

## **SCALING UP NEW ENGLAND'S VALUE ADDED MEAT INDUSTRY FY 2012**

The goal of this project was to promote viability and vibrancy of New England's value-added meat industry with a focus on providing education, marketing tools, and exposure to innovation at the producer-processor nexus. This project supported the development of new partnerships and innovative approaches to support livestock producers, slaughter facilities and processors. Main activities included:

- 1) Market Analysis to determine which characteristics of the meat processing stage of the supply chain carry the highest value for marketing to the end user.
- 2) Introduction to appropriately scaled technology and process innovation at the American Association of Meat Processors' Convention to learn about the newest technologies and current market trends.
- 3) Workshops that brought together livestock producers, meat processors and other stakeholders in the regional meat industry, highlighting the value of shared knowledge and information exchange.
- 4) New England Meat Conferences in 2013 and 2014, which brought together producers, processors, distributors, chefs, technical assistance providers, government representatives, and many other industry stakeholders. The conference included a trade show which attracted national suppliers of new technologies that may be adopted by local producers and processors, and cutting demos.
- 5) Targeted technical assistance and matchmaking to increase the amount of local ground beef entering New England institutions and support farm viability by offering access to a large-scale marketing stream.
- 6) Creation of point of sale materials for wholesale and institutional buyers.

### **FINAL REPORT**

### **MARKET ANALYSIS: CONSUMER VALUATION OF MEAT PROCESSING**

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# Scaling-Up New England's Value Added Meat Industry

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*Final Report - June 30, 2014*

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**AGENCY OF AGRICULTURE, FOOD & MARKETS**

## Background and Justification

The goal of this project was to promote viability and vibrancy of New England's value-added meat industry, with a focus on providing education, marketing tools, and exposure to innovation at the producer-processor nexus. This project supported the development of new partnerships and innovative approaches to support livestock producers, slaughter facilities and processors.

Many of the New England's small- and medium-sized food producers have remained viable in increasingly competitive markets by differentiating their products from those of their larger competitors. The following are basic concepts of value-added agriculture:

- Value-added agriculture converts agricultural outputs into products of greater value.
- Value-added agriculture is increasing the economic value of an agricultural commodity through real (or perceived) changes in processing or other treatment.
- Value-added agriculture is the process of increasing the consumer appeal of an agricultural commodity.

We have seen an increasing number of meat producers interested in adding value to their products through: 1) specialized production standards (e.g. grass-fed, organic, animal welfare); 2) further processing (e.g. charcuterie, specialty cuts); or 3) source verification and local/regional marketing channels. In order for producers to take full advantage of consumer demand for value-added meat, we must support our meat processing industry to reach its next phase of development.

The 2004 FSMIP project "New Market Opportunities for Value Added Meat" opened up many new possibilities for New England's value-added meat producers through research and education exchange. Market analysis confirmed that there were indeed opportunities to grow the value added meat industry, and marketing assistance for meeting that demand was provided to six branded meat programs and producer cooperatives. A series of well-attended educational workshops provided technical assistance to producers on the development of value-added meat and poultry products.

On the demand side, a study conducted in 2010 by Rose Wilson concluded that consumers in the Boston and New York City markets are willing to pay a premium for products that are made using environmentally friendly methods, ensure fair wages for farmers and farm workers, and have unique flavors that reflect the region where they are made.

Despite the interest in growing value added meat supply, capital constraints (both human and economic) prevent most producers from processing on their own, and many have expressed a lack of access to external processing services due to timing or service limitations. This project built on the previous FSMIP project with a targeted focus on processors, applying the following elements of the project evaluation conducted by Bon Temps Gourmet in 2006:

- Engage more processors as partners in scaling up to meet demand
- Develop a New England Meat Conference
- Continue and enhance New England regional partnerships

## Project Approach

This project achieved the following objectives in order to address the issues identified above.

### Research

#### I. **Market Analysis to determine which characteristics of the meat processing stage of the supply chain carry the highest value for marketing to the end user**

Market research in the Boston and New York has shown that consumers are willing to pay a premium for products that are made using environmentally friendly methods, ensure fair wages for farmers and farm workers, and have unique flavors that reflect the region where they are made. However, meat processors have not been able to capture enough of the consumer dollar to achieve profitability at a level that will expand the sector.

A marketing consultant was hired to conduct targeted key-informant interviews with buyers and distributors, and glean information on how meat processors might better market the value that they currently add (e.g. humane handling, quality and consistent cuts of meat) for any kind of meat animal, and what they can do better to increase that value, and ultimately their market share.

The key finding was that while consumers don't want to think about where or how their meat is processed they want to be able to trust that "the system" works. They expect the system to provide food that is safe to eat from businesses conducting themselves in a manner that is ethical. They want to know who is producing their food, where it is from, what is in it. They want to buy meat that is appealing to look at, that is fresh and ready to cook. Top trends now and on the horizon are flavor-enhanced products such as "smoked," "dry-aged," and "cured," while the leading feature consumers will be looking for in five years will be "GMO-free" meat.

The following suggestions were offered on how producers and processors can work to meet these needs:

1. Focus on package and presentation appeal. Make product cuts look appealing to eat, make the label eye catching to see, and make the product easy for buyers to handle and stock (stackable packages).
2. Focus on fresh as opposed to frozen local meat. Consumers are thinking of their next meal when they shop, most meat sales are in the form of fresh vs frozen product. Selling "previously frozen" meat is a strategy many retailers employ to reduce shrinkage while enabling them to stock their fresh case. Use this as a way to begin getting more Vermont meat into the fresh display case.
3. Focus on adhering to production and processing protocols to improve ability to consistently deliver the same quality and presentation a product has come to be known for to retain consumer base.
4. Provide discrete, indirect marketing tools to educate consumers and raise awareness for how your products are raised and processed. For example, on packaging provide a link to your website for consumers to "learn more about your products and how they are made."
5. Consider joint marketing efforts in which producers and processors organize "open houses" to encourage consumers and buyers to develop a connection with their meat, and gain an understanding of who and how

it is raised and the processes it goes through in between. Help create awareness and respect for the livestock industry and processor profession.

