



KANSAS RURAL CENTER
P.O. Box 133
Whiting, Kansas 66552
(785) 873-3431 FAX (785) 873-3432
www.kansasruralcenter.org

KRC Beginning Farmer & Rancher Conference Call

Pricing and marketing in local food markets

Thursday, September 26, 2013

Call Moderator:

Julie Mettenburg
Executive Director
Kansas Rural Center
785-393-9996
jmettenburg@kansasruralcenter.org

Experienced Producers:

Cole Cottin
MAD Farms
Lawrence, KS
ccottin@kansasruralcenter.org

Determining price – Based on what they can get for products in certain retail markets, price at or above that market. For a CSA (Community Supported Agriculture), look at what people would pay at the farmers market and give them that price. Add a packing fee.

David Coltrain
Agriculture & Natural Resource Agent Extension agent in Finny County
(620) 272-3670
<http://finney.ksu.edu/>

- Raised vegetables on 60 acres in Southeast Kansas
- Sold at local a local grocery store and farmers market

Determining price—Mainly looked at current market prices in the grocery stores within a 50 miles radius and compared to produce shipped in from California.

Melissa Reed
Hildebrand Farms Dairy
(785) 238-8029
Junction City, KS
www.hildebrandfarmsdairy.com

- Hildebrand Farms Dairy Bottles their own milk and offers different flavors
- Also offer butter



KANSAS RURAL CENTER
P.O. Box 133
Whiting, Kansas 66552
(785) 873-3431 FAX (785) 873-3432
www.kansasruralcenter.org

Determining price – Listened to the consumer to determine the price. Wholesale prices are different than retail. In the 80 grocery stores the product is distributed to, there is a 30% markup suggested retail price.

Cherie Schenker

Schenker Family Farms

(877) 632-4470

McCune, KS

www.schenkerfarms.com

- Produce 100% grass fed beef, pork, poultry
- Sell at Overland park farmers market and wholesale to many stores in Kansas and Missouri
- Ship meat across the country and to Afghanistan and Iraq

Determining Price -- 1.) follows what competitors are charging. 2.) Rule down to the penny to know what cost is in the product. 3.) factor in time, insurance, etc.

Tonia Rupe

Lucky Star Farm

620-583-6776

Eureka, KS

www.luckystargrassfedbeef.com

Determining Price -- Frequently get on USDA website to view weekly prices from region to region. Pricing always at most superior level because of the quality of product produced.

Questions Addressed:

Question #1 comes from a producer that raises pasture beef, hogs, lamb, and chicken and sells at Olathe farmers market and direct markets.

Question#1: Are there different price points for the different locations you're selling? Do you sell products at different prices based on different locations?

Experienced Producer responses:

David C.:

- Yes, retail market pricing is typically lower than farmers market and direct pricing.
- Sometimes retail markets markup up to 30-40%.

Cherie:

- Yes, pricing differs only by wholesale and retail.
- Wholesale is a 30% difference.
- Shipping long distances increases price.
- Require a minimum order (for retail/wholesale orders) to make costs reasonable. If a minimum order is not met, a minimum order fee is charged.
- Wholesale orders include a flat rate fuel fee

Melissa:



KANSAS RURAL CENTER
P.O. Box 133
Whiting, Kansas 66552
(785) 873-3431 FAX (785) 873-3432
www.kansasruralcenter.org

- Yes, pricing by retail and wholesale; wholesale prices are **always** the same
- Retail prices are higher than wholesale; 10% under what grocery stores are selling for.
- Only discounts are close to date products

Cole:

- Sometimes prices at market can be different in Brown County compared to Lawrence and event Lawrence to Kansas City which can be three times the price point in Lawrence.
- Producers can make more money in KC because of the market
- Farmers with cheaper expenses, can sell products lower
- In times of abundance, prices may vary for produce.

Take away:

- Know exactly what you have invested in your product and price accordingly
- Set your retail price and wholesale price based on the value of your product and current market prices.
- Consider one price for retail and one price for wholesale
- Refrain from offering several different prices for various locations unless you know you are still getting a fair price at each and the market is good.
- Exceptions: 1.) In times of abundance, prices may vary for produce. 2.) Perishable products like milk may need to be discounted in order to sell before “sell by date”

Question #2 comes from a producer that raises all organic, grass fed beef, pork, and poultry. He struggles with folks on Craigs List who offer their grass raised meats at a below the market price; \$1-2/lb. Actual input costs \$5-6/lb which retails at \$10-12/lb.

Question#2: Do you have customers who mention price difference from competitors?

Experienced Producer responses:

David C:

- Build relationships with customers. Sometimes that’s more important than price.
- At farmers markets-- folks selling less than they should would run out quick. Then people would buy from David.

