

Marketing & Pricing Meat for Direct-to-Consumer Sales

Matt LeRoux, Extension Associate



**Cornell
Meat
Price
Calculator**



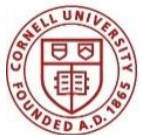
Dyson
Cornell
SC Johnson College of Business

Cornell CALS
College of Agriculture and Life Sciences

Matt LeRoux, Extension Associate

Cornell Agricultural Marketing Research Program

- Ag. Marketing Specialist, Cornell Cooperative Extension, 2008-2020.
- Created MeatSuite.com
- Created the Cornell Meat Price Calculator.
- New England Heritage Breeds Conservancy, Livestock Alliance.
- Beef Carcass ultrasound technician (2003-05).



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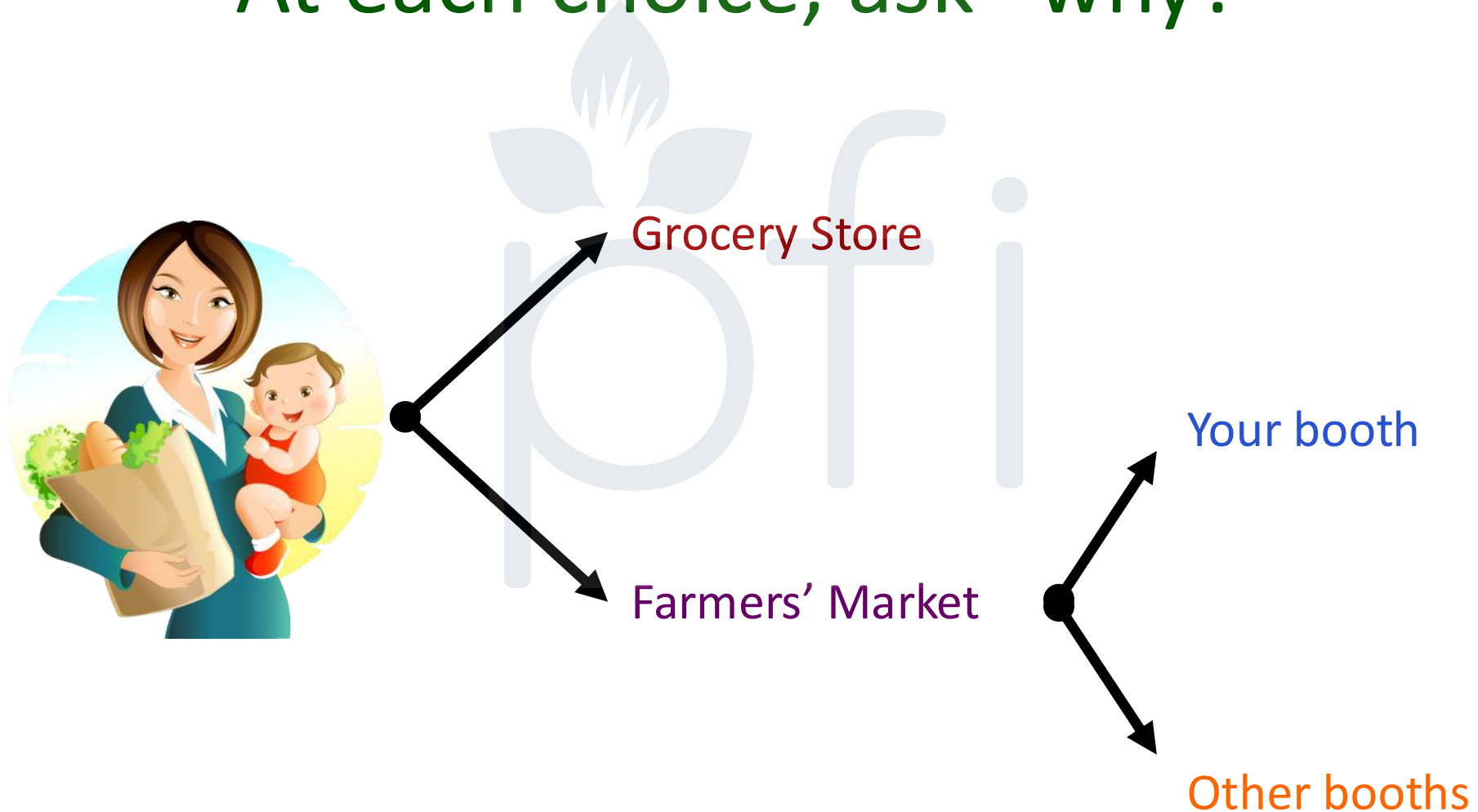


