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**Direct Off-farm Marketing**

*South Dakota Poultry Headquarters, Inc. and the “Goosemobile,” Canistota, SD*

Case study by
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**Abstract**

The combination of low farm prices, uncontrollable weather fluctuations and higher interest rates has, over the last several decades, created a crisis in rural America. South Dakota is just one of many states experiencing continued decline in number of farms, loss of its young adult population through out-migration, loss of community vitality and declining numbers of people involved in farming. Where any sense of stability is found in farm numbers and population there appears to be a link to opportunities to supplement traditional farm income. Alternatives range from off-farm employment of one or both spouses to the development of innovative strategies such as direct off-farm marketing of agricultural products.

One example of direct off-farm marketing is that of the South Dakota Poultry Headquarters, Inc. of rural Canistota, SD. The agricultural crisis and declining cattle market conditions of the 1980s necessitated Tom and Ruth Neuberger’s farming efforts to shift from cattle to full-scale poultry production. With an emphasis on free-range pasture environments, the Neubergers currently produce approximately 6,000 poultry a year, consisting of 4,000 chickens, with the remainder ducks, geese, turkeys, and pheasants. Although they use traditional direct-off marketing techniques such as farmers markets and mail order, the case primarily focuses on their innovative use of a mobile delivery system called the “Goosemobile” to distribute distinctive products to a niche market. In addition to their products, the Neuberger’s Goosemobile delivers consigned meats such as beef and lamb, plus exotic offerings such as buffalo, goat, and ostrich on a daunting 13-day, 192-stop holiday delivery schedule.

Through a willingness to work hard, be innovative, be cooperative instead of competitive, and take a unique approach to marketing and distribution, South Dakota Poultry Headquarters, Inc. is a success story in small farm viability. Advice from Tom Neuberger to those who might wish to start direct off-farm marketing consists of recognizing: 1) that one should not expect great immediate achievements; 2) the importance of networking through professional associations; and 3) the benefit derived from reading trade magazines, attending trade shows, and talking with others with similar interests.

**Introduction**

Agricultural producers selling their products directly to consumers has been gaining in popularity both in the northern plains region and the nation as a whole. According to the USDA, direct marketing practices are as diverse as farmers markets, roadside stands, pick-your own farms, subscription farming, community-supported agriculture, and catalog sales. It has been shown that direct marketing best benefits small farm operators. Ninety-four percent of all farms qualify as small farms. Recognizing the potential positive impact of direct off-farm marketing for the small farmer, the USDA Agricultural Marketing Service (AMS) has developed a direct marketing action plan to support marketing opportunities for small farmers. The goal is to “facilitate cooperation and collaboration among agencies and organizations that promote direct
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marketing and help small farmers benefit from the growing consumer interest in direct marketing.”

Tom and Ruth Neuberger of Canistota, South Dakota are a successful farm family who depend on direct off-farm marketing to get their product to the customer. Although they use traditional direct-off farm marketing techniques such as farmers markets and mail order, the purpose of this case is to illustrate their innovative use of a mobile delivery system to distribute distinctive products to a niche market. Included in the case is an organizational history and profile, challenges and opportunities, and recommendations to others interested in innovative approaches to direct off-farm marketing.

Economic/Demographic Conditions

South Dakota, along with most other states in the upper Midwest, has a long tradition of net out-migration of population beginning in the late 1930s. Selective in nature, the out-migration process has drawn for the most part young adults 20 to 34 years of age. This age-specific out-migration resulted in 20,000+ persons leaving the state of South Dakota during the 1970s only to more than double to 52,000 during the 1980s. Thirty-two thousand of these out-migrants during the 1980s were between 20 and 34 years of age.

The out-migration of population has taken its greatest toll on the rural farm and non-farm segments of the state. One-in-every-three (33.4%) rural farm residents in 1980 had left the farm by 1990. According to the 1997 Agriculture Census, of the 30,000 remaining on the farms, more than one-in-four (25.8%) are using something other than the farm for their major source of income.

As a direct result of the loss of farms, there has been a negative impact on local communities. With the exception of those communities located adjacent to large urban centers, most rural communities have lost population over the last several decades. A more recent phenomenon of the 1980s and 1990s has been the fact that even some of the larger urban centers in the state are now experiencing losses of population. The Eastern portion of the state has been severely impacted by excessive rainfall and flooding in the 1990s added to the continued hazards of weather, low farm prices, and high interest rates of the 1980s.

As farm families struggle to stay on the farm, many have found it necessary to supplement traditional farm income with alternative sources. What follows is the success story of farm family Ruth and Tom Neuberger of rural Canistota, in McCook County of southeastern South Dakota, who have developed innovative direct-off farm marketing and distribution techniques.

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South Dakota Poultry Headquarters, Inc.

“We are providing South Dakota naturally produced meats for a niche market. Naturally is the best word for describing how all the families raise their birds and animals. Pigs that root, chickens that dust and cattle that graze get lots of exercise in such environments. Their meats (muscles) have a different taste, texture and fat content than their confined counterparts. We have no intention of knocking animals and birds raised in other environments, which are probably equally nutritious, but we know there are significant customers out there who want a choice.”

