



MEATWORKS
THE LIVESTOCK
INSTITUTE
OF SOUTHERN NEW ENGLAND

BUYER PROFILE

FARM AND COAST MARKET

Dartmouth, MA

Farm and Coast Market is a boutique food shop that works with local livestock producers and other regional farmers to ensure as many of their products as possible are local and regional. Farm and Coast purchases whole hogs from Charles.



MAKING IT WORK ON SMALL ACREAGE HOGS

NEWPORT COUNTY, RI

“Charles” raises heritage breed Tamworth, Gloucestershire Old Spots, and Berkshire hogs on 6 acres of pasture and woodlands in Newport County, Rhode Island, and sells the whole animals to restaurants and boutique stores on the South Coast and in Boston. 2018 is his third year of commercial production.

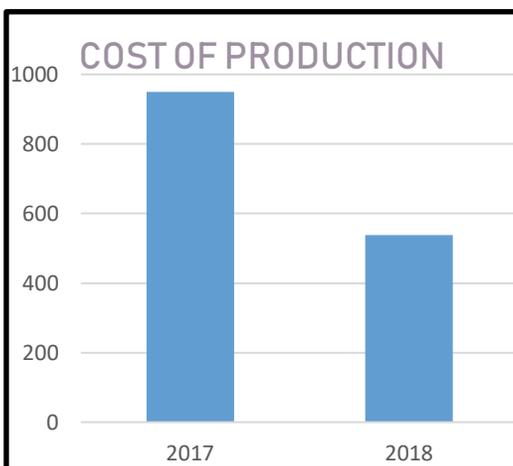
FARMER STATS

Charles owns 6 acres in Newport County, RI. Prior to 2018, Charles was grazing rotating pieces of land in Massachusetts. In 2016 and 2017, he sold about 20 hogs per year and operated at a small loss due to **inefficiencies in repeatedly moving infrastructure and high feed and transport costs.**

His goal for 2018 is to break even by reducing expenses and increasing his profit margin while bringing another 20 hogs to market. Charles plans to remain fully employed off-farm and does not want to incur additional expenses for land or added labor, so he does not plan to scale up significantly. His target is to **raise 40 hogs by 2019 or 2020**, maximizing his current land's capacity without requiring outside help.

Because he won't be scaling up beyond his land's capacity, he'll need to **reduce expenses** in order to further increase profitability. One of Charles's largest expenses has been transportation, at **19% of total revenue** in 2017. He has been making two 100-mile round-trip drives to Groton, MA, per slaughter. **When he engages with Meatworks, located just 10 miles from his land, to process his animals, his transportation expense will reduce significantly.**

Producing on a small scale also means high feed costs, since he cannot purchase in bulk. Although he forages his animals on grasses, legumes and brassicas during the growing season and on mast (forest nuts) and pumpkins in fall, in 2017, feed costs accounted for **40% of his total revenue**. Charles was able to reduce this expense in 2018 by switching to conventional feed, as his market research indicated that non-GMO feed was not a priority for his restaurant customers.

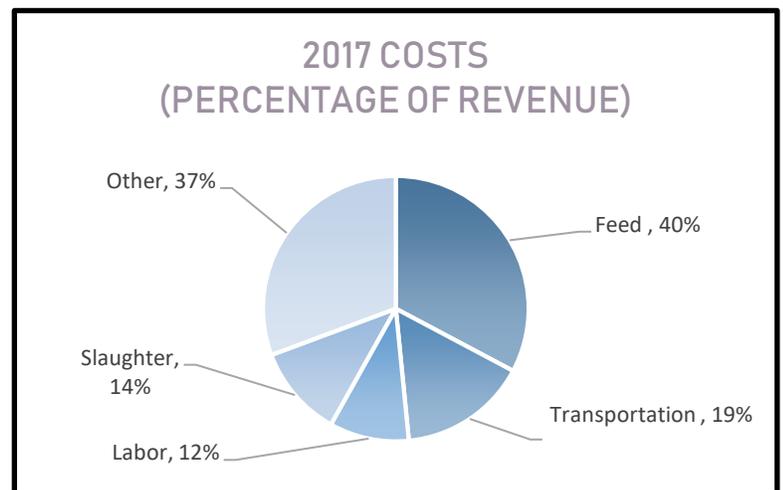


FARM PHILOSOPHY

Charles, who has full-time off-farm employment, raises hogs because he enjoys the lifestyle, wants to help preserve genetics of rare breeds, and seeks to be a part of the local food system beyond consumer participation. He aims to prove that it is possible to be a good land and animal steward while supplying chefs with a high-quality artisanal product.

FARMER GOAL

Charles's current goal is to break even while using pigs to rejuvenate long-neglected pastures and woodlands overgrown with invasive species. Although he eventually would like his hog business to contribute to his household income, his first financial goal is not to lose money.



With decreases in his feed and transportation costs this year, Charles hopes to break even in 2018 and lay the groundwork for higher production and increased profitability in future years.

Charles notes that in hog production, there is a 10-month lead time between breeding and time to market, which means anticipating orders for finished hogs well in advance. His goals for 2018 include **ironing out his infrastructure and systems, settling into the new land, and establishing a formal relationship with Meatworks.** He expects to be able to take 20 hogs, maximum, to market in 2018.

