

## **WILLOWGROVE HILL – AN ONTARIO SUCCESS STORY**

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A success story? I'm not so sure!!

The first time that Greg Simpson asked me to speak at this swine conference I declined the offer. I was not ready to explain to other people how to market something when we really were not sure what we were doing ourselves. Greg assured me that was exactly the point that needed to be made - people need to hear both the ups and downs of what we are doing, basically the complications of marketing your own product.

Let me explain, “niche” marketing is not for everyone.

### **MY OBJECTIVES**

1. The first objective for creating this value added product was to become a profitable Ontario hog farmer again, something that has been extremely hard to do in the last couple of years.
2. The second objective was to create a value added pork product that the world had never seen. This would give us a huge market advantage over regular pork products.
3. The last objective we had in mind is once Willowgrove Hill starts to command a market share with this value added product, we would take on third party barns enabling more Ontario producers to become profitable as well.

So before we continue I think you should know where I come from, my history. I have been hog farming since 1971. That is when my Dad bought our first 18 sows, as a “make work” project for my brother, sister and I. In 1973, I lost my father to a heart attack. I continued to work on the family farm until I completed high school. I then went off to attend university in Guelph, where I spent one year before deciding that I just really wanted to farm. So, I returned home and continued on with the 18 sows. In 1988, I expanded my herd to 50 sows, and had nursery space at home so I sold weaners to other local farmers. It was also around this time that I met my wife, Rosie.

In 1996, I expanded the herd again to a 350 sow to weaner operation. Rosie and I got married in 1997 and we worked in the barn together. In August of 1999 we were blessed with our first son Ryan. In the year 2000 we were approached to expand our herd again and to sell SEW pigs. So, we converted nursery spaces to house more sows and expanded to 500 sows and started to sell SEW pigs. In the summer of 2001, our son fell ill and was diagnosed with liver cancer. Ryan lost his short and courageous battle with this awful disease on Sept 12, 2001. Three months later we were once again blessed with the birth of our daughter, Maddie. And

in March of 2003 we welcomed our second son, Joey. As our family grew so did our operation. In 2004, we evolved from selling SEW pigs to becoming a farrow to finish operation with a base of 500 sows.

In the years of 2005-2006 we were plagued with the disease issues that faced most Ontario producers - PRRS, Circo, PMWS - you name it, we had it. Our death loss was 20% while most commercial herds should run around 3-5%. So in 2006 the decision was made to do a total repop. We changed our genetics to Topigs and mated them to a Tempo boar. Topigs are a fatter, heartier pig, which would definitely help fight against future disease challenges. It was also at this time we went to a closed 3 site production loop. We increased our biosecurity and started to think about a “niche” market.

### **COMING UP WITH THE CONCEPT/IDEA**

I wanted to market our own pork. As the hog price started to crash again in the fall of 2006, Rosie, another person, and I started to brainstorm some different avenues. We thought about natural, organic, and humane. Then someone suggested Omega 3 pork. This made perfect sense to us, given our family history, my Dad, and our son Ryan. Not to mention that consumers were starting to become more and more aware of where their food was coming from.

### **SO THE RESEARCH BEGAN...**

We learned that Omega 3's are very healthy for us. Some of the major health benefits are reduced risk of heart attack, and reduced risk of certain types of cancer, both areas that have touched us deeply. I understand that the risk of certain types of cancer is reduced, not cured. I am sure that everyone in this room has been touched by this terrible disease, in my case I lost my 2 year old son, Ryan. Maybe this new product we were creating could make a difference to just one person, and then this will all be worth it.

We also learned that it helps with the normal development of the brain, eyes and nerves. Studies show that certain types of Omega 3's can make children smarter, and increase birth weights in infants.

We learned that there are 3 major types of Omega 3's - DHA, EPA and ALA. ALA Omega 3's are found mostly in plant sources such as flax, nuts, etc. and our bodies must convert ALA Omega 3 to DHA and EPA Omega 3 but it is a very inefficient process. Males process ALA Omega 3 at about 1% and females do so at about 4%. We also learned that the only Omega 3's that give any benefit to human health are the DHA EPA Omega 3's and the human body does not produce these types of Omegas, they must come from the diet. The only source of DHA EPA Omega 3's is oily fish.

