

# farm to CITY



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A BEEF FARMER'S HANDBOOK TO DIRECT MARKETING

2<sup>nd</sup> Edition



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# Introduction

The primary objective of this handbook is to equip beef farmers with the basic knowledge and resources to assist them in deciding if direct marketing beef is a potential business opportunity for their farm business.

The goal of the **Farm to City** model is to capitalize on the current market demand for locally-produced food. It will establish a direct-to-consumer business model for beef farmers looking to connect with urban consumers who are in search of locally-sourced protein.

Orders will be placed for individual cuts of fresh beef and paid for in advance through a secure website, and the farmer maintains regularly scheduled drop site locations. A major benefit of this business model for the farmer is the ability to plan production and create time saving efficiencies. With a pre-order system, the farmer will know in advance what cuts and quantity of cuts to prepare, package and deliver, including profit details. A major benefit of this model for the customer is a reliable and convenient source of fresh beef with the added benefit of connecting directly with the farmer on a regular basis.

This business model will bridge the gap between farmers, processors and urban customers. A communications strategy could include the use of social media, recipes, cooking advice and farm visit days. The interaction through the delivery service will also allow for meaningful dialogue and feedback between farmer and customer.

Information contained within this handbook was gathered from a number of reliable sources, industry experts and resources provided by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

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Growing Forward 2 



# Things to Consider

## Market Potential

For a number of years, we have experienced a growing trend in consumers wanting to know more about how their food is grown and raised. Some consumers are willing to pay more for food they believe to be fresh, nutritious and that is raised locally. These consumer demands can be satisfied through the **Farm to City** model.

Let's take a look at today's consumers and what drives their purchasing decisions:

- Convenience – searches for great tasting foods to be consumed on the go
- Family – enjoys family-friendly activities
- Community – desire to support local businesses
- Balance – desire for balance between work and family
- Authenticity – enjoys the simpler things in life
- Security – desire to interact with people they know and trust

## Skills and Experience

The first step in developing the **Farm to City** model is to understand the marketplace and the business skills required for starting and maintaining a direct marketing business.

Here are some questions for you to think about during the planning process:

- Do I or could I produce beef that consumers are interested in buying through a direct marketing channel?
- Are my family and/or employees interested in having direct contact with consumers?
- Do I understand the type of consumer to target for my direct marketing business?
- What are the local bylaws, rules or regulations that apply to this model?
- What customer service strategies can I use to build customer loyalty?
- Do I have an interest and skills in the area of retail marketing?
- What is my risk management plan to deal with the unexpected, such as injury, or product damage?
- Do I understand the importance of developing a comprehensive business plan?
- Have I considered finances, human resources, social responsibility, production/operations and marketing?

Experience is an important component to consider before you pursue the **Farm to City** business model. Under this model, farmers will require a high level of production expertise compared to what is required under traditional direct marketing channels.

To secure consumer loyalty and repeat business, customers will expect a reliable supply of product and consistent quality. Some customers may tolerate some variation in product quality or service, but that will depend on how they value their relationship with you and your products.

Production planning and inventory management is key to ensure you have the required product to fill your orders. While this method of marketing may reduce time selling the product, your time will be demanded by relationship marketing.



# Planning and Operations

## Selecting a Drop Site

A major component of the **Farm to City** model is determining a convenient drop site location for both you and the customer. It's important that the location and the time of delivery is consistent to avoid customer confusion and outstanding pick-up orders. Customers should be required to pick-up their orders at a pre-determined time. You will also want to think about curb appeal, daylight hours, parking availability and safety from busy streets. Ensure your drop site location is attractive, safe and convenient.

Suggestions for central drop site locations

- Workplace parking lot
- Church parking lot
- Community centre
- Condominium tower
- Community library parking lot
- School parking lot

It is your responsibility to investigate and secure access to these areas to distribute pre-purchased product.

You will also want to think about how you might handle emergency situations when you may not be able to deliver the product for some unforeseen reason i.e. illness, weather or family emergency.

## Promotion and Recruiting Customers

After you have selected a location(s) for your drop site(s), you will then need to generate a customer base. Many marketing tactics can be used to introduce yourself and your business. You may want to start by meeting with groups within your targeted community. This could be businesses, churches, fitness centres, schools and community organizations. You can promote your business to these potential customers through presentations, brochures, flyers, social media platforms or electronic communications such as email and newsletters.

One of the key benefits of this model for the customer is the ability to connect directly with you, the farmer who is growing their food. This is a unique selling point, and one that you should capitalize on. The customers will want to hear about how you raise your animals, what kind of environment they live in and what they eat. Consider offering farm days for those customers who are willing to travel to your farm to experience life on the farm for a day. This will help build your relationship and build customer loyalty. Remember that happy customers become loyal customers. They will return, and they will tell their friends about your products. Something as simple as learning your customers' names and asking them what they liked about their previous order will go a long way in keeping customers happy.

Lastly, take care of details. Make sure that your telephone is answered professionally, e-mails are responded to quickly, your online store is updated regularly, and customer concerns or complaints are dealt with efficiently and effectively.

## Selecting a Processor

After production costs, processing is the second-highest cost to consider when calculating profitability of the **Farm to City** model.

It's important for you to find a processor that you trust and who wants your business. It is critically important to develop a good working relationship so that your processor understands your business needs.

Processing rates and how they are calculated vary. Most processors will quote a harvest charge, rendering or disposal charge, inspection fee charge and cutting-and-wrapping charge based on hanging carcass weight. The rate can go up if all products are cryovaced and individually packaged.

Talk to the processor about rates and find out exactly what they include. Negotiate the service and rate up front.

### Considerations when selecting a processor:

- Slaughter method and animal handling practices
- Options for packaging
- Labelling capabilities and willingness to work with individual labels
- Length of time the processor will allow the carcasses to hang
- Food safety standards
- Primal and retail cuts that they are familiar with
- Ability and/or willingness to work with fresh versus frozen product
- Applicable fees and processing prices
- Animal drop-off/product pick-up times

These are important considerations as they could affect your consumers' willingness to purchase your product.

A listing of provincial processing facilities in Ontario can be found under [Additional Resources](#).



## Processing Requirements

This section covers a high level overview of the pertinent legislation that applies to the production, processing, and sale of meat and meat products in Ontario. You need to become familiar with the legislation that applies to the **Farm to City** model.

Beef farmers can sell their own meat direct to consumers provided that it is derived from an inspected source (federal or provincial), and that proper labelling requirements are met which include a meat inspection legend, production date and code, appropriate use statements and storage instructions. Further processed beef products have additional labelling requirements such as an ingredient listing and nutritional information.

To review labelling regulations, see [Additional Resources](#).

## Transportation and Storage Requirements

In accordance with regulations, a farmer is allowed to transport their own meat from a provincially licensed abattoir for direct-to-consumer sales, as long as all processing, labelling and transport requirements are met and proper documentation is provided, including:

- name and location of the licensed plant where the animal was processed;
- the time the meat products were loaded onto the truck and the time the products were unloaded at a free-standing meat plant (if applicable); and
- proper temperatures were maintained during transport (4°C or lower).

The transport vehicle for commercial sales must also be designed and constructed for ease of cleaning and sanitary standards as set out below. For personal consumption, a person may take the meat away in their own vehicle and many of these standards would not apply.

### Standards for Transport Containers

The operator of a meat plant must ensure that no carcasses, meat products and ingredients are shipped from the plant unless the operator inspects the transport container in which they are transported to or from the plant, and the container meets the following requirements:

- It is clean, free of contamination and suitable for its intended use
- It is constructed of material that is free from anything likely to contaminate carcasses, meat products or ingredients
- It has inside surfaces that are hard, smooth, impervious to moisture and in good repair
- It is capable of protecting carcasses, meat products or ingredients against contamination
- If it transports refrigerated carcasses, meat products or ingredients, it is equipped to maintain the carcasses, meat products or ingredients at an internal temperature of 4°C or less
- If it transports frozen carcasses, meat products or ingredients, it is equipped to maintain the carcasses, meat products or ingredients in a frozen state

- It is equipped to prevent the accidental freezing of carcasses, meat products and ingredients if there is a risk of freezing and if freezing could adversely affect the carcasses, meat products or ingredients
- It is not being used for transporting animals, inedible materials, refuse, control products as defined in section 2 and subsection 2(1) of the Pest Control Products Act (Canada), or anything else that might contaminate carcasses, meat products or ingredients

A transport vehicle does not require licensing by OMAFRA.

### **Handling and Storing**

Meat must be stored at an appropriate temperature and humidity level. Meat that is not shelf-stable must be kept refrigerated at a temperature of 4°C or lower.

### **Public Health Requirements**

Under this model, local public health requirements may apply and could differ by jurisdiction. It is recommended that you notify the local public health unit in your designated drop site location to ensure you comply with their requirements.

In addition, obtaining a certificate in safe food handling is recommended. This can be done online or through your local public health unit at a minimal cost.

[A listing of public health units in Ontario can be found under Additional Resources.](#)

### **Packaging**

You will need to determine how you will package and brand your product. It's important to think about how it will be transported and how it can be best packaged for a safe delivery.

Vacuum packaging in air-tight, heavy plastic bags is a preferred method. This is because it helps to maintain the quality of your meats by preventing the product's exposure to moisture and oxygen and allows it to be stored in a cooler or freezer for an extended period of time. The transparent packaging material is also an excellent marketing tool because customers can see the quality of the meat rather than having to guess what lies beneath traditional butcher paper. Environmentally friendly options for packaging may also be something to consider.

You will also want to think about how your customer will pick up the product - too large of container or awkward package will create logistical issues at your drop site location. Consider selling your orders in a portable styrofoam cooler with bottled water as ice packs for convenience. It's also important that you check each package before delivery. Do not sell any damaged packages.

Because your business will depend a lot on word-of-mouth marketing, use your packaging to your

advantage. An attractive end-product will draw attention from other potential customers. Be sure to include several business cards with each order so your customers have your contact information for repeat orders or questions, or further distribution to friends and neighbours.

## Market Claims

In recent years, the marketplace has seen an increase in the use of claims such as ‘natural’, ‘grain-fed’, ‘raised without the use of added hormones’ and ‘raised without the use of antibiotics’ on beef products.

In the absence of specific regulations on the use of claims that describe how animals were raised or what they were fed on food labels and advertising, the Canadian Food Inspection Agency (CFIA) has developed interpretive guidance to support the *Food and Drugs Act* and the *Consumer Packaging and Labelling Act* to promote clear and truthful labelling.

The guidelines include criteria for a number of such claims found in labelling and advertising. It is important to note that these guidelines do not include organic claims, which fall under the Organic Products Regulations of the *Canada Agricultural Products Act*.

To review the CFIA guidelines, see [Additional Resources](#).

If you are contemplating using market claims in your **Farm to City** marketing strategy, it is highly recommended that they be developed with the best interests of the Ontario beef industry in mind and that the claims are factual, verifiable and follow all regulatory requirements.

## Pricing and Payment Policies

Deciding on pricing for your products is one of your most important decisions and one that can be a challenge. There are several factors that you should consider before setting your prices. Your prices should cover your cost of production and provide an adequate return.

Keep in mind that there are ways in which you can discount a price by offering a ‘special’ or a ‘sale’, but the opposite is not true. Once your customers become familiar with your pricing strategy, you can only increase your price in small and infrequent increments to avoid losing customers to the competition.

Your cost analysis should include all of your expenses incurred in raising an animal to the point of harvest, plus your expenses for transportation to and from the processing facility, processing, packaging, labour, transportation to and from your drop site(s), regulatory compliance and marketing. Keeping records is the best way to know your true costs, and these benchmarks determine the mark-up needed to attain your desired profit margin.

Remember that your price is as much of a marketing tool as any branding or promotional materials

you use. For many customers, price is as much a psychological factor as a financial one. If your goal is to market your beef as a premium product, then price your meat to reinforce that image. If your target is middle-income families, let your pricing strategy fit with your promotional message, and look for ways to keep down your overall costs so that your prices and your message are consistent — and you still make a profit.

[‘How to Take the Guesswork Out of Pricing’ info sheet can be found under Additional Resources.](#)

## Production Planning

Your customers may not understand where the different cuts of beef come from on the carcass. Be patient with your customers and be willing to provide resources and educational materials for them to make well-informed decisions. In short, be prepared to work with both your customers and processor to keep everyone satisfied.

Hanging time is an important part of producing a quality meat product. Hanging time, or dry aging, varies from facility to facility, and most meat is allowed to hang 10 to 14 days, a period of time thought by most experts to be adequate. It is important that you talk to your processor about their food safety program.

Finally, take careful note of the live weight and yield of your animal. Most beef animals generally dress 60 per cent of their live weight. Based on this percentage, and allowing for moisture loss, you should be able to calculate a reasonable weight for your finished beef. Also count pieces to ensure that you have received all of your processed beef. Inspect the meat for consistency and quality. All of the beef from one animal should have similar color, marbling and appearance characteristics. If you have questions or concerns about the consistency of the meat, contact your processor and let them know what you ‘inspect’ and ‘expect’ in the way of quality and handling.

