

<b>Report Date Range:</b>	October 1, 2014 – March 30, 2016
<b>Today's Date:</b>	June 30, 2016
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<b>Recipient Organization Name:</b>	Side Hill Farmers Cooperative, Inc.
<b>Project Title as Stated on Grant Agreement:</b>	<i>Side Hill Farmers Meats &amp; Market:</i> marketing to increase customer base
<b>Grant Agreement Number:</b>	14-LFPPX-NY-0132
<b>Year Grant was Awarded:</b>	2014
<b>Project City/State:</b>	Canastota, New York
<b>Total Awarded Budget:</b>	\$70,415 (\$2,201.94 de-obligated)

## Final Project Report

### I. Outline of the issue

Side Hill Farmers Cooperative was formed in 2009 by a group of Madison County, NY farmers, with the goal of creating a vertically-integrated meat-processing and -marketing business. The planned business would include 1) the construction of a small meat-processing facility that would produce a branded line of local meats for wholesale distribution; and 2) a retail store that would be the “face” of the brand. The Cooperative’s Organizers conducted extensive market research, surveying local retail consumers, regional foodservice establishments, and similar vertically-integrated groups around the U.S. This research strongly indicated that the Cooperative should establish the retail store first, to pave the way for the project as a whole by generating revenues; establishing market presence and building brand awareness; acting as a proving ground for meat products and recipes, staff, and marketing strategies; building relationships with local farmers producing livestock, vegetables, and grocery products; and discovering margins on products, product areas, and suppliers/vendors.

In June 2014, after nearly 12 months of operation, the retail shop – *Side Hill Farmers Meats & Market* – had indeed begun to do the above. The core of the shop is the meat department, which practices whole-animal utilization and craft butchery, producing fresh cuts of locally-grown and naturally-raised beef, pork, lamb, and poultry, as well as in-house cured, smoked, and processed meats. The prepared-foods department is a critical complement, producing daily from-scratch prepared dishes that ensure that no product is thrown away. Lastly, the local-foods grocery provides customers daily access to locally-produced dairy, produce, and food products. Staffing is complete, including key personnel whose positions will grow beyond the retail store.

By mid-2014 a strong network of local producers was being established with product purchased and utilized from over 45 different local farms, all located within a 50-mile radius of the shop, and the great majority within a 20-mile radius. At that point the store was processing an average of 1-2 beef steers, 2-3 hogs, 0.25 lambs, and up to 50 chickens per week from livestock produced by both Cooperative and non-Cooperative members. Premium prices were paid for the local, natural meat and for the top-quality, local produce and grocery products.

The shop and its offerings had been very positively received by area consumers. In the first 12 months of operations (July 2013-July 2014), gross revenues totaled \$522,000 (of which a full 50% was paid directly to supplying farmers). About 400 customers per week patronized the shop, and it was featured in eleven different newspaper, magazine, radio, and television publications/broadcasts.

The *Side Hill Farmers* brand had been promoted through its logo, website, and Facebook site. Marketing efforts to that point, however, had been limited to low-cost campaigns: in-store printed materials, press releases, presentations to area business and social groups, tasting events, and posts on Facebook which emphasized the connection between local farmers, the culinary staff, and the home-made products. In July 2014 store space was doubled to include more production area, retail space, and, particularly, a seating area.

In the first year of operation, with the low-cost marketing efforts, sales maintained a fairly steady \$10,500/week from about 400 weekly customer visits and \$25 expended per customer visit (holiday periods showed short peaks of increased revenues).

Cash flow projections, however, showed that break-even would require revenues of about \$17,000/wk on average *over the whole year*. And that average weekly revenues of \$18,000/week average were needed to generate enough cash surplus to begin to operate sustainably going forward.

It was understood that a regional marketing effort must be undertaken to increase customer numbers and revenues. Assuming that average per-customer purchase totals remain at around \$25, it was estimated that about 600 customers/wk would be needed to reach the breakeven level of \$17,000 in weekly sales, and 675 customers/wk to reach the sustainable level of \$18,000 in weekly sales.

*Side Hill Farmers* also needed to begin to develop a wholesale market in the Central New York region, focusing on burger and sausage to utilize trim from retail operations. A small wholesale portfolio would provide *Side Hill Farmers* a needed outlet for beef and pork trim, produce an additional revenue stream, and boost regional brand awareness as a precursor to opening its federally-inspected meat processing facility.

Lastly, a point-of-sale software system was needed to help *Side Hill Farmers* track sales patterns, monitor inventory, and manage customer data.

