

# AGRI-FACTS

Practical Information for Alberta's Agriculture Industry

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## Direct Marketing Meats... Selling Freezer Beef

The basis of farm direct marketing is the trust relationship that develops between producers and consumers. Successful farm direct marketing depends on providing quality products in a clean and customer-friendly environment.

Examples of farm direct marketing channels include:

- farm gate
- farm store
- Alberta Approved Farmers' Markets
- municipal buying clubs

Farm-direct marketing requires a substantial time commitment. Agripreneurs need to devote long hours, seven-days-a-week to produce and market their products. Considerable time is also needed to develop the close relationships with consumers. In addition, agripreneurs need to be able to manage their time very efficiently in order to sell their products at multiple locations, such as at the farm gate and at farmers' markets.

### What is freezer beef?

Freezer beef is typically a speciality niche product that has attributes not offered to the public with commodity beef sales, such as verified, traceable, organic, natural or grass fed. It is usually sold direct to the consumer. It may be sold by the cut or as boxed beef, where the cuts from a quarter or side of the animal are sold as a unit. Some producers bundle several cuts together to optimize sales of all cuts. Examples of bundles include:

- barbeque pack (ribs, steaks, burgers and kabobs)
- winter comfort pack (stew meat, roasts, short ribs and ground beef)
- meals in a minute pack (minute steak, ground beef, stir-fry meat and meat balls)

### Why sell freezer beef?

There are several reasons for producers to sell freezer beef.

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One reason is to increase the dollar return per animal. In the commodity marketplace farmers accept the price of the day. Selling direct to consumers allows producers to set a price that covers costs and provides a profit. Many consumers are prepared to pay a premium for freezer beef if they know and trust the producer, as well as the producer's animal management practices and products.

Another reason to sell freezer beef is to get a consistent price. It is common for live fat cattle prices to fluctuate from one season to the next. Selling freezer beef allows producers to even out price fluctuations, as well as to cover costs and realize a profit.

A growing number of consumers are purchasing beef products direct from the farmer because these products are:

- organic
- lean
- local
- high in Omega 3
- hormone-free
- grass fed
- raised on a heritage ranch

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The purchase decision is based on value rather than price. Producers need to know what their customers want and why they are buying. Are they buying for health reasons, prestige, or because the producer's business philosophy supports their lifestyle beliefs? The more benefits a producer can provide to their customers, the more valuable their product is.

Farm direct marketing provides more income to the producer while the consumer receives a product that is generally not available in the store. Farm direct marketing requires that producers develop different skills and knowledge from traditional commodity practices. The sheer size of a whole beef carcass and consumer demand for individual cuts make direct beef sales more challenging. However, a bonus from this type of selling is that some producers find they like and are good at both marketing and production.

## Regulations

The first step in establishing a farm direct market freezer trade is to understand the regulations. There are regulations for:

- slaughtering
- processing
- handling
- storing
- cutting
- labelling
- transporting
- marketing

Compliance with regulations gives the customer confidence in the product. It also gives producers the security of knowing that they are doing everything required to provide a quality product. Know the regulations and follow them.

An overview of the regulations for selling beef direct to consumers is available in Alberta Agriculture and Rural Development's (AARD) factsheet *Farm Direct Marketing: Know the Regulations – Meat and Meat Products* (Agdex 844-4). See the last section of this factsheet for details.

Before being sold as freezer beef, cattle must be taken to a licensed, provincially or federally inspected abattoir for slaughtering and processing. Meat from animals slaughtered by a mobiler cannot be sold. **Only inspected meat can be sold.**

## Food safety best practices

Food safety is critical to the success of any agricultural business. Farm direct marketers of meat products should:

- Practice a recognized on-farm food safety (OFFS) program. See the links section at the back of this factsheet for more information.

