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SMALL MEAT PROCESSORS

Wholesale Meat Guide:

Build and Grow Sales in Your Branded Meat Business

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Executive Summary

This guide is a resource for meat producers and processors interested in wholesale meat sales: selling meat to grocery stores, foodservice, and institutions. An overview of wholesale market channels is provided, followed by detailed guidance for getting started in the retail channel.

The focus on retail is for two primary reasons: 1) consumers buy most of their meat at grocery stores, and 2) retail markets are often easier to access and build a brand in than other wholesale market channels. The guide covers:

SALES: prospecting and building relationships with grocery buyers; understanding the sales cycle; and determining pricing and product specifications

PROMOTIONS: promotion strategies and common fees and terms

FULFILLMENT: taking orders and fulfillment, including timing, transportation, invoicing, and delivery

TROUBLE-SHOOTING: issuing credits and creating a recovery plan when things go wrong.

The goal of this document is to guide meat producers and processors in answering the question "is wholesale right for me?"

Introduction

Consumer demand for branded meat products — meat that may be associated with a place or a breed, has certain production attributes, or in some other way tells a story that sets it apart from commodity product — has grown significantly in the last few decades.

As a result, farmers, ranchers, meat processors, and others have developed branded meat companies ranging from simple direct-to-consumer (DTC) ventures to national brands with multiple production claims and a long list of unique products. For branded meat companies interested in operating at a scale beyond DTC, it is essential to understand the market dynamics and market channels to reach consumers where they already eat and shop- in grocery stores, restaurants, institutions and other **wholesale** marketplaces.

WHOLESALE
Selling meat to a customer who will then re-sell that product to the end consumer.

This guide is intended to serve as a resource for farmers, ranchers, cooperatives, meat processors, and anyone developing a branded meat company who is interested in operating a wholesale-scale operation (i.e. selling cases, pallets, or even truckloads of meat to other businesses). The first section of this guide will provide an overview of the various wholesale market channels for meat, including retail (grocery stores), foodservice (restaurants), and institutions (corporate dining, universities, hospitals, etc.). The second section of this guide will provide guidance for getting started in the retail channel. The focus on retail is for two primary reasons: 1) consumers buy most of their meat at grocery stores, and 2) retail markets are often easier to access and build a brand in than other wholesale market channels.

The wholesale meat business can be tough — margins are often lower for meat producers in wholesale than in direct-to-consumer sales, and **you'll *need* steady volume and reliable processing to succeed in wholesale**. Yet for most meat businesses, it is difficult to make a full-time living from direct-to-consumer sales alone, so wholesale is often a necessary path forward and opens up new opportunities. While other paths to scale exist, most local and regional meat brands have built their businesses in the retail channel: grocery store accounts are key customers for them, with one or two regional chains anchoring demand for steady volume and allowing the producer to sell the entire animal. The purpose of this guide is to illuminate the key steps and strategies as you begin your wholesale journey.

MARGIN VS MARKUP: WHAT'S THE DIFFERENCE?

Margin and markup are different measurements of profitability and are calculated differently. Margin is measured off of the sales *price* whereas markup is measured off of the item *cost*. The formulas are below:

Margin = profit/price (example: to make a 30% *margin*, the retailer needs to buy the product at $8.39/lb. and sell it at $11.99/lb. Their profit is $3.60/lb.)

Markup = profit/cost (example: if the retailer's goal is a 30% *markup*, they need to buy the product at $8.39/lb. and sell it for $10.91/lb. Their profit is $2.52/lb.)

Most meat companies and most retailers use **margin**, not markup. When a retailer says they "want 40 points" on a product, they most likely mean they want a 40% margin.

Market Channels:
An Overview

While the retail channel often offers the most direct path to wholesale success, it's important to understand the full suite of wholesale options as 1) your context may be different and call for a different primary wholesale channel, and 2) you may want to sell into a multitude of channels in order to maximize revenue or sell all parts of the animal.

The three primary wholesale market channels are:

1. **Retail (grocery stores, club stores, convenience stores, etc)**
2. **Foodservice (fine dining restaurants, fast casual outlets, catering, etc.)**
3. **Institutions (corporate dining, universities, hospitals, K-12, etc.)**

When building a wholesale meat business, it is helpful to think of which market channel will be your primary market channel. Not that you can't sell into all channels (and you very well might) but, where will the *majority* of your revenue come from, and who are you best suited to serve? Your primary market channel will help guide many decisions in your meat business, including:

- Volume and cadence: how many animals will you process and when?
- Pack size and specifications
- Sales strategies and techniques
- Distribution and logistics
- Pricing and margin
- Cash flow (how quickly will your invoices be paid?)
- Risk

	Retail	Foodservice	Institutions
Volume and Cadence	High, frequent	Varies, Varies	High, can be infrequent
Pack Size & Specs	Larger/Simple for Butcher case, more complex for case-ready	Smaller case pack, basic processing	Case pack and processing varies
Sales Strategies and Techniques	Marketing rich, need sales staff	Marketing light, not as staff dependent	Marketing light, not as staff dependent
Pricing (to customer) and Margin (to vendor)	Medium	Higher	Lower
Operating Capital Needs	Medium	Lower	Higher
Risk	Medium	High	Low

Retail Grocery

Retail grocery is the largest market channel for meat and where a majority of consumers buy meat. In 2022, $87.1 billion in meat was sold at grocery stores.[1] Retail grocery is notable for the wide variety of products available ranging from everyday staples like ground beef and boneless, skinless chicken breasts to specialty items like duck and bison. The vast majority of meat sold at retail comes into the store fresh and is sold fresh.

The majority of consumer dollars spent on meat are spent at the grocery store, and within the grocery store those dollars are spent on fresh product. Within fresh, beef dominates consumer spending.

Beef Dominated in Fresh Meat

Beef accounted for 53% of all fresh meat dollars, more than all other fresh proteins combined. Ground beef remained the biggest seller.

2022 Meat Department	Dollar sales	Dollars vs. 2021	Dollars vs. 2019	Volume sales (lbs)	Volume vs. 2020	Volume vs. 2019
Total fresh meat	**$57.7B**	**+4.6%**	**+25.9%**	**13.8B**	**-2.1%**	**+1.0%**
Beef	$30.6B	+1.0%	+24.7%	5.1B	-2.6%	+1.5%
Chicken	$15.6B	+15.0%	+32.3%	5.2B	-0.8%	+2.7%
Pork	$7.3B	+2.5%	+20.3%	2.3B	-2.1%	-0.1%
Turkey	$2.9B	+6.8%	+18.4%	1.1B	-6.9%	-6.5%
Lamb	$531M	-1.4%	+34.8%	56M	-7.0%	+11.0%
Exotics (including bison)	$120M	-3.7%	+21.8%	15M	-6.6%	+11.2%
Veal	$53M	-9.3%	-1.0%	7M	-9.0%	-5.1%

Source: IRI, Integrated Fresh, MULO, % growth versus year ago, 52 week ending 12/25/2022 versus YA

Source: Power of Meat, 2023

Retail meat departments come in many shapes and levels of sophistication. There are conventional supermarkets (including retailers like Safeway, Walmart, and Kroger), natural supermarkets (chains like Whole Foods), independent butcher shops and food cooperatives, and club stores like Costco or Sam's Club. For the purposes of this guide, retail grocery also includes businesses without brick-and-mortar retail outlets but play a similar role, such as online retailers like Butcher Box (who ship meat to your door) and delivery-focused retailers like Imperfect Produce or Good Eggs. Meat departments can be full-service with a butcher ready to offer advice or provide specialty cuts, or they can be self-service with case-ready products sold by weight or individual pieces. Some stores employ a hybrid strategy: a smaller full-service case, coupled with many popular items displayed in a "grab-n-go" format.