6. Consider investing in the infrastructure upgrades or management changes necessary to meet third party certifications to both production and processing practices so more Vermont meat can meet the requirements of large scale retail buyers such as Whole Foods and regional aggregators such as Pineland Farms Natural Meats and be competitive with brands such as Niman Ranch.
7. Take advantage of trends in consumer marketing to drive sales:
  - Focus marketing messages and visuals on promoting the family and people involved in the production and processing process. Focus on the Vermont connection. Consumers respond better to pictures of people, and are more interested in who grew the food and where it was grown than in the animals themselves.
  - “Smoked,” “cured,” and “dry-aged” are in. Consider making products with these attributes and highlighting them in your packaging and messaging.
  - GMO-free is the wave of the future. Consumers are increasingly asking for GMO-free meat. Explore the financial and logistical viability of offering GMO-free meat in your operation. Make a point of highlighting your GMO-free product lines in your packaging and messaging.
  - Consider how your operation, product, or marketing efforts could be refined to best help Vermont meat take advantage of the top factors influencing consumer purchasing behavior.

The top attributes influencing meat purchases were cited as follows:

1. Price
2. Being a Local Product/Family Story
3. Visual Appeal at Point of Sale/Immediate Applicability Towards Meal Preparation
4. Animal Welfare protocols
5. Feed/Production protocols
6. Food Safety protocols
7. Flavor Enhancers/Ingredients
8. Social and Environmental Justice

The report has been made available online

at: [http://agriculture.vermont.gov/producer\\_partner\\_resources/market\\_access\\_development/meat\\_industry\\_development](http://agriculture.vermont.gov/producer_partner_resources/market_access_development/meat_industry_development)

## **II. Exposure to appropriately scaled technology and process innovation at the American Association of Meat Processors' Convention**

The AAMP Convention is the annual convening of meat industry leaders. On July 17-20, 2013, hundreds of meat processors, service providers and suppliers gathered in Charleston, South Carolina to learn about the newest technologies and current market trends. Five industry leaders from the region attended the Convention. In addition to attending Convention seminars and a robust tradeshow, the delegation also participated in two site visits. One was to a local restaurant that specializes in cured meats, where the chef toured his curing facility and described his process. The second was to a small-scale slaughter and processing facility using some cutting edge

systems for humane handling and animal welfare. Both cured meats and humane livestock slaughter are key areas of interest for the development and branding of Vermont's meat industry.

Additionally, connections were made with a number of trade show exhibitors. The New England Meat Conference (NEMC), launched under this grant, hosts the only meat industry-specific trade show in the region. During our conversations at AAMP, industry suppliers were enthusiastic about the opportunity to connect with meat processors in New York and New England, and many of them participated in our trade show as a result of connecting in South Carolina. Software for inventory management and lot tracking were of particular interest for small-scale processors, and two companies we met at AAMP exhibited at the NEMC.

## Education

### III. Producer-Processor workshops series

We continued to build on past success of having workshops that brought together producers and processors and highlighted the value of shared knowledge and information exchange. There were five workshops, two of which were intensives. They were attended by over 170 livestock producers, meat processors and other stakeholders in the regional meat industry. The workshops were:

- VT Pig and Pork and Pig Field Day – Covering the production and processing of value-added pork with national expert Dale Rozeboom, Swine Nutrition & Production Management specialist from Michigan State University Extension and Dave Viola, meat processing specialist VT Salumi.
- Strategic Marketing Planning for Livestock Producers – Covering the development and implementation a marketing strategy to save on marketing labor and improve the impact of marketing efforts.
- Efficient Swine Rations from Piglet to Adult – Covering feeding programs and their effect on the processing and marketing of the final product with regional expert Jeff Mattock
- Income Positive Poultry: Breed, Feed, and Management Considerations for Poultry – Covering the science behind management strategies to run a profitable poultry operation with regional expert Jeff Mattock
- Beef Butchery: Hindquarters and Smoked Sausages – Morning session covering the breakdown a hindquarter of beef, learning about the different cuts, meat quality, and the dry-aging process. The afternoon session covering making smoked kielbasa and summer sausage and reviewing the equipment, science, and food safety behind their production. Lead by two of Vermont's leading butchers, Cole Ward and Frank Pace, along with Polish meat processor and Stanley Marianski.

All these workshops received strong positive feedback on the quality of the content, the knowledge of the presenters, and the building of relationships between livestock producers, meat processors, and other industry stakeholders.

### IV. New England Meat Conference – 2013 and 2014

The inaugural New England Meat Conference took place on March 22-23, 2013 in Concord, NH, and has been widely recognized as a huge success, bringing together over 350 producers, processors, distributors, chefs, technical assistance providers, government representatives, and many other industry stakeholders. A trade show attracted national suppliers of new technologies that may be adopted by local producers and processors. The 25 breakout sessions included "The Art and Business of Cured Meats," "Scaling Up: Opportunities with

Distributors and the Wholesale Marketplace,” and “Humane Handling through the Life Cycle.” Cutting demos happened throughout the two days of the conference. The “Meat Ball” gave participants a chance to relax, share a meal, and network with their peers. The first ever “New England Meat Awards” were presented to

Building upon the success of the 2013 event, a second New England Meat Conference was held on March 7-8, 2014, also in Concord. The event was sold out for the second year in a row, with 400 attendees. Due to contacts made in South Carolina, as well as the momentum from the 2013 conference, the trade show grew in number and variety of exhibitors. The New England Producer of the Year award was presented to Carolyn Wheeler of Wheel-View Farm in Shelburne, MA; the Processor of the Year went to Daniele, Inc. in Pascoag, RI; and the New England Food Professional of the Year award was presented to John Lash, School Food Service Director for the Concord, NH School District. All 2014 presentations have been posted online at <http://www.newenglandmeatconference.org/workshops/2014presentations.html>.

## Market Development

### V. Project partners delivered targeted technical assistance and matchmaking for Institutional Market Coordination

The goal of the New England Beef-to-Institution (NEBI) Initiative is to increase the amount of local ground beef entering New England institutions and increase farm viability by offering access to a large-scale marketing stream. The question posed is: As consumers become more interested in the origins of their food, are there opportunities to leverage the huge purchasing power of institutions to increase the sales of regionally produced beef? The New England Departments of Agriculture and philanthropic foundations invested in a New England Beef to Institution marketing study to begin to explore this question. The Steering Committee has continued to discuss barriers and opportunities related to the production, processing, and purchase of regional beef by institutions.

Steering committee members include:

- Sean Buchanan, Black River Produce
- Erin Buckwalter and Sam Fuller, NOFA-Vermont
- Lisa Damon, Massachusetts Farm-to-School
- Jean King, Connecticut Food Policy Consultant
- Richard Kersbergen, University of Maine Extension
- Carole Soule, Miles Smith Farm

Yellow Wood Associates, Inc. was contracted by the Steering Committee to help guide monthly conversations, take notes, schedule meetings, and serve as a thought partner. Yellow Wood created a final report with recommendations that can be made available upon request.

