

**2007 Cornell Strategic Marketing Conference Proceedings**

***The Northeast Competitive Advantage: Increasing Producer  
Access to Markets***

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**Mission**

*To give New York food and agriculturally related businesses a competitive advantage over the rest of the world by significantly improving the knowledge of marketing as well as improving general management capacities and skills.*

*The Agricultural Marketing and Management Program Work Team is committed to exploring new ways to improve communication and resource sharing between on-campus, off-campus, and external stakeholders to accomplish the mission of the team.*

*<http://marketingpwt.aem.cornell.edu/>*



## **The Northeast Competitive Advantage: Increasing Producer Access to Markets Conference Proceedings**

Todd M. Schmit and Robert J. Weybright<sup>1</sup>

The 2007 Cornell Strategic Marketing Conference was held on November 5 - 6, 2007 at the Henry A Wallace Visitor and Education Center at the FDR Presidential Library and Home in Hyde Park, NY. The theme of the conference was *The Northeast Competitive Advantage: Increasing Producer Access to Markets*, and was sponsored by the Agricultural Marketing and Management Program Work Team, the Department of Applied Economics and Management, Cornell Cooperative Extension (CCE), the Small Farms Program, and the Agricultural and Community Economic Development Program Work Team.

Determining how to better integrate existing and new farm products into emerging markets is often a challenge faced by many local and regional agricultural producers. Do you go it alone? Do you cooperate and combine activities with area producers? Do you contract with national and/or regional distributors? At this year's conference, producers, distributors, wholesalers, and retailers shared their insights on distribution, selling techniques, accessing markets, product development, expanding market opportunities, and ways producers can capitalize on them. Also, representatives from successful joint-producer ventures discussed partnerships and cooperative arrangements for improved product marketing.

In addition to the general session, the conference featured concurrent producer and industry product marketing and innovation panel sessions. Industry panels representing fruits and vegetables, dairy products, and livestock and meat products presented and shared their first-hand knowledge of issues surrounding food safety, post-harvest technology innovations, new marketing approaches, and new product, value-added, and quality opportunities to meet evolving market demands.

Over 60 people were in attendance, including 49 registrants and 15 speakers. Attendees included agricultural producers, agricultural extension educators, farm management specialists, agricultural economic development specialists, agri-service providers, agricultural product distributors, and food wholesalers and retailers. Speakers included Cornell faculty and staff, CCE educators, agricultural producers, and management and executives of agribusiness industry stakeholders. Conference attendees and speakers came from several states in the Northeast and elsewhere, including: NY, NJ,

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<sup>1</sup> Respectively, Assistant Professor, Department of Applied Economics and Management (AEM), Cornell University; and Agriculture/Horticulture Program Leader, Cornell Cooperative Extension - Dutchess County. The authors currently serve as co-chairs of the Agricultural Marketing and Management PWT. Special thanks are due to the assistance provided by Nancy Halas (CCE-Dutchess County), Vicki Parker (AEM), and Kris Park (Food Industry Management Program, AEM) whose diligence and hard work made this conference a reality and a success.

PA VT, CT, NH, MO, and KS. Attendees were represented from all levels of the food value chain, and included both rural and urban/metro perspectives.

We follow with a brief summary of the general session conference speakers, highlighting main topics and issues discussed, as well as take-home messages for attendees. Copies of available speaker presentations are available on the Agricultural Marketing and Management PWT website (<http://marketingpwt.aem.cornell.edu>). The full conference agenda is included in the appendix. In addition, topic-oriented clips of general session speakers were recorded and are available at [www.eclips.cornell.edu](http://www.eclips.cornell.edu), in a searchable online database. Selected quotations below have been taken from the [eclips@cornell](mailto:eclips@cornell) database, where appropriate. Thanks to the [eclips@cornell](mailto:eclips@cornell) staff for incorporating our conference content into the large and growing database on entrepreneurship and business planning and decision making. Concurrent industry panel break out sessions are also summarized below.

### Increasing Access to Large Consumer Markets



The opening keynote address was provided by William Welker, Sales Manager from Railex USA, focusing on ways for producers and agribusinesses to improve access to large consumer markets, particularly distant markets with new and improved rail service distribution technologies ([www.railexusa.com](http://www.railexusa.com)). Welker discussed Railex's business approach linking the needs of growers, shippers, and manufacturers with retail and food service distribution, as well as current and planned distribution opportunities for Northeast producers interested in increasing access to large, distant consumer markets.

Railex is a distribution platform designed to enhance logistics, distribution, consumer demands and inventory control. The train consists of new 64-foot series cars with fresh air exchange, GPS tracking, and temperature control. The Railex platform features two refrigerated distribution centers; one in Wallula, Washington (approximately 100 miles south east of Yakima), the other in Rotterdam, New York (approximately 170 miles north of New York City). Between these two coast-to-coast distribution centers run the 55-car refrigerated unit train, with the capacity to transport the equivalent of 220 trucks of refrigerated merchandise across the country in five days. The platform operates temperature controlled rooms at each end of the system to maximize product shelf life, and a product management system that tracks inventory, including web-based access for customers, from receipt of goods to customer destination.

Trains began running in "Phase 1" of distribution model between Washington and New York in October 2006. The way it all started, as explained by Welker, was simple, "The bottom line is we needed the competitive advantage of the railroad and we have turned into the largest receiver of rail cars in the United States for perishable commodities." To ensure the fast, consistent, and 5-day delivery, Railex worked with the railroad to come up with a dependable solution and working relationship. . The answer was a 55 rail cars unit train, with Railex providing the consolidation/deconsolidation facilities at both ends and attracting customers to utilize the service, and the railroad providing necessary equipment, delivery, and guaranteed transit time.

So with operations entering into its second year and future phase expansions to other markets including, Florida, California, Tennessee, and Texas, where does Railex see its enduring competitive advantages? “This platform is being sold on Wall Street as the future of the railroad,” added Welker. The consumer is demanding fresh, safe, and nutritious products now, a 30-day across the county rail service would not suit that need. Adding multi-day storage systems as both ends also helps with the inherent seasonality in fruit and vegetable demands. “One of the downsides of this thing is, as any of you that are in the produce business know, you have weeks after Thanksgiving, after Christmas, whatever when the business is down. There is no business and people sit around and talk on the phone and laugh. We don't have that option, because this train's on contract. We have to fill this train every single week all year around no matter what the season. It's quite a project sometimes,” said Welker. As such, the Railex operation includes an extremely sophisticated inventory system that tracks shipments for over 50 different customers. In addition, as Welker adds, “The inventory is visible on the web from anywhere in the world. You can track your inventory. You can write your routers in, you can write your routers out.”

In today's environmentally conscious consumer climate, Railex also espouses the environmental gains of the rail service versus standard truck shipping. “Any given moment in time we have two trains on the tracks running back and forth in order to maintain the five day transit. That train saves 100,000 gallons of diesel fuel because each one of those trains is 220 trucks that are not on our highways going back and forth across the country,” said Welker. Other purported benefits include reduced oxide, nitrogen, organic compounds, and CO2 emissions.

Incorporating the Railex system for product exports is also being used by some Washington growers, which may provide additional opportunities for producers here in the Northeast as well. Products are transported via the Railex platform for export to Europe, the Middle East, and other areas. Railex is loading large ships for export, as well as receiving containers in from Chile and Argentina. While the competitive advantages of Northeast producers being close to large consumer demands and export shipment facilities are diminished with improved transportation technologies, producers should also consider this an opportunity for renewed investment in market access for their products as well, and, indeed, in understanding how best to market your products and compete in this larger global marketplace.

As asked by conference attendees, was whether Railex provides marketing support and relations with potential demand customers? As explained by Welker, “Our customers are the shippers to farmers and the retailers and we try not to get involved in their business. So the answer as far as marketing, no we don't get involved in that. We would assist you. We could give you an idea who's using our train. We do whatever we could to help you certainly because we're trying to develop our east to west. And so whatever we could do to help you, it would only help us and so in that manner, we could do that.” Summarizing, the opportunity exists to utilize new distribution technologies to reach larger, more distant customers; however, continued ways to improve your product marketing and selling techniques is required. Some of these items are discussed later in the conference. Improved access to markets is there. The key is how we utilize this new tool to move our product to new segments and grow demand for our products? Don't forget, the train goes both ways, and currently East to West shipments are only about one-quarter full.

## Product Distribution Opportunities in the Northeast

The conference proceeded with presentations involving the current status, opportunities, and obstacles involved in product distribution in the Northeast, and improved ways to utilize those channels and find connections between producers and agricultural product users, whether they be processors, retail service, or institutional providers.

### *Distribution in New York and Producer Opportunities*



Dr. Angela Gloy, from the Department of Applied Economics and Management at Cornell University ([www.aem.cornell.edu](http://www.aem.cornell.edu)), presented a thorough description and understanding of perishable product distribution in New York and potential producer opportunities. Dr. Gloy's research and extension projects have addressed a broad range of managerial and marketing issues relevant to different commodity sectors including produce, grains, and dairy. She was previously with the Cornell Program on Dairy Markets and Policy and in December 2007 will begin working with NY FarmNet/FarmLink.

Given the inherently challenging nature of perishable product distribution including, expedited transit times under strict climate control conditions, usually high-value, small-volume shipments, and rising energy costs, perishable product distribution places a greater weight on the marginal value of each unit of product. Even so, contended Gloy, "There are few states that provide producers the proximity to as many metropolitan areas as does New York, and this proximity works to the advantage of both commodity and value-added producers." Dr. Gloy, with several colleagues at Cornell University, have been working on research project aimed understanding the distribution industry better in the state and exploring innovative solutions to distribution challenges.

