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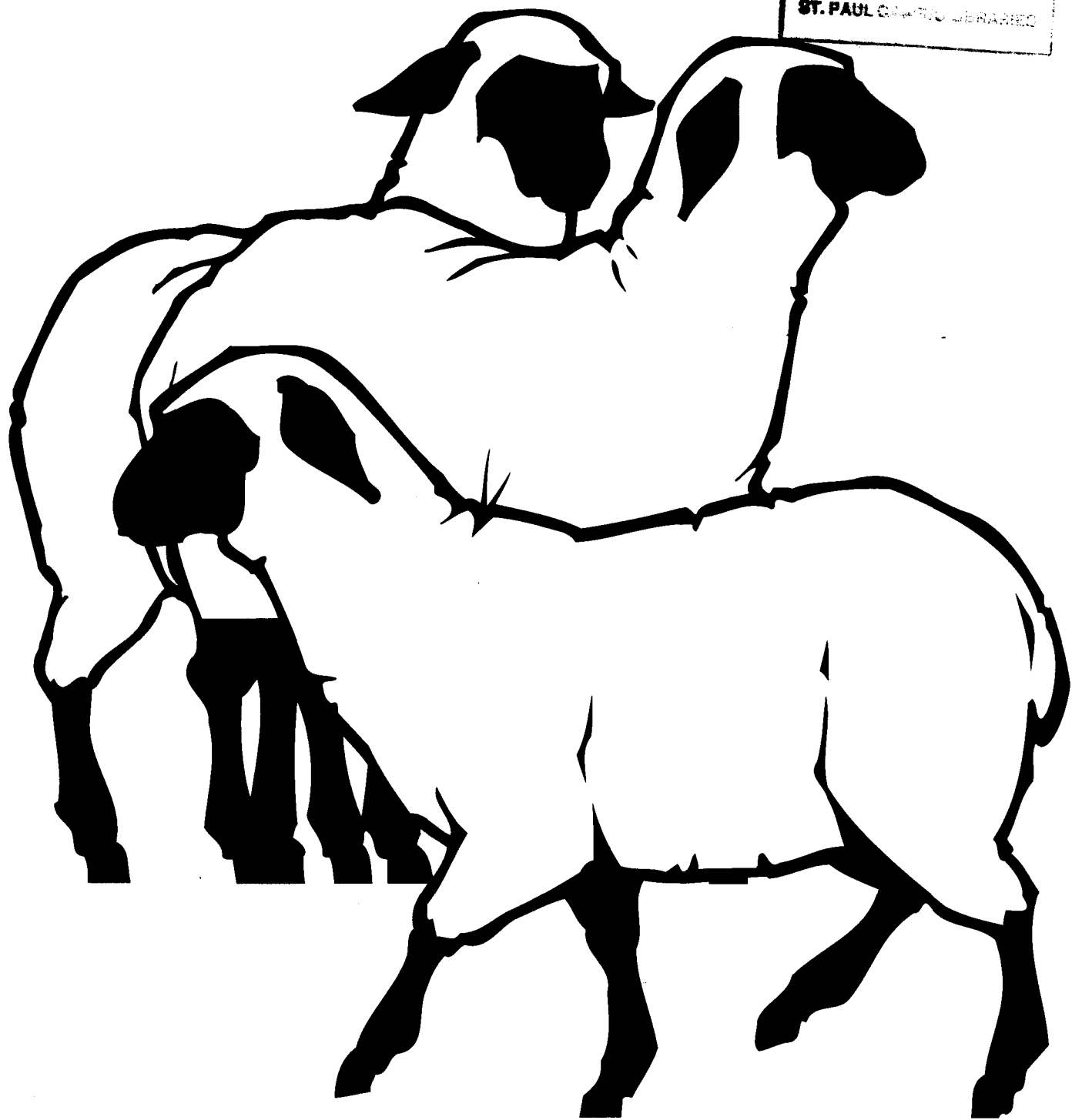
United States
Department of
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Rural Business
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Development
Service

Research
Report 142

A Niche Marketing Guide for Lamb Cooperatives

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Abstract

The two types of niche markets targeted by lamb marketing cooperatives are described in this guide. The first type includes specialty middlemen outlets that cooperatives used to market lamb to specialized niches within the traditional meat marketing system of retail food stores, restaurants, food service outlets, and specialty distributors. The second type includes those outlets that cooperatives used to market lamb directly to the consumer, such as freezer markets, farmers' markets, mobile markets, and mail order sales. This guide also describes the advertising, promotional, and other marketing programs used by cooperatives to target these markets. Finally the competition, product differentiation, capital requirements, market development, management, processing, changing goals, and member commitment challenges faced by these cooperatives are briefly discussed.

Key Words: Cooperatives, lamb, niche marketing, marketing programs

A Niche Marketing Guide for Lamb Cooperatives

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Research Report 142

October 1995

Price: Domestic—\$4.00; Foreign—\$4.50

Preface

Low market prices for lamb caused many producers to look for alternative market outlets. Between 1989 and 1993, at least 12 producer groups explored the possibility of forming lamb marketing cooperatives to target niche market outlets. Niche marketing differed from traditional lamb marketing because it targeted market outlets demanding unique product characteristics, packaging, and/or other convenience aspects not readily obtained through traditional suppliers of lamb such as auction buyers, order buyers, packer buyers, and commission sales representatives. Targeting these markets represented a significant change in the role of marketing cooperatives in the sheep industry. Four of the above 12 producer groups organized as cooperatives and a fifth group operated through a local development agency with the goal of becoming a self-sustaining cooperative. A 13th group of lamb producers had already been operating as a niche marketing cooperative since 1984.

Mention of company and brand names in this publication does not constitute endorsement by the U. S. Department of Agriculture.

Acknowledgements

The authors acknowledge the contributions of several people and organizations to this publication. This publication was prepared under a Cooperative Research Agreement. Charles Hunley and Gerald Ely of the Cooperative Services served as an informal advisory committee providing assistance during all stages of the project. Elipio Mercure of Pastores Lamb, New Mexico; Anita Richards of Livestock and Meat Brokering Cooperative, New York; Charlie Cathcart of Green Valley Lamb, Inc., Pennsylvania; Bonnie Young of Mountain Lamb Cooperative, Utah; Scott Duffy of Yankee Shepherds Cooperative, Vermont; and Leo Tammi of Virginia Lamb Cooperative, Virginia, also helped the authors gain a better understanding of their groups' marketing programs and the challenges they have encountered. Joe McNamara of American Sheep Industry Association (ASI) and Jim Bradley of Agri-Marketing, Utah, provided insights into the sheep industry and traditional meat marketing channels.

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Highlights

The information in this guide on niche marketing opportunities for lamb cooperatives was obtained by interviewing four marketing cooperatives and one producer group that were actively marketing lamb. In addition, five producer groups planning to market lamb in the future were contacted and interviewed. These interviews were conducted in the fall of 1993 to collect information on products sold, market outlets, and marketing programs used to target these outlets.

This guide briefly describes the specialty middlemen and direct-to-consumer outlets targeted by these cooperatives. Specialty middlemen outlets included retail food stores, restaurants, food service outlets, and specialty distributors. Direct-to-consumer outlets included the freezer market, farmers' market, mobile market, and mail order sales. The specialty middlemen outlets were used by the cooperatives more extensively than were direct-to-consumer outlets. Quality niches that occurred in both types of outlets included lean meat, organic certification, gourmet palatability, religious certification, and regional identity. Various value-added products were also offered by cooperatives to market outlets in both specialty middlemen and direct-to-consumer outlets.

The marketing programs used by cooperatives targeting both types of market outlets are also described in this guide. These programs were advertising, promotional, and service activities designed to increase the visibility, acceptance, and quantity sold of a specific product. Specialty middlemen outlet marketing activities included personal sales calls, quality guarantees, samples, promotional leaflets, brokers, food shows, product delivery, branded products, in-store demonstrations, point-of-purchase materials, and joint promotions. The direct-to-consumer marketing programs typically used logos, educational materials, customer services, quality guarantees, custom processing, product delivery, word-of-mouth promotion, cooking demonstrations, festivals, direct mailings, package labeling, signs, consumer guides, newspapers, magazines, radio, press releases, and joint promotions.

This guide also describes the critical challenges these niche marketing cooperatives encountered in their organizational and marketing efforts. These critical issues included competition from established suppliers, difficulty differentiating product to buyers, inadequate capital for the startup period, unrealistic time horizons for market development, inexperienced management, dependence on custom processing facilities, changing member goals, and weak member commitment to the cooperative.

A Niche Marketing Guide for Lamb Cooperatives

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James B. Bell

WHAT IS NICHE MARKETING?

Niche marketing is defined in this guide as targeting marketing opportunities that require unique product characteristics, packaging, and/or convenience aspects not readily attainable through more traditional lamb marketing channels such as auction sales, order buyers, packer buyers, and commission sales representatives. The word "marketing," and not "selling," is used intentionally in this guide to describe a concept being considered by more and more agricultural producers in an attempt to increase farm profits. The concept involves determining the needs of specific niche markets and then adapting current production and marketing practices to provide the desired unique product characteristics and services more effectively and efficiently than competitors (Gibson).

Unique product characteristics consist of actual or perceived quality attributes associated with lean meat, organic certification, halal and kosher religious certification, and even the regional identity associated with the area where the lamb was produced. Specialized packaging features include labeling for nutritional information, microwaveable or other cookable packaging, and labeling with detailed cooking instructions. Examples of convenience aspects include adding value by smoking, seasoning, packaging small serving sizes, specializing packaging features, and providing mail order shopping and delivery. Typically, each niche market requires only a few of these unique characteristics.

The advantages of niche marketing lamb depend upon the specific niche targeted by a producer or producer group. To a varying extent, producers have the opportunity to earn all or a portion of the middleman's share of the profits, to influence the price received for a product, to adjust marketing strategies associated with crop size and quality, and to receive feedback from the consumer.