Steering Committee members participated in the following activities:

- Participated in monthly conference calls to learn about innovations and best practices from other states, share success stories and challenges, and work collectively on marketing strategies.

- Attended a variety of educational workshops at the New England Meat conference, and heard from experts on innovative models for building the institutional supply chain;
- Built relationships between meat processors, institutional buyers and distributors through strategic partnership meetings and one-on-one matchmaking.

Two matchmaking events were held – one in New Hampshire and one in Connecticut. In Connecticut, representatives from 6 schools and 6 farms took part in a matchmaking meeting. Strengths, challenges and opportunities were identified by buyers and farmers. School representatives talked about their efforts to locate sufficient quantities of meat at the time they needed it. There are distinct differences among schools operated by food service companies and those who are self-operating. The Hotchkiss School has been proactive in meeting food service company requirements, including the need to source meat that has been slaughtered and processed at a facility that has completed a third party audit. There are opportunities for one-on-one agreements among farmers and schools for purchase agreements that cover an entire school year. School food service leaders see that they share responsibility in working through issues of food safety and inspection that can make it possible for them to buy locally. Requirements for meeting food safety standards of major food service providers are not insurmountable.

## **VI. Point of sale materials for wholesale and institutional buyers**

A branding specialist was hired to create a logo and develop the value proposition that resonates with consumers. Eye catching point of sale material was developed to spur demand for local meat in institutional settings, and identify New England as a premier source for high quality, value-added meat. The messaging to accompany the POS materials is below:

**Program Name:** Harvest New England Farm Raised Beef

**Tagline:** Savor the taste of the region

### **Target Markets:**

The broad target is consumers at institutional cafeterias in New England. This can range from students to government employees to hospital patients and visitors and beyond. Due to this broad spectrum, the messaging is designed to speak to the consumer making the purchase decision.

Materials should be displayed in the cafeterias by labeling food prepared with New England beef. Messaging can be used to educate consumers prior to purchasing and to reinforce the purchase decision. Please feel free to use the below in your newsletters, on menus or on your website.

### **Talking Points**

- New England Farm Raised Beef supports local farms
- Proud to serve New England Farm Raised Beef
- Farm Raised New England Beef is full of flavor
- Savor the taste of the region by eating farm raised beef from New England
- Our menu features farm raised beef from New England
- We are proud to support family farms in our region by serving New England Farm Raised Beef

- New England Beef is the best because it is from where you live

### Copy & Articles for Institutions:

- **Proud to Serve Farm Raised Beef from New England**

Here at INSTITUTION NAME, through a partnership with farms in our region, we are proud to serve farm raised beef from New England. This partnership supports our commitment to providing you with the best food possible while supporting family farms in the area and our regional economy. Next time you dine with us, look for the Harvest New England Farm Raised logo while you check out our beef options.

- **5 Great Reasons to Eat New England Beef** - Eating farm raised beef from New England has many advantages. Here are the top five:
  1. **It is a powerful protein** - Beef is packed with essential nutrients.
  2. **It connects you with your farmer** - Know your Farmer, Know your Food!
  3. **It benefits the environment** - By eating regionally, you are supporting family farms that keep the land open in your town and state.
  4. **It supports the regional economy** - The dollars you spend on farm raised beef from New England are reinvested in businesses in the region.
  5. **It is full of flavor** - Enjoying farm raised New England beef means savoring the taste of the region!

Harvest New England has agreed to take on the administration of the point of sale materials. To control unauthorized use of the brand, the materials are available only upon request.

## Project partners

This was a collaborative, multi-faceted project that brought together many different partners from across New England.

- **Northeast Organic Farming Association of Vermont** was the primary partner, playing a co-facilitation role for all aspects of the project.
- The **Vermont Meat Processing Task Force** served as an advisory group to VAAFM and NOFA in all aspects of the project. The Task Force is composed of: University of Vermont Extension, Vermont Beef Producers Association, Vermont Grass Farmers Association, Vermont Sheep and Goat Association, Vermont Farm Viability Program, Vermont Farm to Plate, Vermont Economic Development Authority, Rural Vermont, and the Castanea Foundation. Task Force members also played an outreach and information dissemination role with their members and clients.
- **Meat and Poultry Processors Association** members were the primary beneficiaries of this project, and they contributed their time and expertise to ensure that objectives were met.
- The **New England Meat Conference (NEMC) Steering Committee** contributed many hours of their time to implement two highly successful conferences. The Steering Committee was composed of producers, processors, state officials, extension agents, nonprofit service providers, and marketing experts from across all six New England states.

- **Farm to Institution New England (FINE)** contributed matching funds and expertise to support the New England Beef to Institution initiative. FINE offers a platform for continued outreach and dissemination of research and marketing tools.
- **Harvest New England** has been identified as the appropriate partner to oversee the marketing materials for the “Farm Raised Beef” marketing materials.

## Lessons Learned

The 2013 and 2014 New England Meat Conferences stand out as perhaps the largest success of the past two years of work. There is nothing else like this in the Northeast region, and there was incredible power in bringing together stakeholders from across the supply chain. Project objectives were far surpassed, as we held two conferences instead of one, and hosted 350 and then 400 attendees (compared with the 300 projected). The attendance was 40% producers, 21% processors, 10% distributors/buyers, and the remainder other service providers and industry stakeholders.

The market research demonstrated that consumers are not yet thinking about the processing step of the supply chain, and that they may not be ready to think about what happens to their meat between raising and cooking. However, the research did show that New England value added meat suppliers are well positioned to capitalize on consumer values. Many meat producers already have strong positioning around their farm story, animal welfare protocols, and feed/production protocols. With additional investment in visual appeal (packaging and branding), and technical assistance to build new market channels, producers are well poised to increase sales.

Our understanding about inventory management software for small scale meat producers has also advanced considerably over the course of the project. We spoke with two providers at the AAMP convention, both of whom attended the 2014 NEMC. Out of this work we supported a parallel project to assess the needs of small-scale food producers and processors to identify an affordable, easy to implement, and easy to use lot tracking system, in order to meet FDA, USDA, and market-enforced food traceability requirements. One meat processing business has implemented a digital lot tracking system, and another just received a grant to install a different system. We have identified technology diffusion and sharing of best practices as a goal for future work.

Finally, there remains significant opportunity for supplying the institutional market with New England meat. However, there remain a number of supply chain barriers, and pricing continues to be a key barrier. We learned a great deal about the complexity of creating and stewarding point of sale materials for local beef, and questions remain about how who should be utilizing it and how use will be monitored. Harvest New England would like to create evaluation tools to track the success of the materials created. We continue to work with Harvest New England on the roll-out and evaluation of these materials.

