
THE MARKETING PLAN

In this section you will describe, in general terms, the industry in which you operate. Then detailed information on marketing strategies will be provided — how much you plan to sell, who your customers are, how your products will be priced and how you will promote your product.

The marketing plan will review the four P's of marketing: product, price, place and promotion helping to ensure that you have a product the market wants and one that you can sell at a profit.

You will want to consider and evaluate a number of alternatives in the informal plan before finalizing your marketing plan. In particular, creating and maintaining a profitable business in the poultry sector requires knowledge of developments in regional, national and international markets.

Information can be gathered from a number of different sources including the following:

- provincial and national chicken marketing agencies
- industry and trade publications and journals
- on-line computerized information systems
- Statistics Canada and USDA publications
- other growers
- discussions with potential customers
- discussions with potential suppliers
- BC government business and agriculture advisory services
- university libraries and business research centres
- Agriculture and Agri-Food Canada offices and research stations

1. B.C. Market Sales

Prepare a schedule which shows information on the current size of the market for each poultry commodities produced by the farming operation. The sample form shows how this can be summarized for BC

Don't overlook the range of marketing opportunities that exist in BC. While the vast majority of farm product is broiler chicken, i.e. between 2.0 and 2.2 kg. live weight and 42 days old, BC commercial growers also specialize in roasters (broilers over 2.8 kg live weight and 8-10 weeks of age) and Rock Cornish hen (broilers under 1.36 kg live weight). In addition to conventional commercial production, there are local markets for specialty chicken (i.e., young and range-reared) and organically-grown chicken.

BC population growth continues to exceed Canada's and all other provinces in Canada. Combined with an influx of ethnic minorities who consume a high level of chicken in their diets, these developments point to a healthy provincial demand for chicken into the future.

BC MARKET SALES EXAMPLE

Volume of BC Production:

	1990	1991	1992	1993	1994 (est.)
Kilograms Eviscerated Weight ('000s)					
Broilers	66.928	68.228	70.605	79.681	92.571
Roasters	3.11	2.909	3.75	4.851	3.343
Cornish	0.155	0.221	0.154	0.145	0.181
Totals	70.193	71.358	74.509	84.677	96.095
Change From Year Previous	+12.7%	+1.7%	+4.4%	+13.6%	+13.5%

Average BC Prices:

	1990	1991	1992	1993	1994 (est.)
Cents/ Live Kg.					
Regular Broilers	120.87	117.82	114.43	114.43	110.35
Roasters	130.24	127.19	123.79	123.79	120.15
Junior Broilers	123.07	120.03	116.63	116.63	112.55

Annual Farm Gate Cash Receipts from BC Marketings

\$000s	1990	1991	1992	1993	1994
Cornish, Regular and Junior Broilers	\$111,508	\$112,850	\$109,900	\$135,304	\$133,273
Roasters	\$5,525	\$5,015	\$9,800	\$8,850	\$5,394
Totals	\$117,033	\$117,865	\$119,700	\$144,154	\$142,000
Change From Year Previous	+23.2%	+0.7%	+1.6%	+20.4%	-1.5%

Supply & Disposition of Chicken in BC

Chicken Meat ('000 Kg Evis.)	1989	1990	1991	1992	1993	1994
Beginning Stocks	1,000	552	854	457	610	655
Production	62,305	70,183	71,357	74,513	84,700	96,095
Imports	7,203	8,443	7,591	8,800	10,024	11,273
Exports	N/A	0	1	4	594	3,583
Consumption	69,956	78,324	79,344	83,156	94,085	103,240
Ending Stocks	552	854	457	610	655	1,200

BC Population and Consumption Trends

Year	BC Population ('000s)	Est. Per Capita Consumption (Kg)	Total Consumption (tonnes)
1989	3002	23.3	69,956
1990	3133	25	78,324
1991	3212	24.7	79,344
1992	3312	25.1	83,156
1993	3421	27.5	94,085
1994	3700	27.9	103,240

2. Canadian and International Market Sales

To review Canadian poultry markets, you should familiarize yourself with the supply and disposition of poultry products in BC and Canada over the last few years. Place BC production and sales into context with national developments. BC broiler growers withdrew from the national supply management plan in 1989 so that they could produce at levels more responsive to the provincial demand for chicken.

