

MARKETING THE PRODUCTS OF THE HILLS

3RD MARCH 2008 SEMINAR REPORT

This report provides a summary of the talks given by six speakers at the “Marketing the Products of the Hills” seminar organised by the Cumbria Fells and Dales LEADER + Programme on 3rd March 2008.

The seminar was held at the Westmorland Showground in South Cumbria and was aimed at farmers, organisations and companies with an interest in marketing the products of the northern uplands. Delegates came from across the north of England and included a contingent from Dartmoor.

The objective of the seminar was for those involved in marketing initiatives to learn from the experiences of others and to discuss how such initiatives are best managed and promoted.

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This event was sponsored by the Cumbria Fells and Dales LEADER + Programme. The LEADER+ Programme is based at Voluntary Action Cumbria and is part-financed by the European Agriculture Guidance and Guarantee Fund of the European Union and the Department for Environment Food and Rural Affairs.

GEOFF BROWN, LEADER + PROGRAMME MANAGER
CAN WE LEARN FROM OUR FRENCH PARTNERS AND FROM ELSEWHERE?

Geoff Brown introduced the seminar describing the LEADER + programme in the Cumbria Fells and Dales, its links with the Lozere region in France and explaining why LEADER + had organised the seminar.

LEADER + is an EU and DEFRA funded body that is area-based, takes a bottom up approach to rural development and is steered by a local partnership. The Cumbria Fells and Dales LEADER + area includes the Lake District and the Less Favoured Area land south of the A66. The theme of the programme is adding value to local products making best use of natural and cultural resources.

Part of the LEADER + concept involves learning from other EU areas and the Cumbria Fells and Dales is linked with the Lozere region of France. Work with the Lozere area has highlighted how much further developed their marketing initiatives are. Their native breed Aubrac cattle and Blanc du Massif Central sheep are marketed through a farmers cooperative with support from the Cevennes National Park, the local Chamber of Agriculture and the LEADER + Programme in Lozere.



The success of branded upland products in Lozere has prompted the LEADER + programme in Cumbria to fund a number of marketing initiatives and to organise the 3rd March seminar to learn from experience of marketing in other upland areas.