Marketing is the process of:

Understanding what the consumer wants,
developing the product, and getting it to them.

Strategy Development

At each choice, ask “why?”



What do your customers want?

Local meat buyers: Who are they?

Choose a target customer to best serve them.

Generalized Groups of Local Meat Buyers

- **Foodie/Locavore Enthusiasts**- *experience driven.*
- **Social Cause /Personal Health**- *cause driven.*
- **Traditional buyers**- *price driven.*
- **Ethnic/Religious**- *culturally driven.*
- **“Crisis” consumers**- *security driven.*

Other Customers:

- **Breeding stock**
- **Feeders**
- **Hobby/Pets**

Strategy Development

Develop your farm's message from your marketing strategy.

- To focus your brand identity.
- To make your marketing labor most effective.
- To create differentiation and market position.
- To attract your target customers.
- To serve your customers better.

Strategy Development

Our farm raises *claims/product(s)* for *target customers* who *activity/demographic/behavior*.



Strategy Development

We make *fast, easy meals* for *busy working moms* who *have run out of time and give up for today*.

Impacts production and marketing decisions.



Strategy Development

Reality Check!

- Your strategy sentence is not for your brochure.
- The outward appearance of your marketing will not seem unusual to ordinary consumers.
- You won't alienate non-target consumers.
- Your default sentence!

Strategy Development

Summary

- **The less you like to spend time on marketing, the more you need a strategy.**
- Assess what marketing styles fit your business, location, & you.
- Identify an exaggerated, specific target market.
- Focus marketing (& production) activities to serve the needs, motivations, desires, & buying habits.

Market Research

“We need to educate the consumer about the value of Organic meat.”

Grass-fed

Local

Grain-fed

Market Research

Concept 1

As marketers,

Understanding the consumer

is BETTER than

Educating the consumer.

Market Research

Two Approaches to Marketing

Production-driven Marketing (Push)

Market-driven Production (Pull)

Market Research

Production Driven

“Push” Marketing

- We make this stuff.
- It is good stuff.
- You should buy it.
- We go where there are people and try to sell to them.
- Expensive and time consuming.

Marketing Objective: To persuade. To educate.

- To convince the consumer to try and buy.

Market Research

Market Driven “Pull” Marketing

- “I wish there was...”
- People want this stuff. They will buy it.
- We go where our target customers are, to serve them.
- More efficient, lower marketing cost.

Marketing Objective:

Let them know we exist. We have that stuff.

Market Research

Concept 2

Market research helps us market our products to those who already value them.