There are several characteristics of the BC chicken market which a grower should be aware of:

- Growth in broiler production and consumption in BC has exceeded the national average over the last 5 years.
- BC farm gate prices for chicken have been more competitive than in some other provinces.
- BC has developed an export chicken marketing program to test the potential for off-shore markets.

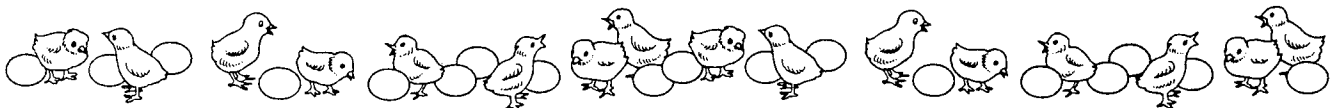
Recognize that, with the possible exception of off-shore further-processed specialty products, Canadian markets and prices are likely to be influenced primarily by developments in the US, whose production is about sixteen times larger than Canada's. This is due to two important factors:

- Competition in the fresh market is constrained by limitations in the transportation of perishable product.
- Few countries meet Canada's standards for processing plant approvals.
- US prices in the further-processed poultry markets are among the lowest world-wide.

Stocks of chicken meat in excess of inventory requirements have a direct effect on near term live chicken prices. Currently, as a means of maintaining an inventory for further processing, cold storage has represented about 12% of US production. If this is an indicator for Canada, inventory stocks around 12% of production may have little effect on prices, but inventories of chicken in excess of 12% will tend to lead to lower live prices.

Note trends in production, consumption and utilization of categories of substitutable meats (e.g., pork). Real or potential per capita increases in poultry consumption translate into production and marketing opportunities. Canadian per capita beef and pork consumption has consistently declined at the same time as chicken consumption has consistently increased.

With the exception of a few countries in the Far East and Europe, high per capita chicken consumption is a North American phenomenon. Nevertheless, chicken consumption shows increases in most countries worldwide, except the former Soviet Union.



CANADIAN & INTERNATIONAL MARKET EXAMPLES

CANADIAN MARKET SALES EXAMPLE (Supply & Disposition):

	1990	1991	1992	1993	1994 (est.)
Poultry Meat ('000 Kg Evis.)					
Beginning Stocks	9,238	15,820	13,880	11,052	11,047
Production	571,664	575,184	574,353	613,461	684,846
Imports	48,822	50,629	56,833	56,851	43,243
Exports	1,108	4,726	915	1,864	10,754
Consumption	612,796	623,027	633,099	668,453	710,859
Ending Stocks	15,820	13,880	11,052	11,047	17,523

CANADIAN PER CAPITA MEAT CONSUMPTION EXAMPLE:

	1989	1990	1991	1992	1993
Kg Per Capita					
Chicken	21.4	22.1	22.2	22.3	23.2
Pork	28.6	26.0	26.6	28.3	27.5
Beef	35.2	33.9	33.2	32.3	31.8

POULTRY PRODUCTION IN SELECTED COUNTRIES

Country	1990	1991	1992	1993
Canada	701	708	707	730
US	10,645	11,204	11,885	12,417
UK	1,310	1,360	1,360	1,554
France	1,651	1,759	1,866	1,860
Spain	836	875	867	874
Eastern Europe	6,757	6,961	7,325	7,395
Former. Soviet. U.	3,870	1,442	3,118	2,850