As part of their study, an extensive survey was delivered to around 1,200 distributors, wholesalers and brokers in the Northeast. Survey questions addressed product and producer attributes, physical product movement, and perceived challenges and opportunities. In terms of product attributes, key findings included that: (i) organic and Pride of NY logo attributes were not handled in any significant volume by the respondent group as a whole; and (ii) only 17% of any category respondent group is handling 50% or more of fresh-cut product. Of the first factor, clearly an opportunity exists, and is being worked on, to better integrate New York promotion activities with local producers. The other attribute provides a better depiction of the relative proportion of product use by type; i.e., fresh or processed.

Supplier attribute responses were more consistent and expected. For example, fruit and vegetable respondents found product quality, supplier reliability, and post-harvest handling as the three most important supplier characteristics. Mixed product respondents concurred on the quality and reliability issues, but included customer service in their top three. Interestingly, over 80% of respondents have no minimum volume requirement, which should provide additional opportunities for new and growing producers looking to distribute a smaller, initial volume. Respondents generally used both their own trucks, as well as contracted trucking services (percentages were at or

above 67% for both categories). Pick up locations also appeared attractive for producers with many picking up both at the farm and in central facility locations, across product types.

When addressing current challenges faced by producers with respect to product distribution, Gloy emphasized, “One needs to be mindful of the factors that managers can address through strategic planning versus ones they have little or no control over.” With this in mind, the key challenges from respondents included, energy costs, labor supply and cost, regulations, and customer consolidation.

So what does this mean for NY producers? Based on the survey results, Gloy contends that even though the supply chain is increasingly more complex, there are trucks on the road that need and want Full Truck Load shipments (FTL). Further, even if on the surface there is no clear volume deterrent, increasing distribution costs will put increased pressure on capturing economies of size. While Gloy sees that the markets of interest are currently being served, it would be useful to understand where and where aren’t consolidation point locations for producers. Gloy sees the perceived opportunities as product and technology oriented. For example, one opportunity may be to develop and distributor database for improved communication and coordination, along with chronicling information requests by respondents on such things as expected product availability, quality, quantity, and locations.

### ***MarketMaker – New Technologies Improving Product Marketing***



Cornell Cooperative Extension – New York City (<http://nyc.cce.cornell.edu>) has led recent efforts to bring the national network of State websites focusing on connecting farmers and processors with food retailers, consumers, and food supply chain actors, MarketMaker, to New York. John Nettleton, Senior Extension Associate, currently directs these efforts and was on hand to highlight the latest developments of the NY MarketMaker site and provide a real-time demonstration of its functions and capabilities for not only agricultural producers looking for markets or customers to market their product to, but also for food processors, wholesalers, and retailers looking for a reliable source to find producers and marketers of specific products of interest. We provide some of the information provided below by John at the conference and also available at the NY MarketMaker website (<http://nymarketmaker.cornell.edu>). We

encourage all involved in the agri-business food industry to check out the site and the valuable and useful information it contains.

Headquartered and online first in Illinois (<http://www.marketmaker.uiuc.edu>), the network has an extensive resource of searchable food industry and consumer demographic market data. State sites are also operational in Iowa, Nebraska, Kentucky, Mississippi, and Georgia; with additional expansions for the near future. These partner states are developing a web-based resource to aid in the development of a value-added food supply chain.

The need for strategic food marketing data accessible to small and medium-scale producers has long been a critical issue at national and state levels, one addressed by land grants, food policy groups, and NY organizations such as the Cornell Small Farms Program, Farmers' Market Federation,

NOFA-NY, CCE, as well as stakeholders in retail, production, and processing. The growth of farmers' markets across NY shows a growing demand for fresh, quality produce, and value-added foods. Regional marketing groups, county- based branding offerings and Pride of New York exemplifies these efforts. Many such efforts are specific to an issue (e.g., NYC watershed) or audience (e.g., Farm-to-School). *MarketMaker* offers a means of utilizing an electronic medium serving as a source of strategic food marketing data and a forum for connecting food supply chain partners engaged in value-added ventures.

Nettleton highlighted the key *MarketMaker* features, including:

- Customized Market Profile – users can build a personal ‘traded area’ with target census tracts, summing up queries and demographic data to map and print;
- Consumption Pattern Data – users can map the highest the concentrations of consumer by product;
- Buyers and Sellers Forum – business can make weekly ‘posts’ of available or needed food products, paving the way for potential business relationships.

While clearly a valuable resource, key issues are currently being addressed and were discussed during the question and answer portion of his presentation. These include:

- How can NY *MarketMaker* and Pride of NY work more together in collaborative relationship? Should the efforts be better coordinated? Should NY *MarketMaker* be housed under the umbrella of NY Ag and Markets?
- Documenting producer success stories and use is needed to highlight the benefits of this marketing tool and to encourage farmer involvement. Current efforts are in play to interview and develop case studies of ag-based producers and enterprises using NY *MarketMaker*, describing changes in the level of product sales or movements, number of clients/customers, product distribution or sourcing outlets, and changes in net returns resulting from *MarketMaker* use. Educational materials will be developed and communicated to industry stakeholders.
- How do we encourage agribusiness enterprises down stream from ag production to actively use NY *MarketMaker* to find agricultural producer products and information? Illinois partners purchase private data for all retail food businesses, while the Extension staff gathered data on farmers’ markets, state and federally inspected processors to create the farmer/producer database for NYS. The Pride of NY data base was also utilized. Producer interest would improve if the investment in uploading and updating information on the *MarketMaker* site was actively being used by downstream partners to secure product.
- Many local and regional foods initiatives are ongoing and increasing. Developing a communication and information gathering database to keep the producer information up to date is crucial to food industry usage. This will need additional attention.

### **Working Together - Partnerships That Make Marketing Possible**

The afternoon general session panel discussion focused on cooperative marketing practices of agricultural producers and innovative methods for growth and market presentation. Two speakers discussed coordinated marketing of specialty producer/member products, the process of organizing producer membership for improved marketing, and establishing buyers and access to markets in large urban areas.



### ***Tuscarora Organic Growers Cooperative***



Tuscarora Organic Growers (TOG) took root in 1988 when a group of neighboring organic fruit and vegetable farmers discussed the possibility of joining forces in the marketing of their products (<http://www.tog.coop>). By working together, they could coordinate crop production to complement one another rather than compete. And they could enjoy economies of scale in shipping and selling. The cooperative form of business fit the farmers' needs, allowing ownership and market access to be divided fairly and decisions to be made jointly. And through cooperation, the growers were able to serve their customers better, by providing a diversity of crops and a level of service that no one grower could provide on his own.

We were fortunate to have David Robb, General Manager of the Tuscarora Organic Growers Cooperative come and tell us their story. Robb is a teacher and organic farming devotee. Robb has been an artisan, small business owner, visiting professor, community organizer, consultant, Slow Food convivium founder and leader, and an organic dairy business development manager. In his role as GM at the Tuscarora Organic growers Cooperative, Robb is attempting to manage the comings and goings of thousands of cases of organic vegetables and the staff and farmers that make the cooperative a success.

In TOG's first season, seven growers moved about 1,500 cases of produce to Washington DC retailers over a five-month period. The next thirteen seasons brought steady growth in sales as well as diversity, season length, and professionalism. Today, Tuscarora is one of the country's oldest and largest organic grower marketing cooperatives. With 25 members, they ship approximately 85,000 cases of member produce all 12 months of the year, with a little under \$2 million in sales. Tuscarora historically has shown slow and steady growth, and building and learning from their mistakes. However, when organic food demand increased rapidly more recently, Tuscarora faced consumer demand growth they hadn't seen before. As Robb discussed, "Five years ago when organics really started taking off, they had the capacity of their producers and the infrastructure to ramp up very quickly and were able to hit this emerging market in the last five years and that's really what's fueled 25-30% growth in the last five years, actually for longer than that."

Firm competition is a key concept for producers and marketers to understand and address. Robb brought forward the concept of producer *cooperation* instead of *competition* that fueled their growth, and is based on a commitment process from all cooperative members. Robb explains, "What it is, is that in the winter we go out to all of our member growers and we get from them bids on the crops and then we negotiate with them and award a certain percentage of the crops to certain growers." This understood level of commitment then drives the upcoming producer and cooperative operations. Robb continues, "So it fixes in the growth ... first off, it guarantees the grower the selling of their product in the middle of the winter. So then they can do all their planning, their planting and their labor management in order to be able to fulfill that commitment to the cooperative. It also prevents competition amongst the members. I mean you don't want all your members growing zucchini you know, in July, you just don't and pretty soon everybody will be at each other's throat. So this commitment process encouraged this cooperation instead of instilling competition within the

cooperative by divvying up the crops amongst the growers.” Certainly this has been an effective strategy for cooperative management and members. Does your firm have a similar strategy, or could this be a strategy that could be employed.

So it is understood before the growing season, all of the growing commitments from growers. But how are prices established? As is commonplace, multiple pricing strategies are employed. Robb explained it as a combination of looking at where the market is at for a particular product, what is its availability expected by other suppliers, and then set a price accordingly. Specifically Robb explained that “TOG generally takes a percentage to cover our expenses, it can be anywhere from 22 to 30% of the selling price of the producers so the grower then gets anywhere from 78% to 70% of the selling price, and those percentages are all set by what we believe TOG, the marketing arm of the growers, needs to operate just to cover operation costs.”

