

A Study of

Small-Volume Retail Meat Sales in Virginia

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INTRODUCTION

This study is provided by The Virginia Foundation for Agriculture, Innovation, and Rural Sustainability as a companion study to the previously published "A Study of Small-Volume Red Meat Processing in Virginia." As a companion study, this document expands on the previous research to examine the requirements and opportunities for selling processed meat locally in Virginia and beyond. The goal of this study is to present the available information regarding the typical operation of a business or individual marketing and selling meat cuts and further processed meat products. This study provides a high-level look at associated economic costs and revenues for sample operations.

The information in this document comes from literature and database research as well as the knowledge of the consultants' work in agriculture in multiple states in the region on numerous meat marketing projects in the past. The general literature consulted is included as a resource throughout the document for further exploration. This manual delves into several topics relevant to the general operations of meat sales, including changes in consumption and purchasing trends due to the COVID-19 pandemic.

Document Definitions:

USDA FSIS: United States Department of Agriculture Federal Safety Inspection Service

VDACS: Virginia Department of Agriculture and Consumer Services

Direct-to-Consumer Sales: Retail sales that typically take place directly between the farmer and the consumer. Direct-to-Consumer outlets include farmers markets, farm stands/ markets, roadside stands, CSA subscriptions, and online markets.

Federally Inspected Plants: These facilitates have been inspected by the FSIS and products carry a federal inspection label. The inspection verifies that the inspected products may be sold across state lines.

State Plants: These facilities have been inspected by the state department of agriculture, or VDACS by a trained Meat & Poultry Inspector. Products from these establishments are labeled with an inspection legend. Products inspected under the State Inspection can be sold anywhere within Virginia but cannot be sold across state lines.

Custom Exempt Operator: A custom exempt operator is a slaughter and processing facility that processes livestock belonging to someone else for the exclusive use of that household, not for resale. This facility does **not** have a state or federal inspector on duty and the meat from these facilities are **not** considered state or federally inspected meats.

Talmadge-Aiken Plants: The USDA and select states have a cooperative agreement that allows state employees to conduct federal inspections, allowing those products to carry federal inspection labels and allowing products to be sold across state lines. The name for these types of inspected plants comes from the Talmadge-Aiken Act of 1962.

Table of Contents

Introduction 1
Document Definitions: 1
Executive Summary 4
Retail Meat Sales Challenges 7
National Retail Meat Industry 12
Changes in Retail Meat Trends 12
Consumption of Red Meat and Poultry 12
Table 1: Per Capita Meat Disappearance Forecast, Retail lbs. 13
Figures 1, 2, & 3: Total Red Meat and Poultry Disappearance & Red Meat Disappearance, 1970-2020 13
Retail Meat Pricing Trends 15
Figure 4: Historical Retail Beef and Pork Prices, 2015-2020 15
Figure 5: Retail Beef Prices by Product, 2019-2021 16
Figure 6: Retail Pork Prices by Product, 2019-2021 17
Figure 7: Retail Poultry Prices by Product, 2019-2021 18
Access to Meat Processing 19
Table 2: Top 10 Meat Brands (Ranked by 2020 Sales) 19
Virginia Meat Processing Facilities 19
Figure 8: FSIS Inspected Processing Facilities, December 2021 20
Retail Meat Sales Regulations 22
Selling Meat Products in Virginia 22
General Business Regulations 25
Meat Retailer Sales Outlets 27
Farm Stands/ Farmers' markets 27
Online Sales 29
Food Hubs 30
Butcher Shops and On-site Processors 31
Marketing Meat to Consumers 33
The Product 33
Figure 9: Breakdown of Beef Cuts 34
Table 3: Primal and Sub Primal Beef Cuts 34
Figure 10: Breakdown of Pork Cuts 35
Figure 11: Primal and Sub Primal Pork Cuts 36
Figure 12: Breakdown of Lamb and Sheep Cuts 36

Table 4: Primal and Sub Primal Lamb Cuts 36
Figure 13: Breakdown of Chicken Cuts 37
Table 5: Primal and Sub Primal Poultry Cuts 37
The Price 38
Promotion 39
Pro Forma Financial Modeling 47
Table 6: Farmers' market/Roadside Stand 48
Expenses 49
Table 7: On-Farm Store 50
Expenses 50
Table 8: Butcher Shop 51
Expenses 52
Resources 565
General Business Resources: 566
Operational Resources 56
Marketing Resources 57
Financial Resources 57
Regulatory Resources 57
COVID-19 Resources 57
Potential Funding Sources 58
APPENDIX A: "A Guide to Selling Meat and Poultry Products in VIRGINIA" 62
APPENDIX B: "Farmers Guide to Direct Sales Software Platforms" 63
APPENDIX C: Select Market Blueprints 66
Roadside Market Blueprint 66
Smoke House Blueprint 67
Two Temperature Walk-In Refrigerator 68

EXECUTIVE SUMMARY

The COVID-19 pandemic has had a major impact on the meat processing industry across the United States, disrupting the overall supply chain. In response, the United States Department of Agriculture has launched an initiative to expand the capacity for meat and poultry processing to increase access for small and mid-sized farmers. However, in addition to increased processing opportunities, the market for direct retail sales of meats has also increased as more consumers are looking beyond their traditional grocery store for more local meats. This presents a unique opportunity for farmers to increase their retail sales of meat products directly to consumers.

This document is intended to provide guidance and information for those seeking to market and sell their processed meat products directly to customers. The following is an overview of key highlights for each portion of the document, followed by a discussion of the challenges often faced by meat retailers.

Industry Background and Statistics

During the past two years, the COVID-19 pandemic has caused shifts in supply chains and consumer habits that may have a lasting effect on multiple industries, including sales and consumption of red meat.

With the increase in people working or staying at home and the temporary, or at times permanent, closure of restaurants and other wholesale buyers, consumers have increased their retail purchases of meat by 11% and sales for grocery store meat departments increased by over 19%. However, the increase in meat consumption, or disappearance, per person can mostly be attributed to an increase in poultry versus red meats. Poultry consumption has increased by almost one pound per person since 2019 and is forecasted to continue increasing into 2022. However, red meat (pork, beef, and lamb/mutton) consumption has decreased collectively by 1.8 pounds per person.

During the pandemic, people also changed the way they purchased their groceries, including meat, with 56% of consumers purchasing groceries online. Of this total, 31% of shoppers specifically sought out and purchased meat online, representing an increase of over 63% from those who purchased online in 2019.

Prices for red meat, specifically pork and beef, have increased over the past two years, with heavy spikes in price typically around the start of the pandemic. Since then, prices have continued to fluctuate, but have generally remained higher than pre-pandemic pricing.

Retail Meat Business Considerations

This section provides an overview of the regulations for selling meat products, as well as some of the major considerations for direct-to-consumer sales outlets. Meat processing and sales is a heavily regulated industry due to the nature of the products (raw meat). Fortunately, much of these regulations fall on the meat slaughter and processing facilities instead of the individual farmer who may use these facilities. However, as a meat handler and seller, you are still required to obtain a handler's license and follow the food safety guidelines for storage and handling. In addition to the specific regulations for handling and selling meat, any business must also adhere

to general business regulations, such as registering with the state, obtaining a business license in your locale, and filing and paying taxes.

The main sales channels to reach consumers directly are farmers' markets, farm stands/ roadside stands, and online sales. Food hubs can also provide an outlet to reach more customers, but typically provide a less direct connection between farmer and consumer. Major considerations for direct-to-consumer markets are the amount of labor needed to staff a farm stand or to attend farmers' markets frequently. Additionally, investments in infrastructure may be needed to conduct sales at the farm site. The biggest consideration in terms of infrastructure is access to cold storage and/or transportation that is adequate to keep the product at a safe temperature.

This section also provides an overview of marketing for meat in direct-to-consumer markets. Marketing becomes a vital component of any sales plan, especially when targeting consumers directly and when selling a higher-value product such as local, farm-raised meats. Marketing focuses on the products you are selling and their price, as well as the specific promotional strategy to reach your target customers, and finally the place at which your products are sold.

Budget Examples and Comparisons

The financial models examined will discuss three different potential retail meat sales scenarios. The first will be a farmers' market/roadside stand model. This will involve minimal investment, lower volume, and lower prices. The second will be an on-farm store that will include moderate investment, moderate volume, and median prices. The last scenario examined will be that of an on-farm butcher shop. This will require the most investment upfront, the most labor costs, but the highest volume and highest expected prices. All three will look at the pros and cons of their specific situations and give potential retail meat sellers the tools and questions necessary to begin thinking about becoming involved in the meat-selling industry.

Resources

The information in this document comes from a literature and database search as well as the knowledge of the consultant's work in agriculture in multiple states in the region on numerous direct-to-consumer sales projects in the past. The sources used are cited throughout the document. To provide further literature and materials on retail meat sales, as well as general business requirements, a dedicated section with resources is included. This section provides a link to each source, as well as a short description of the type of information provided.

Retail Meat Marketing and Sales Challenges

RETAIL MEAT SALES CHALLENGES

Selling products directly to consumers, especially meat products, can come with multiple challenges, but also opportunities for local farmers. Determining which sales outlet best fits your business, along with the challenges and barriers specific to those outlets is the first step in planning the sales side of your business. Key feasibility points in this decision process include the balance of labor requirements for such markets, along with the potential price that a product can command; additional regulatory requirements; and access to and availability of the market.

Multiple studies provide further insights into the challenges and strategies for selling through direct-to-consumer markets, including selling meat products. This study provides an overview of these challenges, as well as potential opportunities and resources for a farmer seeking these sales channels.

Misconceptions about buying meat at Farmers' markets

One challenge that farmers and producers may face when selling meat directly to consumers, especially through farmers' markets and other similar outlets, is misconceptions about the products and purchasing. A survey and analysis of consumer habits at farmers' markets conducted by Oregon State University Cooperative Extension revealed the top three reasons more consumers did not purchase meat at farmers' markets[1]. These are 1) meat at the markets costs too much compared to grocery stores, 2) it is not always convenient to purchase meat at the market, and 3) consumers are concerned about food safety.

Farmers can address these concerns through clear marketing and labeling of their products. Marketing can go a long way to help educate the consumer on the value of fresh, locally produced meats versus the products found in most chain grocery stores. Forming a relationship with consumers, showing where and how their food was grown, and communicating what makes their products different are all strategies to help overcome the concern about higher pricing.

For Consideration
Communication and consumer education can help alleviate common misconceptions about purchasing meat at the farmers market.

Some customers may also not be prepared to purchase meat at the farmers' market since they do not have a safe way to store it or transport it while shopping at the market. Communicating to customers through social media, newsletters, etc. would help inform customers when and where your products would be available to help them better prepare to purchase, as well as provide an opportunity to remind them to bring insulated bags or coolers if they intend to purchase. Additionally, farmers may want to provide insulated bags for customers who purchase to help keep the product cold, however, this would incur an additional expense for the farmer that would also need to be considered. Finally, farmers may offer to hold purchased products in their coolers until the customer finishes their shopping at the market, but this would require enough storage to keep these products separate and labeled for the customers.

[1] Gwin, L. & Lev, L. (2009). *Meat and Poultry Buying at Farmers' Markets: A Survey of Shoppers at Four Markets in Oregon.* Oregon State University Extension Service. Retrieved from: https://smallfarms.oregonstate.edu/sites/agscid7/files/trmeatpoultrybuying.pdf

Finally, consumers may have concerns about food safety when purchasing meat at a farmers' market, including not being able to inspect the meat fully when purchasing, and concerns about proper handling and cold storage. As is legally required when selling any meat products, be sure to clearly label each product with the inspection label. Also, be transparent with consumers about how the product is transported to the market and stored onsite, including thermometers to monitor the temperature in coolers. Don't leave products out or keep coolers open for long periods of time. If possible, using coolers with clear fronts or tops will allow customers to see the products while the cooler stays closed. Also, using pictures at your booth will provide better visuals of each product before the customer decides to purchase.

For Consideration
Using pictures and visuals of your products, or clear top/front coolers can help customers see your products without continually opening the cooler.

Determining when to hire more labor

Selling through direct-to-consumer markets can require more time and man-hours than using a distributor or wholesale markets. Often, labor at farmers' markets, farm stands, and other direct-to-consumer outlets are the farmers themselves or their families. While this practice can provide a direct relationship with customers and a way for people to get to know the farmers growing their food, it does reduce the amount of time you are managing your farm and animals.

As a farmer, you will need to find a balance between how much time you spend marketing and selling your products, versus how much time you need to conduct farm activities. At a certain scale, it may no longer be possible to attend each market while also maintaining the same level of management at the farm. At this point, you will want to bring in additional labor, either on the farm side or on the sales side to attend or staff the markets.

This balance is necessary for all direct-to-consumer sales outlets. If selling at farmers' markets, you will need staff who can drive to the market, or multiple markets a week, and stay during the full market time, which may be several hours. Depending on the size of the market, you may need multiple people present to work with customers. Farm stands and farm markets have similar staffing needs; however, you may operate the market more often during the week, increasing staff hours. Finally, selling online will also require dedicated staff to manage the online orders, provide customer support and assistance if needed, communicate the orders to the farm team, and assist with packing and shipping orders.

Labor Needs Across Sales Outlets		
Farmers' market	**Farm Stand/ Market**	**Online Sales**
1-2 Sales Associates capable of driving to the markets each week. Estimated 4-7 hours each market day	Depending on size, 1 full-time Market Manager, 2-6 part-time Sales Associates Estimated operating hours 10 hours/ day, 6 days a week Butcher services may require additional employees with specialized knowledge	1 full-time Sales Manager, 1-2 part-time Packing employees to prepare orders Depending on volume, orders typically shipped on set days Additional employees such as drivers may be needed if local delivery options are provided

Overall, the balance of hiring outside labor versus using farm and/or family labor depends on the scale of your sales operations, including the number of markets you attend or the number of days selling; the need for outside expertise, such as someone who is more computer savvy to operate an online store; and the ability to gain enough revenue through sales to cover the additional labor expenses.

Risks and Regulations

While most of the regulatory burden for meat products takes place on the processing side, farmers wishing to sell their processed meat must still abide by state and federal regulations. As discussed further in the document, meat that has been processed at a state-inspected facility may only be sold within that same state; meat that has been processed at a federally inspected facility may be sold across state lines. Meat processed at a custom-exempt facility may not be sold to anyone under any circumstance. It is the responsibility of the farmer to ensure that all meat is properly labeled with the inspection code when received from the processor. To handle meat in Virginia, a Meat and Poultry Handlers License is required, and you must remain in compliance with all food safety measures, including ensuring proper labeling and proper storage for frozen or fresh products.

For Consideration
Any business selling meat cuts and products are subject to state and federal regulations. These regulations increase with the addition of butcher and processing services.

In addition to regulations pertaining to selling meat, as a retail business, you will also face general business regulations. You will need to be sure to obtain the proper licensing, such as a business license, for each of the localities in which you sell your products. You will also need to ensure that you are capturing and filing taxes correctly for sales, and properly tracking transactions.

Marketing and Pricing

Marketing plays a major role in all direct-to-consumer and retail sales, as customers need to know about your products in order to purchase them. Establishing relationships with the local community and area will help build brand and product awareness for consumers. When selling online, the market becomes much larger, but it can also be much harder to reach your customer base without a robust marketing strategy.

Marketing helps to educate consumers on the value of your products, which can relate directly to the price charged. As with most local food products, pricing for local, farm-raised meat through retail and direct-to-consumer outlets is typically higher than pricing at traditional or chain grocery stores. Engaging marketing becomes vital to forming a relationship with customers and helping them understand the quality of your products. However, it should also be noted that the price consumers are willing to pay can be volatile and may need to be adjusted to fit changes in consumer trends and needs.

For Consideration
A well-devised marketing strategy is vital for direct-to-consumer sales. Both online and physical marketing is necessary to build your customer base.

Financial Analysis

Before making any moves into the retail meat selling space, careful thought should be given to the method of sales, as well as what level of investment the farmer is willing to make. Different methods will all have different upfront costs. However, any sales avenue will have some required expenses, such as purchasing cold storage equipment, or paying a processor to process and package your cuts.

A farmers' market booth is the cheapest option for conducting sales, while a butcher shop will require the most upfront capital. Every method has its benefits and drawbacks and should be thought about ahead of time. Each sales outlet will also differ in success rate depending on location, time of year, competition, etc.

The highest costs for any meat sales operation will be that of labor and processing. Labor will be needed to sell products at the market, work the register at your store or butcher's shop, as well as handle any other general labor duties that may arise. Processing costs will vary from processor to processor, as well as what kind and quantity of cuts you want to sell. Compare processors, if possible, to see where they differ on fee structure, what type of packaging they offer, and what their turnaround time from delivery to ready-to-sell is.

For Consideration
Labor and processing will be the largest expense for any retail meat operation. Finding ways to reduce these expense or choosing a market that can accept a higher price point will be key.

Industry Background and Statistics

NATIONAL RETAIL MEAT INDUSTRY

Red meat and poultry are robust industries across the United States, both in terms of production and sales. The COVID-19 pandemic has caused major shifts along the supply chain impacting how consumers access their foods, including meat. The following sections highlight the changes to the retail meat industry that have occurred over the past almost two years due to these shifts from the pandemic, as well as historical consumption trends across the nation.

Changes in Retail Meat Trends

On March 1, 2020, the President of the United States declared a national emergency in response to the outbreak of COVID-19. The spread of COVID-19 around the world and across the United States has had significant impacts on the state of the country's food systems. In response to the pandemic, many businesses either temporarily ceased operations or altered their business to conform to health concerns and governmental restrictions.

The pandemic not only affected the supply of meat and meat products from processors and slaughter facilities but also impact the way people accessed their foods. Due to the closure of many restaurants across the nation and the increase of work-from-home options, consumers began preparing more meals at home and looked toward more retail operations for access to meat. According to the Power of Meat report from the Food Industry Association and the Foundation for Meat and Poultry Education and Research[2] sales at retail meat departments increased by over 19% and the amount of meat purchased increased by 11%.