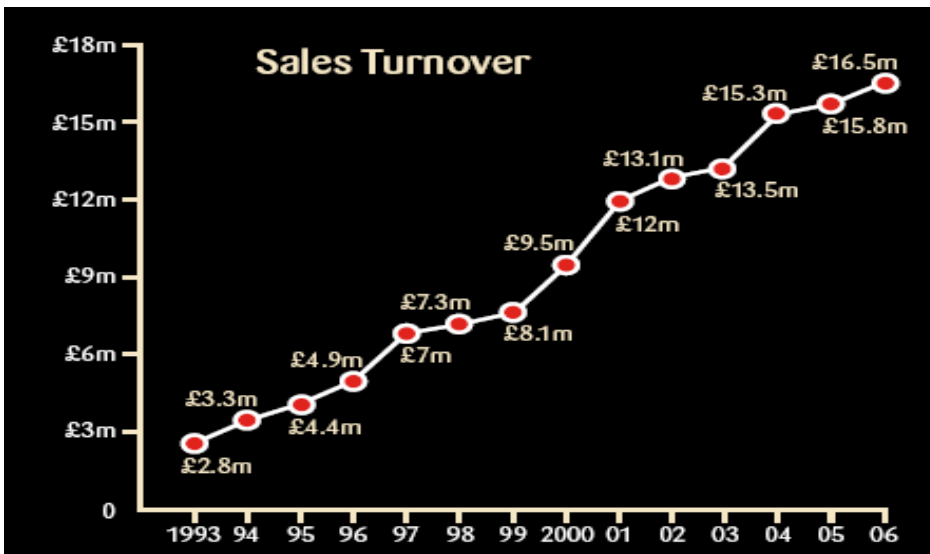


**TOM METSON,
COMMERCIAL DIRECTOR, WENSLEYDALE DAIRY PRODUCTS**

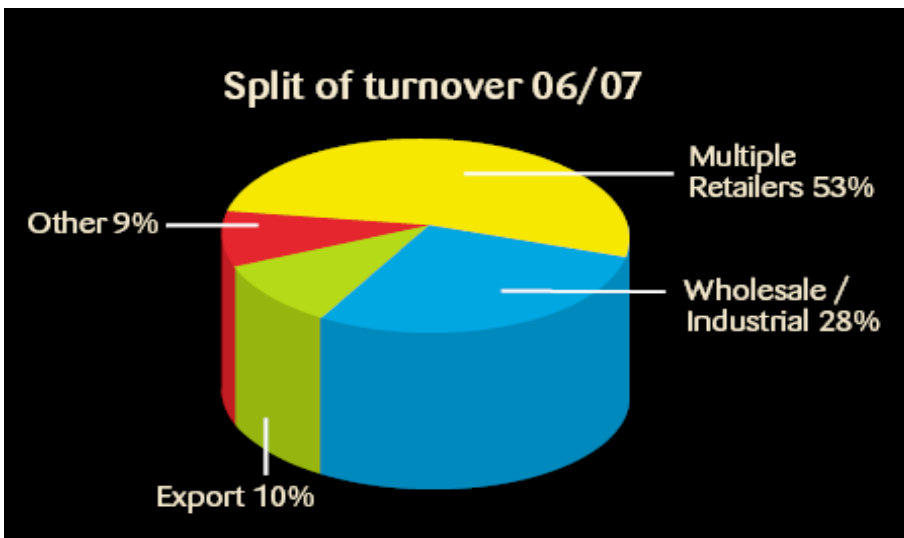
**WHAT ARE THE INGREDIENTS
FOR SUCCESSFUL MARKETING?**

Tom Metson covered the history of Wensleydale cheese making and the growth of the Wensleydale Dairy Products business.

From 1966 to 1992, the dairy was owned by the Milk Marketing Board and run by their commercial arm Dairy Crest. The dairy was closed in 1992 leading to a regional and national outcry. This resulted in a management buy out with the dairy reopening for Christmas 1992.



Since 1992, sales turnover has increased from £2.8 million to £16.5 million. The company has significant turnover generated from sales to non multiple retailer outlets which is unusual for the cheese sector, including a significant contribution from their visitor centre.



The Wensleydale Creamery has won over 250 awards over the past 5 years including Best English Cheese for its Real Wensleydale in the 2006 World Cheese awards.

The Company is the only dairy in Wensleydale and is committed to using Wensleydale milk. This is sourced from 40 farms, several of them in remote rural locations and all within 15 miles of the creamery. The key to the quality of the cheese is in using local milk and traditional methods

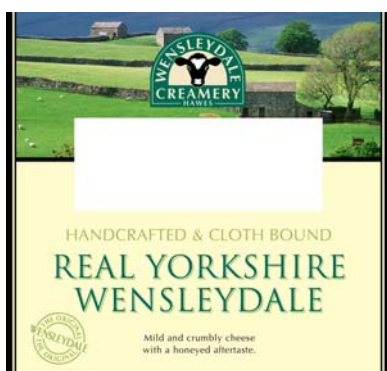
Historically, the Creamery offers the highest farmgate prices for milk in the UK and has a co-dependancy with its upland farmers. Provenance, food miles, authenticity and heritage are all key factors affecting trade buyers and consumers. The Company uses these values to communicate with its customers. The site includes a Visitor Centre, a museum and a cheese shop where the public can see cheese being made.

The Wensleydale Creamery Cheeses

UK Territorial market %

	Dec 04	Dec 05	Dec 06	Dec 07	£m 2007
Cheddar	52.5	51.6	53.5	52.0	1034
Red Leics	16.6	16.4	16.4	16.6	332
Double Gloucs	2.8	2.8	2.9	3.1	62
Wensleydale	1.2	1.2	1.2	1.25	25
Lancs	1.1	1.1	1.1	1.15	23
Cheshire	1.1	1.0	1.1	1.0	20
Soft White	4.6	4.5	4.4	4.5	90
Others	20.1	21.6	19.4	20.4	408
Total	100.00	100.00	100.00	100.00	2000

The table above shows the percentage share of the UK market accounted for by different types of cheese.



