




## Marketing Alternatives

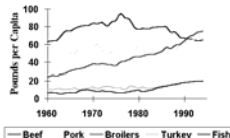
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## The Chicken Nation



- USDA projections show that Americans are eating more chicken than ever.
- Domestic per capita broiler consumption
  - 32 pounds in 1980 → 55 pounds in 2000



## New Horizons

- **New marketing opportunities** are directly tied to general public knowledge and **growing interest in food products.**
  - Safely produced
  - Good tasting
  - Competitively priced
  - Ready-to-cook
  - Cater to diverse social and cultural values
- Customer preferences in some areas have opened up new markets for specialty poultry.



## A snapshot of our customers

A total of 77 middle income men and women from Minnesota, Wisconsin, and Iowa were selected to participate in several 2002 focus groups called "Pasture Raised Products Message and Strategy." The topics of discussion at each focus group included food buying habits, knowledge of pasture-raised products, and convincing advertising strategies. Results showed that customers:

- Purchase poultry based on appearance
- Desire health benefits but not at the expense of taste
- Try new products when incentives (coupons) are offered
- Are most concerned about disease and bacteria; are less concerned with antibiotics
- Select products primarily by convenience and price
- Don't always trust their food source to provide safe, quality food (regardless of whether it's a large corporation or a local farmer)
- Feel overwhelmed by availability of advertising and other information
- Feel the name of production technique (e.g., pasture-raised, free-range, etc.) is less important than having a standard definition for a term that they can trust
- Will ultimately purchase products that offer direct benefits (low fat, healthier, etc.)



## Marketing Basics

You shouldn't consider raising birds without a clear marketing plan.

**1. Give some thought first to:**

- Who is going to buy your product?
- What type of products do they want?
- What might they be willing to pay?
- Do you have a promising marketing opportunity on your hands?



## Marketing Basics

**2. Begin talking with the public, experienced poultry growers and your Extension Agent about how best to:**

- Identify potential markets
- Track market prices
- Explore market demand in different locations
- Think about your distributing options
  - Direct
  - Wholesale
  - Retail
  - Contract
- Learn about buyers' product needs and wants
- Comply with food safety regulations
- Identify products that meet buyers' needs
- Develop a promotional plan
- Research competition

# Intermediary Marketing



- Marketing indirectly through an integrator, retailer or cooperative has some very appealing advantages.
- These “intermediaries” take on the majority of distribution and promotional responsibilities, while in some cases guaranteeing prices (and your income) for the year.
- They expect that products meet **specific guidelines**
  - Can take a significant cut of your profit
- You will be required to satisfy the needs and wants of:
  - End market
  - Delivery
  - Packaging needs

# Intermediary Marketing

## Retailers and Wholesalers



- Many small-scale poultry farmers have been quite successful marketing through wholesalers and retailers such as community-oriented grocery stores and gourmet restaurants.
- You will need to satisfy **their** delivery and handling requirements, packaging requests, etc....
- Keep in contact regularly with your buyers**
  - Upcoming needs
  - Your product availability
- Try to provide a consistent, high quality product.
- Your client is depending on you!
  - For Example: A chef, needs to know that the chicken he served last week will look and taste the same again this week.

# Intermediary Marketing

## Cooperatives



- Formal cooperatives and other collaborative marketing groups are typically owned and operated jointly by grower-members.
- Marketing cooperatives:** a board (composed of members) usually arranges for the sale of members’ products through other intermediaries such as processors, wholesalers, and retailers.
- Benefits are usually distributed on the basis of use and a delivery volume may be required.
- Expect to pay a fee for processing and marketing services**
- You may have to purchase shares and volunteer time when joining the cooperative.

# Direct Marketing

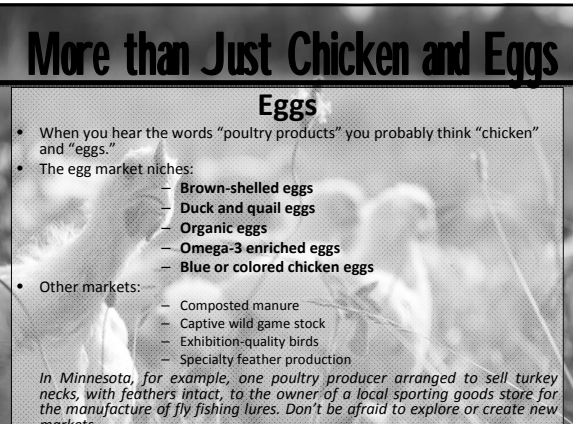


**Direct market** buyers are, in some cases, the same folks who shop at large retail grocery stores.

- They may seek you out at the farm, at the farmers’ market, or over the Internet.
- Most of these individual buyers are looking for a product that is different from the industry standard.**
- Selling direct to individuals and families will generate more income up front.
  - Farm stands
  - Farmers’ markets
  - Subscription
- Without an intermediary to take a cut, you’ll be free to pocket the full retail value for your birds and eggs.