## Current and Future Benefits

Overall, as a result of the past two years of work we have seen better integration across the supply chain, and greater sharing of information across the region. For instance, a Rhode Island processor has connected with a Vermont distributor to source New England pork for a local line of dry cured meats. Fewer producers are expressing that processing is the primary bottleneck for their business.

We collected evaluations during both conferences, which were overwhelmingly positive. 90% of respondents from both conferences thought the event was “Excellent” or “Very Good.” We have heard from attendees who connected with new clients, buyers, suppliers, and mentors. Comments included:

- My first and won't be my last
- Could not have asked for more!
- Hope to see it done annually
- What a "spot on" conference...you all did a great job with a diverse and relevant set of topics. Getting the diversity of attendees is a measure of success.
- Excellent mix of attendees, both geographically and professionally
- Great job pulling folks together from all sectors of industry
- Very collaborative and positive focus on providing quality, safe, products to consumers.

There is strong momentum to continue the conference again in the future.

We are also seeing new innovations, including implementation of new software, and launch of new products to capitalize on market opportunities.

## Recommendations and Next Steps

Technology diffusion and technical assistance for market access will continue to be critical components for future work. We will be evaluating the implementation of two different inventory management and lot tracking software systems, and make recommendations to other processors about which system may be the most appropriate for their business. We will also continue to analyze new markets and open new market channels for New England meat. To respond to the need for market development assistance, in 2014 the Vermont Legislature appropriated \$50,000 to pilot a “Domestic Export Program,” which includes technical assistance and matching grants to help Vermont working lands businesses connect to new markets. We are currently looking for additional funding to leverage this initial investment to create a multi-faceted program with significant impacts to the agricultural economy.

## Beneficiaries

Direct beneficiaries of this project included over 400 meat producers, processors, retailers, chefs, and distributors.

## Additional Information

**Additional information generated by the grant project such as publications, presentations, and websites.**

Market Analysis available online

at: [http://agriculture.vermont.gov/producer\\_partner\\_resources/market\\_access\\_development/meat\\_industry\\_development](http://agriculture.vermont.gov/producer_partner_resources/market_access_development/meat_industry_development)

Conference presentations posted online

at: <http://www.newenglandmeatconference.org/workshops/2014presentations.html>

Information about the Vermont Lot Tracking Project:

<http://vt.foodprotectiontaskforce.com/resources/lottracking/>

## **Market Analysis: Consumer Valuation of Meat Processing**

Prepared by Rosalie J. Wilson Business Development Services

May 3, 2014

Produced with funding from  
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Photo courtesy the New England Meat Conference.

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## Executive Summary

The relationship between the producer and processor is a symbiotic one in which each requires the other to succeed. If sales of producers' product go up, demand for processors' services rise. To this end, the goal of this study was to explore consumer perception of the livestock processing industry to identify strategies producers and processors could adopt to increase market share by responding to current and future trends in purchasing behavior.

The key finding was that while consumers don't want to think about where or how their meat is processed they want to be able to trust that "the system" works. They expect the system to provide food that is safe to eat from businesses conducting themselves in a manner that is ethical. They want to know who is producing their food, where it is from, what is in it. They want to buy meat that is appealing to look at, that is fresh and ready to cook. Top trends now and on the horizon are flavor-enhanced products such as "smoked," "dry-aged," and "cured," while the leading feature consumers will be looking for in five years will be "GMO-free" meat.

How producers and processors can work to meet these needs:

1. Focus on package and presentation appeal. Make product cuts look appealing to eat, make the label eye catching to see, and make the product easy for buyers to handle and stock (stackable packages).
2. Focus on fresh as opposed to frozen local meat. Consumers are thinking of their next meal when they shop, most meat sales are in the form of fresh vs frozen product. Selling "previously frozen" meat is a strategy many retailers employ to reduce shrinkage while enabling them to stock their fresh case. Use this as a way to begin getting more Vermont meat into the fresh display case.
3. Focus on adhering to production and processing protocols to improve ability to consistently deliver the same quality and presentation a product has come to be known for to retain consumer base.
4. Provide discrete, indirect marketing tools to educate consumers and raise awareness for how your products are raised and processed. For example, on packaging provide a link to your website for consumers to "learn more about your products and how they are made."
5. Consider joint marketing efforts in which producers and processors organize "open houses" to encourage consumers and buyers to develop a connection with their meat, and gain an understanding of who and how it is raised and the processes it goes through in between. Help create awareness and respect for the livestock industry and processor profession.
6. Consider investing in the infrastructure upgrades or management changes necessary to meet third party certifications to both production and processing practices so more

Vermont meat can meet the requirements of large scale retail buyers such as Whole Foods and regional aggregators such as Pineland Farms Natural Meats and be competitive with brands such as Niman Ranch.

7. Take advantage of trends in consumer marketing to drive sales:
  - Focus marketing messages and visuals on promoting the family and people involved in the production and processing process. Focus on the Vermont connection. Consumers respond better to pictures of people, and are more interested in who grew the food and where it was grown than in the animals themselves.
  - “Smoked,” “cured,” and “dry-aged” are in. Consider making products with these attributes and highlighting them in your packaging and messaging.
  - GMO-free is the wave of the future. Consumers are increasingly asking for GMO-free meat. Explore the financial and logistical viability of offering GMO-free meat in your operation. Make a point of highlighting your GMO-free product lines in your packaging and messaging.
  - Consider how your operation, product, or marketing efforts could be refined to best help Vermont meat take advantage of the top factors influencing consumer purchasing behavior. The top attributes influencing meat purchases were cited as follows:
    1. Price
    2. Being a Local Product/Family Story
    3. Visual Appeal at Point of Sale/Immediate Applicability Towards Meal Preparation
    4. Animal Welfare protocols
    5. Feed/Production protocols
    6. Food Safety protocols
    7. Flavor Enhancers/Ingredients
    8. Social and Environmental Justice

## **Introduction**

The Vermont Meat and Poultry Processors Association conducted interviews with retail buyers and processors in the regional and national meat industry to investigate whether consumers' perception of slaughter and processing impacted their perception of meat quality and safety and influenced purchasing behavior. The goal of this research is to increase market share for the Vermont livestock industry through providing producers and processors with information that can help fine tune operations and marketing to respond to current and future trends in purchasing behavior.

## **Research Methodology**

### **Interview Technique**

In-depth first person interviews were conducted with a targeted list of key constituents in the buying and processing chain of the livestock industry to obtain a robust dialogue on the consumer valuation of processing in their meat purchasing decision-making. The objective was to generate a descriptive picture of participants' opinions on current and future marketing trends within the industry.