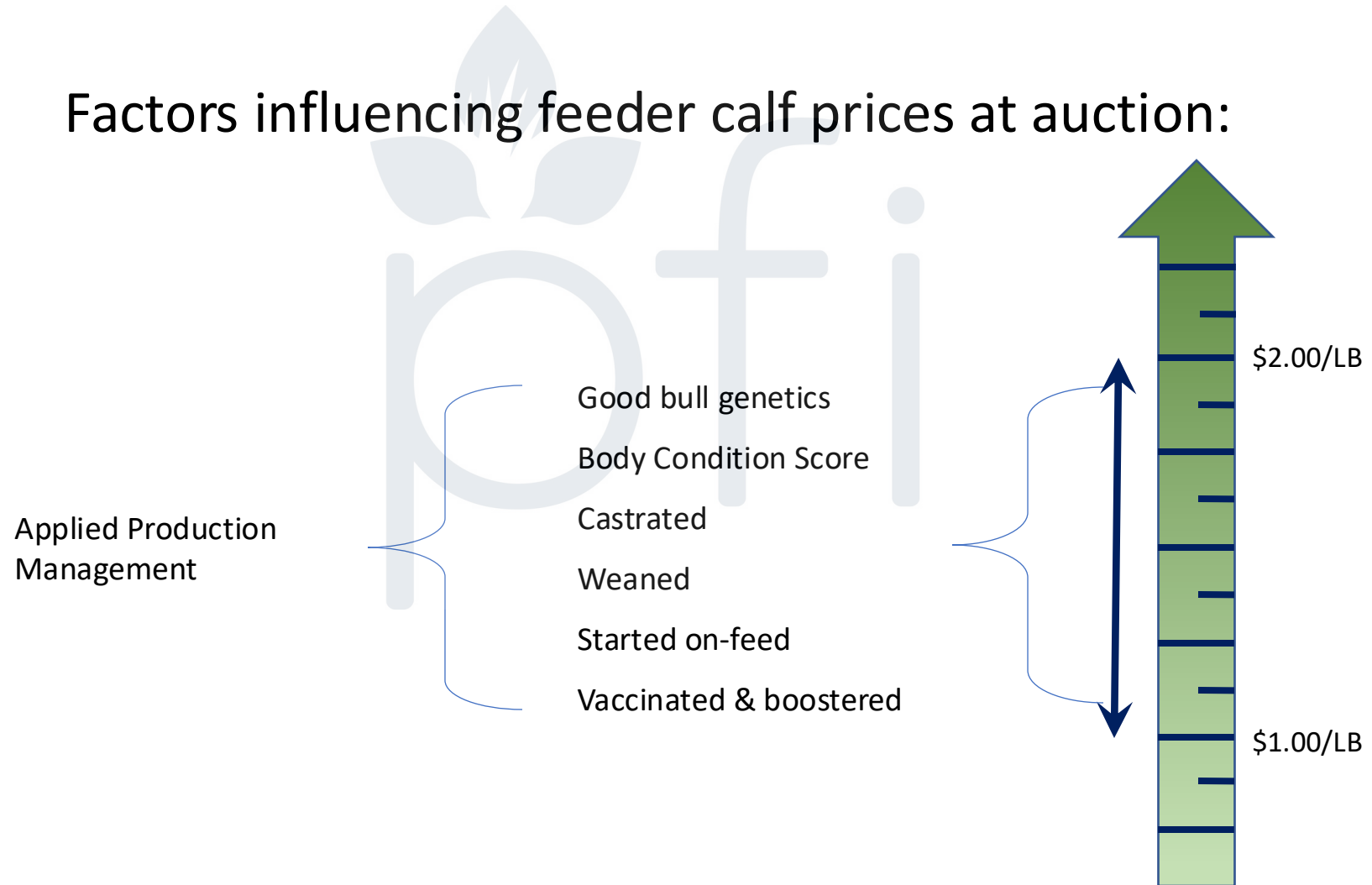
This is more efficient than push marketing.

Think about a livestock auction...

Different lots of cattle get different prices, why?

Auctions are an experiment to measure the buyer's willingness to pay for different product traits.

Factors influencing feeder calf prices at auction:



The difference between \$5 & \$9 ground beef at the farmers market?

Applied Marketing Management



Market Research: Summary

- Use market research to keep your product(s) in the market-driven space.
- Educating the consumer is great when it helps them get what they already want.
 - Example: A recipe to cook an unfamiliar cut of meat.