"With $87.1 billion in annual sales, 98.3% household penetration and nearly 50 shopping trips per year, **meat is the most powerful** of the perimeter departments."

—

The Power of Meat, 2023

Retail meat sales primarily occur in four locations in the grocery store:

1. The butcher case: this includes the fresh meat case managed by a butcher or meat cutter and any "cut in store" product. These include meats that came into the store as sub-primals and were cut and packaged for sale in store.

2. The "grab-n-go" case often adjacent to the meat and seafood department: this includes manufacturer or private label items, cut and packaged at a processing plant. These products are often referred to as "case-ready" in the meat industry.

3. The frozen section: includes products packaged in store, and at meat processing plants.

1 *Power of Meat, 2023. FMI and Foundation for Meat & Poultry Education & Research. Purchase online at: https://www.fmi.org/forms/store/ProductFormPublic/power-of-meat-2024*

4. The grocery department: this is where you sell shelf-stable products like jerky, snack sticks, etc. This is often a different buyer (the grocery buyer) than the meat department (the meat buyer).

For most small-scale meat brands, the butcher case is the place to be. Product in the butcher case is high value both in terms of price as well as “turns” — the number of units sold each day or week. The grab-n-go case complements the butcher case by offering frequently-purchased items (e.g. a one-pound brick of ground beef) in a pre-packaged and branded format. It is often managed by the meat department and may feature fresh or slacked (i.e. previously frozen) items. The frozen section, managed by the meat department or the frozen department, is often located in the same aisles as ice cream and frozen vegetables, and often suffers from low turns as it is not a front-of-mind location for consumers looking to purchase meat.

As you think about accessing these locations within the retail environment, below are the key operational questions to consider in deciding if this channel is right for you:

- **Can I deliver fresh product 52 weeks a year? This is a threshold capacity that will determine your ability to access the high-value butcher case.**
- **Do I have access to high quality and consistent slaughter and fabrication, cutting and packaging? In a retail meat environment, product quality (color, texture, appearance, shelf life) is of utmost importance. Shoppers want product that looks fresh, clean and well-packaged.**
- **Do I have a full color label that clearly states my brand name and attributes? This is particularly important for sales into the grab-n-go and frozen cases.**

If you can’t answer yes to all three questions above, consider staying in the direct marketing channel, OR starting your wholesale business in foodservice or institutional sales. These two market channels are both more amenable to frozen and/or intermittent availability.

BUILDING A BRAND

This guide is focused on *sales* which is different from *marketing*. Marketing is building awareness of your brand, sales is turning that awareness into dollars. One of the guiding tenets of marketing is building a brand — telling the customer what is unique and special about your products. If you are just getting started in defining your brand and what makes your products special, The Good Meat Project has many resources to help with brand building and marketing at **goodmeatproject.org**.

Foodservice

Foodservice sales are a broad category, ranging from fine dining to food carts. There are a lot of different types of opportunities available for foodservice sales: you might have a single restaurant in your area looking for a seasonal supply of local meat, willing to work with just a handful of cuts (or sometimes even half or whole animals). Or there may be a burger chain with multiple locations looking to put you on their regular menu and purchase ground beef weekly.

Supplying foodservice accounts can be simple and straightforward, or complex and difficult. Locally owned and operated restaurants often have more flexibility in what they purchase. These are typically the best accounts for small-scale brands looking to grow beyond direct-to-consumer. They can take items seasonally, cycling your products off and on the menu. They have flexibility in shaping their food budget to allocate more cost that week or month to local meat and poultry, and perhaps reduce costs somewhere else. These types of accounts prefer fresh meat, but you might find a chef willing to work with frozen product.

At the other end of the spectrum, there are chain restaurants operating under corporate ownership and frequently serviced by *broadliners* (large scale, multi-product distributors, like Sysco or US Foods). Accessing these accounts can take a long time and requires a greater level of complexity in your business, including things like:

- product liability insurance
- 3rd party food safety audits at your processing plant (like SQF or BRC)
- robust food safety and recall plan
- additional compliance requirements and document management for vendor portals

Landing the restaurant account is the first step, you then need to convince the distributor to carry your products so you can service that foodservice account (although some restaurants will order direct and skip the distributor). It is not uncommon for a distributor to require a minimum volume of weekly sales in order to carry your products in their warehouse. Think of these as long-term contract opportunities: low margin but high, consistent volume. Smaller, local foodservice distributors tend to be easier to work with and have more flexibility. Look for a distributor that specializes in selling proteins that align with your brand attributes: for example, a meat distributor who highlights local, natural or sustainable products.

Overall, foodservice accounts tend to take smaller, more frequent deliveries than retail grocery stores. They simply don't have the storage space or volume of sales to move large quantities of meat each week. A restaurant might need three deliveries of 50–100 lbs of meat each week, whereas a grocery store could take 500 lbs on Monday and be set for the week. This means you need to build in a higher margin requirement for foodservice accounts. Restaurants are "high touch" accounts — you'll need to be talking to the chef each week, sometimes multiple times per week, allocating inventory accordingly and delivering frequently. Restaurants can also be a bit more financially risky than grocery or institutional accounts as they may require follow-up to get invoices paid and are more likely to go out of businesses than a retail grocery store. Distributors selling into foodservice often charge a 15–20% margin, and you should do the same if you self-distribute. Build your margin accordingly and consider requiring a check on delivery (COD) for new accounts!

Institutions

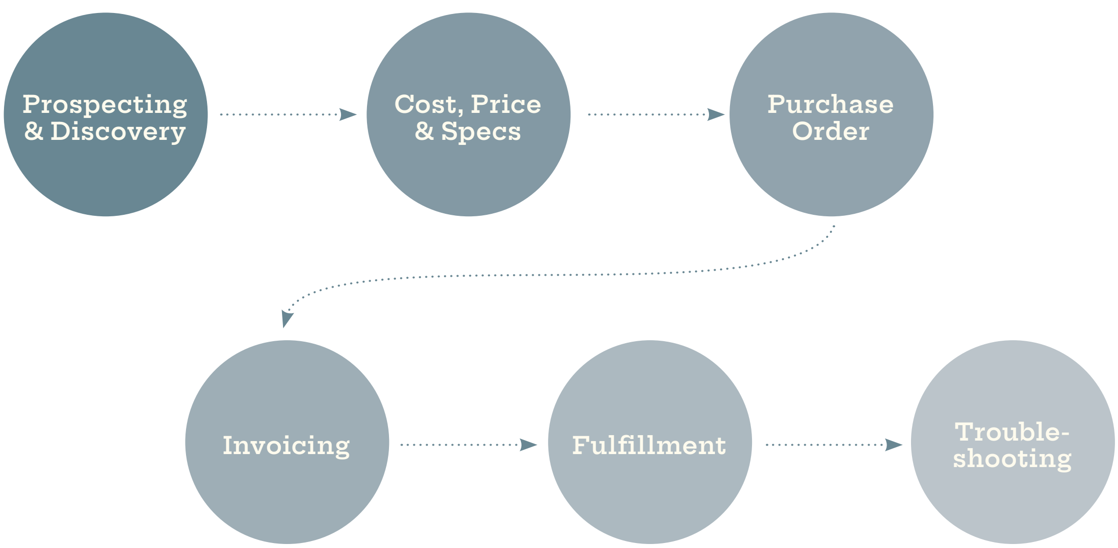
Institutional accounts can offer solid, steady revenue to your meat business. These accounts include K-12 schools, universities, hospitals, and corporate dining (in-house cafeterias at larger companies). These can be great accounts for helping you sell every part of the animal, as they tend to take large volumes and may be willing to buy harder-to-sell cuts. For example, in the beef business sometimes the rounds (top round, bottom round, eye of round) can be hard to move. You can process rounds into fajita strips or stir-fry strips and package them in 5 lb. vacuum-sealed bags. This is a great item for institutional dining and might otherwise be hard to sell at retail or to a restaurant. In pork, these accounts can often take large quantities of ground pork or bulk pork sausages. Schools (K-12 and universities) can be great accounts for ground beef or ground pork, allowing you to create a revenue stream from cull cows or cull sows. However, the sales cycle for institutional accounts is long and often complex: it takes time to build the relationship, submit bids, fill out necessary paperwork (3rd party audits, product liability insurance and a recall plan are often required), confirm the product specs with your customer and processor, and finalize a purchase order. In general, these types of sales will also be low margin. Yet once the relationship is set up, they are steady, reliable business, and can be combined with other higher margin opportunities to create a sustainable blended margin.