Niche marketing poses numerous challenges. In exchange for potentially increased returns, producers have to acquire the personnel, facilities, and equipment needed for numerous specialized services normally provided by

middlemen. Marketing requires much more time and effort than selling lambs at auction or through other traditional markets. The producer or employee actually doing the marketing needs to have an outgoing, determined, people-oriented personality along with substantial knowledge about such things as advertising, merchandising, display, quality control, pricing, and packaging conventions of the existing meat marketing system. Production practices have to be adjusted to provide special product attributes and in most cases year-round product availability. Additional costs to niche market a product include advertising and promotion, slaughter and processing, packaging, delivery, product development, inspection, liability insurance, and labeling.

The type of niche market(s) realistically targeted by individual producers or producer groups depends upon:

- the capital resources available,
- the degree of marketing expertise the individual or group can realistically hope to obtain and maintain in its management,
- the type of niche markets available in the geographic area, and
- the product characteristics and/or value-added aspects already available to, or realistically attainable from, the interested producer or producers.

By pooling their resources in cooperative ventures, producer groups can hire personnel with specific marketing skills and provide the required services to supply lamb with recognized special characteristics to a variety of demanding niche markets. The topic of niche markets for lamb was addressed by the authors in two previous publications (Kazmierczak and Bell, 1992a; Kazmierczak and Bell, 1992b). They introduced the concept of marketing niches for lamb and described the market outlets that could be realistically targeted by individual producers and producer cooperatives.

This new guide briefly describes those market niches that could be targeted through cooperative action and concentrates on the types of services and programs that interviewed producer cooperatives used to target individual niches. Six niche marketing lamb producer groups interviewed in the fall of 1993 supplied the information on their

marketing services and programs that provided the basis for this guide. The defining attributes of these six producer groups are included in Table 1. Additional information is also incorporated from interviews conducted with many of the same groups in 1990, 1991, and 1992.

the freezer market, farmers' market, mobile markets, and mail order sales. Quality niches and value-added products that have been or could be marketed by producer groups within recognized niche marketing outlets are also described.

MARKET NICHE FOR LAMB

Possible niche market outlets described in this guide are divided into two categories to more effectively discuss the types of marketing programs used with each outlet. The first category includes specialty middlemen outlets through which the cooperative gains access to the consumer. These were the most commonly targeted markets by cooperatives and included specialized outlets within retail food store, restaurant, food service, and specialty distributor market outlets. The second category includes those market outlets where lamb was marketed directly to the consumer, such as

Marketing to Specialty Middlemen Outlets

Most lamb marketing cooperatives interviewed marketed their members' lamb through individuals or organizations that then marketed the lamb directly to consumers. All meat marketed in this way was regulated by Federal meat inspection laws. Marketing to specialty middlemen outlets allowed these cooperatives to earn a larger percentage of total profits for their members than if the same lambs were sold through auctions or other more traditional channels. In addition, some of these outlets provided the cooperatives with the potential for a brand name identity recognized by the consumer and the opportunity to market large volumes of product through relatively few buyers. The most success-

Table 1—Attributes of Six Producer Groups Interviewed in the Fall of 1993

Attributes	Producer Groups Interviewed Having Established Marketing Plans					
	Group A	Group B	Group C	Group D	Group E	Group F
Members	55 ^a	25	9	47	85	18
Lambs Marketed/Week	30 – 100	12	0 – 175	20	100 ^b	0 – 25
Members Lambs Marketed	20 – 100%	20 – 30%	10%	10 – 15%	Not Applicable	30% ^c
Business Type	Co-op	Co-op	Co-op	Co-op	New Co-op	Local Development Authority
Marketing Scope	Multi-State Region	Localized Within State	National	Localized Within State	Localized Within 2 States	Localized Within State
Manager Type	Part-time Commission	Part-time Volunteer	Full-time Salaried	Part-time Volunteer	Part-time Volunteer	Part-year Salaried
Specialty Middlemen Outlets	Retail Food Stores	Restaurant	Food-service	Retail Food Stores	Specialty Distributor	Retail Food Stores (minor)
Direct-to-Consumer Outlets	None	None	Freezer Market (minor)	Farmers' & Mobile Markets	None	Freezer Market
Quality Niches	Lean, Organic, Region ID	Lean, Gourmet	Lean	Region ID, Lean, Gourmet	Organic, Halal	Lean, Region ID, Organic
Value-Added Attempts	None	Sausage	Frozen Seasoned Cutlets	Boned Shoulders and Legs, Sausage	None	Sausage

^a Fifteen full members and 40 associate members.

^b Estimate several weeks before marketing commenced.

^c Seventy-five percent of specialty breed lambs and 10 percent of standard breed lambs.

ful cooperatives marketing to specialty middlemen outlets avoided head-to-head competition with national distributors by seeking market niches these distributors were not fully servicing. The discussion of specialty middlemen outlets in this chapter is intended to help cooperatives target niches within specific market outlets. Table 2 includes a brief summary of the sales opportunities discussed in the text.

Retail Food Stores: This market outlet encompasses a wide range of store types, from locally owned, full-service butcher shops to nationwide supermarket chains. Lamb is marketed to these stores as whole carcasses or primal cuts, although boxed primal cuts are becoming the norm.

Although large chain stores offer cooperatives the opportunity to sell large volumes of lamb, their requirements for volume purchases, product consistency, year-round supply of product, and product servicing have often made it too difficult and/or too expensive for cooperatives to sell to this outlet. Small independent retailers with up-scale, full-service meat departments, and to a lesser extent small, locally owned chains with 10-15 stores, provide much better marketing opportunities for cooperatives.

These small retailers are very interested in quality products that help differentiate them from the large chain stores. These retailers place a greater emphasis on merchandising and try to offer consumer-friendly products such as boneless cuts, oven-ready cuts, and easy-carve legs. Lamb is almost always displayed with more care than in the self-service cases of large chain stores. In addition, the attending butcher in a small independent establishment is almost always more available and willing to provide purchasing and cooking suggestions to customers when asked. Marketing lamb to the purchasing warehouses of locally owned retail chains with 10-15 stores allows cooperatives to obtain acceptable margins and avoid the cost of delivering to individual stores.

Richard Bean, an independent meat retailer, lamb producer, and cooperative member, focused on consumers' demands for leanness, quality, price, variety, consistency, and specific health attributes in his retail business. Speaking at the 1992 National Conference on Direct and Niche Marketing of Lamb and Wool, he highlighted some of the challenges of marketing through retail food stores. First, marketing cuts in proportion to their percentage of occurrence in a lamb carcass is difficult for both the retailer and cooperative. In response, he suggested that cooperatives develop marketing programs to educate consumers on a variety of issues including quality factors and cooking techniques for different cuts of lamb that retailers could use to differentiate themselves from large chain stores. Second, quality control is critical and, although all producers feel that all their lambs are of high quality, many lambs do not meet established grade requirements. Finally, the retailer, like the cooperative, wants to earn a fair profit.

Restaurants: Independent and locally owned chain restaurants generally require frequent deliveries of small quantities of specific cuts, a requirement that cooperatives often find difficult to fulfill. High delivery costs and delayed payment of accounts discourage most cooperatives from targeting restaurant sales. Several cooperatives avoided the cost of delivery by marketing to restaurant purveyors and distributors who provided several products to a wide variety of restaurants. While this option returned a smaller profit margin, the cooperatives provided fewer services and accepted significantly less risk.

Despite the challenges, there are benefits from marketing to restaurants. One cooperative noted that restaurants

Table 2— Summary of Specialty Middlemen Sales Opportunities Through Niche Markets for Lamb Marketing Cooperatives

Niche Market Outlet	Sales Opportunities
Retail Food Stores	Substantial sales volume of whole carcass and primal cuts can be achieved through sales to local multi-store chains, but margins are moderate to low. Branding of the products to differentiate them is often desirable for both the cooperative and the retailer. Smaller cooperatives should avoid selling to large national and regional retailers unless they can meet quality and quantity requirements.
Restaurants	Individual restaurants buy small quantities of specialty cuts and require frequent servicing. Delivery costs are high and sales of less desirable cuts are a problem. Sales of larger volumes at lower margins through a local or regional restaurant purveyor may be a more feasible way for most cooperatives to sell to restaurants.
Food service	Large volumes of standardized product are required to compete in this price-sensitive market. Tolerances for variations in portion size and packaging are very small. Smaller cooperatives with limited facilities and capital may have difficulties competing in this market.
Specialty Wholesalers	Limited volumes of product which meet unique product or convenience characteristics may be sold in this market. Premium prices are available, but quality and service standards are high. Cooperatives able to meet the exacting market requirements in a cost-efficient manner can develop profitable markets.

provided a low-risk way for consumers to try lamb. Many consumers are more likely to purchase a new product already prepared at a restaurant than to purchase the same product unprepared at a retail food store.

Food service: Food service operators encompass a wide variety of large, often nationwide organizations, including casual and theme restaurants, family restaurants, cafeterias, hotel and motel restaurants, health care facilities, fast food chains, education facilities, military complexes, transportation providers, detention facilities, and retail food warehouses (American Lamb Council 1990). These operators generally require large volumes of standardized product and will not tolerate variations in portion size, quality, and packaging. Most food service organizations purchase products through established national and regional brokers and distributors, thus reducing the margin available to lamb producers. Such operators generally buy specific cuts, making it necessary to market to a large number of food service outlets to market cuts in proportion to their occurrence in the carcass. In addition, these markets tend to be very price sensitive.

The purchasing practices of food service operators make it difficult for lamb marketing cooperatives to successfully target these outlets. One cooperative with sales goals of 10,000–20,000 lambs/year attempted to market boxed lamb and a frozen value-added product to food service outlets, including a nationally renowned resort/casino, a State prison system, an international airline, food service operators in several foreign countries, and a national members' food warehouse. Their experiences indicate that it takes time and capital to successfully target food service market outlets. Capital requirements included funds for developing appropriate products and packaging; for hiring a national sales manager, national and regional brokers, and national and regional distributors; for participation in food shows and other promotional efforts; as well as a multitude of other unanticipated costs which this cooperative found discouraging.