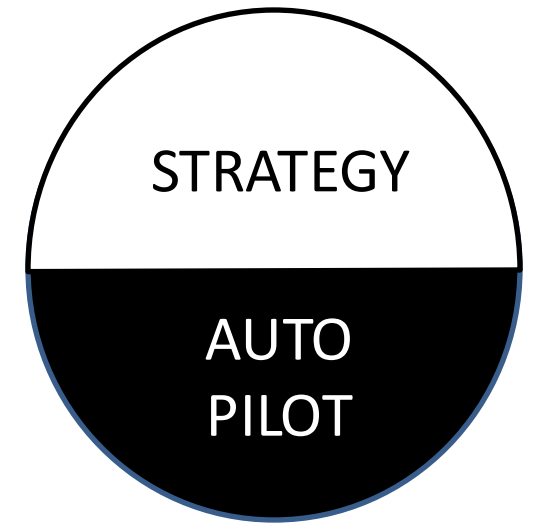
Marketing objectives:

An objective pays off when specific & measureable

- “I should put some money in savings”
- “I will put money in savings every month”
- “I’ll put \$50 from my first paycheck in savings every month beginning in Sept.”

Marketing objectives:

- Objectives (and strategy) help prevent “auto-pilot” marketing.
- Objectives make any goal easier to reach.
- Objectives are not just sales based.
 - Example: Contact 4 restaurants this week.
- Objectives make sense with a production schedule and a marketing budget.
- Key ingredients for objectives: Audience, Measurable Goal, Timeline, Budget, Action.



Reaching Consumers

Creating your message

- What causes consumers to seek this product?
- How do they like to be reached, what format?
- What products and descriptions will resonate?
- Consider their needs, motivations, desires, and buying habits.
- Be prepared to answer questions concisely.

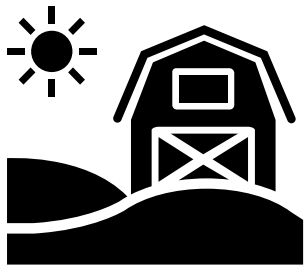
Marketing Plan:

Marketing Strategy

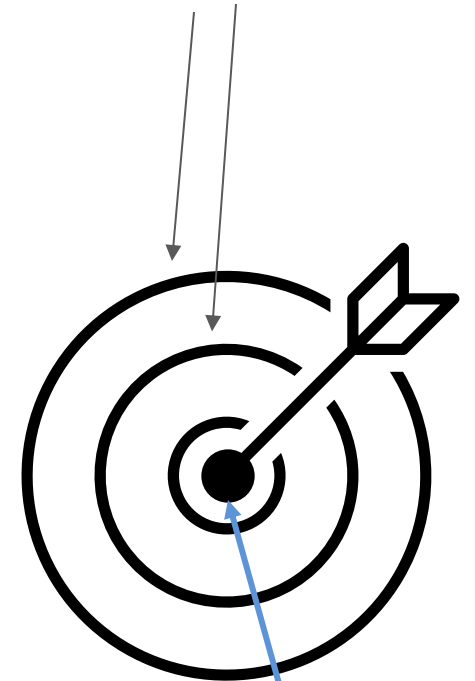
Market Research

Objectives

Communication



What about these consumers?