Retail Sales: Diving In

There are many paths to building a wholesale meat company, including retail, foodservice and institutional sales. Many meat companies even combine these sales channels, selling product into all three. In the subsequent pages we are going to focus this guide on the retail grocery channel. It is often the best place to start when you are building a branded meat business.

You can create consumer awareness and tell your story in retail in a way that may be difficult or impossible in foodservice and institutional sales — there is very little “branding” for your brand to do in those channels. In-store demos, for example, are a great way to tell the story of your products and connect with your local community. You can generally sell a greater variety of cuts in retail than in other channels and the shopper’s demand in the retail setting tends to correspond better with the relative volume of different cuts as they come off the carcass. For these reasons, retail sales are often an optimal way to develop your branded meat company, with possibilities for expansion into other channels as subsequent steps. While you will likely sell into all market channels as your business matures, it is common for your business to be best suited, or oriented towards, one channel. **That channel selection will drive your slaughter and fabrication schedule (when and how often you have fresh product available), product quality, packaging and specs, cash flow and more.** For many local and regional meat companies that first “big” customer was a grocery store account. They might have been selling to a few restaurants or perhaps even had an order or two from the local school district, but it was a grocery store (or a chain with a few stores) that allowed them to take that next step in wholesaling and build steady volume and business. This does not mean that it can’t be done in foodservice or institutional sales, just that it isn’t as common.

THE SALES JOURNEY



Sales:
Prospecting & Discovery

There are more than 63,000 grocery stores in the U.S. and finding the right buyers is often a combination of strategy and persistence. **By the time a branded meat company is ready to sell into the wholesale market, they have likely already thought about some of the key drivers of their sales strategy:**

- **Who is the target customer?**
- **How does what I am offering compare with other brands in the marketplace? Price point, product offerings, production claims, etc.**
- **What are my operational realities? Access to slaughter and fabrication, average cost of goods sold, capacity for scaling, etc.**

These high-level considerations will help inform your sales strategy and execution. For example, knowing your brand and your value proposition to the customer helps you find your position in the market — where are your products located in the store, how are they packaged and how are you priced relative to other offerings?

While strategy is important, it is meaningless without execution. With that in mind, finding your first big customer is often a combination of luck, relationships and persistence. Start by making a target list: the grocery stores in your area that cater to shoppers who are your target consumer. If you can find a personal connection to the meat manager or general manager that is very helpful. Otherwise, visit the store and ask to talk to the meat manager or the GM. It might take several visits to get a meeting but keep trying!

The key sales contact for each retail outlet can vary. Meat managers oversee the meat department (which sometimes also includes seafood) and are often the best contact, though if a retail outlet has multiple locations then purchasing decisions might not be made at the store level and you'll need to connect with a Meat & Seafood Director at the corporate office. Other times, you might not be dealing with the meat manager at all — depending on your product type maybe you are selling into the Deli department (foodservice type cuts) or Grocery department (shelf-stable products like jerky and meat sticks). The grab-n-go case is often managed by the meat department, but it could also fall into the deli section. And the frozen section may be managed by the meat department or the frozen buyer. Regardless of who the decision-maker is, do not treat sales like transactions — it is essential that you build a relationship with your buyer. These people are crucial to your tenure at the store: know the whole team, from the meat buyer to the meat cutters, accounting, receiving and warehouse. In many smaller and more regionalized chains, the meat manager or category director has a good deal of discretion over what they buy and whose product they stock in in the case (this is not the case for national retailers like Kroger or Walmart — those decisions are made at a headquarters level and not at the store level). **Your success at these accounts of course depends on how well your product sells, but it also depends on the relationship you have with your buyer — do they feel like you or your team are responsive to problems or concerns? Do you give them a heads up when something has gone wrong? Are you active in planning for specials, promotions and seasonal items with them? Basically, you want your buyer to feel like they are in partnership with your brand — you all work together to drive sales, solve problems, and grow the business.** The branded meat business is ALL about relationships, and as a small brand, it is your key selling point. Having a close relationship, knowing your customer and connecting with them is a key factor for success. Buying meat from JBS or Tyson is easy — it is more work for a meat buyer to seek out and purchase meat from smaller, regional brands. Endeavor to make their job easy, be friendly and professional, and you'll have a customer for life.

NOTES

Cost, Price & Specifications

Creating a Cost of Goods Sold (COGS)

Calculating cost of goods sold (COGS) is a key tool for any company selling a good. Unless you have a firm grip on your costs, you cannot know how much margin — if any — you are affording yourself in pricing your products. Simply put, COGS consist of the following in the meat business:

- **Raw materials:** This is the cost of the meat based on what you pay the producer (which very well might be you!). This is most frequently paid on the hot carcass weight (HCW).
- **Processing, packaging, transportation:** These are the costs of creating the finished, product, of turning livestock into meat. This includes slaughter, fabrication, packaging, transportation and value-added processing.

Fixed costs like salaries and office rent are not included in the Cost of Goods Sold — COGS truly are the cost of the *product*. You will need to allocate enough gross margin to pay for overhead. In the wholesale branded meat business, gross margins of 10–25% are not uncommon for companies selling mostly sub-primals and can be higher for companies selling consumer packaged goods (CPGs) or things like ground meat bricks, portion cut steaks, and value-added products.

Once you've assigned a cost to each of your various cuts, you will need to add a gross margin onto your COGS to generate an initial price list. While individual cuts will command different prices (and therefore different margins), you'll need an average gross margin across all of your cuts that is equal to the same gross margin on a per-carcass basis. That is, if you are striving for a 20% gross margin on your carcass, all of your cuts will need to average out to a 20% gross margin, though some cuts may only command a 10% gross margin will others will get you 25%.

Here is an example, cutting briskets:

Product: Full Briskets (NAMP #120)

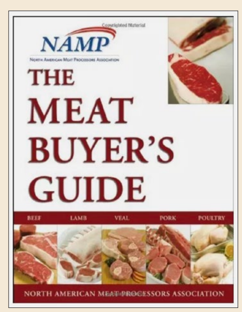
Brisket cost: $5.00/lb.

Target Gross margin: 20%

Price = Cost / (1 - Gross Margin) = ($5.00/.80) = $6.25/lb.

