations in Organic Hog Production](#)
- [Sustainable Hog Production Overview](#)
- Profitable Pork: Strategies for Pork Producers (SAN publication)
- [Alternative Meat Marketing](#)
- [Direct Marketing](#)
- [Farmers' Markets](#)

Introduction

Successful marketing is a necessary part of any profitable enterprise, and alternative marketing is often necessary for sustainable hog producers to survive. Unfortunately, farmers who practice sustainable and humane hog production often neglect marketing. Sustainable hog producers need to realize that successful marketing efforts will likely be as management-intensive as their production systems and that those efforts will be directed toward specialty and niche markets, not the conventional commodity market and distribution network. There is an opportunity for producers of value-added and premium pork products to realize sustainable profits, but only if they are willing to develop the necessary marketing skills.

Kelly Klover, author of *Storey's Guide to Raising Pigs* and himself a farmer and value-added marketer, believes that farmers in the future should not expect to support a farming operation with a 100 to 200 sow herd. Klover says, "A lot of folks are seeing a time and means to fit a few hogs into their farming mix. Hogs will be taken up by producers wanting to work with modest numbers and also wanting to market them all across the swine production spectrum.... To succeed on the small farm, a sow herd will have to be quite small, fewer than 25—and perhaps as few as 3-5. Even from small numbers, however, you will have to pursue as many marketing opportunities as possible." (Klover, 2000)

In an article in the *Milwaukee Journal Sentinel*, Mike Marr—who raises and markets beef near Mineral Point, Wisconsin—comments, "Historically, we take what someone is willing to give us. Business sense tells you that they're not going to give you any more than they have to." (Daykin, 2001)

Commodity vs. Niche Marketing

Before sustainable hog producers decide to pursue alternative marketing, they need to understand the differences between commodity and niche marketing. Commodity marketing is marketing hogs that are undifferentiated from other hogs in the mass market. Niche marketing is differentiating your pork product to a market that wants a unique or superior product.

Allan Nation, editor of *Stockman Grass Farmer*, has stated, "A commodity orientation means that as long as you meet the specs and can stand the price you pretty much tell everyone else to go fly a kite. Such a selfish attitude absolutely will not work in direct marketing." Nation further explains that direct niche marketing is more about providing services to others by helping them get what they want. He says:

In the U.S., consumers expect an attitude of deference and responsiveness to their wants and needs. If you are unable or unwilling to develop—or convincingly fake—such an attitude, stay in commodity-priced agriculture. However, if you see service to others as a noble calling, don't let the lack of specific marketing or production skills deter you. Aptitudes are rather easily learned. It is our attitudes that are difficult to change and that most often determine our fate (Nation, 1999).

What Is Direct Marketing?

Direct marketing involves selling products directly to consumers, thus allowing the producer the chance to receive a better price. This involves making a direct connection with consumers, determining their wants or needs, and producing the products that meet these needs.

Joel Salatin, a Virginia pastured-beef and -poultry producer, who has written several books on this subject, suggests some factors to help determine your sustainable pork pricing.

First, don't underprice your product. Sustainably produced pork products are superior because they are more environmentally friendly, are humanely produced, and are produced on family farms. Patronizing local farmers ensures that the local economy is stimulated. Salatin suggests that producers set a rewarding and satisfying gross margin and then stick to it. This will allow the producer to build a customer base with clients who appreciate the product for what it is, not for what it costs. (Salatin, 1994)

Second, don't try to satisfy all customers' needs. Take into account your time and the extra effort that is needed to accommodate their requests. Salatin says, "We must appreciate that we cannot compete with the big operators at every level, and learn to stop our production or processing at the point where our quality/price enhancement can't compete with the conventional alternatives." (Salatin, 1994)

Finally, keep accounts receivable low. Operate on a cash and carry basis as much as possible. Salatin concludes, "There you have it. Set your prices so that no matter what your volume, your return is both emotionally and financially re-

warding; steer clear of the temptation to do everything the customer wants; and let cash be your business byword. By following these rules, your direct marketing endeavor can be satisfying." (Salatin, 1994)

"You may as well do nothing for nothing as something for nothing."

—Joel Salatin

Direct marketing has unique characteristics that depend on building relationships with the customers. In fact, the term "relationship marketing" has been used to describe the best methods of direct marketing for family farmers. In an article in *The Stockman Grass Farmer*, Salatin describes the five advantages of relationship marketing.

- **Consumer Education** Producers have to tell the consumers why their sustainable pork products are different from the pork that can be bought in the grocery stores. This will involve explaining that the pork comes from hogs raised more humanely on a sustainable family farm, not by giant corporations, and that the pork is raised in a more environmentally friendly manner. This is not only good for business, it is also a small step toward the development of consumers' awareness about farm, social, and health issues that affect their lives.
- **Product Quality** When the producer maintains control of the hogs and raises them in a sustainable fashion, it is easier to avoid compromising the quality of the pork.
- **Customer Loyalty** When the consumer knows the producer personally, the relationships built between them—personal and commercial—are not easily broken. Good sellers know and use their customers' names. Loyalty helps bring in repeat customers. The greater the loyalty and satisfaction, the higher the likelihood of repeat business, even though a similar product may be available at the grocery store at a cheaper price.
- **Lifestyle** As Salatin explains, "I think one of the biggest differences between

the pressures I encounter as a small potato and the pressures encountered by the big potatoes is the amount of control we have over the situations that cause pressure. No one can escape from the pressures of life, whether they are financial, emotional, physical, or spiritual. But the chances of our affecting those pressures, of dealing with them, of solving those problems, make the difference between an enjoyable lifestyle and a terrible lifestyle."

- **Balance** This helps to equalize the relationship between producer and consumer. The producer has to remember that the first rule of business is that the consumer is always right, but in some cases a sale might actually cause a negative gross margin. If the consumer is not a good patron, the producer does not need to continue marketing to him or her. Salatin says about taking someone off of his customer list, "This helps to balance the producer-consumer relationship, so that we concentrate on profitable sales, appreciative customers, people who 'get with the program.'" (Salatin, 1992)

Where Are the Niche Markets?

An important part of direct marketing is identifying and targeting a market niche. A marketing niche occurs when the producer finds customers who have needs or wants that the producer can satisfy better than anyone else. A niche may sometimes be found by following a simple and effective method of market research: asking questions and being observant. Look for special or unique needs of the consumers. Identify the special needs that you can meet, and decide whether the volume is large enough to be profitable. The niche market you identify must have clientele who are reachable through clearly identified information and distribution channels. But remember, the very nature of a niche market means that it tends to disappear after a while.

“Almost any niche market in North America, with its 300 million consumers, can support you handsomely. One third of one percent of that market is still a million people. If you get 10 percent to buy something worth ten dollars from you a year, you have a million dollars.”

—Dr. Marti Skye

Niche Marketing Opportunities

Niche market opportunities exist because many consumers are looking for safe, healthy food products raised in systems characterized as humane, organic, earth-friendly, free-range, antibiotic-free, etc. Niche marketing can either be done by working through others—a cooperative, say, or a private label brand—or directly to individuals. It can involve freezer meat sales, home delivery, farm meat stores, farmers’ markets, Internet sales, sales to restaurants, groceries and/or specialty food stores, even by catering events and preparing hog roasts.

These approaches have been verified by several studies during the past few years. A 1999 research project funded by the Leopold Center in Ames, Iowa, suggests that producers can add value to pork production by marketing meat produced in ways that benefit the environment. Iowa State University economics professor James Kliebenstein and graduate student Sean Hurley say that “consumers may be willing to pay nearly \$1 more for a package of pork chops produced under a system that improves air, groundwater and surface water quality.” (Larson, 1999)

In 2002, six Midwestern focus groups were held to develop key marketing messages for producers of pasture-raised products. The result was the report *FoodRoutes/Midwest Collaborators Pasture Raised Products Message and Strategy Consumer Focus Group Study*. The groups revealed a range of consumer attitudes about meat purchases, and found that, in general, “pasture raised” is the term the groups favored. Some of the other key findings were:

- Consumers shop for food in a variety of places, but convenience is key to regular visits.
- Coupons and other incentives lead consumers to try new products.
- Consumers buy meat and poultry according to how it looks.
- Healthy is important, but not at the expense of taste.

The complete on-line report is available at <http://www.leopold.iastate.edu/research/grants/files/2002-MSP1_pasture.pdf>.

In 2003, the Iowa Pork Industry Center compared five niche pork markets available in Iowa and summarized the findings in a chart, *Comparing Swine Niche Market Opportunities*. The five markets surveyed were Niman Ranch Pork Company, Organic Valley Pork Pool, Truline Premium Pork, 100% Pure Berkshire Pork, and Five Star Premium Pork Company. The on-line chart is available at <<http://www.extension.iastate.edu/ipic/information/IowaPorkNiche.pdf>>.