- Establish quality criteria to ensure that a consistent, high-quality product leaves the farm gate every time. This could include service guarantees, product quality, food safety program for production, processing and marketing.
- Follow a recommended prerequisite program. Prerequisite programs provide the basic environment and operating conditions that are necessary for the production of safe food. Provincial prerequisite program guidelines are described in the document *Meat Facility Standards*, while federal prerequisites are outlined in the *Food Safety Enhancement Program (FSEP)*.
- Talk to each processor about their food safety program. Choose a processor with the Food Safety Enhancement Program, Meat Facilities Standards or another good prerequisite program in place.

Information on establishing a business food safety protocol is available from the Alberta Agriculture and Rural Development's Food Safety Division. The AARD's internet website address is included in the links section at the back of this factsheet.

## Finding customers

Producers are often pleasantly surprised by how many people welcome the opportunity to buy freezer beef.

The best way to find new customers is by word of mouth, where a customer tells a friend how great the beef was and where to find it. Having customers do the advertising is the best testimonial around.

Other strategies include:

- Use a personal network to identify new customers. Talk to family and friends; inform the local church community; showcase products at community functions; distribute flyers and price list to colleagues, suppliers, and community groups; and, attract new customers through draws and contests.
- Maintain a customer database detailing purchase preferences and contact information.
- Look beyond the local community for new customers. Try advertising freezer beef in classified ads or flyers. The advertising must reach target customers. That means finding out from existing customers not only what they like about the product, but also what the best way to communicate with them is. Where are they located? What type of advertising appeals to them? What products are they looking for? Where do they shop for meat? How often do they buy? Where do they go for information? Use flyers, business cards, price lists and grocery bag stuffers to get the word out.

## Defining product quality

Understanding animals and how they perform is critical to defining any production changes that have to be made to meet customers' needs. Ask customers what characteristics they are looking for. More lean? Less fat? Smaller steaks? Larger steaks? More tenderness?

Slaughter gives the opportunity to see what each animal carcass looks like. Note the amount of external back fat, rib eye area and marbling, as well as the amount of total lean muscle yield.

Most freezer beef animals are slaughtered young, between 12 and 30 months of age, and yield high value cuts such as steaks and roasts. When slaughtering an older animal, expect to produce some stew meat, soup bones and a lot of grind for hamburger or sausage. The large tenderloins of older animals are excellent products. Recognize that animal maturity impacts the cuts produced.

Cattle processed at either a federally or provincially inspected plant meet health and safety standards and bear a federal or provincial meat inspection legend or stamp. Grading is often associated with inspection. The Canadian Beef Grading Agency delivers grading services for beef carcasses in Canada. To sell meat it must be inspected at slaughter time. Grading is not mandatory.

So, why grade? Consumers like to know what to expect when they buy specific grades of beef. All Canadian boxed beef sold from a federally inspected plant must carry the grade identity or be marked as ungraded. When working with a provincially inspected plant, ask if they are using the services of a meat grader. If they are, include it in the marketing strategy. As a seller, learn about the grading system in order to be able to relate what can be seen in the carcasses back to what the live animals looked like. Grade data allows producers to make informed decisions to improve their livestock production program as it relates to the quality and yield of their cattle.

Talk with customers to see if the products offered are meeting their expectations. Find out what else they would like. Talk to the processor or meat cutter for advice on what his customers buy as well. These discussions may produce more ideas about how to add value to beef products and bring a higher level of customer satisfaction.

## Finding a processor

After production costs, processing is the second-highest cost to consider when calculating profitability of selling freezer beef.

It's important for producers to find a processor they trust and who wants their business. It is critically important to develop a good working relationship between the producer and the processor. When considering a new processor, the producer should arrange time to talk to him. The processor must understand what the producer needs to succeed in the freezer beef business.

The producer must also consider what the processor needs for his business success. If he requires 10 or more animals to process efficiently:

- slaughter dates may have to be arranged to have the required volume
- animals from another producer may have to be brought in to fill the delivery minimum
- a different processor may have to be found

If none of these are possible, simply negotiate with the processor and ask, "What do I need to pay you for this to work?" This relationship needs to be win/win, with both parties talking to each other and sharing ideas.