After you rely on "science" to calculate your COGS and margin, now you incorporate "art" into your final price list to maximize your revenue and carcass utilization. Fine tune your pricing up or down, cut by cut, to reflect seasonal and regional demand. For example, you might increase the price of chuck rolls in the

NAMP ITEM CODES



The North American Meat Processors Association (NAMP) publishes a guidebook with item numbers, pictures and cut specifications for most cuts of beef, pork, lamb, veal and poultry. This guide is used by many in the meat industry (including distributors, meat processors and customers) to make sure everyone is speaking a common language. The use of NAMP item codes is standard in describing to your processor how you want your product cut and letting your customers know what to expect. Learn more and purchase a NAMP guide at **meatbuyersguide.com.**

winter and decrease the price of skirt steaks to match seasonal demand. Or you might be in a part of the country where certain cuts like tri-tip are in higher demand — charge accordingly! In short, your pricing should be dynamic (not static) to match changes in cost, demand and seasonal trends. Remember, high demand should be reflected by an increased price. Follow trends in primal costs from the commodity market: for example, ribeye demand increases for Christmas, but then takes a plunge after December. Tenderloins surge for Valentine's Day and Mother's Day. Skirt steak demand increases for Cinco de Mayo. Or pork chops and sausages for summer grilling season, leg of lamb for Easter. Follow these trends and adjust your pricing accordingly, but don't get too wrapped up in it. Commodity meat companies change prices daily — you don't need to go that far. Quarterly is good place to start.

Pricing and Specifications

Pricing your products is both an art and a science. There are no hard and fast rules, but some general guidelines can be helpful.

For branded meat companies that also engage in farming or ranching, the first step in accurate product pricing is knowing your cost of raising and processing your animals. If you are unsure what to count when calculating your cost of production for the livestock side of your business, contact your local extension agent for help in getting started. Once you have your delivered cost for a live animal to the processing plant (consisting of live animal cost plus hauling), you can calculate your cost on the hanging weight, the standard value used in the meat industry.

For example, if you are selling cattle to a grassfed meat brand or heritage hogs to a pork company, you would likely be paid on the hot carcass weight (HCW), the weight of the carcass right after slaughter. At the time of writing this publication (Summer 2024) a common price for grassfed cattle paid on the HCW is $3.75/lb on the West Coast.

Using the HCW price as your baseline, now you can develop your meat cost and pricing, or your Cost of Goods Sold (COGS), which could look like this:

HCW: $3.75/lb.

Average carcass weight: 690 lbs

Slaughter: $150/hd

Fabrication: $1.00/lb

Lab testing (all required food safety tests): $20/hd

Meat total: $3,447.50

Once you have established your average price per pound, the next step is to price out individual cuts. In the marketplace, the ribeyes are worth more than the bones and are valued accordingly. You can assign value to the different cuts using your historical sales price, market value, and/or your competitors' pricing as a benchmark. In general, there is flexibility in how you price your cuts but you need to ensure that it all adds back up to the total carcass cost plus enough to cover your overhead (which includes "shrink"[2] or product loss) and margin. Collectively,

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2 You will lose product in processing. Condemned carcasses, rejected livers/offal, carcass trimmed out for contamination, etc. It is a best practice to account for this up front and be prepared. 1–3% of revenue is a common estimate for shrink.

these three items (raw materials, overhead, and margin) will inform your overall cost of goods sold (more on that below).

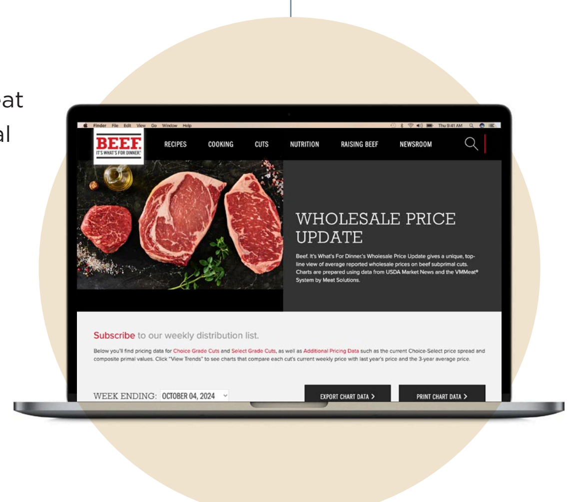
A sample price list might look something like this:

West Coast Grassfed Beef Price List - 2022

Item Code	NAMP #	Product Description	Avg Case Weight	$/lb
504	110	Ribeye, Boneless	50	$16.40
505	109	Rib Roast Bone-In (109)	50	$15.95
506	124	Back Ribs	40	$2.60
507	184	Top Sirloin, Full	50	$8.05
508	185A	Sirloin Flap (Bavette)	20	$10.50
509	185D	Tri-Tip	20	$10.40
510	189A	Tenderloin, Full	40	$17.75
511	180	Striploin, Boneless	50	$11.00
512	167	Knuckle/Sirloin Tip	30	$7.15
513	168	Top Round	50	$6.00
514	171C	Eye of Round	35	$6.55
515	170	Bottom Round	30	$6.20
516	120	Brisket, Full	30	$5.10
517	193	Flank Steak	15	$11.99
518	121C	Outside Skirt	20	$8.50
519	140	Hanging Tender	20	$10.75
520	121D	Inside Skirt	20	$6.99
521	117	Bone-In Fore Shank	40	$4.30
522	--	Kidney	20	$2.15
523	--	Liver (Bulk Packed)	50	$2.75
524	--	Heart (Bulk Packed)	50	$3.75
525	--	Tongue	20	$6.00
526	134	Beef Bones	50	$2.50
527	--	Oxtail	15	$7.99
528	--	Cheeks	20	$4.99
529	121	Navel Plate	50	$4.75
530	--	Kidney Fat (suet)	50	$1.25
531	136	80/20 Ground Beef, 1# Bricks (FZN)	12	$6.99

You can compare your prices to the USDA National Monthly Grass Fed Beef Report to see where the market is at — note that these prices vary widely and are from mostly small producers, so don't feel like yours have to match exactly. It is a good place to gut check your own pricing. **lsmngfbeef.pdf (usda.gov)**

And to see what the broader marketplace looks like in terms of pricing, take a look at weekly commodity beef prices in the Wholesale Price Update from the Beef Checkoff:
beefitswhatsfordinner.com/resources/wholesale-price-update



You can get this report delivered weekly to your inbox. These are commodity meat prices — do not expect to match these prices. However, you can observe seasonal price trends here and relative pricing of sub-primals from one cut to the next.

Similarly, the Pork Checkoff posts a weekly price report here:
porkcheckoff.org/markets/weekly-pork-price-summary/

Or monthly lamb reports here:
lambboard.com/market-reports

Calculating Price in the Case

Once you've identified your costs and finalized your price list, keep in mind that wholesale markets have middlemen (intermediaries). This means that your price list is only for your immediate buyer (often the distributor or retailer), not the end consumer. Typically, retailers add around 40% gross margin in the meat department. You need to get the product to the retailer, so you'll either need to deliver it yourself or work with a distributor. Distributors into retail often work on a "cost plus" basis. Twenty ($0.20) cents a pound is not an uncommon markup. Let's keep using our brisket example to build this out:

Your price to the distributor: $6.25/lb.

Cost of distribution: $0.20/lb.

Delivered price at retail: $6.45/lb.

Retailer margin: 40%

Retail price on the shelf: $10.75/lb.