## Labour Requirements

Your time is an important consideration. You will need to assess the labour required for production, packing, delivering, marketing and customer relations along with general operations and accounting. Creating a timetable may assist you in determining the amount of labour required. Don’t forget, your labour requirements are an important component of your pricing model.

## Insurance

When considering this model and the necessary insurance coverage, the main areas of concern are off-premises coverage, valuation, vehicle and coverage for items in transit. As the application of policy terms and conditions will vary amongst policy types, it is recommended that you contact your insurance company to discuss the coverage required.

## Taxation

Moving beyond primary production agriculture to secondary activities such as retail in the **Farm to City** model may result in a different tax assessment by the Municipal Property Assessment Corporation (MPAC). It is recommended that you contact your local municipality to discuss your business plans.

## Financial Management

The overall financial performance and health of any farm business is described by the following financial statements:

- cash flow summary
- balance sheet
- income statement

In a healthy business, cash flows should be adequate to pay routine operating expenses, meet scheduled loan payments and address family living needs in a timely manner. Asset values and net worth (equity) should increase over time. Your farm's debt load normally should decrease (an exception may occur when large new investments have been made with debt financing). Cash flows and earnings should be capable of maintaining the asset base of the business. A business can be strong in one area and weak in another, but a healthy business is strong in all areas.

A **cash flow summary**, as the name suggests, summarizes cash flows during the course of the financial year. A summary often categorizes cash flows under four headings: operating, investing, financing and personal. A summary report should include inflows and outflows, the net amount in each of the four categories and a final end-of-year cash position.

If you have borrowed money, you are familiar with a **balance sheet** because your lender would have required it for loan approval. However, this information is also essential for management purposes. A balance sheet is a detailed listing of assets and liabilities. The difference between the two is referred to as your net worth. Assets should be valued both at cost and at fair market value. For some purposes, such as tax planning, a cost basis is more useful. For other purposes, such as estimating the collateral available when applying for a new loan, fair market value is more appropriate.

To be most useful for management purposes, a balance sheet should be prepared on an annual basis or as required. There are three reasons for this. First, the amounts and value of some items fluctuate throughout the year because of farming and business activities. Preparing this financial statement at the same time each year minimizes potential distortions. Second, although one balance sheet is useful, a series of them provides trend information on the value of your farm assets, debt load and net worth. Third, some of the items on the balance sheet are useful in calculating profit measures accurately.

The **income statement** is important as it measures profitability which is critical to the long-term success of your farm operation. Profit is what you earned on what you had to work with: your investment in land, livestock, facilities and equipment; the labour the family contributed; and your management skill and willingness to take risks. Profit is not measured by what you have in the bank or what you report on your tax return. Profit is best measured as returns on investment (assets) or returns to management.

On the revenue side of the profit equation, we need to recognize that during the course of a year your farm can generate more production than is actually sold. It may also generate less. This often occurs in a cattle operation, where the number of cattle on the farm, their weight and their value can vary considerably from year-to-year. To calculate profits accurately, we must adjust the cash sales of farm products for such non-cash items as changes in livestock and feed inventories, crops on hand, changes in accounts receivable and government program payments that might be due.

Similarly, on the expense side, not all expenses may be paid for and not all purchases may be for this year's farming operation. Cash purchases must be adjusted for unpaid bills and prepaid expenses, and for items used from or added to inventories. We usually calculate an annual depreciation expense for farm assets, which spreads out the cost over an asset's useful life. Some of these non-cash adjustments must be calculated from information found on the balance sheet, which is why a balance sheet must be prepared annually.

Source: 'A Direct-to-Consumer Beef Marketing Handbook' - see [Additional Resources](#)

## Managing Risk

Managing risk is a common business practice. You will need to consider some of the additional risks associated with raising beef to be sold directly to consumers. Events that are most likely to occur and events that would cause severe losses should be considered first. Many business risks are outside of your control, but they can still be managed.

Identifying the major risks is the first step in managing them. Farm-related risks are often classified under five categories:

- Production
- Marketing
- Financial
- Legal, social, governmental and institutional
- Human

Production risk exists because of the variability inherent in farm production. Weather, diseases and pest infestations, and other factors can affect the productivity of your forage crops and animals. Fire, wind, theft and other hazards are also sources of production risk. Changes in technology and

farming practices can challenge the profitability of current production methods.

Market risk occurs if the cost of your inputs increases unexpectedly or the price received or volume of your sales drops. As a direct-to-the-consumer marketer, you are more of a price maker (as opposed to a price taker), but you may not be able to maintain your prices or your sales volume in the face of new competitors or changes in the local economy. Changes in consumer preferences may affect sales, for example, as a result of new research about the health benefits—or dangers—of eating beef, or because people’s attitudes about cattle raising practices change in a way that causes a drop in your sales.

Financial risk refers to the ability of the farm to meet financial obligations in a timely manner, including unexpected financial demands. This could include the farm’s ability to pay bills, make loan payments and meet family living needs. The availability of savings or collateral for new loans, credit worthiness and changes in the cost of borrowing affect this category of risk.

Legal, social, governmental and institutional risks result from such things as changes in government regulations and programs that affect production costs or your ability to use certain farm or marketing practices. Examples include new environmental policies and regulations; changes in regulations regarding harvest, labelling and meat handling; new taxes or zoning rules; or policies affecting the availability of credit. Changes in social attitudes often affect government policies and regulations. Legal actions may be brought against your farming operation.

Human risks include damage caused by employees (intentionally or otherwise); injury to key individuals that affects the ability of the farm business to operate (including the main operator or family members); medical emergencies or accidents affecting family members, employees or customers; and personal misfortunes such as illness or divorce.

To review risk management strategies, see [‘A Direct-to-Consumer Beef Marketing Handbook’](#) under [Additional Resources](#).

## Maintaining Customer Relationships

Once you have a core customer base, you will need to focus on maintaining those relationships and increasing your number of customers (if you can accommodate them). As we have already talked about, a major benefit of the **Farm to City** model is to provide customers with the opportunity to learn about food production. There are a number of ways that you can reach out to your customers throughout the year.

**Newsletters/emails** - Talk about what’s happening on your farm, recipes and cooking advice, new products, reminder about drop site dates, locations and times.

**Social networking** - Consider using social media to show what’s happening on your farm, share recipes and cooking advice, new products, reminder about drop site dates, locations and times.

**Farm days** - Think about offering a day on the farm for customers to feel connected to the place where their beef is raised. Provide hands-on activities and allow them to view the animals in their natural setting.

**Word of Mouth** - Never underestimate the value of word-of-mouth promotion. Your best advertising is a satisfied customer. Consider offering a free sample of a new product, such as beef breakfast sausage, to entice future sales.

## Handling Complaints

You must be prepared to handle complaints, but remember that complaints can be useful tools to help you learn better ways to work with your customers. If you receive complaints about the meat being tough, dig deeper by asking your customer how the meat was prepared and cooked. Over 90 per cent of consumer complaints are easily handled, and they are sometimes great tools for helping you improve your own marketing materials. For the 10 per cent that you cannot fix, do your best to reduce the customer's anger so that he or she does not speak negatively about your business to others.

### Five Steps for Handling Complaints

#### 1. Listen and Understand

Always listen to your customer. Let go of the temptation to respond in any quick fashion. Take the time to listen and truly understand what is driving their concern.

#### 2. Empathize

Once you have listened to their concern immediately empathize with their position to create a bond between you and the customer so that they know you have heard their concern and are going to work with them to resolve the issue.

#### 3. Offer a Solution

Offer a solution to their problem. Always focus on what you can do as opposed to what you cannot.

#### 4. Execute the Solution

Solve their problem with their originally requested resolution, or an alternative you can propose.

#### 5. Follow-Up

Make sure to follow-up with them to make sure that they are satisfied with the solution, and that you have taken care of their concern.



# Online Store

## Overview

The **Farm to City** online store, based on bioLinks which was developed by AgSights, offers you access to a web account to manage sales, advertise and sell products. Using Apple devices, sales can be recorded as the sale is happening, minimizing time involved to track and measure progress.

To create an account for the online **Farm to City** tool, AgSights will require the following information:

- Company name, address and phone number
- Company logo - if applicable
- Email address for account holder
- User names – email addresses
- Categories of products
- Import of PLU List (product descriptions, product codes and prices)
- Drop site locations
- Customer list to import
- Price lists

You will download the app on your Apple device and AgSights will help you with set up and provide on-going support as you use the online store and sales tracking tool.

*VG Meats is used as the online sample store in the following pages.*

## Contact AgSights for a Free Demo!



# AgSights

Data. Knowledge. Insight.

### **AGSIGHTS**

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[www.agsights.com](http://www.agsights.com)

## Capabilities

Promote your on-farm products using the **Farm to City** online store.

The screenshot shows the VG Meats Farm to City website. At the top left is the VG MEATS logo. In the center is the Farm to City logo, which features a red boot with a fork and knife sticking out of it. To the right of the logo are social media icons for Facebook, Twitter, and Instagram, along with the website URL vgmeats.ca. Further right is a shopping cart icon with a '0' and a 'CHECKOUT' button. Below these elements are links for 'Sign In / Register' and a navigation menu with the following items: HOME, HOW IT WORKS, HOST A DROP SITE or TASTING, and PICK UP & DELIVERY LOCATIONS.

The main content area is divided into three sections:

- Products:** A search bar with the placeholder text 'keyword or item' and a 'Search' button. Below the search bar is a list of product categories, each preceded by a right-pointing arrow:
  - Chicken
  - Chicken Sausage
  - Cured
  - Farm Fresh Baskets
  - Farm Tour Tickets
  - Freezer Bundles SAVE!
  - Grounds & Burgers
  - Pork
  - Pork Sausage
  - Roasts-Beef
  - Roasts-Pork
  - Steaks
  - Turkey
- OUR FARM. ORDER BY PIECE OR BY BOX. YOUR DRIVEWAY, OR A DROP-SITE.** An illustration showing a red barn, a white van, and several people holding boxes of VG Meats products. A yellow location pin is shown over a house. The Foodland Ontario logo is in the bottom right corner.
- FIND A DROP-SITE NEAR YOU.** A banner featuring a cartoon character holding a VG Meats box and a yellow location pin.
- FREE BEEF BACON GET 1 FREE PACKAGE With your 1st Farm to City order over \$50!** A banner showing a close-up of beef bacon on a black surface.

## Customize the store with your brand

AgSights staff will help with set up and customization. You don't need to be a web programmer to use this tool.

## Manage price lists effectively

You can have multiple price lists and link them to customers (e.g. **Farm to City** customers, wholesale customers, and family/friends).

### Manage Price Lists + Create Price List

Price Lists

<a href="#">Edit</a> <b>Default Price List</b>	NOTE: • Default customer price list. CUSTOMERS: • Count: 49
<a href="#">Edit</a> <b>Big Chief</b>	NOTE: • CUSTOMERS: • none
<a href="#">Edit</a> <b>Guelph</b>	CUSTOMERS: • LJM • LGS • MELANE • PAE
<a href="#">Edit</a> <b>Import test</b>	NOTE: • CUSTOMERS: • none
<a href="#">Edit</a> <b>Listowel</b>	NOTE: • CUSTOMERS: • Fresh's Markt • Guelph Farmer's Market • JF S • The Cheesery
<a href="#">Edit</a> <b>Preferred Pricing</b>	NOTE: • This Price list is for preferred customers only CUSTOMERS: • Ben
<a href="#">Edit</a> <b>produce</b>	NOTE: • CUSTOMERS: • BO

### Edit Price List

Name:  This price list is used by all customers by default that are not assigned to another price list.

Note:

Import Price List
Add Customer:

Price List				Customers	
Category	Product	Value Price	Default Price	Pricing Unit	
Beef	00100 Beef Other Beef Carcass 100	\$1.85	\$3.99	kg	*Quick Sale*
Beef	00101 Beef Other , Side	\$3.99	\$3.99	Kg	A
Beef	00102 Beef Other Beef Forequarter 102	\$24.95	\$24.95	optional	AFPA Meat Conference
Beef	00103 Beef Rb Primal 103	\$18.45	\$18.45	kg	Calgary Farmer's Market
Beef	00107 Beef Rb Oven Prepared 107	\$0.00	\$0.00	optional	HW Int
Beef	00109 Beef Rb Roast-Ready 109	\$0.00	\$0.00	optional	JVL
Beef	00110 Beef Rb Roast-Ready, Boneless 110	\$0.00	\$0.00	optional	James M.
Beef	00112 Beef Rb Ribeye Roll 112	\$0.00	\$0.00	optional	Kate

## Track sales of your products and demand during peak seasons

Use the flexible reporting tools to filter for date ranges or specific products to generate reports.