A processor who is willing to work with the producer and learn what he needs is an asset to the business and will bring back satisfied customers.

Processing rates and how they are calculated vary. Most processors will quote a kill charge, rendering or disposal charge, inspection fee charge and cutting-and-wrapping charge based on hanging carcass weight. The rate can go up if all products are cryovaced and in small packages.

Very large packing plants are able to sell certain by-products referred to as the drop (hide, offal, less desirable body parts and organs). This generates additional revenue of \$95 to \$110 and reduces processing expenses.

Talk to the processor about rates and find out exactly what they include. Negotiate the service and rate up front. For example:

- Will they label packages with the required information, the farm name and any certification numbers?
- Do they offer a flash freeze service? Flash freezing maintains better product quality. The freezer beef then can be safely stored in an inspected freezer on the farm until delivered to the customer.

## Communicating with the processor

Good communication between the producer and the meat processor is critical. This communication can include:

- Sitting down together at the beginning of every season to ensure all needs are understood.
- Speaking to the processor directly the first time beef is delivered or when asking for special cuts. Make an appointment if necessary.
- Leaving a daytime phone number in case there are any questions when making special requests. The producer probably won't be talking to the person who will be cutting the beef if instructions are phoned in. That means there is a very real risk that the instructions may be lost. It is easier and more profitable to take the time to communicate with the processor than to try to sell odd or unusual cuts.
- Talking to the processor about the order form that works best for him. If the producer has one that works, they can take a copy in with the cattle and leave it for the processor to use. If the processor has his own form, the producer can ask the processor to staple the original to it so he can easily follow the producer's directions.
- Ask the processor how much notice he needs to book cattle in for processing. Meet it. The producer should call the processor if a shipment can't be delivered as promised and negotiate a new processing date.

## Delivering cattle to the processor

Take as many cattle for slaughter at one time as possible, particularly if the processor is some distance away. Putting an extra few pounds on an animal won't compensate for the extra time and fuel used delivering one or two head at a time. If the load is large enough, these cattle may be the only ones slaughtered that day. It is more efficient for the processor to do several animals at once and this may allow the processor to pass on some savings to the producer.

Some other tips:

- If the processor is handling beef for several producers on one kill day, be sure that all cattle are clearly identified.
- Ensure cattle are clean and delivered on time.
- Call the processor if a shipment can't be delivered as promised.
- If not paying for freezer space, pick up and pay for frozen product promptly.
- The producer should deal with the customers and let the processor concentrate on processing.

## Pricing

Direct-marketed beef is different than the beef available in retail stores. Market its uniqueness. Remember, if it is not the same product and therefore the price should not be the same either.

A profitable freezer beef trade requires the producer be very conscious of the cost of producing, processing and marketing the beef. Include all costs, as well as an acceptable profit in the price. Producers who have never sold freezer beef should talk to those who have to get an idea of average costs. It is better to adjust a high price than to lose money by pricing below cost. The Beef Information Centre has a computer program to assist with pricing product. Contact information is available under the links section at the end of this factsheet.

The producer needs to be paid for the time and money put into:

- delivering the beef to the processor
- relaying cutting instructions to the processor
- processing and picking up the meat
- storing the meat
- phoning the customer
- delivering the order
- boxes and promotional materials

It's simpler for your customer if the producer deals with and pays the processor. Processing is then part of the price of the beef. When people ask how much the beef costs, they're looking for a simple answer. To maximize profitability, producers should be their own middleman. They need to make the experience of buying and eating freezer beef enjoyable for their customers and profitable for both them and their processor.

