

Opportunities for Growth of the Agricultural Sector in Rainy River District

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Table of Contents

Letter to the Project Supporters	3
Executive Summary	4
Introduction	5
Marketing Alliances	7
Co-operatives	10
Localized Beef Production Opportunities	11
Opportunity: Kerr Farms Natural Angus Beef Program	13
Pricing Breakdown of Natural and Conventional Marketing	15
Pork Production Industry Overview	18
Possible Pork Marketing Opportunities for Rainy River	22
Local Vegetable Marketing Opportunities	25
Farm Tours and Agri-tourism	27
Community Supported Agriculture	29
Basic Concepts of Value Adding and Direct Marketing	30
The Continuing Development of the Strategic Plan	31
References	34

Letter to the Project Supporters

To all project supporters,

First off, I want to extend my sincere gratitude to the Rainy River Future Development Corporation for providing the funding support necessary for this research. I also want to thank Trish Neilson and the Rainy River Federation of Agriculture intern working group (Kim Jo Bliss, Amos Brielmann, Deb Cornell, Tom Morrish) for providing the direction and continual support during the writing of this report. I would also like to extend thanks to Gary Sliworsky of Ontario Ministry of Agriculture, Food and Rural Affairs and Jarrod Gunn-McQuillan of the Northwest Health Unit for their contributions.

This has been an excellent learning experience for everybody involved, especially me, and I believe that the information contained in this report can be used to identify a vision and direction for Rainy River Agriculture, which can hopefully provide some prosperity to the district.

I am very confident that Agriculture has the potential to be transformed into a driving force in our district, setting the tone for a social and economic improvement. Other aspects that should not be overlooked are the potential community and individual health benefits of a localized food system.

This report should be recognized as being a stepping stone in the Agricultural Strategic Plan. As confident I am about the potential of these opportunities, I am equally confident that it will take time and effort by all interested groups and agencies to carry out the strategic plan. Thankfully there are new players getting involved and new initiatives being developed. One of the most notable new initiatives is the involvement of the Northwest Health Unit and the development of a local food council. To move forward means a shift in thinking, so it is very encouraging to see that that shift has started to happen.

Overall I want to remind you of what an excellent opportunity this has been for me and I really feel that I could not have found this unique learning experience anywhere else but the Rainy River District. Because of that, I am really looking forward to seeing the district benefit from new opportunities and new ideas.

Sincerely

Eric Busch
Intern for the Rainy River Federation of Agriculture and
Rainy River Soil and Crop Improvement Association.

Executive Summary

Agriculture is a potential growth industry capable of keeping young people in the district. In order to grow, we must identify opportunities. Opportunities in agriculture usually involve product differentiation through value adding, relationship building, communication, and market driven product development. There are several different ways to accomplish this including marketing alliances, co-ops, encouragement of a localized food system, and direct marketing techniques. Specific production opportunities which are experiencing growth are Natural Beef and Natural Pork, which require a shift in production practices. Included in direct marketing techniques are farmer's markets, selling to restaurants, and Agri-tourism. Community based research can be an effective way of evaluating the feasibility of new opportunities for the Rainy River District. Effective communication between organizations and an agricultural support network can be effective ways of nurturing new opportunities and realizing their full potential.

Introduction

The importance of our agricultural industry in Rainy River District is poised to take off in the future. Along with tourism, mining and forestry, agriculture is one of the main core industries for Rainy River District.

The main goal of economic development agencies is to ensure a clear and bright future for the district. We would like our children to settle here and have the opportunity to prosper economically. Unfortunately, youth are moving out of the district instead of moving in, and it is because of lack of opportunity, and grim prospects for the future of our main industries, agriculture included. We believe that economic development in the district should place more focus on agriculture and the opportunities it could potentially provide.

Mining is a non-renewable resource. The forestry industry is considered a renewable resource, but demand for paper is declining. Right now, we have off farm income supporting the farm more often than not. It is the belief of the Rainy River Federation of Agriculture that Agriculture has the potential to be a driving force in the community on a long term basis, but this would mean a re-arrangement of how the industry does business. Two topics which are valuable to discuss, are current marketing opportunities for Rainy River producers, available in the short term and also a long-term localization of the district's food systems.

There are some key themes that show up throughout this report, and it is important to understand them, in order to fully understand the opportunities that are out there.

The first theme is product differentiation vs. a commodities market. The widespread farm income crisis is based on commodities markets. There is no way for farmers to influence prices as long as they are producing a commodity. The only way that farmers can respond to low grain and beef prices, is to reduce their costs, produce more, or both. Lowering costs of production mean that a product can be offered at a lower price. Although this is not the intention, commodity prices will eventually lower because farmers are able to bear the lower prices. Increasing production also allows the farmer to accept a lower price, and encourages it, due to over supply of a commodity. The only immediate solution to these problems is to leave the commodity market, and set your own prices. This is done in a number of ways, but the key theme is that consumers must be able to tell the difference between your product and a conventional one, and be willing to pay a premium.

The second theme is relationship building and communication. Basically all farmers that are able to use an alternative avenue to market their products, rely on strong business relationships. These relationships can be with other farmers, processors, retailers, organizations, and many others. With these relationships comes communication, where useful information can be shared, and allow each partner an increased chance of being profitable. Also, in new markets, information carries a price tag. The ability to command a premium for a product can simply mean including the information about

where the product came from. For example, this can mean that the farmer is willing to stand behind their product, or prove that the animals are humanely produced.

The third theme is market driven product development. This is not a new concept, and is often the mantra for economic development and small business startup agencies. The basic premise is that there is no use producing something, unless you know there are people that will buy it. Up until now, it was the food processors and retailers that had to worry about this, and not the farmers. The times have changed, and successful farmers are changing with them. To enthusiastic new entrepreneurs, market research can be forgotten, resulting in a high failure rate for new ventures. For successful business people, it is a way of life.

This report includes a wide array of agricultural marketing opportunities, ranging from specific to very general. All will need more investigation to determine their feasibility for the Rainy River District, and the individual farmer.

Marketing Alliances

What They are and How They Work

All agricultural products move along a value chain, beginning at the farm and ending at a food retailer or restaurant. Each member of the chain must add value to the product in order to make a profit. In conventional chains, there is no connection between each member in the chain. A good example is when Rainy River cattle producers sell their animals in Winnipeg, they are not involved with those animals in any way after they are sold to a cattle buyer. At the same time, the feedlot operator, abattoir, packer and retailer have no connection with the original Rainy River farmer. Each member of the chain operates in the interest of increasing their profits, while ignoring other members of the chain.

An alliance is a partnership between producer, packer and retailer/distributor. The main objective of an Alliance is to provide mutual benefit to each partner. This is called a vertical arrangement, with the term vertical referring to the links between the different players along a food production chain. The mutual benefit of the members is a result of information sharing. When information is shared between levels of a value chain, there is opportunity for improvements in efficiency and marketing, which translates into better profitability. The establishment of marketing alliances has increased in recent years, and existing alliances are continually changing and evolving, or being dissolved. This means that there is no one formula that works best in every situation, and those that survive must be able to adapt to changing market conditions. They must also fit the producers and consumers they serve.

Objectives

The main backbone of any alliance is clear wording of objectives and long term commitments. As stated above, alliances can be very dynamic, so objectives of individual alliances are expected to differ from one to another. Despite being unique in their own way, there are many common objectives that are shared by successful Alliances. Here are some examples of common objectives.