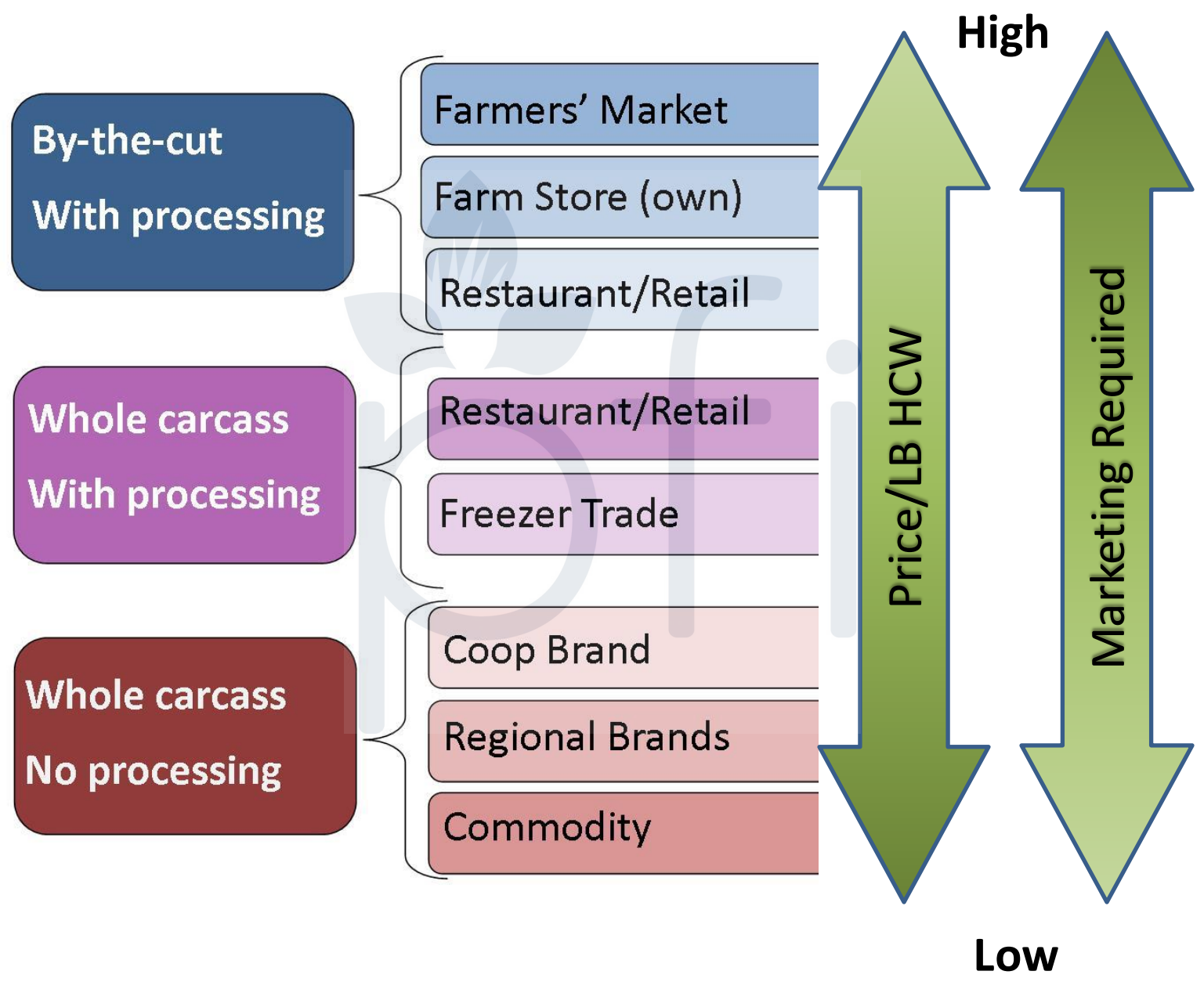


Target Market



Cornell Meat Price Calculator

- For pricing meat by the carcass or by the cut.
- Need to prepare with data from your farm.



Pricing, where to start

The Pricing Challenge



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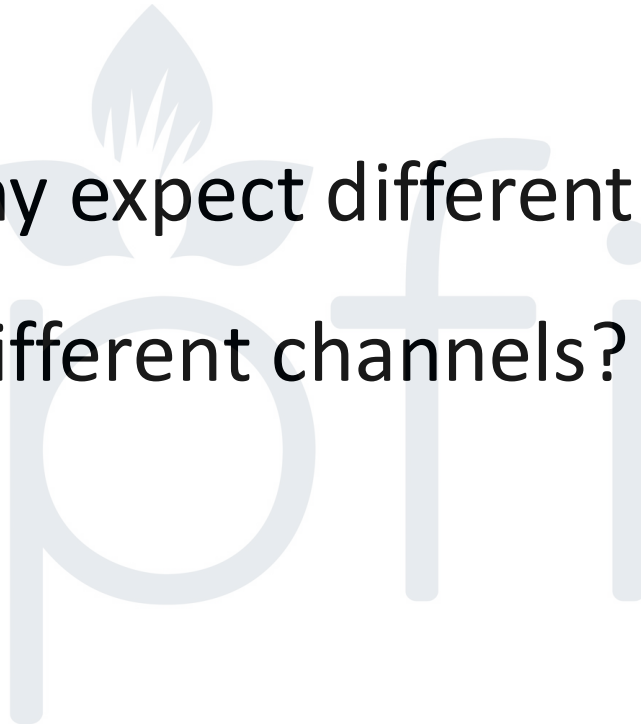
Each channel has different costs.