You can't and neither should you sell meat below your cost of production — you are running a business, not a non-profit. However, it is helpful to calculate these retail prices and "gut check" if the product can sell at that price in your market. If you don't think it can, go back to your price list and see where you can adjust — pulling one cut down in price (like the briskets) and bumping another cut up (like the ribeyes) to keep product moving while achieving the total revenue you need. Your pricing will change and evolve and remember that this is a work in progress — you will adjust and refine your price list over time to better match your market and the needs of your business.

PRICING TOOL: MEAT SUITE PRICE CALCULATOR

The Cornell Meat Price Calculator is an easy-to-use online tool that allows you to develop pricing for carcasses or cuts. Users enter production, processing, and marketing costs along with the desired profit, working through a "typical animal" example from their farm. A separate pricing scheme is recommended for each marketing channel, such as "farmers market" or "restaurant," because each comes with different marketing costs. In the final step for pricing cuts, individual prices can be altered until the target total value (the sum of all costs and profit goals) is reached. When setting prices, users should consider the relative speed at which cuts sell in the respective channel and use prices to moderate sales to more closely match yields.

MEATSUITE.com

Find the calculator at: **meatsuite.com/calculator/**

Packaging
Requirements & Specifications

Your access to high quality processing and packaging is critical to your success in the retail space. Remember, you are your brand — everything you put out into the market is a visual representation of your company and your farm or ranch! Retail grocery is a very visual channel: if you are going to be in the self-service case (sometimes called "grab-n-go") your packaging needs to be clean, attractive, consistent, and visually appealing.

Consumers buy with their eyes first. You'll want a full color label that clearly states your brand name and attributes. Packaging quality is paramount here: no leakers, no busted seals, no misshapen bricks. Poor quality packaging is a huge headache for retailers and vendors — you'll be issuing credits and refunds all the time and, eventually, can lose the account if your packaging is simply not "retail ready." You'll want to be sure you have processing partners that can deliver on high-quality, consistent packaging if you endeavor to sell case-ready product. This includes items like ground beef bricks, portion cut steaks, chicken parts, pork cuts and value-added items, etc. As you think

about your supply chain to service case-ready retail accounts, know that it is likely you'll have to work with more than one processing plant. Many plants that slaughter and fabricate do not have the personnel or equipment to do further processing and package into rollstock or VSP (vacuum skin pack). You'll likely need to slaughter and fabricate the carcass into sub-primals at one plant and then transfer that raw material to another plant for further processing into case-ready items.

If you don't have access to high-quality further processing, you should focus on accounts that purchase sub-primals such as retail grocery stores with full-service meat cases. There are fewer needs and more flexibility on packaging and cutting if the buyer is going to do additional cutting or processing before presenting the final product to their customer.

LABEL CLAIMS:

USDA regulates the use of animal raising claims on packaging — these claims must be approved by USDA-FSIS before they can be written on your packaging. This includes claims like organic, grass-fed, raised without antibiotics and more. The label claims approval process takes time, money and effort. Prepare in advance, educate yourself on the process and don't be afraid to use a label expediter if you are not skilled in USDA label compliance.

Read more at: **fsis.usda.gov/inspection/compliance-guidance/labeling**

NOTES

Promotions, Sales
& Onboarding New Items

Promotions are an essential element of selling products in a retail setting, and meat is no different. While the cost of discounts that go along with promotions is footed by the vendor, promotions allow you to drive discovery (i.e. new customers trying your products, or existing customers trying new products), increase sales, and clear out inventory. Many retailers, especially regional and national chains, require promotions. These requirements can vary from account to account, but the following examples are not uncommon:

- Quarterly promotions are required: vendor must put at least one item on sale, every quarter.
- Promotional fees: vendor pays a fee to the retailer for the promotion, in addition to paying for the discounted price.
- Required marketing spend: vendor is required to participate in the retailer's marketing efforts related to the promotion, such as paying for inclusion in the circular or for offering samples.

While sometimes frustrating, these promotions are just a part of doing business in the retail channel. Build your margin accordingly to account for required discounts.

Promotions aren't all bad. They can contribute to your long-term sales growth in a store and, in the short-term, are a great way to move stubborn inventory. For example, during the holidays, it is not uncommon for sales of striploin and top sirloin to drop off, while rib roast sales surge. You can use your promo schedule to smooth out fluctuations in demand, by putting items on promotion when sales slow. Here is a sample of what a promo might look like at retail:

Q1 PROMO SCHEDULE: SMITH'S MARKET

In Store Ad Dates (Wed.-Tues.)	Vendor Allowance Dates (Mon.-Fri.)	Item	Sub-Primal	Vendor: Regular Price	Vendor: Ad Price	Yield (Sub-Primal to Item)	Yielded Cost	Retailer Margin	Ad Price @ Retail Price
2nd week of the month	week prior	Top Sirloin Steaks	Top Sirloin Full	$7.50	$6.82	70%	$9.74	32.3%	$10.99
4th week of the month	week prior	NY Strip Steaks	Striploin, Boneless	$10.79	$8.66	80%	$10.83	32.3%	$15.99

Note: Promotions are a time when you might have more flexibility to use frozen product. While week-in and week-out retailers prefer fresh, you might be able to use frozen for promos. Work with your retailer to ensure that you *both* give a little during promos — if you are dropping your price, the retailer should be compressing their margin as well. Be sure your distributor is aware of your promotional calendar, as well. You'll want to share any promos with your distributor as soon as you finalize them with the retailer. That way the distributor can plan accordingly for an increase in volume and be sure to invoice at the promotional price.

Wholesale Marketing in the Retail Channel

By Brian Brozovic

Wholesale is a relationship business. In a direct-to-consumer market, a business is selling directly to those who desire the product. Consumer demand can be dependent on a range of factors: price, branding, story, quality attributes, and others. In wholesale, a business is selling to a business who will turn around and sell to the direct consumer. In wholesale, the "intermediary" has a unique position. The intermediary, or the last "B" of "B2B", may have no particular interest in your product, outside of its ability to sell it at a margin with little loss and negligible risk. While factors like price, branding, story, and quality are important, the key is communicating those factors through the wholesale and onto the consumer.

THE POWER OF RELATIONSHIPS

Relationships are essential to the wholesale setting. In foodservice, retail, and institutional settings, a particular business's products are just one of many SKUs, sometimes one of tens of thousands of SKUs. While consumers coming in requesting the products is essential for the success, the responsibility of the demand falls upon the initial business, the processor/producer, the first "B" of the "B2B." If consumers do not demand your products, restaurants/retailers will find another product just as quick as they drop yours. There is a line of successors at the door of every restaurant and retailer ready to step in. *That is why bringing value to the relationship is essential to their success and yours.*

PAY TO PLAY

The customary way for vendors to add value and help market their products in these channels is with a "pay-to-play" approach. If you want consumers to continue to demand your products through retailers and restaurants, you must ensure the consumers are happy while also ensuring that restaurant and retailer are seeing no hurdles in marketing your products.

In a retail grocery setting, the stores are expecting certain things from their vendors, you. To start, some settings might require you buy a slotting space, also called a slotting allowance or shelf fee. Space is extremely limited in retail settings and retailers focus on margin and turnaround. As access to the market expands, just getting a space on the shelf or in the meat case is a battle. What does this look like? It could be a one-time or monthly fee. It can also look like a marketing rebate or marketing spend program that comes on the backside of the transaction based on total pounds/units sold.