TOG has certainly evolved over time, but details about its origin and setup process are useful keys to others interested in establishing or altering their current cooperative marketing strategies. TOG is headquartered 2.5 hours from Washington DC, with most of the growers within an hour and a half of the cooperative warehouse facility. The area is characterized by rolling hills, rural character, and a wide distribution of land quality, and accordingly, products offered.

Currently, TOG has a full time staff of 6, and a seasonal staff of about 15 in the middle of the summer. They have a board of directors of seven that has been fairly stable, due, in part, to the difficulties in getting grower members to serve on the board. A fast-growing organization clearly has to deal with demands on, and growing, staff. At TOG the staffing model is divided into different areas. TOG hires a production coordinator who handles all the relationships with the farmer, including getting farmer commitments, finalizing the delivery schedule, and ordering from them the quantities TOG needs. Given the very rigorous standards and quality for their growers, the production coordinator is now a full time position. They also have a sales manager who handles the expanding sales staff. In a growing market, this is no small feat. As Robb explained, “At times we can have the sales manager plus two or three other people making calls, making sure that we reach all of our accounts and get all the orders in.” Also hired on a full time basis includes an accountant to coordinate financial accounts, an operations manager to oversee warehouse and logistic operations, and a dock manager to handle incoming produce and packing for distribution.

Setting principles and standards to follow are key to a properly functioning organization. TOG has adopted very rigorous food safety, production, and packing standards. As Robb pointed out, “It’s all very specific and all spelled out and we have a whole 7-page of standards that all the growers get. So when it comes into TOG, it’s just ready to be turned around and shipped back out. So we have very rigorous standards from the very beginning.”

Given the growth in organics, how did TOG grow and retain customers? Careful planning into diversification of new crops, new growers, new sizes and packs is essential for success. But, as Robb argued, the largest factor, particularly in a very seasonal production market, was season extension. “This is the big one for us because there’s a demand. We ship year around now. It used to be that TOG would pretty much close down in the winter, but we just don’t do that anymore. There’s a demand year around for greens, greenhouse greens, lot of storage crops, potatoes, onions, celeriac, artichoke, beets,” explained Robb.

So what marketing practices were employed to fuel the coop's growth? Don't forget about those effective, traditional strategies. As Robb explained, "A lot of TOG's growth has been from word of mouth, but certainly from the former manager and Jim and the board members going out and trying to beat the bushes. If you know anything about the chef world also, you know, chefs tend to turnover in restaurants and that has helped us tremendously because they'll be in one restaurant and then a year later they'll move to another one and we do really high quality, good customer service, delivery and so they'll go to the new restaurant and say, hey, I want to buy this stuff from TOG. So that's really helped us tremendously and is a good informal network among chefs. We have yearly tours. We invite chefs up. They come up to the farm. Some of them like to pick crops and work in the packing sheds or they'll bring all their crew up. We go down and visit them. Sometimes we take our growers down and visit the chefs. Anybody who's into organics and local food know that chefs have played an incredible role in educating the public about food and about local."

Beyond traditional word of mouth, and continued follow-up strategies, what's new in TOG's marketing strategies? Robb explained, "We have gotten a system that's fairly adaptable and open to change. We're slowly increasing our geographic coverage although that's always a challenge because of logistics. In the last year, we entered into a partnership, just a verbal agreement with a produce company. ... They go to lots of restaurants. They primarily target restaurants but we go to lots of restaurants too. So instead of adding more trucks, more drivers, what we did was we now use them as cross stockers. We pay them per case to deliver our product. The reason this partnership works is that we have lots of high end restaurants that they want. Conversely, they have restaurants that we'd like to be in and so this partnership merely means that we start sharing these customers." Firms *sharing* customers instead of *competing* for them. Not the standard model, so why does it work here? Robb explained, "They don't have a big organic line. They aren't buying local any place else. So there's no real competition there but that's solved for us a huge logistical problem."

TOG has been able to successively take advantage of strong demand growth for organic products. However, demand growth comes with firm growth and expansions, with according challenges. Robb discussed the challenges TOG has been facing recently, "The demand has outpaced supply from many of our crops. We need to attract new growers." TOG recruits new members each winter with new grower meetings. With rigid quality and performance requirements, new membership comes with expectations and a process to full membership, beyond the basic requirements of being a certified organic producer. As Robb explained, "The way the system at TOG works is that you have to grow for TOG for a year before you can become a full member of TOG, sort of like an apprenticeship. ... And the new growers that come in, there are barriers because the long established growers will have those commitments on some of the most popular crops. So we encourage new growers to come in to grow crops that we have shortages in."

Even though TOG has very rigorous standards and practices requirements, changes in customer expectations require that these requirements be continually reviewed and updated. GAPS certification is another current challenge and something customers are starting to ask for. "We need to keep adding infrastructure to accommodate our growth," said Robb. The cooperative business model is working well for TOG, particularly with information sharing amongst members and consensus decision making. "Consensus decision making, it's everybody's buy-in. You've got to share information between your members ... So it's just this constant communication ..." said Robb.

TOG's business model is a system that encourages cooperation not competition, and their growers have learned that they have to sacrifice some of their own self interest in order for TOG to succeed. This not always an easy sell for members noted Robb, "This is really hard for independent growers sometimes but it's key and it's a key argument that will arise in the board meetings or in our annual meetings was that yes, we know this might not be so good for you as an individual but for TOG to grow and you to grow with us, this is the best decision."

Robb concluded with a reminder about TOG's mission; a mission that is reinforced everyday and a guiding commitment of their members. Robb summed it up succinctly, "TOG is about our member families providing a living to small organic farmers and their families. We bring dollars back into rural communities. We're all about being organic, protecting the environment, and supplying health giving food to our customers."

### ***Good Natured Family Farms***



What started as an operation delivering freshly picked tomatoes to Hen House Markets in Kansas City, expanded into an 18-family farm All-Natural Beef Co-op with producers in Kansas and Missouri raising beef cattle according to very strict guidelines. Diana Endicott, Farm to Market Coordinator of Good Natured Family Farms, and her husband now raise both cattle and chickens and own and operate a USDA federally inspected processing plant. Initially working closely with Hen House, and a mutual belief in supporting small, independent family farms, provided the means in finding a market for their All-Natural Beef products.

When they realized that there were other products their customers wanted and other farmers who needed to market their products, they decided to create the brand name, *Good Natured Family Farms*, to encompass all of the products. Today, they are an alliance of more than 100 family farms and their brand appears on a variety of products including beef, chickens, eggs, milk, sausage, ham, bacon, Heritage turkeys, eggnog, bison, Farmhouse cheese, and honey. They have banded together to be able to bring their foods to Hen House Markets, Balls Price Chopper Supermarkets, and the Community Mercantile in Lawrence, Kansas. Below Endicott provides us with the process they went through in following this growth path, and the key areas that are needed to be addressed and integrated in your operations for success.

The focus of Endicott's presentation was on working together, on partnerships - why they're important, and how to sustain them. As mentioned above, Good Natured Family Farms (GNFF) is a brand, and an alliance of family farms. They work with one primary retail agent, Balls Food Stores, who own about 30 stores under two chains – Hen House Markets, an upscale market, and Price Chopper, a price driven market. They also partner with Bridging the Gap, an organization responsible for implementing quality assurance programs and adding credibility and oversight to the GNFF organization.

In development of the alliance and the GNFF brand, Endicott utilized other resources and agencies for technical, planning, and market expertise. Endicott considers these partners as well in their

operation and development. Grant funding was received from the Small Business Innovative Research Program with the USDA for research developing quality assurance systems and product traceability programs. Grants were utilized via the SARE Producer Grants Programs, as were loans from the Kansas Department of Commerce. In addition, she stressed the importance of the working relationships GNFF has established with Kansas State University and the University of Missouri in the areas of agricultural economics and food science.

Since 1994, they have put together over 100 small family farms, in 29 retail stores, with income in excess of \$7 million. Balls Food Stores, a locally owned and operated retail operation, mirrors the family farm image of GNFF and strives to differentiate themselves in the marketplace against consolidation of the retail grocery industry. Balls Food Stores started becoming involved in local foods prior to working with GNFF, and their similar philosophies has fueled a strong relationship and growth between the two agencies. As Endicott summarized, "To be sure, we have a lot in common."

Before GNFF became to be, Endicott and her husband started up a small cow-calf operation and produced greenhouse tomatoes. What started as a relatively short-lived marketing of greenhouse tomatoes to one local store, moved to ways to access larger consumer markets and retail stores in the KC area. "I started by literally knocking on doors to see if these larger retailers were interested in stocking our products," Endicott noted. From there, they went to the same store, Hen House Markets, to see about selling fresh beef. "One head of beef, to one Hen House Market, that's how it started," said Endicott. Balls Food Stores, the owner of the Hen House Market chain, was already looking to market more local food products, and was procuring product from other producers. Together they enveloped under the GNFF brand. "GNFF is the brand, and the alliance – a group of people with a common goal, but also allows the flexibility to move in and out. Flexibility is important," said Endicott. While, on average, producers market about 80% of their products under the GNFF brand, they also can also sell their own brand to other stores and local markets. GNFF is now the umbrella for an alliance of more than 100 small, family farms that includes cooperatives (All Natural Beef Cooperative, Ozark Mountain Pork Cooperative, and Kansas Organic Producers Cooperative), Amish and Mennonite communities, and individual farmers/producers.

