

AGRI-FACTS

Practical Information for Alberta's Agriculture Industry

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Direct Marketing Meats... Selling Freezer Lambs

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 efficiently in order to sell their products at multiple locations, such as at the farm gate and at farmers' markets.

Farm direct marketers often start in the freezer lamb business by getting a lamb slaughtered and cut up for their own freezer. They then find themselves doing a few more for family and friends. The business grows from there.

Why sell freezer lambs?

Producers sell freezer lambs for two reasons. The main reason producers sell freezer lambs is to increase the dollar return per lamb. In the commodity marketplace farmers accept the price of the day. Selling direct to consumers allows them to set a price that covers all their costs and provides a profit. Many consumers are prepared to pay a premium for freezer lambs, if they know and trust

the producer, as well as the producer's animal management practices and products.

The second reason producers sell freezer lambs is to get a consistent price. It is not uncommon for lamb prices to fluctuate 25 to 30 per cent from one season to the next. Selling freezer lambs direct to consumers allows producers to even out price fluctuations, as well as to cover costs and realize a profit.

Consumer demand is fuelling a growth in the number of sales that are direct from producer to consumer. A bonus with this type of selling is that some producers find they like and are good at both marketing and production.

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

Regulations

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

- slaughtering
- cutting
- 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 safe product. Know the regulations and follow them.

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

A lamb may be slaughtered on a farm only if it is going to be eaten by the farm family. A live lamb can be sold to a buyer who makes his/her own arrangements for off-site slaughter and cutting. If the meat is to be sold, the lamb 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 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. AARD's internet website address is included in the links section at the back of this factsheet.

Finding customers

Producers may be reluctant to ask people if they want to buy a lamb. But, when they do, they are often pleasantly surprised by how many people welcome the opportunity to put something different on their dinner table.

The best way to find new customers is by word of mouth; a customer tells a friend how great the lamb was and where

to find it. Having customers do the advertising is the best testimonial around.

The Alberta Sheep & Wool Commission maintains a list of people looking for sources of fresh lamb.

Potential customers may be from countries where lamb is commonly eaten, or someone who simply wants to try lamb. They may have retired from raising their own sheep and miss eating fresh lamb. Retired producers often have former customers looking for a new lamb supplier.

Other strategies include:

- Using 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.
- Maintaining a customer database detailing purchase preferences and contact information.
- Looking beyond the local community for new customers. Try advertising freezer lamb 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

Most producers have good quality lambs and know when they are ready for slaughter. If producers don't know what a properly finished lamb looks like, they need to find out:

- ask an experienced producer to go through their lambs and show one that is ready
- have it slaughtered and look at the carcass
- note the amount of fat and the amount of muscle. Both of those are critical in determining whether customers will buy the meat

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

Talk to the processor or meat cutter for advice on what his/her customers buy.

Finding a processor

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

It's important for producers to find a processor they trust and who wants their business. Some processors prefer not to do lambs. Handling small lamb carcasses takes time, special expertise and is less efficient than handling larger carcasses.

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 lamb business.

The producer must also consider what the processor needs for his business success. If he requires 10 or more lambs to process efficiently, and the producer doesn't have that many:

- animals from another producer may have to be brought in
- a different processor may have to be found

Some other tips:

- if the processor is handling lambs for several producers on one kill day, be sure that the lots and the individual animals are clearly identified.
- ensure lambs 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

To do a good job, the processor needs experience in handling and slaughtering lambs. The meat cutter must know how to cut lamb and be willing take the time to do the job properly. A processor/meat cutter who is willing to work with the producer and to learn what is needed is a business asset. Careful trimming of chops and stew meat and making sure the ground lamb is very lean increases customer satisfaction significantly. Be prepared to put a lamb in a freezer or sell at a discount while the meat cutter learns to cut the lambs to the requested specifications.

As freezer lambs are slaughtered at four to eight months of age tenderness is not normally a problem. Tenderness is affected if the:

- animal is stressed before slaughter
- carcasses are not properly hung or handled

Producers should ensure they handle their own lambs carefully. They should discuss with their processor about how they want both lambs and meat handled.

When producers find a processor who can do everything required, they need to know if the processor can do it for a price they can afford. Processing rates, and how they are calculated, vary a great deal. A 110 lb. lamb can cost from \$55 to \$100 to kill, cut and wrap.

Most processors charge a similar cutting rate per pound, or per lamb, regardless of how the lamb is to be cut up. That can be an advantage if the producer or their customer wants cuts that are a little different. Other processors have a base rate and then charge extra for cuts, such as crown roasts, which take extra time and effort. Be sure to talk about rates.