PRODUCT DEMOS

Once your products are in the case or on the shelves, the retailer wants to make sure that they are introduced to their customers in such a way that it is going to create a continued demand. Remember, for a space to be valuable, it must sell at a profit and sell often. This is where product demos come into the equation. Retailers typically want new products to go through an introductory demo so that their customers can try the products and know that your products exist in their store, hopefully creating a continued demand. Outside of an introductory phase, the retailer may also want to create a demo schedule where once a quarter, you are continuing to help drive the demand.

POINT OF SALES MATERIALS (POS)

After products are placed on the shelf or in the case and have a sustaining amount of continued movement, retailers are interested in continuing that presence, even when you are not present. This is where branded point of sell (POS) materials comes into play.

For meat cases, think case dividers, price wheels, and product/nutritional labels. Think signs and banners for the walls, hats, aprons, and "swag" in general for the department employees. Retailers might also ask you to provide branded swag for give aways for store contests. The more your brand is displayed, the higher the likelihood that your products will be considered. Another similarly related aspect is training. The employees directly tasked with selling your products (think meat cutter/butcher, stocker) will need training to tell your story when you are not there. Training is not just a singular task, but continually as labor turnover creates gaps in the store knowledge of your products.

ADS AND PROMOTIONS

Another aspect of the relationship with retailers revolves around ads, those weekly flyers with specials and promotions that the retailer is using to help drive returning and new business into the store. They might ask this of brands during the initial launch in the form of a promotional price. Regular ads are normally locked in weeks to months in advance. While more conventional commodity brands can create a low margin/low price draw to get folks in the door (i.e., commodity turkeys during Thanksgiving) a specialty brand will still need to support the store in making a margin. Additionally, the retailer might ask for a brand to help offset printing costs by asking for a fee to be placed on the weekly ad publication.

FREE LABOR

Lastly, one of the less common ways for vendors to help support the marketing of your brand in retail is free labor. What?! Yes, while not typical, some retailers ask for their vendors to come help during holidays seasons to help coordinate product in back rooms, help keep items stocked, and yes, even help package products. If you are in the business of selling turkeys during Thanksgiving or prime rib during the Christmas holidays, do not be surprised if the retailer asks for your support.

Marketing support is an essential part of the sales process. The key to success is adding value to both your brand and the retailer's brand. Consider it a pay-to-play market but understand that the act of "paying" doesn't always have to be financial. A brand's marketing support is complex. Plan to support financially and plan to support with your time and energy. Building values-based relationships is key to success in the channel.

Onboarding New Items

The onboarding process is the steps necessary to get a new item on the shelf. Onboarding new items at a retailer is another place where you might incur fees (remember, set your margin accordingly to cover these fees!). Larger chains often charge "slotting fees" or "free fills" to get on the shelf. For example, there might be a one-time $200 "slotting fee" for every new item, or the retailer might require a "free fill" of one case of product per store for free as a part of onboarding. Sometimes both slotting fees and free fills are required.

For the retailer, this covers their labor costs in setting up new items, refreshing their schematic to create room for your product, tagging product and other tasks associated with onboarding new items. It's also a strategy that retailers employ to reduce their risk when bringing in a new product. Try to negotiate slotting fees and free fills where you can but know that they are a part of the business and might be unavoidable. Use this onboarding time to train meat department teams on your products and why they are special. You can't be in every store every day — the meat cutters and meat managers are your in-store sales staff. Use this opportunity to tell your story, sample your products with the store teams, and get them excited about your brand. Again, bring hats! Branded hats go a long way with meat teams and are essentially free advertising for you in the store.

The onboarding process can sometimes take a while, even up to a few months at larger retailers. Plan your production schedule accordingly so you are not sitting on excess product before your retailer is ready.

If you are working with a distributor, there is also an onboarding process and potentially more fees. Distributors need time to get your product set-up in their system and can also charge their own slotting and onboarding fees. Again, these can sometimes be negotiated and tend to be more common at larger distributors and for larger brands. Expectations around volume, however, exist for everyone. Before a distributor slots your product in their warehouse, you will likely have a conversation around turns. For example, selling 10 cases per SKU per week is not an uncommon expectation for a distributor slotting a new product. With this is mind, keep your case packs on the smaller side, it'll keep your turns up. An example might be to package 12 lbs of ground beef bricks per case, instead of 24 lbs.

How to Sell Pastured Meat Products to Grocery Stores via Direct Store Delivery

Read the full publication here:
https://content.ces.ncsu.edu/show_ep3_pdf/1706310555/23196/

This publication provides some tips and considerations for niche meat producers interested in selling packaged fresh or frozen meat products through direct-store-delivery (DSD). More often than not, small- and mid-scale niche meat producers do not have the volume needed to satisfy the requirements of a wholesaler/distributor that services numerous stores. When expanding outside of DTC markets, it is imperative that you do your homework. Basic requirements and examples in this sheet include a sample invoice, standard product packaging, required labels and inspection legends, as well as examples of insurance liability coverage from local farms selling to retail provide a starting point of reference. Once you are ready to meet with a retail manager, this guide provides some initial exploratory questions to find out if this channel might work for your farm and your needs. Various factors can turn a good deal turn sour if not thoroughly vetted, so consider:

1. The retailer's profit margin and find out if they back their margin out of the retail price (you can cover your margins from that point).
2. If the retailer owns the product after sale or if they expect a "buy back" if the meat has not sold.
3. The shelf life for fresh and/or frozen (most retailers still sell fresh).
4. The placement of your product and if you have input on contributing to the marketing of your product (on-site sampling, shelf dividers, signage).
5. Insurance requirements.
6. Who manages restocking and inventory communication?

While this sheet provides some initial considerations, it is by no means an exhaustive list to selling into retail. Be sure to have a clear understanding of your cost of goods sold, your profit margin and sales volume goals, and your processor's ability to provide the packaging and volume you anticipate. Consider starting with a store that has the customer base who can support the prices that cover your costs plus your profit as well as the retailer's profit margin before launching into larger more price competitive chains or franchises. Have a plan and a budget for how to market your product when you are no longer the face of your business. Lastly, know when to jump ship if needed or push forward by baking in benchmark assessments to help you stay on track to meet your business goals.

Note: The regulatory guidance provided in this document is based on the specific conditions in North Carolina. Growers in other states should contact their state's department of agriculture for regulatory guidance.

Sales:
Purchase Orders

Once you've obtained a commitment from your retailer and lined up distribution, how long does it take until you get a purchase order? This depends on the structure of meat department you now work with. Some meat departments use schematics or planograms: visual layouts of the department shelf outlining where each product goes, and when. They may also be on a category reset schedule and accept, or cut-in, new products at certain times of year. This is particularly true if your product is a like-for-like replacement for an existing product on the shelf or in the case. Or you might have to wait for them to sell through inventory on an item they are discontinuing before they will bring your product in.

In addition to their inventory management and planning, the time of year can be a factor for obtaining a purchase order. Most meat managers do not want to talk to you near Thanksgiving or Christmas as they are far too busy. Come back in January, they'll be more receptive. Be sure to bring samples, a price list, spec sheets (how the product is packaged, shelf life, attributes, etc.) and any marketing materials you have about your brand to that meeting.

Given the complexities of forging a new relationship as well as establishing distribution, the sales cycle can easily take 6 months from that initial conversation to product on the shelf. Plan accordingly for your production and processing schedule and your cash flow!