In 2001, Paula Schafer completed her thesis, “A Key to Successful Marketing: Understanding What a Consumer Wants When Purchasing Animal Food Products Directly from the Farm.” She surveyed consumers and tried to identify what attracted them to buy directly from the farms in rural upstate New York. Her thesis discusses the findings of the survey and provides 11 action steps that producers need to consider when developing a successful direct marketing program. (Schafer, 2001)

- Use a variety of outlets, such as farm direct, farmers’ market, and restaurants.
- Publicize the farm and animal food products through word of mouth, newsletters, state agriculture and marketing promotions, on the Internet, and at a farm open house.
- Be knowledgeable and able to communicate to the consumer.
- Target the products to appeal to the female consumer.
- Offer times convenient to the consumer, with set days and hours.
- Know the consumer’s household size.

- Offer a variety of products, which may encourage larger purchases more frequently.
- Produce animal food products that are as healthy and natural as possible.
- Always sell fresh products that look, smell, feel, and taste fresh.
- Never undersell the animal food product; prices should equal or be higher than those in grocery stores.
- Ask consumers questions and listen to their recommendations on how to improve products.

Information about Schafer's thesis is available on-line at
<<http://www.cce.cornell.edu/washington/AEDP/Articles/marklivestock.html>>.

ORGANIC LABELING

One of the largest and most widely recognized niche markets is for organically grown products. Despite the fact that "organic" is a process claim, not a product or health claim, the growing demand for organic foods is driven primarily by consumers' belief in the higher quality and safety of these foods, and their awareness of the positive environmental, animal welfare, and social impacts of organic agriculture practices. This growth in demand is expected to continue in the foreseeable future. (Anon., 2000)

Organic pork, like all other organic products, has to perform commercially alongside conventional products. Organic pork should not be considered a threat to conventional production, but as a complementary alternative for those who demand choice. Organic pork can be dif-

ferentiated without damaging conventional pork's credibility. (Aitchison, 1999)

A study from the University of Minnesota Swine Center found that modest producer premiums are likely to continue over the long run for organic and natural pork production. The reason according to economist W. Parker Wheatley: "Increases in supplies [of organic pork] are unlikely to keep pace with expected increases in demand that cause higher prices." He says that "the demand is driven by the perceived safety of organic and natural products." Demand is also driven by the perception that organic products improve environmental quality. "Consumers view the premiums paid to organic producers as implicit rewards for reducing the pollution associated with production. An additional source of increased demand is the consumer perception that natural and organic production provides for improved animal welfare." (Anon., 2001)

While the study did not look into actual premiums received by producers, Wheatley says that "in the fall of 2000, one processor/marketing firm paid \$6 per hundred over the mean market price for Iowa/Southern Minnesota with a minimum price of \$40 per hundred. The same firm will pay \$65 per hundred live weight for organic pork. Another national cooperative was paying an average of about \$50 per hundred live weight for organic pork." He also states, "These premiums don't seem substantial – given that market prices per hundred pounds live weight ranged between \$40 and \$50 in 2000. However, the premiums existed even when prices were lower in 1998 and 1999, and provided some stability to these producers' income." The publication is available at <<http://www.misa.umn.edu/programs/altswine/litreview.html>> or by requesting a copy from:

Wayne Martin, Coordinator
Alternative Swine Production Systems
Program
385 Animal Science Building
1988 Fitch Avenue
St. Paul, MN 55108
612-625-6224
612-625-1210 FAX
marti067@tc.umn.edu



USDA Organic Seal

ETHNIC MARKETING

Ethnic markets are a growing and often under-exploited niche market. Many ethnic groups form close-knit communities and can offer concentrated and potentially lucrative markets for farmers. But bridging the cultural gaps between the ethnic consumers and the producer can present a challenging opportunity.

The Hispanic market consumes a lot of pork, and sees pork as its meat of choice. This ethnic group is the one of the fastest growing groups in the United States, but that growth varies among different states. A project report from the Agricultural Utilization Research Institute (AURI) in Minnesota evaluated the Hispanic market for chorizo, a traditional type of sausage.

Any marketing directed at the Hispanic population must be conducted with the understanding that Hispanics differ from non-Hispanics; these differences include lifestyle choices, eating habits and shopping patterns. Various subgroups within the Hispanic population also exhibit specific characteristics.

Hispanics generally shop more often than non-Hispanics; the places they patronize also differ. The population as a whole spends more on food, and will buy different types of food than the general population. Fresh foods and meals made from scratch are extremely important to this population. The tendency to buy packaged or convenience foods increases as an individual or family becomes acculturated to the "American" society.

Meat purchasing habits differ from the average consumer. Hispanics purchase more meat and poultry on average and prefer fresh products, which they can see prepared in front of them (Dahlhoff, 2002).

The Agricultural Utilization Research Institute report is available at <<http://www.auri.org/research/meatexport/pdfs/meatexport.pdf>> or by contacting:

Dennis Timmerman
Project Development Director for Value-added Animal Products
Agricultural Utilization Research Institute

1501 State Street
Marshall, MN 56258
507-537-7440

The National Pork Board has produced three publications specifically dealing with ethnic marketing of pork.

- 82-page *Front End Guidance for Value-Added Networks – Marketing Pork to the Mexican Consumer in the United States* (1997) at <<http://www.mnpork.com/producer/research/guide.pdf>>
- 56-page *Guide to Latino Pork Cuts* (1998) at <<http://www.mnpork.com/producer/research/latino%20meat%20guide.pdf>>
- 4-page *Ethnic Marketing of Pork* (2000) at <<http://www.meatscience.org/Pubs/factsheets/q-ethnicmktng.pdf>>

The *Front End Guidance for Value-Added Networks* (#04322) and the *Guide to Latino Pork Cuts* (#04409), as well as the video *Latino Meat Cutting Video* (#08072), are available for \$10.00 each for producers or \$15.00 each for non-producers from:

National Pork Board
Attn: Order Department
P.O. Box 9114
Des Moines, IA 50306
515-223-2600, ext. 621
515-223-2646 FAX
<http://www.porkboard.org/Home/default.asp>

Niche Marketing With Others

Niche marketing with others in an established market can take several forms. Producers can become members of an established marketing cooperative, or they may form a new cooperative to develop a processing facility and/or a distribution system with other producers who raise pork in a similar, consistent manner. Producers can also market to a company that already has a private label brand and an established customer base for fresh pork produced in a particular manner.

Cooperatives

The cooperative marketing concept has long proven useful. Hog farmers with a specialty product have organized together, identified markets, put together business plans, and built solid cooperatives. However, some cooperatives have also failed—because they lacked good marketing or business plans, or because they needed good management and clearly defined missions.

For hog producers wanting to form a marketing cooperative, the best source of information is the USDA Rural Business and Cooperative Development Service (RBCDS). The RBCDS helps farmers and rural residents form cooperative businesses and improve the operations of existing cooperatives. It provides technical assistance, conducts cooperative-related research, and provides informational products to promote public understanding of cooperatives. For additional information contact:

USDA/RBCDS Cooperative Services
AG Box 3255
Washington, DC 20250-3255
202-720-7558
coopinfo@rurdev.usda.gov
<http://www.rurdev.usda.gov/rbs/coops/csdir.htm>

USDA/RBS Publications Available from ATTRA (Call 1-800-346-9140 for a free copy)

- Cooperative Services: What We Do, How We Work
- How to Start a Cooperative
- Small Fresh Fruit & Vegetable Cooperative Operations
- Understanding Cooperatives: Ag Marketing Cooperatives
- Cooperative Feasibility Study Guide
- Cooperative Farm Bargaining & Price Negotiations
- Cooperative Marketing Agencies-in-Common

Founded in 1985, Cooperative Development Services (CDS), a nonprofit organization, provides a range of innovative, results-oriented, and cost-effective services to cooperatives and related organizations. CDS has participated in the development, restructuring, and expansion of more than 500 cooperative organizations of all kinds. CDS provides consulting on a fee-for-service basis and is often successful in helping clients secure grant funding. For additional information contact:

Cooperative Development Services
30 West Mifflin Street, Suite 401
Madison, WI 53703
608-258-4396
608-258-4394 FAX
CDS@co-opdevelopmentservices.com
<http://www.cdsus.coop/>

Organic Valley Family of Farms is an organic marketing cooperative in Wisconsin. Starting in the spring of 1999, they began marketing certified organic pork to various retail outlets for about 12 organic hog producers. Their pork production standards are available at <http://www.organicvalley.com/member/requirements_pork.html>. For information on organic hog production and marketing with Organic Valley contact:

Organic Valley Family of Farms
CROPP Cooperative
507 West Main Street
La Farge, WI 54639
608-625-2602
<http://www.organicvalley.com>

Patchwork Family Farms, composed of 15 independent Missouri family hog farmers, is organized as a marketing cooperative supported by the Missouri Rural Crisis Center. They market pork raised using sustainable and humane growing practices that prohibit growth hormones or synthetic growth promoters and provide sources of water and feed that are antibiotic-free. They also stress that animals must receive adequate amounts of sunshine, fresh air, and quality feed to maintain good health. For additional information contact:

Patchwork Family Farms
1108 Rangeline Street
Columbia, MO 65201
573-449-1336
573-442-5716 FAX

Rhonda@morural.org or bryce@morural.org
<http://www.patchworkfamilyfarms.org>

Another example of cooperative marketing is the Ozark Mountain Pork Cooperative, organized by the Missouri Farmers Union. The Ozark Mountain Pork Cooperative is comprised of 34 farm families that market their own fresh and smoked cuts, sausages, brats, and pulled pork under the label Heritage Acres. The hogs are processed in their small, locally operated plant. For additional information contact:

Ozark Mountain Pork Cooperative
Russ Kremer
P.O. Box 190
Mountain View, MO 65548
417-934-5753
417-934-5784 FAX
<http://www.missourifarmersunion.org/coop/ffcenter/pork.htm>

Private Label Brands

An example of a private label product is Niman Ranch Pork Company formed in January 1999, as a partnership between Niman Ranch in California, Paul Willis, and some other Midwestern hog producers. Operating a pasture-farrowing operation near Thornton, Iowa, Paul Willis has marketed hogs for several years through Niman Ranch—a 20-year-old company, founded by Bill Niman, that sells natural meat products on the East and West Coast. Niman Ranch Pork Company slaughters hogs every week. Paul Willis explained that Niman Ranch Pork Company is looking for pork producers willing to raise hogs following the criteria set by Niman Ranch and the Animal Welfare Institute (AWI). If you would like more information about the Niman Ranch Pork Company, contact:

Niman Ranch Pork Company
2551 Eagle Avenue
Thornton, IA 50479
641-998-2683
641-998-2774 FAX

pwillis@frontiernet.net
<http://www.nimanranch.com>

Some highlights of the AWI Pig Husbandry Standards followed by Niman producers are:

- Not using any growth promotants or subtherapeutic antibiotics
- Not using any meat or bone meal products
- Not using farrowing crates, but allowing sows to build nests and pigs to root, explore, and play
- Weaning pigs at a minimum of four weeks of age
- Using low-stress environments, such as those on pasture or in deep-bedded systems with suitable bedding materials
- Being family farms, with at least one member actively caring for the animals and managing the farm

For additional information on the AWI standards, contact:

Animal Welfare Institute
P.O. Box 3650
Washington, DC 20027
703-836-4300
703-836-0400 FAX
awi@awionline.org
<http://www.awionline.org/farm/standards/pigs.htm>

Another private label brand that markets natural and organic pork in the United States is du Breton Farms out of Quebec, Canada. Du Breton Farms works with more than 45 small family farms in Quebec and the Maritimes to produce pork under the new *Certified Humane Raised & Handled* certification program administered by Humane Farm Animal Care (HFAC). For additional information on du Breton Farms, contact:

Du Breton Farms
150 Chemin des Raymond
Riviere-du-Loup, Quebec G5R 5X8
418-863-6711
418-863-6767 FAX
mmailet@dubreton.com
<http://www.dubreton.com>

Humane Farm Animal Care is a nonprofit organization that offers a certification and labeling program for meat, dairy, eggs, and poultry raised under the HFAC animal care standards, which are also verified by the USDA Agricultural Marketing Services. For additional information on HFAC certification, contact:

Humane Farm Animal Care
P.O. Box 727
Herndon, VA 20172
703-591-0350
info@certifiedhumane.com
<http://www.certifiedhumane.com/>

Individual Direct Marketing Opportunities

Mirabel Fernandez, Wright County Educator for the University of Minnesota Extension Service, says that producers looking into direct marketing need to do careful analysis and planning before they start. This includes assessing your skills, time, money resources, personality, and determination. Fernandez suggests that the producer write out the goal for direct marketing of the planned product. Then the producer should write down all possible steps between the raw product on the farm and the final product on the consumer's table—including transportation, processing, labeling, storing, advertising, selling, and customer services. As Fernandez says:

Direct marketing involves a promise to deliver something of value to the customer without excuses. Direct marketing customers expect extra value not only in what they buy, but also in how and when. As a direct marketer you are promising your customers satisfaction in all areas. Blaming other people whom you contracted with for part of the processing is not an acceptable excuse for problems. You have to be on top of the whole process to make sure each step is done according to your quality standards (Anon., 2001).

Kelly Klover, author, farmer and value-added marketer, makes the following suggestions for anyone interested in direct marketing of value-added pork. He notes that producers usually start marketing to people they know: "Your mechanic, your barber, your insurance agent,

the guy that runs the coffee shop and even the manager of your local supermarket are fair game in your pursuit of sales." He also recommends that direct marketers begin with simple, inexpensive advertising, using postcards, flyers, or simple mailings containing words such as "fresh," "locally grown," or "homegrown," and emphasizing the control this gives the buyer over everything from the animal's diet to the thickness of the pork chops.

Kelly Klover explains that word-of-mouth is one of the best methods of advertising and is a result of consistently good products.

Word-of-mouth can reach a very long way with today's phone service and e-mail, but you must be prepared to move on the inquiries it brings, perhaps with another simple flyer or brochure. A catchy name, a few lines describing how the pork will be produced, a brief outline of processing options, and most of the customer's potential questions are answered.

Today's computer and printer pairings make a newsletter a feasible option, as well. A small publication such as this can be sent to new contacts and keeps past buyers aware that you're still there and producing.

It also gives satisfied customers something to share with others in their circle, thus widening your circle of contacts.

A short ad under the "Good Things to Eat" column in the Sunday classified of your nearest major newspaper will also put your message before a great many readers for a few pennies each, and a simple press release announcing your new business should get some free play on the local paper.

Business cards can often be had for under \$20 a thousand, and they will give your farm venture a professional look. They can also be pinned on every likely-looking bulletin board that crosses your path.

Free or low-cost promotion is where you find it; here are a few other possibilities:

- Most big cities have health and/or environmentally oriented publications where ads for "humanely reared," "additive-free," or "free-range" meat are sure to draw a response.

- Help to get you on the Internet is now available at local Extension offices in many areas.
- Paint an attractive sign and put it by the road.
- Give a few free samples. In our culture a free sample almost demands at least a token purchase.
- Donate some pork to good causes.
- Take your pork to every potluck, church supper and family reunion to which you are invited.

Most farmers don't think of themselves as salespeople. But sales and promotion are only going to grow in importance for all family farmers. Try out the above tips, and you may find that successful promotion of your value-added meat is easier than you think (Klober, 2001).

Develop a Business Plan

Producers should develop a detailed business plan. A business plan is usually required when applying for loans or grants. A business plan should be a working document that is reviewed and updated at least a couple of times a year.

The Minnesota Institute for Sustainable Agriculture publishes the 280-page *Building a Sustainable Business – A Guide to Developing a Business Plan for Farms and Rural Businesses*. This guide will help develop a detailed business plan and looks at ways to take advantage of new marketing opportunities. It is available on-line at <<http://www.misa.umn.edu/publications/bizplan.html>> or can be purchased from:

Minnesota Institute for Sustainable Agriculture
411 Borlaug Hall, 1991 Upper Buford Circle
St. Paul, MN 55108
800-909-MISA (6472)
misamail@umn.edu
\$14.00 + \$3.95 shipping and handling

Iowa State University's Center for Industrial Research and Service has developed the on-line, publication *Adding Value to Pork Production: A Business Start-up Manual to Move You Up the Chain*. It is available at <<http://www.ciras.iastate.edu/porkmanual>>.

Legal Considerations

All meat products offered for sale to the general public must be processed in a USDA or approved state-licensed equivalent facility. If the meat is going to be marketed across state lines, including by Internet marketing, the processing has to be done in a USDA-licensed processing facility. Marketing activities for meat products are governed by a wide variety of laws and regulations at federal, state, county, and city levels. While marketing regulations vary by type of enterprise and location, there are some general rules that apply to all areas of direct marketing. Some of these legal considerations include the type of business organization (sole proprietorship, partnership, etc.), zoning ordinances, small business licenses, building codes and permits, weights and measures, federal and state business tax issues, sanitation permits and inspections, food processors' permits, and many more. If you plan to employ workers, there will be more requirements to meet, such as getting an employer tax identification from the IRS and getting state worker's compensation insurance. Environmental laws are also becoming increasingly important to farmers.

Farmers' Legal Action Group, Inc., a nonprofit law center, provides legal services to family farmers and their rural communities, in order to help keep family farmers on the land. FLAG provides an extensive array of legal services nationwide. In 2001, FLAG published a series of booklets entitled *Farm to Market: Legal Issues for Minnesota Farmers Starting a Processing or Marketing Business*. The booklets include:

- 1) Introductory Issues
- 2) Choice of Business Entity
- 3) Cooperatives
- 4) Corporations
- 5) Partnerships
- 6) Limited Liability Companies
- 7) Owner Agreements
- 8) Employment
- 9) Minnesota Financial and Technical Resources

While these booklets are specific to Minnesota, they offer useful information to any new entrepreneur. Call for prices or visit their Web site.