Wensleydale Creamery has a market share of around 52% of the sale of Wensleydale cheese. It has a large regional appeal and some national listings and is bought mostly by females in the 35-60 age-group. The Company is using an application for EU protected food status to win non-Yorkshire listings and is also launching a “Premium”range in prepacks in September 2008.



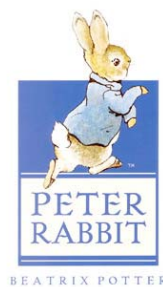
A particular success has been the launch of Real Yorkshire Wensleydale with cranberries. This generates retail sales of around £10 million and sells all over the UK. The market share is 80% and the cheese is mostly purchased by females in the 25-55 age-group. It is particularly successful at Christmas. A new creamier recipe has recently been developed with 30% more Ocean Spray cranberries and this will be launched in April 2008.

Another development is the Creamery's application for a PDO for Real Yorkshire Wensleydale. This is an EU protected food name and, if successful, would limit the production of Real Yorkshire Wensleydale to a specific area of North Yorkshire with the Upper Wensleydale market town of Hawes at its centre. The designated area is poor farmland of generally thin soil over limestone and the flora and fauna is different to neighbouring areas. This all adds up the milk having a distinctive flavour that is found only in the designated Wensleydale area.



Wensleydale cheese has only a small percentage of the overall cheese market and consequently the Wensleydale Creamery makes other types of cheese such as Red Leicester. A range of branded territorial cheeses has been developed which is currently performing strongly in Morrisons and Waitrose.

The Company has a range of products specifically targeted at children including the following brands:



The product range is being expanded into Cheddar by association with other brands with similar values including Colmans, Lea and Perrins and Guinness.



The Company is also beginning an association with Emmerdale which is the UK's second longest running soap. This has 10 million UK viewers and is shown in 67 countries. A new "Emmerdale Yorkshire Cheddar" will be produced which targets the £1bn cheddar market. Worldwide rights have been acquired and the product will be launched at the Yorkshire Show.



A new range of Fair Trade cheeses have been developed using Fair Trade products mixed with Wensleydale.

Public Relations

The Company is very aware of the value of good public relations. Some recent examples of PR initiatives include:-

- As part of the PDO application, the Company collected 14,000 signatures of support which were handed in to local MP William Hague at the Houses of Parliament.
- Celebrity Chef, Brian Turner hosted a talk at a Wensleydale Dairy Products NatMags event in front of a national collection of journalists and cooked up recipes using Wensleydale cheese.
- The creamery picked up 17 awards at the Nantwich cheese show including 5 Gold, 5 Silver and 3 Bronze. One of the Golds was for Wensleydale with Cranberries.



On 13th May 2007, the Creamery had a fire which, although it set back production, was used to good effect in the media.

Farmer suppliers and environmental schemes

Research has recently been carried out to determine how many of the Wensleydale Creamery suppliers are in environmental schemes. Of those that responded, 14 were in Entry Level Stewardship, 12 in Countryside Stewardship, and 7 in the Environmentally Sensitive Area scheme.

In summary Tom Metson's ingredients for successful marketing were for businesses to:-

- Produce quality and stay at the sharp end of the business
- Follow the consumer and identify the opportunity
- Take calculated risks based on research
- Invest in Marketing/PR and be different.
- Sell the story to the consumer - Good Food Show, IFE
- Work closely with producers and innovate(Jersey Wensleydale)
- Quality service and distribution(Waitrose, Booths, regional independents)
- Look at alternative markets(ie Export and premium Foodservice)
- If all else fails, become a retailer!



**FAITH JOHNSON,
PEAK DISTRICT NATIONAL PARK AUTHORITY**

**THE PEAK DISTRICT ENVIRONMENTAL QUALITY MARK
– ARE ACCREDITATION SCHEMES THE WAY FORWARD
FOR MARKETING PRODUCTS FROM UPLAND AREAS?**

The Peak District Environmental Quality Mark is a certification mark for businesses that help conserve & enhance the Peak District National Park. The Mark was a national pilot for the Countryside Agency on protected area branding and started as a partnership project between the Countryside Agency, English Nature, EMDA and the Peak District National Park authority (PDNPA) who host the project.