Endicott discussed seven key "pieces of the puzzle" of their operation and the importance that all agri-food operations should consider. As Endicott stressed, "It does not make any difference if you are selling to a farmers market or to a retail grocery chain, you must address all seven pieces of this puzzle." Endicott outlined the remainder of her presentation on the seven key pieces: (i) farmers, (ii) processors, (iii) delivery, (iv) rules and regulations, (v) marketing, (vi) consumers, and (vii) support organizations.

GNFF represents a diversity of family farms, including multi-generational and brand new operations, large and small farms, and conventional, transitional and organic operations. The alliance of farms also spreads across many commodities, and raw and processed food products. While such a diversity of members can be challenging, Endicott says that the diversity they have and are able to attract is what their organization needs to grow. GNFF is a local-focused organization; about 95% of their farms are in Kansas and Missouri, and they have a 200 mile radius target area. While they do utilize some product from outside that radius, their goal is clear: "Farm to market within 24 to 48 hours, because what we're selling is quality and freshness," emphasized Endicott. Today, GNFF is

in every product category in the supermarket – produce, meat, dairy, bakery, and grocery. All of the products are sold under one brand, but producer identity is included to not only promote the brand, but also the producer. Endicott stressed the advantage in being in all of these major categories, “Together we are stronger than any one of us getting lost in the supermarket, because it is a competitive industry.”

All products marketed under the GNFF brand need some sort of packaging and processing. The All Natural Beef Cooperative, a member of the GNFF alliance, owns their own processing facility, handling only the GNFF brand, and processes 1.5 million pounds per year. Identification and traceability are crucial components of the processing operations, and is included with all products marketed under the GNFF brand. As Endicott highlighted, “If you buy a pound of ground beef from us, we can tell you from what farm and animal it came from, and the animal’s history.” As free-range chickens were added into their product line-up, they became the first plant federally inspected for multi-species. After GNFF was approached by the Ozark Mountain Pork Cooperative, they started selling value-added sausage products, processed and operated by the pork cooperative. Grass fed bison and Heritage turkeys are also now included in their meat product line.

A variety types and sizes produce growers are included under the GNFF brand selling a variety of fruits and vegetables. Given current regulations, these products can be packaged on the farm; a huge advantage relative to other products and why these products are leading the local foods movement discussed Endicott. GNFF works with them on food safety and quality assurance programs. A 5-family farm dairy operation bottles fresh milk in the first biodegradable (corn-based) bottle in KC area. Farm House Cheese is also marketed under the GNFF brand, but competition, as with many products, is intense. Endicott used this product as an example of the importance of maintaining and nurturing strong retailer relationships, particularly when larger product marketing campaigns are launched on local markets (e.g., California’s Happy Cows campaign). “You can’t expect the retailer to ignore those incentives, but it does stress the importance of relationships with your retailers, you need that support network,” stressed Endicott.

The brand doesn’t stop there in product selection. Also under the GNFF brand are free range brown eggs, honey, artisan wild fruit jellies, organic tofu, and lots of smaller, seasonal products. “The idea is to build a year-round market. We need to get products that will make sure that we have something on those shelves year-round. Because if we don’t, people are going to forget about us,” explained Endicott.

Delivery and quality go hand-in-hand. GNFF has direct store delivery for all of their meat products, with two trucks continually in operation. All other products are routed through a new central warehouse operated by Balls, who then coordinates individual store routing. If GNFF members do not have on-farm cooling, they bring reefer trucks to the farm for filling and cooling. “It’s all about quality. This whole program is nothing more than selling quality to the customer. If the quality is not there, the customer is not going to pay for the product. Differentiate yourself based on quality,” emphasized Endicott.

A wide variety of products implies an abundance of rules and regulations operated through various state and federal agencies that need to be understood. USDA-FISIS handles meat and poultry regulations, and, as noted by Endicott, is a difficult quality and verification system to get established.

The Kansas and Missouri Departments of Agriculture handle the dairy and egg product inspection and regulation, respectively, in addition FDA standards. They have established standards of produce based on the USDA standards. Various value added products are regulated under the FDA and Weights and Measures. “What’s nice about the alliance and the way that we’re structured, is that no one wants to do the wrong thing, no one wants to be the producer that is pointed at or pointed out, so it’s kind of to some extent self-regulated that way,” explained Endicott. In addition, farms regularly participate in a variety of state and federal programs.

The next piece of the puzzle discussed by Endicott was in how you market your product and reach out to your consumers. In the case of GNFF, they are involved in several marketing and consumer strategies. They are involved with two distinct marketing campaigns - the “Buy fresh, buy local” program with Balls’ Hen House Markets and a “Locally Owned, Locally Grown” program with Price Chopper. Working with Balls Food Stores, they utilize in-store signage, and are included in weekly ad flyers. Customer receipts tell consumers what locally grown products they purchased and they have special pricing arrangements coordinated by Balls. They host “Meet the Grower” sessions in the stores where producers are on hand to provide samples and meet consumers and have recently started farm tours with meat managers. In concert with Balls Food Stores, they work with all major commodity organizations and trade magazines, and have local radio and television advertising commercials.

Clearly, GNFF and Balls Food Stores have developed an extensive marketing effort with numerous techniques and audiences. Endicott noted, however, that this is a result of their strong relationship with Balls Food Stores, “Now here’s what I want everyone to leave with. This is the difference in selling to one supermarket and developing a tight partnership with that supermarket, and going out and trying to sell a product to all the supermarkets that you can – They do a lot of the marketing for us, not all of it, but a lot of it. We could never afford this. What money we have goes back to the farmers.”

This year, Balls and GNFF also started a CSA operation within the supermarket itself as one means of furthering education of your consumer, and differentiating your firm and your products. “You need to educate the people in your market. We sell to a main stream conventional supermarket, so the educational process is necessary. You also cannot put down conventional agriculture, because you’re in a conventional market. You have to make sure that what you’re selling is the quality of the product, your selling it on taste, localness, and family farms. Not on the terrible attributes you need to point out about your competitor,” explained Endicott.

Support organizations are also crucial to the growth and development of GNFF. In particular, GNFF works with an organization called Bridging the Gap, a nonprofit environmental organization. They work to connect the environmental economy with the community by ensuring and relaying quality, safe, and local attributes of the products to the consumer. As Endicott explained, “Their purposes are to provide oversight to the “Buy Fresh, Buy Local” operations and maintain GNFF credibility and integrity assurance. We have one of their programs for each one of our product lines in order to assure our customers that what we say we’re doing is what we’re doing.”

Seven key pieces to a complicated and evolving puzzle, but all very important and inter-related in understanding how to strategically and successfully market your products. In describing these seven

pieces and the GNFF brand and alliance, Endicott summed it up best, “So you bring the farmers, you bring the processors, you bring the rules and regulations people, the delivery, your markets, and your consumers together. The whole idea in partnerships is to be able to give help and to get help, and when you can balance that, then you have a collaboration and everyone has the opportunity to grow together.”

### **Selling Your Goods – More than Talk, It’s a Process**



You know your product, you know what your customer wants, now how do you make the connection and, more importantly, make the sale? Bob Weybright, Agriculture and Horticulture Program Leader for Cornell Cooperative Extension - Dutchess County, discussed the process of selling your goods in his presentation “Selling Your Goods – More than Talk, It’s a Process.” Weybright joined Cornell in April 2000 as an Extension Support Specialist with the Northeast Center for Food Entrepreneurs, at the NY State Experiment Station in Geneva’s Food Venture Center. Prior to joining Cornell he was the Executive Director of Hudson Valley FOODWORKS, a non-profit shared use food production facility for small-scale specialty food entrepreneurs. Bob has over 25 years experience working in a variety of responsibilities associated with the service, food and food manufacturing industries.

How do you make that sale? How do you convince someone that your product is the preferred choice? What is the mindset you need to be effective in selling your products? In thinking about sales and sales strategies Weybright recalled one of the first things a highly successful training mentor once told to him, “When the customer says no, what they really mean is just not today, not right now.” There are many factors that go into selling your product beyond the product itself - the timing may not be right, there may not be the need, or there may be extraneous circumstances going on. As Weybright emphasized, “You’ve got to continually come back, you’ve got to continually re-approach and re-assess the situation, and as much as you think you know the landscape and the lay of the land, things change that are beyond your wildest imagination.”

Weybright began by noting that effective selling begins with understanding yourself and that, in all our lives, we are sales people. While we may not think of agency people or extension educators as “sales people”, they indeed are selling – selling their concepts, their training products, and their projects; particularly when it comes to securing funding to do them. As Weybright highlighted, “More important and more directly to the point for agency people is when we’re interacting with our clientele, the people that we are here to help them better their lives, we need to be able to understand from their perspective and try to relate what we’re presenting to something that is real to them.” It is important to recognize and understand when and what is appropriate or not appropriate in particular situations, and that in some cases, the circumstances may well tell you whether this is a situation you should be in or not at that particular time. As Weybright explained, “What it does mean is you may have to avoid a particular prospect or particular situation until you can get the infrastructure to support you and to offset that potential mismatch.”



After you understand yourself, to be effective at sales you have to understand selling, that's Weybright's step 2. It sounds simple doesn't it? However, Weybright reminded us that it is also hard work. "Selling is a calculated and coordinated effort. I mean you've got to really be conscious of what you're doing and how you're going about it," explained Weybright. There are competitive pressures in the world that we may not like, nor are able to control, but still we need to be consciously aware of them so that they can be incorporated into a business plan in a structure that we can adjust where we need to go.