## II. How the problem was approached

Side Hill Farmers Cooperative (*Side Hill Farmers*) engaged in three activities to increase revenues and customer base at its local-foods butcher shop and grocery, *Side Hill Farmers Meats & Market*: 1) launch a regional marketing campaign; 2) introduce a limited wholesale product line; and 3) establish a point-of-sale customer-tracking management system. The marketing campaign included traditional media avenues (local broadcast radio, billboards, print advertising, and public radio spots), social media advertisements, and promotional videos for use on the Cooperative's web and social media sites. Equipment was purchased to begin a small wholesale product line for a few local restaurants. And to improve of the retail model and better reach customers, *Side Hill Farmers* purchased a POS system to manage product pricing and throughput and to begin to build a customer database. At the outset of this project, these three activities we forecast to increase annual revenues from \$500,000 (total first year of operation) to \$884,000, and to increase weekly customer numbers from about 400 to 675 per week. Payments to supplying livestock farmers were projected to increase from \$206,200 to \$348,000 annually, and payments for non-meat farm products from \$63,000 to \$112,000 annually. As part of

the project, *Side Hill Farmers* collaborated with Syracuse University MBA students to identify *Side Hill Farmers's* target market, begin to implement a marketing campaign, and track metrics.

### III. Contribution of cooperators

- Syracuse University's Whitman School of Business MBA program. As is mentioned in a number of places in this report, we credit the students' work with our growing understanding of what differentiates *Side Hill Farmers* from our supermarket-chain competitors, what our customers are looking for, and how to reach them. Furthermore, their work will remain the foundation of our remaining program going forward.
- Madison County Ag Economic Development program. Our relationship with the AED program is very reciprocal. *Side Hill Farmers Meats & Market* is supporting the emergence of new small farms in Madison County; the AED program is also focused on diversifying the County's ag economy. The AED program has recently conducted workshops on starting new lamb, pork, and poultry ventures, knowing that *Side Hill Farmers* is a potential market for new, small, pasture-based operations.

### IV. Project Activities

#### A. Regional marketing campaign

##### 1. Traditional media

Initially we purchased some advertising in the traditional media market (radio, print media, billboards) which resulted in only limited impact, for two reasons. The first was pointed out by the findings of the Syracuse MBA students: the reach of this advertising did not match our target demographic. The second limitation, also pointed out by the MBA students, was that the advertising urged listeners/viewers/readers to visit the *Side Hill Farmers* website, which was old and outdated, and thus was not mobile-friendly, did not convey our values clearly, and certainly did not help a stranger understand what the *SIDE HILL FARMERS Meats & Market* retail store provided. We were told that our "bounce rate" with first-time visitors to our website was way too high, and was indicating that further advertising was probably a waste of time until we built a new website.

Based on these results, the *Side Hill Farmers* management team put all its marketing focus on the construction of a new website, one that would capture the attention, interest, and trust of a potential customer unfamiliar with *Side Hill Farmers*. As a consequence, as a result of advertising that was done at the end of the LFPP period, we were able to track website activity no Google Analytics and we saw the bounce rate drop from 60% to 44%.

##### 2. Digital media

As part of the MBA student projects, two student completed SEO for our new website, which served as a bible as we wrote the massive amount of copy for the website.

We must have done something right, because according to Google Analytics, our views on our pages in February, March, and April 2016 increased by over 500% from the same period in the year before.

FLPP funding allowed us to contract with one of the more enthusiastic MBA students, Deedi Boland, to organize our initial digital media marketing activities. Ms Boland also wrote a “Digital Media Handbook” for our staff to use as a guide going forward.

Once the website was completed (no small job!), and we had confidence that we could direct traffic to our website, we focused on digital media activities.

We found that minimal investment in Facebook advertising, such as week-long “Local Awareness Ads”, resulted in about 50 more website visits per day than the equivalent period in the previous year. Just as an example, in late February we ran a “Local Awareness Ad” for a week, which resulted in over 21,000 people “reached” and about 60 people went to our website per day, about 58% of whom were first-time visitors to the site.

We also placed ads to encourage business during our late winter holidays (St Patrick’s Day, Easter, etc). In these cases we saw between 100-200 website clicks per ad campaign.

As part of the website build, we put a great deal of effort into our “Farmers” page, profiling over 20 of our more steady or primary producers. It has been gratifying to see that there have been over 120 visits to our Farmer page alone in March & April 2016, with many visitors continuing to click on individual farmer profiles.

We contracted with another of the MBA students, Vinny DeRise, who is launching his own video and film company, to make a few short videos of the shop, including the meats, the prepared dishes, and the local produce to be placed on the home page. Vinny also created four short video montages of our farmer-suppliers (grouped by season) to run on our Farmers page.