Customer Focus

Customer focus can be very important. The alliance will focus on what the customer wants and then strives to meet that demand. Alliances and other business ventures may encounter difficulties by developing their product before finding out consumer preference. This is a worthwhile objective because producers and processors have more control of their own practices than they do of their customer. It is far easier to adapt your production to a specific market, than to try to convince consumers to buy the product that you want to produce.

Improved Communication

Another common objective is improved communication between different stages in the food production chain. Right now, information flow between these different stages in a conventional chain is fairly minimal. Farmers just don't know where their animals are going, and packers and retailers have only limited information about the farm that the meat was raised on. Carcass data obtained by packers can be valuable to farmers by helping to improve feeding practices, genetics, and general production practices.

Value Based Marketing

Using value based marketing means that there is focus placed on something other than price when advertising products to consumers. Most marketing uses a simple price for product marketing standpoint. In value based marketing there is an emphasis on the way the product was produced, or another aspect of added value. An example of this is when there is traceable information with a product, such as hormone and antibiotic free meat. The ability to trace information on every animal is attractive to consumers, and can fetch premiums that a conventional marketing chain could not. The benefits that are marketed come from all levels of the vertical arrangement, right from the on farm production practices, to efficiencies in handling/packing, which follow through to a higher quality product. This information translates into value, which consumers are willing to pay for.

The Need for Commitment

When discussing the longevity and stability of any marketing alliance, the commitment made to the alliance by individual members plays a large part.

The key to a successful Alliance is maintaining and building beneficial relationships. As mentioned previously, the alliances that tend to survive are the ones that are built on long term goals and commitments. An alliance is all about relationships, and trusting relationships are strengthened with time. Usually the more that each member invests into an alliance, the more stable it is. A common commitment is having production practices verified by a third-party. In the case of Kerr Farms in Chatham Ontario, they use the Quality Starts Here verification process, which is a Canadian Cattlemens' Association program. Non-performance penalties may also increase the success of an alliance.

Level of commitment is usually derived from:

1. Formality of arrangements
2. Quantity of commitment
3. Capital requirements for participation

Formality of arrangements can range from verbal agreements to licensing and certification. Quantity commitment can also be important because as volume increases, costs decrease. Capital requirements may include a fee for information about cattle marketed. Usually, as investment goes up, then performance incentive goes up.

Input Requirements and End Product Variability

Quite often, there are input requirements placed on the farmers. This is a result of increased information sharing, and niche marketing.

From a marketing standpoint, it is most beneficial to have as little end-product variability as possible. When marketing niche products, or entering into new markets, you are trying to pull consumers away from a conventional product, or retailer. This is not easy, and one of the common demands that consumers or retailers have is consistent quality. Consumers would prefer that every time they buy a certain brand product, or step into a particular retailer, they will be receiving a quality product.

One of the most common input requirements is breed. For instance, Kerr Farms in Chatham On. requires that animals sold to them be at least 50% Black or Red Angus. Reducing genetic diversity will often result in less end-product variability, although a true correlation between genetic diversity and end quality is not known. Another reason some alliances have breed restrictions is because it promotes interest between farmers that share the same breed, although this tends to be a small factor affecting the success of an alliance.

A bigger requirement is often source verification. Source verification increases information exchange through the alliance and therefore strengthens it. It also serves as a food safety assurance for consumers. Alliances often have standard management practices that are followed by their producers, and source verification allows these practices to be verified. Often, they use a third party to verify information, such as the Quality Starts Here program by the Canadian Cattlemen's Association. This program requires you to report on different areas of your operation. This is the checklist for a cow-calf operation:

- Unique Animal Identification
- Record Keeping
- Facilities, Hygiene and Cattle Handling
- Safe Animal Health Product Use
- Culling records
- Feeding records
- Calving records
- Breeding records
- Suckling Calf Round-up records
- Weaning records

The increased info exchange by the above program or something similar will allow the alliance to improve management practices and promote them to the consumer. If the alliance is marketing a more natural beef, they may have restrictions on hormone or antibiotic use in its animals.

Marketing Programs

Most beef alliances will pursue a branded beef program in order to provide the final link to consumers. The beef industry has several consumer markets, so a branding program can be important to separate a product from conventional markets in order to capture a special market and any premiums associated with it. For the Rainy River District, it would be advantageous to promote a clean and pristine image. A brand could also promote the fact that purchases of Rainy River Beef will help increase the sustainability of rural community's right in our backyard. Another idea that has been passed around includes making the district a genetically modified organism (GMO) free zone.

Marketing programs must also utilize a pricing method. Most often, a pricing grid is used, which is a set of numbers outlining discounts and premiums, in order to accurately price animals based on carcass merit.

Co-operatives

An Alliance is a type of Co-op, but there are other forms that are less involved, and may not be vertically integrated.

Co-ops can have varying degrees of vertical or horizontal integration. To integrate vertically means to integrate along the value chain, whereas horizontal integration is the partnership of individuals at the same level of the value chain. Farmers may form a co-op in order to market cattle more efficiently. Cattle lots that are larger and more uniform usually fetch a higher price. A study at Utah State University showed that the uniform lot sizes for a ring auction was 55-60 head, and around 240 head for a video auction. If pools are sorted by age and sex, then it may eliminate the need for sorting by the buyer, so they are willing to pay a higher price. Rainy River farmers will most often be selling cattle lots much lower than these numbers, and a co-op might be able to help get more for each animal. Value can also be added to a cattle pool by branding itself. As discussed in the Alliance section, there is a growing market for verified beef production, using a third party to verify the information that goes with the cattle. This is not only attractive to the consumers, but the cattle buyers as well.

For a co-op to function there needs to be a facility where cattle from a few different producers can be pooled into uniform lots. There also must be guidelines for pooling. Rules are important because problems can arise when animals are left out of a pool due to lower quality. Some producers may also be upset if they believe that their animals are better than most in a particular pool. For this reason, a co-op requires good will among its members, as well as economic incentives.

Processing Co-op

A processing Co-op is based on the idea that a tremendous amount of value is added to the meat between the farm and the retailer, so farmers invest in a processing facility in

order to compete with other processing plants. The abattoir that is being proposed for the Rainy River District might fall along these lines. Processing co-ops are not very common, and some factors need to be considered before we decide that this is the best thing for here. The Ranchers Choice Co-op that is being constructed in Dauphin Mb. is an example of a processing Co-op

The first issue with processing co-ops is that there is an illusion among producers that processors are price gouging and that there is a very high amount of profits to be made in any processing facility. This is not necessarily true, and the co-op should choose its markets closely. If it is chosen to enter the main conventional market, it is unlikely that revenues will be exceptionally high, as this tends to be a fairly competitive market. When there is competition, the long term returns on investment don't usually go over industry averages. As a result of this, it is important to look into markets that the large companies can't effectively compete in, which are usually niche markets.

For Rainy River, any group that wishes to start a processing co-op should decide on their market. Currently, the market that the local abattoir would like to enter is farm-gate sales. There is a heavy trade of beef going on right now, that is not slaughtered in an inspected facility. This could be a worthwhile market to target, although it should be studied before any work is underway to build the abattoir.

Localized Beef Production Opportunities

The Rainy River District and NW Ontario Market for Rainy River Beef.

The market for beef in the RRD is healthy, but the problem is that most of the market is served by beef imports, and a high percentage of beef produced and marketed locally are processed at un-inspected slaughter facilities, which is illegal.