### **Interview Question Content Development**

The Vermont Meat and Poultry Processors Association developed an interview questionnaire based on criteria associated with livestock production and processing that the association was interested in understanding from the consumer's perspective. Questions focused on uncovering current and future influencing factors driving meat purchasing making decisions, gauging current and projected levels of consumer interest in knowing how meat is processed, understanding whether and how to best market this information, understanding whether and which specific elements of animal production and processing resonate with the consumer base, and identifying recommendations for what Vermont could be doing to increase market share for the Vermont livestock industry.

### **Interview Contact List**

An interview contact list was generated from the 2013 New England Meat Conference registration. Twenty four contacts were selected to represent perspectives from local, regional, and national Distributors, Aggregators, Retail, Chefs/Restaurants, Meat packers, Cutting Edge Processors, and Certifying Agencies.

Introductions were made to an initial sixteen contacts. Ten interviews were conducted and sample product packaging, point of sale and messaging from three Cutting Edge Processors/Aggregators were collected.

Distributor and Aggregator Interviews were held with Black River Produce, Hardwick Beef, Pineland Farms Natural Meats, and Savenors. Retail Interviews were held with City Market, Coop Food Stores, The Meat Market, and Whole Foods. Chef/Restaurant Interviews were held with The Farmhouse Group. Meat Packers and Processor Interviews were held with Lorenz Meats. Packaging, point of sale and messaging were collected for Applegate Farms, Niman Ranch, and Smart Chicken.

## Findings

### Ignorance Is Bliss

Overwhelming consensus from all ten individuals interviewed was that consumers place a surprisingly high level of trust in government's oversight of the American food system, in the retail and restaurant establishments they frequent, and in the meat brands they purchase. Consumers take for granted that their food supply must be safe and ethical otherwise the product in question wouldn't be offered for sale.

When pressed to consider where their meat is coming from, interviewees felt consumers resonate most with where and how an animal was raised.

Consumers avoid confronting any remaining aspects of the production process preferring instead to assume that if the animal was raised well it will die well. Consumers also tend to assume other practices of the production process such as labor conditions and environmental concerns are also being upheld. "As long as it's organic it's good. If it's local, it's slaughtered right" are examples of common assumptions consumers make noted Frank Pace, The Farmhouse Group.

Fifty percent (5) of those interviewed felt consumers actively avoid thinking about what happens between the time the animal leaves the farm and the meat is on display, and that trying to engage this discussion will, or has, resulted in negative purchasing behavior. Thirty percent (3) of those interviewed felt consumers neither actively or passively avoided the topic, but rather that it wasn't an important enough concern that it was rising to a level of conscious awareness; and twenty percent (2) said there may be a very small percentage of the population "maybe 1-3% of a highly educated consumer base" who would be interested, but that even within this sub-section "they are only mildly interested" Arion Thiboumery, Lorentz Meats, January 8, 2014.

#### CONSUMER PERCEPTIONS ON LIVESTOCK PROCESSING

"They don't think about the processing and don't want to think about what happens in between [leaving the farm and being on display in the meat counter] and I don't think talking about it is a good idea. They assume sanitation [for example] is a given. [A marketing campaign] Saying "hey, I'm cleaner than the next guy" is going to turn them off, really."  
CHUCK LACY, HARDWICK BEEF

"There's a definite disconnect [about livestock processing], we have to be very careful. Nobody wants to get into what happens to the live animal. Consumers just want to trust that it was well cared for before it became retail meat."  
JOHN NICHOLSON, WHOLE FOODS MARKET

"The reference of slaughter is very symbolic but it freaks a lot of people out. A lot of people become vegetarian after watching the movies, videos and books [about processing]. Definitely not [do not promote] on the label."  
FRANK PACE, FARMHOUSE GROUP

When asked to prioritize which, if any, of the following industry practices (animal welfare, environmental sustainability, labor conditions, local ownership, and trained/skilled employees) as related to the livestock processing industry resonated with consumers, interviewees prioritized them from greatest to least influential as follows:

1. animal welfare
2. social justice (labor conditions and fair pay)
3. environmental sustainability (“green business practices”)

However, all respondents were quick to note that it was difficult to prioritize any of these as the processing aspect of the livestock industry is not one that consumers respond to. However, when pressed animal welfare would be the most likely to resonate, followed far behind by labor conditions, and even further behind by environmental sustainability.

Regarding local and the concept of trained staff, it was noted that many consumers value the skills of trained butchers but associate this with the butcher preparing cuts of meat in front of them at the meat counter or restaurant, not meat packing staff in the slaughterhouse.

Local is an increasingly important feature in the sale of many foods, but again, with respect to the slaughterhouse, while it is a feature that would resonate, consumers don’t want to think about the slaughterhouse, regardless of whether it is local or not. For the few consumers who would be interested in engaging, interviewees felt that knowing a processing facility is local and family owned and offers good jobs with full benefits packages would be of value, but it would need to be marketed discretely and indirectly.

## **Smart Chicken: The Anomaly**

### **How come Smart Chicken promotes its processing and is successful with its message?**

When asked how come Smart Chicken was successful using a marketing message focused on its differentiated processing, all interviewees were quick to point out that while Smart Chicken does bring up processing as a key message, the element of processing they bring up is how the technique used results in a better tasting product. It is because of this angle that they can bring up the processing discussion. They are conveying a message that says “buy this it tastes better.” Their secondary messaging does not further highlight their processing facility’s labor conditions or animal welfare, it jumps straight back to animal welfare, feed, and production protocols of live birds. See the marketing messages highlighted in the packaging below.



How Smart Chicken markets its processing: as a consumer benefit.

Tecumseh Farms



# SMART CHICKEN

## ROASTED CHICKEN BREAST

Tecumseh Farms Smart Chicken® roasted chicken breast features only hand-trimmed, premium chicken and spices, offering a savory, lightly smoked flavor.

\*Our chickens are fed only the finest grain, and are raised without the use of antibiotics or animal by-products. Our combination of humane treatment, sustainable practices, and state-of-the-art facilities guarantee you a true, premium product.

TASTE THE AIR-CHILLED DIFFERENCE®

A FULLY COOKED PRODUCT  
KEEP REFRIGERATED OR FROZEN



Distributed by  
Tecumseh Poultry LLC  
Producers of Smart Chicken®  
Waverly, NE 68462  
WWW.SMARTCHICKEN.COM

Ingredients: chicken breast, water, salt, sugar, corn starch, carrageenan, natural smoke flavor, and celery powder.