Pricing

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

- delivering the lambs to the processor
- relaying cutting instructions to the processor
- processing and picking up the meat
- storing the meat
- phoning the customer
- delivering the order

A profitable freezer lamb trade requires the producer be very conscious of the cost of producing, processing and marketing the lamb. Producers who have never sold freezer lamb 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.

It's simpler for the customer if the producer deals with and pays the processor. Processing is then part of the price of the lamb. When people ask how much the lamb costs, they're looking for a simple answer and not a complicated discussion of lamb weights, dressing percentage, slaughter and processing fees.

To maximize profitability, producers should be their own middleman. They need to make the experience of buying and eating lamb enjoyable for their customers and profitable for both them and their processor.

Selling live lambs

Producers who sell live lambs usually weigh the lamb on their farm scale and charge on that basis; for example, one dollar per pound. Be sure buyers are aware that a non-inspected farm scale is being used. Even an accurate farm

scale is subject to the variation that comes from lambs with different amounts of feed or water in their stomachs. There are also differences due to fleece weight.

Producers who don't have a scale may charge a flat rate of \$100 to \$150 per lamb. This flat rate charge is a good strategy if selling light lambs. There are always a few lambs that would be better sold at lighter weights than at regular market weights.

A producer can't afford to sell a good quality lamb for less money at 75 lb. if the market will buy it at a heavier weight. A lamb has to pay for at least half of its mother's yearly feed bill, in addition to its own feed. Producers can't afford to sell at a loss.

Selling on the hook

Most producers sell 'on the hook'. That means the customer pays for the chilled, hanging carcass weight of the slaughtered lamb, with the head, hide and internal organs removed. This hook weight is usually about half the weight of a live, shrunk lamb. Thus, the hook price should be about twice the price per pound of a live lamb. The hook weight has the advantage of being taken on the processor's licensed and inspected scale, which is much more accurate than the live weight taken on a farm scale.

It is important that both producer and customer know that the carcass weight is not the same as the boxed weight (freezer weight) of cut lamb. The carcass weight does not normally include products such as hearts, livers or kidneys. The boxed weight usually includes these products. Some customers really enjoy lamb heart, liver and kidneys. Some buy them for pet food and others prefer not to have them in their order. Price and sell them separately to suit customers' preferences.

When the carcass is cut into legs, chops, etc., additional bone and fat are discarded. The weight of the cut lamb depends on:

- what cuts are requested
- the size of the lamb
- how fat it is

The biggest factor affecting the difference between carcass weight and freezer weight comes from de-boning the legs and shoulders. Many customers prefer the ease of carving boneless roasts, while others feel the meat has a better flavour with the bone left in. Most customers also prefer boneless stew. Each process reduces the carcass weight and adds to the processing cost. Set different prices for lamb sold on the hook (carcass weight), by the box (freezer weight) or by the cut.

Selling freezer weight or boxed lamb

Selling lamb based on boxed freezer weight means the price depends on how the lamb is cut. Regardless of how it is cut, if several customers each buy a box of lamb for the same price per pound, the ones who get the shoulders and legs boned out receive better value for their money.

In order to price lamb it is necessary to know how many pounds of cuts come from a given carcass weight when the legs and shoulders are left bone-in, relative to when they are boned out. Results from one Alberta flock showed that lambs with an average carcass weight of 63 lb. had freezer boxed weights of 47 lb. (75 per cent) when the legs and shoulders were left bone-in, and 40 lb. (63 per cent) when the legs and shoulders were boned out.

With the right breeds and a good feeding program a producer can sell a heavier 63 lb. carcass, spreading costs over more pounds of product. This is another reason to sell freezer lambs.

When selling heavy lambs, it is even more important to have a good butcher because these lambs usually require more trimming. Be sure to keep track of costs as extra money has been paid to bring the lamb to the heavier weight. As well, be aware the meat cutter is paid extra to trim the fat to keep the customer happy, while the producer loses the sale value of the trim.

An average sized 110 lb. live lamb has a carcass weight of 55 lbs. The boxed weight of that carcass would be 41 lbs. if the shoulders and legs are left bone-in, and 35 lbs. if the shoulders and legs are boned out. In order to recover \$100 from this lamb, the producer has to charge:

- \$.91/lb. of live weight
- \$1.82/lb. of carcass weight
- \$2.42/lb. of bone-in boxed freezer weight
- \$2.89/lb. of boneless (legs and shoulders) boxed freezer weight

To obtain \$150, \$200, or \$250 per lamb, the above price per pound should be multiplied by 1.5, 2.0 or 2.5 respectively. Don't forget there are also extra costs to pay for the processing, and marketing costs like phoning, storage, delivery, boxes, business cards and promotional materials.