# More than Just Chicken and Eggs

## Eggs

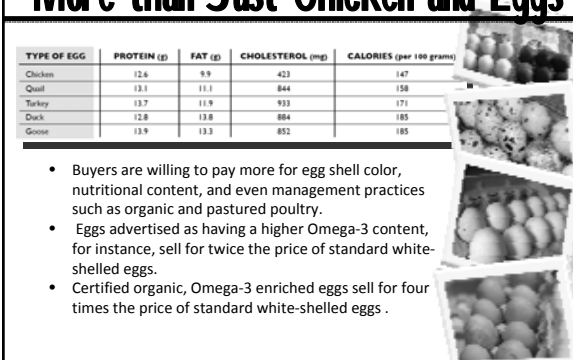


- When you hear the words “poultry products” you probably think “chicken” and “eggs.”
- The egg market niches:
  - Brown-shelled eggs
  - Duck and quail eggs
  - Organic eggs
  - Omega-3 enriched eggs
  - Blue or colored chicken eggs
- Other markets:
  - Composted manure
  - Captive wild game stock
  - Exhibition-quality birds
  - Specialty feather production

*In Minnesota, for example, one poultry producer arranged to sell turkey necks, with feathers intact, to the owner of a local sporting goods store for the manufacture of fly fishing lures. Don't be afraid to explore or create new markets.*

# More than Just Chicken and Eggs

TYPE OF EGG	PROTEIN (g)	FAT (g)	CHOLESTEROL (mg)	CALORIES (per 100 grams)
Chicken	12.6	9.9	423	147
Quail	13.1	11.1	844	158
Turkey	13.7	11.9	933	171
Duck	12.8	13.8	884	185
Goose	13.9	13.3	852	185



- Buyers are willing to pay more for egg shell color, nutritional content, and even management practices such as organic and pastured poultry.
- Eggs advertised as having a higher Omega-3 content, for instance, sell for twice the price of standard white-shelled eggs.
- Certified organic, Omega-3 enriched eggs sell for four times the price of standard white-shelled eggs .

# More than Just Chicken and Eggs

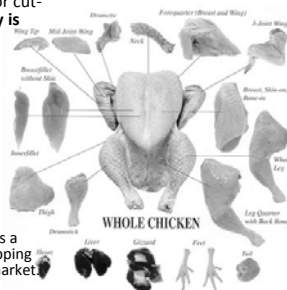
## Poultry

- Poultry may be sold whole or cut-up, fresh or frozen. **Majority is sold cut-up:**
  - 90% of chickens
  - 50% of turkeys

- Parts:
  - Wings
  - Thighs
  - Breasts
  - Legs

- Specialty or Ethnic Market:**

- You can avoid processing as a farmer or processor, by tapping into a specialty or ethnic market.



# More than Just Chicken and Eggs

## Poultry

- The USDA groups poultry into “ready-to-cook” categories for grading and marketing purposes.
- Categories are determined by the bird’s age at slaughter and by meat tenderness.
  - Fryers** → 1.5 – 4 lbs
  - Roasters** → 5 – 7 lbs
- Find out what type of bird** (species, breed, age, size), **texture** and **flavor** your customers prefer, as well as how **much they are willing to pay** for the difference.



# Marketing Plan

**This will guide you in detail through your marketing efforts and knowledge of your potential customer base.**

- Marketing Goals
- Customer Description
- Competitor Description
- Product Description
- Promotion and Distribution Strategy
- Pricing Opportunities and Plans
- Sales Projections
- Break-Even Analysis



# Conclusion

- Poultry farming can be more than raising chickens
- Do your homework:**
  - Research before investing
    - Preference
    - Products
    - Outlets
    - Niche markets
- Take calculated risks
- Develop a marketing plan
- Don’t be afraid to tell your story
- Contact your Extension Agent!



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