This quotation, published in the Goosemobile News by Tom Neuberger, President of South Dakota Poultry Headquarters, Inc., describes the philosophy of this natural production, direct off-farm marketing agricultural enterprise. And how do they get their free-range products to those niche market customers? In addition to farmers markets and mail order, they have embraced a daunting delivery schedule and a walk-in mobile meat market affectionately known as the “Goosemobile.”

History

In the early 1970s Tom and Ruth Neuberger left teaching and coaching careers to take over the family’s southeastern South Dakota farm near Canistota. Primarily cattle producers, they were not immune to the agricultural crisis and declining cattle market conditions of the 1980s. Selling the cattle alleviated their debt, but left the question of how to stay a viable productive farm. Although Tom had dabbled in raising geese, he shifted his efforts from cattle to full-scale poultry production. The overall investment was less and return on investment faster with poultry than with livestock.

The switch from cattle to poultry was not always smooth. They learned the hard way the complexity and cost of quality incubators for successful hatchlings and now leave that to others. A lesson in the paucity of poultry related services in their area was learned when they were unable to locate a processing plant for their birds. A four-hour drive to an Iowa facility was a less than ideal solution, especially when they learned, post-processing, that the geese processed in Iowa could only be sold in Iowa. Necessity being the mother of invention, the Neubergers implemented a strategy of placing ads in Iowa papers along with schedules and stopping points where customers could buy the poultry. They delivered their product in a pickup with “South Dakota Geese” lettered on the side. The Neubergers told other members of the South Dakota Goose Association of their personal success selling their geese in Iowa. In the mid-1980s, the association elected to try it with their geese, and the Goosemobile was born. The delivery schedule focused on many small towns in eastern South Dakota. Although originally encouraged by demand, the subsequent inundation of cheap imported geese from Canada coupled with changing consumer tastes away from goose spelled doom for the association. From a high of 50 producers, it whittled down to three, and eventually only the Neubergers remained.

The Neubergers realized their product offerings must change with changing consumer demand. Recognizing that goose is perceived by many to be primarily a “holiday” offering, they made sure the Goosemobile was also well stocked with chicken, turkey, pheasant, and pork.
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They remained committed to the idea of farmers helping each other, and after years of success marketing their own products in the Goosemobile, recently decided to expand the product offerings by including other South Dakota producers’ products.

Goosemobile
From a humble beginning sixteen years ago in a nondescript white panel truck, today’s truck pulled Goosemobile is a customized mobile trailer complete with chest freezers. In addition to the Neubergers’ offerings of chickens, ducks, geese, turkeys, and pheasants, a 1998 SARE producer grant allowed them to modify their Goosemobile and expand product choices by including through consignment such diverse exotic offerings as buffalo, goat, and ostrich, in addition to beef, pork, and lamb. The Neubergers have an arrangement with other South Dakota producers to provide these high protein, low fat and low cholesterol meats. What the products have in common is a commitment by producers to adhere to free-range practices, with no use of growth hormones or other chemicals.

The Goosemobile schedule is daunting. As the holiday season approaches, Tom sets out on a 13-day, 192-stop tour. Pre-orders constitute nearly 75 percent of their business. Via a mailing list of nearly 5000, customers receive the Goosemobile News, complete with schedule (see Appendix). Typically, the Goosemobile is parked on main street at the allotted time, with customers awaiting its arrival. Shopping time may be as short as ten minutes before the Goosemobile heads off for the next destination.

Organizational Relationships
The Neubergers buy locally when feasible. They found local purchases possible with fuel, technical services and labor, but their rural location requires them to send away for many supplies, such as plastic bags. Their niche customer base consists primarily of individuals willing to pay a premium for “old-fashioned” raised poultry and livestock. These clients vary from the elderly nostalgic for the flavor of free-range animals, to young adults concerned about environmental and nutritional issues. The Neubergers maintain a good relationship with people by respecting their desire for quality products and by sharing their expertise with them. For example, Ruth often shares her knowledge of the construction and care of down and feather products at conferences and seminars.

Although South Dakota Poultry Headquarters does not actively solicit commercial business, included in their clientele are several grocery chains and upscale restaurants. The Goosemobile is the primary distribution channel during the winter months. The summer finds the Neubergers as a fixture in farmers markets in locations such as Sioux Falls, Mitchell, Madison, and Yankton, SD.

Challenges and Opportunities
The decline in the number of processing facilities was an early challenge for the Neubergers. They decided that if they couldn’t feasibly take their birds to be processed, they would need to do it on site. They retrofitted a semi-trailer into a compact processing facility. With the assistance of part-time labor, they are able to process 200 chickens per day. Geese, being more labor intensive, are processed at half that rate. After being thoroughly plucked and
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cleaned, the poultry are transferred to an on-site finishing facility, where they are vacuumed wrapped, weighed, and frozen. It is a continual challenge to get the word out about what they see as a superior product.