Farmers' Legal Action Group, Inc.
46 East 4th Street, Suite 1301
St. Paul, MN 55101
651-223-5400
651-223-5335
<http://www.flaginc.org>

Always check with local, state, and federal authorities before trying to market any food product. A retail food establishment license may be needed in your state. In most cases, the state Department of Agriculture is a good starting point to learn about regulations. Certified scales are probably required for weighing your products, and a freezer may be required for storing your products separately from your personal meats. Processed meat products are heavily regulated to protect public health. Stay informed, since rules and regulations change often, and keep good records to prove that you're in compliance. (See **Further Resources** for several books on rules and regulations, such as *The Legal Guide for Direct Farm Marketing* and *In the Eyes of the Law*.)

Adequate insurance coverage is essential. Every operator should have liability insurance for the product and the premises—for breach of implied warranty, negligence, violation of federal, state, or local statutes, and for foreign substances in product. Other types of insurance needed are employer's liability insurance to protect you if employees are injured, and damage insurance to protect against loss of buildings, merchandise, and other property. General comprehensive farm liability insurance often does not cover on-farm marketing or direct marketing operations. Many farm liability policies exclude business activities that are not a natural part of the farm. It is best to contact your insurance agent and explain your marketing plans in detail. Product liability insurance may be the most difficult to purchase. Many retailers want up to a million dollar liability insurance for the products that they market.

Starting a Business

Starting a new marketing business can be rewarding, but it may also be frustrating and confusing. Start-up help can sometimes be found by contacting your local Chamber of Commerce,

doing a search on the Internet, or by contacting either state or federal agencies. The Small Business Administration (SBA) is a good federal agency to contact. SBA's Web site is <<http://www.sba.gov>>, and the SBA Answer Desk phone number is 800-U-ASK-SBA or 800-827-5722. The SBA has offices in all states, and these offices can be contacted for information on free or low-cost training available in your state. The SBA also offers on-line training at their Small Business Training Network, a virtual campus offering free training courses, workshops, and knowledge resources designed to assist entrepreneurs. It is at <<http://www.sba.gov/training>>.

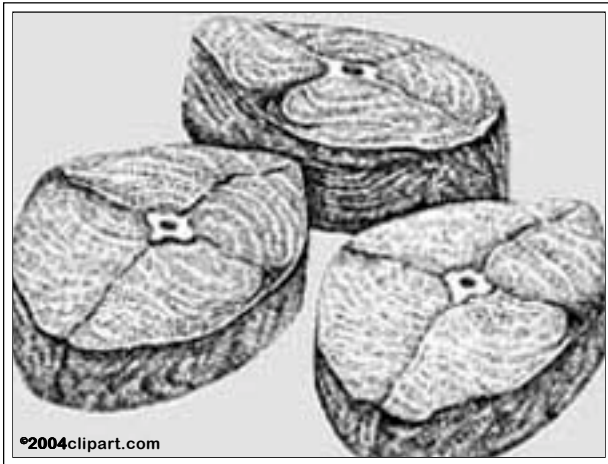
Processing Regulations

Producers considering construction of their own slaughtering and/or processing facility should remember that it is very important to comply with federal, state, and local regulations for processing—the axiom “ignorance is not an excuse” applies here.

Producers need to understand that meat processing is a very tough business with very small margins involved. It is critical that differentiated, value-added products be added to the processing mix, because there is usually not enough profit margin in unprocessed meat alone. The producer will also have to figure out some way of making money from the hides, offal, and other waste products of the processed hogs.

Farmers who intend to process on-farm should be aware of all federal, state, and local regulations. It is possible that the USDA, state Department of Agriculture, and local Health Department may all have different regulations to follow. Your state Department of Agriculture will have information about regulations, as will your health department. Your county Extension office should be able to direct you to the county agencies that regulate zoning, health, waste disposal, and other local ordinances.

For federal processing regulations, the producer should contact the Food Safety and Inspection Service (FSIS). The FSIS works with small and very small processing plants to make sure they comply with the Hazard Analysis Critical Con-



trol Point System (HACCP). For more information about FSIS and HACCP, or for generic HACCP models and guides, contact their Small and Very Small Plant Outreach Web site, <<http://www.fsis.usda.gov/OA/haccp/outreachsmall.htm>>, or call the FSIS Technical Service Center at 800-233-3935, extension 2, or contact Mary Cutshall at the Small/Very Small Plant Coordination Office at FSIS, USDA, SIPO, 14th and Independence SW, Washington, DC 20250, 202-690-6520.

Producers need to be aware that the USDA now has generic processing plant models to follow, but no longer has exact specifications for plants. This gives some freedom to producers in designing their processing plants, but it may also lead to a situation where one inspector can approve the construction of a plant, while another inspector may deny approval of the same plant.

Labeling Pork Products

The USDA/Food Safety and Inspection Service (FSIS) is also responsible for ensuring that meat, poultry, and egg products are safe, wholesome, and accurately labeled. The Labeling and Consumer Protection Staff ensure that all labels are truthful and not misleading. Labeling includes all forms of product identification, claims, net weight, species identification, and nutritional information related to meat, poultry, and egg products. The FSIS Web site states:

FSIS strives to ensure that small and very small meat and poultry processors are not at a disadvantage in accessing labeling requirements and gaining label approvals. The website has all of

the information needed to help small food processors with technical and procedural labeling concerns, including the name of the Agency staff liaison charged with facilitating resolution of small business issues on a one-on-one basis.

The Web site address is <<http://www.fsis.usda.gov/OPPDE/larc>>. Additional information is also available by contacting:

U.S. Department of Agriculture
Food Safety and Inspection Service
Labeling and Consumer Protection Staff
1400 Independence Avenue
Room 602 - Annex Building
Washington, DC 20250
202-205-0279
202-205-3625 FAX
FSIS.Labeling@fsis.usda.gov

Producers will need to work with the federal- or state-inspected processing facility that processes their hogs. This is because the labeling process begins with the federal inspector and the processing facility. A generic label may be allowed for a single-ingredient product (such as pork chops or pork steak) that does not contain any special claims (quality, nutrient content, geographical origin, production system, etc.), guarantees, foreign language, or nutritional facts. The processing facility will be able to help the producer with generic labeling without further authorization from FSIS. Information on generic labeling requirements is available at <<http://www.fsis.usda.gov/OPPDE/larc/Procedures.htm>>.

The label has to at minimum include the product name, USDA inspection legend, net weight, handling statement, address (signature) line — which may require "Distributed by" or "Packed for" — ingredient statement, and safe handling instructions. If any special claims, guarantees, etc. are wanted by the producer, the processing facility has to submit a printer's proof label showing all required label fields, including any graphics, to FSIS for approval.

After approval of the label, the FSIS inspector monitors use of the label and the product formulation. The labels are kept at the processing plant where they have been approved. If you want to use another processing plant, there are

additional procedures and requirement to transfer labels from one plant to another.

Trademarks

Almost all businesses use some kind of logo or design as a means of identification on their labels; these are called trademarks or brand names. The law that protects trademarks was designed to prevent customer confusion and unfair competition by someone marketing on the reputation of another. Trademarks will help prevent others from copying the look or name of your product. There is both state and federal registration in the U.S. Each state has a system to register trademarks used within that state. The U.S. Patent and Trademark Office (PTO) administers the federal system. The symbol ® indicates a trademark has been registered with the PTO. The symbol ™ designates a trademark established through common law use but that has not been registered with the PTO. The state registration and federal registration both take time and money but are probably worth it to make sure your trademarks belong to you. Even if you decide not to register your products, using the ™ symbol will provide some common-law protection. (Evans, 1997)

Obstacles

One obstacle to direct marketing of pork is that many consumers want fresh pork rather than frozen. In a commentary in the *Land Stewardship News*, Ray Kirsch discusses the differences between the previous and current meanings of fresh meat and frozen meat.

At one time – during my parents’ lives and even during my early childhood – “fresh meat” meant “local meat.” Freshness was proof that the animals slaughtered had to have been locally raised and butchered. A frozen product would have been looked upon with suspicion, as indeed, it could have come from anywhere.

Times, however, have changed. Distances have arisen between rural and urban communities. Additionally, industrialization has moved rural communities that produce meats to selected portions of the nation. Thus we as consumers and

producers have suffered a double removal. For many shoppers, fresh meat now means animals that have been raised and processed at a great distance from their communities. These animals are not part of a local, sustainable food system. They do not contribute to the ecological well-being of local farms. They do not contribute to the economic infrastructure of local communities....

An alternative, and possible antidote, to these long-distance meat systems is frozen meat....For local farmers who raise animals, collaboratively market, and are successful at negotiating a fair price for their product, frozen meat is key to their commerce. There are several reasons why. Frozen allows them to work on a small scale, where individual farms can contribute individual animals to a cooperative marketing effort. There is less waste and spoilage. Their meats are available to several markets for a longer period of time than fresh meats. In all, it allows them to compete on favorable terms; it balances the playing field dominated by the large fresh meat companies.