Specialty Distributors: Specialty distributors provide hard-to-find products to individuals or businesses demanding well-defined, unique product characteristics and/or convenience aspects. This is a diverse category of target markets that include established mail order catalogs, gourmet restaurant purveyors, and natural food store distributors. Although these specialty distributors pay premium prices, they are limited in number, are highly competitive, handle limited volumes, demand the highest quality product, and will probably not purchase the whole lamb.

One producer group investigated the possibility of marketing its lamb through a well-known mail order company. Advantages included increased exposure for its specialty product and seasonal mailings which corresponded with its product availability. Disadvantages included a

charge of 60 percent of an item's gross sale amount, an incomplete use of the whole lamb carcass, expensive packaging costs, and stringent quality control standards.

Marketing Direct to the Consumer

Marketing directly to the consumer allows producers to earn increased returns by devoting extra time and effort to providing expanded marketing services. The establishment of a cooperative allows lamb producers to share the increased returns, avoid personal involvement in marketing activities, and share the expense of direct marketing services. These services include arranging for the slaughtering, breaking, packaging, storing, delivery, and promotion of lamb to the consumer. Federal meat inspection laws regulate the sale of meat to any party including individual consumers. Marketing activities used by several cooperatives and individual producers to target direct-to-consumer outlets are discussed below. A brief summary of the sales opportunities through these market outlets is included in Table 3.

Freezer Market: Freezer market customers come from a wide range of backgrounds. Cooperatives and individuals targeting this market generally market the packaged lamb in whole or half lamb units. Many freezer market customers have limited knowledge about specific lamb cuts, cooking methods, and even how much meat can be expected from a single lamb. As a result, they need educational information on how to buy lamb directly from producers.

One producer group targeted the freezer market as the main outlet for its lambs. They slaughtered and marketed lambs between October and December when the lambs were between 7 and 9 months old. This limited marketing period allowed them the opportunity to hire a qualified retiree as a manager on a part-year basis.

Farmers' Markets: At farmers' markets, local farmers rent space to market their home-grown products. The markets vary widely in size and methods of operation. They are usually operated by State or local governments, although some are operated by grower organizations or community groups.

Farmers' markets allow producers to market their products directly to consumers with a minimum of marketing costs and at prices substantially higher than wholesale. Farmers' markets have rules about selling space, products carried, marketing times, and other items that may be disadvantageous to lamb producers. Many farmers' markets lack refrigeration and other facilities required by State regulations to market meat. To avoid problems, many farmers' markets do not allow sales of any meats or livestock products, even if the producer can meet the health requirements. In most cases, a large investment of time is required to overcome resistance to changing the rules at farmers' markets. Despite these obstacles, one cooperative has successfully marketed part of its lamb supply through a farmers' market.

Mobile Markets: Mobile markets are moving units used by producers to transport and market their product to concentrations of customers or door-to-door where local regulations permit. Although this direct marketing method has low overhead, significant time and monetary costs are often required in complying with legal restrictions and local licensing requirements. Access to population centers is important to the success of this enterprise.

One cooperative that marketed some of its lambs through mobile markets found favorable consumer response. Local regulations required that the cooperative only deliver a product that had been previously ordered. To obtain orders, the cooperative placed classified ads in the newspaper and took orders through a toll-free telephone number.

Table 3— Summary of Direct-to-Consumer Sales Opportunities Through Niche Markets for Lamb Marketing Cooperatives

Niche Market Outlet	Sales Opportunities
Freezer Market	Individual sales are normally for whole or half lamb units. Selling usually involves arranging for custom processing and packaging. Sales margins are high, but high levels of individual service are required. The freezer market is most often used by individual producers, but cooperatives have developed this market to a limited extent.
Farmers' Market	Limited sales of lamb cuts and carcasses in selected locations are available. Many local farmers' markets do not make any provisions for the sale of meats, and those that do have exacting health and inspection requirements. Opportunities with local markets will vary widely and should be explored individually.
Mobile Markets	Individual sales of a modest quantity of lamb cuts can be made in this market. Margins are good, but administrative and sales costs can be significant. Complying with health restrictions and acquiring local licenses can be a problem. Innovative operating procedures may be required to operate in this market.
Mail Order	Modest quantities of selected lamb cuts and half and whole lambs can be sold in this market. Premium prices can be expected, but handling and marketing costs are high. Premium quality products are required and a customer quality assurance program is needed. A quality mailing list is critical to success in this market.

Most of its customers were new or inexperienced lamb purchasers looking for a unique, high-quality product. Customers frequently asked for advice on how to cook lamb.

Mail Order: Purchasing a variety of products through the mail is widely accepted by consumers who do not want to spend their off-work time shopping away from home. Mail order marketing is an opportunity for producers to receive premium prices for their products and to market to consumers within a larger geographic area than normally possible. However, these businesses take time to develop and build consumer trust that leads to repeat purchases. A moneyback guarantee is critical to gaining and maintaining this trust.

The quality of the mailing list used is also critical to the success of business. Purchasing a commercial mailing list is very expensive, requires frequent paid updates, and normally results in a 1- to 2- percent response rate. Building a mailing list from current customers and personal contacts from demonstrations and other events can increase the response rate to 10- to 20 percent (Gibson). One producer group already marketing lambs directly to the public was also planning to extend into mail order sales through the catalog and mailing list of an affiliated wool marketing producer's group.

The ideal mail order product from the producer's view point is lightweight relative to its market price, ships well, has a long shelf life, and has a significant markup. Although lamb does not easily conform to these ideal specifications, several individual producers successfully marketed their lamb through this market niche. Producers targeting the mail order market generally offer whole lambs, half lambs, selected cuts, or some combination of these options. When marketing selected cuts or specialty products, pricing to sell all the cuts from each lamb and establishing a minimum order charge are important business practices. In general, a \$25 minimum order is needed to remain profitable in the mail order business (Gibson).

Quality Niches

The market niches discussed up to this point are defined in terms of the buyer's identity, but market niches can also have unique product characteristics. Some of the most important quality attributes used to differentiate lamb are lean meat, organically grown lamb, gourmet palatability, religious certification, and regional identity. Cooperatives can work with their producers to help them produce or enhance one or more of these specific quality characteristics. Cooperatives can also work with their custom processing facilities to preserve or further enhance specific quality characteristics.

Lean Meat: Consumers are increasingly demanding leaner meat and low-fat or fat-free products. To meet these demands, cooperatives can modify production, processing, and quality control procedures. In most cases, meat

containing less fat commands price premiums. However, cooperatives will have to seek out markets willing to pay these premiums because these price signals are often diluted when cooperatives are distanced from the consumer in the marketing chain. Although one lamb cooperative concluded that many food service outlets did not care about the leanness of the meat they purchased, several cooperatives successfully marketed lean lamb to retail food stores and directly to consumers.

Organic Certification: Consumers demanding organically grown meat products are very concerned about modern production practices and the wholesomeness of the food they eat. These consumers often believe that the quality and wholesomeness of the products are reduced when pesticides, growth hormones, and antibiotics are used in the production process. As a result, these consumers demand organically grown products and are often willing to pay more for products produced without pesticides, growth hormones, and antibiotics. Before labeling a lamb product natural, organic, or chemical free, cooperatives should research the Federal, State, and local regulations regarding labeling claims on a product.

To date, USDA's Food Safety and Inspection Service (FSIS) has not allowed the term "organic" on meat and poultry product labels, because there has been no uniform definition of what the term means for animal products. However, USDA's Agricultural Marketing Service (AMS) is developing proposed standards for organic livestock production, and FSIS will develop procedures to allow the use of the term "organic" once AMS publishes the final rule and the program is implemented in 1996.

FSIS allows claims on how livestock or poultry was raised. For example, if producers want to make label claims that meat or poultry is from animals raised without antibiotics, FSIS requires: (1) claims regarding raising of animals must relate to practices commonly used for the species; and (2) the company must provide documentation, such as signed affidavits for its claims, and it must maintain animal and product identity before, during, and after slaughter so that products are truthfully labeled.

Information on new legislation pertaining to organic production and handling is available from the National Organic Program, Agricultural Marketing Service, USDA, Room 2510 South Building, P.O. Box 96456, Washington, D.C. 20090-6456. Phone: (202) 205-7806, Fax: (202) 205-7808.

In addition, a bibliography, *Organic Production: Recent Publications and Current Information Sources*, SRB 95-01, is available from the Alternative Farming Systems Information Center, National Agricultural Library, USDA, 10301 Baltimore Boulevard, Beltsville, MD 20705-2351.

Gourmet Palatability: Gourmet customers are very sensitive to quality characteristics and willing to pay higher prices for higher quality. A very small percentage of lamb consumers demand gourmet quality lamb cuts, and even

fewer demand whole carcasses of this quality. Examples include individual gourmet cooks, premium quality butcher shops, and up-scale restaurants. State promotional campaigns for locally produced agricultural products are an excellent mechanism through which several cooperatives have targeted gourmet markets. Because quality is such an important factor to these markets, state-of-the-art production and processing procedures are used to assure lamb products of the highest palatability.

Halal and Kosher Certification: Halal and kosher certification are often discussed, but little understood by lamb producers. Products must meet the slaughter and handling requirements of the Muslim and Jewish faiths. Animals slaughtered for meat in compliance with the Islamic dietary laws are termed "halal" and those in compliance with the Jewish dietary laws are termed "kosher." The ceremonial rites for Islamic halal meat are much less stringent than for kosher meat. In fact, one cooperative stopped targeting the Jewish kosher market because of the wide fluctuations (30 to 85 percent) in the number of carcasses passing the rabbi's inspection at slaughter.

Cultural sensitivity and knowledge of specific religious practices and guidelines are critical when targeting this market. See Appendix A for an in-depth description of some cultural and religious issues inherent to this quality niche.

Providing facilities for the ritual slaughter of the live lamb is often necessary to directly service the ethnic/religious market. Producers targeting this market have provided facilities with items which ranged from a water hose, rope, and tree with a crossbar, to a 8-by-10-foot room complete with sink, chopping block, hanging hooks, a fan for the summer, and a heater for the winter. Currently, no cooperative has targeted the direct-to-consumer ethnic/religious market.

