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G1416

Direct Sale of Poultry

Paul Swanson, Extension Educator

This NebGuide provides poultry producers with information on how to market poultry directly to customers. It includes information on pricing, regulations, processing and relationship marketing.

The decision to direct market meat poultry requires a basic change in the way growers think about production. The question is no longer how many birds can I raise but how many can I sell at a reasonable profit. Obtaining the answer requires poultry customers to inform growers how many birds they intend to buy before the chicks are purchased from the hatchery. To get this information, growers often send a newsletter several weeks before the birds are ordered so the potential customer can complete an order form and return it. This will be the basis for the number of chicks ordered at the hatchery.

Pricing

The direct market grower needs to learn pricing and to inform customers of this price. Again this is very different from taking birds to a buyer and accepting whatever payment is dictated for that day.

Several factors must be considered in pricing. First, determine the average amount of profit you need from each bird. Second, it is important to know your average cost to produce each bird. Finally it may be helpful to discover prices charged by others who are producing a similar quality product in your general region. Remember, if you don't make a reasonable profit it may not be worthwhile to do this project. However, if you follow these guidelines and control your costs, direct marketing is usually a profitable opportunity.

Once you've set a price, state it in the newsletter to customers so when they place their orders they will have a good estimate of what they will spend when they pick up the finished product on processing day.

Regulations

Most poultry direct marketers will want to slaughter and process their birds for customers and sell on the basis of carcass weight. This requires access to a scale capable of passing Nebraska Department of Agriculture testing for accuracy. Tests are completed annually by inspectors from the Nebraska Department of Agriculture at the site of the scale location. Scales that pass receive a sticker placed on the scale certifying their accuracy.

In Nebraska, you can kill and process up to 20,000 chickens or 5,000 turkeys raised on your farm annually without Federal inspection. You can sell these directly to household customers, restaurants, hotels and boarding houses for use in their dining rooms or preparing meals for sale to customers. The container for the poultry carcasses brought to the site by each customer must be labeled with the processor's name, address and exempt P.L. 90-492. Prepared sticky labels provided by growers can be used for this. These poultry cannot be sold to retail outlets such as grocery stores.

If your poultry is processed at a USDA federally inspected plant you can sell direct, wholesale or retail to anyone. It is conceivable that a farm constructed poultry processing unit could be built to be eligible for USDA plant inspection, however costs will be greater.

Processing

If a substantial number of poultry are processed it is important to have appropriate slaughter and processing equipment. The major components are killing cones, scalding, picker, evisceration table (for removing the internal body contents of the bird) and a carcass cooling system, usually cooling tanks.

A plentiful potable water supply is necessary for processing the birds. If the water source has not been tested for bacteria within the previous six months, it is recommended you have a test completed and returned prior to processing.



Figure 1. Some growers cooperate to share mobile slaughter and processing facilities.



Figure 2. On slaughter day crates are used to transport broilers from the growing structures to the farm processor.

Correct any contamination, if it exists, before using it for processing. The scalding procedure requires water at 145°F with each bird exposed for about one minute. Additional pressured water is required for mechanical pickers. A cooling tank can be used as a reservoir to hold the carcasses that have their legs and heads removed. Pulling heads is usually considered better than cutting because it does not leave bone fragments on the carcass. Finally, the whole bird carcass can be stored in a clean cooling tank filled with fresh ice water. Those carcasses not picked up by customers within a couple of hours should be refrigerated or frozen for food safety reasons.

Relationship Marketing

Although slaughter/processing represents a heavy work day, it is an integral part of the total profit picture. Whole carcass birds weighing about 4 pounds are usually sold. Any further breakdown of the carcass is an expensive operation so a much higher price must be charged. Breakdown of the carcass also provides greater opportunity for contamination to be introduced. Try to resist the urge to do those things that large operators do well. These include materials handling, packaging, mass marketing and transportation. Small producers should concentrate on marketing relationships, high quality and integrity. Start small and focus on building the business one customer at a time.



Figure 3. Killing cones sized properly, for the birds being slaughtered are a low cost help to processing.



Figure 4. The two main pieces of processing equipment are the scalding tank on the right and the picker on the left.



Figure 5. Hand evisceration and final cleaning of the carcass is done by well-trained people.

Your product should be different from that offered in most stores. Giving consumers a choice is part of the value of your product. An increasing number of poultry buyers are interested in a product that is produced locally, is fresh and has been produced on green grass with access to fresh air and sunshine. Some are also interested in a product that has not been fed subtherapeutic antibiotics or other medications in the ration or transgenic (GMO) grains and protein. The more of these customer preferences you can provide, the more valuable your product.

Dealing with the non-saleable parts of the poultry resulting from processing is best done by composting with wood chips. Proper and immediate composting will provide excellent fly control, an absence of undesirable odor and a final product that will substantially enhance your garden, lawn and agricultural soils.

Some customers will be interested in seeing your slaughter and processing procedures, others will only want to pick up their birds on the afternoon of processing day. Those who would like to see your procedures can gain confidence in your operation when you follow humane and sanitary practices. This is the ultimate inspection for customer satisfaction.

Direct relationship marketing of poultry is an excellent way to educate urban customers about food and the requirements for successful production. Your customers will discover the real source and you will meet a real customer rather than one of many middle persons in the current food chain. The result will likely be a much greater loyalty by your customers as they learn more about your source of quality food.

Because of the ability to make direct marketing more profitable you will not need to raise large numbers of animals. Therefore you can implement a management system which is "animal friendly" and puts your broilers on green grass with access to sunshine, fresh air and shelter.

You should have improved net return by direct marketing your poultry and also reduce your financial risk with quicker pay-off of the small up front investment required. Using the Pastured Poultry model, there is an opportunity to produce 3 or 4 batches of birds during the late spring through early fall months. Not everyone can successfully grow and market these high quality birds but you may be one that can.

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