## Selling beef

Experienced farm direct marketers of beef products say it is an eye-opening experience to watch the slaughter process to:

- discover what is under the hide of an animal
- see the variation between animals and their degree of finish
- understand the relationship between live weight, dressed weight, percentage cutability and what percentage of the primals makes up various cuts
- learn how to price and obtain value from each part of the animal

Many experienced farm direct marketers started out selling a whole beef, sides or quarters and are now selling packages of mixed beef cuts:

- They offer their customers popular seasonal cuts. Barbeque season cuts including steaks and burgers are different than winter favourites when roasts and stew are more in demand. Their packages always include some of the harder-to-sell cuts.
- It is easy to sell the prime cuts, but what about the rest of the animal? These producers get creative in their package combinations. This does two things for them. It reduces the price per pound of the package and moves product that is in less demand.
- Some producers add further value such as boneless kabobs, marinated products, meatballs, high-end ground beef patties or ground meat for spaghetti or taco salad.

It's said that a marketing opportunity is limited only by imagination and by not listening to customers.

## Communicating with customers

Good communication with customers is critical. Talk to them, survey them and have a suggestion box. Listen to what they say. Find out what they want and whether they're getting it.

Develop a customer database to track customer orders and their desired products. Maintain and use it. Use product draws and specials to expand the database. If a customer has a special request, do the best to provide it if it is profitable.

Know who the best customers are. They are the ones the producer will contact regularly and may offer specials or new products to first. Producers and customers need to be able to find each other again. The producer should follow up with customers who are no longer purchasing from them to find out why.

Developing an order form that makes the beef order clear to both producer and customer helps communication and increases customer satisfaction.

Make sure the order form:

- Displays the business name and contact information.
- Provides space for the customer's name, address, phone number and e-mail. If the customer is picking up the beef, provide directions to the farm, a pick-up date and time. If the product is being delivered, indicate the delivery location, date and time.
- Clearly shows the customer how much they will be paying per pound for their freezer beef, how many pounds they are buying and what cuts they are getting.
- Is clear and simple.

Some producers take a deposit when the beef is ordered.

It is a good idea to take a deposit or payment up front if:

- it is a new customer
- a customer wants the animal cut in a way that reduces the value of the carcass, such as turning it all into ground beef
- there are extra processing costs involved, such as making sausage or jerky

## Delivering freezer beef to the customer

Allowing customers to pick up their meat at the processor may save the producer time and freezer space, but if it complicates the customers' lives they won't come back for more. The processor's job is to do a good job of processing the cattle, not to keep beef orders and customers organized. It is good business practice for the producer to pick up the orders, check each order for accuracy and then make sure each order gets to the right customer at the right time.

If selling a lot of freezer beef, delivery time needs to be minimized.

Call the processor to arrange a convenient time to pick up the meat. If he is expecting a pickup at a certain time, he can ensure both order and invoice are ready.

Some customers enjoy coming to farm to pick up their meat. That may save a trip, but take more time than delivering several beef orders at once. Set a common date for all the customers to pick up their meat from the producer's farm. Be aware that many urban consumers are not familiar with farming and farm life. Ensure their visit to the farm is a positive experience.

Selling and delivering of meat, including freezer beef, direct to consumers requires a Food Establishment Permit from the regional health authority. Ask about the regulations on delivering frozen meat. If used to deliver the beef, the producer's vehicle must comply with the regulations. A small freezer in the vehicle turned on for several hours before it is filled should keep the meat at or below -18°C while it is being delivered. If the freezer isn't full of frozen beef, blocks of ice in the bottom will help maintain the temperature.

There are also regulations to consider if customers pick up their freezer beef order from the farm. Beef intended for sale must be stored in a separate, freezer licensed by the regional health authority. The freezer must be kept in an area that is clean and free of contaminants. Frozen beef must be transported and stored at -18°C or colder. An insurance company can provide information about coverage for frozen product intended for sale. This coverage is different than for meat in a household freezer.

For more information on the Alberta Public Health Act, Food and Food Establishment Regulation and the supporting Food Retail and Foodservices Code, contact the nearest regional health authority. Dial 310-0000 or visit the Alberta Health webpage listed in the links section of this factsheet.