South Dakota Poultry Headquarters is primarily a family run organization. As the population becomes more educated about the nutritional and health benefits of low fat/low cholesterol free range animals, there will be an opportunity for growth. As the Neubergers near retirement age, they recognize that the next generation of their family is not interested in taking over the family farm. They have participated in programs called Nebraska Landlink and South Dakota Farmlink, which attempt to match retiring farm families with new farmers, but have had no success.

**Organizational Profile**

The success of this enterprise can be attributed to a great deal of hard work, a quality, distinctive, diverse product, a unique delivery system, and no intense competition. The Neubergers’ people-oriented, conversational skills also must be factored into the equation. In addition to direct off-farm marketing, the Neubergers have focused on adding value to their product. For example, customers can buy a whole chicken, or chicken patties flavored with Ruth’s herbs from her garden. One can buy eggs, goose grease, even chicken feet. Artists demand duck and goose wings, goose and ostrich eggs and black turkey feathers for their craft.

The feathers and down also are used in a complementary business by Ruth called Dakota Down Feather Products. With a motto of “Made The Way Grandmother Made Them,” customers choose from custom-made down feather pillows and comforters or can request refurbishing of existing items.

Production costs at South Dakota Poultry Headquarters and Dakota Down Feather Products are kept down by limiting the use of outside labor and by using homeopathic methods such as adding vinegar to the water keep disease and mortality rates low. Even the poultry entrails are not wasted, as they are cooked and fed to the pigs.

Marketing is a continuous struggle. With a 5,000 person mailing list, postage costs are significant. Positive word of mouth is great free advertising, but is of limited use in getting out delivery schedules. Attempts at radio and daily newspaper advertising has not been cost effective, as it goes out to too wide an audience. Gimmicks such as “call-ins” on radio shows also have not been successful. Currently, in addition to the Goosemobile News mailings, advertising is limited to some news weeklies and radio announcements if inclement weather forces a delivery cancellation. South Dakota Poultry Headquarters recently has embraced computer technology, having an email address goosedown@unitelsd.com and a webpage – sdibi.northern.edu/sdpoultry/goose.htm.
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Production

On a farm property consisting of 160 acres (half leased out), valued at approximately $300,000 for land, buildings and processing facilities, South Dakota Poultry Headquarters produces approximately 6000 poultry a year, consisting of 4000 chickens, and the remainder ducks, geese, turkeys, and pheasants. They also raise a small number of pigs, which are outsourced for processing. Approximately one-half of the revenue is from farmers’ market sales in the summer, and the other one-half of the revenue is from goosemobile sales during the holiday season. January through March brings a welcome respite, for the only livestock remaining on the farm are laying hens. The Neubergers use this time for travelling and doing missionary work.

Recommendations

When asked his advice for those who might wish to start direct off-farm marketing, Tom Neuberger stressed not to expect great immediate achievements. He says, “There’s a lot to learn, and there will be mistakes made along the way.” He suggests networking through professional meetings such as the Northern Plains Sustainable Agriculture Association. He believes that one should “read the trade magazines, attend trade shows, and talk, talk, talk with others with similar interests.”

Summary

Through a willingness to work hard, be innovative, be cooperative instead of competitive, and take a unique approach to marketing and distribution, South Dakota Poultry Headquarters, Inc. is a success story in small farm viability. Tom and Ruth Neuberger of Canistota, South Dakota, raise, process and distribute 6,000 chickens, geese, turkeys, and pheasants per year. Using free range techniques, the biggest mortality concerns are due to predators such as hawks and owls, not from the diseases that plague confinement operations.

Marketing their products as naturally raised meats for a niche market, they offer their poultry plus the consigned livestock and exotic meats of like-minded producers to customers at farmers markets during the summer months, and through the mobile meat market called the Goosemobile during the holiday season. Emphasizing value-added processing has resulted in the complementary business of Dakota Down Feather Products.

The Neubergers are an excellent illustration of a farm family able to be economically viable while staying true to high standards, maintaining a willingness to helps others, and accepting a commitment to quality.
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Photograph 1. Goosemobile, Canistota, SD, Fall 1999.
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Photograph 2. Packaged Geese Ready for Sale, Canistota, SD, Fall 1999
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Photograph 3. Tom and Ruth Neuberger Processing Geese, Canistota, SD, Fall 1999
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Photograph 4. Tom Neuberger Prepares a Goose for Jim Satterlee, Canistota, SD, Fall 1999
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Photograph 5. Goosefeather Pillows, Canistota, SD, Fall 1999
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For Further Reading

Information About the South Dakota Poultry Headquarters and the “Goosemobile”:


South Dakota Poultry Headquarters website: sdibi.northern.edu/sdpoultry/goose.htm

Direct Off-Farm Marketing:


*Small Farm Handbook*. 1994. Oakland, CA: Small Farm Center, University of California, Davis, Division of Agriculture and Natural Resources.

USDA Farmer Direct Marketing website: www.ams.usda.gov/directmarketing/

University of Arizona Direct Marketing website: ag.arizona.edu/arec/pubs/dmkt/dmkt.html
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