

Sustainable Agriculture

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Family, personal goals influence direct marketing for two Minnesota families

By Wayne Martin

Direct marketing can indeed offer extra profits. But the real value of direct marketing to the whole farm enterprise depends largely on what other revenue streams exist and the personal goals of the family producer. As with any other entrepreneurial activity, marketing your production requires a great expenditure of time and energy.

Flexibility is a key point. Experiences of two families show us that direct marketing offers sufficient flexibility to meet the needs of both producers.

The first couple, **Dennis and Sue Rabe**, farm near Lake City. They have 315 acres of land that is rotated among corn, soybeans, oats, and alfalfa. The Rabes manage their farm according to Whole Farm Planning criteria, instead of on a cash basis. This gives them a picture of their farming venture that is suited to their goals.

Livestock production consists of 80 stock cows and 28 sows. The Rabes decided to try direct marketing in 1995. They started selling quartered pigs, 28 to 32 pounds. Shortly thereafter they began to sell regularly at the farmers' market near their home. They have been there every summer for the past six years and it has been a successful outlet for their meat products.

They have found grocery stores and restaurants to be a tough sell, with lowest price being important. To be successful in grocery stores, the Rabes think it is necessary to be there giving out samples.

As they worked directly with consumers, they felt the need to provide the best possible product. For the Rabes, that meant changing the way they raised hogs. They raise hogs without use of sub-therapeutic antibiotics. Sick animals occasionally receive treatment and these animals are sold on the open market. Pigs receiving antibiotics "go to the sale barn," Dennis says.

About half of their total pork production, 340 pigs, is sold through direct marketing. Some hogs are also sold through Niman Ranch, others as feeder pigs to other direct marketers, and some through a marketing cooperative called "Farming with Nature" that they joined with four other producers. They also sell a handful of pigs for barbecues "at a nice premium," Dennis says.

The Rabes say the positive points of direct marketing are:

- Flexibility. "This endeavor can be as big or small as the farmer wants to make it. When the cash market is good, most production can go to the packers, while you continue to provide pork to regular customers. If the cash market drops, more effort can be made toward direct marketing."
- High return on each pound of product sold.
- The joy of meeting new people and hearing satisfied customers say, "That's the best pork I've ever had."

However, the Rabes find direct marketing to be time consuming. "It takes time to prepare for and attend farmers' markets, and to make deliveries to customers."

Dennis has helped other producers get started in direct marketing. He enjoys working with the public, and says direct marketing "has definitely added profits to our annual net income."

Chris and Heather Sauer farm near Lewiston. Chris's brother is a partner in the enterprise. They have a diversified farm with 1,600 acres of corn, soybeans and hay. They also have several other businesses: custom haylage, custom grain drying and a seed corn dealership.

Chris and his brother operate a 600-sow farrow-to-finish operation that produces over 10,000 hogs per year. They sell gilts for breeding stock. Chris considers himself to be a conventional producer.

They had sold half hogs and quarters of beef to family, friends, and to others by word-of-mouth. In 1997, the Sauers decided to step up the activity. They purchased their meat wholesale license and began doing demonstrations at home shows, country clubs, community celebrations, farmers markets and grocery stores.

The Sauers now have a retail store on their farm, with a walk-in freezer to store meat. They also deliver regularly to five restaurants and two grocery stores. More meat is sold wholesale than retail. In 2000, they sold 70 steers and 300 hogs through direct marketing. Beef sales account for 70 percent of total sales. Chris figures that they "will level off at this figure."

Chris concludes that direct marketing activities, such as selling at farmers' markets and delivering meat orders to customers' homes, may not be worth the time it takes. "People at farmers' markets tend to buy for one week at a time," he says. "What we make at the farmers' market in seven hours is equal to a delivery to only one restaurant. The other businesses we have, including the wholesale meats delivery, give a better return than the direct marketing. From now on, we'll focus on restaurants and the retail store on the farm."

Chris says he has not made a lot of money at direct marketing. "While there is profit to be had, the return per hour of labor is not very high, if we are honest about the amount of labor used," he says. "In a way, it is almost a better deal for the consumer than the farmer. Consumers are purchasing a premium product."

If you're thinking about direct marketing, these two producer families highlight the importance of personal and family goals. The Rabe family enjoys and profits from farmers' markets and home deliveries. The Sauers found the very same activities too time consuming and unprofitable when compared to other businesses they had developed on the farm. Consequently, the Sauers are changing their direct marketing focus towards wholesaling to restaurants.

(Martin is the Alternative Swine Production Systems coordinator at the University of Minnesota. He may be reached at (612) 625-6224, marti067@umn.edu)

Minnesota Grown program and logo available to growers

Minnesota Grown is a trademarked logo and labeling statement that helps producers market to consumers who prefer locally-produced products. The Minnesota Department of Agriculture (MDA) offers the Minnesota Grown program and logo to farmers, processors and others for advertising, packaging and other promotions.

Consumers often say they look for Minnesota Grown-labeled products because they taste fresher, are of high quality or because they want to support the local economy. More than 650 growers and marketers purchased a license to use the logo in 2001, and the MDA would like to see that number grow in 2002.

Producers who sell directly to consumers are also eligible to be included in an annual publication called the "Minnesota Grown Directory" and on a list of the same farms on the MDA web site at www.mda.state.mn.us/mngrown. The directory lists apple orchards, berry patches, farmers' markets, specialty meat providers, Christmas tree farms and other locations selling products directly from the farm. The Minnesota Grown labeling license costs \$5, a directory listing \$30.