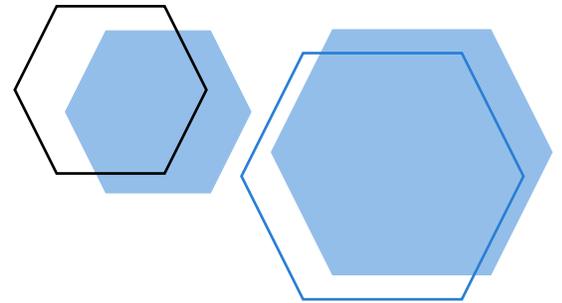


SALES MODEL

FARM TO RESTAURANT

Charles currently sells whole animals (slaughtered and cleaned, but not butchered) to food shops and farm-to-table restaurants in South Dartmouth and Boston, MA. The chefs he sells to are ideal customers in that they utilize the entire animal, serving prime cuts on their menus and using the trim and secondary cuts for cured meats, the lard for sausages and pastries, and the bones for stock.

The whole animals are delivered directly to the restaurants from the slaughterhouse, so Charles does not need to pay for processing the hogs or maintain storage infrastructure for frozen products.



POTENTIAL PITFALLS

RISK ON BOTH SIDES

While the advantages of this business model are fairly obvious—the farmer only has to make one sale per whole animal—Charles notes two disadvantages for farmers: One, **retail sales direct to customers brings higher prices**. And two, restaurants can be fickle, changing their plans after a farmer has bred and raised animals to sell them. The restaurant trade waxes and wanes with economic cycles and changes in personnel, whereas loyal retail customers typically remain loyal when economic recessions occur.

Restaurant chefs have specific requirements for the size and breakdown of the animals they purchase, and may walk away from a sale if an animal does not meet those specifications. Improper slaughtering practices can also affect meat quality. Charles knows of one farmer whose hog was turned away by a restaurant when it was delivered damaged due to poor slaughterhouse conditions. Working with a reliable slaughterhouse that prioritizes animal welfare is key when producing high-quality meat.



FARMER'S EDGE

Developing a relationship with a chef allows the farmer to tailor production to a chef's needs and preferences (e.g., in terms of weight and meat-to-fat ratio). Charles's average price to restaurants is \$3.99/lb. hanging weight, which averages him a gross of approximately \$900 per animal taken to market at 325 lbs. live weight at 8-9 months. Other farmers in the area charge less--closer to \$3/pound--but Charles can get a higher price for three main reasons:

- **Superior genetics:** Charles maintains a purebred Tamworth boar and three purebred sows (one each of Tamworth, Berkshire, and Gloucestershire Old Spots). While maintaining rare, purebred stock is more expensive, the higher-quality genetics allow him to charge more for higher quality product.
- **High quality, varied diet:** His animals forage outdoors on grasses, legumes, and brassicas during the growing season and on mast (forest nuts) and pumpkins in the fall, supplemented by conventional feed for adequate nutrition.
- **Pastured animals:** Charles's meat has better flavor and texture, because the exercise his animals get from roaming pasture and woods leads to better musculature and marbling--as does raising his animals two to three months longer than the typical six months.

ONGOING CONSIDERATIONS

EVALUATING NEW DIRECTIONS

After purchasing his own land in 2018, Charles needs to **compensate for some one-time infrastructure expenses** for fencing and shelter. A more frequent breeding schedule will enable him to **optimize production efficiency**.

He is also considering **adding more restaurant customers** and **selling excess piglets** from his three purebred sows, as regional demand for quality feeders from heritage breed pigs currently outweighs supply.



BUYER PROFILE

Farm and Coast Market is a boutique food shop in Padanarum, in Dartmouth, MA. Overlooking the water and surrounded by shops and restaurants, Farm and Coast prides itself on providing the community a high-quality butcher and services like no other on the south coast. Farm and Coast works with local livestock producers and other regional farmers to ensure as many of their products as possible are local and regional.

Head Chef Chris Cronin is an experienced fermenter, having been curing meats in area restaurants for years. He is a master at purchasing whole or half animals and optimizing utilization of all parts and ensuring little if any waste: extra fat is used for pies, trim is ground for sausage or Bolognese. Well aged salumi or charcuterie brings the highest margins (think value-added products such as pancetta, prosciutto, coppa, and culatello). With Chris at the helm, Farm and Coast is quickly becoming a model of full-animal utilization for regional restaurants. For producers, this is a model enterprise that is **willing to purchase whole animals and eliminates the marketing and sale of individual cuts of meat**. For some producers, selling to restaurants like Farm and Coast is their primary business model.

Farm and Coast is a relatively new store and business model, currently enjoying its second year of business and seeing significant growth. **In July and August of 2018, meat sales were up 53% over the previous year.** The signs are certainly pointing to long-term success of this business model.

CUSTOMER PROFILE

Farm and Coast market customer numbers vary by season, as is common in the region. The demographic for Farm and Coast tends to be upper-middle & upper-class shoppers who are keenly interested in quality of product above price.

MONTHLY LOCAL MEAT SALES FOR FARM AND COAST MARKET

<i>Summer monthly sales</i>	<i>Fall/Winter/Spring monthly sales</i>
4 lambs	2 lambs
8 pigs	4 pigs
4 sides of beef	2 sides of beef

CURRENT AGREEMENT WITH CHARLES

- 1 pig per month, could take 4 per month.
- Heritage pigs typically have better meat-to-fat ratios, which makes good charcuterie. But some heritage swine breeds, such as Mangalitsa, can be too fatty for a business that sells cuts retail in a butcher display case.
- \$3.50 hanging weight, highest paid is \$3.85 for a top-tier product.
- Must slaughter at a USDA inspected facility and deliver in a refrigerated truck at temperature lower than 40 degrees.
- Will refuse animals if quality is low or processing by slaughterhouse is sloppy, and not pay farmer - risk is taken on both ends.