Each cut comes in a proportion (yield).

Each cut has a level of demand in the channel.

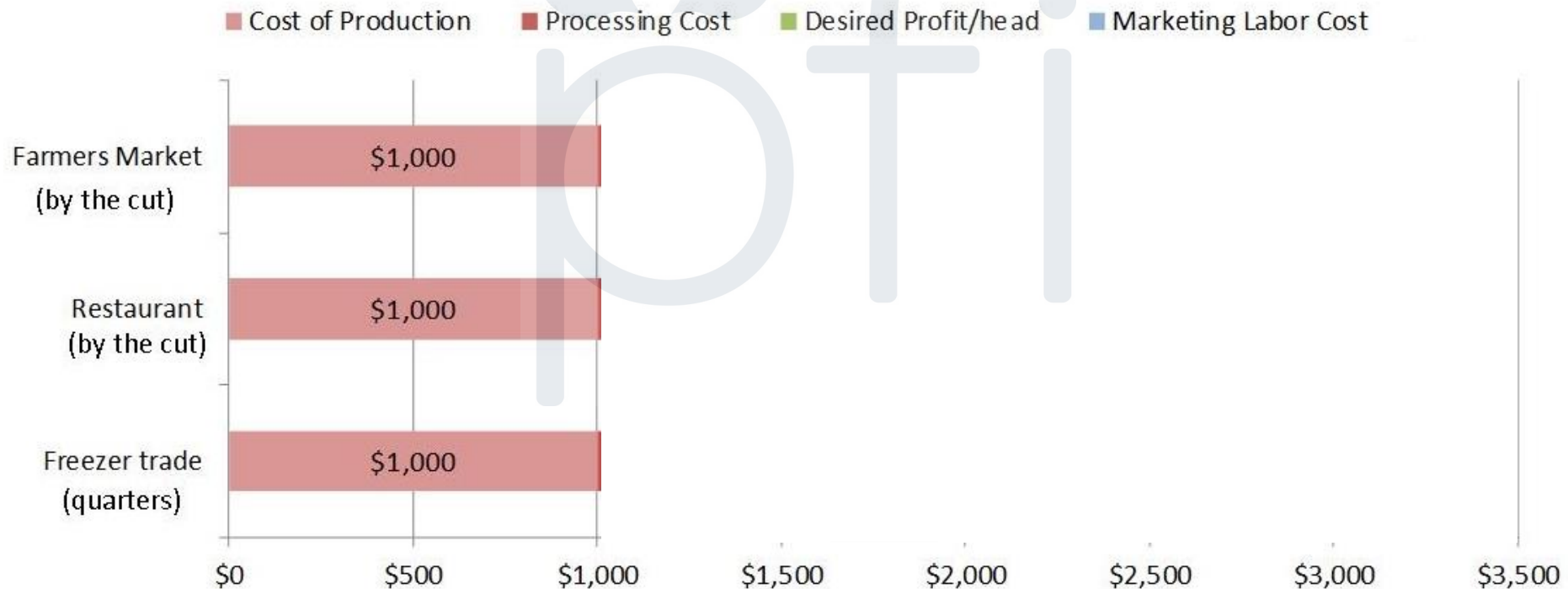
Therefore, we need unique pricing for each channel.

In fact, why expect different levels of profit in different channels?