And as frozen allows local farmers to flourish, it also allows local communities to flourish. It allows consumers to choose and purchase locally raised and processed meats. It makes a local economic infrastructure possible (Kirsch, 2000).

Another obstacle to direct marketing of pork is that many people want only the best cuts; marketing of the poorer cuts can be challenging. Hog producers can offer sausage – bulk, link, and/or patties – to help market the slower selling cuts. But what do producers do with the bones and organs that larger slaughtering plants market? Well, there is an option available: the controversial natural diet for dogs and cats called BARF (Bones And Raw Food) diet. Many pet owners believe their pets are healthier on a raw diet. Hog producers’ Web sites can feature items on their lists such as stock bones, ham or leg bones, neck bones, and organs for the BARF market. To learn more about BARF and for lists of pet owners in your area who feed their pets BARF, use a search engine such as Yahoo, or visit <<http://www.onelist.com>> and search for BARF, or visit <<http://www.willowglen.com/barf.htm>>. There is also a book entitled *Natural Nutrition for Dogs and Cats, The Ultimate Diet* that discusses the all natural, raw diet of meat and bones (see **Further Resources:** Books).

Developing a Clientele Base

Joel Salatin, in another article from *The Stockman Grass Farmer*, explains how he and his wife developed their customer base using a three-pronged approach. Salatin stresses that this worked for them, but that your situation may be different. He wants his approach to stimulate your creative thinking; you will have to make your own adaptation. (Salatin, 1995)

Salatin's first course was to give samples to anyone he thought might be interested. He commented, "Over the years, we've never given anything away that didn't come back fourfold."

The second approach was education. They put together a slide show and began presenting it to local organizations. These groups were glad to get a different, interesting program. The Salatins' slide show illustrated their alternative production methods for pastured beef and poultry. People are always interested in knowing about alternatives available to them. He didn't really make a sales pitch, but at the end of his presentation, he'd say, "Now if any of you would like to participate in this type of agriculture, I happen to have some order blanks with me and you are welcome to sign up."

Their third strategy was to turn their patrons into evangelists. They let their customers know that they appreciated their spreading the word about them. Whenever a new customer was added, Salatin asked where they had heard about their products. If the new customer gave a name from the established customer list, the next time that established customer picked up something, Salatin would say how much he appreciated their referral and give them a small package of beef or chicken in return. (Salatin, 1995)

Salatin concedes that this three-pronged approach was unconventional, but it was consistent with their unconventional product.

"Our experience, as well as that of others, shows that advertising an unconventional product conventionally never pays off."

—Joel Salatin

Marketing Channels

Starting small is probably the best approach for the beginning direct marketer. Producers need first to determine their target markets. These could involve selling frozen pork to friends and neighbors, to home delivery customers, farm meat stores, farmers' markets, and/or restaurants. The article "The ABCs of Marketing to Restaurants" provides some good information on what is important to restaurants and some tips on marketing to them. See the article at <<http://www.newfarm.org/features/0802/restaurant.shtml>>.

Sales to groceries and/or specialty food stores may be more difficult for beginning marketers, because the stores usually want guaranteed amounts of frozen meat and are sometimes locked into exclusive contracts with large suppliers. (Klober, 1998) Some store managers may refuse to handle and display alternative meat products because, as one explained, if his store "made a big deal out of humane meat," customers might start to wonder whether something was wrong with the regular meat. (Anon., 1993) Producers also need to consider that many grocery stores have "slotting allowances" for space in their freezers or meat coolers. This may make them too expensive for small producers who do not generate enough turnover. (Looker, 2003)

Live Freezer Meat Sales

For many producers, selling live hogs to customers for their freezers has been an easy way to get started in alternative marketing. Typically, the producer might sell the hog by live weight to a customer, then take the hog to a government-approved slaughtering and processing plant. The customer then picks up the pork from the plant and pays for the processing and packaging. But before beginning live freezer sales, the producer needs to form a good working relationship with the processing and packaging facility. An article in *Small Farm Today* suggests several points to consider.

- 1) The facility needs to be close to both your location and the market area.
- 2) It should be a clean, regularly inspected facility.
- 3) The facility operator will need to be willing to work with buyers who have little knowledge of processing, and who will probably do most of their business on a weekend. (There are people who think a hog is all chops.)
- 4) The facility needs to be willing to handle special orders.
- 5) Cut, size, selections, packaging, package weight, and other processing steps (slicing, smoking, curing, etc.) should be written down and fully understood by all parties. (Klober, 1998)

Some additional points to consider

- In pricing the hogs, be sure to include the cost of handling and delivery to the facility.
- Make sure the buyer understands that there will be loss of weight during slaughtering, processing, and curing.
- Require a deposit before taking the hog to slaughter. (Klober, 1998)

Catering Events or Hog Roasts

Kalton Bauman in east central Wisconsin has a 400-acre farm with pheasants, hogs, chickens, and cattle. Formerly a farrow-to-finish operation with 75 sows, the farm now has only 15 sows. Bauman is striving to produce only the number of hogs needed for his direct marketing. The Baumans do catering of livestock produced on the farm and direct market chicken, pork, and beef. As the article in *Acres U.S.A.* explained, "Caterers are many in today's convenience-driven society, but few can attest to being as farm-direct as the Baumans. The Baumans built, at a total cost of \$7000, four cooker-roaster trailer units, constructed out of former 275-gallon fuel containers." The Baumans cater many different events during the summer. "Pork is not the only meat offered by this catering service; they also offer homegrown chicken. The usual offering is three-quarters pork and one-quarter chicken."

Bauman notes that a considerable number of people—for dietary or religious reasons—do not eat pork, while most do eat chicken. There are licensing and insurance requirements for caterers, but Bauman hasn't had any problems following the regulations. As he explains, "Most state inspectors are good people and are only trying to do their jobs in order to protect the public." (Slattery, 1999)

Frozen Meat Marketing

Frozen pork can be marketed by several direct methods, such as delivering meat directly to consumers' doors, marketing at on-farm or in-town stores, marketing at farmers' markets, or over the Internet. As Wayne Martin, coordinator of the Alternative Swine Production Systems Program at the University of Minnesota, says:

While direct marketing can indeed offer extra profits, the real value of direct marketing to the whole farm enterprise depends largely on what other revenue streams exist, and the personal goals of producers and their families. As with any other entrepreneurial activity, marketing your production requires a great expenditure of time and energy. Producers place value on an activity depending on its economic return and how well it fits with whatever else they are doing. Due to these inherent differences, what one producer may view as time well spent may not seem so worthwhile to the next producer (Martin, 2001).

One small-scale, direct-marketing hog operation is Madewell Meats, LLC, in southwest Missouri. Steve Madewell and Sons operate a 90-acre farm where 90 to 100 sows farrow outdoors all year. About one-third of the market hogs are processed and sold directly to consumers as all-natural pork. The Madewells use a federally inspected processing plant close to their operation. The family attempts to set their prices to sell all the cuts. They feel their prices compare favorably to those in grocery stores.

The Madewells started marketing frozen pork to family, friends, and teachers. They still deliver most of the frozen products because they want to hear comments directly from the consumers, and they feel this gives them control over how their product is marketed. They opened a store in town to diversify their cus-

tomers base and allow consumers to come directly to them. They also help other farmers market their products in the store. As Michelle Callahan wrote in *American Small Farm*:

Best-selling meat products vary with the seasons. Hams are popular during the Christmas holidays, chops move quickly during the outdoor grilling season. Nitrite-free bacon sells well all year, according to Steve.

Madewell Meats does have a signature product. "Pig wings" are made from the upper shoulder by cutting away the bone and marinating the meat. Two flavors are available — hot and apple-cinnamon. "If buffaloes can have wings, why not pigs," Steve comments.

"People come back because of quality," Michael [Madewell] states. "Our customers like the way our meat tastes and are constantly telling us how different it is from what they used to buy in the store" (Callahan, 2000).

Farmers' Markets

In an article in *Growing for Market*, Aaron Silverman, a pastured-poultry and -lamb producer, discusses direct marketing of meat at farmers' markets. He says that meat marketing at farmers' markets has been slow to develop and that the burden of regulations for processing meat is part of the problem. Regulations vary by state — even between in-state localities — but most are consistent in one area: all meat sold has to be processed in a licensed facility. Silverman makes several suggestions for marketing meat in farmers' markets.

Marketing meat at farmers' markets is similar to marketing any value-added product, and very different than marketing vegetables or cut flowers....Purchasing meat requires a heightened level of trust by the customer, since neither fondling nor smelling is possible. Your ability to gain, and more important, retain your customers' trust will determine your success marketing meats at farmers' markets.

We use three elements to gain our customers' trust. The first is the creation of a marketing brand — the customer's way of identifying our product outside of the farmers' market. Brand identity is even more critical when processing and marketing is done on a collaborative basis. Your brand is more than

just your name, it encompasses the "who" and "what" of your product, and in case of most meats, the "how."

Central to building this brand identity is your story. Your product's story is crucial for distinguishing yourself to customers who are used to purchasing meat and poultry from a supermarket case. Pictures speak much louder than words....