**Sales Report**

Date Range: Last Month | 2015-10-01 | 2015-10-31 | Export XLS

Customer: Any

Created By: Any | Reset

Code	Product	Quantity	Total Sales
00112	Strawberries box 20	4	\$68.00
00100	Beef Other Beef Carcass 100	362.87	\$1,447.85
00101	Beef Other Side	103.23	\$770.99
00256	Cheddar Ckt White - 500g	1	\$13.50
00300	Veal Chicks 4 Ribs	7.79	\$54.45
00536	Popper - Black, Course - 500g	1	\$12.66
00096	Swiss Gruyere, Wheel	11.8	\$377.40
01014	Broiler Breast Half with Ribs P1014	8.17	\$40.44
01037	Broiler Wing Drumsticks F1037	0.56	\$24.74
01100	Roaster or Roasting Chicken Whole P1100	16.2	\$47.80
01200	Beef Prime Rib Roast Individually packed	5.2	\$155.95
01221	Filet Mignon Steak Beef	1.2	\$26.09
01205	Chicken Whole individually packed	2.2	\$12.66
01228	Venison Sirloin Steak individually packed	1.25	\$12.31
01229	Venison Outside Round Roast Individually packed	4.6	\$41.35

Generate detailed reports using filters (click to the right of the column text) and sorting on any column (click once is ascending and twice is descending).

**Sale Detail**

Search Filters | Export XLS

Ship Date: Before 2015-12-01, After 2015-11-01 | X

Sale #	Customer	Ship Date	Category	Code	Product	Contig	Quantity	Price	Amount	Tax	Created by
111092	Quick Sale	2015-11-02	Bison	1341	Bison T-Bo	Individual	1	\$28.00	\$24.64	\$0.00	ipod
111093	Quick Sale	2015-11-02	Bison	1341	Bison T-Bo	Individual	1	\$28.00	\$24.64	\$0.00	ipod
111095	Quick Sale	2015-11-02	Bison	1230	Bison Patties	Box of 5 patties	0	\$16.00	\$0.00	\$0.00	ipod
111094	Heeb, L.	2015-11-02	Beef	05109	Beef Rib	Roast-Ready	1	\$10.99	\$11.43	\$0.00	ipod
<b>Page Totals</b>							<b>3.000</b>		<b>\$90.71</b>	<b>\$0.00</b>	

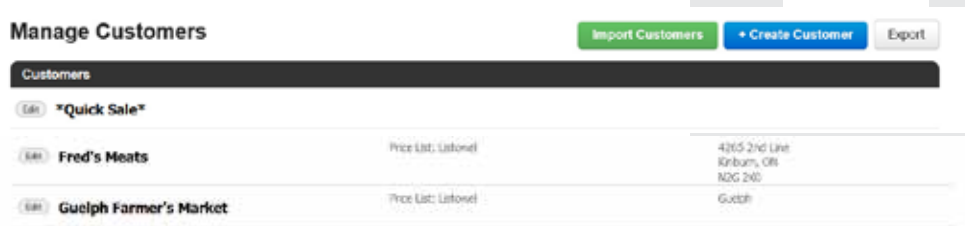
Page 1 of 1 | Displaying 1 - 4 of 4

## Use your online store as a tool to collect orders

Each customer pre-registers with you to be able to order from your store.



You can use the 'Manage Customer' feature to assign price lists to each customer that reflect their customer type (e.g. **Farm to City**)



Your customer places an order on your online store, or they can call you and you can record the order using your online store by logging into their 'pre-registered account'.

The screenshot shows the VG Meats Farm to City website's shopping cart. At the top, there are logos for VG Meats and Farm to City, along with social media icons for Facebook, Twitter, and Instagram, and a website URL 'vgmeats.ca'. A shopping cart icon shows 2 items, and a 'Checkout' button is visible. Below the navigation bar, there are links for 'Home', 'HOW IT WORKS', 'WORKSHOPS', and 'PICK UP & DELIVERY LOCATIONS'. The main content area is titled 'Products > Shopping Cart' and is divided into 'Fixed Items' and 'Variable Items' sections. The 'Fixed Items' section contains one item: '200534 Grounds & Burgers Lean Ground Chuck Patties 10 lb box' with a quantity of 1, a price of \$59.90 / box, and an amount of \$59.90. The 'Variable Items' section contains one item: '200019 Roasts-Beef Prime Rib Roast' with a quantity of 1, a price of \$35.25 / kg, and an amount of 'Pending'. A 'Subtotal: \$59.90' is displayed below the fixed items. A 'Total: pending shipment' is displayed below the variable items. A 'Checkout' button is located at the bottom right of the cart area. At the bottom of the page, there are logos for VISA and MasterCard, customer support information (phone: (519) 426-2000, email: verygoodmeats@gmail.com, website: vgmeats.ca), and the VG Meats logo.

VG MEATS Farm to City vgmeats.ca

Cart 2 Checkout

Sign Out | My Account

Home HOW IT WORKS WORKSHOPS PICK UP & DELIVERY LOCATIONS

Products > Shopping Cart

**Fixed Items**

Product	Quantity	Price	Amount	
200534 Grounds & Burgers Lean Ground Chuck Patties 10 lb box	1 box	\$59.90 / box	\$59.90	Remove

**Subtotal: \$59.90**

**Variable Items** (amount calculated when items are picked)

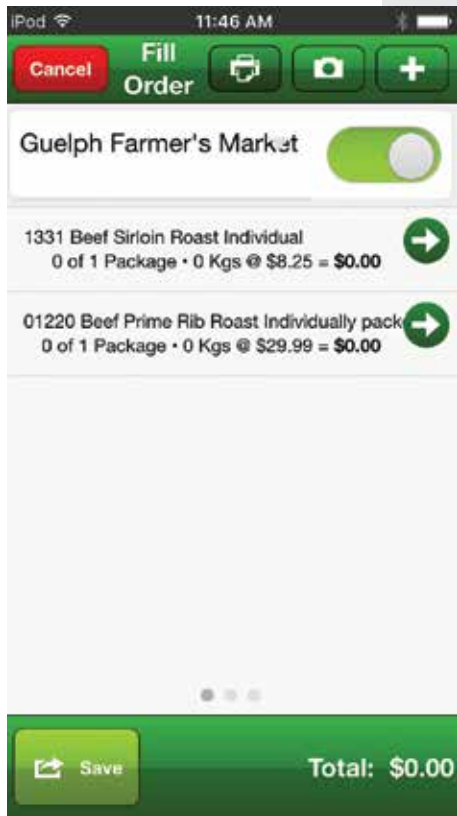
Product	Quantity	Price	Amount	
200019 Roasts-Beef Prime Rib Roast	1 roast	\$35.25 / kg	Pending	Remove

**Total: pending shipment**

Checkout

VISA MasterCard Customer Support: (519) 426-2000 or e-mail verygoodmeats@gmail.com or visit our website at vgmeats.ca! VG MEATS

The Apple app will display the customer's order and will allow you to work out of internet range to fill the order. Once you have filled it, you can synchronize the app and update the web account with the order details. You will also be able to send the customer a copy of the invoice (in PDF format) as you save the order.



Order: 111332

Edit
Invoice
Request Payment
Delete
PDF



**From bioLinks**  
 294 Mill St. East, Suite 209  
 Elora, ON  
 N0B 1S0  
 Business # 137766515 RP0001

**For Guelph Farmer's Market**  
 Guelph

Invoice Id: **111332**

PO Number:

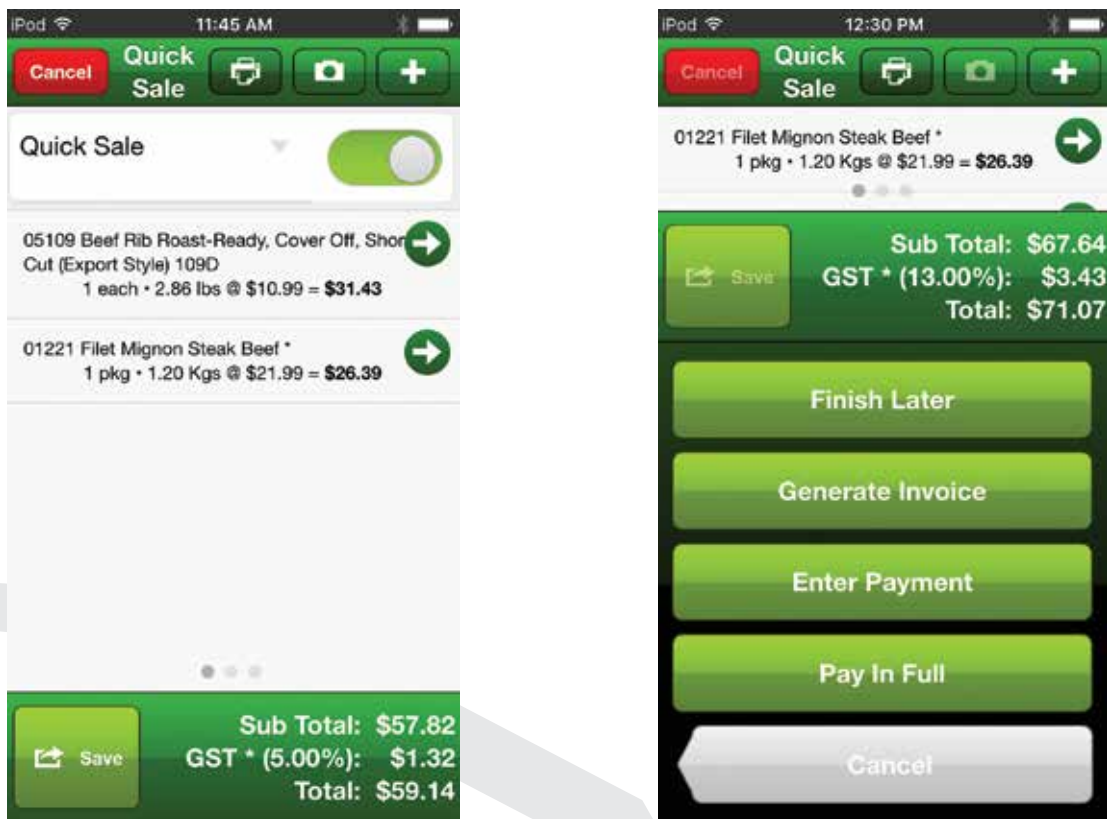
Order Date: 15/04/2016

Ship Date: 15/04/2016

Shipping:

Product	Ordered	Filled	Price	Amount
1331 Beef Sirloin Roast Individual	1 Package	1 / 5 Kgs	\$8.25	\$41.25
01220 Beef Prime Rib Roast Individually packed	1 Package	1 / 5.2 Kgs	\$29.99	\$155.95
<b>Subtotal</b>				<b>\$197.20</b>
* GST (6.00%)				\$0.00
<b>Invoice Amount:</b>				<b>\$197.20</b>

You can use the Apple app at your drop site to record sales. When you return from your delivery or when you are back in cell range, synchronize the app to update the web system with your daily sales. Please note, in the screen print below two items are showing. While meat products are not taxable, one item has been setup with tax to show how that would appear in a sale.





Sales reporting is flexible and gives you the ability to filter your data and look at specific sales time periods, products, and customers. All the columns in the view below are able to be filtered. The size filled reflects the setup of each of your products, representing weights or by the pieces. Use a reporting tool to track date ordered, delivery date, invoice date and track payment collection. Export the payment details into an Excel worksheet to send to your accountant or add to your accounting software.

Sale Detail											
Search Filters											Export XLS
Category: [Beef] X											
Sale #	Customer	Ship Date	Category	Code	Product	Config	Quantity	Price	Amount	Tax	Created By
111332	Guelph Farmer...	2016-04-15	Beef	01220	Beef Prime ...	Individually pack...	1	\$29.99		\$0.00	Lois Neeb
111332	Guelph Farmer...	2016-04-15	Beef	1331	Beef Sirloin ...	Individual	1	\$8.25		\$0.00	Lois Neeb
111324	Fred's Meats	2016-03-21	Beef	00123	Beef Rib	Short Ribs 123	1	\$12.99	\$7.66	\$0.38	BioTrack
111319	James M.	2016-03-09	Beef	00123	Beef Rib	Short Ribs 123	1	\$12.99			Demo Acco...
111297	Paul	2016-01-20	Beef	00136	Beef Other	Ground Beef	3	\$4.00	\$17.96	\$0.00	ipod5
111298	Penny L.	2016-01-20	Beef	01220	Beef Prime ...	Individually pack...	1	\$29.99	\$155.95	\$0.00	ipod5

# Lessons Learned

## Case Study: VG Meats

### How did VG Meats secure a drop site?

We've built our **Farm to City** system based on Joel Salatin's model for his Buyer's Club. He proclaims that the best way for a drop site to succeed is to find a good host. We followed his advice and found hosts that were active local food lovers who believed in the idea of creating a better local food system for Ontarians. Our hosts are all people we know personally or through our business. This has made it easy for us to set-up a drop site in their driveway as there was already a mutual trust established.


