DIRECT MARKETING OFF THE FARM: WHAT YOU NEED TO KNOW

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Direct marketing offers many producers an opportunity to increase the return on products sold. In the sheep business when we talk about direct marketing it is usually in reference to marketing finished lambs for meat. However, depending on the location, size, and type of sheep operation you have, you may have several opportunities for direct marketing. Some examples of direct marketing include:

- freezer lambs
- feeder or club lambs
- breeding stock (rams/ewes, purebred/commercial)
- research animals
- wool
- pelts/skins
- manure
- specialty products (sausage,”rent a sheep”, grazing, rodeo)

While I do not claim to be a marketing expert, I have had some experience with each of these opportunities in my 35 years of raising and marketing sheep products. I realize my comments may not apply to everyone’s operation, but I think there are some marketing basics that apply to all livestock producers. The first basic question is “how much time, effort, and money can you afford to devote to direct marketing for a increased return?”

Let’s look at some of the basic concerns that you may encounter when you begin to do direct marketing.

**Time** – Direct marketing requires extensive personal contact with perspective customers. Being available to answer questions, show products, assist with facilities for “on farm slaughter”, travel to shows, etc. all take time. You need to do a self-assessment of your personal (and family) time availability and schedules to determine how much time and effort you can afford to devote to direct marketing. Most of the time customers want to buy when they have free time (weekends or holiday), consider if that works into your schedule. One sure way to eliminate yourself from direct marketing is to tell your customers that you don’t have time to deal with them.

**Facilities and equipment** – I would suggest producers need to do a self assessment of your facilities to honestly answer if you are set up to do direct marketing. For slaughter this might mean at least a place with water, an arrangement to hang a carcass for processing, and disposal of offal. For marketing live animals it may mean having pens for sorting of animals, holding animals, loading ramps, etc. For marketing products it may entail freezer space, products storage areas, and packaging. Many times we overlook the need and expense of equipment – don’t forget it does cost to haul animals and products.
**Taxes and sales fees** – When you begin direct marketing you become a retailer of products, and with that comes the responsibility of collecting and filing the appropriate taxes and associated fees. In Virginia we have a lamb check-off fee in support of the Virginia Sheep Industry Board. According to *Code of Virginia* - Chapter 43, Section 3.1-1078 the handler shall collect the tax (check-off) and make payment to the tax commissioner of sheep sold, and maintain those sales records for at least three years. Also, the collection and filing of Virginia Sales Tax becomes an issue. I would advise producers to research any local or state tax responsibilities that may apply to direct sales.

**Product knowledge** – It is absolutely necessary that you know your product and the value or cost associated with that product. The following are a few questions that are basic to answering inquiries about direct sales:

1) Do you know your true cost of production?
2) Do you know what your price for an animal or product is?
3) Do you know the grades or standards of your product for comparison?
4) Do you have a standard list or set of charges for products or services? Is it the same year round?
5) How do you handle money collections?
6) Do you have any guarantees or satisfaction policy?
7) Do you know what processing fees may cost (slaughter, transportation, tanning, postage)

You may find it convenient to develop a brochure or fact sheet about your products so it doesn’t become necessary to answer every inquiry about a possible sale.

**Promotion**– Advertising and promotion are critical factors to your success. The means by which you do this will vary with each individual. Some ideas include: farm signage, mailings, field days, exhibitions, festivals, web site, and associations.

There is some help available to producers to assist with promotion efforts. However, **do not expect other people to sell your products for you!** The following are a few of the agencies and organizations that may offer assistance:

- Virginia Cooperative Extension – educational materials and resources
- Virginia Department of Agriculture & Consumer Services – marketing division, economic development, “Virginia’s Finest” program
- American Sheep Industry Association – promotional materials
- Local Government – agriculture and/or economic development departments
- Breed or Product Associations
- Organization newsletter or publications – (Farm Bureau, Farm & Electric Coops, Tourist offices, etc.)

Of all the possible promotion techniques, “word of mouth” is still the best advertisement.

There are some regulations that cover specific products that may be marketed. If you are interested in marketing meat there are several regulations you must follow. The key is to know what regulations apply, and when they apply. Maybe more important is to know where to get answers about regulations!
In the United States there are basically three types of meat inspections:

1) Livestock slaughtered and/or processed in a federally inspected facility – this meat may be sold anywhere in the U.S., subject to labeling requirements.

2) Livestock slaughtered and/or processed in a state inspected facility – can be sold only in the state in which processed (intra-state sales)

3) Livestock slaughtered and/or processed in a custom processing facility - this meat may or may not be inspected, may not be sold to anyone else, and must be marked “Not for Resale”

Most states have laws regarding meat inspection and sales, however, most states receive that authority through the federal *Wholesome Meat Act*. The handling and sales of meat and meat products can be very regulated! However, the law does allow for home slaughter of animals for home usage.

A word of caution from personal experience -- you may allow others to come to your farm and slaughter animals that you sell, however, if you assist your buyers in the slaughter or processing of those animals you may be considered a meat handler. If you transport meat from a facility to a buyer you may be considered a meat handler. Under state regulation if you are selling, transporting, or handling meat you may come under inspection from VDA&CS and health department !!!

A few words of advise –“Sell animals by the head (selling by weight requires certified scales), get paid up front (it is too late to negotiate price after the animal is slaughtered, and the buyer owns the animal at the time of slaughter), do not assist with “on farm slaughter” (but make it very clear of what your expectations are of others that do the slaughter), have a plan in place for the disposal of anything left after the slaughter process, and continue to try new ways of education, promotion, and communication. And finally – **remember direct marketing is a challenging on-going process that isn’t for everyone, if it were easy everybody would be doing it, and sometimes what might sound like a tremendous price or opportunity really isn’t!!! “

I have several handouts that may be used as a reference for you.

*The information I have provided is for educational purposes only. I would recommend that producers check any local, state, or federal requirements before beginning a direct marketing business*