

AGRI-FACTS

Practical Information for Alberta's Agriculture Industry

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Direct Marketing Meats... Selling Freezer Chicken

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 chicken?

Freezer chicken is a specialty niche product such as organic, natural, grass fed, etc., and is usually sold direct to the consumer. Generally, the birds are bagged and sold whole as broilers. Size varies with market preferences. There is a smaller market demand for pieces such as:

- drumsticks, wings, breasts, thighs, and backs
- frozen raw chicken for the pet food market
- specialty items such as chicken livers, hearts, gizzards and feet

Why sell freezer chickens?

Producers sell freezer chickens to maximize the dollar return per bird. In the commodity marketplace farmers accept the price set by the marketing board. 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 chicken if they know and trust the producer, as well as the producer's animal management practices and products.

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

- organic
- hormone-free
- lean
- free range
- local
- raised on a heritage ranch

*Consumers will
pay a premium if
they know and
trust the producer*

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 longevity, disease prevention, 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. A bonus from this type of selling is that some producers find they like and are good at both marketing and production.

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Regulations

The first step in selling whole frozen chicken is to understand the regulations. When selling any meat, there are regulations for:

- slaughtering
- processing
- labelling
- handling
- transporting
- storing
- 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 poultry is available in Alberta Agriculture and Rural Development's (AARD) booklet *Farm Direct Marketing: Know the Regulations – Poultry and Poultry Products* (Agdex 844-5). See the last section of this factsheet for details.

Before being sold as freezer chicken, birds must be taken to a licensed, provincially or federally inspected abattoir for slaughtering and processing. **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 poultry 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. AARD's internet website address is included in the links section at the back of this factsheet.

Finding customers

The best way to find new customers is by word of mouth, where a customer tells a friend how great the chicken 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 lists 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 familiar community for new customers.
- Retired producers are a source of potential customers. They may simply miss eating quality chicken and are looking for someone to supply the needs of their own family, or they may have a list of former customers looking for a new chicken supplier.
- Try advertising freezer chicken 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? How often do they buy? Use flyers, business cards, price lists and grocery bag stuffers to get the word out.

Defining product quality

Bird weight, breast size and age all play a role in market readiness. Are customers looking for 4 lb. or 9 lb. chickens? Find out and grow the birds they want. Producers should talk to customers about what they like about the producer's chickens. What else are they interested in that the producer can provide? Talk to the

processor for advice on what his customers buy. Understanding birds and how they perform is critical to defining any production changes that are to be made to make to meet customers' needs.

Freezer birds are typically slaughtered at between nine and 10 weeks of age, older than the commercial industry standard of 42 days. Tenderness is affected if the bird is stressed before slaughter or if the carcasses are not properly handled. Be sure to handle the birds carefully. Talk to the processor about how you want the chickens handled.

Finding a processor

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

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 producer must be clear with the processor about what is needed in order to succeed in the freezer chicken business.

The producer must also consider what the processor needs for his business success. If he needs more chickens than the producer can provide to process efficiently, co-operate with another producer to get the required number. If the processor is handling chickens for several producers on one kill day, be sure that the lots and the individual birds are clearly identified.

Most poultry processors charge a similar kill and bag rate. It may be calculated per pound or per chicken. Know all the costs, including processing charges, and then sell the frozen chickens at a price that gives an acceptable profit.

Some processors offer flash freezing, labelling and product pricing services. Flash freezing is about \$0.15 per bird, with labelling and pricing adding a few more cents. Ask if the processor can put the farm name, product weight and any applicable certification numbers on the label. Negotiate the service and rate up front. The flash freezing service maintains better product quality. The frozen chickens then can be safely stored in an inspected freezer on the farm until delivery to the customer.

Communicating with your processor

Good communication with the meat processor is critical. This communication may include:

- Sitting down with the processor at the beginning of every season to ensure all needs are understood.
- Speaking to the processor directly the first time chickens are delivered. Make an appointment if necessary.
- Leaving a daytime phone number to be used in case there are any questions as it is easier and more profitable to take the time to communicate with the processor than to try to sell products customers don't want.
- Booking a processing date well before birds are ready ensures the birds will be processed at their peak. Book the processor early; spring bookings are recommended. Confirm the date prior to delivering the load. Make sure the chickens are clean and delivered on time. Call the processor to negotiate a new processing date if delivery can't be made as promised. If the processor doesn't pick up and deliver, pick up and pay for the frozen chickens promptly.