PER CAPITA CONSUMPTION OF CHICKEN IN SELECTED COUNTRIES

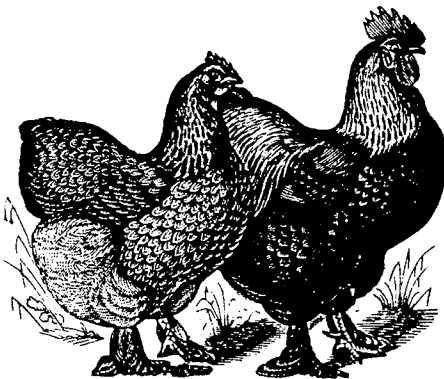
Kg Per Capita	1990	1991	1992	1993	1994
British Columbia	25.0	24.7	25.1	27.5	27.9 (est.)
Canada	22.1	22.2	22.3	23.2	24.2 (est.)
US	31.4	32.9	34.5	35.2	n/a
UK	14.9	17.2	17.4	18.1	n/a
France	11.4	11.2	11.5	11.6	n/a
Spain	20.9	21.8	21.7	21.9	n/a
Former. Soviet. U.	4.3	4.1	3.0	2.9	n/a

3. Industry and Market Trends

Identify major trends affecting the industry or business. This should include information on:

- style, varieties and consumer tastes in target markets
- market size, Canadian share and growth
- industry structure and size of operations
- market organization and pricing options
- conventional payment and credit arrangements
- new technology and production practices

You can find out about these trends by reading industry journals and discussing with the customers and suppliers what changes they think will occur. Once you have identified the major trends, you need to decide how your business will accommodate them. Our example shows both domestic and international trends which apply to Example Farms.



INDUSTRY AND MARKET TRENDS EXAMPLE

DOMESTIC INDUSTRY AND MARKET TRENDS EXAMPLE

Major Trends

1. The average quota holding by BC chicken growers in 1993 was 283,700 kg. eviscerated weight or approximately 386,000 kg. live weight at 73.5% yield. Based on 1,929 kg. live weight per bird and 6.5 cycles per year, the average broiler farm produced about 33,660 birds per cycle. Average size of chicken operation is increasing.
2. Patterns of chicken consumption in Canada reflect North American trends. There is a high domestic demand for white meat and a relative increase in the demand for value-added products such as cut-up parts and further-processed products. Demand for frozen chicken has been declining in favour of fresh un-cooked product.
3. Chicken is sold whole, in parts or further-processed. The proportions of the market represented by these three categories has changed substantially from 1973 (40% whole, 10% further processed, 50% chicken parts) to 1993 (10% whole, 30% further processed, 60% chicken parts). Demand for products with specific characteristics such as parts, value-added convenience foods and deli items containing further-processed chicken has grown rapidly.
4. The food services market (i.e., hotel, restaurant, institutions) account for about 35% of BC chicken sales. This sector is increasing in importance as chicken products penetrate markets for fast foods. At the same time, more rigorous product quality standards are being requested in terms of fat content and uniformity of size.
5. Chicken meat is being successfully marketed in BC as a fresh, natural, healthy and nutritious product. Consumers are increasingly health-conscious and responsive to food safety issues.
6. Ethnic composition and demographic factors, such as a higher proportion of aged population, are responsible for a per capita chicken consumption level in BC which is higher than the national average. These factors are also responsible for the increased demand for young birds, specialty birds, and low fat cuts/parts.
7. Consumers are increasingly aware of and concerned about animal welfare and environmental issues. Increased emphasis is being placed on rearing methods, waste disposal practices and environmental regulation.
8. Canada is a major importer of US stewing hens, for which there is no import restriction. The type of products into which this chicken is further-processed are good indicators of the types of demand for highly processed products.
9. US brand names of highly processed chicken products are proliferating in Canada as large supermarkets and discount wholesalers use centralized purchasing and bulk ordering to obtain products at lowest unit prices. In most instances, Canadian competitors for these product lines do not exist.

