



pork industry handbook

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Direct Marketing of Meat Products

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Introduction

So, you want to market meat products from the animals you produce directly to consumers? Great idea! This guideline provides information for producers and entrepreneurs who are attempting to direct market their products for the first time. In most cases, this is a completely new experience for most producers. It can be overwhelming if you do not take it one step at a time.

To be successful in marketing your product directly to consumers, it is important that you understand a few issues prior to making a large monetary investment. In many cases, as you gather information on how to direct market your product, you may find that this endeavor requires more responsibility and/or effort than you had originally planned to commit. If that is the case, don't feel defeated. At least you explored the idea and put forth an effort to learn more about your industry.

Many individuals have found after attempting to start a direct marketing business that this is not what they really want to do. You must approach direct marketing differently than you would many aspects of animal production. The following checklist contains questions you should ask yourself to determine if you are truly committed to marketing meat products directly to consumers.

Begin with asking yourself "How do I know that direct marketing is for me?" First and foremost, do you think you have a product for which consumers are willing to pay a premium? To be successful, direct marketing must be approached as a business, not a hobby. Therefore, the product must be capable of com-

Keys to Successful Direct Marketing of Meat

- Know your Product(s)
- Know your Clientele
- Know Local and Federal Regulations
- Develop the Necessary Infrastructure
 - Processing capabilities
 - Distribution avenues
 - Market Segments
 - Cooperative Arrangements
 - Cash Flow Requirements

manding a price above your normal market value to compensate you for your added efforts. Have you determined if your product is capable of returning a premium? Often times it is difficult to determine on a small scale how much of a premium your product is truly worth. Although consumers may really like the product, the real question remains, "How much are they willing to pay, especially as a repeat customer"? Too often, individuals do not consider the extra effort needed to make direct marketing successful until it is too late. They then decide that it is too much trouble. Always remember, *Time is Money!* Your product must pay for your time.

Secondly, do you as an individual have the personality to deal with people on a business level? Are you a salesman?

Can you make the appropriate sales pitch to a wide variety of clientele? Can you handle rejection? Can you deal with negative comments about your product? Can you manage employees? To be successful you may have to expand your workforce. Are you capable of listening and responding to regulatory officials on a daily basis? How would you respond to consumer complaints about your product? These are all issues that require an individual to have the skills and ability to interact with a wide variety of people on different levels from production through marketing and sales. As you grow your business, it may become easier to add this expertise through addition of new employees. However, one of the most frustrating issues facing producers entering a direct marketing business is the necessity of being able to handle the various situations described above. This, added to the fact that many producers work alone and enjoy this aspect of their job, can lead to a difficult transition early in the direct marketing business development process. A key point to remember during your initial startup is that "The Consumer is Always Right" and that *everyone* is your consumer.

Pitfalls of Direct Marketing

- Possible Up Front Financial Outlay
- Cost/Profit Ratio of Products
- Lack of Marketing Knowledge and Skills
- Lack of Processing Infrastructure
- Liability Insurance
- Regulatory Requirements

If you have a premium product and the personality to succeed in dealing with people, you are a prime candidate for starting a direct marketing business. However, this is where the small details began to demand attention to ensure success. Advanced planning and discussions with regulatory agencies is essential prior to startup. By involving all necessary federal and states governmental agencies (i.e. United States Department of Agriculture, Food and Drug Administration, Environmental Protection Agency, state and local public health, state Department of Agriculture, etc.) you not only avoid potential costly mistakes, but also exhibit your desire to properly follow regulations and produce a safe and wholesome food product.

Issues such as consistent animal supply, processing capacity, labeling, product transportation, marketing, cash flow, and other components are extremely important aspects of the infrastructure necessary for a direct marketing venture to succeed. It is important that interested parties develop a business and marketing plan prior to starting a new business venture. In many cases, this will be required by financial institutions if outside capital is required for startup. Not only will these plans assist you in developing your approach to direct meat marketing, they may also prompt you to evaluate the way you do business in your other operations as well. Many livestock producers look at their production operation differently after exploring direct marketing.

An important question you need to ask yourself is what is it that you want to achieve through direct marketing your product. Will this become your primary source of income? Many niche markets have grown to become major enterprises, exceeding expectations of those involved. Or, are you looking to stabilize cash flow throughout the year to offset live animal price fluctuations? This is an important decision you have to make as it will drive your efforts and input into your direct marketing program.

Sources of Information

- Networking with other producers
- Direct Marketing/ Value-added Conferences & Workshops
- State Department of Agriculture
- Local Land-grant University
- Local Extension Office
- Trade Publications/Associations
- USDA-Agricultural Marketing Service

Finally, you will benefit if you seek out others who are also interested or involved in direct product marketing. There is strength in numbers. By associating with others involved in this arena, you expand your knowledge base in many areas necessary for success. It may even be possible that you can work toward a common goal in overcoming shortfalls in reaching customers, processing roadblocks, marketing efforts, transportation deficiencies, and other challenges that lay ahead

Summary

Plan! Plan! Plan! Prior thought and planning will be the key to success. In addition, never give up. More than likely, there has been someone before you that has encountered a similar problem and developed a solution. The key to direct marketing is having a great product desired by consumers and the perseverance to turn challenges into opportunities. So, go out and add value to your products through direct marketing.

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Checklist for Success

Ask yourself the following questions before you move ahead in direct marketing your products. If you agree with the majority of these questions, then you are headed in the right direction.

- Do you like working with various types of people?
- Are you able to manage employees?
- Are you willing to learn new ways of doing business?
- Do you have the proper sales skills to meet the needs of the consumer?
- Have you developed short and long term business goals?
- Do you have financing resources for the short and long term available?
- Have you considered your cash flow throughout the year?
- Do you know who will handle your accounting/business management?
- Are you willing to accept liability related to producing a safe product?
- Do you have a marketing plan for your product?
- Have you considered animal availability and supply?
- Do you know if this is a continual or seasonal product?
- Are you willing to meet USDA and Public Health regulations?
- Where/ how will the processing of your product take place?
- Can you merchandise the entire carcass?
- How will the products be distributed/ transported?

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