The illegal beef trade is of concern to everybody. It poses a public health risk, as there is no way to know that the meat you buy has been processed in a clean or safe manner, unless you witnessed it yourself, or know and trust the person doing it. There is also a high variability in quality of product produced, and there are no quality control or customer satisfaction standards in place. Because of this, the occurrence of meat of sub-quality entering the market can have serious implications, as far as consumer trust is concerned. This type of beef trade may satisfy and benefit a select few, but it is not a viable option for the average consumer that wishes to buy locally produced beef. Also, it is not a viable option for Rainy River Farmers that are looking for a sustainable local beef market.

The primary focus of a Rainy River Beef brand should be to enter the existing market of locally produced meat and promote quality, consistency, and food safety, which are all claims that cannot be made by the black-market beef trade. It should identify the characteristics of the consumers currently purchasing local beef, and consumers that

could be swayed to local products if promises could be made on quality, consistency and safety. It is unlikely that a special niche market such as natural beef would be established right away in the district. The market for natural beef is growing in larger population centres such as Toronto, and attention should be paid to this, but it is uncertain that local consumer markets would support a higher priced beef product in order to pay out the premiums needed by producers. Often the reason why local beef is purchased is because of a lower price.

The main difference in marketing technique would be a shift away from marketing efforts required by the farmer, in favour of marketing campaigns created by the beef co-op or a supporting organization. This is desirable because most farmers speaking up about the abattoir are saying that they would like somebody else to market their beef.

The displacement of the local illegal beef market would be the overall intent, and would be achieved by a combination of attention to consumer demands, and increased regulatory enforcement on cattle slaughtering in the district.

Benefits

- A local brand of beef would be the foundation for sustainable beef production in the Rainy River District for decades to come. Local markets are always the most stable markets. Although a local trade of beef could never replace all cattle imports and exports, it may significantly offset any future market disruptions such as BSE.
- The ability to create an industry that is custom tailored to the people of NW Ontario.
- A local brand of beef would be instrumental in promoting ourselves as a unique community, needing unique economic solutions. This in turn would promote further innovation in economic development in order to secure our future.
- It would provide infrastructure in the community for other industries to build from.
- It would provide jobs in agriculture down the line, and new and exciting opportunities in agriculture, possibly keeping more youth around to farm.
- Branding locally would allow farmers to sidestep traditional marketing avenues which don't focus on their financial needs.
- We can add value to our beef simply by branding, and offering consistent quality. Beef may be produced conventionally, but marketing will differentiate our products.

Challenges and Issues

Marketing

Any venture such as this must commit time and money to market surveys in order to identify the potential for opportunities. Market research will be important to gauge the possible reaction towards an alternative brand. In order to achieve a successful marketing program, it must be custom tailored to fit the consumers that make up the market. Generally, the consumers that we'd be going after are very sensitive, and not easily grouped. There are many factors that might convince consumers to switch to a niche

market product, or stay with a conventional one, because beef is consumed by most all demographics of society. Also, business relationships would have to be built and maintained over the long term. This takes work.

Promotional marketing and education materials include:

- Word of mouth
- Sampling, contests, newsletters
- Article writing, investment in mass media
- Develop brand and associated materials
- Presentations in the community
- Cooking demonstrations
- Exhibits at local events
- Consumer education
- Food council

Costs

The costs associated with finishing animals for a local market are important to establish, and can be a limiting factor. Finishing cattle is not that common in the district and a steady and reasonably priced source of grains would be needed. There is also a certain amount of expertise involved in finishing cattle. Slaughter, Processing and Packaging must be efficient and packaging can often be overlooked. If a product is being differentiated from conventional products, it must have visual appeal, and paper doesn't work well for this. Storage is important, and the appropriate costs have to be applied. Demand for beef can often be seasonal, so inventory management is also important. Delivery and Marketing costs must also be considered.

Supply

Volume is important but difficult to maintain. Seasonality can affect a farmer's willingness to supply animals, and it can also affect consumers demand for meat. There must be markets for all cuts of beef. This can be a challenge to promote the less popular cuts sometimes.

Opportunity: Kerr Farms Natural Angus Beef Program

The Kerr Farms Natural Angus Beef program was established in the fall of 2004, and started production in August of 2005 processing 22 animals a week. The targeted market is Natural beef (hormone, antibiotic free, traceable beef). This market has been a strong market in the US for approximately six years, and has recently appeared in southern Ontario. The demand for this product is growing most rapidly in large urban centres. The reason for this could be attributed to increasing concern over food quality and safety. Currently, in the US, the Natural Beef market accounts for five percent of all branded beef markets, and one percent of the total market. This market has been growing in the US at a rate of 20% per year for the past six years.

The Kerr Farms Natural beef Alliance is focused on the economic stability of producers. Bob Kerr, an organic beef producer in Chatham Ontario, runs the operation. Kerr Farms also employs Stefan Oellinger, a market integrator working in the greater Toronto area alongside a company called Treeline foods. Stefan is a graduate of Cornell University's Economics Program, and comes from a southern Ontario farm. Stefan shares an office with Eugene Miniota, who operates Treeline foods, and has been dealing in the natural beef market for 15 years. He previously was importing American brands to meet the demand. The relationship with Treeline has proved to be invaluable in opening up new markets for Kerr Farms Natural beef, as they are able to benefit from long term relationships forged by Treeline.

The abattoir responsible for Kerr Farms Natural beef is Riding Regency, one of three federally licensed abattoirs in Ontario. The packing plant that handles the meat coming from Riding Regency is Roma Premium Meats, also in the greater Toronto area, which is an independent packer with Kerr Farms making up 75% of its business. Roma Premium Meats offers superior vacuum packaging which has enhanced the value added characteristics of natural beef.

The link to consumers comes from a combination of direct marketing, specialty butchers, and restaurant sales. With plans of increased production, Kerr Farms wishes to expand its natural beef into supermarkets.

Pricing Breakdown of Conventional and Natural Marketing

Winnipeg Livestock exchange

Actual averages of cattle marketed Oct. 28, 2005

Average					Total Gross
Weight	Price				
752.3	100.28				\$754.41
Average Costs					Total Deductions
Shipping	Commission	MCPA	Insurance	GST	
\$22.57	\$13.00	\$2.00	\$1.10	\$1.13	\$39.80
				Net Revenue/ Animal	Net Revenues/lb
				\$714.61	\$0.95

Kerr Farms Natural Beef Alliance - Direct Sale

Scenario based on above averages

Average				Total Gross	
Weight	Base Price	Slide	Actual		
752.3	118	0.045	122.5	\$921.57	
Average Costs					Total Deductions
Shipping	Commission	OCA	Insurance	GST	
\$60.18	\$0.00	\$2.41	\$0.00	\$0.00	\$62.59
				Net Revenue/ Animal	Net Revenues/lb
				\$858.98	\$1.14

Kerr Farms Natural Beef Alliance - Retained Ownership

Actual averages of cattle shipped Sep. 2, 2005

Average				Total Gross	
Shipped Weight	Finished Weight	HCW	Price		
882	1149	677.9	\$1.95	1321.905	
Average Costs					Total Deductions
Finishing costs	Shipping	OCA	Discount		
\$213.60	\$70.56	\$2.41	\$6.05	\$292.62	
				Net Revenue/ Animal	Net Revenue/lb
				\$1029.29	\$1.17

Pricing

These prices are based on actual cattle weights and dates. The important thing to note when examining these prices is that prices on cattle marketed conventionally are highly variable, whereas cattle marketed through Kerr Farms Natural Beef Alliance are based on a fixed price. They also offer two options for producers.