Not only did consumers purchase more meat during the pandemic, but more consumers changed their purchasing habits of the meat they were buying. About 42% of consumers purchased different types of meat, 40% of consumers bought different cuts of meat, and 45% of consumers tried different brands. Grocery shopping online also became more popular during the pandemic as more people sought to avoid populated areas and the convenience of groceries straight to their door. It is reported that 56% of consumers purchased groceries online, and 31% of shoppers specifically purchased meat, an increase of over 63% from 2019.

Not only has the pandemic impacted the purchasing habits of consumers when it comes to meat, but also the social responsibility of the farmers and brands. Many consumers look for brands and products that value environmental sustainability and 49% of consumers consider this when purchasing meat. Additionally, 55% of consumers look for information about the animal's welfare, including how it was raised and where it was processed.

Finally, plant-based meat alternatives continue to grow as an option for consumers, with sales growing by almost 84% over the last year. However, this category remains only 0.6% of the total meat and meat alternative sales.

Consumption of Red Meat and Poultry

According to the USDA Economic Research Service, the forecasted trends of overall meat consumption are expected to drop within the next year. As shown in the table below, the overall

[2] WGB Staff (March 23,2021). Annual Meat Conference Reveals Top 10 Trends. https://www.winsightgrocerybusiness.com/fresh-food/annual-meat-conference-reveals-top-10-trends

consumption of red meats and poultry has remained relatively stable between 2019 and 2020 but is expected to decrease slightly by the end of 2021 and continue into 2022. Consumption of both beef and pork is expected to decrease by almost two pounds each by 2022, with consumption of lamb and mutton expected to remain the same. Consumption of broilers (chicken) on the other hand is expected to increase by almost two pounds since 2019.

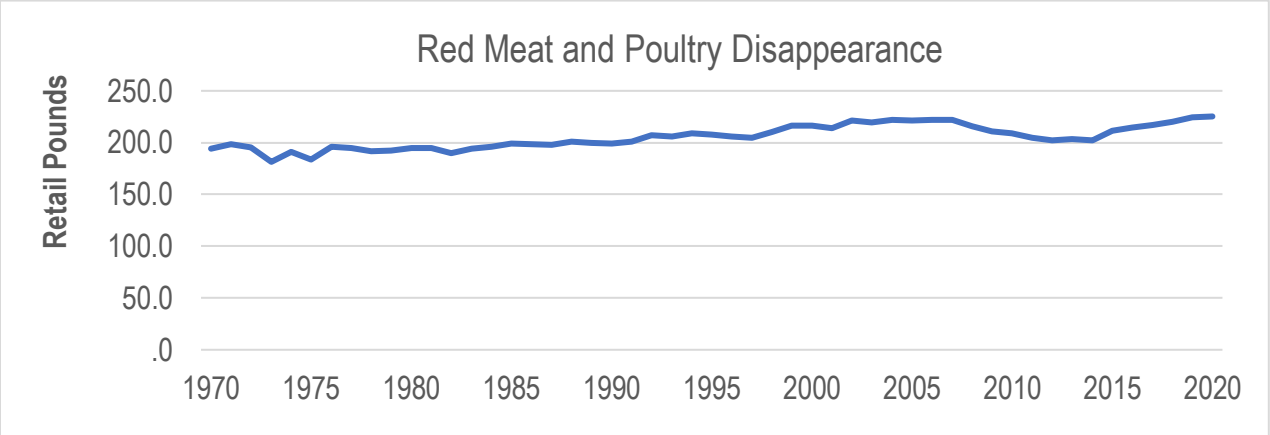
The following table is sourced from the USDA Economic Research Service's Livestock, Dairy, and Poultry Outlook for September 2021.

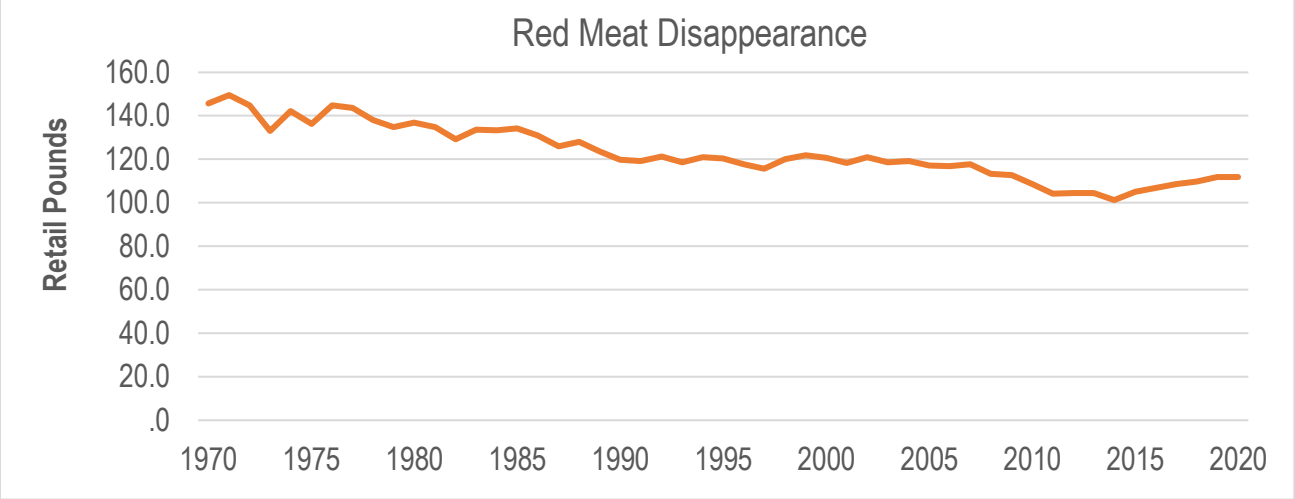
Table 1: Per Capita Meat Disappearance Forecast, Retail lbs.

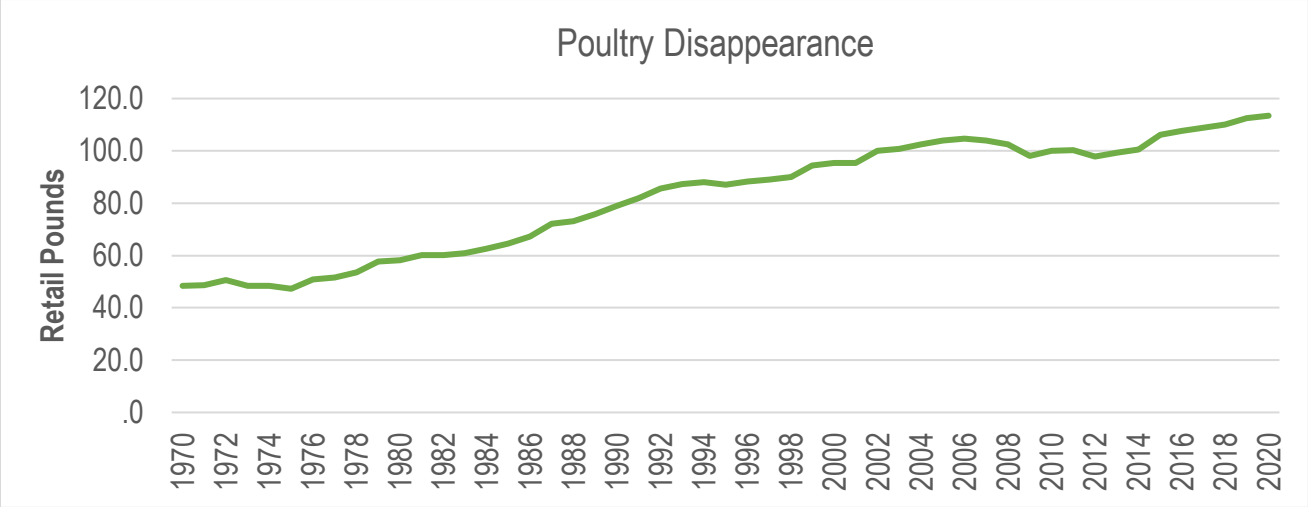
	2019	2020	2021					2022		
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Annual
Beef	58.1	58.4	14.6	14.9	**14.5**	**14.3**	**58.3**	**14.2**	**14.1**	**56.5**
Pork	52.4	52	13.1	11.8	**12.2**	**13.2**	**50.3**	**13.0**	**11.6**	**50.9**
Lamb/ mutton	1.1	1.2	0.3	0.4	**0.3**	**0.3**	**1.2**	**0.3**	**0.3**	**1.2**
Broilers	95.1	96.2	23.6	23.9	**24.7**	**23.9**	**96.0**	**23.5**	**24.4**	**97.0**
Turkeys	16.0	15.8	3.4	3.6	**3.8**	**4.5**	**15.4**	**3.5**	**3.5**	**15.4**
Total	**224.4**	**225.3**	55.3	55	**55.9**	**56.6**	**222.8**	**54.9**	**54.4**	**222.7**

Historically, consumption of red meat and poultry has increased for over 50 years. As shown in the figure below, consumption has varied since 1970 but has increased by over 16% through 2020. However, much of this consumption growth can be attributed to the increased consumption of poultry. As shown in the subsequent figures, consumption of red meats alone has decreased over the same period, dropping over 23% since 1970, while poultry consumption increased by over 134%.

Figures 1, 2, & 3: Total Red Meat and Poultry Disappearance & Red Meat Disappearance, 1970-2020



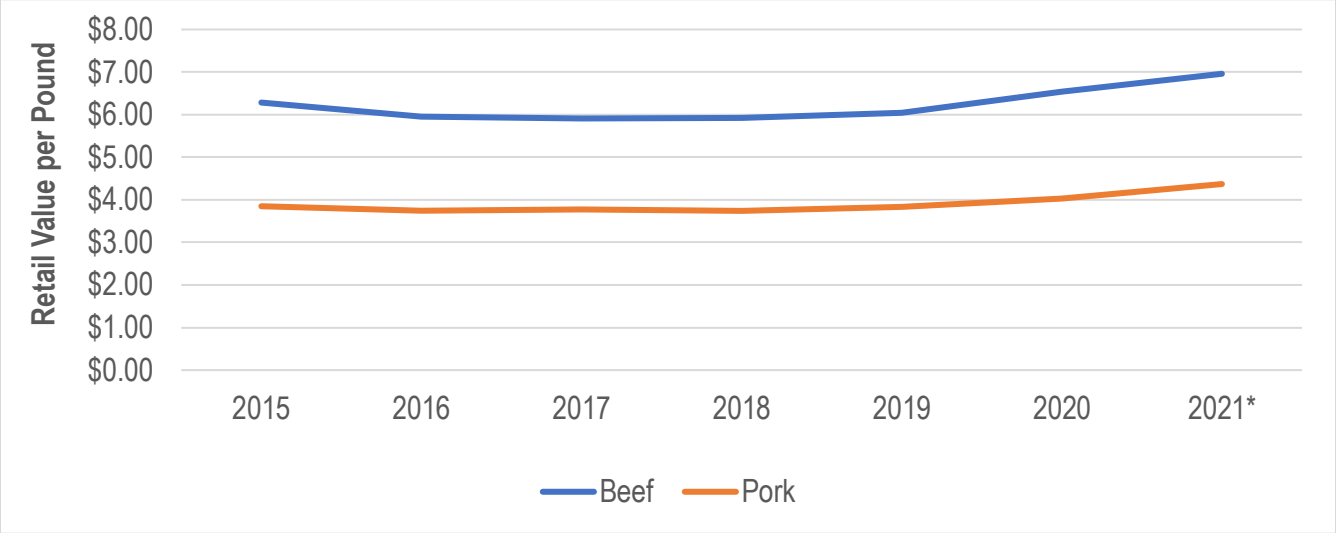

Red Meat Disappearance
Retail Pounds
160.0
140.0
120.0
100.0
80.0
60.0
40.0
20.0
.0
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020


Poultry Disappearance
Retail Pounds
120.0
100.0
80.0
60.0
40.0
20.0
.0
1970
1972
1974
1976
1978
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020

Retail Meat Pricing Trends

Retail prices for meat products, such as beef and pork have fluctuated slightly over the years, but typically without any major up- or down-swings. As shown in the figure below, the prices for pork and beef have remained relatively the same since 2015, however, the prices begin to show an upward trend moving into 2021, most likely due to the interruptions in the supply chain from the COVID-19 pandemic.

Figure 4: Historical Retail Beef and Pork Prices, 2015-2020[3]



*Average retail prices for 2021 are an average of monthly prices from January 2021 through August 2021.

According to the USDA Economic Research Service's Meat Price Spreads, the annual average retail value of beef in 2015 was almost $6.29 per pound. Beef retail prices reached their lowest point during this time in 2017 when average retail prices reached $5.91 per pound. However, by August 2021, the price of beef has increased to almost $7.64 per pound, for an average retail value of $6.96 between January and August 2021. This represents an increase of almost 11% over the almost six-year period.

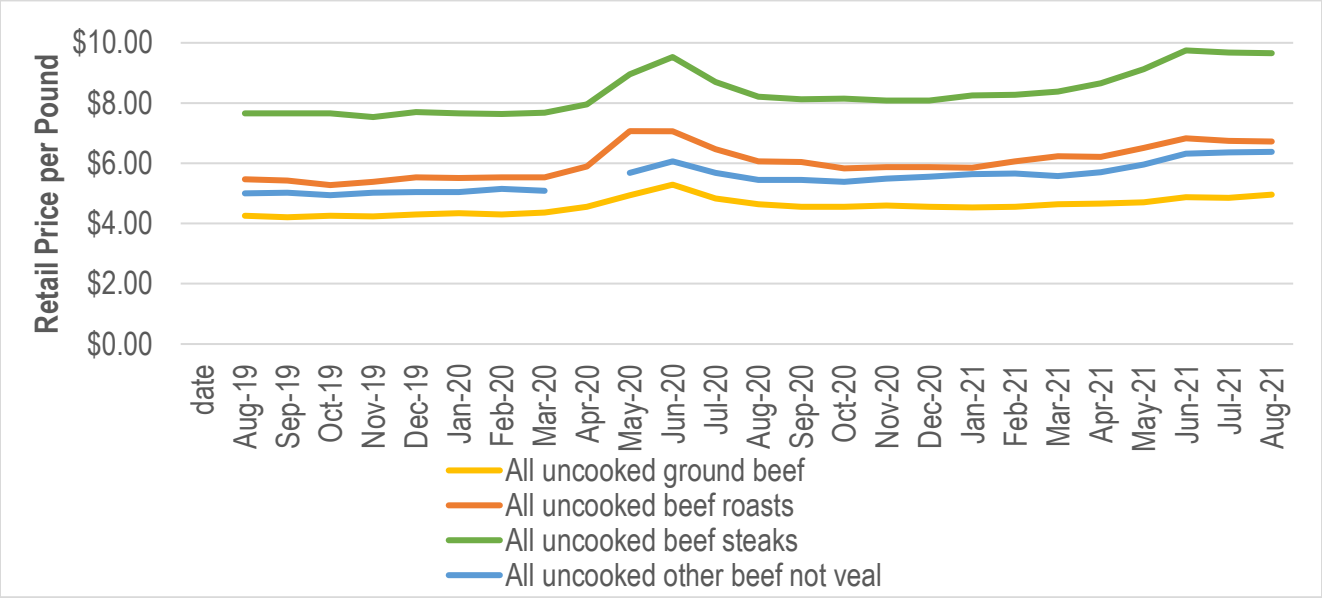
Pork prices experienced a similar trajectory, remaining relatively stable through 2019, then beginning an uptick in 2020 and into 2021. In 2015, the average retail value of pork products was $3.85 per pound, with prices reaching their lowest point in 2018 at $3.74 per pound. By August 2021, pork prices have reached their highest point at $4.65 per pound, for an annual average so far of $4.37.

The following tables provide a further breakdown of beef and pork prices for different product categories for the two years between August 2019 through August 2021. This information was sourced from the USDA Economic Research Services' Meat Price Spread. It should be noted that any gaps or breaks in the lines of the figures below represent times when no information was reported by the USDA.

[3] USDA ERS (Sept. 2021). Meat Price Spreads: Choice beef values and spread and the all-fresh retail value; Pork values and spreads. Retrieved from https://www.ers.usda.gov/data-products/meat-price-spreads/

All beef product categories or cuts followed the same pricing trend between August 2019 through August 2021. Pricing remained mostly stable at the end of 2019 and into the beginning of 2020. However, the United States declared a national emergency due to the COVID-19 pandemic at the beginning of March 2020, which caused an almost immediate response in the market. During this time many meat processors, restaurants, and wholesalers were no longer able to operate as normal, causing a shortage in the supply chain and a rapid increase in the retail price for beef. As shown below, prices reached a high point during this time in June 2020, surging again in the following summer.