Consistency is the most crucial element to ensuring lasting success at your farmers' market. When marketing meats at the farmers' market, you are starting with many disadvantages. The greatest is the novelty of the product. People aren't used to purchasing their meats at a farmers' market, even those that purchase the majority of their produce there. Purchasing meats doesn't fit as well in some customers' schedule, due to its highly perishable nature. If your product is high quality, every time, these inconveniences will be overlooked by your customers. You are not only competing against the products and pricing of supermarkets; you are competing against their convenience (Silverman, 2003).

Internet or Mail Order Marketing

There are advantages and disadvantages to Internet marketing. More consumers are shopping on the Internet, so Web sites can help buyers locate producers in their area, and Web sites are accessible 24 hours a day. A big disadvantage is that packaging and shipping costs can about double the final price of products for the consumers. Many people may browse the Web sites without making any purchases.

Internet marketing of pork requires a well-designed, user-friendly Web site that provides information about the producer's products and services. A more complex Web site may include a secure system to take orders and payments, and a method to address customer questions and problems. A simple Web site may contain only a phone number and contact address.

One company selling beef and pork directly over the Internet is Carousel Farms, LLC. The company is made up of three northwest Iowa farmers who market their products collectively. The perishable products are usually shipped by UPS in an insulated shipping box packed with dry ice to insure their safe delivery. For more infor-

mation about Carousel Farms, LLC, visit <<http://www.carouselfarms.com>>.

There are many excellent sources of information on establishing and designing Web sites. A good place to start for information on Internet marketing is the on-line, 50-page publication *How to Direct-Market Farm Products on the Internet*. It provides information on developing a marketing plan, researching the market, and setting up the Web site. It is available from the USDA Agricultural Marketing Service at <<http://www.ams.usda.gov/tmd/MSB/PDFpubList/InternetMarketing.pdf>>.

Another good place to start is the Access Minnesota Main Street Web site. This program is designed to help small businesses use the Internet as a business tool. The Web site has a copyrighted Electronic Commerce Curriculum that provides training on electronic commerce basics, finding business information and services on-line, exploring e-commerce Web sites, planning your Web site, promoting your Web site, developing your Internet business plan, and much more. The Web site is <<http://www.extension.umn.edu/mainstreet>>, or you can e-mail the coordinator, Rae Montgomery, at <mainstreet@extension.umn.edu>.

The Federal Trade Commission (FTC) has primary responsibility for all food advertising; the Food and Drug Administration has responsibility for food labeling. This means that your brochures, mail order catalogs, and Web site must meet FTC standards for any claims that you make, and must meet their shipping guidelines. Some examples: claims must be substantiated; disclaimers must be clear and conspicuous; refunds must be made to unsatisfied customers; orders must be shipped within 30 days; and other advertising practices can not deceive or mislead consumers. For more information about FTC regulations, visit their Web site at <<http://www.ftc.gov>>.

Carcass Cutout and Pricing

According to the National Pork Board's publication *Pork Facts 2002/2003*, a typical 250-pound market hog will yield about a 184-pound car-

cass. The five major parts of the carcass are ham (45 lbs), loin (34 lbs), side (35 lbs), Boston butt (15 lbs), picnic (16 lbs), and miscellaneous — jowls, feet, tail, neck bones, etc. — (39 lbs). These figures are averages from actual carcass tests. The actual yields vary depending on cutting methods, weights of the pigs, and the types of pigs.

Further breakdown into retail parts from these major portions of the carcass will result in about 140-pounds of semi-boneless products — including 18 pounds of trimmings for such things as sausage, brats, and pork wieners; and 15 pounds of jowls, feet, tails, neck bones, etc. — plus 44 pounds of fat, skin, bones, and an allowance for shrinkage or loss. Additional processing and deboning will further lower the weight of the retail pork products that can be sold to the consumer. (National Pork Board, 2003) While the chart below is a good reference, it is advisable to test cuts from your own hogs to determine your own product yield, so that more accurate pricing can be calculated.

In his article "Did the Locker Plant Steal Some of My Meat?," Duane Wulf provides some examples of pork yields from different cutting requests. He says that an average 250-pound hog weighed full (not removed from water and feed) would yield about 133 lbs. of closely trimmed bone-in chops and roasts and regular ground sausage. The same 250-pound hog would yield only about 118 lbs. of closely trimmed boneless chops and roasts and lean ground sausage. Wulf also says that a lean, heavily-muscled hog might yield 133 lbs. of closely trimmed boneless chops and roasts and lean ground pork, and a very fat, light-muscled hog might only yield 93 lbs. of the same boneless products and lean ground pork. (Wulf, 1999)

Whole or Half Carcass Sales

Probably the easiest method of pricing carcasses or halves is to ask a set price per pound, either by live weight or by hanging carcass weight, without the head, offal, hooves, etc. Carcass weight will also be affected if the skin is left on the carcass or the carcass is skinned by the processor: a skinned carcass will yield a lower hanging carcass weight; however, neither method will

Breakdown of Cuts from a 184 lb. Pork Carcass

	Retail Pork* (pounds)	Other Products	Carcass Total
Ham (45.0 lbs)			
Cured ham	25.5		
Fresh ham	2.3		
Trimming	5.8		
Skin, fat, bone		11.4	
Total	33.6	11.4	45
Loin (33.8 lbs)			
Backribs	3.2		
Boneless loin	10.7		
Country style ribs	7.6		
Sirloin roast	5.7		
Tenderloin	1.6		
Trimming	1.6		
Fat & bone		3.4	
Total	30.4	3.4	33.8
Side (34.9 lbs)			
Cured bacon	19		
Spareribs	5.8		
Trimming	9.1		
Fat		1.0	
Total	33.9	1.0	34.9
Boston Butt (14.7 lbs)			
Blade steaks	4.4		
Blade roast	7.8		
Trimming	1.7		
Fat		0.8	
Total	13.9	0.8	14.7
Picnic (16.6 lbs)			
Boneless picnic meat	12.6		
Skin, fat, bone		4.0	
Total	12.6	4.0	16.6
Miscellaneous (39.2 lbs)			
Jowls, feet, tail, neckbones, etc.	15.4		
Fat, skin, bone		22.0	
Shrink and loss		1.8	
Total	15.4	23.8	39.2
Total	139.8	44.4	184.2

*Retail cuts on semi-boneless basis. Fully boneless would show lower retail weights.
Source: NPPC, Purdue University and Texas A & M University, 1994.
([National Pork Board, 2003](#))

affect the amount of meat the consumer will get from the hog. (Wulf, 1999) Pricing by carcass weight requires customers to inform the processor about their specific cutting, wrapping, and curing preferences. Customers need to understand that—depending on the type of hog, whether the cuts are boneless or not, and how closely the meat is trimmed—the amount of freezer-ready meat per pig could range from 40% to 55% of the live-weight. Another way of explaining it to customers is that going from live hog to the hanging carcass, the carcass weight will be only about 70% to 75% of live weight, and going from hanging carcass to cut and wrapped products ready for the freezer will reduce the hanging weight by 25% to 30%.

Customers must also understand that the costs for processing, cutting, wrapping, and curing are added to the price paid for the hog itself. Hog-processing costs vary depending on the cutting, wrapping, and curing, but can be between \$75 and \$150 per hog. The producer might want to add a separate hauling or handling charge for delivering the hog to the processor. This hauling charge could be a way of proving that the hog was the customer's property before it was processed. Producers need to be sure to check their state's regulations to be certain it is legal to sell live animal carcasses and halves to the consumer.

Retail Pork Sales

Setting the price per pound for the many varied individual pork products can be challenging. The pricing structure needs to reflect the live hog's value, as well as the processing, wrapping, curing, storage, transportation, labor, advertising, and all the other costs involved in getting your product to the consumer. Producers need to be very concerned about carrying a large inventory of unsold products, because the inventory will add greatly to the overhead a producer has to cover. To give an oversimplified example of how costs mount, let's say the producer sees the value of a hog—calculated as the cost of production plus a reasonable profit—as \$150. Processing, cutting, and wrapping add another \$100, curing another \$50, with another \$50 to cover other costs. So the producer needs at least \$350 for the 100 to 135 pounds of pork

to cover all the costs and return a profit, making the average per-pound price for all cuts about \$2.60 to \$3.50.

The Web publication *Marketing Meat Animals Directly to Consumers* provides an excellent table for estimating the retail value of a pork carcass. The worksheet below provides a sample listing of possible retail cuts and weights for a pork carcass to estimate the total retail value of the hanging carcass. (Henning, 2003) Producers will need to determine the weight of retail cuts and other products from their hogs, then calculate the value of these individual products. They must also determine how the carcass portions will be fabricated into the various pork products that their customers want.

Some producers have created alternative pork products to help market the parts of the hog that are in less demand. These products include cottage bacon from the Boston butt or pork shoulder and "Pig wings made from the upper shoulder by cutting away the bone and marinating the meat" (see Madewell Meats LLC quote in *Frozen Meat Marketing*). By creating these products, producers add significant value to those parts of the carcass in less demand, and hope thereby to increase their customer base and profits.