Regional Identity: A regional product denotes an image of freshness and quality that could not be achieved by similar products shipped long distances or imported from other countries. Many consumers are more than willing to support local agriculture if the quality of the product is equal to or greater than the quality of the same product produced elsewhere. Most States have programs to promote their products through advertising and promotional campaigns based upon their States' image. Several of these programs have targeted upscale and gourmet market niches through retail food stores, restaurants, mail order firms, and to a lesser extent, specialty distributors. Several lamb marketing cooperatives have worked with their State departments of agriculture to develop a regional identity for their products.

There are factors, however, that affect a cooperative's willingness or ability to participate in State programs. A few programs have been criticized for not setting quality standards or for not enforcing the standards for products sold under the state logo. Another criticism is that product

requirements do not relate to qualities that could be seen or tasted. Examples include where a lamb is born or how long it has resided in the State before it is slaughtered.

Value-Added Products

Value-added products are intended to increase producer returns by processing slower moving cuts of lamb into consumer-oriented products, providing a market outlet for cull ewes, or making quality lamb more attractive to consumers. However, the production costs of value-added products and the time required to gain market acceptance have been greater than the cooperatives anticipated.

Many cooperatives and individual producers have considered developing and marketing value-added lamb products such as types of fresh and smoked sausages, lamb-filled breadsticks, lamb stew, processed seasoned cutlets, meat products for seasoning in cooking, highly seasoned hors d'oeuvres, marinated shish kabobs, cubes/strips for stir frying, grill-ready steaks, smoke-cured legs, and boned, rolled and tied legs and shoulders. Although many of these products were favorably test marketed at food shows, festivals, and fairs, only a few are currently being marketed. These include limited quantities of frozen, seasoned lamb cutlets marketed to food service outlets and limited quantities of two different sausage products marketed directly to consumers.

through that outlet. Locating middlemen, who will work with the cooperative to differentiate their products to the consumer through various marketing activities, is also critical to a successful marketing program.

A discussion of marketing activities aimed at middlemen buyers follows. The evaluation checklist in Table 4 will help cooperatives evaluate these marketing activities when targeting specialty middlemen niche marketing outlets.

Personal Sales Calls: Frequent personal sales calls to retail food store, restaurant, food service, and specialty distributor buyers help differentiate upscale and value-added products from similar products, increase the volume sold, and increase buyer loyalty. The purpose of these visits is to continually convince buyers of the unique qualities of the product and to help them resolve any problems they encounter in marketing the product. Frequent contact with the buyer also helps the cooperatives to overcome problems relating to quality, supply, and promotional programs. These visits also help cooperatives keep in touch with consumer reactions to their product and make needed adjustments.

Quality Guarantee: A liberal or unconditional guarantee of quality increases buyer confidence in small marketing cooperatives about which buyers have limited knowledge. Lamb cooperatives marketing to retail food store and specialty distributor buyers have either replaced or allowed price reductions for off-grade product that has slipped through the cooperatives' quality control system. In these cases, the cooperatives have not verified the buyers' claims and have tied compensation to what the buyer felt was adequate.

MARKETING PROGRAM ACTIVITIES

A marketing program combined of advertising, promotional, and service activities is designed to increase the visibility, acceptance, and quantity sold of a specific product. Key elements to establishing effective marketing programs are a thorough knowledge of the target audience, an appealing message, and repeated exposure of the target audience to the message. The repeat purchases necessary for successful business operation depend upon the product's ability to live up to the expectations created through the marketing program.

Different combinations of program activities are effective when targeting various market outlets and market niches. Program activities most commonly used by cooperatives and individuals marketing to specialty middlemen outlets and consumers are included in this chapter. Although each activity is discussed separately, they should be considered one of several activities for use in a marketing program. Identifying and using the right combination of program activities is the key to successful marketing programs.

Specialty Middlemen Outlets

When marketing through specialty middlemen outlets, the middleman, not the consumer, is often the target audience of the marketing program. If the buyer for the retail food store, restaurant, food service outlet, or specialty distributor does not purchase the product, then the consumer will not have the opportunity to evaluate the product

Table 4— Checklist To Evaluate Marketing Activities for Cooperatives Selling Through Retail Food Stores, Restaurants, Food Service, and Specialty Distributors

Marketing Activity	Usefulness to the Cooperative		
	Very Useful	Useful	Not Useful
Personal Sales Call	_____	_____	_____
Quality Guarantee	_____	_____	_____
Samples	_____	_____	_____
Promotional Leaflets	_____	_____	_____
Brokers	_____	_____	_____
Food Shows	_____	_____	_____
Product Delivery	_____	_____	_____
Branded Products and Labeling	_____	_____	_____
In-Store Demonstrations	_____	_____	_____
Point-of-Purchase Materials	_____	_____	_____
Joint Promotions	_____	_____	_____

Samples: Providing representative samples of the cooperative's marketable product and conducting cooking demonstrations for prospective buyers are effective methods to establish the quality of upscale and value-added products. These promotional techniques are aimed at retail food store, restaurant, food service, and specialty distributor buyers. Samples and cooking demonstrations are also used to convince these buyers to introduce or increase new or unusual lamb products in their product line.

Promotional Leaflets: Glossy leaflets are intended 1) to attract buyers for retail food stores, restaurants, food service outlets, and specialty distributors and 2) to convince them to handle the cooperative's product. An appealing color or black and white photo of the product is usually featured along with a brief description. Noteworthy nutritional information, special claims information, cooking or servings suggestions, and ordering information are often included in the leaflets. In some cases, these leaflets are used to offer product discounts for new product orders, early orders, or large volume orders and contain ad slicks to aid the buyer when advertising the product to the consumer. These leaflets have been used by cooperatives with varying degrees of success during in-person sales calls and mailings to retail food stores and food service outlets.

Brokers: In this publication, brokering is considered a marketing activity used to increase the visibility, acceptance, and quantity sold of a specific product. The marketing services provided by brokers include locating potential buyers, promoting the product to these buyers, closing the sale, and arranging the delivery of product to the buyers' warehouse. Brokers are also responsible for the followup efforts required to ensure that buyers reorder the product. Cooperatives should be aware that brokers tend to market established products rather than devote time to developing markets and a customer base for new value-added lamb products.

Food Shows: Food shows provide opportunities to conveniently promote product to a large number of potential buyers from retail food stores, restaurants, food service outlets, and specialty distributors at one location and time. These food shows vary in size from local and regional conventions to national shows and are sponsored by distributors and industry trade organizations. Although many accounts can often be verbally secured at a single food show, a lack of broker and/or cooperative followup can result in few actual sales.

Product Delivery: Few, if any, retail food stores, restaurants, food service outlets, and specialty distributors are equipped to pick up the food they purchased. Therefore, lamb marketing cooperatives have made arrangements to deliver lamb in a timely manner to their buyers. The goal of product delivery is to have the product at the place, time, and form that the buyer wants. Late delivery, improper handling,

and poor servicing of deliveries causes buyer dissatisfaction. Buyers may seek alternative sources of supply.

Avoiding these pitfalls and keeping a truck and driver operating profitably on small volumes and frequent deliveries are challenging to lamb marketing cooperatives. Some have tried purchasing refrigerated trucks of various sizes, others have contracted with commercial trucking services, and one has used a specially built cooler designed to transport hanging carcasses in the bed of a pick-up truck. Minimum order sizes should be established especially for restaurant buyers who require frequent deliveries of small quantities.

Branded Products and Labeling: Product brands are legally registered names and logos that identify a product as being produced by a specific firm. Brand labeling promotes loyalty by attracting customers and helping them associate quality with the branded product. These brands are usually aimed at the consumer and used when targeting retail food stores, members-only food service outlets, and specialty distributors. Besides the intended influence on the customer, attractive brand labels also help middlemen buyers determine how well a product will fit in with the rest of their merchandise.

The style, content, and colors of the label influence the customer's image of the product. Because lamb is a relatively expensive red meat, an upscale, high-quality image should be portrayed to entice the customer to try the product. In addition to the date, price, and weight information normally included on meat labels, including nutritional and other special claims information helps establish the image of high quality. Hiring a qualified person or agency to develop the appearance of an up-scale label is expensive, but often necessary. Getting recommendations from previous clients and viewing samples of previous work can help cooperatives decide on an agency.

Federal labeling laws dictate the content and form of nutritional information and special claims on brand labels. One cooperative hired a label expeditor in Washington, DC, to speed up Federal approval of its brand label. The cost of this service was nominal and the labels were approved within the week. By comparison, another cooperative waited more than a year to gain Federal approval.

In-Store Demonstrations: Retail food store demonstrations are another direct link with consumers and can be used to influence their purchasing habits. In-store demonstrations are particularly effective when introducing new or unusual products, or when trying to establish products in a new store. One cooperative has continued to conduct demonstrations for established accounts, because they appreciated the cooperative's efforts to help them market the product. Minimal cooking experience and equipment are required to lightly cook lamb that has been cubed and marinated prior to the demonstration. Demonstrations are often conducted by member producers

to increase credibility and show potential customers that the producers believe in the quality of their local product. Some studies have shown that offering free samples can boost product sales up to 30 percent (Gibson).

Point-of-Purchase Materials: Posters, leaflets, and other point-of-purchase materials are designed to educate the consumer and draw attention to the product in self-serve outlets, such as retail food stores, restaurants, and some food service outlets. The purpose of point-of-purchase materials is to provide a direct link with customers and persuade them to try a new product or buy larger volumes of a known product. Materials include descriptive information about the product, recipes, methods of cooking, information on storage, procedures for handling, descriptions of production practices, company history, and coupons. Typical forms of point-of-purchase materials include menu inserts, table tents for eat-in situations, display posters, tear-off recipe pads, glossy recipe cards, and product hang-tags. The American Sheep Industry Association (ASI) has developed useful point-of-purchase display materials, pull-off recipe sheets, glossy recipe cards, American lamb stick-on labels, and table cards. A list of these materials and prices can be obtained from ASI, 6911 South Yosemite Street, Englewood, CO 80112-1414 (phone 303-771-3500).