The first is to sell your feeder cattle directly and receive a flat price based on an 850lb animal. In this scenario, animals below 850lbs receive a half cent price increase at 10 lb intervals below or above 850lbs. In the middle example, the average cattle weight sold is 752.3 lbs, which is over 90 lbs. less than the 850 lb standard. 90 lbs multiplied by \$0.005 per 10 lbs is \$0.045, which is added on to the price of \$1.18 / lb. bringing the price to \$1.225 / lb. If the average weight of the animals was over 850 lbs, then the same formula would be applied to decrease the price in half cent intervals.

The second option is to retain ownership of the cattle, and utilize custom feeding services. In this scenario the producer retains ownership of the animal which get put on a feeding program when it arrives in southern Ontario. The producer gets paid when the animal goes to slaughter, and the price is based on hot carcass weight (HCW). At this time, the producer also receives a bill for custom feeding services. The HCW price is \$1.95 / lb. In this scenario the producer is able to capture some of the value added to the animals during the finishing period, which results in additional revenues over selling an animal at 850 lbs. In the pricing example, the average animal weight shipped from the Rainy River District is 882 lbs. and the average finished weight is 1149 lbs. therefore, the average gain was 267 lbs. Custom finishing is \$0.80 / lb. costing the producer \$213.60 an animal on this particular example. In exchange for additional revenues from retained ownership, the producer is responsible for any discounts at the time of marketing. In our above example there was an average discount of \$6.05 per animal due to one animal coming into the abattoir in an under-finished state.

These examples show that the overall price benefits make up for increased shipping costs. The cost to ship animals down to southern Ontario is \$0.08 / lb versus \$0.03 / lb to Winnipeg. There is no commission, insurance, or GST charges on animals sent to Kerr Farms.

Advantages to joining an existing marketing alliance

- Immediate opportunity for farmers willing to join. The infrastructure is already intact, so the farmer can take advantage of a growing market sooner rather than later. Many people underestimate the amount of work it takes to break into new markets. It is important to realize the work that has been saved by joining an existing marketing plan.
- This is a proven method of adding value to meat. This is a low risk venture because the market has already been identified and developed. There is a similar trend among beef consumers in urban centres across North America, to switch from conventional

beef because, for a growing number of consumers, their desires are not being met by the conventional market. One of the main reasons for this is that food health issues are increasingly becoming a public concern. Natural products, or products perceived to be of natural origin are gaining in popularity because to the average consumer, natural is synonymous with health. This may not be completely proven in all cases, but the consumer perception is there, and that is what's most important when promoting an alternative product.

- Joining a cattle marketing alliance decreases stressful price fluctuations by capturing a steadier niche market. The conventional market is influenced by commodity pricing. Markets are sensitive and fluctuate regularly. The benefit of a marketing alliance is that it sidesteps the commodity pricing scheme and sets its own price
- Opportunity to share info with like minded farmers. The basis of a marketing alliance is information transfer and relationship building. The beneficial relationships are those between the original farm and the end product, i.e. cow-calf, feedlot, abattoir, packing plant, and retailer. These relationships, although not formed easily, are important to the operation and are strengthened with time. This is another good reason to join an existing marketing alliance. Time has already been spent building these relationships, allowing you to enter a market at a more advanced stage.
- Cattle marketing alliances increase long term sustainability, by focusing on the needs of the farmer. Conventional markets are run by corporations that have profits at heart and not rural life. Preferred marketing alliances place emphasis on the producer, and recognize the prices needed to make a farm viable in today's economic climate.
- An opportunity to capture a growing market. The natural beef segment of the market is growing every year, and has much room to grow.
- Joining an existing marketing alliance allows for a good balance of short and long term interests. There is a need for a long-term solution to low farm incomes and a marketing alliance is meant to be a long term venture because of the investments in relationships and capturing a growing market. Producers also need a promise of some short-term benefits because profits are already at a critical level, and the sooner that they can start adding value the better. It is unreasonable to expect immediate benefits by establishing a brand new marketing alliance.

Challenges to Adoption of Marketing Alliances

- Marketing alliances have protocols for the way that their animals are produced. This often includes a shift in production practices, third party verification, and required genetics. Farmers are an independent lot and, although third party verification is an excellent way to add value to your animals, many farmers might prefer to keep their production information to themselves. Genetics are completely up to the farmer in a conventional market, but for a marketing alliance to be successful, they need to produce a uniform product, which means restricting genetics. For example, Kerr

Farms Natural Beef requires all their animals to have at least 50% black or red Angus genetics.

- Joining an alliance requires a shift in thinking, and more of a commitment to quality and consistency than the conventional markets require.

Pork Production Industry Overview

Currently, there are very few pork producers in the district. It is important that the opportunities for pork production be explored. There are two main marketing streams in pork production, conventional and niche marketing. Conventional pork marketing has been very strong over the last decade, with our neighbour to the west, Manitoba, boasting pork production as their largest agricultural industry.

There are two main types of hog producing facilities, large intensive climate controlled barns, using liquid manure systems, and simple structures using a solid manure system, most often called hoop structures or Cover-all barns. Large scale facilities are used exclusively for conventional pork marketing techniques, where hoop structures can be used to market conventional or niche market hogs. There are different investment and management considerations for each, and different environmental implications for each. Overall, hoop structures appear to be a better fit for the Rainy River District due to their lower investment costs, lower environmental concerns, and their ability to produce for growing local and niche markets. They also provide for healthier workers and healthier animals.

Conventional Hog Production

Any potential conventional hog operations would most likely be tied to and behave similar to a Manitoba operation. Right now, in Manitoba there is an annual production of 7.3 million pigs, worth about \$792 million. There are only about 1,668 farms that produce this number of pigs, meaning that most Manitoba pig farmers are very large. The trend is for farms to decrease number and increase in size. There are generally three types of operations including farrow to finish, accounting for 33% of all farms in Manitoba, but 53% of all pigs. Farrow to wean farms account for 19% of farms and 16% of pigs. Grower to finish barns account for 48% of all farms and 31% of all pigs produced. So as you can see, most farms prefer to deal with the finishing end than the farrowing end.

Conventional production has grown steadily in the last few years and the growth is expected to continue. From 1995 to 2004, 26,227 sow places and 97,938 feeder pig places were built each year. Most of this growth has been by large companies. Limits to growth are mainly Public concerns such as odour, food safety, animal welfare and environmental degradation.

Facilities

Conventional facilities use earthen manure storage lagoons, lined with clay. There is no winter spreading of manure in Manitoba, so lagoons must have a capacity of 200 days storage. Although there is conventional production taking place in straw based hoop barns (discussed later on) most production takes place within climate controlled buildings. The investment amount for these climate controlled facilities is approximately \$260 - \$275 per pig place for feeder barns, and for sow operations, approximately \$4500 - \$5000 per sow place.

Animal Nutrition

Most Manitoba pigs are fed barley based rations, which may also include canola meal, soybean meal, field peas, corn and wheat. Feed formulas are becoming increasingly important, as being a large factor in growth efficiency. Because of this, feed companies are heavily involved in the industry offering services such as financing, consulting, breeding stock input, facilities engineering, and production contracting.