The deadline for directory applications is Jan. 18, 2002. To request the application forms, growers may call and leave their name and mailing address on the Minnesota Grown Answerline at (651) 297-8695 or (800) 657-3838.

SARE grant applications available for North Central producers

The USDA's Sustainable Agriculture Research and Education (SARE) program in the North Central region invites producers to apply for competitive grants to research, demonstrate or educate others about profitable, environmentally sound, socially responsible agricultural systems.

Farmers and ranchers can apply for grants of up to \$6,000 for individuals and up to \$18,000 for groups of three or more interested in investigating any sustainable concept. A total of \$400,000 is available. Additional funding earmarked for agroforestry projects is also available.

Applications are available beginning Feb. 1, 2002. Producers must reside in the 12-state North Central region: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. Applications are due March 29, 2002 and funding decisions will be made in late June 2002.

For an application, call (402) 472-7081, fax (402) 472-0280, or e-mail crsare@unl.edu. You will also be able to find the application at www.sare.org/ncrsare.

Minnesota Grazing Conference is Jan. 24-25 in Mankato

The fifth annual Minnesota Grazing Conference will be Jan. 24-25, 2002 at a new location, the Holiday Inn, Mankato. Each year, the program is planned to bring together producers of grass-fed products, agribusiness supporting this industry and consumers interested in making healthy food choices.

Speakers include Jerry Brunetti, founder of Agri-Dynamics and co-founder of the American Holistic Livestock Association; Jim VanDerPol, a farmer from western Minnesota and author of "Conversations With the Land;" Steve Calvin, physician and farmer who uses the PastureDirect label to connect families, restaurants and regional retailers to healthy, pasture-raised products; Les Hansen, animal science professor at the University of Minnesota; Paul Peterson, a University of Minnesota Extension agronomist specializing in forages; and Will Winter, a holistic veterinarian who co-founded the American Holistic Veterinary Medicinal Association and uses herbs and homeopathy in his animal treatments.

The evening program will include a presentation based on Sally Fallon's research entitled, "The 11 Principles of Traditional Diets" and conclude with a food show by producers of grass-fed products. Throughout the two-day conference exhibitors and consultants will be available to share their expertise. For more details contact Douglas Gunnink, dgunnink@grassfedisbest.com. The website is www.grassfedisbest.com.

Minnesota Organic Conference Feb. 7-8 in St. Cloud

The annual Minnesota Organic Conference will be held Feb. 7-8, 2002, at the St. Cloud Civic Center. The keynote presentations will be delivered by Jim Barlow, founder and President of Soilweb, Inc., and Paul Strandberg, formerly an agricultural law and policy consultant currently working on policies dealing with genetic drift.

Speakers for the 24 workshops include Walter Goldstein, Matt Woods, Frank Forcella, Mac Ehrhardt, Franke Foltz and Richard Holliday. Educational workshop topics include Animal Health; Biological Soil Health; Organic Farm Planning; Growing Your Own Fruit the Natural Way; Stray Voltage in Dairy; Storing and Handling Food Grade Grains; Foliar Feeding and Insect Control; Challenges and Rewards of a CSA; Vegetable Gardening For the Beginner; Soil Amendments; Transitioning to Organics; Weeds and Why They Grow; and Medicinal Herbs.

The trade show will include some 40 exhibits including representing buyers, processors, and human and animal health consultants. For more information contact Janet Gunnink, dgunnink@grassfedisbest.com. The website is www.grassfedisbest.com.

Calendar of events, 2002

These events are sponsored by numerous organizations. More information is available on MISA's website: www.misa.umn.edu.

Jan. 19. **Rural Living Fair, Trailview School**, Mora. Contact Kanabec County Extension Office at (320) 679-6340.

Jan. 24-25. **Minnesota Grazing Conference**, Mankato Holiday Inn. Contact Douglas Gunnink at dgunnink@grassfedisbest.com or see www.grassfedisbest.com.

Jan. 31-Feb. 2. **Upper Midwest Regional Fruit and Vegetable Growers Conference**, St. Cloud Civic Center. Contact MFVGA at (763) 434-0400.

Feb. 1-2. **Fourth Annual Value Added Conference**, Ramada Inn and Conference Center, Eau Claire, Wis. Call (715) 834-9672.

Feb. 1-3. **Northern Plains Sustainable Agriculture Society Winter Conference**, Seven Seas Inn, Mandan, N.D. Call (701) 883-4304, or see www.npsas.org.

Feb. 7-8. **Minnesota Organic Conference**, St. Cloud Civic Center. Contact Janet Gunnink at dgunnink@grassfedisbest.com or see www.grassfedisbest.com.

Feb. 22. **SFA of Minnesota 11th Annual Conference**, St. Olaf College, Northfield. Keynote speaker is John Ikerd. Contact Carmen Fernholz (320) 598-3010 or DeEtta Bilek (218) 445-5475.

What we're about

This newsletter is supported by the Minnesota Institute for Sustainable Agriculture (MISA). It's also supported by the University of Minnesota Extension Service, the North Central Region Sustainable Agriculture Research and Education (NCRSARE) Professional Development Program (PDP), and the Minnesota Department of Agriculture (MDA). MISA is a partnership between the Sustainer's Coalition and the University of Minnesota College of Agricultural, Food, and Environmental Sciences (COAFES).

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Also check MISA's home page at www.misa.umn.edu.

Our mission statement: **To help bring people together to influence the future of agriculture and rural communities to achieve socially, environmentally, and economically sustainable farms and communities.**

To stimulate thinking and discussion about sustainability, we try to present items that reflect different points of view. This being the case, we aren't promoting and don't necessarily agree with everything we publish.