Be clear on what the boxed lamb price includes. Does it include products such as hearts, livers or kidneys? One producer weighed the organs of 16 lambs with average carcass weight of 62 pounds. The organs averaged:

- heart: 0.46 pounds
- liver: 1.71 pounds
- kidneys: 0.28 pounds

Communicating with the processor and with customers

Good communication is critical between:

- producer and customer
- producer and meat processor

Ensuring this good communication may mean sitting down with the processor at the beginning of every season to be sure the needs of both producer and processor are clear. It may mean surveying customers about what they want and whether they are getting it.

Developing an order form that makes the lamb order clear to producer, processor and customer helps keep communication clear. If a customer doesn't know how to get their lamb cut, start with basic cuts. A simple order form might offer choices such as having legs and shoulders boned and rolled, or left bone-in. Legs can also be left whole or cut in half. Most customers want the rack and loin cut into chops. Chops are most often cut one inch thick and wrapped four per package, but this can vary to suit family size. Racks of lamb can be cut for two or four people. Do they want the neck, shanks, breast and flank as separate cuts or in ground lamb? If a customer has a special request (e.g. crown roast) do the best to provide it, if it is profitable.

Producers need to know who their best customers are. They are the ones the producer contacts regularly and offers specials or new products to first. The producers and customers need to be able to find each other again.

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 address
- indicates the delivery location, date and time
- clearly shows how much the customer will be paying per pound for their lamb, and how many pounds of lamb they are buying (live weight, carcass weight, or boxed weight)
- is clear and simple

Some producers take a deposit when the lamb is ordered. Others feel that if one customer doesn't take the lamb that was ordered, it can be sold to another customer.

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 will reduce the value of the carcass, such as turning it all into ground lamb

- there are extra processing costs involved, such as making sausage

Talk to the processor about the order form that works best for him. If the producer has one that works, a copy can be brought in with the lambs and left 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.

Speak to the meat cutter directly the first time lambs are delivered or when asking for special cuts. If necessary, make an appointment.

Leave a daytime phone number in case there are any questions when filling special requests. The producer probably won't be talking to the person who will be cutting the lamb if instructions are phoned in. That means there is a 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.

Delivering lambs to the processor

Take as many lambs for slaughter at one time as possible, particularly if the processor is some distance away. Putting an extra five pounds on a lamb won't compensate for the extra time and fuel used to deliver only one or two lambs at a time. If enough lambs are delivered, they may be the only lambs slaughtered that day. It is more efficient for the processor to do a large number of lambs at once. As such, he may pass some of the savings on to the producer.

Delivering lambs to the customer

Customers come to the producer, and not the processor, to buy lamb. 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 lamb. The processor's job is to do a good job of processing the lambs, not to keep 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 lamb, 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 lamb 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 farm visit is a positive experience.

Selling and delivering lamb, 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 used to deliver the lamb, 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 lamb, blocks of ice in the bottom will help maintain the temperature.

There are also regulations to consider if customers pick up their lamb from the farm. Lamb 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 lamb 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.

Selling lamb orders in portable styrofoam coolers using frozen bottled water as ice packs adds value by keeping the meat 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.

For more information about 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 at www.health.gov.ab.ca/.

Labelling freezer lamb

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 lamb must be labelled with:

- the name of the product (e.g. lamb chops)
- 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.

When the lamb is delivered, it should be neatly packed inside a new, clean box. If the abattoir doesn't provide suitable boxes, purchase cardboard file boxes from an office supply store. They cost about two dollars each.

The Alberta Lamb Council has promotional items to give customers such as recipe cards, cookbooks and fridge magnets. They also have decals that can be put on meat packages or on the outside of the boxes. Contact the Alberta Lamb Council toll free by dialling 310-0000, then (403) 948-8533.

If promoting a new product such as a lamb 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 give the extra cards to friends or neighbours so they can order their own lamb.

Conclusion

Selling freezer lamb takes more time than most producers expect. It can be very rewarding to market products to customers who are glad to buy Alberta lamb and who let the seller know how much they enjoy it. Their feedback helps the producer do a better job producing lamb products that meet customer needs.

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

Additional information

The following publications are available from 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 Profits...Direct Market Beef Enterprise (Agdex 420/821-3)
- Direct Marketing Profits...Direct Market Poultry Enterprise (Agdex 450/821-1)
- 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.ab.ca

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

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