Delivering chickens to the processor

Take as many chickens for slaughter at one time as possible, particularly if the processor is some distance away. Putting an extra few ounces on a chicken won't compensate for the extra time and fuel used delivering a few birds. If enough chickens are delivered, they may be the only ones slaughtered that day. It is more efficient for the processor to do a large number of chickens at once and this may allow the processor to pass some of the savings on to the producer.

Some processors provide a farm pick up and delivery service. If this service is offered, determine the minimum load size required to get the most value from the service. One thousand birds may fill a small truck, while a semi load might require 2,400 fryers or 1,800 bigger birds. Consider the hourly rate for each truck and the load size before booking the service. If the load is too small and the driver will be doing multiple pick-up locations, have other producers in the area make up the balance of the shipment.

If the processor is processing chickens for several producers on one kill day, be sure that the birds are clearly identified.

Pricing

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

A profitable freezer chicken trade requires the producer be very conscious of the cost of producing, processing and marketing the chicken. Include all costs, as well as an acceptable profit in the price. Producers who have never sold freezer chicken should talk to those who have to get an idea of average costs. It is better to adjust a high price than lose money by pricing below cost.

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

- delivering the chickens to the processor
- relaying cutting instructions to the processor as per hearts, livers, feet and gizzards
- processing
- picking up frozen birds
- storing the product prior to sale
- phoning the customer
- delivering the order
- promotional materials

When people ask how much a chicken costs, they're looking for a simple answer. To maximize profitability, producers should be their own middleman. Make the experience of buying and eating freezer chickens enjoyable for customers and profitable for both producer and processor.

Make sure to price the hearts, livers, feet and gizzards as well as the frozen chicken. The demand for specialty products may be surprising.

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. How big do they want their chickens? Will they buy the gizzards or livers? What else do they want that the producer can provide? Listen to what they say.

Develop a customer database to track customer orders and 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, as long as 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 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 chicken 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 chickens, and the total weight or number of chickens they are buying.
- Is clear and simple.

Whether or not to request a deposit with the freezer chicken order depends on the:

- customer involved
- specifics of the individual order
- producer's preference

Delivering freezer chickens to the customer

Customers expect to receive what they ordered. 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 chickens, delivery time needs to be minimized. If not using the processors pick up and delivery service, call him to arrange a convenient time to pick up the chicken. 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 chicken 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 freezer chicken, or any meat, direct to consumers requires a Food Establishment Permit from the regional health authority. Ask about the regulations on delivering frozen meat. If delivering the chicken, the delivery 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 chicken, blocks of ice in the bottom will help maintain the temperature.

There are also regulations to consider if customers pick up their freezer chicken order from the farm. Chicken intended for sale must be stored in a separate freezer that is licensed by the regional health authority. The freezer must be kept in an area that is clean and free of contaminants. Frozen chicken 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 further 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 strategies:

- Selling chicken orders in portable styrofoam coolers with frozen bottled water as ice packs, adds value by keeping the chicken packages frozen for the trip home.
- When delivering 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 the chicken, the packages should be neatly packed inside a new, clean box. Check each package before packing it into the box. Do not sell any packages that are damaged or dirty. If the abattoir doesn't provide suitable boxes, cardboard file boxes are available from office supply store for about \$2 each.
- Include several business cards with each order so customers have contact information for repeat orders or questions. Customers can give the extra cards to friends or neighbours so they can order their own freezer chicken.

Labelling freezer chicken

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 chicken must be labelled with:

- the name of the product (e.g. frying chicken)
- 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. In addition, labels on all processed products, such as chicken sausages, must list all ingredients in descending order by proportion.

Include a business card with every purchase.

Conclusion

Selling freezer chicken takes more time than most producers expect. It can be very rewarding to market products to customers who are glad to buy Alberta chicken and who let the seller know how much they enjoy it. Their feedback helps the producer do a better job producing birds 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 helps reduce the time commitment. However, selling freezer chicken will always be more time consuming than marketing the birds to the commodity processor. That is why it is important to plan in advance how to make it profitable.

For more information

The following publications are available from Ropin the Web by going to 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 Lambs (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

Alberta Health webpage – www.health.gov.ab.ca/

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