The quality mark is registered with the Patent Office, protected by law and governed by clear regulations. Equivalent standards have been developed for four business sectors including: -

- o Farms inside the National Park
- o Accommodation
- o Food & Drink Producers and Retailers
- o Arts & Crafts Producers and Retailers

These sectors are encouraged to trade with one another through the scheme.

The scheme has four standards:-

Consultants Standards	PDEQM Farming Standards	PDEQM Tourism Standards
Eligibility	Meeting environmental legislation	Meeting environmental legislation
Basic Environmental	Agricultural codes Good farming practice Countryside presentation Environmental information	Energy, water & waste Purchasing to deliver general environmental benefits 'View of the Visitor' practices Environmental information
Regional/Local	Maintain environmental assets Enhance protected landscape	Conservation of Peak District character Purchasing to deliver Peak District environmental benefits

The structure for the scheme was based on research commissioned by the Land Use Policy Group looking at the 'ideal' farm assurance scheme. The same structure was then used to draft standards for the other business sectors.

The farmer assurance scheme was developed before the launch of the Environmental Stewardship schemes. However, it aligns closely with Higher Level Stewardship, but with extra requirements on animal welfare, farm tidiness and providing customers with information. It applies to the whole farm and not just individual parcels of land.

An independent award panel involving ten organisations recommend to the Peak District National Park Authority whether a business should be awarded the mark. Monitoring takes place at 6 months with renewal after every 12 month period.

The objective of the mark is in line with the purposes of the Peak District National Park Authority:

- *'To conserve and enhance the natural beauty, wildlife and cultural heritage of the area...*
- *'To foster the social and economic well-being of the local communities within the Park'*

The Mark is attempting to link these two ideas so that if a business meets the requirements of the EQM standard they will be delivering real conservation benefits which in turn can be used as a selling point for their business.

Research shows increasing value for products with ethical credentials:-

"Some 46% of consumers would change where they shop if a competitor showed more commitment to green and ethical initiatives, according to a survey by Harris Interactive." Source: The Grocer Magazine

"In 2005 UK ethical consumerism was worth £29.3 billion, for the first time overtaking the retail market for tobacco and alcohol which stood at £28.0 billion". Source: The Co-operative Bank's annual Ethical Consumerism Report, 2006



An example of the scheme in operation was the launch in 2005 of High Peak Lamb by J W Mettrick & Sons which requires all their lamb suppliers to achieve EQM. They are now also encouraging their beef & pork suppliers to apply for the Mark. They have 5 farmer suppliers of which 4 are 'traditional farmers' who wouldn't usually engage with 'green schemes'.

From a study of branding schemes across Europe, SQW judged that the closest comparator to EQM is the Fuchsia scheme that operates in West Cork in Ireland. Fuchsia has been running since 1998, five years longer than EQM. Fuchsia has grown to an annual operating budget of €1.5 million and employs 7 staff (EQM by comparison is £70,000 annual budget and 1.5 staff). Exact comparisons are difficult because Fuchsia also provides additional services to participating businesses (e.g. business mentoring, training). However a simple comparison is that EQM is achieving almost 50% of Fuchsia's outputs (number of participating businesses) with a budget which is less than 10% of Fuchsia's.

The Environmental Quality Mark has operated on a very small budget with limited staff resources and no money for marketing. It has taken time for people to hear about EQM but it is now starting to take off. Proposals for the future include:-

- better harmonisation of the EQM Standards cross compliance and the Environmental Stewardship schemes
- Expanding the area covered and scope of the scheme
- Introducing carbon and ecological foot-printing
- A national roll out

However, these plans are dependant on funding and independent research shows continued public sector support is needed for the Mark to achieve its potential. The Scheme is looking for funders to take the pilot forward and is also considering introducing a fee for participating businesses.



VERONICA WALLER, LEADER + PROGRAMME
EXPERIENCES FROM CUMBRIA - MARKETING HERDWICK LAMB

The Herdwick is the native sheep breed of the Lake District. It has adapted over generations to thrive on the high Lake District fells and is the hardiest of England's sheep breeds. Only around 100 commercial Herdwick farms remain and the future of hill sheep production is under threat as a result of changes to the Common Agricultural Policy. Apart from changes to the CAP, there were already concerns about the economics of Herdwick production and the potential loss of farms and skills.