So here was the thought, not everyone likes the taste of fish. Why not give people another option, nutritionally enhanced pork?

So to get the most bang for your buck, DHA EPA is the way to go. And that is exactly what we did with the help of our feed company, Grand Valley Fortifiers. We were able to create the only DHA EPA Omega 3 Pork in the world. It is done nutritionally thru the feed not by injecting the pork.

I will not talk any more about the feeding process, for obvious reasons. The one thing I will tell you about the feeding program is that it is very expensive.

We then took this pork a couple of steps further. We added organic selenium, which is like the CEO of your immune system. Studies also show that selenium is linked to reduced cancer rates as well.

Then we decided to remove all antibiotics out of our system. So our pork is raised without antibiotics from birth to market, sow herd included. This almost cost me the nursery barn since the manager there was afraid to try raising nursery pigs without the use of antibiotics.

Our biosecurity is huge, and for that reason, the nursery barn, finishing barn, and sow unit are separate units. I do not go into the nursery, or finisher barns, just the sow unit. We have been through PRRS three times, and it usually costs about \$250,000 each time.

So we started the process of switching to enriching our pork, and we didn't tell anyone what we were doing, since I was told once that the second rat gets the cheese.

So the process is rolling in the barns. Now we are thinking, wow, we have some healthy, safe pork here, a first in North America; people are going to be beating our door down to get some of this stuff!! Wrong!

## **NOW THE MARKETING LESSON BEGINS**

Where do I begin?? I can honestly say that so many people have been very helpful. Many listened to our idea and liked the fact that we were trying to do something different, outside of the box.

Lesson number one, don't think like a farmer. That was one of the first statements made to me. Boy, were they right. I do not consider myself a stupid person but this was completely overwhelming.

Our next lesson was "niche" marketing is not for everyone. If you don't have the passion, desire, resources and connections you may want to stop before you even start. Sometimes I wish we would have had someone tell us this before we started. I likely would not have listened anyhow.

I will now jump ahead a bit. After about a year from first coming up with the idea, we now have product but we have to get it to the marketplace. We are still thinking this will be the easiest part... Not.

## **SO HOW DID WE DO THIS??**

First, surround yourself with great people, and realize that each of those people has a specialty, and you need to follow their advice.

We first approached my brother-in-law, who has had a very successful career in the investment banking world. He was intrigued by our idea, and had actually been after me to “niche” market for years. He is now our partner in Willowgrove Hill.

Rosie and I had started to design a web page ourselves, until our new partner saw it, and we were promptly told what he thought of it. He knew where we could get a website put together, so he put us in touch with Capital Communications, who had done work for his firm. So a few days later we find ourselves in downtown Toronto, in an office, in a business meeting (not around the kitchen table as business meetings are done at the farm) to create our website.

This was our first taste of how things would be done – properly. We have been to Toronto many, many times since for more design meetings and media training, and it is now less daunting.

So now we have a great website. Watch out, the product is going to be flying off the farm now... No, not exactly. The website gives you credibility that you exist and are serious. Credibility, that’s a costly word. We have spent 10’s of thousands of dollars on this. The Omega 3 pork products had to be tested numerous times to make sure we had the right omega levels in the meat. You must have proof that what you claim on the label is actually what is in the package. This comes at a huge cost.

We live in Mitchell, population 3500, not my target audience. So we need to travel to the intended market, Toronto. I remember finally getting a meeting at one of the independent grocery stores in Toronto, in a very affluent area. We went into the meeting with samples and really no idea what to do. The first question they asked me was “why is your pork different?”

So I am explaining about the Omega 3’s, and about the flavor, but am trying to be very cautious since I am not sure how they will receive the idea that our pork is fatter, so finally I just came out and said “I have fat pigs”. The all answered “finally”. For years as a producer I was paid more for raising lean pigs. We learned quickly that the trend of lean, lean, lean is changing. More and more are looking for marbling and flavor.