Figure 5: Retail Beef Prices by Product, 2019-2021



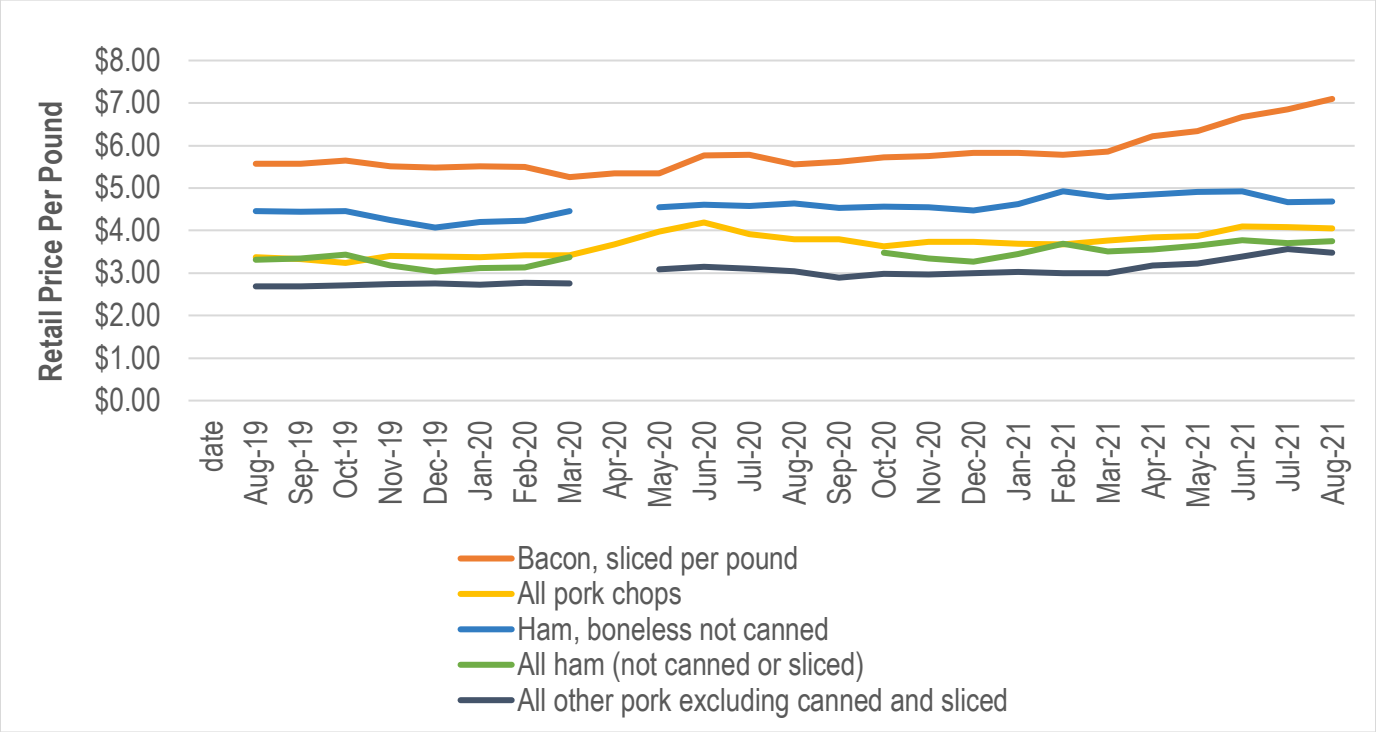
Historically, beef steaks command a higher price point than all other cuts or retail products reported by the USDA. This category includes all round-steak, sirloin, and stew beef. In August 2019, the average price for all steak was $7.65 per pound; by June 2020, the price had increased to a high of $9.52 per pound, a change of almost 20% over nine months. The price peaked again in June 2021, reaching $9.74 per pound. In total, the retail value of beef steak increased by 27% between August 2019 and August 2021.

Ground beef and ground chuck generally command the lowest price point out of the beef products reported. The average price for all ground beef and ground chuck was $4.25 per pound in August 2020, reaching its highest price point in June 2020 of $5.29. The price dropped off after this month but has slowly increased into 2021, reaching a price of $4.96 per pound in August 2021. During these two years, the average price for all ground beef and ground chuck increased by almost 17%.

The retail price for most pork products followed a similar trend to that of beef prices, however, pork prices did not experience as dramatic a change at the start of the pandemic as beef prices. In fact, the prices for most pork products continued to experience steady growth into 2021. It should be noted that the impact of the pandemic on pork prices may not be fully reflected in the

figure below, as some data was not available for the months immediately following the declaration of the pandemic.

Figure 6: Retail Pork Prices by Product, 2019-2021

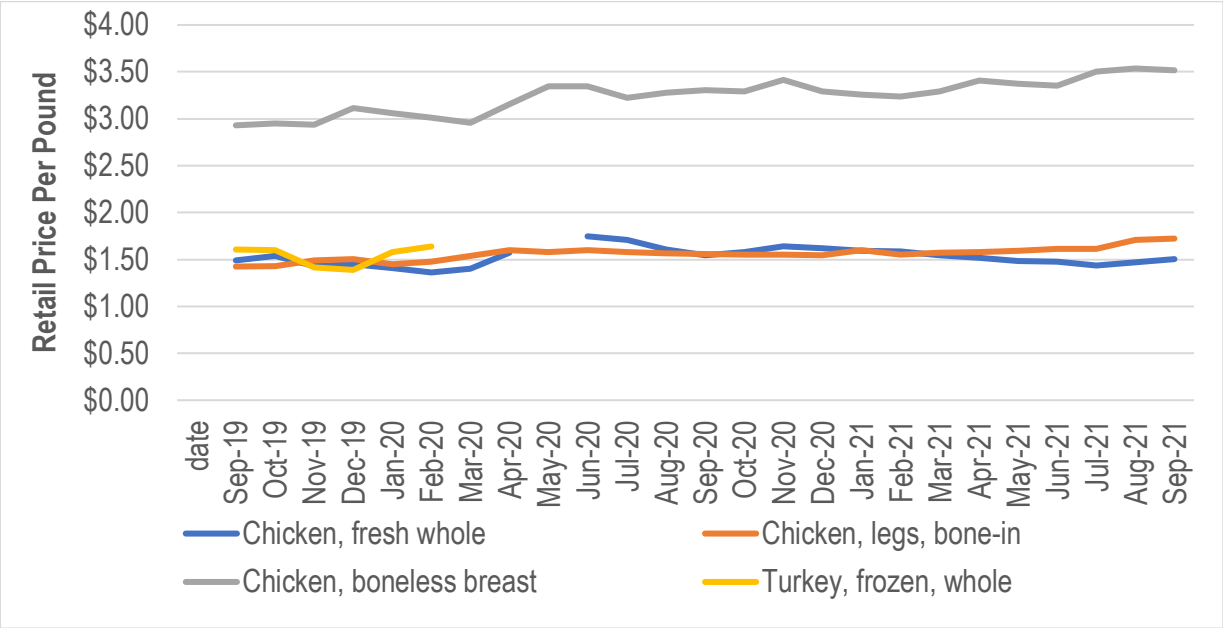


As shown in the table above, bacon typically commands the highest price out of the pork products reported. In August 2019, the price of bacon per pound was $5.58. By March 2020, the price of bacon reached its lowest point during the two years at $5.26 per pound, but by August 2021, the price increased dramatically to $7.10 per pound. Between August 2019 and August 2021, the price of bacon jumped by 27%.

Other pork products, such as ham and pork chops did not experience such a dramatic price change and remained relatively the same over the two years. Pork chops experienced a slight jump in price in June 2020 and increased by about 21% between August 2019 and August 2021. The price of ham only experienced an increase of about 13% during the same period.

The pricing for retail chicken and turkey has also varied over the past few years, ultimately increasing for each product through 2021. As shown below, boneless chicken breast remains the highest value poultry product, with a retail price of about $3.52 in Sept. 2021. Since Sept. 2019, the price of boneless chicken breast has increased by almost 19% or $0.56 per pound.

Figure 7: Retail Poultry Prices by Product, 2019-2021



The pricing for other chicken products, including whole chickens and bone-in legs, has remained relatively stable over the past few years, with a slight increase in summer 2021. Turkey pricing was only reported for six months between Sept. 2019 and Feb. 2020 and during that time only showed a slight increase overall.

ACCESS TO MEAT PROCESSING

Meat sales and processing in the nation are largely dominated by the same brands each year. Tyson Foods, JBS USA Holdings, and Cargill continue to be the top three national meat and poultry processors and brands in the United States, holding their spots from the previous two years. The following table highlights the top ten processors based on 2020 sales.

Table 2: Top 10 Meat Brands (Ranked by 2020 Sales)

Rank	Company and Location	2020 Net Sales (Billion $)	# Of Plants
1	Tyson Foods Inc – Springdale, AR	$42.2	110
2	JBS USA Holdings Inc.—Greeley, CO	$34.9	50
3	Cargill Meat Solutions—Wichita, KS	$20	36
4	Sysco Corp.—Houston, TX	$17	17
5	Smithfield Foods, Inc - Smithfield, VA	$16	61
6	Hormel Foods Corp.—Austin, MN	$9.5	32
7	National Beef Packing- Kansas City, MO	$8.5	7
8	Perdue Farms Inc.- Salisbury, MD	$7.3	22
9	OSI Group, L.L.C.—Aurora, IL.	$6.3	59
10	ConAgra Foods, Inc—Omaha, NE	$6	32

Source: https://www.provisioneronline.com/2020-top-100-meat-and-poultry-processors

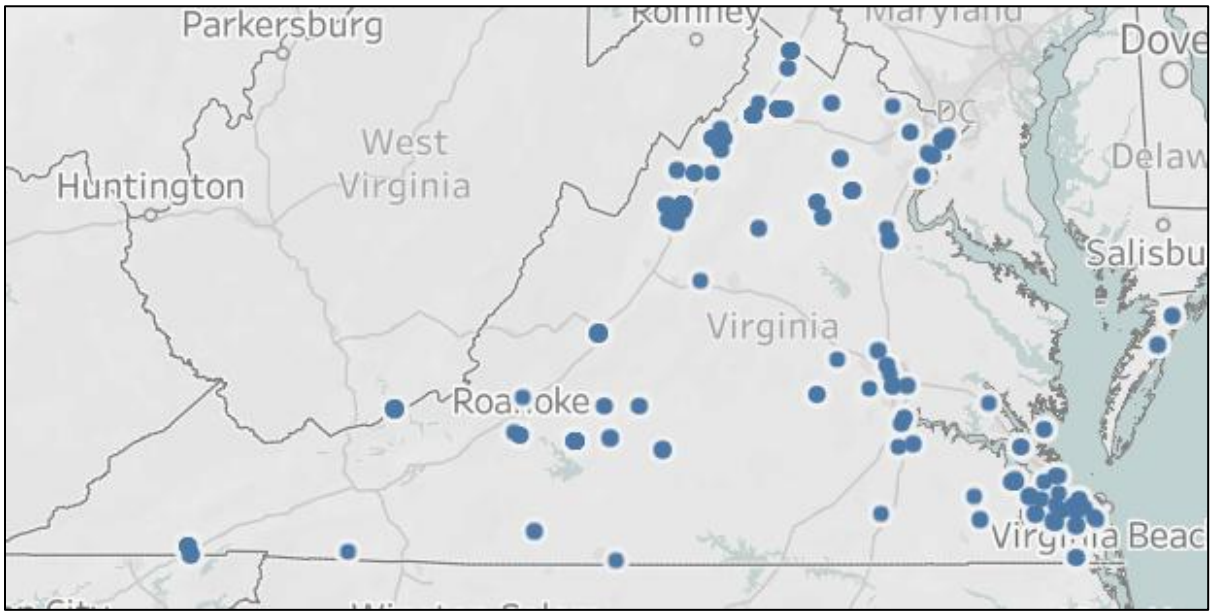
Sales for these top producers continued to grow from 2019 to 2020, despite the impacts of the COVID-19 pandemic. Some processors, such as JBS USA Holdings and Sysco Corp saw a slight drop in sales during this time, however, most experienced an increase. Tyson Foods increased its sales by $2.2 billion and total sales for the top ten increased by $3.7 billion, or over 2%.

Virginia Meat Processing Facilities

The USDA Food Safety and Inspection Service, (FSIS) maintains a directory of all inspected meat slaughter facilities around the country. According to the latest directory results, Virginia has 18 processing facilities that are inspected and listed for slaughtering beef, goat, lamb, pork, and/or sheep, however, the state has considerably more facilities that process poultry. The following map provides an overview of all livestock and poultry processing facilities across the state that are inspected by the FSIS.

As shown, most of these facilities are located along Interstate 81 are mainly concentrated in Northern Virginia, as well as in the Virginia Beach area. The middle portions of the state have a few processing options, but many farms in Central Virginia would be left to drive hours to reach a processing facility.

Figure 8: FSIS Inspected Processing Facilities, December 2021



Poultry slaughter compared to livestock slaughter can be more flexible and therefore easier to access. Farmers who slaughter less than 1,000 of their own birds may do so without mandatory inspection or establishing an inspected facility. Additionally, farmers can slaughter up to 20,000 of their own birds, or live birds purchased from other farmers under the Producer/ Grower of Other Person Exemption. The map above does not include those farms that may process their own or purchased birds under these exemptions.

Retail Meat Business Considerations

RETAIL MEAT SALES REGULATIONS

Retailing meat within the United States is heavily regulated, not only on the slaughter and processing side but also through sales operations. The following information pertains to processing and selling meat products within Virginia, however, some state-specific regulations may differ across the United States. Be sure to check with your local regulators to determine the correct process and licensing to sell meat in your area.

Resources

A Guide to Selling Meat and Poultry Products in Virginia, VDACS Office of Meat and Poultry Services

Meat and Poultry Handers Permit Guide, VDACS Office of Meat and Poultry Services

Food Establishment Operators Information, Virginia Department of Health

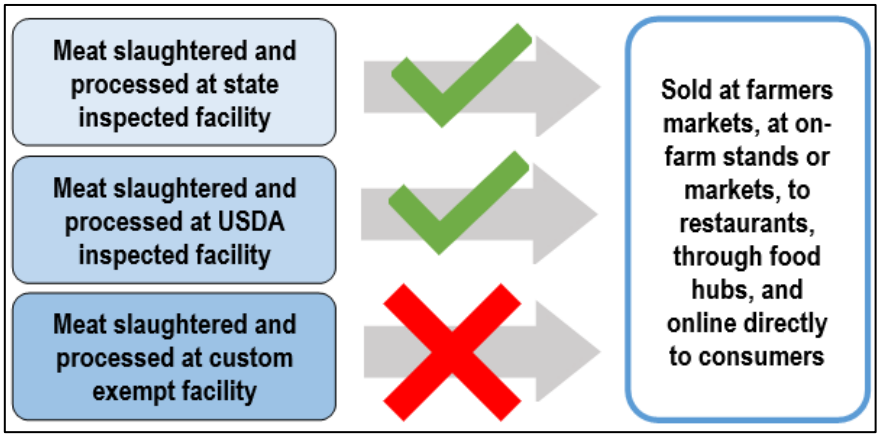
Retail Butchering, Niche Meat Processor Assistance Network

Guide for Poultry Slaughter Exemption, USDA Food and Safety Inspection Service

Selling Meat Products in Virginia

The Virginia Department of Agriculture and Consumer Services (VDACS) oversees all inspections and licensing for meat processing and sales in the state. According to this agency, the following species must be inspected if they are to be slaughtered and offered for sale: cattle, swine, sheep, goats, and poultry including ostrich, emu, and rheas. Some exemptions may apply if the animals are slaughtered and processed for personal use and will not be resold. Livestock or poultry not included under this list are not required to be inspected by the state or USDA, however, regulatory oversight will still be required.

Meat products that have been processed at a USDA/FSIS facility or VDACS inspected Talmadge-Aiken facility can be sold at farmers' markets/ farm stands, to restaurants, through food hubs, at retail stores, and through online stores. Meat that has been slaughtered and processed at a state-inspected facility under a Virginia permit may only be sold within the state in which it was processed. Meat that has been slaughtered and processed at a federally inspected facility can be sold across state lines. Meat is also sold by the pound, not by the piece or cut unless it weighs 0.5 ounces or less, then it may be sold by the piece. Standard packages of meat that are under four pounds must also include the ounces, e.g., "40ozs. (2.5 pounds)." livestock that has been slaughtered at a custom-exempt facility cannot be resold and must only be used for personal consumption, and similarly, poultry slaughtered under the Private Use Exemption is for personal consumption only. Additionally, farmers may be able to slaughter poultry on their farm up to 1,000 birds without the need for mandatory inspection, but those products may only be sold within the state. Other exemptions to the inspection of poultry exist and can be found under **Resources** in this section.



Labeling for Meat Products

Federal and State Inspection Labels







All inspected meat products must be appropriately labeled to indicate that they are legally inspected products. The label for processed meat products must include the following:

- Name of the product
- Ingredients if the product is processed from two or more ingredients (sausages and further processed meats may require an ingredient list)
- Name and place of business of the distributor or seller
- Statement of the net quantity of the product (net weight)
- Official inspection legend
- Safe handling instructions

If you receive cut and packaged meat products from the processor, you cannot open or repackage the products and the original label must remain and be visible. If you are a registered and inspected butcher, you must provide the appropriate labeling for all products processed and sold through the shop.

Meat and Poultry Handlers Permit

To sell meat and poultry as a business, farmer, or individual in Virginia, you must have a Meat and Poultry Handlers Permit. This permit is provided by the VDACS Office of Meat and Poultry Services and registration with this agency is free. The permit is issued for three years, after which it must be renewed. This permit is required for any meat sales, including on-site at a farm store or stand, at farmers' markets, and online. Food hubs that aggregate, store, and sell meat must also obtain a handlers permit.

The permit holder must remain in compliance with the permit requirements, which are provided below:

- Facilities must always maintain sanitary conditions to ensure that products do not become contaminated or adulterated.
- Products must be properly handled and stored to meet all sanitary requirements.
- Facility management must utilize preventative rodent and pest control measures.
- Vehicles used for item transport, as well as refrigerators and chest freezers, must be maintained to prevent unsanitary conditions or product adulteration.
- All products must be labeled properly, and the label must be present on the outside of the container. The product must have the label from the original processor and additional labeling may not be added after the product has left the inspected facility.
- Marketing materials may not include claims that are not included on the product label.
- Bulk products may not be broken unless all inside packages contain individual labels.
- Products may not be opened, repackaged, or relabeled.

The permit holder is also required to keep clear documentation, including the bills of sale, invoices, bills of lading, and receiving and shipping papers for all meat products handled. The records must include the name and description of the product, net weight, name and address of the buyer or receiver, and method and date of shipment along with the name and address of the

carrier. A flow chart of the permits and regulatory requirements through VDACS for meat and poultry is provided in the appendix.