Animal Genetics

The breeds most commonly used in conventional production in Manitoba are Yorkshire, Large White, Landrace and Duroc. Slaughter pigs end up with a typical lean yield of 60%. Artificial insemination is becoming the most popular way of breeding animals.

The industry

The industry in Manitoba is fairly diverse, in that a little over half of the animals produced get shipped to other provinces to the states, and the rest are slaughtered in Manitoba. Of the portion that get exported, two thirds are weanlings (23 kg and under) and one third are finished pigs. (Approx 113 kg). Conventional producers may either market through a broker, such as the Manitoba Pork Marketing Co-op, or they may make contracts directly with processors such as Maple Leaf. Most weanlings in Manitoba are sold to Iowa, Minnesota, Nebraska and South Dakota.

Local Producer Profile: Wade Desserre

Wade and Kim Desserre operate a larger confinement style operation, similar to most in Manitoba. His barn capacity is 2400 animals, which turns over between 2.7 and 2.9 times per year. Their production system is a grower operation, where the animals are shipped to him at >29kg and get shipped out at 115 kg. He is contracted to feed the animals through a company called Unifeed, where they ship the animals in, manage feed formulations, and the Desserre's manage the barn.

Hog Production on Straw Bedding for Local and/or Niche Markets

Facilities

Alternate swine markets use different housing. The majority of hogs produced for conventional markets are produced in large confinement operations. These facilities use barriers to section out hogs, and animals receive a minimum of intermingling. The type of shelters used in niche market hog production are called biotech shelters, or hoop barns. These shelters tend to be significantly cheaper than climate controlled buildings, at approximately \$80 - \$100 per pig place. Typically smaller than conventional barns, producers are rearing from 500 to 2000 pigs in a group. They are barns with hoops supporting a tarp like cover and use straw in the bottom as litter, as opposed to hard, slatted floors designed to carry away manure in a liquid form, to an outside manure lagoon. Using litter means that the manure removed is in solid form, and it gives the manure the right carbon content to be composted. The composted manure is then removed by a front end loader. The intense biological activity that happens during the composting process also serves as a source of heat.

Typical building size is 30ft x 100ft. Each shelter this size houses about 250 pigs, to allow 1m² per pig. Entrances are made so equipment can move in and out to manage manure.

Water management includes drinking water and sometimes sprinkler systems are installed to keep pigs cool in the summer time. Drinking water systems typically include a four hole waterer, and bite drinkers around the perimeter for less aggressive pigs.

Structure Turnover

It is important to maximize your space, by turning over pigs efficiently. Care must be taken not to overstock a barn, or else aggression will go up and daily gains will go down. Overstocking also increases weight variances. It is also important to have a protocol for dealing with light hogs. They can tie up your shelter space beyond the budgeted days.

Immune responses to disease have a large affect on growth rate and can affect shelter turnover. An all-in all-out practice minimizes disease. This means that shelters are empty between groups of pigs, reducing the carryover of diseases from one generation to the next. Vaccinations and a vet program are important. There tend to be increased management considerations when it comes to disease management, due to intermingling.

Genetics

Most all breeds have been shown to work on straw systems, although when searching for breeds, it is important to find breeds that have previously been reared in a production system similar to the one you will be using. Genetics affect the feed rations formulated,

and some are more prone to social issues within the barn. Research at Texas A&M has shown that some breeds are able to nest and farrow on their own more effectively than others. Breeds mentioned above such as Yorkshire, Landrace, or Duroc are bred specifically for confinement operations. Some traditional breeds including Berkshire, Chester White, Spotted, Tamworth, Poland China, Large Black, Hereford, and Gloucester Old Spot Pig, have been shown to work better in alternative housing.

Feed management

There is a need to formulate feeds correctly, taking into account which feed rations are attractive to pigs and which are not. It is also important to make sure newly introduced pigs are getting to the watering and feeding sites adequately. There are usually three or four phases in the feeding program, with two grower rations and one or two finishing rations.

Alternative feeds include pasture grasses. Despite pigs being monogastric, they are able to digest forages fairly well in their large intestine by a process called fermentation. They are also reported to eat weeds readily, and have no bloating problems. Also, if conditions result in low pasture quality, they can be switched over to grain rations without fear of digestive upset. A study at Auburn University showed that a pig's diet can be supplemented up to two thirds with pasture if vitamin and mineral supplements are provided. Hay mixtures can include alfalfa hay, alfalfa and orchard grass hay, grass silage, sunflower and soybean hulls, corncob meal, and beet pulp.

Manure management

The main difference between handling solid vs. liquid manure is the smell. Manure, when composted, in an aerobic fashion, has virtually no smell. Liquid manure contained in a lagoon, usually earthen or concrete, decomposes in an anaerobic fashion (without air) to produce Ammonia gas, which has a very foul odour. This is a large factor when it comes to public acceptance. The confinement hog industry has problems with image, where certain municipalities will not allow confinement operation to be built because of the smell. There are also environmental issues with confinement operations because they produce an abundance of liquid manure, which can often be over applied, creating a risk in terms of nutrient runoff into nearby streams and lakes. Solid composted manure has no smell and due to the active biological activity, holds nutrients in a more stable form, less available to leach, or runoff.

Straw Management

To manage straw correctly, you must understand pig behaviour in a group environment. They typically have different places for sleeping, eating, manuring and drinking. Keeping areas dry is important to reduce stress. Cover manure enough to keep it from being excessively wet. This will help the composting process which keeps your pigs warm in the winter. This heat works against them in the summer, where adequate straw

must be added to insulate them from the heat. A general guideline is 1 kg of straw per pig per day. More straw will be used in cool wet weather, and in warm dry weather.

Animal welfare

Possibly the biggest influence towards adoption of these shelters is animal welfare. Animal welfare can improve your economics significantly. Using these barns provides exercise because the pigs aren't held up in secular crates. This also allows the pigs to display natural herd and social instincts. These factors promote wellbeing, which improves health and decreases piglet mortality. Increased animal welfare means increased public acceptance, which can be a big issue when starting up, and maintaining operations, and getting a premium price for a humanely produced product.

Overall Management considerations

There are separate management considerations for this type of operation. There is more management involved when it comes to disease management. The hogs are allowed to intermingle, and could pass on viruses, whereas in large confinement operations, animals are kept separate and antibiotics are often contained in feed to reduce the incidence of disease.

The capital investments required are much lower than for a confinement operation. Typically, the building cost is about one third that of a confinement operation. There are lower fixed costs but higher variable costs in terms of feed, labour, bedding. The biggest risk in these systems tends to be that of making bad management decisions.

Marketing possibilities are different also, because there is more opportunity to sell a premium product.

Possible Hog Marketing Opportunities for Rainy River

The most attractive aspect of a hog industry in Rainy River District is the diversity of marketing avenues and operation types.

There is somewhat equal demand for both finished hogs and weanlings. A producer may choose to run a farrowing operation and specialize in supplying weanlings to a conventional, or niche producer either in Manitoba, or the US, or they may sell finished pigs locally, to Manitoba, or the US. An operator may even choose to take advantage of a strong demand for locally produced pork, here in NW Ontario. At the current time, there is a provincial pork marketing firm called Ontario Pork that has a monopoly on all market hogs.