### How many drop sites did you begin with and how many do you have now?


We started with one drop site and we now have four active drops sites that we visit each month.


### What challenges did you encounter in setting up the Farm to City model?

To be honest, there were some challenges in setting up the **Farm to City** model, as there is with any new undertaking. First, with the help of AgSights, we personalized our online store to help our customers understand the value and attributes of our products. Once the store was established, our next challenge was to help consumers understand this very different way of purchasing meat. It can be a bit strange for people to pick-up their meat from a cooler van in a driveway so we had to do some very specific marketing to encourage people to try out the system. Another issue was coordinating drop sites and drop times. You want to ensure that your drop time and location is convenient for your customer.



- **1 ORDER ONLINE AT [VGFARMTOCITY.CA](http://VGFARMTOCITY.CA)**

Our on-line store is connected directly to our physical retail store making it quick and easy for you to purchase local meat from home.
- **2 SELECT PICK-UP LOCATION & DATE**

We come to our drop sites every 4-5 weeks. These are often in the driveways of other local food lovers like you who want to bring local meat to their area & believe in creating a better local food system.
- **3 PICK UP YOUR ORDER AT YOUR DROP SITE**

We will arrive in our white VG cooler van at the drop site ready to hand you your order. This allows us to skip the grocery store and bring our high quality local product directly to you.

### **What successes can you share about the Farm to City model?**

The **Farm to City** model is something that once fully explained, is embraced and celebrated. There are a lot of excited local food lovers who want more access to local, high quality, honest food that they can feel good about feeding their families. We find that once someone places an order they become a repeat customer placing an order for almost every drop date.

### **Can you share any feedback regarding the online store?**

We have worked together with AgSights to develop our online store to ensure that it is both user-friendly and efficient at moving product. With such things as room for banner advertising on the home page for product and specials promotions, the user can customize their site to meet their unique product marketing needs.

### **How did you acquire customers?**

We acquired customers through two main avenues. The first, and often the most successful avenue is referrals. We ask all our hosts to hand out a flyer that explains our program and how to order. Secondly, we advertise through our social media channels which includes Facebook, Instagram, Twitter and our blog. Through these avenues we are able to reach people in the areas of our drop sites who may follow us, but who may not have access to our product geographically.

### **How do you maintain customers?**

We find that once customers order and taste our product, they almost always return and place another order. This is really our approach with our business as a whole. By delivering an exceptional, high quality, local product the customer can often see and taste the difference that keeps them coming back for more.

### **What advice would you give on how to approach a drop site host?**

Becoming a drop site host is actually much easier than one might think. You really just need to find a person with a passion for local food and a few friends to get started. It will grow from there!

# Additional Resources

## Public Health Unit Locations in Ontario

Current as of April, 2020

Source: [www.health.gov.on.ca/en/common/system/services/phu/locations.aspx](http://www.health.gov.on.ca/en/common/system/services/phu/locations.aspx)

### Erie/St. Clair

Chatham-Kent Health Unit  
P.O. Box 1136  
435 Grand Avenue West  
Chatham, ON N7M 5L8  
Tel: 519-352-7270  
Fax: 519-352-2166  
Website: [ckphu.com](http://ckphu.com)

Lambton Public Health  
160 Exmouth Street  
Point Edward, ON N7T 7Z6  
Tel: 519-383-8331  
Toll: 1-800-667-1839  
Fax: 519-383-7092  
Website: [www.lambtonhealth.on.ca](http://www.lambtonhealth.on.ca)

Windsor-Essex County Health Unit  
1005 Ouellette Avenue  
Windsor, ON N9A 4J8  
Tel: 519-258-2146  
Fax: 519-258-6003  
Website: [www.wechu.org](http://www.wechu.org)

### South West

Middlesex-London Health Unit  
50 King Street  
London, ON N6A 5L7  
Tel: 519-663-5317  
Fax: 519-663-9581  
Website: [www.healthunit.com](http://www.healthunit.com)

Grey Bruce Health Unit  
101 17th Street East  
Owen Sound, ON N4K 0A5  
Tel: 519-376-9420  
Toll: 1-800-263-3456  
Website: [www.publichealthgreybruce.on.ca/](http://www.publichealthgreybruce.on.ca/)

Southwestern Public Health  
1230 Talbot Street  
St. Thomas, ON N5P 1G9  
Tel: 519-631-9900  
Toll: 1-800-922-0096  
Website: [www.swpublichealth.ca](http://www.swpublichealth.ca)

Huron Perth District Health Unit  
653 West Gore Street  
Stratford, ON N5A 1L4  
Tel: 519-271-7600  
Fax: 519-271-2195  
Website: [www.hpph.ca](http://www.hpph.ca)

### Waterloo/Wellington

Wellington-Dufferin-Guelph Public Health  
160 Chancellors Way  
Guelph, ON N1G 0E1  
Tel: 519-822-2715  
Toll: 1-800-265-7293  
Website: [www.wdgppublichealth.ca](http://www.wdgppublichealth.ca)

Region of Waterloo, Public Health  
P.O. Box 1633  
99 Regina Street South  
Waterloo, ON N2J 4V3  
Tel: 519-575-4400  
Fax: 519-883-2241  
Website: [www.chd.region.waterloo.on.ca](http://www.chd.region.waterloo.on.ca)

### Hamilton/Niagara/Haldimand/Brant

Brant County Health Unit  
194 Terrace Hill Street  
Brantford, ON N3R 1G7  
Tel: 519-753-4937  
Fax: 519-753-2140  
Website: [www.bchu.org/](http://www.bchu.org/)

Hamilton Public Health Services  
110 King Street West, 2nd Floor  
Hamilton, ON L8P 4S6  
Tel: 905-546-2489  
Toll: 800-855-0511  
Website: [www.hamilton.ca/publichealth](http://www.hamilton.ca/publichealth)

Haldimand-Norfolk Health Unit  
P.O. Box 570  
12 Gilbertson Drive  
Simcoe, ON N3Y 4N5  
Tel: 519-426-6170  
Fax: 519-426-9974  
Website: [www.hnhu.org](http://www.hnhu.org)

Niagara Region Public Health Department  
1815 Sir Isaac Brock Way  
PO Box 1042  
Thorold, ON L2V 4T7  
Tel: 905-688-3762  
Toll: 1-800-263-7248  
Fax: 905-682-3901  
Website: [www.niagararegion.ca/health](http://www.niagararegion.ca/health)

#### **Toronto**

Toronto Public Health  
277 Victoria Street, 5th Floor  
Toronto, ON M5B 1W2  
Tel: 416-338-7600  
Website: [www.toronto.ca/community-people/health-wellness-care/](http://www.toronto.ca/community-people/health-wellness-care/)

#### **Mississauga/Halton/York**

Peel Public Health  
7120 Hurontario Street  
Mississauga, ON L5W 1N4  
Tel: 905-799-7700  
Website: [www.peelregion.ca/health](http://www.peelregion.ca/health)

Halton Region Health Department  
1151 Bronte Road  
Oakville, ON L6M 3L1  
Tel: 905-825-6000  
Toll: 866-442-5866  
Website: [www.halton.ca/For-Residents/Public-Health](http://www.halton.ca/For-Residents/Public-Health)

York Region Public Health Services  
Box 147  
17250 Yonge Street  
Newmarket, ON L3Y 6Z1  
Tel: 905-895-4511  
Fax: 905-895-3166  
Toll: 1-800-361-5653 (Health Connection Line)  
Website: [www.york.ca](http://www.york.ca)

#### **Central East**

Peterborough Public Health  
185 King Street  
Peterborough, ON K9J 2R8  
Tel: 705-743-1000  
Website: [www.peterboroughpublichealth.ca](http://www.peterboroughpublichealth.ca)

Haliburton, Kawartha, Pine Ridge District Health Unit  
200 Rose Glen Road  
Port Hope, ON L1A 3V6  
Toll: 1-866-888-4577  
Fax: 905-885-9551  
Website: [www.hkpr.on.ca/](http://www.hkpr.on.ca/)

Durham Region Health Department  
605 Rossland Road East  
P.O. Box 730  
Whitby, ON L1N 0B2  
Tel: 905-668-7711  
Toll: 1-800-841-2729  
Fax: 905-666-6214  
Website: [www.durham.ca/en/health-and-wellness/health-and-wellness.asp](http://www.durham.ca/en/health-and-wellness/health-and-wellness.asp)

#### **South East**

Hastings and Prince Edward Counties Health Unit  
179 North Park Street  
Belleville, ON K8P 4P1  
Tel: 613-966-5500  
Fax: 613-966-9418  
Website: [www.hpePublicHealth.ca](http://www.hpePublicHealth.ca)

Leeds, Grenville and Lanark District Health Unit  
458 Laurier Boulevard  
Brockville, ON K6V 7A3  
Tel: 613-345-5685  
Fax: 613-345-2879  
Website: [www.healthunit.org](http://www.healthunit.org)

Kingston, Frontenac and Lennox & Addington Public Health  
221 Portsmouth Avenue  
Kingston, ON K7M 1V5  
Tel: 613-549-1232  
Toll: 1-800-267-7875  
Fax: 613-549-7896  
Website : [www.kflaph.ca](http://www.kflaph.ca)

Haliburton, Kawartha, Pine Ridge District Health Unit  
200 Rose Glen Road  
Port Hope, ON L1A 3V6  
Toll: 1-866-888-4577  
Fax: 905-885-9551  
Website: [www.hkpr.on.ca/](http://www.hkpr.on.ca/)

## **Champlain**

Eastern Ontario Health Unit  
1000 Pitt Street  
Cornwall, ON K6J 5T1  
Tel: 613-933-1375  
Toll: 1-800-267-7120  
Fax: 613-933-7930  
Website: [www.eohu.ca](http://www.eohu.ca)

Ottawa Public Health  
100 Constellation Cres.  
Ottawa, ON K2G 6J8  
Tel: 613-580-6744  
Toll: 1-866-426-8885  
Fax: 613-580-9641  
Website: [ottawapublichealth.ca](http://ottawapublichealth.ca)

Renfrew County and District Health Unit  
7 International Drive  
Pembroke, ON K8A 6W5  
Tel: 613-732-3629  
Toll: 1-800-267-1097  
Fax: 613-735-3067  
Website: [www.rcdhu.com](http://www.rcdhu.com)

## **North Simcoe/Muskoka**

Simcoe Muskoka District Health Unit  
15 Sperling Drive  
Barrie, ON L4M 6K9  
Tel: 705-721-7520  
Health Connection (Toll free) 1-877-721-7520  
Fax: 705-721-1495  
Website: [www.simcoemuskokahealth.org](http://www.simcoemuskokahealth.org)

## **North East**

Northwestern Health Unit  
210 First Street North  
Kenora, ON P9N 2K4  
Tel: 807-468-3147  
Toll: 1-800-830-5978  
Fax: 807-468-4970  
Website: [www.nwhu.on.ca](http://www.nwhu.on.ca)

Timiskaming Health Unit  
247 Whitewood Avenue, Unit 43  
PO Box 1090  
New Liskeard, ON POJ 1P0  
Tel: 705-647-4305  
Fax: 705-647-5779  
Website: [www.timiskaminghu.com](http://www.timiskaminghu.com)

North Bay Parry Sound District Health Unit  
345 Oak Street West  
North Bay, ON P1B 2T2  
Tel: 705-474-1400  
Fax: 705-474-8252  
Website: [www.myhealthunit.ca](http://www.myhealthunit.ca)

Algoma Public Health Unit  
294 Willow Avenue  
Sault Ste. Marie, ON P6B 0A9  
Tel: 705-942-4646  
Toll: 1-866-892-0172  
Fax: 705-759-1534  
Website: [www.algomapublichealth.com](http://www.algomapublichealth.com)

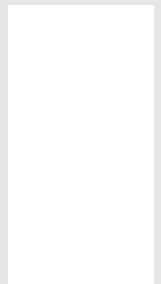
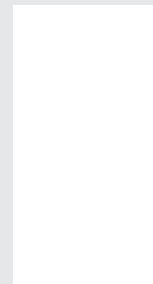
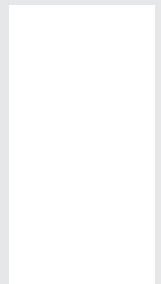
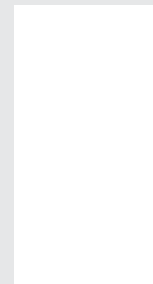
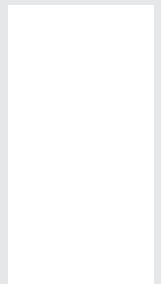
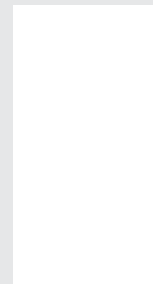
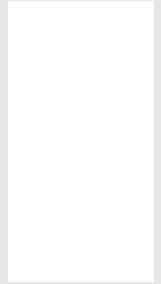
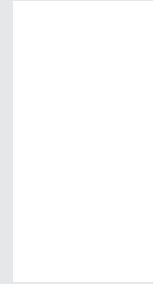
Sudbury and District Health Unit  
1300 Paris Street  
Sudbury, ON P3E 3A3  
Tel: 705-522-9200  
Fax: 705-522-5182  
Website: [www.phsd.ca](http://www.phsd.ca)