In certain situations, point-of-purchase materials may not be displayed with the product because employees of self-serve outlets are too busy or the materials have been separated from the product in the warehouse. To avoid this, cooperatives may designate an employee or hire someone to routinely visit the restaurants and stores of their buyers to encourage them to properly display all point-of-purchase materials. Proper design of these materials to fit in with industry standards also increases their use. Because brochures printed on normal paper do not hold up to the high humidity conditions under which meats are handled, more durable plastic laminae materials should be used.

Joint Promotions: Joint promotions with established products can increase the visibility, acceptance, and volume of lamb sold by cooperatives. Cooperatives have sought joint promotions with local wine festivals and an upscale national condiment manufacturer. Wine festivals expose participants to lamb through booths offering prepared foods. Volunteers were used to cook and sell products including lamb kabobs and lamb-filled pita sandwiches. Food booths at festivals are subject to health regulations and frequent inspections. Multiday festivals are time consuming, but prompt participants to ask their retailers for the cooperative's product after the festival.

Association with an upscale national condiment producer could have given product distinction and increased exposure to one cooperative's lamb products on both the meat and condiment aisles of retail food stores. The condiment producer was willing to match cooperative funds and provide the expertise in developing point-of-purchase

materials and joint press releases. Unfortunately, the cooperative could not raise additional funding to follow through with this offer.

Direct-to-Consumer Outlets

Marketing programs need to reach a much larger number of "buyers" when targeting consumers directly because individual sales are of much smaller volumes. High-quality marketing programs that can extend sales to more consumers can be developed with the pooled resources of producer cooperatives. The volume of product sold, however, is limited by the population of the market area. The results of preliminary efforts by cooperatives to market directly to consumers are encouraging. The evaluation checklist in Table 5 can help cooperatives evaluate the usefulness of direct-to-consumer marketing activities.

Logo: Developing a logo that's synonymous with the cooperative's identity helps to differentiate the cooperative and its products in the minds of potential and current customers. Cooperatives should review their marketing plans and carefully define an image consistent with these plans before developing their logo. Logo influences consumer opinion about the product. An advertising firm or consultant can develop a simple, clean, and crisp logo that is easily recognized by consumers. The logo should be used prominently in all marketing materials to reinforce the connection between the logo and the cooperative's

Table 5— Checklist to Evaluate Marketing Activities for Cooperatives Selling Through Freezer Markets, Farmers' Markets, Mobile Markets, and Mail Order Markets

Marketing Activity	Usefulness to the Cooperative		
	Very Useful	Useful	Not Useful
Logo	_____	_____	_____
Educational Materials	_____	_____	_____
Customer Service	_____	_____	_____
Quality Guarantee	_____	_____	_____
Custom Slaughter, Cutting, and Packaging	_____	_____	_____
Product Delivery	_____	_____	_____
Word-of-Mouth	_____	_____	_____
Cooking Demonstrations	_____	_____	_____
Festivals and Fairs	_____	_____	_____
Direct Mailings	_____	_____	_____
Package Labeling	_____	_____	_____
Signs	_____	_____	_____
Consumer Guides	_____	_____	_____
Newspapers	_____	_____	_____
Magazines	_____	_____	_____
Radio	_____	_____	_____
Press Releases	_____	_____	_____
Joint Promotions	_____	_____	_____

product and provide continuity to the cooperative's marketing efforts.

Educational Materials: Most consumers have limited knowledge about available lamb meat cuts when they buy a lamb directly from the producer. Educational materials can help cooperatives educate customers to be more confident about purchasing lamb. Educational materials are useful when targeting freezer markets, farmers' markets, mobile markets, and mail order sales.

Many individual producers have used threefold leaflets explaining processing arrangements, delivery procedures, the concept of carcass yield or dress out percentage, the number of retail cuts to be expected, and the estimated freezer space required for a whole lamb. Including recipes, cooking suggestions, nutritional information, carving instructions, and return policy further encourage potential customers to purchase lamb. When targeting the gourmet and organic niches, a description of production practices and the care with which the lamb has been raised should also be included. Appendixes C and D provide information helpful in preparing an educational leaflet.

Customer Service: Timely, courteous, and professional service are extremely important in gaining the loyalty of freezer market, farmer's market, mobile market, and mail order customers. Many customers are unfamiliar with buying lamb directly from the farm and need to be lead through the purchasing process. A toll-free telephone number for phone orders, acceptance of major credit cards, and information on alternative cuts available to customers are techniques that have been used by direct marketers to attract customers. A pleasant ordering and purchasing experience reinforces the quality of the product and encourages repeat sales.

Quality Guarantee: An unconditional guarantee of quality overcomes uncertainties consumers have about purchasing meat from nontraditional sources, including freezer markets, farmers' markets, mobile markets, or mail order sales. Quality guarantees typically allow for price reductions or product replacement depending upon the preferences of the consumer. Producers selling through the mail have to word guarantees carefully to avoid being held liable for negligence on the part of the carrier or the purchaser.

Custom Slaughter, Cutting, and Packaging: The quality and consumer appeal of packaged lamb is influenced by the handling, cutting, and packaging procedures of the custom processing facility. This is equally true for freezer markets, farmers' markets, mobile markets, and mail order sales. Carefully select a facility that offers the services the cooperative wants to provide its customers. Agreements should be made with custom processors defining such things as quality standards, cutting options, and packaging

procedures. Cryovac™ packaging and Federal inspection are two examples of specialized services that have concerned cooperatives in their search for processing facilities.

Cryovac™ packaging is a process in which the meat is sealed in a thick see-through plastic material after all air is removed from around the meat. Benefits include increased shelf-life for fresh lamb and reduced freezer burn in frozen lamb. The consumer appeal of this packaging also makes it a priority for most lamb marketing cooperatives.

Many custom slaughter firms, however, do not own Cryovac™ equipment and cooperatives have sometimes been forced to transport their lamb long distances to obtain this service. Several cooperatives have pursued the alternative of purchasing their own Cryovac™ machine and locating it at their custom processing facility.

Cooperatives seeking Federal inspection have also sometimes had to transport their lambs to obtain this service. Federal meat inspection laws require that all meat offered for sale be slaughtered and packaged in Federal- or State-inspected facilities. Meat slaughtered at noninspected facilities has to be for personal use. Each package must be stamped with the words "NOT FOR SALE." Individual producers have often sold live lambs to consumers and then helped the customer locate a custom processor.

Although cooperatives could sell lamb in the same way, the packaging is unattractive to the consumer and the process is time-consuming for the cooperative. This process would also limit the flexibility of the cooperative to market specialized cuts to consumers based upon their needs. All interviewed producer groups marketing directly to the public transported their lamb to Federal- or State-inspected facilities for slaughter and packaging.

Product Delivery: Home delivery of lamb for freezer markets, some mobile markets, and all mail order sales can increase the appeal of purchasing lamb from producers. Product delivery to a farmer's market or through a mobile market can reduce the distances most consumers have to drive. The cost of cooperative deliveries can be controlled by making less frequent deliveries of larger quantities to locations in a concentrated area. Refrigerated trucks are used for most lamb deliveries.

Shipping and packaging methods for mail order sales include ground carriers, air carriers, styrofoam-lined boxes, and packaging lamb with dry ice or 2-day gel packs. Overnight delivery shipping costs for mail order sales can be prohibitively expensive. Several producer groups have begun experimenting with packaging and shipping times to reduce the need for specialized shipping arrangements. These experiments have used specially built boxes, styrofoam pellets, and delivery of packaged lamb to commercial carriers just before they stopped accepting deliveries at the end of the day.

Word-of-Mouth: Word-of-mouth comments by current customers are one of the most effective means of

informing potential customers about the lamb products. This is true regardless of whether the cooperative is targeting the freezer market, farmer's market, mobile market, or mail order sales. Although this type of advertising is not purchased, it is also not free. Word-of-mouth advertising is earned each time the cooperative provides its customers with courteous service and a quality product. It can, however, be a double-edged sword. Dissatisfied customers are more likely to complain to several friends about bad service and products than satisfied customers are to tell their friends about good service and products.

Cooking Demonstrations: Cooking demonstrations at shopping malls and special events are very similar to the in-store demonstrations used to target the retail food store and food service middlemen. Minimal cooking experience and equipment are required to lightly cook lamb that has been cubed and marinated prior to the demonstration. These demonstrations help convince potential freezer market, farmer's market, mobile market, and to a very limited extent, mail order customers that lamb is delicious. Printed ordering information, copies of the marinade's ingredients, recipe cards, and nutritional information should be made available for interested spectators at these demonstrations.

Festivals and Fairs: Festivals and fairs can be used to increase consumer awareness of cooperative products, conduct cooking demonstrations, accept orders, and make cash sales to the general public. In addition, festivals and fairs can be used to acquaint potential customers with the freezer market, farmer's market, mobile market, and mail order sales outlets of the cooperative. A few festivals and fairs are devoted solely to sheep, but there are many state fairs, county fairs, wine festivals, and other events where cooperatives can promote lamb and setup lamb food booths. The festival or fair organizers should be contacted prior to the event to make arrangements for a booth and pay entrance fees.

Food booths that sell lamb dogs, lamb sausage, lamb barbecue, lamb burgers, and other food products are subject to health regulations. Festival or fair organizers know the local health requirements and can help participants obtain any needed permits. In addition to the cash sales of ready-to-eat lamb food products, these food booths also provide cooperatives an opportunity to offer free samples, display recipes, distribute promotional leaflets, and take orders for freezer lamb.

Direct Mailings: The quality of the direct mailing depends heavily on whether its purpose is to remind current customers of product availability through freezer markets, farmers' markets, and mobile market sales or to attract new mail order customers. If only current customers are targeted, a simple one- or two-color, threefold brochure can be used. However, mass mailings to unknown consumers must use brochures that compete favorably with those of established

mail order companies. In general, mail order brochures for food are professionally prepared and have mouth-watering appeal through color photographs or, at the very least, excellent color drawings.

