

Workshop Title: Rare Breeds: Moving from a Hobby to a Business

Speaker(s) & their titles: Harry Stoddart, Stoddart Family Farm

Executive Summary:

Harry Stoddart presented the pros and cons of many different marketing tactics when it comes to the production of rare breeds of livestock. In any case, it is important that the farmer become the “middleperson” in the sense that he or she must not only raise the animals but tell their story and share the value of raising rare breeds.

Detailed Notes:

“One of the problems that we have with rare breeds is that people use it as a hobby which is a drain on cash rather than cash production...you don't have a business unless you have customers. You have to have people willing to pay you for your product.”

There's generally a reason why breeds have become rare. And you need to understand what that is: ex. higher costs (longer time to market), lower production (eggs, pigs per sow, milk, smaller frames for cattle). If you try to sell in commodity market, you will get a substantial price difference.

Reality of businesses with rare breeds:

- Not in a commodity business
- Need higher price point to achieve a margin
- Need to develop marketing skills

Some breeds, like the Sasso chicken for example, are being marketed as heritage breed but are still hybrid where every purchase makes a “donation” to a genetics company.

Middlemen perform valuable functions in a supply chain. As business people in rare breeds we need to become the middlemen - we want to sell directly but we have to do it in a way that gets us customers that want to pay full price.

Harry Stoddart's view on marketing and sales:

Restaurant Sales

Pros:

- Helps with brand awareness (being able to say we sell at this white table restaurant gave us instant credibility with other customers)
- More consistent ordering pattern (large volumes)
- Sold in advance of slaughter
- Built in quality standard (brings you up the learning curve pretty quickly)

Cons:

- Always starts with cash on delivery but won't last (hard to manage accounts receivable)

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- Good business people and chefs are rarely found in the same person (that being said if established early, they learn to respect it - not getting the sale is better than doing all the work and not being paid)
- Can be consistent but also unexpectedly up and down (suddenly no market for ducks because of menu change - don't have all your sales in one restaurant)
- High quality standards can bite you and lead to rejected products
- Need more infrastructure to deal with larger volumes (will need to see entire cold chain from slaughter to restaurant)

Wholesale sales

Pros:

- Higher volumes
- Cut and kill to order
- Grading standards
- Lower transportation cost per unit
- Don't have to be everything to everybody - focus on what you do well and enjoy

Cons:

- Lower margins and generally pressure on margins (lots of people have no marketing skills accept lowering their price which is difficult to compete with)
- Extra infrastructure for higher volumes
- Need to manage accounts receivable (main lesson from today)

Farm stand

Pros:

- Customer comes to you (no transportation costs)
- Retail prices (depending on how far you are from urban areas)
- Small investment (most of us have a building that isn't being used...as long as you aren't cutting the meat there, the inspector doesn't require as much)

Cons:

- Customers in your yard (this is why we don't do it anymore - you just have to understand what you want. It doesn't matter what you say your hours are...they will come)
- Staffing regardless of whether there are customers - challenging to find enough work to do within eyeshot
- Kills and cut on spec - you have to decide before any of it is sold which either requires lots of information on the desires of the market or you can start ending up with lots of stale dated stuff in the bottom of a freezer
- You need a space to host people
- You need to pay the abattoir before receiving anything for it

Farmers market

Pros:

- Established base of customers because you're tagging onto someone else's marketing efforts (assuming it's well established)
- Retail price
- Consistent repeat customers

Cons:

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- Killing and cutting on spec - nothing or very little is sold and you can't make very many trips without it coming to the point where it can't be sold ("it might as well be lettuce" meaning that even though it's meat, it can't last many trips to the market before it can't be sold)
- Weather dependency: if it's raining sales can be off 40%; it's a one-way commitment where farmers are always there but not necessarily the customers
- Cashflow can be difficult

CSA

This is where our sales have gone. June-November is our main season and February-May is the winter season. We dropped December because of too many holiday events but many customers get extra in November so it balances out.

When they started they were one of two meat CSAs in Ontario. They have 100 families for a total of 120 shares (10 lbs a month but you can do any multiple number of shares that you want. One share is more or less eight pieces). \$100 once a month but we aren't doing house delivery just dropping it off 5-6 places in the city where people pick it up.

Pros:

- Protect margins: we can set the price point in advance and can adjust (to feed costs, for example)
- Cashflow (50% on sign up and 50% on first delivery)
- Kill and cut to order (still less than what you would pay for retail and any other place but in exchange the customer needs to give up some control. We consider it good if we get 50% repeat customers but once you get repeat customers they are there for awhile)
- Flexibility to move what's ready: Mix of meats (beef, pork, lamb and chicken during the main season and beef, pork and lamb in winter)
- Planning and predictability: commitment from both you and customer
- People find us through word of mouth

Cons:

- No shows: hosts don't always have room for the shares that aren't picked up and sometimes call us in a panic.

General thoughts:

Finding customers is a challenge regardless of the marketing (especially for CSA). We started with farmers markets (new, hip, foodie markets) and converted into CSA. Slow Food Toronto Convivium is where we met both long-time customers and chefs. The ethics and values work well with slow food - no convincing required; we only need to convince them to buy ours.

Internet: website brings lots of traffic (a couple of sites that bring us lots of traffic include Eat Wild, a directory of grass-fed farms; Chow Hound because of a few customers have mentioned us - although negative reviews could be deadly). Google Analytics is great and simple.

Other marketing considerations:

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- We are certified organic on the land but not the meat.
- Other people use: free-from... (like President's Choice who has bunch of lines with things that are free of things that are illegal anyways)
- Pastured
- Grass-fed (there is a movement to have the grass-fed brand go the way of organics with certification)
- Breeding stock (especially with rare breeds)

Final thoughts:

- It's about the story and the relationships (before there can be a sale)
- Nobody is going to call you looking for Tamworth pork: you have to share the awareness of your brand and the values that you have
- We can outsell any meat vendor because they look like its the worst part of their day being at the market. You need to smile before your answer the phone.
- Harry's book: *Real dirt: An Ex-Industrial Farmers Guide to Sustainable Eating*