INTERNATIONAL INDUSTRY AND MARKET TRENDS EXAMPLE

Major Trends

1. Growth in chicken production in the US has averaged 8% per year in the 1986 to 1993 period. About one half of the US production increase between 1986 and 1993 has been directed to export markets.
2. A high US demand for white chicken meat has resulted in a domestic surplus of dark brown meat and chicken parts. This product is being aggressively exported to the Caribbean, Pacific Rim countries and Mexico. Japan, Singapore and Hong Kong imports of chicken are increasing as their populations as agricultural land base shrinks.
3. The US further-processing industry specializing in highly processed products has expanded rapidly. Based on new product development and effective export marketing, US firms have expanded markets in Canada for products consisting of cooked, preserved and/or frozen prepared foods often utilizing fowl meat.
4. Former Soviet Union chicken consumption has declined with the failure to arrange import credit financing. This market holds significant future potential.

4. Political and Legal Factors

Domestic legislation affects how your commodities are produced, how they are marketed, and the price received. Knowing the conditions, compliances and objectives allows you to react to controls that may impose additional cost or risk, or in fact may help you to reach your goals.

BC growers produce under a supply management system of quota production. Production levels of chicken are targeted to meet domestic market requirements. As such, Canada typically carries a small inventory and exports very little chicken in any given year. Historically, the agreement by Canadian growers not to overproduce in the domestic market has been accompanied by provisions to restrict importation of chicken products.

International agreements and political actions set the rules of trade among countries or trading blocs. Recent changes to these arrangements affect the terms and degree of access to domestic and international markets. Critical examination of the probable effects on market share, competitiveness, continued availability of domestic agricultural programs, and new markets should influence one's production and marketing plans.



POLITICAL AND LEGAL FACTORS EXAMPLE

DOMESTIC POLITICAL AND LEGAL FACTORS EXAMPLE

Factor	Response
High Canadian interest rate	Allow for interest rate risk to determine the level of debt we can afford as operations are expanded
Low Canadian dollar monetary policy relative to other countries' currencies	Beyond the control of the Canadian producer. Analyse effect of exchange rate on export competitiveness and costs of imported inputs
The national Canadian Chicken Marketing Agency (CCMA) determines the global quota for the national chicken market and allocates provincial shares of global quota.	Be aware that the BCCMB has not finalized conditions for re-entry into the national CCMA.
The provincial BC Chicken Marketing Board (BCCMB) allocates quota to commercial producers, sets and collects provincial levies, organizes and enforces production scheduling, and negotiates prices with processors in relation to Canadian market prices. The BCCMB also invests in industry research programs and promotes and advertises BC chicken	Commercial growers must possess quota or permits issued by the BCCMB in order to produce broilers. We also have responsibilities to contribute levies and meet quota allocations in a timely fashion, as determined by the BCCMB
Specialty market chicken production may be produced without quota, provided that a permit fee is paid to the BCCMB, in the amount of \$0.30 per 1.929 kg. live weight and a levy is paid of \$.08 per kg. live weight	Ensure compliance with BCCMB if considering specialty market production
Organic farming designation requires inspection and farm management documentation	Know standards and procedures and obtain Certified Organic of BC (COBC) certification when seeking to enter the market
Environmental Guidelines for Poultry Producers, complying with the Code of Agricultural Practice under the Waste Management Act, establish standards for waste management	Ensure that the farming operation complies with guidelines for the use, handling, disposal and storage of manure, mortalities, pesticides and waste products
The Feed Freight Assistance (FFA) subsidy on the transport of feed grains is being eliminated, effective 1995	Evaluate feed cost impacts and options for sourcing feed grains without the program.
GST accounting requirements	Adopt efficient book-keeping system
The BC Agricultural Land Commission must approve applications for sub-division of family farms to create additional production units	Ensure that the land base selected is sufficient and appropriately titled for your farming purposes