Rubbed with: sea salt, evaporated cane syrup, paprika, onion powder, dehydrated chicken broth, brown sugar, red bell pepper granules, and parsley.

### Nutrition Facts

Serving Size 2 oz (56g)  
Servings Per Container 3.5

Amount Per Serving

Calories 60      Calories from Fat 5

% Daily Value\*

Total Fat 0.5g      1%

Saturated Fat 0g      0%

Trans Fat 0g

Cholesterol 0mg      0%

Sodium 350mg      15%

Total Carbohydrate 1g      0%

Dietary Fiber 0g      0%

Sugars 0g

Protein 12g

Vitamin A 0%      Vitamin C 0%

Calcium 0%      Iron 0%

\*Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.

	Calories	2,000	2,500
Total Fat	Less Than	65g	80g
Saturated Fat	Less Than	20g	25g
Cholesterol	Less Than	300mg	300mg
Sodium	Less Than	2,400mg	2,400mg
Total Carbohydrates		30g	37g
Dietary Fiber		25g	30g

Calories per gram: Fat 9 • Carbohydrate 4 • Protein 4

# TASTE THE AIR-CHILLED DIFFERENCE®

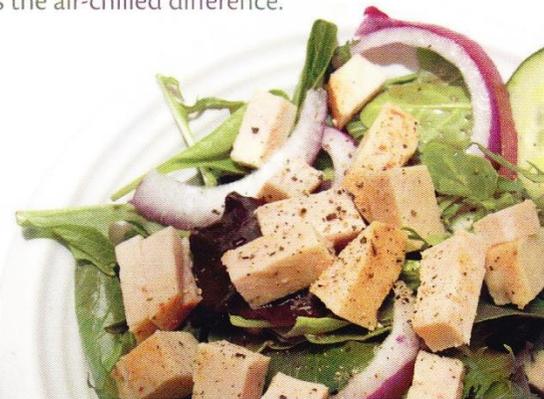
**New!**

SMART CHICKEN®  
ROASTED CHICKEN BREAST

## Healthy & Flavorful

Enjoy the savory, lightly smoked flavor of Smart Chicken® Roasted Chicken Breast on your favorite sandwich or salad, or add it to your favorite recipes. Our Roasted Chicken Breast is made with only premium, hand-trimmed, boneless, skinless chicken breasts and contains no preservatives, MSG, or gluten.

When you purchase Smart Chicken® Roasted Chicken Breast, you can be sure you're getting a premium, high-quality product that's raised in a humane and sustainable fashion, without the use of antibiotics, growth stimulants, or animal by-products. All Smart Chicken® products are 100% all-natural, and are processed using purified cold air instead of added non-potable water—that's the air-chilled difference.



Tecumseh Farms  
**SMART CHICKEN**



How Smart Chicken markets its processing: as a consumer benefit.

## Buying Behavior

The top three influences on meat purchasing behavior are:

1. price
2. "local"
3. point of sale appeal

The issue of price is not new. Consumers have limited disposable income and price is always a concern. The other two top considerations, local and product appeal, however, provide some interesting opportunities for Vermont meat sales.

With respect to local, consumers want to know where there meat is from. More importantly, they want a connection with the farmer or farm family growing the food. According to John Nicholson from Whole Foods Markets, marketing campaigns highlighting the farm family with pictures of the people sell more product than marketing campaigns featuring the animals. Frank Pace, the Farmhouse Group, summed up this sentiment noting that the reason people come to Farmhouse Group restaurants is the location of the meat: where it was raised and *what farm* it comes from.

The third key feature cited was product appeal. Consumers make meat purchasing decisions based on immediate needs: the next meal. They are less focused on stocking the freezer. Consumers are highly influenced by what looks good, what is ready to cook, and what are the time and skill requirements necessary to cook what is on display. From these parameters consumers will narrow their options to those that could be feasible for the upcoming meal, then price and any other variables are entered into the equation and a final decision is made.

### Consumer Purchasing Influences\*

1. Price
2. Being a Local Product/Family Story
3. Visual Appeal at Point of Sale/Immediate Applicability Towards Meal Preparation
4. Animal Welfare protocols
5. Feed/Production protocols
6. Food Safety protocols
7. Flavor Enhancers/Ingredients
8. Social and Environmental Justice

\*prioritized by number of times cited by interviewees

### CONSUMER DECISION MAKING: HOW CONSUMERS THINK

#### Amanda's Buying Hierarchy:

- 1) Put food on the table. Buy whatever I can afford.

Benefit: ensure personal survival

- 2) Put safer food on the table. Use any extra money to buy safer/higher quality food, food with health and taste claims such as certified organic, grass fed, better tasting, more tender.

Benefit: improve personal quality of

life

- 3) Do something good for someone else. Use any additional extra money to buy food with altruistic claims such as eco-friendly, fair trade, profits support charitable causes, etc.

Benefit: altruistic, improve quality of life for others

AMANDA CHARLAND, COOP FOOD STORES

"[My recommendation is to] Put 'product from Vermont' on the packaging. Vermont has great acceptance, [especially] in New York."

JOHN NICHOLSON, WHOLE FOODS MARKET

"If the steak looks good, they like the package, they buy it."

DAVID ORDWAY, PNFM

## Added Value

In addition to the core factors influencing purchasing decision, when disposable income is available more features and benefits are entered into the equation. Factors listed in order from most to least cited as influencing purchasing behaviors were:

- animal welfare standards
- feed and animal raising protocols
- food safety
- taste attributes and ingredients (which can positively and negatively influence decisions for example additives such as water solution, salt, preservatives, and nitrates may deter, while additives such as smoked, cured, seasoned may drive a sale.
- Altruistic features such as social and environmental attributes, and charitable causes

**“The # 1 thing people will pay more for is ‘dry aged’ and ‘smoked.’ They will pay more for these attributes than even the claim that it is ‘local.’”**

**AMANDA CHARLAND, COOP FOOD STORES**

**“Anything ‘green’ or socially conscious will resonate with 70% of buyers [in our store].”**

**JAMIE LEWIS, CITY MARKET**

## Trends

Over the next five years two trends are projected to emerge.

### 1. GMO-Free

The most highly referenced trend on the horizon was a growing demand for GMO-Free meat. In fact, Jamie Lewis at City Market felt this change was already in progress at his store.

**City market is already seeing trends changing... “local trumps organic, and non-gmo trumps local.”**

**JAMIE LEWIS, CITY MARKET**

### 2. Rising cost and reduced confidence in commodity beef may make Local beef desirable and accessible

The assumption is that the cost to produce commodity meat may rise at a higher rate than the cost to produce local, grass fed, or certified organic product and thus the margin in price difference could shrink, enabling more of the consumer base to consider local product as an option if they are going to buy meat.