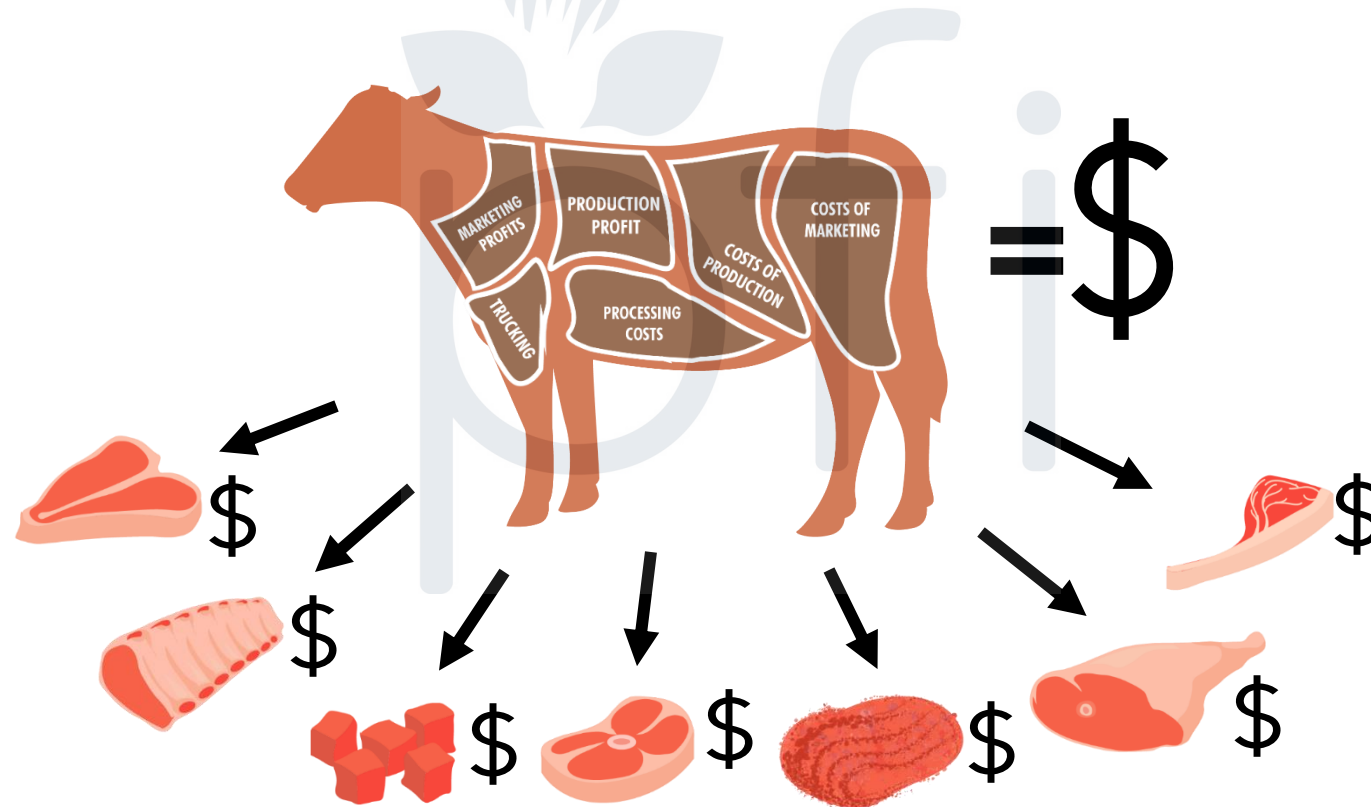
Pricing, where to start

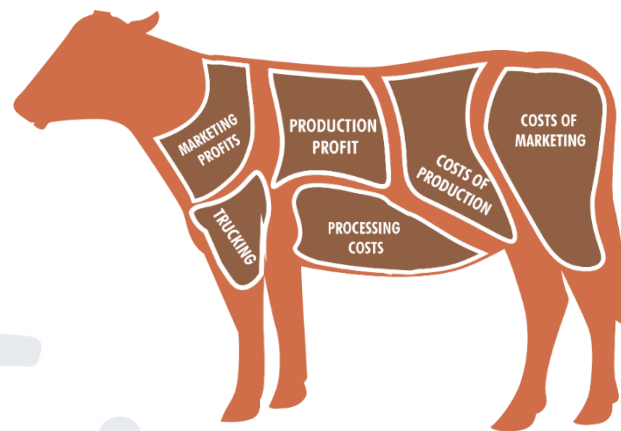
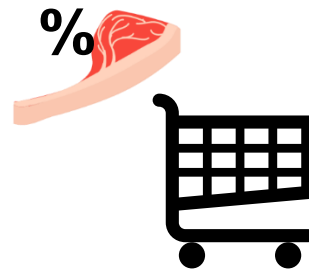
We can create a scenario where profit/head is fixed and the cost of marketing is the variable.