INTERNATIONAL POLITICAL AND LEGAL FACTORS EXAMPLE

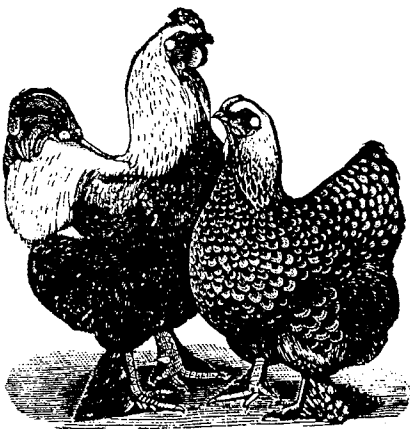
Factor	Response
Under the Canada - U.S. Free Trade Agreement (CUSTA), import tariffs on chicken products on the Import Control List are being eliminated between Canada and the US over a 10 year schedule beginning Jan. 1, 1989	Strive to develop an efficient cost structure and superior quality product Incorporate effects of anticipated changes in prices and input costs into your planning and analysis Adopt a competitive to US market orientation Keep abreast of niche market opportunities, unique products, value-added opportunities
Under the GATT, the international competition for poultry markets in Canada will increase as import quotas are replaced by tariffs in 1995 and reduced under the GATT schedule.	Develop an efficient cost structure Adopt a competitive to international market orientation Incorporate effects of anticipated changes in prices and expansion costs in planning and analysis Keep abreast of niche market opportunities, unique products and emerging markets
US export enhancement program (EEP) subsidies are used in off-shore markets to assist exports of poultry products, depressing commodity prices received by non-subsidizing exporters	Beyond the control of the Canadian producer

5. Competition

For each commodity, identify the major competitors in international markets. Also determine the location of those markets. This information can be obtained from trade associations, contact with potential customers or trade journals.

Domestically, identify the markets you expect to target, your competitors, the products you will be competing against.

Also be aware that the BC and Canadian chicken markets will become more accessible to international exporters as GATT and CUSTA continue to be implemented. As such, prepare yourself to compete in traditional domestic markets and, in particular, with product originating in the US.



COMPETITION EXAMPLE

DOMESTIC AND INTERNATIONAL COMPETITION EXAMPLE

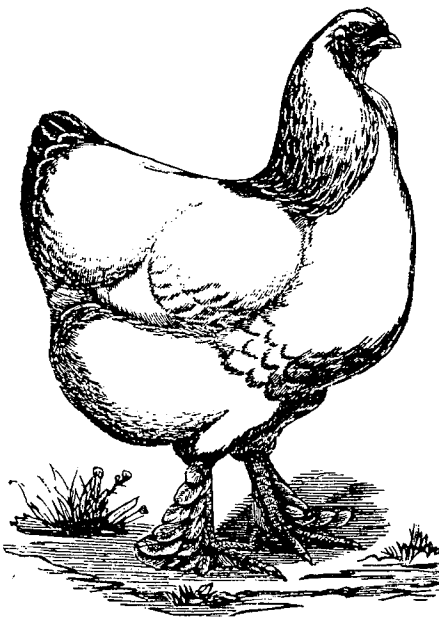
Chicken Product Quality	Domestic Competitive Environment	Competitors in the Canadian Domestic Market	Competitors in the International Market	Important International Markets
Whole Fresh and Frozen Chicken	<ul style="list-style-type: none"> Total import quota being replaced by tariffs under GATT Import tariffs to be phased out by 1999 	<ul style="list-style-type: none"> Other Canadian provinces US has access to 7.5% of total domestic market 	US	
White Meat	<ul style="list-style-type: none"> Total import quota being replaced by tariffs under GATT Import tariffs to be phased out by 1999 	<ul style="list-style-type: none"> Other Canadian provinces US has access to 7.5% of total domestic market 	US	
Dark Meat	<ul style="list-style-type: none"> Total import quota being replaced by tariffs under GATT Import tariffs to be phased out by 1999 	<ul style="list-style-type: none"> Other Canadian provinces US has access to 7.5% of total domestic market 	US	Caribbean
Chicken Parts	<ul style="list-style-type: none"> Total import quota being replaced by tariffs under GATT Import tariffs to be phased out by 1999 	<ul style="list-style-type: none"> Other Canadian provinces US has access to 7.5% of total domestic market 	US, China	Japan, Hong Kong, Singapore, Mexico, Poland, former Soviet Union
Mature Chicken (Fowl) Meat	<ul style="list-style-type: none"> Import tariffs to be phased out by 1999 	<ul style="list-style-type: none"> US 	US	Canada, Japan, Mexico, Nicaragua, Venezuela, Guatemala
Further-Processed Products	<ul style="list-style-type: none"> Import tariffs to be phased out by 1999 	<ul style="list-style-type: none"> Other Canadian provinces, US 	US	Canada, US

6. Customer Analysis and Response

In this section you will examine the major criteria you think your customers use to buy products you are selling.