Melissa:

- Because Hildebrand Farms Dairy is a high quality product, hesitant to change prices.
- Customers can be turned away from these products because of price but you just have to say “that is just not our customer then.”
- Back up product with a lot of marketing, communication, and telling your story. Promote why you are better and worth it.

Cherie:

- The people on Craigs List may price themselves out of business. You have to continually tell the story no matter what your business is.

Tonia:

- Tell your story. You have to be proud of what you do.
- There is the issue of making these products more price accessible to a variety of price point markets. Lucky Star Farms wishes they could but just not there yet



KANSAS RURAL CENTER
P.O. Box 133
Whiting, Kansas 66552
(785) 873-3431 FAX (785) 873-3432
www.kansasruralcenter.org

Cole:

- Programs like SNAP and WIC can be utilized by farms to reach lower income demographics

Take Away:

- Tell your story and build relationships with your customers.
- Practice good communication and marketing to reach the customers interested in purchasing your product

Question #3 comes from moderator, Julie Mettenburg.

Question#3: How do you ship meat?

Experienced Producer responses:

Cherie:

- Domestic mail: contract with Fedex, half or less of what you would normally pay.
- Depending on where you are shipping, can usually use medical grade styrofoam and ice packs.
- Cost to ship: break down by weight. Flat rate shipping rate for 1-20 lb, 21-50 lb, etc. Must be very simple for customer.
- Sometimes dry ice is used. You can obtain a contract to purchase ice. Currently paying .60-.70 /lb.
- Overseas mail: Generally a 7-21 day ship.
- Afghanistan: flat rate \$150.
- Container is the maximum 70lb weight to legally ship. Cost is \$90 to ship.
- Industrial ice packs are used. Container is specially designed with a company Schenker Family Farms works with.
- Not making money on shipping. That is part of their story.

Question #4 comes from a producer south of Manhattan producing oat feed beef. Not having low enough wholesale prices is a comment one particular retail outlet has made to this producer. Markup at this store is 40%.

Question#4: How do you approach retail outlets that want you to lower your prices?

Experienced Producer responses:

Tonia:

- Best thing to do is let store know that there is demand for your product.
- Just set their price. Never have sales, mark downs, etc. Let that grocer or retail manager know it is to their advantage to have that product in their store.

Cherie:

- Make an offer. Say "let's try 10 lbs of this"
- Have a "meet the farmer day" at the store.
- Promote the heck out of it on social media.
- Keep in mind: just because a store approaches you doesn't mean that's who you want to sell too. Check them out.

Melissa:



KANSAS RURAL CENTER
P.O. Box 133
Whiting, Kansas 66552
(785) 873-3431 FAX (785) 873-3432
www.kansasruralcenter.org

- Ask your current customers to let their grocers or other retail markets know that they want your product on their shelves.
- Utilize social media to announce this request

Cole:

- Offering samples is a successful way to move product.
- Provide tools to the store that tell your story.
 - Picture of yourself, story of your farm, etc.

Take Away:

- Enlist your current customers to help let retail markets know they want your product.
- Offer samples or tools to the store that help tell your story and gain the attention of new customers.

Resources:

Finding Your Niche: A marketing Guide for Kansas Farms -- Pricing can be both an art and a science. A complex array of variables confront producers when establishing product prices, including not just market supply and demand, but also personal values and the needs and desires of the target customer base. What farmers and ranchers charge for their products directly impacts their potential to meet goals and generate profit. Fortunately, setting the prices for your own products offers a fair degree of flexibility and adaptability to market or seasonal changes.

This resource, written by KRC, offers an entire chapter on how to price your products for direct and wholesale markets. Included in this resource is a list of other resources you may look to.

<http://kansasruralcenter.org/strategies-for-profitably-pricing-and-receiving-payment-for-your-agricultural-products/>

Custom Reports, United States Department of Agriculture—This site can be used to learn advertised prices of last week's produce nationwide and by region.

<http://marketnews.usda.gov/portal/fv>

Organic Price Report, Rodale Institute – This online tool allows visitors to compare organic and conventional prices for various types of produce.

<http://rodaleinstitute.org/farm/organic-price-report/>

Beginningfarmers.org—Farm Products, what to charge: Marketing, Price, Calculating Costs, Strategy and Much More. This resource also comes with a number of other listed resources you may use.

<http://www.beginningfarmers.org/farm-products-what-to-charge-marketing-price-costs/>



KANSAS RURAL CENTER
P.O. Box 133
Whiting, Kansas 66552
(785) 873-3431 FAX (785) 873-3432
www.kansasruralcenter.org

Pricing Farm Products, Cornell University – This resource provides a breakdown of figuring out your costs and pricing for a profit.

<http://nebeginningfarmers.org/2012/04/24/24-pricing-farm-products/>