On to our next hurdle; for some reason we thought people would want to buy whole pigs for their freezers, just like we have always done on the farm. This is the craziest idea in the world to people not raised on the farm. So we were finding that people wanted pork chops and bacon for the most part. That leaves a whole lot of the pig left over, and the freezers were filling up with shoulders, hams, butts and sausage. What do we do with all of that??? So we started to supply sausage to baseball tournaments, which was a help. But there had to be a better way to move some of this product. Necessity is the mother of invention. So Rosie, who

holds a diploma in foodservice management, started to experiment in the kitchen. She tweaked an old family recipe for sauce, and developed the world's first Omega 3 pulled pork. We have also developed the world's first Omega 3 wieners which also help with the imbalance problem. We tried about a dozen different processors before we found someone who made a wiener that we liked. There were a lot of hot dog taste tests at the Hill house.

Many people have told us that we are a couple years ahead of our time. But we feel it is best to be early than late.

Another major challenge was pricing the product. It is a brand new product so you do not have any benchmarks to go by. So we started by hanging out in grocery stores and writing down prices of certain products. Our partner, Jan, was actually asked to leave a store once while doing this.

So finally we come up with pricing. So we have a product and a price but nowhere to sell it. Many stores were afraid to try it, or give us a try.

One positive thing we found was that people were so impressed that the farmer was coming to these meetings. Do you know that most people in these stores have never met or spoken to a farmer before?? I was not what they were expecting; no rubber boots, pitchfork or straw hat. Not to mention that I have a very forward thinking value added food that I want to introduce them to. Surprisingly enough, these people are really interested in what we as farmers do. People are interested in where their food comes from. That part of the marketing is really neat.

Another important part of marketing... contacts, contacts, contacts. The food industry is huge, but it seems that everyone knows someone who knows someone, if that makes sense.

One of our first retail customers was a little butcher shop in Port Carling, Ontario, called Morley Stephen's Butcher shop. It is a small shop in the resort area of Muskoka. At first Morley was hesitant to give us a try, since he does not use a huge volume of pork. What we did not really know at the time was the contacts that Morley has in that area. He has quite a diverse clientele. From this small butcher shop we have made contacts with many chefs in the Muskoka area, some of which have taken time to visit our farm this winter.

Another contact story is that I have a cousin who was very interested in what we are doing; she mentioned to me that she knows one of the chefs at the Deerhurst resort in Huntsville. So she passed our information and website on to her friend, who passed it on to the executive chef. My cousin in turn gave me contact information for the Executive Chef there, Rory Golden. So 28 phone calls later, I finally got Chef Rory on the phone and we set up a meeting for that Friday at 2 pm at the Deerhurst. So I contacted everyone I wanted to take to that meeting with me. Ian Ross, CEO, Grand Valley Fortifiers, my feed rep for GVF, Duane Firminger, and my business partner Jan. Then I started to prepare what to take for samples. We have given out a tonne of pork - people need to see and taste your products. In our case, to see if there is a flavor deviation. This is another expensive area of "niche" marketing.

So, on the morning of the meeting I packed my cooler with chops, bacon, sausage, and pulled pork samples and headed to Huntsville. On the way I picked up Duane, and he asked me “What do you expect to happen at this meeting today?” I told him “I expect him to cook and try all of the samples I have brought for him”. Duane told me not to be too disappointed if that did not happen, to which I replied “I’ll be pissed if I drive 4.5 hours and he doesn’t try it”.

So when we all arrived at the Deerhurst , Chef Rory was awesome. He gave us 2 hours of his time, and he cooked all of the products I took him. I was a little nervous as I had never met an executive chef before, and on TV they seem kind of scary, but Rory was a great guy. We now supply the Deerhurst with various cuts of pork and pulled pork as well. The one restaurant there called “Steamers” actually lists Willowgrove Hill Pork on their menu.

When we were going to the Grocery Innovations Trade show in Oct 2008, we were looking for someone to cook our samples to give out at the show. We really didn’t know who to ask, so we asked Rory, fully expecting an executive Chef to turn us down , especially to take time out of his busy schedule to cook pork samples at a trade show. Much to our surprise, he said he would. Talk about connections, he seemed to know everyone who came around to the corner at the trade show. Chef Rory Golden has been, and continues to be, a great asset to Willowgrove Hill.