Identify the standards of quality and purity that are wanted by your customer. Make use of extension information and farm publications that evaluate efficiency and management requirements to meet those standards. Talk to local farmers and adopt practices that top growers in your locale use to obtain the highest returns.

In specialty and organic chicken markets, interviewing a wide range of customers is important to ensure that your method of production reflects their needs. It is understanding your customers' preferences, not yours, that will contribute to the success of your business.



CUSTOMER ANALYSIS & RESPONSE EXAMPLE

Customer Markets	Criteria	Competitive Factors	Strategies
Commercial Chicken	<ul style="list-style-type: none"> Processing plant sales have been changing from whole-bird to value-added products such as cut-up parts and further-processed products, and from frozen to fresh sales 	<ul style="list-style-type: none"> Maintain a high level of production quality Quality control factors such as fat content. Targeting of bird weights which the market is demanding. Scheduling of flock production to complement processor demand. 	<ul style="list-style-type: none"> Locate markets which factor quality into pricing. Focus management to produce consistent quality. Search for processing options which can differentiate the product.
Specialty Chicken	<p>Customer demand for poultry grown with the following characteristics:</p> <ul style="list-style-type: none"> free of antibiotics, growth promoters and drugs; access to natural light in growing barn; special feed rations without additives; more space per bird. 	<ul style="list-style-type: none"> Maintain a high level of production quality. Keep good records to document production methods. 	<ul style="list-style-type: none"> Search out and promote niche markets for the product. Identify new quality factors which customers wish to see in the product. Investigate feeding programs and genetic factors that may help you to attain distinguishable quality factors for meat colour, leanness, texture and taste. Establish reputation that growing conditions are met or exceeded.
Organic Chicken	<ul style="list-style-type: none"> Consumer demand for poultry produced with organic inputs. Product characteristics emphasize freshness, wider diet regime, leanness, unique characteristics. 	<ul style="list-style-type: none"> Maintain a high level of production quality. Develop and document growing regime to back up the product and to differentiate it from free range and other chicken products. 	<ul style="list-style-type: none"> Promote the product through programs to educate the public. Promote the Certified Organic of BC. Identify quality factors and characteristics your customers want and incorporate in brand name labelling. Investigate feeding programs and genetic factors that may help to attain distinguishable quality factors for meat colour, leanness, texture and taste.
Free Range Chicken	<ul style="list-style-type: none"> Consumer demand partly based on concerns about animal welfare and natural behaviour factors. Product characteristics emphasize freshness, wider diet regime, leanness, unique characteristics. 	<ul style="list-style-type: none"> Selection of diet and genetic strain that can produce birds with darker meat characteristics, lower fat and differentiated taste and/or physical characteristics. Develop and document a growing regime which backs up the product. 	<ul style="list-style-type: none"> Focus management and varietal selection to produce consistent quality. Select marketing options which differentiate the product. Establish a reputation for quality and to differentiate the product.

7. Pricing Options

In the orderly market, prices are negotiated by your marketing agency. Nevertheless, prices are negotiated within each year in response to market developments. Price patterns indicate significant price variability through the course of the year.

Look at opportunities to produce products for specialized processor needs and spot market needs. The BCCMB issues supplementary permits to interested growers to produce specialty chicken and for the further-processed market as opportunities arise. There may also be opportunities to produce flocks in research programs that are sponsored by the BCCMB from time to time.

These markets may help you to utilize idle capacity or use your existing facilities more intensively. Examine the marginal cost of extra production, and make your decision recognizing that fixed costs of existing facilities will be incurred regardless of whether or not full use occurs.

