

## REVIVING THE CREAMERY

### Marketing

Barb and Steve Smith

In the last column we introduced our on-farm yogurt and cheese business and encouraged small dairy farmers to consider reviving the ago-old tradition of processing their own milk to sell directly to local customers. Maybe the most daunting prospect in thinking of taking such a step is the marketing! For the last six years we have been producing our own dairy products on our 15-head Jersey farm and have had to deal directly with the marketing of each and every quart of Meadowsweet Yogurt, kefir, or pound of cheese. Back when we were investigating buying this business we were quite intimidated by the concept of "marketing" and assumed this would require cramming our product down the throats of unwary customers; sort of used-car salesperson fashion. Being rather reserved individuals, we were terrified by this prospect, and we hoped the yogurt would magically sell itself and we could ignore the whole marketing issue. Once we were involved in the business we discovered two things. First, if you are excited about the product you make, promoting it is actually FUN! And second, marketing involves much more than paying for a few advertisements; it is an ongoing process that is part of every decision you make about your products for as long as you are in business. We would like to share some of our marketing experiences and raise some questions for you to consider in marketing any farm product, but particularly dairy. Marketing is a huge subject, but we will focus on figuring out what to produce and who your customers would be; promoting your product and discerning its superior attributes; selling through local grocery stores; pricing your products; and using farmers' markets for marketing.

We have found that marketing is an unending cycle of questions: What should we produce and who will buy our product?; What is unique and superior about it and how can we tell people about it?; Where should we sell it (local stores, distributors, farm store etc.); How should it be packaged, priced, distributed? All these questions need to be revisited again and

again as we get new ideas, gain experience, react to changes in the market, or develop new products.

Over the past six years we have tried many different marketing strategies: different products, packages, price structures, distributors or lack thereof, etc. Currently we make quarts of yogurt and kefir (both flavored with fruits, nuts, and natural sweeteners) and half-gallons of plain yogurt, and sell through four local grocery stores, as well as at the Ithaca Farmers' Market in the summer. In addition we make hard, raw milk cheeses to sell at the market. In the past we also made 8 oz cups but gave it up because it involved too much labor. We stopped selling to all the small stores and delis in Ithaca for the same reason. In the very beginning we sold to other parts of New York State through a local regional distributor but found sales slow and the lack of direct customer contact frustrating. So our marketing picture is constantly evolving.

When we consider new dairy products to make we ask some of the following questions: How much labor and knowledge do we have access to and how much will we need?; Do we have the facilities and the equipment needed or could we afford to get it?; How much milk do we want to process?; and What do we really want to make? I have wanted to make hard cheese for a long time, and so pushed on to learn how to make it through reading books, experimenting in the kitchen, and finally a taking cheese varieties course at the University of Guelph in Ontario (which I would highly recommend). As far as labor is concerned once you are set up it is possible to do a couple test batches and find out if a product will involve too much labor or not, but initially this has to be a paper and pencil decision. We are finding that while the cheese-making operation could be a one-person enterprise, making yogurt is definitely not a one-person enterprise (at least not with the low-level of mechanization that we have). On our farm it takes an absolute minimum of two people to make a batch of yogurt, including preparing all the fruit and nut flavorings, and that makes for two very tuckered people by the end of the day!

We are lucky in the Ithaca area to have a sophisticated and affluent popula-

tion who appreciate and can afford to buy high-quality dairy products made by small farmers, so yogurt is not hard to sell, and we have successfully introduced kefir which was virtually unknown to many of our now loyal customers. But more people in this country eat cheese than yogurt and in a greater variety, so the market for cheese is usually bigger than the market for yogurt. Choosing a product to make must include looking at the local area and trying to guess what people's eating habits are and what they might like. One note, though, is that it continually surprises me that so many of our fans are NOT "granola crunchers," but rather locals in our rural area who just love the taste of our yogurt! Whatever we choose to make we must be able to get excited about it—its taste, quality, or freshness. Unless we think it's the greatest and really want everyone to enjoy it, we'll have a hard time promoting it. (Steve has been so excited about our yogurt, he sees to it that no one leaves the farm without a sample whether it's delivery persons, meter readers etc. We learned to be free with samples from Joel Salatin, and we've seen that he's right that whatever you give away comes back to you manifold.) We think about what will make people want our product instead of the brand they currently use (and probably see advertised on TV)? Just being organic is probably not enough as there are other organic dairy products being mass produced now. Will it taste better? Be much fresher? Be made of whole milk when all that folks can currently get is low fat? Contain only pure ingredients; be made of "real" food instead of juices, thickeners and fillers? Contain no sugar? (Meadowsweet Yogurt is currently the only fruit-flavored yogurt that does not contain sugar, by any euphemistic name.) Being local and handcrafted is great but if there are no other tangible benefits to the customer, either in taste or perceived health benefits, they will be less likely to pay extra for our product. The bottom line is that people want to feel the food they are eating is safe and good for them, but what they really put their money down for is the taste!