Porcupine Health Unit  
P.O. Bag 2012  
169 Pine Street South  
Timmins, ON P4N 8B7  
Tel: 705-267-1181  
Website: [www.porcupinehu.on.ca](http://www.porcupinehu.on.ca)

**North West**

Northwestern Health Unit  
210 First Street North  
Kenora, ON P9N 2K4  
Tel: 807-468-3147  
Toll: 1-800-830-5978  
Fax: 807-468-4970  
Website: [www.nwhu.on.ca](http://www.nwhu.on.ca)

Thunder Bay District Health Unit  
999 Balmoral Street  
Thunder Bay, ON P7B 6E7  
Tel: 807-625-5900  
Toll: 1-888-294-6630 (807 area only)  
Fax: 807-623-2369  
Website: [www.tbdhu.com](http://www.tbdhu.com)



## Provincially Licensed Meat Plants in Ontario (Beef)

Current as of February, 2020

Source: [www.omafra.gov.on.ca/english/food/inspection/meatinsp/licenced\\_operators\\_list.htm](http://www.omafra.gov.on.ca/english/food/inspection/meatinsp/licenced_operators_list.htm)

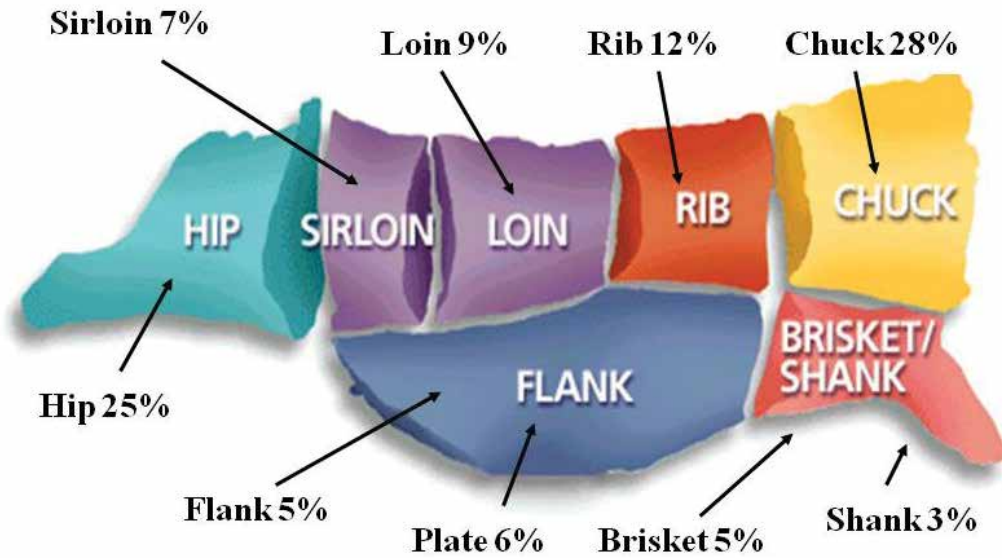
Len & Patti Butcher Block	2133 LITTLE BRITAIN ROAD	LINDSAY	(705) 328-2100
Highland Packers Ltd.	432 HIGHLAND ROAD EAST	STONE CREEK	(905) 662-8396
Manitoulin Island Community Abattoir Inc.	3120 MONUMENT ROAD	PROVIDENCE BAY	(705) 377-5325
Ontario Halal Meat Packers	5593 HIGHWAY 25	MILTON	(905) 875-0270
Grey County Meats	RR 1	MAXWELL	(519) 922-2400
Burt Farm Country Meats	1295 TENTH LINE	GORE BAY	(705) 282-0328
Louro Bros. Meats Ltd.	1142 REIDSVILLE ROAD, RR 1	AYR	(519) 632-7364
Millgrove Packers Ltd.	549 CONCESSION 5 W., RR 2	WATERDOWN	(905) 689-6184
Hank Dekoning Ltd.	1768 HWY 6 SOUTH, RR 1	PORT DOVER	(519) 583-0115
V. G. Packers Ltd.	966 CONCESSION 6 WOODHOUSE	SIMCOE	(519) 426-2000
Townsend Butchers Inc.	419 CONCESSION 14 EAST	SIMCOE	(519) 426-6750
Peel Sausage Inc.	7860 6TH LINE	DRAYTON	(519) 638-3446
Charles Quality Meats	1476 WILBY ROAD, RR 1	WILMOT	(519) 886-7931
Miedema's Meat Market Ltd	129 HURON STREET	EMBRO	(519) 475-4010
Norwich Packers Ltd.	11 ROBSON STREET	NORWICH	(519) 468-3617
Willie's Meats Ltd.	2387 4TH CONCESSION WEST, RR 1	TROY	(519) 647-3160
2573508 Ontario Inc.	223 MCWATTY ROAD, PO BOX 51	PAKENHAM	(613) 624-5222
Johnson Meats	49801 GLEN COLIN LINE, RR 4	AYLMER	(519) 773-9208
Hanson Meats	4643 HIGHWAY 3, RR 4	CAYUGA	(905) 772-5053
Gord's Abattoir Inc.	643 HWY 77	LEAMINGTON	(519) 326-2503
Weiland Meats Ltd.	340 CENTRE STREET	PETROLIA	(519) 882-1215
Mount Brydges Abattoir Ltd.	21618 ADELAIDE ROAD	MOUNT BRYDGES	(519) 264-1873
Caledon Halal Meat Packers Inc.	8070 OLD CHURCH ROAD	BOLTON	(905) 880-9888
Lambton Meat Products	5814 MINIELLY ROAD	WYOMING	(519) 845-3358
Highgate Tender Meats Ltd.	14680 HASTINGS LINE	HIGHGATE	(519) 678-3383
Bachert Meats Inc. (2006)	43181 BLYTH ROAD, RR 1	WALTON	(519) 887-9328
Green's Meat Market And Abattoir Ltd.	237 ARTHUR STREET	WINGHAM	(519) 357-2912
Country Meadow Meats	122242 SIDEROAD 12	OWEN SOUND	(519) 376-5663
Country Fresh Packers Ltd.	4049 BONNEAU LINE	TILBURY	(519) 682-2222
Agram 2005 Meats Inc.	10676 TRAFALGAR ROAD	GEORGETOWN	(905) 877-6082
Ken R. Mogk Butchering Inc.	516702 EAST ZORRA, 11TH LINE RR 2	TAVISTOCK	(519) 462-2280
Cloverbelt Country Meats Cooperative Inc.	60 GRIFFITHS ROAD	OXDRIFT	(807) 937-6716
Walkerton Meat Market	963 OLD DURHAM ROAD, RR 2	WALKERTON	(519) 881-0781
Miedema's Country Meats	41130 THAMES ROAD EAST	EXETER	(519) 235-4978
Harriston Packing Co. Ltd.	142 ARTHUR STREET	HARRISTON	(519) 338-3330
Stayner Meat Packers Ltd.	352 WARRINGTON ROAD, PO BOX 527	STAYNER	(705) 428-3006
J J Meat Distributing Inc.	14600 10TH CONCESSION, RR 3	SCHOMBERG	(905) 859-1540
Beeton Meats	233 PATTERSON STREET NORTH	BEETON	(905) 729-2771
Windcrest Meat Packers	1350 SCUGOG - 3RD LINE	PORT PERRY	(905) 985-7267



Sprucedale Meats	438 4TH AVENUE	SPRUCEDALE	(705) 685-7747
L & M Meat Distributing	2487 14TH LINE	GILFORD	(905) 775-6775
Dufferin County Meats Inc.	335424 7TH LINE	AMARANTH	(519) 939-8067
Abattoir LeFavre	122 COUNTY ROAD 15	LEFAIVRE	(613) 679-4698
Elora Road Meats	598 BRUCE ROAD 3, RR 1	MILDMAY	(519) 367-2261
Parkhill Meats Ltd.	3900 ELGINFIELD ROAD	PARKHILL	(519) 701-1311
Aman's Abattoir	286 MAIN STREET, PO BOX 177	WELLINGTON	(613) 399-2173
Hilts Butcher Shop Ltd.	1948 7TH LINE, ASPHODEL, RR 3	NORWOOD	(705) 696-2172
Wallace Beef Inc.	3766 HIGHWAY 15	JOYCEVILLE	(613) 536-6379
Otonabee Meat Packers Ltd.	2043 DRUMMOND LINE	PETERBOROUGH	(705) 743-8547
Simcoe Street Meat Packers	18619 SIMCOE STREET	OAKWOOD	(416) 560-6595
Ralph Bos Meats Ltd.	3742 EGREMONT DRIVE	STRATHROY	(519) 245-1574
Farmersville Community Abattoir	63 ADDISON ROAD	ATHENS	(613) 924-0400
Tom Henderson Meats and Abattoir Inc.	13200 MACKENZIE ROAD, RR 2	CHESTERVILLE	(613) 448-3471
Bilal Farms Inc.	1926 LANDRY STREET	CLARENCE CREEK	(613) 488-2268
Thunder Bay Meat Processing Company (1986) Ltd.	4754 OLIVER ROAD	MURILLO	(807) 935-2911
Northern Meat Packers and Abattoir Ltd.	PO BOX 175, 266 MCFADDEN LINE	TROUT CREEK	(705) 723-5573
Mcgarroch Of Micksburg Custom Butchering	2749 MICKSBURG ROAD, RR 3	PEMBROKE	(613) 732-7181
Reiche Meat Products Ltd.	555 REICHE ROAD, RR 3	PEMBROKE	(613) 732-3773
Desormeaux Meats Incorporated	1 QUEEN STREET, PO BOX 112	CRYSLER	(613) 987-2148
Penokean Hills Farms	290 DEPLONTY ROAD	BRUCE MINES	(705) 782-4224
Brian Quinn's Meat Ltd.	3988 COUNTY ROAD 1, RR 2	YARKER	(613) 377-6430
Zehr's Country Market	70963 BRONSON LINE	DASHWOOD	(519) 237-3668
Creative Meats	7437 HIGHWAY 17, RR 1	WARREN	(705) 967-2006
Al Madina Halal Meat Packers	3944 CARMAN ROAD	BRINSTON	(613) 652-1301
Dresden Meat Packers Ltd.	78 HIGHWAY, 10210 MCCREARY LINE, RR 2	DRESDEN	(519) 683-2585
A-Mar Meats	1981 RED DEER ROAD EAST	VAL GAGNE	(705) 232-6328
Rainy River District Regional Abattoir Inc.	BOX 299, 26 BYNG STREET	EMO	(807) 482-3028
Hay's Custom Cutting	2958 4TH LINE, RR 5	CAMPBELLFORD	(705) 653-3388
Beverly Creek	385 CONCESSION 6 EAST	MILLGROVE	(289) 208-6337
Joe Savage & Fils Abattoir Inc.	C.P. 28 - 113 RUE PRINCIPALE	ST-ALBERT	(613) 987-2070
Vanessa Meats & Deli Inc.	1728 REGIONAL ROAD 19	VANESSA	(519) 446-3897
Taylor's Custom Meats	11544 NORTHUMBERLAND ROAD 29, RR 4	ROSENEATH	(905) 352-2367
Matar Meats	2690 STAGECOACH ROAD, RR 1	OSGOODE	(613) 821-7929
Bentinck Packers Ltd.	381488 CONCESSION 4 NDR, RR 3	HANOVER	(519) 364-3538
Rua Meats Ltd.	275 FRANKFORD ROAD, RR 1	FOXBORO	(613) 962-7915
Cole Bros. Meat Processing	134 OLD MILFORD ROAD, RR 9	PICTON	(613) 476-6955
Palmateer's Abattoir Ltd.	2253 RIVER STREET WEST	TWEED	(613) 478-3801

Kawartha Meats	917 LITTLE BRITAIN ROAD	LITTLE BRITAIN	(705) 786-9970
Sunderland Meat Processing	1255 DURHAM ROAD 13	SUNDERLAND	(647) 859-4854
Newmarket Meat Packers Ltd.	15452 WARDEN AVENUE	NEWMARKET	(905) 836-7001
Birch Lake Abattoir	556 BIRCH LAKE ROAD, RR 3	MASSEY	(705) 865-1366
Wall's Pork Shop	178 WALL STREET	OXDRIFT	(807) 937-4357
The Beef Way	2034 HIGHWAY 21, RR 2	KINCARDINE	(519) 396-2257
Belle Vallée Meats and Abattoir	982125 BELLE VALLEE ROAD	BELLE VALLEE	(705) 647-7419
Hastings Meat Market	570 MOIRA ROAD, RR 2	STIRLING	(613) 395-0505
Afghan Halal Farm	15755 10TH CONCESSION, RR 3	SCHOMBERG	(416) 894-1802
Teal's Pure Pork Sausage	1812 THOMPSON ROAD EAST, RR 5	WATERFORD	(905) 730-5664
Farmersville Community Abattoir	63 ADDISON ROAD	ATHENS	(613) 851-0036
Limestone Island Abattoir Inc.	3120 MONUMENT ROAD	PROVIDENCE BAY	(289) 380-1054

### Beef Carcass Break Down



Please note this is a simplified average of yield percentages. Understanding the actual carcass cutout on every carcass sold is strongly recommended.