The level of US chicken meat stocks in excess of inventory requirements will have greater influence on the live prices for Canadian chicken as domestic barriers to international trade diminish. Be aware that cold storage stocks in excess of 12% of production in the US generally create price declines in US broiler prices in following months.

8. Target and Future Returns

This section is critically important. You need to set targets for your total farming operation and the impact of individual production decisions must be viewed in terms of the overall farm financial strategy and objectives.

The marketing plan forms the foundation of all your projections. Using your income and net worth projections, set financial targets for your business over the next three years. Plot these out according to a schedule that allows you to evaluate your performance at any point in time.

Shortfalls in attaining income objectives have implications for the viability of your business. Know why targets are met or not met and be prepared to make adjustments to improve performance.

Pay particular attention to how your business is affected by your expansion plan. Development of increased production capacity is linked to substantial increases in your management requirements. Are you comfortable with the management impacts of higher volumes of production?

Realizing changes in net income are critical to the financial health of your business in its expansion. Shortfalls in net income projections will negatively affect projections of net worth and financial position, particularly in the first two years when investments must be made, debts carried, and before the increased revenues from increased production begin to repay on your investments.

A Target and Future Returns Example table is presented on the following page. The key values in the table will be generated by you in the Financial Planning section of this business plan.

TARGET AND FUTURE RETURNS EXAMPLE

Financial Indicators	1994	1995	1996	1997	1998	1999
Farm Financial Objectives	To finance the equity requirements of a 5 year expansion plan from retained earnings of the business	To realize increases in production revenues associated with Phase I expansion	To generate positive changes in net income and net worth	To have the business in a position to reduce bank indebtedness	To realize production revenue increases associated with phase II expansion	To generate improvements in all financial indicators and a full-time financial return to business management
Projected Revenues	\$274,924	\$357,500	\$429,000	\$429,000	\$651,200	\$651,200
Year-To-Year Change in Projected Revenues	-	+30%	+20%	0%	+52%	0%
Projected Net Income	\$13,010	-\$4,141	\$4,684	\$12,796	\$35,072	\$47,463
Year-To-Year Change in Projected Net Income	-	-132%	+113%	+173%	+174%	+35%
Projected Net Worth	\$373,174	\$410,859	\$451,740	\$449,414	\$524,856	\$526,903
Year-To-Year Change in Projected Net Worth	-	+10%	+10%	-0.5%	+17%	+0.3%
Projected Bank Indebtedness (End of Year)	\$33,895	\$98,003	\$126,643	\$108,194	\$132,456	\$70,988
Year-To-Year Change in Projected Bank Indebtedness	-	+189%	+29%	-15%	+15%	-46%

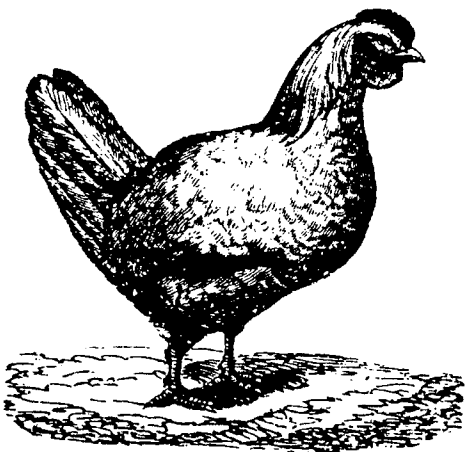
9. Tracking Your Per Kilogram Costs of Production

Feed, chick and depreciation costs are the biggest factors determining the profitability of your broiler operation. While cash flow analysis, as shown in the Financial Plan, will provide estimates of your total cash requirements, per kilogram analysis indicates the efficiency of production.

The Per Kilogram Cost Example Table on the opposite page shows example variable and fixed costs of production on a per kilogram basis. As the example shows, feed and chick costs account for roughly 60% and 30% of the variable cost of production, respectively. Improving your feeding efficiency and decreasing mortality rates are the main factors which will increase your contribution margin.