Butcher Shops and Retail Food Establishments

Under Virginia Food Laws, any establishment that manufactures, stores, or sells food must be inspected by the Virginia Department of Agriculture and Consumers Services. Businesses selling products under a grant of inspection from the Office of Meat and Poultry Services or a permit from the Office of Dairy and Foods do not need a separate inspection from VDACS. You are also exempt from inspection if you are a retail food establishment that only sells sealed foods in the packaging from the manufacturer and has already been inspected in the manufacturing process. Essentially, if you are selling meat cuts or products that have already been packaged and inspected at the processing facility, then your farm market or retail store is exempt from inspection under the Virginia Food Law.

Any business that purchases and prepares inspected livestock carcasses to sell to consumers at a retail store must contact the Office of Dairy and Foods as well as the local health department. If a farm market or store chooses to sell prepared food products using the processed and inspected meats, then the establishment would be subject to further food safety regulations under the Virginia Food Laws and would need to be inspected. Additionally, depending on your location, you will need to register with your local health department and obtain a food establishment health permit.

Butcher shops may fall under different regulatory categories based on how the products are sold:

- USDA Exempt: These shops typically purchase all USDA inspected carcasses that are then further processed into retail cuts and sold directly to customers at the store. These stores conduct a majority of sales to customers and are allowed a small percentage of wholesale sales to restaurants and hotels. Stores and facilities under this category are still subject to state and local Department of Health inspections and permitting. Most grocery stores with a meat counter fit into this category.

- USDA Inspected: A butcher shop that sells primarily wholesale or conducts more off-site sales would fall under USDA inspection. The meat purchased and used for retail cutting and processing must still come from an inspected slaughter facility. These operations are also still subject to state and local health department regulations.

- Hybrid Inspected and Exempt: A butcher shop may elect to conduct some cutting and processing activities that are not inspected for direct retail sales and may also separately conduct inspected cutting and processor for a larger portion of wholesale markets.

- State Inspected: Shops may also elect to be state-inspected only, which allows for inspected cutting and processing but only for sales conducted in the state.

General Business Regulations

The permits and regulations discussed above pertain specifically to selling processed meats in Virginia. However, the state had additional regulations and requirements for any person or business selling products in the state.

Resources

Starting a new business, Virginia State Corporation Commission

Virginia sales tax forms and process, Virginia Dept. of Taxation

Virginia sales tax rate by localities, Virginia Dept. of Taxation

Commercial Insurance Consumer's Guide, Virginia State Corporation Commission

Business Registration: Sales of retail meat products may be conducted under the farm business, or the farmer may decide to form a separate business for the sales side. Any new businesses will need to be registered with the Virginia State Corporation Commission. You may also elect to use a different name for branding purposes under an existing business. In this case, you can register the name as a DBA (Doing Business As).

Business License: The Commonwealth of Virginia does not have a general business license that is required to conduct business in the state, however, individual cities and counties may require a business license depending on their specific regulations (most locations have license requirements). If you are selling at multiple locations, such as your farm, located in one county, and a market, located in a different county, you will need separate business licenses for each location.

Sales Tax Certificate: Anyone who sells, leases, or distributes tangible goods and property in Virginia must register to collect sales tax with the Virginia Department of Taxation. Individuals or businesses that sell at one or more physical locations in Virginia must register as an in-state dealer. Registration is completely free and can be completed online. The current state sales tax rate in Virginia is 5.3%, but some localities may have an additional regional or local tax that must also be collected. A list of locations and their specific sales tax rate can be found on the Virginia Tax website. Across the entire state, food for home consumption is taxed at a reduced rate of 2.5%.

- **Farmers' market/ Roadside Stand Exemption:** Farmers selling their products through a farmers' market or roadside stand may be exempt from collecting sales tax if those annual sales do not exceed $1,000. Farmers are still required to register to collect tax but do not need to do so until reaching the $1,000 threshold, after which the farmer must remit tax on all sales including the first $1,000.

- **Sales tax for marketplace sellers:** A marketplace seller may not be required to collect sales tax on sales conducted through a marketplace platform. A marketplace seller is anyone who contracts with a marketplace facilitator to sell their products through the facilitator's platform. This platform may be a physical or electronic marketplace operated by the facilitator. The facilitator is required to collect sales tax if the facilitator conducts over $100,000 or 200 transactions to Virginia customers within a year.

Zoning Permits: Counties and cities may also have specific zoning regulations for business operations, check with local zoning ordinances before establishing a retail location, even if it is on the same property as an existing business such as your farm.

Business Insurance: Business insurance, typically liability insurance is typically required to conduct businesses in cities and counties across Virginia. For example, some farmers' markets may require that the vendor hold general liability insurance and provide proof when applying to the market. Many insurance providers offer small business insurance, and the Virginia State Corporation Commission provides a guide for commercial business insurance (provided in the resources list above).

MEAT RETAILER SALES OUTLETS

Meat cuts and products can be sold through a variety of outlets and channels, from wholesale through distributors to directly to the customer at a small farm stand. While selling meat products through wholesale channels is a viable option, this document specifically focuses on retail operations and direct-to-consumer sales.

Remember!

- Meat processed at a State inspected facility can only be sold within that state.
- Meat processed at a federally inspected facility may be sold across state lines.
- Meat processed at custom exempt facilities cannot be resold.

Farm Stands/ Farmers' markets

Farm stands and farmer markets are direct-to-consumers sales outlets with farm stands located directly at the farm location, while farmers' markets typically consist of vendor booths at a central location where multiple farmers sell their products. Meat can be sold by farmers at either of these locations. For these outlets, the farmer typically uses a third-party processor who is responsible for animal slaughter, processing, and packaging. The farmer is responsible for taking the animals to the processor and picking up the final packaged products. After this point, the farmer can sell the packaged meat cuts to customers through their market, if the meat was processed at a state or federally inspected facility.

Resources

How to Develop a Farm Stand, University of Vermont Cooperative Extension

So You Want to Run a Farm Stand, Rodale Institute

Selecting a Point-of-Sale System for Your Farm, Community Involved in Sustaining Agriculture

CoolBot Provides Inexpensive and Effective Cooling, UC Davis

Blueprints- Farm Market, Smoke House, Roadside Market, Colorado State University

Farm stands or other on-farm markets provide a convenient sales outlet for the farmers, who do not need to worry about refrigerated transportation to the customer or other sales outlets. Farm stands can also provide additional agri-tourism incentives for consumers who are interested in visiting the farm and purchasing their products straight from the source.

Farm Stand and Farmers' market Facilities and Equipment

Farm stands/ markets can be a simple setup of just a covered stand or can be a separate fully furnished building that includes dedicated storage for products, restrooms, and a market area. The farm stand is typically built and owned by the farm owner, who is responsible for all on-site utilities, maintenance, and upkeep. Farmers' markets are typically coordinated and managed by a market manager. The infrastructure provided at each market may vary, but typically includes a dedicated space for tents, coolers, etc. Some markets may provide access to electricity, or in some rare cases, access to cold storage.

Colorado State University provides a collection of blueprints for building various buildings and facilities such as a moveable roadside state, a roadside market, and a farm market with a walk-in

refrigerator. A full list with links to each blueprint can be found on their website, and a selection of blueprints has been provided in the appendix of this document.

A major need for any type of farm stand or market is convenient access to cold storage that can maintain a frozen product's temperature at no higher than 20° or 40° for refrigerated products. Examples of cold storage can include ice-packed coolers, small chest freezers, refrigerated rooms/trailers with CoolBot technology, and commercial freezer/refrigerated units. Some farmers' markets may have access to electricity or outlets that can be used when bringing your chest freezer, otherwise, be sure to securely pack the meat in coolers that allow it to remain at the appropriate temperature throughout the market day.

Whether selling at a Farmers' market or a farm stand, you will also need a convenient way to conduct transactions and collect payments. Using an electronic or cloud-based point of sales system can help you easily keep track of all transactions and allow customers to use credit and debit cards. Some point-of-sale systems offer mobile options, such as a handheld card reader or a reader that attaches to a mobile phone. Additionally, small bills are always good to keep on hand for those cash customers who may need change.

For Consideration
Consider a cooperative approach through collaboration with neighboring farmers to reduce costs and increase product offerings at your market

Farm Stand and Farmers' market Locations

Farm stands and markets are typically located at or near the farm site. The location at the farm may depend on aspects such as visibility from the road, access to cold storage, zoning laws, ease of access, etc. Depending on the location of the farm, farm stands may not be the most convenient location to reach major markets, as some consumers may not be willing or able to travel to the farm, especially if it is in a rural or hard-to-reach area.

Farmers' markets may be a more convenient option for consumers, as these are typically located in a more centralized, or easy to access area of the community. Farmers' markets also include multiple farmers and products, drawing a larger potential customer base. Customers who are seeking fresh produce may also shop for fresh meat all in one location. Many farmers' markets typically do not have on-site cold storage, so the farmer would need to ensure they have a safe way to store and transport the meat for the market.

For Consideration
Farm markets and farmers markets may provide a higher price but watch out for additional expenses such as labor and infrastructure.

Labor Needs at Farm Stands and Farmers' markets

Both farm stands and farmers' markets require additional man-hours or hired labor to staff or attend the market. Time spent at the market reduces the amount of time spent in the field or tending to the farm and additional hired labor increases labor costs. The balance of cost to income for these markets will need to be considered when deciding where to sell your products. In general, and depending on the size of the market, you will want to have a Market Manager and Sales Associate to staff the market or Farmers' market. These positions may fill multiple roles or may be family members also assisting on the farm.

- Market Manger: This employee is responsible for managing all aspects of either the Farm Market or selling through the Farmers' market. The Manager is responsible for coordinating transportation of the products to the market, ensuring adequate inventory, tracking sales and transactions, and conducting sales directly to customers.

- Sales Associate: The Market Manager may be assisted by a Sales Associate who is responsible for conducting sales and providing general labor as needed for any market or selling activities.

Online Sales

Meat cuts and processed meats may also be sold directly to consumers through an online e-commerce store. Many farmers have adopted an online market as part of their operations in response to the safety guidelines in place during the COVID-19 pandemic when many farmers' markets and other retail locations were shut down. Through an online market, consumers can place their order directly with the farmer to purchase products that are then shipped to their house. Some farmers may also provide a pick-up option for orders placed locally, typically at the farm or another central location.



Resources

Farmers Guide to Direct Sales Software Platforms, National Young Farmers Coalition

Selling Meat Online (Podcast), Small Farm Nation

Location and Infrastructure Needs

Online sales can provide a more convenient shopping experience for consumers who do not frequent farmers' markets but still seek local products. Online sales may also provide access to markets beyond the local community to consumers across the nation. The exact location of the farm does not play as vital a role in online sales as it would for on-site markets. Easy access to major highways for shipments, or to shipping centers, such as FedEx or UPS will make shipping orders easier.

With online sales, farmers also do not need to have the dedicated infrastructure for a market, only access to cold storage for holding inventory until orders are fulfilled. However, you will want to consider your broadband access and high-speed internet when conducting sales online. Additionally, you will need an engaging website that is easy to navigate for shoppers. Finding the right software platform to manage your online sales is an important part of the planning process when selling online.

You must be able to easily manage the online store or communicate with customers more efficiently when conducting sales online. The National Young Farmers Coalition provides a comprehensive guide to finding direct sales platforms that fit your farm. A list of the platforms included in this guide has been provided in the appendix and a link to the full documents is provided in the Resources section.

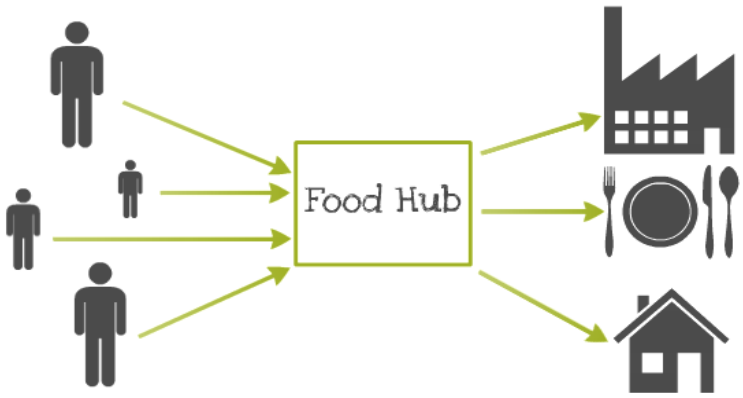
The Cost of Online Sales

Compared to direct in-person sales, online sales have added costs, such as shipping, specialized packaging to keep the frozen products safe, and the cost associated with establishing and maintaining an e-commerce platform. Some of these additional costs, such as shipping or services fees for online sales may be passed along to the customer, increasing the overall cost for the customer. There is a customer base who would be willing to pay a premium for farm-fresh products and the additional costs associated with the convenience of direct shipping. However, that market will be limited, and additional investments in marketing to build the brand online would be needed.

Some farmers have found ways to reduce or mitigate additional costs associated with online sales. For example, some large transporters, such as FedEx or UPS provide business accounts that reduce the shipping costs depending on how many shipments are made each month. Additionally, some farmers provide return shipping labels with their packages to allow customers to easily send back the insulated packaging to then be reused or recycled by the farmer. Producers may also elect to provide a subscription for CSA-style meat boxes at a reduced rate to provide guaranteed cash flow for the business.

For Consideration
Online sales can provide a more convenient outlet for some customers but incur higher costs from shipping and maintaining the sales platform.

Food Hubs



Food hubs provide another potential market for retail meat cuts and products. A food hub is a business that typically aggregates and sells local foods, such as produce, dairy, and proteins. Food hubs will generally pay the farmers a percentage price that is higher than typical wholesale, but lower than direct-to-consumer pricing. The food hub will then aggregate these products with those from other farmers to sell either directly to consumers, restaurants, or wholesale. Some food hubs may provide additional services, such as further value-added processing.

Food hubs offer a solution to issues farmers and producers face often. Food hubs provide links between farmers and buyers and provide individual farmers with the means to market and sell products together as one larger entity, serving high-demand buyers. Food hubs also provide farmers with fair and consistent pricing for their products. For buyers, food hubs can provide better education on specific products, such as health benefits or how families can integrate more products into their diets.

For Consideration
Food hubs may provide a price lower than retail, but typically higher than wholesale. Food hubs also reduce the costs and time associated with selling directly to consumers.

Food hubs can provide a benefit to small farmers who are not able to access larger buyers or do not want to invest the time into selling directly to customers at farmers' markets. Food hubs can generally access more buyers by providing larger quantities from multiple farms or combining products through a CSA-style box. Food hubs reduce the infrastructure investment the time burden from the farmer, and the farmer is typically only required to transport their packaged product to the hub. However, not all food hubs are equipped to handle meat sales due to the need for additional licensing and dedicated cold storage.

Butcher Shops and On-site Processors

To provide more individualized services and products to customers, you may elect to open a butcher shop at your market or retail establishment. A butcher shop or retail meat processor does not slaughter the live animals but instead receives whole or quartered carcasses that are then further processed into cuts or other value-added meat products.

Resources

Retail Butchering, Niche Meat Processor Assistance Network

Range Meat Academy

Smoke House Blueprints, Colorado State University Extension

A farmer who establishes their own butcher shop and on-site market for their meat may be retail-exempt from daily USDA inspections, however, these locations cannot slaughter their own animals, only process the meat. The meat used at the butcher shop and sold to customers must still be purchased from inspected facilities.

For Consideration
Forming a cooperative or mutually owned group can provide help producers share infrastructure and resources to reduce start-up costs.

Equipment Needs for a Butcher Shop

Butcher shops typically require much more specialized equipment than operating a standard farm market or farm stand. This additional equipment translates to increased startup costs and investment needed, which is further discussed under the financial considerations portion of this document. The exact equipment needed will depend on the type of meat cuts and products your customers demand, and you want to supply. Basic butcher shop equipment should include:

- Refrigerator and freezers
- Worktables and butchers' knives for cut-up processing
- Meat grinders and slicers for ground products or deli-style cuts
- Window-front display cases to help customers see the meat before they purchase
- Scales, freezer paper, and label printers for weighing and packaging orders

If you intend to also further process meats into cured products or value-added items like sausage, you will need the appropriate supplies and additional equipment, such as a meat curing and aging cabinet. Colorado State University Extension provides blueprints for building a smoke house, which is provided on their website and in the appendix of this document.

Labor Needs for Further Processing

Labor for a butcher shop is somewhat like the needs for any retail food store, however, butcher shops would require at least one training and experienced butcher to conduct all meat cutting and processing. While there are no legal certification requirements for butchers, many organizations and schools provide special certification programs for butchers. Seeking a qualified and potentially certified butcher will help ensure that onsite meat processing is conducted safely and correctly.

Under Virginia Food Regulations, non-exempt food establishments are required to have a Certified Food Protection Manager. This person could be the general store manager or the butcher but must be certified and have supervisory and management responsibilities.

Other Considerations for Starting a Butcher Shop

The Niche Meat Processors Assistance Network provides additional considerations for farmers or producers seeking to establish an on-site retail butcher shop. One major consideration is the regulatory requirements and inspection needed to further process raw meat products. These are discussed further under the Regulations section of this document. Other considerations include:

- Focus on local sales of your products first before expanding to include products from additional farmers or sales to larger markets, such as online sales. You may elect to expand your butcher services to other farmers, but you need to first solidify your processes and systems for your products and ensure that these additional services would not detract from your own efficiencies.

- Use an existing facility, such as an old restaurant, small grocery store, or commercial kitchen if possible. Retrofitting an existing building can be less cost-prohibitive than trying to build out a new facility of your own. However, the location and quality of existing buildings may not fit your overall plan and must be considered during the planning process.

- Once your operations are established, consider sub-leasing some of your commercial kitchen space to share costs during days you are not processing your meat. Instead of building or retrofitting your own building, you may even consider renting space at an inspected kitchen or restaurant.

- Develop a HACCP plan even if it is not required for your operations. This plan will help you further prevent food safety issues down the road and will be in place if needed in the future. Similarly, keep good records of your sales and processes to ensure that you remain in compliance with all regulations.