As diverse as your products are, your customers are just as diverse. Things need to be presented in a variety of approaches, with different tools, and different personality dynamics enter into the process. But, contrary to popular belief, price is not the primary defining characteristic in selling. As Weybright pointed out, "Unless you are absolutely, positively, without fail, the lowest cost provider, if you choose to sell by price, you will not survive." Recalling on speakers earlier in the conference Weybright noted, "I don't recall hearing a single individual say that price is the basis and the fundamental principle that their business is operating and moving on. It's value, it's freshness, it's family farm, it's local foods. There are other attributes besides price." While price shouldn't be the primary point you drive in the sales process, Weybright commented that promotional pricing can be okay if you're very clear and upfront and you have a definitive time frame of when it will end. But what about the times when you have to move product or lose it due to spoilage concerns, etc? "I really recommend if at all possible, put it into a second tier brand or an optional brand or be very clear with that company that you're selling it to that this is a one time deal," said Weybright.

Weybright stressed that determining your price must be a conscious decision and not something that is pushed up on you. A model he followed is to do a 'bottom up' calculation and a 'top down' calculation and do a comparison. As Weybright explained, bottom up pricing is essentially getting all your costs together and throw your margin on top, that includes your fixed and variable costs. More importantly, Weybright added, "You really need to be attaching the dollar value for your labor. You might not be taking the paycheck home but if you're not accounting a dollar figure for your labor in your calculations, you're not effectively identifying your cost and what you should be selling it for" Top down is essentially beginning at what you feel the market will bear, a benchmark-style analysis. "It's based on the area of where you might want to be selling. There are regional differences in pricing in the United States based on products," explained Weybright. After doing the two calculations, you can see what the final selling price is that you can charge for your product; i.e., the larger price of the two. "What you want to do is you want to compare the two because you don't want to leave any money on the table," explained Weybright, plus you now you know what room you have for negotiations.

While the concept of sales is part of all of our lives, the profession of sales is not for everyone explained Weybright. "For those starting a company or beginning to develop a company, you may have to sell, but you need to understand that it is an incredibly demanding aspect of the job. So you may have to sell. It may be part of it, but if it's not for you, recognize that and at some point in time plan to bring someone in to offset that piece of the business if it's not for you," explained Weybright. Weybright views selling as a subset of marketing. The objective of selling is to get the sale, while marketing has other objectives, other purposes. In that same light, Weybright argued that sales is more about the sales person than the item being sold. "The advantage that we have with being smaller, unique, and different producers is that 90% of what you're selling is you. It's yourself and

the markets you're dealing with. If people want to interact with you, they want to know where it comes from and that's something that the large conglomerate companies don't have," explained Weybright.

Weybright moved on to discuss more of the mechanical and technical parts of selling, stressing the importance of "getting good" before "getting big." What are my target markets? What do I want my packaging to be? Is there really good quality involved in my product? As Weybright cautioned, "Initially when you're testing concepts, you're looking at products, aim low, get in some markets, and make the small mistakes early. Don't go for the gusto." Should your product take off, do you have the infrastructure to support it? Production capacity, labor supply, cash flow, regulatory requirements, distribution, financing – you need to have all of your ducks in a row. In this same regard, it is important to understand your geographical limits. Where do you want to go? How big do you want to be? As Weybright advised, "Typically you have a realm of where you want to go but don't underestimate markets that can catch you by surprise." So have in mind your geographic limits, know what you can comfortably serve, and make it a conscious decision of what your limits are.

For small and medium sized producers in particular, Weybright recommended the process of 'pulling' your product through a market, rather than "pushing." Weybright explained, "Our producers, I think, are most successful when they pull something through. They get someone tasting it. They get consumers wanting it." Such a concept involves marketing that result in your customers going to the buyer, say a grocery store chain, and asking for them to provide it. Have your direct sell customers work for you in looking to additional retail outlets. Alternatively, pushing your product through the system starts you with your product at the retail outlets, and convincing your retail buyers that you have a great product, better than your competitors, and would improve the buyer's sales. As Weybright explained, "When you do pull a product through treat your placement like a baby. We saw that yesterday with the family farms. They sample. They're involved. They're engaged. They keep their products up front. They make excitement around it. They help that baby nurture and grow and expand."

As Weybright emphasized, sales isn't for everyone. So farmers looking to move their products need to consciously and thoroughly learn to sell or pay someone to do it for them. "The first step is to admit that it's okay to say that, hey you know what, I'm a farmer, I really don't want to sell. But then the key is to take a look at first of all, do I have members of my family who maybe can support or can help bring me into that particular function to support it?" remarked Weybright. Weybright stressed, however, that when you've come to the conclusion that you need to bring someone on to do the selling that you look for someone who's going to properly represent you and your product. That, importantly, can be the trickier part.

### **Improved Merchandise and Customer Service for Better Sales**

Farmers' markets and similar direct-to-consumer sales outlets have been growing at a fast pace in recent years. These consumer outlets are a valuable and expanding opportunity for agricultural producers to better reach consumers interested in their local, healthy, and nutritious food products. In order to maximize returns, producers need to learn how to best merchandise their products and effectively interact with customers. Steve Miller, Extension Educator with CCE – Madison County has been working in this area, including serving as the Statewide Coordinator for the Farmers

Market Nutrition Program for the past three years. Miller's expertise is in the areas of commercial horticulture, marketing, and farmland protection.



The NYS Farmers' Market Nutrition Program (FMNP) provides checks to low-income, nutritionally at-risk families enrolled in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Senior Nutrition Programs. The checks are redeemable for fresh fruits and vegetables at participating farmers' markets. The purpose of the program is to promote improved nutrition through increased consumption of locally grown fresh fruits and vegetables. It is also intended to expand sales at farmers' markets. The NYS Department of Agriculture and Markets (A&M) collaborates with the NYS Department of Health (DOH), the NYS Office for the Aging, and Cornell Cooperative Extension in administering the program.

Farmers must sign up annually with a manager of the market(s) in which they plan to participate. Farmers receive participation materials from A&M after notification by the market manager. WIC clients receive benefits automatically provided that their local WIC agency participates in the Program. FMNP checks are issued one per household, not by individual. Seniors receive their FMNP checks from local senior centers or other DOH Food and Nutrition sites.

Cornell's FMNP goal is to strengthen local capacity, to address challenges and reinforce successes leading to strengthened local farmers' markets and enhanced food access and nutrition knowledge by low-income consumers. State guidance for county-based Cornell Cooperative Extension Association (CCE) FMNP engagement is provided through the Division of Nutritional Sciences under the leadership of Dr. Jennifer Wilkins, and CCE-FMNP State Coordinators, Steve Miller and Rosalind Cook. Miller was on hand to present a new educational and training video for vendors at farmers' markets. Miller discussed the FMNP program prior to showing the professional video.

Cornell's FMNP has focused on developing marketing and training tools for farmers' markets, roadside markets, and similar venues. Due in large part to growing consumer demands for locally grown foods the number of farmers' markets has grown from 200 six years ago to 370 today. One of the farmers' markets stiffest competition on produce, explains Miller, is with chain store groceries. Increases in volume and marketing of local foods in these markets have followed consumer trends. The goal of recent research and extension efforts has been to improve the level of professionalism and marketing skills by farmer producers, so consumers know their product is wholesome, nutritious, high quality, safe, and is as good or better than what you're going to get at the grocery store. Larger chain stores have access to dollars that can be used for advertising, professional people for sales, merchandising, and marketing – something often unavailable by small- and medium-sized producers. "We're looking to provide training and tools to raise the bar, to help them do a better job at customer service, a better job at merchandising and display, so that they can be more competitive with the grocery chains," explained Miller.

As explained by Miller, peoples' views on what's going to the farmers' market has changed. It used to be that consumers would go to get a deal, to get things cheaper, direct from the farmer. "Is that

the image we want to portray?” questioned Miller. The bar has been raised with grocery chains looking to grab that local foods demand. Also, what has changed is the customer’s expectation of what they want and what they want to see. No longer do you want to see the basket of onions dumped on the ground, covered with dirt. The average customer is not just looking for cheap, but they are looking for, and demanding, quality. “The image of quality, the image of something different and better than what they’re getting from the grocery store, is the image we should be working towards,” recommended Miller.

To further this effort, Miller and collaborators have worked on and assembled a collection of materials on a DVD, including a 23 minute educational video and a resource notebook for extension staff that includes educational presentation information and a slide show of merchandising displays from all over the country and some from Europe. The video entitled *Shared Wisdom: Selling Your Best at Farmers’ Markets* proved both to be educational and entertaining. Both customer and vendor/farmer interviews are included, with footage from farmers’ markets in Syracuse, Auburn, Trumansburg, Ithaca, and Vestal. In addition, detailed interviews are included on a particular produce farmer/vendor and the process for which they go through to produce and market their products. The video contains an abundance of material and is conveniently broken out into chapters; e.g., displays, customer service, etc. As such, it can be used as a part of a training program to groups. While specifically targeted to the farmer/vendor audience, the video would also be useful to show to various farm and community audiences.