In the example, interest and depreciation on long term debt account for about 40% and 50% of per kilogram fixed costs of production, respectively. Capital investments in production facilities are the main contributors to these costs. Fixed costs, as a proportion of total costs, can be expected to decline as long term loans are paid down and facilities age.

When planning expansion in production, your total per kilogram production costs should be expected to increase if new facilities are constructed. Knowing these costs will assist you in evaluating the risk to which your operation is exposed by borrowing. It is also critical to investigate how net revenue will be affected by per kilogram changes in revenue.



COST OF PRODUCTION EXAMPLE

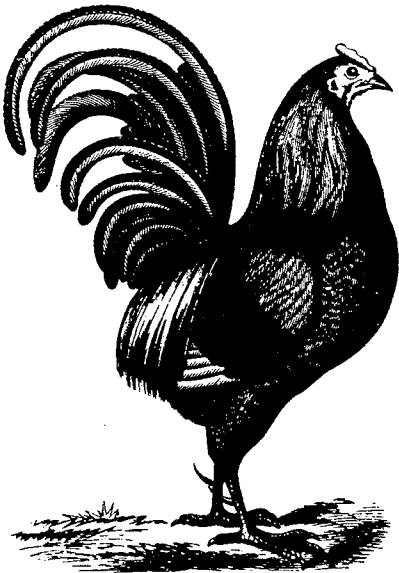
	1995	1996	1997	1998	1999
Variable Costs of Production (\$ per kg.)					
Feed	0.55	0.5439	0.5363	0.5271	0.5194
Chicks	0.2548	0.2548	0.2548	0.2548	0.2548
Repair & Maintenance	0.0085	0.0085	0.0085	0.0085	0.0085
Hydro, Gas and Water	0.0334	0.0334	0.0334	0.0334	0.0334
Supplies (Litter, Medication)	0.0225	0.0225	0.0225	0.0225	0.0225
Catching	0.0185	0.0185	0.0185	0.0185	0.0185
Waste Removal	0.009	0.009	0.009	0.009	0.009
Levies	0.013	0.013	0.013	0.013	0.013
Operating Interest	0.0024	0.0024	0.0024	0.0024	0.0024
(a) Total Variable Costs	0.9121	0.9059	0.8983	0.8886	0.8809
Fixed Costs					
Interest on Long Term Debt	0.0978	0.0923	0.0877	0.0768	0.0722
Depreciation	0.0884	0.078	0.0687	0.066	0.0592
Insurance	0.0021	0.0016	0.0015	0.0014	0.0013
Property Taxes	0.0123	0.0103	0.0103	0.0068	0.0068
(b) Total Fixed Costs	0.2007	0.1821	0.1691	0.151	0.1394
Total Costs (a)+(b)	1.1127	1.0881	1.0674	1.0396	1.0203

10. Promotion

Within the orderly marketing system, the BCCMB uses grower levies and permit fees to support research, advertise and promote broiler products in the province. At the national level, the CCMA also spends portion of the levies on national promotion of chicken through advertising, promotional activities, statistical and program research.

If you choose to produce for the specialty markets, special attention should be paid to customers you want to reach, timing of promotions, business image, cost effectiveness and benefits. Alternatives may include paid advertising, sales promotions (samples), delivery, as well as direct in-person and phone contacts with customers.

The sample form opposite shows what promotional tools Example Farms plans to use in the speciality markets to achieve its pricing and marketing targets.



SPECIALTY CHICKEN PROMOTION EXAMPLE

METHOD OF PROMOTION	TARGET CUSTOMER	COST
Offer the non-rural public opportunities to learn how chicken production occurs on the farm	Consumer of commercial chicken product	Negligible
Describe and label your product by its quality characteristics	Consumers of specialty birds in ethnic markets Animal welfare oriented and environmentally conscious consumers. Health-oriented consumers	\$400
Provide samples to potential customers	Specialty market processors, specialty meat markets	Negligible
Direct contact, in-person visits; phone follow-up	Meat market managers, other specialty retailers of the product	\$250
Participate in promotional initiatives	Specialty meat markets	\$500