## Info Sheet: How to Take the Guesswork Out of Pricing

Pricing is difficult. And not just for farmers selling direct to consumers. Even multibillion dollar manufacturers of consumer goods can get it wrong, and constantly monitor the effect of pricing on sales and revenues. How do you know that you priced your products appropriately? The answer is very simple: when your sales and profit/income meet or exceed your target. This means you need to know your costs, and identify clear sales and income goals. Without this information, pricing will remain guesswork. So where do you start?

This infosheet introduces the “demand schedule,” a fundamental marketing tool that tracks customer responses (real or anticipated) to price change. The “customer value” concept illustrates that price is only one of many benefit and cost elements in the consumer purchase decision.

Turning to practical considerations, see how income goals, along with costs and costing analysis, should steer your pricing decision. After setting the scene, the infosheet reviews other key factors to be considered in pricing, including price communication.

When it comes to pricing, you can't look at each product to be marketed in isolation, since some products are interrelated in the customers' purchase decisions. Learn how the knowledge about substitutes and complements in your product offering can be used to improve pricing decisions and help bundle products effectively for price promotions.

This infosheet aims to assist with pricing decisions in direct farm marketing. It doesn't replace the deep experience and insight you have as a direct marketer, but helps take some guesswork out of pricing and show how pricing is a means to achieve income goals. Each section can be read independently, but it's best to start with the demand schedule section.

### Fundamentals I: The Demand Schedule

#### Why You Won't Lose All Your Customers When You Raise Your Prices

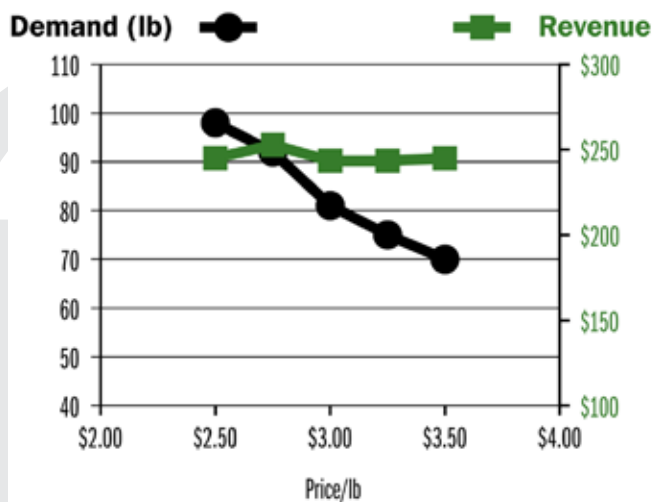
The demand schedule is a helpful concept to understand how consumers respond to changing prices for a given product. To envision a demand schedule, attach the demand, or quantities sold, to each price level that you include in the schedule. Get this information by actually changing the prices in one or all of your marketing channels and recording the quantities sold. This information can also be collected by talking to customers about how they would respond to price changes. Or you can observe a marketplace or talk to other producers about their experiences.



### The Basic Concept

Figure 1 is a demand schedule for product X (could be a meat product or fresh or processed produce). It doesn't matter which marketing channel the product is sold through, but shows the demand the farmer has recorded for five price levels.

Price per lb	\$2.50	\$2.75	\$3.00	\$3.25	\$3.50
Demand (lb)	98	92	81	75	70
Revenue	\$245.00	\$253.00	\$243.00	\$243.75	\$245.00



**Figure 1: Demand Schedule for Product X at Five Price Levels**

Two observations can be made:

- as price goes up, demand goes down
- revenue does not change much, and peaks slightly at a price of \$2.75/lb

All business is not lost from the price increases because some customers:

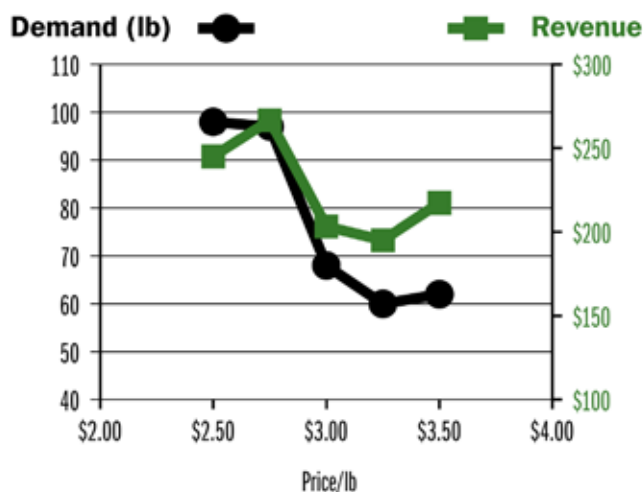
- still feel they get value from product X that is at least as high as the price
- can't find a seller that provides higher value than you do with product X
- are not price sensitive
- are loyal and will always purchase from you
- are not informed about the supply and the prices of product X on the market – they might be in a hurry and don't worry about prices as much as they do about time



## Things That Can Happen

Use the demand schedule to identify interesting trends in the demand for your products. Look at Figure 2 with a second demand schedule for product X.

Price per lb	\$2.50	\$2.75	\$3.00	\$3.25	\$3.50
Demand (lb)	98	97	68	60	62
Revenue	\$245.00	\$266.75	\$204.00	\$195.00	\$217.00



**Figure 2: Second Demand Schedule for Product X at Five Price Levels**

Again, demand generally decreases as price is increased, and revenues peak at \$2.75. But this change is not as smooth as Figure 1, and illustrates three different market situations.

1. There is little difference in demand between \$2.50 and \$2.75. **There is a price range or price band where consumers appear not to be price sensitive.** In this band, prices appear to signal a great value, possibly in comparison to a benchmark product. If such a price band exists, this would be an argument to price toward the higher end of it.
2. Demand sharply decreases at \$3.00. **Apparently, customers view \$3.00 as a threshold.** When increasing prices to or above such a threshold – which in most cases cannot be predicted – the question is whether the drop in demand will persist or whether demand will recover at least partially as time goes on.
3. Demand appears to recover at \$3.50. This can actually happen **when consumers perceive prices to be indicators of quality.** Here, your communication (advertising, promotion, education activities and direct communication) with consumers can influence their perceptions and understanding of the link between price and quality.





## Fundamentals II: The Concept of Customer Value

While the demand schedule focuses entirely on changes in price without changes in quality, the customer value concept stresses that pricing cannot be isolated from quality and service features. There are ways to create value for the customer. The key to success in marketing is to find out what current and potential customers value most and communicate this to them. This value can be expressed as the ratio of perceived benefits over perceived costs. The larger the benefits are relative to cost, the higher the value and the more likely the customer will purchase from you.

$$\text{Customer value} = \frac{\text{Perceived benefits (functional, emotional)}}{\text{Perceived costs (money, time, effort, psychological costs)}}$$

What is a benefit and what is a cost depends entirely on the individual customer. To some, taking time to prepare a meal is a benefit, but for others is a cost. Benefits can be tangible (e.g. all else being equal, freshness usually means better taste, better nutrient value and safer produce) or emotional (e.g. feeling like they have made the right choice for their family).

As the customer value equation indicates, decreasing costs will increase customer value. In most cases, costs are more clearly visible to consumers than benefits, so reducing cost in the customer's view will lead directly to higher purchase likelihood. It is important to note that price is not the only cost from the customer's

perspective. The cost of transportation (including parking fees at some farmers' markets) is an important factor likely to get more important in the future as gas prices increase. There are also time and psychological costs that play a role in consumer decision making.

### How to Reduce the Cost of Buying in the Consumer's Mind

There are a number of ways to reduce the cost of purchasing while increasing value in the consumer's mind. An indirect way is to emphasize the benefits delivered with your products and services. There are also direct ways of reducing the monetary, time and psychological costs.

#### *Monetary Costs*

When food costs more, consumers don't want to throw it out. But the amount and value of food Canadian households toss out is considerable. Help customers reduce this cost by providing tips on how to store food properly or how to use it after its peak freshness. These tips provide an emotional benefit because nobody feels good about wasting food.

#### *Time Costs*

For consumers who buy directly from the producer, the cost of this decision is offset by the benefits they gain. But time constraints are a big barrier that prevents many families with busy lifestyles from buying directly from the farmer. To gain new customers, try to reduce their time cost at the point of purchase, and after they get home – provide recipes and product bundles for a particular recipe, or offer information on how to organize kitchen work effectively.



### Psychological Costs

These are the opposite of emotional benefits and can include distrust or scepticism from news reports about fraud at farmers' markets. Address these issues by personal communication with customers, and look for opportunities for customers to visit the farm and see for themselves. Reassuring customers that the food purchased for a special occasion is the right choice helps reduce psychological costs. Many consumers do not understand why direct marketing often commands a price premium over supermarket products, even though the middleman is bypassed. Explaining that the price premium is required to stay in business – because individual farmers cannot compete with the large-scale retail operations – will help customers understand your pricing.

### What Do I Need to Know About My Customers?

A customer's purchasing mindset depends on a number of internal and external factors. Understanding who your customers are and what characterizes them is critical to determining a price point that they feel is providing value for every dollar spent on a product or service. Surveying your customers is the best way to collect this information.

Household income is one of the most important pieces of demographic information to understand about your customers when pricing products. Knowing how much disposable income consumers have can help predict what they are willing to pay. This information will help optimize your price point and target products and/or services to people in the right income bracket – reducing the time and money you spend on marketing.

## Practical Considerations in Pricing

### The Importance of Costing Information and Income Targets

Many farmers switch to direct marketing because they are not earning enough in the mainstream wholesale marketing channels. But the question to consider is how much too little you are earning, not just that you earned too little in wholesale selling. Be honest and clear about the income you need to earn to achieve your family's goals. Use income targets and costing information for more profitable pricing.

In commodity agriculture, there are two strategies to increase profits – reducing costs and increasing output. Farms marketing directly to consumers have an additional option – increasing price.

Retail price is generally made up of:

- unit total cost of production
- unit total cost of marketing
- net margin or net profit

Understanding production and marketing expenses is essential to pricing products to ensure a profit – regardless of the marketing channel. This requires keeping track of expenses by channel and by product or product category to understand the profitability of each product in each channel.

Here is a simple example of one product being sold in one marketing channel. The numbers used in this example are not real but are easy to calculate. Table 1 shows the net income calculation and could be used for planning purposes or reflect actual performance of the direct marketing enterprise.



In this example, the wholesale price of cattle serves as benchmark to indicate what additional income is generated compared to selling wholesale. Selling wholesale required less risk and effort than direct marketing, so you need to know if you earn more through direct marketing. Here, \$14,000 in additional

income has been generated. For direct marketing to be profitable, this figure must be more than the additional time and effort the farmer put into the enterprise. The additional time and effort, and the risk the farmer took, isn't reflected in Table 1.

**Table 1: Revenues, Marketing Expenses, Gross and Net Profit for Beef Direct Marketing**

		Dollar value	Margin
<b>REVENUES</b>	Gross sales of beef at farmers' market (10,000 lb sold at an average price of \$10/lb)	\$100,000.00	
	Auction or wholesale Price	\$30,000.00	
	<b>GROSS PROFIT (BEFORE MARKETING EXPENSES)</b>	<b>\$70,000.00</b>	<b>70%</b>
<b>MARKETING EXPENSES</b>	Slaughter, cut, wrap and label	\$14,000.00	
	Processing	\$5,000.00	
	Labour at farmers' market*	\$18,000.00	18%
	Advertising	\$3,000.00	3%
	Supplies for farmers' market	\$3,000.00	
	Stall rental	\$3,000.00	
	Trucking (to abattoir and market)	\$2,000.00	
	Accountant and insurance (market share)	\$2,000.00	
	Freezer: cost of ownership and repair	\$1,000.00	
	Debt service (farmers' market share)	\$3,000.00	
	Other operating costs, e.g. hydro	\$2,000.00	
<b>TOTAL</b>	<b>\$56,000.00</b>		
<b>NET PROFIT BEFORE TAXES</b>	<b>\$14,000.00</b>	<b>14% (of revenues) 20% (of gross profit)</b>	

\*Includes packing/unpacking, loading/unloading and driving.  
 Source: Bob Cobbletick. Getting Control of Your Pricing: On-farm Marketing Controls – Part Four.  
 Alberta Farm Direct Marketing Initiative, AAFRD.