Currently there is a large demand for natural pork in Minnesota and there could be an opportunity to sell natural market hogs there. Overall, the opportunity to sell natural pigs

and natural pork is the most promising. Markets for natural pork are growing with natural beef markets. These markets have been demonstrated in the US, but have not been completely taken advantage of in Ontario. Similar to natural beef, marketing natural pork allows for product differentiation, without the high costs of going organic. Consumers are becoming increasingly dissatisfied with conventional meats, and are willing to pay a premium for natural products, which are hormone and antibiotic free, and/or humanely produced. Consumers are also choosing natural products over certified organic products, due to the much higher cost of organic meat. Certified organic animals must be fed organic grain, which drives up the grocery store price.

Local Producer Profile: Steve Loshaw

Currently there are very few hogs being sold directly to consumers in the district. Steve Loshaw produces a small number of pigs each year, and sells them locally. His pigs are similar to natural pork and he attests that the meat quality is greatly affected by the animal's upbringing. It is also his personal opinion that he has not even scratched the surface of the market, and many more pigs could be sold here.

Overall Incentives for Rainy River District to enter the natural pork industry

- High local demand. The opportunity is here to develop our local markets first. Local markets are more stable in the long term, and provide many positive spin-offs to the local economy.
- Environmental concerns. Natural Pork production in hoop shelters keeps in line with our clean environment image. Manure is more easily managed as compost, and may provide an alternative fertility source for the district's other agricultural practices.
- Hog worker health. Working conditions in hoop barns are much better because the workers are able to breathe fresh air.
- Less financial risk. There is much less capital investment involved. Resulting in more options for farmers.
- Fewer odours. A common concern with conventional operations is the smell. The composted manure from hoop structures has minimal foul odour. This means no complaints from neighbours.
- Manage animals rather than equipment and automated machinery. Hoop structures provide a more rewarding animal husbandry experience, where workers spend more time with animals, and less time with equipment.
- Provide pigs with access to bedding, freedom of movement, sunshine and an opportunity to socialize with each other. Hoop facilities and natural pork production provides the animal with a more natural upbringing, meaning low stress and better health.

What Does the Natural Pork Industry Look Like?

Profile: DuBreton Natural Pork Program, Quebec.

<http://www.dubreton.com/>

Originally an animal feed business, formed back in 1944, the pork producing section was started in 1974. Currently the largest pork producer in North America, DuBreton's natural pork line includes more than 45 small, family owned farms in Quebec and the Maritimes. Mission: "Our mission is to be on the forefront of technologically and environmentally sound animal husbandry practices in order to offer consumers a wide range of natural products that surpass all industry standards."

Kerr Farms

Kerr Farms manages a marketing alliance for natural beef, but they also have recognized the demand for natural pork. Natural Pork production is virtually non-existent in southern Ontario, so they are importing natural pork from DuBreton to serve the markets.

Manitoba Natural Pork Program

There is currently a government initiated natural pork program being set up in Manitoba. They have secured partners in their alliance, and are currently developing their products after careful market examination. The bottom line price goal is to give pork producers the price they're receiving now, plus the cost of using non-GMO feed, plus \$15-\$20 per head premium.

Proposed Standards

- All Feed must be GMO Free
- No use of medications, antibiotics, growth promotants or hormones for animals over 35 kg.
- No feeding of rendered animal byproducts
- Bedding must be supplied
- 1 square metre per animal.
- All animals must have access to natural sunlight and have fresh air ventilation in their barns
- All manure must be composted
- All producers must be registered and accredited with the Canadian Quality Assurance Program.

Some Natural Pork programs in the US

Minnesota

- Five large producers producing 3.7 million lbs
- 250 producers on the waiting list.
- Price averaging US \$10-\$20 per head over market price.

Iowa Natural Pork

- 95 members producing 25,000 head
- Price averaging US \$15-\$30 per head over market price.

Main Considerations for Natural Pork Production

The main factors to consider when joining a new industry are marketing perspective and timing. The marketing perspective to take is that there is a gap in pork production where existing operations do not match existing demand. There is an abundance of pork produced in conventional markets, but natural pork production is lagging far behind demand. This is happening at a local level right here in the Rainy River District, where it is not possible to get a consistent supply of quality pork. This is also happening at the regional level, illustrated by the fact that there are large natural pork markets in southern Ontario, but natural pork production here is virtually non-existent, requiring large imports from Quebec. US natural pork programs are also growing steadily, and expected to continue. It is important to understand why this is happening, and why it is expected to continue. It is no secret that public interest in food health is reaching epic proportions. Consumers are becoming increasingly critical of what they eat and how it affects their health. This is fueling concerns of food safety, food quality and food production practices. There is an ever-increasing disconnect happening between the producers and consumers of food, due to large growth of urban populations and trends towards heavy food processing. With this disconnect comes concern and a willingness to pay more for products that promise or are perceived to carry health benefits. For this reason, demand for natural farm products is expected to increase indefinitely.

Direct Marketing and Other Vegetable Marketing Opportunities

Vegetable producers have many opportunities to add value to their products. The main reason for this is that vegetables have one of the lowest shelf-lives of all agricultural commodities. Often, our vegetables are shipped thousands of miles, and quality or freshness can suffer. Fresh farm vegetables are often very distinguishable from products shipped great distances, which are ripened on the truck. This section will cover varying techniques for adding value to vegetables and other farm products. This may include Farmer's markets, direct sales, subscription marketing, restaurant sales, and on farm sales including u-pick farms and Agri-tourism.

Farmers Markets

Farmers' markets are a very common occurrence and are a historical way of selling farm products. They allow the producer direct contact with a customer, and the ability to build steady relationships with them. Often, farmers' markets are not just a place to buy food, but a place to socialize and enjoy. The farmers' market atmosphere is a proven way to add value to a product, as the atmosphere alone will draw customers. Often, farmers' markets can turn into large draws, and are supported by their city or town. Farmers' markets are often provided space free of charge by cities. In the US, federal social assistance programs have been operated through farmers' markets, by providing low income households with coupons to purchase food at farmers' markets. The two programs operating in the US are Women, Infants and Children (WIC) Farmers' Market

Nutritional Program (FMNP) established in 1992, and a newer Seniors Farmers' Market Nutrition Program (SFMNP). There are no programs of this type in Canada yet.

Tail-gate Marketing

This is a very simple marketing technique where a farmer can fill up a pickup truck with produce or other commodities and find an appropriate place to park and setup shop for the day. The advantages of this are that it can be setup at short notice, and requires very little capital expenditure.

On-Farm Marketing and Agro tourism

On Farm Marketing includes roadside stands, and u-pick operations. U-pick farms can be popular because they give people an experience that a typical supermarket can't provide. The opportunity to get out on the farm and get fresh products, and have fun at the same time is a proven value added aspect. This allows cost savings from having to harvest your plants and transport them to a marketing location. Often visitors will also purchase already-harvested products as well. More aspects of Agro-tourism are explained in the next section.

Selling to Restaurants

This is a method of adding value that is becoming more and more popular with producers. Restaurants carry one of the fastest growing markets for local products. A reason for this is demand for local foods by tourists. Often, chefs are not familiar with what products can be purchased locally, or what farmers will produce them, which limits their ability to purchase them. It is much easier for farmers to locate the restaurant, than vice versa.

Although the demand for local products can be quite strong, there are certain guidelines that should be followed, and steps that can be taken to increase sales, or the possibility of a strong farmer/chef relationship. Some are discussed below.