### 3. In-store signage

Thanks to the LFPP grant, we were able to finish the in-store signage to the level that we had been wishing for since we expanded the store space. Overall, the main intent of the in-store signage was to enforce the customers’ mental connection between Side Hill Farmers and the local farmers that supply the meat and produce in the shop. Primary elements of this were: farmer-supplier pictures and mission statement mural in the seating area; shelf covers with pictures, that hide storage shelves in the front-of-house counter area; a church pew for more efficient seating, and which allowed for more retail space in the seating area; the build-out of a “community display area” so that notices of local ag events can be posted in an attractive and accessible location; display racks that allow more of our specialty meat cuts and more local artisan cheeses to be displayed.

“Before and After” images of the store can be seen below.

Once the in-store signage work was complete, we contracted with Google Business View to film the shop. This video now comes up as part of the Google Search results. It has also been posted on the new website, initially on the Contact Us page, and then recently on the Home Page as well.

## Seating Area, Before



## Seating Area, After



**Front of House counter area, before**



**Front of House counter area, after**



## B. POS system

1. Customer Data Base: The addition of the POS System has given us the ability to track customers in several ways:
  - a. How often customers are returning or not returning.
    - i. What types of customers are spending what amount per visit?
    - ii. i.e., Lunch clientele vs. individuals vs families
  - b. Tracks specific purchases, so we can make suggestions based on previous purchase likes and dislikes
  - c. Helping us design and track customer rewards, based on past purchases.
  - d. Building customer rapport, by having first had info of shopping habits and needs. Ability to create pre-orders, call in orders and special pricing specific to individual customers
  - e. Gain customer access to promote new products and specials by direct marketing through e-mail or social media ties, recorded into database.
  - f. Allows us to increase individual customer check average by anticipating their needs and having conversations based on past purchases.
2. Tracking Product Sales:
  - a. Easily segregate revenue categories and align with purchases to analyze Cost of goods, profit margin and make pricing adjustments as costs change. To maintain or adjust profitability
  - b. Analyze usage for re-ordering and restocking purposes, as well as managing production levels for staffing and parts for production levels. And to have adequate availability of product on hand without running out. Consistency of supply.
  - c. Analyze product mix combined with profit margin to determine where to put the most effort when determining what products we sell and produce.
3. Accuracy, consistency and speed of check out experience
  - a. Touch screen and scanning speeds up customer service, requires less time for cashing out resulting in better customer service and more time for counter staff to be selling product.
  - b. Less errors in sales slips, credit cards and consistency in pricing. Customers notice these discrepancies
4. Accounting advantages:
  - a. More accurate ability to track gift certificates sold and redeemed
  - b. Collect on accounts receivable for house account & wholesale customers. Generate billing statements and track pre-orders
  - c. More accurately record time and attendance, adjust staffing levels based on volume history, and pinpoint employee errors for identifying training needs.

## C. Coordination of marketing

### 1. MBA project summaries

It is difficult to overstate the value we derived from working with the Syracuse University MBA students. For our market research project, we had 92 (ninety-two!) students working in teams of four, each conducting one of three aspects of market research for *Side Hill Farmers*: either competitive market environment, digital media, or traditional media. Bee Tolman then sifted through the 25+ reports to find commonalities or stand-out information. The result of this was what has become *Side Hill Farmers's* marketing plan and program. A selection of some of the more fundamental pieces of information is contained in the Appendix of this report. Below is a list of the high points of the market research summaries:

- 75% of *Side Hill Farmers's* customers come from the abutting local towns, within a 5-mile radius, and from 4 zip codes.
- 75% of *Side Hill Farmers's* customers come because the food is locally-sourced
- 72% of *Side Hill Farmers's* customers come primarily because of the meat
- The majority of regular customers are middle-aged women
- The demographic for our local-food business are married people in single-family homes, well-educated, research products before purchasing, use the internet to research and locate products, and are concerned about product quality more than price.
- 47% of our new customers come because someone has recommended it to them (“word of mouth”)
- *Side Hill Farmers's* retention rate is very high: 60% of our customers come to the shop *at least* once per week, and an additional 20% come in at least every other week.
- According to a completed “perceptual map”, *Side Hill Farmers's* primary competition is Wegman's
- *Side Hill Farmers's* primary differentiators are “local” and “made-from-scratch/healthy”
- On-line media is the primary media source for our typical customer
- On social media, 70% of our followers are women, mostly in the 25-55 years old segment
- Until early 2016, all our non-digital advertising directed people to our website, which then lost most potential customers.