MARKETING MEAT TO CONSUMERS

Selling any products through direct-to-consumer or retail outlets requires a much higher level of marketing and planning than other outlets, such as wholesale. Developing a marketing strategy can help you identify your target customers and the best way to reach them. Through direct marketing to your consumers, you can build a relationship with them and help them connect directly with the individuals or families that grow their food.

A marketing strategy typically addresses four main components: the products you provide, the price of those products, the promotional activities you use, and the place where your products are provided. These components are explored more in-depth throughout this section with a focus on marketing for meat cuts and products through retail and direct-to-consumer outlets.

The Product

Defining the product you provide includes not only the specific cuts and meat that you sell but also the quality of the product and the overall experience for the customer. This is especially important when it comes to pricing your product (discussed further in the section) as you will need to communicate the attributes of your product to help the customer understand its value. Understanding what needs your product addresses also comes from understanding your market. Are you primarily selling into a low-income community or a food desert that needs betters access to healthy foods? Are you targeting higher-income consumers who are seeking a more natural product and a further connection to the agricultural community?

Resources

Inspection & Grading- What Are the Differences?, NC Department of Agriculture and Consumer Services

Check the Label and Bring to the Table- USDA Grades Explained, USDA AMS

As previously discussed, some meat cuts and products command a higher price in the market than others, however, this higher price may be offset by higher processing expenses required for those cuts. Additionally, some products may be further graded for quality, further adding to the value of the product. (Additional information on labeling and certifications is provided further in the Marketing section). This section covers the common cuts and products from cattle, hogs, and goats that may be sold through the retail market. The market does exist for whole, halves, or quarter cuts, however most retail and direct-to-consumer markets are for individual cuts or sub-primal cuts.

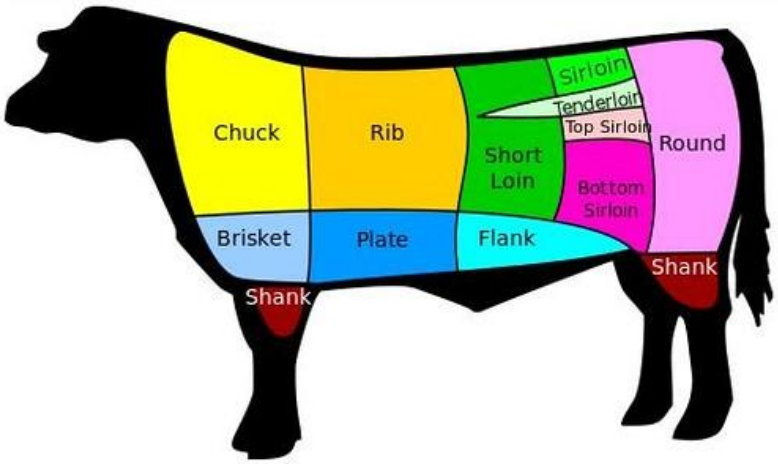
Primal vs. Sub Primal
Primal cuts refer to wholesale cuts that are the next step beyond halving and quartering. Sub primal cuts refers to retail meat cuts that may include fatter or leaner portions.

Beef Cuts

Beef is the highest consumed red meat in the United States and the second-highest consumed meat behind chicken. Beef products are typically sold as individual cuts as well as further processed into ground beef and other value-added products. However, some consumers may seek

out whole sides or larger primal cuts to them break down further based on their specific needs. The following figure provides a visual breakdown of beef products from a full carcass. \

Figure 9: Breakdown of Beef Cuts



The primal beef cuts for the front-quarter of the carcass are the rib chuck, shank, brisket, and plate. The hindquarter is divided into the flank, round, and loin. Sub primal cuts include further processing of these cuts and include individual steak cuts, roasts, ribs, and ground beef. By share of sales, ground beef is the most popular beef product. The following table provides a list of sub primal beef cuts.

Table 3: Primal and Sub Primal Beef Cuts

Pot-roast	Porterhouse steak	Bottom round roast	Ground Chuck
Stew beef	T-bone steak	Top round roast	Braising beef
Boston cut	Club steak	Rump roast	Ground beef
Rib roast	Sirloin steak	Kabobs or cube beef	Tip roast
Ribeye steak	Filet mignon	Flank steak	
Short ribs	Brisket	Shank	

For Consideration
Having your beef graded at the processing facility is another way to help communicate the value of your products but may incur an additional cost.

At the processing facility, beef and other meat cuts may be graded for quality to help consumers easily identify meats that have certain qualities of tenderness, juiciness, and flavor. Beef is graded as a whole carcass for both quality and yield. Quality grades evaluate tenderness, juiciness, and flavor, while yield grading evaluates the amount of useable lean meat on the carcass.

Yield grades are indicated on a range of 1 to 5, with one being the highest grade representing the greatest ratio of lean-to-fat meat, while five is the lowest ratio. Yield is not typically considered for individual cuts and is most relevant for consumers purchasing whole sides or quarters.

Quality grading is represented by three main categories: USDA Prime, USDA Choice, and USDA Select. Each of these grades is typically indicated by a “grade shield” that can be placed on product labels. Beef may also be standard or commercial grade, which is typically sold as

ungraded or may be used to make ground beef. Each beef grade is further described below based on the USDA's Agricultural Marketing Service's guide Understanding Food Quality Labels[4]:



USDA Prime: This grade is the highest quality grade level for beef and is typically produced by young, well-fed beef cattle. Prime cuts typically have an abundance of marbling, which is the amount of fat interspersed with lean meat. These cuts are most often sold in high-end restaurants and hotels.



USDA Choice: This grade is similar to Prime, but the beef typically has less marbling, however, the meat is still high quality.

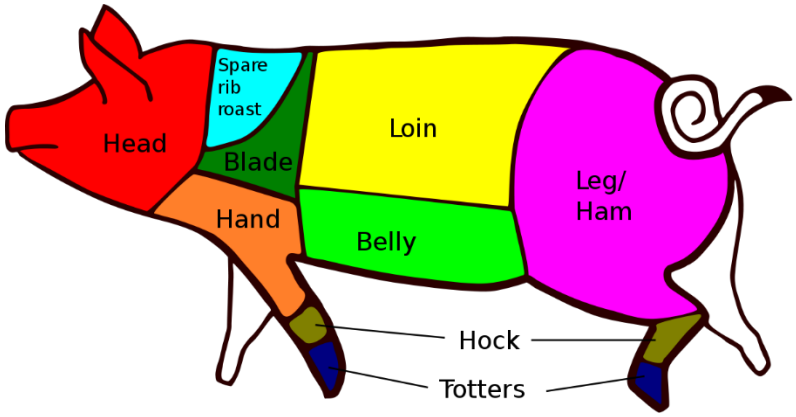


USDA Select: Beef under this grade is typically very uniform in quality and leaner than Choice and Prime grades. There is less marbling, but the meat is still fairly tender. Select grade beef may be less juicy and flavorful than higher grades.

Pork Cuts

Pork is the second highest consumed red meat behind beef in the United States. The primal cuts for pork are the shoulder, or the front portion of the hog; the leg, including the rump; the loin; and the belly. The list of sub primal meats includes the shoulder blade and spare rib roast. The following figure provides a visual breakdown of a hog carcass into primal cuts and some sub-primal cuts.

Figure 10: Breakdown of Pork Cuts



[4] USDA AMS. Understanding Food Quality Labels. Retrieved from: (https://www.ams.usda.gov/sites/default/files/media/AMSProductLabelFactsheet.pdf

Figure 11: Primal and Sub Primal Pork Cuts

Sausage	Feet	Tenderloin	Spareribs
Shoulder roast	Leg butt (butt ham)	Pork chop	Pork belly
Boston butt	Leg shank	Back bacon (Canadian Bacon)	
Picnic shoulder	Loin rib end	Sirloin roast	
Jowl	Baby back ribs	Sirloin chop	
Hock	Pork Roast	American bacon	

Unlike beef, pork is not graded by the USDA and does not have a corresponding quality indicator. High-quality pork is typically produced from young animals that have been bred and fed to produce more uniformly tender meat. Consumers generally look for cuts with relatively small amounts of fat that are over the outside that is firm or grayish pink in color.

Lamb/ Mutton Cuts

Lamb and sheep meat, or mutton, is less common red meat but still commands a market in the United States. Primal cuts of lamb and sheep are the shoulder, breast, rib, loin, and leg. The following figure provides a breakdown of some of the parts of a sheep carcass followed by a table of sub-primal cuts.

Figure 12: Breakdown of Lamb and Sheep Cuts

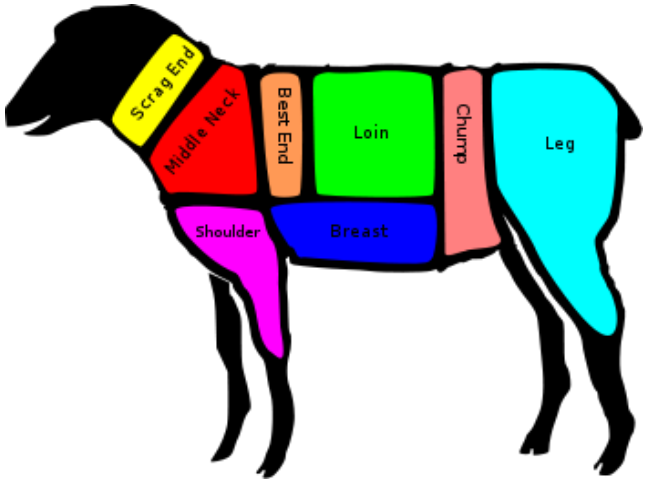


Table 4: Primal and Sub Primal Lamb Cuts

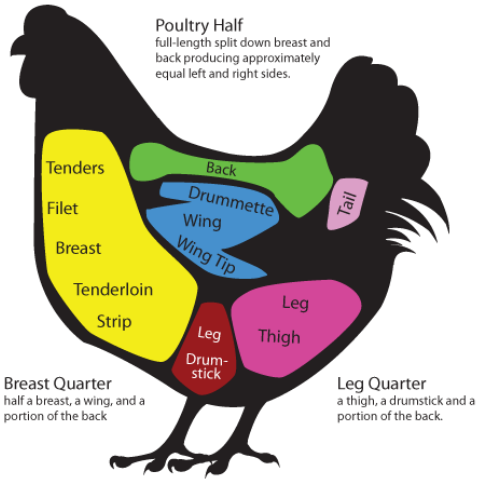
Leg of lamb	Flank	Rack of lamb
Sirloin	Arm chops	Shank
Lamb chops	Blade chops	Shoulder roast
T-bone	Neck chops	Rib chops

Like beef, lamb cuts are graded for quality, which is represented by five grade levels, however, only two, prime and choice, are retail grades. Prime grade lamb typically has very high tenderness, juiciness, and flavor and has abundant marbling. Choice grade lamb has less marbling than prime but is still high quality.

Poultry Cuts

Poultry has become the most popular choice of meat for many consumers over the years, with chicken dominating the sector of the industry. Turkeys and broilers are sold as whole birds, especially turkeys, but chicken is also sold as individual cuts. Primal cuts of a chicken carcass are the half, breast quarter, and leg quarter. The figure below shows a breakdown of retail chicken cuts.

Figure 13: Breakdown of Chicken Cuts



As discussed previously, boneless chicken breast remains the most popular cut of chicken in terms of consumption per capita. Thighs, legs, and wings are also popular retail products.

Table 5: Primal and Sub Primal Poultry Cuts

Breast (boneless or bone-in)	Thigh (bone-in or boneless)
Fillets/ Tenders	Wing (whole)
Leg	Wing drumette
Drumstick	Wing tip

Poultry also carries a grade label from the USDA based on the type and quality of the meat, receiving a grade of A through C. Grade A is the highest quality and the only grade that is typically found on retail poultry products. Products under this grade are typically free from defects that include bruises, discolorations, and feathers. Grades B and C are typically applied to products that are used in further processed or value-added products. There are no grade standards for chicken necks, wing tips, tails giblets, or ground poultry.

Value-Added Meat Products

In addition to the individual cuts described above for each product, producers may choose to add further value to their cuts through further processing such as sausage making, smoking, curing, and other processes. The addition of these items to your product lineup can help further diversify your offerings, as well as increase the value of lower cuts or waste products.

Value-added products can include a variety of products and techniques. Popular examples of value-added meat products include:

- Sausage, including links, patties, and spiced sausage
- Cured meats such as prosciutto and salami
- Flavor-infused meats, such as flavored burgers
- Seasoned and ready-to-cook meats
- Meal kits that include other fresh ingredients such as vegetables and sauces
- Cooked and ready-to-eat products such as barbeque



The Price

Finding the right price for your products is an essential piece of your marketing strategy. The price can directly impact a customer's willingness to buy your products but needs to be at a level that will cover all associated expenses and provide a return to your business. Pricing also communicates the value of your products to consumers and is typically associated with perceived product quality. Product pricing is the consumer's cost of purchasing the product, which would be your meat cuts. Pricing is usually directly linked with a customer's perceived value of a product and is typically the main factor in deciding whether to purchase.

How do you find the right price?

The first step in finding the right price for your products should be to determine your cost of production including the cost of your animal. There may be high levels of variation for cost due to the different animal breeds and other factors such as organic practices, etc. This process requires understanding exactly how much it will cost you to raise that animal from the moment it is born (or otherwise under your care) until it is slaughtered. The recommendation is to maintain detailed records and ensure that your expenses are accurately recorded so that your financial costs result in pricing profitability. This is referred to as "**cost of production**".

Another thing to consider is your "**carcass weight**," (usually referred to as hanging weight) which is a percentage of your animal's live weight to the hanging slaughtered weight. The weight difference from live to hanging is from loss of blood, head, hide, hooves, viscera, lungs, and heart. The hanging weight is usually about 60% of the live weight. Begin by dividing your cost of production by your carcass weight percent, making sure to include any **additional processing** expenditures your animal incurred, such as delivery, handling, and so on.

After this, you will factor in your "**cut-out**" costs, which are the costs of breaking down the carcass into your chosen cut of meat, depending on how you want to sell your cuts. Something important to consider with "cut-out" costs is that this weight is also usually about 60-65% of the hanging weight. Two factors contribute to the change in weight. The first occurs during the 10-14 days when the carcass is hung (or "cured"), about 4% of its weight is lost during this process (water weight). Then, during the cutting process, another 30-35 percent is lost. This amount is highly variable due to the amount of fat in the meat and the type of cuts. Essentially, the more fat in the cut, the more weight loss you can expect.

The final stage is the most volatile because you'll be dividing your final costs by a **mark-up percent** to arrive at "retail value," which is the final price you'll charge. Seeing what local retailers have chosen as their markups can be a very useful tool for determining your retail price, which would be dependent on community social-economic demographics.

The following is provided by Mike Debach of the Leona Meat Plant in Troy, Pennsylvania to illustrate pricing your meat:

1. Cost of the live animal = $1.35 per pound ***(cost of production)***
2. $1.35 divided by 58% = $2.33 ***(carcass weight)***
3. $2.33 plus $0.65 (per pound processing fee) = $2.98 ***(add processing)***
4. $2.98 divided by 65% = $4.58 ***(cut-out costs)***
5. This is the final cost of your animal becoming single cuts of meat $4.58 divided by 75% = $6.11 ***(markup to retail value)***

A sale price of $6.11 per pound would give you a 25% return on your product

Promotion

Promotion is how you communicate with your customers and may include a mix of activities as part of your overall promotional strategy. Promotion for retail and direct-to-consumer sales is typically a little more personal and is used to help build a relationship between your customers and your farm. This section highlights common promotional activities and how they may be used as part of your local meat marketing strategy.

Resources

Branding Your Farm Business, Penn State Extension

How to Direct Market Your Beef, Sustainable Agriculture Network

Marketing Strategies for Farmers and Ranchers, Sustainable Agriculture Network

Branding

A brand is one of the easiest and most apparent ways that a customer identifies and differentiates products and businesses. Branding includes not only your logo or tagline but also your overall reputation and perception by the community and customers. For customers, a brand can play three main roles for your products and business:

1. A brand can provide basic information about your products.
2. Brands can educate consumers on how your products fit their needs and lifestyle.
3. Your brand can reassure the customer in their product decision.

Elements of your brand include your logo, associated tag lines or phrases, and color scheme. Each of these elements works together to share the values of the business and form the initial connection to a customer.

Logo: A logo is typically the first thing consumers notice when viewing a label, packaging, website, or printed marketing materials. A logo can be simple or complex, but at its core, it must represent your farm and vision with your customers. A logo may include only a picture or a combination of pictures and words.

Tag lines and slogans: A short phrase as a slogan or tag line may help further communicate your values, benefits, and mission. Tag lines or slogans may be presented alongside your logo or worked into the overall design.

Color Scheme: The colors you decide to use in your logo or your packaging are also a part of your overall branding. As consumers begin to engage with your brand, they may even be able to recognize your products from the color of the label. Colors can also evoke emotions or perceptions about a brand.

Packaging and Labeling

Product packaging not only serves to protect your products and make them easier to handle, but it also supports your brand and image. As a meat handler and seller with the appropriate permitting, you cannot re-package or further process inspected products, which means you must rely on the packaging options available at your processor. However, packaging can include additional boxes, inserts in those boxes, and shipping components.

For Consideration
Product packaging may depend on options provided by the processor. Other packaging components such as boxes and inserts can further differentiate your packaging.

Labeling for local meat products is extremely important from a regulatory standpoint. When using an inspected facility, you should receive your products with all the appropriate labeling which is further described under the Regulations section of this document. This label must remain on the individual packaging and cannot be altered or covered.



In addition to the regulatory label, you can place a label with your business logo and information, if you do not include any breed, production, or natural claims that are not included on the label from the inspected facility. Additional certifications that may be included on the branding label are indicators that the product was grown and processed locally or in the same state, organizations that the owners may be a part of like Home Grown by Heroes. More information is provided below on product and business certifications.