In our case our "market niche" is fresh, local, organic yogurt in a wide variety of flavors. While there are several good

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quality organic yogurts on the market now, ours is unique in being offered in 9 flavors (the fruits contain real fruit and the nuts contain real nuts). These flavors are an incredible nuisance to produce and we've had many heated debates about dropping one or all of them, but it is the rainbow of flavors that gives us a market niche and distinguishes us from the competition, and we'd really be crazy to drop them. (Instead we're working on a couple more flavors.) This is a case of balancing what we would like to produce and convince people to buy, with what people really want and are willing to pay for. We suggest the economies of buying plain yogurt and adding their own flavorings, but people want the convenience of having the yogurt all ready to eat.

In looking for ways in which our yogurt differs from, say, Stonyfield, we discovered a concept, called "terroir," currently being discussed in farming circles. This is the idea that products from one herd or farm are unique and cannot be duplicated anywhere else, even given the same recipes, cultures, etc. In other words the milk from our herd is unique because of the particular constellation of factors that make up our farm environment (soil type, mineral profile, location on the earth, climate, vegetation pattern, genetic background of your animals). The milk from our farm has a unique taste as will the products made from our milk. This concept of unique regional identity, so familiar to wine and cheese connoisseurs, needs to be promoted to customers. Milk products from one herd tastes better than those made from the milk blended from hundreds of herds. We need to tell customers what an irreproducible product they are getting from us. I met a man from India and was explaining this "new" idea to him. He was laughing at me and told me this was not a new idea. In his area of India, many different villages grow basmati rice (same variety) and the rice from each village has a different name, is marketed separately, and has a distinct aroma! They are not blended for market, except for export to indiscriminating Westerners.

Figuring out who our customers are helps us with many other aspects of marketing, such as pricing, deciding where to sell, etc. Because of the small size of our operation the harsh reality is that our prices just cannot be as low as the prices of the big boys. So, no matter how we feel about this, we are not selling to many low-income families (other farmers excepted). The people who can pay the higher price for these high quality dairy products are largely middle- to upper-income people looking for organic, GMO-free, delicious food. They can afford to be choosy, have pretty adventurous tastes, and enjoy something new and exotic.

Realizing and accepting this helps us to make pricing decisions, which we loathe. We have been warned repeatedly by our more experienced peers that our prices are too low, and we are gradually learning to set them higher (though still not high enough I suspect). Farm-produced dairy products are of premium quality, are comparatively expensive to produce, and must be priced high enough to adequately fund the enterprise or we are be doing ourselves and our customers a disservice as we gradually run ourselves out of business. I harp on this because I've seen several people do it, beginners in particular. Steve and I have a philosophical desire to keep our prices as low as possible to make Meadowsweet Yogurt available to every-

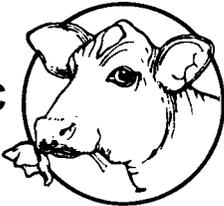
one, not just the upper crust. But trying to keep our prices in line with those of the big boys can do more damage than good if we go out of business and our yogurt is then not available to anyone! It also does a disservice to other small dairy processor-farmers who then have to keep their prices ridiculously low to compete. We all need to value our products honestly and not be ashamed to set our prices accordingly.

Our choices of marketing outlets have come about largely by trial and error. In the process of trying out various avenues we have settled at this point on a few that work well for us: grocery stores, farmer's market and a little bit from our farm. The big advantage of grocery stores is that is where your customers usually shop for their food. It is romantic to think that they will add a weekly trip to our farm to their already overloaded shopping schedules, but our customers, mostly dual-income families and students, are very busy and hardly have time for grocery shopping at all let alone time for a drive in the country. The easier it is for our customers to get our product the more they will be able to buy. We have tried to add stability to our operation by selling our products through several different outlets. It feels better not to have all our eggs in one basket, as things can always change unexpectedly, and each outlet supports the others by increasing our visibility and hence customer familiarity.