The #1 recommendation from all the student groups was that *Side Hill Farmers* immediately develop a new website that was mobile-friendly, clearly stated our values and products, and supplied information about the local farmers that supply the shop. The #2 recommendation was to write the new website in a manner that would move up in search engine searches.

In the following semester, a smaller group of students then developed an SEO manual for *Side Hill Farmers Meats & Market*, researching the keywords that we would need to use in all areas of the website. We followed this manual to the detail as we wrote the enormous amount of copy for the new website.

### 2. Digital media guide for *Side Hill Farmers* staff

In the process of working with the Syracuse University MBA students, we met a very enthusiastic, competent, and thorough student named Deedi Boland. In January 2016, as we were in the last phase of website development, we contracted with her to assist with SEO, social media usage, and to write a digital-media guide for shop staff which we could use after this LFPP project ended. Specifically, Deedi did the following:

- Helped *Side Hill Farmers* launch our redesigned website in a way that enhanced sales through SEO
- Created and implemented a social media strategy that integrated with the new website
- Consolidated *Side Hill Farmers's* web presence, simplified and linked social media platforms (FB, Tw, Instagram)
- Documented the recommended processes for using social media platforms, so that *Side Hill Farmers's* future use of social media would not be impeded by change of staffing.

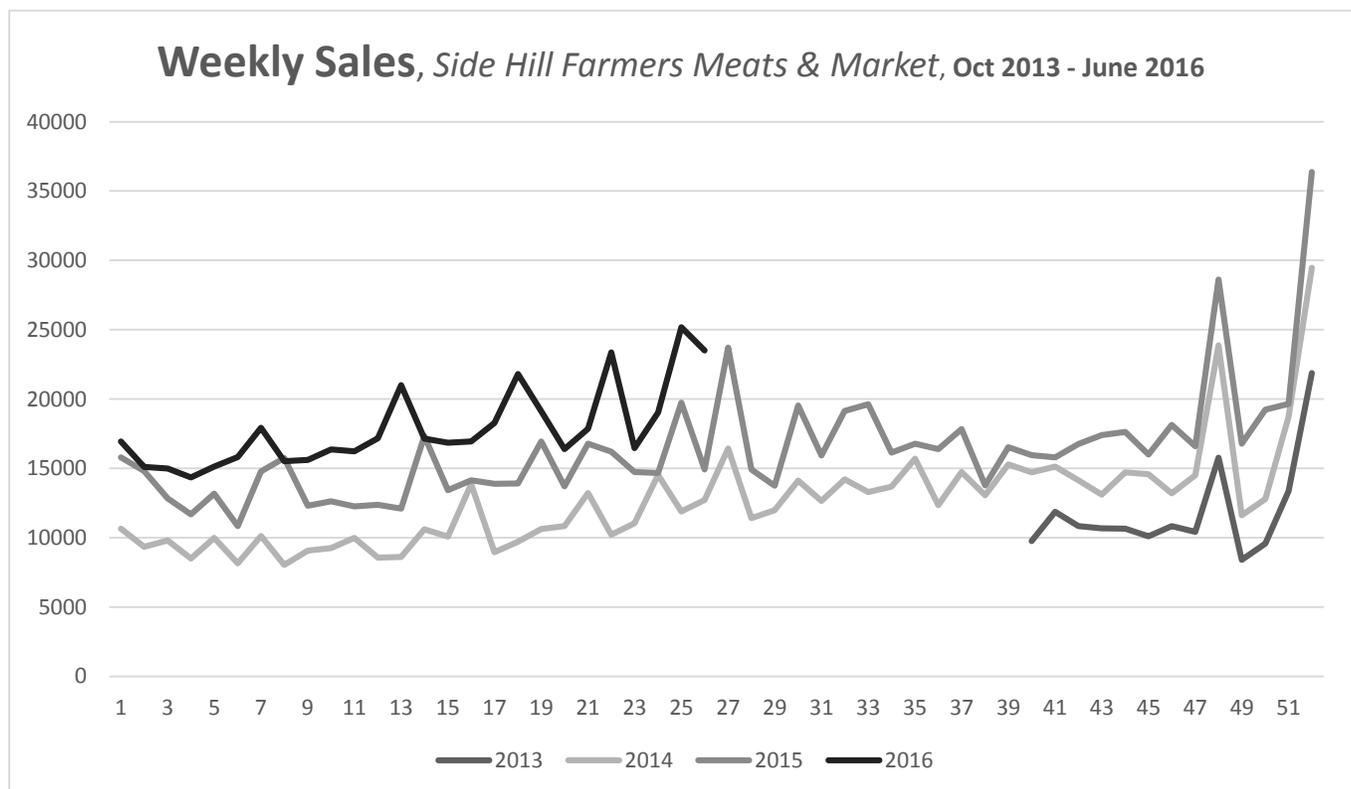
## V. Outcomes (metrics from start of project to end: October 1 2014 - April 30 2016)

### A. Increase in sales

This business is highly seasonal: slowest in the 1<sup>st</sup> Qu, increasing fairly steadily in Qu 2 & 3, and peaking during the holiday season. Best comparisons of progress are to the same quarter in the previous year.