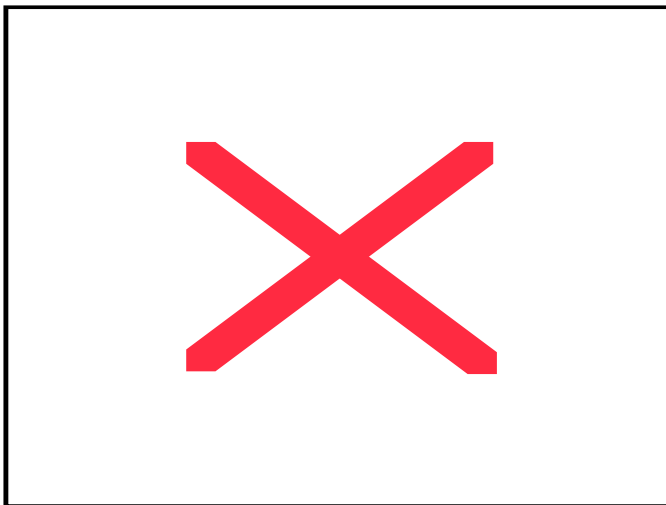


Photo by Louise Rawlings

In August 2004, with the help of LEADER +, the Herdwick Sheep Breeders Association (HSBA) approached the LDNP Authority, Friends of the Lake District (FoLD) and the National Trust for funding and assistance. The proposal was to develop a direct marketing scheme to connect Herdwick producers with consumers who cared about the future of the Lake District.

The scheme offered whole or half lambs and shearlings direct to the consumer by mail order. The meat was cut and packed ready for the freezer and dispatched in a specially designed chill box. Prices ranged from £90 for a whole light lamb up to £115 for a whole shearling. Target consumers were: visitors to the Lakes, older generation, foodies and expats from Cumbria.

Lakeland Herdwick Direct was launched on 17th January 2005 resulting in extensive local press coverage. FoLD mailed the leaflet to all its members and the National Trust assisted with mailing out a leaflet with their regional magazine. A publicist was used to target national food writers including an article in the Independent's Saturday Magazine.

However, despite this activity, not enough was sold to justify the cost of a separate telephone line and billing facilities for the scheme and orders were for too few lambs for producers to justify a journey to the abattoir. This was thought to be because of:-

- The lack of a sustained marketing campaign beyond the initial launch publicity
- The pricing may have been too high
- There were already other individual producers offering a similar product direct from Lake District herdwick farms

With Lakeland Herdwick Direct not meeting its objectives, the steering group for the scheme looked for other opportunities for marketing Herdwick lamb.

Lakeland Herdwick is applying for a Product of Designated Origin status and, in May 2005, Veronica Waller attended an EU Protected food names seminar on behalf of the HSBA. As part of the seminar, producers were given the opportunity to meet with the Booths meat buyer Veronica Waller promoted Herdwick lamb as a complement to Holker Saltmarsh lamb on the fresh meat counter. The Saltmarsh lamb season runs from June to November and the season for Herdwick lamb runs from January to May.

Follow up meetings with the meat buyer and a farm visit took place in the autumn and supplies to Booths started in January 2006. An initial group of four Herdwick suppliers was organised to supply lambs, rising to eight by 2007. Numbers started at 50 lambs per week rising to current levels of 78 with extra lambs ordered for Christmas and Easter. Pricing to the farmers is based on the national average deadweight lamb price for each week plus an agreed premium and carcass weights need to be within a 17Kg to 21Kg specification.

The supply chain is kept as simple as possible to keep costs to a minimum. Farmers take their lambs to Broughton-in Furness collection centre on a day when the abattoir is already collecting other Cumbrian lambs. The Herdwick lambs are kept separate but use the same transport and this is paid for by the abattoir.

For the first year of operation, a coordinator/lamb selector for the group was paid for out of Lakeland Herdwick Direct funds and subsequently this has been paid for by a levy on lamb sales at an equivalent cost to auction mart commission.