Producers may want to keep track of how their prices compare to commodity wholesale and retail pork prices. Commodity prices are reported by the USDA Agricultural Marketing Service (AMS) and the Economic Research Service (ERS). Their on-line reports are:

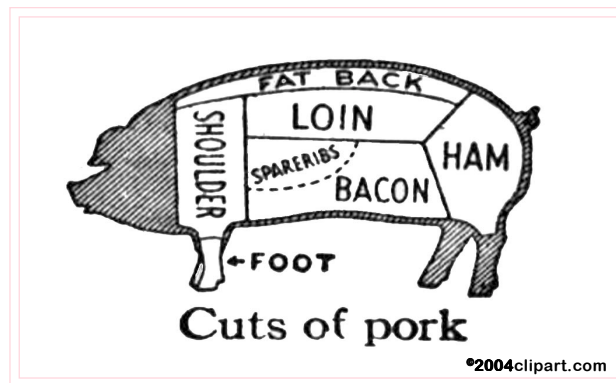
- AMS National Carlot Pork Report at <http://www.ams.usda.gov/mnreports/nw_ls500.txt>
- ERS Monthly Average Retail Price Data for Selected Cuts of Red Meat and Poultry at <<http://www.ers.usda.gov/data/MeatScanner/>>
- ERS Food Marketing and Price Spreads: Farm-to-Retail Price Spreads for Individual Food Items at <<http://www.ers.usda.gov/briefing/foodpricespreads/meatpricespreads/>>

Worksheet for estimating the retail value of a pork carcass (165 lb).

Retail cut	Pounds	Price/lb	Total \$
Ham			
Cured hams (2)	29.7 X	\$ _____	\$ _____
Loin			
Blade roast	8.0 X	\$ _____	\$ _____
Center chops	17.3 X	\$ _____	\$ _____
Sirloin roast	5.6 X	\$ _____	\$ _____
Side			
Cured bacon (2)	18.6 X	\$ _____	\$ _____
Spareribs	6.4 X	\$ _____	\$ _____
Shoulder			
Blade roast	7.3 X	\$ _____	\$ _____
Blade steaks	4.2 X	\$ _____	\$ _____
Arm roast	7.7 X	\$ _____	\$ _____
Various			
Trimming for sausage	20.8 X	\$ _____	\$ _____
Misc. (Neck bones, feet)	3.5 X	\$ _____	\$ _____
Fat, skin, bone	32.7		
Shrink	3.5		
Retail Wt (excl fat & bone)	128.8		
Total Retail Value			\$ _____
Retail Value/lb of Hanging Carcass (Total \$/165)			\$ _____

Summary of cuts	Pounds
Cured pork	48.3
Roasts	28.3
Chops and steaks	21.5
Misc.	9.9
Sausage	20.9

(Henning, 2003)



Failure

Be prepared for failure. No matter how well you plan and execute your direct marketing efforts, some will not succeed. On the Practical Farmers of Iowa's Web site, Tom Frantzen, organic farmer and direct marketer, discusses the closing of the small marketing cooperative called Fresh Air Pork (from the acronym for Family Raised Environmentally Sound Hogs). Fresh Air Pork was developed to assist a small group of Iowa farmers in the production, marketing, and sale of alternatively produced hogs. The initial activity of the cooperative was to coordinate the production and shipping of market hogs to the Niman Ranch program.

However, in 1999 Fresh Air Pork decided to enter the direct marketing business, targeting local sales to the public, to health food stores, and to institutions. All Fresh Air Pork continued to meet the Niman Ranch program criteria, and the hogs were butchered and processed at several local state-inspected lockers. The marketing to health food stores was successful, even though Fresh Air Pork could not afford to sell pork to the stores at wholesale prices. Despite the fact that they had to add their store margin on to the retail price, the health food stores sold the pork on a regular basis. The local grain elevator provided freezer space to promote direct sales to consumers. As Tom Frantzen says:

Local consumers liked our quality and selection. We promoted the pork through advertising and word of mouth. We had bus tours stop to check the operation and make purchases. Several local businesses used our pork in their customer dinners.

In spite of these promotions and the significant success of local sales, the Fresh Air direct pork marketing will end on April 1, 2002. The sales volume never reached a profitable level in three years. What went wrong? With so much done right, was there something out of place?

I led the initiative to try to sell our pork to two targeted institutions. We made "professional" approaches to the food service managers. We donated and cooked meals for the advisory councils that advise the food service. We were well received, and when the required product specifications were detailed we met them. For example, these services

need a select product cut into a precise portion and offered in volume. In spite of repeated attempts, we never sold one ounce of pork to a single institution. This significantly hurt the potential sales volume and in time was a key factor in our decision to stop direct marketing.

All meat programs are complicated, and ours was no exception. Our local sales were strong on ground and packaged products like pork sausage and hot dogs. We had excellent bacon sales. However we could not sell enough pork loin items and ham sales were so poor that we often had ham ground with the trim meat. Here we could not sell the high value pork and lost the margins that those cuts produce. You can only sell so many \$3.50-a-pound pork chops in Iowa. The supermarkets are about a \$1 a pound cheaper, and that is where most people go.

Getting the best value from a hog carcass is a difficult task. Loins amount to 20% of the hog carcass. Selling the loin is critical as there is little processing in this item. However the cost of making bacon and sausage is considerable. The expense of processing cuts into the profits quickly. When hams are ground into processed products, they hurt profits from two directions. The ham is not sold as a high value item, and the amount of ham (a large portion of the carcass) that incurs processing expense adds to the bills. Fresh Air put most of the hams into their "All Pork Weiners." These pork hot dogs were a real treat, but we made very little money selling them for \$2.75 a pound. Pork marketing is complicated, and the ham market is especially competitive. I really wonder how other direct marketers sell this item.

What lessons can be learned from this experience? Is there a place for direct marketing? I think so. But both the location and the right kind of individual must be found. A large population area is a major consideration. The marketers must accept the fact that it will take years to build the business volume that will return profits. This means that their effort will have to be subsidized in the beginning (Frantzen, 2002).

Summary

The failure of Fresh Air Pork is a lesson: Marketing alternative pork at prices higher than those of commodity priced pork will be a challenge and will require exceptional marketing talent and perseverance. In addition, selling pork successfully in a niche market may require

access to large population centers with enough potential customers to fill the niche.

Nonetheless, a sustainable hog production and marketing system should be the goal of many small-scale hog producers. Many consumers are interested in buying pork that is produced by alternative, sustainable methods on small family farms. As Mark Honeyman, associate professor of animal science and coordinator of the Research and Demonstration Farms at Iowa State University, says, "Alternative systems are pig friendly, people friendly, community friendly, and environment friendly." (Bauer, 1998) Sustainable farming involves the whole farming environment, both production and marketing, and can be an important part of the local community.

Direct marketing and niche markets are just two alternative marketing options that can be considered by all sustainable hog producers. If you care enough about the way you raise your hogs, if you do it in a humane system, you can be rewarded both financially and emotionally. Even if you don't want to market through farmers' markets, farm meat stores, or other direct marketing means, there are now some alternative marketing groups, such as Niman Ranch Pork Company and Organic Valley Family of Farms. More of these marketing groups have formed recently, and one may be near you.

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<http://ars.sdstate.edu/MeatSci/May99-1.htm>

Further Resources

Web Sites

Agricultural Marketing Resource Center
<http://www.agmrc.org/pork/pork.html>

Marketing Web site links to hundreds of resources on direct marketing, natural, niche/ethnic, organic, processing, etc. for pork.

Practical Farmers of Iowa Pork Niche Market Working Group
<http://www.agmrc.org/pork/pnmwg.html>

Supports the development of niche markets for pork. Has on-line newsletters, news releases, contact information, and project descriptions. Can also contact:

Gary Huber, PNMWG Coordinator
Box 349
Ames, IA 50010
515-232-5661, ext. 103
gary@practicalfarmers.org

USDA's Farmer Direct Marketing
<http://www.ams.usda.gov/directmarketing/>

Provides on-line National Farmers' Market Directory, on-line listing of Direct Marketing Resources by state, and many links to general direct marketing publications and other USDA programs related to direct marketing.

Books

Farm Fresh Direct Marketing Meat & Milk. 2002. By Allan Nation. 251 p.

\$30 plus shipping and handling. Contains information on preparing business and marketing plans, naming products, setting prices, and finding and keeping customers.

Order from:

Stockman Grass Farmer
P.O. Box 2300
Ridgeland, MS 39158-2300
800-748-9808
601-853-8087 FAX
<http://www.stockmangrassfarmer.com/sgf/bookshelf.html>

The Legal Guide for Direct Farm Marketing. 1999. By Neil D. Hamilton. 240 p.

\$20 plus \$3 shipping. Contains some information specifically on farm marketing meat.