Package Labeling: Attractive package labeling increases the consumer appeal of lamb before consumption, maintains producer identification after purchase, and increases the likelihood of repeat purchases. Therefore, upscale package labeling is important to freezer market, farmer's market, mobile market, and mail order sales. The label can include a variety of information such as the cooperative logo, inspection certification, weight, price, date, and a notification to keep the product refrigerated or frozen. State and Federal regulations sometimes specify the type of information that can be included on meat labels bearing their respective inspection notices.

Signs: Signs inform customers about freezer sales made from the cooperative office, and are used to attract customers to the cooperative's stall at a farmer's market, and to identify the delivery van used for mobile markets. Local sign regulations and the distance and speed at which the customer is expected to read the sign influence its design. Signs directed at nearby foot traffic can use smaller letters and contain more information than those aimed at high-speed car traffic. Uncluttered and eye-catching signs both attract new customers and increase existing customers' awareness of the cooperative and its products.

Consumer Guides: Consumer guides are pamphlets or booklets designed to inform potential customers about farmers marketing products directly to consumers within an area such as a county, region, or State. Although some guides include only lamb and meat products, multiple agricultural products are more often included. Consumer guides are usually compiled by State departments of agriculture, producer associations, or cooperative county extension services. Guides are distributed to the public through local businesses, chambers of commerce, county extension offices, State travel bureaus, State departments of agriculture, and many other organizations and agencies. The cost to be included in a guide is nominal.

Consumer guides usually contain the organization's name, name of a contact person, mailing address, telephone number, and some codes from a key describing the type of products available from each farm. In addition to farm information, consumer guides often include other educational information useful to customers buying specific products. Lamb producers have included a chart of cuts, an explanation of dressing percentages, and an estimation of the amount of freezer space required for a whole lamb.

Newspapers: Local newspapers are commonly used by individual direct marketers targeting the freezer market. Newspaper advertising popularity includes the relatively

large number of subscribers in their circulation area and the relatively low advertising costs. Even more appealing to direct marketers is the broad spectrum of occupations, ethnic backgrounds, incomes, and age groups represented by newspaper readers.

Newspaper advertising can be through classified or display ads. Classified advertisements are commonly used by individual direct marketers because they are inexpensive and read by a surprisingly high percentage of consumers. Display ads are more costly, but cover a larger surface area and can be located in specific areas of the paper such as the food section. Display ads give cooperatives room to incorporate their logo, telephone number, services offered, and feature one to three products. The cooperative logo, consistent layout, and a neat uncluttered appearance will help attract the attention of potential customers and increase recognition among existing customers.

Magazines: Magazines are an effective, but expensive, method of advertising for mail order sales. However, not all magazines produce the desired results. Even though many magazines are distributed to the target audience, some are placed on the coffee table and never read. Several magazines may need to be tried before finding one that is read by an upscale audience looking for quality lamb.

Radio: Radio advertisements, although expensive, are a cost-effective way to reach freezer market, farmers' market, and mobile market customers. Important considerations when using this advertising medium include the coverage area of the radio station and the characteristics of the listeners. One cooperative used a classical FM radio station to market freezer lamb to the residents of several retirement communities. Sales from advertising on an AM station with a much larger coverage area did not cover the cost of the advertisement.

Press Releases: Press releases written for newspaper, radio, or television draw the attention of the media and through them potential customers to freezer markets, farmers' markets, mobile markets, or mail order sales.

Although only a small percentage of these stories are ever printed or aired, particular strategies can increase the chances of them being used. Hand delivery of news releases to the newspaper, radio, or television station and talking to the reporter in charge of local events can make the release stand out from similar releases they receive. In addition, news releases must be newsworthy and not just glorified advertisements. For example, the purpose of one producer group to help the indigenous people of the area improve their economic standing was used to interest a local radio station in a half-hour on-the-air interview. Although the press release was not used as written, the feature story that resulted was much more valuable than paid advertising and increased lamb sales for the group.

Joint Promotions: Joint promotions with local school, civic, or church organizations increase the visibility and sales of lamb through freezer markets, farmers' markets, and mobile market outlets. For example, the athletes of a local high school promoted lamb in return for a percentage donation to the school's athletic fund.

CRITICAL ISSUES

Like other small business enterprises, every lamb marketing cooperative and producer group has encountered various challenges in their organizational and marketing efforts—established suppliers, difficulty differentiating their product to buyers, inadequate capital for the startup period, unrealistic time horizons for market development, inexperienced management, problems working with processing facilities, weak member commitment to the cooperative, and changing member goals. Challenges discussed in this section can help other lamb cooperatives approach the same issues with greater insight.

Competition

Small regional lamb marketing cooperatives have been unable to compete on price with national lamb distributors when targeting traditional high-volume distribution channels. The most successful cooperatives have targeted niche markets in order to avoid price competition from large suppliers and the complexity of the meat industry's status quo. These true niche markets demand unique product characteristics, packaging, and/or convenience aspects that are not attainable through traditional lamb marketing channels. In addition, small cooperatives have found it difficult to compete in markets which demand boxed lamb primals. Their volume has not been large enough to effectively balance the primals sold with the cut content of the carcass.

Product Differentiation

Most lamb marketing cooperatives have had trouble convincing buyers of their product's superior qualities and characteristics. Cooperatives that effectively differentiated their lamb have carefully targeted true niche markets and have had excellent quality control and product consistency programs. Their constant vigilance on quality factors has earned them a quality reputation with their buyers. Federal inspection, Federal grading, and participation in the ASI Certified Fresh American Lamb program have been used by many groups to help them assure buyers of consistent quality.

Capital Requirements

All lamb marketing cooperatives have underestimated the actual capital needed to launch a new cooperative and introduce value-added products. Under-capitalization and the resulting dependence on others have put cooperatives at a competitive disadvantage with large-scale suppliers of

lamb. Grants and other assistance available in past decades for agricultural enterprises to overcome such problems are becoming scarce as a result of government budget cuts. Unanticipated costs, 2 to 3 years of sustained operating losses, the lack of capital to react to changing market and processing conditions, and the burden of management costs for relatively small volumes of lamb plagued the interviewed lamb marketing cooperatives. The use of volunteer management by several cooperatives, the inability to purchase a Cryovac™ machine when the existing slaughter facility went out of business, and the inability to participate in a joint promotion with a nationally recognized condiment manufacturer were some of the specific results of inadequate cooperative capitalization.

Market Development

All lamb marketing cooperatives have underestimated the time required to introduce their products to specialty middlemen outlets and reach self-sustaining sales levels. The time required to gain market acceptance for value-added products with positive test marketing results has been particularly frustrating to the cooperatives interviewed. Market development difficulties encountered by various cooperatives include small profit margins compared to marketing costs, limited resources to followup food service buyer leads, limited success in marketing cuts from the whole lamb, insufficient consumer awareness of the product, limited resources for promotion, inadequate quality control, poor decisions by inexperienced management, and lengthy labeling procedures for value-added products.

Management

All the lamb marketing cooperatives participating in this study have been challenged by inexperienced management teams consisting of a manager and board of directors. In general, directors and cooperative managers have had limited knowledge about the requirements of the traditional meat marketing system past the farmgate. Even though these teams have made concentrated efforts to learn about this system, the external assistance needed was often not consistently available. This situation is unlikely to change because of continuing budget cuts in both government and industry groups which serve lamb marketing cooperatives.

Cooperatives are left with three courses of action: hire a consultant to develop the required marketing materials and lead them through the process of marketing to specialty middlemen outlets; hire experienced management with higher salary costs; or target niche markets not requiring expertise in the traditional meat marketing system. To be cost-effective, the first two courses of action require individual cooperatives to have large volumes of lamb or existing cooperatives to join in a federation of cooperatives for cost-sharing.

Slaughter and Fabrication

All lamb marketing cooperatives were concerned about their vulnerability to the quality standards of custom processing facilities. The slaughtering, hanging, cutting, deboning, packaging, and labeling procedures of processors greatly affect the quality of lamb the cooperatives market. Cooperatives have influenced these procedures by working closely with processors to maintain quality standards, purchasing supplementary equipment for placement in facilities, or purchasing their own processing plant. Most cooperatives have concentrated on developing good working relationships with custom processors. One cooperative subsequently leased the facility it bought to another firm when the consistent and cost-efficient operation proved too expensive. Although it now believes a small fabricating facility would have been a more feasible alternative, the higher cost of lamb packaged in such a facility would have to be offset by income from niche markets willing to pay price premiums for unique product characteristics.

Changing Goals

The goals of many cooperative members have shifted during operation, often resulting in member dissatisfaction. The goals of interviewed cooperatives initially included meeting minimum volume requirements of large buyers, taking marketing responsibility out of the hands of the producer, achieving higher prices than those obtained from traditional lamb buyers, and positively impacting the lamb industry.

All of these goals have been achieved to some extent by lamb marketing cooperatives. However, the original goals of many cooperatives have been directly impacted by the results of their marketing efforts. Higher volumes sold have often lead to more stable but marginally lower prices than initial niche market prices. Although these prices were higher than those received from traditional lamb buyers, higher cooperative management costs have cut member returns. In addition, cooperative operation has often increased lamb returns in an area so that nonmembers have also received a few cents more for their lamb.

Member Commitment

Lamb marketing cooperatives have had problems with member loyalty resulting in declining membership, decreasing volumes of lamb marketed through the cooperative, and producer unwillingness to commit extra capital for the continued well-being of the organization. Although timely payments, marketing agreements, and education on producer ownership of cooperatives can help increase member loyalty, the price received for lamb is probably the single most important factor in attracting and maintaining producer membership. Therefore, member loyalty will continue to be a problem for cooperatives unable to return greater-than-average returns to their producers.

SUMMARY

Many lamb producers in the 1980s and 1990s were willing to change the way they produced and sold lambs to increase profits. These producers often believed that taking responsibility for marketing efforts beyond the farmgate was the key to achieving higher returns. Despite these beliefs, most producers have had insufficient capital, inadequate lamb volumes, and inadequate knowledge about the complex meat marketing industry to attempt such efforts individually.