With the agreement of funders, the grant originally applied for on behalf of Lakeland Herdwick Direct was used for:

- The initial cost of the coordinator for training the farmers on lamb selection
- Abattoir visits and meetings for the farmers
- The development of the Lakeland Herdwick logo which is used by Booths

Additional assistance was provided by LEADER + in the form of Veronica Waller's time to develop the relationship with Booths and liaise with the farmers.

Looking forward, the farmer group needs further consolidation as it has no formal structure but is currently a loose alliance of producers able to meet the Booths specification. The group also needs to consider further ways to add value to Booths and is applying for Freedom Food accreditation.

Herdwick lamb sales to Booths have greatly increased the profile of Herdwick lamb and provide a regular order of a good number of lambs for the eight producers involved. It is still small scale in terms of the total numbers of Herdwick lambs available but is an example of how a small group working together can fulfil an order for lambs that individually they would not have been able to meet



NEIL HESELTINE, LIMESTONE COUNTRY BEEF
MARKETING THE LANDSCAPE – THE STORY OF LIMESTONE COUNTRY BEEF

Neil Heseltine farms near Malham in the Yorkshire Dales and has a herd of Belted Galloway cattle. He acts as secretary of the Limestone Country Beef marketing group which was developed from the Limestone Country Project - a partnership between the farming community, landowners, conservation organisations, and local experts working together with funding from the European Commission LIFE Fund. The project aims to restore the limestone habitats in the Yorkshire Dales National Park to a favourable condition and supports a return to mixed farming using hardy upland breeds of cattle.

In the uplands around Ingleborough, Malham and Wharfedale the combination of scouring of glaciers and erosion by water has produced one of the nation's most important limestone landscapes, including large areas of limestone pavement. The 300 million year old glacier scarred Carboniferous limestone with its thin overlying soils, in combination with a long history of mixed grazing, has resulted in a grassland habitat with a rich diversity of lime-loving grasses and rare wildflowers.

The Limestone Country Project has awarded grants to 17 farms helping to establish native upland cattle herds. Cattle breeds include Blue Grey, Galloway, Belted Galloway, Luing, Beef Shorthorn and Welsh Black which are able to thrive in the harsh high-altitude conditions. Their small to medium size and weight means they are less likely to damage sensitive swards. Cattle are less selective grazers than sheep and they are less likely to graze some of the most special plants resulting in a richer diversity of wildflowers.

Limestone Country Beef is marketed as an environmentally friendly, high quality, natural product full of taste and flavour. The beef comes from traditionally-bred beef cattle from a small number of farms located between Grassington, Malham and Ingleton. The cattle are reared for nearly 2 _ years, twice as long as in commercial beef production, and the beef is hung for at least 21 days. Limestone Country Beef is sold through local butchers, farm shops and by mail order. Neil Heseltine raised a number of issues including:-

- The farmers involved only finish 100 cattle a year which means that the marketing initiative can only be small scale. As a result, there are insufficient resources to employ administrative or marketing assistance and the farmers have to do these tasks themselves whilst also farming.
- There has been a certain amount of indecision within the group as to how to approach the problem of scale. One question was whether to source cattle from other environmental schemes to increase throughput but this led to concern that this might harm the image of Limestone Country Beef. A lack of decision on this issue has been a problem.
- The Limestone Country Project is an environmental project and not a marketing scheme. The project sought to introduce native breeds of cattle for grazing purposes, but the number and variety of breeds introduced has made marketing difficult as consistency of carcass is hard to achieve.
- Native breeds by their nature tend to produce lower killing out percentages and carcass weights than commercial breeds. This increases the cost per Kg of slaughter and processing.

Although very supportive of Limestone Country Beef, Neil Heseltine felt that because the project had developed as an environmental scheme, there had not been sufficient attention paid to marketing. To go forward, the scheme really needs a marketing officer but the scale of the operation makes this uneconomic without outside help.



**CHRIS CLARK, SOUTH DOWNS LAMB MARKETING LTD
 “SOUTH DOWNS LAMB MARKETING
 – A BUSINESS MODEL FOR OTHER AREAS?”**

Chris Clark was educated at Seale-Hayne Agricultural College followed by twenty years of management experience primarily within the food and agriculture industries. He is a partner in a marketing consultancy and is managing director of South Downs Marketing Ltd. He also owns and farms 400 acres at Nethergill in the Yorkshire Dales National Park.