Original funding for the video production was acquired from the USDA, AMS competitive grants program for Farmers Promotion Programs. Additional funding was provided by New York State Department of Agriculture and Markets and Cornell Cooperative Extension. As part of the overall project, Miller anticipates sending each Cooperative Extension office in the state one copy, including the resource notebook, as well as one copy to each state’s main extension association office. The video is expected to be available for further distribution at the beginning of 2008. Interested persons can contact Steve Miller directly at [sgm6@cornell.edu](mailto:sgm6@cornell.edu), or at Cornell Cooperative Extension – Madison County, P.O. Box 1209, Morrisville, NY, 13408.

### **Innovative Approaches to Reach Consumers**



The conference’s ending keynote address focused on success stories from the retail industry, focusing on innovative approaches to reach consumers. While the scale of a large specialty cheese store in New York City may be much different than small- and medium-scale producers looking to market their products, there are clearly common lessons we all can learn. In addition, understanding the product needs from a large retailer perspective should improve the ability of producers to market their products through these types of outlets. Liz Thorpe, Managing Director of Murray’s Cheese in New York City filled that billing perfectly. At Murray’s, Liz oversees the wholesale, education, and mail order/web businesses, and is closely involved with buying and imports. Liz is responsible for the budgeting and strategy behind these explosive growth areas, and manages all personnel.

Murray's is the oldest cheese store in New York City, founded in 1940, and a Greenwich Village staple of New York City. Murray's mission statement is to become the household name for the best cheese selection sold in the United States, while staying true to our neighborhood origins and continuing to educate ourselves and our customers on the pleasures of cheese. As the company has evolved and grown, they've added departments that will help do this more effectively. Murray's started as a local cheese shop selling more common commodity cheeses to one that has evolved into a high-value, specialty, and imported cheese shop. The village itself has evolved and, with it, so has Murray's. With growing interest and demand for specialty cheeses, new Murray's ownership took that momentum to redesign the business. They were one of the first shops to bring famous cheddar cheese from England. As Thorpe explained, "We actually took the first step to differentiating ourselves in the late 90s when we started importing, and that's a really big deal."

Thorpe brought with her many useful perspectives and management practices important to the producers in the audience. Of preeminent importance to producers, she stressed, is controlling your supply chain. Thorpe explained that distributors are notorious for not knowing what they're doing, having warehouses where they put lots of stuff, and it sits there until they sell it, not even knowing that they're selling a sub-par product. What Murray's looks for in procuring cheese are producers that come with the knowledge and experience about their product. They need to know the details, and why your cheese would fit in their specialty showcase. Poor quality experience with distributors in the past has led to Murray's directed efforts on their own to import from abroad; including England, France, Italy, and, more recently, Portugal. At about the same time they began importing from abroad, they began purchasing specialty American cheeses, farmstead and artisan American cheeses. In 2000, Murray's started a wholesale department selling to fine dining establishments, and has become an important part of their business today, including working with local producers in the Northeast. "One of the reasons we've been so valuable to small producers around the Northeast is because many of them aren't in a position to have hundreds of pounds of cheese or milk or whatever dairy product they're making and our wholesale business is a huge part of our operation," said Thorpe.

Murray's ability to maintain control of supply has led to better quality products they sell. Eliminating the middleman is important in terms of quality of product, the speed that they can get it, and the control they have over the supply chain. Maintaining their mission while diversifying into new businesses is tricky, "We think long and hard about how it fits into our overall mission and how these different businesses can support one another. So you sell to chefs, that's where people go at the top of the food pyramid, people with money, people who are interested and willing to spend that money on food, they see cheese, they ask where the cheese comes from, they come back to the store and they buy it. They want to send it to their aunt in California, they can mail it. We have classes so that people can learn about where food comes from and we don't just do cheese classes by the way. We bring in olive oil producers, we bring in meat guys, we do charcuterie, pizza making. It's just about educating people about food because the more they know, the more it helps our other businesses," explained Thorpe. Education, opinion, and expertise, that's what Murray's is known for and that's where their competitive advantage lies – they're known for knowing more about what they sell than any of their competitors.

Not only does Murray's provide classes for the public, but they also have an employee training program that is mandatory for all staff. Employee training is essential in having a sales staff that fully understands your business and your product. "They have to sign up for a certain number of classes each fiscal quarter and we do a mandatory cheese 101 for all new hires to educate our staff the way we try to educate our customers," explained Thorpe.

Murray's has also branched out into restaurant sales and the mail order business. They sell to the best restaurants in New York City and around the country. As noted by Thorpe, "Restaurants are a fantastic and really essential middle ground between farmer's markets and retail outlets." That said, Thorpe explained that restaurants are really hard to break into because you have to know who to go, to the chefs, who are busy people, and you have to know what the fancy restaurants are looking for. "It's a lot of time on the streets, walking around, tasting, doing sales trainings with wait staff, sommeliers, etc.," explained Thorpe.

In connecting back with local producers, Thorpe explained, "One of the ways we've really been able to help smaller producers is to be that middleman for them and get them into restaurants and the restaurants are a little more flexible, they understand seasonality. They understand you can't get everything all the time, that it's going to change and they're more open to working with that, showcasing that. So wholesale is a really, really important part of what we do." Mail order, while appealing to many small-scale producers, can be incredibly hard and tricky. Even so for Murray's, "It's a really hard business and I would say that it's only in the last year that we have cracked the nut and for the first time this year that business will be profitable, but it has not been profitable for the last seven year," cautioned Thorpe.

In the early 2000's, the growth in demand for specialty cheeses ramped up the competition for Murray's, particularly in their wholesale business operations and, as noted by Thorpe, it put a lot of pressure on them to get better. In response, Murray's expanded in several ways, including moving into larger, renovated facilities with storage and aging facilities, providing improved product quality and an educational showcase for chefs. More recently, they opened an education and catering department, with regular (sold out) classes that includes an intensive six-week course. They've also started doing farm tours that is a big part of their growth plan for next year to capitalize on rising demands for agro tourism.

Thorpe emphasized that one of the primary reasons Murray's differs from their competitors is the relationships they have with their suppliers and their retail and wholesale customers. "At this point in time for us, it's not as much about product in the way that it used to be. It used to be that Murray's was where you went to get the most obscure stuff, the stuff that nobody else had, but now everyone can get everything from everywhere," says Thorpe. However, as explained by Thorpe, "You can have the same stuff but it doesn't mean it's the same quality, or is backed by the same knowledge and understanding of the product, and the ability to talk about it and interact with customers and give them what they want." That's the extra Murray's brings to the table and differentiates them from their competitors. People at almost all points in the supply chain are smarter than they have ever been -- chefs are smarter, consumers are smarter, people are shopping more and more at farmer's markets, they're spending more money on food. People are getting savvier and people are asking more questions than they ever have before. "Why is Murray's different from other companies out there? We work really hard to eliminate the middleman... we work directly with all American

producers that we buy from, and only if absolutely necessary will we buy from a consolidator,” noted Thorpe.

Transportation logistics was emphasized as one of Murray’s biggest challenges. “Moving product around the U.S. is by far the hardest part of what we do. It’s very expensive and there’s no infrastructure to speak of, nothing much. It’s really a huge challenge for us. It’s amazing to me that New York City is less than two hours away from here by train but almost no milk cream is coming from New York producers in New York State. There’s no butter to speak of, there’s no sour cream, no cottage cheese, no cream cheese, basic dairy you can’t find it,” explained Thorpe. Clearly, this has been the challenge facing NY producers trying to increase access to large metropolitan consumer markets. “If I could figure out how to get individually portioned pieces of good butter from grass fed cows made from unhomogenized milk down to New York City, I could sell it to every four star restaurant but I can’t get it there, nobody’s making it,” emphasized Thorpe. There exists a lot of potential even just in this area with Boston and New York so close by, but moving this product around is extremely difficult and complicated – a challenge that producers and agribusinesses are working on to improve on.

Partnering with others was also emphasized by Thorpe as an effective method in which to help in the promotion and placement of your products. Producers come to Thorpe all the time looking for ways to make money off of their own specialty cheese products. The level of production is often something that is not going to solely support their family. Are there other ways that they can take their milk and make something else with it and, if so, what do they do with it? Two product characteristics embody what Thorpe sees as being the most important, the two most important tenets for a producer. “One is good and the other is new. First and foremost, products have to taste good and I say that because this is where you start to see a differentiation between a farmer’s market and a retail environment. The boundaries of what’s good are a little more malleable in a farmer’s market setting than they are in a retail setting. It is still very much about the experience of being at the farmer’s market. It’s about being able to communicate with producers one on one. It’s about consumers being able to have control over what they’re buying and know about it and learn about it, ask about it, but in my experience, people are going to buy what is available at their local farmer’s market,” explained Thorpe. However, as Thorpe explained, “It’s a different competitive landscape from walking into a store that does nothing except sell cheese and has only 300 of what it considers to be the best cheeses from around the world. Suddenly it’s a lot more competitive.”

Murray’s works with producers interested in marketing their products through them. They get samples every week from producers around the world and do two tastings a week. They give feedback to everybody. “A lot of what we taste I would say is solid cheese if I was served it at a cocktail party with some crackers I would be perfectly happy to eat it. If it were at a farmer’s market, I think that it would sell really well because it’s good solid cheese, but it’s not remarkable enough for us to bring it in, for it to be able to compete against all of the other cheeses that we have,” said Thorpe.