Whether the outcome is satisfactory, given the hours devoted to the enterprise, depends on:

- the target income to meet the needs of the family
- what the farmer views as an appropriate remuneration for entrepreneurial activity
- what the farmer views as an appropriate reward for taking risks

In all these situations, farmers tend to undervalue the entrepreneurial remuneration, and many find it acceptable that their hourly rate is less than their staff.

If projected or actual profit is less than income targets, it is time to make adjustments to the marketing strategy – develop growth strategies, consider alternative marketing channels or possibly develop exit strategies.

Table 1 provides a starting point for additional insights.

- Take all your marketing-related activities and expenses into account. Leaving out major costs can lead to overly optimistic expectations for direct marketing. Transportation costs are often underreported. If a substantial share of output

is sold wholesale, the costs of transportation for direct marketing can easily disappear in the total fuel and trucking cost of the operation.

- Some expenditures can be benchmarked by expressing them as percentage share of total revenues. In Table 1, labour costs represent 18% of revenue – a relatively low figure for staffing a stand at a farmers' market. In a survey conducted in 2010, labour numbers ranged from 20% to 40%. At the upper end of this range, labour costs warrant a closer investigation because it's difficult to have a positive net profit margin with labour costs that high.

### Selling Through More Than One Channel

If you sell through more than one channel, take a closer look at product-specific margins in each channel. Pricing is more complicated since marketing costs differ by channel, and customer bases also differ in their willingness to pay or price sensitivity. The example in Table 1 is extended to Table 2 – to examine beef and pork marketed through a farmers' market and an on-farm store.

**Table 2: Comparison of Margins Across Two Products and Two Marketing Channels**

	Farmers' market		On-farm store	
	Beef	Pork	Beef	Pork
Units sold (lb)	10,000	5,000	5,000	3,000
Revenue	\$100,000	\$25,000	\$45,000	\$13,500
Average price	\$10.00	\$5.00	\$9.00	\$4.50
Production cost	\$30,000	\$7,500	\$15,000	\$4,500
Marketing cost	\$56,000	\$14,500	\$21,000	\$6,500
Profit	\$14,000	\$3,000	\$9,000	\$2,500
<b>MARGIN (%)</b>	<b>14%</b>	<b>12%</b>	<b>20%</b>	<b>18.5%</b>



Assume the total generated profit (\$28,500) is too small to meet the producer's income target. One way to address that is to grow the business. With precise costing and margin information, it is also possible to improve the situation by adjusting prices and reallocating quantities between channels, while keeping overall quantities constant.

While costs of production do not differ between channels in the Table 2 example, the farmers' market has higher per-pound marketing costs. The on-farm store generates a higher profit margin, although prices are lower than the farmers' market. Knowing these margins allows the farmer to reconsider how to allocate product between the two channels with some precision. For example, if the farmer is convinced that sales through the on-farm store can be expanded with fairly small additional marketing efforts – but the farmers' market is saturated – several pricing adjustment can be considered.

- Prices at the farmers' market could be increased, recognizing that sales in pounds will go down.
- Sales can be diverted from the farmers' market to on-farm store when more consumers can be attracted there.
- While the costs of production change proportionately with sales, the exact impact on financial performance will depend on how much marketing costs change with sales. But it's possible that the margin will increase in both channels for both products.

There is no guarantee that this change in marketing strategy will yield the desired results. But predicting the impact of a change in marketing strategy without knowing costs and margins is impossible.

## When Costs Are Less Relevant in Pricing Decisions

Knowing your costs is important for planning, longer-term decision making and performance monitoring. But once the decision is made to produce a particular product, costs becomes less relevant to the pricing decision. The challenge is to maximize gross margin. The gross margin is calculated by subtracting the unit variable costs (covering production, handling/processing, and taking the products to market) from price.

Marketing costs are primarily fixed costs – their magnitude does not change with the sales volume. Expenses for advertisements, signage, fees or equipment have often been incurred before the season begins. These expenses should not enter the gross margin calculation unless it is to determine whether to continue at a particular farmers' market. If the answer is yes, account for the incremental costs of additional stall labour, travel time, fuel and stall fees unique to each farmers' market.

## Pricing of Co-Products

The examples of beef and pork marketing in this infosheet don't address one of the hardest pricing puzzles to solve in meat marketing – how to price different cuts of meat. This is less of a problem when animals are sold as whole animals or as sides or quarters. But many customers prefer the convenience and choice of buying individual cuts. And when individual cuts are offered to satisfy customer demand, some cuts will sell better than others. For example, selling poultry cuts rather than whole birds often leaves difficult-to-sell wings and soup parts.



Customers are often less likely to buy these parts or cuts because they do not know how to turn them into a valuable meal. When demand is low, inventory builds up quickly. A first reaction to building an inventory of a particular cut is often to put it on sale – but that doesn't address the lack of consumer knowledge and skills and also reduces the overall margin per marketed animal.

One farmer's approach to this challenge was to suggest a particular cut and ways to build a meal around it when customers asked what he has. This farmer does not post prices at his farmers' market stands, giving him the opportunity to engage with customers. Another farmer promoted the less valuable cuts and parts on a weekly basis – he didn't reduce the price but offered recipes and information about the cut. These cuts are usually priced lower than the most highly valued cuts, so the perception of a rebate is built in without having to lower the price further. An additional benefit of this strategy is that the price gap between high-value and lower-value cuts does not get too big, so customers don't question whether the price for the high-value cuts is justified.

## Further Factors That Affect Your Pricing

### What Are Your Competitors Doing?

Understanding your competitors – their type and location – is critical in making pricing decisions. While maintaining a sufficient profit margin is critical, the type of competition you are exposed to limits what you can do. If there is a clear market leader that consumers look to for current pricing in the market, you could follow that lead and price similarly, as long as your margin is not compromised. If your competitors are pricing very low, demonstrate a higher value to your consumers to warrant a higher price. This was

discussed earlier in this infosheet in *Fundamentals II: The Concept of Customer Value*.

A number of farmers are increasingly under pressure from small-scale hobby farmers who don't depend on their agricultural income and undercut prices. Competing on price with these low-price producers can be a short-term solution, but is not sustainable. Farmers' markets generally attract a fixed number of consumers with a set budget and quantity of food in mind. These consumers are unlikely to stockpile fresh produce because it was "cheap" so pricing at a very low margin won't likely generate extra sales to cover the costs of attending the market. Successful direct marketers sell a high-quality product at a price that the market will bear.

### Pricing in Season

Deciding what to produce and where to set your base price can be made using costing information and analysis. Seasonal pricing must also be taken into account when marketing agricultural products. With a target average price needed for a certain product to generate enough income, build in room for movement during the growing and selling season. Producers who are first to market with a product can command a premium price until the supply increases and competition from other producers puts downward pressure on the price. As long as prices are reasonable, consumers judge them relatively, not absolutely. If you can be first to market in your area with strawberries, charging a premium price won't discourage your customers because you offer the only (or one of the few) opportunity(s) for fresh local strawberries and there is nothing to judge your price against. Prices inevitably trend downwards as the season progresses and more producers enter the market. This trend is nearly impossible to reverse – it's much easier to start with a high price and leave room to compete later in the season.



## Knowing the Unique Value of Your Products – Price per Unit vs. Price per Meal

Most consumers rank value as an important part of the purchasing decision, and given a selection of products will choose the one with the lowest price per unit. But this is not always the case. When people shop at a farmers' market to buy the ingredients for one meal, they look for quantities for that meal, so the reference point for assessing the price is cost and effort per meal. One farmer used the following example when selling lamb. Lamb chops are an easier sale at a much higher price per pound than a boneless leg of lamb – the package contains two chops, weighs less than a pound, is under \$10 and can be cooked without creating leftovers. In contrast, the boneless leg is a much better deal per pound – weighs at least two pounds, costs more than \$20, requires pre-planning and leaves leftovers.

## What Is the Value of Unsold Products?

The value of unsold products – including returned products – is a question to consider because once a fixed amount of a product is produced (100 lb of produce) the production costs have been incurred. If the product is unsold, production costs are lost and sales that would normally have been made are non-existent. In the context of pricing, understanding the cost of unsold products can help determine a practical price point.

The decision is whether to reduce the price of a product so it sells and risk decreasing the perceived consumer value or maintain the price and take the loss for unsold products. If unsold products have a secondary use with a relatively high value that covers most of the production costs, there is little incentive to lower

prices to move the product. Examples of high values for unsold products include using the product for a processed product line or offering products that don't sell at a morning farmers' market in and on-farm store or roadside stand for the rest of the day.

## How Do You Deal with Supply Fluctuations?

Product availability can be an important factor in determining the appropriate price level. If harvest is smaller than expected, how can you capture the greatest possible value to compensate? One way is to “risk” selling in smaller package sizes at higher prices, with an explanation for the higher price (i.e. higher production costs). A potato farmer used this strategy in a bad potato harvest, selling potatoes in smaller packages. This approach usually requires a loyal customer base to be effective, and an understanding of the demand schedule.

## Should You Reduce Your Price Toward the End of a Market Day?

Deciding to reduce your price at the end of a market day requires careful consideration. Weigh the benefit of higher revenues (and less unsold product) in the short run against the possible negative effect of (some) customers expecting lower prices later in the day and waiting for this opportunity. If the value of the unsold products is low or non-existent – and will be thrown away due to spoilage – it might be worth reducing the price at the end of the day to capture any last-minute sales that are better than no sales and lost production costs. It's also important to maintain perceived customer value, and not threatening this by clearing our products for less than the price point you worked to build value for.





## How Do You Communicate Prices?

Price is often the first thing consumer look for. How you communicate price is very important, and there are a few important factors to consider.

- When you charge a premium, be sure your sales staff is educated on the production process and can describe why the products are superior to those in a local grocery store.
- Price and quality are often perceived to be related. Consumers are typically willing to pay more for product that appears to be of higher quality, whether the quality is in the ingredients, the packaging or the story behind the production of the product. Communicating the link between quality and price is critical.
- When setting prices, keep the customers' price threshold in mind. It's very important to stress the value of what consumers are getting for the price they are paying.
- Publicizing price lists has its advantages and disadvantages. It gives consumers information to compare and contrast value. But public price lists require continuous updating and expose your pricing strategy to your competitors – giving them the opportunity to respond strategically.

Choosing how and where your prices are displayed is important to the perceived customer value. This goes for regular prices as well as special offers and promotions. Always highlight the great value your customers are getting.

## Dealing with High Price Complaints

Among marketers, the saying goes: “If no one complains about your price, you have priced too low.” Viewing a price complaint as a positive is not easy, but even if someone complains, most of your customers can still be very satisfied. Some people are always looking for something to complain about. If no one complains about your price, you may be at the low end of your customer's price band and have room to increase price without compromising sales. This is where the demand schedule comes into play again – using the demand schedule, in conjunction with complaints or price comments, to adjust your price level.

## Particular Relationships between Products

Farmers typically produce and market more than one product. The selection you offer can affect your consumers' purchasing decision. Are you offering products that complement one another or compete with one another? These relationships affect your pricing decisions.

### Substitutes

Substitutes are products that can be used interchangeably by the consumer. For example, different types of salad greens would be considered substitutes. Decreasing the price of one should increase sales of that item while decreasing the sales of other similar products. This concept can be used to clear inventory when you have too much of a certain product, especially perishables.



It's important to know substitutes exist among your product offerings and price them with this relationship in mind. Be careful when increasing product offerings – adding substitute products may not increase sales because customers are simply buying a new product instead of an older one.

## Complements

Complements are products that go well when consumed together. The idea is that reducing the price of one item – that's complemented by other products in your offering – will increase demand for the main item and the complementary products. Remember to identify complementary products when offering an incentive – to increase demand for two or more products by decreasing the price for just one product.

With complementary products, loss leaders are often used to increase overall sales by decreasing the price of a single product. For example, pricing a high-value product like steak below the average market price will encourage additional sales of steak but won't increase the gross margin. To take advantage of this loss leader, install a display near the low-priced steak that includes complements such as barbeque sauce, baked potatoes, paper plates and cases of pop at regular price. The idea is two-fold. Customers feel they have saved money on the steak and can justify spending more on complements they may not have purchased otherwise. And, meal planning is made easier when customers can now pick up everything they need for a barbeque dinner in one place.

This approach works for grocery stores and other large retailers, but may not be a good decision for small-scale direct marketers. To be effective, loss leaders must be widely advertised, drawing in customers who would not have entered the store otherwise. For small producers, it is difficult to attract a high volume of new customers

and stay within their marketing budget. In many cases, a loss leader at a farmers' market or on-farm store may simply erode the margin on that item and not generate enough additional sales to be worthwhile.