Product Certifications

Additional product certifications can help further communicate the features of your products, as well as your farm's values and mission. Certifications can include those for specific production methods, animal care, source of the product, and business ownership. Typically, any certification

requires following a specific set of standards or requirements established by the certification program. Once certified, you can use the provided certification label on your products and marketing materials. The following are some common certifications known and sought in the industry:

USDA Organic

USDA's National Organic Program Final Rule of the Organic Foods Production Act defined the term "organic" and set standards for U.S. production and handling of agricultural products.

Certifiers are responsible for making sure that USDA organic products meet all organic standards. For meat products, organic regulations require that animals are raised in living conditions accommodating their natural behaviors, fed 100% organic feed and forage, and not administered antibiotics and hormones. Meat cannot also be labeled or sold as organic unless it has been slaughtered and processed at a facility that is certified organic.

Actual certification costs or fees vary widely depending on the certifying agent and the size, type, and complexity of your operation.

Certified Animal Welfare Approved by AGW

Certified Animal Welfare Approved by AGW is an independent, nonprofit farm certification program that evaluates animal welfare, outdoor access for animals, and sustainability. The Certified Animal Welfare Approved by AGW standards were developed in collaboration with scientists, veterinarians, researchers, and farmers across the globe to maximize practicable, high-welfare farm management. Slaughter and processing facilities must follow Animal Welfare Approved guidelines for products to be labeled with the certification.

State-Grown Certifications

Almost every state in the nation provides a state-grown certification for products produced in their state. Using a state-grown certification helps consumers easily identify local products that were produced where they live.

For example, producers may use the Virginia Grown logo to indicate that their items are produced in Virginia. In addition, the state offers the "Virginia's Finest" program with is a trademark that is available for producers who meet or exceed quality standards under the program. Producers must submit an application that is evaluated by the review committee. If products meet or exceed the standards set by the industry, the producers are permitted to use the Virginia's Finest certification in their marketing materials.

Homegrown By Heroes

This certification is provided by the Farmer Veteran Coalition to farmers, ranchers, and fishermen of all military eras to sell their products as veteran-owned and produced. Approved farmers may use the logo in their marketing to indicate that their business is owned by farmer veterans. To be eligible, the business or farm must be at least 50% owned and managed by a veteran of any branch of the military (including those currently serving) who has also received an honorable or general discharge.

To apply for the Homegrown by Heroes certification, you must become a member of the Farmer Veteran Coalition, which is completely free.

Online Marketing and Web Presence

A major form of promotion for many businesses is maintaining an online presence through a dedicated website and online marketing campaign. Online marketing can help you easily expand your overall market and further your reach to customers outside of the immediate community. It also offers different ways for you to interact with your customers that may not be possible when working at the farmers' market or when they are visiting your farm. Online marketing includes multiple components such as your website, social media networking, and online advertisements.

Website



Having a well-maintained website for your business is one of the most essential elements of your online presence. Buyers, consumers, and the general public typically expect to be able to find your business online to learn more about your business, you, and your products.

Advantages of having a website include the ability to easily share information about your farm, the history of your business, what products you provide and their benefit, the location of your farm and where your products are sold, and any other events or organizations that you may be a part of. You can also easily share pictures of our products, which is especially important for meat products that may not be able to be fully displayed while in the cooler or freezer in your farm market or at the farmers' market. You can also provide your contact information or contact form to allow the customer to easily get in touch, as well as links to your social media pages to further connect with your customers.

Your website is also always available any time a customer searches for it, so it becomes a passive form of marketing. Some of the disadvantages of only marketing through your website include less of an opportunity to connect directly with customers. You also need to provide frequent content updates to make sure your website stays up-to-date, including any new products that you offer, changes to operating times, etc.

A website can also provide a potential sales outlet for your products through the implementation of an e-commerce platform. Online sales can significantly increase your market size; however, it also increases the technological and logistics needs of the business. More information on selling through an online store is provided under the Meat Retailer Sales Outlets section of this document.

Demographics of Two Popular Social Media Platforms

Instagram

- Average Age: high use with millennials (ages 18-32)
- Interests: Photography
- Primary use: Sharing photos, following celebs and inspirational figures
- Fun facts: 400 million active users, 60 percent of users check their Instagram at least once a day
- Advertising pros: Easy to reach audience

Facebook

- Average age: 25-34
- Interests: videos, articles, life updates
- Primary use: connect with friends and family, stay up to date on news and interesting info
- Fun facts: 300 million photo uploads per day, average time spent on Facebook is 20 minutes
- Advertising pros: many ad placement options

Source: Pew Research Center, https://www.pewresearch.org/internet/fact-sheet/social-media/

Social Media

Social Media is another major component of your online presence and provides and much more direct connection between you and your customers. Social media is an excellent tool for reaching out to potential customers. By addressing common concerns and offering expertise with other professional audiences, your meat brand may gain much-needed influence by adding effective social media strategies into your marketing strategy. Employ social media presence to create awareness and form foundational relationships. Given the current environment, it is the ideal time to reassert your beliefs, service excellence, and readiness to go above and beyond.

To dominate the social media promotion space, consider the platforms that would work best with your chosen meat market. Consider the most popular platforms and decide which one best fits the demographic and socioeconomic background of the region you're targeting, as each will provide the same return on investment for your meat business. Double your effort on the two platforms where they're spending the most time.

Agricultural Events

Attending and/or hosting events fosters the opportunity to advertise yourself and your meat products to potential clients face to face. There are several considerations you should give when determining the event itself such as: is the event important enough to justify the time and resources invested? If hosting, the event would need to be both unique and memorable, and that requires a certain number of resources to be allocated If attending, you need to ensure you will generate the visibility of your business by attendance, which would be time spent away from conducting your own business.

As with most aspects of your meat business, sales and traffic are two indicators that should be tracked and analyzed. Keep in mind that it may take more than one attempt of offering and/or attending an event to obtain a desired level of profitability. However, it also offers the opportunity for you to exchange the skills you've mastered, goods offered, and goals with prospective clientele. Any information you can give them will help advertise your meat products and spread the word about you and your work.

Retail Meat Sales Budget Examples

Introduction

The budget analysis section examines the options and considerations when beginning to think about selling your retail meat. Startup expenses, sales models, operating expenses, and more should provide the necessary foundation of questions and answers for a meat-selling operation.

Startup Considerations

There are several startup costs that you will incur regardless of your method of selling your retail meat. The most common startup expense will be cold storage. You must have access to at least one piece of cold storage equipment; more if you plan on higher volume selling. These can range in price (new/used) from about $1,500 at the low end to upwards of $10,000 on the high end. Assumptions for these models will be 1-3 $1,500 cold storage pieces.

Farmers' market/Roadside Stand

Startup costs for this method of selling are minimal. You will need cold storage, a table/booth, a banner, and some signage. Estimated startup costs for this method will be about $3,000-$4,500.

On-Farm Store

This method of selling retail meat will require more initial investment than a farmers' market or roadside stand. Constructing the on-farm store to suit your needs will cost upwards of $15,000, in addition to the other costs listed in the section above. You will likely need at least 2-3 coolers or pieces of cold storage equipment in this scenario.

Butcher Shop

A butcher shop will be the most capital-intensive way of selling your cut meat. Construction of a shop and the necessary equipment will likely run more than $30,000. You will need cutting equipment, cold storage, and a facility. Additionally, you will need to employ the services of a butcher or meat cutter(s). While this method will be initially expensive, it will also lend itself to being the most profitable.

Processing Expense Considerations

An important factor when considering selling retail meat is the cost of processing. Third-party processors will take delivery of your meat, process it into your desired cuts and weights, package it, and either make it available for you to pick up or deliver it back to you. The costs vary depending on location, processor, cut, animal, and more. You can safely estimate a several dollars per pound cost to process for common cuts, with the cost increasing for more specific or specialized cuts.

Labor Considerations

Additional labor allows you to focus on what you do best, while also having the expertise in areas where you need help. You must decide at what point does the benefit of additional labor outweigh the additional cost? Is hiring and training new labor worth your time and effort?

Hiring labor that fits into the operation can be a difficult task for smaller operations, but when done properly, can help the business take the next step towards becoming more financially viable.

Hourly vs. Salaried Employees
There are two different types of labor positions you must consider, which are hourly labor and salaried labor. Hourly labor is considered a "variable" expense as you choose how long this employee will work based on the amount of time you need assistance. These employees are paid by the hour and can be seasonal, part-time, or full-time employees.

Salaried labor is typically a full-time employee who you will pay wages typically based on a 40-hour workweek, but the wages do not change with the actual hours worked. These employees are considered a fixed cost. Salaried labor typically receives benefits (retirement, insurance, etc.) when compared to hourly employees.

Hire labor to match your operations

Start-up: Owner and family labor, potentially seasonal help

Growth: Owner and family labor with hired part-time help

Viability: Mix of part-time and potentially full-time hired labor, allowing owners to focus on parts of the business they serve best

There are pros and cons to each type of labor position. Hourly labor is generally lower cost, and you can have them spend fewer hours working for you during the off-season. However, you may have a higher turn-around with hourly employees or may not be able to hire the same employee when needed during the next season.

Salaried labor can be more costly, but you are guaranteed to have them available to you on a full-time basis. This can be great during peak months but cause issues during the off-season if you have less money coming into the business.

The exact positions that are hourly or salaried will vary depending on your farm's needs and size. For example, management positions are usually salaried positions since they require a higher level of skill and stability in that position; however, if a farm is not able to support a full salaried position for a manager, it may be better to employ them part-time.

Employee Costs versus Benefits to the Business
Additional labor eases the day-to-day strain of the business owner while increasing (in some cases) the financial burden that comes with paying someone. It is a delicate balance to maintain. As the business owner, you are doing everything from growing, harvesting, marketing, selling, all while trying to maintain family needs and some semblance of a sleep schedule.

Hiring additional labor can ease the strain from the business owner and allow them to focus on running the business

Additional labor may allow you to spend your Saturday catching up on paperwork or equipment maintenance while your employee is selling your product at the farmers' market. Just the act of freeing up some Saturday time can make a drastic difference in the business over a year. Hiring labor can see you save that hour trip there and back to your farmers' market while you accomplish other things that need to be done. However, there are drawbacks to hiring

labor. Are you able to get a return on your investment into this employee?

Labor has costs beyond direct wages that must be considered by the employer. An example of all costs would be wages + taxes + benefits (if you provide any). Generally, your employees will cost you 25% to 40% more than their direct wages. For example, an employee receiving $14 per hour in wages will cost you anywhere from $17.50 to $19.60 after accounting for taxes, benefits, and other indirect labor costs. Please see this Small Business Administration article for more information on employee costs.[5]

If your employee costs you $12 an hour (includes wages, overhead, etc.), are you able to get more than $12 per hour worth of work from them? This can be difficult to quantify in some cases but should be considered. If the employee sells your product at the farmers' market for 2 hours and generates $60 in net sales while only costing $24 in wages, it may have been worth it. It would be prudent for your operation to consider your locale and economic market before hiring any labor positions. Required wages near/within urban centers will likely be far higher than required wages in rural areas. Additionally, more rural areas may have less labor available simply due to population constraints. These must be considered before hiring any employees.

You must find a balance between labor quality and the cost of hiring. You can likely hire a truly excellent employee that will do everything you need, but it will wipe out your profits in the meantime. In contrast, you can hire several employees at minimum wage that may not have the skillset or education to complete the tasks you need. Striking the right balance between cost and quality is difficult but can be done. In addition to the financial implications of hiring employees, the retailer must also consider the changes that would come. Employees significantly free up the time of ownership. The time can be used for business or pleasure.

Pro Forma Financial Modeling

Financial models were created for three different operations. These include overall estimates of revenues, expense categories, and net income. Operation one, a farmers' market booth or roadside stand, is the lowest revenue, lowest investment model. This operation would require very little upfront cash and would focus mainly on selling cheaper cuts such as ground meat. Operation two would focus on the construction of an on-farm store. It would require moderate investment and would store and sell more varieties to customers who visit the farm. The last operation examined would be a butcher shop and would require the most capital. This would require the construction of a building, cutting equipment, and employing a butcher or meat cutters.

The model assumes revenues and expenses will come in phases. New operations, especially small ones, can change rapidly. These phases are meant to highlight the financial potential at varying sales points and will likely end up different than what the model shows here. The models also do not show specific production levels, as those will vary greatly from location to what kind of animal is being processed.

The expense categories are as follows:

- **Other Variable Costs**- packaging, electricity, water

[5] https://www.sba.gov/blog/how-much-does-employee-cost-you

- **Equipment Costs**- Tools, fixtures, repairs, general maintenance
- **Facilities Costs**- Facility insurance, pest control, facility supplies like cleaning or processing
- **Selling and Marketing Expenses**- Some marketing such as flyers, point of sale system, website creation and maintenance, and more
- **General and Administrative Expenses**- Telecommunications, professional fees, office supplies, business insurance, labor (butchers, cutters, sales associates)
- **Unforeseen and Contingency Expenses**- Most ventures have unexpected expenses or bad debt of sales come up each year. This is built into the model to help try and account for these expenses. In practice, it will be highly unlikely to match the exact total shown in these statements but should be accounted for in some way, nonetheless.
- **Depreciation-** method for allocating the cost of a physical asset over its useful life.

The financial models highlighted in the section below are meant to showcase potential revenues, expenses, and incomes at various levels of operation and project scope. These are not intended to be a guidebook or a blueprint. They are meant to show what could happen, and what questions and items a farmer should think about before opening a retail meat-selling operation. Revenues and costs vary drastically depending on geographic location, market, competition, season, and more.

Table 6: Farmers' market/Roadside Stand

Farmers' market/Roadside Stand	Startup	Phase 1	Phase 2	Phase 3
Revenue		$4,620	$9,240	$13,860
Processing Fees		$(2,748)	$(5,359)	$(7,832)
Other Variable Costs		$(462)	$(924)	$(1,386)
Operating Margin		$1,410	$2,957	$4,642
Equipment Costs	$(1,500)	$(277)	$(554)	$(832)
Facilities Cost	$(3,000)	$(185)	$(370)	$(554)
Marketing Costs		$(139)	$(277)	$(416)
Gen Admin Costs		$(1,300)	$(1,365)	$(1,433)
Unforeseen		$(46)	$(92)	$(139)
EBITDA		$(537)	$299	$1,269
Depreciation		$(300)	$(300)	$(300)
Net Income		$(837)	$(1)	$969

Startup

There are two minimal startup costs within this scenario. The first cost would be that of a piece of cold storage equipment. This would cost about ($1,500) on average. The second cost would be that of the purchase and construction of a small shed (or booth fees, table, and banner at a farmers' market). The estimated costs for this expense would be about ($3,000). The total initial investment to begin selling your retail meat for this scenario would be about ($4,500).

Revenue

The farmers' market/roadside stand scenario is intended to showcase what a low volume, low investment environment might look like given certain conditions. Total sales each phase would be about $4,600, $9,200, and $14,000, respectively.

Expenses

Processing fees would be minimal, equaling about 60% of sales per phase, with other variable supplies such as packaging equaling about ($400) and increasing per phase.

Other expenses included in this model are equipment costs, facilities costs, marketing costs, gen admin costs, and unforeseen costs.

Equipment costs may include items like repairs and maintenance, fuel costs, or vehicle expenses.

Facilities costs would include utilities, cleaning supplies, or pest control.

Marketing costs will be about (3%) of sales each year and would include maintaining a social media presence, as well as some banners or signage to draw customers.

Gen admin costs would include items like business insurance, professional fees like a lawyer or accountant, and labor for your farmers' market/roadside stand. The model assumes one employee, paid $10.00 per hour, and working about 5 hours once per week.

Every venture, especially new ones, has unforeseen costs that must be paid. While these are currently unknown, it is a good idea to go ahead and plan for those expenses. About (1%) of sales have been set aside each year to cover these expenses.

The business would incur regular depreciation costs on the equipment and the building that were set up during the startup phase.

Results

Overall, on sales of about $4,600 in year one, this operation would lose just over ($800). This moves in phase two to a point of breakeven as more meat is sold. Finally, in phase three, the business sees its first profit, with just under $1,000 earned for the phase. Overall, it takes just over $9,300 to generate a profit, and additional sales would likely increase this profit even further.

These results highlight that these operations should be pursued, but only under the right conditions. Many outside factors have little to do with the numbers presented herein that would have a significant impact on the success or failure of the operation. However, should all the required supply and capital be available, these operations can be financially successful, and relatively quickly generate positive cash flow.

Table 7: On-Farm Store

On-Farm Market	Startup	Phase 1	Phase 2	Phase 3
Revenue		$23,100	$28,875	$34,650
Processing Fees		$(12,366)	$(15,458)	$(18,549)
Other Variable Costs		$(1,386)	$(1,733)	$(2,079)
Operating Margin		$9,348	$11,685	$14,022
Equipment Costs	$(4,500)	$(1,040)	$(1,299)	$(1,559)
Facilities Cost	$(15,000)	$(1,155)	$(1,444)	$(1,733)
Marketing Costs		$(924)	$(1,155)	$(1,386)
Gen Admin Costs		$(4,620)	$(5,198)	$(5,544)
Unforeseen		$(347)	$(433)	$(520)
EBITDA		$1,263	$2,156	$3,281
Depreciation		$(650)	$(650)	$(650)
Net Income		$613	$1,506	$2,630

Startup

There are two moderate startup costs within this scenario. The first cost would be that of 3 pieces of cold storage equipment. This would cost about ($1,500) on average for each piece. The second cost would be the construction of a small outbuilding for your on-farm store. The estimated costs for this expense would be about ($15,000). Likely included within this cost would be furnishing of the building, such as a cash register, shelves, etc. The total initial investment to begin selling your own retail meat on-site for this scenario would be about ($19,500). This investment could come from a variety of sources but must be considered as you begin thinking about selling your meat.

Revenue

The on-site store is intended to showcase what a moderate volume, moderate investment environment might look like given certain conditions. Total sales each phase would be about $23,000, $29,000, and $35,000, respectively. The assumption of increased revenue would be the on-farm store having different cuts available than the farmers' market.