As a result, cooperatives were often formed to pool producer resources in an attempt to deal with these issues more effectively. Cooperatives targeted niche markets through which they could provide unique products not available from traditional suppliers of lamb. Marketing activities were developed to facilitate lamb sales to these markets, but the success of these efforts was variable. High program and management costs for relatively low volumes of lamb plagued the cooperatives. Members often belatedly realized that higher market prices did not necessarily mean higher producer returns.

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APPENDIX A

Ethnic/Religious Market

Reprinted from Marketing Out of the Mainstream: A producer's guide to direct marketing of lamb and wool. by Kazmierczak and Bell. American Sheep Industry Association, Sheep Industry Development Program, Inc., Englewood, CO, 1992.

Ethnic/religious market lamb is usually consumed fresh at special occasions.

The ethnic/religious market outlet for lambs is distinctly separate from the freezer market, where the lamb is bought and frozen for future consumption. Ethnic/religious market buyers usually consume the lamb fresh and often in connection with certain religious feasts or for special occasions with friends and relatives. A characteristic of many ethnic market buyers is that they prefer mutton over lamb.

Direct marketers must exercise cultural sensitivity with ethnic/religious customers.

When targeting the ethnic/religious market, direct marketers must exercise cultural sensitivity. Direct marketers should learn to recognize and respect unique cultural differences in order to assure the customer will be satisfied after each transaction. For example, bargaining over price is unfamiliar and distasteful to many direct marketers in this country. However, customers from many other cultures are accustomed to bargaining and often feel cheated if the seller refuses to bargain.

Direct marketers can expect to encounter other similar cultural differences when selling to ethnic groups. They must learn to respect the values and customs of all customers even though they may differ from their own. Some examples of these customs and values are dietary laws which declare otherwise hygienic meat unfit for consumption, and cultural traditions which prohibit women from participating in certain activities. One successful woman direct marketer attributes much of her and her husband's success to the fact that she remains out of sight during transactions with ethnic customers. Over time many of these same customers have come to respect her because of her efforts to respect their customs, and their business has increased substantially. The adage of successful retailing remains, "The customer is always right!"

Islam and Judaism espouse dietary laws either requiring or traditionally using lamb and mutton for many occasions.

Most lamb and mutton purchases by ethnic market customers are by individuals of Middle Eastern extraction. Islam and Judaism are the two most prevalent Middle Eastern religions which espouse strict dietary laws and either require or prefer lamb and mutton for many religious feasts. Although a significant number of purchases are made by individuals who do not follow the strict dietary laws of their native religions, the direct marketer needs to understand enough about these dietary laws to assist practicing customers. Meat slaughtered in compliance with the Islamic dietary laws is termed "halal" and that slaughtered in compliance with the Jewish dietary laws is termed "kosher." The ceremonial rites for Islamic halal meat are much less stringent than those for Jewish kosher meat.

Although the direct marketer is seldom involved in Muslim religious ritual slaughter, a basic understanding of the process is necessary. To qualify for the halal designation, the head of the sheep or lamb must be turned toward Mecca. Then the slaughterer must utter the basmala prayer, "bismi 'llahi 'rrahmanai 'rrahim," which translates in English to "In the Name of God, the Merciful, the Compassionate," and quickly slit the animal's throat so as to sever the jugular vein immediately. All the blood must be allowed to drain out of the animal before the meat can be butchered.

The Muslim festival the Eid-ul-Adha, or the Festival of the Sacrifice, is the only festival that absolutely requires the practitioner to slaughter a lamb or sheep. This festival occurs on the same day every year of the Muslim calendar, but not on the same day on the western or Gregorian calendar. Because of the difference between these two calendars, the festival date on the western calendar advances by 11-12 days every year. Thus, the Festival of the Sacrifice can occur during all seasons of the year. It is important that those selling lamb or sheep to Muslims obtain a calendar locating the dates of Muslim festivals. A calendar specific to the Muslim faith can be obtained from The Islamic Center by calling (202) 332-8343 or writing:

The Islamic Center
2551 Massachusetts Ave., N.W.
Washington, D.C. 20008.

A multifaith calendar can be ordered for a fee by calling (604) 469-1164 or writing to:

Multifaith Calendar
Canadian Ecumenical Action
1410 W. 12th Avenue
Vancouver, BC Canada V6H 1M8

Slaughter requirements for kosher meat are hard for an individual producer to achieve.

The slaughter requirements for Jewish kosher meat are much more stringent and much more difficult to provide on a small scale by an individual producer. In addition to the regular kosher products, there is also a market for "glatt" or "super kosher" products. Producers wishing to target either of these markets should seriously consider working through a processing and marketing firm servicing the kosher market.

The slaughter procedure for lamb or sheep to be designated as kosher must be performed by a believing Jew knowledgeable in the ritual laws of slaughtering. By custom, the individual performing the slaughter should receive written authorization from a rabbinical authority. The lamb's trachea and esophagus must be severed quickly, using a knife which has no imperfections and all the blood must be drained from the animal. The lamb carcass and especially the lung cavity must be examined and passed before the carcass can proceed through the kosher process. All visible imperfections and many perceived imperfections are grounds for kosher rejection. The following items are some grounds for rejection:

- a. stunning the animal with electricity prior to slaughter,
- b. hesitating while cutting the lamb's throat,
- c. excessive chopping when slitting the lamb's throat,
- d. lacerating the trachea or esophagus with an imperfect blade,
- e. burrowing the knife between the trachea and the esophagus or under the skin,
- f. defects caused by the attack of a predatory beast or bird,
- g. perforation of vital organs,
- h. missing organs, and
- i. bone fractures.

Many Jewish communities do not use the hind quarters of an animal for kosher meat unless other cuts of meat are not readily available. The convention came about because it is difficult to remove the forbidden fat and sinews from the meat of the hind quarters. Therefore, the opportunity exists for the direct marketer targeting the kosher market to develop an alternative outlet for the leftover hind quarters. When marketing meat from the same

lamb to different market outlets, the biggest challenge for the direct marketer is to balance the demands of the various outlets with the supply of the different cuts.

As with Islam, much of the Jewish demand for lamb or mutton is tied to religious festivals or to special occasions entertaining friends and relatives. The dates of these religious festivals are tied to the Jewish calendar, which, unlike the Islamic calendar, only differs from the western calendar by up to a month at any time. Therefore, the Jewish religious festivals always occur during the same season of the year. A current Jewish calendar can be obtained by calling (202) 857-6500 or by writing:

B'nai B'rith
1640 Rhode Island, N.W.
Washington, D.C. 20036.

The Multifaith Calendar mentioned earlier also includes the dates of the Jewish religious festivals. In addition, the Jewish calendar covering the western years 1920-2020 A.D. can be found in the Encyclopaedia Judaica, Volume 1.

Western Christian and Eastern Orthodox Easter can be as much as four weeks apart.

A third potential ethnic/religious market for lamb is Christians at Easter. The direct marketer needs to be aware that the date of the western Christian Easter, Roman Catholic/ Protestant, and that of the Eastern Orthodox Easter (Pascha) only coincide every four years and can be as much as four weeks apart. The Multifaith Calendar described earlier also includes the dates of these two religious festivals and will help direct marketers plan their supply of lamb accordingly.

Providing facilities for the on-farm ritual slaughter is often necessary to service the ethnic/religious market. These facilities can take various forms. Some producers have provided only a water hose, rope, and tree with a crossbar, while others have provided a spartan 8X10 room complete with sink, chopping block, hanging hooks, a fan for the summer, and a heater for the winter.

APPENDIX B

Lamb Cut Basics

The following section is reprinted from Marriott, N., *Stretch Your Food Dollar with Lamb*. Virginia Cooperative Extension Service, Publication 458-005, April 1984.

A Lamb Is Not All Chops

When figuring the costs of larger cuts of lamb, one should recognize that the price normally quoted is on a carcass weight basis. This price may appear low when compared to retail prices since it includes bone and fat which must be removed. The fact that a lamb is not all chops is verified by the following illustrations:

Typical live weight = 110 lbs.

Carcass weight = 55 lbs. (50% of live weight)

Saleable retail cuts = 38.5 lbs. (70% of carcass weight)

Fat and bones = 16.5 lbs. (30% of carcass weight)

Saleable retail cuts from a typical lamb would be approximately:

From the Leg (approximately 9 pounds per leg)

Sirloin Chops = 2 lbs.

Frenched or American Leg = 10 lbs.

Fat and Bone = 6 lbs.

From the Flank (approximately 1 pound per flank)

Lamb Stew = .5 lb.

Ground Lamb = 1 lb.

Fat and Bone = .5 lb.

From the Loin (approximately 3.5 pounds per loin)

Loin Chops = 5 lbs.

Ground Lamb = .5 lb.

Lamb Stew = .5 lb.

Fat and Bone = 1 lb.

From the Rack (approximately 3.5 pounds per rack)

Rack Chops = 5 lbs.

Riblets = 1 lb.

Fat and Bone = 1 lb.

From the Shank (approximately .5 pounds per shank)

Lamb Shanks = 1 lb.

From the Breast (approximately 2 pounds per breast)

Boneless Rolled Breast = 2 lbs.

Fat and Bone = 2 lbs.

From the Shoulder (approximately 7 pounds per shoulder)

Blade Chops = 1 lb.

Arm Chops = 1 lb.

Ground Lamb = 1 lb.

Rolled Shoulder = 7 lbs.