South Downs Marketing Ltd is a local sourcing business designed to enable livestock producers to add value to their beef and lamb. The initiative came from the South Downs Conservation Board's quest to enhance the landscape and subsequently benefit the area's economy. Farmers are offered a guaranteed flat rate premium payment at the beginning of the season in return for a specific commitment of livestock which is slaughtered and retailed locally.



Research into the scheme took place between 1999 and 2003, followed by a manufacturing and a marketing test in 2004 and full commercialisation from 2005.

To encourage farmers to invest in or remain in lamb and beef production within the South Downs financial returns must be attractive and price fluctuations should be minimised. Consumers must be attracted to the product because it satisfies them across a range of issues, including:

- eating quality;
- animal welfare;
- traceability;
- environmental issues;

All of which must add up to 'value for money' for the consumer. The supply chain must be short so that all those involved from farmer to retailer are engaged in a common goal - satisfying a single and shared consumer base. The network of producers, transporters, slaughterers and retailers must be transparent so that wherever a participant in the scheme is situated he can readily identify where any given lamb has come from or has gone to. The whole scheme must be underpinned by a set of protocols to be independently monitored by a 3rd party organisation; where possible an organisation already monitoring that participant in order to reduce costs and avoid the disruption to business caused by inspections.

The SDML business model involves:-

- Taking the uncertainty out of prices for farmers and butchers;
- Engaging abattoirs on a fee basis;
- Accepting only those participants that can demonstrate an ability and willingness to meet SDML protocols without compromise
- Using bespoke software for reporting. Kill sheets are shown on a web page that can be accessed by the farmer supplier.

The SDML production protocols take the form of FABBL standards with some bolt-on rules:

- The Lamb terminal sire must be a Southdown or Hampshire Down ram;
- Lambs must come from within the boundaries of the proposed South Downs National Park.
- For beef, the preference is for a Sussex cross

The lamb specification is for a carcass weight of between 16.5Kg and 22Kg and for a grade of R3L. 80% of lambs are slaughtered within this specification which is far greater than the national average.

Chris Clark asserted that the SDML model is working. Butchers are buying consistent and superior quality supplies at stable prices throughout the year and farmers are receiving a significant premium of £5 to £10/lamb over market prices in return for commitment promises and adherence to quality protocols. Over three years, the business has returned £130,000 of premium back to the farmer suppliers.

The scheme has a target to break-even at 14,600 lambs per annum on a stand-alone basis. The main challenge, as with all new business ventures, has been to maintain liquidity through to full profitability. Risk bearing capital has been the key to current success and continuity.

The business is a Limited Company and cash for the business has been raised from 22 shareholders of which 17 are involved in agriculture either as landlords, tenants or owner occupied farms. The first share option was for £40,000 but, in hindsight, three times as much funding was required. Shares cost £1 per share with a minimum investment of £1000. Shareholders get a premium of 15p/kg more than non investors in the business.

In 2006, the business looked to improving its viability by selling beef as well as lamb with one beef carcass being the equivalent value of 15 lamb carcasses. SDML requires a throughput of 14,600 lambs a year to break even, but this is the equivalent of just 595 cattle. Selling both beef and lamb means that breakeven can be achieved with a combination of 262 beef cattle and 6,500 lambs. However, this does increase the risk profile as the value of beef carcasses is so much greater.

Beef supply problems have included:-

- The need for a livestock selector
- The difference in appearance and quality between winter housed beef and cattle raised outside on grass
- The slaughter age for Sussex crosses
- The high fat trim
- The longer lead time and greater investment required for beef farmers

Between 2005 and 2007, SDML concentrated on establishing the right structure for the business. Liquidity problems have been helped by the involvement of "business angels" in the form of London financiers who have invested in the Company.

In 2007, the business was badly hit by FMD and Blue Tongue which cost the Company £50,000 in lost sales.

For 2008, the business will be concentrating on:-

- The sourcing of beef to ensure continuity;
- Finding a solution to liquidity issues;
- Tighter contractual frameworks;
- Developing swing markets;
- Investment in storage facilities;
- Strategies to cope with more FMD & Blue Tongue