Selling to stores is intimidating and unfamiliar to many people but it doesn't have to be. The big advantage of selling through stores is the relatively steady income and the volume of sales possible with comparatively little time expended on our part. Folks have the misconception that it is hard to get into stores, and that one must have a huge volume to supply them. Neither of these is true. We sell directly to the local Wegmans, Tops, and Shursave stores as well as to GreenStar Coop Market in Ithaca. Each week we stock the shelves

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MILK**



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Yogurt  
Cultures



*Yogurt*

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ourselves, buy back any product that didn't sell by its due date (called a buy back guarantee). We never have more demand than we can supply, though it is steady and gradually growing. All local stores, even large chains, buy from local growers and suppliers and are usually very happy to support local producers. This is completely different from selling to the distributor of the store chain, which would probably be too much for a small producer, at least at first. To get into a local store you just take a sample of your product to the manager of the dairy department along with a sheet listing the products you make and their prices (wholesale and suggested retail) and a statement about your buy back guarantee (assuming you are going to do that). They will then tell you that they can sell all you can make, which will get you very excited for no reason at all. In fact, all store managers say this, and in our experience it is never true. We try to keep our wits about us and not make any foolish promises. Paperwork is usually involved in getting into these stores, in the form of letters to regional offices who promptly lose the letters etc. Once we're in, it's up to us to hang on to our shelf space for dear life by being impeccably reliable, prompt, courteous; and never, never letting the shelf get empty! I can't emphasize this point enough. The key to keeping shelf space is to keep the managers happy, and the key to happy managers is a full shelf (and not doing anything to cause customers to complain to the manager about your product.)

Which leads us to one of the 10 commandments of marketing: Never sell any product which is not absolutely top quality! If we produce a batch of yogurt, or whatever, which is not the very best, we eat it ourselves or feed it to animals, but try not sell it. Even giving it away to friends is dubious because they may in turn serve it to someone who has never had our yogurt before and those people may be less than impressed. Always in the front of our minds is the fact that every day someone may be trying our yogurt for the first time! So even one day of poorer quality stuff out there can mean a lost customer, which can really hurt since every happy customer leads to many more through word of mouth.

The only other consideration for selling through stores is that we needed relatively convenient, attractive and sturdy packaging which would withstand some abuse

by the customers and the boys in the backroom. For yogurt this means plastic containers. For cheese, photocopied labels in between two layers of plastic wrap works. The only absolute necessity in most stores these days is a bar code, which you purchase for your business from the UPC people and then it's yours forever — anyone can get one. And before we leave stores, the answer to the mystifying question "Where do you get those plastic containers?": they can be purchased (unprinted or you can have them printed) from plastics companies, which can be identified by looking at the bottom of any yogurt container.

Much has been written in farm literature recently about selling from the farm or at road-side stands. We have quite a few people who enjoy coming out to our farm to get milk, yogurt, meat, and cheese on a semi-regular basis and that number could be expanded if we were to put more money into a "farm store," prominent signs, and so on. But as busy homeschooling parents and farmers we've found that the time involved in helping people who visit the farm could become overwhelming were we to try and open a regular "store" unless the hours were very limited. Our other major outlet, aside from grocery store, is the Ithaca Farmers' Market. While sales there were slow our first year when all we had to sell was yogurt, we now sell kefir, hard cheese, organic beef and eggs as well, and the time involved is well worth it. As more experienced friends have been telling us for years, the key to happy farmers' market life is diversity! For us as dairy processors the market provides a unique opportunity to contact the customers who buy our products in the stores: to get feedback on customer preferences or problems as well as to answer questions and talk up the benefits of yogurt or kefir etc. we also display photos of our farm, yogurt plant and cows and pass out information on the health benefits of eating cultured dairy products and grass-fed meat. So the value we get from going to market extends beyond the dollars we make that day.

Marketing is a very interesting and complex subject, and we would be happy to answer questions or correspond with folks on this subject via email as long as you have some patience with our lengthy turn around time. Our address is <medowswt@fltg.net>.

For background information, read the first installment of this series in the Mid-Winter Issue.

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