Average wk'ly sales	2013	2014	% change from 2013	2015	% change from 2014	2016	% change from 2015
1 <sup>st</sup> Quarter		\$9,236		\$13,177	↑ 43 %	\$16,318	↑ 24 %
2 <sup>nd</sup> Quarter		\$11,406		\$15,414	↑ 35 %	\$20,952*	↑ 36 %
3 <sup>rd</sup> Quarter		\$13,760		\$17,232	↑ 25 %		
4 <sup>th</sup> Quarter	\$11,854	\$16,193	↑ 36 %	\$19,610	↑ 21 %		

\* includes actual sales through 6/26/2016.



## B. Increase in customer numbers

Customer numbers have continued to steadily grow. From an in-store survey conducted by the Syracuse MBA students, we also know that 60% of our customers come in regularly (at least once per week). And because the average transaction total has not changed much since we opened, with a modest increase from \$25 per customer transaction to \$27 per transaction, we know that increased sales figures *have* to reflect increases in customer numbers. In 2014 we averaged about 440 customers per week, and in 2015 we have averaged 557 per week. In November 2014, running up to Thanksgiving, we had about 550 customer transactions per week; in November 2015 we had 618 per week. And now in the first two Quarters of 2016, during the two slowest period of the year, we are averaging over 630 customer transactions per week to date – and so this number can only improve as we head into Q3 (the summer grilling season) and Q4 (the holiday season). The most encouraging numbers are those that show the each year, we are averaging at least the numbers we peaked at during the previous holiday season (the holy grail!).

<b>Customer transactions per week</b>		
	<b>Avg # transactions per week</b>	<b>Transactions per week during peak holiday period</b>
<b>2014</b>	440	550
<b>2015</b>	557	618
<b>2016 (Q1&amp;Q2)</b>	633	

## C. Increase in number of wholesale customers

As of the first mid-term report in April 2015, *Side Hill Farmers* had 2 regular wholesale customers (a 3<sup>rd</sup> customer closed its doors in that period). By the second mid-term report in December 2015, *Side Hill Farmers* had added 2 more wholesale customers (a caterer and a diner). At the time of this writing in June 2016, *Side Hill Farmers* makes weekly deliveries to 5 steady wholesale accounts (4 restaurants and 1 caterer) and also has an additional 9 accounts that come to the retail store to make their wholesale purchases.

## D. Increase in wholesale sales

In the period of this grant (October 2014-April 2016), *Side Hill Farmers* has sold \$85,486 in wholesale sales of burger and sausage alone.

## E. Increase in number of employees / Number of direct jobs retained and created:

- **June 2014** (at time of grant application): 11 full- and part-time positions = **7 FTE**
- End of **March 2015**: 8 full-time and 1 part-time, plus overtime value (~ ½ FTE) = **9 FTE**
- End of December 2015: 8 full-time and 2 part-time (25 hrs ea), plus ~ 15 hrs overtime per week for butchers and counter staff (~ 1 FTE) = **10 FTE**
- End of **June 2016**: 9 full-time and 2 part-time, plus ~ 40 hrs overtime per week for butchers and counter staff (~ 1 FTE) = **11.5 FTE\***

*\*Of note: one of the additional full-time employees has been a butcher's apprentice. So we have increased our butchery staff from two to three. To the casual observer, this may not seem significant. But it represents two things: 1) we are processing more meat and can no longer handle the processing volume with just two butchers; and 2) we are passing on the very rare skills of craft butchery to another human being!*

**Number of indirect jobs created:** unknown

## VI. Current benefits -- How the business has benefited from this project

### A. Marketing.

We now have a much better understanding of who our customers are, where they come from geographically, and why they are coming to us (i.e., what differentiating values we offer our customer).

Now that we know what distinguishes us from other retail food vendors, we have become better at communicating our message of local meat and fresh food to customers and potential customers.

We now have a better understanding of what marketing avenues will reach that customer, given our limited marketing budget. Not everything works. Billboards and sports radio have no significant impact on sales; public radio probably does; targeted social media definitely does.