Suggestions for selling to Chefs

Communications and Information transfer

Chefs are often very busy, so it is important to find out when is the best time to get in contact with them. If there is a certain time of day that they would prefer to be contacted, try to stick to that time. Chefs prefer a personal phone call or visit as a primary means of communication. If the farmer visits the chef, it is important to conduct the visit in a professional manner. This can include showing up with sample product, a price list, an availability chart and business card. Other materials the farmer should have available at the point of purchase include product info (Varieties, growing method, volumes, quality), ingredient lists (for processed foods), brochures, or a tag line (menu descriptor)

Chefs are also concerned with food safety, so personal appearance and cleanliness is important. Clean, food grade packaging is also important. Many Chefs are also knowledgeable on the HACCP (Hazard Analysis and Critical Control Point) system, so utilizing this system can be an asset to your business.

Often, farm-fresh products are only available seasonally and for a limited duration. This is not a huge problem, as chefs menus tend to change seasonally, and they often will put specials on meals using products that are in season. On the other hand, it is important for the producer to communicate when these products are in season, and ensure an adequate, high quality supply, for the duration of the product season. Another helpful tool is a chart, or calendar which shows which products are available when, and for how long and in what quantities. Chefs are networkers, so a producer would be looked upon favourably if they were to carry some information on other farmers' products as well. Websites are also very helpful, if they can provide profiles on each individual consumer.

Another aspect of selling to restaurants is knowing the industry you would like to do business with. Farmers can learn about the food service industry by attending food trade shows, reading culinary magazines or watching cooking shows.

Main factors that will affect buying decisions include

- Quality
- Price vs. Value
- Consistency of product
- Quantity available
- Flavour
- Appearance and Freshness
- Service and delivery
- Communication techniques.

Coordination of promotional events

Chefs have indicated that farm tours can be beneficial, where chefs can tour the farms which are supplying the produce to their restaurant. Other events that can take place include trade shows, where farmers can visit restaurants or venues to provide taste tests. This concept could also be carried out at a farmers' market. E-mails and newsletters can also be attractive materials to send to chefs.

Farm Tours and Agri-tourism

Farm tours and agri-tourism can be successful ways of marketing products, or creating alternate income for a farm. There is a large disconnect between farmers and non-farmers, and opening up your farm to guests and the possibility of direct marketing can yield some very beneficial relationships. Generally, the more diverse your farm, the

more there is to see and do, and the more feasible agri-tourism becomes. Small farms are more suited to this than large industrial farms.

The basics of agri-tourism include having something to see, something to do and something to buy. A lot of the activities are free, but this usually leads to purchases made on the farm. No matter what type of business you are planning on developing, a thorough business plan is recommended, which includes identifying who your market is, where it is, what you want to sell, and what resources you will need along the way. An important element to consider is that successful agri-tourism operations usually offer something for free in order to generate good will.

These are some basic ideas that have been implemented.

- Educational tours. Some farm tours focus on educating visitors about the economical, environmental and social aspects of agriculture. They can also be organized to educate non-farmers about food localism and what they can do to help the farm economic situation. They may try to show the positive aspects of agriculture, and encourage relationship building between farmers and urban populations. Herb and vegetable farms, may offer classes on cooking, flower arrangements, or education on herbal medicines.
- Historical re-creations. There is always interest in historical sites, and historical agriculture can be just as interesting. This can work well if the farmer already has a collection of old equipment or tools, or has an old fashioned farm.
- Processing Demonstrations. If a farm is already value-adding by processing their own food products, then there is an opportunity to invite people to learn about the processing operation. This gives them opportunity to make or see the product being made, which might lead to product purchases.
- Art demonstrations. There are numerous operations out there that display crop art, hay bale art, welding art, floral designs, pumpkin art, and pretty much anything you can think of.
- Natural features. A natural feature, such as a waterfall, stream, nature area, rock outcropping, can attract guests.
- Special events. Farms may offer annual or monthly events, featuring music, arts, crafts, company picnics, festivals, or take part in existing regional festivals.
- Accommodations for outdoor enthusiasts. There are many outdoor and nature activities to experience in the Rainy River District, including canoeing, hiking, wildlife observation, etc.
- Children's Amusements. This can fall under the educational portion as well. Involving kids in agriculture, allows them to grow up with a better understanding of where their food comes from, and may lead to later life decisions including supporting food localism. There are an abundance of children's activities including:
 - Petting zoos
 - Hayrides
 - Horseback riding
 - Festival activities including contests, arts and crafts, etc.

- U-pick farms. This allows the sale of product without the added cost of harvesting or packaging. Often, u-pickers will also purchase pre-harvested products as well. The popularity of these operations tends to fluctuate, but intense marketing activities and farm presentation can be major determinants of success. It is unclear how well a u-pick farm would work in the Rainy River District, as they tend to do better when located closer to large, urban centres.
- Corn Mazes. These can be very popular and are developed all over North America. There are even contractors that develop mazes for farmers, and sell marketing plans as well.

As mentioned previously, most farms utilizing agri-tourism also have things to purchase while visiting the farm. Obvious things include food and drink, which are available at most every public attraction out there. This can be an area for profit that might be overlooked. It is beneficial to tie food and drink into the farms overall character. Souvenirs are also a very good opportunity to make some extra money. Floral arrangements, packaged farm products, herbal products, wood carvings, homemade baking, maple syrup, and elk meat are all products that have been used, or have potential. It is also important if you can tie these products into your own farm's theme. There is an abundance of cheap souvenirs produced across seas for the North American market, but products produced locally will be more meaningful and attractive to potential buyers.

Overall, agri-tourism represents a shift from farmers producing what they want, to producing what the customer wants. Creativity and ingenuity can be rewarded generously through this process, where rigidity and close-minded thinking work against the agri-tourism mindset.

Community Supported Agriculture (CSA)

Community Supported Agriculture (CSA) is when a local community takes a share in agricultural production. They share the risks and benefits of producing a crop. This often works on a smaller scale farm, closer to an urban population. Usually, community members pay a share upfront, and then get to share in the dividends of the operation, which is whatever is produced on the farm. Vegetable gardens make good examples, where members may pay a share upfront, which pays for all the initial costs. When the vegetables come time to harvest, members will receive the produce. Different vegetables are ready at different times, so it often results in multiple deliveries per year, of whatever vegetable is in season. If there is an exceptional harvest, each member gets to share in the good fortune, whereas if there is a poor growing season, each member shares in this risk. This can be a great educational tool for those that are not familiar with the risks involved in farming. It also allows beneficial relationships to be developed between urban and rural populations. There is considerable trust involved between the farmer and the shareholders who are putting their money up front. This promotes community spirit as opposed to individualism. CSA's can be producer centred, where the farmer organizes

the program and uses it to increase their own income and decrease risk, or it can be organization centred, where the central purpose to serve the shareholders, and a farmer is hired to produce the food.

Basic Concepts of Value Adding and Direct Marketing

Good marketing is an absolute must, and might even be more important than the actual production. After all, there is no use producing something if there is no place to sell it.

Alternative marketing is gaining popularity, and for good reason. Conventional agricultural marketing avenues are not satisfying the farmer or the customer anymore. People are tired of tasteless produce that travels thousands of miles, and farmers are tired of taking a low to modest price for their labour. Also, as mentioned in the Pork and Beef sections of this report, there is increasing concern growing over food safety. It is a fact that if you can give consumers a more flavourful, traceable, local product, they are willing to pay a premium.