So how can producers make that leap? How can they go from having just a good product, to one that has unique characteristics for it to stand up against the stiff competition of specialty cheeses from around the world? “Producers finding partners who can help them make their product taste better. They can help them with packaging. They can help them get it to market better or who know

more about distribution than the producer,” explained Thorpe. Farmers and producers are busy with many functions, tending animals and their land, running the farm operations, but then there's everything that comes after -- the sales and marketing of your products, and is equally time consuming. “You have to know who to go to, you have to know what they want. You have to be able to walk the walk and talk the talk, and it's really pretty unrealistic to think that you can do that whole line of stuff along with all of your farm and production activities,” explained Thorpe. Finding people to partner with, whether it's other producers, retailers, or distributors who can help with that or can take some of that over for you, Thorpe explained, is an important investment worth considering.

### **Product, Quality, and Marketing Innovations – Responding to Consumer Demands Concurrent Commodity Track Sessions – Summary**

In addition to the general session presenters, the 2007 conference featured concurrent producer and industry product marketing and innovation panels. Three industry panels representing fruits and vegetables, dairy products, and livestock and meat products presented and shared their first-hand knowledge of issues surrounding food safety, post-harvest technology innovations, new marketing approaches, and new product, value-added, and quality opportunities to meet evolving market demands. We present below summary information of our distinguished speakers and presentation topics they covered.

#### ***Fruits and Vegetables: Food Quality & Safety – Profits not Pain***



Karen Rosberg, representing the National Good Agricultural Practices (GAPs) Program at Cornell University, led off the fruits and vegetables session. Rosberg is the GAPsNET web coordinator and also assists in developing educational and extension materials related to good agricultural practices, produce food safety, and microbial risk reduction in the production and packing of fresh fruits and vegetables. Karin, originally from Sweden, was an exchange student in the Department of Food Science at Cornell University from August 2001 to December 2002 and active in the GAPs Program through an internship and individual studies. She has an M.S. degree in Biology (with a major in Food Science) from the Swedish University of Agricultural Sciences. Karin returned to the GAPs Program in July of 2005.

Rosberg's presentation entitled “Good Agricultural Practices (GAPs) and Food Safety,” included discussion of produce food safety, the GAPs program, the development of a farm food safety plan, the benefits of implementing GAPs, the need for formal, third-party audits, and educational materials available from the National GAPs program. A copy of her presentation is available on the Agricultural Marketing and Management PWT website (<http://marketingpwt.aem.cornell.edu>). Additional information about the GAPs program, and the GAPs Network for Education and Training (GAPsNET) can be found at [www.gaps.cornell.edu](http://www.gaps.cornell.edu).

Chris Watkins, Professor in the Department of Horticulture at Cornell University continued by connecting the areas of food safety and food quality through a discussion of the processes and technologies related to post-harvest handling for produce. An expert in the field, Watkins has conducted post-harvest science research and education at Cornell since 1994. His research has



focused on apple fruit, but has included many other fruits as well as vegetables. He was born and raised in New Zealand where he completed his BS and MS degrees before carrying out his PhD at Rutgers from 1981-1985.



The topics covered by Watkins included a discussion of new technologies available in post-harvest handling, post-harvest principles that should inform producer decision making, and the connection of post-harvest handling to aspects of food safety. A copy of his presentation is available on the Agricultural Marketing and Management PWT website (<http://marketingpwt.aem.cornell.edu>). More information about Dr. Watkins' research and extension efforts can be found at [hort.cals.cornell.edu/cals/hort/people/faculty.cfm?netId=cbw3](http://hort.cals.cornell.edu/cals/hort/people/faculty.cfm?netId=cbw3).

### ***Dairy Products: Innovative Marketing & Producer Investment in Value-Added***



Three presenters from the Northeast were on hand to discuss their management and marketing practices in selling value-added dairy products. Samuel Simon, dairy farmer and President of Hudson Valley Fresh (HVF), discussed the formation and growth of the HVF brand of high-quality milk. Dr. Simon was born and raised on a dairy farm in Middletown, NY. Sam graduated from the University of Rochester in 1968, from the St. Louis University Medical School in 1972, and from the University of Pittsburgh in Orthopedics in 1977. He moved to Poughkeepsie and started solo practice that same year. Sam continued to farm the home farm in Middletown until 1995. In 1995, Sam purchased Plankenhorn Dairy Farm in Pleasant Valley. He retired from Orthopedics in 1998 and started a milking dairy in 1999.

In 2004, Hudson Valley Fresh was founded.

Dr. Simon's presentation focused on the value added nature of the HVF milk product with respect to high milk quality standards, consumer desirability of rBST, and growth in demand for local products. As Simon explained, "HVF was created to obtain more money for local farmers willing to meet quality standards." HVF's track record is impressive – in their first week of operation, their product was sold in 6 family owned stores and delis; by week 72 that number had increased to 70 stores, including Stop & Shop, Hannaford, Freshtown, and Price Chopper. HVF's focus on local demand has promoted that growth. They are currently working on expansion into New York City, including Eli's, the Vinegar Factory, Gracie's, and Coffee House. His presentation is available on the Agricultural Marketing and Management PWT website (<http://marketingpwt.aem.cornell.edu>). To learn more about Hudson Valley Fresh go to [www.hudsonvalleyfresh.com](http://www.hudsonvalleyfresh.com).



Margo Morris, Director of Sprout Creek Farms in Poughkeepsie, NY, followed Dr. Morris and described her farms development and marketing of artisanal cheeses. Sprout Creek Farm is a 200 acre working farm in Dutchess County, NY that provides an integrated context for educational and spiritual development programs for young people and adults. Sprout Creek Farm makes artisanal cheeses in the age-old tradition of European farmstead cheese. Milk for the cheese comes from their herd of grass-fed Jersey, Guernsey, Milking Shorthorn, and Brown Swiss cows. Margo discussed the development of Sprout Creek Farms and strategies for moving forward.

Sprout Creek Farms operates a retail market at the farm where visitors can purchase cheeses, seasonal vegetables, tee shirts, and select Hudson Valley products. Online ordering is also available for a wide variety of artisanal cheeses. More information about Sprout Creek Farms can be found at [www.sproutcreekfarm.org](http://www.sproutcreekfarm.org).



Courtney Hodge, Marketing Manager for Echo Farm Puddings in Hinsdale, NH closed out the dairy session by discussing the development and growth of their firm in the value-added dairy market. What originally started as 4-H projects in raising heifer replacements has progressed in 10 years to a 160-cow dairy operation milking Jerseys and Milking Shorthorns. Echo Farm seeks to foster a public appreciation for the New England dairy farmer through the distribution of the farm's all natural dairy products and its educational tourism facilities.

Echo farm is rewarded in their production standards by producing award winning, great tasting, high quality milk, to which they add all natural ingredients to produce their premium line of puddings. The wide variety of Echo Farms pudding is produced right on the farm using top quality and premium all natural ingredients. Their puddings are sold throughout New England in a variety of retail stores. Direct store and distributor delivery procedures are included. Also available is online ordering and home delivery services. More information about Echo Farm Puddings is available at [www.echofarmpuddings.com](http://www.echofarmpuddings.com).

### ***Livestock and Meats: On-Farm Slaughter Operation Development & Product Marketing***



The final concurrent commodity session focused on the meat product sector, discussing developments in on-farm slaughter operations, processing facilities, and product marketing. Ed Jackson, Ag. Development Associate with the Vermont Agency of Agriculture, opened by discussing recent developments in on-farm slaughter operations and a coordinated project with a local processor and agency staff to improve the availability of local processing facilities for producers. Jackson has been employed by the Agency for over 20 years, previously serving as a State Meat inspector and an Animal Health Specialist. Jackson's duties involve all aspects of livestock production and marketing, in addition to his work with the State meat and poultry processing plants.

While there may be some small processors in New England, only a handful is certified by the USDA, which, among other things, requires an inspector to be on site during working hours. Such a requirement may be infeasible economically for small volume processors, and has been the primary influence in the development of larger-based operations. However, transporting more limited quantities of beef to larger, distant facilities for return to local sales may be as equally infeasible. Differentiating characteristics of local processing facilities and attention to detail, plus the ability to keep product more local is fueling the demand and need for smaller-scale processing facilities. Jackson explained the resources, technical assistance, and resources utilized recently in the development of a local Vermont meat processing facility.



Kathleen Harris, Coordinator of the Northeast Livestock Processing Service Company, closed out the meats section by discussing the recent developments and functions of their company in the Hudson Mohawk Valley to enhance viability of livestock production and processing firms. The Northeast Livestock Processing Service Company was founded by the Hudson Mohawk Resource Conservation and Development Council, a nonprofit organization promoting economic development and natural resource conservation in Albany, Columbia, Greene, Montgomery, Rensselaer and Schenectady counties. The Company is a farmer-run group aimed at improving conditions for both livestock farmers and meat processing facilities by serving as an intermediary.

The Livestock Processing Service brings together farmers that raise meat for retail and freezer sales with processors who have agreed to killing and cutting standards. The Livestock Processing Company offers advice in marketing quality, efficiency and cost – to help decrease the stress and frustration for both producers and processors. The Company’s producer roster now includes growers of beef, pork, lamb, goat, veal, bison, ratites (ostrich, emu or rhea), elk, farm-raised venison, rabbit and poultry. More information about the NELPSC is available from Kathleen at (518) 258-4823 or [nelpsc@frontiernet.net](mailto:nelpsc@frontiernet.net).