The Meat Price Calculator approach

1. Accumulate all costs and profit goals.
2. Redistribute among meat cuts based on yield & market demand.





The Meat Price Calculator approach

Calculator Prep 1: Production

What is my break-even cost of production?

Example:

\$1300/head

How much profit would I like my PRODUCTION
business to make on 1 head?

\$100/head

Calculator Prep 2: Processing & Marketing

What is the value of time I invest selling?

Example:

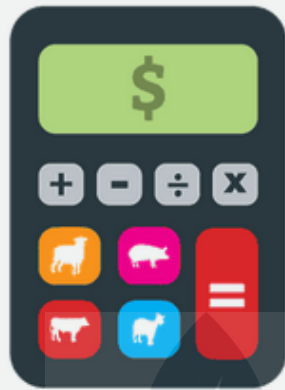
\$600/head

How much profit would I like on 1 head?

\$500/head

5 farmers markets, 8 hours each, \$15/hour = \$600

That means selling \approx 80 lbs per market.



Cornell Meat Price Calculator

Welcome to the calculator

Our new calculator is currently under development but is available for beta-testing.

➤ [Create an account](#)

Anyone can create a free account to create, save, and edit price lists.

➤ [Try the free tool](#)

You can still use the tool as a guest.

➤ [Get prepared](#)

You can watch instructional videos and download or print helpful PDFs to get the most out of the Cornell Meat Price Calculator.

➤ [Calculate your cost of production](#)

Estimated Farm Cost Projections for Small and Mid-Sized Operations using USDA Census data.

Demonstration on the MPC



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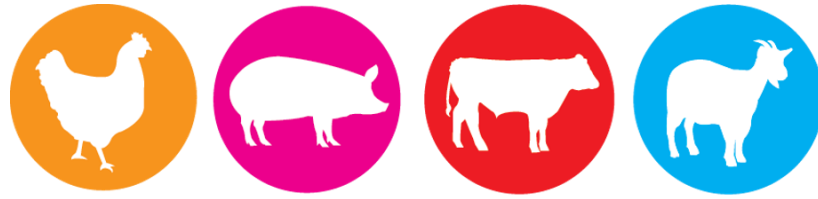
Go to Calculator

<http://meatsuite.com/>

What's the point?



- So, what does it mean if you develop pricing but determine that your customers in that channel “would never pay those prices?”
- “I could never get those prices.”



MEATSUITE.com

Suite of Tools

- Directory of Bulk Meat Products (NY & NC only)
- Meat Price Calculator
- Cost of Production Estimation Tool
- Bundle Builder (launching soon!)
- Consumer-friendly Bulk Meats
- Price Reports

CONTACT INFORMATION

Cornell Agriculture Marketing Research Program

Matt LeRoux, Extension Associate

Charles H Dyson School of Economics & Management
Cornell SC Johnson College of Business
College of Agriculture & Life Sciences

mnl28@cornell.edu

Cornell Feeder Calf Auction Research

- Data was collected at every feeder sale from Oct. 2011- April 2017.
- Each pen of calves was evaluated for 13 traits including:
 - Breed/hide color
 - Muscling/BCS
 - Preconditioning
 - Weight
 - Sex
 - Lot size

Heifer	-\$0.12
Bull	-\$0.11
Preconditioned	+\$0.06
Horns	-\$0.14
Muscling (heavy)	+\$0.18

AVG lot size is 2.5 head
Discounts are applied per 100 LBS live weight
AVG weight is 552