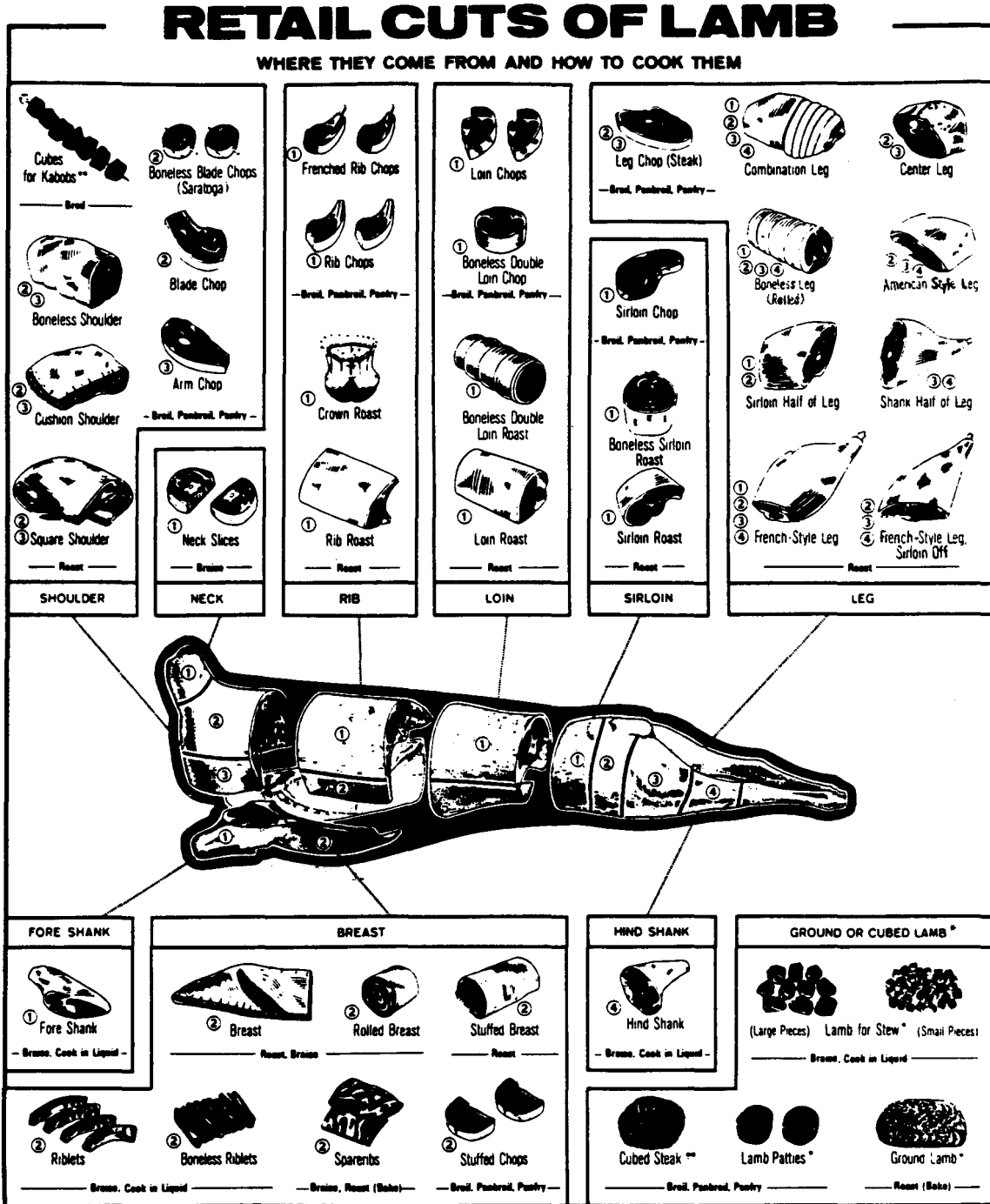
Fat and Bone = 4 lbs.

There are only about 14 pounds of lamb chops from a live animal that weighs 110 pounds; therefore, about 24.5 pounds of lamb from a typical market animal are cuts other than chops. It is necessary to include these costs in the retail price of lamb.

APPENDIX B cont.

Retail Cuts of Lamb

This chart approved by the National Live Stock and Meat Board.



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* Lamb for stew or grinding may be made from any cut.

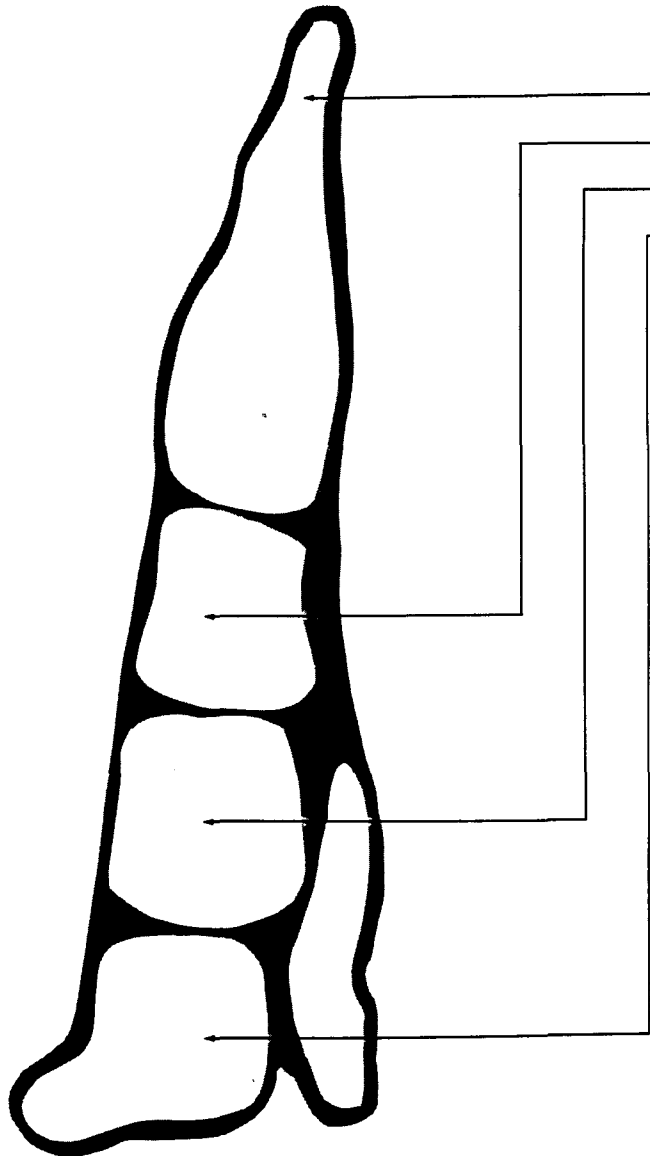
** Kabobs or cube steaks may be made from any thick solid piece of boneless lamb.

APPENDIX B cont.

Worksheet for estimating the retail value of a lamb carcass (55 lb.)

The following table is reprinted from *Marketing Meat Animals Directly to Consumers*, The Pennsylvania State University Cooperative Extension Service, Special Circular 335.

Lamb Carcass Breakdown



Retail cut	Lb cuts/carc	Price/lb	Total, \$
Leg	13.2	× \$ _____	\$ _____
Loin chops	4.4	× \$ _____	\$ _____
Rack (rib)	3.9	× \$ _____	\$ _____
Shoulder	11.0	× \$ _____	\$ _____
Ground lamb	9.4	× \$ _____	\$ _____
Fat and bone	11.9	× \$ _____	\$ _____
Shrink	1.1	× \$ _____	\$ _____
Retail Wt (excl fat & bone)	41.9		
Total Retail Value			\$ _____
Retail Value/lb of Hanging Carcass (Total \$/55 lb).			\$ _____

Summary of cuts pounds

Roasts	24.2
Chops	8.3
Ground lamb	9.4

APPENDIX C

Lamb Freezer Basics

The following section is reprinted from Marriott, N., *Stretch Your Food Dollar with Lamb*. Virginia Cooperative Extension Service, Publication 458-005, April 1984.

The table was adapted from *New York State Guide to Farm Fresh Meats*, New York State Department of Agriculture and Markets.

Packaging

To properly wrap retail cuts, choose a moisture-vapor-proof freezer wrap to seal out air and lock-in moisture. Pliable wraps like aluminum foil, freezer paper, and plastic wrap are good choices for bulky, irregular-shaped cuts since they can be molded to the shape of a cut. The following wrapping technique is recommended:

1. Place the cut in the center of the wrapping material. When several cuts are packaged together, place a double thickness of freezer wrap between them for easier separation.
2. Bring the edges of the wrap together over the cut. Fold over at least twice, pressing the wrap closely to the cut to force out air.
3. Smooth the ends of the wrap, creasing edges to form triangles. Double-fold the ends toward the package to seal out air.
4. Fold the ends under the package and seal with a continuous strip of freezer tape. Label with the name of the cut, number of servings, and date of freezing.

Freezing Guidelines

Bulk lamb purchases should be frozen quickly. For those who must do their own freezing, no more than 10% of the capacity of a home freezer, wrapped in no more than one-cubic-foot quantities, should be frozen at one time.

Freezing does not improve the taste or overall acceptability of lamb. It merely preserves the condition at the time of freezing. Frozen lamb should be stored in the freezer at a constant 0°F (-18°) or colder. To preserve the fresh lamb flavor, it should not be stored in the freezer for more than 1 year; ground lamb should not be kept more than 9 months.

Cooking Frozen Lamb

Lamb may be cooked frozen or defrosted. Defrosted lamb should be cooked as a fresh cut; but allow additional cooking time. Frozen roasts require approximately one third more time for cooking. Cooking time for frozen chops varies according to surface area, thickness, and broiling temperature. Frozen cuts should be broiled farther from the heat so they do not brown too quickly.

Defrosting Lamb

Frozen lamb may be defrosted before or during cooking. It should be defrosted in the original wrapping in the refrigerator. Defrosting meat at room temperature is not a recommended procedure. The following is a timetable for defrosting frozen lamb in a refrigerator:

Large roast	4-5 hours (per pound)
Small roast	3-4 hours (per pound)
Chops	8-12 hours

Meat	Average Slaughter Weight (Live)	Average Dressed Weight (Lbs.)	Average Usable Meat (Lbs.)	Average Usable Meat (%Live Weight)	Freezer Space Needed (Cubic Feet)
Lamb	100-200 lbs.	55 lbs.	46 lbs.	42%	1 1/2 cu.ft.
Hothouse Lambs	40 lbs.	20 lbs.	20 lbs.	50%	1 1/2 cu.ft.
Chevon	10-50 lbs.	5-25 lbs.	5-25 lbs.	50%	1 1/2 cu.ft.

On the average, one cubic foot of freezer space will accommodate 35-40 lbs. of cut and wrapped meat.





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