CASE STUDY:
RICHARDS REGENERATIVE (OREGON HOUSE, CA)

Richards Regenerative is a family-owned and -operated grassfed meat company based in Northern California. Carrie Richards and her siblings started the meat company in the early 2000s, selling halves and quarters locally. They started selling about 10 head a year and within a couple of years scaled up to 20 head a year. Local sales were all halves and quarters and "we never did do farmers markets" said Carrie. In that time, they started to feel like there was a real opportunity to grow and move into wholesale markets.

The wholesale business started out very small. They hired a sales and operations lead and rented space in a shared warehouse as sub-tenants of a meat distributor. "Once we had warehousing, we thought 'ok, we can probably sell to restaurants now,'" recalls Carrie. At first, they relied on friends, contacts, and connections in the restaurant industry to find customers. "It started out real slow and it was hard to figure out how to get rid of the whole animal."

The wholesale business went back and forth between offering fresh and frozen products in the early years. Frozen was easier for them to manage, from a logistics and timing perspective, but fresh was more desirable for their customers. Then they landed their first retail grocery accounts. “Bi-Rite and Gus’s Community Market in San Francisco really launched us. They took a chance on us, and were buying all our New Yorks, ribeyes and tenderloins. And half of our ground beef.” Landing these two independent, local grocery store chains enabled Richards to enjoy steady wholesale sales. At the time, Bi-Rite Market had 2 stores and Gus’s had 5 stores. “Being in those smaller grocery stores was great, it was volume but at a level that worked for us. We had a personal connection to those buyers and that really sustained us.” said Carrie. With the middle meats and half the grind accounted for, Richards Regenerative could then focus on getting accounts to move the rest of the carcass — more grind accounts, and buyers for other cuts like skirt steaks, flank steaks, chuck roll and top round.

Looking for these additional outlets led them to building out an e-commerce website for online sales. This seemed like a good idea at first, but then they realized their key sales and operations person was now stuck in the freezer packing boxes. “We needed to grow our wholesale business so we could afford a full-time sales and operations person for the wholesale side, PLUS someone to pack boxes for the website. But we never quite got there, we were always hustling to grow wholesale to the right level,” said Carrie. From 2012 to 2017 they continued to grow the business and by 2017 were processing a full load (~40 head) of beef each month. Moving to that volume was critical for the stability of the business. “It was hard to get slaughter when we were smaller,” recalls Carrie. “Once we got to a full load we solidified our slaughter spot. They (the plant) were pretty good about adding us to the schedule when we wanted to process additional loads.”

Tips from Carrie for starting your wholesale beef business:

- Find a retail grocery account. It’s very hard to build the business with just restaurants.
- Have a simple cut sheet — don’t try to sell all the little things! If you can make money off of ten cuts, then go with that. Try not to carry too many different items and you’ll reduce processing errors and packaging costs, among other things.
- If you are pursuing online sales, invest the operational resources necessary into that channel. The marketing, cutting, and packaging for the direct-to-consumer sale is very different than wholesale.

NOTES

Orders
& Fulfillment

Order Timing and Cadence

Try to schedule your delivery days to maximize sales. Retail grocery stores can often need deliveries 2-3 times per week. An order and delivery schedule might look like this:

ORDER DAY	DELIVERY DAY
Monday	Wednesday
Wednesday	Friday
Friday	Monday

In this sample schedule, the vendor (you!) would call or email the retail stores on Mondays, Wednesdays, and Fridays. While you may have a standing or baseline order established with your retail customers, whenever possible you should use the ordering process to solicit active participation from the meat department. For each ordering day, you should establish a cut-off time that works for your distributor. Try and hold firm to these cut-off times as last-minute changes often lead to mis-picks (the warehouse team grabbing the wrong items or missing items) which lead to customer frustration. If you have a choice, Friday deliveries are always a great idea: the weekends are busy shopping times and you want the meat case fully stocked with your products heading into the weekend. Delivery hours tend to be early in the morning so the meat cutters can get the case stocked and ready for the day.

Transportation and Delivery

You'll most likely want to work with a distributor if you are serving a significant number of stores or accounts. While producers can sometimes complain about distributors as "middlemen" they provide an invaluable service in the meat industry. Your distributor is a vital partner in growing your business and serving your customers. Distributors have the team and trucks to deliver to your customers multiple times per week. They have a sales staff that can help you land new accounts and account managers to provide customer service to your existing accounts. They can store product, pick product, make deliveries, invoice the customer, and deal with returns and product quality issues. **Sure, you could also do all of this yourself, but... do you want to? And can you really do it cheaper, faster or better than a distributor?**

How do you get started with a distributor? Often you have to land the retail account first. Once you have a relationship with a retailer and commitment to buy, then go to one of the existing distributors they already work with to service that retailer and bring product in the door. It is easier to get your products set up with an existing distributor than to try and get a new distributor into a retail chain. The distributor will have a set delivery schedule into your retail account and your products can ride along on that schedule. Meat managers and meat cutters are already familiar with ordering from that distributor, which is likely to keep your order volume higher than if the meat cutters have to learn a new system to order from you. There are usually a few ways you can work with a distribution partner: the most common is to sell direct to distributor but you can sometimes also have a "delivery only" partner who charges by stop and/or weight. You still manage the account and invoice the customer; the distributor charges you for delivery.

Invoicing

If you are working with a distributor, you will sell meat to them and they will sell to the final customer, meaning your invoices will be to the distributor, not the retailer. It's advised that you establish payment terms like net 7 or net 10, so both you and the distributor are clear on when payment is expected (i.e. payment is due within 7 or 10 days). A sample invoice might look something like this:

Baker City Beef
Eastern Oregon's Finest

250 Country Lane
Baker City, OR 97814
(541)234-5678
sales@bakercitybeef.com

INVOICE

Invoice # 100
Jan.1, 2024

BILL To:	**Ship To:**
Bob's Meats 234 Hwy 99 Eugene, OR 97401 Attn: Bob (541)978-6543	Bob's Meats 234 Hwy 99 Eugene, OR 97401 Attn: Jim

SALESPERSON	P.O. NUMBER	SHIPPED VIA	F.O.B. POINT	TERMS
Sara P.	354	Western Boxed	Baker City	Net 10

ITEM #	DESCRIPTION	CASES	LBS	PRICE	AMOUNT
556	*BRISKET FULL 120: fresh, pick to weight please.* *Case weights:* *29.6, 34.3, 30.95, 34.5, 32.55, 33.65, 31.6, 32.05, 35.35, 32.3, 32.55*	11	359.4	$4.95	$1,779.03
849	*TOP SIRLOIN, CAP (CULOTTE): fresh, pick to weight please.* *Case weights:* *18.85, 17.9, 18.2, 19.8, 20.8, 19.0, 22.7, 20.2, 18.85, 16.4, 22.85, 16.15, 11.55, 18.6, 22.8*	14	284.65	$6.90	$1,964.09

SUBTOTAL	$3,743.12
SHIPPING & HANDLING	$225.00
TOTAL DUE	$3,968.12

Make all checks payable to Baker City Beef. Thank you for your business!

While invoicing may seem like it is strictly related to payments, the invoice is a key document that will travel with your product to the customer. Invoices should be designed to facilitate accurate picks in the warehouses where your product is stored. Clearly showing details like item numbers, item names, case weights and lot numbers are helpful for the warehouse team receiving the product to cross check that the right items made it on the truck.