Why are these opportunities not taken advantage of fully? Because for the most part, finding new marketing avenues is very labour intensive, and requires new skills, which were not typically required of farmers in the past. Typically, farmers didn't have to worry about consumer trends, and demand, but this has changed, and this is becoming a necessity to escape the suffering commodity markets.

The first principle that must be learned by the direct marketer is that marketing starts before the animal is born, or the first seed planted. Many sources cite consumer-focused marketing as the single most important factor affecting success. A new direct marketer must be trained to encompass all the aspects of bringing a product to a consumer, including planning, pricing, promotion and distribution. This is not easy to do and requires retraining your mind to think about the whole picture.

Niche Marketing is important to understand. A market niche is a group of consumers that behave similar to each other, but differently from conventional markets. The best example in this report is that of Natural Beef production. Before targeting a niche market, it is important to determine whether the group is big enough to make targeting them worthwhile. Another important thing to realize is that niche markets tend to disappear after a while. If there is a premium to be made from a niche product, there will also be interest from other producers to serve this demand. This begins the slow steady movement to mass production, and your once special niche product has turned into a commodity. The overall key is to make your product different from the next. Another important aspect that has been repeated numerous times though this report, but is worth repeating again is relationship building. Direct and Niche Marketing allows you to build long term relationships, and build loyalty. Relationships are also strengthened with information, about your farm and the way you produce your products, conventional markets don't allow for this information to be transferred, so this is a huge opportunity.

Value adding is the buzz-phrase that we all hear so much. In a nutshell, it is upgrading a product, by cooking, combining, churning, culturing, grinding, hulling, extracting, drying, smoking, handcrafting, spinning, weaving, labeling and packaging. As mentioned, Agri-tourism also adds value by providing entertainment or educational value. Value adding typically depends heavily on product promotion.

The Continuing Development of the Strategic Plan

The next steps in the strategic plan will have to be discussed at this point. Although the Rainy River Federation of Agriculture took the initiative to conduct research, the end goal is to have a strategy that is adopted by all agricultural organizations. It is recognized that each organization has its strengths and each organization will play a unique roll in the plan. The main objectives for the next step might be as follows.

Communication

Communication was cited in the strategic plan as an important way to bring agriculture together to form a common voice. It can be a problem to get on the same page as one another, when there is no universal way of sharing ideas among the whole community. The most common forms of communication within the agricultural community include word of mouth, organization meetings, and to a lesser extent, print media. A new communication tool which has shaped many industries and businesses is the internet. We are currently interested in how the internet can help agriculture in the Rainy River District. This area is at a small disadvantage due to low availability of high speed internet, but that is set to change in the near future.

The Rainy River Ag Forum has been up and running for a short while now, which is gaining some interest. It is an online message board, where anybody can come and post a message, comment, question, and others can view what has been posted, and contribute to the message by answering a question, or providing discussion in any way. This provides a new twist on sharing information with your neighbour.

Communication is important so that everyone has a chance to provide input and hear what others are saying. The first barrier to agricultural community improvement is awareness. All agricultural organizations and interested citizens should aware of the strategic plan, what has been accomplished so far, and what is still to be accomplished. Included with awareness is understanding. Organizations and individuals must understand the premise of our plan, and why it applies to every single person in the District. Out-migration is a far reaching concern because it applies to all areas of Northwest Ontario and affects all industries. It should be a priority of every organization, government or otherwise, to be aware of the challenges we face when it comes to attracting new people to our communities. Once the whole population is aware of these issues, we can start to plan our strategies for attracting new people to NW Ontario.

The single biggest factor with relation to out-migration is economics. Our communities must have to economic growth. The ability of Agriculture to contribute to future economic stability must be recognized. Although agriculture across the country is having problems, there are also many opportunities. Opportunities come with niche marketing, and new skills and strategies. If these new skills and strategies can be employed in our district, we have a good chance for economic growth. Right now we need to make people aware that these opportunities are there, and that everybody's attention and input is required to develop strategies that will work here.

New information can move quickly from the source to local organizations and to its members. Electronic networks should be encouraged where possible.

Each organization has different point of view, so it's important to custom tailor our presentations to their individual needs. Every group must be able to justify having the strategic plan as one of its main priorities.

Demonstration and community-based research

Information gathered from abroad has its limits with respect to applying the information to local scenarios. Individual communities are unique, so the only true way to know whether an opportunity works is to try it. This involves careful planning and execution. The venture that is being developed must be continually evaluated and improved. It is important to know which factors are predictable, and which are not. It is also important to know where a plan has succeeded, or where it has missed the mark. A typical informal farm trial tends to evaluate one variable. It either works, or it doesn't. Community based research aims to consider as many variables as possible, resulting in a better knowledge base from which to move forward and try other opportunities. As an example, the Rainy River Valley Food Council will be putting on a local food event this year, and we will be evaluating many promotional, educational and economical aspects of creating such an event. Regardless of the overall impact of a local food event, we will have more knowledge on how to promote events, make connections between populations, source local food, and so on. When it comes to other new community events, we will have an idea of what works and what doesn't.

Planning should take this path

1. Identify and rate opportunities. Each opportunity should be evaluated for multi parameters including its demonstrated effectiveness in other areas, its potential benefit to the whole community, and how it fits with local values, culture and skills.
2. For those opportunities that are decided to be the most promising, demonstration proposals should be developed. This will include finding an appropriate demonstration site, formulation of a business plan, and deciding how the project will be evaluated.

3. Seek funding to help develop the project so as it minimize risks placed on an individual farmer or farmers.

Community support for capturing new opportunities

It is important to provide support in terms of agricultural business opportunity development. An inter-organizational support network through agricultural organizations, municipalities and economic development organizations should be considered. In simple terms, a network is a series of communication connections between individuals or organizations, which make for the efficient flow of information.

The support network would include farmers, business development officers, municipal officials, OMAFRA personnel, NW Health Unit personnel, and others. It is important to utilize the experience, and expertise of people in the district, for a common goal. Some of the services that could be provided include educational material distribution, and business services such as evaluation criteria for new agricultural business plans. It would also be beneficial to have money made available for agri-business consulting services.

The overall goal is to recognize new opportunities where they exist, evaluate their fit to the Rainy River District, and determine whether the opportunity should be pursued collectively or individually. Any support network developed would have to be very dynamic, in that agricultural opportunities are diverse, and some may be widely applicable, where others are only appropriate in non-competitive situations.

References

Coopzone

<http://www.coopzone.coop>

This is an organization to provide education and resources for groups interested in starting coops. They have a plan for starting a coop, and resources and contact information for regional coop development agencies

Ontario Co-operative association

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Telephone: (519) 763-8271
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Website: www.ontario.coop

Provide support programs and services that help members with four strategic areas: Lifelong Co-operative Learning; Government Relations, Communications and Member Relations and Co-operative Development.

CEDTAP (Community Economic Development Technical Assistance Program)

CEDTAP Secretariat
Community Economic Development Technical Assistance Program
Rm. 2103, Dunton Tower
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The Community Economic Development Technical Assistance Program (CEDTAP) is Canada's largest non-profit (non-governmental) granting agency in the field of Community Economic Development (CED). CEDTAP provides grants to Community-based Organizations (CBOs) and also promotes activities that strengthen the CED sector as a whole.

OMAFRA industry specialists

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Oregon Country Beef (American alliance similar to Kerr Farms)
<http://www.oregoncountrybeef.com/contact.html>
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