## Product Bundles

Offering two or more products for a single, discounted price – called product bundling – restricts customer choice in the purchase decision. People might ask why products are bundled in pricing and why they can't get the rebate without bundling or when bundling differently. Bundling requires extra effort to convince the consumer there is value in purchasing the bundle. There must also be a clear benefit to your operation. If you excess supply of one product and want to increase sales of it, introduce a new product and have people try it without spending less on their regular purchases.

Prepackaging products in certain weight or volume ratios can reduce the amount of time needed for selling and simplifies calculating the benefits of bundling. If you have excess supply of one product, find a recipe that uses it and other products. Offer the products in a bundle at a price that is less than if they were sold separately and give the recipe with the bundle. Bundling can save customers the work finding a recipe, and gives them confidence that they can create a great meal with your products.

If you are selling complementary products with different profit margins (e.g. meat and vegetables), selling the product with the higher profit margin on its own is typically more difficult. Bundling can address this problem – offering the products as complements in a bundle at a lower price than when sold individually.

Information about the authors and project background used as the basis for this resource is in the *Acknowledgements* section on page 1.

# LABELLING ESSENTIALS

## Labels are an essential component of selling prepackaged meat products and have mandatory regulatory requirements.

### What is a Prepackaged Meat Product?

A "prepackaged product means any product that is packaged in a container in such a manner that it is ordinarily sold to, or used, or purchased, by a consumer without being re-packaged".

(Consumer Packaging and Labelling Act)

### Bilingual Labelling

All mandatory information on food labels (except for the name and address of the person by, or for whom, the prepackaged product was manufactured, processed, produced or packaged for resale) must be shown in both official languages, French and English.

Labels may be exempt from bilingual labelling when they meet one of the following criteria:

- they are local products sold in a local area in which one of the official languages is the mother tongue of less than 10 percent of the residents; or
- are official test market products; or
- are specialty foods, as defined by the *Food and Drug Regulations*.

### Size of Information

All mandatory information must be printed with a minimum type height of 1.6 mm (1/16 inch), based on the lowercase letter "o" with some exceptions, e.g. Net Weight.

### Common Name

The common name of a food must be shown on the principal display panel of the food label and is:

- the name prescribed by the *Food and Drug Regulations*, e.g., "regular ground beef", "head cheese"; or
- the name prescribed by any other federal or provincial regulation, e.g. breakfast sausage; or
- when not prescribed by regulation, the name by which the food is commonly known, e.g. boneless, skinless chicken breast.

The common name of a product should not be misleading and

should not misrepresent the origin, composition or identity of the product.

### Net Quantity

The numerical declaration of the net quantity for standard weight products must be declared in metric units on the principal display panel on consumer packages.

The net quantity must be rounded to three figures, unless the net quantity is below 100, when it may be rounded to two figures.

The numerals in the net weight declaration must be shown in bold face type and in the size shown in the following table:

Area of Principal Display Surface		Min Type Height of Numerals	
square cm	square inches	mm	inches
≤ 32	≤ 5	1.6	1/16
> 32 to ≤ 258	> 5 to ≤ 40	3.2	1/8
> 258 to ≤ 645	> 40 to ≤ 100	6.4	1/4
> 645 to ≤ 2580	> 100 to ≤ 400	9.5	3/8
> 2580	> 400	12.7	1/2

### List of Ingredients

For meat products that have more than one ingredient or component, an ingredient listing must be present on the package or label which lists all ingredients in descending order of their presence. Water and smoke are considered as ingredients and shall be listed as such.

Allergens and gluten sources **must** be declared by their source name either in the list of ingredients or in a "Contains" statement at the end of the ingredient listing.

When the statement "Contains" is present on a label this statement must be complete and identify all common food allergens, gluten sources and added sulphites at >10 ppm in the prepackaged product.

### Name and Address

Either the complete name and address of the firm that prepares the meat product, or, preceded by the words "prepared for", the name and address of the firm for whom the meat product is produced or labelled, shall appear on the label of meat products.

The address must be complete enough for postage.

### Meat Inspection Legend

The Meat Inspection Legend may only be applied by the registered/licensed operator and can only be applied to inspected meat products.

The Meat Inspection Legend will be in the following form and be no less the 10mm transverse measurement through the centre of the legend.



### Storage Instructions

All edible meat products, not considered as shelf stable, shall be labelled with storage instructions which consist of one of the following statements, whichever is applicable:

Keep refrigerated / Garder au Froid  
or  
Keep frozen / Garder congelé

### Durable Shelf Life Statement

"Durable life" is the period, starting on the day a food is packaged for retail sale, that the food will retain its normal wholesomeness, palatability and nutritional value, when it is stored under conditions appropriate for that product.

A prepackaged meat product that has a durable life (shelf life) of 90 days or less must include the durable life date, otherwise known as best-before date, on the package or label. This date can be on any part of the package except for the bottom.

If the year is required for clarity, the durable

life date must be given with the year first (at least the last two digits), followed by the month and then the day.

For example:

Best before  
04 JN 28  
Meilleur avant

The following are the acceptable bilingual short forms for the months of the year:

JA for JANUARY	JL for JULY
FE for FEBRUARY	AU for AUGUST
MR for MARCH	SE for SEPTEMBER
AL for APRIL	OC for OCTOBER
MA for MAY	NO for NOVEMBER
JN for JUN	DE for DECEMBER

### Production Date or Lot Code

All meat products shall be labelled with the production date or with a code identifying the production lot. This code or date of production must appear on the immediate container of prepackaged meat products or on a tag attached to it. It is possible to use the durable life date statement as an identification code of production.

### Retained Water Declaration

The amount of water added and retained in raw single-ingredient meat products due to post-evisceration contact with water, in excess of naturally occurring moisture must be declared as part of the product name on the principal display panel of prepackaged products.

Raw single-ingredient meat products include e.g. dressed carcasses, parts of dressed carcasses, offal and giblets.

### Nutrition Labelling

The Nutrition Facts table is mandatory for most prepackaged meat products. Prepackaged ground meat, ground meat by-product, ground poultry meat and ground poultry meat by-product must always carry a Nutrition Facts table.

The following products are exempt from displaying a Nutrition Facts table:

- raw, single-ingredient meat, meat by-product, poultry meat and poultry by-products;
- foods sold only in the retail establishment where the product is prepared and processed, including products made from a pre-mix when an

ingredient other than water is added to the pre-mix; and

- individual servings of foods that are sold for immediate consumption (e.g. sandwiches or ready-made salads), when these have not been subjected to a process or special packaging, such as modified atmosphere packaging, to extend their durable life.

### Resources

[OIMP Nutrition Analysis Service](#)

[Food and Drug Act and Regulations](#)

[Consumer Packaging and Labelling Act and Regulations](#)

[Guide to the Consumer Packaging Act and Labelling Regulations – Chapter 14 Meat and Poultry Products](#)

[Ontario Meat Regulation 31/05](#)

[CFIA's Meat Hygiene Manual of Procedures - Chapter 7](#)



For more information:

Ontario Independent Meat Processors

[www.oimp.ca](http://www.oimp.ca)

Technical Director

[technical@oimp.ca](mailto:technical@oimp.ca) or (519) 763-4558 x222



# The butcher kept your meat?

PENN STATE



by Dr. Christopher R. Raines, Assistant Professor  
Department of Dairy & Animal Science  
The Pennsylvania State University

**No, the butcher probably did not keep your meat.** Ever since the first butcher processed a meat animal, the customer has wondered what happened to some of their meat. How could it be that a 1,200 pound steer left you with only 475 pounds of beef? Or that a 250 pound hog generated only 125 pounds of pork? What might seem like a reasonable answer - that the butcher kept your meat - is very unlikely. Take into consideration what happens during the conversion of a market animal into cut and packaged meat, and chances are the math will make more sense. **This brief guide is intended to serve as a general base for meat product return and may not fully account for slight variations that different animals and butcher orders may incur.**

## Step 1: Converting an animal into a carcass

**Dressing percentage (DP)** relates the weight of the carcass to the weight of the live animal and is calculated as:  $(\text{Carcass Weight} \div \text{Live Weight}) \times 100$ . This can be affected by many things, such as gut fill, fatness, mud on the hide, or shorn versus unshorn. Very fat animals have higher dressing percentages than light very lean animals.



**~70%**

The average dressing percentage for hogs is about 70-72%.

**Example:**

Live weight = 245 lbs.  
Actual DP = 72%  
Carcass wt. = **176 lbs.**



**~60%**

The average dressing percentage for cattle is about 60-62%.

**Example:**

Live weight = 1312 lbs.  
Actual DP = 60%  
Carcass wt. = **787 lbs.**



**~50%**

The average dressing percentage for sheep is about 50%.

**Example:**

Live weight = 127 lbs.  
Actual DP = 52%  
Carcass wt. = **66 lbs.**

## Step 2: Making cuts out of a carcass

This is where it starts to get tricky to predict just how much meat the carcass will yield because that depends largely on how you order the meat cut. **Bone-in or boneless?** Opting for boneless cuts will reduce your total pounds of meat returned. **Do you want ground meat with 10% fat or 20% fat?** Lower fat content ground meat will result in more discarded fat, thus reduced total pounds of product received. **Was the animal overly fat to begin with?** If the animal was fat from the start, more fat will need to be trimmed away, thus reducing total pounds of meat returned.

### Pork

For bone-in pork, expect no more than 75-80% of the carcass weight back as meat. For boneless, 65-70%.

**Example:**

Carcass wt. = 176 lbs.  
Boneless pork = **123 lbs.**

### Beef

For bone-in beef, expect no more than 65-70% of the carcass weight back as meat. For boneless, 55-60%.

**Example:**

Carcass wt. = 787 lbs.  
Boneless beef = **472 lbs.**

### Lamb

Most lamb cuts are bone-in. Expect no more than 70-75% of carcass weight back as meat.

**Example:**

Carcass wt. = 66 lbs.  
Lamb cuts = **50 lbs.**

## Step 3: Aging and further processing (optional)



The longer a whole carcass ages (hangs), the more moisture it loses due to evaporation, thus losing weight. Instead of aging an entire carcass for > 2 weeks, ask if your butcher is willing to age just the middle meats, aged.



Ordering bacon? Cured hams? Smoked sausages? Applying a heat process to meat cuts will also reduce the total yield of meat returned from an animal. Different products have different yields.

For more reading, see: D.M. Wulf, (1999). *Did the locker plant steal some of my meat?* <http://ars.sdstate.edu/MeatSci/May99-1.htm>

The Pennsylvania State University is an equal opportunity university.  
Available in alternative media on request.





## Online Resources

### **A Direct-to-Consumer Beef Marketing Handbook**

NC State University

PDF - [www.agmrc.org/media/cms/NCSUBeefHandbook\\_0510\\_ECD46F82E2D00.pdf](http://www.agmrc.org/media/cms/NCSUBeefHandbook_0510_ECD46F82E2D00.pdf)

### **AgSights**

[www.agsights.com](http://www.agsights.com)

### **Canada Beef**

[www.canadabeef.ca](http://www.canadabeef.ca)

### **Cost of Meat Processing Tool**

Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)

[www.omafra.gov.on.ca/english/busdev/directfarmmkt/meatprocess.htm](http://www.omafra.gov.on.ca/english/busdev/directfarmmkt/meatprocess.htm)

### **Direct Farm Marketing Business Resource**

Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)

PDF - [www.omafra.gov.on.ca/english/busdev/directfarmmkt/directfarmmarketing.pdf](http://www.omafra.gov.on.ca/english/busdev/directfarmmkt/directfarmmarketing.pdf)

### **Guidelines for Method of Production Claims**

Canadian Food Inspection Agency (CFIA)

[www.inspection.gc.ca/food-label-requirements/labelling/industry/method-of-production-claims-on-food-labels/eng/1389379565794/1389380926083?chap=8](http://www.inspection.gc.ca/food-label-requirements/labelling/industry/method-of-production-claims-on-food-labels/eng/1389379565794/1389380926083?chap=8)

### **Meat and Poultry Ontario**

[www.meatpoultryon.ca](http://www.meatpoultryon.ca)

### **Ontario's Meat Inspection Program**

Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)

[www.omafra.gov.on.ca/english/food/inspection/meatinsp/m-i-p-r/meatinspecprogram.htm](http://www.omafra.gov.on.ca/english/food/inspection/meatinsp/m-i-p-r/meatinspecprogram.htm)

### **Performance Analysis by Marketing Channel Tool**

Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)

[www.omafra.gov.on.ca/english/busdev/directfarmmkt/marketingchannel.htm](http://www.omafra.gov.on.ca/english/busdev/directfarmmkt/marketingchannel.htm)









# farm to CITY

**Beef Farmers of Ontario**

1.866.370.2333

[www.ontariobeef.com](http://www.ontariobeef.com)

[www.ontbeef.ca](http://www.ontbeef.ca)