Reasons for this assumption include the increasing recurrence of severe droughts as a result of climate change impacting feed lots in the west and mid-west; the reliance on the rising cost of grain in commodity operations; and the rising number of recalls in large commodity operations, which are predicted to continue increasing.

All these factors may create a retail environment in which the commodity product price goes up, consumer confidence goes down, and the local product sitting next to it looks more and more like a good value and the better choice.

### Buzz words & Marketing Messages

When asked for any buzzwords, marketing terms or claims being used in the industry, interviewees came up with several, GMO free being the most prevalent followed by locally grown. The complete list below has the claims in order from those that surfaced from most to least frequently in the interviews.

#### Trending Buzzwords

- GMO free
- Local/locally grown
- Grass Fed (non-corn/grain fed)
- Dry Aged
- Smoked
- Naturally Raised
- Pasture Raised
- Organic
- Air chilled (chicken)
- Whole Animal Butchery

In addition to buzzwords, some insight was given on what consumers are looking for in marketing messages or on packaging. For example one interviewee mentioned that consumers want to know whether a product has additives (such as sodium water solutions, or nitrates). Another noted that stating 'Product from Vermont' on packaging resonates with consumers, especially in metro regions, such as New York City. Another comment was made that stories and pictures about people and the farm families that grow the meat resonate better than pictures and stories of animals.

In stores that uphold social justice concerns such as environmental sustainability, fair labor practices, animal welfare, etc., in their business principles and decision

making (these include stores like City Market, Whole Foods Market, and the Coop Food Stores, as examples) incorporating anything 'green' or socially conscious about you, your product or your business in your marketing will resonate with approximately 70% of their buyers.

## Recommendations for Increasing Sales of Vermont Meat

The study revealed several opportunities that producers and processors can leverage to increase market share for Vermont meat.

### Presentation

#### **Focus on presentation and fresh offerings.**

The product has to be appealing to the eye and ready to eat/prepare. To do so, fresh is best.

#### *Attractive packaging and label*

Processors can help by making and packaging cuts so they look as appetizing and professional as possible. Also, make the easy to stack for retail staff. An attractive, well presented meat package will draw people's attention.

Producers can focus on designing an eye catching logo to stand out on the shelf and in promotional materials.

#### *More fresh versus frozen.*

The benefit of meat is that it can be frozen and thus has a fairly long shelf life. However, in a retail setting fresh product will sell at a much higher rate than frozen, and be of more interest to a greater percentage of the consumers. Use the ability to offer fresh product to your advantage.

Processors can help by offering to return fresh product to the producers rather than frozen.

Producers can help by making a point of having thawed product available for sale when in retail situations (such as farmers markets), and offering thawed or fresh product to their retail and restaurant accounts, and encouraging retail accounts to place some of their frozen product to thaw and display in the fresh counter, replenishing as needed with frozen product from the cooler. Retail accounts often place "previously frozen product" for sale in their fresh display counters for meat, poultry, and seafood.

## Consumer Confidence

**Focus on consistently providing above average quality and delivering on your customer expectations and brand promise**

To establish and maintain a loyal following, securing repeat purchasers and winning over new consumers, local product quality must live up to the marketing promise made on the packaging AND the higher expectations consumers have of products selling at a premium. It is not enough to be local anymore. It has to be LOCAL and be GOOD.

Processors can help by ensuring they make their customers cuts and packaging look as appealing as possible and as easy for retail staff to handle as possible (make them stackable and easy to display). They can also help by placing a high priority on animal welfare to reduce stress prior to and during slaughter.

Producers can help by focusing on adhering to growing and feeding protocols that yield consistent taste, mouth feel, fat content, and size of animals. They can also help by focusing on sending animals in groups of several at a time which fosters a sense of herd on the trailer reducing stress during transportation.

## Market the Farm Family & Local Connection

**Stories about the farm families, the human connection, sells.**

Consumers want to feel a connection to the family and the farm, not to the animal.

Processors and producers can both evaluate their marketing materials and consider how to improve what they currently use to include more pictures of the people involved and the stories of the people involved.

## Market the Vermont Connection

**If the product is from Vermont, let people know.**

The Vermont brand continues to be a leading attribute that resonates with consumers both in and out of state.

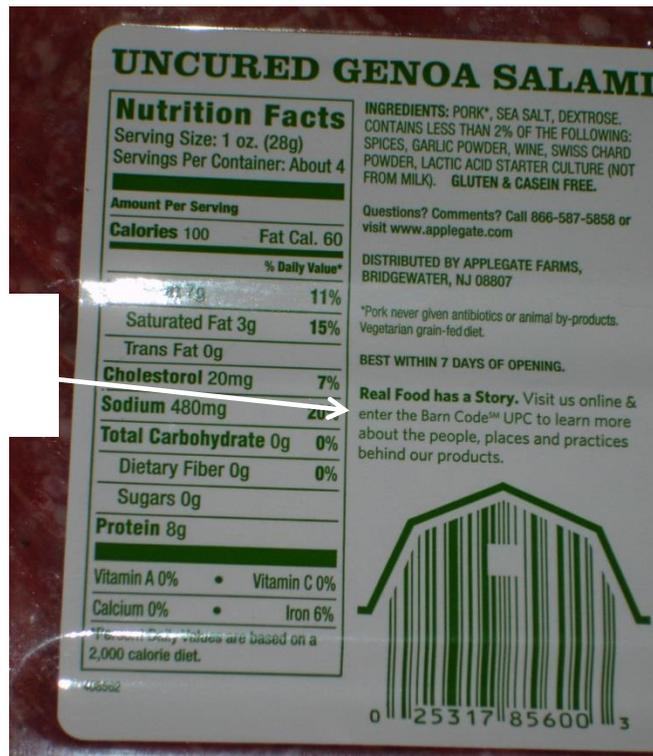
Processors and producers can both benefit by ensuring the label and marketing materials say “Produced in Vermont,” “Processed in Vermont,” or “Produced and Processed in Vermont.” Etc.