We understand that we have to have a marketing format and plan. Day-to-day operations tend to push less pressing things aside, like marketing. Having a marketing format has helped the staff build social media marketing into the daily operational routine.

The realization of marketing funds wasted on a dead-end website was the primary motivation to writing a new website, something we had talked about for a couple years, but which we had not been able to make a priority. It has been very heartening to see the improved metrics on the new website.

We have come to appreciate how important it is to capture information about our current customers, so that going forward, we can design our business to meet the needs of our customers.

The in-store signage has had a clear impact on our business. The signage makes it clear that we are sourcing product from the local farming community and then making food from scratch. Our message is communicated better — and we don't actually have to verbally tell them. Our customers quickly understand who we are because the connection between signage and product on display is visual. We have seen our lunch business — sandwiches made with our in-house deli meats and soups made daily from scratch using meat from our cases and produce from our shelves — almost double since January 2016 (about 40/d in January; about 70/d in June 2016). Furthermore, about 1/3 of the lunchtime customers are blue collar workers (contractors, furniture factory workers) who are opting for *Side Hill Farmers* instead of Subway next door. They have told *Side Hill Farmers* staff that they like eating healthy food, that they feel “filled up” when they finish, and that they are aware of the quality and preparation that goes into the sandwiches and soups.

## B. Wholesale business development.

Prior to the start of this LFPP project, we had thought that our wholesale business would revolve around value-added by-product products (hamburger, sausage).

We have found, however, is that there is a great demand for center cuts in the small local restaurants and caterers who are trying to separate themselves from the mainstream commodity-box market. These small restaurants/caterers can offer a high-quality menu that satisfies a growing demand in the hospitality business for local food. To do this they are seeking smaller quantities of meat products than they can buy from large box companies like Sysco or Maine's. They also can come directly to the retail store to purchase their as-needed requirements – *Side Hill Farmers Meats & Market* has become a stop-and-shop supplier, so to speak. They are willing to pay more for smaller quantities of food because *Side Hill Farmers* can be flexible and offer a variety of uncommon cuts, as well as custom fabrication, and next-day service if needed.

So in the process of trying to build a wholesale market around burger and sausage, we have instead been surprised by the realization that what really distinguishes *Side Hill Farmers* from the conventional meat distributor system is the service we can offer. We are responsive (a restaurant sells out of fresh ground beef on Friday night; we grind and deliver more on Saturday morning); we are adaptable (a café wants *Side Hill Farmers* hot dogs made into foot-long dogs for a big-name band's after-party; we provide the foot-long hotdogs and the band loves them); and we can really provide individual service (we maintain a product inventory/log for a customer who was struggling to keep an acceptable volume of fresh product in his cooler).

Our other challenge in the burger/sausage wholesale market has been having *enough* trim and by-product to supply the larger customers who are looking for local by-product meats (ground beef & sausage). These customers are trying to separate themselves in the market as well, by offering locally-sourced fresh-ground product. But they are looking for a much greater volume: some 300-700 pounds of ground beef patties a week. Although it seems contradictory, in order to capture this market, we have had to turn our attention to obtaining many more small accounts seeking center cuts! By increasing the volume of wholesale center cuts sold, we increase the volume of trim/by-product we can make into burger and sausage and supply a couple of large by-product customers. By focusing on what we have discovered as the demand generator (i.e., small customers wanting center cuts), we feel we can build both the specialty center-cut market as well as the higher-volume by-product market. They have to work hand in hand.

In the last six months we have built a list of local restaurant clients who are looking for center-cut product. Currently we are working with nine additional small groups that purchase directly in the retail shop on an as-needed basis, and help them to select cuts that they can translate into regular menu items. As we add additional animals to fabrication to satisfy that center-cut demand, we are also building the volume that will allow us to offer consistent volume to the larger burger and sausage market.

Our sausage market is a relatively small portion of that total, but we continue to add customers that want our sausage on their menu. As we have explained above, the larger customers who want burger patties (such as 500-600# of ½-lb patties per week) are in need of a volume that we are near to being able to satisfy. The majority of our wholesale burger clients are small restaurants, brew pubs, and cafes that want to make a fresh, hand-formed burger, and thus prefer to buy our burger in bulk tubes. The patty-maker, however, is used on a

regular basis for a growing retail demand for burger patties in our freezer case: we average 50-60 lbs/week of 1/3-lb patties, and more than that during the summer holiday peaks.