Expenses

Processing fees would increase in cost due to higher volume of sales, with other variable supplies such as additional packaging equaling ($1,400) in phase one, rising to ($2,000) by phase three.

Other expenses included in this model are equipment costs, facilities costs, marketing costs, gen admin costs, and unforeseen costs.

Equipment costs may include items like repairs and maintenance, fuel costs, or vehicle expenses.

Facilities costs would include utilities, cleaning supplies, or pest control.

Marketing costs will be about (4%) of sales each year and would include maintaining a social media presence, as well as some banners or signage to draw customers.

Gen admin costs would include items like business insurance, professional fees like a lawyer or accountant, and labor for your on-farm store. The model assumes two employees, paid $10.00 per hour, and working about 10-20 hours per week.

Every venture, especially new ones, has unforeseen costs that must be paid. While these are currently unknown, it is a good idea to go ahead and plan for those expenses. About (2%) of sales have been set aside each year to cover these expenses.

The business would incur regular depreciation costs on the equipment and the building that were set up during the startup phase.

Results

Overall, on sales of about $23,000 in year one, this operation would gain just over $600, a solid breakeven point. This moves in phase two to about $1,500 as the volume of sales increases. Finally, in phase three, the business sees its first moderate profit, with just under $3,000 earned for the phase. Additional head would see sales volume and profit likely increase.

These results highlight that these operations should be pursued, but only under the right conditions. While this type of retail meat sales operation requires more upfront investment than scenario one, it reaches a higher volume of sales and profit at the same pace. The total net income in this three-phase model is roughly 36 times higher than that of a farmers' market operation.

However, depending on the method of the initial investment, profits in this model will, somewhat, go towards repaying the loan that may be used to purchase the equipment and the construction of the store. The long-term outlook would still tend to favor this on-farm store model even with the initial payback period of the startup costs.

Table 8: Butcher Shop

Butcher Shop	Startup	Phase 1	Phase 2	Phase 3
Revenue		$48,800	$58,560	$70,272
Total Pounds		7,500	8,250	9,000
Other Variable Costs		$(4,880)	$(5,856)	$(7,027)
Operating Margin		$43,920	$52,704	$63,245
Equipment Costs	$(15,000)	$(2,196)	$(2,635)	$(3,162)
Facilities Cost	$(20,000)	$(2,440)	$(2,928)	$(3,514)
Marketing Costs		$(2,440)	$(2,928)	$(3,514)
Butcher Costs		$(23,400)	$(27,300)	$(31,200)
Gen Admin Costs		$(12,688)	$(14,054)	$(15,460)
Unforeseen		$(1,464)	$(1,757)	$(2,108)
EBITDA		$(708)	$1,102	$4,287
Depreciation		$(1,000)	$(1,000)	$(1,000)
Net Income		$292	$2,102	$5,287

Startup
There are two significant startup costs within this scenario. The first cost would be that of 4 pieces of cold storage equipment as well as cutting/butchering equipment. This would cost about ($15,000) on average. The second cost would be the construction of a butcher shop for your on-farm store. The estimated costs for this expense would be about ($20,000). The total initial investment to begin selling your own retail meat on-site for this scenario would be about ($35,000). This investment could come from a variety of sources but must be considered as you begin thinking about selling your meat.

Revenue
The butcher shop is intended to showcase what a higher volume, higher investment environment might look like given certain conditions. Total sales each phase would be about $49,000, $59,000, and $70,000, respectively. The assumption of an increase in revenue would be the specificity of cuts and labor involved with the butcher shop. Customers will come into the shop with specific requests, cuts, etc. that would allow the shop to charge a higher price.

Expenses
There would be no processing fees in this model, as all cutting of the meat would be done in-house. The cost of processing would be moved towards paying the wages of the butcher and other laborers involved in the cutting and packaging process.

Variable supplies such as packaging equaling ($5,000) in phase one, rising to ($7,000) by phase two.

Other expenses included in this model are equipment costs, facilities costs, marketing costs, gen admin costs, and unforeseen costs.

Equipment costs may include items like repairs and maintenance, fuel costs, or vehicle expenses.

Facilities costs would include utilities, cleaning supplies, or pest control.

Marketing costs will be about (5%) of sales each year and would include maintaining a social media presence, as well as some banners or signage to draw customers.

Average wages for a butcher are about $15.00 per hour. Phase one wages would total about $23,000 and increase per phase as volume increases.

Gen admin costs would include items like business insurance, professional fees like a lawyer or accountant. Additionally, several employee wages would be included in this model. In addition to the butcher, you would also need to retain sales staff, and depending on volume, one or two meat cutters to assist the butcher. Some of these roles can be filled by one staff member. The model assumes 2-3 sales associates/meat cutters per phase, with increases in hours as volume increases.

Every venture, especially new ones, has unforeseen costs that must be paid. While these are currently unknown, it is a good idea to go ahead and plan for those expenses. About (2%) of sales have been set aside each year to cover these expenses.

The business would incur regular depreciation costs on the equipment and the building that were set up during the startup phase.

Results

Overall, on sales of about $49,000 in year one, this operation would gain just barely breakeven. This moves in phase two to about $2,100 as the volume of sales increases. In phase three, the business starts to see significant returns, totaling about $5,300.

These results highlight that these operations should be pursued, but only under the right conditions. This method of retail meat sales has the highest upside while also maintaining the highest risk and initial investment costs. At least $35,000 will need to be acquired through owner equity, loans, or grants upfront. Additionally, you will incur regular maintenance costs, mortgage payments, etc. on the facility. Lastly, you will also need to maintain a good relationship with your butcher and customers. However, the upside is significant should this type of operation become successful. Careful consideration should be given to this method as well as the other methods described here.

Several other methods can be used, or in some way combined but they are similar enough in size and scope they are not examined here. During the initial stages of the COVID-19 pandemic, many operations found shipping their meat to be a viable means of generating revenue. This would be similar in expenses to that of the on-farm store model, with more expenses given to fuel and driver wages instead of on-farm store maintenance and sales associates.

Overall, all these methods are viable given the right conditions. Thinking about and planning for these ahead of time will allow you adequately gauge the success rate of your retail meat selling operation.

Resources

RESOURCES

The following resources were utilized in the creation of this document or provided further insights and expertise for the implementation of red meat retail sales. To access the resource, click on the name of the resource to follow the link.

General Business Resources:

Starting a New Business: This website from the Virginia State Corporation Commission provides a step-by-step process for new businesses in Virginia, including registering with the SCC.

How to File and Pay Sales and Use Tax: The Virginia Department of Taxation provides this source with information on required taxes in the state, as well as other sales tax rates in other localities. The site also provides links to various tax forms needed when filing and paying business-related taxes.

Commercial Insurance Consumer's Guide: This document was prepared and distributed by the Virginia State Corporation Commission's Bureau of Insurance to provide an overview of insurance requirements and types for businesses.

Operational Resources

How to Develop a Farm Stand: This resource is provided by the University of Vermont Cooperative Extension but provides general information and guidance on starting and managing a farm stand, including points for farmers selling poultry and meat.

So You Want to Run a Farm Stand: This article provides 22 lessons on running a successful farm stand from a farmer with over 25 years of experience. This resource is provided by Rodale Institute and covers topics such as pricing, marketing, and general operations.

Selecting a Point-of-Sale System for Your Farm: This resource is provided by the Community Involved in Sustaining Agriculture and provides an overview of point-of-sale systems that are commonly used by farmers, as well as how to select one that works for you.

Farmers Guide to Direct Sales and Software Platform: This guide is provided by the National Young Farmers Coalition and provides an overview of direct sales models using an online platform, as well as a list of popular software platforms.

Selling Meat Online and Taking Payments for Farm Tours: This podcast is provided by Small Farm Nation and addresses questions about how to set up an online farm store, sell products by weight, and keep an accurate inventory of products.

CoolBot Provides Inexpensive, Effective Cooling: Provided by the University of California, Davis' Horticultural Department, this resource gives an overview of CoolBot systems and how they can be used as an alternative to expensive cooling units.

Meat and Poultry Buying at Farmers' Markets: A Survey of Shoppers at Four Markets in Oregon: This survey analysis provides overall recommendations when selling meat and poultry products at farmers' markets based on feedback from consumers across four different farmers' markets in Oregon. This document touches on overcoming challenges with communicating value, safety, and convenience to consumers.

Marketing Resources

Branding Your Farm Business: Penn State Cooperative Extension provides this overview of developing a brand for your farm, including branding components and how they are used to communicate with your customers.

Financial Resources

Cost Analysis: Are you Making Money?: This webpage from the Niche Meat Processor Assistance Network provides information on how to determine which activities are most profitable for meat processors and analyzes all costs and revenues from each portion of the business. While specific to meat processors, the same concepts can be used when analyzing the profitability of almost any business.

Regulatory Resources

Virginia Meat and Poultry Handlers Permit: This document provides guidance on who needs a meat and poultry product handlers permit and how to obtain one. This resource is provided by the VDACS Office of Meat and Poultry Services.

A Guide to Selling Meat and Poultry Products in Virginia: This guide is provided by the VDACS Office of Meat and Poultry Services and provides information on what products needs to be inspected and how to tell if products have been inspected.

Inspection and Grading- What are the Differences?: This resource is provided by the NC Department of Agriculture and Consumer Services. It provides an overview of grading for meat products, including beef, lamb, and pork as well as examples of grading labels.

Check the Label and Bring to the Table- USDA Grades Explained: This resource provides further information and visuals for USDA inspection and grading labels for different products. This resource is provided by USDA's Agricultural Marketing Service.

COVID-19 Resources

The following resources are directly related to impacts from the COVID-19 pandemic on agricultural businesses as well as guidance on how these businesses should respond and plan.

Financial Assistance for Farm Operations and Farm Households in the Face of COVID-19: This working paper was published in July 2021 through USDA's Economic Research Service. It

provides an overview of the assistance provided by the US government for farm operations and farm households in response to the COVID-19 pandemic.

Efforts and Resources to Contain the COVID-19 Pandemic: This webpage by the USDA provides information on programs and resources provided to help with the impact of the pandemic on farmers and agricultural-related businesses.

Center for Disease Control and Prevention Workplaces and Businesses Guidance: The Center for Disease Control and Prevention provides updated information on how to prevent outbreaks of the virus, as well as how to respond if employees are exposed.

Temperature Screening Guidelines: This short guide provides information on how to effectively check employee temperatures to screen for potential COVID-19 exposure. This resource is provided by the American Association for Meat Processors.

Potential Funding Sources

Identifying the right funding sources for your project is an important step in the planning process that will aid in overall implementation. Funding sources include grants, loans, and investors. This section outlines some potential federal and state grant and loan programs that are relevant to expanding into a retail sales business. However, this list is not exhaustive and other local and regional grant and loan sources may be available for projects located in specific areas.

Value-Added Producer Grant Program (VAPG)

The nationwide USDA program is designed to assist producers and associations that engage in value-added activities to develop strategies and create marketing opportunities for their value-added agriculture products, and/or for marketing or processing activities that add value to the commodities they raise, or for on-farm renewable energy generation projects. The goal of the program is to expand market opportunities for producers and increase the producer's share of the revenue from their commodities. This program provides up to $75,000 toward planning activities and $250,000 toward working capital activities. This program requires a one-for-one match of applicant funds to federal funds.

Local Food Promotion Program (LFPP)

The LFPP is designed to assist in the planning, development, and growth of new food businesses that promote local food access and consumption. The Implementation Grant is focused on establishing local food businesses or expanding the activities of an existing business. Grant amounts range from $100,000 to $750,000 for implementation projects. Activities that can be funded under the Local Food Promotion Program's implementation grants can include non-construction infrastructure improvements to facilities or information technology systems. Under this program, projects must be for the benefit of more than one individual or business.

Entities eligible for implementation grants through the LFPP include any operation that processes, distributes, aggregates, or stores locally produced food, including:

- Agricultural business
- Producer Networks

- CSAs
- Non-profits
- Economic Development Corporations
- Regional Farmers' Market Authorities
- Local Governments

Farmers' Market Promotion Program (FMPP)

Like the LFPP, the FMPP provides funds toward projects that focus on increasing local food access and consumption. This program specifically focuses on direct-to-consumer outlets, such as food hubs, farmers' markets, and farm stands that sell products directly to the end consumer. The FMPP can provide up to $500,000 toward activities such as staff, marketing, and supplies, as long as the project benefits more than one entity or individual.

Community Food Projects Competitive Grant Program

The CFPCGP is intended to fund projects that tackle food insecurity through community food initiatives. This grant program is administered by the USDA National Institute of Food and Agriculture. Awarded funding can range from $10,000 to $400,000 over the course of one to four years. The primary goals of the CFP grant program are to:

- Meet the food needs of low-income individuals through food distribution, community outreach to assist in participation in Federally assisted nutrition programs, or improving access to food as part of a comprehensive service;
- Increase the self-reliance of communities in providing for the food needs of the communities;
- Promote comprehensive responses to local food access, farm, and nutrition issues; and
- Meet specific state, local, or neighborhood food and agricultural needs including needs relating to infrastructure;
- Planning for long-term solutions; or
- The creation of innovative marketing activities that mutually benefit agricultural producers and low-income consumers.

The grant is intended for private nonprofit entities that are seeking to create linkages across different sectors of the food system and build capacity for communities to address local food system needs long-term.

Rural Economic Development Loan and Grant (REDLG)

The REDLG program provides funding to rural projects through local utility organizations. Under the REDLG program, the USDA Rural Development provides zero-interest loans to local utilities, which they, in turn, pass through to local businesses (ultimate recipients) for projects that will create and retain employment in rural areas. The ultimate recipients repay the lending utility directly. The utility is responsible for repayment to the Agency.

Business and Industry Guarantee Loan Program (B&I)

The purpose of the B&I Guaranteed Loan Program of the USDA Rural Development is to improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities. This purpose is achieved by bolstering the existing private credit structure through the guarantee of quality loans, which will provide lasting

community benefits. It is not intended that the guarantee authority will be used for marginal or substandard loans or for relief of lenders having such loans.

Small Business Administration Loan Program (SBA)

The Small Business Administration offers multiple loans for a variety of different business needs. SBA's most common loan is the 7(a) Loan Program which is a general small business loan. There are many eligibility requirements for this loan program, some requirements include operating as a for-profit business and fitting the SBA's definition of small business. Some basic uses of SBA 7(a) loans include paying operational expenses, purchasing inventory, seasonal financing, purchasing equipment and supplies, and purchasing land and buildings.

Agriculture and Forestry Industries Development Fund (AFID)

The Governor's Agriculture and Forestry Industries Development Fund (AFID) allows the Governor to make discretionary, matching grants to localities and other political subdivisions through the grants listed below to support economic development related to agriculture and forestry across Virginia. There are three AFID program areas; facility grants, infrastructure grants and planning grants.

Facility Grant program is a discretionary, performance-based economic development incentive specifically for agriculture and forestry value-added or processing projects.

- Applications must be made by a political subdivision, or alliance of subdivisions, on behalf of the business beneficiary; and requires a dollar for dollar match (cash or in-kind) from the applicant for every dollar of AFID funds requested. The maximum grant award is $500,000.
- The business beneficiary must be a new business or existing businesses making new private investments and/or creating new jobs in the applicant locality for the purposes of adding value or further processing Virginia grown agricultural or forestry products.
- A minimum of 30 % of the project's annual total purchases of agricultural or forestry products in normal years must come from Virginia to apply.
- Each grant requires a performance agreement with claw-back provisions between the applicant and the business beneficiary detailing pledges for private investment, jobs and purchase of Virginia-grown agriculture and forestry products.

Infrastructure Grant Program provides grants of no more than $25,000 per grant to political subdivisions for community infrastructure development projects that support local food production and sustainable agriculture. Consideration will be given to the following projects types:

- Processing facilities that are primarily locally owned, including commercial kitchens, packaging and labeling facilities, animal slaughtering facilities, or other facilities, and that are primarily utilized for the processing of meats, dairy products, produce, or other products
- Farmers' markets
- Food hubs and other agricultural aggregation facilities
- Additional consideration will be given to projects benefiting multiple small-scale agricultural producers and to projects located in underserved or economically distressed communities.

Planning Grant program is to support Virginia agriculture and forestry by:

- Funding innovative local efforts to assist agriculture- and forestry-based businesses, and
- Encouraging local governments and the ag/forestry community to work together on better integrating these industries their community's overall economic development efforts.

Planning Grant awards may also promote or support agriculture and forestry through one or more of the following activities:

- Develop strategic plans, feasibility studies, business or marketing plans, or local ordinances
- Generate policies or programs for the preservation of working lands.
- Create local plans or initiatives supporting agriculture and/or forestry-based businesses
- Fund innovative entrepreneurship and business development efforts
- Invest in the development of local agricultural development boards

AFID is administered by the Virginia Department of Agriculture and Consumer Services (VDACS)

Virginia Food Access Investment Fund (VFAIF)

The Virginia Food Access Investment Fund (VFAIF) is a statewide program that offers grants and loans to fund the business development, construction, rehabilitation, equipment upgrades and expansion of grocery stores, small food retailers, and innovative food retail projects in historically low-income, low-access communities. Grant award amounts will range from $5,000 to $50,000 per project, per year.