What to Do
When Things Go Wrong

A meat processor in the NMPAN network once remarked on the meat business: "live animals, perishable product, low margin.... What could go wrong?" Selling a significant volume of a fresh, temperature-controlled product week in and week out poses both logistical and financial risks. Following the requirements of your retail or distributor partners, you will need general liability insurance coverage. Likewise, treating your supply chain and sales partners as partners — not transactions — is paramount, and the most important contributor to this is your approach to communication with these partners. Be clear and proactive in your communication with your customer.

When things do go wrong — imagine that your retail customer called you to tell you that two cases of chuck roll smelled off, with busted seals and leaking packaging, in today's delivery — what do you do?

First, apologize to your customer for the issue and say you intend to make it right. If they haven't thrown the product away, ask for pictures to verify the damaged product and the case label so you know which lot the product came from. Pictures are helpful for you to go back through the supply chain and work with your processor to address any issues.

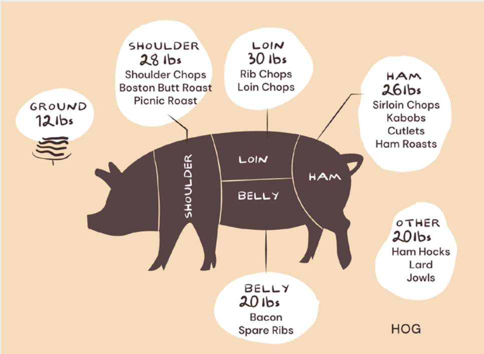
Next, get the total weight of damaged product so you can issue a credit to your customer. Either you or the distributor will issue the credit — it depends on who the customer paid. If the distributor issues the credit, they will in turn deduct that amount off their next invoice from you.

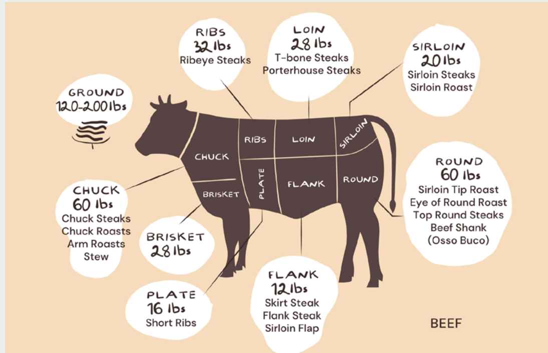
If possible, provide replacement product to the customer. You don't want to miss out on sales, so try to get new product out so they can still have meat in the case. This isn't always possible, depending on your inventory, but maybe you can get them something similar. Price match to the lower-price product if you need to make this happen.

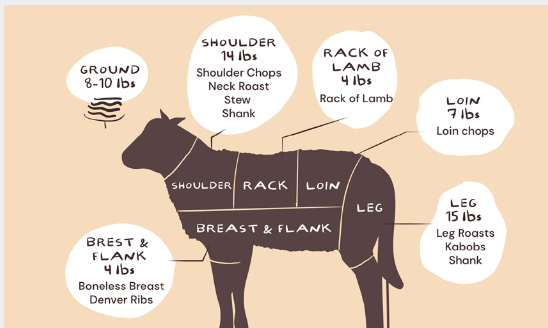
In the case of mispicks (e.g. when the warehouse was supposed to deliver top sirloin, but they grabbed top round instead), you'll want to get the mispicked product back to the warehouse. Work with your distributor to set up a pick up and exchange, and then you'll need to credit and then re-invoice the customer accordingly.

Know that "the customer is always right" and it is your job to solve issues with your products, but not every customer is right for you! If you have a customer who has constant quality complaints, is always asking for credits, refunds or replacement product, maybe you aren't the right vendor for them. In other words, don't be afraid to a fire a customer if they are a constant headache for you — just do it with respect.

Selling the whole animal







Images provided by:
Good Meat Project

Selling the whole animal — also known as carcass utilization — is a critical component of selling meat, regardless of scale. There is no specific formula to maximizing carcass utilization, although the following points can help:

1. Knowledgeable and creative sales staff are key. This might be you, or your team, but look for individuals who possess the ability to adjust and be nimble for what is right for your business, your customers, your region and seasonality (among other things).

2. Simpler is better. Be realistic about what your processor can do, and how many SKUs you can manage! Generally speaking, the further you break down the carcass, the more cuts you request, the more room for error and the more inventory you have to manage.

3. Sell the trim first. Particularly in the beef business, trim is a large percentage of the carcass. 150–200 lbs. of trim per head is not uncommon. Make sure you have an outlet for all that trim before you take animals to the processor.

4. THE FREEZER IS NOT A SALE. Do not bring in inventory for which you don't have a plan* of how you are going to sell. Sales plan first, then process the animals.

5. Adjust your cutting to market the whole carcass year-round: Make seasonal adjustments to sell each cut. For example, cut English Short Ribs in the winter for braising. In the summer, cut those same short ribs flanken style (also known as Korean Short Ribs) for grilling.

This is by no means an exhaustive list: you will need to adjust and be nimble to respond to your customers and your market as you try to sell all parts of the animal, every week or every month.

* *If you DO have a plan, then the freezer can be your friend. With advanced commitments, pricing and contracts from your customer you can build frozen inventory for holidays where the product brings better value. For example, building rib roast inventory for Christmas, or leg of lamb/rack of lamb for Easter. The key to success here is to account for freezer storage costs and ensure that the value you will receive for the frozen product will offset the costs to hold that product.*

Conclusion

We've covered a lot of material in this guide and touched on many of the strategies and approaches when it comes to wholesaling meat into the retail channel. Our hope is to provide you with additional information and insight to help you answer the question, "Is wholesale right for me and my operation (farm, ranch, processing business)?" Wrapped up in that question, of course, are many other decisions, so we'll leave you with a list to ponder as you work towards starting your wholesale meat business:

- ✓ **Which wholesale channel will be my primary target?** Retail, foodservice or institutional sales?
- ✓ **What is my market position and sales strategy?** What makes my products unique and special, who will I sell to?
- ✓ **Do I have a plan for how to sell the whole animal?** Are there parts of the animal that I have essentially pre-sold, and other cuts I still need to find a home for?
- ✓ **What is my goal for wholesale sales,** how much of my total revenue each year (percentage) would I like to see come from wholesale sales?
- ✓ **What resources do I have to get started?** What do I need?
- ✓ **Who are my target accounts in Year 1?**
- ✓ **Do I have all the information I need to set pricing?** Do I know my breakeven price for wholesale?
- ✓ **Do I have a fulfillment plan?** Do I know how to determine packaging requirements and specifications, set order timing and cadence, arrange transportation, and create invoices?
- ✓ **Do I have a plan** for slaughter, fabrication, further processing, cold storage, and transportation? Do I have these relationships in place? Do I know pricing? Do I know the volume minimums for each service provider to get started?
- ✓ **Do I have a game plan** for what to do ***when*** things go wrong (spoiled or damaged product, mispicks, etc.)?

We encourage you to connect with the Niche Meat Processor Network for more resources, advice and support as you continue building your meat business at **www.nichemeatprocessing.org/.**

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NICHE MEAT PROCESSOR ASSISTANCE NETWORK

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NMPAN is a university Extension-based community of practice of people and organizations helping small meat processors thrive by growing our shared wealth of information and innovation. We offer tools and technical assistance for small processors and the farmers, marketers, and meat buyers who depend on them. NMPAN is housed at Oregon State University.

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WESTERN EXTENSION RISK MANAGEMENT EDUCATION

NOTES AND OTHER IMPORTANT INFO TO REMEMBER


NICHE MEAT PROCESSOR
ASSISTANCE NETWORK