## VII. Project beneficiaries

### A. Increase in numbers of farmer suppliers

<b>Approx # of farms <u>regularly</u> supplying SHF M&amp;M</b> (i.e., not including infrequent or one-off suppliers)				
	<b>June 2014</b>	<b>March 2015</b>	<b>Dec 2015</b>	<b>Added Jan '16 – June '16</b>
<b>Meat animals</b>	12	+3	+3	1 lamb, 1 rabbit, 1 turkey
<b>Dairy</b>	3	+1	+2	Sheeps-milk yogurt, cream cheese, multiple artisan cheeses, buttermilk & half-and-half, additional egg producers to keep up with demand -- each of these items comes from different individual producers.
<b>Produce</b>	17	+5	↑	More produce purchased from Finger Lakes Fresh and Farm Shed
<b>Processed product</b>	9	+4	+2	Hummus (Ithaca), salt (Syracuse), tomato chutney (Finger Lakes)

Of equal or more importance than the number of new farms is the fact that our existing suppliers are contributing more volume. Our beef and hog purchase is double what it was in 2014; our poultry purchases have increased to the capacity of our poultry producers to supply us.

### B. Increase of product volume purchased from farmers

<b>Meat animals processed in-house per week or every other week (EOW)</b>					
	<b>Beef</b>	<b>Pork</b>	<b>Chicken* (broilers)</b>	<b>Turkey*</b>	<b>Other**</b>
<b>2014</b>	3-4 hd EOW	3 hd EOW	50 /week	Seasonal only (fresh at T'giving)	
<b>2015</b>	3-4 hd EOW	5-6 hd EOW	60 /week	10 /week, + fresh at T'giving	Added rabbit & duck
<b>2016 Q1&amp;Q2</b>	5-6 hd EOW	6 hd EOW	65 /week	12 /week, + fresh at T'giving	Added veal
<b>2016 Projected Q3&amp;Q4</b>	6+ hd EOW	7+ hd EOW	70 /week	12+ /week, + fresh at T'giving	

*\* The constraint on the growth in sales of poultry has become the sourcing of pasture-raised poultry. Our existing farmer-suppliers are reaching their maximum production levels; new farmer-suppliers must be vetted for product quality and consistency. And we have to be careful about purchasing poultry: we have to purchase*

*(and pay for) all the pasture-raised poultry within the growing season (late May to November), even though we will have to freeze half of what we purchase, for sale in the non-growing season (December through May).*

*\*\* Lamb is not included in this tally, because supply of lamb has been inconsistent. Side Hill Farmers does now have four producers that supply lamb, but that supply has been primarily limited to the fall and early winter, and has not been consistent. Whenever lamb appears in the case, it is sold almost immediately, but it is generally uncertain when the next batch of lambs will become available. Lamb sales, therefore, have been completely dependent on the timing and availability of supply. One of the four producers has committed a substantial amount of lamb to be available to Side Hill Farmers this fall and winter, and hopefully this will create a more steady and reliable supply of lamb in the retail case.*

**Side Hill Farmers continues to pay 50% of its total revenues directly to local farmers, producers, and processors.** In the period of this grant, sales totaled \$1,383,000. And in that same period, October 2014 through April 2016, a total of **\$654,000 was paid directly to Central New York livestock farmers, dairy processors, vegetable and fruit growers, and food processors** (the small processors making the cookies, granolas, flours, salsas, jams, and honeys on our shelves). Because we sell *only* locally-produced products, that is \$654,000 that was **paid by local consumers and went directly back to local food producers.** We are very proud of our small-yet-relevant impact on the growth and diversification of our local farm community.

## VIII. Lessons learned

**Major Lesson 1:** When you are starting a business, regardless of how much you plan, you really have no idea what lies ahead.

1 (a): We had no idea that one year after opening *Side Hill Farmers Meats & Market*, 92 Syracuse University MBA students would so unequivocally and unanimously say that our website was losing us business and was making advertising a waste of money. We did not anticipate having to cease advertising activities in the middle of the LFPP project and to shift our focus completely to writing a new website. We're glad we did, but it used up a huge amount of time and energy that we had not planned on expending.

1 (b): Our market research before opening the shop had indicated that we would have a huge volumes of trim to which we would have to add value and market, and that there was a substantial market for locally-produced burger patties. Seemed like a match made in heaven! Every craft butcher shop that we interviewed before opening, strongly advised us to have a plan to move the trim that we would inevitably accumulate. Certainly none suggested that selling wholesale center cuts was the means to inventorying enough trim to supply the wholesale patty market! What we didn't foresee was that with our small number of animals fabricated, we could add value to and retail so much of the trim in-house (at retail prices), leaving too little trim to attract the patty-buying market. Nor could we have foreseen that the growing interest in locally-sourced meat at small restaurants would actually make center cuts our avenue into the wholesale market.