### **Conference Summary**

The annual Strategic Marketing Conference was a huge success again this year. The conference included an extensive slate of speakers, as well as concurrent commodity marketing sessions for dairy, fruits & vegetables, and livestock & meats. With this year’s conference focusing on ways to improve producer access to existing, new, and emerging markets, producers, distributors, wholesalers, and retailers shared their insights on distribution, selling techniques, accessing markets, and expanding market opportunities and the ways producers can capitalize on them. Recurring themes on establishing sound relationships and partnerships with industry and producer stakeholders, differentiating your firm and your product from your competition, and understanding the needed infrastructure to support your business all played important parts in understanding how to effectively and strategically market your products.

The philosophy of this conference has always been to present, educate, and discuss hands-on, usable information that participants can walk away with and begin utilizing immediately. Based on

feedback received, the conference lived up to this philosophy once more. On a scale from 1 (poor) to 5 (excellent), attendees rated the set of speakers a 4.2 average, with several averaging over 4.8. They rated the overall quality of the workshop a 4.4 average; and overall value of the workshop a 4.3 average.

We received many important suggestions and comments on ways to improve the conference and potential topics for next year. We look forward to working with our agricultural producers and other industry stakeholders, extension educators, and agri-service providers in developing a useful and educational session next year. Comments and suggestions are always welcome and can be addressed to Todd M. Schmit, Agricultural Marketing and Management PWT co-chair, via email [tms1@cornell.edu](mailto:tms1@cornell.edu) or by calling (607) 255-3015. Check out our website for continuing updates and event postings at <http://marketingpwt.aem.cornell.edu>.

**Appendix: 2007 Cornell Strategic Marketing Conference Agenda**

**2007 Cornell Strategic Marketing Conference**  
**The Northeast Competitive Advantage: Increasing Producer Access to Markets**  
 November 5-6, 2007

**AGENDA****DAY 1 - Monday, November 5<sup>th</sup>**

- 8:00 - 9:00**                    **Registration**  
**Continental Breakfast**
- 9:00 – 9:15**                    **Conference Welcome**  
*Todd Schmit*, Applied Economics & Management, Cornell University  
*Bob Weybright*, Agriculture & Horticulture Program Leader, Cornell  
 Cooperative Extension - Dutchess County
- Welcome by National Park Service**
- 9:15 – 10:00**                    ***Increasing Access to Large Consumer Markets***  
 Opening Keynote Address:  
*William Welker*, Sales Manager, Railex USA, LLC
- Linking growers, shippers, and manufacturers with retail and foodservice distribution
  - New York and Northeast existing and emerging producer opportunities to large, distant markets
  - Developing market access between suppliers and downstream outlets
  - Producer, distributor, retail buyer roles and responsibilities
- 10:00 – 10:15**                    **Break**
- 10:15 – 12:00**                    ***Product Distribution Opportunities in the Northeast***  
 Panel Discussion #1:  
 Moderator: *Todd Schmit*, Applied Economics & Management, Cornell Univ.
- Food Product Distribution in New York & Producer Opportunities***  
*Angela Gloy*, Applied Economics & Management, Cornell University
- How product distribution works in NYS.
  - Insights and implications of 2007 food distributor survey.
- 10:15 – 12:00**                    ***Product Distribution Opportunities in the Northeast***  
 Panel Discussion #1: (cont'd)
- Market Maker – New Technologies Improving Product Marketing***  
*John Nettleton*, Senior Extension Associate for Program Incubation, Cornell Cooperative Extension/NYC Programs
- Technology improving product information, market access, and distribution – from producers to retailers.
  - Market Maker interactive demonstration
- 12:00 – 12:30**                    **Introductions of Conference Participants**  
*Bob Weybright*, Agriculture & Horticulture Program Leader, Cornell  
 Cooperative Extension - Dutchess County
- 12:30 – 1:30**                    **Lunch and Networking**

1:30 – 3:00

***Product, Quality, & Market Innovations – Responding to Consumer Demands***  
 Concurrent Commodity Track Sessions:

**Track #1 - Fruits and Vegetables**  
***Food Quality & Safety – Profits not Pain***

Moderator: *Angela Gloy*, Applied Econ. & Management, Cornell University

*Chris Watkins*, Department of Horticulture, Cornell University

- Post-Harvest technology innovations improving product quality
- Implications and opportunities for producers and their buyers

*Karin Rosberg*, Department of Food Science, Cornell University

- Good Agricultural Practices (GAPs) for Produce Safety
- Implications and opportunities for producers in production and marketing

**Track #2 – Dairy Products**  
***Innovative Marketing & Producer Investment in Value-Added***

Moderator: *Todd Schmit*, Applied Economics & Management, Cornell Univ.

*Sam Simon*, President, Hudson Valley Fresh – Fluid Milk

*Margo Morris*, Sprout Creek Farms – Artisanal and Specialty Cheeses

*Courtney Hodge*, Echo Farms Puddings – Specialty Puddings

- Identifying local, niche, and or specialty product demand
- Securing buyers: local and/or large markets
- New technology adoption and production scale needs
- Marketing methods – direct, wholesaling, and distributor arrangements

**Track #3 - Livestock/Meat Products**  
***On-Farm Slaughter Operation Development & Product Marketing***

Moderator: *Bob Weybright*, Cornell Coop. Extension - Dutchess County

*Ed Jackson*, Agricultural Development Associate, Vermont Agency of Agriculture, Food & Markets

*Kathleen Harris*, Coordinator, Northeast Livestock Processing Service Company

- Objectives, funding, and technical assistance to improve marketing
- Producer & retailer needs, current barriers, and innovative solutions
- Agency – Producer - Retailer coordination
- Market access to down-stream markets

3:00 – 3:15

**Break**

3:15 – 5:00PM

***Working Together – Partnerships that Make Marketing Possible***  
 Panel Discussion #2:

Moderator: *Lynda Brushett*, Cooperative Development Institute

*David Robb*, General Manager, Tuscarora Organic Growers Cooperative

*Diana Endicott*, Farm to Market Coordinator, Good Natured Family Farms

- Coordinated marketing of specialty producer/member products
- Process of organizing producer membership for improved marketing
- Establishing buyers and access to markets in large urban areas

6:30

**Networking Dinner at the Culinary Institute of America (optional)**

**DAY 2 - Tuesday, November 6<sup>th</sup>****7:30 – 8:30**                    **Continental Breakfast****8:30 – 9:30**                    ***Selling Your Goods - More Than Talk, It's a Process!***

*Bob Weybright*, Agriculture & Horticulture Program Leader, Cornell Cooperative Extension - Dutchess County

- Components of the selling process & negotiating the sale
- Techniques to approach and manage sales prospects
- Closing the sale and follow up.

**9:30 – 10:15**                    ***Improved Merchandising and Customer Service for Better Sales***

*Steve Miller*, Farmers Market Nutrition Program Coordinator, Cornell Cooperative Extension – Madison County

- New training video demonstration to improve farmer skills in product display and customer service
- Conveying quality and food safety to the public in retail sales

**10:15 – 10:30**                    **Break****10:30 – 12:00**                    ***Innovative Approaches to Reach Consumers – Successful Experiences from the Retail Industry***

Ending Keynote Address:

*Liz Thorpe*, Managing Director, Murray's Cheese

- Sales and marketing techniques to reach and satisfy your consumer.
- Market expansion and new marketing strategies
- The path of selling value added - product development and market access

**12:00 – 12:15**                    **Evaluation Survey and Registrant Input****12:15**                                **Box Lunch****THANKS FOR YOUR PARTICIPATION! HAVE A SAFE TRIP HOME!!**

**OTHER A.E.M. EXTENSION BULLETINS**

<b>EB No</b>	<b>Title</b>	<b>Fee (if applicable)</b>	<b>Author(s)</b>
2007-20	New York Economic Handbook 2008	(\$10.00)	Extension Staff
2007-19	Dairy Farm Business Summary, New York Dairy Farm Renters, 2006	(\$16.00)	Knoblauch, W. and L. Putnam
2007-18	Dairy Farm Business Summary, Southeastern New York Region, 2006	(\$12.00)	Knoblauch, W., Putnam, L., Kiraly, M., Walsh, J., Hulle, L. and S. Hadcock
2007-17	Municipal Approaches to Energy Conservation and Renewable Energy Production: A Resource for Community Energy Initiatives		Lindabury, S., Schmit, T., Howe, R. and T. Schusler
2007-16	Income Tax Management and Reporting For Small Businesses and Farms: 2007 Reference Manual for Regional Schools	(\$20.00)	Bouchard, G. and J. Bennett
2007-15	Fruit Farm Business Summary: Lake Ontario Region, New York 2006		White, G., DeMarree, A. and J. Neyhard
2007-14	Dairy Farm Business Summary, Central Valleys Region, 2006	(\$12.00)	Knoblauch, W., Karszes, J., Radick, C., Wickswat, C., Manning, J., Balbian, D., Allhusen, G., Buxton, S. and L. Putnam
2007-13	Dairy Farm Business Summary, Intensive Grazing Farms, New York, 2006	(\$16.00)	Conneman, G., Grace, J., Karszes, J., Degni, J., Munsee, D., Putnam, L., Staehr, A. and C. Kyle
2007-12	Quantifying the Contributions to Dairy Farm Business Risk: Implications for Producer's Risk Management Strategies		Schmit, T., Chang, H., Boisvert, R. and L. Tauer
2007-11	Dairy Farm Business Summary, Northern New York Region, 2006	(\$12.00)	Knoblauch, W., Putnam, L., Karszes, J., Murray, P., Vokey, F., Ames, M., Van Loo, W., Deming, A. and J. Prosper

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