Additional delivery ideas:

- Selling beef orders in portable styrofoam coolers using frozen bottled water as ice packs, adds value by keeping the beef packages frozen for the trip home.
- When delivering beef orders in the city, meet customers at a convenient location such as a parking lot at a shopping mall, or sell at the farmers' market. A common delivery point can save hours of looking for hard-to-find addresses. It also gets the meat into the customers' freezers more quickly. If customers want delivery to their door, agree beforehand on a date, time and delivery charge.
- When delivering freezer beef, packages should be neatly packed inside a new, clean, corrugated box. Check each package before packing into the box. Do not sell any packages that are damaged or dirty.
- When promoting a new product such as a beef breakfast sausage, add a free package of it to each customer's box.
- Include several business cards with each order so customers have a contact for repeat orders or questions. They can also give the extra cards to friends or neighbours so they can order their own freezer beef.

## Labelling freezer beef

All meat products sold direct to the consumer must be appropriately labelled as specified in the *Consumer Packaging and Labelling Act*. The Canadian Food Inspection Agency (CFIA) enforces this act. Call (403) 299-7668 in Calgary or (780) 495-3009 in Edmonton for information.

Freezer beef must be labelled with:

- the name of the product (e.g. round steak)
- storage conditions (e.g. keep frozen)
- the date it was packaged by the processor
- the weight (in metric) of the product
- the producer's name, address and phone number

The processor may be able to put all this information on a label and apply it to each package. If not, print and apply the labels afterwards or write the information on each package. Include a business card with every purchase. In addition, labels on all processed products, such as sausages, must list all ingredients in descending order by proportion.

## Conclusion

Selling freezer beef takes more time than most producers expect. It can be very rewarding to market products to customers who are glad to buy Alberta beef and who let the seller know how much they enjoy it. Their feedback helps the producer do a better job producing beef products that meet customer needs. Be sure to ask buyers their comments. Survey them, provide an easy card for them to fill out and mail back or simply talk to them. Take feedback as it is intended – a means to better understand customers and improve the product.

Streamlining procedures such as ordering, delivering beef to the processor and co-ordinating meat pick up, helps reduce the time commitment. However, selling freezer beef will always be more time consuming than delivering the cattle to a packer. That is why it is important to plan in advance how to make it profitable.

### For more information

The following publications are available from [www.agriculture.alberta.ca/publications](http://www.agriculture.alberta.ca/publications) or by calling either the Ag-Info Centre at 310-FARM (3276) or the Publications Office at 780-427-0391.

- Farm Direct Marketing for Rural Producers (Agdex 845-6)
- Farm Direct Marketing: Know the Regulations booklet series:
  - General Legislation (Agdex 844-1)
  - Food Labels (Agdex 844-2)
  - Food Claims (Agdex 844-3)
  - Meat and Meat Products (Agdex 844-4)
  - Poultry and Poultry Products (Agdex 844-5)
  - Fruits, Vegetables and Products (Agdex 844-6)
- The Essentials of Pricing (Agdex 845-1)
- Methods to Price Your Product (Agdex 845-2)
- Direct Marketing Profits...Cheese Production and Marketing Enterprise (Agdex 410/821-3)
- Direct Marketing Meats...Selling Meat at Alberta Approved Farmers' Market (Agdex 400/845-1)
- Direct Marketing Meats...Selling Lambs at Alberta Approved Farmers' Market (Agdex 430/845-2)
- Direct Marketing Meats...Selling Freezer Chicken (Agdex 450/845-1)
- Direct Marketing Meats...Selling Freezer Pork (Agdex 440/845-1)
- Direct Marketing Meats...Selling Freezer Lamb (Agdex 430/845-1)
- Direct Marketing Meats...Selling Freezer Beef (Agdex 420/845-1)
- Direct Marketing Meats...Getting Started (Agdex 845-13)

## **Internet links**

Alberta Agriculture and Rural Development –  
[www.agriculture.alberta.ca](http://www.agriculture.alberta.ca)

Alberta Health webpage – [www.health.gov.ab.ca/](http://www.health.gov.ab.ca/)

Beef Information Centre – [www.beefinfo.org/](http://www.beefinfo.org/)

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