**Major Lesson 2:** When working with students, you get out what you put in. Over the years I have heard the phrase "why don't you just get some students to help you with that?" The question is particularly common when you discuss the challenges of conducting market research. We found that although the MBA students' work was literally invaluable, and probably would have cost us \$50,000 to get equivalent information from a marketing firm, their work was neither free nor cheap. Bee Tolman logged in an over 100 hours while working with the student groups: designing the projects they would work on; introducing the business to the students, supplying data needed for their projects; sitting in on multiple days' worth of final report presentations, and then spending days upon days upon days reading through the final reports, sifting out the valuable nuggets of marketing information and recommendations, before compiling and condensing the hundreds of nuggets into what became a very valuable and very useful marketing plan.

**Major Lesson 3** (in case we needed reminding): Although the funding for advertising, POS, and equipment was very very valuable to us, sometimes the value of a project such as this lies as much in the unexpected directions the project "forces" you to go. For instance, writing a new website – so costly and time-consuming – would not have risen to the top of the priority pile if we had not found ourselves in the position of wasting the grant's advertising dollars on the old dead-end website. Another example: because we had the patty-maker we could actually solicit new wholesale customers and offer fresh-ground locally-produced patties, only to find out that pre-formed patties are something that the higher-end restaurants are steering away from, instead preferring to differentiate themselves with the hand-formed burgers.

## IX. Future benefits

We are now prepared for growth, in both the retail space and in the wholesale arena. We have a new website, we know how to effectively use our limited marketing dollars, we have a POS system to track individual product sales and customer activity, and we have a much *much* better understanding of our potential wholesale market and how to capitalize on it.

The retail store was opened, in part, to establish a market and a market presence for the USDA-inspected meat processing facility. Thanks to this LFPP project, the store has become a showroom for our products: a place for customers to see our transparent production systems; where they can sample, taste, and learn about our meat from our highly-skilled staff; and where we can promote the local farmer-suppliers and clearly connect those farmers with the fresh product *Side Hill Farmers* offers. It has also become a showroom for wholesale clients, where they can come and see the huge range of products we offer, talk to the butchers and chefs, and use our expertise to develop menus based around our unique cuts.

We have also learned an enormous amount about our wholesale market. The niche we can serve is based as much on our nimbleness and service as on our meat quality. We are in the process of building demand by allowing these small restaurants to introduce *Side Hill Farmers'* local and fresh meats to their customers, knowing that when their patrons taste the *Side Hill Farmers* product, they will inevitably want more.

## X. Future/follow-on research

1. Use POS data to segment marketing activities

Use data from the POS system to segment marketing activities. The MBA students spoke of segmenting our marketing into two periods.

- Qu1 & Qu2, with slower sales: obtain new customers. Focus on increasing regional brand awareness through cross-promotions and advertising to bring in new customers.
- Qu3 & Qu4, with higher sales/customer numbers: retain and remind existing customers. Focus marketing on improving per-transaction value. The check average has stayed \$26-\$27 per customer visit since *Side Hill Farmers Meats & Market* opened three years ago. Collect customer information to create promotions or loyalty/reward systems that are incentives for existing customers to buy more product while in the store. Also collect individual product information to correlate sales between items (i.e., are sales of milk and ground beef highly correlated?), and leverage sales in one product to improve sales in another – i.e., through coupons or bundled “value” packages. Or are there supplemental products – BBQ sauce, rubs – which we can develop to enhance meat sales and increase the per-visit check average?

## 2. Train staff to be part of marketing team

Set up a program to teach all staff to participate in the social media marketing activities. With a staff of only a dozen, a small business like ours does not have the luxury of employing a dedicated marketing person. Marketing, and in particular, social media marketing has to be shared amongst most employees. The shop is a perfect training space, as all employees can hear senior staff explain different meat cuts and cooking techniques to customers. But equally important is that staff learn how to frame *Side Hill Farmers's* message consistently and with the right tone.

## XI. Outreach

Bee Tolman put together a summary presentation of the Syracuse University’s MBA students’ market research. This summary presentation, titled “*Tight-belt marketing: marketing basics for a small local-foods retailer*”, was shared with four local agricultural and small-business agencies to be used as part of their client education programs:

- Madison County Cooperative Extension: Katherine Brosnan, Agriculture Community Educator
- Madison County Agricultural Economic Development: Jenn Farwell, Agricultural Economic Development Educator
- Onodaga County Small Business Development Center: Melissa Zomro Davis, NYS Certified Business Advisor
- NY Farm Viability Institute Aileen Randolph, Outreach and Dairy Profit Team Coordinator