Before arriving at the Grocer Innovations trade show, we thought we were doing pretty well, having overcome so many hurdles, solved so many problems. And then along came a whole new set of questions that we never even dreamed of. Such as, how is your product packaged, what size are the packages, what type of processing do you do?? And those were just a few of the questions. Now there is a whole new side of things we have to learn about, but one thing is obvious, the brown butcher paper is not going to cut it anymore. So where do you go to learn about this stuff?? Thank goodness for the Internet and a few kind people who are willing to help you out. Jan and I often kid each other that our learning curve is not a curve, but straight up. We have learned a lot, but I know there is so much more for us to learn.

Then finally we got our first break. An independent grocer called and gave us an order. So we promised him the delivery times and product he wanted, basically the world on a platter, only to find out that the processors could not meet the order in the time promised. It just was not going to happen. Those were not good calls to have to make, to have to call this guy back who was willing to give you a chance, and tell him that “oh by the way everything I promised you isn’t going to happen”. Basically the processor was going to do his own products first, so ours would have to wait until his was done.

Then, once we got product into stores we started getting questions about POS. I first had to find out what POS materials are. They are Point of Sale items, such as labels, pamphlets, posters, etc., another costly, but necessary evil of niche marketing. We had pamphlets and stickers printed, but then thought we should try to get the Homegrown Ontario endorsement, which we did, after one batch of stickers and pamphlets were already printed. So we needed to get another batch printed. This happened a number of times, with different things like omega levels, and going to “raised without antibiotics”. So it is easy to see how costs can skyrocket for beginners.

On to pricing... this is where you can't think like a farmer. So you have a premium product and you need to figure out a price. We finally thought we had a price figured out, but then everywhere you turn someone is taking a piece of the pie. A bit of advice is to start out high - you can always come down and you might need some extra buffer built in for those many fingers that get in the pie.

Also the hog price was a heck of a factor. COOL (Country of Origin Labeling) has not helped either by causing fewer Canadian hogs to be shipped to the USA, resulting in a surplus that has depressed the hog price. Everything is based off of the current market price of hogs, so even adding a premium to our product, being based off of the hog price, we are still losing money. We did not do all of this to lose money. So our products are definitely premium priced; some people may feel they are too expensive. We have decided to become price makers not price takers. The current state of the economy is not helping either, since our products are premium priced a lot of people are not spending the extra money that they may have in the past.

So, we are trying to figure out the puzzle of packaging and pricing. There is a new factor that keeps coming up in the meetings we have with potential customers. "Do you have federal kill and processing???" To which we would answer, we currently have provincial kill, is that a problem??

The answer was obvious - we needed to get to the next level, federal kill. Wow, this narrows the options, since there are only 5 federal kill plants in Ontario. Not to mention the fact that most of them are at capacity thanks to the surplus of pigs due to COOL, as I mentioned before. Not only that, we would need to have our hogs segregated on the line and tracked through the plant to ensure we were indeed getting our own pigs back, which causes logistical issues as well. We did manage to overcome this hurdle but it did make, once again, for more fingers in the pie and like I said before, everything comes with a cost.

One of my last tips, use your government agencies. OMAFRA has been a huge help to us. Even if you are not sure there is anything they can do for you, give them a call. You might be surprised how they can help or even point you in the right direction.

## **CONCLUSIONS**

So, in summary, are we a success story? Not quite yet.

Niche marketing is not for everyone, if you do not have the passion about your product, you need to think twice about what you are doing. Quite often when we are in a meeting and I am telling people about our products, people remark about how passionate I am about our products. I have many reasons to be as passionate as I am.

Willowgrove Hill started out as a means to become a profitable farrow to finish operation (we are not there yet), but it has evolved so much since we first came up with the idea.

I am hopeful that we have met 2 of our 3 objectives, with the third being the most important, market share. One thing that I am confident about, I am sure there will be more hurdles and road blocks in the road ahead. That is just the nature of 'niche marketing'.

Like I said in the beginning, we haven't got it all figured out yet.