Order from:

Drake University Law School
Agricultural Law Center
2507 University Avenue
Des Moines, IA 50311-4505
515-271-2947

In the Eyes of the Law: Legal Issues Associated with Direct Farm Marketing. 2002. By Richard F. Prim and Daarin K. Foede. 27 p.

\$10. Deals mainly with Minnesota laws, but should be helpful for other states as well.

Order from:

University of Minnesota Extension
Service Distribution Center
405 Coffey Hall
1420 Eckles Avenue
Saint Paul, MN 55108-6068
800-876-8636, 612-624-4900
<http://www.extension.umn.edu/distribution/resourcesandtourism/DB7683.html>

Collaborative Marketing, A Roadmap & Resource Guide for Farmers. 2000. By R. King.

\$4.75 plus \$2 shipping. Presents alternative ways to market and form marketing networks.

Order from:

Extension Distribution Center
405 Coffey Hall
1420 Eckles Avenue

University of Minnesota
St. Paul, MN 55108-6068
800-876-8636, 612-624-4900
<http://www.extension.umn.edu/distribution/businessmanagement/DF7539.html>

Front End Guidance for Value-Added Networks—Marketing Pork to the Mexican Consumer in the United States. 1997. National Pork Board. #04322. 82 p.

Explains how value-added market development and implementation might be investigated, and can guide the development of a business and marketing plan to assess the viability of an investment. Can be ordered from National Pork Board and is available on-line at <<http://www.mnpork.com/producer/research/guide.pdf>>.

Guide to Latino Pork Cuts. 1998. National Pork Board. #04409. 56 p.

Shows pork carcass fabrication, Latino style, including retail cut pictures, cutting procedures, cooking methods, yields, and relative pricing. Can be ordered from National Pork Board and is available on-line at <<http://www.mnpork.com/producer/research/latino%20meat%20guide.pdf>>.

Order from:

National Pork Board
Attn: Order Department
P.O. Box 9114
Des Moines, IA 50306
515-223-2600, ext. 621
515-223-2646 FAX
<http://www.porkboard.org/Home/default.asp>

Cost: \$10.00 each for producers or \$15.00 each for nonproducers

Building a Sustainable Business—A Guide to Developing a Business Plan for Farms and Rural Businesses. Minnesota Institute for Sustainable Agriculture. 280 p.

Will help develop a detailed business plan and ways to take advantages of any new marketing opportunities. It is available on-line at <<http://www.misa.umn.edu/publications/bizplan.html>>.

Order from:

Minnesota Institute for Sustainable Agriculture
St. Paul, MN 55108
800-909-MISA (6472)
misamail@umn.edu.

Cost is \$14.00 + \$3.95 shipping and handling

Making It on the Farm: Increasing Sustainability through Value-added Processing and Marketing. 1996. Southern Sustainable Agriculture Working Group (SSAWG).

\$10.00, includes shipping and handling. Tells the stories of 12 farmers involved in value-added marketing. One of these is Clarence Durham, a hog farmer in Pittsboro, North Carolina, who barbecues three or four hogs a month for sale by the pound to individuals, and sells sausage in 5-pound bulk packages. Durham says, "We could probably sell a lot more sausage and barbecue – probably two hogs a week of each," but it is a lot of work and he and his wife are supposedly retired. The book has information about Durham's operation, information about the 10 keys to success that emerged from these interviews, and a listing of resources for adding value to farm products.

Order from:

Julia Sampson
SSAWG Publications
210 W. South Street, #6
Fayetteville, AR 72701
479-582-2858

The following book is available from bookstores and on-line booksellers. If a book is listed as out-of-print, you may be able to obtain it through Interlibrary Loan; check with your local librarian. You may also be able to buy a copy through an on-line used-book search site, such as <<http://www.bookfinder.com/>>.

Natural Nutrition for Dogs and Cats, The Ultimate Pet Diet. 1999. By Kymmythy R. Schultze. 135 p.

\$8.95. Discusses the BARF (Bones And Raw Food) diet for dogs and cats.

On-line Publications and Articles

Adding Value to Pork Production: A Business Start-up Manual to Move You Up the Chain
Iowa State University Center for Industrial Research and Service
<http://www.ciras.iastate.edu/porkmanual/>

On-line manual

Farmers' Markets Rules, Regulations and Opportunities

Drake University Law School
<http://www.law.drake.edu/centers/aglawcenter/farmersmarkets.pdf>

49-page publication

Consumer Preferences, Premiums, and the Market for Natural and Organic Pork: Locating a Niche for Small-scale Producers
University of Minnesota Alternative Swine Production Systems Program
<http://www.misa.umn.edu/programs/altswine/litreview.html>

Publication

Goals Influence Direct Marketing
University of Minnesota Alternative Swine Production Systems Program
<http://www.misa.umn.edu/programs/altswine/directmarketing.html>

Publication

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Alternative Swine Production Systems Program
385 Animal Science Building, 1988
Fitch Avenue
St. Paul, MN 55108
612-625-6224
612-625-1210 FAX
marti067@tc.umn.edu

How to Direct-Market Farm Products on the Internet

USDA Agricultural Marketing Service
<http://www.ams.usda.gov/tmd/MSB/PDFpubList/InternetMarketing.pdf>

50-page publication

Small Farm Cooperative: Quality and Innovation

North Central Initiative for Small Farm Profitability
<http://www.farmprofitability.org/research/smallfarm/smallfarm.pdf>

Case study

Attracting Consumers with Locally Grown Products

North Central Initiative for Small Farm Profitability
<http://www.farmprofitability.org/local.pdf>

Publication, a study of consumer attributes and purchasing patterns in four Midwestern states.

Family Farms and Ranches Can Benefit from Niche Markets

Center for Rural Affairs
http://www.cfra.org/newsletter/2003_03.htm#Feature

Article

Direct Marketing Pork – A Report from the Field

Practical Farmers of Iowa
http://www.pfi.iastate.edu/Local_Food_Syst/Fresh_Air_Pork_Frantzen.htm

Article

Pennsylvania Farmers Consider New System for Happy Hogs

The New Farm from Rodale Institute
http://www.newfarm.org/depts/pig_page/pig_alliance/index.shtml

Article

Patchwork Takes Pork to the People and Gives Firm Market to the Farmers

The New Farm from Rodale Institute
http://www.newfarm.org/depts/pig_page/patchwork_farms/index.shtml

Article

Direct Marketing Well-raised Hogs Takes Special Finesse: Fair Partnering with Market-ers Would Allow Farmers to Farm

The New Farm from Rodale Institute
http://www.newfarm.org/features/0902/iowa_letter/index.shtml

Article

A Pig's Tale: Marketing Stories for New Value Chains from "Niche and Value Added Marketing: What's in it for you?" 2001 Conference

Leopold Center for Sustainable
http://www.leopold.iastate.edu/pubs/speech/files/091801_p.pdf

Keynote address

Pasture Raised Products Messages and Strategy

Food Routes and Midwest Collaborators
<http://www.foodroutes.org/doclib/167/Pasture+Raised+FRN+project+Final+report.doc>

Consumer focus group study

Comparing Swine Niche Market Opportunities

Iowa State University Iowa Pork Industry Center
<http://www.extension.iastate.edu/ipic/information/IowaPorkNiche.pdf>

2001 on-line publication

Market, To Market, To Sell a Fat Hen: How to Grow Your Business from Idea to Successful Company

Iowa State University Geography of Rural Financial Intermediation
<http://www.wallacefdn.org/chickenandtheegg1.pdf>

On-line publication

Case Studies of Value Added Production & Marketing

National Pork Board

<http://www.mnpork.com/producer/research/valueadd.pdf>

1999 on-line publication

Ethnic Marketing of Pork

National Pork Board

<http://www.meatscience.org/Pubs/factsheets/q-ethnicmktng.pdf>

2000 on-line publication

Videos

Pork, The Other Producers: A Better Way to Raise Hogs is a 41-minute video examining the changes in hog production and what they mean for family farmers and rural communities. Production systems requiring lower amounts of capital—especially important for beginning farmers—are presented as alternatives to the large-scale, corporate structure of production. 1998. #V3. Cost \$10.00.

Order from:

Center for Rural Affairs

101 S. Tallman Street

P.O. Box 406

Walthill, NE 68067

402-846-5428

402-846-5420 FAX

info@cfra.org

<http://www.cfra.org>

Latino Meat Cutting Video shows meat cutters preparing retail cuts to Latino market specifications. Both carcass and boxed fabrication is shown. #08072. Cost is \$10.00 for producers or \$15.00 for nonproducers.

Order from:

National Pork Board

Attn: Order Department

P.O. Box 9114

Des Moines, IA 50306

515-223-2600, ext. 621

515-223-2646 FAX

<http://www.porkboard.org/Home/default.asp>

Pork: Marketing Alternatives

By **Lance Gegner**

NCAT Agriculture Specialist

April 2004

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The electronic version of **Pork: Marketing Alternatives** is located at:

HTML

<http://www.attra.ncat.org/attra-pub/altpork.html>

PDF

<http://www.attra.ncat.org/attra-pub/PDF/altpork.pdf>