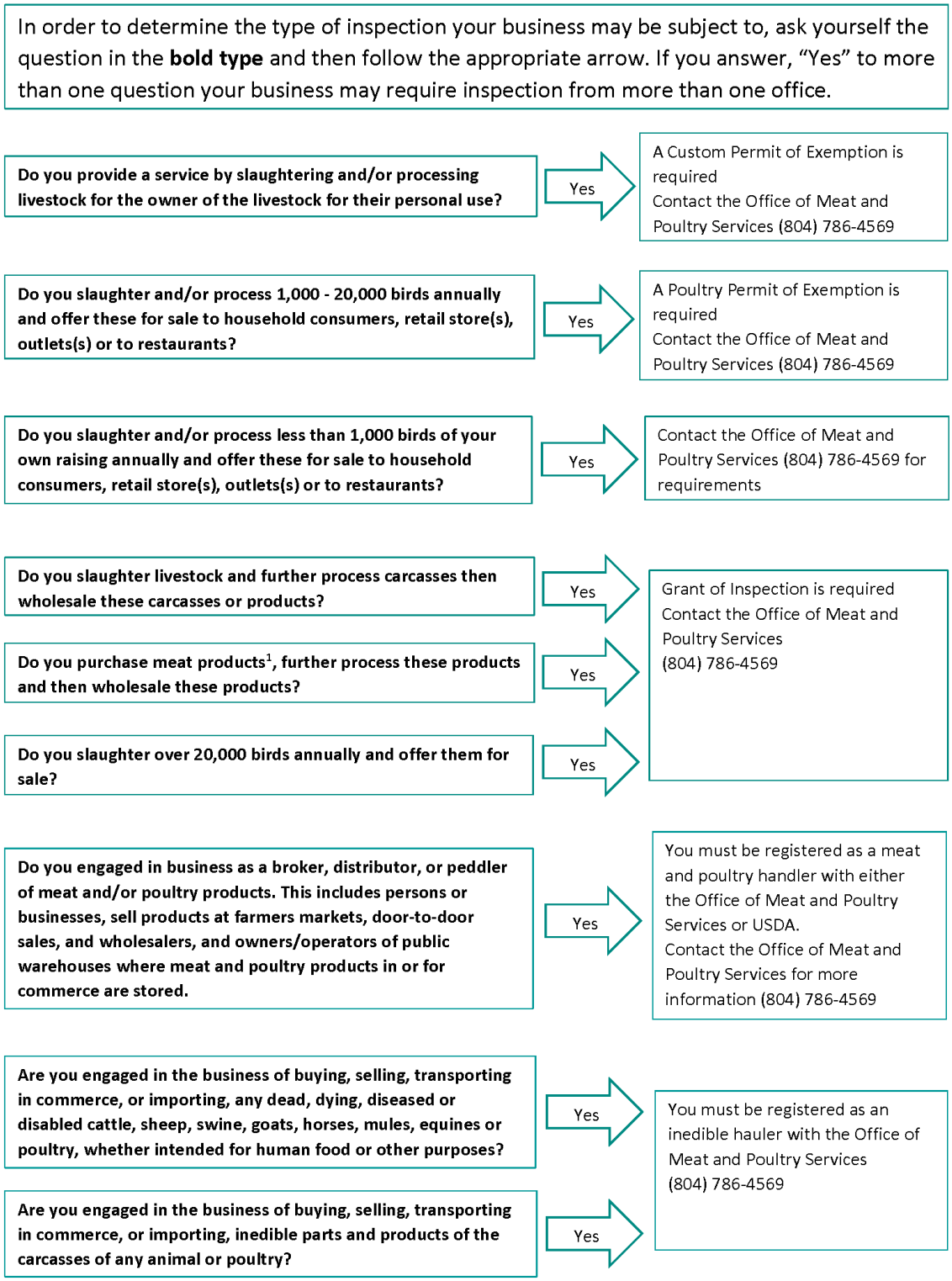
Applicants may be individuals, farms, nonprofits, organizations (faith-based or others), or for-profit businesses. Eligible projects include the business development, construction, rehabilitation, equipment upgrades, or expansion of:

- Grocery stores that primarily sell meat, seafood, fruits, vegetables, dairy products, dry groceries, household products, sundries, and healthy food options
- Innovative food retail projects such as mobile markets or delivery models, including food trucks
- Small food retailers, such as small-scale stores, neighborhood stores, small groceries, farmers' markets, or corner stores
- Small, limited resource or socially disadvantaged farmers and ranchers; small, limited resource or socially disadvantaged farm co-ops, community gardens, restaurants or cafes with a direct food retail component or in partnership with a qualified food retailer, food hub, Supplemental Nutrition Assistance Program (SNAP) Community Supported Agriculture (CSA), and/or farm stand

VFAIF is administered by the Virginia Department of Agriculture and Consumer Services (VDACS) in partnership with a Community Development Financial Institution (CDFI).

APPENDIX A: "A GUIDE TO SELLING MEAT AND POULTRY PRODUCTS IN VIRGINIA"

The following flow chart is provided by the Virginia Department of Agriculture and Consumers Services as a guide to selling meat and poultry products in Virginia.



APPENDIX B: "FARMERS GUIDE TO DIRECT SALES SOFTWARE PLATFORMS"

Lulus Local Food, https://www.luluslocalfood.net/, is an e-Commerce solution providing farms, farmers markets, food hubs and CSAs an online storefront, order and inventory management platform. Pricing is 3% of sales or a minimum of $10 per month. For sales of $100,000 or more per year, contact Lulus for pricing. Credit card transaction fee not specified. The Lulus Local Food platform is supported in part by the Virginia Foundation for Agriculture, Innovation and Rural Sustainability.

The following list is provided by the National Young Farmers Coalition in their publication, Farmers Guide to Direct Sales Software Platforms. This list highlights popular software platforms for consulting online food sales.

SOFTWARE PLATFORM DETAILS

1000 ECOFARMS	1000 EcoFarms	Online sales profiles for farms. Display your product inventory online and process credit card sales. https://1000ecofarms.com/	4.9% of sales or $24/month 2.9% + $0.30 per credit card transaction
	Barn2Door	Online storefront which can be embedded into your website. Multiple third-party integrations. Subscription (CSA) sales possible. More details: https://tilth.org/app/uploads/2020/03/Barn2Door.pdf https://www.barn2door.com/	$59–99/month 2.9% + $0.30 per credit card transaction $299–499 setup fee
	Cropolis	Build and send order forms / availability lists to your customers which they can buy from directly; unlimited number of forms and customer groups. https://cropolis.co/	$49–99/month 2.9% + $0.30 per credit card transaction
CSAware	CSAware	CSA management: create shares and add-on product, share customization, member management, and distribution tools. Owned by Local Harvest, a national directory of family farms and farmers markets. https://www.csaware.com/	2% of sales, min. $100/month Credit card transaction fee not specified
eatfromfarms.com	EatFromFarms	E-commerce storefront with variable weight pricing feature. "Subvendor" feature that supports multi-farm sales. https://eatfromfarms.com/	$9/month + $0.25–0.50/order 2.9% + $0.30 per credit card transaction
FARMERS WEB	Farmers Web	Build and send order forms / availability lists to your customers which they can buy from directly. Integrates with AgSquared crop management software for an additional fee. https://www.farmersweb.com/	$75–100/month 3.5% + $0.30 per credit card transaction +$10/month for Quickbooks integration

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SOFTWARE PLATFORM DETAILS

	Farmigo	Comprehensive sales management platform for CSA and multi-farm sales. **https://www.farmigo.com/**	2% of sales, min. $150/month Credit card transaction fee not specified
	Food4All	Online storefront to display product inventory and process sales, with some reporting features. More details: https://tilth.org/app/uploads/2020/03/Food4All_OnlineSalesWebinar_200424.pdf **https://www.food4all.com/**	2.5% + $0.95 per order ($9.95 maximum per order) 3.4% + $.030 per credit card transaction
	GrazeCart	Online storefront to display product inventory and process sales. Includes website builder and robust distribution management tools. Originally designed by a farm family for their own sales needs. **https://grazecart.com/**	$59-199/month 2.9% + $.030 per credit card transaction
	GrownBy	CSA sales management platform in beta, offering free beta testing accounts to farmers. Owned by Farm Generations Cooperative, an offshoot of National Young Farmers Coalition. **https://www.farmgenerations.coop/**	2.9% + $.030 per credit card transaction
	HarvestHand	CSA management software owned and operated by farmers in Canada. No credit card processing supported, only Paypal or bank transfers. **http://www.harvesthand.com/**	$10 per member per year, first 10 members free
	Harvie	Comprehensive CSA management platform designed for member share customization, with robust customer support. More details: https://tilth.org/app/uploads/2020/03/Harvie_OnlineSalesWebinar_200424.pdf **https://www.harvie.farm/**	7% of sales 2.9% + $0.30 per credit card transaction $500 setup fee

National Young Farmers Coalition does not endorse these products or assert that this publication includes all available products or product features. This publication is for informational purposes only.

SOFTWARE PLATFORM DETAILS

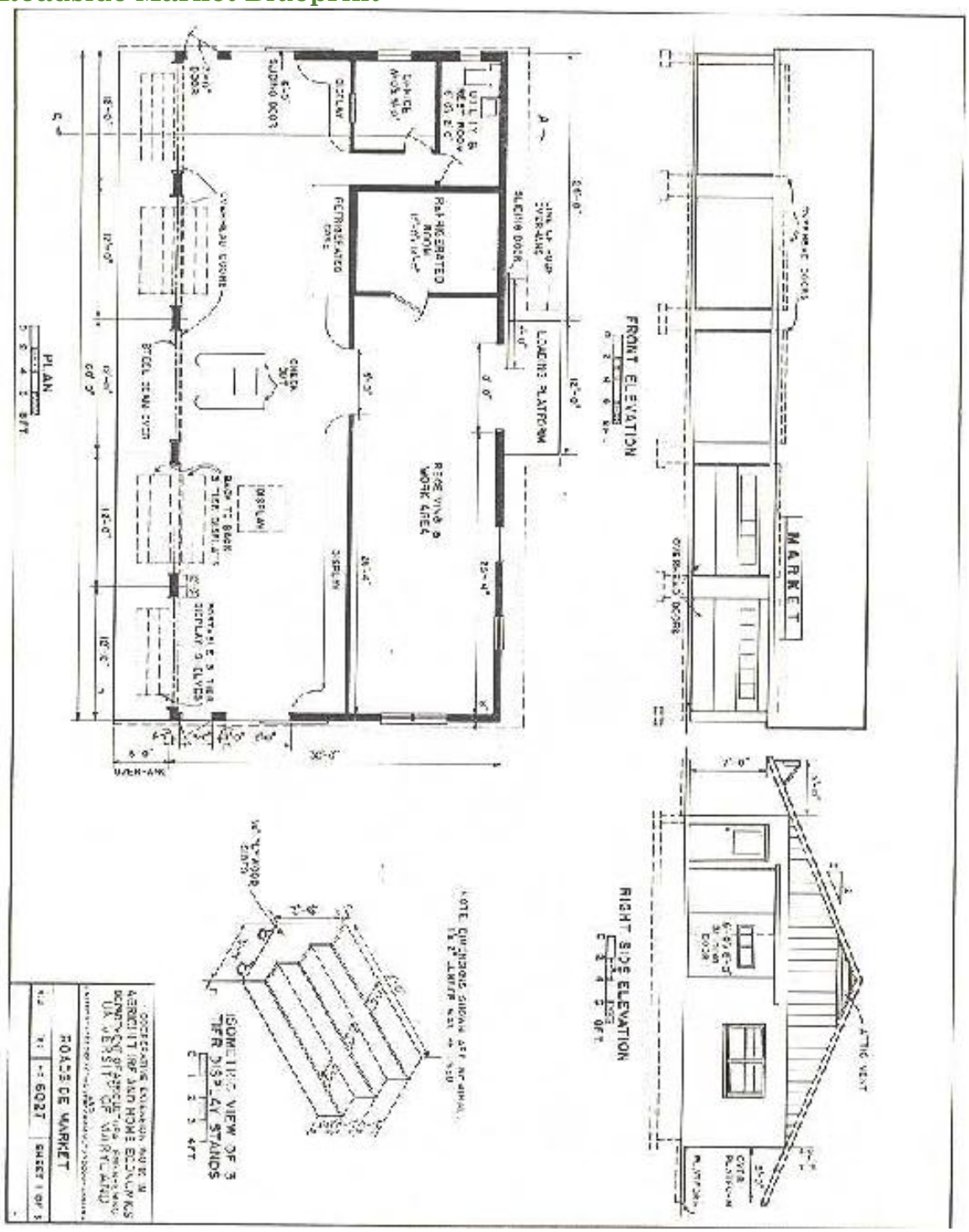
Local Food Marketplace	Comprehensive sales management platform for CSA and multi-farm sales. More details: https://tilth.org/app/uploads/2020/03/LocalFoodMarketPlace_OnlineSalesWebinar_200424.pdf **https://home.localfoodmarketplace.com/**	$499-999 setup fee plus monthly fee based on features See pricing page for details: https://home.localfoodmarketplace.com/producer-pricing/
Local Line	Online storefront and order management platform for single farms, farmers markets, or multi-farm collaborations. Option to embed into your website. **https://site.localline.ca/**	$50–80/month plus additional fees for extra features Credit card transaction fee not specified
Local Orbit	Comprehensive order management platform for multi-farm sales. **https://localorbit.com/**	$70–450/month 2.9% + $0.30 per credit card transaction
MyRealFoods	Ordering platform with features that support multi-farm buying clubs. No credit card processing; online payments processed through Paypal. **https://myrealfoods.com/**	1% of sales, min. $25/mo.
Open Food Network	Open source farm sales platform, operated by a global collaborative network. Designed to support multi-farm / food hub sales. More details: https://tilth.org/app/uploads/2020/03/OpenFoodNetwork_OnlineSalesWebinar_200424.pdf **https://openfoodnetwork.net/**	Pricing is donation-based in USA Credit card transaction fee not specified
Online Farm Markets	Online storefront to display product inventory and process sales, with some multi-farm sales features. **https://onlinefarmmarkets.com/**	5% of sales or $35/month Credit card transaction fee not specified
WhatsGood	Virtual farmers market application that processes online sales. Offers "white label" apps for individual farmers markets. **https://cravehq.com/farmers-market/**	5% of sales

National Young Farmers Coalition does not endorse these products or assert that this publication includes all available products or product features. This publication is for informational purposes only.

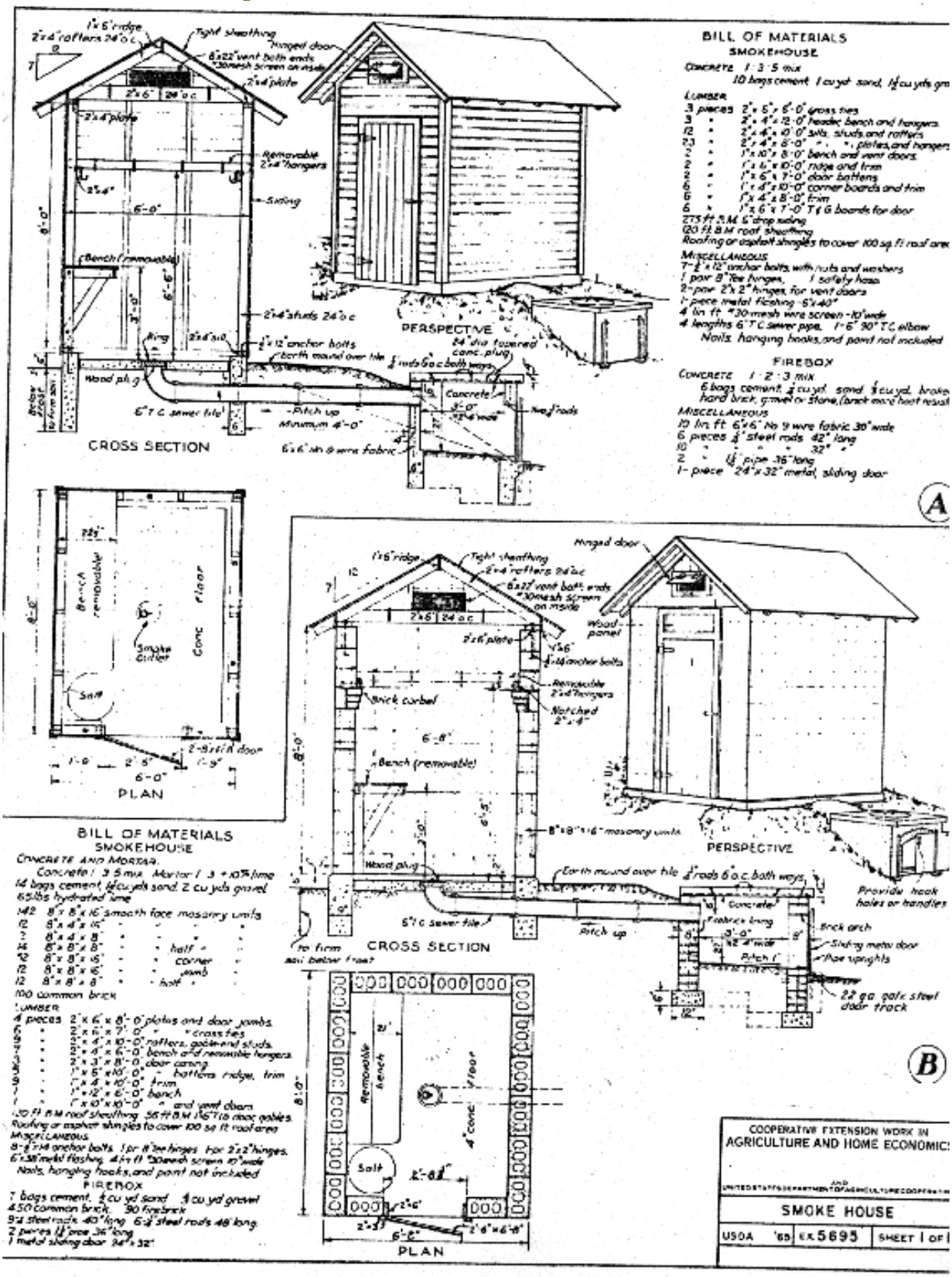
APPENDIX C: SELECT MARKET BLUEPRINTS

The following blueprints are provided on the Colorado State University Extension website. The site contains a full list of various blueprints in addition to the ones provided below.

Roadside Market Blueprint



Smoke House Blueprint



Two Temperature Walk-In Refrigerator