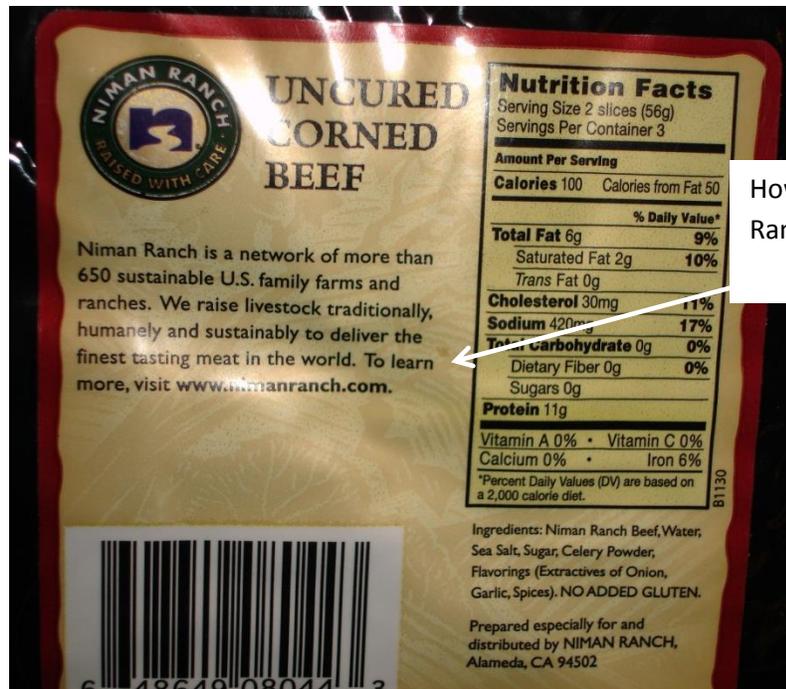
## Discretely Raise Awareness and Consumer Education

Provide indirect access to more information.

While consumers may not want to be faced with the reality of an animal's life while considering what to make for dinner, they do, ultimately want to know they are doing the right thing. For the small but growing percentage of consumers who are beginning to question the system, make an effort to provide a non-intrusive mechanism by which they can verify their assumptions are correct. For example, on your packaging invite them to your website to learn more about your production, processor, or processing techniques. Below are examples of how leading national brands are doing it.

How Applegate Farms does it





How Niman Ranch does it

### Organize Processor and Farm Tours

**Create a sense of good will and trust in the industry and in your business in particular.**

Processors and producers can both help by working together to invite the public to see into the world of meat production and processing. The invitation whether or not accepted, has the psychological effect of instilling a sense of security that if the invitation is there, the person can feel confident the processors and processing system being toured must be “doing it right,” and those that do go are genuinely interested and gain a further appreciation for the local food system. Ultimately consumers don’t want to think about the process but they do want reassurance that their faith in the food system is well placed. Organizing and offering tours also elevates the level of accountability on all producers and processors, whether participating or not. It reinforces the standards all participants in the supply chain should be living up to, and that the public trusts they are adhering to.

The benefit of opening the processors and producers to visitors is not necessarily a direct sales driver but is a sales and marketing tool that can help gain customer loyalty from consumers and buyers. If producer sales are growing, processor sales will grow. Ultimately, this type of synergy and joint marketing will yield strengthened commitment on behalf of consumers and buyers to buy local, leading to a stronger, more viable

livestock production and processing industry in the state, and an industry consumers are proud of, and want to support.

To give an example, here's how Thousand Hills Cattle Company (the producer) and Lorentz Meats (their processor) are doing it.

### **[Thousand Hills Cattle Co. Provides Realistic Tour of Livestock Farming](#)**

Posted in [Farms & Gardens](#) on Thu, 07/22/2010 by Angelique Chao -



Opportunities to escape the concrete jungle and get a taste of small-farm life abound in the Minnesota summertime. Whether you'd like to do a basic farm tour, enjoy dinner served up right on the pastures where the food was raised, or even help out with farm chores for a day as part of a "crop mob," you can find an option that gets your city-slicker self out in the fields for at least a few hours.



One fine Friday a couple of weeks ago, about 40 of us curious folk took advantage of one such opportunity to join a monthly tour run by [Thousand Hills Cattle Company](#), a beef producer based in Cannon Falls specializing in 100 percent grass-fed, primarily local, meat. And we got more than a stroll through the pastures, which is what makes this tour stand out among others that I've taken. In addition to guiding us through his ranch, Todd Churchill, the founder of Thousand Hills, gave mini-lessons in nutrition (human and cattle) and land management to explain the purported health and sustainability benefits of pasture-based farming. Plus, we ate a delicious free lunch featuring Thousand Hills burgers and

beef franks. Finally, we went where his cattle go after a lifetime of grazing has come to a conclusion -- [Lorentz Meats](#), the slaughter and processing plant that Thousand Hills uses.

Usually farm tours stick to the fun and photogenic parts of farming: the rolling hills, the pumpkin patch, maybe even the baby-animal barn, if you're lucky. This tour refused to allow you to ignore the grimmer side of raising livestock for food, and there's a lot to be said for that. As we all piled into the Lorentz Meats lunchroom, which ironically houses the viewing deck that overlooks the slaughterhouse's kill floor, people immediately gravitated to the window to see the action. A couple of parents brought their young children along, clearly intending for them to learn the whole story of where their food comes from. The mood was sober and respectful, but stopped short of being either sad or sentimental. In fact, most of the tour-goers were impressed with Lorentz's dedication to both humane animal treatment and clean, safe food, and told our tour leader so as they left the room.

That's not to say that no one was shaken at the sight of cows being led systematically to their deaths. One sometime-vegetarian I met was visibly disturbed, but said she felt better after seeing the cow herd at Churchill's ranch (which we visited after Lorentz Meats). The cows milling in the shade of huge old trees looked, she said, like they had a good life. Another visitor concurred, saying "They seem like happy cows to me!" And indeed, they were calm and collected as could be, even with a crowd of people gaping at them. The lush grass clearly trumped our presence as an object of interest.

If you are interested in exploring the lives of grass-fed cattle from beginning to end, Thousand Hills Cattle is offering two more tours this summer, on August 9 and September 10. Visit its [open house page](#) for details.

## **Meet Third Party Audit Standards**

### **Processing and production standards**

Many regional and national brands, such as Pineland Farms Natural Meats have customers (Hannafords, Whole Foods, Walmart, Costco) who require the producer's meat to be safe and to perform to very, very high standards. This places requirements on both the producer and the processor.

Processors can help by having the infrastructure available to be able to provide grading services, enabling customer's meat to be graded choice, prime, select or no-roll. Additionally they can be animal welfare approved and participate in third party food safety audits. If they can make these claims to their customers, then more customers

could begin selling to chain retailers. At present the closest processor that meets these three requirements according to Pineland Farm Natural Meats, is JBS in Pennsylvania.

Producers can help by providing source verification, becoming Global Animal Partnership animal welfare approved (<http://www.globalanimalpartnership.org/the-5-step-program/>), and following any further specific breeding, husbandry, handling, raising, feeding and finishing protocols.